

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

Porto Sudeste do Brasil S.A.

June 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 June 30, 2021. Should you need any further clarifications, please do not hesitate to contact us. At the end of the second 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

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

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
TMOOC = 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	2017	2018	2019	2020	2021 YTD
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	9,8

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 second quarter of 2021, Porto Sudeste do Brasil shipped 5,302 thousand tons of iron ore (TMMF), which multiplied by the updated value per ton of US\$ 5.89 (VpTMF) resulted in royalties of US\$ 31,243 thousand in the period. The accumulated Royalties until this quarter is US\$ 1,016,353 thousand. No amount has been paid until this quarter.

Porto Sudeste VM, a wholly-owned subsidiary of Porto Sudeste do Brasil, has US\$ 4,370 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	Shipped	Take-or-pay/ Shipped
	1 st quarter 2021	2 nd quarter 2021	Accumulated
Volume (M/TONS)	4,456	5,302	184,143
Price per Ton	5.00	5.00	5.00
PPI, accumulated	0.89	0.89	0.51
Price per TON (USD)	5.89	5.89	5.51
Royalty (Porto Sudeste) USD	26,257	31,243	1,016,353
PSVM11 securities issued by Porto Sudeste V.M. S.A. as a percentage of Port11 securities	0.43%	0.43%	0.43%
Royalty (Porto VM) Calculado (USD m)	113	134	4,370
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 June 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
Cash from trade receivables	342,255	425,605
Applicable Taxes	(48,771)	(60,649)
Operating Costs	(42,525)	(49,748)
Maintenance Investment	(5,356)	(7,886)
Operating expenses	(22,937)	(32,133)
Subtotal Total Cash Available for Payment of Royalties	222,665	275,189
Interests and Repayment of the Senior Debt	(226,997)	(294,684)
Total Cash Available for Payment of Royalties	(4,332)	(19,495)

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
Net Cash or Bank Accounts	96,352	26,026
Contributions by the stockholders	(96,352)	(26,026)
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 11.12%. 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 June 30, 2021, the present value of discounted future cash flow amounted to US\$2,802,777, which converted into Brazilian reais totaled R\$14,020,050 (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 June 30, 2021 at US\$ 11,938, which converted into reais totaled R\$59,715 (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\$13,493 at June 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, August 10, 2021.

The Management.

Porto Sudeste do Brasil S.A.

Individual and consolidated interim condensed financial information

June 30, 2021

Contents

Independent auditor's review report on individual and consolidated interim condensed financial information	1
Interim condensed financial information	
Condensed statements of financial position	5
Condensed statements of profit or loss	7
Condensed statements of comprehensive income (loss)	8
Condensed statements of changes in equity	9
Condensed cash flow statement	10
Notes to individual and consolidated interim condensed financial information.....	11



Centro Empresarial PB 370
Praia de Botafogo, 370
6° ao 10° andar - Botafogo
22250-040 - Rio de Janeiro - RJ - Brasil
Tel: +55 21 3263-7000
ey.com.br

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 June 30, 2021, comprising the statement of financial position as of June 30, 2021 and the related statements of profit or loss and of comprehensive income for the three and six month period then ended, and of changes in equity and cash flows for the six 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 June 30, 2021, the Company presents consolidated accumulated losses of R\$5,470,995 thousand and accumulated losses for the six months period ended at June 30, 2021 of R\$1,847,185. 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, August 10, 2021.

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

A handwritten signature in blue ink, appearing to read 'L. Araújo Ferreira', is written over a light blue rectangular stamp.

Leonardo Araújo Ferreira
Accountant CRC-RJ116384/O-2

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)

Porto Sudeste do Brasil S.A.

