



2023
MANAGEMENT REPORT

Results slightly higher than guidance, underscoring the Company's commitment to deliveries and solid fundamentals, which ensured growth in 2023 despite external challenges in the fourth quarter.

2023 Highlights

Volume: The consolidated volume reached **18.1 million** tons, surpassing the 2022 volume by almost 10%, driven by record volume in the first nine months of the year, when our North and South Corridors operated at full capacity.

Net Operating Revenue¹: **R\$1,925.7 million**, a growth of 7.0% compared to 2022, with tariff expansion in the main logistics corridors offsetting the lower non-tariff revenue throughout the year and the service mix effect, with lower volume handled in the North integrated system during 4Q23.

Adjusted EBITDA + EBITDA from joint ventures²: **R\$780.3 million**, slightly above guidance, attesting to the tremendous business resilience, with the record results in the first nine months of the year more than offsetting the challenges of the final quarter.

CAPEX: In the year totaled **R\$320.2 million**, with investments in expansion that were already planned for the acquisition of buoys, pushboats, and barges that will contribute to increased capacity in the North starting in 2024, as well as the development of railway dispatch in Santos. Additionally, there was an increase in maintenance, with advances in scheduling to better utilize the systems during lower seasonality and restrictive drafts.

Leverage: Year-on-year decline of **0.64x** in Net Debt/EBITDA, even though 4Q23 results came below the potential installed and negotiated capacity for the period, which demonstrates the Company's continuous deleveraging process.

Consolidated Result	2023	2022	Ch. %
Volume (kt)	18,189	16,547	9.9%
Volume (South Corridor)	5,916	5,113	15.7%
Volume (North Corridor)	7,425	7,735	-4.0%
Volume (Coastal Navigation)	3,395	3,305	2.7%
Volume (Santos)	1,452	394	>100%
Net Operating Revenue¹ (BRL million)	1,925.7	1,799.9	7.0%
Net Operating Revenue (South Corridor)	824.9	781.7	5.5%
Net Operating Revenue (North Corridor)	751.3	758.6	-1.0%
Net Operating Revenue (Coastal Navigation)	227.5	228.4	-0.4%
Net Operating Revenue (Santos)	122.0	31.4	>100%
Adjusted EBITDA + JVs² (BRL million)	780.3	756.9	3.1%
Adjusted EBITDA (South Corridor + JV's)	360.3	280.7	28.3%
Adjusted EBITDA (North Corridor)	388.2	461.5	-15.9%
Adjusted EBITDA (Coastal Navigation)	90.7	97.2	-6.7%
Adjusted EBITDA (Santos)	61.4	10.5	>100%
Adjusted EBITDA (Holding)	(120.3)	(93.0)	29.4%
CAPEX (BRL million)	320.2	321.3	-0.4%
Leverage	4.24x	4.88x	-0.64x

¹Net Operating Revenue excludes hedge accounting and intercompany effects between the Company's subsidiaries. ²Adjusted EBITDA + Joint Ventures is adjusted by hedge accounting, equity income (loss) and non-recurring or non-cash items and includes EBITDA from the Company's interest in the Joint ventures Limday, TGM and Baden.



Message from Management

"We ended 2023 with results slightly higher than the guidance earlier announced by the Company, driven by nine months of record results in line with the potential of our installed capacity while, on the other hand, affected by a fourth quarter marked by an unusual challenge in the North operation brought by El Niño, which caused a reduction in rainfall, creating several restriction points on our navigation route.

We operated with variable costs above usual in October and took advantage of draft restrictions to bring forward recurring asset maintenance to November and a part of December, which exerted greater pressure on the North's 4Q23 results but which was necessary and prepared us to sail in better conditions at the start of 2024.

Nevertheless, we ended 2023 with record volume of **18.1 million** tons, almost 10% higher than last year, which shows that, as always, the expertise, dedication, unique assets and strength of contracts give us resilience and, at the very least, ensure that we retain our strategic position in the different logistics corridors where we operate. We are the leading grain exporters in Barcarena, leaders in the shipment of iron ore produced in Corumbá and one of the leading players in receiving fertilizers in Santos.

Net Operating Revenue continued to grow, reaching **R\$1.9 billion** in 2023 and, although below full capacity due to non-controllable external factors mentioned already, we registered the highest Adjusted EBITDA, including EBITDA of joint ventures, ever obtained since our operational startup, which totaled **R\$780.3 million**, with a robust margin of 40.5%.

We transformed logistics in Latin America through efficient, sustainable and competitive operations, and the results of the first nine months of 2023, when navigation conditions were normal, demonstrate that we achieved very strong levels of execution. We generate adequate returns on all the investments made and, hence, besides looking at new expansion opportunities through existing or new operations, we remain focused on exploring alternatives to continue raising the competitiveness of the entire production chain in order to mitigate the volatility generated by climate effects, which has impacted some operations in the short term and, thus, ensure business profitability and continuity, besides generating further value for all our stakeholders.

Fabio Schettino
CEO of Hidrovias do Brasil

Performance by Corridor

South Corridor



Volume (kt)	2023	2022	Ch. %
South Corridor	5,916	5,113	15.7%
Iron Ore	3,395	3,153	7.7%
Grains	1,052	701	50.0%
Fertilizers	258	133	93.6%
Other	-	15	-
Total before JV's	4,705	4,002	17.6%
Participation in JV's ¹	1,211	1,111	9.0%

¹ Participation in JVs: volume proportional to the Company's interest in TGM, Limday and Baden, whose results are booked under the equity method of accounting.

We operated the first nine months of 2023 under very positive navigation conditions and, during most of this period, with draft higher than historical averages in the South Corridor, which resulted in record throughput on the Paraná-Paraguay Waterway.

In October 2023, draft in the region declined abruptly, forcing the Company to make its operations more flexible and navigate using a “plan for low water” during November and December, a situation that directly impacts the operational cycle, size and loading of convoys and, consequently, results in higher variable costs and lower dilution of fixed costs. Nevertheless, unlike other local players, we used our assets that sail in more restrictive drafts to end 4Q23 with historic throughput for the period.

In the year, throughput was **5.9 million** tons (+15.7% vs. 2022), notably driven by strong growth in grains (+50.0% vs. 2022) due to better harvest in Paraguay, as well as the higher volume of iron ore (+7.7% vs. 2022) and fertilizers (+93.6% vs. 2022) thanks to more favorable navigation conditions between February and October 2023.

The worsening navigation situation, even if occasionally pressuring the results, clearly shows the Company's competitive advantage in cargo throughput during restrictive scenarios – our market share of iron ore from Corumbá rose from 42% in 3Q23 to 55% in 4Q23.

We ended the year with 38% market share of the Paraná-Paraguay Waterway, a prominent position in one of Latin America's principal logistics corridors.

In this context, note that the Paraná-Paraguay Waterway is one of the basins with the highest navigable potential in the world and the most important in South America, which is an important point of entry, transport and exit of cargo to several countries such as Paraguay, Argentina, Uruguay and Brazil and, hence, there exists genuine interest among diverse players to mitigate and resolve in the medium term, the atypical and uncontrollable climatic situations, which have generated volatility in the behavior of drafts.

We remain focused on devising action plans that enable navigation in conditions closer to normality even during atypical scenarios to ensure the competitiveness of the logistics corridor, as well as adequate profitability of the operation and business perpetuity. We continue to work together with some local players and the Paraguayan government through *Centro de Armadores Fluviales y Marítimos* (CAFYM) so that effective dredging and demolition plans are rolled out based on studies and knowledge provided by the Company.

We are also assisting in inspecting the ongoing dredging processes to ensure that they are being carried out correctly. Internally, we continue to seek viable alternatives for optimizing and finetuning our assets and navigation routes in order to improve the operational levels during abnormal scenarios.

South Corridor (BRL million)	2023	2022	Ch. %
Net Revenue¹	841.5	769.2	9.4%
Net Operating Revenue	824.9	781.7	5.5%
Hedge Accounting ²	16.6	(12.5)	-
Operating Costs	(439.2)	(470.9)	-6.7%
Operating Costs	(439.2)	(470.9)	-6.7%
Operating Expenses (Revenue)	(59.3)	(77.1)	-23.1%
AFRMM, Tax Credits and Other	9.5	13.9	-31.9%
Equity Accounting	9.9	18.7	-47.1%
EBITDA	362.3	253.8	42.8%
EBITDA Margin %	43.9%	32.5%	115 p.p.
Hedge Accounting ²	(16.6)	12.5	-
Equity Accounting	(9.9)	(18.7)	-47.1%
Non-recurring ³	(0.2)	-	-
Adjusted EBITDA	335.6	247.6	35.6%
Adjusted EBITDA Margin %	40.7%	31.7%	9.0 p.p.
JV's	24.6	33.2	-25.7%
Adjusted EBITDA + JV's	360.3	280.7	28.3%
Adjusted EBITDA Margin + JV's %	43.7%	35.9%	7.8 p.p.

¹Net Revenue excludes the Intercompany effect for a better understanding of the results. ²Hedge Accounting: the Company's functional currency is the Brazilian real. However, South Corridor agreements are denominated in U.S. dollar. Therefore, hedge accounting was used to mitigate foreign exchange exposure, with the existing dollar-denominated debt hedging a part of long-term agreements in foreign currency. This procedure has no cash impact. ³Non-Recurrents are presented in a document attached to this report

In 2023, **Net Operating Revenue** ex-hedge accounting totaled **R\$824.9 million** (+5.5% vs. 2022), driven by record cargo throughput between February and October due to very favorable navigation conditions, which more than offset the depreciation of the Brazilian real during the period (BRL vs. USD: -3.3% vs. 2022). NOR in USD in 2023 was US\$166.8 million vs. US\$155.7 million in 2022 (+6.9% vs. 2022).

Operating Costs: R\$124.6 million, 5.4% lower than 4Q22, with a reduction in variable costs per ton due to the decline in fuel prices. On the other hand, fixed costs allocated to asset security, systems and operational support personnel increased on account of more challenging conditions.

Operating Expenses: Improved by 23.1%, totaling **R\$59.3 million**, even with increasing volume and revenue - proving our ongoing efforts for expense optimization and control.

Adjusted EBITDA + EBITDA from joint ventures: R\$360.3 million in 2023, up 28.3% from 2022, with margin of 43.7% (+7.8 p.p. vs. 2022), demonstrating that we are able to immediately unlock value when operating at normal conditions (as observed between February and October 2023).

In this regard, we reiterate our commitment to seeking alternatives that ensure greater resilience and business perpetuity regardless of external climatic conditions, through detailed studies that provide the technical groundwork for dredging and demolition processes that are necessary on the Paraná-Paraguay Waterway, as well as innovations that bring greater operational flexibility and, consequently, results consistent with the installed logistics capacity and the long-term agreements of this business unit.

North Corridor



Volume (kt)	2023	2022	Ch. %
North Corridor	7,425	7,735	-4.0%
Grains "Integrated System"	5,383	5,683	-5.3%
Grains "Direct road" ¹	1,633	1,772	-7.9%
Fertilizers	410	280	46.6%

¹"Direct Road" grains refers to the grain volume transported by road directly to the Barcarena TUP, which is presented separately as it is not part of the Company's integrated system.

For the first time since the start of our operations in this logistics corridor, we observed an unusual draft situation at a few navigation points – an event directly influenced by El Niño, which contributed to below-normal rainfall in that region.

In light of this scenario, we operated with adjustments and flexibility during October and decided to bring forward the maintenance work – which is usually carried out in late December and early January – to mid-November in order to optimize assets and take advantage of the weaker season and restrictive drafts, before releasing the fleet to resume operations once navigation conditions return to normal, which happened in early 2024.

There were occasional volume below the planned levels, with a more significant impact on the integrated system during 4Q23. Nevertheless, **7.4 million tons** were moved throughout 2023, a volume exceeding the capacity estimated by the Company. Notably, there were record results from January to September, evidencing the significant competitiveness of the Northern Corridor for the transportation of grains originating in Brazil, particularly in the state of Mato Grosso, and directed towards the international market

In the year, grain throughput in the integrated system totaled 5.3 million tons, 1.6 million tons of grains received by road at our Barcarena terminal and 410,000 tons of backhauling cargo (fertilizers), which is below the actual potential of 2023, with record harvests and limited logistic capacities all over Brazil. This event contributed to early commercial negotiations for 2024, made with significant tariff increases year on year.

Note that the volume of grains contracted that was not transported by the Company during the last quarter of 2023 has not generated any type of payment or required the contracting of an additional logistic solution for the clients because it occurred amidst a non-recurring and non-manageable foreign scenario, with full dedication of the parties to ensure the least possible impact on all chains. Since logistics capacity is scarce in the main distribution corridors of Brazil, part of this volume was directed to ports located in the South region of Brazil – which usually are not competitive for such type of cargo, in addition to a significant increase in the inventory of products in transit, reinforcing that there is lack of competitive logistic capacity.

The North ports maintained their leadership position, representing 45% of the grains produced in Mato Grosso and exported in 2023, and Barcarena accounted for 47% of the total volume distributed through the North ports.

North Corridor (BRL million)	2023	2022	Ch. %
Net Revenue¹	751.3	758.6	-1.0%
Net Operating Revenue	751.3	758.6	-1.0%
Operating Costs	(309.1)	(275.0)	12.4%
Operating Costs	(309.1)	(275.0)	12.4%
Operating Expenses (Revenue)	(84.6)	(38.9)	>100%
AFRMM, Tax Credits and Other	0.2	(24.7)	-
Equity Accounting	(0.3)	(1.1)	-77.0%
EBITDA	357.6	418.8	-14.6%
EBITDA Margin %	47.6%	55.2%	-7.6 p.p
Equity Accounting	0.3	1.1	-77.0%
Non-recurring ²	30.4	41.6	-26.8%
Adjusted EBITDA	388.2	461.5	-15.9%
Adjusted EBITDA Margin %	51.7%	60.8%	-9.2 p.p

¹Net Revenue excludes the "Intercompany" effect for a better understanding of the results. ² Non-Recurring Items are presented in an attachment to this report.

Net Operating Revenue: In 2023, Net Operating Revenue was **R\$751.3 million** (-1.0% vs. 2022), explained by a 4Q23 below its full potential and lower non-tariff revenue and sale of surplus products in comparison with 2022 (excluding the two effects, tariff would increase similarly to inflation rate year on year).

Operating Costs: R\$309.1 million (+12.4% vs. 2022), despite a 4% lower volume, reflecting higher variable costs per ton to operate under restricted conditions during the last quarter – with longer cycles due to convoys breakdowns and the use of maneuver pushboats at restricted points. Additionally, there was lower dilution of fixed cost (~70% of total cost) – as we anticipated maintenance and were out of operation between mid-November and December.

Operating Expenses: R\$84.6 million (vs. R\$38.9 million in 2022), reflecting higher expenses with third parties for product control and quality assurance due to longer operating cycles in the last quarter, a one-time expense related to changing the likelihood of loss from possible to probable in a legal process, adjustments to physical inventory, which were not diluted due to lower volume execution in the period, and non-recurring expenses related to licenses and environmental studies. It is worth noting that a significant portion of the year-over-year increase is one-time, as historically the Operating Expenses of this logistics corridor represent around 5% of Net Operating Revenue.

Adjusted EBITDA: R\$388.2 million, with a margin of 51.7% – the second-highest EBITDA ever achieved since the beginning of this operation, driven by record results in the first nine months of the year, which more than offset the non-execution of the total volume planned for 4Q23, with corresponding foregone results in that period, demonstrating the robustness of the business, which remains highly competitive with significant capacity enhancement opportunities in the short term.

Coastal Navigation



Volume (kt)	2023	2022	Ch. %
Coastal Navigation	3,395	3,305	2.7%
Bauxite	3,395	3,305	2.7%

We moved **3.4 million tons** in 2023 (+2.7% vs. 2022) – a volume in line with the operation's historical performance, serving a long-term dedicated contract for Hydro/Alunorte, with 100% in the "take or pay" agreement.

Coastal Navigation (BRL million)	2023	2022	Ch. %
Net Revenue	209.6	208.8	0.4%
Net Operating Revenue	227.5	228.4	-0.4%
Hedge Accounting ¹	(17.9)	(19.5)	-8.5%
Operating Costs	(150.5)	(126.7)	18.8%
Operating Costs	(150.5)	(126.7)	18.8%
Operating Expenses (Revenue) AFRMM, Tax Credits and Other ²	(4.9)	(31.9)	-84.6%
	3.5	22.8	-84.5%
EBITDA	57.8	73.0	-20.9%
EBITDA Margin %	25.4%	32.0%	-6.6 p.p
Hedge Accounting ¹	17.9	19.5	-8.5%
Non-recurring ³	15.1	4.6	>100%
Adjusted EBITDA	90.7	97.2	-6.6%
Adjusted EBITDA Margin %	39.9%	42.6%	-2.7 p.p

¹Hedge Accounting: the Company's functional currency is the Brazilian real. However, Coastal Navigation agreements are denominated in U.S. dollar. Therefore, hedge accounting was used to mitigate foreign exchange exposure, with the existing dollar-denominated debt hedging a part of long-term agreements in foreign currency. This procedure has no cash impact. ²AFRMM, Tax Credits and Other in Coastal Navigation includes the positive effect of Additional Freight for Renovation of Merchant Navy (which accounted for around 10% of gross revenue from throughput in 2022 and now represents around 8% in 2023); ³Non-recurring effects are shown in the document attached to this report.

In the year, **Net Operating Revenue** excluding hedge accounting amounted to **R\$227.5 million**, stable compared to 2022, following the dynamics of the contract, which is 100% "take or pay", with tariff adjustments scheduled every five years – the next scheduled adjustment is expected to take place in 2025. Net Operating Revenue in USD in 2023 was US\$45.6 million (vs. US\$44.3 million in 2022).

Operating Costs: R\$150.5 million (+18.8% vs. 2022), demonstrating the aforementioned impact, as well as additional costs related to sustaining the operation during the dry docking period of one of the vessels dedicated to cabotage, requiring the chartering of a third-party vessel to fulfill the contract.

Operating Expenses: R\$4.9 million (vs. R\$31.9 million in 2022), not comparable to the value observed in 2022, which included approximately R\$21.6 million in provisions for losses realized by the Company on outstanding receivables from 2021 that had not yet been settled by the customer.

Adjusted EBITDA: R\$90.7 million (vs. R\$97.2 million in 2022), with a margin of 39.9%, and in USD it was US\$18.1 million (vs. US\$19.0 million in 2022), reflecting the outcome of the arbitration agreement accounted for in the last quarter of the year, cost adjustments not yet passed on to the customer, and the lower AFRMM (Additional Freight for Renewal of the Merchant Marine) recorded after regulatory changes resulting from the BR do Mar law. The Adjusted EBITDA in USD for 4Q23 was US\$4.7 million (vs. -US\$0.6 million in 4Q22).

Santos



Volume (kt)	2023	2022	Ch. %
Santos	1,452	394	>100%
Fertilizers	1,452	394	>100%

In 2023, our terminal shipped **1.4 million tons** of fertilizers, with growth potential, as rail shipment began on March 14, 2024, expanding the terminal's capacity available to fertilizers and complying with the take-or-pay agreement entered into with Rumo for fertilizer throughput of approximately 500,000 additional tons per year.

The Company ended the year with 17% of market share in fertilizers at the Port of Santos (vs. 15% in 2022), consolidating its position as one of the main players of the sector.

Santos (BRL million)	2023	2022	Ch. %
Net Revenue	122.0	31.4	>100%
Net Operating Revenue	122.0	31.4	>100%
Operating Costs	(52.8)	(16.2)	>100%
Operating Costs	(52.8)	(16.2)	>100%
Operating Expenses (Revenue)	(13.1)	(7.0)	87.4%
AFRMM, Tax Credits and Other	(0.0)	0.6	-
EBITDA	56.0	8.7	>100%
EBITDA Margin %	45.9%	27.8%	18.2 p.p
Non-recurring ¹	5.3	1.8	>100%
Adjusted EBITDA	61.4	10.5	>100%
Adjusted EBITDA Margin %	50.3%	33.4%	16.9 p.p

¹Non-recurring effects are shown in the document attached to this report.

Net Operating Revenue: R\$122.0 million (vs. R\$31.4 million in 2022), not comparable with 2022, when operations took place only between August and December.

Operating Costs: R\$52.8 million (vs. R\$16.2 million in 2022), reflecting greater dilution of fixed costs – which represent approximately 60% of the total costs of this logistics corridor.

Operating Expenses: R\$13.1 million in 2023 (vs. R\$7.0 million in 2022), with structures still being adjusted and optimized since the resumption of operations after a period of modernizations and construction in the warehouses.

Adjusted EBITDA: The highest result achieved since the beginning of the lease, totaling **R\$61.4 million**, with a margin of 50.3%, still below its full potential which will include fertilizer volume shipped also by rail and salt volume that has not yet begun but has already been agreed upon with the customer.

Holding

Holding (BRL million)	2023	2022	Ch. %
Operating Expenses (Revenue)	(86.2)	(76.3)	12.9%
AFRMM, Tax Credits and Other	(5.7)	(0.8)	>100%
Equity Accounting	(4.1)	(3.5)	15.3%
EBITDA	(96.0)	(80.7)	19.0%
Equity Accounting	4.1	3.5	15.3%
Non-recurring ¹	(28.4)	(15.9)	79.0%
Adjusted EBITDA	(120.3)	(93.0)	29.4%

¹Non-recurring effects are shown in the document attached to this report.

Corporate expenses amounted to **R\$120.3 million** (+29.4% vs. 2022) – a level consistent with other companies in the same sector. The variation from 2022 reflects labor union agreements, vacations, and organizational restructuring, as well as the impact of reclassifying expenses for licenses and software that were being capitalized until 2022 due to changes in accounting criteria during the period.

Consolidated Result

Consolidated Result (BRL million)	2023	2022	Ch. %
Net Revenue	1,924.3	1,767.9	8.8%
Net Operating Revenue ¹	1,925.7	1,799.9	7.0%
Hedge Accounting ²	(1.3)	(32.0)	-95.9%
Operating Costs	(951.5)	(888.7)	7.1%
Operating Costs	(951.5)	(888.7)	7.1%
Operating Expenses (Revenues)	(248.2)	(231.2)	7.3%
AFRMM, Tax Credits and Other	7.5	11.7	-35.8%
Equity Accounting	5.6	14.0	-
EBITDA	737.7	673.7	9.5%
EBITDA Margin %	38.3%	37.4%	+0.9 p.p
Depreciation & Amortization	(347.4)	(356.5)	-2.5%
EBIT	390.3	317.2	23.0%
Financial Result	(320.5)	(233.4)	37.3%
Net Income before Income Tax	69.8	83.8	-16.8%
Income Tax	(52.2)	(91.9)	-43.3%
Net profit	17.6	(8.1)	-

¹Net Operating Revenue excludes hedge accounting and intercompany effects between the Company's subsidiaries. ²Hedge Accounting: the Company's functional currency is the Brazilian real. However, South Corridor and Coastal Navigation agreements are denominated in U.S. dollar. Accordingly, hedge accounting was applied to mitigate this exposure to another currency, with existing debt in US dollars providing protection for long-term contracts in foreign currency. This procedure has no cash impact.

CAPEX

Consolidated CAPEX (BRL million)	2023	2022	Ch. %
Maintenance	123.1	44.2	>100%
Expansion	175.9	257.1	-31.6%
STS20 Grant	21.2	20.1	5.6%
Total CAPEX	320.2	321.3	-0.4%

The consolidated CAPEX amounted to **R\$320.2 million** (vs. R\$321.3 million in 2022), consisting of:

- i) **R\$123.1 million** allocated for scheduled **maintenance** of assets, including the early maintenance of the North, which was conducted to optimize and prepare the system for operational resumption in early 2024, amidst more favorable navigation conditions, and the scheduled dry docking of one of the cabotage assets. It is worth noting that in 2023, the Company expanded its navigation fleet compared to 2022, with the receipt of new trunk pushboats, maneuver pushboats, and barges, as well as warehouse infrastructure in Santos, which was not part of the maintenance base in the past. Currently, the Company owns 23 trunk pushboats, 8 maneuver pushboats, and 464 barges.
- ii) **R\$175.9 million** for **expansion**, allocated to the modular growth project approved for the North – involving buoys and new navigation assets, as well as the development project for railway dispatch in Santos, in line with the planned activities for the year 2023.

The investments made in 2023 mark the end of the first cycle of major investments made by the Company, which enabled the installation and consolidation of the 4 independent logistics corridors that hold a leading position in their respective areas of operation.

It is worth emphasizing that we continue to be extremely diligent with investments, following the strategy of gradual deleveraging and cash release for modular projects that will add capacity in the short term.

Financial Result

Financial Result (BRL million)	2023	2022	Ch. %
Total Financial Income	49.3	154.8	-68.1%
Total Recurring Financial Income	49.3	11.5	>100%
Non-recurring Financial Income	-	143.3	-
Total Financial Expense	(346.0)	(407.1)	15.0%
Financial Expense	(302.2)	(376.2)	19.7%
Derivative Financial Instruments	(43.7)	(30.9)	-41.6%
Fx variation ¹	(23.9)	18.9	-
Total Financial Result	(320.5)	(233.4)	-37.3%
Adjusted Financial Result	(320.5)	(376.7)	14.9%

¹To facilitate understanding of information related to Financial Expenses and Exchange Variation, we now present the effects of gains or losses related to investment funds exposed to variation in the U.S. dollar only in the exchange variation line.

The Company ended 2023 with a **Financial Result** of **(R\$320.5) million** (vs. 233.4 million in 2022), with the main components of this result explained as follows:

- i) **Financial Income: R\$49.3 million** (vs. R\$154.8 million in 2022), with a positive non-recurring impact of R\$143.3 million in 2022 from gains on the repurchase of Bonds in the secondary market. Comparing recurring financial income, there is an improvement of R\$37.8 million – reflecting the Company's new investment strategy, with a shift from investments with exposure to currency funds to fixed income investments in Brazil.
- ii) **Financial Expenses: (R\$346.0) million** (vs. (R\$407.1) million in 2022), mainly reflecting the accounting of a non-recurring positive effect accumulated (from 2020 to 2023) on the profitability of the Bonds repurchased in 2020, which occurred in the last quarter of the year.
- iii) **Exchange Variation: (R\$23.9) million** (vs. R\$18.9 million in 2022), explained by the reduction in the conversion of revenues from dollar-denominated contracts.

It is worth noting that the value presented in 2022 is not comparable as it includes a non-recurring positive impact from the optimization of the capital structure carried out that year, and excluding this effect, the Adjusted Financial Result of 2022 would be ((R\$376.7) million).

Net Income / Loss

As a result of the above, Hidrovias do Brasil posted **Net Income** of **R\$17.6 million** in 2023 (vs. Net Loss of R\$8.1 million in 2022), mainly driven by the record operating result in 9M23, which partially offset the results below the North Corridor's potential during the last quarter of the year and, as a consequence, the higher tax rate in that period, since the corridors with lower tax benefits have benefited the most the 4Q23 results.

Cash Generation

Cash Flow (BRL million)	2023	2022	Ch. %
Cash beginning of period	753.4	672.3	12.1%
(+) EBITDA	737.7	673.7	9.5%
(+/-) Change in working capital	(80.8)	9.1	-
(+/-) Hedge Accounting	1.3	32.0	-95.9%
= Operating Cash Flow (OCF)	658.2	714.8	-7.9%
(-) CAPEX	(274.0)	(281.0)	-2.5%
Recurring	(123.1)	(44.2)	>100%
Expansion	(150.9)	(236.7)	-36.3%
(-) Grant	(21.2)	(20.1)	5.6%
= Investing Cash Flow (ICF)	(295.2)	(301.0)	-1.9%
(+/-) Debt Issuance/Amortization	(37.6)	462.9	-
(-) Payment of Interest on Loans	(271.3)	(226.7)	19.7%
(-) Payment of Interest on Derivatives	(26.3)	-	-
(-) Lease Payments	(50.8)	(71.8)	-19.6%
(+/-) Funding costs/Bond repurchase	(0.2)	(505.4)	>100%
(+/-) Dividends Paid/Received	11.9	-	-
= Financing Cash Flow (FCF)	(374.3)	(341.1)	9.8%
Impact of exchange rate variation on cash balances	88.3	8.4	>100%
= Cash Generation	77.0	81.1	-5.0%
Cash end of period	830.5	753.4	10.2%

There was a **generation of R\$658.2 million** in operational **cash flow**, explained by the improvement in operating results, mainly due to record results in the first nine months of the year, which more than offset the lower-than-potential result of the Company obtained in 4Q23, for the reasons already mentioned in this report. Additionally, in working capital, although there was an improvement in accounts receivable, there was on the other hand, a negative impact on accounts payable related to some non-recurring payments of fees and adjustments for the recognition of unrealized tax incentives.

Investments were practically in line compared to the previous year, reflecting maintenance increase, with the anticipation of scheduled maintenance in the North (which would usually occur in 1Q24) and expansion investments in modular projects in the North and railway dispatch project in Santos. The financing flow was positively impacted by the reduction in leases during the period and, negatively impacted, by the Company's new capital structure (shown in the line of bond issuance and repurchases).

As a result, **cash generation** in 2023 was **R\$77.0 million** (vs. R\$81.1 million in 2022), demonstrating the resilience of the business and Hidrovias' strong cash generation capacity, even in the midst of challenging external scenarios.

