



Prumo Logística S.A.

Financial statements

December 31, 2022 and 2021

Contents

Message from Management	3
Independent auditors' report on the financial statements	6
Statements of financial position	10
Statements of operations	12
Statements of other comprehensive income	13
Statements of changes in shareholder's equity	14
Statements of cash flows	15
Statements of added value	16
Notes to the individual and consolidated financial statements	18

Message from Management

2022 Overview

2022 was a year of major achievements for the Porto do Açu complex. We achieved significant growth within the group, with new contracts and record operations. At Caruara, we opened the doors of our Private Natural Heritage Reserve (RPPN) to the outside public, which elevated it to the status of a social and environmental legacy in the state. We also made progress in signing memorandums with global companies for low-carbon manufacturing at Açu, paving the way for it to be recognized as the port of the country's energy transition.

The Port of the energy transition and MoUs signed in 2022

Amid a global push for decarbonization, the infrastructure and strategic location of Porto do Açu have become a veritable differential to serve the entire renewable value chain, from energy generation to equipment manufacturing and logistics. This infrastructure was showcased at COP 27, a global climate event hosted this year in Egypt, in which Açu participated for the first time.

This vocation is materialized through ongoing partnerships announced in 2022 for the installation of green hydrogen plants, signed with Linde/White Martins and Shell Brazil - the latter being a pilot plant scheduled to operate in 2025 - and also for ongoing photovoltaic projects with Equinor.

In 2022, Porto do Açu also emerged as an area on the Brazilian coast with one of the best conditions for setting up bases and support for the development of offshore wind farms, with major global players interested in developing their projects. Three Memorandums of Understanding for feasibility studies were announced with global giants EDF Renewables, TotalEnergies, and Neoenergia (controlled by Iberdrola) for the development of these farms.

According to data from the National Waterway Transportation Agency (Antaq), the industrial port located in São João da Barra (RJ) occupies the second position in cargo movement in the country when compared with organized ports. This result is driven by the new record of the Multicargo Terminal (T-MULT), which handled 1.57 million tons in 2022. Since the start of operations in 2016, T-MULT has already handled an accumulated 6 million tons and has 48 clients in its portfolio, with an average annual growth of 45%. Over the last year, Açu closed important new contracts and partnerships and received 4,243 vessels, totaling more than 17,000 since its inauguration in 2014.

In the offshore terminals, Prumo increased its interest in Vast Infraestrutura, formerly Açu Petróleo, which underwent a rebranding process to become the sole owner of the company. The company presented robust growth and significant results in 2022. The name change represents an expansion of its business and a new positioning in the infrastructure market. The brand is forward-looking and has an eye on the future of energy. The company is no longer exclusively an oil transshipment company, but is expanding its portfolio to enable the movement of other liquids. Responsible for moving over 30% of Brazilian oil exports, Vast broke new operation records and expanded its customer base, with new contracts signed, mainly with Chinese oil operators. The Terminal was the 5th largest private terminal in the country in 2022, moving 34 million tons, 10% more than the previous year. In terms of barrels moved, there were 155 million bbl (+27%) and 166 transshipment operations (+35%).

Throughout the year, we were recognized for good environmental and operational practices. Porto do Açu received the Maritime Award of the Americas 2022 in the category "Green and Sustainable Port Operations". The award is an initiative of the American Association of Port Authorities, which is part of the Inter-American Committee on Ports (S/CIP) of the Organization of American States (OAS), which recognizes port development actions that comply with sustainable environmental practices.

We also won 1st place in the ANTAQ Award - National Waterway Transportation Agency 2022, with the project 'Transition to a low-carbon economy and the development of offshore wind energy production in Brazil: contributions from Porto do Açu to Marine Spatial Planning (PEM), carried out to expedite the viability of offshore wind projects in Brazil. We also ranked 4th out of 210 public and private terminals with the highest number of ISO certifications, which also recognizes the fact that we are the only port in Brazil to receive the EcoPorts international certification, the industry's main certification that incorporates internationally recognized essential environmental management standards.

Our commitment to the safety of our teams and the pursuit of forming a diverse and inclusive team also earned plaudits in 2022. We received the Human Being award at Prumo, from the Brazilian Human Resources Association of Rio de Janeiro (ABRH-RJ), for the Diversity & Inclusion Journey case study, carried out jointly by Prumo, Porto do Açu Operações, Ferroport, Vast Infraestrutura, Gás Natural Açu, Dome Serviços Integrados, and NFX.

We are convinced that the new strategic orientation, which already brought excellent results in 2022, will continue to attract new customers and generate positive results in 2023.



KPMG Auditores Independentes Ltda.
Rua do Passeio, 38 - Setor 2 - 17º andar - Centro
20021-290 - Rio de Janeiro/RJ - Brasil
Caixa Postal 2888 - CEP 20001-970 - Rio de Janeiro/RJ - Brasil
Telefone +55 (21) 2207-9400
kpmg.com.br

Independent auditors' report on the individual company and consolidated financial statements

(A free translation of the original report in Portuguese, prepared in accordance with the accounting practices adopted in Brazil and International Financial Reporting Standards – IFRS)

To the Board of Directors and Management

Prumo Logística S.A

Rio de Janeiro - RJ

Opinion

We have audited the individual and consolidated financial statements of Prumo Logística S.A. (“the Company”), identified as Parent Company and Consolidated, respectively, which comprise the financial position as of December 31, 2022, the statements of operations and other comprehensive income (loss), changes in shareholder’s equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

Opinion on the individual company financial statements

In our opinion, the accompanying individual financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022, and of its financial performance and its cash flows for the year then ended in accordance with accounting practices adopted in Brazil.

Opinion on the consolidated financial statements

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2022, and its consolidated financial performance and its cash flows for the year then ended in accordance with accounting practices adopted in Brazil and with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors’ responsibilities for the audit of the individual and consolidated financial statements section of our report. We are independent of the Company and its subsidiaries in accordance with the ethical requirements included in the Accountant Professional Code of Ethics (“Código de Ética Profissional do Contador”) and in the professional standards issued by the Brazilian Federal Accounting Council (“Conselho Federal de Contabilidade”) and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter – Statements of value added

The individual and consolidated statements for value added (DVA) for the year ended December 31, 2022, prepared under the responsibility of the Company's management, presented herein as supplementary information for IFRS purposes and which presentation is not required for private entities, have been subject to audit procedures jointly performed with the audit of the Company's financial statements. In order to form our opinion, we assessed whether those statements are reconciled with the financial statements and accounting records, as applicable, and whether their format and contents are in accordance with criteria determined in the Technical Pronouncement 09 (CPC 09) – Statements of Value Added issued by the Committee for Accounting Pronouncements (CPC). In our opinion, the statements of value added have been fairly prepared, in all material respects, in accordance with the criteria determined by the aforementioned Technical Pronouncement and are consistent with the overall individual and consolidated financial statements.

Other information accompanying the individual and consolidated financial statements and the auditor's report

Management is responsible for the other information comprising the management report.

Our opinion on the individual and consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the individual and consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the individual and consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the individual and consolidated financial statements

Management is responsible for the preparation and fair presentation of the individual financial statements in accordance with accounting practices adopted in Brazil and consolidated financial statements in accordance with accounting practices adopted in Brazil and with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error

In preparing the individual and consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of the individual and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Brazilian and international standards on auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these individual and consolidated financial statements.

As part of an audit in accordance with Brazilian and international standards on auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and its subsidiaries internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the individual and consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Rio de Janeiro, March 31, 2023

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

(Original report in Portuguese signed by)
Luis Claudio França de Araújo
Accountant CRC RJ-091559/O-4

Prumo Logística S.A.

Statements of financial position as of December 31, 2022 and 2021
(In thousands of Reais)

		Parent company		Consolidated	
	Note	2022	2021	2022	2021
Assets					
Current					
Cash and cash equivalents	6	271,538	186,318	437,639	305,567
Securities	6	48,258	32,575	484,598	169,856
Restricted cash	6	36,840	33,463	290,307	51,801
Escrow accounts	7	-	-	308,044	211,262
Receivables	8	-	-	139,742	81,373
Related-party loans	19	-	-	-	73,355
Accounts receivable from related parties	19	1,815	754	17,139	6,613
Recoverable taxes	9	7,871	6,470	49,285	42,600
Income taxes and social contributions recoverable	9	430	-	28,802	13,990
Dividends receivable	19	-	-	21,100	-
Other receivables		68,263	5,194	82,553	25,509
		435,015	264,774	1,859,209	981,926
Non-current assets held for sale		-	-	-	213,953
Total current assets		435,015	264,774	1,859,209	1,195,879
Noncurrent					
Securities	6	-	-	3,074,592	-
Escrow accounts	7	-	-	187,411	111,483
Receivables	8	-	-	88,371	48,310
Accounts receivable from related parties	19	-	1,536	24,183	41,849
Related-party loans	19	44,974	40,107	127,048	113,278
Debentures	13	-	-	659,393	659,393
Third-party receivables	14	-	-	70,031	80,031
Returnable down payments	11	-	-	58,760	58,744
Judicial deposits	12	450	496	12,254	11,443
Recoverable taxes	9	2,647	4	4,651	23,302
Deferred taxes	10	-	-	372	107
Other		1,535	-	2,749	684
Investments					
Equity interests	15	564,294	1,191,571	1,561,307	1,710,210
Investment property	16	-	-	529,817	526,950
Property, plant and equipment	17	2,747	3,076	4,309,362	4,595,720
Intangible assets	18	2,952	3,537	67,166	74,452
Right of use	25	859	2,052	40,300	30,751
Total noncurrent assets		620,458	1,242,379	10,817,767	8,086,707
Total assets		1,055,473	1,507,153	12,676,976	9,282,586

The notes are an integral part of these financial statements

Prumo Logística S.A.

Statements of financial position as of December 31, 2022 and 2021
(In thousands of Reais)

	Note	Parent company		Consolidated	
		2022	2021	2022	2021
Liabilities					
Current					
Trade payables	20	7,655	10,236	74,904	55,489
Loans, borrowings and debentures	22	-	-	746,426	413,791
Lease liabilities	25	1,667	1,364	6,027	5,904
Salaries and charges payable		27,111	33,621	70,525	69,344
Accounts payable to related parties	19	8	1	13,849	9,916
Customer advances		-	-	460	3,102
Taxes and contributions payable	23	8,426	7,418	23,861	16,963
Income tax and social contribution payable	23	-	-	16,108	9,959
Derivatives – hedge	35	-	-	324	183
Other accounts payable		-	-	1	6
		44,867	52,640	952,485	584,659
Non-current liabilities held for sale		-	-	-	26,028
Total current liabilities		44,867	52,640	952,485	610,687
Noncurrent					
Trade payables	20	-	14	152	2,027
Loans, borrowings and debentures	22	-	-	12,961,517	7,762,894
Lease liabilities	25	246	1,634	39,124	28,618
Related-party loans	19	2,181,338	1,374,838	1,203,954	1,287,668
Liabilities towards third parties	14	-	-	19,880	20,023
Customer advances		-	-	-	15,543
Taxes and contributions payable	23	64,848	66,817	64,848	66,817
Provision for contingencies	24	-	-	13,260	25,942
Provision for investment devaluation	15	1,904,652	1,371,524	122,732	126,072
Deferred taxes	10	-	-	193,647	192,119
Other accounts payable		-	-	484	483
Total noncurrent liabilities		4,151,084	2,814,827	14,619,598	9,528,206
Equity	27				
Share capital		3,292,821	3,292,821	3,292,821	3,292,821
Capital reserves		(728,726)	298,466	(728,726)	298,466
Other comprehensive income		804,794	1,040,609	804,794	1,040,609
Accumulated losses		(6,509,367)	(5,992,210)	(6,519,723)	(6,006,269)
Equity attributable to owners of the company		(3,140,478)	(1,360,314)	(3,150,834)	(1,374,373)
Non-controlling interests		-	-	255,727	518,066
Total equity		(3,140,478)	(1,360,314)	(2,895,107)	(856,307)
Total liabilities and equity		1,055,473	1,507,153	12,676,976	9,282,586

The notes are an integral part of these financial statements

Prumo Logística S.A.

Statements of operations
Years ended December 31, 2022 and 2021
(In thousands of Reais)

		Parent Company		Consolidated	
	Note	2022	2021	2022	2021
Net service revenue	29	-	-	1,048,373	788,648
Cost of services provided	30	-	-	(620,111)	(471,897)
Gross profit		-	-	428,262	316,751
Operating income (expenses)					
General and administrative expenses	31	(92,402)	(84,505)	(265,261)	(267,200)
Reversal of (allowance for) doubtful accounts	6.7.8	(72)	9	233	19,304
Asset impairment	16.17	-	-	14,450	17,155
Reversal of the provision for losses on returnable down payments	11	-	-	4,389	10,015
Reversal of asset impairment	16	-	-	(14,450)	(18,347)
Other revenue	14	77	-	8,662	2,784
Other expenses		(58)	(1,995)	(5,445)	(6,652)
Profit/loss before finance income/costs.		(92,518)	(86,414)	170,840	73,810
Finance income (costs)					
Finance revenue	32	181,104	13,263	1,087,802	464,066
Finance costs	32	(22,029)	(129,042)	(1,889,167)	(1,659,248)
		159,075	(115,779)	(801,365)	(1,195,182)
Share of profit (loss) of equity-accounted investees	15	(583,714)	(801,483)	64,479	81,765
Gain on sale of investments		-	-	-	163,438
Profit/loss before taxes		(517,157)	(1,003,676)	(566,046)	(876,169)
Current income tax and social contribution	23	-	-	(16,489)	(39,818)
Deferred income tax and social contribution	23	-	-	3,141	(55,710)
Loss for the year from continuing operations		(517,157)	(1,003,676)	(579,394)	(971,697)
Profit/loss from held-for-sale operations		-	-	-	(58,404)
Loss for the year from discontinued operations		-	-	-	(58,404)
Loss for the year		(517,157)	(1,003,676)	(579,394)	(1,030,101)
Income attributable to:					
Owners of the company	28	(517,157)	(1,003,676)	(513,464)	(993,856)
Noncontrolling shareholders		-	-	(65,930)	(36,245)
Loss for the year		(517,157)	(1,003,676)	(579,394)	(1,030,101)
Earnings (loss) per share					
Basic and diluted net loss per common share - (in R\$)	28	(1.37536)	(2.66923)	(1.36553)	(2.64311)

The notes are an integral part of these financial statements

Prumo Logística S.A.

Statements of other comprehensive income
Years ended December 31, 2022 and 2021
(In thousands of Reais)

	Parent company		Consolidated	
	2022	2021	2022	2021
Loss for the year	(517,157)	(1,003,676)	(579,394)	(1,030,101)
Other comprehensive income from continued operations				
Items that can be subsequently reclassified to profit or loss (net of tax):				
Accumulated translation adjustments	(203,903)	23,977	(203,903)	29,971
Hedge operation gain	(4,384)	833	(4,384)	1,284
Effect of issuing shares with no par value in Vast	(22,182)	-	(22,182)	-
Gain on percentage variance in investee at GNA	2,314	323	2,314	-
Loss on percentage variance in investee at PDA	(7,660)	(6,661)	(7,660)	(75,000)
Transactions between shareholders	-	-	-	5,432
Discontinued operations				
Effect on other comprehensive income for the year due to loss of control following disposal of interests	-	(4,489)	-	(10,270)
Losses on hedge transactions	-	(10,393)	-	(23,779)
Total comprehensive income for the year	(752,972)	(1,000,086)	(815,209)	(1,102,463)
Comprehensive income attributable to:				
Owners of the company	(752,972)	(1,000,086)	(749,279)	(1,066,218)
Noncontrolling shareholders	-	-	(65,930)	(36,245)

See the accompanying notes to the financial statements.

Prumo Logística S.A.

Statements of changes in shareholder's equity (parent company and consolidated)
Years ended December 31, 2022 and 2021
(In thousands of Reais)

	Capital Reserve				Other Comprehensive Income						Accumulated losses	Equity - parent company	Other	Total	Non-controlling interests	Total equity
	Share capital	Goodwill on share issuance	Options options granted	Expenses relating to share issuances	Resulting capital reserve - Ferropor	Resulting capital reserve - GNA Group	Siemens subscription bonus - effect	Gain/(loss) on change in percentage holding in investee	Asset and liability valuation adjustment / due to loss of control	Accumulated translation adjustments						
Balance at January 01, 2021	3,292,821	266,974	63,336	(31,844)	125,182	-	13,231	545,850	14,885	337,871	(4,988,534)	(360,228)	(23,879)	(384,107)	1,186,858	802,751
Net loss for the year	-	-	-	-	-	-	-	-	-	-	(1,003,676)	(1,003,676)	9,820	(993,856)	(36,245)	(1,030,101)
Effects on other comprehensive income for the period due to loss of control following disposal of interests	-	-	-	-	-	-	-	-	(4,489)	-	-	(4,489)	-	(4,489)	(5,781)	(10,270)
Accumulated translation adjustments	-	-	-	-	-	-	-	-	-	23,977	-	23,977	-	23,977	5,994	29,971
Gain (loss) on change in percentage holding in GNA	-	-	-	-	-	-	-	323	-	-	-	323	-	323	(323)	-
Deconsolidation GNA I and GNA II	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(556,595)	(556,595)
Gain (loss) on change in percentage holding in Porto do Açú	-	-	-	-	-	-	-	(6,661)	-	-	-	(6,661)	-	(6,661)	6,617	56
Recognition of hedge via equity income method - loss of control	-	-	-	-	-	-	-	-	(10,393)	-	-	(10,393)	-	(10,393)	(13,386)	(23,779)
Recognition of hedge via equity income method	-	-	-	-	-	-	-	-	833	-	-	833	-	833	451	1,284
Capital reduction at Açú Petróleo	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(75,000)	(75,000)
Contribution from noncontrolling shareholders of GNA group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,376	5,376
Balance at December 31, 2021	3,292,821	266,974	63,336	(31,844)	125,182	-	13,231	539,512	836	361,848	(5,992,210)	(1,360,314)	(14,059)	(1,374,373)	518,066	(856,307)

	Capital Reserve					Other comprehensive income					Accumulated losses	Equity - parent company	Other	Total	Non-controlling interests	Total equity
	Share capital	Goodwill on share issuance	Options options granted	Expenses relating to share issuances	Loss on downstream merger of subsidiary shares	Resulting capital reserve - Ferropor	Siemens subscription bonus - effect	Gain/(loss) on change in percentage holding in investee	Asset and liability valuation adjustment / due to loss of control	Accumulated translation adjustments						
Balance at January 01, 2022	3,292,821	266,974	63,336	(31,844)	-	125,182	13,231	539,512	836	361,848	(5,992,210)	(1,360,314)	(14,059)	(1,374,373)	518,066	(856,307)
Loss for the year	-	-	-	-	-	-	-	-	-	-	(517,157)	(517,157)	3,693	(513,464)	(65,930)	(579,394)
Downstream merger	-	-	-	-	(1,124,252)	-	-	-	-	-	-	(1,124,252)	-	(1,124,252)	(27,729)	(1,151,981)
Accumulated translation adjustments	-	-	-	-	-	-	-	-	-	(203,903)	-	(203,903)	-	(203,903)	(90,011)	(293,914)
Effect of issuing shares with no par value in Vast	-	-	-	-	97,060	-	-	(22,182)	-	-	-	74,878	-	74,878	-	74,878
Recognition of hedge via equity income method	-	-	-	-	-	-	-	-	(4,384)	-	-	(4,384)	-	(4,384)	(2,346)	(6,730)
Capital reduction at Oiltanking	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(20,735)	(20,735)
Loss on percentage variance in the investee PDA	-	-	-	-	-	-	-	(7,660)	-	-	-	(7,660)	-	(7,660)	7,660	-
Contribution from noncontrolling shareholder of GNA group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,960	2,960
Gain on percentage variance in the investee GNA	-	-	-	-	-	-	-	-	2,314	-	-	2,314	-	2,314	(2,314)	-
Holdco	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(64,261)	(64,261)
Share buyback - GNA Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	367	377
Deferred adjustment and other	-	-	-	-	-	-	-	-	-	-	-	-	10	10	-	-
Balance at December 31, 2022	3,292,821	266,974	63,336	(31,844)	(1,027,192)	125,182	13,231	509,670	(1,234)	157,945	(6,509,367)	(3,140,478)	(10,356)	(3,150,834)	255,727	(2,895,107)

The notes are an integral part of these financial statements

Prumo Logística S.A.

Statements of cash flows

Years ended December 31, 2022 and 2021

	Parent company		Consolidated	
	2022	2021	2022	2021
Cash flows from operating activities				
Loss before tax	(517,157)	(1,003,676)	(566,046)	(964,491)
Expenses (income) not affecting cash:				
Loss before tax on held-for-sale operations (note 26)	-	-	-	88,322
Amortization of right of use	1,193	1,151	4,671	4,418
Depreciation and amortization	1,420	1,420	252,632	229,619
Write-off of property, plant and equipment	32	-	18,938	18,347
Share of profit (loss) of equity-accounted investees	583,714	801,483	(64,479)	(81,765)
Exchange and monetary variance and interest	(159,626)	83,660	1,185,028	1,122,672
Amortization of transaction costs	-	-	107,673	48,242
Gain (loss) on disposal of investments	-	-	-	(163,438)
PIS/COFINS credit on property, plant and equipment	-	-	-	(14,109)
Provision for (reversal of) loss of returnable down payments	-	-	(4,389)	(10,015)
Provision for (reversal of) loss - receivables	72	-	8,612	(19,304)
Asset impairment	-	-	(13,725)	(17,155)
Provision for bonuses	31,420	30,102	61,298	57,457
Provision for (reversal of) contingencies	-	(818)	(257)	18,615
(Increase) decrease in receivables - straight-line revenue	-	-	(34,104)	-
Estimated loss	-	(9)	-	-
	(58,932)	(86,687)	955,852	317,415
(Increase) decrease in assets and increase (decrease) in liabilities:				
Receivables	-	-	(9,145)	(21,179)
Returnable down payments	-	-	(16)	1,744
Judicial deposits	-	-	(811)	(856)
Recoverable taxes	(4,044)	900	(2,846)	55,465
Third-party receivables	-	-	(8,671)	-
Other receivables	3,273	(3,854)	20,270	(6,927)
Trade payables	(2,899)	5,926	13,018	(26,723)
Related parties - accounts receivable	481	8,028	7,142	(34,692)
Customer advances	-	-	(18,185)	(10,972)
Taxes and contributions payable	(961)	750	24,096	19,906
Related parties - accounts payable	7	(2,074)	3,937	(4,134)
Salaries and vacation payable	(37,930)	(37,132)	(60,117)	(61,019)
Other accounts payable	-	-	(12,682)	(2,326)
Payment of income and social contribution taxes due	-	-	(13,018)	(29,967)
Net cash provided by (used in) operating activities	(101,005)	(114,143)	898,824	195,735
Cash flows produced by investment activities				
Acquisition of property, plant and equipment	(258)	(88)	(84,594)	(99,244)
Acquisition of intangible assets	(306)	-	(2,504)	(1,705)
Property for investment	-	-	(2,867)	-
Capital decrease at subsidiary	62,441	225,000	-	-
Sale of property, plant and equipment	-	-	-	2,230
Share buyback - GNA Group	116,830	-	(64,264)	-
Capital decrease in subsidiary by NCI	-	-	(20,735)	(75,000)
Sale of equity interest	-	-	-	409,035
Securities	(15,683)	(7,605)	(2,998,759)	276,106
Capital increase by subsidiary	(862,248)	(174,464)	-	-
Acquisition of NCI - VAST	-	-	(1,303,010)	-
Dividends received	-	-	185,547	-
Loans awarded to related parties	-	-	-	(302,262)
Loans from related parties	-	-	74,098	331,228
Net cash from (used in) investment activities	(699,224)	42,843	(4,217,088)	540,388
Cash flows from financing activities				
Capital increase in subsidiary by NCI	-	-	2,960	2,655
Increase in subsidiary reserves by NCI	-	-	-	2,721
Restricted cash	(3,377)	30,735	(238,506)	237,354
Lease liability	(1,388)	(260)	(2,996)	(587)
Escrow accounts	-	-	(178,432)	(155,308)
Interest paid	-	-	(961,812)	(656,173)
Cost of transaction with third parties	-	-	(252,935)	(1,165)
Hedge	-	-	(3,376)	(2,036)
Loans received from related parties (shareholder)	890,214	87,171	-	-
Loans from third parties	-	-	6,409,786	-
Loans settled with third parties	-	-	(1,302,611)	(149,456)
Net cash provided by (used) in financing activities	885,449	117,646	3,472,078	(721,995)
Increase (decrease) in cash and cash equivalents	85,220	46,346	153,814	14,128
At beginning of year	186,318	139,972	305,567	318,210
At end of the year	271,538	186,318	437,639	305,567
Exchange variance on cash and cash equivalents	-	-	21,742	26,771
Increase (decrease) in cash and cash equivalents	85,220	46,346	153,814	14,128

The notes are an integral part of these financial statements

Prumo Logística S.A.

