

(Convenience Translation into English from the  
Original Previously Issued in Portuguese)

## **MRS Logística S.A.**

Report on Review of  
Interim Financial Information  
for the Three- and Six-month Periods  
Ended June 30, 2023

Deloitte Touche Tohmatsu Auditores Independentes Ltda.

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## HIGHLIGHTS

<b>Financial and Operational Results</b>	<b>2Q23</b>	<b>2Q22</b>	<b>2Q23 x 2Q22</b>	<b>1Q23</b>	<b>2Q23 x 1Q23</b>	<b>6M23</b>	<b>6M22</b>	<b>6M23 x 6M22</b>
Transported Volume (thousands tons)	51,387	45,846	12.1%	38,040	35.1%	89,428	82,872	7.9%
Gross Revenues (R\$ million)	1,738.1	1,554.5	11.8%	1,343.6	29.4%	3,081.7	2,754.7	11.9%
Net Revenues (R\$ million)	1,627.8	1,444.4	12.7%	1,245.4	30.7%	2,873.2	2,544.0	12.9%
EBITDA (R\$ million)	891.5	770.3	15.7%	614.7	45.0%	1,506.1	1,324.3	13.7%
EBITDA Margin (%)	54.8%	53.3%	1.5pp	49.4%	5.4pp	52.4%	52.1%	0.3pp
Net Profit (R\$ million)	335.4	206.9	62.1%	145.9	129.9%	481.3	307.3	56.6%
Gross Debt (R\$ million)	4,477.5	4,018.7	11.4%	4,418.3	1.3%	4,477.5	4,018.7	11.4%
Net Debt (R\$ million)	3,252.5	2,792.2	16.5%	3,528.5	-7.8%	3,252.5	2,792.2	16.5%
Net Debt/EBITDA <sup>1</sup> (x)	1.1x	1.1x	-0.1x	1.2x	-0.1x	1.1x	1.1x	-0.1x
Investments	332.3	531.5	-37.5%	461.5	-100.1%	793.8	855.1	-7.2%

<sup>1</sup> Last 12 months (unadjusted result, that is, considering the non-recurring events).

MRS closed 2Q23 with 51.4 Mt in transported volume, the best quarter recorded in the Company's history.

Net Revenue in 2Q23 reached R\$ 1627.8 million, R\$ 183.4 million higher as compared to 2Q22. The transport segment that most contributes to the Company's revenue is Iron Ore, which ended the quarter with 31.7 Mt of transported volume, with transport of iron ore for export, stands out, ending the period with 27.8 Mt, up 18.0% versus 2Q22.

The Company's EBITDA reached R\$ 891.5 million, with 15.7% increase compared to the second quarter of 2022.

MRS ends 2Q23 with a Net Debt balance of R\$ 3,252.5 million and a Net Debt/EBITDA ratio of 1.1x.

## OPERATIONAL PERFORMANCE

MRS Logística operates in cargo transport and segregates its portfolio into two groups: Mining and General Cargo.

Mining group is related to the steel industry, such as iron ore, coal and coke, both for the domestic market and for export.

General Cargo group includes agricultural commodities, steel products, containers, pulp, among others, which are transported on MRS rail network by the Company and by other railroads.

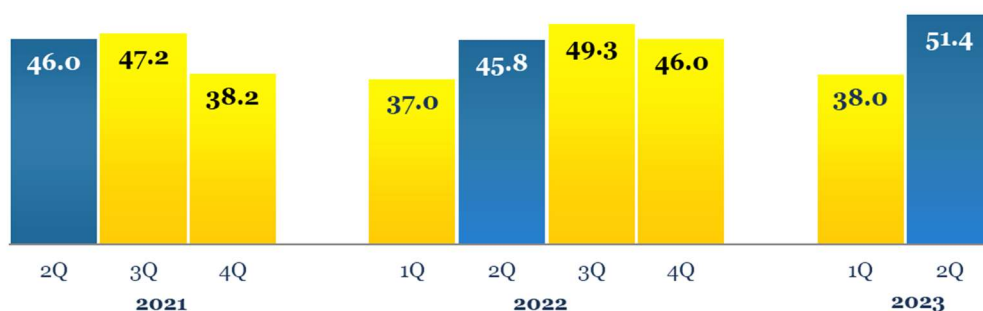
MRS manages a railway network of 1,643 km, covering more than 100 municipalities in the states of Minas Gerais (MG), Rio de Janeiro (RJ) and São Paulo (SP), a region that concentrates around half of Brazilian GDP.

In 2Q23, total volume transported by the Company amounted to 51.4Mt, with 35.1% growth as compared to 1Q23. When comparing 2Q23 vs 2Q22, volume was 12.1% higher, mainly impacted by the increase in exported ore transport, which will be detailed later.

General Cargo transport performance was the best result of all quarters in MRS history, reaching 19.7Mt in transported volume in 2Q23, up 26.0% when compared to 1Q23 and 8.4% versus the same period of the previous year.

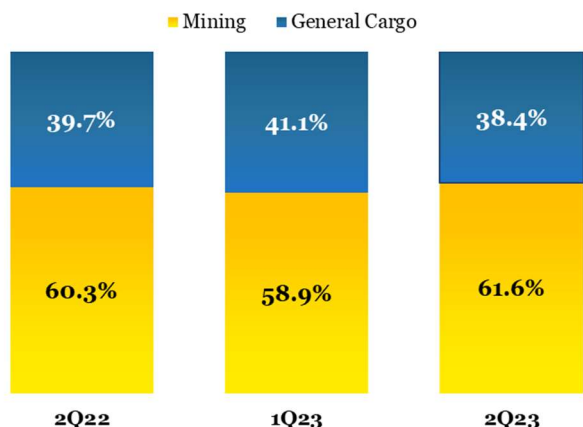
Transported Volume Thousand tons	2Q23	2Q22	2Q23 x 2Q22	1Q23	2Q23 x 1Q23	6M23	6M22	6M23 x 6M22
<b>Mining</b>	<b>31,672</b>	<b>27,661</b>	<b>14.5%</b>	<b>22,393</b>	<b>41.4%</b>	<b>54,065</b>	<b>48,347</b>	<b>11.8%</b>
Iron Ore	31,159	27,122	14.9%	21,889	42.4%	53,048	47,167	12.5%
Export	27,846	23,606	18.0%	18,812	48.0%	46,658	40,180	16.1%
Domestic Market	3,313	3,516	-5.8%	3,077	7.7%	6,389	6,987	-8.6%
Coal and Coke	513	539	-4.8%	504	1.9%	1,017	1,180	-13.8%
<b>General Cargo</b>	<b>19,715</b>	<b>18,185</b>	<b>8.4%</b>	<b>15,647</b>	<b>26.0%</b>	<b>35,363</b>	<b>34,525</b>	<b>2.4%</b>
Agricultural Products	13,438	11,963	12.3%	9,880	36.0%	23,319	22,641	3.0%
Steel Products	1,543	1,721	-10.3%	1,593	-3.1%	3,138	3,207	-2.1%
Pulp	1,426	1,365	4.5%	1,392	2.4%	2,818	2,621	7.5%
Container	535	507	5.5%	462	15.8%	998	999	-0.2%
Construction	563	629	-10.6%	546	3.1%	1,107	1,144	-3.2%
Others	2,209	2,000	10.5%	1,774	24.5%	3,983	3,912	1.8%
<b>Total</b>	<b>51,387</b>	<b>45,846</b>	<b>12.1%</b>	<b>38,040</b>	<b>35.1%</b>	<b>89,428</b>	<b>82,872</b>	<b>7.9%</b>

**Quarterly Results - Transported Volume**  
in million of TU



Mining group's share increased when compared to the previous quarter, mainly due to the normalization of ore transportation, after the high volume of rainfall in the central region of Minas Gerais and Rio de Janeiro, which led to the blockage of some sections of Ferrovia do Aço. The Company's dedication to the cargo diversification strategy remains evidenced by the consistent growth in General Cargo volume, which, despite the lower share in the transportation mix in 2Q23, showed the best performance in all quarters of MRS history.

### Transported Mix



### Mining

Mining transport segment, which includes iron ore, coal and coke, totaled 31.7 Mt, growing 14.5% and 41.4% versus 2Q22 and 1Q23, respectively.

Volume Transportado TU Milhares	2T23	2T22	2T23 x 2T22	1T23	2T23 x 1T23	6M23	6M22	6M23 x 6M22
<b>Mineração</b>	<b>31.672</b>	<b>27.661</b>	<b>14,5%</b>	<b>22.393</b>	<b>41,4%</b>	<b>54.065</b>	<b>48.347</b>	<b>11,8%</b>
Minério de Ferro	31.159	27.122	14,9%	21.889	42,4%	53.048	47.167	12,5%
Exportação	27.846	23.606	18,0%	18.812	48,0%	46.658	40.180	16,1%
Mercado Interno (A)	3.313	3.516	-5,8%	3.077	7,7%	6.389	6.987	-8,6%
Carvão e Coque (B)	513	539	-4,8%	504	1,9%	1.017	1.180	-13,8%
Mercado Interno + Carvão e Coque = (A+B)	3.826	4.055	-5,7%	3.581	6,9%	7.407	8.167	-9,3%

### Iron Ore | Export

In 2Q23, cargo volume of Iron Ore destined for export recorded 18.0% increase as compared to 2Q22 and 48.0% compared to 1Q23. The increase compared to 2Q22 is mainly due to the lower impacts of rainfall compared to the previous year and higher volumes of ore purchases from third parties by the main customers. The increase compared to 1Q23 is mainly due to the recovery in production, after heavy rainfall in the central region of MG and RJ, which blocked access to the Railroad and limited the Company's service capacity.

MRS highlights its team that reestablished as soon as possible the regular service of rail transport, after recovering the area affected by the rains in 1Q23.

## Domestic Market | Ore, Coal and Coke

The transport of iron ore, coal and coke in the domestic market closed 2Q23 with a transported volume of 3.8Mt, representing a 5.7% decrease as compared to 2Q22, impacted by production stoppages for maintenance of processing equipment and problems with unloading equipment at certain customers. The 6.9% increase compared to 1Q23 was a result of the recovery in production after the rains in the period.

## General Cargo

General Cargo transportation, performed by MRS and other railroads through paid right of way, includes agricultural commodities, steel products, pulp, among others.

2Q23 result was the best in MRS history, reaching the mark of 19.7 Mt of transported volume, representing an 8.4% increase when compared to 2Q22 and 26.0%, compared to 1Q23.

Transported Volume Thousand tons	2Q23	2Q22	2Q23 x 2Q22	1Q23	2Q23 x 1Q23	6M23	6M22	6M23 x 6M22
<b>General Cargo</b>	<b>19,715</b>	<b>18,185</b>	<b>8.4%</b>	<b>15,647</b>	<b>26.0%</b>	<b>35,363</b>	<b>34,525</b>	<b>2.4%</b>
Agricultural Products	13,438	11,963	12.3%	9,880	36.0%	23,319	22,641	3.0%
Steel Products	1,543	1,721	-10.3%	1,593	-3.1%	3,138	3,207	-2.1%
Pulp	1,426	1,365	4.5%	1,392	2.4%	2,818	2,621	7.5%
Container	535	507	5.5%	462	15.8%	998	999	-0.2%
Construction	563	629	-10.6%	546	3.1%	1,107	1,144	-3.2%
Others	2,209	2,000	10.5%	1,774	24.5%	3,983	3,912	1.8%

## Agricultural Products

Transported Volume Thousand tons	2Q23	2Q22	2Q23 x 2Q22	1Q23	2Q23 x 1Q23	6M23	6M22	6M23 x 6M22
<b>Agricultural Products</b>	<b>13,438</b>	<b>11,963</b>	<b>12.3%</b>	<b>9,880</b>	<b>36.0%</b>	<b>23,319</b>	<b>22,641</b>	<b>3.0%</b>
Soy	8,786	7,257	21.1%	5,998	46.5%	14,784	14,093	4.9%
Soybean Meal	1,963	1,775	10.6%	1,439	36.4%	3,402	3,256	4.5%
Sugar	2,426	2,201	10.2%	1,562	55.3%	3,988	3,732	6.9%
Corn	264	729	-63.8%	881	-70.1%	1,145	1,560	-26.6%

The second segment with the largest share in MRS' consolidated transport portfolio and which also represents the largest share of General Cargo segment, is agricultural products, comprising commodities: soybean, soymeal, sugar and corn. This segment transported 13.4Mt in 2Q23, up 12.3% and 36.0% versus 2Q22 and 1Q23, respectively.

In 2Q23, soybean, soymeal and sugar commodities recorded 21.1%, 10.6% and 10.2% increase, respectively, and corn commodity dropped 63.8% when compared to 2Q22. Considering the results achieved versus the volume performed in 1Q23, MRS highlights the result of soybean transport, which ended 2Q23 with 8.8Mt.

Transport volume of agricultural products comes mostly from other railroads. The increase in soybean and soymeal transport seen in 2Q23 compared to 2Q22 and 1Q23 is explained by new contracts started in 2Q23,

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**Quarterly information on June 30, 2023**

increasing transported volumes. For sugar, the better performance compared to 1Q23 is due to the seasonality factor and the lower impact of rains on rail operations. Corn transport performance seen in 2Q23 vs. 2Q22 showed a drop due to the strategy adopted by exporters who, due to the delay in the soybean harvest, prioritized shipments of soybeans and soymeal.

**Steel Products**

Transported Volume TU thousand tons	2Q23	2Q22	2Q23 x 2Q22	1Q23	2Q23 x 1Q23	6M23	6M22	6M23 x 6M22
Steel Products	1,543	1,721	-10.3%	1,593	-3.1%	3,138	3,207	-2.1%

Steel products segment transported 1,543 Mt, down 10.3% and 3.1% compared to 2Q22 and 1Q23, respectively, reflecting the slowdown in demand in domestic market.

**Pulp**

Transported Volume TU thousand tons	2Q23	2Q22	2Q23 x 2Q22	1Q23	2Q23 x 1Q23	6M23	6M22	6M23 x 6M22
Pulp	1,426	1,365	4.5%	1,392	2.4%	2,818	2,621	7.5%

Pulp segment ended 2Q23 with 1.43Mt of transported volume, with 4.5% increase compared to 2Q22 and 2.4% when compared to 1Q23, mainly impacted by the growth in customer volume, with additional demand for transport capacity, compared to the periods under analysis.

**Containers**

Transported Volume TU thousand tons	2Q23	2Q22	2Q23 x 2Q22	1Q23	2Q23 x 1Q23	6M23	6M22	6M23 x 6M22
Container	535	507	5.5%	462	15.8%	998	999	-0.2%

In General Cargo transport group, container transportation segment includes cargo transported by MRS and cargo from other railways, for which the Company is paid through the right of way. Container transport segment recorded, in 2Q23, a volume of 535 Mt, up 5.5% compared to 2Q22 and 15.8% compared to 1Q23.

The portion of cargo transported by MRS, i.e. excluding other railroads, increased 6% comparing 2Q23 vs. 2Q22, mainly influenced by (i) higher transport capacity when comparing the periods, due to lower rainfall and resulting interruptions in the railway; (ii) increased demand from new and regular customers. When comparing 2Q23 vs. 1Q23, there was an increase of 15.8%, due to (i) increased availability of transport after the rains seen in 1Q23, in addition to (ii) historically, the first quarter of the year has a slower pace of demand due to some companies being or returning from collective vacations, recesses, among other factors. For the transport by other railroads, the increase seen in 2Q23 compared to the quarters had the following main characteristics: (i) compared to 2Q22 (+5.3%) was due to operational issues and (ii) in 1Q23 (+ 41.0%), was due to the seasonality of transported cargo.

### Construction

Transported Volume Thousand tons	2Q23	2Q22	2Q23 x 2Q22	1Q23	2Q23 x 1Q23	6M23	6M22	6M23 x 6M22
Construction	563	629	-10.6%	546	3.1%	1,107	1,144	-3.2%

In 2Q23, civil construction segment transported 563 Mt, with a 10.6% drop compared to 2Q22. This result was impacted by the railroad closures and the slowdown in the real estate construction and infrastructure sectors, the main drivers of cement consumption, mainly impacted by the high interest rate. When compared to 1Q23, the 3.1% increase is mainly due to the recovery in production, after heavy rains in the central region of MG and RJ.

### Other

Transported Volume Thousand tons	2Q23	2Q22	2Q23 x 2Q22	1Q23	2Q23 x 1Q23	6M23	6M22	6M23 x 6M22
Others	2,209	2,000	10.5%	1,774	24.5%	3,983	3,912	1.8%

In 2Q23, other cargo transported by MRS, compared to 2Q22 and 1Q23, ended with 10.5% and 24.5% increase, respectively.

2Q23 results compared to 2Q22 and 1Q23 regarding MRS own cargoes, increased, mainly benefited by the pig iron cargo for export, which recovered production after the heavy rains in the central region of MG and RJ, which blocked access to the Railroad and limiting the Company's service capacity.

In 2Q23, transport by other railroads, which pay MRS for the right of way, showed growth compared to 2Q22 and 1Q23, benefiting mainly from the transport of fertilizers, more specifically potassium chloride, due to investments and leverage in the provision of services.



## ECONOMIC AND FINANCIAL PERFORMANCE

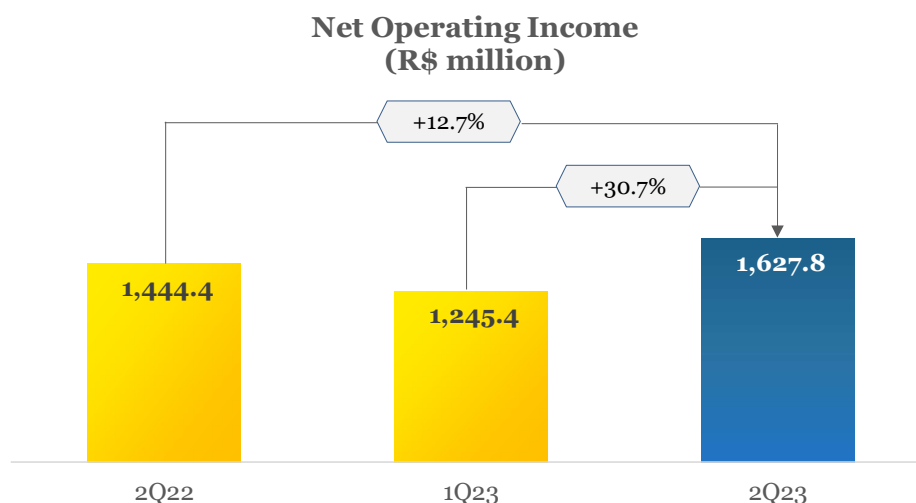
Financial and Operational Results	2Q23	2Q22	2Q23 x 2Q22	1Q23	2Q23 x 1Q23	6M23	6M22	6M23 x 6M22
Gross Revenues (R\$ million)	1.738,1	1.554,5	11,8%	1.343,6	29,4%	3.081,7	2.754,7	11,9%
Net Revenues (R\$ million)	1.627,8	1.444,4	12,7%	1.245,4	30,7%	2.873,2	2.544,0	12,9%
Cost and Expenses (R\$ million)	(715,7)	(672,7)	6,4%	(659,8)	8,5%	(1.375,5)	(1.235,2)	11,4%
Other Income and Expenses, net (R\$ million)	(20,6)	(1,3)	1459,4%	29,0	-171,1%	8,4	15,5	-45,8%
Net Average Tariff (R\$/ton)	31,7	31,5	0,5%	32,7	-3,2%	32,1	30,7	4,7%
EBITDA (R\$ million)	891,5	770,3	15,7%	614,7	45,0%	1.506,1	1.324,3	13,7%
EBTIDA Margin (%)	54,8%	53,3%	1,5pp	49,4%	5,4pp	52,4%	52,1%	0,3pp
Net Profit <sup>1</sup> (R\$ million)	335,4	206,9	62,1%	145,9	129,9%	481,3	307,3	56,6%
Net Debt/EBITDA <sup>1</sup> (x)	1,1x	1,1x	-0,1x	1,2x	-0,1x	1,1x	1,1x	-0,1x

<sup>1</sup> Last 12 months (unadjusted result, that is, considering the non-recurring events).

