



Ferbasa

1Q23 EARNINGS *Release*



*A vida
e a Obra de*
JOSÉ CARVALHO



FESA
B3 LISTED N1



Cia de Ferro Ligas da Bahia – **FERBASA** (B3: FESA3 and FESA4), Brazil’s main supplier of ferroalloys and the only producer of Ferrochrome in the Americas, discloses the results related to **the financial performance of the first quarter of 2023**, whose individual and consolidated quarterly interim 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), and IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB). This document contains forward-looking statements and information regarding **FERBASA**, based on assumptions and expectations that may or may not materialize, and are therefore not a guarantee of the Company’s future performance. Although **FERBASA** believes that the assumptions and expectations used are reasonable, we caution investors that such information is and will, as the case may 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, express or implied, contained in this material. Thus, **FERBASA** expressly disclaims the duty to update the statements, prospects and expectations contained in this document.

STOCKS

IBOVESPA: FESA3/FESA4
PFDs in the stock market: 40.905 tho.
Market Value: R\$ 4.800 million

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SCHEDULE

Earnings Release
May 15th, 2023
3 p.m. (Brasília time)
1 p.m. (New York time).
Access: [click here](#)

1. HIGHLIGHTS OF CONSOLIDATED RESULTS

The table below shows the highlights of the 1Q23 compared to 4Q22 and 1Q22.

Highlights (in R\$ million)	1Q23	4Q22	Δ%	1Q22	Δ%
Average US dollar practiced	5.19	5.25	-1.1%	5.37	-3.4%
Net Revenue	716.4	714.2	0.3%	737.7	-2.9%
Cost of Goods Sold	495.9	472.1	5.0%	376.8	31.6%
<i>Cost over revenue</i>	69.2%	66.1%		51.1%	
Adjusted EBITDA	187.3	189.1	-1.0%	325.6	-42.5%
<i>EBITDA Margin</i>	26.1%	26.5%		44.1%	
Net Income	131.6	152.0	-13.4%	252.3	-47.8%
<i>Profit margin</i>	18.4%	21.3%		34.2%	

PRODUCTION – In 1Q23, 70.2 thousand tons of ferroalloys were produced, a decrease of 9.3% compared to 4Q22, a reflection of the 8.9% decrease in the production of chromium alloys and 10.2% of silicon. In the case of HP FeSi, the reduction was 4.1% in the same period.

SALES VOLUME – 73.4 thousand tons of ferroalloys were sold in the first quarter of the year, a volume 10.0% higher than in 4Q22. This variation was influenced by the significant increase of 44.9% in sales to the foreign market (ME) and by the 15.9% reduction in volumes destined for the domestic market (MI), which reaffirms the Company’s ability to adapt its mix of marketing to market oscillations.

NET REVENUE – In 1Q23, net revenue totaled R\$716.4 million, with no relevant change (+0.3%) when compared to 4Q22. This result was motivated by reductions of 8.4% in the average dollar price of ferroalloys and 1.1% in the average dollar practiced, offset by the 10% increase in sales volume.

COST OF GOODS SOLD – Consolidated COGS amounted to R\$495.9 million in 1Q23, incorporating an increase of 5.0% compared to 4Q22, and reflecting the increase in costs, especially with reducers, chromium ore and electrode paste. Considering only the ferroalloys segment, the ratio between COGS and net revenue increased from 61.9% in 4Q22 to 69.0% in 1Q23.

SELLING AND GENERAL/ADMINISTRATIVE EXPENSES – Selling expenses, in 1Q23, increased by 211.8% compared to 4Q22, due to the recovery of credit related to the default of a customer. General/administrative expenses decreased by 27.8%. Without considering provisions for profit sharing, bonuses and management compensation, general and administrative expenses went from R\$30.1 million in 4Q22 to R\$27.2 million in 1Q23, a reduction of 9.6%.

OTHER OPERATING INCOME/EXPENSES – This line resulted in expenses of R\$21.1 million in 1Q23, compared to R\$30.6 million recorded in 4Q22. The 31.0% reduction was caused by expenses with corporate social responsibility carried out in 4Q22.

ADJUSTED EBITDA – Operating cash generation, measured by EBITDA, reached R\$187.3 million in 1Q23 (R\$15.3 million of which related to the BWG wind complex). This total is equivalent to 26.1% of EBITDA margin and a reduction of 1% compared to 4Q22, when EBITDA reached the amount of R\$ 189.1 million (R\$ 12.3 million referring to BWG) and margin of 26.5%.

CASH GENERATION – The generation of cash and cash equivalents and financial investments amounted to R\$109.7 million in 1Q23, with a consolidated financial reserve of R\$1.39 billion in the same period. Thus, net cash increased from R\$943.1 million in 4Q22 to R\$1.06 billion in 1Q23.

FINANCIAL RESULT – The financial result totaled R\$ 23.3 million in 1Q23, 33.8% lower than in 4Q22, influenced by the 21.4% contraction in financial income due to the effect of the reduction in inflation and the turbulence in the market finance in the retail and healthcare segment.

CAPEX – In 1Q23, R\$ 57.0 million were invested, 44.8% lower than in 4Q22, but an increase of 71.2% compared to the same period of the previous year (R\$ 33.3 million).

NET PROFIT – Consolidated net profit amounted to R\$131.6 million in 1Q23, down 13.4% from 4Q22. This result derives from the aforementioned effects, which will be detailed in the following sections of this report.

2. CORPORATE PROFILE

FERBASA is a national leader in the production of ferroalloys, the only producer of ferrochrome in the Americas and one of the 10 largest industries operating in Bahia, according to the *Anuário Valor 1000* ranking. With an integrated production cycle in the areas of Mining, Metallurgy, Forestry Resources and Renewable Energy, the Company seeks to ensure the verticalization of its main supply chain of raw materials, to ensure quality and predictability in the respective supply.

The Company is based on an Integrated Management System certified under ISO 9001, ISO 45001 and ISO 14001 standards, and its main products include high carbon ferrochrome alloys (HC FeCr), low carbon ferrochrome (LC FeCr), ferrosilicon (FeSi75), high purity ferrosilicon 75 (HP FeSi75) and chromium ferrosilicon (FeSiCr), intended mainly for the steel industry and the manufacture of stainless and special steels. With 62 years of experience, **FERBASA** serves the domestic and foreign markets, in this case, mainly China, Japan, the United States and the European Union.

Holding 95% of the national chromite resources, Mining currently has two chromium ore extraction units (one underground and one in the open), two quartz mines and a plant dedicated to the production of quicklime, all located in the Center North of Bahia.

The Forestry area comprises 64,000 hectares (about 158,000 acres), of which 25,000 (about 61,776 acres) are planted and renewable eucalyptus forests. Of the forest assets, the Company preserves as a reserve of native forests more than what is established by law (20%), with 1,243 hectares (about 3070 acres) of approved areas as a Private Natural Heritage Reserve (PNHR – in Portuguese: RPPN – *Reserva Particular do Patrimônio Natural*).

The production of ores and bio-reducer aims to supply the Metallurgical unit (Pojuca/BA), where ferroalloys are produced in its 14 electric furnaces, equipped with baghouse filters designed to neutralize the release of particulate matter into the atmosphere.

The BW Guirapá Wind Complex, installed in the municipalities of Caetité and Pindaí, in the state of Bahia, is part of the verticalization strategy. With an installed capacity of 170 MW, the 07 parks will have their clean and renewable energy available to meet part of **FERBASA's** own consumption from 2036 onwards, with the end of the current supply contract entered into with the Electric Energy Trading Chamber – CCEE (in Portuguese - *Câmara de Comercialização de Energia Elétrica*).

