

Financial statements

PORTOS DO PARANÁ – ADMINISTRAÇÃO DOS
PORTOS DE PARANAGUÁ E ANTONINA

*September 30, 2023 with independent auditor's report on
financial statements*

PORTO DO PARANÁ – ADMINISTRAÇÃO DOS PORTOS DE PARANAGUÁ E ANTONINA

Financial statements

September 30, 2023

Table of contents

Independent auditor’s report on financial statements	3
Statements of financial position	5
Statements of profit or loss for the year	6
Statements of comprehensive income (loss)	7
Statements of changes in equity	8
Statements of cash flows	9
Notes to financial statements	10

PORTO DO PARANÁ – ADMINISTRAÇÃO DOS PORTOS DE PARANAGUÁ E ANTONINA

Statements of financial position

Periods ended September 30, 2023 and December 31, 2022

(Amounts expressed in thousands of Reais)

	<u>Note</u>	<u>09/30/2023</u>	<u>12/31/2022</u>
Assets			
Current assets			
Cash and cash equivalents	4	238,927	210,416
Accounts receivable	5	23,254	20,019
Taxes recoverable	6	3,119	41,734
Inventories	7	14,758	15,888
Prepaid expenses		466	602
Advances to employees	8	2,317	1,194
		<u>282,841</u>	<u>289,853</u>
Non-current assets			
Long-term receivables			
Taxes recoverable	6	41,553	-
Judicial deposits	9	580,570	533,363
Other receivables	10	1,430	3,478
Property, plant and equipment	11	579,839	595,933
Intangible assets	11	4,177	2,728
		<u>1,207,569</u>	<u>1,135,502</u>
Total assets		<u><u>1,490,410</u></u>	<u><u>1,425,355</u></u>
Liabilities and equity			
Current liabilities			
Trade accounts payable		24,992	19,611
Labor charges	12	18,198	14,885
Tax charges	13	8,394	9,274
Advances from customers	14	13,648	10,561
		<u>65,232</u>	<u>54,331</u>
Non-current liabilities			
Taxes, charges and contributions	13	379,057	354,405
Contingent provisions	15	193,604	176,654
Deferred taxes and contributions		3,472	-
		<u>576,134</u>	<u>531,059</u>
Equity			
Capital	16		
Capital	16a	1,086,444	1,086,444
Accumulated losses	16c	(237,399)	(246,479)
Total equity		<u>849,045</u>	<u>839,965</u>
Total liabilities and equity		<u><u>1,490,410</u></u>	<u><u>1,425,355</u></u>

The accompanying notes are an integral part of the financial statements.

PORTO DO PARANÁ – ADMINISTRAÇÃO DOS PORTOS DE PARANAGUÁ E ANTONINA

Statements of profit or loss for the year

Periods ended September 30, 2023 and 2022

(Amounts expressed in thousands of Reais)

	Note	07/01/2023 to 09/30/2023	Period ended 09/30/2023	07/01/2022 to 09/30/2022	Period ended 09/30/2022
Net operating revenues	17	142,771	386,815	117,311	333,436
Cost of services	18	(61,950)	(189,289)	(46,785)	(151,798)
Gross profit		80,822	197,526	70,526	181,638
Operating expenses	19				
General and administrative expenses		(51,952)	(159,757)	(43,102)	(116,801)
Other operating expenses		(3,040)	(55,347)	(8,784)	(29,437)
Operating earnings (loss) before financial results		25,830	(17,579)	18,640	35,400
Finance income		8,918	27,733	9,538	26,608
Finance costs		(205)	(394)	(11)	(31)
Finance results	20	8,713	27,339	9,527	26,577
Operating earnings (loss) before income tax and social contribution		34,543	9,759	28,167	61,977
Current income tax and social contribution		(9,220)	2,938	(9,886)	(20,641)
Deferred income tax and social contribution		(2,054)	(3,472)	-	-
Net income for the period	16	23,269	9,225	18,281	41,336

The accompanying notes are an integral part of the financial statements.

PORTO DO PARANÁ – ADMINISTRAÇÃO DOS PORTOS DE PARANAGUÁ E ANTONINA

Statements of comprehensive income (loss)

Periods ended September 30, 2023 and 2022

(Amounts expressed in thousands of Reais)

	<u>07/01/2023 to 09/30/2023</u>	<u>Period ended 09/30/2023</u>	<u>01/07/2022 to 09/30/2022</u>	<u>Period ended 09/30/2022</u>
Income for the year	23,269	9,225	18,281	41,336
Other comprehensive loss	-	(145)	-	(3,283)
Total comprehensive income for the period	<u><u>23,269</u></u>	<u><u>9,080</u></u>	<u><u>18,281</u></u>	<u><u>38,053</u></u>

The accompanying notes are an integral part of the financial statements.

PORTO DO PARANÁ – ADMINISTRAÇÃO DOS PORTOS DE PARANAGUÁ E ANTONINA**Statements of changes in equity**

Period ended September 30, 2023

(Amounts expressed in thousands of Reais)

	<u>Capital</u>	<u>Retained earnings (accumulated loss)</u>	<u>Total</u>
Balances at December 31, 2021	1,086,444	(556,397)	530,047
Net income for the period	-	41,336	41,336
Prior year adjustment	-	(3,283)	(3,283)
Balances at September 30, 2022	1,086,444	(518,344)	568,100
Balances at December 31, 2022	1,086,444	(246,479)	839,965
Net income for the period	-	9,225	9,225
Prior year adjustment	-	(145)	(145)
Balances at September 30, 2023	1,086,444	(237,399)	849,044

The accompanying notes are an integral part of the financial statements.

