

A photograph of two male workers in a factory setting, overlaid with a blue tint. Both are wearing hard hats with the CBA logo and safety glasses. The worker on the right is pointing upwards with his right hand. The background shows industrial machinery.

Companhia Brasileira de Alumínio

Parent company and consolidated
condensed interim financial
statements at June 30, 2020 and
report on review

Financial
Statement
2020



(A free translation of the original in Portuguese)

Report on review of parent company and consolidated condensed interim financial statements

To the Board of Directors and Stockholders
Companhia Brasileira de Alumínio

Introduction

We have reviewed the accompanying condensed interim balance sheet of Companhia Brasileira de Alumínio (the "Company"), as at June 30, 2020, and the related condensed interim statements of income and comprehensive income for the quarter and six-month period then ended, and the condensed interim statements of changes in equity and cash flows for the six-month period then ended, as well as the accompanying consolidated condensed interim balance sheet of Companhia Brasileira de Alumínio and its subsidiaries ("Consolidated"), as at June 30, 2020, and the related consolidated condensed interim statements of income and comprehensive income for the quarter and six-month period then ended, and the condensed interim statements of changes in equity and cash flows for the six-month period then ended and a summary of significant accounting policies and other explanatory notes.

Management is responsible for the preparation and presentation of these parent company and consolidated condensed interim financial statements in accordance with the accounting standard CPC 21 – "Interim Financial Reporting" and International Accounting Standard (IAS) 34 - Interim Financial Reporting, of the International Accounting Standards Board (IASB). Our responsibility is to express a conclusion on these condensed interim financial statements 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 in 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.



(A free translation of the original in Portuguese)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying parent company and consolidated condensed interim financial statements referred above are not prepared, in all materials respects, in accordance with CPC 21 – "Interim Financial Reporting" and IAS 34, as issued by *International Accounting Standards Board* (IASB).

Curitiba, July 30, 2020

PricewaterhouseCoopers
PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

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

Carlos Eduardo Guaraná Mendonça
CRC 1SP196994/O-2

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Condensed consolidated interim balance sheet
In thousands of Brazilian Reais

Assets	Note	Parent company		Consolidated	
		6/30/2020	12/31/2019	6/30/2020	12/31/2019
Current					
Cash and cash equivalents	7	142,582	190,171	172,039	190,321
Financial investments	8	264,988	323,519	374,204	416,345
Derivative financial instruments	5.2	146,151	42,272	146,151	42,272
Accounts receivable from customers	9	452,470	380,456	511,230	404,296
Inventory	10	942,876	902,375	1,161,558	928,142
Recoverable taxes	11	343,505	631,897	364,767	640,190
Dividends receivable	12	6,893	9,519	6,295	6,295
Other assets		41,046	38,624	44,496	41,377
		<u>2,340,511</u>	<u>2,518,833</u>	<u>2,780,740</u>	<u>2,669,238</u>
Non-current assets					
Long-term receivables					
Financial investments	8	64	64	64	2,094
Derivative financial instruments	5.2	65,937	92,343	65,937	92,343
Recoverable taxes	11	1,163,458	737,335	1,170,071	737,340
Deferred income tax and social contribution	18	1,178,540	836,642	1,181,672	840,730
Related parties	12	28,922	28,043	17,250	28,043
Judicial deposits	19	14,726	114,468	15,517	115,259
Other assets		15,825	15,998	25,092	17,715
		<u>2,467,472</u>	<u>1,824,893</u>	<u>2,475,603</u>	<u>1,833,524</u>
Investments	14	976,166	568,590	186,608	205,081
Property, Plant and Equipment	15	4,142,524	4,213,369	4,847,612	4,722,113
Intangible assets	16	379,480	387,535	487,902	491,738
Right to use		8,903	13,013	12,718	15,306
		<u>7,974,545</u>	<u>7,007,400</u>	<u>8,010,443</u>	<u>7,267,762</u>
Total assets		<u><u>10,315,056</u></u>	<u><u>9,526,233</u></u>	<u><u>10,791,183</u></u>	<u><u>9,937,000</u></u>

Condensed consolidated interim balance sheet
In thousands of Brazilian Reais

Liabilities and shareholders' equity	Note	Parent company		Consolidated	
		6/30/2020	12/31/2019	6/30/2020	12/31/2019
Current					
Suppliers		376,230	405,862	442,891	407,215
Supplier finance programs		347,412	335,130	347,412	335,130
Loans and financing	17	88,542	94,722	119,818	126,484
Derivative financial instruments	5.2	338,407	20,535	338,407	20,535
Leases		4,964	7,308	6,219	9,277
Wages and social charges		124,345	121,136	141,669	123,054
Taxes to be collected		15,433	13,047	44,086	41,926
Advances from customers		29,962	20,281	34,151	20,413
Dividends payable	12	79	79	1,261	14,072
Use of public assets – UBP		41,613	39,314	47,177	44,878
Financial instruments – firm commitment	12 and 13	22,668	16,636	22,667	16,636
Related parties	12	648	27,287	561	27,201
Other liabilities		32,270	24,827	47,780	49,546
		<u>1,422,573</u>	<u>1,126,164</u>	<u>1,594,099</u>	<u>1,236,367</u>
Non-current liabilities					
Loans and financing	17	2,432,663	1,969,555	2,495,267	2,030,381
Leases		4,370	6,134	4,730	6,506
Derivative financial instruments	5.2	882,959	217,723	882,959	217,723
Related parties	12	2,120	2,330	25,453	2,330
Provisions	19	670,591	681,672	672,842	683,604
Use of public assets – UBP		548,705	533,322	597,196	580,080
Financial instruments – firm commitment	12 and 13	109,947	76,642	109,947	76,642
Other liabilities		46,287	38,527	51,151	43,269
		<u>4,697,642</u>	<u>3,525,905</u>	<u>4,839,545</u>	<u>3,640,535</u>
Total liabilities		<u>6,120,215</u>	<u>4,652,069</u>	<u>6,433,644</u>	<u>4,876,902</u>
Shareholders' equity					
Share capital	20	4,950,095	4,950,095	4,950,095	4,950,095
Accrued losses		(144,984)	(58,073)	(144,984)	(58,073)
Equity valuation adjustments		(610,270)	(17,858)	(610,270)	(17,858)
Shareholders' equity assigned to controlling shareholders		4,194,841	4,874,164	4,194,841	4,874,164
				<u>162,698</u>	<u>185,934</u>
Total shareholders' equity		<u>4,194,841</u>	<u>4,874,164</u>	<u>4,357,539</u>	<u>5,060,098</u>
Total liabilities and shareholders' equity		<u>10,315,056</u>	<u>9,526,233</u>	<u>10,791,183</u>	<u>9,937,000</u>

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

Condensed consolidated interim statement of income
Six-month periods ended June 30
 In thousands of Brazilian Reais, except when indicated otherwise

	Note	Parent company		Consolidated	
		1/1/2020 to 6/30/2020	1/1/2019 to 6/30/2019	1/1/2020 to 6/30/2020	1/1/2019 to 6/30/2019
Net revenues of products sold and services provided	21	2,139,405	2,661,823	2,354,656	2,693,033
Cost of products sold and services provided	22	(2,015,835)	(2,343,015)	(2,142,559)	(2,295,960)
Gross profit		123,570	318,808	212,097	397,073
Operating revenues (expenses)					
Selling	22	(11,023)	(21,326)	(13,507)	(21,654)
General and administrative	22	(97,404)	(97,585)	(113,547)	(101,218)
Other operating revenues, net	24	162,174	8,730	159,950	9,303
		53,747	(110,181)	32,896	(113,569)
Operating profit before holdings interest and financial results		177,317	208,627	244,993	283,504
Equity income					
Equity	14	(5,490)	33,574	(18,473)	4,641
		(5,490)	33,574	(18,473)	4,641
Net financial result	25				
Financial revenues		108,665	93,076	111,259	95,983
Financial expenses		(138,224)	(313,510)	(146,187)	(321,177)
Exchange variations, net		(265,897)	(12,047)	(266,701)	(11,962)
		(295,456)	(232,481)	(301,629)	(237,156)
Profit (loss) before income tax and social contribution		(123,629)	9,720	(75,109)	50,989
Income tax and social contribution	18				
Current				(24,859)	(23,509)
Deferred		36,718	(134,050)	35,762	(137,974)
Loss for the six-month period		(86,911)	(124,330)	(64,206)	(110,494)
Loss for the six-month period attributable to controlling shareholders		(86,911)	(124,330)	(86,911)	(124,330)
Net profit assigned to non-controlling shareholders				22,705	13,836
Loss for the six-month period		(86,911)	(124,330)	(64,206)	(110,494)
Weighted average number of shares, in thousands		1,420,294	1,420,294	1,420,294	1,420,294
Basic and diluted loss per thousand share in Brazilian reais		(61.19)	(87.54)	(61.19)	(87.54)

Condensed consolidated interim statement of income
Quarters ended June 30
 In thousands of Brazilian Reais, except when indicated otherwise

	Parent company		Consolidated	
	4/1/2020 to 6/30/2020	4/1/2019 to 6/30/2019	4/1/2020 to 6/30/2020	4/1/2019 to 6/30/2019
Net revenues of products sold and services provided	973,156	1,345,363	1,101,918	1,365,954
Cost of products sold and services provided	(957,409)	(1,189,018)	(1,037,965)	(1,176,679)
Gross profit	15,747	156,345	63,953	189,275
Operating revenues (expenses)				
Selling	(5,315)	(7,995)	(6,963)	(8,155)
General and administrative	(47,536)	(54,160)	(56,388)	(54,456)
Other operating revenues, net	23,304	23,563	21,875	24,038
	(29,547)	(38,592)	(41,476)	(38,573)
Operating profit (loss) before holdings interest and financial results	(13,800)	117,753	22,477	150,702
Equity income				
Equity	16,932	19,426	7,772	4,992
	16,932	19,426	7,772	4,992
Net financial result				
Financial revenues	96,452	81,478	97,567	83,039
Financial expenses	(74,955)	(233,364)	(78,870)	(238,441)
Exchange variations, net	(39,875)	228	(39,210)	313
	(18,378)	(151,658)	(20,513)	(155,089)
Profit (loss) before income tax and social contribution	(15,246)	(14,479)	9,736	605
Income tax and social contribution				
Current			(13,303)	(11,280)
Deferred	26,504	(129,010)	25,950	(129,370)
Profit (loss) for the quarter	11,258	(143,489)	22,383	(140,045)
Profit (loss) for the quarter attributable to controlling shareholders	11,258	(143,489)	11,258	(143,489)
Net profit assigned to non-controlling shareholders			11,125	3,444
Profit (loss) for the quarter	11,258	(143,489)	22,383	(140,045)
Weighted average number of shares, in thousands	1,420,294	1,420,294	1,420,294	1,420,294
Basic and diluted profit (loss) per thousand share in Brazilian reais	7.93	(101.03)	7.93	(101.03)

Condensed consolidated interim statement of comprehensive income
Periods ended June 30
In thousands of Brazilian Reais

	Parent company		Consolidated	
	1/1/2020 to 6/30/2020	1/1/2019 to 6/30/2019	1/1/2020 to 6/30/2020	1/1/2019 to 6/30/2019
Loss for the six-month period	(86,911)	(124,330)	(64,206)	(110,494)
Other components of comprehensive loss to be subsequently reclassified to the result				
Operational hedge accounting, before taxes	(592,412)	(44,906)	(592,412)	(44,906)
	(592,412)	(44,906)	(592,412)	(44,906)
Total comprehensive loss for the six-month period	(679,323)	(169,236)	(656,618)	(155,400)
Comprehensive income (loss) attributable to shareholders				
Controlling			(679,323)	(169,236)
Non-controlling			22,705	13,836
			(656,618)	(155,400)

