

MANAGEMENT REPORT 2022



Galvani

The goal of this document is to enforce the transparency commitment of Fosnor – Fosfatados do Norte-Nordeste S.A, in this material, represented by its brand, Galvani.

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LETTER FROM CHAIRMAN OF THE BOARD



Rodolfo Galvani Jr
Chairman of the board

“Our annual production is sufficient to fertilize more than 7 million football arenas.”

Our almost 90 years of existence provide us with the basis for looking at the future through the perspective of our life history. The combination of lessons learned from the past with an attentive look at the opportunities of the present leads us to overcome obstacles and build a new future.

We believe in our possibilities to unite people both internally and externally. This is a positive attitude to adapt and fulfill our purpose: Transform Soil into Life.

In this process, innovation is the fundamental part. In the history of human scientific developments, only three of them managed to save more than 1 billion lives: vaccines, sanitation and basic and chemical fertilizers.

“We contribute to the development of national agribusiness, which feeds more than 1 billion people.”

Innovation is part of our DNA. Over the last few decades, we have continuously invested in improving processes and in the sustainable expansion of our production. In that sense, our expansion projects at the Luís Eduardo Magalhães Complex and at the *Angico dos Dias* and Irecê mines, in Bahia, in addition to the Project *Santa Quitéria*, in Ceará, are outstanding examples, taking our fertilizers and our dicalcium phosphate for animal nutrition to new markets. In addition, our projects will contribute to reducing the annoying dependence on imported fertilizers and will lead us to the absolute leadership in the production of phosphates in the North and Northeast markets of Brazil.

Growing food production will help us fight hunger and inequality. To face this challenge, we will continue to do our part.

LETTER FROM THE CEO



Marcos Stelzer
CEO

2022 was marked by two events of global impact.

With the cooling of the Covid-19 pandemic, social coexistence became possible again, which brought a little more lightness to our lives and provided the full resumption of business.

On the other hand, the Russia-Ukraine war caused apprehension in the food production sector all over the world. Initially, fertilizer prices rose and there were uncertainties, but, with the adaptation to the new situation, it was possible to maintain the availability of the product on the international market. It is worth highlighting the increase in production in some countries, including Brazil.

“2022 was marked by two events of global impact.”

Throughout the year, it was necessary to deal with the continuous increase in inflation and its implications for the prices of inputs, services and products. Even in this challenging scenario, Galvani achieved historic results. Our fertilizer deliveries of 617 thousand tons were a record, a 4% expansion when compared to 2021, while estimates indicate that the Matopiba (acronym for the area formed by the states of Maranhão, Tocantins, Piauí and Bahia) market has shrunk by around 8%. Our net income almost doubled in comparison to 2021, reaching BRL 1,6 billion, largely driven by rising prices. This growth, combined with greater efficiency in our production associated with the implementation of a correct commercial strategy, raised us to an EBITDA of BRL 455 million, a result 130% higher than that one from 2021.

“In terms of return to the investor, 2022 also registered historical marks.”

In terms of return to investors, 2022 also registered historical marks. All of our operating margins increased. Our return on equity reached 37%, more than double compared to that of 2021. And the EVA (Economic Value Added) reached BRL 188 million, 11 times higher than the previous year's mark.

Having reached historical levels of operational and financial performance in 2022, our challenge for the future was greater. To get there, we increase investment in our business. We are working on the development of a new technological route for our mining unit in Irecê.

We continue to expand our capacity at Luís Eduardo Magalhães on the way to doubling the delivery of fertilizers and maintaining the development of the Angico dos Dias mine to guarantee our supply of phosphate concentrate for the coming years. The Project Santa Quitéria received support and attention to advance in the stages of the environmental permits process.

In 2023, we plan new investments to increase the capacity and efficiency of our current operations and build the future through expansion projects.

Our strategy is to grow sustainably. To this end, we continue to invest in the development and training of our greatest asset: our employees. We want to attract and retain people who contribute to the company's growth and are aligned with our values.

"In 2023, we plan new investments to increase the capacity and efficiency of our operations."

At the same time, we continue to invest in safety. In 2022, more than BRL 5 million were invested in preventive tools and education campaigns, which reduced the frequency rate of accidents with leave. In addition, we set up a wellness program with several benefits, aimed at raising the employees' quality of life.

All this with the firm belief that it is the sustainable development that ensures our long-term success, as it guarantees our social, economic and environmental integrity and underpins decision-making and relationship with customers, employees, suppliers, shareholders, and the community. In this perspective, in 2022, we've elaborated the Plan of Engagement with Stakeholders for the locations where we operate and also for others where we intend to establish ourselves through expansion.

The success we achieved in 2022, therefore, becomes the basis over which we intend to take higher flights and increasingly translate into reality our purpose of Transform Soil into life.

2022 HIGHLIGHTS

Historical record
of fertilizer delivery

617k

tons (+3.7% per year)

Market share
in fertilizer delivery

24.7%

where it operates ⁽¹⁾
(+1.8% per year)

Record
net revenue

BRL 1,6 B

(+92.3% per year)

Record
gross profit

32.0%

(+2.7 per year)

Historical
EBITDA record

BRL 455 M

(+130% per year)

Record
net income

BRL 336 M

(+174% per year)

12-month
cumulative EVA

BRL 188 M

(more than 11 times bigger than 2021)

Return on
Equity

37.0%

(+20.4 per year)

Return on
invested capital

64.8%

(+38.7% per year)

Capex

BRL 160 M

(58% per year)

Free cash flow

BRL 234 M

(+196.2% per year)

Almost

BRL 500 M

of net cash on balance sheet

(1) Which represents 12.7% of Matopiba total

GALVANI: TRANSFORM SOIL INTO LIFE

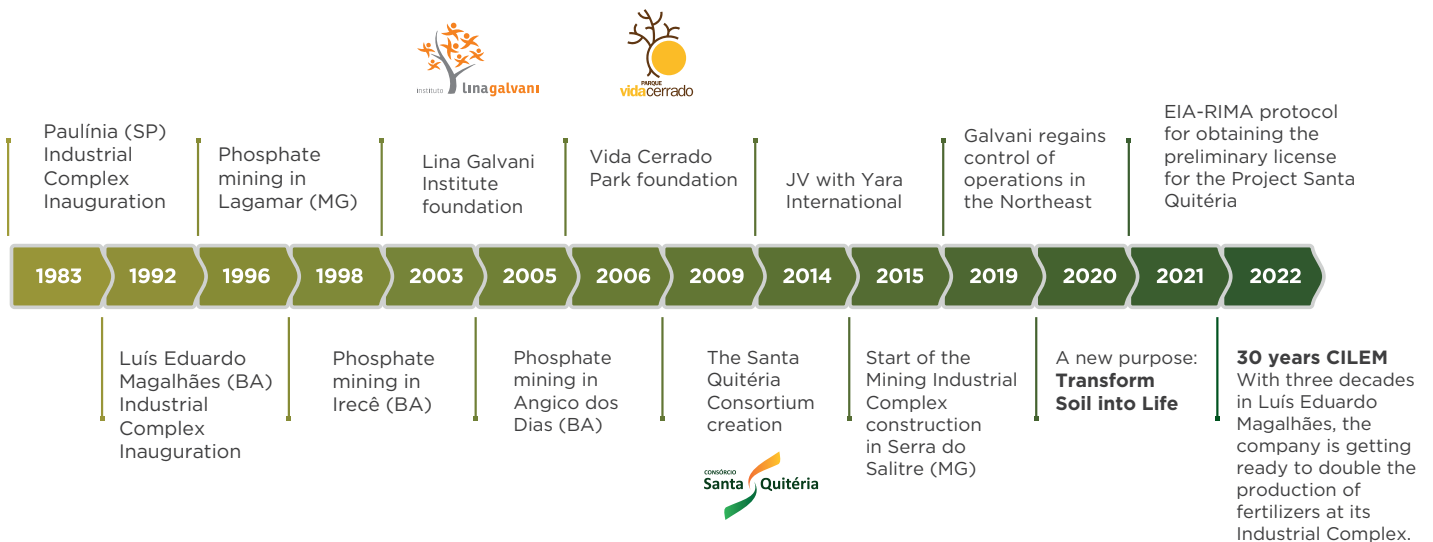
Galvani entered the fertilizer business in 1983, and has since contributed to the development of Brazilian agribusiness which currently produces food for more than 1.2 billion people worldwide.

With a vertically integrated business model, it operates in phosphate mining and processing, and in the industrialization, commercialization and delivery of fertilizers to the rural producer.

With extensive expertise in soil nutrition and customized products for its customers, Galvani offers specialized agronomic consulting and is a leader in phosphates in Matopiba.

It has two active industrial units, two corporate offices and capacity, in the process of being expanded, to produce more than 600 thousand tons of fertilizers per year.