The Company's corporate office is in Salvador/BA, where the services to all the operational units of the group are concentrated.

Recognized for its citizenship trajectory, which distinguishes and forges its culture, **FERBASA**, since its origin, acts responsibly and consciously in favor of the socioeconomic development of the surrounding communities. In this sense, the Social Responsibility **Program Ferbasa Is Here** makes annual investments to equip the communities served with the conditions capable of promoting effective changes in the social fabric, mainly in actions aimed at raising the educational level. The Program has 06 lines of action - Education, Culture, Rural and Community Development, Sports, Environment and Health -, in parallel with the social work carried out by its parent company, José Carvalho Foundation, which annually offers free and quality education, to around 4,000 children and adolescents in its 6 own schools and 2 socio-educational projects.

3. MARKET ENVIRONMENT

CRUDE STEEL: according to data from the World Steel Association (WSA), in 2M23 world production of crude steel reached 297.8 Mt and decreased by 0.8% compared to 2M22. Of this total, China participated with 168.7 Mt, which represents an increase of 5.6% (56.6% of the total produced in 2M23). Among the 10 largest world producers, in addition to China, the highlights were the growth of Iran (+21.1%) and India (+1.0%), while South Korea (-1.0%), Russia (-5.4%) and the USA (-5.6%) registered reductions. Brazil (-5.8%) was among the worst performers in the analyzed period along with Turkey (-23.1%), Germany (-8.6%) and Japan (-6.1%).

In South America, the volume produced in 2M23 reached 6.8 Mt, a decline of 2.1% compared to 2M22, of which Brazil contributed with 5.3 Mt - a decrease of 5.8% in the same period. According to statistics from *Instituto Aço Brasil* - IABR (Brazilian Institute of Steel), Brazilian production of crude steel this year has been leveraged, so far, by domestic demand. In 1Q23, domestic apparent consumption grew by 3.4%, while exports decreased by 6.1%, both in relation to 1Q22.

FeSi: In China, the nation responsible for around 70% of the world's supply of FeSi, production reached 1.4 Mt in 1Q23, decreasing 6.3% compared to 1Q22 and showing stability (+ 0.3%) compared to 4Q22, according to specialized reports. It is worth noting that the production level in March/23 was the lowest since September/22. Between 1Q22 and 1Q23, on the consumption side, Chinese crude steel production increased by 6.1%. In terms of exports, there was a drop of 25.7% between 2M22 and 2M23.

Between 4Q22 and 1Q23, the average price of FeSi, in dollars, grew 2.8% in Europe and dropped 7.9% in the US, while in China, the export price rose 1.1% and the domestic price (in renminbi) fell 3.9%.

STAINLESS STEEL: Specialized reports estimate that the world production of stainless steel totaled 13.5 Mt in 1Q23, with a decrease of 3.9% compared to 1Q22 and 5.1% compared to 4Q22. Of this total, China produced 7.9 Mt (58% of the 1Q23 total), which means an increase of 1.6% compared to 1Q22 and a decrease of 10.8% compared to 4Q22. Between 4Q22 and 1Q23, the positive highlights were the 10.5% growth in Japan and 165% in South Korea, whose production in

4Q22 had been very low. Inversely, India (-6.9%) and Indonesia (-16.9%) stood out for the negative results. In Brazil, production in 1Q23 (90 thousand tons) is estimated to have grown by 33.9% compared to 1Q22 and 0.8% compared to 4Q22.

In Europe, stainless steel production was estimated at 1.7 Mt in 1Q23, a decrease of 9.7% compared to 1Q22 and an increase of 8.6% compared to 4Q22. In the same period, 513 thousand tons were produced in the US, recording a slight improvement of 1.4% compared to 1Q22 and 6.1% compared to 4Q22.

FeCr: World production of HC FeCr, which normally remains in line with the volumes produced for stainless steel, totaled 3.8 Mt in 1Q23, with a decrease of 1.6% compared to 1Q22 and an increase of 1.0% compared to 4Q22, according to estimates from specialized publications. Of this volume, China was responsible for 1.7 Mt (44% of the total in 1Q23), which means a subtle evolution of 1.0% compared to 1Q22 and 10.4% compared to 4Q22.

In 1Q23, the price of HC FeCr maintained its upward trend in China, even with weakened demand, due to strong pressures on the cost of chromium ore, a situation aggravated by the still low levels of ore inventories in Chinese ports. By way of comparison, it can be seen that between October/22 and March/23 the import price of Chinese HC FeCr was increased by 14.7%, while its stainless steel production fell by 3.2% and its stainless steel stocks jumped 106%. As a result, between 4Q22 and 1Q23, Chinese HC FeCr prices increased by 12.5% for imports and 7.1% for the domestic market, in renminbi terms. In Europe and the USA prices grew by 7.3% and 0.7% respectively.

We reiterate that the prices practiced by **FERBASA** are based on a “basket” of international prices, among which those practiced by the European, American, and mainly Asian markets.

4. PRODUCTION

In 1Q23, 70.2 thousand tons of ferroalloys were produced, a decrease of 9.3% compared to 4Q22 due to reductions of 8.9% in chromium alloys and 10.2% in silicon alloys. HP FeSi production dropped 4.1% in the same period and reached 47.1% of total silicon alloys produced in 1Q23.

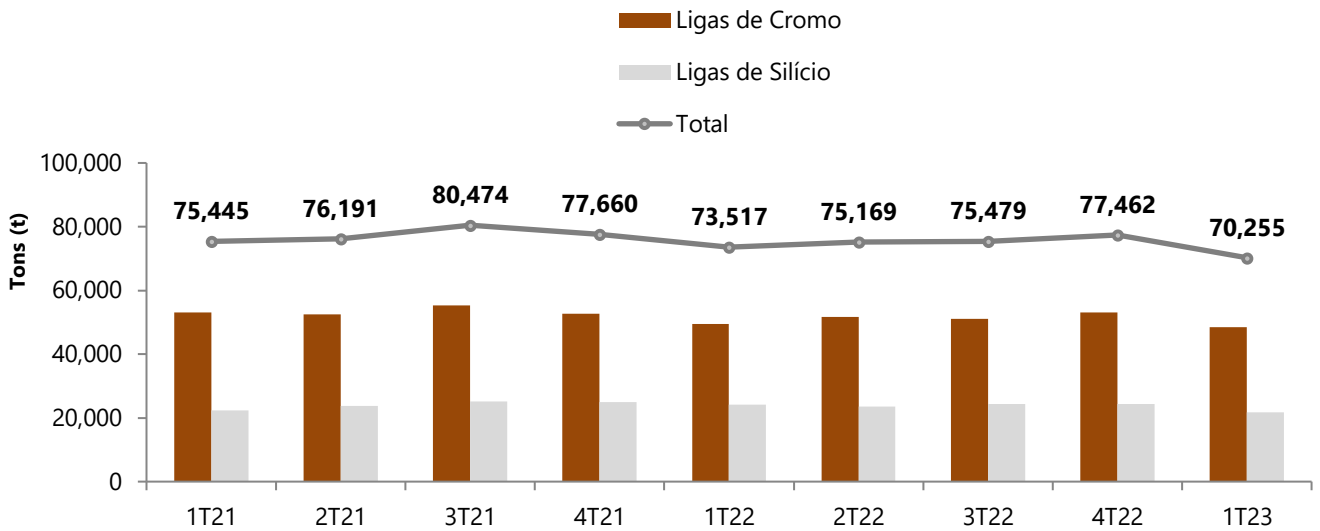
All production variations are in line with inventory conditions and the sales plan. It is worth mentioning that a portion of the manufactured ferroalloys is consumed internally, as an input in the other production chains.

