



SANTOS BRASIL

**EARNINGS
RELEASE 2Q23**



São Paulo, August 08, 2023 - The quarterly financial information (ITR) and standardized financial statements (DFP) are presented in accordance with the accounting practices adopted in Brazil, in compliance with the provisions of Brazilian Corporation Law, International Financial Reporting Standards (IFRS) and the standards issued by the Accounting Pronouncement Committee (CPC).

	2Q23	2Q22 ²	Δ (%)	1H23	1H22 ²	Δ (%)
Container and General Cargo Terminals – quay operations (containers)	299,298	339,159	-11.8%	561,201	644,750	-13.0%
Container and General Cargo Terminals – warehousing (containers)	30,479	34,407	-11.4%	59,064	66,339	-11.0%
Container and General Cargo Terminals – general cargo (tons)	38,548	34,676	11.2%	57,444	79,197	-27.5%
Logistics – warehousing (containers)	14,994	19,379	-22.6%	30,214	36,950	-18.2%
Logistics – handling (pallets)	256,938	284,331	-9.6%	538,651	518,968	3.8%
TEV (vehicles)	58,578	85,053	-31.1%	113,936	139,378	-18.3%
Net Revenue (R\$ MM)	507.3	500.9	1.3%	934.2	941.1	-0.7%
EBITDA (R\$ MM)	222.2	214.6	3.5%	375.6	394.8	-4.9%
<i>% EBITDA Margin</i>	<i>43.8%</i>	<i>42.8%</i>	<i>1.0 p.p.</i>	<i>40.2%</i>	<i>42.0%</i>	<i>-1.7 p.p.</i>
Net Income (Loss) (R\$ MM)	94.4	97.6	-3.3%	140.3	188.0	-25.4%
Net Debt (R\$ MM)	-177.5	-679.4	-73.9%	-177.5	-679.4	-73.9%
Net Debt/Proforma EBITDA LTM¹	-0.29x	-1.23x		-0.29x	-1.23x	

¹ EBITDA LTM, excluding IFRS 16 effects.

² The financial statements of 2Q22 and 1H22 were voluntarily restated, with the adoption of technical pronouncement CPC 06 (R2). See pages 24 to 26.

HIGHLIGHTS | 2Q23

- In 2Q23, Santos Brasil's Container Terminals handled 299,298 units (-11.8% YoY), with performance impacted by (i) slowdown in imports, mainly of chemical products and consuming goods, due to deceleration in domestic demand, (ii) slower commodity exports, result of lower shipments to the Chinese market, and (iii) drop in cabotage volume, also due to lower domestic consumption.
- Tecon Santos recorded a decrease of 13.3% YoY in container throughput in 2Q23, with lower volumes in Long Haul (-13.3% YoY) and Cabotage (-13.4% YoY). In turn, Tecon Imbituba recorded growth of 9.7% YoY in total containers handled, while general cargo volumes in TCG Imbituba grew 11.2% YoY in 2Q23, driven by increased handling of sugar and chemical products. Finally, Tecon Vila do Conde recorded a drop of 4.1% YoY in container handling in the quarter, with decreases of 4.7% and 3.1% in Long Haul and Cabotage volumes, respectively.
- Despite the decline recorded in 2Q23 container throughput compared to the same quarter of 2022, there was an important recovery compared to 1Q23, with QoQ increases of 13.2% at Tecon Santos, 36.1% at Tecon Imbituba and 15.2% at Tecon Vila do Conde. Consolidated container volume grew by 14.3% in 2Q23, in comparison with 1Q23, indicating the beginning of an upward trend in second half of the year, mainly in 3Q23.
- Santos Brasil signed, in 2Q23, a contract with the Panamanian shipowner CTM - Corporación de Transportes Marinos – to operate a new long-haul service at Tecon Imbituba, expected to start in August 2023. The service will serve Colombia, Dominican Republic and Cuba, transporting mainly rice, sugar, soy oil, corn, frozen foods and hygiene materials.
- Santos Brasil Logística recorded a drop of 22.6% YoY in the number of containers stored in the bonded warehouses and of 9.6% YoY in the total pallets handled in the Distribution Centers. In turn, the total number of vehicles handled on the TEV dropped 31.1% YoY in 2Q23, with a cooling in exports and imports.
- Company's Net Revenue totaled R\$ 507.3 million in 2Q23, an increase of 1.3 % YoY, driven by 2.9% YoY increase in Net Revenue from Container and General Cargo Terminals, in addition to the positive contribution of R\$ 8.5 million from the Liquid Terminals in the Port of Itaquí. Consolidated EBITDA totaled R\$ 222.2 million in 2Q23 (+3.5% YoY), with an EBITDA margin of 43.8% (+1.0 p.p. YoY).
- Despite the slight YoY growth, 2Q23 result recorded a significant improvement compared to 1Q23, with 25.4% growth in Net Revenue and 44.9% in EBITDA, therefore an increase of 7.9 p.p. in EBITDA margin, with price increase being the main factor. This dynamics is important since, with prices at healthy levels added to the typical sector operational leverage, it is expected that Company's results and margins continue to expand, depending on only container throughput recovery, an exogenous variable.
- In 2Q23, Santos Brasil accelerated investments in the expansion and modernization of its assets, totaling a Capex of R\$ 126.3 million, with emphasis on Tecon Santos, Tecon Vila do Conde and the Liquid Terminals. In 1S23, Santos Brasil invested a total of R\$ 212.4 million.
- Finally, 2Q23 was marked by the publication of the 17th [ESG Report](#) of Santos Brasil, the 15th report published under the guidelines of the Global Reporting Initiative (GRI), in which the challenges, achievements and results obtained in 2022 were presented, in addition to the prospects for the future.

MESSAGE FROM MANAGEMENT

The first half of 2023 proved to be challenging in terms of volumes handled in the Company's main business units, including Tecon Santos, reflecting the drop in the global flow of containers, with a macroeconomic scenario of rising interest rates, a rising inflationary outlook and lower credit impulse, which impacted demand for durable consumer and capital goods, transported in containers. In addition, in the specific case of Brazil, various sectors of the domestic economy, to which the Company is exposed, had already high inventories, not to mention the migration of a portion of household expenses with service sectors to the detriment of goods, and, also, the natural adjustment and realignment of expectations with a new Federal Government.

Santos Brasil is confident that the drop observed in 1H23 vs. 1H22 is transitory, without lasting or permanent impacts on the fundamentals of its business, and the signs of improvement are tangible, as can be seen from the growth registered between 1Q23 and 2Q23. The Company has been successful in the contractual renegotiations carried out throughout the semester, with an important and positive contribution to its growing financial results.

The ongoing strategy does not change with the volumes achieved in 1H23, and its execution will continue to demand investments in the expansion and modernization of the terminals, especially Tecon Santos, in order to capture potential future demand for the Port of Santos, greater efficiency in cost management and control, and a rigorous process for service pricing, including data analysis and market intelligence, crucial to meet customer needs, with operational excellence and balanced average prices. Capital allocation will remain responsible and disciplined, aiming to create value and adequately remunerate the invested capital, observing medium and long-term outlook in its operating markets, but capturing short-term opportunities, as the Company has been doing over the last few years.

In 1H23, Santos Brasil handled 561,201 containers in its terminals, a drop of 13.0% over 1H22. There was a greater-than-expected cooling in imports, mainly in 1Q23, pressured by chemicals and durable consumer goods, a dynamic that harmed the volumes of bonded warehousing at Tecon Santos and Santos Brasil Logística. However, in addition, it was also experienced an unexpected retraction in exports, with fewer shipments of commodities such as coffee, beef, and paper, as a result of lower demand from China. Even the Port of Santos recorded a decrease of 6.0% YoY in container throughput in 1H23, lower than the drop in Tecon Santos due to the terminal's larger exposure to imports and volumes of the China-Brazil route. Likewise, the Vehicle Terminal (TEV) struggled with lower exports of light vehicles to markets served by Brazilian automakers, such as Argentina, Colombia, Chile and Mexico, countries that also face their own economic challenges.

Regarding 2H23, volumes are expected to keep the upward outlook, benefiting from seasonality (peak season), a period in which industry and retail sectors prepare for year-end sales. Even with the positive outlook, it is not possible to pinpoint whether or not the pace will surpass the volume handled in the same period of 2022, whose peak season proved to be extraordinarily strong.

Among the operational highlights, it is worth mentioning the contract for a Long-Haul service with the Panamanian shipowner CTM, that will call at Tecon Imbituba from August 2023 onward. The service will mainly transport rice, sugar, soy oil, corn, frozen products and hygiene materials to Colombia, the Dominican Republic and Cuba, countries that act as hub ports in Central America and the Caribbean region. With this new service, the Port of Imbituba has an international container shipping line after four years.

R\$ 934 million
Net Revenue 1H23

R\$ 376 million
EBITDA 1H23

R\$ 212 million
Capex 1H23

R\$ 133 million
Dividends and IOC

Regarding the financial highlights, Santos Brasil consolidated Net Revenue totaled R\$ 934.2 million in 1H23, remaining practically stable in the annual comparison (-0.7%), despite the negative impact of the volume drop. The positive highlights were (i) the higher average ticket in quay operations at the container and general cargo terminals, driven by the successful price recovery strategy with shipowners, mainly at Tecon Santos, (ii) the ramp-up of Liquid Terminal activities, whose operations started in November 2022, and (iii) the better performance of 3PL Logistics. At Tecon Santos, the price readjustment in quay operations, carried out in 1Q23, generated an important increase in the terminal's Net Revenue, even with the 13.3% YoY drop in container throughput and a worsening in the full-container mix (70.9% of the total), whose box rate is approximately twice as high as an empty container. Therefore, an eventual rebound in Tecon Santos' volumes would cause a positive multiplier effect on the Company's results. In effect, the potential growth in the pocket price (R\$/container) in quay operations and better mix of full containers, should drive the expansion of the Company's margins, which would still benefit from scale gains inherent to the high operating leverage of the terminal, currently sized to operate a volume higher than the monthly average recorded in 6M23.

As for operating cash generation, consolidated EBITDA totaled R\$ 375.6 million in 1H23, 4.9% lower YoY, with the greatest impact in 1Q23, considering that 2Q23 EBITDA grew 3.5% YoY. EBITDA margin was 40.2% in 1H23 (-1.7 p.p. YoY). Net Income amounted to R\$ 140.3 million in 1H23, (-25.4% YoY), with a net margin of 15.0%.

Santos Brasil remains firm in its strategy of maximizing the generation of value from its assets, having invested R\$ 212.4 million in 1H23. Tecon Santos received investments of R\$ 108.5 million, directed to the continuity of the terminal modernization and expansion project, with emphasis on the purchase of new quay and yard equipment, technology projects and increased data security, as well as infrastructure improvements, which will contribute to the terminal reaching 2.6 million TEUs of commercial capacity by 2026. At Tecon Vila do Conde, Capex of R\$ 51.3



million was also in the acquisition of equipment and improvements in the terminal infrastructure. In Liquid Terminals, it was invested R\$ 40.2 million in 1H23, in the expansion project of TGL 01 and TGL 03 terminals. In July, it was started the construction works of TGL 02 terminal, a greenfield project expected to start operations by 2026. With the conclusion of the expansions and the new terminal construction, Santos Brasil will quadruple its storage capacity for fuels, from 50,000 m³ to nearly 200,000 m³.

Growing operating cash flow, coupled with financial deleveraging, should continue to remunerate shareholder's capital without impacting investment obligations in the expansion and modernization of the Company's assets. In June, the Company announced R\$ 43.6 million in earnings distribution, of which R\$ 6.4 million as interim dividends and R\$ 37.1 million as Interest on Own Capital, based on the result and balance sheet for the first quarter of 2023, respectively, and which were paid on July 31, 2023. Also, on August 07, 2023, through a Material Fact, the Company announced a new distribution of almost R\$ 90 million.

