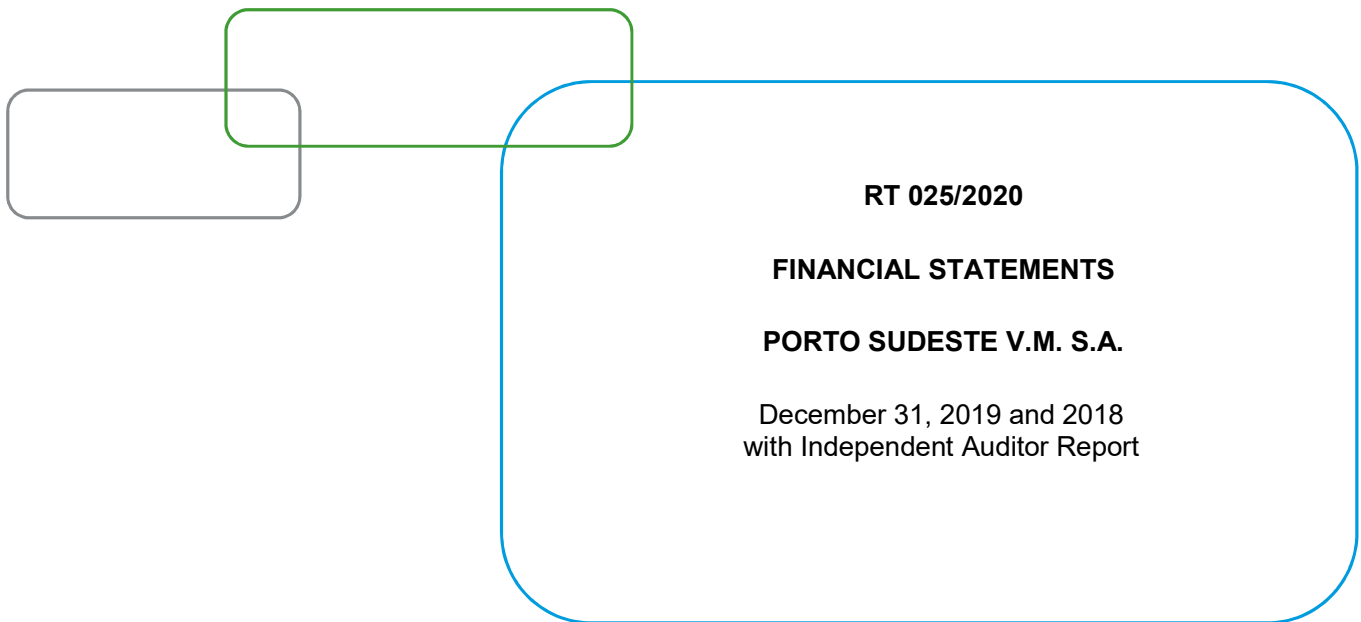




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RT 025/2020

FINANCIAL STATEMENTS

PORTO SUDESTE V.M. S.A.

December 31, 2019 and 2018
with Independent Auditor Report



PORTO SUDESTE V.M. S.A.

FINANCIAL STATEMENTS

December 31, 2019 and 2018

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Management Report

1. Message from Management

Management of Porto Sudeste V.M S.A. - Porto V.M. or Company, in compliance with the legal requirements and in accordance with the prevailing corporate legislation, hereby submits for your appreciation the Financial Statements accompanied by the respective explanatory notes and the independent auditor report for the year ended December 31, 2019. Should you need any further clarifications, please do not hesitate to contact us. At the end of 2019, Management expresses their acknowledgement to suppliers, employees and all other co-workers for their dedication and commitment.