Production (tons)	1Q23	4Q22	Δ%	1Q22	Δ%
Chromium Alloys	48,462	53,186	-8.9%	49,393	-1.9%
Silicon Alloys	21,793	24,276	-10.2%	24,124	-9.7%
Total	70,255	77,462	-9.3%	73,517	-4.4%
Use of Installed Capacity (MWh) %	76.7%	83.7%		84.1%	

The installed capacity, measured based on the potential consumption of electricity in MWh, is based on the daily and uninterrupted operation of the furnaces at normal power (without power reduction or shutdowns of any kind) and the mix of products that makes it possible to operate furnaces at maximum power.

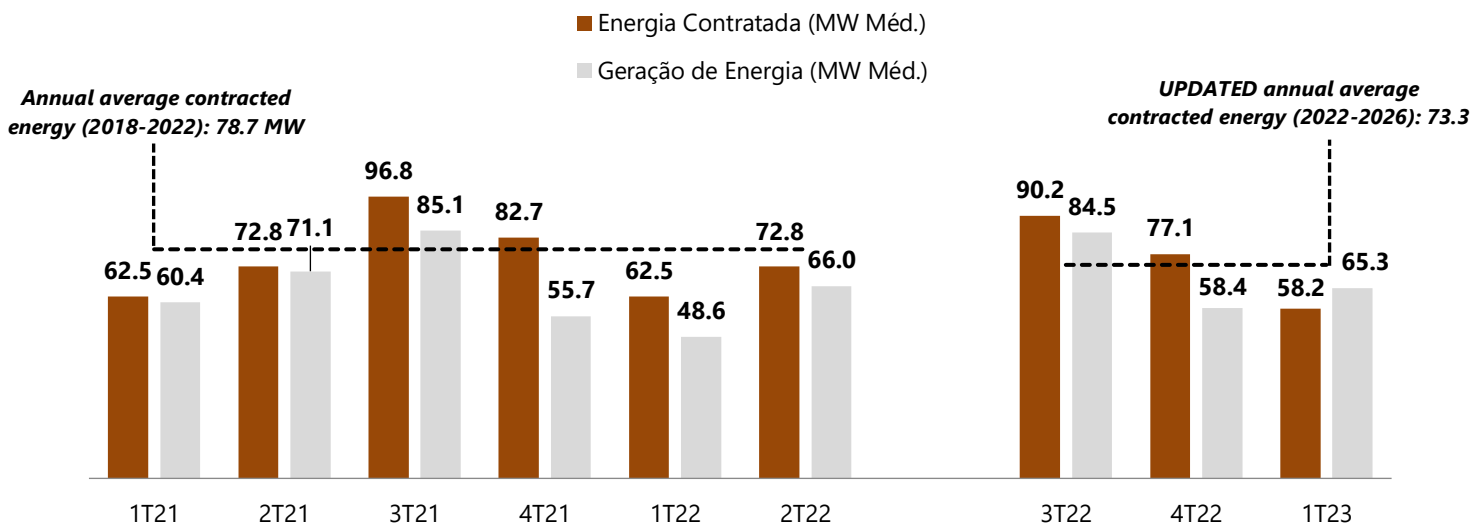
The use of installed capacity may be affected by: (i) reduction in power or stoppage of furnaces during peak hours (6:00 pm to 9:00 pm); (ii) furnace shutdown or power reduction for maintenance, renovation, or operational intervention; (iii) production of alloys that require power reduction; and (iv) commercialization of part of the contracted energy in the Free Market.

In 1Q23, **FERBASA** used 76.7% of installed capacity. The 7.0 p.p. retraction compared to 4Q22, it was mainly due to maintenance stoppages in the furnaces.



4.1 Electrical Power Generation – BW Guirapá

In 1Q23, net generation of electricity at BW Guirapá wind farms was 65.3 average MW, 34.3% higher than 1Q22 and 12.1% higher than the 58.2 average MW related to energy contracted for the quarter. Climate effects were the main positive highlight, increasing forecast gross generation by 9.6 average MW.



The results mentioned above must be analyzed in the light of the main factors that influence the energy generation of the BW Guirapá Wind Complex: (i) the operational availability of the entire Wind Complex, which in the case of the wind turbine is related to the time available to operate and the time relative to effective generation (availability by energy); (ii) wind turbine performance, measured by the relationship between the actual and expected generation, depending on the theoretical power curve of the turbine; (iii) climatic conditions of the atmosphere regarding wind quality (speed and density), which is the determining factor for the level of power generation of wind farms; (iv) systemic restrictions imposed by the National Electric System Operator - ONS; and (v) internal and external electrical losses.

Regarding the estimated gross generation (best expectation) of 66.6 average MW for 1Q23, the net generation actually realized, of 64.3 average MW, can be explained as follows:

Manageable factors (- average 4,8 MW):

- Achieved availability of 97.4%, which caused a reduction of 1.9 average MW in power generation. This result comes mainly from damage to wind turbines, in particular from the breakage of 02 gearboxes, 01 main bearing and 01 generator.
- The average realized performance of 96.2% in the period, responsible for a decrease of 2.9 average MW. Performance is related to the adjustment of the calibration of existing measurement equipment in the Parks, which guides the use of wind turbines.

3Q22 – Non-manageable factors (+ average 3,5 MW):

- The weather has positively impacted the expected gross generation by 9.6 average MW, as the average wind speed (18.11 mph) was above the required generation forecast for the period.
- Internal and external electrical losses referring, respectively, to equipment and the transmission system (External Systemic Losses – ONS apportionment) suppressed a total of 4.9 average MW from gross generation.
- The systemic restrictions imposed by the ONS for the real-time management of the National Interconnected System - SIN (in Portuguese – *Sistema Interligado Nacional*) impacted the Park's generation by an average of 1.2 MW.

5. SALES

Sales volume in 1Q23 reached 73.4 thousand tons of ferroalloys, an increase of 10% compared to 4Q22. This result stems from the expressive 44.9% increase in export volume and the 15.9% reduction in sales to the domestic market. In the case of chrome alloys, part of the growth in volumes destined for the foreign market was due to delays in shipments in 4Q22 due to logistical limitations. For silicon alloys, the sales reductions are related to the cooling of international prices and its consequences on domestic producers.

The Company remains flexible to direct products between the Brazilian market and exports, depending on market circumstances.

Sales (tones)	1Q23	4Q22	Δ%	1Q22	Δ%
DOMESTIC MARKET (MI)					
Chromium Alloys	29,003	32,942	12.0%	25,642	13.1%
Silicon Alloys	3,218	5,374	-40.1%	4,813	-33.1%
MI Total	32,221	38,316	-15.9%	30,455	5.8%
FOREIGN MARKET (ME)					
Chromium Alloys	22,077	7,472	195.5%	14,232	55.1%
Silicon Alloys	19,156	20,976	-8.7%	19,716	-2.8%
ME Total	41,233	28,448	44.9%	33,948	21.5%
TOTAL (MI + ME)	73,454	66,764	10.0%	64,403	14.1%

5.1 Net Revenue

Net revenue, in 1Q23, totaled R\$716.4 million, the same level as in 4Q22. In the analyzed period, there was a slight decline of 0.5% in net revenue from ferroalloys, explained by the reductions of 8.4% in the average price in dollars and 1.1% in the average dollar practiced, which were offset by the 10% increase in sales volume.

