

# Prumo Participações e Investimentos S.A.

**Condensed interim financial  
information as of September 30,  
2021.**

# Contents

<b>Independent auditors' report on the condensed interim financial information</b>	<b>3</b>
<b>Condensed balance sheets</b>	<b>5</b>
<b>Condensed statements of operations</b>	<b>7</b>
<b>Condensed statements of comprehensive loss</b>	<b>8</b>
<b>Condensed statements of changes in shareholders' equity</b>	<b>9</b>
<b>Condensed statements of cash flows</b>	<b>10</b>
<b>Notes to the condensed interim financial information</b>	<b>11</b>



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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 September 30, 2021, and the related condensed statements of operations, statements of comprehensive income (loss) for the three and nine-month periods ended at that date and statements of changes in shareholders' equity and statements of cash flows for the nine-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

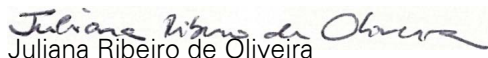
We conducted our review in accordance with Brazilian and International Interim Financial Information Review Standards (NBC TR 2410 - Revisão de Informações Intermediárias Executada pelo Auditor da Entidade and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of 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 September 30, 2021, are not prepared, in all material respects, in accordance with CPC 21 (R1) – Interim Financial Reporting.

Rio de Janeiro, November 03, 2021

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

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

# Prumo Participações e Investimentos S.A.

## Condensed balance sheets as of September 30, 2021 and December 31, 2020

*(In thousands of reais)*

	Note	September 30, 2021	December 31, 2020
<b>Current</b>			
Cash and cash equivalents	5	165,699	65,281
Escrow deposits	9	62,654	60,955
Recoverable taxes	6	6,012	13,010
Loan with related parties	7	72,625	71,000
Derivatives	9 and 14	4,220	-
Other accounts receivable		11	11
<b>Total current assets</b>		<b>311,221</b>	<b>210,257</b>
<b>Noncurrent</b>			
Deferred tax assets	10	-	180
Loan with related parties	7	55,281	229,379
Investments	8	909,748	749,919
Intangible assets		16	16
<b>Total non-current assets</b>		<b>965,045</b>	<b>979,494</b>
<b>Total assets</b>		<b>1,276,266</b>	<b>1,189,751</b>

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

# Prumo Participações e Investimentos S.A.

## Condensed balance sheets as of September 30, 2021 and December 31, 2020

*(In thousands of reais)*

<b>Liabilities</b>	<b>Note</b>	<b>September 30, 2021</b>	<b>December 31, 2020</b>
<b>Current</b>			
Trade payables		-	163
Loans and borrowings	9	64,879	55,520
Taxes payable	11	73	806
Accounts payable to related parties	7	1,229	1,733
Derivative	9 and 14	-	530
<b>Total current liabilities</b>		<b>66,181</b>	<b>58,752</b>
<b>Noncurrent</b>			
Deferred tax liabilities		1,435	-
Loans and borrowings	9	1,529,951	1,435,614
<b>Total non-current liabilities</b>		<b>1,531,386</b>	<b>1,435,614</b>
<b>Equity</b>			
Share capital	12	10	10
Profit reserve		2	2
Accumulated losses		(321,313)	(304,627)
<b>Total equity</b>		<b>(321,301)</b>	<b>(304,615)</b>
<b>Total liabilities and equity</b>		<b>1,276,266</b>	<b>1,189,751</b>

