



Hidrovias do Brasil

MANAGEMENT REPORT

2020

10 anos

São Paulo, March 15, 2021 – Hidroviás do Brasil [B3: HBSA3], the leader in waterway logistics solutions in Brazil, listed on B3's Novo Mercado segment, is announcing its 2020 results today. The results presented in this report follow the Brazilian and international accounting rules (IFRS) and the comparisons made in this report take into consideration the 2020 and 2019, unless otherwise stated.

**The 2020 results prove that Hidroviás do Brasil has very solid fundamentals and continues to strengthen its position in the South American waterway sector. There was an increase of 55.9% in Net Revenue in the year and of 38.3% in Adjusted EBITDA including the result of JVs, presenting an adjusted EBITDA margin of 51%.**

## 4Q20 AND 2020 HIGHLIGHTS

- The **total volume** transported by Hidroviás in 2020 was **19.8% higher** than the previous year, highlighting the strong performance of grains in the North corridor, which showed **growth of 45.9%** in the period, confirming the positive expectations throughout 2020.
- The **Net Operating Income** (ex-"OTM" and *hedge accounting*) was R\$1.2 billion in 2020 (**+35.7%** vs. 2019), with growth of close or over 30% in all corridors where the Company operates;
- **Adjusted EBITDA including the result of JVs** totaled R\$637.4 million in 2020 (**+38.3%** vs. 2019), with adjusted margin of 51% (+1 p.p. vs. 2019), even amidst major operational challenges such as the pandemic and lower drafts on rivers in the southern region, demonstrating that the strategies adopted by the Company support the continuous growth of the business.

Consolidated	2020	2019	Ch. %
<b>Net Revenue</b>	<b>1.462,1</b>	<b>937,9</b>	55.9%
Operating Net Revenue <sup>1</sup>	1.248,3	920,2	35.7%
Operating Net Revenue "Road Transportat Hedge Accounting" <sup>3</sup>	352,9 (139,1)	44,5 (26,7)	- -
Operating Costs	(896,8)	(475,0)	88.8%
Operating Costs	(544,2)	(437,5)	24.4%
Operating Costs "Road Transportation (O1	(352,6)	(37,5)	-
Operating (Revenues) Expenses	(167,4)	(69,2)	-
AFRMM, Tax Credits and Other <sup>4</sup>	33,9	62,2	-45.5%
Equity Accounting	(5,4)	(6,7)	-20.0%
<b>EBITDA</b>	<b>426,4</b>	<b>449,3</b>	-5.1%
Margin %	34%	49%	-15 p.p.
Hedge Accounting	139,1	26,7	-
Equity Accounting	5,4	6,7	-20.0%
Non Recurring <sup>5</sup>	49,7	(37,6)	-
<b>Adjusted EBITDA</b>	<b>620,6</b>	<b>445,1</b>	39.4%
Margin %	50%	48%	2 p.p.
JV's EBITDA	16,8	15,9	5.7%
<b>Adjusted EBITDA including JVs</b>	<b>637,4</b>	<b>461,0</b>	38.3%
Margin %	51%	50%	1 p.p.

<sup>1</sup> Net Operating Income: refers to the net revenue obtained from shipping, transshipment and lifting of products at the terminals where the Company operates;

<sup>2</sup> Road Transport Net Operating Income (OTM): obtained by subcontracting road transport to customers, providing an integrated logistics solution ("from the farm to the MT to ship's hold");

<sup>3</sup> Hedge Accounting: The Company's functional currency is the Brazilian Real, however the Southern Corridor and Coastal Shipping contracts are denominated in US dollars. Thus, hedge accounting was applied to mitigate this exposure to another currency, with the existing debt in US dollars hedging the long-term contracts in foreign currency. This movement has no cash impact;

<sup>4</sup> AFRMM, Tax Credits and Others: includes the positive effect obtained with the Freight Surcharge for Navy Renewal, as well as other credits and operating income with waste;

<sup>5</sup> The 4Q20 Non-recurring line includes: R\$24.1 million related to the IPO, R\$17.0 million from stock options, R\$7.5 million from donations related to COVID-19 and R\$1.1 million from reversals/provisions;

<sup>6</sup> This is the result obtained from the participation that the Company has in the TGM operation and Limday.

## SUBSEQUENT EVENT

- **Debt restructuring:** In February 2021, the Company completed a successful restructuring process of its debt, lengthening the average term by more than 6 years and reducing the cost by 100 bps to 4.950%. There was a repurchase of 75% of the current notes due in 2025 and a new funding in the international market in a total of US\$500 million, due in 2031, further reinforcing Hidroviás' credit quality.

## MESSAGE FROM MANAGEMENT

*The year 2020 was marked by countless challenges amid the world pandemic scenario. Despite the uncertainties and challenges, our results demonstrate that we have a Company with solid operational and strategic fundamentals.*

*During these dire times our focus has been on ensuring the **health of our employees** and customers, and guaranteeing the delivery of an excellent waterway logistics service in South America, and we did that while *operating with no material impacts and no interruptions.**

*We transported a **record volume** for the year and net income totaled R\$1.5 billion in 2020, exceeding the 2019 result by 55.9%. The Company's adjusted EBITDA, including the result of the JVs totaled R\$637.4 million, a robust growth of 38.3%.*

*We have further strengthened the Company's governance and sustainability structure, aiming to play a leading and pioneering role in the regions and sector where we operate, and in September 2020 we successfully concluded our IPO. We are now listed on B3's Novo Mercado segment, once again demonstrating our commitment to transparency and best market practices.*

*We ended the year with many reasons to celebrate, the result of the great dedication and skills of all our employees, as well as the business strategy that yet again has been proving correct. We begin 2021 with the certainty that we are on the right track, foreseeing a positive scenario for grain crops in Brazil, especially in Mato Grosso, along with the successful implementation of new projects such as Salt and Santos - which will contribute even more to the Company's future growth.*

*In February 2021, we concluded a restructuring process of our debt, with the repurchase of 75% of the securities maturing in 2025, linked to a new international funding of US\$ 500 million, extending the terms for more than 6 years and reducing the cost of debt by 100 bps.*

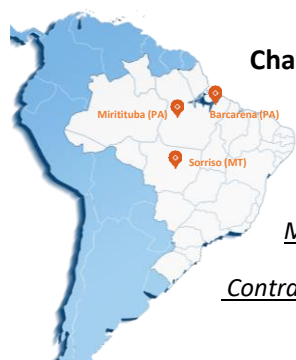
*I would like to thank all our long-term partners, employees and shareholders for their trust and reinforce our positive outlook for the year 2021, with growth in current operations and the beginning of results from new projects that are being implemented".*

*Fabio Schettino – CEO of Hidroviás do Brasil*

## PERFORMANCE BY CORRIDOR

### North Corridor

*The **North Corridor** is one of the Company's main operations, where we offer integrated logistics services for transportation and port elevation of solid bulk by a wholly owned system with terminals, storage capacity, river transportation using barges' convoys and a port, with additional road transportation when necessary. The capacity of the North Corridor is represented by the: a) Cargo Transshipment Station (ETC) of Miritituba (PA), b) Private Use Terminal (TUP) of Barcarena (PA) and c) own fleet of pushers and barges used for transporting products.*



### Characteristics:

Capacity of ETC Miritituba: 6.1 million/ton year

Capacity of TUP Barcarena: 6.7 million/ton year

Main clients: COFCO and Sodru

Contracts denominated in BRL

### Volume

Volume (kt)	2020	2019	Ch. %
<b>North Corridor</b>	<b>6,331</b>	<b>4,337</b>	46.0%
Grains	5,145	3,527	45.9%
Fertilizers	242	341	-29.0%
"Rodo - direct" <sup>1</sup>	945	469	101.5%

<sup>1</sup> "Rodo - direct" consists of the volume of grains transported by road directly to Barcarena and is presented in isolation as it is not part of the Company's integrated system.

The North Corridor transported a **total volume** of 6.3 million/ton in 2020 (+46.0% vs. 2019), highlighting the strong growth of grains in the year (+45.9%).

According to the IMEA, the volume of soybeans produced in MT in 2020 was 35.4 million/ton, about 22.3 million/ton of which were allocated to export, a volume 11.5% higher than in 2019. For corn, production estimates in MT pointed to 35.4 million/ton in 2020, with 21.7 million/ton going for export. In this context, the growth of the Miritituba corridor, which handled around 13.3 million/ton in 2020 compared to 11.2 million/ton in 2019 - 18% growth in the year - is worth highlighting.

For the year, the volume of fertilizers was 29.2% lower when compared to the previous year, as new operational agreements came into effect only in the last quarter.

According to Comexstat, the Vila do Conde terminal reached 47% market share in Barcarena in 2020, of the total soybeans and corn from Mato Grosso and shipped in Barcarena. This growth represents 10 p.p. in relation to 2019, which reaffirms that the corridor remains an extremely competitive option for the flow of products originated in MT.

### Result

North Corridor	2020	2019	Ch. %
<b>Net Revenue<sup>1</sup></b>	<b>856.2</b>	<b>425.0</b>	101.5%
Operating Net Revenue	503.3	380.5	32.2%
Operating Net Revenue "Road Transportat	352.9	44.5	-
Operating Costs	(563.4)	(241.7)	133.1%
Operating Costs	(210.8)	(204.3)	3.2%
Operating Costs "Road Transportation (O1	(352.6)	(37.5)	-
Operating (Revenues) Expenses	(31.3)	4.9	-
AFRMM, Tax Credits and Other <sup>4</sup>	18.0	38.9	-53.8%
<b>EBITDA</b>	<b>279.4</b>	<b>227.1</b>	23.0%
Margin %	56%	60%	-4 p.p.
Non Recurring <sup>3</sup>	8.8	(43.2)	-
<b>EBITDA Ajustado</b>	<b>288.2</b>	<b>183.9</b>	56.7%
Margin %	57%	48%	11 p.p.

<sup>1</sup>North Corridor Net Revenue, excludes "Intercompany" effect for better understanding of the result;

<sup>2</sup>"Road Transportation" (OTM) consists of the net income earned from subcontracting road transportation to customers, providing integrated logistics solution ("from MT to the ship's hold");

<sup>3</sup> The 4Q20 Non-recurring line includes: R\$2.4 million from COVID-19 donations and R\$1.1 million related to IPO and in the year: R\$1.9 million related to IPO, -R\$0.3 million from reversals, R\$7.2 million from COVID-19 donations.

In 2020, **Net Revenue** reached R\$856.2 million, more than double 2019. Net operating income, which does not include the result obtained with "Road Transportation (OTM)", totaled R\$503.3 million in 2020, 32.3% higher than the previous year, due to the strong grain harvest in MT and greater competitiveness of the North corridor after the paving of BR-163 - which is still in excellent traffic conditions and with significantly lower freight costs when compared to the previous historical averages.

In the year, **operating costs** excluding "Road Transportation (OTM)" grew at a significantly lower level than revenue growth, totaling R\$210.8 million, demonstrating the Company's continuous effort and commitment to cost reduction and control, as well as greater operational leverage, with significant dilution of fixed costs.

**Adjusted EBITDA** amounted to R\$288.2 million in 2020 (+56.7%). Adjusted EBITDA margin in 2020 was 57%, with an an **11 p.p. expansion**.

The excellent performance of the North Corridor in 2020 reinforces the view that the "**Arco Norte**" **continues to be a profitable alternative for grains transportation, with great growth potential in the coming years.**

## Coastal Navigation (Cabotage)

The **coastal navigation operation** transports Bauxite from Porto Trombetas (PA) to the Private Use Terminal (TUP) of Barcarena (PA).

### Characteristics



### Volume

Volume (kt)	2020	2019	Ch. %
<b>Coastal Navigation (Cabotage)</b>	<b>3,358</b>	<b>3,673</b>	-8.6%
Bauxite	3,358	3,200	4.9%
Other <sup>1</sup>	0	472	-

<sup>1</sup>Other: consists of transportation of other products in the spot modality.

The total volume transported in Coastal Navigation was 3.3 million/ton, 8.6% lower than the previous year due to the impact already mentioned.

It is worth mentioning that even with the impact observed in 4Q20, the year 2020 was extremely positive for this operation, with **record volumes transported and results obtained with Bauxite.**

## Result

Coastal Navigation (Cabotage)	2020	2019	Ch. %
<b>Net Revenue</b>	<b>214.6</b>	<b>155.3</b>	38.2%
Operating Net Revenue	223.4	161.6	38.2%
Hedge Accounting <sup>1</sup>	(8.8)	(6.3)	38.9%
Operating Costs	(93.6)	(94.9)	-1.4%
Operating Costs	(93.6)	(94.9)	-1.4%
Operating (Revenues) Expenses	(5.9)	0.1	-
AFRMM, Tax Credits and Other	15.8	23.4	-32.5%
<b>EBITDA</b>	<b>130.9</b>	<b>83.9</b>	55.9%
Margin %	59%	52%	7 p.p.
Hedge Accounting <sup>1</sup>	8.8	6.3	38.9%
Non recurring	-	(7.6)	-
<b>Adjusted EBITDA</b>	<b>139.7</b>	<b>82.7</b>	68.9%
Margin %	63%	51%	12 p.p.

<sup>1</sup> Hedge Accounting: The Company's functional currency is the Brazilian Real, however the Southern Corridor and Coastal Shipping contracts are denominated in US dollars. Thus, hedge accounting was applied to mitigate this exposure to another currency, with the existing debt in US dollars hedging the long-term contracts in foreign currency. This movement has no cash impact;

**Net Operating Income** totaled R\$214.6 million in 2020 (+38.2% vs. 2019), with recognition of (8.8) million of *hedge accounting* in the year, which aims to equalize the impacts of having contracts in foreign currency on the results, given that the Company's functional currency is the Real. It is worth mentioning that this hedge accounting effect observed has no cash impact, being only an accounting effect.

**Operating costs** totaled R\$93.6 million in 2020 (-1.4% vs 2019), reflecting the effect of lower volume carried in 4Q20, as well as operating efficiency gains related to dollar appreciation, since 100% of revenues are linked to the US dollar and only part of its cost structure is tied to this currency.

**Adjusted EBITDA** totaled R\$139.7 million in 2020, 68.9% higher in the annual view. Adjusted EBITDA margin was 63% in 2020, expanding 12 p.p. in the year - demonstrating the effectiveness of long-term contracts in the "take or pay" model. Additionally, **the highest historical result ever obtained in this corridor reinforces the assertiveness of the currency diversification strategy in the Company's cash generation.**

## South Corridor

The **Southern Corridor** consists of river transportation of grains, fertilizers, iron ore, and some other bulk commodities via the Paraná-Paraguay waterway, and pulp transportation via the Uruguay River through joint ventures. Additionally, it encompasses the result of another joint-venture for grain port operation in Montevideo (TGM), as the only terminal in the region capable of loading a Panamax-type ship.

## Characteristics:



Main clients: Vale, Cofco, Sodru

Contracts denominated in USD

## Volume

Volume (kt)	2020	2019	Ch. %
<b>South Corridor</b>	<b>1,889</b>	<b>2,180</b>	-13.3%
Iron Ore	561	424	32.3%
Grains	1,058	949	11.5%
Fertilizers	144	184	-21.7%
Other <sup>1</sup>	126	623	-79.8%

<sup>1</sup>Other: consists of the transportation of other products such as pulp and coke.