Timeline



GALVANI IN NUMBERS - 2022

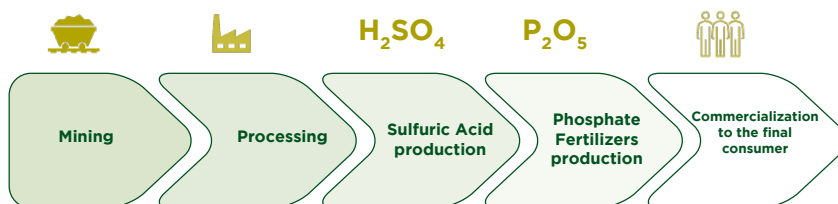
IN 2022

**617k tons of
fertilizers sold**

HISTORICAL RECORDS

Net Revenue:
BRL 1,590 M

EBITDA:
BRL 455 M



OUR PURPOSE:

Transform Soil into Life

ANNUAL CAPACITY
INSTALLED

235k tons
of phosphate concentrate

246k tons
of sulfuric acid

575k tons
of phosphate fertilizers

BROAD ESG ACTIVITY

based on



In operation:

1

phosphate mine

1

industrial complex

In development:

1

phosphate mine

1

mining-industrial
complex

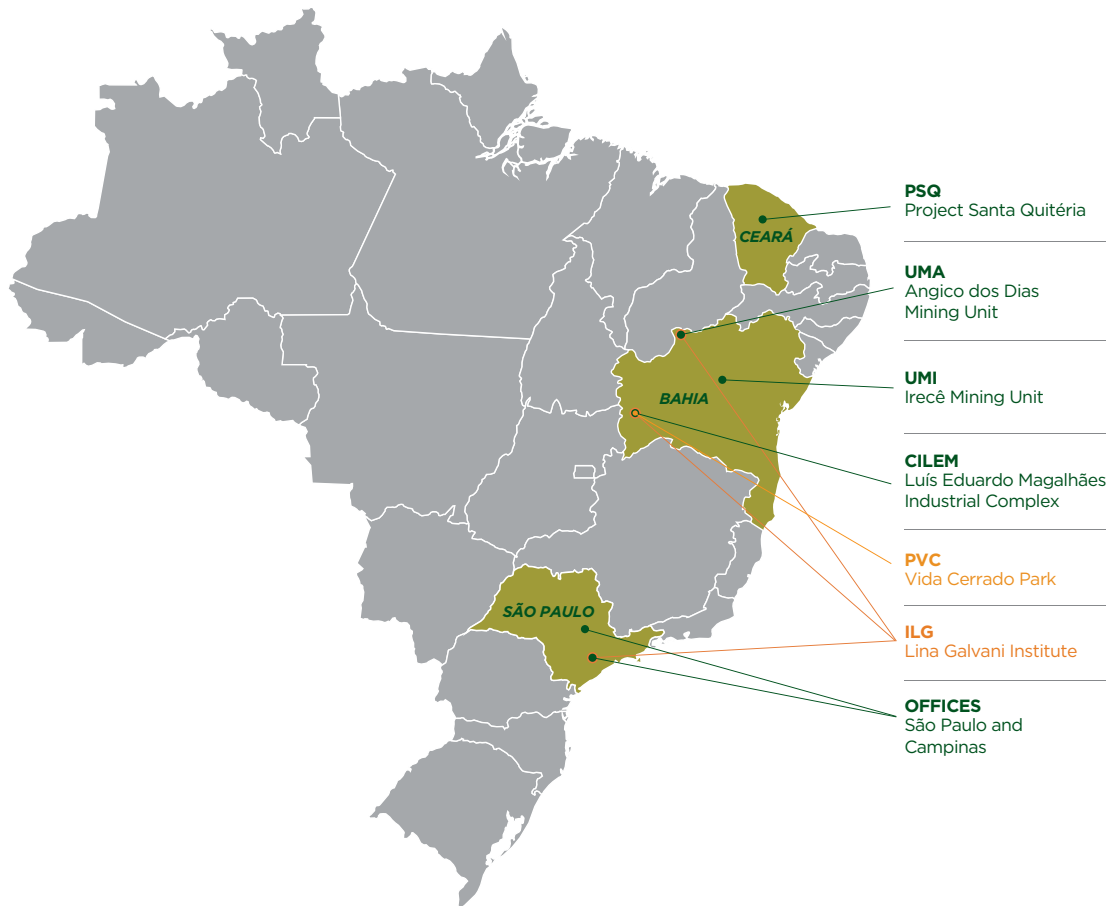
Lina Galvani Institute

It identifies and supports projects aimed at developing skills in the communities in which we operate. Since 2003, it has benefited more than 30,000 people.

Vida Cerrado Park

It aims at the conservation of biodiversity, research and socio-environmental education. Located between the cities of Luís Eduardo Magalhães and Barreiras, it has restored more than 100 hectares in western Bahia in the last two years.

WHERE WE ARE



Galvani owns a phosphate mining and processing unit, with its own patented dry concentration technology, in the district of Angico dos Dias - municipality of Campo Alegre de Lourdes (BA). In Luís Eduardo Magalhães, in the heart of Western Bahia, it has an industrial complex for the production of fertilizers. The company has invested to

expand the capacity of its current operations and implement expansion projects, with emphasis on the expansions in Luís Eduardo Magalhães, for the new phase of phosphate mining in Irecê, in the Center-North region of Bahia, and for the development plan of a mining-industrial complex in Santa Quitéria, Ceará.

PURPOSE AND VALUES

With a history of operational achievements and a future of great potential, the company purpose is to **Transform Soil into Life.**

To this end, it adopts the following Corporate Values as guidelines for its actions:



- › **Customer focus**
Comprehensive attention to the customers and their needs
- › **Owner Mindset**
To think like an owner of what you do
- › **Transparency**
To make clear the goals and results to be achieved
- › **Innovation**
Always looking for new and efficient solutions
- › **Simplicity**
We believe simpler is better

ACTIVITY MARKET

INTERNATIONAL CONTEXT - 2022

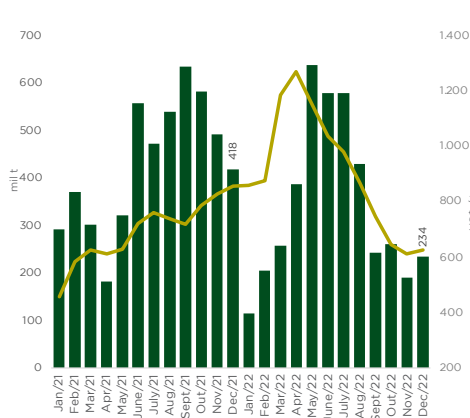
The conflict Russia-Ukraine has created a severe supply shock and rising prices for metals, raw materials and fertilizers. However, after the initial impact and due to the rearrangement of markets in the second half of the year, price drop factors prevailed for most quotations-except for energy commodities.

The prospect of a lack of fertilizers on the international market, which was not consumed, led Brazilian importers to anticipate their purchases.

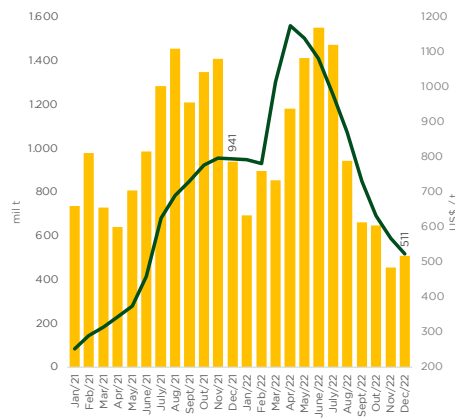
Demand for fertilizers remained weak, with operations at a slow pace and reduced fertilizer application per hectare. International grain prices continued to appreciate significantly in 2022, when compared to the previous year. However, the unfavorable exchange ratio led farmers to use the “savings” of nutrients in the soil, reducing the application, which directly contributed to the drop in fertilizer consumption.

Import volume (thousand tons) and import prices (US\$ / t CFR Brazil)

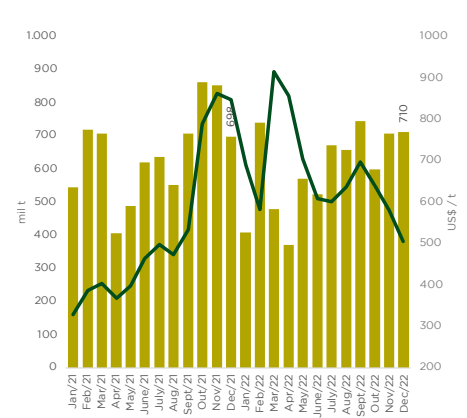
MAP – Monoammonium Phosphate



KCl – Potassium Chloride



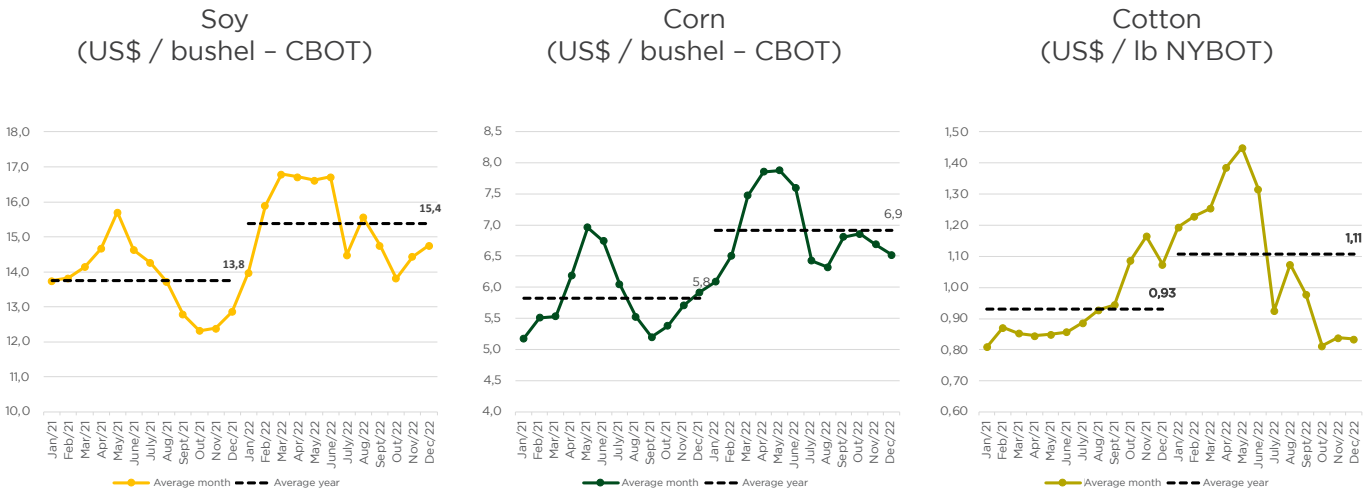
Urea



Source: CRU Fertilizer Week, Argus Brasil Grãos e Fertilizantes, Comex Stat – MDIC

In the global market, soy increased by 12%; corn, 19%; and cotton, 19%. In addition to the influence of the war, agricultural commodities suffered from climate problems; the drought affected the European crop, and, more recently, *La Niña* penalized part of the US planted area and should impact the next agricultural production in South America, to be harvested in early 2023.