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

# Prumo Participações e Investimentos S.A.

## Condensed statements of operations

Three and nine-month periods ended September 30, 2021 and 2020

*(In thousands of reais)*

	Note	Nine months		Three months	
		1/1/2021 to 9/30/2021	1/1/2020 to 9/30/2020	7/1/2021 to 9/30/2021	7/1/2020 to 9/30/2020
<b>Operating expenses</b>					
Administrative expenses		(169)	(240)	(35)	(176)
Provision for asset impairment		(10)	(8)	(5)	(7)
		<u>(179)</u>	<u>(248)</u>	<u>(40)</u>	<u>(183)</u>
<b>Financial income (expenses)</b>	13				
Financial income		248,426	167,768	13,905	98,486
Financial expenses		<u>(423,147)</u>	<u>(761,408)</u>	<u>(169,835)</u>	<u>(166,202)</u>
		<u>(174,721)</u>	<u>(593,640)</u>	<u>(155,930)</u>	<u>(67,716)</u>
Share of profit of equity-accounted investees	8	<u>159,829</u>	<u>168,742</u>	<u>50,565</u>	<u>46,266</u>
<b>Loss before taxes</b>		<u>(15,071)</u>	<u>(425,146)</u>	<u>(105,405)</u>	<u>(21,633)</u>
Deferred income and social contribution taxes	11	<u>(1,615)</u>	<u>(1,254)</u>	<u>(1,651)</u>	<u>(992)</u>
<b>Loss for the period</b>		<u>(16,686)</u>	<u>(426,400)</u>	<u>(107,056)</u>	<u>(22,625)</u>

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

# Prumo Participações e Investimentos S.A.

## Condensed statements of comprehensive loss

Three and nine-month periods ended September 30, 2021 and 2020

*(In thousands of reais)*

	<u>Nine months</u>		<u>Three months</u>	
	<u>1/1/2021 to 9/30/2021</u>	<u>1/1/2020 to 9/30/2020</u>	<u>7/1/2021 to 9/30/2021</u>	<u>7/1/2020 to 9/30/2020</u>
Loss for the period	(16,686)	(426,400)	(107,056)	(22,625)
<b>Total comprehensive income (loss) for the period</b>	<b><u>(16,686)</u></b>	<b><u>(426,400)</u></b>	<b><u>(107,056)</u></b>	<b><u>(22,625)</u></b>



## Prumo Participações e Investimentos S.A.

### Condensed statements of changes in shareholders' equity

Periods ended September 30, 2021 and 2020 *(In thousands of reais)*

	Share capital	Profit reserve	Accumulated losses	Total equity (deficit)
<b>Balance as of December 31, 2019</b>	<u>10</u>	<u>36,412</u>	<u>-</u>	<u>36,422</u>
Loss for the period	-	-	(426,400)	(426,400)
Dividends	-	(36,410)	-	(36,410)
<b>Balance at September 30, 2020</b>	<u>10</u>	<u>2</u>	<u>(426,400)</u>	<u>(426,388)</u>
<b>Balance at December 31, 2020</b>	<u>10</u>	<u>2</u>	<u>(304,627)</u>	<u>(304,615)</u>
Loss for the period	-	-	(16,686)	(16,686)
<b>Balance at September 30, 2021</b>	<u>10</u>	<u>2</u>	<u>(321,313)</u>	<u>(321,301)</u>

See the accompanying notes to the condensed interim financial information.

