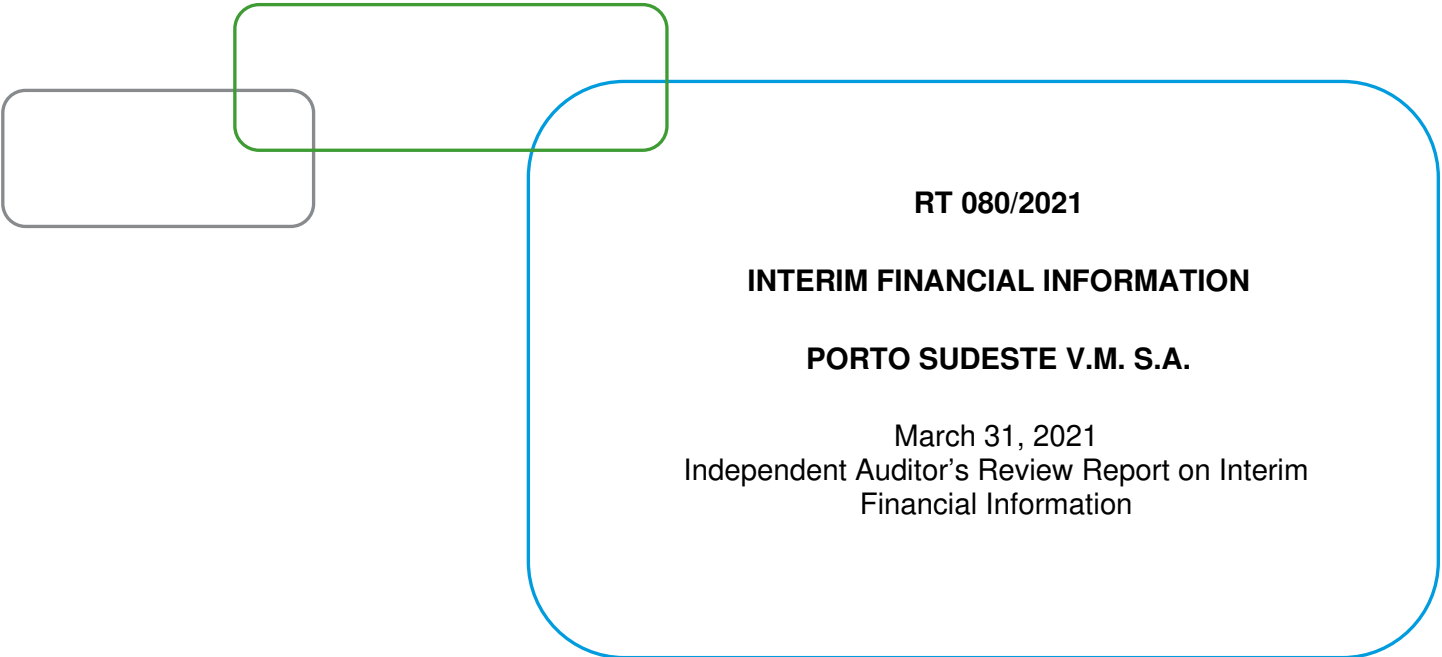




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**RT 080/2021**

**INTERIM FINANCIAL INFORMATION**

**PORTO SUDESTE V.M. S.A.**

March 31, 2021  
Independent Auditor's Review Report on Interim  
Financial Information



**PORTO SUDESTE V.M. S.A.**

**INTERIM FINANCIAL INFORMATION**

March 31, 2021

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## **Management Report**

### **1. Message from Management**

The management of Porto Sudeste V.M. S.A. (the “Company”), in compliance with the legal requirements and in accordance with the prevailing Corporation Law, hereby submits to your appreciation the Financial Statements accompanied by the respective explanatory notes and the independent auditor’s report for the quarter ended March 31, 2021. Should you need any further clarifications, please do not hesitate to contact us. At the end of the first quarter of 2021, the Executive Board expresses their acknowledgement to suppliers, employees and all other professionals for their dedication and hard work.

### **2. Relationship with independent auditors**

Pursuant to CVM Rule No. 381/2003, we hereby inform that RSM Acal Auditores Independentes S/S (RSM) renders external audit services relating to the audit of the Company’s financial statements.

In engaging services not related to independent audit, the Company adopts procedures that are based on the applicable law and on internationally accepted principles that preserve the auditor’s independence and objectivity. These principles are the following: (i) an auditor must not review his/her own work, and (ii) an auditor must not act as a manager for clients neither promote their interest.

RSM has stated to the Company that there is no relationship or situation that constitutes a conflict of interests that could affect its independence.

### **3. Management’s explanations with respect to variable-income securities**

#### **Variable-income securities**

As a result of the completion of the acquisition of the Company in February 2014, as described in Note 1, the Company assumed the obligations related to MMXM11 variable remuneration securities, issued in 2011 in connection with the acquisition of Porto Sudeste by MMX. In order to make the transfer of this obligation feasible, the Company issued variable remuneration bonds (mirror bonds of MMXM11) in terms similar to MMXM11, through two vehicles:

- FIP-IE Porto Sudeste Royalties: An infrastructure equity fund intended to hold in its portfolio exclusively Port11 Securities - and each Port11 Security held by FIP-IE would correspond to one Share. FIP-IE shares were offered to the holders of MMXM11 Securities considered as qualified investors pursuant to the Brazilian Securities and Exchange Commission (CVM) regulation, and whose ownership of FIP-IE shares would not be restricted.
- Porto Sudeste V.M. S.A.: A corporation registered with CVM under category ‘B’ that issued a new royalty-based variable-income security, mirror of MMXM11 Security (“PSVM11 Securities”). Such security is listed for trading on BM&FBOVESPA (differently from Port11 Securities, which are not traded on the stock exchange). The PSVM11 Securities were offered to holders of MMXM11 Securities who (i) would not be considered qualified investors, or (ii) would have regulatory restrictions to hold FIP-IE shares.

The securities swap operation did not impact the Company's financial statements, since the obligation had already been recognized based on the contractual clauses with the final holders of the original securities (MMXM11).

Upon completing the exchange of the securities, the Company has an obligation to pay the above vehicles, which in turn have an obligation to pay the holders of the exchanged shares / securities.

