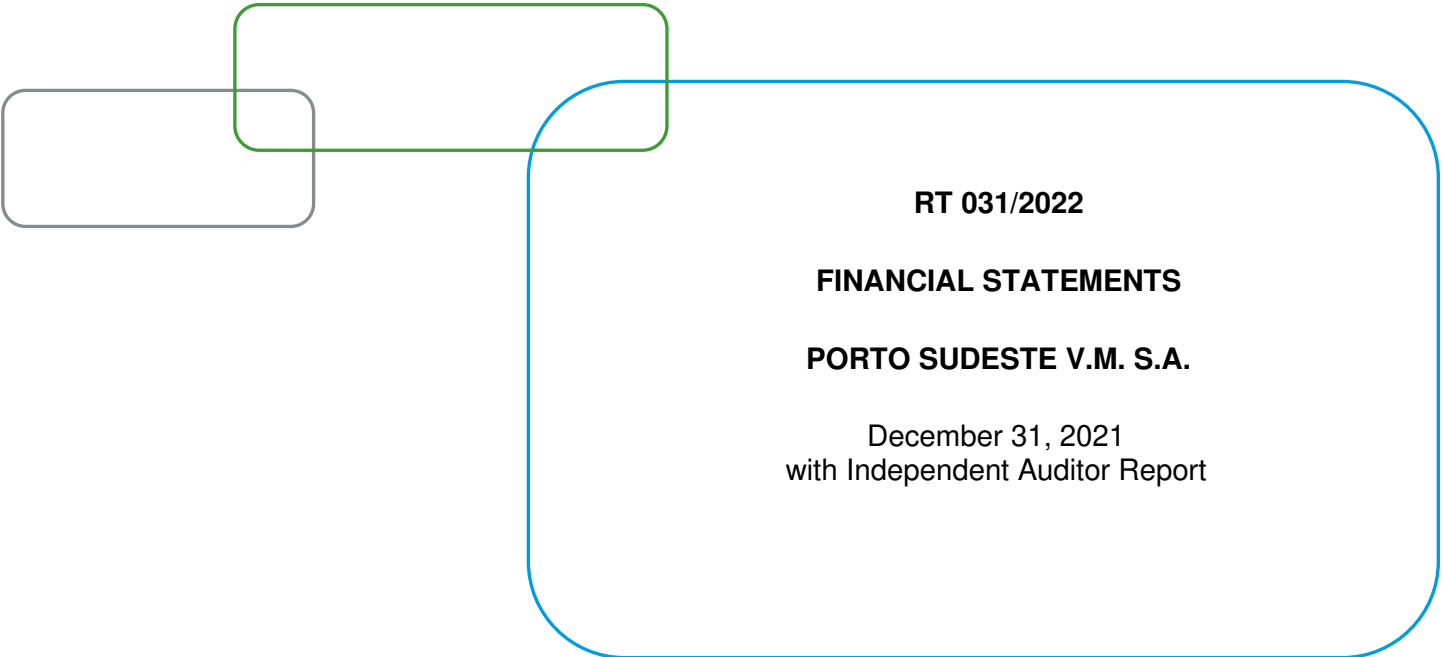




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**RT 031/2022**

**FINANCIAL STATEMENTS**

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

December 31, 2021  
with Independent Auditor Report



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

**FINANCIAL STATEMENTS**

December 31, 2021

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## Management Report

### 1. Message from Management

Management of Porto Sudeste V.M S.A. - Porto V.M. or Company, in compliance with the legal requirements and in accordance with the prevailing corporate legislation, hereby submits for your appreciation the Financial Statements accompanied by the respective Notes to Financial Statements and the independent auditor report for the year ended December 31, 2021. Should you need any further clarifications, please do not hesitate to contact us. At the end of 2021, Management expresses their acknowledgement to suppliers, employees and all other co-workers for their dedication and commitment.

### 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.

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

The RSM ACAL has declared to the Company that there is no relationship or factual situation that represents conflict of interests, preventing the exercise of their activity on an independent basis.

### 3. Management's explanations with respect to the Variable-Income securities

#### Overview of Variable Remuneration Perpetual Securities

In February 2014, Trafigura Pte. Ltd. (“Trafigura”) and Mubadala Development Company PJSC (“Mubadala”), through PSA Fundo de Investimento e Participações, acquired control of Porto Sudeste, held by MMX Mineração e Metálicos S.A. (“MMX”).

The investment agreement that regulated the acquisition of control of Porto Sudeste by Trafigura and Mubadala provided, among others, that the Company would assume, directly or indirectly, obligations related to variable remuneration securities based on royalties issued by MMX, traded on B3 SA - BRAZIL. HANDBAG. BALCÃO (“B3”) under the MMXM11 ticker (“MMXM11 Titles”). In this context, Porto Sudeste issued, on February 26, 2014, Perpetual Variable Remuneration Securities (“TPRV”), in terms similar to the MMXM11 Securities (“Port11”), which were subscribed on the same date by MMX. The investment agreement also provided for MMX's obligation to make an exchange offer, aimed at all holders of MMXM11 Securities, through which MMX would acquire the MMXM11 Securities, and deliver in consideration the Port11 Securities, or another security backed by MMXM11 Securities (“Exchange Offer”). To implement this Exchange Offer, two different vehicles were used, in order to reach all holders of MMXM11 Securities:

- FIP-IE Porto Sudeste Royalties: An infrastructure equity investment fund intended to hold in its portfolio exclusively Port11 Securities – and for each Port11 Security held by FIP-IE would correspond to one share. FIP-IE’s shares were offered to the holders of MMXM11 Securities that

would fit as qualified investors pursuant to CVM regulation, and would not have restrictions to hold FIP-IE shares.

- 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"), and such security listed for trading with B3 (contrary to Port11 Securities which are not accepted for trading in the stock exchange). The PSVM11 Securities were offered to holders of MMXM11 Securities that (i) would not fit as qualified investors, or (ii) would have regulatory restrictions to hold shares of a FIP-IE.