# Prumo Participações e Investimentos S.A.

## Condensed statements of cash flows

Nine-month period ended September 30, 2021 and 2020

*(In thousands of reais)*

	September 30, 2021	September 30, 2020
<b>Cash flows from operating activities</b>		
Loss before tax	(15,071)	(425,146)
<b>Expenses (income) not affecting cash:</b>		
Equity gain	(159,829)	(168,742)
Monetary variance and interest	156,923	589,933
Amortization of transaction costs	11,489	6,781
	<u>(6,4988)</u>	<u>2,826</u>
<b>(Increase) decrease in assets and increase (decrease) in liabilities:</b>		
Income tax on loan	1,159	(3,073)
Recoverable taxes	7,178	(4,618)
Trade payables	(163)	(2,573)
Taxes payable	(733)	(109)
Accounts payable to related parties	(504)	-
Other assets and liabilities	-	2,518
	<u>449</u>	<u>(5,029)</u>
<b>Net cash used in operating activities</b>		
<b>Cash flows produced by investment activities</b>		
Loans received from related parties – Interest	6,690	17,419
Loans received from related parties - Principal	172,354	292,263
	<u>179,044</u>	<u>309,682</u>
<b>Net cash from investing activities</b>		
<b>Cash flows from financing activities</b>		
Loans settled with third parties	(11,931)	(166,757)
Dividends paid	-	(30,609)
Escrow account	-	66,342
Transaction cost	(1,165)	(2,647)
Interest paid	(57,630)	(68,453)
Derivative	(8,349)	-
	<u>(79,075)</u>	<u>(202,124)</u>
<b>Net cash used in financing activities</b>		
<b>Increase in cash and cash equivalents</b>	<u>100,418</u>	<u>102,529</u>
Cash and cash equivalents at beginning of period	65,281	1,184
Cash and cash equivalents at end of period	<u>165,699</u>	<u>103,713</u>
<b>Increase in cash and cash equivalents</b>	<u>100,418</u>	<u>102,529</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 Port 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 17.45 million tonnes (unreviewed) of iron ore, in 110 vessels (unreviewed) (17.50 million tonnes (unreviewed) in 111 vessels (unreviewed) during nine-month period of 2020).

### **2 List of Investee**

	Country	Equity interest 09/30/2021	Equity interest 12/31/2020
<b>Direct joint venture:</b>			
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 November 03, 2021.

The accounting policies mentioned and 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, 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**

	<b>09/30/2021</b>	<b>12/31/2020</b>
Cash and banks	53	1,003
<b>Cash equivalents</b>		
Investment Fund	<u>165,663</u>	<u>64,285</u>
	<b><u>165,716</u></b>	<b><u>65,288</u></b>
Estimated impairment loss allowance	<u>(17)</u>	<u>(7)</u>
	<b><u>165,699</u></b>	<b><u>65,281</u></b>

The balance of cash and cash equivalents as of September 30, 2021 and December 31, 2020 consists of current bank 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 cash funds received from Ferroport related to semi-annual amortization of the debt.

**6 Recoverable taxes**

The recoverable taxes break down as follows:

	<b>09/30/2021</b>	<b>12/31/2020</b>
Income tax and social contribution ("IRPJ/CSLL")	-	2,641
Income tax withheld at source ("IRRF")	5,950	10,286
Income tax on loan ("IRPJ")	<u>62</u>	<u>83</u>
	<b><u>6,012</u></b>	<b><u>13,010</u></b>

**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 balances of related-party assets and liabilities as of September 30, 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 and shareholder, as follows:

	<b>Accounts receivable</b>	
	<b>09/30/2021</b>	<b>12/31/2020</b>
<b>Loan with related parties</b>		
Ferroport	127,906	300,379
	<b>127,906</b>	<b>300,379</b>
Current	72,625	71,000
Noncurrent	55,281	229,379

	<b>Accounts payable</b>	
	<b>09/30/2021</b>	<b>12/31/2020</b>
<b>Accounts payable - debit notes</b>		
Prumo Logística - Transaction cost	1,229	1,733
	<b>1,229</b>	<b>1,733</b>

The table below demonstrates the effect on profit or loss:

	<b>Finance revenue</b>	
	<b>09/30/2021</b>	<b>09/30/2020</b>
<b>Loan interest</b>		
Ferroport	7,730	19,503
	<b>7,730</b>	<b>19,503</b>

### **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	09/30/2021
Loans with related parties	<u>300,379</u>	<u>(172,354)</u>	<u>(6,690)</u>	<u>7,730</u>	<u>(1,159)</u>	<u>127,906</u>
	<u>300,379</u>	<u>(172,354)</u>	<u>(6,690)</u>	<u>7,730</u>	<u>(1,159)</u>	<u>127,906</u>

