

2Q23 RESULTS CONFERENCE

2023



Notice

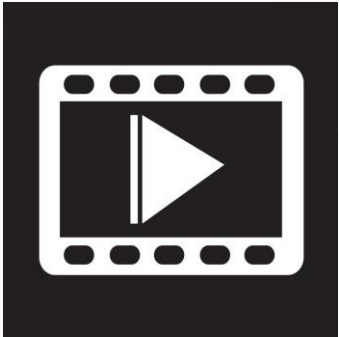
Companhia de Ferro Ligas da Bahia – FERBASA (B3: FESA3 & FESA4), Brazil's main supplier of ferroalloys and the only Ferrochrome producer in the Americas, discloses the results related to the **operational and financial performance of 2023's second quarter**, whose quarterly information was prepared in accordance with accounting practices adopted in Brazil, based on the *Lei das Sociedades por Ações* (a Model Business Corporation Act – MBCA-like law), in the standards and the announcements of the *Comissão de Valores Mobiliários – CVM* (*Securities and Exchange Commission of Brazil*), and the *Comitê de Pronunciamentos Contábeis - CPC* (*Accounting Announcements Committee*) and in the IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB). This presentation contains forward-looking statements and information regarding FERBASA, which are based on assumptions and expectations, which may or may not materialize, and are therefore not guarantees of the Company's future performance. Although FERBASA believes that the assumptions and expectations used are reasonable, we warn investors that this information is and will, as appropriate, be subject to risks and other factors related to the Company's operations and business environments, so that actual results may differ from the projections, expressed or implied, contained in this material. FERBASA expressly disclaims the duty to update the statements, prospects and expectations contained in this document.

AGENDA

1. Institutional Vision
2. 2Q23 Highlights
3. Operational and financial performance
4. Capital Market
5. Market Overview
6. Update of Strategic Projects



Institutional Video



Business Units

- ✓ **VERTICALIZATION OF OPERATIONS**
quality and sustainability to the business
- ✓ **4,850 JOBS CREATED**
Among direct and indirect employees
- ✓ **13 CITIES**
Operating in the State of Bahia



Verticalization of Operations

Safety and quality in the production of Cr and Si alloys

Chromite Mining



Chromium – **510,000 t/year**



Production of Quicklime



Limestone - **22,000 t/year**



Production of Bioreducer



Bioreducer - **139,000 t/year**



Production of Quartz



Quartz - **100,000 t/year**



Energy Generation



Wind - **92 Wind Turbines**

Metallurgy - FeCr



Ferrochrome
229,000 t/year in 8 furnaces



LC Ferrochrome

Metallurgy - FeSi



Ferrosilicon
113,000 t/year em 6 furnaces



STD & HP Ferrosilicon

7 Wind Farms

Installed Power- **170.2 MW**



2Q23 x 1Q23 Highlights



- **Adjusted EBITDA reached R\$ 144.4 million** and decreased 22.9%.
- **Consolidated net profit reached R\$ 121.7 million** and decreased 7.5%.
- **Cash generation of R\$ 112.9 million in 1H23.**



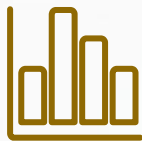
- **Decrease of 7.4% in the sales volume**, with a decline of 22.8% in the shipments to the foreign market and increase of 12.4% to the domestic market.
- **Decrease of 4.8% in the average sale price**, in dollars, of ferroalloys.
- **Devaluation of 3.3% in the average dollar** practiced.



- **Decrease of 7.7% in the COGs of ferroalloys**, accompanying the decrease in sales volume.



- **Increment of 5.5% in the production of ferroalloys**, with advances of 3% in the production of chromium alloys and 11% in silicon alloys. In the case of HP FeSi, production increased by 7%.



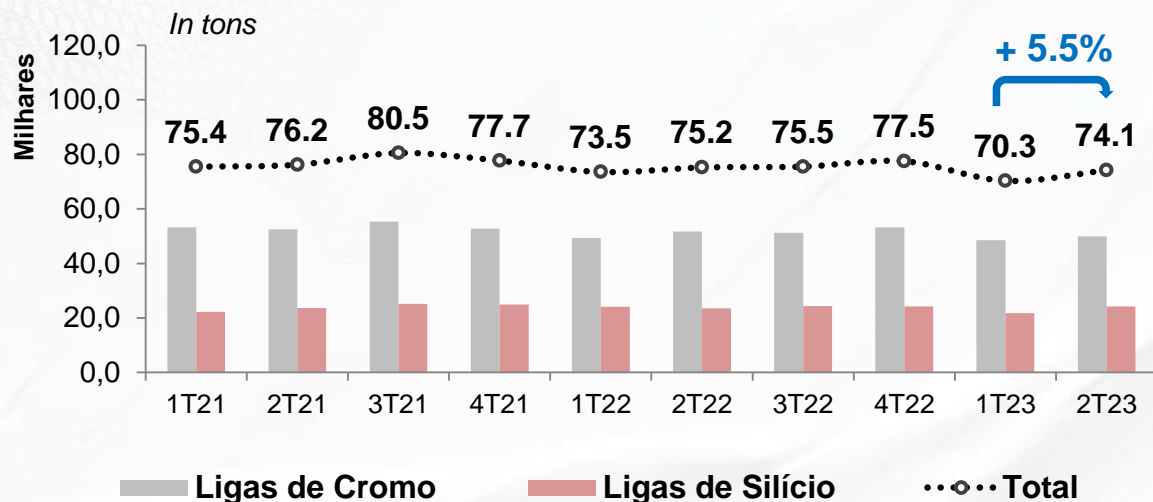
- **Increase of 26.6% in the financial result** due to the increase of 24.9% in the financial income, justified by the good performance of the financial applications and by the highest average balance applied.