GRAIN PRICES



Source: Chicago Board of Trade (CBOT) CME Group, New York Board of Trade (NYBOT)

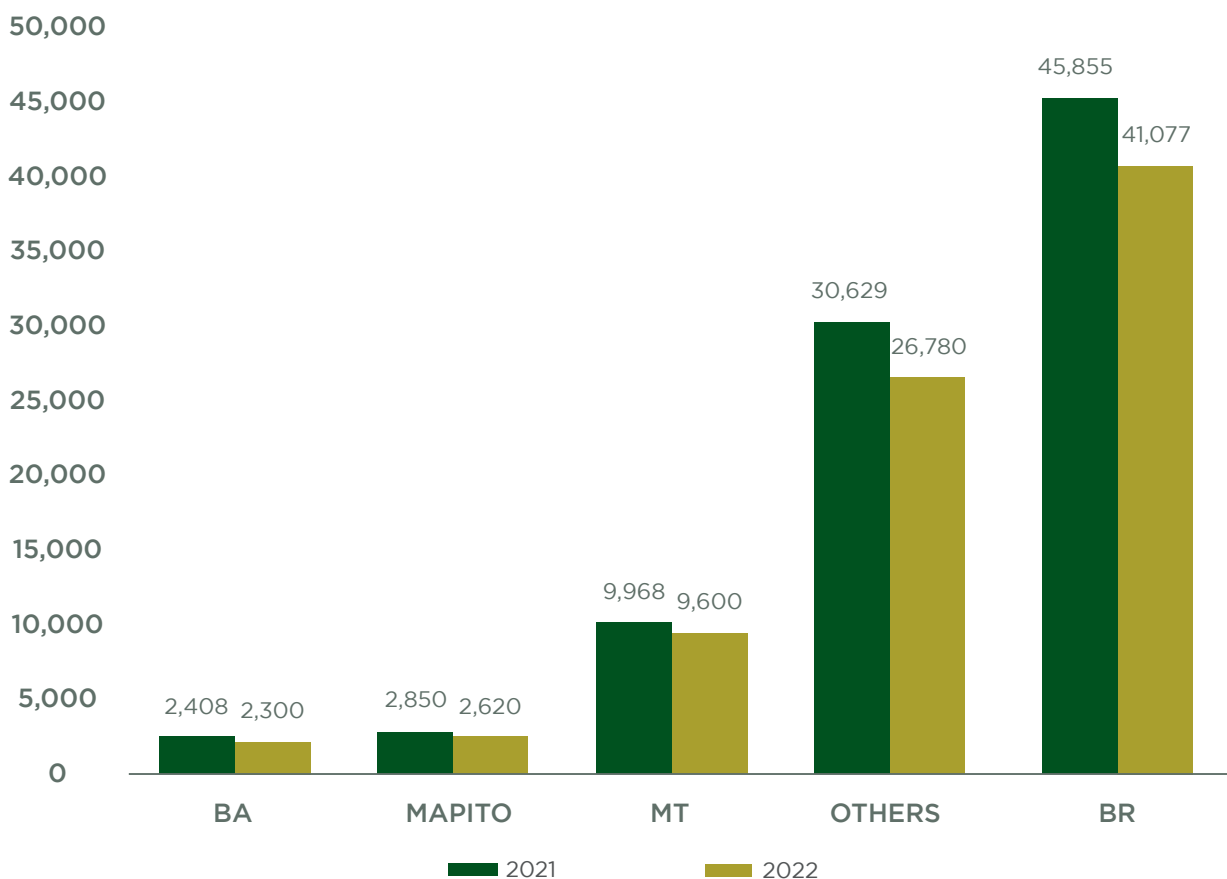


NATIONAL CONTEXT - 2022

In Brazil, according to preliminary data from the National Association for the Diffusion of Fertilizers (ANDA), deliveries of fertilizers were affected by the international context and, due to high prices and the worsening of the exchange ratio, totaled 41.1 million tons, 10% less compared to 2021.

In the second half of 2022, fertilizer prices fell due to the increase in the stock caused by higher imports at the beginning of the year, due to fears of shortages as well as to the effects of the war, combined with lower application per hectare

Fertilizer deliveries - Brazil (thousand ton)

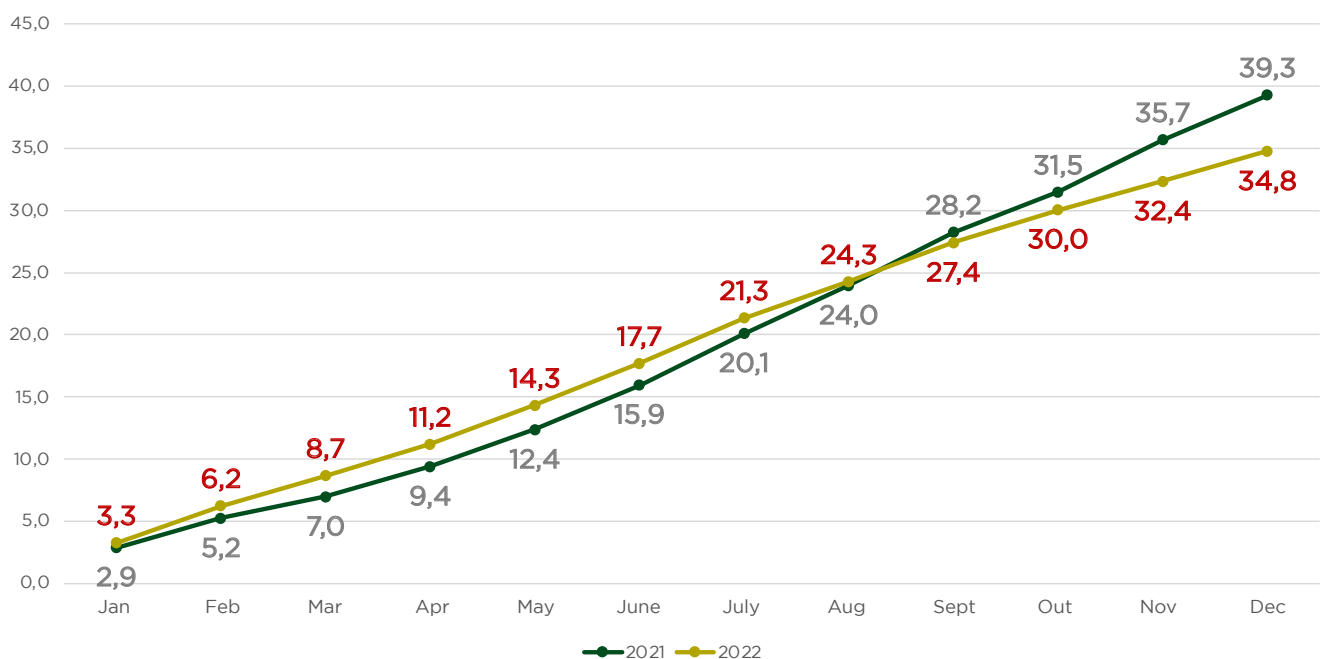


Source: ANDA - Associação Nacional para Difusão de Adubos (National Association for Fertilizer Dissemination)

Fertilizer imports totaled 34.8 million tons, 11.5% less compared to 2021. The imported volume grew 6.2% until July, when compared to the same period of the previous year. From August on, due to the reduction in demand

from farmers and the consequent increase in fertilizer stock levels in Brazil, the imported volume reduced and, in the accumulated of the second half, was 26% lower than that recorded in 2021.

Accumulated imports of fertilizers from Brazil in 2021 and 2022 (million tons)

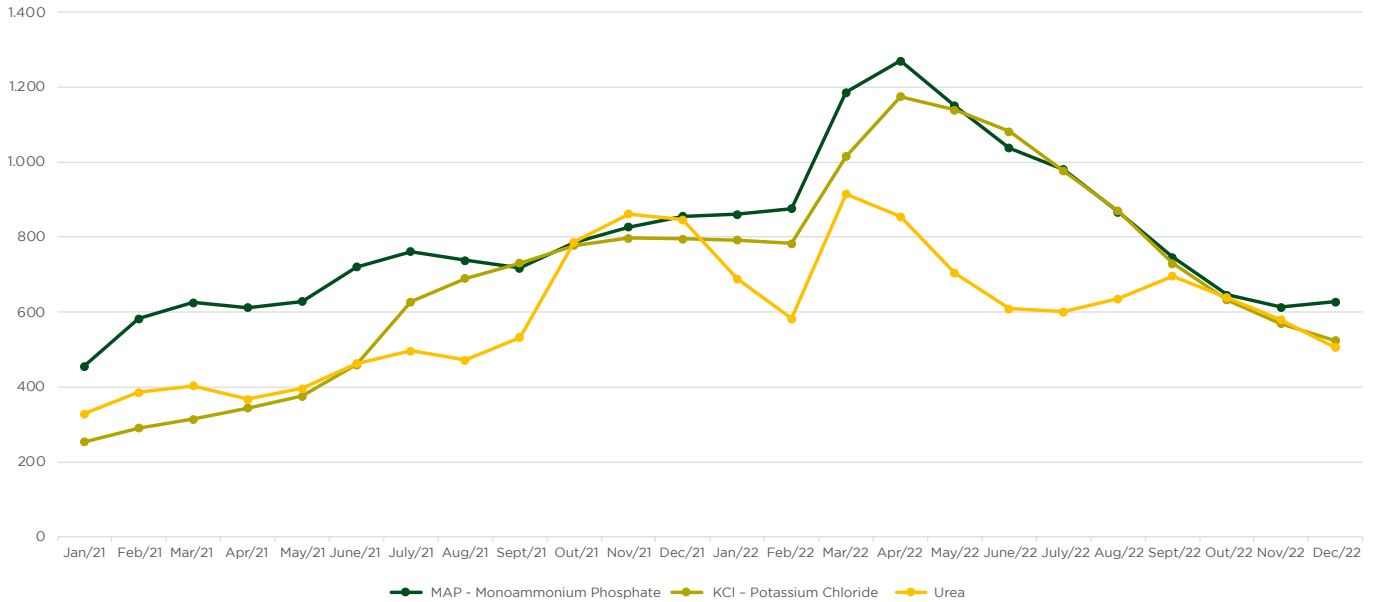


Source: Siacesp, Comex Stat - MDIC

Influenced by the increase in domestic production (4%) and the reduction in deliveries, the 2022 / 23 carry-over stock grew 25% compared to the previous cycle and reached 9 million tons.