The holders of the above-mentioned securities are entitled to quarterly variable income determined since January 1, 2013, calculated based on metric ton of iron ore or the value per ton of other cargoes, as the case may be, as follows:

$$R = [(TMMF \times VpTMF) + (TMOC \times VpTDC)] \times FP$$

Where:

R = royalties payable in relation to each quarter of the fiscal year

TMMF = Ton of Iron Ore shipped at the Port for the respective quarter

TMOC = Ton of Other Cargoes shipped at the Port for the respective quarter

VpTMF = Value per Ton of Iron Ore (as defined below)

VpTDC = Value per Ton of Other Cargoes (as defined below)

FP = Proportional Factor

For iron ore loads: the royalties related to iron ore loads shipped at the Port in a certain quarter will be calculated considering the amount of USD 5.00 per ton of iron ore ("value per ton of iron ore"). This amount will be (i) adjusted annually based on the US PPI difference calculated from September 2010; and (ii) translated into Brazilian reais, based on the exchange rate at the end of the business day immediately prior to the effective payment date.

For other cargoes: the royalties related to other cargoes, other than iron ore (excluding non-dry cargoes, such as supply activities) conducted at the Port Terminal will be calculated based on the cargo margin (as defined below) ("value per ton for other cargoes"). "Cargo margin" (a) means the difference between the average cost per ton (excluding all non-cash items) incurred in relation to the services rendered by Porto Sudeste relating to the applicable cargo and the average value per ton effectively charged by Porto Sudeste for the services rendered in relation to such cargo; and (b) must be limited under any circumstance to USD 5.00 per shipped ton.

The adjusted limit amount of USD 5.00 per ton for cargo margin will be (i) restated annually by reference to the US PPI difference calculated from September 2010; and (ii) translated into Brazilian reais, based on the exchange rate at the end of the business day immediately prior to the effective payment date.

Annually, in the fourth quarter of each fiscal year, the amount of metric tons effectively shipped at the Port during the respective year ("measured tons") will be compared to: (a) the years between 2013 and 2016, the take-or-pay volumes indicated in table below; and (b) the subsequent years, the quantity of metric tons to be shipped at the Port in the respective year under all take-or-pay contracts entered into between Porto Sudeste or its subsidiaries in force in the respective fiscal year ("take-or-pay ton"):

	2013	2014	2015	2016	2017	2018	2019	2020	2021
Tm	13,6	31,9	36,8	36,8	-	-	-	-	-

If the take-or-pay ton value less the measured ton value is a positive figure, the values of royalties payable for the fourth quarter of each fiscal year will be added to the amount corresponding to the multiplication of such figure by the value per ton of iron ore, or the value per ton of other cargoes, as the case may be.

The table below shows the tons realized for the above-described calculation purposes, considering 2016 as the beginning of the company's commercial operations after the commissioning conducted in 2015:

	2013	2014	2015	2016	2017	2018	2019	2020	2021
Tm	-	-	-	7,1	9,5	10,7	16,4	18,7	4,5

All volumes operated until the end of the first quarter of 2021 refer to iron ore, and there are no other cargoes shipped.

If, in a given civil quarter, upon payment of the then current royalties, the free cash held by the issuer and Porto Sudeste together exceeds (a) USD 25,000,000, in the fiscal years between 2013 and 2017, or (b) USD 10,000,000 in the following fiscal years, in both cases converted into reais according to the exchange rate ("minimum cash reserve"), the issuer must use amounts that exceed the minimum cash reserve ("free cash available" ) to pay the royalties effectively accumulated to the bondholders until the last day of such calendar quarter. It is certain and adjusted that there is no obligation on the issuer to pay such additional amounts provided herein, except if there is available free cash held by the issuer on the last day of such calendar quarter and up to the limit of such available cash, "free cash" means amount corresponding to (i) the sum of (a) all amounts available in cash from Porto Sudeste together and (b) positive balances of all bank accounts of the issuer and Porto Sudeste together (in any financial institution) minus (ii) the sum of (a) any amounts contributed by Porto Sudeste shareholders through capital increase or shareholder loan, insofar as such amounts remain as available cash from Porto Sudeste, (b) debt service reserve account senior account of BNDES and the reserve account of CESCE's senior debt service, and (c) the cash values provisioned by Porto Sudeste together for IRPJ - Corporate Income Tax, CSLL - Contribution On Net Income and other obligations for which Porto Sudeste's independent auditors require provisioning by Porto Sudeste together.

The royalties shall be cumulative, i.e., if in a certain calendar quarter, the available cash for royalties computed by issuer is not sufficient for total or partial payment of royalties computed until then, said unpaid royalties shall be added to the amount of royalties for the next quarter. The royalties shall only be deemed due and payable when Porto Sudeste has computed available cash for royalties that is sufficient for this purpose.

At March 31, 2021, the Company conducted financial calculations with the purpose of identifying the existence of available net cash and concluded that the available net cash is positive as at that date and, therefore, it is not required to settle the royalties.

Cash Available for Payment of Royalties	4 <sup>th</sup> quarter 2020	1 <sup>st</sup> quarter 2021
Revenues	292,234	(342,255)
Applicable taxes	(41,643)	(48,771)
Cost of operations	(43,554)	(42,525)
Capex for maintenance	(6,007)	(5,356)
Operating expenses	(27,394)	(22,937)
<b>Subtotal Cash Available for Payment of Royalties</b>	<b>173,636</b>	<b>222,666</b>
Interest and repayment of the senior debt	(190,826)	(226,997)
Interest and repayment of working capital senior debt	-	-
<b>Total cash available for payment of royalties</b>	<b>(17,191)</b>	<b>(4,331)</b>

Cash Available for Payment of Accumulated Royalties	4 <sup>th</sup> quarter 2020	1 <sup>st</sup> quarter 2021
Available cash of bank accounts	21,000	96,352
Contributions by shareholders and others	(21,000)	(96,352)
<b>Total cash available for payment of accumulated royalties</b>	<b>-</b>	<b>-</b>