In order to address the situation of MMXM11 holders who eventually did not join the Exchange Offer, MMX continued to hold Port11 Securities in the same amount of unexchanged MMXM11 Securities.

Upon completion of the Exchange Offer, Porto Sudeste has the obligation to pay for the above vehicles and MMX, which in turn has the obligation to pay the holders of the exchanged shares/securities.

983,407,010 Port11 Securities were issued, of which 98.61% are held by PSR, 0.43% are held by Porto V.M. and 0.96% held by MMX.

For more information, the indenture of issue of the Port 11 Securities is available on the Porto Sudeste do Brasil website.

#### Calculation of Royalties

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

where:

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

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

TMOC = Ton of Other Loads shipped on Port for the respective quarter

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

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

FP = Proportional Factor

For iron ore loads: the royalties related to iron ore loads shipped on Port in a certain calendar quarter shall be calculated, taking into account the amount of USD 5.00 per ton of iron ore ("value per ton of iron ore"). This value will be (i) adjusted annually at the variation in US PPI calculated from September 2010; and (ii) converted into reais, based on the exchange rate at the ending of the business day immediately preceding the date of its effective payment.

For other loads: the royalties related to other loads, other than iron ores (excluding non-dry loads, such as supply activities) conducted at the Port Terminal will be calculated based on the load 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 rendered by Porto Sudeste relating to the applicable load and the average value per ton effectively charged by Porto Sudeste for the services rendered in relation to such load; and (b) must be limited under any circumstance to USD 5.00 per shipped ton.

The adjusted limit value of USD 5.00 per ton for load margin will be (i) adjusted annually at the variation in US PPI calculated from September 2010; and (ii) converted into reais, based on the exchange rate at the ending of the business day immediately prior to the actual payment date.

During the years 2013 to 2016, the royalty commitment of Porto Sudeste do Brasil, related to iron ore, was the minimum between the volume shipped in each period and the volume of take-or-pay indicated in the table below:

	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Tm	13,6	31,9	36,8	36,8

From 2017 onwards, the volume of iron ore generating royalties (TMMF, in the above formula) is no longer subject to a take-or-pay, being, therefore, simply the volume shipped. In the following table, it is possible to verify the tonnage carried out by the Sudeste do Brasil Port, with the start of operations in 2016, after the commissioning carried out in 2015:

	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Tm	7,1	9,5	10,7	16,4	18,7	17,8

As the volume of iron ore shipped in 2016 was lower than the volume of take-or-pay, the royalty commitment is based on this second parameter.

In the 4th quarter of 2021, Porto Sudeste do Brasil shipped 3,960 thousand tons of iron ore (TMMF), which multiplied by the updated value per ton of US\$ 5.89 (VpTMF) resulted in royalties of US\$ 23,336 thousand in the period. The accumulated royalties until this quarter are US\$ 1,063,508 thousand. No amount has been paid until this quarter.

Porto Sudeste VM, a wholly-owned subsidiary of Porto Sudeste do Brasil, has US\$ 4,573 thousand in accrued royalties receivable, referring to the amount of Port11 Securities it holds (0.43% of the total).

<b>Reconciliation of quantities shipped and amounts paid as Royalties (accumulated)</b>	<b>Shipped 1st quarter 2021</b>	<b>Shipped 2nd quarter 2021</b>	<b>Shipped 3rd quarter 2021</b>	<b>Shipped 4th quarter 2021</b>	<b>Take-or-pay/ Shipped Accumulated</b>
Volume (000 TONs)	4,456	5,302	4,042	3,960	192,145
Price per Ton (USD/TON)	5.00	5.00	5.00	5.00	5.00
PPI accumulated (%)	0.89	0.89	0.89	0.89	0.53
Price per TON (USD)	<b>5.89</b>	<b>5.89</b>	<b>5.89</b>	<b>5.89</b>	<b>5.53</b>
<b>Royalty Porto Sudeste (USD mil)</b>	<b>26,257</b>	<b>31,243</b>	<b>23,819</b>	<b>23,336</b>	<b>1,063,508</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>0.43%</b>	<b>0.43%</b>
<b>Royalty Porto VM Calculado (USD mil)</b>	<b>113</b>	<b>134</b>	<b>102</b>	<b>100</b>	<b>4.573</b>
<b>Cash available for payment of Royalties</b>	-	-	-	-	-
<b>Royalty payable</b>	-	-	-	-	-

## Payment of Royalties

The payment of Royalties in each quarter will be made within 60 days from the end of each calendar quarter and is conditioned to the existence of cash available for the payment of Royalties, calculated after discounting applicable taxes, cash cost of operations, operating expenses, capital expenditures for maintenance, amounts arising from the reversal of certain cash provisions, as well as respecting the preference of certain creditors of Porto Sudeste, all pursuant to clause 5.2 of the deed of issuance of Port 11 Securities ("Cash Available for Royalties").

Royalties will be cumulative, that is, in the event that, in a given quarter, the Cash Available for Royalties calculated by Porto Sudeste is not sufficient to allow the payment, in whole or in part, of the Royalties determined until then, such unpaid royalties must be added to the amount of royalties for the next quarter. Royalties shall only be considered due and payable when Porto Sudeste has established sufficient Cash Available for Royalties to do so.

If, in a given calendar quarter, upon payment of the then current Royalties, the free cash held by Porto Sudeste do Brasil exceeds US\$10 million ("Minimum Cash Reserve"), the issuer must use the amounts that exceed the Reserve Minimum Cash ("Available Free Cash") to pay the holders of the securities the Royalties effectively accrued and not paid until the last day of such calendar quarter ("Accumulated Royalties").

