

CIA DE FERRO LIGAS DA BAHIA S.A. – FERBASA AND SUBSIDIARIES

Balance Sheet
In thousands of Reais

ASSETS	Explanatory notes	Parent Company		Consolidated		LIABILITIES AND EQUITY	Explanatory notes	Parent Company		Consolidated	
		03/31/2022	12/31/2021	03/31/2022	12/31/2021			03/31/2022	12/31/2021	03/31/2022	12/31/2021
CURRENT						CURRENT					
Cash and cash equivalent	4	222.473	129.806	318.374	216.512	Suppliers	14	110.224	106.570	112.885	110.710
Financial Investments	5	454.793	385.730	454.793	385.730	Loans and financing	15	51.436	49.778	74.943	75.234
Counts to receive from clients	6	256.981	278.283	266.746	288.003	Derivative and non-derivative financial instruments	19	-	9.669	-	9.669
Inventories	7	458.999	421.404	458.999	421.404	Labor and actuarial obligations	17	82.922	113.217	83.487	113.847
Taxes to recover	8	24.872	65.924	27.861	69.150	Taxes and social contributions	18	32.393	68.945	33.172	69.829
Prepaid expenses		9.447	7.779	9.447	7.779	CCEE reimbursement account	22	-	-	38.963	24.896
Advances to suppliers		2.000	2.000	2.000	2.000	Proposed dividends and interest on equity		42.793	48.268	42.800	48.275
Other assets		10.680	7.838	13.091	11.276	Leases to pay	16	11.714	11.828	12.720	12.616
Total current assets		1.440.245	1.298.764	1.551.311	1.401.854	Other liabilities		17.051	8.748	17.910	9.661
						Total current liabilities		348.533	417.023	416.880	474.737
NON-CURRENT						NON-CURRENT					
Advances to suppliers		1.667	2.167	1.667	2.167	Loans and financing	15	97.173	98.088	324.871	330.085
Financial Investments	5	207.753	162.427	257.155	211.409	Obligations with acquisition of subsidiary		4.978	4.978	4.978	4.978
Inventories	7	6.834	6.834	6.834	6.834	Labor and actuarial obligations	17	43.158	65.051	43.158	65.051
Taxes to recover	8	3.907	3.840	3.907	3.840	Taxes and social contributions - differed	18	-	-	87	87
Deferred taxes	9	-	17.806	-	16.982	CCEE reimbursement account	22	6.503	-	7.371	-
Judicial deposits	10	46.285	45.677	46.381	45.773	Provisions for contingencies	21	57.008	56.492	57.008	56.492
Other credits		625	625	632	632	Provision for environmental liabilities	20	16.729	15.953	58.191	57.415
		267.071	239.376	316.576	287.637	Leases to pay	16	2.794	2.582	17.083	12.839
						Total non-current liabilities		228.343	243.144	537.366	551.566
Investments	11	542.980	552.588	124	124						
Fixed assets and intangibles	12	707.091	699.494	1.451.953	1.455.943	NET WORTH	24				
Right of use in lease	12	15.686	15.481	31.575	27.341	Share capital		1.225.444	1.225.444	1.225.444	1.225.444
Biological asset	13	231.654	223.683	231.654	223.683	Profit reserves		1.129.261	1.129.261	1.129.261	1.129.261
		1.497.411	1.491.246	1.715.306	1.707.091	Equity valuation adjustments		46.671	40.268	46.671	40.268
Total non-current assets		1.764.482	1.730.622	2.031.882	1.994.728	Shares in treasury		(25.754)	(25.754)	(25.754)	(25.754)
						Retained earnings		252.229	-	252.229	-
						Controlling shareholders' equity		2.627.851	2.369.219	2.627.851	2.369.219
						Participation of non-controlling shareholders		-	-	1.096	1.060
						Total Net Worth		2.627.851	2.369.219	2.628.947	2.370.279
TOTAL ASSETS		3.204.727	3.029.386	3.583.193	3.396.582	TOTAL LIABILITIES AND NET WORTH		3.204.727	3.029.386	3.583.193	3.396.582

The explanatory notes are an integral part of the interim financial information.

CIA DE FERRO LIGAS DA BAHIA S.A. – FERBASA AND SUBSIDIARIES

Income statements

Three-month period ended March 31st, 2022

(In thousands of Reais - R\$, except earnings per share)

	Explanatory notes	Parent Company		Consolidated	
		03/31/2022	03/31/2021	03/31/2022	03/31/2021
LIQUID REVENUE OF SALES	26	721.142	497.925	737.738	517.324
Cost of Goods Sold	27	(358.923)	(332.939)	(376.831)	(350.121)
GROSS PROFIT		<u>362.219</u>	<u>164.986</u>	<u>360.907</u>	<u>167.203</u>
OPERATIONAL EXPENSES	29				
With sales		(4.396)	(5.269)	(4.396)	(5.269)
General and administrative		(51.520)	(29.932)	(53.347)	(31.745)
Other operating income (expenses)		<u>13.664</u>	<u>(9.727)</u>	<u>10.706</u>	<u>(10.954)</u>
		(42.252)	(44.928)	(47.037)	(47.968)
Equity equivalence	11	(9.608)	(5.472)	-	-
OPERATIONAL PROFIT		<u>310.359</u>	<u>114.586</u>	<u>313.870</u>	<u>119.235</u>
FINANCIAL RESULTS	28				
Financial income		32.429	9.435	35.948	9.984
Financial expenses		(32.699)	(9.611)	(39.485)	(14.708)
Hedge financial instrument		<u>(9.201)</u>	<u>(43.081)</u>	<u>(9.201)</u>	<u>(43.081)</u>
		(9.471)	(43.257)	(12.738)	(47.805)
PROFIT BEFORE PROFIT TAXES		<u>300.888</u>	<u>71.329</u>	<u>301.132</u>	<u>71.430</u>
INCOME TAX AND SOCIAL CONTRIBUTION	9				
Exemption and reduction		56.956	14.464	56.956	14.464
Current		(84.606)	(19.784)	(84.770)	(19.839)
Deferred		<u>(21.009)</u>	<u>(7.020)</u>	<u>(21.053)</u>	<u>(7.020)</u>
		(48.659)	(12.340)	(48.867)	(12.395)
NET PROFIT FOR THE PERIOD		<u>252.229</u>	<u>58.989</u>	<u>252.265</u>	<u>59.035</u>
Profit attributed to controlling shareholders				<u>252.229</u>	<u>58.989</u>
Profit attributed to non-controlling shareholders				36	46
BASIC/DILUTED PROFIT PER ON SHARE - BRL	25			<u>2,78195</u>	<u>0,65062</u>
BASIC/DILUTED PROFIT PER PN SHARE - BRL	25			<u>3,06014</u>	<u>0,71568</u>

The explanatory notes are an integral part of the interim financial information.

CIA DE FERRO LIGAS DA BAHIA S.A. – FERBASA AND SUBSIDIARIES

Statements of comprehensive income

Three-month period ended March 31st, 2022

In thousands of Reais

	Explanatory notes	Parent Company		Consolidated	
		03/31/2022	03/31/2021	03/31/2022	03/31/2021
NET PROFIT FOR THE PERIOD		<u>252.229</u>	<u>58.989</u>	<u>252.265</u>	<u>59.035</u>
Other comprehensive results:					
Actuarial obligations	17	34	-	34	-
Effect of income tax and social contribution on actuarial obligations	17	(12)	-	(12)	-
Derivative and non-derivative financial instruments	19	9.669	(15.839)	9.669	(15.839)
Effect of income tax and social contribution on financial instruments		<u>(3.288)</u>	<u>5.386</u>	<u>(3.288)</u>	<u>5.386</u>
		6.403	(10.453)	6.403	(10.453)
TOTAL COMPREHENSIVE RESULT		<u>258.632</u>	<u>48.536</u>	<u>258.668</u>	<u>48.582</u>
Profit attributed to controlling shareholders				258.632	48.536
Profit attributed to non-controlling shareholders				36	46

The explanatory notes are an integral part of the interim financial information.

Statements of changes in net worth
In thousands of Reals

	Explanatory notes	Share capital	Attributable to controlling shareholders							Attributable to non-controlling shareholders	Total consolidated equity	
			Profit reserves				Equity valuation adjustments	Shares in treasury	Retained earnings			Total net worth
			Legal	Tax incentive	For investments	Profits to be realized						
BALANCES ON DECEMBER 31st, 2020		1.225.444	119.925	159.361	273.609	49.595	(36.605)	(25.754)	-	1.765.575	6.250	1.771.825
Other comprehensive results		-	-	-	-	-	(10.453)	-	-	(10.453)	-	(10.453)
Net profit for the period		-	-	-	-	-	-	-	58.989	58.989	46	59.035
Prescribed dividends		-	-	-	-	-	-	-	249	249	-	249
BALANCES ON MARCH 31st, 2021	24	1.225.444	119.925	159.361	273.609	49.595	(47.058)	(25.754)	59.238	1.814.360	6.296	1.820.656
BALANCES ON DECEMBER 31st, 2021		1.225.444	152.069	315.565	612.032	49.595	40.268	(25.754)	-	2.369.219	1.060	2.370.279
Other comprehensive results		-	-	-	-	-	6.403	-	-	6.403	-	6.403
Net profit for the period		-	-	-	-	-	-	-	252.229	252.229	36	252.265
Prescribed dividends		-	-	-	-	-	-	-	-	-	-	-
BALANCES ON MARCH 31st, 2022	24	1.225.444	152.069	315.565	612.032	49.595	46.671	(25.754)	252.229	2.627.851	1.096	2.628.947

The explanatory notes are an integral part of the interim financial information.

