

2Q2021 EARNINGS REPORT

Rio de Janeiro, August 31, 2021 - PRUMO PARTICIPAÇÕES E INVESTIMENTOS S.A. ("PRUMOPAR"), located at 804, Russel Street, 5º floor, Glória, Rio de Janeiro, was incorporated in 2015 in order to acquire interests in other company. The Company 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, September 2nd at 12:00 AM (Brasília time); 11:00 (US-ET).

Telephone number for participants:

*No passcode is needed

BRAZIL	+55 11 3181-8565
BRAZIL	+55 11 4210-1803
USA TF	+1 844 204-8942
USA	+1 412 717 9627
UK	+44 20 3795 9972
Switzerland	+41 44 575 0267
Chile	+56 44 208 1274
Germany	+49 69 257 367 263
France	+33 1 8565 3688
Hong Kong	+852 3 018 4506
Taiwan	+886 2 55 924 959
Web Phone	https://bit.ly/2QW4JnO

Participants should connect 5 minutes before the conference call starts.

2Q2021 Financial Highlights

Ferroport handled, during the second quarter of 2021, 6.1 million tons of iron ore, an increase of 13% in the volume handled if compared to the first quarter of 2021. Ferroport reported a decrease of 7% if compared to the same period of 2020, which were a strong quarter in terms of iron ore handled, equivalent to an annual volume of 26 million of tons. For the first half of 2021, Ferroport handled 11.4 million tons of iron ore, 9% lower than that for first half of 2020.

During May 2021, Ferroport reached the mark of 100 million tons of iron ore handled since the beginning of operations, a milestone for the project.

For the second quarter of 2021, when compared to the same period of 2020, Ferroport was negatively impacted by the depreciation of USD against BRL, which reduced from an average of R\$ 5.39 for the second quarter of 2020 to R\$ 5.29 for the same period of 2021. Results were also negatively impacted by the reduction in revenues from T-Oil (Port Access Fees), impacted by the discounts granted from Ferroport, which started during the second quarter of 2020.

During the second quarter of 2021, Ferroport's gross revenues decreased 5.6%, to R\$ 249.9 million. Revenues from ships accessing the Channel to the T-Oil and paying Port Access Fees reached R\$ 6.0 million, a drop of 41% when compared to the second quarter of 2020, impacted by the discounts granted from Ferroport. Consequently, EBITDA decreased 5% to R\$ 180.9 million. For the first half of 2021, EBITDA summed R\$ 380.3 million, an increase of 8% when compared to the same period of 2020.

As a result, during the second quarter of 2021, Ferroport distributed to PRUMOPAR and Anglo American R\$ 120.8 million as intercompany loans repayment, out of which R\$ 116.1 million as principal and R\$ 4.7 million as interests. PRUMOPAR received R\$ 60.4 million in total and R\$ 60.1 million net of taxes. The intercompany loan payments from the second quarter of 2020 were positively impacted by proceedings from the compensation of USD 60 million of the settlement agreement that brought the Arbitration to a conclusion.

Business Specifics:

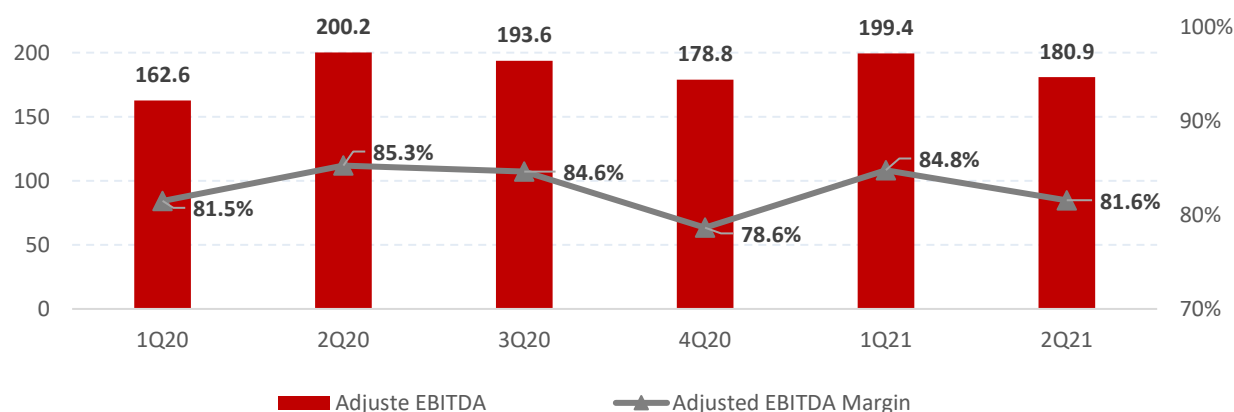
Ferroport	2Q21	2Q20	Δ %	1Q21	Δ %	1H21	1H20	Δ %
Volume T-Ore (K-ton)	6,070	6,500	(7%)	5,388	13%	11,458	12,656	(9%)
T-Ore Access (BRL k)	243,889	254,348	(4%)	258,095	(6%)	501,984	470,135	7%
T-Oil Access (BRL k)	5,987	10,167	(41%)	5,583	7%	11,570	19,272	(40%)
EBITDA (BRL k)	180,876	191,101	(5%)	199,443	(9%)	380,319	353,321	8%
EBITDA Margin	81.6%	81.4%	21 bps	84.8%	(320 bps)	83.5%	81.3%	213 bps