PORTO DO PARANÁ – ADMINISTRAÇÃO DOS PORTOS DE PARANAGUÁ E ANTONINA

Statements of cash flows

Periods ended September 30, 2023 and 2022

(Amounts expressed in thousands of Reais)

	<u>09/30/2023</u>	<u>09/30/2022</u>
Cash flows from operating activities		
Net loss for the period	9,225	41,336
Depreciation and amortization	28,874	27,536
Provision for contingencies, net of write-offs and reversals	16,950	2,063
Deferred taxes on income	3,472	-
Prior year adjustment	(145)	(3,283)
	58,377	67,652
Increase (decrease) in assets		
Trade accounts receivable	(3,235)	(12,271)
Inventories	1,130	(997)
Taxes recoverable	(2,938)	(992)
Prepaid expenses and other receivables	136	(906)
Judicial deposits	(15,728)	(52,106)
Other receivables	(30,554)	(2,076)
Increase (decrease) in liabilities		
Trade accounts payable	5,381	(22,181)
Social and labor charges	3,313	5,345
Taxes and contributions payable	23,772	45,545
Advances from customers and other payables	3,087	19
Cash flows from operating activities	42,741	27,032
Cash flows from investing activities		
Acquisition of PP&E and intangibles	(14,231)	(32,996)
Disposal of PP&E and intangibles	1	-
Net cash used in investing activities	(14,230)	(32,996)
Increase (decrease) net of cash and cash equivalents	28,511	(5,964)
Statement of change in cash and cash equivalents:		
Cash and cash equivalents at beginning of year	210,416	220,363
Cash and cash equivalents at end of year	238,927	214,399
Increase (decrease) in cash and cash equivalents	28,511	(5,964)

The accompanying notes are an integral part of the financial statements.

Notes to financial statements

Period ended September 30, 2023

(Amounts expressed in thousands of Reais – except if stated otherwise)

1. Operations

The Port of Paranaguá began its operation in 1832 as a berth managed by private individuals. In 1917, the Government of Paraná began to administer the Port, which was named Dom Pedro II in honor of the Emperor. However, its inauguration only actually took place in 1935, on March 17, with the docking of the ship “Almirante Saldanha” of the Brazilian Navy.

On July 11, 1947, the Autonomous Government Entity was created, which took the name of Administração do Porto de Paranaguá, whose name was later modified, in 1971, by Law No. 6249, merging with Administração do Porto de Antonina, creating Administração dos Portos de Paranaguá e Antonina (APPA), APPA being responsible for the administration of the Port of Dom Pedro II (Paranaguá) and the Port of Barão de Teffé (Antonina).

Some phases can be recognized during the evolution and history of the Port of Paranaguá. There is a phase of establishment on the banks of the Itiberê River, which took place in the 16th century; the expansion phase, referring to the move from the port to the shores of the bay at the beginning of the 20th century, thus making the access of larger vessels viable; and, finally, the specialization phase, in the 1950s, with solid bulk, starting with coffee, and later with soybeans and bran, giving rise to the Export Corridor Complex, in the 1970s.

In the 1950s and 1960s, with the boom of coffee, the city of Paranaguá had an urban expansion between the Itiberê and Emboguaçu Rivers and Valadares Island. The construction of the BR-277 highway, in 1967, also presented itself as an impacting factor in the development of the Port of Paranaguá, being responsible for the connection of the Paraná coast with the far west of the State of Paraná, resulting in the expansion of the connection between new cereal producing areas in Brazil, diversifying the volume of business at the Port.

On December 11, 2001, the government of Paraná signed a Delegation Agreement with the Federal Government through the Ministry of Transport and with the regulation and inspection by ANTAQ (National Waterway Transport Agency) with a term of validity of 25 years, extendable for another 25 year-term.

On August 13, 2019, the State of Paraná is the first State in Brazil to receive autonomy to administer contracts for the exploration of areas of organized ports. With this measure, the management of the leases of port facilities, which were previously defined by the National Office of Ports, are now controlled by the public company Portos do Paraná.

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2. Basis of preparation

2.1 Declaration of compliance

The Company's quarterly information was prepared in accordance with accounting practices adopted in Brazil, which include the provisions of corporate law, provided for in Law No. 6404/76 with amendments to Law No. 11638/07, Law No. 11941/09, Law No. 12973/14 and Law No. 13303/16, and the accounting pronouncements, interpretations and guidelines issued by the Brazilian FASB (“CPC”), approved by the Brazilian Securities and Exchange Commission (“CVM”).

The interim financial statements were also prepared in accordance with IFRS, issued by the IASB.

No changes were made in the Company's operations, unusual items, changes in estimates, changes in the Company's composition or any other event that requires specific disclosure.

Notes to financial statements

Period ended September 30, 2023

(Amounts expressed in thousands of Reais – except if stated otherwise)

2.2 Basis of measurement

The financial statements were prepared using the historical cost as a basis for value, with the exception of short-term investments, presented at fair value through profit or loss.

2.3 Functional and reporting currency

The interim financial statements are presented in thousands of reais (R\$), the functional currency of the economic environment in which the Company operates. The amounts presented in the Financial Statements and Notes thereto are also presented in thousands of reais, except when presented in another format.

2.4 Use of estimates and judgments

The preparation of interim financial statements in accordance with CPC standards requires Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and assumptions are reviewed on an ongoing basis. The effects of reviews with respect to accounting estimates are recognized at the time of the review itself and/or in any future period affected.

Following are the main assumptions used regarding sources of uncertainty in future estimates and on the statement of financial position date, involving the risk of causing a material adjustment in the carrying amount of assets and liabilities:

- a) Fair value of financial instruments; and
- b) Provisions for tax, civil and labor risks.

2.5 Date of approval of financial statements

The Company Management authorized the conclusion and issuance of the information on October 30, 2023.