CIA DE FERRO LIGAS DA BAHIA S.A. – FERBASA AND SUBSIDIARIES

Statements of cash flows

Three-month period ended March 31st, 2022

In thousands of Reais

	Explanatory notes	Parent Company		Consolidated	
		03/31/2022	03/31/2021	03/31/2022	03/31/2021
CASH FLOW FROM OPERATING ACTIVITIES					
Net profit for the period		252.229	58.989	252.265	59.035
Ajustes para reconciliar o lucro líquido do período com net cash generated by operating activities					
Interest and net monetary and exchange variations		3.929	(867)	9.035	3.988
Depreciation, amortization and depletion	12	17.908	17.110	28.621	27.504
Depletion of biological assets	13	3.951	3.848	3.951	3.848
Change in the fair value of biological assets	13				
Equity	11	9.608	5.472	-	-
Deferred taxes	9	21.009	7.020	21.053	7.020
Provision for profit sharing	17	29.612	8.957	29.612	8.957
Update lease to pay	16	1.243	568	1.315	600
Post-employment benefit update	17	(21.859)	3.108	(21.859)	3.108
Constitution (reversal) of provision for contingencies	21	43	(415)	43	(415)
Others		113	(76)	1.331	1.142
Decrease (increase) in asset accounts:					
Accounts to receive from customers		4.390	(45.502)	4.345	(45.502)
Inventories		(37.906)	1.486	(37.906)	1.486
Taxes to recover		47.532	5.792	48.080	5.615
Advance to suppliers		500	4.908	500	4.908
Other assets		(5.708)	(5.273)	(4.681)	(5.486)
Increase (decrease) in liability accounts:					
Suppliers		3.374	10.216	1.895	10.588
Taxes and social contributions		4.812	5.200	4.346	4.863
Income tax and social contribution		27.650	5.319	27.814	5.529
Labor and actuarial obligations		(59.907)	(7.772)	(59.972)	(7.916)
CCEE reimbursement account		-	-	13.012	6.103
Other liabilities		8.112	(2.177)	8.059	(2.239)
Income tax and social contribution paid		(74.981)	-	(75.077)	(208)
Interest paid in the year		(607)	(1.542)	(5.912)	(6.412)
Net cash generated by operatin activities		235.047	74.369	249.870	86.116
CASH FLOW FROM INVESTMENT ACTIVITIES					
Acquisition of fixed assets	12	(21.316)	(5.554)	(21.363)	(5.642)
Cost of planting and maintenance of biological assets	13	(11.922)	(6.742)	(11.922)	(6.742)
Receipt for the sale of fixed assets		752	-	752	-
Financial applications and withdrawal		(96.590)	(17.305)	(95.681)	(18.494)
Receipt related to capital reduction		-	-	-	-
Net cash invested in investing activities		(129.076)	(29.601)	(128.214)	(30.878)
CASH FLOW FROM FINANCING ACTIVITIES					
Fundraising	15	-	-	-	-
Amortization of financing	15	(2.598)	(35.700)	(9.054)	(42.156)
Amortization of leases	16	(5.231)	(6.436)	(5.265)	(6.446)
Dividends and interest on equity paid		(5.475)	(32.826)	(5.475)	(32.826)
Net cash (invested in) generated by financing activities		(13.304)	(74.962)	(19.794)	(81.428)
NET INCREASE (REDUCTION) IN THE BALANCE OF CASH AND CASH EQUIVALENTS		92.667	(30.194)	101.862	(26.190)
Cash and cash equivalents at the beginning of the period	4	129.806	67.756	216.512	90.497
Cash and cash equivalents at the end of the period	4	222.473	37.562	318.374	64.307
NET INCREASE (REDUCTION) IN THE BALANCE OF CASH AND CASH EQUIVALENTS		92.667	(30.194)	101.862	(26.190)

The explanatory notes are an integral part of the interim financial information.

CIA DE FERRO LIGAS DA BAHIA S.A. – FERBASA AND SUBSIDIARIES

Statements of added value

Three-month period ended March 31st, 2022

In thousands of Reais

	Explanatory notes	Parent Company		Consolidated	
		03/31/2022	03/31/2021	03/31/2022	03/31/2021
SALES REVENUE		810.598	555.506	828.320	575.917
Other revenues		1.288	510	1.333	510
		811.886	556.016	829.653	576.427
INPUTS PURCHASED FROM THIRD PARTIES					
Cost of goods sold (includes raw materials)		(215.027)	(205.169)	(196.418)	(188.655)
Materials, energy, third-party services and others		(108.851)	(107.963)	(136.629)	(131.389)
GROSS VALUE ADDED		488.008	242.884	496.606	256.383
Depreciation, amortization and depletion	12 and 13	(21.859)	(20.958)	(32.572)	(31.352)
Execution of Surplus Value	11		-	(1.104)	(1.104)
NET VALUE ADDED PRODUCED BY THE COMPANY		466.149	221.926	462.930	223.927
ADDED VALUE RECEIVED IN TRANSFER					
Financial income	28	32.430	9.434	35.949	9.983
Equity	11	(9.608)	(5.472)	-	-
TOTAL ADDED VALUE TO DISTRIBUTE		488.971	225.888	498.879	233.910
DISTRIBUTION OF ADDED VALUE					
Employees:					
Direct remuneration		84.988	58.748	86.153	60.123
Benefits		10.375	10.463	10.463	10.475
FGTS (<i>Service Time Guarantee Fund</i>)		4.170	3.820	4.191	3.891
		99.533	73.031	100.807	74.489
Taxes, fees and contributions:					
Federal		74.815	24.299	76.401	25.523
State		19.897	14.630	19.903	14.630
Municipal		376	727	536	884
		95.088	39.656	96.840	41.037
Third-party capital remuneration		42.121	54.212	48.967	59.349
Equity remuneration					
Retained earnings		252.229	58.989	252.229	58.989
Participation of non-controllers		-	-	36	46
		252.229	58.989	252.265	59.035
DISTRIBUTED ADDED VALUE		488.971	225.888	498.879	233.910

The explanatory notes are an integral part of the interim financial information.

Financial Statement of the management to interim accounting information

Three-month period ended March 31st, 2022

In thousands of reais, except as otherwise indicated

1. OPERATIONAL CONTEXT

Cia de Ferro Ligas da Bahia S.A. - FERBASA ("Ferbasa" or "Company") is a publicly traded company, based in Pojuca - BA, registered with the Brazilian Securities and Exchange Commission (**CVM** – Comissão de Valores Mobiliários) and has shares traded on the São Paulo Stock Exchange (B3). Ferbasa started its activities 60 years ago, on February 23rd, 1961 and operates sustainably in the areas of chromite mining, metallurgy in the production of ferroalloys, renewable forest resources and wind power generation, all in the State of Bahia. Its parent company is the José Carvalho Foundation, a non-profit organization with an indefinite duration, with the primary objective of providing quality education to children and underprivileged young people.

These individual and consolidated financial statements were approved by the Company's Board of Directors on May 1st, 2022.

2. SUMMARY OF THE MAIN ACCOUNTING POLICIES

2.1. Preparation base

This interim accounting information shall be read in conjunction with the Company's audited financial statements of December 31st, 2021, which were prepared and presented in accordance with accounting practices adopted in Brazil, including pronouncements issued by the Accounting Pronouncements Committee – **CPC** (*Comitê de Pronunciamentos Contábeis*) and in accordance with international financial statements standards (IFRS), issued by the International Accounting Standards Board - IASB, showing all relevant information specific to the financial statements, and only them, which are consistent with those used by the Management.

1. Adoption of accounting pronouncements, guidelines and new and/or revised interpretations

As disclosed in note 8.1 of the financial statements as of December 31st, 2021, the Company carried out the analysis of the new pronouncements and verified that there were no significant changes to those disclosed for these individual and consolidated interim financial information, depending on their actions.

(i) Interim financial information

The Company's individual and consolidated quarterly interim financial information was prepared and is being presented in accordance with technical pronouncement CPC 21 (R1) - Interim Financial Statements and international standard IAS 34 - "Interim Financial Reporting", which aim to establish the minimum content of an interim financial statement.

The preparation of interim financial information requires the use of certain critical accounting estimates, as well as the exercise of judgment by the Company's Management regarding the process of applying its accounting practices. There were no significant changes in the assumptions and judgments adopted by the Company's Management regarding the use of estimates for the preparation of this intermediate financial information, in relation to those used in the financial statements as of December 31st, 2021.

Financial Statement of the management to interim accounting information

Three-month period ended March 31st, 2022

In thousands of reais, except as otherwise indicated

The main accounting policies applied in the preparation of this quarterly interim financial information are consistent with those disclosed in Note 7 to the Company's financial statements as of December 31st, 2021, published in the **CVM** on March 2nd, 2021 and, therefore, should be read together with this interim financial information.

3. FINANCIAL INSTRUMENTS

3.1. Classification of financial instruments and fair value hierarchy

The following are the main assets and liabilities financial instruments:

Accounting measurement		Parent Company		Consolidated	
		03/31/2022	12/31/2021	03/31/2022	12/31/2021
Assets					
Cash and cash equivalents	Amortized cost	222.473	129.806	318.374	216.512
Current financial investments	Amortized cost	454.793	385.730	454.793	385.730
Non-current financial investments	Amortized cost	207.753	162.427	257.155	211.409
Accounts to receive from customers	Amortized cost	256.981	278.283	266.746	288.003
Judicial deposits	Amortized cost	46.285	45.677	46.381	45.773
Liabilities					
Suppliers	Amortized cost	110.224	106.570	112.885	110.710
Current loans and financing	Amortized cost	51.436	49.778	74.943	75.234
Non-current loans and financing	Amortized cost	97.173	98.088	324.871	330.085
Current leases to pay	Amortized cost	11.714	11.828	12.720	12.616
Non-current leases to pay	Amortized cost	2.794	2.582	17.083	12.839
Export Hedges	Fair value through comprehensive results	-	9.669	-	9.669
Current non-derivative financial instruments (i)	Other	-	9.669	-	9.669

1. Level 2 - Financial instruments that are not traded in active markets (e.g. over-the-counter derivatives), the valuation of which is based on techniques that, in addition to prices quoted in active markets for identical assets or liabilities, use other market-adopted information for direct assets or liabilities (such as prices) or indirectly (derived from prices).

3.2. Financial risk management

The Company's activities expose it to various financial risks: market risk (including concentration, price, exchange and interest rate risks), credit risk and liquidity risk. The risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Management establishes liquidity and credit risk management procedures, through financial market mechanisms that seek to minimize the exposure of the Company's assets and liabilities, protecting the profitability of the operations and its assets. The Company has an adequate relationship with first-line banking institutions to obtain credit lines and maintains a robust position in cash and financial investments in order to meet its financial and operational commitments. Additionally, customer credit risk is monitored and there is no material history of losses.

As the national leader in the production of ferroalloys and the only Ferrochrome producer in the Americas, the Company has a turnover concentration in some customers. In this context, FERBASA has maintained a constant focus on initiatives to reduce costs with a view to increasing international competitiveness and reaching new markets.

Financial Statement of the management to interim accounting information

Three-month period ended March 31st, 2022

In thousands of reais, except as otherwise indicated

Risk management is carried out by the Company's treasury, according to the policies approved by the Board of Directors. The Company's Treasury identifies, evaluates and seeks protection against any financial risks in cooperation with the Company's operating units.

3.2.1. Foreign Exchange risk

The Company values derivative financial instruments at their fair value, with B3 as its main data source. The fair values of non-derivative financial instruments, with public quotation, are based on current purchase prices. If the market for a financial asset and securities, not listed on the Stock Exchange, is not active, the Company establishes fair value through valuation techniques. These techniques include the use of recent operations contracted with third parties, with reference to other instruments that are substantially similar.

For sensitivity analysis purposes, the Company has adopted as scenario I (most likely) the expectation of the average exchange rate for the year 2022, according to Focus Report issued on April 29th, 2022.

	03/31/2022		Scenario I	
	US\$	BRL	Rate	Gain/ (Loss) BRL
<u>Parent company and Consolidated</u>				
Accounts to receive from customers (Net <i>PECLD</i> – <i>Estimated Losses on Doubtful Accounts</i>)	9.480	44.908	5,00	2.492

3.2.2. Interest rate risk

For the balance applied on March 31st, 2022, the Company and its subsidiaries consider as scenario I (most likely) the basic interest rate for the year 2022 of 13.25% per year, according to the Focus Report of April 29th, 2022.

	Closing 03/31/2022	Rate –APR	Scenario I Most Likely
<u>Interest rate risk</u>			
Average basic interest rate – (% APR)	10,58%		13,25%
<u>Parent Company</u>			
Balance of Financial Investments (explanatory notes 4 and 5)	882.105		968.625
Net effect			86.520
<u>Consolidated</u>			
Balance of Financial Investments (explanatory notes 4 and 5)	1.022.482		1.122.35
Net effect			99.869

For the balance of loans and financing as of March 31st, 2022, the Company and its subsidiaries consider as scenario I (most likely) the end TJLP (*Long Term Interest Rate*) for the year 2022 of 6.82% per year and for CDI (Interbank Deposit Certificate), 13.15%.

