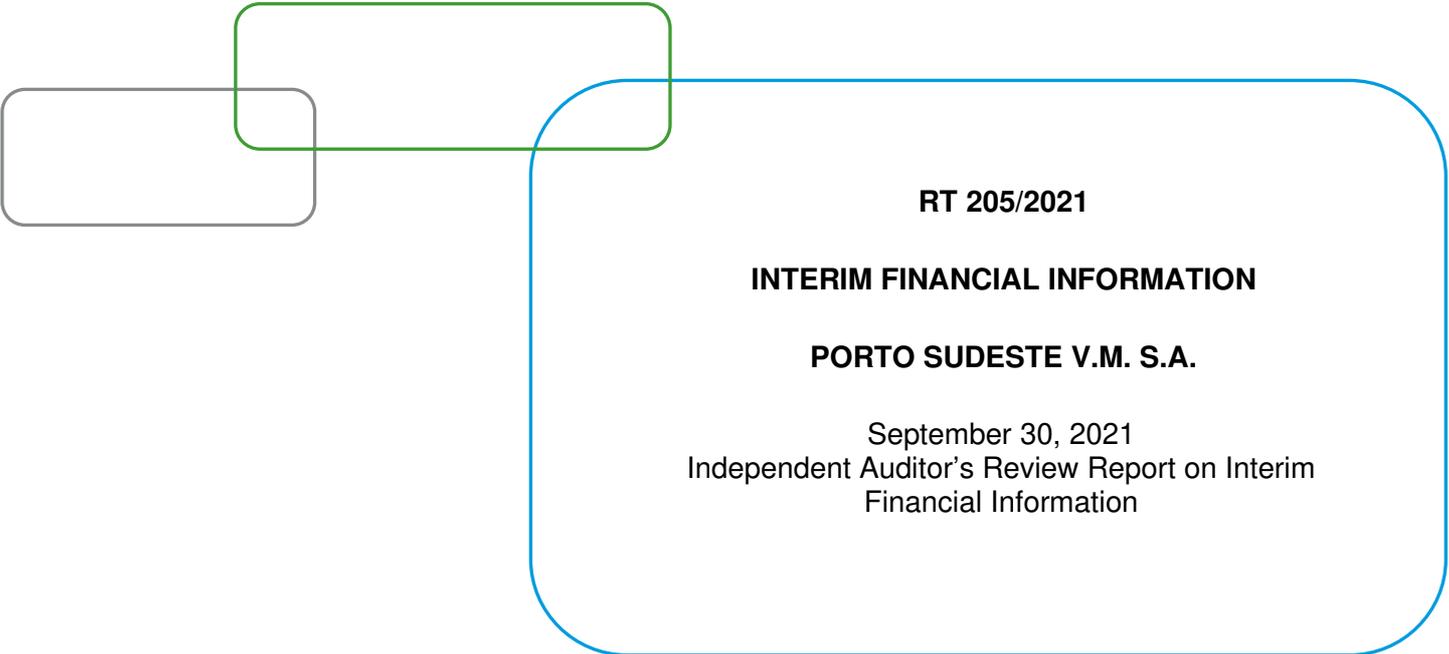




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RT 205/2021

INTERIM FINANCIAL INFORMATION

PORTO SUDESTE V.M. S.A.

September 30, 2021
Independent Auditor's Review Report on Interim
Financial Information



PORTO SUDESTE V.M. S.A.

INTERIM FINANCIAL INFORMATION

September 30, 2021

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Management Report

1. Message from Management

The management of Porto Sudeste V.M. S.A. (the “Company”), in compliance with the legal requirements and in accordance with the prevailing Corporation Law, hereby submits to your appreciation the Financial Statements accompanied by the respective explanatory notes and the independent auditors’ review report for the quarter ended September 30th, 2021. Should you need any further clarifications, please do not hesitate to contact us. At the end of the third quarter of 2021, the Executive Board expresses their acknowledgement to suppliers, employees and all other professionals for their dedication and hard work.

2. Relationship with independent auditors

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

In engaging services not related to independent audit, the Company adopts procedures that are based on the applicable law and on internationally accepted principles that preserve the auditor’s independence and objectivity. These principles are the following: (i) the auditor must not audit his/her own work, and (ii) the auditor must not act, in a managerial manner, before its client, nor should it promote the interests of that client.

RSM has stated to the Company that there is no factual relationship or situation that constitutes a conflict of interest, making it impossible to carry out its activity independently.

3. Management's explanations with respect to variable-income securities

Variable-income 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 SA (“MMX”).