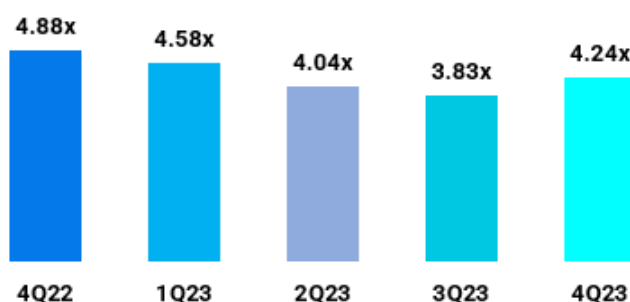
Debt

Indebtedness (BRL million)	2023	2022	Ch. %
Total in BRL	989.5	946.5	4.5%
Total in USD	3,030.2	3,319.3	-8.7%
Gross Debt	4,019.7	4,265.8	-5.8%
Total in BRL	341.2	206.5	65.2%
Total in USD	472.7	528.0	-10.5%
Cash and cash equivalents ¹	813.9	734.6	10.8%
Net Debt	3,205.8	3,531.2	-9.2%
Adjusted EBITDA ex-JV's LTM	755.7	723.8	4.4%
Net Debt/EBITDA ex-JV's LTM	4.24x	4.88x	-0.64x

¹Cash includes Cash and Cash Equivalents and short-term Financial Investments.

Net debt decreased to **R\$3,205.8 million** year on year (-9.2% vs. 4Q22), due to the 5.8% reduction in gross debt with the depreciation of the Brazilian real in the period (BRL vs. USD: -7.2% vs. 4Q22), in addition, there was an increase in the cash position and investments (+10.8% vs. 4Q22). Leverage considering the Adjusted EBITDA ex-JVs of the last 12 months was **4.24x**, an increase when compared to the immediately previous quarter due to the inclusion of 4Q23 results in the consolidated 12-month period (replacing the record results in 4Q22) but still registering deleveraging in relation to the same period last year, with an improvement of 0.64x.

Leverage evolution
(Net Debt/Adjusted LTM EBITDA¹ ex-JV's)



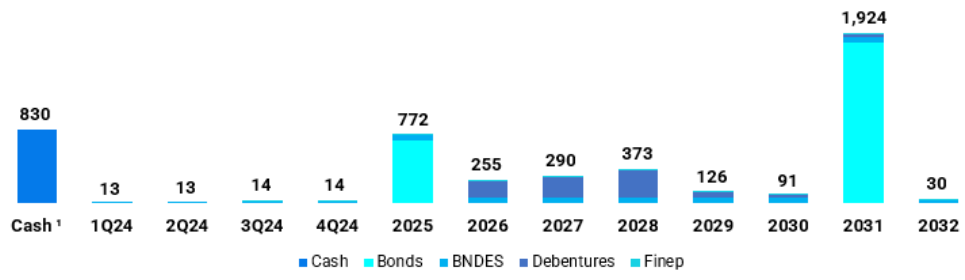
¹Considers Adjusted EBITDA in the last 12 months, excluding the impact of hedge accounting, equity accounting, and non-recurring items in the period.

We continue to devote our efforts to the continuous deleveraging process, but at the same time seizing opportunities to grow in the short term, provided that they are in line with Company's projected cash flows.

We also continued our strategy to better balance out currencies in expected cash flows. For this, we intend to carry out new issue during 2024 in the domestic market, repurchasing a portion of the debt in U.S. dollar maturing in 2025, thereby extending the average term of current debt.

Lastly, note that most of the Company's debt is long term (maturing only in 2031) and is very low-cost, thanks to the tremendous resilience and predictability of the results on account of long-term take-or-pay contracts, as shown in the schedule below:

Debt amortization schedule (R\$ million)



¹Cash includes Cash and Cash Equivalents and short- and long-term Financial Investments.

→ Sustainability

Sustainability continues to be a strategic pillar for our Company, and since the launch of our Sustainable Commitment, in 2022, we have been working to comply with and, whenever possible, expand our guidelines and goals.

During 2023, 100% of the goals established for the short term were achieved, including:

- a) construction of two hybrid tugboats and the start of convoy operation of 35 barges;
- b) approval, with the Sustainable Partner Seal, of suppliers based on ESG criteria;
- c) inventory of 100% of grain clients in the North system and start of project to encourage them to sign the Soy Moratorium;
- d) conclusion of the inventory of waste and development of action plan with indicators for reducing and disposing of waste according to type;
- e) conclusion of diagnosis of social and environmental risk of operations and routes in regions covered by HBSA;
- f) implementation of health and occupational safety plan throughout the company;
- g) creation of procedures on government relations;
- h) publication of the 1st Sustainability Report according to GRI standards, with external verification.

In this context, note that we received the ATP Award, due to a pioneering project to implement solar energy at the Cargo Transshipment Station (ETC) of Itaituba, and we have obtained the second Gold Seal certification from the GHG Protocol, attesting to the quality of Greenhouse Gas Emission Inventory. We have also achieved the pro-Ethics seal and the Transparency Trophy, reinforcing our integrity and governance, and we were included in the Amazon Navigation Safety Program, demonstrating our focus on safety.

Hence, we reaffirmed our social commitment and the desire of leading the social change to benefit the entire community surrounding our operations, following the guidelines of our Sustainable Commitment.

On the private Social Investment front, we carried out eleven social projects in the North (Barcarena and Itaituba) – of which seven were already completed and four are in progress –, two social projects in Santos and Itaituba one social project in Paraguay.

As for Grassroots Development, we carried out the projects “Sonho Cabano” – which have revitalized the building of the Jardim Cabano Community Center – and “Itupanema Mais Forte” – which involved the construction of building for the Itupanema Association. Both projects are located in Barcarena, Pará.

On the Job and Income Generation front, the “Aceleraê” program prepared 85 youth for the job market in Barcarena, and the “Tecer” program enabled 38 women to become entrepreneurs in Itaituba, thereby training local population and generating jobs in the region.

The Company also conducted the “Musicalidade na Gota” project, in Santos, providing music education to 300 children and adolescents, in Paraguay, and the “Clube de Empreendedoras” entrepreneurs group, encouraging the economic inclusion of female heads of households. These projects and initiatives have been consolidating us as the driving force of positive changes, sustained by ethics, integrity, environmental responsibility, commitment to local communities and other values.

Check all Company's actions and initiatives in the Integrated Report and learn more at: https://hbsa.com.br/wp-content/uploads/2023/08/Hidrovias_RI2022_D11-3.pdf

→ Disclaimer

This report contains forward-looking statements and prospects based on strategies and beliefs related to the growth opportunities of Hidrovias do Brasil S.A. and its subsidiaries (“Hidrovias” or “Company”), based on the Management's analyses. This means that statements included herein, based on an in-depth study of public information available to the market in general, although deemed reasonable by the Company, may not materialize and/or may contain miscalculations and/or inaccuracies. This disclaimer on the information provided herein indicates the existence of adverse situations that may impact the expected results so that our expectations might not materialize within the reporting period, as such factors are beyond Hidrovias' control. As such, the Company does not guarantee the performance mentioned in this document and, therefore, this document does not represent an offer for purchase and/or subscribe to its securities.

 **Independent Auditors**

The individual and consolidated financial statements of Hidrovias do Brasil S.A. and its subsidiaries are audited by Ernst & Young Auditores Independentes S/S Ltda, whose selection is exclusively the responsibility of the Board of Directors. The Company's policy for engaging services unrelated to external audit aims to assess the existence of conflicts of interest. Thus, the following aspects are evaluated: the auditor should not (i) audit their own work; (ii) perform managerial functions in their client; and (iii) promote the interests of their client; conditions that were observed in the fiscal year ended December 31, 2023. In the fiscal year ended December 31, 2023, external audit services were contracted totaling R\$1,300 thousand, as well as other non-audit services totaling R\$1,474 thousand, related to assurance of the integrated report and comfort letter for the follow-on process.

 **Management Statment**

As Directors of Hidrovias do Brasil S.A., we declare, in accordance with Article 27, paragraph 1, items V and VI, of CVM Resolution No. 80 of March 29, 2022, as amended, that we have reviewed, discussed, and agreed with the terms of the financial statements and the opinion of the independent auditors regarding the financial statements for the fiscal year ended December 31, 2023.

A free translation from Portuguese into English of Independent Auditor's Report on Parent Company and Consolidated Financial Statements prepared in Brazilian currency in accordance with the accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRS), issued by International Accounting Standards Board (IASB)

Independent auditor's report on parent company and consolidated financial statements

To the Shareholders, Board of Directors and Officers of
Hidrovias do Brasil S.A.
São Paulo - SP

Opinion

We have audited the parent company and consolidated financial statements of Hidrovias do Brasil S.A. (the "Company"), identified as Parent Company and Consolidated, respectively, which comprise the statement of financial position as at December 31, 2023, and the statements of profit or loss, the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the parent company and consolidated financial position of the Company as at December 31, 2023, its parent company and consolidated financial performance and its parent company and consolidated cash flows for the year then ended, in accordance with the accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the parent company and consolidated financial statements* section of our report. We are independent of the Company and its subsidiaries in accordance with the relevant ethical principles set forth in the Code of Professional Ethics for Accountants, the professional standards issued by the Brazil's National Association of State Boards of Accountancy (CFC), and we have fulfilled our other 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 opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. This matter was addressed in the context of our audit of the parent company and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. For the matter below, our description of how our audit addressed the matter, including any commentary on the findings or outcome of our procedures, is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the parent company and consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Revenue recognition

As mentioned in Note 21, the Company's and its subsidiaries' revenues derive, mainly, from cargo transportation through river and sea navigation, in addition to lifting and transshipment services. These revenues are, mostly based on long-term contracts signed with customers, which include guarantees of minimum volumes transported ("Take or Pay"). Additionally, the Company evaluates, at each closing period, its compliance with the performance obligations to determine the appropriate period for recognizing revenues, which involve relevant, large-volume and pulverized amounts.

In our view, due to the above mentioned aspects that may significantly impact the amount of revenue recognition, and consequently, the parent company and consolidated financial statements as a whole, as well as the relevance of the amounts involved in the transactions represents a high risk of material misstatement in the parent company and consolidated financial statements, volume of transactions and nature of its operations, the matter is considered significant for our audit.

How our audit addressed the key audit matter

Our audit procedures related to revenue recognition included, among others: i) assessment of revenue recognition criteria adopted by management, which support the accounting of revenue, including take or pay revenue, throughout the year, ii) review, on a sample basis, of contracts with customers and inspection of documents that support revenue recognition, iii) tests of transactions, on a sample basis, carried out close to the accounting closing period and the respective revenue recognition; iv) tests, on a sample basis, of revenue recognized throughout the year with inspection of documents that support the revenue recognized and related cash collection; v) evaluation of the Company's disclosures related to its revenue recognition.

As a result of these procedures, we identified an audit adjustment indicating the need for additional revenue to be recognized in the year due to the period in which the performance obligations were fulfilled, being this adjustment recorded by management even considering its immateriality to the financial statements taken as a whole. Additionally, we consider that the revenue recognition's criteria and assumptions adopted by management, as well as the respective disclosures in note 21, are acceptable, in the context of the parent company and consolidated financial statements taken as a whole.

Realization of deferred income tax and social contribution

The Company and its subsidiaries have deferred income tax and social contribution tax assets on temporary differences, income tax and social contribution tax losses, which are supported by the generation of future taxable profit, as detailed in note 24. Due to subjectivity and judgment involved in estimating future taxable profit, which takes into consideration income projections prepared and grounded on internal assumptions and estimated economic scenarios, the matter is considered significant for our audit.

How our audit addressed the key audit matter

Our audit procedures included, among others: i) analysis of the reasonableness of the projected results, prepared by management, which support the future realization of deferred tax assets; ii) analysis of the adequacy of the methodology and assumptions used by management in preparing projected results; iii) mathematical testing of income projections; iv) analysis of the consistency between the data used in preparing projections and accounting data, when applicable; v) confirmation that the information used in preparing the projected results is derived from the Company's business plan approved by management; and vi) evaluation of the Company's disclosures regarding the realization of deferred income tax and social contribution.

Based on the results of the audit procedures performed on the realization of deferred income tax and social contribution, we consider that the criteria and assumptions for recognizing deferred income tax and social contribution assets adopted by management, as well as the respective disclosures in explanatory note 24, are acceptable, in the context of the parent company and consolidated financial statements taken as a whole.

Other matters

Audit of prior year corresponding figures

The Company's financial statements for the year ended December 31, 2022, were audited by another independent auditor who issued a report dated March 21, 2023, with an unmodified opinion on these financial statements.

Statements of value added

The parent company and consolidated statements of value added (SVA) for the year ended December 31, 2023, prepared under the responsibility of the Company's management and presented as supplementary information for purposes of IFRS, were submitted to audit procedures conducted together with the audit of the Company's financial statements. To form our opinion, we evaluated if these statements are reconciled to the financial statements and accounting records, as applicable, and if their form and content comply with the criteria defined by NBC TG 09 - Statement of Value Added. In our opinion, these statements of value added were prepared fairly, in all material respects, in accordance with the criteria defined in abovementioned accounting pronouncement and are consistent in relation to the overall parent company and consolidated financial statements.

Other information accompanying the parent company and consolidated financial statements and the auditor's report

The Company's executive board is responsible for such other information, which comprise the Management Report.

Our opinion on the parent company and consolidated financial statements does not cover the Management Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the parent company and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the Management Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the parent company and consolidated financial statements

Management is responsible for the preparation and fair presentation of the parent company and consolidated financial statements in accordance with the accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the parent company 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.

Those charged with governance are responsible for overseeing the Company's and its subsidiaries' financial reporting process.

Auditor's responsibilities for the audit of the parent company and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the parent company and consolidated financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the 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:

- Identified and assessed the risks of material misstatement of the parent company and consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained 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 and its subsidiaries' internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluded 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, we are required to draw attention in our auditor's report to the related disclosures in the parent company and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the parent company and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the scope and timing of the planned audit procedures and significant audit findings, including deficiencies in internal control that we may have identified during our audit.


We also provided those charged with governance with a statement that we have complied with relevant ethical requirements, including applicable independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

São Paulo, March 20, 2024.

ERNST & YOUNG
Auditores Independentes S/S Ltda.
CRC SP-034519/O


Carlos Augusto Amado Junior
CRC SP-292320/O-0

Hidrovias do Brasil S.A.

Parent company and consolidated
Financial statements of and for the year ending
December 31, 2023
and Independent Auditor's Report

Hidroviás do Brasil S.A.

Statements of financial position as of December 31, 2023 and 2022

(In thousands of reais - BRL)

ASSETS	Note	Parent company		Consolidated	
		2023	2022	2023	2022
Current assets					
Cash and cash equivalents	4	67,090	48,908	663,919	401,545
Financial investments	5	1,063	16,896	150,001	333,015
Trade accounts receivable	6	-	-	141,835	212,572
Inventories		-	-	93,826	106,443
Recoverable taxes	7	11,474	10,290	181,186	129,164
Prepaid expenses and advances		2,005	1,218	23,161	36,048
Related parties	16	17,501	23,249	-	-
Dividends receivable	16	14,692	57,236	-	-
Other credits		-	3,434	66,295	70,609
Total current assets		113,825	161,231	1,320,223	1,289,396
Non-current assets					
Linked bonds and securities	5	-	-	16,547	18,877
Related parties	16	-	5,218	4,982	5,369
Trade accounts receivable	6	-	-	4,000	4,800
Judicial deposits	15.2	32,383	32,383	93,580	68,761
Deferred tax assets	24	45,207	25,925	117,961	131,100
Recoverable taxes	7	4	-	45,230	82,454
Prepaid expenses and advances		80	160	17,115	26,099
Other credits		-	-	48,903	-
Investments	8	2,401,393	2,113,283	102,026	109,592
Fixed assets	9	4,038	3,983	3,920,610	4,091,335
Right-of-use assets	10	1,794	2,498	226,474	193,399
Intangible assets	11	28,183	38,822	331,396	342,347
Total non-current assets		2,513,082	2,222,272	4,928,824	5,074,133
Total assets		2,626,907	2,383,503	6,249,047	6,363,529

The accompanying notes are an integral part of the parent company and consolidated financial statements.

Hidrovias do Brasil S.A.

Statements of financial position as of December 31, 2023 and 2022

(In thousands of reais - BRL)

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	Parent company		Consolidated	
		2023	2022	2023	2022
Current liabilities					
Accounts payable	12	11,963	11,790	172,452	190,603
Loans, financing and debentures	13	80,905	58,394	210,457	192,819
Social charges and labor obligations	14	26,250	19,976	70,527	55,529
Provision for contingencies	15	7,217	6,808	47,604	32,020
Taxes payable		5,064	4,952	64,871	33,734
Income tax and social contribution		-	-	87,636	80,295
Accounts payable with related parties	16	4,179	2,965	-	-
Advances from customers		-	-	4,280	16,785
Lease liabilities	10	994	665	28,979	30,692
Obligation with concession - grant	11	-	-	18,117	17,231
Other accounts payable		395	9,008	38,300	42,574
Total current liabilities		136,967	114,558	743,223	692,282
Non-current liabilities					
Loans, financing and debentures	13	908,585	888,098	3,809,278	4,072,960
Accounts payable with related parties	16	145,354	20,255	-	-
Derivative financial instrument	25	45,344	27,954	45,344	27,954
Lease liabilities	10	1,019	1,833	208,609	199,832
Obligation with concession - grant	11	-	-	20,875	36,722
Other accounts payable		6,115	-	38,195	2,974
Total non-current liabilities		1,106,417	938,140	4,122,301	4,340,442
Net equity					
Share capital	17	1,334,584	1,334,584	1,334,584	1,334,584
Capital reserves		42,284	39,629	42,284	39,629
Accumulated Losses		(326,660)	(344,259)	(326,660)	(344,259)
Other reserves		333,315	300,851	333,315	300,851
Total shareholders' equity		1,383,523	1,330,805	1,383,523	1,330,805
Total liabilities and shareholders' equity		2,626,907	2,383,503	6,249,047	6,363,529

The accompanying notes are an integral part of the parent company and consolidated financial statements.

Hidroviás do Brasil S.A.

Statements of profit or loss

For the years ended December 31, 2023 and 2022

(In thousands of reais - BRL, except earnings per share)

	Note	Parent company		Consolidated	
		2023	2022	2023	2022
Net revenue	21	-	-	1,924,350	1,767,900
Cost of services provided	22.1	-	-	(1,242,478)	(1,149,726)
Gross profit		-	-	681,872	618,174
OPERATING EXPENSES					
General and administrative	22.1	(98,189)	(103,853)	(300,075)	(303,124)
Estimation of expected losses	22.1	-	-	(3,322)	(23,602)
Equity in the results of investees	8	265,096	189,114	4,303	14,040
Losses for impairment		-	-	-	(24,740)
Other revenue and (expenses)		(5,701)	(346)	7,523	36,444
Operating income (loss) before financial income and taxes		161,206	84,915	390,301	317,192
Financial income	23	45,468	5,839	372,564	173,670
Financial expenses	23	(208,357)	(111,010)	(693,111)	(407,117)
Financial income (loss)		(162,889)	(105,171)	(320,547)	(233,447)
Income (loss) before income tax and social contribution		(1,683)	(20,256)	69,754	83,745
Income tax and social contribution					
Current	24	-	-	(69,131)	(81,384)
Deferred	24	19,282	12,093	16,976	(10,524)
Profit (Loss) for the year		17,599	(8,163)	17,599	(8,163)
Basic earnings per share - BRL	18	0.0231	(0.0107)	0.0231	(0.0107)
Diluted earnings per share - BRL	18	0.0227	(0.0107)	0.0227	(0.0107)

The accompanying notes are an integral part of the parent company and consolidated financial statements.

Hidroviás do Brasil S.A.

Statements of comprehensive income

For the years ended December 31, 2023 and 2022

(In thousands of reais - BRL, except earnings per share)

	Parent company		Consolidated	
	2023	2022	2023	2022
Profit (Loss) for the year	17,599	(8,163)	17,599	(8,163)
Other comprehensive income:				
Items that may be reclassified for the statements of income:				
Foreign exchange difference in the translation of foreign operations in subsidiaries	(67,615)	(39,649)	(60,208)	(32,790)
Foreign exchange difference in the translation of foreign operations in investees	-	-	(7,407)	(6,859)
Hedge accounting of financial instruments	130,148	162,466	130,094	162,466
Deferred income tax and social contribution	(30,069)	(36,261)	(30,015)	(36,261)
Total	32,464	86,556	32,464	86,556
Comprehensive income (loss) for the year	50,063	78,393	50,063	78,393

The accompanying notes are an integral part of the parent company and consolidated financial statements.

Hidrovias do Brasil S.A.

Statement of changes in equity

For the years ended December 31, 2023 and 2022

(In thousands of reais - BRL)

	Share capital		Capital reserves		Profit reserves		Other reservers		Total
	Share capital	Cost of issuance of shares	Share premium	Options granted	Tax incentive reserve	Accumulated losses	Accumulated translation adjustments	Adjustment of non-derivative financial instruments (*)	
BALANCES ON JANUARY 1, 2022	1,359,469	(24,885)	4,401	30,470	-	(336,096)	569,272	(354,977)	1,247,654
Long-term incentive plan	-	-	-	4,758	-	-	-	-	4,758
Profit (Loss) for the year	-	-	-	-	-	(8,163)	-	-	(8,163)
Tax incentive reserve	-	-	-	-	22,296	(22,296)	-	-	-
Absorption of reserves	-	-	-	-	(22,296)	22,296	-	-	-
Other comprehensive income	-	-	-	-	-	-	(39,649)	126,205	86,556
BALANCES ON DECEMBER 31, 2022	1,359,469	(24,885)	4,401	35,228	-	(344,259)	529,623	(228,772)	1,330,805
Profit (Loss) for the year	-	-	-	-	-	17,599	-	-	17,599
Tax incentive reserve	-	-	-	-	23,326	(23,326)	-	-	-
Absorption of reserves	-	-	-	-	(23,326)	23,326	-	-	-
Others	-	-	-	-	-	-	6,720	(6,720)	-
Long-term incentive plan	-	-	-	2,655	-	-	-	-	2,655
Other comprehensive income	-	-	-	-	-	-	(67,615)	100,079	32,464
BALANCES ON DECEMBER 31, 2023	1,359,469	(24,885)	4,401	37,883	-	(326,660)	468,728	(135,413)	1,383,523

(*) The impact is net of income tax and deferred social contribution.

The accompanying notes are an integral part of the parent company and consolidated financial statements.

Hidroviás do Brasil S.A.

Statements of cash flows

For the years ended December 31, 2023 and 2022

(In thousands of reais - BRL)

	Parent company		Consolidated	
	2023	2022	2023	2022
Cash flows from operating activities				
Profit (Loss) for the year	17,599	(8,163)	17,599	(8,163)
Net cash generated by (used in) operating activities:				
Provisions for bonuses and gratuities	15,388	12,085	34,212	16,740
Income tax and social contribution - current and deferred	(19,282)	(12,093)	52,155	91,908
Lease and concession adjustment to present value	-	-	-	32,004
Derivative financial instruments	43,736	27,954	43,736	27,954
Provision for contingencies	409	1,329	26,276	9,709
Interest incurred on loans	120,978	75,432	259,084	271,811
Reversal of borrowing costs	2,086	1,348	11,145	39,093
Monetary and exchange rate adjustment on loans	-	-	(909)	(17,141)
Accrued interest - leasing	260	52	23,004	9,544
Long-term incentive plan with restricted shares	(206)	7,124	(206)	7,124
(Gains) losses on financial investments;	(885)	(1,698)	(15,990)	10,683
Write-off of fixed and intangible assets;	-	-	3,559	-
Depreciation and amortization	11,823	26,506	313,168	299,836
Amortization of right-of-use assets	953	982	33,813	56,636
Equity in the results of investees	(265,096)	(189,114)	(4,303)	(14,040)
Expected credit losses	-	-	7,144	21,565
Revenue earned from hedge	-	-	1,318	32,047
Gain from the repurchase of instruments - Bond	-	-	-	(143,299)
Write-off of lease	-	-	(145)	(9,491)
Reversal of tax credits	-	-	(3,520)	(1,973)
Impairment	-	-	-	24,740
(Increase) decrease in operating assets:				
Accounts receivable	-	-	64,462	8,960
Inventories	-	-	12,617	(13,381)
Recoverable taxes	(1,188)	(781)	743	2,236
Prepaid expenses and advances	(707)	6,218	21,871	37,831
Judicial deposits	-	-	(24,819)	(22,892)
Guarantees and security deposits	-	2,167	-	1,873
Other credits	3,434	(4,456)	(44,589)	13,891
Increase (decrease) in operating liabilities:				
Accounts payable	(2,137)	6,339	(43,216)	25,282
Social and labor obligations	(9,115)	(6,052)	(19,214)	5,315
Tax liabilities	112	(15)	31,137	(1,465)
Advances from customers	-	-	(12,505)	22,357
Other accounts payable	(25,982)	(3,759)	309	(8,269)
Payment of interest on loans and financing	(97,756)	(22,484)	(271,340)	(226,746)
Income tax and social contribution paid	-	-	(74,980)	(87,704)
Net cash generated by (used in) operating activities	(205,576)	(81,079)	441,616	514,575
Cash flows from investing activities				
Acquisition of fixed assets	(1,225)	(1,666)	(262,619)	(248,593)
Acquisition of intangible assets	(5,046)	(19,287)	(11,355)	(32,365)
Investment of bonds and securities	(41,820)	(168,200)	(732,058)	(1,699,019)
Redemptions of bonds and securities	58,539	256,383	886,579	1,944,516
Write-off of fixed assets	-	1,894	13,104	2,718
Write-off of intangible assets	7,343	-	7,343	-
Dividends received	52,543	-	11,877	-
Loan granted between related parties	62,472	(1,369)	161	-
Capital Increase to controlled companies	(550)	(453,095)	-	-
Net cash generated by (used in) investing activities	132,256	(385,340)	(86,968)	(32,743)
Cash flows from financing activities				
Loans, financing and debentures raised net of funding costs	17,919	519,800	17,919	519,800
Cost of raising loans, financing and debentures	(228)	(4,037)	(228)	(4,037)
Payments of Concession Lease	-	-	(21,176)	(20,054)
Payments of contracts of Leasing	(995)	(1,279)	(50,757)	(71,797)

The accompanying notes are an integral part of the parent company and consolidated financial statements.

Hidroviás do Brasil S.A

Statements of cash flows

For the years ended December 31, 2023 and 2022

(In thousands of reais - BRL)

(Continued)

Payments of loans, financing and debentures	-	-	(55,470)	(56,926)
Linked financial investments	-	-	(2,361)	(6,599)
Repurchase of instruments - Bond	-	-	-	(501,378)
Loans from related parties	(50,650)	(1,335)	-	-
Other accounts payable with related parties	125,456	1,241	226	409
Net cash generated by (used in) financing activities	91,502	514,390	(111,847)	(140,582)
Effects of exchange rate changes on the cash balance held in foreign currency	-	-	19,573	(16,159)
Increase (Decrease) in cash and cash equivalents	18,182	47,971	262,374	325,091
Cash and cash equivalents in the beginning of the year	48,908	937	401,545	76,454
Cash and cash equivalents in the end of the year	67,090	48,908	663,919	401,545
Increase (Decrease) in cash and cash equivalents	18,182	47,971	262,374	325,091

The accompanying notes are an integral part of the parent company and consolidated financial statements.

Hidroviás do Brasil S.A.

Statements of added value

For the years ended December 31, 2023 and 2022

(In thousands of reais - BRL)

	Parent company		Consolidated	
	2023	2022	2023	2022
REVENUE				
Revenue from services	-	-	2,019,924	1,842,319
Revenue related to the construction of own assets	7,761	20,900	275,398	291,559
Other revenue	(5,703)	(346)	7,522	36,444
Constitution (reversal) of provision for losses	-	-	(3,411)	(21,565)
Inputs acquired from third parties:				
Cost of services provided	-	-	(696,742)	(889,007)
Materials, electricity, third-party services and others	(31,984)	(25,972)	(190,298)	(197,115)
Construction of own assets	(7,761)	(20,900)	(275,398)	(291,559)
Gross (consumed) added value	(37,687)	(26,318)	1,136,995	771,076
Depreciation and amortization	(12,750)	(27,488)	(346,158)	(356,472)
Net added value (consumed) generated by the Company	(50,437)	(53,806)	790,837	414,604
Added value received (consumed) in transfer:				
Equity using the equity method	265,096	189,114	4,303	14,040
Financial revenue	45,468	5,839	372,564	173,670
Total added value (consumed) distributable	260,127	141,147	1,167,704	602,314
Added value (consumed) distribution	260,127	141,147	1,167,704	602,314
Personnel:	44,740	50,393	277,231	83,375
Direct compensation	19,019	12,111	206,787	36,403
Benefits	23,108	28,340	60,202	34,830
Unemployment Compensation Fund - FGTS	2,613	9,942	10,242	12,142
Taxes:	(10,569)	(12,093)	179,763	119,985
Federal	(10,583)	(12,093)	149,561	91,908
State	14	-	5,038	28,077
Municipal	-	-	25,164	-
Remuneration of third-party capital:	208,357	111,010	693,111	407,117
Interest on loans, grants and others	126,403	76,752	261,423	277,083
Monetary and exchange rate updates	3,484	1,032	315,420	(18,912)
Other financial expenses	78,470	33,226	116,268	148,946
Remuneration of equity:	17,599	(8,163)	17,599	(8,163)
Profit (loss) for the year	17,599	(8,163)	17,599	(8,163)

The accompanying notes are an integral part of the parent company and consolidated financial statements.

Hidrovias do Brasil S.A.

Notes to the financial statements

For the years ended December 31, 2023 and 2022

(In thousands of reais - BRL, except when stated otherwise)

1 Operating context

Hidrovias do Brasil S.A. (“Company”, “Group” or “Hidrovias”) is a publicly-held company with shares traded on B3 S.A. - Brasil, Bolsa, Balcão (“B3”), under code HBSA3, which was established on August 18, 2010 and is headquartered in the city and state of São Paulo, at Rua Fradique Coutinho, No. 30, 7º andar, Pinheiros (previously located at Rua Gilberto Sabino, 215 - 7º andar – Pinheiros).

