

**Interim Condensed Financial Information
(Individual and Consolidated)**

Porto Sudeste do Brasil S.A.

September 30, 2021
with Independent Auditor's Review Report

Management Report

1. Message from Management

Management of Porto Sudeste do Brasil S.A. - Porto Sudeste or Company, in compliance with the legal requirements and in accordance with the prevailing corporate legislation, hereby submits to your appreciation the Financial Information accompanied by the respective explanatory notes and the independent auditor's report for the quarter ended September 30, 2021. Should you need any further clarifications, please do not hesitate to contact us. At the end of the third quarter of 2021, the Executive Board 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 Ernst & Young Auditores Independentes S/S ("EY") renders external audit services relating to the audit of the Company's financial information.

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's 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.

EY represented 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 variable-yield securities

Overview of Perpetual Variable-yield securities

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

The investment agreement that regulated the acquisition of control of Porto Sudeste by Trafigura and Mubadala foresee, among others, that the Company would take over, directly or indirectly, obligations related to the variable-yield securities based on Royalties issued by MMX, traded on B3 S.A. - BRASIL. BOLSA. BALCÃO ("B3") under the ticker MMXM11 ("MMXM11 securities"). In this context, Porto Sudeste issued, on February 26, 2014, Perpetual Variable-yield Securities ("PVS"), with similar terms to the MMXM11 Securities ("Port11"), which were fully subscribed on the same date by MMX. The investment agreement also provided for MMX's obligation to carry out an exchange offer, aimed at all holders of the MMXM11 Securities, through which MMX would acquire the MMXM11 Securities, and deliver the Port11 Securities, or another security, in return backed by MMXM11 Securities ("Exchange Offer"). To implement such Exchange Offer, two different vehicles were used, in order to reach all holders of MMXM11 Securities:

- (i) FIP-IE Porto Sudeste Royalties (“PSR”): An infrastructure equity investment fund, which, at the time of the offer, held in its portfolio exclusively, Port11 Securities - and for each Port11 Security held by PSR would be entitled to a Unit. PSR’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 PSR units.
- (ii) Porto Sudeste V.M S.A. (“Porto VM”): A stock corporation registered with CVM under category ‘B’. Said corporation issued a new royalty-based variable-yield security, mirror of MMXM11 Security (“PSVM11 Securities”), and such security listed for trading on B3 (contrary to Port11 Securities, which are not accepted for trading on the stock exchange). Under the aforementioned Exchange Offer, 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 – which happens with some investment funds.

As a way of addressing the situation of MMXM11 holders who eventually did not adhere to the Exchange Offer, MMX remained the holder of Port11 Securities in the same quantity of MMXM11 Securities not exchanged.

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

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

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

Royalties Calculation

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

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 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 (“value per ton for other loads”) will be calculated based on the load margin. “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 commitment of royalties from Porto Sudeste do Brasil, related to iron ore, was the minimum between the volume shipped in each period and the take-or-pay volume indicated in the table below:

Iron Ore	2013	2014	2015	2016
Tons (million)	13,6	31,9	36,8	36,8

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

Iron Ore	2013	2014	2015	2016	2017	2018	2019	2020	2021 YTD
Tons (million)	-	-	-	7,1	9,5	10,7	16,4	18,7	13,8

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

In the third quarter of 2021, Porto Sudeste do Brasil shipped 4,042 thousand tons of iron ore (TMMF), which multiplied by the updated value per ton of US\$ 5,89 (VpTMMF) resulted in royalties of US\$ 23,819 thousand in the period. The accumulated Royalties until this quarter is US\$ 1,040,172 thousand. No amount has been paid until this quarter.

Porto Sudeste VM, a wholly-owned subsidiary of Porto Sudeste do Brasil, has US\$ 4,473 thousand in accumulated royalties receivable, referring to the number of Port11 Securities it holds (proportion of 0.43% of the total).

Reconciliation of quantities shipped and amounts paid as Royalties (accumulated)	Shipped 1 st quarter 2021	Shipped 2 nd quarter 2021	Shipped 3 rd quarter 2021	Take-or-pay/ Shipped Accumulated
Volume (M/TONS)	4,456	5,302	4,042	188,185
Price per Ton	5.00	5.00	5.00	5.00
PPI, accumulated	0.89	0.89	0.89	0.53
Price per TON (USD)	5.89	5.89	5.89	5.53
Royalty (Porto Sudeste) USD	26,257	31,243	23,819	1,040,172
PSVM11 securities issued by Porto Sudeste V.M. S.A. as a percentage of Port11 securities	0.43%	0.43%	0.43%	0.43%
Royalty (Porto VM) Calculado (USD m)	113	134	102	4,473
Cash available for payment of Royalties	-	-	-	-
Royalties payable	-	-	-	-

Royalties Calculation

Payment of Royalties in each quarter will be made within 60 days from the end of each calendar quarter and is subject to the existence of cash available for payment of Royalties, calculated after the discount of 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 indenture 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 determined sufficient Cash Available for Royalties for that purpose.

If, in a certain calendar quarter by the payment of current royalties the cash of issuer and Porto Sudeste is jointly higher than US\$10,000 ("Minimum Cash Reserve"), the issuer will use the values that exceed the minimum cash reserve ("Available Cash") to pay the effectively accumulated royalties to the holders of securities until the last day of said calendar quarter ("Accumulated Royalties").

It is agreed and understood that issuer is not required to pay such additional values established herein, unless an available cash is held by issuer in the last day of such calendar quarter and until the available cash limit, "available cash" means the value corresponding to (i) the addition of (a) all available cash values of Porto Sudeste and (b) the positive balances on all bank accounts of issuer and Porto Sudeste (with any financial institution), less (ii) the addition of (a) any values contributed by stockholders of Porto Sudeste through capital increase or stockholder loan, to the extent that such values remain as available cash of Porto Sudeste, (b) BNDES senior debt service reserve account and CESCE senior debt service reserve account, and (c) the values of cash allocated jointly by Porto Sudeste to the IRPJ - Corporate Income Tax, CSLL - Social Contribution on Net Income, and other obligations for which Porto Sudeste's independent auditors require a joint allocation by Porto Sudeste.

On September 30, 2021, Porto Sudeste do Brasil carried out the financial calculations and identified that there was not enough available cash generation to pay royalties to holders of Port11 Securities.

Cash available for payment of Royalties (in thousands of reais)	1st quarter 2021	2nd quarter 2021	3rd quarter 2021
Cash from trade receivables	342,255	425,605	435,089
Applicable Taxes	(48,771)	(60,649)	(74,467)
Operating Costs	(42,525)	(49,748)	(53,202)
Investment	(5,356)	(7,886)	(23,513)
Operating expenses	(22,937)	(32,133)	(44,587)
Subtotal Total Cash Available for Payment of Royalties	222,665	275,189	239,320
Interests and Repayment of the Senior Debt	(226,997)	(294,684)	(239,864)
Total Cash Available for Payment of Royalties	(4,332)	(19,495)	(544)

The existing cash balance at Porto Sudeste do Brasil (Controlling Company) refers to the balance of contributions from shareholders and balances that must be maintained in accounts to meet any operational obligation, such as the guarantee account for the purchase of energy and Pis/ Cofins deposited in court. In this quarter, there was no cash balance available for royalty payments.

Cash available for payment of accumulated royalties (in thousands of reais)	1st quarter 2021	2nd quarter 2021	3rd quarter 2021
Net Cash or Bank Accounts	96,352	26,026	36,187
Contributions by the stockholders	(96,352)	(26,026)	(36,187)
Total Cash Available for Payment of Accumulated Royalties	-	-	-

Royalties accounting policy

Porto Sudeste do Brasil records 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, records its right to receive royalties in Assets, corresponding to its portion 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 Porto Sudeste do Brasil Business Plan, which includes assumptions related to the growth of iron exports in the *Quadrilátero Ferrífero* of Minas Gerais, growth of the market share of Porto Sudeste do Brasil, volumes of ore originated by mines belonging to its shareholders, commodity price expectations, among others.