	Cash effect			Noncash effect		
	12/31/2019	Principal received / (settled)	Interest received	Interest	Income tax withheld at source	12/31/2020
Loans with related parties	<u>646,433</u>	<u>(345,030)</u>	<u>(20,162)</u>	<u>22,516</u>	<u>(3,378)</u>	<u>300,379</u>
	<u>646,433</u>	<u>(345,030)</u>	<u>(20,162)</u>	<u>22,516</u>	<u>(3,378)</u>	<u>300,379</u>

## 8 Investments

### a. Equity interests

09/30/2021									
Direct investee	% interest	Number of shares/ (thousand)	Assets	Liabilities	Equity	Capital	Capital reserve	Profit reserve	Retained earnings
Ferroport	50%	1,080	2,790,374	970,880	1,819,493	1,197,152	94,589	158,066	369,686

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

**b. Changes**

Direct investee	12/31/2020	Share of profit of equity- accounted investees	09/30/2021
Ferroport	749,919	159,829	909,748
	<u>749,919</u>	<u>159,829</u>	<u>909,748</u>

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

**9 Loans and borrowings**

	<u>09/30/2021</u>				<u>12/31/2020</u>	
Loan	Due date	Rates in %	Principal	Interest	Total	Total
Senior Secured Bonds	12/31/2031	Dollar + 7.50% p.a	1,679,560	10,363	1,689,923	1,596,552
(-) Transaction cost			(95,093)	-	(95,093)	(105,418)
			<u>1,584,467</u>	<u>10,363</u>	<u>1,594,830</u>	<u>1,491,134</u>
Current			54,516	10,363	64,879	55,520
Noncurrent			1,529,951	-	1,529,951	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.

On June, 30th 2021, the Company paid R\$ 11,931 of principal amortization and interest in the amount of R\$ 57,630. As the Company is in compliance with the target amortization schedule, which requires higher payments than the legal amortization schedule, this payment exceeded the legal payment obligations. Therefore, the Company is already in compliance with the legal schedule obligations for the next 18 months.

The Brazilian exchange rate fluctuated against the US Dollar exchange rate in the 3Q2021. Since the 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 cashflow impact regarding exchange rate variations on the semi-annual payment of the Bonds scheduled for December 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. Prumo Participações cash inflow derives 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, as requested by the financing contract: The Debt Service Reserve Account (“DSRA”), which contains 6 months of the minimum principal payment plus interest payable in the period; and the Target Payment Reserve Account (“TARA”), which will no longer be funded after TARA Payment Trigger. As of September 30, 2021, DSRA had R\$ 62,654 (R\$60,955 as of December 31,2020) deposited and TARA has R\$ 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			
	12/31/2020	Secured / (settled)	Interest paid (financing)	Addition of transaction costs	Interest and exchange variance	Amortization of transaction costs	09/30/2021
Loans and borrowings	1,491,134	(11,931)	(57,630)	(1,165)	162,932	11,489	1,594,830
	<u>1,491,134</u>	<u>(11,931)</u>	<u>(57,630)</u>	<u>(1,165)</u>	<u>162,932</u>	<u>11,489</u>	<u>1,594,830</u>



	Cash Flow			Noncash effect			
	12/31/2019	Secured / (settled)	Interest paid (financing)	Addition of transaction costs	Interest and exchange variance	Amortization of transaction costs	09/30/2020
Loans and borrowings	<b>1,265,244</b>	(195,829)	(129,026)	(3,676)	537,472	16,949	<b>1,491,134</b>
	<b>1,265,244</b>	<b>(195,829)</b>	<b>(129,026)</b>	<b>(3,676)</b>	<b>537,472</b>	<b>16,949</b>	<b>1,491,134</b>

## 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 September 30, 2021, and December 31, 2020 the balance of deferred income and social contribution tax asset not recognized was R\$ 132,128 and R\$ 96,489, respectively.

