

## 3Q2020 EARNINGS REPORT

**Rio de Janeiro, November 18, 2020** - 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

Tuesday, November 24th at 11:00 AM (Brasília time); 09:00 (US-ET).

Telephone number for participants:

\*No passcode is needed

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Participants should connect 5 minutes before the conference call starts.

### 3Q2020 Financial Highlights

During the third quarter of 2020, Ferroport's gross revenues grew 25.2%, from R\$ 206 million in 2019 to R\$ 258 million in 2020. Revenues related to Take-or-Pay (ToP) increased 32% to R\$ 251 million, compared to R\$ 190 million for the same period of 2019. Revenues from ships accessing the Channel to the T-Oil and paying Port Access Fees summed R\$ 6.8 million, a decrease of 56% when compared to the second quarter of 2019. Ferroport was positively impacted by the Dollar's appreciation against the Real and this fact overcompensated the decrease in the Take-or-Pay tariff related to the handling of Iron Ore, which was adjusted by the negative variation of the PPI of (1.6%) for 2019, and the decrease in port access fees, due to the discount granted to the T-Oil.

Costs for the third quarter increased 75% due to the periodic dredging maintenance, which occurs every two years. Ferroport's EBITDA grew 14%, which summed R\$ 166 million for the period, and EBITDA margin decreased 729 bps to 72.8%.

As a result, in the third quarter of 2020, Ferroport distributed to PRUMOPAR and Anglo American R\$ 141.5 million as intercompany loans repayment, out of which R\$ 66.6 million as principal and R\$ 74.9 million as interest. PRUMOPAR received R\$ 70.7 million in total and R\$ 70.1 million net of taxes.

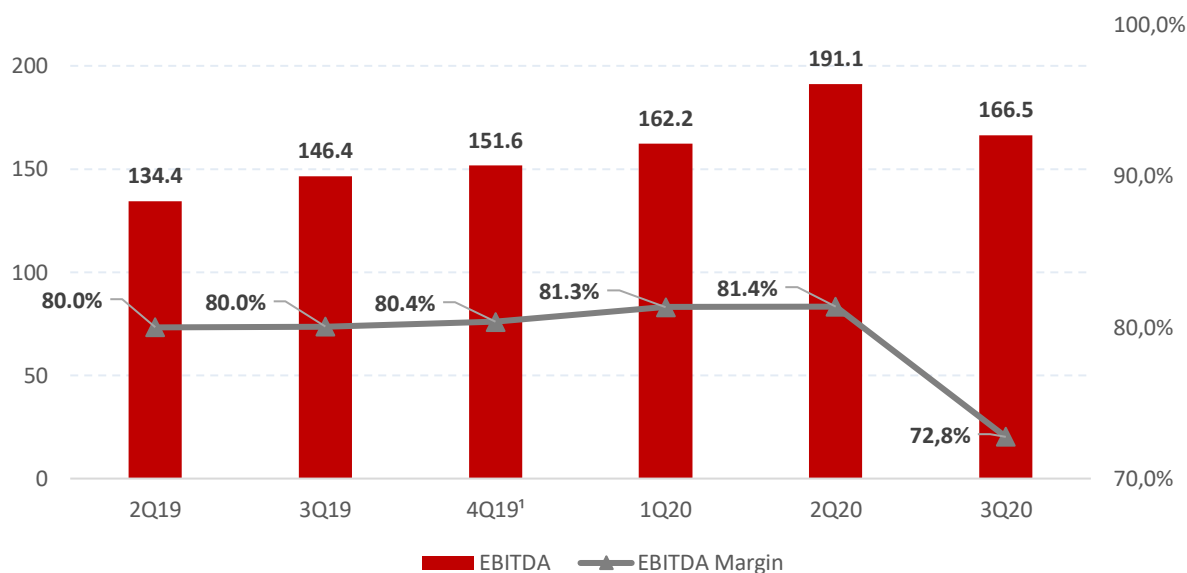
During the third quarter of 2020, Ferroport handled 4.9 million tons of Iron Ore, a decrease of 17% if compared to the same period of 2019, and a decrease of 25% if compared to the second quarter of 2020. In September, Anglo American ran a scheduled "pig" inspection/cleaning in the pipeline, which caused a decrease the volume handled in that month.