	Parent company		Consolidated	
	4/1/2020 to 6/30/2020	4/1/2019 to 6/30/2019	4/1/2020 to 6/30/2020	4/1/2019 to 6/30/2019
Net profit (loss) for the quarter	11,258	(143,489)	22,383	(140,045)
Other components of comprehensive loss to be subsequently reclassified to the result				
Operational hedge accounting, before taxes	(169,393)	(11,575)	(169,393)	(11,575)
	(169,393)	(11,575)	(169,393)	(11,575)
Total comprehensive loss for the quarter	(158,135)	(155,064)	(147,010)	(151,620)
Comprehensive income (loss) attributable to shareholders				
Controlling			(158,135)	(155,064)
Non-controlling			11,125	3,444
			(147,010)	(151,620)

Condensed consolidated interim statement of changes in equity
Six-month periods ended June 30
In thousands of Brazilian Reais

	Attributable to controlling shareholders						Share of non-controlling shareholders	Shareholders' equity
	Share capital	Profit reserves		Accrued losses	Equity valuation adjustments	Total		
		Legal	Retention					
At January 1, 2019	4,950,095	2,678	34,250		77,393	5,064,416	182,113	5,246,529
Total comprehensive income for the quarter								
Profit (loss) for the six-month period				(124,330)		(124,330)	13,836	(110,494)
Other comprehensive income					(44,906)	(44,906)		(44,906)
				(124,330)	(44,906)	(169,236)	13,836	(155,400)
Transactions with shareholders								
Dividends			(30,776)			(30,776)	(6,727)	(37,503)
			(30,776)			(30,776)	(6,727)	(37,503)
At June 30, 2019	4,950,095	2,678	3,474	(124,330)	32,487	4,864,404	189,222	5,053,626
At January 1, 2020	4,950,095			(58,073)	(17,858)	4,874,164	185,934	5,060,098
Total comprehensive loss for the six-month period								
Profit (loss) for the six-month period				(86,911)		(86,911)	22,705	(64,206)
Other comprehensive income					(592,412)	(592,412)		(592,412)
				(86,911)	(592,412)	(679,323)	22,705	(656,618)
Transactions with shareholders								
Dividends							(8,608)	(8,608)
Capital reduction (1.1(d))							(37,333)	(37,333)
							(45,941)	(45,941)
At June 30, 2020	4,950,095			(144,984)	(610,270)	4,194,841	162,698	4,357,539

Condensed consolidated interim statement of cash flows
Six-month periods ended June 30
In thousands of Brazilian Reais

	Note	Parent company		Consolidated	
		1/1/2020 to 6/30/2020	1/1/2019 to 6/30/2019	1/1/2020 to 6/30/2020	1/1/2019 to 6/30/2019
Cash flow from operational activities					
Profit (loss) before income tax and social contribution		(123,629)	9,720	(75,109)	50,989
Adjustments to items that do not represent changes in cash and cash equivalents					
Interest, monetary and exchange variations		279,725	72,939	280,901	74,617
Equity	14	5,490	(33,574)	18,473	(4,641)
Depreciation, amortization and depletion	22	176,515	222,343	201,798	238,640
ACR – Financial instrument realization – firm commitment	24		53,185		53,185
ACL – Financial instrument realization – firm commitment	24	(36,423)	8,792	(36,423)	8,792
ACL – Financial instrument recognition – firm commitment	24	75,759	(28,219)	75,759	(28,219)
ACR – Financial instrument volume reduction (increase) – firm commitment	24		4,339		4,339
Net investment loss	24	13,066	22,627	13,066	22,627
Gain on investment acquisition	24	(151,495)		(151,495)	
Reversal for asset depreciation (Impairment)	24	(557)	(9,550)	(557)	(9,550)
(Reversals) of provisions, net		8,129	(65,961)	13,562	(64,106)
		246,580	256,641	339,975	346,673
Decrease (increase) in assets					
Financial investments		65,777	(34,784)	73,388	(35,760)
Accounts receivable from customers		(92,077)	(76,433)	(74,281)	(114,204)
Inventory		(43,562)	(63,093)	(97,536)	(68,977)
Recoverable taxes		(137,731)	(136,799)	(147,747)	(145,355)
Judicial deposits		99,742	(7,841)	99,742	(7,841)
Other credits and other assets		(9,000)	93,115	(13,999)	93,821
Increase (decrease) in liabilities					
Suppliers		(29,632)	37,372	(32,914)	32,659
Supplier finance program payable		12,282	130,456	12,282	130,456
Salaries and social charges		3,209	(16,266)	14,296	(16,033)
Taxes payable		2,386	(1,235)	2,968	3,688
Use of public assets		6,950	7,191	6,950	7,223
Payments of tax, civil and labor proceedings		(17,734)	(17,677)	(17,734)	(17,676)
Derivative financial instruments		38,017	40,453	38,017	40,453
Other obligations and other liabilities		24,884	(16,743)	16,153	412
Cash from operating activities		170,091	194,357	219,560	249,539
Interest paid on loans, financing and use of public assets – UBP		(62,808)	(47,163)	(65,624)	(51,157)
Income tax and social contribution paid				(31,551)	(27,058)
Net cash provided by operating activities		107,283	147,194	122,385	171,324
Cash flow from investment activities					
Acquisition of property, plant and equipment and intangible assets	15 and 16	(110,436)	(117,118)	(114,017)	(118,912)
Acquisition of investment	14 (b)	(224,244)		(224,244)	
Capital increase in investees	14 (b)	(60,000)	(260)		
Capital reduction in investees	14 (b)	7,000			
Proceeds from sales of property, plant and equipment		10,120	16,734	10,147	16,734
Dividends received		6,632	24,764		1,422
Net cash used in investment activities		(370,928)	(75,880)	(328,114)	(100,756)
Cash flow from financing activities					
Fund raising	17(c)	283,000	1,084,880	283,000	1,084,880
Amortization of loans and financing	17(c)	(31,993)	(1,049,119)	(31,993)	(1,049,119)
Derivative financial instruments		(29,976)		(29,976)	
Capital reduction				(14,000)	
Lease payments made		(4,975)	(8,274)	(5,002)	(8,400)
Related parties			(79,910)		(79,909)
Dividends paid				(21,419)	
Net cash provided by (used in) financing activities		216,056	(52,423)	180,610	(52,548)
Increase (decrease) in cash and cash equivalents		(47,589)	18,891	(18,282)	18,020
Effect of company acquired and included in consolidation	1.1 (a)			6,837	
Cash and cash equivalents at the beginning of the six-month period		190,171	40,641	190,321	41,705
Cash and cash equivalents at the end of the six-month period		142,582	59,532	172,039	59,725

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

Explanatory notes for the condensed consolidated interim financial statements at June 30, 2020 In thousands of Brazilian Reais, except when indicated otherwise

1 General considerations

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

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

The Company has its own hydroelectric power plants and participates in consortia, which enables it to reduce the cost of energy consumed during the primary aluminum production process.

1.1 Main events that occurred during the six-month period ended June 30

(a) Purchase of Arconic Indústria e Comércio de Metais Ltda.

In August 2019, the Company announced the signing of a share purchase and sale agreement with the purpose of fully acquiring the shares of Arconic Indústria e Comércio de Metais Ltda., unit located in Pernambuco, in the Northeast of Brazil, which will complement the laminated product line of CBA.

In accordance with IFRS3 / CPC 15 (R1) - “Business combination”, in the event of an advantageous purchase, the acquirer must recognize the resulting gain in the income statement for the year, on the acquisition date. Before recognizing the gain from an advantageous purchase, CBA carries out a prior review to make sure that all assets acquired and liabilities assumed were correctly identified and recognized during the review. CBA has already started the process of contracting a specialized company to issue a PPA (purchase price allocation) report from CBA Itapissuma, expected to be completed in 2020.

In February 2020, the acquired company was renamed to CBA Itapissuma Ltda..

Companhia Brasileira de Alumínio

Explanatory notes for the condensed consolidated interim financial statements at June 30, 2020 In thousands of Brazilian Reais, except when indicated otherwise

The price paid for the acquisition totaled R\$ 224,244, generating a gain from an advantageous purchase of R\$ 151,495, in the application of the acquisition method provided for in CPC 15, recorded under “other operating income (expenses)”. This gain was not taxed for income tax and social contribution, since it will only be taxed on realization, generating a deferred tax in the amount of R\$ 51,508 recorded under “composition of deferred tax balances”.

The preliminary composition of the net assets acquired is detailed below:

As at February 1st, 2020

Cash	224,244
Total consideration transferred	224,244
Recognized values of identifiable assets acquired and assumed liabilities	
Cash and cash equivalents	6,837
Financial investments	20,114
Accounts receivable from customers	57,854
Inventory	138,941
Property, plant and equipment	215,761
Other assets acquired	20,567
Suppliers	(68,590)
Other liabilities assumed	(15,745)
Total identifiable net assets	375,739
Gain on investment acquisition	151,495
Deferred taxes (34%)	(51,508)
Gain on investment acquisition, net	99,987

During the six-month period ended June 30, 2020, the Company carried out a capital increase in the investee in the amount of R\$ 60,000.

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

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

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

Explanatory notes for the condensed consolidated interim financial statements at June 30, 2020 **In thousands of Brazilian Reais, except when indicated otherwise**

(i) Expected credit losses caused by the impacts of COVID-19

The Company and its subsidiaries assessed the position of accounts receivable as at June 30, 2020, and understand that the position of accounts receivable as well as credit provisions that are difficult to recover or doubtful reflect the best and most analysis by Management about the quality of the solvency of the rights in question. Such analysis was made based on the Company's accounting policies, and on the assessment of the creditors' financial situation in the quarter ended June 30, 2020.

(ii) Impairment of tangible and intangible assets

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

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

(iii) Recoverability of deferred tax assets

The Company and its subsidiaries assessed deferred tax assets on a tax loss or negative basis and temporary differences recorded in their balance sheet as at June 30, 2020 and even in the face of uncertainty, they did not identify a need for provision for loss on the balances already recorded.

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

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

(v) Compliance with obligations assumed with customers and suppliers

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

(vi) Compliance with obligations in debt contracts - covenants

The Company and its subsidiaries assessed compliance with the contractual clauses on June 30, 2020, certifying that all agreements are compliant with the established clauses in such contracts.

Considering that we are exposed to operational risks arising from any legal restrictions that may be imposed as a result of COVID-19, it is impossible to ensure that our operations will not be impacted or that our results will not be affected by future consequences of the pandemic.

(c) Exclusion of ICMS from the PIS and COFINS calculation basis

During the six-month period ended June 30, 2020, the Company recognized tax credits related to the thesis of ICMS exclusion from the PIS and COFINS calculation basis, with assets recorded in the amount of R\$ 155,884, of which R\$ 69,244 was recorded as principal under "other operating revenues (expenses), net" and R\$ 86,640 as monetary restatement, recorded under "financial results."

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(d) Capital reduction in the subsidiary CBA Energia Participações S.A.

During the second quarter of 2020, the subsidiary CBA Energia Participações S.A. approved a capital reduction in the amount of R\$ 56,000, cancelling 51,376,147 shares, with no changes in its participation. The transaction resulted in the return of R\$ 18,667 to the Company, of which R\$ 7,000 were received in cash in the second quarter of 2020 and the remaining balance of R\$ 11,667 was recorded under "related parties".

