

Prumo Participações e Investimentos S.A.

**Condensed interim financial information as of
March 31, 2022**

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Independent auditors' review report on condensed interim financial information

To the Shareholders, Board of Directors and Management of

Prumo Participações e Investimentos S.A.

Rio de Janeiro – RJ

Introduction

We have reviewed the condensed statements of financial position of Prumo Participações e Investimentos S.A. ("Company"), as of March 31, 2022, and the related condensed statements of profit or loss, statements of comprehensive income (loss), statements of changes in shareholders' equity and statements of cash flows for the three-month period then ended, including the explanatory notes.

Management is responsible for the preparation and fair presentation of the condensed interim financial information in accordance with standard CPC 21(R1) - Demonstração Intermediária. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Interim Financial Information Review Standards (NBC TR 2410 - Revisão de Informações Intermediárias Executada pelo Auditor da Entidade and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity). A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

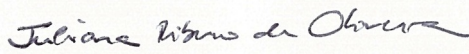
A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the condensed interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information, as of March 31, 2022, are not prepared, in all material respects, in accordance with CPC 21 (R1) – Interim Financial Reporting.

Rio de Janeiro, May 03, 2022

KPMG Auditores Independentes Ltda
CRC SP-014428/O-6 F-RJ



Juliana Ribeiro de Oliveira
CRC RJ-095335/O-0

Prumo Participações e Investimentos S.A.

Condensed statements of financial position as of March 31, 2022 and December 31, 2021

(In thousands of Reais)

| Assets | Note | 03/31/2022 | 12/31/2021 |
|---------------------------------|------|--------------------------------|--------------------------------|
| Current | | | |
| Cash and cash equivalents | 4 | 86,080 | 11,025 |
| Escrow deposits | 8 | 54,155 | 63,792 |
| Recoverable taxes | 5 | 4,033 | 3,745 |
| Loan with related parties | 6 | - | 73,355 |
| Other accounts receivable | | 11 | 11 |
| Total current assets | | <u>144,279</u> | <u>151,928</u> |
| Non-current | | | |
| Deferred tax assets | 9 | 2,314 | 63 |
| Loan with related parties | 6 | 87,171 | 87,171 |
| Investments | 7 | 1,033,891 | 972,704 |
| Intangible assets | | 16 | 16 |
| Total non-current assets | | <u>1,123,392</u> | <u>1,059,954</u> |
| Total assets | | <u><u>1,267,671</u></u> | <u><u>1,211,882</u></u> |

The notes are an integral part of these condensed interim financial information.

Prumo Participações e Investimentos S.A.

Condensed statements of financial position as of March 31, 2022 and December 31, 2021

(In thousands of Reais)

| Liabilities | Note | 03/31/2022 | 12/31/2021 |
|--------------------------------------|-------------|-------------------------|-------------------------|
| Current | | | |
| Trade payables | | 20 | 20 |
| Loans and borrowings | 8 | 49,552 | 29,394 |
| Taxes payable | 10 | 36 | 102 |
| Accounts payable to related parties | 6 | 52 | 66 |
| Derivatives | 8 and 13 | <u>6,804</u> | <u>183</u> |
| Total current liabilities | | <u>56,464</u> | <u>29,765</u> |
| Non-current | | | |
| Loans and borrowings | 8 | <u>1,284,715</u> | <u>1,523,053</u> |
| Total non-current liabilities | | <u>1,284,715</u> | <u>1,523,053</u> |
| Equity | 11 | | |
| Share capital | | 10 | 10 |
| Profit reserve | | 2 | 2 |
| Accumulated losses | | <u>(73,520)</u> | <u>(340,948)</u> |
| Total equity | | <u>(73,508)</u> | <u>(340,936)</u> |
| Total liabilities and equity | | <u>1,267,671</u> | <u>1,211,882</u> |

The notes are an integral part of these condensed interim financial information.

Prumo Participações e Investimentos S.A.

