

Prumo Participações e Investimentos S.A.

**Condensed interim financial
information as of March 31, 2021**

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Independent auditors' review report on condensed interim financial information

To the Shareholders, Board of Directors and Management of

Prumo Participações e Investimentos S.A.

Rio de Janeiro – RJ

Introduction

We have reviewed the condensed balance sheet of Prumo Participações e Investimentos S.A. ("Company"), as of March 31, 2021, and the related condensed statements of operations, statements of comprehensive income (loss), statements of changes in shareholders' equity and statements of cash flows for the three-month period then ended, including the explanatory notes.

Management is responsible for the preparation and fair presentation of the condensed 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

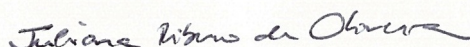
We conducted our review in accordance with Brazilian and International Interim Financial Information Review Standards (NBC TR 2410 - Revisão de Informações Intermediárias Executada pelo Auditor da Entidade and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity). A review of condensed 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 interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information, as of March 31, 2021, are not prepared, in all material respects, in accordance with CPC 21 (R1) – Interim Financial Reporting.

Rio de Janeiro, May 03, 2021

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



Juliana Ribeiro de Oliveira

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CRC RJ-095335/O-0

Prumo Participações e Investimentos S.A.

Condensed balance sheets as of March 31, 2021 and December 31, 2020

(In thousands of reais)

Assets	Note	March 31, 2021	December 31, 2020
Current			
Cash and cash equivalents	5	132,007	65,281
Escrow deposits	9	66,827	60,955
Recoverable taxes	6	13,006	13,010
Loan with related parties	7	71,563	71,000
Derivative	9 and 14	2,774	-
Other accounts receivable		12	11
Total current assets		286,189	210,257
Noncurrent			
Deferred tax	10	-	180
Loan with related parties	7	162,213	229,379
Investments	8	811,053	749,919
Intangible assets		16	16
Total non-current assets		973,282	979,494
Total assets		1,259,471	1,189,751

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

Prumo Participações e Investimentos S.A.

Condensed balance sheets as of March 31, 2021 and December 31, 2020

(In thousands of reais)

Liabilities	Note	March 31, 2021	December 31, 2020
Current			
Trade payables		92	163
Loans and borrowings	9	94,695	55,520
Taxes payable	11	69	806
Accounts payable to related parties	7	57	1,733
Derivative	9 and 14	-	530
Total current liabilities		<u>94,913</u>	<u>58,752</u>
Noncurrent			
Deferred taxes	10	944	-
Loans and borrowings	9	1,586,887	1,435,614
Total non-current liabilities		<u>1,587,831</u>	<u>1,435,614</u>
Equity	12		
Share capital		10	10
Profit reserve		2	2
Accumulated losses		(423,285)	(304,627)
Total equity		<u>(423,273)</u>	<u>(304,615)</u>
Total liabilities and equity		<u>1,259,471</u>	<u>1,189,751</u>

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

Prumo Participações e Investimentos S.A.

Condensed statements of operations

Three-month period ended March 31, 2021 and 2020

(In thousands of reais)

	Note	March 31, 2021	March 31, 2020
Operating expenses			
Administrative expenses		(31)	(4)
Provision for asset impairment		(7)	5
Other Operating Expenses		<u>(306)</u>	<u>-</u>
		(344)	1
Finance income (costs)	13		
Finance income		12,136	50,078
Finance costs		<u>(190,460)</u>	<u>(442,340)</u>
		<u>(178,324)</u>	<u>(392,261)</u>
Equity gain	8	<u>61,134</u>	<u>43,467</u>
Net income before taxes		<u>(117,534)</u>	<u>(348,794)</u>
Deferred income and social contribution taxes	11	<u>(1,124)</u>	<u>(3,744)</u>
Net loss for the period		<u>(118,658)</u>	<u>(352,538)</u>

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

Prumo Participações e Investimentos S.A.