Reconciliation of quantities shipped and amounts paid as royalties (accumulated)	Shipped	Shipped	Take-or-pay/Shipped
	4 <sup>th</sup> quarter 2020	1 <sup>st</sup> quarter 2021	Accumulated
Volume (M/TONs)	174,385	4,456	178,841
Price per ton	5	5	5
PPI, accumulated	0.498483	0.892504	0.5083000
Price per TON (USD)	5.498483	5.892504	5.508300
<b>Royalty (Porto Sudeste) USD</b>	<b>958,853</b>	<b>26,257</b>	<b>985,110</b>
<b>PSVM11 securities issued by Porto Sudeste V.M S.A. as a percentage of Port11 securities</b>	<b>0.43%</b>	<b>0.43%</b>	<b>0.43%</b>
<b>Royalties (Porto VM) calculated (USD m)</b>	<b>4,123</b>	<b>113</b>	<b>4,236</b>
<b>Cash available for payment of Royalties</b>	-	-	-
<b>Royalties payable</b>	-	-	-

Securities are measured in accordance with IAS 37 - Provisions, Contingent Liabilities and Contingent Assets based on projected cash flows from future security related payments discounted at an annual rate of 11.12%. These projections are based on the Parent Company's business plan and include assumptions related to the growth in exports of the iron ore from the ore producing region of Minas Gerais state and assumptions on the growth in market share of Porto Sudeste. The Company recognize that this growth will be achieved with long-term contracts as well as with acquisitions of iron ore mines in that region by its shareholders. At March 31, 2021, the present value of discounted future cash flows amounted to USD2,663,894,452, which were translated into Brazilian reais, totaling R\$15,177,005,860 (USD2,445,065,707, totaling R\$12,706,272,959 at December 31, 2020). Of these totals, the amounts corresponding to PSVM11 securities total, at March 31, 2021, USD11,346,262, totaling in Brazilian reais R\$64,643,059 (USD10,414,210, totaling R\$54,119,525 at December 31, 2020).

Rio de Janeiro, May 12, 2021.

The management.



**A free translation from Portuguese into English of Independent Auditor's Review Report on Interim Financial Information prepared in Brazilian currency in accordance with Technical Pronouncement CPC 21(R1) - Interim financial statement.**

## **Independent Auditor's Review Report on Interim Financial Information**

Shareholders, Directors and Officers of  
**Porto Sudeste V.M. S.A.**  
Itaguaí – RJ

We have reviewed the interim financial information of Porto Sudeste V.M. S.A. ("Company" or "Porto V.M."), respectively, which comprise the statements of financial position as at March 31, 2021 and the related statements of operations, of comprehensive income (loss), of changes in equity and cash flows for the three-month period then ended including the explanatory notes.

### **Management's responsibility for the interim financial information**

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

### **Scope of review**

We conducted our review in accordance with Brazilian and international standards for review and interim information (NBC TR 2410 - Interim Information Review Performed by the Entity Auditor and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The scope of a review is significantly less than that of an audit conducted in accordance with auditing standards and, consequently, has not allowed us to obtain assurance that we are aware of all significant matters that could be identified in an audit. Therefore, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim information does not present fairly, in all material respects, the financial position of the entity as of March 31, 2021, and the performance of its operations and its cash flows for the quarter then ended in accordance with accounting practices adopted in Brazil.

### **Emphasis - significant uncertainty as to the Company's ability to continue as a going concern**

Without qualifying our conclusion, we draw attention to Note 1 of the interim financial information, which indicates that, at March 31, 2021, the Company presents loss in the period of R\$ 94,406 and accumulated losses of R\$ 1,669,701. This note, together with Note 6, also indicates that the measurement of variable remuneration securities is directly related to the flow of future payments to the security holders, estimated based on the volumes to be shipped in accordance with the business plan of Porto Sudeste do Brasil S.A. (Company's parent company). Additionally, this note also states that Porto Sudeste do Brasil S.A. began its operations in 2016, but still depends on the financial support of its shareholders and/or funds from third parties until its operations generate sufficient cash to maintain its operating activities. This interim financial information was prepared on the assumption that the Company will continue to operate as a going concern and does not include any adjustment that would be required in the event that the plans of its parent company, Porto Sudeste do Brasil S.A. do not achieve the expected results.

### **Other matters**

#### Statements of added value

We have also reviewed the Statement of Added Value (DVA) for the three-month period ended March 31, 2021, prepared under the responsibility of the Company's management, whose presentation in the interim financial information is required in accordance with the standards issued by the Brazilian Securities and Exchange Commission – CVM, applicable to the preparation of Quarterly Information (ITR) and considered supplementary information under IFRS, which does not require the presentation of the DVA. This statement was submitted to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that it has not been prepared, in all material respects, consistently with the overall interim financial information.

Rio de Janeiro, May 12th, 2021.

**RSM ACAL AUDITORES INDEPENDENTES S/S**  
**CRC - RJ – 4080/O-9**



Cláudio Silva Foch  
Accountant CRC-RJ – 102.455/O-4

## Porto Sudeste V.M. S.A.

Statement of financial position  
March 31, 2021 and December 31, 2020

*In reais*

	<u>Note</u>	<u>03/31/2021</u>	<u>12/31/2020</u>
Asset			
Current asset			
Cash and cash equivalente	4	71,256	37,766
Taxes recoverable		<u>2,789</u>	<u>2,784</u>
Total current assets		<u>74,045</u>	<u>40,550</u>
Noncurrent assets			
Variable-income securities – Port 11	5	64,643,059	54,119,525
Judicial deposits		<u>139,237</u>	<u>139,237</u>
Total noncurrent assets		<u>64,782,296</u>	<u>54,258,762</u>
Total assets		<u>64,856,341</u>	<u>54,299,312</u>
Liabilities			
Current liabilities			
Trade account payables	6	72,475	57,500
Tax and contributions payable		<u>6</u>	<u>764</u>
Total current liabilities		<u>72,481</u>	<u>58,264</u>
Non current liabilities			
Variable-income securities – PVSM 11	5	<u>64,643,059</u>	<u>54,119,525</u>
Total non current liabilities		<u>64,643,059</u>	<u>54,119,525</u>
Equity			
Capital	7	1,676,040	1,676,040
Future capital contribution		100,000	-
Accumulated losses		(1,669,701)	(1,575,295)
Cumulative translation adjustment (CTA)		<u>34,462</u>	<u>20,778</u>
Total equity		<u>140,801</u>	<u>121,523</u>
Total liabilities and equity		<u>64,856,341</u>	<u>54,299,312</u>

See accompanying notes.