2 Presentation of the financial statements and summary of accounting practices

2.1 Presentation base

(a) Individual (parent company) and consolidated condensed financial statements

The condensed interim parent company and consolidated financial statements have been prepared and are being presented in accordance with Technical Pronouncement CPC 21 - (R1) Interim Financial Reporting, and with the international accounting standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board ("IASB") and disclose all (and only) the applicable significant information related to the financial statements, which is consistent with the information utilized by Management in the performance of its duties.

The condensed interim parent company and consolidated condensed financial statements as at June 30, 2020 do not contain all of the accompanying notes and disclosures required by the accounting standards for the annual financial statements since their purpose is to provide an update on the significant activities, events and circumstances compared to the annual financial statements. Therefore, they should be read together with the financial statements at December 31, 2019, issued on February 20, 2020 and disclosed on March 27, 2020 on the Diário Oficial of the State of São Paulo.

The condensed interim parent company and consolidated condensed financial statements were prepared in a manner consistent with the accounting policies disclosed in Note 2 to the financial statements as of December 31, 2019.

(b) Approval of the financial statements

The issuance of these financial statements was approved by the Board of Directors at July 29, 2020.

3 Changes in accounting practices and disclosures

There were no changes in accounting standards and practices in the six-month period ended at June 30, 2020.

4 Critical accounting estimates and judgments

In the six-month period ended June 30, 2020, there was no change in estimates and assumptions that presented a significant risk, with the probability of causing a relevant adjustment in the book values of assets and liabilities for the current fiscal year, in relation to those detailed in Note 4 of the last annual financial statements.

Explanatory notes for the condensed consolidated interim financial statements at June 30, 2020 **In thousands of Brazilian Reais, except when indicated otherwise**

5 Financial risk management

5.1 Financial risk factors

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

A significant portion of the products sold by the Company are commodities, which prices are benchmarked in international quotations and denominated in US dollar.

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

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

Proposals made to comply with the policies are discussed and approved by the Executive Board or Board of Directors, according to the governance structure described in the Financial Policy and the Company's Bylaws.

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

(a) Market risk

(i) Foreign-exchange risk

The Financial Policy emphasizes that the purpose of derivative operations is to reduce cash flow volatility, reduce foreign exchange exposure and avoid mismatching between the Company's currencies.

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

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In thousands of Brazilian Reais, except when indicated otherwise

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

	Note	6/30/2020	Consolidated 12/31/2019
Assets in foreign currency			
Cash and cash equivalents	7	124,539	135,748
Derivative financial instruments	5.2	212,088	134,615
Accounts receivables from customers	9	147,047	89,320
		483,674	359,683
Passivos em moeda estrangeira			
Suppliers		108,382	28,821
Supplier finance program		269,185	283,969
Loans and financing (i)		789,452	581,090
Derivative financial instruments	5.2	1,221,366	238,258
		2,388,385	1,132,138
Net exposure		(1,904,711)	(772,455)

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

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

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

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

(iii) Commodity risk

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

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

(b) Credit risk

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

The Company’s Financial Policy defines that only issuers with at least two ratings from the following rating agencies should be considered: Fitch Ratings, Moody’s or Standard & Poor’s. The minimum rating required for counterparties is “A” (on a local scale) for onshore operations or “BBB-” (on a global scale) for offshore operations, or equivalent. For financial assets whose issuers do not meet the aforementioned minimum credit risk ratings, different criteria proposed by the Treasury department and approved by the Board of Directors may be applied instead.

Explanatory notes for the condensed consolidated interim financial statements at June 30, 2020
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The credit quality of the financial assets is described in note 6. The ratings disclosed in this note are always the most conservative of the agencies mentioned.

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

(c) Liquidity risk

Liquidity risk is managed in accordance with the Financial Policy, in order to guarantee an adequately liquid position to meet the Company’s financial commitments on time and at no additional cost. The main liquidity measurement and monitoring instrument is cash flow projection for a minimum projection term of 12 months from the reference month.

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

	Consolidated					
	Up to 1 year	1 to 3 years	3 to 5 years	5 to 10 years	Over 10 years	Total
At June 30, 2020						
Loans and financing	198,593	199,761	1,395,142	1,207,538	40,097	3,041,131
Derivative financial instruments	338,407	102,939	143,558	623,361	13,101	1,221,366
Suppliers	442,891					442,891
Supplier finance program	347,412					347,412
Related parties	561	25,453				26,014
Use of public assets	47,764	102,828	113,151	351,880	604,179	1,219,802
Leases	6,678	4,570	446	10		11,704
Dividends payable	1,261					1,261
	<u>1,383,567</u>	<u>435,551</u>	<u>1,652,297</u>	<u>2,182,789</u>	<u>657,377</u>	<u>6,311,581</u>
At December 31, 2020						
Loans and financing	221,962	389,826	809,195	1,255,469	33,274	2,709,726
Derivative financial instruments	20,535	2,834	932	212,303	1,654	238,258
Suppliers	407,215					407,215
Supplier finance program	335,130					335,130
Related parties	27,201	2,330				29,531
Use of public assets	47,097	101,978	113,241	338,255	657,889	1,258,460
Leases	9,960	5,537	1,374	41		16,912
Dividends payable	14,072					14,072
	<u>1,083,172</u>	<u>502,505</u>	<u>924,742</u>	<u>1,806,068</u>	<u>692,817</u>	<u>5,009,304</u>

Explanatory notes for the condensed consolidated interim financial statements at June 30, 2020 In thousands of Brazilian Reais, except when indicated otherwise

5.2 Derivative financial instruments

Accounting policy

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

The Company adopts hedge accounting and designates certain derivatives as:

(a) Cash flow hedge

In order to reduce cash flow volatility in Brazilian Reais, the Company hires derivative financial instruments to sell commodities forward in conjunction with the forward sale of the US Dollar. The effective portion of changes in the fair value of derivatives designated and qualified as cash flow hedge is recognized in shareholders' equity under "equity valuation adjustments." Gains or losses related to the non-effective portion are recognized in the income statement for the period. The amounts accrued in shareholders' equity are taken to the income statement in the periods during which the respective London Metals Exchange ("LME") sales are made.

Metal operating results hedging program (strategic hedge) – In order to reduce the cash flow volatility, the Company contracts derivative financial instruments to perform commodity forward sale in conjunction with the sale of US Dollar forwards. The effective portion of changes in the fair value of designated derivatives and qualified as cash flow hedges is recognized in shareholders' equity under "equity valuation adjustments." Gains or losses related to the non-effective portion are immediately recognized in the income statement for the period. The amounts accumulated in shareholders' equity are taken to the income statement in the periods during which the respective LME (London Metals Exchange) sales are made.

Downstream premium hedging program – In order to reduce cash flow volatility, the Company contracts derivative financial instruments to protect a portion of the premium adopted on the downstream business sales against currency exchange rate fluctuations. The hedge, in this case, was created through the purchase and sale of options, forming a zero cost collar ("ZCC") structure. This strategy provides a protection range in which the premium traded in US Dollar may float between an upper and a lower limit for the exchange rate. The effective portion of changes in the fair value of derivatives designated and qualifying as cash flow hedges is recognized in shareholders' equity under "equity valuation adjustments." Gains or losses related to the non-effective portion are immediately recognized in the income statement for the period. The amounts accumulated in shareholders' equity are taken to the income statement in the periods when the respective amounts expressed in dollars are received.

US Dollar debt hedging instruments – derivative financial instruments contracted for the purpose of converting floating rates in CDI or IPCA in Brazilian Reais to fixed rates in US Dollar, partially matching the currency of financial expenses and amortization of debts against revenue, thus reducing the company's currency exposure to the US Dollar. Protection is provided through swaps, with the effective portion of changes in the fair value of derivatives designated and qualified as cash flow hedge being recognized in shareholders' equity under "equity valuation adjustments." Gains or losses related to the non-effective portion are immediately recognized in income for the period under "financial result." The amounts accrued in shareholders' equity are taken to profit or loss in the periods in which the referred amortizations of interest and principal of the debt and the swap adjustment payments are made.

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Upstream ingots export operation hedging program - in order to reduce the cash flow volatility of the upstream ingots export operation, the Company contracted derivative financial instruments to perform the commodity forward sales in conjunction with the sale of US Dollar forwards. The effective portion of changes in the fair value of derivatives designated and qualified as cash flow hedges is recognized in equity under “equity valuation adjustments”. Gains or losses related to the ineffective portion are immediately recognized in the income for the period. The accumulated values in shareholders' equity are taken to the income statement in the periods in which the referred sales refer to the LME (London Metal Exchange) price.

Upstream ingots export premium hedging program - in order to reduce the cash flow volatility of the upstream ingots export operation, the Company contracted derivative financial instruments to protect part of the premium negotiated by the Upstream business in the export operation against exchange rate fluctuations. The hedge, in this case, was created through the purchase and sale of options, forming a zero cost collar (“ZCC”) structure. This strategy provides a protection range in which the premium traded in US Dollars may float between an upper and a lower limit for the exchange rate. The effective portion of changes in the fair value of derivatives designated and qualified as cash flow hedges is recognized in equity under “equity valuation adjustments”. Gains or losses related to the ineffective portion are immediately recognized in the income for the period. The amounts accumulated in shareholders' equity are taken to the income statement in the periods in which the referred receipts referring to the dollar are made.

The amounts accumulated in shareholders' equity are taken to the income statement in the periods in which the referred interest and principal amortization of the debt and the payment of swap adjustments are made.

(b) Fair value of derivatives and other financial instruments

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

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

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

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

						Parent company and consolidated					
		Main value		12/31/2019		Fair value		6/30/2020			
Programs	Unit	6/30/2020	12/31/2019	Unit	Total (net between assets and liabilities)	Revenue	Other comprehensive income	Gain (loss) performed	Total (net between assets and liabilities)		
Operating income hedge											
Aluminum forward	ton	249,000	151,800	thousands of BRL	(18,680)	73,471	20,889	58,566	17,114		
US Dollar collars	thousands of USD	13,390	35,800	thousands of BRL	2,964	(5,496)	(3,548)	(4,052)	(2,028)		
US Dollar forward	thousands of USD	414,766	272,784	thousands of BRL	42,094	(93,138)	(209,079)	(71,995)	(188,128)		
					26,378	(25,163)	(191,738)	(17,481)	(173,042)		
Interest rate hedge											
Swaps floating rate in CDI vs. fixed rate in USD	thousands of BRL	1,334,880	747,140	thousands of BRL	(127,078)	(13,856)	(645,702)	(13,856)	(772,780)		
Swaps floating rate in IPCA vs. fixed rate in USD	thousands of BRL	160,050	139,119	thousands of BRL	(2,943)	998	(60,150)	1,361	(63,456)		
					(130,021)	(12,858)	(705,852)	(12,495)	(836,236)		
					(103,643)	(38,021)	(897,590)	(29,976)	(1,009,278)		
Current assets					42,272				146,151		
Non-current assets					92,343				65,937		
Current liabilities					(20,535)				(338,407)		
Non-current liabilities					(217,723)				(882,959)		
					(103,643)				(1,009,278)		
Parent company and consolidated											
Fair value by maturity											
Programs	Unit	2020	2021	2022	2023	2024	2025	2026	2027	2028	As of 2029
Operating income hedge											
Aluminum forward	ton	69,902	(45,980)	(6,808)							
US Dollar collars (i)	thousands of USD	(7,369)	4,698	643							
US Dollar forward (i)	thousands of USD	(145,329)	(43,535)	736							
		(82,796)	(84,817)	(5,429)							
Interest rate hedge											
Swaps floating rate in CDI vs. fixed rate in USD	thousands of USD	(27,313)	(44,677)	(11,322)	(9,508)	11,333	(225,159)	(241,458)	(123,345)	(49,077)	(52,254)
Swaps floating rate in IPCA vs. fixed rate in USD	thousands of USD	(1,339)	(4,852)	(5,080)	(5,457)	(5,666)	(5,712)	(5,717)	(5,665)	(5,569)	(18,399)
		(28,652)	(49,529)	(16,402)	(14,965)	5,667	(230,871)	(247,175)	(129,010)	(54,646)	(70,653)
		(111,448)	(134,346)	(21,831)	(14,965)	5,667	(230,871)	(247,175)	(129,010)	(54,646)	(70,653)

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

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5.3 Sensitivity analysis statement

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

The scenarios at June 30, 2020 are described below:

Scenario I – considers a shock to the curves and market quotations at June 30, 2020, according to the base scenario defined by the Board of Directors for September 30, 2020.