Prumopar	2Q21	2Q20	Δ %	1Q21	Δ %	1H21	1H20	Δ %
IC Loan - Principal (BRL k)	57,779	186,438	(69%)	66,659	(13%)	124,437	225,711	(45%)
IC Loan - Interest (BRL k)	2,622	6,966	(62%)	2,566	2%	5,187	16,308	(68%)
IC Loan (BRL k)	60,401	193,404	(69%)	69,225	(13%)	129,624	242,019	(46%)

Adjusted EBITDA (In BRL M) and Margin:

Ferroport	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21
(+) Net Revenues	199.5	234.9	228.8	227.3	235.3	221.7
(-) Costs	(42.7)	(51.3)	(70.2)	(53.6)	(66.2)	(53.7)
(-) SG&A	(8.3)	(6.4)	(6.2)	(11.1)	(4.8)	(5.8)
(+) Depreciation & Amortization	13.7	13.9	14.0	14.5	35.1	18.6
(-/+) Non-Recurring Revenues/Costs	0.4	9.1	27.1	1.6	-	-
Adjusted EBITDA	162.6	200.2	193.6	178.8	199.4	180.9
Adjusted EBITDA Margin	81.5%	85.3%	84.6%	78.6%	84.8%	81.6%

* Excluding dredging (2020)



Coronavirus Impact on Activities:

In order to contribute to the reduction of the spread rate of Coronavirus and in line with the guidelines of the health agencies, all the companies of Prumo Group (Ferroport included) are still adopting home office for the administrative staff. Regarding the operations, Ferroport's operating activities remain in place and the Take-or-Pay contract with Anglo American remains in course without any interruption. Consequently, all IC Loan repayments from Ferroport to PRUMOPAR also remain in place and no changes occurred due to the COVID-19 outbreak.

FERROPORT CONSOLIDATED

Consolidated Simplified Analysis of the Income Statement:

Consolidated (BRL k)								
Income Statement	2Q21	2Q20	Δ %	1Q21	Δ %	1H21	1H20	Δ %
Shipment of iron ore	243,889	254,348	(4.1%)	259,487	(6.0%)	501,984	470,135	6.8%
Oil transshipment (T-Oil)	5,987	10,167	(41.1%)	5,585	7.2%	11,570	19,272	(40.0%)
Port Services/Others	-	120	-	-	-	-	241	-
Taxes	(28,129)	(29,756)	(5.5%)	(29,806)	(5.6%)	(57,935)	(55,296)	4.8%
Net revenue of services	221,747	234,879	(5.6%)	235,266	(5.7%)	455,619	434,352	4.9%
Cost of Services	(53,660)	(51,266)	4.7%	(66,157)	(18.9%)	(118,424)	(93,967)	26.0%
Gross Profit	168,087	183,613	(8.5%)	169,109	(0.6%)	337,195	340,385	(0.9%)
Operating Expenses	(5,822)	(6,381)	(8.8%)	(4,796)	21.4%	(10,618)	(14,635)	(27.4%)
Financial Income/Loss	(11,369)	58,859	(119.3%)	(8,328)	(36.5%)	(19,697)	41,824	(147.1%)
Income before income and social contribution taxes	150,896	236,091	(36.1%)	155,985	(3.3%)	306,880	367,574	(16.5%)
Taxes (IR and CSLL)	(57,485)	(80,436)	28.5%	(37,977)	(51.4%)	(95,462)	(127,332)	(25.0%)
Net income (loss) for the year	93,411	155,655	(40.0%)	118,008	(20.8%)	211,418	240,242	(12.0%)
EBITDA	180,877	191,102	(5.4%)	199,443	(9.3%)	380,319	353,322	7.6%