Condensed statements of profit or loss

Three-month period ended March 31, 2022 and 2021

(In thousands of Reais)

| | Note | 03/31/2022 | 03/31/2021 |
|---|------|-----------------|------------------|
| Operating expenses | | | |
| Administrative expenses | | - | (31) |
| Provision for asset impairment | | (7) | (7) |
| Other operating expenses | | 14 | (306) |
| | | <u>7</u> | <u>(344)</u> |
| Finance income (expenses) | 12 | | |
| Finance income | | 252,179 | 12,136 |
| Finance expenses | | <u>(48,196)</u> | <u>(190,460)</u> |
| | | <u>203,983</u> | <u>(178,324)</u> |
| Share of profit of equity-accounted investees | 7 | <u>61,187</u> | <u>61,134</u> |
| Profit/ (loss) before taxes | | <u>265,177</u> | <u>(117,534)</u> |
| Deferred income and social contribution taxes | 10 | <u>2,251</u> | <u>(1,124)</u> |
| Net profit/ (loss) for the period | | <u>267,428</u> | <u>(118,658)</u> |

The notes are an integral part of these condensed interim financial information.

Prumo Participações e Investimentos S.A.

Condensed statements of comprehensive income (loss)

Three-month period ended March 31, 2022 and 2021

(In thousands of Reais)

| | 03/31/2022 | 03/31/2021 |
|--|-----------------------|-------------------------|
| Net profit/ (loss) for the period | 267,428 | (118,658) |
| Total comprehensive income/ (loss) for the period | <u>267,428</u> | <u>(118,658)</u> |

The notes are an integral part of these condensed interim financial information.

Prumo Participações e Investimentos S.A.

Condensed statements of changes in equity

Periods ended March 31, 2022 and December 31, 2021

(In thousands of Reais)

| | Share capital | Profit reserve | Accumulated losses | Total equity (deficit) |
|--|---------------|----------------|--------------------|---------------------------|
| Balance as of December 31, 2020 | <u>10</u> | <u>2</u> | <u>(304,627)</u> | <u>(304,615)</u> |
| Net profit/ (loss) for the period | - | - | (118,658) | (118,658) |
| Balance at March 31, 2021 | <u>10</u> | <u>2</u> | <u>(423,285)</u> | <u>(423,273)</u> |
| Balance at December 31, 2021 | <u>10</u> | <u>2</u> | <u>(340,948)</u> | <u>(340,936)</u> |
| Net profit/ (loss) for the period | - | - | 267,428 | 267,428 |
| Balance at March 31, 2022 | <u>10</u> | <u>2</u> | <u>(73,520)</u> | <u>(73,508)</u> |

The notes are an integral part of these condensed interim financial information.

Prumo Participações e Investimentos S.A.

Condensed statements of cash flows

Three-month period ended March 31, 2022 and 2021

(In thousands of Reais)

| | 03/31/2022 | 03/31/2021 |
|--|---------------|----------------|
| Cash flows from operating activities | | |
| Profit (loss) before tax | 265,177 | (117,534) |
| Expenses (income) not affecting cash: | | |
| Share of profit of equity-accounted investees | (61,187) | (61,134) |
| Others | 7 | 313 |
| Monetary variance and interest | (206,729) | 178,406 |
| Amortization of transaction costs | 3,865 | 3,825 |
| | <u>1,133</u> | <u>(3,876)</u> |
| (Increase) decrease in assets and increase (decrease) in liabilities: | | |
| Income tax on loan | (288) | 184 |
| Recoverable taxes | 192 | (384) |
| Trade payables | - | (71) |
| Taxes payable | (66) | (737) |
| Accounts payable to related parties | (14) | (1,676) |
| Other assets and liabilities | - | (3,305) |
| | <u>957</u> | <u>(2,113)</u> |
| Net cash provided by (used in) operating activities | | |
| Cash flows produced by investment activities | | |
| Loans received from related parties - Interest | 1,088 | 2,180 |
| Loans received from related parties - Principal | 73,010 | 66,659 |
| | <u>74,098</u> | <u>68,839</u> |
| Net cash from investing activities | | |
| | <u>75,055</u> | <u>66,726</u> |
| Increase (decrease) in cash and cash equivalents | | |
| Cash and cash equivalents at beginning of year | 11,025 | 65,281 |
| Cash and cash equivalents at end of year | <u>86,080</u> | <u>132,007</u> |
| Increase (decrease) in cash and cash equivalents | <u>75,055</u> | <u>66,726</u> |

The notes are an integral part of these condensed interim financial information.