Value Added Statements

Years ended December 31, 2022 and 2021

(In thousands of Reais)

	Parent company		Consolidated	
	2022	2021	2022	2021
Revenue				
Sales of merchandise, goods and services	-	-	1,170,922	888,730
Other revenue	14	77	8,662	2,784
Gain on disposal of investments	-	-	-	163,438
Construction of own assets	-	-	67,359	74,479
	14	77	1,246,943	1,129,431
Inputs purchased from third parties (including ICMS and IPI)				
Cost of goods, merchandise and services sold	-	-	(334,748)	(221,455)
Material, energy, outsourced services and other	(21,979)	(19,190)	(144,849)	(169,821)
Loss/recovery of assets	(130)	9	(37)	42,130
Other expenses	2	(1,995)	(2,113)	(21,335)
	(22,107)	(21,176)	(481,747)	(369,801)
Gross value added	(22,093)	(21,099)	765,196	759,630
Depreciation, amortization and depletion	(2,613)	(2,572)	(257,303)	(232,845)
Added value produced by the Company	(24,706)	(23,671)	507,893	526,785
Transferred value added				
Share of profit (loss) of equity-accounted investees	(583,713)	(801,483)	64,479	81,765
Profit/loss from held-for-sale operations	-	-	-	(58,404)
Finance revenue	181,103	13,263	1,087,802	464,066
Deferred income tax	-	-	3,141	(55,710)
	(402,610)	(788,220)	1,155,422	431,717
Added value to be distributed	(427,316)	(811,891)	1,663,315	958,502
Distribution of added value				
Employees				
Direct compensation	24,890	23,203	81,863	75,428
Benefits	27,971	25,701	80,745	70,113
FGTS	1,008	860	4,989	4,299
	53,869	49,764	167,597	149,840
Taxes				
Federal taxes	10,441	10,723	150,190	152,928
State taxes	8	-	277	114
Municipal taxes	-	-	23,849	18,673
	10,449	10,723	174,316	171,715
Interest on third-party capital				
Finance cost	22,029	129,042	1,889,167	1,659,248
Rentals	3,494	2,256	11,629	7,800
	25,523	131,298	1,900,796	1,667,048
Return on equity capital				
Loss for the year	(517,157)	(1,003,676)	(513,464)	(993,856)
Noncontrolling interest in accumulated losses	-	-	(65,930)	(36,245)
	(517,157)	(1,003,676)	(579,394)	(1,030,101)
	(427,316)	(811,891)	1,663,315	958,502

See the accompanying notes to the financial statements.

Prumo Logística S.A.

Notes to the individual and consolidated financial statements
December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

1. Reporting entity

Prumo Logística S.A. ("Prumo" or "Company") was incorporated in 2007 in order to develop integrated logistics and infrastructure ventures, mainly in the port sector. The Company currently carries out its operations via its subsidiaries Porto do Açú Operações S.A. ("Porto do Açú"), Vast Infraestrutura S.A. ("Vast"), Gás Natural Açú S.A. ("GNA"), UTE GNA I Geração de Energia S.A. ("GNA I"), its indirect joint subsidiary ("joint operation") Ferroport Logística Comercial Exportadora S.A. ("Ferroport"), Consórcio Dome Serviços Integrados and the joint subsidiary NFX Combustíveis Marítimos Ltda. ("NFX").

As of December 31, 2022 the Company's consolidated equity value is a negative R\$ 7.91 per share (R\$ 2.28 as of December 31, 2021), presenting a consolidated loss in the year of R\$ 579,394 (Loss of R\$ 1,030,101 as of December 31, 2021) and consolidated positive working capital of R\$ 906,724 (a positive R\$ 397,267 as of December 31, 2021).

The high negative variance of the equity value in relation to 2021 was due to the goodwill on the sale of Oiltanking's 20% equity interest in Vast Infraestrutura S.A. to CL 012, which was subsequently merged into Vast Infraestrutura S.A. As a consequence of this movement, the entire shares in the acquirer held by the acquiree were canceled and new registered common shares with no value were issued by the Acquirer, subscribed by Prumo, the acquiree's sole shareholder.

The Company factors technical feasibility studies and projected cash flows for the next 22 years into its long-term business plan for the subsidiary Porto do Açú, as most of the existing and upcoming contracts are long-term, which means the company can assure its future earnings and has full capacity to recover accumulated losses.

Prumo Logística S.A.

Notes to the individual and consolidated financial statements
December 31, 2022 and 2021
(In thousands of Reais, unless stated otherwise)

1. Reporting entity --- Continued

Porto do Açu

In 2022, Porto do Açu was lauded for its good environmental and operational practices with the Maritime Award of the Americas 2022 in the category "Green and Sustainable Port Operations". Ranked in 1st place in the ANTAQ - National Waterway Transportation Agency 2022 Award, for the project 'Transition to a low-carbon economy and the development of offshore wind energy production in Brazil: contributions from Porto do Açu to Marine Spatial Planning (PEM)', carried out to expedite the viability of offshore wind projects in Brazil. We ranked 4th out of 210 public and private terminals with the highest number of ISO certifications, which also recognizes the fact that we are the only port in Brazil to receive the EcoPorts international certification, the industry's main certification that incorporates internationally recognized essential environmental management standards.

Last year the Multicargo Terminal (T-MULT) achieved a new record for handling 1.57 million tons. Since the start of operations in 2016, T-MULT has already handled an accumulated 6 million tons and has 48 clients in its portfolio, with an average annual growth of 45%. Over the last year, Porto do Açu closed important new contracts and partnerships and received 4243 visits, totaling more than 17,000 visits since its inauguration in 2014.

Vast Infraestrutura S.A. ("Vast" - formerly Açu Petróleo S.A.)

By way of its subsidiary Açu Petróleo Luxembourg S.A.R.L ("AP Lux"), on January 13, 2022 Vast issued debt securities in the international capital market in the form of bonds with senior guarantee in the total amount of USD 600,000 (2,842,680), at the rate of 7.50% p.a. and maturing on July 13, 2035, via Goldman Sachs & Co.LLC ("Issuance"). Interest is amortized semi-annually, on January 13 and July 13 each year. The Issuance is aligned with the group's strategy of leveraging its business.

On January 14, 2022 Vast formed a reserve of USD 23,827 in offshore accounts with Banco Citibank and R\$ 45,140 (USD 8,972) in onshore accounts to be deposited in the exchange fund already held by the Company, intended for escrow funds, which can only be released or cleared after the debt has been settled.

The Issuance's funds flowed into Vast and CL RJ 012 Empreendimentos e Participações S.A. ("CL RJ 012"), a wholly-owned subsidiary of Prumo, through the Export Credit Note ("NCE") acquired

Prumo Logística S.A.

Notes to the individual and consolidated financial statements
December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

1. Reporting entity --- Continued

by Banco Itaú and the foreign currency debenture underwritten by Banco Santander, respectively, which were indexed to the credit notes acquired by AP Lux and issued by Banco Santander and Banco Itaú. The NCEs made it possible to secure USD 350,000 (R\$ 1,658,230), while the foreign-currency debentures represented an inflow of USD 250,000 (R\$ 1,184,450), respectively.

In 2022, the Company's terminal has three berths available along the 1.4 km breakwater, two of which, the North and Central berths, are able to receive export-type vessels (Very Large Crude Carrier ("VLCC")), and the South berth able to handle up to Suezmax vessels. Said terminal ("T-Oil") is licensed to handle up to 1.2 million barrels of oil a day.

GNA Group

The company UTE GNA I Geração de Energia S.A I ("UTE GNA I") operates (i) a combined cycle thermoelectric power station of roughly 1,338 MW, which will meet the contractual obligations of UTE Novo Tempo, in relation to its energy trading agreements; (ii) an LNG regasification terminal project ("Regasification Terminal"), which will provide the capacity to import natural gas to the GNA I Project and future energy plants and other potential projects in the industrial area of Porto do Açu. The UTE GNA I comprises the development of the "Açu Gas Hub", strategically located in the north-east of Rio de Janeiro state, which intends to offer an efficient logistics solution for the sale and consumption of natural gas and its products.

The thermal power plant of the indirect joint subsidiary UTE GNA I and the LNG Regasification Terminal and 345-kV Transmission Line (*) entered into commercial operation, with the required regulatory permits, on September 16, 2021.

After starting commercial operations in September 2021, UTE GNA I remained in output until the first half of February 2022, during which time ONS requested the output be interrupted due to the increase in storage levels in all SIN subsystems, especially in the SE/CO, NE and N subsystems.

On July 29, 2022, UTE GNA I filed an arbitration proceeding against bp Gas Marketing Ltd. ("bpGM") in order to dispute the amounts charged by bpGM and provisionally paid by UTE GNA I regarding certain LNG cargoes used to comply with output notifications from the National Electricity System Operator ("ONS"), under the LNG Sale and Purchase Agreement ("LNG SPA") and the Short Term LNG Sale and Purchase Agreement ("Short Term LNG SPA"), both entered into between bpGM and UTE GNA I. Lastly, on March 01, 2023, UTE GNA I submitted its opening arguments to the Arbitration Tribunal, and on June 14, 2023, bpGM will present its defense.

Prumo Logística S.A.

Notes to the individual and consolidated financial statements

December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

1. Reporting entity --- Continued

The corporate restructuring was completed on September 19, 2022 of UTE GNA II Geração de Energia S.A. ("UTE GNA II"), which consolidates the agreements between the shareholders. The shares held by GNA Infra in UTE GNA II were transferred to Junergy Ltda ("Junergy") and BP Gás & Power ("BPGIL").

In January 2021 UTE GNA I acquired a new shareholder in its corporate structure, the company SPIC Brasil Energia Participações S.A. ("SPIC"). Following the entry of SPIC and dilution of GNA Infra's interest in UTE GNA I from 67% to 45%, GNA Infra was found to have lost its control over its investee in accordance with accounting rules. For these reasons, GNA Infra now has shared control with the remaining shareholders. Following the loss of control, GNA Infra's interest in UTE GNA I was therefore revalued at the transaction's fair value.

The shareholders' agreement contains contractual terms that establish a call option for SPIC and a put option for the remaining shareholders (GNA Infra and Siemens Par) that can be exercised between 12 months and 36 months after commercial operating start-up, for SPIC to acquire 100% of the shares UTE GNA I. The transaction will be conducted at fair value when these options are exercised, as determined by an independent appraiser.

These terms establish precedent conditions for closing the transaction, including approval/waiver of creditors and reorganizations which based on past experience take around 6 months to be obtained/realized. Due to the precedent conditions, there is no evidence to recognize these options. The GNA Holdco will continue monitoring the above factors that could influence the initial recognition and price of the options. If recognized, they will be measured at fair value to the extent they can be exercised.

a. Going concern.

The financial statements were prepared based on operational continuity, which assumes that the Company will obtain sufficient financial resources to generate future cash flow.

Prumo Logística S.A.

Notes to the individual and consolidated financial statements
December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

1. Reporting entity --- Continued

- **UTE GNA I**

The Company UTE GNA I recorded a net loss of R\$ 398,611 for the period ended December 31st, 2022 (and net loss of R\$ 346,291 on December 31st, 2021), and on that date, current liabilities exceed current assets by R\$ 3,098,543 (current liabilities exceed current assets by R\$ 173,058 on December 31st, 2021).

For the year 2022, due to non-recurring events, the Debt Service Coverage Ratio ("DSCR") was calculated below the limit established in the contract in the amount of 1.10 times.

Due to breach of covenant, the UTE GNA I transferred the loan that was in the non-current liabilities to the current liabilities in the amount of R \$ 3,062,751 due to the non-achievement of the covenants. This led to an increase in its negative net working capital. This increase does not generate uncertainty about operational continuity, due to the following points:

- Commitment of shareholders' capital contribution as contractually provided for in term and amount to cure the covenant, avoiding default on debt:
 - The shareholder capital contribution described above will be as follows:
 - Shareholders Prumo and BP authorize GNA HoldCo to release GNA Infra to partially use its ACEC (Additional Contingent Equity Commitments);
 - GNA Infra together with the other shareholders of UTE GNA I jointly contribute to the Company to cure covenants as described above.
- With the entry into commercial operation of UTE GNA II (scheduled for 2025), there will be cost sharing from its commissioning (in mid-2024), which will generate a decrease in the costs of UTE GNA I.
- The evaluation of future cash flows demonstrates that UTE GNA I will have sufficient cash generation to pay the debt installments and its commitments.

With all the points mentioned above, the Company does not recognize uncertainty about the operational capacity of its joint controlled UTE GNA I.

Prumo Logística S.A.

Notes to the individual and consolidated financial statements
December 31, 2022 and 2021
(In thousands of Reais, unless stated otherwise)

1. Reporting entity --- Continued

Based on the assessment carried out, Management understands that the business plan demonstrates that the Company will obtain sufficient financial resources to generate cash flow in the near future. Therefore, the Company's individual and consolidated financial statements were prepared on a going concern basis.

Ferroport

In 2022 a total of 21,380 thousand tons of iron ore was shipped, in 131 Capesize ships (23,142 thousand tons in 144 Capesize ships in 2021).

NFX

In 2022 approximately 210,000 tons of marine diesel oil were sold in 991 onshore operations (97,000 tons of marine diesel oil were sold in 755 onshore operations in 2021) conducted at both Tecma and T-Mult, and the terminal of Edison Chouest ("B-Port"), and other terminals of the T2 channels. In addition, 96 offshore operations were carried out with a total of 77,000 tons sold (in 2021, 96 offshore operations with a total of 29,000 tons were carried out).

Prumo Logística S.A.

Notes to the individual and consolidated financial statements
December 31, 2022 and 2021
(In thousands of Reais, unless stated otherwise)

2. Licenses and permits

New or renewed licenses or permits issued in 2022.

Company	Description	Document	Date of issuance	Term
GSA	Subject to the Preliminary license issued 01/26/2011: "For the location of the future Photovoltaic Plant (UFV Dunas) to generate solar energy with a declared net capacity of 220.9 MW and its respective transmission facilities for commercial use only".	LPI IN052621	01/26/2022	01/25/2027
Porto do Açu	Approval of the design and location of Terminal 2, a port facility intended for the handling and storage of various types of solid and liquid bulk cargoes and products for import and export, general cargo, project cargo, manufacturing and assembly of machinery, equipment and offshore structures for the oil and gas production industry, and activities to support these vessels, including a tugboat pier.	LP IN052823	06/08/2022	06/07/2027
Porto do Açu	For handling and transportation of wildlife, aiming at monitoring the aquatic biota (phytoplankton, zooplankton and benthic macrofauna) at the Multipurpose Terminal (T-MULT) dedicated to handling bulk solids and general cargo, in compliance with Operating License (LO) No. IN034002 (Process E-7/002.4604/2015).	AA IN011645	06/29/2022	03/29/2024
Porto do Açu	This license was issued on 08/22/2022 to: for dredging a volume of 7,428,136.00 m ³ for the implementation of an Approach Channel composed of an Offshore Approach Channel and an Onshore Mooring Channel with the implementation of mooring structures and other nautical structures, with jettison in licensed Disposal Area, as well as disposal of dredged material in onshore deposits.	LI IN052923	08/22/2022	08/20/2030
Porto do Açu	Authorizes the extraction of groundwater for human consumption and hygiene and irrigation.	OUT IN011479 renewing OUT IN001541	05/23/2022	05/23/2027
Porto do Açu	To locate, install and operate a nautical center, located in Terminal 2 ("T2") of Porto do Açu, including an observation post, pilotage, maintenance of nautical signaling and boats, access ramp, emergency response base (BPAAE), modular pier and operational base of tugboats to be installed in an area of 14,833.12 m ² , georeferenced through UTM coordinates SIRGS 2000 zone 24k 293130.00 m E 7578446.00 m N.	LAU IN11709	06/06/2022	02/16/2028

Prumo Logística S.A.

Notes to the individual and consolidated financial statements
December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

3. Companies of Prumo Group

		Equity interest	
	Country	2022	2021
Direct subsidiaries			
Porto do Açú Operações S.A. ("Porto do Açú") (a)	Brazil	98.37%	98.26%
LLX Brasil Operações Portuárias S.A. ("LLX Brasil")	Brazil	100.00%	100.00%
NFX Combustíveis Marítimos Ltda. ("NFX") (b)	Brazil	50.00%	50.00%
Vast Infraestrutura S.A. ("Vast") (f)	Brazil	20.00%	-
Gás Natural Açú S.A. ("GNA") (c)	Brazil	70.00%	70.00%
Prumo Participações e Investimentos S.A. ("Prumo Participações")	Brazil	-	100.00%
Heliporto do Açú S.A. ("Heliporto")	Brazil	100.00%	100.00%
Açú Petróleo Investimentos S.A. ("Açú Investimentos")	Brazil	100.00%	100.00%
Prumo Serviços e Navegação Ltda. ("Prumo Navegação")	Brazil	100.00%	99.99%
Rochas do Açú Ltda. ("Rochas do Açú")	Brazil	100.00%	99.00%
Açú Energia Renovável Ltda. ("Açú Energia")	Brazil	100.00%	99.00%
GNA Comercializadora de Energia Ltda. ("GNA III") (d)	Brazil	50.00%	50.00%
CL RJ 012 Empreendimentos e Participações S.A. ("CL RJ 012")	Brazil	-	100.00%
FP Par Ltda.	Brazil	100%	-
FP Newco S.A.	Brazil	100%	-
Indirect subsidiaries			
Ferroport Logística Comercial Exportadora S.A. (e)	Brazil	50.00%	50.00%
Vast Infraestrutura S.A. ("Vast") (f)	Brazil	80.00%	80.00%
Açú Petróleo Luxembourg S.A.R.L. ("AP Lux") (f)	Brazil	80.00%	80.00%
GSA - Grussaí Siderúrgica do Açú Ltda. ("GSA")	Brazil	99.99%	99.99%
Reserva Ambiental Fazenda Caruara S.A. ("Reserva Ambiental Caruara")(g)	Brazil	99.20%	98.99%
G3X Engenharia S.A. ("G3X")	Brazil	99.99%	99.99%
Pedreira Sapucaia Ind. e Comércio Ltda. ("Pedreira Sapucaia")	Brazil	97.25%	97.25%
Águas Industriais do Açú S.A. ("formerly EBN") ("Águas Industriais")	Brazil	100.00%	100.00%
SNF - Siderúrgica do Norte Fluminense Ltda. ("SNF")	Brazil	99.99%	99.99%
UTE GNA I Geração de Energia S.A. ("GNA I")	Brazil	44.89%	44.89%
UTE GNA II Geração de Energia Ltda. ("GNA II") (h)	Brazil	-	44.88%
Gás Natural Açú Infraestrutura S.A. ("GNA Infra")	Brazil	93.018%	93.018%
Fundo de Investimento Renda Fixa Curto Prazo Prumo	Brazil	99.99%	99.99%
Dome Serviços Integrados ("Dome") (i)	Brazil	50.00%	50.00%
Prumo Participações e Investimentos S.A. ("Prumo Participações")	Brazil	100.00%	-

(a) Venture controlled by Prumo, with Port of Antwerp International NV ("PAI") holding 1.63%

(b) Joint venture between Prumo and BP Global Investment Limited ("BP"), with each shareholder having an interest of 50%;

(c) Venture controlled by Prumo, with BP Global Investment Limited holding 30%;

(d) Joint venture between Prumo and BP Global Investment Limited ("BP"), with each shareholder having an interest of 50%;

(e) Joint venture between Prumo Participações and Anglo American, with each shareholder having an interest of 50%;

(f) The remaining shares in Vast were distributed so that Heliporto kept 60%, Açú Petróleo Investimentos and Prumo 20% each. The corporate name of Açú Petróleo S.A. was changed to Vast Infraestrutura S.A.;

Prumo Logística S.A.

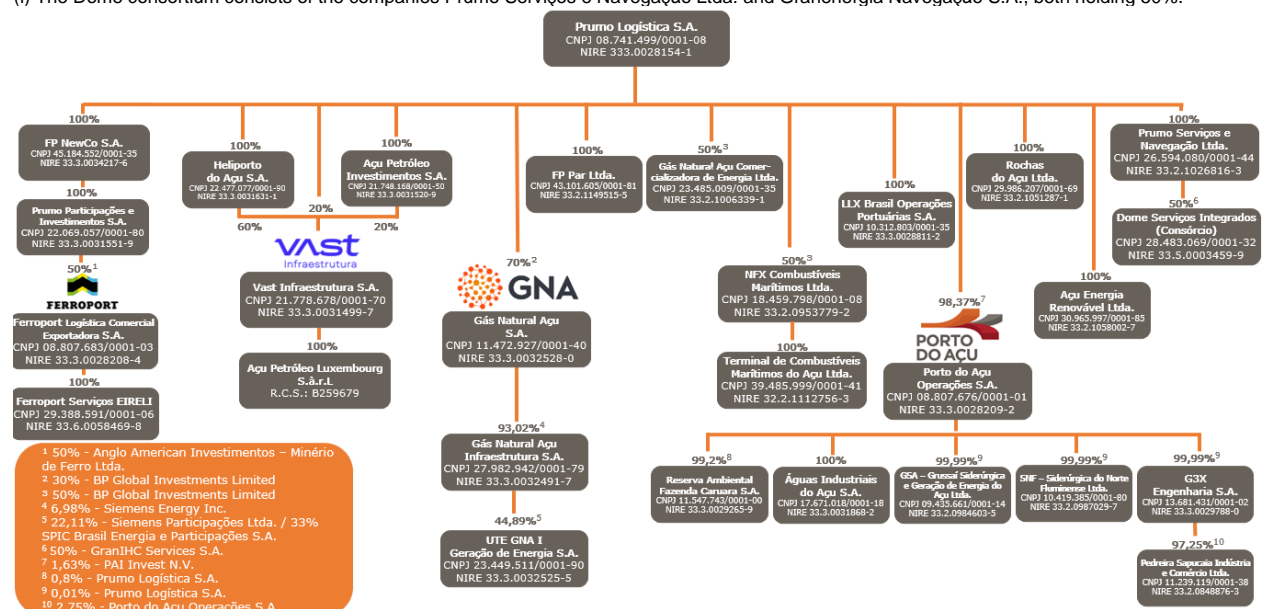
Notes to the individual and consolidated financial statements
December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

(g) Venture jointly controlled by Porto do Açu, with Prumo holding 0.83%.

