

Prumo
Participações e
Investimentos S.A.

**Condensed interim financial
information as of September 30,
2023**

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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, 2023 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, 2023, 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, 2023 condensed interim financial information, is not prepared, in all material respects, in accordance with CPC 21 (R1) – Interim Financial Reporting.

Rio de Janeiro, October 30, 2023

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



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

Prumo Participações e Investimentos S.A.

Condensed statements of financial position as of September 30, 2023 and December 31, 2022

(In thousands of reais)

Assets	Note	09/30/2023	12/31/2022
Current			
Cash and cash equivalents	4	66,351	1,851
Escrow deposits	8	54,998	143,260
Income tax recoverable	5	2,064	2,313
Dividends receivable	6	48,869	21,100
Total current assets		<u>172,282</u>	<u>168,524</u>
Non-current			
Loan with related parties	6	241,895	187,866
Investments	7	971,579	1,007,564
Intangible assets		-	16
Total non-current assets		<u>1,213,474</u>	<u>1,195,446</u>
Total assets		<u>1,385,756</u>	<u>1,363,970</u>
Liabilities	Note	09/30/2023	12/31/2022
Current			
Other payables		419	19
Bonds	8	240,434	168,195
Taxes payable	10	16	661
Accounts payable to related parties	6	52	52
Derivatives	8 and 13	915	324
Total current liabilities		<u>241,836</u>	<u>169,251</u>
Non-current			
Bonds	8	1,149,851	1,341,236
Total non-current liabilities		<u>1,149,851</u>	<u>1,341,236</u>
Shareholders' Equity			
Share capital	11	10	10
Accumulated losses		(5,941)	(146,527)
Total shareholders' equity (deficit)		<u>(5,931)</u>	<u>(146,517)</u>
Total liabilities and shareholders' equity		<u>1,385,756</u>	<u>1,363,970</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 on September 30, 2023 and 2022

(In thousands of reais)

	Note	Nine months		Three months	
		1/1/2023 to 9/30/2023	1/1/2022 to 9/30/2022	7/1/2023 to 9/30/2023	7/1/2022 to 9/30/2022
Operating expenses					
Administrative expenses		(217)	(221)	(96)	(126)
Expected credit loss provision		24	(5)	-	(6)
Other Operating income (expenses), net		(15)	14	(15)	-
		<u>(208)</u>	<u>(212)</u>	<u>(111)</u>	<u>(132)</u>
Financial income (expenses)	12				
Financial income		259,958	352,991	29,039	24,038
Financial expenses		(308,157)	(408,919)	(110,584)	(104,030)
		<u>(48,199)</u>	<u>(55,928)</u>	<u>(81,545)</u>	<u>(79,992)</u>
Share of profit of equity-accounted investees	7	188,993	174,883	58,486	63,845
Profit/ (Loss) before taxes		<u>140,586</u>	<u>118,743</u>	<u>(23,170)</u>	<u>(16,279)</u>
Deferred income tax and social contribution	10	-	(813)	-	(195)
Net income (loss) for the period		<u>140,586</u>	<u>117,930</u>	<u>(23,170)</u>	<u>(16,474)</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 period ended on September 30, 2023 and 2022

(In thousands of reais)

	Nine months		Three months	
	1/1/2023 to 9/30/2023	1/1/2022 to 9/30/2022	7/1/2023 to 9/30/2023	7/1/2022 to 9/30/2022
Net income (loss) for the period	140,586	117,930	(23,170)	(16,474)
Total comprehensive income (loss) for the period	140,586	117,930	(23,170)	(16,474)

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

Prumo Participações e Investimentos S.A.

