

Ferroport Logística
Comercial
Exportadora S.A.

**Condensed interim
financial information
June 30, 2021**

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Independent auditors' report on review of condensed parent company and consolidated interim financial information

To the Shareholders, Board of Directors and Management of
Ferroport Logística Comercial Exportadora S.A.

Rio de Janeiro – RJ

Introduction

We have reviewed the condensed parent company and consolidated balance sheet of Ferroport Logística Comercial Exportadora S.A. ("Company"), as of June 30, 2021, and the related condensed statements of income, statements of comprehensive income for the three and six-month periods ended at that date and statements of changes in shareholders' equity and statements of cash flows for the six-month period then ended, including the explanatory notes.

Management is responsible for the preparation and fair presentation of the condensed parent company and consolidated interim financial information in accordance with standard CPC 21(R1) - Demonstração Intermediária. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Interim Financial Information Review Standards (NBC TR 2410 - Revisão de Informações Intermediárias Executada pelo Auditor da Entidade and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity). A review of condensed and individual interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

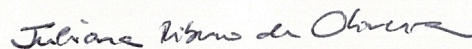
A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the condensed parent company and consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed parent company and consolidated interim financial information, as of June 30, 2021, are not prepared, in all material respects, in accordance with CPC 21 (R1) – Interim Financial Reporting.

Rio de Janeiro, July 29, 2021

KPMG Auditores Independentes
CRC SP-014428/O-6 F-RJ



Juliana Ribeiro de Oliveira
CRC RJ-095335/O-0

Ferroport Logística Comercial Exportadora S.A.

Condensed balance sheets

Six-month period ended June 30, 2021 and December 31, 2020

(In thousands of Reais)

	Note	Parent Company		Consolidated	
		June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
Assets					
Current assets					
Cash and cash equivalents	4	137,890	78,553	138,477	79,143
Accounts receivable from related parties	13	81,181	161,994	81,181	161,994
Inventories	5	33,081	29,064	33,081	29,064
Recoverable taxes	7	17,078	16,942	17,176	17,039
Income taxes and social contribution recoverable	7	-	-	42	42
Prepaid expenses		4,121	1,322	4,121	1,324
Other		1,256	1,612	1,257	1,613
Total current assets		274,607	289,487	275,335	290,219
Noncurrent assets					
Judicial deposits	8	33,158	34,409	33,158	34,409
Related parties - asset to be transferred	13	210,102	210,102	210,102	210,102
	9				
Investment in subsidiary		726	731	-	-
Right of use assets	10	3,435	3,067	3,435	3,067
Property, plant and equipment	11	2,066,799	2,101,680	2,066,799	2,101,680
Intangible assets	12	700	573	700	573
Deferred charges		2,137	2,466	2,137	2,466
Total noncurrent assets		2,317,057	2,353,028	2,316,331	2,352,297
Total assets		2,591,664	2,642,515	2,591,666	2,642,516
Liabilities and equity					
Current liabilities					
Trade accounts payable		34,897	56,230	34,898	56,231
Payroll and related charges		12,995	16,449	12,995	16,449
Taxes payable	14	12,692	11,889	12,692	11,889
Leases liabilities	10	2,082	1,890	2,082	1,890
Income taxes and social contribution payable	14	24,340	26,154	24,341	26,154
Related parties - loans	13	144,250	142,000	144,250	142,000
Total current liabilities		231,256	254,612	231,258	254,613
Noncurrent liabilities					
Income taxes and social contribution payable	14	78,733	61,030	78,733	61,030
Leases liabilities	10	1,598	1,400	1,598	1,400
Deferred income tax and social contribution	6	128,247	130,559	128,247	130,559
Related parties - accounts payable	13	210,102	210,102	210,102	210,102
Related parties - loans	13	159,892	412,192	159,892	412,192
Deferred revenue with related party	13	47,350	48,447	47,350	48,447
Provision for contingencies	15	21,016	22,386	21,016	22,386
Taxes payable	14	32,956	32,615	32,956	32,615
Other		19,289	19,365	19,289	19,365
Total noncurrent liabilities		699,183	938,096	699,183	938,096
Shareholders' equity					
Share Capital	16	1,197,152	803,404	1,197,152	803,404
Profit to be allocated		-	393,748	-	393,748
Capital reserve		94,589	94,589	94,589	94,589
Contingencies reserve		109,595	109,595	109,595	109,595
Legal reserve		48,471	48,471	48,471	48,471
Acumulated Profit		211,418	-	211,418	-
Total shareholders' equity		1,661,225	1,449,807	1,661,225	1,449,807
Total liabilities and shareholders' equity		2,591,664	2,642,515	2,591,666	2,642,516

The notes are an integral part of these condensed interim financial information .

Ferroport Logística Comercial Exportadora S.A.

Condensed statements of income

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

(In thousands of Reais)

	Note	Parent Company			
		Three month period ended		Six-month period ended	
		June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Net revenue of services	17	221,746	234,765	455,619	434,125
Costs of services	18	(53,660)	(51,161)	(118,424)	(93,691)
Gross profit		168,086	183,604	337,195	340,434
Operating income (expenses)					
General and administrative expenses	19	(9,693)	(8,340)	(17,924)	(19,191)
Expected Credit Loss	20	949	141	1,844	153
Other operating income (expenses), net	20	2,922	1,822	5,471	4,416
		(5,822)	(6,377)	(10,609)	(14,622)
Income before financial income (expenses) and taxes		162,264	177,227	326,586	325,812
Financial income (expenses)					
Financial income	21	945	71,471	1,604	73,053
Financial expenses	21	(12,320)	(12,587)	(21,308)	(31,211)
Equity income (loss), net		4	(29)	(4)	(100)
Income before taxes		150,893	236,082	306,878	367,554
Income and social contribution taxes					
Current	6	(46,869)	(47,929)	(97,772)	(73,762)
Deferred	6	(10,614)	(32,498)	2,312	(53,550)
Total income and social contribution taxes		(57,483)	(80,427)	(95,460)	(127,312)
Net income for the period		93,410	155,655	211,418	240,242

The notes are an integral part of these condensed interim financial information.

Ferroport Logística Comercial Exportadora S.A.