Hidrovias has shares traded on B3 S.A. (Brasil, Bolsa, Balcão - B3), listed in the Novo Mercado segment under the ticker HBSA3, which was incorporated on August 18, 2010, and may, by resolution of the Board of Directors, open branches and establishments anywhere in Brazil or abroad.

The Company's business purpose consists of waterway, road, and multimodal logistics and infrastructure activities, in Brazil and abroad, including those listed below, as well as interest in companies that engage in such activities:

- (a) Transportation of goods.
- (b) Construction and operation of ports, cargo terminals, shipyards, workshops, and warehouses.
- (c) River and sea navigation, coastal navigation, and storage of goods.
- (d) Provision of logistics services, either directly or through third parties.
- (e) Other related activities or activities that are somehow related to its business purpose.

The Company and its subsidiaries operate four port terminals, with a total loading capacity of 20.5 million tons per year, and a transshipment station, strategically located, in addition to the current waterway fleet, which has 458 cargo barges, 22 main pushers, 6 auxiliary pushers and 2 cabotage vessels, a distributed fleet to meet the specific needs of customers and, at the same time, have operational flexibility in allocation to different routes and cargoes, giving greater flexibility for adaptations according to market conditions and demand for the transported cargo.

The Company has direct and indirect shareholdings in, and joint control in the following companies:

Hidroviás do Brasil S.A.

Notes to the financial statements

For the years ended December 31, 2023 and 2022

(In thousands of reais - BRL, except when stated otherwise)

Subsidiaries	Main activity	Country	Consolidation type	December 31, 2023		December 31, 2022	
				Direct % Interest	Indirect % Interest	Direct % Interest	Indirect % Interest
Hidroviás do Brasil - Holding Norte S.A. ("HB Holding Norte")	Equity interest held in other companies	Brazil	Full	100.00%	-	100.00%	-
Hidroviás do Brasil - Vila do Conde S.A. ("HB Vila do Conde")	Storage and lifting of cargo and river transport	Brazil	Full	-	100.00%	-	100.00%
Hidroviás do Brasil - Marabá S.A. ("HB Marabá")	Land - Pre-operational	Brazil	Full	100.00%	-	100.00%	-
Hidroviás do Brasil - Intermediação e Agenciamento de Serviços Ltda. ("HB Intermediação")	Services intermediation and agency	Brazil	Full	99.99%	0.01%	99.99%	0.01%
Hidroviás do Brasil - Cabotagem Ltda. ("HB Cabotagem")	Maritime coastal transport	Brazil	Full	99.99%	0.01%	99.99%	0.01%
Hidroviás do Brasil – Administração Portuária de Santos S.A. ("HB Santos")	Handling and storage	Brazil	Full	-	100.00%	-	100.00%
Obrinel S.A. ("Obrinel")	Specialized cargo terminal	Uruguay	Equity Method	-	49.00%	-	49.00%
Hidroviás del Sur S.A. ("Hidroviás del Sur")	Equity interest held in other companies	Uruguay	Full	100.00%	-	100.00%	-
Baloto S.A. ("Baloto")	Equity interest held in other companies	Uruguay	Full	4.95%	95.05%	4.95%	95.05%
Girocantex S.A. ("Girocantex")	River transport	Uruguay	Full	-	100.00%	-	100.00%
Hidroviás del Paraguay S.A. ("Hidroviás del Paraguay")	River transport	Paraguay	Full	0.01%	99.99%	0.01%	99.99%
Pricolpar S.A. ("Pricolpar")	River transport	Paraguay	Full	0.01%	99.99%	0.01%	99.99%
Cikelsol S.A. ("Cikelsol")	River transport	Uruguay	Full	-	100.00%	-	100.00%
Limday S.A. ("Limday")	River transport	Uruguay	Equity Method	-	44.55%	-	44.55%
Resflir S.A. ("Resflir")	Lease of navigation assets	Uruguay	Full	-	100.00%	-	100.00%
Hidroviás Internacional Finance S.à.r.l. ("Finance")	Financial transactions agency	Luxembourg	Full	100.00%	-	100.00%	-
Hidroviás Navegación Fluvial S.A. ("Navegación")	River transport	Paraguay	Full	95.00%	5.00%	95.00%	5.00%
Hidroviás South America BV ("Hidroviás South America")	River transport	The Netherlands	Full	100.00%	-	100.00%	-
Baden S.A. ("Baden")	Port administration	Paraguay	Equity Method	50.00%	-	50.00%	-
Via Grãos S.A. ("Via Grãos")	Construction of roads and railways	Brazil	Full	100.00%	-	100.00%	-

Hidrovias do Brasil S.A.

Notes to the financial statements

For the years ended December 31, 2023 and 2022

(In thousands of reais - BRL, except when stated otherwise)

2 Preparation basis

2.1 Statement of compliance

The parent company and consolidated financial statements for the year ended December 31, 2023 were approved by the Board of Directors on March 20, 2024 and were prepared in accordance with the accounting practices adopted in Brazil, including the pronouncements, interpretations and guidelines issued by the Accounting Pronouncements Committee (CPC) in addition, is presented in accordance with the rules and instructions issued by the Brazilian Securities and Exchange Commission (“CVM”) and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and show all the relevant information of the financial statements, and only them, which are consistent with those used by management in its management.

2.2 Statement of Relevance

We applied OCPC Technical Guidance 7 and CVM Resolution No. 727/2014, meeting the minimum requirements and, at the same time, disclosing only relevant information that assists readers in decision-making. Therefore, all the relevant information used in the management of the business is evidenced in this document.

2.3 Statement of Measurement

The financial statements have been prepared considering historical cost as the basis of value, which, in the case of certain financial assets and liabilities (including derivative instruments), has its cost adjusted to reflect the fair value measurement. Assets held for sale, if any, are measured at the lesser of book value and fair value fewer selling costs.

2.4 Rounding of amounts

All amounts are presented in the financial statements and notes were rounded to the approximate of thousands of reais, unless otherwise indicated.

2.5 Functional and presentation currency

The parent company and consolidated financial statements are presented in Brazilian reais (BRL), which is the Company’s functional and presentation currency. The functional currency of the subsidiaries in Uruguay, Paraguay, and Luxembourg is the United States Dollar, and the functional currency of the subsidiary Hidrovias South America BV, in the Netherlands, is the Euro. The effects of translating the foreign controlled companies' functional currency into BRL are recorded in shareholders' equity as other comprehensive income.

Transactions in a currency other than the functional currency are translated into the respective functional currency at the exchange rates on the dates of each transaction. Monetary assets and liabilities denominated and calculated in a currency other than the functional currency are translated to the functional currency at the foreign exchange rate on the closing date.

Gains and losses from the fluctuations in the exchange rates on monetary assets and liabilities are recognized in the statement of income.

The foreign subsidiaries' financial statements (Paraguay, Uruguay, Luxembourg, and Netherlands) are being presented in BRL, upon conversion of the functional currency to the presentation currency, BRL, using the following procedures:

Hidroviás do Brasil S.A.

Notes to the financial statements

For the years ended December 31, 2023 and 2022

(In thousands of reais - BRL, except when stated otherwise)

- Assets and liabilities were translated by using the closing exchange rate on the date of the balance sheet;
- Shareholders' equity was translated to historical rate of the transaction; and
- Revenues and expenses were translated using the monthly average rate.

2.6 Use of estimates and judgments

The preparation of financial statements requires the use of certain critical accounting estimates and the exercise of judgment by the Company's management in the process of applying the Group's accounting policies. Those areas that require a higher level of judgment and have greater complexity, as well as the areas in which assumptions and estimates are significant for the financial statements, are disclosed in Note 3.

To prepare these parent company and consolidated financial statements, Management has made judgments, estimates and assumptions that affect the application of the accounting policies of the Company and its subsidiaries and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized on a prospective basis.

Information about judgment referring to the adoption of accounting policies which impact significantly the amounts recognized in the financial statements are included in the following notes:

- Note 3 (c) - Consolidation: determination whether the Company actually has control over an investee;
- Note 3 (e) - Revenue recognition;
- Note 3 (i) - Fair value of assets and liabilities acquired in a business combination;.

Information about assumptions and estimation uncertainties at December 31, 2023 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- Note 6 – Measurement of expected credit loss for accounts receivable;
- Note 9 – Useful life of fixed assets
- Note 15 - Recognition and Measurement of provision for lawsuits;
- Note 24 – Recognition of deferred tax assets: availabilities of future taxable income.

Measurement of fair value

A series of accounting policies and disclosures of the Company and its subsidiaries require the measurement of fair value, for both financial and non-financial assets and liabilities.

The Company and its subsidiaries established a control framework related to measurement of fair value. It includes the general evaluation and responsibility of reviewing all significant fair value measurements.

Significant unobservable data are regularly reviewed, as well as valuation adjustments. If third-party information, such as broker quotes or pricing services, is used to measure fair value, evidences obtained from the third parties are analyzed to support the conclusion that such valuations meet the CPC / IFRS requirements, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring fair value of an asset or liability, the Company and its subsidiaries uses market observable data as much as possible. Fair values are categorized into different levels in a fair value hierarchy based on the information (inputs) used in the valuation techniques, as follows:

Hidrovias do Brasil S.A.

Notes to the financial statements

For the years ended December 31, 2023 and 2022

(In thousands of reais - BRL, except when stated otherwise)

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs, except for quoted prices, included in Level 1 which are observable for assets or liabilities, directly (prices) or indirectly (derived from prices);
- Level 3: inputs for assets or liabilities, which are not based on observable market data (unobservable inputs).

The Company and its subsidiaries recognize transfers between fair value hierarchic levels at the end of the financial statements period in which changes occurred.

Additional information on the assumptions adopted in the measurement of fair values is included in the following notes:

- Note. 19 - Stock option program;
- Note. 25 - Financial instruments.

2.7 Statements of added value

The presentation of the Statement of Added Value (DVA), individual and consolidated, is required by Brazilian corporate law and by the accounting practices adopted in Brazil applicable to publicly held companies. The DVA was prepared in accordance with the criteria defined in Technical Pronouncement CPC 09 - "Statement of Value Added". IFRS does not require the submission of such a statement. Therefore, under IFRS, this statement is presented as supplementary information, without prejudice to the set of financial statements.

2.8 Consolidation

The Company consolidates all entities over which it has control, when it is exposed to or has rights to variable returns from its involvement with the investee and has the capacity to direct the relevant activities of the investee. The subsidiaries included in the consolidation are described in Note 1 and the accounting policies applied in the preparation of the consolidated financial statements are described in Note 3.

2.9 Global Conflicts

Israel-Hamas and Russia-Ukraine War

The Company has been monitoring the effects of the wars on the world economy, and consequently on its results, since the Company's main customers operate with agricultural activities that depend mostly on inputs from these locations and may have their plantations affected by the scarcity of inputs and consequently offer a smaller volume of grain to the market and consequently reduce logistics demand.

Suez Canal

Since the end of 2023, sea freight on important trade routes linking the west to the east of the world has become more expensive due to geopolitics, as many armed rebels in Yemen have resumed attacking commercial ships whose routes pass through the Red Sea, one of the most important routes in the world. Shipping companies are using an alternative route around South Africa, however this route is longer and more expensive. In general, these conflicts are promoting a disruption in global logistics, such as ship delays and problems in the supply chain (lack of containers) and warehouses for storage. Unlike the COVID-19 pandemic, which affected operations with the interruption of activities and the closure of offices, we have not recorded any significant impact related to these events so far.

Hidrovias do Brasil S.A.

Notes to the financial statements

For the years ended December 31, 2023 and 2022

(In thousands of reais - BRL, except when stated otherwise)

2.10 Tax Reform

On December 20, 2023, Constitutional Amendment ("EC") No. 132 was enacted, which establishes the Tax Reform ("Reform") on consumption. Several issues, including the rates of the new taxes, are still pending regulation by Complementary Laws ("LC"), which must be sent for evaluation by the National Congress within 180 days.

The Reform model is based on a VAT divided ("dual VAT") into two jurisdictions, one federal (Contribution on Goods and Services - CBS) and one sub-national (Tax on Goods and Services - IBS), which will replace the PIS, COFINS, ICMS and ISS taxes.

A Selective Tax ("IS") was created – of federal competence, which will be levied on the production, extraction, commercialization or import of goods and services harmful to health and the environment, under the terms of LC.

There will be a transition period from 2024 to 2032 in which the two tax systems – old and new – will coexist. The impact of the Reform on the calculation of the above-mentioned taxes, as of the beginning of the transition period, will only be fully known when the process of regulating the issues pending by LC is finalized.

Consequently, there is no impact of the Reform on the financial statements as of December 31, 2023.

2.11 Accounting impacts related to climate change

Climate change is among the main global risks, according to the World Economic Forum (WEF) and is expected to severely impact several countries and business models. In this context, the Company's strategy has a climate approach guided by the perception of the resilience of its business and the mitigation of aspects that contribute to climate change. On the mitigation front, specifically, the Company operates through the waterway mode, considered carbon efficient, since its greenhouse gas emissions are lower than other modes, such as road and rail. In addition to its business model, the Company has decarbonization targets, which involve projects to reduce emissions, as well as the management and control of these indicators.

The waterway modal is an important alternative to contribute to global challenges and to the Brazilian goals related to mitigation actions in relation to climate change. It is a more efficient option in the use of fuel per ton of cargo transported, which corroborates the lower impact on Greenhouse Gas (GHG) emissions compared to other modes. Hidrovias believes that contributing to sustainable development involves joining efforts between various interlocutors, as the Company represents an important link in the value chain of its customers, being responsible for the transportation of its products, is always seeking to promote the best practices in sustainability and is committed to influencing its customers so that the origin of the products transported is deforestation-free.

In addition to operating under this model, GHG emissions management and impact mitigation are part of the Company's strategic planning, which includes reduction targets and initiatives to become Net Zero by 2030. To support this strategy, Hidrovias has a Greenhouse Gas Emissions Management Program, which comprises a series of initiatives, such as training, engagement meetings, audits, monitoring of goals, implementation of mitigation and compensation projects, and internal and external reporting, among others. Hidrovias' greenhouse gas inventory is verified by a third party and published in the Brazilian GHG Protocol Program1, in the gold category.

In order to publicize its actions, enhance its contributions and promote an even more strategic performance in society, the Company has structured a social action guideline, in line with the commitments assumed and the best practices, defined by social and environmental standards, such as the Performance Standards of the International Finance Corporation (IFC).

Hidroviás do Brasil S.A.

Notes to the financial statements

For the years ended December 31, 2023 and 2022

(In thousands of reais - BRL, except when stated otherwise)

3 Significant accounting policies

The significant accounting policies used in the preparation of the parent company and consolidated financial statements are as follows - These policies have been consistently applied to all the years presented.

a) Accounting policies changes

The Company did not make any changes to its accounting policies during the year ended December 31, 2023.

b) New Standards and interpretations

i) Standards issued and in validity

IFRS 17 – Insurance Contracts

IFRS 17 (equivalent to CPC 50 Insurance Contracts) is a new accounting standard with scope for insurance contracts, covering recognition and measurement, presentation and disclosure. IFRS 17 (CPC 50) replaces IFRS 4 - Insurance Contracts (equivalent to CPC 11). IFRS 17 (CPC 50) applies to all types of insurance contracts (such as life, property and casualty, direct insurance and reinsurance), regardless of the type of entities issuing them, as well as to certain guarantees and financial instruments with discretionary participation characteristics; Some scope exceptions will apply. The overall objective of IFRS 17 (CPC 50) is to provide a comprehensive accounting model for insurance contracts that is most useful and consistent for insurers, covering all relevant accounting aspects.

The Company evaluated the content of this statement and did not identify any impacts.

Deferred tax related to assets and liabilities arising from a single transaction (amendments to CPC 32/IAS 12):

The amendments to IAS 12 Income Tax (equivalent to CPC 32 – Taxes on profit) narrow the scope of the initial recognition exception, so that it no longer applies to transactions that generate equal taxable and deductible temporary differences, such as leases and decommissioning liabilities

The Company evaluated the content and modifications of this statement and did not identify any impacts.

International Tax Reform - Pillar Two Model Rules - Amendments to IAS 12:

Amendments to IAS 12 (equivalent to CPC 32 – Taxes on profit) were introduced in response to the OECD's Pillar Two rules on BEPS and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of financial statements better understand an entity's exposure to Pillar Two income taxes arising from this legislation, especially prior to the effective date.

The mandatory temporary exception – the use of which must be disclosed – takes effect immediately. The remaining disclosure requirements apply to annual reporting periods beginning on or after January 1, 2023, but not to any interim period ending on or before December 31, 2023.

Hidrovias do Brasil S.A.

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The changes had no impact on the Company's consolidated financial statements, as the Company is not subject to the rules of the Pillar Two model, since its revenue is less than 750 million euros per year

CPC 23/IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

The IASB issued amendments to IAS 8, referring to the replacement of the term "change in accounting estimate", the amendments clarify the distinction between changes in accounting estimates and changes in accounting policies. In addition, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The Company evaluated the content of this statement and did not identify any impacts.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2:

The amendments to IAS 1 (equivalent to CPC 26 (R1) – Presentation of Financial Statements) and IFRS Practice Statement 2 provide guidance and examples to help entities apply materiality judgments to accounting policy disclosures. The amendments aim to help entities provide more useful accounting policy disclosures by replacing the requirement for entities to disclose their "material" accounting policies with a requirement to disclose their "material" accounting policies and adding guidance on how entities apply the concept of materiality when making decisions about accounting policy disclosures.

The changes had an impact on the Company's accounting policy disclosures, but not on the measurement, recognition or presentation of items in the Company's financial statements.

iii) Standards issued but not yet effective

The following standards changes have been issued by the IASB but are not in effect for the 2023 financial year. The early adoption of standards, although encouraged by the IASB, is not allowed in Brazil by the Comitê de Pronunciamento Contábeis (CPC).

Amendments to CPC 06/IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16 (equivalent to CPC 06 – Leases) to specify the requirements that a seller-lessee uses in measuring the lease liability arising from a sale and lease back transaction, in order to ensure that the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use that he holds.

The amendments are effective for periods of annual financial statements beginning on or after 1 January 2024 and shall apply retrospectively to sale and leaseback transactions entered into after the initial application date of IFRS 16 (CPC 06). Early application is allowed and this fact must be disclosed.

The changes are not expected to have a material impact on Hidrovias' financial statements.

Amendment in CPC 26 / IAS 1 – “Classification of Liabilities as Current or Non-Current”

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 (equivalent to CPC 26 (R1) – Presentation of Financial Statements) to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by the right to postpone liquidation?
- That the right to defer should exist at the end of the financial reporting period.
- That the rating is not affected by the likelihood that the entity will exercise its right to defer.

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- That only if a derivative embedded in a convertible liability is itself an equity instrument, the terms of a liability will not affect its classification.

In addition, a disclosure requirement has been introduced where a liability arising from a loan agreement is classified as non-current and the entity's right to postpone liquidation is contingent on the fulfilment of future covenants within twelve months.

The changes are effective for periods of annual financial statements beginning on or after 1 January 2024 and shall apply retrospectively.

The changes are not expected to have a material impact on Hidrovias' financial statements.

Amendment in IAS 7 “Statement of Cash Flows” and IFRS 7 “Financial Instruments: Disclosures”

In May 2023, the IASB issued amendments to IAS 7 (equivalent to CPC 03 (R2) – Cash Flow Statements) and IFRS 7 (equivalent to CPC 40 (R1) – Financial instruments: disclosure) to clarify the characteristics of supplier financing arrangements and require additional disclosures of such arrangements. The disclosure requirements in the amendments are intended to assist users of the financial statements in understanding the effects of financing arrangements with suppliers on an entity's obligations, cash flows, and exposure to liquidity risk.

The changes are effective for periods of annual financial statements beginning on or after January 1, 2024. Early adoption is allowed but must be disclosed.

The changes are not expected to have a material impact on Hidrovias' financial statements.

c) Consolidation basis and investments in subsidiaries

The consolidated financial statements include the financial statements of the Company and entities directly controlled by the Company or indirectly controlled by its subsidiaries. Control is obtained when the Company:

- Has power over the investee.
- Is exposed or entitled to variable returns arising from its involvement with the investee.
- Has the ability to use that power to affect its returns.

The Companies included in the consolidation process are:

	Country	Interest - %	
		2023	2022
<u>Direct subsidiaries</u>			
Hidrovias del Sur S.A.	Uruguay	100.00	100.00
Hidrovias do Brasil - Marabá S.A.	Brazil	100.00	100.00
Hidrovias International Finance S.à.r.l.	Luxembourg	100.00	100.00
Hidrovias do Brasil - Holding Norte Ltda.	Brazil	100.00	100.00
Hidrovias do Brasil – Interm. e Agenc. Serv. Ltda.	Brazil	100.00	100.00
Hidrovias do Brasil – Cabotagem Ltda.	Brazil	100.00	100.00
Hidrovias Navegación Fluvial S.A (b)	Paraguay	100.00	100.00
Hidrovias South America BV	Netherlands	100.00	100.00
Via Grãos S.A	Brazil	100.00	100.00
<u>Indirect subsidiaries</u>			
Girocantex S.A.	Uruguay	100.00	100.00
Girocantex S.A. - Paraguay Branch	Paraguay	100.00	100.00
Hidrovias del Paraguay S.A.	Paraguay	100.00	100.00

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	Country	Interest - %	
		2023	2022
Pricolpar S.A.	Paraguay	100.00	100.00
Cikelsol S.A.	Uruguay	100.00	100.00
Resflir S.A.	Uruguay	100.00	100.00
Baloto S.A. (a)	Uruguay	100.00	100.00
Hidroviás do Brasil - Vila do Conde S.A.	Brazil	100.00	100.00
Hidroviás do Brasil – Administração Portuária de Santos S.A.	Brazil	100.00	100.00

(a) 4.95% direct interest and 95.05% indirect interest through the subsidiary *Hidroviás Del Sur*.

(b) 95% direct interest and 5% indirect interest through the subsidiary *Pricolpar S.A.*

The Company reassesses whether or not it holds control of an investee if facts and circumstances indicate the occurrence of changes in one or more of the three control elements listed above.

When the Company does not hold the majority of voting rights in an investee, it will have power over the investee when the voting rights are sufficient to enable it in practice to conduct the relevant activities of the investee unilaterally. When assessing whether the Company's voting rights in an investee are sufficient to give it power, the Company considers all relevant facts and circumstances, including:

- The size of the Company's interest in terms of voting rights in relation to the size and dispersion of the interests of other holders of voting rights.
- Potential voting rights held by the Company, other voting rights holders, or other parties.
- Rights arising from other contractual agreements.
- Any additional facts and circumstances that indicate that the Company has, or does not have, the ability to conduct the relevant activities at the time when decisions need to be taken, including voting patterns at previous meetings.

The consolidation of a subsidiary starts when the Company obtains control over the subsidiary and ends when the Company loses control over the subsidiary.

Specifically, the revenues and expenses of a subsidiary acquired or disposed of during the year are included in the statement of income and other comprehensive income from the date the Company obtains control until the date on which the Company ceases to control the subsidiary.

The income (loss) and each component of other comprehensive income are attributed to the owners of the Company and to non-controlling shareholders. The total comprehensive income of subsidiaries is attributed to the owners of the Company and to non-controlling shareholders, even if this generates a negative balance for the non-controlling shareholders.

(i) *Investments in entities accounted by the equity method*

In the parent company's individual financial statements, the financial information of subsidiaries and joint ventures is recognized under the equity method. In order to calculate the equity method and consolidation, the accounting information of the subsidiaries on the same base date of presentation of the financial statements is used.

The Company's investments in entities accounted for at the equity method include interests in subsidiaries.

(ii) *Transactions eliminated in the consolidation*

The balances and transactions between the Company and its subsidiaries, and any unrealized income and expenses arising from intra-group transactions, are eliminated in the preparation of the consolidated financial statements.

Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the proportion extension of the Company's interest in the investee. Unrealized losses are

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eliminated in the same way as unrealized gains, but only up to the extent that there is no evidence of impairment.

d) Foreign currency

Foreign currency transactions

Transactions in foreign currency are translated into the respective functional currencies at the exchange rates on the dates of the transactions.

Monetary assets and liabilities denominated and calculated in foreign currencies on the balance sheet date are translated to the functional currency at the exchange rate on that date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate on the date the fair value was determined. Non-monetary items that are measured based on the historical cost in foreign currency are translated at the exchange rates at the date of the transaction. Foreign currency differences arising on the translation are recognized in statements of income.

However, foreign currency differences arising from translation are recognized in other comprehensive income, as a qualified and effective cash flow hedge.

Foreign operations

Foreign transactions' assets and liabilities, including goodwill and adjustments to fair value resulting in the acquisition, are translated into Brazilian Reais at the exchange rates at the reporting date. Foreign transactions' income and expenses are translated into Reais at exchange rates at the dates of the transactions.

The differences in foreign currencies generated for the translation into the presentation currency are recognized in other comprehensive income and accumulated in the equity valuation adjustments in shareholders' equity account. If the subsidiary is not a wholly-subsiidiary, the corresponding portion of the translation difference is allocated to the non-controlling interests.

e) Revenue recognition

Revenue is comprised of the fair value of the consideration received or receivable less estimated returns, commercial discounts granted to the buyer and other similar deductions. The revenue is recognized when the client obtains control of the goods or services.

Transport and coastal navigation revenues are recognized over time as the services are provided, based on the estimated duration of the navigation route (in proportion to the evolution of the trips), which is approximately seven days (the time for loading the products and unload the products) for our HB Tucunaré and HB Tambaqui vessels. Revenues related to transshipment, elevation and intermediation services are recognized according to the provision of services. Service prices are determined based on contracts.

In some cases, the Company operates with its customers under the contractual take or pay regime, where the customer guarantees a minimum payment flow either annually or on a quarterly basis depending on each contract for the provision of logistics services by the Company. In cases where the services provided at each reporting period is less than the expected minimum quantity, the Company estimates whether the customer will be able to take all services during the contract period (annually or quarterly) and adjust the consideration prospectively.

f) Cash, cash equivalents, and financial investments

Cash and cash equivalents are held for the purpose of meeting short-term cash commitments and not for investment or other purposes. They include cash, bank deposits on demand and short-term investments that can be redeemed up to 90 days of the original date of the security. The securities are considered to be of immediately liquid or convertible into a known amount of cash and which are subject to an insignificant risk of change in value, which are recorded at cost, plus income earned up to the balance sheet dates, which do not exceed their market or realizable value.

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g) Financial and equity instruments

Recognition and initial measurement

Trade accounts receivable and debt securities issued are initially recognized on the date that they were originated. All other financial assets and liabilities are initially recognized when the Company and its subsidiaries become a party to the instrument's contractual provisions.

A financial asset (unless it is trade accounts receivable without a material financing component) or a financial liability is initially measured at fair value, plus, for an item not measured at FVOCI (Fair Value through Other Comprehensive Income), transaction costs which are directly attributable to its acquisition or issue. A trade accounts receivable without a significant financing component is initially measured at the price of the transaction.

Classification and subsequent measurement

In the initial recognition, a financial asset is classified as measured: at amortized cost; at FVOCI (Fair Value through Other Comprehensive Income) – debt instrument; at FVOCI - equity instrument; or to the FVTPL (fair value through profit or loss).

Financial assets are not reclassified after initial recognition, unless the Company and its subsidiaries change the business model for the management of financial assets, in which case all affected financial assets are reclassified on the first day of the reporting period subsequent to the change in the business model.

A financial asset is measured at amortized cost if it meets both conditions below and is not designated as measured at FVTPL:

- it is held within a business model whose purpose is to maintain financial assets to receive contractual cash flows; and
- its contractual terms generate, on specific dates, cash flows only related to the payment of principal and interest on outstanding principal value.

A debt instrument is measured at FVTOCI if it meets both conditions below and is not designated as measured at FVTPL:

- it is maintained within a business model whose purpose is achieved by both the receipt of contractual cash flows and the sale of financial assets; and
- its contractual terms generate, on specific dates, cash flows which are only payments of principal and interest on outstanding principal value.

In the initial recognition of an investment in an equity instrument not held for trading, the Company and its subsidiaries may irrevocably choose to present subsequent changes in the fair value of the investment in other comprehensive income ("OCI"). This choice is made on an investment basis. The Company and its subsidiaries' investments are in accordance with the cash management policy.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales, which is consistent with the ongoing recognition of the assets of the Company and its subsidiaries.

Financial assets held for trading or managed with a performance evaluated based on fair value are measured at fair value through profit or loss.

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Financial assets - Evaluation whether the contractual cash flows represent solely payments of principal and interest

For this evaluation purposes, “principal” is defined as the fair value of the financial asset at initial recognition. “Interest” is defined as a consideration for the amount of cash at the time and for the credit risk associated to the outstanding principal value during a certain period and for other risks and base costs of loans (for example, liquidity risk and administrative costs), as well as for the profit margin.