**I. Net Revenue:** ended at R\$ 1,627.8 million, up 12.7% in 2Q23 compared to 2Q22, mainly impacted by the 18.0% growth (+4.2Mt) in the transport of iron ore for export.

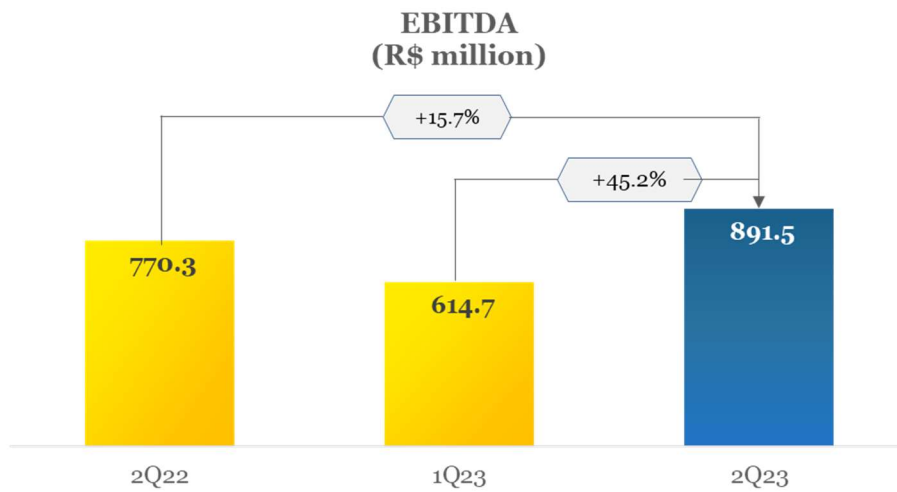
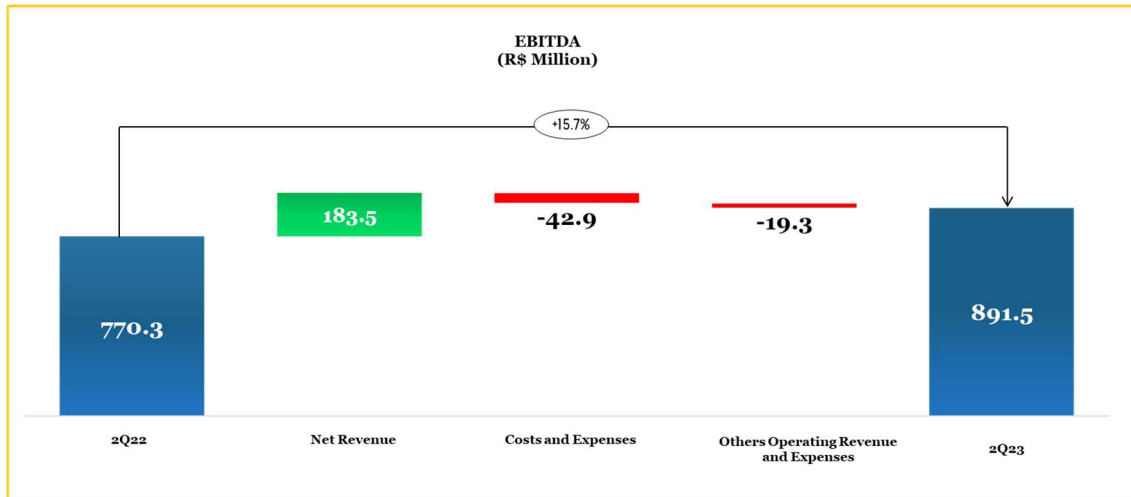
**II. Costs and expenses:** R\$ 42.9 million increase (+6.4%), in 2Q23 compared to 2Q22. The result was impacted by the increase in transport volume (+5.5 Mt) and inflationary pressure, the higher cost of diesel and third-party services, due to the commitments of the concession renewal, in July 2022.

**III. Other Operating Income and Expenses:** compared to 2Q22, the result showed R\$ 19.2 million unfavorable impact in 2Q23, mainly due to the lower volume of indemnity revenue recorded in the period.



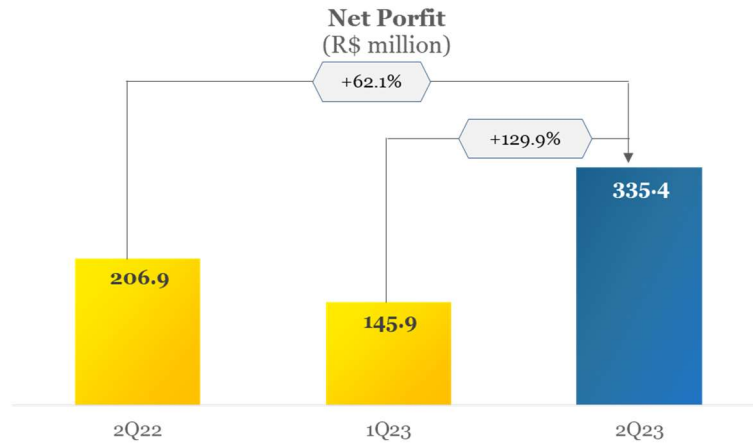
**EBITDA**

EBITDA result in 2Q23 reached R\$ 891.5 million, with 15.7% growth when compared to 2Q22, which amounted to R\$ 770.3 million. EBITDA Margin increased 1.5 p.p., ending 2Q23 at 54.8%.



## Net income

MRS recorded R\$ 335.4 million Net Income in 2Q23, growing 62.1% compared to 2Q22, which ended at R\$ 206.9 million. The result mainly reflects the increased volume of transport and cost management.



The table below shows the reconciliation of Recurring EBITDA used in the calculation of covenants:

Reconciliation EBITDA (R\$ million)	2Q23	2Q22	2Q23 x 2Q22	1Q23	2Q23 x 1Q23
<b>Net Income</b>	<b>335,4</b>	<b>206,9</b>	<b>62,1%</b>	<b>145,9</b>	<b>129,9%</b>
(+) Taxes on Profit	168,8	104,6	61,4%	81,3	107,6%
(+) Depreciation and Amortization	222,2	295,7	-24,9%	222,7	-0,2%
(-) Depreciation Right of Use (lease agreements)	(21,7) <sup>1</sup>	(105,4)	-79,4%	(22,1)	-1,7%
(+) Net Financial Result	165,1	163,1	1,3%	164,8	0,2%
(-) AVP Financial Charges (lease contracts)	(53,5) <sup>1</sup>	(40,0)	33,7%	(56,2)	-4,8%
<b>(=) Adjusted EBITDA <sup>2</sup></b>	<b>816,3</b>	<b>624,9</b>	<b>30,6%</b>	<b>536,4</b>	<b>52,2%</b>

<sup>1</sup> More detailed information can be found on explanatory notes 15.2 and 31

<sup>2</sup> More restrictive condition assumed with creditors

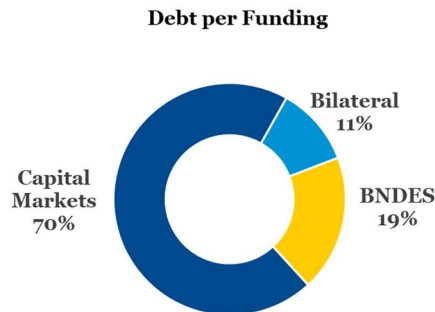
## Indebtedness

In R\$ million	2Q23	2Q22	2Q23 x 2Q22	1Q23	2Q23 x 1Q23
<b>Gross Debt<sup>1</sup></b>	<b>4,477.5</b>	<b>4,018.7</b>	<b>11.4%</b>	<b>4,418.3</b>	<b>1.3%</b>
Gross Debt in Reais	4,396.9	3,717.8	18.3%	4,175.6	5.3%
Gross Debt in US\$	80.7	300.9	-73.2%	242.8	-66.8%
<b>Cash</b>	<b>1,225.1</b>	<b>1,226.5</b>	<b>-0.1%</b>	<b>889.8</b>	<b>37.7%</b>
<b>Net Debt</b>	<b>3,252.5</b>	<b>2,792.2</b>	<b>16.5%</b>	<b>3,528.5</b>	<b>-7.8%</b>
<b>EBITDA<sup>2</sup></b>	<b>3,026.7</b>	<b>2,463.0</b>	<b>22.9%</b>	<b>2,905.6</b>	<b>4.2%</b>
<b>Net Debt/EBITDA<sup>3</sup> (x)</b>	<b>1.1x</b>	<b>1.1x</b>	<b>-0.1x</b>	<b>1.2x</b>	<b>-0.1x</b>

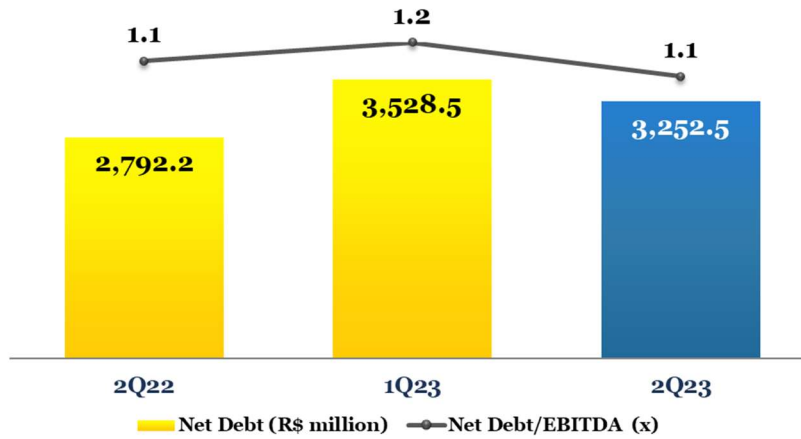
<sup>1</sup> The difference in relation to the sum of the Lines of Loans and Financing (Balance Sheet) corresponds to the Transaction Costs. <sup>2</sup> EBITDA accumulated in the last 12 months

The Company's Gross Debt ended 2Q23 with a balance of R\$ 4,477.5 million, with R\$ 59.2 million increase compared to the immediately previous period, mainly due to the funding in the amount of R\$ 400 million, with MUFG Bank, Ltd. ("MUFG"), partially offset by scheduled amortizations.

At the end of 2Q23, most of the debt was indexed to CDI, with the important share of instruments classified as Capital Markets (Debentures and Promissory Notes), in addition to other lines, classified as bilateral and with BNDES.



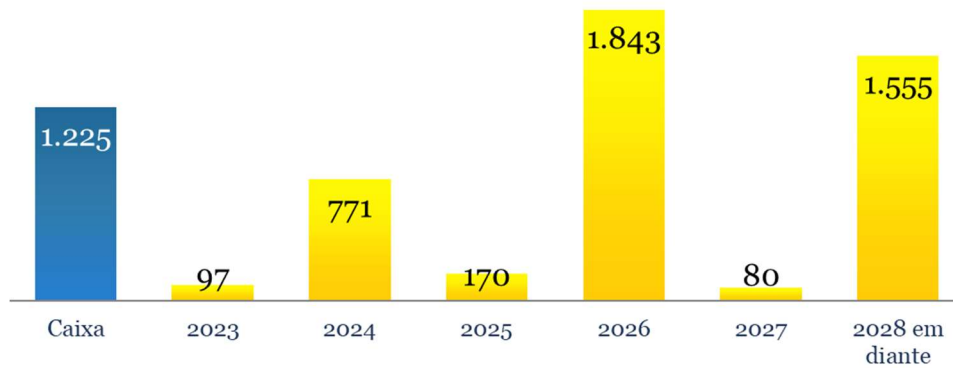
Financial leverage ratio measured by net debt/EBITDA ratio was 1.1x as of June 30, 2023 and 1.2x in 1Q23. MRS ended 2Q23 with a net debt balance of R\$ 3,252.5 million, with the maintenance of the leverage indicator at a comfortable management level.



### Amortization Schedule

The chart below shows the schedule of debt principal maturities as of June 30, 2023.

**Caixa e Cronograma da Dívida**  
 (Em milhões de R\$)



### Rating

Agência	Escala Local	Escala Global	Perspectiva
Standard & Poor's	AAA	BB-	Estável
Fitch	AAA	BB	Estável

## STATEMENT OF CASH FLOW

Cash generation in 2Q23 showed a positive result of R\$ 1,223.9 million and a cash balance of R\$ 357.0 million. Highlight for the funding in 2Q23, with MUFG Bank, Ltd., in the amount of R\$ 400 million.

<b>Statement of Cash Flow - R\$ Million</b>	<b>2Q23</b>	<b>2Q22</b>
<b>Cash at beginning of period</b>	<b>866,9</b>	<b>1.836,6</b>
<b>Net Income before IR and CSLL</b>	<b>731,4</b>	<b>467,2</b>
Depreciation and Amortization	444,9	586,8
Monetary/Foreign Exchange Variation and Financial Charges	419,4	353,1
Residual Value of Fixed Assets / Invest. Perm.	27,7	18,7
Provision (Reversal)	(6,3)	6,4
Others	(5,3)	(1,5)
<b>Net Income cash basis</b>	<b>1.611,8</b>	<b>1.430,7</b>
<b>Changes in assets and liabilities</b>	<b>15,0</b>	<b>(569,8)</b>
Accounts Receivable and Related Parties	308,5	95,1
Stocks	(53,8)	(56,9)
Taxes Recoverable	101,1	(55,4)
Restricted Cash	146,9	3,9
Providers	12,3	(17,9)
Tax liabilities	(89,8)	(240,7)
Taxes on profit	(61,5)	(47,2)
Social and Labor Obligations	(164,5)	(142,0)
Payment of interest on loans and financing	(109,6)	(81,9)
Payment of interest on rights of use	(74,6)	(26,8)
Others	-	-
<b>Net Cash provided by operating activities</b>	<b>1.626,8</b>	<b>860,9</b>
<b>Investment activities</b>	<b>(648,3)</b>	<b>(649,0)</b>
Immobilized	(616,2)	(630,3)
Intangible	(32,1)	(19,1)
Proceeds from the sale of property, plant and equipment	-	0,4
<b>Financing activities</b>	<b>(621,5)</b>	<b>(822,0)</b>
Borrowing and financing	395,5	18,1
Debentures	-	-
Payments	(786,1)	(648,6)
Rights of use	(230,9)	(191,4)
Payments Dividends	-	(0,1)
<b>Cash at end of period</b>	<b>1.223,9</b>	<b>1.226,5</b>
<b>Cash Flow</b>	<b>357,0</b>	<b>(610,1)</b>

## **ESG AGENDA**

### **Environment**

Aiming at improving air quality on the railway network operated by MRS and reducing the release of particles into the atmosphere, a new polymer sprinkler is in operation, inaugurated in June 2023, in the municipality of Sarzedo/MG. The purpose of the plant is to sprinkle low-grain loads transported in open wagons. More details on the plant can be seen at the link <https://www.youtube.com/watch?v=oOkNS-Wfgo4>.

### **Organizational Climate**

In April 2023, the cycle of organizational climate surveys was started, using the market methodology, which provides for the continuous monitoring of predictive factors of employee engagement. The result of 8.5, on a scale of 0 to 10, exceeded the market average and that of similar business companies.

In terms of mental health, MRS has expanded online psychotherapeutic care, and totally free of charge, so that in addition to employees and family members, all apprentices can also be assisted.

Another relevant initiative was the return of the internal sports championship, which was expanded from one to four sports, reaching 1,660 enrolled employees and representing 84% increase over the last event held before the pandemic. Among these sports, special attention was paid so that the diversity of employees could be represented, so in addition to the mixed gender teams, sitting volleyball was also made available, which includes employees with physical disabilities of reduced mobility.

### **Diversity**

The Diversity, Equity and Inclusion Committee, implemented in 2021, has been following its monthly meeting schedule, and concluded, in 2Q23, aspects relevant to the transparency and governance of the topic at MRS: i) update of the "Organizational Guideline for Diversity, Equity and Inclusion", which governs the promotion of increased diversity in the workplace; ii) approval of the "Internal Regulations of the Commission", with guidelines for the composition and operation of the Commission, made available to all employees.

With the aim of raising awareness about the social role of men in maintaining an equitable and healthy corporate environment, the planning, method structuring and content creation stages of the "Conscious Men Program" were completed in 2Q23. In July 2023, the program's workshops begin, applicable to all employees.

Diversity indicators remain at a positive path. The share of women in the workforce continues to increase and reached 14.48% in June. It is important to emphasize that this percentage increase was seen in a period in which the company also grew in absolute numbers. In 2Q23, the growth in the overall headcount was 1.16%, while the headcount growth was 3.41%. Diversity (women, blacks, browns and people with disabilities) in leadership positions also increased in this same period, jumping from 48.62% to 49.53%.

## **Intellectual capital**

Employee development is one of the relevant guidelines at MRS. As of 2Q23, Academia MRS invested over R\$ 4.6 million in training, improvement, certification and development actions, representing an average of 33.86 hours per employee. Through these actions, MRS ensures that employees receive the necessary training to perform their duties, in addition to opportunities for improvement, envisioning new career challenges and business needs. Among several actions, the following stand out: Internship Program, in which 175 interns completed the development track, Specialist Training Program (PFE) with 19 recipients, individual development plans, Specialization in Rail Cargo Transport at Instituto Militar de Engenharia (IME) with 21 employees, Full Leadership Training Program with 34 employees, 33 studying the Transformative Strategy module and 35 in the Satisfied Customer, Collective Result and Innovation module, all in partnership with FIA Business School.

## **Community**

Aiming to promote awareness of the importance of the Environment, with activities that included 282 children and adolescents from three public schools, located in the municipalities of Juiz de Fora (MG), Barra do Pirá (RJ) and Lorena (SP), during the World Environment Week, MRS carried out gardening experiences, lectures and playful activities related to the theme.

With a focus on accident prevention and fostering a culture of safety, MRS promoted actions aimed at young students about the risks of playing near the railroad lines. The agenda is included in the pre-vacation week of the school schedule in the municipalities of Matias Barbosa, Santos Dumond and Mário Campos in MG, Barra Mansa, Itaguaí and Três Rios in RJ and Guarujá, Suzano and Cubatão in SP and reached 1,400 students.

In the Cultural area, the highlight was *Revista Ferroviária* award for MRS Logística, as "Best Operator with Investment in Railway Preservation", the result of a decade of investments in restoration projects and requalification of historical heritage.

In addition to these activities, investments were made in social projects with own resources and via financial transfers to incentive laws for the execution of social projects, stemming from municipalities where the Company operates, civil society organizations and municipal councils. In addition to the social projects, we were able to meet the humanitarian demands related to the impact of rains and donation campaigns, with the participation of volunteers and the involvement of communities.



(Convenience Translation into English from the Original Previously Issued in Portuguese)

## REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Shareholders and Management of  
MRS Logística S.A.

### **Introduction**

We have reviewed the accompanying interim financial information of MRS Logística S.A. (“Company”), contained in the Interim Financial Information Form (ITR) for the quarter ended June 30, 2023, which comprises the balance sheet as at June 30, 2023 and the related statements of profit and loss and of comprehensive income for the three- and six-month periods then ended, and of changes in equity and of cash flows for the six-month period then ended, including the explanatory notes.