Notes to the condensed interim financial information

(In thousands of Reais, except when indicated otherwise)

1 The Company and its operations

Prumo Participações e Investimentos S.A. (“Prumo Participações” or “Company”), located at the address Rua do Russel, 804, 5º andar, Glória, Rio de Janeiro was incorporated in 2015 as a wholly owned subsidiary of Prumo Logística S.A. (“Prumo”) in order to acquire interests in other companies as a shareholder. The Company carries out its operations via the joint venture Ferroport (“joint subsidiary”) with Anglo American Participações Minério de Ferro Ltda. (“Anglo American”).

Ferroport began operating in October 2014. The company occupies a 300-hectare area (unreviewed) at Porto do Açú Port to process, handle and store iron ore and is the co-owner of an offshore structure (T1) consisting of an access pier, approach channel, breakwater and pier with two berths for loading iron ore. In 2022 Ferroport loaded a total of 4.59 million tonnes (unreviewed) of iron ore, in 28 vessels (unreviewed) (6.1 million tonnes (unreviewed) in 41 vessels (unreviewed) during the three-month period ended March 2021).

2 List of Investees

| | Country | Equity interest 03/31/2022 | Equity interest 12/31/2021 |
|---------------------------------|---------|----------------------------------|----------------------------------|
| Direct joint subsidiary: | | | |
| Ferroport | Brazil | 50.00% | 50.00% |

3 Basis of presentation, preparation of the condensed interim financial information and significant accounting practices

a. Statement of compliance

The condensed interim financial information were prepared in accordance with CPC 21 (R1) – Interim Statements issued by the Accounting Pronouncements Committee (“CPC”).

The condensed interim financial information should be read in conjunction with the financial statements as of December 31, 2021, approved on March 14, 2021, prepared in accordance with the accounting practices adopted in Brazil (“BR GAAP”).

Authorization for the conclusion of the preparation of these condensed interim financial information was given by Management on May 3, 2022.

These condensed interim financial information consider subsequent events to be events that could have an impact up to the reporting date.

The accounting policies mentioned and adopted in these condensed interim financial information are consistent with those followed in the preparation of the Company’s financial

statements for the year ended December 31, 2021 and concluded on March 14, 2021.

b. Basis of preparation

The condensed interim financial information have been prepared on the historical cost basis, except for certain financial instruments which have been measured at fair value through profit and loss.

c. Functional currency and reporting currency

These condensed interim financial information are presented in Real, which is the Company's functional currency. All balances have been rounded off to the nearest thousand, except where specified otherwise.

d. Use of estimates and judgments

Judgments, estimates and assumptions are used to measure and recognize certain assets and liabilities in the Company's condensed interim financial information. These estimates took into account experience from past and current events, assumptions about future events and other objective and subjective factors.

The Company reviews its estimates and assumptions at least annually. There are no significant items subject to these estimates.

The accounting policies described in detail throughout these condensed interim financial information have been applied consistently and are being presented by the Company.

4 Cash and cash equivalents

| | 03/31/2022 | 12/31/2021 |
|-------------------------------------|---------------|---------------|
| Cash and banks | 6 | 6 |
| Cash equivalents | | |
| Investment Fund | 86,083 | 11,025 |
| | <u>86,089</u> | <u>11,031</u> |
| Estimated impairment loss allowance | (9) | (6) |
| | <u>86,080</u> | <u>11,025</u> |

The balance of cash and banks as of March 31, 2022 and December 31, 2021 consists of current accounts and investment fund holdings at Banco Santander S/A and Citibank, that are promptly convertible into a known cash amount and are subject to an insignificant risk of impairment.

5 Recoverable taxes

The recoverable taxes break down as follows:

| | 03/31/2022 | 12/31/2021 |
|--|--------------|--------------|
| Income tax withheld at source ("IRRF") | 4,033 | 3,684 |
| Income tax on loan ("IRPJ") | - | 61 |
| | <u>4,033</u> | <u>3,745</u> |

6 Related-party transactions

The Company adopts practices of Corporate Governance and/or recommendations required by law. Furthermore, the Company's Corporate Governance Policy establishes that the members of the Board of Directors must monitor and administrate any potential conflicts of interest among the executive officers, the members of the Board and the partners, in such a way as to avoid the inappropriate use of Company assets and, especially, abusive conduct in transactions between related parties.

