

# EARNINGS RELEASE

## PRUMO PARTICIPAÇÕES E INVESTIMENTOS AND FERROPORT

March 31<sup>st</sup>, 2024



### INVESTOR RELATIONS TEAM

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# PRUMO PARTICIPAÇÕES AND FERROPORT

## 1Q2024 EARNINGS REPORT

**Rio de Janeiro, June 19<sup>th</sup>, 2024** - 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, June 20<sup>th</sup>, 2024 at 12:00 PM (Brasília time); 11:00 (US-ET).**

**Web access:** [https://us02web.zoom.us/webinar/register/WN\\_bDIINFc2RNuXBtx0aa7Flw](https://us02web.zoom.us/webinar/register/WN_bDIINFc2RNuXBtx0aa7Flw)

Participants should connect 5 minutes before the conference call starts.

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## 1Q2024 FINANCIAL HIGHLIGHTS

<b>Ferroport</b>	<b>1Q24</b>	<b>1Q23</b>	<b>Δ %</b>
Volume T-Ore (K-ton)	5,381	5,007	7.5%
T-Ore Access (BRL k)	270,653	284,309	(4.8%)
T-Oil Access (BRL k)	17,977	27,927	(35.6%)
EBITDA	164,793	223,438	(26.2%)
EBITDA Margin	64.8%	81.1%	(16 bps)
Adjusted EBITDA <sup>1</sup> (BRL k)	199	223	(11.0%)
Adjusted EBITDA Margin	78.2%	81.1%	(4 bps)

<sup>1</sup> Excluding dredging (2024)

<b>Prumopar</b>	<b>1Q24</b>	<b>1Q23</b>	<b>Δ %</b>
Dividends (BRL k)	82,632	75,583	9.3%
<b>Total Distribution from Ferroport (BRL k)</b>	<b>82,632</b>	<b>75,583</b>	<b>9.3%</b>

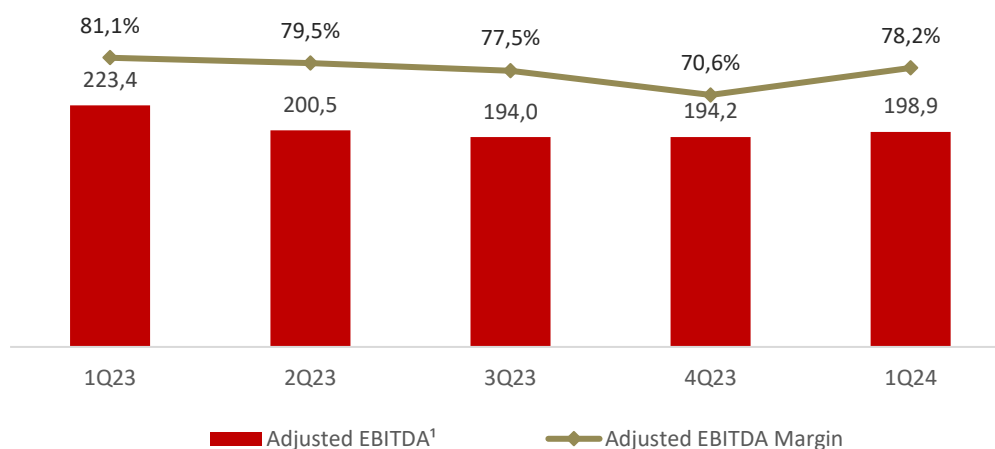
In the first quarter of 2024, Ferroport loaded 5.4 million tons of iron ore, an increase of 7.5% comparing to the 5.1 million tons of iron ore loaded in the same period of 2023. Ferroport was negatively impacted on gross revenues from T-Ore 4.8% in comparison with the same period of 2023, due to readjustment of the port tariff under the Take or Pay contract impacted by PPI reduction (BRL 4.4 million) and the FX rate below 2023 (BRL 9.3 million). There was a decrease of 11% on the adjusted EBITDA if we compare it to the first quarter of 2023, caused by lower revenue, higher costs for maintenance services, energy and personnel.

