

EARNINGS RELEASE

PRUMO PARTICIPAÇÕES E INVESTIMENTOS
AND FERROPORT

December 31th, 2023



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PRUMO PARTICIPAÇÕES AND FERROPORT

4Q2023 EARNINGS REPORT

Rio de Janeiro, April 17th, 2023 - PRUMO PARTICIPAÇÕES E INVESTIMENTOS S.A. ("PRUMOPAR"), located at 804, Russel Street, 5th floor, Glória, Rio de Janeiro, was incorporated in 2015 in order to acquire interests in other companies. PRUMOPAR carries out its operations via the joint venture Ferroport Logística Comercial e Exportadora S.A. ("Ferroport") with Anglo American Participações Minério de Ferro Ltda. ("Anglo American").

Information about the Conference Call

Thursday, April 18th at 11:00 PM (Brasília time); 10:00 (US-ET).

Web access: https://us02web.zoom.us/webinar/register/WN_MMw-xXigSAGvB67jpUTK5A

Participants should connect 5 minutes before the conference call starts.

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4Q2023 FINANCIAL HIGHLIGHTS

Ferroport	2023	2022	Δ %
Volume T-Ore (K-ton)	24,044	21,378	12.5%
T-Ore Access (BRL k)	1,103,132	1,091,020	1.1%
T-Oil Access (BRL k)	90,033	45,139	99.5%
EBITDA	812,220	771,093	5.3%
EBITDA Margin	77.1%	76.1%	1 bps
Adjusted EBITDA ¹ (BRL k)	812,164	828,553	(2.0%)
Adjusted EBITDA Margin	77.1%	81.8%	(6 bps)

¹ Excluding dredging (2022)

Prumopar	2023	2022	Δ %
IC Loan - Principal (BRL k)	-	73,010	-
IC Loan - Interest (BRL k)	-	1,088	-
Dividends (BRL k)	246,069	185,547	32.6%
Total Distribution from Ferroport (BRL k)	246,069	259,645	(5.2%)

In the end of 2023, Ferroport loaded 24.04 million tons of iron ore, an increase of 12.5% comparing to the 21.4 million tons of iron ore loaded in the same period of 2022. During the fourth quarter of 2023, the Company loaded 6.74 million tons of iron ore, an increase of 8.3% in comparison with the same period of 2022.

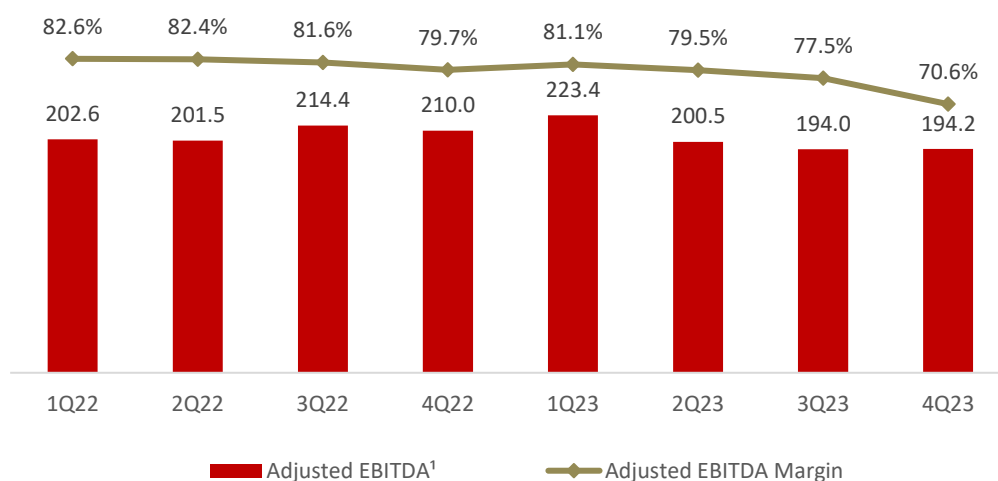
During 2023, Ferroport was positively impacted on gross revenues from T-Ore 1.1% in comparison with the same period of 2022, due to the readjustment of the port tariff under the Take or Pay contract. In the fourth quarter of 2023 there was a decrease of 7.5% on the adjusted EBITDA if we compare it to the fourth quarter of 2022, caused by higher maintenance costs.