Condensed statements of changes in equity (deficit)

Periods ended on September 30, 2023 and 2022

(In thousands of reais)

	Share capital	Profit reserve	Accumulated losses	Total equity
Balance as of December 31, 2021	<u>10</u>	<u>2</u>	<u>(340,948)</u>	<u>(340,936)</u>
Net profit 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>
Balance at December 31, 2022	<u>10</u>	-	<u>(146,527)</u>	<u>(146,517)</u>
Net profit for the period	-	-	140,586	140,586
Balance at September 30, 2023	<u>10</u>	-	<u>(5,941)</u>	<u>(5,931)</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, 2023 and 2022

(In thousands of reais)

	09/30/2023	09/30/2022
Cash flows from operating activities		
Profit before tax	140,586	118,743
Expenses (income) not affecting cash:		
Share of profit of equity-accounted investees	(188,993)	(174,883)
Offsetting tax	-	(515)
Others	(9)	5
Monetary variance and interest	28,546	40,226
Amortization of transaction costs	11,004	11,265
	<u>(8,866)</u>	<u>(5,159)</u>
(Increase) decrease in assets and increase (decrease) in liabilities:		
Income tax on loan	-	192
Income tax recoverable	249	(322)
Other payables	400	17
Taxes paid	(645)	(89)
Accounts payable to related parties	-	(14)
Other assets and liabilities	-	(183)
Net cash used in operating activities	<u>(8,862)</u>	<u>(5,558)</u>
Cash flows from investment activities		
Dividends received	197,209	119,977
Loans granted to related parties	(54,029)	(66,621)
Loans paid from related parties – Interest	-	1,088
Loans paid from related parties – Principal	-	73,010
Net cash from investing activities	<u>143,180</u>	<u>127,454</u>
Cash flows from financing activities		
Derivatives	(8,105)	(2,915)
Escrow account	88,990	189
Loans settled with third parties	(39,713)	(8,561)
Interest paid	(110,990)	(57,855)
Net cash used in financing activities	<u>(69,818)</u>	<u>(69,142)</u>
Increase in cash and cash equivalents	<u>64,500</u>	<u>52,754</u>
Cash and cash equivalents at beginning of year	1,851	11,025
Cash and cash equivalents at end of period	<u>66,351</u>	<u>63,779</u>
Increase in cash and cash equivalents	<u>64,500</u>	<u>52,754</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” or “Prumopar”), 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 2023 Ferroport loaded a total of 17.3 million tonnes of iron ore (unreviewed), in 105 vessels (unreviewed) (15.15 million tonnes (unreviewed) in 94 vessels (unreviewed) during period of 2022).

2 List of Investees

	Country	Equity interest 09/30/2023	Equity interest 09/30/2022
Direct joint subsidiary:			
Ferroport Logística Comercial Exportadora S.a.	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, 2022, approved on March 10, 2023, 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 28, 2023.

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, 2022 and concluded on March 10, 2023.

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 Brazilian Reais, 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

	09/30/2023	12/31/2022
Cash and banks	183	1,163
Cash equivalents		
Investment Fund	66,168	688
	<u>66,351</u>	<u>1,851</u>
Estimated impairment loss allowance	-	-
	<u>66,351</u>	<u>1,851</u>

The balance of cash and banks as of September 30, 2023 and December 31, 2022 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 Income tax recoverable

The recoverable taxes break down as follows:

	09/30/2023	12/31/2022
Income tax withheld ("IRRF")	2,064	2,313
	<u>2,064</u>	<u>2,313</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 September 30, 2023 and December 31, 2022, as well as the related-party transactions that affected the condensed statements of operations for the period, are the result of transactions between the Company and its joint venture and shareholder as follows:

Assets	09/30/2023	12/31/2022
Loans with related parties		
Prumo Logística	153,792	153,792
FP NewCo	88,103	34,074
Dividends receivable		
Ferroport ¹	48,869	21,100
	<u>290,764</u>	<u>208,966</u>
Current	48,869	21,100
Noncurrent	241,895	187,866

On March 31, 2023, 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 2022, in the amount of R\$ 449,956 (50% Prumo Participações – R\$ 224,978).

On March 2023, the first payment of dividends to shareholders was made, in the amount of R\$ 151,166 (50% Prumo Participações – R\$ 75,583).