On September 30, 2021, the present value of discounted future cash flow amounted to US\$2,454,016, which converted into Brazilian reais totaled R\$13,348,376 (US\$2,445,066, which converted into Brazilian reais totaled R\$12,706,272 as at December 31, 2020). Of those totals, the amounts corresponding to PSVM11 securities are represented at the base date of September 30, 2021 at US\$ 10,452, which converted into reais totaled R\$56,854 (US\$10,414, which converted into Brazilian reais totaled R\$54,119 as at December 31, 2020).

Transaction costs

Debt issue costs of variable-yield securities totaling R\$14,672 at September 30, 2021 (R\$14,017 at December 31, 2020) referring to outside legal counsel fees and commissions of guarantee were recorded as reduction of liabilities.

Itaguaí, November 10, 2021.

The Management.

Porto Sudeste do Brasil S.A.

Individual and consolidated interim condensed financial information

September 30, 2021

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A free translation from Portuguese into English of Independent Auditor Review Report on Interim Financial Information prepared in Brazilian currency in accordance with accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB)

Independent auditor’s review report on individual and consolidated interim condensed financial information

The Shareholders and Board of Directors
Porto Sudeste do Brasil S.A.
Itaguaí, RJ

Introduction

We have reviewed the individual and consolidated interim condensed financial information of Porto Sudeste do Brasil S.A. (“Company” or “Porto Sudeste”), identified as Parent Company and Consolidated, for the quarter ended September 30, 2021, comprising the statement of financial position as of September 30, 2021 and the related statements of profit or loss and of comprehensive income for the three and nine month period then ended, and of changes in equity and cash flows for the nine month period then ended, including the explanatory notes.

Management is responsible for the preparation of this individual and consolidated interim condensed financial information in accordance with Accounting Pronouncement NBC TG 21 Interim financial Reporting. Our responsibility is to express a conclusion on this individual and consolidated interim condensed financial information based on our review.

Scope of review

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



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim condensed financial information referred to above are not prepared, in all material respects, in accordance with NBC TG 21.

Significant uncertainty as to the Company's ability to continue as a going concern

We draw attention to Note 1 of the individual and consolidated interim condensed financial information, which indicates that, at September 30, 2021, the Company presents consolidated accumulated losses of R\$3,378,358 thousand and a negative equity of R\$146,503 thousand. This note also states that Porto Sudeste do Brasil S.A. began its operations in January 2016, but still depends on the financial support from its shareholders and/or funds from third parties until its operations generate sufficient cash to maintain its operating activities. This individual and consolidated interim condensed 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 its plans do not achieve the expected results.

Rio de Janeiro, November 10, 2021.

ERNST & YOUNG
Auditores Independentes S.S.
CRC-2SP015199/O-6



Leonardo Araújo Ferreira
Accountant CRC-RJ116384/O-2

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Porto Sudeste do Brasil S.A.

Condensed statements of financial position
September 30, 2021 and December 31, 2020
(In thousands of reais)

	Note	Parent Company		Consolidated	
		09/30/2021	12/31/2020	09/30/2021	12/31/2020
Assets					
Current assets					
Cash and cash equivalents	4	36,187	21,000	87,515	88,842
Trade accounts receivable	5	19,520	25,175	19,520	25,175
Trade accounts receivable from related parties	16	198,102	164,213	135,128	287,763
Inventories	6	60,362	50,139	280,342	197,577
Taxes recoverable		2,771	2,906	3,515	3,835
Dividends receivable		1,448	1,448	-	-
Advances	8	44,866	13,680	44,941	192,532
Other		4,157	2,952	5,473	4,104
		367,413	281,513	576,434	799,828
Noncurrent assets					
Restricted deposits	7	10,966	10,696	10,966	10,696
Taxes recoverable		6,534	4,427	8,271	5,823
Investments	9	51,078	14,227	-	-
Property, plant and equipment	10	7,447,631	7,242,035	7,494,111	7,287,321
Intangible assets	11	12,031,320	11,587,582	12,031,320	11,587,582
Other		41,118	29,618	41,714	30,211
Total noncurrent assets		19,588,647	18,888,585	19,586,382	18,921,633
Total assets					
		19,956,060	19,170,098	20,162,816	19,721,461

	Note	Parent Company		Consolidated	
		09/30/2021	12/31/2020	09/30/2021	12/31/2020
Liabilities					
Current liabilities					
Trade accounts payable	12	24,792	16,291	91,699	287,017
Loans and financing	13	14,545	578,452	178,635	832,533
Taxes and contributions payable	15	15,173	16,056	16,716	17,911
Related parties	16	962	898	2,575	22,013
Customer advances		62	183	62	183
Negative equity provision	9	31,274	-	-	-
Other		16,791	14,001	20,658	17,577
Total current liabilities		103,599	625,881	310,345	1,177,234
Noncurrent liabilities					
Loans and financing	13	6,663,750	6,237,432	6,663,750	6,237,432
Variable income securities	14	13,333,705	12,692,256	13,333,705	12,692,256
Provision for contingencies		1,509	1,515	1,519	1,525
Total noncurrent liabilities		19,998,964	18,931,203	19,998,974	18,931,213
Equity					
Capital	18	3,081,370	2,911,944	3,081,370	2,911,944
Advance for future capital contribution		-	72,826	-	72,826
Cumulative translation adjustments (CTA)		150,485	252,054	150,485	252,054
Accumulated losses		(3,378,358)	(3,623,810)	(3,378,358)	(3,623,810)
Total equity		(146,503)	(386,986)	(146,503)	(386,986)
Total liabilities and equity					
		19,956,060	19,170,098	20,162,816	19,721,461

See accompanying notes.

Porto Sudeste do Brasil S.A.

Condensed statements of profit or loss
 Three and nine-month period ended September 30, 2021 and 2020
 (In thousands of reais)

	Note	Parent Company				Consolidated			
		07/01/2021 to 09/30/2021	01/01/2021 to 09/30/2021	07/01/2020 to 09/30/2020	01/01/2020 to 09/30/2020	07/01/2021 to 09/30/2021	01/01/2021 to 09/30/2021	07/01/2020 to 09/30/2020	01/01/2020 to 09/30/2020
Revenue, net of sale of assets	19	283,826	1,033,250	275,366	533,243	1,701,275	5,855,361	1,126,490	2,199,211
Costs of sales and services	20	(102,948)	(325,071)	(124,497)	(304,258)	(1,516,103)	(5,141,108)	(969,178)	(1,957,016)
Gross profit		180,878	708,179	150,869	228,985	185,172	714,253	157,312	242,195
Operating income (expenses)									
Administrative expenses	21	(18,384)	(46,014)	(9,123)	(29,462)	(18,515)	(49,578)	(9,152)	(33,168)
Equity pickup	9	47,910	15,004	3,882	13,119	-	-	-	-
Other operating income (expenses)	14	2,228,906	1,132,878	(310,487)	(10,998)	2,228,924	1,132,896	(310,487)	(10,998)
		2,258,432	1,101,868	(315,728)	(27,341)	2,210,409	1,083,318	(319,639)	(44,166)
Income before financial income (expense) and taxes		2,439,310	1,810,047	(164,859)	201,644	2,395,581	1,797,571	(162,327)	198,029
Financial income (expenses)	22								
Financial income		164,235	165,093	106,149	913,127	181,164	183,369	105,551	921,204
Financial expenses		(510,908)	(1,729,688)	(564,748)	(1,919,479)	(484,108)	(1,735,488)	(566,682)	(1,923,941)
		(346,673)	(1,564,595)	(458,599)	(1,006,352)	(302,944)	(1,552,119)	(461,131)	(1,002,737)
Income before income taxes		2,092,637	245,452	(623,458)	(804,708)	2,092,637	245,452	(623,458)	(804,708)
Income and social contribution taxes	17	-	-	-	-	-	-	-	-
Profit (Loss) for the period		2,092,637	245,452	(623,458)	(804,708)	2,092,637	245,452	(623,458)	(804,708)

See accompanying notes.