- **CAPEX reached R\$ 68.6 million** and grew by 20.4%.

Operating Performance

Production of Ferroalloys



Sales of Ferroalloys



- **Increase of 5.5% in the production of ferroalloys** compared to 1Q23, with an expansion of 3% in the production of chromium alloys and of 11% in the production of silicon alloys. The production of **FeSi HP** registered an **increase of 7%** in 2Q23, reaching 45.5% of total silicon alloys produced.
- **Decrease of 7.4% in the sales of ferroalloys in 2Q23** When compared to the previous quarter, with the following configuration:
 - Increment of 12.4% in the MI (domestic market)**, with an increase of 7.8% to the chromium alloys and 53.6% to the silicon ones;
 - Decrease of 22.8% in the ME (foreign market)** due to occasional logistical difficulties in carrying out planned shipments of silicon alloys.

BW Guirapá energy production

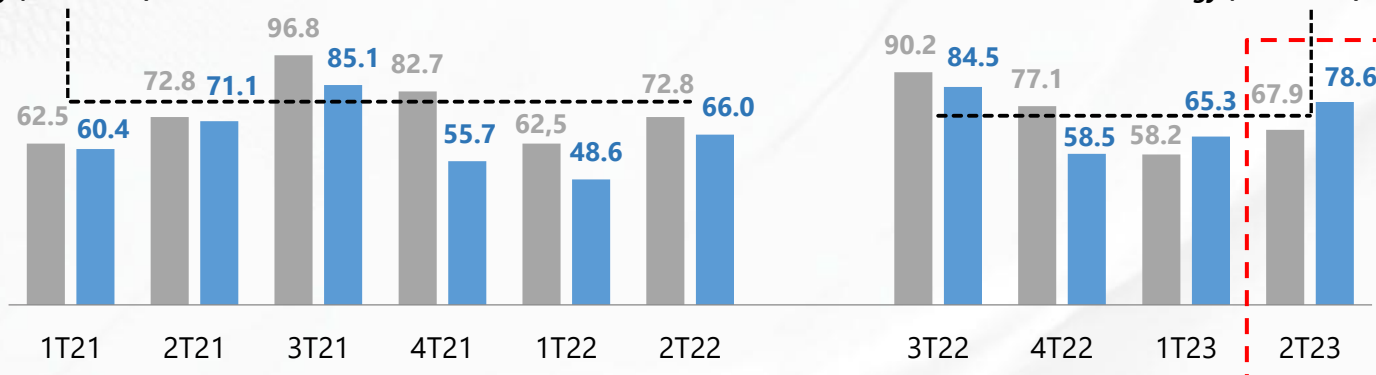


Evolution of contracted energy x Net Generation

■ Energia Contratada (MW Méd.) ■ Geração de Energia (MW Méd.)

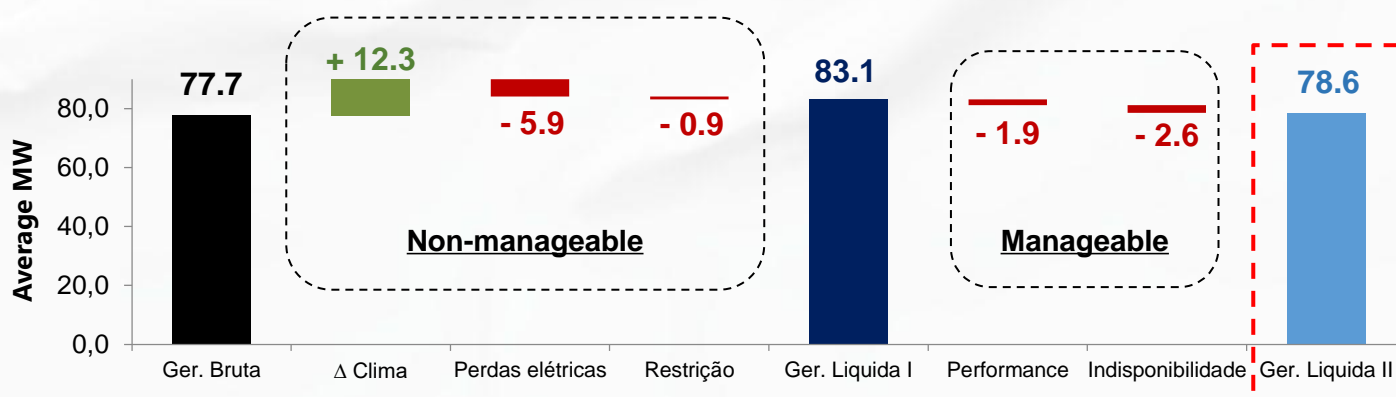
Annual average contracted energy (2018-2022): 78.7 MW