The Company and its subsidiaries consider the contractual terms of the instruments to evaluate whether the contractual cash flows are only payments of principal and interest. It includes evaluating whether the financial asset contains a contractual term that could change the time or amount of the contractual cash flows so that it would not meet this condition. In making this evaluation, the Company and its subsidiaries consider the following:

- contingent events that change the amount or timing of cash flows;
- terms that may adjust the contractual rate, including variable rates;
- the prepayment and the extension of the term; and
- the terms that limit the access of the Company and its subsidiaries to cash flows of specific assets (for example, based on the performance of an asset).

i) Financial assets - Evaluation of business model

The prepayment is consistent with the principal and interest payment criterion if the prepayment amount mostly represents the unpaid principal and interest amounts on the outstanding principal amount - which may include an additional reasonable compensation due to the early termination of the contract. Furthermore, regarding a financial asset acquired for an amount lower or greater than the nominal value of the contract, the prepayment permission or requirement for an amount representing the nominal value of the contract plus contractual interest (which may also include reasonable additional offset for early termination of the contract), accrued (but not paid), are treated as consistent with this criterion if the fair value of the prepayment is immaterial at initial recognition.

ii) Financial assets - Subsequent measurement and gains and losses:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net income, plus interest or dividend revenue, is recognized in income (loss).
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is impaired. Interest revenue, foreign exchange gains and impairment losses are recognized in income (loss). Any gain or loss on derecognition is recognized in income (loss).
Debt instruments at FVTOCI	These assets are subsequently measured at fair value. Interest revenue calculated using the effective interest method, foreign exchange gains and losses and impairment loss are recognized in income (loss). Other net income is recognized in OCI. In derecognition, the retained earnings in OCI are reclassified to the income (loss).
Equity instruments at FVTOCI	These assets are subsequently measured at fair value. Dividends are recognized as gain in income (loss), unless the dividend clearly represents a recovery of part of the investment cost. Other net income is recognized in OCI and are never reclassified to the income (loss).

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iii) Financial liabilities - classification, subsequent measurement and gains and losses

Financial liabilities were classified as measured as amortized cost or at FVTPL. A financial liability is classified as measured at fair value through profit or loss if it is classified as held for trading, if it is a derivative or assigned as such in initial recognition. Financial liabilities measured at FVTPL are measured at fair value and net income (loss), plus interest, is recognized in income (loss). Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense, foreign exchange gains and losses are recognized in income (loss). Any gain or loss on derecognition is also recognized in income (loss).

iv) Derecognition

1) Financial assets

The Company and its subsidiaries derecognize a financial asset when the contractual rights to the cash flow of the asset expire, or when the Company and its subsidiaries transfer the contractual rights to the reception of contractual cash flows over a financial asset in a transaction in which essentially all the risks and rewards of ownership of the financial asset are transferred or in which the Company and its subsidiaries nor transfer or maintain all ownership risks and rewards of the financial assets and also does not hold the control over the financial asset.

The Company and its subsidiaries carry out transactions in which it transfers assets recognized in the balance sheet but retains all or substantially all risks and rewards of the assets transferred. In such cases, financial assets are not derecognized.

2) Financial liabilities

The Company and its subsidiaries derecognize financial liability when its contractual obligations are discharged or canceled or expired. The Company and its subsidiaries also derecognize a financial liability when terms are modified, and the cash flows of the modified liability are substantially different if a new financial liability based on the terms changed is recognized at fair value.

In the derecognition of a financial liability, the difference between the extinct book value and the consideration paid (including assets transferred that do not pass through the cash or assumed liabilities) is recognized in income (loss).

v) Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet only when the Company and its subsidiaries have a legally exercisable right to offset and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

vi) Cash flow hedge accounting

When a derivative is designated as a hedge instrument for cash flow variability attributed to a specific risk associated with a recognized asset or liability or a highly probable foreseen transaction that could affect the net income, the effective portion of change in the derivative's fair value is recognized in other comprehensive income and "equity valuation reserve" in shareholders' equity. Any non-effective portion of the changes in the fair value of the derivative is recognized immediately in income (loss).

When the hedged item is a non-financial asset, the amount recognized in other comprehensive income/losses transferred to the book value of the asset when the asset is realized. The value recognized in other comprehensive income is reclassified to income (loss) in the same year in which the hedged cash flows affect income on the same line in the statement of income as a hedged item. If there are no more expectations regarding the occurrence of the planned transaction, then the balance in other comprehensive income is recognized immediately in the income (loss). In other cases, the amount recognized in other

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comprehensive income is transferred to the income, in the same year in which the hedged item affects the income (loss).

If the hedge instrument no longer satisfies the hedge accounting criteria, expires or is sold, wound up, exercised or has its designation revoked, then the hedge accounting is discontinued prospectively. The retained earnings previously recognized in other comprehensive income and presented in the equity valuation reserve in shareholders' equity, remain there until the planned transaction affects the income (loss).

Other derivatives not held for trading, and when a derivative financial instrument is not assigned in a qualifying cash flow hedge relationship, all changes in fair value are immediately recognized in income/losses.

vii) Capital - Common shares

Common shares are classified as shareholders' equity. Additional costs directly attributable to the issue of shares are recognized as reduction in the shareholders' equity.

The compulsory minimum dividends, as established in the By-laws, are recognized as liabilities.

h) Property, plant and equipment

Recognition and measurement

Fixed assets are stated at cost of acquisition, construction or training and are net of accumulated depreciation, when applicable, for accumulated impairment losses. They also include any other costs attributable to bringing the assets to the location and condition requires for them to operate in the manner intended by management, costs for dismantling and restoration of the site where they are located, and borrowing costs on qualifiable assets.

The replacement cost of a property, plant and equipment item is recognized if it is probable that it will bring economic benefits to the subsidiaries and if the cost can be reliably measured, while the value of the item is written off. The maintenance costs are recognized in income (loss) as they are incurred.

The depreciation is recognized in the income (loss) under the straight-line method over the estimated useful life of each part of an item of property, plant and equipment.

The useful estimated lives for the current and comparative periods are shown in note 9.

The depreciation methods, useful lives and residual values are reviewed at each year closing, and potential adjustments will be recognized as a change in accounting estimates.

i) Business combination

Business combinations are recorded using the acquisition method. The cost of an acquisition is measured by the sum of the consideration transferred, which is measured based on the fair value at the acquisition date, and the value of any non-controlling interest in the acquired company. For each business combination, the acquirer shall measure the non-controlling interest in the acquired company at fair value or based on its share of identified net assets in the acquired company. Costs directly attributable to the acquisition shall be accounted for as expense when incurred.

When acquiring a business, the Company and its subsidiaries appraise the financial assets and liabilities assumed in order to classify and allocate them according to the contractual terms, economic circumstances, and relevant conditions on the acquisition date, which includes segregation, by the acquired company, of embedded derivatives existing in host contracts in the acquired company.

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Any contingent consideration to be transferred by the acquirer will be recognized at fair value on the acquisition date. Subsequent changes in the fair value of the contingent consideration considered as an asset or a liability shall be recognized in the statements of income.

The Company measures goodwill as the excess of the consideration transferred in relation to the net assets acquired (identifiable assets acquired, net and liabilities assumed). If the consideration is less than the fair value of the net assets acquired, the difference is recognized as a gain in the income statement.

After the initial recognition, the goodwill is measured at cost less any accumulated impairment losses. For impairment testing, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquired company are assigned to those units.

j) Intangible assets

Goodwill

The goodwill resulting from the acquisition of subsidiary Limday is included in intangible assets. For goodwill measurement upon initial recognition, refer to note 13 (a).

The goodwill of BRL 73,121 refers to the acquisition of the subsidiary Log-In – Logística Intermodal S.A. ("Log-In") through its direct subsidiary Hidroviás do Brasil - Cabotagem S.A. ("HB Cabotagem").

Goodwill that has been allocated to the concession rights, as well as other goodwill, but which have not been directly allocated to the concession or other assets and liabilities, and which have the economic benefit limited in time (defined period), due to the concession right with a defined useful life, comprise the balance of intangible assets and are amortized by exercising the right of exploration, as of the start-up of subsidiaries.

Other intangible assets

Other intangible assets acquired by the Company and its subsidiaries with defined useful lives are measured at cost, less accumulated amortization and accumulated impairment losses. Amortization is recognized in income (loss) based under the straight-line method in relation to estimated useful lives of intangible assets, except for goodwill, as of the date they are available for use and the amortization of the right to use the software is five years.

k) Impairment

i) *Non-derivative financial assets*

Financial instruments and contractual assets

The Company and its subsidiaries recognize provisions for expected credit losses on:

- Financial assets measured at amortized cost;
- Debt investments measured at FVOCI; and
- Account receivable from contracts with customers.

The Company and its subsidiaries measure the provision for losses at an amount equal to the expected credit loss for life time, except for the items described below, which are measured as expected credit loss for 12 months:

- Debt securities with low credit risk on the balance sheet date; and

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- Other debt securities and bank balances for which the credit risk (i.e., default risk throughout the expected life of financial instrument) has not significantly increased since the beginning of initial recognition.

Provisions for trade accounts receivable losses and contract assets are measured at a value equal to a credit loss estimated for the instrument's entire life.

When determining if the credit risk of a financial asset has significantly increased since the initial recognition and when estimating expected credit losses, the Company and its subsidiaries consider reasonable and tolerable information that is relevant and available without excessive cost or effort. This includes quantitative and qualitative information and analysis, based on the historical experience of the Company and its subsidiaries, credit assessment, and considering forward-looking information.

The Company and its subsidiaries consider a financial asset as a risk and default when:

- It is very unlikely that the debtor will fully pay its credit obligations to the Company and its subsidiaries, without having to resort to actions like the realization of guarantee (if any); or
- Financial assets are overdue for more than 180 days.

The Company and its subsidiaries consider that a debt security has a low credit risk when its credit risk rating is equivalent to the generally accepted definition of "investment grade":

- Lifetime expected credit losses are estimated credit losses that result from all possible default events over the expected life of a financial instrument.
- Estimated credit losses for 12 months are credit losses that result from potential delinquency events within 12 months after the balance sheet date (or in a shorter period if the estimated life of the instrument is lower than 12 months).

The maximum period considered in the estimate of expected credit loss is the maximum contractual period during which the Company and its subsidiaries are exposed to credit risk.

Measurement of expected credit losses

Expected credit losses are estimates weighted by the probability of credit losses. Credit losses are measured at present value based on all cash insufficiencies (that is, the difference between the cash flows owed to the Company and its subsidiaries in accordance with the contract and the cash flows that the Company and its subsidiaries expect to receive).

The expected credit losses are discounted by the effective interest rate of the financial asset.

Financial assets with recovery problems

On each balance sheet date, the Company and its subsidiaries assess whether the financial assets accounted for at amortized cost and the debt securities measured at FVTOCI are experiencing recovery problems. A financial asset has "recovery problems" when one or more events with a negative impact on the estimated future cash flows of the financial asset occur.

Objective evidence that financial assets had impairment issues includes the following observable data:

- Significant financial difficulties of the issuer or borrower;
- Breach of contractual clauses, such as delinquency or late payment of more than 90 days;

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- Restructuring of an amount due to the Company and its subsidiaries would not accept under conditions not considered normal;
- The probability that the borrower will enter bankruptcy or other financial reorganization; or
- The disappearance of an active market for that financial asset because of financial difficulties.

Presentation of the provision for expected credit losses in the balance sheet.

The provision for losses on financial assets measured at amortized cost is deducted from the gross book value of the assets.

For debt instruments measured at FVTOCI, the provision for losses is debited to the result and recognized in other comprehensive income.

Write-off

The gross book value of a financial asset is written off when the Company and its subsidiaries have no reasonable expectation of recovering the financial asset in full or in part. With respect to individual clients, the Company and its subsidiaries adopts the policy of evaluating the need to write off the gross book value based on the history of recovery of similar assets. With respect to corporate customers, the Company and its subsidiaries assess, on an individual basis, the time and amount of write-off based on the existence or not of reasonable expectation of recovery. The Company and its subsidiaries do not expect any significant recovery of amount written off. However, financial assets written off may still be subject to credit collection, in compliance with procedures of the Company and its subsidiaries for the recovery of the amounts due.

ii) *Non-financial assets*

The book values of the non-financial assets of the Company and its subsidiaries, (except inventories and deferred tax assets) are reviewed at each balance sheet date for indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. In case of goodwill has no defined useful life, the impairment test is performed on an annual basis.

For impairment tests, assets are grouped into the cash generating units (CGUs), that is, smallest identifiable group of assets that can generate cash inflows by continuous use, which are highly independent from cash inflows referring to other assets or cash generating units. Goodwill from business combinations is allocated to cash generating units or groups of cash generating units that are expected to benefit combination synergy.

The recoverable value of an asset or CGU is the higher of value in use and fair value fewer selling costs. Value in use is based on estimated future cash flows discounted to present value using a discount rate before taxes that reflects current market evaluations of times value of money and the specific risks of the assets or CGU.

An impairment loss is recognized when the book value of an asset or its CGU exceeds its recoverable value.

Impairment losses are recognized in profit or loss. Recognized losses referring to CGUs are initially allocated to reduce any goodwill allocated to that CGU (or CGU group) and then to reduce the book value of other assets of that CGU (or CGU group) on a pro rata basis.

An impairment loss related to goodwill is not reversed. Regarding other assets, impairment losses are reversed only with the condition that the new book value of the asset does not exceed the book value that would have been calculated, net of depreciation or amortization, if the value loss had not been recognized.

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l) Employee benefits

Share-based payment transactions

The fair value of share-based payment agreements is recognized at the grant date, as personnel expenses, with a corresponding increase in shareholders' equity, over the period when employees become unconditionally entitled to the premiums. The amount recognized as an expense is adjusted to reflect the actual number of awards for which the related service and performance conditions will be met, so that the amount ultimately recognized as an expense is based on the number of awards meeting these performance conditions at vesting date.

For share-based payment awards with non-vesting conditions, the fair value at grant date of share-based payment is measured to reflect such conditions and no further adjustments are made for differences between expected and actual results.

Post-employment benefits

Employment termination benefits are recognized as an expense when the Company and its controlled companies can no longer withdraw the offer of these benefits that are demonstrably committed, with no possibility of return, with a detailed formal plan to terminate the employment contract before the normal retirement date or provide termination benefits due to an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancy are recognized as an expense if an offer of voluntary redundancy has been made, it is probable that the offer will be accepted, and the number of employees who will adhere to the program can be reliably estimated. If the benefits are payable for more than 12 months after the financial statements reporting date, they are discounted to their present values.

Short-term employee benefits

Obligations for short-term employee benefits are measured on a non-discounted basis and incurred as expenses as the related service is rendered.

The liability is recognized at the expected amount to be paid under the cash-bonus or short-term profit share plans when the Company and its subsidiaries have a legal or constructive obligation to pay such amount as a result of the past service provided by an employee, and such obligation can be reliably estimated.

m) Provisions

A provision is formed if the Company and its subsidiaries have 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.

n) Earnings per share

The basic earnings (loss) per share are calculated based on the result for the year attributable to the Company's controlling shareholders and the weighted average of outstanding common shares in the respective year. The diluted earnings per share are calculated based on the mentioned average of outstanding shares, adjusted by instruments that can potentially be converted into shares, with a dilution effect, in the years presented.

o) Financial revenues and expenses

Financial income mostly comprises revenues from interest on interest earning bank deposits, recognized in the income (loss), under the effective interest rate method.

Financial expenses include basically loan interest expenses. Borrowing costs which are not directly attributable to the acquisition, construction, or production of a qualifying asset are accounted for in profit or loss using the effective interest rate method.

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p) Operating segments

An operating segment is a component of the Company and its subsidiaries which engage in business activities from which it may earn revenues and incur expenses, including revenues and expenses relating to transactions with other components. All operating income (loss) of the operating segments are frequently reviewed together with their managers and reported to the Statutory Board (chief operating decision maker); thus, are presented in Board of Directors' meetings for decisions regarding the resources to be allocated to the segment to be taken and to assess their performance, for which individual financial information is available.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The unallocated items include mostly the institutional assets (mainly the Company's head office) and income and social contribution tax assets and liabilities.

i) North Corridor

Brazil is one of the world's leading producers of grains (soybeans and corn) and the northern region of the country produce a significant role in this sector. Grain transportation logistics is essential to move production from producing areas to processing and export centers. The Northern System is one of the Company's main operations, operating in the State of Pará. They offer integrated logistics services for moving products through storage and river navigation. Hidrovias do Brasil is present in the Arco Norte with a structure to meet the demand of its customers.

ii) South Corridor

In the Southern System, the Paraguay-Paraná waterway is used to transport cargo and connect 5 South American countries: Paraguay, Uruguay, Brazil, Argentina and Bolivia. The southern corridor transports various types of products, such as agricultural commodities, ores, fertilizers, cellulose, among others.

iii) Cabotage

Cabotage exploits the navigable potential along the continent's coast for inter-port transport, offering customized solutions and unique assets. Coastal navigation is optimized by the fluvial system composed of the Trombetas, Tapajós and Amazon rivers, facilitating the flow of bauxite from the Northern Region of Brazil.

Currently, cabotage operations are conducted for long-term contracts and one-off demands, providing flexible negotiations. The Company develops tailor-made projects to meet the specific needs of each client.

iv) Santos

The Santos operation is responsible for receiving, storing and shipping solid bulk minerals (fertilizers). Considering that Brazil tends to import fertilizers, most of them arrive through ports, one of the main ones being Santos.

q) Income tax and social contribution

In the parent company, current and deferred income tax and social contribution for the year are calculated based on the rates of 15% with a surcharge of 10% on taxable profit exceeding R\$ 240 for income tax and 9% on taxable profit for the social contribution on net income, and consider the offset of income tax and social contribution losses, limited to 30% of the annual taxable income. In the consolidated, the income tax of subsidiaries that are established in Uruguay and Paraguay is calculated based on the applicable legislation in the respective countries, however, according to Article 52 of title IV of the "*Texto Ordenado 2007*", companies of navigation are free of income taxes.

Current tax is the expected tax payable or receivable on taxable profit or loss for the year at tax rates that have been enacted or substantially enacted by the end of the reporting period and any adjustment to taxes

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payable in relation to prior years.

Deferred taxes on tax losses, negative basis of social contribution and temporary differences are recognized in relation to the temporary differences between the book values of assets and liabilities for accounting purposes and the related amounts used for taxation purposes. Deferred taxes are not recognized for the following temporary differences: initial recognition of assets and liabilities in a transaction that is not a business combination, and not affecting the accounts nor taxable profit or loss; and differences related to investments in subsidiaries when it is probable that they will not reverse in the foreseeable future. In addition, deferred taxes are not recognized for taxable temporary differences arising from the initial recognition of goodwill. Deferred tax is measured at the rates that are expected to be applied on temporary differences when they reverse, based on the laws that have been enacted or substantially enacted by the end of the reporting period of financial statements.

Deferred tax assets and liabilities are offset when there is a legal enforceable right to set off current tax assets and liabilities, and the latter relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred asset for income tax and social contribution is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable income will be available against which the unused tax losses and credits can be utilized.

Deferred income tax and social contribution assets are reviewed at each reporting date of financial statements and will be reduced when their realization is no longer probable.

r) Government grants and assistance

The AFRMM is a benefit available to all Brazilian shipping companies operating with own or chartered vessels, and is regulated by Law No. 10.893/2004 and other specific legislation applicable to the industry.

The Company fully receives the additional fee of 10% on the cost of cabotage freight from its customers via the Merchant Marine Fund for each transport it performs.

These funds can be used to amortize financing granted for the acquisition of vessels.

The AFRMM portions are recorded in specific asset accounts against the income statement, once the requirements for recognition of revenue with subsidy in the income statement are met on a systematic basis during the periods when related expenses are recorded.

The Company recognized the AFRMM benefits in the operating income (expenses) group in the amount of R\$ 12,798 (14,200 as of December 31, 2022) to be applied by the Company in the amortization of financing.

In 2018, the Company entered with the SUDAM Tax Benefit, which provides a 75% reduction in income tax through Profit, for the company Hidroviás do Brasil - Vila do Conde SA to which it presented Profit, and consequently the possibility of benefit from the government grant.

s) Leasing

A contract is, or contains, a lease if it transfers the right to control the use of an identified asset for a period in exchange for consideration. To assess whether a contract transfers the right to control the use of an identified asset, the company and its subsidiaries use the definition of lease in CPC 06 (R2) / IFRS 16.

The Company recognizes a right-of-use asset and a leasing liability on the leasing start date. The right-of-use asset is initially measured at cost, which comprises the initial measurement amount of the leasing liability, adjusted for any leasing payments made up to the start date, plus any initial direct costs incurred by the lessee and an estimate of the costs to be incurred by the lessee in disassembling and removing the

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underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the leasing, less any leasing incentives received.

The right-of-use asset is subsequently depreciated on a straight-line basis from the start date to the end of the leasing term, unless the leasing transfers ownership of the underlying asset to the lessee at the end of the leasing term, or if the cost of the leasing right-of-use asset reflects that the lessee will exercise the purchase option. In this case, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as that of the fixed assets. In addition, the right-of-use asset is periodically written down for impairment losses, if any, and adjusted for certain reassessments of the leasing liability.

The leasing liability is initially measured at the present value of the leasing payments that are not made on the start date, discounted at the interest rate implicit in the leasing or, if that rate cannot be immediately determined, at the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental rate on borrowings by obtaining interest rates from various external funding sources and making certain adjustments to reflect the terms of the leasing and the type of asset leased.

The leasing payments included in measuring the leasing liability comprise the following:

- Fixed payments, including fixed payments in essence;
- Variable leasing payments that depend on index or rate, initially measured using the index or rate on the start date;
- Amounts expected to be paid by the lessee under residual value guarantees; and
- The strike price of the purchase option of the lessee is reasonably certain of exercising such option, and payments of fines for termination of the leasing, if the leasing term reflects the lessee exercising the option to terminate the leasing.

Leasing liabilities are measured at amortized cost using the effective interest method. It is reassessed when there is a change in future leasing payments resulting from a change in index or rate, if there is a change in the amounts expected to be paid under the residual value guarantee, if the Company changes its assessment whether it will exercise an option to purchase, extension or termination or whether there is a fixed revised leasing payment in essence.

When the leasing liabilities are reassessed, an adjustment is made that corresponds to the carrying value of the right-of-use asset, or in the result if the carrying value of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of property investment under "fixed assets" and leasing liabilities under "loans and financing" on the balance sheet.

Leases of low-value assets

The Company has chosen not to recognize right-of-use assets and lease liabilities for low-value asset leases and short-term leases, including IT equipment. The Group recognizes lease payments associated with these leases as an expense on a straight-line basis over the lease term.

t) **New standards and interpretations not yet effective**

A series of new standards will be effective for years beginning after January 1, 2022. The Company has not adopted these standards in preparing these financial statements.

[Deferred tax related to assets and liabilities arising from a single transaction \(amendments to CPC 32/IAS 12\).](#)

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The amendments limit the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences. The changes apply to annual periods beginning on or after January 1, 2023. For leasing, the associated deferred tax assets and liabilities will need to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other components of equity on that date. For all other transactions, the changes apply to transactions that occur after the beginning of the earliest period presented.

In line with the amendments to CPC 32/IAS 12, an entity is required to recognize its deferred assets and liabilities, and the recognition of deferred tax assets is subject to the recoverability criteria of CPC 32/IAS 12.

The Company evaluated the content and modifications of this statement and did not identify any impacts.

CPC 23/IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors

The IASB issued amendments to IAS 8, referring to the replacement of the term "change in accounting estimate", the amendments clarify the distinction between changes in accounting estimates and changes in accounting policies. In addition, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The Company evaluated the content of this statement and did not identify any impacts.

4 Cash and cash equivalents

	Parent company		Consolidated	
	2023	2022	2023	2022
Cash and cash equivalents – Registered in companies in Brazil	67,090	48,908	272,449	305,363
Cash and cash equivalents - Registered in companies abroad	-	-	391,470	96,182
Total	67,090	48,908	663,919	401,545

The Company notes that the balances held in cash and cash equivalents are profitable through automatic, committed, and time deposit contracted in operation banks, with daily liquidity and a low probability of significant changes in value.

5 Financial investments

Transaction Nature	Profitability	Parent Company		Consolidated	
		31/12/2023	31/12/2022	31/12/2023	31/12/2022
U.S. Treasury (a)	5.40% p.y.	-	-	105,023	110,913
FIC FI Fund (b)	6.56%	-	16,445	-	124,817
VIP Foreign Exchange Fund (c)	(2.51%)	-	-	-	1,824
FIDC (d)	(39.77%)	-	-	1,267	2,185
PP Portfolio RF Fund (e)	103.11% of CDI	1,063	451	42,938	89,357
CDI (f)	83.73% of CDI	-	-	773	3,919
SELIC (g)	97.36% of SELIC	-	-	16,547	18,877
Total		1,063	16,896	166,548	351,892
Current assets		1,063	16,896	150,001	333,015
Non-current assets		-	-	16,547	18,877

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- a) Represent investments in a fund abroad, referenced in the variation of the U.S. treasury, had a return of 5.40% p.y. on December 31, 2023 (4.23% on December 31, 2022). The portfolio consists of fixed income securities and U.S. Treasury securities.
- b) Financial investments that represent investments in the FIC FI Fund, referenced to the exchange variation of the US dollar – Ptax800, with an average return of 6.56% as of December 31, 2023, or 2.53% of the pTax in the same period ((3.35%) as of December 31, 2022, or 3.15% of the pTax in the same period). The fund's portfolio is composed exclusively of federal government securities and repo operations backed by federal government securities.
- c) Financial investments that represent investments in the VIP Foreign Exchange Fund, referenced to the exchange variation of the US dollar – Ptax800, with an average return of (2.51%) on December 31, 2023 ((3.11%) on December 31, 2022). The fund's portfolio is composed exclusively of federal government securities and repo operations backed by federal government securities.
- d) Financial investments that represent investments in the FIDC Upside, with an average return of (39.77%) on December 31, 2023 ((27.80%) on December 31, 2022). The fund's portfolio is composed of assignment of credit rights and fund quotas composed exclusively of fixed income securities, distributed between federal government securities and repo operations backed by federal government securities.
- e) Financial investments that represent investments in the PP Portfolio Fund, referenced in the variation of the Interbank Certificate of Deposit - CDI, with an average return of 103.11% of the CDI on December 31, 2023 (106.24% of the CDI on December 31, 2022). The fund's portfolio is composed exclusively of fixed income securities, distributed among federal government securities, repo operations, fund quotas and other securities of financial institutions.
- f) Financial investments that represent investments in a Short-Term Fund, with an average return of 83.73% of the CDI on December 31, 2023 (81.97% of the CDI on December 31, 2022). The fund's portfolio is composed of fixed income securities, including repo operations backed by government bonds and federal government securities.
- g) Represent investments in a quota investment fund (FIC FI RF), subject to the variation of the SELIC interest rate, which had an average return of 97.36% of the Selic on December 31, 2023 (98.89% on December 31, 2022). The fund's portfolio is composed of Federal Government Bonds issued by the National Treasury and/or the Central Bank of Brazil, prefixed or indexed to the variation of the CDI, or repo operations backed by Federal Government Securities. The contractual clause determines that such investments must be kept in an escrow account, during the term of the contract, a balance equivalent to that previously agreed.

6 Trade accounts receivable

6.1 Breakdown of balances by location

	Consolidated	
	2023	2022
Accounts receivable from subsidiaries abroad	39,440	109,115
Accounts receivable from subsidiaries in Brazil	115,403	131,958
Subtotal	154,843	241,073
Allowance for expected credit losses	(9,008)	(23,701)
Total	145,835	217,372
Current assets	141,835	212,572
Non-current assets	4,000	4,800

6.2 Breakdown of accounts receivable per maturity range:

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The estimate of expected losses with doubtful loans is constituted on a prospective basis, based on an analysis of the credit risk of customers with a low probability of realization, as disclosed in the accounting policies in explanatory note 3, item k) of the financial statements for the year ended December 31, 2023.

	Consolidated	
	2023	2022
Falling due	140,614	169,538
Overdue up to 30 days	5,093	40,683
Overdue between 31 and 60 days	2	-
Overdue between 61 and 90 days	-	541
Overdue between 91 and 120 days	-	3,475
Overdue between 121 and 180 days	206	476
Overdue for more than 180 days	8,928	26,360
Total	154,843	241,073

Movement for expected credit losses:

	Consolidated	
	2023	2022
Balance as of December 31, 2022	(23,701)	(2,254)
Constitution	(7,951)	(21,565)
Reversion	4,540	-
Write-off	18,035	-
Conversion Adjustment	69	118
Balance as of December 31, 2023	(9,008)	(23,701)

7 Recoverable Taxes

	Parent company		Consolidated	
	2022	2021	2022	2021
Income tax and social contribution (a)	10,968	7,914	183,277	138,961
Income Tax (IRRF) on financial investments (b)	470	2,366	8,863	7,770
PIS / COFINS (c)	40	10	29,286	60,237
ISS	-	-	837	538
IVA	-	-	3,531	4,112
Other Taxes	-	-	622	-
Total	11,478	10,290	226,416	211,618
Current assets	11.474	10.290	181.186	129.164
Non-current assets	4	-	45.230	82.454

- (a) Income tax and social contribution are presented in assets according to prepayments made under current tax laws, regarding taxable income, as well as withholdings incurred as a result of payment for services provided by the Company and its subsidiaries. Part of the income tax and social contribution credit arises from prepayments of taxes made in previous years, generating an active balance to be offset with other federal taxes or to be refunded according to current legislation. Negative balances from previous years are offset against other federal taxes, with criteria pre-established by current legislation, as well as are subject to reimbursement/refund requests.
- (b) Income tax withholdings, because of earnings from financial investments made by the Company and its subsidiaries, are recognized in the asset according to information provided by financial institutions on a periodic basis.
- (c) PIS and COFINS contributions derive from the appropriations on fuel purchases and on the contracting of services, rent, among others. The credits are offset monthly with the debts calculated in the provision of services or quarterly with the debts of other federal taxes through compensation via PER/DCOMP within a maximum period of five years. In recent months, the Company has benefited from PIS/COFINS credits from previous years.