Finally, in June, the Santos Brasil published its [17th ESG Report](#), in which it shares the challenges, achievements and results of 2022 with its stakeholders, in addition to the performance related to the ESG Agenda, reinforcing its engagement and commitment to continue advancing in the adoption of goals and purposes aligned with the United Nations (UN) Sustainable Development Goals (SDGs), as well as the 10 principles that comprise the Global Compact, to which Santos Brasil has been a signatory since 2013. Have a good reading!



SANTOS BRASIL



Consolidated

Economic-financial highlights

R\$ million	2Q23	2Q22	Δ (%)	1H23	1H22	Δ (%)
Gross Revenue	576.7	571.5	0.9%	1.065.5	1.075.2	-0.9%
Container and General Cargo Terminal	412.4	403.1	2.3%	743.8	770.4	-3.5%
Logistics	124.5	130.9	-4.9%	250.7	245.9	2.0%
Vehicle Terminal	31.9	40.9	-22.0%	59.6	65.6	-9.1%
Liquid Bulk Terminals	9.9	0.0	-	15.9	0.0	-
Corporate	0.0	0.0	0.0%	0.0	0.0	0.0%
Eliminations	-1.9	-3.5	-45.7%	-4.5	-6.7	-32.8%
Net Revenue	507.3	500.9	1.3%	934.2	941.1	-0.7%
Container and General Cargo Terminal	368.9	358.4	2.9%	662.9	682.8	-2.9%
Logistics	104.9	110.9	-5.4%	211.7	208.5	1.5%
Vehicle Terminal	26.7	34.8	-23.3%	50.5	55.9	-9.7%
Liquid Bulk Terminals	8.5	0.0	-	13.2	0.0	-
Corporate	0.0	0.0	0.0%	0.0	0.0	0.0%
Eliminations	-1.7	-3.2	-46.9%	-4.2	-6.1	-31.1%
Operating Costs	-262.5	-264.3	-0.7%	-516.0	-492.2	4.8%
Container and General Cargo Terminal	-190.3	-187.5	1.5%	-372.2	-355.7	4.6%
Logistics	-50.3	-58.6	-14.2%	-99.8	-110.0	-9.3%
Vehicle Terminal	-12.2	-13.9	-12.2%	-24.3	-24.3	0.0%
Liquid Bulk Terminals	-11.4	-7.5	52.0%	-23.9	-8.3	188.0%
Corporate	0.0	0.0	0.0%	0.0	0.0	0.0%
Eliminations	1.7	3.2	-46.9%	4.2	6.1	-31.1%
Operating Expenses	-81.9	-75.7	8.2%	-160.9	-152.3	5.6%
Container and General Cargo Terminal	-20.5	-26.1	-21.5%	-41.2	-55.3	-25.5%
Logistics	-31.9	-27.4	16.4%	-61.4	-54.9	11.8%
Vehicle Terminal	-1.4	-1.6	-12.5%	-2.6	-3.1	-16.1%
Liquid Bulk Terminals	-1.0	-0.7	42.9%	-2.1	-1.9	10.5%
Corporate	-27.1	-19.9	36.2%	-53.6	-37.2	44.1%
EBITDA	222.2	214.6	3.5%	375.6	394.8	-4.9%
Container and General Cargo Terminal	198.9	181.2	9.8%	330.3	343.3	-3.8%
Logistics	27.0	29.3	-7.8%	59.0	52.3	12.8%
Vehicle Terminal	17.9	23.6	-24.2%	32.9	37.0	-11.1%
Liquid Bulk Terminals	4.5	-1.8	350.0%	4.8	-3.8	226.3%
Corporate	-26.0	-17.8	-46.1%	-51.5	-34.0	-51.5%
EBITDA Margin	43.8%	42.8%	1.0 p.p.	40.2%	42.0%	-1.7 p.p.
Container and General Cargo Terminal	53.9%	50.6%	3.4 p.p.	49.8%	50.3%	-0.5 p.p.
Logistics	25.7%	26.4%	-0.7 p.p.	27.9%	25.1%	2.8 p.p.
Vehicle Terminal	67.1%	67.7%	-0.7 p.p.	65.1%	66.2%	-1.0 p.p.
Liquid Bulk Terminals	53.0%	0.0%	53.0 p.p.	36.3%	0.0%	36.3 p.p.
Corporate	-	-	-	-	-	-
<i>Non-recurring events</i>	-	-0.1	-100.0%	-	0.3	-100.0%
Recurring EBITDA	222.2	214.5	3.6%	375.6	395.1	-4.9%
Recurring EBITDA Margin	43.8%	42.8%	1.0 p.p.	40.2%	42.0%	-1.8 p.p.

Net Revenue

In 2Q23, Santos Brasil's Net Revenue Totalled R\$ 507.3 million (+1.3% YoY), highlighting (i) the growth of 2.9% YoY in Net Revenue from Container and General Cargo Terminals, resulting from contractual renegotiations with shipowners, and (ii) the contribution of R\$ 8.5 million from the Liquid Terminals, with the start of operations at the brownfield terminals (TGL 01 and TGL 03) in November 2022. On the other hand, there was a decrease of 5.4% YoY in Santos Brasil Logística's Net Revenue, reflecting the reduction in the number of containers stored at the bonded warehouses. TEV's Net Revenue dropped 23.3% YoY in 2Q23, due to the lower volume of vehicle exports and imports, despite the better mix of heavy vehicles.

In comparison to 1Q23, Consolidated Net Revenue grew by 18.8%, highlighting the volume increase at the Container Terminals and the higher average ticket in quay operations.

Operating Costs

Consolidated Operating Costs totaled R\$ 262.5 million in 2Q23 (-0.7% YoY), with a slight growth of 1.5% YoY in Container Terminals and General Cargo's costs, mainly due to higher (i) personnel expenses, on the back of provisions regarding collective agreement, medical assistance and labor lawsuits and indemnities; (ii) depreciation and amortization and (iii) other costs with consultancy and advisory services, and outsourced services. Furthermore, Operating Costs of Liquid Terminals increased (+52.0% YoY), directly related to the start of operations at TGL 01 and TGL 03. On the other hand, operating costs dropped 14.2% YoY at Santos Brasil Logística and 12.2% YoY at TEV, mainly due to the lower volume operated in both business units.

Compared to 1Q23, consolidated Operating Costs increased 3.5%.

Operating Expenses

In 2Q23, Operating Expenses totaled R\$ 81.9 million (+8.2% YoY), with increases of (i) 16.4% YoY at Santos Brasil Logística, reflecting higher sales expenses, (ii) 42.9% YoY in Liquid Terminals, mainly due to higher general and administrative expenses, in line with the operations' ramp-up, and (iii) 36.2% YoY in corporate expenses, with disbursements linked to legal, economic, and strategic consultancies and advisories, in addition to legal fees due to successful administrative and judicial lawsuits. For the next quarters, it is expected a decrease in corporate expenses. On the other hand, decreases were observed in the Operating Expenses of the Container and General Cargo Terminals (-21.5% YoY), reflecting the reversal of allowance for doubtful accounts, with an impact on sales expenses, and in TEV (-12.5% YoY), in line with lower sales expenses.

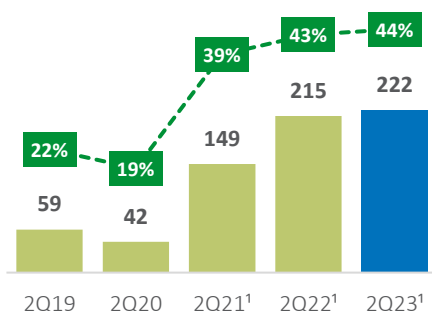
Compared to 1Q23, consolidated Operating Expenses grew 3.5%.

EBITDA

Santos Brasil's EBITDA totaled R\$ 222.2 million (+3.5% YoY) in 2Q23, with an EBITDA margin of 43.8% (+1.0 p.p. YoY). The result was driven by EBITDA growth from the Container and General Cargo Terminals (+9.8% YoY), mainly benefiting from contractual renegotiations with shipowners. It is also worth highlighting the EBITDA of R\$ 4.5 million generated by the Liquid Terminals, with an EBITDA margin of 53.0% in 2Q23, in line with the business plan for the business unit. On the other hand, there were YoY decreases of 7.8% and 24.2% at Santos Brasil Logística's and TEV's EBITDA, respectively, due to lower volumes handled.

Compared to 1Q23, there is a major improvement in consolidated EBITDA (+44.9%), with an increase of 7.9 p.p. in EBITDA margin, which reinforces Company's solid growth path in 2023.

Evolution of EBITDA (R\$ million) and EBITDA Margin (%)



¹EBITDA for 2Q21, 2Q22 and 2Q23 considers the new accounting methodology due to the adoption of CPC 06.

Net Income (Loss)

R\$ million	2Q23	2Q22	Δ (%)	1H23	1H22	Δ (%)
EBITDA	222.2	214.6	3.5%	375.6	394.8	-4.9%
Depreciation and Amortization	59.3	53.6	10.6%	118.3	98.2	20.5%
EBIT	163.0	161.0	1.2%	257.3	296.7	-13.3%
Financial Result	-19.9	-11.3	76.1%	-42.2	-9.3	353.8%
Financial Revenues	16.7	36.4	-54.1%	32.4	67.8	-52.2%
Financial Expenses	-36.3	-44.7	-18.8%	-73.9	-73.6	0.4%
Interest on loans and debentures	-0.9	-3.0	-70.0%	-1.9	-4.1	-53.7%
Leases and rents	-32.8	-31.8	3.1%	-66.5	-58.7	13.3%
Other financial expenses	-2.6	-9.8	-73.5%	-5.6	-10.8	-48.1%
Monetary and foreign-exchange variations	-0.3	-3.1	-90.3%	-0.8	-3.5	-77.1%
Income and social contribution taxes	-48.6	-52.0	-6.5%	-74.7	-99.4	-24.8%
Net income (loss)	94.4	97.6	-3.3%	140.3	188.0	-25.4%

In 2Q23, Company's Net Income totaled R\$ 94.4 million (-3.3% YoY), with a net margin of 18.6%. Compared to 1Q23, Net Income more than doubled (+106.3%), with an increase of 7.9 p.p. in net margin, indicating the sustained growth of the Company's profitability, even in the face of the challenging scenario for volumes that prevailed in 1H23.

Debt, cash, and equivalents

R\$ million	Currency	06/30/2023	06/30/2022	Δ (%)
Short-term	Local	47.4	48.1	-1.3%
	Foreign	4.1	4.3	-3.9%
Long term	Local	245.4	282.2	-13.0%
	Foreign	0.0	4.2	-100.0%
Total indebtedness		297.0	338.7	-12.3%
Cash and investments		474.5	1.018.2	-53.4%
Net debt		-177.5	-679.4	-73.9%
Net Debt / Proforma EBITDA LTM¹		-0.29x	-1.23x	

Santos Brasil ended 2Q23 with R\$ 474.5 million in cash and financial investments, which, net of total debt, totaled a net cash of R\$ 177.5 million. The growing cash generation of the Company's businesses maintained the leverage ratio, calculated by the net debt to EBITDA proforma ratio for the last twelve months, at -0.29x on June 30, 2023, even after Capex and earnings distribution in the period.

The Company intends to keep earnings distribution to its shareholders throughout 2023, without impacting investments in its existing businesses and possible opportunities of capital allocation in assets that will support Santos Brasil's future growth. Thus, in June, the Company announced R\$ 43.6 million in earnings distribution, of which R\$ 6.4 million in interim dividends and R\$ 37.1 million in Interest on Own Capital, paid on July 31, 2023. Also, the Company announced the additional distribution of R\$ 89.7 million to its shareholders, based on the results of 1H23, with payment on August 31, 2023.

¹ EBITDA in the last 12 months, excluding effects from IFRS 16.