The total Volume transported in the South Corridor was 1.9 million/ton in 2020, 13.3% below 2019, explained by lower navigability of rivers in the region throughout the year. This is an atypical situation, unseen in the last 60 years and beyond the control of the company and/or its clients, resulting in lower volume than usual and somewhat higher costs. It is important to emphasize that even in this adverse scenario, the **Company transported all the volume requested by its clients with long-term contracts.**

Usually, the rainy season occurs during the first half of each year, corroborating with the recomposition of the water levels in the rivers, which tend to present more adequate levels in the second half. Early 2021 has shown gradual improvements in river volumes to closer to historical averages, which enabled the return to regular operation even within the first quarter of the year.

Additionally, it is importante to mention that we were informed by Vale that it will start using the total capacity of its contract in 2021 and, therefore, we will begin counting on a different scenario than the previous year, as the fixed portion related to "take or pay" ceases to exist and a "take or pay" remuneration is started based on the total volume transported cumulatively in the year, with volumes significantly higher than in previous years. This change shows the **confidence and preference for our logistics operation, in the midst of a very positive scenario for the production of iron ore, with record prices in the international market, where Brazil continues as one of the main players in the global trade.**

## Result

South Corridor	2020	2019	Ch. %
<b>Net Revenue<sup>1</sup></b>	<b>353.9</b>	<b>357.6</b>	-1.0%
Operating Net Revenue	484.2	378.1	28.1%
Hedge Accounting <sup>1</sup>	(130.3)	(20.4)	-
Operating Costs	(208.8)	(138.4)	50.9%
Operating Costs	(208.8)	(138.4)	50.9%
Operating (Revenues) Expenses	(26.9)	(5.8)	-
AFRMM, Tax Credits and Other	0.1	(6.5)	-
Equity Accounting	(5.4)	(6.7)	-20.0%
<b>EBITDA</b>	<b>112.9</b>	<b>206.7</b>	-45.5%
Margin %	23%	55%	-32 p.p.
Hedge Accounting	130.3	20.4	-
Equity Accounting	5.4	6.7	-20.0%
Non recurring <sup>3</sup>	3.3	-	-
<b>Adjusted EBITDA</b>	<b>251.9</b>	<b>233.9</b>	7.7%
Margin %	52%	62%	-10 p.p.
JV's EBITDA <sup>4</sup>	16.8	15.9	5.7%
<b>Adjusted EBITDA including JVs</b>	<b>268.7</b>	<b>249.8</b>	7.6%
Margin %	55%	66%	-11 p.p.

<sup>1</sup>Net Revenue of the South Corridor, excludes the "Intercompany" effect for a better understanding of the result;

<sup>2</sup> Hedge Accounting: The Company's functional currency is the Brazilian Real, however the Southern Corridor and Coastal Shipping contracts are denominated in US dollars. Thus, hedge accounting was applied to mitigate this exposure to another currency, with the existing debt in US dollars hedging the long-term contracts in foreign currency. This movement has no cash impact;

<sup>3</sup>The Non-recurring line in the year includes: R\$0.3 million for expenses related to IPO and in the year: R\$2.0 million for expenses related to IPO and R\$1.3 million of provisions/reversals.

<sup>4</sup>Includes the result obtained from the Company's interest in the TGM (Obrinel) and Limday operations

**Net Revenue** totaled R\$353.9 million in the year, a decline of 1.0% vs. the previous year.

**Net Operating Income**, excluding the accounting and non-cash impact of hedge accounting, was R\$484.2 million in 2020 (+28.1% vs. 2019), showing the strong resilience of the operation, which has contracts that protect the Company's results, amid the atypical draft situation in the rivers in the south corridor. There was the recognition of (R\$130.3) million of *hedge accounting* in the year, an impact without cash effect.

**Operating costs** totaled R\$208.8 million in 2020 (+50.9% vs. 2019), due to lower operating efficiency with more trips required to transport the same volume. It is worth mentioning that, even in the midst of a more restricted shipping scenario, the Company continued to serve its long-term customers, having made some necessary adaptations to operate with a longer time and amount of trips, such as temporary additions to the fleet through pushers and barges rentals.

**Adjusted EBITDA with JVs** totaled R\$268.7 million in 2020, a growth of 7.6%, respectively. The adjusted EBITDA margin with JVs was below the previous year, in view of the aforementioned navigation restrictions, however it maintained a high level of 55% in 2020.

## Santos | Salt

*We have started two new projects in the last two years, which are still in the implementation phase: operation at the Santos Terminal and Salt logistics operation.*

*The **Santos** project consists of a 25-year lease of a terminal for lifting, storing, and shipping dry bulk cargoes in South America's largest port, located in Santos. The operation began partially in 2020, at the same time that we began the process of renovation and adaptation of the terminal, as foreseen in the auction notice. The renovation should accelerate in 2021 and, for this reason, the terminal will be practically non-operational for a big part of the year, and should resume its activities fully in 2022.*

*The Salt project consists of a contract for the transshipment and transportation of salt in the northeastern region of Brazil, with operations to begin in stages in the second half of 2021, reaching full capacity in 2022.*

### Characteristics of Santos:



Three warehouses

1 mooring dock

Capacity: 3.7 million/ton (Salt + Fertilizer)

Contracts denominated in BRL

### Characteristics of Salt:



Capacity: 2.5 million/ton

Single client: Salinor

Contracts denominated in BRL

## Volume

Volume (kt)	2020	2019	Ch. %
<b>Santos</b>	<b>628</b>	-	-
Total	628	-	-

As foreseen in the auction notice, we started the renovations in our Santos warehouses in 2020. We were able to handle fertilizers in the terminal in parallel with the start of works, moving a volume above what we had originally planned. In 2021, we should maintain some movement in the first quarter and then perform a total shutdown for modernization and "rebuild" of one of the warehouses, with a gradual return of activities in early 2022.

## Result

Santos	4Q20	4Q19	Ch. %	2020	2019	Ch. %
<b>Net Revenue</b>	<b>14.7</b>	-	-	<b>39.8</b>	-	-
Operating Net Revenue	14.7	-	-	39.8	-	-
Operating Costs	(5.3)	-	-	(31.0)	-	-
Operating Costs	(5.3)	-	-	(31.0)	-	-
Operating (Revenues) Expenses	(0.3)	-	-	(0.9)	-	-
AFRMM, Tax Credits and Other	-	-	-	0.0	-	-
<b>EBITDA</b>	<b>9.1</b>	-	-	<b>7.8</b>	-	-
Margin %	62%	N/A	N/A	20%	N/A	N/A
Non recurring <sup>1</sup>	-	-	-	0.3	-	-
<b>Adjusted EBITDA</b>	<b>9.1</b>	-	-	<b>8.1</b>	-	-
Margin %	62%	N/A	N/A	20%	N/A	N/A

<sup>1</sup>The non-recurring lines includes \$0.3 million of COVID-19 donations in the year.

The **Net Revenue** from the Santos operation totaled R\$39.8 million in 2020.

**Operating costs** totaled R\$ 31.0 million in 2020.

**Adjusted EBITDA** was R\$8.1 million in 2020, with a margin of 20%, since the operation is still in the implementation phase, not reflecting its full potential.

# CONSOLIDATED RESULTS

## Consolidated Result/Holding

The Holding's operating expenses were impacted by non-recurring items related to the IPO and long-term incentives for Company executives, totaling R\$37.2 million in 2020.

Adjusting for these non-recurring effects, the holding company's expenses grew 17.5% in 2020 vs. 2019, lower than the Company's total revenue growth during the period, which demonstrates the commitment to continuous expense control and the maintenance of a lean structure when compared to other companies in the industry. The increase vs. the previous year was mainly due to adjustments made to sustain the company's strong level of future growth, aligned with the **best corporate governance practices** in the Brazilian market, such as the creation of sustainability, investor relations, and internal control areas, among others.

<b>Holding</b>	<b>2020</b>	<b>2019</b>	<b>Ch. %</b>
Operating (Revenues) Expenses	(102.3)	(68.5)	49.3%
AFRMM, Tax Credits and Other	-	(0.0)	-
Equity Accounting	-	-	-
<b>EBITDA</b>	<b>(102.3)</b>	<b>(68.5)</b>	<b>49.3%</b>
<i>Margin %</i>	-	-	-
Tax Credits, Contingencies and reversals	-	3.4	-
Advisory and Consultancy	20.2	9.8	107.2%
Stock Options Plan	17.0	-	-
<b>Adjusted EBITDA</b>	<b>(65.0)</b>	<b>(55.3)</b>	<b>17.5%</b>
<i>Margin %</i>	-	-	-

## CAPEX

The Company strategically chose to make more robust upfront investments for the development of state-of-the-art assets, resulting in less representative maintenance CAPEX. Additionally, it is worth noting that we operate in a logistics model that does not require relevant CAPEX related to route maintenance.

In the year, CAPEX with expansion and maintenance was R\$274.5 million, and total CAPEX, including Santos grant was R\$ 302.6 million.

CAPEX used for expansion is related to the acquisition of additional barges for operation in the North, improvements in structures, equipment and systems, as well as implementation of the Salt (R\$87.4 million in the year) and Santos (R\$28.3 million in the year - ex-disaster) projects, which will contribute with additional growth and cash generation as of 2022.

<b>CAPEX Consolidated</b>	<b>2020</b>	<b>2019</b>	<b>Ch. %</b>
Maintenance	35.7	18.2	95.9%
Expansion	238.8	81.0	-
Grant STS20	28.1	-	-
<b>CAPEX</b>	<b>302.6</b>	<b>99.2</b>	<b>-</b>

## Cash Generation

Strong EBITDA growth in virtually all of the Company's operations throughout 2020, corroborated with the generation of R\$415.5 million of operating cash in 2020 (+38.9% vs 2019).

Cash generated after investments made for expansion and maintenance and financial cash flow was R\$71.3 million in 2020, representing a 16.7% EBITDA conversion.

We ended the year with R\$1.0 billion in cash, 7.3% more than the previous year, **demonstrating our ability to invest in business expansion, as well as maintaining a robust cash position.**

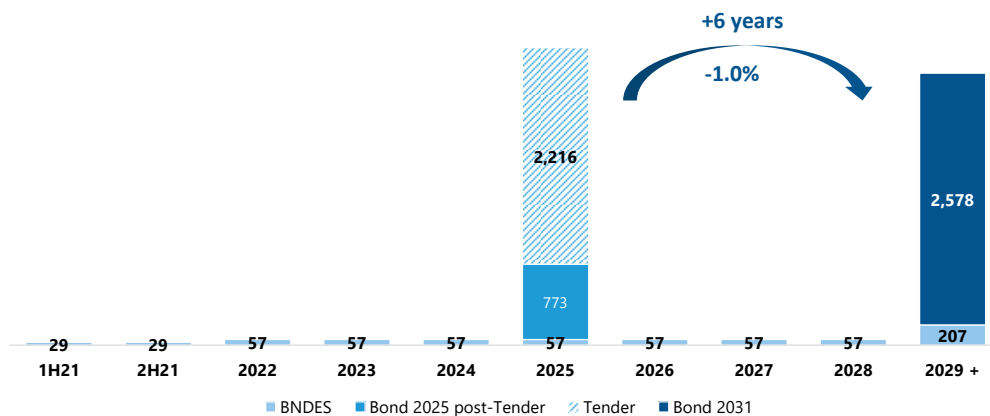
R\$ Million	2020	2019	Ch. %
<b>Beginning of Period Cash</b>	<b>974.5</b>	<b>1,102.5</b>	-11.6%
(+) EBITDA	426.4	449.3	-5.1%
(+) Incurred interest, provisions and others	5.4	6.7	-20.0%
(+) Change in working capital	(155.4)	(183.7)	15.4%
(-) Hedge Accounting	139.1	26.7	-
<b>= Operating Cash Flow (OCF)</b>	<b>415.5</b>	<b>299.0</b>	38.9%
(-) CAPEX	(302.6)	(99.0)	-
<i>Recurring</i>	(63.8)	(18.2)	-
<i>Expansion</i>	(238.8)	(81.0)	-
<b>= Investing Cash Flow (ICF)</b>	<b>(302.6)</b>	<b>(99.2)</b>	-
(+) Debt Issuance/Amortization	(32.5)	(69.1)	-53.0%
(-) Interest Payments	(194.7)	(161.9)	20.2%
(-) Lease Payments	(17.0)	(8.0)	-
(-) Bond repurchase	(100.1)	-	-
(+) Shareholders Contribution	51.8	-	-
(-/+ ) Dividends Paid/Received	4.9	(133.5)	-
<b>= Financing Cash Flow (FCF)</b>	<b>(287.7)</b>	<b>(372.5)</b>	-22.8%
Impact of exchange rate variation on cash balances	246.2	44.7	-
<b>= Cash Generation</b>	<b>71.3</b>	<b>(128.0)</b>	-
<b>= End of Period Cash</b>	<b>1,045.8</b>	<b>974.5</b>	7.3%

## Debt Amortization Schedule

In December 2020, the Company did not have any significant debt due in the short or medium term, with most repayments due to occur from 2025 onwards, and cash reserves were more than sufficient to cover due dates over the next 4 years.

In February 2021, the Company completed a debt restructuring process, with the repurchase of US\$425 million of the notes due 2025, replacing them with new notes due in 2031. In addition to lengthening the maturity from 4 to 10 years, the Company issued the new debt at a cost of 4.950% per year, an important saving of 100 bps when compared to the previous debt. **As a result, the company's amortization flows are now even lower for the next few years, with no material maturity in the coming years.**

The new schedule can be seen below.

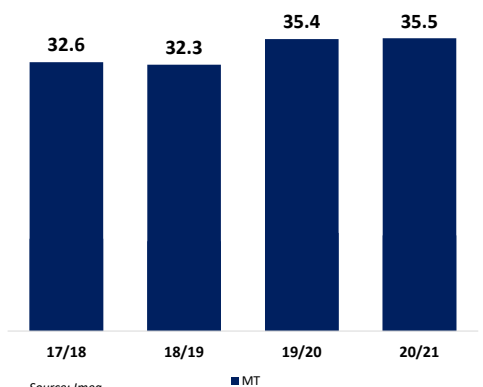


## MARKET OUTLOOK 2021

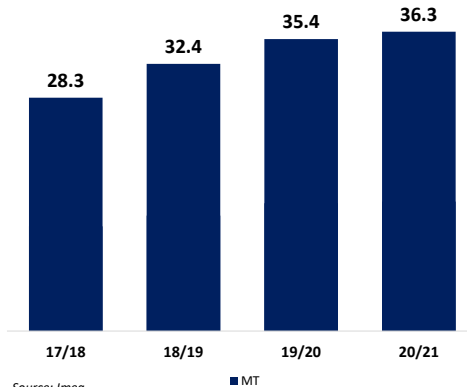
### North Corridor

According to IMEA, the 19/20 Mato Grosso (MT) grain harvest showed record production of soybean and corn, with 35.4 million tons of soybean (+9.6%) and 35.4 million tons of corn (+9.2%), with the Mid-North region (region where the Hidroviás is more competitive) being responsible for 33.6% of the soybean production and 43.8% of the corn production.