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8 Investments

The composition and movement of investments on December 31, 2023 and 2022:

	Parent company		Consolidated	
	2023	2022	2023	2022
Breakdown of investments				
Ownership interest valued under equity method	2,389,073	2,095,195	89,530	95,203
Concession agreement	4,976	5,382	4,976	5,382
Surplus value of assets	7,344	12,706	-	-
Goodwill	-	-	7,520	9,007
Total	2,401,393	2,113,283	102,026	109,592

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							Parent Company
	Opening balance	Capital increase/decrease	Equity valuation adjustment - Hedge	Equity valuation adjustment - Currency Translation Adjustments (CTA)	Dividends	Equity using the equity method	Closing Balance
Baloto S.A.	2,449	-	-	(364)	-	32	2,117
Hidroviás Del Sur S.A.	563,811	-	-	(39,788)	-	45,001	569,024
Hidroviás do Brasil - Marabá S.A.	9,171	550	-	-	-	(672)	9,049
Hidroviás do Brasil - Holding Norte S.A.	1,089,913	-	63,951	-	-	109,640	1,263,504
Hidroviás do Brasil - Cabotagem Ltda.	192,680	-	36,128	-	-	2,890	231,698
Hidroviás do Brasil - Intermediação e Agenciamento de Serviços Ltda.	34,518	-	-	-	(10,000)	2,418	26,936
Pricolpar S.A.	15	-	-	-	-	(1)	14
Hidroviás International Finance S.à.r.l.	1,684	-	-	(322)	-	280	1,642
Hidroviás South America B.V.	82,210	-	-	(4,112)	-	27,442	105,540
Hidroviás Navegación Fluvial S. A	107,331	-	-	(22,283)	-	83,930	168,978
Baden S.A.	10,623	-	-	(746)	-	56	9,933
Via Grãos	790	-	-	-	-	(70)	720
Subtotal	2,095,195	550	100,079	(67,615)	(10,000)	270,946	2,389,155
Contrato de concessão Baloto	5,382	-	-	-	-	(406)	4,976
Baden S.A. – Mais-valia de ativos	2,341	-	-	-	-	(165)	2,176
Hidroviás South America B.V.– Added value	10,365	-	-	-	-	(5,279)	5,086
Total	2,113,283	550	100,079	(67,615)	(10,000)	265,096	2,401,393

The composition and movement of Joint Ventures on December 31, 2023:

	2022		2023		Consolidated
	Opening Balance	Currency Translation Adjustments	Equity using the equity method	Dividends	Closing Balance
Limday S.A.	13,900	(992)	4,304	(4,462)	12,750
Obrinel S.A.	70,680	(5,039)	1,207	-	66,848
Baden S.A.	10,623	(746)	56	-	9,933
Subtotal	95,203	(6,777)	5,567	(4,462)	89,531
Baloto – Added value of assets	5,382	-	(406)	-	4,976
Agio	9,007	(630)	(858)	-	7,519
Total	109,592	(7,407)	4,303	(4,462)	102,026

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	Parent company							
	2021				2022			
	Opening balance	Capital increase/decrease	Equity valuation adjustment - Hedge	Equity valuation adjustment - Currency Translation Adjustments (CTA)	Shareholding adjustment	Dividends	Equity using the equity method	Closing balance
Baloto S.A.	2,448	-	-	(357)	-	-	358	2,449
Hidroviás Del Sur S.A.	669,692	1,935	-	(41,328)	-	-	(66,488)	563,811
Hidroviás do Brasil - Marabá S.A.	10,262	360	-	-	-	-	(1,451)	9,171
Hidroviás do Brasil - Holding Norte S.A.	443,711	450,000	85,776	-	-	-	110,426	1,089,913
Hidroviás do Brasil - Cabotagem Ltda.	189,777	-	40,429	-	1,080	(56,303)	17,697	192,680
Hidroviás do Brasil - Intermediação e Agenciamento de Serviços Ltda.	33,401	-	-	-	170	-	947	34,518
Pricolpar S.A.	14	-	-	-	-	-	1	15
Hidroviás International Finance S.à.r.l.	1,536	-	-	(523)	-	-	671	1,684
Hidroviás South America B.V.	38,731	-	-	(1,637)	-	-	45,116	82,210
Hidroviás Navegación Fluvial S.A	19,844	-	-	4,957	-	-	82,530	107,331
Baden S.A.	12,067	-	-	(761)	-	-	(683)	10,623
Via Grãos	-	800	-	-	-	-	(10)	790
Subtotal	1,421,483	453,095	126,205	(39,649)	1,250	(56,303)	189,114	2,095,195
Concession agreement	5,788	-	-	-	-	-	(406)	5,382
Baden S.A. – Added value of assets	2,506	-	-	-	-	-	(165)	2,341
Hidroviás South America B.V. – Added value	15,563	-	-	-	-	-	(5,198)	10,365
Total	1,445,340	453,095	126,205	(39,649)	1,250	(56,303)	183,345	2,113,283

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	2021			Consolidated 2022		
	Opening balance	Currency Translation Adjustments (CTA)	Equity using the equity method	Dividends	Amortization	Closing balance
Limday S.A.	13,793	(3,851)	4,208	(250)	-	13,900
Obrinel S.A.	61,736	(1,572)	10,516	-	-	70,680
Baden S.A.	12,067	(760)	(684)	-	-	10,623
Subtotal	87,596	(6,183)	14,040	(250)	-	95,203
Concession agreement (b)	5,788	-	-	-	(406)	5,382
Share Premium (a)	10,321	(676)	-	-	(638)	9,007
Total	103,705	(6,859)	14,040	(250)	(1,044)	109,592

Dividends received are presented in the statement of cash flows in the investing activities.

The effects of translation of statements prepared in foreign currency, known as Currency Translation Adjustments (CTA), are presented in the Statement of Comprehensive Income (OCI).

- (a) Share premium generated on the acquisition of 44.55% of the shares representing the share capital of Limday, based on studies carried out on the future profitability of operations.

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The main information on direct and indirect subsidiaries, and joint venture is presented below:

	2023					
	Number of shares	Total assets	Total liabilities	Shareholders' equity	Profit (Loss) of companies in the period	Net revenue
<u>Direct subsidiaries</u>						
Hidroviás del Sur S.A.	4,330,646,746	685,085	116,062	569,023	45,001	-
Hidroviás International Finance S.à r.l.	12,000	3,032,053	3,030,411	1,642	280	-
Hidroviás do Brasil - Marabá S.A.	20,000,000	9,549	500	9,049	(672)	-
Hidroviás do Brasil - Cabotagem Ltda. (b)	220,475,382	754,681	522,983	231,698	2,710	209,606
Hidroviás do Brasil - Intermediação e Agenciamento de Serviços Ltda.	2,500,000	29,358	2,422	26,936	2,418	14,620
Hidroviás South America B.V.	1,000,000	133,935	28,395	105,540	27,442	142,277
Hidroviás Navegación Fluvial S.A (c)	442	229,116	51,244	177,872	88,347	216,083
Hidroviás do Brasil - Holding Norte S.A.	512,989,094	1,264,442	937	1,263,505	177,378	-
Via Grãos S.A.	800,000	720	-	720	(70)	-
<u>Indirect subsidiaries</u>						
Baloto S.A.	599,999,999	68,303	2,581	65,722	918	-
Girocantex S.A.	2,442,140,008	1,717,989	1,080,730	637,259	28,566	528,968
Hidroviás del Paraguay S.A.	266,377	226,567	38,019	188,548	140,160	319,339
Pricolpar S.A	17,910	220,916	77,001	143,915	(1,803)	55,527
Cikelsol S.A.	800,000	782,882	850,141	(67,259)	(14,646)	185,022
Resflir S.A.	20,000	73,960	60,496	13,464	(3,301)	4,860
Hidroviás do Brasil - Vila do Conde S.A.	519,596,445	2,479,152	1,290,395	1,188,757	205,767	701,519
Hidroviás do Brasil – Administração Portuária de Santos S.A.	43,904,863	598,995	521,097	77,898	(28,177)	121,967
<u>Joint venture (d)</u>						
Limday S.A.	42,902,541	33,973	5,354	28,619	9,660	37,901
Obrinel S.A.	587,999,999	682,701	546,277	136,424	2,017	67,259
Baden	175,000,000	19,902	35	19,867	387	4,404

Hidroviás do Brasil S.A.

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For the years ended December 31, 2022 and 2021

(In thousands of reais - BRL, except when stated otherwise)

	2022					
	Number of shares	Total assets	Total liabilities	Shareholders' equity	Profit (Loss) of companies in the period	Net revenue
Direct subsidiaries						
Hidroviás del Sur S.A.	4,330,646,746	681,228	117,417	563,811	(66,488)	-
Hidroviás International Finance S.à r.l.	12,000	3,257,623	3,255,939	1,684	671	-
Hidroviás do Brasil - Marabá S.A.	20,000,000	9,391	220	9,171	(1,451)	-
Hidroviás do Brasil - Cabotagem Ltda. (b)	220,475,382	839,273	646,592	192,681	17,697	208,815
Hidroviás do Brasil - Intermediação e Agenciamento de Serviços Ltda.	2,500,000	36,880	2,362	34,518	947	11,249
Hidroviás South America B.V.	1,000,000	112,139	29,932	82,207	45,116	174,456
Hidroviás Navegación Fluvial S.A(c)	442	142,605	32,270	110,335	86,874	248,854
Hidroviás do Brasil - Holding Norte S.A.	512,989,094	1,090,557	644	1,089,913	110,426	-
Via Grãos S.A.	800,000	790	-	790	(10)	-
Indirect subsidiaries						
Baloto S.A.	599,999,999	72,304	2,529	69,775	10,166	-
Girocantex S.A.	2,442,140,008	1,413,804	1,143,893	269,911	(35,130)	514,349
Hidroviás del Paraguay S.A.	266,377	113,783	58,252	55,531	69,365	-
Pricolpar S.A	17,910	227,625	74,103	153,522	15,503	78,150
Cikelsol S.A.	800,000	782,905	839,528	(56,623)	(49,466)	96,326
Resflir S.A.	20,000	88,958	71,002	17,956	(1,802)	5,026
Hidroviás do Brasil - Vila do Conde S.A.	519,596,445	2,181,040	1,198,484	982,556	258,788	747,395
Hidroviás do Brasil – Administração Portuária de Santos S.A.	43,904,863	587,609	481,535	106,074	(62,674)	31,355
Joint venture (d)						
Limday S.A.	42,902,541	16,139	1,665	14,474	4,229	16,701
Obrinel S.A.	587,999,999	384,881	311,642	73,239	10,516	27,364
Baden	175,000,000	11,213	201	10,787	(670)	-

(b) Revenue is being presented net of *hedge accounting* in the amount of BRL 17,896 (BRL 19,548 on December 31, 2022).

(c) The amounts presented in the tables of assets, liabilities, shareholders' equity and income are net of the elimination of lease agreements between related parties (Hidroviás South America B.V. and Hidroviás Navegación Fluvial) of the assets acquired in the business combination.

(d) The amounts presented are proportional to the percentage of the Company's interest in these investees (see note 1).

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Key information on joint ventures investments:

	Baden		Limday		Obrinel	
	2023	2022	2023	2022	2023	2022
Current assets	6,694	5,766	17,207	22,481	20,066	43,026
Non-current assets	13,208	16,660	16,766	13,568	662,635	742,446
Total assets	19,902	22,426	33,973	36,049	693,292	785,472
Current liabilities	35	411	5,354	3,719	293,380	64,451
Non-current liabilities	-	-	-	-	252,897	571,553
Net equity	19,867	22,015	28,619	32,330	136,424	149,468
Total liabilities	19,902	22,426	33,973	36,049	682,701	785,472

	Baden		Limday		Obrinel	
	2023	2022	2023	2022	2023	2022
Net revenue	4,404	-	37,901	37,304	67,259	55,845
Costs and Expenses	(4,017)	(1,368)	(28,241)	(27,858)	(65,242)	(34,384)
Profit (loss) for the period	387	(1,368)	9,660	9,446	2,017	21,461

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9 Fixed assets

The composition and movement of fixed assets on December 31, 2023 and 2022:

	Parent company					Total
	Installations and improvements	Furniture and fixtures	Machinery and equipment	Electronic and computer equipment	Fixed Assets in progress	
Balancete as of December 31, 2022	-	-	88	2,228	1,667	3,983
Additions	-	-	-	784	441	1,225
Transfers	583	509	-	1,234	(2,108)	218
Depreciation	(121)	(149)	(37)	(1,081)	-	(1,388)
Balance as of December 31, 2023	462	360	51	3,165	-	4,038

Historical cost	583	511	395	8,250	-	9,739
Accumulated depreciation	(121)	(151)	(344)	(5,085)	-	(5,701)
Annual depreciation rate %	10-15	10-20	10-15	20-25	-	

	Consolidated								Total	
	Plots of land	Buildings	Installations and improvements	Furniture and fixtures	Machinery and equipment	Electronic and computer equipment	Vehicles	Pushers, barges, ships		Fixed Assets in progress (a)
Balance as of December 31, 2022	85,452	556,609	79,218	1,434	356,948	13,730	435	2,528,671	468,838	4,091,335
Additions	-	-	1,092	547	5,020	2,512	-	14,433	258,443	282,047
Write-offs	-	-	(511)	(96)	(2,219)	(14)	-	(4,501)	(9,322)	(16,663)
Transfers	7,919	19,186	33,360	1,827	42,189	9,110	-	441,105	(574,516)	(19,820)
Depreciation	-	(29,525)	(18,613)	(385)	(67,997)	(5,365)	(290)	(150,642)	-	(272,817)
Translation adjustment	-	-	(2,580)	(97)	(2,404)	(43)	(23)	(150,570)	12,245	(143,472)
Balance as of December 31, 2023	93,371	546,270	91,966	3,230	331,537	19,930	122	2,678,496	155,688	3,920,610

Historical cost	93,371	732,823	129,009	3,941	674,573	34,856	1,330	3,625,570	155,688	5,451,161
Accumulated depreciation	-	(186,553)	(37,043)	(711)	(343,036)	(14,926)	(1,208)	(947,074)	-	(1,530,551)
Annual depreciation rate - %	-	4-5	10-15	10-20	10-15	20-25	25-40	4-6	-	-

- a) The reduction in fixed assets in progress during the year was due to the completion of projects related to the vessels Poraquê (BRL 32,427), Dourada (BRL 70,562), Mapará (BRL 72,929), Tambaqui (BRL 37,202), Potiguar (BRL 141,015), T8 warehouse in Santos (BRL 18,367) and other projects, as they were available for use, the expenses were allocated to the definitive asset according to its nature.

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	Parent company					Total
	Installations and improvements	Furniture and fixtures	Machinery and equipment	Electronic and computer equipment	Fixed Assets in progress	
Balance as of December 31, 2021	631	1,630	134	3,707	151	6,253
Additions	-	-	-	-	1,666	1,666
Write-offs	(307)	(1,436)	(1)	-	(150)	(1,894)
Transfers	(29)	-	-	29	-	-
Depreciation	(295)	(194)	(45)	(1,508)	-	(2,042)
Balance as of December 31, 2022	-	-	88	2,228	1,667	3,983
Historical cost	-	2	395	6,233	1,667	8,297
Accumulated depreciation	-	(2)	(307)	(4,005)	-	(4,314)
Annual depreciation rate - %	10-15	10-20	10-15	20-25	-	-

	Consolidated									Total
	Plots of land	Buildings	Installations and improvements	Furniture and fixtures	Machinery and equipment	Electronic and computer equipment	Vehicles	Pushers, barges, ships	Fixed Assets in progress (b)	
Balance as of December 31, 2021	85,452	474,077	30,618	2,523	252,249	8,539	812	2,752,896	647,119	4,254,285
Additions	-	3,568	647	536	3,254	706	-	911	254,800	264,422
Write-offs	-	-	(306)	(1,436)	(674)	-	-	(1)	(301)	(2,718)
Losses for impairment	-	-	-	-	-	-	-	-	(24,740)	(24,740)
Transfers	-	104,281	62,744	164	163,663	8,309	9	53,289	(393,661)	(1,202)
Depreciation	-	(25,317)	(12,661)	(311)	(60,373)	(3,764)	(313)	(153,584)	-	(256,323)
Translation adjustment	-	-	(1,824)	(42)	(1,171)	(60)	(73)	(124,840)	(14,379)	(142,389)
Balance as of December 31, 2022	85,452	556,609	79,218	1,434	356,948	13,730	435	2,528,671	468,838	4,091,335
Historical cost	85,452	713,637	98,617	1,996	634,469	23,456	1,587	3,373,344	468,838	5,401,396
Accumulated depreciation	-	(157,028)	(19,399)	(562)	(277,521)	(9,726)	(1,152)	(844,673)	-	(1,310,061)
Annual depreciation rate - %	-	4-5	10-15	10-20	10-15	20-25	25-40	4-6	-	-

(b) With regard to Fixed Assets in progress, the increase comes from projects with the Santos terminal and assets necessary for the use of barges, such as, for example, the tops.

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Impairment

In accordance with the accounting practices adopted in Brazil and IFRS, at the end of each reporting period, Management assesses whether there is any indication that an asset may have undergone devaluation that requires the need to constitute an estimate of impairment to reflect its realized value. With this, the following indicators are evaluated to a minimum:

- Whether there are observable indications that the value of the asset has decreased significantly during the period, more than would be expected as a result of the passage of time or normal use;
- Whether significant changes with an adverse effect on the entity have occurred during the period, or will occur in the near future, in the technological, market, economic or legal environment in which the entity operates or in the market for which the asset is used;
- Whether the asset is performing as planned and/or if there have been changes during the year that indicate that economic performance will be underwhelming.

Based on the assessment carried out, Management did not identify indications of devaluation of the assets for the financial statements ended December 31, 2023.

In the year ended December 31, 2022, when evaluating the depreciation indications, it was identified the need to carry out the impairment test in which the following assumptions were used to estimate the recoverable value, and the values attributed to the main assumptions represent the evaluation of future trends of Management in relevant sectors and were based on historical data from internal and external sources.

- The discount rate was estimated after taxes based on the WACC weighted average cost of capital rate, which ranged between 9.4% and 8.7%, considering market parameters;
- Cash flow projections were made considering the useful life of the assets of each UGC;
- The projected result was estimated considering past experience.
- The projected revenue growth considered long-term contracts, in the Take or Pay model. The price of services increases in line with the inflation forecast for the coming years, as provided for in the contracts, and the costs vary according to the volume realized and are updated by the projected inflation rate.

At the end of the test, the Management identified the need for a provision to reduce the accounting balance of the part of what would be the Salt Logistics operation in which there is no expectation of return on investment, since for the next year, the Company assimilated the unfeasibility of carrying out the salt logistics operation in Rio Grande do Norte in the manner initially thought. due to insurmountable regulatory obstacles.

The potential Salt Logistics operation, for which the initiatives were carried out as of April 2019, consisted of the navigation and transshipment of salt in the region of Rio Grande do Norte, seeking to improve the operational performance of salt customers in the region.

In view of all of this, Hidrovias recorded a provision for impairment in the amount of R\$ 24,740.

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10 Right-of-use assets and Lease Liabilities

a) Right-of-use

The composition and movement of the right-of-use asset on December 31, 2023 and December 31, 2022 is presented below:

Parent company	Real properties	Total
Net balance on December 31, 2022	2,498	2,498
Constitution	250	250
Amortization	(954)	(954)
Net balance on December 31, 2023	1,794	1,794

Consolidated	Real properties	Vessels	Total
Net balance on December 31, 2022	165,959	27,440	193,399
New agreements (a)	1,191	20,930	22,121
Temporary admission (b)	-	28,170	28,170
Remeasurement of agreements	19,823	-	19,823
Write-offs	(412)	(114)	(526)
Amortization	(13,753)	(22,082)	(35,835)
Translation adjustment	(194)	(484)	(678)
Net balance on December 31, 2023	172,614	53,860	226,474

(a) The respective line consists in the permission for foreign goods to remain in the country, for a certain period of time, with suspension of taxes or with proportional payment of them, in relation to the time of stay.

(b) The respective line consists of monetary corrections of indices and renegotiations of contracts (e.g. extension of deadlines, etc.).

Parent company	Real properties	Total
Net balance on December 31, 2021	1,182	1,182
Additions	2,498	2,498
Amortization	(1,182)	(1,182)
Net balance on December 31, 2022	2,498	2,498

Consolidated	Real properties	Vessels	Total
Net balance on December 31, 2022	135,001	72,579	207,580
New agreements	25,594	12,653	38,247
Remeasurement of agreements	16,563	-	16,563
Write-offs	(255)	(3,038)	(3,293)
Amortization	(11,035)	(50,857)	(61,892)
Translation adjustment	91	(3,897)	(3,806)
Net balance on December 31, 2022	165,959	27,440	193,399

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b) Lease Liabilities

Below is the movement in lease liabilities on December 31, 2023 and December 31, 2022:

	Parent company	Consolidated
Balance as of December 31, 2022	2,498	230,524
New agreements	250	22,122
Remeasurement of agreements	-	19,823
Interest and inflation adjustment	260	17,563
Payment of the principal	(995)	(50,757)
Write-offs	-	(671)
Translation adjustment	-	(1,016)
Balance as of December 31, 2023	2,013	237,588
Current assets	994	28.979
Non-current assets	1.019	208.609
	Parent company	Consolidated
Balance as of December 31, 2021	1,227	231,578
New agreements	2,498	38,247
Remeasurement of agreements	-	16,563
Interest and inflation adjustment	52	33,427
Payment of the principal	(1,279)	(71,797)
Write-offs	-	(12,784)
Translation adjustment	-	(4,710)
Balance as of December 31, 2022	2,498	230,524
Current assets	665	30,692
Non-current assets	1,833	199,832

Lease maturity schedule:

Year	Parent company	Consolidated
2024	994	35,205
2025	964	17,636
2026	55	14,406
2027 onwards	-	170,341
Lease liabilities	2,013	237,588

11 Intangible assets

Below is the movement in intangible assets on December 31, 2023:

	Software	Contracts	Intangible Assets in progress	Parent Company Total
Balance as of December 31, 2022	17,347	753	20,722	38,822
Additions	36	-	7,320	7,356
Write-off	-	-	(7,343)	(7,343)
Transfers	13,525	-	(13,741)	(216)
Amortization	(10,271)	(165)	-	(10,436)
Balance as of December 31, 2023	20,637	588	6,958	28,183
Annual amortization rate - %	20	(*)	-	-
Historical cost	75,826	1,644	6,958	84,428
Accrued amortization	(55,189)	(1,056)	-	(56,245)

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	Consolidated					
	Software	Contracts (b)	Goodwill (a)	Intangible Assets in progress	Other	Total
Balance as of December 31, 2022	30,112	191,409	73,121	34,999	12,706	342,347
Additions	36	-	-	16,955	-	16,991
Write-off (**)	-	-	-	(7,343)	-	(7,343)
Transfers	33,510	7,022	-	(20,718)	-	19,814
Amortization	(18,473)	(16,514)	-	-	(5,362)	(40,349)
Amortization – AVP	-	775	-	-	-	775
Translation adjustment	(250)	(571)	-	(18)	-	(839)
Balance as of December 31, 2023	44,935	182,121	73,121	23,875	7,344	331,396
Annual amortization rate - %	20-50	(*)	-	-	-	-
Historical cost	120,842	266,103	73,121	23,875	21,846	505,787
Accrued amortization	(75,907)	(83,982)	-	-	(14,502)	(174,391)

	Parent Company			
	Software	Contracts	Intangible Assets in progress	Total
Balance as of December 31, 2021	6,390	984	30,856	38,230
Transfers	29,350	18	(29,368)	-
Additions	53	-	19,234	19,287
Amortization	(18,446)	(249)	-	(18,695)
Balance as of December 31, 2022	17,347	753	20,722	38,822
Annual amortization rate - %	25-50	(*)	-	-
Historical cost	62,265	1,645	20,722	84,632
Accrued amortization	(44,918)	(892)	-	(45,810)

	Consolidated					
	Software	Contracts (b)	Goodwill (a)	Intangible Assets in progress	Outros	Total
Balance as of December 31, 2021	12,574	223,566	73,121	38,129	51	347,441
Additions	96	-	-	36,759	-	36,855
Transfers	40,994	87	-	(39,879)	-	1,202
Reclassification	-	(1,311)	-	-	-	(1,311)
Amortization	(23,273)	(19,151)	-	-	(46)	(42,470)
Amortization – AVP (**)	-	924	-	-	-	924
Translation adjustment	(279)	-	-	(10)	(5)	(294)
Balance as of December 31, 2022	30,112	204,115	73,121	34,999	-	342,347
Annual amortization rate - %	20-50	(*)	-	-	20-30	-
Historical cost	87,910	280,730	73,121	34,999	94	476,854
Accrued amortization	(57,798)	(76,615)	-	-	(94)	(134,507)

(*) Amortization over the term of the respective contracts.

(*) Amortization over the term of the respective contracts.

(**) Refers to the amortization of the adjustment to present value of the Port of Santos concession, accounted for in the financial result.

(a) Goodwill

The goodwill generated on the acquisition of Log-In's assets and liabilities in the amount of BRL 73,121, by subsidiary Cabotagem, was based on the future profitability of operations.

On December 31, 2023, using the assumption of calculation on the projected future cash flows, in the period of the concession agreement and, applying the discount rate, the need to record a provision for impairment was not identified.

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For purposes of the impairment test, the goodwill was allocated to the Cash Generating Units (CGU) of Hidrovias Cabotagem.

The recoverable value of these UGCs was based on fair value, estimated based on discounted cash flows. The fair value measurement was classified as Level 3 based on the *inputs* used in the evaluation technique. The main assumptions used to estimate the recoverable amount are defined below, and the values attributed to the main assumptions represent Management's assessment of future trends in relevant sectors and were based on historical data from internal and external sources.

The discount rate estimated after taxes based on the weighted average cost of capital (WACC) rate for each CGU is 10.53% before the taxes and 9.6% after the taxes, on December 31, 2023 (9.87% before the taxes and 8.72% after the taxes on December 31, 2022), considering market parameters.

The projected result was estimated taking into account past experience. Projected revenue growth took into account long-term contracts in the Take or Pay model. The price of services increases in line with expected inflation for the coming years, as provided for in contracts, and costs vary according to the volume carried out and are updated by the projected inflation rate.

The estimated recoverable value of the CGU's was higher than their carrying value, so the need to record a provision for impairment was not identified.

(b) Contracts

GNL pusher and barge contract acquired by Girocantex S.A. initiated on June 30, 2023 and exclusivity term of up to 5 years, and at maturity may be an asset of the Company or sold to a third party in the amount of USD 1,331 (BRL 6,414).

Contract with Alunorte acquired by the subsidiary Hidrovias do Brasil - Cabotagem Ltda. on December 23, 2017, with a duration of 18 years in the amount of BRL 161,293.

Lease agreement acquired by the subsidiary Hidrovias do Brasil – Participação Administração Portuária de Santos S.A., with a duration of 25 years from the date of assumption of March 3, 2020, in the amount of BRL 112,500, referring to the grant and the adjustment to value present in the amount of BRL 19,379, for the handling and storage of mineral solid bulk, especially fertilizers and salts, located within the Port of Santos. The contract value is being amortized based on the term of the contract. The table below shows the movement of the constituted obligation, due to the obligation with the National Water Transport Agency (ANTAQ):

	Consolidated
Balance as of December 31, 2022	53,953
Payment	(21,176)
Monetary adjustment	2,340
Present value adjustment charges	3,876
Balance as of December 31, 2023	38,993
Current assets	18,117
Non-current assets	20,875
	Consolidated
Balance as of December 31, 2021	66,273
Payment	(20,054)
Monetary adjustment	9,045
Present value adjustment charges	(1,311)

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Balance as of December 31, 2022		53,953
Current assets		17,231
Non-current assets		36,722

12 Accounts payable

	Parent company		Consolidated	
	2023	2022	2023	2022
National suppliers	11,963	11,790	148,397	174,633
Foreign suppliers	-	-	24,055	15,970
Total	11,963	11,790	172,452	190,603

13 Loans, financing and debentures

	Type	Final due date	Interest rate - p.a.	Parent company		Consolidated	
				2023	2022	2023	2022
Hidrovias do Brasil	1st issue of debentures	oct/31	IPCA+6.0%	422,534	401,934	422,534	401,934
	2nd issue of debentures	jul/27	CDI + 2.2%	529,239	524,860	529,239	524,860
	FINEP	mar/32	TJLP + 1%	37,717	19,698	37,717	19,698
HB International Finance	Bond 2025	jan/25	5.95%	-	-	737,196	806,113
	Bond 2031	feb/31	4.95%	-	-	1,832,375	1,959,065
Hidrovias do Brasil - Cabotagem Ltda.	Bank loan agreement	mar/33	2.5% / 3.9%	-	-	460,420	553,804
Hidrovias do Brasil - Vila do Conde S.A.	Project financing	feb/26	4.99%	-	-	254	305
Total				989,490	946,492	4,019,735	4,265,779
Current liabilities				80.905	58.394	210.457	192,819
Non-current liabilities				908.585	888.098	3.809.278	4,072,960

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The movement of loans, financing and debentures is as follows:

	Parent company (a)	Luxemburgo (b)	Vila do Conde (c)	Cabotagem (d)	Total
Balance as of December 31, 2021	376,433	3,608,438	475	654,060	4,639,406
Funding	519,800	-	-	-	519,800
Interest	75,432	176,794	389	19,196	271,811
Addition of funding cost	(4,037)	-	-	-	(4,037)
Amortization of funding cost	1,348	37,745	-	-	39,093
Principal payment	-	-	-	(56,926)	(56,926)
Payment of interest	(22,484)	(183,560)	(1,182)	(19,520)	(226,746)
Repurchase of bonds	-	(644,677)	-	-	(644,677)
Translation adjustment	-	(229,562)	623	-	(228,939)
Hedge effect	-	-	-	(41,708)	(41,708)
Exchange rate variation	-	-	-	(1,298)	(1,298)
Balance as of December 31, 2022	946,492	2,765,178	305	553,804	4,265,779
Funding	17,919	-	-	-	17,919
Interest	120,978	120,573	684	16,849	259,084
Addition of funding cost	(228)	-	-	-	(228)
Amortization of funding cost	2,085	9,059	-	-	11,144
Principal payment	-	-	-	(55,470)	(55,470)
Payment of interest	(97,756)	(155,918)	(660)	(17,006)	(271,340)
Bond refund	-	-	-	-	-
Translation adjustment	-	(169,321)	(75)	-	(169,396)
Hedge effect	-	-	-	(36,848)	(36,848)
Exchange rate variation	-	-	-	(909)	(909)
Balance as of September 30, 2023	989,490	2,569,571	254	460,420	4,019,735

- (a) On October 15, 2021, the Company made its first issue of simple, non-convertible, unsecured Debentures, in two series, for public distribution with restricted distribution efforts, in the total amount of BRL 380,000, as an issue of Incentivized Debentures held pursuant to art. 2 of Law 12,431, and a maturity of 7 years from the issue date for the first series debentures and 10 years from the issue date for the second series debentures. The funds raised with the issuance will be used for the project to implement and adapt the infrastructure of the STS20 Terminal in the Port of Santos/SP.