Porto Sudeste do Brasil S.A.

Statement of comprehensive income (loss)

Three and nine-month period ended September 30, 2021 and 2020

(In thousands of reais)

	Parent Company				Consolidated			
	07/01/2021 to 09/30/2021	01/01/2021 to 09/30/2021	07/01/2020 to 09/30/2020	01/01/2020 to 09/30/2020	07/01/2021 to 09/30/2021	01/01/2021 to 09/30/2021	07/01/2020 to 09/30/2020	01/01/2020 to 09/30/2020
Profit (loss) for the period	2,092,637	245,452	(623,458)	(804,708)	2,092,637	245,452	(623,458)	(804,708)
Cumulative translation adjustments	(201,679)	(101,569)	(26,636)	235,608	(201,679)	(101,569)	(26,636)	235,608
Total comprehensive income (loss)	1,890,958	143,883	(650,094)	(569,100)	1,890,958	143,883	(650,094)	(569,100)

See accompanying notes.

Porto Sudeste do Brasil S.A.

Condensed statements of changes in equity - Consolidated
 Three and nine-month period ended September 30, 2021 and 2020
 (In thousands of reais)

	Capital	Future capital contribution	Cumulative translation adjustment	Accumulated losses	Total
Balances at December 31, 2019	2,911,944	-	85,696	(2,226,429)	771,211
Advance for future capital increase	-	72,826	-	-	72,826
Cumulative translation adjustments (CTA)	-	-	235,608	-	235,608
Loss for the period	-	-	-	(804,708)	(804,708)
Balances at September 30, 2020	2,911,944	72,826	321,304	(3,031,137)	274,937
Balances at December 31, 2020	2,911,944	72,826	252,054	(3,623,810)	(386,986)
Capital increase	169,426	(169,426)	-	-	-
Advance for future capital increase	-	96,600	-	-	96,600
Cumulative translation adjustments (CTA)	-	-	(101,569)	-	(101,569)
Profit for the period	-	-	-	245,452	245,452
Balances at September 30, 2021	3,081,370	-	150,485	(3,378,358)	(146,503)

See accompanying notes.

Porto Sudeste do Brasil S.A.

Cash flow statement

Three and nine-month period ended September 30, 2021 and 2020

(In thousands of reais)

	Parent Company		Consolidated	
	09/30/2021	09/30/2020	09/30/2021	09/30/2020
Cash flows from operating activities				
Profit (Loss) for the period before taxes	245,452	(804,708)	245,452	(804,708)
Non-cash P&L items				
Depreciation and amortization	199,285	195,575	199,311	195,612
Borrowing cost amortization	6,884	36,561	6,884	36,618
Other amortization	3,403	6,989	3,661	7,302
Equity pickup	15,004	(13,119)	-	-
Royalties adjustment	44,403	1,349,396	44,403	1,349,396
Monetary variation and interest	369,690	484,949	373,478	488,828
Other provisions	1,232	1,623	(31,338)	1,623
Changes in assets and liabilities				
Accounts receivable	4,747	(34,749)	4,962	(34,750)
Accounts receivable with related parties	(33,890)	(95,803)	102,830	7,208
Other advances	(33,925)	(20,079)	(421,943)	(136,255)
Inventories	(9,421)	(1,443)	(74,223)	35,716
Judicial deposits	(11,374)	(7,573)	(11,374)	(6,777)
Taxes recoverable	(41,868)	(38,145)	(42,025)	(38,216)
Advances from customers	784	3,934	784	3,934
Trade accounts payable	44,075	(2,539)	441,613	104,935
Taxes and contributions payable	39,053	44,744	38,740	45,642
Obligation to third parties	(62)	22,209	(62)	22,209
Transactions with related parties	64	(619)	64	11,443
Other assets	(1,185)	(869)	(1,480)	(869)
Salaries and compensations	(1,222)	(101)	(1,222)	(101)
Interest paid	(182,573)	(223,033)	(186,334)	(227,555)
Net cash used in operating activities	658,556	903,200	692,181	1,061,225
Cash flow from investing activities				
Acquisition of property and equipment	(45,951)	(21,478)	(50,898)	(25,832)
Capital increase	(600)	-	-	-
Advance for future capital increase	-	(3,796)	-	-
Net cash used in investing activities	(46,551)	(25,274)	(50,898)	(25,832)
Cash flows from financing activities				
Advance for future capital increase	96,600	72,826	96,600	72,826
Borrowings	-	-	1,121,729	(9,680)
Guarantee fee	(32,741)	(36,986)	(32,741)	(36,986)
Borrowings settled	(525,335)	(12,687)	(1,736,656)	(12,687)
Net cash provided by financing activities	(461,476)	23,153	(551,068)	13,473
Exchange differences, net				
Foreign exchange differences	(135,342)	(895,094)	(91,543)	(950,447)
Increase in cash and cash equivalents	15,187	5,985	(1,328)	98,419
Statement of increase (decrease) in cash and cash equivalents				
At beginning of the period	21,000	30,625	88,842	74,129
At end of the period	36,187	36,610	87,515	172,548
Increase in cash and cash equivalents	15,187	5,985	(1,327)	98,419

See accompanying notes.

Porto Sudeste do Brasil S.A.

Notes to individual and consolidated interim condensed financial information (Continued)

September 30, 2021

(In thousands of reais, unless otherwise stated)

1. Operations

Porto Sudeste do Brasil S.A. ("Porto Sudeste" or the "Company") was established on November 7, 2007, to develop the logistics and integrated operations in the port sector, notably the implementation and operation of a Port Terminal named Porto Sudeste ("Terminal" or "Porto Sudeste").

The Company is composed of its parent company and its subsidiaries Pedreira Sepetiba Ltda. ("Pedreira"), Terminal de Contêineres Sepetiba Ltda. ("TCS"), Porto Sudeste VM S.A. ("Porto VM") and Porto Sudeste Exportação e Comércio S.A.

Trafigura Pte Ltd. ("Trafigura") and Mubadala Development Company PJSC ("Mubadala"), through investees became joint holders of 99,32% ownership interest in the Company, through PSA Fundo de Investimento e Participações.

In February 2014, the controlling shareholders Trafigura and Mubadala executed the Shareholders' Agreement, which provides for the rights and obligations of each controlling shareholder.

Company's financial position

At September 30, 2021, the Company records a consolidated working capital of R\$266,089 thousand, a consolidated accumulated loss of R\$3,378,728. The Company closed the quarter with a cash position consolidated of R\$87,515. See Note 13 for more information about the debt renegotiation.

The Company started operations in January 2016. However, for the next 12 months and according to senior debt contracts will still depend on financial support from its shareholders and/or third-party funds, to support certain obligations that cannot be settled from the operating cash flow (such as guarantees, non-maintenance investments). According to the Company's business model, there is an additional cash requirement of approximately US\$8,000 to meet the future commitments that will be made available by the shareholders.

Porto Sudeste do Brasil S.A.