Condensed statements of income

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

(In thousands of Reais)

	Note	Consolidated			
		Three month period ended		Six month period ended	
		June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Net revenue of services	17	221,746	234,879	455,619	434,352
Costs of services	18	(53,660)	(51,266)	(118,424)	(93,967)
Gross profit		168,086	183,613	337,195	340,385
Operating income (expenses)					
General and administrative expenses	19	(9,693)	(8,344)	(17,933)	(19,204)
Expected Credit Loss	20	949	141	1,844	153
Other operating income (expenses), net	20	2,922	1,822	5,471	4,416
		(5,822)	(6,381)	(10,618)	(14,635)
Income before financial income (expenses) and taxes		162,264	177,232	326,577	325,750
Financial income (expenses)					
Financial income	21	952	71,471	1,612	72,954
Financial expenses	21	(12,321)	(12,612)	(21,309)	(31,130)
Income before taxes		150,895	236,091	306,880	367,574
Income and social contribution taxes					
Current	6	(46,871)	(47,938)	(97,774)	(73,782)
Deferred	6	(10,614)	(32,498)	2,312	(53,550)
Total income and social contribution taxes		(57,485)	(80,436)	(95,462)	(127,332)
Net income for the period		93,410	155,655	211,418	240,242

The notes are an integral part of these condensed interim financial information.

Ferropport Logística Comercial Exportadora S.A.

Condensed statements of comprehensive income

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

(In thousands of Reais)

	Parent Company and Consolidated			
	Three month period ended		Six month period ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Net income for the period	93,410	155,655	211,418	240,242
Total comprehensive income for the year	93,410	155,655	211,418	240,242

The notes are an integral part of these condensed interim financial information.

Ferropport Logística Comercial Exportadora S.A.

Condensed statements of changes in shareholders' equity

Six-month period ended on June 30, 2021 and 2020

(In thousands of Reais)

		Parent Company and Consolidated						
	Note	Share Capital	Profits to be allocated	Capital reserve	Contingencies reserve	Legal reserve	Accumulated profit (losses)	Total
Balances as of January 1st, 2020	16	803,404	-	94,589	109,595	27,756	-	1,035,344
Net income for the period		-	-	-	-	-	240,242	240,242
Balances as of June 30, 2020		803,404	-	94,589	109,595	27,756	240,242	1,275,586
Balances as of January 1st, 2021		803,404	393,748	94,589	109,595	48,471	-	1,449,807
Net income for the period		-	-	-	-	-	211,418	211,418
Capital increase		393,748	(393,748)	-	-	-	-	-
Balances as of June 31, 2021		1,197,152	-	94,589	109,595	48,471	211,418	1,661,225

The notes are an integral part of these condensed interim financial information.

Ferropport Logística Comercial Exportadora S.A.

Condensed statements of cash flows

Six-month period ended June 30, 2021 and 2020

(In thousands of Reais)

	Parent Company		Consolidated	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Operating activities				
Income before taxes	306,878	367,554	306,880	367,574
Adjustments to reconcile income before taxes and net cash provided by operating activities:				
Depreciation and amortization	53,741	27,571	53,741	27,571
Monetary variation and interest	9,552	29,835	9,552	29,835
Tax Provision	11,480	2,682	11,480	2,682
Amortization of insurance	2,686	2,354	2,688	2,360
Provision for bônus	5,115	2,204	5,115	2,207
Provision for legal proceeding	(1,370)	1,359	(1,370)	1,359
Deferred revenue amortization	(1,097)	(1,097)	(1,097)	(1,097)
Shares of results of investee	5	100	-	-
Provision for expected credit losses	(1,844)	(153)	(1,844)	(153)
	385,146	432,409	385,145	432,338
(Increase) decrease of assets and increase (decrease) of liabilities:				
Account receivable from related parties	80,831	206,337	80,831	206,445
Inventories	(3,508)	(1,171)	(3,508)	(1,171)
Recoverable taxes	(237)	926	(239)	870
Prepaid expenses	(74)	(2,178)	(74)	(2,190)
Trade accounts payable	(24,210)	7,039	(24,210)	7,051
Taxes payable	(16,167)	(5,460)	(16,168)	(5,505)
Payroll and related charges	(8,491)	(5,053)	(8,491)	(5,056)
Accounts payable to related parties	-	-	-	-
Taxes payable related to intercompany loans	(951)	(38,749)	(951)	(38,749)
Interest paid	(7,964)	(219,578)	(7,964)	(219,578)
Income tax and social contribution paid	(77,214)	(64,079)	(77,214)	(64,079)
Interest on leases	(210)	(245)	(210)	(245)
Other	2,891	(4,216)	2,891	(4,216)
Net cash flows generated by operating activities	329,842	305,982	329,838	305,915
Investing activities				
Acquisition of intangible assets	(513)	(527)	(513)	(527)
Acquisition of property, plant and equipment	(19,158)	(15,615)	(19,158)	(15,615)
Net cash flows used in investing activities	(19,671)	(16,142)	(19,671)	(16,142)
Financing activities				
Intercompany loans settled	(249,880)	(225,711)	(249,880)	(225,711)
Lease payments	(953)	(778)	(953)	(778)
Net cash flows used in financing activities	(250,833)	(226,489)	(250,833)	(226,489)
Increase in cash and cash equivalents	59,338	63,351	59,333	63,284
Cash and cash equivalents				
At beginning of the period	78,553	38,600	79,143	39,327
At end of the period	137,891	101,951	138,477	102,611
Decrease in cash and cash equivalents	59,338	63,351	59,334	63,284

The notes are an integral part of these condensed interim financial information.

Notes to the interim financial information

(In thousands of Reais, unless otherwise stated)

1 The Company and its operations

In 2007, Ferroport Logística Comercial Exportadora S.A. (“Ferroport” or the “Company”), formerly known as LLX Minas-Rio Logística Comercial Exportadora S.A., located in the state of Rio de Janeiro, Rua da Passagem 123/ 11th floor - Botafogo, was incorporated with the purpose of developing and operating port facilities and providing logistics support services.

Ferroport is joint owner of an area of 300 hectares in the Açú Port which is responsible for iron ore processing, handling, and storage, and an offshore structure comprising an access bridge, access canal, breakwater and two berths for iron ore loading. The development of the project was established by the Framework Agreement and Asset Allocation Agreement (“Agreement”) which sets forth the operating and commercial relations between the Company, Prumo Participações e Investimentos S.A. (“Prumopar”), Prumo’s subsidiary Açú Petróleo S.A. (“Açú Petróleo”) and Anglo American Minério de Ferro do Brasil S.A. (“AAMFB”).