The investment agreement that regulated the acquisition of control of Porto Sudeste by Trafigura and Mubadala provided, among others, that the Company would assume, directly or indirectly, obligations related to variable remuneration securities based on royalties issued by MMX, traded on B3 S.A – BRASIL. BOLSA. BALCÃO (“B3”) under the *tricker* MMXM11 (“MMXM11 Securities”). In this context, Porto Sudeste issued, on February 26th, 2014, Variable Remuneration Perpetual Securities (“VRPS”), in terms similar 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) Porto Sudeste Royalties FIP-IE ("PSR"): An infrastructure equity fund, which, at the time of the offer, held in its portfolio, exclusively, Port11 Security - each Port11 Securities held by the PSR corresponded to a share. The PSR shares were offered to holders of MMXM11 Securities considered as qualified investors, under the terms of the regulation of the Brazilian Securities and Exchange Commission ("CVM"), and who had no restrictions to hold PSR shares.
- (ii) Porto Sudeste V.M. S.A.: A corporation registered with CVM under category 'b' that has issued a new royalty whose source is based on royalties, mirror of MMXM11 Security ("PSVM11 Securities"), such security being listed for trading on B3 (unlike the Port11 Securities, which are not admitted for trading on the stock exchange). Under the aforementioned Exchange Offer, PSVM11 Securities were offered to holders of MMXM11 Securities who (i) were not considered qualified investors, or (ii) had regulatory restrictions to hold FIP-IE shares – as is the case of some investment funds.

In order to address 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 mentioned above vehicles to MMX, which in turn have an obligation to pay the holders of 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

Holders of Port11 Securities are entitled to variable quarterly remuneration, as defined in the indenture of the Port11 Securities ("Royalties"), calculated since January 1st, 2013, calculated based on the metric tonnage of iron ore or the value per ton for other loads, as the case may be, as follows:

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

Where:

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

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

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

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

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

FP = Proportional Factor

For iron ore loads: Royalties related to iron ore loads shipped at the Port in a given quarter will be calculated considering the amount of USD 5.00 per ton of iron ore ("value per ton of iron ore"). This amount will be: (i) annually adjusted in accordance with the variation of the US PPI calculated since September 2010; and (ii) converted into Brazilian Reais, based on the exchange rate closed at the end of the business day immediately preceding the date of its effective payment.

For other cargoes: Royalties related to other cargoes other than iron ore (excluding non-dry cargoes, such as supply activities) handled at the Port Terminal ("value per ton for other cargo") will be calculated based on the margin of the charge. The "Cargo Margin" (a) means the difference between the average cost per ton (excluding all non-cash items) incurred in relation to services provided by Porto Sudeste related to the applicable cargo and the average value per ton actually charged by Porto Sudeste for services rendered in connection with such cargo; and (b) must be limited, under any circumstances, to US\$5.00 per ton shipped. The adjusted limit value of US\$5.00 per ton for the cargo margin must be (i) adjusted annually in accordance with the variation of the US PPI calculated since September 2010; and (ii) converted into Brazilian Reais based on the exchange rate closed at the end of the business day immediately preceding the date of its effective payment.

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 chart below:

Iron Ore	2013	2014	2015	2016	2017	2018	2019	2020	Jun/21 YTD
Tm	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 Porto Sudeste do Brasil, with the start of operations in 2016, after commissioning carried out in 2015:

Iron Ore	2013	2014	2015	2016	2017	2018	2019	2020	Sep/21 YTD
Tm	-	-	-	7.1	9.5	10.7	16.4	18.7	13.8

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

In the third quarter of 2021, Porto Sudeste do Brasil shipped 4,042 thousand tons of iron ore (TMMF), which multiplied by the updated value per ton of US\$ 5.89 (VpTMF) resulted in royalties of US\$ 23,819 thousand in the. The accumulated Royalties until this quarter is US\$ 1,040,172 thousand. No amount has been paid until this quarter.

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

Reconciliation between quantity shipped and amounts paid as Royalties (in thousands of USDs)	Shipped by the 4th Quarter 2020	Shipped 1st Quarter 2021	Shipped 2nd Quarter 2021	Shipped 3rd Quarter 2021	Take-or-pay / Shipped Accumulated
Volume (thousands of tons)	174.385	4.456	5.302	4.042	188.185
Original Value per Tonne (USD)	5,00	5,00	5,00	5,00	5,00
Accumulated PPI	0,50	0,89	0,89	0,89	0,53
Updated Value per Tonne (USD)	5,50	5,89	5,89	5,89	5,53
Royalty Porto Sudeste (in thousands of USDs)	958.853	26.257	31.243	23.819	1.040.172
PSVM11 issued by Porto Sudeste V.M. S.A. in proportion to all Port11 Securities	0,43%	0,43%	0,43%	0,43%	0,43%
Royalty Porto VM Calculated	4.123	113	134	102	4.473
Cash available for payment of Royalties	-	-	-	-	-
Royalty payable	-	-	-	-	-