Scenario II – considers a shock of + or - 25% to the market curves at June 30, 2020.

Scenario III – considers a shock of + or - 50% to the market curves at June 30, 2020.

Risk Factors	Cash and cash equivalents and financial investments (i)	Loans and financing (i)	Unit	Principal from derivative financial instruments and firm commitment	Unit	Parent company and consolidated											
						Impacts on the result				Impacts on comprehensive income							
						Scenario I	Scenarios II & III			Scenario I	Scenarios II & III						
Shock in the 6/30/2020 curves	Scenario I results	-25%	-50%	+25%	+50%	Scenario I results	-25%	-50%	+25%	+50%							
Exchange																	
USD	124,539	789,452	thousands of USD	1,100,050	thousands of USD	-1.39%	(458)	(34,914)	(69,829)	34,914	69,829	(374,388)	1,343,532	2,686,846	(1,344,387)	(2,689,223)	
Interest rates																	
BRL - CDI	374,715	1,433,587	thousands of BRL	3,679,460	thousands of BRL	-24 bps	2,524	5,691	11,383	(5,691)	(11,383)	413	(4,792)	(11,009)	3,558	6,047	
IPCA		156,617	thousands of BRL			-38 bps	595	736	1,472	(736)	(1,472)						
BRL - TJLP		194,838	thousands of BRL			-15 bps	292	2,406	4,813	(2,406)	(4,813)						
USD - LIBOR				398,898	thousands of USD	7 bps						134	958	1,918	(957)	(1,913)	
Dollar coupon				701,152	thousands of USD	-46 bps						(120,031)	(60,913)	(124,786)	58,202	113,910	
Price – commodities																	
Aluminum				249,000	ton	-4.49%						96,583	537,246	1,074,491	(537,246)	(1,074,491)	
Firm commitment – electricity																	
Purchase and sale agreement				(131,884)	thousands of BRL			(3,054)	(6,229)	2,940	5,771						

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

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5.4 Capital management

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

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

	Consolidated			
	At June 30, 2020		At December 31, 2019	
Loans and financing	2,615,085		2,156,865	
Cash and cash equivalents	(172,039)		(190,321)	
Derivative financial instruments	1,009,278		103,643	
Leases	10,949		15,783	
Financial investments	(374,268)		(418,439)	
Net debt – (A)	3,089,005		1,667,531	
	Consolidated (not reviewed)			
	Six-month period ended	Six-month period ended	Twelve-month period ended	Twelve-month period ended
	At June 30, 2020	At June 30, 2019	At June 30, 2020	At December 31, 2019
Net profit (loss) for period	(64,206)	(110,494)	11,743	(34,545)
Income tax and social contribution	(10,903)	161,483	(140,939)	31,447
Income (loss) before taxes	(75,109)	50,989	(129,196)	(3,098)
Equity	18,473	(4,641)	8,617	(14,497)
Depreciation, amortization and depletion	201,798	238,640	425,719	462,561
Finance income, net	301,629	237,156	311,970	247,497
EBITDA	446,791	522,144	617,110	692,463
Exceptional items				
Gain on investment acquisition	(151,495)		(151,495)	
Net loss in asset sales to related parties		23,747		23,747
Impairment constitution (reversal) of property, plant and equipment and intangible assets	(557)	(9,550)	153,910	144,917
Adjusted EBITDA (B)	294,739	536,341	619,525	861,127
Financial leverage index – (A/B)			4.99	1.94

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6 Credit quality of the financial asset

The following table reflects the credit quality of issuers and counterparties in cash and cash equivalents, financial investment and derivative transactions:

	Parent company						Consolidated					
	6/30/2020			12/31/2019			6/30/2020			12/31/2019		
	Local rating	Global rating	Total	Local rating	Global rating	Total	Local rating	Global rating	Total	Local rating	Global rating	Total
Cash and cash equivalents												
AAA	94,225		94,225	189,997		189,997	123,676		123,676	190,140		190,140
AA+	11		11	11		11	11		11	11		11
AA	93		93	146		146	97		97	153		153
AA-				3		3				3		3
A+	3	48,214	48,217	7		7	3	48,214	48,217	7		7
No rating	36		36	7		7	38		38	7		7
	94,368	48,214	142,582	190,171		190,171	123,825	48,214	172,039	190,321		190,321
Financial investments												
AAA	263,467		263,467	304,907		304,907	349,559		349,559	383,274		383,274
AA+							9,137		9,137	11,881		11,881
AA				6		6				1,610		1,610
AA-	6		6	6		6	13,993		13,993	3,004		3,004
No rating (i)	1,579		1,579	18,670		18,670	1,579		1,579	18,670		18,670
	265,052		265,052	323,583		323,583	374,268		374,268	418,439		418,439
Derivative financial instruments												
AAA	212,088		212,088	127,294		127,294	212,088		212,088	127,294		127,294
AA				7,321		7,321				7,321		7,321
	212,088		212,088	134,615		134,615	212,088		212,088	134,615		134,615
	571,508	48,214	619,722	648,369		648,369	710,181	48,214	758,395	743,375		743,375

Ratings derived from local and global ratings were established by rating agencies (Standard & Poor's, Moody's and Fitch Ratings). Standard & Poor's and Fitch Rating's standard nomenclature was considered for presentation.

- (i) Substantially refers to receivables investment funds (FIDC) exclusive to the Votorantim Group and not rated by the rating agencies.

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7 Cash and cash equivalents

	Parent company		Consolidated	
	6/30/2020	12/31/2019	6/30/2020	12/31/2019
Local currency				
Cash and banks	284	2,158	17,330	2,308
Repo operations – Government securities	17,759	52,265	30,170	52,265
	18,043	54,423	47,500	54,573
Foreign currency				
Cash and banks	124,539	135,748	124,539	135,748
	142,582	190,171	172,039	190,321

The cash and cash equivalents in local and foreign currency comprise cash and cash equivalents held in current accounts with banks.

8 Financial investments

	Parent company		Consolidated	
	6/30/2020	12/31/2019	6/30/2020	12/31/2019
Local currency				
Financial Treasury Bills – LFTs	200,130	206,219	200,130	206,219
Investment fund quotas (i)	24,785	61,659	73,878	133,215
Repo operations – Government securities	10,471	37,024	10,471	37,024
Bank Deposit Certificates – CDBs	28,023	11	88,146	21,281
Receivables Investment Fund – FIDC	1,579	18,606	1,579	18,606
Other	64	64	64	2,094
	265,052	323,583	374,268	418,439
Current	264,988	323,519	374,204	416,345
Non-current assets	64	64	64	2,094
	265,052	323,583	374,268	418,439

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

	Parent company		Consolidated	
	6/30/2020	12/31/2019	6/30/2020	12/31/2019
Financial investments				
Repo operations – Government securities			18,106	19,748
Financial Treasury Bills – LFTs	24,785	61,659	51,661	113,467
Financial Bills			1,609	
Bank Deposit Certificates – CDBs			2,502	
	24,785	61,659	73,878	133,215

The investments comprise government bonds or those of financial institutions, indexed to the interbank deposit rate.

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9 Accounts receivable from customers

(a) Composition

	Note	Parent company		Consolidated	
		6/30/2020	12/31/2019	6/30/2020	12/31/2019
Local clients		260,215	178,524	331,332	208,612
Foreign clients		127,711	89,320	147,047	89,320
Related parties	12	94,765	144,057	68,821	138,422
		482,691	411,901	547,200	436,354
Impairment of trade receivables		(30,221)	(31,445)	(35,970)	(32,058)
		452,470	380,456	511,230	404,296

(b) Change in estimated loss with doubtful accounts

	Parent company		Consolidated	
	1/1/2020 to 6/30/2020	1/1/2019 to 6/30/2019	1/1/2020 to 6/30/2020	1/1/2019 to 6/30/2019
At the beginning of the six-month period	(31,445)	(29,365)	(32,058)	(29,365)
Net provision (reversal) of additions	1,224	(4,869)	2,100	(5,071)
Effect of company acquired and included in consolidation			(6,012)	
At the end of the six-month period	(30,221)	(34,234)	(35,970)	(34,436)

(c) Maturity

	Parent company		Consolidated	
	6/30/2020	12/31/2019	6/30/2020	12/31/2019
To fall due	348,594	317,618	399,360	336,795
Up to 3 months past due	49,207	13,127	51,754	17,831
Overdue from 3 to 6 months	7,192	2,991	8,094	2,966
Overdue more than 6 months (i)	77,698	78,165	87,992	78,762
	482,691	411,901	547,200	436,354

- (i) At June 30, 2020, the amount of R\$ 51,795 (December 31, 2019 – R\$ 50,170) referred to receivables from clients guaranteed by real guarantees (chattel mortgage) regarding overdue balances.

10 Inventory

	Parent company		Consolidated	
	6/30/2020	12/31/2019	6/30/2020	12/31/2019
Finished products	245,225	266,336	309,007	268,215
Semi-finished products	482,903	482,056	525,257	482,985
Auxiliary and consumption materials	141,187	125,132	162,772	125,766
Raw materials	96,951	54,394	169,884	76,683
Imports in progress	29,841	24,462	47,581	24,462
Others	3,931	4,560	4,219	4,596
Provision for losses (i)	(57,162)	(54,565)	(57,162)	(54,565)
	942,876	902,375	1,161,558	928,142

No inventory has been pledged as collateral for liabilities.

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

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11 Recoverable taxes

(a) Composition

	Parent company		Consolidated	
	6/30/2020	12/31/2019	6/30/2020	12/31/2019
Tax on the Circulation of Goods and Services – ICMS	502,139	500,973	519,796	506,965
Income Tax and Social Contribution – IRPJ and CSLL	613,727	509,954	618,915	510,531
Contribution for the Financing of Social Security – COFINS (i)	142,156	111,029	143,318	111,154
Social Integration Program – PIS (i)	183,994	183,766	187,101	184,904
ICMS on property, plant and equipment	20,506	20,495	20,506	20,495
Social security credit	19,818	19,519	19,818	19,519
Other	24,623	23,496	25,384	23,962
	<u>1,506,963</u>	<u>1,369,232</u>	<u>1,534,838</u>	<u>1,377,530</u>
Current	343,505	631,897	364,767	640,190
Non-current assets	<u>1,163,458</u>	<u>737,335</u>	<u>1,170,071</u>	<u>737,340</u>
	<u>1,506,963</u>	<u>1,369,232</u>	<u>1,534,838</u>	<u>1,377,530</u>

(i) Refers mainly to the recognition of PIS and COFINS credits, as described in Note 1.1 (c).