Condensed statements of comprehensive income (loss)

Three-month period ended March 31, 2021 and 2020

(In thousands of reais)

	March 31, 2021	March 31, 2020
Net loss for the period	(118,658)	(352,538)
Total comprehensive loss for the period	<u>(118,658)</u>	<u>(352,538)</u>

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

Prumo Participações e Investimentos S.A.

Condensed statements of changes in shareholders' equity

Periods ended March 31, 2021 and December 31, 2020

(In thousands of reais)

	Share capital	Profit reserve	Accumulated losses	Total equity
Balance as of December 31, 2019	<u>10</u>	<u>36,412</u>	<u>-</u>	<u>36,422</u>
Loss for the period	-	-	(352,538)	(352,538)
Balance at March 31, 2020	<u>10</u>	<u>36,412</u>	<u>(352,538)</u>	<u>(316,116)</u>
Balance at December 31, 2020	<u>10</u>	<u>2</u>	<u>(304,627)</u>	<u>(304,615)</u>
Loss for the period	-	-	(118,658)	(118,658)
Balance at March 31, 2021	<u>10</u>	<u>2</u>	<u>(423,285)</u>	<u>(423,273)</u>

See the accompanying notes to the condensed interim financial information.

Prumo Participações e Investimentos S.A.

Condensed statements of cash flows

Three-month period ended March 31, 2021 and 2020

(In thousands of reais)

	March 31, 2021	March 31, 2020
Cash flows from operating activities		
Net loss before tax	(117,534)	(348,794)
Expenses (income) not affecting cash:		
Equity gain	(61,134)	(43,467)
Monetary variance and interest	178,406	386,948
Transaction cost	-	6,813
Amortization of transaction costs	3,825	2,103
Others	313	-
	<u>3,876</u>	<u>3,603</u>
(Increase) decrease in assets and increase (decrease) in liabilities:		
Income tax on loan	184	(1,401)
Recoverable taxes	(384)	-
Trade accounts payable	(71)	(2,040)
Taxes payable	(737)	89
Loans with/accounts payable to related parties	(1,676)	-
Other assets and liabilities	(3,305)	(673)
	<u>(2,113)</u>	<u>(422)</u>
Net cash used in operating activities	<u>(2,113)</u>	<u>(422)</u>
Cash flows produced by investment activities		
Loans received from related parties – Interest	2,180	7,941
Loans received from related parties - Principal	66,659	39,273
	<u>68,839</u>	<u>47,214</u>
Net cash from investing activities	<u>68,839</u>	<u>47,214</u>
	<u>66,726</u>	<u>46,792</u>
Increase in cash and cash equivalents	<u>66,726</u>	<u>46,792</u>
Cash and cash equivalents at beginning of period	65,281	1,184
Cash and cash equivalents at end of period	<u>132,007</u>	<u>47,976</u>
Increase in cash and cash equivalents	<u>66,726</u>	<u>46,792</u>

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

Notes to the condensed Interim financial statements

(In thousands of Reais, except when indicated otherwise)

1 The Company and its operations

Prumo Participações e Investimentos S.A. (“Prumo Participações” or “Company”), located at the address Rua do Russel, 804, 5º andar, Glória, Rio de Janeiro was incorporated in 2015 as a wholly owned subsidiary of Prumo Logística S.A. (“Prumo”) in order to acquire interests in other companies as a shareholder. The Company carries out its operations via the joint venture Ferroport (“joint subsidiary”) with Anglo American Participações Minério de Ferro Ltda. (“Anglo American”).

Ferroport began operating in October 2014. The company is located at a 300-hectare area at Porto do Açú Operações to process, handle and store iron ore and is the co-owner of an offshore structure (T1) consisting of an access pier, approach channel, breakwater and pier with two berths for loading iron ore. In 2021 Ferroport loaded a total of 5.4 million tonnes (unreviewed) of iron ore, in 36 vessels (unreviewed) (6.1 million tonnes (unreviewed) in 41 vessels (unreviewed) during three-month period of 2020).

The risks and impacts of the COVID-19 pandemic on Prumo Participações’ condensed interim financial information as of March 31, 2021 primarily refer to Ferroport.