In December 2021, the Company, as the financed party, and its subsidiary Hidrovias do Brasil – Vila do Conde S.A., as the executing intervening party, entered into a financing agreement with the Financier of Studies and Projects – Finep (“Finep”), whose object is the financing of a technological innovation project, in the total amount of BRL 37,719, approved at a meeting of the Company's Board of Directors, held on September, 2021. The Company delivered the applicable guaranteed instrument and other necessary information and documentation to Finep and, on April 26, 2022, received the first installment of said financing, in the total net amount of BRL 19,548 and on May 26, 2023, it received the second installment in the total net amount of BRL 17,691.

On July 20, 2022, the Company carried out its 2nd issue of simple, non-convertible, unsecured debentures, in two series, for public distribution with restricted distribution efforts, in the total amount of BRL 500,000, and a term of maturity of five years from the issue date for the first series debentures and seven years from the issue date for the second series debentures. The funds raised with the issuance were used to optimize the Company's capital structure.

- (b) On January 24, 2018, the Company raised, through its subsidiary in Luxembourg, a Bond in the amount of USD 600,000 (BRL 1,934,940), maturing on January 24, 2025. The amount accounted for is net of the funding cost of USD 5,100 (BRL 16,305) thousand and will be amortized over the term of the agreement. Part of this issuance was repurchased with proceeds from a new issuance as reported below.

On February 8, 2021, the Company, through its subsidiary in Luxembourg, issued a Bond in the amount of USD 500,000 (BRL 2,683,500), maturing on February 8, 2031. Proceeds from this issuance were used to

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repurchase approximately 75% of Bond 2025, issued on 24 January 2018. The accounted amount is net of the funding cost and will be amortized over the term of the contract.

The balances recognized as of December 31, 2023 and 2022 take into account the Bond repurchases made by the Company in 2020 and 2022, as described below in the "Bond Repurchases" section.

- (c) On March 22, 2018, the Company raised, through its subsidiaries Hidrovias do Brasil – Vila do Conde S.A., NCEs (Export Credit Note) with Santander Bank, in the total amount of BRL 1,120,734 (BRL 913,047 on December 31, 2023 and BRL 982,540 on December 31, 2022), whose note pays semiannual interest of 6.3% p.a., maturing on January 21, 2025 (the amount shown in the table is net of the respective financial investment in the amount of BRL 912,794 on December 31, 2023 and BRL 982,235 on December 31, 2022). In May 2021, the Company amended this agreement, and the note began to bear interest of 4.99% p.a. and expires on February 4, 2026.

This operation is structured to, at any time, be settled with securities, securities or other assets assigned as collateral. Said note is fully secured by a linked credit note of equal value and maturity, against the same counterparty. Both instruments may be redeemed in a binding manner and at any time by the Company. Accordingly, and considering that the Company has a legally enforceable right to settle the transactions for the net amount and intends to do so, the liabilities and financial assets are being offset for the purposes of presentation in these financial statements.

- (d) On December 23, 2016, the Company assumed, through its indirect subsidiary HB Cabotagem, in negotiation with Log-In, the Financing agreement through the opening of credit with the BNDES, in the total amount of USD 144,644 thousand, which were equivalent to BRL 491,601, referring to the acquisition of two bulk carriers, whose payments occur monthly with the final settlement scheduled for March 10, 2033. The acquired assets called Tucunaré and Tambaqui are pledged as collateral.

13.1 Guarantees

Loans and financing are guaranteed by the Company through guarantees, promissory notes or deposits in bank accounts.

The Bonds are guaranteed by Hidrovias do Brasil S.A., Hidroviás del Sur S.A., Cikelsol S.A., Pricolpar S.A., Hidrovias del Paraguay S.A., Girocantex S.A., Hidrovias do Brasil – Vila do Conde S.A., and Hidrovias do Brasil – Holding Norte S.A.

13.2 Covenants

The Company, through its subsidiaries, has covenants linked to funding with the BNDES, which may, in case of non-compliance, lead to the early maturity of the debt. In addition, some financing and debentures have clauses that are related to financial ratios such as: coverage of debt service, indebtedness, liquidity and operational obligations. In addition to these, there are other non-financial clauses.

- **Financial Covenant linked to the contract with BNDES**

The subsidiary Cabotagem has the following covenant: (i) maintain the capitalization ratio greater than or equal to 25%. The capitalization ratio is given by adjusted shareholders' equity over total assets. Adjusted shareholders' equity is Shareholders equity excluding assets and liabilities exchange variations; and (ii) maintain the debt service coverage ratio equal to or greater than 1.3x. The debt service coverage index ("ICSD") is EBITDA less income tax and social contribution and changes in working capital, excluding cash and debt and the effects of exchange rate changes on debt service.

On December 31, 2023 and 2022, the clauses of the subsidiary Cabotagem were fully met.

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Financial Covenant linked to Debenture and Bond contracts

The Company, through the loans (i) 1st and 2nd Debenture Issues carried out by the Parent Company and (ii) 2031 Bond issued by the subsidiary Hidrovias Internacional Finance, has a financial leverage covenant ("net debt over EBITDA") calculated on a Consolidated basis and which must be less than (a) 4.5x in 2022, (b) 4.0x between January 1, 2023 and December 2023 and (c) 3.5x from January 1, 2024 until the maturity date of the emissions.

Failure to comply with the covenant does not expedite debt repayment and is not considered a default. However, the Company is now restricted in raising new debts beyond those permitted by the restrictive clauses of the Issuance Deeds and is restricted to the payment of mandatory minimum dividends established by the Bylaws. The Company does not expect short- and medium-term impacts on its operations and believes that it will not need loans or working capital in addition to those already allowed by the restrictive clauses of the Debentures and Bonds to meet its obligations.

On December 31, 2023, the Company did not reach the ratios, since the leverage was 4.4x.

With the repurchase of the Bonds carried out in the 2021 process, the Bond 2025 no longer has financial covenants.

Bond buyback

The Company carried out two repurchase programs for its Bonds at opportune times when its securities had a reduced price in the secondary market. These programs do not constitute a market repurchase offer, but provide an opportunity for bondholders who may need liquidity.

1. Buyback made in 2020:

As approved at the Company's Board of Directors meeting held on June 27, 2018, a 2025 Bond buyback program was approved for a total amount of up to USD 50,000 (R\$ 191,790).

During the fiscal year ended December 31, 2020, the Company repurchased, through its Uruguayan subsidiary, the aggregate amount of USD 24,850 (R\$ 129,138) of the outstanding principal of the 2025 Bond.

These bonds were not cancelled until December 31, 2023 and are held in the Group's treasury and, therefore, for presentation purposes, do not form part of the balance of loans and financing.

2. Buyback made in 2022:

As approved at the Company's Board of Directors meeting held on May 25, 2022, a new buyback program was approved with proceeds from the 2nd Issuance of Debentures.

During the fiscal year ended December 31, 2022, the Company, through its subsidiary in Luxembourg (Hidrovias Internacional Finance), repurchased:

- 1) The added value of USD 1,081 (BRL 5,745) thousand of the outstanding principal of the 5,950% Senior Notes issued by Hidrovias Lux on January 24, 2018, with maturity in January 2025 ("Senior Notes 2025"). This amount was fully canceled in the market.
- 2) The aggregate amount of USD 121,396 (R\$ 639,386) of the outstanding principal of the 2031 Bond. Of this amount, USD 57,796 (R\$ 304,324) was cancelled in the market and USD 63,600 (R\$ 335,062) remains in the Group's treasury, but for presentation purposes, this amount does not make up the balance of loans and financing.

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Maturity of long-term installments

As of December 31, 2023, long-term maturities are as follows:

	Parent Company	Consolidated
13 a 24 months	-	779,563
25 a 36 months	197,563	251,405
37 a 48 months	231,604	285,193
49 a 60 months	401,866	455,457
A partir de 61 months	77,552	2,037,660
Total	908,585	3,809,278

14 Social and labor obligations

	Parent company		Consolidated	
	2023	2022	2023	2022
Provision for bonuses and gratuities	16,308	13,584	36,579	31,505
Vacation and charges	5,237	4,324	17,512	16,388
INSS payable	2,737	854	11,059	3,952
IRRF payable	1,640	931	4,183	2,569
FGTS payable	328	283	1,194	993
Other	-	-	-	122
Total	26,650	19,976	70,527	55,529

15 Contingencies

The Company and its subsidiaries are parties to administrative and judicial proceedings arising from the normal course of their operations, involving tax, labor and civil matters. Based on information from its legal advisors, internal and external, Management measured and recognized provisions for contingencies in an estimated amount of the value of the obligation and which reflect the expected outflow of funds.

On December 31, 2023, provisions for probable contingencies were recognized in the amount of BRL 7,164 in the Parent Company (BRL 6,808 on December 31, 2022) and BRL 47,604 in the Consolidated (BRL 30,021 on December 31, 2022). The composition of the provision for contingencies is detailed below:

	Parent Company			
	Tax	Labor	Civil	Total
Opening Balance	6,808	-	-	6,808
Additions	-	75	-	75
Adjustments	356	13	-	369
Payments	-	-	-	-
Write-off	-	(35)	-	(35)
Translation Adjustments	-	-	-	-
Closing Balance	7,164	53	-	7,217

	Consolidated			
	Labor	Tax	Civil	Total
Opening Balance	24,273	6,862	885	32,020
Additions	9,893	-	25,052	34,945
Adjustments	2,935	356	72	3,363
Payments	(10,652)	-	(25)	(10,677)
Write-off	(11,598)	(55)	(377)	(12,030)
Translation Adjustments	(17)	-	-	(17)
Closing Balance	14,834	7,163	25,607	47,604

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	Parent Company Tax	Consolidated			
		Labor	Tax	Civil	Total
Opening Balance	5,479	16,447	5,479	408	22,334
Additions	-	8,677	162	497	9,336
Adjustments	1,749	3,109	1,748	5	4,862
Write-off	(420)	(3,937)	(527)	(25)	(4,489)
Translation Adjustments	-	(23)	-	-	(23)
Closing Balance	6,808	24,273	6,862	885	32,020

The provisions of civil proceedings involve fees in an active declaratory action, in addition to a lawsuit received in 2023 requesting protection of evidence for the Company to be compelled to return cargo or indemnify the counterparty. The object of the labor lawsuits are claims related especially to the navigation surcharge, in addition to third-party lawsuits in which the Company or its subsidiaries appear as jointly and severally liable or subsidiary.

15.1 Possible Contingencies

The Company and its subsidiaries are parties to other lawsuits for which Management, based on the assessment of its internal and external legal advisors, judged the risk of loss as possible. Obligations arising from these lawsuits are considered as contingent liabilities, since it is not considered probable that an outflow of resources embodying economic benefits will be required to settle such obligations. The nature of the main contingent liabilities are:

	Consolidated	
	2023	2022
Labor	10,640	12,055
Civil	1,083	25,988
Tax	203,630	220,049
Environmental	1,269	
	216,622	258,092

Labor

Labor claims of various natures, referring to actions such as navigation premium pay, salary differences, severance payments, among other indemnities, which are in the judicial or administrative sphere, in different procedural stages.

Civil

Represented by collection suits and indemnities, with an amount of 38,877 on December 31, 2023 referring to the request for granting the relief of evidence, so the company is compelled to return goods as compensation to the counterparty.

Tax

Writ of Mandamus against the Municipality of Itaituba No. 0803412-32.2021.8.14.0024 with an injunction request to suspend the enforceability of the traffic and circulation fee for large vehicles in the municipality and presentation of a monthly Analytical Report on the movement of loaded trucks in the municipality (Municipal Law No. 3,534/2020) proposed on October 18, 2021, with a deposit of the questioned amount in the amount of BRL 2,814. The Company's subsidiary argues that the taxpayer provided for in the legislation is the individual or legal entity that uses large vehicles to transit cargo within the municipal territory, that is, the owner of the cargo, and the collection of the Company's subsidiary is undue. The injunction was granted on October 27, 2021 in relation to the amount deposited and the submission of the report. Despite the suspension of the enforceability of the debts due to the security granted, the Municipality of Itaituba continues to issue notices of infraction, which are duly contested. Administrative proceedings

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related to several Infraction Notices whose total amounts are BRL25,648 on December 31, 2023.

The Company and its subsidiaries have other tax proceedings, classified as a possible loss, whose estimated amount is BRL 177.982 on December 31, 2023 (BRL 201.652 on December 31, 2022).

Environmental

Represented by a public civil action filed in 2016 requesting the addition of formalities to review the granting of the environmental license of companies in the region, including the Company. There is also a notice of infraction that discusses offshore transshipment, received in 2023.

15.2 Judicial Deposits

Below is the amount in judicial deposits on December 31, 2023:

	Parent Company		Consolidated	
	2023	2022	2023	2022
Tax Deposits	32,383	32,383	69,423	46,897
Civil Deposits	-	-	24,125	21,853
Labor Deposits	-	-	32	11
Total	32,383	32,383	93,580	68,761

16 Related Parties

Compensation of the Key Management Personnel

On December 31, 2023, the compensation of the Key Management Personnel, which includes the Executive Board and Board Members, totaled BRL 22,921 (BRL 18,857 on December 31, 2022), referring to salaries and variable benefits of which BRL 22,016 refer to short-term employee benefits (BRL 18,281 as of December 31, 2022) and BRL 673 to medical assistance benefits (BRL 576 as of December 31, 2022).

Related party amounts basically refer to financial transactions under contractual conditions, defined internally by the Company and its subsidiaries.

Transactions between related parties involving controlling shareholders, entities under common control or significant influence:

	Parent Company			
	Assets		Liabilities	
	2023	2022	2023	2022
Girocantex S.A. (a)	-	-	282	-
Hidroviás Del Sur S/A (b)	-	3,473	-	-
Hidroviás do Brasil – Interm. e Agenc. Serv. Ltda. (c)	35	33	1	-
Hidroviás do Brasil - Vila do Conde S.A (c)	4,945	8,050	-	1,143
Hidroviás do Brasil - Marabá S.A. (c)	427	161	-	-
Hidroviás do Brasil – Cabotagem Ltda. (c)	1,075	435	212	175
Hidroviás Holding Norte	-	-	-	-
Hidroviás do Brasil – Participação Administração Portuária de Santos S.A. (d)	892	10,366	133	94
Hidroviás del Paraguay S.A	523	523	1	1
Pricolpar S.A.	-	-	2	2
Cikelsol S.A.	-	-	98	104
Resflir S.A.	-	207	-	-
Hidroviás - Via Grãos	-	-	-	-
Loans (e)	9,604	5,219	148,804	21,701
Total	17,501	28,467	149,533	23,220

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Current	17,501	23,249	4,179	2,965
Non-current	-	5,218	145,354	20,255

	31/12/2023	Parent Company 31/12/2022
Dividends Receivable	14,692	57,236
Total	14,692	57,236

Current	14,692	57,236
Non-current	-	-

	Parent Company 31/12/2023	Consolidated 31/12/2023
Revenue (expenses):		
Exchange variation on security deposit	-	-
Reimbursement of expenses (g)	291	-
Exchange variation and interest on loan	(3,640)	(3,640)
Total	(3,349)	(3,640)

- (a) Refers to reimbursable expenses with financing structuring for the Vale Project with the indirect subsidiary Girocantex in Brazil.
- (b) Refers to reimbursable expenses with its subsidiary Hidroviás Del Sur.
- (c) The Company and some of its subsidiaries use shared administrative services, personnel, technological resources and infrastructure, such as: (i) payroll costs, (ii) IT/software structure, (iii) rental costs and (iv) processing of invoice, accounting and auditing, which are passed on between the companies of the Group.
- (d) Refers to expenses with the management project of its subsidiary Hidroviás do Brasil – Participação Administração Portuária de Santos S.A.
- (e) Refer to operating expenses with the controlling shareholder. No forecast for settlement or monetary correction.
- (f) In the asset, it refers to a loan with the subsidiary Resflir S.A., and in the liability, it refers substantially to a loan with Luxembourg due in February 2031. The interest is shown in the result of operations with related parties.
- (g) During 2023 and 2022, the Company recorded cost recovery related to shared expenses detailed above.

17 Share capital

On December 31, 2023, the Company's share capital is BRL 1,359,469 (BRL 1,359,469 on December 31, 2022), represented by 760,382,643 (760,382,643 on December 31, 2022) registered common shares, with no par value. The share capital amount on December 31, 2023, and December 31, 2022 is detailed below:

	31/12/2023	31/12/2022
Share Capital	1,359,469	1,359,469
Cost of issuance of shares	(24,885)	(24,885)
Share Capital	1,334,584	1,334,584

The shareholding structure on December 31, 2023, and December 31, 2022 is detailed below:

Shareholders	2022		2021	
	Common Shares	%	Common shares	%
Pátria Infraestrutura - Fundo de Investimento em Participações Multiestratégia	76,257,729	10.1	153,484,062	20.2
Patria Infraestrutura Brasil Fundo de Investimento em Participações Multiestratégia	4,345,320	0.6	8,745,834	1.2
Pátria Infraestrutura IV FIP Multiestratégia	78,500,846	10.3	78,500,846	10.3
Sommerville Investments B.V.	-	-	63,517,842	8.4

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HBSA Co-Investimento - Fundo de Investimento em Participações Multiestratégia	16,207,941	2.1	32,621,750	4.3
TPE Gestora de Recursos LTDA	79,932,500	10.5	61,977,469	8.2
Alaska Investimentos	39,585,600	5.2	-	-
Other (*)	465,552,707	61.2	361,534,840	47.4
Total	760,382,643	100	760,382,643	100

(*) No other group of shareholders owns more than 5% of the Company's capital.

Legal reserve

In accordance with the provisions of Art. 193 of Law 6,404/76, 5% of net income for the year must be used to set up a legal reserve, which cannot exceed 20% of the share capital.

Tax incentive reserves

According to the Company's Bylaws, the tax incentive is recorded as described in accompanying note 28.

Cost of issuance of shares

The balance of costs in the issuance of shares as of December 31, 2023 is R\$24,885 (R\$24,885 on December 31, 2022), as shown in the statements of changes in shareholders' equity.

Dividends

Pursuant to the Bylaws, shareholders are entitled to a mandatory minimum dividend of 1% of adjusted net income pursuant to item I of Art. 202 of Law No. 6,404/76. According to Art. 189 of Law No. 6,404/76, the retained losses and provision for income tax will be deducted from the result for the year, before any participation.

Capital reserves

It consists in the amounts received by the Company as a result of transactions with shareholders and that are not included in the income statement, as well as can be used to absorb losses when they exceed the profit reserves and redemption, reimbursement and purchase of shares. On December 31, 2023, the Company recorded expenses in the amount of R\$2,655 of shares granted.

Other reserves

These are equity valuation adjustments that occur in shareholders' equity arising from transactions that are not directly with shareholders, such as accumulated conversion adjustments on investments and adjustment of non-derivative financial instruments.

18 Earnings per share

Diluted earnings per share were calculated based on the income for the year attributable to the Company's controlling shareholders on December 31, 2023, and 2022 and the respective average number of common shares outstanding in the year, as shown in the table below:

	Parent Company		Consolidated	
	2023	2022	2023	2022
Net loss for the year	17,599	(8,163)	17,599	(8,163)
Weighted average of basic shares	760,383	760,383	760,383	760,383
Loss for the year per lot of one thousand basic shares	0,0231	(0,0107)	0,0231	(0,0107)
	2023	2022	2023	2022
Net loss for the year	17,599	(8,163)	17,599	(8,163)
Weighted average of diluted shares	775,266	775,266	775,266	775,266
Loss for the year per lot of one thousand diluted shares	0,0227	(0,0107)	0,0227	(0,0107)

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Diluted (loss) income per share adjusts the amounts used in determining basic earnings per share to account for the weighted average number of additional common shares that would be outstanding, assuming the conversion of all dilutive potential common shares.

19 Long-term incentive plan

19.1 Stock option program

On July 27, 2016, the terms of the Stock Option Plan (“Plan”) were approved through the Company’s Special Shareholders’ Meeting, the purpose of which is the granting of options to purchase shares issued by the Company to Company managers and strategic professionals, with the main objective of attracting and retaining these professionals. The Plan replaced the Company’s Stock Option Plan originally approved in Special Shareholders’ Meeting held on December 07, 2010. The participants indicated, subject to the rules and conditions defined for each program, will receive the stock option offer defined by the Board of Directors, and each purchase option assigns to its holder the right to acquire one common share issued of the Company, under the terms and conditions of the Plan and the approved programs.

On October 18, 2018, the Extraordinary General Meeting of the Company approved an amendment to the Stock Option Plan of the Company originally approved at the Extraordinary General Meeting held on July 27, 2016, in order to promote changes in the price rules of exercise, in calculating the correction of the Exercise Price and other changes. The granting of these programs occurs in February 2019.

The Company recognized the stock options granted in its shareholders' net equity, with a corresponding entry in income for the year. The recognition took place proportionally to the effectiveness of the respective periods of vesting (grace period) of the lots granted, recording the accumulated amount of BRL 29,775. There was no expense recognized in income for the year ended December 31, 2022.

In accordance with IFRS 2 (Technical Pronouncement CPC 10 (R1)) - Share-Based Payment, the fair value of the options was determined on the grant date (grant date) based on the Black-Scholes option pricing model.

As calculation assumptions for the 2017, 2018 and 2019 programs, the following definitions were used:

- Weighted average share price on the grant date: BRL 4.70.
- Options strike price: defined according to the program (see table below).
- Expected volatility: 35.35%. Expected volatility was calculated using the standard deviation of the average daily stock returns of a group of comparable companies. This group includes Rumo, Taesa, Alupar, Isa CTEEP, Kirby, SITC, Pacific Basin and Evergreen Marine. The history of trading sessions used is similar to the expiration date of the options.
- Term of the option: five years, according to the contractually defined term.
- Expected dividends: it is not necessary to include the effect of dividends, since the distribution of dividends reduces the strike price of the options.
- Expected inflation: to calculate the correction of the strike price, an inflation estimate of 4.2% p.a. was used. based on NTN-B maturing close to the expiration date of the option.
- Risk-free interest rate: an estimated rate of 8.31% was based on the projection of the DI curve for the maturity date of the options.

On September 1, 2020, 11,771,978 new common shares were subscribed through the payment of the amount of BRL 51,786. The options were exercised at an average year price of BRL 4.40, representing a total of 41% of the shares “vested” to date, which are an integral part of the plans granted, which we detail below:

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Plan/program	Vesting	Final date for year	Year price (in BRL) (*)	Granted	Canceled/expired	Exercised on September 1, 2020	Outstanding	Fair value (in BRL) (**)
2010/1st	12/07/2011	03/31/2024	1,00	500,000	-	259,500	240,500	1,13
2010/1st	12/07/2012	03/31/2024	1,00	500,000	-	259,500	240,500	1,27
2010/1st	12/07/2013	03/31/2024	1,00	500,000	-	259,500	240,500	1,43
2010/1st	12/07/2014	03/31/2024	1,00	500,000	-	259,500	240,500	1,61
Total plan for 2010				2,000,000	-	1,038,000	962,000	

Plan/program	Vesting	Final date for year	Year price (in BRL) (*)	Granted	Canceled/expired	Exercised on September 1, 2020	Outstanding	Fair value (in BRL) (**)
2011/1st	05/10/2012	03/31/2024	1,00	25,000	-	12,975	12,025	1,17
2011/1st	05/10/2013	03/31/2024	1,00	25,000	-	12,975	12,025	1,31
2011/1st	05/10/2014	03/31/2024	1,00	25,000	-	12,975	12,025	1,47
2011/1st	05/10/2015	03/31/2024	1,00	25,000	-	12,975	12,025	1,65
Total plan for 2011				100,000	-	51,900	48,100	

Plan/program	Vesting	Final date for year	Year price (in BRL) (*)	Granted	Canceled/expired	Exercised on September 1, 2020	Outstanding	Fair value (in BRL) (**)
2012/1st	05/26/2013	03/31/2024	1,14	338,750	125,000	82,593	131,157	1,37
2012/1st	05/26/2014	03/31/2024	1,14	338,750	125,000	82,593	131,157	1,54
2012/1st	05/26/2015	03/31/2024	1,14	338,750	125,000	82,594	131,156	1,73
2012/1st	05/26/2016	03/31/2024	1,14	338,750	157,500	82,595	98,655	1,93
2012/2nd	08/10/2013	03/31/2024	1,28	100,000	-	60,000	40,000	1,56
2012/2nd	08/10/2014	03/31/2024	1,28	100,000	-	60,000	40,000	1,75
2012/2nd	08/10/2015	03/31/2024	1,28	100,000	-	60,000	40,000	1,98
2012/2nd	08/10/2016	03/31/2024	1,28	100,000	-	60,000	40,000	2,23
Total plan for 2012				1,755,000	532,500	570,375	652,125	

Plan/program	Vesting	Final date for year	Year price (in BRL) (*)	Granted	Canceled/expired	Exercised on September 1, 2020	Outstanding	Fair value (in BRL) (**)
2013/1st	03/31/2014	03/31/2024	1,41	275,234	30,090	93,460	151,684	1,77
2013/1st	03/31/2015	03/31/2024	1,41	275,234	30,090	93,460	151,684	2,01
2013/1st	03/31/2016	03/31/2024	1,41	275,233	35,400	93,460	146,373	2,25
2013/1st	03/31/2017	03/31/2024	1,41	275,233	76,110	93,360	105,763	2,54
Total plan for 2013				1,100,934	171,690	373,740	555,504	

Plan/program	Vesting	Final date for year	Year price (in BRL) (*)	Granted	Canceled/expired	Exercised on September 1, 2020	Outstanding	Fair value (in BRL) (**)
2014/1st	03/31/2015	03/31/2024	1,68	555,750	-	219,034	336,716	2,20
2014/1st	03/31/2016	03/31/2024	1,68	555,750	4,500	219,034	332,216	2,47
2014/1st	03/31/2017	03/31/2024	1,68	555,750	58,500	218,884	278,366	2,80
2014/1st	03/31/2018	03/31/2024	1,68	555,750	58,500	218,884	278,366	3,15
Total plan for 2014				2,223,000	121,500	875,836	1,225,664	

Plan/program	Vesting	Final date for year	Year price (in BRL) (*)	Granted	Canceled/expired	Exercised on September 1, 2020	Outstanding	Fair value (in BRL) (**)
2016 A/1st	07/27/2016	03/31/2024	3,64	889,295	-	386,076	503,219	0,00
2016 A/1st	03/31/2017	03/31/2024	3,64	889,295	78,642	385,976	424,677	0,93
2016 A/1st	03/31/2018	03/31/2024	3,64	889,295	78,642	385,976	424,677	1,06
2016 A/1st	03/31/2019	03/31/2024	3,64	889,295	134,520	382,993	371,782	1,14
Total plan for 2016 A				3,557,180	291,804	1,541,021	1,724,355	

Plan/program	Vesting	Final date for year	Year price (in BRL) (*)	Granted	Canceled/expired	Exercised on September 1, 2020	Outstanding	Fair value (in BRL) (**)
2016 B/1st	03/31/2017	03/31/2024	3,48	720,330	55,675	305,281	359,374	1,06
2016 B/1st	03/31/2018	03/31/2024	3,48	720,330	55,675	305,281	359,374	1,17
2016 B/1st	03/31/2019	03/31/2024	3,48	720,330	86,206	304,420	329,704	1,24
2016 B/1st	03/31/2020	03/31/2024	3,48	720,330	122,125	292,370	305,835	1,30
Total Plan for 2016 B				2,881,320	319,681	1,207,352	1,354,287	

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Plan/program	Vesting	Final date for year	Year price (in BRL) (**)	Granted	Canceled/expired	Exercised on September 1, 2020	Outstanding	Fair value (in BRL) (**)
2017	03/31/2018	03/31/2024	3,62	793,750	-	380,751	412,999	1,66
2017	03/31/2019	03/31/2024	3,62	793,750	-	380,751	412,999	1,66
2017	03/31/2020	03/31/2024	3,62	793,750	56,250	359,815	377,685	1,66
2017	03/31/2021	03/31/2024	3,62	793,750	56,250	-	737,500	1,66
Total plan for 2017				3,175,000	112,500	1,121,317	1,941,183	

Plan/program	Vesting	Final date for year	Year price (in BRL) (**)	Granted	Canceled/expired	Exercised on September 1, 2020	Outstanding	Fair value (in BRL) (**)
2018	02/01/2019	03/31/2024	4,70	1,400,000	-	712,781	687,219	1,33
2018	02/01/2020	03/31/2024	4,70	1,400,000	62,500	687,781	649,719	1,33
2018	50% upon liquidity event	03/31/2024	4,70	2,800,000	125,000	1,375,563	1,299,437	1,33
Total plan for 2018				5,600,000	187,500	2,776,125	2,636,375	1,33

Plan/program	Vesting	Final date for year	Year price (in BRL) (**)	Granted	Canceled/expired	Exercised on September 1, 2020	Outstanding	Fair value (in BRL) (**)
2019	02/13/2020	03/31/2024	4,70	1,500,000	-	738,770	761,230	1,37
2019	02/13/2021	03/31/2024	4,70	1,500,000	-	-	1,500,000	1,37
2019	50% upon liquidity event	03/31/2024	4,70	3,000,000	-	1,477,542	1,522,458	1,37
Total plan for 2019				6,000,000	-	2,216,312	3,783,688	1,37
Total				28,392,434	1,737,175	11,771,978	14,883,281	

(*) Exercise value on the grant date. The yearly price is restated by the IPCA plus 7% per annum.