Notes to individual and consolidated interim condensed financial information (Continued)

September 30, 2021

(In thousands of reais, unless otherwise stated)

1. Operations (Continued)

Licenses

On July 15, 2010, the Company obtained from the Brazil's Water Transportation Regulatory Agency (ANTAQ) authorization for construction and implementation of the Maritime Terminal with capacity for shipping 50mt/a, located in Ilha da Madeira, Itaguaí, Rio de Janeiro. This concession is valid for 25 years, renewable for another 25 years. In 2014, after completing the first phase of the implementation works of the Terminal and obtaining the respective environmental operation license, the Company received from ANTAQ the Operating Release Term (TLO) and the Qualification for International Maritime Traffic (HTMI), whereupon the Company has been fully authorized by this regulatory agency to operate the first phase of the Terminal. In addition to the release from the regulatory agency, the first phase of the terminal is properly bonded and able to receive goods intended for export. Regarding the offshore access, the dredging and submerged rocks blasting of the access channel to the Terminal and the mooring basin were completed in early 2015.

As to the second phase of the terminal (50mt/a), the Company completed the assembly of equipment in the mid of 2015 and on November 12, 2015 was granted by ANTAQ TLO N°11/2015, authorizing the Company to move on with the partial operation of the Private Use Terminal, in accordance with ANTAQ standards and regulations, considering the adjustments of the New Ports Law.

As regards the Brazilian IRS, the areas of yard 06, tunnel, pier and yard 32 are within a customs area. This is an important milestone in the technical commissioning and completion process and enables the Company to achieve its full capacity of 50MT/year.

The Company obtained approval regarding extension of the Customs of yard 32 on April 22, 2016. This is an important milestone in the technical commissioning and completion process and enables the Company to achieve its full capacity of 50MT/year.

Covid-19

The Company's Management is monitoring the effects of the new Coronavirus (COVID-19) on its operations. In the quarter ended in September 30, 2021 there were no relevant impact on our operation. The Company's Management understands that the impact are being mitigated by the strong increase in the price of iron ore and the increase in the exchange rate. However, due to the fluidity and speed of the development of the situation, Management, together with its Shareholders, continues to work on the assessment of mitigation measures in order to avoid significant impacts on the business in the short, medium and long term.

Porto Sudeste do Brasil S.A.

Notes to individual and consolidated interim condensed financial information (Continued)

September 30, 2021

(In thousands of reais, unless otherwise stated)

1. Operations (Continued)

Covid-19 (Continued)

In this sense, we are monitoring the short-term cash flow, maintaining 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 any potential risks.

2. Basis of preparation and presentation of Individual and consolidated interim condensed financial information

a) Individual and consolidated interim condensed financial information

The preparation of the individual and consolidated interim condensed financial information relied on various basis of evaluation used in the accounting estimates. The accounting estimates involved in the preparation of the interim condensed financial information were supported by objective and subjective factors, based on the management judgment to determine the appropriate value to be recorded in the individual and consolidated interim condensed financial information.

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

The Company's condensed individual and consolidated interim financial information was prepared in accordance with technical pronouncement NBC TG 21 - Interim Statement.

On November 10, 2021 the Company management authorized the conclusion and disclosure of this individual and consolidated interim condensed financial information.

b) Basis of preparation and measurement

The individual and consolidated condensed financial information were prepared considering the historical cost, except for financial instruments measured at fair value.

Porto Sudeste do Brasil S.A.

Notes to individual and consolidated interim condensed financial information (Continued)

September 30, 2021

(In thousands of reais, unless otherwise stated)

2. Basis of preparation and presentation of Individual and consolidated interim condensed financial information (Continued)

c) Functional currency

With its startup on January 1, 2016, the Company and its subsidiaries began to earn revenues denominated in US dollars. Therefore, the functional currency was changed from Brazilian real to US dollar. Pursuant to Brazilian legislation and Accounting Pronouncement CPC 2 - Effects of changes in exchange rates and translation of financial statements, these financial information are presented in Brazilian reais (R\$), converting the functional currency (US dollars) 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 average exchange rate on the date of the event; and equity at historical buildup cost. The effect of conversion into reporting currency is stated in equity under "Cumulative translation adjustments".

d) Consolidation

The consolidated financial information include the Company and the following subsidiaries:

	Interest - %				Head office	Main activity
	Capital		Voting capital			
	2021	2020	2021	2020		
Direct subsidiaries						
Pedreira	99.98%	99.98%	99.98%	99.98%	Brazil	Extraction of stones
TCS	99.98%	99.98%	99.98%	99.98%	Brazil	Logistics
Porto VM	100%	100%	100%	100%	Brazil	Owner of royalties shares
Porto Sudeste Exportação	99.99%	99.99%	99.99%	99.99%	Brazil	Purchase and sale of ore

3. Summary of significant accounting practices and estimates

The accounting practices adopted when preparing the interim condensed financial information is consistent with that when preparing the financial statements at December 31, 2020.

The interim financial information and related notes do not include all the information and disclosures required for annual financial statements. Therefore, this interim financial information should be read in conjunction with the annual audited financial statements as of December 31, 2020.

Porto Sudeste do Brasil S.A.

Notes to individual and consolidated interim condensed financial information (Continued)

September 30, 2021

(In thousands of reais, unless otherwise stated)

4. Cash and cash equivalents

	Parent Company		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Cash and cash equivalents				
Cash and banks	23,746	8,755	25,051	10,085
Cash equivalents	12,441	12,245	62,464	78,757
	36,187	21,000	87,515	88,842

The Company invests in Bank Deposit Certificates (CDB) and carries out with repurchase agreements operations backed by private securities (CDB). The securities are issued by top-tier companies and financial institutions, all subject to floating rates, with an average remuneration pegged to the DI rate (Interbank Deposit Certificate - CDI), without grace period and readily convertible to cash.

The Bank Deposit Certificates (CDBs) are issued by top-tier financial institutions and are mostly remunerated from 75% to 95% to 100% of the Interbank Deposit Certificate (CDI) variation, respectively.

5. Accounts receivables

	Parent Company		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Port fee	19,520	25,175	19,520	25,175
	19,520	25,175	19,520	25,175

The balance on September 30, 2021 was substantially received until October 2021. Management understands that there is no need to record a provision for estimated losses on allowance for loan losses.

6. Inventory

	Parent Company		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Gravel	-	-	2,299	2,196
Iron ore	-	-	213,750	144,815
Storeroom	60,362	50,139	64,293	50,566
	60,362	50,139	280,342	197,577

Porto Sudeste do Brasil S.A.

Notes to individual and consolidated interim condensed financial information (Continued)

September 30, 2021

(In thousands of reais, unless otherwise stated)

7. Restricted deposits

	Parent Company		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Trustee ACC Itaú BBA (*)	10,966	10,696	10,966	10,696
	10,966	10,696	10,966	10,696

(*) Temporary freezing of part of short-term investments (Trustee Account) related to the acquisition of land for Porto Sudeste expansion. This amount will be realized upon execution of the land definitive deed.

8. Advances

	Controladora		Consolidado	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Customs clearance	3,570	2,278	3,570	2,278
Fuel	5,044	1,110	5,044	1,110
Energy	3,156	2,318	3,156	2,318
Professional services	32,609	5,890	32,609	5,890
Iron ore (*)	-	-	-	178,820
Other	487	2,084	562	2,116
	44,866	13,680	44,941	192,532

(*) Advances to Porto Sudeste Exportação suppliers for future iron ore delivery.

9. Investments

The Company has the following investments:

Pedreira Sepetiba Ltda.

Incorporated on June 21, 1989, this company is engaged in the exploration and utilization of mineral deposits in Brazil and consequent sale of their by-products; sale of construction materials in general; and the provision of cargo transportation, civil engineering, development and construction services.

TCS - Terminal de Contêineres Sepetiba Ltda.

Incorporated on January 31, 1989, this company is engaged in the rendering of all services related to a container terminal, intended for cargo concentration and distribution and the respective handling of loading, unloading and shipment to their final destinations; rendering of transportation services of containers of ships; the charter or rent of ships, barges and national or foreign equipment; as well as the rendering of services inherent in the customs area to be implemented in the terminal area through concession from tax authorities.

Porto Sudeste do Brasil S.A.