PRICES

Fertilizer Import prices in Brazil (US\$ / t CRF Brazil)



Source: CRU Fertilizer Week, Argus Brasil Grãos e Fertilizantes

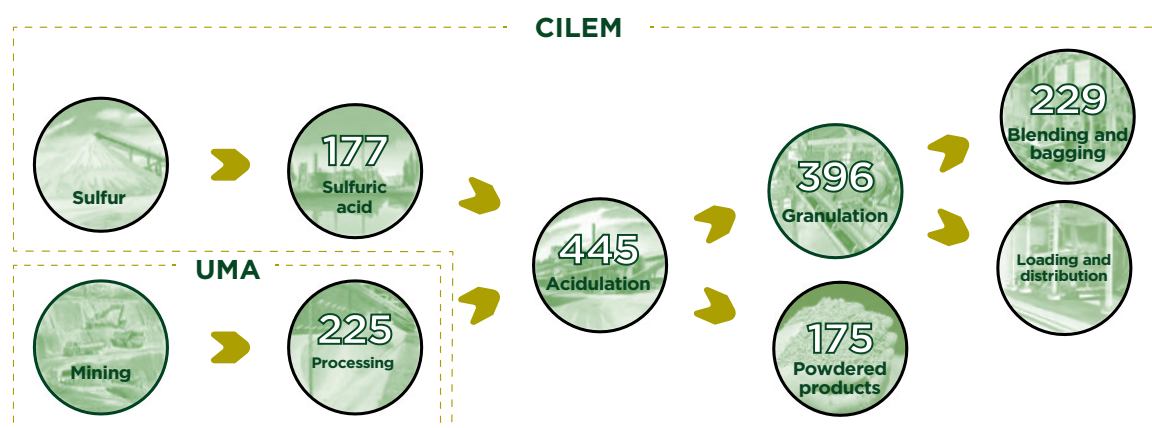
Fertilizer prices in the international market had a sudden increase during the first quarter, shortly after the start of the invasion of Ukraine, and reached a peak in April, but, as the global chains adapted, in the second half of 2022, they showed significant drops. That reduction stems from the drop in demand from countries such as Brazil and India, and the increase in production in Morocco, the United States, Saudi Arabia and Brazil.

The average price of TSP (triple superphosphate), from January to December 2022, was US\$ / t 786 CFR; while MAP's was US\$ / t 905 CRF. The prices practiced at the beginning of 2023 seem to have found a floor that generated a slight recovery in demand, mainly in Brazil, for planting the off-season. In the sulfur market, which was oversupplied at the beginning of the second half of 2022, prices dropped more sharply than phosphates due to lower consumption in China.

OPERATIONS

Galvani's production is verticalized through its units in Angico dos Dias and Luís Eduardo Magalhães, where the company mines, processes, produces and delivers customized fertilizers to farmers in the Matopiba region.

2022 production in thousands of tons



Volume (em mil ton)	2021	2022	% VAR. 2022 x 2021
Phosphate Concentrate - UMA	203	225	10.9%
P ₂ O ₅ content - UMA	30.0%	28.9%	-1.1%
Sulfuric Acid - CILEM	148	177	19.8%
Acidulation - CILEM	385	445	15.5%
Granulation - CILEM	382	396	3.7%
Powder - CILEM	141	175	24.4%
Blending and bagging CILEM	203	229	12.7%



CILEM

Luís Eduardo
Magalhães Industrial
Complex



Location
Activity
Capacity

Luís Eduardo Magalhães
Manufacturing
575,000 tons per year of fertilizers

The good performance of fertilizer production at Galvani followed the expectations of market demand with a record volume of production and deliveries, and excellent performance in safety and product quality. After a start to the year impacted by problems in the granulation furnace, the lost volumes were compensated by the record increase in sales and in the production of powdered and conventional blends.

Sulfuric acid: 20% increase in production compared to 2021 due to the start-up of the second plant in November.

Acidulations: A shutdown for scheduled maintenance was anticipated during the year, which made it possible to compensate for the lack of concentrate in production; this fact, associated with the absence of unscheduled stoppages, provided a 16% increase in production compared to the 2021 result.

Granulation: In early 2022, problems occurred in the furnace, which led to a reduction in production. However, throughout the year, it was possible to recover operational activity and produce a higher volume by 4% compared to 2021.

Powdered products and Blends:

Production surpassed the previous year's levels largely due to the reduction of unscheduled stoppages, which allowed the units to operate close to their designed capacities. To mitigate the problems identified in the granulation furnace, the commercial strategy was adjusted. A greater targeting was made to powder, which resulted in a production volume 24.4% higher than that recorded in 2021.

UMA

Angico dos
Dias Mining
Unit



Location
Activities
Capacity

Angico dos Dias
Mining and processing
235,000 tons per year of phosphate concentrate

At UMA, the year was one of great challenges. In the first quarter, the low volume of waste rock limited the available mining fronts and total production. From the second quarter on, a strategy was implemented to compensate for the lost volume, which reduced the P_2O_5 content in

the final concentrate and, consequently, increased production. Based on new drillings, the mining plan was redirected and yielded good results. In aggregate for the year, the unit's production grew by 11% in relation to 2021.



HEALTH, SAFETY AND ENVIRONMENT (HSE)

Galvani works and invests continuously in the search for zero accident, in the reduction of environmental risks and in the health guarantee of its collaborators.

Caring for people and the environment permeates all the processes of the company, from decision-making to monitoring activities in the field. The HSE management system encompasses corporate standards, programs, procedures, inspections, field verifications, and critical risk controls.

Throughout 2022, BRL 5,1 million was invested to meet legal requirements (Regulatory

Standards), environmental licensing, among others, in addition to actions to strengthen preventive safety tools and communication campaigns focused on safe behavior, golden rules, risk perception and accident prevention.

7,482 hours were spent training employees to comply with Legal Standards, emergency brigade and other training related to HSE. Compared to the previous year, the company managed to reduce the frequency rate of accidents with leave by 50%.



EXECUTIVE VIEW



Nelson Canato
Chief Operations Officer

Despite the challenges found in 2022, Galvani achieved good performance in its units.

At CILEM, all products had volumes greater than those of 2021: sulfuric acid, acidulation, granulation, powders, and blends. As a result, production met market demand expectations and allowed record deliveries.

UMA overcame the challenges of low movement of sterile material. A new strategy to compensate for lost volume, which reduced the P_2O_5 content in the final concentrate, was implemented with good results. As a result, the annual production had an increase of 11%.





In addition to this good performance, the company can be proud of the growth in energy generation and the positive numbers in work safety. **In 2022, our accident frequency dropped by 50%.**



COMMERCIAL

In 2022, 617 thousand tons of fertilizers were delivered, which are divided into four

families of products, with two simple and two premium:

PREMIUM		SIMPLE	
Phosgrão  <p>More complete and balanced nutrition, available in several formulations. It provides a more uniform distribution of nutrients in the crop.</p>	Phosmix  <p>Powdered and granulated mineral fertilizers developed with a blend of nutrient sources, which include macronutrients (N, P, K, Ca, Mg and S) and micronutrients (B, Cu, Mn, Mo and Zn).</p>	Granulated  <p>Mineral fertilizers with macronutrients (P, Ca and S) in the same granule, in several formulations. Great option for P correction in the soil.</p>	Granulated Blend  <p>Mineral fertilizers with macronutrients (P, Ca, K and S) in the same granule, in several formulations.</p>

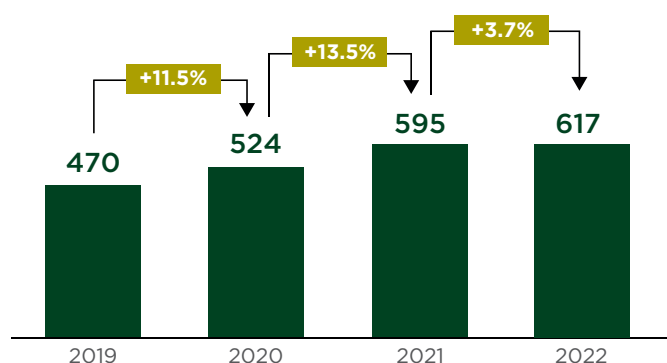


In 2022, it was estimated that total deliveries in the Brazilian Market would have dropped by 10% compared to the previous year. Agricultural producers, due to the high prices of fertilizers and the exchange ratio

unfavorable with grains, significantly reduced the purchase of fertilizers. In the Bahia market, which represented 86% of Galvani's sales, the reduction in NPK consumption was 6.4%, and P_2O_5 , 7%.

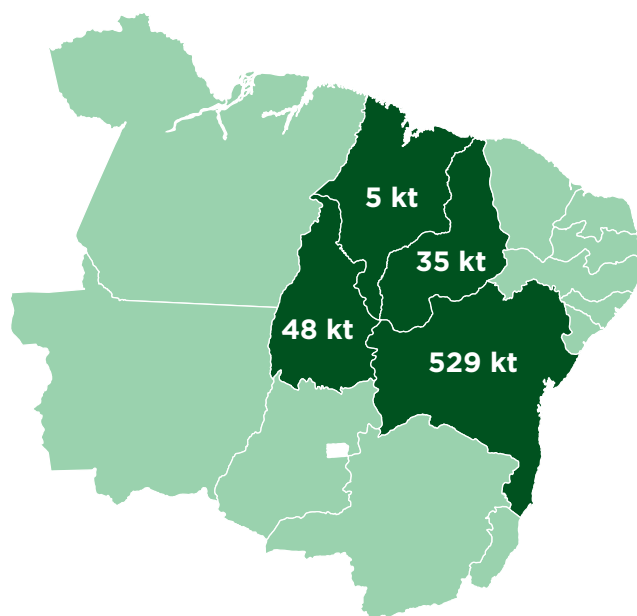
GALVANI'S DELIVERS

Fertilizer deliveries (thousand tons) - 2019 to 2022

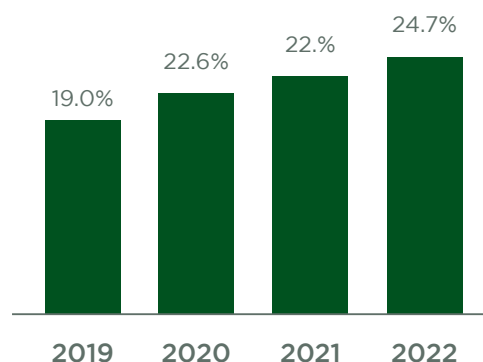


Despite this challenging scenario, the company's deliveries increased by 3.7% compared to the 2021 result, having reached 617 thousand tons. Galvani's share of its total market in which it operates grew from 22.9% to 24.7%. In Bahia, the company's P_2O_5 market share jumped from 27.7% to 34.4%, in Tocantins it remained stable, and in Piauí it grew by 5%.

