

Prumo Participações e Investimentos S.A.

**Condensed interim financial information
as of September 30, 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 accompanying September 30, 2022 condensed interim financial information of Prumo Participações e Investimentos S.A. (the "Company") which comprises, the condensed statements of financial position as of September 30, 2022, the condensed statements of profit or loss and condensed statements of comprehensive income (loss) for the three-month and nine-month period then ended, and the condensed statements of changes in shareholders' equity and condensed statements of cash flows for the nine-month period then ended, including the explanatory notes to the condensed interim financial information.

Management is responsible for the preparation and 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 standard on review engagements (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 September 30, 2022 condensed interim financial information, is not prepared, in all material respects, in accordance with CPC 21 (R1) – Interim Financial Reporting.

Rio de Janeiro, November 1, 2022

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



Walter Malvar Leite da Silva
CRC RJ-117037/O-0

Prumo Participações e Investimentos S.A.

Condensed statements of financial position as of September 30, 2022 and December 31, 2021

(In thousands of Reais)

Assets	Note	09/30/2022	12/31/2021
Current			
Cash and cash equivalents	4	63,779	11,025
Escrow deposits	8	59,712	63,792
Recoverable taxes	5	4,067	3,745
Loan with related parties	6	-	73,355
Dividends receivable	6	86,670	-
Derivatives	8 and 13	2,208	-
Other receivable		11	11
Total current assets		216,447	151,928
Non-current			
Deferred tax assets	9	-	63
Loan with related parties	6	153,792	87,171
Investments	7	940,939	972,704
Intangible assets		16	16
Total non-current assets		1,094,747	1,059,954
Total assets		1,311,194	1,211,882

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 September 30, 2022 and December 31, 2021

(In thousands of Reais)

Liabilities	Note	09/30/2022	12/31/2021
Current			
Trade payables		38	20
Loans and borrowings	8	60,429	29,394
Taxes payable	10	13	102
Accounts payable to related parties	6	52	66
Derivatives	8 and 13	-	183
Total current liabilities		<u>60,532</u>	<u>29,765</u>
Non-current			
Deferred tax	9	750	-
Loans and borrowings	8	<u>1,472,918</u>	<u>1,523,053</u>
Total non-current liabilities		<u>1,473,668</u>	<u>1,523,053</u>
Equity	11		
Share capital		10	10
Profit reserve		2	2
Accumulated losses		<u>(223,018)</u>	<u>(340,948)</u>
Total equity		<u>(223,006)</u>	<u>(340,936)</u>
Total liabilities and equity		<u>1,311,194</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 and nine-month periods ended September 30, 2022 and 2021

(In thousands of Reais)

		<u>Nine months</u>		<u>Three months</u>	
		<u>1/1/2022 to</u>	<u>01/01/2021 to</u>	<u>07/01/2022</u>	<u>07/01/2021 to</u>
	Note	<u>09/30/2022</u>	<u>09/30/2021</u>	<u>to</u>	<u>09/30/2021</u>
				<u>09/30/2022</u>	<u>09/30/2021</u>
Operating expenses					
Administrative expenses		(221)	(169)	(126)	(35)
Provision for asset impairment		(5)	(10)	(6)	(5)
Other Operating income		14	-	-	-
		<u>(212)</u>	<u>(179)</u>	<u>(132)</u>	<u>(40)</u>
Financial income (costs)	12				
Financial income		352,991	248,426	24,038	13,905
Financial costs		(408,919)	(423,147)	(104,030)	(169,835)
		<u>(55,928)</u>	<u>(174,721)</u>	<u>(79,992)</u>	<u>(155,930)</u>
Share of profit of equity-accounted investees	7	<u>174,883</u>	<u>159,829</u>	<u>63,845</u>	<u>50,565</u>
Profit (loss) before taxes		<u>118,743</u>	<u>(15,071)</u>	<u>(16,279)</u>	<u>(105,405)</u>
Current income and social contribution tax	10	-	-	-	-
Deferred income and social contribution taxes	10	(813)	(1,615)	(195)	(1,651)
Net income (loss) for the period		<u>117,930</u>	<u>(16,686)</u>	<u>(16,474)</u>	<u>(107,056)</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 and nine-month periods ended September 30, 2022 and 2021

(In thousands of Reais)

	Nine months		Three months	
	01/01/2022 to 09/30/2022	10/01/2021 to 09/30/2021	07/01/2022 to 09/30/2022	07/01/2021 to 09/30/2021
Net income (loss) for the period	117,930	(16,686)	(16,474)	(107,056)
Total comprehensive income for the period	<u>117,930</u>	<u>(16,686)</u>	<u>(16,474)</u>	<u>(107,056)</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 September 30, 2022 and 2021 *(In thousands of reais)*

(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	-	-	(16,686)	(16,686)
Balance at September 30, 2021	<u>10</u>	<u>2</u>	<u>(321,313)</u>	<u>(321,301)</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	-	-	117,930	117,930
Balance at September 30, 2022	<u>10</u>	<u>2</u>	<u>(223,018)</u>	<u>(223,006)</u>

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

Prumo Participações e Investimentos S.A.