Management evaluates the implementation of appropriate measures to mitigate the impacts of the outbreak on operations and condensed Interim financial statements. Until the date of authorization for issuing these condensed Interim financial statements, the following main measures were taken:

- Formation of a Crisis Committee;
 - Virtual meetings, suspension of events and travel;
 - Setting up home offices for office workers whenever possible;
 - Weekly rotations in the workplace;
- At the port, the Ministry of Health's regulatory agency will not authorize any ships to moor until the National Health Surveillance Agency (Anvisa) has approved the report issued by the ship’s captain regarding sanitary conditions on the vessel and amongst the crew.

The Company has introduced internal measures to respond to the COVID-19 threat. Ferroport's operating activities are ongoing and the Take-or-Pay agreement with Anglo American remains in place without any interruption. Ferroport has consequently continued making all loan repayments to Prumo Participações, which have not been affected by the COVID-19 outbreak.

To the extent the Company becomes aware of material and relevant additional information/developments that impacts Ferroport’s operations, a notice will be released to all bondholders as may be required under the reporting obligations under the Senior Secured Bonds contract.

2 List of Investee

	Country	Equity interest 03/31/2021	Equity interest 12/31/2020
Direct joint venture:			
Ferroport	Brazil	50.00%	50.00%

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

a. Statement of compliance

The condensed interim financial information has been prepared in accordance with CPC 21 (R1) - Interim Statements issued by the Accounting Pronouncements Committee (“CPC”).

The condensed interim financial information should be read in conjunction with the financial statements as of December 31, 2020, approved on March 3, 2021, prepared in accordance with the accounting practices adopted in Brazil (“BR GAAP”).

Authorization for the conclusion of the preparation of this condensed interim financial information was given by Management on May 03, 2021.

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 03, 2021.

b. Basis of measurement

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

c. Functional currency and reporting currency

This condensed interim financial information is reported in Real, which is the Company’s functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

4 Use of estimates and judgments

Preparing the condensed interim financial information required Management to make judgments and estimates that affect the application of accounting policies and the reported values of assets, liabilities, revenue and expenses. The actual results may differ from these estimates.

5 Cash and cash equivalents

	March 31, 2021	December, 2020
Cash and banks	6	1,003
Cash equivalents		
Investment Fund	<u>132,015</u>	<u>64,285</u>
	<u>132,021</u>	<u>65,288</u>
Estimated impairment loss allowance	<u>(14)</u>	<u>(7)</u>
	<u>132,007</u>	<u>65,281</u>

The balance of cash and cash equivalents as of March 31, 2021 and December 31, 2020 consists of current accounts and investment fund holdings at Banco Santander S/A and Citibank, that are promptly convertible into a known cash amount and are subject to an insignificant risk of impairment. The increase in the balance is due to the accumulation of cash funds received from Ferroport related to semi-annual amortization of the debt.

6 Recoverable taxes

The recoverable taxes break down as follows:

	03/31/2021	12/31/2020
Income tax and social contribution (“IRPJ/CSLL”)	-	2,641
Income tax withheld at source (“IRRF”)	12,927	10,286
Income tax on loan (“IRPJ”)	<u>79</u>	<u>83</u>
	<u>13,006</u>	<u>13,010</u>

7 Related-party transactions

The Company adopts practices of Corporate Governance and/or recommendations required by law, including those set down on the Regulations for the New Market (Novo Mercado). Furthermore, the Company’s Corporate Governance Policy establishes that the members of the Board of Directors must monitor and administrate any potential conflicts of interest among the executive officers, the members of the Board and the partners, in such a way as to avoid the inappropriate use of Company assets and, especially, abusive conduct in transactions between related parties.

In compliance with Corporation Law, all members of the Company's Board of Directors are prohibited from voting in any assembly or meeting of the Board, or from acting in any operation or business transaction in which there are interests in conflict with those of the Company.