Galvani's Deliveries



Market share



EXECUTIVE VIEW



Jailton Sobral de Andrade
Chief Commercial Officer

Despite the scenario of reduction in the fertilizer market in 2022, **Galvani continued to expand its P_2O_5 market share in Bahia, reaching 23%**, focusing on differentiated products, which provide better results for crops, customers, and the company.

With the commissioning of the new sulfuric acid plant, we expanded the customer base and increased sales of the input, reaching a record 4 thousand tons in December 2022.

This is good news after the uncertainties that impacted the market, due to the Russia - Ukraine conflict. During this period, Brazil's dependence on the entire international fertilizer supply chain became evident and demonstrated the need for investments in projects to expand Brazilian production.

In this sense, in 2022, **Galvani began investments to double its current production and develop greenfield projects** to increase the national supply and provide more security to the farmers. These investments will continue in 2023 and in the coming years.

FINANCIAL

BRL in Thousands	2019	2020	2021	2022	VAR % (2022 x 2021)
Sulfuric Acid Volume	9	18	14	18	29%
Fertilizers Volume	470	524	595	617	4%
Total Volume	479	542	609	635	4%
Net Revenues	453,458	557,066	826,409	1,589,425	92.3%
COGS	(397,997)	(441,667)	(584,926)	(1,081,407)	84.9%
Gross Profit	55,461	115,399	241,483	508,018	110.4%
Gross Profit %	12.2%	20.7%	29.2%	32.0%	2.7%
SG&A	(21,324)	(29,251)	(31,532)	(34,636)	9.8%
EBITDA	73,475	130,557	197,239	454,623	130.5%
EBITDA Margin %	16.2%	23.4%	23.9%	28.6%	4.7%
Financial Result	25,790	(7,557)	9,406	13,817	46.9%
Net Income	37,896	54,273	122,353	335,550	174.2%
Net Margin %	8.4%	9.7%	14.8%	21.1%	42.6%

Revenue: another historic record

With a 4% increase compared to 2021, **total fertilizer deliveries in 2022 reached an annual record of 617 thousand tons.** In the chemical segment, deliveries totaled 18 thousand tons, which resulted in an increase of 29% compared to the previous year.

At the same time that the volume of deliveries rose, the average price of fertilizers on the market increased, especially in the first half of the year. Combined with a small change in the blend of fertilizers sold, which favored all differentiated lines (Phosmix F, Phosgrão and Phosmix G) to the detriment of blendings and simple elements with lower added value (see the following table), **the revenue per ton delivered in 2022 had an increase of 85%** compared to the previous year.

Net revenue grew 92% in 2022 compared to the previous year, totaling BRL 1,6 billion, which represents a historic record.

Deliveries of
fertilizers and
chemicals totaled

635,000
tons

Costs: record gross profit

The increase in the prices of fertilizers production inputs, especially sulfur, resulted in an increase in variable costs. The impact of this movement was greater due to the drop in the P_2O_5 content produced at UMA, which led to an increase in purchases of phosphate concentrate from third parties.

As a result, the cost per ton sold increased by 77% compared to 2021. Even so, the **expressive growth in revenue** allowed the **gross profit** to increase by 2.8 percentage points, **reaching the historical maximum of 32%.**

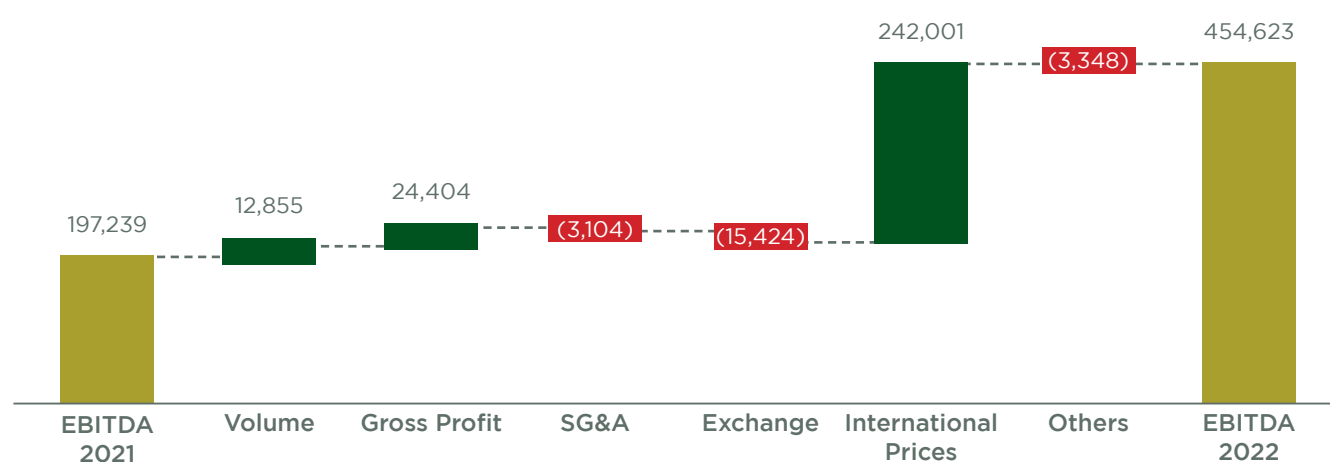
Gross profit
32%



Expenses: increase to sustain growth

Selling and administrative expenses (SG&A) increased by 10% compared to 2021, mainly due to inflation and expenses with strategic areas to sustain growth, such as Information Technology and Human Resources.

Main variations in EBITDA (2021 vs 2022) in thousands of BRL



EBITDA grew 130% in 2022, reaching almost BRL 455 million. The EBITDA margin was 28.6%, which represented an increase of 4.7 percentage points in comparison to 2021.

EBITDA
BRL 455
million

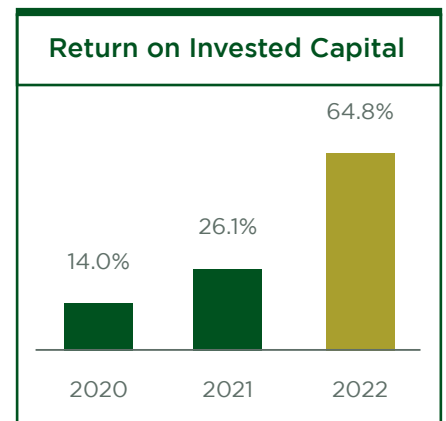
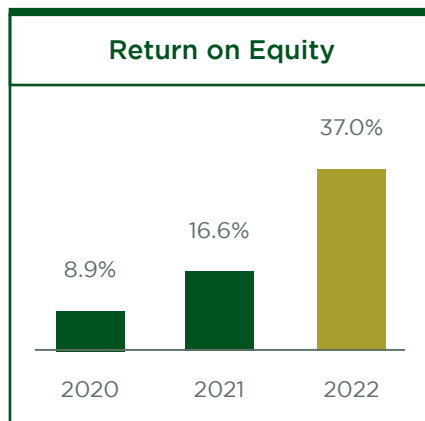
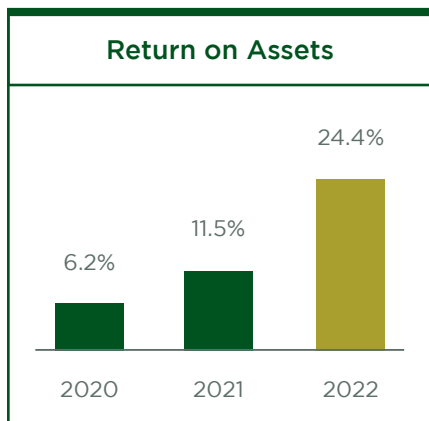
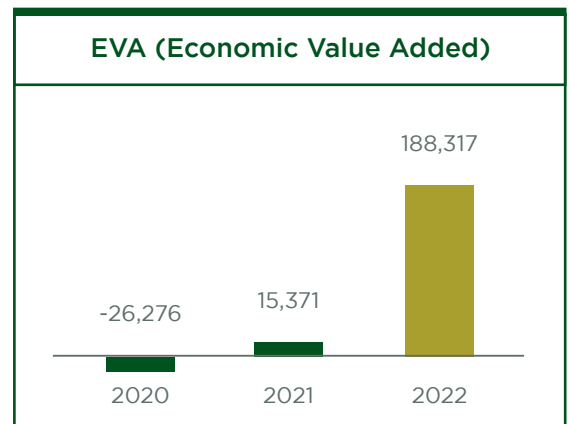
An analysis of the evolution of EBITDA compared to 2021 shows that most of the growth was driven by the increase in international fertilizer prices, partially offset by a less favorable exchange rate. **Even without the benefit of price and exchange variation, EBITDA would have increased by more than 15% in the year, reflecting commercial and operational efficiency gains.**

The increase in the cash position resulting from the greater commercial performance, as well as the increase in interest rates in the market, led to a 46.9% growth in the net financial result compared to 2021.