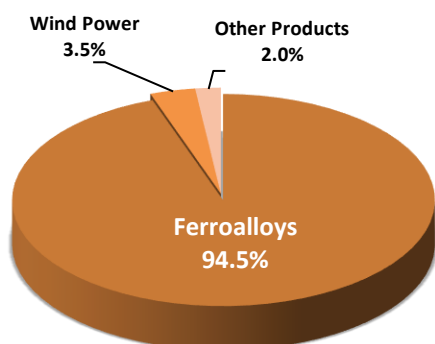
Net Revenue (R\$ millions)	1Q23	4Q22	Δ%	1Q22	Δ%
DOMESTIC MARKET (MI)					
Ferroalloys	272.1	320.2	-15.0%	328.0	-17.0%
Wind Power	25.6	23.4	9.4%	16.6	54.2%
Other Products (*)	14.0	10.4	34.6%	11.8	18.6%
Total MI	311.7	354.0	-11.9%	356.4	-12.5%
FOREIGN MARKET (ME)					
Ferroalloys	404.7	360.2	12.4%	381.3	6.1%
Total ME	404.7	360.2	12.4%	381.3	6.1%
TOTAL (MI+ME)	716.4	714.2	0.3%	737.7	-2.9%
Average US dollar practiced (R\$/USD)	5.19	5.25	-1.1%	5.37	-3.4%

Includes revenue with chromite sand, lime, microsilica, wood and slag.

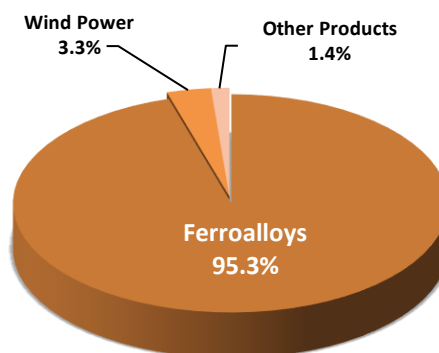
5.2 Net Revenue by Product and Market (%)

As it follows, there is the Net Revenue by Product:

Sales Mix - 1Q23

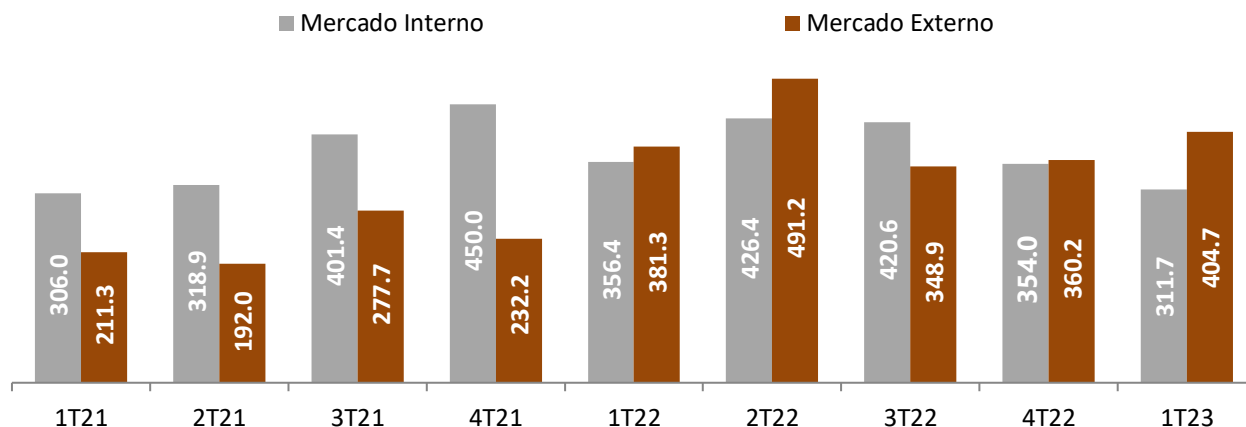


Sales Mix- 4Q22



The chart below shows the trajectory of net revenue between 1Q21 and 1Q23, distributed between the domestic market and exports. An almost constant growth in total revenue can be seen until its peak in 2Q22, which is explained by the disorganization of global production chains after the pandemic and the consequent rise in international prices of our products, a situation that was exacerbated by the energy crisis resulting from the beginning of the conflict in Eastern Europe. Since then, there has been a slight reversal of this trend and milder variations in total net revenue, especially in recent quarters. We also highlight the growth in the share of sales to the foreign market from 1Q22 onwards, best seen in the chart below.

Distribution of Net Revenue by Market (In millions of Reals)



6. COST OF GOODS SOLD

Consolidated cost of goods sold (COGS) totaled R\$495.9 million in 1Q23 and incorporated a 5.0% increase compared to 4Q22. When considering exclusively data from ferroalloys, COGS grew by 10.9%, accompanying the increase in sales volume.

Compared to 1Q22, consolidated COGS in 1Q23 increased by 31.6%, while in the case of ferroalloys, COGS increased by 31.8%. This increase, for the most part, is justified by the 14.1% increase in sales volume and reflects increases in the costs of inputs and raw materials in general, especially with reducers, chromium ore and electrode paste, in a scenario where inflationary pressures impacted the entire production chain of our business.

Specifically dealing with electricity, we observed a decline of 8.7% in the average cost of electricity consumed in the production of ferroalloys, between 1Q22 and 1Q23, which is a result of the 30.5% retraction in expenses with sector charges, arising from more favorable conditions for water reservoirs, and the 9.6% growth in the average contracted tariff, with *CHESF* and *Free Market*.

Regarding the production cost of high carbon ferrochrome in 1Q23, in addition to the reduction in production, the main factors responsible for the increase were the increases in the costs of chromium ore, resulting from expenses to expand operational reserves in Mining, and of coke, due to the increase in the international price of coal, resulting from the effects of the conflict in Eastern Europe.

Regarding low carbon ferrochrome (LC FeCr), we highlight the increases in the costs of chrome ore, the FeSi Cr reducer (produced internally) whose furnaces required corrective maintenance, in addition to the aforementioned increase in the cost of high carbon ferrochrome (HC FeCr). Additionally, all other inputs showed an increase in their costs, accompanying the global inflationary process.

In the case of ferrosilicon, still considering the 1Q23, we highlight the increases in the costs of bio-reducer and electrodic paste. In the case of the bio-reducer, the increase in the humidity of the wood consumed increased the generation of fines in the charcoal kilns and implied the need for a greater acquisition of charcoal from third parties.

Regarding the COGS of the BW Guirapá wind complex, the Wind Energy line shown in the table below refers to its main cost components, which are associated with the operation of wind turbines, equipment maintenance, energy transmission and depreciation.



COGS (R\$ millions)	1Q23	%NR(*)	4Q22	%NR(*)	1Q22	%NR(*)
Ferroalloys	467.3	69.0%	421.3	61.9%	354.5	50.0%
Wind Power	19.0	74.2%	19.7	84.2%	18.4	110.8%
Other Products (i)	9.3	66.4%	5.5	52.9%	8.6	72.9%
Subtotal products	495.6		446.5		381.5	
Depletion of biological asset	-		9.5		-	
Idle Capacity	2.6		1.2		0.7	
Others	(2.3)		14.9		(5.4)	
Subtotal others	0.3		25.6		(4.7)	
Total General	495.9		472.1		376.8	
%Net Revenue	69.2%		66.1%		51.1%	

(*) Considers the percentages of COG by the Net Revenue of each product.

(i) They include costs for the products: chromite sand, lime, microsilica, wood and slag.