	Closing 03/31/2022	Rate –APR	Scenario I Most Likely
<u>Interest rate risks</u>			
Taxa de juros - TJLP - (% APR)	6,08%		6,82%
Parent Company:			

Financial Statement of the management to interim accounting information

Three-month period ended March 31st, 2022

In thousands of reais, except as otherwise indicated

Interest rate risks		Closing 03/31/2022	Rate –APR	Scenario I Most Likely
Balance of loans and financing (explanatory note 15)		18.349		19.601
Efeito líquido		-		(1.251)
<u>Interest rate - TJLP - (% APR)</u>				
Consolidated:				
Balance of loans and financing (explanatory note 15)		273.938		283.125
Efeito líquido		-		(9.187)
<u>Interest rate - CDI - (% APR)</u>		11,65%		13,15%
Parent Company and Consolidated:				
Balance of loans and financing (note 15)		128.031		144.867
Efeito líquido		-		(16.836)

4. CASH AND CASH EQUIVALENTS

	Parent Company		Consolidated	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Cash and Banks	2.914	798	7.840	5.221
Applications in CDB (i)	52.332	82.759	100.919	129.959
Investment funds (ii)	167.227	46.249	209.615	81.332
	<u>222.473</u>	<u>129.806</u>	<u>318.374</u>	<u>216.512</u>

- (i) Bank Deposit Certificate Transactions ("CDB"), whose weighted average rate of remuneration was 102.4% of CDI (101.8% as of December 31st, 2021).
- (ii) Securities transactions through investment funds, whose withdrawal has daily liquidity without material change in nominal value. The average weighted interest on market marking was 116.9% of CDI (112.5% as of December 31st, 2021).

5. FINANCIAL INVESTMENTS

	Parent Company		Consolidated	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Current:				
Investment funds (i)	248.748	242.346	248.748	242.346
Financial bills (iii)	116.184	97.868	116.184	97.868
Others (iv)	89.861	45.516	89.861	45.516
	<u>454.793</u>	<u>385.730</u>	<u>454.793</u>	<u>385.730</u>

Non-current:

CIA DE FERRO LIGAS DA BAHIA S.A. – FERBASA & SUBSIDIARIES

Financial Statement of the management to interim accounting information

Three-month period ended March 31st, 2022

In thousands of reais, except as otherwise indicated

Investment funds (i)	-	-	29.785	28.858
Financial bills(iii)	179.190	134.611	198.807	153.692
CDB (ii)	28.563	27.816	28.563	28.859
	<u>207.753</u>	<u>162.427</u>	<u>257.155</u>	<u>211.409</u>
	<u>662.546</u>	<u>548.157</u>	<u>711.948</u>	<u>597.139</u>

- (i) Transactions in securities, whose due dates exceed 90 days and the weighted average remuneration was 108.9% of CDI (101.4% as of December 31st, 2021). Although the Company and its subsidiaries select securities with liquidity on the secondary market, uncertainty regarding market conditions and prices at a liquidity event suggests that these investments are not considered cash equivalents.
- (ii) Bank Deposit Certificate ("CDB" transactions, whose average remuneration rates were 110.6% (110.6% as of December 31st, 2021) of the CDI.
- (iii) Financial bills with a weighted average remuneration of 110.3% of the CDI (114.5% as of December 31st, 2021).
- (iv) Certificate of Agribusiness Receivables (CRA), Debentures and Treasury papers with a weighted average remuneration of 117.4% of CDI.

6. ACCOUNTS TO RECEIVE FROM CUSTOMERS

	Parent Company		Consolidated	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Domestic Market	212.306	233.263	222.071	242.983
Foreign Market	48.861	49.206	48.861	49.206
Expected losses on doubtful accounts (PECLD)	(4.186)	(4.186)	(4.186)	(4.186)
	<u>256.981</u>	<u>278.283</u>	<u>266.746</u>	<u>288.003</u>

Foreign market accounts to receive are in U.S. dollars (US\$), converted to reais on the date of preparation of interim financial information. As of March 31, 2022 and December 31, 2021, the Company had no transactions that generated a significant effect of adjustment to present value.

As of March 31st, 2022, the Company had provision for expected loss on doubtful accounts, in the amount of R\$4,186 (R\$4. 186 on December 31st, 2021), considered sufficient to cover possible losses in accounts to receive, according to internal analysis carried out by the Administration.

1. INVENTORIES (PARENT COMPANY AND CONSOLIDATED)

Financial Statement of the management to interim accounting information

Three-month period ended March 31st, 2022

In thousands of reais, except as otherwise indicated

Inventories are shown at the average cost of purchases or production, lower than the replacement cost or the execution value.

	03/31/2022	12/31/2021
Current:		
Accomplished Products	227.120	201.886
Raw materials	115.598	112.421
Chromium ore	44.377	42.651
Maintenance materials (i)	71.904	64.446
	<u>458.999</u>	<u>421.404</u>
Non-current:		
Maintenance materials (i)	13.668	13.668
Provision for obsolescence (ii)	(6.834)	(6.834)
	<u>6.834</u>	<u>6.834</u>
	<u>465.833</u>	<u>428.238</u>

- (i) Stocks of maintenance materials are classified in current or non-current assets, taking into account the history of consumption.
- (ii) The Company maintains provision for obsolescence related to items with low turnover, when there is no forecast of use in the next periods.

7. TAXES TO RECOVER

	Parent Company		Consolidated	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Current:				
PIS and COFINS to recover (i)	1.529	49.351	1.529	49.351
IRPJ and CSLL	20.656	13.949	23.614	17.145
ICMS to recover	2.437	2.373	2.437	2.373
Others	250	251	281	281
	<u>24.872</u>	<u>65.924</u>	<u>27.861</u>	<u>69.150</u>
Non-current:				
ICMS to recover	3.811	3.744	3.811	3.744
Others	96	96	96	96
	<u>3.907</u>	<u>3.840</u>	<u>3.907</u>	<u>3.840</u>
	<u>28.779</u>	<u>69.764</u>	<u>31.768</u>	<u>72.990</u>

- (i) In 2019, the Company obtained traffic science in court, who proceeded before the Federal Regional Court of the 1st Region, whose decision: (a) determined the exclusion of the ICMS value from the PIS and COFINS calculation base - cumulative regimes (Complementary Laws No. 7/70 and 70/91 and subsequent amendments) and non-cumulative (Laws No. 10,627/2002 and 10,833/03 and subsequent amendments); and (b) recognized the

Financial Statement of the management to interim accounting information

Three-month period ended March 31st, 2022

In thousands of reais, except as otherwise indicated

Company's right to offset amounts improperly collected as PIS/COFINS on the portion related to ICMS since May 1997, duly updated. This credit was fully realized in the first quarter of 2022.

8. CURRENT AND DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION

Deferred income tax and social contribution are calculated on the temporary differences between the tax calculation bases and the book values of the Assets and Liabilities of the financial statements. The rates of these taxes, for the determination of deferred taxes are 25% for the IRPJ (*Income Tax for Legal Entities*) and 9% for CSLL (*Social Contribution on Net Profit*).

	Parent Company		Consolidated	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
<u>Deferred tax assets (*)</u>				
Provision for contingencies	(57.008)	(56.492)	(57.008)	(56.492)
Provision for losses on inventories (i)	(6.834)	(6.834)	(6.834)	(6.834)
Provision for profit sharing and employee allowance (ii)	(47.005)	(80.500)	(47.005)	(80.500)
Provision for environmental liabilities	(16.453)	(15.677)	(16.453)	(15.677)
Labor and actuarial obligations	(43.157)	(65.050)	(43.157)	(65.050)
Derivative and non-derivative financial instruments	-	(9.669)	-	(9.669)
Execution of the Surplus Value	(17.672)	(16.568)	(17.672)	(16.568)
Provisão PECLD	(4.186)	(4.186)	(4.186)	(4.186)
Suspended enforceability taxes (PIS/COFINS) (iii)	(4.358)	(4.342)	(4.358)	(4.342)
Tax Losses	-	-	(2.021)	(2.151)
Other temporary provisions	(3.942)	(10.597)	(3.942)	(10.597)
Calculation basis	<u>(200.615)</u>	<u>(269.915)</u>	<u>(202.636)</u>	<u>(272.066)</u>
IRPJ deferred at the rate of 25%	46.422	64.494	46.928	65.031
CSLL deferred at the rate of 9%	18.055	24.292	18.237	24.486
Asset deferred IRPJ/CSLL ^(A)	<u>64.477</u>	<u>88.786</u>	<u>65.165</u>	<u>89.517</u>

- (i) Provisão de obsolescência relacionada aos itens de manutenção com baixo giro e provisão de inventários.
- (ii) A participação nos lucros dos Administradores no montante de R\$14.925 (R\$11.940 em 31 de dezembro de 2021) é base apenas para o cálculo da CSLL diferida. No caso do IRPJ, trata-se de diferença permanente.
- (iii) PIS/COFINS stands for **Programa de Integração Social** – Social Integration Program, and **Contribuição para o Financiamento da Seguridade Social** – Contribution to Social Security Financing.

Financial Statement of the management to interim accounting information

Three-month period ended March 31st, 2022

In thousands of reais, except as otherwise indicated

	Parent Company		Consolidated	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Deferred tax liabilities (*)				
Fixed assets - "deemed cost"	58.811	58.811	63.385	63.385
Biological assets - "fair value"	67.519	67.519	67.519	67.519
Advantageous purchase	75.143	75.143	75.143	75.143
Accelerated depreciation	7.291	7.291	7.291	7.291
Base de cálculo	208.764	208.764	213.338	213.338
IRPJ deferred at the rate of 25%	(52.191)	(52.191)	(53.335)	(53.335)
CSLL deferred at the rate of 9%	(18.789)	(18.789)	(19.201)	(19.200)
Deferred liabilities IRPJ/CSLL ^(B)	(70.980)	(70.980)	(72.536)	(72.535)
Liquid deferred IRPJ/CSLL ^(A+B)	(6.503)	17.806	(7.371)	16.982

(*) The balance of deferred taxes liabilities for the Consolidated for the Parent Company is R\$6,503 (deferred taxes assets R\$17,806 as of December 31st, 2021) and the balance of the subsidiaries recorded in the deferred tax liability is R\$ 868 (R\$1,555 on December 31st, 2021).