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

	Note	Parent Company		Consolidated	
		06/30/2021	12/31/2020	06/30/2021	12/31/2020
Assets					
Current assets					
Cash and cash equivalents	4	26,026	21,000	149,164	88,842
Trade accounts receivable	5	61,431	25,175	61,431	25,175
Trade accounts receivable from related parties	16	241,684	164,213	358,553	287,763
Inventories	6	52,170	50,139	146,529	197,577
Taxes recoverable		3,932	2,906	4,666	3,835
Dividends receivable		1,448	1,448	-	-
Advances	8	14,838	13,680	14,972	192,532
Other		3,727	2,952	5,187	4,104
		405,256	281,513	740,502	799,828
Noncurrent assets					
Restricted deposits	7	10,816	10,696	10,816	10,696
Taxes recoverable		9,245	4,427	10,955	5,823
Investments	9	43,791	14,227	-	-
Property, plant and equipment	10	6,883,316	7,242,035	6,926,070	7,287,321
Intangible assets	11	11,090,530	11,587,582	11,090,530	11,587,582
Other		37,344	29,618	37,933	30,211
Total noncurrent assets		18,075,042	18,888,585	18,076,304	18,921,633
Total assets					
		18,480,298	19,170,098	18,816,806	19,721,461

	Note	Parent Company		Consolidated	
		06/30/2021	12/31/2020	06/30/2021	12/31/2020
Liabilities					
Current liabilities					
Trade accounts payable	12	25,946	16,291	171,688	287,017
Loans and financing	13	14,625	578,452	263,572	832,533
Taxes and contributions payable	15	43,764	16,056	47,070	17,911
Related parties	16	900	898	5,098	22,013
Customer advances		83	183	83	183
Negative equity provision	9	69,251	-	-	-
Other		11,985	14,001	15,541	17,577
Total current liabilities		166,554	625,881	503,052	1,177,234
Noncurrent liabilities					
Loans and financing	13	6,343,294	6,237,432	6,343,294	6,237,432
Variable income securities	14	14,006,558	12,692,256	14,006,558	12,692,256
Provision for contingencies		1,353	1,515	1,363	1,525
Total noncurrent liabilities		20,351,205	18,931,203	20,351,215	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)		352,164	252,054	352,164	252,054
Accumulated losses		(5,470,995)	(3,623,810)	(5,470,995)	(3,623,810)
Total equity		(2,037,461)	(386,986)	(2,037,461)	(386,986)
Total liabilities and equity		18,480,298	19,170,098	18,816,806	19,721,461

See accompanying notes.

Porto Sudeste do Brasil S.A.

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

Note	Parent Company				Consolidated				
	04/01/2021 to 06/30/2021	01/01/2021 to 06/30/2021	04/01/2020 to 06/30/2020	01/01/2020 to 06/30/2020	04/01/2021 to 06/30/2021	01/01/2021 to 06/30/2021	04/01/2020 to 06/30/2020	01/01/2020 to 06/30/2020	
Revenue, net of sale of goods and services	19	417,117	749,424	166,737	257,877	2,323,743	4,154,086	733,985	1,072,721
Costs of sales and services	20	(116,419)	(222,123)	(91,152)	(179,761)	(2,032,245)	(3,625,005)	(660,152)	(987,838)
Gross profit		300,698	527,301	75,585	78,116	291,498	529,081	73,833	84,883
Operating income (expenses)									
General and administrative expenses	21	(15,163)	(27,630)	(11,100)	(20,339)	(18,231)	(31,063)	(11,342)	(24,016)
Equity pickup	9	(67,228)	(32,906)	(1,990)	9,237	-	-	-	-
Other operating income (expenses)	14	(132,957)	(1,096,028)	301,212	299,489	(132,957)	(1,096,028)	301,212	299,489
		(215,348)	(1,156,564)	288,122	288,387	(151,188)	(1,127,091)	289,870	275,473
Income before financial income (expense) and taxes		85,350	(629,263)	363,707	366,503	140,310	(598,010)	363,703	360,356
Financial income (expenses)	22								
Financial income		(203,536)	858	186,291	806,978	(227,510)	2,205	186,933	815,653
Financial expenses		(752,256)	(1,218,780)	(896,832)	(1,354,731)	(783,242)	(1,251,380)	(897,470)	(1,357,259)
		(955,792)	(1,217,922)	(710,541)	(547,753)	(1,010,752)	(1,249,175)	(710,537)	(541,606)
Income before income taxes		(870,442)	(1,847,185)	(346,834)	(181,250)	(870,442)	(1,847,185)	(346,834)	(181,250)
Income and social contribution taxes	17	-	-	-	-	-	-	-	-
Loss for the period		(870,442)	(1,847,185)	(346,834)	(181,250)	(870,442)	(1,847,185)	(346,834)	(181,250)

See accompanying notes.