7. EXPENSES

7.1 Selling Expenses

Selling expenses totaled R\$5.3 million in 1Q23. In 4Q22, these expenses totaled R\$1.7 million, a figure greatly reduced by the recovery of a credit related to customer default, in the amount of R\$3.9 million. The percentages of selling expenses over net revenue corresponded to 0.2% in 4Q22 and 0.7% in 1Q23.

7.2 General and Administrative Expenses

Consolidated general and administrative expenses include portions related to salaries, benefits, management fees, social charges, consulting services and provision for profit sharing. In 1Q23, these expenses totaled R\$52.3 million (R\$1.6 million referring to BWG), a decrease of 27.8% compared to the R\$72.4 million (R\$1.9 million referring to BWG) recorded in 4Q22. It is worth noting that 4Q22 was increased by the bonus to employees in the amount of R\$ 22 million.

Without considering provisions for profit sharing, bonuses and management compensation, general and administrative expenses went from R\$30.1 million in 4Q22 to R\$27.2 million in 1Q23, a decrease of 9.6%.

7.3 Other Expenses/Operating Revenues

This line presented expenses of R\$ 21.1 million in 1Q23, against the R\$ 30.6 million recorded in 4Q22 - a reduction of 31.0%, caused by the concentration of expenses with corporate social responsibility in the last quarter of 2022. Components of expenses in 1Q23 were drilling services at Mining and the result of the transfer of energy.

8. ADJUSTED EBITDA

EBITDA is not a measure defined by Brazilian and international accounting standards, representing the profit for the period calculated before interest, income tax, social contribution, depreciation, amortization, and depletion. **FERBASA** presents its adjusted EBITDA in accordance with **CVM* Resolution 156/22**, that is, with the respective purge of the net effect of the fair value of biological assets, the provision for contingencies and other non-recurring effects.



*CVM – in Portuguese: *Comissão de Valores Mobiliários*, which stands for Securities and Exchange Commission of Brazil.

EBITDA - Consolidated (R\$ millions)	1Q23	4Q22	Δ%	1Q22	Δ%
Net Profit	131.6	152.0	-13.4%	252.3	-47.8%
(+/-) Net financial result (ex-derivative and non-derivative financial instruments)	(23.3)	(35.3)	-34.0%	3.5	-765.7%
(+/-) Income derivative and non-derivative financial instruments ¹	-	0.1	-	9.2	-
(+/-) IRPJ/CSLL	33.5	30.1	11.3%	48.9	-31.5%
(+/-) Depreciation, amortization, exhaustion, and capital gain ²	45.9	37.7	21.8%	33.7	36.2%
EBITDA	187.7	184.6	1.7%	347.6	-46.0%
(+/-) Provision for contingencies and other provisions ³	(0.4)	6.1	-	-	-
(+/-) Net effect of fair value of biological assets ⁴	-	(0.1)	-	-	-
(+/-) Receipt of Insurance Claim ⁵	-	(1.5)	-	-	-
(+/-) Actuarial adjustment effect ⁶	-	-	-	(22.0)	-
Adjusted EBITDA	187.3	189.1	-1.0%	325.6	-42.5%
<i>EBITDA Margin</i>	<i>26.1%</i>	<i>26.5%</i>		<i>44.1%</i>	

- 1) Derivative financial instruments correspond to Purchase NDFs and Sale NDFs and non-derivative financial instruments correspond to Export Hedge.
- 2) Capital gain refers to the effect of the realization of assets valued at their fair value, reflecting the acquisition of BWG.
- 3) Effect of creating new processes and reversals of provisions for contingencies for the period (Note 27 to the 2022 Financial Statements).
- 4) Net effect between the change in fair value for the period (price/growth) and the fair value of depletion, on sale/consumption (Note 18 to the 2022 Financial Statements).
- 5) Refers to the receipt of an insurance claim due to the failure of some gearboxes at BWG.
- 6) Refers to the actuarial adjustment resulting from changes in the health plan managed by Bradesco Saúde.

Additionally, we present below the EBITDA table of the subsidiary BW Guirapá.

EBITDA - BW (R\$ millions)	1Q23	4Q22	Δ%	1Q22	Δ%
Profit (Loss)	0.2	0.7	-71.4%	(8.9)	-
(+/-) Net Financial Result	4.2	2.8	50.0%	4.0	5.0%
(+/-) IRPJ/CSLL	0.3	(0.2)	-	-	-
(+/-) Depreciation and Amortization	10.6	10.5	1.0%	10.6	-
EBITDA	15.3	13.8	10.9%	5.7	168.4%
(+/-) Receipt of Insurance Claim ⁵	-	(1.5)	-	-	-
Adjusted EBITDA	15.3	12.3	24.4%	5.7	168.4%
<i>EBITDA Margin</i>	<i>59.8%</i>	<i>52.6%</i>		<i>34.3%</i>	

9. FINANCIAL STRUCTURE

9.1 Net Cash and Cash Consumption

According to the Cash Flow Statement (DFC, CPC – 03 R2) (in Portuguese – *Demonstração de Fluxo de Caixa*), which only considers the variation in cash and cash equivalents, the amount generated by operating, investing, and financing activities in 1Q23 was R\$ 106, 1 million, mainly impacted by:

(+) R\$166.7 million in **operating income generated in the year**, including changes in working capital, payment of interest and taxes;

(-) R\$ 38.3 million from **investment activities**, a result influenced by: (i) transfer to the Cash and Cash Equivalent balance of Financial Applications in the amount of (+) R\$ 22.9 million; (ii) acquisitions for fixed assets and funding of biological assets, which together totaled (-) R\$57.0 million; (iii) and others in the amount of (-) R\$4.2 million;

(-) R\$ 22.3 million from **financing activities**, impacted by: (i) amortization of consolidated loans and financing in the amount of (-) R\$ 7.1 million (with emphasis on the R\$ 6.5 million referring to BWG's debt with BNDES – Brazilian Bank (in Portuguese – *Banco Nacional do Desenvolvimento*); (ii) payment of leases/rentals in the amount of (-) R\$ 15.2 million.

Also considering the balance of the “Financial Investments” account, whose positive variation was R\$ 3.6 million, in 1Q23 a total cash generation of R\$ 109.7 million was carried out. On March 31st, 2023, the consolidated financial reserve was R\$ 1.39 billion (cash and cash equivalents and financial investments) and the consolidated debt of R\$ 338.9 million (R\$ 232.1 million referring to BWG debt with BNDES). Thus, the Company ended the year with a net cash position of R\$ 1.06 billion.

Net Cash - Consolidated (R\$ millions)	03/31/2023	12/31/2022	Δ
Cash and cash equivalents	580.2	474.1	106.1
Financial investments	814.6	811.0	3.6
Total Financial Reserve	1,394.8	1,285.1	109.7
Loans and financing*	(338.9)	(342.0)	3.1
Net Cash	1,055.9	943.1	112.8

(*) amount not deducted from the borrowing cost (IOF) of R\$ 3.9 and R\$ 4.0 million for 03/31/23 and 12/31/22, respectively.

9.2 Net Financial Results

The financial result was R\$23.3 million in 1Q23, 33.8% lower than the result of R\$35.2 million in 4Q22, basically due to the 21.4% reduction in financial revenue. This reduction is justified by the mark-to-market effect on the Company's financial investment portfolio, resulting from the reduction in inflation and the turmoil that occurred in the financial market, especially in the retail and health segments.