**Soybean Production (M tons)**



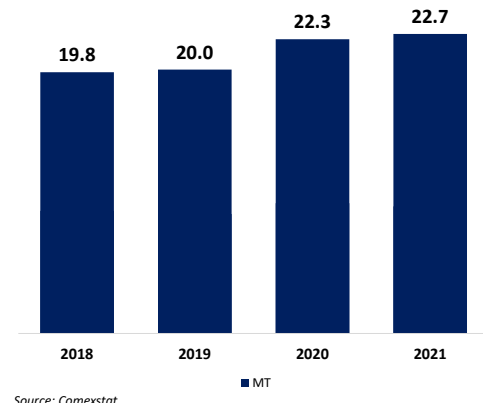
**Corn Production (M tons)**



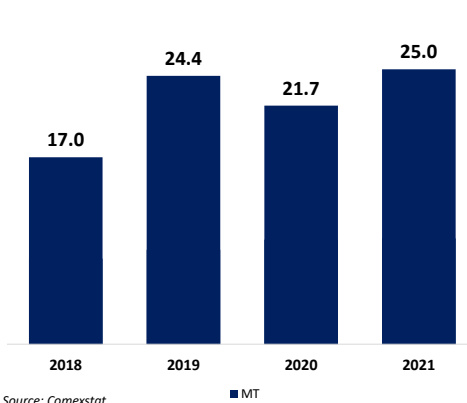
Around 63% of soybean produced in MT were destined for export in 2020 (+11.5% vs. 2019) and it is estimated that 64% of soybean traded in 2021 will have the same destination, according to studies conducted by Comexstat.

Regarding corn, 61% of MT's production was destined for export in 2020 (-11% vs. 2019) and it is estimated that exports will be higher in 2021, accounting for about 69% of the total.

**Soybean Exports (M tons)**



**Corn Exports (M tons)**



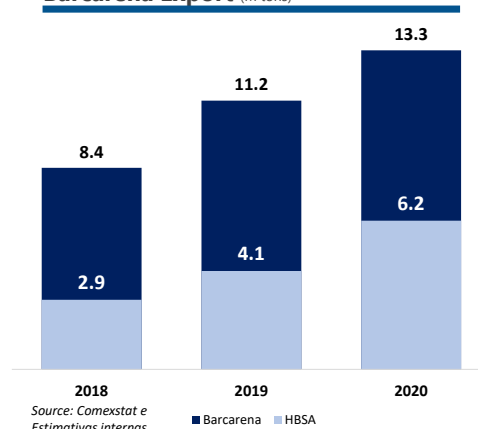
Grains exports through Barcarena (PA) accounted for 30.2% of the total exported from MT, with volume of 13.3 million/ton in 2020 (+18.7% vs 2019) and Hidroviás accounted for 47% of that volume.

The growth in the volume exported via the Miritituba system demonstrates the greater competitiveness for the flow of grains through “Arco Norte”, especially after the paving of the BR-163 highway.

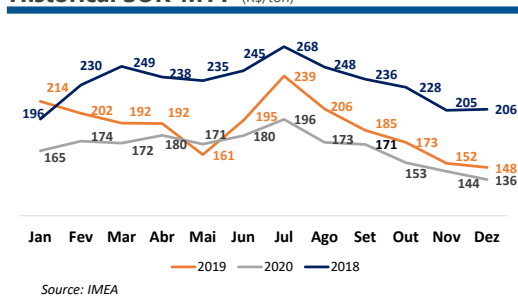
The 20/21 harvest began late compared to 19/20 due to lower rainfall during the planting period, a fact that has already been compensated by higher productivity in the field through the use of state-of-the-art technologies. The expectations for 2021 remain very positive, with a stable soybean production vs. last year's record harvest and a 2.5% growth in corn production.

Thus, we remain confident that 2021 should be a very positive year for our grain operations in the North Corridor, given that we have long-term contracts with very relevant clients and the **BR-163 continues to have excellent traffic conditions and historically more competitive freights when compared to 2018 and 2019.**

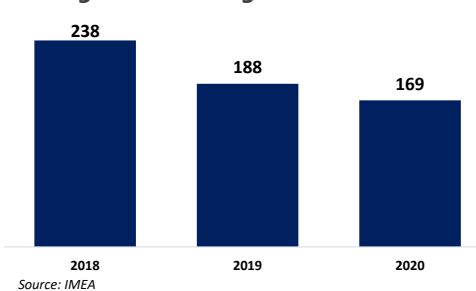
**Barcarena Export** (M tons)



**Historical SOR-MTT** (R\$/ton)



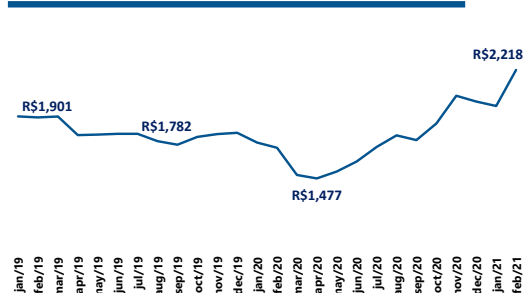
**Average Annual Freight SOR-MTT** (R\$/ton)



## Coastal Navigation (Cabotage)

The Company's Coastal Navigation operation had its **highest historical result in 2020**, even with a one-off impact on the volume handled in the last quarter of the year.

**International Aluminum Price** (M tons)

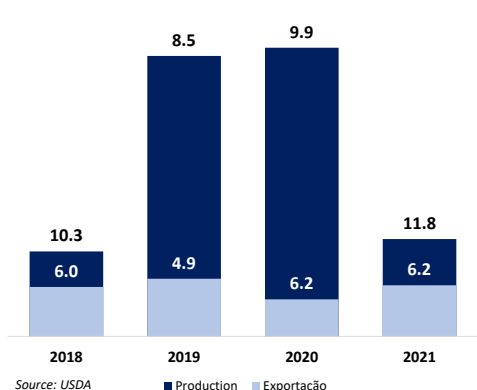


Source: Investing BR – data from February to the day 02/24/2021

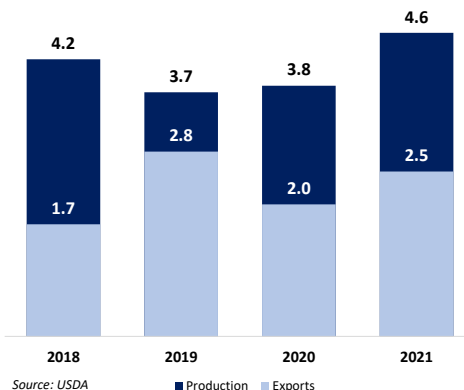
Brazilian production of bauxite, the basis for alumina production, remains very stable. According to USGS, in 2020, even with the effect of the pandemic, 35 million/ton were produced in the country, compared to 34 million in 2019, representing a growth of approximately 2.9%, a scenario based on the increase in world alumina prices, mainly due to the recovery of the Chinese economy post the first phase of the COVID-19 pandemic.

## South Corridor

### Production vs. Exports Soybean (M tons)



### Production vs. Exports Corn (M tons)



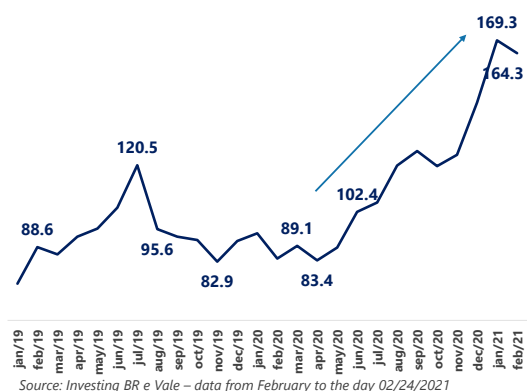
The year 2020 was very positive for grain production in Paraguay, with 9.9 million/ton of soybeans (+16.5% vs 2019) and 3.8 million/ton of corn (+2.7% vs 2019). The expectations for 2021 still depend on confirmation of some assumptions, but according to the USDA, soybean production is estimated to be 11.8 million/ton (+19.2% vs 2020) and 4.6 million/ton

for corn (+21.0% vs 2020).

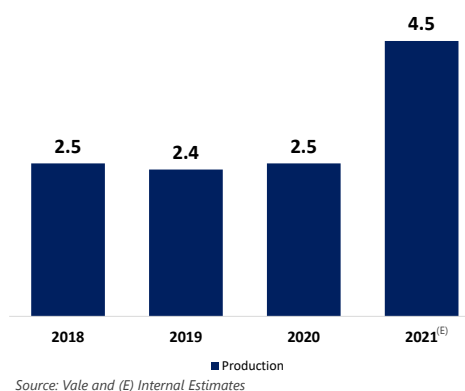
Around 63% of the soybean production was destined for export in 2020 and the same volume should be exported in 2021. Regarding corn, 53% of the production was exported and it is estimated that the exported volume will be even higher in 2021, representing about 54% of the total produced.

Even with the problems of draft restriction, the growth in grain production and exports in the region contributed to the excellent grain performance that we presented in the Southern Corridor in 2020, which totaled 1.1 million/ton (+11.5% vs 2019) and we remain confident that the scenario outlined for 2021 will also be very positive.

### International Iron Ore Price (\$/ton)



### Corumbá Production (Vale) (M tons)



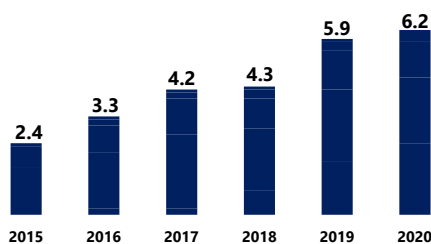
In 2020 we also saw a 32.3% growth in the iron ore volume handled by Hidroviás in the South, even amid a challenging scenario with with draft of rivers below historical averages. We have a long-term "take or pay" contract with Vale, which has production of Iron Ore in Corumbá.

As we can see in the chart above, the international price of iron ore became significantly higher after April 2020, a fact that makes production more attractive, pulled by China's strong economic recovery after the first effects of the COVID-19 pandemic, making production more attractive and we estimate that it should be 80% higher in 2021 according to market projections.

Amid this scenario, we were informed by Vale that will use the maximum volume foreseen in its contract in 2021 (3.2 million/ton), demonstrating that it considers **Hidroviás an excellent logistics partner**.

## Santos

Import of Fertilizers in Santos (M tons)



Source: Comexstat

The fertilizer operation at the port of Santos has been growing steadily year after year.

While the São Paulo market is a traditional hub for coffee and sugar crops and shows itself to be resilient and without major variations in fertilizer consumption, the state of Mato Grosso has considerably increased the application of fertilizers in bulk crops and, in this context, given the bulk railroad return operation, Santos has become the main gateway for these products.

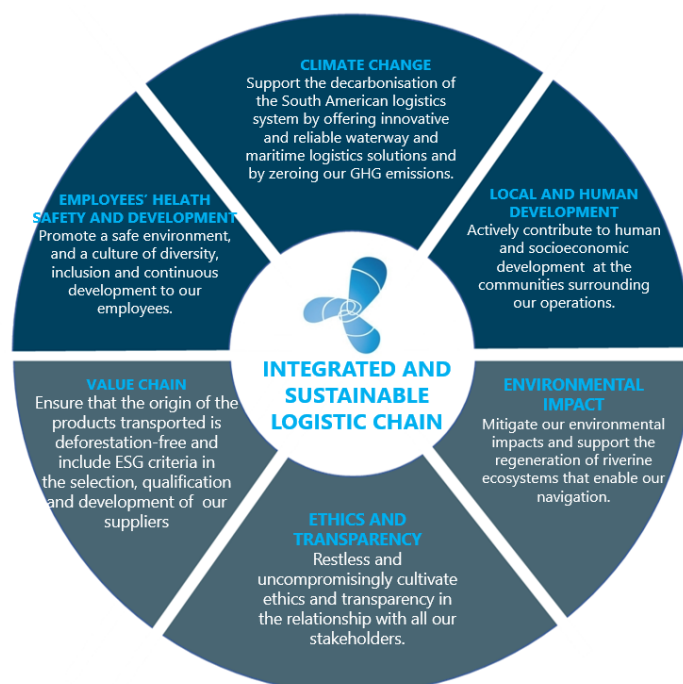
We began the process of renovation and modernization of the warehouses we leased in the port of Santos in 2020, but we also managed to handle a higher volume of fertilizers than we expected. Our asset is installed in a strategic region for the port and for market players and also benefits from a 5% growth in the total volume of fertilizers imported by Brazil in the year, with emphasis on the strong volume destined for the southeast region - responsible for 55% of this import.

## SUSTAINABILITY

Navigation is a century-old activity. Being aware of immense risks and opportunities imposed by current and urgent socioenvironmental and ethical challenges, we, at Hidroviás do Brasil, are reinventing the way of navigating in South America.

We believe that it is possible to create value to our shareholders while offering to our customer's logistic solutions that are innovative and reliable; investing in a low carbon modal, supported by ethical relationships and fostering development and prosperity to the communities belonging to our business ecosystem.

We were born with the purpose of supporting the region and our customers towards the construction of a **SUSTAINABLE AND INTEGRATED SUPPLY CHAIN** we are renewing this intention by launching a new Sustainability Platform supported by 6 Positive Impact Commitments, in line with the UN Sustainable Development Goals. The management of this new platform and its commitments is the responsibility of the new Sustainability Department, directly linked to the CEO of HBSA, as shown below.



Our sustainability board will guide the company so that it exercises, even more, a leading role and a positive influence in the environment where we operate.

Below organogram of the area.



## INDEPENDENT AUDITORS

The individual and consolidated financial statements of Hidroviás do Brasil S.A. and its subsidiaries are audited by KPMG Auditores Independentes, whose choice is entirely up to the Board of Directors.

The Company's policy for contracting services not related to external audit seeks to assess the existence of a conflict of interest. Thus, the following aspects are assessed: the auditor must not (i) audit his own work; (ii) exercising managerial functions at your client; and (iii) promoting your client's interests; conditions that were observed in the fiscal year ended December 31, 2020.

In the fiscal year ended December 31, 2020, in addition to the external audit services, other non-audit services were contracted regarding tax compliance services in the subsidiaries of Paraguay and Uruguay and Due Diligence work, which totaled R \$ 700 thousand, in the 2020 financial year.

## BOARD OF DIRECTORS STATEMENT

In compliance with the provisions contained in article 25 of CVM Instruction no. 480, of December 7, 2009, as amended, the Company's Executive Board declares that it has unanimously discussed, reviewed and agreed with the opinions expressed in the KPMG Auditores Independentes Report ("KPMG") on the Company's financial statements, issued on this date, and with the individual and consolidated financial statements, related to the fiscal year ended on December 31, 2020.

## DISCLAIMER

*This report contains forward-looking statements and perspectives based on the strategies and beliefs related to the growth opportunities of Hidroviás do Brasil S.A. and its subsidiaries (“Hidroviás” or “Companhia”) according to analyzes made by its management. This means that the statements herein, obtained on a thorough study of public information made available to the market in general, although considered reasonable by the Company, may not materialize and/or contain imperfections and/or inaccuracies. This caveat about our presentation indicates the existence of adverse situations that may impact the expected results in a way our outlooks do not materialize within the accredited period, as some factors go beyond the control capacity of Hidroviás. Accordingly, the Company does not guarantee the performance in this presentation and, therefore, this presentation does not constitute offering material for the purchase and/or subscription of its securities.*

HIDROVIAS DO BRASIL S.A.