Capex

R\$ million	2Q23	2Q22	Δ (%)	1H23	1H22	Δ (%)
CONTAINER AND GENERAL CARGO TERMINALS	90.6	59.6	52.0%	160.4	99.9	60.6%
Tecon Santos	41.9	49.5	-15.4%	108.5	80.9	34.1%
Tecon Imbituba	0.2	0.6	-66.7%	0.6	0.7	-14.3%
Tecon Vila do Conde	48.5	9.5	410.5%	51.3	18.3	180.3%
Saboó Terminal	0.0	0.0	-	0.0	0.0	-
LOGISTICS	6.2	0.8	675.0%	11.7	2.1	457.1%
VEHICLE TERMINAL	0.1	0.1	0.0%	0.2	0.1	100.0%
LIQUID BULK TERMINALS	29.4	20.2	45.5%	40.2	21.8	84.4%
CORPORATE	-	2.9	-100.0%	-	6.3	-100.0%
GROSS INVESTMENTS	126.3	83.6	51.1%	212.4	130.3	63.0%
Write-offs of property, plant, and equipment/ intangible assets	-0.6	-1.2	50.0%	-1.2	-1.2	0.0%
NET INVESTMENTS	125.7	82.4	52.5%	211.2	129.1	63.6%

In 2Q23, Santos Brasil accelerated the pace of investments in its port and logistics assets, with R\$ 126.3 million allocated mainly (i) in the expansion and modernization projects for Container and General Cargo Terminals, with emphasis on Tecon Santos and Tecon Vila do Conde, (ii) in the expansion and development of Liquid Terminals and (iii) in the assets of Santos Brasil Logística. The investment plan expected for 2023 is one of the pillars of the Company's strategy to maximize the generation of value from assets, to secure Santos Brasil's competitive advantages and ensure its position as a benchmark in the provision of port services and integrated logistics. In the first half of 2023, it was invested a total of R\$ 212.4 million.

At Tecon Santos, investments in 2Q23 summed R\$ 41.9 million, allocated to (i) the acquisition of terminal tractors and the payment of installments related to the purchase of two STS cranes and eight electric RTGs, carried out in 2022 and with delivery scheduled for the end of 2023, (ii) the terminal's electrical and data network, as part of the capacity expansion and equipment modernization, (iii) the expansion of the refrigerated container (reefer) platform, and (iv) general improvements in terminal infrastructure, e.g., paving the warehousing yard and purchasing and replacing quay accessories. In the quarter, investments were also made in technology, such as the implementation of the new Terminal Operating System (TOS), which is expected to go live in 3Q23.

In turn, R\$ 48.5 million were invested in Tecon Vila do Conde in 2Q23, mostly in the purchase of new equipment, with emphasis on an MHC crane (Mobile Harbor Crane) and forklifts, expected to arrive by the end of 2023, in addition to trucks and trailers already delivered. Such investments are part of the terminal expansion and modernization project, with an expected Capex of R\$ 120 million by 2025, which will increase the terminal's commercial annual capacity from 217,000 to 300,000 TEUs.

Regarding the Liquid Terminals, the Company invested R\$ 29.4 million in 2Q23, continuing the brownfield terminals expansion projects (TGL 01 and TGL 03). In July, the greenfield terminal (TGL 02) construction began, expected to start operations by 2026.

At Santos Brasil Logística, R\$ 6.2 million were invested in the 2Q23, with emphasis on (i) the verticalization of one of the bonded warehouse structures at CLIA Santos, a project started in 2022 that will increase warehousing capacity, (ii) the revitalization and improvements in the whole infrastructures of the bonded warehouses and distribution centers, and (iii) technology projects and information system.



Container and General Cargo Terminals

Operating Data

	2Q23	2Q22	Δ (%)	1H23	1H22	Δ (%)
Containers (units)	299,298	339,159	-11.8%	561,201	644,750	-13.0%
Quay	205,875	237,162	-13.2%	394,444	456,801	-13.7%
Full containers	93,423	101,997	-8.4%	166,757	187,949	-11.3%
Empty containers	30,479	34,407	-11.4%	59,064	66,339	-11.0%
Warehousing operations						
General cargo (tons)	38,548	34,676	11.2%	57,444	79,197	-27.5%

	2Q23	2Q22	Δ (%)	1H23	1H22	Δ (%)
Tecon Santos	260,465	300,592	-13.3%	490,607	569,834	-13.9%
Full containers	184,630	215,586	-14.4%	356,139	414,598	-14.1%
Empty containers	75,835	85,006	-10.8%	134,468	155,236	-13.4%
General cargo (tons)	-	-	-	-	-	-
Tecon Imbituba	14,614	13,323	9.7%	25,348	25,186	0.6%
Full containers	7,778	7,116	9.3%	14,044	13,906	1.0%
Empty containers	6,836	6,207	10.1%	11,304	11,280	0.2%
General cargo (tons)	38,548	34,676	11.2%	57,444	77,233	-25.6%
Tecon Vila do Conde	24,219	25,244	-4.1%	45,246	49,730	-9.0%
Full containers	13,467	14,460	-6.9%	24,261	28,297	-14.3%
Empty containers	10,752	10,784	-0.3%	20,985	21,433	-2.1%
General cargo (tons)	-	-	-	-	1,964	-100.0%

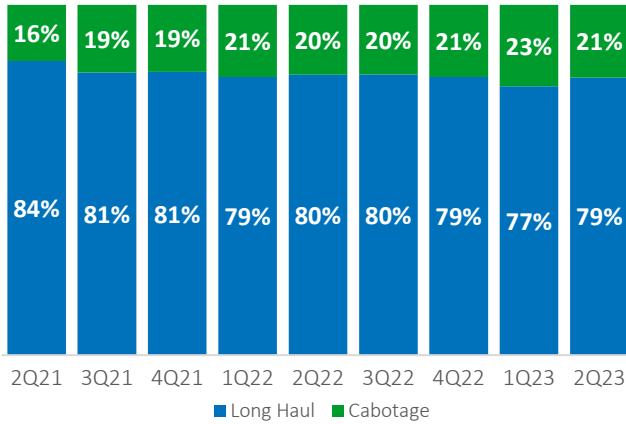
Consolidated: Santos Brasil's container terminals handled 299,298 containers (-11.8% YoY) in 2Q23, with performance especially impacted by the 13.3% YoY volume decrease at Tecon Santos, the terminal that accounted for 87% of total Company's container handling in 2Q23. In the quarter, Long Haul services recorded a drop of 12.6% YoY, with decreases of (i) 6.4% YoY in imports, mainly from the chemical and consumer good segments, and of (ii) 13.7% YoY in exports, with lower commodity shipments, e.g., beef, coffee, and sugar, due to global economy slowdown, mainly the Chinese market. In the quarter, Long Haul accounted for 79.3% of total container throughput (vs. 80.0% in 2Q22 and 76.7% in 1Q23). Cabotage accounted for 20.7% of total container throughput (vs. 20.0% in 2Q22 and 23.3% in 1Q23), and also recorded a reduction in the volume handled in 2Q23 (-8.4% YoY), still due to sluggish domestic economy. Finally, Transshipment operations, both in Long Haul and Cabotage services, dropped 21.0% YoY in the quarter and accounted for 35.0% of total volume (vs. 39.1% in 2Q22 and 29.3% in 1Q23). Due to the aforementioned effects, container mix had 68.8% of full containers (vs. 69.9% in 2Q22 and 72.0% in 1Q23).

Despite 2Q23 YoY drop, the Container terminals' volume increased 14.3% compared to 1Q23. The Long-Haul flow increased 18.0% QoQ, with growths of (i) 47% in empty containers; and (ii) 4.6% in imports. Cabotage remained practically flat QoQ (+1.8%). The growth outlook should continue in 2H23, especially in 3Q23.

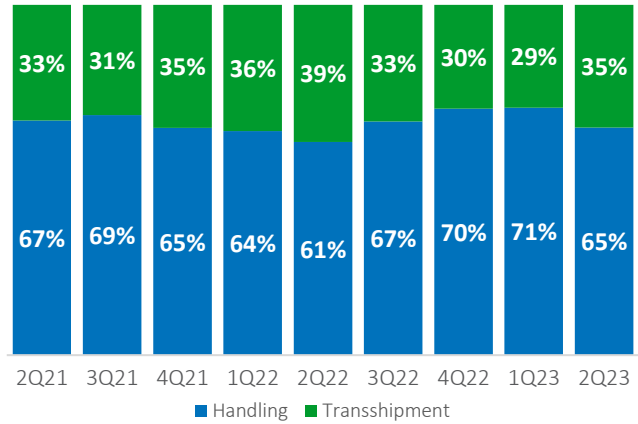


Consolidated mix of container handling (%)

Long Haul vs. Cabotage



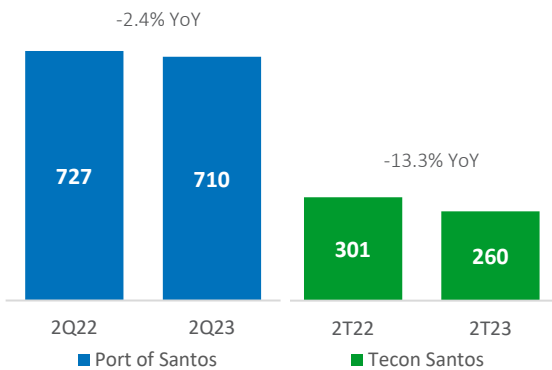
Handling vs. Transshipment



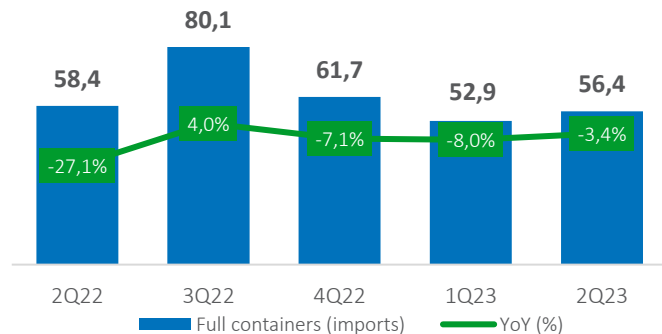
Tecon Santos: 260,465 containers handled in 2Q23 (-13.3% YoY), with drops of 13.3% YoY in Long Haul and 13.4% YoY in Cabotage. In Long Haul, there were YoY volume decreases of (i) 7.1% in imported containers, reflecting the lackluster domestic economy, mainly in the chemical and consumer good sectors, and (ii) 15.1% in exported containers, chiefly on the back of lower commodity shipments to China, e.g. coffee and beef. The slowdown in Cabotage volumes was due to lower domestic consumption. As a result, Tecon Santos’ market share in the Port of Santos ended 2Q23 at 37.4% (vs. 41.7% in 2Q22 and 37.6% in 1Q23). Regarding mix, the terminal handled 184,630 full containers (-14.4% YoY), of which 56,429 were full-imported containers (-3.4%) and 47,452 full-exported container (-15.5% YoY).

On the other hand, a volume recovery is noted when compared to 1Q23 container throughput (+13.2%), with highlight for the QoQ increase of 17.4% in Long Haul, with growth in the volume of full-import containers (+6.8% QoQ), indicating a positive outlook for 2H23, even if does not offset the retraction observed in 1H23 for comparative purposes with FY22.

Port of Santos² vs. Tecon Santos (000 containers)



Full-import container throughput at Tecon Santos (000 containers)



Tecon Imbituba: 14,614 containers handled (+9.7% YoY) in 2Q23, boosted by 4.3% YoY growth in Cabotage, represented by Aliança’s ALCT2 service, accounting for 93.8% of the total volume handled in the terminal (vs. 98.6% in 2Q22 and 98.9% in 1Q23). Long-Haul flow accounted for 6.2% of the total volume in 2Q23 (vs. 1.4% in 2Q22), driven by an empty-container strong volume. In 2Q23, the volume of full containers grew 9.3% YoY, mainly driven by rice and ceramics domestic transportation, and empty container throughput increased 10.1% YoY.

Compared to 1Q23, Tecon Imbituba’s container throughput increased 36.1% in 2Q23, with an increase of 29.2% QoQ in Cabotage volumes.

