

1. OPERATIONAL CONTEXT

Cia de Ferro Ligas da Bahia - FERBASA ("Ferbasa" or "Company") is a publicly-held company, headquartered in Pojuca - BA, registered with the Brazilian Securities and Exchange Commission (**CVM** – Comissão de Valores Mobiliários) and has shares traded on the São Paulo Stock Exchange (B3 S.A. – Brasil, Bolsa, Balcão). Ferbasa started its activities 62 years ago, on February 23, 1961, and operates sustainably in the areas of chromite mining, metallurgy in the production of ferroalloys, renewable forest resources and wind energy generation, all in the State of Bahia. Its parent company is the José Carvalho Foundation, a non-profit entity with an indefinite duration, whose primary objective is to provide quality education to children and young people in need.

This interim accounting information, both individual and consolidated, was approved by the Company's Board of Directors on August 8, 2023.

1.1 Effects of the Russia-Ukraine conflict

The conflict between Russia and Ukraine continues to interfere with important global supply chains and upset the balance of international relations. The effects of the war added to the inflationary outbreak that had already been plaguing many countries with the skyrocketing prices of globally relevant commodities, such as food commodities, minerals, metal goods and energy, and intensifying the instability in business environments. Attempts to combat inflation have led to the maintenance of interest rates at high levels and, therefore, continue to signal recessionary expectations that become concerns for the markets.

In this context, Ferbasa continues to monitor the events to assess and seek to mitigate possible impacts on its business.

1.2 Accounting impacts related to climate change and ESG agenda

FERBASA has historically prioritized actions that contribute to the evolution of the ESG agenda in its corporate agenda.

As of June 30, 2023, the Company does not have: (i) loans or financing linked to ESG goals and indicators; (ii) insurance related to ESG aspects; (iii) carbon credit transactions; (iv) provisions or contingent liabilities related to ESG, in addition to the environmental provision already disclosed by the Company; and (v) risk of discontinuity of its operations.

2. SUMMARY OF KEY ACCOUNTING POLICIES

2.1. Preparation Base

This interim accounting information should be read in conjunction with the Company's audited financial statements of December 31, 2022, which were prepared and presented in accordance with the accounting practices adopted in Brazil, including the pronouncements issued by the Accounting Pronouncements Committee (CPC) and in accordance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), evidencing all the relevant information of the financial statements, and only them, which are consistent with those used by the Management.

(i) Adoption of new and/or revised accounting pronouncements, guidance and interpretations. As disclosed in Note No. 7.1 of the financial statements of December 31,

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2022, the Company analyzed the new pronouncements and verified that there were no significant changes to those disclosed for this individual and consolidated interim financial information, due to their adoption.

(ii) Interim Financial Information

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

The preparation of interim financial information requires the use of certain critical accounting estimates, as well as the exercise of judgment on the part of the Company's management as to the process of applying its accounting practices. There were no significant changes in the assumptions and judgments adopted by the Company's Management regarding the use of estimates for the preparation of this interim financial information, in relation to those used in the financial statements of December 31, 2022.

The main accounting policies applied in the preparation of this quarterly interim financial information are consistent with those disclosed in Note No. 6 to the Company's financial statements of December 31, 2022, filed with the CVM on March 6, 2023 and, therefore, should be read together with this interim financial information.

3. FINANCIAL INSTRUMENTS

3.1. Classification of financial instruments and fair value hierarchy

The main active and passive financial instruments are shown below:

Accounting measurement	Parent		Consolidated		
	06/30/2023	12/31/2022	06/30/2023	12/31/2022	
Assets					
Cash and cash equivalents	Amortized cost	428,462	355,370	558,524	474,102
Short term investments	Fair value through profit or loss	473,098	393,461	473,098	393,461
Non-current financial investments	Fair value through profit or loss	313,907	365,358	366,345	417,569
Accounts receivable	Amortized cost	185,390	201,761	195,583	211,934
Judicial deposits	Amortized cost	8,645	46,448	8,741	46,544
Liabilities					
Suppliers	Amortized cost	118,807	122,617	123,305	129,638
Advances from Costmers	Amortized cost	3,683	61,209	3,683	61,209
Current loans and financing	Amortized cost	43,717	43,071	67,210	70,284
Funding cost	Amortized cost	-	-	(455)	(455)
Current loans and financing		43,717	43,071	66,755	69,829
Non-current loans and financing	Amortized cost	50,992	61,116	253,653	271,750
Funding cost	Amortized cost	-	-	(3,359)	(3,587)
Non-current loans and financing	Amortized cost	50,992	61,116	250,294	268,163
Current CCEE reimbursement account	Amortized cost	-	-	55,928	12,870
Non-current CCEE reimbursement account	Amortized cost	-	-	21,807	60,645
Current leases payable	Amortized cost	45,132	26,643	45,952	27,417
Non-current leases payable	Amortized cost	29,274	13,239	36,297	22,660

3.2. Risk management

The Company's activities expose it to several financial risks: market risk (including revenue

concentration, price, exchange rate and interest rate risks), credit risk and liquidity risk. Risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

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

As the national leader in the production of ferroalloys and the only producer of ferrochrome in the Americas, the Company concentrates its revenues in a few Costmers. In this context, **FERBASA** has maintained a constant focus on initiatives to reduce costs in order to increase international competitiveness and reach new markets.

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

3.2.1. Currency risk

The exchange rate risk arises from the mismatch between the functional currency (Real) and the revenue of ferroalloys, which is linked to the variation of foreign currency (US dollar).

For sensitivity analysis purposes, the Company adopted as scenario I (probable) the expected average exchange rate for the year 2023 of R\$5.00, according to the Focus Report issued on July 7, 2023.

	06/30/2023		Scenario I	
	US\$	R\$	Rate	Gain/ (Loss) R\$
<u>Parent and Consolidated</u>				
Accounts receivable from clients (net PECLD)	7,140	34,407	5.0000	1,293

3.2.2. Interest Rate Risk

The interest rate risk arises from the possibility, due to changes in the financial market, of changing the values of the securities acquired in the portfolio of financial investments arising from their mark-to-market, the choice of indexes and the option for fixed or post-fixed rates, as well as in the present value and cost of loans and financing.

For the balance applied on June 30, 2023, the Company and its subsidiaries use as scenario I (probable) the basic interest rate for the end of 2023 of 12.00% p.a., according to the Focus Report of July 7, 2023.

Interest rate risks	Closing Rate 06/30/2023 – p.a.	Scenario I Probable
Average basic interest rate – (% p.a.)	13.75%	12.00%
<u>Parent</u>		
Balance of Financial Investments (notes 4 and 5)	1,212,997	1,284,809
Net effect	-	71,812

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<u>Consolidated</u>		
Balance of Financial Investments (notes 4 and 5)	1,388,260	1,469,941
Net effect	-	81,681

For the balance of loans and financing on June 30, 2023, the Company and its subsidiaries use the TJLP of 7.00% p.a. as scenario I (probable). and for the CDI (Interbank Deposit Certificate) of 11.90%, for the end of 2023.

<u>Interest rate risks</u>	<u>Closing Rate 06/30/2023 – p.a.</u>	<u>Scenario I Probable</u>
<u>Interest rate - TJLP - (% p.a.)</u>	7.28%	7.00%
Parent:		
Balance of loans and financing (note 16)	13,038	13,486
Net effect	-	(448)
<u>Interest rate - TJLP - (% p.a.)</u>		
Consolidated:		
Balance of loans and financing (note 16)	238,192	247,423
Net effect	-	(9,231)
<u>Interest rate - CDI - (% p.a.)</u>	13.65%	11.90%
Parent and Consolidated:		
Balance of loans and financing (note 16)	81,002	85,686
Net effect	-	(4,684)

The other risks are disclosed in Note No. 8 to the Company's financial statements of December 31, 2022.

4. CASH AND CASH EQUIVALENTS

	<u>Parent</u>		<u>Consolidated</u>	
	<u>06/30/2023</u>	<u>12/31/2022</u>	<u>06/30/2023</u>	<u>12/31/2022</u>
Cash and Banks	2,470	13,648	9,707	18,178
Short-term financial investments in CDB (i)	143,104	36,474	200,913	89,690
Investment funds (ii)	282,888	305,248	347,904	366,234
	<u>428,462</u>	<u>355,370</u>	<u>558,524</u>	<u>474,102</u>

- (i) Operations in Bank Deposit Certificates ("CDB"), whose weighted average rate of return was 102.6% of the CDI on June 30, 2023 and December 31, 2022, whose redemption has daily liquidity without material change in nominal value.
- (ii) Transactions in securities through investment funds, whose redemption has liquidity at D+1 without material change in nominal value. The weighted average return on a mark-to-market

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was 77.7% of the CDI (111.1% as of December 31, 2022).

5. FINANCIAL INVESTMENTS

	Parent		Consolidated	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Current:				
Investment funds (i)	192,660	182,838	192,660	182,838
Financial Bills (ii)	186,024	130,298	186,024	130,298
CDB (iii)	40,808	3,466	40,808	3,466
Others (iv)	53,606	76,859	53,606	76,859
	<u>473,098</u>	<u>393,461</u>	<u>473,098</u>	<u>393,461</u>
Non-current:				
Financial Bills (ii)	308,388	325,325	329,991	347,161
Investment funds (i)	-	-	30,835	30,375
CDB (iii)	-	40,033	-	40,033
Deposit for reinvestment (v)	5,519	-	5,519	-
	<u>313,907</u>	<u>365,358</u>	<u>366,345</u>	<u>417,569</u>
	<u>787,005</u>	<u>758,819</u>	<u>839,443</u>	<u>811,030</u>

- (i) Transactions in securities, with maturities exceeding 90 days and the weighted average remuneration, marked to market, was 98.0% of the CDI (108.0% on December 31, 2022). Although the Company and its subsidiaries select securities with liquidity in the secondary market, the uncertainty regarding market conditions and prices in the event of a liquidity event suggests that these investments are not considered cash equivalents.
- (ii) Financial bills with a weighted average remuneration, marked to market, of 107.0% of the CDI (108.2% on December 31, 2022).
- (iii) Operations in Bank Deposit Certificates ("CDB") with no liquidity until maturity, whose average rates of return were 106.0% of the CDI (81.8% on December 31, 2022).
- (iv) Agribusiness Receivables Certificate (CRA - Portuguese acronym that stands for *Certificado de Recebíveis do Agronegócio*), Debentures and Treasury bills with a weighted average mark-to-market remuneration of 92.0% of the CDI (95.9% as of December 31, 2022).
- (v) Referring to the subsidy for the reinvestment of IRPJ, in *Banco do Nordeste do Brasil* (BNB), with a yield of 100% of the CDI.

6. ACCOUNTS RECEIVABLE FROM COSTMERS

	Parent		Consolidated	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Domestic Market	151,205	154,125	161,398	164,298
Foreign Market	34,407	47,870	34,407	47,870

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Expected Losses on Bad Debts (PECLD)	(222)	(234)	(222)	(234)
	<u>185,390</u>	<u>201,761</u>	<u>195,583</u>	<u>211,934</u>

Foreign market receivables are in U.S. dollars (US\$), converted to reais on the date of preparation of the interim financial information. On June 30, 2023 and December 31, 2022, the Company did not have any transaction that generated a significant effect of adjustment to present value.

On June 30, 2023, the Company had a provision for expected loss on doubtful accounts, in the amount of R\$222 (R\$234 on December 31, 2022), considered sufficient to cover possible losses on accounts receivable, according to an internal analysis conducted by Management.

Accounts receivable by maturity age are shown below:

	Parent		Consolidated	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Due date	183,704	195,752	193,897	205,925
Due from 0 to 30 days	1,686	6,009	1,686	6,009
Overdue more than 60 days	222	234	222	234
PECLD	(222)	(234)	(222)	(234)
	<u>185,390</u>	<u>201,761</u>	<u>195,583</u>	<u>211,934</u>

7. INVENTORIES (PARENT AND CONSOLIDATED)

Inventories are stated at the average purchasing or production cost, lower than the replacement cost or realizable value.

	06/30/2023	12/31/2022
Current:		
Finished products	193,126	267,470
Raw material	142,558	157,626
Chromium Ore	50,050	55,191
Maintenance materials (i)	123,701	98,874
	<u>509,435</u>	<u>579,161</u>
Non-current:		
Maintenance materials (i)	15,407	15,407
Provision for obsolescence (ii)	(6,669)	(6,669)
	<u>8,738</u>	<u>8,738</u>
	<u>518,173</u>	<u>587,899</u>

- (i) Maintenance material inventories are classified into current or non-current assets, considering the history of consumption.
- (ii) The Company maintains a provision for obsolescence related to items with low turnover, when there is no forecast for use in the coming periods.

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8. RECOVERABLE TAXES

	Parent		Consolidated	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Current:				
Recoverable taxes on revenue (PIS and COFINS) (i)	1,696	1,440	1,697	1,440
Income tax and social contribution (IRPJ and CSLL)	9,019	9,182	13,888	13,699
Recoverable VAT (ICMS)	3,123	2,868	3,123	2,868
Other	280	280	315	317
	<u>14,118</u>	<u>13,770</u>	<u>19,023</u>	<u>18,324</u>
Non-current:				
Recoverable VAT (ICMS)	7,028	6,597	7,028	6,597
Others	65	65	65	65
	<u>7,093</u>	<u>6,662</u>	<u>7,093</u>	<u>6,662</u>
	<u>21,211</u>	<u>20,432</u>	<u>26,116</u>	<u>24,986</u>

9. CURRENT AND DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION

Deferred income tax and social contribution are calculated on the temporary differences between the tax calculation bases and the carrying values of Assets and Liabilities in the financial statements. The rates of these taxes, for determining deferred taxes, are 25% for IRPJ and 9% for CSLL.

	Parent		Consolidated	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
<u>Deferred tax assets (*)</u>				
Provision for contingencies	(60,831)	(60,717)	(60,831)	(60,717)
Provision for losses in the inventories (i)	(6,669)	(6,669)	(6,669)	(6,669)
Provision for profit sharing and employee bonus (ii)	(37,589)	(97,700)	(37,589)	(97,700)
Provision for environmental liabilities	(17,432)	(15,390)	(17,432)	(15,390)
Labor and actuarial obligations	(49,204)	(45,962)	(49,204)	(45,962)
Realization of capital gain	(23,195)	(20,986)	(23,195)	(20,986)
Provision PECLD	(222)	(234)	(222)	(234)
Taxes with suspended liability (PIS/COFINS)	(4,358)	(4,358)	(4,358)	(4,358)
Tax Losses	-	-	(1,212)	(1,567)
Other temporary provisions	(12,380)	(24,231)	(12,380)	(24,231)
Tax base	<u>(211,880)</u>	<u>(276,247)</u>	<u>(213,092)</u>	<u>(277,814)</u>
Deferred income tax at the 25% tax rate	50,833	65,387	51,136	65,779
Deferred social contribution at the 9% tax rate	19,069	24,862	19,178	25,003
Deferred IRPJ/CSLL asset ^(A)	<u>69,902</u>	<u>90,249</u>	<u>70,314</u>	<u>90,782</u>

- (i) Provision of obsolescence related to maintenance items with low turnover and provision of inventories.
- (ii) (ii) The Administrators' profit sharing in the amount of R\$8,550 (R\$14,700 as of December 31, 2022) is the basis only for calculating the deferred CSLL. In the case of IRPJ, this is a permanent difference.

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	Parent		Consolidated	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Deferred tax liabilities (*)				
Fixed assets - "deemed cost"	58,811	58,811	63,385	63,385
Biological assets - "fair value"	72,515	72,515	72,515	72,515
Advantageous purchase	75,143	75,143	75,143	75,143
Accelerated depreciation	6,484	6,484	6,484	6,484
Calculation Basis	212,953	212,953	217,527	217,527
Deferred income tax at the 25% tax rate	(53,238)	(53,238)	(54,382)	(54,382)
Deferred social contribution at the 9% tax rate	(19,166)	(19,166)	(19,577)	(19,577)
Deferred liabilities IRPJ/CSLL ^(B)	(72,404)	(72,404)	(73,959)	(73,959)
Liquid deferred IRPJ/CSLL ^(A+B)	(2,502)	17,845	(3,645)	16,823

- (*) The balance of deferred taxes liabilities related to the Parent Company is R\$ 2,502 (deferred taxes assets R\$ 17,845 as of December 31, 2022) and the balance of subsidiaries recorded in deferred taxes liabilities is R\$ 1,143 (deferred taxes liabilities R\$ 1,022 as of December 31, 2022).