## Porto Sudeste V.M. S.A.

Statements of profit or loss  
Three-month periods ended March 31, 2021 and 2020  
In reais

	<b>Note</b>	<b>01/01/2021 a 03/31/2021</b>	<b>01/01/2020 a 03/31/2020</b>
Sales and servisse revenue		-	-
Costs of sales and services		-	-
Gross profit		<u>-</u>	<u>-</u>
General and administrative expense	8.1	<u>(63,315)</u>	<u>(57,837)</u>
Income before finance income and costs		<u>(63,315)</u>	<u>(57,837)</u>
Finance income	8.2	68	588
Finance cost	8.2	<u>(31,159)</u>	<u>(37,868)</u>
Finance income (costs)		<u>(31,091)</u>	<u>(37,280)</u>
Income (loss) before taxes		<u>(94,406)</u>	<u>(95,117)</u>
Income and social contribution taxes		-	-
Loss for the period		<u><u>(94,406)</u></u>	<u><u>(95,117)</u></u>

See accompanying notes.

## **Porto Sudeste V.M. S.A.**

Statements of comprehensive income  
Three-month periods ended March 31, 2021 and 2020  
In reais

	<u>01/01/2021 a 03/31/2021</u>	<u>01/01/2020 a 03/31/2020</u>
Loss for the period	(94,406)	(95,117)
Other comprehensive income Translation adjustments for the period	<u>13,684</u>	<u>23,474</u>
Total comprehensive income (loss)	<u>(80,722)</u>	<u>(71,643)</u>

See accompanying notes.

## Porto Sudeste V.M. S.A.

Statements of changes in equity  
 Three-month periods ended March 31, 2021 and 2020  
 In reais

	Capital	Unpaid capital	Future capital contribution	Cumulative translation adjustment (CTA)	Accumulated losses	Total
<b>Balances at December 31, 2019</b>	<b>1,276,940</b>	<b>(900)</b>	<b>200,000</b>	<b>(21,621)</b>	<b>(1,322,608)</b>	<b>131,811</b>
Loss for the period	-	-	-	-	(95,117)	(95,117)
Cumulative translation adjustment	-	-	-	23,474	-	23,474
<b>Balance at March 31, 2020</b>	<b>1,276,940</b>	<b>(900)</b>	<b>200,000</b>	<b>1,853</b>	<b>(1,417,725)</b>	<b>60,168</b>
<b>Balance at December 31, 2020</b>	<b>1,676,940</b>	<b>(900)</b>	<b>-</b>	<b>20,778</b>	<b>(1,575,295)</b>	<b>121,523</b>
Future capital contribution	-	-	100,000	-	-	100,000
Loss for the period	-	-	-	-	(94,406)	(94,406)
Cumulative translation adjustment	-	-	-	13,684	-	13,684
<b>Balance at March 31, 2021</b>	<b>1,676,940</b>	<b>(900)</b>	<b>100,000</b>	<b>34,462</b>	<b>(1,669,701)</b>	<b>140,801</b>

See accompanying notes.

## Porto Sudeste V.M. S.A.

Statements of cash flow

Three-month periods ended March 31, 2021 and 2020

In reais

	<u>03/31/2021</u>	<u>03/31/2020</u>
Cash flows from operating activities		
Loss for the period before taxes	(94,406)	(95,117)
Foreign exchange differences	13,684	23,474
Changes in assets and liabilities		
Tax recoverable	(4)	(113)
Judicial deposits	-	(14,021)
Trade account payable	14,974	35,312
Taxes and contributions payable	(758)	(27)
<b>Net cash used in operation activities</b>	<u>(66,510)</u>	<u>(50,492)</u>
Cash flows from financing activities		
Future capital contribution	100,000	-
<b>Net cash provided by financing activities</b>	<u>100,000</u>	<u>-</u>
<b>Increase (decrease) in cash and cash equivalents</b>	<u>33,490</u>	<u>(50,492)</u>
Statement of increase in cash and cash equivalents		
At beginning of period	37,766	102,717
At end of period	71,256	52,225
<b>Increase (decrease) in cash and cash equivalents</b>	<u>33,490</u>	<u>(50,492)</u>

See accompanying notes.

## Porto Sudeste V.M. S.A.

Statements of value added

Three-month periods ended March 31, 2021 and 2020

In reais

	<u>03/31/2021</u>	<u>03/31/2020</u>
Revenues		
Revenues	-	-
Inputs acquired from third parties (including ICMS and IPI) Materials, electric power, third-party services and other expenses	<b>(63,315)</b>	<b>(57,837)</b>
Gross value added	<u><b>(63,315)</b></u>	<u><b>(57,837)</b></u>
Value added received in transfer Finance income	<b>68</b>	<b>588</b>
Total value added to be distributed	<u><b>(63,247)</b></u>	<u><b>(57,249)</b></u>
Distribution of value added		
Interest	<b>31,159</b>	<b>(37,868)</b>
Equity remuneration Loss for the period	<b>(94,406)</b>	<b>(95,117)</b>
	<u><b>(63,247)</b></u>	<u><b>(57,249)</b></u>

See accompanying notes.



## **Porto Sudeste V.M. S.A.**

Notes to interim financial information

March 31, 2021

(In reais)

### **1. Operations**

Porto Sudeste V.M S.A. (the “Company”) was incorporated on July 16, 2013 and is engaged in holding interest in other companies, both in Brazil and abroad, as owner, shareholder or member, either permanently or temporarily, as a parent company or noncontrolling interest.

Since February 13, 2014, the Company is a wholly-owned subsidiary of Porto Sudeste do Brasil S.A. (“Porto Sudeste”), a privately-held company responsible for “Porto Sudeste” port terminal, and engaged in the handling of iron ore. Located in Ilha da Madeira in Itaguaí (Rio de Janeiro state), the terminal is strategically placed at the shortest distance between iron ore producers of Minas Gerais state and the sea (“Porto Sudeste”). Its construction began in July 2010, and the Company started its operations on a commissioning basis in August 2015 and commercially in January 2016.