Porto Sudeste do Brasil S.A.

Statement of comprehensive income (loss)
 Three and six-month period ended June 30, 2021 and 2020
 (In thousands of reais)

	Controladora				Consolidado			
	04/01/2021 to 06/30/2021	01/01/2021 to 06/30/2021	04/01/2020 to 06/30/2020	01/01/2020 to 06/30/2020	04/01/2021 to 06/30/2021	01/01/2021 to 06/30/2021	04/01/2020 to 06/30/2020	01/01/2020 to 06/30/2020
Profit (loss) for the period	(870,442)	(1,847,185)	(346,834)	(181,250)	(870,442)	(1,847,185)	(346,834)	(181,250)
Cumulative translation adjustments	160,694	100,110	(14,198)	262,244	160,694	100,110	(14,198)	262,244
Total comprehensive income (loss)	(709,748)	(1,747,075)	(361,032)	80,994	(709,748)	(1,747,075)	(361,032)	80,994

See accompanying notes.

Porto Sudeste do Brasil S.A.

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

	Capital	Advance for future capital contribution	Cumulative translation adjustment	Accumulated losses	Total
Balances at December 31, 2019	2,911,944	-	85,696	(2,226,429)	771,211
Cumulative translation adjustments (CTA)	-	-	276,442	-	276,442
Loss for the period	-	-	-	165,584	165,584
Balances at June 30, 2020	2,911,944	-	362,138	(2,060,845)	1,213,237
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)	-	-	100,110	-	100,110
Loss for the period	-	-	-	(1,847,185)	(1,847,185)
Balances at June 30, 2021	3,081,370	-	352,164	(5,470,995)	(2,037,461)

See accompanying notes.

Porto Sudeste do Brasil S.A.

Cash flow statement

Three and six-month period ended June 30, 2021 and 2020

(In thousands of reais)

	Parent Company		Consolidated	
	06/30/2021	06/30/2020	06/30/2021	06/30/2020
Cash flows from operating activities				
Loss for the period before taxes	(1,847,185)	(181,250)	(1,847,185)	(181,250)
Non-cash P&L items				
Depreciation and amortization	137,473	114,179	137,493	114,204
Other amortization	8,722	3,158	8,895	3,418
Equity pickup	32,906	(9,237)	-	-
Royalties adjustment	849,006	622,806	849,006	622,806
Monetary variation and interest	1,294,145	373,630	1,296,732	376,323
Other provisions	(3,716)	10,816	(32,088)	(25,589)
Changes in assets and liabilities				
Trade accounts receivable	(36,997)	231	(36,998)	231
Trade accounts receivable - related parties	(77,472)	(38,815)	(101,507)	(595,370)
Other advances	(5,142)	(13,284)	(393,146)	(55,260)
Inventories	(5,668)	5,497	40,596	19,784
Judicial deposits	(7,667)	(4,166)	(7,667)	(4,199)
Taxes recoverable	(32,322)	(13,290)	(32,439)	(13,700)
Advances from customers	638	3,726	638	3,726
Trade accounts payable	12,496	(8,244)	465,557	74,292
Taxes and contributions payable	54,212	17,086	55,663	18,541
Obligation to third parties	(64)	(5)	(64)	(5)
Transactions with related parties	2	(1,542)	2	162
Other assets	(790)	(632)	(1,012)	(632)
Salaries and compensations	(1,235)	(164)	(1,235)	(164)
Interest paid	(93,475)	(17,997)	(95,853)	(21,554)
Net cash provided/ (used) in operating activities	277,867	862,503	305,388	335,764
Cash flow from investing activities				
Acquisition of property, plant and equipment	(25,015)	(14,304)	(29,970)	(19,513)
Advance for future capital increase	(300)	(3,796)	-	-
Net cash used in investing activities	(25,315)	(18,100)	(29,970)	(19,513)
Cash flows from financing activities				
Advance for future capital increase	96,600	72,826	96,600	72,826
Borrowings	17,054	-	852,123	612,845
Borrowings settled	(430,353)	(240)	(1,261,927)	(240)
Net cash provided by financing activities	(316,699)	72,586	(313,204)	685,431
Exchange differences, net				
Foreign exchange differences	69,173	(812,792)	98,108	(848,334)
Increase in cash and cash equivalents	5,026	104,197	60,322	153,348
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	26,026	134,822	149,164	227,477
Increase in cash and cash equivalents	5,026	104,197	60,322	153,348

See accompanying notes.