### Business Specifics:

Ferroport	3Q20	3Q19	Δ %	2Q20	Δ %	9M20	9M19	Δ %
Volume T-Ore (K-ton)	4,885	5,908	(17%)	6,500	(25%)	17,541	16,529	6%
T-Ore Access (BRL k)	250,763	189,876	32%	254,348	(1%)	720,898	549,983	31%
T-Oil Access (BRL k)	6,808	15,342	(56%)	10,167	(33%)	26,080	31,069	(16%)
EBITDA	166,466	146,445	14%	191,101	(13%)	519,788	420,203	24%
EBITDA Margin	72,8%	80,0%	(729 bps)	81,4%	(860 bps)	78,4%	81,3%	(296 bps)

Prumopar	3Q20	3Q19	Δ %	2Q20	Δ %	9M20	9M19	Δ %
IC Loan - Principal (BRL k)	66,548	45,368	47%	186,438	(64%)	292,258	57,473	409%
IC Loan - Interest (BRL k)	4,189	14,698	(71%)	6,966	(40%)	20,497	89,864	(77%)
IC Loan (BRL k)	70,737	60,066	18%	193,404	(63%)	312,755	147,337	112%

### EBITDA and EBITDA Margin (In BRL M):



<sup>1</sup> Excluding the Arbitration Settlement effect.

### Coronavirus Impact on Activities:

The company has been working internally to respond to the COVID-19 threat. 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) have adopted 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.

To the extent the Company becomes aware of material and relevant additional information/developments that impacts Ferroport's operations, a notice will be released to all bondholders as may be required under the reporting obligations under the Senior Secured Bonds contract.

### Financial Highlights:

#### FERROPORT CONSOLIDATED

#### Consolidated Simplified Analysis of the Income Statement:

Consolidated (BRL k)								
Income Statement	3Q20	3Q19	Δ %	2Q20	Δ %	9M20	9M19	Δ %
Shipment of iron ore	250,763	189,876	32.1%	254,348	(1.4%)	720,898	549,983	31.1%
Oil transshipment (T-Oil)	6,808	15,342	(55.6%)	10,167	(33.0%)	26,080	31,069	(16.1%)
Port Services/Others	41	523	(92.2%)	120	(65.8%)	282	1,121	(74.8%)
Taxes	(28,817)	(22,791)	26.4%	(29,756)	3.2%	(84,113)	(65,597)	28.2%
<b>Net revenue of services</b>	<b>228,795</b>	<b>182,950</b>	<b>25.1%</b>	<b>234,879</b>	<b>(2.6%)</b>	<b>663,147</b>	<b>516,576</b>	<b>28.4%</b>
Cost of Services	(70,182)	(40,104)	75.0%	(51,266)	36.9%	(164,149)	(116,247)	41.2%
<b>Gross Profit</b>	<b>158,613</b>	<b>142,846</b>	<b>11.0%</b>	<b>183,613</b>	<b>(13.6%)</b>	<b>498,998</b>	<b>400,329</b>	<b>24.6%</b>
Operating Expenses	(6,189)	(8,629)	(28.3%)	(6,381)	(3.0%)	(20,824)	(17,022)	22.3%
Financial Income/Loss	(15,579)	(28,050)	44.5%	58,859	(126.5%)	26,245	(83,353)	131.5%
<b>Income before income and social contribution taxes</b>	<b>136,845</b>	<b>106,167</b>	<b>28.9%</b>	<b>236,091</b>	<b>(42.0%)</b>	<b>504,419</b>	<b>299,954</b>	<b>68.2%</b>
Income and social contribution taxes	(46,680)	(36,219)	28.9%	(80,436)	42.0%	(174,012)	(112,005)	55.4%
<b>Net income (loss) for the year</b>	<b>90,165</b>	<b>69,948</b>	<b>28.9%</b>	<b>155,655</b>	<b>(42.1%)</b>	<b>330,407</b>	<b>187,949</b>	<b>75.8%</b>
<b>EBITDA</b>	<b>166,466</b>	<b>146,445</b>	<b>13.7%</b>	<b>191,101</b>	<b>(12.9%)</b>	<b>519,788</b>	<b>420,203</b>	<b>23.7%</b>

The consolidated net revenue for the third quarter of 2020 increased approximately 25%, in comparison to the same period of 2019, impacted to the Dollar's appreciation against Real (from an average of R\$ 3.94 for 3Q2019 to R\$ 5.35 for 3Q2020), and partially offset by the discount granted to the T-Oil. Revenues from iron ore (Take-or-Pay) increased 32% to R\$ 250.8 million and Port Access Fee from T-Oil decreased 55.6% to R\$ 6.8 million.