Result: strong expansion of the return achieved

The conjunction of these factors resulted in a net profit of BRL 336 million in 2022, 174.2% more than in the previous year. The net margin of 21.1% was 6.3 percentage points above that registered in 2021. The profit per ton delivered increased by 164.5%.

More **advanced profitability metrics** also demonstrate improved performance. It should be noted that the EVA, which in 2020 had been negative, in 2022 increased by more than 11 times compared to 2021.



With greater profitability, the 2022 return rates had better results when compared to the previous year. ROA (Return on Assets) and ROE (Return on Equity) reached 12.9 and 20.4 percentage points above the previous year, respectively. The ROIC (Return on Invested Capital) surpassed 2021 by 38.7 percentage points.

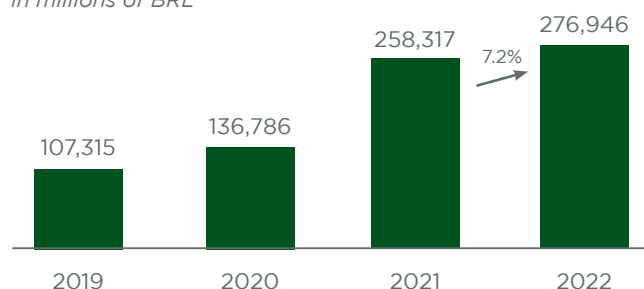
Cash flow

In thousands of BRL	2019	2020	2021	2022	Var % (2022 x 2021)
EBITDA	73,475	130,557	197,239	454,623	257,384
(-) IRPJ + CSSL	(9,835)	(9,135)	(23,728)	(68,050)	(44,321)
(+/-) Working Capital Variation	64,328	(1,801)	3,843	6,359	2,516
(-) Operational Capex	(34,532)	(33,432)	(45,676)	(51,146)	(5,470)
Free cash flow - Operational	93,436	86,189	131,678	341,787	210,108
(-) Capex Grenfield / Brownfield	(390)	(16,154)	(52,733)	(107,597)	(54,864)
Free cash flow - After green e brown	93,046	70,035	78,946	234,190	155,244
Financial Income / Expenses	25,421	(24,321)	14,068	14,417	349
Dividend Distribution	-	(5,030)	(7,662)	(19,565)	(11,904)
Increase / decrease in cash	118,467	40,684	85,352	229,041	143,689
Cash and Equivalents (Accumulated)	119,123	159,807	258,285	487,326	229,041

Working capital management showed improvement and reduced the annual average of days to 89; in 2021, it was 107. More efficient management of receivable and payable accounts contributed to the result, which offset an increase in inventories.

Transition stocks - 2019 to 2022

in millions of BRL



Operating free cash flow

BRL 341,8
million

The substantial expansion in EBITDA, combined with the improvement in working capital management, increased operating free cash flow by BRL 210 million, i.e., 159% over 2021, and reached BRL 341,8 million. The cash impact was partially offset by higher Capex levels, as well as higher dividend payouts.

The free cash balance, between financial investments and cash, ended 2022 at BRL 487,3 million, an increase of 88.7% compared to the previous year, which demonstrates a solid financial position for investments in expansion projects.

INVESTMENTS AND FUTURE PROJECTS

Galvani invested around BRL 160 million in 2022. Of this total, BRL 110 million were allocated to projects to improve and expand production units and the rest to internal processes.

Irecê Mining Unit (UMI): actions and investments for the new phase of phosphate mining in Irecê were initiated. Galvani developed dry concentration technology and no tailings dam for the project, with the use of 85% of the ore. With this, Irecê will once again supply raw materials for the Luís Eduardo Magalhães complex, with an expected annual production of 336k tons of phosphate concentrate and 550k tons of limestone. In addition, it will produce more than 50k tons per year of precipitated calcium carbonate for the chemical industry. In all, there will be 1,000k tons/year of products. In 2022, investments were made in the development of the new process route, as well as environmental licensing.

Luís Eduardo Magalhães Industrial Complex (CILEM): efforts were made to increase production capacity and improve safety and environmental conservation.

Highlights:

- Completion of the upgrade of the second sulfuric acid plant, expanding production capacity by more than 6% from 179k tons to 190k tons;
- Upgrade of the first sulfuric acid plant, increasing reliability and production capacity by 10%;

- Implementation of a new system for receiving, internal transport and storage of phosphate concentrate, adapting the space for raw materials and automating part of the production process;
- Installation of a new sulfur discharge system, automating the material receipt.

In the coming years, Galvani will focus its investments on initiatives to continuously improve people's safety and care for the environment in all its units, increase production capacity, modernize CILEM's production process and increase operational stability at UMA.

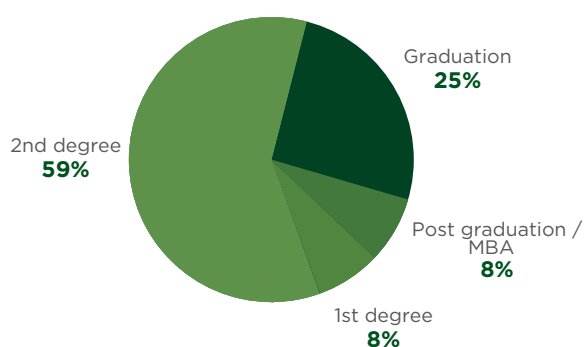


PEOPLE, CULTURE AND MANAGEMENT

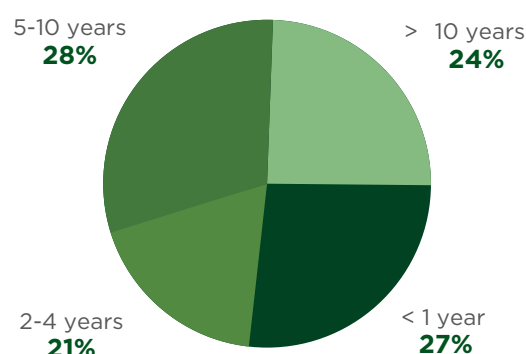
Staff Table

UNIT	MALE	FEMALE	TOTAL
Luís Eduardo Magalhães	308	48	356
Irecê	7	0	7
Campo Alegre Lourdes	164	7	171
Campinas	32	20	52
São Paulo	25	12	37
Total	536	87	623

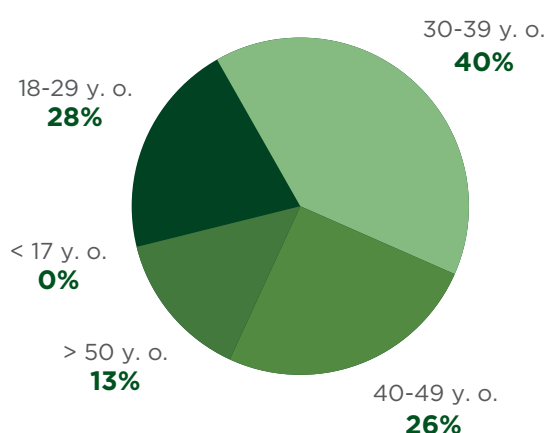
Instruction



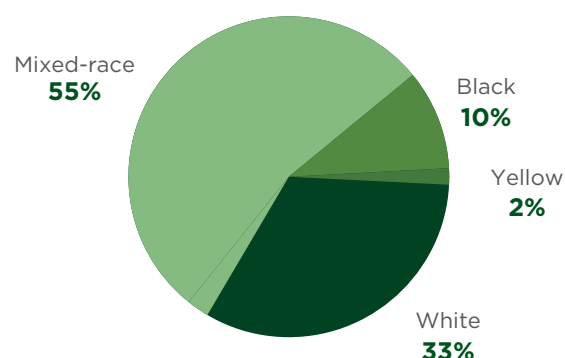
Company time



Age



Race



THE COMPANY HAS **623 EMPLOYEES**, **65% OF WHICH SELF-DECLARE AS BLACK AND MIXED-RACE.**

data collected in December 2022

In 2022, there was the following:

- Succession map of directors and managers, in order to minimize interruptions in the company's management;
- Executive development plan, based on the evaluation of potential generated by the methodology of the Pieron Institute;
- Integrated development work for the Purchasing, Human Resources and Finance areas;
- Diversity awareness activities, with workshops and webinars for all employees.



To develop company leadership

For 2023, the main challenges are the implementation of the Trainee and career acceleration programs, the development of the company leadership for the expected growth and the implementation of diversity, equity and inclusion actions.

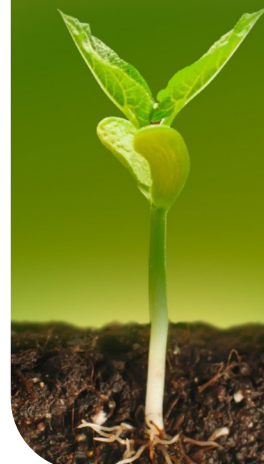
Culture

In 2022, employee engagement in relation to the main aspects of the company's Culture was measured with a series of surveys carried out through the Team Culture tool. Thus, it was possible **to map how people feel within the organization and the points of attention in which leadership needs to act.** In addition to engagement, the survey made it possible to identify the level of adherence to Corporate Values and expected behaviors. The results provided parameters to implement some actions still in the current year and that will continue in 2023.

To achieve the strategic objectives, essential Behavioral Skills were defined for the organization's growth, such as Resilience, Teamwork, Initiative, Creativity, Leadership, and Strategic Business Vision. The evaluation process takes place annually, and the results support the Individual Development Plan (PDI).



This is our purpose and reason for existing.



EXPECTED VALUES AND BEHAVIORS

CUSTOMER FOCUS

We seek to know and meet the needs of our customers. We are available and committed.

OWNER MINDSET

We are committed to the company's values.

TRANSPARENCY

We communicate sincerely, directly and clearly, we always act in the right way, we give constructive directions and feedbacks.

INNOVATION

We are curious and open to new ideas, we trust in innovation and technology.

SIMPLICITY

We believe that simpler is better.