A Administração, com base na melhor estimativa, em análise individual das provisões, acredita que realizará os créditos fiscais provenientes das diferenças temporárias conforme demonstrado a seguir:

Calendar year	Parent company		Consolidated	
	IRPJ/CSLL - deferred		IRPJ/CSLL - deferred	
	Asset	Liability	Asset	Liability
2022	8.122	6.122	8.122	6.122
2023	9.604	281	10.292	281
2024	224	279	224	279
2025	167	276	167	276
2026	109	274	109	274
2027 onward	46.251	63.748	46.251	65.304
	64.477	70.980	65.165	72.535

The values of IRPJ and CSLL that affected the results of the respective exercises are shown below:

	Parent Company		Consolidated	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Profit before IRPJ/CSLL	300.888	71.329	301.132	71.430
Combined IRPJ/CSLL rate	34%	34%	34%	34%
IRPJ/CSLL to the rates stipulated in the legislation	(102.302)	(24.252)	(102.385)	(24.286)

Financial Statement of the management to interim accounting information

Three-month period ended March 31st, 2022

In thousands of reais, except as otherwise indicated

	Parent Company		Consolidated	
	<u>03/31/2022</u>	<u>12/31/2021</u>	<u>03/31/2022</u>	<u>12/31/2021</u>
Equity	(3.267)	(1.860)	-	-
Donations	(169)	(41)	(171)	(41)
Others	123	(651)	(3.267)	(2.532)
SUDENE tax incentive (i)	56.956	14.464	56.956	14.464
	<u>(48.659)</u>	<u>(12.340)</u>	<u>(48.867)</u>	<u>(12.395)</u>
IRPJ and CSLL results				
SUDENE tax incentive (i)	56.956	14.464	56.956	14.464
Current	(84.606)	(19.784)	(84.770)	(19.839)
Deferred	(21.009)	(7.020)	(21.053)	(7.020)
	<u>(48.659)</u>	<u>(12.340)</u>	<u>(48.867)</u>	<u>(12.395)</u>
IRPJ and CSLL expense				

(i) Due to the industrial enterprise installed in the area of operation of the Northeast Development Superintendence (SUDENE), the Company enjoys the tax benefit of reducing income tax, with a percentage reduction of 75% on income tax and additional non-refundable, incident in revenues:

- From the manufacture of ferroalloys and their by-products, from January 1st, 2015 to December 31st, 2024, according to Constitutive Report of No. 0200/2015.
- From the exploration and processing of chromium ore and its by-products, from January 1st, 2016 to December 31st, 2025, according to Constitutive Report of No. 0131/2016.
- From the generation of electricity, from January 1st, 2018 to December 31st, 2027, according to Constitutive Reports of No. 487, 488, 489, 490, 491, 492 and 428/2018, replaced by paragraphs 291, 292, 293, 300, 301, 302, and 303/2019.

The portion corresponding to income tax reduction incentives is recognized in profit or loss and at the end of each fiscal year is transferred from accumulated profits to profit reserve (tax incentive), and cannot be distributed to shareholders.

The movement of deferred taxes during the first quarter of 2022 and the previous quarter of 2021 are presented below:

	<u>Parent company</u>	<u>Consolidated</u>
Balance on 12/31/2020 - Deferred Taxes Assets	16.192	14.637
Recognized in other comprehensive results	5.386	5.386
Recognized in the result	<u>(7.020)</u>	<u>(7.020)</u>
Balance on 03/31/2021 - Deferred Taxes Assets	<u>14.557</u>	<u>13.002</u>
Balance on 12/31/2021 - Deferred Taxes Assets	17.806	16.982
Recognized in other comprehensive results	<u>(3.300)</u>	<u>(3.300)</u>

Financial Statement of the management to interim accounting information

Three-month period ended March 31st, 2022

In thousands of reais, except as otherwise indicated

Recognized in the result	(21.009)	(21.009)
Balance on 03/31/2022 – Deferred Taxes Liabilities	<u>(6.503)</u>	<u>(7.371)</u>

9. JUDICIAL DEPOSITS

	Parent Company		Consolidated	
	03/31/2022	12/31/2021	31/03/2022	31/12/2021
Labor	638	698	647	707
Tax	45.647	44.979	45.734	45.066
	<u>46.285</u>	<u>45.677</u>	<u>46.381</u>	<u>45.773</u>

They refer to deposits associated with tax, labor and questioning processes regarding the legality and constitutionality of certain taxes, which are recorded in the Company's non-current assets, until the court decision to redeem these deposits by one of the parties involved occurs.

10. INVESTMENTS

The information regarding the investments was presented in Company's financial statements of March 31st, 2022, in note 18. The financial statements summarized by the subsidiaries are shown below:

	Participation %	Assets	Liabilities	Net worth	Revenues	Expenses	Profit (loss)	Participation in the shareholders' equity of the Subsidiaries	Company's Participation (equity)
<u>March 31st, 2021</u>									
Silbasa	51,26	13.097	175	12.922	246	(152)	94	6.624	48
Jacurici	100,00	25.935	1.466	24.469	194	(594)	(400)	24.469	(400)
Reflora	99,98	3.447	19	3.428	28	(30)	(2)	3.427	(2)
Damacal	100,00	2.622	278	2.344	16	(21)	(5)	2.344	(5)
BW Guirapá	100,00	796.090	337.415	458.675	19.786	(23.795)	(4.009)	525.459	(5.113)(*)
								<u>562.323</u>	<u>(5.472)</u>
<u>March 31st, 2022</u>									
Silbasa	51,26	2.305	49	2.256	210	(134)	76	1.156	39
Jacurici	100,00	25.910	820	25.090	926	(634)	292	25.090	292
Reflora	99,98	3.593	29	3.564	87	(31)	56	3.564	56
Damacal	100,00	2.716	285	2.431	49	(16)	33	2.431	33
Ferbasa & CO	100,00	11	-	11	-	-	-	11	-
BW Guirapá	100,00	824.218	375.934	448.284	19.499	(28.423)	(8.924)	510.650	(10.028)(*)
								<u>542.902</u>	<u>(9.608)</u>

(*) Adjusted for assets valued at their fair value in the acquisition of BW Guirapá and its respective execution of the net amount of R\$62,366 and R\$1,104 (R\$66,784 and R\$1,104 as of March 31st, 2021).

The movement of investments is shown below:

	Silbasa	Jacurici	Reflora	Damacal	BW Guirapá	Ferbasa & CO	Outros	Total
Balances on December 31 st , 2020	6.576	24.869	3.430	2.348	530.572	-	78	567.873
Equity:								
Results for the period	48	(400)	(2)	(5)	(4.009)	-	-	(4.368)
Execution of assets valued at their fair value	-	-	-	-	(1.104)	-	-	(1.104)
Balances on March 31 st , 2021	<u>6.624</u>	<u>24.469</u>	<u>3.428</u>	<u>2.343</u>	<u>525.459</u>	<u>-</u>	<u>78</u>	<u>562.401</u>

Financial Statement of the management to interim accounting information

Three-month period ended March 31st, 2022

In thousands of reais, except as otherwise indicated

Balances on December 31 st , 2021	1.117	24.798	3.508	2.398	520.678	11	78	552.588
Equity:								
Results for the period	39	292	56	33	(8.924)	-	-	(8.504)
Execution of assets	-	-	-	-	(1.104)	-	-	(1.104)
valued at their fair value								
Balances on March 31 st , 2022	<u>1.156</u>	<u>25.090</u>	<u>3.564</u>	<u>2.431</u>	<u>510.650</u>	<u>11</u>	<u>78</u>	<u>542.980</u>

11. FIXED, INTANGIBLE AND RIGHT OF USE FOR LEASE

	Parent Company		Consolidated	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Land for planting	115.419	115.419	115.571	115.571
Land	26.357	26.357	32.127	32.127
Buildings	154.098	147.452	294.110	288.105
Machinery and Equipment	270.919	257.104	825.029	818.668
Vehicles and tractors	1.299	1.494	1.299	1.494
Furniture and utensils	2.731	2.895	2.834	3.001
Computing	4.681	3.523	4.716	3.564
Mine development	68.658	67.556	68.658	67.556
In progress and others	62.929	77.694	107.609	125.857
Total fixed assets and intangible assets (13.1)	707.091	699.494	1.451.953	1.455.943
Right of use - lease (13.2)	15.686	15.481	31.575	27.341
	<u>722.777</u>	<u>714.975</u>	<u>1.483.528</u>	<u>1.483.284</u>

The table below shows the economic useful life of the assets, and the annual depreciation rates were calculated by the linear method (Consolidated):

	Average lifespan (years)
<u>Fixed</u>	
Machinery and equipment	21
Vehicles and tractors	5
Buildings	25
Furniture and utensils	10
Computing	5
Others	5
<u>Right of use on lease</u>	
Right of use of machinery and equipment	4
Right of using the land	29
Right of using buildings	5

CIA DE FERRO LIGAS DA BAHIA S.A. – FERBASA & SUBSIDIARIES

Financial Statement of the management to interim accounting information

Three-month period ended March 31st, 2022

In thousands of reais, except as otherwise indicated

11.1. Fixed and Intangible

	Parent company									
	Land for planting	Land	Buildngs	Machinery and Equipment	Vehicles and tractors	Furniture and utensils	Computing	Mines	Fixed assets in progress, intangible assets and others	Total
<u>Cost</u>										
Balance on 12/31/2020	115.419	26.357	224.919	663.617	74.519	13.059	14.554	114.400	62.181	1.309.025
Additions and transfers	-	-	877	14.055	54	236	389	1.096	(11.153)	5.554
Casualties and reclassifications	-	-	-	-	(112)	-	-	-	-	(112)
Balance on 03/31/2021	115.419	26.357	225.796	677.672	74.461	13.295	14.943	115.496	51.028	1.314.467
Balance on 12/31/2021	115.419	26.357	226.105	684.057	73.592	13.319	15.245	121.791	107.412	1.383.297
Additions and transfers	-	-	8.854	22.561	9	3	1.509	2.418	(14.038)	21.316
Casualties and reclassifications	-	-	-	(10)	(696)	-	(26)	-	-	(732)
Balance on 03/31/2022	115.419	26.357	234.959	706.608	72.905	13.322	16.728	124.209	93.374	1.403.881
<u>Accumulated depreciation and depletion</u>										
Balance on 12/31/2020			(70.014)	(391.154)	(72.099)	(9.716)	(10.419)	(48.588)	(27.280)	(629.270)
Depreciation and depletion expense			(2.157)	(9.305)	(353)	(179)	(362)	(1.285)	(581)	(14.222)
Casualties and reclassifications			-	-	112	-	-	-	-	112
Balance on 03/31/2021			(72.171)	(400.459)	(72.340)	(9.895)	(10.781)	(49.873)	(27.861)	(643.380)
Balance on 31/12/2021			(78.653)	(426.953)	(72.098)	(10.424)	(11.722)	(54.235)	(29.718)	(683.803)
Depreciation and depletion expense			(2.208)	(8.743)	(204)	(167)	(351)	(1.316)	(727)	(13.716)
Casualties and reclassifications			-	7	696	-	26	-	-	729
Balance on 31/03/2022			(80.861)	(435.689)	(71.606)	(10.591)	(12.047)	(55.551)	(30.445)	(696.790)
<u>Net balances on</u>										
03/31/2021	115.419	26.357	153.625	277.213	2.121	3.400	4.162	65.623	23.167	671.087
03/31/2022	115.419	26.357	154.098	270.919	1.299	2.731	4.681	68.658	62.929	707.091

