



**Ferbasa**

# 3Q23 EARNINGS *Release*



*A vida  
é 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 third 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), in the rules and pronouncements of the Brazilian Securities and Exchange Commission (henceforth **CVM**), of the Accounting Pronouncements Committee (henceforth **CPC**) 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.

## SHARES

IBOVESPA: FESA3/FESA4  
PFDs in the stock market: 40,353 thousand  
Market Value: R\$ 4,600 million

## INVESTORS RELATIONS

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## AGENDA

Earnings Release  
November 13, 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 quarterly and nine-month-term results, using the 2Q23 as a reference and the accumulated in 9M23.

Highlights (in R\$ million)	3Q23	2Q23	Δ%	3Q22	Δ%	9M23	9M22	Δ%
Average US dollar practiced	4.86	5.02	-3.2%	5.21	-6.7%	5.02	5.16	-2.7%
Net Revenue	550.9	626.1	-12.0%	769.5	-28.4%	1,893.4	2.424.8	-21.9%
Cost of Goods Sold	478.1	459.6	4.0%	445.7	7.3%	1,433.6	1.252.0	14.5%
<i>Cost over revenue</i>	86.8%	73.4%		57.9%		75.7%	51.6%	
Adjusted EBITDA	75.7	144.4	-47.6%	323.0	-76.6%	407.4	1.095.9	-62.8%
<i>EBITDA Margin</i>	13.7%	23.1%		42.0%		21.5%	45.2%	
Net Income	74.6	121.7	-38.7%	277.3	-73.1%	327.9	910.5	-64.0%
<i>Profit margin</i>	13.5%	19.4%		36.0%		17.3%	37.5%	

**PRODUCTION** – In 3Q23, 74.6 thousand tons of ferroalloys were produced, a slight increase of 0.7% compared to 2Q23, due to the 1.5% growth in chromium alloys and the 0.9% reduction in silicon alloys. FeSi HP achieved an increase of 5.4%. In the comparison between 9M22 and 9M23, the stability of production levels can be noted, with a modest 2.3% decrease in total. As already communicated to the market, since the beginning of August an amendment to the contract signed with *Companhia Hidro Elétrica do São Francisco* – CHESF (Portuguese acronym that stands for Hydroelectric Company of the São Francisco River) has come into force, which eliminates the cost increase that restricted production during peak hours (6 p.m. to 9p.m.), enabling FERBASA to operate for 24 hours, uninterruptedly.

**SALES VOLUME** – 66.1 thousand tons of ferroalloys were sold in the third quarter of the year, a volume 2.8% below compared to 2Q23. This variation results from the 20.7% reduction in sales to the foreign market and the 12.8% increase in sales to the domestic market. In 9M23, sales registered an increase of 2.2% compared to 9M22, with a 6.2% increase in volume in the Brazilian market and a 1.9% decline in exports.

**NET REVENUE** – In 3Q23, net revenue totaled R\$550.9 million, 12.0% lower than in 2Q23, due to reductions of 2.8% in sales volume and 7.8% in the average price of ferroalloys in dollars and 3.2% in the average dollar charged. Net revenue in 9M23 fell 21.9% when compared to 9M22, with a contraction in revenue in the domestic and foreign markets.

**COST OF GOODS SOLD** – Consolidated COGS reached R\$478.1 million in 3Q23, an increase of 4.0% compared to 2Q23. When considering exclusively data from ferroalloys, COGS decreased by 2.0% and followed the 2.8% decline in sales volume. Compared to 9M22, consolidated COGS in 9M23 increased 14.5%, reflecting an increase in volumes sold and production costs. Considering only the ferroalloys segment, the relationship between COGS and net revenue went from 49.7% in 9M22 to 75.3% in 9M23, due to the increase in production costs and, mainly, to the decrease in sales revenue.

**SALES AND GENERAL/ADMINISTRATIVE EXPENSES** – Sales expenses in 9M23 fell 5.8% compared to 9M22, and general/administrative expenses, which include profit sharing provisions and management remuneration, rose 7.6% in the same period.

**OTHER OPERATING INCOME/EXPENSES** – Operating expenses in 9M23 were R\$41.7 million, compared to R\$26.9 million recorded in 9M22. This variation reflects the positive effect of the recovery of actuarial obligations in the amount of R\$22.0 million, which occurred in 9M22. Excluding the aforementioned effect of actuarial obligations, operating expenses fell 8.5% in the period.

**ADJUSTED EBITDA** – In 3Q23, operational cash generation, measured by EBITDA, reached R\$75.7 million (of which R\$21.1 million related to the BWG wind complex) and an EBITDA margin of 13.7%, an amount 47.6% below the recorded in 2Q23. In 9M23, consolidated EBITDA reached R\$407.4 million and a margin of 21.5%, a decrease of 62.8% compared to 9M22.

**CASH GENERATION** – Cash generation, cash equivalents and financial investments totaled R\$68.7 million in 9M23, totaling a consolidated financial reserve of R\$1.354 billion at the end of the period. Deducting the consolidated debt of R\$281.5 million, the resulting net cash position was R\$1.072 billion in 3Q23 compared to R\$943.1 million at the end of 4Q22.

**FINANCIAL RESULT** – The consolidated financial result was R\$36.2 million in 3Q23, an amount 22.7% higher than 2Q23, due to the positive impact of the exchange rate variation and the 18.1% reduction in financial expenses. In 9M23, the financial result of R\$89.0 million exceeded that of 9M22 by 84.6%, basically due to the 25.1% increase in financial revenue, which reflected the good performance of the financial investment portfolio and the greater amount applied.

**CAPEX** – In 9M23, R\$217.2 million were invested, a value 38.8% higher than the R\$156.5 million made in 9M22.

**NET PROFIT** – Consolidated net profit reached R\$74.6 million in 3Q23, a reduction of 38.7% compared to 2Q23. Between 9M22 and 9M23, there was a 64.0% decline in net income. This impact derives from the effects mentioned above, 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 about 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 plantations of 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 bioreducer 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 wind farms 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 9M23 global crude steel production reached 1,406.4 Mt (million tons) and remained stable (+ 0.1%) in relation to 9M22. Of this total, China contributed 795.1 Mt (57% of the total produced in 9M23), which represents an increase of 1.7% compared to 9M22. Among the world's largest producers, the good performances of countries such as India (+ 11.6%), Russia (+ 4.8%), South Korea (- 0.4%) and Iran (- 0.6%) also stood out. Brazil (- 8.0%) was among the worst performers in the period analyzed, as well as Turkey (- 10.1%), Germany (- 3.6%), Japan (- 3.6%) and the USA (- 1.4%).

In South America, the volume produced in 9M23 reached 30.9 Mt, a decrease of 6.2% compared to 9M22, of which Brazil contributed with 24.0 Mt - a decrease of 8.0%. According to statistics from the Brazilian Steel Institute (IABr), steel imports jumped 57.9% between 9M22 and 9M23, which is a negative indicator for local production. Furthermore, national apparent consumption remained stable (+0.5%) and exports fell 4.4% in the same period.

**FeSi:** In China, which accounts for around 70% of the world's supply of silicon alloys, produced volumes reached 4.0 Mt in 9M23, a decrease of 10.4% compared to 9M22, according to specialized reports. Between 8M22 and 8M23, when analyzing the demand for Chinese FeSi, local steel production increased by 2.6% and exports of silicon alloys fell by 42.6%. It is worth mentioning that Chinese FeSi production grew 7.5% between 2Q23 and 3Q23, while domestic steel production declined 5.4%, causing an oversupply in the silicon alloys market.

According to the World Bank, in 2023, the price of coal showed a downward trend until June. Since then, as winter approaches in the Northern Hemisphere, coal and energy commodity prices have resumed their upward trend, increasing electricity costs in important ferroalloy producing regions. Furthermore, the price of coal also correlates with the costs of coke, consequently, the price of metallurgical coke in China rose by around 13% between June/23 and September/23. These factors have been further compressing the margins of FeSi producers and explain the small improvement in the Chinese price in September/23, after 7 months of decline.