Porto Sudeste do Brasil S.A.

Notes to individual and consolidated interim condensed financial information

June 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 99,35% 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 June 30, 2021, the Company records a consolidated working capital of R\$237,450 thousand, a consolidated accumulated loss of R\$5,470,995. The Company closed the second quarter with a cash position consolidated of R\$149,164. 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\$20,000 million to meet the future commitments that will be made available by the shareholders.

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

Porto Sudeste do Brasil S.A.

Notes to individual and consolidated interim condensed financial information

June 30, 2021

(In thousands of reais, unless otherwise stated)

1. Operations--Continued

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 June 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.

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.

Porto Sudeste do Brasil S.A.

Notes to individual and consolidated interim condensed financial information

June 30, 2021

(In thousands of reais, unless otherwise stated)

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 August 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.

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:

Porto Sudeste do Brasil S.A.

Notes to individual and consolidated interim condensed financial information

June 30, 2021

(In thousands of reais, unless otherwise stated)

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

	Interest - %				Head office	Main activity
	Capital		Voting capital			
	2020	2019	2020	2019		
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.

4. Cash and cash equivalents

	Parent Company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Cash and cash equivalents				
Cash and banks	2,382	8,755	3,587	10,085
Cash equivalents	23,644	12,245	145,577	78,757
	26,026	21,000	149,164	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 CETIP 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 50% to 95% to 100% of the Interbank Deposit Certificate (CDI) variation, respectively.

Porto Sudeste do Brasil S.A.

Notes to individual and consolidated interim condensed financial information

June 30, 2021

(In thousands of reais, unless otherwise stated)

5. Accounts receivables

	Parent Company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Port fee	61,431	25,175	61,431	25,175
	61,431	25,175	61,431	25,175

The balance on June 30, 2021 was substantially received until July 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	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Gravel	-	-	2,114	2,196
Iron ore	-	-	90,400	144,815
Storeroom	52,170	50,139	54,015	50,566
	52,170	50,139	146,529	197,577

7. Restricted deposits

	Parent Company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Trustee ACC Itaú BBA (*)	10,816	10,696	10,816	10,696
	10,816	10,696	10,816	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	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Customs clearance	2,916	2,278	2,916	2,278
Fuel	690	1,110	690	1,110
Energy	2,578	2,318	2,578	2,318
Professional services	6,123	5,890	6,123	5,890
Iron ore (*)	-	-	-	178,820
Other	2,531	2,084	2,665	2,116
	14,838	13,680	14,972	192,532

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

9. Investments

Porto Sudeste do Brasil S.A.

Notes to individual and consolidated interim condensed financial information

June 30, 2021

(In thousands of reais, unless otherwise stated)

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 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.

Porto Sudeste do Brasil S.A.

Notes to individual and consolidated interim condensed financial information

June 30, 2021

(In thousands of reais, unless otherwise stated)

9. Investments--Continued

Changes in investments

	Parent Company					06/30/2020
	2020	Equity pick-up	Future capital contribution	Effect of conversion into Brazilian reais	Dividends	
Pedreira	12,885	(23)	-	-	2,544	15,406
TCS	22,053	(112)	200	-	6,098	28,239
Porto VM	101	(273)	300	-	18	146
Porto Sudeste Exportação	(20,812)	(32,498)	-	-	(15,941)	(69,251)
	14,227	(32,906)	500	-	(7,281)	(25,460)

Ownership interest and summary of investees

	06/30/2021						
	Ownership interest	Number of shares/ units of interest (thousand)	Assets	Liabilities	Equity	Net revenue	P&L for the year
Pedreira	99.98%	49,001	18,980	3,574	15,429	-	(23)
TCS	99.98%	3,447	2,384	3	2,493	-	(112)
Porto VM	100.00%	-	59,888	59,741	420	-	(273)
Porto Sudeste Exportação	100.00%	-	2,376,921	2,446,172	(36,753)	3,874,349	(32,498)

Porto Sudeste do Brasil S.A.

