Ferroport Logística Comercial Exportadora S.A.

Financial Statements as of December 31, 2021 and 2020

Contents

KPMG Auditores Independentes Ltda.
Rua do Passeio, 38 - Setor 2 - 17º andar - Centro
20021-290 - Rio de Janeiro/RJ - Brasil
Caixa Postal 2888 - CEP 20001-970 - Rio de Janeiro/RJ - Brasil
Telefone +55 (21) 2207-9400
kpmg.com.br

Independent Auditor's Report on Individual and Consolidated Financial Statements

To the Shareholders, Board of Directors and Management of

Ferroport Logística Comercial Exportadora S.A.

Rio de Janeiro – RJ

Opinion

We have audited the individual and consolidated financial statements of Ferroport Logística Comercial Exportadora S.A. ("the Company"), respectively referred to individual and consolidated, which comprise the balance sheets as of December 31, 2021, and the statements of operations, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, including significant accounting policies and other explanatory information.

In our opinion, the accompanying individual and consolidated financial statements present fairly, in all material respects, the financial position of the Company, as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with accounting practices adopted in Brazil.

Basis for opinion

We conducted our audit in accordance with International and Brazilian Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the individual and consolidated financial statements" section of our report. We are independent of the Company in accordance with the relevant ethical requirements included in the Accountant Professional Code of Ethics ("Código de Ética Profissional do Contador") and in the professional standards issued by the Brazilian Federal Accounting Council ("Conselho Federal de Contabilidade"), and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the individual and consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with accounting policies adopted in Brazil, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The management is responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Individual and Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that the examination performed in accordance with Brazilian and international standards on auditing will always detect possible existing material misstatements. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatement resulting from fraud is greater than the one deriving from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are substantiated by the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the individual and consolidated financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the individual and consolidated financial statements. We are responsible for the direction, supervision and performance of audit. We remain solely responsible for our audit opinion.

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

Rio de Janeiro, March 10, 2022

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

Juliana Ribeiro de Oliveira

Contadora CRC RJ – 095335/O-0

Ferroport Logística Comercial Exportadora S.A.

Balance sheets as of December 31, 2021 and 2020

(In thousands of Reais)

		Parent Company		Consolidated	
	Note	2021	2020	2021	2020
Assets					
Current assets					
Cash and cash equivalents	**5**	139,851	78,553	140,452	79,143
Accounts receivable from related parties	**14**	90,578	161,994	90,578	161,994
Inventories	**6**	39,381	29,064	39,381	29,064
Recoverable taxes	**8**	485	16,942	626	17,039
Income taxes and social contribution recoverable	**8**	15,143	-	15,143	43
Prepaid expenses		1,419	1,322	1,419	1,324
Other		2,674	1,612	2,674	1,613
Total current assets		**289,531**	**289,487**	**290,273**	**290,219**
Noncurrent assets					
Judicial deposits	**9**	33,499	34,409	33,499	34,409
Related parties - asset to be transferred	**14**	210,102	210,102	210,102	210,102
Investments in subsidiary	**10**	739	731	-	-
Right of use assets	**11**	2,403	3,067	2,403	3,067
Property, plant and equipment	**12**	2,064,262	2,101,680	2,064,262	2,101,680
Intangible assets	**13**	3,122	573	3,122	573
Deferred charges		1,808	2,466	1,808	2,466
Total noncurrent assets		**2,315,935**	**2,353,028**	**2,315,196**	**2,352,297**
Total assets		**2,605,466**	**2,642,515**	**2,605,469**	**2,642,516**
Liabilities and equity					
Trade accounts payable		33,883	56,230	33,885	56,231
Payroll and related charges		20,141	16,449	20,141	16,449
Taxes payable	**15**	13,296	11,889	13,296	11,889
Lease liabilities	**11**	1,845	1,890	1,845	1,890
Income taxes and social contribution payable	**15**	25,127	26,154	25,129	26,154
Related parties - loans	**14**	97,083	142,000	97,083	142,000
Total current liabilities		**191,375**	**254,612**	**191,379**	**254,613**
Noncurrent liabilities					
Income taxes and social contribution payable	**15**	57,428	61,030	57,428	61,030
Lease liabilities	**11**	805	1,400	805	1,400
Deferred income tax and social contribution	**7**	139,792	130,559	139,792	130,559
Related parties - accounts payable	**14**	210,102	210,102	210,102	210,102
Related parties - loans	**14**	-	412,192	-	412,192
Deferred revenue with related party	**14**	46,254	48,447	46,254	48,447
Provision for contingencies	**16**	22,360	22,386	22,360	22,386
Taxes payable	**15**	33,551	32,615	33,551	32,615
Other		18,964	19,365	18,963	19,365
Total noncurrent liabilities		**529,256**	**938,096**	**529,255**	**938,096**
Shareholders' equity	**17**				
Share Capital		1,197,152	803,404	1,197,152	803,404
Profits to be allocated		413,294	393,748	413,294	393,748
Capital reserve		94,589	94,589	94,589	94,589
Contingencies reserve		109,595	109,595	109,595	109,595
Legal reserve		70,205	48,471	70,205	48,471
Total shareholders' equity		**1,884,835**	**1,449,807**	**1,884,835**	**1,449,807**
Total liabilities and shareholders' equity		**2,605,466**	**2,642,515**	**2,605,469**	**2,642,516**

See the accompanying notes to the individual and consolidated financial statements.

Ferroport Logística Comercial Exportadora S.A.

Income Statement

Years ended December 31, 2021 and 2020

(In thousands of Reais)

		Parent Company		Consolidated	
	Note	2021	2020	2021	2020
Net revenue of services	**18**	915,914	890,228	915,914	890,493
Costs of services	**19**	(225,029)	(217,410)	(225,029)	(217,721)
Gross profit		**690,885**	**672,818**	**690,885**	**672,772**
Operating income (expenses)					
General and administrative expenses	**20**	(42,703)	(43,283)	(42,712)	(43,313)
Expected Credit Loss	**21**	2,010	694	2,010	694
Other operating income (expenses), net	**21**	13,367	10,680	13,366	10,680
		(27,326)	(31,909)	(27,336)	(31,939)
Income before financial income (expenses) and taxes		**663,559**	**640,909**	**663,549**	**640,833**
Equity income (loss), net		8	(114)	-	-
Financial income (expenses)					
Financial income	**22**	5,650	74,621	5,674	74,635
Financial expenses	**22**	(24,617)	(56,467)	(24,617)	(56,494)
Income before taxes		**644,600**	**658,949**	**644,606**	**658,974**
Income and social contribution taxes					
Current	**7**	(200,338)	(173,045)	(200,344)	(173,070)
Deferred	**7**	(9,234)	(71,441)	(9,234)	(71,441)
Total income and social contribution taxes		(209,572)	(244,486)	(209,578)	(244,511)
Net income for the year		**435,028**	**414,463**	**435,028**	**414,463**

See the accompanying notes to the individual and consolidated financial statements.