In compliance with Corporation Law, all members of the Company's Board of Directors are prohibited from voting in any assembly or meeting of the Board, or from acting in any operation or business transaction in which there are interests in conflict with those of the Company.

The main balances of related-party assets and liabilities as of March 31, 2022 and December 31, 2021, as well as the related-party transactions that affected the condensed statements of profit or loss for the period, are the result of transactions between the Company and its joint venture and shareholder as follows:

| | | Accounts receivable | |
|---------------------------------------|--|----------------------------|-------------------|
| | | 03/31/2022 | 12/31/2021 |
| Loan with related parties | | | |
| Prumo Logística | | 87,171 | 87,171 |
| Ferroport | | - | 73,355 |
| | | 87,171 | 160,526 |
| Current | | - | 73,355 |
| Noncurrent | | 87,171 | 87,171 |
| | | Accounts payable | |
| | | 03/31/2022 | 12/31/2021 |
| Accounts payable - debit notes | | | |
| Prumo Logística – Transaction costs | | 52 | 66 |
| | | 52 | 66 |

The table below demonstrates the effect on profit or loss:

| | | Finance income | |
|----------------------|--|-----------------------|-------------------|
| | | 03/31/2022 | 03/31/2021 |
| Loan interest | | | |
| Ferroport | | 874 | 2,616 |
| | | 874 | 2,616 |

Management Compensation

Company Management is compensated by the parent company Prumo Logística.

Maturity and interest

Prumopar has currently two intercompany loans: one with Ferroport, which incurs in annual interest of 100% of the CDI rate plus 2% p.a., and another with Prumo Logística with no interest rate. Intercompany loans are not subject to covenants or security.

The Intercompany Loan granted by Prumo Participações to Ferroport was fully repaid on March 14th, 2022.

Prumo should reimburse all pending amounts, including any pending interest, by December 31, 2031.

| Loan | 12/31/2021 | Cash effect | | Noncash effect | | |
|-----------------|----------------|--------------------------------|-------------------|--------------------------------|-------------------------------|---------------|
| | | Principal received / (settled) | Interest received | Interest and exchange variance | Income tax withheld at source | 03/31/2022 |
| Prumo Logística | 87,171 | - | - | - | - | 87,171 |
| Ferroport | 73,355 | (73,010) | (1,088) | 935 | (192) | - |
| | <u>160,526</u> | <u>(73,010)</u> | <u>(1,088)</u> | <u>935</u> | <u>(192)</u> | <u>87,171</u> |

| Loan | 12/31/2020 | Cash effect | | Noncash effect | | |
|-----------------|----------------|--------------------------------|-------------------|--------------------------------|-------------------------------|----------------|
| | | Principal received / (settled) | Interest received | Interest and exchange variance | Income tax withheld at source | 12/31/2021 |
| Prumo Logística | - | 87,171 | - | - | - | 87,171 |
| Ferroport | 300,379 | (226,897) | (8,616) | 9,987 | (1,498) | 73,355 |
| | <u>300,379</u> | <u>(139,726)</u> | <u>(8,616)</u> | <u>9,987</u> | <u>(1,498)</u> | <u>160,526</u> |

7 Investments

a. Equity interests

| 03/31/2022 | | | | | | | | | |
|-----------------|------------|------------------------------|-----------|-------------|-----------|-----------|-----------------|----------------|-------------------------|
| Direct investee | % interest | Number of shares/ (thousand) | Assets | Liabilities | Equity | Capital | Capital reserve | Profit reserve | Profits to be allocated |
| Ferroport | 50% | 1,080 | 2,704,162 | 636,381 | 2,067,781 | 1,197,152 | 94,589 | 179,800 | 596,240 |
| 12/31/2021 | | | | | | | | | |
| Direct investee | % interest | Number of shares/ (thousand) | Assets | Liabilities | Equity | Capital | Capital reserve | Profit reserve | Profits to be allocated |
| Ferroport | 50% | 1,080 | 2,066,038 | 720,631 | 1,945,407 | 1,197,152 | 94,589 | 179,800 | 473,866 |

b. Changes

| Direct investee | 12/31/2021 | Share of profit of equity-accounted investees | 03/31/2022 |
|-----------------|----------------|---|------------------|
| Ferroport | 972,704 | 61,187 | 1,033,891 |
| | <u>972,704</u> | <u>61,187</u> | <u>1,033,891</u> |
| Direct investee | 12/31/2020 | Share of profit of equity-accounted investees | 12/31/2021 |
| Ferroport | 749,919 | 222,785 | 972,704 |
| | <u>749,919</u> | <u>222,785</u> | <u>972,704</u> |