Management is responsible for the preparation of this interim financial information in accordance with technical pronouncement CPC 21 (R1) and international standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, as well as for the presentation of such information in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM), applicable to the preparation of Interim Financial Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

### **Scope of review**

We conducted our review in accordance with Brazilian and International Standards on Review of Interim Financial Information (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the standards on auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion on the interim financial information**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information included in the ITR referred to above was not prepared, in all material respects, in accordance with technical pronouncement CPC 21 (R1) and international standard IAS 34, applicable to the preparation of ITR, and presented in accordance with the standards issued by the CVM.

## Other matters

### *Statement of value added*

The interim financial information referred to above includes the statement of value added (DVA) for the six-month period ended June 30, 2023, prepared under the responsibility of the Company's Management and presented as supplemental information for international standard IAS 34 purposes. This statement was subject to the review procedures performed together with the review of the Interim Financial Information (ITR) to reach a conclusion on whether it is reconciled with the interim financial information and accounting records, as applicable, and if its form and content are consistent with the criteria set forth in technical pronouncement CPC 09 - Statement of Value Added.

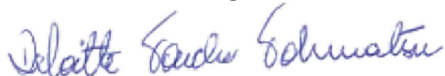
Based on our review, nothing has come to our attention that causes us to believe that this statement of value added was not prepared, in all material respects, in accordance with such technical pronouncement and consistently with the accompanying interim financial information taken as a whole.

### *Audit and review of the corresponding figures*

The balance sheet as at December 31, 2022, the statements of profit and loss and of comprehensive income for the three- and six-month periods and the statements of changes in equity, of cash flows and of value added for the six-month period, both ended June 30, 2022, presented for purposes of comparison, were audited and reviewed by other independent auditors, who issued unmodified audit and review reports on the interim financial information on March 16, 2023 and August 10, 2022, respectively.

The accompanying interim financial information has been translated into English for the convenience of readers outside Brazil.

Rio de Janeiro, August 10, 2023



DELOITTE TOUCHE TOHMATSU  
Auditores Independentes Ltda.



Antônio Carlos Brandão de Sousa  
Engagement Partner



**Balance sheets on June 30, 2023 and December 31, 2022**  
*(In thousand Brazilian reais)*

<u>ASSETS</u>	<u>Note</u>	<u>06/30/2023</u>	<u>12/31/2022</u>
<b>CURRENT</b>			
Cash and cash equivalents	<b>5</b>	1,223,930	866,856
Restricted cash	<b>6</b>	1,138	1,081
Receivables from customers	<b>7</b>	264,342	546,154
Other receivables	<b>9</b>	11,534	9,393
Inventories	<b>10</b>	276,454	220,958
Taxes to recover	<b>11</b>	221,727	284,711
Anticipated expenses	<b>13</b>	35,560	40,256
Derivative financial instruments	<b>23</b>	84,157	15,114
Other current assets	<b>14</b>	87,300	29,500
<b>Total Current Assets</b>		<u>2,206,142</u>	<u>2,014,023</u>
<b>NON-CURRENT</b>			
Long-term receivables			
Receivables from customers	<b>7</b>	77,423	111,399
Other receivables	<b>9</b>	14,164	18,392
Taxes to recover	<b>11</b>	307,404	499,490
Deferred Taxes	<b>12</b>	19,807	83,529
Anticipated expenses	<b>13</b>	4,489	9,650
Derivative financial instruments	<b>23</b>	118,977	115,347
Other non-current assets	<b>14</b>	138,118	133,908
Fixed Assets in Operation	<b>15.1</b>	7,636,508	7,579,778
Fixed assets in progress	<b>15.1</b>	1,484,059	1,243,042
Lease Right of Use	<b>15.2</b>	2,518,672	2,562,195
Intangible Assets	<b>16</b>	186,926	160,700
<b>Total non-current assets</b>		<u>12,506,547</u>	<u>12,517,430</u>
<b>TOTAL ASSETS</b>		<u><u>14,712,689</u></u>	<u><u>14,531,453</u></u>



**Balance sheets on June 30, 2023 and December 31, 2022**  
*(In thousand Brazilian reais)*

<u>LIABILITIES AND NET EQUITY</u>	<u>Note</u>	<u>06/30/2023</u>	<u>12/31/2022</u>
<b>CURRENT</b>			
Suppliers	<b>17</b>	604,227	578,736
Social and labor obligations	<b>18</b>	185,181	246,698
Income tax and social contribution	<b>19</b>	87,416	145,218
Other tax obligations	<b>20</b>	70,586	65,385
Loans and financing	<b>21</b>	934,110	731,250
In national currency		43,902	170,509
In foreign currency		79,926	218,829
Debentures		810,282	341,912
Lease	<b>22</b>	491,369	472,129
Derivative financial instruments	<b>23</b>	70,793	157,791
Payable Dividends		207,774	207,776
Advanced payments from customers		4,069	3,536
Provisions	<b>24</b>	35,783	22,674
Other liabilities	<b>25</b>	29,129	28,500
Total Current Liabilities		<u>2,720,437</u>	<u>2,659,693</u>
<b>NON-CURRENT</b>			
Long-term Receivables			
Suppliers	<b>17</b>	6,595	42,326
Loans and financing	<b>21</b>	3,544,456	3,604,792
In national currency		1,861,801	1,328,743
Debentures		1,682,655	2,276,049
Lease	<b>22</b>	1,679,058	1,928,931
Derivative financial instruments	<b>23</b>	-	2,560
Provisions	<b>24</b>	747,036	752,735
Other liabilities	<b>25</b>	20,181	26,782
Total long-term receivables		<u>5,997,326</u>	<u>6,358,126</u>
<b>TOTAL LIABILITIES</b>		<u><u>8,717,763</u></u>	<u><u>9,017,819</u></u>
<b>NET EQUITY</b>			
Capital stock	<b>26.a</b>	3,961,031	3,961,031
Profit reserves		1,542,039	1,542,039
Legal reserve	<b>26.c</b>	420,735	420,735
Reserve for investment	<b>26.d</b>	1,121,304	1,121,304
Other comprehensive income	<b>26.e</b>	10,585	10,564
Accrued profit		481,271	-
Total Net Equity		<u>5,994,926</u>	<u>5,513,634</u>
<b>TOTAL LIABILITIES AND NET EQUITY</b>		<u><u>14,712,689</u></u>	<u><u>14,531,453</u></u>

The explanatory notes are inseparable part of the quarterly statements.



*(In thousand Brazilian reais, except when indicated otherwise)*

	Note	04/01/2023 to 06/30/2023	01/01/2023 to 06/30/2023	04/01/2022 to 06/30/2022	01/01/2022 to 06/30/2022
NET REVENUES FROM SERVICES	<b>28</b>	1,627,808	2,873,214	1,444,357	2,543,969
Cost of provided services	<b>29</b>	(811,694)	(1,589,337)	(889,564)	(1,671,927)
GROSS PROFIT		816,114	1,283,877	554,793	872,042
OPERATIONAL REVENUES (EXPENSES)					
Sales expenses	<b>29</b>	(6,512)	(10,967)	(3,501)	(6,942)
General and administrative expenses	<b>29</b>	(119,692)	(220,028)	(75,370)	(143,097)
Other operating revenues	<b>30</b>	52,647	122,083	70,290	126,349
Other operating expenses	<b>30</b>	(73,278)	(113,684)	(71,613)	(110,838)
OPERATING PROFIT		669,279	1,061,281	474,599	737,514
FINANCIAL INCOME					
Financial Revenues	<b>31</b>	96,669	193,369	126,667	274,690
Financial expenses	<b>31</b>	(261,793)	(523,294)	(289,751)	(545,039)
		(165,124)	(329,925)	(163,084)	(270,349)
PROFIT BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		504,155	731,356	311,515	467,165
INCOME TAX AND SOCIAL CONTRIBUTION					
Current	<b>32</b>	(121,831)	(182,203)	(106,180)	(195,076)
Deferred	<b>32</b>	(46,946)	(67,882)	1,587	35,245
NET PROFIT FROM THE PERIOD		335,378	481,271	206,922	307,334
QUANTITY OF CAPITAL STOCK SHARES AT THE END OF THE PERIOD - THOUSANDS	<b>26.a</b>	340,000	340,000	340,000	340,000
EARNINGS PER THOUSAND OF SHARES OF THE CAPITAL STOCK					
AT THE END OF THE PERIOD - R\$		0.986	1.416	0.609	0.904
BASIC EARNINGS PER SHARE - R\$					
COMMON	<b>27</b>	0.944	1.355	0.583	0.865
PREFERRED	<b>27</b>	1.039	1.491	0.641	0.952
DILUTED EARNINGS PER SHARE - R\$					
COMMON	<b>27</b>	0.944	1.355	0.583	0.865
PREFERRED	<b>27</b>	1.039	1.491	0.641	0.952

The explanatory notes are inseparable part of the quarterly statements.



**Comprehensive income statement of the periods ended on June 30**

*(In thousand Brazilian reais)*

	<u>Note</u>	<u>04/01/2023 to 06/30/2023</u>	<u>01/01/2023 to 06/30/2023</u>	<u>04/01/2022 to 06/30/2022</u>	<u>01/01/2022 to 06/30/2022</u>
NET PROFIT FROM THE PERIOD		335,378	481,271	206,922	307,334
<u>Items which will not be reclassified to income:</u>					
Other comprehensive income	<b>26.e</b>	11	21	84	169
TOTAL COMPREHENSIVE INCOME FROM THE PERIOD		<u><u>335,389</u></u>	<u><u>481,292</u></u>	<u><u>207,006</u></u>	<u><u>307,503</u></u>

The explanatory notes are inseparable part of the quarterly statements.



## MRS Logística S.A.

### Statement of changes in stockholder's equity (In thousand Brazilian reais)

	Note	Capital stock	Destination for capital stock increase	Other comprehensive income	Profit reserves			Accrued profit	Total
					Legal	Retention for investments	Total		
<b>BALANCE ON JANUARY 01, 2022</b>		2,151,539	1,809,492	10,956	377,026	498,454	875,480	-	4,847,467
Comprehensive Income of the Period									
Net profit for the period	27	-	-	-	-	-	-	307,334	307,334
Other comprehensive income		-	-	169	-	-	-	-	169
<b>Total comprehensive income for the period</b>		-	-	169	-	-	-	307,334	307,503
<b>BALANCE ON June 30, 2022</b>		2,151,539	1,809,492	11,125	377,026	498,454	875,480	307,334	5,154,970

The explanatory notes are inseparable part of the quarterly statements.



**MRS Logística S.A.**

**Statement of changes in stockholder's equity**  
*(In thousand Brazilian reais)*

	<u>Note</u>	<u>Capital stock</u>	<u>Other comprehensive income</u>	<u>Profit reserves</u>			<u>Accrued profit</u>	<u>Total</u>
				<u>Legal</u>	<u>Retention for investments</u>	<u>Total</u>		
<b>BALANCE ON JANUARY 01, 2023</b>		<u>3,961,031</u>	<u>10,564</u>	<u>420,735</u>	<u>1,121,304</u>	<u>1,542,039</u>	<u>-</u>	<u>5,513,634</u>
Comprehensive Income of the Period								
Net profit for the period	<b>27</b>	-	-	-	-	-	481,271	481,271
Other comprehensive income	<b>26.e</b>	-	21	-	-	-	-	21
<b>Total comprehensive income for the period</b>		<u>-</u>	<u>21</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>481,271</u>	<u>481,292</u>
<b>BALANCE ON June 30, 2023</b>		<u>3,961,031</u>	<u>10,585</u>	<u>420,735</u>	<u>1,121,304</u>	<u>1,542,039</u>	<u>481,271</u>	<u>5,994,926</u>

The explanatory notes are inseparable part of the quarterly statements.




**Cash flow statement on June 30**
*(In thousand Brazilian reais)*

	<u>Note</u>	<u>06/30/2023</u>	<u>06/30/2022</u>
<b>CASH FLOW FROM OPERATIONAL ACTIVITIES</b>			
Net Income before IR [Income Tax] and CSLL [Social Contribution on Net Profit]	<b>32</b>	731,356	467,165
Adjusted by:			
Result in the alienation of fixed and intangible assets		-	(91)
Depreciation and amortization	<b>29</b>	444,852	586,751
Monetary/exchange variations and financial charges		419,439	353,143
Residual value of the written-off fixed assets/perm. invest.		27,747	18,688
Provision (reversal)		(6,335)	6,425
Anticipated expense amortization	<b>13</b>	19,972	12,387
Provision (reversal) for asset write-off		(26,066)	(14,214)
Provisions and expected loan loss	<b>29</b>	738	60
Others		21	371
		<u>1,611,724</u>	<u>1,430,685</u>
(Increase) reduction in the operational assets			
Accounts receivable	<b>7 and 9</b>	308,505	95,062
Inventories	<b>10</b>	(53,760)	(56,912)
Taxes recoverable	<b>11</b>	101,109	(55,367)
Anticipated expenses	<b>13</b>	(10,115)	(10,809)
Advanced payments		(57,800)	22,430
Other assets		(1,120)	2,123
(Increase) reduction of the operational liabilities			
Payable concession		-	(290)
Suppliers		146,925	3,938
Tax obligations	<b>19 and 20</b>	12,263	(17,893)
Social and labor obligations	<b>18</b>	(61,517)	(47,180)
Advanced payments from customers		533	7,518
Other liabilities		(5,972)	(47,936)
Cash generated in the operations		<u>1,990,775</u>	<u>1,325,369</u>
Payment of taxes on profit		(89,754)	(240,718)
Payment interest on loans and financing		(39,075)	(142,002)
Payment of lease interest	<b>22</b>	(109,643)	(81,864)
Debenture interest payment		(125,444)	-
Net cash flow generated by the operational activities		<u>1,626,859</u>	<u>860,785</u>

(To be continued)

**Cash flow statement on June 30****(In thousand Brazilian reais)**

(continued)

	<u>Note</u>	<u>06/30/2023</u>	<u>06/30/2022</u>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>			
Fixed asset addition	<b>15.1</b>	(616,208)	(630,294)
Intangible asset addition	<b>16</b>	(32,104)	(19,096)
Proceeds from the alienation of fixed/intangible assets		-	382
Net cash used in the investment activities		<u>(648,312)</u>	<u>(649,008)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Capturing of loans and financing		395,545	18,070
Payment of loans and financing/derivative financial instruments		(531,536)	(396,630)
Debenture Payments		(254,583)	(251,938)
Lease payment	<b>22</b>	(230,897)	(191,354)
Dividends paid		(2)	(50)
Net cash applied in the financing activities		<u>(621,473)</u>	<u>(821,902)</u>
<b>INCREASE (REDUCTION) OF CASH AND EQUIVALENTS BALANCE</b>		<u>357,074</u>	<u>(610,125)</u>
Increase (Reduction) of Cash and Equivalents			
Start Balance		866,856	1,836,612
End balance		1,223,930	1,226,487

The explanatory notes are inseparable part of the quarterly statements.



**Value-added statement on June 30**

**(In thousand Brazilian reais)**

	<b>Note</b>	<b>06/30/2023</b>	<b>06/30/2022</b>
<b>REVENUES</b>			
Sales of freight services	<b>28</b>	3,081,696	2,754,658
Other revenues	<b>30</b>	122,083	126,349
Revenues from construction of own assets		11,265	20,203
Provision/ (reversal) of expected credit loss	<b>29</b>	(738)	(60)
		3,214,306	2,901,150
<b>INPUTS ACQUIRED FROM THIRD PARTIES</b>			
Cost of sold products, goods and services		(1,073,621)	(975,014)
Materials, energy, services of third parties and others		(116,517)	(59,480)
Others		(66,812)	(71,229)
		(1,256,950)	(1,105,723)
<b>GROSS VALUE ADDED</b>		1,957,356	1,795,427
<b>WITHHOLDING</b>			
Depreciation , amortization and exhaustion	<b>29</b>	(444,852)	(586,748)
<b>NET VALUE ADDED PRODUCED BY THE COMPANY</b>		1,512,504	1,208,679
<b>VALUE ADDED (RECEIVED) IN TRANSFER</b>			
Financial Revenues	<b>31</b>	193,369	274,690
<b>TOTAL VALUE ADDED (RECEIVED) TO BE DISTRIBUTED</b>		1,705,873	1,483,369
<b>DISTRIBUTION OF THE VALUE ADDED (RECEIVED)</b>			
Personnel and charges		363,857	304,367
Direct remuneration		211,523	187,909
Benefits		129,774	98,427
F.G.T.S		22,560	18,031
Taxes, fees and contributions		328,853	317,795
Federal		335,231	279,844
State		(6,738)	37,457
Municipal		360	494
Third-party capital compensation		531,892	553,873
Interest		522,989	544,275
Rents		8,903	9,598
Equity compensation	<b>27</b>	481,271	307,334
Retained Profit		481,271	307,334
		1,705,873	1,483,369

The explanatory notes are inseparable part of the quarterly statements.



## **1. Operational Context**

A MRS Logística S.A. (“MRS” or the “Company”) is a publicly-held company, with indefinite duration, founded on August 30, 1996, with the purpose to operate, upon onerous concession, the public rail freight transport service in the right-of-way of the Southeast Network, located on the Rio de Janeiro, São Paulo and Minas Gerais axis, of the extinct Rede Ferroviária Federal S.A. – RFFSA, privatized on September 20, 1996.

The Company will also be able to explore modal transport services related to railway transport and participate in projects aimed at expanding the granted railway services.

The original concession agreement has a term of 30 years as of December 1, 1996, which can be extended, in case of clear interest from both parties, up to 30 years by exclusive decision of the Granting Authority.

On July 29, 2022, the Company signed the 4th Addendum to the Concession Agreement of MRS Logística S.A. with the Government, through ANTT – National Land Transport Agency, which extended the concession of the public railway freight transport service in advance for another 30 years, effective until 2056.

The current concession agreement sets specific indicators to be met by the Company, related to serious railway accidents, average travel speed, maximum age of the locomotive fleet and railway saturation index.

If these indicators are not achieved, after passing all phases of clarification and administrative defenses, ANTT may apply penalties and may even lead to expiry, in case of repeated non-fulfillment of the contract targets. The concession may be terminated in the following legal circumstances: (i) end of the contract term; (ii) expropriation; (iii) expiry; (iv) termination; (v) cancellation of the bidding; (vi) bankruptcy or extinction of Company. In any case of termination of the concession, except for item (i), the Company will be compensated by the Government for the non-depreciated balance of investments made and declared reversible by the Granting Authority. On June 30, 2023, MRS was up to date with its contract obligations and duly compliant with ANTT.

On June 30, 2023, the Company has liquid negative current capital of R\$514,295. The Company's Administration informs that a relevant part of the negative net current capital refers to structured debt maturities and commitments with suppliers, with emphasis on debt amortizations in the first half of 2023. Based on the operating cash flow forecasts, the Company understands that this scenario will be reversed throughout the year due to the consistent cash generation from its operation activities and new financing lines to reinforce cash.



## **2. Basis for Preparation**

### **2.1 Presentation of the interim statements**

#### a) Statement of conformity

The quarterly statements (ITR) have been prepared and are presented in accordance with Technical Pronouncement CPC 21 – Interim Statements and international accounting standard IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the presentation of these statements consistently with the norms issued by the Securities and Exchange Commission, applicable to the preparation of the Quarterly Statements - ITR.

The quarterly statements for the six month period ended on June 30, 2023 were definitively approved by the Company's Administration Board on August 10, 2023.

## **3. Accounting policies**

The quarterly statements have been prepared in accordance with accounting policies consistent with those used for the preparation of the financial statements on December 31, 2022, filed at CVM on March 16, 2023 and published in the Official Press on March 17, 2023. Therefore, the quarterly statements must be read together with the aforementioned annual financial statements.

No pronouncement, interpretation or guidance issued by CPC, in force as of 2023, has significant impacts on the Company, as mentioned in explanatory note 7 of the financial statements on December 31, 2022.