Between 2Q23 and 3Q23, the average price of FeSi, in dollars, fell 18.6% in Europe and 18.3% in the USA, in line with the 12.4% decrease in the export price from China, the country where the domestic price, in yuan, reduced 7.5% in the period.

**STAINLESS STEEL:** Specialized reports estimate that global stainless steel production totaled 43.3 Mt in 9M23, an expansion of 3.6% compared to 9M22. Of this total, China was responsible for 26.2 Mt (61% of the total for the period), which means an increase of 9.6% compared to 9M22. In addition to China, the positive highlights in production were the estimated 14.0% growth in India and the stability in Japan (+ 0.3%). On the other way, Indonesia (- 15.4%), USA (- 12.6%) and South Korea (- 11.2%) stood out for their negative results. In Brazil, growth of 13.9% is estimated between 9M22 and 9M23 (270 thousand tons).

In Europe, stainless steel production was estimated at 4.9 Mt in 9M23, decreasing 3.4% compared to 9M22, while in the USA it was estimated at 1.4 Mt, decreasing 12.6% compared to 9M22.

**FeCr:** World production of HC FeCr, which normally remains in line with the volumes produced of stainless steel, registered 12.3 Mt in 9M23, an increase of 2.7% compared to 9M22, according to estimates from specialized publications. Of this volume, China was responsible for 5.8 Mt (47% of the total in 9M23), which represents a jump of 8.2% compared to 9M22.

In 3Q23, after reaching the lowest level of the year in July/23, the price of Chinese HC FeCr showed a gradual and consistent upward trend. The main factors responsible for this movement were variations in the cost of ore and coke, in addition to the record quarterly production of stainless steel in China.

Even so, between 2Q23 and 3Q23, the Chinese price for HC FeCr imports fell by 3.9%, while the domestic price, in yuan, remained stable (+0.6%). In Europe, the price followed the same downward projection, recording a decline of 3.4%. In the USA, the decline was 15.0% in the period, which is explained by the reduction in the still high premium of this price in relation to the European market, currently at just over 20% and historically closer to 10%.

Also worth highlighting is the price of type UG2 ore, which remained high and put pressure on FeCr production costs in China. To a large extent, the price of UG2 continued to be determined by the level of ore stocks in China, which closed the first nine months of the year with 1.92 Mt and remained below the average levels of the last 6 years (min.: 2.1 Mt and max: 3.8 Mt). Between 2Q23 and 3Q23 the price of UG2 grew 0.8%.

We reiterate that the prices practiced by **FERBASA** have as a parameter a "basket" of international prices, among which those practiced by the European, American and mainly Asian markets.

## 4. PRODUCTION

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In 3Q23, 74.6 thousand tons of ferroalloys were produced, a slight increase of 0.7% compared to the previous quarter. This result is due to the conjunction between the 1.5% increase in chromium alloys and the 0.9% decrease in silicon alloys. HP FeSi, which accounted for 48% of the total silicon alloys produced in 3Q23, recorded growth of 5.4% compared to 2Q23.

Between 9M22 and 9M23, there was a small reduction of 2.3% in the production of ferroalloys, the effect of declines of 2.1% in chromium alloys and 2.8% in silicon alloys. Regarding HP FeSi, there was a 12.6% jump in accumulated production in the first nine months of 2023, confirming the improvement in the production mix of FeSi alloys.

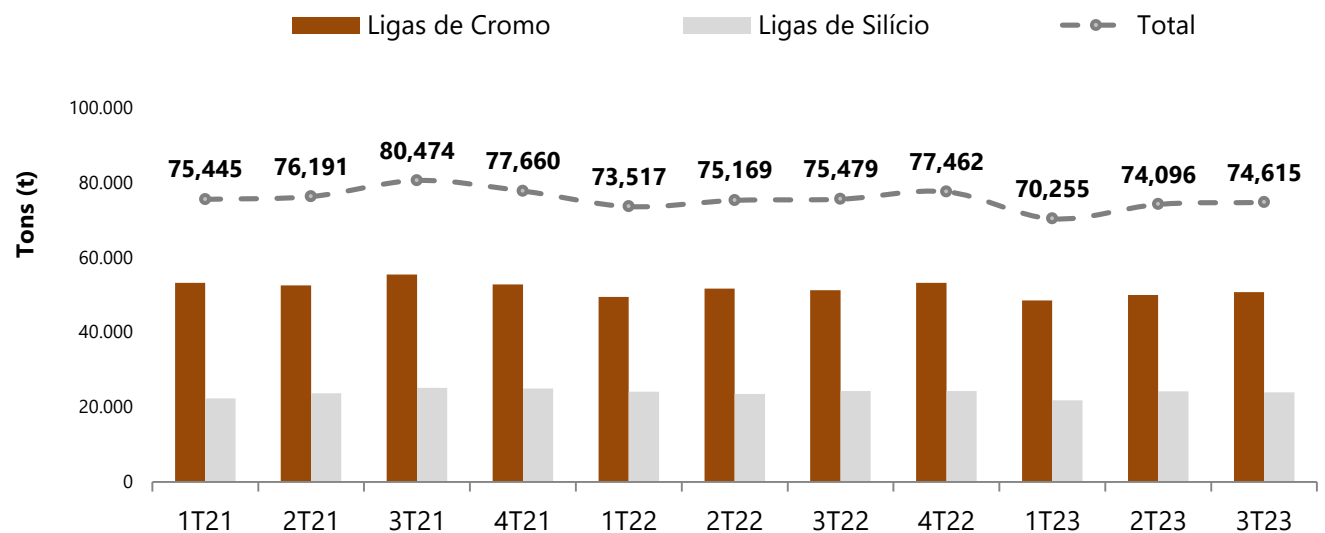
All production variations are aligned with inventory conditions and the marketing plan. It is worth mentioning that a portion of the ferroalloys manufactured is consumed internally, as an input in the other production chains.

Production (tons)	3Q23	2Q23	Δ%	3Q22	Δ%	9M23	9M22	Δ%
Chromium Alloys	50,652	49,911	1.5%	51,164	-1.0%	149,025	152,185	-2.1%
Silicon Alloys	23,963	24,185	-0.9%	24,315	-1.4%	69,941	71,980	-2.8%
<b>Total</b>	<b>74,615</b>	<b>74,096</b>	<b>0.7%</b>	<b>75,479</b>	<b>-1.1%</b>	<b>218,966</b>	<b>224,165</b>	<b>-2.3%</b>
<b>Use of Installed Capacity (MWh) %</b>	<b>80.3%</b>	<b>80.2%</b>		<b>81.4%</b>		<b>79.1%</b>	<b>82.5%</b>	

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.

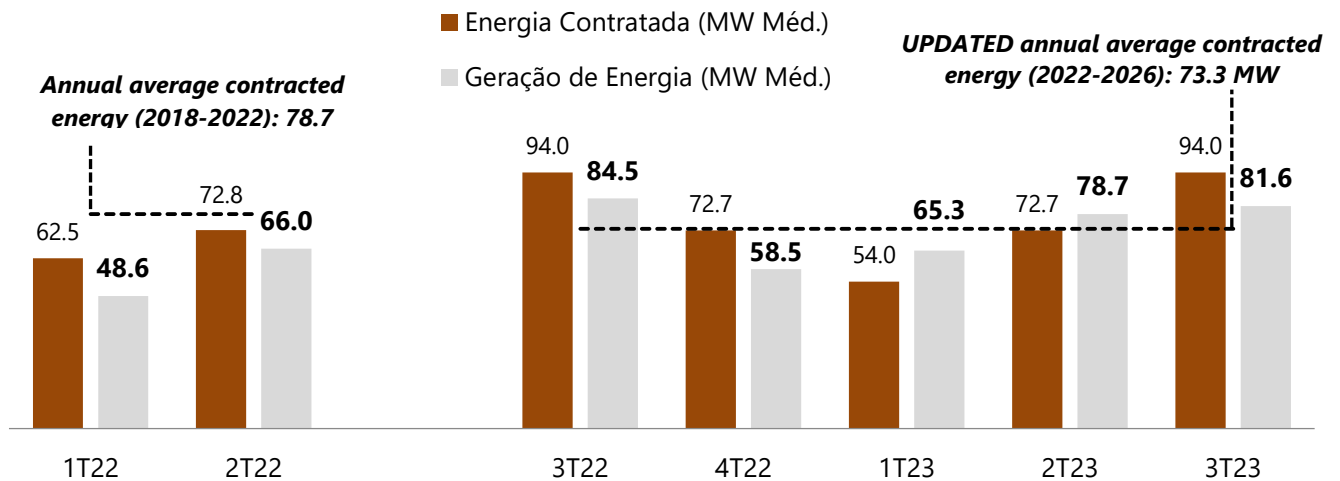
The use of installed capacity may be affected by (i) furnace shutdown or power reduction to carry out maintenance, renovation or operational intervention; (ii) production of alloys that require power reduction in a furnace and (iii) sale of part of the energy contracted on the Free Market. The use of installed capacity was also impacted by the reduction in power or stoppage of furnaces during peak hours (6pm to 9pm), which stopped happening from 08/01/2023, when an amendment to the energy supply contract signed with CHESF, which eliminated this restriction and allowed FERBASA to operate uninterruptedly.