CIA DE FERRO LIGAS DA BAHIA S.A. – FERBASA & SUBSIDIARIES

Financial Statement of the management to interim accounting information

Three-month period ended March 31st, 2022

In thousands of reais, except as otherwise indicated

	Consolidated									
	Land for planting	Land	Buildngs	Machinery and Equipment	Vehicles and tractors	Furniture and utensils	Computing	Mines	Fixed assets in progress, intangible assets and others	Total
<u>Cost</u>										
Balance on 12/31/2020	115.571	32.127	383.032	1.386.438	83.306	13.252	14.858	114.400	76.461	2.219.445
Additions and transfers	-	-	877	14.055	54	236	389	1.096	(11.065)	5.642
Casualties and reclassifications	-	-	-	-	(112)	-	-	-	-	(112)
Balance on 03/31/2021	<u>115.571</u>	<u>32.127</u>	<u>383.909</u>	<u>1.400.493</u>	<u>83.248</u>	<u>13.488</u>	<u>15.247</u>	<u>115.496</u>	<u>65.396</u>	<u>2.224.975</u>
Balance on 12/31/2021	115.571	32.127	384.218	1.406.960	82.379	13.512	15.560	121.791	158.334	2.330.452
Additions and transfers	-	-	8.854	25.650	9	3	1.509	2.418	(17.080)	21.363
Casualties and reclassifications	-	-	-	(10)	(696)	-	(26)	-	-	(732)
Balance on 03/31/2022	<u>115.571</u>	<u>32.127</u>	<u>393.072</u>	<u>1.432.600</u>	<u>81.692</u>	<u>13.515</u>	<u>17.043</u>	<u>124.209</u>	<u>141.254</u>	<u>2.351.083</u>
<u>Accumulated depreciation and depletion</u>										
Balance on 12/31/2020			(84.912)	(510.367)	(80.886)	(9.792)	(10.669)	(48.588)	(29.295)	(774.509)
Depreciation and depletion expense			(2.902)	(18.629)	(353)	(182)	(368)	(1.285)	(761)	(24.480)
Casualties and reclassifications			-	-	112	-	-	-	-	112
Execution of Surplus Value			104	(1.208)	-	-	-	-	-	(1.104)
Balance on 03/31/2021			<u>(87.710)</u>	<u>(530.204)</u>	<u>(81.127)</u>	<u>(9.974)</u>	<u>(11.037)</u>	<u>(49.873)</u>	<u>(30.056)</u>	<u>(799.981)</u>
Balance on 12/31/2021			(96.113)	(588.292)	(80.885)	(10.511)	(11.996)	(54.235)	(32.477)	(874.509)
Depreciation and depletion expense			(2.953)	(18.078)	(204)	(170)	(357)	(1.316)	(1.168)	(24.246)
Casualties and reclassifications			-	7	696	-	26	-	-	729
Execution of Surplus Value			104	(1.208)	-	-	-	-	-	(1.104)
Balance on 03/31/2022			<u>(98.962)</u>	<u>(607.571)</u>	<u>(80.393)</u>	<u>(10.681)</u>	<u>(12.327)</u>	<u>(55.551)</u>	<u>(33.645)</u>	<u>(899.130)</u>
Liquid balances on 03/31/2021	<u>115.571</u>	<u>32.127</u>	<u>296.199</u>	<u>870.289</u>	<u>2.121</u>	<u>3.514</u>	<u>4.210</u>	<u>65.623</u>	<u>35.340</u>	<u>1.424.994</u>
03/31/2022	<u>115.571</u>	<u>32.127</u>	<u>294.110</u>	<u>825.029</u>	<u>1.299</u>	<u>2.834</u>	<u>4.716</u>	<u>68.658</u>	<u>107.609</u>	<u>1.451.953</u>

Financial Statement of the management to interim accounting information

Three-month period ended March 31st, 2022

In thousands of reais, except as otherwise indicated

Goods offered under warranty

In the period ended March 31st, 2022, goods of fixed assets that were offered in guarantee of loan transactions and lawsuits totaled R\$ 59,170 (R\$ 59,208 as of December 31st, 2021).

1. Right of use on lease

The movement of the right of use, during the quarter ended on March 31st, 2022, was as follows:

	Parent company	Consolidated			
	Machinery and equipment	Machinery and equipment	Land	Buildings	Total
<u>Cost</u>					
Cost on 12/31/2020	71.155	71.155	12.153	186	83.494
Remeasurement	-	-	384	4	388
Cost on 03/31/2021	<u>71.155</u>	<u>71.155</u>	<u>12.537</u>	<u>190</u>	<u>83.882</u>
Cost on 03/31/2021	75.386	75.386	13.109	183	88.678
Additions	1.086	1.086	-	-	1.086
Remeasurement	3.000	3.000	4.213	(1)	7.212
Cost on 03/31/2022	<u>79.472</u>	<u>79.472</u>	<u>17.322</u>	<u>182</u>	<u>96.976</u>
<u>Depreciation</u>					
Depreciation on 12/31/2020	(40.624)	(40.624)	(799)	(68)	(41.491)
Additions	(5.614)	(5.614)	(126)	(10)	(5.750)
Depreciation on 03/31/2021	<u>(46.238)</u>	<u>(46.238)</u>	<u>(925)</u>	<u>(78)</u>	<u>(47.241)</u>
Depreciation on 12/31/2021	(59.905)	(59.905)	(1.327)	(105)	(61.337)
Additions	(3.881)	(3.881)	(174)	(9)	(4.064)
Depreciation on 03/31/2022	<u>(63.786)</u>	<u>(63.786)</u>	<u>(1.501)</u>	<u>(114)</u>	<u>(65.401)</u>
Net balance on 03/31/2021	24.917	24.917	11.612	112	36.641
Net balance on 03/31/2022	15.686	15.686	15.821	68	31.575

The recognized amounts of additions and remeasurement in the individual amount of R\$4,086 (R\$ on March 31st, 2021) and consolidated amounts of R\$8,298 (R\$388 on March 31st, 2021), did not affect the cash flow statements and part of the depreciation of the right to use leased in the amount of R\$311 (R\$2,726 on March 31st, 2021) was appropriated in the cost of inventory.

1. BIOLOGICAL ASSETS (PARENT COMPANY AND CONSOLIDATED)

Biological assets are represented by the forests formed and in formation, destined to the supply of wood for the production of bioeducer, which, in turn, is a raw material in the manufacture of silicon ferroalloys. The forests are located in Bahia. The movement of the balance of biological assets and the net effect of the change in fair value on profit or loss are shown below:

CIA DE FERRO LIGAS DA BAHIA S.A. – FERBASA & SUBSIDIARIES

Financial Statement of the management to interim accounting information

Three-month period ended March 31st, 2022

In thousands of reais, except as otherwise indicated

	03/31/2022	12/31/2021
At the beginning of the financial year	223.683	193.222
Planting and maintenance	11.922	45.802
Depletion	(3.951)	(43.143)
Fair value variation	-	27.802
At the end of the financial year	<u>231.654</u>	<u>223.683</u>

Financial Statement of the management to interim accounting information

Three-month period ended March 31st, 2022

In thousands of reais, except as otherwise indicated

Forests under two (2) years of age are maintained at historical cost due to the Management's understanding that during this period the historical cost of the forest in formation approaches fair value.

To determine the fair value of biological assets, we used the cash flow model, whose projections are based on a single projective scenario, with productivity and eucalyptus planting area for a cutting cycle of approximately 7 (seven) years. The period of cash flows was designed according to the productivity cycle of forestry projects. The production volume of eucalyptus "standing wood" to be harvested was estimated considering the average productivity per m3 of wood of each garden at the cutting age.

The fair values of biological assets were considered to be level 3 in the fair value hierarchy defined by IFRS 13 / CPC 46 (information for assets or liabilities that are not based on market-observable data, i.e., unobservable assumptions).

The Company has 17,168 hectares (about 42423 acres) of biological assets guaranteed for financing from the National Bank for Economic and Social Development (BNDES). The total amount of this line of credit available to the Company is R\$40,493. In 2018, R\$2,500 of this line was released. In the years 2019, 2020, 2021 and in the first quarter of 2022 there were no other releases.

12. SUPPLIERS

	Parent Company		Consolidated	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Electrical energy	20.706	20.900	20.706	20.900
Raw material and inputs	66.115	66.737	66.115	66.737
Other suppliers	23.403	18.933	26.063	23.073
	<u>110.224</u>	<u>106.570</u>	<u>112.884</u>	<u>110.710</u>

13. LOANS AND FINANCING

	Parent Company		Consolidated	
	03/31/2022	12/31/2021	31/03/2022	31/12/2021
Current:				
Financings (i)	51.436	49.778	51.436	49.778
Financing BNDES BW Guirapá (ii)	-	-	23.962	25.911
Subtotal Financing	<u>51.436</u>	<u>49.778</u>	<u>75.398</u>	<u>75.689</u>
Cost of Money raising	-	-	(455)	(455)
Current Total	<u>51.436</u>	<u>49.778</u>	<u>74.943</u>	<u>75.234</u>
Non-current:				
Financings (i)	97.173	98.088	97.173	98.088
Financing BNDES BW Guirapá (ii)	-	-	231.627	236.039
Subtotal Financing	<u>97.173</u>	<u>98.088</u>	<u>328.800</u>	<u>334.127</u>
Cost of Money raising	-	-	(3.929)	(4.042)
Non-current total	<u>97.173</u>	<u>98.088</u>	<u>324.871</u>	<u>330.085</u>
Total	<u>148.609</u>	<u>147.866</u>	<u>399.814</u>	<u>405.319</u>

Financial Statement of the management to interim accounting information

Three-month period ended March 31st, 2022

In thousands of reais, except as otherwise indicated

1. Long-term third-party capital for investment in forest investment and for the acquisition of machinery and equipment allocated in metallurgy and mining.
- (i) Financing with the National Bank for Economic and Social Development (BNDES) raised by the subsidiary BW Guirapá and its subsidiaries on October 6, 2015 to finance the construction of wind farms. The guarantees offered for the payment of the debt were: pledge of BW Guirapá shares, pledge of credit rights (O&M contract), pledge of emerging rights (authorization of independent producer), pledge of machinery and equipment (wind turbines), fiduciary assignment of credit rights (revenues from the sale of energy and CER, and constitution of reserve accounts) and bank bail.

The table below shows the main characteristics of the debts of the Company and its subsidiaries:

Modality	Salaries	Charges (annual)	Amortization	Guarantees	Parent company	Consolidated
FINAME	2021 to 2024	TJLP + 3,4% to 3,9%.	Monthly	Fiduciary Alienation	2.386	2.386
FINEM	2022 to 2025	TJLP + 1,52% to 2,26%	Monthly	Land Mortgage	15.963	15.963
FINEM	2032	TJLP + 2,65%	Monthly	See (ii)	-	255.589
				Subtotal TJLP (explanatory note no. 4.3)	18.349	273.938
NCE	2024	CDI + 0,70%	Annual	Export History	86.113	86.113
CCB	2025	CDI + 1,86%	Annual	Clean	41.918	41.918
				Subtotal CDI (explanatory note no. 4.3)	128.031	128.031
FINAME	2022 to 2024	2,5% to 6%	Monthly	Fiduciary Alienation	2.229	2.229
				Other financing subtotal	2.229	2.229
				Subtotal	148.609	404.198
				(-) Cost of Money raising	-	(4.384)
				Total	148.609	399.814

Restrictive contractual clauses – “covenants”

The Company has financings which include restrictive clauses requiring compliance with the performance of annual indices, subject to the anticipation of debt maturity in the event of non-compliance with the covenants.

On March 31st, 2022 and December 31st, 2021, Ferbasa met the index required in the financing contracts (Finame) in which the ratio between consolidated net financial debt and EBTIDA is expected to be less than or equal to 2.5x during the entire term of the contracts.

Specifically, BW Guirapá and the Wind Power Plants are required to maintain, throughout the term of the BNDES financing agreement, a consolidated annual debt service coverage ratio (ICSD) equal to or greater than 1.30, which was met in March 31st, 2022 and December 31st, 2021. In addition, they have as relevant obligations, compliance with deadlines to start and execute the commercial operation; presentation to BNDES of the respective operating licenses; remain in good standing with the environmental bodies, CCEE, ANEEL, the MME, the National Electric System Operator (“ONS”) and/or any other bodies and entities that are part of the Direct or Indirect Public Administration; as well as adopt measures and actions aimed at preventing or correcting damage to the environment, safety and occupational medicine. These clauses were met on March 31st, 2022 and December 31st, 2021.