## **4. Critical accounting estimations and judgments**

Upon preparation of the quarterly statements, it is necessary to use estimates for given assets, liabilities and other transactions. These estimates include: depreciation, provisions for lawsuits, after-employment benefits, fair value of derivatives and other financial instruments, income taxes and social contribution on net profit, detailed in note 5 to the financial statements on December 31, 2022. Although the administration uses assumptions and judgments which are periodically reviewed, the actual results may differ from such estimates.



**5. Cash and cash equivalents**

	<u>06/30/2023</u>	<u>12/31/2022</u>
Current		
Cash and Cash Equivalents		
Cash and banks	8,071	7,170
	<u>8,071</u>	<u>7,170</u>
Financial investments in the country		
CDB	1,215,859	859,686
	<u>1,215,859</u>	<u>859,686</u>
	<u><u>1,223,930</u></u>	<u><u>866,856</u></u>

The financial investments are backed by securities issued by banks in Brazil with average liquidity of 50 days and can be redeemed before maturity, without any significant change or adjustment to the income rate prior agreed with the financial institution.

These investments are in CDB, with remuneration based on the variation in the Interbank Deposit Certificates - CDI, ranging between 100.5% and 106.0% (101.75% and 106.0% on December 31, 2022).

The risk classification of the financial investments according to the business model is described in explanatory note 23.

**6. Restricted cash**

	<u>06/30/2023</u>	<u>12/31/2022</u>
CDB	1,138	1,081
	<u>1,138</u>	<u>1,081</u>

The restricted cash on June 30, 2023 is made up of financial investment in CDB, constituted as a guarantee for the commercial contract for the purchase and sale of electric power on the free market.

This investment is backed by securities in Brazil, its maximum liquidity is 360 days and the remuneration is based on the variation of the Interbank Deposit Certificates – CDI, at 101.0%.

The risk classification of the financial investments in restricted cash, according to the business model, is described in explanatory note 23.

## MRS Logística S.A.

Explanatory notes of the administration to the quarterly information  
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### 7. Receivables from customers

		<u>06/30/2023</u>	<u>12/31/2022</u>
Receivables from related parties	<b>8</b>	303,661	599,585
Clients in the country	<b>(a)</b>	39,214	59,077
Expected Credit Loss	<b>(b)</b>	(1,110)	(1,109)
		<u><b>341,765</b></u>	<u><b>657,553</b></u>
Current		264,342	546,154
Non-current		77,423	111,399

(a) These basically refer to the receivable amounts related to the provided railway freight services, including mutual traffic and right of way receivable from customers who are not related parties.

(b) The amount provisioned for expected credit loss was measured considering the issuer's financial difficulty, breach of contract with late payment, probability of bankruptcy of the debtor and debtors in legal proceedings for collection, in addition to applying a percentage determined from the loss of the last two years on the amounts outstanding on the date of the statements.

### 8. Related parties

The balances of assets and liabilities on June 30, 2023 and December 31, 2022 reported in this note, are related to transactions with related parties arising from the Company's transactions with its shareholders, related companies and key administration professionals.

The transactions with related parties are mainly associated with the provision of public railway freight transport services. They are carried out under terms and conditions negotiated with each of the contracting customers, respecting the tariff caps defined by the Granting Authority, which apply to all of the concessionaire's customers, whether or not they are related parties. Under the Company's Corporate Governance, the values negotiated with related parties are approved by the shareholders and follow a tariff model that aims to remunerate the costs of the railway transport service provision, plus margins compatible with those set in its business plan. There are no transactions with negative margins, as set in the concession agreement. Furthermore, the contracts with related parties are long-term and contain clauses guaranteeing annual revenue and volumes, as in the case with other captive customers.

In addition to the railway freight transport service agreements, in the receivables of the Company, there are other contracts with its related parties related to maintenance services and improvements to terminals, sale of scrap, rentals and maintenance on rolling stock and permanent track.

Accounts payable and other passive obligations with related parties, presented in liabilities, except payable dividends, are pursuant to purchase operations, use of the railway grid, shared investments inherent to the Company's business and other contract obligations.

The Company has the following balances related to transactions with related parties:

## MRS Logística S.A.



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Assets		Accounts receivable		Advanced payments	
		06/30/2023	12/31/2022	06/30/2023	12/31/2022
Vale S.A.	(a)	53,726	281,191	-	-
CSN Mineração S.A.	(b)	121,428	153,999	-	-
Mineração Usiminas S.A.		84,553	108,236	-	-
Companhia Siderúrgica Nacional		16,862	29,382	8	-
Ferrovía Centro-Atlântica S.A.		12,475	10,164	-	-
Usinas Siderúrgicas de Minas Gerais S.A.		2,779	4,390	-	-
Gerdau Açominas S.A.		3,510	3,673	-	-
CSN Cimentos Brasil S.A.		3,348	2,767	-	-
Vallourec Soluções Tubulares do Brasil S.A.		1,980	2,169	-	-
CSN Cimentos S.A.		1,900	1,482	-	-
Confab Industrial S.A.		247	1,157	-	-
Gerdau Aços Longos S.A.		681	749	-	-
Ternium Brasil Ltda.		-	110	-	-
Sepetiba Tecon S.A.		2	47	306	-
Gerdau S.A.		42	44	-	-
Terminal de Cargas Sarzedo Ltda.		3	25	-	-
Co-Log Logística de Coprodutos S.A.	(c)	125	25	-	-
		<b>303,661</b>	<b>599,585</b>	<b>314</b>	<b>-</b>
Current		226,238	488,186	314	-
Non-current		77,423	111,399	-	-

(a) In January 2023, MRS received the amount of R\$106,091 referring to the last installment of the 4th Addendum signed in December 2020 in the railway transport service provision agreement between MRS and Vale, through which Vale assumed the obligation to pay MRS compensation at the amount of R\$353,539 due to the review of the minimum transported volumes provided in the original agreement. In the second quarter of 2023, the Company received the amount of R\$34,166 referring to the protection mechanism, provisioned in December 2022. The balances on June 30, 2023 and December 31, 2022 are also composed of amounts receivable arising from railway freight services.

(b) In January 2023, MRS received the amount of R\$23,547 referring to the 5th installment of the contract amendment signed in November 2018 between MRS and CSN Mineração as mentioned in explanatory note 10 (c) of the financial statements on December 31, 2018, remaining also 3 installments, due in January of the following years. The remaining present value of the payment flow on June 30, 2023 is R\$41,147, with R\$15,503 in current assets and R\$25,644 recorded in non-current assets. In the second quarter of 2023, the Company received the amount of R\$61,398 referring to the protection mechanism, provisioned in December 2022. The balances on June 30, 2023 and December 31, 2022 are also composed of amounts receivable arising from railway freight services.

(c) In the 2nd quarter of 2023, the Company started providing rail services to Co-Log Logística de Coprodutos S.A., a company part of Grupo Vale S.A.

The Company has receivables contracts with some related parties given as collateral for loans.

Except for accounts receivable related to revenue protection mechanisms and contract amendments, the average period for receiving of the receivables from related parties is less than 11 days.



## MRS Logística S.A.



### Explanatory notes of the administration to the quarterly information on 06/30/2023

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#### Liabilities

	Payables / other liabilities		Advanced payments		Payable Dividends	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Vale S.A. (d)	31,895	-	-	-	21,697	21,697
Mineração Brasileiras Reunidas S.A.	-	-	-	-	69,796	69,796
CSN Mineração S.A.	32,055	38,466	-	-	39,220	39,220
Mitsui & Co. Ltd. (e)	-	51,823	-	-	-	-
Companhia Siderúrgica Nacional	3,230	-	65	65	39,197	39,197
Usinas Siderúrgicas de Minas Gerais S.A.	-	-	10	31	555	555
Gerdau Açominas S.A.	-	-	6	10	-	-
Ferrovias Centro-Atlântica S.A.	26,899	27,241	267	254	-	-
Gerdau Aços Longos S.A.	313	-	-	79	-	-
Usiminas Participações e Logística S.A.	-	-	-	-	22,149	22,149
Railvest Investments Inc	-	-	-	-	8,621	8,621
CSN Cimentos S.A.	16	1,288	816	-	-	-
Gerdau S.A.	-	-	4	4	2,607	2,607
Companhia Metalúrgica Prada	-	231	-	-	-	-
Confab Industrial S.A.	-	-	-	5	-	-
Vallourec Soluções Tubulares do Brasil S.A.	20	-	4	201	-	-
Mitsui & Co. Steel Ltd (e)	193,968	96,496	-	-	-	-
Ternium Brasil Ltda.	154	-	-	-	-	-
Others	-	-	-	-	3,932	3,934
	<b>288,550</b>	<b>215,545</b>	<b>1,172</b>	<b>649</b>	<b>207,774</b>	<b>207,776</b>
Current	263,318	183,393	1,172	649	207,774	207,776
Non-current	25,232	32,152	-	-	-	-

## MRS Logística S.A.



### Explanatory notes of the administration to the quarterly information on

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- (d) The amount of R\$31,895 on June 30, 2023 refers to accounts payable pursuant to the protection mechanism clause of the railway transport service provision agreement.
- (e) In June 2023, the Company paid the outstanding amounts with Mitsui & Co. Ltd., and acquisition of permanent track materials started with Mitsui & Co. Steel Ltd.

### Result

	Revenues from services		Other revenues		Financial Revenues	
	04/01/2023	04/01/2022	04/01/2023	04/01/2022	04/01/2023	04/01/2022
	to	to	to	to	to	to
	<b>06/30/2023</b>	<b>06/30/2022</b>	<b>06/30/2023</b>	<b>06/30/2022</b>	<b>06/30/2023</b>	<b>06/30/2022</b>
Vale S.A.	556,987	569,413	20	24,092	9	6,061
CSN Mineração S.A.	323,711	224,726	3,427	3,537	2,681	2,689
Companhia Siderúrgica Nacional	76,403	118,359	147	110	-	1,548
Mineração Usiminas S.A.	84,944	61,556	-	-	2,554	3,202
Gerdau Açominas S.A.	45,431	56,041	1,228	20	-	-
Usinas Siderúrgicas de Minas Gerais S.A.	24,320	37,450	-	102	-	41
Ferrovias Centro-Atlântica S.A.	7,756	17,772	-	1,078	-	-
Gerdau Aços Longos S.A.	7,604	5,384	3,739	7,738	-	3
Vallourec Soluções Tubulares do Brasil S.A.	7,844	14,878	751	850	-	18
CSN Cimentos S.A.	6,900	7,918	375	303	-	7
Ternium Brasil Ltda.	616	1,545	-	-	-	-
Confab Industrial S.A.	4,886	2,689	-	-	-	2
CSN Cimentos Brasil S.A.	16,762	-	-	-	-	-
Gerdau S.A.	720	929	156	707	-	9
Co-Log Logística de Coprodutos S.A.	100	-	-	-	-	-
Mitsui & Co. Ltd.	-	-	-	-	2,809	-
Mitsui & Co. Steel Ltd	-	-	-	-	7,591	-
Sepetiba Tecon S.A.	-	-	-	221	-	-
	<b>1,164,984</b>	<b>1,118,660</b>	<b>9,843</b>	<b>38,758</b>	<b>15,644</b>	<b>13,580</b>

## MRS Logística S.A.



### Explanatory notes of the administration to the quarterly information on 06/30/2023

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#### Result

	Revenues from services		Other revenues		Financial Revenues	
	01/01/2023	01/01/2022	01/01/2023	01/01/2022	01/01/2023	01/01/2022
	to	to	to	to	to	to
	06/30/2023	06/30/2022	06/30/2023	06/30/2022	06/30/2023	06/30/2022
Vale S.A.	877,189	930,143	658	49,643	-	8,512
CSN Mineração S.A.	561,212	392,826	6,689	7,453	5,363	5,396
Companhia Siderúrgica Nacional	147,444	237,723	245	225	52	1,673
Mineração Usiminas S.A.	133,825	98,915	-	-	5,023	6,300
Gerdau Açominas S.A.	82,952	108,047	1,446	243	-	22
Usinas Siderúrgicas de Minas Gerais S.A.	50,366	68,035	-	143	49	74
Ferrovia Centro-Atlântica S.A.	13,680	30,513	719	2,156	-	20
Gerdau Aços Longos S.A.	11,294	10,128	7,504	13,329	-	5
Vallourec Soluções Tubulares do Brasil S.A.	14,333	24,609	2,031	1,938	18	35
CSN Cimentos S.A.	12,154	14,184	643	645	3	14
Ternium Brasil Ltda.	809	1,856	-	-	-	-
Confab Industrial S.A.	10,476	3,399	-	-	1	5
CSN Cimentos Brasil S.A.	27,975	-	57	-	-	-
Gerdau S.A.	1,054	1,258	273	1,136	2	15
Co-Log Logística de Coprodutos S.A.	100	-	-	-	-	-
Mitsui & Co. Ltd.	-	-	-	-	4,700	9,311
Mitsui & Co. Steel Ltd.	-	-	-	-	10,294	-
Sepetiba Tecon S.A.	-	-	18	237	2	5
Terminal de Cargas Sarzedo Ltda.	-	-	-	29	-	-
	<b>1,944,863</b>	<b>1,921,636</b>	<b>20,283</b>	<b>77,177</b>	<b>25,507</b>	<b>31,387</b>

## MRS Logística S.A.



### Explanatory notes of the administration to the quarterly information on 06/30/2023

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	<b>Other operating/financial expenses</b>			
	<b>04/01/2023</b>	<b>01/01/2023</b>	<b>04/01/2022</b>	<b>01/01/2022</b>
	<b>to</b>	<b>to</b>	<b>to</b>	<b>to</b>
	<b>06/30/2023</b>	<b>06/30/2023</b>	<b>06/30/2022</b>	<b>06/30/2022</b>
Vale S.A.	3	8,373	2,776	2,778
CSN Mineração S.A.	5,741	5,748	-	-
Companhia Siderúrgica Nacional	64	831	-	-
Gerdau Açominas S.A.	182	314	79	79
Ferrovias Centro-Atlântica S.A.	4,156	7,513	2,922	5,791
Gerdau Aços Longos S.A.	23	302	1,940	5,081
Vallourec Soluções Tubulares do Brasil S.A	108	714	-	-
Terminal de Cargas Sarzedo Ltda.	82	179	-	-
CSN Cimentos S.A.	50	75	-	-
CSN Cimentos Brasil S.A.	-	47	-	-
Mitsui & Co. Ltd.	-	-	8,610	8,610
Sepe Tibia Tecon S.A.	1,593	1,596	1,327	1,327
	<b>12,002</b>	<b>25,692</b>	<b>17,654</b>	<b>23,666</b>

### Key personnel of the Administration

The fixed and variable remunerations of the Company's key administration personnel, which includes its Chief Executive Officer and Executive Officers, are recorded in the income statement for the year as follows:

	<b>Result</b>			
	<b>04/01/2023</b>	<b>01/01/2023</b>	<b>04/01/2022</b>	<b>01/01/2022</b>
	<b>to</b>	<b>to</b>	<b>to</b>	<b>to</b>
	<b>06/30/2023</b>	<b>06/30/2023</b>	<b>06/30/2022</b>	<b>06/30/2022</b>
Short-term benefits	4,822	9,379	4,383	8,407
After-employment benefits	92	181	89	175
Other long-term benefits	2,479	4,957	1,901	3,802
	<b>7,393</b>	<b>14,517</b>	<b>6,373</b>	<b>12,384</b>

The benefits of the key administration personnel include fixed remuneration, profit sharing program, variable remuneration program, pension plan and others.

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### 9. Other receivables

		<u>06/30/2023</u>	<u>12/31/2022</u>
Sub-lease receivables	(a)	19,963	24,480
Receivables - other sales	(b)	10,742	7,522
Other receivables		803	856
Expected Credit Loss		(5,810)	(5,073)
		<u><b>25,698</b></u>	<u><b>27,785</b></u>
Current		11,534	9,393
Non-current		14,164	18,392

(a) Subleases, recorded at present value in current and non-current assets, refer to property rental contracts in which the Company is the intermediary lessor of a main lease, classified as a Right of Use Asset.

The transactions of the subleases in the periods were as follows:

	<u>06/30/2023</u>	<u>12/31/2022</u>
<b>Sub-leasing</b>		
<b>On January 1</b>	<b>29,537</b>	<b>34,882</b>
Contract additions	-	385
Readjustment	-	3,515
Contract de-recognition	-	(170)
Amortization	(5,551)	(9,075)
<b>End balance of the period/year</b>	<b>23,986</b>	<b>29,537</b>
<b>Interest to become due</b>		
<b>On January 1</b>	<b>(5,057)</b>	<b>(6,101)</b>
Contract additions	-	(65)
Readjustment	-	(1,338)
Contract de-recognition	-	30
Interest Due	1,034	2,417
<b>End balance of the period/year</b>	<b>(4,023)</b>	<b>(5,057)</b>
<b>Net Balance</b>	<b>19,963</b>	<b>24,480</b>

The flow of future receiving from subleases, disregarding interest to be incurred, is as follows:

	<u>2023</u>	<u>Within 5 years</u>	<u>Total</u>
Sub-leasing	7,916	16,070	23,986

(b) The receivable amounts arise from the sale of scrap, the provision of maintenance services and other amounts not related to the railway freight service.



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**10. Inventories**

		<u>06/30/2023</u>	<u>12/31/2022</u>
Maintenance material	(a)	238,341	200,688
Fuel	25	15,884	13,964
Materials in process of recovery		7,464	-
Import in progress		2,562	1,137
Materials in possession of third parties / Others	(b)	22,332	15,298
Provision for loss	(c)	(10,129)	(10,129)
		<u><b>276,454</b></u>	<u><b>220,958</b></u>

- a. These refer to materials that will be used in self-maintenance services, mainly in locomotives, rail cars and permanent track.
- b. These represent materials sent to outsourced suppliers for maintenance, industrialization, repair or storage. The deadline of these operations is stipulated in the agreement, and the materials return after the completion of the planned activity.
- c. These refer to the provision for the loss of certain maintenance materials considered obsolete or of low turnover.

**11. Taxes to recover**

		<u>06/30/2023</u>	<u>12/31/2022</u>
PIS/COFINS to compensate	(a)	197,537	359,010
PIS/COFINS to recover	(b)	108,788	124,834
Presumed PIS/COFINS	(c)	-	55,934
Tax on circulation of goods and services – ICMS	(d)	181,465	189,108
Income tax	(e)	41,279	55,065
Others		62	250
		<u><b>529,131</b></u>	<u><b>784,201</b></u>
Current		221,727	284,711
Non-current		307,404	499,490

(a) The amount of R\$197,537 on June 30, 2023 (R\$359,010 on December 31, 2022) arises from the decision of STF (Supreme Federal Court) dated May 13, 2021, in a judgment with general repercussion, that ICMS is not included in the base for the calculation of contributions to PIS and COFINS and considering that the suit filed by MRS to discuss this thesis dated back to March 2017, the Company calculated, based on its best estimate, the gain of R \$337,972, which was provisioned in 2021. In 2023, after enabling PIS and COFINS credits, the amount of R\$161,473 was offset in the payment of federal taxes, and the amount of R\$108,485 was offset in the payment of the annual income tax and social contribution adjustment.

(b) The balance of PIS and COFINS to be recovered refers to credits determined on the acquisition of assets.

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(c) The presumed PIS and COFINS balance refers to the diesel credit pursuant to Complementary Law No. 194/2022 (extended by MP 1,157/23, until 12/31/23) which reduced the rate of these taxes on sales to zero. The credit was fully used in the 2nd quarter to offset the current PIS/COFINS.

(d) These mainly refer to credits arising from acquisitions of fixed assets and purchase of inputs.