In 3Q23, FERBASA used 80.3% of Metallurgy's installed capacity, a circumstance explained by the furnace renovation that lasted 30 days and the "blackout" that occurred in the country on August 15, which caused the shutdown of all furnaces in the Metallurgical Unit.



## 4.1 Electrical Power Generation – BW Guirapá

In 3Q23, net electricity generation in BW Guirapá’s parks was 81.6 average MW, 3.4% lower than 3Q22 and 13.2% lower than the 94.0 average MW related to energy contracted for the quarter. Climate effects were the main negative highlight for the period analyzed.



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.

In relation to the predicted gross generation (best expectation) of 103.2 average MW for 3Q23, the net generation actually realized, of 81.6 average MW, can be explained as follows:

### Manageable factors (- average 5.2 MW):

- Availability reached 96.3%, which caused an average decrease of 3.4 MW in energy generation. This result is mainly related to damage to wind turbines, especially due to the breakage of a gearbox and the malfunction in the bearing of another.
- Average performance achieved of 98.1% in the period, implying a decrease of 1.8 average MW. This performance reflects the adjustment to the calibration of existing measuring equipment in the Parks, which guides the use of wind turbines.

### Non-manageable factors (- average 16.4 MW):

- The weather negatively impacted the expected gross generation by an average of 8.6 MW, as the average wind speed (20.6 mph) was below what was expected 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 6.0 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 Farm’s generation by an average of 1.9 MW.

## 5. SALES

Sales in 3Q23 reached 66.1 thousand tons of ferroalloys, a decrease of 2.8% compared to 2Q23. This number resulted from the combination of a 12.8% increase in volume destined for the domestic market (MI) and a 20.7% decline for the external market (ME).

In 9M23, transacted quantities increased 2.2% compared to 9M22, reflecting the scenario of 6.2% growth in volumes destined for MI and a 1.9% reduction for ME. Chromium alloys performed positively in the domestic market and suffered a decline in exports, both due to the increase in domestic demand and the drop in consumption seen during the holiday months in Europe and the USA. In the same period, silicon alloys showed a 13.2% lower performance in MI, mainly due to the difficulties that national steel producers face as a result of the increase in imports, especially those originating in China. In ME, despite volumes close to those seen in 2022, this was a period of many challenges also due to the summer holidays in Europe, in addition to the oversupply of FeSi in the global market, mainly of Asian origin.

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

Sales (tonnes)	3Q23	2Q23	Δ%	3Q22	Δ%	9M23	9M22	Δ%
<b>DOMESTIC MARKET (MI)</b>								
Chromium Alloys	35,461	31,263	13.4%	33,235	6.7%	95,727	87,241	9.7%
Silicon Alloys	5,395	4,942	9.2%	5,432	-0.7%	13,555	15,658	-13.4%
<b>MI Total</b>	<b>40,856</b>	<b>36,205</b>	<b>12.8%</b>	<b>38,667</b>	<b>5.7%</b>	<b>109,282</b>	<b>102,899</b>	<b>6.2%</b>
<b>FOREIGN MARKET (ME)</b>								
Chromium Alloys	8,204	15,114	-45.7%	13,455	-39.0%	45,395	45,847	-1.0%
Silicon Alloys	17,044	16,723	1.9%	15,040	13.3%	52,923	54,405	-2.7%
<b>ME Total</b>	<b>25,248</b>	<b>31,837</b>	<b>-20.7%</b>	<b>28,495</b>	<b>-11.4%</b>	<b>98,318</b>	<b>100,252</b>	<b>-1.9%</b>
<b>TOTAL (MI + ME)</b>	<b>66,104</b>	<b>68,042</b>	<b>-2.8%</b>	<b>67,162</b>	<b>-1.6%</b>	<b>207,600</b>	<b>203,151</b>	<b>2.2%</b>

### 5.1 Net Revenue

Net revenue in 3Q23 totaled R\$550.9 million, 12.0% lower than in 2Q23, resulting in a 13.4% decrease in total revenue from ferroalloys. These variations were due to the 2.8% drop in sales volume, the 7.8% reduction in the average price of ferroalloys in dollars and the 3.2% devaluation in the average dollar.

Net revenue in 9M23 showed a decline of 21.9% when compared to 9M22, following the 24.1% decline in revenue from ferroalloys, a variation basically caused by the 24.7% decline in the average price of ferroalloys in dollars.

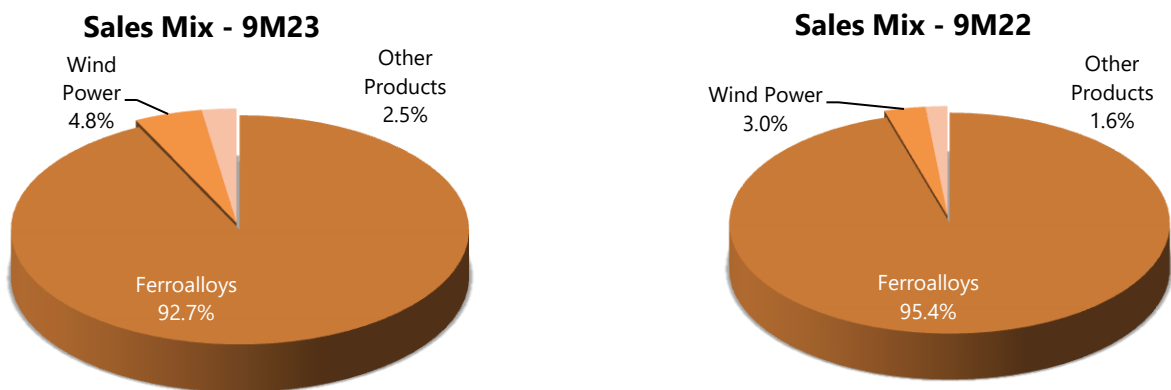
Net Revenue (R\$ millions)	3Q23	2Q23	Δ%	3Q22	Δ%	9M23	9M22	Δ%
<b>DOMESTIC MARKET (MI)</b>								
Ferroalloys	290.0	294.1	-1.4%	374.5	-22.6%	856.2	1,093.0	-21.7%
Wind Power	34.0	31.3	8.6%	33.5	1.5%	90.9	73.3	24.0%
Other Products (*)	15.9	16.6	-4.2%	12.6	26.2%	46.5	37.1	25.3%
<b>Total MI</b>	<b>339.9</b>	<b>342.0</b>	<b>-0.6%</b>	<b>420.6</b>	<b>-19.2%</b>	<b>993.6</b>	<b>1,203.4</b>	<b>-17.4%</b>
<b>FOREIGN MARKET (ME)</b>								
Ferroalloys	211.0	284.1	-25.7%	348.9	-39.5%	899.8	1,221.4	-26.3%
<b>Total ME</b>	<b>211.0</b>	<b>284.1</b>	<b>-25.7%</b>	<b>348.9</b>	<b>-39.5%</b>	<b>899.8</b>	<b>1,221.4</b>	<b>-26.3%</b>
<b>TOTAL (MI+ME)</b>	<b>550.9</b>	<b>626.1</b>	<b>-12.0%</b>	<b>769.5</b>	<b>-28.4%</b>	<b>1,893.4</b>	<b>2,424.8</b>	<b>-21.9%</b>
<b>Average US dollar practiced (R\$/USD)</b>	<b>4.86</b>	<b>5.02</b>	<b>-3.2%</b>	<b>5.21</b>	<b>-6.7%</b>	<b>5.02</b>	<b>5.16</b>	<b>-2.7%</b>

(\*) Includes revenue with chromite sand, lime, microsilica, wood and slag.