Payment of Royalties

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

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

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

Cash generated for payment of Royalties (in thousands of USDs)	1st Quarter 2021	2nd Quarter 2021	3rd Quarter 2021
Receipts	342,255	425,605	435,089
Applicable taxes	(48,771)	(60,649)	(74,467)
Operation costs	(42,525)	(49,748)	(53,202)
CAPEX for maintenance	(5,356)	(7,886)	(23,513)
Operational expenses	(22,937)	(32,133)	(44,587)
Subtotal of the firm's cash generation	222,665	275,189	239,320
Senior debt's interest and amortization	(226,997)	(294,684)	(239,864)
Total Cash generated for payment of Royalties	(4,332)	(19,495)	(544)

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

Cash available for payment of Royalties (in thousands of USDs)	1st Quarter 2021	2nd Quarter 2021	3rd Quarter 2021
Available in cash or bank accounts	96,352	26,026	36,187
Balance contributed by shareholders and mandatory balances	(96,352)	(26,026)	(36,187)
Total cash Available for payment of accumulated royalties	-	-	-

Accounting of Port11

Porto Sudeste do Brasil accounts Port11 Securities in Liabilities, based on the Present Value of the Projected Cash Flow of the payment of royalties. In other words, the amount presented in the Balance Sheet is different from the amount of royalties accumulated up to this quarter. Porto Sudeste VM, in turn, 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.

These Port 11 securities are measured in accordance with IAS 37 - Provisions, Contingent Liabilities and Contingent Assets, based on the projected cash flow of future disbursements related to these securities, discounting the rate of 11.06% per year. These projections are based on the business plan of Porto Sudeste do Brasil, which includes assumptions related to the growth of iron ore exports from the quadrilateral of Minas Gerais, market share of Porto Sudeste do Brasil, volumes of ore originated by mines belonging to the its shareholders, commodity price expectations, among others.

On September 30th, 2021, the Present Value of the discounted future cash flow of Royalties was US\$ 2,454,016,329, which converted to Brazilian Reais totaled R\$ 13,348,376,422 (compared to US \$2,445,065,707 on December 31st, 2020, which converted to Brazilian Reais totaled R\$ 12,706,272,959). Of these totals, the amounts corresponding to PSVM11 securities are represented on the base date of September 30th, 2021 at US\$ 10,452,333, which, converted to Brazilian Reais, totaled R\$ 56,854,421 (compared to US\$ 10,414,210 on December 31st, 2020, which converted to Brazilian Reais totaled R\$ 54,119,525).

Rio de Janeiro, November 10th, 2021.

The Management.

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

Independent Auditor's Review Report on Interim Financial Information

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

We have reviewed the interim financial information of Porto Sudeste V.M. S.A. ("Company" or "Porto V.M."), respectively, which comprise the statements of financial position as at September 30, 2021 and the related statements of operations, of comprehensive income (loss), of changes in equity and cash flows for the nine-month period then ended including notes to the interim financial information.

Management's responsibility for the interim financial information

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

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim information does not present fairly, in all material respects, the financial position of the entity as of September 30, 2021, and the performance of its operations and its cash flows for the quarter then ended in accordance with accounting practices adopted in Brazil.

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

Without qualifying our conclusion, we draw attention to Note 1 of the interim financial information, which indicates that, at September 30, 2021, the Company presents loss in the period of R\$ 419,791 and accumulated losses of R\$ 1,995,086. This note, together with Note 6, also indicates that the measurement of variable remuneration securities is directly related to the flow of future payments to the security holders, estimated based on the volumes to be shipped in accordance with the business plan of Porto Sudeste do Brasil S.A. (Company's parent company). Additionally, this note also states that Porto Sudeste do Brasil S.A. began its operations in 2016, but still depends on the financial support of its shareholders and/or funds from third parties until its operations generate sufficient cash to maintain its operating activities. This interim financial information was prepared on the assumption that the Company will continue to operate as a going concern and does not include any adjustment that would be required in the event that the plans of its parent company, Porto Sudeste do Brasil S.A. do not achieve the expected results.

Other matters

Statements of added value

We have also reviewed the Statement of Added Value (DVA) for the three-month period ended September 30, 2021, prepared under the responsibility of the Company's management, whose presentation in the interim financial information is required in accordance with the standards issued by the Brazilian Securities and Exchange Commission – CVM, applicable to the preparation of Quarterly Information (ITR) and considered supplementary information under IFRS, which does not require the presentation of the DVA. This statement was submitted to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that it has not been prepared, in all material respects, consistently with the overall interim financial information.