Management Model

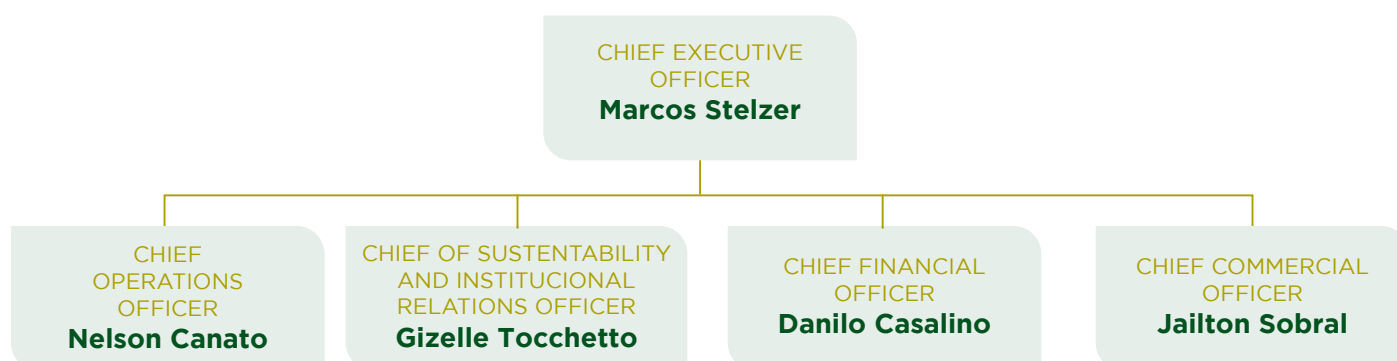
Focus: Orientation for Execution, Performance and Results in 3 Pillars



Governance



Executive Team



Management Systems

The company uses an Integrated Management System that brings together all of Galvani's procedures, policies and programs, which enables the monitoring and continuous improvement of processes, products and services, in a standardized and structured way.

In order to strengthen this administration, in 2022 the implementation of the Daily Routine Management program began in Angico dos Dias and Luís Eduardo Magalhães units.



EXECUTIVE VIEW



Daniilo Casalino
Chief Financial Officer

Galvani considers **people to be its main asset**, which is why it trains and develops the team to move forward and be more prepared every day for new challenges.

The staff needs to permanently increase their skills, **with an eye on the market and a focus on attracting new assets** that contribute to the company's growth. Career acceleration and trainee programs, as well as diversity and inclusion, are the focus in 2023.

All of these **actions are guided by the company Values** and our agenda of caring for people and the environment.

The best ways of conducting business with commercial partners, customers and suppliers are put into practice, so that relationships are more solid and transparent.



RISK MANAGEMENT, COMPLIANCE AND PRIVACY

Organizations are increasingly aware of their vulnerabilities and committed to disclosing their main risks clearly and accurately. The most common are related to economic and market conditions, regulatory, operational, financial and legal issues. Galvani is dedicated to managing these factors and constantly improving its control system effectively.

The company is exposed to market fluctuations, including currency risks, managed by the Treasury. It is also aware of the unpredictability of factors that may affect the sector, seeks to minimize possible negative effects and manages its business by balancing its assets and liabilities exposed to exchange rate fluctuations (natural hedge).

In 2022, among several initiatives related to the theme, the following stand out:

RISK MANAGEMENT	INTERNAL CONTROLS	PERFORMANCE FOLLOW-UP
<ul style="list-style-type: none"> • Conducting a workshop with managers and focal points for the deployment of corporate risks raised with the board. • Elaboration of risk guidelines, controls and action plans. • Conducting a risk validation workshop of investments scheduled for 2023. • Systematic structuring of risk management. 	<ul style="list-style-type: none"> • Review and testing of operational effectiveness of purchases and inventories, and information technology, with identification of controls and aspects of potential improvement, leading to action plans, with the support of specialized consultancy. • Support for Controllershship in complying with the points raised by the audit in 2022. 	<ul style="list-style-type: none"> • Structuring, development and implementation of the Corporate Performance Management System and the 2022 Individual Goals. • Implementation of governance for monitoring the goals for 2023 for the CEO and directors, with development workshops for managers and teams.

The ongoing challenge is to ensure the sustainability of the business by monitoring the effectiveness of risks, internal controls and the performance and main indicators and initiatives of the company.

Compliance

Dissemination of the Code of Conduct was reinforced in 2022 among employees, contracted professionals and business partners, with the launch of the Compliance Platform and the Supplier Portal. This document brings together the ethical principles of the company and establishes a standard of behavior that helps to solidify its organizational culture.

Privacy

To mitigate risks related to privacy and ensure that the company acts in accordance with the General Law for the Protection of Personal Data (GDPR), in 2022, the Governance Program in Privacy and Protection of Personal Data was put in place. With this, some processes were established.

Privacy Governance: establishment of activities and responsibilities divided between the business areas and the company's senior management.

Compliance with Rights of Data Subjects: definition of a strategy that ensures communication, transparency and the exercise of data subject rights.

Privacy Risk Assessments: establishing processes for analyzing privacy risks when personal data is used at Galvani.

Incident Response: robust plans for data privacy incident cases, as well as communication to the data subject and authorities.

The strategy implemented in the Privacy Governance Program is based on the following pillars:

- increased market confidence in how personal data is managed;
- empowerment of data subjects, providing information and clarifications regarding rights and respective exercises; and
- monitoring of national legislation, guidelines, good practices and other rules on privacy, data protection and information security, with the innovations applied to ongoing processes.

INFORMATION TECHNOLOGY

In 2022, Galvani invested over BRL 2,8 million in digital communication technologies and security tools to protect and mitigate the risks of cyber-attacks.

Investment
of BRL 2,8
million in digital
technologies

Highlights:

- **Implementation of an integrated tool** that provides real-time order entry and delivery scheduling, increasing operational agility.
- **Development of a management tool** for the company's employees' goals, enabling real-time monitoring.
- **Deployment of robotic automation software** to increase the efficiency of the accounts payable process.
- **Creation of advanced reports** (business intelligence) with the main indicators for the company's management, with systemic and online access, speeding up the dissemination of information to senior management.



ESG: CONSISTENT AND EVOLVING AGENDA

The last few years have been marked by significant changes in the relationships between individuals, companies and the environment. The Covid-19 pandemic globally aggravated social problems, such as rising unemployment rates, reduced access to fundamental goods and the weakening of the psychosocial health of individuals as a result of the period of social isolation.

The market is made by people. With a fragile population, organizations also had to adjust to new operating models, with the adoption of home office work, a trend that quickly became reality. Furthermore, consumer behavior has changed, spurred on by new needs and constraints. This transformation required breaking paradigms for the preservation of what is essential: life.

In this context, the Environmental, Social and Governance (ESG) agenda has been strengthened. The reflections about the

necessary changes in society and in the market for the social well-being and sustainability of the businesses, regardless of the size and sector of activity of the company, are increasingly deepened.

The ESG pillars are connected and make up an agenda that must meet demands of society, without losing sight of social responsibility, the need to contribute to economic development and to reduce the environmental impacts generated by the enterprise. All this with ethical actions and attention to people and the environment, both in the present and in the future.

At Galvani, the ESG agenda is a decades-old tradition, incorporated into day-to-day principles and actions. More recently, this agenda was expanded to incorporate all the Sustainable Development Goals (SDGs) established by the United Nations (UN):

UN Sustainable Development Goals:



Sustainability strategies materialized in actions

In 2022, the Performance Assessment and Profit-Sharing Program (PSP) began to include ESG goals, conducted by senior leadership and cascaded among all company employees. In all, there are 23 goals that were broken down into a corporate and multidisciplinary ESG agenda, which covers aspects related to the establishment of good socio-environmental practices in the expansion projects of the company.

In this same strategy, initiatives such as **raising awareness among leaders and creating a sense of diversity and inclusion and an inventory of carbon emissions,** and reassessing the water balance of the *Luís Eduardo Magalhães* Industrial Complex also stand out.

Constructive
relationship with
communities

Galvani seeks to maintain a constructive relationship with the communities in the regions where it operates, each with a unique culture and living ancestry. Being inserted in these contexts encourages the company to strengthen its local ties through respect and social development. In this sense, in 2022, the **monitoring of interest groups was expanded in Luís Eduardo Magalhães, Angico dos Dias, Irecê, Santa Quitéria, Itatira, Canindé, and Madalena.** This work involves public authorities, civil society, universities, religious organizations, business, the third sector and communicators. Representatives of all these categories participated in a survey, which collected their perceptions regarding the projects, relevant regional issues and also those with the potential to influence the projects and strengthen the bond between the company and stakeholders.

Strengthen the
bond between
the company and
stakeholders

The composition of the strategy also considered sustainability among all groups of employees. In September 2022, during the 1st Social Responsibility Week, the socio-environmental projects carried out by the Lina Galvani Institute and Vida Cerrado Park were presented. Still on the work carried out, during the year the training of managers continued with an ESG workshop.

The actions taken to survey the ESG corporate reputation risks are highlighted, which will be deployed in strategies focused on managing and mitigating the weaknesses identified. This exercise uses a multidisciplinary process, which directly influences the 2023 budget, with investments planned for the management of possible threats that could impact the sustainability and reputation of the business.

Guide for future actions: The new Galvani materiality matrix

To structure the ESG agenda, the Corporate Materiality Matrix was updated in October 2022. It is a relevant resource for guiding actions necessary for solid development and adherence to corporate values and strategies. The elaboration of this matrix involved the participation of members of the Board and executive directors, resulting in 12 themes prioritized and ordered as follows:



Galvani Sustainability Report: GRI Indicators as a Reporting Basis

In December 2022, Galvani's most recent Sustainability Report was released. The edition of this document presents data and achievements for the period from 2020 to 2022, a three-year period in which many challenges were overcome. In an unprecedented way, the normative standard for sustainability reports was adopted, to be established in future publications. Now, the information captured is guided by the indicators of the GRI (Global Reporting Initiative), an independent international organization that establishes sustainability standards for companies, governments and non-governmental institutions, with the aim of generating reflection on their impacts and standardizing communications in this regard, of its environmental, social and governance issues.