Ferroport Logística Comercial Exportadora S.A.

Statements of comprehensive income (loss)

Years ended December 31, 2021 and 2020

(In thousands of Reais)

	Parent Company and Consolidated	
	2021	**2020**
Net income for the year	435,028	414,463
Total comprehensive income for the year	**435,028**	**414,463**

See the accompanying notes to the individual and consolidated financial statements.

Ferroport Logística Comercial Exportadora S.A.

Statements of changes in shareholders' equity

Years ended December 31, 2021 and 2020

(In thousands of Reais)

		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	**17**	**803,404**	**-**	**94,589**	**109,595**	**27,756**	**-**	**1,035,344**
Net income for the year		-	-	-	-	-	414,463	**414,463**
Reserves constitution - profit allocation		-	-	-	-	20,715	(20,715)	**-**
Proposed capital increase		-	393,748	-	-	-	(393,748)	**-**
Balances as of December 31, 2020		**803,404**	**393,748**	**94,589**	**109,595**	**48,471**	**-**	**1,449,807**
Balances as of January 1st, 2021		**803,404**	**393,748**	**94,589**	**109,595**	**48,471**	**-**	**1,449,807**
Net income for the year		-	-	-	-	-	435,028	**435,028**
Capital increase								
Reserves constitution - profit allocation		-	-	-	-	21,734	(21,734)	**-**
Capital increase		393,748	(393,748)	-	-	-	-	**-**
Proposed capital increase		-	413,294	-	-	-	(413,294)	**-**
Balances as of December 31, 2021		**1,197,152**	**413,294**	**94,589**	**109,595**	**70,205**	**-**	**1,884,835**

See the accompanying notes to the individual and consolidated financial statements.

Ferroport Logística Comercial Exportadora S.A.

Statements of cash flows

Years ended December 31, 2021 and 2020

(In thousands of Reais)

	Parent Company		Consolidated	
	2021	2020	2021	2020
Operating activities				
Income before taxes	644,600	658,949	644,606	658,974
Adjustments to reconcile income before taxes and net cash provided by operating activities:				
Depreciation and amortization	83,746	56,118	83,746	56,118
Monetary variation and interest	17,554	49,856	17,554	49,856
Tax Provision	(25)	3,664	(25)	3,664
Amortization of insurance	5,382	4,882	5,386	4,895
Provision for bonus	15,062	8,734	15,062	8,736
Provision for legal proceeding	(26)	4,200	(26)	4,200
Deferred revenue amortization	(2,194)	(2,194)	(2,194)	(2,194)
Shares of results of investee	(8)	114	-	-
Provision for expected credit losses	(2,010)	(694)	(2,010)	(694)
	762,081	**783,629**	**762,099**	**783,583**
(Increase) decrease of assets and increase (decrease) of liabilities:				
Account receivable from related parties	71,433	211,249	71,433	211,504
Inventories	(9,165)	(2,157)	(9,165)	(2,157)
Recoverable taxes	312	2,162	311	2,103
Prepaid expenses	(516)	(1,813)	(516)	(1,826)
Trade accounts payable	(30,571)	27,279	(30,571)	27,279
Taxes payable	(25,523)	(32,359)	(25,526)	(32,359)
Payroll and related charges	(11,237)	(7,396)	(11,237)	(7,399)
Accounts payable to related parties	-	(1,189)	-	(1,189)
Taxes payable related to intercompany loans	(2,616)	(53,716)	(2,616)	(53,716)
Interest paid	(14,822)	(304,392)	(14,822)	(304,392)
Income tax and social contribution paid	(178,136)	(147,423)	(178,136)	(147,423)
Interest on leases	(407)	(454)	(407)	(454)
Other	2,041	(366)	2,038	(500)
Net cash flows generated by operating activities	**562,874**	**473,054**	**562,885**	**463,390**
Investing activities				
Acquisition of intangible assets	(1,515)	(737)	(1,515)	(737)
Acquisition of property, plant and equipment	(41,447)	(51,353)	(41,447)	(51,353)
Net cash flows used in investing activities	**(42,962)**	**(52,090)**	**(42,962)**	**(52,090)**
Financing activities				
Intercompany loans settled	(456,630)	(379,394)	(456,630)	(379,394)
Lease payments	(1,984)	(1,617)	(1,984)	(1,617)
Net cash flows used in financing activities	**(458,614)**	**(381,011)**	**(458,614)**	**(381,011)**
Increase in cash and cash equivalents	**61,298**	**39,953**	**61,309**	**39,816**
Cash and cash equivalents				
At beginning of the year	78,553	38,600	79,143	39,327
At end of the year	139,851	78,553	140,452	79,143
Increase in cash and cash equivalents	**61,298**	**39,953**	**61,309**	**39,816**

See the accompanying notes to individual and consolidated the financial statements.

Notes to the financial statements

(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"), 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 the joint owner of an area of 300 hectares in the Açu 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 Açu Petróleo S.A. ("Açu Petróleo") and Anglo American Minério de Ferro do Brasil S.A. ("AAMFB").

In 2021, the Company loaded 23.14 million tons of iron ore in 144 vessels (unaudited) (23.8 million tons (unaudited) in 150 vessels (unaudited) during 2020). Since the beginning of operations in October 2014, the Company loaded 114.64 million tons (unaudited) of iron ore, reaching a mark of 722 vessels (unaudited) berthing at the port.

In 2021, Açú Petróleo S.A. performed 86 operations (unaudited) in 210 vessels (unaudited), loading 16.2 million metric tons (unaudited) of oil transshipment. In 2020, Açu Petróleo S.A. performed 79 operations (unaudited) in 190 vessels (unaudited), loading 14.5 million metric tons (unaudited) of oil transshipment. Since the beginning of operations in August 2016, they carried out 267 operations (unaudited) in 634 Suezmax and VLCC vessels (unaudited). According to the port access contract, Ferroport receives monthly variable fees from Açu Petróleo, due to the use of the area to provide the service.

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 (unaudited), with approximately 31 trucks (unaudited) accessing the port per day and handling a total volume of 40,117 tons (unaudited) 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 soon, also with 40 thousand tons (unaudited).