At March 31, 2021, the Company recorded loss of R\$94,406 for the quarter and an accumulated loss of R\$1,669,701. The Company ended the first quarter of 2021 with a cash of R\$ 71,256

Its parent company, Porto Sudeste, depends on the capital contribution from controlling shareholders to fund certain senior debt obligations that cannot be paid with cash from operating activities. Such obligations include payment of bank guarantees and non-maintenance Capex. Management expects that these obligations over the following 12 months will amount to approximately USD 26 million. The parent company Porto Sudeste understands that shareholders will provide the necessary funds.

Porto Sudeste’s former parent company, MMX Mineração e Metálicos S.A. (“MMX”) held a variable-income security in the market based on ore handling at Porto Sudeste, known as MMXM11. After selling the control over Porto Sudeste to Impala Holding Limited (“Impala”, a division of Trafigura Pte. Ltd. (“Trafigura”)) and Mubadala Development Company PJSC (“Mubadala”), through its subsidiaries, they agreed that the debt relating to MMXM11 securities would be assumed by Porto Sudeste.

The investment agreement that regulated the acquisition of control over Porto Sudeste by Trafigura and Mubadala contained an obligation of MMX to enter into a barter agreement with all holders of MMXM11 Securities, whereby MMX would acquire MMXM11 Securities and would transfer Port11 Securities or other security backed by Port11 Securities in exchange. The Company assumed the portion of outstanding MMXM11 Securities (i) that did not classify as qualified investors, or (ii) would have had regulatory restrictions to hold infrastructure investment fund shares (FIP-IE), as in the case of some investment funds.

## **Porto Sudeste V.M. S.A.**

Notes to interim financial information (continued)

March 31, 2021

(In reais)

### **1. Operations--Continued**

At the Special General Meeting held on December 31, 2014, shareholders approved the Company's issue of Royalty-Based Variable-Income Securities or "PSVM11" which were fully subscribed by MMX. The completion of that issue was contingent on the secondary public offering of royalty-based variable-income securities to be performed by MMX.

On March 3, 2015, the secondary public offering was closed with 12,539,802 royalty-based securities having been distributed, which were all acquired by MMX through the delivery of an equal number of royalty-based variable-income securities issued by Porto Sudeste do Brasil S.A. (Port11).

The holders of the securities mentioned above are entitled, as from January 1, 2013, to quarterly variable income, calculated based on metric tons of iron ore and other cargo shipped at the Porto Sudeste, amounting to USD5 (five US Dollars) per ton shipped, restated by reference to the Producer Price Index (PPI), on the understanding that, in any quarter, payments shall be limited to the Company's available cash and other conditions provided in the agreement - all in accordance with the terms set out in those securities' deeds available on the Company's website and filed with the Brazilian Securities and Exchange Commission (CVM).

The measurements of such variable-income securities and the respective accounting impacts are described in Note 5.

#### Covid-19

The Company's management has been monitoring the effects of the Coronavirus (Covid-19) on its operations. There were no material differences in our operations. The Company's management understands that this impact is being mitigated by the strong increase in the price of iron ore and the increase in the exchange rate. In view of the fluidity and speed of the development of the pandemic, management, together with its shareholders, continues to work on the assessment of mitigation measures in order to avoid deductions for the business in the short, medium and long term.

The short-term cash flow is being monitored, maintaining a strict discipline on working capital, particularly in relation to the collection of accounts receivable and the management of inventory formation, through regular contact with suppliers to identification of potential risks.

## **Porto Sudeste V.M. S.A.**

Notes to interim financial information (continued)

March 31, 2021

(In reais)

### **2. Basis of preparation and presentation of interim financial information**

#### a) Interim financial information

This quarterly information was prepared and is presented in accordance with the Brazilian Financial Accounting Standards Board (CPC) pronouncement CPC 21 (R1) - Interim Financial Reporting and the International Standard IAS 34 - Interim Financial Reporting issued by the International Accounting Standards Board (IASB). This information is presented consistently with the standards issued by the Brazilian Securities and Exchange Commission (CVM), applicable to the preparation of the Quarterly Information Form (ITR).

In addition, the Company considered the guidelines issued by the Technical Guideline OCPC 07, issued by CPC in November 2014, in the preparation of its financial statements. Accordingly, the relevant information in the financial statements is being disclosed, and corresponds to that used by Management in its management.

The Company management approved this interim financial information on May 12, 2021.

#### b) Basis of preparation and measurement

The interim financial information has been prepared under the historical cost convention, except for certain financial instruments measured at fair value through profit or loss.

#### c) Functional and reporting currencies

On January 1, 2016, as the parent company Porto Sudeste do Brasil S.A. began to earn revenue substantially denominated in US Dollars, its functional currency was changed to US Dollars from Brazilian Reais. Accordingly, Porto Sudeste V.M.S.A. in line with the change in the functional currency of its controlling shareholder, also changed its functional currency to the US Dollar on January 1, 2016. Accordingly, pursuant to Brazilian legislation and CPC 02 – The effects of changes in foreign exchange rates and translation of financial statements, the interim financial information is presented in Brazilian Reais (R\$), by translating the functional currency to the reporting currency (Brazilian Reais). Assets and liabilities are translated at the closing exchange rate for the period; the statements of profit or loss are stated at the exchange rate prevailing on the date of the event; and equity at historical build-up cost.

#### d) Statement of value added

The Company prepared Statements of Value Added, which are presented as an integral part of the interim financial information in accordance with accounting practices adopted in Brazil applicable to publicly traded companies, while under IFRS SVA represents supplementary information.

## **Porto Sudeste V.M. S.A.**

Notes to interim financial information (continued)

March 31, 2021

(In reais)

### **2. Basis of preparation and presentation of interim financial information --**

Continued

e) Statement of cash flow

Cash flow statements were prepared under the indirect method and are presented in accordance with CPC 03 (R2) - Statement of Cash Flows.

f) Accounting estimates

The interim financial information was prepared based on various measurement bases used in accounting estimates. The accounting estimates involved in the preparation of the interim financial information were based on both objective and subjective factors, and in line with management's judgment for determining the appropriate amounts to be recorded in the interim financial information. Significant items subject to these estimates and assumptions include measurement of variable-income securities, as well as the analysis of other risks to determine other provisions, including provision for contingencies.