The main balances of related-party assets and liabilities as of March 31, 2021 and December 31, 2020, as well as the related-party transactions that affected the statement of operations for the period, are the result of transactions between the Company and its joint venture, as follows:

	Accounts receivable	
	03/31/2021	12/31/2020
Loan with related parties		
Ferroport	233,776	300,379
	233,776	300,379
Current	71,563	71,000
Noncurrent	162,213	229,379

	Accounts payable	
	03/31/2021	12/31/2020
Accounts payable - debit notes		
Prumo Logística	57	1,733
	57	1,733

The table below demonstrates the effect on profit or loss:

	Finance revenue	
	03/31/2021	03/31/2020
Loan interest		
Ferroport	2,616	9,382
	2,616	9,382

Management Compensation

Company Management is compensated by the parent company Prumo Logística.

Maturity and interest

Intercompany loans incur annual interest of 100% of the CDI rate plus 2% p.a. Intercompany loans are not subject to covenants or security.

Ferroport should reimburse all outstanding amounts, including any pending interest by, December 31, 2030.

	Cash effect			Noncash effect		
	12/31/2020	Principal received / (settled)	Interest received	Interest	Income tax withheld at source	03/31/2021
Loans with related parties	<u>300,379</u>	<u>(66,659)</u>	<u>(2,180)</u>	<u>2,616</u>	<u>(380)</u>	<u>233,776</u>
	<u>300,379</u>	<u>(66,659)</u>	<u>(2,180)</u>	<u>2,616</u>	<u>(380)</u>	<u>233,776</u>

8 Investments

d. Equity interests

03/31/2021									
Direct investee	% interest	Number of shares/ (thousand)	Assets	Liabilities	Equity	Capital	Capital reserve	Profit reserve	Retained earnings
Ferroport	50%	1,080	2,707,256	1,085,151	1,622,105	1,197,152	94,589	158,066	172,298

12/31/2020									
Direct investee	% interest	Number of shares/ (thousand)	Assets	Liabilities	Equity	Capital	Capital reserve	Profit reserve	Retained earnings
Ferroport	50%	1,080	2,858,806	1,358,969	1,499,837	1,197,152	94,589	158,066	50,030

e. Changes

Direct investee	12/31/2020	Share of profit of equity- accounted investees	03/31/2021
Ferroport	<u>749,919</u>	<u>61,134</u>	<u>811,053</u>
	<u>749,919</u>	<u>61,134</u>	<u>811,053</u>

Direct investee	12/31/2019	Share of profit of equity- accounted investees	12/31/2020
Ferroport	<u>537,965</u>	<u>211,954</u>	<u>749,919</u>
	<u>537,965</u>	<u>211,954</u>	<u>749,919</u>

9 Loans and borrowings

Institution	03/31/2021				12/31/2020	
	Due date	Rates in %	Principal	Interest	Total	Total
Senior Secured Bonds	12/31/2031	Dollar + 7.50% p.a	1,750,348	32,819	1,783,167	1,596,552
(-) Transaction cost			(101,585)	-	(101,585)	(105,418)
			1,648,763	32,819	1,681,582	1,491,135
Current			61,876	32,819	94,695	55,520
Noncurrent			1,586,887	-	1,586,887	1,435,614

The principal amortization schedule in the contract presents percentages for minimum payments and allows payments above the established percentage, which reduce the forthcoming percentages.

In 2020, besides the TARA Payment Trigger of BRL 159,815, the Company paid an aggregate principal amortization of BRL 36.031 and interest in the amount of BRL 129.025. In this way, payments for 2020 exceeded the legal values by BRL 22,133. Therefore, the Company is already in compliance with the legal principal amortization obligations for the next 12 months and expects to perform the target principal amortization payments for this period.

The Brazilian exchange rate devaluated against the US Dollar exchange rate in the first quarter of 2021. Since Company, in compliance with its Hedging Program, has entered into non-deliverable forward agreement (NDFs) to purchase dollar to protect its cash position, and will continue to do so over the following months, the Company does not expect a material negative cash impact regarding exchange rate variations on the semi-annual payment of the Bonds scheduled for June 2021.

Regarding the Intercompany Loan received from Ferroport, the port operator is positively impacted by the depreciation of the Brazilian Reais against the US Dollar, which is a positive driver for their payment of Intercompany Loans. Company receivables derive from the intercompany loan repaid by Ferroport, denominated in Brazilian Reais and transferred to the Company on a monthly basis.