Subsidiary

See out below the subsidiary of Ferroport Logística:

Subsidiary / Activity	**Ownership interest**
Ferroport Serviços / Service of maintenance	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 AA Nº 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 – Baixo Paraíba 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. Permit temporary refueling, by using tank trucks, tug boats, and speed boats on Porto do Açu iron ore terminal. Statutory Law - Regulatory Procedure 027024. (IN051807).	December 23, 2020	May 29, 2024
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 Açu iron ore terminal LI no.IN 047638.	December 13, 2018	December 13, 2023

3 Basis of preparation and presentation of the financial statements and summary of significant accounting practices

a. Statement of compliance

The Company's financial statements were 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 Law 11.941/09 and accounting pronouncements, interpretations and orientations issued by the Accounting Pronouncements Committee (CPC) approved by Brazilian CVM.

The Company's Directors authorized the issuance of these financial statements on March 10, 2022.

b. Basis of measurement

The financial statements have been prepared on the historical cost basis.

c. Functional and reporting currency

These financial statements are 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.

d. Use of estimates and judgments

The preparation of the financial statements requires management to make judgments, estimates and assumptions which affect the application of accounting policies and practices and the reported amounts of assets, liabilities, income and expenses.
Estimates and underlying assumptions are reviewed on an ongoing basis. Accounting estimates are recognized in the year in which they are reviewed and in any future periods that may be affected. Actual results may differ from these estimates.

The significant issues that may be affected by the use of estimates are:

- Recognition of deferred income tax and social contribution;
- Determining the useful lives of property and equipment;
- Determining the useful lives of intangible assets;
- Recognition of impairment of non-financial assets;
- Estimate of the expected returns of accounts receivable;
- Recognition and measurement of provision and contingencies;

Future settlement of transactions involving these estimates may result in amounts significantly different from those recorded in the financial statements due to the uncertainties inherent to the determination process. The Company reviews its estimates and assumptions at least once a year.

e. Cash and cash equivalents

Cash and cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. The Company considers cash equivalents a short-term investment with a maturity of three months or less, which are subject to an insignificant risk of change in value.

f. Financial instruments

Financial assets are initially recognized at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement of financial assets at fair value through profit or loss is recorded in the balance sheet at fair value, and their corresponding gains or losses are recognized in the statement of income.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method, less impairment. Amortized cost is calculated considering any discount on acquisition and fees or costs that are an integral part of the effective interest rate.

The Company assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. When there is objective evidence of impairment, the impairment loss is measured as the difference between the asset book value and the present value of the estimated future cash flows (excluding future credit losses expected but not incurred). The present value of estimated future cash flows is discounted at the original effective interest rate of the financial asset. When applicable, the asset book value is decreased by a provision and the loss amount is recognized in profit or loss. If in a subsequent year the estimated impairment loss increases or decrease due to an event occurred after the impairment loss recognition, the loss previously recognized is increased or decreased, adjusting the related provision.

A financial asset is written off when the rights to receive cash flows from the asset expire and/or when the Company transfers its rights to receive cash flows of the asset or assumes an obligation to fully pay cash flows received and has transferred substantially all the risks and rewards related to the asset.

Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- Contingent events that would change the amount or timing of cash flows;
- Terms that may adjust the contractual coupon rate, including variable-rate features;
- Prepayment and extension feature; and
- Terms that limit the Company claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

g. Inventories

Inventories are represented by maintenance items and are stated at the average cost of acquisition, not exceeding net realizable value.

h. Property, plant and equipment

These are measured at historical acquisition or construction cost, less accumulated depreciation and accumulated impairment losses, if any. Costs include expenditures directly attributable to an asset acquisition, and the construction costs include:

- The cost of materials and direct labor;
- Costs attributable to bringing the asset to the location and condition required for it to operate in the manner intended by management; and
- Borrowing costs on qualifying assets.

Gains and losses on disposal of a property and equipment item (determined by comparing the proceeds from disposal with the book value of property and equipment) are recognized in other operating income (expenses) in profit or loss.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Property and equipment are depreciated on a straight-line basis, according to the estimated economic useful life of each item (as described in Note 12). Land is not depreciated. Property and equipment items are depreciated as of the date they are installed and are available for use.

The Company classifies under "construction in progress" all activity at the construction and installation phase to the moment in which they start operating, when they are reclassified to the accounts relating to assets in operation.

i. Intangible assets

Intangible assets are represented by software acquired by the Company with finite useful lives, and are measured at cost, less accumulated amortization and impairment losses, when applicable.

j. Impairment of non-financial assets

The Company assesses, at each reporting date, whether is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An impairment loss is recognized when the book value of an asset exceeds its recoverable amount.

The recoverable amount of an asset is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market conditions as to the recoverability period of capital and the risks specific to the asset.

Impairment loss related to other assets (except for goodwill) is only reversed to the extent that the book value of an asset does not exceed the book value that would have been determined, net of depreciation or amortization, had no impairment loss been recognized for the asset in prior years.

k. Provisions

A provision is set up when the Company has a legal or constructive obligation as a result of a past event, which can be reliably estimated, and it is probable that an outflow of funds will be required to settle the obligation.

The Company recognizes provision for civil, labor and tax proceedings. Assessment of the probability of loss includes analysis of available evidence, the hierarchy of laws, available case law, the most recent court decisions and their relevance in the legal system, as well as the opinion of external legal advisors.

Provisions are reviewed and adjusted considering changes in existing circumstances, such as the applicable statutes of limitation, tax audit conclusions, or additional exposures identified based on new matters or court decisions. Settlement of transactions involving these estimates may result in amounts significantly different from those recorded in the financial statements due to uncertainties inherent in the estimation process.

l. Operating revenue

Revenue is measured based on the consideration specified in a contract with the customer. The Company recognizes revenue when it transfers control over a service to the customer.

The following table provides information about the nature and timing of the satisfaction of contracts with customer, including payment terms, and the related revenue recognition policy. Revenue is recognized on an accrual basis as the service is rendered, which is linked to the storage services, shipping, logistics operations and port access.

The company's shipment of iron ore contracts have take-or-pay clauses. Take-or-pay clauses are contractual mechanisms that ensure receipt of a minimum number of transactions, regardless of their physical performance, if the customer does not exercise the right to perform them within the established term. For these cases, the Company recognizes revenue from breakage when the likelihood of the customer exercising its rights becomes remote.

Type of service	**Nature and timing of satisfaction of performance obligations, including significant payment terms**
Shipment of iron ore (Take-or-pay) and Port Access (Oil transshipment)	Invoices for take-or-pay and oil transshipment services are issued on a monthly basis and are usually payable within 30 days.

m. Financial income and expenses

Financial income includes interest income on short-term investments and foreign exchange variation recognized in the profit or loss.