Condensed statements of cash flows

Nine-month period ended September 30, 2022 and 2021

(In thousands of Reais)

	09/30/2022	09/30/2021
Cash flows from operating activities		
Profit before tax	118,743	(15,071)
Expenses (income) not affecting cash:		
Share of profit of equity-accounted investees	(174,883)	(159,829)
Offsetting tax	(515)	-
Others	5	-
Monetary variance and interest	40,226	156,923
Amortization of transaction costs	11,265	11,489
	<u>(5,159)</u>	<u>(6,488)</u>
(Increase) decrease in assets and increase (decrease) in liabilities:		
Income tax on loan	192	1,159
Recoverable taxes	(322)	7,178
Trade payables	17	(163)
Taxes payable	(89)	(733)
Accounts payable to related parties	(14)	(504)
Other assets and liabilities	(183)	-
	<u>(5,558)</u>	<u>449</u>
Net cash provided by (used in) operating activities		
	<u>(5,558)</u>	<u>449</u>
Cash flows produced by investment activities		
Dividends	119,977	-
Loans granted to related parties	(66,621)	-
Loans received from related parties - Interest	1,088	6,690
Loans received from related parties - Principal	73,010	172,354
	<u>127,454</u>	<u>179,044</u>
Net cash produced by investing activities		
	<u>127,454</u>	<u>179,044</u>
Cash flows from financing activities		
Loans settled with third parties	(8,561)	(11,931)
Transaction cost	-	(1,165)
Escrow deposits	189	-
Interest paid	(57,855)	(57,630)
Hedge	(2,915)	(8,349)
	<u>(69,142)</u>	<u>(79,075)</u>
Net cash used in financing activities		
	<u>(69,142)</u>	<u>(79,075)</u>
Increase in cash and cash equivalents	<u>52,754</u>	<u>100,418</u>
Cash and cash equivalents at beginning of year	11,025	65,281
Cash and cash equivalents at end of year	<u>63,779</u>	<u>165,699</u>
Increase in cash and cash equivalents	<u>52,754</u>	<u>100,418</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 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 15.1 million tonnes (unreviewed) of iron ore, in 94 vessels (unreviewed) (17.4 million tonnes (unreviewed) in 110 vessels (unreviewed) during the nine-month period ended September 2021).

2 List of Investees

	Country	Equity interest 09/30/2022	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 October 31, 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

	09/30/2022	12/31/2021
Cash and banks	27	6
Cash equivalents		
Investment Fund	63,758	11,025
	63,785	11,031
Estimated impairment loss allowance	(6)	(6)
	63,779	11,025

The balance of cash and banks as of September 30, 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:

	09/30/2022	12/31/2021
Income tax withheld at source ("IRRF")	4,067	3,684
Income tax on loan ("IRPJ")	-	61
	4,067	3,745

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 September 30, 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:

	09/30/2022	12/31/2021
Loan with related parties		
Prumo Logística	153,792	87,171
Ferroport	-	73,355
Dividends receivable		
Ferroport ¹	86,670	-
	240,462	160,526
Current	86,670	73,355
Noncurrent	153,792	87,171

¹ On April 29, 2022, at the Annual Shareholders' Meeting, the Board of Directors of Ferroport approved the proposal for the distribution of dividends related to profits for the year 2021, in the amount of R\$ 413,294 (50% Prumo Participações – R\$ 206,647).

In June 2022, the first payment of dividends to shareholders was made, in the amount of R\$116,752 (50% Prumo Participações – R\$ 58,376).

In september 14, 2022, the second payment of dividends to shareholders was made, in the amount of R\$123,202 (50% Prumo Participações – R\$ 61,601).

	09/30/2022	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	
	09/30/2022	09/30/2021
Loan interest		
Ferroport	874	7,730
	874	7,730

Management Compensation

Company Management is compensated by the parent company Prumo Logística.

Maturity and interest

Prumopar currently has an interest-free intercompany loan with Prumo Logística. Intercompany loans are not subject to agreements or guarantees.