Escrow Deposits

Prumo Participações has two reserve accounts for the financing contract: The Debt Service Reserve Account (“DSRA”), which has a 6-month minimum principal payment plus interest payable in the period; and the Target Payment Reserve Account (“TARA”), which will no longer be financed following the triggering of the TARA payment. As of March 2021, DSRA had BRL 66,827 (R\$ 60,955 in December, 2020) deposited and TARA has BRL 0 due to the mandatory redemption event.

Non-deliverable forward (NDF)

The cash inflows from Prumo Participações are substantially due to the reais-denominated loan of Ferroport and are passed through to the Company on a monthly basis. Via the issuance of senior debt contracts, the Company contracted a Hedging Program that determines the Company shall enter into NDFs (non-deliverable forwards) every month to buy US dollars and sell reais in an amount equal to 1/6 of the semi-annual payment to hedge the debt payments and funding in reserve accounts maturing in June and December.

Guarantees provided

The Company submitted the following security for the senior debt contracts: (i) Statutory lien of the Ferroport shares for Prumo Participações; (ii) Statutory lien on the shares of Prumo Participações held by the parent company Prumo; (iii) Statutory lien on the loan between Prumo Participações and Ferroport and (iv) Statutory Lien of credit receivables and accounts.

Transactions not involving cash or cash equivalents

	Cash Flow			Noncash effect		03/31/2021	
	12/31/2020	Secured / (settled)	Interest paid (financing)	Addition of transaction costs	Interest and exchange variance		Amortization of transaction costs
Loans and borrowings	1,491,135	-	-	7	186,615	3,825	1,681,582
	<u>1,491,135</u>	<u>-</u>	<u>-</u>	<u>7</u>	<u>186,615</u>	<u>3,825</u>	<u>1,681,582</u>

10 Deferred taxes

The Company records deferred income and social contribution tax assets and liabilities at the rate of 34%. Brazilian tax legislation allows tax losses to be offset against future taxable income for an indefinite term. However, this offsetting is limited to 30% of the taxable income in each accrual period.

The carrying amount of the deferred tax asset is revised and restated periodically, while the projections shall be restated annually, unless material factors occur that can modify them.

As of March 31, 2021, and December 31, 2020 the balance of deferred income and social contribution tax asset not recognized was R\$ 32,987 and R\$ 112,884, respectively.

The origin of the deferred income and social contribution taxes is presented below:

	03/31/2021	12/31/2020
Deferred tax assets (liabilities)		
Provision for hedge settlements	(943)	180
	<u>(943)</u>	<u>180</u>
Total deferred taxes	(943)	180

11 Taxes and social contributions payable

	03/31/2021	12/31/2020
PIS/COFINS	69	806
	<u>69</u>	<u>806</u>
	69	806

The reconciliation between the tax expense as calculated by the combined statutory rates and the income and social contribution tax expense charged to net income is presented below:

	03/31/2021	03/31/2020
Profit (loss) before income and social contribution taxes	(117,534)	(348,794)
Income and social contribution taxes at the rate (34%)	39,962	118,590
Adjustment to determine the effective rate		
Tax credits not recognized - Temporary Adjustments	(50,550)	(126,513)
Tax credits not recognized - Tax Loss	(11,215)	(10,600)
Equity income	20,786	14,779
Other	(107)	-
	<u>(1,124)</u>	<u>(3,744)</u>
Total income and social contribution taxes	(1,124)	(3,744)
Effective rate	<u>0.96%</u>	<u>1.07%</u>
Current	-	-
Deferred	(1,124)	(3,744)
	<u>(1,124)</u>	<u>(3,744)</u>
Total income and social contribution taxes	(1,124)	(3,744)

12 Equity

a. Share capital

The Company's ownership structure as of March 31, 2021 and December 31, 2020 is as follows:

Shareholders	03/31/2021		12/31/2020	
	Quantity of common shares (thousand)	%	Quantity of common shares (thousand)	%
Prumo	820,362	100.00	820,362	100.00
	820,362	100.00	820,362	100.00

b. Reserves and Dividends

The Executive Board will present to the General Meeting for approval a proposal about the allocation of the net income that remains after the following deductions or increases have been made in this order:

- i. 5% (five percent) to form the legal reserve, until it has reached 20% (twenty percent) of the share capital. Formation of the legal reserve may be waived in financial years where the balance of said reserve plus the capital reserves exceeds 30% (thirty percent) of the share capital.
- ii. 25% (twenty-five percent) for payment of the minimum mandatory dividends to the shareholders; and
- iii. Remaining amount of dividends to be paid.