Financial expenses include interest expenses on related-party loans. Borrowing costs which are not directly attributable to the acquisition, construction, or production of a qualifying asset are recognized in profit or loss using the effective interest rate method. After the beginning of the operations, capitalization of the borrowing costs was ceased, and those expenses are recognized in profit or loss. Interests on loans paid in the year are presented under operating activities within the statement of cash flow.

n. Income tax and social contribution

Deferred income tax and social contribution are recorded over tax losses carryforward and temporary differences existing between assets and liabilities tax base versus the corresponding book values. Deferred tax assets and liabilities are offset when there is a legal enforceable right to settle the tax assets and liabilities, and when levied by the same tax authority on the same taxable entity. Deferred income tax and social contribution assets are reviewed on an annual basis and reduced to the extent that their realization is no longer probable, when applicable.

Income tax for the current year is calculated based on the 15% rate, plus the additional 10% on annual taxable income exceeding R$ 240 thousand; and 9% of the taxable income for social contribution and consider the compensation of tax loss and negative basis of social contribution, limited to 30% of the real profit.

Current tax expense is the tax payable or receivable estimated on taxable profit or loss for the year and any adjustment to taxes payable in relation to previous years, if applicable. The amount of current taxes payable or receivable is recognized in the balance sheet as a tax asset or liability by the best estimate of the expected amount of taxes to be paid or received that reflects the uncertainties related to their calculation, if any. It is measured based on the expected total annual profit, that is, the estimated average effective annual rate is applied to earnings before taxes in the interim period.

o. Other current and noncurrent assets and liabilities

An asset is recognized in the balance sheet when its future economic benefits are likely to flow to the Company, and its cost or value can be reliably measured.

A liability is recognized in the balance sheet when the Company has a legal or constructive obligation arising from a past event, the settlement of which is expected to result in an outflow of economic benefit. Provisions are set up reflecting the best estimates of the risk involved.

Noncurrent monetary assets and liabilities are adjusted to present value and so are current monetary assets and liabilities whenever the effects are considered significant on the overall financial statements. The present value adjustment is calculated using contractual cash flows and the explicit, and sometimes implicit, interest rates of the respective assets and liabilities.

p. Lease

The Company initially applied CPC 06 (R2)/IFRS 16 Leases from 1 January 2019.

Definition of a Lease

The Company previously classified leases as operating, or finance leases based on this assessment of whether the lease transferred significantly all the risks and rewards incidental to ownership of the underlying asset to the Company. Under CPC 06/IFRS 16, the Company recognizes right-of-use assets and lease liabilities for most of these leases are on-balance sheet.

CPC 06 introduced a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard - i.e. lessors continue to classify leases as finance or operating leases. CPC 06 (R2)/IFRS 16 replaces existing leases guidance including CPC 06 Leases and ICPC 03 (IFRIC 4, SIC 15 and SIC 27).

When measuring lease liabilities for leases that were classified as operating leases, the Company discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted average rate applied is 12,83% per year.

q. New standards issued from January 01, 2021:

Benchmark interest rate reform– Phase 2 (CPC 48/IFRS 9, CPC 38/IAS 39, CPC 40/IFRS 7, CPC 11/IFRS 4 and CPC 06/IFRS 16)

The Company's management and its subsidiaries analyzed the new definitions and understood that it was not applicable.

Benefits related to COVID-19 granted to lessees through lease agreements (amendment to CPC 06 / IFRS 16)

The Company's management and its subsidiaries analyzed the new definitions and understood that it was not applicable.

4 New standards and interpretations not yet effective

International Accounting Standards Board (IASB)

The main standards issued by the IASB that have not yet come into force and have not been adopted by the Company until December 31, 2021.

Standard	Description	Effective date
Onerous contracts - Costs of fulfilling a contract (IAS 37/CPC 25)	Changes to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, which clarify the types of costs a company includes as the ‘costs of fulfilling a contract’ when assessing whether a contract is onerous.	January 1, 2022, Prospective application.

Annual improvements to IFRS standards - Amendments to IFRS 1/CPC CPC 37, IFRS 9/CPC 48, IFRS 16/CPC 06 and IAS 41/CPC 29	As part of its process to make non-urgent but necessary amendments to IFRS® Standards, the IASB International Accounting Standards Board (the Board) has issued the Annual Improvements to IFRS Standards 2018–2020.	January 1, 2022, Prospective application.
Accounting for proceeds before an asset's intended use – Amendments to IAS 16/CPC 27	Under the amendments, proceeds from selling items before the related item of PPE is available for use should be recognized in profit or loss, together with the costs of producing those items.	January 1, 2022, Retrospective application.
Classifying liabilities as current or non-current – Amendments to IAS 1/CPC 26 and IAS 8/CPC 23	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the Board has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period.	January 1, 2023, Retrospective application.
IFRS 17/CPC 11 – insurance contracts	This IFRS replaces IFRS 4 - Insurance Contracts and establishes the requirements that must be applied in the recognition and disclosure related to insurance and reinsurance contracts.	January 1, 2023, Prospective application.
Accounting policies – disclosure (IAS 1/CPC 26)	Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. To help preparers of financial statements, the Board had previously refined its definition of 'material' and issued non-mandatory practical guidance on applying the concept of materiality.	January 1, 2023, Prospective application.
Accounting estimates - Definition (IAS 8/CPC 23)	The Board has now issued amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates.	January 1, 2023, Prospective application.

Deferred tax on certain transactions (IAS 12/CPC 32)	Targeted amendments to IAS 12 Income Taxes clarify how companies should account for deferred tax on certain transactions – e.g. leases and decommissioning provisions.	January 1, 2023, Prospective application.

With respect to the changes listed above, the Company does not expect significant impacts from the initial application in its financial statements.

5 Cash and cash equivalents

	Parent Company		Consolidated	
	2021	**2020**	**2021**	**2020**
Cash and banks	536	306	544	474
Cash equivalents				
Bank deposit certificate (CDB)	139,315	78,247	139,908	78,669
	139,851	**78,553**	**140,452**	**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 102,22% of Interbank Deposit (DI) rate in December 31, 2021 (100.91% in December 30, 2020). The portfolio currently consists of deposits certificates issued by Santander and Banco ABC.

6 Inventories

In 2021, the Parent Company and Consolidated balance of inventories applied to equipment maintenance totaled R$ 39,381 (R$ 29,064 in 2020).

7 Income tax and social contribution

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

	Company and Consolidated		
	2020	Additional amount/offset (liability) recorded	2021
Assets			
Temporary differences:			
Provisions of bonus, contingencies and others	17,760	175	17,935
Other	1,078	646	1,724
Total deferred income taxes assets	**18,838**	**821**	**19,659**
Liabilities			
Temporary differences:			
Difference between tax basis and book value of depreciation rates	(74,173)	12,276	(61,897)
Capitalized interests	(73,851)	(22,697)	(96,548)
Judicial deposits	(1,373)	367	(1,006)
Total deferred income taxes liabilities	**(149,397)**	**(10,054)**	**(159,451)**
Net effect	**(130,559)**	**(9,233)**	**(139,792)**

The recoverability of the deferred income tax assets is supported by a business plan approved by the Executive Board. The Company's Management evaluates the carrying value of the deferred tax assets based on the Company's projected future taxable income and maintain these assets at their expected realization value.