The composition of ICMS credits recorded in current assets is shown below:

ICMS credit composition - current	06/30/2023	12/31/2022
ICMS - RJ	35,713	27,032
ICMS - SP	67,627	59,480
Total current	<b>103,340</b>	<b>86,512</b>

(e) It basically refers to income tax withheld at source on financial investments and on gains from derivative operations – *swaps*. As the income is taxed only on the redemption of the applications and the settlement of *swaps*, this amount includes the provision for withheld income tax of these operations.

## 12. Deferred Taxes

The deferred tax balances recorded in assets and liabilities were calculated based on temporary differences and are shown below:

### Deferred Income Tax and Social Contribution

	06/30/2023	12/31/2022
<b>Assets</b>		
Provisions contingencies	235,548	243,993
Miscellaneous provisions	30,586	35,671
Provision loss assets	30,186	39,582
Provision health insurance	2,993	2,577
Others	44	43
<b>Total assets</b>	<b>299,357</b>	<b>321,866</b>
<b>Liabilities</b>		
Lease right of use	(93,688)	(30,164)
Amortization adjustments RTT	(85,297)	(86,573)
Derivative financial instruments – <i>swap</i>	(49,597)	(29,179)
Provision income PIS/COFINS tax credit (a)	(36,085)	(59,312)
Depreciation	(10,896)	(24,632)
Others	(103)	(454)
<b>Total liabilities</b>	<b>(275,666)</b>	<b>(230,314)</b>
<b>Net Total</b>	<b>23,691</b>	<b>91,552</b>



The deferred income tax and social contribution on the temporary differences are expected to be offset as contingencies and other deductible temporary additions are settled.

The active deferred income tax and social contribution on net profit are recognized only in proportion to the probability that future taxable income will be available and against which the temporary differences can be used. The deferred tax assets are reviewed at each balance sheet date and are reduced to the extent that their realization is no longer probable.

The amount of R\$310,651 (R\$321,866 on December 31, 2022) refers to the deferred tax assets. The Company estimated its future taxable profit for the next 5 years and it proved to be sufficient to cover the temporary differences in the deferred assets. Therefore, the deferred tax assets were fully recognized in the financial statements on June 30, 2023.

The amount of R\$286,960 (R\$230,314 as of December 31, 2022) refers to the deferred tax liability which includes the portion of amortization of the adjustments pursuant to RTT – Transition Tax Regime.

Due to these adjustments, the Company recognized deferred IRPJ/CSLL on the differences between corporate and tax results at the amount of R\$241,001, which is being amortized for the remaining term of the concession agreement in accordance with the rules prescribed in articles 69 of Law 12,793/14 and 174 of RFB Normative Instruction No. 1515/14.

The amount amortized until June 30, 2023 was R\$1,276 (R\$13,250 on December 31, 2022), and from August 2022, with the early renewal of the concession for another 30 years, the remaining balance became amortized in 412 installments, totaling a balance of R\$85,297 on June 30, 2023 (R\$86,573 on December 31, 2022).

- a) The reduction of R\$23,227, in the first half 2023, was due to credits offset as mentioned in note 11, letter a.



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The net movement of the deferred tax account is as follows:

	<u>06/30/2023</u>	<u>12/31/2022</u>
<b>On January 1</b>	<b>91,552</b>	<b>72,208</b>
Provision income PIS/COFINS tax credit	23,227	53,190
Depreciation	9,812	21,957
Miscellaneous provisions	6,209	(60,585)
Accelerated depreciation of rail cars and locomotives	3,924	7,926
Amortization adjustments RTT	1,276	13,250
Provision health insurance	416	205
Lease right of use	(63,524)	(30,164)
Derivative financial instruments - <i>swap</i>	(31,712)	(3,250)
Provision loss assets	(9,396)	(244)
Provisions contingencies	(8,445)	16,403
Others	352	656
<b>At the end of the period/year</b>	<b><u>23,691</u></b>	<b><u>91,552</u></b>

### Deferred PIS and COFINS

		<u>06/30/2023</u>	<u>12/31/2022</u>
<b>On January 1</b>		<b>(8,023)</b>	<b>(7,084)</b>
Provision income PIS/COFINS tax credit	(a)	4,139	(939)
<b>At the end of the period/year</b>		<b><u>(3,884)</u></b>	<b><u>(8,023)</u></b>

(a) Tax effects arising from the recognition of PIS and COFINS tax credit income (see note 11, letter a).

### 13. Anticipated expenses

		<u>06/30/2023</u>	<u>12/31/2022</u>
Insurance	(a)	18,332	24,987
Anticipated expenses for personnel		16,319	11,333
Anticipated expenses for services		4,697	8,675
Prepaid expenses with funds from ANTT inspection	(b)	701	4,911
		<b><u>40,049</u></b>	<b><u>49,906</u></b>
Current		35,560	40,256
Non-current		4,489	9,650

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- (a) The balances refer to advance insurance payments, not yet amortized. The validity and the coverage of the insurance policies contracted by the Company are detailed in explanatory note 33.
- (b) It refers to the advance payment of the inspection amount pursuant to the 4th Addendum to the Concession Agreement of MRS Logística in July 2022, which is being amortized over a period of 12 months.

### 14. Other current and non-current assets

The group of other current and non-current assets is composed as follows:

		<u>06/30/2023</u>	<u>12/31/2022</u>
Judicial deposits	(a)	138,111	133,901
Advanced Payments to Suppliers	(b)	72,909	16,958
Advanced payment to employees	(c)	14,077	12,542
Advanced payments to related parties	8	314	-
Others		7	7
		<u><b>225,418</b></u>	<u><b>163,408</b></u>
Current		87,300	29,500
Non-current		138,118	133,908

- (a) Refer to judicial deposits for appeals and to guarantee execution at the disposal of the court to enable filing of an appeal, in accordance with the Law. The deposits are monetarily updated and recorded in non-current assets until there is a court decision. The distribution is described in explanatory note 24.1.
- (b) These correspond to advance payments granted to national and foreign suppliers for the acquisition of materials and inputs that do not correspond to fixed assets.
- (c) These correspond to advance payments granted to employees, such as vacation advance payments, vacation loans and other advance payments.

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#### 15. Fixed Assets

##### 15.1 Fixed assets in operation and in progress

By nature, the fixed assets are constituted as follows:

	06/30/2023						12/31/2022		
	Fixed Assets in Operation						Fixed assets in progress	Total	Total
	Permanent Track	Locomotives	Rails Cars	Machines, Equipment and Installations	Others	Total			
<b>Cost</b>									
<b>On January 1</b>	<b>5,637,120</b>	<b>4,179,924</b>	<b>3,522,180</b>	<b>1,509,222</b>	<b>146,018</b>	<b>14,994,464</b>	<b>1,243,042</b>	<b>16,237,506</b>	<b>14,251,110</b>
Addition	68,987	143,774	94,092	1,934	2,653	311,440	384,910	<b>696,350</b>	<b>2,095,983</b>
Transfer	92,112	14,252	23,869	11,816	1,490	143,539	(143,539)	-	-
Write-off reversal (provision)	-	1,339	24,727	-	-	26,066	-	<b>26,066</b>	<b>(79)</b>
Reclassification	-	-	-	-	-	-	(354)	<b>(354)</b>	<b>20,757</b>
Write-offs	-	(40,993)	(77,486)	(109)	(145)	(118,733)	-	<b>(118,733)</b>	<b>(130,265)</b>
<b>End balance of the period/year</b>	<b>5,798,219</b>	<b>4,298,296</b>	<b>3,587,382</b>	<b>1,522,863</b>	<b>150,016</b>	<b>15,356,776</b>	<b>1,484,059</b>	<b>16,840,835</b>	<b>16,237,506</b>
<b>Depreciation</b>									
<b>On January 1</b>	<b>(3,044,876)</b>	<b>(2,076,925)</b>	<b>(1,522,585)</b>	<b>(664,737)</b>	<b>(105,563)</b>	<b>(7,414,686)</b>	-	<b>(7,414,686)</b>	<b>(6,732,754)</b>
Addition	(179,469)	(105,980)	(71,712)	(35,549)	(3,858)	(396,568)	-	<b>(396,568)</b>	<b>(762,753)</b>
Reclassification	-	-	-	-	-	-	-	-	<b>(19,017)</b>
Write-offs	-	39,661	51,104	92	129	90,986	-	<b>90,986</b>	<b>99,838</b>
<b>End balance of the period/year</b>	<b>(3,224,345)</b>	<b>(2,143,244)</b>	<b>(1,543,193)</b>	<b>(700,194)</b>	<b>(109,292)</b>	<b>(7,720,268)</b>	-	<b>(7,720,268)</b>	<b>(7,414,686)</b>
<b>Net balance of the period/year</b>	<b>2,573,874</b>	<b>2,155,052</b>	<b>2,044,189</b>	<b>822,669</b>	<b>40,724</b>	<b>7,636,508</b>	<b>1,484,059</b>	<b>9,120,567</b>	<b>8,822,820</b>

The movement of fixed assets in 2022 is published in explanatory note 18.1 of the 2022 financial statements.



**Write-off reversal (provision)**

Locomotives and Wagons

The net amounts of R\$1,339 and R\$24,727 presented in the locomotive and rail car groups respectively, represent the write-off of impairment of provisions set in previous years.

**Write-offs**

Locomotives and Wagons

The net amounts of R\$1,333 and R\$26,382 presented in the groups of locomotives and rail cars respectively, are mainly due to the write-offs of unused rail cars in the 1st half of 2023 and the write-offs of components for locomotives and rail cars.

**Fixed assets in progress**

Fixed assets in progress are substantially represented by expenses incurred in the expansion, recovery and modernization of the permanent track, construction of new yards and terminals, locomotives, rail cars and signaling systems.

**Cost of capitalized loans**

The amount of the loan costs capitalized in the period ended June 30, 2023 was R\$3,619 (R\$9,320 on December 31, 2022). The rate used to determine the amount of financing costs subject to capitalization was 15% per year (12.79% in 2022), which represents the Company's average financing rate.

**Depreciation rate**

The annual depreciation rates and service life of the Company's main asset groups applied in 2023 are shown in explanatory note 4.8 of these December 2022 financial statements.

The Company has rail cars and locomotives pledged as collateral for financing. The residual value on June 30, 2023 and December 31, 2022, of the assets pledged as collateral is R\$1,079,319 and R\$1,031,433, respectively.

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#### 15.2 Lease Right of Use

The changes and the balances of the right-of-use assets are is demonstrated below:

	06/30/2023					12/31/2022	
	Assets linked to the concession (a)	Vehicles	Real Estate	Informatics equipment	Others	Total	Total
<b>Cost</b>							
<b>On January 1</b>	<b>3,646,575</b>	<b>38,809</b>	<b>31,976</b>	<b>340</b>	<b>4,042</b>	<b>3,721,742</b>	<b>2,900,927</b>
Addition	-	-	-	-	-	-	<b>825,552</b>
Expenses paid in advance	-	-	-	-	-	-	<b>10,549</b>
Sub-leasing	-	-	-	-	-	-	<b>(2,381)</b>
Financial update re-measurement	-	(34)	(8)	-	307	<b>265</b>	<b>36,972</b>
Transfer to the fixed assets	-	-	-	-	-	-	<b>(36,228)</b>
Unrecognizing	-	-	-	-	-	-	<b>(13,649)</b>
<b>End balance of the period/year</b>	<b>3,646,575</b>	<b>38,775</b>	<b>31,968</b>	<b>340</b>	<b>4,349</b>	<b>3,722,007</b>	<b>3,721,742</b>
<b>Depreciation</b>							
<b>On January 1</b>	<b>(1,115,943)</b>	<b>(30,297)</b>	<b>(10,283)</b>	<b>(255)</b>	<b>(2,769)</b>	<b>(1,159,547)</b>	<b>(905,680)</b>
Addition	(37,483)	(4,047)	(1,547)	(46)	(665)	<b>(43,788)</b>	<b>(286,157)</b>
Transfer to the fixed assets	-	-	-	-	-	-	<b>31,209</b>
Unrecognizing	-	-	-	-	-	-	<b>1,081</b>
<b>End balance of the period/year</b>	<b>(1,153,426)</b>	<b>(34,344)</b>	<b>(11,830)</b>	<b>(301)</b>	<b>(3,434)</b>	<b>(1,203,335)</b>	<b>(1,159,547)</b>
<b>Net balance of the period/year</b>	<b>2,493,149</b>	<b>4,431</b>	<b>20,138</b>	<b>39</b>	<b>915</b>	<b>2,518,672</b>	<b>2,562,195</b>

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The movement of the right of use in the 2022 lease is published in explanatory note 18.2 of the 2022 financial statements.

- (a) The National Road Transport Agency – ANTT terminated Lease Agreement No. 072/96, under the terms of Law No. 13,448, dated June 2017, and Decree No. 10,161, dated December 9, 2019, through the third amendment to the Concession Agreement, published in DOU dated April 14, 2022, by means of transfer of the property and the assignment of use of the fixed assets to the Concessionaire. As a result of the primacy of essence over form, this contract termination had no impact on the Company's financial statements, once the financial obligations to be paid pursuant to the lease agreement for these assets were maintained.



**16. Intangible Assets**

The intangible assets are constituted as follows:

- a) Acquisition/development of computer systems and software.

	<b>06/30/2023</b>			<b>12/31/2022</b>
	<b>Computer systems and software</b>	<b>Projects in progress</b>	<b>Total</b>	<b>Total</b>
<b>Cost</b>				
<b>On January 1</b>	<b>250,783</b>	<b>142,247</b>	<b>393,030</b>	<b>301,328</b>
Addition	4,068	28,036	<b>32,104</b>	<b>76,255</b>
Transfer	133,543	(133,543)	-	-
Reclassification	-	354	<b>354</b>	<b>15,471</b>
Write-offs	-	-	-	<b>(24)</b>
<b>End balance of the period/year</b>	<b>388,394</b>	<b>37,094</b>	<b>425,488</b>	<b>393,030</b>
<b>Depreciation</b>				
<b>On January 1</b>	<b>(232,330)</b>	-	<b>(232,330)</b>	<b>(211,428)</b>
Addition	(6,232)	-	<b>(6,232)</b>	<b>(8,734)</b>
Reclassification	-	-	-	<b>(12,192)</b>
Write-offs	-	-	-	<b>24</b>
<b>End balance of the period/year</b>	<b>(238,562)</b>	-	<b>(238,562)</b>	<b>(232,330)</b>
<b>Net balance of the period/year</b>	<b>149,832</b>	<b>37,094</b>	<b>186,926</b>	<b>160,700</b>

The movement of intangible assets in 2022 is published in explanatory note 19 of the 2022 financial statements.

The amortization rate of the intangible assets was estimated at 20% per year.

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### 17. Suppliers

	<u>06/30/2023</u>	<u>12/31/2022</u>
Payables to related parties	256,495	177,079
Payables to suppliers - in national currency	299,052	430,034
Payables to suppliers - in foreign currency	55,275	13,949
	<u><b>610,822</b></u>	<u><b>621,062</b></u>
Current	604,227	578,736
Non-current	6,595	42,326

### 18. Social and labor obligations

	<u>06/30/2023</u>	<u>12/31/2022</u>
Provision for vacation and 13th salary	62,849	45,215
PPR – Profit Share/Bonus Plan	(a) 49,009	106,984
INSS	31,225	26,282
Payable salaries	24,232	43,131
FGTS	8,092	8,002
Payable IRRF	2,587	8,308
Others	7,187	8,776
	<u><b>185,181</b></u>	<u><b>246,698</b></u>

(a) PPR/Bonus provisioned in the 2022 financial year was fully paid in the first quarter of 2023.

### 19. Income tax and social contribution

	<u>06/30/2023</u>	<u>12/31/2022</u>
Income tax	70,689	127,977
Social Contribution	16,727	17,241
	<u><b>87,416</b></u>	<u><b>145,218</b></u>

### 20. Other tax obligations

	<u>06/30/2023</u>	<u>12/31/2022</u>
ICMS	44,408	45,222
PIS/COFINS	12,394	8,396
Withheld INSS third parties	7,752	6,570
ISS	5,929	4,996
Others	103	201
	<u><b>70,586</b></u>	<u><b>65,385</b></u>



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### 21. Loans and financing

Loans and financing are composed as follows:

	<u>06/30/2023</u>	<u>12/31/2022</u>
<u>National currency</u>		
FINEM/FINAME - BNDES	880,269	870,947
Banco MUFG	(a) 406,372	-
Banco Safra	(b) -	50,865
Promissory notes	620,546	578,989
	<u>1,907,187</u>	<u>1,500,801</u>
Transaction costs	(1,485)	(1,549)
	<u>1,905,702</u>	<u>1,499,252</u>
<u>Foreign currency</u>		
Banco MUFG	(b) 79,929	218,831
	<u>79,929</u>	<u>218,831</u>
Transaction costs	(3)	(3)
	<u>79,926</u>	<u>218,828</u>
<u>Debentures</u>		
7th Issue	(b) 237,317	355,001
9th Issue	(b) 621,079	750,605
10th Issue	1,675,982	1,551,697
	<u>2,534,378</u>	<u>2,657,303</u>
Transaction costs	(41,440)	(39,341)
	<u>2,492,938</u>	<u>2,617,962</u>
Total loans and financing - transaction cost	<u>4,478,566</u>	<u>4,336,042</u>
Current	934,110	731,250
Non-current	3,544,456	3,604,792

In the first half of 2023, new funding and amortizations were made, as follows:

- (a) In the second quarter of 2023, the Company raised R\$400,000 in funds from Banco MUFG. The term of this funding is 3 years, at cost of CDI + 1.70% for R\$300,000 and CDI + 1.67% for R\$100,000. Interest is paid every six months. The principal is repaid on the maturity of the operation;
- (b) Amortization of the following loans and financing: (i) 1/3 of the 2nd series of the 7th issue of debentures, (ii) 1/2 of the 1st series of the 9th issue of debentures, (iii) CCB of Banco Safra and (iv) 4131 with Banco MUFG, totaling R\$500,903 .



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The amortization flow of the long-term financing is as follows:

	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>After 2026</b>	<b>Total</b>
FINEM/FINAME - BNDES	15,678	51,145	79,101	696,690	842,614
Promissory note	-	-	620,546	-	620,546
Banco MUFG	-	-	400,000	-	400,000
Debentures	-	116,019	700,000	899,227	1,715,246
	<b>15,678</b>	<b>167,164</b>	<b>1,799,647</b>	<b>1,595,917</b>	<b>3,578,406</b>

On June 30, 2023, the transaction costs of the fund raising were presented as follows:

	<b>Short-term</b>	<b>Long-term</b>				<b>Total</b>	
	<b>CP</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>After 2026</b>	<b>Total</b>	<b>CP + LP</b>
National	125	60	116	894	290	1,360	1,485
Foreign	3	-	-	-	-	-	3
Debentures	8,850	1,730	793	18,181	11,886	32,590	41,440
	<b>8,978</b>	<b>1,790</b>	<b>909</b>	<b>19,075</b>	<b>12,176</b>	<b>33,950</b>	<b>42,928</b>

Financial covenants

Loan and financing contracts contain restrictive clauses related to the maintenance of financial indexes. All covenants were met on June 30, 2023. The debentures issued by the Company also contain restrictive clauses related to the maintenance of financial indexes, which were fulfilled on June 30, 2023. The 7th issue debentures contain clauses maintaining a minimum risk rating attributable by Standard and Poor's, which were also met in the informed period. The 9th and 10th issue debentures and the Promissory Notes do not have minimum risk rating maintenance clauses.

In 2023, the Consent for the 7th Debenture issue was completed, to adjust the interest coverage coefficient (EBITDA/Financial Expenses) from 4.0x to 2.0x until the maturity of the operation (2025). This action was taken in line with the outlined scenario monitoring mechanisms, evaluating stress situations on relevant market variables. For this initiative, R\$4.4 million were disbursed in fees, commissions and premiums to the debenture holders.