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12 Related parties

(a) Parent company

	Accounts receivable from customers		Dividends receivable		Current and non-current assets		Suppliers		Current and non-current liabilities		Dividends payable	
	6/30/2020	12/31/2019	6/30/2020	12/31/2019	6/30/2020	12/31/2019	6/30/2020	12/31/2019	6/30/2020	12/31/2019	6/30/2020	12/31/2019
Parent company												
Votorantim S.A.	3,726	3,726										
Subsidiaries												
BAESA - Energética Barra Grande S.A.									87	87		
CBA Energia Participações S.A.			598	1,286	11,667							
CBA Machadinho Geração de Energia Ltda.	2,889	2,312										
ENERCAN - Campos Novos Energia S.A.							31,136	30,613				
Metalex Ltda.	23,756	18,609		1,939				1,705				
Affiliated companies												
Votener - Votorantim Comercializadora de Energia Ltda. (i)	34,012	113,261					25,578	83,591	133,172	120,400		
Mineração Rio Do Norte S.A.			6,270	6,270								
Votorantim Cimentos S.A. (ii)	24,571	248			16,720	27,514	38	693	3	3		
Nexa Recursos Minerais S.A.	741	2,070					263	337				
Votorantim Geração de Energia S.A.							1,738	1,120				
Others	5,070	3,831	25	24	535	529	2,686	3,893	2,121	2,405	79	79
	94,765	144,057	6,893	9,519	28,922	28,043	61,439	121,952	135,383	122,895	79	79
Current	94,765	144,057	6,893	9,519			61,439	121,952	23,316	43,923	79	79
Non-current					28,922	28,043			112,067	78,972		
	94,765	144,057	6,893	9,519	28,922	28,043	61,439	121,952	135,383	122,895	79	79

- (i) The balance of current and non-current liabilities refers to rights from the electricity trading agreements in the free market (note 13).
- (ii) Refers to the sale of the Rio de Janeiro distribution center to the affiliate Votorantim Cimentos S.A. in 2019.

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	Income statement					
	Purchases		Sales		Financial revenues (expenses)	
	1/1/2020 to 6/30/2020	1/1/2019 to 6/30/2019	1/1/2020 to 6/30/2020	1/1/2019 to 6/30/2019	1/1/2020 to 6/30/2020	1/1/2019 to 6/30/2019
Subsidiaries						
BAESA - Energética Barra Grande S.A.		26,153				
CBA Energia Participações S.A.	32,913					
CBA Machadinho Geração de Energia Ltda.	20,896	20,462				
ENERCAN - Campos Novos Energia S.A.	86,919	76,076				
Metalex Ltda.	2,719	1,320	119,810	129,764	2,418	
Affiliated companies						
Votener - Votorantim Comercializadora de Energia Ltda. (i)	239,697	501,113	306,096	577,124		(45,312)
Votorantim Cimentos S.A.	768	4	298	276	354	94
Nexa Recursos Minerais S.A.	122	111	2,472	3,706		
Votorantim Geração de Energia S.A.	11,045	10,142				
L.C.G.S.P.E. Empreendimentos e Participações Ltda.	3,891					
Others	512		87			
	<u>399,482</u>	<u>635,381</u>	<u>428,763</u>	<u>710,870</u>	<u>2,772</u>	<u>(45,218)</u>

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

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(b) Consolidated

	Accounts receivable from customers		Dividends receivable		Current and non-current assets		Suppliers		Current and non-current liabilities		Dividends payable	
	6/30/2020	12/31/2019	6/30/2020	12/31/2019	6/30/2020	12/31/2019	6/30/2020	12/31/2019	6/30/2020	12/31/2019	6/30/2020	12/31/2019
Sociedade controladora												
Votorantim S.A.	3,726	3,726										
Sociedades ligadas												
Votener - Votorantim Comercializadora de Energia Ltda. (i)	34,713	120,793					26,070	90,580	133,171	120,400		
Votorantim Cimentos S.A. (ii)	24,571	248			16,720	27,514	38	693	3	3		
Nexa Recursos Minerais S.A.	740	9,221					263	337				
Mineração Rio Do Norte S.A.			6,270	6,270								
Votorantim Geração de Energia S.A.							1,738	1,120	23,333			1,513
Pollarix S.A.												2,944
Outros	5,071	4,434	25	25	530	529	5,405	3,893	2,121	2,406	1,261	9,615
	68,821	138,422	6,295	6,295	17,250	28,043	33,514	96,623	158,628	122,809	1,261	14,072
Current	68,821	138,422	6,295	6,295			33,514	96,623	23,228	43,837	1,261	14,072
Non-current					17,250	28,043			135,400	78,972		
	68,821	138,422	6,295	6,295	17,250	28,043	33,514	96,623	158,628	122,809	1,261	14,072

- (i) The balance of current and non-current liabilities refers to rights from the electricity trading agreements in the free market (Note 13).
- (ii) Refers to the sale of the Rio de Janeiro distribution center to affiliate Votorantim Cimentos S.A., in 2019.

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(c) Company debts, guaranteed by related parties

Type	Guarantor	6/30/2020	12/31/2019
BNDES	VSA	356,323	344,316
BRL Credit agency	VSA	26,461	29,644
Eurobonds – USD (Voto 24)	VSA	789,452	581,090
		<u>1,172,236</u>	<u>955,050</u>

(d) Debts issued by related parties, guaranteed by the Company

Instrument	Debtor	Guarantor	Percentage guaranteed by the company	6/30/2020		12/31/2019	
				Debt	Amount guaranteed	Debt	Amount guaranteed
		VSA (100%), VCSA (50%) and CBA (50%)					
Eurobonds - USD (Voto 21)	VSA	(50%)	50%	1,335,531	667,765	983,039	491,520
				<u>1,335,531</u>	<u>667,765</u>	<u>983,039</u>	<u>491,520</u>

13 Financial instruments – firm commitment

The operations carried out by the subsidiary Votener up to 2023 in the ACL resulted in a gain from the sales of the energy surplus, that was recognized at its fair value on the date of the transaction. In the six-month period ended June 30, 2020, the realization of fair value, through physical settlement of energy purchase and sales contracts, totaled revenues in the amount of R\$ 36,423. Additionally, the new position on the balance sheet date, regarding the entry of new purchase and sales contracts, resulted in an expenditure of R\$ 75,759. These amounts were recorded under “other operating revenues (expenses), net” (Note 24).

The A-0/2014 contracts were fully settled in December 2019.

	Operations in ACL			
	6/30/2020		12/31/2019	
Liabilities				
Current		22,667		16,636
Non-current		109,947		76,642
		<u>132,614</u>		<u>93,278</u>
	1/1/2020 to 6/30/2020	Auction A-0/ 2014	1/1/2019 to 6/30/2019	Total
	Operations in ACL	Operations in ACL	Operations in ACL	
Realization	36,423	(53,185)	(8,792)	(61,977)
Recognition	(75,759)		28,219	28,219
Reversal		(4,339)		(4,339)
	<u>(39,336)</u>	<u>(57,524)</u>	<u>19,427</u>	<u>(38,097)</u>

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14 Investments

(a) Composition

	Information on investees as of June 30, 2020							Parent company	
					Equity			Balance	
	Shareholders' equity	Profit (loss) for the six-month period	Voting ownership interest and total (%)	Voting ownership interest (%)	1/1/2020 to 6/30/2020	1/1/2019 to 6/30/2019	6/30/2020	12/31/2019	
Investments evaluated by equity									
Subsidiaries									
Metalex Ltda.	78,236	11,165	100.00	100.00	11,165	10,780	78,236	67,071	
CBA Energia Participações S.A. (i)	242,802	33,536	33.33	100.00	10,831	6,603	79,834	91,676	
CBA Machadinho Geração de Energia Ltda.	154,587	(778)	100.00	100.00	(778)	11,550	154,587	155,366	
CBA Itapissuma Ltda.	427,504	(8,235)	100.00	100.00	(8,235)		427,504		
Affiliated companies									
Alunorte - Alumina do Norte S.A.	3,359,268	(159,423)	3.03	3.52	(4,838)	1,443	101,934	106,771	
Mineração Rio do Norte S.A.	845,970	(136,354)	10.00	12.50	(13,635)	3,198	84,597	98,232	
Others							44	44	
Goodwill									
Metalex Ltda.							49,430	49,430	
					(5,490)	33,574	976,166	568,590	

(i) The investment in CBA Energia Participações S.A. of 33.33% represents 100% of the common shares, in addition to holding control of this investee.

	Information on investees as of June 30, 2020							Consolidated	
					Equity			Balance	
	Shareholders' equity	Loss for the six-month period	Voting ownership interest and total (%)	Voting ownership interest (%)	1/1/2020 to 6/30/2020	1/1/2019 to 6/30/2019	6/30/2020	12/31/2019	
Investments evaluated by equity									
Affiliated companies									
Alunorte - Alumina do Norte S.A.	3,359,268	(159,423)	3.03	3.52	(4,838)	1,443	101,934	106,771	
Mineração Rio do Norte S.A.	845,970	(136,354)	10.00	12.50	(13,635)	3,198	84,597	98,232	
Others							77	78	
					(18,473)	4,641	186,608	205,081	

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(b) Change in investments

	Parent company		Consolidated	
	1/1/2020 to 6/30/2020	1/1/2019 to 6/30/2019	1/1/2020 to 6/30/2020	1/1/2019 to 6/30/2019
At the beginning of the six-month period	568,590	551,234	205,081	196,879
Equity	(5,490)	33,574	(18,473)	4,641
Acquisition of investment (i)	375,739			
Capital increase in investees (i)	60,000	260		
Capital reduction in investees (ii)	(18,667)			
Dividends approved	(4,006)	(23,363)		
At the end of the six-month period	976,166	561,705	186,608	201,520

- (i) Refers to the acquisition and capital increase in the investee CBA Itapissuma Ltda., as described in note 1.1 (a).
- (ii) Refers to the capital reduction in the subsidiary CBA Energia Participações S.A., as described in Note 1.1 (d).