UPDATED Annual Average Contracted Energy (2022-2026): 73.3 MW



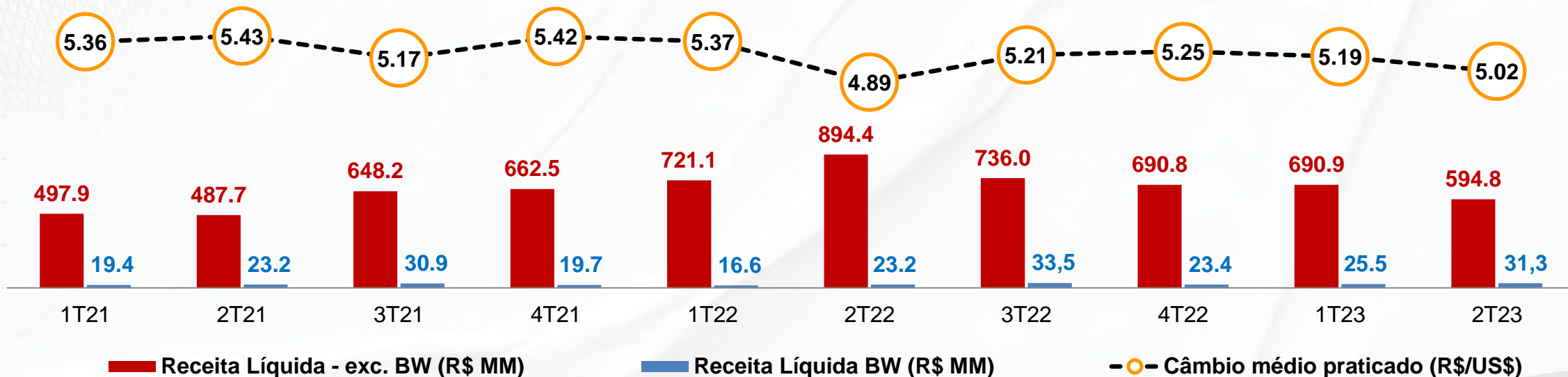
- In 1Q23, BWG's electricity generation reached 78.6 average MW, level 15.8% higher than the 67.9 average MW contracted for the quarter.

Expected Gross Generation x Net Generation – 2Q23



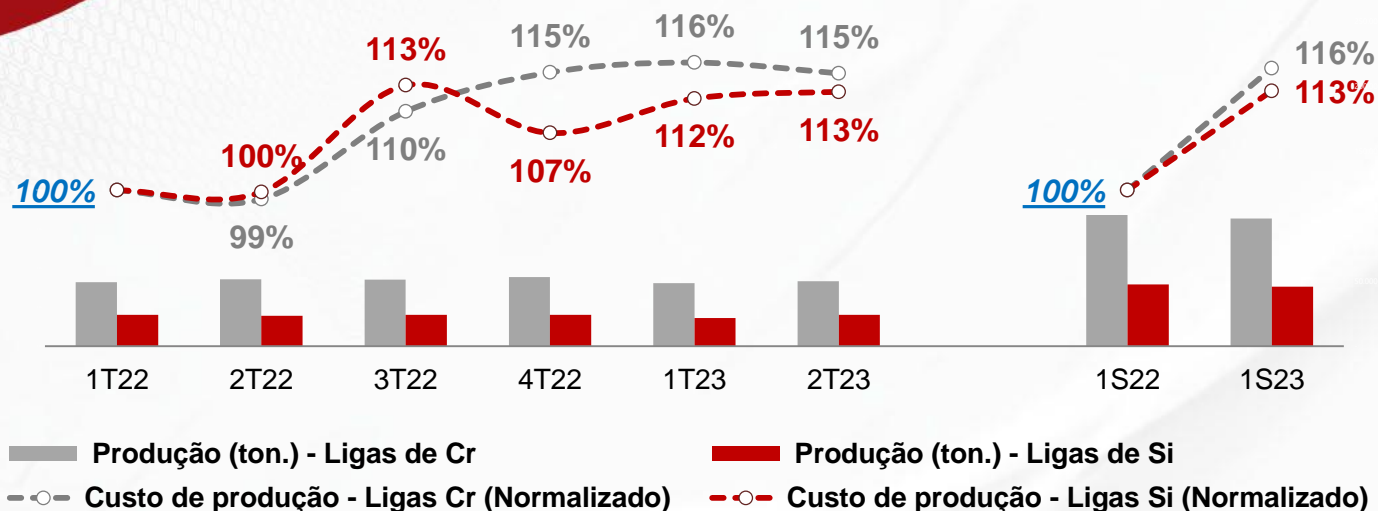
- Deviations recorded in non-manageable factors (+ 5.5 average MW) were decisive for the performance observed in 2Q23, with a positive highlight for the weather.
- The manageable factors (- 4.6 average MW) were impacted by the average performance of the equipment and by damage to wind turbines, in particular by the failure of 02 gearboxes.