In 2021, the Company loaded 11.5 million tons (unreviewed) of iron ore in 73 vessels (unreviewed) (12.6 million tons (unreviewed) in 80 vessels (unreviewed) during six-month period of 2020). Since the beginning of operations in October 2014, the Company loaded 102.9 million tons (unreviewed) of iron ore, reaching a mark of 651 vessels (unreviewed) berthing at the port.

In 2021, the Açú Petróleo S.A. performed 37 operations (unreviewed) in 89 vessels (unreviewed), loading 7.0 million metric tons (unreviewed) of oil transshipment. In the same period of 2020, the Açú Petróleo S.A. performed 35 operations (unreviewed) in 82 vessels (unreviewed), loading 6.1 million metric tons (unreviewed) of oil transshipment. Since the beginning of operations in August 2016, they carried out 218 operations (unreviewed) in 513 Suezmax and VLCC vessels (unreviewed). According to the port access contract, Ferroport receives monthly variable fees from Açú Petróleo, due to the use of the area to provide the service.

The main preventive measures adopted related to Covid-19 and still in place are: Institution of crisis committee, home office for employees, suspension of travel and events, enhanced hygiene on buses, administrative buildings and cafeteria, checkpoint for inspection of hygiene in vehicles, temperature measurement of employees, distribution of masks for employees and third parties, testing of employees and third parties. In June 2021, after the classification of port and airport employees as priorities by the Ministry of Health, the process of vaccination of employees and outsourced employees began.

On March 25, 2021, Ferroport started the test operation with AAMFB called “Sinter feed”, which consisted of receiving iron ore by trucks. The test operation lasted about 17 weeks, with approximately 31 trucks (unreviewed) accessing the port per day and handling a total volume of 40,117 tonnes (unreviewed) of iron ore. This test operation did not generate revenue, only reimbursement of incurred costs.

Due to the success of the operation, the shareholders are considering continuing the operation with another test in October 2021, also with 40 thousand tons (unreviewed) of iron ore.

1.1 Subsidiary

See out below the subsidiary of Ferroport Logística:

Activity	Ownership interest
Ferroport Serviços	100%

In August 2018, Ferroport Serviços EIRELI (“Ferroport Serviços”), a fully controlled subsidiary of Ferroport Logística, started the operations providing maintenance and engineering services to the companies located in the port terminal.

2 Licenses

Type	Issue date	Maturity
Permit the management of terrestrial fauna in the port terminal by the company Firjan/Senai Consulting Engineering AA N° IN003173. License in the process of renewal. Protocol 011.10481/2021.	April 04,2019	April 04, 2021
Permit to Use Water Resources OUT IN05405 authorizes the extraction of raw water through tubular wells, for human consumption, and other applications (in civil construction works and to spray on roads), in the Hydrographic Basin RH-IX - BaixoParaíba do Sul.	September 27, 2019	September 27, 2024
INEA (State Institute of Environment): Statutory law for receipts of iron ore, stockyard iron transfer unit, access bridge, loading pier, areas of utilities and repair shop, administrative area, , dredging for maintenance of draught for access and navigation, trans-shipment of waste of vessels and food loading activities, inputs of drinking water on vessels. Statutory Law - Regulatory Procedure 027024.(AVB002815).	September 02, 2015	December 22, 2023
License renewed for another 6 Years through AVB003584.		
ANTAQ (Supervising Office for Grants of the National Waterway Agency) authorizes Ferroport to start operating the port terminal.	September 02, 2014	September 02, 2039
Permit temporary refueling, by using tank trucks, tug boats, and speed boats on Porto do Açú iron ore terminal LI no.IN 047638.	December 13, 2018	December 13, 2023

3 Basis of preparation and presentation of the condensed interim financial information and summary of significant accounting practices

a. Statement of compliance

The condensed parent company and consolidated interim financial information have been prepared in accordance with CPC 21 - *Interim Financial Reporting* issued by the Accounting Pronouncements Committee (“CPC”).

The condensed consolidated and individual interim financial information do not include all the information and disclosures required in annual financial statements and should be read in

conjunction with the financial statements as of December 31, 2020, prepared in accordance with accounting practices adopted in Brazil (“BR GAAP”), which comprise dispositions of the Brazilian Corporate Law, as determined by Law 6,404/76 with updates on Law 11,638/07 and accounting pronouncements, interpretations and orientations issued by the Accounting Pronouncements Committee (CPC) approved by Brazilian CVM.

The accounting policies mentioned adopted in this condensed interim financial information are consistent with those followed in the preparation of the Company’s financial statements for the year ended December 31, 2020 and concluded on March 26, 2021.

The Company’s Directors authorized the conclusion of these condensed interim financial information on July 29, 2021.

b. Basis of measurement

The condensed interim financial information has been prepared on the historical cost basis, except for derivative financial instruments, which have been measured at fair value.

c. Functional and reporting currency

This condensed interim financial information is presented in Brazilian Reais, which is the Company’s functional and reporting currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

4 Cash and cash equivalents

	Parent Company		Consolidated	
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
Cash and banks	635	306	645	474
Cash equivalents				
Bank deposit certificate (CDB)	137,255	78,247	137,832	78,669
	137,890	78,553	138,477	79,143

Highly liquid short-term investments are readily convertible into a known amount of cash and subject to insignificant risk of change in their value. The return of investments was 101.67% of Interbank Deposit (DI) rate in second quarter of 2021 (100.91% in the last quarter of 2020). The portfolio currently consists of deposits certificates issued by Santander and Banco ABC.

5 Inventories

In June 31, 2021, the individual and consolidated balance of inventories applied to equipment maintenance totaled R\$ 33,081 (R\$ 29,064 in December 31, 2020).

