



**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 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

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

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

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

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

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

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

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

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

### 3. MARKET ENVIRONMENT

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**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, in addition to China, the performances of countries such as India (+7.4%), Iran (+4.8%), Russia (+1%) and South Korea (+0.5%) stood out positively between the periods. 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, production 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.

In June/23, according to the World Bank, the international price of coal reached the lowest value since July/21, which signals a reduction in electricity generation costs in many large ferroalloy producers, such as China, Kazakhstan, Malaysia, South Africa, and India. In addition, the lower price of coal has also provided relief in the costs of coke producers and put downward pressure on their prices. In China, according to a specialized report, coke prices reached their lowest level since October/20 in June/23. With the mitigation in electricity and coke costs, silicon alloy producers have been able to gradually accept lower prices for their material.

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, it is estimated that the production of 1H23 (187 thousand tons) has grown 34.7% compared to 1H22.

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, totaled 7.6 Mt in 1H23 and also showed a retraction, 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 subtle relief of 0.8% compared to 1H22.

In 2Q23, the price of HC FeCr had a predominant downward trend in China, with a small and brief increase in May/23. The main responsible for such a move were the relief in coke costs and concerns about the final demand for stainless steel in China, as the country's inventories ended the quarter 25% above the same period of 2022, which has mitigated any gains associated with the growth of stainless steel production this year.

It is worth mentioning the price of UG2, which, despite remaining high and pressuring Chinese costs, began to show a downward trend in June/23, ending the month at USD 286.0/t. To a large extent, the price of UG2 has been determined by the level of chromium ore inventories in China, which closed the semester at 2.03 Mt and remained below the average levels of the last 5 years (min.: 2.5 Mt and max.: 3.8 Mt). More recently, the level of inventories reached 2.33 Mt, the highest since December/22. 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 and 1.5% for the domestic market. In Europe and the US, prices declined by 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

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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.

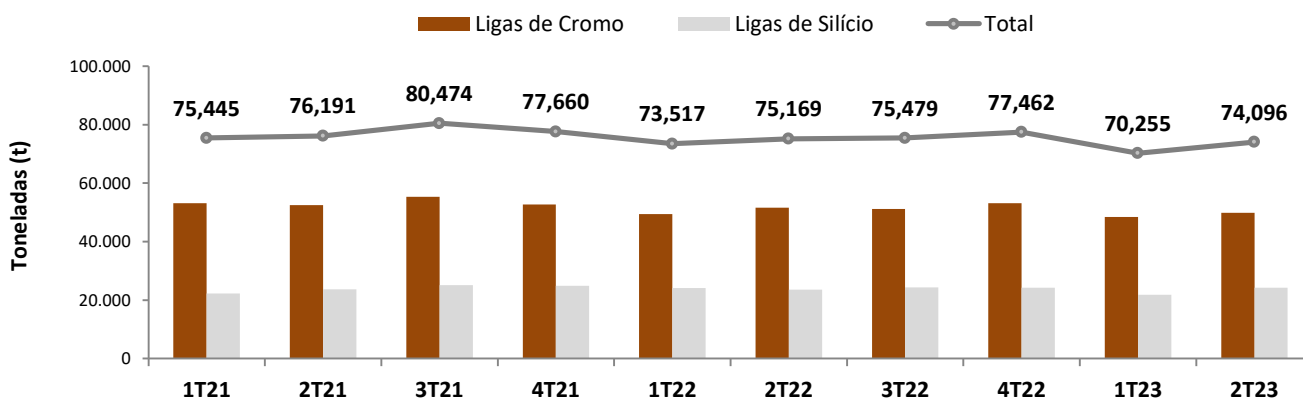


Production (tons)	2Q23	1Q23	Δ%	2Q22	Δ%	1H23	1H22	Δ%
Chromium Alloys	49,911	48,462	3.0%	51,628	-3.3%	98,373	101,021	-2.6%
Silicon Alloys	24,185	21,793	11.0%	23,541	2.7%	45,978	47,665	-3.5%
<b>Total</b>	<b>74,096</b>	<b>70,255</b>	<b>5.5%</b>	<b>75,169</b>	<b>-1.4%</b>	<b>144,351</b>	<b>148,686</b>	<b>-2.9%</b>
<b>Use of Installed Capacity (MWh) %</b>	<b>8.2%</b>	<b>76.7%</b>		<b>82.1%</b>		<b>78.5%</b>	<b>83.1%</b>	