In 2024, the gross revenues from T-Oil presented a decrease of 35.6% with an amount of BRL 17.9 million versus BRL 27.9 million in the same period of 2023, due to higher tariffs discounts.

Ferroport distributed to PRUMOPAR and Anglo American in the first quarter of 2024 the amount of BRL 165.3 million. At PRUMOPAR level, total distributions were BRL 82.6 million in the first quarter of 2024, an increase of 9.3% in comparison with the same period of 2023.

<b>Ferroport</b>	<b>1Q23</b>	<b>2Q23</b>	<b>3Q23</b>	<b>4Q23</b>	<b>1Q24</b>
(+)Net Revenues	275.6	252.0	250.5	274.9	254.3
(-)Costs	(62.3)	(58.3)	(67.7)	(69.9)	(98.8)
(-)SG&A	(10.0)	(13.4)	(10.0)	(33.0)	(13.3)
(+) Depreciation & Amortization	20.1	20.1	21.3	22.2	22.64
(-/+ ) Non Recurring Revenues/Costs	-	-	-	-	34.1
<b>Adjusted EBITDA<sup>1</sup></b>	<b>223.4</b>	<b>200.5</b>	<b>194.0</b>	<b>194.2</b>	<b>198.9</b>
<b>Adjusted EBITDA Margin</b>	<b>81.1%</b>	<b>79.5%</b>	<b>77.5%</b>	<b>70.6%</b>	<b>78.2%</b>

<sup>1</sup>Excluding 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	1Q24	1Q23	Δ %
Shipment of iron ore (Take or Pay)	270,653	284,309	(4.8%)
Oil transshipment (T-Oil)	17,977	27,927	(35.6%)
Port Services/Others	8	2	300.0%
Taxes	(34,386)	(36,632)	(6.1%)
<b>Net revenue of services</b>	<b>254,252</b>	<b>275,606</b>	<b>(7.7%)</b>
Cost of Services	(98,842)	(62,259)	58.8%
<b>Gross Profit</b>	<b>155,410</b>	<b>213,347</b>	<b>(27.2%)</b>
Operating Expenses	(13,312)	(10,012)	33.0%
Financial Income/Loss	4,428	5,037	(12.1%)
<b>Income before taxes</b>	<b>146,526</b>	<b>208,372</b>	<b>(29.7%)</b>
Income and social contribution taxes	(47,363)	(73,478)	(35.5%)
<b>Net income (loss) for the year</b>	<b>99,163</b>	<b>134,894</b>	<b>(26.5%)</b>
<b>EBITDA</b>	<b>164,793</b>	<b>223,438</b>	<b>(26.2%)</b>

The net revenue of services in the first quarter of 2024 decreased 7.7%, in comparison to the same period of 2023, mainly because of:

- Port Access revenues from T-Oil decreased 35.6% as a result of depreciation of BRL against USD and higher tariffs discounts.
- Port Services revenues increased 300% in 2024 compared to the same period of 2023 due to maintenance services revenue (FP Serviços).

Cost of services increased 58.8% versus the same period of 2023, mainly impacted by maintenance dredging in the amount of BRL 34.1 million, higher costs with personnel and maintenance services.

Overall operating expenses increased 33% compared to the same period of 2023, mostly due to third-party services and personnel.

Net Financial income: The 12.1% decrease from BRL 5 million in 2023 to BRL 4.4 million in 2023 was mainly caused by the reduction in the Base interest rate.