6 Income tax and social contribution

The changes in the deferred income and social contribution taxes assets and liabilities are as follow:

	Company and Consolidated		
	December 31, 2020	Additional amount/offset (liability) recorded	June 30, 2021
Assets			
Temporary differences:			
Provisions of bonus, contingencies and others			
Difference between tax basis and book value - deferred tax assets	17,760	(3,921)	13,839
Other	1,078	323	1,401
Total deferred income taxes assets	18,838	(3,598)	15,240
Liabilities			
Difference between tax basis and book value of depreciation rates	(74,173)	17,074	(57,099)
Temporary differences:			
Capitalized interests	(73,851)	(11,349)	(85,200)
Judicial deposits	(1,373)	185	(1,188)
Total deferred income taxes liabilities	(149,397)	5,910	(143,487)
Net effect	(130,559)	2,312	(128,247)

The reconciliation of the reported income tax and social contribution and the amount determined by applying the nominal rate for the periods ended June 30, 2021 and 2020, are as follows:

Income Tax and Social Contribution	Parent Company			
	Three month period ended		Six month period ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Income before income taxes	150,893	236,082	306,878	367,554
Income tax at the nominal rate 34%	(51,304)	(80,268)	(104,339)	(124,968)
Tax adjustments:				
Defferred - Capitalized interest	-	-	21,863	-
Effect of addition - depreciation adjustment	-	-	(6,644)	-
Effect of addition - infraction notice's fine	(3,325)	-	(3,325)	-
Defferred - Provision and reversal provision	-	-	-	(4,661)
Defferred - Tax loss	-	-	-	1,263
Other	(2,854)	(159)	(3,015)	1,054
Total	(57,483)	(80,427)	(95,460)	(127,312)
Current income and social contribution tax	(46,869)	(47,929)	(97,772)	(73,762)
Defferred income and social contribution tax	(10,614)	(32,498)	2,312	(53,550)
Total income and social contribution tax	(57,483)	(80,427)	(95,460)	(127,312)
Effective rate	38%	34%	31%	35%

Income Tax and Social Contribution	Consolidated			
	Three month period ended		Six month period ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Income before income taxes	150,895	236,091	306,880	367,574
Income tax at the nominal rate 34%	(51,303)	(80,271)	(104,337)	(124,869)
tax aliquot effectpresumed profit	(1)	(51)	(2)	(106)
Tax adjustments:				
Defferred - Capitalized interest	-	-	21,863	-
Effect of addition - depreciation adjustment	-	-	(6,644)	-
Effect of addition - infraction notice's fine	(3,325)	-	(3,325)	-
Defferred - Provision and reversal provision	-	-	-	(4,661)
Defferred - Tax loss	-	-	-	1,263
Other	(2,856)	(114)	(3,017)	1,041
Total	(57,485)	(80,436)	(95,462)	(127,332)
Current income and social contribution tax	(46,871)	(47,938)	(97,774)	(73,782)
Defferred income and social contribution tax	(10,614)	(32,498)	2,312	(53,550)
Total income and social contribution tax	(57,485)	(80,436)	(95,462)	(127,332)
Effective rate	38%	34%	31%	35%

7 Recoverable taxes

	Parent Company		Consolidated	
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
Income tax	9,553	9,417	9,553	9,417
Social contribution	3,298	3,298	3,298	3,298
PIS and COFINS	4,172	4,175	4,201	4,204
INSS	-	-	59	59
ISS	48	48	48	48
Other	7	4	17	13
Subtotal recoverable taxes	17,078	16,942	17,176	17,039
Income tax	-	-	32	33
Social contribution	-	-	10	10
Total income taxes and social contribution recoverable	-	-	42	42
Total	17,078	16,942	17,218	17,082
Current	17,078	16,942	17,218	17,082

8 Judicial deposits

	Company and Consolidated	
	June 30, 2021	December 31, 2020
Income tax and social contribution (a)	32,719	32,563
Other	439	1,846
	33,158	34,409

- (a) The Company challenges the payment of income tax and social contribution on net income recognized in its pre-operating phase and filed an injunction in January 2008, making a judicial deposit in the original amount of R\$ 16,403. Ferroport obtained an unfavorable decision and is awaiting decision on its appeal, the amount deposited is fully reserved under "Taxes payable". In December 2020, the 10th federal court of Rio de Janeiro was granted a favorable decision, with partial return of the judicial deposit in the amount of R\$ 3,358. The amount was received on December 4, 2020. The total amount in June 2021 is R\$ 32,719 (R\$32,563 in December 2020).

9 Investments in subsidiary

The investments in subsidiary are as follow:

a. Movement of participation in subsidiary

	December 31, 2020	Addition	Equity loss	June 30, 2021
Ferroport Serviços EIRELI	731	-	(5)	726

b. Relevant information about subsidiary

As of June 30, 2021:

Direct subsidiaries	%	Number of shares (thousand)	Asset	Liability	Shareholders ' equity	Capital	Loss for the period
Ferroport Serviços EIRELI	100	100	728	(2)	(726)	100	(5)

10 Right-of-use assets/Lease liabilities

The table below shows the contracts within the scope of CPC 06 R2 / IFRS 16, segregated by supplier, with their respective contractual terms and interest rates applied, as of June 30, 2021:

Parent Company and Consolidated						
Suppliers	Assets	Right of use assets	Lease Liabilities	Months	Interest rates	
Localiza	Vehicles	1,690	1,797	38	1.0280%	
Transbarra	Machinery and equipment	1,182	1,296	36	0.9902%	
Ormec	Machinery and equipment	271	280	22	0.9902%	
Solaris	Machinery and equipment	70	80	36	0.9902%	
Trimak	Machinery and equipment	222	227	36	0.9902%	
		3,435	3,680			

To obtain the interest rates, the Company simulated obtaining funds from financial institutions for the acquisition of the underlying assets, with similar terms to the respective contracts.

The movements of the right of use assets and lease liabilities, with their respective final balances at June 30, 2021 and December 2020, are as follows:

Lease Assets	Parent Company and Consolidated			
	December 31, 2020	Additions	(-) Depreciation	June 30, 2021
Right of use – Vehicles	1,186	984	(342)	1,828
Right of use - Machinery and equipment	1,881	360	(634)	1,607
	3,067	1,344	(976)	3,435

Lease Assets	Parent Company and Consolidated			
	December 31, 2019	Additions	(-) Depreciation	June 30, 2020
Right of use - Vehicles	1,688	135	(305)	1,518
Right of use - Machinery and equipment	2,595	-	(551)	2,044
	4,283	135	(856)	3,562

Lease Liabilities	Parent Company and Consolidated					June 30, 2021
	December 31, 2020	Additions	Transfer	Interest	Payments	
Current	1,890	542	604	209	(1,163)	2,082
Non-current	1,400	802	(604)	-	-	1,598
	3,290	1,344	-	210	(1,163)	3,680

Lease Liabilities	Parent Company and Consolidated					June 30, 2020
	December 31, 2019	Additions	Transfer	Interest	Payments	
Current	1,569	62	800	245	(1,023)	1,653
Non-current	2,820	73	(800)	-	-	2,093
	4,389	135	-	245	(1,023)	3,746

Parent Company and Consolidated				
Payments	June 30, 2020		June 30, 2021	
	Fixed (Lease)	Total	Fixed (Lease)	Total
Vehicles	(370)	(370)	(415)	(415)
Machinery and equipment	(653)	(653)	(748)	(748)
	(1,023)	(1,023)	(1,163)	(1,163)