8 Loans and borrowings

| Loan | 03/31/2022 | | | | | 12/31/2021 |
|----------------------|------------|--------------------|------------------|---------------|------------------|------------------|
| | Due date | Rates in % | Principal | Interest | Total | Total |
| Senior Secured Bonds | 12/31/2031 | Dollar + 7.50% p.a | 1,395,481 | 26,165 | 1,421,646 | 1,643,691 |
| (-) Transaction cost | | | (87,379) | - | (87,379) | (91,244) |
| | | | <u>1,308,102</u> | <u>26,165</u> | <u>1,334,267</u> | <u>1,552,447</u> |
| Current | | | 23,387 | 26,165 | 49,552 | 29,394 |
| Noncurrent | | | 1,284,715 | - | 1,284,715 | 1,523,053 |

The interest paid is being classified under financing in the condensed cash flow statements.

The principal amortization schedule in the contract presents percentages for minimum payments and allows payments above the established percentage, which reduce the forthcoming legal percentages.

In 2021, the Company paid R\$ 69,395 of principal amortization and interest in the amount of R\$ 121.423. As the Company is in compliance with the target amortization schedule, which requires higher payments than the legal amortization schedule, this payment exceeded the legal payment obligations. Therefore, the Company is already in compliance with the legal schedule obligations for the next 15 months.

The Brazilian Real exchange rate appreciated against the US Dollar exchange rate in the first quarter of 2022. Since the Company, in compliance with its Hedging Program, has entered into non-deliverable forward agreement (NDFs) to purchase dollar to protect its cash position, and will continue to do so over the following months, the Company does not expect a material negative cashflow impact regarding exchange rate variations on the semi-annual payment of the Bonds.

The Intercompany Loan granted by Prumo Participações to Ferroport was fully repaid on March 14th, 2022. The Company's income from this moment on will come from Ferroport through dividend's distribution and capital reductions.

Escrow Deposits

Prumo Participações has one open reserve account, as requested by the financing contract: The Debt Service Reserve Account ("DSRA"), which contains 6 months of the minimum principal payment plus interest payable in the period. As of March, 2022, DSRA was filled with BRL 54,155 (R\$63,792 as of December 31, 2021).

Non-deliverable forward (NDF)

The Company's cash inflows from 2022 on are going to come from Ferroport through dividend's distribution and capital reductions in Reais

Via the issuance of senior debt contracts, the Company contracted a Hedging Program that determines the Company shall enter into NDFs (non-deliverable forwards) every month to buy US Dollars and sell Reais in an amount equal to 1/6 of the semi-annual payment to hedge the debt payments and funding in reserve accounts maturing in June and December.

Guarantees provided

The Company submitted the following security for the senior debt contracts: (i) Statutory lien of the Ferroport shares for Prumo Participações; (ii) Statutory lien on the shares of Prumo Participações held by the parent company Prumo; (iii) Statutory lien on the loan between Prumo Participações and Ferroport and (iv) Statutory Lien of credit receivables and accounts.

Transactions not involving cash or cash equivalents

| | Cash Flow | | | Noncash effect | | | |
|----------------------|------------------|------------------------|------------------------------|-------------------------------------|---|--|------------------|
| | 12/31/2021 | Secured / (settled) | Interest paid (financing) | Addition of transaction costs | Interest and exchange variance | Amortization of transaction costs | 03/31/2022 |
| Loans and borrowings | <u>1,552,447</u> | - | - | - | (222,045) | 3,865 | <u>1,334,267</u> |
| | <u>1,552,447</u> | - | - | - | (222,045) | 3,865 | <u>1,334,267</u> |

| | Cash Flow | | | Noncash effect | | | |
|----------------------|------------------|------------------------|------------------------------|-------------------------------------|---|--|------------------|
| | 12/31/2020 | Secured / (settled) | Interest paid (financing) | Addition of transaction costs | Interest and exchange variance | Amortization of transaction costs | 12/31/2021 |
| Loans and borrowings | <u>1,491,134</u> | (69,395) | (121,423) | (1,165) | 237,958 | 15,338 | <u>1,552,447</u> |
| | <u>1,491,134</u> | (69,395) | (121,423) | (1,165) | 237,958 | 15,338 | <u>1,552,447</u> |

9 Deferred taxes

The Company records deferred income and social contribution tax assets and liabilities at the rate of 34%. Brazilian tax legislation allows tax losses to be offset against future taxable income for an indefinite term. However, this offsetting is limited to 30% of the taxable income in each accrual period.