The consolidated net revenue for the second quarter of 2021 decreased approximately 5.6%, in comparison to the same period of 2020, mostly due to the appreciation of the BRL against the USD during the second quarter of 2021 and due to the discount in T-Oil's activities, which started during the second quarter of 2020. This decrease was partially offset by the increase of the Take-or-Pay tariff, from USD 6.99 in 2020 to USD 7.03 in 2021. Revenues from iron ore (take or pay) decreased 4.1% to R\$ 243.9 million and Port Access Fee from T-Oil decreased 41.1% to R\$ 6.0 million. During the first half of 2021, net revenues increase 4.9%.

For the second quarter of 2021, cost of services increased 4.7% compared to the same period of 2020, mostly due to an increase in: payroll and related charges of R\$ 2.2 million, caused by an increment in headcount, which is still below company's forecast; depreciation and amortization of R\$ 2.5 million, which increased due to an adjustment in the methodology; and consumables spare parts of R\$ 2.8 million, impacted by the increase in energy costs. This increase was partially offset by the decrease of "third parties services", which was impacted in 2020 by the maintenance dredging.

Overall operating expenses decreased 8.8%, compared to the second quarter of 2020, primarily due to higher income on net sales of non-consumed electric energy, caused by the increase of the price of the energy sold at the spot market, and due to higher reversion of provision on energy sale, which combined generated an increase of R\$ 1.9M

in other operating income. This income compensated the increase in payroll and related charges R\$ 1.3 million and depreciation and amortization R\$ 2.2 million.

Net financial loss summed R\$ 11.4 million, versus an income of R\$ 58.9 million for the same period of 2020. This movement is mainly explained by the exchange and monetary variation of R\$ 70.0 million on the amount received in April 2020, related to the financial compensation due to the settlement agreement that brought the Arbitration proceedings to a conclusion. Moreover, there was a reduction of R\$ 7.0 million on interest expenses on its intercompany loan, primarily due to the lower outstanding debt balance. During the second quarter of 2021, Ferroport also recognized R\$ 7.6M of penalty for tax parcellation. Ferroport did a second parcellation of taxes, in order to include approximately R\$ 19 million, due to the tax assessment of the Receita Federal (National Tax Authority of Brazil) referring to the deduction of capitalized interest in the calculation of income taxes and to the amortization of deferred tax on the of goodwill. It is important to mention that the company decided to follow with this parcellation to not generate relevant impact on the cash flow. The amount is going to be paid over the next sixty months in equal installments.

For the second quarter of 2021, income before income taxes amounted to R\$ 150.9 million, leading to a net income of R\$ 93.4 million versus a net income of R\$ 155.7 million for the same period of 2020.

Consolidated Simplified Analysis of the Cash Flow Statement:

Consolidated (BRL k)								
Cash Flow Statement	2Q21	2Q20	Δ %	1Q21	Δ %	1H21	1H20	Δ %
Net income (loss) before taxes	150,895	236,091	(36.1%)	155,985	(3.3%)	306,880	367,574	(16.5%)
Depreciation and Amortization	18,612	13,869	34.2%	35,129	(47.0%)	53,741	27,571	94.9%
Other Cash Adjustments	13,593	14,132	(3.8%)	10,931	24.4%	24,524	37,193	(34.1%)
Working Capital Variation	(57,042)	(100,993)	43.5%	1,735	(3,387%)	(55,307)	(126,423)	56.3%
Cash Flow from Operating Activities	126,058	163,099	(22.7%)	203,780	(38.1%)	329,838	305,915	7.8%
Capex/Intangibles	(9,793)	(10,682)	(8.3%)	(9,878)	(0.9%)	(19,671)	(16,142)	21.9%
Cash Flow from Investing Activities	(9,793)	(10,682)	(8.3%)	(9,878)	(0.9%)	(19,671)	(16,142)	21.9%
Intercompany Loans Settled	(116,132)	(186,438)	(37.7%)	(133,748)	(13.2%)	(249,880)	(225,711)	10.7%
Lease payments	(490)	(398)	23.1%	(463)	5.8%	(953)	(778)	22.5%
Cash Flow from Financing Activities	(116,622)	(186,836)	37.6%	(134,211)	13.1%	(250,833)	(226,489)	10.7%

Ferroport reported cash flow from operating activities of R\$ 126.1 million for the second quarter of 2021, a decrease of R\$ 37.0 million if compared to the same period of 2020. This decrease was driven by the lower net income, but it was somehow offset by the lower negative working capital variation caused by the decrease on interest paid. It is important to mention that variations on interests and withholding taxes paid on the intercompany loan are accounted in working capital variation in the cash flow from operations.