Rio de Janeiro, November 10, 2021.

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



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

Porto Sudeste V.M. S.A.

Statements of financial position
September 30, 2021 and December 31, 2020
(In Brazilian Reais)

	<u>Note</u>	<u>09/30/2021</u>	<u>12/31/2020</u>
Assets			
Current assets			
Cash and cash equivalent	4	199,650	37,766
Advance expenses		4,875	-
Recoverable taxes		2,960	2,784
Total current assets		<u>207,485</u>	<u>40,550</u>
Non-current assets			
Long-Term assets			
Variable remuneration securities – Port 11	5	56,854,421	54,119,525
Judicial deposits		139,237	139,237
Total non-current assets		<u>56,993,658</u>	<u>54,258,762</u>
Total assets		<u>57,201,143</u>	<u>54,299,312</u>
Liabilities			
Current liabilities			
Suppliers payable	6	23,796	57,500
Taxes and contributions payable		2,115	764
Total current liabilities		<u>25,911</u>	<u>58,264</u>
Non-current liabilities			
Variable remuneration securities – PVSM 11	5	56,854,421	54,119,525
Total non-current liabilities		<u>56,854,421</u>	<u>54,119,525</u>
Shareholders' Equity			
Share capital	7	1,676,040	1,676,040
Advances for future capital increases	7	600,000	-
Accumulated losses		(1,995,086)	(1,575,295)
Accumulated translation adjustments		39,857	20,778
Total shareholders' equity		<u>320,811</u>	<u>121,523</u>
Total liabilities and shareholders' equity		<u>57,201,143</u>	<u>54,299,312</u>

See accompanying notes

Porto Sudeste V.M. S.A.

Income statement

Three and nine months periods ended September 30, 2021 and 2020

(In Brazilian Reais)

	Note	07/01/2021 to 09/30/2021	01/01/2021 to 09/30/2021	07/01/2020 to 09/30/2020	01/01/2020 to 09/30/2020
Revenue from sales and services rendered		-	-	-	-
Costs of sales and services rendered		-	-	-	-
Gross profit		-	-	-	-
General and administrative expenses	8.1	(94,384)	(179,145)	(20,543)	(50,934)
Profit before financial income and expenses		(94,384)	(179,145)	(20,543)	(50,934)
Financial income	8.2	(1,280)	977	368	1,255
Financial expenses	8.2	(51,118)	(241,623)	(24,694)	(101,517)
Financial result		(52,398)	(240,646)	(24,326)	(100,262)
Income (loss) before taxes		(146,782)	(419,791)	(44,869)	(151,196)
Income tax and social contribution		-	-	-	-
Loss for the period		(146,782)	(419,791)	(44,869)	(151,196)

See accompanying notes.

Porto Sudeste V.M. S.A.

Statement of comprehensive income
Three and nine months periods ended September 30, 2021 and 2020
(In Brazilian Reais)

	07/01/2021 a 09/30/2021	01/01/2021 a 09/30/2021	07/01/2020 a 09/30/2020	01/01/2020 a 09/30/2020
Loss for the period	(141,782)	(419,791)	(44,869)	(151,196)
Other comprehensive income				
Translation adjustments for the period	21,218	19,079	9,820	57,834
Total comprehensive income	(120,564)	(400,712)	(35,049)	(93,362)

See accompanying notes

Porto Sudeste V.M. S.A.

Statement of changes in equity
September 30, 2021 and 2020
(In Brazilian Reais)

	Capital	Capital to be paid	Advances for future capital increases	Accumulated translation adjustment	Accumulated losses	Total
Balances at December 31st, 2019	1,276,940	(900)	200,000	(21,621)	(1,322,608)	131,811
Loss for the period	-	-	-	-	(151,196)	(151,196)
Advances for future capital increases	-	-	200,000	-	-	200,000
Translation adjustments	-	-	-	57,834	-	57,834
Balances at September 30th, 2020	1,276,940	(900)	400,000	36,213	(1.473.804)	238,449
Balances at December 31st, 2020	1,676,940	(900)	-	20,778	(1,575,295)	121,523
Advances for future capital increases	-	-	600,000	-	-	600,000
Loss for the period	-	-	-	-	(419,791)	(419,791)
Translation adjustments	-	-	-	19,079	-	19,079
Balances at September 30th, 2021	1,676,940	(900)	600,000	39,857	(1,995,086)	320,811

See accompanying notes.

Porto Sudeste V.M. S.A.