Management, based on the best estimate, in an individual analysis of the provisions, believes that it will realize the tax credits arising from temporary differences as shown below:

Calendar year	Parent		Consolidated	
	IRPJ/CSLL - deferred		IRPJ/CSLL - deferred	
	Asset	Liability	Asset	Liability
2023	8,140	281	8,140	281
2024	10,993	5,560	11,405	5,560
2025	292	9,294	292	9,294
2026	235	9,123	235	9,123
2027	177	1,074	177	1,074
2028 onwards	50,065	47,072	50,065	48,627
	69,902	72,404	70,314	73,959

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

	Parent		Consolidated	
	06/30/2023	06/30/2022	06/30/2023	06/30/2022
Profit before IRPJ/CSLL	290,841	738,503	292,591	739,099
Combined IRPJ/CSLL rate	34%	34%	34%	34%
IRPJ/CSLL to the rates stipulated in the legislation	(98,886)	(251,091)	(99,481)	(251,294)
Interest on equity	24,736	17,616	24,736	17,616
Equity	1,519	(3,870)	-	-
Donations	(690)	(543)	(704)	(554)
Others	(5,845)	(812)	(6,749)	(4,974)
SUDENE tax incentive (i)	41,546	133,279	42,942	133,279

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	Parent		Consolidated	
	06/30/2023	06/30/2022	06/30/2023	06/30/2022
	<u>(37,620)</u>	<u>(105,421)</u>	<u>(39,256)</u>	<u>(105,927)</u>
IRPJ and CSLL results				
SUDENE tax incentive (i)	41,546	133,279	42,942	133,279
Current	(58,819)	(225,948)	(61,730)	(226,357)
Deferred	<u>(20,347)</u>	<u>(12,752)</u>	<u>(20,468)</u>	<u>(12,849)</u>
IRPJ and CSLL expense	<u>(37,620)</u>	<u>(105,421)</u>	<u>(39,256)</u>	<u>(105,927)</u>

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

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

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

The movement of deferred taxes during the first half of 2023 and the previous half of 2022 are presented below:

	Parent	Consolidated
Balance on 12/31/2021 – Deferred Taxes Assets	17,806	16,982
Recognized in other comprehensive results	(3,300)	(3,300)
Recognized in the result	<u>(12,752)</u>	<u>(12,849)</u>
Balance on 06/30/2022 – Deferred Tax Liabilities	<u>1,754</u>	<u>833</u>
Balance on 12/31/2022 – Deferred Taxes Assets	17,845	16,823
Recognized in the result	<u>(20,347)</u>	<u>(20,468)</u>
Balance on 06/30/2023 – Deferred Tax Liabilities	<u>(2,502)</u>	<u>(3,645)</u>

Uncertainty about Profit Tax Treatment

Non-levy of IRPJ and CSLL on the update by the Selic in the refund of unduly paid taxes

On September 24, 2021, the Federal Superior Court ("STF") ruled on the merits of Extraordinary Appeal (RE) No. 1,063,187, which established the thesis of Theme No. 962 in the sense that the levy

of IRPJ and CSLL on the amounts related to the monetary adjustment by the Selic rate received due to the repetition of tax debt is unconstitutional. The decision, under the system of general repercussion, was unanimous among the justices of the STF.

Although the RE judgment judged by the STF, published on December 16, 2021, has not become final and unappealable, and the PGFN is left with the possibility of filing motions for clarification and modulation of the effects of the decision to the STF, the decision on the merits has already been favorable to all taxpayers, and there are no relevant uncertainties regarding the merits of the matter that are not under the control of the entities.

With regard to the possible modulation of the effects of the aforementioned decision, other judgments on tax issues by the STF indicate that it is likely that taxpayers who filed their own lawsuit until September 24, 2021, will be protected the right to refund the IRPJ and CSLL for the period of 5 years prior to the date of filing the lawsuit, even if the entities do not have their lawsuit become final.

The Company had filed a writ of mandamus in 2019 aiming precisely to question the levy of IRPJ and CSLL on the monetary adjustment by the Selic of tax indebtedness (exclusion of ICMS from the PIS and COFINS calculation basis), having made the respective judicial deposits that on December 31, 2021 totaled R\$ 31,373. After being denied security in a judgment, the Company was successful in its appeal before the Federal Court (TRF-1), judged on April 13, 2022, and the action was certified *res judicata*, with a favorable decision, on July 1, 2022, after the case was transferred to the first instance, the amount of the judicial deposit was fully reverted in favor of the Company in January 2023.

10. JUDICIAL DEPOSITS

	Parent		Consolidated	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Labor	573	558	581	567
Tax (i)	8,072	45,890	8,160	45,977
	<u>8,645</u>	<u>46,448</u>	<u>8,741</u>	<u>46,544</u>

- (i) They refer to deposits associated with tax proceedings and questions regarding the legality and constitutionality of certain taxes, which are recorded in the Company's non-current assets, until a court decision to redeem these deposits by one of the parties involved.

In January 2023, the Company obtained the refunds of the amounts deposited in court related to the lawsuit that discussed the requirement to pay IRPJ and CSLL on the financial income from credits related to the exclusion of the ICMS amount from the PIS and COFINS calculation basis. These refunds total R\$ 38,231 (IRPJ R\$ 28,111 and CSLL R\$ 10,120).

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11. INVESTMENTS

Information regarding investments was presented in the Company's financial statements on December 31, 2022, in note No. 16. The summarized financial statements of the subsidiaries are shown below:

	Participation %	Assets	Liabilities	Net worth	Revenue s	Expenses	Profit (losses)	Participation in shareholders' equity of subsidiaries	Company interest (equity equivalence)
June 30, 2022									
Silbasa	51.26	2,413	47	2,366	431	(245)	186	1,213	96
Jacurici	100.00	26,955	1,513	25,442	1,984	(1340)	644	25,442	644
Reflora	99.98	3,655	25	3,630	183	(60)	123	3,630	123
Damacal	100.00	2,756	279	2,477	107	(29)	78	2,477	78
Ferbasa & CO	100.00	11	-	11	-	-	-	11	-
BW Guirapá	100.00	820,801	373,708	447,093	47,928	(58,043)	(10,115)	508,354	(12,324) (*)
								<u>541,127</u>	<u>(11,383)</u>
June 30, 2023									
Silbasa	51.26	2,858	132	2,726	483	(248)	235	1,397	121
Jacurici	100.00	28,014	1,114	26,900	2,314	(1,521)	793	26,900	793
Reflora	99.98	3,869	56	3,813	220	(67)	153	3,813	153
Damacal	100.00	2,946	306	2,640	135	(34)	101	2,640	101
Ferbasa & CO	100.00	2,690	7	2,683	-	(140)	(140)	2,683	(140)
BW Guirapá	100.00	821,255	355,653	465,602	65,166	(59,518)	5,648	522,445	3,439 (*)
								<u>559,878</u>	<u>4,467</u>

(*) Adjusted for assets valued at their fair value at the acquisition of BW Guirapá and their respective realization of the net amount of R\$ 56,843 and R\$ 2,209 (R\$ 61,261 and R\$ 2,209 as of June 30, 2022).

The movement of investments is shown below:

	Silbasa	Jacurici	Reflora	Damacal	BW Guirapá	Ferbasa & CO	Others	Total
Balances on December 31, 2021	1,117	24,798	3,508	2,398	520,678	11	78	552,588
Equity:								
Period result	96	644	123	78	(10,115)	-	-	(9,174)
Realization of assets appraised at their fair value	-	-	-	-	(2,209)	-	-	(2,209)
Balances on June 30, 2022	<u>1,213</u>	<u>25,442</u>	<u>3,631</u>	<u>2,476</u>	<u>508,354</u>	<u>11</u>	<u>78</u>	<u>541,205</u>
Balances on December 31, 2022	1,276	26,107	3,660	2,539	519,006	(63)	78	552,603
Investment (**)	-	-	-	-	-	2,651	7,500	10,151
Cumulative Conversion Adjustments	-	-	-	-	-	235	-	235
Equity:								
Period result	121	793	153	101	5,648	(140)	-	6,676
Realization of assets appraised at their fair value	-	-	-	-	(2,209)	-	-	(2,209)
Balanced on June 30, 2023	<u>1,397</u>	<u>26,900</u>	<u>3,813</u>	<u>2,640</u>	<u>522,445</u>	<u>2,683</u>	<u>7,578</u>	<u>567,456</u>

(**) It refers to the payment of the capital stock of the subsidiary Ferbasa & CO and an advance for the purchase of land for investment, in the amounts of R\$ 2,651 and R\$ 7,500, respectively.

12. PERMANENT, INTANGIBLE AND RIGHT OF USE FOR LEASE

	Silbasa	Jacurici	Reflora	Damacal	BW Guirapá	Ferbasa & CO	Others	Total
Balances on December 31, 2021	1,117	24,798	3,508	2,398	520,678	11	78	552,588
Equity:								
Period result	96	644	123	78	(10,115)	-	-	(9,174)
Realization of assets appraised at their fair value	-	-	-	-	(2,209)	-	-	(2,209)
Balances on June 30, 2022	<u>1,213</u>	<u>25,442</u>	<u>3,631</u>	<u>2,476</u>	<u>508,354</u>	<u>11</u>	<u>78</u>	<u>541,205</u>
Balances on December 31, 2022	1,276	26,107	3,660	2,539	519,006	(63)	78	552,603
Investment (**)	-	-	-	-	-	2,651	7,500	10,151
Cumulative Conversion Adjustments	-	-	-	-	-	235	-	235

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Equity:								
Period result	121	793	153	101	5,648	(140)	-	6,676
Realization of assets appraised at their fair value	-	-	-	-	(2,209)	-	-	(2,209)
Balanced on June 30, 2023	<u>1,397</u>	<u>26,900</u>	<u>3,813</u>	<u>2,640</u>	<u>522,445</u>	<u>2,683</u>	<u>7,578</u>	<u>567,456</u>

	Parent		Consolidated	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Land for planting	124,302	115,419	124,454	115,571
Land	29,514	26,357	35,284	32,127
Buildings	151,444	148,189	288,869	286,892
Machinery and Equipment	309,239	259,289	828,392	786,222
Vehicles and tractors	3,528	823	3,528	823
Furniture and utensils	2,392	2,284	2,578	2,459
Computing	7,094	3,979	7,215	4,074
Mine development	81,972	76,328	81,972	76,328
Other fixed assets	155,669	191,367	190,678	231,568
Total permanent assets and intangible assets (12.1)	<u>865,154</u>	<u>824,035</u>	<u>1,562,970</u>	<u>1,536,064</u>
Intangible (12.2)	4,397	89	13,828	9,674
Right of use – lease (12.3)	81,501	40,617	90,781	51,946

The table below shows the economic useful life of the assets, with the annual depreciation rates calculated using the straight-line method (Consolidated):

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

12.1. Permanent

	<u>Parent</u>									
	<u>Land for planting</u>	<u>Land</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Vehicles and tractors</u>	<u>Furniture and utensils</u>	<u>Computing</u>	<u>Mines</u>	<u>Fixed assets in progress, intangible assets and others</u>	<u>Total</u>
<u>Cost</u>										
Balance on 12/31/2021	115,419	26,357	226,105	684,057	73,592	13,319	15,245	121,791	98,163	1,374,048
Additions and transfers	-	-	8,973	25,518	9	3	1,509	6,238	5,083	47,333
Casualties and reclassifications	-	-	-	(10)	(996)	-	(26)	-	-	(1,032)
Balance on 06/30/2022	<u>115,419</u>	<u>26,357</u>	<u>235,078</u>	<u>709,565</u>	<u>72,605</u>	<u>13,322</u>	<u>16,728</u>	<u>128,029</u>	<u>103,246</u>	<u>1,420,349</u>
Balance on 12/31/2022	115,419	26,357	235,817	720,755	71,967	13,356	17,108	136,087	214,778	1,551,644
Additions and transfers	8,883	3,222	7,044	69,815	3,097	423	4,055	8,493	(33,002)	72,030

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Casualties	-	(65)	(52)	(86)	(205)	-	-	-	-	(408)
Reclassifications	-	-	838	-	-	-	-	-	(949)	(111)
Balance on 06/30/2023	<u>124,302</u>	<u>29,514</u>	<u>243,647</u>	<u>790,484</u>	<u>74,859</u>	<u>13,779</u>	<u>21,163</u>	<u>144,580</u>	<u>180,827</u>	<u>1,623,155</u>
<u>Accumulated depreciation and depletion</u>										
Balance on 12/31/2021			(78,653)	(426,953)	(72,098)	(10,424)	(11,722)	(54,235)	(20,882)	(674,967)
Depreciation and depletion expense			(4,469)	(17,775)	(389)	(330)	(711)	(2,749)	(1,212)	(27,635)
Casualties and reclassifications			-	7	996	-	26	-	-	1,029
Balance on 06/30/2022			<u>(83,122)</u>	<u>(444,721)</u>	<u>(71,491)</u>	<u>(10,754)</u>	<u>(12,407)</u>	<u>(56,984)</u>	<u>(22,094)</u>	<u>(701,573)</u>
Balance on 12/31/2022			(87,628)	(461,466)	(71,144)	(11,072)	(13,129)	(59,759)	(23,410)	(727,608)
Depreciation and depletion expense			(4,607)	(19,839)	(392)	(315)	(940)	(2,849)	(1,519)	(30,461)
Casualties			32	60	205	-	-	-	-	297
Reclassifications			-	-	-	-	-	-	(229)	(229)
Balance on 06/30/2023			<u>(92,203)</u>	<u>(481,245)</u>	<u>(71,331)</u>	<u>(11,387)</u>	<u>(14,069)</u>	<u>(62,608)</u>	<u>(25,158)</u>	<u>(758,001)</u>
<u>Net balances on</u>										
06/30/2022	<u>115,419</u>	<u>26,357</u>	<u>151,956</u>	<u>264,844</u>	<u>1,114</u>	<u>2,568</u>	<u>4,321</u>	<u>71,045</u>	<u>81,152</u>	<u>718,776</u>
06/30/2023	<u>124,302</u>	<u>29,514</u>	<u>151,444</u>	<u>309,239</u>	<u>3,528</u>	<u>2,392</u>	<u>7,094</u>	<u>81,972</u>	<u>155,669</u>	<u>865,154</u>

Consolidated

	Land for planting	Land	Buildings	Machinery and equipment	Vehicles and tractors	Furniture and utensils	Computing	Mines	Fixed assets in progress, intangible assets and others	Total
<u>Cost</u>										
Balance on 12/31/2021	115,571	32,127	384,218	1,406,960	82,379	13,512	15,560	121,791	134,937	2,307,055
Additions and transfers	-	-	8,973	28,607	9	3	1,509	6,238	6,884	52,223
Casualties and reclassifications	-	-	-	(3,368)	(996)	-	(26)	-	-	(4,390)
Balance on 06/30/2022	<u>115,571</u>	<u>32,127</u>	<u>393,191</u>	<u>1,432,199</u>	<u>81,392</u>	<u>13,515</u>	<u>17,043</u>	<u>128,029</u>	<u>141,821</u>	<u>2,354,888</u>

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Balance on 12/31/2022	115,571	32,127	394,544	1,449,975	80,754	13,630	17,500	136,087	254,923	2,495,111
Additions and transfers	8,883	3,222	7,044	83,360	3,097	444	4,102	8,493	(37,545)	81,100
Casualties	-	(65)	(52)	(86)	(205)	-	-	-	-	(408)
Reclassifications	-	-	838	-	-	-	-	-	(947)	(109)
Balance on 06/30/2023	<u>124,454</u>	<u>35,284</u>	<u>402,374</u>	<u>1,533,249</u>	<u>83,646</u>	<u>14,074</u>	<u>21,602</u>	<u>144,580</u>	<u>216,431</u>	<u>2,575,694</u>
<u>Accumulated depreciation and depletion</u>										
Balance on 12/31/2021			(96,113)	(588,292)	(80,885)	(10,511)	(11,996)	(54,235)	(19,527)	(861,559)
Depreciation and depletion expense			(5,957)	(36,528)	(389)	(335)	(723)	(2,749)	(1,862)	(48,543)
Casualties and reclassifications			-	1,057	996	-	26	-	-	2,079
Realization of capital gain			207	(2,416)	-	-	-	-	-	(2,209)
Balance on 06/30/2022			<u>(101,863)</u>	<u>(626,179)</u>	<u>(80,278)</u>	<u>(10,846)</u>	<u>(12,693)</u>	<u>(56,984)</u>	<u>(21,389)</u>	<u>(910,232)</u>
Balance on 12/31/2022			(107,652)	(663,753)	(79,931)	(11,171)	(13,426)	(59,759)	(23,355)	(959,047)
Depreciation and depletion expense			(6,092)	(38,748)	(392)	(325)	(961)	(2,849)	(2,169)	(51,536)
Casualties			32	60	205	-	-	-	-	297
Reclassifications			-	-	-	-	-	-	(229)	(229)
Realization of capital gain			207	(2,416)	-	-	-	-	-	(2,209)
Balance on 06/30/2023			<u>(113,505)</u>	<u>(704,857)</u>	<u>(80,118)</u>	<u>(11,496)</u>	<u>(14,387)</u>	<u>(62,608)</u>	<u>(25,753)</u>	<u>(1,012,724)</u>
<u>Net balances on</u>										
06/30/2022	<u>115,571</u>	<u>32,127</u>	<u>291,328</u>	<u>806,020</u>	<u>1,114</u>	<u>2,669</u>	<u>4,350</u>	<u>71,045</u>	<u>120,432</u>	<u>1,444,656</u>
06/30/2023	<u>124,454</u>	<u>35,284</u>	<u>288,869</u>	<u>828,392</u>	<u>3,528</u>	<u>2,578</u>	<u>7,215</u>	<u>81,972</u>	<u>190,678</u>	<u>1,562,970</u>

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Other fixed assets

They include assets in progress in the amount of R\$ 149,695, Parent Company (R\$ 184,942 on December 31, 2022), and R\$ 155,522, Consolidated (R\$ 195,313 on December 31, 2022), in addition to other fixed assets corresponding to wind farm demobilizations, mine closures, environment, road maintenance, among others.

Additions and transfers

They include acquisitions of fixed assets carried out in the periods and ongoing projects transferred to operations.

Goods offered as collateral

In the period ended June 30, 2023, property, plant and equipment that were offered as collateral for loan operations and lawsuits totaled R\$6,859 (R\$10,937 as of December 31, 2022).