The table below describes the maturity terms of the lease liabilities, considering the future cash flows of principal and interest payments according to the contractual forecast, with position as of June 30, 2021:

Parent Company and Consolidated					
	Maturity				
	up to 6 months	From 6 to 12 months	From 1 to 2 years	Above 2 years	Total
Lease Liabilities	1,031	1,052	1,252	345	3,680

11 Property, plant and equipment

Parent Company and Consolidated	Annual depreciation rate %	Cost	Accumulated depreciation	Net balance at June 30, 2021	Net balance at December 31, 2020
Improvements	4	66,220	(66,096)	124	1,076
Furniture and fixtures	10	1,128	(598)	531	513
Vehicles	20 and 25	1,332	(1,116)	216	278
IT equipment	20	10,558	(4,840)	5,718	5,994
Machinery and equipment	10, 20 and 50	35,235	(7,317)	27,917	24,080
Electronic equipment	20	1,818	(668)	1,150	866
Defenses	10	4,031	(2,545)	1,486	1,716
Breakwater	2.22	853,615	(123,632)	729,983	738,933
Maritime access canal	2.22	451,796	(60,431)	391,365	407,334
Pier - Port Terminal	2.22	834,798	(104,934)	729,864	744,483
Safety equipment	10	22,211	(9,622)	12,589	12,548
Operational tools and equipment	5 and 20	40,684	(11,622)	29,062	24,202
Construction work in progress	-	125,331	-	125,331	127,759
Other equipments	-	17,959	(6,496)	11,463	11,898
		2,466,716	(399,917)	2,066,799	2,101,680

Changes in property, plant and equipment

Parent Company and Consolidated	Annual depreciation rate %	December 31, 2020	Additions	Writte-offs	June 30, 2021
Cost					
Improvements	4	66,220		-	66,220
Furniture and fixtures	10	1,067	61	-	1,128
Vehicles	20	1,332		-	1,332
IT equipment	20	10,176	382	-	10,558
Machinery and equipment	10	30,038	5,201	(4)	35,235
Electronic equipment	20	1,396	422	-	1,818
Defenses	10	4,031		-	4,031
Breakwater	2.22	853,058	557	-	853,615
Maritime access canal	2.22	451,796		-	451,796
Pier - Port Terminal	2.22	830,479	4,319	-	834,798
Safety equipment	10	20,854	1,357	-	22,211
Operational tools and equipment	10 and 5	33,920	6,764	-	40,684
Construction work in progress		127,759		(2,428)	125,331
Others equipments		17,421	538	-	17,959
		2,449,547	19,601	(2,432)	2,466,716

Parent Company and Consolidated	Annual depreciation rate %	December 31, 2020	Additions	June 30, 2021
Depreciation				
Improvements	4	(65,144)	(952)	(66,096)
Furniture and fixtures	10	(554)	(44)	(598)
Vehicles	20	(1,054)	(62)	(1,116)
IT equipment	20	(4,182)	(658)	(4,840)
Machinery and equipment	10	(5,958)	(1,359)	(7,317)
Electronic equipment	20	(530)	(138)	(668)
Defenses	10	(2,315)	(230)	(2,545)
Breakwater	2.22	(114,125)	(9,507)	(123,632)
Maritime access canal	2.22	(44,462)	(15,969)	(60,431)
Pier - Port Terminal	2.22	(85,996)	(18,938)	(104,934)
Safety equipment	5 and 20	(8,306)	(1,316)	(9,622)
Operational tools and equipment	10	(9,718)	(1,904)	(11,622)
Others equipments	10 and 5	(5,523)	(973)	(6,496)
		(347,867)	(52,050)	(399,917)
Property and equipment, net		2,101,680	(32,449)	2,066,799

Asset allocation

As aforementioned, the Company, Açu Petróleo and AAMFB signed the Asset Allocation Agreement, which determines that the Company is responsible for the construction of the T1 port terminal and sets out the allocation of assets between the parties, means of payment, transfer of divisible assets and joint ownership rules for the indivisible assets. The divisible assets will be transferred to the parties individually as stated in the Agreement.

As for the indivisible assets, each company has its share of participation in the assets (“condominium agreement”) according to a formula defined in the Agreement at construction cost.

12 Intangible assets

		Parent Company and Consolidated		
		December 31, 2020	Additions	June 30, 2021
	Amortization			
Cost				
Software use license	5 years	11,813	513	12,326
Total Cost		<u>11,813</u>	<u>513</u>	<u>12,326</u>
Amortization				
Software use license	5 years	(11,240)	(386)	(11,626)
Total Amortization		<u>(11,240)</u>	<u>(386)</u>	<u>(11,626)</u>
		<u>573</u>	<u>127</u>	<u>700</u>

13 Transactions with related parties

		Parent Company and Consolidated	
		June 30, 2021	December 31, 2020
Assets			
Assets to be transferred to AAMFB (a)		210,102	210,102
Accounts receivable from AAMFB (b)		77,793	158,955
Accounts receivable from Açú Petróleo (c)		2,619	2,275
		<u>290,514</u>	<u>371,332</u>
Credit Note			
AAMFB		533	528
Açú Petróleo		237	236
Current		81,181	161,994
Noncurrent		210,102	210,102
		<u>June 30, 2021</u>	<u>December 31, 2020</u>
Liabilities			
Advances of the asset allocation			
AAMFB (a)		210,102	210,102
Intercompany loans			
Prumo Participações e Investimentos		175,887	300,376
Withholding income tax on loan		127	153
Anglo American Capital London		128,128	253,663
		<u>514,244</u>	<u>764,294</u>
Deferred revenue			
Deferred revenue with related party (d)		47,350	48,447
Current		144,250	142,000
Noncurrent		369,994	622,294

- (a) This refers to the divisible assets that will be transferred to AAMFB, according to the Agreement;
- (b) Receivables from the take-or-pay agreement with AAMFB. In addition, in June 2021 there are R\$ 1,393 related to the test operation called "Sinter Feed", as described in note 1;
- (c) Receivables from the Port Access agreement related to T-Oil operations;

- (d) In January 2008, an agreement was entered into with Porto do Açú for granting the right of accessing the port facilities to load and unload ships. This contract, amounting to R\$ 62,159, is effective for 35 years, renewable for another 35 years, and was fully paid as of December 31, 2009. The revenue will be recognized over the contract term. After the start-up of operation in October 2014, this amount started to be monthly recognized as other revenues.