It is worth highlighting that Santos Brasil signed a contract with the Panamanian shipowner CTM - Corporación de Transportes Marino, in 2Q23, for the operation of a Long-Haul line at Tecon Imbituba, with the first vessel scheduled to call the terminal in August 2023. Rice, sugar, soy oil, corn, frozen products, and cleaning materials will be the main cargoes shipped to Colombia, Dominican Republic, and Cuba.

The Imbituba General Cargo Terminal operated 38,548 tons in 2Q23, growth of 11.2% YoY and 104.0% QoQ, mainly driven by sugar and

² Data published by Santos Port Authority (APS).

chemical products (i.e. urea phosphate).

Tecon Vila do Conde: 24,219 containers handled in 2Q23 (-4.1% YoY), with YoY decreases in Long Haul (-4.7%) and Cabotage (-3.1%) volumes. In 2Q23, (i) exports dropped 2.6% YoY, due to lower shipments of extractive industry products (e.g. wood and ores), and beef, mainly to the Chinese market, and (ii) imports decreased 12.1% YoY, reflecting the slowdown in domestic consumption, with emphasis on the chemical industry. Long Haul accounted for 59.6% of the total volume handled in 2Q23 (vs. 60.0% in 2Q22 and 56.0% in 1Q23).

Compared to 1Q23, there was a 15.2% increase in the number of containers handled at the terminal, with growth in Long Haul (+22.5%) and Cabotage (+5.9%).

Warehousing: in 2Q23, the volume stored in Container Terminals, mainly represented by Tecon Santos, totaled 30,479 containers, a 11.4% YoY drop that reflected the deceleration in imports of full containers in the quarter. However, it is worth highlighting the growth of 6.6% compared to 1Q23, indicating a recovery trend in imports after a weak beginning of the year.

In 2Q23, the retention rate of imported containers at Tecon Santos was 52% (vs. 52% in 1Q23 and 57% in 2Q22). Despite the challenging scenario, with drop in volumes, Santos Brasil managed to maintain the retention level above 50%, which supports the Company's commercial strength and operational excellence. Warehousing dwell time³ averaged 10.5 days (vs. 11.3 days in 1Q23 and 13.1 days in 2Q22). The "On the Water Clearance for AEOs" regime, which enables registration of import declarations before the container is unloaded at the port of destination, had an impact of 0.76 day on the dwell time of full-import containers at Tecon Santos in 2Q23.

Economic-financial data

R\$ million	2Q23	2Q22	Δ (%)	1H23	1H22	Δ (%)
Gross Revenue	412.4	403.1	2.3%	743.8	770.4	-3.5%
Quay operations	265.6	231.3	14.8%	447.3	442.4	1.1%
Warehousing operations	146.7	171.9	-14.7%	296.5	328.0	-9.6%
Net Revenue	368.9	358.4	2.9%	662.9	682.8	-2.9%
Quay operations	244.9	211.4	15.8%	411.7	402.5	2.3%
Warehousing operations	123.9	147.1	-15.8%	251.2	280.4	-10.4%
Operating Costs	-190.3	-187.5	1.5%	-372.2	-355.7	4.6%
Handling costs	-28.2	-35.7	-21.0%	-56.6	-64.8	-12.7%
Fuel, lubricants, and electricity	-13.0	-17.4	-25.3%	-26.3	-31.5	-16.5%
Outsourced labor	-5.5	-6.0	-8.3%	-10.1	-11.4	-11.4%
Other handling costs	-9.7	-12.4	-21.8%	-20.3	-21.9	-7.3%
Personnel costs	-83.0	-78.6	5.6%	-158.9	-149.6	6.2%
Maintenance	-14.5	-15.2	-4.6%	-28.8	-27.6	4.3%
Depreciation and amortization	-40.8	-36.4	12.1%	-80.7	-71.4	13.0%
Other costs	-23.8	-21.6	10.2%	-47.2	-42.4	11.3%
Operating Expenses	-20.5	-26.1	-21.5%	-41.2	-55.3	-25.5%
Selling	-6.5	-14.9	-56.4%	-14.3	-34.7	-58.8%
General and administrative	-14.0	-11.2	25.0%	-26.8	-20.6	30.1%
Depreciation and amortization	0.0	0.0	-	-0.1	-0.1	-
EBITDA	198.9	181.2	9.8%	330.3	343.3	-3.8%
EBITDA Margin	53.9%	50.6%	3.4 p.p.	49.8%	50.3%	-0.5 p.p.

Net Revenue

In 2Q23, Container and General Cargo Terminals' Net Revenue summed R\$ 368.9 million (+2.9% YoY), boosted by a growth of 15.8% YoY in the Quay operations' Net Revenue, mainly driven by a successful contract renegotiation strategy with shipowner clients, especially at Tecon Santos, annulling the effect of the volume drop in the quarter. In turn, Warehousing Operations' Net Revenue decreased 15.8% YoY, impacted by the lower volume of full-import containers at Tecon Santos, in addition to the shorter warehousing dwell time recorded in the quarter.

³ Average dwell time for containers and vehicles stored.

It is worth highlighting the significant improvement in Net Revenue compared to 1Q23, with growth of 25.4%, with Quay Operations' Net Revenue up 46.8% QoQ.

In 2Q23, Tecon Santos' Net Revenue⁴ accounted for 87.1% (R\$ 321.3 million) of Container and General Cargo Terminals' Net Revenue (vs. 83.0% in 1Q23 and 85.8% in 2Q22), a 4.5% growth YoY, driven by quay operations, despite the drop of 13.3% YoY in the total volume handled and the lower Net Revenue from Warehousing. Assuming Tecon Santos represents the same 87.1% portion of Container and General Cargo Terminals' Warehousing Net Revenue (R\$ 108.0 million in 2Q23), the balance of R\$ 213.3 million would refer to the terminal's Quay Net Revenue in 2Q23, an 18% growth YoY and up 54% QoQ, even with the worse full-container mix.

Tecon Imbituba recorded an 13.7% drop YoY in Net Revenue in 2Q23, despite the increase in container volume handled, reflecting a lower volume operated in the terminal's closed warehouses. On the other hand, TCG Imbituba positively contributed to the terminal's revenue due to the higher volume of general cargo operated and additional services provided (i.e. depot and labeling of big bags). In turn, Tecon Vila do Conde's Net Revenue dropped 2.1% YoY in 2Q23, as a result of the cooling of container operations, despite the positive contribution of revenues from general and project cargo storage from clients in the mining and steel industry.

Operating Costs

In 2Q23, Container and General Cargo Terminal's Operating Costs totaled R\$ 190.3 million (+1.5% YoY), with the slight increase explained by higher costs with (i) personnel (+5.6%), as a result of higher expenses with payroll and benefits, the highlights being provision for collective agreement, since the negotiations had not been concluded by the end of the quarter, in addition to expenditures with benefits, such as healthcare and food vouchers, and higher expenses with labor lawsuits and indemnities, (ii) depreciation and amortization, resulting from the higher depreciation of goods, vehicles and equipment and, (iii) costs with strategic and security consulting firms and advisory services, mainly for Tecon Santos, and outsourced administrative services. It is worth highlighting the 21.0% YoY drop in handling costs, reflecting (i) lower expenses with fuel, lubricants, and electric power (-25.3% YoY), due to the lower volumes operated in 2Q23, in addition to a decrease in the diesel average price compared to 2Q22, (ii) a 8.3% YoY drop in temporary labor costs, directly linked to the lower volume operated, and (iii) a 21.8% YoY reduction in other various and scattered costs.

Compared to 1Q23, Operating Costs grew 4.6%, mainly due to (i) increase in personnel costs (+9.4%) and (ii) growth in depreciation and amortization costs (+2.4%).

Operating Expenses

In 2Q23, Container and General Cargo Terminals' Operating Expenses totaled R\$ 20.5 million (-21.5% YoY), positively impacted by a 56.4% YoY decrease in sales expenses, as result of the reversal of allowance for doubtful accounts due to the interruption of the collection of the segregation and delivery service (SSE) by port terminals in the Port of Santos, in addition to lower loss with bad debts. In turn, general and administrative expenses increased 25.0% YoY, because of higher expenses with (i) legal, economic, and strategic consultancies and advisories, and (ii) personnel, due to new hirings, higher payment of profit sharing (PPR) and increase in provisions for collective agreement.

In comparison to 1Q23, Operating Expenses remained almost stable (-1.0%).

EBITDA

In 2Q23, Container and General Cargo Terminals' EBITDA reached R\$ 198.9 million (+9.8% YoY), with an EBITDA margin of 53.9% (+3.4 pp YoY), driven by higher average ticket in quay operations, on the wake of contractual renegotiations carried out with shipowner clients, which offset the YoY volume drop in the quarter, in addition to positive outcome of a more efficient management of costs and expenses.

In relation to 1Q23, there was a significant improvement in Container and General Cargo Terminals' EBITDA (+51.4%), with an increase of 9.2 p.p. in the vertical's EBITDA margin, reflecting higher average ticket and the volume recovery at the Company's three Container and General Cargo terminals.

⁴ Considers Net Revenue from quay and warehousing.


Santos Brasil Logística
Operating Data

	2Q23	2Q22	Δ (%)	1H23	1H22	Δ (%)
Bonded warehousing (CLIAs)						
Containers stored	14,994	19,379	-22.6%	30,214	36,950	-18.2%
Distribution Centers						
Pallets handled	256,938	284,331	-9.6%	538,651	518,968	3.8%

Bonded Warehousing: in 2Q23, Santos Brasil Logística recorded 14,994 containers stored (-22.6% YoY), reflecting the drop in container imports at the Port of Santos, which reduced the container collection base for storage at Santos and Guarujá bonded warehouses (CLIAs). Compared to 1Q23, the number of containers stored remained practically stable (-1.5%).

Distribution Centers: in 2Q23, the volume of pallets handled at the Distribution Centers in São Bernardo do Campo (SP) recorded a decrease of 9.6% YoY and 8.8% QoQ, due to lower handling of cargoes from the automotive and chemical industries, because of the slowdown in demand and clients' high inventory levels.

Economic-financial data

R\$ million	2Q23	2Q22	Δ (%)	1H23	1H22	Δ (%)
Gross Revenue	124.5	130.9	-4.9%	250.7	245.9	2.0%
Bonded Warehousing	92.2	104.2	-11.5%	190.0	193.8	-2.0%
Distribution Centers	13.3	12.2	9.0%	26.1	24.2	7.9%
Other	19.0	14.4	31.9%	34.6	27.9	24.0%
Net Revenue	104.9	110.9	-5.4%	211.7	208.5	1.5%
Bonded Warehousing	78.8	88.9	-11.4%	162.4	165.6	-1.9%
Distribution Centers	11.7	10.7	9.3%	22.9	21.3	7.5%
Other	14.4	11.2	28.6%	26.3	21.6	21.8%
Operating Costs	-50.3	-58.6	-14.2%	-99.8	-110.0	-9.3%
Handling costs	-15.5	-23.5	-34.0%	-30.2	-44.1	-31.5%
<i>Fuel, lubricants, and electricity</i>	-2.9	-4.1	-29.3%	-6.1	-7.5	-18.7%
<i>Freight</i>	-9.9	-12.4	-20.2%	-18.3	-22.9	-20.1%
Other handling costs	-2.7	-7.0	-61.4%	-5.7	-13.7	-58.4%
Personnel costs	-14.1	-14.2	-0.7%	-27.4	-26.0	5.4%
Outsourced services	-8.1	-7.6	6.6%	-15.9	-14.5	9.7%
Depreciation and amortization	-4.2	-4.4	-4.5%	-8.5	-8.7	-2.3%
Other costs	-8.4	-8.8	-4.5%	-17.8	-16.7	6.6%
Operating Expenses	-31.9	-27.4	16.4%	-61.4	-54.9	11.8%
Selling	-26.8	-24.9	7.6%	-53.1	-50.2	5.8%
General and administrative	-5.1	-2.4	112.5%	-8.3	-4.7	76.6%
Depreciation and amortization	0.0	0.0	-	-0.1	0.0	-
EBITDA	27.0	29.3	-7.8%	59.0	52.3	12.8%
<i>EBITDA Margin</i>	<i>25.7%</i>	<i>26.4%</i>	<i>-0.7 p.p.</i>	<i>27.9%</i>	<i>25.1%</i>	<i>2.8 p.p.</i>

Net Revenue

In 2Q23, Santos Brasil Logística's Net Revenue summed to R\$ 104.9 million (-5.4% YoY), with a drop of 11.4% YoY in Bonded Warehousing Net Revenue, as a result of (i) lower number of containers stored in the quarter and (ii) a drop in the average dwell time. However, the business unit had YoY growths of (i) 9.3% YoY in the Distribution Centers' Net Revenue, reflection of an assertive commercial strategy for contract renegotiations and the contribution of ancillary services charged to clients, offsetting the reduction in the volume of pallets handled, and (ii) of 28.6% in other revenues, mainly represented by Road Transportation, a business segment that expanded its client base in 2Q23 and has been managing freight contracts more efficiently.