BALANCE SHEETS AS OF DECEMBER 31, 2020 AND DECEMBER 31, 2019  
(In thousands of reais - R\$)

ASSETS	Note	Parent company		Consolidated	
		12/31/2020	12/31/2019	12/31/2020	12/31/2019
<b>Current assets</b>					
Cash and cash equivalents	4	1.441	9.179	214.848	45.166
Marketable Securities	5,1	87.728	4.625	816.044	913.972
Trade accounts receivable	6,1	-	-	147.852	82.350
Inventories		-	-	57.051	38.364
Recoverable taxes	7	97	827	44.912	27.463
Income tax and social contribution	7,1	-	11.393	42.986	28.116
Advances to suppliers	9	1.249	435	34.593	37.884
Prepayments		2.483	2.302	32.149	47.499
Related party credits	18	15.603	6.333	-	-
Dividends receivable	18	14.090	37.032	-	-
Other receivables		160	1.293	37.076	25.580
Total current assets		<u>122.851</u>	<u>73.419</u>	<u>1.427.511</u>	<u>1.246.394</u>
<b>Non-current assets</b>					
Marketable Securities Linked	5,2	-	-	14.952	15.383
Related party credits	18	5.197	4.225	3.820	-
Trade accounts receivable	6,1	-	-	6.400	-
Judicial deposits	17	32.383	5.343	40.774	11.756
Guarantees and pledge deposits	8	9.100	6.704	9.491	6.704
Deferred tax assets	26	8.543	-	148.862	46.718
Recoverable taxes	7	-	6	77.588	55.199
Income tax and social contribution	7,1	-	-	37.373	25.618
Advances to suppliers	9	-	-	8.358	30.750
Prepayments		3.789	3.445	29.256	19.070
Investments	10	1.435.557	1.477.715	74.479	70.946
Property, plant and equipment	11	8.140	5.736	3.355.604	2.928.464
Right-of-use asset	12	-	1.101	157.114	32.534
Intangible assets	13	24.419	12.206	322.915	228.129
Total non-current assets		<u>1.527.128</u>	<u>1.516.481</u>	<u>4.286.986</u>	<u>3.471.271</u>
Total assets		<u>1.649.979</u>	<u>1.589.900</u>	<u>5.714.497</u>	<u>4.717.665</u>

See the accompanying notes to the financial statements.

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	Parent company		Consolidated	
		12/31/2020	12/31/2019	12/31/2020	12/31/2019
<b>Current liabilities</b>					
Suppliers	14	9.229	3.018	68.506	49.945
Loans and financing	15	-	-	185.954	172.275
Social charges and labor legislation obligations	16	17.824	12.655	39.460	26.198
Lawsuits	17	-	-	9.794	5.884
Taxes payable		5.217	5.032	26.241	17.398
Income tax and social contribution		18.856	15.964	67.622	21.971
Allowance for loss with investments	10	-	3.652	-	-
Accounts payable with related parties	18	63.481	1.114	-	-
Advances from clients		-	-	7.315	21.721
Dividends payable	18	-	363	237	2.834
Leasing payable	12	180	90	14.446	107
Concession lease	13	-	-	18.547	-
Other accounts payable		9.365	3.382	7.841	4.859
Total current liabilities		<u>124.152</u>	<u>45.270</u>	<u>445.963</u>	<u>323.192</u>
<b>Non-current liabilities</b>					
Loans and financing	15	-	-	3.537.180	2.818.234
Leasing payable	12	-	1.059	150.301	32.668
Concession lease	13	-	-	55.226	-
Total non-current liabilities		<u>-</u>	<u>1.059</u>	<u>3.742.707</u>	<u>2.850.902</u>
<b>SHAREHOLDERS' EQUITY</b>					
Capital	19	1.334.584	1.282.798	1.334.584	1.282.798
Capital reserves		34.176	17.127	34.176	17.127
Additional dividends proposed	19	-	35.827	-	35.827
Income (loss) for the year		(21.046)	-	(21.046)	-
Profit reserve		-	48.672	-	48.672
Equity valuation adjustment		178.113	159.147	178.113	159.147
Total shareholders' equity		<u>1.525.827</u>	<u>1.543.571</u>	<u>1.525.827</u>	<u>1.543.571</u>
Total liabilities and shareholders' equity		<u>1.649.979</u>	<u>1.589.900</u>	<u>5.714.497</u>	<u>4.717.665</u>

HIDROVIAS DO BRASIL S.A.

STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In thousands of reais - R\$, except earnings/loss per share)

	Note	Parent company		Consolidated	
		12/31/2020	12/31/2019	12/31/2020	12/31/2019
Net operating revenue	23	-	-	1.462.103	937.945
Cost of services rendered	24,1	-	-	(1.089.606)	(625.770)
Gross income		-	-	372.497	312.175
OPERATING EXPENSES					
General and administrative	24,1	(109.248)	(76.741)	(195.594)	(87.214)
Allowance for Credit Risk		-	-	(2.750)	-
Equity income (loss)	10	14.723	148.305	(5.362)	(6.705)
Other expenses/revenues	24,2	-	(77)	33.870	46.427
Operating income (loss) before financial income (loss) and taxes		(94.525)	71.487	202.661	264.683
Financial revenues	25	2.326	5.297	54.421	33.430
Financial expenses	25	(3.033)	(2.211)	(305.447)	(203.637)
Financial income (loss)	25	(707)	3.086	(251.026)	(170.207)
Operating income (loss) before income tax and social contribution		(95.232)	74.573	(48.365)	94.476
Income tax and social contribution					
Current	26	(18.856)	(15.964)	(68.291)	(40.474)
Deferred	26	8.543	-	11.111	4.607
(Loss)/ net income for the year		(105.545)	58.609	(105.545)	58.609
Basic earnings per share - R\$	20			(0,1403)	0,0783
Diluted earnings per share - R\$	20			(0,1394)	0,0777

See the accompanying notes to the financial statements.

HIDROVIAS DO BRASIL S.A.

STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019  
(In thousands of reais - R\$)

	Parent company		Consolidated	
	<u>12/31/2020</u>	<u>12/31/2019</u>	<u>12/31/2020</u>	<u>12/31/2019</u>
(Loss)/ net income for the year	(105.545)	58.609	(105.545)	58.609
Other comprehensive income:				
Items that may be reclassified in the statement of income:				
Foreign exchange difference in the translation of foreign operations in subsidiaries	222.582	21.931	209.024	19.813
Foreign exchange difference in the translation of foreign operations in investees	-	-	13.558	2.118
Hedge accounting of non-derivative financial instruments	(294.648)	(32.430)	(294.648)	(32.430)
Deferred income tax and social contribution	91.032	12.344	91.032	12.344
Total	<u>18.966</u>	<u>1.845</u>	<u>18.966</u>	<u>1.845</u>
Comprehensive income for the year	<u>(86.579)</u>	<u>60.454</u>	<u>(86.579)</u>	<u>60.454</u>

See the accompanying notes to the financial statements.

HIDROVIAS DO BRASIL S.A.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR YEARS ENDED DECEMBER 31, 2020 AND 2019 - PARENT COMPANY AND CONSOLIDATED

(In thousands of reais - R\$)

Note	Capital reserves				Profit reserves			Equity valuation adjustment			Total
	Capital	Cost for the issue of shares	Goodwill in the issue of shares	Options granted	Tax incentive reserve	Legal reserve	Additional dividends proposed	Retained earnings (losses)	Accumulated translation adjustments	Adjustment of non-derivative financial instruments	
BALANCES AT DECEMBER 31, 2018	1.308.286	(24.885)	3.798	9.135	18.212	8.106	134.440	-	263.733	(106.431)	1.614.394
Capital stock to be paid-up	(603)	-	603	-	-	-	-	-	-	-	-
Net revenue for the period	-	-	-	-	-	-	-	58.609	-	-	58.609
Legal reserve	-	-	-	-	-	2.930	-	(2.930)	-	-	-
Tax incentive reserve	-	-	-	-	19.424	-	-	(19.424)	-	-	-
Minimum dividend	-	-	-	-	-	-	-	(363)	-	-	(363)
Distribution of dividends	-	-	-	-	-	-	(134.505)	-	-	-	(134.505)
Additional dividends proposed	-	-	-	-	-	-	35.892	(35.892)	-	-	-
Recognized options granted	-	-	-	3.591	-	-	-	-	-	-	3.591
Other comprehensive income	-	-	-	-	-	-	-	-	21.931	(20.086)	1.845
BALANCES AT DECEMBER 31, 2019	1.307.683	(24.885)	4.401	12.726	37.636	11.036	35.827	-	285.664	(126.517)	1.543.571
Capital increase	51.786	-	-	-	-	-	-	(105.545)	-	-	51.786
Loss for the year	-	-	-	-	-	-	-	-	-	-	(105.545)
Recognized options granted	-	-	-	17.049	-	-	-	-	-	-	17.049
Tax incentive reserve	-	-	-	-	20.922	-	-	(20.922)	-	-	-
Other comprehensive income	-	-	-	-	-	-	-	-	222.582	(203.616)	18.966
Absorption of reserves	-	-	-	-	(58.558)	(11.036)	(35.827)	105.421	-	-	-
BALANCES AT DECEMBER 31, 2020	1.359.469	(24.885)	4.401	29.775	-	-	-	(21.046)	508.246	(330.133)	1.525.827

See the accompanying notes to the financial statements.

STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019  
(In thousands of reais - R\$)

	Parent company		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
<b>Cash flow from operating activities</b>				
Net (loss)/income for the period	(105.545)	58.609	(105.545)	58.609
Adjustments to reconcile loss for the year with net cash generated by (invested in) in operating activities:				
Provision for bonus	4.503	9.059	8.665	9.924
Loss with derivative financial instruments	1.238	-	-	-
Current and deferred income tax and social contribution	17.176	15.964	64.042	35.867
Adjustment to present value of lease and concession	-	-	11.246	-
(Formation) Reversal of provision for contingency	-	-	3.910	(1.728)
Interest incurred on loans	-	158	180.077	159.173
Reversal of loan funding costs	-	-	5.336	5.079
Inflation and foreign exchange adjustments on debt	-	(170)	71.013	6.862
Accrued interest - lease	91	90	9.014	1.677
Stock option plan	17.049	3.591	17.049	3.591
Yield of interest earning bank deposit	(262)	(2.560)	(44.491)	(32.216)
Write-off of fixed and intangible assets	-	10	-	7.289
Depreciation and amortization	6.321	7.136	209.992	178.135
Amortization from right-of-use asset	1.101	1.101	13.763	6.580
Equity income (loss)	(14.723)	(148.305)	5.362	6.705
Revenue realized from hedge	-	-	139.093	26.736
(Increase) decrease in operating assets:				
Accounts receivable	-	-	(62.351)	49.833
Inventories	-	-	(9.964)	(6.451)
Recoverable taxes	(7.546)	(802)	(48.953)	(15.286)
Advances to suppliers	(814)	(21)	26.701	(37.144)
Prepayments	(525)	(2.210)	10.793	(39.533)
Judicial deposits	(27.040)	-	(29.018)	(6.413)
Guarantees and pledge deposits	(2.396)	(246)	(2.787)	(246)
Other receivables	1.133	(1.287)	(9.486)	(5.794)
Increase (decrease) in operating liabilities:				
Suppliers	6.211	(10.441)	15.756	(43.070)
Social charges and labor legislation obligations	666	(6.964)	3.880	(7.839)
Taxes payable	185	(39)	8.437	(3.149)
Advances from clients	-	-	(18.368)	(20.507)
Other accounts payable	5.983	125	2.772	(7.610)
Payment of interest on loans and financing	-	(293)	(194.694)	(161.911)
Income tax and social contribution paid	(3.174)	-	(42.812)	(40.474)
<b>Net cash (invested in) from operating activities</b>	<b>(100.368)</b>	<b>(77.495)</b>	<b>238.432</b>	<b>126.689</b>
<b>Cash flows from investment activities</b>				
Acquisition of fixed assets	(3.165)	(2.307)	(253.411)	(96.010)
Acquisition of intangible assets	(17.366)	(2.435)	(49.233)	(3.189)
Securities (investment)	(258.615)	(317.187)	(2.107.859)	(1.691.003)
Securities (redemptions)	174.537	453.026	2.426.217	1.782.070
Dividends received	90.347	81.695	6.839	2.406
Loan granted between related parties	(10.242)	4.863	(3.820)	-
Capital increase (decrease) in subsidiaries	4.404	12.253	-	-
<b>Net cash (invested in) generated by investment activities</b>	<b>(20.100)</b>	<b>229.908</b>	<b>18.733</b>	<b>(5.726)</b>
<b>Cash flows from financing activities</b>				
Capital transfers from shareholders	51.786	-	51.786	-
Lease paid	(1.060)	(1.144)	(17.032)	(8.016)
Amortization of principal - loans	-	(15.833)	(32.506)	(69.133)
Pledged financial investments	-	-	431	(808)
Payment of dividends	(363)	(135.863)	(1.961)	(135.863)
Bond repurchase	-	-	(100.101)	-
Other accounts payable with related parties	62.367	783	-	-
<b>Net cash generated by (invested in) financing activities</b>	<b>112.730</b>	<b>(152.057)</b>	<b>(99.383)</b>	<b>(213.820)</b>
Effect of changes in exchange rate on balance of cash and cash equivalents in foreign currency	-	-	11.900	2.356
<b>(Decrease)/increase in cash and cash equivalents</b>	<b>(7.738)</b>	<b>356</b>	<b>169.682</b>	<b>(90.501)</b>
Cash and cash equivalents at the beginning of the period	9.179	8.823	45.166	135.667
Cash and cash equivalents at the end of the period	1.441	9.179	214.848	45.166
<b>(Decrease)/increase in cash and cash equivalents</b>	<b>(7.738)</b>	<b>356</b>	<b>169.682</b>	<b>(90.501)</b>
	-	-	-	-

HIDROVIAS DO BRASIL S.A.

STATEMENTS OF ADDED VALUE  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019  
(In thousands of reais - R\$)

	Parent company		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
REVENUES				
Revenue from services	-	-	1.514.879	983.955
Revenues from construction of own assets	20.533	5.929	302.936	137.291
Other revenues	-	-	33.870	46.294
Inputs acquired from third parties:				
Cost of services rendered	-	81	(748.562)	(348.603)
Material, electric power, outsourced services and other	(32.253)	(30.765)	(84.850)	(24.508)
Construction of own assets	(20.522)	(5.929)	(299.960)	(137.291)
Gross added value (consumed)	(32.242)	(30.684)	718.313	657.138
Depreciation and amortization	(7.422)	(8.234)	(223.755)	(184.514)
Net added value (consumed) generated by the Company	(39.664)	(38.918)	494.558	472.624
Added value (consumed) received as transfer:				
Equity income (loss)	14.723	148.305	(5.362)	(6.705)
Financial revenues	2.326	5.297	54.421	33.430
Total added value payable (consumed)	(22.615)	114.684	543.617	499.349
Distribution - Added value (consumed)	(22.615)	114.684	543.617	499.349
Personnel:				
Direct remuneration	41.036	25.122	202.690	140.517
Benefits	21.444	7.210	22.302	7.972
FGTS	7.028	5.310	8.696	6.475
Other	77	262	70	261
Taxes	10.312	15.960	109.956	81.878
Federal	10.312	15.960	90.342	81.878
Other	-	-	19.614	-
Third-party capital remuneration	3.033	2.211	305.448	203.637
Interest on loans	-	158	209.617	154.557
Inflation adjustments and exchange-rate changes	715	-	88.504	5.574
Other financial	2.318	2.053	7.327	43.506
Remuneration of own capital	(105.545)	58.609	(105.545)	58.609
Minimum dividend	-	35.827	-	35.827
Retained earnings (losses)	(105.545)	22.782	(105.545)	22.782

See the accompanying notes to the financial statements.