On June 2023, the first payment of dividends to shareholders was made, in the amount of R\$ 110,100 (50% Prumo Participações – R\$ 55,050).

On September 2023, the first payment of dividends to shareholders was made, in the amount of R\$ 133,152 (50% Prumo Participações – R\$ 66,576).

Liabilities	9/30/2023	12/31/2022
Accounts payable - debit notes		
Prumo Logística – Transaction costs	52	52
	<u>52</u>	<u>52</u>

The table below demonstrates the effect on profit or loss:

	Financial income	
	9/30/2023	12/31/2022
Loan interest		
Ferroport	-	874
	-	874

Management Compensation

Company Management is compensated by the parent company Prumo Logística.

Maturity and interest

The Intercompany Loan granted by Prumo Participações to Ferroport was fully settled on March 14, 2022. Also, Prumopar currently has two interest-free loans with Prumo Logística and FP NewCo, which do not have warranties, as they are intercompany loans.

		Cash effect		Noncash effect		
		Principal granted/ (received)	Interest	Interest and exchange variance	Income tax withheld	9/30/2023
Loan receivable	12/31/2022					
Prumo Logística	153,792	-	-	-	-	153,792
FPNewCo	34,074	54,029	-	-	-	88,103
	187,866	54,029	-	-	-	241,895

		Cash effect		Noncash effect		
		Principal granted/ (received)	Interest	Interest and exchange variance	Income tax withheld	12/31/2022
Loan receivable	12/31/2021					
Prumo Logística	87,171	66,621	-	-	-	153,792
FPNewCo	-	34,074	-	-	-	34,074
Ferroport	73,355	(73,010)	(1,088)	935	(192)	-
	160,526	27,685	(1,088)	935	(192)	187,866

7 Investments

a. Equity interests

9/30/2023									
Direct investee	% interest	Number of shares/ (thousand)	Assets	Liabilities	Equity	Capital	Capital reserve	Profit reserve	Retained Earnings
Ferroport	50%	1,080	2,928,590	985,432	1,943,158	1,197,152	94,589	203,482	447,935

12/31/2022									
Direct investee	% interest	Number of shares/ (thousand)	Assets	Liabilities	Equity	Capital	Capital reserve	Profit reserve	Profits to be allocated
Ferroport	50%	1,080	2,947,086	931,958	2,015,128	1,197,152	94,589	203,482	519,905

b. Changes

Direct investee	12/31/2022	Share of profit of equity-accounted investees	Dividends	9/30/2023
Ferroport	1,007,564	188,993	(224,978)	971,579
	<u>1,007,564</u>	<u>188,993</u>	<u>(224,978)</u>	<u>971,579</u>

Direct investee	12/31/2021	Share of profit of equity-accounted investees	Dividends	12/31/2022
Ferroport	972,704	241,508	(206,648)	1,007,564
	<u>972,704</u>	<u>241,508</u>	<u>(206,648)</u>	<u>1,007,564</u>

8 Bonds

Loan	9/30/2023					12/31/2022
	Due date	Rates in %	Principal	Interest	Total	Total
Senior Secured Bonds	12/31/2031	Dollar + 7.50% p.a	1,428,675	26,788	1,455,463	1,585,613
(-) Transaction cost			(65,178)	-	(65,178)	(76,182)
			<u>1,363,497</u>	<u>26,788</u>	<u>1,390,285</u>	<u>1,509,431</u>
Current			213,646	26,788	240,434	168,195
Noncurrent			1,149,851	-	1,149,851	1,341,236

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

On October 22, 2019, the Company issued the Senior Secured Bond under regulation of 144A/Regs, with a coupon of 7.5%p.a., semi-annual payments and final maturity in December 2031.

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

On September 30, 2023, the Company paid R\$ 10.178 of principal amortization and interest in the amount of R\$ 51.941. The Company is in compliance with the target amortization schedule, which requires higher payments than the legal amortization schedule. Therefore, the Company is already in compliance with the legal schedule obligations for the next 9 months.