There is no obligation on Porto Sudeste do Brasil to pay Royalties, unless there is 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 the amount corresponding to the amounts available in cash of Porto Sudeste do Brasil minus the sum of (a) amounts contributed by the shareholders of Porto Sudeste do Brasil through a capital increase or shareholder loan, to the extent such amounts remain as Porto Sudeste do Brasil's cash on hand, (b) BNDES' senior debt service reserve account and CESCE's senior debt service reserve account, and (c) the cash amounts provisioned by Porto Sudeste jointly to IRPJ - Corporate Income Tax, CSLL - Social Contribution on Net Income and other obligations for which the independent auditors of Porto Sudeste do Brasil require provisioning.

On December 31, 2021, the Company's parent carried out the financial calculations to identify the existence of available net cash and concluded that there is no Cash Available for the payment of royalties on this date.

<b>Cash available for payment of royalties</b>	<b>1° Quarter 2021</b>	<b>2° Quarter 2021</b>	<b>3° Quarter 2021</b>	<b>4° Quarter 2021</b>
Receivment	342,255	425,605	435,089	247,549
Taxes aplicable	(48,771)	(60,649)	(74,467)	(35,276)
Operating Costs	(42,525)	(49,748)	(53,202)	(28,971)
Maintenance Investment	(5,356)	(7,886)	(23,513)	(49,771)
Operating Expenses	(22,937)	(32,133)	(44,587)	(29,159)
	<b>222,665</b>	<b>275,189</b>	<b>239,320</b>	<b>104,372</b>
Interests and Repayment of the Working Capital Senior Debt	(226,997)	(294,684)	(239,864)	(132,055)
<b>Total Cash Available for Payment of Royalties</b>	<b>(4,332)</b>	<b>(19,495)</b>	<b>(544)</b>	<b>(27,683)</b>

The existing cash balance at Porto Sudeste do Brasil (Controller) refers to the balance of contributions from shareholders and balances that must be kept in accounts to meet some operational obligation, such as the guarantee account for the purchase of energy and PIS/ Cofins deposited in court. In this quarter, there was no balance of Available Cash for Royalties payments.

<b>Cash available for payment of accumulated royalties</b>	<b>1° Quarter 2021</b>	<b>2° Quarter 2021</b>	<b>3° Quarter 2021</b>	<b>4° Quarter 2021</b>
Net Cash or Bank Accounts	96,352	26,026	36,187	9,604
Contributions by the stockholders	(96,352)	(26,026)	(36,187)	(9,604)
<b>Total Cash Available for Payment of Accumulated Royalties</b>	-	-	-	-

#### Port11 Accounting

Porto Sudeste do Brasil accounts for Port11 Securities in Liabilities, based on the Present Value of the Projected Cash Flow of the payment of Royalties. In other words, the amount shown in the Balance Sheet is different from the amount of royalties accrued until this quarter. Porto Sudeste VM, in turn, accounts for its right to receive royalties in Assets, corresponding to its share on the value of Port11 securities, and the respective payment to PSVM11 holders in Liabilities.

Securities are measured in accordance with IAS 37 - Provisions, Contingent Assets and Contingent Liabilities, based on projected cash flows from future security related payments discounted at an annual rate of 11.06%. These projections are based on the Company's Business Plan and the assumptions related to the growth of iron exports in the Quadrilátero Ferrífero of Minas Gerais and assumptions about the growth of the market share of Porto Sudeste, volumes of ore originated by mines belonging to its shareholders, expectations of commodity prices, among others.

On December 31, 2021, the present value of discounted future cash flow amounted to US\$ 2,530,995, which converted into Brazilian reais totaled R\$ 14,124,218 (US\$ 2,445,066), which converted into Brazilian reais totaled R\$ 12,706,272 at December 31, 2020). Of these totals, the amounts corresponding to PSVM11 securities are represented at the base date of December 31, 2021 at US\$ 10,780, which converted into reais totaled R\$ 60,159 (US\$ 10,414, which converted into reais totaled R\$ 54,120 on December 31, 2020).

Rio de Janeiro, March 15<sup>th</sup>, 2022.

The Management



(A free translation of the original in Portuguese)

## **INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS**

To the Shareholders and Directors of  
**Porto Sudeste V.M. S.A.**  
Itaguaí – RJ

### **Opinion**

We have audited the financial statements of Porto Sudeste V.M. S.A. (“Company” or “Porto V.M.”), which comprise the statement of financial position as at December 31, 2021, and the related statements of operations, of comprehensive income (loss), of changes in equity and cash flows for the year then ended, as well as the corresponding notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Porto Sudeste V.M. S.A. as at December 31, 2021, its financial performance and its cash flows for the year then ended, in accordance with the Brazilian accounting practices and with the International Financial Reporting Standards (IFRS) as issued by the international Accounting Standards Board (IASB).

### **Basis for Opinion**

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the relevant ethical principles established in the Code of Ethics for Professional Accountants and in the professional standards issued by the Brazilian Federal Association of Accountants (CFC), and we have fulfilled our other ethical responsibilities in accordance with these standards. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Without qualifying our conclusion, despite Porto Sudeste do Brasil S.A. (Parent company) presents positive and ascending operating results in 2021, we draw attention to the Notes 1 and 5 of the financial statements, which 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).

The Note 1 also indicates that the Company presents loss in the period of R\$ 726,982 and accumulated losses of R\$ 2,302,277 on December 31, 2021. Its Parent Company Porto Sudeste do Brasil S.A. ,has started its operations in 2016 and despite presenting positive operating results in 2021, still depends on the financial support of its shareholders, Trafigura Pte. Ltd. (“Trafigura”) and Mubadala Development Company PJSC (“Mubadala”), and/or funds from third parties until its operations provide sufficient cash to maintain its operating activities. Its parent company Porto Sudeste do Brasil S.A. concluded in April 2021 the refinancing of the senior debt related to the financing agreements with the Banco Nacional de Desenvolvimento Econômico e Social - BNDES and Banco Bradesco.