Compared to 1Q23, Santos Brasil Logística's Net Revenue remained practically flat (-1.7%), with lower bonded warehousing revenue (-5.8%), offset by revenue growth (i) in distribution centers (+4.0% QoQ), as result of contract renegotiations with the main clients, and (ii) in other revenues (+21.3% QoQ), mainly road transportation, due to aforementioned reasons.

Operating Costs

In 2Q23, Santos Brasil Logística's Operating Costs totaled R\$ 50.3 million (-14.2% YoY), with drops recorded in most cost lines. Handling costs decreased 34.0% YoY in 2Q23, with reductions of over 20% in fuel, lubricants, electric power and freight costs, due to lower volumes operated, and a 61.4% YoY drop in other handling costs, mainly due to lower expenses with capturing containers at the Port of Santos, explained by the lower volume of imports and the interruption of the Segregation and Delivery Service (SSE) collection by the container terminals.

Regarding other costs, there was a decrease of 4.5% YoY, with emphasis on lower expenses with (i) operational maintenance, mainly of materials and services, considering the lower volume scenario, (ii) telecommunications and (iii) technical consultancy. Furthermore, there was a 4.5% YoY drop in depreciation and amortization costs and stability in personnel costs (-0.7% YoY).

Finally, there was an increase of 6.6% YoY in outsourced services, the only item with growth in expenses in the annual comparison, due to more hiring of outsourced drivers for Road Transport. Such initiative was part of the segment restructuring, with reduction in the structure of fixed costs and more efficient management of freight contracts, thus making the operation more profitable.

In comparison to 1Q23, Santos Brasil Logística's Operating Costs remained practically stable (+1.6%).

Operating Expenses

Santos Brasil Logística's Operating Expenses totaled R\$ 31.9 million (+16.4% YoY), with a 7.6% increase in sales expenses, as a result of the hiring of new employees for the commercial department, part of the new strategy of industry and client segmentation, with more customized service, improving customer experience, optimization of resources and increasing contract profitability. In turn, general and administrative expenses grew 112.5% YoY due to higher expenses with labor claims.

In relation to 1Q23, there was an increase of 8.2% in 2Q23, mainly due to growth in general and administrative expenses (+59.3% QoQ), as a result of higher expenses with labor lawsuits because of the aforementioned restructuring.

EBITDA

In 2Q23, Santos Brasil Logística's EBITDA totaled R\$ 27.0 million (-7.8% YoY), with an EBITDA margin of 25.7% (-0,7 p.p. YoY), with the drop explained by the performance of bonded warehousing, hampered by lower volumes of containers captured and the reduction in the average dwell time, a dynamic that also influenced the drop in EBITDA and EBITDA Margin compared to 1Q23 (-15.9% and -4.3 p.p., respectively), despite the positive contribution of the 3PL Logistics segment.



Vehicle Terminal (TEV)

Operating Data

	2Q23	2Q22	Δ (%)	1H23	1H22	Δ (%)
Vehicles (units)	58,578	85,053	-31.1%	113,936	139,378	-18.3%
Export	53,491	77,974	-31.4%	104,525	126,076	-17.1%
Imports	5,087	7,079	-28.1%	9,411	13,302	-29.3%
Light	51,660	78,899	-34.5%	101,066	128,801	-21.5%
Heavy	6,918	6,154	12.4%	12,870	10,577	21.7%

Vehicles handled: in 2Q23, TEV handled 58,578 vehicles (-31.1% YoY), with the performance explained by (i) a 31.4% YoY drop in export volumes, mainly due to lower shipments to Latin American countries, with Colombia and Chile standing out, and (ii) the 28.1% YoY decrease in import volumes, reflecting the domestic scenario of reduced consumption. Despite the lower volume, the mix of heavy vehicles grew 12.4% YoY in 2Q23 and accounted for 11.8% of total vehicles in the quarter (vs. 7.2% in 2Q22).

When compared to 1Q23, the volume of vehicles operated in the terminal grew 5.8%, as a result of higher vehicle exports and imports (+4.8% and +17.6%, respectively).

Economic-financial data

R\$ million	2Q23	2Q22	Δ (%)	1H23	1H22	Δ (%)
Gross Revenue	31.9	40.9	-22.0%	59.6	65.6	-9.1%
Net Revenue	26.7	34.8	-23.3%	50.5	55.9	-9.7%
Operating Costs	-12.2	-13.9	-12.2%	-24.3	-24.3	0.0%
Handling costs	-6.2	-8.4	-26.2%	-12.2	-13.4	-9.0%
Depreciation and amortization	-4.7	-4.2	11.9%	-9.3	-8.5	9.4%
Other costs	-1.2	-1.2	0.0%	-2.8	-2.4	16.7%
Operating Expenses	-1.4	-1.6	-12.5%	-2.6	-3.1	-16.1%
Selling	-1.0	-1.3	-23.1%	-1.9	-2.5	-24.0%
General and administrative	-0.3	-0.3	0.0%	-0.6	-0.6	0.0%
Depreciation and amortization	0.0	0.0	-	0.0	0.0	-
EBITDA	17.9	23.6	-24.2%	32.9	37.0	-11.1%
<i>EBITDA Margin</i>	<i>67.1%</i>	<i>67.7%</i>	<i>-0.7 p.p.</i>	<i>65.1%</i>	<i>66.2%</i>	<i>-1.0 p.p.</i>

Net Revenue

In 2Q23, TEV's Net Revenue totaled R\$ 26.7 million (-23.3% YoY), reflecting the lower volume operated in the quarter, despite the positive contribution of contractual renegotiations with clients, in addition to the larger share of heavy vehicles in the mix, which have an average ticket higher than of light vehicles. In comparison to 1Q23, there was an increase of 12.2% in TEV's Net Revenue.

Operating Costs

In 2Q23, TEV's Operating Costs totaled R\$ 12.2 million (-12.2% YoY), with the decrease explained by a 26.2% reduction in handling costs, in line with the volume performance in the quarter. Depreciation and amortization costs increased 11.9% YoY in 2Q23.

Operating Expenses

In 2Q23, TEV's Operating Expenses totaled R\$ 1.4 million (-12.5% YoY), mainly due to 23.1% YoY drop in sales expenses, result of the reduction in payment of commercial commissions in the quarter. Compared to 1Q23, Operating Expenses dropped 16.7% in 2Q23.

EBITDA

In 2Q23, TEV's EBITDA totaled R\$ 17.9 million (-24.2% YoY), with an EBITDA margin of 67.1% (-0.7 p.p. YoY), a lower performance compared to 2Q22, due to lower volumes operated, despite an increase in the average ticket and the better mix of heavy vehicles. However, TEV's 2Q23 results improved in relation to 1Q23, with EBITDA up 18.5% and an increase of 3.6 p.p. in EBITDA margin.



Liquid Bulk Terminals

Economic-financial data

R\$ million	2Q23	2Q22	Δ (%)	1H23	1H22	Δ (%)
Gross Revenue	9.9	-	-	15.9	-	-
Warehousing operations	9.9	-	-	15.9	-	-
Net Revenue	8.5	-	-	13.2	-	-
Warehousing operations	8.5	-	-	13.2	-	-
Operating Costs	11.4	7.5	52.0%	23.9	8.3	188.0%
Handling costs	1.3	-	-	1.6	-	-
Personnel costs	2.1	0.7	200.0%	3.9	1.4	178.6%
Depreciation and amortization	8.4	6.4	31.3%	17.5	6.4	173.4%
Other costs	-0.3	0.4	-175.0%	0.9	0.4	125.0%
Operating Expenses	1.0	0.7	42.9%	2.1	1.9	10.5%
Selling	0.2	0.2	0.0%	0.5	0.3	66.7%
General and administrative	0.7	0.5	40.0%	1.5	1.6	-6.3%
Depreciation and amortization	0.1	0.0	-	0.1	0.0	-
EBITDA	4.5	-1.8	350.0%	4.8	-3.8	226.3%
<i>EBITDA Margin</i>	<i>53.0%</i>	-	-	<i>36.3%</i>	-	-

Net Revenue

Liquid Terminals' Net Revenue amounted to R\$ 8.5 million in 2Q23, largely represented by fuel storage services (i.e., diesel, gasoline, and ethanol) for local distributors and multinational importers, in addition to ancillary services. The start of operations of TGL 01 and TGL 03 terminals is recent (November 2022), therefore, results should ramp up in the next quarters as the operation of Santos Brasil in the Port of Itaquí continues to mature and, mainly, gains scale with the investments that are being carried out.

Operating Costs

Liquid Terminals' Operating Costs totaled R\$ 11.4 million in 2Q23 (+53.0% YoY), with emphasis on the depreciation and amortization costs (+31.3% YoY), which currently accounts for more than 70% of the business unit's Operating Costs. There is also an increase in personnel costs (+200.0% YoY) and handling costs, directly linked to the start of the terminal operations. Finally, there was a drop of 175.0% YoY in Other Costs, as a result of the recording of PIS/COFINS credits on property, plant, and equipment depreciation charges.

Operating Expenses

In 2Q23, Liquid Terminals' Operating Expenses totaled R\$ 1.0 million (+42.9% YoY), with highlight for the 40.0% YoY increase in general and administrative expenses, mainly due to the formation of administrative staff with the start of the operation.

EBITDA

In 2Q23, Liquid Terminals' EBITDA totaled R\$ 4.5 million, with an EBITDA margin of 53.0%, compared to a negative EBITDA of R\$ 1.8 million recorded in 2Q22, when operations had not yet started. Compared to 1Q23, the Company recorded additional R\$ 4.2 million of EBITDA.



Corporate

Economic-financial data

R\$ million	2Q23	2Q22	Δ (%)	1H23	1H22	Δ (%)
Corporate Expenses	-27.1	-19.9	36.2%	-53.6	-37.2	44.1%
General and administrative	-26.0	-17.8	46.1%	-51.5	-34.0	51.5%
Depreciation and amortization	-1.0	-2.1	-52.4%	-2.1	-3.1	-32.3%
EBITDA						
<i>EBITDA Margin</i>	-26.0	-17.8	-46.1%	-51.5	-34.0	-51.5%

Corporate Expenses

In 2Q23, Corporate Expenses totaled R\$ 27.1 million (+36.2% YoY), mainly driven by higher expenses with strategic and economic consultancies and advisories, and mainly legal advisory services, including the payment of *ad exitum* fees, due to favorable outcomes in administrative and judicial lawsuits. To a lesser extent, there was an increase in personnel expenses.

EBITDA

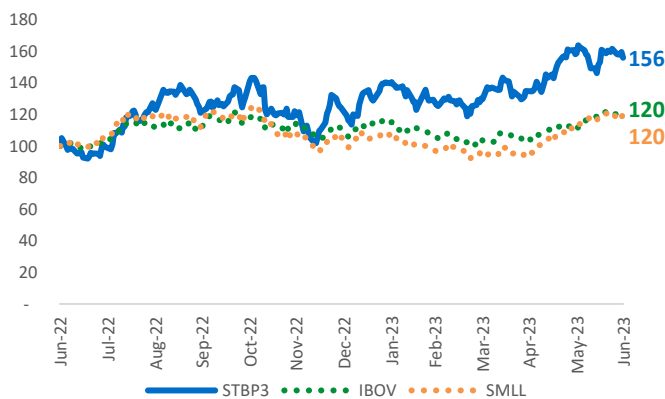
Corporate EBITDA, represented by Corporate Expenses, totaled -R\$ 26.0 million in 2Q23 (vs. -R\$ 17.8 million in 2Q22).