2. Relationship with independent auditors

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

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

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

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

Variable Income securities

By virtue of the conclusion of the Company's acquisition in February 2014, as described in Note 1, the Company assumed the obligations related to variable income securities MMXM11, issued in 2011 in connection with Porto Sudeste's acquisition by MMX. In order to make the transfer of such obligation feasible, the Corporation issued variable income securities (mirror securities of MMXM11) in similar terms to MMXM11, by means of two vehicles:

- FIP-IE Porto Sudeste Royalties: An infrastructure equity investment fund intended to hold in its portfolio exclusively Port11 Securities – and for each Port11 Security held by FIP-IE would correspond to one share. FIP-IE's shares were offered to the holders of MMXM11 Securities that would fit as qualified investors pursuant to CVM regulation, and would not have restrictions to hold FIP-IE shares.
- Porto Sudeste V.M S.A.: A corporation registered with CVM under category 'B' that issued a new royalty-based variable income security, mirror of MMXM11 Security ("PSVM11 Securities"), and such security listed for trading with B3 (contrary to Port11 Securities which are not accepted for trading in the stock exchange). The PSVM11 Securities were offered to holders of MMXM11 Securities that (i) would not fit as qualified investors, or (ii) would have regulatory restrictions to hold shares of a FIP-IE.

Such security exchange operation did not have an impact on the Corporation's financial statements, once the obligation of payment had already been recognized based on contractual clauses with the final holders of the original securities (PSVM11).

Through conclusion of security exchange, the Company has an obligation of payment to the carriers above, which in turn have an obligation of payment to the holders of units/securities exchanged.

The holders of securities mentioned are entitled to quarterly variable income determined since January 1st, 2013, calculated based on metric ton of iron ore (defined below) or the value per ton of other loads (defined below), as the case may be, as follows:

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

where:

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

TMMF = Ton of Iron Ore shipped 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 will be calculated based on the load margin (as defined below) ("value per ton for other loads"). "Load margin" (a) means the difference between the average cost per ton (excluding all non-cash items) incurred in relation to the services rendered by Porto Sudeste relating to the applicable load and the average value per ton effectively charged by Porto Sudeste for the services rendered in relation to such load; and (b) must be limited under any circumstance to USD 5.00 per shipped ton.

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

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

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

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

In the chart below, it is possible to verify the tons measured and to compare with take or pay tons for purpose of calculation described above, considering the year of 2016 as the beginning of the company’s commercial operations after the commissioning held in 2015:

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

All volumes operated during the year ended December 31, 2019 are related to iron ore, and there are no other quantities shipped.

If, in a certain calendar quarter by the payment of current royalties the cash of issuer and Porto Sudeste is jointly higher than (a) USD 25,000 for the fiscal years between 2013 and 2017, or (b) USD10,000 for the fiscal years subsequent, in both cases converted into reais at the exchange rate (“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. 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.

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

On December 31, 2019, the Company’s parent carried out the financial calculations to identify the existence of available net cash and concluded that there is no Cash Available for the payment of royalties on this date.

Cash available for payment of royalties	1° Quarter 2019	2° Quarter 2019	3° Quarter 2019	4° Quarter 2019
Revenues	92.745	133.247	188.925	144.826
Taxes aplicable	(13.216)	(18.988)	(26.922)	(20.638)
Operating Costs	(24.290)	(21.613)	(30.214)	(40.474)
Maintenance Investment	(5.344)	(7.205)	(3.208)	(9.978)
Operating Expenses	(16.659)	(16.330)	(16.323)	(20.241)
Interests and Repayment of the Senior Debt	(31.925)	(58.065)	(123.544)	(54.241)
Interests and Repayment of the Working Capital Senior Debt	(7.362)	(12.989)	(3.938)	-
Total Cash Available for Payment of Royalties	(6.052)	(1.942)	(15.224)	(745)

Cash available for payment of accumulated royalties	1° Quarter 2019	2° Quarter 2019	3° Quarter 2019	4° Quarter 2019
Net Cash or Bank Accounts	25.618	45.499	30.467	24.395
Contributions by the stockholders	(25.618)	(45.499)	(30.467)	(24.395)
Total Cash Available for Payment of Accumulated Royalties	-	-	-	-