The Brazilian Real exchange rate depreciated against the US Dollar exchange rate in the third quarter of 2023. Since the Company, in compliance with its Hedging Program, has entered into non-deliverable forward agreement (NDFs) to purchase dollars to protect its cash position protect its next debt service balance from exchange rate variations and will continue to do so over the following months. Therefore, the Company does not expect a material negative cashflow impact regarding exchange rate variations on the semi-annual payment of the Bonds.

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 30th, 2023, DSRA had R\$ 54,998 deposited (R\$ 57,283 as of December 31,2022).

On December 30, 2022, as predicted in the amortization schedule, the Company sent the resources for the payment of R\$ 28,666 of principal amortization and interest in the amount of R\$ 57,311, to the Payment Account (Escrow Deposits). Due to the bank holiday, however, this payment was settled on January 3rd, 2023.

Non-deliverable forward (NDF)

The Company’s cash inflows come from Ferroport through dividends distributed, are passed through to the Company on a quarterly basis.

Via the issuance of senior debt contracts, the Company contracted agreed to 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.

Warranties 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 FP Newco; (iii) Statutory lien on the loan between Prumo Participações and Ferroport and (iv) Statutory Line of credit receivables and accounts.

Movements:

	Cash Flow			Noncash effect			
	12/31/2022	Secured / (settled)	Interest paid (financing)	Addition of transaction costs	Interest and exchange variance	Amortization of transaction costs	9/30/2023
Bonds	<u>1,509,431</u>	<u>(39,713)</u>	<u>(110,990)</u>	-	20,553	11,004	<u>1,390,285</u>
	<u>1,509,431</u>	<u>(39,713)</u>	<u>(110,990)</u>	-	<u>20,553</u>	<u>11,004</u>	<u>1,390,285</u>

	Cash Flow			Noncash effect			
	12/31/2021	Secured / (settled)	Interest paid (financing)	Addition of transaction costs	Interest and exchange variance	Amortization of transaction costs	12/31/2022
Bonds	<u>1,552,447</u>	<u>(8,561)</u>	<u>(57,855)</u>	-	8,338	15,062	<u>1,509,431</u>
	<u>1,552,447</u>	<u>(8,561)</u>	<u>(57,855)</u>	-	<u>8,338</u>	<u>15,062</u>	<u>1,509,431</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, 2023 and December 31, 2022 the balance of deferred income and social contribution tax asset not recognized was R\$ 238,945 and R\$ 202,898 respectively.

10 Taxes and social contributions payable

	9/30/2023	12/31/2022
PIS/COFINS	15	32
Income tax - Withheld	1	-
IOF Payable	-	629
	<u>16</u>	<u>661</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	
	01/01/2023 to 09/30/2023	01/01/2022 to 09/30/2022	07/01/2023 to 09/30/2023	07/01/2022 to 09/30/2022
Profit/ (Loss) before income and social contribution taxes	140,586	118,743	(23,170)	(16,279)
Income and social contribution taxes at the rate (34%)	(47,799)	(40,373)	7,878	5,535
Adjustment to determine the effective rate				
Tax credits not recognized – Temporary differences	19,795	12,489	(17,785)	(15,552)
Tax credits not recognized – Tax loss	(36,047)	(32,390)	(10,539)	(11,887)
Equity income	64,258	59,461	19,885	21,708
Other	(207)		561	
Total income and social contribution taxes	-	(813)	-	(196)
Effective rate	0,00%	-0,69%	0,00%	1,21%
Current	-	-	-	-
Deferred	-	(813)	-	(196)
Total income and social contribution taxes	-	(813)	-	(196)

11 Equity

a. Share capital

The Company's ownership structure as of September 30, 2023 is as follows:

Shareholder	9/30/2023		12/31/2022	
	Quantity of common shares (thousand)	%	Quantity of common shares (thousand)	%
FP NewCo	820,362	100.00	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 Financial income (expenses)