(h) The corporate restructuring was completed on September 19, 2022 of GNA II, which consolidates the agreements between the shareholders. The shares held by Prumo in GNA II were transferred to Siemens Energy and BP Gas Power; and

(i) The Dome consortium consists of the companies Prumo Serviços e Navegação Ltda. and Granenergia Navegação S.A., both holding 50%.



Prumo Logística S.A.

Notes to the individual and consolidated financial statements
December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

4. Basis of preparation and presentation of the financial statements

a) Statement of compliance

The consolidated financial statements have been prepared in accordance with the international financial reporting standards ("IFRS") issued by the International Accounting Standards Board (IASB) and accounting practices generally accepted in Brazil ("BR GAAP").

The individual financial statements were prepared in accordance with BR GAAP and include the deferred assets of the subsidiary Porto do Açú and the joint subsidiary Ferroport, amortization of which ends in 2025 and 2024, recorded at the parent company via the equity income method. These individual financial statements in BR GAAP are not therefore in accordance with IFRS. The difference between the individual and consolidated equity is related to the deferred asset which was recognized in accumulated losses in the consolidated equity upon the initial adoption of IFRS. The amortization of this deferred asset is being recognized in profit or loss for the year by the subsidiaries and consequently via the equity income method at the parent company.

The financial statements have been prepared based on the assumption the company will continue as a going concern. Prumo Management carried out an assessment and concluded there is no significant uncertainty around the Company's capacity to continue as a going concern.

Authorization for the conclusion and disclosure of these financial statements for the financial year ended December 31, 2022 was given by Company Management on March 31, 2023.

Prumo Logística S.A.

Notes to the individual and consolidated financial statements

December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

4. Basis of presentation and preparation of the financial statements

– Continued

b) Basis of preparation

The individual and consolidated financial statements has been prepared based on the historical cost basis and adjusted to reflect (i) fair value through profit or loss or fair value through other comprehensive income; and (ii) asset impairment losses.

c) Functional currency and presentation currency

These individual and consolidated financial statements are being presented in Brazilian Reais, which is the Company and its subsidiaries' functional currency, with the exception of Vast Group, whose functional currency is the US Dollar. All balances have been rounded to the nearest thousand, unless otherwise indicated.

d) Use of estimates and judgments

Judgments, estimates and assumptions are used to measure and recognize certain assets and liabilities in the Company's financial statements. These estimates took into account experience from past and current events, assumptions about future events and other objective and subjective factors. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the estimates are recognized prospectively.

Information about judgments, uncertainties related to assumptions and estimates made in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

- Note 03 - consolidation: determines whether the Group actually holds the control of an investee;

Prumo Logística S.A.

Notes to the individual and consolidated financial statements
December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

4. Basis of presentation and preparation of the financial statements - - Continued

- Note 8: measuring the expected credit loss for accounts receivable and contractual assets: main assumptions for determining the weighted average loss rate;
- Note 10 - recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses can be offset;
- Note 15 - equity-accounted investees: determines whether the Group has significant influence over an investee;
- Note 17 - impairment test of intangible assets: key assumptions underlying recoverable amounts, including the recoverability of development costs;
- Note 24 – recognition and measurement of provisions and contingencies: main assumptions regarding the probability and size of outflows; and
- Note 25 - lease term: if the Group is reasonably certain it will exercise extension options.
- Note 26 (26.2) – Effect on disposal of investments - restatement of the indemnification to present value

The Company has consistently applied the following accounting policies to all years presented in these financial statements, unless stated otherwise:

e) Basis of consolidation

e.1 Loss of control

When the Company loses control over a subsidiary, it derecognizes the assets and liabilities and begins recognizing the profit/loss from this former subsidiary's operations by the equity income method from the month in which it lost control, and any related non-controlling interests and other components of equity relating to this subsidiary. Any gain or loss arising from the loss of control is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Prumo Logística S.A.

Notes to the individual and consolidated financial statements
December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

4. Basis of presentation and preparation of the financial statements - - Continued

The Company used CPC 36 (R3) B99 and ICPC 09 (R2) and reclassified to profit or loss for the period the gains recognized until the date control was lost, previously classified as other comprehensive income.

e.2 Investments in equity-accounted investees

The Company's investments in entities valued by the equity method consists of interests in joint ventures.

A joint venture is an arrangement in which the Company has joint control, whereby the Company has rights to the net assets of the arrangement, rather than rights to its specific assets and obligations.

These investments are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the interim financial information includes the Company's share of profit or loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases. In the parent company's interim individual financial information, investments in subsidiaries are also accounted for using this method.

e.3 Transactions eliminated in the consolidation process

Intra-group balances and transactions, and any unrealized income and expenses (except for foreign-currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Company's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Prumo Logística S.A.

Notes to the individual and consolidated financial statements

December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

4. Basis of presentation and preparation of the financial statements - - Continued

e.4 Discontinued operations

A discontinued operation is a component of the Company's business, the operations and cash flows of which can be clearly distinguished from the rest of the Company and which:

- Represents a separate major line of business or geographic area of operations;
- Is part of a single coordinated plan to dispose of a separate major line of business or geographic area of operations; or
- Is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is restated as if the operation had been discontinued from the start of the comparative year.

Prumo Logística S.A.

Notes to the individual and consolidated financial statements
December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

5. Accounting policies

The Company has consistently applied the following accounting policies to all years presented in these financial statements, unless stated otherwise:

a) Basis of consolidation

(i) Subsidiaries

The Company controls an entity when it is exposed or entitled to variable returns deriving from its involvement in the entity and can interfere in its returns due to the power it exercises over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The subsidiaries' financial information is recognized in the parent company's individual financial statements by the equity method of accounting.

(ii) Non-controlling interests

NCI are measured at their proportionate share of the subsidiary's identifiable net assets at the date of acquisition.

Changes in the Company's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(iii) Investments in equity-accounted investees

The Company's interests in equity-accounted investees comprise interests in associates and joint ventures.

Prumo Logística S.A.

Notes to the individual and consolidated financial statements
December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

5. Accounting policies---Continued

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

When classified as joint ventures, there are contractual arrangements that provide the Company joint control over the entity and entitles the Group to the net assets of the joint venture, rather than rights to its specific assets and liabilities.

These investments are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the financial statements include the Company's share of profit or loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases. Investments in subsidiaries are accounted for under the equity method in the Company's individual financial statements.

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Company's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Prumo Logística S.A.

Notes to the individual and consolidated financial statements

December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

5. Accounting policies— Continued

b) Foreign currency

(i) Foreign-currency transactions

Transactions in foreign currency are translated to the functional currency (Real) of Prumo Group's entities at the exchange rates on the transaction dates.

Monetary assets and liabilities denominated and recorded in foreign currency are translated to the functional currency at the exchange rates in force at the reporting dates. Exchange gains and losses resulting from the settlement of these transactions and the translation at the exchange rates at the end of the year are recognized in profit or loss.

Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign-currency differences arising on translation are generally recognized in profit or loss.

c) Cash and cash equivalents and securities

Cash and cash equivalents are held by the Company to meet short-term cash obligations and not for investment or other purposes. The Company considers cash equivalents to be a short-term investment readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

Therefore, a short-term investments normally qualifies as a cash equivalent when it has a short maturity of, for example, three months or less from the date of acquisition. Short-term investments with a maturity exceeding three months, held-to-maturity securities and held-for-trading investments are classified as securities.

Prumo Logística S.A.

Notes to the individual and consolidated financial statements
December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

5. Accounting policies— Continued

Cash and cash equivalents are held at banks and financial institutions with AA to AAA ratings assigned by the leading rating agencies S&P, Moody's and Fitch.

The estimated impairment on cash and cash equivalents was calculated based on the 12-month expected loss basis and reflects the short maturities of the exposures. Cash and cash equivalents have a low-credit risk based on the counterparties' independent credit ratings.

d) Financial instruments

i. Financial assets

Financial assets comprise cash and cash equivalents, related-party accounts receivable and derivatives.

The Company initially recognizes receivables and debt securities issued on the date they arose. All other financial assets are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset that does not have a significant financing component is initially measured at fair value plus transaction costs directly attributable to its acquisition or issuance, for an item not measured at FVTPL (fair value through profit or loss). A trade receivable without a significant financing component is initially measured at the operation price.

Prumo Logística S.A.

Notes to the individual and consolidated financial statements
December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

5. Accounting policies--Continued

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when the Company transfers the rights to receive the contractual cash flows of a financial asset in a transaction where essentially all the risks and rewards of ownership of financial assets are transferred or in which the Company neither transfers nor substantially retains all the risks and rewards of ownership of the financial asset nor retains control over the financial asset.

Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured: at amortized cost; at FVOCI - debt instrument; at FVTPL - equity instruments; or at FVTPL.

Financial assets are not reclassified subsequently to initial recognition, unless the Company changes its business model to financial asset management. In this case all the affected financial assets are reclassified on the first day of the first period following the business model change.

A financial asset is measured at amortized cost if both of the following conditions are met and it is not stated as measured at FVTPL:

- is maintained within a business model with the objective of maintaining financial assets in order to receive contractual cash flows; and
- its contractual terms generate the cash flows on specified dates that constitute solely payments of principal and interest on the outstanding principal.

Prumo Logística S.A.

Notes to the individual and consolidated financial statements

December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

5. Accounting policies--Continued

Upon initial recognition of an investment in an equity instrument that is not held for trading, the Company can elect to make irrevocable subsequent changes to the fair value of the investment in OCI. This choice is made for each investment.

All financial assets not classified as measured at amortized cost or FVOCI, as described above, are classified as at FVTPL. Upon initial recognition, the Company irrevocably assigns a financial asset that would otherwise meet the requisites to be measured at amortized cost or FVOCI as FVTPL if this eliminates or significantly reduces an accounting mismatch that would otherwise arise.

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset upon initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

The Company examines the instrument's contractual terms to determine whether the contractual cash flows only entail payments of the principal and interest. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. When making this assessment the Company takes into account:

- contingent events modifying the value or timing of the cash flows;
- terms that could adjust the contractual rate, including variable fees;
- prepayment and extending the term; and
- the terms limiting the Company's access to specific cash flows from specific assets (for example, based on an asset's performance).

Prumo Logística S.A.

Notes to the individual and consolidated financial statements

December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

5. Accounting policies--Continued

Prepayment is consistent with the criteria of paying the principal and interest if the prepayment mainly represents unpaid amounts of the principal and interest on the outstanding principal - which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par value, a feature that permits or requires prepayment at an amount that substantially represents the contractual par value plus accrued (but unpaid) contractual interest (which may also include additional reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant upon initial recognition.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net income/loss, including interest or dividend revenue, is recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced for <i>impairment</i> . Interest revenue, exchange variance gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt instrument at FVOCI	These assets are subsequently measured at fair value. Interest revenue calculated by the effective interest rate, exchange variance gains and losses and impairment are recognized in profit and loss. Other net income/loss is recognized in OCI. On derecognition, profit/loss accumulated in OCI is reclassified to profit or loss.

Prumo Logística S.A.

Notes to the individual and consolidated financial statements
December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

5. Accounting policies--Continued

ii. Financial liabilities

Financial liabilities were classified as measured at amortized cost or at FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for trading, is a derivative or is designated as such on initial recognition. Financial liabilities stated at FVTPL are measured at fair value and net income (loss), including interest, is recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

iii. Financial instruments

The Company uses derivatives to hedge against foreign-currency and interest-rate risks. Derivatives are measured initially at fair value. The valuation or devaluation of the hedge instrument's fair value is charged to finance revenue or cost in profit and loss for the year and/or specific equity accounts.

At the start of the designated hedge relations, the Company documents the risk management objective and acquisition strategy of the hedge instrument. The Company also documents the economic relationship between the hedged item and the hedge instrument, including whether the changes in cash flows of the hedged item and hedge instrument are expected to offset each other.

Prumo Logística S.A.

Notes to the individual and consolidated financial statements
December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

5. Accounting policies--Continued

Cash flow hedges

The Group maintains derivative financial instruments to hedge against risks related to exchange variance. When a derivative is designated as the cash flow hedge instrument, the effective part of the changes in the derivative's fair value is recognized and accrued in other comprehensive income - OCI, and limited to the cumulative change in fair value of the hedged item, determined at present value, since the hedge's designation. Any ineffective portion of changes in the derivative's fair value is recognized immediately in profit or loss.

The Company designates only the changes in fair value of the spot element of the forward exchange contract as the hedging instrument in cash flow hedging relationships. Forward points are recorded separately as a hedge cost and recognized in a hedge cost reserves in equity.

When the hedge transaction results in the subsequent recognition of a non-financial item, such as inventory, the amount accumulated in the hedge reserve and the hedge reserve cost will instead be included directly in the initial cost of the non-financial asset when it is recognized.

If the hedge no longer meets hedge accounting requirements or the hedge instrument is sold, rescinded, exercised or expires, the hedge accounting will be discontinued prospectively.

iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Prumo Logística S.A.

Notes to the individual and consolidated financial statements
December 31, 2022 and 2021
(In thousands of Reais, unless stated otherwise)

5. Accounting policies--Continued

v. Derecognition

Financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged, canceled or expired. The Group also derecognizes a financial liability when its terms are modified and the cash flows from the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Upon derecognizing a financial liability, the difference between the former carrying amount and the consideration paid (including assets transferred that do not flow through cash or undertaken liabilities) is recognized in profit or loss.

e) Adjustment of assets and liabilities to present value

Long-term monetary assets and liabilities are monetarily restated and therefore adjusted to their present value. The adjustment to present value of short-term monetary assets and liabilities is calculated and only recorded if considered to have a material effect on the financial statements as a whole. For the purpose of determining materiality, the adjustment to present value is calculated based on the contractual cash flows and explicit interest rates, or the respective assets and liabilities in implicit cases.

Prumo Logística S.A.

Notes to the individual and consolidated financial statements

December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

5. Accounting policies--Continued

Based on analyses conducted and Management's best estimates, Prumo and its subsidiaries concluded that the adjustment to present value of current monetary assets and liabilities is immaterial in relation to the financial statements taken as a whole, meaning no adjustments were made.

f) Property, plant and equipment

Items of property, plant and equipment are measured at historical cost of acquisition or construction, less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of an asset. The cost of self-constructed assets includes the following:

- The cost of materials and direct labor,
- Other costs to bring the asset to its location and condition necessary to operate, and
- Loan costs on qualifying assets.

If parts of an item of property and equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment.

Gains and losses on disposal of an item of property, plant and equipment is recognized in profit or loss.

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance are expensed as incurred in profit or loss.

Items of property, plant and equipment are depreciated by the straight-line method in profit or loss for the year, based on the estimated useful economic life of each component. Land is not depreciated.

The depreciation methods, useful lives and residual values are reviewed annually, and any resulting adjustments are recognized as a change to accounting estimates.

Prumo Logística S.A.

Notes to the individual and consolidated financial statements
December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

5. Accounting policies--Continued

g) Intangible assets

Intangible assets consist of software acquired by the Company, with definite useful lives and measured at cost, minus accumulated amortization and accumulated impairment.

h) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both. Company Management elected to classify investment property at cost since initial recognition.

The cost includes expenses directly attributable to the acquisition of investment property.

Pursuant to CPC 28 - Property for Investment, the Company discloses the fair value of leased land.

i) Impairment

Nonfinancial assets

The carrying amounts of the Company's definite-lived non-financial assets are reviewed at each reporting date for signs of impairment. If any such evidence exists, then the asset's recoverable amount is estimated. In the case of indefinite-lived intangible assets, the recoverable value is estimated every year.

Impairment losses are recognized when the carrying amount of an asset or its cash generating unit exceeds its recoverable value.

The recoverable value of an asset or cash generating unit is the higher of the value in-use and fair value less selling expenses. When calculating the value in-use, the estimated future cash flows are discounted to their present values at a before-tax discount rate that reflects the current market terms regarding the capital recoverability period and the asset or cash generating unit's specific risks.

Prumo Logística S.A.

Notes to the individual and consolidated financial statements
December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

5. Accounting policies--Continued

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognized in profit or loss.

Recognized losses on cash generating units are initially allocated to reduce any goodwill allocated to this unit (or group of units), and subsequently to the reduction of other assets of this unit (or group of units), on a *pro rata* basis.

Impairment losses of other assets are only reversed if the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation or amortization, had the impairment not been recognized.

In the impairment assessment, the Company measured the fair value less the selling expenses of the CGU Industrial Hub/T-Mult, pursuant to CPC 01, and identified the improvement in the macroeconomy, with the prospect for beneficial measures in the business sector, corroborated by the signing of new contracts such as the land lease for the building of GNA's thermal power plants.

Prumo Logística S.A.

Notes to the individual and consolidated financial statements
December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

5. Accounting policies--Continued

Non-derivative financial assets

The Company recognizes provisions for expected credit losses on:

- financial assets measured at amortized cost;
- debt investments measured at FVOCI; and
- contract assets.

The Company also recognized provisions for expected credit losses on lease receivables that are disclosed as part of accounts and other trade receivables.

The Company measures the provision for loss at an amount equal to the expected credit loss for the entire life, except for the items described below, which are measured as expected credit loss for 12 months:

- debt securities with low credit risk at the reporting date; and
- other debt securities and bank balances for which the credit risk (i.e., the risk of default over the expected lifetime of the financial instrument) has not significantly risen since initial recognition.

The provisions for losses on Trade receivables (including lease receivables) and contract assets are measured at an amount equal to the expected credit loss for the instrument's entire life.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating the lifetime ECL, the Company considers reasonable and supportable information that is material and available without excessive cost or effort. This includes quantitative and qualitative information and analyses based on the Group's historic experience in credit evaluation and forward-looking information.

Prumo Logística S.A.

Notes to the individual and consolidated financial statements
December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

5. Accounting policies--Continued

Expected credit losses are estimates weighted by the credit loss probability. Credit losses are measured at present value based on all cash deficiencies (i.e., the difference between the cash flows owed to the Company according to the contract and the cash flows the Company expects to receive).

ECLs are discounted by the financial asset's effective interest rate.

At each reporting date, the Company evaluates whether the financial assets recorded at amortized cost and the debt instruments measured at FVOCI are credit impaired. A financial asset is 'impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Objective evidence that a financial asset is impaired includes the following observable data:

- significant financial difficulties of the debtor;
- violation of contractual clauses, such as default or being more than 90 days overdue;
- restructuring of an amount due to the Company on terms that it would not consider normally;
- the probability that the borrower will enter bankruptcy or other type of financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

The provision for expected losses on financial assets measured at amortized cost is deducted from the gross carrying amount of the assets.

Prumo Logística S.A.

Notes to the individual and consolidated financial statements
December 31, 2022 and 2021
(In thousands of Reais, unless stated otherwise)

5. Accounting policies--Continued

j) Loans, borrowings and debentures

Loans, borrowings and debentures are initially measured at fair value plus direct transaction costs, and are subsequently valued at amortized cost using the effective interest rate method. Loans, financing and debenture arrangement fees are expensed as transaction costs.

k) Employee benefits

Short-term employee benefits

Short-term employee benefits are measured at a non-discounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Share-based payment arrangements

On May 7, 2018 Prumo became a privately held company, as explained in note 1. The Board of Directors put together and approved the new plan replacing the previous plan, Phantom Options, as mentioned in note 21.

l) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Prumo Logística S.A.

Notes to the individual and consolidated financial statements

December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

5. Accounting policies--Continued

The Company recognizes provisions for tax, civil and labor proceedings. The chance of defeat is rated according to the evidence available, the hierarchy of law, available case law, recent court decisions and their relevance in the legal framework, in addition to independent legal advisors' opinions.

Provisions are reviewed and adjusted to reflect changes in circumstances, such as the applicable statute of limitations, the conclusions from tax audits or additional exposure identified as a result of new issues or court decisions. Settlements of transactions involving these estimates may result in amounts significantly different from those recorded in the financial statements due to the inaccuracies inherent to the determination process.

Company Management reviews estimates and assumptions monthly.

m) Operating revenue

The Company initially applied CPC 47/IFRS15 in 2018, and under CPC 47/IFRS 15, revenue is recognized when the customer obtains control of the goods or services. Determining the timing of control transfer, at a specific moment in time or over time - requires judgment.

The Group primarily derives its revenue from:

(i) Revenues from the onerous assignment of the real surface or similar rights to the leasing activity

Revenue from the onerous assignment of the real surface rights or similar agreement for the investment properties is recognized in profit or loss by the straight line method over the contractual term. Any incentives awarded are recognized as an integral part of total revenue from the assignment of the real surface rights for the contracted period.

Prumo Logística S.A.

Notes to the individual and consolidated financial statements
December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

5. Accounting policies--Continued

(ii) Port services

This entails the handling and storage of cargo related to product imports and exports.

(iii) Transshipment services

This entails a process of transferring oil between ships. Revenue is recognized on the accrual basis in which the services are provided.

n) Finance income and finance costs

Financial revenue consists of interest revenue on invested funds. Interest earned is recorded in profit or loss by using the effective interest rate method.

Financial expenses include interest expenses on loans, net of discount adjustments of the provisions to present value and contingent payment. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

o) Income and social contribution taxes

Current income and social contribution taxes are calculated based on net income, adjusted to taxable income by the additions and exclusions stipulated in the existing tax legislation. The Company, its subsidiaries and its joint subsidiaries record deferred income and social contribution taxes 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 deferred income and social contribution taxes are recognized to reflect future tax effects attributable to temporary differences between the tax bases of assets and liabilities and their book values and to tax losses carryforward and negative basis of social contribution.

Prumo Logística S.A.

Notes to the individual and consolidated financial statements
December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

5. Accounting policies--Continued

Deferred tax assets and liabilities are offset if there is a legal right to offset current tax assets and liabilities, and they are related to income and social contribution taxes levied by the same tax authority on the same entities subject to taxation.