Notes to individual and consolidated interim condensed financial information

June 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, 2019	133,500	1,085,407	129,568	30,300	4,393,897	32,995	5,805,667
Additions	11	4,038	-	21,173	131	10,938	36,291
Write off	-	(1,679)	-	-	-	-	(1,679)
Transfers	92	961	-	(3,361)	2,256	52	-
Depreciation for the year	(13,665)	(63,872)	-	-	(94,156)	(870)	(172,563)
Effect of conversion into Brazilian reais	32,053	292,392	37,943	9,267	1,240,228	7,722	1,619,605
Net balance at December 31, 2020	151,991	1,317,247	167,511	57,379	5,542,356	50,837	7,287,321
Additions	33	2,996	-	19,231	289	7,421	29,970
Write off	-	-	-	-	-	-	-
Transfers	1,054	157	-	(4,954)	610	3,133	-
Depreciation for the year	(6,870)	(33,551)	-	-	(47,032)	(582)	(88,035)
Effect of conversion into Brazilian reais	(8,442)	(59,878)	(1,815)	(4,593)	(220,766)	(7,692)	(303,186)
Net balance at June 30, 2021	137,766	1,226,971	165,696	67,063	5,275,457	53,117	6,926,070
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	162,130	1,144,058	125,419	60,579	4,703,060	54,495	6,249,741
Accumulated depreciation	(52,486)	(184,235)	-	-	(591,169)	(4,553)	(832,443)
Effect of conversion into Brazilian reais	28,122	267,148	40,277	6,484	1,163,566	3,175	1,508,772
Net balance at June 30, 2021	137,766	1,226,971	165,696	67,063	5,275,457	53,117	6,926,070

Porto Sudeste do Brasil S.A.

Notes to individual and consolidated interim condensed financial information

June 30, 2021

(In thousands of reais, unless otherwise stated)

10. Property, plant and equipment--Continued

Impairment test for property and equipment

Throughout the second 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 11.12%. 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, 2019	9,085,678
Amortization	(94,975)
Effect of conversion into Brazilian reais	2,596,879
Balance as at December 31, 2020	11,587,582
Amortization	(49,458)
Effect of conversion into Brazilian reais	(447,594)
Balance at June 30, 2021	<u>11,090,530</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

Throughout the first semester 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.

11. Intangible--Continued

Porto Sudeste do Brasil S.A.

Notes to individual and consolidated interim condensed financial information
June 30, 2021

(In thousands of reais, unless otherwise stated)

The discount rate used in the Company's financial models was 11.12%.

12. Accounts payable

	Parent Company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Equipment rental	1,062	2,589	1,062	2,589
Maintenance	1,129	1,143	1,129	1,143
Electricity expenses	2,275	2,470	2,275	2,470
Fuel	526	1,495	526	1,495
Construction in progress	3,935	708	3,935	708
Iron ore	-	-	141,317	264,851
Rail freight	-	-	4,425	4,002
Insurance	1,170	1,755	1,170	1,777
Services	13,791	5,128	13,791	5,187
Other	2,058	1,003	2,058	2,795
	25,946	16,291	171,688	287,017

13. Loans and financing

Loans per currency

	Parent Company and Consolidated			
	Current liabilities		Noncurrent liabilities	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Taken out in US dollars				
Principal	248,368	496,143	3,265,290	3,192,669
Interest	579	38,203	896,589	893,435
Borrowing cost	-	-	(19,857)	(22,819)
	248,947	534,346	4,142,022	4,063,285
Taken out in Brazilian reais				
Principal	-	90,822	2,333,682	2,317,284
Interest	14,625	207,365	-	-
Borrowing cost	-	-	(132,410)	(143,137)
	14,625	298,187	2,201,272	2,174,147
	263,572	832,533	6,343,294	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 generation of 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.

13. Loans and financing--Continued

Porto Sudeste do Brasil S.A.