The carrying amount of the deferred tax asset is revised and restated periodically, while the projections shall be restated annually, unless material factors occur that can modify them.

As of March 31, 2022 and December 31, 2021 the balance of deferred income and social contribution tax asset not recognized was R\$ 163,580 and R\$ 153,430 respectively.

The origin of the deferred income and social contribution taxes is presented below:

| | 03/31/2022 | 12/31/2021 |
|--|--------------|------------|
| Deferred tax assets (liabilities) | | |
| Provision for hedge settlements | 2,314 | 63 |
| Total deferred taxes | <u>2,314</u> | <u>63</u> |

10 Taxes and social contributions payable

| | 03/31/2022 | 12/31/2021 |
|------------|------------|------------|
| PIS/COFINS | 36 | 102 |
| | <u>36</u> | <u>102</u> |

The reconciliation between the tax expense as calculated by the combined statutory rates and the income and social contribution tax expense charged to net income is presented below:

| | 03/31/2022 | 03/31/2021 |
|--|---------------------|-----------------------|
| Profit (loss) before income and social contribution taxes | <u>265,177</u> | <u>(117,534)</u> |
| Income and social contribution taxes at the nominal rate (34%) | <u>(90,160)</u> | <u>39,962</u> |
| Adjustment to determine the effective rate | | |
| Tax credits not recognized – Temporary differences | 81,757 | (50,550) |
| Tax credits not recognized – Tax loss | (10,150) | (11,215) |
| Equity income | 20,804 | 20,786 |
| Other | <u>-</u> | <u>(107)</u> |
| Total income and social contribution taxes | <u>2,251</u> | <u>(1,124)</u> |
| Effective rate | <u>0.85%</u> | <u>0.96%</u> |
| Current | - | - |
| Deferred | <u>2,251</u> | <u>(1,124)</u> |
| Total income and social contribution taxes | <u>2,251</u> | <u>(1,124)</u> |

11 Equity

a. Share capital

The Company's ownership structure as of March 31, 2022 and December 31, 2021 is as follows:

| Shareholder | 03/31/2022 | | 12/31/2021 | |
|-----------------|--|----------------------|--|----------------------|
| | Quantity of common shares (thousand) | % | Quantity of common shares (thousand) | % |
| Prumo Logística | <u>820,362</u> | <u>100.00</u> | <u>820,362</u> | <u>100.00</u> |
| | <u>820,362</u> | <u>100.00</u> | <u>820,362</u> | <u>100.00</u> |

b. Reserves

The Executive Board will present to the General Meeting for approval a proposal about the allocation of the net income that remains after the following deductions or increases have been made in this order:

- i.* 5% (five percent) to form the legal reserve, until it has reached 20% (twenty percent) of the share capital. Formation of the legal reserve may be waived in financial years where the balance of said reserve plus the capital reserves exceeds 30% (thirty percent) of the share capital.
- ii.* amount allocated to the formation of reserves for contingencies and reversal of those formed in previous years;
- iii.* amount allocated to the constitution of the Unrealized Profit Reserve
- iv.* 25% (twenty-five percent) for payment of the minimum mandatory dividends to the shareholders.

12 Finance income (expenses)

| | 03/31/2022 | 03/31/2021 |
|------------------------------------|-------------------|-------------------|
| Finance income | | |
| Loan interest | 874 | 2,616 |
| Interest on short-term investments | 1,148 | 227 |
| Interest earned | 53 | 58 |
| Exchange variance on loans | 250,104 | 5,930 |
| Derivatives | - | 3,305 |
| | 252,179 | 12,136 |
| Finance expenses | | |
| Interest on loans | (28,059) | (32,073) |
| Exchange variance on loans | (9,633) | (154,542) |
| Commission and brokerage fees | (3,867) | (3,829) |
| Derivatives | (6,621) | - |
| Other | (16) | (16) |
| | (48,196) | (190,460) |
| | 203,983 | (178,324) |

13 Financial instruments and risk management

The Company carries out transactions with financial instruments. These instruments are managed through operating strategies and internal controls, aimed at liquidity, profitability and security. The control policy consists of periodically monitoring contract rates versus market rates. The Company does not invest in derivatives or any other risky assets on a speculative basis.