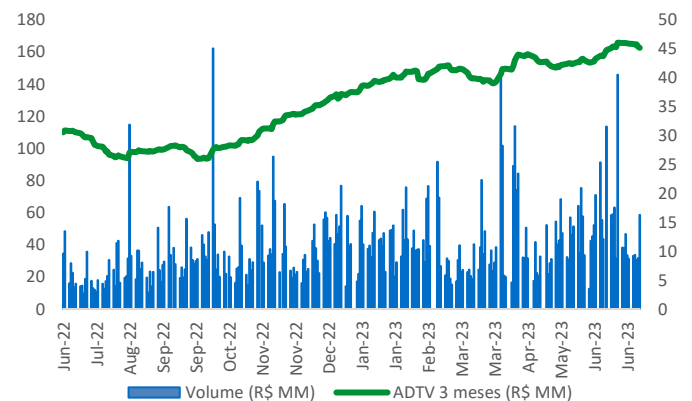
Capital Markets

Santos Brasil's shares price (STBP3) appreciated 25.1% in 2Q23, outperforming Bovespa Index (IBOV), which recorded an appreciation of 15.9%, and in line with the Small Caps Index (SMLL), whose appreciation was of 25.2% in the quarter. In terms of liquidity, Santos Brasil shares registered an average daily trading volume (ADTV) of R\$ 50.4 million in 2Q23, an increase of 28.9% compared to 1Q23. In the last twelve months, the Company's shares appreciated 55.8%, accounting for a better performance than IBOV and SMLL, both with increases of 19.8%. Last-twelve-month ADTV of Santos Brasil shares was R\$ 39.2 million.

Stock Performance (base = 100 on 06/30/2022)



Trading Volume (R\$ MM)



Earnings Distribution

The table below shows the distribution of earnings to shareholders in recent years:

Fiscal Year	Event	Amount per share (R\$) ⁵	Total amount distributed (R\$ MM)	Date of Payment	Payout ⁶
2014	IOC	0.113645	15.0	12/30/2014	76%
2014	Dividends	0.066199	8.7	04/08/2015	76%
2014	IOC	0.347353	45.8	04/08/2015	76%
2015	IOC	0.032268	4.3	04/08/2016	N.A.
2017	Dividends	0.002966	2.0	05/09/2018	N.A.
2018	Dividends	0.004260	2.8	05/02/2019	94%
2019	Dividends	0.017500	11.7	05/12/2020	75%
2021	Dividends	0.146988	126.8	12/30/2021	
2021	IOC	0.112966	97.4	05/10/2022	95%
2021	Dividends	0.039376	34.0	03/31/2022	
2022	Dividends	0.378066	326.5	09/16/2022	
2022	Dividends	0.075488	65.2	11/23/2022	
2022	IOC	0.151297	130.6	11/30/2022	
2022	IOC	0.014695	12.7	01/16/2023	136%
2022	Dividends	0.035873	31.0	05/15/2023	
2022	Dividends	0.014979	12.9	05/15/2023	
2023	Dividends	0.007434	6.4	07/31/2023	
2023	IOC	0.042985	37.1	07/31/2023	
2023	Dividends	0.061318	53.0	08/31/2023	95%
2023	IOC	0.042458	36.7	08/31/2023	

⁵ Until fiscal year 2015, the amount refers to the unit (1 voting share + 4 preferred shares). The Company's shareholders' equity is composed of voting shares only.

⁶ The payout is calculated by dividing dividends/IOC paid by net income for the fiscal year. N.A.: fiscal years in which the Company recorded a net loss.



Social development, environmental care, ethics and transparency in our Corporate Governance are some of the pillars that guide Santos Brasil's strategy and, in June 2023, the Company published its [17th ESG Report](#), being the 15th under the guidelines of the Global Reporting Initiative (GRI), in which the challenges, achievements and results obtained in 2022 were presented, in addition to the prospects for the future of the Company's ESG Agenda. Aware of its responsibility towards the environment, employees and surrounding communities, Santos Brasil is committed to advancing in the adoption of purposes aligned with the Sustainable Development Goals (SDGs) of the United Nations (UN) and to the Global Compact, of which it has been a signatory since 2013.

2Q23 was marked by several initiatives aimed at the health and safety of employees, such as the [Yellow May](#) campaign, which aims to promote awareness about the dangers in traffic. Santos Brasil carries out actions to reduce accidents at logistic and port terminals, as well as in inspection and monitoring of occupational accidents. Also, in May, the [World Day for Safety and Health at Work](#), in which was reinforced to all employees the 14 SS&E principles, which aim to consolidate strategies, procedures and instructions to guarantee standardized safety processes. The effectiveness of such measures is observed in the results of the [Zero Accident Campaign](#): 2,200 days without lost-time accidents at Guarujá bonded warehouse, 1,700 days at TEV and 1,300 days at Tecon Vila do Conde. Finally, 2Q23 was marked by the [flu vaccination](#) campaign, which contributes to everyone's health.

In addition to caring for the lives of our employees, the Company's most valuable asset, Santos Brasil constantly invests in projects for professional and academic training. In 2Q23, registrations were opened for the next [Green and Yellow Belt](#) classes, which foster a culture of continuous improvement in the Company and, in this sense, the [Journey of Excellence](#) during the quarter, with in-person activities and live broadcasts to discuss rituals, methodologies and the importance of management excellence at the Company. In the educational area, Santos Brasil announced an agreement with [language schools](#) to encourage learning among employees and their families.

To build an increasingly diverse, equitable and inclusive work environment, the Company carried out the [Diversity and Inclusion Census](#) independently, using an external consulting firm, with the purpose of identifying the perception of equity, inclusion and belonging of all employees working at Santos Brasil. Furthermore, registrations were opened for the [Diversity and Inclusion Committee](#), which aims to bring together people from all areas and units to discuss diversity and inclusion within Santos Brasil and propose ideas to be implemented within the Company, with a schedule of monthly virtual meetings and courses related to the topic. Santos Brasil is proud to be part of building a more equal society with respect for people!

And finally, focusing on the well-being of its employees, the Company inaugurated the [Breastfeeding Space](#) in the new Liquid Terminals administrative building, in Itaquí (MA), which ensures that everyone can pump and store breast milk comfortably and safely.

On the environmental front, the Company, through the purchase of International Renewable Energy Certificates (I-RECs), [offset CO₂ emissions](#) linked to Scope II (electricity) of the business units in Vila do Conde and Imbituba, an initiative that helped the Company reaching, in advance, the goal of reducing greenhouse gas emissions by 15% between 2020-2024. In 2Q23, the [Environmental Journey](#), which featured several activities and workshops to discuss important topics related to the environment preservation, including the participation of the [Voice of the Oceans](#) project, supported by Santos Brasil. Still on this topic, the [International Recycling Day](#) was celebrated in May. This project aims to encourage and raise awareness about the importance of the correct disposal of waste consumed daily, with Santos Brasil committed to the cause: in 2022, more than [85%](#) of waste generated in its business units were allocated for recycling.

In social actions, the Company published the [2nd Notice for Sponsored Social Investment](#), which will select projects and events in the cultural, sports, educational and environmental areas, to be carried out in 2024. For 2023, the 1st Notice for Sponsored Social Investment, which was launched in 2022, received 218 project submissions, with 41 initiatives being selected to be supported with funds from tax incentive laws at the federal and municipal levels, with a forecast of R\$ 3.8 million to be invested throughout the year. The Sustainability area even conducted a pilot training with some of the organizations contemplated by the 1st Notice to present the [Prosas Platform](#), whose focus is to ensure the process transparency and governance.

Among the sports-related projects, the Company was the sponsor of the [Guarujense Bodyboarding Circuit](#), through the Tax Incentive and Sports Support Program (PROMIFAE) of Guarujá, and was present with more than 670 employees in the [10KM Tribuna FM](#), the most famous street race in Santos. The Company made a beach tent available for registered participants, in addition to fruit, post-race massage and a photo totem. In the education area, 1,400 students from 10 municipal schools in São Bernardo learned about the need to respect and protect the



oceans through the environmental education and reading incentive project called **Embrace the Sea**, sponsored by Santos Brasil. The project will also be taken to São Luís (MA) and Barcarena (PA), regions where the Company operates. Finally, in the cultural area, the Municipal Government of Santos established a partnership with Santos Brasil for the restoration of the **Andradas Pantheon**, in the city of Santos (SP), an initiative that is part of the project to revitalize the Historic Center of the cities.

The Company reinforces its invitation for everyone to read the [ESG Report](#) and presents the monitoring of the main environmental⁷ indicators of Santos Brasil below:

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2Q22	2Q23
CO₂ emissions											
CO ₂ emissions (tons)	30,435	30,337	31,437	31,556	32,297	33,515	29,452	34,269	27,891	7,201	6,009
Port operations (kgCO ₂ e/TEU)	17.32	15.49	15.32	14.85	13.99	13.29	13.14	11.50	11.15	10.94	9.70
Bonded warehouses (kgCO ₂ e/TEU)	26.57	27.21	19.81	27.61	25.03	23.62	21.99	17.39	19.65	20.34	16.12
Road transportation (kgCO ₂ e/Km)	1.03	0.97	1.01	1.02	1.02	1.02	1.05	0.92	0.93	0.92	0.94
Distribution Centers (kgCO ₂ e/pallet)	0.99	1.30	0.63	0.53	0.41	0.36	0.90	0.18	0.34	0.31	0.30
Water (m³)											
Water consumption	82,611	69,858	84,817	110,041	82,724	74,176	67,776	65,224	58,884	14,351	14,546
Water consumption <i>per capita</i> ⁸	1.70	1.39	1.75	2.52	2.01	1.75	1.71	1.50	1.34	1.30	1.14
Waste (tons)											
Non-recyclable	117	119	723	594	627	645	508	646	696	191	92
Recyclable	395	156	1,454	1,646	1,552	2,175	1,675	3,059	4,215	623	564
Total waste	512	275	2,176	2,239	2,179	2,820	2,183	3,705	4,911	814	656

⁷ The indicators are subject to retroactive changes due to: (i) CO₂ emissions: recalculation of the government emissions factor (retroactive) and receipt of late electricity bills; (ii) water: receipt of late water bills; and (iii) waste: receipt of late certificates of final disposal.

⁸ Considers own employees and permanent outsourced workers.



Voluntary change in accounting policy – CPC 06

As informed in 4Q22 earnings release, the Company, voluntarily, opted to adopt technical pronouncement CPC 06 (R2) from the Accounting Pronouncements Committee (CPC) for all its leased terminals, including those subjects to lease agreements prior to January 1st, 2019. The Company adopted such measure to harmonize and standardize accounting practices related to its leased terminals – considering that the liquid bulk terminals in the Port of Itaqui, in the state of Maranhão, are accounted for under CPC 06 (R2) since the beginning, which, in its view, will bring the benefit of a unified understanding to the reader on the accounting of all leases contracted by the Company.

Considering this change in its accounting policies and aiming to comply with the technical pronouncement CPC 23 of the Accounting Pronouncements Committee (CPC), the financial statements for the year 2021 were restated to provide an adequate comparison with 2022. The Company has already restated the consolidated financial statements for the year of 2022 and for 1Q22 and restated the financial statements for 2Q22 in this 2Q23 earnings release. The 3Q22 financial statements will be restated in the 3Q23 quarterly earnings release.

The impacts of such voluntary change in accounting practice on the balance sheet for the fiscal quarter ended June 30, 2022, generated a non-material adjustment of R\$ 8.7 million in the opening balances that impact the individual and consolidated statements of income for 1H22, as these are mainly qualitative reclassifications between assets and liabilities.