Notes to individual and consolidated interim condensed financial information

June 30, 2021

(In thousands of reais, unless otherwise stated)

Loans per financial institution

Bank	Index/ interest	Maturity	Balance as of	
			06/30/2021	12/31/2020
BNDES FINEM - Nº 10.2.0265.1	3.18% + 2.18% p.a. + TJLP	15/06/2029	908,318	1,005,825
BNDES FINEM - Nº12.2.1174.1 - Sub credit A, B	3.40% + 2.40% p.a. + TJLP	15/06/2029	491,847	544,129
BNDES FINEM - Nº12.2.1174.1 - Sub credit C	3.40% % p.a. + 2.40% + Cesta de Moedas	15/06/2029	232,260	272,828
BNDES FINEM - Nº 4.003.109-P - Repasse AB	3.40% + 4.40% p.a. + TJLP	15/06/2029	484,467	526,035
BNDES FINEM - Nº 4.003.109-P - Repasse C	4,40% p.a. + 3.40% + Cesta de Moedas	16/10/2029	231,416	266,654
Deutsche Bank/ Natixis	4.00% / 3.50% p.a. + Libor 1 month	15/11/2023	770,472	920,309
Bradesco/PAV Lux(*)	4.50% p.a. + Libor 6 months	15/06/2029	3,346,070	3,415,331
BTG	4.00% p.a. + Libor 1 month	15/06/2029	45,337	30,730
Santander	1.90% p.a. + Libor	Up to 6 months	248,947	254,080
			6,759,134	7,235,921
Transaction costs			(152,268)	(165,956)
			6,606,866	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 46.4% of the debt, ceded all its rights and obligations arising from the loan agreement, amounting US\$310,446, 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	
	06/30/2021	12/31/2020
Up to 1 year	263,572	832,532
From 2 to 3 years	77,326	1,201,808
From 4 to 5 years	425,708	561,766
Over 5 years	5,840,260	4,639,815
	6,606,866	7,235,921

13. Loans and financing--Continued

Porto Sudeste do Brasil S.A.

Notes to individual and consolidated interim condensed financial information

June 30, 2021

(In thousands of reais, unless otherwise stated)

13. Loans and financing--Continued

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

	Consolidated	
	06/30/2021	12/31/2020
Debts in R\$ - up to 7%	4,390,969	4,620,452
Debts in R\$ - from 6.1% to 9.3%	437,531	1,609,616
Debts in R\$ - above 9.3%	1,778,366	1,005,853
	6,606,866	7,235,921

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 3 times the amount of the last 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 appreciated 3.7428% in the semester against the US dollar, from R\$5,1967 at December 31, 2020 to R\$5,0022 at June 30, 2021, influencing the balance of American dollar debt that, at June 30, 2021, accounted for 66.46% 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

Porto Sudeste do Brasil S.A.

Notes to individual and consolidated interim condensed financial information

June 30, 2021

(In thousands of reais, unless otherwise stated)

13. Loans and financing--Continued

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.

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 June 30, 2021.

Porto Sudeste do Brasil S.A.

Notes to individual and consolidated interim condensed financial information

June 30, 2021

(In thousands of reais, unless otherwise stated)

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:

- (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.

Porto Sudeste do Brasil S.A.

Notes to individual and consolidated interim condensed financial information

June 30, 2021

(In thousands of reais, unless otherwise stated)

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

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:

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

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

TMOC = 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 (“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:

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

Porto Sudeste do Brasil S.A.

Notes to individual and consolidated interim condensed financial information

June 30, 2021

(In thousands of reais, unless otherwise stated)

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

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	9,8

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. “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 June 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.

Porto Sudeste do Brasil S.A.

Notes to individual and consolidated interim condensed financial information

June 30, 2021

(In thousands of reais, unless otherwise stated)

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

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 11.12%. 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	06/30/2021
Royalties	12,706,272	-	849,006	-	1,092,445	(627,673)	14,020,050
Transaction cost	(14,016)	-	-	-	-	524	(13,492)
Total	12,692,256	-	849,006	-	1,092,445	(627,149)	14,006,558

At June 30, 2021, the present value of discounted future cash flow amounted to US\$ 2,802,777, which converted into Brazilian reais totaled R\$14,020,050 (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 second quarter of 2021 was of US\$162,774, which converted into Reais totaled R\$849,006 recorded as a financial expense. The update of the assumptions that support the calculation of the securities totaled R\$1,092,445 that were registered in Other operational expenses. There were no PPI adjustment in the first semester of 2021.