These financial statements 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

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event that the plans of its parent company, Porto Sudeste do Brasil S.A. do not achieve the expected results.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were most significant in our audit of the financial statements in the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and therefore, we do not provide a separate opinion on these matters. In addition about the subject described in the section of “significant uncertainty as to the Company’s ability to continue as a going concern”, we have determined that the subject described below is the key audit matter to be communicated in our report. For the matter below, the description of how our audit dealt with the matter, including any comments on the results of our procedures, it is presented in the context of the financial statements taken as a whole.

We have fulfilled the responsibilities described in the section entitled “Auditor’s responsibilities for auditing the financial statements”, including those in relation to these key audit matters. Therefore, our audit included procedures planned to respond to our assessment of the risks of material misstatements in the financial statements. The results of our procedures, including those performed to address the matter below, it has provided the basis for our audit opinion on the Company’s financial statements.

#### Measurement of variable remuneration securities

As disclosed in the Notes 1 and 5, on March 3, 2015, the Company recorded its obligation to pay holders of variable remuneration securities and the respective receivable from its parent company Porto Sudeste do Brasil SA, in the amount of R\$ 60,158,945 in December 31, 2021 (R\$ 54,119,525 on December 31, 2020). The measurement of these variable remuneration securities was considered an area of focus in our audit scope due to their relevance in the context of the financial statements and the inherent complexity of the measurement process, which is based on the Company’s business model of its parent company Porto Sudeste do Brasil S.A. and, therefore, involves critical premises and with a high degree of judgment, such as: projection of volumes to be shipped, estimate of future operating costs, future commodity prices and determination of the discount rate, among others.

#### How the matter was addressed in the audit

Our audit procedures included, among others, the involvement of our team of specialists in financial models to assist us in understanding and reviewing the calculation methodologies adopted by the Management in measuring these securities and analyzing the reasonableness of the assumptions used, which is included the performance of comparative calculations based on sensitized scenarios as expected by the sector and peer companies, assessment of projected volumes and costs from the start of operations of its parent company Porto Sudeste do Brasil S.A. in relation to projections, analysis of variations between the projections of the business model that supports the calculation of securities and the results achieved in the period by the Parent Company. We met with the Company’s Management to assess the adopted premises and conclude on their reasonableness for the year ended December 31, 2021.

Based on the result of the audit procedures, which is consistent with Management’s assessment, we consider that the methodology and assumptions adopted by Management in measuring variable remuneration securities and its recoverability, as well as the respective disclosures made in Notes 1 and 5, are acceptable in the context of the financial statements taken as a whole.

(A free translation of the original in Portuguese)

## **Other matters**

### **Statements of added value**

The Statement of Added Value - DVA, for the year ended December 31, 2021, prepared under the responsibility of the Company's Management and presented as supplementary information for the IFRS purpose, were submitted to audit procedures performed in conjunction with the audit of the Company's financial statements. For the purpose of forming our opinion, we evaluated whether these statements reconciled with the financial statements and accounting records, as applicable, and if their form and content are in accordance with the criteria defined in the Technical Pronouncement CPC 09 – "Statement of Value Added". In our opinion, these Statements of Value Added have been properly prepared in all material respects, in accordance with the criteria established in the Technical Pronouncement.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

The Company's management is responsible for the fair presentation and preparation of the financial statements in accordance with Brazilian accounting practices and the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and for the internal controls that management determines is necessary to enable the preparation of financial statements are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company's or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

(A free translation of the original in Portuguese)

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**(A free translation of the original in Portuguese)**

From the matters communicated with those charged with governance, we determine those matters that were most significant in the audit of the financial statements in the current period, and therefore the key audit matters. We've described these matters in our auditor's report, unless the law or the regulation have prohibit the disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of this disclosure can, in a perspective reasonable, overcome the benefits of communicate the public related.

Rio de Janeiro, March 18, 2022.

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



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

A free translation from Portuguese into English of Financial Statements prepared in Brazilian currency in accordance with accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS), issued by International Accounting Standards Board (IASB)

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

Statements of financial position  
December 31, 2021 and 2020  
(In Brazilian reais)

	Note	2021	2020
Assets			
Current assets			
Cash and cash equivalents	4	114,923	37,766
Taxes recoverable		3,251	2,784
Total current assets		<u>118,174</u>	<u>40,550</u>
Non-current assets			
Long-term assets			
Variable income securities – Port 11	5	60,158,945	54,119,525
Judicial deposits		139,237	139,237
Total non-current assets		<u>60,298,182</u>	<u>54,258,762</u>
Total assets		<u>60,416,356</u>	<u>54,299,312</u>
Liabilities and equity			
Current liabilities			
Trade accounts payable	6	231,197	57,500
Taxes and contributions payable		966	764
Total current liabilities		<u>232,163</u>	<u>58,264</u>
Non-current liabilities			
Variable income securities – PSVM 11	5	60,158,945	54,119,525
Total non-current liabilities		<u>60,158,945</u>	<u>54,119,525</u>
Shareholders' equity			
Capital	7	1,676,040	1,676,040
Future capital contribution		600,000	-
Accumulated losses		(2,302,277)	(1,575,295)
Cumulative translation adjustments (CTA)		51,485	20,778
Total equity		<u>25,248</u>	<u>121,523</u>
Total liabilities and shareholders' equity		<u>60,416,356</u>	<u>54,299,312</u>

See accompanying notes.

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

Statements of operations  
Years ended December 31, 2021 and 2020  
(In reais)

	<b>Note</b>	<b>2021</b>	<b>2020</b>
General and administrative expenses	8	<b>(437,839)</b>	(152,078)
Loss before financial income and expenses		<b>(437,839)</b>	(152,078)
Financial income (expenses)	8		
Financial income		<b>2,272</b>	1,570
Foreign exchange gains (losses)		<b>(30,707)</b>	(42,399)
Financial expenses		<b>(260,708)</b>	(59,780)
Income (loss) before taxes		<b>(726,982)</b>	(252,687)
Income and social contribution taxes		-	-
Loss for the year		<b>(726,982)</b>	(252,687)

See accompanying notes.