	Nine months		Three months	
	1/1/2023 to 9/30/2023	1/1/2022 to 9/30/2022	7/1/2023 to 9/30/2023	7/1/2022 to 9/30/2022
Financial revenue				
Loan interests	-	874	-	-
Interests on short-term investments	2,970	3,518	289	205
Derivatives	4,465	11,015	3,608	1,782
Interests earned	194	282	51	95
Exchange variance on loans	252,329	337,302	25,091	21,956
	259,958	352,991	29,039	24,038
Financial expenses				
Interests on loans	(80,595)	(84,339)	(26,160)	(28,877)
Exchange variance on loans	(191,575)	(291,399)	(77,391)	(70,294)
Commission and brokerage fees	(13,264)	(11,270)	(4,928)	(3,538)
Derivatives	(13,161)	(11,539)	(1,943)	(1,206)
Taxes on financial revenue	(9,106)	(10,372)	-	(115)
Other	(456)	-	(162)	-
	(308,157)	(408,919)	(110,584)	(104,030)
	(48,199)	(55,928)	(81,545)	(79,992)

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:

	9/30/2023			12/31/2022		
	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	66,351	-	-	1,851	-	-
Escrow account	54,998	-	-	143,260	-	-
Loan with related parties	241,895	-	-	187,866	-	-
Dividends	48,869	-	-	21,100	-	-
	412,113	-	-	354,077	-	-
Liabilities						
Other payables	419	-	-	19	-	-
Derivatives	-	-	915	-	-	324
Accounts payable to related parties	52	-	-	52	-	-
Loans and borrowings	1,390,285	-	-	1,509,431	-	-
	1,390,756	-	915	1,509,502	-	324

	9/30/2023			12/31/2022		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Liabilities						
Other payable	-	419	-	-	19	-
Derivatives	-	915	-	-	324	-
Accounts payable to related parties	-	52	-	-	52	-
Loans and borrowings	-	1,390,285	-	-	1,509,431	-
	-	1,391,671	-	-	1,509,826	-

- **(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 disclosure purposes only is R\$1.336.495 (R\$ 1,441,801 as of December 31, 2022)

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

Currency 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	NDF contracted in R\$		Mark-to-market (MTM) in R\$	
	Notional	Maturity	9/30/2023	12/31/2022
		(Month/year)		
Forward USD	2,031	06/2023	-	(171)
Forward USD	3,386	06/2023	-	(153)
Forward USD	8,505	12/2023	(1,530)	-
Forward USD	2,381	12/2023	(278)	-
Forward USD	1,936	12/2023	283	-
Forward USD	1,895	12/2023	359	-
Forward USD	3,673	12/2023	251	-
Net			(915)	(324)

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%.

9/30/2023	Actual	USD +10%	USD +20%	USD +30%
Loan				
Senior Secured Bonds	<u>1.428.676</u>	<u>1.571.544</u>	<u>1.714.411</u>	<u>1.857.279</u>
Total	1.428.676	1.571.544	1.714.411	1.857.279
12/31/2022				
Loan				
Senior Secured Bonds	<u>1,528,302</u>	<u>1,681,132</u>	<u>1,833,962</u>	<u>1,986,793</u>
Total	1,528,302	1,681,132	1,833,962	1,986,793

(ii) Liquidity risk

The table below denotes the main financial liabilities of the Company as of September 30, 2023. 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							
Accounts payable to related parties	-	52	-	-	-	-	52
Other payable	-	419	-	-	-	-	114
Loans and borrowings	-	157,553	172,050	220,568	619,405	809,803	1,979,379
Total by time range	-	158,024	172,050	220,568	619,405	809,803	1,979,850

(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	9/30/2023	12/31/2022
Cash and banks	66,351	1,851
Escrow account	54,998	143,260
Related-party loan	<u>241,895</u>	<u>187,866</u>
	363,244	332,977

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
Controller & Tax Manager

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