The reconciliation of the reported income tax and social contribution and the amount determined by applying the nominal rate for the years ended December 31, 2021 and 2020, are as follows:

Income Tax and Social Contribution	Parent Company		Consolidated	
	2021	2020	2021	2020
Income before income taxes	**644,600**	**658,949**	**644,606**	**658,974**
Income tax at the nominal rate 34%	(219,164)	(224,043)	(219,166)	(224,051)
tax aliquot effect about presumed profit	-	-	(6)	(25)
Tax adjustments:				
Deferred - Capitalized interest (a)	21,863	-	21,863	-
Effect of addition depreciation adjustment	(5,567)	-	(5,567)	-
Effect of addition the fine of the notice of infraction	(3,325)	-	(3,325)	-
Tax assessment (b)	-	(19,301)	-	(19,301)
Deferred - Provision and reversal provision	-	(3,398)	-	(3,398)
Complementary income tax and social contribution – 2019 and 2020	(3,306)	-	(3,306)	-
Permanent adjustments	61		61	
Other	(134)	2,256	(140)	2,264
Total	**(209,572)**	**(244,486)**	**(209,578)**	**(244,511)**
Current income and social contribution tax	(200,338)	(173,045)	(200,344)	(173,070)
Deferred income and social contribution tax	(9,234)	(71,441)	(9,234)	(71,441)
Total income and social contribution tax	**(209,72)**	**(244,486)**	**(209,578)**	**(244,511)**
Effective rate	**33%**	**37%**	**33%**	**37%**

(a) Adjustment in the amortization of capitalized interest (45 years to 25 years);

(b) On November 16, 2020, the Company was assessed by the Federal Revenue of Brazil ("RFB") regarding the deduction of capitalized interest and amortization of the goodwill from the merger, for the period of 2015 until 2017. Ferroport does not agree with the terms and calculation by RFB amounting R$ 235,074 and challenges the payment based on Company's working papers, shareholders agreements and legal opinion. However, the Company recognized that there is a difference in the calculation of deferred amortization basis amounting R$ 19,301. According to this difference which was identified, the Company issued and recorded new terms, present a new calculation and submitted to RFB.

8 Recoverable taxes

	Parent Company		Consolidated	
	2021	**2020**	**2021**	**2020**
PIS and COFINS	430	4,175	460	4,204
INSS	-	-	59	59
ISS	48	48	48	48
Other	7	4	59	13
Subtotal recoverable taxes	**485**	**4,227**	**626**	**4,324**
Income tax (a)	11,202	9,417	11,202	9,450
Social contribution (a)	3,941	3,298	3,941	3,308
Total income taxes and social contribution recoverable	**15,143**	**12,715**	**15,143**	**17,082**
Total	**15,628**	**16,942**	**15,769**	**17,082**
Current	**15,628**	**16,942**	**15,769**	**17,082**
Non-current	**-**	**-**	**-**	**-**

(a) Negative balance of income tax and social contribution constituted due to the tax loss calculated in the year 2018.

9 Judicial deposits

	Parent Company and Consolidated	
	2021	**2020**
Income tax and social contribution (a)	33,051	32,563
Other	448	1,846
	33,499	**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 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 December 2021 is 33,051 (R$ 32,563 in December 2020).

10 Investments in subsidiary

The investments in subsidiary are as follow:

a. Movement of participation in subsidiary

	2020	Addition	Equity gain	2021
Ferroport Serviços EIRELLI (a)	731	-	8	739

(a) As mentioned in footnote 1, Ferroport Serviços operations started in August 2018.

b. Relevant information about subsidiary

2021							
Direct subsidiary	**%**	**Number of shares (thousand)**	**Asset**	**Liability**	**Shareholders' equity**	**Capital**	**Profit for the year**
Ferroport Serviços EIRELI	100	100	743	(4)	(739)	845	8

2020							
Direct subsidiary	**%**	**Number of shares (thousand)**	**Asset**	**Liability**	**Shareholders' equity**	**Capital**	**Loss for the year**
Ferroport Serviços EIRELI	100	100	734	(2)	(732)	845	(114)

11 Right-of-use assets / Lease Liabilities

The table below describes the contracts within the scope of CPC 06 R2 , segregated by supplier, with their respective current values, contractual terms and interest rates applied as of December 31, 2021:

Parent Company and Consolidated					
Suppliers	**Assets**	**Right of use assets**	**Lease Liabilities**	**Months**	**Interest rates**
Localiza	Vehicles	1,323	1,454	38	1.0280%
Transbarra	Machinery and equipment	709	801	36	0.9902%
Ormec	Machinery and equipment	175	187	22	0.9902%
Solaris	Machinery and equipment	18	21	36	0.9902%
Trimak	Machinery and equipment	178	187	36	0.9902%
		2,403	**2,650**		

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 December 31, 2021, are as follows:

Parent Company and Consolidated

Lease Assets	**2020**	**Additions**	**(-) Depreciation**	**2021**
Right of use - Vehicles	1,186	984	(711)	1,459
Right of use - Machinery and equipment	1,881	360	(1,297)	944
	3,067	**1,344**	**(2,008)**	**2,403**

Parent Company and Consolidated

Lease Assets	**2019**	**Additions**	**(-) Depreciation**	**2020**
Right of use - Vehicles	1,688	135	(637)	1,186
Right of use - Machinery and equipment	2,595	383	(1,097)	1,881
	4,283	**518**	**(1,734)**	**3,067**

Parent Company and Consolidated

Lease Liabilities	**2020**	**Additions**	**Transfer**	**Interest**	**Payments**	**2021**
Current	1,890	541	1,398	407	(2,391)	1,845
Non-current	1,400	803	(1,398)	-	-	805
	3,290	**1,344**	**-**	**407**	**(2,391)**	**2,650**

Parent Company and Consolidated

Lease Liabilities	**2019**	**Additions**	**Transfer**	**Interest**	**Payments**	**2020**
Current	1,569	242	1,696	454	(2,071)	1,890
Non-current	2,820	276	(1,696)	-	-	1,400
	4,389	**518**	**-**	**454**	**(2,071)**	**3,290**