In 2023, the gross revenues from T-Oil presented an increase of 99.5% with an amount of BRL 90 million versus BRL 45 million in the same period of 2022, due to higher number of vessels and a decrease in tariffs discounts.

Ferroport distributed to PRUMOPAR and Anglo American in the fourth quarter of 2023 the amount of BRL 97.72 million, an aggregate amount of BRL 492.14 million as dividends during 2023. At PRUMOPAR level, total distributions were BRL 75.58 million in the first quarter of 2023, BRL 55.05 million in the second quarter of 2023 and BRL 66.57 million in the third quarter of 2023 and BRL 48.86 million in the fourth quarter of 2023, an aggregate amount of BRL 246.07 million in 2023.

Ferroport	Per quarter							
	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23
(+)Net Revenues	245.4	244.5	259.2	263.5	275.6	252.0	250.5	274.9
(-)Costs	(55.5)	(91.9)	(63.7)	(54.5)	(62.3)	(58.3)	(67.7)	(69.9)
(-)SG&A	(8.4)	(9.6)	(11.2)	(18.9)	(10.0)	(13.4)	(10.0)	(33.0)
(+) Depreciation & Amortization	17.1	17.6	18.0	19.4	20.1	20.1	21.3	22.2
(-/+) Non Recurring Revenues/Costs	4.0	40.9	12.1	0.4	-	-	-	-
Adjusted EBITDA¹	202.6	201.5	214.4	210.0	223.4	200.5	194.0	194.2
Adjusted EBITDA Margin	82.6%	82.4%	81.6%	79.7%	81.1%	79.5%	77.5%	70.6%

¹Excluding Dredging (Non Recurring Costs)



I. ESG:

Ferroport structures its ESG policies and actions following the best market practices applicable to the business, as evidenced by the ESG score ranking prepared by NINT (formerly "Sitawi Finanças do Bem" which produced the last report). Scores range from 0.0 to 10.0 and from Critical to Superior and indicate the company's status in each section measured and the company as a whole, with Ferroport being at the Superior level in the overall assessment.

The improvements the company aims for in 2024 and beyond are:

- Maintain processes and initiatives to promote business sustainability;
- Develop actions to promote more diverse participation in the workforce;
- Report to the Carbon Disclosure Project (CDP) on atmospheric emissions;
- Continue with the implementation of the Decarbonization Plan for Ferroport processes.

II. FERROPORT CONSOLIDATED

a. Consolidated Simplified Analysis of the Income Statement:

Consolidated (BRL k)			
Income Statement	2023	2022	Δ %
Shipment of iron ore (Take or Pay)	1,103,132	1,091,020	1.1%
Oil transshipment (T-Oil)	90,033	45,139	99.5%
Port Services/Others	33	4,766	(99.3%)
Taxes	(140,146)	(128,327)	9.2%
Net revenue of services	1,053,052	1,012,598	4.0%
Cost of Services	(258,080)	(265,602)	(2.8%)
Gross Profit	794,972	746,996	6.4%
Operating Expenses	(66,491)	(55,133)	20.6%
Financial Income/Loss	21,214	22,500	(5.7%)
Income before taxes	749,695	714,363	4.9%
Income and social contribution taxes	(260,175)	(240,725)	8.1%
Net income (loss) for the year	489,520	473,638	3.4%
EBITDA	812,220	764,009	6.3%

The net revenues of services in 2023 increased 4.0%, in comparison to the same period of 2022, mainly because of:

- Port Access revenues from T-Oil increased 99.5% as a result of higher operations at the T-Oil terminal, a total of 157 operations, and lower tariffs discounts;
- Port Services revenues decreased 99% in 2023 compared to the same period of 2022. In 2022, Ferroport was reimbursed by Anglo American regarding a pilot project of iron ore pile drainage.

Cost of services decreased 2.8% versus the same period of 2022, mainly impacted by maintenance dredging, partially offset by higher costs with personnel and maintenance services.

Overall operating expenses increased 20.6% compared to the same period of 2022, mostly due to donations for tax incentive projects.