Notes to individual and consolidated interim condensed financial information (Continued)

September 30, 2021

(In thousands of reais, unless otherwise stated)

9. Investments (Continued)

Porto Sudeste V.M S.A.

Incorporated on July 16, 2013, this company is engaged in holding interest in capital of other companies, both in Brazil or abroad, as an owner, shareholder or member, either permanently or temporarily, as a parent company or noncontrolling interest. Porto V.M. was created with the main purpose of receiving part of royalty-based securities as part of the purchase transaction of the Port by its current shareholders, as described in Note 14.

Porto Sudeste Exportação e Comércio S.A.

Is engaged in the export and import of iron ore, iron pellets, pig iron and by-products.

Changes in investments

	Parent Company					09/30/2021
	12/31/2020	Equity pick-up	Future capital contribution	Negative equity	Effect of conversion into Brazilian reais	
Pedreira	12,885	(274)	3,600	-	3,948	20,159
TCS	22,053	(320)	300	-	8,565	30,598
Porto VM	101	(420)	600	-	40	321
Porto Sudeste Exportação	(20,812)	16,018	-	31,274	(26,480)	-
	14,227	15,004	4,500	31,274	(13,927)	51,078

Ownership interest and summary of investees

	09/30/2021						
	Ownership interest	Number of shares/ units of interest (thousand)	Assets	Liabilities	Equity	Net revenue	P&L for the year
Pedreira	99,98%	49,001	20,441	282	20,432	-	(273)
TCS	99,98%	3,447	2,482	1	2,801	-	(320)
Porto VM	100%	-	57,201	56,880	741	-	(420)
Porto Sudeste Exportação	99,99%	-	2,463,076	2,494,350	(47,292)	5,372,825	16,018

Porto Sudeste do Brasil S.A.

Notes to individual and consolidated interim condensed financial information (Continued)

September 30, 2021

(In thousands of reais, unless otherwise stated)

10. Property, plant and equipment

	Consolidated						Total
	Facilities	Machinery and equipment	Land	Construction in progress	Buildings and improvements	Other	
Net balance at December 31, 2020	151,991	1,317,247	167,511	57,379	5,542,356	50,837	7,287,321
Additions	276	3,408	-	35,814	289	11,111	50,898
Write off							
Transfers	1,053	157	-	(4,953)	610	3,133	-
Depreciation for the year	(10,302)	(47,563)	-	-	(70,554)	(948)	(129,367)
Effect of conversion into Brazilian reais	1,717	41,566	8,157	1,528	230,988	1,303	285,259
Net balance at September 31, 2021	144,735	1,314,815	175,668	89,768	5,703,689	65,436	7,494,111
Accumulated balances							
Cost	161,043	1,140,905	125,419	46,302	4,702,161	43,941	6,219,771
Accumulated depreciation	(45,616)	(150,684)	-	-	(544,137)	(3,971)	(744,408)
Effect of conversion into Brazilian reais	36,564	327,026	42,092	11,077	1,384,332	10,867	1,811,958
Net balance at December 31, 2020	151,991	1,317,247	167,511	57,379	5,542,356	50,837	7,287,321
Cost	162,372	1,144,470	125,419	77,163	4,703,060	58,185	6,270,669
Accumulated depreciation	(55,918)	(198,247)	-	-	(614,691)	(4,919)	(873,775)
Effect of conversion into Brazilian reais	38,281	368,592	50,249	12,605	1,615,320	12,170	2,097,217
Net balance at September 31, 2021	144,735	1,314,815	175,668	89,768	5,703,689	65,436	7,494,111

Porto Sudeste do Brasil S.A.

Notes to individual and consolidated interim condensed financial information (Continued)

September 30, 2021

(In thousands of reais, unless otherwise stated)

10. Property, plant and equipment (Continued)

Impairment test for property and equipment

Throughout the third quarter of 2021, the Company the indications that any asset could be recorded above its recoverable amount, and after the impairment test carried out in the third quarter it did not verify the need to recognize any provision for impairment of its assets.

The discounted cash flow method employed by the Company is based on concepts that consider financial resources which will be generated in the future by the cash-generating unit, discounted to present value, to reflect the time, opportunity cost 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 premises related to the growth of the iron ore export in the Quadrilátero of Minas Gerais and premises regarding the growth in market share of Porto Sudeste. The Company considers 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 carried out by its shareholders.

11. Intangible

	<u>Port license</u>
Balance as at December 31, 2020	<u>11,587,582</u>
Amortization	(69,945)
Effect of conversion into Brazilian reais	513,683
Balance at September 30, 2021	<u><u>12,031,320</u></u>

The license is amortized over the concession period of the port for a period of 50 years taking in to account the volume operated.

Impairment test for intangible assets with defined useful life

Throughout the third quarter of 2021, the Company assessed whether there were any indicators that the license could be above its recoverable amount. After performing the tests, a mentioned in Note 10, the Company did not identify the need to recognize any provision for impairment of its intangible assets.

The discount rate used in the Company's financial models was 11.06%.

Porto Sudeste do Brasil S.A.

Notes to individual and consolidated interim condensed financial information (Continued)

September 30, 2021

(In thousands of reais, unless otherwise stated)

12. Accounts payable

	Parent Company		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Equipment rental	986	2,589	986	2,589
Maintenance	785	1,143	785	1,143
Electricity expenses	2,387	2,470	2,387	2,470
Fuel	587	1,495	587	1,495
Construction in progress	7,809	708	7,809	708
Iron ore	-	-	65,259	264,851
Rail freight	-	-	1,086	4,002
Insurance	-	1,755	-	1,777
Services	9,292	5,128	9,854	5,187
Other	2,946	1,003	2,946	2,795
	24,792	16,291	91,699	287,017

13. Loans and financing

Loans per currency

	Parent Company and Consolidated			
	Current liabilities		Noncurrent liabilities	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Taken out in US dollars				
Principal	163,679	496,143	3,523,404	3,192,669
Interest	411	38,203	1,007,292	893,435
Borrowing cost	-	-	(21,416)	(22,819)
	164,090	534,346	4,509,280	4,063,285
Taken out in Brazilian reais				
Principal	-	90,822	2,296,691	2,317,284
Interest	14,545	207,365	-	-
Borrowing cost	-	-	(142,221)	(143,137)
	14,545	298,187	2,154,470	2,174,147
	178,635	832,533	6,663,750	6,237,432

The financing agreements establish a grace period for the principal until December 31, 2023. Therefore, there is no obligation to pay senior creditors until December 31, 2023. Furthermore, the cash sweep mechanism establishes that, in case of positive cash generation in the quarter, this generation should be distributed as principal payment to senior creditors. As these amortizations are conditioned to the future net cash, therefore a cash not yet realized for, the amortizations that will eventually occur in the next 12 months are not included in the Company's current liabilities.

Porto Sudeste do Brasil S.A.

Notes to individual and consolidated interim condensed financial information (Continued)

September 30, 2021

(In thousands of reais, unless otherwise stated)

13. Loans and financing (Continued)

Loans per financial institution

Bank	Index/ interest	Maturity	Balance as of	
			09/30/2021	12/31/2020
BNDES FINEM - Nº 10.2.0265.1	3.18% + 2.18% p.a. + TJLP	15/06/2029	877,395	1,005,825
BNDES FINEM - Nº12.2.1174.1 - Sub credit A, B	3.40% + 2.40% p.a. + TJLP	15/06/2029	475,101	544,129
BNDES FINEM - Nº12.2.1174.1 - Sub credit C	3.40% % p.a. + 2.40% + Cesta de Moedas	15/06/2029	245,833	272,828
BNDES FINEM - Nº 4.003.109-P - Repassé AB	3.40% + 4.40% p.a. + TJLP	15/06/2029	467,838	526,035
BNDES FINEM - Nº 4.003.109-P - Repassé C	4,40% p.a. + 3.40% + Cesta de Moedas	16/10/2029	245,070	266,654
Deutsche Bank/ Natixis	4.00% / 3.50% p.a. + Libor 1 month	15/11/2023	810,535	920,309
Bradesco/PAV Lux(*)	4.50% p.a. + Libor 6 months	15/06/2029	3,670,352	3,415,331
BTG	4.00% p.a. + Libor 1 month	15/06/2029	49,808	30,730
Santander	1.90% p.a. + Libor	Up to 6 months	164,090	254,080
			7,006,022	7,235,921
Transaction costs			(163,637)	(165,956)
			6,842,385	7,069,965

(*) According to the debt assignment and assumption agreement, signed on March 11, 2021, Itaú Unibanco S / A - Nassau Branch (Assignor) which owned 46.41% of the debt, ceded all its rights and obligations arising from the loan agreement, amounting US\$313,196, to PAV LUX S. À.R.L a Company of Mubadala Group, which have jointly control of Porto Sudeste. There were no changes on agreement terms, interest or expiration term.