12.2. Intangible

	Parent			Consolidated
	Software	Right of Use	Software	Total
<u>Cost</u>				
Balance on 12/31/2021	9,249	13,863	285	23,397
Additions and transfers	176	-	-	176
Balance on 06/30/2022	<u>9,425</u>	<u>13,863</u>	<u>285</u>	<u>23,573</u>
Balance on 12/31/2022	9,425	13,863	299	23,587
Additions and transfers	4,055	-	74	4,129
Reclassifications	642	-	-	642
Balance on 06/30/2023	<u>14,122</u>	<u>13,863</u>	<u>373</u>	<u>28,358</u>
<u>Accumulated amortization</u>				
Balance on 12/31/2021	(8,836)	(4,032)	(82)	(12,950)
Amortization Expense	(287)	(195)	(40)	(522)
Balance on 06/30/2022	<u>(9,123)</u>	<u>(4,227)</u>	<u>(122)</u>	<u>(13,472)</u>
Balance on 12/31/2022	(9,337)	(4,421)	(155)	(13,913)
Amortization Expense	(285)	(195)	(34)	(514)
Reclassifications	(103)	-	-	(103)
Balance on 06/30/2023	<u>(9,725)</u>	<u>(4,616)</u>	<u>(189)</u>	<u>(14,530)</u>
Net balance on 06/30/2022	302	9,636	163	10,101
Net balance on 06/30/2023	4,397	9,247	184	13,828

12.3. Right of use on leasing

	Parent	Consolidated			
	Machinery and equipment	Machinery and equipment	Lands	Buildings	Total
<u>Cost</u>					
Cost on 12/31/2021	75,386	75,386	13,109	183	88,678
Additions/Remeasurement	29,065	29,065	706	(7)	29,764
Cost on 06/30/2022	<u>104,451</u>	<u>104,451</u>	<u>13,815</u>	<u>176</u>	<u>118,442</u>
Cost on 12/31/2022	127,397	127,397	13,151	176	140,724
Additions/Remeasurement	64,128	64,128	(1,786)	-	62,342
Cost on 06/30/2023	<u>191,525</u>	<u>191,525</u>	<u>11,365</u>	<u>176</u>	<u>203,066</u>

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<i>Depreciation</i>					
Depreciation on 12/31/2021	(59,905)	(59,905)	(1,327)	(105)	(61,337)
Additions	(9,609)	(9,609)	(278)	(18)	(9,905)
Depreciation on 06/30/2022	<u>(69,514)</u>	<u>(69,514)</u>	<u>(1,605)</u>	<u>(123)</u>	<u>(71,242)</u>
Depreciation on 12/31/2022	(86,780)	(86,780)	(1,857)	(141)	(88,778)
Additions	(23,244)	(23,244)	(228)	(35)	(23,507)
Depreciation on 06/30/2023	<u>(110,024)</u>	<u>(110,024)</u>	<u>(2,085)</u>	<u>(176)</u>	<u>(112,285)</u>
Net balance on 06/30/2022	34,937	34,937	12,210	53	47,200
Net balance on 06/30/2023	81,501	81,501	9,280	-	90,781

The recognized amounts of additions and remeasurement in the individual amount of R\$64,128 (R\$29,065 on June 30, 2022) and consolidated amounts of R\$62,342 (R\$29,764 on June 30, 2022) did not affect the cash flow statements and part of the depreciation of the lease right of use in the amount of R\$1,439 (R\$218 on June 30, 2022) was appropriated to the cost of inventory.

13. BIOLOGICAL ASSETS (PARENT AND CONSOLIDATED)

The information regarding the biological asset was presented in the Company's financial statements as of December 31, 2022, in Note 18.

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

	<u>06/30/2023</u>	<u>12/31/2022</u>
At the beginning of the financial year	276,279	223,683
Planting and maintenance	32,855	64,519
Depletion	(13,451)	(49,926)
Fair value variation	-	38,003
At the end of the financial year	<u>295,683</u>	<u>276,279</u>

Forests in formation that are less than two (2) years old are maintained at historical cost as a result of Management's understanding that during this period the historical cost of the forest in formation is close to fair value.

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

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

The Company has 17,168 hectares (about 42,423 acres) of biological assets pledged as collateral for financing with the National Bank for Economic and Social Development (BNDES). The total amount of this credit line available to the Company is R\$40,493. In the 2018 fiscal year, R\$ 2,500 were released from this

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line. In the fiscal years 2019, 2020, 2021, 2022 and the first half of 2023 there were no other releases.

The Company always carries out the fair value assessment of biological assets in the third quarter of each year and the complement on December 31.

14. SUPPLIERS

	Parent		Consolidated	
	<u>06/30/2023</u>	<u>12/31/2022</u>	<u>06/30/2023</u>	<u>12/31/2022</u>
Electrical energy	26,739	26,059	26,739	26,059
Raw material and inputs	76,770	82,267	76,770	82,267
Other suppliers (i)	15,298	14,291	19,796	21,312
	<u>118,807</u>	<u>122,617</u>	<u>123,305</u>	<u>129,638</u>

(i) These are various services (consulting, transportation, research and prospecting, etc.) as well as non-production suppliers.

15. CASH ADVANCE FROM CUSTOMERS (PARENT COMPANY AND CONSOLIDATED)

	<u>06/30/2023</u>	<u>12/31/2022</u>
Cash advance from customers	<u>3,683</u>	<u>61,209</u>

The most relevant item refers to funds received for shipments of products in transit on the base date of June 30, 2023 and December 31, 2022, whose respective revenue recognition occurs at the end of the landing at the place of destination, where the delivery obligation ceases, i.e., when the control of the products is effectively transferred to the Customer.

16. LOANS AND FINANCING

	Parent		Consolidated	
	<u>06/30/2023</u>	<u>12/31/2022</u>	<u>06/30/2023</u>	<u>12/31/2022</u>
Current:				
Financings (i)	43,717	43,071	43,717	43,071
Financing BNDES BW Guirapá (ii)	-	-	23,493	27,213
Subtotal Financing	<u>43,717</u>	<u>43,071</u>	<u>67,210</u>	<u>70,284</u>
Cost of Money raising	-	-	(455)	(455)
Current Total	<u>43,717</u>	<u>43,071</u>	<u>66,755</u>	<u>69,829</u>
Non-current:				
Financings (i)	50,992	61,116	50,992	61,116
Financing BNDES BW Guirapá (ii)	-	-	202,661	210,634
Subtotal Financing	<u>50,992</u>	<u>61,116</u>	<u>253,653</u>	<u>271,750</u>
Cost of Money raising	-	-	(3,359)	(3,587)
Non-current total	<u>50,992</u>	<u>61,116</u>	<u>250,294</u>	<u>268,163</u>
	<u>94,709</u>	<u>104,187</u>	<u>317,049</u>	<u>337,992</u>

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

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

<u>Modality</u>	<u>Salaries</u>	<u>Charges (annual)</u>	<u>Amortization</u>	<u>Guarantees</u>	<u>Parent</u>	<u>Consolidated</u>
FINAME	2023 to 2024	TJLP + 3.6% a 4.2%.	Monthly	Fiduciary alienation	514	514
FINEM	2024 to 2025	TJLP + 2.26%	Monthly	Land mortgage	12,524	12.524
FINEM	until 2032	TJLP + 2.65%	Monthly	See (ii) above	-	226.154
				TJLP subtotal (note 3.2.2)	<u>13,038</u>	<u>239.192</u>
NCE	2023 and 2024	CDI + 0.70%	Annual	Export History	60,675	60.675
CCB	2023 to 2025	CDI + 1.86%	Annual	Clean	20,327	20.327
				Subtotal CDI (note 3.2.2)	<u>81,002</u>	<u>81.002</u>
FINAME	2023 to 2024	3% a 6%	Monthly	Fiduciary alienation	669	669
				Subtotal	<u>94,709</u>	<u>320.863</u>
				Funding cost	-	(3,814)
				Total	<u>94.709</u>	<u>317,049</u>

Restrictive contractual clauses – "covenants"

The Company has financing, which includes restrictive clauses requiring compliance with the performance of annual indexes, under the condition of anticipation of the maturity of the debt in case of non-compliance with the covenants.

On June 30, 2023 and December 31, 2022, Ferbasa met the ratio required in the financing agreements (Finame) in which the ratio between net financial debt and EBITDA, consolidated, must be less than or equal to 2.5x throughout the term of the contracts.

Specifically for BW Guirapá and the Wind Power Plants, it is required to maintain, throughout the term of the BNDES financing agreement, the consolidated annual debt service coverage ratio (ICSD) equal to or greater than 1.30, which was met on June 30, 2023 and December 31, 2022. In addition, they have as relevant obligations, compliance with deadlines to start and execute the commercial operation; submission of the respective operating licenses to BNDES; remain in good standing with the environmental agencies, CCEE, ANEEL, MME, the National Electric System Operator ("ONS") and/or any other bodies and entities that are part of the Direct or Indirect Public Administration; as well as adopting measures and actions aimed at preventing or correcting damage to the environment, safety and occupational medicine. These clauses were met on June 30, 2023 and December 31, 2022.

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17. PAYABLE LEASINGS

	Parent		Consolidated		
	Machinery and Equipment	Machinery and Equipment	Lands	Buildings	Total
Balance on 12/31/2021	14,410	14,410	10,964	81	25,455
Additions/Remeasurement	29,065	29,065	706	(7)	29,764
Payments	(12,618)	(12,618)	(853)	(24)	(13,495)
Execution AVP	3,195	3,195	122	5	
(Adjustment to Present Value)					3,322
Balance on 06/30/2022	<u>34,052</u>	<u>34,052</u>	<u>10,939</u>	<u>55</u>	<u>45,046</u>
Balance on 12/31/2022	39,882	39,882	10,161	34	50,077
Additions/Remeasurement	64,128	64,128	(1,786)	-	62,342
Payments	(33,166)	(33,166)	(708)	(41)	(33,915)
Execution AVP			176		
(Adjustment to Present Value)	3,562	3,562		7	3,745
Balance on 06/30/2023	<u>74,406</u>	<u>74,406</u>	<u>7,843</u>	<u>-</u>	<u>82,249</u>
Current	45,132				45,952
Non-current	29,274				36,297

On June 30, 2023, the Company estimated the discount rates, based on the risk-free interest rates observed in the Brazilian market, for the term of its contracts. The weighted average rate used for the parent company is 17.18% p.a. and for the subsidiary BW is 9.65% p.a.

The amounts classified as non-current liabilities have the following composition, by year of maturity:

<u>Expiration year</u>	<u>Parent</u>	<u>Consolidated</u>
2024	13,574	13,877
2025 to 2029	15,700	18,402
2030 to 2034	-	2,074
2035 to 2039	-	1,592
2040 to 2044	-	292
2045 onwards	-	60
Total	<u>29,274</u>	<u>36,297</u>

The Company has the potential right to recover PIS/COFINS embedded in the lease consideration. When measuring cash flows, tax credits were not highlighted, with the potential effects of PIS/COFINS presented in the table below:

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	Parent				Consolidated			
	Nominal		Adjustment to Present Value		Nominal		Adjustment to Present Value	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Consideration	92,770	47,445	74,406	39,882	107,153	62,208	82,249	50,077
PIS/COFINS potential (9.25%)	8,581	4,389	6,883	3,689	9,912	5,754	7,608	4,632

18. LABOR AND ACTUARIAL OBLIGATIONS

	Parent		Consolidated	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Current:				
Salaries and wages	10,364	11,648	10,574	11,884
Labor provisions and charges	37,035	26,280	37,354	26,448
Profit sharing (i)	37,589	97,700	37,589	97,848
	<u>84,988</u>	<u>135,628</u>	<u>85,517</u>	<u>136,180</u>
Non-current:				
Actuarial obligations (ii)	49,204	45,962	49,204	45,962
	<u>134,192</u>	<u>181,590</u>	<u>134,721</u>	<u>182,142</u>

- (i) The Company's Bylaws establish that up to ten percent (10%) of the profit for the year shall be allocated for distribution to employees and up to ten percent (10%) of the resulting balance for management bonuses. As of June 30, 2023, the balance in the management's holdings item is R\$8,550 (R\$14,700 on December 31, 2022) and the balance in the employees' holdings item is R\$29,039 (R\$61,000 on December 31, 2022). Additionally, for December 31, 2022, there was an employee bonus in the amount of R\$ 22,000.
- (ii) The Company maintains labor and actuarial obligations as follows:
- Private Pension Plan: The Company maintains a defined contribution plan for supplementary retirement, managed by *BRASILPREV Seguros e Previdência S.A.* and a Health Plan managed by *Bradesco Saúde*.
 - Retirement Bonus: The Company also stipulates an additional post-employment benefit for employees who receive a salary below the social security ceiling and who have worked at the Company for at least ten (10) uninterrupted years. It is a one-time payment to the employee at the end of their employment relationship.
 - FGTS fine: The Company set up a post-employment benefit provision related to the FGTS fine upon retirement for employees exposed to harmful risks (special retirement), opting for the FGTS (*Service Time Guarantee Fund*), terminated at their request, and not remaining on the occasion of their termination. These special retirees will be entitled to the benefit as if they were terminated, as long as the length of service exceeds 5 or 8 years, depending on the location where they work.
 - Medical assistance: In the first quarter of 2022, there was a review and change in the rules of the health care plan administered by *Bradesco Saúde*. The plan changed from contributory to non-contributory, there were changes in the discount table and the permanence rules for those terminated and retired were reviewed, which caused a reduction in actuarial obligations, generating a reversal of R\$ 22,056 in other operating revenues. Employees who join the Company as of these changes will not be entitled to remain in the plan when retired or terminated. Employees with more than 30 years of uninterrupted employment relationship, when terminated by retirement and as long as they assume the full cost of the plan, will be

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

19. TAXES AND SOCIAL CONTRIBUTIONS

	Parent		Consolidated	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Current:				
IRPJ and CSLL	7,980	29,260	8,058	29,300
IPI	1,740	1,891	1,740	1,891
ICMS	12,954	12,781	13,366	12,820
IRRF to be collected	2,233	4,530	2,367	4,710
PIS and COFINS	2,121	7,080	2,617	7,568
Others	1,627	2,553	1,817	2,795
	<u>28,655</u>	<u>58,095</u>	<u>29,965</u>	<u>59,084</u>
Non-current:				
IRPJ – Reinvestment (i)	3,500	-	3,500	-
PIS and COFINS	-	-	87	87
	<u>3,500</u>	<u>-</u>	<u>3,587</u>	<u>87</u>
	<u>32,155</u>	<u>58,095</u>	<u>33,552</u>	<u>59,171</u>

- (i) The balance linked to tax incentives refers to reinvestment amounts at 30% of the income tax due in the calendar year 2022, plus another portion (50% of this 30%) of own resources. These amounts are provisioned until the approval of the projects by SUDENE. In the event of approval, these amounts that would otherwise be collected as tax are released for the Company to invest in projects. Therefore, if approved, they will be capitalized; otherwise, they will be transferred to the Federal Revenue Service as income tax.

20. PROVISION FOR ENVIRONMENTAL LIABILITIES

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

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

The changes in these provisions are shown below:

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	Parent		Consolidated	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
<u>Non-current</u>				
At the beginning of the year	15,666	15,953	56,313	57,415
Losses	(330)	(944)	(330)	(1,759)
Monetary adjustment, AVP and others	2,096	657	2,096	657
	<u>17,432</u>	<u>15,666</u>	<u>58,079</u>	<u>56,313</u>

21. PROVISION FOR CONTINGENCIES (PARENT AND CONSOLIDATED)

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

	Possible		Probable	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Tax / Administrative	29,706	28,695	48,685	48,571
Labor	814	896	7,449	7,449
Civil	1,692	465	4,697	4,697
	<u>32,212</u>	<u>30,056</u>	<u>60,831</u>	<u>60,717</u>

The description of the Company's main contingent liabilities, including those that were considered likely to be a possible loss by management and its legal advisors, was presented in the financial statements as of December 31, 2022, in Note No. 27 and there were no significant changes in their possible contingencies during this period.

22. REIMBURSEMENT ACCOUNT - CCEE (CONSOLIDATED)

	Consolidated	
	06/30/2023	12/31/2022
Opening balance	73,515	49,515
Reimbursement	2,708	18,015
Penalty	-	2,443
Update	1,512	4,825
Constrained-off rollback	-	(1,283)
Final balance	<u>77,735</u>	<u>73,515</u>
<u>Current</u>	55,928	12,870
<u>Non-current</u>	21,807	60,645
	<u>77,735</u>	<u>73,515</u>

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

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- (a) The contractual limit accepted, without the incidence of penalties or bonuses, is equivalent to the supply of 90% to 130% of the contracted energy for one year, calculated at the end of each quadrennium. In these cases, the positive or negative deviation between the energy supplied and the contracted energy is recognized in the assets or liabilities, respectively, by applying the updated contractual price on the MWh calculated. Any differences between the supply of electricity and the contracted energy will be compensated for each contractual quadrennium, with the first quadrennium ending on June 30, 2018, the second quadrennium ending on June 30, 2022 and the third quadrennium beginning in July 2022.
- (b) If the energy supplied is less than 90% of the contracted energy, the due reimbursement will occur with the application of 115% of the current contractual price on the amount in MWh that is less than the contracted 90%. If the energy supplied is greater than 130% of the contracted energy, the Companies will receive 70% of the contracted price on the amount in MWh that exceeds the contracted 130%. In both cases, the financial settlement takes place from July of the current year until June of the following year.

Additionally, as of June 2023, the CCEE began recalculating the calculations of reimbursements considering the energy not supplied by *constrained off* wind farms. The effects of *constrained off* were calculated for CCEARs and CERs with the end of the contractual year until September 2021. For the period from October 2021, the reassessment schedule has not yet been disclosed, since the ANEEL Public Consultation No. 22/2022 process has not been concluded. The Company reflected in the segregation between current and non-current the schedule already disclosed.

23. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

	Result			Assets	Liabilities	
	Leasing costs (i)	Sales revenue (ii)	Other (revenues)/expenses operational (iii)	Accounts receivable from customers (ii)	Investment (iv)	Other suppliers (iii)
Parent:						
José Carvalho Foundation	-	35	(183)	-	-	-
Subsidiaries:						
<i>BW Guirapá S.A.</i>	-	-	(275)	-	-	-
<i>Silício de Alta Pureza da Bahia S.A.</i>	420	-	-	-	-	-
<i>Mineração Vale do Jacurici S.A.</i>	762	-	-	-	-	-
<i>Reflorestadora e Agrícola S.A.</i>	30	-	-	-	-	-
<i>Indústria de Minérios Damacal Ltda.</i>	18	-	-	-	-	-
<i>Ferbasa & CO</i>	-	-	-	-	2,651	-
Related party:						
Marubeni Corporation (v)	-	262,886	-	13,876	-	-
Total on June 30, 2023	1,230	262,921	(458)	13,876	2,651	-
Total on December 31, 2022	2,460	563,029	9,213	15,931	-	1,238
Total on June 30, 2022	1,230	263,905	3,828	22,502	-	677

- (i) Refers to the leasing of the operations of the subsidiaries.
- (ii) Refers to revenue and accounts receivable from the sale of alloys (FeSi75) to the foreign linked company and accounts receivable from the sale of wood, quicklime and slag dust to

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the Parent Company.