## **HIDROVIAS DO BRASIL S.A.**

Notes to the individual and consolidated financial statements  
For the years ended December 31, 2020 and 2019  
(In thousands of reais - R\$, unless otherwise indicated)

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### **1 Operations**

Hidroviás do Brasil S.A. (“Company” or “Hidroviás”), is a publicly-held company, and its shares are traded at B3 S.A. – Brasil, Bolsa, Balcão (“B3”), under the “HBSA3” code. It was set up on August 18, 2010 and is headquartered in the city and state of São Paulo, at Rua Gilberto Sabino, 215 - 7º andar - Pinheiros, and may, by resolution of the Board of Directors, open branches, agencies 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 an ownership interest in companies that carry out such activities:

- a) Transportation of goods.
- b) Construction and exploration of ports, cargo terminals, dockyards, workshops and warehouses.
- c) River and sea navigation, cabotage and storage of goods.
- d) Provision of logistic services, directly or through third parties.
- e) Other correlated activities or activities that are somehow related to its business purpose.

The Company is authorized to increase its capital by up to R\$ 2,320,000 by resolution of the Board of Directors and regardless of statutory reform, pursuant to article 168 of Law 6404/76.

As of September 25, 2020, the Company carried out its secondary public offering (IPO) of 399,426,570 common shares, held by the Selling Shareholders (as defined in the IPO documents). The price was R\$ 7.56 per common share. The Company's shares are listed on the Novo Mercado (New Market) segment of Bolsa de Valores de São Paulo – B3 S.A. – Brasil, Bolsa, Balcão, under the ticker HBSA3.

### **COVID-19**

Impacts on the financial conditions of the Company

The year 2020 was marked by the COVID-19 pandemic and the initial operational impact on different sectors of the global economy. Our operations, as well as the operations of companies directly or indirectly controlled by us, did not suffer major impacts due to the measures to restrict the circulation of people adopted as a result of the COVID-19 pandemic. The company's activities, linked to the food supply chain and base metals, are considered essential businesses in the locations where we operate and have not been subject to operating restrictions so far. The nature of our business makes restrictive measures to the operation unlikely, since these would have the potential to cause disruptions in the supply chains of food and basic inputs. However, we believe that the extent of the pandemic impacts on our results for the coming quarters will depend on future developments, which are highly uncertain and unpredictable.

The impacts arising from the COVID-19 outbreak are continuous and, therefore, we will assess the evolution of the effects of the current pandemic on our revenues, assets, income, businesses and prospects, including any possible change in our ability to continue as a going concern. Our analyzes will be carried out in line with CVM/SNC/SEP Circular Letter No. 02/2020, issued by the Brazilian Securities and Exchange Commission (CVM) on March 10, 2020, which guides management and independent auditors of publicly-held companies to carefully consider the impacts of the COVID-19 in their businesses and report the main risks and uncertainties arising from this analysis in the financial statements, in line with the applicable accounting standards.

From a management point of view, we have adopted measures of social distancing and prevention with our employees. The Holding company's activities have been taking place on a telecommuting basis since March 2020. Moreover, we have adopted isolation measures, reinforcement of personal protective equipment and tests for the operation teams as measures to reduce the risks of spreading COVID-19 and its impacts on our businesses.

## **HIDROVIAS DO BRASIL S.A.**

Notes to the individual and consolidated financial statements  
For the years ended December 31, 2020 and 2019  
(In thousands of reais - R\$, unless otherwise indicated)

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We continuously monitor the billing of our operations, which allows us to foresee, to a certain extent, the impact of the COVID-19 pandemic on our activities.

We are monitoring pandemic developments due to the global spread of COVID-19, with the purpose of preserving our safety, that of our employees, suppliers and clients, as well as mapping the effects of the pandemic on our businesses. We have no way of predicting when social distancing measures will no longer be necessary. Furthermore, in our view, the resumption of administrative activities in the offices should happen gradually, once such social distancing measures are reduced and gradually disappear. We believe that the current restrictions do not cause losses to the Company's operation or revenue generation so far.

We have not identified significant risks to our operation, to the flow of new businesses or to the payment capacity of our clients so far. However, the social isolation measures impacted some of our suppliers, causing delays in the delivery of some projects, notably in the implementation of the new Salt business unit in the State of Rio Grande do Norte. The vessel that will be used for this operation (HB Potiguar) is being modified at a shipyard in Rio de Janeiro, a State greatly affected by the pandemic, thus causing delays in the maintenance and repair work of said vessel, with consequences in the beginning of the transport operation and salt loading in Rio Grande do Norte.

Also, as part of the BNDES initiatives to mitigate the effects arising from the COVID-19 pandemic, in March 2020, it approved an extraordinary measure providing for the temporary suspension of interest payments and amortization of principal ("Standstill") for a period of up to 6 months, according to Circular No. 20/2020, dated April 9, 2020. On April 14, 2020, the BNDES approved the Standstill request for Hidrovias do Brasil – Cabotagem, which had its payments suspended between May 2020 and November 2020. The granting of this standstill does not imply in breach of any contractual clause and does not represent a default event, but does not allow the distribution of extraordinary dividends.

### Measurements adopted by the Company

Aiming to guarantee the integrity of our employees and our operations, the Company established several preventive measures to reduce the risks arising from the Covid-19 pandemic and to reduce the risks to the operation. These measures are detailed below:

- Creation of a crisis committee with periodic meetings to monitor risks and mitigation actions. All the Company's operation bases also have a local crisis committee focused on improving local communication, ensuring the implementation of action plans and monitoring of suspected cases.
- Preventive actions to reduce the risks of contamination and protocols for suspicious cases, reinforcing the use of masks and gloves and awareness training about Covid to employees.
- Additional protection and testing measures for the onboard crews, given the greater risk of exposure as they remain in a confined environment, such as extension of the onboard crew shifts, increased supply of food and fuel and contracting insurance to cover potential infections on board.

With the mission of contributing to the development of the communities where the Company operates, the Hidrovias Institute was created in 2017 and a long-term commitment to society was established. The Company, through its Hidrovias Institute and Subsidiaries, engaged in humanitarian causes to fight COVID-19 and its consequences. The amount of R\$ 7,564 thousand (R\$ 2,381 thousand for the fourth quarter) was committed, being converted into 40 ICU beds and 160 regular beds in the Municipality of Itaituba-PA, 33 hospital respirators, 40 monitors and 40 ICU beds in the Municipality of Barcarena-PA, as well as several actions for the distribution of Hygiene Kits, Medical Uniforms and basic food baskets targeted to the population in their areas of operation (Santos-SP, Cubatão-SP, Belém-PA, Itaituba-PA, Barcarena-PA and Asunción - PY).

## HIDROVIAS DO BRASIL S.A.

Notes to the individual and consolidated financial statements  
For the years ended December 31, 2020 and 2019  
(In thousands of reais - R\$, unless otherwise indicated)

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

Subsidiaries	Main activity	Country	Type of consolidation	12/31/2020		12/31/2019	
				% Interest		% Interest	
				Direct	Indirect	Direct	Indirect
Hidroviias do Brasil - Holding Norte S.A.	Equity interests in other companies	Brazil	Full at	100,00%	-	100,00%	-
Hidroviias do Brasil - Vila do Conde S.A.	Cargo storage and lifting	Brazil	Full at	-	100,00%	-	100,00%
Hidroviias do Brasil - Marabá S.A.	Land - Pre-operating	Brazil	Full at	100,00%	-	100,00%	-
Hidroviias do Brasil - Intermediação e Agenciamento de Serviços Ltda.	Intermediation and agency services	Brazil	Full at	99,00%	1,00%	99,00%	1,00%
Hidroviias do Brasil - Cabotagem Ltda.	Cabotage sea transport	Brazil	Full at	99,00%	1,00%	99,00%	1,00%
Hidroviias do Brasil – Parcipação Portuária de Santos S.A.	Changes and warehousing	Brazil	Full at	-	100,00%	-	100,00%
Obrinel S.A.	Specialized cargo terminal	Uruguay	Equity in net income of subsidiaries	-	49,00%	-	49,00%
Hidroviias del Sur S.A.	Equity interests in other companies	Uruguay	Full at	100,00%	-	100,00%	-
Baloto S.A.	Equity interests in other companies	Uruguay	Full at	4,95%	95,05%	4,95%	95,05%
Girocantex S.A.	Fluvial transportation	Uruguay	Full at	-	100,00%	-	100,00%
Hidroviias del Paraguay S.A.	Fluvial transportation	Paraguay	Full at	0,01%	99,99%	0,01%	99,99%
Pricolpar S.A.	Fluvial transportation	Paraguay	Full at	0,02%	99,98%	0,02%	99,98%
Cikelsol S.A.	Fluvial transportation	Uruguay	Full at	-	100,00%	-	100,00%
Limday S.A.	Fluvial transportation	Uruguay	Equity in net income of subsidiaries	-	44,55%	-	44,55%
Resflir S.A.	Lease of navigation assets	Uruguay	Full at	-	100,00%	-	100,00%
Hidroviias International Finance S.à.r.l.	Agency of financial operations	Luxembourg	Full at	100,00%	-	100,00%	-

## **HIDROVIAS DO BRASIL S.A.**

Notes to the individual and consolidated financial statements  
For the years ended December 31, 2020 and 2019  
(In thousands of reais - R\$, unless otherwise indicated)

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### History and operations

Provisional Measure 595, of December 6, 2012, which provides for the direct and indirect exploration of ports and port facilities by the Federal Government and the activities carried out by port operators, and makes other provisions, was published in the Federal Official Gazette on December 7, 2012. This Provisional Measure was converted into a Law on June 5, 2013 (Law 12815).

On May 9, 2014, HB Vila do Conde, a direct subsidiary, signed Adhesion Contract 016/2014 with the Ports Secretariat of the Presidency of the Republic - SEP, as the Concession Grantor, and the National Agency for Waterway Transportation - ANTAQ, as Intervening Party, thereby authorizing the construction and/or exploration of Port Facilities by HB Vila do Conde, in the Private Use Terminal (TUP) category, located at Avenida Verde e Branco, Estrada de Itupanema, municipality of Barcarena/PA, for purposes of moving and/or storing solid bulk (grains, vegetables, meal and fertilizers), intended for or arriving via waterway transport.

On July 31, 2014, HB Miritituba, a direct subsidiary, signed Adhesion Contract No. 019/2014 with the Ports Secretariat of the Presidency of the Republic - SEP, as the Concession Grantor, and the National Agency for Waterway Transportation - ANTAQ, as Intervening Party, thereby authorizing the construction and/or exploration of Port Facilities by HB Miritituba, in the form of a Cargo Transshipment Station (ETC), located on the right bank of the Tapajós river, Gleba de Santa Cruz, s/n, Vila de Miritituba, Municipality of Itaituba/PA, for the purpose of moving and/or storing solid bulk (grains and soybean meal), intended for or arriving via waterway transport.

On December 5, 2014, HB Vila do Conde, a direct subsidiary, was awarded the concession of Special Taxation System for Incentive to the Modernization and Expansion of the Port Structure (REPORTO) by the Brazilian Federal Revenue Service, through Executive Declaratory Act (ADE) 335, published in the Federal Official Gazette.

On December 29, 2014, HB Miritituba, a direct subsidiary, was awarded the concession of the Port Structure (REPORTO) by the Brazilian Federal Revenue Service, through Executive Declaratory Act (ADE) 303, published in the Federal Official Gazette.

On May 24, 2016, Companhia HB Intermediação was set up with the purpose of acting as agent and intermediary in logistics solutions with capital of R\$ 2,500, which was fully paid off by May 24, 2019.

On September 22, 2016, Companhia Resflir was set up with the purpose of leasing navigation assets.

Resolution 5120, of November 30, 2016, whereby the National Waterways Transportation Agency (ANTAQ) issued authorization for this company to operate as a Brazilian Navigation Company, in cabotage navigation, was published in the Federal Official Gazette on December 1, 2016.

On February 21, 2013, the State Environmental Council - Coema approved the granting of a Preliminary Permit (LP) and on December 02, 2016, the Environmental and Sustainability Department of the State of Pará issued an Operating License (OL) for the Private Use Terminal (TUP) owned by Hidrovias do Brasil - Vila do Conde S.A., located in the city of Barcarena, State of Pará.

On April 11, 2013, the State Environmental Council - Coema approved the granting of a Preliminary Permit for the project of the direct subsidiary HB Miritituba, involving facilities of a Cargo Transshipment Station (ETC) located in the city of Itaituba, state of Pará. Moreover, on June 5, 2016, the Company obtained Operational License (OL) 10185/2016.

On January 1, 2019, the companies Hidrovias do Brasil Navegação Norte S.A. (head office and branches) and Hidrovias do Brasil Miritituba S.A. were merged by Hidrovias do Brasil - Vila do Conde S.A.

On September 23, 2019, the Maritime Court issued the shipowner registration certificate of the Company HB Santos. Operations in Brazil started by having obtained this authorization and registration.

## **HIDROVIAS DO BRASIL S.A.**

Notes to the individual and consolidated financial statements  
For the years ended December 31, 2020 and 2019  
(In thousands of reais - R\$, unless otherwise indicated)

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On November 7, 2019, the bidding procedure for the lease of port facilities in auction No. 01/2019-ANTAQ was approved, related to the lease of the STS20 area in the Organized Port of Santos, in the amount of R\$ 112,500 and for a term of 25 years, aimed at the handling and storage of salt and fertilizers.

## **2 Preparation basis**

### **a) Statement of conformity**

The consolidated financial statements were prepared in accordance with the International Financial Reporting System - IFRS issued by the International Accounting Standards Board (IASB) and in accordance with the accounting practices adopted in Brazil.

The parent company's individual financial statements were prepared in accordance with accounting practices adopted in Brazil.

Management states that all significant information specific to individual and consolidated financial statements is disclosed and corresponds to the information used in managing the Company.

The issue of individual and consolidated financial statements was authorized by the Executive Board on March 15, 2021.

### **b) Functional currency and presentation**

The individual and consolidated financial statements are being presented in Reais, which is the Company's functional currency. The functional currency of subsidiaries in Uruguay, Paraguay and Luxembourg is the US dollar. The effects of translating the functional currency of subsidiaries abroad into the Brazilian real 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 prevailing on the closing date.

The 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 and Luxemburg) are presented in Reais, converting the functional currency.

Respectively, for the reporting currency, Reais, the following procedures were used:

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

All financial information presented in reais (R\$) has been rounded to the nearest value, except otherwise indicated.