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

Statements of comprehensive income  
Years ended December 31, 2021 and 2020  
(In reais)

	<u>2021</u>	<u>2020</u>
Loss for the year	<b>(726,982)</b>	(252,687)
Other comprehensive income (loss)		
Cumulative translation adjustments (CTA)	<b>30,707</b>	42,399
Total other comprehensive income (loss)	<b><u>(696,275)</u></b>	<u>(210,288)</u>

See accompanying notes.



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

Statements of changes in equity  
 Years ended December 31, 2021 and 2020  
 (In reais)

	Capital	Unpaid capital	Future capital contribution	Cumulative translation adjustments (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>
Paid-in capital	400,000	-	(400,000)	-	-	-
Advance for future capital increase	-	-	200,000	-	-	200,000
Loss for the year	-	-	-	-	(252,687)	(252,687)
Accumulated currency translation adjustments (CTA)	-	-	-	42,399	-	42,399
<b>Balances 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>
Advance for future capital increase	-	-	600,000	-	-	600,000
Loss for the year	-	-	-	-	(726.982)	(726,982)
Accumulated currency translation adjustments (CTA)	-	-	-	30,707	-	30,707
<b>Balances at December 31, 2021</b>	<b>1,676,940</b>	<b>(900)</b>	<b>600,000</b>	<b>51,485</b>	<b>(2,302,277)</b>	<b>25,248</b>

See accompanying notes.

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

Statements of cash flows  
(Years ended December 31, 2021 and 2020  
(In reais)

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Loss for the year before taxes	<b>(726,982)</b>	(252,687)
Foreign exchange gains (losses)	<b>30,707</b>	42,399
Changes in assets and liabilities		
Tax recoverable	<b>(467)</b>	(313)
Judicial deposits	-	(33,080)
Trade accounts payable	<b>173,696</b>	(21,999)
Taxes and contributions payable	<b>203</b>	729
Net cash used in operating activities	<b><u>(522,843)</u></b>	<u>(264,951)</u>
Cash flows from financing activities		
Future capital contribution	<b>600,000</b>	200,000
Net cash provided by financing activities	<b><u>600,000</u></b>	<u>200,000</u>
Increase (decrease) in cash and cash equivalents	<b><u>77,157</u></b>	<u>(64,951)</u>
Statement of increase in cash and cash equivalents		
At the beginning of the year	<b>37,766</b>	102,717
At the end of the year	<b>114,923</b>	37,766
Increase (decrease) in cash and cash equivalents	<b><u>77,157</u></b>	<u>(64,951)</u>

See accompanying notes.

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

Statements of value added  
Years ended December 31, 2021 and 2020  
In reais

	<u>2021</u>	<u>2020</u>
Revenues		
Revenues	-	-
Inputs acquired from third parties (including ICMS and IPI)		
Materials, energy, third-party services and other expenses	<b>(437,839)</b>	(227,324)
Gross value added	<b>(437,839)</b>	(227,324)
Added value added received in transfer		
Financial income	<b>2,272</b>	8,007
Total value added to be distributed	<b>(435,567)</b>	(219,317)
Distribution of value added		
Bank fees	<b>260,708</b>	60,287
Variation	<b>30,707</b>	-
Equity remuneration		
Loss for the year	(726,982)	(279,604)
	<b>(435,567)</b>	(219,317)

See accompanying notes.

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

Notes to financial statements  
December 31, 2020 and 2019  
(In reais)

### **1. Operations**

Porto Sudeste V.M S.A. (“Company”) was incorporated on July 16, 2013 engaged in holding interest in capital of other companies, both in Brazil or abroad, as a partner, 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 a port terminal called “Porto Sudeste”, dedicated to 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”). The venture began to be built in July 2010, and its operation started, on a commission basis, in August 2015 and commercially in January 2016.

At December 31, 2021, the Company records loss for the year of R\$ 726,982 and an accumulated loss of R\$ 2,302,277. The Company closed 2021 with a cash position of R\$ 114,923.

The parent company Porto Sudeste started its operations in January 2016 and has positive operating cash flow. However, for the next 12 months and considering the senior debt contracts, it will still depend on the financial support of its shareholders and/or third-party resources to support certain obligations that cannot be paid from operating cash flow (such as guarantee fees banking, non-maintenance investments). According to the business model of the parent company Porto Sudeste, there is an additional need for cash, for the next 12 months, of approximately US\$ 12,245, which will be made available by the shareholders.

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 the companies, 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 of 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 amounts backed by Port11 Securities in exchange. The Company assumed the portion of outstanding MMXM11 Securities (i) that did not classify as qualifying investors, or (ii) would have had regulatory restrictions impeding the infrastructure investment fund shares (FIP-IE), as is the case with some investment funds.

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 realization of that transaction was dependent on the conclusion of the secondary public offering of royalty-based floating rate securities to be performed by MMX.

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

Notes to financial statements (Continued)  
December 31, 2021 and 2020  
(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 realization of that transaction was dependent on the conclusion of the secondary public offering of royalty-based floating rate securities to be performed by MMX.

On March 3, 2015, the secondary public offering was closed with 12,539,802 royalty securities having been distributed, which were all acquired by MMX through the delivery of an equal number of royalty-based floating rate 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 compensation, calculated based on the metric tonnage of iron ore and other cargo shipped from Porto Sudeste, amounting to US\$5 (five US Dollars) per ton shipped, restated by reference to the Producer Price Index (PPI), on the understanding that in any quarter, the 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 the issue deed of those securities available on the Company's website and filed with the Brazilian SEC (CVM).

The measurements of the floating rate securities and accounting impacts are described in Note 5.