- (iii) Refers to: (a) Cooperation and Partnership Agreement for the reservation and guarantee of enrollment in schools of the José Carvalho Foundation for dependents of the Company's employees who reside in the towns of the school headquarters (Pojuca, Catu and Andorinhas); (b) Agreement for socio-educational-sports training of children from 8 to 14 years of age, public school students, aiming at the development of learning and sports practice; (c) Cooperation and Partnership Agreement for the implementation of the José Carvalho Memorial whose objective is to preserve the memory, cultural heritage, existing collection, the residence of the founder in life, in addition to hosting the permanent organizational culture program; (d) Agreement for the Sharing of Infrastructure and Administrative Structure of the corporate activities between Ferbasa and BW.
- (iv) Payment of the share capital paid in January 2023.
- (v) Maurubeni Corporation has a stake in Silicon de Alta Pureza da Bahia S.A. ("Silbasa") together with Ferbasa and Japan Metals & Chems - JMC.

In addition, the Company has in its staff close family members of key management personnel, who hold managerial positions and remuneration compatible with their respective functions. Ferbasa made remuneration payments in the amount of R\$ 1,376 in the first half of 2023 (R\$ 1,609 in the first half of 2022).

The Company has no warranties granted or received to/from related parties.

23.1. Management Compensation

Approved at the Ordinary General Meeting, the global remuneration of key Management personnel, which includes directors and statutory officers, is shown below:

	Parent		Consolidated	
	06/30/2023	06/30/2022	06/30/2023	06/30/2022
Global Compensation	17,527	14,465	19,183	16,161
Social security charges	1,678	1,347	2,011	1,684
	<u>19,205</u>	<u>15,812</u>	<u>21,194</u>	<u>17,845</u>

The Company and its subsidiaries do not have key personnel who are not statutory, nor do they have share-based compensation plans or other long-term benefits, other than those disclosed in Note No. 29 of the 2022 Financial Statements.

24. EQUITY

24.1. Share capital

The limit of the Company's authorized capital is R\$1,500,000 (one billion and five hundred million reais). The Company's subscribed and paid-in share capital, on June 30, 2023 and December 31, 2022, totals R\$1,225,444 (one billion, two hundred and twenty-five million, four hundred and forty-four thousand reais), with The subscribed and paid-in capital is represented by 88,320 thousand nominative shares with no par value, of which 29,440 thousand common shares and 58,880

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thousand preferred shares, distributed as follows:

Shareholders	06/30/2023		12/31/2022	
	Ordinary shares	Preferred shares	Ordinary shares	Preferred shares
José Carvalho Foundation	29,086,696	15,162,000	29,086,696	15,162,000
Trígono Capital	3,000	7,485,200	3,000	8,296,600
Vanguard Group	-	1,534,111	-	1,525,772
BlackRock	-	1,420,197	-	887,737
Other Shareholders	310,304	30,095,192	310,304	29,824,591
Actions in Treasury	40,000	3,183,300	40,000	3,183,300
	<u>29,440,000</u>	<u>58,880,000</u>	<u>29,440,000</u>	<u>58,880,000</u>

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

24.2. Treasury shares

The Company has shares acquired through a share buyback program. The shares acquired under the program will remain in treasury, and the decision on the sale and/or cancellation of these shares will be taken at an opportune time and will be duly communicated to the market. The volume of treasury shares and respective market values, considering the closing price on B3, is as follows:

	06/30/2023		12/31/2022	
	PN	ON	PN	ON
Number of shares in treasury	3,183,300	40,000	3,183,300	40,000
Quote on B3 – BRL/share	48.47	58.90	59.17	53.47
Average acquisition cost - BRL/share	8.07	0.06	8.07	0.06

Preferred shares do not have voting rights and have a statutory guarantee of payment of dividends 10% higher than those paid to holders of common shares and priority in the repayment of capital.

24.3. Profit Reserves

- The legal reserve is constituted with an increase in the capital stock and the allocation of 5% of the profit for the year, up to 20% of the capital stock, and its use is restricted to the compensation of losses, after the balances of retained earnings and other profit reserves have been absorbed.
- The profit reserves tax incentives SUDENE, related to income tax refers to the portion of the tax incentive of income tax (operating profit) and ICMS *DESENVOLVE* related to the gain of the tax incentive from the balance due on the tax on the circulation of goods. These reserves are constituted by transferring the portion of the tax incentive that affected the income tax and ICMS expenses for the year and cannot be distributed to shareholders. The reserve related to SUDENE also includes income tax reinvestment value.
- The profits, after the appropriation of the legal reserve, profit reserve (tax incentive) and attribution of dividends to be distributed to shareholders, are transferred to the profit retention reserve account for investments, to be carried out in accordance with the Company's capital budget and strategic planning. In fiscal year 2022, the prescribed dividends in the

amount of R\$1,531 (R\$1,338 on December 31, 2021) were reverted to the profit reserve account pursuant to Law No. 6,404/76.

24.4. Other Comprehensive Income and Equity Valuation Adjustment

Other comprehensive income comprises income and expense items (including reclassification adjustments), which are not recognized in the income statement as required or permitted by the pronouncements, interpretations and guidance issued by the CPC. Created by Law No. 11,638/07, the group of "Equity Valuation Adjustments" maintained in the Company's shareholders' equity includes valuation adjustments with increases and decreases in assets and liabilities, when applicable, while not computed in the results of the year, until their effective realization.

24.5. Unrealized profit reserve

In calendar year 2018, the Company set aside unrealized profits from the gain from the advantageous purchase of the acquisition of the BW Guirapá complex in the amount of R\$49,595.

24.6. Dividends and interest on equity

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

As resolved by the Company's Board of Directors, at a meeting held on May 29, 2023, interest on equity, gross of Withholding Income Tax (IRRF), in the amounts of R\$ 23,591 for common shares and R\$ 49,161 for preferred shares, was approved.

25. EARNINGS PER SHARE

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

	<u>06/30/2023</u>	<u>06/30/2022</u>
Profit from operations attributable to the Parent's shareholders	253,221	633,082
Reconciliation of distributable income, by class (numerator):		
Attributable profit from operations:		
To common shares	82,111	205,287
To preferred shares	171,110	427,795
Weighted average number of shares, by class (denominator):		
Weighted average number of shares in treasury:		
Ordinaries issued	29,400,000	29,400,000
Preferred issued	55,696,700	55,696,700
Basic results/diluted* earnings per share (in BRL)		

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	<u>06/30/2023</u>	<u>06/30/2022</u>
Ordinary shares	2.79289	6.98254
Preferred shares	3.07218	7.68080

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

26. NET SALES REVENUE

	<u>Parent</u>		<u>Consolidated</u>	
	<u>06/30/2023</u>	<u>06/30/2022</u>	<u>06/30/2023</u>	<u>06/30/2022</u>
Gross sales revenue				
Domestic Market	757,117	947,479	816,317	989,491
Foreign Market	696,835	884,397	696,835	884,397
	<u>1,453,952</u>	<u>1,831,876</u>	<u>1,513,152</u>	<u>1,873,888</u>
Sales deductions				
Returns and reductions	(10,868)	(23,745)	(10,868)	(23,745)
Sales tax	(157,383)	(192,520)	(159,782)	(194,787)
	<u>(168,251)</u>	<u>(216,265)</u>	<u>(170,650)</u>	<u>(218,532)</u>
	<u>1,285,701</u>	<u>1,615,611</u>	<u>1,342,502</u>	<u>1,655,356</u>

27. COST OF GOODS SOLD AND EXPENSES

	<u>Parent</u>		<u>Consolidated</u>	
	<u>06/30/2023</u>	<u>06/30/2022</u>	<u>06/30/2023</u>	<u>06/30/2022</u>
Cost of Goods Sold (i)	<u>(917,215)</u>	<u>(769,581)</u>	<u>(955,453)</u>	<u>(806,336)</u>
Selling Expenses	<u>(9,629)</u>	<u>(9,464)</u>	<u>(9,629)</u>	<u>(9,464)</u>
General and Administrative Expenses	(53,587)	(39,545)	(56,301)	(41,254)
Employee profit sharing	(29,039)	(52,153)	(29,039)	(52,153)
Management compensation	(19,205)	(15,812)	(21,194)	(17,845)
Total general and administrative expenses	<u>(101,831)</u>	<u>(107,510)</u>	<u>(106,534)</u>	<u>(111,252)</u>
Other revenue (expenses)	<u>(28,041)</u>	<u>(2,247)</u>	<u>(31,056)</u>	<u>(6,133)</u>
	<u>(1,056,716)</u>	<u>(888,802)</u>	<u>(1,102,672)</u>	<u>(933,185)</u>

The breakdown by nature of the costs of products sold and operating expenses are shown below:

	<u>Parent</u>		<u>Consolidated</u>	
	<u>06/30/2023</u>	<u>06/30/2022</u>	<u>06/30/2023</u>	<u>06/30/2022</u>
Variable costs and indirect product expenses	(561,495)	(483,991)	(564,538)	(486,281)

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 In thousands of dollars, unless otherwise indicated

	Parent		Consolidated	
	06/30/2023	06/30/2022	06/30/2023	06/30/2022
Personnel expenses (ii)	(229,204)	(223,106)	(233,607)	(227,135)
Depreciation and depletion expenses	(68,880)	(47,017)	(90,445)	(68,456)
Expenses with provision of services	(96,414)	(69,579)	(108,920)	(81,030)
Maintenance and repair expenses	(51,538)	(44,877)	(52,903)	(46,113)
Fuels and lubricants	(15,409)	(16,428)	(15,468)	(16,480)
Cost of idle capacity	(5,735)	(1,557)	(5,735)	(1,557)
Other revenue (expenses) (iii)	(28,041)	(2,247)	(31,056)	(6,133)
	<u>(1,056,716)</u>	<u>(888,802)</u>	<u>(1,102,672)</u>	<u>(933,185)</u>

- (i) Costs of goods sold include:
- Cost of electricity for consumption in the 14 electric ovens. In addition to electric furnaces, there is energy consumption in the areas of auxiliary services and others, as well as in mining;
 - The Company imports reactive metallurgical coke (*met coke*) (a commodity available in the international market) for the production of ferrochrome;
 - Cost of transportation of chromium ore between the mines (Municipality of Campo Formoso) and the metallurgy (Pojuca - BA), by rail;
 - The consolidated includes depreciation, amortization, power transmission, system use, operation and maintenance charges, etc. for wind power generation in the amount of R\$ 39,328 (R\$ 37,827 as of June 30, 2022).
- (ii) It includes personnel expenses, management fees, and employee and managers' profit sharing.
- (iii) The breakdown by nature of other net income (expenses) is shown below:

	Parent		Consolidated	
	06/30/2023	06/30/2022	06/30/2023	06/30/2022
Post-employment benefit (Note 18)	(3,242)	19,763	(3,242)	19,763
Other taxes and contributions	(4,335)	(2,812)	(5,374)	(3,512)
Social and business responsibility	(6,639)	(5,680)	(6,681)	(5,714)
Consulting and research	(7,599)	(7,577)	(7,628)	(7,681)
Realization of Capital Gain	-	-	(2,209)	(2,209)
Transfer of energy	(5,660)	(2,457)	(5,660)	(2,457)
Others expenses	(566)	(3,484)	(262)	(4,323)
	<u>(28,041)</u>	<u>(2,247)</u>	<u>(31,056)</u>	<u>(6,133)</u>

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28. FINANCIAL RESULT

	Parent		Consolidated	
	06/30/2023	06/30/2022	06/30/2023	06/30/2022
<u>Financial income</u>				
Income from financial investments (i)	73,074	53,538	82,876	61,351
Exchange variation	9,708	33,928	9,708	33,928
Other financial income	1,214	2,065	1,265	2,300
	<u>83,996</u>	<u>89,531</u>	<u>93,849</u>	<u>97,579</u>
<u>Financial expenses</u>				
Exchange variation	(12,782)	(40,951)	(12,782)	(40,951)
Interest incurred	(6,112)	(7,463)	(17,263)	(18,642)
Other financial expenses	(7,713)	(8,839)	(11,043)	(11,857)
	<u>(26,607)</u>	<u>(57,253)</u>	<u>(41,088)</u>	<u>(71,450)</u>
<u>Derivative and non-derivative financial instrument</u>				
Variation in passive derivative and non-derivative financial instruments	-	(9,201)	-	(9,201)
	<u>-</u>	<u>(9,201)</u>	<u>-</u>	<u>(9,201)</u>
	<u>57,389</u>	<u>23,077</u>	<u>52,761</u>	<u>16,928</u>

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

29. OPERATING SEGMENTS

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

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

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

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	Consolidated							
	Ferroalloys		Wind energy		Other segments		Total	
	06/30/23	06/30/22	06/30/23	06/30/22	06/30/23	06/30/22	06/30/23	06/30/22
<u>Liquid Sales</u>								
Domestic Market	566,192	718,551	56,915	39,859	30,635	24,462	653,742	782,872
Foreign Market	688,760	872,484	-	-	-	-	688,760	872,484
	<u>1,254,952</u>	<u>1,591,035</u>	<u>56,915</u>	<u>39,859</u>	<u>30,635</u>	<u>24,462</u>	<u>1,342,502</u>	<u>1,655,356</u>
Cost of Goods Sold	(898,844)	(756,461)	(39,328)	(37,827)	(17,281)	(12,048)	(955,453)	(806,336)
Gross profit	<u>356,108</u>	<u>834,574</u>	<u>17,587</u>	<u>2,032</u>	<u>13,354</u>	<u>12,414</u>	<u>387,049</u>	<u>849,020</u>
Operational expenses	(139,622)	(120,655)	(4,189)	(4,339)	(3,408)	(1,855)	(147,219)	(126,849)
Operational result before the financial result	<u>216,486</u>	<u>713,919</u>	<u>13,398</u>	<u>(2,307)</u>	<u>9,946</u>	<u>10,559</u>	<u>239,830</u>	<u>722,171</u>
<u>Product sales (tons)</u>								
Domestic Market	68,426	64,232						
Foreign Market	<u>73,070</u>	<u>71,757</u>						
	<u>141,496</u>	<u>135,989</u>						

30. LONG-TERM COMMITMENTS

On June 30, 2023, the Company has long-term commitments with suppliers in the form of *take or pay* with rail transportation and power reserve and power transmission contracts. The contracts provide for termination clauses and suspension of supply due to non-compliance with essential obligations. There are no liabilities recorded beyond the amount that is recognized on a monthly basis. These long-term commitments total R\$89,347 in the parent company and R\$99,514 in the consolidated.

In addition, the Company has a commitment to acquire land for investment, in the amount of R\$ 69,000, Parent Company.

31. INSURANCE COVERAGE

The Company and its subsidiaries have insurance coverage against equipment fire, explosions, electrical damage, vehicles, international transportation, imports, civil liability, business, surety bonds and operational risks of wind power generation, on June 30, 2023 in the amount of R\$ 226,348 (R\$ 170,865 on December 31, 2022) at the parent company and R\$ 1,216,854 (R\$ 1,033,503 on December 31, 2022) in the consolidated shareholder.

32. TRANSACTIONS THAT DID NOT AFFECT CASH

During the first half of 2023 and at the end of 2022, the Company carried out the following transactions that did not involve cash, therefore these are not reflected in the cash flow statements.

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Description	Note	Parent		Consolidated	
		06/30/2023	12/31/2022	06/30/2023	12/31/2022
Gain (loss) with actuarial liabilities	23(*)	3,242	1,135	3,242	1,135
Right of use in leases according to IFRS 16	17.2	24,683	52,011	24,946	52,011
Depreciation Right-of-use appropriate to inventory cost	17.2	(1,439)	3,931	(1,439)	3,931
Depletion appropriate to inventory cost	18(*)	-	1,984	-	1,984
Realization of Capital Gain	17.1	2,209	4,418	2,209	4,418
Cumulative Currency Conversion Adjustment		(235)	-	(235)	-

(*) Notes to the Financial Statement of December 31, 2022

33. SUBSEQUENT EVENTS

On July 5, 2023, the General Superintendence of the Administrative Council for Economic Defense (CADE) decided to approve, without restrictions, the incorporation of a Limited Liability Company between the Company and APERAM INOX AMÉRICA DO SUL S.A. (APERAM), whose specific purpose will be to acquire rural properties for the exploitation of eucalyptus and other equivalent forest species. The administrative proceedings were formally closed on 21 July 2023 without opposition.

In view of this approval, FERBASA is authorized to sign the Company's incorporation agreement with APERAM, and take it to regulatory approvals and registrations.

Accountant:

Arnaldo Pereira Anastácio

Accounting Manager

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



Ferbasa

2023 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 second 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.

STOCKS

IBOVESPA: FESA3/FESA4
PFDs in the stock market: 40,810
thousand
Market Value: R\$ 4,600 million

INVESTORS RELATIONS

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SCHEDULE

Earnings Call
3 p.m. (Brasília time)
2 p.m. (New York time).
Access: [click here](#)

1. HIGHLIGHTS OF CONSOLIDATED RESULTS

The table below shows the highlights of the quarterly and half-yearly results, using the 2Q23 as a reference and the accumulated in 1H23.