(**) Fair value at grant date.

(***) Exercise value on the grant date. The yearly price is restated by the IPCA.

The Company recognized the stock options granted in its shareholders' equity, with a counterpart in the results for the year. The recognition was proportional to the validity of the respective vesting periods of the lots granted, registering the accumulated amount of R\$ 29,775. There was no expense recognized in the results for the year ended December 31, 2023.

The current plan approved by the Company's Board of Directors has a year deadline of March 31, 2024.

19.2 Long-term incentive program with restricted shares

On August 31, 2020, the Company's General Meeting approved the Long-Term Incentive Plan of Hidrovias do Brasil S.A. (ILP), which aims to:

- Attract and retain senior administrators and employees of the Company and its subsidiaries.
- Grant Participants the opportunity to become shareholders of the Company, obtaining, as a result, greater alignment of their interests with the interests of the Company; and
- Develop the Company's corporate purposes and the interests of shareholders.

The plan is managed by the Board of Directors, in compliance with the general conditions of the ILP and the guidelines established by the General Meeting of the Company.

In said plan, participants will be entitled to receive 4% of the value corresponding to the appreciation of the Company in relation to the value of the share in the IPO (BRL 7.56 - seven reais and fifty-six cents), provided that the grace period conditions are respected. That pool is divided among the beneficiaries according to the Company's remuneration strategy, and will be delivered in the form of shares, considering the value of the share at the time of payment.

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If there is no appreciation in the value of the Company's shares at the time of calculating the amount to be paid annually, that amount is accumulated and can be paid in future years. In the event of withdrawal of the participant from the ILP, the right to the restricted shares granted to them in accordance with the plan may be extinguished or modified, as established by the Board of Directors in the respective Programs and Granting Agreements.

The transfer of the Restricted Shares to the participant will only occur with the implementation of the conditions and terms provided for in the ILP, in the Program and in the Grant Agreements, so that the granting of the right to receive the shares does not ensure the participant any rights on the Restrictive Shares or even represents the guarantee of their receipt. The first program of the ILP Plan was granted on November 8, 2021, being the reference date for calculating the fair value of the program. In order to reflect the effect of variation in performance conditions of the Company's shares in the amount paid and number of shares delivered to participants, it was necessary to use the Monte Carlo Simulation model.

More specifically, the Company considered the "Monte Carlo Simulation" model with 100,000 simulations, based on the share price on November 8, 2021, two reais and eighty-two cents (BRL 2.82) and considering the averages of the twenty (20) previous trading sessions, for the calculation of the average gain per share obtained per year. As ILP calculation assumptions, the following definitions were used:

Block	Batch	Share price	Gain delta calculation parameter	Volatility	Risk-free interest rate (p.a.)	Grace date	Expiration date
1	1	BRL 2.82	BRL 7.56	45.60%	11.715%	09/28/2022	09/28/2022
1	2	BRL 2.82	BRL 7.56	45.60%	11.715%	09/28/2023	09/28/2023
1	3	BRL 2.82	BRL 7.56	45.60%	11.715%	09/28/2024	09/28/2024
2	1	BRL 2.82	BRL 7.56	44.81%	12.325%	09/28/2023	09/28/2023
2	2	BRL 2.82	BRL 7.56	44.81%	12.325%	09/28/2024	09/28/2024
2	3	BRL 2.82	BRL 7.56	44.81%	12.325%	09/28/2025	09/28/2025
3	1	BRL 2.82	BRL 7.56	42.11%	12.165%	09/28/2024	09/28/2024
3	2	BRL 2.82	BRL 7.56	42.11%	12.165%	09/28/2025	09/28/2025
3	3	BRL 2.82	BRL 7.56	42.11%	12.165%	09/28/2026	09/28/2026
4	1	BRL 2.82	BRL 7.56	42.22%	12.080%	09/28/2025	09/28/2025
4	2	BRL 2.82	BRL 7.56	42.22%	12.080%	09/28/2026	09/28/2026
4	3	BRL 2.82	BRL 7.56	42.22%	12.080%	09/28/2027	09/28/2027
5	1	BRL 2.82	BRL 7.56	42.31%	12.030%	09/28/2026	09/28/2026
5	2	BRL 2.82	BRL 7.56	42.31%	12.030%	09/28/2027	09/28/2027
5	3	BRL 2.82	BRL 7.56	42.31%	12.030%	09/28/2022	09/28/2022

On July 5, 2022, the Company granted the ILP Plan to a few more beneficiaries, which is the reference date for calculating the fair value of this grant through "Monte Carlo Simulation" with 100,000 simulations, based on the price of share on July 5, 2022, two reais and twenty cents (BRL 2.20) and considering the average of the twenty (20) previous trading sessions, for the calculation of the average gain per share obtained per year. As calculation assumptions for this ILP, the following definitions were used:

Block	Batch	Share price	Gain delta calculation parameter	Volatility	Risk-free interest rate (p.a.)	Grace date	Expiration date
1	1	BRL 2.20	BRL 7.56	44.68%	13.378%	09/28/2022	09/28/2022
1	2	BRL 2.20	BRL 7.56	44.68%	13.378%	09/28/2023	09/28/2023
1	3	BRL 2.20	BRL 7.56	44.68%	13.378%	09/28/2024	09/28/2024
2	1	BRL 2.20	BRL 7.56	42.95%	13.690%	09/28/2023	09/28/2023
2	2	BRL 2.20	BRL 7.56	42.95%	13.690%	09/28/2024	09/28/2024
2	3	BRL 2.20	BRL 7.56	42.95%	13.690%	09/28/2025	09/28/2025
3	1	BRL 2.20	BRL 7.56	42.18%	12.835%	09/28/2024	09/28/2024
3	2	BRL 2.20	BRL 7.56	42.18%	12.835%	09/28/2025	09/28/2025
3	3	BRL 2.20	BRL 7.56	42.18%	12.835%	09/28/2026	09/28/2026
4	1	BRL 2.20	BRL 7.56	42.40%	12.810%	09/28/2025	09/28/2025
4	2	BRL 2.20	BRL 7.56	42.40%	12.810%	09/28/2026	09/28/2026

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4	3	BRL 2.20	BRL 7.56	42.40%	12.810%	09/28/2027	09/28/2027
5	1	BRL 2.20	BRL 7.56	42.18%	12.860%	09/28/2026	09/28/2026
5	2	BRL 2.20	BRL 7.56	42.18%	12.860%	09/28/2027	09/28/2027

The Company recognized the effects of the ILP on its Net Equity, with a corresponding entry in the income for the year. The recognition took place proportionally to the effectiveness of the respective periods of vesting (grace period), recording the accumulated amount of BRL 2,655.

20 Commitments and warranties

As part of our business strategy, we entered into long-term contracts with some of our customers, with pre-agreed minimum volume and tariff requirements and adjusted according to the contract. Executing a new long-term contract with customers tends to have a significant positive effect on our net income while the loss of an existing material contract would have the opposite effect.

The Company and its subsidiaries have long-term contracts with the following customers:

Operational Segment	Validity
South Corridor	• Contract I - valid for 25 years from May 2014;
	• Contract II – valid for 13 years from March 2014;
	• Contract III – valid for 5 years from February 2014 (extended to December 2024);
	• Contract IV – valid for 10 years from December 2013;
	• Contract V – valid for 10 years from December 2024;
	• Contract VI – valid for 3 years from January 2021 until December 2023;
North Corridor	• Contract I – valid for 10 years from February 2017 (extended to 2029);
	• Contract II – valid for 10 years from 2016 (extended to 2031);
	• Contract III – valid for 25 years from 2010 (acquired in 2016);
	• Contract IV – valid for 4 years from 2021;
	• Contract V – valid for 3 years from 2022 (contract renewal 2018-2021);
Santos	• Contract I – valid for 10 years from August 2022;
	• Contract II – valid for 5 years from November 2023;

On September 17, 2018, the former HB Navegação Norte, now incorporated into the indirect subsidiary Hidrovias do Brasil - Vila do Conde S.A., entered into operating lease agreements for the tugboats Don Antonio and HB Draco, respectively owned by the indirect subsidiaries Pricolpar S.A. and Cikelzol S.A., for a period of 64 months, as of February 11, 2019.

On December 1, 2020, Hidrovias do Brasil - Vila do Conde S.A. entered into operating lease agreements for the tugboats HB Taurus and HB Perseus, owned by the indirect subsidiary Resflir S.A., for a period of 36 months, as of January 1, 2021.

On January 9, 2023, Hidrovias do Brasil – Vila do Conde S.A. signed operational lease agreements for the pushers HB Dourada and HB Mapará, owned by the indirect subsidiary Cikelzol S.A., for a period of 100 months, starting on February 10, 2023.

HB Navegação Norte and HB Miritituba were incorporated into HB Vila do Conde on January 1, 2019. The company and its subsidiaries have guarantees referring to warranties with regulatory bodies, maintenance and docking of some assets and for other operating activities registered with financial institutions with which the company and its subsidiaries have a relationship.

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21 Net revenue

	Consolidated	
	2023	2022
South Corridor:		
Transport services	824,885	784,280
North Corridor:		
Lifting services	298,540	293,281
Transfer services	51,371	88,900
Transport services	387,708	368,594
Intermediation services	17,329	13,119
Other revenue	35,171	36,684
Cabotage:		
Cabotage services	250,642	252,242
Santos:		
Lifting services, docks and storage	142,843	37,266
Total gross revenue	2,008,489	1,874,366
ISS	(25,159)	(21,724)
PIS	(9,516)	(8,967)
COFINS	(43,784)	(41,320)
ICMS	(4,362)	(2,408)
Tax subtotal	(82,821)	(74,419)
Realization of Hedge accounting	(1,318)	(32,047)
Total net revenue	1,924,350	1,767,900

For the year ended December 31, 2023, the Company's largest customers by revenue are represented by: i) 1st 24.5% (28.7% on December 31, 2022); ii) 2nd 21.35% (26.9% on December 31, 2022); iii) 3rd 14.56% (10.7% on December 31, 2022); and represent in their entirety approximately 60.42% of total net revenue (66.3% on December 31, 2022). No other customer represents more than 10% of consolidated net revenue.

22 Costs and expenses per nature

22.1 Costs of services provided and general and administrative expenses

	Parent company		Consolidated	
	2023	2022	2023	2022
Rent amounts	(240)	(466)	(46,383)	(9,140)
Mooring	-	-	(25,641)	(24,169)
Fuel	-	-	(316,910)	(383,516)
Agents	-	-	(23,466)	(19,570)
Salaries, charges and benefits	(53,926)	(50,393)	(334,828)	(298,761)
Pantry and kitchen	(76)	(37)	(11,932)	(12,653)
Expected credit losses	-	-	(3,322)	(23,602)
Travel and tickets	(3,959)	(3,171)	(11,634)	(8,748)
Maintenance	(57)	(48)	(57,953)	(62,364)
Computer Services	(9,144)	(2,719)	(23,036)	(6,353)
Depreciations and amortizations	(18,518)	(27,488)	(347,421)	(356,472)
Freight	-	-	(186)	(61)
Third-party services	(13,146)	(10,089)	(68,105)	(64,975)
Operational and security	-	-	(34,667)	(19,699)
Miscellaneous fees	(1,073)	(496)	(38,602)	(42,306)
Operating materials	(78)	(31)	(214)	(13)
Provision for contingencies	(58)	(7)	(28,387)	(7,195)
Outside pilotage	-	-	(37,278)	(27,499)
Insurance	(216)	(689)	(28,514)	(38,162)
Other (expenses) revenue	2,302	(8,219)	(107,396)	(71,194)
Total	(98,189)	(103,853)	(1,545,875)	(1,476,452)

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Classified as:

Cost of services provided	-	-	(1,242,478)	(1,149,726)
General and administrative	(98,189)	(103,853)	(300,075)	(303,124)
Expected credit losses	-	-	(3,322)	(23,602)
Total	(98,189)	(103,853)	(1,545,875)	(1,476,452)

23 Net financial result

	Parent Company		Consolidated	
	2023	2022	2023	2022
Revenue				
Cash, cash equivalents and financial investments	3,606	3,946	27,137	11,025
Gains with investments	176	13,004	18,302	196,712
Interest on other assets	501	365	3,860	434
Total	4,283	17,315	49,299	208,170
Expenses				
Interest on loans and financing	(126,403)	(76,801)	(277,366)	(312,580)
Amortization of funding cost	(2,199)	(1,814)	(12,507)	(40,104)
Others	(807)	(11,873)	(12,354)	(75,461)
Total	(129,409)	(90,487)	(302,227)	(428,145)
Derivative financial instruments				
Revenue	31,728	8,729	31,728	8,729
Expenses	(75,464)	(39,619)	(75,464)	(39,619)
Total	(43,736)	(30,890)	(43,736)	(30,890)
Monetary restatement and exchange updates				
Revenue	9,457	7,041	291,537	338,374
Expenses	(3,484)	(8,151)	(315,420)	(320,956)
Total	5,973	(1,109)	(23,883)	17,418
Net financial loss	(162,889)	(105,171)	(320,547)	(233,447)

24 Income tax and social contribution

The taxation on the profit comprises income tax and social contribution. Income tax is computed on taxable income at the nominal rate of 15%, plus an additional 10% for profits that exceed BRL 240,000, in a 12-month period, while social contribution is computed at the nominal rate of 9% on taxable income, recognized on an accrual basis.

In 2018, the Company joined the Amazon Development Superintendence (SUDAM) Tax Incentive, which provides a 75% reduction in Corporate Income Tax (IRPJ) through Profit from Exploration, for Hidrovias do Brasil – Vila do Conde S.A. which, in presenting Tax Income, has the possibility of benefiting from the Government Subsidy.

We represented, in the line of tax incentives of the statement, all the incentives that were taken advantage of by the Company, such as: Worker's Food Program (PAT); Incentivized Donations, Corporate Citizen Program and others.

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Income tax and Social Contribution on Net Income are recognized in the statements of income, except to the extent that they are related to items recognized directly in net equity or comprehensive income. In this case, the tax is also recognized in net equity or comprehensive income.

Current income tax and social contribution are calculated based on tax laws enacted, or substantially enacted, up to the balance sheet date. The Management periodically evaluates the positions taken by the Company in the income tax returns, with respect to situations in which the tax regulation leaves room for interpretation, and the Company establishes provisions, when appropriate, based on the estimated amounts of payment to the authorities' tax.

Prepayments or amounts subject to offsetting are stated in current assets in accordance with the expected realization.

For the 2023 calendar year, the Company opted to calculate the taxable income using the annual methodology, as presented in the Declarations of Federal Tax Debts and Credits forwarded to the Federal Revenue Service of Brazil and, for this reason, the table below presents the statements of income tax and social contribution calculations referring to the consolidation of the 12 months of the calendar year in question.

	Parent company		Consolidated	
	2023	2022	2023	2022
Profit (Loss) before income tax and social contribution	(1,683)	(20,256)	69,754	83,745
Nominal rate	34%	34%	34%	34%
Income tax and social contribution at the nominal rate	572	6,887	(23,716)	(28,473)
Permanent adjustments:				
Equity method	92,122	64,299	(1,893)	4,773
Overseas profits	(63,358)	(32,418)	(63,358)	(32,418)
Non-deductible expenses	(10,054)	(26,675)	(20,110)	(55,558)
Other adjustments:				
Government subsidy	-	-	18,497	7,568
Fixed assets loss (Sale or Write-off)	-	-	(422)	(5,184)
Compensation of tax losses from previous years	-	-	11	10
Deferred tax on temporary differences and unrecognized tax losses	-	-	(9,595)	26,639
Difference over rate in measuring deferred taxes	-	-	62,737	32,705
Worker food program	-	-	848	669
Abroad Taxes	-	-	(12,449)	(42,639)
Other adjustments	-	-	(2,705)	-
Income tax and social contribution	19,282	12,093	(52,155)	(91,908)
Current taxes	-	-	(69,131)	(81,384)
Deferred taxes	19,282	12,093	16,976	(10,524)
	19,282	12,093	(52,155)	(91,908)
Effective tax rate	(1145.29%)	(59.70%)	(181,16%)	109.75%

The Company and its subsidiaries believe that the provision for income tax and social contribution, in liabilities, is adequate for the period covered by this financial statement, in the evaluation of several factors, including interpretations of tax laws and past experiences.

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Deferred income tax and social contribution were recognized in 2023 on the accumulated balances of temporary differences and tax loss, until December 31, 2022, for the companies Hidrovias do Brasil – Vila do Conde S.A and Hidrovias do Brasil - Cabotagem Ltda., which are subsidiaries of this Company.

Deferred income tax and social contribution are measured by temporary differences, tax loss and negative social contribution calculation basis, at the rate of 6.25% of income tax and 9% of social contribution, totaling a nominal rate of 15.25%, based on the exploration profit, which is a tax incentive from the Amazon Development Superintendence (SUDAM), claimed for the companies Hidrovias do Brasil – Holding S.A., Hidrovias do Brasil – Intermediação e Agenciamento de Serviços Ltda. and Hidrovias do Brasil - Cabotagem Ltda. are recognized at the rate of 25% of income tax and 9% of social contribution, totaling 34%, in line with current legislation.

The Exchange Variation item is presented as a consequence of the adoption of the taxation of exchange variations by the cash method, to which the effect of such adjustments in the Book for Calculation of Real Profit/Book for CSLL Calculation Basis (LALUR/LACS) is the recognition of deferred assets in the subsidiary Hidrovias do Brasil – Vila do Conde S.A. This company also has a deferred liability constituted on an equity damage received in 2018.

Part of the Deferred Taxes, in the amount of BRL 8,489, was not recognized in income, as the Company and its subsidiaries have a non-derivative financial instrument, whereby the corresponding portion of deferred income tax and social contribution is accounted for in Other Comprehensive Income, in shareholders' equity.

For the other companies in the group, the Company understands that, at this moment, they hold tax losses and negative CSLL calculation bases, as well as temporary adjustments, do not yet have a history of tax offsets, making it not yet possible to recognize of deferred income tax and social contribution.

Assets and liabilities of deferred income tax and social contribution are reviewed on a monthly basis, being moved according to their respective offsets or if their realization is no longer probable.

	Parent Company	
	2023	2022
	Deferred tax asset	Deferred tax asset
Bonus Provision	5,541	4,419
Provision for supplier	1,356	947
Other operating provisions	102	402
Judicial contingencies	2,454	2,314
Provision for charges - ILP	-	209
PIS – Suspended liability	242	242
COFINS – Suspended liability	1,300	1,300
Loss in variable income	537	537
Net operating loss	20,303	11,973
Negative Basis	8,846	5,031
Derivatives-Hedge/ Swap	15,417	9,505
Financial leasing	90	27
Discount – Gain from advantageous purchase	(10,981)	(10,981)
Tax assets (liabilities) before offsetting	45,207	25,925

	Consolidated 2023		Consolidated 2022	
	Net value	Deferred tax asset	Deferred tax liabilities	Net value
Bonus provision	7,718	7,718	-	5,876
Provision for suppliers	2,604	2,604	-	1,506
Fuel provision	1,087	1,087	-	605
Other provisions	252	252	-	574
Other operating provisions	1,859	1,859	-	1,853
Labor contingencies	1,962	1,962	-	3,313
Judicial Contingencies	-	-	-	2,533
Provision for tax contingencies	6,340	6,340	-	-
Client Discount	1,245	1,245	-	-
Provision for doubtful liquidation credit	-	-	-	7,332
Asset impairment reduction	4,057	4,057	-	1,470

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Provision for charges – LLP	-	-	-	209
Pis – Suspended eligibility	242	242	-	242
Cofins – Suspended eligibility	1,300	1,300	-	1,300
Loss in variable income	537	537	-	537
Net operating loss	20,303	20,303	-	11,973
Negative basis	8,846	8,846	-	5,029
Exchange rate variation	46,743	46,743	-	63,889
Derivatives-Hedge/ Swap	62,970	62,970	-	75,669
Financial leasing	775	775	-	328
Interest to be capitalized	(3,996)	-	(3,996)	(4,293)
Discount – Gain from advantageous purchase	(10,981)	-	(10,981)	(10,981)
Property damage	(35,902)	-	(35,902)	(37,864)
Tax assets (liabilities) before offsetting	117,961	168,840	(50,879)	131,100
Tax compensation		(50,879)	50,879	
Net balances presented in assets/liabilities		117,961	-	

The changes in the net balance of deferred income tax and social contribution are presented below:

	Consolidated	
	2023	2022
Initial balance	131,100	177,885
Deferred income tax and social contribution recognized in statements of income for the year	16,976	(10,524)
Deferred income tax and social contribution recognized in other comprehensive income	(30,015)	(36,261)
Final balance	117,961	131,100

25 Financial instruments

25.1 Financial instruments per category

All transactions with financial instruments and derivatives are recognized in the financial statements of the Company and its subsidiaries, the estimated fair values of the instruments are the same as the amounts recorded, except for loans, financing, and debentures, as follows:

		Parent company		Consolidated	
		2023	2022	2023	2022
Assets					
Fair value through profit or loss:					
Financial investments	Level 2	1,063	16,896	150,001	333,015
Amortized cost					
Cash and cash equivalents		67,090	48,908	663,919	401,545
Long term financial statements	Level 2	-	-	16,547	18,877
Guarantees and pledge deposits	Level 2	-	12	-	26
Accounts receivable	Level 2	-	-	145,835	217,372
Transactions with related parties	Level 2	17,501	28,467	4,982	5,369
Dividends receivable	Level 2	14,692	57,236	-	-
Liabilities					
Liabilities at amortized cost:					
Accounts payable	Level 2	11,963	11,790	172,452	190,603
Transactions with related parties	Level 2	149,533	23,220	-	-
Loans, financing and debentures	Level 2	989,490	946,492	4,019,735	4,265,779
Lease liabilities	Level 2	2,013	2,498	237,588	230,524
Derivative financial instruments	Level 2	45,344	27,954	45,344	27,954

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When measuring the fair value of an asset or a liability, the Company uses observable market data whenever possible. Fair values are classified at different levels in an information-based hierarchy (inputs) used in the appraisal techniques as follows:

- Level 1: Prices quoted (not adjusted) in active markets for identical assets and liabilities.
- Level 2: Inputs, except for quoted prices included in Level 1 which are observable for assets or liabilities, directly (prices) or indirectly (derived from prices).
- Level 3: Inputs for assets or liabilities, which are not based on observable market data (non-observable inputs).

25.2 Criteria, assumptions and limitations used in the calculation of fair value

The financial instruments of the Company and its subsidiaries, segregated between assets classified at fair value through profit or loss and at amortized cost, and liabilities classified at amortized cost. They are substantially remunerated at market rates.

The fair values of these financial instruments approximate the carrying values on December 31, 2023, except for loans, financing and debentures that have hedge accounting and are presented below.

		Fair value		Carrying value	
		2023	2022	2023	2022
Assets					
Cash and cash equivalents		663,919	401,545	663,919	401,545
Financial investments	Level 2	150,001	333,015	150,001	333,015
Long term financial investments	Level 2	16,547	18,877	16,547	18,877
Accounts receivable	Level 2	145,835	217,372	145,835	217,372
Transactions with related parties	Level 2	4,982	5,369	4,982	5,369
Liabilities					
Accounts payable	Level 2	172,452	190,603	172,452	190,603
Loans, financing and debentures	Level 2	4,175,653	4,108,297	4,019,735	4,265,779
Lease liabilities	Level 2	237,588	230,524	237,588	230,524
Derivative financial instruments	Level 2	45,344	27,954	45,344	27,954

25.3 Derivative financial instruments

The Management of these instruments is carried out through operational strategies, aiming at the predictability of operations and the minimization of possible mismatches that may bring additional volatilities to those already contemplated in the Business Plan of the Company and its subsidiaries. The control policy consists of permanent monitoring of contracted rates versus those prevailing in the market, and the Company and its subsidiaries do not carry out operations of a speculative nature in derivatives or any other risky financial instruments.

On June 23, 2022, and June 28, 2022, the Company entered into two swap contracts in the amount of USD 25,000 (BRL 129,582 and BRL 130,447) each, in total of USD 50,000 (BRL 260,029). These contracts allow the Company to fix the Dollar and exchange it for a percentage of the CDI in order to protect against exchange volatility in exposures and exchange rate fluctuations in the market. The result of this contract resulted in a loss in the year ended December 31, 2023, of BRL 40,223 in the statements of income (On December 31, 2022 in amount of BRL 30,890), as per accompanying note 23.

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25.4 Financial risk management

Overview

The economic and financial risks mainly reflect the behavior of macroeconomic variables and exchange and interest rates, as well as the characteristics of the financial instruments used by the Company and its subsidiaries. These risks are managed through monitoring by the Management, which is actively involved in operational management.

Below we present information on the exposure of the Company and its subsidiaries to each of these risks, the objectives, practices and processes for measuring and managing risk, as well as capital management.

25.4.1 Risk management structure

Credit risk

The risk of the Company and its subsidiaries, according to Explanatory Note No. 20, is to suffer financial losses if a counterparty fails to comply with an obligation provided for in the contract. The Company is mainly engaged in operating activities (with customer receivables) and investment activities (through financial investments).

Accounts Receivable

As mentioned in Explanatory Note No. 6, on December 31, 2023, the Company has recorded the amount of BRL 9,008 (BRL 23,701 as of December 31, 2022) corresponding to the estimated expected losses related to accounts receivable.

Cash, cash equivalents and financial investments

In general, the direction of the business is dealt with in committee meetings for decision-making and the financial investments are directed by the Company's treasury in accordance with the established policy in order to reduce its financial risk. There is monitoring of the results and adjustments of the established strategies, aiming to maintain the expected results. As for financial instruments, the Company is mainly exposed to cash and cash equivalents and securities and, therefore, restricts exposure to top-tier financial institutions, rated investment grade by risk agencies widely accepted in the market, in addition to reducing risk through the diversification of counterparties. As of December 31, 2023, the counterparty rating was:

	Local Rating	Global Rating
Santander	AAA	BB-
Itaú	AAA	BB
XP	AA	BB-
Banco do Brasil	AA	BB-
JP Morgan	-	AA-
Citibank	AAA	A

The carrying values of the financial instruments that represent maximum exposure to credit risk in the year ended December 31, 2023, were:

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	Parent Company		Consolidated	
	2023	2022	2023	2022
Cash and cash equivalents	67,090	48,908	663,919	401,545
Accounts receivable	-	-	145,835	217,372
Financial investments	1,063	16,896	150,001	333,015
Long term financial investments	-	-	16,547	18,877
Transactions with related parties	17,501	28,467	4,982	5,369
Guarantees and pledge deposits	-	-	-	26
Dividends receivable	14,692	57,236	-	-
Total	100,346	151,507	981,284	976,204

Liquidity risk

The Company and its subsidiaries work by aligning availability and generation of resources in order to fulfill their obligations within the agreed terms. Maturity is based on the most recent date on which the Company and its subsidiaries have the respective obligations:

	Consolidated 2023			
	Next 12 months	From 13 to 24 month	From 25 to 36 month	37 months onwards
Liquidity risk				
Suppliers (Note 12)	172,452	-	-	-
Loans, financing and debentures (Note 13) (*)	210,457	779,563	251,405	2,778,310
Lease liabilities (Note 10) (*)	35,205	17,636	14,406	170,341
Derivative financial instrument	-	-	-	45,344

	Consolidated 2022			
	Next 12 month	From 13 to 24 month	From 25 to 36 month	37 months onward
Liquidity risk				
Suppliers (Note 12)	190,603	-	-	-
Loans, financing and debentures (Note 13) (*)	276,096	283,223	1,036,138	5,227,360
Lease liabilities (Note 10) (*)	75,785	31,037	20,550	320,200
Derivative financial instrument	-	-	-	27,954

(*) The amount bears contractual interest as explained in Accompanying Notes 10 and 13.

Foreign exchange risk

It arises from the possibility of fluctuations in the exchange rates of foreign currencies used by the Company and its subsidiaries. The transactions that suffer fluctuations are the portion of the Bond intended for the operation of the north corridor and the operations and financing of HB Cabotagem.

The Management analyzes and monitors its exposures in order to decide on contracting hedging instruments for the respective exposures in foreign currency. The hedging instruments used to manage exposures are established by the Management, shared and approved by the Board of Directors, so that these instruments are not speculative in nature and may eventually generate any additional risk to those inherent to their original purposes.

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As determined by IFRS 9 (equivalent to Accounting Pronouncements Committee CPC 48), the purpose of hedge accounting is to represent in the financial statements the effect of the risk management activities of the entity that uses financial instruments to manage exposures resulting from specific risks that could affect the result. This approach is intended to convey the context of hedging instruments to which hedge accounting should be applied in order to allow understanding of their purposes and effects.

25.4.2 Hedge accounting

Hedge accounting – Vila do Conde

- **Structuring of the hedge accounting operation.**

To structure the operation, the Company defined as a risk to be protected, the exchange variation of part of its future revenue from a maritime charter contract in the *Take or Pay* modality, fixed in United States Dollars, originated by its indirect subsidiary Girocantex.