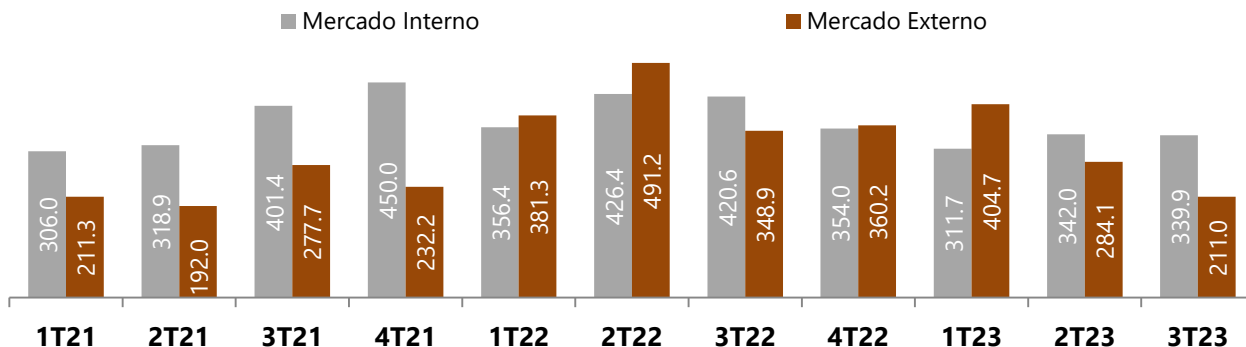
## 5.2 Net Revenue by Product and Market (%)

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



The graph below shows the trajectory of net revenue between 1Q21 and 3Q23, distributed between the national market and exports, demonstrating that since 4Q22 revenue from the Domestic Market has maintained a linear trajectory, with almost no variations. In the Foreign Market, the gradual reduction in revenue since 1Q23 stands out, as a result of the decline recorded in the world market as a result of the reduction in consumption, the increase in inventories and the decline in ferroalloy prices.

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



## 6. COST OF GOODS SOLD

The cost of products sold (COGS), considering exclusively ferroalloy data, totaled R\$422.9 million in 3Q23, which denotes a decrease of 2.0% compared to that recorded in 2Q23, following the decrease of 2.8% in sales volume. Still in 3Q23, the line “exhaustion of the fair value of biological assets” showed an increase of R\$24.8 million. As a result, consolidated COGS in the quarter totaled R\$478.1 million, an increase of 4% compared to the previous quarter.

When analyzing the period between 9M22 and 9M23, the COGS of ferroalloys reached R\$ 1,321.7 million, an increase of 15% justified by the 2.2% increase in sales volume and increases in the costs of inputs and raw materials, especially reducers and chromium ore, in addition to remaining impacts of the inflationary process on the vertical business chain. In the same period, consolidated COGS totaled R\$1,433.6 million and grew 14.5%.

Specifically dealing with electrical energy consumed in the production of ferroalloys, between 9M22 and 9M23 there was a slight increase of 0.8% in its average cost, as a result of the 11.1% increase in the average contracted energy tariff and the drop of 15.9% in spending on sectoral charges due to more favorable conditions in water reservoirs.

In relation to the increase in the production cost of high-carbon ferrochrome seen between 9M22 and 9M23, the main responsible for this increase were the increases in expenditure on chromium ore, resulting from the expansion of operational reserves at the mine, and the deficit in production of ore caused by mining with a waste/ore ratio higher than expected. Furthermore, there was an impact from metallurgical coke, which, although declining during the year, still maintained price levels higher than the practiced one in 9M22..Regarding low-carbon ferrochrome, the increases in the costs of chrome ore and FeSiCr reducer (produced internally) stand out, the latter being impacted by the rise in HC FeCr and bioreducer consumed in its production. Other inputs and auxiliary materials also showed an increase in costs related to the inflationary process.

Regarding the production cost of ferrosilicon, between 9M22 and 9M23, we highlight the increases in the costs of the bioreducer and, to a lesser extent, the other raw materials, due to the improvement of its production mix. Regarding the bioreducer, its own production has been experiencing operational problems due to stoppages for maintenance of the carbonization furnaces, which impacts production levels and leads to the need to purchase more bioreducer from third parties. Furthermore, regarding the production of ferroalloys, the specific consumption of bioreducer has increased due to the greater production of FeSi HP.

Specifically dealing with the COGs ratio of ferroalloys / Net revenue from ferroalloys, between 9M22 and 9M23, there was an increase from 49.7% to 75.3%, justified by the increase in production costs, as already mentioned and, mainly, due to the reduction in net revenue, caused by the drop in sales prices in dollars for our products and the devaluation in the average dollar in practice.

The “Wind Energy” line presented in the consolidated COGS table refers to the COGS of the BW Guirapá wind complex, which covers its main cost components, which are associated with the operation of wind turbines, equipment maintenance, energy transmission and depreciation.

COGS (R\$ millions)	3Q23	%NR(*)	2Q23	%NR(*)	3Q22	%NR(*)	9M23	%NR(*)	9M22	%NR(*)
Ferroalloys	422.9	84.4%	431.5	74.6%	393.5	54.4%	1,321.7	75.3%	1,149.8	49.7%
Wind Power	22.1	65.0%	20.3	64.9%	18.0	53.7%	61.4	67.5%	55.8	76.1%
Other Products (i)	11.1	69.8%	10.1	61.0%	7.8	61.9%	30.5	65.6%	23.3	62.8%
<b>Subtotal products</b>	<b>456.1</b>		<b>461.9</b>		<b>419.3</b>		<b>1,413.6</b>		<b>1,228.9</b>	
Exhaustion of the fair value of the biological asset	24.8		-		25.5		24.8		25.5	
Idle Capacity	4.7		3.1		0.5		10.4		2.0	
Others	(7.5)		(5.4)		0.4		(15.2)		(4.4)	
<b>Subtotal others</b>	<b>22.0</b>		<b>(2.3)</b>		<b>26.4</b>		<b>20.0</b>		<b>23.1</b>	
<b>Total General</b>	<b>478.1</b>		<b>459.6</b>		<b>445.7</b>		<b>1,433.6</b>		<b>1,252.0</b>	
%Net Revenue	86.8%		73.4%		57.9%		75.7%		51.6%	

(\*) 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

Sales expenses in 9M23 totaled R\$14.5 million, showing a decrease of 5.8% compared to 9M22, due to lower export volumes and the optimization of logistics costs. In relation to Net Revenue, the percentage of sales expenses corresponded to 0.8% in 9M23 and 0.6% in 9M22.

### 7.2 General and Administrative Expenses

Consolidated general and administrative expenses include portions relating to salaries, benefits, management fees, social charges, consultancy services and the provision for profit sharing. In 9M23, such expenses totaled R\$ 156.0 million (with R\$ 5.5 million referring to BWG), an increase of 7.6% in relation to R\$ 145.0 million (with R\$ 4.4 million referring to BWG) registered in 9M22.