3. Significant accounting practices

The policies detailed below have been applied consistently to all periods presented in these financial statements:

a. Determination of profit or loss

The result of operations is determined in accordance with the accrual basis of accounting. Revenue from the provision of services in the ordinary course of activities is measured by the fair value of the consideration received or receivable. Revenue is recognized when there is reliable evidence that the risks and rewards inherent in the ownership of the services provided have been transferred and/or performed to the customer, that it is likely that the financial economic benefits will inure to the entity, that the associated costs and possible service cancellations can be estimated reliably, that there is no ongoing involvement with the services made available to port users, and that the value of revenue can be reliably measured.

b. Finance income and finance costs

Income is represented by gains on changes in the value of financial assets measured at fair value through profit or loss, as well as interest income obtained using the effective interest method.

Finance income basically comprises income from discounts and interest on short-term investments.

Finance costs mainly comprise interest expenses, fines and monetary variations.

Notes to financial statements

Period ended September 30, 2023

(Amounts expressed in thousands of Reais – except if stated otherwise)

c. Current and non-current assets

Cash and cash equivalents

Cash and cash equivalents include cash, available bank deposits and highly liquid short-term investments, whose maturities, upon acquisition, are equal to or less than 90 (ninety) days, readily convertible into a known amount of cash and which are subject to an insignificant risk of change in value.

Short-term investments classified in this group, by their very nature, are measured at fair value through profit or loss and can be used in the management of short-term obligations.

Trade accounts receivable and other receivables

The fair value of accounts receivable and other receivables is estimated as the present value of future cash flows, discounted at the market interest rate calculated on the reporting date. This fair value is determined for disclosure purposes.

Judicial deposits

Represent deposits made by the Company related to ongoing judicial or administrative proceedings.

Property, plant and equipment

Recognition and measurement

Property, plant and equipment items are measured at the historical cost of acquisition or construction, less accumulated depreciation.

Whenever parts of an item of property, plant and equipment have different useful lives, they are recorded as individual items (main components) of property, plant and equipment.

Gains and losses on the sale of an item of property, plant and equipment (determined by the difference between the proceeds from the sale and the book value of the property, plant and equipment), are recognized in other income/expenses disclosed in the statement of profit or loss.

Depreciation

Property, plant and equipment items are depreciated from the date they are installed and available for use, using the straight-line method, based on the estimated economic useful lives of each component.

An item of property, plant and equipment is derecognized when sold or when no future economic benefit is expected from its use or sale. Any gain or loss resulting from derecognition of the asset (calculated as the difference between the net sale value and the carrying amount of the asset) is included in the statement of profit or loss for the year in which the asset is derecognized.

Up to September 30, 2023, the Company did not determine the existence of indicators that certain property, plant and equipment could be above the recoverable value, and, consequently, no provision for impairment of property, plant and equipment was necessary.

Notes to financial statements

Period ended September 30, 2023

(Amounts expressed in thousands of Reais – except if stated otherwise)

Other current and non-current assets

These are stated at net realization value.

d. Current and non-current liabilities

They are stated at known or estimated values, plus, where applicable, the corresponding charges, monetary variations incurred up to the statement of financial position date.

Trade accounts payable

They are initially recognized at their nominal value and, subsequently, added, where applicable, by the corresponding charges and variations incurred up to the closing date of the financial statements.

Provisions

A provision is recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recorded based on the best estimates of the risk involved.

Provisions are reviewed and adjusted to reflect changes in circumstances, such as applicable statute of limitations, conclusions of tax inspections, or additional exposures identified based on new matters or court decisions.

Income tax and social contribution

Income Tax and Social Contribution, for the current year and deferred, are calculated based on the rates of 15% plus an additional 10% on taxable profit exceeding R\$ 240 thousand for Income Tax and 9% on taxable profit for Social Contribution on Net Profit.

e. Provision for tax, civil and labor risks

They are set up for all contingencies relating to legal proceedings for which it is likely that a cash outflow will be made to settle the contingency/obligation and a reasonable estimate can be made. The assessment of the likelihood of loss (accounting pronouncement CPC 25) includes the assessment of available evidence, the hierarchy of laws, available case law, the most recent decisions in the courts and their significance in the legal system, as well as the assessment of lawyers. Provisions are reviewed and adjusted to take into account changes in circumstances, such as applicable statute of limitations, conclusions of tax inspections, or additional exposures identified based on new matters or court decisions.

f. New technical pronouncements, reviews and interpretations

No technical pronouncements, reviews and interpretations were issued by the Brazilian FASB during the period ended September 30, 2023.

PORTO DO PARANÁ – ADMINISTRAÇÃO DOS PORTOS DE PARANAGUÁ E ANTONINA

Notes to financial statements

Period ended September 30, 2023

(Amounts expressed in thousands of Reais – except if stated otherwise)

4. Cash and cash equivalents

	<u>09/30/2023</u>	<u>12/31/2022</u>
Banks - current account	48,532	20,764
Banks- restricted account (i)	1,030	1,392
Short-term investments (ii)	246,378	273,848
Short-term investments (iii)	(57,013)	(85,588)
	<u>238,927</u>	<u>210,416</u>

(i) Balance of joint bank accounts with customers and service providers deposited as collateral for contracts. The list of guaranteed contracts is presented in the following table, with amounts expressed in thousands of reais:

<u>Contract</u>	<u>Customer/Provider</u>	<u>09/30/2023</u>	<u>Bank</u>	<u>Branch</u>	<u>Current account</u>
009/2010	Cattalini Terminais Marítimos	15	001	0259-3	70.700-7
027/2010	Centrosul Serviços Marítimos Ltda.	363	001	0259-3	69.795-8
011/2010	CPA Terminal Paranaguá S.A.	109	001	0259-3	70.673-6
029/2010	Harbor Operações Portuárias	17	001	0259-3	70.672-8
014/1999	Cattalini Terminais Marítimos	33	001	0259-3	70.817-8
003/1995	Terminais Portuários Ponto do Felix	95	001	0259-3	71.254-X
093/2021	TEAPAR	227	001	0259-3	70.874-7
31/2019	MTRD Telecomunicações Ltda	1	001	0259-3	24.632-8
018/2007	Bestra Equipamentos Industriais Ltda	5	001	0259-3	44.469-3
065/2012	Central de Serviços Gardin Ltda	3	001	0259-3	69.730-3
020/2012	E-Sales Soluções de Integração Ltda	1	001	0259-3	68.620-4
075-2012	Infoshop Suprimentos Ltda	1	001	0259-3	69.818-0
004/2016	Portal Serviços de Pavimentação Ltda	21	001	0259-3	62.640-6
006/2007	Sigmafone Telecomunicações Ltda	2	001	0259-3	44.473-1
009/2008	Técnica Joss de Elevadores	1	001	0259-3	58.752-4
096/2021	TRC Telecom Ltda.	133	001	0259-3	90.877-0
N/I	Volvo - BR - Repres. Pinho Comissária	3	001	0259-3	71.253-1
		<u>1,030</u>			