The portions classified in non-current liabilities have the following payment schedule:

Year of maturity	Consolidated	
	09/30/2021	12/31/2020
Up to 1 year	178,635	832,532
From 2 to 3 years	119,088	1,201,808
From 4 to 5 years	453,596	561,766
Over 5 years	6,091,066	4,639,815
	6,842,385	7,235,921

At September 30, 2021, the annual interest rates on debts are as follows:

	Consolidated	
	09/30/2021	12/31/2020
Debts in R\$ - up to 7%	4,673,370	4,620,452
Debts in R\$ - from 6.1% to 9.3%	460,695	1,609,616
Debts in R\$ - above 9.3%	1,708,320	1,005,853
	6,842,385	7,235,921

Porto Sudeste do Brasil S.A.

Notes to individual and consolidated interim condensed financial information (Continued)

September 30, 2021

(In thousands of reais, unless otherwise stated)

13. Loans and financing (Continued)

Collateral

The Company's' loans are guaranteed by top-tier financial institutions, as well as by controlling shareholders (bank guarantee), as well as the controlling shareholders (Standby Letter of Credit), in addition to the chattel mortgage of assets and cash flow from receivables.

Regarding the financing agreements, there are financial and non-financial obligations to comply with. Among them the following can be highlighted: (a) use of the waterfall structure of current accounts; (b) after the grace period, composition of minimum balance in Reserve Account at least 2 times the amount of the next debt service payment; (c) after reaching financial completion, maintenance of the debt coverage ratio (DSCR) covenant above 1.3 for BNDES and Bradesco financing contracts and above 1.15 for CESCE contracts; (d) presentation of the audited financial statements; and (d) maintenance of operational insurance.

Effect of conversion into Brazilian reais

The Brazilian real depreciated 4.67% in the semester against the US dollar, from R\$5,1967 at December 31, 2020 to R\$5,4394 at September 30, 2021, influencing the balance of American dollar debt that, at September 30, 2021, accounted for 67.01% of total indebtedness.

Transaction costs

The debt issue costs refer to outside counsel fees and commissions of guarantee and were recorded as reduction of liabilities.

Refinancing of the Senior Debt

In June 2017, the company completed the refinancing of its senior debt. The refinancing includes, among others, (a) until May 2020, the deferral of principal and interest payments on the refinanced debt until the following quarter if Porto Sudeste does not have cash available to pay the debt service; (b) a quarterly cash sweep mechanism through March 31, 2020 which any available cash will be used to pay off the debt owed by the respective date (including that portion of Senior Debt deferred up to that date); and (c) an adjustment to interest rates for Brazilian senior creditors.

From April to July 2020, the Company signed the Standstill agreement with senior creditors. These agreements provide, among others, (a) suspension of principal and interest payments until October 15, 2020; (b) extension of the cash sweep mechanism for two more quarters (until September 30, 2020); (c) no obligation to comply with the covenant of interest coverage index and the composition of the minimum balance in the Reserve Account; and (d) maintenance of all guarantees previously established.

Porto Sudeste do Brasil S.A.

Notes to individual and consolidated interim condensed financial information (Continued)

September 30, 2021

(In thousands of reais, unless otherwise stated)

13. Loans and financing (Continued)

Refinancing of the Senior Debt (Continued)

From October to November 2020, the Company signed the extensions to the Standstill agreement with senior creditors. These agreements provide, among others, (a) suspension of principal and interest payments until April 14, 2021; (b) extension of the cash sweep mechanism for two more quarters (until March 31, 2021); (c) no obligation to comply with the covenant of interest coverage index and the composition of the minimum balance in the Reserve Account; and (d) maintenance of all guarantees previously established.

On April 14 and June 2, 2021, the Company completed the second refinancing of senior debt related to financing agreements with creditors BNDES and Bradesco, and CESCE/Natixis/BTG, respectively. These refinancing's included, among others: (a) updating the index from TJLP to TLP; (b) extension of the grace period until 12/31/2023; (c) extension of the maturity term until 12/15/2036 (plus 7 years) for BNDES and Bradesco contracts and until 12/15/2029 (plus 6 years) for CESCE/Natixis/BTG contracts; (d) change in the periodicity of payment of amortization and interest from monthly to quarterly; (e) change in the amortization schedule from constant to non-linear; (f) maintenance of the cash sweep mechanism under the same terms during the grace period and with limitations related to the leverage level and pre-refinancing schedule after the grace period; and (g) updating of certain indicators and covenants

There are no covenants to be attended on September 30, 2021.

14. Variable income securities (“royalties”)

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

The investment agreement that regulated the acquisition of control of Porto Sudeste by Trafigura and Mubadala foresee, among others, that the Company would take over, directly or indirectly, obligations related to the variable-yield securities based on Royalties issued by MMX, traded on B3 S.A. - BRASIL. BOLSA. BALCÃO (“B3”) under the ticker MMXM11 (“MMXM11 securities”). In this context, Porto Sudeste issued, on February 26, 2014, Perpetual Variable-yield Securities (“PVS”), with similar terms to the MMXM11 Securities (“Port11”), which were fully subscribed on the same date by MMX. The investment agreement also provided for MMX's obligation to carry out an exchange offer, aimed at all holders of the MMXM11 Securities, through which MMX would acquire the MMXM11 Securities, and deliver the Port11 Securities, or another security, in return backed by MMXM11 Securities (“Exchange Offer”). To implement such Exchange Offer, two different vehicles were used, in order to reach all holders of MMXM11 Securities:

Porto Sudeste do Brasil S.A.

Notes to individual and consolidated interim condensed financial information (Continued)

September 30, 2021

(In thousands of reais, unless otherwise stated)

14. Variable income securities (“royalties”) (Continued)

- (i) FIP-IE Porto Sudeste Royalties (“PSR”): An infrastructure equity investment fund, which, at the time of the offer, held in its portfolio exclusively, Port11 Securities - and for each Port11 Security held by PSR would be entitled to a Unit. PSR’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 PSR units.
- (ii) Porto Sudeste V.M S.A. (“Porto VM”): A stock corporation registered with CVM under category ‘B’. Said corporation issued a new royalty-based variable-yield security, mirror of MMXM11 Security (“PSVM11 Securities”), and such security listed for trading on B3 (contrary to Port11 Securities, which are not accepted for trading on the stock exchange). Under the aforementioned Exchange Offer, 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 – which happens with some investment funds.

As a way of addressing the situation of MMXM11 holders who eventually did not adhere to the Exchange Offer, MMX remained the holder of Port11 Securities in the same quantity of MMXM11 Securities not exchanged.

The aforementioned holders of Port11 are entitled to a quarterly variable-yield remuneration, calculated since January 1, 2013, based on the iron ore metric tonnage or on the value per ton for other cargo, as the case may be, as follows:

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

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.

Porto Sudeste do Brasil S.A.