Settlement of transactions involving these estimates may result in amounts significantly different from those recorded in the interim financial information due to the uncertainties inherent in the estimation process. The Company reviews its estimates at least on an annual basis.

## Porto Sudeste V.M. S.A.

Notes to interim financial information (continued)

March 31, 2021

(In reais)

### 3. Summary of significant accounting practices and estimates

In preparing this interim financial information the accounting practices described below have been applied consistently by the Company to all periods presented in this interim financial information.

#### 3.1. Financial instruments

##### a) Financial assets

###### i) *Measurement and Classification*

Financial instruments are classified into three categories: measured at amortized cost; fair value through other comprehensive income and fair value through profit or loss. The classification of financial assets at initial recognition depends on the characteristics of the contractual cash flows and the business model for the management of these financial assets. The Company presents its financial instruments as follows:

###### Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise financial assets held for trading, financial assets designated at initial recognition at fair value through profit or loss, and financial assets to be measured at fair value.

Financial assets with cash flows other than payments of principal and interest are classified and measured at fair value through profit or loss. Net changes in fair value are recognized in profit or loss.

###### Amortized cost

A financial asset is classified and measured at amortized cost, when it is intended to receive contractual cash flows and generate cash flows that are “exclusively payments of principal and interest” on the principal amount outstanding. This assessment is performed at the instrument level.

Assets measured at amortized cost use the effective interest method, less any impairment losses. Interest income is recognized through the application of an effective interest rate, except for short-term credits when the recognition of interest would be immaterial.

###### ii) *Impairment of financial assets (impairment)*

The expected loss model is applied to financial assets measured at amortized cost or fair value through other comprehensive income, with the exception of investments in equity instruments. The Company has not identified any losses ("impairment") to be recognized in the period presented.

## **Porto Sudeste V.M. S.A.**

Notes to interim financial information (continued)

March 31, 2021

(In reais)

### **3. Summary of significant practices and estimates -- Continued**

#### **3.1. – Financial assets -- Continued**

##### a) Financial assets -- Continued

##### *iii) Write-off of financial assets*

The write-off (derecognition) of a financial asset occurs when the contractual rights to the asset's cash flows expire, or when the rights to receive contractual cash flows on a financial asset in a transaction are substantially transferred to a third party. All risks and benefits of ownership of the financial asset are transferred. Any participation that is created or retained by the Company in such transferred financial assets is recognized as a separate asset or liability.

##### b) Financial liabilities

Financial liabilities are classified as at fair value through profit or loss when they are held for trading or designated at fair value through profit or loss. Other financial liabilities (including loans) are measured at amortized cost using the effective interest method.

#### **3.2. Cash and cash equivalents**

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. The Company considers that cash equivalents correspond to a short-term investment readily convertible into a known cash amount and subject to insignificant risk of change in value. Accordingly, an investment normally qualifies as a cash equivalent when it is redeemable in the short term, e.g. within three months or less from the investment date.

## **Porto Sudeste V.M. S.A.**

Notes to interim financial information (continued)

March 31, 2021

(In reais)

### **3. Summary of significant practices and estimates**

#### **3.3. Provisions (including contingencies)**

Provisions are recognized when the Company has a present obligation (legal or constructive) arising from past events, the settlement of which is likely to result in an outflow of economic benefits, and for which a reliable estimate can be made. When the Company expects that the amount of a provision will be refunded, whether in full or in part, the refund is recognized as a separate asset, but only when the refund is virtually certain.

The Company recognizes provisions for tax, civil and labor contingencies. The assessment on the likelihood of loss includes evaluation of available evidence, the hierarchy of laws, available case laws and the most recent court decisions and their relevance in legal system, as well as the opinion of external legal advisors. The provisions are reviewed and adjusted to take into consideration changes in circumstances such as applicable statutes of limitation, conclusions of tax audits or additional exposures identified based on new issues or court decisions.

Settlement of transactions involving these estimates may result in amounts significantly different from those recorded in the interim financial information due to uncertainties inherent in the estimation process. The Company management reviews its estimates and assumptions at least on an annual basis.

#### **3.4. Leases**

The Company assesses, on the contract start date, whether this contract is or contains a lease. That is, if the contract transfers the right to control the use of an identified asset for a period of time in exchange for consideration.

##### **Short-term leases and low-value assets**

The Company applies the short-term lease recognition exemption to their short-term leases of machinery and equipment (that is, leases whose lease term is equal to or less than 12 months from from the start date and do not contain a call option). It also applies to granting exemption from recognition of low value assets to office equipment leases considered to be of low value. The short-term lease payments and leases of low value are recognized as an expense using the straight-line method over the period of the lease.

The Company has no lease agreements in the period.

## Porto Sudeste V.M. S.A.

Notes to interim financial information (continued)  
March 31, 2021  
(In reais)

### 4. Cash and cash equivalents

	<u>03/31/2021</u>	<u>12/31/2020</u>
Cash and Banks	<u>71,256</u>	<u>37,766</u>
	<u>71,256</u>	<u>37,766</u>

### 5. Variable-income securities

As a result of the completion of the acquisition of the Company in February 2014, as described in Note 1, the Company assumed the obligations related to MMXM11 variable remuneration securities, issued in 2011 in connection with the acquisition of Porto Sudeste by MMX. In order to make the transfer of this obligation feasible, the Company issued variable remuneration bonds (mirror bonds of MMXM11) in terms similar to MMXM11, through two vehicles:

- FIP-IE Porto Sudeste Royalties: An infrastructure equity fund intended to hold in its portfolio exclusively Port11 Securities - and each Port11 Security held by FIP-IE would correspond to one share. FIP-IE's shares were offered to the holders of MMXM11 Securities considered as qualified investors pursuant to CVM regulation, and whose ownership of FIP-IE shares would not be restricted.
- Porto Sudeste V.M. S.A.: A corporation registered with CVM under category 'B' that issued a new royalty-based variable-income security, mirror of MMXM11 Security ("PSVM11 Securities"). Such security is listed for trading on BM&FBOVESPA (differently from Port11 Securities, which are not traded on the stock exchange). The PSVM11 Securities were offered to holders of MMXM11 Securities who (i) would not be considered qualified investors, or (ii) would have regulatory restrictions to hold FIP-IE shares.