(ii) Amounts invested in CDB Bank Deposit Certificates and exclusive fund. The amounts invested in CDBs are indexed by the variation of the Interbank Deposit Certificate – CDI, remunerating the company at an average annual rate of remuneration of 99.50%. The amounts invested in investment funds have an average return of 100% at CDI. The funds are managed in part by Banco do Brasil and in part by Caixa Econômica Federal.

(iii) Refers to a judicial blocking of investment shares with Banco do Brasil –Exclusive Fund, as a cash guarantee in the discussion of labor and civil claims in progress. The composition of the blocking is set out in item (iii) of Note 09 to financial statements9.

Notes to financial statements

Period ended September 30, 2023

(Amounts expressed in thousands of Reais – except if stated otherwise)

5. Accounts receivable

Portos do Paraná, as the Port Authority, is responsible for charging port tariffs approved by ANTAQ for the Ports of Paraná. The tariffs for the movement of cargo, unloading and transshipment are known as INFRAMAR (Waterway Access Infrastructure Revenues), for the movement of cargo between the berth and the warehouse or limit of the port area, known as INFRAPORT (Ground Infrastructure Revenues), and for the use of the berthing infrastructure, known as INFRACAIS (Mooring Infrastructure Revenues). The amount receivable from customers as of September 30, 2023 is R\$23,254 (R\$20,019 at December 31, 2022). The composition of these securities by age of maturity is presented in the table below:

	<u>09/30/2023</u>	<u>12/31/2022</u>
Falling due	18,498	15,660
Overdue within 30 days	363	57
Overdue between 30 and 180 days	71	333
Overdue for more than 180 days (i)	4,322	3,969
	<u>23,254</u>	<u>20,019</u>
	<u>09/30/2023</u>	<u>12/31/2022</u>
Judicial deposit – Proceeding 1749/07 (ii)	307,700	300,376
Provision for loss (Official Letter 170/17-TCE)	(307,700)	(300,376)
Allowance for doubtful accounts (iii)	21,709	21,709
Provision for loss	(21,709)	(21,709)
	<u>-</u>	<u>-</u>

(i) The balance of securities overdue for more than 180 days is composed as follows:

<u>Customer</u>	<u>Original amount</u>
Terminais Port. Ponta do Félix	3,188
AIQ Seguros Brasil S/A	299
Forte Solo Serviços Integrados	28
Informatizar	20
Others	780
	<u>4,315</u>

(ii) The amount classified under this item refers to Claim No. 1749/2007 (currently being processed in the 1st Federal Court of Paranaguá under No. 5000750-31.2016.404.7008), in which SINDOP – Union of Port Operators of the State of Paraná, questions on behalf of some of its members the legality of the tariff adjustment approved by Resolution 715/2007-ANTAQ and authorized by the Port Authority Council - CAP. The court issued an injunction ordering that the difference between the original tariff and the adjustment be deposited in court until the dispute is resolved. In order to facilitate control, PORTOS DO PARANÁ issues separate invoices referring to this tariff increase to customers, who, after making the judicial deposit, present proof of payment to the port administration. With the transformation of PORTOS DO PARANÁ into a public company, in September 2014, these amounts were reclassified in non-current assets – long-term receivables. In 2017, the State Court of Auditors- TCE, in an audit process, issued Official Letter Nº 170/2017 that points out the uncertainty of receiving the judicial deposits and that they do not generate an increase in economic benefits. Therefore, in order to comply with the TCE guidelines and avoid oversizing the Company's assets, the identical amount of this item was recorded as allowance for doubtful accounts. The contra-entry was made in Equity for the amount of previous years and in a P&L account as a reversal of revenue for invoices issued from 2017. PORTOS DO PARANÁ chose to maintain in the tax base for purposes of calculating taxes and contributions the amount deposited monthly by customers, maintaining the conservatism adopted as a management practice.

PORTO DO PARANÁ – ADMINISTRAÇÃO DOS PORTOS DE PARANAGUÁ E ANTONINA

Notes to financial statements

Period ended September 30, 2023

(Amounts expressed in thousands of Reais – except if stated otherwise)

- (iii) The allowance for doubtful accounts was created in 2015 after an extensive and careful analysis of outstanding securities. The amount identified in the survey carried out by the Company found that these securities refer to periods prior to 2010. The limitations of the management system used at the time and the lack of documents that inform and prove the progress of the charges made make the right to receive these securities legally impossible. For this reason, it was decided to set up an allowance with a consideration non-deductible for purposes of calculating taxes – IRPJ and CSLL. Entries made after these initial records are treated as determined by the current accounting standard.

6. Taxes recoverable

	<u>09/30/2023</u>	<u>12/31/2022</u>
Corporate Income Tax - IRPJ	31,657	30,559
Social Contribution on Net Profit - CSLL	12,834	10,994
Social Contribution Tax on Gross Revenue for Social Integration Program - PIS	32	32
Social Contribution Tax on Gross Revenue for Social Security Funding – COFINS	149	149
	<u>44,672</u>	<u>41,734</u>
Current	3,119	41,734
Non-current	41,553	-

7. Inventories

Inventory management is carried out in the GMS system – Materials and Services Management used by all state public entities in Paraná. All items (products and goods, except property, plant and equipment acquired by the port administration flow through the warehouse, that is, they are recorded upon acquisition and written off upon request for use sent by the departments of PORTOS DO PARANÁ to the sector in charge. Accounting performs write-off records in the management system- Senior through a report issued in the GMS. The balance of inventories at September 30, 2023 is R\$ 14,758 and at December 31, 2022 is R\$ 15,888.