Deferred income and social contribution tax assets are reviewed quarterly and are reduced to the extent that realization is no longer probable.

p) Earnings (loss) per share

The basic earnings per share are calculated through the quotient between profit and loss for the period attributable to the controlling shareholders and the weighted average of the common shares in circulation in the respective period. The diluted earnings per share are calculated according to the aforesaid average of the shares in circulation, adjusted by instruments potentially convertible into shares, with a dilutive effect in the periods presented, pursuant to CPC 41 and IAS 33 - Earnings per Share.

q) Segment reporting

Segment results reported to the Company's Executive Board include items directly attributable to the segment and items that can be reasonably allocated.

r) Statements of value added

The Company prepared individual and consolidated statements of added value (DVA) in accordance with technical pronouncement CPC 09 – Statement of Added Value, which are required for listed companies in Brazil, while consisting of supplementary financial information under IFRS.

s) Other current and noncurrent assets and liabilities

An asset is recognized in the statement of financial position when it is probable that its future economic benefits will flow to the Company and its cost or value can be measured reliably.

Prumo Logística S.A.

Notes to the individual and consolidated financial statements

December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

5. Accounting policies--Continued

A liability is recognized in the statement of financial position when the Company has a present or constructive obligation as a result of a past event, and it is probable that an outflow of economic resources will be required in settlement. Provisions are recorded using best possible estimates of the risk involved.

t) Fair value measurement

‘Fair value’ is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk. The risk of nonperformance includes the Company’s own credit risk, amongst other factors.

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Prumo Logística S.A.

Notes to the individual and consolidated financial statements

December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

5. Accounting policies--Continued

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e., the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out, whichever happens first.

u) Held-for-sale assets and liabilities and discontinued operations

Non-current assets and liabilities, or groups of held for sale assets and liabilities are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets and liabilities, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on remeasurement are recognized in profit or loss.

Once classified as held-for-sale, any equity-accounted investee is no longer equity accounted.

Prumo Logística S.A.

Notes to the individual and consolidated financial statements
December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

5. Accounting policies--Continued

Pursuant to the standard CPC 31/IFRS 5 - held-for-sale assets and liabilities and discontinued operations, the Company disclosed in its financial statements the effects of discontinued operations on the:

- Statements of profit or loss for the year;
- Statements of comprehensive income;
- Statements of cash flow;
- Note 15 – Investments;
- Note 17 – Property, plant and equipment;
- Note 18 - Intangible assets;
- Note 25 – Right of use and lease liabilities

v) New standards and interpretations not yet effective

The following new and amended standards are not expected to have a significant impact on the Company's consolidated financial statements:

- IFRS 17 Insurance Contracts;
- Disclosure of Accounting Policies (Amendments to CPC 26/IAS 1 and IFRS Practice Statement 2); and
- Definition of Accounting Estimates (Amendments to CPC 23/IAS 8).

Prumo Logística S.A.

Notes to the individual and consolidated financial statements

December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

6. Cash and cash equivalents, securities and restricted cash

a) Cash and cash equivalents

Consist of cash on hand, available bank deposits and short-term financial investments with high liquidity, maturing within up to three months of acquisition, readily convertible into a known amount of cash and subject to an insignificant risk of impairment.

	Parent company		Consolidated	
	2022	2021	2022	2021
Cash and banks	70,035	324	121,411	21,576
Cash equivalents				
CDBs	201,605	107,245	258,828	139,977
Securities held under repurchase agreements	-	78,779	57,529	144,074
	201,605	186,024	316,357	284,051
Provision for estimated loss (-)	(102)	(30)	(129)	(60)
	201,503	185,994	316,228	283,991
	271,538	186,318	437,639	305,567

Cash equivalents are funds invested in bank deposit certificates (CDBs) and operations underlying government bonds (repos), maturing in three months or less from the date of acquisition. Investments in bank deposit certificates (CDBs) with terms of up to three months as from acquisition, through other investments in accounts with daily liquidity and other fixed-income short-term instruments.

Prumo Logística S.A.

Notes to the individual and consolidated financial statements

December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

6. Cash and cash equivalents, securities and restricted cash-- Continued

b) Securities

	Parent company		Consolidated	
	2022	2021	2022	2021
Sovereign debt securities (a)	48,258	32,575	48,258	32,575
Forex FI (b)	-	-	269,226	137,281
Promissory notes indexed to credit (c)	-	-	3,241,706	-
	48,258	32,575	3,559,190	169,856
Current	48,258	32,575	484,598	169,856
Noncurrent	-	-	3,074,592	-

(a) The securities issued by the National Treasury were acquired through the Exclusive Fund at Bradesco. These financial investments mature in excess of three months and are recorded in current assets due to the fact they are expected to be realized in the short term.

(b) The Forex Investment Fund is administrated in conjunction with Banco BNP Paribas. The Company designated this fund's investments, because they entail investments that the company intends to maintain for a term in excess of 90 days for strategic reasons. They were classified at fair value through profit or loss. Its gains and losses, in turn, impact the Company's profit or loss.

As required by CVM Instruction 408/05, the consolidated information includes the balances and transactions of the exclusive investment fund, whose shareholders are the Company and its subsidiaries.

(c) AP Lux used the funds issued under the restricted credit note ("CLN") with the banks Itaú and Santander to receive the funds and financing with Vast, via the related operation in Brazil. The banks Itaú and Santander used the funds assigned to them by the Company via the Export Credit Notes (NCE) and Foreign Currency Debenture with Itaú and Santander, as per note 22 – Loans, Borrowings, and debentures.

This restricted credit note does not oblige the banks to use their own funds to settle any of the investments. To settle the investments it is therefore necessary to make the payment through the Export Credit Notes ("NCE") and foreign currency debentures.

Prumo Logística S.A.

Notes to the individual and consolidated financial statements

December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

6. Cash and cash equivalents, securities and restricted cash– Continued

c) Restricted cash

	Parent company		Consolidated	
	2022	2021	2022	2021
Restricted cash	36,840	33,463	290,307	51,801
	36,840	33,463	290,307	51,801

The restricted cash consists of amounts deposited into a bank account at the rate of 15% of the funds Porto do Açu receives as established in appendix I of the financing contract entered into with Porto do Açu's creditors. These funds will be used to secure this loan from National Bank for Economic and Social Development ("BNDES"). By way of liquidity events, on May 18, 2022 Prumo Logística paid Porto do Açu R\$ 50,028 directly into a cash collateral account, and on July 15, 2022 it also sent R\$ 475,841 both due to the debt amortization event.

Prumo's CDB of R\$ 36,840 (R\$ 33,463 as of December 31, 2021) at Banco ABC Brasil is not available for immediate use as it is held as a guarantee for a letter of credit from the issuing bank.

Prumo Logística S.A.

Notes to the individual and consolidated financial statements
December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

7. Escrow accounts

	Consolidated	
	2022	2021
Porto do Açu (a)	3,344	4,056
GSA	23	24
Vast (b)	184,157	108,241
Prumo Participações (c)	143,288	63,793
GNA Infra (d)	160,689	146,647
FP Newco	3,999	-
	495,500	322,761
Provision for expected loss (-)	(45)	(16)
	495,455	322,745
Current	308,044	211,262
Noncurrent	187,411	111,483

(a) The funds deposited in the account of Banco Santander held by Porto do Açu consist of the environmental compensation obligations established under environmental license IN023176, which can only be used for investment in socio-environmental projects and actions previously approved by the state environment office and state environmental department, as established in Commitment 03/2014;

(b) Vast's escrow deposits consist of funds held in US dollars in overseas accounts. The deposit for this operation is securing the financing loan;

(c) Prumo Participações has two reserve accounts for the financing contract: The Debt Service Reserve Account ("DSRA"), which contains 6 months of the minimum principal payment plus interest payable in the period; and the Target Payment Reserve Account ("TARA"), which holds the amount exceeding the amount due on each payment date. As of December 31, 2022, the balance is R\$ 57,283 and TARA has R\$ 86,005, because during this period it was fully funded for the payment on December 30, but due to a bank holiday, this payment was only settled on January 03, 2023, regarding note 22 (vi) Loans, Borrowings and Debentures, and

d) On January 28, 2021 GNA Infra created restricted deposits at Citibank Brasil, the agent of GNA I's financiers, in the amount of R\$ 142,891, as agreed with GNA I's financiers and as in accordance with the financing contracts was invested in an investment fund of BNP in an escrow account to secure the servicing of GNA I's debt. As of December 31, 2022 the yield was R\$ 17,798.

Prumo Logística S.A.

Notes to the individual and consolidated financial statements

December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

8. Receivables

	Consolidated	
	2022	2021
Assignment of real surface rights (a)	115,013	80,673
Port services (b)	19,332	13,532
Oil transshipment services (c)	93,526	35,386
Other	983	1,164
	228,854	130,755
Provision for estimated losses (-)	(741)	(1,072)
	228,113	129,683
Current	139,742	81,373
Noncurrent	88,371	48,310

(a) Assignment of surface rights for land at clients: Technip, NOV, Intermoor, Edson Chouest, Oceanpact, NFX, VIX Logística, Ambipar, Duro Felgueira, Minas Gusa et al.

(b) Port services consist of the storage of loose cargo, project cargo, bulk solids, weighing and delivery services; and

(c) Oil transshipment services of the subsidiary Vast.

Under the BNDES loan agreement, 15% of parent company's receivables are withheld as a guarantee as described in note 06 (c) – Restricted cash.

The Company assesses credit and calculates expected receivable losses by analyzing the following items:

- Financial information
- Serasa Rating.

Most of the Company's receivables as of December 31, 2022 derived from its assignment of real surface rights and transshipment services. The Company assessed the credit risks and expected receivables losses and did not detect any additional losses on top of the amounts already presented in this financial information. The Company is also continuing to assess the future impacts on its receivables as a result of the financial and economic situation of the country and its clients.

	Consolidated
Balance in 2021	(1,072)
Reversals	331
Balance in 2022	(741)

Prumo Logística S.A.

Notes to the individual and consolidated financial statements

December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

9. Recoverable taxes

	Parent company		Consolidated	
	2022	2021	2022	2021
Services tax ("ISS")	7	7	61	31
Tax levied on the circulation of goods and services ("ICMS")	-	-	1,383	1,653
Income tax withheld at source ("IRRF")	7,666	4,482	28,956	14,150
CSLL withheld at source ("CSRF")	-	-	44	-
Income tax on loan	2,642	1,784	2,642	1,844
Non-cumulative credit ("PIS") (a)	-	-	4,046	8,682
Non-cumulative credit ("COFINS") (a)	-	-	15,587	36,515
Other	203	201	1,217	3,027
	10,518	6,474	53,936	65,902
Current	7,871	6,470	49,285	42,600
Noncurrent	2,647	4	4,651	23,302
IRPJ and CSLL recoverable				
Income tax and social contribution ("IRPJ/CSLL")	430	-	28,802	13,990

- (a) Based on COSIT Opinion 5 of 2018 issued by the Federal Tax Authority, in 2021 Porto do Açu reviewed the Pis and Cofins tax bases and calculated tax credits of R\$ 65,095. The main modification introduced by this regulation was the concept of inputs, as assessing the essential nature and relevance of the product or service are now considered material premises for appropriating credits. In 2022 the remaining balance appropriated is being used, along with other credits appropriated in the period, to offset the Pis and Cofins determined, amounting to a remaining balance of R\$ 19,604 distributed in the short and long term.

Prumo Logística S.A.

Notes to the individual and consolidated financial statements

December 31, 2022 and 2021

(In thousands of Reais, except when indicated otherwise)

10. Deferred taxes

The deferred income tax and social contribution assets of R\$ 372 and liabilities of R\$ (193,647) amount to a net total of R\$ (193,275) as of December 31, 2022 (R\$ 192,012 as of December 31, 2021) and break down as follows:

	Parent company		Consolidated	
	2022	2021	2022	2021
Deferred tax asset				
Tax loss carryforwards	88,925	85,863	1,471,317	1,215,265
Negative basis of social contribution	35,602	30,911	534,292	438,897
Adjustment Law 11638/07 – RTT (a)	-	-	15,124	28,306
Provision for profit-sharing	-	-	5,682	4,663
Provision for devaluation of investments	-	-	7,116	14,970
Allowance for estimated credit losses	-	-	15,900	16,833
Provision for other fees	-	-	2,666	2,666
Provision for exchange variance - cash effect	-	-	(65,818)	49,620
Provision for (reversal of) property, plant and equipment losses	-	-	29,188	26,247
Provision for contingencies	-	-	460	560
Appropriation of PIS and COFINS Credits	-	-	17,093	17,335
Depreciation Rate Difference	-	-	(12,461)	(11,091)
Loss on variable income operations	-	-	2,708	6,518
Other	4,403	4,403	8,970	6,979
Total deferred tax credit assets	128,930	121,177	2,032,237	1,817,768
Deferred IR not recognized (b)	(128,930)	(121,177)	(2,031,865)	(1,817,661)
Total deferred tax assets recognized	-	-	372	107
Deferred tax liability				
Temporary differences - GNA Infra	-	-	(24,726)	(24,726)
Liability base difference – Vast	-	-	(168,921)	(167,393)
Total deferred tax liabilities	-	-	(193,647)	(192,119)
Total deferred taxes	-	-	(193,275)	(192,012)

(a) Refers to the deferred income and social contribution taxes calculated over the tax-accounting differences over the deferred asset originating since January 01, 2009. While preoperating expenses are recognized in profit or loss for accounting purposes, for fiscal purposes they are classified as if they were deferred charges.

(b) Consists of deferred IR not recognized deriving from the tax losses and negative base, in addition to the parent company, of the subsidiaries Porto do Açú (R\$ 1,453,238), Prumo Participações (R\$ 202,898), Açú Petróleo Investimentos (R\$ 127,131), and of other as there is no real expectation of future taxable income.

Prumo Logística S.A.

Notes to the individual and consolidated financial statements
December 31, 2022 and 2021
(In thousands of Reais, except when indicated otherwise)

11. Returnable down payments

	2021	Addition	(Receipts)	Reversal of the Provision for loss (*)	Monetary restatement	2022
Porto do Açu	58,744	196	(12,397)	4,389	7,828	58,760

(*) Reversal of provision for loss given success of new legal strategy.

	2020	(Receipts)	Reversal of the Provision for loss (*)	Monetary restatement	2021
Porto do Açu	55,239	(9,291)	10,015	2,781	58,744

(*) Reversal of provision for loss due to a change in prognosis (likelihood of success) of the lawsuits - from Remote to Possible - in view of the legal strategy applied since 2018.

In the expropriation lawsuits filed by Companhia de Desenvolvimento Industrial do Estado do Rio de Janeiro (CODIN) to build the São João da Barra Industrial District, the Company voluntarily proposed to the owners and holders of properties located in the District to acquire their rights over the properties, in exchange for payment of amounts established in the appraisal reports contained in the respective expropriation lawsuits.

Between 2011 and 2015, the Company accordingly acquired from several owners/holders the rights over the areas they occupied through private agreements, to make it possible to immediately receive compensation for the former occupants, as well as the amicable eviction of the areas intended for the development of projects in the São João da Barra Industrial District.

Due to the private agreements - and the consequent advance payment of compensation to the owners/holders of the properties - the Company obtained the right to withdraw the amounts deposited in court in the expropriation lawsuits related to these properties.

Through withdrawals from expropriation cases, in 2022 Porto do Açu recovered the amount of R\$ 12,397 (R\$ 9,291 in 2021) referring to the initial deposits in the expropriation lawsuits involving the properties it acquired.

Prumo Logística S.A.

Notes to the individual and consolidated financial statements
December 31, 2022 and 2021
(In thousands of Reais, except when indicated otherwise)

12. Judicial deposits

The table below denotes the judicial deposits as of December 31, 2022 and 2021.

	Consolidated	
	2022	2021
Porto do Açu (a)	11,223	10,402
Prumo	450	496
Other (a)	581	545
	12,254	11,443

(a) Deposit for the suit to filed against the federal government to dispute the correct value of the compensation for using public land ("water surface"), in accordance with the agreement assigning physical space in public waters", entered into on October 06, 2010 ("Agreement"). As of December 31, 2022 the restated amount of the consolidated judicial deposits according to internal calculations is an estimated consolidated R\$ 10,829 (R\$ 10,139 as of December 31, 2021) and R\$ 975 (R\$ 808 as of December 31, 2021) and other labor claim deposits of PDA group.

Prumo Logística S.A.

Notes to the individual and consolidated financial statements
December 31, 2022 and 2021
(In thousands of Reais, except when indicated otherwise)

13. OSX Debentures

	Consolidated	
	2022	2021
Debentures	659,393	659,393
DIP loans	10,961	10,961
	670,354	670,354
(-) Impairment	(10,961)	(10,961)
Total	659,393	659,393

Pursuant to the judicial reorganization plan of OSX Construção Naval S.A. ("OSX"), approved at the general creditors' meeting held December 17, 2014 and ratified by the presiding judge on January 08, 2015, on January 29, 2016 Porto do Açu used its credits against OSX to subscribe and pay in debentures issued by OSX in the total amount of R\$ 723,716 on the following conditions:

- Maturity date: 20 years
- Payment of Principal and interest: in a single payment, on the due date
- Calculation of the compensatory interest p.a.: 100% of CDI

In accordance with said judicial reorganization plan, Porto do Açu awarded a loan ("DIP") of R\$ 10,961 to OSX of January 29, 2016. This amount was also used to subscribe and pay in debentures issued by OSX.

Under the judicial reorganization plan the debentures amount to R\$ 734,677 and consist of: (i) R\$ 646,886 of costs relating to the construction of the T2 terminal channel; (ii) R\$ 10,961 relating to the DIP loan; (iii) R\$ 12,507 relating to the transmission line; (iv) R\$ 34,580 relating to the assignment of the real surface rights, whose balance through July 2014 was provisioned for as a loss and (v) R\$ 29,743, due from August 2014, not recorded because it does not meet the revenue recognition criteria regarding the improbability of economic benefits associated with this transaction.

If OSX should fail to honor this agreement, the amount of R\$ 646,886 of the channel's construction costs will be added to the construction cost of Terminal T2 and R\$ 12,507 of the transmission line will be added to investment property and will be recovered in the future through the respective operations. As disclosed in Note 17 - Property, plant and equipment, these amounts were incorporated into the impairment test of the Industrial Hub/T-Mult CGU.

Given the uncertainties surrounding the receipt of the total credit and pursuant to CPC 25 - Provisions, Contingent Liabilities and Contingent Assets, Management believes it is not appropriate to recognize interest on the debentures in the approximate amount of R\$ 580,348 as of December 31, 2022 (R\$ 444,376 as of December 31, 2021), and made a provision for impairment of R\$ 10,961 relating to the DIP loan.

Prumo Logística S.A.

Notes to the individual and consolidated financial statements
December 31, 2022 and 2021
(In thousands of Reais, except when indicated otherwise)

13. OSX Debentures - Continued

A verdict was delivered on November 24, 2021 declaring that OSX's judicial reorganization had ended, stating that "the judicial reorganization plan has been performed in respect of the obligations maturing within 2 (two) years after its concession pursuant to art. 61 of Law 11.101/05", and that "the creditors (...) will retain their recognized entitlement to the credit and in the event the payment is not made voluntarily may demand it individually, also using a bankruptcy filing if necessary". This legal decision is not final, and is still subject to appeal.

Despite the fact it was declared that obligations had been performed maturing within 2 years of the judicial reorganization being awarded, OSX has mid- and long-term obligations which if not honored could impact the accounting classification of the credit held by Porto do Açú against OSX in the Company's financial statements. However, based on the grounds set out in the decision - supported by the conclusions of the judicial administrator - the Company concluded that there is currently no material modification to the credit held against OSX to be reported in the financial statements as of December 31, 2022.

14. Receivables and obligations with third parties

(a) Third-party receivables

	Consolidated	
	2022	2021
Credits with OSX	73,218	83,218
(-) Estimated loss on receivables	(3,203)	(3,203)
Total OSX (*)	70,015	80,015
Other	16	16
	70,031	80,031

(*) This amount consists of: (i) R\$ 64,668 of costs relating to the construction of the T2 terminal channel; (ii) R\$ 8,550 contractual retention of payables invoiced against OSX and settled by Porto do Açú; and (iii) R\$ (3,203) of the provision for losses referring to the expenses incurred on sharing sustainability costs.

(b) Liabilities towards third parties

	Consolidated	
	2022	2021
OSX	19,880	20,023

Prumo Logística S.A.

Notes to the individual and consolidated financial statements

December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

15. Investments

a) Equity interests

2022													
Direct subsidiaries (including joint ventures)	%	Number of shares/units (thousand)					Advance for future capital increase - AFAC	Share call options	Goodwill on share issuance	Profit reserves	Gain on percentage variance	Exchange variance gain	Accumulated result
			Assets	Liabilities	Equity	Capital							
Porto do Açú	98.37%	3,330,614	5,117,317	5,436,186	(318,869)	3,753,207	599,407	1,369	-	20,139	96	-	(4,693,087)
LLX Brasil	100.00%	104,780	840	-	840	104,780	-	-	-	-	-	-	(103,940)
FP Newco	100.00%	90	586,176	757,074	(170,898)	-	-	(58,843)	-	-	-	-	(112,055)
NFX	50.00%	73,430	542,921	465,750	77,171	155,930	-	-	-	-	-	-	(78,759)
Vast	20.00%	447,042	5,767,581	6,530,269	(762,688)	110,915	-	(1,124,252)	-	18,203	-	232,931	-
Açu Petróleo Investimentos	100.00%	898	231	678,966	(678,735)	898	-	(224,850)	-	654	(132,092)	47,453	(370,798)
GNA	70.00%	367,377	734,273	5,629	728,644	630,440	-	460,485	-	-	(30,985)	29,644	(360,940)
Prumo Serviços e Navegação	100.00%	11,336	71,083	56,442	14,641	14,915	-	-	-	-	-	-	(274)
Heliport	100.00%	416,323	15	454,778	(454,763)	353,881	-	(674,551)	-	1,534	(16,634)	(133,601)	14,608
Rochas do Açú	99.00%	1	1	-	1	1	-	-	-	-	-	-	-
FP Par Ltda	100.00%	1	-	-	-	-	-	-	-	-	-	-	-
GNA Comercializadora	50.00%	1	-	-	-	-	-	-	-	-	-	-	-
Açu Energia	99.00%	1	1	-	1	1	-	-	-	-	-	-	-

a) Equity interests--Continued

	2021												
Direct subsidiaries (including joint ventures)	%	Number of shares/units (thousand)	Assets	Liabilities	Equity	Capital	Advance for future capital increase - AFAC	Share call options	Goodwill on share issuance	Profit reserves	Gain on percentage variance	Exchange variance gain	Accumulated result
Porto do Açú	98.26%	3,330,614	4,969,192	5,509,967	(540,775)	3,330,614	159,752	1,369	-	20,139	96	-	(4,052,745)
LLX Brasil	100.00%	104,780	801	1	800	104,780	-	-	-	-	-	-	(103,980)
Prumo Participações	100.00%	820,362	1,211,879	1,552,816	(340,936)	10	-	-	-	2	-	-	(340,948)
NFX	50.00%	73,430	393,052	319,041	74,011	155,930	-	-	-	-	-	-	(81,919)
Açu Petróleo	60.00%	447,042	2,133,545	1,443,042	690,503	213,262	-	-	29,451	-	-	448,900	(1,110)
Açu Petróleo Investimentos	100.00%	898	138,128	491,591	(353,463)	898	-	-	-	-	(126,545)	90,442	(318,258)
GNA	70.00%	367,377	1,051,786	3,669	1,048,117	627,479	-	-	627,479	34,718	(31,422)	1,189	(211,326)
Prumo Serviços e Navegação	100.00%	11,336	54,617	48,559	6,058	14,915	99	-	-	-	-	-	(8,857)
Heliporto (i)	100.00%	416,323	414,317	478	413,839	416,323	-	-	-	1,534	3	(4,021)	-
Rochas do Açú	99.00%	1	1	-	1	1	-	-	-	-	-	-	-
Açu Energia	99.00%	1	1	-	1	1	-	-	-	-	-	-	-

(i) On December 17, 2021 Prumo resolved the capital increase at the company Heliporto, via the issuance of common shares, in the amount of R\$ 416,251, relating to the transfer of the interest in the firm Açú Petróleo. The transfer appraisal was compiled by external appraisers.