Statement of cash flow
September 30, 2021 and 2020
(In Brazilian Reais)

	<u>09/30/2021</u>	<u>09/30/2020</u>
Cash flows from operating activities		
Loss for the period before taxes	(419,791)	(151,196)
Foreign exchange variations	18,938	57,834
Changes in assets and liabilities		
Recoverable taxes	(176)	(262)
Judicial deposits	-	(33,080)
Suppliers payable	(33,705)	(57,932)
Prepaid expenses	(4,734)	-
Taxes and contributions payable	1,352	1,150
Net cash generated from operating activities	<u>(438,116)</u>	<u>(183,486)</u>
Cash flows from financing activities		
Advances for future capital increases	600,000	200,000
Net cash generated by financing activities	<u>600,000</u>	<u>200,000</u>
Increase in cash and cash equivalents	<u>161,884</u>	<u>16,514</u>
Statement of increase in cash and cash equivalents		
At beginning of the period	37,766	102,717
At end of the period	199,650	119,231
Increase in cash and cash equivalents	<u>161,884</u>	<u>16,514</u>

See accompanying notes.

Porto Sudeste V.M. S.A.

Statement of added value
September 30, 2021 and 2020
(In Brazilian Reais)

	09/30/2021	09/30/2020
Revenues		
Revenues	-	-
Inputs acquired from third parties (including ICMS and IPI) Materials, electric power, third-party services and other expenses	(179,145)	(50,934)
Gross added value	(179,145)	(50,934)
Added value received in transfer Financial income	977	15,440
Total added value to be distributed	(178,168)	(35,494)
Distribution of added value		
Interest	222,685	115,702
Foreign exchange variation	18,938	-
Equity remuneration	(419,791)	(151,196)
Loss for the period	(178,168)	(35,494)
	09/30/2021	09/30/2020
Revenues		
Revenues	-	-
Inputs acquired from third parties (including ICMS and IPI) Materials, electric power, third-party services and other expenses	(179,145)	(50,934)
Gross added value	(179,145)	(50,934)
Added value received in transfer Financial income	977	15,440
Total added value to be distributed	(178,168)	(35,494)
Distribution of added value		
Interest	222,685	115,702
Foreign exchange variation	18,938	-
Equity remuneration	(419,791)	(151,196)
Loss for the period	(178,168)	(35,494)

See accompanying notes.

Porto Sudeste V.M. S.A.

Notes to Interim Financial Information
September 30, 2021
(In Brazilian Reals)

1. Operations

Porto Sudeste V.M S.A. (“Company”) was created on July 16th, 2013 with the corporate purpose of participating in the capital of other companies, nationally or abroad, as partner, shareholder or quotaholder, on a permanent or temporary basis, as a parent company or non-controlling interest.

Since February 13th, 2014, the Company has been a wholly-owned subsidiary of Porto Sudeste do Brasil S.A. (“Porto Sudeste”), a privately-held company responsible for the port terminal named “Porto Sudeste”, dedicated to handling iron ore. Installed on Ilha da Madeira in Itaguaí (Rio de Janeiro state), the terminal is strategically located and represents the shortest distance between iron ore producers in Minas Gerais state and the sea (“Porto Sudeste”). The project began to be built in July 2010 and began operations on a commissioning basis in August 2015 and commercially in January 2016.

At September 30th, 2021, the Company incurred a loss for the period of R\$ 419,791 and has accumulated losses of R\$ 1,995,086. The Company ended the third quarter of 2021 with a cash position of R\$ 199,650.

Its parent company Porto Sudeste still depends on the contribution of capital of the controlling shareholders to cover certain obligations with senior debt creditors that cannot be covered by the cash generated in the operation. These obligations include payment of bank guarantees and investments not related to maintenance. Management expects for the next 12 months that these obligations will total approximately US\$ 25 million. The parent company Porto Sudeste understands that the shareholders will provide the necessary resources.

The former parent company of Porto Sudeste, MMX Mineração e Metálicos S.A. (“MMX”) had a variable remuneration security based on the movement of ore from Porto Sudeste, called as MMXM11, in circulation in the market. Upon the sale of the shareholding control of Porto Sudeste to the companies Trafigura Pte. Ltd. (“Trafigura”) and Mubadala Development Company PJSC (“Mubadala”), through subsidiaries, it was agreed to assume the debt related to the MMXM11 securities by Porto Sudeste.

The investment agreement that regulated the acquisition of control of Porto Sudeste by Trafigura and Mubadala provided for MMX’s obligation to carry out an exchange offer aimed at all holders of MMXM11 Securities, through which MMX would acquire MMXM11 Securities and would deliver Port11 Securities in return, or another security backed by Port11 Securities. The Company assumed the portion of outstanding MMXM11 Securities that (i) did not classify as qualified investors, or (ii) had regulatory restrictions to hold quotas in infrastructure investment funds (FIP-IE), as is the case with some funds of investment.