Highlights (in R\$ million)	2Q23	1Q23	Δ%	2Q22	Δ%	1H23	1Q22	Δ%
Average US dollar practiced	5.02	5.19	-3.3%	4.89	2.7%	5.10	5.13	-0.6%
Net Revenue	626.1	716.4	-12.6%	917.6	-31.8%	1,342.5	1,655.3	-18.9%
Cost of Goods Sold	459.6	495.9	-7.3%	429.5	7.0%	955.5	806.3	18.5%
<i>Cost over revenue</i>	73.4%	69.2%		46.8%		71.2%	48.7%	
Adjusted EBITDA	144.4	187.3	-22.9%	447.2	-67.7%	331.7	772.9	-57.1%
<i>EBITDA Margin</i>	23.1%	26.1%		48.7%		24.7%	46.7%	
Net Income	121.7	131.6	-7.5%	380.9	-68.0%	253.3	633.2	-60.0%
<i>Profit margin</i>	19.4%	18.4%		41.5%		18.9%	38.3%	

PRODUCTION – In 2Q23, 74.1 thousand tons of ferroalloys were produced, an increase of 5.5% compared to 1Q23, due to the growth of 3% in chromium alloys and 11% in silicon alloys. In the case of FeSi HP, there was a 7% increase in production. Between 1H22 and 1H23 there is a stability of production levels, with a modest 2.9% reduction in total.

SALES VOLUME – 68.0 thousand tons of ferroalloys were sold in the second quarter of the year, 7.4% lower than in 1Q23. This variation results from the 22.8% reduction in exports and the 12.4% increase in the volumes traded in the Brazilian market. In 1H23, sales registered an increase of 4.0% compared to those made in 1H22, with increases of 1.8% in exports and 6.5% in sales in the domestic market.

NET REVENUE – In 2Q23, net revenue totaled R\$ 626.1 million, 12.6% lower than in 1Q23. The causes of this variation are the reductions of 7.4% in sales volume, 4.8% in the average price of ferroalloys in dollars, and 3.3% in the average dollar practiced. The net revenue of 1H23 decreased by 18.9% when compared to 1H22, with a decline in both the domestic and foreign markets.

COST OF GOODS SOLD – Consolidated CPV reached R\$ 459.6 million in 2Q23, a decrease of 7.3% compared to 1Q23, which basically reflects the 7.4% decrease in sales volume. Compared with 1H22, the consolidated COGS of 1H23 advanced 18.5%, justified by the 4% increase in volumes sold and increase in production costs. Considering only the ferroalloys segment, the ratio between COGS and net revenue increased from 47.5% in 1H22 to 71.6% in 1H23.

SALES AND GENERAL/ADMINISTRATIVE EXPENSES – Sales expenses in 1H23 showed a modest increase of 1.1% compared to 1H22, while general/administrative expenses, which include profit sharing provisions, bonuses and management compensation, decreased by 4.2% in the same period.

OTHER OPERATING INCOME/EXPENSES – Operating expenses in 1H23 were R\$ 31.1 million, compared to R\$ 6.1 million in 1H22. This variation refers to the positive effect of the recovery of actuarial obligations in the amount of R\$ 22 million, which occurred in 1H22.

ADJUSTED EBITDA – In 2Q23, operating cash generation, as measured by EBITDA, reached R\$ 144.4 million (of which R\$ 19.5 million related to the BWG wind complex) and EBITDA margin of 23.1%, an amount 22.9% lower than in 1Q23. In 1H23, consolidated EBITDA reached R\$ 331.7 million and a margin of 24.7% and decreased 57.1% compared to 1H22.

CASH GENERATION – Cash generation, cash equivalents and financial investments reached R\$ 112.9 million in 1H23, totaling a consolidated financial reserve of R\$ 1.398 billion in the period. Deducting consolidated indebtedness of R\$320.9 million, the net cash position resulted in R\$1.077 billion in 1H23 compared to R\$943.1 million in 4Q22.

FINANCIAL RESULT – Net financial revenue was R\$ 29.5 million in 2Q23, an amount 26.6% higher than in 1Q23, caused by the 24.9% growth in revenue, which combined the good performance of the portfolio of financial investments with the higher average balance applied. The financial result of R\$ 52.8 million in 1H23 exceeded that of 1H22 by 212.4%, also influenced by the 32.2% increase in financial revenue.

CAPEX – In 1H23, R\$ 125.6 million was invested, 45.4% higher than the R\$ 86.4 million invested in 1H22.

NET PROFIT – Consolidated net income reached R\$121.7 million in 2Q23, a decline of 7.5% compared to 1Q23. Between 1H22 and 1H23, there was a 60% reduction in net profit. This impact derives from the effects mentioned before, 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 integrated 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 plantations of renewable eucalyptus forests. Of the forest assets, the Company keeps 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 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 1H23 the world production of crude steel reached 943.9 Mt (million tons) and fell 1.1% compared to 1H22. Of this total, China participated with 535.6 Mt (57% of the total produced in 1H23), which represents an increase of 1.3% compared to 1H22. Among the world's largest producers, the performances of countries such as India (+7.4%), Iran (+4.8%), Russia (+1%) and South Korea (+0.5%) stood out positively. Brazil (- 8.9%) was among the worst performers in the period analyzed, as well as Turkey (- 16.3%), Germany (- 5.3%), Japan (- 4.7%) and the USA (- 2.9%).

In South America, the volume produced in 1H23 reached 20.4 Mt, a decline of 7% compared to 1H22, of which Brazil contributed with 16 Mt - a decrease of 8.9%. According to statistics from the Brazil Steel Institute (IABr), steel imports jumped 43.2% between 1H22 and 1H23, which is usually a negative indicator for national production. In addition, apparent national consumption declined by 1.6% and exports by 4.2% in the same period.

FeSi: In China, which accounts for about 70% of the world's supply of silicon alloys, the volume produced reached 2.7 Mt in 1H23 and decreased 16.1% from 1H22, according to expert reports. It is worth mentioning that the level of production in June/23 was the lowest in just over a year and a half since October/21. Also, between 1H22 and 1H23, on the demand side for Chinese FeSi, there was a 1.3% increase in steel production and a 45.5% decline in exports of silicon alloys.

According to the World Bank, the price of mineral coal, in 2023, is on a downward trajectory, offering less pressure on electricity generation costs for many coke producers, as well as for large ferroalloy producers located in China, Malaysia, Africa of the South and India. These factors have enabled FeSi producers to reduce marketing prices.

Between 1Q23 and 2Q23, the average price of FeSi, in dollars, decreased 6.6% in Europe and 6.3% in the US, in line with the 6.4% drop in the export price of China, a country that showed a 4.2% drop in domestic price due to the devaluation of the yuan against the dollar.

STAINLESS STEEL: specialized reports estimate that the world production of stainless steel totaled 28.1 Mt in 1H23, with a decrease of 2.0% compared to 1H22. Of this total, China produced 16.7 Mt (59% of the 1H23 total), which means a 2.4% increase over 1H22. In addition to China, the positive highlights were India's estimated growth of 12.7% and Japan's 2.4%. Conversely, South Africa (-23.1%), South Korea (-22.8%) and Indonesia (-19.3%) stood out for the negative results. In Brazil, an increase of 34.7% is estimated compared to 1H22 (187 thousand tons).

In Europe, stainless steel production was estimated at 3.4 Mt in 1H23, a decrease of 8.6% from 1H22. In the same period, the U.S. produced 941,000 tons, a 13.6% decline compared to 1H22.

FeCr: the world production of HC FeCr, which normally remains in line with the volumes produced of stainless steel, registered 7.6 Mt in 1H23, with a decrease of 3.3% compared to 1H22, according to estimates of specialized publications. Of this volume, China produced 3.4 Mt (45% of the total in 1H23), which portrays a small decrease of 0.8% compared to 1H22.

In 2Q23, FeCrAC prices showed a predominant downward trend in China, with the exception of a small and one-off increase in May/23. The main drivers of this reduction were coke costs and concerns about the weak demand for stainless steel in the country.

It is worth mentioning the price of UG2, which remains high and putting pressure on Chinese costs. To a large extent, the price of UG2 has been determined by the level of chrome ore stocks in China, which closed the semester with 2.03 Mt and remained below the average levels of the last 5 years (min.: 2.5 Mt and max.: 3.8 Mt). Between 1Q23 and 2Q23, the price of UG2 grew by 1.1%.

As a consequence of the effects mentioned above, between 1Q23 and 2Q23, Chinese HC FeCr prices decreased by 4.6% for imports at China and 1.5% for the domestic market. In Europe and the US, prices followed the same downward projection, registering retreats of 1.7% and 2.2%, respectively.

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

In 2Q23, 74,100 tons of ferroalloys were produced, an increase of 5.5% compared to 1Q23, due to increases of 3% in chromium alloys and 11% in silicon alloys. Regarding HP FeSi, which accounted for 45% of the total silicon alloys produced in 2Q23, there was a 7% growth in production compared to 1Q23.

Between 1H22 and 1H23, there was a 2.9% reduction in the production of ferroalloys, which resulted from the 2.6% decline in chromium alloys and 3.5% in silicon alloys. Regarding HP FeSi, there was a small contraction of 0.8% in the production for the semester.

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.

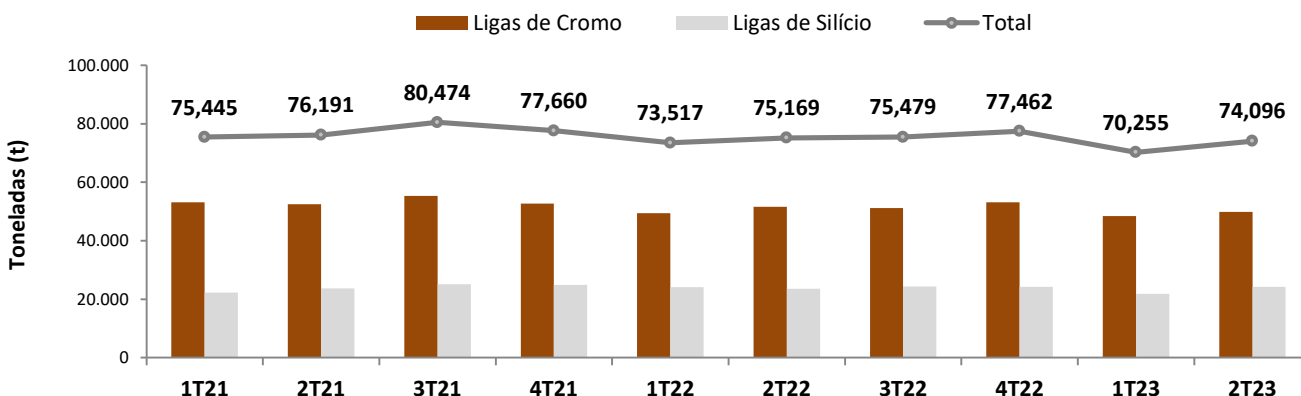
Production (tons)	2Q23	1Q23	Δ%	2Q22	Δ%	1H23	1H22	Δ%
Chromium Alloys	49,911	48,462	3.0%	51,628	-3.3%	98,373	101,021	-2.6%
Silicon Alloys	24,185	21,793	11.0%	23,541	2.7%	45,978	47,665	-3.5%
Total	74,096	70,255	5.5%	75,169	-1.4%	144,351	148,686	-2.9%

Use of Installed Capacity (MWh) %	8.2%	76.7%	82.1%	78.5%	83.1%
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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.

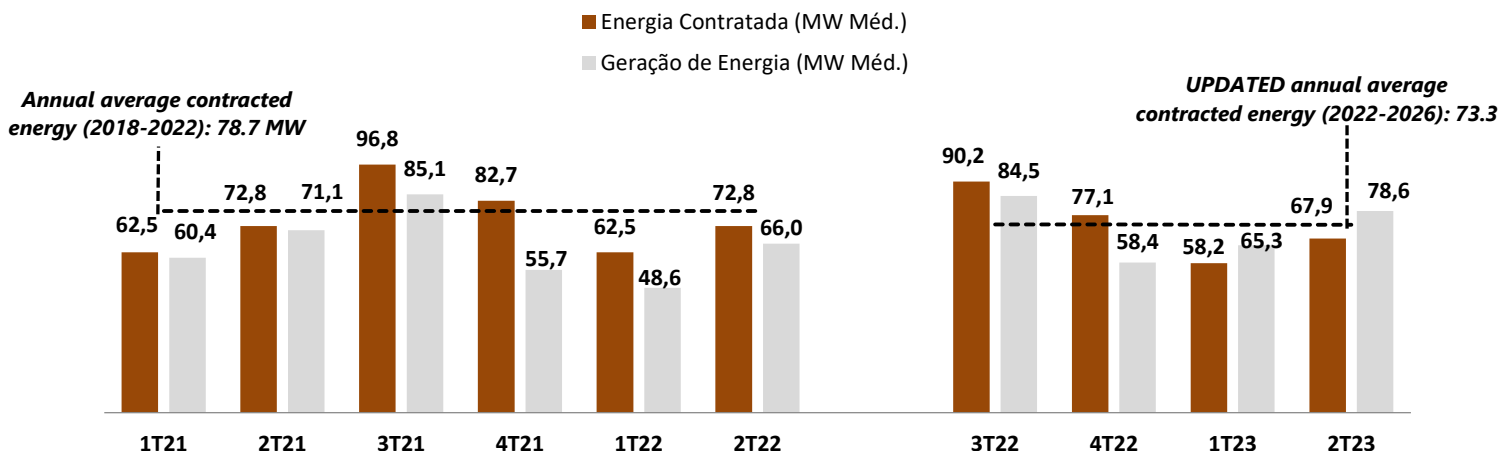
The use of installed capacity may be affected by: (i) reduction in power or stoppage of furnaces during peak hours (6:00 pm to 9:00 pm); (ii) furnace shutdown or power reduction for maintenance, renovation, or operational intervention; (iii) production of alloys that require power reduction; and (iv)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

In 2Q23, FERBASA used 80.2% of installed capacity. The 3.5 p.p. compared to 1Q23, it was mainly due to longer maintenance stoppages in the furnaces that took place in the 1st quarter.



4.1 Electrical Power Generation – BW Guirapá

In 2Q23, net generation of electricity at BW Guirapá's wind farms was 78.6 average MW, 19.1% higher than 2Q22 and 15.8% higher than the 67.9 average MW related to energy contracted for the quarter. Climate effects were the main positive highlight for the analyzed periods.



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 77,7 average MW for 2Q23, the net generation actually realized, of 78,6 average MW, can be explained as follows:

Manageable factors (- average 4,6 MW):

- Achieved availability of 97.06%, which caused a reduction of 2.62 average MW in power generation. This result comes mainly from damage to wind turbines, in particular because of the breakage of 02 gearboxes.
- The average realized performance of 97.82% in the period, responsible for a decrease of 1.94 average MW. Performance is related to the adjustment of the calibration of existing measurement equipment in the Wind Farms, which guides the use of wind turbines.

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

- The weather has positively impacted the expected gross generation by 12.3 average MW, as the average wind speed (19.69 mph) was above the required 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 5.9 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 Farm's generation by an average of 0.9 MW.

5. SALES

Sales volume in 2Q23 reached 68,000 tons of ferroalloys, a decrease of 7.4% compared to 1Q23. This outcome resulted from the combination of a 12.4% increase in sales to the domestic market (MI) and a 22.8% decline in foreign market (ME) volumes.

In 1H23, the quantities transacted advanced 4.0% compared to 1H22, following the growth of 6.5% in MI volumes and 1.8% in ME volumes. Chromium alloys performed positively both in the domestic market and in exports, influenced by rising Chinese demand. In MI, silicon alloys performed 20.2% lower when comparing 1H23 to 1H22, mainly due to increased competition in long-term contract negotiations. In the ME, 1H23, 8.9% lower compared to that registered in 1H22, was due to punctual logistical difficulties in effecting some shipments that had been predicted.

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

Sales (tones)	2Q23	1Q23	Δ%	2Q22	Δ%	1H23	1H22	Δ%
DOMESTIC MARKET (MI)								
Chromium Alloys	31,263	29,003	7.8%	28,364	10.2%	60,266	54,006	11.6%
Silicon Alloys	4,942	3,218	53.6%	5,413	-8.7%	8,160	10,226	-20.2%
MI Total	36,205	32,221	12.4%	33,777	7.2%	68,426	64,232	6.5%
FOREIGN MARKET (ME)								
Chromium Alloys	15,114	22,077	-31.5%	18,160	-16.8%	37,191	32,392	14.8%
Silicon Alloys	16,723	19,156	-12.7%	19,649	-14.9%	35,879	39,365	-8.9%
ME Total	31,837	41,233	-22.8%	37,809	-15.8%	73,070	71,757	1.8%
TOTAL (MI + ME)	68,042	73,454	-7.4%	71,586	-5.0%	141,496	135,989	4.0%



5.1 Net Revenue

Net revenue in 2Q23 totaled R\$626.1 million, 12.6% lower than in 1Q23 and reflecting a 14.6% decrease in total revenue from ferroalloys. These variations are explained by reductions of 7.4% in sales volume, 4.8% in the average price of ferroalloys in dollars, and 3.3% in the average dollar practiced.

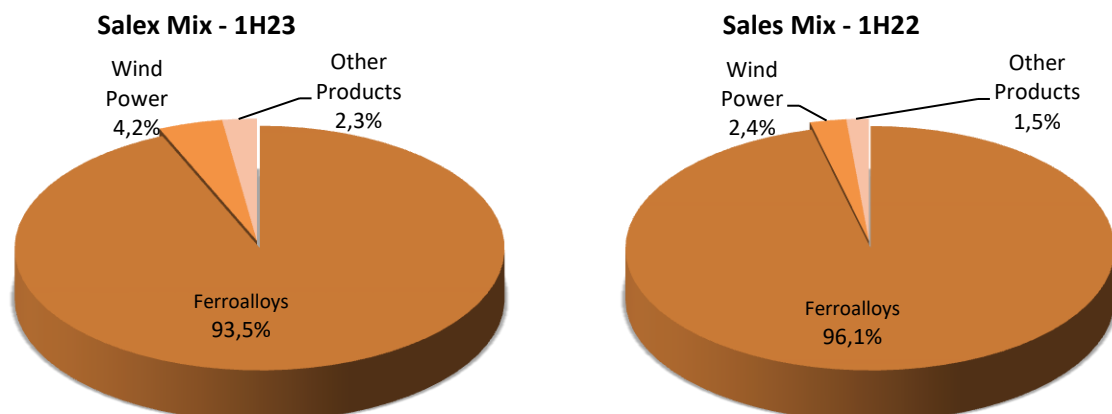
Net revenue in 1H23 decreased by 18.9% when compared to 1H22, following the 21.1% decline in revenue from ferroalloys, a variation caused basically by the 24.8% decline in the average price of ferroalloys in dollars.