Financial Statement of the management to interim accounting information

Three-month period ended March 31st, 2022

In thousands of reais, except as otherwise indicated

14. LEASING TO BE PAID

	Parent Company	Consolidated			
	Machinery and Equipment	Machinery and Equipment	Land	Buildings	Total
Balance in 12/31/2020	30.204	30.204	10.817	121	41.142
Remeasurement	-	-	384	4	388
Payments	(6.436)	(6.436)	-	(10)	(6.446)
Execution AVP			31		
(Adjustment to Present Value)	568	568		1	600
Balance on 03/31/2021	<u>24.336</u>	<u>24.336</u>	<u>11.232</u>	<u>116</u>	<u>35.684</u>
Balance on 12/31/2021	14.410	14.410	10.964	81	25.455
Additions	1.086	1.086	-	-	1.086
Remeasurement	3.000	3.000	4.213	(1)	7.212
Payments	(5.231)	(5.231)	(22)	(12)	(5.265)
Execution AVP	1.243	1.243	70	2	1.315
Balance on 03/31/2022	<u>14.508</u>	<u>14.508</u>	<u>15.225</u>	<u>70</u>	<u>29.803</u>
Current	11.714				12.720
Non-current	2.794				17.083

On March 31st, 2022, the Company estimated the discount rates, based on the risk-free interest rates observed in the Brazilian market, for the term of its contracts. The weighted average rate used for the parent company is 13.9% APR and for subsidiary BW it is 8.65% APR.

The amounts classified in non-current liabilities are broken down by expiration year:

Expiration year	Parent Company	Consolidated
2023	1.621	2.400
2024	1.173	1.944
2025 to 2029	-	4.264
2030 to 2034	-	3.927
2035 to 2039	-	3.302
2040 to 2044	-	984
2045 onward	-	262
Total	<u>2.794</u>	<u>17.083</u>

The Company has the potential right of PIS/COFINS to be recovered embedded in the consideration for the leases. In the measurement of cash flows, tax credits were not highlighted, and the potential effects of PIS/COFINS are shown in the table below:

CIA DE FERRO LIGAS DA BAHIA S.A. – FERBASA & SUBSIDIARIES

Financial Statement of the management to interim accounting information

Three-month period ended March 31st, 2022

In thousands of reais, except as otherwise indicated

	Parent Company				Consolidated			
	Nominal		Adjustment to Present Value		Nominal		Adjustment to Present Value	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Consideration	22.071	21.736	14.508	14.410	37.404	37.258	29.803	25.455
PIS/COFINS potencial (9,25%)	2.042	2.011	1.342	1.333	3.460	3.446	2.757	2.355

Financial Statement of the management to interim accounting information

Three-month period ended March 31st, 2022

In thousands of reais, except as otherwise indicated

15. LABOR AND ACTUARIAL OBLIGATIONS

	Parent Company		Consolidated	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Current:				
Salaries and charges	9.274	9.958	9.659	10.395
Labor provisions and charges	26.643	22.759	26.775	22.860
Profit sharing (i)	47.005	80.500	47.053	80.592
	82.922	113.217	83.487	113.847
Non-current:				
Labor and actuarial obligations (ii)	43.158	65.051	43.158	65.051
	126.080	178.268	126.645	178.898

(i) The Company's Bylaws establish that up to 10% (ten percent) of the profit for the year be allocated to employees and up to 10% (ten percent) of the resulting balance to be paid to the managers. As of March 31st, 2022, the balance under the heading of management interests is R\$ 14,925, of which R\$ 2,985 refers to the first quarter of 2022 and R\$ 11,940 for the year 2021 and the balance under the heading of employee participation is R\$32,080, referring to the first quarter of 2022, R\$26,627 and the remaining balance payable for the year 2021 of R\$5,453 (R\$54,560 on December 31st, 2021).

(ii) The Company maintains labor and actuarial obligations as follows:

- a. Private pension: The Company maintains a defined contribution plan for supplementary retirement, managed by BRASILPREV Seguros e Previdência S.A. and assistance of the Health Insurance managed by Bradesco Saúde.
- b. Retirement premium: The Company also stipulates an additional post-employment benefit for employees who receive a salary below the social security ceiling and who have worked at the Company for at least 10 (ten) uninterrupted years. This is a single payment to the employee at the end of their employment relationship..
- c. FGTS fine: The Company set up a post-employment benefit provision related to the FGTS fine upon retirement for employees exposed to harmful risks (special retirement), opting for the FGTS (*Service Time Guarantee Fund*), terminated at their request, and not remaining on the occasion of their termination . These special retirees will be entitled to the benefit as if they were terminated, as long as the length of service exceeds 5 or 8 years, depending on the location where they work.
- d. Healthcare: In the first quarter of 2022, there was a review and change in the rules of the Healthcare plan managed by Bradesco Saúde. The plan changed from a contributory to a non-contributory one, there were changes in the discounts table and the rules of permanence for the terminated and retired were revised, which caused a reduction in actuarial obligations, generating a reversal of R\$ 22,056 in other operating income. Employees who join the Company as a result of the aforementioned changes will not be entitled to remain in the plan when retired or terminated. Employees with more than 30 years of uninterrupted employment, when terminated due to retirement and as long as

Financial Statement of the management to interim accounting information

Three-month period ended March 31st, 2022

In thousands of reais, except as otherwise indicated

they assume the full cost of the plan, will have the right to remain in the plan. On the other hand, active employees before the changes, when terminated as retired or non-retired, will have the respective time limiters (1 year for each contribution year limited to 9 years and 1/3 of the contribution time with a minimum of 6 months and a maximum of 2 years, respectively) of permanence in the plan provided that the legal requirements established for such are met and assuming the full cost of the health care plan.

The main impacts are listed below:

- (a) (a) The table below shows the change in the present value of actuarial obligations (parent company and consolidated):

	Healthcare	Private Pension, Retirement Premium e FGTS fine	Total
Value of actuarial obligations at the beginning of the year	41.310	23.741	65.051
Current service expense and interest on the obligation recognized in profit or loss for the year	1.349	747	2.096
Contributions made by the employer in the year (-)	(22.459)	(1.496)	(23.955)
(Gain)/Loss on actuarial obligations	(1.270)	1.236	(34)
Present value of actuarial obligations at the end of 03/31/2022	<u>18.930</u>	<u>24.228</u>	<u>43.158</u>

- (b) Below are the actuarial gains and losses for the year on the present value of the defined benefit obligation, with identification of those that occurred due to changes in demographic and financial assumptions and those due to experience adjustment, as well as identification of the amounts to be recognized in Other Comprehensive Income (parent company and consolidated).

	Healthcare	Private Pension, Retirement Premium e FGTS fine	Total
Actuarial gain/(Loss) due to change in financial assumptions	332	270	602
Actuarial gain/(Loss) by experience adjustments	938	(1.506)	(568)
Amounts to be recognized in ORA at the end of 03/31/2022	<u>1.270</u>	<u>(1.236)</u>	<u>34</u>

- (c) Actuarial assumptions

	03/31/2022	12/31/2021
Expected rate of inflation - % APR.	4,00	4,00
Actual discount rate - Pension Plan - % APR.	5,34	5,20
Actual discount rate - Health plan cost - % APR.	5,64	5,47
Actual discount rate - Retirement premium - % APR.	5,40	5,18
Actual discount rate - FGTS Fine - % APR.	5,36	5,18
Turnover rate - % APR.	5,00	5,00
Actual salary growth - % APR.	0,50	0,50
Remaining in the plan after retirement - % (indirect subsidy)	42,00	42,00
	65 normal	65 normal
	25,20 e 15	25,20 e 15
Retirement eligibility	special	special

Financial Statement of the management to interim accounting information

Three-month period ended March 31st, 2022

In thousands of reais, except as otherwise indicated

16. TAXES AND SOCIAL CONTRIBUTIONS

	Parent Company		Consolidated	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Current:				
IRPJ and CSLL	5.227	46.591	5.301	46.806
IPI	2.751	3.519	2.751	3.519
ICMS	9.342	8.993	9.345	8.993
IRRF to collect	9.274	3.413	9.379	3.575
PIS and COFINS	4.710	5.401	5.147	5.815
Others	1.089	1.028	1.249	1.121
	32.393	68.945	33.172	69.829
Non-current:				
PIS and COFINS	-	-	87	87
	32.393	68.945	33.259	69.916

17. DERIVATIVE AND NON-DERIVATIVE FINANCIAL INSTRUMENTS (PARENT COMPANY AND CONSOLIDATED)

The Company had non-derivative financial instruments (export locks) to minimize the risks involving the impact of exchange rate fluctuation on the conversion of its sales prices in the foreign market, in accordance with an internal policy approved by Management. In the first quarter of 2022, export restrictions were settled, which impacted financial expenses by R\$9,201. Therefore, there are no outstanding balances as of March 31st, 2022 of derivative or non-derivative financial instruments. The Company and its subsidiaries do not make speculative investments in derivatives or any other risky financial instruments.

As of March 31st, 2022, the Company recorded the total amount of R\$9,669 (R\$78,879 as of December 31st, 2021) which was considered effective for hedge accounting purposes in equity.

In the period, hedge contracts were settled, whose net losses were recognized in income, in the amount of R\$9,201 (R\$43,081 on March 31st, 2021). Fluctuations in the exchange rate impact the billing of ferroalloys and chromium ore and also affect the portion of this billing contracted with foreign exchange hedge. The practice of foreign exchange hedging is contemplated in our Financial Risk Policy and aims to mitigate the impact of exchange rate volatility on the Company's results.

Information on operations with derivatives designated and not designated for “hedge accounting” (“cash flow hedge”) as of December 31st, 2021 is shown in the table below:

Derivative and non-derivative hedge instrument			Risk Object	
		Notional (US\$)	Fair value through other comprehensive income	
Salaries	Operation			Operation
1st quarter of 2022	Export Hedges	8.402	(9.669)	Cash flow
	Total	8.402	(9.669)	

As it follows is the movement of derivative and non-derivative financial instruments during the period

Financial Statement of the management to interim accounting information

Three-month period ended March 31st, 2022

In thousands of reais, except as otherwise indicated

between 2022 and 2021:

Balance on December 31 st , 2020 (liabilities)	(88.547)
Movement of derivative and non-derivative financial instruments	78.878
Balance on December 31 st , 2021 (liabilities)	(9.669)
Movement of derivative and non-derivative financial instruments	9.669
Balance on March 31 st , 2022	-
Current liabilities	-
Non-current liabilities	-

18. PROVISION FOR ENVIRONMENTAL LIABILITIES

The Company uses judgments and assumptions when measuring its obligations related to the provision for closing mines and wind farms, as well as the decommissioning of assets linked to its operations. The costs potentially covered by insurance or indemnities are not deducted from the amount provisioned, as their recovery is considered uncertain.

Decommissioning costs were measured based on information available for the costs of dismantling equipment and civil works, inflated and discounted at the average rate of capital cost of each project. Thus, the Company applied the technical interpretation ICPC 12 - Changes in Liabilities for Deactivation, Restoration and Other Similar Liabilities, recording the provision calculated from its best estimate of the costs to be incurred in the dismantling of this equipment at the end of the authorization, discounted to present value considering a long-term rate of the direct treasury discounted by inflation measured according to the IPCA.