**Investment
of BRL 2,8
million in digital
technologies**

The production of the document relies on the internal collection of data and the engagement process of senior management and employees, which generates both reflection and the energizing of the commitment of the internal public in the execution of actions that will increase the positive impacts on society and market.

Social actions as to strength communities and relationships

In 2022, more than BRL 5,3 million were invested in projects sponsored via federal tax incentive laws in actions that will be carried out in the locations where Galvani operates and in projects registered in Brazilian's public policies causes for the development of children and adolescents, integral health and sports.

**More than
BRL 5,3 million
in sponsored
projects**

There are 13 projects selected, which will benefit more than five thousand people in Bahia, Ceará and São Paulo estates.

In this context, company sponsorship came to be treated as a strategic tool for social development based on the UN Sustainable Development Goals, used as a guide for social impacts. In this way, the encouraged projects need to contain solid structures and impact those involved in a systemic way.

Below, there are some examples of projects supported by Galvani throughout 2022:



CULTURE

Luís Eduardo Magalhães received, in June, the second free presentation of the artist Toninho Ferragutti and the String Quintet sponsored by the company via the culture incentive law. The show is part of the De Sol a Sol album release tour and was offered to the community with the aim of popularizing access to Brazilian classical and popular music.



ENVIRONMENT

During the Bahia Farm Show – one of the main agribusiness fairs in Bahia – the company sponsored the theatrical show “Dona Lixonilda” on the correct handling of residential waste and recycling. The show was also part of the Environment week program.



EDUCATION

The community of Luís Eduardo Magalhães received the knowledge transfer project of the Social Technology of Memory, conducted by the *Museu da Pessoa*, sponsored by Galvani. The initiative included the production of a book, which describes the memories of the municipality, told by its residents. The reports are displayed in the collaborative virtual museum, which records, preserves and transforms the life stories of each and every person into a source of knowledge, understanding and connection. The action was part of CILEM's 30th anniversary celebration.

Human rights and preservation of future generations

Galvani maintained its partnership with Childhood Brasil for another year, a non-profit organization focused on protecting children and adolescents against sexual exploitation, which since 2019, has been promoting social actions on the routes and surroundings of undertakings with great social impact through the Program “Na Mão Certa”. Actions were carried out in the Make Beautiful Campaign, by the National Committee to Combat Sexual Violence against Children and Adolescents, which involved more than 100 truck drivers, in addition to employees and civil society, who were invited to denounce situations of risk for sexual exploitation.

**18 presentations
in municipal
schools**

In 2022, Galvani was recognized as an important sponsor of Childhood Brasil actions in an event held for entrepreneurs and third sector groups. In the same sense, the Tea for Prevention project, which has direct support from the company, assisted more than three thousand children and adolescents in LEM, with storytelling and book distribution. In 2022, the project focused on providing guidance on body care, personal hygiene and sexual abuse and held 18 presentations in municipal schools, social projects and churches.

PARTNER'S VIEW

CHILDHOOD

PELA PROTEÇÃO DA INFÂNCIA



“Galvani’s participation in the Program ‘Na Mão Certa’ for truck drivers’ awareness actions, is part of our purpose of connecting people in order to they to understand the sexual exploitation as an urgent problem in society and be active in protecting children and adolescents.”

Eva Cristina Dengler

Superintendent of Programs and
Business Relations at Childhood Brasil.

LINA GALVANI INSTITUTE



The Lina Galvani Institute operates in the community development of Campo Alegre de Lourdes and Luís Eduardo Magalhães, as well as in the Jaguaré district in São Paulo. Activities were carried out at the Social Network Association of Angico dos Dias, based in the “Casa de Diálogo”, where meetings and conversation circles take place.

In 2022

1,089
meetings

+2,000
hours of activity

4,400
participants

14
projects

2022 highlights



In Angico dos Dias, it is worth mentioning the 6th edition of the Feira Sabores e Saberes. Over the course of 10 hours, initiatives were presented that prove the community's potential and promote integration between people, which moves the local economy from the financial contribution of Galvani and other companies in the region.



In Luís Eduardo Magalhães, the ILG received the community and deepened the debates on the creation of a Social Solidarity Network, whose main agenda is the development of community leaders and the strengthening of social initiatives already underway in the municipality.



The advances in Jaguaré were also significant, with the execution of the projects of the first Notice, which contemplated the city of São Paulo, with emphasis on cultural projects and female entrepreneurship.



A major highlight of the Institute this year was the “Dialogues that Transform” project, which led to training in Community Therapy as a tool for dialogue, acceptance and self-care for community leaders and members of the Secretariats of Health, Education and Social Assistance in Campo Alegre de Lourdes and Luís Eduardo Magalhães. With this, the ILG consolidates itself as a reference for prevention and comprehensive health care.

VIDA CERRADO PARK



Vida Cerrado Park, with 20 hectares located near the municipality of Luís Eduardo Magalhães, in Bahia, has a relevant role in the Cerrado (Brazilian Savanna) biome. The partnership with ADM do Brasil was renewed with a new environmental education and fauna monitoring project in the region. The actions began in five rural properties in the municipalities of Barreiras and Luís Eduardo Magalhães with the installation of 25 camera stations to survey biodiversity and carry out capture campaigns to study spatial ecology and assess the health of maned wolves.

2022 highlights

In the second half, new partners joined, such as Cargill and Avantiagro, something essential for conducting activities and strengthening the role of agribusiness in environmental conservation. The Park has encouraged large LEM rural producers to engage in local fauna and flora conservation projects, which contributes to sustainable production and life – in its most diverse forms.

This year, the plant nursery produced 40,000 seedlings. It is the largest regional nursery specializing in the biome. The seeds come from the Seed Network Association do Oeste da Bahia, formalized by the Park in a rural settlement in Rio de Ondas, where there is sustainable collection. Thus, the green economy is strengthened, and these communities, through the legal purchase of seeds, find their income.

The expansion of the Project Restaura continues, in partnership with ADM of Brazil, as well as the monitoring of 57 hectares of Permanent Preservation Areas, in two farms. The renovation of the Nursery for the Seedlings (from Seed Network Association), sponsored by the partner Nuveen, provided community improvement in the rural settlement. In the first months of 2023, it will operate in a more suitable space.



Maned wolf release

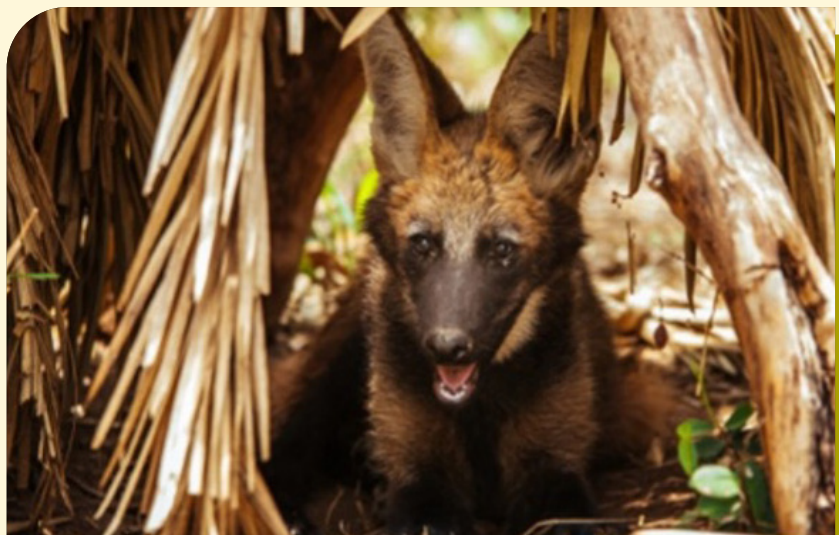
Regarding the renewal of life, we highlight the release of the maned wolves Baru and Caliandra and the birth of Jorginho, a cub of the black howler species, the result of reproduction between Chico and Amêndoa, who are under the care of the Vida Cerrado Park team Thick. The male arrived at the breeding site in 2008, Through Brazilian Institute of Environment and Renewable Natural Resources - IBAMA's headquarters in Barreira, BA. The female, victim of trafficking, was admitted in 2021, forwarded by Tocantin's Wild Animal Sorting Centers - Cetas. The news of the birth of the new resident of the Park was communicated nationally, by vehicles and programs such as Portal G1, Terra da Gente (EPTV - Rede Globo affiliated), TV Oeste (Rede Globo affiliated) and Hora 1 (Rede Globo).

On another front, Sementes Oilema, Irmão Gatto Agro and Condomínio Santa Carmem joined forces with the Park and the Chico Mendes Institute for Biodiversity Conservation (ICMBio) to develop a protocol for the rehabilitation and release of maned wolves. A network of partners was formed in

favor of local biodiversity. In all, the program engaged more than 15 farms.

The unprecedented protocol for the rehabilitation and reintroduction of maned wolves in the wild, in the Cerrado of Western Bahia, conducted by Vida Cerrado Park, can celebrate good results. Caliandra continues to be monitored by telemetry and camera traps, in addition to tracking via GPS, and presents positive data. Until October, it was possible to observe that the animal remained in a home range of approximately 500 km² close to the release site.

In the last two months of 2022, Vida Cerrado Park started, in partnership with the multinational Cargill, the community development project at Settlement Rio de Ondas, in the city of Barreiras. The objective of the initiative is to promote rural technical assistance, identify training opportunities for income generation and, at the same time, carry out environmental education activities, community therapy circles and restoration of degraded areas.



SPECIAL THANKS

A company that values human relations and is grateful to each stakeholder

This document is a succinct account of the results and actions of this 100% Brazilian company. There is more information in other publications available on the website and social networks of **Galvani, Vida Cerrado Park, Lina Galvani Institute and Santa Quitéria Consortium.**

Galvani is a company that values human relationships and is grateful to each stakeholder for their role in this relationship of exchange and joint evolution. One cannot fail to mention the trust and respect of the shareholders, the support of the directors, the responsibility and dedication of the employees, the preference and recognition of the quality of the products by the customers and the support of the suppliers and other business partners. Finally, all those who participate in this journey are essential for our purpose: **Transform Soil into Life.**

São Paulo, March 2023.

The management