Ferroport's Capex for the second quarter of 2021 summed R\$ 9.8 million. The main expenditures were related to repowering the piling system and painting restoration, which summed approximately R\$ 3.8 million and R\$ 2.1 million, respectively. The remaining was associated to stay in business capex, such as environmental compensation, spare parts and minor repairs for operational efficiency.

During the second quarter of 2021, Ferroport amortized R\$ 116.1 million of principal from the intercompany loan. By the end of the first half of 2021, R\$ 249.9 million of principal from the intercompany loan had been amortized.

Consolidated Simplified Analysis of the Balance Sheet:

Balance Sheet	Consolidated (BRL k)		
	June 30, 2021	March 31, 2021	December 31, 2020
Current Assets	275,335	275,658	290,219
Cash and equivalent	138,477	135,364	79,143
Receivables from related parties	81,181	89,470	161,994
Noncurrent Assets	2,316,331	2,325,316	2,352,297
Total Assets	2,591,666	2,600,974	2,642,516
Current Liabilities	231,258	232,670	254,613
Related parties – loans	144,250	143,125	142,000
Income taxes and social contribution	24,341	25,519	26,154
Noncurrent Liabilities	699,183	800,489	938,096
Related parties – loans	159,892	277,248	412,192
Shareholders' equity	1,661,225	1,567,815	1,449,807
Total Liabilities plus Shareholders' equity	2,591,666	2,600,974	2,642,516

Ferroport's consolidated cash and securities on June 30, 2021, were R\$ 138.5 million. When compared to December 31, 2020, the decrease in receivables and increase in cash and equivalent is explained by the fact that the take-or-pay payment for December 31, 2020, was postponed to January 02, 2021, by Anglo American, for the closing of the fiscal year.

Company's intercompany debt, as of June 30, 2021, was R\$ 304.1 million, out of which R\$ 176.0 million related to PRUMOPAR's loan.

PRUMOPAR

Simplified Analysis of the Income Statement:

Income Statement (BRL k)	2Q21	2Q20	Δ %	1Q21	Δ %	1H21	1H20	Δ %
Net Operating Revenue	-	-		-		-	-	
Sales Cost	-	-		-		-	-	
Gross Profit	-	-		-		-	-	
General and Administrative Expenses	205	(66)	410.6%	(344)	159.6%	(139)	(66)	(110.6%)
Financial Income/Loss	159,533	(133,662)	219.4%	(178,324)	189.5%	(18,791)	(525,924)	96.4%
Equity in income of subsidiaries	48,130	79,009	(39.1%)	61,134	(21.3%)	109,264	122,476	(10.8%)
Income before income and social contribution taxes	207,868	(54,719)	479.9%	(117,534)	276.9%	90,334	(403,513)	122.4%
Taxes (IR and CSLL)	1,160	3,483	(66.7%)	(1,124)	203.2%	36	(262)	113.7%
Profit (Loss) for the period	209,028	(51,236)	508.0%	(118,658)	276.2%	90,370	(403,775)	122.4%

For the second quarter of 2021 ended on June 30, PRUMOPAR reported net financial income of R\$ 159.3 million versus a net loss of R\$ 133.7 million for the same period of 2020. This increase is explained by the appreciation of the Real against the U.S. dollar from March 31, 2021, to June 30, 2021. Net exchange variation summed R\$ 211.7 million for the period.

Results of equity-accounted investees decreased 39.1%, when compared to the same period of 2020, to R\$ 48.1 million.

After income and social contribution taxes credits of R\$ 1.2 million for the second quarter of 2021, PRUMOPAR reported a net income R\$ 209.0 million versus a loss of R\$ 51.2 million for the same period of 2020.