Net Revenue (R\$ millions)	2Q23	1Q23	Δ%	2Q22	Δ%	1H23	1H22	Δ%
DOMESTIC MARKET (MI)								
Ferroalloys	294.1	272.1	8.1%	390.5	-24.7%	566.2	718.5	-21.2%
Wind Power	31.3	25.6	22.3%	23.2	34.9%	56.9	39.8	43.0%
Other Products (*)	16.6	14.0	18.6%	12.7	30.7%	30.6	24.5	24.9%
Total MI	342.0	311.7	9.7%	426.4	-19.8%	653.7	782.8	-16.5%
FOREIGN MARKET (ME)								
Ferroalloys	284.1	404.7	-29.8%	491.2	-42.2%	688.8	872.5	-21.1%
Total ME	284.1	404.7	-29.8%	491.2	-42.2%	688.8	872.5	-21.1%
TOTAL (MI+ME)	626.1	716.4	-12.6%	917.6	-31.8%	1,342.5	1,655.3	-18.9%
Average US dollar practiced (R\$/USD)	5.02	5.19	-3.3%	4.89	2.7%	5.10	5.13	-0.6%

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

5.2 Net Revenue by Product and Market (%)

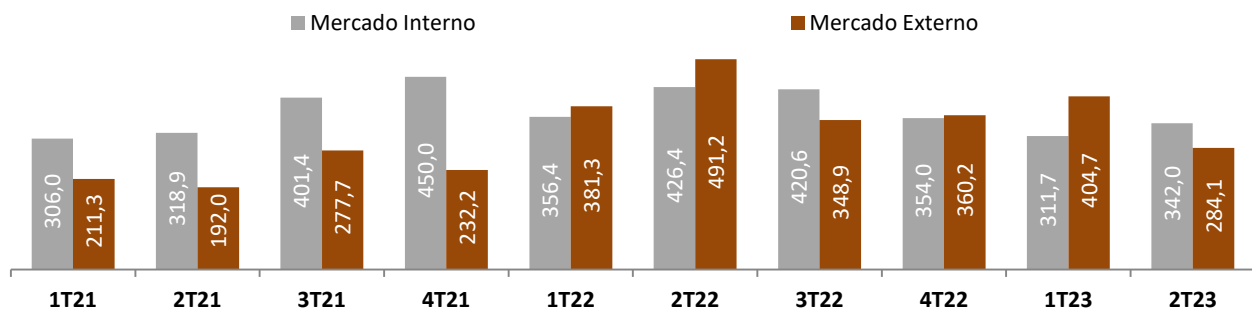
As it follows, there is the Net Revenue by Product:





The chart below shows the trajectory of net revenue between 1Q21 and 2Q23, distributed between the domestic market and exports. There is an almost constant growth in total revenue until its peak in 2Q22, which is explained, mainly, by the disorganization of global production chains due to the pandemic and the consequent increase in international prices of ferroalloys, a situation that was exacerbated by the energy crisis resulting from the conflict in Eastern Europe. We also highlight the resumption of export revenues from 1Q22 and their stabilization from 3Q22.

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



6. COST OF GOODS SOLD

The consolidated cost of goods sold (COGS) totaled R\$459.6 million in 2Q23 and incorporated a decrease of 7.3% compared to 1Q23. When considering exclusively the data of the ferroalloys, the COGS decreased 7.7% and followed the retraction of 7.4% in the volume of sales.

In comparison with 1H22, consolidated COGS increased by 18.5% in 1H23, reflecting the oscillation of ferroalloy COGS which increased by 18.8%. This increase is justified by the 4.0% increase in sales volume and increases in the costs of inputs and raw materials, especially reducers, chromium ore and furnace maintenance, as well as impacts from inflationary pressures on the business chain.

Dealing specifically with electricity between 1H22 and 1H23, there was a reduction of 2.2% in the average cost of electricity consumed in the production of ferroalloys, which results from the 20.7% drop in expenses with sectoral charges due to the more favorable conditions of water reservoirs, and which offset the growth of 10.3% in the average price of the contracted energy portfolio.

Regarding the production cost of high-carbon ferrochrome (HC FeCr), still between 1H22 and 1H23, the main factors responsible for the increase in costs were the increases in expenditure on chromium ore, resulting from the expenses to expand operational reserves in Mining and coke, due to the increase in the international price of coal.

As for low-carbon ferrochrome (LC FeCr), we highlight the increases in the costs of chromium ore and the FeSi Cr reducer (produced internally), whose furnaces required corrective maintenance. In addition, the other inputs also showed an increase in their costs related to the inflationary process.

In the case of ferrosilicon, there were increases in expenses, such as the greater consumption of electrode paste and, mainly, in relation to the own production of bio-reducer which, due to operational problems, did not reach the expected volume, with the additional need to purchase a bio-reducer from third parties. Another factor that has been impacting the increase in the specific consumption of the bio-reducer is the fact that, currently, production is focused on a more ennobled mix of ferrosilicon alloys. Finally, due to the high prices of the alloys, practiced in 2022, at the time, production at full load was chosen, as well as the postponement of some maintenance for execution in the current year, which has been implying in the increase of the maintenance costs of the metallurgical furnaces.

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



COGS (R\$ millions)	2Q23	%NR(*)	1Q23	%NR(*)	2Q22	%NR(*)	1H23	%NR(*)	1H22	%NR(*)
Ferroalloys	431.5	74.6%	467.3	69.0%	401.8	45.6%	898.8	71.6%	756.3	47.5%
Wind Power	20.3	64.9%	19.0	74.2%	19.4	83.6%	39.3	69.1%	37.8	95.0%
Other Products (i)	10.1	61.0%	9.3	66.4%	6.9	54.3%	19.4	63.5%	15.5	63.3%
Subtotal products	461.9		495.6		428.1		957.5		809.6	
Idle Capacity	3.1		2.6		0.8		5.7		1.5	
Others	(5.4)		(2.3)		0.6		(7.7)		(4.8)	
Subtotal others	(2.3)		0.3		1.4		(2.0)		(3.3)	
Total General	459.6		495.9		429.5		955.5		806.3	
%Net Revenue	73.4%		69.2%		46.8%		71.2%		48.7%	

(*) 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

The selling expense in 1H23 resulted in R\$ 9.6 million, which shows an increase of 1.1% compared to 1H22, because of the maintenance of volumes in ferroalloy sales between the periods. The percentages of sales expenses over net revenue corresponded to 0.7% in 1H23 and 0.6% in 1H22.

7.2 General and Administrative Expenses

Consolidated general and administrative expenses include portions related to salaries, benefits, management fees, social charges, consulting services and the provision of profit sharing. In 1H23, these expenses totaled R\$ 106.5 million (of which R\$ 3.5 million related to BWG), a reduction of 4.2% compared to R\$ 111.2 million (R\$ 2.7 million referring to BWG) recorded in 1H22.

7.3 Other Expenses/Operating Revenues

Operating expenses in 1H23 were R\$ 31.1 million, compared to R\$ 6.1 million in 1H22. This variation refers to the positive effect of the recovery of actuarial obligations related to the health plan in the amount of R\$ 22 million, which occurred in 1H22. The main components of the expenses in 1H23 were the lines of other taxes and fees (R\$ 5.4 million) and the result of the transfer of energy (R\$ 5.7 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)	2Q23	1Q23	Δ%	2Q22	Δ%	1H23	1H22	Δ%
Net Profit	121.7	131.6	-7.5%	380.9	-68.0%	253.3	633.2	-60.0%
(+/-) Net financial result (ex-derivative and non-derivative financial instruments)	(29.5)	(23.3)	26.6%	(29.7)	-0.7%	(52.8)	(26.1)	102.3%
(+/-) Income derivative and non-derivative financial instruments ¹	-	-	-	-	-	-	9.2	-
(+/-) IRPJ/CSLL	5.8	33.5	-82.7%	57.0	-89.8%	39.3	105.9	-62.9%
(+/-) Depreciation, amortization, exhaustion, and capital gain ²	46.8	45.9	2.0%	36.9	26.8%	92.7	70.6	31.3%
EBITDA	144.8	187.7	-22.9%	445.1	-67.5%	332.5	792.8	-58.1%
(+/-) Provision for contingencies and other provisions ³	(0.4)	(0.4)	0.0%	3.5	-	(0.8)	3.5	-
(+/-) Receipt of Insurance Claim ⁴	-	-	-	(1.4)	-	-	(1.4)	-
(+/-) Actuarial adjustment effect ⁵	-	-	-	-	-	-	(22.0)	-
Adjusted EBITDA	144.4	187.3	-22.9%	447.2	-67.7%	331.7	772.9	-57.1%
EBITDA Margin	23.1%	26.1%		48.7%		24.7%	46.7%	

- 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 from the 2022 Financial Statements).
- 4) Refers to the receipt of an insurance claim due to the failure of some gearboxes at BWG.
- 5) Refers to the actuarial adjustment resulting from changes in the health plan managed by *Bradesco Saúde* (Note 23 from the 2022 Financial Statements).

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

EBITDA - BW (R\$ millions)	2Q23	1Q23	Δ%	2Q22	Δ%	1H23	1H22	Δ%
Net Profit (Loss)	5.4	0.2	2600.0%	(1.2)	-	5.6	(10.1)	-
(+/-) Net Financial Result	2.5	4.2	-40.5%	3.7	-32.4%	6.7	7.7	-13.0%
(+/-) IRPJ/CSLL	0.8	0.3	166.7%	0.1	700.0%	1.1	0.1	1000.0%
(+/-) Depreciation and Amortization	10.8	10.6	1.9%	10.6	1.9%	21.4	21.2	0.9%
EBITDA	19.5	15.3	27.5%	13.2	47.7%	34.8	18.9	84.1%
(+/-) Receipt of Insurance Claim	-	-	-	(1.4)	-	-	(1.4)	-
Adjusted EBITDA	19.5	15.3	27.5%	11.8	65.3%	34.8	17.5	98.9%
EBITDA Margin	62.3%	59.8%		50.9%		61.2%	44.0%	

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 1H23 was R\$ 84.4 million, mainly impacted by:

(+) R\$ 317.3 million of operating income generated in the year, including changes in working capital, interest payments and taxes;

(-) R\$ 102.6 million of investment activities, a result influenced by (the): (i) transfer of Financial Investments in the amount of (+) R\$ 21.6 million to Cash and Cash Equivalent; (ii) acquisitions for fixed assets and investment property,

which together totaled (-) R\$ 125.6 million; (iii) and others in the amount of (+) R\$ 1.6 million; (iv) (+) 0.2 million related to currency conversion in the consolidation of the Financial Statements.

(-) R\$ 130.7 million of financing activities, impacted by: (i) amortization of loans and consolidated financing in the amount of (-) R\$ 24.0 million (with emphasis on the R\$ 13.0 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\$ 33.9 million; (iii) Interest on Equity (JCP) payments in the amount of (-) R\$ 72.8 million.

Also considering the balance of the "Financial Investments" account, whose variation was positive at R\$ 28.5 million, in 1H23 a total cash generation of R\$ 112.9 million was carried out. As of June 30, 2023, the consolidated financial reserve reached R\$1.398 billion (including cash, cash equivalents and financial investments) and the consolidated debt R\$320.9 million (of which R\$226.2 million related to BWG's debt with BNDES). Thus, the Company ended 1H23 with a net cash position of R\$1.077 billion.

Net Cash (R\$ millions)	06/30/2023	12/31/2022	Δ
Cash and cash equivalents	558.5	474.1	84.4
Financial investments	839.5	811.0	28.5
Total Financial Reserve	1,398.0	1,285.1	112.9
Loans and financing*	(320.9)	(342.0)	21.1
Net (Debt) Cash	1,077.1	943.1	134.0

(*) amount of IOF on the funding is R\$ 3.8 and R\$ 4.0 million for 06/30/23 and 12/31/22, respectively.

9.2 Net Financial Results

The financial result generated R\$ 29.5 million in 2Q23, an amount 26.6% above the R\$ 23.3 million generated in 1Q23, basically due to the growth of 24.9% in financial revenue. This result was provided by the performance of the portfolio of financial investments combined with the higher average balance applied.

In 1H23, the 212.4% increase in financial results compared to 1H22 occurred similarly due to the 32.2% increase in financial revenue.

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

10. FIXED, INTANGIBLE ASSETS AND BIOLOGICAL ASSETS

10.1 CAPEX

In 1H23, the CAPEX of R\$ 125.6 million was 45.4% higher than in 1H22. The values segregated by business unit are shown in the table below:

CAPEX (R\$ millions)	Metallurgy	Mining	Forestry	Wind Power	1S23	1S22
Machinery and Equipment	13.0	33.5	3.2	6.3	56.0	37.3
Biological Asset	-	-	32.9	-	32.9	34.0
Buildings	-	-	15.9	-	15.9	-
Mines	-	8.6	-	-	8.6	6.2
Furniture and utensils	1.4	1.9	1.3	2.7	7.3	5.1
Machinery and Equipment	0.1	-	-	-	0.1	1.2
Others (i)	2.7	0.4	1.6	0.1	4.8	2.6
Total	17.2	44.4	54.9	9.1	125.6	86.4

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

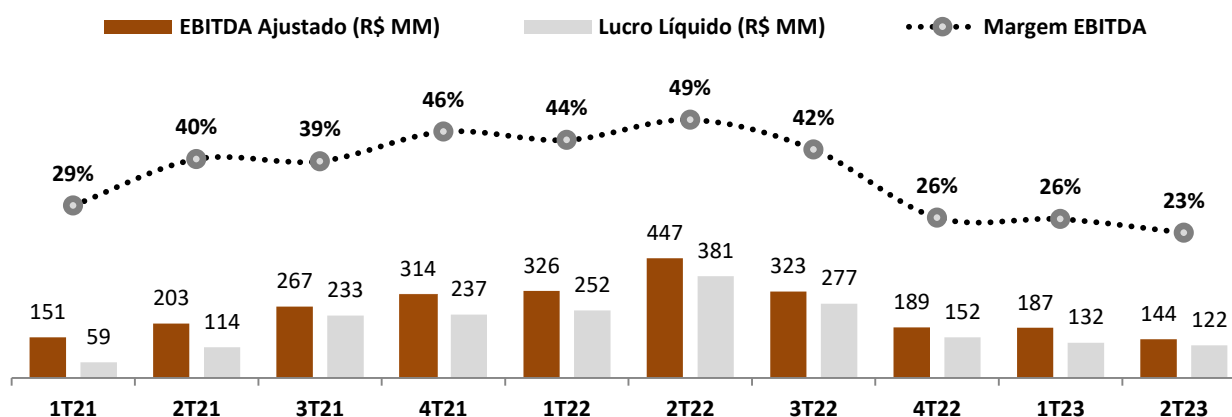
The highest amounts of investments in the period were allocated to the acquisition of machinery and equipment (44.6%), mainly in Mining and Metallurgy, in addition to the maintenance of the biological asset (26.2%) and the acquisition of land (12.7%) in Forestry. Together, these lines represented 83.4% of the CAPEX performed by **FERBASA** in 1H23.

11. NET PROFIT AND CASH GENERATION

As a result of the effects mentioned in this report, consolidated net profit in 2Q23 totaled R\$121.7 million (margin of 19.4% on net revenue). As a cumulative result in 1H23, we achieved a net profit of R\$ 253.3 million (margin of 18.9% on net revenue). The main highlights comparing to 1H22 were:

- (i) Decrease of 24.8% in the weighted average dollar price of ferroalloys;
- (ii) Increase of the volume of sales of ferroalloys, with an increase of 4.0% in total considering the domestic market and exports;
- (iii) Stability in the average dollar practiced, with a slight reduction of 0.6%;
- (iv) Increase of 18.8% in the cost of goods sold (COGS) of ferroalloys;
- (iv) In addition, **FERBASA** realized consolidated cash generation of R\$ 112.9 million in 1H23.

Adjusted EBITDA and EBITDA margin and net profit since 1Q22 can be seen in the chart below.