13 Finance income (costs)

	03/31/2021	03/31/2020
Finance income		
Loan interest	2,616	9,382
Interest on short-term investments	227	11,013
Interest earned	58	-
Exchange variance	5,930	-
Hedge	3,305	29,579
Other	-	104
	12,136	50,078
Finance costs		
Interest on loans	(32,073)	(29,972)
Exchange variance	(154,542)	(404,528)
Commission and brokerage fees	(3,829)	(2,103)
Tax	-	(3,235)
Other	(16)	(2,502)
	(190,460)	(442,340)
	(178,324)	(392,262)

14 Financial instruments and risk management

The Company carries out transactions with financial instruments. These instruments are managed through operating strategies and internal controls, aimed at liquidity, profitability and security. Our control policy consists of periodically monitoring contract rates versus market rates. We do not invest in derivatives or any other risky assets on a speculative basis.

In compliance with senior debt contracts, the company is taking out currency hedges every month to cover the debt service.

The estimated realization values of the Company's financial assets and liabilities were determined through information available in the market and appropriate valuation methodologies. However, market data was used to calculate the fair value. However, it was necessary to interpret market data to estimate the most adequate realization value. Consequently, the estimates below do not necessarily indicate the values that could be realized in the current exchange market.

The concept of fair value states that assets and liabilities should be valued at market prices, in the case of liquid assets, or by using mathematical pricing methods, in other cases. The hierarchy level of the fair value gives priority to unadjusted prices quoted on an active market. A part of the company's accounts has the fair value equal to book value, these accounts include cash equivalents, payables and receivables, bullet debts and short-term.

The table below demonstrates the book balances and respective fair values of the financial instruments and segregation of the hierarchal level, included in the balance sheet:

	03/31/2021			12/31/2020		
	Amortized cost	Fair value through other comprehensive income	Fair value through profit or loss	Amortized cost	Fair value through other comprehensive income	Fair value through profit or loss
Assets						
Cash and cash equivalents	132,007	-	-	65,281	-	-
Escrow account	66,827	-	-	60,955	-	-
Loan with related parties	233,776	-	-	300,379	-	-
Derivatives	2,774	-	-	-	-	-
Other accounts receivable	12	-	-	11	-	-
	435,396	-	-	426,626	-	-
Liabilities						
Trade payables	93	-	-	163	-	-
Derivatives	-	-	-	530	-	-
Accounts payable to related parties	57	-	-	1,733	-	-
Loans and borrowings	1,681,582	-	-	1,491,134	-	-
	1,681,732	-	-	1,493,560	-	-

	03/31/2021			12/31/2020		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Liabilities						
Trade payable	93	-	-	163	-	-
Derivatives	-	-	-	530	-	-
Accounts payable to related parties	57	-	-	1,733	-	-
Loans and borrowings	-	1,681,582	-	-	1,491,134	-
	150	1,681,582	-	2,426	1,491,134	-

- **(Level 1)** - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **(Level 2)** - Different inputs, except for traded prices in active markets included in Level 1 that are observable for the assets and liabilities, directly (as prices) or indirectly (derived from prices).
- **(Level 3)** - Inputs for the asset or liability that are not based on observable market variables (unobservable inputs).

As of March 31, 2021, loans and financing are measured at amortized cost. The fair value calculated by Management for reference purposes is only R\$ 1.955.699.

The carrying amounts of other financial instruments measured at amortized cost are classified as loans and receivables (assets) and other liabilities measured at amortized cost. The carrying amount of these balances approximate fair value.