Income Statement and Balance Sheet

The asset related to port lease agreements, previously recognized in the Balance Sheet as “Intangible Assets,” was reclassified as “Fixed Assets.” The liability representing the corresponding entry to lease agreements, previously recognized in “Obligation with concession grantor,” was reclassified as “Leases.”

Given the full adoption of said pronouncement, which contemplated all its leases, the Company revised the incremental interest rate used to calculate at present value of the balance payable of each port lease agreement, as well as the inclusion of PIS and COFINS taxes in the fixed and variable minimum installments established in the agreements. Accordingly, new measurements of Fixed Assets, under assets, and Leases, under liabilities, were made in the financial statements for 2Q22.

As a result, the Company restated its Financial Statements for 2Q22, with a breakdown of the variations in accounts shown in the tables below. This earnings release considers, therefore, as a comparison base, the restated figures for 2Q22. The figures for 2Q23 also adopt the new accounting methodology.

In the Income Statement, the accounts changed were: (i) Operating Cost: change in the calculation of PIS and COFINS tax credits, given the inclusion of these taxes in the installments of lease agreements, and lower costs with depreciation and amortization arising from the reduction in the balance of fixed assets resulting from the new methodology; and (ii) higher expenses with lease interest in the financial result, due to revision of the incremental interest rate of port lease agreements.

The following tables presents a breakdown of the adjustments made to accounts in the Balance Sheet and Income Statement.



Balance Sheet – Consolidated (R\$ thousand)

ASSETS	06/30/2022	Adjustments CPC 06	06/30/2022 Restated	Adjustments description
Total Assets	5,055,585	-496,528	4,559,057	
Current assets	1,305,117	0	1,305,117	
Cash and cash equivalents	847,752	0	847,752	
Financial investments	170,408	0	170,408	
Accounts receivable	223,053	0	223,053	
Inventories	26,110	0	26,110	
Other	37,794	0	37,794	
Non-current assets	3,750,468	-496,528	3,253,940	
Judicial deposits	332,718	0	332,718	
Other	108,459	-12,203	96,256	
Property, plant, and equipment	519,836	2,157,236	2,677,072	Reclassification of the "Intangible" account and change in the calculation of the present value of port lease agreements.
Intangible assets	2,789,455	-2,641,561	147,894	
LIABILITIES	06/30/2022	Adjustments CPC 06	06/30/2022 Restated	Adjustments description
Total liabilities	5,055,585	-496,528	4,559,057	
Current liabilities	503,835	53,550	557,385	
Social and labor obligations	58,769	0	58,769	
Suppliers	124,872	0	124,872	
Fiscal obligations	48,910	0	48,910	
Loans and financing	52,372	0	52,372	
Leases	0	265,897	265,897	Reclassification of the "Obligations with concession grantor" account and change in the calculation of the present value of port lease agreements.
Obligations with concession grantor	193,181	-186,884	6,297	
Other	25,731	-25,463	268	
Non-current liabilities	2,196,530	-572,412	1,624,118	
Loans and financing	286,349	0	286,349	
Deferred taxes	16,283	0	16,283	
Provisions	38,008	0	38,008	
Actuarial liabilities	33,135	0	33,135	
Leases	0	1,157,470	1,157,470	Reclassification of the "Obligations with concession grantor" account and change in the calculation of the present value of port lease agreements.
Obligations with concession grantor	1,489,449	-1,489,449	0	
Other	333,306	-240,433	92,873	
Shareholders' equity	2,355,220	22,335	2,377,555	
Paid-in capital	1,876,106	0	1,876,106	
Capital reserves	64,562	0	64,562	
Profit reserves	208,884	31,034	239,918	Effect on income for years prior to 2021 due to the change in accounting policy.
Other comprehensive income (loss)	9,026	0	9,026	
Additional proposed dividends	0	0	0	
Earnings/loss accumulated	196,642	-8,699	187,943	



Income Statement – Consolidated (R\$ thousand)

	2Q22	Adjustments CPC 06	2Q22 Restated	Adjustments description
Gross operations revenue	571.459	0	571.459	
(-) Deductions	-70.520	0	-70.520	
Net operating revenue	500.939	0	500.939	
(-) Operating Costs	272.074	(7.821)	264.253	
<i>Variable and fixed costs</i>	214.218	(1.434)	212.784	Change in the PIS and CONFINS credit calculation criteria due to the inclusion of taxes in the fixed and variable installments of port lease agreements.
<i>Depreciation and amortization</i>	57.856	(6.387)	51.469	Lower cost due to higher incremental interest rate for calculating the present value of fixed assets. Lower fixed asset implies lower depreciation.
Gross profit	228.865	7.821	236.686	
(-) Operating Expenses	75.728	0	75.728	
<i>Selling expenses</i>	41.371	0	41.371	
<i>G&A expenses</i>	32.221	0	32.221	
<i>Depreciation/amortization</i>	2.136	0	2.136	
EBIT	153.137	7.821	160.958	
<i>Depreciation/amortization</i>	59.992	(6.387)	53.605	Lower cost due to higher incremental interest rate for calculating the present value of fixed assets. Lower fixed asset implies lower depreciation.
EBITDA	213.129	1.434	214.563	
(+) Financial result	3.093	(14.424)	-11.331	Higher financial expense due to higher incremental interest rate for lease agreements.
(-) Income and social contribution taxes	-53.823	1.788	-52.035	Lower expenses with income and social contribution taxes due to lower EBT.
NET INCOME	102.407	(4.815)	97.592	



SANTOS BRASIL



Consolidated Income Statement by operating segment – 2Q23 (R\$ thousand)

	Container and General Cargo Terminals	Logistics	TEV	Liquid Bulk Terminals	Corporate	Eliminations	Consolidated
Gross operating revenue	412,361	124,463	31,868	9,902	-	(1,863)	576,731
(-) Deductions	(43,504)	(19,531)	(5,178)	(1,412)	-	147	(69,478)
Net operating revenue	368,857	104,932	26,690	8,490	-	(1,716)	507,253
(-) Operating costs	190,288	50,300	12,176	11,426	-	(1,718)	262,472
<i>Variable/fixed costs</i>	<i>149,472</i>	<i>46,067</i>	<i>7,459</i>	<i>3,071</i>	-	<i>(1,718)</i>	<i>204,351</i>
<i>Depreciation/amortization</i>	<i>40,816</i>	<i>4,233</i>	<i>4,717</i>	<i>8,355</i>	-	-	<i>58,121</i>
Gross profit	178,569	54,632	14,514	(2,936)	-	2	244,781
(-) Operating expenses	20,488	31,923	1,363	1,021	27,060	-	81,855
<i>Selling expenses</i>	<i>6,497</i>	<i>26,799</i>	<i>1,049</i>	<i>229</i>	<i>0</i>	-	<i>34,574</i>
<i>G&A expenses</i>	<i>13,963</i>	<i>5,097</i>	<i>314</i>	<i>709</i>	<i>26,026</i>	-	<i>46,109</i>
<i>Depreciation/amortization</i>	<i>28</i>	<i>27</i>	-	<i>83</i>	<i>1,034</i>	-	<i>1,172</i>
EBIT	158,081	22,709	13,151	(3,957)	(27,060)	2	162,926
Depreciation/amortization	40,844	4,260	4,717	8,438	1,034	-	59,293
EBITDA	198,947	26,971	17,868	4,484	(26,026)	-	222,244
EBITDA proforma⁹	162,581	24,234	13,441	2,972	(26,095)	-	177,134
(+) Financial result	-	-	-	-	(19,940)	-	(19,940)
(-) Income and social contribution taxes	-	-	-	-	(48,587)	-	(48,587)
Net income	N/A	N/A	N/A	N/A	N/A	N/A	94,399

Consolidated Income Statement by operating segment – 2Q22 (R\$ thousand)

	Container and General Cargo Terminals	Logistics	TEV	Liquid Bulk Terminals	Corporate	Eliminations	Consolidated
Gross operating revenue	403,148	130,895	40,935	-	-	(3,519)	571,459
(-) Deductions	(44,699)	(20,034)	(6,086)	-	-	299	(70,520)
Net operating revenue	358,449	110,861	34,849	-	-	(3,220)	500,939
(-) Operating costs	187,528	58,562	13,851	7,532	-	(3,220)	264,253
<i>Variable/fixed costs</i>	<i>151,133</i>	<i>54,180</i>	<i>9,602</i>	<i>1,110</i>	-	<i>(3,220)</i>	<i>212,805</i>
<i>Depreciation/amortization</i>	<i>36,395</i>	<i>4,382</i>	<i>4,249</i>	<i>6,422</i>	-	-	<i>51,448</i>
Gross profit	170,921	52,299	20,998	(7,532)	-	-	236,686
(-) Operating expenses	26,143	27,380	1,615	700	19,890	-	75,728
<i>Selling expenses</i>	<i>14,900</i>	<i>24,944</i>	<i>1,340</i>	<i>187</i>	<i>0</i>	-	<i>41,371</i>
<i>G&A expenses</i>	<i>11,214</i>	<i>2,419</i>	<i>275</i>	<i>513</i>	<i>17,800</i>	-	<i>32,221</i>
<i>Depreciation/amortization</i>	<i>29</i>	<i>17</i>	-	-	<i>2,090</i>	-	<i>2,136</i>
EBIT	144,778	24,919	19,383	(8,232)	(19,890)	-	160,958
Depreciation/amortization	36,424	4,399	4,249	6,422	2,090	-	53,584
EBITDA	181,219	29,322	23,631	(1,809)	(17,801)	-	214,562
EBITDA proforma⁹	146,971	26,750	20,065	(3,182)	(17,866)	-	172,738
(+) Financial result	-	-	-	-	(11,331)	-	(11,331)
(-) Income and social contribution taxes	-	-	-	-	(52,037)	-	(52,037)
Net income	N/A	N/A	N/A	N/A	N/A	N/A	97,590

⁹ With the adoption of IFRS 16, the EBITDA of port terminals and Santos Brasil Logística no longer reflects expenses with leases and rents. Aiming at maintaining the comparative analysis with prior periods and more accurately reflecting the operating “cash” result of the Company, we calculated the “proforma EBITDA”, which subtracts the lease and rent expenses from the reported EBITDA.