8. Advances

The amounts of advances refer to compliance with the Collective Bargaining Agreement 2019/2021, which establishes that employees, when taking their vacation, can choose to receive the 1st installment of the 13th monthly salary, along with other specific amounts of their vacation.

	<u>09/30/2023</u>	<u>12/31/2022</u>
13th monthly salary	2,272	-
Vacation pay	45	1,194
Total	<u>2,317</u>	<u>1,194</u>

9. Judicial deposits

The deposits recorded in the Company's Assets refer to claims to which PORTOS DO PARANÁ is a party. As long as no decision on these claims has been declared res judicata, it is not possible to determine whether these amounts will return to the Company, in the event of prevailing in the claim, or will be transferred to P&L as deductible expenses for the calculation of IRPJ and CSL, in the event of an unfavorable final decision is handed down to PORTOS OF PARANÁ. Deposits are classified according to the table below:

PORTO DO PARANÁ – ADMINISTRAÇÃO DOS PORTOS DE PARANAGUÁ E ANTONINA

Notes to financial statements

Period ended September 30, 2023

(Amounts expressed in thousands of Reais – except if stated otherwise)

	<u>09/30/2023</u>	<u>12/31/2022</u>
Labor (i)	13,726	50,318
Taxes (ii)	409,704	378,225
Civil (iii)	100,126	19,232
Others (iv)	57,013	85,588
Total	<u>580,569</u>	<u>533,363</u>

- (i) The amount refers to appeal bonds from labor claims in the discovery proceedings and, therefore, were not completed. Also recorded in this item are the amounts deposited for claims that have become res judicata and are being closed.
- (ii) In November 2014, PORTOS DO PARANÁ filed a lawsuit against the Federal Government seeking recognition of tax immunity. In the same proceeding, the Company requested the payment through a judicial deposit for the amounts calculated monthly of the taxes administered by the Brazilian Internal Revenue Service until a res judicata decision is handed down on the Tax Immunity lawsuit. On November 26, 2014, an injunction was issued authorizing PORTOS DO PARANÁ to make a judicial deposit of federal taxes. Due to this conduct provided for in the National Tax Code- CTN, item II of article 151, the enforceability of taxes is suspended until the dispute is resolved.
- (iii) The value of R\$57,013 at September 30, 2023 is R\$85,588 at December 31, 2022 recorded in Others refers to the blocking of the financial investment of PORTOS DO PARANÁ as mentioned in Note 04.

Blocking by nature of claims

	<u>09/30/2023</u>	<u>12/31/2022</u>
Labor	3,060	2,784
Civil	53,953	82,804
	<u>57,013</u>	<u>85,588</u>

10. Other receivables

	<u>30/09/2023</u>	<u>31/12/2022</u>
Agreement 54/2018 FUNESPAR	-	1,235
Agreement 021/2022 FUNPAR-UFPR	113	65
Provision for IRRF on short-term investments	-	861
Garantia Copel Comercialização S.A. - Contract 042/2021	1,317	1,317
	<u>1,430</u>	<u>3,478</u>

The Agreement with the Development Support Foundation of the State School of Philosophy, Sciences and Letters of Paranaguá aims at technical, scientific, cultural and financial cooperation between the Participants in order to structure, implement and manage a preparedness base specialized in the rescue and depetroization of fauna in case of environmental accidents in the area of the Estuarine Complex of Paranaguá (CEP), in compliance with APPA's Individual Emergency Plans (IEP). The purpose of the agreement is mandatory consideration by the port authority, for the maintenance of its environmental license for the operation of port activities in the bay of Paranaguá.

PORTO DO PARANÁ – ADMINISTRAÇÃO DOS PORTOS DE PARANAGUÁ E ANTONINA

Notes to financial statements

Period ended September 30, 2023

(Amounts expressed in thousands of Reais – except if stated otherwise)

11. Property, plant and equipment and intangible assets

Property, plant and equipment

	Land	Buildings and leasehold improvements	Constructions	Machinery, apparatuses and equipment	Furniture and fixtures	IT and technology equipment	Installations	Measurement equipment	Construction in progress	Total
December 31, 2021	135,254	151,377	32,416	156,875	1,749	1,427	55,722	19	62,650	597,489
Acquisitions	-	60	-	-	387	1,744	-	-	30,543	32,734
Depreciation	-	(5,982)	(2,509)	(10,996)	(224)	(597)	(7,052)	(2)	-	(27,362)
Transfer	-	14,107	-	-	-	-	-	-	(14,107)	-
September 30, 2022	135,254	159,562	29,907	145,879	1,912	2,574	48,670	17	79,086	602,861

	Land	Buildings and leasehold improvements	Constructions	Machinery, apparatuses and equipment	Furniture and fixtures	IT and technology equipment	Installations	Measurement equipment	Construction in progress	Total
December 31, 2022	135,254	182,622	29,016	142,202	1,926	3,773	46,320	16	54,804	595,933
Acquisitions	-	-	-	677	178	952	-	-	10,756	12,563
Disposals	-	-	-	-	(20)	-	-	-	-	(20)
Depreciation	-	(6,959)	(1,953)	(11,015)	(229)	(1,447)	(7,051)	(2)	-	(28,656)
Transfer	-	8	-	9,554	-	-	-	-	(9,562)	-
Write-off of depreciation	-	-	-	-	19	-	-	-	-	19
September 30, 2023	135,254	175,671	27,063	141,418	1,874	3,278	39,269	14	55,998	579,839

For the year ended September 30, 2023, the main movement in PP&E occurred in the Construction in Progress account due to investments made in the maritime infrastructure (Dragging the Palangana and Dredging the area of the mooring Dolphins) and in the pier structure (Recovery of the Inflammable Pier), in addition to the adaptation of the security infrastructure (ISPS-Code).