Maturity and interest

Intercompany loans are determined in Brazilian Reais (BRL) and subject to annual interest of 100% of the CDI plus 2% p.a. Intercompany loans have no covenants or guarantees.

The Company shall repay all amounts outstanding, including any outstanding interest thereon, under all shareholder loans by no later than December 31, 2030.

The transactions that affect the profit or loss are as follows:

	Parent Company			
	Revenues (expenses)			
	Three month period ended		Six month period ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Revenue				
AAMFB - take-or-pay agreement	217,185	226,175	448,464	417,831
Açú Petróleo	5,272	9,231	10,365	17,432
Ferroport Serviços	-	114	-	227,00
Expenses/Costs				
Anglo American	-	(5)	-	(97)
Financial expenses				
Interest on loans				
Prumo Participações e Investimentos	(2,586)	(6,034)	(5,126)	(15,416)
Anglo American Capital London	(1,984)	(5,480)	(4,073)	(14,190)
	217,887	224,001	449,630	405,787

	Consolidated			
	Revenues (expenses)			
	Three month period ended		Six month period ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Revenue				
AAMFB - take-or-pay agreement	217,185	226,175	448,464	417,831
Açú Petróleo	5,272	9,231	10,365	17,432
Expenses/Costs				
Anglo American	-	(5)	-	(97)
Financial expenses				
Interest on loans				
Prumo Participações e Investimentos	(2,586)	(6,034)	(5,126)	(15,416)
Anglo American Capital London	(1,984)	(5,480)	(4,073)	(14,190)
	217,887	223,887	449,630	405,560

Reconciliation of assets and liabilities to cash flows from financing activities:

	Liabilities
	Intercompany loans
Opening balances on January 1, 2021	764,142
Variations in cash	
Interest paid	(7,964)
Intercompany loans settled	(249,880)
Total variations in financing cash flows	(257,844)
Other variations	
Related liabilities	
Income tax on intercompany loans	(1,380)
Interest expense	9,199
Total other variations related liabilities	7,819
Closing balances on June 30, 2021	514,117

	June 30, 2021	June 30, 2020
Key management compensation was as follows:		
Payroll and related charges	1,952	1,897

14 Taxes payable

	Parent Company and consolidated	
	June 30, 2021	December 31, 2020
PIS and COFINS	31,833	31,866
ISS	77	588
ICMS	13,251	11,327
Income tax and social contribution (*)	102,696	86,389
Other	864	1,518
	148,721	131,688
Current	37,032	38,043
Noncurrent (*)	111,689	93,645

(*) This refers to the judicial deposit for income tax and social contribution described in Note 8. In addition, there are R\$ 45,991 referring to the parcelation of income tax and social contribution.

15 Provision for contingencies

Contingent Liabilities

The Company is subject to legal proceedings involving civil and administrative matters arising from the ordinary course of business, the Company classified as probable loss the following amounts:

	Parent Company and Consolidated	
	June 30, 2021	December 31, 2020
Probable:		
Labor claims	5,885	8,235
Civil claims (a)	15,131	14,151
	21,016	22,386

- (a) In 2018, ARG/Civilport filed a new litigation related to services claimed as rendered in the amount of R\$ 10,890 classified as probable loss. As of June 30, 2021, the amount is R\$ 13,261 (R\$ 12,328 in December 31, 2020).

Provision movements

	Parent Company and Consolidated			June 30, 2021
	December 31, 2020	Additions	write-offs	
Labor	8,235	329	(2,679)	5,885
Civil	14,151	1,167	(187)	15,131
	22,386	1,496	(2,866)	21,016

According to the legal counsel, the main proceedings classified as possible loss are demonstrated bellow:

	Parent Company and Consolidated	
	June 31, 2021	December 31, 2020
Labor claims	2,254	2,313
Tax claims (a)	250,845	248,866
Civil claims (b)	285,195	246,906
	538,294	498,085

- (a) Impacted mainly by the tax assessment of the Federal Revenue of Brazil (“RFB”) referring to the deduction of capitalized interest in the calculation of income tax and social contribution, and amortization of deferred tax on the merger goodwill, both from 2015 to 2017, in the amount of R\$ 217,362 (R\$ 215,760 in December, 2020). The additional exposure of the period 2018 to 2019 is R\$33,106 (R\$ 33,106 in december, 2020).
- (b) Impacted mainly by ARG/Civilport litigation in the amount of R\$ 173,500 (R\$ 163,394 in December 31, 2020) and Arcoenge R\$ 54,931 (R\$ 51,732 in December 31, 2020). The claims are due to breach of the contract (Lump Sum and Turn Key contracts) and the costs related to decommissioning.

16 Shareholders' equity

Capital

The Company's shareholding structure at June 30, 2021 and December 31, 2020, is as follows:

Shareholders	Number of shares	%
Prumo Participações e Investimentos S.A	875,617	50
Anglo American Investimentos - Minério de Ferro Ltda.	<u>875,617</u>	<u>50</u>
	<u>1,751,234</u>	<u>100</u>

Reserves

In accordance with the Brazilian Corporate Law, the legal reserve, which is intended to ensure the integrity of capital and may only be used to offset losses or increase the capital stock, is set up on an annual basis at 5% of the net income for the year and it cannot exceed 20% of the Share Capital. On June 31, 2021 the legal reserve has the amount of R\$ 48,471 (R\$ 48,471 on December 31, 2020).

On April 30, 2020, the capital increase in the amount of R\$ 393,747 was approved at the annual general meeting, without the issue of new shares, fully subscribed by the two shareholders Anglo American Investimentos - Minério de Ferro Ltda and Prumo Participações e Investimentos SA. After the capital increase, Ferroport's capital increased to R\$ 1,197,152 (R\$ 803,404 on December 31, 2020).

The general meeting may, at the proposal of the management bodies, allocate part of the net profit to the formation of a contingency reserve, with the purpose of offsetting, in a future year, the decrease in profit resulting from a loss deemed probable, the amount of which can be estimated. On June 31, 2021, the contingency reserve has the amount of R\$ 109,595 (R\$ 109,595 on December 31, 2020).

Capital reserves are constituted with amounts received by the Company and which do not pass through the result, do not refer to the delivery of goods or services by the company. On March 31, 2014, Ferroport approved at the Extraordinary General Meeting the merger of Centennial Asset Participações Minas-Rio SA and part of the spun off assets of Anglo American Participações Ltda. With the merger, Ferroport recorded a tax benefit of R\$ 94,589, arising from the acquisition of equity interest in the Company, against capital reserve. As of June 31, 2021 the capital reserves total R\$ 94,589 (R\$ 94,589 on December 31, 2020).