12. STATEMENT OF ADDED VALUE

The following table shows the wealth generated by the Company in 1H23 and its respective distribution to related parties:

DVA (Statement of Added Value) (R\$ millions)	1S23	1S22	Δ%
Employees	207.1	203.2	1.9%
Government	123.2	203.4	-39.4%
Others (1)	27.7	82.0	-66.2%
Net Profit (2)	253.3	633.2	-60.0%
Total	611.3	1,121.8	-45.5%

(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:

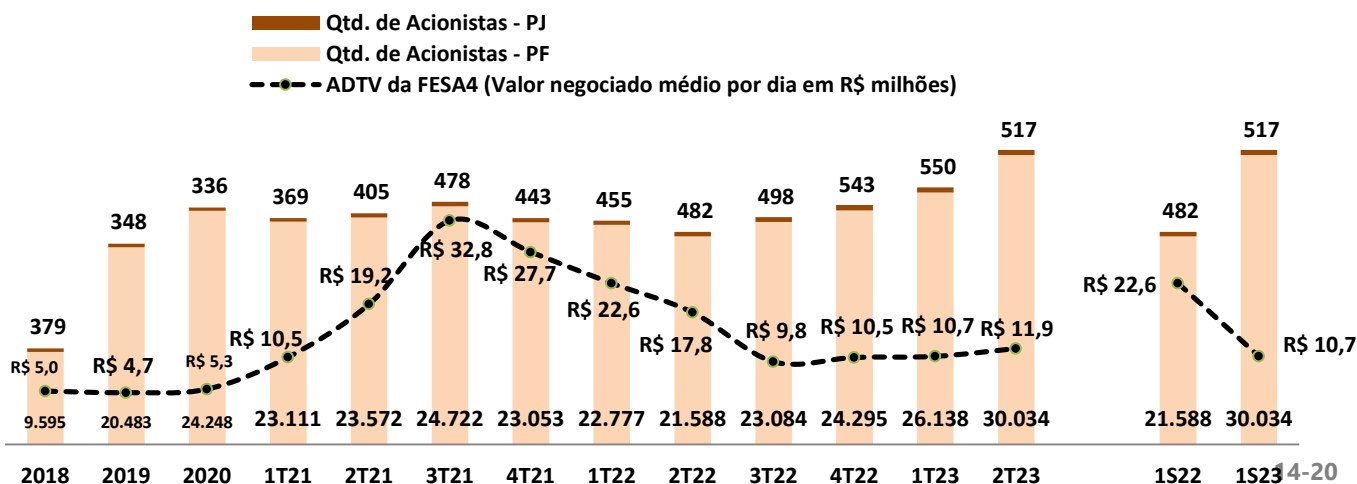
	1S23	1S22	Δ%
Volume of shares traded (thousand)	26,887	52,234	-48.5%
Transacted value (R\$ thousand)	1,400,680	2,504,607	-44.1%
Market value (R\$ thousand) ⁽¹⁾	4,587,930	4,211,686	8.9%
Shares in <i>Free Float</i> Circulation (thousand) ⁽²⁾	40,810	40,808	0.004%
Last quotation of the period (R\$ PN)	48.47	46.53	4.2%
Book value per share (R\$)	37.84	33.47	13.1%

Notes:

(1) Number of shares (by ON and PN class) multiplied by their respective stock prices on 06/30/2023 e 06/30/2022;

(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: 15,162,000) and of the Management (ON: 98; PN: 38,000).

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.



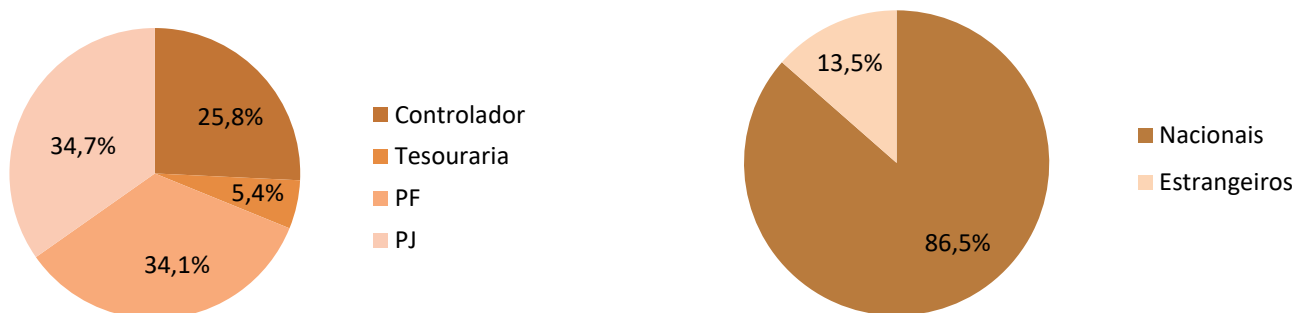
In the first half of 2023, Ferbasa's shareholder base registered a record number of investors, with more than 30,000 shareholders, and reached ADTV of R\$ 10.7 million. The decrease of 44,1% in ADTV in relation to 1H22 results from the decrease in the average volume of NPs traded (48.5%) and the growth of the FESA4 price, as indicated in the graph above. The variation of ADTV between 1H22 and 1H23 has been impacted by the pulverization of the shareholder base, notably with the increase of individuals, which has shown a behavior with a tendency towards greater retention of FESA4 shares in the portfolio.

13.2 Shareholding Composition and Investor Profile

The table below shows the shareholding composition of **FERBASA** on 06/30/2023.

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	3,000	0.01	7,508,095	12.75	7,511,095	8.50
Vanguard Group	-	-	1,534,111	2.61	1,534,111	1.74
Black Rock	-	-	1,424,726	2.42	1,424,726	1.61
Caixa Econômica	-	-	1,123,443	1.91	1,123,443	1.27
Treasury Shares	40,000	0.14	3,183,300	5.41	3,223,300	3.65
Other Shareholders	310,304	1.05	28,944,325	49.16	29,254,629	33.12
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 06/30/2023** as a reference, is configured as follows:



14. ESG AGENDA

Historically, FERBASA 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; and
- (v) Risk of discontinuing its operations.

15. ANNOUNCEMENTS TO THE MARKET AND SUBSEQUENT EVENTS

On May 17, we announced the signing of the Memorandum of Understanding, with binding effect, with AUREN ENERGIA S.A., for the conclusion of a deal related to the supply of 35MW of electricity per year from 2025 onward, for 20 years. At the time of publication of this earnings release, the companies are discussing the clauses that make up the legal instruments that will constitute the business.

On June 7, it was signed an Association Agreement with APERAM INOX AMÉRICA DO SUL S.A., with the objective of guiding the conditions for the constitution of a Limited Company, whose specific purpose will be to acquire rural properties for the exploitation of eucalyptus and other equivalent forest species. This operation is part of Ferbasa's strategy to increase its competitiveness in the forestry sector. On July 5, the favorable manifestation of the Administrative Council for Economic Defense (CADE – Portuguese acronym that stands for *Conselho Administrativo de Defesa Econômica*) took place, in relation to the Association mentioned above. At the time of publication of this earnings release, the companies are in the process of constituting this Company.

On June 16, the Company entered into two contracts with CHESF - *COMPANHIA HIDRO ELÉTRICA DO SÃO FRANCISCO* (Portuguese acronym that stands for Hydroelectric Company of the São Francisco River): (i) an amendment to the current contract for the supply of electric energy and (ii) a new contract for the purchase and sale of electricity, in the following terms: (I) The amendment to the current Agreement for the Purchase and Sale of Electric Energy (in force since November 5, 2004) determined that the supply of energy will occur in the modality Flat, effective August 1, 2023, allowing the company to operate during peak hours and increase its operational efficiency, and the termination of this contract on December 31, 2023. In turn, the new contract establishes the supply of energy, also in the Flat mode, of 90 average MW, from January 1, 2024, and ending on December 31, 2024, and a volume of 55 average MW from January 1, 2025, and ending on December 31, 2044. Since August 1, the Metallurgical Unit is already operating in the flat mode.

In addition, the Company clarifies that the events disclosed in the 1st half of 2023, related to the theme of electric energy, will not represent significant changes in the annual amount of energy contracted for the continuity of its operations.

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 and its other stakeholders.

16. 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		
	1H23	2022	1H22
Current Assets	1,768,903	1,694,947	1,674,164
Cash and cash equivalents	558,524	474,102	431,357
Financial Investments	473,098	393,461	386,427
Receivables from customers	195,583	211,934	327,247
Stocks	509,435	579,161	487,965
Taxes to be recovered	19,023	18,324	22,685
Prepaid expenses	1,272	5,595	3,301
Advances to suppliers – electric power	1,167	2,000	2,000
Other assets	10,801	10,370	13,182
Non-current Assets	2,340,270	2,372,438	2,133,918
Advance to supplier – electric power	-	167	1,167
Financial investments	366,345	417,569	330,510
Stocks	8,738	8,738	5,851
Taxes to be Recovered	7,093	6,662	4,112
Deferred income tax and social contribution	-	17,845	1,754
Judicial Deposits	8,741	46,544	39,836
Other credits	826	826	632
Investments	7,624	124	124
Fixed and Intangible	1,554,439	1,545,738	1,454,757
Right of use on lease	90,781	51,946	47,200
Biological Asset	295,683	276,279	247,975
Total Assets	4,109,173	4,067,385	3,808,082

LIABILITIES AND EQUITY - (in R\$ thousands)	CONSOLIDATED		
	1H23	2022	1H22
Current Liabilities	421,104	505,951	428,484
Suppliers	123,305	129,638	117,748
Advances from customers	3,683	61,209	9,205
Loans and financing	67,210	70,284	70,197
Cost of funding	(455)	(455)	(455)
Labor and actuarial obligations	85,517	136,180	102,660
Taxes and social contributions	29,965	59,084	66,668
CCEE reimbursement account	55,928	12,870	33,929
Proposed dividends and JCP	47	47	7
Leases to pay	45,952	27,417	20,876
Other liabilities	9,952	9,677	7,649
Non-current Liabilities	466,364	520,547	534,976
Loans and financing	253,653	271,750	316,528
Cost of funding	(3,359)	(3,587)	(3,815)
Obligations with acquisition of subsidiaries	4,978	4,978	4,978
Labor and actuarial obligations	49,204	45,962	45,254
Taxes and social contributions	3,587	87	87
Taxes and deferred social contributions	3,645	1,022	921
CCEE reimbursement account	21,807	60,645	34,018
Provision for contingencies	60,831	60,717	54,294
Provision for environmental liabilities	35,721	56,313	58,541
Leases to pay	36,297	22,660	24,170
Total Equity	3,221,705	3,040,887	2,844,622
Controlling Shareholders' Equity	3,220,380	3,039,676	2,843,472
Share capital	1,225,444	1,225,444	1,225,444
Profit reserve	1,792,591	1,792,591	1,042,461
Equity valuation adjustments	47,630	47,395	46,671
Treasury shares	(25,754)	(25,754)	(25,754)
Retained earnings	180,469	-	554,650
Participation of non-controlling shareholders	1,325	1,211	1,150
Total Liabilities and Shareholders' Equity	4,109,173	4,067,385	3,808,082

The consolidated financial statements, including explanatory notes and the audit report of Pricewaterhousecoopers Auditores Independentes, are available on the websites www.cvm.gov.br, www.b3.com.br e www.ferbasa.com.br



	RESULTS REPORT (in R\$ thousands)						CONSOLIDATED	
	1H23		1H22		2Q23		2Q22	
	R\$ thousand	%NR	R\$ thousand	%NR	R\$ thousand	%NR	R\$ thousand	%NR
GROSS REVENUE	1,513,152	100.0	1,873,888	100.0	684,832	100.0	1,045,568	100.0
Domestic Market	816,317	53.9	989,491	52.8	369,210	53.9	542,384	51.9
Foreign Market	696,835	46.1	884,397	47.2	315,622	46.1	503,184	48.1
Sales tax, returns and rebates.	(170,650)	(11.3)	(218,532)	(11.7)	(80,068)	(11.7)	(127,950)	(12.2)
NET REVENUE	1,342,502	100.0	1,655,356	100.0	604,764	100.0	917,618	100.0
Cost of Goods Sold	(955,453)	(71.2)	(806,336)	(48.7)	(578,622)	(95.7)	(429,505)	(46.8)
GROSS PROFIT	387,049	28.8	849,020	51.3	26,142	4.3	488,113	53.2
Operating expenses								
With sales	(9,629)	(0.7)	(9,464)	(0.6)	(5,233)	(0.9)	(5,068)	(0.6)
Administrative	(56,301)	(4.2)	(41,254)	(2.5)	(37,583)	(6.2)	(22,536)	(2.5)
Adm's payment, Profit Sharing and Employee Allowance	(50,233)	(3.7)	(69,998)	(4.2)	(15,604)	(2.6)	(35,369)	(3.9)
Other (expenses) operating income	(31,056)	(2.3)	(6,133)	(0.4)	(41,762)	(6.9)	(16,839)	(1.8)
Operating Income Before Financial Result	239,830	17.9	722,171	43.6	(74,040)	(12.2)	408,301	44.5
Financial Revenue	84,141	6.3	63,651	3.8	56,588	9.4	36,098	3.9
Financial Expense	(28,306)	(2.1)	(30,499)	(1.8)	(14,696)	(2.4)	(16,889)	(1.8)
Net Exchange variation	(3,074)	(0.2)	(7,023)	(0.4)	14,406	2.4	10,457	1.1
Derivative and non-derivative financial instruments (settlement)	-	-	(9,201)	(0.6)	9,201	1.5	-	-
Financial result	52,761	3.9	16,928	1.0	65,499	10.8	29,666	3.2
Profit before IRPJ/CSLL	292,591	21.8	739,099	44.6	(8,541)	(1.4)	437,967	47.7
IRPJ/CSLL	(39,256)	(2.9)	(105,927)	(6.4)	9,611	1.6	(57,060)	(6.2)
Profit for the period	253,335	18.9	633,172	38.2	1,070	0.2	380,907	41.5

	RESULTS REPORT (in R\$ thousands)						BW	
	1H23		1H22		2Q23		2Q22	
	R\$ thousand	%NR	R\$ thousand	%NR	R\$ thousand	%NR	R\$ thousand	%NR
NET REVENUE	56,915	100.0	39,859	100.0	31,362	100.0	23,207	100.0
Cost of Goods Sold	(39,328)	(69.1)	(37,827)	(94.9)	(20,342)	(64.9)	(19,382)	(83.5)
GROSS PROFIT	17,587	30.9	2,032	5.1	11,020	35.1	3,825	16.5
Operating Expenses								
General, administrative, and Other operating revenues/expenses	(4,189)	(7.4)	(4,339)	(10.9)	(2,298)	(7.3)	(1,206)	(5.2)
Operating profit before financial result	13,398	23.5	(2,307)	(5.8)	8,722	27.8	2,619	11.3
Financial Revenue	7,818	13.7	6,460	16.2	4,539	14.5	3,654	15.7
Financial Expense	(14,478)	(25.4)	(14,196)	(35.6)	(7,018)	(22.4)	(7,411)	(31.9)
Financial Result	(6,660)	(11.7)	(7,736)	(19.4)	(2,479)	(7.9)	(3,757)	(16.2)
Profit (Loss) before IRPJ/CSLL	6,738	11.8	(10,043)	(25.2)	6,243	19.9	(1,138)	(4.9)
IRPJ/CSLL	(1,090)	(1.9)	(72)	(0.2)	(797)	(2.5)	(53)	(0.2)
Profit (Loss) for the term	5,648	9.9	(10,115)	(25.4)	5,446	17.4	(1,191)	(5.1)



CASH FLOW STATEMENT - (in R\$ thousands)		CONSOLIDATED	
INDIRECT METHOD	1H23	1H22	
Cash flow from operating activities			
Profit for the period	253,335	633,172	
Net profit adjustments			
Interest and monetary and exchange variations	(22,823)	(12,837)	
Depreciation, amortization, and depletion	76,994	58,752	
Depletion of biological asset	13,451	9,704	
Deferred taxes	20,468	12,849	
Provision for profit holdings	37,589	59,503	
Post-employment benefit update	3,242	(19,763)	
Constitution (reversal) of provision for contingencies	(829)	(3,248)	
Others	3,704	6,959	
	385,131	745,091	
Reduction (increase) in asset accounts:			
Accounts to receive from customers	14,236	(44,771)	
Stocks	68,287	(64,377)	
Taxes to be recovered	5,594	47,473	
Advance to suppliers	1,000	1,000	
Judicial Deposits	31,848	6,302	
Other Assets	2,286	1,841	
Increase (decrease) in liabilities accounts:			
Suppliers	(6,520)	6,222	
Taxes and social contributions	(8,811)	(419)	
Income tax and social contribution to pay	18,788	94,595	
Labor and actuarial obligations	(88,252)	(70,690)	
CCEE reimbursement accounts	2,707	16,241	
Advances from customers	(57,526)	4,316	
Other liabilities	(64)	2,358	
Income tax and social contribution paid	(36,111)	(97,572)	
Interest paid in the year	(15,293)	(14,667)	
Net cash generated by operating activities	317,300	632,943	
Cash flow from investment activities			
Capex	(118,084)	(86,395)	
Properties for investments	(7,500)	-	
Sales of properties	1,611	785	
Movement in financial investments	21,553	(77,378)	
Net cash invested in investment activities	(102,420)	(162,988)	
Cash flow from financing activities			
Amortization of loans and financing	(24,026)	(28,115)	
Amortization of leases	(33,915)	(13,495)	
Dividends and JCP paid	(72,752)	(213,500)	
Net cash invested in financing activities	(130,693)	(255,110)	
Increase in cash and cash equivalents	84,187	214,845	
Exchange variation on cash and cash equivalents	235	-	
Cash and cash equivalent at the beginning of the year	474,102	216,512	
Cash and cash equivalent at the end of the term	558,524	431,357	
Net Increase of the cash balance and cash equivalent	84,422	214,845	
Net increase in the balance of financial investments	28,433	119,798	
Net increase in financial reserve	112,855	334,643	