Financial Results (R\$ million)	1Q23	4Q22	Δ%	1Q22	Δ%
Financial performance					
Financial revenue	37.4	47.6	-21.4%	27.5	36.0%
Financial expense	(13.8)	(13.4)	3.0%	(13.6)	1.5%
Net Exchange variation	(0.3)	1.1	-	(17.5)	-98.3%
Subtotal	23.3	35.3	-34.0%	(3.6)	-
Result of Settled Financial Instruments	-	(0.1)	-	(9.2)	-
Total general	23.3	35.2	-33.8%	(12.8)	-

10. FIXED, INTANGIBLE ASSETS AND BIOLOGICAL ASSETS

10.1 CAPEX

In 1Q23, CAPEX of R\$57.0 million was 44.8% lower than in 4Q22. The values segregated by business unit are shown in the table below.:

CAPEX (R\$ millions)	Metallurgy	Mining	Forestry	Wind Power	1Q23	4Q22	1Q22
Machinery and Equipment	4.9	18.5	1.3	3.5	28.2	69.2	16.7
Biological Asset	-	-	12.8	-	12.8	11.8	11.9
Buildings	0.9	0.9	0.6	-	2.4	13.2	1.6
Mines	-	3.4	-	-	3.4	4.6	2.4
Furniture and utensils	0.1	-	-	-	0.1	0.5	-
Advances, IT, Intangible and Others	0.6	0.1	9.3	0.1	10.1	3.9	0.7
Total	6.5	22.9	24.0	3.6	57.0	103.2	33.3

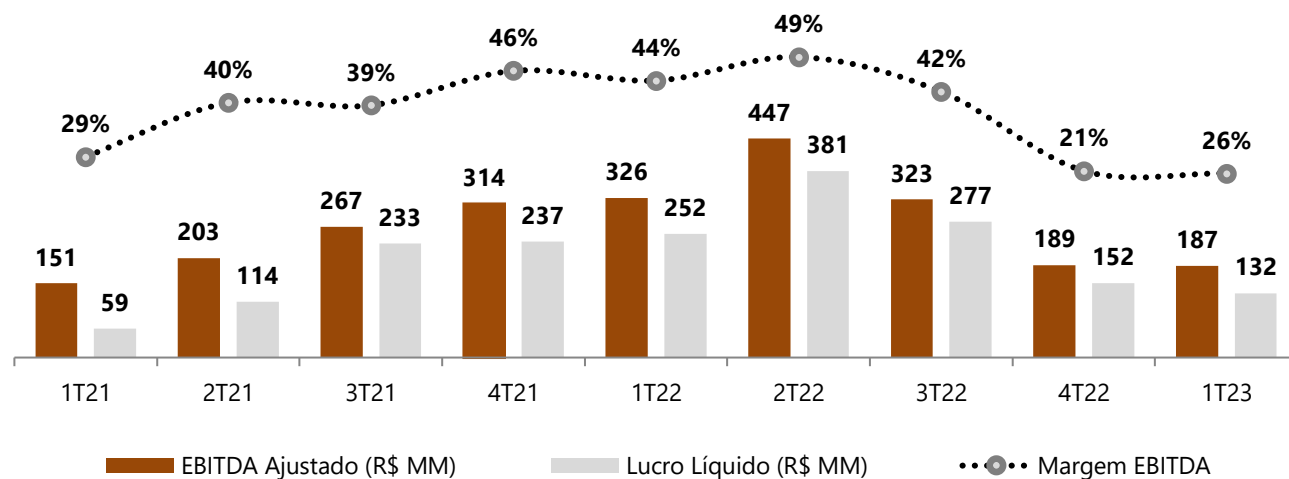
The highest amounts of investments in the period were allocated to the acquisition of machinery and equipment (49.5%), especially in Metallurgy and Mining, as well as Forestry maintenance of biological assets (22.4%). Together, these lines represented 71.9% of the total CAPEX carried out by **FERBASA** in 1Q23.

11. NET PROFIT

As a result of the effects mentioned in this report, consolidated net income in 1Q23 totaled R\$131.6 million (18.4% margin on net revenue). Thus, the main elements that influenced this result, in relation to 4Q22, were:

- (i) Decrease of 8.4% in the dollar-weighted average price of ferroalloys;
- (ii) 10% increase in sales volume of ferroalloys and change in the sales mix in favor of exports, influenced by the decrease in sales in the domestic market;
- (iii) 10.9% increase in cost of goods sold (COGS) of ferroalloys.

Additionally, **FERBASA** generated consolidated cash generation of R\$109.7 million in 1Q23. Below is the evolution of adjusted EBITDA and EBITDA margin and net income since 1Q21.



12. STATEMENT OF ADDED VALUE.

The following table shows the wealth generated by the Company in 1Q23 and its respective distribution to related parties:

DVA (Statement of Added Value) (R\$ millions)	1Q23	4Q22	Δ%	1Q22	Δ%
Employees	102.4	123.0	-16.7%	100.8	1.6%
Government	68.4	78.9	-13.3%	96.8	-29.3%
Others (1)	15.1	23.0	-34.3%	49.0	-69.2%
Net Profit (2)	131.6	152.0	-13.4%	252.3	-47.8%
Total	317.5	376.9	-15.8%	498.9	-36.4%

(1) Refer to interest, rents, leases, financial income, derivative and non-derivative financial instruments and other.

(2) Shareholders and retained earnings.

13. CAPITAL MARKET

13.1 FESA4 performance on B3

Some indicators on the performance of FERBASA's shares in the capital market are shown in the table below:

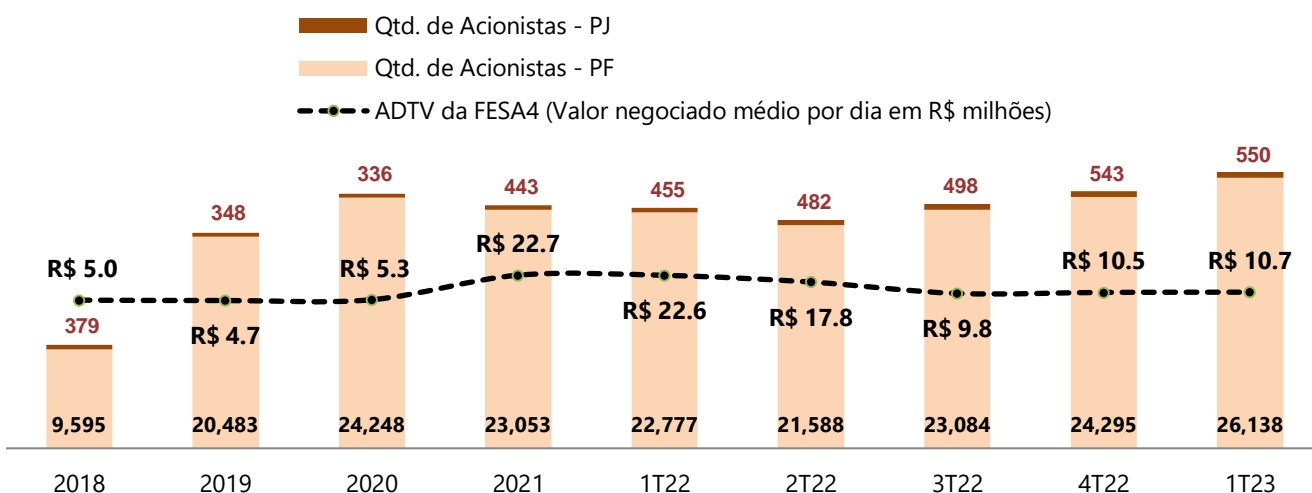
	1Q23	Δ%	4Q22
Volume of shares traded (thousand)	12,318	4.1%	11,828
Transacted value (R\$ thousand)	671,476	5.0%	639,971
Market value (R\$ thousand) ⁽¹⁾	4,812,851	-2.1%	4,914,713
Shares in <i>Free Float</i> Circulation (thousand) ⁽²⁾	40,905	-	40,905
Last quotation of the period (R\$ PN)	53.02	-0.8%	53.47
Book value per share (R\$)	37.27	2.9%	36.22

Notas:

(1) Number of shares (by ON and PN class) multiplied by their respective stock prices on 03/31/2023 e 12/31/2022;

(2) Total volume of Company shares, excluding the shares of the treasury (ON: 40,000; PN: 3,183,300), of the Controlling shareholder (ON: 29,086,700; PN: 15,162,000) and of the Management (ON: 98; PN: 39,600).