For the third quarter of 2020, cost of services increased 75%, comparing to the same period of 2019, mostly due to the dredging maintenance of R\$ 27.1 million, accounted as "third parties services".

Overall operating expenses decreased R\$ 2.4 million, compared to the third quarter of 2019, primarily due to legal and judicial expenses that occurred in 2019 related to the arbitration between Ferroport and Anglo Brazil. This decrease in expenses was partially offset by lower income on net sales of non-consumed electric energy, caused by the reduction of the price of the energy sold at the spot market. Comparing to the second quarter of 2020, overall expenses remained stable.

Net financial loss summed R\$ 15.6 million, a decrease of 44.5% when compared to R\$ 28.1 million reported for the same period of 2019. The decrease was impacted by the reduction of the intercompany loan and by the reduction of the CDI (base rate for Ferroport's intercompany debt), and partially offset by a tax debt lengthening.

For the third quarter of 2020, income before income taxes amounted to R\$ 136.8 million, leading to a net income of R\$ 90.2 million versus a net income of R\$ 69.9 million for the same period of 2019.

### Consolidated Simplified Analysis of the Cash Flow Statement:

Consolidated (BRL k)								
Cash Flow Statement	3Q20	3Q19	Δ %	2Q20	Δ %	9M20	9M19	Δ %
Net income (loss) before taxes	136,845	106,167	28.9%	236,091	42.0%	504,419	299,954	68.2%
Depreciation & Amortization	14,042	12,233	14.8%	13,869	1.2%	41,613	36,888	12.8%
Other Cash Adjustments	18,361	34,691	47.1%	14,132	29.9%	55,554	105,173	(47.2%)
Working Capital Variation	(22,974)	(37,024)	37.9%	(100,993)	77.3%	(149,397)	(303,993)	50.9%
<b>Cash Flow from Operating Activities</b>	<b>146,274</b>	<b>116,067</b>	<b>26.0%</b>	<b>163,099</b>	<b>10.3%</b>	<b>452,189</b>	<b>138,022</b>	<b>227.6%</b>
Capex/Intangibles	(20,726)	(7,894)	162.6%	(10,682)	94.0%	(36,868)	(16,124)	128.7%
<b>Cash Flow from Investing Activities</b>	<b>(20,726)</b>	<b>(7,894)</b>	<b>162.6%</b>	<b>(10,682)</b>	<b>94.0%</b>	<b>(36,868)</b>	<b>(16,124)</b>	<b>128.7%</b>
Intercompany Loans Settled	(66,552)	(45,368)	46.7%	(186,438)	64.3%	(292,263)	(57,473)	408.5%
<b>Cash Flow from Financing Activities</b>	<b>(66,970)</b>	<b>(45,531)</b>	<b>47.1%</b>	<b>(186,836)</b>	<b>64.2%</b>	<b>(293,459)</b>	<b>(58,640)</b>	<b>400.4%</b>

Ferroport reported cash flow from operating activities of R\$ 146.3 million for the third quarter of 2020, an increase of R\$ 30.2 million if compared to the same period of 2019, impacted not only by the better operating results, but also by some positive working capital variations. It is worth mentioning that interest and withholding taxes paid on the intercompany loans are accounted in working capital variation in the cash flow from operations.

Ferroport's Capex for the third quarter of 2020 summed R\$ 20.7 million. The main expenditures were related to repowering the piling system of R\$ 14.3 million and painting and corrosion repairing of R\$ 1,7 million. The remainder was associated to stay in business capex, such as environmental compensation, spare parts, clogging of equipment and dust emissions and painting restoration.

During the third quarter of 2020, Ferroport amortized R\$ 66.6 million of principal from the intercompany loan.