The movements in these provisions are shown below:

	Parent Company		Consolidated	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
<u>Current</u>				
At the beginning of the year	-	-	-	579
Losses	-	-	-	(579)
Total current	-	-	-	-
<u>Non-current</u>				
At the beginning of the year	15.953	15.354	57.415	22.848
BW demobilization provision	-	-	-	33.968
Losses	(192)	(901)	(192)	(901)
Monetary adjustment, AVP and others	968	1.500	968	1.500
Total non-current	16.729	15.953	58.191	57.415
Total	16.729	15.953	58.191	57.415

19. PROVISION FOR CONTINGENCIES (COMPANY AND CONSOLIDATED)

Financial Statement of the management to interim accounting information

Three-month period ended March 31st, 2022

In thousands of reais, except as otherwise indicated

The Management of the Company and its subsidiaries, based on the position of its legal advisors, classified the lawsuits according to the degree of risk of loss, as follows:

	Possible		Most Likely	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Tax / Administrative	31.774	31.742	46.130	46.072
Labor	1.079	484	6.824	6.366
Civil	1.594	441	4.054	4.054
	<u>34.447</u>	<u>32.667</u>	<u>57.008</u>	<u>56.492</u>

The description of the Company's main contingent liabilities was presented in the financial statements of December 31, 2021, in explanatory note 28 and there were no significant changes in their possible contingencies in this period.

20. REIMBURSEMENT ACCOUNT - CCEE (CONSOLIDATED)

	Consolidated	
	03/31/2022	12/31/2021
Opening balance	49.515	31.582
Reimbursement	11.437	14.897
Penalty (note No. 27)	1.575	2.651
Update	1.055	5.418
Constrained-off rollback	-	(5.033)
Final balance	<u>63.582</u>	<u>49.515</u>
<u>Current</u>	38.963	24.896
<u>Non-current</u>	<u>24.619</u>	<u>24.619</u>
	<u>63.582</u>	<u>49.515</u>

Under authorization, the BW Guirapá Wind Complex has all its production contracted for a period of twenty years with the Electric Energy Commercialization Chamber ("CCEE"), within the scope of the Reserve Auction – 2011 ("LER 2011") in the regulated environment. Reimbursement accounts – CCEE refer to the differences between the contracted amount and the amount of electricity actually generated. The calculation criteria are contractually defined, through a tolerance limit between the energy actually generated and the energy contracted, as shown below:

- (a) The contractual limit accepted, without the incidence of penalties or bonuses, is equivalent to the supply of 90% to 130% of the energy contracted for one year, calculated at the end of each four-year period. In these cases, the positive or negative deviation between the energy supplied and the energy contracted is recognized in assets or liabilities, respectively, by applying the updated contractual price on the calculated MWh. Any differences between the supply of electricity and the contracted energy will be compensated for each contractual four-year term, with the first four-year term ending on June 30th, 2018 and the second four-year term beginning in July 2018.

Financial Statement of the management to interim accounting information

Three-month period ended March 31st, 2022

In thousands of reais, except as otherwise indicated

- (b) If the energy supplied is less than 90% of the contracted energy, a penalty will be applied, equivalent to the application of 115% of the current contractual price on the amount in MWh that is less than 90%. If the energy supplied exceeds 130% of the contracted energy, the Companies will receive 70% of the contracted price on the amount in MWh that exceeds 130%. In both cases, the financial settlement takes place from July of the current year until June of the following year.

Additionally, payments of annual and quadrennial reimbursements are suspended until the final decision of Public Hearing No. 034/2019, according to ANEEL Order No. 2,303 of August 20th, 2019.

21. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

	Result			Assets	Liabilities
			Other (revenues)/expenses operational (iii)	Accounts to receive from customers (ii)	Other suppliers (iii)
	Leasing costs (i)	Sales revenue (ii)			
Parent Company:					
José Carvalho Foundation	-	18	2.045	1	-
Subsidiaries:					
BW Guirapá S.A.	-	-	(128)	-	-
Silício de Alta Pureza da Bahia S.A.	210	-	-	-	-
Mineração Vale do Jacurici S.A.	381	-	-	-	-
Reflorestadora e Agrícola S.A.	15	-	-	-	-
Indústria de Minérios Damacal Ltda.	9	-	-	-	-
Related party:					
Marubeni Corporation (iv)	-	90.120	-	11.059	-
Total on March 31 st , 2022	<u>615</u>	<u>90.138</u>	<u>1.917</u>	<u>11.060</u>	<u>-</u>
Total on December 31 st , 2021	1.296	319.737	8.106	21.509	265
Total on March 31 st , 2021	324	64.975	1.625	6.055	-

- (i) Refers to the leasing of operations of the subsidiaries.
- (ii) Refers to revenue and accounts to receive from the sale of alloys (FeSi75) to the related company abroad and accounts to receive from the sale of wood, quicklime and slag dust to the Parent Company.
- (iii) It refers to: (a) Term of Cooperation and Partnership for the reservation and guarantee of enrollments in José Carvalho Foundation schools for dependents of the Company's employees residing in the municipalities where the school headquarters are located (Pojuca, Catu and Andorinhas); (b) Agreement for socio-educational-sports training for children aged between 8 and 14, public school students, aiming at the development of learning and sports practice; (c) Term of Cooperation and Partnership for the implementation of the José Carvalho Memorial, whose objective is to preserve the memory, the cultural heritage, the existing collection, the founder's residence in life, in addition to hosting the permanent organizational culture program; (d) Infrastructure Sharing Agreement and Administrative Structure of corporate activities between Ferbasa and BW.
- (iv) Maurubeni Corporation has a stake in *Silício de Alta Pureza da Bahia S.A.* ("*Silbasa*") in conjunction with Ferbasa and Japan Metals & Chems - JMC.

The Company does not have guarantees granted or received to/from related parties.

Financial Statement of the management to interim accounting information

Three-month period ended March 31st, 2022

In thousands of reais, except as otherwise indicated

21.1. Management Remuneration

Approved at the Annual Shareholders' Meeting, the global compensation of key management personnel, which includes statutory directors and officers, is shown below:

	Parent Company		Consolidated	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Global Remuneration	6.342	6.067	7.203	7.099
Social security charges	627	577	799	669
	<u>6.969</u>	<u>6.644</u>	<u>8.002</u>	<u>7.768</u>

The Company and its subsidiaries do not have key personnel that are not statutory, nor do they have share-based compensation plans or other long-term benefits, in addition to what is disclosed in Explanatory Note 24 of the 2021 Financial Statements.

22. NET WORTH

22.1. Share Capital

The Company's authorized capital limit is R\$1,500,000 (one billion five hundred million reais). The Company's subscribed and paid-in capital stock, on March 31, 2022 and December 31, 2021, totals R\$1,225,444 (one billion, two hundred twenty-five million, four hundred and forty-four thousand reais), with the subscribed and paid-in capital being represented by 88,320 thousand registered shares with no par value, of which 29,440 thousand are common shares and 58,880 thousand are preferred shares, distributed as follows:

Shareholders	03/31/2022		12/31/2021	
	Ordinary shares	Preferred shares	Ordinary shares	Preferred shares
José Carvalho Foundation	29.086.696	15.162.000	29.086.696	15.162.000
Trígono Capital	2.400	8.459.052	464	8.051.000
Vanguard Group	-	1.505.572	-	1.405.572
Dimensional Funds	-	883.213	-	1.057.882
Kadima Asset Management	-	-	-	878.000
Outros acionistas	310.904	29.686.863	312.840	29.142.246
Shares in treasury	40.000	3.183.300	40.000	3.183.300
	<u>29.440.000</u>	<u>58.880.000</u>	<u>29.440.000</u>	<u>58.880.000</u>

The Company may, by deliberation at the General Meeting, promote the increase of the various existing types and classes, without keeping proportion with the others or create a new class of preferred shares, observing the limit of 2/3 of the total shares issued for the shares non-voting preferred shares, or subject to restrictions on such right.

22.2. Shares in treasury

The Company has shares acquired through a share buyback program. The shares acquired under the program will remain in treasury, and the decision on the sale and/or cancellation of

Financial Statement of the management to interim accounting information

Three-month period ended March 31st, 2022

In thousands of reais, except as otherwise indicated

these shares will be taken in due course and will be duly communicated to the market. The volume of treasury shares and respective market values, considering the closing price quoted on B3, is as follows:

	03/31/2022		12/31/2021	
	PN	ON	PN	ON
Number of shares in treasury	3.183.300	40.000	3.183.300	40.000
Quote on B3 – BRL/share	47,99	50,19	48,82	56,94
Average acquisition cost - BRL/share	8,07	0,06	8,07	0,06

Preferred shares are non-voting and have a statutory guarantee of payment of dividends 10% higher than those paid to holders of common shares and priority in capital reimbursement.

22.3. Profit reserves

- (a) The legal reserve is constituted with an increase in capital stock and the allocation of 5% of the profit for the year, until reaching 20% of the capital stock, and its use is restricted to offsetting losses, after the balances of retained earnings and other profit reserves.
- (b) The SUDENE tax incentive profit reserves, related to income tax, refers to the portion of the tax incentive of the income tax (exploitation profit) and ICMS DESENVOLVE related to the gain of the tax incentive of the debit balance of the tax on circulation of goods. These reserves are constituted by transferring the tax incentive portion that affected the income tax and ICMS expense for the year and cannot be distributed to shareholders. The reserve referring to SUDENE also includes the value of reinvestment of income tax.
- (c) Profits, after appropriation of the legal reserve, profit reserve (tax incentive) and allocation of dividends to be distributed to shareholders, are transferred to the profit retention reserve account for investments, to be carried out in accordance with the Company's capital budget and strategic planning. In 2021, the prescribed dividends in the amount of R\$1,338 were reversed to the profit reserve account according to Law 6,404/76.

22.4. Other comprehensive income and equity valuation adjustment

Other comprehensive income comprises income and expense items (including reclassification adjustments), which are not recognized in the income statement as required or permitted by the pronouncements, interpretations and guidelines issued by the CPC (*Brazilian Civil Procedure*). Created by Law No. 11,638/07, the group of "Equity valuation adjustments" held in the Company's equity includes valuation adjustments with increases and decreases in assets and liabilities, when applicable, while not included in the income for the year, until their effective execution.

22.5. Profit reserve to execute

The Company constituted an unrealized profit reserve arising from the gain from the bargain purchase of the acquisition of the BW Guirapá complex in the amount of R\$49,595 in 2018.

22.6. Dividends and interest on equity

Financial Statement of the management to interim accounting information

Three-month period ended March 31st, 2022

In thousands of reais, except as otherwise indicated

The Company grants its shareholders the right to receive, each year, a minimum mandatory dividend of 25% of adjusted annual net profit. Interest on shareholders' equity is considered as profit distribution for purposes of determining the minimum mandatory dividend. The preferred share has dividends 10% (ten percent) higher than that attributed to the common share.

23. EARNINGS PER SHARE

As defined by technical pronouncement CPC 41 - Earnings per Share, the basic calculation of earnings per share is made by dividing the net profit for the three-month period attributable to holders of common and preferred shares of the Company, by the weighted average number of common shares and preferred options available during the period. In the case of the Company, diluted earnings per share is equal to basic earnings per share, as it does not have dilutive potential common or preferred shares.