Prumo Logística S.A.

Notes to the individual and consolidated financial statements

December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

15. Investments--Continued

b) Changes - Parent Company

Direct subsidiaries	12/31/2021	Capital Increase (decrease)	Advance for future capital increase - AFAC	Gain/loss due to percentage change	Exchange variance gain/loss-effects	Unrealized profit	Transfer of equity investment (*)	Other	Provision for devaluation of investments	Share of profit (loss) of equity-accounted investees	12/31/2022
Porto do Açú	-	422,593	439,655	(7,660)	-	-	-	-	(224,684)	(629,904)	-
LLX Brasil	800	-	-	-	-	-	-	-	-	40	840
Prumo Participações	-	-	-	-	-	3,282	-	-	(285,377)	282,095	-
NFX	37,006	-	-	-	-	-	-	-	-	1,579	38,585
Vast	-	-	-	97,061	(31,073)	-	(224,850)	-	151,321	7,541	-
Açu Petróleo Investimentos	-	-	-	(5,545)	(43,194)	-	(224,850)	-	325,216	(51,627)	-
Natural Gas	733,686	(116,830)	-	-	-	-	-	(2,071)	-	(104,730)	510,055
Heliport	413,839	(62,441)	-	(16,637)	(129,581)	-	(674,552)	-	454,596	14,776	-
Prumo Serviço de Navegação	6,059	-	-	-	-	-	-	-	-	8,580	14,639
FP Newco	-	-	-	-	-	-	-	-	112,055	(112,055)	-
Other	181	-	-	-	-	-	-	-	1	(7)	175
	1,191,571	243,322	439,655	67,219	(203,848)	3,282	(1,124,252)	(2,071)	533,128	(583,712)	564,294

(*)mentioned in note 01.

Direct subsidiaries	12/31/2020	Capital Increase	Advance for future capital increase - AFAC	Dividends	Exchange variance gain/loss-effects	Unrealized profit	Transfer of equity investment	Other	Provision for devaluation of investments	Share of profit (loss) of equity-accounted investees	12/31/2021
Porto do Açú	51,901	395,685	(231,376)	-	-	-	-	(6,665)	551,037	(760,582)	-
LLX Brasil	783	-	-	-	-	-	-	-	-	17	800
Prumo Participações	-	-	-	-	-	3,338	-	-	32,983	(36,321)	-
NFX	37,893	-	-	-	-	-	-	-	-	(887)	37,006
Vast	570,414	(225,000)	-	-	22,003	-	(416,252)	-	-	48,835	-
Açu Petróleo Investimentos	-	-	-	-	5,989	-	-	-	16,170	(22,159)	-
Natural Gas	780,111	2,393	-	-	(7,743)	-	-	(2,337)	-	(38,738)	733,686
Heliport	15	416,253	-	(479)	(4,021)	-	-	-	-	2,071	413,839
Prumo Serviço de Navegação	-	3,480	99	-	-	-	-	-	(3,813)	6,293	6,059
Other	183	-	-	-	-	-	-	10	-	(12)	181
	1,441,300	592,811	(231,277)	(479)	16,228	3,338	(416,252)	(8,992)	596,377	(801,483)	1,191,571

Prumo Logística S.A.

Notes to the individual and consolidated financial statements

December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

15. Investments--Continued

The balance of consolidated equity interests as of December 31, 2022 is R\$ 1,561,307 (R\$ 1,710,210 as of December 31, 2021).

The consolidated investments break down as follows:

- 1) R\$ 38,585 (R\$ 37,006 as of December 31, 2021) denotes Prumo's interest in the company NFX;
- 2) R\$ 1,006,574 (R\$ 971,387 as of December 31, 2021) denotes the interest in Ferroport, with R\$ 1,006,186 relating to the direct investment of Prumo Participações R\$ (388) denoting the rental of Ferroport with Reserva Caruara not eliminated at Porto Açu; and
- 3) R\$ 516,141 (R\$ 701,810 as of December 31, 2021) denotes the indirect interest held by Prumo in GNA I; and
- 4) R\$ 7 (R\$ 7 as of December 31, 2021) denotes other investments.

Prumo acquired the 20% interest that Oiltanking held in Vast, as mentioned in note 01 – Reporting Entity.

- Impairment test for noncurrent assets

In accordance with CPC 01 (R1) - Asset impairment, Management reviews signs of impairment every quarter in order to check for potential signs of incapacity to recover the carrying amounts of each CGU. These are:

- Industrial Hub Management- (Industrial Hub & T-Mult);
- T-Oil;
- T-Gás; and
- Port

The Company considers its liquefied natural gas (LNG) purchase and sales or gas from offshore production and the regasification of liquefied natural gas, generation, transmission and marketing of energy

Prumo Logística S.A.

Notes to the individual and consolidated financial statements

December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

15. Investments--Continued

and intermediation in the purchase and sale of energy and electric capacity as a T-Gás CGU, where it identified impairment indicators.

Impairment test for noncurrent assets - CGU T-Gás

In light of discussions with BP Gas Marketing ("bpGM") – a part of the BP economic group, its liquefied natural gas supplier, regarding the interpretation of the pricing mechanism of the LNG Sale and Purchase Agreement entered into between bpGM and the Company on November 17, 2021.

On the assessment date the Company used the value in use to inform the assumptions listed below that include internal and external factors:

- Macroeconomic situation of the country;
- Cash flow period of 22 years; and
- Effective discount rate - cost of equity "ke" of 11.79%. The Cost of equity was obtained through a CAPM model that considered a sample of companies in the same segment and their respective "Unlevered Beta" risks. The capital structure projection used for leveraging the beta index was the median of the companies' structures contained in the aforementioned sample.

The cash flow projection used short- and long-term assumptions based on the Company's latest budget cycle. This financial exercise is carried out annually and includes the evaluation and updating of revenue and operational cost assumptions, including dispatch volume, for the entire term of the CCEAR (Regulated-Environment Power Purchase Agreements). These values are restated in the Company's financial model where projections of statement of financial position, profit or loss and cash flow are made. For the long term, the Company's financial model considers the base values of the budget cycle being adjusted based on specific contractual assumptions and projected indices in the macroeconomic scenarios adopted, until the CCEARs end in May 2044.

Prumo Logística S.A.

Notes to the individual and consolidated financial statements

December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

15. Investments--Continued

As of December 31, 2022, after reviewing the impairment test, the Company did not identify the need to make any provision for asset impairment at GNA I.

The Company considers its port activities and the leasing of the industrial hub and the movement and storage of containers, vehicles, solid bulk and loose cargo to be a CGU Industrial Hub/T-Mult, where it identified impairment indicators, as mentioned in note 17 - Property, plant and equipment.

The Company did not identify impairment indicators for the other CGUs T-Oil and Port.

16. Investment property

	Consolidated				2022
	2021	Addition	Write-offs (a)	Impairment (a)	
Porto do Açu	447,139	2,867	(14,450)	14,450	450,006
GSA	31,695	-	-	-	31,695
Environmental Reserve	5,219	-	-	-	5,219
SNF	42,897	-	-	-	42,897
	526,950	2,867	(14,450)	14,450	529,817

- (a) On December 31, 2022, the Company sold assets with carrying amounts of R\$ 14,450 (R\$ 13,616 as of December 31, 2021), for which impairment had been provisioned. The company reversed the provision and recognized in profit or loss the effect of the carrying amount of the sold assets.

	Consolidated				2021
	2020	Addition	Write-off	Impairment	
Porto do Açu	447,067	3,237	(16,781)	13,616	447,139
GSA	31,695	-	-	-	31,695
Environmental Reserve	5,244	-	(25)	-	5,219
SNF	42,925	-	(28)	-	42,897
	526,931	3,237	(16,834)	13,616	526,950

Prumo Logística S.A.

Notes to the individual and consolidated financial statements

December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

16. Property for investment--Continued

Investment property includes land whose ownership is transferred to third parties on an onerous basis. The legal instrument usually used in this transfer is the possession and use and assignment contract and future onerous concession of real surface rights. These agreements are made for a renewable or nonrenewable period of 5 to 40 years, and in all cases are indexed to annual inflation.

The expenses incurred by Porto do Açu, GSA and SNF were to develop and make available the properties to companies to set up plants in the available areas at the Industrial Complex of Porto do Açu. The additions shown in the table primarily denote improvements to this land intended for the assignment of ownership and other expenses related to the expropriation and acquisition of land. The Caruara Environmental Reserve carries out reforestation projects for companies which need to offset all areas deforested for their implementation process, thereby meeting the conditions for social and environmental licenses.

The Caruara Environmental Reserve carries out reforestation projects for companies which need to offset all areas deforested for their implementation process, thereby meeting the conditions for social and environmental licenses.

Investment property is recorded by the cost method. However, in accordance with accounting standard CPC 28 - Property for Investment, the entity should determine the fair value for reporting purposes. This calculation is made by using the discounted cash flow method due to the specific nature of the transaction and consequent lack of comparable market data. As of December 31, 2022 the Company calculated the fair value of leased land at R\$ 1,744,427 equal to 1,964 thousand m² of the total area (R\$ 1,883,030 as of December 31, 2021).

Prumo Logística S.A.

Notes to the individual and consolidated financial statements

December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

17. Property, plant and equipment

The property, plant and equipment by company as of December 31, 2022 and 2021 breaks down as follows:

	Consolidated	
	2022	2021
Prumo	2,747	3,076
Porto do Açu	2,677,846	2,788,464
Caruara Environmental Reserve	16,022	13,842
Pedreira Sapucaia	462	462
Vast	1,588,165	1,764,023
GNA	7,414	7,647
GNA Infra	878	601
Águas Industriais	7,742	7,856
Prumo Navegação	8,086	9,749
	4,309,362	4,595,720

	Consolidated						
	Port facilities	Land	Buildings, improvements and facilities	Machinery and equipment	Works in progress	Advance	Other
Annual depreciation rate	3.37%		5.32%	10.19%			10.54%
Balance at 12/31/2021	3,901,535	215,382	215,882	198,765	59,913	1,127	3,116
Addition	209	-	853	13,711	67,359	236	2,225
Transfer	28,764	-	15,805	1,392	(46,046)	-	1
Write-off	-	-	(1,359)	(3,103)	(6)	-	(180)
Conversion effect	(133,632)	(8,330)	(557)	(20,027)	(1,686)	-	(231)
Depreciation	(154,729)	-	(16,513)	(29,672)	-	-	(842)
Balance at 12/31/2022	3,642,147	207,052	214,111	161,066	79,534	1,363	4,089
Cost	4,766,426	207,052	314,374	403,842	79,534	1,363	12,804
Accumulated depreciation	(1,124,279)	-	(100,263)	(242,776)	-	-	(8,715)
Balance at 12/31/2022	3,642,147	207,052	214,111	161,066	79,534	1,363	4,089

Prumo Logística S.A.

Notes to the individual and consolidated financial statements

December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

17. Property, plant and equipment--Continued

Consolidated

Annual depreciation rate	Port facilities 3.37%	Land	Buildings, improvements and facilities 5.32%	Machinery and equipment 10.19%	Works in progress	Advance	Other 10.54%	Total
Balance at 12/31/2020	3,934,904	207,652	213,957	207,292	82,992	1,804	3,259	4,651,860
Addition	10,151	-	4,033	8,926	74,478	725	931	99,244
Transfer	79,498	831	15,903	(1,295)	(94,937)	-	-	-
Write-off	(397)	(1,992)	(128)	(410)	(7,065)	(1,504)	(469)	(11,965)
Conversion effect	100,682	8,891	396	11,617	4,445	102	140	126,273
Depreciation	(176,923)	-	(14,658)	(26,380)	-	-	(745)	(218,706)
Pis/Cofins credit	(46,380)	-	(3,621)	(985)	-	-	-	(50,986)
Balance at 12/31/2021	3,901,535	215,382	215,882	198,765	59,913	1,127	3,116	4,595,720
Cost	4,849,638	215,382	300,013	416,735	59,913	1,127	11,686	5,854,494
Accumulated depreciation	(901,723)	-	(80,510)	(216,985)	-	-	(8,570)	(1,207,788)
Pis/Cofins credit	(46,380)	-	(3,621)	(985)	-	-	-	(50,986)
Balance at 12/31/2021	3,901,535	215,382	215,882	198,765	59,913	1,127	3,116	4,595,720

- Works in progress

At Porto do Açú the balance of works in progress as of December 31, 2022, including direct and indirect costs allocated to various assets under construction, consists essentially of additional general infrastructure works in the amount of R\$ 25,196 (R\$ 10,047 as of December 31, 2021).

The balance of works in progress at Vast as of December 31, 2022 amounts to R\$ 46,510 (R\$ 38,941 as of December 31, 2021), including: Spot projects, entailing the construction of a storage facility ("OTF") and 2 oil pipelines interconnecting the OTF to Petrobras' Barra do Furado station.

At the subsidiaries Gás Natural and GNA Infra the balance of works in progress as of December 31, 2022 is R\$ 7,682 (R\$ 5,966 as of December 31, 2021) consisting of projects to be developed, such as GASOG, GASINF and other projects and expenses related to new energy auctions.

At the subsidiary Reserva Ambiental Caruara the balance of works in progress as of December 31, 2022 is R\$ 65 (R\$ 4,599 as of December 31, 2021) referring to general infrastructure expenses.

At the subsidiary Prumo Navegação the balance of works in progress as of December 31, 2022 is R\$ 78 referring to expenses on infrastructure works.

Prumo Logística S.A.

Notes to the individual and consolidated financial statements

December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

17. Property, plant and equipment--Continued

- Impairment test for noncurrent assets

In accordance with CPC 01 (R1) – Asset impairment, Management reviews signs of asset impairment quarterly or when there are signs of regular impairment and checks for potential signs of incapacity to recover carrying amounts.

The Company considers its port activities, i.e., land leases, moving cargo (bulk, project cargo, covered cargo) and mooring ships, within a single Industrial Hub/T-Mult CGU.

On the assessment date the Company used the value in use per CGU based on the assumptions listed below that include internal and external factors:

- Macroeconomic situation of the country;
- Cash flow period of 22 years;
- Effective rolling WACC discount rate presenting year-on-year differences due to the change in embedded metrics over the course of the projections. For reference purposes, the discount rate used in the future cash flow review in 2022 was 10.07% p.a. to 11.74% p.a. (9.87% p.a. to 11.37% p.a. in 2021) in nominal terms, based on the year-on-year capital structure projection and the average weighted cost of capital (Rolling WACC), and
- A perpetuity growth rate of 3.25% per annum. (3.00% in 2021).

The cash flow projection used short and long-term assumptions based on the company's five-year plan "5Y Plan" and its long-term planning. The Company's 5Y Plan is a financial exercise carried out annually that includes detailed assumptions for the next 5 years, in line with our strategy, at EBITDA and Cash Flow level. This process is present within the budget cycle and involves all departments responsible for strategic and financial projections. An internal system is used to analyze the inputs specifically and in detail, creating scenarios and stress factors for the assumptions to make the figures more assertive and reliable.

Prumo Logística S.A.

Notes to the individual and consolidated financial statements

December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

17. Property, plant and equipment--Continued

After the first 5 years of flow, longer future projections are used (from year 6 to year 22) which have an internally approved rationale, although with fewer details due to the length of the analyzed flow. This data collected for year 6 onwards is revised annually with the departments involved, and concurs with the company's strategic planning. A perpetuity rate is lastly considered corresponding to the IPCA price index to indicate the company's operational continuity.

The carrying amount of the assets consists of: property, plant and equipment, intangible assets deferred charges, investment property, lease rights and debentures and credits against OSX (net of third-party obligations).

As of December 31, 2022, after reviewing the impairment test, the Company did not identify the need to make any provision for asset impairment of the Industrial Hub/T-Mult CGU.

Items were sold over the current year that comprised the impairment basis. The provision made for these items was therefore written off in its entirety.

The balance of the impairment provision for specific assets as of December 31, 2022 is R\$ 62,747 (R\$ 77,197 as of December 31, 2021). This impairment status remains for these assets as of December 31, 2022, as shown below.

Prumo Logística S.A.

Notes to the individual and consolidated financial statements

December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

17. Property, plant and equipment--Continued

Movement in the provision for impairment of specific assets:

	Consolidated		
	2021	Additions	Reversal
Inventory of sheet piles	56,489	-	-
Transmission towers	14,450	-	(14,450)
Electric equipment (a)	6,258	-	-
	77,197	-	(14,450)
			62,747

(a) Movement in the provision of R\$ 14,450 as per the reversal and provision for impairment shown in note 16 - Investment Property.

Prumo Logística S.A.

Notes to the individual and consolidated financial statements

December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

18. Intangible assets

Cost	Consolidated				Total
	Right of access	Software licenses	Implementation of systems	Other	
Annual amortization rate	3.54%	20%	-	-	
Balance at 12/31/2021	80,370	20,689	765	408	102,232
Addition	-	1,987	517	-	2,504
Write-off	-	(40)	-	-	(40)
Transfer	-	250	(261)	-	(11)
Provision	-	-	-	-	-
Conversion effect	(5,225)	351	(497)	15	(5,356)
Balance at 12/31/2022	75,145	23,237	524	423	99,329
Accumulated amortization					
Balance at 12/31/2021	(18,192)	(9,588)	-	-	(27,780)
Addition	(2,758)	(2,855)	-	-	(5,613)
Write-off	-	7	-	-	7
Conversion effect	1,180	43	-	-	1,223
Balance at 12/31/2022	(19,770)	(12,393)	-	-	(32,163)
	55,375	10,844	524	423	67,166

Cost	Consolidated				Total
	Right of access	Software licenses	Implementation of systems	Other	
Annual amortization rate	3.54%	20%	-	-	
Balance at 12/31/2020	75,618	21,730	1,453	395	99,196
Addition	-	1,395	310	-	1,705
Write-off	(833)	(3,084)	(200)	-	(4,117)
Transfer	-	732	(732)	-	-
Provision	-	(210)	(81)	10	(281)
Conversion effect	5,585	126	15	3	5,729
Balance at 12/31/2021	80,370	20,689	765	408	102,232
Accumulated amortization					
Balance at 12/31/2020	(13,694)	(9,318)	-	-	(23,012)
Addition	(2,949)	(1,809)	-	-	(4,758)
Write-off	(532)	1,567	-	-	1,035
Conversion effect	(1,017)	(28)	-	-	(1,045)
Balance at 12/31/2021	(18,192)	(9,588)	-	-	(27,780)
	62,178	11,101	765	408	74,452

- Impairment test for intangible assets

The amount of intangible assets was included in the impairment tests mentioned in note 17.

Prumo Logística S.A.

Notes to the individual and consolidated financial statements

December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

19. Related parties

The main balances of related-party assets and liabilities as of December 31, 2022 and 2021, as well as the related-party transactions that affected income for the year, are the result of transactions between the Company and its subsidiaries and joint ventures, members of Management and other related parties, as follows:

	Parent company		Consolidated	
	2022	2021	2022	2021
Assignment of real surface rights				
NFX	-	-	295	279
GNA I	-	-	24,183	17,944
GNA II	-	-	-	24,002
	-	-	24,478	42,225
Port services				
NFX	-	-	-	3
GNA I	-	-	2,564	1,897
	-	-	2,564	1,900
Debit note				
Vast	254	26	-	-
GNA I (a)	-	-	3,138	2,498
GNA II (a)	-	1,535	378	1,835
Ferroport	-	-	10,655	-
Porto do Açú	1,456	655	-	-
Prumo Participações	52	52	-	-
Port of Antwerp	-	-	-	-
Other	53	22	106	4
	1,815	2,290	14,277	4,337
Total accounts receivable from related parties	1,815	2,290	41,319	48,462
Current	1,815	754	17,136	6,613
Noncurrent	-	1,536	24,183	41,849

(a) The amounts of R\$ 3,138 and R\$ 378 at GNA I and GNA II respectively denote cost sharing and other; and

(b) Amounts denoting the share buyback conducted by the subsidiaries of GNA Group and closing the transaction entailing the sale of the remaining interest in GNA II (Note 26. Corporate changes involving GNA Group)

Prumo Logística S.A.

Notes to the individual and consolidated financial statements

December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

19. Related parties – Continued

Loans receivable				
Ferroport	-	-	-	73,355
NFX	44,974	40,107	44,974	40,107
GNA I	-	-	82,074	73,171
Related-party loans	44,974	40,107	127,048	186,633
Current	-	-	-	73,355
Noncurrent	44,974	40,107	127,048	113,278
Dividends receivable				
Ferroport	-	-	21,100	-

	Accounts payable			
	Parent company		Consolidated	
	2022	2021	2022	2021
Debit notes				
Ferroport	-	-	10,664	2,094
Oiltanking (a)	-	-	-	4,687
Port of Antwerp	-	-	1,846	1,524
Porto do Açú	5	-	-	-
GNA I	-	-	672	526
Other	3	1	667	1,085
Total accounts payable to related parties	8	1	13,849	9,916
Loans payable				
EIG Global Energy Partners (b)	1,203,954	1,287,668	1,203,954	1,287,668
Prumo Participações (b)	153,791	87,170	-	-
FP Newco (c)	544,140	-	-	-
Vast (d)	279,453	-	-	-
Related-party loans	2,181,338	1,374,838	1,203,954	1,287,668

- (a) In 2022, Oiltanking sold its 20% interest that it held in Vast to Prumo;
 (b) Further information can be seen in note 35 - Financial instruments and risk management;
 (c) On July 10, 2022 FP Newco, a wholly owned subsidiary of Prumo, took out a loan of R\$ 544,140, as per note 35 – Financial Instruments; and
 (d) In 2022 Vast took out an interest-free loan from Prumo of R\$ 229,453, as per note 35 – Financial Instruments

Prumo Logística S.A.