Simplified Analysis of the Cash Flow Statement:

Cash Flow Statement (BRL k)	2Q21	2Q20	Δ %	1Q21	Δ %	1H21	1H20	Δ %
Cash flows from operating activities	1,250	(3,703)	133.8%	(2,113)	159.2%	(863)	(4,125)	79.1%
Interest received on related party loans	2,230	5,921	(62.3%)	2,180	2.3%	4,410	13,862	(68.2%)
Loans received from related parties	57,778	186,438	(69.0%)	66,659	(13.3%)	124,437	225,711	(44.9%)
Cash flows from investment activities	60,008	192,359	(68.8%)	68,839	(12.8%)	128,847	239,573	(46.2%)
Capital increase/(reduction) and dividends	-	(30,609)	-	-	-	-	(30,609)	-
Loans settled with third parties (net)	(11,931)	(166,757)	(92.8%)	-	-	(11,931)	(166,757)	(92.8%)
Interest paid	(57,630)	(68,453)	(15.8%)	-	-	(57,630)	(68,453)	(15.8%)
Escrow accounts (Debt Requirement)	-	66,342	-	-	-	-	66,342	-
Hedge	(8,349)	-	-	-	-	(8,349)	-	-
Cash flows from financing activities	(77,910)	(199,477)	60.9%	-	-	(77,910)	(199,477)	60.9%

During the second quarter of 2021, PRUMOPAR received R\$ 57.8 million of principal and R\$ 2.2 million of interests (net of taxes) related to the intercompany loan from Ferroport. The decrease comparing to the same period of 2020 is explained mainly due to the extraordinary payment from Ferroport, in April 2020, resulted from the settlement agreement that brought the Arbitration proceedings to a conclusion.

By the end of June 2021, PRUMOPAR paid an R\$ 11.9 million of principal and R\$ 57.6 million of interest related to the Notes. PRUMOPAR presented a negative result of R\$ 8.3 million on its NDFs, considering the strong appreciation of BRL by the end of June 2021. It is worth mentioning that the "hedge" item used to be accounted in the monetary variation for the cash flow for operation in the previous years/quarters, following external auditor's guidelines. However, during 2021, the external auditor agreed with PRUMOPAR's claim to break apart this item and include it as cash flow for financing activities, from now on. Just for reference, for the second quarter of 2020, PRUMOPAR presented a positive result of R\$ 9.2 million on its NDFs, considering the strong depreciation of BRL against USD during the first half of 2020.

Simplified Analysis of the Balance Sheet:

Balance Sheet (BRL k)	June 30, 2021	March 31, 2021	December 31, 2020
Current Assets	250,557	286,189	210,257
Cash and cash equivalents	115,355	132,007	65,281
Escrow account	57,617	66,827	60,955
Accounts receivable from related parties	72,125	71,563	71,000
Noncurrent Assets	963,187	973,282	979,494
Accounts receivable from related parties	103,771	162,213	229,379
Equity investments	859,183	811,053	749,919
Total Assets	1,213,744	1,259,471	1,189,751
Current Liabilities	50,167	94,913	58,752
Loans and financing	49,306	94,695	55,520
Noncurrent Liabilities	1,377,822	1,587,831	1,435,614
Loans and financing	1,377,822	1,586,887	1,435,614
Shareholders' Equity	(214,245)	(423,273)	(304,615)
Total Liabilities plus Shareholders' equity	1,213,744	1,259,471	1,189,751

On June 30, 2021, PRUMOPAR reported cash and cash equivalents of R\$ 115.3 million, an increase of R\$ 50.1 million if compared to December 31, 2020. The amount on cash on June 30, 2021, is the excess of cash generated by PRUMOPAR, which were not distributed to the shareholders yet, after paying all debt due for the period. The escrow account is related to the DSRA, which is constituted in USD. On June 30, 2021, the escrow account summed R\$ 57.6M, which was equivalent to USD 11.5 million.

When comparing to December 31, 2020, PRUMOPAR's total debt decreased, in BRL, approximately R\$ 64.0 million, to R\$ 1.43 billion, mostly impacted by the foreign exchange variation. In USD, the total debt decreased USD 2.4 million to USD 304.8 million.

On June 30, 2021 PRUMOPAR's equity was negative at R\$ 214.4 million, as a result of the accumulated accounting loss caused by the depreciation of BRL since the notes issuance.

Investor Relations Department:

Website: <https://www.prumologistica.com.br/en/investors/>

Contact:

E-mail: ir.prumopar@prumologistica.com.br

Telephone: +55 21 3725 8000