### Consolidated Simplified Analysis of the Balance Sheet:

Balance Sheet	Consolidated (BRL k)		
	September 30, 2020	June 30, 2020	December 31, 2019
Current Assets	395,811	350,023	517,122
Cash and equivalent	161,189	102,611	39,327
Receivables from related parties	88,350	167,076	373,521
Noncurrent Assets	2,355,063	2,357,152	2,351,291
<b>Total Assets</b>	<b>2,750,874</b>	<b>2,707,175</b>	<b>2,868,413</b>
Current Liabilities	358,186	316,541	317,313
Related parties – loans	140,750	138,667	137,000
Income taxes and social contribution	118,435	59,232	112,802
Noncurrent Liabilities	1,026,937	1,115,048	1,515,756
Related parties – loans	519,619	655,715	1,111,814
Shareholders' equity	1,365,751	1,275,586	1,035,344
<b>Total Liabilities plus Shareholders' equity</b>	<b>2,750,874</b>	<b>2,707,175</b>	<b>2,868,413</b>

Ferroport's consolidated cash and securities on September 30, 2020 were R\$ 161.2 million, R\$ 58.6 million higher than it was on June 30, 2020. Current receivables from related parties decreased R\$ 78.7 million from June 30, 2020, to R\$ 88.4 million. Both movements are explained by the postponement of the Take-or-Pay payment from June 30, 2020 to July 1, 2020, by Anglo American.

Company's intercompany debt, as of September 30, 2020, was R\$ 660.4 million, out of which R\$ 353.2 million was related to PRUMOPAR's loan.

### PRUMOPAR

#### Simplified Analysis of the Income Statement:

Income Statement (BRL k)	3Q20	3Q19	Δ %	2Q20	Δ %	9M20	9M19	Δ %
<b>Net Operating Revenue</b>	-	-		-		-	-	
Sales Cost	-	-		-		-	-	
<b>Gross Profit</b>	-	-		-		-	-	
General and Administrative Expenses	(183)	(85)	115.3%	(66)	177.3%	(248)	(842)	(70.5%)
Financial Income/Loss	(67,716)	(47,645)	(42.1%)	(133,662)	49.3%	(593,640)	(33,823)	(1,655%)
Equity in income of subsidiaries	46,266	35,993	28.5%	79,009	(41.4%)	168,742	97,032	73.9%
<b>Income before income and social contribution taxes</b>	<b>(21,633)</b>	<b>(11,737)</b>	<b>(84.3%)</b>	<b>(54,719)</b>	<b>60.5%</b>	<b>(425,146)</b>	<b>62,367</b>	<b>(781.7%)</b>
Taxes (IR and CSLL)	(992)	14,708	(106.7%)	3,483	(128.5%)	(1,254)	10,278	(112.2%)
<b>Profit (Loss) for the period</b>	<b>(22,625)</b>	<b>2,971</b>	<b>(861.5%)</b>	<b>(51,236)</b>	<b>55.8%</b>	<b>(426,400)</b>	<b>72,645</b>	<b>(687.0%)</b>

For the third quarter of 2020, ended on September 30, PRUMOPAR's net financial loss increased R\$ 20.1 million, if compared to the same period of 2019, due to the increase in total debt, to the depreciation of the Real against the U.S. dollar and to the decrease on intercompany loans interest accrued. During the third quarter of 2020, when compared to the same period of 2019, interest expenses increased R\$ 19.8 million, net exchange variation decreased R\$ 3.4 million and interest received on intercompany loan decreased R\$ 10.7 million.

Results of equity-accounted investees increased R\$ 10.3 million due to the better results from Ferroport.

PRUMOPAR reported Income and social contribution taxes expense of R\$ 1.0 million for the third quarter of 2020 as compared to tax credits of R\$ 14.7 million for the same period in 2019.

In the third quarter of 2020, net loss amounted to R\$ 22.6 million versus a net income of R\$ 3.0 million for the same period of 2019.