Parent Company and Consolidated

Payments	**2021**			**2020**		
	Fixed (Lease)	**Variable (Cost)**	**Total**	**Fixed (Lease)**	**Variable (Cost)**	**Total**
Vehicles	(859)	-	(859)	(770)	(36)	(806)
Machinery and equipment	(1,532)	-	(1,532)	(1,301)	(78)	(1,379)
	(2,391)	**-**	**(2,391)**	**(2,071)**	**(114)**	**(2,185)**

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 December 31, 2021:

	Parent Company and Consolidated				
	Up to 6 months	**From 6 to 12 months**	**From 1 to 2 years**	**Above 2 years**	**Total**
Lease Liabilities	1,052	793	796	9	**2,650**

12 Property, plant and equipment

Parent Company and Consolidated	**Annual depreciation rate %**	**Cost**	**Accumulated depreciation**	**Net balance at 2021**	**Net balance at 2020**
Improvements	**4**	66,220	(61,340)	4,880	1,076
Furniture and fixtures	**10**	1,263	(583)	680	513
Vehicles	**20 and 25**	1,760	(795)	965	278
IT equipment	**20**	11,118	(6,633)	4,485	5,994
Machinery and equipment	**10, 20 and 50**	38,057	(7,120)	30,937	24,080
Electronic equipment	**20**	2,187	(863)	1,324	866
Defenses	**10**	4,031	(2,988)	1,043	1,716
Breakwater	**2.22**	855,692	(133,251)	722,441	738,933
Maritime access canal	**2.22**	451,987	(67,630)	384,357	407,334
Pier - Port Terminal	**2.22**	835,171	(109,038)	726,133	744,483
Safety equipment	**10**	23,704	(12,182)	11,522	12,548
Operational tools and equipment	**5 and 20**	55,347	(14,380)	40,967	24,202
Construction in progress	**-**	119,887	-	119,887	127,759
Other equipments	**-**	27,820	(13,179)	14,641	11,898
		2,494,244	**(429,982)**	**2,064,262**	**2,101,680**

Parent Company and Consolidated	**Annual depreciation rate %**	**2020**	**Additions**	**Writte-offs**	**Transfers**	**2021**
Cost						
Improvements	**4**	66,220	-	-	-	**66,220**
Furniture and fixtures	**10**	1,067	198	(2)	-	**1,263**
Vehicles	**20**	1,332	834	(406)	-	**1,760**
IT equipment	**20**	10,176	945	(3)	-	**11,118**
Machinery and equipment	**10**	30,038	8,025	(6)	-	**38,057**
Electronic equipment	**20**	1,396	798	(7)	-	**2,187**
Defenses	**10**	4,031	-	-	-	**4,031**
Breakwater	**2,22**	853,058	2,634	-	-	**855,692**
Maritime access canal	**2,22**	451,796	191	-	-	**451,987**
Pier - Port Terminal	**2,22**	830,479	1,702	-	2,990	**835,171**
Safety equipment	**10**	20,854	2,850	-	-	**23,704**
Operational tools and equipment	**10 and 5**	33,920	16,228	(101)	5,300	**55,347**
Construction work in progress		127,759	4,623	(4,203)	(8,290)	**119,889**
Others equipments	**10 and 5**	17,421	10,397	-	-	**27,818**
		2,449,547	**49,425**	**(4,728)**	**-**	**2,494,244**

Parent Company and Consolidated	Annual depreciation rate %	2019	Additions	Writte-offs	2020
Cost					
Improvements	**4**	66,220	-	-	**66,220**
Furniture and fixtures	**10**	731	336	-	**1,067**
Vehicles	**20**	1,332	-	-	**1,332**
IT equipment	**20**	8,685	1,491	-	**10,176**
Machinery and equipment	**10**	12,422	17,616	-	**30,038**
Electronic equipment	**20**	782	614	-	**1,396**
Defenses	**10**	4,031	-	-	**4,031**
Breakwater	**2,22**	852,373	685	-	**853,058**
Maritime access canal	**2,22**	451,796	-	-	**451,796**
Pier - Port Terminal	**2,22**	828,852	1,627	-	**830,479**
Safety equipment	**10**	20,114	740	-	**20,854**
Operational tools and equipment	**10 and 5**	16,648	17,272	-	**33,920**
Construction work in progress		109,382	18,398	(21)	**127,759**
Others equipments	**10 and 5**	17,520	-	(99)	**17,421**
		2,390,888	**58,779**	**(120)**	**2,449,547**

Parent Company and Consolidated	Annual depreciation rate %	2020	Additions	Writte-offs	2021
Depreciation					
Improvements	**4**	(65,144)	(1,366)	5,170	**(61,340)**
Furniture and fixtures	**10**	(554)	(92)	63	**(583)**
Vehicles	**20**	(1,054)	(147)	406	**(795)**
IT equipment	**20**	(4,182)	(1,346)	(1,105)	**(6,633)**
Machinery and equipment	**10**	(5,958)	(2,744)	1,582	**(7,120)**
Electronic equipment	**20**	(530)	(338)	5	**(863)**
Defenses	**10**	(2,315)	(684)	11	**(2,988)**
Breakwater	**2,22**	(114,125)	(18,944)	(182)	**(133,251)**
Maritime access canal	**2,22**	(44,462)	(20,714)	(2,453)	**(67,629)**
Pier - Port Terminal	**2,22**	(85,996)	(28,844)	5,802	**(109,038)**
Safety equipment	**5 and 20**	(8,306)	(2,401)	(1,476)	**(12,183)**
Operational tools and equipment	**10**	(9,718)	(4,586)	(76)	**(14,380)**
Others equipments	**10 and 5**	(5,523)	(1,478)	(6,178)	**(13,179)**
		(347,867)	**(83,684)**	**1,569**	**(429,982)**
Property and equipment, net		**2,101,680**	**(34,258)**	**(3,160)**	**2,064,262**

Parent Company and Consolidated	Annual depreciation rate %	2019	Additions	2020
Depreciation				
Improvements	**4**	(65,089)	(55)	**(65,144)**
Furniture and fixtures	**10**	(479)	(75)	**(554)**
Vehicles	**20**	(957)	(97)	**(1,054)**
IT equipment	**20**	(3,222)	(960)	**(4,182)**
Machinery and equipment	**10**	(4,274)	(1,684)	**(5,958)**
Electronic equipment	**20**	(374)	(156)	**(530)**
Defenses	**10**	(1,929)	(386)	**(2,315)**
Breakwater	**2,22**	(95,433)	(18,692)	**(114,125)**
Maritime access canal	**2,22**	(37,739)	(6,723)	**(44,462)**
Pier - Port Terminal	**2,22**	(66,912)	(19,084)	**(85,996)**
Safety equipment	**5 and 20**	(6,789)	(1,517)	**(8,306)**
Operational tools and equipment	**10**	(6,573)	(3,145)	**(9,718)**
Others equipments	**10 and 5**	(5,230)	(293)	**(5,523)**
		(295,000)	**(52,867)**	**(347,867)**
Property and equipment, net		**2,095,888**	**5,912**	**2,101,680**

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 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.