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15 Property, Plant and Equipment

(a) Composition and change

									Parent company	
									1/1/2020 to 6/30/2020	1/1/2019 to 6/30/2019
	Land and improvements	Buildings and constructions	Machinery, equipment and facilities	Vehicles	Furniture and fixtures	Construction in progress	Obligation to demobilize assets	Other	Total	Total
At the beginning of the six-month period										
Cost	117,841	2,493,859	5,879,024	113,246	28,986	444,643	161,893	295,190	9,534,682	9,479,658
Accrued depreciation	(2,325)	(960,278)	(3,866,221)	(99,647)	(21,562)		(89,544)	(281,736)	(5,321,313)	(5,180,440)
Net balance	115,516	1,533,581	2,012,803	13,599	7,424	444,643	72,349	13,454	4,213,369	4,299,218
Additions		220	5,620	10	40	104,553			110,443	117,056
Write-offs		(16,583)	(1,371)						(17,954)	(10,614)
Depreciation		(25,919)	(130,672)	(1,609)	(836)		(3,742)	(329)	(163,107)	(206,620)
Reversal for asset depreciation (Impairment)			792				(235)		557	9,550
Transfers (i)	21,094	1,863	142,281	116	429	(166,995)	235	193	(784)	(7,936)
At the end of the six-month period	136,610	1,493,162	2,029,453	12,116	7,057	382,201	68,607	13,318	4,142,524	4,200,654
Cost	139,299	2,462,015	5,902,240	113,116	29,445	382,201	161,891	294,955	9,485,162	9,522,341
Accrued depreciation	(2,689)	(968,853)	(3,872,787)	(101,000)	(22,388)		(93,284)	(281,637)	(5,342,638)	(5,321,687)
Net balance at the end of the six-month period	136,610	1,493,162	2,029,453	12,116	7,057	382,201	68,607	13,318	4,142,524	4,200,654
Average annual depreciation rates – %		3	5	20	10		2			

									Consolidated	
									1/1/2020 to 6/30/2020	1/1/2019 to 6/30/2019
	Land and improvements	Buildings and constructions	Machinery, equipment and facilities	Vehicles	Furniture and fixtures	Construction in progress	Obligation to demobilize assets	Other	Total	Total
At the beginning of the six-month period										
Cost	132,098	2,981,030	6,176,957	113,297	29,320	447,723	161,893	295,190	10,337,508	10,276,888
Accrued depreciation	(5,329)	(1,140,505)	(3,976,773)	(99,676)	(21,832)		(89,544)	(281,736)	(5,615,395)	(5,443,298)
Net balance	126,769	1,840,525	2,200,184	13,621	7,488	447,723	72,349	13,454	4,722,113	4,833,590
Additions		658	5,762	215	412	106,937			113,984	118,850
Write-offs		(16,583)	(1,398)						(17,981)	(10,614)
Depreciation	(145)	(35,802)	(142,808)	(1,972)	(1,240)		(3,742)	(329)	(186,038)	(222,140)
Reversal for asset depreciation (Impairment)			792				(235)		557	9,550
Effect of company acquired and included in consolidation (ii)	559	30,696	166,849	6,775	1,854	13,050		(4,022)	215,761	
Transfers (i)	21,094	1,920	148,836	118	430	(173,605)	235	188	(784)	(7,945)
At the end of the six-month period	148,277	1,821,414	2,378,217	18,757	8,944	394,105	68,607	9,291	4,847,612	4,721,291
Cost	154,115	3,025,505	6,609,011	127,998	39,063	394,105	161,891	290,928	10,802,616	10,321,356
Accrued depreciation	(5,838)	(1,204,091)	(4,230,794)	(109,241)	(30,119)		(93,284)	(281,637)	(5,955,004)	(5,600,065)
Net balance at the end of the six-month period	148,277	1,821,414	2,378,217	18,757	8,944	394,105	68,607	9,291	4,847,612	4,721,291
Average annual depreciation rates – %	4	3	5	20	10		2			

- (i) Transfers include the reclassification of “construction in progress” from the group of fixed assets to “software” in the group of intangible assets.
- (ii) Refers the acquisition of the investment CBA Itapissuma Ltda., as described in note 1.1 (a).

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(b) Construction in progress

	6/30/2020			Consolidated 12/31/2019		
	Gross balance	Provision for impairment	Net balance	Gross balance	Provision for impairment	Net balance
Ferro Níquel project	569,605	(569,605)		569,605	(569,605)	
Bauxita Rondon project	119,603		119,603	118,478		118,478
Calciner	92,096	(92,096)		92,096	(92,096)	
Alumina refinery projects	77,416	(12,587)	64,829	56,864	(12,587)	44,277
Pot line renovation	69,364		69,364	111,161		111,161
Tijuco Alto project	52,374	(52,374)		52,374	(52,374)	
Rolling mills, extrusion and casting room projects	31,642		31,642	27,004		27,004
Mining projects	22,184		22,184	21,619		21,619
Safety, health and environmental projects	13,843		13,843	18,829		18,829
Downstream and smelter projects	12,941		12,941	20,877		20,877
Pot line projects	6,725		6,725	17,539		17,539
Hydro power plants revitalization	402		402	23,830		23,830
Other	75,626	(23,054)	52,572	67,163	(23,054)	44,109
	<u>1,143,821</u>	<u>(749,716)</u>	<u>394,105</u>	<u>1,197,439</u>	<u>(749,716)</u>	<u>447,723</u>

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16 Intangible assets

(a) Composition and change

						Parent company	
						1/1/2020 to 6/30/2020	1/1/2019 to 6/30/2019
	Goodwill	Exploitation rights over natural resources	Softwares	Use of public assets - UBP	Other	Total	Total
At the beginning of the six-month period							
Cost	79,722	143,899	38,535	281,829	9,591	553,576	544,738
Accrued amortization		(40,041)	(25,164)	(99,139)	(1,697)	(166,041)	(148,799)
Net balance	79,722	103,858	13,371	182,690	7,894	387,535	395,939
Additions							63
Write-offs					(7)	(7)	(1)
Amortization and depletion		(1,406)	(2,024)	(5,402)		(8,832)	(7,620)
Transfers (i)			630		154	784	7,936
At the end of the six-month period	79,722	102,452	11,977	177,288	8,041	379,480	396,317
Cost	79,722	143,899	39,259	281,829	9,584	554,293	552,732
Accrued amortization		(41,447)	(27,282)	(104,541)	(1,543)	(174,813)	(156,415)
Net balance at the end of the six-month period	79,722	102,452	11,977	177,288	8,041	379,480	396,317
Average annual amortization and depletion rates – %		3	20	3			

						Consolidated	
						1/1/2020 to 6/30/2020	1/1/2019 to 6/30/2019
	Goodwill	Exploitation rights over natural resources	Softwares	Use of public assets - UBP	Other	Total	Total
At the beginning of the six-month period							
Cost	166,265	143,899	38,777	303,774	38,769	691,484	682,615
Accrued amortization		(40,041)	(25,394)	(106,876)	(27,435)	(199,746)	(181,601)
Net balance	166,265	103,858	13,383	196,898	11,334	491,738	501,014
Additions			40			40	63
Write-offs					(7)	(7)	(1)
Amortization and depletion		(1,406)	(2,830)	(5,840)	(2)	(10,078)	(8,060)
Effect of company acquired and included in consolidation (ii)			5,425			5,425	
Transfers (i)			630		154	784	7,945
At the end of the six-month period	166,265	102,452	16,648	191,058	11,479	487,902	500,961
Cost	166,265	143,899	78,936	303,774	38,762	731,636	690,623
Accrued amortization		(41,447)	(62,288)	(112,716)	(27,283)	(243,734)	(189,662)
Net balance at the end of the six-month period	166,265	102,452	16,648	191,058	11,479	487,902	500,961
Average annual amortization and depletion rates – %		3	20	3			

- (i) Transfers include the reclassification of “construction in progress” from the group of fixed assets to “software” in the group of intangible assets.
- (ii) Refers the acquisition of the investment CBA Itapissuma Ltda., as described in note 1.1 (a).

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17 **Loans and financing**

(a) **Composition and fair value**

Type	Average annual rate (i)	Current		Non-current		Total		Parent company	
		6/30/2020	12/31/2019	6/30/2020	12/31/2019	6/30/2020	12/31/2019	6/30/2020	12/31/2019
Local currency									
BNDÉS	TJLP + 2,20% / SELIC + 2,56% / IPCA + 4,70%	63,629	67,233	289,829	274,581	353,458	341,814	325,228	339,690
FINAME	4,58% Pre-BRL	943	989	2,050	2,510	2,993	3,499	2,906	3,445
Export credit notes	114,47% CDI	5,238	8,076	1,327,120	1,078,238	1,332,358	1,086,314	1,194,181	1,081,333
Credit agency	8,50% Pre-BRL	6,502	6,534	19,959	23,110	26,461	29,644	27,785	32,065
FINEP	TJLP + 0,62%	11,421	11,438	6,636	12,325	18,057	23,763	18,335	24,257
Other				598	598	598	598	598	598
		<u>87,733</u>	<u>94,270</u>	<u>1,646,192</u>	<u>1,391,362</u>	<u>1,733,925</u>	<u>1,485,632</u>	<u>1,569,033</u>	<u>1,481,388</u>
Foreign currency									
Eurobonds - USD	4,75% Pre-USD	809	452	786,471	578,193	787,280	578,645	807,904	610,864
		<u>809</u>	<u>452</u>	<u>786,471</u>	<u>578,193</u>	<u>787,280</u>	<u>578,645</u>	<u>807,904</u>	<u>610,864</u>
		<u>88,542</u>	<u>94,722</u>	<u>2,432,663</u>	<u>1,969,555</u>	<u>2,521,205</u>	<u>2,064,277</u>	<u>2,376,937</u>	<u>2,092,252</u>
Interest on loans and financing		9,099	12,346						
Current portion of loans and financing (principal amount)		<u>79,443</u>	<u>82,376</u>						
		<u>88,542</u>	<u>94,722</u>						

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Type	Average annual rate (i)	Current		Non-current		Total		Consolidated	
		6/30/2020	12/31/2019	6/30/2020	12/31/2019	6/30/2020	12/31/2019	6/30/2020	12/31/2019
Local currency									
BNDES	TJLP + 2,20% / SELIC + 2,56% / IPCA + 4,70%	63,629	67,233	289,829	274,581	353,458	341,814	325,228	339,690
FINAME	4,58% Pre-BRL	943	989	2,050	2,510	2,993	3,499	2,906	3,445
Debentures	107,50% CDI	31,276	31,760	60,843	60,828	92,119	92,588	89,925	93,252
Export credit notes	114,47% CDI	5,238	8,076	1,327,120	1,078,238	1,332,358	1,086,314	1,194,181	1,081,333
Credit agency	8,50% Pre-BRL	6,502	6,534	19,959	23,110	26,461	29,644	27,785	32,065
FINEP	TJLP + 0,62%	11,421	11,440	6,636	12,323	18,057	23,763	18,335	24,257
Other				2,359	598	2,359	598	598	598
		119,009	126,032	1,708,796	1,452,188	1,827,805	1,578,220	1,658,958	1,574,640
Foreign currency									
Eurobonds - USD	4,75% Pre-USD	809	452	786,471	578,193	787,280	578,645	807,904	610,864
		809	452	786,471	578,193	787,280	578,645	807,904	610,864
		119,818	126,484	2,495,267	2,030,381	2,615,085	2,156,865	2,466,862	2,185,504
Interest on loans and financing		9,987	13,781						
Current portion of loans and financing (principal amount)		109,831	112,703						
		119,818	126,484						

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

BNDES	Brazilian Economical and Social Development Bank
BRL	Local currency (Brazilian Reais)
CDI	Interbank Certificate of Deposit
IPCA	Brazilian Consumer Price Index
FINAME	Financing of new machinery and equipment manufactured in Brazil
SELIC	Brazilian Special System for Clearance and Custody
TJLP	Long-Term Interest Rate set by the National Monetary Council. The TJLP was the basic cost of BNDES financing until December 2017 As of January 2018, the Long-Term Rate (TLP) became the main financial cost of BNDES financing
USD	US Dollar