During 2024, income before taxes amounted to BRL 146.5 million meaning a decrease of 29.7% and net income amounted BRL 99 million, a decrease of 26.5% both when compared to the same period of 2023.

b. Consolidated Simplified Analysis of the Cash Flow Statement:

Consolidated (BRL k)			
Cash Flow Statement	1Q24	1Q23	Δ %
Net income (loss) before taxes	146,526	208,372	(29.7%)
Depreciation & Amortization	22,640	20,103	12.6%
Other Cash Adjustments	7,712	6,486	18.9%
Working Capital Variation	(35,978)	(69,781)	(48.4%)
<b>Cash Flow from Operating Activities</b>	<b>140,900</b>	<b>165,180</b>	<b>(14.7%)</b>
Capex/Intangibles	(13,272)	(14,228)	(6.7%)
<b>Cash Flow from Investing Activities</b>	<b>(13,272)</b>	<b>(14,228)</b>	<b>(6.7%)</b>
Lease payments	(617)	(576)	7.1%
Dividends Paid	(165,266)	(151,166)	9.3%
<b>Cash Flow from Financing Activities</b>	<b>(165,883)</b>	<b>(151,742)</b>	<b>9.3%</b>
<b>Increase in cash and cash equivalents</b>	<b>(38,255)</b>	<b>(790)</b>	<b>4742.4%</b>

The cash flow from operating activities decreased 14.7% an amount of BRL 140.9 million during 2024 if compared to the same period of 2023.

Ferroport's Capex summed BRL 13.3 million in 2024, a decrease of 6.7% compared to the same period of 2023, mostly due to projects of operational efficiency, safety and operations maintenance.

Working capital variation increased 48.4% in 2024 in comparison with the same period of 2023, mostly due to lower revenue and dredging costs during the period.

c. Consolidated Simplified Analysis of the Balance Sheet:

Consolidated (BRL k)		
Balance Sheet	March 31, 2024	December 31, 2023
<b>Current Assets</b>	<b>319,132</b>	<b>357,143</b>
Cash and equivalent	178,497	216,752
Receivables from related parties	93,402	97,658
<b>Noncurrent Assets</b>	<b>2,090,465</b>	<b>2,103,828</b>
<b>Total Assets</b>	<b>2,409,597</b>	<b>2,460,971</b>
<b>Current Liabilities</b>	<b>122,971</b>	<b>228,319</b>
Dividends Payable	-	116,279
Income taxes and social contribution	18,337	21,782
<b>Noncurrent Liabilities</b>	<b>367,968</b>	<b>364,170</b>
Taxes Payable	33,948	33,943
<b>Shareholders' equity</b>	<b>1,918,658</b>	<b>1,868,482</b>
<b>Total Liabilities plus Shareholders' equity</b>	<b>2,409,597</b>	<b>2,460,971</b>

Ferroport's consolidated cash and cash equivalent on March 31<sup>st</sup>, 2024 were BRL 178.5 million versus BRL 216.7 million on December 31<sup>st</sup>, 2023, a decrease of 17.6%, due to higher dividend distribution.

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.



### III. PRUMOPAR

#### a. Simplified Analysis of the Income Statement:

Consolidated (BRL k)			
Income Statement	1Q24	1Q23	Δ %
<b>Net Operating Revenue</b>	-	-	-
Sales Cost	-	-	-
<b>Gross Profit</b>	-	-	-
Operating Expenses	(23)	15	(253.3%)
Financial Income/Loss	(69,728)	4,680	(1589.9%)
Equity in income of subsidiaries	50,750	68,620	(26.0%)
<b>Income before income and social contribution taxes</b>	<b>(19,001)</b>	<b>73,315</b>	<b>(125.9%)</b>
Taxes (IR and CSLL)	-	-	-
<b>Profit (Loss) for the period</b>	<b>(19,001)</b>	<b>73,315</b>	<b>(125.9%)</b>

During 2024, PRUMOPAR reported a net financial loss of BRL 69.7 million versus a net financial income of BRL 4.7 million for the same period in 2023, mostly to the negative impact of the exchange variation on loans (BRL 41.1 million in 2024 versus BRL 38.2 million in 2023), which impacted the financial costs (BRL 43.8 million in 2024 versus BRL 82.2 million in 2023) and the financial income account (BRL 2.7 million in 2024 versus BRL 120.4 million in 2023), as disclosed in the financial statements for the first quarter of 2024.