13 Intangible assets

		Parent Company and Consolidated			
	Amortization	**2020**	**Additions**	**Write-offs**	**2021**
Cost					
Software use license	5 years	11,813	1,515	-	13,328
Total Cost		**11,813**	**1,515**	**-**	**13,328**
Amortization					
Software use license	5 years	(11,240)	(801)	1,835	(10,206)
Total Amortization		**(11,240)**	**(801)**	**1,835**	**(10,206)**
		573	**714**	**1,835**	**3,122**

14 Transactions with related parties

	Parent Company and Consolidated	
	2021	**2020**
Assets		
Assets to be transferred to AAMFB (a)	210,102	210,102
Accounts receivable from AAMFB (b)	85,249	158,955
Accounts receivable from Açu Petróleo (c)	1,662	2,275
	297,013	**371,332**
Credit Note		
AAMFB	322	528
Açu Petróleo	3,345	236
Current	90,578	161,994
Noncurrent	210,102	210,102

	2021	**2020**
Liabilities		
Advances of the asset allocation		
AAMFB (a)	210,102	210,102
Intercompany loans		
Prumo Participações e Investimentos	73,355	300,376
Withholding income tax on loan	84	153
Anglo American Capital London	23,644	253,663
	307,185	**764,294**
Deferred revenue		
Deferred revenue with related party (d)	46,254	48,447
Current	97,083	142,000
Noncurrent	210,102	622,294

(a) This refers to the divisible assets to be transferred to AAMFB, according to the Agreement;

(b) Receivables from the take-or-pay agreement with AAMFB;

(c) Receivables from the Port Access agreement related to T-Oil operations.

(d) In January 2008, an agreement was entered into with Porto do Açu 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 transactions that affect the profit or loss are as follows:

	Revenues (expenses)			
	Parent Company		Consolidated	
	2021	2020	2021	2020
Revenue				
AAMFB - take-or-pay agreement	896,267	864,037	896,267	864,037
Açu Petróleo	23,334	29,659	23,334	29,659
Ferroport Serviços	-	265	-	-
Expenses/Costs				
Porto do Açu	-	(1,088)	-	(1,088)
Açu Petróleo	-	(60)	-	(60)
GNA	-	(40)	-	(40)
Financial expenses				
Interest on loans				
Prumo Participações e Investimentos	(9,990)	(22,513)	(9,990)	(22,513)
Anglo American Capital London	(6,968)	(20,367)	(6,968)	(20,367)
	902,643	**849,893**	**902,643**	**849,628**

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	(14,822)
Intercompany loans Settled	(456,630)
Total variations in financing cash flows	**(471,452)**
Other variations	
Related liabilities	
Interest Expense	16,958
Income tax on intercompany loans	(2,547)
Total other variations related liabilities	**14,412**
Closing balances on December 31, 2021	**307,101**

	Liabilities
	Intercompany loans
Opening balances on January 1, 2020	**1,411,479**
Variations in cash	
Interest paid	(304,392)
Intercompany loans Settled	(379,393)
Total variations in financing cash flows	**(683,785)**
	-
Other variations	**-**
Related liabilities	
Interest Expense	42,880
Income tax on intercompany loans	(6,432)

Total other variations related liabilities	**36,448**
Closing balances on December 31, 2020	**764,142**

Key management compensation was as follows:	**2021**	**2020**
Payroll and related charges	3,964	3,832

15 Taxes payable

	Parent Company		Consolidated	
	2021	**2020**	**2021**	**2020**
PIS and COFINS	30,465	31,866	30,465	31,866
ISS	142	588	142	588
ICMS	15,753	11,327	15,753	11,327
Income tax and social contribution (*)	81,437	87,184	82,557	87,184
Other	1,605	1,518	1,604	1,518
	129,402	**131,688**	**129,404**	**131,688**
Current	38,423	38,043	38,425	38,043
Noncurrent (*)	90,979	93,645	90,979	93,645

(*) This refers mainly to the judicial deposit for income tax and social contribution described in Note 9, and parcellation of taxes on Financial compensation due to Settlement Agreement.

16 Provision for contingencies

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	
Probable:	**2021**	**2020**
Labor claims	6,633	8,235
Civil claims (a)	15,727	14,151
	22,360	**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 December 31, 2021, the amount is R$ 15,302 (R$ 12,328 in December 31, 2020).

Provision movements

	Parent Company and Consolidated			
	2020	Additions	Write-offs/Payments	2021
Labor	8,235	494	(2,226)	6,633
Civil	14,151	1,576	130	15,727
	22,386	**2,070**	**(2,096)**	**22,360**

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

	Parent Company and Consolidated	
Possible:	**2021**	**2020**
Labor claims	5,031	2,313
Tax claims [(a)]	257,489	248,866
Civil claims[(b)]	292,973	246,906
	555,493	**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$ 242,941 (R$ 215,760 in December 31, 2020).

(b) Impacted mainly by ARG/Civilport litigation in the amount of R$ 193,879 (R$ 163,394 in December 31, 2020) and Arcoenge R$ 61,383 (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.

17 Shareholders' equity

Capital

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

Shareholders	**Number of shares**		**%**
	2021	**2020**	
Prumo Participações e Investimentos S.A.	875,617	875,617	50
Anglo American Investimentos - Minério de Ferro Ltda.	875,617	875,617	50
	1,751,234	1,751,234	100

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 capital stock.

On December 16, 2021, the Board of Directors approved the proposal for a capital increase in the amount of R$ 413,294, with no issue of new shares, which will be fully subscribed by the two shareholders Anglo American Investimentos - Minério de Ferro Ltda and Prumo Participações e Investimentos SA., after approval at the General Meeting, to be realized until April 30, 2022.

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 December 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 December 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.