Such security exchange transaction did not have an impact on the Company's interim financial information, since the obligation had already been recognized based on contracts with the final holders of the original securities (PSVM11).

Through conclusion of security exchange, the Company has the obligation to pay the vehicles above, which in turn have the obligation to pay the holders of shares/securities exchanged.

The holders of the above-mentioned securities are entitled to quarterly variable income determined since January 1, 2013, calculated based on metric ton of iron ore or the value per ton of other cargoes, as the case may be, as follows:



## Porto Sudeste V.M. S.A.

Notes to interim financial information (continued)

March 31, 2021

(In reais)

### 5. Variable-income securities -- Continued

$$R = [(TMMF \times VpTMF) + (TMOOC \times VpTDC)] \times FP$$

Where:

R = royalties due in relation to each quarter of the fiscal year

TMMF = Ton of Iron Ore shipped at the Port for the respective quarter

TMOOC = Ton of Other Cargoes shipped at the Port for the respective quarter

VpTMF = Value per Ton of Iron Ore (as defined below)

VpTDC = Value per Ton of Other Cargoes (as defined below)

FP = Proportional Factor

Iron ore: the royalties related to the iron ore cargo shipped in Porto in a given quarter will be calculated considering the value of US\$ 5.00 per ton of iron ore ("value per ton for iron ore"). This amount will be (i) adjusted annually according to the variation of the US PPI calculated since September 2010; and (ii) converted into reais based on the exchange rate closed at the end of the business day immediately preceding the date of its effective payment.

For other cargo: royalties related to cargo other than iron ore (excluding non-dry cargo such as supply activities) carried out at the Port Terminal will be calculated based on the cargo margin (as defined below) ("value per ton for other loads "). "Load margin" (a) means the difference between the average cost per ton (excluding all non-cash items) incurred in relation to the services provided by Porto Sudeste related to the applicable load and the average value per ton effectively charged by Porto Sudeste by services provided in connection with such cargo; and (b) it must, under any circumstances, be limited to US\$ 5.00 per ton shipped.

The adjusted limit value of US\$ 5.00 per tonne for the cargo margin must be (i) adjusted annually according to the variation of the US PPI calculated since September 2010; and (ii) converted into reais based on the exchange rate closed at the end of the business day immediately preceding the date of its effective payment.

Annually, in the fourth quarter of each fiscal year, the amount of metric tons actually shipped in Porto during the respective year ("measured tonnage") will be compared with: (a) in relation to the years between 2013 and 2016, take-or volumes -pay indicated in the table below; and (b) in relation to the following years, the quantity of metric tons to be shipped through Porto in the respective year in accordance with all take-or-pay contracts entered into between Porto Sudeste or its subsidiaries in force in the respective fiscal year. ("Take-or-pay tonnage"):

	2013	2014	2015	2016	2017	2018	2019	2020	2021
Tm	13,6	31,9	36,8	36,8	-	-	-	-	-

## Porto Sudeste V.M. S.A.

Notes to interim financial information (continued)

March 31, 2021

(In reais)

### 5. Variable-income securities -- Continued

If the take-or-pay ton value less the measured ton value is a positive figure, the values of royalties payable for the fourth quarter of each fiscal year will be added to the amount corresponding to the multiplication of such figure by the value per ton of iron ore, or the value per ton of other cargoes, as the case may be.

The table below shows the tons realized for the above-described calculation purposes, considering 2016 as the beginning of the company's commercial operations after the commissioning conducted in 2015:

	2013	2014	2015	2016	2017	2018	2019	2020	2021
Tm	-	-	-	7,1	9,5	10,7	16,4	18,7	4,5

The entire volume operated up to the end of this quarter refers to iron ore, with no other cargo shipped.

If, in a given civil quarter, upon payment of the then current royalties, the free cash held by the issuer and Porto Sudeste together exceeds (a) USD 25,000,000 in the fiscal years between 2013 and 2017, or (b) USD 10,000,000 in the following fiscal years, in both cases converted into reais according to the exchange rate ("minimum cash reserve"), the issuer must use amounts that exceed the minimum cash reserve ("free cash available" ) to pay the royalties effectively accumulated to the bondholders until the last day of such calendar quarter. It is certain and adjusted that there is no obligation on the issuer to pay such additional amounts provided herein, except if there is available free cash held by the issuer on the last day of such calendar quarter and up to the limit of such available cash, "free cash" means amount corresponding to (i) the sum of (a) all amounts available in cash from Porto Sudeste together and (b) positive balances of all bank accounts of the issuer and Porto Sudeste together (in any financial institution) minus (ii) the sum of (a) any amounts contributed by Porto Sudeste shareholders through capital increase or shareholder loan, insofar as such amounts remain as available cash from Porto Sudeste, (b) debt service reserve account senior account of BNDES and the reserve account of CESCE's senior debt service, and (c) the cash values provisioned by Porto Sudeste together for IRPJ - Corporate Income Tax, CSLL - Contribution On Net Income and other obligations for which Porto Sudeste's independent auditors require provisioning by Porto Sudeste together.

The royalties will be cumulative, that is, if in a given quarter the available cash for royalties determined by the issuer is not sufficient to allow the payment, in whole or in part, of the royalties previously determined, such unpaid royalties should be added to the amount of royalties for the next quarter. Royalties should only be considered due and payable when Porto Sudeste has found enough cash for royalties to do so.

## Porto Sudeste V.M. S.A.

Notes to interim financial information (continued)

March 31, 2021

(In reais)

### 5. Variable-income securities -- Continued

On March 31, 2021, its Parent Company (Porto Sudeste) made the financial calculations in order to identify the existence of available net cash and concluded that the available net cash is a creditor on this date, thus not having the obligation to pay of royalty titles.