### 7.3 Other Expenses/Operating Revenues

Operating expenses in 9M23 were R\$41.7 million, compared to R\$26.9 million recorded in 9M22. This variation refers to the positive effect of the recovery of actuarial obligations relating to the health plan in the amount of R\$22 million, which occurred in 9M22. Excluding the effect of actuarial obligations, operating expenses fell 8.5% in the period. The main disbursements in 9M23 were the lines of social and business responsibility (R\$ 11.1 million), consultancy and research (R\$ 9.9 million), other taxes and fees (R\$ 8.2 million) and the result of the assignment of energy (R\$ 5.9 million).

## 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 - Consolidado (R\$ milhões)	3Q23	2Q23	Δ%	3Q22	Δ%	9M23	9M22	Δ%
Net Profit	74.6	121.7	-38.7%	277.3	-73.1%	327.9	910.5	-64.0%
(+/-) Net financial result (ex-derivative and non-derivative financial instruments)	(36.2)	(29.5)	22.7%	(31.2)	16.0%	(89.0)	(57.3)	55.3%
(+/-) Income derivative and non-derivative financial instruments <sup>1</sup>	-	-	-	(0.1)	-	-	9.1	-
(+/-) IRPJ/CSLL	9.1	5.8	56.9%	45.9	-80.2%	48.4	151.8	-68.1%
(+/-) Depreciation, amortization, exhaustion, and capital gain <sup>2</sup>	47.8	46.8	2.1%	34.3	39.4%	140.5	104.9	33.9%
<b>EBITDA</b>	<b>95.3</b>	<b>144.8</b>	<b>-34.2%</b>	<b>326.2</b>	<b>-70.8%</b>	<b>427.8</b>	<b>1,119.0</b>	<b>-61.8%</b>
(+/-) Provision for contingencies and other provisions <sup>3</sup>	(1.3)	(0.4)		0.9		(2.1)	4.4	
(+/-) Receipt of Insurance Claim <sup>4</sup>	-	-		(1.2)		-	(2.6)	
(+/-) Actuarial adjustment effect <sup>5</sup>	(14.8)	-		(2.9)		(14.8)	(2.9)	
<b>Adjusted EBITDA</b>	<b>(3.5)</b>	<b>-</b>		<b>-</b>		<b>(3.5)</b>	<b>(22.0)</b>	
<b>EBITDA Margin</b>	<b>75.7</b>	<b>144.4</b>	<b>-47.6%</b>	<b>323.0</b>	<b>-76.6%</b>	<b>407.4</b>	<b>1,095.9</b>	<b>-62.8%</b>
Net Profit	<b>13.7%</b>	<b>23.1%</b>		<b>42.0%</b>		<b>21.5%</b>	<b>45.2%</b>	

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.

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

EBITDA - BW (R\$ millions)	3Q23	2Q23	Δ%	3Q22	Δ%	9M23	9M22	Δ%
Net Profit (Loss)	8.0	5.4	48.1%	12.1	-33.9%	13.6	2.0	580.0%
(+/-) Net Financial Result	1.0	2.5	-60.0%	3.9	-74.4%	2.7	11.6	-33.6%
(+/-) IRPJ/CSLL	1.1	0.8	37.5%	0.9	22.2%	2.2	1.0	120.0%
(+/-) Depreciation and Amortization	11.0	10.8	1.9%	10.3	6.8%	32.4	31.5	2.9%
<b>EBITDA</b>	<b>21.1</b>	<b>19.5</b>	<b>8.2%</b>	<b>27.2</b>	<b>-22.4%</b>	<b>55.9</b>	<b>46.1</b>	<b>21.3%</b>
(+/-) Receipt of Insurance Claim	-	-	-	(1.2)	-	-	(2.6)	-
<b>Adjusted EBITDA</b>	<b>21.1</b>	<b>19.5</b>	<b>8.2%</b>	<b>26.0</b>	<b>-18.8%</b>	<b>55.9</b>	<b>43.5</b>	<b>28.5%</b>
<b>EBITDA Margin</b>	<b>62.1%</b>	<b>62.3%</b>		<b>77.6%</b>		<b>61.5%</b>	<b>59.3%</b>	

## 9. FINANCIAL STRUCTURE

### 9.1 Net Cash and Cash Consumption

According to the Statement of Cash Flow (DFC, CPC – 03 R2), which considers only the variation of cash accounts and cash equivalents, the amount generated by operational, investment and financing activities in 9M23 was R\$ 1.5 million, mainly impacted by:

(+) R\$ 432.9 million of operating income generated in the year, including changes in working capital, interest payments and taxes;

(-) R\$ 206.2 million of investment activities, a result influenced by (the): (i) transfer of Financial Investments in the amount of (+) R\$ 9.0 million to Cash and Cash Equivalent; (ii) acquisitions for fixed assets and investment property, which together totaled (-) R\$ 217.2 million; (iii) and others in the amount of (+) R\$ 2.0 million.

(-) R\$ 225.2 million of financing activities, impacted by: (i) amortization of loans and consolidated financing in the amount of (-) R\$ 58.8 million (with emphasis on the R\$ 19.5 million related to BWG's debt with BNDES Brazilian Bank of Development, in Portuguese – *Banco Nacional do Desenvolvimento*); (ii) payment of leases/rentals in the amount of (-) R\$ 51.8 million; (iii) Interest on Equity (JCP) payments in the amount of (-) R\$ 114.6 million.

Also considering the balance of the "Financial Investments" account, whose variation was positive at R\$ 67.2 million, in 9M23 a total cash generation of R\$ 68.7 million was conducted. As of September 30, 2023, the consolidated financial reserve reached R\$1.354 billion (including cash, cash equivalents and financial investments) and the consolidated debt R\$281.5 million (of which R\$220.1 million related to BWG's debt with BNDES). Thus, the Company ended 9M23 with a net cash position of R\$1.072 billion.

Net Cash (R\$ millions)	09/30/2023	12/31/2022	Δ
Cash and cash equivalents	475.6	474.1	1.5
Financial investments	878.2	811.0	67.2
<b>Total Financial Reserve</b>	<b>1,353.8</b>	<b>1,285.1</b>	<b>68.7</b>
Loans and financing*	(281.5)	(342.0)	60.5
<b>Net (Debt) Cash</b>	<b>1,072.3</b>	<b>943.1</b>	<b>129.2</b>

(\*) amount of IOF on the funding is R\$ 3.7 and R\$ 4.0 million for 09/30/23 and 12/31/22, respectively.

## 9.2 Net Financial Results

The financial result generated R\$36.2 million in 3Q23, an amount 22.7% above the R\$29.5 million recorded in 2Q23, basically due to the positive net effect of exchange rate variation, in addition to the 18.1% reduction in financial expenses of the quarter due to lower interest rates (TJLP and CDI), indexers of financing contracts, and their amortization.

In 9M23, the 84.6% increase in financial results compared to 9M22 was mainly due to the 25.1% increase in financial revenue. This result was driven by the higher amount invested, the increase in the basic interest rate in this period and the change in the mix of financial investments, respecting the Financial Risk Policy.

Financial Results (R\$ million)	3Q23	2Q23	Δ%	3Q22	Δ%	9M23	9M22	Δ%
Financial performance								
Financial revenue	45.0	46.7	-3.6%	39.6	13.6%	129.1	103.2	25.1%
Financial expense	(11.8)	(14.4)	-18.1%	(15.2)	-22.4%	(40.0)	(45.7)	-12.5%
Net Exchange variation	3.0	(2.8)	-	6.8	-55.9%	(0.1)	(0.2)	-50.0%
Subtotal	36.2	29.5	22.7%	31.2	16.0%	89.0	57.3	55.3%
Result of Settled Financial Instruments	-	-	-	0.1	-	-	(9.1)	-
<b>Total general</b>	<b>36.2</b>	<b>29.5</b>	<b>22.7%</b>	<b>31.3</b>	<b>15.7%</b>	<b>89.0</b>	<b>48.2</b>	<b>84.6%</b>

## 10. FIXED, INTANGIBLE ASSETS AND BIOLOGICAL ASSETS

### 10.1 CAPEX

In 9M23, CAPEX of R\$217.2 million was 38.8% higher than in 9M22. Below we present the values segregated by business unit:

CAPEX (R\$ millions)	Metallurgy	Mining	Forestry	Wind Power	9M23	9M22
Machinery and Equipment	24.4	57.5	8.3	11.9	102.1	76.1
Biological Asset	-	-	54.7	-	54.7	52.7
Land	-	-	23.4	-	23.4	-
Mines	-	15.1	-	-	15.1	9.7
Buildings	2.1	3.4	4.2	0.2	9.9	11.2
Vehicles and tractors	1.1	3.4	-	-	4.5	2.1
Others (i)	4.5	1.0	1.9	0.1	7.5	4.7
<b>Total</b>	<b>32.1</b>	<b>80.4</b>	<b>92.5</b>	<b>12.2</b>	<b>217.2</b>	<b>156.5</b>

(i) Including: advances, IT, furniture and utensils, intangible and others.