Net Revenue and Exchange Rate Variation

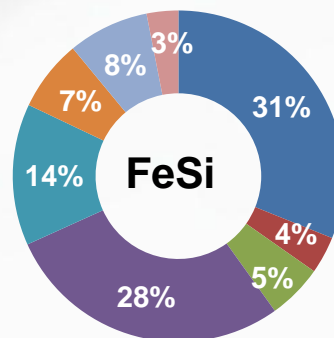
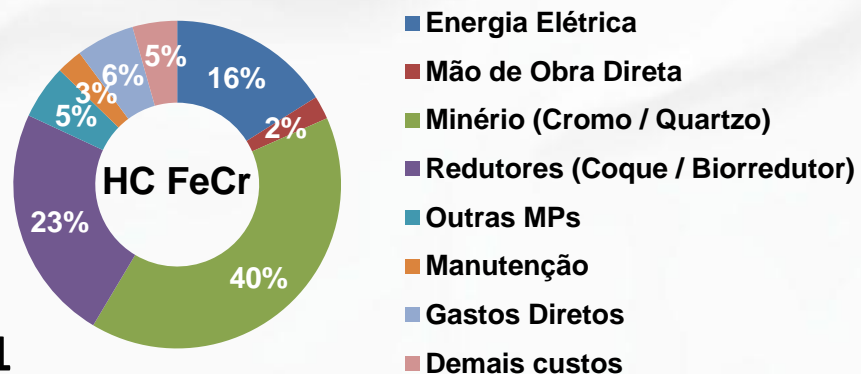


- Consolidated net revenue in 2Q23 totaled R\$626.1 million and decreased by 12.6% compared to 1Q23, basically, following the **reductions of 7.4% in sales volume, 4.8% in the average price of ferroalloys in dollars and of 3.3% in the average dollar practiced.**
- **Domestic Market represented 55% and Foreign Market 45%.**

Evolution of production costs



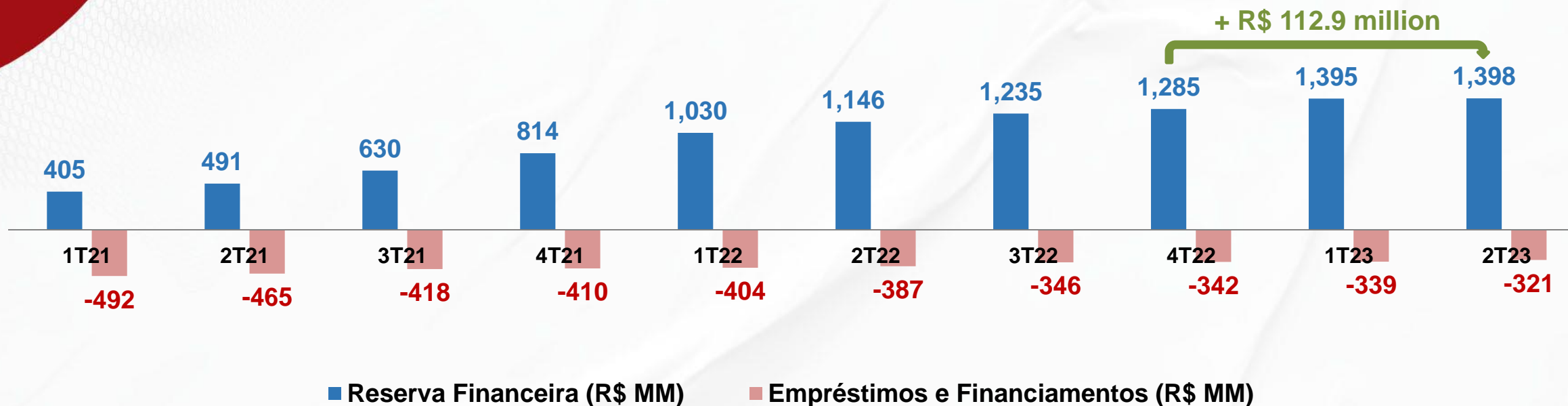
Breakdown of Production Costs - 1H23



HIGHLIGHTS OF PRODUCTION COSTS BETWEEN 1H23 x 1H22

- **Increase of 18.8% in the COGS of ferroalloys**, justified by the 4% increase in sales volume and the increase in the cost of inputs and raw materials in general.
- **Remaining impacts of the global inflationary process** on the vertical chain of our business.
- **Decrease of 2.2% in the average cost of electricity consumed** due to the lower ESS sector charge.
- **HC FeCr**: increase in chrome ore costs due to the expansion of operating reserves and coke.
- **LC FeCr**: increase in costs with FeSi Cr reducer (produced internally) and chromium ore.
- **FeSi 75**: higher costs with maintenance of furnaces, electrode paste and bio-reducer. The latter is explained by increases in third-party coal consumption and increased consumption for FeSi HP production.

Financial Reserve and Indebtedness



HIGHLIGHTS OF CASH GENERATION OF R\$ 112.9 MILLION IN 1H23:

- ✓ R\$ 317.3 million in operating income, including changes in working capital, payment of fees and taxes;
- ✓ **Distribution of earnings** in the amount of R\$ 72.8 million;
- ✓ Realization of R\$ 125.6 million in **CAPEX**;
- ✓ **Amortization of loans and financing** in the amount of R\$ 24.0 million;
- ✓ Positive variation of **R\$ 28.5 million** in long-term **financial investments**.