Net Financial income: The 5.7% decrease from BRL 22.5 million in 2022 to BRL 21.2 million in 2023 was mainly caused by an accounting adjustment following an inventory service in conjunction with specialized consulting.

During 2023, income before taxes amounted to BRL 749.7 million meaning an increase of 4.9% and net income amounted BRL 489.5 million, an increase of 3.4% both when compared to the same period of 2022.

b. Consolidated Simplified Analysis of the Cash Flow Statement:

Consolidated (BRL k)			
Cash Flow Statement	2023	2022	Δ %
Net income (loss) before taxes	749,695	714,363	4.9%
Depreciation & Amortization	83,739	72,130	16.1%
Other Cash Adjustments	20,583	21,889	(6.0%)
Working Capital Variation	(231,291)	(246,225)	(6.1%)
Cash Flow from Operating Activities	622,726	562,157	10.8%
Capex/Intangibles	(79,267)	(64,907)	22.1%
Cash Flow from Investing Activities	(79,267)	(64,907)	22.1%
Intercompany Loans Settled	-	(96,544)	-
Lease payments	(2,407)	(2,225)	8.2%
Dividends Paid	(492,139)	(371,094)	32.6%
Cash Flow from Financing Activities	(494,546)	(469,863)	5.3%
Increase in cash and cash equivalents	48,913	27,387	78.6%

The cash flow from operating activities increased 10.8% an amount of BRL 622.7 million during 2023 if compared to the same period of 2022.

Ferroport's Capex summed BRL 79.3 million in 2023, an increase of 22.1% compared to the same period of 2022, mostly due to projects of operational efficiency, safety and operations maintenance.

Working capital variation increased 6.1% in 2023 in comparison with the same period of 2022, mostly due to the receipt of reimbursement of pier repairs and operations at the T-Oil terminal.

c. Consolidated Simplified Analysis of the Balance Sheet:

Consolidated (BRL k)		
Balance Sheet	December 31, 2023	December 31, 2022
Current Assets	357,143	330,573
Cash and equivalent	216,752	167,839
Receivables from related parties	97,658	121,212
Noncurrent Assets	2,103,828	2,322,373
Total Assets	2,460,971	2,652,946
Current Liabilities	228,319	269,365
Dividends Payable	116,279	154,689
Income taxes and social contribution	21,782	25,486
Noncurrent Liabilities	364,170	550,891
Taxes Payable	33,943	34,093
Shareholders' equity	1,868,482	1,832,690
Total Liabilities plus Shareholders' equity	2,460,971	2,652,946

Ferroport's consolidated cash and cash equivalent on December 31st, 2023 were BRL 216.7 million, an increase of 29.1% versus BRL 167.8 million on December 31st, 2022 due to readjustment of the port tariff under the Take or Pay contract, higher operations at the T-Oil terminal and the receipt of reimbursement of pier repairs.

It is important to mention that Ferroport will continue to distribute its excess of cash following the minimum cash mechanism. The company will perform quarterly cash distribution to its shareholders, through dividends and capital reductions.

III. PRUMOPAR

a. Simplified Analysis of the Income Statement:

Consolidated (BRL k)			
Income Statement	2023	2022	Δ %
Gross Profit	-	-	-
Operating Expenses	(302)	(247)	22.3%
Financial Income/Loss	(44,517)	(46,780)	(4.8%)
Equity in income of subsidiaries	249,418	241,508	(0.5%)
Income before income and social contribution taxes	204,599	194,481	5.2%
Taxes (IR and CSLL)	-	(62)	-
Profit (Loss) for the period	204,599	194,419	5.2%

During 2023, PRUMOPAR reported a net financial loss of BRL 44.5 million versus a loss of BRL 46.7 million for the same period in 2022, mostly to the negative impact of the exchange variation on loans, which impacted the financial costs (BRL 208.8 million in 2023 versus BRL 306.3 million in 2022) and the financial income account (BRL 316.3 million in 2023 versus BRL 405.4 million in 2022).