The Company is also exposed, through its subsidiary Hidrovias do Brasil – Vila do Conde S.A., to the exchange variation resulting from the Export Credit Notes (NCEs) issued by Banco Santander on March 22, 2018, in the original amount of USD 342,000 (R\$ 1,120,734). On December 31, 2023, USD 188,595 (R\$ 913,047) and USD 188,543 (R\$ 912,794) on December 31, 2022, with contractual interest of 4.99% p.a. and maturing on February 4, 2026. This transaction originated with the issuance of a 2025 Bond in the original amount of USD 600,000 (R\$ 2,125,440) and a maturity of seven years, as of May 2, 2018 and was amended from the repurchase of the 2025 Bond (Tender Offer) in the issuance of the 2031 Bond in February 2021.

Both revenue in foreign currency and the debt arising from the NCEs mentioned above are exposed to risk of the same nature and, therefore, the exchange rate risk of future revenues would naturally be covered by the exchange rate risk of the debts. However, despite the economic coverage of the exchange variation risk, the Company's result is impacted by the time mismatch between the accounting recognition of revenue and debt. Accordingly, the Company used part of the principal amount of the NCE issued in USD as a hedging instrument to protect part of its future revenue in USD, considered highly probable.

- **Risk management objective and strategy**

Expected and highly probable future revenues from the *Take or Pay* operation of Girocantex exposes the Company to market risks involving fluctuations in the real (BRL) against United States Dollars (USD) exchange rate, since the Company's functional currency is the real (BRL).

The Financial Risk Management Policy allows for the structuring of hedge accounting, with the use of derivative and non-derivative financial instruments in order to minimize the effects of fluctuations in the USD on the Company's results.

In order to comply with the risk strategy, the Management decided to designate, as a hedge accounting instrument, part of the principal amount of the debt in foreign currency (NCE) in order to protect the counterparty from exchange rate variations in USD arising from its contract in the *Take or Pay* model at Girocantex.

- **Hedge ratio**

The Company will adopt the cash flow hedge, as defined in IFRS 9, with the nature of the hedged risk being exchange variation.

- **Nature of protected risk**

Risk of foreign currency variation: variability of the exchange rates of expected revenues in US Dollar, referring to the contract in the *Take or Pay* model by Girocantex.

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- **Hedging object (item) identification**

Risk of exchange variation of part of the expected revenue in foreign currency (minimum 25% of quarterly revenue), referring to the contract in the *Take or Pay* model of Girocantex, for a period of seven years commencing on May 2, 2018.

- **Identification of the hedging instrument**

The hedge accounting instrument is part of the principal amount of the NCE issued by Banco Santander, with the following characteristics:

Type	NCE
Contract start date	03/22/2018
Maturity date	01/24/2026
Designated amount in USD	244,520,320
Initial Parity USD x REAIS	3.5424
Hedging start date	05/02/2018

- **Effectiveness of the hedge ratio**

The effectiveness of the hedge is measured based on changes in the fair value or cash flows of the hedging instrument that offset changes in the fair value or cash flows of the hedged item. The non-effectiveness of the hedge will occur to the extent that changes in the fair value or cash flows of the hedging instrument are greater or less than those of the protected item.

To qualify for hedge accounting, the following effectiveness requirements must be met:

For an economic relationship to exist means that the hedging instrument and the hedged item must have values that generally move in opposite directions due to the same risk, which is the hedged risk.

The hedging instrument and the hedged item have values that move in opposite directions. The increase in the exchange rate generates an appreciation in the recognition of revenue in income, which is recognized upon delivery of the transported product at its destination. In the same direction, the increase in the exchange rate leads to an increase in the debt represented by the NCE, generating an expense as the result. Likewise, a decrease in the exchange rate generates an opposite movement between the hedging instrument and the protected item. These movements take place at different times, since debt is an item recognized in the balance sheet and revenue, up to the date of its recognition, is an off-balance sheet item. With the benefit of hedge accounting, the foreign exchange variation of the debt will be recognized in other comprehensive income, in the cash flow hedge reserve and will be reclassified as a reclassification adjustment in the same period or periods during which the expected future cash flows hedged affect the result, that is, the effective recognition of revenue.

Hedge Accounting – Cabotagem

- **Structuring of the hedge accounting operation**

To structure the operation, the Company defined as a risk to be hedged, the exchange variation of part of its future revenues arising from a service agreement, fixed in US Dollars, with Alunorte.

The Company is also exposed to exchange variation arising from loans in foreign currency in the amount of USD 121,541 thousand (BRL 634,164).

Both revenues in foreign currency and debt are exposed to risks of the same nature and, therefore, the exchange rate risk of future revenues would naturally be covered by the exchange rate risk of debts. However, despite the economic coverage of the exchange variation risk, the Company's result is impacted

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by the time mismatch between the accounting recognition of revenue and debt. Accordingly, the Company will use the principal amount of the loan in USD as a hedging instrument to protect part of its future revenue in USD, which is considered highly probable.

- **Risk management strategy**

HB Cabotagem's strategy is to protect a portion of its expected revenue in foreign currency from exchange rate fluctuation risks.

- **Risk management objectives**

The purpose of HB Cabotagem is to protect the exchange variation risk of at least 6% of the receipt flow, arising from the service provision agreement with Alunorte. Protected receipt flows start on April 2, 2018, and are expected to end in February 2033.

The Company will use the principal amount of the loan in foreign currency, contracted with the Brazilian National Bank for Economic and Social Development (BNDES) as an instrument to protect the expected revenues.

The hedging instrument is the principal amount of the debt in foreign currency contracted with the BNDES, with the following characteristics:

Type	Foreign currency debt (*)
Contract start date	12/23/2016
Maturity date	03/15/2033
Amount USD	142,807,564
Initial parity USD x REAIS	3.3104
Hedging start date	04/02/2018
(*) Contracted with BNDES	

- **Effectiveness of the hedge ratio**

The effectiveness of the hedge is measured based on changes in the fair value or cash flows of the hedging instrument that offset changes in the fair value or cash flows of the hedged item. The non-effectiveness of the hedge will occur to the extent that changes in the fair value or cash flows of the hedging instrument are greater or less than those of the protected item.

To qualify for hedge accounting, the following effectiveness requirements must be met:

For there to be an economic relationship, the hedging instrument and the hedged item must have values that generally move in opposite directions due to the same risk, which is the hedged risk.

The hedging instrument and the hedged item must have values that move in opposite directions. The increase in the exchange rate generates an appreciation in the recognition of revenue in income, which is recognized upon delivery of the transported product at its destination. In the same direction, the increase in the exchange rate leads to an increase in the debt represented by the loan, generating an expense as the result. In the same way that a decrease in the exchange rate generates an opposite movement between the hedging instrument and the protected item. These movements take place at different times, since debt is an item recognized in the balance sheet and revenue, up to the date of its recognition, is an off-balance sheet item. With the benefit of hedge accounting, the foreign exchange variation of the debt will be recognized in other comprehensive income, in the cash flow hedge reserve and will be reclassified as a reclassification adjustment in the same period or periods during which the expected future cash flows hedged affect the result, that is, the effective recognition of revenue.

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Bond related hedge accounting

Hedging object	Protected risk	Period of protection	Principal amount in USD	Value of the protection instrument
Exchange variation of part of its future revenues	Real - USD exchange rate	From 05/02/2018 to 05/02/2025	244,520,320	244,520,320

2018	2019	Realization expectation – USD			Total
		2020	2021	from 2022 to 2025	
132,825,854	36,225,233	36,225,233	36,225,233	3,018,767	244,520,320

Hedge Accounting Cabotagem

Hedging object	Protected risk	Period of protection	Principal amount in USD	Value of the protection instrument
Exchange variation of part of its future revenues	Real - USD exchange rate	From 04/02/2018 to 02/2033	142,807,564	142,807,564

2018 to 2021	2022	Realization expectation - USD			Total
		2023	2024	2025 to 2033	
29,286,250	10,692,544	10,692,589	10,692,604	81,443,577	142,807,564

Interest rate risk

Carrying value of financial instruments that represent exposure to interest rate risk:

Interest rate risk	Parent company		Consolidated	
	2023	2022	2023	2022
Assets:				
Cash and cash equivalents	67,090	48,908	663,919	401,545
Financial investments	1,063	16,896	150,001	333,015
Long term financial statements	-	-	16,547	18,877
Loans, financing and debentures	989,490	946,492	4,019,735	4,265,779
Derivative financial instruments	45,344	27,954	45,344	27,954

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25.4.3 Sensitivity analysis

In order to verify the sensitivity of the indexes in the investments to which the Company and its subsidiaries were exposed on the base date of December 31, 2023, and December 31, 2022, three different scenarios were defined.

The Company prepared three sensitivity analysis scenarios. Scenario I considers the future interest rates observed on the base date of the interim accounting information and scenarios II and III consider a reduction of 10% and 15%, respectively, in the risk variable considered.

The base date used for the portfolio was December 31, 2023, projecting the indexes for one year and verifying the respective sensitivity in each scenario. The tables below indicate the indexes considered for the feasibility analysis and its effect on the result:

Variation in interest rates			Estimated rate			Balance as of December 31, 2023	Probable scenario	Possible scenario	Remote scenario
Financial instruments	Risk	Rate	Probable scenario	Possible scenario 10%	Remote scenario 15%				
Bonds and securities	CDI	11.65%	8.89%	10.49%	9.90%	43,711	(1,207)	(509)	(764)
Bonds and securities	US Treasury	0.32%	0.31%	0.29%	0.27%	105,023	(11)	(33)	(50)
Bonds and securities	Exchange variation - Ptax 800	4.8413	4.8413	4.3572	4.1151	1,267	107	(127)	(190)
Linked financial investments	Selic	11.75%	9.50%	10.58%	9.99%	16,547	(372)	(194)	(292)
Loans and Financing	IPCA	4.48%	3.63%	4.92%	5.15%	422,534	3,589	(1,892)	(2,837)
Loans and Financing	TJLP	6.55%	6.71%	7.21%	7.53%	37,717	(61)	(247)	(371)
Loans and Financing	CDI	11.65%	8.89%	12.82%	13.40%	529,239	14,618	(6,166)	(9,248)
Derivative financial instrument	USD	4.84130	5.25000	5.32543	5.56750	45,344	(3,828)	(4,534)	(6,802)
						1,201,382	12,835	(13,702)	(20,554)

Exchange rate variation

In order to verify the sensitivity of the net foreign exchange exposure to which the Company and its subsidiaries were exposed on December 31, 2023 three different scenarios were defined, classified as probable, possible and remote. The variables considered are described in the table below, followed by sensitivity. Scenario I considers the future exchange rates observed on the base date of the interim accounting inputs and scenarios II and III consider the increase of 10% and 15%, respectively, in the considered risk variable.

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	Risk	Rate	Estimated rate			Balance as of December 31, 2023	Probable scenario	Possible scenario	Remote scenario
			Probable scenario	Possible scenario (10%)	Remote scenario (15%)				
Loan - Project finance	USD	4.8413	5.2500	5.32543	5.56750	254	(21)	(25)	(38)
Export credit note	USD	4.8413	5.2500	5.32543	5.56750	460,420	(38,868)	(46,042)	(69,063)
Loan - Bond	USD	4.8413	5.2500	5.32543	5.56750	2,569,572	(216,922)	(256,957)	(385,436)
						3,030,246	(255,812)	(303,025)	(454,537)

25.4.4 Capital management

The Company's Management seeks to maintain a balance between the highest possible returns with adequate levels of financial leverage (loans) and the advantages and security provided by a balanced capital position.

The Company's net debt to equity ratio at the end of December 31, 2023, and December 31, 2022 is presented below:

	Parent company		Consolidated	
	2023	2022	2023	2022
Total current and non-current liabilities	(1,243,386)	(1,052,698)	(4,865,526)	(5,032,724)
Cash and cash equivalents	67,090	48,908	663,919	401,545
Financial investments	1,063	16,896	150,001	333,015
Linked bond and securities	-	-	16,547	18,877
Adjusted net debt	(1,175,233)	(986,894)	(4,035,059)	(4,279,287)
Equity	1,383,521	1,330,805	1,383,521	1,330,805
Ratio between equity and adjusted net debt	(118%)	(135%)	(34%)	(31%)

Hidrovias do Brasil S.A.

Notes to the financial statements

For the years ended December 31, 2023 and 2022

(In thousands of reais - BRL, except when stated otherwise)

26 Insurance

The Company and its subsidiaries maintain the policy of contracting insurance coverage for assets subject to risk, to cover possible accidents, considering the nature of their activities involving their operating facilities, vessels and barges, and also for engineering and works of the projects, as well as environmental damage and civil liability for property damage, bodily injury and/or moral damage. The amount insured on December 31, 2023 was:

Operating risks	2023
Fire, lightning, explosion, electrical damage, windstorms and flooding in BRL	134,099
Cyber risks in BRL	10,000
Hull and Engine (bare hull vessels) - policies in BRL	2,449,295
Hull and Engine (bare hull vessels) – policies in USD	244,682
Hull and Engine (bare hull vessels) – policies in EUR	140,664

Civil Liability	2023
P&I Insurance in USD	6,000,000
Operational civil liability insurance in BRL	165,000
Operational civil liability insurance in USD	114,850
Environmental civil liability insurance in BRL	30,000

Hidrovias do Brasil S.A.

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27 Segment information

The Company's business activity consists of integrated logistics solutions for waterway handling and transportation. In order to provide intermodality to customers, the Company provides maritime transportation, port terminals and warehousing services. The Company's assets operate in an integrated manner, and their results are interconnected and interdependent. It is important to highlight that the Southern Corridor is composed of entities abroad, except for the entity located in Luxembourg, which is allocated to the Corporate because it is a structured entity for raising Bonds.

There were no changes in the composition of the operating segments and information in relation to what was disclosed in the financial statements for the year of December 31, 2022. The accounting policies of each segment are applied uniformly as described in note No. 3.

The Company's main decision-maker does not analyze certain equity accounts segregated by operating segment, with the exception of loans, financing and debentures. In this way, this segmented information is not being presented.

27.1 Result by operating segments

Below we detail the Company's results by segment:

	North Corridor		South Corridor		Cabotage		December 31, 2023		Others		Eliminations*		Consolidated	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Net revenue	751,314	758,644	981,990	779,211	209,606	208,815	121,967	31,355	-	-	(140,527)	(10,125)	1,924,350	1,767,900
Operating income	751,314	758,562	824,885	781,667	227,502	228,363	121,967	31,355	-	-	-	-	1,925,668	1,799,947
Intercompany	-	82	140,527	10,043	-	-	-	-	-	-	(140,527)	(10,125)	-	-
Revenue - <i>Hedge Accounting</i>	-	-	16,578	(12,499)	(17,896)	(19,548)	-	-	-	-	-	-	(1,318)	(32,047)
Cost of services provided excluding depreciation and amortization	(318,492)	(285,114)	(552,146)	(470,878)	(150,458)	(126,656)	(52,755)	(16,210)	-	-	122,321	10,125	(951,530)	(888,733)
Operating Costs	(309,116)	(274,989)	(439,201)	(470,878)	(150,458)	(126,656)	(52,755)	(16,210)	-	-	-	-	(951,530)	(888,733)
Intercompany	(9,376)	(10,125)	(112,945)	-	-	-	-	-	-	-	122,321	10,125	-	-
Operating expenses	(84,626)	(38,883)	(59,315)	(77,107)	(4,893)	(31,915)	(13,148)	(7,015)	(86,205)	(76,327)	-	-	(248,187)	(231,247)
Depreciation and amortization	(141,733)	(114,370)	(122,904)	(155,912)	(38,766)	(40,190)	(37,799)	(18,511)	(12,750)	(27,489)	7,794	-	(346,158)	(356,472)
Depreciation and amortization (cost)	(121,812)	(101,522)	(108,643)	(114,322)	(31,145)	(30,044)	(29,959)	(9,413)	-	(5,692)	12,298	-	(279,261)	(260,993)
Depreciation and amortization (expense)	(19,921)	(12,848)	(14,261)	(41,590)	(7,621)	(10,146)	(7,840)	(9,098)	(12,750)	(21,797)	(4,504)	-	(66,897)	(95,479)
Other expenses	249	(24,745)	9,478	13,909	3,521	22,775	(21)	576	(5,701)	(811)	-	-	7,526	11,704
Net financial result	(24,370)	(49,551)	(76,885)	(14,534)	(12,618)	(14,194)	(46,421)	(52,807)	(161,995)	(102,361)	1,741	-	(320,548)	(233,447)
Equity method	(264)	(1,146)	9,889	18,707	-	-	-	-	265,178	189,114	(270,501)	(192,635)	4,302	14,040
Income tax	(55,307)	(59,952)	(12,449)	(40,391)	(3,682)	(1,876)	-	(61)	19,282	10,372	-	-	(52,156)	(91,908)
Profit (loss) for the year	126,771	184,883	177,658	53,005	2,710	16,759	(28,177)	(62,673)	17,809	(7,502)	(279,172)	(192,635)	17,599	(8,163)

Hidroviás do Brasil S.A.

Notes to the financial statements

For the years ended December 31, 2023 and 2022

(In thousands of reais - BRL, except when stated otherwise)

27.2 Balance sheet accounts by operating segments

	North corridor 2023	South corridor 2023	Cabotage 2023	Santos 2023	Other 2023	Eliminations 2023	Consolidated 2023
Current assets	458,868	656,817	183,924	58,800	272,757	(291,232)	1,339,934
Non-current assets	1,814,902	2,255,907	570,756	540,195	5,386,922	(5,659,569)	4,909,113
Total assets	2,273,770	2,912,724	754,680	598,995	5,659,679	(5,950,801)	6,249,047
Current liabilities	239,929	301,600	119,832	81,210	187,363	(201,787)	728,147
Non-current liabilities	808,463	1,755,811	403,150	439,887	4,086,433	(3,356,366)	4,137,378
Shareholders' equity	1,225,378	855,313	231,698	77,898	1,385,883	(2,392,648)	1,383,522
Total liabilities and shareholders' equity	2,273,770	2,912,724	754,680	598,995	5,659,679	(5,950,801)	6,249,047

	North corridor 2022	South corridor 2022	Cabotage 2022	Santos 2022	Other 2022	Eliminations 2022	Consolidated 2022
Current assets	411,047	645,323	269,398	63,828	295,715	(395,941)	1,289,370
Non-current assets	1,622,293	2,352,238	569,875	523,781	5,346,202	(5,340,230)	5,074,159
Total assets	2,033,340	2,997,561	839,273	587,609	5,641,917	(5,736,171)	6,363,529
Current liabilities	216,961	339,695	151,374	105,991	173,607	(295,346)	692,282
Non-current liabilities	788,850	1,899,050	495,218	375,544	4,135,033	(3,353,253)	4,340,442
Shareholders' equity	1,027,529	758,816	192,681	106,074	1,333,277	(2,087,572)	1,330,805
Total liabilities and shareholders' equity	2,033,340	2,997,561	839,273	587,609	5,641,917	(5,736,171)	6,363,529

Hidrovias do Brasil S.A.

Notes to the financial statements

For the years ended December 31, 2023 and 2022

(In thousands of reais - BRL, except when stated otherwise)

28 Grant, government assistance and other benefits

The Company enjoys benefits, as can be seen below:

- **AFRMM**

The AFRMM is the Additional Freight for the Renewal of the Merchant Marine, that is levied on the amount of freight charged by Brazilian and foreign shipping companies that operate in a Brazilian port, according to the bill of lading and the manifest of charge. The AFRMM is the responsibility of the Federal Revenue Service and is governed by Law No. 2,404/1987 and disciplined by Law No. 10,893/2004, with the amendments brought by Laws No. 12,599/2012 and 12,788/2013.

The AFRMM is calculated on the value of water transport, applying the rate of 8% in Cabotage navigation. Cabotage services enjoy the non-levy of AFRMM until January 8, 2022. However, even with the non-incidence, Cabotage fully receives the additional fee of 8% on the freight values practiced, according to recent updates to the AFRMM, Law 14,301 - Art. 6 - I.

The use of these resources is restricted and can only be used, exclusively, in the construction, dockage, repairs, maintenance of vessels and amortization of financing granted for the acquisition of vessels.

The AFRMM was established by Decree-Law No. 2,404/1987 and regulated by Law No. 10,893/2004. With the changes brought by Laws No. 12,599/2012 and 12,788/2013, the administration of activities related to the collection, inspection, collection, refund and reimbursement of the AFRMM became the responsibility of the Federal Revenue Service of Brazil (RFB).

- **SUDAM (Superintendency of Development of the Amazonia)**

In The Company has the tax incentive granted to legal entities that own projects for the implementation of infrastructure projects that promote the economy, as well as those that are fully established in the states covered by the Superintendency of Development of the Amazonia – SUDAM. This benefit grants a reduction of 75% of Income Tax and its surcharges (25% to 6.25%), with fruition of 10 years.

In 2018, the Company joined the SUDAM Tax Incentive, which provides a 75% reduction in income tax through Profit from Exploration, for the company Hidrovias do Brasil – Vila do Conde S.A, which, when presenting Tax Profit, has the possibility of benefit from the Government Subsidy. In the period ended December 31, 2023, this benefit resulted in an adjustment of BRL 12,962 to net equity in the Tax Incentive Reserve.

- **ICMS deferral**

The subsidiary Hidrovias do Brasil Cabotagem Ltda. benefits from ICMS deferral on transport service operations in the state of Pará.

Hidroviás do Brasil S.A.

Notes to the financial statements

For the years ended December 31, 2023 and 2022

(In thousands of reais - BRL, except when stated otherwise)

29 Non-cash items

During the year ended December 31, 2023, the amount of BRL 27,383 (BRL 20,319 on December 31, 2022) refers to the acquisition of fixed and intangible assets, which did not affect the Company's consolidated cash position because is recognized in Accounts payable.

30 Subsequent events

On December 29, 2023, the terms of the Stock Option Grant Plan (SOP) were approved by the Extraordinary General Meeting and granted on January 15, 2024, which aims to grant stock options issued by the Company to managers and strategic professionals, with the main objective of attracting and retaining them. The new Stock Option Plan will be granted to replace the previous Stock Option Plan originally approved at the Company's Extraordinary General Meeting held on August 31, 2020, and its effects will be recognized in the forward-looking financial statements during the vesting period of the new plan. The terms and conditions of the Plan are available on the Company's website and available on the websites of the Brazilian Securities and Exchange Commission and B3 – Brasil, Bolsa, Balcão S.

HIDROVIAS DO BRASIL S.A.

Publicly-held Company

CNPJ/ME nº 12.648.327/0001-53

NIRE 35.300.383.982

OPINION OF THE SUPERVISORY BOARD

The Supervisory Board of Hidrovias do Brasil S.A. ("Supervisory Board") in the exercise of its legal powers, in particular under the terms of article 163 of Brazilian Law No. 6,404, of December 15, 1976, as amended, examined the individual and consolidated financial statements of Hidrovias do Brasil S.A. ("Company") for the fiscal year ended on December 31, 2023, the Management Report, the proposed allocation of results and the draft report (independent auditors' opinion) issued, without reservations, by Ernest & Young Auditores Independentes ("Independent Auditors"), having concluded, unanimously, that the documents examined adequately reflect the financial and equity situation of the Company, in all relevant aspects, opining that the documents are in a condition to be approved by the Ordinary General Meeting of the Company's shareholders.

São Paulo, March 20, 2024.

FELIPE CARAM

Member and Coordinator of the
Supervisory Board

RAFAEL MACEDO

Member of the Supervisory Board

VALMIR ROSSI

Member of the Supervisory Board

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OPINION OF THE NON-STATUTORY AUDIT COMMITTEE

The non-statutory Audit Committee of Hidrovias do Brasil S.A. ("Audit Committee") in the exercise of its attributions, examined the individual and consolidated financial statements of Hidrovia do Brasil S.A. ("Company") for the fiscal year ended December 31, 2023, the Management report and the draft of the report (opinion of the independent auditors) issued, without reservations, by Ernst & Young Auditores Independentes ("Independent Auditors").

The Company's Management is responsible for the correct preparation of the Company's individual and consolidated financial statements, as well as for the implementation and maintenance of internal control and risk management systems consistent with the Company's size and structure. Management is also responsible for establishing procedures that guarantee the quality of the processes that generate financial information.

The Independent Auditors are responsible for auditing the financial statements and must ensure that they adequately represent, in all relevant aspects, the Company's equity and financial position, and that they were prepared in accordance with the International Financial Reporting Standards ("*International Financial Reporting Standards - IFRS*"), issued by the "*International Accounting Standards Board - IASB*", and in accordance with accounting practices adopted in Brazil and rules and procedures determined by the Brazilian Securities Commission - CVM.

In fulfilling its attributions, the analyzes and evaluations carried out by the Audit Committee are based on information received from Management and the Independent Auditors.

The Audit Committee, based on the examined documents described in the first paragraph and on the information provided by Management and by the Independent Auditors, duly weighted its responsibilities and the limitations arising from the scope of its activities, understands that the individual and consolidated financial statements of Hidrovias do Brasil S.A. referring to the fiscal year ended on December 31, 2023, were prepared in accordance with the accounting practices adopted in Brazil and with the

international financial reporting standards (IFRS), and, therefore, recommends, unanimously and without reservations, their approval by the Company's Board of Directors.

São Paulo, March 20, 2024.

PEDRO JAIME CERVATTI

Member and Coordinator of the Audit
Committee

RICARDO RIBEIRO SEBASTIÃO

Member of the Audit Committee

ANTONIO MARY ULRICH

Member of the Audit Committee

HIDROVIAS DO BRASIL S.A.

Publicly-held Company

CNPJ/ME nº 12.648.327/0001-53

NIRE 35.300.383.982

**SUMMARY ANNUAL REPORT OF THE
COMPANY'S NON-STATUTORY AUDIT COMMITTEE
FOR THE 2023 FISCAL YEAR**

1. INTRODUCTION

The non-statutory Audit Committee ("Committee") of Hidrovias do Brasil S.A. ("Company") is an advisory body linked to the Company's Board of Directors, to which it reports, with operational autonomy and its own budget approved by the Board of Directors. The Committee's main responsibilities are to supervise the quality and integrity of financial reports, adherence to legal, statutory and regulatory standards, the adequacy of processes related to risk management and the activities of internal and independent auditors.

2. HISTORICAL

during the year 2023 to date, the composition of the Committee has undergone the following changes, as highlighted below:

- (i) On May 17, 2023, the resignation of Mr. Ricardo Antonio Weiss as member of the Committee, as stated in the minutes of the Board of Directors Meeting on that day; AND
- (ii) on July 17, 2023, a meeting of the Company's Board of Directors approved the election of Mr. Ricardo Ribeiro Sebastião as a new member of the Committee, which is, since that that, composed by: (i) Pedro Jaime Cervatti (Coordinator); (ii) Antonio Mary Ulrich; and (iii) Ricardo Ribeiro Sebastião; all with a unified mandate, until August 11, 2024.

2. ACTIVITIES OF THE AUDIT COMMITTEE

During the year 2023 to date, the Committee has met on 9 (nine) occasions with the following objectives:

- i. Assessment of the results of the work carried out by Internal Audit, on a quarterly basis, validating its plans and guiding its actions;
- ii. Approval of the Internal Audit Plan for 2024;
- iii. Enjoy presentations about work related to the areas of Information Security and ITGC, Internal Controls, Risk Management and Compliance (ethics channel) of the Company;
- iv. Appreciate the presentations about the Company's risk map and risk appetite;

- v. Assess the presentations of certain corporate risks of the Company, made by the respective owners of such risks;
- vi. Assess and recommend the Committee's budget proposal for the year 2024;
- vii. Assess and recommend on operations between related parties of the Company and/or its controlled companies;
- viii. Assess and recommend the Company's Interim Financial Information prepared throughout the 2023 fiscal year, accompanied by the respective management reports and independent auditors' reports;
- ix. Appreciate the presentations about the visibility of the Company's Independent Auditors' Work Plan;
- x. Assess and recommend the Company's Financial Statements for the fiscal year ending December 31, 2022, accompanied by the management report and the opinion of the independent auditors; and
- xi. Assess and recommend the Company's Financial Statements for the fiscal year ending December 31, 2023, accompanied by the management report and the opinion of the independent auditors;

4. CONCLUSION

The Committee acted with due governance by holding meetings, interactions and independent assessments, as determined by its Internal Regulation, thus supporting the Company's initiatives to review processes and implement improvements.

The Committee, based on the information received and the activities carried out during the period, duly considering its responsibilities and the limitations arising from the scope of its activities, understands that the individual and consolidated Financial Statements of Hidrovias do Brasil S.A. for the fiscal year ended on December 31, 2023, accompanied by the Management report and the draft report (independent auditors' opinion) issued, on this date, without reservations, by Ernst & Young Auditores Independentes, in accordance with art. 27, first paragraph, of CVM Resolution No. 80/22, as amended, were prepared in accordance with accounting practices adopted in Brazil and international financial reporting standards (IFRS), and, therefore, recommended, unanimously and without reservations, its approval by the Company's Board of Directors.

São Paulo, March 20, 2024.

PEDRO JAIME CERVATTI

Member and Coordinator of the Audit
Committee

RICARDO RIBEIRO SEBASTIÃO

Member of the Audit Committee

ANTONIO MARY ULRICH

Member of the Audit Committee

HIDROVIAS DO BRASIL S.A.

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NIRE 35.300.383.982

STATEMENT OF THE EXECUTIVE OFFICERS ON THE FINANCIAL STATEMENTS AND ON THE INDEPENDENT AUDITORS REPORT

As members of the Executive Office of Hidrovias do Brasil S.A., we declare, in compliance with article 27, paragraph 1, items V and VI of CVM Resolution nº 80 of March 29, 2022, as amended, that we have reviewed, discussed and agreed with the terms of the financial statements and the independent auditors report on the Financial Statements related to the fiscal year ended on December 31, 2023.

São Paulo, March 20, 2024.

FABIO SCETTINO

Chief Executive Officer

RICARDO FERNANDES PEREIRA

Chief Financial and Investor Relations Officer

GIANFRANCO FOGACCIA CINELLI

Officer with no specific designation

GLEIZE FRANCESCHINI GEALH

Officer with no specific designation