#### **Covid-19**

The Company's management has been monitoring the effects of the new Coronavirus (Covid-19) on its operations. There were no relevant impacts on our commercial operations and the volume operated was higher than estimated for the year 2021. The Company's management understands that this impact is being mitigated by the strong increase in the price of iron ore and the high exchange rate. Given the fluidity and speed of development of the pandemic, management, together with its shareholders, continues to work on the evaluation of mitigating measures in order to avoid significant impacts to the business in the short, medium and long term.

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

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

Notes to financial statements (Continued)  
December 31, 2021 and 2020  
(In reais)

### **2. Basis of preparation and presentation of financial statements**

#### a) Financial statements

The financial statements were prepared based on several valuation bases used in accounting estimates. The accounting estimates involved in the preparation of the financial statements were supported by objective and subjective factors, based on management's judgment to determine the appropriate amount to be recorded in the financial statements.

Settlement of transactions involving these estimates may result in amounts significantly different from those recorded in the financial statements due to the probabilistic treatment inherent to the estimation process. The Company reviews its estimates at least annually.

The Company's financial statements were prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") implemented in Brazil by means of the Comitê de Pronunciamentos Contábeis ("CPC"), and its accounting interpretations ("ICPC") and guidance ("OCPC"), approved by the Brazilian Securities and Exchange Commission ("CVM").

In addition, the Company considered the guidance provided for in Accounting Guidance OCPC 07, issued by the Brazilian FASB ("CPC") in November 2014, in preparing its financial statements. Accordingly, significant information of the financial statements themselves is being disclosed and corresponds to that used by Management over its administration.

The Company Management authorized the completion of these financial statements on March 15, 2022.

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

Notes to financial statements (Continued)  
December 31, 2021 and 2020  
(In reais)

### **2. Basis of preparation and presentation of financial statements (Continued)**

b) Basis of preparation and measurement

The financial statements were prepared based on historical cost, except for certain financial instruments measured at fair value.

c) Functional and reporting currency

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 from Brazilian reais to US Dollars. Accordingly, Porto Sudeste V.M. S.A. in line with the change in the functional currency of the controlling shareholder, also changed its functional currency to the US Dollar on January 1, 2016. Therefore, pursuant to Brazilian legislation and Accounting Pronouncement CPC 02 (R2) - Effects of changes in exchange rates and translation of financial statements, these financial statements are presented in Brazilian reais (R\$), converting the functional currency to the reporting currency (Brazilian reais). Assets and liabilities are translated to the closing exchange rate in the period; P&L accounts are stated at the exchange rate on the date of the event; and equity at historical buildup cost.

d) Cash flow statement

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

e) Accounting estimates

The Company's financial statements were prepared considering different measurement bases used to prepare accounting estimates. Accounting estimates involved in the preparation of the financial statements were based on objective and subjective factors, and in line with management's judgment for determining the adequate amounts to be recorded in the financial statements. Significant items subject to these estimates and assumptions include the measurement of the Variable income securities, as well as the analysis of other risks in determining other provisions, including the provision for contingencies.

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

Notes to financial statements (Continued)  
December 31, 2021 and 2020  
(In reais)

### **2. Basis of preparation and presentation of financial statements (Continued)**

#### e) Accounting estimates (Continued)

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.

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

Upon preparing these financial statements, the accounting practices described below have been applied consistently by the Company to all financial statements for the years presented herein.

#### **3.1. Financial instruments**

##### a) Financial assets

###### *i) Classification and measurement*

Financial instruments are classified into three categories: measured at amortized cost; fair value through other comprehensive income and fair value through income. The classification of financial assets at initial recognition depends on the resources of the cash flow and the business model for managing financial assets. The Company presents its financial instruments as follows:

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

A financial asset is classified at fair value through profit or loss when is held for trading and designated as such upon initial recognition or financial assets that is mandatory 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 has the purpose of receiving contractual cash flows and generating cash flows that are “exclusively payments of principal and interest” on the principal amount outstanding. This assessment is performed at the instrument level.



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

Notes to financial statements (Continued)  
December 31, 2021 and 2020  
(In reais)

### 3. Summary of significant accounting practices and estimates (Continued)

#### a) Financial assets -- Continued

##### *Amortized cost—continued*

*Assets measured at amortized cost use the effective interest method, less any impairment losses. Interest income is recognized by applying the 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 impairment losses to be recognized in the year.

##### *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 the 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.

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

Notes to financial statements (Continued)  
December 31, 2021 and 2020  
(In reais)

### **3. Summary of significant accounting practices and estimates (Continued)**

#### **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 financial investment readily convertible into a known cash amount and subject to insignificant risk of change in value. Accordingly, an investment normally qualifies as cash equivalent when it is redeemable in the short term, e.g. three months or less from the investment date.

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

Provisions are recognized when the Company has a present obligation (legal or constructive) arising from a past event, 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. Assessment of the likelihood of loss includes analysis of available evidence, hierarchy of laws, available case law, recent court decisions and their relevance in the legal system, as well as the opinion of the Company's 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 matters or court decisions.

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

#### **3.4. Marketable securities**

An asset is recognized in the balance sheet when it is probable that its future economic benefits will be generated in favor of the Company and its cost or value can be reliably measured.

A liability is recognized in the balance sheet 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 it. Provisions are recorded based on the best estimates of the risk involved.

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

Notes to financial statements (Continued)  
December 31, 2021 and 2020  
(In reais)

Long-term assets and liabilities, when the effect is considered material in relation to the financial statements taken as a whole, are adjusted to their fair value.

### 3.5 Income tax and social contribution

Provisions for income tax and social contribution are recorded based on the accounting profit, conditioned by the additions and exclusions provided for in the tax legislation. Deferred income tax and social contribution are calculated on the amount of temporary differences, tax loss and accumulated negative basis, and are always exceeded when the realization of these amounts is deemed probable. For income tax the useful rate is 15%, plus an additional 10% on annual taxable income in excess of R \$ 240,000 and 9% for social contribution.