PORTO DO PARANÁ – ADMINISTRAÇÃO DOS PORTOS DE PARANAGUÁ E ANTONINA

Notes to financial statements

Period ended September 30, 2023

(Amounts expressed in thousands of Reais – except if stated otherwise)

Intangibles

	<u>Intangibles</u>	<u>Intangibles in progress</u>	<u>Total</u>
December 31, 2021	435	1,728	2,163
Acquisitions	-	263	263
Amortization	(174)	-	(174)
September 30, 2022	261	1,991	2,252

	<u>Intangibles</u>	<u>Intangibles in progress</u>	<u>Total</u>
December 31, 2022	226	2,502	2,728
Acquisitions	503	1,165	1,668
Amortization	(219)	-	(219)
September 30, 2023	510	3,667	4,177

12. Labor charges

	<u>09/30/2023</u>	<u>12/31/2022</u>
Wages payable	2,798	2,905
Accrual for vacation pay	10,392	11,588
Accrual for 13th monthly salary	4,652	-
Payroll deduction loans	251	244
Pensions payable	105	148
Total	18,198	14,885

PORTO DO PARANÁ – ADMINISTRAÇÃO DOS PORTOS DE PARANAGUÁ E ANTONINA

Notes to financial statements

Period ended September 30, 2023

(Amounts expressed in thousands of Reais – except if stated otherwise)

13. Tax and social security charges

	<u>09/30/2023</u>	<u>12/31/2022</u>
Payroll charges	3,358	4,856
Social Security Contribution - INSS	1,528	1,647
Unemployment Compensation Fund - FGTS	432	721
Withholding Income Tax – IRRF on Payroll	1,398	2,488
Contributions on revenue	254,014	230,515
Social Contribution Tax on Gross Revenue for Social Security Funding - COFINS	209,072	189,736
Social Contribution Tax on Gross Revenue for Social Integration Program - PIS	44,942	40,779
Taxes on contributions on profit	126,965	126,966
Social Contribution on Net Profit - CSLL	33,520	33,520
Corporate Income Tax - IRPJ	93,446	93,446
Charges withheld from suppliers	3,115	1,342
Social Security Contribution (Law No. 10833/03)	569	467
Withholding Income Tax (Law No. 10833/03)	276	(40)
Other Federal Taxes (PIS/COFINS/CSLL)	1,510	745
Local Service Tax	760	170
	<u>387,451</u>	<u>363,679</u>
Current	8,394	9,274
Non-current	379,057	354,405

14. Advances from customers

In order for any operation in the Ports of Paranaguá and Antonina to be released, the customer must make an advance payment of the amounts referring to the intended operation. The contribution may be through a deposit, insurance or surety. This internal standard was established in Service Order No. 237-12 and is also used for the consumption of water and electricity within the organized port area. Advances are recorded in the accounting and, after closing the transaction, PORTOS DO PARANÁ issues the corresponding invoice and offsets the amount of the advance received. At September 30, 2023 this account amounts to R\$13,648 and to R\$10,561 at December 31, 2022.

15. Judicial accruals

	<u>09/30/2023</u>	<u>12/31/2022</u>
Labor	74,868	119,069
Civils	89,298	28,149
Securities issued to cover court-ordered debts (i)	29,438	29,436
Total	<u>193,604</u>	<u>176,654</u>

- (i) Enforcement proceedings for debt collection from public law bodies of the Federal Government, States, Municipalities, Autonomous Government Entities and Public Foundations are processed through the issuance of a payment order to include this debt in the public budget. This security is known in Portuguese as “precatório requisitório” and is issued after a res judicata decision is handed down to the public entity. In some lawsuits, the judge determines that the amount due can be recognized as securities issued to cover court-ordered debts of the State Government, which may or may not be accepted within the stipulated period. Therefore, we recognize the provision for these lawsuits in the short term, because if the State determines the payment the PORTS OF PARANÁ must comply with the request.

Notes to financial statements

Period ended September 30, 2023

(Amounts expressed in thousands of Reais – except if stated otherwise)

After the authorization given by the Board of Directors at the 101st Ordinary Meeting, proceedings at the administrative stage were reclassified from PROBABLE to POSSIBLE whose payables may still be challenged in court.

16. Equity

a) Capital

The capital of PORTOS DO PARANÁ is R\$1,086,443,861.38 (one billion, eighty-six million, four hundred and forty-three thousand, eight hundred and sixty-one reais and thirty-eight cents), fully paid in by the State of Paraná.

The Company's capital stock can only be changed by decree of the executive branch, through capitalization, donation, assets, reserves and other resources of assets and rights that may be destined for this purpose with the consent of the Board of Directors and the Annual Shareholders' Meeting.

b) Profit or loss for the period

The accounting result for the period ended September 30, 2023 was a loss of R\$9,224 million and for the same period in the year 2022 the Company recorded an accounting profit of R\$41,336 million. Profits earned by PORTOS DO PARANÁ must be offset against the accumulated loss account.

Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) reached R\$11,009 million, and the Adjusted EBITDA, which adds to EBITDA other operating expenses and allowance for doubtful accounts, managed to reach R\$108,260 million.

	<u>09/30/2023</u>	<u>09/30/2022</u>
EBITDA	11,009	62,567
Adjusted EBITDA	108,261	90,889
EBITDA margin	3%	19%
Adjusted EBITDA margin	28%	23%

c) Accumulated losses

Accumulated loss recorded in equity of PORTOS DO PARANÁ at September 30, 2023 is R\$237,400 and R\$246,479 for the period ended December 31, 2022.