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

(i) Market risk

Exchange Risk

Risk of change in exchange rates which could be associated to the Company's assets and liabilities. The Company manages the exchange risk for its companies to detect and mitigate risks posed by changes in exchange rates underlying global assets and liabilities. The foreign-currency debt therefore exists on debt securities issued in US dollars by Prumo Participações. The cash flow intended to service the payment of this debt comes monthly from its subsidiary Ferroport, whose revenue is denominated in US dollars, where the fee for handling iron ore in force is restated annually by the PPI US inflation index.

Ferroport is in the unique situation where its cost structure is denominated in Reais and its monthly revenue is indexed to the US dollar. The joint-venture's operating revenue is therefore exposed to exchange variance risk due to the mismatch between the revenue and cost currencies. The appreciation of the Brazilian real against the US dollar could diminish the operational margin and free cash flow of Ferroport. In respect of Prumo Participações' debt, the company is required to enter into NDFs (Non-Deliverable-Forwards) monthly to hedge against exchange variance, in accordance with the financing documents.

The following table provides details on all derivative transactions within the relevant hedging programs, including information on the type of instrument, the nominal value, the maturity, the fair value including credit risk, and amounts paid/received or provisioned for in the period.

Hedge schedule for Non-deliverable Forwards

NDF	Company	NDF contracted in R\$		Mark-to-market (MTM)		Accumulated effect
		03/31/2021	Maturity (year)	03/31/2021	12/31/2020	Amount receivable/received or payable/paid
Forward USD	Prumo Participações	20,603	2021	1,771	(530)	1,241
Forward USD	Prumo Participações	11,788	2021	920	-	920
Forward USD	Prumo Participações	16,602	2021	543	-	543
Forward USD	Prumo Participações	7,162	2021	70	-	70
Net				3,304	(530)	2,774

The table below summarizes the current value of the debt in millions of reais, with a sensitivity scenario in the exchange rates (USD) suffering positive oscillations of 10%, 20% and 30%.

03/31/2021	Real	USD +10%	USD +20%	USD +30%
Institution				
Senior Secured Bonds	1.750.348	1.925.383	2.100.418	2.275.453
Total	1.750.348	1.925.383	2.100.418	2.275.453
12/31/2020				
Institution				
Senior Secured Bonds	1,596,552	1,756,207	1,915,862	2,075,518
Total	1,596,552	1,756,207	1,915,862	2,075,518

(ii) Liquidity risk

The table below denotes the main financial liabilities of the Company as of March 31, 2021. These amounts are gross and are not discounted and include payments of estimated interest.

	No maturity	Up to 6 months	6 to 12 months	1 to 2 years	2 to 5 years	Over 5 years	Total
Financial liabilities							
Trade payable	-	93	-	-	-	-	93
Accounts payable to related parties	-	57	-	-	-	-	57
Loans and borrowings	-	75,225	119,825	154,360	732,560	1,316,234	2,398,204
Total by time range	-	75,375	119,825	154,360	732,560	1,316,234	2,398,354

(iii) Credit risk

This arises from the possibility of the Company suffering losses due to the default of its counterparties or of financial institutions where they have funds.

The Company also carries out a rating analysis of the financial institutions, through credit reports provided by the “Bank Risk Classification System” - Risk Bank, in order to classify and systematically follow up the risk and performance of each bank.

The balances exposed to credit risk are as follows:

Financial instruments	03/31/2021	12/31/2020
Cash and banks	132,007	65,281
Escrow account	66,827	60,955
Related-party loan	233,776	300,379
Derivatives	2,774	-
Other accounts receivable	<u>12</u>	<u>11</u>
	<u>435,396</u>	<u>426,626</u>

(iv) Capital management

The Company's funds for developing its business plan were completely financed by capital contributions from shareholders and third-party loans. The Company's Treasury Department monitors the funds required for working capital and capital expenditure, which are provided by the shareholder every month.

Members of the Executive Board

Eugenio Leite de Figueiredo
 CEO and CFO

Eduardo Quartarone Campos
 Officer with no specific title

Thiago de Oliveira Ribeiro
 Accountant
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