On December 31st, 2014, the issue of Variable Remuneration Securities Based on Royalties by the Company called PSVM11, which were fully subscribed by MMX, was approved in the minutes of the Extraordinary General Meeting. The completion of this issue was subject to the aforementioned secondary public distribution of variable remuneration securities based on royalties to be carried out by MMX.

Porto Sudeste V.M. S.A.

Notes to Interim Financial Information
September 30, 2021
(In Brazilian Reals)

1. Operations--continued

On March 3rd, 2015, the secondary public distribution ended, with 12,539,802 royalty-based securities distributed, which were fully acquired by MMX through the delivery of an equal number of variable remuneration securities based on issuance royalties of Porto Sudeste do Brasil S.A. (Port11).

The holders of the aforementioned securities are entitled to variable quarterly remuneration, calculated since January 1st, 2013, calculated based on the metric tons of iron ore and other cargo shipped at the Porto Sudeste, in the amount of US\$ 5 (five US Dollars) per ton shipped, adjusted by the Producer Price Index (PPI), it being understood that, in any quarter, payments shall be limited to the Company's Available Cash and other conditions determined in the agreement - all in accordance with the terms provided for in the indentures of the aforementioned securities available on the Company's website and filed at the Brazilian Securities and Exchange Commission (CVM).

The measurements of these variable remuneration securities with the appropriate accounting impacts are described in Note 5.

Covid-19

The Company's management has been monitoring the effects of the new Coronavirus (Covid-19) on its operations. There were no relevant impacts on our operations. The Company's management understands that such impact is being mitigated by the sharp increase in the price of iron ore and the high exchange rate. Given the fluidity and speed of development of the pandemic, management, together with its shareholders, continues to work on the assessment of mitigation measures in order to avoid significant impacts on the business in the short, medium and long term.

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

2. Basis of preparation and presentation of financial statements

a) Quarterly financial information

This quarterly financial information was prepared and is being presented in accordance with the Brazilian Accounting Pronouncements Committee – “CPC 21 (R1)”, Interim Statements and with the international standard IAS 34 – Interim Financial Reporting issued by the International Accounting Standards Board (IASB). The presentation of this information is in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM), applicable to the preparation of the Quarterly Information Form.

Porto Sudeste V.M. S.A.

Notes to Interim Financial Information
September 30, 2021
(In Brazilian Reais)

2. Basis of preparation and presentation of financial statements-- *continued*

a) Quarterly financial information--continued

In addition, the Company considered the guidelines issued in Technical Guideline OCPC 07, issued by the Brazilian Accounting Pronouncements Committee ("CPC") in November 2014, in preparing its financial statements. Thus, the relevant information specific to the financial statements is being disclosed, and corresponds to that used by Management in its management. The Company Management authorized the completion of these financial statements on November 10th, 2021.

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 currencies

On January 1st, 2016, as the parent company Porto Sudeste do Brasil S.A. started to earn revenues substantially denominated in US Dollars, its functional currency was changed from the Brazilian Real to the US Dollar. Thus, Porto Sudeste V.M.S.A. in line with the change in the controlling shareholder's functional currency, also changed its functional currency to the US Dollar on January 1st, 2016. Accordingly, pursuant to Brazilian legislation and CPC 02 – Effect of changes in foreign exchange rates and translation of financial statements, the quarterly financial information is being presented in Brazilian Reais (R\$), translating the functional currency to the reporting currency (Brazilian Reais) with Assets and liabilities translated at the closing exchange rate for the period; income accounts at the exchange rate on the date of occurrence; and the net equity by the historical value of formation.

d) Statement of cash flow

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

e) Accounting estimates

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

Porto Sudeste V.M. S.A.

Notes to Interim Financial Information
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(In Brazilian Reals)

2. Basis of preparation and presentation of financial statements-- *continued*

e) Accounting estimates--continued

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

3. Summary of significant accounting practices and estimates

In preparing this financial statements information the accounting practices described in detail below have been consistently applied by the Company to all the periods of the financial statement.

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 profit or loss. The classification of financial assets at initial recognition depends on the characteristics of the contractual cash flows and the business model for managing these financial assets. The Company presents its financial instruments as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise financial assets held for trading, financial assets designated on initial recognition at fair value through profit or loss or financial assets to be mandatorily 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. The net changes in fair value are recognized in profit or loss.

Amortized cost

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

Porto Sudeste V.M. S.A.