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

	09/30/2021	12/31/2020
<b>Deferred tax assets (liabilities)</b>		
Provision for hedge settlements	(1,435)	180
<b>Total deferred taxes</b>	<b>(1,435)</b>	<b>180</b>

## 11 Taxes and social contributions payable

	09/30/2021	12/31/2020
PIS/COFINS	70	806
PIS/COFINS/CSLL - Withheld	3	-
	<b>73</b>	<b>806</b>

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:

	<b>Nine months</b>		<b>Three months</b>	
	<b>1/1/2021 to 9/30/2021</b>	<b>1/1/2020 to 9/30/2020</b>	<b>7/1/2021 to 9/30/2021</b>	<b>7/1/20120 to 9/30/2020</b>
Loss before income and social contribution taxes	(15,071)	(425,146)	(105,405)	(21,633)
Income and social contribution taxes at the rate (34%)	5,124	144,550	35,838	7,355
<b>Adjustment to determine the effective rate</b>				
Tax credits not recognized - Temporary Adjustments	(22,603)	(164,698)	(44,031)	(18,086)
Tax credits not recognized - Tax Loss	(35,639)	(41,506)	(7,811)	(5,905)
Equity income	54,342	57,288	17,192	15,646
Other	(2,839)	3,111	(2,839)	(2)
<b>Total income and social contribution taxes</b>	<b>(1,615)</b>	<b>(1,254)</b>	<b>(1,651)</b>	<b>(992)</b>
Effective rate	10.72%	0.30%	1.57%	4.59%
Current	-	-	-	-
Deferred	(1,615)	(1,254)	(1,651)	(992)
<b>Total income and social contribution taxes</b>	<b>(1,615)</b>	<b>(1,254)</b>	<b>(1,651)</b>	<b>(992)</b>

## 12 Equity

### a. Share capital

The Company's ownership structure as of September 30, 2021 and December 31, 2020 is as follows:

	<b>09/30/2021</b>		<b>12/31/2020</b>	
	<b>Quantity of common shares (thousand)</b>	<b>%</b>	<b>Quantity of common shares (thousand)</b>	<b>%</b>
Shareholders				
Prumo Logística	820,362	100.00	820,362	100.00
	<b>820,362</b>	<b>100.00</b>	<b>820,362</b>	<b>100.00</b>

## 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.* amount allocated to the formation of reserves for contingencies and reversal of those formed in previous years;
- iii.* amount allocated to the constitution of the Unrealized Profit Reserve 25% (twenty-five percent) for payment of the minimum mandatory dividends to the shareholders.

## 13 Finance income (costs)

	<b>Nine months</b>		<b>Three months</b>	
	<b>1/1/2021 to 9/30/2021</b>	<b>1/1/2020 to 9/30/2020</b>	<b>7/1/2021 to 9/30/2021</b>	<b>7/1/2020 to 9/30/2020</b>
<b>Finance income</b>				
Loan interest	7,730	19,503	2,598	4,100
Interest on investments	2,471	897	1,362	244
Derivative	8,162	18,416	51	3,927
Interest earned	385	392	4,857	392
Exchange variance on loans	229,678	128,558	5,037	90,133
Other	-	2	-	(310)
	<b>248,426</b>	<b>167,768</b>	<b>13,905</b>	<b>98,486</b>
<b>Finance costs</b>				
Interest on loans	(92,673)	(96,915)	(30,573)	(31,901)
Exchange variance on loans	(296,052)	(637,786)	(134,503)	(138,029)
Commission and brokerage fees	(12,432)	(6,984)	(4,757)	(782)
Derivative	(11,760)	(5,577)	-	(1,008)
Taxes on financial revenue	(10,202)	(12,108)	-	4,032
Other	(28)	(2,038)	(2)	1,486
	<b>(423,147)</b>	<b>(761,408)</b>	<b>(169,835)</b>	<b>(166,202)</b>
	<b>(174,721)</b>	<b>(593,640)</b>	<b>(155,930)</b>	<b>(67,716)</b>

## 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 contracting 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, loans and short-term debts.