Reconciliation of quantities shipped and amounts paid as Royalties (accumulated)	Shipped	Shipped	Shipped	Shipped	Take-or-pay/ Shipped
	1st quarter 2019	2nd quarter 2019	3rd quarter 2019	4th quarter 2019	Accumulated
Volume (M/TONs)	3.376	3.951	5.215	3.899	155.730
Price per Ton	5	5	5	5	5
PPI accumulated	0,61	0,61	0,61	0,73	0,46
Price per TON (USD)	5,61	5,61	5,61	5,73	5,46
Royalty (Porto Sudeste) USD	18.932	22.158	29.245	22.347	850.709
PSVM11 securities issued by Porto Sudeste V.M. S.A. as a percentage of Port11 securities	0,43%	0,43%	0,43%	0,43%	0,43%
Royalty (Porto VM) Calculado (USD m)	81	95	126	96	3.658
Cash available for payment of Royalties	-	-	-	-	-
Royalty payable	-	-	-	-	-

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 11.10%. These projections are based on the Company's Business Plan and the assumptions related to the growth of iron exports in the Quadrilátero Ferrífero of Minas Gerais and assumptions about the growth of the market share of Porto Sudeste. The Company is aware 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. On December 31, 2019, the present value of discounted future cash flow amounted to US\$ 2,123,289,381, which converted into Brazilian reais totaled R\$ 8,558,342,509 (US\$ 2,246,511,829), which converted into Brazilian reais totaled R\$ 8,704,784,035 at December 31, 2018). Of these totals, the amounts corresponding to PSVM11 securities are represented at the base date of December 31, 2019 at US\$ 9,043,675, which converted into reais totaled R\$ 36,452,343 (US\$ 9,568,514, which converted into reais totaled R\$ 37,076,079 on December 31, 2018).

Rio de Janeiro, March 04, 2019.

The Management

(A free translation of the original in Portuguese)

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

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

Opinion

We have audited the financial statements of Porto Sudeste V.M. S.A. (“Company” or “Porto V.M.”), which comprise the statement of financial position as at December 31, 2019, and the related statements of operations, of comprehensive income (loss), of changes in equity and cash flows for the year then ended, as well as the corresponding notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Porto Sudeste V.M. S.A. as at December 31, 2019, its financial performance and its cash flows for the year then ended, in accordance with the Brazilian accounting practices and with the International Financial Reporting Standards (IFRS) as issued by the international Accounting Standards Board (IASB).

Basis for Opinion

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

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

Without qualifying our conclusion, we draw attention to the Notes 1 and 5 of the financial statements, which indicates that, the measurement of variable remuneration securities is directly related to the flow of future payments to the security holders, estimated based on the volumes to be shipped in accordance with the business plan of Porto Sudeste do Brasil S.A. (Company's parent company). The Note 1 also indicates that the Company presents loss in the period of R\$ 279,604 and accumulated losses of R\$ 1,322,608 on December 31, 2019, and that its Parent Company Porto Sudeste do Brasil S.A. has started its operations in 2016, but still depends on the financial support of its shareholders and/or funds from third parties until its operations provide sufficient cash to maintain its operating activities. These financial statements was prepared on the assumption that the Company will continue to operate as a going concern and does not include any adjustment that would be required in the event that the plans of its parent company, Porto Sudeste do Brasil S.A. do not achieve the expected results.

(A free translation of the original in Portuguese)

Key Audit Matters

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

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

Measurement of variable remuneration securities

As disclosed in the Notes 1 and 5, on March 3, 2015, the Company recorded its obligation to pay holders of variable remuneration securities and the respective receivable from its parent company Porto Sudeste do Brasil SA, in the amount of R\$ 36,452,344 in December 31, 2019 (R\$ 37,076,079 on December 31, 2018). The measurement of these variable remuneration securities was considered an area of focus in our audit scope due to their relevance in the context of the financial statements and the inherent complexity of the measurement process, which is based on the Company’s business model and, therefore, involves critical premises and with a high degree of judgment, such as: projection of volumes to be shipped, estimate of future operating costs, future commodity prices and determination of the discount rate, among others.

How the matter was addressed in the audit

Our audit procedures included, among others, the involvement of our team of specialists in financial models to assist us in understanding and reviewing the calculation methodologies adopted by the Management in measuring these securities and analyzing the reasonableness of the assumptions used, which is included the performance of comparative calculations based on sensitized scenarios as expected by the sector and peer companies, assessment of projected volumes and costs from the start of operations of the Parent Company in relation to projections, analysis of variations between the projections of the business model that supports the calculation of securities and the results achieved in the period by the Parent Company.