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(b) Maturity

											Parent company
	2020	2021	2022	2023	2024	2025	2026	2027	2028	As of 2029	Total
Local currency											
BNDES	16,546	90,291	47,350	32,104	32,104	32,104	27,288	12,841	12,841	49,989	353,458
FINAME	484	872	781	781	75						2,993
Export credit notes (i)	5,868	(1,259)	(1,259)	48,741	(1,259)	432,693	432,693	216,390	99,786	99,964	1,332,358
Credit agency	3,350	6,303	6,303	6,303	4,202						26,461
FINEP	5,733	11,376	948								18,057
Other		598									598
	31,981	108,181	54,123	87,929	35,122	464,797	459,981	229,231	112,627	149,953	1,733,925
	1.84%	6.24%	3.12%	5.07%	2.03%	26.81%	26.53%	13.22%	6.50%	8.64%	100.00%
Foreign currency											
Eurobonds - USD (i)	1,080	(543)	(543)	(543)	787,829						787,280
	1,080	(543)	(543)	(543)	787,829						787,280
	0.14%	(0.07%)	(0.07%)	(0.07%)	100.07%						100.00%
	33,061	107,638	53,580	87,386	822,951	464,797	459,981	229,231	112,627	149,953	2,521,205
	1.31%	4.27%	2.13%	3.47%	32.64%	18.44%	18.24%	9.09%	4.47%	5.94%	100.00%
Consolidated											
	2020	2021	2022	2023	2024	2025	2026	2027	2028	As of 2029	Total
Local currency											
BNDES	16,546	90,291	47,350	32,104	32,104	32,104	27,288	12,841	12,841	49,989	353,458
FINAME	484	872	781	781	75						2,993
Debentures	31,293	30,409	30,417								92,119
Export credit notes (i)	5,868	(1,259)	(1,259)	48,741	(1,259)	432,693	432,693	216,390	99,786	99,964	1,332,358
Credit agency	3,350	6,303	6,303	6,303	4,202						26,461
FINEP	5,733	11,376	948								18,057
Other		2,359									2,359
	63,274	140,351	84,540	87,929	35,122	464,797	459,981	229,231	112,627	149,953	1,827,805
	3.46%	7.68%	4.63%	4.81%	1.92%	25.43%	25.17%	12.54%	6.16%	8.20%	100.00%
Foreign currency											
Eurobonds - USD (i)	1,080	(543)	(543)	(543)	787,829						787,280
	1,080	(543)	(543)	(543)	787,829						787,280
	0.14%	(0.07%)	(0.07%)	(0.07%)	100.07%						100.00%
	64,354	139,808	83,997	87,386	822,951	464,797	459,981	229,231	112,627	149,953	2,615,085
	2.46%	5.35%	3.21%	3.34%	31.47%	17.76%	17.59%	8.77%	4.31%	5.74%	100.00%

(i) The balances shown as negative are from fees that are amortized on a straight-line basis.

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(c) Change

	Parent company		Consolidated	
	1/1/2020 to 6/30/2020	1/1/2019 to 6/30/2019	1/1/2020 to 6/30/2020	1/1/2019 to 6/30/2019
At the beginning of the six-month period	2,064,277	1,935,056	2,156,865	2,058,867
Fund raising (i)	283,000	1,084,880	283,000	1,084,880
Reductions of fundraising costs, net	(1,394)	(2,759)	(1,316)	(2,702)
Exchange rate variation	209,107	9,382	209,107	9,383
Accrued interest	55,775	56,474	57,512	60,502
Interest paid	(57,567)	(45,898)	(59,850)	(49,892)
Effect of company acquired and included in consolidation (ii)			1,760	
Settlements	(31,993)	(1,049,119)	(31,993)	(1,049,119)
At the end of the six-month period	<u>2,521,205</u>	<u>1,988,016</u>	<u>2,615,085</u>	<u>2,111,919</u>

- (i) In February 2020, the Company entered into a loan agreement (NCE - export credit note) aimed at financing its exports in the amount of R\$ 250 million, with final maturity in 2029. In May 2020, BNDES released the second tranche of the loan with the entity, amounting R\$ 33,000.
- (ii) Refers to the balance arising from the CBA Itapissuma investment included in the consolidation, acquired in February 2020, as described in note 1.1 (a).

(d) Composition by currency

	Parent company					
	Current		Non-current		Total	
	6/30/2020	12/31/2019	6/30/2020	12/31/2019	6/30/2020	12/31/2019
Brazilian Reais	87,733	94,270	1,646,192	1,391,362	1,733,925	1,485,632
US Dollar	809	452	786,471	578,193	787,280	578,645
	<u>88,542</u>	<u>94,722</u>	<u>2,432,663</u>	<u>1,969,555</u>	<u>2,521,205</u>	<u>2,064,277</u>

	Consolidated					
	Current		Non-current		Total	
	6/30/2020	12/31/2019	6/30/2020	12/31/2019	6/30/2020	12/31/2019
Brazilian Reais	119,009	126,032	1,708,796	1,452,188	1,827,805	1,578,220
US Dollar	809	452	786,471	578,193	787,280	578,645
	<u>119,818</u>	<u>126,484</u>	<u>2,495,267</u>	<u>2,030,381</u>	<u>2,615,085</u>	<u>2,156,865</u>

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(e) Composition by indexer

	Current		Non-current		Parent company	
	6/30/2020	12/31/2019	6/30/2020	12/31/2019	6/30/2020	Total 12/31/2019
Local currency						
TJLP	52,949	59,545	141,526	154,500	194,475	214,045
Fixed rate	7,445	7,523	22,607	26,219	30,052	33,742
CDI	5,238	8,076	1,327,120	1,078,238	1,332,358	1,086,314
IPCA	7,994	5,080	146,299	119,554	154,293	124,634
Selic	14,107	14,046	8,640	12,851	22,747	26,897
	87,733	94,270	1,646,192	1,391,362	1,733,925	1,485,632
Foreign currency						
Fixed rate	809	452	786,471	578,193	787,280	578,645
	88,542	94,722	2,432,663	1,969,555	2,521,205	2,064,277
						Consolidated
	Current		Non-current		Total	
	6/30/2020	12/31/2019	6/30/2020	12/31/2019	6/30/2020	12/31/2019
Local currency						
TJLP	52,949	59,545	141,526	154,500	194,475	214,045
Fixed rate	7,445	7,523	22,607	26,219	30,052	33,742
CDI	36,515	39,838	1,387,963	1,139,065	1,424,478	1,178,903
IPCA	7,994	5,080	146,299	119,554	154,293	124,634
Selic	14,106	14,046	8,641	12,850	22,747	26,896
Other			1,760		1,760	
	119,009	126,032	1,708,796	1,452,188	1,827,805	1,578,220
Foreign currency						
Fixed rate	809	452	786,471	578,193	787,280	578,645
	119,818	126,484	2,495,267	2,030,381	2,615,085	2,156,865

(f) Guarantees

As at June 30, 2020, R\$ 1,172,236 (December 31, 2019 – R\$ 955,050) of loans and financing were guaranteed by sureties (Note 12 (c)), R\$ 160,252 (December 31, 2019 – R\$ 170,903) by lines on Company assets and R\$ 18,148 (December 31, 2019 – R\$ 23,884) by bank guarantee.

(g) Funding and amortization

(i) Export financing

In February of 2019, the Company entered into a loan agreement (NCE – export credit note) to finance its exports in the total amount of R\$ 250 million, with final maturity in 2029. The loan is characterized as “green financing” based on the guidelines of the Green Loan Principles.

The Company also entered into swap agreement (derivative financial instrument – hedge accounting), which aims to exchange the exposure of the CDI floating rate in Brazilian Reais to a fixed rate in US Dollars, resulting in a weighted average cost of 4.25% per year. This swap was contracted together with the financing and with the same financial institution.

(ii) Loan with BNDES

In May 2019, the Company entered into a loan agreement with BNDES to finance part of its maintenance and modernization projects in the amount of R\$ 326,000. In May 2020, BNDES released the second tranche of this loan agreement in the amount of R\$ 33,000 and final maturity in 2034.

A swap term (derivative financial instrument – hedge accounting) was contracted, which aims to exchange the IPCA floating rate exposure in reais to a fixed rate in US dollars, resulting in a weighted average cost of 4.50% per year.

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18 Current and deferred income tax and social contribution

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

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

The income tax and social contribution amounts on the income statement for the six-month period ended June 30 present the following reconciliation based on the nominal Brazilian rate:

	Parent company		Consolidated	
	1/1/2020 to 6/30/2020	1/1/2019 to 6/30/2019	1/1/2020 to 6/30/2020	1/1/2019 to 6/30/2019
Profit (loss) before income tax and social contribution	(123,629)	9,720	(75,109)	50,989
Nominal tax rates	34%	34%	34%	34%
IRPJ and CSLL calculated at nominal tax rates	42,034	(3,305)	25,537	(17,336)
Adjustments for the calculation of effective IRPJ and CSLL				
Equity	(1,867)	11,415	(6,281)	1,578
Tax loss and negative basis without constitution on the deferred tax	(1,183)	(139,611)	(1,943)	(142,891)
Temporary additions without constitution on the deferred tax			(2,808)	(21)
Other permanent additions, net	(2,266)	(2,549)	(3,602)	(2,813)
IRPJ and CSLL calculated	36,718	(134,050)	10,903	(161,483)
Current			(24,859)	(23,509)
Deferred	36,718	(134,050)	35,762	(137,974)
IRPJ and CSLL in the result	36,718	(134,050)	10,903	(161,483)

(b) Composition of deferred tax balances

	Parent company		Consolidated	
	6/30/2020	12/31/2019	6/30/2020	12/31/2019
Tax credits on tax loss and negative basis	367,378	367,378	367,378	367,378
Tax credits on tax differences				
Provisions (impairment and miscellaneous losses)	721,201	721,401	721,201	721,401
Deferral of losses on derivative contracts	343,155	35,238	343,155	35,238
Exchange rate variation – taxation by the cash regime	163,185	83,803	163,185	83,803
Tax, civil, labor and environmental provisions	90,089	92,255	90,089	92,255
Use of public assets – UBP	68,249	69,346	68,249	69,346
CPC 25 – Decommissioning of assets	61,368	59,547	61,368	59,547
Financial instrument – firm commitment	45,089	31,715	45,089	31,715
Provision for inventory losses	19,435	18,552	19,435	18,552
Provision for accounts receivable from customers	7,654	17,069	7,654	17,069
Environmental liabilities	9,415	9,772	9,415	9,772
Provision for participation in the result – PPR	12,032	22,170	12,032	22,170
Tax debts on tax differences				
Adjustments to property, plant and equipment service life (depreciation)	(620,698)	(635,611)	(620,698)	(635,611)
Gain on investment acquisition (i)	(51,508)		(51,508)	
CPC 20 – Capitalized interest	(25,371)	(25,815)	(25,371)	(25,815)
CPC 12 – Adjustment to present value	(14,151)	(14,651)	(14,151)	(14,651)
Goodwill amortization	(7,392)	(7,392)	(7,392)	(7,392)
Other	(10,590)	(8,135)	(7,458)	(4,047)
	1,178,540	836,642	1,181,672	840,730

- (i) Refers to the deferred tax on the gain on the advantageous purchase on the acquisition of the investment in CBA Itapissuma Ltda., as described in Note 1.1 (a).