## **22. Lease**

The leases within the scope of CPC 06 (R2) related to the Company's rights of use were grouped according to their nature according to the information below:

- Assets linked to the concession: agreement with the Government related to assets necessary for the operation and the maintenance of the railway freight transport activities. After signing the addendum renewing the concession, the values began to be adjusted annually by IPCA. The nominal discount rate determined for the calculation of the present value and re-measurement of the pre-existing lease is 9.95%.
- Real Estate: lease agreements for areas, commercial rooms, garages, buildings and others.
- Vehicles: vehicle rental contracts to serve the operational areas.
- Computer equipment: computer equipment, electronics and software.
- Others: rental of aerial platforms, forklifts, containers and others.

The lease agreements, except the lease contract for assets linked to the concession, have different validity periods, with the last expiry date in December 2026. The amounts are updated annually by inflation indexes, mostly IPCA.

The incremental loan rate used by the Company was determined based on the interest rates the Company has access to, adjusted to the Brazilian market and the terms of its contracts. Rates between 7.89% and 8.88% were used (7.89% to 8.88%, on December 31, 2022), according to the term of each contract.

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The movement and balance of the commercial leases are shown below:

	06/30/2023					Total	12/31/2022
	Assets linked to the concession	Real Estate	Vehicles	Informatics equipment	Others		Total
<b>Payable lease</b>							
<b>On January 1</b>	<b>4,053,086</b>	<b>12,357</b>	<b>9,298</b>	<b>102</b>	<b>1,715</b>	<b>4,076,558</b>	<b>2,526,950</b>
Addition	-	-	-	-	-	-	<b>2,267,968</b>
Re-measurement by financial update	-	(8)	(34)	-	307	<b>265</b>	<b>28,246</b>
Unrecognizing	-	-	-	-	-	-	<b>957</b>
Payments	(333,826)	(1,733)	(4,235)	(48)	(699)	<b>(340,541)</b>	<b>(747,563)</b>
<b>End balance of the period/year</b>	<b>3,719,260</b>	<b>10,616</b>	<b>5,029</b>	<b>54</b>	<b>1,323</b>	<b>3,736,282</b>	<b>4,076,558</b>
<b>Interest to become due</b>							
<b>On January 1</b>	<b>(1,672,070)</b>	<b>(2,870)</b>	<b>(456)</b>	<b>(3)</b>	<b>(99)</b>	<b>(1,675,498)</b>	<b>(425,259)</b>
Addition/(Reversal)	-	-	-	-	-	-	<b>(1,442,600)</b>
Re-measurement by financial update	-	-	-	-	-	-	<b>(4,405)</b>
Unrecognizing	-	-	-	-	-	-	<b>507</b>
Interest Due	108,982	318	287	2	54	<b>109,643</b>	<b>196,259</b>
<b>End balance of the period/year</b>	<b>(1,563,088)</b>	<b>(2,552)</b>	<b>(169)</b>	<b>(1)</b>	<b>(45)</b>	<b>(1,565,855)</b>	<b>(1,675,498)</b>
<b>Net balance of the period/year</b>	<b>2,156,172</b>	<b>8,064</b>	<b>4,860</b>	<b>53</b>	<b>1,278</b>	<b>2,170,427</b>	<b>2,401,060</b>

The changes in the lease in 2022 are published in explanatory note 25 of the 2022 financial statements.



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The flow of future lease payments is as follows:

<b>Payable lease</b>	<b>Up to 12 months</b>	<b>Up to 5 years</b>	<b>Above 5 years</b>	<b>Total</b>
Assets linked to the concession	667,651	1,504,119	1,547,490	3,719,260
Real Estate	3,506	7,110	-	10,616
Vehicles	5,006	23	-	5,029
Informatics equipment	54	-	-	54
Others	1,178	145	-	1,323
	<b>677,395</b>	<b>1,511,397</b>	<b>1,547,490</b>	<b>3,736,282</b>

<b>Interest to become due</b>	<b>Up to 12 months</b>	<b>Up to 5 years</b>	<b>Above 5 years</b>	<b>Total</b>
Assets linked to the concession	(184,595)	(326,036)	(1,052,457)	(1,563,088)
Real Estate	(1,224)	(1,328)	-	(2,552)
Vehicles	(169)	-	-	(169)
Informatics equipment	(1)	-	-	(1)
Others	(37)	(8)	-	(45)
	<b>(186,026)</b>	<b>(327,372)</b>	<b>(1,052,457)</b>	<b>(1,565,855)</b>

<b>Net amount at the end of the period/year</b>	<b>491,369</b>	<b>1,184,025</b>	<b>495,033</b>	<b>2,170,427</b>
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**23. Financial Instruments**

Operations with financial instruments

The calculation of the fair value of the investments (Cash and cash equivalents, Restricted cash and Financial investments) follows the following methodology: (i) for the calculation of the fair value, only investments the contracted rates of which are different at 100% of CDI are considered and (ii) for the calculation of the discount rate, for the measurement of the fair value, the last investment rate contracted by the financial institution where the application is held is considered.

The calculation of the fair value of the receivables from customers uses the following valuation technique: (i) for short-term operations, it is estimated that the fair value is substantially similar to its book value and (ii) for operations with receiving period longer than days, the calculation is made deducting the inflation and interest rates of the period.

The fair value of loans and financing is based on market assumptions, the calculation follows the following methodology: for operations with public market quotation for the reference interest rate, the flow to maturity is calculated with the contract rate, and then, it is deducted at the updated rate of the public source, and for loans and financing without public source of interest rate, after calculating the flow to maturity at the contract rate, it is deducted at the interest rate of similar operations in terms of risk and term. Occasionally, in case of difficulty to identify comparable financing, the discount rate is determined upon check at financial institutions.

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The following table presents the carrying values of all transactions with financial instruments carried out by the Company, which differ from their fair values:

	<b>06/30/2023</b>		<b>12/31/2022</b>	
	<b>Accounting value</b>	<b>Fair value</b>	<b>Accounting value</b>	<b>Fair value</b>
<b>Assets</b>				
Receivables from customers	341,765	354,279	657,553	481,301
<b>Liabilities</b>				
Loans and financing in foreign currency	79,929	79,333	218,831	220,832

The calculation of the fair value of the loans considers the market quotation of the respective operations, except those: (i) for which there is no net reference market or (ii) the settlement (exit value) of which can be made without penalty. In these cases, the fair value coincides with the value on the curve.

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#### Classification of the financial instruments

Below, we present the book values of all transactions with financial instruments carried out by the Company and their respective classification.

	06/30/2023				12/31/2022			
	Amortized cost	VJR	VJR/transactions used for hedge	Total	Amortized cost	VJR	VJR/transactions used for hedge	Total
<b>Assets</b>								
Cash and cash equivalents	-	1,223,930	-	1,223,930	-	866,856	-	866,856
Restricted cash	-	1,138	-	1,138	-	1,081	-	1,081
Receivables from customers and other receivables	367,463	-	-	367,463	685,338	-	-	685,338
Gains on operations with derivative financial instruments – swap/NDF	-	-	203,134	203,134	-	-	130,461	130,461
<b>Total</b>	<b>367,463</b>	<b>1,225,068</b>	<b>203,134</b>	<b>1,795,665</b>	<b>685,338</b>	<b>867,937</b>	<b>130,461</b>	<b>1,683,736</b>
	06/30/2023				12/31/2022			
	Amortized cost	VJR	VJR/transactions used for hedge	Total	Amortized cost	VJR	VJR/transactions used for hedge	Total
<b>Liabilities</b>								
Suppliers	610,822	-	-	610,822	621,062	-	-	621,062
Loans and financing in R\$	1,907,187	-	-	1,907,187	1,500,801	-	-	1,500,801
Loans and financing in USD	-	-	79,929	79,929	-	-	218,831	218,831
Debentures	1,594,926	-	939,452	2,534,378	1,842,558	-	814,745	1,842,558
Losses in operations with derivative financial instruments – swap/NDF	-	-	70,793	70,793	-	-	160,351	160,351
<b>Total</b>	<b>4,112,935</b>	<b>-</b>	<b>1,090,174</b>	<b>5,203,109</b>	<b>3,964,421</b>	<b>-</b>	<b>1,193,927</b>	<b>4,343,603</b>



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Derivative financial instruments

The Company holds derivative financial instruments to hedge risks related to foreign currencies and inflation indexes.

The accounting policy for recording transactions with derivative financial instruments is described in explanatory note 4.3 (v) of the financial statements on December 31, 2022.

The derivative financial instruments are initially recognized at fair value on the date the derivative contract is contracted, and are subsequently also revalued at fair value. Derivatives are presented as financial assets when the fair value of the instrument is positive, and as financial liabilities when the fair value is negative.

Thus, the swap operations which presented a net receivable balance at the amount of R\$132,341 on June 30, 2023 (net payable balance of R\$29,889 on December 31, 2022) had their variations recorded in the result.

The Company documented such hedge relationship as fair value hedge after tests proved that the hedge is expected to be highly effective in the offset of the fair value of the hedged object. The effectiveness is measured based on prospective effectiveness tests, evaluated using the statistical volatility reduction method. The hedge is considered effective when the effectiveness quotient of the prospective test results in a value equal to or greater than 80%.

From the designation of the swap for fair value hedge, the variation in the fair value of the hedge continues to be recorded in the financial result; however, at the same time, the variation in the fair value of the attributable risk of the designated hedge object is verified, which is recorded in liabilities as compensation in the financial result.

	<u>Fair value hedge object</u>		<u>Impact on the financial income</u>			
	<u>06/30/2023</u>	<u>12/31/2022</u>	<u>04/01/2023</u> to <u>06/30/2023</u>	<u>01/01/2023</u> to <u>06/30/2023</u>	<u>04/01/2022</u> to <u>06/30/2022</u>	<u>01/01/2022</u> to <u>06/30/2022</u>
Debt	1,013,431	1,122,509				
Adjustment of fair value <i>hedge</i>	5,950	(88,933)				
<u>Financial revenues</u>						
Adjustment of fair value hedge	-	-			47,930	67,604
<u>Financial expenses</u>						
Adjustment of fair value hedge	(69,128)	(94,883)			9,761	844
<b>Net financial income</b>	<b>(69,128)</b>	<b>(94,883)</b>	<b>(a)</b>		<b>57,691</b>	<b>68,448</b>

(a) Hedge accounting was adopted to mitigate the volatility of the mark-to-market of the derivative for the contract with exposure in USD Dollars with Banco MUFG, resulting in the balance of the net financial result. For the 2nd and 3rd series of the 10th debenture issue, there are also hedge accounting operations.



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Derivative designated for fair value hedge	Reference value (notional)		Fair value	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
<b>Type of contract</b>				
Swap contracts (fixed dollar to real CDI)				
Active position				
Fixed dollar	68,667	68,667	79,333	87,822
Passive position				
Real CDI	68,667	68,667	(69,765)	(70,040)
			9,568	17,782
Swap contracts (fixed Yen to real CDI)				
Active position				
Fixed Yen	-	150,000	-	133,010
Passive position				
Real CDI	-	150,000	-	(165,583)
			-	(32,573)
Swap contracts (IPCA to real CDI)				
Active position				
IPCA	800,000	800,000	951,267	822,059
Passive position				
Real CDI	800,000	800,000	(892,862)	(892,647)
			58,405	(70,588)
Total swap contracts			<b>67,973</b>	<b>(85,379)</b>
Provision for IT on swap gains			(11,656)	(2,667)
Total swap contracts net IT			<b>56,317</b>	<b>(88,046)</b>
<u>Classified</u>				
In the current assets			8,132	15,114
In the non-current assets			118,977	15,934
In the current liabilities			(70,793)	(116,534)
In the non-current liabilities			-	(2,560)
			<b>56,317</b>	<b>(88,046)</b>

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<b>Not designated derivatives</b>	<b>Reference value (notional)</b>		<b>Fair value</b>	
	<b>06/30/2023</b>	<b>12/31/2022</b>	<b>06/30/2023</b>	<b>12/31/2022</b>
<b>Type of contract</b>				
<i>Hedge contracts</i>				
Active position				
IPCA (IPCA to CDI)	367,150	367,150	466,494	445,810
Passive position				
CDI (IPCA to CDI)	367,150	367,150	(377,053)	(377,390)
Total hedge contracts			<b>89,441</b>	<b>68,420</b>
Provision for IT on swap gains			(13,416)	(10,263)
Total swap contracts net IT			<b>76,025</b>	<b>58,157</b>
<u>Classified</u>				
In the current assets			76,025	-
In the non-current assets			-	99,413
In the current liabilities			-	(41,256)
			<b>76,025</b>	<b>58,157</b>

The Company has swap derivative instruments. For the active part of the swap, linked to a fixed rate plus exchange variation of the dollar, yen or IPCA, the value is calculated at the contract rate until maturity and then discounted at the exchange coupon rate, or IPCA coupon corresponding to the remaining term, between the due date and the current date. Finally, the value resulting from this calculation (currency swap) is converted at the current exchange rate, if the flow is in foreign currency.

For the passive part, which is linked to given CDI percentage, the value until maturity is calculated by applying this percentage. This result is then discounted at the rate of 100% of CDI until the current date.

<b>Description</b>	<b>06/30/2023</b>			<b>12/31/2022</b>		
	<b>Notional value</b>	<b>Fair value</b>	<b>Maturity</b>	<b>Notional value</b>	<b>Fair value</b>	<b>Maturity</b>
<b>Active position</b>						
Foreign currency	68,667	79,333		218,667	220,832	
IPCA	1,167,150	1,417,760	Up to Aug/36	1,167,150	1,267,869	Up to Aug/36
<b>Passive position</b>						
Fees (post)	1,235,817	1,339,680		1,385,817	1,505,660	

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The Company's derivative financial instruments are distributed among the following counter parties:

Institution	MRS receives	MRS pays	Start date	Due date	Contracted notional value	Fair value on 06/30/2023 (R\$)		Gross Income (R\$)
						Active	Passive	Active – Passive (*)
<b>Swap contracts</b>								
Banco MUFG	USD+ 4.59%	106%,5% of CDI	08/27/2018	08/23/2023	68,667	79,333	69,765	9,568
Banco ITAU	IPCA+4.97%	CDI+1.05%	08/16/2021	08/15/2031	300,000	353,224	325,893	27,331
Banco ITAU	IPCA+5.06%	CDI+1.30%	08/16/2021	08/15/2036	500,000	598,042	566,969	31,073
Banco Mizuho	IPCA+4.095%	100.64 % of CDI	04/30/2019	04/15/2024	100,000	127,058	102,697	24,361
Bank JP Morgan	IPCA+4.095%	100.64 % of CDI	04/30/2019	04/15/2024	267,150	339,436	274,356	65,080
<b>Total</b>						<b>1,497,093</b>	<b>1,339,680</b>	<b>157,413</b>

(\*) Gross amounts of Withheld Income Tax of R\$25,072, totaling net derivatives position of R\$132,341 (R\$29,889 on December 31, 2022).



### Non-derivative financial instruments

When measuring the fair value of its financial instruments, the Company assesses the credit risk of its counter parties and its own credit risk.

#### **23.1. Hierarchy of the fair value**

The Company uses the following hierarchy to determine and disclose the fair value of the financial instruments:

- Level 1: Financial instruments with data from an active market (quoted price not adjusted) so that it is possible to access it daily, on the date of measurement of the fair value as well.
- Level 2: Financial instruments with data different from those coming from an active market (quoted price not adjusted) included in Level 1, extracted from a pricing model based on observable market data.
- Level 3: Instruments classified as Level 3 are those with data extracted from a pricing model based on unobservable market data.

The Company's derivative financial instruments, with net receivable balance of R\$132,341 on June 30, 2023, as well as the financial instruments associated with cash (including cash and cash equivalents and restricted cash) were classified at Level 2 for fair value hierarchy. There are no financial instruments classified as Level 3 and Level 1 in the Company.

	<b>06/30/2023</b>		<b>12/31/2022</b>	
	<b>Fair value</b>	<b>Level</b>	<b>Fair value</b>	<b>Level</b>
<b>Active (Passive)</b>				
Active derivative financial instruments	203,134	2	130,461	2
Passive derivative financial instruments	(70,793)	2	(160,350)	2
	<b>132,341</b>		<b>(29,889)</b>	

#### **23.2. Goals and policies for financial risk management**

The Company's main financial liabilities, other than derivatives, refer to loans, suppliers and other accounts payable. The main purpose of these financial liabilities is to raise funds for the Company's operations. The Company has loans and other credits, trade accounts receivable and other accounts receivable and demand and short-term deposits which result directly from its operations. The Company contracts transactions with derivative as well.

The Company is exposed to market risk, credit risk and liquidity risk. The high Administration supervises the management of these risks and is supported by a financial committee of the Administration Board, thus contributing to the maintenance of an adequate financial risk governance structure for the Company.

The financial committee recommends actions to the Company's high Administration so that the activities in which financial risks are assumed are governed by appropriate policies and procedures, and approved by the Administration Board. The purpose of all activities with derivative is the risk management, and there are no derivative negotiations for speculative purposes. The financial risk management policy is reviewed and approved annually by the Administration Board.



The financial committee reviews and establishes policies for management of each of these risks, with the main purpose to reduce unexpected financial or economic differences that could impact both the Company's results and its expected cash flow. As a secondary objective, the intention is to minimize the probability of: (i) unexpected requirement for additional fund raising; and (ii) that MRS metrics violate financial covenants which have already been assumed.

As a central risk management mechanism, the internal controls used by the Company's Administration are focused on the follow-up of the percentage of debt indexed in foreign currency which is protected by derivative financial instruments. For this reason, most of the Company's foreign exchange risk exposure has been covered by swap contracts.

Additionally, the Company not only follows up the results of these operations through their fair value, but also outlines scenarios of deterioration of relevant market variables, evaluating stress situations and respective financial impacts.

### **23.3. Policy for use of derivative financial instruments**

The Company's policy is to mitigate its exposure to market risks, seeking to reduce the financial impact of fluctuations in exchange rates and interest rates. This policy is implemented by means of strategic follow up of the exposure of its assets and liabilities to these variables, together with the contracting of derivative transactions that allow control of the involved risks.

The derivative operations basically take place through swaps for loans in foreign currency or IPCA, both involving increase in pre-fixed rates, versus a percentage of CDI or CDI plus a pre-fixed rate, all with first-class banks as counter parties, and there is no guarantee margin deposit. It shall be pointed out that all derivative contracts are intended to reduce the exposure to risks, with no speculative positions.

### **23.4. Market risk**

The market risk is the risk the fair value of the future cash flows of a financial instrument to fluctuate due to variations in the market prices. The market prices encompass three types of risks: interest rate risk, exchange risk and price risk, which can be commodities and shares, among others, which are detailed hereunder. Financial instruments affected by the market risk include payable loans, deposits, financial instruments available for sale and measured at fair value by means of profit or loss and derivative financial instruments.

#### **(a) Interest rate risk**

Interest rate risk arises from the possibility of the Company to be subject to financial loss caused by changes in the interest rates it is exposed to.

The Company has relevant liabilities linked to post-fixed local interest rates such as CDI, TJLP – Long-Term Interest Rate, TLP and IPCA.

The risks associated with CDI, TJLP and IPCA are assessed using sensitivity analysis. This analysis assumes reasonably possible scenarios, where appreciation of 25% and 50% in the market interest rates has been considered. In scenario I, the rates are increased by 25% and in scenario II by 50% in relation to the rates of the probable scenario listed by the Company, using the market perspective for the end of 2022, based on FOCUS market report released by the Banco Central do Brasil on June 30, 2023, in addition to TJLP and TLP on the same date.