Notes to individual and consolidated interim condensed financial information (Continued)

September 30, 2021

(In thousands of reais, unless otherwise stated)

14. Variable income securities (“royalties”) (Continued)

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 (“value per ton for other loads”) will be calculated based on the load margin. “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 commitment of royalties from Porto Sudeste do Brasil, related to iron ore, was the minimum between the volume shipped in each period and the take-or-pay volume indicated in the table below:

Iron ore	2013	2014	2015	2016
Tons (millions)	13,6	31,9	36,8	36,8

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

Iron Ore	2013	2014	2015	2016	2017	2018	2019	2020	2021 YTD
Tons (million)	-	-	-	7,1	9,5	10,7	16,4	18,7	13,8

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

If in a given quarter, upon payment of the then current royalties, the sum of free cash held by the issuer and that held by Porto Sudeste exceeds US\$10,000 (“minimum cash reserve”), the issuer should use the amounts that exceed the minimum cash reserve (“available free cash”) to pay royalties effectively accumulated to the holders of securities until the last day of such calendar quarter (“Accumulated Royalties”).

There is no obligation of 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 cash available.

Porto Sudeste do Brasil S.A.

Notes to individual and consolidated interim condensed financial information (Continued)

September 30, 2021

(In thousands of reais, unless otherwise stated)

14. Variable income securities (“royalties”) (Continued)

“Free Cash” means the value corresponding to the amounts available in cash of Porto Sudeste minus the sum of (a) any amounts contributed by the shareholders of Porto Sudeste through capital increase or loan from shareholders, to the extent that such amounts remain as available cash of Porto Sudeste, (b) reserve account of Senior debt service of BNDES and reserve account of senior debt service of CESCE, and (c) the values of cash allocated jointly by Porto Sudeste to the IRPJ - Corporate Income Tax, CSLL - Social Contribution on Net Income, and other obligations for which Porto Sudeste’s independent auditors require a joint allocation by Porto Sudeste.

On September 30, 2021, Porto Sudeste do Brasil carried out the financial calculations and identified that there was not enough available cash generation to pay royalties to holders of Port11 Securities.

Porto Sudeste do Brasil records 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, records its right to receive royalties in Assets, corresponding to its portion 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 Porto Sudeste do Brasil Business Plan, which includes assumptions related to the growth of iron exports in the Quadrilátero Ferrífero of Minas Gerais, growth of the market share of Porto Sudeste do Brasil, volumes of ore originated by mines belonging to its shareholders, commodity price expectations, among others.

Royalties breakdown 2021							
	12/31/2020	Payments	Present value adjustment	US PPI	Assumptions review	Effect of conversion into Brazilian reais	09/30/2021
Royalties	12,706,272	-	1,259,612	(71,416)	(1,143,794)	597,702	13,348,376
Transaction cost	(14,016)	-	-	-	-	(655)	(14,671)
Total	12,692,256	-	1,259,612	(71,416)	(1,143,794)	597,047	13,333,705

At September 30, 2021, the present value of discounted future cash flow amounted to US\$ 2,454,016, which converted into Brazilian reais totaled R\$13,348,376 (US\$2,445,066, which converted into Brazilian reais totaled R\$12,706,272 at December 31, 2020). Of those total, the correspondent to the present value adjust of the securities for the third quarter of 2021 was of US\$238,262, which converted into Reais totaled R\$1,259,612 recorded as a financial expense. The update of the assumptions that support the calculation of the securities totaled R\$1,143,794 that were registered in Other operational expenses. The PPI adjustment was negative of US\$13,129, which converted into Reais totaled R\$71,416 in the period.

Porto Sudeste do Brasil S.A.

Notes to individual and consolidated interim condensed financial information (Continued)

September 30, 2021

(In thousands of reais, unless otherwise stated)

14. Variable income securities (“royalties”) (Continued)

Transaction costs

Debt issue costs of variable-yield securities totaling R\$14,671 at September 30, 2021 (R\$14,017 at December 31, 2020), referring to outside legal counsel fees and commissions of guarantee were recorded as reduction of liabilities.

15. Taxes and contributions payable

	Parent Company		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Service Tax (ISS)	5,557	5,278	7,081	7,123
Social Security Tax (INSS) - third parties	360	173	360	173
State Value-Added Tax (ICMS)	409	146	410	146
Corporate Income Tax (IRPJ) and Social Contribution Tax on Net Profit (CSLL)	650	1,135	651	1,135
Social Contribution Tax for Intervention in the Economic Order (CIDE) on import	96	90	96	90
Contribution Tax on Gross Revenue for Social Integration Program (PIS) and for Social Security Financing (COFINS) on import	8,097	9,212	8,114	9,221
Other	4	22	4	23
	15,173	16,056	16,716	17,911

16. Related parties

Related parties balance

The assets, liabilities, revenues and expenses with related parties are summarized as follows:

	Parent Company		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
<u>Assets</u>				
Porto Exportação (a)	62,974	115,064	-	-
Mineração Morro do Ipê (a)	135,128	47,688	135,128	47,688
Trafigura PTE (b)	-	1,461	-	240,075
	198,102	164,213	135,128	287,763
<u>Liabilities</u>				
Trafigura PTE (c)	(962)	(898)	(2,575)	(22,013)
	(962)	(898)	(2,575)	(22,013)

Porto Sudeste do Brasil S.A.

Notes to individual and consolidated interim condensed financial information (Continued)
September 30, 2021
(In thousands of reais, unless otherwise stated)

16. Related parties (Continued)

Related parties balance (Continued)

	Parent Company		Consolidated	
	09/30/2021	09/30/2020	09/30/2021	09/30/2020
<u>Revenue</u>				
Trafigura PTE (b)	-	-	5,381,774	960,587
Mineração Morro do Ipê (a)	380,310	136,042	380,310	40,323
Porto Exportação (a)	550,713	395,144	-	-
Trafigura (Brasil) (a)	742	46,063	742	27,978
	931,765	577,249	5,762,826	1,028,888
<u>Expenses</u>				
Trafigura PTE (c)	3,151	3,059	12,791	1,770
	3,151	3,059	12,791	1,770

(a) Port fee service agreements.

(b) Iron ore export sales agreement held with related parties, through the subsidiary Porto Sudeste Exportação.

(c) The Company have an agreement for sharing the cost of IT activities and penalty for non-performance due to the delay in delivery and availability of cargo export, whose payments are made according to agreement signed with Trafigura Pte. Ltd. The costs of activities subject to sharing charged through debit notes, the payments of which are made according to an agreement between the parties.

Debt assignment and assumption

As described in Note 13, Itaú Unibanco S/A - Nassau Branch ceded all its rights and obligations arising from the contract and other loan documents to PAV LUX S. À.R.L. From that date PAV LUX S. À.R.L a Company of Mubadala Group which have jointly control of Porto Sudeste. PAV LUX S. À.R.L now owns 46,41% of the total amount of the agreement, totaling US\$313,196 (R\$ 1,703,596 in the quarter ended September 30, 2021).

17. Income and social contribution taxes

a) Deferred income and social contribution taxes

Deferred income and social contribution tax assets were calculated at the rate of 34%. Brazilian tax legislation allows tax losses to be offset against future taxable income for an indefinite term, however, such offset is limited to 30% of the taxable income for each reporting period.

Porto Sudeste do Brasil S.A.

Notes to individual and consolidated interim condensed financial information (Continued)
September 30, 2021

(In thousands of reais, unless otherwise stated)

17. Income and social contribution taxes (Continued)

a) Deferred income and social contribution taxes (Continued)

The table below shows the net deferred credit taxes of the Company, not registered, however, the financial statement considering that Porto is still in its ramp-up period and does not have the expectation of generating taxable income in a short term.