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

Prumo Logística should reimburse all pending amounts 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	09/30/2022
Prumo Logística	87,171	66,621	-	-	-	153,792
Ferroport	73,355	(73,010)	(1,088)	935	(192)	-
	160,526	(6,389)	(1,088)	935	(192)	153,792

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
	300,379	(139,726)	(8,616)	9,987	(1,498)	160,526

7 Investments

a. Equity interests

09/30/2022									
Direct investee	% interest	Number of shares/ (thousand)	Assets	Liabilities	Equity	Capital	Capital reserve	Profit reserve	Retained Earnings
Ferroport	50%	1,080	2,880,861	998,982	1,881,879	1,197,152	94,589	179,800	410,338

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	2,666,038	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	Dividends	09/30/2022
Ferroport	972,704	174,883	(206,648)	940,939
	<u>972,704</u>	<u>174,883</u>	<u>(206,648)</u>	<u>940,939</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	Due date	Rates in %	09/30/2022			12/31/2021
			Principal	Interest	Total	Total
Senior Secured Bonds	12/31/2031	Dollar + 7.50% p.a	1,583,633	29,693	1,613,326	1,643,691
(-) Transaction cost			(79,979)	-	(79,979)	(91,244)
			<u>1,503,654</u>	<u>29,693</u>	<u>1,533,347</u>	<u>1,552,447</u>
Current			30,736	29,693	60,429	29,394
Noncurrent			1,472,918	-	1,472,918	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 June 30, 2022, the Company paid R\$ 8,561 of principal amortization and interest in the amount of R\$ 57,855. 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 depreciated against the US Dollar exchange rate in the second 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 September 30, 2022, DSRA had BRL 59,712 deposited (BRL 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	09/30/2022
Loans and borrowings	<u>1,552,447</u>	<u>(8,561)</u>	<u>(57,855)</u>	<u>-</u>	<u>36,051</u>	<u>11,265</u>	<u>1,533,347</u>
	<u>1,552,447</u>	<u>(8,561)</u>	<u>(57,855)</u>	<u>-</u>	<u>36,051</u>	<u>11,265</u>	<u>1,533,347</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>	<u>(69,395)</u>	<u>(121,423)</u>	<u>(1,165)</u>	<u>237,958</u>	<u>15,338</u>	<u>1,552,447</u>
	<u>1,491,134</u>	<u>(69,395)</u>	<u>(121,423)</u>	<u>(1,165)</u>	<u>237,958</u>	<u>15,338</u>	<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 September 30, 2022 and December 31, 2021 the balance of deferred income and social contribution tax asset not recognized was R\$ 185,820 and R\$ 153,430 respectively.

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

	09/30/2022	12/31/2021
Deferred tax assets (liabilities)		
Provision for hedge settlements	(750)	63
	<u> </u>	<u> </u>
Total deferred taxes	<u>(750)</u>	<u>63</u>

10 Taxes and social contributions payable

	09/30/2022	12/31/2021
PIS/COFINS	9	102
PIS/COFINS/CSLL - Withheld	3	-
IRRF	1	-
	<u> </u>	<u> </u>
	<u>13</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:

	Nine months		Three months	
	01/01/2022 to 09/30/2022	01/01/2021 to 09/30/2021	07/01/2022 to 09/30/2022	07/01/2021 to 09/30/2021
Loss before income and social contribution taxes	118,743	(15,071)	(16,279)	(105,405)
Income and social contribution taxes at the rate (34%)	(40,373)	5,124	5,535	35,838
Adjustment to determine the effective rate				
Tax credits not recognized – Temporary differences	12,489	(22,603)	(15,552)	(44,031)
Tax credits not recognized – Tax loss	(32,390)	(35,639)	(11,887)	(7,811)
Equity income	59,461	54,342	21,708	17,192
Other		(2,839)		(2,839)
Total income and social contribution taxes	(813)	(1,615)	(196)	(1,651)
Effective rate	-0.69%	10.72%	1.21%	1.57%
Current		-		-
Deferred	(813)	(1,615)	(196)	(1,651)
Total income and social contribution taxes	(813)	(1,615)	(196)	(1,651)

11 Equity

a. Share capital

The Company's ownership structure as of September 30, 2022 and December 31, 2021 is as follows:

Shareholder	09/30/2022		12/31/2021	
	Quantity of common shares (thousand)	%	Quantity of common shares (thousand)	%
FP NewCo	820,362	100.00	-	-
Prumo Logística	-	-	820,362	100.00
	820,362	100.00	820,362	100.00

On June 10, 2022, Prumo Logística S.A. ("Prumo"), sole shareholder of FP NewCo S.A. "FP NewCo", resolved and approved the payment of the subscribed capital stock of FP NewCo in assets, through the transfer of the PrumoPar shares to the Company's capital stock, under the terms of article 8 of the Brazilian Corporation Law, the said amount being duly supported by the amount provided for in the Appraisal Report, with which the underwriter expressly agrees.