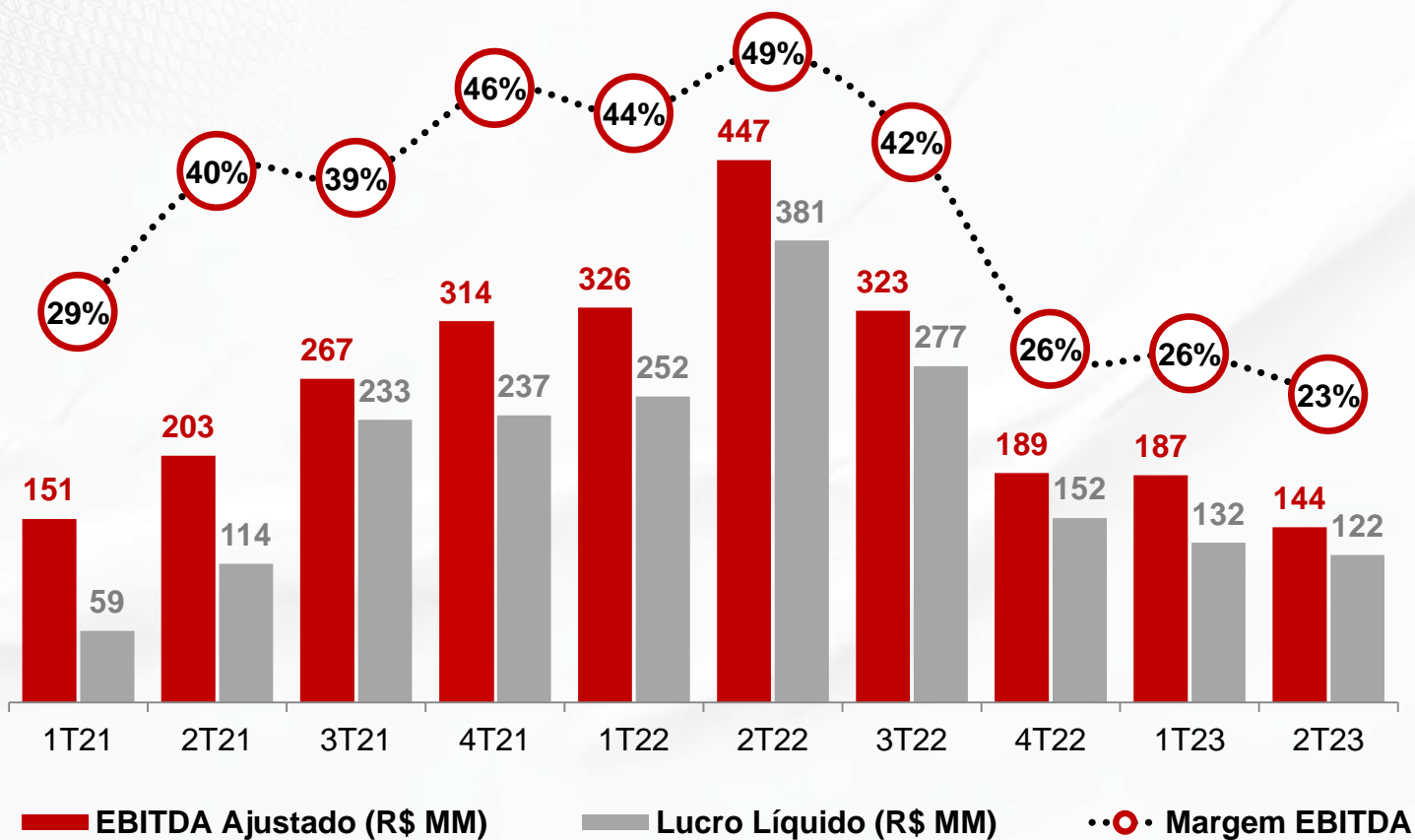
Financial Result

Financial Result (R\$ millions)	2Q23	1Q23	Δ%	2Q22	Δ%	1H23	1H22	Δ%
Financial performance								
Financial income	46.7	37.4	24.9%	36.1	29.4%	84.1	63.6	32.2%
Financial expense	(14.4)	(13.8)	4.3%	(16.9)	-14.8%	(28.2)	(30.5)	-7.5%
Net exchange variation	(2.8)	(0.3)	833.3%	10.5	-126.7%	(3.1)	(7.0)	-55.7%
Subtotal	29.5	23.3	26.6%	29.7	-0.7%	52.8	26.1	102.3%
Result of Settled Financial Instruments	-	-	-	-	-	-	(9.2)	-
Grand total	29.5	23.3	26.6%	29.7	-0.7%	52.8	16.9	212.4%

FINANCIAL RESULT HIGHLIGHTS

- **Financial income of R\$ 46.7 million**, amount 24.9% higher than 1Q23, due to the improvement in the performance of the financial investments portfolio combined with the higher average balance invested.
- **Financial expense of R\$ 14.4 million**, relating to the financial costs of the company's debt, represented an increase of 4.3% compared to 1Q23.
- **Between 1H23 and 1H22, we had an increase of R\$ 35.6 million in the financial result.**