Notes to the individual and consolidated financial statements

December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

19. Related parties – Continued

The table below denotes the effect on profit or loss of the related-party transactions by company:

	Effect on income			
	Parent company		Consolidated	
	2022	2021	2022	2021
Revenue from the assignment of real surface rights				
NFX	-	-	3,360	10,639
GNA I (a)	-	-	13,740	11,905
GNA II	-	-	-	24,002
Dome Serviços Integrados	-	-	1,000	-
	-	-	18,100	46,546
Financial revenue - loan interest				
NFX	5,726	2,263	5,726	2,263
Ferroport	-	-	874	9,987
GNA Infra - GNA I	-	-	8,903	3,418
GNA Infra - GNA II	-	-	-	3,564
EIG (b)	83,714	-	83,714	-
Interest/IR EIG loans	1,968	-	1,968	-
	91,408	2,263	101,185	19,232
Realization of unrealized earnings				
Ferroport	3,340	3,340	3,340	3,340
	3,340	3,340	3,340	3,340
Other				
Shared service	-	-	-	-
GNA I	-	-	1,037	2,309
Other	-	-	428	43
	-	-	1,465	2,352
	94,748	5,603	124,090	71,470

- (a) Primarily consists of revenue recognized from the rental contract (assignment of real surface rights), on the area of 336,500.86 m², with GNA I where the thermoelectric plant is located. Revenue is recognized on the straight-line basis over the total term of the lease, as required by CPC 47 (IFRS 15). Revenue was recognized under this contract as of December 31, 2022 in the total amount of R\$ 13,740 (R\$ 11,905 as of December 31, 2021), including invoices already issued with expected receipt from 2024 and the portion of the linearized revenue; and
- (b) Exchange variance gain on the loan between EIG and Prumo due to the Brazilian Real appreciating against the US dollar.

Prumo Logística S.A.

Notes to the individual and consolidated financial statements

December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

19. Related parties – Continued

	Cost / Expenses - Effect on profit or loss			
	Parent company		Consolidated	
	2022	2021	2022	2021
EIG Global Energy Partners				
Interest	-	(2,082)	-	(2,082)
Exchange variance - loan	-	(88,560)	-	(88,560)
Expense reimbursements	-	(994)	-	(994)
	-	(91,636)	-	(91,636)
LakeShore Advisory				
Brokerage	-	(12,237)	(9,374)	(12,237)
Port of Antwerp				
Brokerage	-	-	(8,539)	(8,539)
Other				
Oiltanking	-	-	-	(33,109)
Ferropport	-	-	(43,574)	(22,478)
Other	-	-	(668)	(262)
	-	(12,237)	(62,155)	(76,625)
	-	(103,873)	(62,155)	(168,261)

Key management personnel compensation comprised the following:

	Consolidated	
	2022	2021
Short-term employee benefits	79,505	80,295

Compensation of key management personnel includes salaries, management fees, benefits, charges and profit sharing.

Prumo Logística S.A.

Notes to the individual and consolidated financial statements

December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

20. Trade payables

The trade payables by company as of December 31, 2022 and 2021 break down as follows:

	Parent company		Consolidated	
	2022	2021	2022	2021
Prumo (a)	7,655	10,250	7,655	10,250
Porto do Açú	-	-	26,835	29,685
Vast (b)	-	-	35,790	13,288
Other	-	-	4,776	4,293
	7,655	10,250	75,056	57,516
Current	7,655	10,236	74,904	55,489
Noncurrent	-	14	152	2,027

(a) The decrease of R\$ 2,595 is due to reducing the provision for trade payables and payments;

(b) The increase of R\$ 22,502 is due to Oiltanking leaving the ownership group, and becoming a company supplier. Furthermore, there has been an increase in cost due to the entry of new clients and more operations.

Prumo Logística S.A.

Notes to the individual and consolidated financial statements

December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

21. Stock option plans

Following its delisting in 2018, the Company replaced its share-based payment plan and in the second quarter of 2019 offered its executives cash-settled share appreciation rights duly approved by the Board of Directors. At December 31, 2022, 12 executives had 15,865 stock appreciation rights (in 2021, 11 executives had 12,702 stock appreciation rights). Under this phantom options plan (settled in cash) for executive retention, payable upon certain liquidity vesting events at Prumo, the Company receives services as consideration for the rights granted. The conditions for acquiring the share valuation rights include a 5-year vesting period to achieve 100% of the rights. 56% had been vested as of December 31, 2022 (50% as of December 31, 2021). No rights were exercised as of December 31, 2022.

The Company reviewed the terms and conditions of the plan, under which expected cash returns are used to calculate the fair value of the stock appreciation rights, and determined that there are no material effects to be reported in the financial statements at December 31, 2022.

Prumo Logística S.A.

Notes to the individual and consolidated financial statements

December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

22. Loans, borrowings and debentures

Consolidated

	Company	Maturity	Principal	12/31/2022	Total	12/31/2021
				Interest and monetary restatement		Total
Institution						
BNDES (Onlending banks) (i)	Porto do Açu	07/15/2033	1,045,605	81,275	1,126,880	1,108,492
(-) Transaction cost (i)	Porto do Açu		(61,782)	-	(61,782)	(69,119)
BNDES (Onlending banks) (ii)	Porto do Açu	07/15/2033	2,326,868	57,485	2,384,353	2,549,572
(-) Transaction cost (ii)	Porto do Açu		(137,531)	-	(137,531)	(153,862)
Debentures (iii)	Porto do Açu	07/15/2033	1,978,387	62,402	2,040,789	1,967,780
(-) Transaction cost (iii)	Porto do Açu		(19,311)	-	(19,311)	(21,604)
Subordinated Loan (iv)	FP Newco	06/30/2027	573,947	33,527	607,474	-
(-) Transaction cost (iv)	FP Newco		(31,151)	-	(31,151)	-
Senior Secured Bonds (v)	Prumo Participações	12/31/2031	1,528,302	57,311	1,585,613	1,643,691
(-) Transaction cost (v)	Prumo Participações		(76,182)	-	(76,182)	(91,244)
DFC (vi)	Vast Infraestrutura	10/31/2035	-	-	-	342,531
DFC (vii)	Vast Infraestrutura	10/31/2035	-	-	-	151,788
DFC (viii)	Vast Infraestrutura	10/31/2035	-	-	-	782,524
(-) Transaction cost (vi), (vii), (viii)	Vast		-	-	-	(35,614)
Santander Debentures (ix)	Vast Infraestrutura	07/10/2035	1,318,375	49,559	1,367,934	-
NCE Itau (x)	Vast Infraestrutura	07/10/2035	1,857,623	65,316	1,922,939	-
Bonds 144A/RegS (xi)	AP Lux	07/13/2035	3,084,320	109,571	3,193,891	-
(-) Transaction cost (xi)	AP Lux		(200,021)	-	(200,021)	-
Banco ABC (xii)	PSN	06/19/2023	4,032	16	4,048	1,750
			13,191,481	516,462	13,707,943	8,176,685
Current			229,964	516,462	746,426	413,791
Noncurrent			12,961,517	-	12,961,517	7,762,894

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

Prumo Logística S.A.

Notes to the individual and consolidated financial statements

December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

22. Loans, borrowings and debentures--Continued

Prumo's subsidiaries have specific financing for project finance purposes. Average debt service costs at December 31, 2022 were 12.81% per year for loans denominated in Reais and 8.18% for loans denominated in US dollars (15.47% per year for loans in Reais and US dollars + 6.52% as of December 31, 2021).

Porto do Açu – items (i) to (iii)

(i), (ii) and (iii) In the first half of 2022 Porto do Açu made contractual amortization and interest payments of R\$ 11,239 and R\$ 312,374 respectively, in addition to extraordinary amortization payments amounting to R\$ 17,736 relating to new liquidity events occurring between December 2021 and April 2022.

(i), (ii) and (iii) On July 15, 2022 Porto do Açu made contractual amortization and interest payments of R\$ 11,454 and R\$ 331,876 respectively, in addition to extraordinary amortization payments amounting to R\$ 47,584 relating to new liquidity events occurring between June and July 2022.

(i), (ii) and (iii) On November 22, 2022 Porto do Açu made extraordinary amortization payments as a result of the liquidity event in the amount of R\$ 7,354 distributed amongst the creditors in proportion to their debit balances.

FP Newco – item iv

On July 08, 2022 the subsidiary FP Newco drew a subordinated financing loan based on the structure of Prumo Participações, from the private investment fund Carlyle in the amount of R\$ 583,533. The schedule stipulates a single bullet amortization for payment of the principal and interest at the end of the contract

Prumo Logística S.A.

Notes to the individual and consolidated financial statements

December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

22. Loans, borrowings and debentures--Continued

Prumo Participações – item v

The principal amortization schedule in the contract presents minimum payment percentages (Legal) and permits payments over and above the established percentage (Target), in order to leverage the project's cash generation and reduce the upcoming legal payments.

On December 30, 2022 the company sent the funds to pay the principal of R\$ 28,666 and interest of R\$ 57,311, to the payment account. Because this day was a bank holiday, the payment was cleared on January 03, 2023.

Due to the increased receipt of dividends, the company is performing the established Target amortization schedule, which entails payments greater than the legal amortization schedule. The Company has therefore performed all scheduled legal obligations for the next 18 months.

Vast Infraestrutura – items vi to xi

Development Finance Corporation – DFC (vi, vii and viii)

On February 10, 2022 Vast Infraestrutura paid the total debt to DFC in the amount of R\$ 1,212,929 using funds from the Bonds issued in the capital market.

Santander Debentures (ix)

On July 08, 2022 Vast Infraestrutura initiated the interest payment, stipulated in the debentures amortization schedule, in the amount of R\$ 53,910.

NCE Itau (x)

On July 08, 2022 Vast Infraestrutura initiated the interest payment, stipulated in the NCE amortization schedule, in the amount of R\$ 70,402.

Prumo Logística S.A.

Notes to the individual and consolidated financial statements

December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

22. Loans, borrowings and debentures--Continued

144th Bonds/RegS- AP Lux (xi)

On July 08, 2022 AP Lux initiated the interest payment, stipulated in the bonds amortization schedule, in the amount of R\$ 120,690.

Prumo Serviços e Navegação (PSN) – item (xii)

After the grace period stipulated in the Banco ABC financing contract, on July 25, 2022 Dome began paying the principal to Banco ABC on a monthly basis, along with the interest payments it was already making.

From July 25 to December 31, 2022 the company paid 6 principal installments amounting to a total of R\$ 1,935 and interest in the total of R\$ 884. 50% of these amounts are consolidated by PSN, in accordance with the joint venture structure.

Guarantees issued to secure loans

Endorsements, guarantees and mortgages granted to Porto do Açú

Prumo is the intervening guarantor while EIG LLX Holdings S.A.R.L, a EIG Energy XV Holdings (Flame), LLC, EIG Prumo FIP I, LLC, EIG Prumo FIP II, LLC and EIG Prumo FIP III, LLC are intervening parties in the following loan facilities awarded to Porto do Açú

- Financing via onlending from the BNDES awarded by the banks Bradesco and Santander Brasil, in the amount of R\$ 3,511,232 as of December 31, 2022 (R\$ 3,658,064 as of December 31, 2021); and
- Financing via the issuance of debentures in the restated amount of R\$ 2,040,789 as of December 31, 2022 (R\$ 1,967,781 as of December 31, 2021).

Prumo Logística S.A.

Notes to the individual and consolidated financial statements

December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

22. Loans, borrowings and debentures--Continued

This financing still has the following guarantees:

The guarantees provided by Porto do Açú

The guarantees the company submitted to the debenture holders, shared with the banks Bradesco and Santander ("Onlending Banks"), are the following:

- (i) Statutory lien on share guarantee of Caruara Environmental Reserve;
- (ii) Statutory lien on share guarantee of Prumo;
- (iii) Statutory lien on share guarantee of Porto do Açú;
- (iv) Statutory lien on guarantee of Assets;
- (v) Conditional assignment contract in guarantee of contractual rights and other covenants;
- (vi) Statutory lien commitment on properties;
- (vii) Statutory lien on guarantee of yields of shares;
- (viii) Statutory assignment of emerging rights from the authorization and other credit receivables;
- (ix) Statutory lien on properties submitted as guarantee (Área do Meio);
- (x) Statutory lien on properties submitted as guarantee (Caruara Environmental Reserve);
- (xi) Private Statutory Assignment and subordination of loans and AFAC; and
- (xii) Commitment for Additional Funding.

In addition to these guarantees, the debenture holders and Onlending Banks also have the bank guarantee of the parent company Prumo. In conjunction with Porto do Açú, the guarantor intervening in this issuance has undertaken to the debenture holders and Onlending Banks to secure all the obligations undertaken by Porto do Açú. The guarantees submitted by the guarantors shall be automatically canceled, when certain conditions stipulated in the financing documents have been performed above.

All of the aforesaid assets and rights secure 100% of the Pass-through Agreement and Debentures Issuance Deed.

Prumo Logística S.A.

Notes to the individual and consolidated financial statements

December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

22. Loans, borrowings and debentures--Continued

The onlending banks and debenture holders appointed Oliveira Trust Servicer S.A. to serve as the guarantee agent in the financing agreements.

The guarantees submitted by FP Newco

The subordinated debt contract is subject to:

- (i) Statutory lien on shares of Prumo Participações held by FP Newco.

Collateral posted by Prumo Participações

The senior debt contracts are subject to:

- (i) Statutory lien on Ferroport shares held by Prumo Participações;
- (ii) Statutory lien on shares of Prumo Participações held by the parent company FP Newco;
- (iii) Statutory Lien of credit receivables and accounts.

The guarantees submitted by Vast Infraestrutura

In favor of AP Lux, in relation to 144A/RegS Bonds are:

- (i) Statutory lien on Vast Infraestrutura's shares;
- (ii) Statutory Lien on assets belonging to Vast Infraestrutura;
- (iii) Statutory lien on reserve accounts and
- (iv) Statutory Lien on the relevant "Offtake" contracts of Vast Infraestrutura.

The guarantees submitted by Dome

- (i) Statutory lien of the contract with Technip.

Prumo Logística S.A.

Notes to the individual and consolidated financial statements

December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

22. Loans, borrowings and debentures – Continued

Covenants

Prumo Logística is responsible for the financial covenants in the long-term debt agreements of Porto do Açú, as shown in the table below. Porto do Açú no longer has financial covenants as a default trigger.

	2025	2026	2027	2028	2029	2030	2031	2032	2033
Net Debt / EBITDA	6.5x	6.0x	5.5x	5.0x	4.5x	4.0x	3.5x	3.5x	3.5x
EBITDA / Net Financial Expenses	1.3x	1.3x	1.5x	1.5x	2.0x	2.0x	2.0x	2.0x	2.0x
ICSD	1.2x	1.2x	1.2x	1.2x	1.2x	1.2x	1.2x	1.2x	1.2x

Where:

“Net Debt”: Sum of all Loans, borrowings and debentures and other debts at the end of the reporting period; less the sum of cash and cash equivalents, securities, marketable securities, short-term investments, restricted cash and escrow deposits at the end of the reporting period.

“EBITDA”: Operating income before finance income, taxes and contributions payable, depreciation/amortization and the equity income method.

“Net Financial Expenses”: Total finance costs less total financial revenue.

“ICSD”: Cash available to Service the Debt / Debt Service

“Cash available to Service the Debt”: EBITDA plus funds received by Prumo through its subsidiaries less income tax and investments in property, plant and equipment.

“Debt Service”: Sum of interest payments and loan amortizations, financing, debentures and other financial debts; and

Prumo Logística S.A.

Notes to the individual and consolidated financial statements

December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

22. Loans, borrowings and debentures--Continued

Prumo's financial covenants will be calculated by a pro forma consolidation of the audited financial statements of the companies in which Prumo held a direct or indirect equity interest, weighted by the total (direct and indirect) equity interest held by the Company in each of these companies.

Automatic and non-automatic early maturity events

The contracts are subject to automatic and non-automatic early maturity event clauses. This measure is also taken when there is a change in direct and indirect share control or the venture owner, until settlement of all obligations of the respective loans and debentures, without the prior explicit consent, and also in the event of an assignment, transfer or change of the control of Porto do Açú or Guarantor (Corporation), without the prior consent of the creditors, unless the controller remains directly or indirectly with the status of the Issuer and Guarantor of Porto do Açú after such events.

The debenture deed only authorizes the transfer of shares from the Guarantor to any third party at a percentage not exceeding 5% (five percent) of Prumo's total capital.

Additional obligations of the Guarantor and Issuer

In addition to the common commitments applied to agreements of this nature, the payment of loans to the shareholders made by the Issuer should comply with the terms set out in the Private Statutory Assignment and subordination of loans and AFAC. In respect of its subsidiaries, Issuer is only authorized to enter into loans with a limit of R\$ 4,000 annually.

Prumo Logística S.A.

Notes to the individual and consolidated financial statements

December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

22. Loans, borrowings and debentures--Continued

Guarantor is limited to awarding loans to any individuals or companies, except for subsidiaries and Ferroport; notify trustee of any changes to the conditions (financial or otherwise) in its business that could have a material effect on the performance of its obligations under this Debentures Deed and/or contracts related to the underlying accounts; and within additional material obligations, not constituting real or bank guarantees for operations with other creditors without the prior consent of the debenture holders, except for guarantees submitted under long-term financing plans already included in the business plan.

Prumo Logística S.A.

Notes to the individual and consolidated financial statements

December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

22. Loans, borrowings and debentures--Continued

Reconciliation of equity changes against cash flows deriving from financing activities.

	Parent company							
	Cash Flow				Noncash effect		2022	
	2021	Secured / (Settled)	Interest Paid	Addition of Transaction Costs	Interest, Monetary restatement and Exchange variance	Transaction costs		
Related-party loan payable	1,374,839	890,215	-	-	(83,716)	-	2,181,338	
	1,374,839	890,215	-	-	(83,716)	-	2,181,338	
	Consolidated							
	Cash Flow				Noncash effect		2022	
	2021	Secured / (Settled)	Interest Paid	Addition of Transaction Costs	Interest, monetary restatement and exchange variance	Amortization and transaction costs		Raising via merger
Related-party loan payable	1,287,668	-	-	-	(83,714)	-	-	1,203,954
Loans, borrowings and debentures	8,176,685	5,107,175	(961,812)	(252,935)	213,782	106,673	1,318,375	13,707,943
	9,464,353	5,107,175	(961,812)	(252,935)	130,068	106,673	1,318,375	14,911,897

Prumo Logística S.A.

Notes to the individual and consolidated financial statements

December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

23. Taxes and contributions payable

	Parent company		Consolidated	
	2022	2021	2022	2021
ISS	5	6	2,211	1,197
PIS/COFINS	7,272	5,395	16,546	11,357
ICMS	-	20	45	80
IRPJ/CSLL	-	-	-	-
IRRF (*)	65,801	68,534	67,850	70,130
PIS/COFINS/CSLL - Withheld	187	265	854	695
INSS third parties	9	-	574	-
IOF	-	-	629	-
Other	-	15	-	321
	73,274	74,235	88,709	83,780
Current	8,426	7,418	23,861	16,963
Noncurrent	64,848	66,817	64,848	66,817

IRPJ and CSLL payable

Income tax and social contribution ("IRPJ/CSLL")	-	-	16,108	9,959
--	---	---	---------------	--------------

(*) In 2015 Prumo recognized IRRF credits of R\$ 75,016 on the loan which were partially offset against other federal taxes (R\$ 35,414, in current figures), and an application was made for a refund of the residual balance (R\$ 66,987, in current figures). In September 2020 Prumo filed a suit seeking recognition of the credit right. Because the likelihood of success in the proceedings is considered remote, and on the advice of external legal advisors, Prumo has derecognized the tax assets by the current amount of the refund application, and has recognized a liability for the updated amount of the offsets. The likelihood of success as of December 31, 2021 has been rated as possible.

Prumo Logística S.A.

Notes to the individual and consolidated financial statements

December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

23. Taxes and contributions payable---Continued

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

	Parent company		Consolidated	
	2022	2021	2022	2021
Profit (loss) before income and social contribution taxes	(517,157)	(1,003,676)	(566,046)	(934,573)
Earnings of companies not contributing to IRPJ and CSLL expense	-	-	438,603	1,057,470
Adjusted net loss	(517,157)	(1,003,676)	(127,443)	122,897
Nominal rate (34%)	175,833	341,250	43,331	(41,785)
Adjustments to determine the effective rate				
Tax Adjustments (temporary and permanent differences)	(174,528)	(312,713)	(58,805)	(70,523)
PF and BN Tax Credits	(1,305)	(28,537)	2,603	16,847
Presumed Profit	-	-	(477)	(67)
Total income and social contribution taxes in the period	-	-	(13,348)	(95,528)
Effective rate	0.00%	0.00%	-2.36%	-10.22%
Current income tax and social contribution	-	-	(16,489)	(39,818)
Deferred income and social contribution taxes	-	-	3,141	(55,710)
Total income and social contribution taxes	-	-	(13,348)	(95,528)

As mentioned in note 10 - Deferred taxes, Law 12973 revoked the transitional taxation scheme (RTT), which made the adoption of the new taxation scheme mandatory from 2015. The balances recorded through December 31, 2014 will be amortized over the term of 10 years. This Law also amended Decree 1598/77 regarding the calculation of corporate income tax and the legislation about the social contribution on net income. However, for the period ended December 31, 2022 the amendment did not produce significant effects on the financial statements.

Prumo Logística S.A.

Notes to the individual and consolidated financial statements

December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

24. Provision for contingencies

1) Probable losses provisioned for in the statement of financial position

As of December 31, 2022 the Company and its subsidiaries are subject to certain proceedings rated as a possible defeat by its legal advisers for which provisions for losses have been made as shown in the table below:

	Consolidated				2022
	2021	Reversal	Payment	Monetary restatement	
Labor (a)	1,497	(257)	-	114	1,354
Civil (b)	24,445	-	(12,337)	(202)	11,906
	25,942	(257)	(12,337)	(88)	13,260

(a) Labor Claims: R\$ 1,354 (R\$ 1,497 as of December 31, 2021) related to multiple labor claims, mostly filed against the Company's subcontractors.

(b) Civil Claims: R\$ 11,449 because of the case filed by Mecanorte, seeking reimbursement of alleged losses under two contracts entered into with the Company, one for the supply of oil and another for works. R\$ 457 consists of the provision for the payment of additional indemnity in expropriation proceedings resulting from the creation of the Industrial District of São João da Barra, in which the Company has been making the payments resulting from the contracts entered into with CODIN. Reducing the value of losses provisioned for in civil proceedings results from the Company's strategic role in entering extrajudicial settlements to terminate litigation, with the expropriation proceeding regarding Lot T-025 and the indemnification proceeding filed by the supplier Tracomal.

Prumo Logística S.A.

Notes to the individual and consolidated financial statements

December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

24. Provision for labor contingencies--Continued

2) Possible losses not provisioned for

Prumo's subsidiaries are party to tax, civil and labor claims, involving risks of defeat rated by Management as possible, based on the opinion of its legal advisers, for which no provision has been made, as per the breakdown and estimate below:

	Consolidated	
	2022	2021
Tax	151,673	133,797
Labor	8,054	10,673
Civil	39,977	60,880
	199,704	205,350

As of December 31, 2022 the main proceedings rated as possible defeats for Prumo's subsidiaries are as follows:

Tax claims: The leading tax cases as defendant are taking place in the administrative courts before the respective authorities: (i) Assessment Notice imposed by the federal tax authorities in order to reduce the tax losses and negative base of CSLL of R\$ 59,515 and the increase in the PIS and COFINS calculation bases, leading to an additional demand for these contributions of R\$ 12,097 (R\$ 9,840 as of December 31, 2021); (ii) additional collection of the property tax additional ("ITR") for the land occupied by Fazenda Caruara, amounting to R\$ 11,381 (R\$ 13,407 as of December 31, 2021) and (iii) other proceedings questioning the collection of ISS, IOF and debits offset by DCOMPS, amounting to approximately R\$ 7,241 (R\$ 6,632 as of December 31, 2021).