### **c) Use of estimates and judgments**

The preparation of these individual and consolidated financial statements, Management used judgments, estimates and assumptions that affect the adoption of accounting policies by the Company and its

## **HIDROVIAS DO BRASIL S.A.**

Notes to the individual and consolidated financial statements  
For the years ended December 31, 2020 and 2019  
(In thousands of reais - R\$, unless otherwise indicated)

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subsidiaries and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

Estimates and assumptions are reviewed in a continuous manner. Reviews of estimates are recognized on a prospective basis.

Information about judgment referring to the adoption of accounting policies which impact effects on amounts recognized in the financial statements and is presented in the following notes:

- Note 3 (d) – revenue recognition
- Note 3 (b) – consolidation: determine if the Company in fact holds control over an investee;

Information on uncertainties as to assumptions and estimates as of December 31, 2020 that pose a high risk of resulting in a material adjustment in book balances of assets and liabilities in the next fiscal year are included in the following notes:

- Note 6 – Measurement of expected credit loss for accounts receivable
- Note 11 – Useful life of fixed assets
- Note 17 – Recognition and Measurement of provision for lawsuits;
- Note 26 – Recognition of deferred tax assets: availabilities of future taxable income.

### ***Measurement of fair value***

A number of the Company and its subsidiary's accounting policies and disclosures require the measurement of fair value, for both financial and non-financial assets and liabilities.

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

Significant non-observable 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 use market observable data as much as possible. Fair values are classified at different levels according to hierarchy based on information (inputs) used in valuation 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).

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:

## HIDROVIAS DO BRASIL S.A.

Notes to the individual and consolidated financial statements  
For the years ended December 31, 2020 and 2019  
(In thousands of reais - R\$, unless otherwise indicated)

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- Note 21 – Transactions from share-based payments;
- Note 27 – Derivative or non-derivative financial instruments

### d) Measuring basis

The individual and consolidated financial statements were prepared based on the historical cost, unless otherwise indicated, as described in the accounting practices below: The historical cost is usually based on the fair value of considerations paid for the assets.

## 3 Significant accounting policies

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

### (a) Changes in accounting policies

The Company did not foster changes in accounting policies during the year ended December 31, 2020.

### (b) Basis of consolidation 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 means its subsidiaries. Control is obtained when the Company:

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

Companies included in the consolidation process are as follows:

	Country	Interest – %	
		12/31/2020	12/31/2019
<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. (b)	Brazil	100.00	100.00
Hidrovias do Brasil – Cabotagem Ltda. (c)	Brazil	100.00	100.00
<u>Indirect subsidiaries</u>			
Girocantex S.A.	Uruguay	100.00	100.00
Girocantex S.A. - Subsidiary Paraguai	Paraguay	100.00	100.00
Hidrovias del Paraguay S.A.	Paraguay	100.00	100.00
Picolpar 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
Hidrovias do Brasil - Vila do Conde S.A.	Brazil	100.00	100.00
Hidrovias do Brasil Operação Portuária Santos S.A (d)	Brazil	100.00	100.00

## **HIDROVIAS DO BRASIL S.A.**

Notes to the individual and consolidated financial statements  
For the years ended December 31, 2020 and 2019  
(In thousands of reais - R\$, unless otherwise indicated)

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- (a) 4.94% of direct interest and 95.06% of indirect interest through the subsidiary Hidrovias Del Sur.
- (b) Company established on May 24, 2016.
- (c) Company incorporated on September 16, 2016, which carried out the business combination on that date.
- (d) Company organized on September 23, 2019.

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

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

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other holders of voting rights.
- Potential voting rights held by the Company, by other holders of voting rights or by 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 the decisions need to be made, including voting standards 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.

### ***Investments in entities are accounted for at the equity method.***

The individual financial information of the parent company, financial information of subsidiaries are recognized under the equity method. The financial statements of the subsidiaries on the same base date of submittal of the financial information is used to calculate equity in the earnings and consolidation.

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

### ***Transactions eliminated in the consolidation***

The balances and transactions among the Company and its subsidiaries, and any unrealized revenues or expenses derived from transactions among these companies, are eliminated in the preparation of the consolidated financial statements.

Unrealized gains originating from transactions with investees recorded using the equity method are eliminated against the investment in the proportion of the Company's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only up to the point where there is no evidence of loss due to impairment.

## **HIDROVIAS DO BRASIL S.A.**

Notes to the individual and consolidated financial statements  
For the years ended December 31, 2020 and 2019  
(In thousands of reais - R\$, unless otherwise indicated)

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### (c) Foreign currency

#### Foreign currency transactions

Transactions in foreign currency are translated into the respective functional currencies at the monthly average exchange rates.

Monetary assets and liabilities denominated and calculated in foreign currencies on the balance sheet date are reconverted into the functional currency at the exchange rate on that date. Non-monetary assets and liabilities denominated in foreign currency that are measured at fair value are translated into the functional currency at the foreign 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 using the rate of the transaction date. Foreign currency differences arising from the translated are recognized in income (loss).

However, foreign exchange differences resulting from reversion are recognized in Other Comprehensive Income, such as hedge of qualified and effective cash flows.

#### Foreign operations

Foreign transactions' assets and liabilities, including goodwill and adjustments to fair value resulting in the acquisition, are translated into reais (R\$) at the exchange rate prevailing on balance sheet date. Foreign transactions' revenues and expenses are translated into reais (R\$) at monthly average exchange rates.

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-subsidiary, the corresponding portion of the translation difference is allocated to the non-controlling shareholders.

### (d) Revenue recognition

It is comprised by 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.

Transportation and cabotage revenues are recognized over time, based on the estimated duration of the navigation route (in proportion to the evolution of trips), which is close to 7 days (traffic loaded and unloaded) for our HB Tucunaré and HB Tambaqui vessels. Revenues from 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 clients under the contractual take or pay regime, where the client guarantees a minimum annually or quarterly payment flow, depending on each contract for the provision of logistics services by the Company. In cases where the services provided in each reporting period are below the minimum expected quantity, the Company estimates whether the client will be able to perform all services within the current year with quarterly and annual calculations.

### (e) Cash and cash equivalents and interest earning bank deposit

Cash equivalents are maintained for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Include cash, bank demand deposits and interest earning bank deposits realizable in up to 90 days from the original date of the security or considered highly liquid or promptly convertible into a known sum of cash and subject to an insignificant risk of change of value, recorded at cost plus income accrued up to the balance sheet dates which does not surpass the market or realizable value.

## **HIDROVIAS DO BRASIL S.A.**

Notes to the individual and consolidated financial statements  
For the years ended December 31, 2020 and 2019  
(In thousands of reais - R\$, unless otherwise indicated)

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(f) 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 FVTPL, 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.

***Subsequent classification and measurement***

In the initial recognition, a financial asset is classified as measured: at amortized cost; at FVTOCI - debt instrument; at FVTOCI - equity instrument; or to the FVTPL.

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 make investments 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.

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

## HIDROVIAS DO BRASIL S.A.

Notes to the individual and consolidated financial statements  
For the years ended December 31, 2020 and 2019  
(In thousands of reais - R\$, unless otherwise indicated)

---

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).

### *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, in relation to a financial asset acquired at a lower or higher value than the contract’s nominal value, permission or requirement of prepayment at an amount that represents the contract nominal value plus accumulated (but not paid) contract interest (which may also include fair additional compensation for early rescission of contract) is treated as consistent with this criterion if prepayment fair value is immaterial at initial recognition.

### *Financial assets - Subsequent measurement and gains and losses:*

<b>Financial assets at FVTPL</b>	These assets are subsequently measured at fair value. Net income (loss), plus interest or dividend revenue, is recognized in income (loss).
<b>Financial assets at amortized cost</b>	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 the income (loss). Any gain or loss on derecognition is recognized in income (loss).
<b>Debt instruments at FVTOCI</b>	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).
<b>Equity instruments at FVTOCI</b>	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 (loss) is recognized in OCI and are never reclassified to the income (loss).

### *Financial liabilities – classification, subsequent measurement and gains and losses*

## **HIDROVIAS DO BRASIL S.A.**

Notes to the individual and consolidated financial statements  
For the years ended December 31, 2020 and 2019  
(In thousands of reais - R\$, unless otherwise indicated)

---

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).

### ***Derecognition***

#### ***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.

#### ***Financial liabilities***

The Company and its subsidiaries derecognize a 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).

### ***Offset***

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.

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

## **HIDROVIAS DO BRASIL S.A.**

Notes to the individual and consolidated financial statements  
For the years ended December 31, 2020 and 2019  
(In thousands of reais - R\$, unless otherwise indicated)

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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 accumulated results previously recognized in other comprehensive income and presented in the asset valuation reserve in shareholders' equity, remain there until the planned transaction affects the result.

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.

### *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.

### (g) 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 the note 11.

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.

### (h) 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 non-amortizable goodwill in the amount of R\$ 73,102 is the result of the acquisition of Log-In – Logística Intermodal S.A. through its direct subsidiary Hidrovias do Brasil - Cabotagem S.A. (“HB Cabotagem”). “Log-In” of the rights and obligations of a commercial bauxite transportation agreement. 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*

## HIDROVIAS DO BRASIL S.A.

Notes to the individual and consolidated financial statements  
For the years ended December 31, 2020 and 2019  
(In thousands of reais - R\$, unless otherwise indicated)

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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.

(i) Impairment

*Non-derivative financial assets*

*Financial instruments and contract assets*

The Company and its subsidiaries recognize the contractual terms for estimated credit losses regarding:

- financial assets measured at amortized cost;
- debt investments measured at FVTOCI; and
- contract assets.

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

- debt securities with low credit risk on balance sheet date; and
- 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 asset is 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.
- Expected 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).

## **HIDROVIAS DO BRASIL S.A.**

Notes to the individual and consolidated financial statements  
For the years ended December 31, 2020 and 2019  
(In thousands of reais - R\$, unless otherwise indicated)

---

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 recovery problems includes the following observable data:

- significant financial difficulties of the issuer or borrower;
- breach of covenants, such as delinquency or late payment of more than 90 days;
- 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 expected provision for credit loss in the balance sheet.

Provision for losses for financial assets measured at amortized cost are deducted from the gross book value of assets.

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

### *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 clients, 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.

### *Non-financial assets*

The book values of the non-financial assets of the Company and its subsidiaries (except for inventories, and deferred tax assets) are reviewed at each balance sheet date for indication of impairment. If such

## **HIDROVIAS DO BRASIL S.A.**

Notes to the individual and consolidated financial statements  
For the years ended December 31, 2020 and 2019  
(In thousands of reais - R\$, unless otherwise indicated)

---

indication exists, the asset's recoverable amount is estimated. In case of goodwill has no defined useful life, the recoverable value is tested 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.

Recoverable value of an assets or CGU is the higher of value in use and fair value less 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.

(j) 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***

Post-employment benefits are recognized as an expense when the Company and its subsidiaries cannot remove the offer of these benefits that are provenly committed, without the possibility of return, to a formal detailed plan to terminate the employment contract before the normal retirement date, or to provide employment termination benefits as a result of an offer made to encourage voluntary dismissals. Post-employment benefits arising from voluntary dismissals are recognized as an expense when it had made a voluntary dismissal offer, it is probable that the offer will be accepted, and the number of employees who will adhere to the program can be reliably estimated. Should the benefits be payable for more than twelve months from the reporting date of financial statements, 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

## **HIDROVIAS DO BRASIL S.A.**

Notes to the individual and consolidated financial statements  
For the years ended December 31, 2020 and 2019  
(In thousands of reais - R\$, unless otherwise indicated)

---

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.

(k) 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.

(l) 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, pursuant to Technical Pronouncement CPC 41- Earnings per share and IAS 33 - Earnings per share.

(m) Financial revenues and expenses

Financial revenues mostly comprise 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.

(n) Statement of added value

The Company prepared the statement of added value under the terms of the technical pronouncement CPC 09 - Statement of Added Value, presented as Supplementary Information.

(o) 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 income 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, which is the main 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.

The disclosures of the operating segments of the Company and its subsidiaries are based on the management structure of the financial statements and of Management, which follows the business segmentation by region. The north corridor corresponds to Pará, the south corridor to Paraguay and Uruguay and the remaining businesses are recorded in Others.

(p) 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

## HIDROVIAS DO BRASIL S.A.

Notes to the individual and consolidated financial statements  
For the years ended December 31, 2020 and 2019  
(In thousands of reais - R\$, unless otherwise indicated)

---

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 established in Uruguay and Paraguay is calculated based on the legislation applicable in the respective countries. However, according to the provisions of article 52, item IV, of the “2007 Ordered Text”, shipping companies are exempt to tax their income.

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 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.

### (q) 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 receives an additional 10% surcharge on the amount of cabotage freight from its clients via the Merchant Marine Fund, based on each transportation made.

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

AFRMM installments are recorded in specific asset accounts as a contra entry in income (loss), once the requirements for recognizing revenue from grants in the statement of income are met on a systematic basis during the periods when related expenses are recorded.

The Company recognized the AFRMM benefits in the group Other revenues/expenses, in the amount of R\$ 15,336 (R\$ 15,624 as of December 31, 2019), to be used by the Company in the amortization of financing.

In 2018, the Company joined with the SUDAM Tax Incentive Program, which provides a 75% reduction of corporate income tax through Exploration Profit for the company Hidrovias do Brasil – Vila do Conde S.A., which presented Taxable Income and consequently the possibility of benefiting from the Government Grant.

### (r) Leases

## **HIDROVIAS DO BRASIL S.A.**

Notes to the individual and consolidated financial statements  
For the years ended December 31, 2020 and 2019  
(In thousands of reais - R\$, unless otherwise indicated)

---

An agreement is or contains a lease if it transfers the right to control the use of an identified asset for a period of time in exchange for consideration. The Company and subsidiaries follow the definition of lease under CPC 06(R2)/IFRS 16 to assess whether an agreement transfer the right to control the use of an identified asset.

The Company recognizes a right-of-use asset and a lease liability on the lease inception date. The right-of-use asset is initially measured at cost, which comprises the value of initial measurement of the lease liability adjusted to any lease payments made to the initial date, plus any initial direct costs incurred by the lessee and an estimate of the costs to be incurred by the lessee to disassemble and remove the underlying asset, by returning it to the place where it is located or returning the underlying asset to the state required under the lease terms and conditions, less any lease incentives received accordingly.

The right-of-use asset is subsequently depreciated using the straight-line method from the start date to the end of the lease term, unless the lease transfers ownership of underlying asset to the lessee at the end of lease term, or if the cost of the right-of-use asset reflects that the lessee will exercise the call 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 fixed assets. Moreover, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the inception date, and discounted using the interest rate implied in the lease or, if that rate cannot be immediately determined, the incremental loan rate of the Company. Usually, the Company uses their incremental loan rate as discount rate.

The Company sets its incremental rate on loans by obtaining interest rates from a number of external funding sources and making some adjustments to reflect the agreement terms and the type of leased asset.

Lease payments included in the measurement of lease liability are comprised by the following:

- fixed payments, including initial fixed payments;
- variable lease payments based on an index or rate, initially measured based on the index or rate at the initial date;
- amounts expected to be paid by the lessee, in accordance with the residual value guarantees; and
- the call option strike price if the lessee is reasonably certain to exercise such option, and payments of fines due to termination of the lease agreement, if the term of the lease reflects the fact that the lessee is exercising their option to terminate the lease agreement.