Dividends

The Shareholder's Agreement determines that dividends will be distributed after loans and financings with related parties are fully settled.

17 Net revenue from services

	Parent Company			
	Three month period ended		Six month period ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Gross revenue	249,875	264,514	513,555	489,407
Shipment of iron ore (Take or Pay)	243,889	254,347	501,985	470,135
Oil transshipment (T-Oil)	5,986	10,167	11,570	19,272
Taxes	(28,129)	(29,749)	(57,935)	(55,282)
Taxes on gross revenue - PIS/COFINS	(23,114)	(24,467)	(47,633)	(45,529)
Tax on services – ISS	(5,015)	(5,282)	(10,303)	(9,753)
Net revenue from services	221,746	234,765	455,619	434,125

	Consolidated			
	Three month period ended		Six month period ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Gross revenue	249,876	264,635	513,555	489,648
Shipment of iron ore (Take or Pay)	243,889	254,348	501,984	470,135
Oil transshipment (T-Oil)	5,987	10,167	11,571	19,272
Port services		120	-	241
Taxes	(28,129)	(29,756)	(57,935)	(55,296)
Taxes on gross revenue - PIS/COFINS	(23,114)	(24,472)	(47,633)	(45,538)
Tax on services – ISS	(5,016)	(5,284)	(10,303)	(9,758)
Net revenue from services	221,746	234,879	455,619	434,352

18 Costs of services

	Parent Company			
	Three month period ended		Six month period ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Payroll and related charges	(12,053)	(9,696)	(23,650)	(20,145)
Depreciation and amortization	(14,147)	(11,681)	(46,158)	(23,275)
Third-parties services	(9,184)	(15,113)	(16,929)	(20,962)
Leases and rents	(865)	(897)	(1,664)	(1,615)
Insurance	(1,389)	(1,261)	(2,650)	(2,273)
Consumables spare parts	(13,119)	(10,303)	(22,688)	(21,666)
Environmental expenses	(565)	(521)	(1,059)	(1,042)
Depreciation of rights of use assets	(455)	(400)	(880)	(795)
Other	(1,883)	(1,289)	(2,746)	(1,918)
	(53,660)	(51,161)	(118,424)	(93,691)

	Consolidated			
	Three month period ended		Six month period ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Payroll and related charges	(12,053)	(9,802)	(23,650)	(20,419)
Depreciation and amortization	(14,147)	(11,681)	(46,158)	(23,275)
Third-parties services	(9,184)	(15,113)	(16,929)	(20,962)
Leases and rents	(865)	(897)	(1,664)	(1,616)
Insurance	(1,389)	(1,261)	(2,650)	(2,273)
Consumables spare parts	(13,119)	(10,303)	(22,688)	(21,667)
Environmental expenses	(565)	(521)	(1,059)	(1,059)
Depreciation of rights of use assets	(455)	(400)	(880)	(795)
Other	(1,883)	(1,288)	(2,746)	(1,901)
	(53,660)	(51,266)	(118,424)	(93,967)

19 General and administrative expenses

	Parent Company			
	Three month period ended		Six month period ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Payroll and related charges	(4,001)	(2,655)	(7,807)	(6,055)
Third party services	(2,313)	(2,145)	(3,932)	(6,519)
Depreciation and amortization	(3,962)	(1,758)	(6,608)	(3,440)
Insurance	(19)	(19)	(38)	(38)
Travel expenses	(43)	(33)	(56)	(112)
Leases and rents	(71)	(74)	(151)	(196)
Depreciation of rights of use assets	(48)	(31)	(96)	(62)
Contingencies	962	(1,080)	1,370	(1,887)
Other	(198)	(545)	(606)	(882)
	(9,693)	(8,340)	(17,924)	(19,191)

	Consolidated			
	Three month period ended		Six month period ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Payroll and related charges	(4,001)	(2,655)	(7,807)	(6,062)
Third party services	(2,306)	(2,145)	(3,932)	(6,519)
Depreciation and amortization	(3,962)	(1,758)	(6,608)	(3,440)
Insurance	(19)	(23)	(40)	(44)
Travel expenses	(43)	(33)	(56)	(112)
Leases and rents	(71)	(74)	(151)	(196)
Depreciation of rights of use assets	(48)	(31)	(96)	(62)
Contingencies	962	(1,080)	1,370	(1,887)
Other	(205)	(545)	(613)	(882)
	(9,693)	(8,344)	(17,933)	(19,204)

20 Other operating income

	Parent Company and Consolidated			
	Three month period ended		Six month period ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Non-consumed electric energy (a)	2,390	1,325	4,428	3,420
Reversal for expected credit losses - Non-consumed electric energy (a)	949	141	1,844	153
Deferred revenue - right of use	498	497	996	996
Other	34	-	47	-
	3,871	1,963	7,315	4,569

- (a) Refers to the sale of non-consumed electric energy with CCEE - *Câmara de Comércio de Energia Elétrica and other energy traders*. The income is associated to the power trading, regarding the CCEE, which Ferroport is an agent, which means, Company associated to the CCEE that participates holding rights and duties.

21 Financial income (expenses)

	Parent Company			
	Three month period ended		Six month period ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Financial expenses				
Tax on financial transactions (IOF)	(332)	(183)	(382)	(227)
Interest - intercompany loan	(4,570)	(11,514)	(9,199)	(29,606)
Interest on leases	(110)	(117)	(210)	(245)
Penalty due to tax parcellation	(7,622)	-	(11,439)	-
Other	314	(773)	(78)	(1,133)
	(12,320)	(12,587)	(21,308)	(31,211)
Financial income				
Exchange and monetary variation	-	70,034	-	70,034
Interest income	945	1,437	1,604	3,019
	945	71,471	1,604	73,053
Financial results, net	(11,375)	58,884	(19,704)	41,842
	Consolidated			
	Three month period ended		Six month period ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Financial expenses				
Tax on financial transactions (IOF)	(332)	(182)	(382)	(227)
Interest - intercompany loan	(4,570)	(11,514)	(9,199)	(29,606)
Interest on leases	(110)	(117)	(210)	(245)
Penalty due to tax parcellation	(7,622)	-	(11,439)	-
Other	313	(799)	(79)	(1,052)
	(12,321)	(12,612)	(21,309)	(31,130)
Financial income				
Exchange and monetary variation	-	70,034	-	70,034
Interest income	952	1,437	1,612	2,920
	952	71,471	1,612	72,954
Financial results, net	(11,369)	58,859	(19,697)	41,824

22 Commitments

The Company undertook future purchase commitments amounting to R\$ 201,287 at June 30, 2021 (R\$ 209,475 on December 31, 2020) and these should be fulfilled in the course of the operations.