There are cases at Prumo and its subsidiary amounting to R\$ 61,439 (R\$ 44,403 as of December 31, 2021) relating to various proceedings such as IRPJ, social security contributions, Pis/Cofins.

Prumo Logística S.A.

Notes to the individual and consolidated financial statements

December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

24. Provision for labor contingencies--Continued

Labor claims: labor claims primarily consist of individual claims filed by former employees of the Company's contractors, claiming the Company is jointly liable for issues related to overtime, time while in transit to and from work, payment of FGTS, and other labor rights of approximately R\$ 6,997 (R\$ 10,673 as of December 31, 2021) and at Prumo and its subsidiaries R\$ 1,0576 (consisting of other of R\$ 3,137 as of December 31, 2021).

Civil proceedings:

i) Porto do Açu proceedings: legal claims consisting of various indemnity claims, mainly related to contracts entered into by the Company with construction firms, service providers and other parties, with indemnity awarded amounting to approximately R\$ 20,598 (R\$ 11,946 as of December 31, 2021).

ii) Legal proceedings involving Prumo and other subsidiaries

Civil proceedings classified as possible involving Prumo were filed amounting to R\$ 1,765 (R\$ 20,062 as of December 31, 2021).

Expropriation proceedings: in 2010, the Company entered into promissory purchase and sale agreements with CODIN for plots of land in the São João da Barra Industrial Park area, under which Açu Port is required to pay the costs of any expropriations, including judicial expropriation litigation currently pending.

These expropriation proceedings are for the sole purpose of establishing the expropriation indemnities payable ("fair value of indemnity"), which may be increased in relation to those originally offered by CODIN. These proceedings are rated as possible defeats.

The amounts initially deposited in court by CODIN, paid by the Company at the time the expropriation proceedings were brought, in accordance with the Purchase and Sale Commitment, provide adequate financial protection. However, the Company's legal advisors and management are of the opinion that, although the likelihood of loss is rated as possible, any difference between the initial court deposits restated and the indemnities ultimately awarded by the courts is required to be reported.

Prumo Logística S.A.

Notes to the individual and consolidated financial statements

December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

24. Provision for labor contingencies--Continued

At December 31, 2022 the difference between the initial court deposits for expropriation proceedings and the indemnities awarded by the 2nd-instance court was a total of R\$ 31,936 (R\$ 28,872 at December 31, 2021).

Environmental proceedings: public civil actions or individual cases filed against the Company for suspected issues in licensing processes and the obtainment of environmental licenses, in addition to alleged environmental damages in the construction of the Porto do Açú venture. The Company and its legal consultants believe the amount involved in these proceedings cannot be estimated. For the provision, the Company adopted the criterion based on the potential loss of suit corresponding to 20% of the lawsuit's restated value.

Prumo Logística S.A.

Notes to the individual and consolidated financial statements

December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

25. Right of Use / Lease Liabilities

IFRS 16 - Leases introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and low value assets. Lessor accounting remains similar to the previous standard – i.e. lessors continue to classify leases as finance or operating leases.

As of December 31, 2022 the change in the right-of-use assets and lease liability is shown in the table below:

a) Parent company

	Balance 2021	Additions	Transfer	Amortization	Payments	Interest appropriated	Balance 2022
Assets							
Right-of-use asset	2,052	-	-	(1,193)	-	-	859
Total assets	2,052	-	-	(1,193)	-	-	859
Liabilities							
Lease liability	1,204	-	-	-	-	-	1,204
(-) Adjustment to present value	160	-	-	-	-	303	463
ST Lease liability	1,364	-	-	-	-	303	1,667
Lease liability	2,336	-	(1,387)	-	-	-	949
(-) Adjustment to present value	(702)	-	-	-	-	(1)	(703)
LT lease liability	1,634	-	(1,387)	-	-	(1)	246
Total liabilities	2,998	-	(1,387)	-	-	302	1,913

Prumo Logística S.A.

Notes to the individual and consolidated financial statements
December 31, 2022 and 2021
(In thousands of Reais, unless stated otherwise)

25. Right of Use / Lease Liabilities--Continued

b) Consolidated

	Balance 2021	Addition	Write- offs	Transfer	Amortization	Payments	Interest appropriated	Change	Elimination	Balance 2022
Assets										
Right-of-use asset	30,751	25,476	-	-	(5,642)	-	-	(23)	(10,262)	40,300
Total assets	30,751	25,476	-	-	(5,642)	-	-	(23)	(10,262)	40,300
Liabilities										
Lease liability	7,282	5,350	-	8,629	-	(9,951)	-	-	(1,114)	10,196
(-) Adjustment to present value	(1,378)	(2,251)	-	(7,612)	-	-	6,138	-	934	(4,169)
ST Lease liability	5,904	3,099	-	1,017	-	(9,951)	6,138	-	(180)	6,027
Lease liability	53,144	43,133	-	(10,018)	-	-	-	-	(20,114)	66,145
(-) Adjustment to present value	(24,526)	(20,756)	-	7,611	-	-	(1)	-	10,651	(27,021)
LT lease liability	28,618	22,377	-	(2,407)	-	-	(1)	-	(9,463)	39,124
Total liabilities	34,522	25,476	-	(1,390)	-	(9,951)	6,137	-	(9,643)	45,151



Prumo Logística S.A.

Notes to the individual and consolidated financial statements

December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

26. Corporate changes involving GNA Group

Assets and liabilities held for sale

The NTP Agreement is the master agreement setting out rules about multiple topics related to the transaction, including (i) issuance by UTE GNA II of the Notice to Proceed (“NTP”) under the Engineering, Procurement and Construction contract (“TPP GNA II EPC Contract”), entered into by UTE GNA II, Siemens Aktiengesellschaft, Andrade Gutierrez Engenharia S.A. and AG Construções e Serviços S.A., on January 21, 2020, as amended; (ii) enforcement of the NTP loans between UTE GNA II, on the one hand, and BPGIL, SPIC and SEF, on the other; (iii) the disposal of UTE GNA II shares held by GNA Infra to BPGIL and SGPH via the performance of the GNA II SPA; (iv) amendment of the UTE GNA II Shareholders' Agreement to be signed at the Closing of the UTE GNA II SPA; (v) transferring the UTE GNA II shares from Siemens Par to SGPH, amongst other matters.

In accordance with the loans NTP, BPGIL, SPIC and SEF awarded loans to UTE GNA II to cover the payment of the NTP under the TPP GNA II EPC contract, before the Financial Closing, and costs and expenses related to the GNA II venture.

The GNA II SPA, on the Closing date, GNA Infra will sell and transfer all of its UTE GNA II shares to SGPH and BPGIL, or any of their affiliates. The consummation of such transaction is subject to the fulfillment of certain conditions precedent set forth in the agreement, such as the approval of the antitrust authorities, consent of BNDES, among others.

The corporate restructuring was completed on September 19, 2022 of GNA II, which consolidates the agreements between the shareholders and the shares held by GNA Infra in GNA II were transferred to Siemens Energy and BP Gás & Power, and the net amount transferred to accounts receivable, as demonstrated in note 19 - Related party.

Available-for-sale assets were recognized in accordance with CPC 31 / IFRS 5 in 2021, which states that the carrying amount to be recorded should be the lower of the transaction value and the carrying amount. The analysis was conducted as follows:

Carrying amount (investment) – GNA Infra

R\$ 121,935 – Portion of investment
R\$ 251,200 – Portion recorded for loss of control

R\$ 373,135 – Total carrying amount

Value of the transaction

R\$ 141,676 - Loan at GNA II
R\$ 46,249 - AFAC at GNA II
R\$ 26,028 – other accounts payable

R\$ 213,953 – Total transaction price



Prumo Logística S.A.

Notes to the individual and consolidated financial statements

December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

The corporate restructuring was completed on September 19, 2022 of UTE GNA II, which consolidates the agreements between the shareholders. The shares held by GNA Infra in UTE GNA II were transferred to Junergy and BPGIL. The net amount of assets and liabilities available for sale is R\$ 187,925, and the interest related to the loan between GNA Infra and UTE GNA II is R\$ 15,482, totaling an amount of R\$ 203,407, which was transferred to accounts receivable from related parties and was settled on November 01, 2022.

Prumo Logística S.A.

Notes to the individual and consolidated financial statements

December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

27. Equity

a) Capital

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

Shareholders	2022		2021	
	Number of common shares (thousand)	%	Number of share common (thousand)	%
EIG Prumo Fundo de Investimento em Participações	350,054	93.10	350,054	93.10
9 West Finance S.à.r.l.	25,963	6.90	25,963	6.90
	376,017	100.00	376,017	100.00

b) Other comprehensive income

As of December 31, 2022, other comprehensive income was recognized of R\$ (235,815), which includes the accumulated translation effects from the investment in the subsidiary Vast, whose functional currency is the US dollar, with a loss being recorded of R\$ (203,903), as a result of issuing shares with no par value in Vast of R\$ (22,182), loss on the percentage variance in the investee PDA of R\$ (7,660), gain on the percentage variance in the investee GNA of R\$ 2,314 and recognizing hedge via the equity income method of R\$ (4,384).

c) Capital reserve

Based on the group's financial strategy, on March 18, 2022 Vast carried out a downstream merger with CL RJ 012 which generated a negative impact of USD 232,462 (R\$ 1,124,252) on the Company's equity, resulting from the goodwill in CL RJ 012, as per note 01 – Reporting Entity.

Goodwill on the 20% acquisition in Vast - CL RJ 012	(1,199,095)
CTA effects	72,419
Effect of prior results	2,424
Loss on downstream merger of subsidiary	(1,124,252)



Prumo Logística S.A.

Notes to the individual and consolidated financial statements

December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

28. Loss per share

The table below denotes the calculation of the basic and diluted loss per share, as there are no potential dilutive shares that could impact the calculation of the loss per dilutive share.

Basic and diluted earnings (loss) per share are calculated by dividing the net income attributable to the company's shareholders by the weighted average number of common shares issued in the period.

	Parent company		Consolidated	
	2022	2021	2022	2021
Basic				
Basic numerator:				
Loss attributable to controlling shareholders	(517,157)	(1,003,676)	(513,464)	(993,856)
Basic denominator:				
Weighted share average (*)	376,017	376,017	376,017	376,017
Loss per share (R\$) - basic and diluted	(1.37536)	(2.66923)	(1.36553)	(2.64311)

(*) The stock options were not included in the weighted average of the number of common shares, because the effect would have been antidilutive. There are therefore no differences between the loss per basic and diluted share.



Prumo Logística S.A.

Notes to the individual and consolidated financial statements

December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

29. Operating Revenue

The Group's main contracts are related to rental of the industrial hub, transshipment services and port services.

Revenue is measured by transferring goods and services to the respective clients, where the recognition period and amounts are subject to future demands, changes in the exchange rate and other market factors.

	Consolidated	
	2022	2021
Assignment of real surface rights	233,995	209,727
Oil transshipment service	754,467	542,110
Port services	172,023	126,804
Supply of water	9,626	8,279
Other	811	1,810
Gross revenue	1,170,922	888,730
Taxes on revenue (Pis/Cofins/ISS/ICMS)	(122,549)	(100,082)
Net revenue	1,048,373	788,648

30. Costs of services provided

	Consolidated	
	2022	2021
Payroll and related charges	(36,684)	(23,479)
Outsourced services	(156,437)	(101,558)
Rental and leases	(5,749)	(4,469)
Depreciation and amortization	(243,699)	(222,512)
Other insurance	(7,526)	(7,856)
Fuels and lubricants	(1,723)	(2,770)
Port services	(46,839)	(47,061)
Port services – Oiltanking (note 20)	(74,114)	(31,576)
Dome Consortium	(28,822)	(17,814)
Other	(18,518)	(12,802)
	(620,111)	(471,897)



Prumo Logística S.A.

Notes to the individual and consolidated financial statements

December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

31. General and administrative expenses

See below administrative expenses by nature.

	Parent company		Consolidated	
	2022	2021	2022	2021
Payroll and related charges	(62,911)	(58,879)	(157,427)	(149,936)
Outsourced services	(16,751)	(18,550)	(53,076)	(75,242)
Travel and accommodation	(1,467)	(180)	(3,494)	(1,084)
Rental and leases	(3,494)	(2,256)	(5,880)	(3,331)
Taxes (*)	(10)	(24)	(7,851)	(5,399)
Depreciation and amortization	(2,613)	(2,572)	(13,604)	(10,333)
Other insurance	(685)	(555)	(1,173)	(925)
Compensation	-	(142)	-	(10,483)
Other expenses	(4,471)	(1,347)	(22,756)	(10,467)
	(92,402)	(84,505)	(265,261)	(267,200)

(*) Explanation for the change in taxes can be seen in note 23 – Taxes payable

Prumo Logística S.A.

Notes to the individual and consolidated financial statements

December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

32. Finance income (costs)

	Parent company		Consolidated	
	2022	2021	2022	2021
Finance costs				
Bank expenses	(4)	(6)	(845)	(1,038)
IOF	(17,046)	(2,146)	(19,052)	(4,009)
Brokerage fees and commission	(4,170)	(35,516)	(106,948)	(83,911)
Interest on loans	-	-	(1,166,324)	(769,390)
Loan interest	-	(2,082)	-	(2,082)
Monetary restatement of loans	-	-	(106,344)	(185,887)
Exchange variance	(49)	(88,546)	(469,378)	(573,286)
Hedge operation loss	-	-	(15,280)	(12,892)
Leasing - IFRS 16	(304)	(381)	(3,185)	(3,132)
Transaction costs	-	-	-	(8,034)
Fines	(456)	(365)	(832)	(13,042)
Other	-	-	(979)	(2,545)
	(22,029)	(129,042)	(1,889,167)	(1,659,248)
Finance revenue				
Loan interest	9,066	5,603	34,325	22,572
Interest on short-term investments	19,909	7,523	51,590	17,798
Interest earned	408	137	10,457	4,276
Exchange variance	85,682	-	912,093	407,476
Gain on hedge settlement	-	-	11,762	11,204
Other	66,039	-	67,575	740
	181,104	13,263	1,087,802	464,066
Net finance income/loss	159,075	(115,779)	(801,365)	(1,195,182)



Prumo Logística S.A.

Notes to the individual and consolidated financial statements

December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

33. Segment reporting

Prumo has segments which are its strategic business units. The units offer different services and are administrated separately. Prumo's Executive Board analyses Management's internal reports for each of the strategic business units at least once a quarter. The operations of each of the reportable segments are summarized below.

- **Industrial Hub Management Segment (*Industrial Hub & T-Mult*)**

Denotes the assignment of real surface rights for the industrial hub of the Porto do Açu Industrial Complex for several industrial ventures, primarily for companies operating in the oil sector. Porto do Açu occupies 13,000 hectares, with areas now leased of 210 hectares. The management of the landside yard includes the T2 channel, on the banks of which oil and gas companies are building plants.

The T-Mult operation, at T2 and included in this segment, consists of the provision of port operation service for the shipment and unloading at the port, and the highway transportation and storage of various products, for handling coal, iron ore, oil coke and other products, in addition to mooring oil platforms.

- **T-Oil Segment**

This refers to the provision of liquid cargo logistics services, the operation and exploration of the T-Oil terminal, transshipment of liquid cargo, not limited to crude oil and derived products, which in the future will include the operation and exploration of the logistics patio and oil treatment facility for the purpose of storage, treatment, processing, blending and enrichment of oil. It is operated by Vast.



Prumo Logística S.A.

Notes to the individual and consolidated financial statements

December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

33. Segment reporting--Continued

- **T-Gas Segment**

Denotes the purchase and sale of liquefied natural gas project (LNG) or gas resulting from offshore production and the regasification of liquefied natural gas, transmission and sale of energy and electricity and intermediation in the purchase and sale of energy and electric capacity. Coordinated by GNA.

As addressed in the section operations and note 01, the Company sold a part of its interest in the operating companies of GNA group.

- **Port Segment**

This refers to Prumo's subsidiaries, including those that are not operational and vehicles used to hold interests in other Group companies, namely Pedreira Sapucaia, G3X, Águas Industriais, SNF, GSA, Reserva Caruara, LLX Brasil, Açú Petróleo Investimentos, Prumo Participações, Heliporto, Prumo Navegação, Rochas do Açú, Açú Energia and CL RJ 012.

Prumo Logística S.A.

Notes to the individual and consolidated financial statements

December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

33. Segment reporting--Continued

	Statement of profit or loss – 2022					
	<i>Industrial Hub & T-Mult</i>	<i>T-Oil</i>	<i>T-Gás</i>	<i>Port</i>	<i>Corporate</i>	<i>Adjustments & eliminations Consolidated</i>
Revenue from rental and port services	317,889	688,946	-	62,817	-	(21,279) 1,048,373
Cost of services provided	(230,135)	(364,076)	-	(37,285)	-	11,385 (620,111)
Gross profit/loss	87,754	324,870	-	25,532	-	(9,894) 428,262
Operating revenue (expenses)						
Administrative and general expenses	(121,947)	(39,358)	(11,461)	(9,277)	(92,402)	9,184 (265,261)
Provision for loss	7,762	(363)	(1)	159	(72)	(2,863) 4,622
Other revenue	6,437	-	34	2,188	14	(11) 8,662
Other expenses	(2,363)	(1,755)	(1,269)	-	(58)	- (5,445)
Share of profit (loss) of equity-accounted investees (*)	1,161	-	(320,268)	173,281	(583,713)	794,018 64,479
Profit/loss before finance income/loss and taxes	(21,196)	283,394	(332,965)	191,883	(676,231)	790,434 235,319
Finance income (costs)	(619,145)	(263,776)	43,152	(132,075)	159,074	11,405 (801,365)
Finance revenue	75,299	418,640	43,412	468,516	181,103	(99,168) 1,087,802
Finance costs	(694,444)	(682,416)	(260)	(600,591)	(22,029)	110,573 (1,889,167)
Earnings before tax on profit	(640,341)	19,618	(289,813)	59,808	(517,157)	801,839 (566,046)
Current IR and CSLL	-	(3)	(11,742)	(4,745)	-	1 (16,489)
Deferred IR and CSLL	-	4,733	-	266	-	(1,858) 3,141
Net income (loss) for the year	(640,341)	24,348	(301,555)	55,329	(517,157)	799,982 (579,394)

(*) Basically Ferroport, NFX, GNA I and GNA II

Prumo Logística S.A.

Notes to the individual and consolidated financial statements

December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

33. Segment reporting--Continued

Statement of profit or loss - 2021						
	<i>Industrial Hub & T-Mult</i>	<i>T-Oil</i>	<i>T-Gás</i>	<i>Port</i>	<i>Corporate</i>	<i>Adjustments & eliminations Consolidated</i>
Revenue from rental and port services	269,554	481,122	-	42,300	-	(4,328) 788,648
Cost of services provided	(186,108)	(266,706)	-	(22,241)	-	3,158 (471,897)
Gross profit/loss	83,446	214,416	-	20,059	-	(1,170) 316,751
Operating revenue (expenses)						
Administrative and general expenses	(124,004)	(34,180)	(23,739)	(6,843)	(84,505)	6,071 (267,200)
Provision for loss	40,018	(15)	(20)	(47)	9	2,865 42,810
Other revenue	2,686	-	-	21	77	- 2,784
Other expenses	(18,612)	-	-	(728)	(1,995)	- (21,335)
Share of profit (loss) of equity-accounted investees (*)	(412)	-	(172,741)	241,807	(801,483)	814,594 81,765
Profit/loss before finance income/loss and taxes	(16,878)	180,221	(196,500)	254,269	(887,897)	822,360 155,575
Finance income (costs)	(745,381)	(46,479)	12,164	(301,435)	(115,779)	1,728 (1,195,182)
Finance revenue	42,294	166,646	14,029	266,980	13,263	(39,146) 464,066
Finance costs	(787,675)	(213,125)	(1,865)	(568,415)	(129,042)	40,874 (1,659,248)
Financial liabilities	-	-	163,438	-	-	- 163,438
Earnings before tax on profit	(762,259)	133,742	(20,898)	(47,166)	(1,003,676)	824,088 (876,169)
Current IR and CSLL	-	(29,808)	(6,736)	(3,274)	-	- (39,818)
Deferred IR and CSLL	(11,791)	(19,094)	(24,726)	(99)	-	- (55,710)
Net income from assets and liabilities held-for-sale (**)	-	-	(58,404)	-	-	- (58,404)
Net income (loss) for the year	(774,050)	84,840	(110,764)	(50,539)	(1,003,676)	824,088 (1,030,101)

(*) Basically Ferroport and NFX and (**) In December 2020 GNA I and GNA II began to be classified as available-for-sale, as mentioned in note 26.a – Available-for-sale assets and liabilities

Prumo Logística S.A.

Notes to the individual and consolidated financial statements

December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

33. Segment reporting--Continued

Assets and liabilities by segment on December 31, 2022

	<i>Industrial Hub & T-Mult</i>	<i>T-Oil</i>	<i>T-Gás</i>	<i>Port</i>	<i>Corporate</i>	<i>Adjustments & eliminations</i>	<i>Consolidated</i>
Assets							
Current assets	382,145	581,523	216,866	282,517	445,306	(49,148)	1,859,209
Non-current assets	1,469,455	3,539,043	276,973	707,725	187,521	(1,870,902)	4,309,815
Investments	108,471	29	1,018,686	1,007,596	416,089	(989,564)	1,561,307
Investment property	450,006	-	-	79,811	-	-	529,817
Property, plant and equipment	2,678,681	1,588,165	8,292	32,312	2,747	(835)	4,309,362
Intangible assets	6,028	57,801	22	363	2,952	-	67,166
Lease right – IFRS16	10,899	1,020	-	54,549	859	(27,027)	40,300
Deferred	11,634	-	-	-	-	(11,634)	-
Total assets	5,117,319	5,767,581	1,520,839	2,164,873	1,055,474	(2,949,110)	12,676,976
Liabilities							
Current liabilities	297,528	409,316	18,075	187,855	44,865	(5,154)	952,485
Noncurrent liabilities	5,138,659	6,115,432	24,725	3,303,740	4,151,085	(4,114,043)	14,619,598
Equity	(318,868)	(757,167)	1,478,039	(1,326,722)	(3,140,476)	1,170,087	(2,895,107)
Total liabilities and equity	5,117,319	5,767,581	1,520,839	2,164,873	1,055,474	(2,949,110)	12,679,976

Assets and liabilities by segment on December 31, 2021

	<i>Industrial Hub & T-Mult</i>	<i>T-Oil</i>	<i>T-Gás</i>	<i>Port</i>	<i>Corporate</i>	<i>Adjustments & eliminations</i>	<i>Consolidated</i>
Assets							
Current assets	155,619	194,806	190,729	180,900	264,774	(4,902)	981,926
Noncurrent assets available-for-sale	-	-	213,953	-	-	-	213,953
Non-current assets	1,440,256	109,291	73,388	98,409	42,143	(614,863)	1,148,624
Investments	106,401	31	1,739,910	1,525,170	1,191,571	(2,852,873)	1,710,210
Investment property	447,139	-	-	79,811	-	-	526,950
Property, plant and equipment	2,789,300	1,764,023	8,248	31,910	3,076	(837)	4,595,720
Intangible assets	6,665	63,886	25	339	3,537	-	74,452
Lease right – IFRS16	6,107	1,507	-	38,545	2,052	(17,460)	30,751
Deferred	17,703	-	-	-	-	(17,703)	-
Total assets	4,969,190	2,133,544	2,226,253	1,955,084	1,507,153	(3,508,638)	9,282,586
Liabilities							
Current liabilities	367,655	108,391	11,363	52,458	52,640	(7,848)	584,659
Noncurrent liabilities available-for-sale	-	-	26,028	-	-	-	26,028
Noncurrent liabilities	5,142,311	1,334,650	24,724	2,069,612	2,814,827	(1,857,918)	9,528,206
Equity	(540,776)	690,503	2,164,138	(166,986)	(1,360,314)	(1,642,872)	(856,307)
Total liabilities and equity	4,969,190	2,133,544	2,226,253	1,955,084	1,507,153	(3,508,638)	9,282,586

Prumo Logística S.A.