PORTO DO PARANÁ – ADMINISTRAÇÃO DOS PORTOS DE PARANAGUÁ E ANTONINA

Notes to financial statements

Period ended September 30, 2023

(Amounts expressed in thousands of Reais – except if stated otherwise)

17. Operating revenue

	<u>07/01/2023 to 09/30/2023</u>	<u>Period ended 09/30/2023</u>	<u>07/01/2022 to 09/30/2022</u>	<u>Period ended 09/30/2022</u>
Waterway access infrastructure	60,859	167,443	49,486	143,169
Berth infrastructure	2,311	6,936	2,336	8,359
Ground operating infrastructure	25,950	69,200	20,103	59,375
Storage revenue	504	2,112	1,122	3,347
Equipment use revenue	14,548	35,575	9,718	25,626
Sundry standardized items	1,731	4,339	1,076	3,109
Lease agreements	42,635	130,846	49,487	129,700
Complementary revenue	2,124	5,237	374	848
Gross operating revenue	150,662	421,688	133,702	373,533
(-) Revenue deductions	(7,891)	(34,874)	(16,391)	(40,097)
Net operating revenue	142,771	386,814	117,311	333,436

The revenues of PORTOS DO PARANÁ are obtained by charging for the availability of the infrastructure of the organized port-to-port operators to carry out the import and export operations of products and goods and their storage. The availability of the pier, access channel and warehouses are charged upon issuing invoices. Each type of tariff charged is listed in a table whose values were approved by the regulatory body – ANTAQ.

Lease revenue is recognized monthly in the profit or loss statement and its collection takes place as stipulated in the agreement signed with the lessee. The basis for calculating the monthly amount due comprises an amount on each m² leased and an amount on the volume of cargo handled in the month.

Storage fees are charged at the time of removal of the goods by the customer. Other operating revenues related to the use of port infrastructure are recognized in the accounts at the closing of each ship.

Regarding taxes levied on billing, PIS and COFINS in the case of PORTOS DO PARANÁ, they are being discussed in the lawsuit filed by the Port Administration against the Federal Government for recognition of Tax Immunity. As long as the dispute lasts, out of prudence, PORTOS DO PARANÁ calculates the contributions under the non-cumulative regime and the monthly amount calculated is collected through a judicial deposit in accordance with an injunction obtained from the 1st Federal Court of Paranaguá on November 26, 2014.

18. Operating costs

The operating costs of PORTOS DO PARANÁ, include expenses to maintain the infrastructure and the necessary conditions for the operation of the ports of Paraná, being all those related to the final activity of the Port Authority, according to Law No. 12815/2013, the Delegation Agreement for the exploration of ports from Paraná to the State of Paraná, and the company's Articles of Incorporation. The costs are all obligations such as maintenance dredging of the access channel, evolution basin and mooring berths, nautical signaling, bathymetry for checking depths, in addition to port security, environmental management, inspection structure and labor, comprehensive port insurance etc. The costs are classified according to the table below:

Notes to financial statements

Period ended September 30, 2023

(Amounts expressed in thousands of Reais – except if stated otherwise)

Costs of services provided	07/01/2023 to 09/30/2023	Period ended 09/30/2023	07/01/2022 to 09/30/2022	Period ended 09/30/2022
Maritime infrastructure costs	(29,298)	(73,713)	(12,263)	(46,852)
Berth infrastructure costs	(280)	(1,851)	(381)	(5,781)
Ground infrastructure costs	(2,756)	(20,595)	(1,806)	(6,530)
Sundry standardized items costs	(1,075)	(3,173)	(862)	(2,682)
Indirect costs	(28,543)	(89,959)	(31,473)	(89,953)
Total	(61,952)	(189,291)	(46,785)	(151,798)

19. Expenses

Expenses on the organization's secondary activities are shown in the table below:

Administrative expenses	07/01/2023 to 09/30/2023	Period ended 09/30/2023	07/01/2022 to 09/30/2022	Period ended 09/30/2022
Administrative personnel expenses	(15,737)	(60,876)	(13,679)	(38,550)
Third parties services and utilities	(19,058)	(50,159)	(13,508)	(31,877)
General expenses	(7,540)	(20,134)	(7,002)	(19,206)
Depreciation	(9,540)	(28,370)	(8,878)	(26,994)
Amortization	(78)	(219)	(35)	(174)
Total	(51,952)	(159,757)	(43,102)	(116,801)

Expenses on the organization's secondary activities are shown in the table below:

Operating expenses	07/01/2023 to 09/30/2023	Period ended 09/30/2023	07/01/2022 to 09/30/2022	Period ended 09/30/2022
Expenses involving the allowance for doubtful accounts (i)	-	(7,323)	(8,120)	(23,125)
Other operating expenses (ii)	(1,030)	(89,929)	(240)	(5,197)
Other non-recurring income (expenses)	(2,009)	41,904	(424)	(1,115)
Total	(3,040)	(55,347)	(8,784)	(29,437)

- (i) Expenses with Allowance for Doubtful Accounts are those referring to the action that SINDOP filed against Portos do Paraná and which, on recommendation of the TCE, are recorded as loss expenses due to the lack of short-term expectation of receipt of the amounts questioned in said action (refer to Note 05).
- (ii) The other operating expenses line refers to expenses with lawsuits enforced, payment of mandatory fees and emergency expenses to support actions to combat the COVID-19 pandemic. The expenses with Allowance for Doubtful Accounts are those related to the claim SINDOP filed against Portos do Paraná and which, upon recommendation of the TCE, are recorded as loss expenses due to the lack of short-term expectation of receiving the amounts questioned in said claim (see Note 05).
- (iii) The entry of the reversal of judicial accruals after the legal reclassification from probable to possible, was reflected in the Other Revenue line (with no tax impact on the LALUR calculation, as the expense incurred upon the entry of the accrual was not deductible).