Notes to Interim Financial Information
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3. Summary of significant accounting practices and estimates-- *continued*

a) Financial assets

i) Classification and measurement--continued

Amortized cost--continued

Assets measured at amortized cost value use the effective interest method, less any impairment loss. 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

The expected loss model is applied to financial assets measured at amortized cost or at fair value through other comprehensive income, with the exception of investments in equity Instruments. The Company did not identify impairment losses to be recognized in the years presented.

iii) Write-off of financial assets

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

b) Financial liabilities

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

3.2. Cash and cash equivalents

Cash equivalents are held by the Company for the purpose of meeting short-term cash commitments and not for investment or other purposes. The Company considers cash equivalents to be a short-term investment that is readily convertible into a known amount of cash and is subject to an insignificant risk of change in value. Therefore, an investment typically qualifies as a cash equivalent when it has a short term maturity, for example, three months or less from the contract date.

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3. Summary of significant accounting practices and estimates-- *continued*

3.3. Provisions (including contingencies)

Provisions are recognized when there is a present obligation (legal or not formalized) as a result of a past event, and it is probable that economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. When the Company expects the amount of a provision to be reimbursed, in whole or in part, the reimbursement is recognized as a separate asset, but only when the reimbursement is practically certain.

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

The settlement of transactions involving these estimates may result in amounts significantly different from those recorded in the quarterly financial information due to uncertainties inherent in the process for their determination. The Company's management reviews its estimates and assumptions on an annual basis.

3.4. Leases

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

Short-term leases and low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is, leases whose lease term is equal to or less than 12 months from the start date and which do not contain an option to purchase). It also applies the attribution of exemption from recognition of low value assets to leases of office equipment consider to be of low value. Payments for short-term leases and leases for low-value assets are recognized as an expense on the straight-line method over the lease term.

The Company does not have lease agreements

Porto Sudeste V.M. S.A.

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4. Cash and cash equivalents

	<u>09/30/2021</u>	<u>12/31/2020</u>
Cash and banks	<u>199.650</u>	<u>37.766</u>
	<u>199.650</u>	<u>37.766</u>

5. Variable remuneration 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 SA (“MMX”).

The investment agreement that regulated the acquisition of control of Porto Sudeste by Trafigura and Mubadala provided, among others, that the Company would assume, directly or indirectly, obligations related to variable remuneration securities based on royalties issued by MMX, traded on B3 S.A – BRASIL. BOLSA. BALCÃO (“B3”) under the *tricker* MMXM11 (“MMXM11 Securities”). In this context, Porto Sudeste issued, on February 26th, 2014, Variable Remuneration Perpetual Securities (“VRPS”), in terms similar 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) Porto Sudeste Royalties FIP-IE (“PSR”): An infrastructure equity fund, which, at the time of the offer, held in its portfolio, exclusively, Port11 Security - each Port11 Securities held by the PSR corresponded to a share. The PSR shares were offered to holders of MMXM11 Securities considered as qualified investors, under the terms of the regulation of the Brazilian Securities and Exchange Commission (“CVM”), and who had no restrictions to hold PSR shares.

Porto Sudeste V.M. S.A.

Notes to Interim Financial Information
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5. Variable remuneration securities--continued

(ii) Porto Sudeste V.M. S.A.: A stock company registered with CVM under category 'b' that has issued a new royalty whose source is based on royalties, mirror of MMXM11 Security ("PSVM11 Securities"), such security being listed for trading on B3 (unlike the Port11 Securities, which are not admitted for trading on the stock exchange). Under the aforementioned Exchange Offer, PSVM11 Securities were offered to holders of MMXM11 Securities who (i) were not considered qualified investors, or (ii) had regulatory restrictions to hold FIP-IE shares – as is the case of some investment funds.

In order to address 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.

Holders of Port11 Securities are entitled to variable quarterly remuneration, as defined in the indenture of the Port11 Securities ("Royalties"), calculated since January 1st, 2013, calculated based on the metric tonnage of iron ore or the value per ton for other loads, as the case may be, as follows:

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

Where:

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

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

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

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

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

FP = Proportional Factor

For iron ore loads: Royalties related to iron ore loads shipped at the Port in a given quarter will be calculated considering the amount of USD 5.00 per ton of iron ore ("value per ton of iron ore"). This amount will be: (i) annually adjusted in accordance with the variation of the US PPI calculated since September 2010; and (ii) converted into Brazilian Reais, based on the exchange rate closed at the end of the business day immediately preceding the date of its effective payment.

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

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5. Variable remuneration securities--continued

The adjusted limit value of US\$5.00 per ton for the load margin must be (i) adjusted annually in accordance with the variation of the US PPI calculated since September 2010; and (ii) converted into Brazilian Reais based on the exchange rate closed at the end of the business day immediately preceding the date of its effective payment.