Transaction costs

Debt issue costs of variable-yield securities totaling R\$13,493 at June 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.

Porto Sudeste do Brasil S.A.

Notes to individual and consolidated interim condensed financial information

June 30, 2021

(In thousands of reais, unless otherwise stated)

15. Taxes and contributions payable

	Parent Company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Service Tax (ISS)	12,428	5,278	15,709	7,123
Social Security Tax (INSS) - third parties	251	173	251	173
State Value-Added Tax (ICMS)	459	146	460	146
Corporate Income Tax (IRPJ) and Social Contribution Tax on Net Profit (CSLL)	637	1,135	637	1,135
Social Contribution Tax for Intervention in the Economic Order (CIDE) on import	3,752	90	3,752	90
Contribution Tax on Gross Revenue for Social Integration Program (PIS) and for Social Security Financing (COFINS) on import	26,233	9,212	26,257	9,221
Other	4	22	4	23
	43,764	16,056	47,070	17,911

16. Related parties

Related parties balance

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

	Parent Company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
<u>Assets</u>				
Porto Exportação (a)	135,318	115,064	-	-
Mineração Morro do Ipê (a)	105,856	47,688	105,856	47,688
Trafigura PTE (b)	510	1,461	252,697	240,075
	241,684	164,213	358,553	287,763
<u>Liabilities</u>				
Trafigura PTE (c)	(900)	(898)	(5,098)	(22,013)
	(900)	(898)	(5,098)	(22,013)
	Parent Company		Consolidated	
	06/30/2021	06/30/2020	06/30/2021	06/30/2020
<u>Revenue</u>				
Trafigura PTE (b)	-	-	3,883,298	960,587
Mineração Morro do Ipê (a)	245,215	40,323	245,215	40,323
Porto Exportação (a)	469,687	136,740	-	-
Trafigura (Brasil) (a)	510	27,978	510	27,978
	715,412	205,041	4,129,023	1,028,888
<u>Expenses</u>				
Trafigura PTE (c)	2,215	1,770	13,038	1,770
	2,215	1,770	13,038	1,770

Porto Sudeste do Brasil S.A.

Notes to individual and consolidated interim condensed financial information

June 30, 2021

(In thousands of reais, unless otherwise stated)

16. Related parties--Continued

Related parties balance

- (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\$307,701(R\$ 1,753,065 in the quarter ended June 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.

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.

Porto Sudeste do Brasil S.A.

Notes to individual and consolidated interim condensed financial information

June 30, 2021

(In thousands of reais, unless otherwise stated)

17. Income and social contribution taxes--Continued

	Parent Company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Deferred tax assets (liabilities)				
Tax losses	864,178	710,159	875,794	715,779
Social contribution tax losses	311,104	255,657	315,286	257,680
Pre-operating expenses treated as deferred assets for tax purposes	183,492	203,807	183,492	203,807
Amortization of license	69,407	64,654	69,407	64,654
Present value adjustment of royalties	540,050	166,783	540,050	166,783
Effect on property and equipment and intangible assets arising from change of functional currency (a)	(1,340,044)	(1,594,007)	(1,341,659)	(1,599,608)
Exchange gains/losses on royalties and loans (b)	888,853	1,165,264	914,757	1,170,594
Others	1,635	2,866	1,635	2,866
Provision of unrecognized DTA (a)	1,518,675	975,183	1,558,762	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	
	06/30/2021	06/30/2020	06/30/2021	06/30/2020
Gain before income and social contribution taxes	(1,847,185)	(181,250)	(1,847,185)	(181,250)
Income and social contribution tax assets at statutory rate (34%)	(628,043)	(61,625)	(628,043)	(61,625)
Adjustments for reconciliation of the statutory rate to the effective rate				
Equity pickup	(19,130)	(3,035)	-	-
Thin Cap interest	21,489	23,224	21,489	23,224
Adjustments due to the conversion of balances into the functional currency	286,571	(1,733,246)	276,802	(1,731,685)
Others	25,973	214	26,143	214
Deferred tax credit not recorded in the period	(274,880)	(1,774,468)	(303,609)	(1,769,872)

Porto Sudeste do Brasil S.A.