PORTO DO PARANÁ – ADMINISTRAÇÃO DOS PORTOS DE PARANAGUÁ E ANTONINA

Notes to financial statements

Period ended September 30, 2023

(Amounts expressed in thousands of Reais – except if stated otherwise)

20. Net finance income (costs)

	07/01/2023 to 09/30/2023	Period ended 09/30/2023	07/01/2022 to 09/30/2022	Period ended 09/30/2022
Finance income				
Interest received or earned	29	228	45	90
Short-term investment yield	8,888	27,467	9,493	26,518
Monetary changes receivable	-	35	-	-
Other finance income	1	3	-	-
Total	8,918	27,733	9,538	26,608
Finance costs				
Interest paid	(198)	(372)	-	-
Financial discounts	-	-	-	(2)
Bank fees	(7)	(22)	(11)	(29)
Total	(205)	(394)	(11)	(31)
Finance results	8,713	27,339	9,527	26,577

21. Financial instruments

PORTOS DO PARANÁ evaluates its financial assets and liabilities in relation to market values, using available information and appropriate valuation methodologies. However, the interpretation of market data and the selection of valuation methods require considerable judgment and estimates to calculate the most appropriate realizable value. As a result, the estimates presented do not necessarily indicate the amounts that could be realized in the current market. The use of different market assumptions and/or methodologies may have a material effect on estimated realizable values.

The risk management objectives and processes and the methods used to measure them are presented below:

a) Credit risk

PORTOS DO PARANÁ is exposed to credit risk in its operating activities in relation to accounts receivable, deposits and investments in financial institutions.

All PORTOS DO PARANÁ revenues, both the fees charged for access and use of the quay, as well as support and storage revenues, are received in advance from the customer, minimizing the risk of default. Lease revenue is charged monthly and represented approximately 30% of the Company's revenue.

The book value of financial assets represents the maximum credit exposure. The amount of risk for the period ended September 30, 2023 is shown below:

	<u>09/30/2023</u>
Cash and cash equivalents	238,927
Accounts receivable	23,254
	<u><u>262,181</u></u>

Notes to financial statements

Period ended September 30, 2023

(Amounts expressed in thousands of Reais – except if stated otherwise)

b) Market risk

Interest rate and inflation risk: financial investments referenced to CDI, which may adversely affect finance income in the event of an unfavorable movement in interest rates and inflation.

c) Price and market value risk

The present tariff structure charged at the organized port is regulated by the granting authority, which allows maintaining the economic-financial balance so that PORTOS DO PARANÁ can honor the commitments assumed to maintain the infrastructure and invest resources to make the port more efficient.

d) Regulatory risk

We disregard any events initiated by the federal government that may affect the continuity of the exploitation of the port infrastructure granted to the State of Paraná through the 1st amendment to the Delegation Agreement nº 037/2001, valid until 2052. In relation to a possible political act that leads to the termination of the contractual relationship, we consider it a remote probability.

22. Related party transactions

A party that is related to the entity, directly or indirectly, through one or more intermediaries, when the party: (i) controls, is controlled by, or is under common control with the entity (this includes parent companies or subsidiaries); (ii) has an interest in the entity that gives it significant influence over the entity; or (iii) has joint control over the entity. Related party transaction is the transfer of resources, services or obligations between related parties, regardless of whether or not there is an amount allocated to the transaction.

Balance payable to related parties

<u>Entities controlled by the State of Paraná</u>	<u>09/30/2023</u>	<u>12/31/2022</u>
Copel Distribuição S.A.	660	444
Cia de Tecnologia da Informação do Paraná	989	1,127
	<u>1,649</u>	<u>1,571</u>

Compensation of board members (in reais)

	<u>09/30/2023</u>	<u>12/31/2022</u>
CONSAD - Board of Directors	47,892.32	44,982.00
CONFISC - Supervisory Board	11,973.09	11,245.50
CAE - Statutory Audit Committee	8,979.81	8,434.14
CIA - Nomination and Evaluation Committee	15,165.90	2,811.38
	<u>84,011.12</u>	<u>67,473.02</u>

Number of members

	<u>09/30/2023</u>	<u>12/31/2022</u>
CONSAD - Board of Directors	9	9
CONFISC - Supervisory Board	3	2
CAE - Statutory Audit Committee	3	2
CIA - Nomination and Evaluation Committee	6	4
	<u>21</u>	<u>17</u>

Notes to financial statements

Period ended September 30, 2023

(Amounts expressed in thousands of Reais – except if stated otherwise)

23. Insurance

The insured amounts are determined and contracted on a technical basis that are estimated to be sufficient to cover any losses resulting from losses on fixed assets of Portos do Paraná and on assets of the Federal Government under the use and custody of this Company, and were contracted for the period from January 10, 2023 to January 10, 2024.

The operational risk policy covers material damage to the company's movable and immovable property and to the Federal Government's property which it has use and custody, covering accidents of a sudden and unforeseen nature. This coverage does not cover movable and immovable property located in the leased areas, whose insurance is solely the responsibility of the lessee.

The civil liability policy covers damages caused to third parties as a result of activities carried out in compliance with the Company's obligations, provided for in Law No. 12815, of 06/05/2013, and effective from January 27, 2023 to January 27, 2024.

The insurance bond issued in 2022 addresses the delinquent tax collection proceedings filed by National Treasury Attorney General Office against Portos do Paraná, however, after the judicial deposit, the policy was cancelled in August of the current year.

Following are the values of current coverage (in thousands of reais):

	<u>09/30/2023</u>	<u>12/31/2022</u>
Operating risks	45,000	135,000
Civil liability	10,000	10,000
Insurance bond	-	86,444

24. Subsequent events

There were no subsequent events subject to disclosure and/or accounting adjustment in the period comprising the closing date of the quarter and the issuance of these Financial Statements.

Paranaguá, October 30, 2023.

Rodrigo Neris Cavalcanti
CRC PR-066466/O-9
Accountant in Charge

Luiz Fernando Garcia da Silva
Chief Executive Officer

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