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

(A free translation of the original in Portuguese)

Other matters

Statements of added value

The Statement of Added Value - DVA, for the year ended December 31, 2019, prepared under the responsibility of the Company's Management and presented as supplementary information for the IFRS purpose, were submitted to audit procedures performed in conjunction with the audit of the Company's financial statements. For the purpose of forming our opinion, we evaluated whether these statements reconciled with the financial statements and accounting records, as applicable, and if their form and content are in accordance with the criteria defined in the Technical Pronouncement CPC 09 – "Statement of Value Added". In our opinion, these Statements of Value Added have been properly prepared in all material respects, in accordance with the criteria established in the Technical Pronouncement.

Audit of prior-year information

The corresponding amounts relating to the balance sheets at December 31, 2018, were previously audited by other independent auditors, who issued a report dated February 26, 2019, without modification and with an emphasis paragraph related to a relevant uncertainty related to the operational continuity, which indicates that, the measurement of variable remuneration securities is directly related to the flow of future payments to the security holders, estimated based on the volumes to be shipped in accordance with the business plan of Porto Sudeste do Brasil S.A. (Company's parent). Note 1 also indicates that the Company presents loss of R\$ 359,300 in the year and has accumulated losses of R\$ 1,043,004 as of December 31, 2018, and that its parent company Porto Sudeste do Brasil SA has started its operations in January 2016 and still depends on the financial support of its shareholders and / or third party resources until its operations provide sufficient cash to maintain its operational activities. These financial statements were prepared on the assumption that the Company will continue to operate as a going concern and does not include any adjustments that would be required in the event that the plans of its parent company, Porto Sudeste do Brasil S.A. does not achieve the expected results.

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

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

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

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

(A free translation of the original in Portuguese)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

(A free translation of the original in Portuguese)

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

Rio de Janeiro, March 04, 2020.

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

A handwritten signature in blue ink, appearing to read "Cláudio Silva Foch".

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

Porto Sudeste V.M. S.A.

Statements of financial position
December 31, 2019 and 2018
(In reais)

	Note	2019	2018
Assets			
Current assets			
Cash and cash equivalents	4	102,717	287,826
Taxes recoverable		2,471	1,813
Total current assets		<u>105,188</u>	<u>289,639</u>
Non-current assets			
Long-term assets			
Variable income securities – Port 11	5	36,452,344	37,076,079
Judicial deposits		106,157	-
Total non-current assets		<u>36,558,501</u>	<u>37,076,079</u>
Total assets		<u>36,663,689</u>	<u>37,365,718</u>
Liabilities and equity			
Current liabilities			
Trade accounts payable	6	79,500	72,322
Taxes and contributions payable		34	2,144
Total current liabilities		<u>79,534</u>	<u>74,466</u>
Non-current liabilities			
Variable income securities – PSVM 11	5	36,452,344	37,076,079
Total non-current liabilities		<u>36,452,344</u>	<u>37,076,079</u>
Shareholders' equity			
Capital	7	1,276,040	606,040
Future capital contribution		200,000	670,000
Accumulated losses		(1,322,608)	(1,043,004)
Cumulative translation adjustments (CTA)		(21,621)	(17,863)
Total equity		<u>131,811</u>	<u>215,173</u>
Total liabilities and shareholders' equity		<u>36,663,689</u>	<u>37,365,718</u>

See accompanying notes.

Porto Sudeste V.M. S.A.

Statements of operations
Years ended December 31, 2019 and 2018
(In reais)

	Note	2019	2018
General and administrative expenses	8	(227,324)	(308,549)
Other operating expenses		-	-
Loss before financial income and expenses		<u>(227,324)</u>	<u>(308,549)</u>
Financial income (expenses)	8		
Financial income		4,249	3,980
Foreign exchange gains (losses)		3,758	3,815
Financial expenses		(60,287)	(58,546)
Income (loss) before taxes		<u>(52,280)</u>	<u>(50,751)</u>
Income and social contribution taxes		-	-
Loss for the year		<u>(279,604)</u>	<u>(359,300)</u>

See accompanying notes.