Notes to the individual and consolidated financial statements

December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

34. Commitments

On December 31, 2022 the Company and its subsidiaries had future purchase commitments of R\$ 924,223 (R\$ 407,810 on December 31, 2021) and these should be fulfilled in the course of their activities:

	Consolidated	
	2022	2021
Porto do Açu (a)	798,754	252,440
Prumo	37,287	24,336
Vast (b)	54,314	95,399
GNA (c)	13,036	12,245
Gás Infra	963	2,667
Prumo Serviços	1,091	460
Águas Industriais	5,661	5,510
Caruara Environmental Reserve	12,935	13,502
Other	182	1,251
	924,223	407,810

(a) Essentially denotes the long-term dredging contract consisting of R\$ 400,761, rental of equipment to support the operation in the amount of R\$ 26,349, earthmoving and paving work, services of R\$ 24,912 and other general and administrative expenses such as: security and surveillance, IT support, employee transportation, meals, life and health insurance, travel, consultancy, maintenance and energy.

(b) Administrative expenses and operational costs for double banking operations; and

(c) Denotes project development expenses, the end of thermal plant works, commission period expenses, systems licenses, IT equipment, furniture fixtures, machinery and equipment, travel and accommodation, IT consultancy and financial advisory services.

	Consolidated	
	2022	2021
Property, plant and equipment (d)	400,761	40,811

(d) Long-term dredging expenses and other Company investments;

Prumo Logística S.A.

Notes to the individual and consolidated financial statements

December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

35. Financial instruments and risk management

The Company and its subsidiaries use operations with derivative financial instruments. These instruments are managed through operating strategies and internal controls, aimed at liquidity, profitability and security. Our control policy consists of periodically monitoring contract rates versus market rates. The Company, subsidiaries and joint ventures do not invest in derivatives or any other risky assets on a speculative basis.

The estimated realization values of the financial assets and liabilities were determined through information available in the market and appropriate valuation methodologies.

However, considerable judgment was required in the interpretation of the 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 use of different market methodologies may have a material effect on the estimated realizable values.

Company Management's policy of maintaining a solid capital base generates confidence among investors, creditors and the market, and strengthens fundamentals for developing future business.

Based on this, Management monitors the projected returns on capital in its multi-year plan.

Prumo Logística S.A.

Notes to the individual and consolidated financial statements

December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

35. Financial instruments and risk management--Continued

The table below presents the carrying amounts of financial instruments included in the statements of financial position, in addition to the hierarchical level classification:

	Parent company					
	2022			2021		
	Amortized cost	Fair value through other comprehensive income	Fair value through profit or loss	Amortized cost	Fair value through other comprehensive income	Hierarchical level
Assets						
Cash and banks	70,035	-	-	324	-	-
Short-term investments	201,503	-	-	185,994	-	-
Securities	48,258	-	-	32,575	-	-
Restricted cash	36,840	-	-	33,463	-	-
Related-party loans	44,974	-	-	40,107	-	-
Accounts receivable from related parties	1,815	-	-	2,290	-	-
	403,425	-	-	294,753	-	-
Liabilities						
Trade payables	7,655	-	-	10,250	-	-
Related-party loans	2,181,338	-	-	1,374,838	-	-
Accounts payable to related parties	8	-	-	1	-	-
	2,189,001	-	-	1,385,089	-	-

Prumo Logística S.A.

Notes to the individual and consolidated financial statements

December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

35. Financial instruments and risk management--Continued

Consolidated						
2022				2021		
Level	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 banks	121,411	-	-	21,576	-	-
Short-term investments	316,228	-	-	283,991	-	-
Securities	484,598	-	3,074,592	32,575	-	137,281
Restricted cash	290,307	-	-	51,801	-	-
Receivables	228,113	-	-	129,683	-	-
Escrow accounts	495,455	-	-	322,745	-	-
Returnable down payments	58,760	-	-	58,744	-	-
Related-party loans	127,048	-	-	186,633	-	-
Accounts receivable from related parties	41,322	-	-	48,462	-	-
Debentures	659,393	-	-	659,393	-	-
Third-party credit	70,031	-	-	80,031	-	-
	2,892,666	-	3,074,592	1,875,634	-	137,281
Liabilities						
Trade payables	75,056	-	-	57,516	-	-
Related-party loans	1,203,954	-	-	1,287,668	-	-
Accounts payable to related parties	13,849	-	-	9,916	-	-
Loans, borrowings and debentures	13,707,943	-	-	8,176,685	-	-
Liabilities towards third parties	19,880	-	-	19,880	-	-
Derivatives – hedge	-	-	324	-	-	183
Non-current liabilities held for sale	-	-	-	26,028	-	-
	15,020,682	-	324	9,577,693	-	183

Prumo Logística S.A.

Notes to the individual and consolidated financial statements

December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

35. Financial instruments and risk management--Continued

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. A part of the company's accounts has the fair value equal to carrying amount, these accounts include cash equivalents, payables and receivables, bullet debts and short-term.

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).

Loans, borrowings and debentures are measured at amortized cost. The fair values calculated by Management for revenue approach reference purposes only are R\$ 13,423,584 as of December 31, 2022 (R\$ 8,453,150 as of December 31, 2021).

A significant part of this amount consists of loans from BNDES, FI-FGTS, Bradesco, Santander and foreign suppliers, where we considered the carrying amount to be fair value as it is an exclusive market. Given the nature and maturity terms of other financial assets and liabilities, the fair values are not materially different to the carrying amounts.

As of December 31, 2022, the Company did not reclassify its financial instruments into the categories of financial instruments specified by CPC 48.

The Company has a formal policy for financial risk management approved by the Board of Directors. The use of financial instruments for hedging purposes is done through a periodic analysis of the risk exposure that management intends to mitigate. The results obtained from these operations in the period and the application of internal controls for risk management were considered satisfactory for the objectives proposed.

Prumo Logística S.A.

Notes to the individual and consolidated financial statements

December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

35. Financial instruments and risk management--Continued

Risk management objectives and strategies

The hedge guidelines are applied according to exposure type. The risk factors posed by foreign currencies should be neutralized in the short term (within one year), and the protection may be extended for longer. Decision making regarding the risk posed by interest rates and inflation on liabilities acquired is assessed in terms of the economic and operational context and when Management deems the risk to be material. Except for GNA Group and Prumo Participações, the Company, subsidiaries and its joint ventures did not have contracted derivative instruments as of December 31, 2022.

- **Market Risks**

- (i) Exchange rate risk

This entails the risk of change in exchange rates which could be associated to the Company's assets and liabilities.

The Company manages the exchange risk on a consolidated basis for its companies to detect and mitigate risks posed by changes in exchange rates underlying global assets and liabilities.

The aim is to identify or create natural hedges, capitalizing on the synergy between the operations of Prumo Group's companies, minimizing (or even avoiding) the use of hedge derivatives and managing the foreign exchange risk posed by the net exposure. Derivative instruments can be used in cases where natural hedges cannot be taken advantage of. See below in this note more details about the foreign exchange exposure of Prumo Group.

Prumo Logística S.A.

Notes to the individual and consolidated financial statements

December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

35. Financial instruments and risk management--Continued

(ii) Interest rate risk

As described in Note 22 - Loans, borrowings and debentures, the identification of the interest rate risk is associated with the shift in the interest structures associated with the payment flows of the debt principal and interest.

As of December 31, 2022, 50.56% of the Company and its subsidiaries' debt was denominated in local currencies, with 18.57% restated by the IPCA price index, 10.29% by the Selic rate and 21.70% by the TLP rate.

As regards revenue denominated in Brazilian Reais, the rental revenue of Porto do Açú is restated by the IGP-M price index. The funds are invested in a Prumo exclusive fund at Banco Bradesco S.A., with a specific policy for investing in fixed-income securities of tier-one banks, indexed to the CDI rate and with daily liquidity.

As regards mitigating risks posed by interest-rate variance under the current situation, where the company has debts restated by indexes including the SELIC, TLP and IPCA and a fixed surcharge and holds its entire cash in a low-risk portfolio yielding the CDI rate, Management did not consider material in the short-term the interest risk posed by Prumo subsidiaries' liabilities, and therefore decided not to take out hedge operations to mitigate the specific risk.

The table below summarizes the future flow of debt payments in thousands of Reais, by creditor, with a sensitivity scenario in the interest-rate indexes suffering an oscillation (increase) of 25% and 50% and the increases on the baseline scenario.

The sensitivity calculation relied on the projections set out in the Central Bank's Focus report for all of Porto do Açú's debts.

Consolidated – Flow of Future Payments						
Description	Baseline Scenario		Scenario I - Increase of 25%		Scenario II - Increase of 50%	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021	12/31/2022	12/31/2021
BNDES (Selic and TLP)	7,014,301	7,360,953	389,278	227,596	777,078	456,289
Debentures (IPCA)	4,156,744	4,188,008	422,080	364,929	890,897	765,661
Total	11,171,045	11,548,961	811,358	592,525	1,667,975	1,221,950

Prumo Logística S.A.

Notes to the individual and consolidated financial statements

December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

35. Financial instruments and risk management--Continued

The calculation projections were made as of the baseline date December 31, 2022 and were provided through 2026. From that year on, we used the latest figures presented.

Indicator	2022	2023	2024	2025	2026	2027 onwards
Selic (%p.a.)	13.75	12.25	9.00	8.00	8.00	8.00
IPCA (%p.a.)	5.62	5.31	3.65	3.25	3.15	3.15

(iii) Cash flow risk related to floating interest rates

There is a financial risk associated with floating rates that could increase the future value of the financial liabilities. The common risk is uncertainty about the interest futures market, which makes payment flows unpredictable. In loss scenarios, the interest forward rises, thereby increasing the liability's value. Alternatively, the company's liabilities could diminish if the rates fell.

The most important risk associated with the interest liability derives from the issuance of debentures restated by the IPCA price index, as mentioned in previous topic. However, as the Company's future revenue is subject to the same restatement and both are long term - debt maturing in 2033, a fact which increases the amount of uncertainty regarding the market due to the term - the projected revenue is neutralized to an extent by the debt amortization, thereby minimizing the risk under scrutiny.

- **Credit Risk**

Credit risk is the risk of financial loss to the Company, its subsidiaries and joint subsidiaries if a customer or counterparty to a financial instrument fails to meet its contractual obligations. This risk factor could derive from accounts receivable and financial instruments. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

Prumo Logística S.A.

Notes to the individual and consolidated financial statements

December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

35. Financial instruments and risk management--Continued

To mitigate these risks, the Company, its subsidiaries and its joint ventures have a policy of analyzing the financial position of their counterparties, as well as constantly monitoring outstanding accounts.

The company uses the ratings issued by the main risk rating agencies used in the market in order to assess the financial institutions with which it carries out operations: S&P, Moody's and Fitch, using the long-term national risk rating.

The Company has a Financial Investment Policy that establishes investment limits for each institution and uses the credit rating as a reference for limiting the investment amount. Average terms are continually assessed, as are the indexes underlying the investments, in order to diversify the portfolio.

An expected credit loss rate is calculated for each receivable based on the financial condition of each counterparty. Credit assessment was created using historic data and assumptions of the main risk rating agencies and credit bureaus. Loss rates are calculated via a multiplication matrix between the expected credit loss rate for each receivable and the level of delinquency in the portfolio and by using the rolling method. The probability of receipt passes through successive default stages until being completely written off.

Prumo Logística S.A.

Notes to the individual and consolidated financial statements

December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

35. Financial instruments and risk management--Continued

- **Exchange Risk**

As of December 31, 2022, 49.44% of the total debt was denominated in foreign currency, 100% US dollars.

The Company manages the exchange risk on a consolidated basis to detect and mitigate risks posed by changes in exchange rates underlying global assets and liabilities.

The aim is to identify or create natural hedges, capitalizing on the synergy between the operations of Prumo Group's companies, minimizing or even avoiding the use of hedge derivatives and managing the foreign exchange risk posed by the net exposure.

The dollar-denominated debt of FP Newco consists of the loan subordinated to the senior debt of Prumo Participações. The payment flow provides for a bullet amortization of principal and interest at the end of the contract in June 2027.

Prumo Participações' 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 via the quarterly distribution of dividends, from its joint subsidiary Ferroport, whose revenue is denominated in US dollars, where the fee for handling iron ore in force is also restated annually by the US' PPI inflation index.

Ferroport is in the unique situation where its cost structure is denominated in Brazilian Reais and its monthly revenue is indexed to the dollar. The operational income of the joint venture is therefore exposed to the risk of exchange variance due to a mismatch between 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 takes out NDFs (Non-Deliverable-Forwards) monthly to hedge against exchange variance, as stated in the supplementary information about derivative instruments.

Prumo Logística S.A.

Notes to the individual and consolidated financial statements

December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

35. Financial instruments and risk management--Continued

Ferroport has an exchange risk management policy formulated by Prumo in conjunction with Anglo American. Ferroport conducts transactions involving financial instruments managed through operating strategies and internal controls aiming at liquidity, profitability and hedging. Our control policy consists of permanently monitoring contract rates versus market rates. The hedge strategy is to hedge USD variance to guarantee the revenue from cash flow.

Prumo entered into loan agreements as borrower with an investment vehicle administrated by an affiliate company, EIG, the Company's parent company, in the amount of USD 50,000 each, in the total amount of USD 200,000 ("Loan Agreement"). The interest rate for these loans was changed from 15% per annum to 0% on June 27, 2020. The principal and interest accumulated through June 27, 2020 established in the loan agreement are subject to certain payment and subordination conditions agreed with the long-term creditors of the subsidiary Porto do Açu. This amount is not expected to be settled at the moment, repayment of which depends on Prumo's subsidiaries making a profit. A number of subsidiaries are denominated in US dollars, which creates a natural hedge for the loan.

As of June 29, 2022 Prumo Participações, a wholly owned subsidiary of Prumo, made a loan in the gross amount of R\$ 66,621 with Prumo. The loan agreement between the companies was entered based on the financing documents of Prumo Participações following performance of the subsidiary postures contractual obligations, the amount was used to honor the payment of Porto do Açu's debt.

On July 10, 2022 FP Newco, a wholly owned subsidiary of Prumo, took out a loan of R\$ 544,140 after drawing a subordinated loan from Carlyle fund. Part of the proceeds were used to pay the July 2022 loan installment of Porto do Açu.

Prumo Logística S.A.

Notes to the individual and consolidated financial statements

December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

35. Financial instruments and risk management--Continued

On April 29, 2022, and July 05, 2022, Vast Infraestrutura granted loans to Prumo Logística in the amounts of R\$ 76,100 and R\$ 110,000, respectively. On December 22, 2022 Vast sent the final loan tranche with the Company, in the gross amount of R\$ 50,000, using funds from the Bonds issuance in order to create liquidity for the Company and thereby honor the payment of Porto do Açu's debt.

At Vast Infraestrutura, the foreign currency debt comprises the Bonds issued through its subsidiary AP Lux, in US dollars. The cash flow intended to service the payment of this debt comes from the operations of Vast Infraestrutura, whose revenue is denominated in US dollars, where the fee for handling oil in force is also restated annually by the PPI US inflation index. Vast Infraestrutura's cost structure is denominated in Brazilian Reais and its monthly revenue is indexed to the dollar despite the fact it is received in Reais. The operational income of the company is therefore exposed to the risk of exchange variance in a given month. An appreciation of the Brazilian real against the US dollar could diminish the operational margin and free cash flow of Vast Infraestrutura. In respect of the debt, the fact that servicing the debt and the revenue of Vast Infraestrutura are denominated in the same currency creates a natural hedge for this exposure.

As the functional currency of the subsidiary Vast is the US dollar. The figures in the consolidated statement of financial position for presentation purposes are stated in the Real transaction currency. The net exposure risk was R\$ 233,547 as of December 31, 2022 (R\$ 86,413 as of December 31, 2021). A 5% valuation gain in the real exchange rate would represent a gain of R\$ 11,677 (R\$ 4,321 as of December 31, 2021).

Prumo Logística S.A.

Notas explicativas às demonstrações financeiras individuais e consolidadas

Em 31 de dezembro de 2020 e 31 de dezembro de 2019

(Em milhares de reais, exceto quando mencionado de outra forma)

35. Financial instruments and risk management--Continued

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

2022	Real	USD 10%	USD 20%
Subordinated Loan (iv)	573,947	631,342	688,736
Senior Secured Bonds (v)	1,528,303	1,681,133	1,833,963
Santander Debentures (ix)	1,318,375	1,450,213	1,582,050
NCE Itau (x)	1,857,623	2,043,386	2,229,148
Bonds 144A/RegS (xi)	3,130,620	3,443,682	3,756,744
Total	8,408,868	9,249,756	10,090,641

2021	Real	USD 10%	USD 20%
Institution			
Senior Secured Bonds (iv)	1,643,691	1,808,060	1,972,429
DFC (v), (vi) and (vii)	1,265,761	1,392,337	1,518,913
Total	2,909,452	3,200,397	3,491,342

- Supplementary information about derivative instruments**

This program is classified using hedge accounting criteria and measured at fair value through comprehensive income.

Derivative financial instruments are recognized as assets or liabilities in the statement of financial position and measured at fair value. Where the transaction is eligible for hedge accounting, and designated as such, any changes in the fair value of derivatives are recognized as follows:

Prumo Logística S.A.

Notas explicativas às demonstrações financeiras individuais e consolidadas

Em 31 de dezembro de 2020 e 31 de dezembro de 2019

(Em milhares de reais, exceto quando mencionado de outra forma)

35. Financial instruments and risk management--Continued

Cash-flow hedge: for changes in the fair value of derivative financial instruments designated as effective cash flow hedges, the effective component is recognized in equity (other comprehensive income) and the ineffective component is also recognized in equity but in a different line item (Hedging Costs).

Amounts recorded in equity are only transferred to the appropriate item under Property plant and equipment (Dissolved hedge) when the hedged item is realized.

All of Prumo Participações' revenue derives from payment of dividends by Ferroport in Reais, transferred to the company quarterly. Following issues of Senior Secured Bonds, the company made a contractual hedge commitment which states that the derivative to be used to hedge against exchange rate variance consists of Non-deliverable-forwards ("NDFs"). The NDFs are procured monthly at an amount equal to 1/6 of the semiannual gross debt payment and reserve account completion.

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

				Mark-to-market (MTM)		Accumulated effect Amount receivable/receive d or payable/paid
Company		NDF contracted in R\$				
		Maturity				
		(year)		2022	2021	2022
NDF	Prumo Participações	12,108	2022	-	(183)	-
Forward USD	Prumo Participações	2,031	2023	(171)	-	(171)
Forward USD	Prumo Participações	3,386	2023	(153)	-	(153)
Net				(324)	(183)	(324)

Prumo Logística S.A.

Notas explicativas às demonstrações financeiras individuais e consolidadas

Em 31 de dezembro de 2020 e 31 de dezembro de 2019

(Em milhares de reais, exceto quando mencionado de outra forma)

35. Financial instruments and risk management--Continued

- **Liquidity Risk**

The Company, its subsidiaries and joint ventures monitor their liquidity levels, based on expected cash flows versus the amount of cash and cash equivalents at hand. Managing the liquidity risk means maintaining cash, sufficient securities and capacity to settle liabilities and market positions.

The contractual maturities of the financial liabilities as of December 31, 2022 are as follows. These amounts are gross and are not discounted, and include payments of estimated interest and do not include the impact of the offsetting agreements:

Consolidated	Up to 6 months	6 to 12 months	1 to 2 years	2 to 5 years	Over 5 years	Total
Financial liabilities						
Trade payables	74,904	-	152	-	-	75,056
Accounts payable to related parties	-	13,849	-	-	-	13,849
Related-party loans	-	-	-	-	1,203,954	1,203,954
Loans, borrowings and debentures	585,819	786,578	1,533,265	6,444,102	14,314,808	23,664,572
Liabilities towards third parties	-	-	-	19,880	-	19,880
Total by time range	660,723	800,431	1,533,417	6,463,982	15,518,762	24,977,311

Prumo Logística S.A.

Notes to the individual and consolidated financial statements

December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

36. Insurance coverage

The Company and its subsidiaries have a policy of taking out insurance coverage for assets subject to risks in amounts considered sufficient to cover possible damages, considering the nature of their activity.

The policies are in force and the premiums have been paid. The company considers its insurance coverage is consistent with other companies of similar sizes operating in the sector.

As of December 31, 2022 and 2021, the main risks covered are:

	Consolidated	
	2022	2021
Operating risks		
Material Damages	541,124	567,371
Civil Liability and Environmental Damages	1,983,143	2,092,787
Lost Earnings	654,799	606,913
Total	3,179,066	3,267,071

Prumo Logística S.A.

Notes to the individual and consolidated financial statements

December 31, 2022 and 2021

(In thousands of Reais, unless stated otherwise)

Members of the Board of Directors

Robert Blair Thomas
Chief Executive Officer

Benjamin Ethan Vinocour
Vice-President

José Alberto de Paula Torres Lima
Director

Franklin Lee Feder
Director

Ricardo Faria Paes
Director

Jorge Marques de Toledo Camargo
Director

Ieda Gomes Yell
Director

Mariana Coutinho
Controller's Department Manager

Members of the Executive Board

Rogério Sekeff Zampronha
Chief Executive Officer

Eugenio Leite de Figueiredo
CFO and Officer with no specific title, working as Deputy CEO

Eduardo Quartarone Campos
Officer with no specific title, working as General Counsel

Angela Serpa Caldeira e Silva
Officer with no specific title, working as Human Capital Officer

Eduardo Ferreira Kantz
Officer with no specific title, working as the Environment, Sustainability, Governance and Institutional Relations Officer

Mauro Lourenço de Andrade
Officer with no specific title, working as Business Development Officer

Leticia Nabuco Villa-Forte
Officer with no specific title, working as Deputy CFO

Camila Maria Cunha de Araujo
Accountant CRC-RJ 121980-O