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)

	Nine months		Three months	
	1/1/2022 to 09/30/2022	1/1/2021 to 09/30/2021	7/1/2022 to 09/30/2022	7/1/2021 to 09/30/2021
Finance income				
Loan interest	874	7,730	-	2,598
Interest on investments	3,518	2,471	205	1,362
Hedge	11,015	8,162	1,782	51
Interest earned	282	385	95	4,857
Exchange variance on loans	337,302	229,678	21,956	5,037
	352,991	248,426	24,038	13,905
Finance costs				
Interest on loans	(84,339)	(92,673)	(28,877)	(30,573)
Exchange variance on loans	(291,399)	(296,052)	(70,294)	(134,503)
Commission and brokerage fees	(11,270)	(12,432)	(3,538)	(4,757)
Hedge	(11,539)	(11,760)	(1,206)	-
Taxes on financial revenue	(10,372)	(10,202)	(115)	-
Other	-	(28)	-	(2)
	(408,919)	(423,147)	(104,030)	(169,835)
	(55,928)	(174,721)	(79,992)	(155,930)

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.

Prumo Participações e Investimentos S.A.
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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:

	09/30/2022			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	63,779	-	-	11,025	-	-
Escrow account	59,712	-	-	63,792	-	-
Loan with related parties	153,792	-	-	160,526	-	-
Dividends	86,670	-	-	-	-	-
Derivatives	-	-	2,208	-	-	-
Other accounts receivable	11	-	-	11	-	-
	<u>363,964</u>	<u>-</u>	<u>2,208</u>	<u>235,354</u>	<u>-</u>	<u>-</u>
Liabilities						
Trade payables	38	-	-	20	-	-
Derivatives	-	-	-	-	-	183
Accounts payable to related parties	52	-	-	66	-	-
Loans and borrowings	1,533,347	-	-	1,552,447	-	-
	<u>1,533,437</u>	<u>-</u>	<u>-</u>	<u>1,552,533</u>	<u>-</u>	<u>183</u>

	09/30/2022			12/31/2021		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Liabilities						
Trade payable	37	-	-	20	-	-
Derivatives	-	-	-	183	-	-
Accounts payable to related parties	52	-	-	66	-	-
Loans and borrowings	-	1,533,347	-	-	1,552,447	-
	<u>89</u>	<u>1,533,347</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 september 30, 2022, loans and financing are measured at amortized cost. The fair value calculated by Management for reference purposes only is R\$1.425.270. (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)	09/30/2022	12/31/2021	Amount receivable/received or payable/paid
Forward USD	Prumo Participações	12,108	2022	-	(183)	-
Forward USD	Prumo Participações	2,026	2022	227	-	227
Forward USD	Prumo Participações	3,377	2022	1,461	-	1,461
Forward USD	Prumo Participações	1,486	2022	(29)	-	(29)
Forward USD	Prumo Participações	4,998	2022	341	-	341
Forward USD	Prumo Participações	946	2022	208	-	208
Net				2,208	(183)	2,208

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%.

09/30/2022	Real	USD +10%	USD +20%	USD +30%
Loan				
Senior Secured Bonds	1.583.633	1.741.996	1.900.360	2.058.723
Total	1.583.633	1.741.996	1.900.360	2.058.723
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 September 30, 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	-	38	-	-	-	-	38
Accounts payable to related parties	-	52	-	-	-	-	52
Loans and borrowings	-	87,455	67,776	342,275	636,966	1,044,419	2,178,891
Total by time range	-	87,545	67,776	342,275	636,966	1,044,419	2,178,981

(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	09/30/2022	12/31/2021
Cash and banks	63,779	11,025
Escrow account	59,712	63,792
Related-party loan	153,792	160,526
Dividend	86,670	-
Other accounts receivable	11	11
Derivatives	2,208	(183)
	366,172	235,171

Members of the Executive Board

Eugenio Leite de Figueiredo
CEO

Leticia Nabuco Villa-Forte
CFO

Eduardo Quartarone Campos
Officer with no specific title

Mariana Coutinho
Controllership & Tax Manager

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