Net income and adjusted EBITDA - consolidated



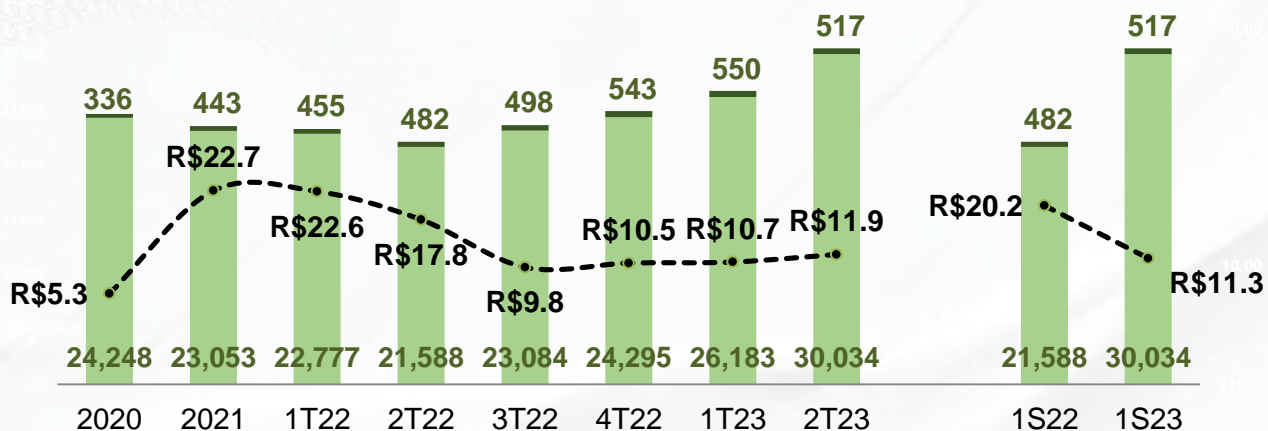
PROFIT HIGHLIGHTS BETWEEN 2Q23 x 1Q23

- 7.4% decline in sales volume of ferroalloys
- 4.8% reduction in the dollar-weighted average price of ferroalloys.
- Devaluation of 3.3% in the average dollar practiced.
- Contraction of 7.7% in the COGS of ferroalloys.

Capital Market

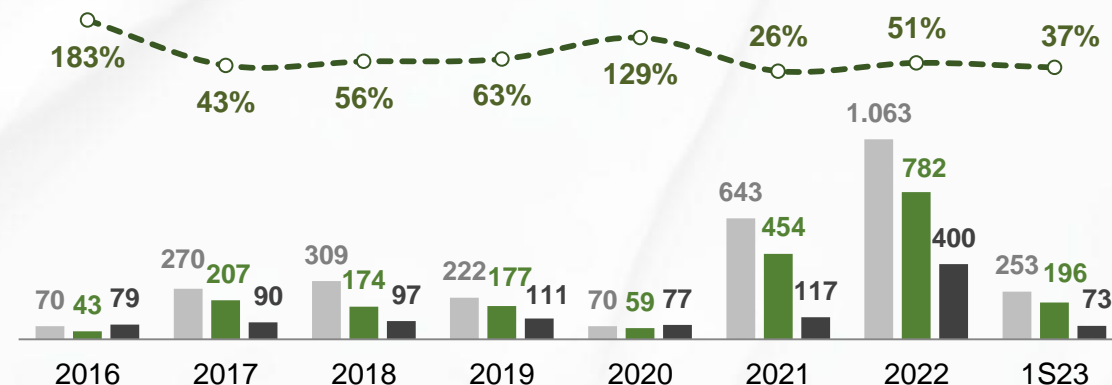
Stock liquidity (ADTV) - FESA4 (ref. 06/30/2023)

- Qtd. de Acionistas - PJ
- Qtd. de Acionistas - PF
- - - ADTV da FESA4 (Valor negociado médio por dia em milhões)



Earnings distributed per fiscal year - FESA4

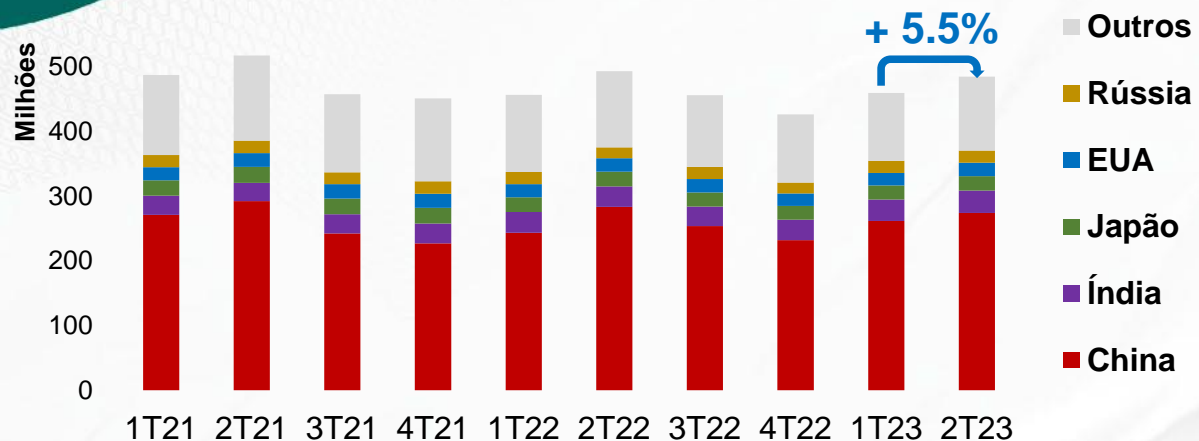
- Lucro Líquido consolidado (R\$ MM)
- Lucro Ajustado - base para distribuição (R\$ MM)
- Total de Proventos (R\$ MM)
- - - Payout do Lucro Ajustado (%)