The highest amounts of investments in the period were allocated to the acquisition of machinery and equipment (47.0%), mainly in Mining and Metallurgy, in addition to the maintenance of the biological asset (25.2%) and the acquisition of land (10.8%) in Forestry. Together, these lines represented 83.0% of the CAPEX performed by FERBASA in 9M23.

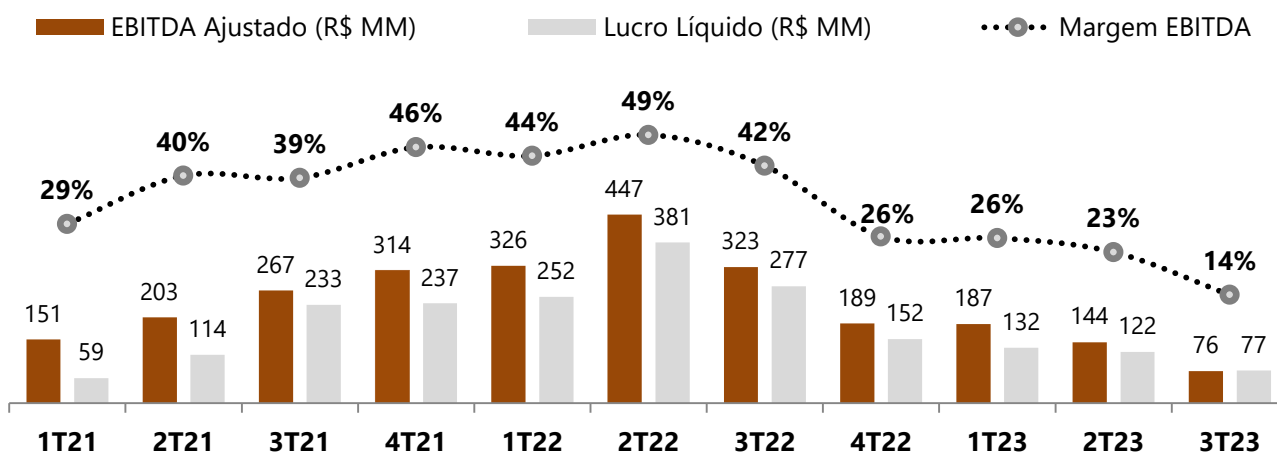
## 11. NET PROFIT AND CASH GENERATION

As a result of the effects mentioned in this report, we presented a consolidated net profit of R\$74.6 million (net margin of 13.5%) in 3Q23. Thus, in 9M23, accumulated net profit totaled R\$327.9 million (net margin of 17.3%). The main variations in 9M23 in relation to the same period of the previous year were:

- (i) Decrease of 24.7% in the weighted average dollar price of ferroalloys;
- (ii) Devaluation of 2.7% in the average dollar practiced;
- (iii) Increase of 2.2% in the total sales volume of ferroalloys, considering the national market and exports;
- (iv) 15% increase in the cost of goods sold (COGS) of ferroalloys;
- (v) Growth of R\$40.8 million in financial results;
- (vi) Increase of R\$ 11.6 million in Profit at BW Guirapá;
- (vii) In 3Q23, we recorded a positive effect of R\$14.8 million referring to the calculation of the fair value of the biological asset for the period, with (+) R\$39.6 million reflecting the price and growth of the forest, and (-)R\$ 24.8 million for exhaustion (sale/consumption).

Additionally, FERBASA generated consolidated cash generation of R\$68.7 million in 9M23.

Below are the changes in adjusted EBITDA, EBITDA margin and net profit since 1Q21.



## 12. STATEMENT OF ADDED VALUE

The following table shows the wealth generated by the Company in 9M23 and its respective distribution to related parties:

DVA (Statement of Added Value) (R\$ millions)	9M23	9M22	Δ%
Employees	311.9	292.7	6.6%
Government	157.5	300.2	-47.5%
Others (1)	35.4	104.7	-66.2%
Net Profit (2)	327.9	910.5	-64.0%
<b>Total</b>	<b>832.7</b>	<b>1,608.1</b>	<b>-48.2%</b>

(1) They refer to interest, rents, leases, financial expenses, including passive exchange rate variation, derivative and non-derivative financial instruments, and others.

(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:

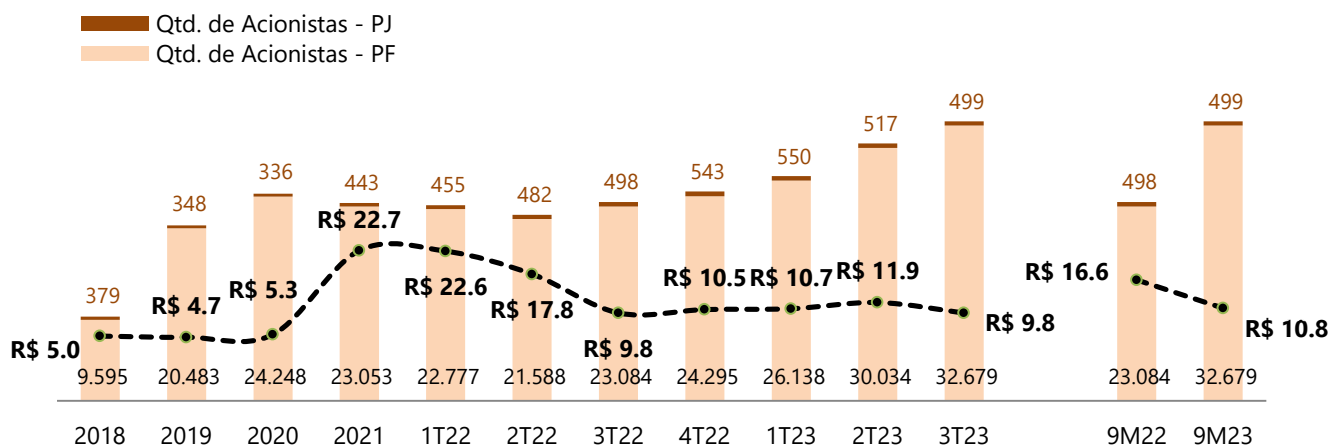
	9M23	9M22	Δ%
Volume of shares traded (thousand)	39,974	65,047	-38.5%
Transacted value (R\$ thousand)	2,025,530	3,140,553	-35.5%
Market value (R\$ thousand) <sup>(1)</sup>	4,641,216	4,650,342	-0.2%
Shares in <i>Free Float</i> Circulation (thousand) <sup>(2)</sup>	40,353	40,802	1.1%
Last quotation of the period (R\$ PN)	50.32	51.98	-3.2%
Book value per share (R\$)	38.20	35.73	6.9%

Notes:

(1) Number of shares (by ON and PN class) multiplied by their respective stock prices on 09/30/2023 and 09/30/2022;

(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: 15,300,800) and of the Management (ON: 98; PN: 43,000).