Consolidated Income Statement by operating segment – 1H23 (R\$ thousand)

	Container and General Cargo Terminals	Logistics	TEV	Liquid Bulk Terminals	Corporate	Eliminations	Consolidated
Gross operating revenue	743,801	250,711	59,556	15,935	-	(4,513)	1,065,490
(-) Deductions	(80,889)	(39,000)	(9,051)	(2,708)	-	352	(131,296)
Net operating revenue	662,912	211,711	50,505	13,227	-	(4,161)	934,194
(-) Operating costs	372,196	99,808	24,298	23,908	-	(4,163)	516,047
<i>Variable/fixed costs</i>	<i>291,519</i>	<i>91,283</i>	<i>14,980</i>	<i>6,444</i>	-	<i>(4,163)</i>	<i>400,063</i>
<i>Depreciation/amortization</i>	<i>80,677</i>	<i>8,525</i>	<i>9,318</i>	<i>17,464</i>	-	-	<i>115,984</i>
Gross profit	290,716	111,903	26,207	(10,681)	-	2	418,147
(-) Operating expenses	41,184	61,438	2,582	2,146	53,579	-	160,929
<i>Selling expenses</i>	<i>14,296</i>	<i>53,090</i>	<i>1,939</i>	<i>539</i>	<i>0</i>	-	<i>69,864</i>
<i>G&A expenses</i>	<i>26,832</i>	<i>8,294</i>	<i>643</i>	<i>1,469</i>	<i>51,512</i>	-	<i>88,750</i>
<i>Depreciation/amortization</i>	<i>56</i>	<i>54</i>	-	<i>138</i>	<i>2,067</i>	-	<i>2,315</i>
EBIT	249,532	50,465	23,625	(12,827)	(53,579)	2	257,218
Depreciation/amortization	80,733	8,579	9,318	17,602	2,067	-	118,299
EBITDA	330,305	59,043	32,945	4,777	(51,512)	-	375,558
EBITDA proforma¹⁰	258,285	53,577	24,310	1,754	(51,650)	-	286,276
(+) Financial result	-	-	-	-	(42,218)	-	(42,218)
(-) Income and social contribution taxes	-	-	-	-	(74,740)	-	(74,740)
Net income	N/A	N/A	N/A	N/A	N/A	N/A	140,260

Consolidated Income Statement by operating segment – 1H22 (R\$ thousand)

	Container and General Cargo Terminals	Logistics	TEV	Liquid Bulk Terminals	Corporate	Eliminations	Consolidated
Gross operating revenue	770,406	245,918	65,607	-	-	(6,696)	1,075,235
(-) Deductions	(87,586)	(37,452)	(9,692)	-	-	573	(134,157)
Net operating revenue	682,820	208,466	55,915	-	-	(6,123)	941,078
(-) Operating costs	355,710	109,980	24,318	8,280	-	(6,123)	492,165
<i>Variable/fixed costs</i>	<i>284,357</i>	<i>101,289</i>	<i>15,821</i>	<i>1,858</i>	-	<i>(6,123)</i>	<i>397,202</i>
<i>Depreciation/amortization</i>	<i>71,353</i>	<i>8,691</i>	<i>8,497</i>	<i>6,422</i>	-	-	<i>94,963</i>
Gross profit	327,110	98,486	31,597	(8,280)	-	-	448,913
(-) Operating expenses	55,281	54,908	3,062	1,899	37,151	-	152,301
<i>Selling expenses</i>	<i>34,668</i>	<i>50,189</i>	<i>2,497</i>	<i>324</i>	<i>0</i>	-	<i>87,678</i>
<i>G&A expenses</i>	<i>20,555</i>	<i>4,685</i>	<i>565</i>	<i>1,575</i>	<i>34,033</i>	-	<i>61,413</i>
<i>Depreciation/amortization</i>	<i>58</i>	<i>34</i>	-	-	<i>3,118</i>	-	<i>3,210</i>
EBIT	271,829	43,578	28,535	(10,179)	(37,151)	-	296,612
Depreciation/amortization	71,411	8,725	8,497	6,422	3,118	-	98,173
EBITDA	343,276	52,306	37,033	(3,756)	(34,034)	-	394,825
EBITDA proforma¹⁰	276,427	47,182	29,902	(5,129)	(34,165)	-	314,217
(+) Financial result	-	-	-	-	(9,288)	-	(9,288)
(-) Income and social contribution taxes	-	-	-	-	(99,382)	-	(99,382)
Net income	N/A	N/A	N/A	N/A	N/A	N/A	187,942

¹⁰ With the adoption of IFRS 16, the EBITDA of port terminals and Santos Brasil Logística no longer reflects expenses with leases and rents. Aiming at maintaining the comparative analysis with prior periods and more accurately reflecting the operating “cash” result of the Company, we calculated the “proforma EBITDA”, which subtracts the lease and rent expenses from the reported EBITDA.



Consolidated Balance Sheet (R\$ thousand)

ASSETS	06/30/2023	03/31/2023	12/31/2022	06/30/2022
Total Assets	4,394,438	4,325,961	4,348,678	4,559,057
Current assets	777,208	800,697	857,825	1,305,117
Cash and cash equivalents	474,548	540,517	614,631	847,752
Financial investments	0	0	0	170,408
Accounts receivable	220,504	173,832	179,722	223,053
Inventories	31,129	31,406	28,647	26,110
Other	51,027	54,942	34,825	37,794
Non-current assets	3,617,231	3,525,264	3,490,853	3,253,940
Judicial deposits	334,440	330,336	345,565	332,718
Other	107,599	106,765	110,353	96,256
Property, plant, and equipment	3,012,703	2,927,876	2,871,831	2,677,072
Intangible assets	162,489	160,287	163,104	147,894

LIABILITIES	06/30/2023	03/31/2023	12/31/2022	06/30/2022
Total liabilities	4,394,438	4,325,961	4,348,678	4,559,057
Current liabilities	622,054	567,463	610,469	557,385
Social and labor obligations	67,859	53,222	70,195	58,769
Suppliers	103,780	107,638	123,525	124,872
Fiscal obligations	44,720	31,499	31,310	48,910
Loans and financing	51,572	44,218	53,138	52,372
Leases	341,059	328,813	314,147	265,897
Obligations with concession grantor	6,361	1,727	6,152	6,297
Other	6,703	346	12,002	268
Non-current liabilities	1,593,659	1,617,454	1,645,326	1,624,118
Loans and financing	245,449	247,832	281,929	286,349
Deferred taxes	18,753	19,184	17,032	16,283
Provisions	42,563	38,749	38,688	38,008
Actuarial liabilities	27,751	27,047	26,342	33,135
Leases	1,160,650	1,187,258	1,172,521	1,157,470
Other	98,493	97,384	108,814	92,873
Shareholders' equity	2,178,725	2,141,044	2,092,883	2,377,555
Paid-in capital	1,879,484	1,879,484	1,876,956	1,876,106
Capital reserves	61,820	66,603	66,974	64,562
Profit reserves	88,958	121,534	121,391	239,918
Other comprehensive income (loss)	14,626	14,626	14,626	9,026
Additional proposed dividends	0	12,936	12,936	0
Earnings/loss accumulated	133,837	45,861	0	187,943



Cash Flow Statement (R\$ thousand)

	2Q23	2Q23	Δ (%)	1H23	1H22	Δ (%)
OPERATING CASH FLOW	171,971	172,736	-0.4%	273,102	336,790	-18.9%
Cash from operations	245,182	248,486	-1.3%	418,290	474,244	-11.8%
Income (loss) before taxes and interest	142,986	149,627	-4.4%	215,000	287,324	-25.2%
Monetary and foreign-exchange variations	326	3,056	-89.3%	815	3,343	-75.6%
Depreciation and amortization	59,319	53,604	10.7%	118,341	98,212	20.5%
Formation (reversal) of provision for contingencies	6,472	2,277	184.2%	9,796	6,774	44.6%
Share purchase option plan	2,204	1,851	19.1%	4,303	3,194	34.7%
Write-offs and income in the sale of permanent assets	(139)	149	-193.3%	(90)	145	-162.1%
Interest on debentures	834	2,791	-70.1%	1,700	3,732	-54.4%
Recognized Interest on Loans	88	248	-64.5%	163	358	-54.5%
Interest on financial investments	-	(5,192)	-100.0%	-	(9,994)	-100.0%
Post-employment benefit – Health care plans	704	860	-18.1%	1,409	1,719	-18.0%
Allowance (reversal) for doubtful accounts and bad debt losses	(3,553)	5,257	-167.6%	(4,976)	16,655	-129.9%
Interest on obligations with the concession grantor	99	103	-3.9%	185	177	4.5%
Interest on lease - rents	35,842	33,855	5.9%	71,644	62,605	14.4%
Changes in assets and liabilities	(32,217)	(18,758)	71.8%	(77,604)	(32,799)	136.6%
(Increase) decrease in accounts receivable	(43,119)	(35,977)	19.9%	(35,806)	(29,719)	20.5%
(Increase) decrease in inventories	277	(1,118)	-124.8%	(2,482)	(1,719)	44.4%
(Increase) decrease in current tax assets	11,031	1,546	613.5%	(2,587)	354	-830.8%
(Increase) decrease in judicial deposits	(4,104)	(8,080)	-49.2%	11,125	(14,197)	-178.4%
(Increase) decrease in other assets	(6,260)	(5,317)	17.7%	(12,878)	(2,551)	404.8%
Increase (decrease) in suppliers	1,592	12,992	-87.7%	(3,302)	14,726	-122.4%
Increase (decrease) in suppliers - drawee risk	(4,915)	4,615	-206.5%	(15,393)	10,021	-253.6%
Increase (decrease) in salaries and social charges	14,637	11,097	31.9%	(2,336)	(8,988)	-74.0%
Increase (decrease) in taxes, rates, and contributions	(2,748)	(1,723)	59.5%	(4,038)	(6,708)	-39.8%
Increase (decrease) in accounts payable	120	216	-44.4%	265	374	-29.1%
Increase (decrease) in taxes on billing - TRA	1,273	2,991	-57.4%	(10,173)	5,609	-281.4%
Increase (decrease) in other liabilities	(1)	-	-	1	(1)	-200.0%
Other	(40,994)	(56,992)	-28.1%	(67,584)	(104,655)	-35.4%
Income tax and social contribution paid	(33,650)	(48,772)	-31.0%	(52,466)	(84,035)	-37.6%
Write-off of payment contingencies	(2,658)	(3,800)	-30.1%	(5,921)	(11,989)	-50.6%
Payments - Obligations with the concession grantor	(4,686)	(4,420)	6.0%	(9,197)	(8,631)	6.6%
INVESTMENT CASH FLOW	(118,181)	(76,601)	54.3%	(194,856)	(33,801)	476.5%
Acquisition of property, plant, and equipment/intangible assets	(126,258)	(83,581)	51.1%	(212,376)	(130,291)	63.0%
Disposal of property, plant, and equipment	164	-	-	217	18	1105.6%
Interest on capitalized loans	7,913	6,979	13.4%	17,303	15,588	11.0%
Financial investments	-	1	-100.0%	-	80,884	-100.0%
CASH FLOW FROM FINANCING	(119,759)	(144,423)	-17.1%	(218,329)	(278,577)	-21.6%
Loans obtained	-	-	-	(22)	(22)	0.0%
Payments of debentures, loans, and financing	(3,180)	(23,188)	-86.3%	(38,776)	(58,876)	-34.1%
Receipt of exercised share purchase options	(250)	2,022	-112.4%	2,063	2,115	-2.5%
Interest paid to debentures, loans, and financing	(1,158)	(2,632)	-56.0%	(20,101)	(16,855)	19.3%
Dividends and interest on own capital paid	(43,917)	(89,099)	-50.7%	(55,493)	(145,019)	-61.7%
Receipt (payment) in swap operations	(1,843)	(304)	506.3%	(1,843)	(304)	506.3%
Payment lease - rentals	(61,098)	(31,222)	95.7%	(93,732)	(59,616)	57.2%
Payment for repurchase of shares	(8,306)	-	-	(10,416)	-	-
Costs of repurchase of shares	(7)	-	-	(9)	-	-
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(65,969)	(48,288)	36.6%	(140,083)	24,412	-673.8%
Opening balance of cash and cash equivalents	540,517	896,040	-39.7%	614,631	823,340	-25.3%
Closing balance of cash and cash equivalents	474,548	847,752	-44.0%	474,548	847,752	-44.0%



SANTOS BRASIL

2Q23 | EARNINGS RELEASE

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EARNINGS CONFERENCE CALL

(with simultaneous translation into English)

August 9, 2023

10h00 (Brasília) | 9h00 (EST) | 14h00 (London)

Dial-in information:

Zoom: <https://shorturl.at/intZ6>

Replay:

Recording will be made available on Investor Relations website: ri.santosbrasil.com.br/en

Disclaimer

We make statements on future events that are subject to risks and uncertainties. These statements are based on our Management's beliefs and assumptions and on information to which the Company has current access. Forward-looking statements include information on our current plans, beliefs or expectations, as well as those of the Board of Directors and Executive Officers.

The reservations concerning forward-looking statements include information related to presumed or possible operating results, as well as declarations preceded, followed by, or including such expressions as "believe", "may", "will", "continue", "expect", "forecast", "intend", "plan", "estimate" or similar wording.

Statements and information on the future are not guarantees of performance. They involve risks, uncertainties and assumptions because they refer to future events, thus depending on circumstances that may or may not occur. Future results and the creation of value for shareholders may significantly differ from those expressed or suggested by statements on the future. Many of the factors that will determine these results and values are beyond Santos Brasil control or foresight capacity.