Porto Sudeste V.M. S.A.

Statements of comprehensive income
Years ended December 31, 2019 and 2018
(In reais)

	<u>2019</u>	<u>2018</u>
Loss for the year	(279,604)	(359,300)
Other comprehensive income (loss)		
Cumulative translation adjustments (CTA)	<u>(3,758)</u>	<u>(3,815)</u>
Total other comprehensive income (loss)	<u>(283,362)</u>	<u>(363,115)</u>

See accompanying notes.

Porto Sudeste V.M. S.A.

Statements of changes in equity
 Years ended December 31, 2019 and 2018
 (In reais)

	Capital	Unpaid capital	Future capital contribution	Cumulative translation adjustments (CTA)	Accumulated losses	Total
Balances at December 31, 2017	606,940	(900)	200,000	(14,048)	(683,704)	108,288
Advance for future capital increase	-	-	470,000	-	-	470,000
Loss for the year	-	-	-	-	(359,300)	(359,300)
Accumulated currency translation adjustments (CTA)	-	-	-	(3,815)	-	(3,815)
Balances at December 31, 2018	606,940	(900)	670,000	(17,863)	(1,043,004)	215,173
Paid-in capital	670,000	-	(670,000)	-	-	-
Advance for future capital increase	-	-	200,000	-	-	200,000
Loss for the year	-	-	-	-	(279,604)	(279,604)
Accumulated currency translation adjustments (CTA)	-	-	-	(3,758)	-	(3,758)
Balances at December 31, 2019	1,276,940	(900)	200,000	(21,621)	(1,322,608)	131,811

See accompanying notes.

Porto Sudeste V.M. S.A.

Statements of cash flows
(Years ended December 31, 2019 and 2018
(In reais)

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Loss for the year before taxes	(279,604)	(359,300)
Foreign exchange gains (losses)	(3,758)	(3,815)
Changes in assets and liabilities		
Tax recoverable	(658)	(875)
Judicial deposits	(106,157)	-
Trade accounts payable	7,178	68,495
Taxes and contributions payable	(2,110)	(2,058)
Net cash used in operating activities	(385,109)	(297,553)
Cash flows from financing activities		
Future capital contribution	200,000	470,000
Net cash provided by financing activities	200,000	470,000
Increase (decrease) in cash and cash equivalents	(185,109)	172,447
Statement of increase in cash and cash equivalents		
At the beginning of the year	287,826	115,379
At the end of the year	102,717	287,826
Increase (decrease) in cash and cash equivalents	(185,109)	172,447

See accompanying notes.

Porto Sudeste V.M. S.A.

Statements of value added
Years ended December 31, 2019 and 2018
In reais

	<u>2019</u>	<u>2018</u>
Revenues		
Revenues	-	-
Inputs acquired from third parties (including ICMS and IPI)		
Materials, energy, third-party services and other expenses	<u>(227,324)</u>	<u>(308,549)</u>
Gross value added	<u>(227,324)</u>	<u>(308,549)</u>
Added value added received in transfer		
Financial income	<u>8,007</u>	<u>7,795</u>
Total value added to be distributed	<u>(219,317)</u>	<u>(300,754)</u>
Distribution of value added		
Bank fees	60,287	58,546
Equity remuneration		
Loss for the year	<u>(279,604)</u>	<u>(359,300)</u>
	<u>(219,317)</u>	<u>(300,754)</u>

See accompanying notes.

Porto Sudeste V.M. S.A.

Notes to financial statements
December 31, 2019 and 2018
(In reais)

1. Operations

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

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

At December 31, 2019, the Company records a negative working capital of R\$ 279,604 and an accumulated loss of R\$1,322,608. The Company closed 2019 with a cash position of R\$ 102,717.

The parent Company Porto Sudeste still depends on financial support from its shareholders to guarantee certain obligations with the senior debt contracts that cannot be settled from the operating cash flow. These obligations include payment of bank guarantees and investments not related to its maintenance. The management are looking forward for the next 12 months that these obligations total approximately US \$ 26,3 million. The parent company Porto Sudeste understands that the shareholders will provide the necessary resources.