In the table below, it is possible to note that, on the base date June 30, 2023, the 50% increase in both CDI and TJLP (scenario II), represents loss close to 14.4% (in 2022, the loss was close to 5.9%) increase in the net liability position, approximately R\$474,500 (R\$230,600 on December 31, 2022), when compared to the probable scenario, which is why the Company decided not to use derivative instruments to minimize this exposure.

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	<b>06/30/2023</b>			
	<b>R\$ million</b>		25% higher	50% higher
	<b>Base</b>	<b>Likely</b>	<b>Scenario I</b>	<b>Scenario II</b>
<b>CDI</b>	13.65%	11.76%	14.70%	17.64%
<b>TJLP</b>	11.57%	11.57%	14.46%	17.36%
<b>TLP</b>	5.49%	5.49%	6.86%	8.24%
<b>IPCA</b>	5.42%	4.95%	6.10%	7.43%
<b><u>Liabilities</u></b>	<b>4,521.1</b>	<b>4,981.4</b>	<b>5,096.5</b>	<b>5,211.5</b>
TJLP debt	0.4	0.4	0.4	0.5
TLP debt	879.9	928.2	940.3	952.3
CDI debt	3,403.5	3,803.7	3,903.8	4,003.9
IPCA debt	237.3	249.1	252.0	254.9
<b><u>Assets</u></b>	<b>1,223.9</b>	<b>1,367.9</b>	<b>1,403.8</b>	<b>1,439.8</b>
Investments	1,223.9	1,367.9	1,403.8	1,439.8
<b><u>Unsecured net position</u></b>	<b>3,297.2</b>	<b>3,613.6</b>	<b>3,692.7</b>	<b>3,771.7</b>

	<b>Accounting value</b>	
	<b>06/30/2023</b>	<b>12/31/2022</b>
<b>Fixed-rate instruments</b>		
Financial liabilities	402	441,061
<b>Post-fixed-rate instruments</b>		
Financial assets	1,225,068	867,937
Financial liabilities	4,521,092	3,935,875

**(b) Exchange rate risk**

The Company's results are susceptible to significant variations due to the effects of the exchange rate volatility on the liabilities linked to currency other than its functional currency.

Especially, its exposure to the currency risk (exchange rate risk) is concentrated in purchase and loans basically denominated in US dollars, which ended the period ended on June 30, 2023 with negative variation of 5.13% (-6.50% on December 31, 2022).

	<u>06/30/2023</u>	<u>12/31/2022</u>
<b>Assets in foreign currency</b>		
Import in progress	6,405	1,137
Swap/NDF financial instruments	79,333	220,832
	<u>85,738</u>	<u>221,969</u>
<b>Liabilities in foreign currency</b>		
Suppliers	(249,243)	(162,268)
Loans and financing	(79,929)	(218,831)
	<u>(329,172)</u>	<u>(381,099)</u>
<b>Net Exposure</b>	<u>(243,434)</u>	<u>(159,130)</u>

Below, there are the variations in the Company's assets and liabilities linked to the exchange rate, pursuant to the application of the stress scenarios. It was decided to keep the active side of the swap separate, in order to make the effect of the derivative more evident.

The sensitivity analyses in the following sections refer to the position on June 30, 2023 and seek to simulate how stress in the risk variables could affect the Company, considering reasonably possible scenarios. The first step was to identify the main factors with potential to generate loss in the result, which summed up to the exchange rate. The analysis started from a base scenario, represented by the book value of the operations, i.e., considering the sales rate on June 30, 2023 and the interest accrued in the period. Additionally, three scenarios were outlined, the probable, II with deterioration of 25% and III, with deterioration of 50%, in the risk variable.

To make the analysis, the Company uses the exchange rate on June 30, 2023 as a assumption for the probable scenario - disclosed in the latest Focus Report - Bacen. Based on the probable exchange rate, the scenarios of 25% and 50% deterioration of the risk variable are generated.

The table below represents the sensitivity analysis involving the net effect resulting from these shocks on the exchange rates for 2023.



**Risk of the dollar appreciation – June 30, 2023**

R\$ million

<b>Operation</b>	<b>Probable Scenario I</b>	<b>Scenario II</b>	<b>Scenario III</b>
<i>Hedge</i> - Active swap account	1.868	20.300	40.600
Debt in US\$	(1.868)	(20.300)	(40.600)
<b>Net risk of the operation in the increase US\$</b>	<b>(0.000)</b>	<b>(0.000)</b>	<b>(0.000)</b>

	<b>Exposure (R\$ million)</b>	<b>Probable exposure (R\$ million)</b>	<b>Real</b>	<b>Expected rate</b>	<b>Impact</b>	
					<b>25%</b>	<b>50%</b>
Active swap account	79.3	81.2	5.08	5.20	6.50	7.80
Debt in US\$	(79.3)	(81.2)	5.08	5.20	6.50	7.80

These transactions are primarily denominated in Real and Dollar.

**(c) Credit risk**

It refers to the possibility of the Company suffering losses pursuant to the default of its counter parties or financial institutions depository of funds or financial investments. To mitigate these risks, the Company adopts the practice of analysis of the financial and equity situations of its counter parties, as well as definition of credit limits and permanent follow-up of unsecured positions. The Company has no guarantees taken in relation to the accounts receivable.



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	<u>06/30/2023</u>	<u>12/31/2022</u>
Cash and cash equivalents	1,223,930	866,856
Restricted cash	1,138	1,081
Receivables from customers and other receivables	367,463	685,338
Derivative financial instruments – <i>swap/NDF</i>	132,341	(29,890)
<b>Total</b>	<b><u>1,724,872</u></b>	<b><u>1,523,385</u></b>

### *Accounts receivable*

The Company has its accounts receivable concentrated in some large customers, which are also its related parties (explanatory note 8), representing 82.6% of total accounts receivable on June 30, 2023 (87.5% on December 31, 2022).

Such customers demand transport of cargo considered “captive” and have the same credit policy, determined in the respective service provision contracts. For these customers, the credit risk is relatively low due to the mitigating mechanisms defined in the service provision agreement.

For customers with non-captive cargo transport, the Company is subject to credit policies established by its administration, which aim to minimize any problems pursuant to default of its customers. In these cases, the Company carries out daily credit and collection management. In case of default, collection is carried out with direct involvement of the managers responsible for commercial contracts, and may even result in the temporary suspension of the service provision.

### *Financial instruments and cash deposits*

The Company is subject to credit risk associated with the financial investments it makes, given the risk of insolvency of the institutions in which the Company keeps its investments, which may result in the total or partial loss of the invested funds. On June 30, 2023, the Company's exposure of cash and cash equivalents was R\$1,223,930 (R\$866,856 on December 31, 2022), which were allocated to a current account, CDB investments or committed operations with formal repurchase commitment by the financial institutions.

The credit risk on cash and cash equivalents and financial investments is determined by rating instruments widely accepted by the market and are arranged as follows:

	<u>06/30/2023</u>
AAA+	964,258
AA+	259,513
A or A+	159
<b>Total</b>	<b><u>1,223,930</u></b>



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**(d) Liquidity risk**

The Company's operation is capital intensive and part of this investment is financed by loans and financing. This leverage, as shown in the table below, generates a demand for cash, and it is certain that the resilience of the Company's investment is high, i.e., it is possible to adjust it throughout the year according to the evolution of the business.

The chart below summarizes the maturity profile of the financial liabilities of the Company on June 30, 2023 based on the non-deducted contract payments.

	Non-Deducted Cash Flow – 06/30/2023				
	Up to 6 months	6- 12 months	1 - 2 years	2 – 5 years	More than 5 years
<b>Non-derivative financial liabilities</b>					
Loans, financing, debentures and promissory notes (R\$)	96,578	755,655	625,659	1,929,814	1,064,958
Related parties	113,890	155,427	19,233	-	-
Suppliers	303,853	49,595	879	-	-
<b>Derivative financial liabilities</b>					
<i>Swaps used for hedge (USD)</i>	(37,994)	86,433	(149,249)	(250,389)	222,483

	Non-Deducted Cash Flow – 12/31/2022				
	Up to 6 months	6- 12 months	1 - 2 years	2 – 5 years	More than 5 years
<b>Non-derivative financial liabilities</b>					
Loans, financing, debentures and promissory notes (R\$)	167,349	824,646	387,094	1,527,888	2,464,096
Related parties	132,986	96,662	22,153	12,822	-
Suppliers	440,574	1,872	1,523	-	-
<b>Derivative financial liabilities</b>					
<i>Swaps used for hedge (USD)</i>	(105,943)	7,397	26,416	(68,371)	110,610

It is worth pointing out that the guarantees for non-derivative financial liabilities, when any, are mentioned in notes 8 and 15.1. There is not any kind of guarantee for the derivative financial liabilities.

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### *Capital management*

The administration's policy is to keep a solid capital base to keep the trust of investors, creditors and the market for the future development of the business. The administration monitors the return on invested capital considering the results of the economic activities of the operating segments. The purpose is to achieve a return compatible with its cost of capital reviewed annually through the concept of the Weighted Average Cost of Capital. The administration also monitors the level of dividends for common and preferred shareholders.

The debt in relation to the capital at the end of the period is presented below:

	<b>06/30/2023</b>	<b>12/31/2022</b>
Total liabilities	8,706,659	9,017,819
(-) Cash and cash equivalents	1,223,930	866,856
(-) Restricted cash	1,138	1,081
Net obligations	<u>7,481,591</u>	<u>8,149,882</u>
Total Net Equity	5,994,926	5,513,634
Ratio of the net obligations to the capital	<b>1.248</b>	<b>1.478</b>

## **24. Provisions**

The provisions are composed as follows:

	<b>06/30/2023</b>	<b>12/31/2022</b>
Provision for Contingencies	<b>24.1</b> 692,786	691,346
Provision for compensation/fines to the Granting Authority	<b>24.2</b> 40,873	40,873
Provision ILP (Long-Term Incentives)	15,538	18,229
Provisions for after-employment benefits	<b>24.3</b> 8,804	8,250
Other provisions	24,818	16,711
	<u><b>782,819</b></u>	<u><b>775,409</b></u>
Current	35,783	22,674
Non-current	747,036	752,735



**24.1 Provision for contingencies**

Provisions for passive contingencies, classified as probable risk of loss, are recorded in non-current liabilities and composed as follows:

	<b>Labor</b>	<b>Civil</b>	<b>Tax</b>	<b>Environmental</b>	<b>Total provisioned liabilities</b>
<b>On December 31, 2021</b>	<b>413,531</b>	<b>108,123</b>	<b>147,751</b>	<b>290</b>	<b>669,695</b>
Addition	54,941	21,660	4,959	1,455	83,015
Updates	33,089	(17,377)	14,537	60	30,309
Write-offs for reversal or payments	(54,886)	(34,032)	(2,755)	-	(91,673)
<b>On December 31, 2022</b>	<b>446,675</b>	<b>78,374</b>	<b>164,492</b>	<b>1,805</b>	<b>691,346</b>
Addition	27,782	7,194	-	-	34,976
Updates	5,264	3,010	5,399	72	13,745
Write-offs for reversal or payments	(36,549)	(10,732)	-	-	(47,281)
<b>On June 30, 2023</b>	<b>443,172</b>	<b>77,846</b>	<b>169,891</b>	<b>1,877</b>	<b>692,786</b>

Considering the deposits and the blocking made during the process, and which are still pending, the expected future impact on cash is composed as follows:

		<b>Number of shares (*)</b>	<b>Involved value</b>	<b>Provision</b>	<b>Deposits</b>	<b>Net value</b>
Labor	<b>(a)</b>	1,688	827,651	443,172	(38,382)	404,790
Civil	<b>(b)</b>	1,042	482,344	77,846	(12,200)	65,646
Tax	<b>(c)</b>	165	735,203	169,891	(86,515)	83,376
Environmental	<b>(d)</b>	115	68,499	1,877	(1,014)	863
Others	<b>(e)</b>	7	-	-	-	-
		<b>3,017</b>	<b>2,113,697</b>	<b>692,786</b>	<b>(138,111)</b>	<b>554,675</b>

(\*) These refer to processes classified with prognosis of possible and probable loss.

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#### **(a) Labor**

Most labor lawsuits seek the charge of overtime, compensation payments, night shift pay, intra-shift breaks, equal pay and hazard and unhealthy work additional pay.

On June 30, 2023, the total value of the labor claims, classified as possible or probable loss, was R\$827,651 (R\$814,586 on December 31, 2022).

The causes with prognosis of probable loss are at the amount of R\$648,137, and for these causes, based on the understanding of its legal advisors, the Company has provisioned R\$443,172 for 1,043 lawsuits (R\$446,675 on December 31, 2022), considering the prospect of probable loss in those lawsuits.

The addition at the amount of R\$27,782 is mainly due to changes in the prognosis, results of calculations pursuant to condemnatory or amending decisions issued during the period.

Likewise, provision write-offs in the period total R\$36,549 and refer to execution payments, payments for signed deals and changes in prognosis.

Furthermore, based on the assessment of its legal advisors, the Company has contingency of R\$179,515 for 645 lawsuits with estimated possible loss, for which there are no amounts constituted as provision.

#### **(b) Civil**

Currently, in the civil area, the Company is a party to 1,042 lawsuits, in 975 of which it appears as defendant and 67, it appears as plaintiff/contestant/interested party.

The lawsuits in which the Company appears as a defendant mostly deal with civil liability for railway accidents, legality of the charge for interference by third parties in right-of-way areas, concession and lease contracts, maintenance of the health plan and index adjustment of the monthly health plan fees after dismissal of employees from the Company, equivalence of the private pension plan to RFFSA plan and public civil lawsuits. The total amount involved in said lawsuits on June 30, 2023 was R\$482,344 (R\$449,083 on December 31, 2022).

Following the understanding of its legal advisors, the Company has provision of R\$77,846 (R\$78,373 on December 31, 2022), referring to the estimated value of lawsuits with probable loss.

The lawsuits in which the Company appears as the plaintiff/contestant/interested party, mostly deal with contract liability, collection actions for the use of the right-of-way, adverse possession and repossession. The total amount involved in said lawsuits on June 30, 2023 was R\$19,733.

Following the understanding of its legal advisors, on June 30, 2023, the Company has provision of R\$0.4 for these lawsuits (R\$1.5 on December 31, 2022).

Provision write-offs were made in the period, totaling R\$10,732, resulting from the implementation of the provisioned expenses.

The Company is a party to 872 lawsuits for which, based on the assessment of its legal advisors, it does not constitute provision, since the loss prognosis was classified as possible. The amount of the contingencies with prognosis of possible loss is R\$372,658 on June 30, 2023 (R\$361,575 on December 31, 2022) and refers mainly to compensation actions arising from railway accidents.

The Company has insurance covering bodily injury, material damage, moral damage and losses caused to third parties, the deductible amount of which is currently R\$750 per claimant third party.

#### **(c) Tax**



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The Company is a party to 165 legal and administrative tax lawsuits, 27 of which are tax recovery lawsuits and 138 lawsuits with possible or probable risk of outbound funds.

|On June 30, 2023, the total amount involved for the 165 lawsuits was R\$735,203 (R\$721,032 on December 31, 2022). Based on the understanding of its legal advisors, the Company has provisioned the amount of R\$169,891 (R\$164,492 on December 31, 2022), referring to 11 lawsuits considering the prospect of probable loss.

The Company has 127 lawsuits for which, based on the assessment of its legal advisors, it did not constitute provision, since the expectations of loss were considered possible. The amount of the contingencies with prognosis of possible loss is R\$565,312 on June 30, 2023 (R\$556,540 on December 31, 2022).

The details of the lawsuits with probable and possible losses are described in explanatory note 29.1, letter c, of the 2022 financial statements.

**(d) Environmental**

The Company is a party to 15 legal lawsuits and 100 administrative proceedings for environmental matters. On June 30, 2023, the total amount involved in the aforementioned legal lawsuits was R\$68,499 (R\$66,852 on December 31, 2022). Based on the understanding of its legal advisors, the Company has provisioned the amount of R\$1,877 related to 3 lawsuits considering the prospect of probable loss in those lawsuits, with the others remaining as 'possible' losses.

**(e) Others**

The Company has 7 Terms of Conduct Adjustment (TACs) signed and in force, 3 of which arise from labor matters and 4 from civil matters. TACs on labor matters aim to (i) guarantee the union leaders full exercise of the activities aimed at defending the collective or individual rights and interests of the professional category; (ii) filling the percentage of employees with disabilities established by art. 93 of Law 8,213/91 and, (iii) guarantee access and maintenance of the employment for employees who filed labor lawsuits against the company. In the civil area, there are 4 TACs: (i) in the municipality of Guarujá, dealing with improvements to safety signaling, regularization of the right-of-way area and provision of a dumpster for waste; (ii) in the municipality of Santo André, for refurbishment of properties within the Paranapiacaba railway yard; (iii) in the municipality of Congonhas, for the construction of 1 viaduct and 2 walkways in Bairro do Pires and; (iv) in the municipality of Barra do Piraí, to adapt the workshop to NBR 10.151.

**24.2 Provision for compensation/fines to the Granting Authority**

The amount of R\$40,873 on June 30, 2023 recorded in non-current liabilities refers to the provision for ongoing lawsuits with the Granting Authority, pursuant to results of the sanitation diagnosis and regularization of the heritage properties.

**24.3 Provisions for after-employment benefits**

	<u>06/30/2023</u>	<u>12/31/2022</u>
Medical assistance plan	8,804	8,250

Complementary pension plan

The Company sponsors a complementary pension plan for the collaborators by means of a pension plan administered by Bradesco Vida e Previdência. The complementary pension plan created on July 1, 1999 is eligible for all MRS employees from the date of creation of the plan. The plan is defined contribution



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and the Company has no legal or constructive obligation to pay additional contributions if the fund does not have sufficient assets to pay all due benefits. The cost is equal so that the Company's share is equivalent to 100% of that made by the collaborator according to a contribution scale based on salary ranges.

The plan requires the contributions to be made to funds managed separately from the Company's own funds. The plan assets are kept by an open complementary pension entity, these are not available to the Company's creditors and cannot be paid directly to the Company.

The contributions made by the Company totaled R\$2,276 in the 2nd quarter of 2023 (R\$1,821 in the 2nd quarter of 2022), which were recorded as expenses for the year.

On June 30, 2023 and December 31, 2022, there were no liabilities on behalf of the Company pursuant to the complementary pension plan.

### Medical assistance plan

The Company offers its employees a medical assistance plan administered by Operadora Bradesco Saúde. The plan is funded in post-set price modality, with partial sharing of the expenses upon collection of monthly contribution from the beneficiaries. As the employee participates in the cost of the plan, the extension of this benefit is guaranteed to former employees dismissed or fired without cause or retired, in accordance with articles 30 and 31 of Law No. 9656/1998, regulated by ANS Normative Resolution No. 488 /2022, which revoked Normative Resolution No. 279/2011. The Company pays the difference between the expenses incurred when using the plan, plus the administration fee the Operator.

The Company also offers its employees and former employees health plans administered by Operadora Unimed Juiz de Fora. In this case, two different plans are offered, one of which, at post-set price, intended for active employees and the other, at pre-set price, intended exclusively for former employees. Due to the provisions of Normative Resolution No. 488/2022, when calculating the adjustment to be applied to the monthly plan fees for former employees, Unimed Juiz de Fora must jointly evaluate its entire portfolio of exclusive plans for former employees.

However, whenever the annual adjustment proposed by Unimed Juiz de Fora for the exclusive plan for former employees exceeds the percentage value proposed by Bradesco Saúde for the former employee's contributions, MRS will transfer to beneficiaries linked to Unimed Juiz de Fora the same adjustment amount as that attributed to the beneficiaries linked to Bradesco Saúde and will assume the payment of the difference from the Unimed health plan.