## 4. Cash and cash equivalents

	<u>2021</u>	<u>2020</u>
Cash and banks	<u>114,923</u>	32,766
	<u>114,923</u>	<u>32,766</u>

## 5. Variable income securities

In February 2014, Trafigura Pte. Ltd. (“Trafigura”) and Mubadala Development Company PJSC (“Mubadala”), through PSA Fundo de Investimento e Participações, acquired control of Porto Sudeste, held by MMX Mineração e Metálicos S.A. (“MMX”).

The investment agreement that regulated the acquisition of control of Porto Sudeste by Trafigura and Mubadala provided, among others, that the Company would assume, directly or indirectly, obligations related to variable remuneration securities based on royalties issued by MMX, traded on B3 SA - BRAZIL. HANDBAG. BALCÃO (“B3”) under the MMXM11 tricker (“MMXM11 Titles”). In this context, Porto Sudeste issued, on February 26, 2014, Perpetual Variable Remuneration Securities (“TPRV”), in terms similar to the MMXM11 Securities (“Port11”), which were subscribed on the same date by MMX. The investment agreement also provided for MMX's obligation to make an exchange offer, aimed at all holders of MMXM11 Securities, through which MMX would acquire the MMXM11 Securities, and deliver in consideration the Port11 Securities, or another security backed by MMXM11 Securities (“Exchange Offer”). To implement this Exchange Offer, two different vehicles were used, in order to reach all holders of MMXM11 Securities:

- FIP-IE Porto Sudeste Royalties: An infrastructure equity investment fund to hold in its portfolio exclusively Port11 Securities – and for each Port11 Security held by FIP-IE would be entitled to a Unit. FIP-IE's units were offered to the holders of MMXM11 Securities that would fit as qualified investors pursuant to CVM regulation, and would not have restrictions to hold FIP-IE units.

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

Notes to financial statements (Continued)  
December 31, 2021 and 2020  
(In reais)

### 5. Variable income securities (Continued)

- Porto Sudeste V.M. S.A.: A stock corporation registered with CVM under category 'B', that issued a new royalty-based variable income security, mirror of MMXM11 Security ("PSVM11 Securities"), and such security listed for trading with BM&FBOVESPA (contrary to Port11 Securities which are not accepted for trading in the stock exchange). The PSVM11 Securities were offered to holders of MMXM11 Securities that (i) would not fit as qualified investors, or (ii) would have regulatory restrictions to hold units of a FIP-IE shares.

In order to address the situation of MMXM11 holders who eventually did not join the Exchange Offer, MMX continued to hold Port11 Securities in the same amount of unexchanged MMXM11 Securities.

Holders of Port 11 securities are entitled to quarterly variable remuneration, under the terms defined in the indenture of the P11 Securities ("Royalties"), calculated since January 1, 2013, calculated based on the metric tonnage of iron ore or by the Value per Tonne for other loads, as the case may be, as follows:

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

Where:

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

TMMF = Iron Ore Measured Tonnage shipped in the Port in the respective quarter

TMOOC = Measured Tonnage of Other Cargo shipped in the Port in the respective quarter

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

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

FP = Proportional Factor

For iron ore loads: the royalties related to iron ore loads shipped on Port in a certain calendar quarter shall be calculated, taking into account the amount of USD 5.00 per ton of iron ore ("value per ton of iron ore"). This value will be (i) adjusted annually at the variation in US PPI calculated from September 2010; and (ii) converted into reais, based on the exchange rate at the ending of the business day immediately prior to the actual payment date.

For other loads: the royalties related to other loads, other than iron ores (excluding non-dry loads, such as supply activities) conducted at the Port Terminal will be calculated based on the load 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 rendered by Porto Sudeste relating to the applicable load and the average value per ton effectively charged by Porto Sudeste for the services rendered in relation to such load; and (b) must be limited under any circumstance to USD 5.00 per shipped ton.

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

Notes to financial statements (Continued)  
December 31, 2021 and 2020  
(In reais)

### 5. Variable income securities (Continued)

The adjusted limit amount of US\$5.00 per ton for the cargo margin will be (i) annually restated by reference to US PPI variation calculated since September 2010; and (ii) converted into Brazilian reais based on the exchange rate closed at the end of the business day immediately prior to its effective payment date.

During the years 2013 to 2016, the royalty commitment of Porto Sudeste do Brasil, related to iron ore, was the minimum between the volume shipped in each period and the volume of take-or-pay indicated in the table below:

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Tm	13,6	31,9	36,8	36,8

From 2017 onwards, the volume of iron ore generating royalties (TMMF, in the above formula) is no longer subject to a take-or-pay, being, therefore, simply the volume shipped. In the following table, it is possible to verify the tonnage carried out by the Sudeste do Brasil Port, with the start of operations in 2016, after the commissioning carried out in 2015:

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Tm	7,1	9,5	10,7	16,4	18,7	17,8

As the volume of iron ore shipped in 2016 was lower than the volume of take-or-pay, the royalty commitment is based on this second parameter.

If, in a given calendar quarter, upon payment of the then current Royalties, the free cash held by Porto Sudeste do Brasil exceeds US\$10 million ("Minimum Cash Reserve"), the issuer must use the amounts that exceed the Reserve Minimum Cash ("Available Free Cash") to pay the holders of the securities the Royalties effectively accrued and not paid until the last day of such calendar quarter ("Accumulated Royalties").

There is no obligation on Porto Sudeste do Brasil to pay Royalties, unless there is 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 the amount corresponding to the amounts available in Porto Sudeste cash do Brasil minus the sum of (a) amounts contributed by the shareholders of Porto Sudeste do Brasil through a capital increase or shareholder loan, insofar as such amounts remain as available cash of Porto Sudeste do Brasil, (b) reserve account of the BNDES' senior debt service and CESCE's senior debt service reserve account, and (c) the cash amounts provisioned by Porto Sudeste jointly for IRPJ - Corporate Income Tax, CSLL - Social Contribution on Profit Net and other obligations for which the independent auditors of Porto Sudeste do Brasil require provisioning.