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

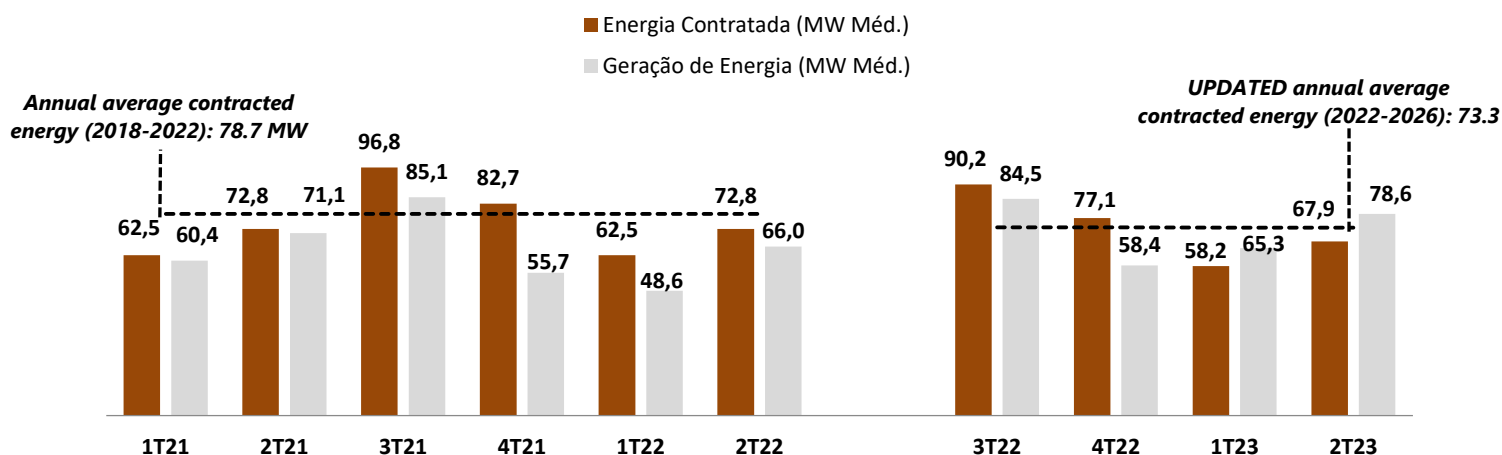
The use of installed capacity may be affected by: (i) reduction in power or stoppage of furnaces during peak hours (6:00 pm to 9:00 pm); (ii) furnace shutdown or power reduction for maintenance, renovation, or operational intervention; (iii) production of alloys that require power reduction; and (iv) 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 generation forecast for the period.
- Internal and external electrical losses referring, respectively, to equipment and the transmission system (External Systemic Losses – ONS apportionment) suppressed a total of 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

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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, the 8.9% lower result of 2023 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 (tonnes)	2Q23	1Q23	Δ%	2Q22	Δ%	1H23	1H22	Δ%
<b>DOMESTIC MARKET (MI)</b>								
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%
<b>MI Total</b>	<b>36,205</b>	<b>32,221</b>	<b>12.4%</b>	<b>33,777</b>	<b>7.2%</b>	<b>68,426</b>	<b>64,232</b>	<b>6.5%</b>
<b>FOREIGN MARKET (ME)</b>								
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%
<b>ME Total</b>	<b>31,837</b>	<b>41,233</b>	<b>-22.8%</b>	<b>37,809</b>	<b>-15.8%</b>	<b>73,070</b>	<b>71,757</b>	<b>1.8%</b>
<b>TOTAL (MI + ME)</b>	<b>68,042</b>	<b>73,454</b>	<b>-7.4%</b>	<b>71,586</b>	<b>-5.0%</b>	<b>141,496</b>	<b>135,989</b>	<b>4.0%</b>