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(c) Effect of deferred income tax and social contribution on profit for the six-month period and comprehensive income

	Parent company		Consolidated	
	1/1/2020 to 6/30/2020	1/1/2019 to 6/30/2019	1/1/2020 to 6/30/2020	1/1/2019 to 6/30/2019
At the beginning of the six-month period	836,642	771,755	840,730	781,710
Effect on the result	36,718	(134,050)	35,762	(137,974)
Effect on other components of comprehensive income – Hedge accounting	305,180	22,811	305,180	22,811
Other				(532)
At the end of the six-month period	<u>1,178,540</u>	<u>660,516</u>	<u>1,181,672</u>	<u>666,015</u>

19 Provisions

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

	Parent company							Remaining judicial deposits (i)
	6/30/2020			12/31/2019				
	Judicial deposits	Provisioned amount	Net total	Remaining judicial deposits (i)	Judicial deposits	Provisioned amount	Net total	
Tax	(10,853)	192,318	181,465	13,770	(13,933)	195,239	181,306	15,830
Labor	(28,977)	74,104	45,127		(19,146)	72,387	53,241	2,238
Civil (i)		22,941	22,941	949	(11)	27,947	27,936	96,394
Environmental		1,013	1,013	7		994	994	6
	<u>(39,830)</u>	<u>290,376</u>	<u>250,546</u>	<u>14,726</u>	<u>(33,090)</u>	<u>296,567</u>	<u>263,477</u>	<u>114,468</u>

	Consolidated							Remaining judicial deposits (i)
	6/30/2020			12/31/2019				
	Judicial deposits	Provisioned amount	Net total	Remaining judicial deposits (i)	Judicial deposits	Provisioned amount	Net total	
Tax	(10,852)	193,811	182,959	13,775	(13,933)	196,558	182,625	15,835
Labor	(28,977)	74,104	45,127	247	(19,146)	72,387	53,241	2,484
Civil (i)		23,698	23,698	949	(11)	28,560	28,549	96,394
Environmental		1,013	1,013	546		994	994	546
	<u>(39,829)</u>	<u>292,626</u>	<u>252,797</u>	<u>15,517</u>	<u>(33,090)</u>	<u>298,499</u>	<u>265,409</u>	<u>115,259</u>

(i) The variation in the remaining civil judicial deposits refers substantially to the replacement of the existing guarantee, with full withdrawal of deposited amounts, in a lawsuit that discusses contractual conditions practiced by the parties; reversal of the provision has already occurred in due time in view of the change favorable in the second instance to the Company maintained until the present moment, whose precedent of a similar case has also followed.

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(b) Composition and change

	Parent company						Consolidated	
		Judicial proceedings				1/1/2020 to 6/30/2020	1/1/2019 to 6/30/2019	
	Obligation to demobilize assets	Tax	Labor	Civil	Environmental	Total	Total	
At the beginning of the six-month period	418,195	181,306	53,241	27,936	994	681,672	473,684	
Additions		2,510	13,823	4,092	30	20,455	28,813	
Reversals		(3,423)	(6,404)	(4,336)		(14,163)	(99,664)	
Judicial deposits, net of write-offs		3,080	(9,831)			(6,751)	91,532	
Settlements	(4,919)	(3,167)	(6,066)	(3,582)		(17,734)	(17,677)	
Monetary restatement, net of reversals		1,159	364	(1,169)	(11)	343	8,264	
Adjustment to present value	6,769					6,769	6,181	
At the end of the six-month period	420,045	181,465	45,127	22,941	1,013	670,591	491,133	

	Parent company						Consolidated	
		Judicial proceedings				1/1/2020 to 6/30/2020	1/1/2019 to 6/30/2019	
	Obligation to demobilize assets	Tax	Labor	Civil	Environmental	Total	Total	
At the beginning of the six-month period	418,195	182,625	53,241	28,549	994	683,604	475,387	
Additions		2,663	13,823	4,236	30	20,752	30,463	
Reversals		(3,423)	(6,404)	(4,336)		(14,163)	(99,661)	
Judicial deposits, net of write-offs		3,080	(9,831)			(6,751)	90,074	
Settlements	(4,919)	(3,167)	(6,066)	(3,582)		(17,734)	(17,676)	
Monetary restatement, net of reversals		1,181	364	(1,169)	(11)	365	8,264	
Adjustment to present value	6,769					6,769	6,181	
At the end of the six-month period	420,045	182,959	45,127	23,698	1,013	672,842	493,032	

(c) Proceedings considered to have a possible loss probability

	Parent company		Consolidated	
	2020	2019	2020	2019
Tax	2,470,675	2,519,344	2,506,970	2,554,996
Labor	112,447	127,787	114,902	130,074
Civil	187,780	184,984	188,516	185,703
Environmental	1,922	1,497	1,922	1,497
	<u>2,772,824</u>	<u>2,833,612</u>	<u>2,812,310</u>	<u>2,872,270</u>

20 Shareholders' equity

(a) Share capital

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

At June 30, 2020 and December 31, 2019, the fully subscribed and paid-in share capital amounted to R\$ 4,950,095, consisting of R\$ 1,420,294,211 in registered common shares.

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In thousands of Brazilian Reais, except when indicated otherwise

21 Revenue

(a) Composition

	Parent company		Consolidated	
	1/1/2020 to 6/30/2020	1/1/2019 to 6/30/2019	1/1/2020 to 6/30/2020	1/1/2019 to 6/30/2019
Gross revenue				
Sales of products and services on the local market	1,628,303	2,097,323	1,881,487	2,146,041
Sales of products on the foreign market	529,498	385,439	565,699	385,439
Electricity sales	306,096	577,124	331,281	597,312
	<u>2,463,897</u>	<u>3,059,886</u>	<u>2,778,467</u>	<u>3,128,792</u>
Taxes on sales and other deductions	(324,492)	(398,063)	(423,811)	(435,759)
Net revenues of products sold and services provided	<u>2,139,405</u>	<u>2,661,823</u>	<u>2,354,656</u>	<u>2,693,033</u>

22 Income breakdown by nature

	Consolidated			
	1/1/2020 to 6/30/2020			
	Cost of products sold and services rendered (i)	Sales expenses	General and administrative expenses	Total
Raw materials, inputs and consumables	1,379,676	221	904	1,380,801
Employee benefit expenses	271,341	12,004	60,308	343,653
Depreciation, amortization and depletion	197,338	136	4,324	201,798
Transportation expenses	65,476		671	66,147
Maintenance and conservation	76,007	3		76,010
Services, miscellaneous	69,247			69,247
Third-party services	29,821	782	43,606	74,209
Rentals and Leases	13,724	110		13,834
Reversal for doubtful accounts		(2,100)		(2,100)
Other	39,929	2,351	3,734	46,014
	<u>2,142,559</u>	<u>13,507</u>	<u>113,547</u>	<u>2,269,613</u>

	Consolidated			
	1/1/2019 to 6/30/2019			
	Cost of products sold and services rendered (i)	Sales expenses	General and administrative expenses	Total
Raw materials, inputs and consumables	1,538,264	669	1,534	1,540,467
Employee benefit expenses	261,869	9,580	48,288	319,737
Depreciation, amortization and depletion	228,917	108	9,615	238,640
Transportation expenses	82,947	5	1,003	83,955
Maintenance and conservation	74,698	8	267	74,973
Services, miscellaneous	51,147			51,147
Third-party services	24,978	1,153	32,441	58,572
Rentals and Leases	16,070	326		16,396
Provision for doubtful accounts		5,071		5,071
Other	17,070	4,734	8,070	29,874
	<u>2,295,960</u>	<u>21,654</u>	<u>101,218</u>	<u>2,418,832</u>

(i) During the six-month period ended June 30, 2020, the Company recorded the amount of R\$ 15,179 (June, 30, 2019 – R\$ 15,317) related to the idle production costs of Niquelândia and São Miguel Paulista plants located in the city of Niquelândia in the State of Goiás and in the city of São Paulo, State of São Paulo, respectively.

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23 Employee benefit expenses

	Consolidated	
	1/1/2020 to 6/30/2020	1/1/2019 to 6/30/2019
Direct remuneration	189,410	170,851
Social charges	100,566	101,762
Benefits	53,677	47,124
	<u>343,653</u>	<u>319,737</u>

24 Other operating expenses

	Parent company		Consolidated	
	1/1/2020 to 6/30/2020	1/1/2019 to 6/30/2019	1/1/2020 to 6/30/2020	1/1/2019 to 6/30/2019
ACR – Financial instrument realization – firm commitment (i)		(53,185)		(53,185)
ACL – Financial instrument realization – firm commitment (i)	36,423	(8,792)	36,423	(8,792)
ACL – Financial instrument recognition – firm commitment (ii)	(75,759)	28,219	(75,759)	28,219
ACR – Financial instrument volume reduction (increase) – firm commitment		(4,339)		(4,339)
Gain on investment acquisition (iii)	151,495		151,495	
Recognition of taxes recoverable (iv)	69,244	121,888	69,244	121,888
Reversal for asset depreciation (Impairment) (Note 15)	557	9,550	557	9,550
Expenditures with non-activatable projects	(19,851)	(21,456)	(19,851)	(21,456)
Reversals (constitutions) of provisions, net	680	(42,763)	680	(42,763)
Loss on the sale of assets	(13,066)	(22,627)	(13,066)	(22,627)
Revenue with indemnity	11,342		11,342	
Other operating revenue (expenses), net	1,109	2,235	(1,115)	2,808
	<u>162,174</u>	<u>8,730</u>	<u>159,950</u>	<u>9,303</u>

- (i) Realization of the financial instrument is recognized against energy sales revenue, in accordance with the effective delivery of the energy.
- (ii) The Company made energy purchases through firm commitment. These transactions resulted in a gain on excess energy (surplus), which was recognized at fair value.
- (iii) Refers to the acquisition of the investment CBA Itapissuma Ltda., as described in note 1.1 (a).
- (iv) Refers to the recognition of PIS and COFINS credits, as described in Note 1.1 (c).

Explanatory notes for the condensed consolidated interim financial statements at June 30, 2020
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25 Net financial result

	Parent company		Consolidated	
	1/1/2020 to 6/30/2020	1/1/2019 to 6/30/2019	1/1/2020 to 6/30/2020	1/1/2019 to 6/30/2019
Financial revenues				
Interest on financial assets (i)	93,056	50,710	93,275	50,782
Gains of financial investments	7,246	14,382	9,103	16,660
Reversal of monetary restatement of provisions	3,873	20,740	3,873	20,740
Interest on transactions with related parties (Note 12)	2,772	94	354	94
Monetary restatement on assets	403	7,093	421	7,094
Other financial revenue	1,315	57	4,233	613
	<u>108,665</u>	<u>93,076</u>	<u>111,259</u>	<u>95,983</u>
Financial expenses				
Interest on loans and financing (Note 17 (c))	(55,775)	(56,474)	(57,512)	(60,502)
Capitalization of interest on loans and financing – CPC 20	1,167	6,688	1,167	6,688
Interest and monetary restatement UBP	(31,451)	(29,389)	(35,966)	(31,981)
Adjustment to present value – CPC 12	(15,135)	(13,371)	(15,135)	(13,371)
Monetary restatement on provisions	(10,101)	(15,631)	(10,611)	(15,631)
PIS and COFINS on finance results	(7,940)	(3,319)	(8,625)	(3,369)
Funding expenses	(2,079)	(14,866)	(2,079)	(14,866)
Income tax on remittances of interest overseas	(3,147)	(12,150)	(3,147)	(12,150)
Derivative financial instruments		(77,083)		(77,083)
Premium paid on the repurchase of Bonds		(40,290)		(40,290)
Interest on prepayment of receivables with related parties (Note 12)		(45,312)		(45,312)
Other financial expenses	(13,763)	(12,313)	(14,279)	(13,310)
	<u>(138,224)</u>	<u>(313,510)</u>	<u>(146,187)</u>	<u>(321,177)</u>
Exchange variations, net	(265,897)	(12,047)	(266,701)	(11,962)
	<u>(295,456)</u>	<u>(232,481)</u>	<u>(301,629)</u>	<u>(237,156)</u>

- (i) Refers mainly to the recognition of PIS and COFINS credit update, as described in Note 1.1 (c).