18 Net revenue from services

	Parent Company		Consolidated	
	2021	2020	2021	2020
Gross revenue	**1,036,158**	**1,003,333**	**1,036,158**	**1,003,615**
Shipment of iron ore (Take or Pay)	1,009,865	971,009	1,009,865	971,009
Port Access (T-Oil)	26,293	32,324	26,293	32,324
Port services	-	-	-	282
Taxes	**(120,244)**	**(113,105)**	**(120,244)**	**(113,122)**
Taxes on gross revenue - PIS/COFINS	(99,532)	(93,067)	(99,532)	(93,077)
Tax on services – ISS	(20,712)	(20,038)	(20,712)	(20,045)
Net revenue from services	**915,914**	**890,228**	**915,914**	**890,493**

19 Costs of services

	Parent Company		Consolidated	
	2021	**2020**	**2021**	**2020**
Payroll and related charges	(51,663)	(44,492)	(51,663)	(44,800)
Depreciation and amortization	(71,974)	(46,643)	(71,974)	(46,643)
Third-parties services	(34,549)	(63,975)	(34,549)	(63,975)
Leases and rents	(3,599)	(4,170)	(3,599)	(4,172)
Insurance	(5,564)	(5,271)	(5,564)	(5,271)
Consumables spare parts	(52,642)	(45,849)	(52,642)	(45,849)
Environmental expenses	(2,448)	(2,261)	(2,448)	(2,261)
Depreciation of rights of use assets	(1,817)	(1,615)	(1,817)	(1,615)
Other	(773)	(3,134)	(773)	(3,135)
	(225,029)	**(217,410)**	**(225,029)**	**(217,721)**

20 General and administrative expenses

	Parent Company		Consolidated	
	2021	**2020**	**2021**	**2020**
Payroll and related charges	(19,270)	(15,424)	(19,270)	(15,432)
Third party services	(8,197)	(10,791)	(8,197)	(10,791)
Depreciation and amortization	(10,207)	(7,741)	(10,207)	(7,741)
Insurance	(76)	(76)	(78)	(88)
Travel expenses	(110)	(169)	(110)	(169)
Leases and rents	(318)	(368)	(318)	(368)
Depreciation of rights of use assets	(191)	(119)	(191)	(119)
Contingencies	26	(4,738)	26	(4,738)
Other	(4,360)	(3,857)	(4,367)	(3,867)
	(42,703)	**(43,283)**	**(42,712)**	**(43,313)**

21 Other operating income (expenses)

	Parent Company and Consolidated	
	2021	**2020**
Non-consumed electric energy (a)	11,250	8,677
Provision for expected credit losses - Non-consumed electric energy (a)	2,010	694
Deferred revenue - right of use	1,991	1,991
Other	125	12
	15,376	**11,374**

(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, participating withrights and duties in its operations.

22 Financial income (expenses)

	Parent Company and Consolidated			
	2021	**2020**	**2021**	**2020**
Financial expenses				
Tax on financial transactions (IOF)	(556)	(532)	(556)	(533)
Interest - intercompany loan	(16,982)	(42,879)	(16,982)	(42,879)
Interest on leases	(407)	(454)	(407)	(454)
Penalty due to tax parcellation	(4,999)	(12,602)	(4,999)	(12,628)
Other	(1,673)	-	(1,673)	-
	(24,617)	**(56,467)**	**(24,617)**	**(56,494)**
Financial income				
Exchange and monetary variation	10	70,045	10	70,045
Interest income	5,640	4,576	5,664	4,590
	5,650	**74,621**	**5,674**	**74,635**
Financial results, net	**(18,967)**	**18,154**	**(18,943)**	**18,141**

23 Commitments

The Company undertook future purchase commitments amounting to R$ 210,248 at 31 December 2021 (R$ 209,475 on December 31, 2020) and these should be fulfilled in the course of the operations:

	2021	2020	Description
Asset			
Property, plant and equipment / Intangible / Right of use assets			
Construction in progress	1,976	3,818	Repowering and emergency routes
	3,082	1,813	Structural reform to adapt the facilities
Right of use assets - Lease	2,933	5,677	Leasing of vehicles, machinery and equipment
Electric equipments	7,304	-	Purchase of electrical panels
Intangible	174	439	Systems licenses
Total asset	**15,469**	**11,747**	
Result			
Cost/Expenses	56,174	77,136	Electricity purchase agreement
	2,765	-	Pier piling repair
	31,072	23,034	Industrial cleaning and facilities services
	7,220	11,447	Support for navigation and underwater activities
	5,000	7,835	Transport of employees
	4,109	5,966	Vigilance and Security
	3,914	8,674	Health and medical services plan
	11,747	11,985	Legal and financial consultancy
	8,620	12,585	Reforestation and waste management
	2,729	7,144	Employee benefits
	2,106	3,668	IT Services
	31,923	11,550	Preventive and corrective maintenance
	3,727	6,550	Medical services and occupational health
	23,673	10,154	Others
Total Results	**194,779**	**197,728**	
Total	**210,248**	**209,475**	

24 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 December 2021 and 2020 are as follows:

	Parent Company					
	2021			2020		
Classifications	**Book Value**	**Amortized cost**	**Fair value measurement hierarchy**	**Book Value**	**Amortized cost**	**Fair value measurement hierarchy**
Assets						
Cash and cash equivalents	139,851	139,851	2	78,553	78,553	2
Accounts receivable	90,578	90,578	2	161,994	161,994	2
Liabilities						
Other financial liabilities						
Lease liabilities	2,650	2,650	2	3,290	3,290	2
Trade accounts payable	33,883	33,883	2	56,230	56,230	2
Related parties - loans	97,083	97,083	2	554,192	554,192	2
Related parties - accounts payable	210,102	210,102	2	210,102	210,102	2

	Consolidated					
	2021			2020		
Classifications	**Book Value**	**Amortized cost**	**Fair value measurement hierarchy**	**Book Value**	**Amortized cost**	**Fair value measurement hierarchy**
Assets						
Cash and cash equivalents	140,452	140,452	2	79,143	79,143	2
Accounts receivable	90,578	90,578	2	161,994	161,994	2
Liabilities						
Other financial liabilities						
Lease liabilities	2,650	2,650	2	3,290	3,290	2
Trade accounts payable	33,883	33,883	2	56,230	56,230	2
Related parties - loans	97,083	97,083	2	554,192	554,192	2
Related parties - accounts payable	210,102	210,102	2	210,102	210,102	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 valuation technique used by the Company consider discounted cash flows. The valuation model considers the present value of expected payments, discounted using a risk-adjusted discount rate.

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.

Liquidity risk

The table below provides the Company’s main financial liabilities at December 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**	**Total**
Financial liabilities			
Trade accounts payable	-	33,883	33,883
Asset Allocation	210,102	-	210,102
Related parties - loans	-	97,083	97,083
Total by maturity range	**210,102**	**130,966**	**341,068**

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 analysis 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 consolidated cash and cash equivalents of R$ 140,452 at 31 December 2021 (R$ 79,143 at 31 December 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	**2021**	**2020**
Cash equivalents	140,452	79,143
Accounts receivable (Related parties)	90,578	161,994
	231,030	**241,137**

For the year ended on December 31, 2021 and 2020, the Company's service revenue is entirely related to services provided to the related parties and cash 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.

25 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 December 31, 2021 and 2020, the insurance coverage was as follows:

	2021	**2020**
Property and equipment damages	3,094,000	2,642,100
Civil liability	279,025	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