In compliance with senior debt contracts, the company is contracting currency hedges every month to cover the debt service.

The estimated realization values of the Company's financial assets and liabilities were determined through information available in the market and appropriate valuation methodologies. However, market data was used to calculate the fair value. However, it was

necessary to interpret market data to estimate the most adequate realization value. Consequently, the estimates below do not necessarily indicate the values that could be realized in the current exchange market.

The concept of fair value states that assets and liabilities should be valued at market prices, in the case of liquid assets, or by using mathematical pricing methods, in other cases. The hierarchy level of the fair value gives priority to unadjusted prices quoted on an active market.

The table below demonstrates the book balances and respective fair values of the financial instruments and segregation of the hierarchal level, included in the balance sheet:

| | 03/31/2022 | | | 12/31/2021 | | |
|-------------------------------------|------------------|---|-----------------------------------|------------------|---|-----------------------------------|
| | Amortized cost | Fair value through other comprehensive income | Fair value through profit or loss | Amortized cost | Fair value through other comprehensive income | Fair value through profit or loss |
| Assets | | | | | | |
| Cash and cash equivalents | 86,080 | - | - | 11,025 | - | - |
| Escrow account | 54,155 | - | - | 63,792 | - | - |
| Loan with related parties | 87,171 | - | - | 158,416 | - | - |
| Other accounts receivable | 11 | - | - | 11 | - | - |
| | <u>227,417</u> | <u>-</u> | <u>-</u> | <u>233,244</u> | <u>-</u> | <u>-</u> |
| Liabilities | | | | | | |
| Trade payables | 20 | - | - | 20 | - | - |
| Derivatives | - | - | 6,804 | - | - | 183 |
| Accounts payable to related parties | 52 | - | - | 66 | - | - |
| Loans and borrowings | 1,334,267 | - | - | 1,552,447 | - | - |
| | <u>1,334,339</u> | <u>-</u> | <u>6,804</u> | <u>1,552,533</u> | <u>-</u> | <u>183</u> |

| | 03/31/2022 | | | 12/31/2021 | | |
|-------------------------------------|--------------|------------------|----------|------------|------------------|----------|
| | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 |
| Liabilities | | | | | | |
| Trade payable | 20 | - | - | 20 | - | - |
| Derivatives | 6,804 | - | - | 183 | - | - |
| Accounts payable to related parties | 52 | - | - | 66 | - | - |
| Loans and borrowings | - | 1,334,267 | - | - | 1,552,447 | - |
| | <u>6,876</u> | <u>1,334,267</u> | <u>-</u> | <u>269</u> | <u>1,552,447</u> | <u>-</u> |

- **(Level 1)** - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **(Level 2)** - Different inputs, except for traded prices in active markets included in Level 1 that are observable for the assets and liabilities, directly (as prices) or indirectly (derived from prices).
- **(Level 3)** - Inputs for the asset or liability that are not based on observable market variables (unobservable inputs).

As of March 31, 2022, loans and financing are measured at amortized cost. The fair value calculated by Management for reference purposes only is R\$1.401.188 (R\$ 1.776.353 as of

December 31, 2021).

The carrying amounts of other financial instruments measured at amortized cost are classified as loans and receivables (assets) and other liabilities measured at amortized cost. The carrying amount of these balances approximate fair value.

The Company's financial transactions are subject to the following risk factors:

(i) Market risk

Exchange Risk

Risk of change in exchange rates which could be associated to the Company's assets and liabilities. The Company manages the exchange risk from Ferroport to detect and mitigate risks posed by changes in exchange rates underlying global assets and liabilities. The foreign-currency debt therefore exists on debt securities issued in US Dollars by Prumo Participações. The cash flow intended to service the payment of this debt comes monthly from its joint-venture Ferroport, whose revenue is denominated in US Dollars, where the fee for handling iron ore in force is restated annually by the PPI US inflation index.