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

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

At the Special General Meeting held on December 31, 2014, shareholders approved the Company’s issue of Royalty-Based Variable-Income Securities or “PSVM11” which were fully subscribed by MMX. The realization of that transaction was dependent on the conclusion of the secondary public offering of royalty-based floating rate securities to be performed by MMX.

Porto Sudeste V.M. S.A.

Notes to financial statements (Continued)
December 31, 2019 and 2018
(In reais)

1. Operations (Continued)

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

The holders of the securities mentioned above are entitled, as from January 1, 2013, to quarterly variable compensation, calculated based on the metric tonnage of iron ore and other cargo shipped from Porto Sudeste, amounting to US\$5 (five US Dollars) per ton shipped, restated by reference to the Producer Price Index (PPI), on the understanding that in any quarter, the payments shall be limited to the Company's available cash and other conditions provided in the agreement - all in accordance with the terms set out in the issue deed of those securities available on the Company's website and filed with the Brazilian SEC (CVM).

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

2. Basis of preparation and presentation of financial statements

a) Financial statements

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

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

The Company Management authorized the completion of these financial statements on March 04, 2020.

Porto Sudeste V.M. S.A.

Notes to financial statements (Continued)
December 31, 2019 and 2018
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2. Basis of preparation and presentation of financial statements (Continued)

b) Basis of preparation and measurement

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

c) Functional and reporting currency

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

d) Statement of value added

The Company prepared the statements of value added (SVA) which are presented as an integral part of these financial statements in accordance with accounting practices adopted in Brazil applicable to publicly-held companies, while under IFRS this represents supplementary information.

e) Cash flow statement

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

f) Accounting estimates

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

Porto Sudeste V.M. S.A.

Notes to financial statements (Continued)
December 31, 2019 and 2018
(In reais)

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

f) Accounting estimates (Continued)

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

3. Summary of significant accounting practices and estimates

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

3.1. Financial instruments

a) Financial assets

i) Classification and measurement

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

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss when is held for trading and designated as such upon initial recognition or financial assets that is mandatory to be measured at fair value.

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

Amortized cost

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

Porto Sudeste V.M. S.A.

Notes to financial statements (Continued)
December 31, 2019 and 2018
(In reais)

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

a) Financial assets -- Continued

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

ii) Impairment of financial assets (impairment)

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

iii) Write-off of financial assets

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

b) Financial liabilities

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

Porto Sudeste V.M. S.A.

Notes to financial statements (Continued)
December 31, 2019 and 2018
(In reais)

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

3.2. Cash and cash equivalents

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

3.3. Provisions (including contingencies)

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

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

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

3.4. New accounting standards

CPC 06 (R2) – Leases

CPC 06 (R2) came into effect as of January 1, 2019 and establishes the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single model in the balance sheet. At the start date of a lease, the lessee recognizes a liability for lease payments and an asset that represents the right to use the underlying asset during the lease term (ie the right-of-use asset). The lessees separately recognize the interest expense on the liability during the lease period to

Porto Sudeste V.M. S.A.

Notes to financial statements (Continued)
December 31, 2019 and 2018
(In reais)

produce a constant periodic interest rate, and the amortization expense on the right-of-use asset.

The lessees must also reevaluate the lease liability in the moment of certain events occur (for example, a change in the lease term, a change in the lease future payments as a result of a change in an index or rate used to determine such payments). In general, the lessee recognize the reevaluation value of the lease liability as an adjustment on the right-of-use asset.

The Company has no lease agreements for the year ended December 31, 2019, so there was no effect from the adoption of CPC 06 (R2) on the Company's financial statements.

CPC 22 - Uncertainty about the treatment of taxes on profit

The Interpretation (equivalent to the IFRIC 23 interpretation) that came into effect as of January 1, 2019, and deals with the accounting of taxes on profit in cases where tax treatments involve uncertainty that affects the application of IAS 12 (CPC 32) and does not apply to taxes outside the scope of IAS 12 nor does it specifically include the requirements regarding interest and fines associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether the entity considers uncertain tax treatments separately.
- The assumptions that the entity makes regarding the examination of tax treatments by tax authorities.
- How the entity determines taxable income (tax loss), tax bases, unused tax losses, out of time tax credits and tax rates.
- How the entity considers changes in facts and circumstances.