The graph below shows the Evolution of the shareholder base by type of shareholder, referring to the last day of each period, and of the ADTV index (Average Daily Trading Volume), which represents the average volume (in R\$ million) traded per day, acronym in English.



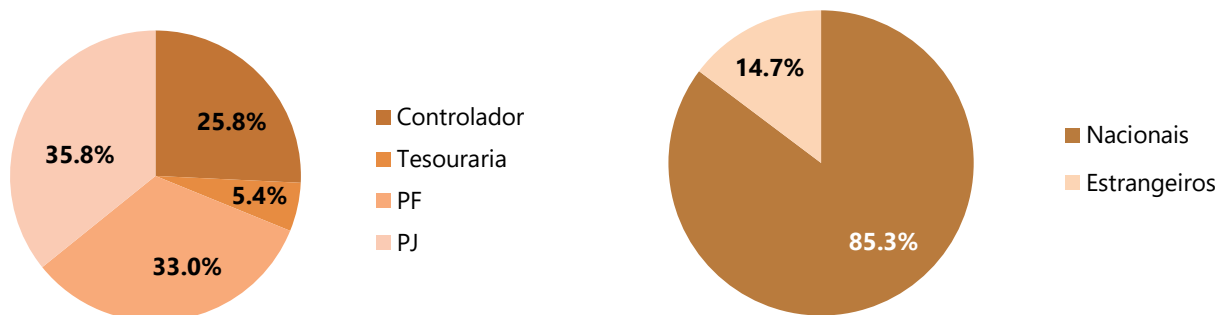
Despite the record number of investors in our shareholder base (26,688 shareholders), ADTV of R\$10.7 million in 1Q23 remained at the level of 4Q22, influenced by the maintenance of the average volume of PNs traded (+0.8%) and the FESA4 quotation, as indicated in the table above. In the first quarter of the year, the fluctuations suffered by the capital market – both due to local turmoil (retail and health segments) and uncertainties about the world economy – resulted in the outflow of foreign capital from the Brazilian stock exchange.

13.2 Shareholding Composition and Investor Profile

The table below shows the shareholding composition of **FERBASA** on 03/31/2023.

Shareholders (number of shares)	ON	%	PN	%	TOTAL	%
José Carvalho Foundation	29,086,696	98.80	15,162,000	25.75	44,248,696	50.10
Trígono Capital	3000	0.01	7,785,700	13.22	7,788,700	8.82
Vanguard Group	-	-	1,533,124	2.60	1,533,124	1.74
Black Rock	-	-	917,271	1.56	917,271	1.04
Caixa Econômica	-	-	795,443	1.35	795,443	0.90
Treasury Shares	40,000	0.14	3,183,300	5.41	3,223,300	3.65
Other shareholders	310,304	1.05	29,503,162	50.11	29,813,466	33.75
Total	29,440,000	100.00	58,880,000	100.00	88,320,000	100.00

The shareholder profile of **FERBASA's** preferred shares (**FESA4**), considering the **shareholder base on 03/31/2023** as a reference, is configured as follows:



The Company remains committed to the quality of its relationship with its shareholders and with the market in general, based on the principles of integrity, transparency, equity, independence and responsibility, always seeking the best investor relations practices.

14. ESG Schedule

FERBASA historically prioritizes in its corporate agenda actions that contribute to the evolution of the ESG agenda, analyzing the impacts on the sustainability of the business and on the relationship with its stakeholders. In addition, we clarify that the Company, so far, does not have:

- (i) Loans or financing linked to ESG targets and indicators;
- (ii) Insurance related to ESG aspects;
- (iii) Carbon credit transactions;
- (iv) Provisions or contingent liabilities constituted related to ESG, in addition to the environmental provision already disclosed by the Company; and
- (v) Risk of discontinuing its operations.

15. GLOSSARY

High Carbon Ferrochrome (HC FeCr) - Iron and chromium alloy that features carbon content, also known as "*Charge Chrome*", it is used in the manufacture of stainless steels and special alloys. Stainless steels are used in food, chemical, cellulose, petroleum, in addition to the so-called "white good" products, household items, civil construction and other.

Low Carbon Ferrochrome (LC FeCr) - Iron and chromium alloy that presents carbon with a maximum content of 0.15%, used during the production of steels to correct chromium contents without causing undesirable variations in carbon content. Industrially, it has the same purpose as ferrochrome high carbon, being used in the production of stainless steels with wide application in the consumer goods industries.

Ferrosilicon Chromium (FeSiCr) - Reducing element in the manufacture of Low Carbon Ferrochrome and steels, for the addition of chromium and silicon.

Ferrosilicon 75 (FeSi75) - In steel production, Ferrosilicon 75 Standard is used as a deoxidant and alloying element; in the casting industry serves as a graphite agent. High Purity Ferrosilicon (HP) makes up the manufacture of steels intended for the manufacture of transformers, hydroelectric plants, freezers, airtight compressors for refrigerators and others.

ASSETS – (in R\$ thousands)	CONSOLIDATED		
	1Q23	2022	1Q22
Current Assets	1,823,177	1,694,947	1,551,311
Cash and cash equivalents	580,246	474,102	318,374
Financial Investments	441,555	393,461	454,793
Receivables from customers	239,805	211,934	266,746
Stocks	525,668	579,161	458,999
Taxes to be recovered	15,550	18,324	27,861
Prepaid expenses	4,571	5,595	9,447
Advances to suppliers – electric power	1,667	2,000	2,000
Other assets	14,115	10,370	13,091
Non-current Assets	2,304,564	2,372,438	2,031,882
Advance to supplier – electric power	-	167	1,667
Financial investments	373,009	417,569	257,155
Stocks	8,738	8,738	6,834
Taxes to be Recovered	6,692	6,662	3,907
Deferred income tax and social contribution	-	17,845	-
Judicial Deposits	8,484	46,544	46,381
Other credits	826	826	632
Investments	124	124	124
Fixed and Intangible	1,563,491	1,545,738	1,451,953
Right of use on lease	61,346	51,946	31,575
Biological Asset	281,854	276,279	231,654
Assets Total	4,127,741	4,067,385	3,583,193