Ferroport is in the unique situation where its cost structure is denominated in Reais and its monthly revenue is indexed to the US dollar. The joint-venture's operating revenue is therefore exposed to exchange variance risk due to the mismatch between the revenue and cost currencies. The appreciation of the Brazilian Real against the US Dollar could diminish the operational margin and free cash flow of Ferroport. In respect of Prumo Participações' debt, the company is required to enter into NDFs (Non-Deliverable-Forwards) monthly to hedge against exchange variance, in accordance with the financing documents.

The following table provides details on all derivative transactions within the relevant hedging programs, including information on the type of instrument, the nominal value, the maturity, the fair value including credit risk, and amounts paid/received or provisioned for in the period.

Hedge schedule for Non-deliverable Forwards

| NDF | Company | NDF contracted in R\$ | | Mark-to-market (MTM) | | Accumulated effect |
|-------------|------------------------|-----------------------|--------------------|----------------------|--------------|--|
| | | | Maturity (year) | 03/31/2022 | 12/31/2021 | Amount receivable/received or payable/paid |
| Forward USD | Prumo Participações | 12,108 | 2022 | (2,179) | (183) | (2,179) |
| Forward USD | Prumo Participações | 16,914 | 2022 | (3,014) | - | (3,014) |
| Forward USD | Prumo Participações | 11,468 | 2022 | (1,213) | - | (1,213) |
| Forward USD | Prumo Participações | 5,763 | 2022 | (398) | - | (398) |
| Net | | | | (6,804) | (183) | (6,804) |

The table below summarizes the current value of the debt in millions of Reais, with a sensitivity scenario in the exchange rates (USD) suffering positive oscillations of 10%, 20% and 30%.

| 03/31/2022 | Real | USD +10% | USD +20% | USD +30% |
|----------------------|------------------|------------------|------------------|------------------|
| Loan | | | | |
| Senior Secured Bonds | 1.395.480 | 1.535.028 | 1.674.577 | 1.814.125 |
| Total | 1.395.480 | 1.535.028 | 1.674.577 | 1.814.125 |
| 12/31/2021 | | | | |
| Loan | | | | |
| Senior Secured Bonds | 1.643.691 | 1.808.060 | 1.972.429 | 2.136.798 |
| Total | 1.643.691 | 1.808.060 | 1.972.429 | 2.136.798 |

(ii) Liquidity risk

The table below denotes the main financial liabilities of the Company as of March 31, 2022. These amounts are gross and are not discounted, and include payments of estimated interest.

| | No maturity | Up to 6 months | 6 to 12 months | 1 to 2 years | 2 to 5 years | Over 5 years | Total |
|-------------------------------------|-------------|-------------------|----------------------|-----------------|-----------------|------------------|------------------|
| Financial liabilities | | | | | | | |
| Trade payable | - | 20 | - | - | - | - | 20 |
| Accounts payable to related parties | - | 52 | - | - | - | - | 52 |
| Loans and borrowings | - | 66,569 | 87,791 | 234,086 | 706,411 | 1,168,150 | 2,263,007 |
| Total by time range | - | 66,641 | 87,791 | 234,086 | 706,411 | 1,168,150 | 2,263,079 |

(iii) Credit risk

This arises from the possibility of the Company suffering losses due to the default of its counterparties or of financial institutions where they have funds.

The Company also carries out a rating analysis of the financial institutions, through credit reports provided by the “Bank Risk Classification System” - Risk Bank, in order to classify and systematically follow up the risk and performance of each bank.

The balances exposed to credit risk are as follows:

| Financial instruments | 03/31/2022 | 12/31/2021 |
|---------------------------|----------------|----------------|
| Cash and banks | 86,080 | 11,025 |
| Escrow account | 54,155 | 63,792 |
| Related-party loan | 87,171 | 158,416 |
| Other accounts receivable | 11 | 11 |
| Derivatives | (6,804) | (183) |
| | 220,613 | 233,061 |

Members of the Executive Board

Eugenio Leite de Figueiredo
CEO

Leticia Nabuco Villa-Forte
CFO

Eduardo Quartarone Campos
Officer with no specific title

Thiago de Oliveira Ribeiro
Accountant
CRC-RJ 111771/O-3