## 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.

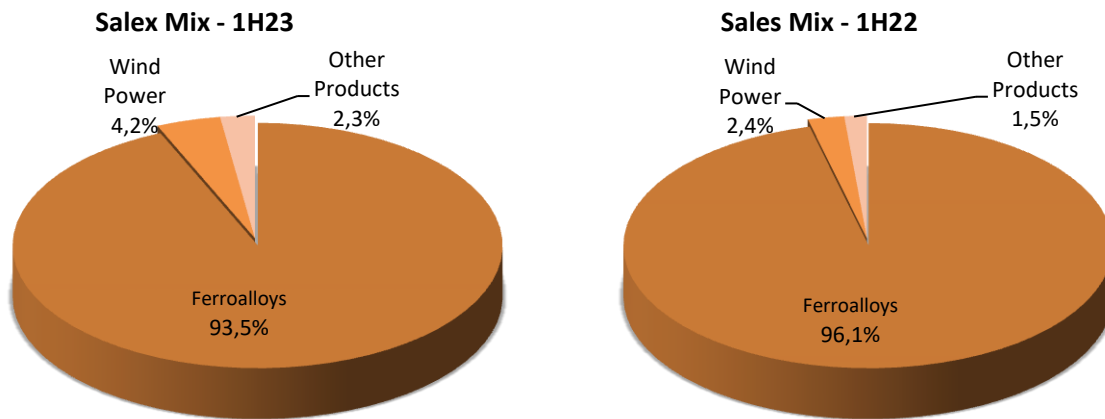
Net Revenue (R\$ millions)	2Q23	1Q23	Δ%	2Q22	Δ%	1H23	1H22	Δ%
<b>DOMESTIC MARKET (MI)</b>								
Ferroalloys	294.1	272.1	8.1%	390.5	-24.7%	566.2	718.5	-21.2%
Wind Power	31.3	25.6	22.3%	23.2	34.9%	56.9	39.8	43.0%
Other Products (*)	16.6	14.0	18.6%	12.7	30.7%	30.6	24.5	24.9%
<b>Total MI</b>	<b>342.0</b>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

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



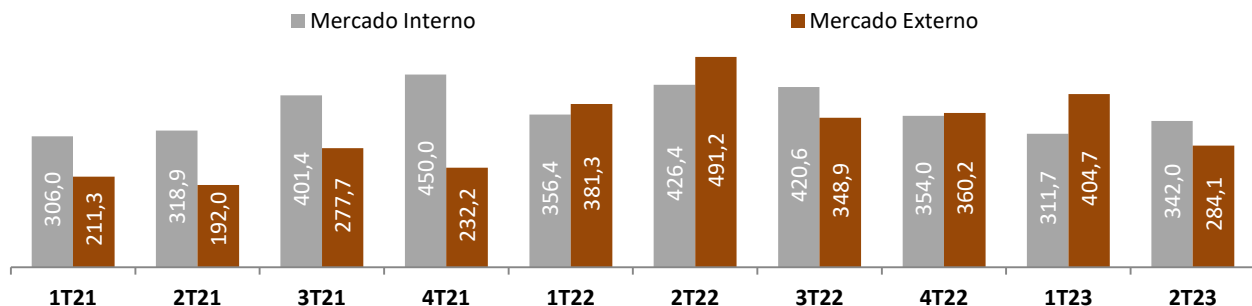
## 5.2 Net Revenue by Product and Market (%)

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



The 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 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 bioreducer which, due to operational problems, did not reach the expected volume, with the additional need to purchase a bioreducer 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%
<b>Subtotal products</b>	<b>461.9</b>		<b>495.6</b>		<b>428.1</b>		<b>957.5</b>		<b>809.6</b>	
Idle Capacity	3.1		2.6		0.8		5.7		1.5	
Others	(5.4)		(2.3)		0.6		(7.7)		(4.8)	
<b>Subtotal others</b>	<b>(2.3)</b>		<b>0.3</b>		<b>1.4</b>		<b>(2.0)</b>		<b>(3.3)</b>	
<b>Total General</b>	<b>459.6</b>		<b>495.9</b>		<b>429.5</b>		<b>955.5</b>		<b>806.3</b>	
%Net Revenue	<b>73.4%</b>		<b>69.2%</b>		<b>46.8%</b>		<b>71.2%</b>		<b>48.7%</b>	

(\*) 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 represented 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 <sup>1</sup>	-	-	-	-	-	-	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 <sup>2</sup>	46.8	45.9	2.0%	36.9	26.8%	92.7	70.6	31.3%
<b>EBITDA</b>	<b>144.8</b>	<b>187.7</b>	<b>-22.9%</b>	<b>445.1</b>	<b>-67.5%</b>	<b>332.5</b>	<b>792.8</b>	<b>-58.1%</b>
(+/-) Provision for contingencies and other provisions <sup>3</sup>	(0.4)	(0.4)	0.0%	3.5	-	(0.8)	3.5	-
(+/-) Receipt of Insurance Claim <sup>4</sup>	-	-	-	(1.4)	-	-	(1.4)	-
(+/-) Actuarial adjustment effect <sup>5</sup>	-	-	-	-	-	-	(22.0)	-
<b>Adjusted EBITDA</b>	<b>144.4</b>	<b>187.3</b>	<b>-22.9%</b>	<b>447.2</b>	<b>-67.7%</b>	<b>331.7</b>	<b>772.9</b>	<b>-57.1%</b>
<b>EBITDA Margin</b>	<b>23.1%</b>	<b>26.1%</b>		<b>48.7%</b>		<b>24.7%</b>	<b>46.7%</b>	