### Simplified Analysis of the Cash Flow Statement:

Cash Flow Statement (BRL k)	3Q20	3Q19	Δ %	2Q20	Δ %	9M20	9M19	Δ %
<b>Cash flows from operating activities</b>	<b>(904)</b>	<b>(625)</b>	<b>(44.6%)</b>	<b>(3,703)</b>	<b>75.6%</b>	<b>(5,029)</b>	<b>(3,993)</b>	<b>(25.9%)</b>
Interest received on related party loans	3,557	12,493	(71.5%)	5,921	(39.9%)	17,419	76,384	-77.2%
Loans received from related parties	66,552	45,368	46.7%	186,438	(64.3%)	292,263	57,473	408.5%
<b>Cash flows from investment activities</b>	<b>70,109</b>	<b>57,861</b>	<b>21.2%</b>	<b>192,359</b>	<b>(63.6%)</b>	<b>309,682</b>	<b>133,857</b>	<b>131.4%</b>
Capital increase/(reduction) and dividends	-	-	-	(30,609)	-	(30,609)	(202,492)	84.9%
Loans settled with third parties (net)	-	(52,937)	-	(166,757)	-	(166,757)	108,712	(253.4%)
Interest paid	-	(7,426)	-	(68,453)	-	(68,453)	(23,627)	189.7%
Escrow accounts (Debt Requirement)	-	2,771	-	66,342	-	66,342	2,771	2294.2%
Transaction costs	(2,647)	284	(1.032%)	-	-	(2,647)	(11,638)	77.3%
<b>Cash flows from financing activities</b>	<b>(2,647)</b>	<b>(57,308)</b>	<b>(95.4%)</b>	<b>(199,477)</b>	<b>98.7%</b>	<b>(202,124)</b>	<b>(126,274)</b>	<b>60.1%</b>

During the third quarter of 2020, PRUMOPAR received R\$ 66.6 million of principal and R\$ 3.6 million of interest (net of taxes) related to the intercompany loan from Ferroport.

PRUMOPAR reported R\$2.6M of transaction costs, related to the conclusion of the internal regularization of some expenditures of the issuance of the bonds.



### Simplified Analysis of the Balance Sheet:

Balance Sheet (BRL k)	September 30, 2020	June 30, 2020	December 31, 2019
<b>Current Assets</b>	<b>257,588</b>	<b>181,911</b>	<b>188,737</b>
Cash and cash equivalents	103,713	37,155	1,184
Escrow accounts	74,256	72,088	100,956
Accounts receivable from related parties	70,375	69,333	68,188
<b>Noncurrent Assets</b>	<b>1,006,578</b>	<b>1,028,124</b>	<b>1,116,449</b>
Accounts receivable from related parties	282,805	350,617	578,245
Equity investments	706,707	660,441	537,965
<b>Total Assets</b>	<b>1,264,166</b>	<b>1,210,035</b>	<b>1,305,186</b>
<b>Current Liabilities</b>	<b>83,415</b>	<b>48,863</b>	<b>21,117</b>
Loans and financing	77,146	42,497	17,597
<b>Noncurrent Liabilities</b>	<b>1,607,139</b>	<b>1,564,935</b>	<b>1,247,647</b>
Loans and financing	1,606,108	1,564,896	1,247,647
<b>Shareholders' Equity</b>	<b>(426,388)</b>	<b>(403,763)</b>	<b>36,422</b>
<b>Total Liabilities plus Shareholders' equity</b>	<b>1,264,166</b>	<b>1,210,035</b>	<b>1,305,186</b>

On September 30, 2020, PRUMOPAR reported cash and cash equivalents of R\$103.7 million. The increase comparing to June 30, 2020 and December 31, 2019 is explained by the frequency of the debt repayment, which occurs in June and in December. The escrow account, which is related to the DSRA (Debt Service Reserve Account), is constituted in USD and sums US\$ 13.2 million.

PRUMOPAR's total debt increased, in Reais, when compared to June 30, 2020, by approximately R\$ 75.9 million, to R\$ 1.68 billion, impacted partially by the accrued interest for the period and partially by the increase in foreign exchange rate. In USD, the total debt increased US\$ 5.9 million to US\$ 318.7 million due to the accrued interest.

On September 30, 2020 PRUMOPAR's equity was negative at R\$ 426.4 million, due to the accounting loss for the first nine months of 2020, mostly driven by the accrued exchange variance registered in the period.

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