The Company's Management understands that the application of this interpretation did not impact the Company's information, since the Company does not have uncertain tax positions.

Changes to CPC 15 (R1): Definition of business

In October 2018, the IASB issued changes to the definition of business in IFRS 3, these changes being reflected in revision 14 of the CPC, amending CPC 15 (R1) to help entities determine whether an acquired set of activities and assets consists of or not in a business. The amendments clarify that when the entity obtains control of a business that is a joint operation, it must apply the requirements for a business combination in stages, including the revaluation of previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer reevaluates all the interest previously held in the joint operation.

Porto Sudeste V.M. S.A.

Notes to financial statements (Continued)
December 31, 2019 and 2018
(In reais)

The entity applies these changes to the business combinations for which the acquisition date occurs from the beginning of the first annual period beginning on January 1, 2019. These changes had no impact on the Company's financial statements, since there was no transaction in which control was obtained in a business that was a joint operation.

Amendments to CPC 26 (R1) and IAS 8: Definition of material omission

In October 2018, the IASB issued amendments to IAS 1 and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, these changes being reflected in the revision 14 of the CPC, amending CPC 26 (R1) and CPC 23 to align the definition of "material omission" or "material distorted disclosure" in all standards and to clarify certain aspects of the definition. The new definition states that: "information is material if its omission, distortion or obscuration can reasonably influence decisions that the main users of the financial statements are based on these financial statements, which provide financial information on the entity's specific report."

These changes are not expected to have a significant impact on the Company's financial statements.

4. Cash and cash equivalents

	<u>2019</u>	<u>2018</u>
Cash and banks	102,717	287,826
	102,717	287,826

5. Variable income securities

By virtue of the conclusion of the Company's acquisition in February 2014, as described in Note 1, the Company assumed the obligations related to variable income securities, issued in March 3, 2015 in connection with Porto Sudeste's acquisition by MMX. In order to make the transfer of such obligation feasible, the Corporation issued variable income securities (mirror securities of MMXM11) in similar terms to MMXM11, by means of two vehicles:

Porto Sudeste V.M. S.A.

Notes to financial statements (Continued)
December 31, 2019 and 2018
(In reais)

5. Variable income securities (Continued)

- FIP-IE Porto Sudeste Royalties: An infrastructure equity investment fund to hold in its portfolio exclusively Port11 Securities – and for each Port11 Security held by FIP-IE would be entitled to a Unit. FIP-IE's units were offered to the holders of MMXM11 Securities that would fit as qualified investors pursuant to CVM regulation, and would not have restrictions to hold FIP-IE units.
- Porto Sudeste V.M. S.A.: A stock corporation registered with CVM under category 'B', that issued a new royalty-based variable income security, mirror of MMXM11 Security ("PSVM11 Securities"), and such security listed for trading with BM&FBOVSPA (contrary to Port11 Securities which are not accepted for trading in the stock exchange). The PSVM11 Securities were offered to holders of MMXM11 Securities that (i) would not fit as qualified investors, or (ii) would have regulatory restrictions to hold units of a FIP-IE shares.

Such security exchange operation did not have an impact on the Corporation's financial statements, once the obligation of payment had already been recognized based on contractual clauses with the final holders of the original securities (PSVM11).

Through conclusion of security exchange, the Company has an obligation of payment to the carriers above, which in turn have an obligation of payment to the holders of units/securities exchanged.

The holders of securities mentioned are entitled to quarterly variable income determined since January 1st, 2013, calculated based on metric ton of iron ore (defined below) or the value per ton of other loads (defined below), 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 V.M. S.A.

Notes to financial statements (Continued)
December 31, 2019 and 2018
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5. Variable income securities (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 will be calculated based on the load margin (as defined below) (“value per ton for other loads”). “Load margin” (a) means the difference between the average cost per ton (excluding all non-cash items) incurred in relation to the services rendered by Porto Sudeste relating to the applicable load and the average value per ton effectively charged by Porto Sudeste for the services rendered in relation to such load; and (b) must be limited under any circumstance to USD 5.00 per shipped ton.