	<u>03/31/2022</u>	<u>03/31/2021</u>
Profit from operations attributable to the parent company's shareholders	252.229	58.989
Reconciliation of distributable income, by class (numerator):		
Attributable profit from operations:		
To common shares	81.789	19.128
To preferred shares	170.440	39.861
Weighted average number of shares, by class (denominator):		
Weighted average number of shares in treasury:		
Ordinaries issued	29.400.000	29.400.000
Preferred issued	55.696.700	55.696.700
Basic results/diluted* earnings per share (in BRL)		
Ordinary shares	2,78195	0,65062
Preferred shares	3,06014	0,71568

(*) The Company does not hold any potential dilutive shares outstanding or other instruments that could result in the dilution of earnings per share.

Financial Statement of the management to interim accounting information

Three-month period ended March 31st, 2022

In thousands of reais, except as otherwise indicated

24. NET REVENUE OF SALES

	Parent Company		Consolidated	
	12/31/2021	03/31/2022	12/31/2021	03/31/2022
Gross sales revenue				
Domestic Market	435.422	345.817	453.144	366.227
Foreign Market	390.014	216.342	390.014	216.342
	<u>825.436</u>	<u>562.159</u>	<u>843.158</u>	<u>582.569</u>
Sales deductions				
Returns and reductions	(14.838)	(6.653)	(14.838)	(6.653)
Sales tax	(89.456)	(57.581)	(90.582)	(58.592)
	<u>(104.294)</u>	<u>(64.234)</u>	<u>(105.420)</u>	<u>(65.245)</u>
	<u>721.142</u>	<u>497.925</u>	<u>737.738</u>	<u>517.324</u>

25. COSTS OF GOODS SOLD AND EXPENSES

	Parent Company		Consolidated	
	12/31/2021	03/31/2022	12/31/2021	03/31/2022
Cost of Goods Sold (i)	(358.923)	(332.939)	(376.831)	(350.121)
Selling Expenses	(4.396)	(5.269)	(4.396)	(5.269)
General and Administrative Expenses	(17.924)	(17.316)	(18.718)	(18.005)
Employee profit sharing	(26.627)	(5.972)	(26.627)	(5.972)
Management remuneration	(6.969)	(6.644)	(8.002)	(7.768)
Total general and administrative expenses	<u>(51.520)</u>	<u>(29.932)</u>	<u>(53.347)</u>	<u>(31.745)</u>
Other revenue (expenses)	13.664	(9.727)	10.706	(10.954)
	<u>(401.175)</u>	<u>(377.867)</u>	<u>(423.868)</u>	<u>(398.089)</u>

Financial Statement of the management to interim accounting information

Three-month period ended March 31st, 2022

In thousands of reais, except as otherwise indicated

Hereafter, the breakdown by nature of costs of goods sold and operating expenses:

	Parent Company		Consolidated	
	12/31/2021	03/31/2022	12/31/2021	03/31/2022
Variable costs and indirect product expenses	(223.251)	(216.275)	(224.344)	(218.488)
Personnel expenses (ii)	(108.796)	(79.718)	(110.718)	(81.844)
Depreciation and depletion expenses	(21.859)	(20.958)	(32.572)	(31.352)
Expenses with provision of services	(32.045)	(28.133)	(37.767)	(31.334)
Maintenance and repair expenses	(20.492)	(16.893)	(20.756)	(17.938)
Fuels and lubricants	(7.641)	(4.763)	(7.662)	(4.779)
Cost of idle capacity	(755)	(1.400)	(755)	(1.400)
Other revenue (expenses)	13.664	(9.727)	10.706	(10.954)
	<u>(401.175)</u>	<u>(377.867)</u>	<u>(423.868)</u>	<u>(398.089)</u>

(i) Costs of goods sold include:

- a) Electricity cost for consumption in the 14 electric furnaces. In addition to electric furnaces, energy is consumed in the areas of auxiliary and other services, as well as in mining.
- b) The Company imports reactive metallurgical coke (met coke) (commodity available on the international market) for the production of ferrochrome.
- c) Cost of transporting chromium ore between the mines (City of Campo Formoso) and the metallurgy (Pojuca - BA), by rail.
- d) The consolidated includes the costs of depreciation, amortization, energy transmission, system use charges, operation and maintenance, etc. for the generation of wind energy in the amount of BRL 18,445 (BRL 17,423 as of March 31, 2021).

(ii) Includes personnel expenses, management fees and employee and administrators' profit sharing.

(iii) Next, the breakdown by nature of other net income (expenses):

	Parent Company		Consolidated	
	12/31/2021	03/31/2022	12/31/2021	03/31/2022
Post-employment benefit (Note 17)	21.859	(3.108)	21.859	(3.108)
Other taxes and contributions	(1.206)	(380)	(1.543)	(560)
Social and business responsibility	(2.544)	(1.863)	(2.549)	(1.863)
Consultancy and research	(3.381)	(121)	(3.471)	(121)
Penalty (Note No. 22)	-	-	(1.575)	(2.130)
Execution of Surplus Value	-	-	(1.104)	(1.104)
Provision/TUST Reversal (<i>Fee for Use of the Transmission System</i>)	414	414	414	414
Other expenses	<u>(1.478)</u>	<u>(4.669)</u>	<u>(1.325)</u>	<u>(2.482)</u>
	<u>13.664</u>	<u>(9.727)</u>	<u>10.706</u>	<u>(10.954)</u>

Financial Statement of the management to interim accounting information

Three-month period ended March 31st, 2022

In thousands of reais, except as otherwise indicated

26. FINANCIAL RESULT

	Parent Company		Consolidated	
	12/31/2021	03/31/2022	12/31/2021	03/31/2022
<u>Financial income</u>				
Income from financial investments (*)	22.978	1.164	26.474	1.707
Exchange variation	8.395	7.349	8.395	7.349
Other financial income	1.056	922	1.079	928
	<u>32.429</u>	<u>9.435</u>	<u>35.948</u>	<u>9.984</u>
<u>Financial expenses</u>				
Exchange variation	(25.875)	(4.893)	(25.875)	(4.893)
Mine closure provision update	(968)	(487)	(968)	(487)
Interest incurred	(3.475)	(3.404)	(8.875)	(8.225)
Other financial expenses	(2.381)	(827)	(3.767)	(1.103)
	<u>(32.699)</u>	<u>(9.611)</u>	<u>(39.485)</u>	<u>(14.708)</u>
<u>Derivative and non-derivative financial instrument</u>				
Variation in derivative and non-derivative financial instruments liability	(9.201)	(43.081)	(9.201)	(43.081)
	<u>(9.201)</u>	<u>(43.081)</u>	<u>(9.201)</u>	<u>(43.081)</u>
	<u>(9.471)</u>	<u>(43.257)</u>	<u>(12.738)</u>	<u>(47.805)</u>

(*) There was an increase in income from financial investments due to the increase in the amount invested and the change in the mix of financial investments with an increase in IPCA-linked securities, as well as the growth in the interest rate.

27. OPERATING SEGMENTS

The Company proceeded with the segmentation of its operational structure, taking into account the way in which Management manages its business. The operating segments defined by Management are shown below:

- Ferroalloys segment - involves the operations of high carbon chromium ferroalloys, low carbon ferroalloys and chromium ferrosilicon, special silicon 75 and standard silicon 75.
- Wind energy segment – involves the operations of the subsidiary BW Guirapá.
- Other segments include - forestry activity, with the sale of standing timber and mining activities, with the sale of chromium ore, chromite sand, quicklime and hydrated lime.

Information about the financial result, income tax and social contribution, total assets and liabilities, were not disclosed in the segment information, due to the non-use, by the Company's management, of said data in a segmented manner, since they are managed and analyzed in a consolidated way in its operation.

CIA DE FERRO LIGAS DA BAHIA S.A. – FERBASA & SUBSIDIARIES

Financial Statement of the management to interim accounting information

Three-month period ended March 31st, 2022

In thousands of reais, except as otherwise indicated

	Consolidated							
	Ferroalloys		Wind energy		Other segments		Total	
	03/31/2022	03/31/2021	03/31/2022	03/31/2021	03/31/2022	03/31/2021	03/31/2022	03/31/2021
<u>Liquid Sales</u>								
Domestic Market	327.991	277.416	16.652	19.428	11.882	10.006	356.525	306.850
Foreign Market	381.213	190.132	-	-	-	20.342	381.213	210.474
	709.204	467.548	16.652	19.428	11.882	30.348	737.738	517.324
Cost of Goods Sold	(354.511)	(302.123)	(18.445)	(17.423)	(3.875)	(30.575)	(376.831)	(350.121)
Gross Profit	354.693	165.425	(1.793)	2.005	8.007	(227)	360.907	167.203
Operational expenses	(43.181)	(43.847)	(3.133)	(1.275)	(723)	(2.846)	(47.037)	(47.968)
Operational result before the financial result	311.512	121.578	(4.926)	730	7.284	(3.073)	313.870	119.235
<u>Product sales (tons)</u>								
Domestic Market	30.455	41.063						
Foreign Market	33.948	31.048						
	64.403	72.111						

28. LONG TERM COMMITMENTS

As of March 31st, 2022, the Company has long-term commitments with suppliers in the form of take or pay with rail transport and power reserve and energy transmission contracts. The contracts provide for termination clauses and suspension of supply due to non-compliance with essential obligations. There are no liabilities recorded beyond the amount that is recognized monthly. These long-term commitments total R\$84,017 in the parent company and R\$87,457 in the consolidated per year.

29. INSURANCE COVERAGE

The Company and its subsidiaries have insurance coverage against equipment fire, explosions, electrical damage, vehicles, international import transport, civil and corporate liability, guarantee insurance and operational risk insurance for wind energy generation, as of March 31st, 2022 in the amount of R\$100,099 (R\$87,784 as of December 31st, 2021) in the parent company and R\$962,737 (R\$950,064 as of December 31st, 2021) in the consolidated.

30. TRANSACTIONS THAT DID NOT AFFECT THE CASH

During the first quarter of 2022 and fiscal year 2021, the Company carried out the following transactions that did not involve cash, therefore they are not reflected in the cash flow statements.

Description	Explanatory note	Parent Company		Consolidated	
		03/31/2022	12/31/2021	03/31/2022	12/31/2021
Gain (loss) with actuarial liabilities	17	34	37.594	34	37.594
Provision for environmental liabilities	27(*)	-	-	-	33.968
Dividends / Interest on equity declared in the year	31.6(*)	-	48.268	-	48.275
Right of use in leases according to IFRS 16	12.2	3.000	4.231	7.212	5.184
Depreciation Right-of-use appropriate to inventory cost	12.2	311	2.008	311	2.008
Depletion appropriate to inventory cost	20(*)	-	1.639	-	1.639
Execution of Surplus value	12.1	1.104	4.418	1.104	4.418

(*) Explanatory notes to the Financial Statement as of December 31st, 2021

31. SUBSEQUENT EVENTS

On April 18th, 2022, it was approved at the AGOE (*Annual And Extraordinary General Meeting*):

- (i) the payment of the complement of mandatory minimum dividends of R\$ 42,793 corresponding to R\$ 0.47198668558 per common share and R\$ 0.51918535414 per preferred share, which payment was made on May 4th, 2022 and;
- (ii) the distribution of additional dividends, in the global amount of R\$ 86,800, corresponding to R\$ 0.95735529613 per common share and R\$ 1.05309082574 per preferred share, based on funds from the investment reserve balance, whose payment will be made on May 12th, 2022. Both payments are based on the shareholding position of April 26th, 2022 at the end of the trading session and the Company's shares were traded ex-dividend on April 27th, 2022 at the opening of the trading session.

Accountant:

Arnaldo Pereira Anastácio

Accounting Manager

CRC-RJ 61263/O - 0-T-BA