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 chart below:

Iron Ore	2013	2014	2015	2016	2017	2018	2019	2020	Jun/21 YTD
Tm	13.6	31.9	36.8	36.8	-	-	-	-	-

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

Iron Ore	2013	2014	2015	2016	2017	2018	2019	2020	Sep/21 YTD
Tm	-	-	-	7.1	9.5	10.7	16.4	18.7	13.8

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

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

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

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

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Notes to Interim Financial Information
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5. Variable remuneration securities--continued

Porto Sudeste do Brasil accounts Port11 Securities in Liabilities, based on the Present Value of the Projected Cash Flow of the payment of royalties. In other words, the amount presented in the Balance Sheet is different from the amount of royalties accumulated up to this quarter. Porto Sudeste VM, in turn, 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.

These Port 11 securities are measured in accordance with IAS 37 - Provisions, Contingent Liabilities and Contingent Assets, based on the projected cash flow of future disbursements related to these securities, discounting the rate of 11.06% per year. These projections are based on the business plan of Porto Sudeste do Brasil, which includes assumptions related to the growth of iron ore exports from the quadrilateral of Minas Gerais, market share of Porto Sudeste do Brasil, volumes of ore originated by mines belonging to the its shareholders, commodity price expectations, among others.

On September 30th, 2021, the Present Value of the discounted future cash flow of Royalties was US\$ 2,454,016,329, which converted to Brazilian Reais totaled R\$ 13,348,376,422 (compared to US \$2,445,065,707 on December 31st, 2020, which converted to Brazilian Reais totaled R\$ 12,706,272,959). Of these totals, the amounts corresponding to PSVM11 securities are represented on the base date of September 30th, 2021 at US\$ 10,452,333, which, converted to Brazilian Reais, totaled R\$ 56,854,421 (compared to US\$ 10,414,210 on December 31st, 2020, which converted to Brazilian Reais totaled R\$ 54,119,525).

6. Suppliers payable

	<u>09/30/2021</u>	<u>12/31/2020</u>
Publishing / disclosure expenses	-	48,000
Services rendered by companies	14,296	-
Audit fees	9,500	9,500
	<u>23,796</u>	<u>57,500</u>

7. Shareholders' equity

a) Capital

As of December 31st, 2018, the subscribed capital stock is represented by 6,051,410 common shares (the same number as of December 31st, 2017), nominative and with no par value, of which 9,000 shares are to be paid in, fully held by Porto Sudeste do Brasil S.A.

On February 28th, 2019, the amount of R \$ 670,000.00 received was paid-in as an advance for future capital with the issuance of shares of 4,054,438,670 common shares, with a unit issue price of R \$ 0.0002.

Porto Sudeste V.M. S.A.

Notes to Interim Financial Information
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7. Shareholders' equity--continued

a) Capital--continued

After the aforementioned capital increase, the Company now has a subscribed capital of R\$ 1,276,040.10, divided into 4,060,490,071.00 shares fully held by Porto Sudeste do Brasil S.A.

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

b) Advances for future capital increase

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

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

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

c) Accumulated translation adjustments

The Company has R\$ 39.857 related to accumulated translation adjustments as of June 30th, 2021, related to the conversion of the functional currency (US dollar) to the Company's presentation currency (Brazilian real), in compliance with technical pronouncement "CPC 02".

Porto Sudeste V.M. S.A.

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8. Expenses by nature

8.1. Administrative expenses by nature:

	<u>09/30/2021</u>	<u>09/30/2020</u>
Audit fees	(40.500)	(28.538)
Lawyers' fees	(71.321)	(4.321)
Third-party services	(6.574)	(3.000)
Others	(60.750)	(15.075)
	<u>(179.145)</u>	<u>(50.934)</u>

8.2. Financial result

	<u>09/30/2021</u>	<u>09/30/2020</u>
Financial expenses		
Bank fees	(222.155)	(43.188)
Interest	(491)	(492)
Foreign Exchange	(18.938)	(57.834)
Others	(39)	(3)
	<u>(241.623)</u>	<u>(101.517)</u>
Financial income		
Income on financial investments	977	1.255
	<u>977</u>	<u>1.255</u>
Net financial result	<u>(240.646)</u>	<u>(100.262)</u>

9. Provision for contingencies

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

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

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

Porto Sudeste V.M. S.A.

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Conselho de Administração

Diretoria

Julien Rolland – Presidente

Jayme Nicolato - Diretor Presidente

Oscar Pekka Fahlgren - Vice
Presidente

Guilherme Caiado - Diretor de
Operações

Kelly Michele Thomson – Conselheiro

Thiago Roldao - Diretor Financeiro de
Relações com Investidores

Carlos Bernardo Pons Navazo -
Conselheiro

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