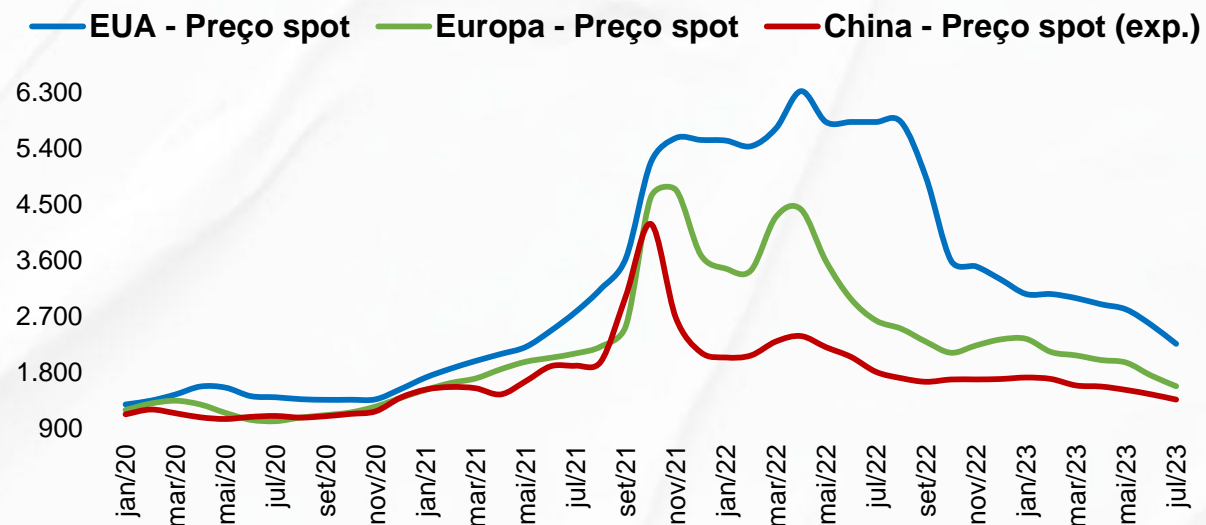
- In 1H23, the ADTV recorded a decrease of 44.1%, influenced by the reduction in the average volume of PS traded (- 48.5%) and by the growth in the FESA4 price (+ 4.2%).
- In the first half of 2023, FERBASA paid R\$ 72.8 million in earnings, in the form of IOE.

Panorama de Mercado - Aços brutos e FeSi

Produção mundial de aços brutos – ton.



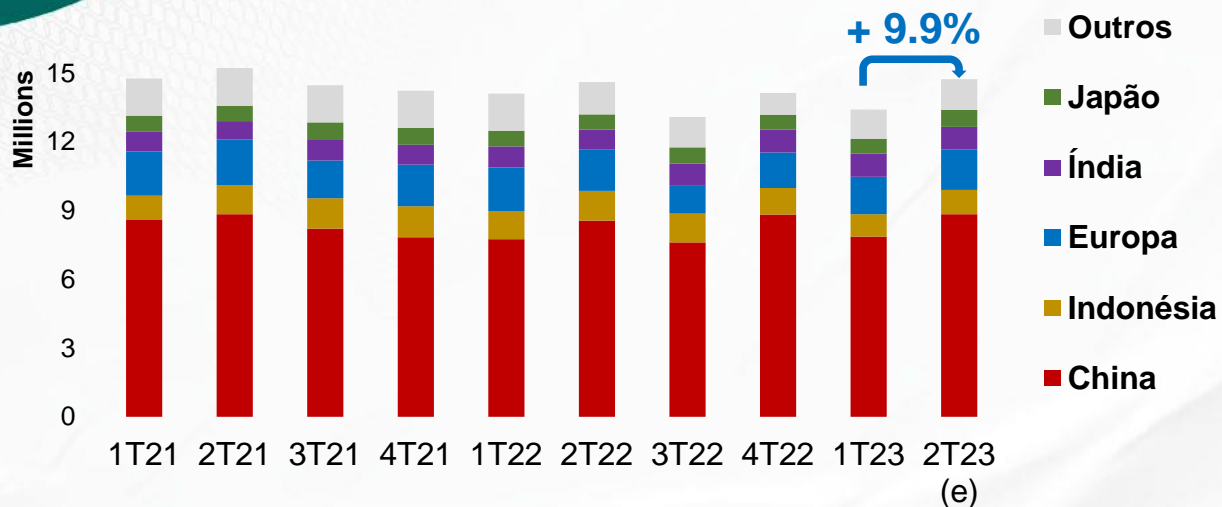
Evolução do preço do FeSi 75 (realizado) – USD/t