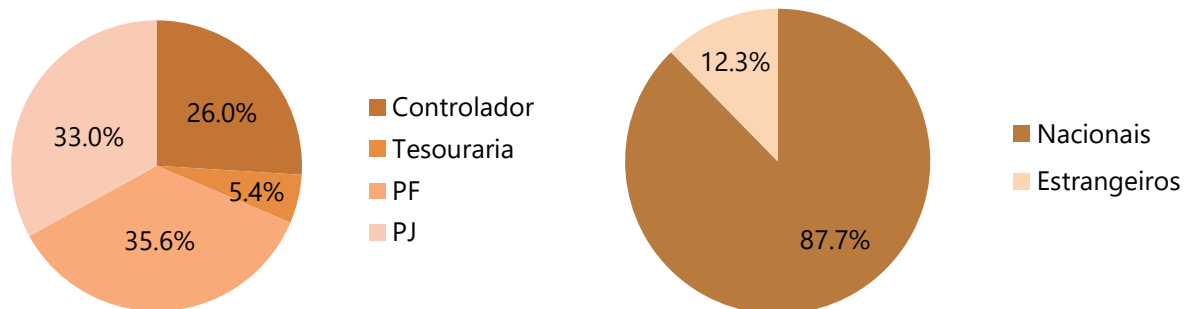
The graph below shows the Evolution of the shareholder base by type of shareholder, referring to the last day of each period, and of the ADTV index (Average Daily Trading Volume), which represents the average volume (in R\$ million) traded per day, acronym in English.



FERBASA's shareholder base ended the first nine months of 2023 with a record number of investors, registering more than 32 thousand shareholders and an ADTV of R\$10.8 million. The 35.2% decrease in ADTV in relation to 9M22 derives from the reductions in the average volume of PNs traded (38.5%) and the 3.2% reduction in the FESA4 quotation, as indicated in the table above. The variation in ADTV between 9M22 and 9M23 had an impact related to the dispersion of the shareholder base, notably, with the increase in individuals.

## 13.2 Investor Profile

That is the shareholder profile of FERBASA's preferred shares (FESA4), considering the shareholder base on 09/30/2023:



## 14. ESG AGENDA

Historically, FERBASA was born with a quite different social concern. Even when the concept of Corporate Social Responsibility was rarely addressed in Brazil, the Company focused on minimizing problems relating to the quality of education in the surrounding communities, regardless of any internal or governmental requirements. The genuine relationship with its employees led to pioneering practices, including the distribution of results, which are now widely disseminated. Its culture values the honorability of the commitments made, reflected not only in its relationship with customers, but with all stakeholders, after all, one of José Carvalho's great motivations for creating Ferbasa and leaving the construction industry was to dedicate himself to a project where it could "put down roots", therefore this organizational essence that aims at the long term, sustainability and perpetuity of the business has been complemented over the years to other issues related to the ESG Agenda. Therefore, we take advantage of this Report to inform that the Company, to date, 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.

Continuing our commitment to sustainability and in order to inform the Company's main updates related to the matter, in September we published the fourth edition of the FERBASA Sustainability Report, with data referring to the 2022 financial year. It covers, in detail, the socio-environmental initiatives undertaken by the company during the period, as well as the advances resulting from the implementation of relevant actions regarding the corporate governance agenda. To access our report, click [here](#).

The Company remains committed to the quality of the 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 practices of investor relations.



## 15. ANNOUNCEMENTS TO THE MARKET AND SUBSEQUENT EVENTS

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In 3Q23 we recorded 02 subsequent events, as follows:

(i) Split of shares

The Company's Board of Directors, at an ordinary meeting held on October 3, 2023, approved the submission of the proposal to split all of its shares for consideration at the Company's Extraordinary General Meeting (AGE- Portuguese acronym that stands for *Assembleia Geral Extraordinária*). Through the proposed operation, the total of the current 88,320,000 will be split, in the proportion of 01 (one) share for 04 (four) shares of the same type ("Split Factor"), without changing the share capital. Thus, if approved by the EGM, after the split, the Company's share capital will remain in the amount of R\$ 1,470,395,617.65. The split operation will preserve all Shareholders' rights. The purpose of carrying out this share split is to make them more accessible to investors and, consequently, favor an increase in share liquidity. The chairman of the Company's Board of Directors will convene, in 2023, the EGM to submit the split proposal for examination, discussion and deliberation by shareholders.

(ii) Memorandum of understanding with *AES Brasil Energia S.A.*

We communicated to the market, on October 23, 2023, that the Company completed the analysis process and decided not to continue the commercial negotiation that was signed on December 30, 2022, through the signing of the memorandum of understanding, with *AES BRASIL ENERGIA S.A.* to carry out a business feasibility study involving the BW Guirapá wind farm.

(iii) Corporate partnership with a company controlled by Auren - Approval by CADE

The General Superintendence of the Administrative Council for Economic Defense (in Portuguese CADE – Conselho Administrativo de Defesa Econômica), on November 3, 2023, decided to approve, without restrictions, the formation of a corporate partnership with a company controlled by Auren Energia S.A., which will have as its purpose the exploration of wind farms of electricity generation, Ventos de São Ciro and Ventos de São Bernardo, for the Company's consumption in its production units, under the self-production by matching (APE) regime. The corporate partnership, when formed, will also provide FERBASA, through energy supply contracts to be signed after the conclusion of the deal, with an average volume of 35MW, over 20 years, with supply starting from 2025. The Company It also clarified that the announced volume of energy will not represent a significant change in the annual amount contracted for the continuity of its operations.

## 16. GLOSSARY

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**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 steel is 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		
	9M23	2022	9M22
<b>Current Assets</b>	1,686,372	1,694,947	1,709,441
Cash and cash equivalents	475,611	474,102	436,062
Financial Investments	489,214	393,461	393,399
Receivables from customers	172,193	211,934	268,875
Stocks	509,805	579,161	579,283
Taxes to be recovered	24,328	18,324	13,980
Prepaid expenses	3,258	5,595	3,914
Advances to suppliers – electric power	667	2,000	2,000
Other assets	11,296	10,370	11,928
<b>Non-current Assets</b>	2,450,437	2,372,438	2,262,591
Advance to supplier – electric power	-	167	667
Financial investments	388,969	417,569	405,408
Stocks	8,051	8,738	6,015
Taxes to be Recovered	7,678	6,662	4,642
Deferred income tax and social contribution	-	17,845	3,076
Judicial Deposits	9,366	46,544	45,117
Other credits	1,636	826	632
Investments	15,124	124	124
Fixed and Intangible	1,609,520	1,545,738	1,480,527
Right of use on lease	90,752	51,946	50,011
Biological Asset	319,341	276,279	266,372
<b>Total Assets</b>	4,136,809	4,067,385	3,972,032

The consolidated financial statements, including explanatory notes and the audit report of *Pricewaterhousecoopers Auditores Independentes*, are available on the websites [www.cvm.gov.br](http://www.cvm.gov.br), [www.b3.com.br](http://www.b3.com.br) e [www.ferbasa.com.br](http://www.ferbasa.com.br)

LIABILITIES AND EQUITY - (in R\$ thousands)	CONSOLIDATED		
	9M23	2022	9M22
<b>Current Liabilities</b>	468,214	505,951	434,079
Suppliers	122,306	129,638	124,432
Advances from customers	10,129	61,209	-
Loans and financing	69,208	70,284	66,691
Cost of funding	(455)	(455)	(455)
Labor and actuarial obligations	106,755	136,180	115,282
Taxes and social contributions	24,492	59,084	39,904
CCEE reimbursement account	73,738	12,870	33,802
Proposed dividends and JCP	-	47	-
Leases to pay	51,594	27,417	26,791
Other liabilities	10,447	9,677	27,632
<b>Non-current Liabilities</b>	418,694	520,547	496,021
Loans and financing	212,292	271,750	278,879
Cost of funding	(3,245)	(3,587)	(3,701)
Obligations with acquisition of subsidiaries	4,978	4,978	4,978
Labor and actuarial obligations	53,659	45,962	47,350
Taxes and social contributions	3,587	87	87
Taxes and deferred social contributions	6,146	1,022	975
CCEE reimbursement account	-	60,645	31,866
Provision for contingencies	60,943	60,717	55,612
Provision for environmental liabilities	57,526	56,313	58,794
Leases to pay	22,808	22,660	21,181
<b>Total Equity</b>	3,249,901	3,040,887	3,041,932
<b>Controlling Shareholders' Equity</b>	3,248,512	3,039,676	3,040,727
Share capital	1,470,396	1,225,444	1,225,444
Profit reserve	1,547,639	1,792,591	1,042,461
Equity valuation adjustments	43,094	47,395	46,671
Treasury shares	(25,754)	(25,754)	(25,754)
Retained earnings	213,137	-	751,905
Participation of non-controlling shareholders	1,389	1,211	1,205
<b>Total Liabilities and Shareholders' Equity</b>	4,136,809	4,067,385	3,972,032