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

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

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

If the value of the take-or-pay tonnage less the value of the measured tonnage is positive, the royalties due in relation to the fourth quarter of each fiscal year will be increased by the amount corresponding to the multiplication of such number by the value per ton for iron ore or for the value per ton for other cargo, as the case may be.

In the chart below, it is possible to verify the tons measured and to compare with take or pay tons for purpose of calculation described above, considering the year of 2016 as the beginning of the company’s commercial operations after the commissioning held in 2015:

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

All volumes operated in the year of 2019 are related to iron ore, and there are no other quantities shipped.

Porto Sudeste V.M. S.A.

Notes to financial statements (Continued)
December 31, 2019 and 2018
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5. Variable income securities (Continued)

If, in a certain calendar quarter by the payment of current royalties the cash of issuer and Porto Sudeste is jointly higher than (a) USD 25,000 for the fiscal years between 2013 and 2017, or (b) USD 10,000 for the fiscal years subsequent, in both cases converted into reais at the exchange rate ("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. 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.

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

On December 31, 2019, the Company's parent conducted financial calculations with the purpose of identify the existence of available net cash and concluded that the available cash is positive at the date and, therefore, does not require the settlement of the royalties.

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 11.10%. These projections are based on the Company's Business Plan and the assumptions related to the growth of iron exports in the Quadrilátero Ferrífero of Minas Gerais and assumptions about the growth of the market share of Porto Sudeste. The Company is aware 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. On December 31, 2019, the present value of discounted future cash flow amounted to US\$ 2,123,289,381, which converted into Brazilian reais totaled R\$ 8,558,342,509 (US\$ 2,246,511,829, which converted into Brazilian reais totaled R\$ 8,704,784,035 at December 31, 2018). Of these totals, the amounts corresponding to PSVM11 securities are represented at the base date of December 31, 2019 at US\$ 9,043,675, which converted into reais totaled R\$ 36,452,343 (US\$ 9,568,514, which converted into reais totaled R\$ 37,076,079 on December 31, 2018).

Porto Sudeste V.M. S.A.

Notes to financial statements (Continued)
December 31, 2019 and 2018
(In reais)

6. Trade accounts payable

	<u>2019</u>	<u>2018</u>
Publishing expenses	62,000	68,000
Audit fees	9,500	-
Legal expenses	-	3,122
Others	8,000	1,200
	<u>79,500</u>	<u>72,322</u>

7. Equity

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

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

The Company has R\$ 21,621 related to the cumulative translation adjustments on December 31, 2019, related to the conversion of the functional currency (dollar) into the Company's (real) presentation currency, in compliance with technical pronouncement CPC 02.

8. Expenses by nature

8.1. Administrative expenses by nature:

	<u>2019</u>	<u>2018</u>
Third-party services	(94,769)	(202,946)
Taxes and fees	(81,387)	(28,165)
Legal expenses	(10,179)	(38,997)
Others	(40,990)	(38,441)
	<u>(227,324)</u>	<u>(308,549)</u>

Porto Sudeste V.M. S.A.

Notes to financial statements (Continued)
December 31, 2019 and 2018
(In reais)

8. Expenses by nature (Continued)

8.2. Financial income (expenses)

	<u>2019</u>	<u>2018</u>
Financial expenses		
Interest	(60,060)	(58,428)
Taxes	(227)	(118)
Financial income		
Income on financial investments	3,327	3,980
Discount	922	-
Foreign exchange	3,758	3,815
Net financial income	<u>(52,280)</u>	<u>(50,751)</u>

Porto Sudeste V.M. S.A.

Notes to financial statements (Continued)
December 31, 2019 and 2018
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Board of Directors	Executive Board
Julien Rolland – Chairman	Lieven Cooreman – Chief Executive Officer
Oscar Pekka Fahlgren – Vice Chairman (Acting Chairman)	Guilherme Caiado – Chief Operations Officer
Mathew Hurn – Board Member	Nicolau Gaeta – Chief Financial and Investor Relations Officer
Carlos Bernardo Pons Navazo – Board Member	

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