Asset	June 30, 2021	December 31, 2020	
Property, plant and equipment / Intangible / Right of use assets			
Construction in progress	1,997	3,818	Repowering and emergency routes
	2,665	1,813	Structural reform to adapt the facilities
Right of use assets - Lease	4,012	5,677	Leasing of vehicles, machinery and equipment
Intangible	338	439	Systems licenses
Total asset	9,012	11,747	
Result			
Cost/Expenses	59,145	77,136	Electricity purchase agreement
	20,991	23,034	Industrial cleaning and facilities services
	8,947	11,447	Support for navigation and underwater activities
	6,548	7,835	Transport of employees
	5,146	5,966	Vigilance and Security
	6,299	8,674	Health and medical services plan
	12,204	11,985	Legal and financial consultancy
	10,362	12,585	Reforestation and waste management
	3,625	7,144	Employee benefits
	3,058	3,668	IT Services
	39,666	11,550	Preventive and corrective maintenance
	4,714	6,550	Medical services and occupational health
	11,570	10,154	Others
Total Results	192,275	197,728	
Total	201,287	209,475	

23 Financial instruments

The estimated realizable values of the financial assets and liabilities of the Company were determined based on available market information and proper valuation methodologies. However, considerable judgment was required in interpreting market data to develop the most adequate estimate of realizable value. Consequently, the estimates do not necessarily indicate the values that could be realized in the current exchange market.

Financial assets and liabilities at June 30, 2021 and December 31, 2020 are as follows:

Classifications	Company					
	June 30, 2021			December 31, 2020		
	Book Value	Amortized cost	Fair value measurement hierarchy	Book Value	Amortized cost	Fair value measurement hierarchy
Assets						
Cash and cash equivalents	137,891	137,891	2	38,600	38,600	2
Accounts receivable	81,181	81,181	2	373,440	373,440	2
Liabilities						
<i>Other financial liabilities</i>						
Lease Liabilities	3,680	3,680	2	3,290	3,290	2
Trade accounts payable	34,897	34,897	2	22,884	22,884	2
Related parties loans	514,244	514,244	2	1,458,916	1,458,916	2
Classifications	Consolidated					
	June 30, 2021			December 31, 2020		
	Book Value	Amortized cost	Fair value measurement hierarchy	Book Value	Amortized cost	Fair value measurement hierarchy
Assets						
Cash and cash equivalents	138,477	138,477	2	38,600	38,600	2
Accounts receivable	81,181	81,181	2	373,521	373,521	2
Liabilities						
<i>Other financial liabilities</i>						
Lease Liabilities	3,680	3,680	2	3,290	3,290	2
Trade accounts payable	34,898	34,898	2	22,284	22,284	2
Related parties loans	514,244	514,244	2	1,458,916	1,458,916	2

- **Level 1:** quoted (unadjusted) market prices in active markets for identical assets or liabilities,
- **Level 2:** valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable,
- **Level 3:** valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable,

The financial assets and liabilities, due to their characteristics and due dates, Management understands that fair values do not differ relevantly from their booking values.

The Company's financial transactions are subject to the following risk factors:

Currency risk

The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales are denominated and the Group's functional currency. The Group's functional currency is mainly the Real. The currency in which these transactions are primarily denominated is the Dollar.

The Group's sales expectation from July to December 2021 is at US\$ 93,353 and may be impacted by exchange rate variations.

Liquidity risk

The table below provides the Company's main financial liabilities at June 31, 2021. These amounts are gross and are not discounted and include payments of estimated interest and exclude the impact of the offsetting agreements.

	No maturity	Up to 6 months	From 1 year to 2 years	Total
Financial liabilities				
Trade accounts payable	-	34,897	-	34,897
Asset allocation	210,102	-	-	210,102
Related parties - loans	-	170,728	112,621	283,349
Total by maturity range	210,102	205,625	112,621	528,348

The Company's shareholders have supported the implementation of the business plan. The remaining Capex to completion will be funded by Company's cash generation and the shareholders when required by the Agreement.

Credit risk

This risk arises from the possibility of the Company incurring losses arising from default of their counterparties or financial institutions depository of funds.

The Company uses rating analyzes of the financial institutions through rating reports provided by the risk agencies, for the purpose of classifying and systematically follow up on the risk and performance of each bank.

The Company exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of customer base, including the default risk associated with the industry in which customers operate.

The Company held cash and cash equivalents of R\$ 138,477 thousand at June 30, 2021 (R\$ 79,143 thousand at December 31, 2020). The cash and cash equivalents are held with bank and financial institution counterparties, which is rated AAA, based on rate S&P agency rating.

At the exposure to credit risk are the following:

Financial instruments	June 30, 2021	December 31, 2020
Cash equivalents	138,477	79,143
Accounts receivable (Related parties)	81,181	161,994
	<u>219,658</u>	<u>241,137</u>

For the period ended on June 30, 2021 and December 31, 2020, the Company's service revenue is entirely related to services provided to the related parties and cash and banks and cash equivalents are invested in banks with at least A- rating.

Capital Management

The Company's funds to develop its business plan have been entirely funded through capital contributions and loans from the shareholders. The Company started its operations in October 2014 and started generating operating cash since then; the additional funds needed for the conclusion of the port construction will also be funded by its shareholders through additional loans when required by the Agreement, and operational cash generation.

24 Insurance coverage

The Company's policy consists of entering into insurance coverage for assets subject to risks at amounts deemed sufficient by management to cover claims, if any, considering the nature of its activity. The policies are in force and the premiums were duly paid.

As of June 30, 2021 and December 31, 2020, the insurance coverage was as follows:

	June 30, 2021	December 31, 2020
Property and equipment damages	2,642,100	2,642,100
Civil liability	250,110	259,835
Environmental Liability	30,000	30,000
Directors & Management	60,000	60,000

* * *

Carsten Bosselmann
Chief Executive Officer

Marcelo Amaral Palladino
Chief Financial Officer

Douglas dos Santos Guimarães
Accountant CRC-RJ-110416/O-0