In 2023, net profit increased 5.2% to BRL 204.6 million versus BRL 194.4 million for the same period of 2022.

b. Simplified Analysis of the Cash Flow Statement:

Consolidated (BRL k)			
Cash Flow Statement	2023	2022	Δ %
Cash flows from operating activities	(17,389)	(13,143)	32.31%
Dividends received	246,069	185,547	32.62%
Loans granted to related parties	(54,029)	(100,695)	(46.34%)
Loans paid from related parties - Interest	-	1,088	-
Loans paid from related parties - Principal	-	73,010	-
Cash flows from investment activities	192,040	158,950	20.82%
Derivatives	(13,729)	(3,376)	306.66%
Escrow account (Debt Requirement)	(9,694)	(85,189)	(88.62%)
Loans settled with third parties	(39,713)	(8,561)	363.88%
Interest paid	(110,990)	(57,855)	-
Cash flows from financing activities	(174,126)	(154,981)	-
Increase (decrease) in cash and cash equivalents	525	(9,174)	(105.72%)

During 2023 PRUMOPAR received an aggregate amount of BRL 246.07 million through dividend distributions from Ferroport, BRL 75.58 million in the first quarter of 2023, BRL 55.05 million in the second quarter of 2023, BRL 66.57 million in the third quarter of 2023 and BRL 48.86 million in the fourth quarter of 2023.

With respect to the USD 350 million 7.5% Series 2019-1 Notes ("Notes"), it is important to highlight the difference between the Legal curve, which represents the required amortization amount payable on such semi-annual payment date, and the Target curve, which represents the maximum amortization amount payable on such semi-annual payment date and enable to speed up the payment schedule.

It means that the payment schedule floats according to each such semi-annual payment date. Since the Company has been making the best efforts to pay the maximum amount of the Target curve, the Legal curve has not been applicable.

In 2023, PRUMOPAR paid BRL 58.1 million (USD 12 million) of principal and interest in the amount of BRL 103.7 million (USD 21.48 million) related to the Notes. As the Company has partially reached the target amortization schedule, which requires higher payments than the legal amortization schedule, this payment exceeded the legal payment obligations. Therefore, the Company is already in compliance with the legal schedule obligations for the next 12 months.

Escrow Deposits as a reserve account in accordance with the financing contract which contains six months of the minimum principal payment plus interest payable in the period. As mentioned before, on December 30, 2022, as predicted in the amortization schedule, the Company sent the resources for the payment of BRL 28.6 million of principal amortization and interest in the amount of BRL 57.3 million, to the Payment Account (Escrow Deposits). Due to the bank holiday, however, this payment was settled on January 3rd, 2023.

The Company is in compliance with its Hedging Program to protect its cash position and protect its next debt service balance from exchange rate variations and will continue to do so over the following months.

c. Simplified Analysis of the Balance Sheet:

Consolidated (BRL k)		
Balance Sheet	December 31, 2023	December 31, 2022
Current Assets	214,901	168,524
Cash and cash equivalents	2,376	1,851
Escrow deposits	151,516	143,260
Income tax recoverable	2,870	2,313
Dividends receivable	58,139	21,100
Noncurrent Assets	1,215,768	1,195,446
Related Party	241,895	187,866
Investment	973,873	1,007,564
Intangible assets	-	16
Total Assets	1,430,669	1,363,970
Current Liabilities	273,427	169,251
Bonds	257,871	168,195
Other	15,556	1,056
Noncurrent Liabilities	1,113,675	1,341,236
Bonds	1,113,675	1,341,236
Total Equity	43,567	(146,517)
Total liabilities and equity	1,430,669	1,363,970

In 2023, PRUMOPAR reported cash and cash equivalents of BRL 2.3 million, an increase of 28.3% if compared to December 31st, 2022, as a result of dividends payment from Ferroport.

The escrow deposits on December 31st, 2023 were BRL 151.5 million versus BRL 143.3 million on December 31st, 2022. The difference is related to the debt service payment due in December 2023 that was settled on the first business day of January 2024 and the next debt service payment.

PRUMOPAR's total equity was BRL 43.5 million in 2023, from negative BRL 146.5 million in the end of 2022 mostly due to net profit for the period in the amount of BRL 204.6 million, which offset accumulated losses, reached minimum mandatory dividends and proposed additional dividends.

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