In 2024, net profit decreased 125.9% to a loss of BRL 19 million versus BRL 73.3 million for the same period of 2023.

#### b. Simplified Analysis of the Cash Flow Statement:

Consolidated (BRL k)			
Cash Flow Statement	1Q24	1Q23	Δ %
<b>Cash flows from operating activities</b>	<b>1,772</b>	<b>(1,467)</b>	<b>(220.79%)</b>
Dividends received	82,632	75,583	9.33%
<b>Cash flows from investment activities</b>	<b>82,632</b>	<b>75,583</b>	<b>9.33%</b>
Derivatives	(1)	-	-
Escrow account (Debt Requirement)	98,068	88,584	10.71%
Loans settled with third parties	(48,427)	(29,535)	63.96%
Interest paid	(52,334)	(59,049)	(11.37%)
<b>Cash flows from financing activities</b>	<b>(2,694)</b>	<b>-</b>	<b>-</b>

<b>Increase (decrease) in cash and cash equivalents</b>	<b>81,710</b>	<b>72,116</b>	<b>10.25%</b>
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In the first quarter of 2024 PRUMOPAR received an aggregate amount of BRL 82.6 million through dividend distributions from Ferroport, an increase of 9.3% compared to the first quarter of 2023.

Regarding the USD 350 million 7.5% Series 2019-1 Notes ("Notes"), it is important to highlight the distinction between the Legal curve and the Target curve. The Legal curve represents the required amortization amount payable on each semi-annual payment date, while the Target curve represents the maximum amortization amount payable on each semi-annual payment date, allowing for an accelerated payment schedule.

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

Escrow deposits serve as a reserve account in accordance with the financing contract, containing six months of the minimum principal payment plus interest payable in the period when the Legal curve is applicable. Thus, at the end of the first quarter of 2024, the escrow deposits comprised the amount equivalent to the interest for the next semi-annual payment date.

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

### c. Simplified Analysis of the Balance Sheet:

<b>Consolidated (BRL k)</b>		
<b>Balance Sheet</b>	<b>March 31, 2024</b>	<b>December 31, 2023</b>
<b>Current Assets</b>	<b>141,014</b>	<b>214,901</b>
Cash and cash equivalents	84,086	2,376
Escrow deposits	53,448	151,516
Income tax recoverable	2,936	2,870
Dividends receivable	-	58,139
Derivatives	544	-
<b>Noncurrent Assets</b>	<b>1,242,025</b>	<b>1,215,768</b>
Related Party	241,895	241,895
Investment	1,000,130	973,873
<b>Total Assets</b>	<b>1,383,039</b>	<b>1,430,669</b>
<b>Current Liabilities</b>	<b>272,641</b>	<b>273,427</b>
Bonds	257,834	257,871
Other	14,807	15,556
<b>Noncurrent Liabilities</b>	<b>1,085,832</b>	<b>1,113,675</b>
Bonds	1,085,832	1,113,675

<b>Total Equity</b>	<b>24,566</b>	<b>43,567</b>
<b>Total liabilities and equity</b>	<b>1,383,039</b>	<b>1,430,669</b>

In 2024, PRUMOPAR reported cash and cash equivalents of BRL 84 million, a relevant increase of 3439% if compared to December 31<sup>st</sup>, 2023, as a result of dividends payment from Ferroport.

The escrow deposits on March 31<sup>st</sup>, 2023 were BRL 53.5 million versus BRL 151.5 million on December 31<sup>st</sup>, 2023. 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 24.5 million in 2024, from BRL 43.5 million in the end of 2023 due to net loss for the period in the amount of BRL 19 million.

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