- 1) Derivative financial instruments correspond to Purchase NDFs and Sale NDFs and non-derivative financial instruments correspond to Export Hedge.
- 2) Capital gain refers to the effect of the realization of assets valued at their fair value, reflecting the acquisition of BWG.
- 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%
<b>EBITDA</b>	<b>19.5</b>	<b>15.3</b>	<b>27.5%</b>	<b>13.2</b>	<b>47.7%</b>	<b>34.8</b>	<b>18.9</b>	<b>84.1%</b>
(+/-) Receipt of Insurance Claim	-	-	-	(1.4)	-	-	(1.4)	-
<b>Adjusted EBITDA</b>	<b>19.5</b>	<b>15.3</b>	<b>27.5%</b>	<b>11.8</b>	<b>65.3%</b>	<b>34.8</b>	<b>17.5</b>	<b>98.9%</b>
<b>EBITDA Margin</b>	<b>62.3%</b>	<b>59.8%</b>		<b>50.9%</b>		<b>61.2%</b>	<b>44.0%</b>	

## 9. FINANCIAL STRUCTURE

### 9.1 Net Cash and Cash Consumption

According to the Statement of Cash Flow (DFC, CPC – 03 R2), which considers only the variation of cash accounts and cash equivalents, the amount generated by operational, investment and financing activities in 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
<b>Total Financial Reserve</b>	<b>1,398.0</b>	<b>1,285.1</b>	<b>112.9</b>
Loans and financing*	(320.9)	(342.0)	21.1
<b>Net (Debt) Cash</b>	<b>1,077.1</b>	<b>943.1</b>	<b>134.0</b>

(\*) 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)	-
<b>Total general</b>	<b>29.5</b>	<b>23.3</b>	<b>26.6%</b>	<b>29.7</b>	<b>-0.7%</b>	<b>52.8</b>	<b>16.9</b>	<b>212.4%</b>

## 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
<b>Total</b>	<b>17.2</b>	<b>44.4</b>	<b>54.9</b>	<b>9.1</b>	<b>125.6</b>	<b>86.4</b>

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

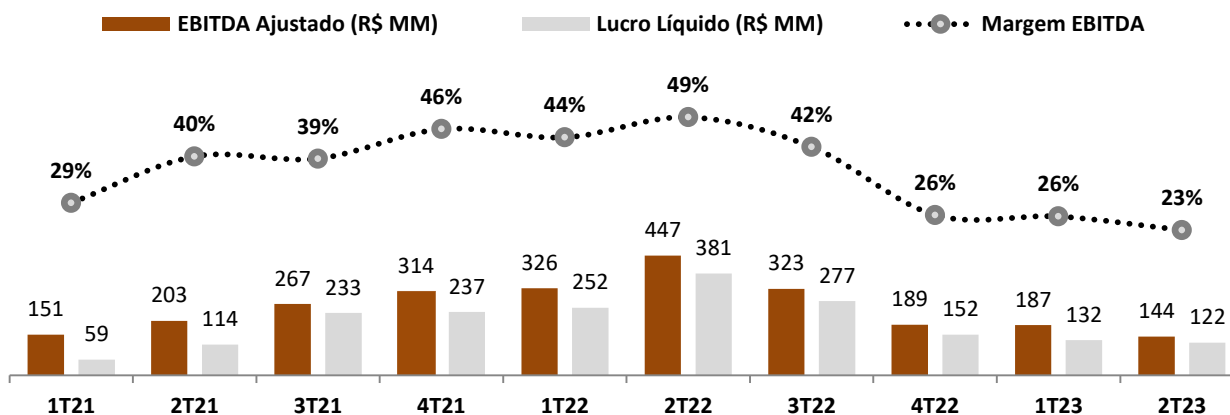
The highest amounts of investments in the period were allocated to the acquisition of machinery and equipment (44.6%), mainly in Mining and Metallurgy, in addition to the maintenance of the biological asset (26.2%) and the acquisition of land (12.7%) in Forestry. Together, these lines represented 83.4% 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) Stability in the volume of sales of ferroalloys, with an increase of 4.0% in total considering the domestic market and exports, and in the average dollar practiced, with a reduction of 0.6%;
- (iii) 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%
<b>Total</b>	<b>611.3</b>	<b>1,121.8</b>	<b>-45.5%</b>

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

(2) Shareholders and retained earnings.