The lease liability is measured at amortized cost using the effective interest rate method. It is remeasured when a change occurs in future lease payments as a result of a change in an index or rate, if there is a change in the amounts expected to be paid in accordance with the residual value guarantee, if the Company changes its assessment to exercise a call option, extend or terminate it, or if there is a payment of a initially fixed revised lease.

When the lease liability is thus remeasured, an adjustment corresponding to the book value of the right-of-use asset is made or recorded in income (loss) if the right-of-use asset is reduced to zero.

The Company records right-of-use assets that fall outside the definition of investment property in “fixed assets” and lease liabilities in “loans and financing” in the balance sheet.

Leases of low value assets

The Company opted not to recognize the right-of-use assets and the lease liabilities for low-value lease assets and short-term lease, including IT equipment. The Group recognizes payments of those leases as a straight-line method expense during the lease term.

## HIDROVIAS DO BRASIL S.A.

Notes to the individual and consolidated financial statements  
For the years ended December 31, 2020 and 2019  
(In thousands of reais - R\$, unless otherwise indicated)

---

(s) New standards and interpretations not yet effective

Several new standards will become effective for the years started after January 1, 2020. The Company has not adopted these standards in the preparation of these financial statements.

(a) Onerous Contracts – costs to fulfill a contract (amendments to CPC 25/IAS 37);

These changes specify which costs an entity must include to determine the cost of complying with a contract to assess if the contract is onerous. The changes apply to annual periods beginning on or after January 01, 2022 for existing contracts, on the date such changes are applied for the first time. On the date of initial application, the cumulative effect of applying the changes is recognized as an adjustment to the opening balance in retained earnings or other components of shareholders' equity, as appropriate. The comparisons are not restated. The Company has determined that all existing contracts as of December 31, 2020 will be concluded before the changes take effect.

(b) Benchmark Interest Rate Reform - Phase 2 (amendments to CPC 48/IFRS 9, CPC 38/IAS 39, CPC 40/IFRS 7, CPC 11/IFRS 4 and CPC 06/IFRS 16)

These amendments address issues that may affect financial statements as a result of Benchmark Interest Rate Reform, including effects of changes in contractual cash flows or hedge relations arising from replacement of reference interest rate by an alternative benchmark rate. The amendments provide practical expedient for certain requirements of standards CPC 48/IFRS 9, CPC 38/IAS 39, CPC 40/IFRS 7, CPC 11/IFRS 4 and CPC 06/IFRS 16, related to the following:

- changes in the basis for determining the contractual cash flows of financial assets, financial liabilities, and lease liabilities; and

- hedge accounting.

(i) Change in the basis for determining cash flows

The changes will require an entity to record changes in the basis for determining the contractual cash flows of a financial asset or financial liability, required according to the reference interest rate reform, by updating the effective interest rate of the financial asset or financial liability.

(ii) Hedge accounting

The amendments establish exceptions to hedge accounting requirements in the following areas:

- Allow a change in the designation of a hedge relationship to reflect the changes that are required by the reform.

- When a hedged item in a cash flow hedge is altered to reflect the changes required by the reform, the amount accumulated in the cash flow hedge reserve will be considered based on the alternative reference rate at which the hedged future cash flows are determined.

- When a group of items is designated as a hedged item, and an item in the group is altered to reflect the changes that are required under the reform, the hedged items are allocated to subgroups based on the reference rates being subjected to hedging.

- If an entity reasonably expects that an alternative reference rate will be separately identifiable within a 24-month period, it is not prohibited from designating the rate as a non-contractually specified risk component, if it is not separately identifiable on the designation date.

## HIDROVIAS DO BRASIL S.A.

Notes to the individual and consolidated financial statements  
For the years ended December 31, 2020 and 2019  
(In thousands of reais - R\$, unless otherwise indicated)

### (iii) Disclosure

The changes will require the Company to disclose additional information about the entity's exposure to risks arising from the reference interest rate reform and related risk management activities.

### (iv) Transition

The Company plans to apply the amendments as of January 1, 2021. Application of these changes will have no impact on the amounts reported for 2020 or previous periods.

## 4 Cash and cash equivalents

	Parent company		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Current Account - Domestic	1,441	9,179	18,297	14,720
Current Account - Foreign	-	-	196,551	30,446
	<u>1,441</u>	<u>9,179</u>	<u>214,848</u>	<u>45,166</u>

## 5 Interest earnings bank deposits

### 5.1 Securities

	Parent company		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
JP Morgan (d)	-	-	423,064	617,572
Itaú Fundo FICFI 311 (b)	86,506	-	225,298	117,254
Fundo Itaú PP Portfólio (a)	1,200	1,157	11,833	44,735
Santander VIP (c)	-	-	22,439	-
FIDC (Fundo Invest Dir Credit) (f)	-	-	98,369	80,605
Santander Argo (h)	22	2	-	31,854
CDB ABC (e)	-	-	14,641	14,836
Fundo Safra	-	3,466	-	3,465
Banco do Brasil (g)	-	-	20,400	3,651
Total	<u>87,728</u>	<u>4,625</u>	<u>816,044</u>	<u>913,972</u>

- a) Interest earning bank deposits that represent investments in Fundo Itaú PP Portfólio, referenced to the change of the Interbank Deposit Certificate (CDI) rate, with an average remuneration of 89.49% of CDI as of December 31, 2020 (98.67% as of December 31, 2019). The fund's portfolio consists exclusively of fixed income securities, distributed among federal government bonds, Repurchase and resale agreements, Fund quotas, and other securities of financial institutions.
- b) Interest earning bank deposits comprising investments in the "Fundo Itaú Cambial FIC FI" fund, referenced to the exchange-rate change of the US dollar – Ptax800, with average yield of 29.61% as of December 31, 2020 (6.56% as of December 31, 2019). The fund's portfolio is comprised of federal

## HIDROVIAS DO BRASIL S.A.

Notes to the individual and consolidated financial statements  
For the years ended December 31, 2020 and 2019  
(In thousands of reais - R\$, unless otherwise indicated)

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government bonds and repurchase and resale agreements backed by Federal government bonds, and 80% of the Fund's net assets is directly or indirectly backed up by the change of US Dollar price and/or foreign exchange coupon change.

- c) Interest earning bank deposits comprising investments in the Fundo Santander VIP Cambial, referenced to the exchange-rate change of the US dollar – Ptax800, with average yield of 29.02% as of December 31, 2020. The Fund's goal is to monitor changes in the US commercial dollar through investments in assets abroad and private credit.
- d) Interest earning bank deposits representing investments in a foreign fund with Banco J.P. Morgan, linked to changes in the U.S. treasury which had a yield of 0.03% on December 31, 2020 (1.74% as of December 31, 2019). The portfolio consists of fixed income securities and US Treasury Bonds.
- e) Interest earning bank deposits that represent investments in Bank Deposit Certificates - CDB at Banco ABC Brasil, referenced to the change of Interbank Deposit Certificate - CDI rate, with a remuneration of 100% of CDI in December 2020 (98.5% as of December 31, 2019).
- f) Interest earning bank deposits comprising investments in "FIDC Upside", with an average return of 5.08% as of December 31, 2020 (-0.09% as of December 31, 2019). The fund's portfolio consists of credit receivables' assignment and fund quotas exclusively comprised of fixed income securities, distributed among federal government bonds and repurchase and resale agreements backed by Federal government bonds and/or foreign exchange funds, directly or indirectly backed up by change of Ptax 800.

Interest earning bank deposits comprising investments in FIDC Aruanã, with an average return of -4.36% as of December 31, 2020. The fund's portfolio consists of credit receivables' assignment and fund quotas exclusively comprised of fixed income securities, distributed among federal government bonds and repurchase and resale agreements backed by Federal government bonds and/or foreign exchange funds, directly or indirectly backed up by change of Ptax 800.

- g) Interest earning bank deposits comprising investments in Banco do Brasil, with an average return of 17.89% of CDI as of December 31, 2020 (34.54% of CDI as of December 31, 2019). The fund's portfolio is comprised of fixed income securities, including repurchase and resale agreements backed by public and Federal government bonds.
- h) Financial investments that represent investments in the Santander ARGO Fund, referenced in the variation of the Interbank Deposit Certificate - CDI, with an average return of 94.0% of the CDI on December 31, 2020 (99.25% on December 31, 2019). The fund's portfolio is composed exclusively of fixed income securities, distributed among federal public securities, repo operations, fund quotas and other securities of financial institutions.

### 5.2 Pledged financial investments

	Consolidated	
	12/31/2020	12/31/2019
Hidrovias Cabotagem Ltda.	14,952	15,383
Total	14,952	15,383

They represent investments in the BNP PARIBAS SOBERANO FIC FI RF fund, subject to changes in the SELIC interest rate, average remuneration of 81.39% of the CDI on December 31, 2020 (94.59% as of December 31, 2019). The fund's portfolio consists of federal government bonds issued by Brazil's

## HIDROVIAS DO BRASIL S.A.

Notes to the individual and consolidated financial statements  
For the years ended December 31, 2020 and 2019  
(In thousands of reais - R\$, unless otherwise indicated)

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National Treasury and/or Central Bank of Brazil, pre-fixed or indexed to changes in CDI rate, or by repurchase and resale agreements backed by federal government bonds.

These interest earning bank deposits presented in non-current assets and are linked to loans, as mentioned in Note 15. The contractual clause provides that an equivalent balance should be maintained in a restricted account during the contract's entire effectiveness, an equivalent balance to the previously agreed upon.

## 6 Trade accounts receivable

### 6.1 Breakdown of balances per entity

	Consolidated	
	12/31/2020	12/31/2019
<b><u>Accounts receivable abroad</u></b>		
Cikelsol	9,815	2,317
Girocantex	57,740	29,493
Del Paraguai	391	392
Pricolpar	-	177
Vila do Conde	95	16,935
Intermediation	3,112	98
	<u>71,153</u>	<u>49,412</u>
Allowance for credit risk	<u>(2,750)</u>	<u>-</u>
	68,403	49,412
<b><u>Domestic accounts receivable</u></b>		
Cikelsol	1,135	-
Intermediation	910	808
Vila do Conde	9,211	12,350
Cabotage	70,628	19,780
Santos	3,965	-
	<u>85,849</u>	<u>32,938</u>
Total	<u>154,252</u>	<u>82,350</u>
Current	147,852	82,350
Non-current	6,400	-

As disclosed in Note 23, there is a concentration of operating revenues in a small number of clients, which, in turn, may eventually affect the Company's credit risk. For further information related to credit risk, see note 27.4.

Changes in balances refer mainly to an increase in volume in the operations of Girocantex and Cabotagem. (see Note 23 for further information).

The formation of a provision for credit risk was made based on clients overdue for more than 180 days and with low probability of receipt.

### 6.2 Breakdown of accounts receivable per maturity age

	Consolidated	
	12/31/2020	12/31/2019
Falling due	138,954	65,257
Overdue (days):		
up to 30	11,938	4,090
30-60	520	1,374
60-90	214	400

## HIDROVIAS DO BRASIL S.A.

Notes to the individual and consolidated financial statements  
For the years ended December 31, 2020 and 2019  
(In thousands of reais - R\$, unless otherwise indicated)

90–120	4	3,129
120–180	1,083	6,986
>180	4,289	1,114
Total	<u>157,002</u>	<u>82,350</u>

Map of changes of provision for credit risks:

	<u>Consolidated</u>
Balance at December 31, 2019	-
Formation of provision for credit risks	(2,750)
Reversal	-
Balance at December 31, 2020	<u>(2,750)</u>

## 7 Recoverable taxes

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>12/31/2020</u>	<u>12/31/2019</u>	<u>12/31/2020</u>	<u>12/31/2019</u>
IRRF on interest earning bank deposit (a)	57	747	2,825	4,243
PIS / COFINS (b)	35	60	90,909	60,887
ICMS	-	18	1,205	2,566
ISS	5	8	1,320	815
VAT (c)	-	-	26,241	14,151
Total	<u>97</u>	<u>833</u>	<u>122,500</u>	<u>82,662</u>
Current assets	97	827	44,912	27,463
Non-current assets	-	6	77,588	55,199

The recoverable taxes are recorded by the accrual basis, according to the withholdings and/or payments made, in such a way that the Company and its subsidiaries present the following situations:

- (a) Income Tax withholdings incurred as a result of income from fixed income financial investments made by the Company and its subsidiaries are recognized in Assets according to information provided by financial institutions on a periodic basis;
- (b) The PIS and COFINS contributions derive from credits appropriated in the Navigation and Highway operation. These credits are calculated, mainly, on acquisitions of fuel and subcontracting of shipping companies in the road transport operation. The credits are offset monthly against debits on provision of services or quarterly against debits of other federal taxes through offset via PER/DCOMP within a maximum term of five years.
- (c) The Value Added Tax is a consequence of the purchase of inputs for the operation of the companies Hidrovias Del Paraguay and Pricolpar, and both are located in Paraguay.

## HIDROVIAS DO BRASIL S.A.

Notes to the individual and consolidated financial statements  
For the years ended December 31, 2020 and 2019  
(In thousands of reais - R\$, unless otherwise indicated)

### 7.1 Income tax and social contribution

	Parent company		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Income tax and social contribution	-	11,393	80,359	53,734
Total	-	11,393	80,359	53,734
Current assets	-	11,393	42,986	28,116
Non-current assets	-	-	37,373	25,618

Income Tax and Social Contribution are reported in Assets, according to the early payments made under current tax legislation, and Taxable Income, as well as withholdings incurred as a result of payment of services rendered by the Company and its subsidiaries.

Part of the corporate income tax (IRPJ) and social contribution (CSLL) credit arises from tax prepayments that occurred in previous years that were higher than the taxes due calculated at the end of each year, thus generating an actual balance to be offset against other federal taxes or to be refunded in accordance with current legislation.

Negative Balance from previous years that are offset against other federal taxes, with criteria pre-established by the current legislation, being subject to requests for reimbursement/refund.

## 8 Guarantees and escrow deposits

	Parent company		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Obrinel project (a)	8,253	6,401	8,253	6,401
Other	847	303	1,238	303
Total	9,100	6,704	9,491	6,704

- (a) On July 25, 2014, the Company granted funds to jointly-controlled subsidiary Obrinel whose the amount on December 31, 2020, of R\$ 8,253 (R\$ 6,401 as of December 31, 2019) shall remain as escrow deposit until the financial conclusion of Obrinel Project, and the term is December 15, 2027. Changes in the values arises from the exchange rate and not from the nominal guarantee increase.

Regarding the Obrinel Project and in addition to the guarantee deposit mentioned in the note, on June 24, 2014 the Company (as Sponsor of the Obrinel Project) and its direct subsidiary Hidroviás del Sur granted, on behalf of DEG and BROU banks: (i) joint surety on the first demand up to the amount of US\$ 9.8 million, as a guarantee for any breaches by Obrinel with the terms of the Project's financing; (ii) corporate guarantee up to the amount of US\$ 10 million, to cover any financial deficiencies or excess costs of the Project; and (iii) corporate guarantee up to the amount of US\$ 45 million to cover some specific Project risks. The shares of Baloto (direct shareholder in Obrinel) were also pledged in favor of DEG and BROU banks as of June 13, 2014. Said guarantees remained in effect until the financial conclusion of the Obrinel Project.