Considering this measure, the Company undertakes to partially pay for the medical assistance of former employees linked to Unimed Juiz de Fora and their respective dependents.

On June 30, 2023, there were 17,449 lives in the plan in Bradesco Saúde and 828 in Unimed Juiz de Fora, totaling 18,277 lives.

The actuarial gains and losses are recognized in Shareholders' Equity as an Equity Valuation Adjustment and in the Comprehensive Income Statement, as determined by Accounting Pronouncement CPC 33 (R1) – Employee Benefits.

The contributions made by the Company to the medical assistance plan administered by Seguradora Bradesco Saúde and Unimed totaled R\$16,760 in the 2nd quarter of 2023 (R\$13,335 in the 2nd quarter of 2022).

On June 30, 2023, there were actuarial liabilities in the name of the Company, pursuant to the health plan at the amount of R\$8,804 (R\$8,250 on December 31, 2022), which were duly provisioned in non-current liabilities.

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### Travel Insurance

The employees participate in group life insurance guaranteed by Generalli Companhia de Seguros. In the 2nd quarter of 2023, the Company contributed R\$346 (R\$258 in the 2nd quarter of 2022) to life insurance of its employees.

## 25. Other liabilities

	<u>06/30/2023</u>	<u>12/31/2022</u>
Contract obligation with related parties	32,055	38,466
Consigned fuel	10 15,884	13,964
Other payables obligations	1,371	2,852
	<u><b>49,310</b></u>	<u><b>55,282</b></u>
Current	29,129	28,500
Non-current	20,181	26,782

## 26. Shareholders' Equity

### (a) *Subscribed and paid-off capital*

The subscribed and paid-off capital, at the amount of R\$3,961,031, is divided into 340,000,000 book shares with no par value, divided into common and preferred classes "A" and "B".

According to the Company's Bylaws, the Administration Board is authorized to increase the capital stock, regardless of any statutory reform, up to the limit of R\$5,000,000.

In accordance with the Privatization Notice and the Bylaws of MRS, no shareholder may hold, directly or indirectly, more than 20% of the total shares representing the Company's voting capital. If this limit is exceeded, as determined by ANTT, the shareholder will waive the right to vote and veto inherent to the shares that exceed this limit.



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On June 30, 2023, the share in the Company's capital stock was as follows:

Shareholder	Common Shares		Preferred Shares		Total Capital	
	No. of shares	%	No. of shares	%	No. of shares	%
Minerações Brasileiras Reunidas S.A.	37,666,526	20.00%	74,301,916	48.99%	111,968,442	32.93%
Companhia Siderúrgica Nacional	26,611,282	14.13%	36,765,916	24.24%	63,377,198	18.64%
CSN Mineração S.A.	25,802,872	13.70%	37,536,000	24.75%	63,338,872	18.63%
Usiminas Participações e Logística S.A.	37,513,650	19.92%	342,805	0.23%	37,856,455	11.13%
Vale S.A.	36,270,703	19.26%	769,304	0.51%	37,040,007	10.89%
Gerdau S.A.	4,460,128	2.37%	-	-	4,460,128	1.31%
Railvest Investments	14,747,620	7.83%	-	-	14,747,620	4.34%
Minor	5,259,906	2.79%	1,951,372	1.29%	7,211,278	2.12%
	<b>188,332,687</b>	<b>100.00%</b>	<b>151,667,313</b>	<b>100.00%</b>	<b>340,000,000</b>	<b>100.00%</b>

#### (b) *Share right*

The holders of common shares will be entitled to the right to vote in the resolutions of the General Assembly Meetings; those holding preferred shares (classes A and B) will be entitled to dividends 10% higher than those attributed to the common shares, will not have voting rights and will have priority in the receiving of the capital, without premium, upon liquidation of the Company.

Class B preferred shares are, at the initiative of the shareholder who holds them, convertible into common shares, at the rate of one for each common share. Such conversion may be made at any time, subject to the conditions set forth in the Bylaws.

Although without voting rights, class B preferred shares will be entitled to the right to elect, in a separate vote, a member of the Administration Board, as long as they represent at least 25% of the total capital stock.

#### (c) *Reserve of profits – legal reserve*

Constituted on basis of 5% of the net profit for the year before share and the reversal of interest on equity, as determined by the corporate legislation and limited to 20% of the capital stock. On June 30, 2023, the Legal Reserve balance is R\$420,735 (R\$420,735 on December 31, 2022).

#### (d) *Profit reserve – reserve for investment*

At the Ordinary General Assembly Meeting on April 27, 2023, the Administration Board approved retention of the remaining profits for expansion at the amount of R\$622,850. On June 30, 2023, the balance of the Reserve for Investment was R\$1,121,304 (R\$1,121,304 on December 31, 2022).

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#### (e) Other comprehensive income

The other comprehensive income refers to the actuarial gains of the health plan, calculated in accordance with CPC 33 (R1).

	Actuarial gains	IRPJ/CSLL	Total
12/31/2022	12,009	(1,445)	10,564
Gains	-	21	21
06/30/2023	12,009	(1,424)	10,585

#### 27. Earnings per share

The following table establishes the calculation of earnings per share for the periods ended on June 30, 2023 and 2022 (in thousands of reais, except amounts per share):

	04/01/2023 to 06/30/2023	01/01/2023 to 06/30/2023	04/01/2022 to 06/30/2022	01/01/2022 to 06/30/2022
<u>Numerator</u>				
Net profit for the period	335,378	481,271	206,922	307,334
<u>Denominator</u>				
Weighted mean of common shares	188,333	188,333	188,333	188,333
Weighted mean of preferred shares - A	82,076	82,076	82,076	82,076
Weighted mean of preferred shares - B	69,591	69,591	69,591	69,591
10% - Preferred shares	1.1	1.1	1.1	1.1
Weighted mean of adjusted preferred shares (Basic profit)	166,834	166,834	166,834	166,834
Weighted mean of adjusted preferred shares (Diluted profit)	90,284	90,284	90,284	90,284
Denominator for basic earnings per share	355,167	355,167	355,167	355,167
Denominator for diluted earnings per share	348,208	348,208	348,208	348,208
Diluted basic earnings per common share	0.944	1.355	0.583	0.865
10% - Preferred shares	1.1	1.1	1.1	1.1
Diluted/basic earnings per preferred share - A	1.039	1.491	0.641	0.952
Diluted/basic earnings per preferred share - B	1.039	1.491	0.641	0.952

The Company does not hold outstanding shares with potential for dilution or other instruments that could result in dilution of the calculation of the earnings per share.

**28. Net revenues from services**

	<b>04/01/2023 to 06/30/2023</b>	<b>01/01/2023 to 06/30/2023</b>	<b>04/01/2022 to 06/30/2022</b>	<b>01/01/2022 to 06/30/2022</b>
Gross revenues from services	1,738,141	3,081,696	1,554,461	2,754,656
Taxes on services	(110,333)	(208,482)	(110,104)	(210,687)
	<b><u>1,627,808</u></b>	<b><u>2,873,214</u></b>	<b><u>1,444,357</u></b>	<b><u>2,543,969</u></b>

The Company provides services in the Brazilian domestic market to private entities.

The service provision agreement with the customers set prices and forecasts of tons to be transported during the validity period. The revenues are recognized as mentioned in explanatory note 4.17 of the financial statements on December 31, 2022.

**29. Expenses per nature**

	<b>04/01/2023 to 06/30/2023</b>	<b>01/01/2023 to 06/30/2023</b>	<b>04/01/2022 to 06/30/2022</b>	<b>01/01/2022 to 06/30/2022</b>
Fuel/ lubricants	(253,445)	(486,266)	(289,833)	(486,664)
Depreciation and amortization	<b>(a)</b> (222,196)	(444,852)	(295,692)	(586,751)
Labor and social charges	(233,852)	(432,477)	(195,958)	(360,732)
Third party services	(101,725)	(197,970)	(78,480)	(149,701)
Freight share	(48,949)	(80,864)	(35,609)	(66,874)
Inputs/other material	(43,084)	(80,734)	(59,055)	(114,720)
Accident costs	<b>(b)</b> (25,476)	(73,913)	171	(21,399)
Accessory transport costs	(6,298)	(18,289)	(13,051)	(26,579)
Insurance expenses	(5,574)	(10,289)	(3,510)	(7,111)
Rent of vehicles and operating equipment	(3,180)	(6,335)	(1,880)	(3,651)
Concession cost	(2,105)	(4,209)	(6,851)	(13,748)
Administration fees	(1,085)	(1,937)	(1,024)	(1,723)
Reversal (provision ) of expected loan loss	(539)	(738)	120	(60)
Presumed credit ICMS MG	28,043	54,233	29,410	51,026
Others	(18,433)	(35,692)	(17,193)	(33,279)
	<b><u>(937,898)</u></b>	<b><u>(1,820,332)</u></b>	<b><u>(968,435)</u></b>	<b><u>(1,821,966)</u></b>
Cost of provided services	(811,694)	(1,589,337)	(889,564)	(1,671,927)
Sales expenses	(6,512)	(10,967)	(3,501)	(6,942)
General and administrative expenses	(119,692)	(220,028)	(75,370)	(143,097)
	<b><u>(937,898)</u></b>	<b><u>(1,820,332)</u></b>	<b><u>(968,435)</u></b>	<b><u>(1,821,966)</u></b>

- (a) The reduction in the depreciation and amortization costs is due to the extension of the amortization period of the lease contract linked to the concession assets, which extended the term of the contract until 2056, after the early renewal of the concession.
- (b) Increase resulting from resources allocated to emergency assistance related to the landfill leak at KM 33 of Ferrovia do Aço which occurred in March 2023.



**30. Other revenues and other operating expenses**

	<b>04/01/2023 to 06/30/2023</b>	<b>01/01/2023 to 06/30/2023</b>	<b>04/01/2022 to 06/30/2022</b>	<b>01/01/2022 to 06/30/2022</b>
<u>Other operating revenues</u>				
Revenues from indemnity	-	29,117	27,254	54,508
Reversal of provision for loss of curr. non-current assets	26,066	26,066	9,329	14,089
Contract fines	3,577	22,427	1,587	2,042
Sale of material (scarp/excessive stock)	7,926	13,884	13,020	24,722
Provision for contingencies	8,091	12,305	-	-
Alternative revenues	6,336	11,040	4,911	12,099
Other passive reversals	-	-	124	1,496
Revenues from sale of fixed assets	-	-	-	382
Other revenues	651	7,244	14,065	17,011
	<b>52,647</b>	<b>122,083</b>	<b>70,290</b>	<b>126,349</b>
<u>Other operating expenses</u>				
Tax loss	(a) (22,480)	(35,194)	(14,304)	(26,312)
Executions for procedural loss	(13,665)	(30,078)	(11,522)	(16,330)
Residual value of the written-off fixed/intangible assets	(27,715)	(27,747)	(14,124)	(18,979)
Taxes on sales and other revenues	(2,107)	(8,514)	(4,994)	(9,345)
Other tax expenses	(2,681)	(4,059)	(4,640)	(3,960)
Donations	(866)	(656)	(122)	(555)
Agreement with municipalities	(504)	(584)	(1,656)	(2,972)
Indemnity to the granting authority	-	-	(7,043)	(7,917)
Provision for Contingencies	-	-	(6,352)	(12,929)
Cost of alternative revenues	-	-	(2,201)	(3,894)
Other expenses	(3,260)	(6,852)	(4,655)	(7,645)
	<b>(73,278)</b>	<b>(113,684)</b>	<b>(71,613)</b>	<b>(110,838)</b>
<b>Other net operating revenues (expenses)</b>	<b>(20,631)</b>	<b>8,399</b>	<b>(1,323)</b>	<b>15,511</b>

(a) Amounts pursuant to legal reversals determined in accordance with ICMS legislation. The Company calculates the use coefficient monthly and refunds the part that exceeds this percentage.

# MRS Logística S.A.



## Explanatory notes of the administration to the quarterly information on 06/30/2023

In thousands of Brazilian reais, unless indicated otherwise

### 31. Financial revenues and expenses

	<b>04/01/2023 to 06/30/2023</b>	<b>01/01/2023 to 06/30/2023</b>	<b>04/01/2022 to 06/30/2022</b>	<b>01/01/2022 to 06/30/2022</b>
<u>Financial Revenues</u>				
Derivative financial instruments - <i>swap</i>	34,380	61,789	-	-
Income from financial investments	30,465	60,474	32,388	68,526
Monetary and exchange variance	22,438	51,832	28,606	116,250
Adjustment to present value of receivables and sub-leasing accounts	5,823	11,421	8,898	17,630
Interest PIS/COFINS tax credit <b>11.a</b>	3,509	7,512	-	4,050
Interest	9	244	157	335
Mark-to-market adjustment - hedge accounting	-	-	56,003	66,760
Other financial revenues	45	97	615	1,139
	<b>96,669</b>	<b>193,369</b>	<b>126,667</b>	<b>274,690</b>
<u>Financial expenses</u>				
Interest	(98,720)	(200,375)	(98,197)	(181,778)
Monetary and exchange variance	(35,647)	(110,040)	(106,769)	(164,702)
Adjustment to present value of lease <b>22</b>	(53,468)	(109,643)	(40,028)	(81,865)
Mark-to-market adjustment - hedge accounting	(69,011)	(94,443)	-	-
Derivative financial instruments - <i>swap</i>	-	-	(39,418)	(104,447)
Other financial expenses	(4,947)	(8,793)	(5,339)	(12,247)
	<b>(261,793)</b>	<b>(523,294)</b>	<b>(289,751)</b>	<b>(545,039)</b>
<b>Net financial income</b>	<b>(165,124)</b>	<b>(329,925)</b>	<b>(163,084)</b>	<b>(270,349)</b>

# MRS Logística S.A.



Explanatory notes of the administration to the quarterly information  
on  
**06/30/2023**  
In thousands of Brazilian reais, unless indicated otherwise

## 32. Taxes on profit

	<b>04/01/2023 to 06/30/2023</b>	<b>01/01/2023 to 06/30/2023</b>	<b>04/01/2022 to 06/30/2022</b>	<b>01/01/2022 to 06/30/2022</b>
<b>Profit before income tax and social contribution</b>	<b>504,155</b>	<b>731,356</b>	<b>311,515</b>	<b>467,165</b>
Nominal rate	34%	34%	34%	34%
<b>IRPJ/CSLL by nominal rate:</b>	<b>171,413</b>	<b>248,661</b>	<b>105,915</b>	<b>158,836</b>
<b>Adjustments to reflect the effective rates:</b>	<b>(2,636)</b>	<b>1,424</b>	<b>(1,322)</b>	<b>995</b>
IR/CS adjustments excluding PIS and COFINS ICMS calculation base	11.a (1,193)	(2,554)	-	-
Taxation Incentives	(2,207)	(3,310)	(1,926)	(3,542)
Stock adjustment	-	-	205	348
Expenditure on citizen company project	-	-	44	260
Donation expenses	296	302	42	189
IR/CS adjustments deferred IFRS	-	2,929	-	-
Others	468	4,057	313	3,740
<b>IRPJ/CSLL in the income from the period</b>	<b>168,777</b>	<b>250,085</b>	<b>104,593</b>	<b>159,831</b>
Current	121,831	182,203	106,180	195,076
Deferred	46,946	67,882	(1,587)	(35,245)
<b>IRPJ/CSLL in the income from the period</b>	<b>168,777</b>	<b>250,085</b>	<b>104,593</b>	<b>159,831</b>
Total effective tax rate	33.48%	34.19%	33.58%	34.21%
Total effective tax rate – current	24.17%	24.91%	34.09%	41.76%
Total effective tax rate – deferred	9.31%	9.28%	-0.51%	-7.54%

**33. Insurance**

The Company has the following insurance policies for its operations:

<b>Coverage</b>	<b>Purpose</b>	<b>Due Date</b>	<b>LMI</b>	<b>Deductible</b>
Operational risk	Coverage of the operational assets owned by the company or under its responsibility	03/31/2024	332,000	7,500
Civil liability	Coverage against damages caused to third parties	08/09/2024	62,000	750
Cargo transport	Coverage of claims with cargo in transport	10/31/2023	70,000	200
Concession contract guarantee insurance	Fulfillment of the obligations with ANTT	06/17/2025	1,268,047	N/A

The Company adopts the policy to contract insurance coverage for the assets subject to risks and civil liability, considering the nature of its activity.

In compliance with the regulatory requirements, LMI of the insurance guarantee for the execution of the 4th amendment to the concession agreement was updated in July 2023 to the amount of R\$1,338,186, according to the index provided in the agreement.

## **MRS Logística S.A.**

**Explanatory notes of the administration to the quarterly information  
on  
06/30/2023  
In thousands of Brazilian reais, unless indicated otherwise**

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### **Administration: Board Members and Executive Officers**

#### **Administration Board**

Marcelo Leite Barros (Chairman)  
Marco Aurelio Brito Braga  
Murilo Muller  
Wendel Gomes da Silva  
Luis Fernando Barbosa Martinez  
João Mario Lourenço Filho  
Alejandro Daniel Laiño  
Carlos Hector Rezzonico  
Julio Rosa Baptista  
Marcelo Cunha Ribeiro

#### **Members of the Executive Office**

Guilherme Segalla de Mello  
Chief Executive Officer, Commercial, Operations, Finance and Development,  
Investor and People Relations

Alexandre Claro Fleischhauer  
Engineering and Maintenance Director

Félix Lopez Cid  
Project and Construction Work Director

#### **Other Directors not members of the Executive Office**

Daniel Dias Olivio  
Henrique Rocha Martins  
Luiz Gustavo Bambini de Assis  
Raphael Steiman  
Ane Menezes Castro Matheus





**Directors' Statement on the Quarterly Statements**

By this instrument, the Chief Executive Officer, Commercial, Operations, Finance and Development, Investor and People Relations and other Executive Officers of MRS Logística S.A., a publicly traded company, for the purposes of the provisions of items V and VI, article 27 of CVM resolution nº 80, dated March 29, 2022 ("Resolution"), hereby declare to have reviewed, discussed and agree on the quarterly statements of MRS Logística S.A. for the period ended on June 30, 2023.

Rio de Janeiro, August 10, 2023

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Guilherme Segalla de Mello  
Chief Executive Officer, Commercial,  
Operations, Finance and  
Development, Investor and People  
Relations

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Alexandre Fleischhauer  
Engineering and Maintenance  
Director

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Félix Lopez Cid  
Project and Construction Work  
Director

Other Directors not members of the Executive Office

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Daniel Dias Olivio

---

Henrique Rocha Martins

---

Luiz Gustavo Bambini de Assis

---

Raphael Steiman

---

Ane Menezes Castro Matheus

## MRS Logística S.A.

Explanatory notes of the administration to the quarterly information  
on  
06/30/2023  
In thousands of Brazilian reais, unless indicated otherwise



### Directors' Statement on the Independent Auditor's Report

By this instrument, the Chief Executive Officer, Commercial, Operations, Finance and Development, Investor and People Relations and other Executive Officers of MRS Logística S.A., a publicly traded company, for the purposes of the provisions of items V and VI, article 27 of CVM resolution nº 80, dated March 29, 2022 ("Resolution"), hereby declare to have reviewed, discussed and agree on the opinion expressed in the Report of the Independent Auditor Deloitte Touche Tohmatsu Auditores Independentes Ltda., related to the quarterly statements of MRS Logística S.A. for the period ended on June 30, 2023.

Rio de Janeiro, August 10, 2023

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Guilherme Segalla de Mello  
Chief Executive Officer, Commercial,  
Operations, Finance and  
Development, Investor and People  
Relations

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Alexandre Fleischhauer  
Engineering and Maintenance  
Director

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Félix Lopez Cid  
Project and Construction Work  
Director

#### Other Directors not members of the Executive Office

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Daniel Dias Olivio

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