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## RESULTS REPORT (in R\$ thousands)

## CONSOLIDATED

	9M23		9M22		3Q23		3Q22	
	R\$ thousand	%NR	R\$ thousand	%NR	R\$ thousand	%NR	R\$ thousand	%NR
<b>GROSS REVENUE</b>	2,150,854	100.0	2,764,789	100.0	637,702	100.0	890,901	100.0
Domestic Market	1,237,868	57.6	1,516,481	54.8	421,551	66.1	526,990	59.2
Foreign Market	912,986	42.4	1,248,308	45.2	216,151	33.9	363,911	40.8
Sales tax, returns and rebates.	(257,431)	(12.0)	(339,934)	(12.3)	(86,781)	(13.6)	(121,402)	(13.6)
<b>NET REVENUE</b>	1,893,423	100.0	2,424,855	100.0	550,921	100.0	769,499	100.0
Cost of Goods Sold	(1,433,576)	(75.7)	(1,251,998)	(51.6)	(478,123)	(86.8)	(445,662)	(57.9)
Variation in the fair value of the biological asset	39,571	2.1	28,426	1.5	39,571	7.2	28,426	3.7
<b>GROSS PROFIT</b>	499,418	26.4	1,201,283	49.5	112,369	20.4	352,263	45.8
Operating expenses								
With sales	(14,463)	(0.8)	(15,407)	(0.6)	(4,834)	(0.9)	(5,943)	(0.8)
Administrative	(85,977)	(4.5)	(65,710)	(2.7)	(29,676)	(5.4)	(24,456)	(3.2)
Adm's payment, Profit Sharing and Employee Allowance	(69,999)	(3.7)	(79,286)	(3.3)	(19,766)	(3.6)	(9,288)	(1.2)
Other (expenses) operating income	(41,665)	(2.2)	(26,876)	(1.1)	(10,609)	(1.9)	(20,743)	(2.7)
<b>Operating Income Before Financial Result</b>	287,314	15.2	1,014,004	41.8	47,484	8.6	291,833	37.9
Financial Revenue	129,147	6.8	103,239	4.3	45,006	8.2	39,588	5.1
Financial Expense	(40,105)	(2.1)	(45,713)	(1.9)	(11,799)	(2.1)	(15,214)	(2.0)
Net Exchange variation	(56)	(0.0)	(182)	(0.0)	3,018	0.5	6,841	0.9
Derivative and non-derivative financial instruments (settlement)	-	-	(9,060)	(0.4)	-	-	141	0.0
<b>Financial result</b>	88,986	4.7	48,284	2.0	36,225	6.6	31,356	4.1
<b>Profit before IRPJ/CSLL</b>	376,300	19.9	1,062,288	43.8	83,709	15.2	323,189	42.0
<b>IRPJ/CSLL</b>	(48,438)	(2.6)	(151,806)	(6.3)	(9,182)	(1.7)	(45,879)	(6.0)
<b>Profit for the period</b>	327,862	17.3	910,482	37.5	74,527	13.5	277,310	36.0

## RESULTS REPORT (in R\$ thousands)

## BW

	9M23		9M22		3Q23		3Q22	
	R\$ thousand	%NR	R\$ thousand	%NR	R\$ thousand	%NR	R\$ thousand	%NR
<b>NET REVENUE</b>	90,932	100.0	73,334	100.0	34,017	100.0	33,475	100.0
Cost of Goods Sold	(61,355)	(67.5)	(55,787)	(76.1)	(22,027)	(64.8)	(17,960)	(53.7)
<b>GROSS PROFIT</b>	29,577	32.5	17,547	23.9	11,990	35.2	15,515	46.3
Operating Expenses								
General, administrative, and Other operating revenues/expenses	(6,081)	(6.7)	(2,882)	(3.9)	(1,892)	(5.6)	1,457	4.4
<b>Operating profit before financial result</b>	23,496	25.8	14,665	20.0	10,098	29.7	16,972	50.7
Financial Revenue	12,759	14.00	10,626	14.5	4,941	14.5	4,166	12.4
Financial Expense	(20,531)	(22.6)	(22,228)	(30.3)	(6,053)	(17.8)	(8,032)	(24.0)
<b>Financial Result</b>	(7,772)	(8.5)	(11,602)	(15.8)	(1,112)	(3.3)	(3,866)	(11.5)
<b>Profit (Loss) before IRPJ/CSLL</b>	15,724	17.3	3,063	4.2	8,986	26.4	13,106	39.2
<b>IRPJ/CSLL</b>	(2,182)	(2.4)	(1,056)	(1.4)	(1,092)	(3.2)	(984)	(2.9)
<b>Profit (Loss) for the term</b>	13,542	14.9	2,007	2.7	7,894	23.2	12,122	36.2

CASH FLOW STATEMENT - (in R\$ thousands)	CONSOLIDATED	
CASH AND CASH EQUIVALENT	9M23	9M22
<b>Cash flow from operating activities</b>		
Profit for the period	327,862	910,482
Net profit adjustments		
Interest and monetary and exchange variations	(39,790)	(27,650)
Depreciation, amortization, and depletion	114,532	88,603
Depletion of biological asset	47,433	38,511
Change in fair value of biological assets	(39,571)	(28,426)
Deferred taxes	25,289	11,581
Provision for profit holdings	50,631	63,178
Post-employment benefit update	873	(17,667)
Constitution (reversal) of provision for contingencies	(1,924)	(2,381)
Others	4,483	5,462
	489,818	1,041,693
<b>Reduction (increase) in asset accounts:</b>		
Accounts to receive from customers	40,279	20,186
Stocks	71,554	(153,703)
Taxes to be recovered	9	55,721
Advance to suppliers	1,500	1,500
Judicial Deposits	31,440	3,523
Other Assets	(368)	2,556
<b>Increase (decrease) in liabilities accounts:</b>		
Suppliers	(6,763)	13,621
Taxes and social contributions	(14,095)	(2,658)
Income tax and social contribution to pay	23,098	141,504
Labor and actuarial obligations	(80,106)	(61,743)
CCEE reimbursement accounts	(3,600)	12,080
Advances from customers	(51,080)	13,879
Other liabilities	227	3,364
Income tax and social contribution paid	(40,663)	(169,009)
Interest paid in the year	(28,310)	(29,552)
<b>Net cash generated by operating activities</b>	<b>432,940</b>	<b>892,962</b>
<b>Cash flow from investment activities</b>		
Capex	(202,232)	(156,564)
Properties for investments	(15,000)	-
Sales of properties	1,784	785
Movement in financial investments	8,983	(136,394)
<b>Net cash invested in investment activities</b>	<b>(206,465)</b>	<b>(292,173)</b>
<b>Cash flow from financing activities</b>		
Amortization of loans and financing	(58,764)	(64,800)
Amortization of leases	(51,811)	(22,932)
Dividends and JCP paid	(114,594)	(293,507)
<b>Net cash invested in financing activities</b>	<b>(225,169)</b>	<b>(381,239)</b>
Exchange variation on cash and cash equivalents	203	-
<b>Increase in cash and cash equivalents</b>	<b>1,509</b>	<b>219,550</b>
Cash and cash equivalent at the beginning of the year	474,102	216,512
Cash and cash equivalent at the end of the term	475,611	436,062
<b>Net Increase of the cash balance and cash equivalent</b>	<b>1,509</b>	<b>219,550</b>
<b>Net increase in the balance of financial investments</b>	<b>67,153</b>	<b>201,668</b>
<b>Net increase in financial reserve</b>	<b>68,662</b>	<b>421,218</b>

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