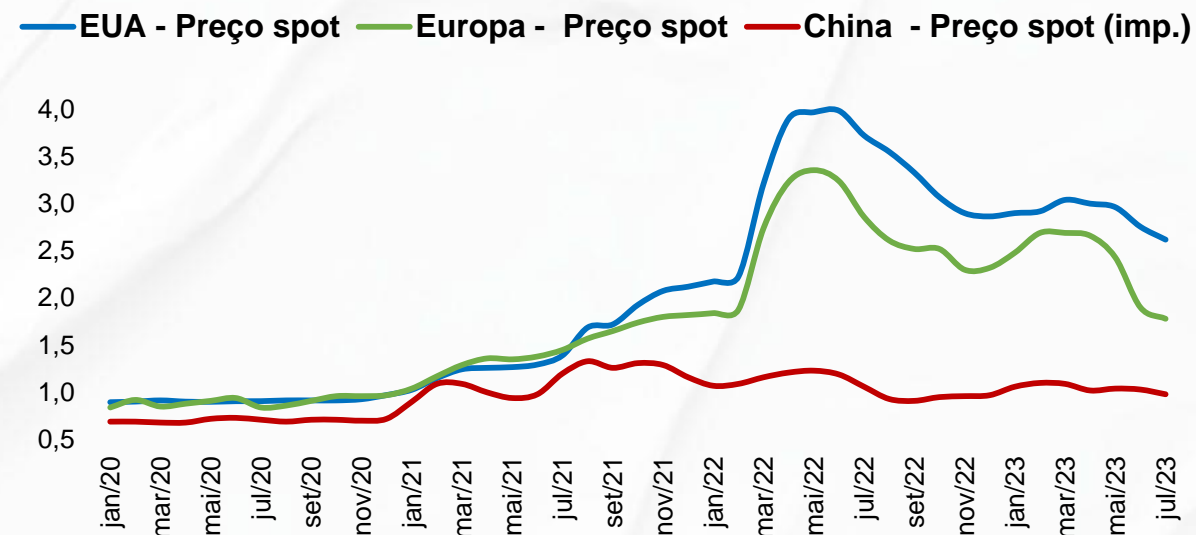
- **According to the IABr, in 1H23 Brazilian crude steel production decreased by 8.9% compared to 1H22**, which reflects the 1.6% declines in national apparent consumption and 4.2% in exports, in addition to the 43.2% difference in imports. Between 2Q23 and 1Q23, production increased by 4.5%.
- **FeSi 75 prices maintained a downward trend in 2Q23 in all markets**, influenced by the lower-than-expected economic performance in China and easing production costs for silicon alloys (energy and coke), even with higher demand and lower supply.

Market Overview - Stainless steel and FeCr

World production of stainless steel – ton.



HC FeCr price evolution (realized) – USD/lb



- According to expert reports, in 1H23 the **Brazilian production of stainless steel grew 34.7% compared to 1H22.**
- **In 2Q23, the price of HC FeCr in China showed a predominant downward trend due to :** i) the reduction in coke costs; ii) the weak final consumption of stainless steel, despite increased production; and iii) the excess of HC FeCr offered in the market.

Strategic Projects



Coke



Bioreducer Supply



Quicklime



Casting machine



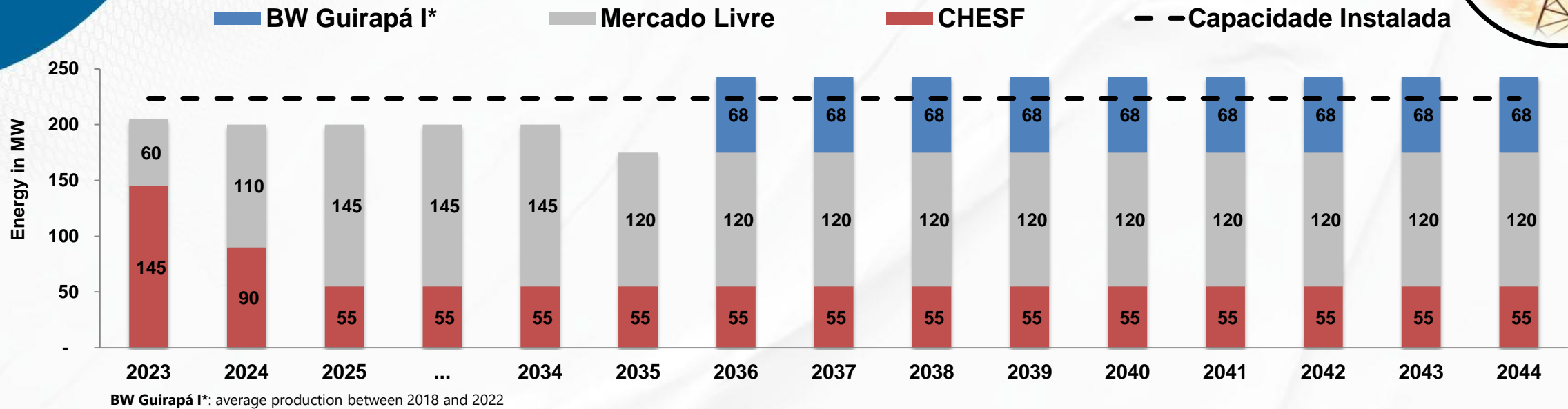
Power Supply



Chromium Ore

Strategic Projects

Power Supply



- In 2023, the amendment to CHESF's current contract **eliminated the modulation schedule as of August 1st.**
- In 2024 there will be a **reduction from 145 MW to 90 average MW**, in the CHESF contract and the recomposition of electricity volumes through contracts with the Free Market.
- For 2025, there will be a further **reduction from 90 MW to 55 MW on average**, in the CHESF contract and the recomposition of electricity volumes will also occur through contracts with the Free Market.
- The new contracts announced do not represent a significant change in the annual amount of energy contracted by the Company.

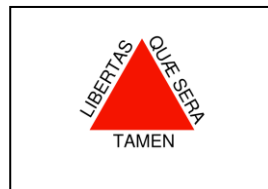
Strategic Projects

Bioreducer Supply



Invest in the acquisition of land in order to obtain income and the supply of bioreducer

JOINT VENTURE for the acquisition of rural properties with the objective of exploiting the eucalyptus culture



Ensuring the supply of bioreducer in the long term





do empenho
nasce o

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