LIABILITIES AND EQUITY - (in R\$ thousands)	CONSOLIDATED		
	1Q23	2022	1Q22
Current Liabilities	437,323	505,951	416,880
Suppliers	122,903	129,638	112,885
Advances from customers	52,513	61,209	-
Loans and financing	71,943	70,284	75,398
Cost of funding	(455)	(455)	(455)
Labor and actuarial obligations	80,289	136,180	83,487
Taxes and social contributions	34,361	59,084	33,172
CCEE reimbursement account	29,480	12,870	38,963
Proposed dividends and JCP	47	47	42,800
Leases to pay	35,093	27,417	12,720
Other liabilities	11,149	9,677	17,910
Non-current Liabilities	517,971	520,547	537,366
Loans and financing	266,947	271,750	328,800
Cost of funding	(3,473)	(3,587)	(3,929)
Obligations with acquisition of subsidiaries	4,978	4,978	4,978
Labor and actuarial obligations	47,583	45,962	43,158
Taxes and social contributions	3,587	87	87
Taxes and deferred social contributions	7,505	1,022	7,371
CCEE reimbursement account	49,208	60,645	24,619
Provision for contingencies	60,774	60,717	57,008
Provision for environmental liabilities	56,704	56,313	58,191
Leases to pay	24,158	22,660	17,083
Total Equity	3,172,447	3,040,887	2,628,947
Controlling Shareholders' Equity	3,171,180	3,039,676	2,627,851
Share capital	1,225,444	1,225,444	1,225,444
Profit reserve	1,792,591	1,792,591	1,129,261
Equity valuation adjustments	47,395	47,395	46,671
Treasury shares	(25,754)	(25,754)	(25,754)
Retained earnings	131,504	-	252,229
Participation of non-controlling shareholders	1,267	1,211	1,096
Total Liabilities and Shareholders' Equity	4,127,741	4,067,385	3,583,193



RESULTS REPORT (in R\$ thousands)	CONSOLIDATED					
	1Q23		4Q22		1Q22	
	R\$ thousand	%NR	R\$ thousand	%NR	R\$ thousand	%NR
GROSS REVENUE	797,004	100.0	759,592	100.0	828,320	100.0
Domestic Market	388,932	48.8	424,771	55.9	447,107	54.0
Foreign Market	408,072	51.2	334,821	44.1	381,213	46.0
Sales tax, returns and rebates.	(80,630)	(10.1)	(45,431)	(6.0)	(90,582)	(10.9)
NET REVENUE	716,374	100.0	714,161	100.0	737,738	100.0
Cost of Goods Sold	(495,861)	(69.2)	(472,092)	(66.1)	(376,831)	(51.1)
Variation in the fair value of biological assets	-	-	9,577	1.3	-	-
GROSS PROFIT	220,513	30.8	251,646	35.2	360,907	48.9
Operating expenses						
With sales	(5,252)	(0.7)	(1,676)	(0.2)	(4,396)	(0.6)
Administrative	(27,194)	(3.8)	(30,089)	(4.2)	(18,718)	(2.5)
Adm's payment, Profit Sharing and Employee Allowance	(25,068)	(3.5)	(42,329)	(5.9)	(34,629)	(4.7)
Other (expenses) operating income	(21,149)	(3.0)	(30,587)	(4.3)	10,706	1.5
Operating Income Before Financial Result	141,850	19.8	146,965	20.6	313,870	42.5
Financial Revenue	37,372	5.2	47,532	6.7	27,553	3.7
Financial Expense	(13,850)	(1.9)	(13,362)	(1.9)	(13,610)	(1.8)
Net Exchange variation	(266)	(0.0)	1,080	0.2	(17,480)	(2.4)
Derivative and non-derivative financial instruments (settlement)	-	-	(141)	(0.0)	(9,201)	(1.2)
Financial result	23,256	3.2	35,109	4.9	(12,738)	(1.7)
Profit before IRPJ/CSLL	165,106	23.0	182,074	25.5	301,132	40.8
IRPJ/CSLL	(33,546)	(4.7)	(30,082)	(4.2)	(48,867)	(6.6)
Profit for the period	131,560	18.4	151,992	21.3	252,265	34.2

RESULTS REPORT (in R\$ thousands)	BW GUIRAPÁ					
	1Q23		4Q22		1Q22	
	R\$ thousand	%NR	R\$ thousand	%NR	R\$ thousand	%NR
NET REVENUE	25,553	100.0	23,425	100.0	16,652	100.0
Cost of Goods Sold	(18,986)	(74.3)	(19,760)	(84.4)	(18,445)	(110.8)
GROSS PROFIT	6,567	25.7	3,665	15.6	(1,793)	(10.8)
Operating Expenses						
General, administrative, and Other operating revenues/expenses	(1,891)	(7.4)	(348)	(1.5)	(3,133)	(18.8)
Operating profit before financial result	4,676	18.3	3,317	14.2	(4,926)	(29.6)
Financial Revenue	3,279	12.8	4,414	18.8	2,806	16.9
Financial Expense	(7,460)	(29.2)	(7,199)	(30.7)	(6,785)	(40.7)
Financial Result	(4,181)	(16.4)	(2,785)	(11.9)	(3,979)	(23.9)
Profit (Loss) before IRPJ/CSLL	495	1.9	532	2.3	(8,905)	(53.5)
IRPJ/CSLL	(293)	(1.1)	207	0.9	(19)	(0.1)
Profit (Loss) for the term	202	0.8	739	3.2	(8,924)	(53.6)



CASH FLOW STATEMENT - (in R\$ thousands)	CONSOLIDATED		
	INDIRECT METHOD	1Q23	2022
Cash flow from operating activities			
Profit for the period	131,560	1,062,474	252,265
Net profit adjustments			
Interest and monetary and exchange variations	(4,616)	(53,971)	9,035
Depreciation, amortization, and exhaustion	37,601	121,275	28,621
Depletion of biological asset	7,240	51,910	3,951
Change in the fair value of biological assets	-	(38,003)	-
Deferred taxes	24,328	(3,515)	21,053
Provision for profit holdings	19,153	-	29,612
Lease payable update	(172)	7,283	1,315
Post-employment benefit update	1,621	(17,954)	(21,859)
Constitution (reversal) of provision for contingencies	(414)	951	43
Others	1,329	3,036	1,331
	217,630	1,133,486	325,367
Reduction (increase) in asset accounts:			
Accounts to receive from customers	(28,240)	82,953	4,345
Stocks	54,251	(157,549)	(37,906)
Taxes to be recovered	9,891	51,395	48,080
Advance to suppliers	500	2,000	500
Judicial Deposits	31,893	6,381	(445)
Other Assets	(3,921)	1,703	(4,236)
Increase (decrease) in liabilities accounts:			
Suppliers	(6,216)	20,186	1,895
Taxes and social contributions	(1,750)	6,258	4,346
Income tax and social contribution to pay	9,218	185,401	27,814
Labor and actuarial obligations	(75,045)	22,333	(59,972)
CCEE reimbursement accounts	558	19,175	13,012
Advances from customers	(8696)	56,321	8083
Other liabilities	1,370	4,681	(24)
Income tax and social contribution paid	(29,380)	(204,652)	(75,077)
Interest paid in the year	(5,314)	(35,468)	(5,912)
Net cash generated by operating activities	166,749	1,194,604	249,870
Cash flow from investment activities			
Capex	(57,048)	(260,250)	(33,285)
Sale of property, plant, and equipment	1,200	1,381	752
Movement in financial investments	17,501	(123,022)	(95,681)
Net cash invested in investment activities	(38,347)	(381,891)	(128,214)
Cash flow from financing activities			
Amortization of loans and financing	(7,080)	(71,663)	(9,054)
Amortization of leases	(15,178)	(34,707)	(5,265)
Dividends and JCP paid	-	(448,753)	(5,475)
Net cash invested in financing activities	(22,258)	(555,123)	(19,794)
Increase in cash and cash equivalents	106,144	257,590	101,862
Cash and cash equivalent at the beginning of the year	474,102	216,512	216,512
Cash and cash equivalent at the end of the term	580,246	474,102	318,374
Net Increase of the cash balance and cash equivalent	106,144	257,590	101,862