Notes to individual and consolidated interim condensed financial information

June 30, 2021

(In thousands of reais, unless otherwise stated)

18. Equity

a) Capital

Porto Sudeste's capital is broken down as follows:

<u>Shareholders</u>	<u>Number of shares</u>	<u>R\$</u>	<u>%</u>
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%
	981,481,559	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

June 30, 2021

(In thousands of reais, unless otherwise stated)

19. Service revenue, net

	Parent Company		Consolidated	
	06/30/2021	06/30/2020	06/30/2021	06/30/2020
Gross revenue	868,315	105,716	4,272,977	353,311
(-) Sales deductions				
Service Tax (ISS)	(42,852)	(5,286)	(42,852)	(5,286)
Contribution Tax for Social Integration Program (PIS)	(13,564)	(1,657)	(13,564)	(1,657)
Contribution Tax for Social Security Financing (COFINS)	(62,475)	(7,633)	(62,475)	(7,632)
	749,424		4,154,086	
Net revenue	868,315	91,140	4,272,977	338,736

20. Costs of sales and services

	Parent Company		Consolidated	
	06/30/2021	06/30/2020	06/30/2021	06/30/2020
Costs of sales (*)	-	-	(3,383,545)	(793,392)
Cost of materials	(13,231)	(10,460)	(13,223)	(10,454)
Utilities	(11,418)	(7,131)	(11,418)	(7,131)
Depreciation and amortization	(137,245)	(114,011)	(137,245)	(114,011)
Rent of equipment	(9,920)	(12,659)	(9,900)	(12,658)
Insurance	(7,028)	(5,302)	(7,124)	(5,385)
External services	(12,695)	(6,068)	(20,848)	(12,703)
Demurrage	-	-	(10,823)	(8,283)
Payroll	(27,054)	(20,711)	(27,054)	(19,692)
Other	(3,532)	(3,419)	(3,825)	(4,129)
	(222,123)	(179,761)	(3,625,005)	(987,838)

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

21. General and administrative expenses

	Parent Company		Consolidated	
	06/30/2021	06/30/2020	06/30/2021	06/30/2020
Depreciation and amortization	(229)	(168)	(248)	(194)
External services	(7,827)	(7,411)	(10,071)	(9,680)
Payroll	(14,958)	(8,054)	(14,958)	(9,097)
Rent and leasing	(518)	(324)	(539)	(353)
Maintenance	(388)	(289)	(471)	(372)
Materials	(269)	(231)	(277)	(238)
Communication	(99)	(60)	(120)	(81)
Fuel	(25)	(42)	(30)	(47)
Other	(3,317)	(3,760)	(4,349)	(3,954)
	(27,630)	(20,339)	(31,063)	(24,016)

Porto Sudeste do Brasil S.A.

Notes to individual and consolidated interim condensed financial information

June 30, 2021

(In thousands of reais, unless otherwise stated)

22. Finance income

	Parent Company		Consolidated	
	06/30/2021	06/30/2020	06/30/2021	06/30/2020
Financial costs				
Interest	(191,630)	(373,879)	(195,554)	(376,591)
Tax on Financial Transactions	(17,446)	(679)	(17,633)	(708)
Present value adjustment on royalties	(849,006)	(953,532)	(849,006)	(953,532)
Guarantee fees	(67,220)	(23,962)	(67,220)	(23,962)
Foreign exchange (*)	(79,308)	-	(107,583)	-
Cost of transaction	(13,298)	(2,014)	(13,298)	(2,072)
Other	(872)	(665)	(1,086)	(394)
	(1,218,780)	(1,354,731)	(1,251,380)	(1,357,259)
Finance income				
Short-term investment yield	680	84	2,012	88
Foreign exchange (*)	-	806,885	-	815,556
Other	178	9	193	9
	858	806,978	2,205	815,653
Finance income (costs), net	(1,217,922)	(547,753)	(1,249,175)	(541,606)

(*) 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.

Porto Sudeste do Brasil S.A.

Notes to individual and consolidated interim condensed financial information

June 30, 2021

(In thousands of reais, unless otherwise stated)

* * * *

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-RJ 114354/O-4