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:

	09/30/2021			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
<b>Assets</b>						
Cash and cash equivalents	165,699	-	-	65,281	-	-
Escrow account	62,654	-	-	60,955	-	-
Loan with related parties	127,906	-	-	300,379	-	-
Derivatives	-	-	4,220	-	-	-
Other accounts receivable	11	-	-	11	-	-
	<u>356,270</u>	<u>-</u>	<u>4,220</u>	<u>426,626</u>	<u>-</u>	<u>-</u>
<b>Liabilities</b>						
Trade payables	-	-	-	163	-	-
Derivatives	-	-	-	-	-	530
Accounts payable to related parties	1,229	-	-	1,733	-	-
Loans and borrowings	1,594,830	-	-	1,491,134	-	-
	<u>1,596,059</u>	<u>-</u>	<u>-</u>	<u>1,493,030</u>	<u>-</u>	<u>530</u>

	09/30/2021			12/31/2020		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Liabilities</b>						
Trade payable	-	-	-	163	-	-
Derivatives	-	-	-	530	-	-
Accounts payable to related parties	1,229	-	-	1,733	-	-
Loans and borrowings	-	1,594,830	-	-	1,491,134	-
	<u>1,229</u>	<u>1,594,830</u>	<u>-</u>	<u>2,426</u>	<u>1,491,134</u>	<u>-</u>

- **(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 September 30, 2021, loans and financing are measured at amortized cost. The fair value calculated by Management for reference purposes only is R\$1.853.554 (R\$1.796.903 as of December 31, 2020).

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 from Ferroport 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 joint-venture 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
		09/30/2021	Maturity (year)	09/30/2021	12/31/2020	Amount
						09/30/2021
Forward USD	Prumo Participações	20,603	2021	-	(530)	-
Forward USD	Prumo Participações	18,458	2021	825	-	825
Forward USD	Prumo Participações	20,455	2021	1,375	-	1,375
Forward USD	Prumo Participações	18,165	2021	1,078	-	1,078
Forward USD	Prumo Participações	18,302	2021	942	-	942
<b>Net</b>				<b>4,220</b>	<b>(530)</b>	<b>4,220</b>

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%.

09/30/2021	Real	USD +10%	USD +20%	USD +30%
<b>Loan</b>				
Senior Secured Bonds	1,658,142	1,823,956	1,989,770	2,155,584
<b>Total</b>	<b>1,658,142</b>	<b>1,823,956</b>	<b>1,989,770</b>	<b>2,155,584</b>
<b>12/31/2020</b>				
<b>Loan</b>				
Senior Secured Bonds	1,596,552	1,756,207	1,915,862	2,075,518
<b>Total</b>	<b>1,596,552</b>	<b>1,756,207</b>	<b>1,915,862</b>	<b>2,075,518</b>

#### (ii) Liquidity risk

The table below denotes the main financial liabilities of the Company as of September 30, 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
<b>Financial liabilities</b>							
Accounts payable to related parties	-	1,229	-	-	-	-	1,229
Loans and borrowings	-	115,454	66,768	153,668	769,260	1,250,199	2,355,349
<b>Total by time range</b>	<b>-</b>	<b>116,683</b>	<b>66,768</b>	<b>153,668</b>	<b>769,260</b>	<b>1,250,199</b>	<b>2,356,578</b>

#### (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:

<b>Financial instruments</b>	<b>09/30/2021</b>	<b>12/31/2020</b>
Cash and banks	165,699	65,281
Escrow account	62,654	60,955
Related-party loan	127,906	300,379
Derivatives	4,220	-
Other accounts receivable	11	11
	<u>360,490</u>	<u>426,626</u>

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### Members of the Executive Board

Eugenio Leite de Figueiredo  
CEO

Leticia Nabuco Villa-Forte  
CFO

Eduardo Quartarone Campos  
Officer with no specific title

Thiago de Oliveira Ribeiro  
Accountant  
CRC-RJ 111771/O-3