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

Notes to financial statements (Continued)  
December 31, 2021 and 2020  
(In reais)

### **5. Variable income securities (Continued)**

On December 31, 2021, the Company's parent conducted financial calculations with the purpose of identify the existence of available net cash and concluded that the available cash is positive at the date and, therefore, does not require the settlement of the royalties.

Porto Sudeste do Brasil accounts for Port11 Securities in Liabilities, based on the Present Value of Projected Cash Flow from the payment of royalties. That is, the amount shown in the Balance Sheet is different from the amount of Royalties Accrued until this quarter. Porto Sudeste VM, in turn, accounts for its right to receive royalties in Assets, corresponding to its share on the value of Port11 securities, and the respective payment to PSVM11 holders in Liabilities.

Securities are measured in accordance with IAS 37 - Provisions, Contingent Assets and Contingent Liabilities, based on projected cash flows from future security related payments discounted at an annual rate of 11.06%. These projections are based on the Company's Business Plan and the assumptions related to the growth of iron exports in the Quadrilátero Ferrífero of Minas Gerais and assumptions about the growth of the market share of Porto Sudeste, volumes of ore originated by mines belonging to its shareholders, expectations of commodity prices, among others.

On December 31, 2021, the present value of discounted future cash flow amounted to US\$ 2,530,995, which converted into Brazilian reais totaled R\$ 14,124,218 (US\$ 2445,066), which converted into Brazilian reais totaled R\$ 12,706,272 at December 31, 2020). Of these totals, the amounts corresponding to PSVM11 securities are represented at the base date of December 31, 2021 at US\$ 10,780, which converted into reais totaled R\$ 60,159 (US\$ 10,414, which converted into reais totaled R\$ 54,120 on December 31, 2020).

During the 2021 fiscal year, Porto Sudeste do Brasil evaluated whether there were any indicators that any asset could be above the recoverable amount and, after carrying out an impairment test, it did not identify the need to recognize any provision for impairment of its assets. and the same applies, consequently, to the variable remuneration securities receivable recognized in Porto Sudeste VM S.A. ("Company").

The discounted cash flow methodology used by Porto Sudeste do Brasil is based on concepts that consider financial resources that will be generated in the future by the cash generating unit ("UGC"), discounted to present value, to reflect the time, cost of opportunity and associated risks. The discount rate used in the Company's financial models was 11.06%. 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 quadrilateral, assumptions related to the operation of new cargo and assumptions about the growth of the Port's market share. Porto Sudeste do Brasil understands that this growth will be achieved based on the closing of long-term contracts related to the export of iron ore, the operation of new cargo, as well as the acquisitions of iron ore mines in the region carried out by its shareholders.

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

Notes to financial statements (Continued)  
December 31, 2021 and 2020  
(In reais)

### 6. Trade accounts payable

	<u>2021</u>	<u>2020</u>
Publishing expenses	<b>42,610</b>	48,000
Audit fees	<b>9,500</b>	9,500
Others	<b>179,087</b>	-
	<b><u>231,197</u></b>	<b><u>57,500</u></b>

### 7. Equity

At December 31, 2018, subscribed capital was represented by 6,051,410 common shares (the same quantity of December 31, 2017), registered and with no par value, of which 9,000 shares are to be paid up, fully 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 have a 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.

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.

Future capital contribution

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

In April 2021, the Company receives from its parent company Porto Sudeste do Brasil S.A. as an advance for future capital increase in the amount of R\$ 200,000, of which R\$ 150,000 on April 16 and R\$ 50,000 on April 22, 2021.

In July 2021, the Company receives from its parent company Porto Sudeste do Brasil S.A. as an advance for future capital increase in the amount of R\$ 300,000.

Cumulative translation adjustments (CTA)

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

Notes to financial statements (Continued)  
December 31, 2021 and 2020  
(In reais)

The Company has R\$ 51,485 related to the cumulative translation adjustments on December 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>2021</u>	<u>2020</u>
Third-party services	(250,952)	(41,157)
Audit	(50,000)	(38,764)
Taxes and fees	(17,481)	(18,172)
Legal expenses	(71,321)	(6,821)
Others	(48,085)	(47,163)
	<u>(437,839)</u>	<u>(152,078)</u>

#### 8.2. Financial income (expenses)

	<u>2021</u>	<u>2020</u>
Financial expenses		
Interest	(260,059)	(59,693)
Foreign exchange	(30,707)	(42,399)
Taxes	(649)	(87)
Financial income		
Income on financial investments	2,272	1,570
	<u>(289,143)</u>	<u>(100,609)</u>

### 9. Provision for contingencies

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

The Company has never contracted with such companies or their employees, nor has it participated in the construction or operation of the Porto Sudeste terminal, however it was included as a defendant in such actions by choice of claimants, potentially due to the similarity between the corporate names of the two companies.



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

Notes to financial statements (Continued)  
December 31, 2021 and 2020  
(In reais)

The recognition of the Company's passive illegitimacy, with its consequent exclusion from the defendant, depends on judicial authorization, which may or may not be granted by the court. In the case of the actions mentioned herein, the exclusion of the Company from the defendant's side, however, was not authorized.

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### **Board of Directors**

Julien Rolland – Chairman  
Oscar Pekka Fahlgren – Vice Chairman (Acting  
Chairman)  
Mathew Hurn – Board Member  
Carlos Bernardo Pons Navazo – Board Member

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### **Executive Board**

Lieven Cooreman – Chief Executive Officer  
Guilherme Caiado – Chief Operations Officer  
Nicolau Gaeta – Chief Financial and Investor Relations  
Officer

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