	Parent Company		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Deferred tax assets (liabilities)				
Tax losses	767,507	710,159	776,843	715,779
Social contribution tax losses	276,303	255,657	279,664	257,680
Pre-operating expenses treated as deferred assets for tax purposes	173,334	203,807	173,334	203,807
Amortization of license	73,564	64,654	73,564	64,654
Present value adjustment of royalties	73,323	166,783	73,323	166,783
Effect on property and equipment and intangible assets arising from change of functional currency (a)	(1,867,187)	(1,594,007)	(1,875,019)	(1,599,608)
Exchange gains/losses on royalties and loans (b)	1,425,913	1,165,264	1,416,874	1,170,594
Others	2,859	2,866	2,859	2,866
Provision of unrecognized DTA (a)	925,616	975,183	921,442	982,555

(a) Considering the fact that the Company's functional currency is the US Dollar and the current increase of the US Dollar against the Brazilian real in 2021, the tax base of property and equipment and intangible assets was significantly higher than the respective accounting base, thus generating a deferred consolidated liability tax

(b) Although the Company's functional currency is the US Dollar, for tax purposes, the Company recognizes the corresponding foreign exchange differences, whose income, or deductible expense, will be taxed upon settlement of the obligation.

b) Conciliation of the expense calculated by the application of the nominal rates versus the expense recorded for the period

	Parent Company		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Gain before income and social contribution taxes	245,452	(804,708)	245,452	(804,708)
Income and social contribution tax assets at statutory rate (34%)	83,454	(273,601)	83,454	(273,601)
Adjustments for reconciliation of the statutory rate to the effective rate				
Equity pickup	(5,859)	(3,009)	-	-
Thin Cap interest	31,901	33,143	31,901	33,143
Adjustments due to the conversion of balances into the functional currency	(303,293)	(1,936,184)	(300,125)	(1,934,634)
Others	(15,041)	246	(14,753)	246
Current income and social contribution for the period	-	-	-	-
Deferred tax credit not recorded in the period	(208,838)	(2,179,405)	(199,523)	(2,174,846)

Porto Sudeste do Brasil S.A.

Notes to individual and consolidated interim condensed financial information (Continued)
September 30, 2021
(In thousands of reais, unless otherwise stated)

18. Equity

a) Capital

Porto Sudeste's capital is broken down as follows:

Shareholders	Number of shares	R\$	%
PSA Fundo de Investimentos e Participações Porto Sudeste Participações S.A. ("Grupo MMX")	1,059,837,205	3,060,540	99,32
Gaboard Participações Ltda.	6,336,766	18,300	0,60
Total	876,275	2,530	0,08
	1,067,050,246	3,081,370	100

b) Cumulative Translation Adjustments (CTA)

Represented by the accounting record of the foreign exchange of the financial position prepared in the functional currency (US dollars) in compliance with Accounting Pronouncement CPC 02.

c) Advance for future capital increase

In May 2020, shareholders Trafigura and Mubadala made a capital contribution through PSA Fundo de Investimentos e Participações, amounting to R\$72,826.

In March 2021, shareholders Trafigura and Mubadala made a capital contribution amounting to R\$96,600 through PSA Fundo de Investimentos e Participações in the Company as an advance for future capital increase.

d) Capital increase

In April 2021, the amount of US\$31,300 was paid, equivalent to R\$169,426 received as an advance for future capital increase in May 2020 and March 2021, through the PSA Fundo de Investimento e Participações. After the aforementioned capital increase, the MMX Group was diluted and now holds a 0.60% interest in the Company (0.65% on December 31, 2020).

Porto Sudeste do Brasil S.A.

Notes to individual and consolidated interim condensed financial information (Continued)

September 30, 2021

(In thousands of reais, unless otherwise stated)

19. Service revenue, net

	Parent Company		Consolidated	
	09/30/2021	09/30/2020	09/30/2021	09/30/2020
Gross revenue	1,199,334	618,521	6,030,394	2,297,504
(-) Sales deductions				
Service Tax (ISS)	(59,967)	(30,926)	(59,967)	(30,926)
Contribution Tax for Social Integration Program (PIS)	(18,929)	(9,695)	(18,929)	(9,695)
Contribution Tax for Social Security Financing (COFINS)	(87,188)	(44,657)	(87,188)	(44,657)
Others	-	-	(8,949)	(13,015)
Net revenue	1,033,250	533,243	5,855,361	2,199,211

20. Costs of sales and services

	Parent Company		Consolidated	
	09/30/2021	09/30/2020	09/30/2021	09/30/2020
Costs of sales (*)	-	-	(4,806,766)	(1,640,117)
Depreciation and amortization	(198,894)	(195,311)	(198,894)	(195,311)
Cost of materials	(20,715)	(16,398)	(20,715)	(16,391)
Utilities	(17,232)	(15,496)	(17,232)	(15,496)
Rent of equipment	(13,292)	(19,662)	(13,292)	(19,662)
Insurance	(10,538)	(7,087)	(10,658)	(7,722)
External services	(17,751)	(13,481)	(25,642)	(26,071)
Payroll	(40,832)	(31,148)	(40,832)	(31,148)
Other	(5,817)	(5,675)	(7,077)	(5,098)
	(325,071)	(304,258)	(5,141,108)	(1,957,016)

(*) This substantially refers to iron ore purchased for resale plus direct costs, such as freight.

21. General and administrative expenses

	Parent Company		Consolidated	
	09/30/2021	09/30/2020	09/30/2021	09/30/2020
Materials	(432)	(441)	(439)	(448)
Depreciation	(391)	(252)	(417)	(299)
Rent and lease	(745)	553	(766)	532
Third-party services	(14,232)	(11,516)	(16,571)	(13,782)
Payroll	(24,275)	(12,392)	(24,275)	(13,435)
Maintenance	(473)	(698)	(556)	(781)
Communication	(167)	(92)	(188)	(113)
Fuel	(53)	(49)	(59)	(54)
Other	(5,246)	(4,575)	(6,307)	(4,788)
	(46,014)	(29,462)	(49,578)	(33,168)

Porto Sudeste do Brasil S.A.

Notes to individual and consolidated interim condensed financial information (Continued)

September 30, 2021

(In thousands of reais, unless otherwise stated)

22. Finance income

	Parent Company		Consolidated	
	09/30/2021	09/30/2020	09/30/2021	09/30/2020
Financial costs				
Interest	(467,622)	(538,494)	(472,886)	(543,326)
Tax on Financial Transactions (IOF)	(1,129)	(791)	(1,366)	(853)
Present value adjustment on royalties	(1,259,612)	(1,379,318)	(1,259,612)	(1,379,318)
Other	(1,325)	(876)	(1,624)	(444)
	(1,729,688)	(1,919,479)	(1,735,488)	(1,923,941)
Finance income				
Short-term investment yield	1,138	1,579	3,323	1,630
Present value adjustment on royalties	71,416	21,249	71,416	21,249
Foreign exchange differences (*)	92,298	890,285	108,375	898,230
Other	241	14	255	95
	165,093	913,127	183,369	921,204
Finance income (costs), net	(1,564,595)	(1,006,352)	(1,552,119)	(1,002,737)

(*) The effect of foreign exchange on P&L refers to the debt denominated in Brazilian reais, considering that the Company's functional currency was changed to the US Dollar.

Board of Directors

Julien Rolland – Chairman
Oscar Pekka Fahlgren - Vice Chairman
Jesus Fernandes Lopez - Board Member
Hani Barhoush – Board Member
Carlos Bernardo Pons Navazo – Board Member
Carlos Roberto de Castro Gonzalez – Board Member
Kelly Michelle Thomson – Board Member

Executive Board

Jayme Nicolato – Chief Executive Officer
Guilherme Caiado – Chief Operations Officer
Thiago Roldão – Chief Financial Officer



Alexandre Carvalho de Andrade
Accountant
CRC-RJ114354/O-4