## 13. CAPITAL MARKET



## 13.1 FESA4 performance on B3

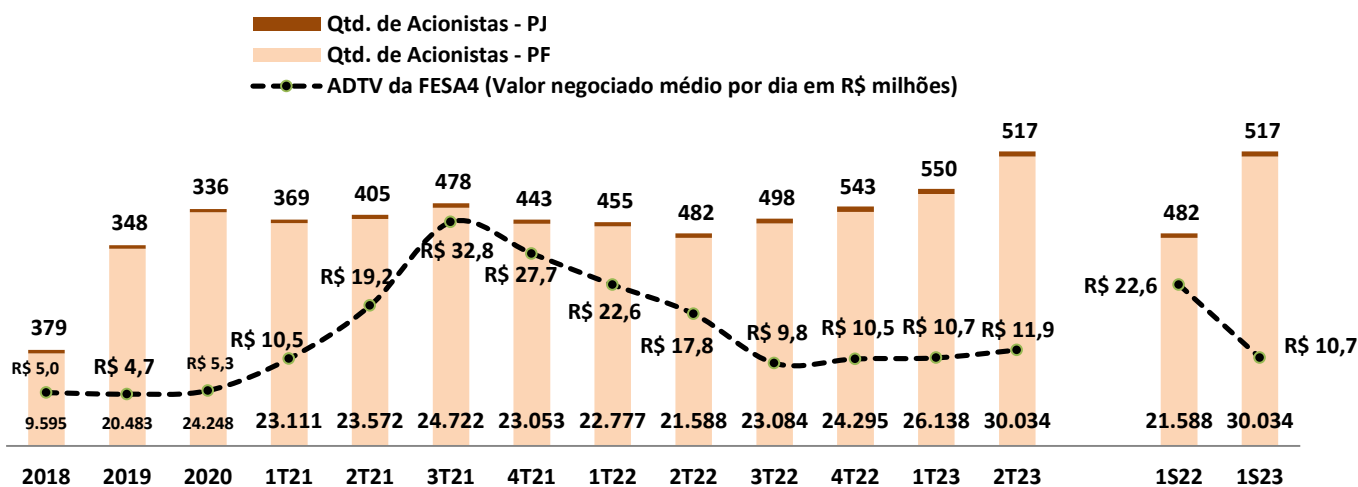
Some indicators on the performance of FERBASA's shares in the capital market are shown in the table below:

	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) <sup>(1)</sup>	4,587,930	4,211,686	8.9%
Shares in <i>Free Float</i> Circulation (thousand) <sup>(2)</sup>	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, acronym in English



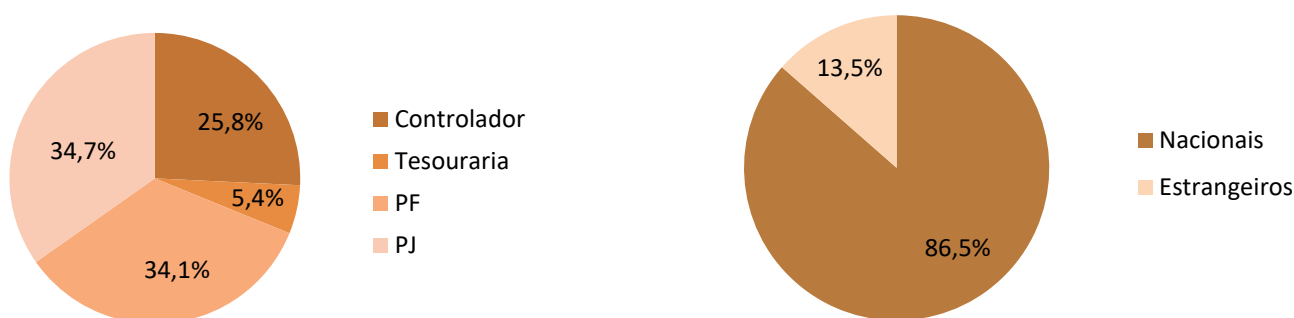
In the first half of 2023, Ferbasa's shareholder base registered a record number of investors, with more than 30,000 shareholders, and reached ADTV of R\$ 10.7 million. The decrease of 52.7% in ADTV in relation to 1H22 results from the decrease in the average volume of NPs traded (48.5%) and the growth 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
<b>Total</b>	<b>29,440,000</b>	<b>100.00</b>	<b>58,880,000</b>	<b>100.00</b>	<b>88,320,000</b>	<b>100.00</b>