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

Balance Sheet
In thousands of reais

ASSETS	Note	Parent		Consolidated		LIABILITIES AND EQUITY	Note	Parent		Consolidated	
		06/30/2023	12/31/2022	06/30/2023	12/31/2022			06/30/2023	12/31/2022		
CURRENT						CURRENT					
Cash and cash equivalent	4	428.462	355.370	558.524	474.102	Suppliers	14	118.807	122.617	123.305	129.638
Financial Investments	5	473.098	393.461	473.098	393.461	Advances from customers	15	3.683	61.209	3.683	61.209
Accounts receivable	6	185.390	201.761	195.583	211.934	Loans and Financing	16	43.717	43.071	66.755	69.829
Inventories	7	509.435	579.161	509.435	579.161	Labor and actuarial obligations	18	84.988	135.628	85.517	136.180
Recoverable taxes	8	14.118	13.770	19.023	18.324	Taxes and social contributions	19	28.655	58.095	29.965	59.084
Prepaid expenses		1.272	5.595	1.272	5.595	CCEE reimbursement account	22	-	-	55.928	12.870
Advances to suppliers		1.167	2.000	1.167	2.000	Proposed dividends and interest on equity		-	-	47	47
Other assets		6.741	6.572	10.801	10.370	Leases payable	17	45.132	26.643	45.952	27.417
Total current assets		<u>1.619.683</u>	<u>1.557.690</u>	<u>1.768.903</u>	<u>1.694.947</u>	Other liabilities		<u>9.001</u>	<u>8.733</u>	<u>9.953</u>	<u>9.677</u>
						Total current liabilities		<u>333.983</u>	<u>455.996</u>	<u>421.105</u>	<u>505.951</u>
NON-CURRENT						NON-CURRENT					
Advance to suppliers		-	167	-	167	Loans and financing	16	50.992	61.116	250.294	268.163
Financial Investments	5	313.907	365.358	366.345	417.569	Obligations with acquisition of subsidiary		4.978	4.978	4.978	4.978
Inventories	7	8.738	8.738	8.738	8.738	Actuarial obligations	18	49.204	45.962	49.204	45.962
Recoverable taxes assets	8	7.093	6.662	7.093	6.662	Taxes and social contributions	19	3.500	-	3.587	87
Deferred taxes	9	-	17.845	-	17.845	Taxes and social contributions - deferred	9	2.502	-	3.645	1.022
Judicial deposits	10	8.645	46.448	8.741	46.544	CCEE reimbursement account	22	-	-	21.807	60.645
Other credits		<u>819</u>	<u>819</u>	<u>826</u>	<u>826</u>	Provisions for contingencies	21	60.831	60.717	60.831	60.717
		<u>339.202</u>	<u>446.037</u>	<u>391.743</u>	<u>498.351</u>	Provision for environmental liabilities	20	17.432	15.666	58.079	56.313
						Leases payable	17	<u>29.274</u>	<u>13.239</u>	<u>36.297</u>	<u>22.660</u>
						Total non-current liabilities		<u>218.713</u>	<u>201.678</u>	<u>488.722</u>	<u>520.547</u>
Investments	11	567.456	552.603	7.624	124						
Permanent and Intangible Assets	12	869.551	824.124	1.576.798	1.545.738	EQUITY	24				
Right of use in leasing	12	81.501	40.617	90.781	51.946	Share capital		1.225.444	1.225.444	1.225.444	1.225.444
Biological Asset	13	<u>295.683</u>	<u>276.279</u>	<u>295.683</u>	<u>276.279</u>	Retained earnings		1.792.591	1.792.591	1.792.591	1.792.591
		<u>1.814.191</u>	<u>1.693.623</u>	<u>1.970.886</u>	<u>1.874.087</u>	Equity assessment adjustment		47.630	47.395	47.630	47.395
Total non-current assets		<u>2.153.393</u>	<u>2.139.660</u>	<u>2.362.629</u>	<u>2.372.438</u>	Treasury shares		(25.754)	(25.754)	(25.754)	(25.754)
						Accumulated profit		<u>180.469</u>	<u>-</u>	<u>180.469</u>	<u>-</u>
						Equity attributable to owners of the Company		<u>3.220.380</u>	<u>3.039.676</u>	<u>3.220.380</u>	<u>3.039.676</u>
						Participation of non-controlling shareholders		<u>-</u>	<u>-</u>	<u>1.325</u>	<u>1.211</u>
						Total Equity		<u>3.220.380</u>	<u>3.039.676</u>	<u>3.221.705</u>	<u>3.040.887</u>
TOTAL ASSETS		<u>3.773.076</u>	<u>3.697.350</u>	<u>4.131.532</u>	<u>4.067.385</u>	TOTAL LIABILITIES AND EQUITY		<u>3.773.076</u>	<u>3.697.350</u>	<u>4.131.532</u>	<u>4.067.385</u>

The notes are an integral part of these financial statements.

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

Income statements

Period of three and six months ending on June 30

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

	Note	Parent				Consolidated			
		01/01/2023 to 06/30/2023	04/01/2023 to 06/30/2023	01/01/2022 to 06/30/2022	04/01/2022 to 06/30/2022	01/01/2023 to 06/30/2023	04/01/2023 to 06/30/2023	01/01/2022 to 06/30/2022	04/01/2022 to 06/30/2022
NET SALES REVENUE	26	1.285.701	594.824	1.615.611	894.469	1.342.502	626.128	1.655.356	917.618
Cost of goods sold	27	(917.215)	(439.803)	(769.581)	(410.658)	(955.453)	(459.592)	(806.336)	(429.505)
GROSS PROFIT		<u>368.486</u>	<u>155.021</u>	<u>846.030</u>	<u>483.811</u>	<u>387.049</u>	<u>166.536</u>	<u>849.020</u>	<u>488.113</u>
OPERATING EXPENSES	27								
Selling expenses		(9.629)	(4.377)	(9.464)	(5.068)	(9.629)	(4.377)	(9.464)	(5.068)
General and administrative expenses		(101.831)	(51.633)	(107.510)	(55.990)	(106.534)	(54.272)	(111.252)	(57.905)
Other operating income (expenses)		(28.041)	(8.396)	(2.247)	(15.911)	(31.056)	(9.907)	(6.133)	(16.839)
		<u>(139.501)</u>	<u>(64.406)</u>	<u>(119.221)</u>	<u>(76.969)</u>	<u>(147.219)</u>	<u>(68.556)</u>	<u>(126.849)</u>	<u>(79.812)</u>
Equity	11	4.467	4.775	(11.383)	(1.775)	-	-	-	-
OPERATING PROFIT		<u>233.452</u>	<u>95.390</u>	<u>715.426</u>	<u>405.067</u>	<u>239.830</u>	<u>97.980</u>	<u>722.171</u>	<u>408.301</u>
FINANCIAL RESULT	28								
Financial income		83.996	44.884	89.531	57.102	93.849	50.436	97.579	61.631
Financial costs		(26.607)	(13.911)	(66.454)	(24.554)	(41.088)	(20.931)	(80.651)	(31.965)
		<u>57.389</u>	<u>30.973</u>	<u>23.077</u>	<u>32.548</u>	<u>52.761</u>	<u>29.505</u>	<u>16.928</u>	<u>29.666</u>
PROFIT BEFORE PROFIT TAXES		<u>290.841</u>	<u>126.363</u>	<u>738.503</u>	<u>437.615</u>	<u>292.591</u>	<u>127.485</u>	<u>739.099</u>	<u>437.967</u>
INCOME TAX AND SOCIAL CONTRIBUTION	9								
Exemption and reduction		-	-	-	-	-	-	-	-
Current		(17.273)	(8.564)	(92.669)	(65.019)	(18.788)	(9.570)	(93.078)	(65.264)
Deferred		(20.347)	3.918	(12.752)	8.257	(20.468)	3.860	(12.849)	8.204
		<u>(37.620)</u>	<u>(4.646)</u>	<u>(105.421)</u>	<u>(56.762)</u>	<u>(39.256)</u>	<u>(5.710)</u>	<u>(105.927)</u>	<u>(57.060)</u>
PROFIT FOR THE PERIOD		<u>253.221</u>	<u>121.717</u>	<u>633.082</u>	<u>380.853</u>	<u>253.335</u>	<u>121.775</u>	<u>633.172</u>	<u>380.907</u>
Profit attributed to controlling shareholders						253.221	121.717	633.082	380.853
Profit attributed to non-controlling shareholders						114	58	90	54
BASIC/DILUTED PROFIT PER ON SHARE - BRL	25					<u>2,79289</u>	<u>1,34247</u>	<u>6,98254</u>	<u>4,20059</u>
BASIC/DILUTED PROFIT PER PN SHARE - BRL	25					<u>3,07218</u>	<u>1,47672</u>	<u>7,68080</u>	<u>4,62066</u>

The notes are an integral part of these financial statements.

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

Statements of comprehensive income
 Period of three and six months ending on June 30
 In thousands of Reais

	Note	Parent				Consolidated			
		01/01/2023	04/01/2023	01/01/2022	04/01/2022	01/01/2023	04/01/2023	01/01/2022	04/01/2022
		to	to	to	to	to	to	to	to
		06/30/2023	06/30/2023	06/30/2022	06/30/2022	06/30/2023	06/30/2023	06/30/2022	06/30/2022
NET INCOME FOR THE PERIOD		<u>253.221</u>	<u>121.717</u>	<u>633.082</u>	<u>380.853</u>	<u>253.335</u>	<u>121.775</u>	<u>633.172</u>	<u>380.907</u>
Other comprehensive results:									
Actuarial obligations	18	-	-	34	-	-	-	34	-
Effect of income tax and social contribution on actuarial obligations	18	-	-	(12)	-	-	-	(12)	-
Derivative and non-derivative financial instruments		-	-	9.669	-	-	-	9.669	-
Effect of income tax and social contribution on financial instruments		-	-	(3.288)	-	-	-	(3.288)	-
Cumulative Conversion Adjustment	11	<u>235</u>	<u>235</u>	<u>-</u>	<u>-</u>	<u>235</u>	<u>235</u>	<u>-</u>	<u>-</u>
		<u>235</u>	<u>235</u>	<u>6.403</u>	<u>-</u>	<u>235</u>	<u>235</u>	<u>6.403</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME		<u>253.456</u>	<u>121.952</u>	<u>639.485</u>	<u>380.853</u>	<u>253.570</u>	<u>122.010</u>	<u>639.575</u>	<u>380.907</u>
Profit attributed to controlling shareholders						253.456	121.952	639.485	380.853
Profit attributed to non-controlling shareholders						114	58	90	54

The notes are an integral part of these financial statements.

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

Statements of changes in equity
 Period of six months ending on June 30
 In thousands of Reals

Note	Attributable controlling shareholders										Attributable to non-controlling shareholders	Total consolidated shareholder's equity
	Share capital	Profit reserves				Asset valuation adjustments	Treasury shares	Retained earnings	Total equity			
		Legal	Tax incentive	For Investments	Profits to be realized							
BALANCES ON DECEMBER 31, 2021	1.225.444	152.069	315.565	612.032	49.595	40.268	(25.754)	-	2.369.219	1.060	2.370.279	
Complementary dividends	-	-	-	(86.800)	-	-	-	-	(86.800)	-	(86.800)	
Other comprehensive results	-	-	-	-	-	6.403	-	-	6.403	-	6.403	
Net profit for the period	-	-	-	-	-	-	-	633.082	633.082	90	633.172	
Interest on equity	-	-	-	-	-	-	-	(51.812)	(51.812)	-	(51.812)	
Proposed dividends	-	-	-	-	-	-	-	(26.620)	(26.620)	-	(26.620)	
BALANCES ON JUNE 30, 2022	24	<u>1.225.444</u>	<u>152.069</u>	<u>315.565</u>	<u>525.232</u>	<u>49.595</u>	<u>46.671</u>	<u>(25.754)</u>	<u>554.650</u>	<u>1.150</u>	<u>2.844.622</u>	
BALANCES ON DECEMBER 31, 2022		<u>1.225.444</u>	<u>205.182</u>	<u>542.706</u>	<u>995.108</u>	<u>49.595</u>	<u>47.395</u>	<u>(25.754)</u>	<u>-</u>	<u>3.039.676</u>	<u>1.211</u>	<u>3.040.887</u>
Other comprehensive results							235		235	-	235	
Net profit for the period								253.221	253.221	114	253.335	
Interest on equity								(72.752)	(72.752)	-	(72.752)	
BALANCES ON JUNE 30, 2023	24	<u>1.225.444</u>	<u>205.182</u>	<u>542.706</u>	<u>995.108</u>	<u>49.595</u>	<u>47.630</u>	<u>(25.754)</u>	<u>180.469</u>	<u>1.325</u>	<u>3.221.705</u>	

The notes are an integral part of these financial statements.

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

Cash flow demonstrations
 Period of six months ending on June 30
 In thousands of Reals

Note	Parent		Consolidated	
	06/30/2023	06/30/2022	06/30/2023	06/30/2022
CASH FLOW FROM OPERATING ACTIVITIES				
Net income for the period	253.221	633.082	253.335	633.172
Adjustments to reconcile net income for the period with net cash generated by operating activities:				
Interest and net monetary and exchange variations	(32.573)	(23.494)	(22.823)	(12.837)
Depreciations, amortizations and depletions	12 55.429	37.313	76.994	58.752
Depletion of biological assets	13 13.451	9.704	13.451	9.704
Change in fair value of biological assets	13			
Equity	11 (4.467)	11.383	-	-
Residual value of permanent asset written off	111	3	111	2.311
Deferred taxes	9 20.347	12.752	20.468	12.849
PIS and COFINS credits (exclusion of ICMS from the calculation base) Update (ICMS exclusion from PIS/COFINS base)				
Provision for profit sharing	18 37.589	59.503	37.589	59.503
Update lease payable	16	-	-	-
Post-employment benefit update	18 3.242	(19.763)	3.242	(19.763)
Reversal of provision for contingencies	21 (829)	(3.248)	(829)	(3.248)
Others	973	2.084	3.593	4.648
Decrease (increase) in asset accounts:				
Accounts receivable	14.256	(44.608)	14.236	(44.771)
Inventories	68.287	(64.377)	68.287	(64.377)
Recoverable taxes assets	5.395	47.332	5.594	47.473
Advance to suppliers	1.000	1.000	1.000	1.000
Judicial deposits	31.848	6.302	31.848	6.302
Other assets	2.543	2.966	2.286	1.841
Increase (decrease) in liability accounts:				
Suppliers	(3.974)	4.782	(6.520)	6.222
Taxes and social contributions	(8.160)	(396)	(8.811)	(419)
Income tax and social contribution	17.273	94.187	18.788	94.595
Labor and actuarial obligations	(88.229)	(70.507)	(88.252)	(70.690)
CCEE reimbursement account	-	-	2.707	16.241
Advances from customers	(57.526)	4.316	(57.526)	4.316
Other liabilities	(61)	2.350	(64)	2.358
Income tax and social contribution paid	(35.053)	(97.285)	(36.111)	(97.572)
Interest paid in the period	(5.480)	(3.991)	(15.293)	(14.667)
Net cash generated by operating activities	288.613	601.390	317.300	632.943
CASH FLOWS FROM INVESTMENT ACTIVITIES				
Acquisition of Permanent Assets	12 (76.085)	(47.509)	(85.229)	(52.399)
Cost of planting and maintenance of biological assets	13 (32.855)	(33.996)	(32.855)	(33.996)
Investment property	(7.500)	-	(7.500)	-
Receipt for sale of permanent assets	1.611	785	1.611	785
Dividends Received	-	-	-	-
Financial applications and redemption	18.930	(79.493)	21.553	(77.378)
Investment in subsidiaries	(2.651)	-	-	-
Net cash invested in investment activities	(98.550)	(160.213)	(102.420)	(162.988)
CASH FLOWS FROM FINANCING ACTIVITIES				
Funding acquisition	15	-	-	-
Amortization of financing	16 (11.053)	(15.195)	(24.026)	(28.115)
Rental amortization	17 (33.166)	(12.618)	(33.915)	(13.495)
Dividends and interest on equity paid	(72.752)	(213.500)	(72.752)	(213.500)
Net cash invested in financing activities	(116.971)	(241.313)	(130.693)	(255.110)
EXCHANGE VARIATION WITHOUT CASH AND EQUIVALENTS				
	-	-	235	-
NET INCREASE IN THE BALANCE OF CASH AND CASH EQUIVALENTS				
	73.092	199.864	84.422	214.845
Cash and cash equivalents at the beginning of the period	4 355.370	129.806	474.102	216.512
Cash and cash equivalents at the end of the period	4 428.462	329.670	558.524	431.357
NET INCREASE IN THE BALANCE OF CASH AND CASH EQUIVALENTS				
	73.092	199.864	84.422	214.845

The notes are an integral part of these financial statements.

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

Statements of added value

Period of six months ending on June 30

In thousands of Reais

	Note	Parent		Consolidated	
		06/30/2023	06/30/2022	06/30/2023	06/30/2022
SALES REVENUE		1.443.084	1.808.131	1.502.284	1.850.143
Other income		4.905	2.036	5.421	3.660
		<u>1.447.989</u>	<u>1.810.167</u>	<u>1.507.705</u>	<u>1.853.803</u>
INPUTS PURCHASED FROM THIRD PARTIES					
Cost of goods sold (includes raw materials)		(572.179)	(470.545)	(533.169)	(432.705)
Materials, energy, third-party services and others		(306.618)	(269.470)	(364.356)	(326.189)
		<u>569.192</u>	<u>1.070.152</u>	<u>610.180</u>	<u>1.094.909</u>
GROSS VALUE ADDED					
Depreciation, amortisation and depletion	12 to 13	(68.880)	(47.017)	(90.445)	(68.456)
Capital gain	11	-	-	(2.209)	(2.209)
		<u>500.312</u>	<u>1.023.135</u>	<u>517.526</u>	<u>1.024.244</u>
NET VALUE ADDED PRODUCED BY THE COMPANY					
ADDED VALUE RECEIVED IN TRANSFER					
Financial income	28	83.996	89.531	93.850	97.579
Equity	11	4.467	(11.383)	-	-
		<u>588.775</u>	<u>1.101.283</u>	<u>611.376</u>	<u>1.121.823</u>
TOTAL ADDED VALUE TO DISTRIBUTE					
DISTRIBUTION OF ADDED VALUE					
Employees:					
Salaries and wages		167.047	170.161	169.707	172.566
Benefits		26.603	21.955	26.875	22.163
FGTS (<i>Service Time Guarantee Fund</i>)		10.495	8.408	10.562	8.459
		<u>204.145</u>	<u>200.524</u>	<u>207.144</u>	<u>203.188</u>
Taxes, fees and contributions:					
Federal		88.372	156.029	93.005	159.312
State		28.883	43.530	28.982	43.556
Municipal		1.055	389	1.218	549
		<u>118.310</u>	<u>199.948</u>	<u>123.205</u>	<u>203.417</u>
Third-party capital remuneration		13.099	67.729	27.692	82.046
Equity remuneration					
Interest on equity/Dividends		72.752	78.432	72.752	78.432
Retained earnings		180.469	554.650	180.469	554.650
Participation of non-controlling		-	-	114	90
		<u>253.221</u>	<u>633.082</u>	<u>253.335</u>	<u>633.172</u>
DISTRIBUTED VALUE ADDED		<u>588.775</u>	<u>1.101.283</u>	<u>611.376</u>	<u>1.121.823</u>

The notes are an integral part of these financial statements.