The measurement of these securities is made in accordance with IAS 37 - Provisions, Contingent Liabilities and Contingent Assets, based on the projected cash flow of future disbursements related to these securities, discounting the rate of 11.12% per year. These projections are based on the Company's Business Plan and include assumptions related to the growth of iron ore exports from the Minas Gerais quadrangle and assumptions about the growth in Porto's market share. The Company believes that this growth will be achieved based on the closing of long-term contracts, as well as on acquisitions of iron ore mines in the region made by its shareholders.

As of March 31, 2021, the present value of the discounted future cash flow was USD 2,663,894,452, which converted to Reais totaled R\$ 15,177,005,860 (USD 2,445,065,707, which converted to Reais totaled R\$ 12,706,272,959 on December 31, 2020). Of these totals, the amounts corresponding to PSVM11 securities are represented on the base date of March 31, 2021 in USD 11,346,262, which converted into reais totaled R\$ 64,643,059 (USD 10,414,210, which converted into reais totaled R\$ 54,119,525 as of December 31, 2020).

### 6. Trade account payable

	<u>03/31/2021</u>	<u>12/31/2020</u>
Publishing expenses	53,475	48,000
Audit fees	19,000	9,500
	<u>72,475</u>	<u>57,500</u>

### 7. Equity

#### a) Capital

As of December 31, 2018, the subscribed capital is represented by 6,051,410 common shares (same amount for December 31, 2017), nominative and without par value, of which 9,000 shares are to be paid in, wholly held by Porto Sudeste do Brasil S.A.

On February 28, 2019, the amount of R\$ 670,000.00 received as an advance for future capital increase was paid in with the issue of shares of 4,054,438,670 common shares, with a unit issue price of R\$ 0.0002. After the referred capital increase, the Company will have the subscribed capital of R\$ 1,276,040.10, divided into 4,060,490,071.00 shares wholly owned by Porto Sudeste do Brasil S.A.

## Porto Sudeste V.M. S.A.

Notes to interim financial information (continued)

March 31, 2021

(In reais)

On December 28, 2020, the amount of R\$ 400,000.00 received as an advance for future capital increase was paid in with the issue of shares of 1,272,840,899 common shares, with a unit issue price of R\$ 0.00031425. After the referred capital increase, the Company will have the subscribed capital of R\$ 1,676,040.10, divided into 5,333,330,970.00 shares wholly owned by Porto Sudeste do Brasil S.A.

b) Advance for future capital increase

In February 2021, the Company received from its parent company Porto Sudeste do Brasil S.A. as an advance for future capital increase the amount of R\$ 100,000

c) Cumulative conversion adjustments

The Company has R\$ 34,462 related to the cumulative translation adjustments on March 31, 2021, related to the conversion of the functional currency (dollar) into the Company's (real) presentation currency, in compliance with technical pronouncement CPC 02.

## 8. Expenses by nature

### 8.1. Administrative expenses by nature

	<u>03/31/2021</u>	<u>03/31/2020</u>
Audit services	(9,500)	(9,500)
Attorney's fees	-	(30,000)
Third-party services	-	(712)
Comission (CVM)	(53,815)	(17,625)
	<u>(63,315)</u>	<u>(57,837)</u>

### 8.2. Finance income (costs)

	<u>03/31/2021</u>	<u>03/31/2020</u>
Finance expenses		
Bank charges	(17,397)	(14,394)
Interest paid	(78)	-
Foreign exchange difference	(13,684)	(23,474)
	<u>(31,159)</u>	<u>(37,868)</u>
Finance income		
Income	68	588
	<u>68</u>	<u>588</u>
Finance income (costs), net	<u>(31,091)</u>	<u>(37,280)</u>

## **Porto Sudeste V.M. S.A.**

Notes to interim financial information (continued)

March 31, 2021

(In reais)

### **9. Provision for contingencies**

The Company is a defendant in three labor claims filed by former employees who worked on the construction of the Porto Sudeste port terminal, a project of its parent company, Porto Sudeste do Brasil S.A.

The Company never contracted with such companies or their employees, nor did it participate in the construction or operation of the Porto Sudeste terminal, however it was included in the hub liability of such actions due to the choice of claimants, potentially due to the similarity between the corporate name of the two companies.

The recognition of the Company's passive illegitimacy, with its consequent exclusion from the passive pole, depends on judicial authorization, which may be granted by the court or not. In the case of the actions referred to herein exclude the Company from the liability, however, it was not authorized.

### **10. Subsequent events**

a) Advance for future capital increase

On April 16, 2021, the Company received from its Parent Company Porto Sudeste do Brasil S.A., the amount of R\$ 150,000, and on April 22 the amount of R\$ 50,000, both as an advance for future capital increase.

b) Refinancing of senior debt

In April 2021, its subsidiary (Porto Sudeste) completed the 2nd refinancing of senior debt related to financing contracts with BNDES and Bradesco. This refinancing includes, among others: (a) updating the indexer from TJLP to TLP; (b) extension of the grace period until 12/31/2023; (c) extension of the maturity to 12/15/2036 (plus 7 years); (d) change in the periodicity of payment of amortization and interest from monthly to quarterly; (e) changing the amortization schedule from constant to non-linear; (f) maintaining the cash sweep mechanism in the same terms during the grace period and with limitations related to the leverage level and pre-refinancing schedule after the grace period; (g) updating the indicators for achieving Financial Completion; and (h) maintenance of the ICSD covenant above 1.3 after reaching Financial Completion.

These contracts will be accounted for under the new terms as of April 2021.

Additionally, in April 2021, the Company signed new extensions to the Standstill agreements with the CESCE / Natixis senior creditors, continuing the discussions and alignments for refinancing the contracts. These agreements provide for the suspension of principal payments until May 14, 2021 and maintenance of all guarantees previously established.

## **Porto Sudeste V.M. S.A.**

Notes to interim financial information (continued)

March 31, 2021

(In reais)

### **Board of Directors**

Julien Rolland - President

Oscar Pekka Fahlgren - Vice President

Kelly Michele Thomson - Counselor

Carlos Bernardo Pons Navazo – Counselor

### **Executive Board**

Jayme Nicolato – Chief President

Guilherme Caiado – Chief Operations Officer

Thiago Roldao – Chief Financial and Investor Relations Officer

Alexandre Carvalho de Andrade  
CRC-RJ / 114354/O-4