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

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

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

## 15. 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 be part of this business.

On June 7, we 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.

## 16. GLOSSARY

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**High Carbon Ferrochrome (HC FeCr)** - Iron and chromium alloy that features carbon content, also known as "*Charge Chrome*", it is used in the manufacture of stainless steels and special alloys. Stainless 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
<b>Current Assets</b>	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
<b>Non-current Assets</b>	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
<b>Total Assets</b>	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](http://www.cvm.gov.br), [www.b3.com.br](http://www.b3.com.br) e [www.ferbasa.com.br](http://www.ferbasa.com.br)

LIABILITIES AND EQUITY - (in R\$ thousands)	CONSOLIDATED		
	1H23	2022	1H22
<b>Current Liabilities</b>	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
<b>Non-current Liabilities</b>	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
<b>Total Equity</b>	3,221,705	3,040,887	2,844,622
<b>Controlling Shareholders' Equity</b>	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
<b>Total Liabilities and Shareholders' Equity</b>	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](http://www.cvm.gov.br), [www.b3.com.br](http://www.b3.com.br) e [www.ferbasa.com.br](http://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
<b>GROSS REVENUE</b>	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)
<b>NET REVENUE</b>	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)
<b>GROSS PROFIT</b>	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)
<b>Operating Income Before Financial Result</b>	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	-	-
<b>Financial result</b>	52,761	3.9	16,928	1.0	65,499	10.8	29,666	3.2
<b>Profit before IRPJ/CSLL</b>	292,591	21.8	739,099	44.6	(8,541)	(1.4)	437,967	47.7
<b>IRPJ/CSLL</b>	(39,256)	(2.9)	(105,927)	(6.4)	9,611	1.6	(57,060)	(6.2)
<b>Profit for the period</b>	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
<b>NET REVENUE</b>	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)
<b>GROSS PROFIT</b>	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)
<b>Operating profit before financial result</b>	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)
<b>Financial Result</b>	(6,660)	(11.7)	(7,736)	(19.4)	(2,479)	(7.9)	(3,757)	(16.2)
<b>Profit (Loss) before IRPJ/CSLL</b>	6,738	11.8	(10,043)	(25.2)	6,243	19.9	(1,138)	(4.9)
<b>IRPJ/CSLL</b>	(1,090)	(1.9)	(72)	(0.2)	(797)	(2.5)	(53)	(0.2)
<b>Profit (Loss) for the term</b>	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	
<b>Cash flow from operating activities</b>			
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	
<b>Reduction (increase) in asset accounts:</b>			
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	
<b>Increase (decrease) in liabilities accounts:</b>			
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)	
<b>Net cash generated by operating activities</b>	<b>317,300</b>	<b>632,943</b>	
<b>Cash flow from investment activities</b>			
Capex	(118,084)	(86,395)	
Properties for investments	(7,500)	-	
Sales of properties	1,611	785	
Movement in financial investments	21,553	(77,378)	
<b>Net cash invested in investment activities</b>	<b>(102,420)</b>	<b>(162,988)</b>	
<b>Cash flow from financing activities</b>			
Amortization of loans and financing	(24,026)	(28,115)	
Amortization of leases	(33,915)	(13,495)	
Dividends and JCP paid	(72,752)	(213,500)	
<b>Net cash invested in financing activities</b>	<b>(130,693)</b>	<b>(255,110)</b>	
<b>Increase in cash and cash equivalents</b>	<b>84,187</b>	<b>214,845</b>	
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	
<b>Net Increase of the cash balance and cash equivalent</b>	<b>84,422</b>	<b>214,845</b>	
<b>Net increase in the balance of financial investments</b>	<b>28,433</b>	<b>119,798</b>	
<b>Net increase in financial reserve</b>	<b>112,855</b>	<b>334,643</b>	