### Covenant

In addition to a standard list of requirements, under the terms of the financing obtained for the Obrinel Project, Obrinel has been committed to maintaining the following financial ratios: (i) not exceeding a 70/30 ratio regarding total debt/equity; (ii) current ratio not lower than 1; and (iii) debt coverage greater than or

## HIDROVIAS DO BRASIL S.A.

Notes to the individual and consolidated financial statements  
For the years ended December 31, 2020 and 2019  
(In thousands of reais - R\$, unless otherwise indicated)

equal to 1.15.

As of December 31, 2020, Obrinel meets its covenants without any default.

### 9 Advances to suppliers

	Parent company		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Advances to domestic suppliers	1,249	435	35,816	50,111
Advances to foreign suppliers	-	-	7,135	18,523
Total	1,249	435	42,951	68,634
Current	1,249	435	34,593	37,884
Non-current	-	-	8,358	30,750

In the consolidated financial statements as of December 31, 2020, the balance of advances to suppliers mainly comprises: R\$ 494 (R\$ 30,750 as of December 31, 2019) referring to advances for vessel construction; R\$ 5,128 (R\$ 13,004 as of December 31, 2019) referring to the purchase of fuel; R\$ 0 (R\$ 4,931 as of December 31, 2019) referring to advances for the rental of vessels for occasional trips; R\$ 15,173 referring to the implementation of the project at the Santos terminal (R\$ 0 as of December 31, 2019) and R\$ 22,156 (R\$ 19,949 as of December 31, 2019) referring to advances to other suppliers inherent to the Company's operation.

### 10 Investments

Changes in investments of parent company and consolidated in the period ended December 31, 2020 are shown below:

Composition of investments	Parent company		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Ownership interest valued under the equity method	1,429,363	1,471,114	58,033	56,676
Concession contract	6,194	6,601	6,194	6,601
Goodwill	-	-	10,252	7,669
Total Investment	1,435,557	1,477,715	74,479	70,946
Allowance for loss with investments	-	(3,652)	-	-
Total	1,435,557	1,474,063	74,479	70,946

## HIDROVIAS DO BRASIL S.A.

Notes to the individual and consolidated financial statements  
For the years ended December 31, 2020 and 2019  
(In thousands of reais - R\$, unless otherwise indicated)

Parent company	12/31/2019	12/31/2020						
	Opening balance	Capital increase/decrease	Equity valuation adjustment - Hedge	Equity valuation adjustment - Income (loss) from foreign currency translation (CTA)	Dividends	Amortization of goodwill	Equity income (loss)	Closing balance
Baloto S.A.	4,972	(3,670)	-	1,307	-	-	(483)	2,126
Hidroviás Del Sur S.A.	731,967	6	-	222,562	(63,405)	-	65,342	956,472
Hidroviás BR - Marabá S.A.	9,322	250	-	-	-	-	522	10,094
Hidroviás Holding Norte Ltda.	502,475	-	(111,306)	-	-	-	(119,470)	271,699
Hidroviás Cabotagem Ltda.	205,692	(859)	(92,310)	-	-	-	53,391	165,914
Hidroviás – Intermediação Ltda.	16,686	(128)	-	-	(4,000)	-	10,238	22,796
Pricolpar	-	5	-	-	-	-	(3)	2
Subtotal	1,471,114	(4,396)	(203,616)	223,869	(67,405)	-	9,537	1,429,103
Concession contract	6,601	-	-	-	-	(407)	-	6,194
Subtotal – Investments	1,477,715	(4,396)	(203,616)	223,869	(67,405)	(407)	9,537	1,435,297
Hidroviás del Paraguay	-	13	-	-	-	-	(13)	-
Hidroviás International Finance	(3,652)	-	-	(1,287)	-	-	5,199	260
Total	1,474,063	(4,383)	(203,616)	222,582	(67,405)	(407)	14,723	1,435,557
	12/31/2018	12/31/2019						
	Opening balance	Capital increase/decrease	Equity valuation adjustment - Hedge	Equity valuation adjustment - Income (loss) from foreign currency translation (CTA)	Dividends	Amortization	Equity income (loss)	Closing balance
Baloto S.A.	4,555	-	-	417	-	-	-	4,972
Hidroviás Del Sur S.A.	673,198	-	-	26,518	(91,939)	-	124,190	731,967
Hidroviás do Brasil - Marabá S.A.	9,182	460	-	-	-	-	(320)	9,322
Hidroviás do Brasil - Holding Norte S.A.	507,191	580	(9,786)	-	-	-	4,490	502,475
Hidroviás do Brasil - Cabotagem Ltda.	201,942	-	(10,300)	-	-	-	14,050	205,692
Hidroviás – Intermediação Ltda.	15,794	(13,293)	-	-	-	-	14,185	16,686
Subtotal	1,411,862	(12,253)	(20,086)	26,935	(91,939)	-	156,595	1,471,114
Concession contract	15,404	-	-	(7,278)	-	(1,525)	-	6,601
Subtotal – Investments	1,427,266	(12,253)	(20,086)	19,657	(91,939)	(1,525)	156,595	1,477,715
Hidroviás International Finance	2,364	-	-	2,274	-	-	(8,290)	(3,652)
TOTAL	1,429,630	(12,253)	(20,086)	21,931	(91,939)	(1,525)	148,305	1,474,063

## HIDROVIAS DO BRASIL S.A.

Notes to the individual and consolidated financial statements  
For the years ended December 31, 2020 and 2019  
(In thousands of reais - R\$, unless otherwise indicated)

	Consolidated					
	12/31/2019	12/31/2020				
	Opening balance	Dividends paid	Income (loss) from foreign currency translation (CTA)	Equity income (loss)	Amortization	Closing balance
Limday	15,570	(6,839)	2,396	3,446	-	14,573
Obrinel	41,106	-	11,162	(8,808)	-	43,460
Subtotal	56,676	(6,839)	13,558	(5,362)	-	58,033
Concession contract (b)	6,601	-	-	-	(407)	6,194
Goodwill (a)	7,669	-	3,225	-	(642)	10,252
Total	70,946	(6,839)	16,783	(5,362)	(1,049)	74,479

	Consolidated						
	12/31/2018	12/31/2019					
	Opening balance	Income (loss) from foreign currency translation (CTA)	Equity income (loss)	Dividends paid	Write-offs	Amortization	Closing balance
Limday	14,224	509	2,517	(1,680)	-	-	15,570
Obrinel	48,719	1,609	(9,222)	-	-	-	41,106
Subtotal	62,943	2,118	(6,705)	(1,680)	-	-	56,676
Concession contract (b)	15,404	-	-	-	(7,278)	(1,525)	6,601
Goodwill (a)	7,778	334	-	-	-	(443)	7,669
Total	86,125	2,452	(6,705)	(1,680)	(7,278)	(1,968)	70,946

The dividends received are being presented in the statement of cash flow in the investment activity.

The Currency translation adjustments are presented at the Comprehensive Income Statement.

(a) Goodwill generated in the acquisition of 44.55% of shares representing the capital of Limday. Limday's goodwill of R\$ 10,252 (R\$ 7,669 on December 31, 2019) is based on forecasts carried out on the future profitability of operations.

(b) Concession contract

The amount of R\$ 6,194 (R\$ 6,601 as of December 31, 2019) refers to the Baloto's right of concession in the acquisition of Obrinel, and is based on forecasts carried out by the Company on the future profitability of Obrinel's operations.

By means of Resolution No. 307/4039, dated June 17, 2020, the National Port Administration of Uruguay approved some changes to the concession terms, including an extension in the concession term (for further 20 years, until November 2051), along with an authorization to build an additional pier. These changes were approved by the Executive Branch of Uruguay on September 4, 2020, and are reflected in an amendment signed on November 24, 2020 to the current concession agreement.

The main information on the directly, indirectly and jointly-controlled subsidiaries is presented below:

## HIDROVIAS DO BRASIL S.A.

Notes to the individual and consolidated financial statements  
For the years ended December 31, 2020 and 2019  
(In thousands of reais - R\$, unless otherwise indicated)

	12/31/2020					
	Number of shares	Total assets	Total liabilities	Shareholders' equity	Income (loss) of companies in the year	Net revenues
<u>Direct subsidiaries</u>						
Hidroviás del Sur S.A.	4,330,646,746	1,083,630	127,158	956,472	65,375	-
Hidroviás International Finance S.à r.l.	12,000	3,171,915	3,171,655	260	5,199	-
Hidroviás do Brasil - Marabá S.A.	20,000,000	11,197	1,103	10,094	522	-
Hidroviás do Brasil - Cabotagem Ltda (c)	220,475,382	871,721	704,186	167,535	54,153	214,628
Hidroviás do Brasil - Intermediação e Agenciamento de Serviços Ltda	2,500,000	31,585	8,514	23,071	10,386	23,587
Hidroviás do Brasil - Holding Norte S.A.	512,989,094	317,320	45,621	271,699	(230,776)	-
<u>Indirect subsidiaries</u>						
Girocantex S.A.	2,442,140,008	1,434,914	912,489	522,425	132,665	398,747
Hidroviás del Paraguay S.A.	266,377	97,248	88,528	8,720	(47,351)	90,030
Pricolpar S.A.	17,910	224,564	51,782	172,782	(17,680)	42,894
Cikelsol S.A.	800,000	302,011	262,286	39,725	(2,507)	110,536
Resflir S.A.	20,000	88,611	62,935	25,676	14,558	18,561
Hidroviás do Brasil - Vila do Conde S.A.	519,596,445	2,091,668	1,804,512	287,156	(215,312)	834,551
Hidroviás do Brasil Operação Portuária Santos	43,904,863	316,315	287,938	28,377	(15,460)	39,761
Baloto S.A.	599,999,999	46,759	3,803	42,956	(8,813)	-
<u>Jointly-controlled subsidiaries</u>						
Limday S.A.	42,902,541	16,507	1,935	14,572	3,445	13,844
Obrinel S.A.	587,999,999	188,388	144,928	43,460	(8,808)	20.313-
	12/31/2019					
	Number of shares	Total assets	Total liabilities	Shareholders' equity (unsecured liability)	Income (loss) of companies in the year	Net revenues
<u>Direct subsidiaries</u>						
Hidroviás del Sur S.A.	4,330,646,746	802,367	70,400	731,967	124,190	-
Hidroviás International Finance S.à r.l.	12,000	2,451,528	2,455,180	(3,652)	(8,290)	-
Hidroviás do Brasil - Marabá S.A.	20,000,000	9,340	18	9,322	(320)	-
Hidroviás do Brasil - Cabotagem Ltda (c)	63,400,000	757,948	552,257	205,691	14,050	155,322
Hidroviás do Brasil - Intermediação e Agenciamento de Serviços Ltda	454,000	24,629	7,944	16,685	14,185	34,114
Hidroviás do Brasil - Holding Norte S.A.	489,523,849	548,326	45,851	502,475	4,490	-
<u>Indirect subsidiaries</u>						
Girocantex S.A.	2,442,140,008	1,269,029	773,025	496,004	115,478	342,873
Hidroviás del Paraguay S.A.	4,312	68,275	99,654	(31,379)	4,002	83,975

## HIDROVIAS DO BRASIL S.A.

Notes to the individual and consolidated financial statements  
For the years ended December 31, 2020 and 2019  
(In thousands of reais - R\$, unless otherwise indicated)

Pricolpar S.A.	17,910	144,193	116,760	27,433	(3,585)	40,001
Cikelsol S.A.	800,000	228,841	197,222	31,619	7,808	107,598
Resflir S.A.	20,000	58,086	47,354	10,732	9,474	13,210
Hidroviás do Brasil - Vila do Conde S.A.	488,550,185	1,882,320	1,386,242	496,078	(12,404)	394,091
Hidroviás do Brasil Operação Portuária Santos	43,904,263	46,846	3,009	43,837	(68)	-
Baloto S.A.	599,999,999	43,554	2,834	40,720	7,808	-
<u>Jointly-controlled subsidiaries</u>						
Limday S.A.	42,902,541	16,438	868	15,570	2,517	10,923
Obrinel S.A.	587,999,999	146,445	105,339	41,106	(9,222)	9,080

(c) The revenue is being presented net of Hedge Accounting in the amount of R\$ 8,767 (R\$ 6,337 as of December 31, 2019).

On December 31, 2020, the Company made a capital increase in the company Hidroviás del Paraguay S.A. in the amount of US\$ 18,876,409 with Girocantex SA, and the new number of quotas changed to 266,377, of which 262,066 from Girocantex.

### Balance sheet and statement of income - jointly-controlled subsidiaries

	<u>Limday</u>	<u>Limday</u>	<u>Obrinel</u>	<u>Obrinel</u>
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Current assets	13,210	9,956	9,218	9,203
Non-current assets	23,844	26,942	375,248	289,665
Total assets	37,054	36,898	384,466	298,868
Current liabilities	4,344	1,949	229,023	11,761
Non-current liabilities	-	-	66,750	203,217
Shareholders' equity	32,710	34,949	88,693	83,890
Total liabilities	37,054	36,898	384,466	298,868
Net revenue	31,075	24,520	41,455	18,530
Cost and expenses	23,341	18,869	59,430	37,350
Net income for the year	7,734	5,651	17,975	18,820

## HIDROVIAS DO BRASIL S.A.

Notes to the individual and consolidated financial statements

For the years ended December 31, 2020 and 2019

(In thousands of reais - R\$, unless otherwise indicated)

### 11 Property, plant and equipment

Breakdown and changes in fixed assets as of December 31, 2020 and December 31, 2019:

Parent company	Facilities and improvements	Furniture and fixtures	Machinery and equipment	Electronic and IT equipment	Constructions in progress	Total
Balance at 12/31/2019	1,070	43	198	873	3,552	5,736
Additions	-	-	-	-	3,165	3,165
Depreciation	(394)	(16)	(42)	(309)	-	(761)
Balance at 12/31/2020	676	27	156	564	6,717	8,140
Historical cost	2,538	168	421	1,778	6,717	11,622
Accumulated depreciation	(1,862)	(141)	(265)	(1,214)	-	(3,482)
Annual depreciation rate - %	10	10	10	25		

Parent company	Facilities and improvements	Furniture and fixtures	Machinery and equipment	Electronic and IT equipment	Constructions in progress	Total
Balance at 12/31/2018	1,465	60	238	190	2,162	4,115
Additions	-	-	2	915	1,390	2,307
Write-offs	-	-	-	(10)	-	(10)
Depreciation	(395)	(17)	(42)	(222)	-	(676)
Balance at 12/31/2019	1,070	43	198	873	3,552	5,736
Historical cost	2,538	168	420	1,778	3,552	8,456
Accumulated depreciation	(1,468)	(125)	(222)	(905)	-	(2,720)
Annual depreciation rate - %	10	10	10	25		

Consolidated	Land	Buildings	Facilities and improvements	Furniture and fixtures	Machinery and equipment	Electronic and IT equipment	Vehicles	Pushers, barges, ships	Constructions in progress	Total
Balance at 12/31/2019	84,091	511,328	10,138	359	279,175	2,322	184	1,908,317	132,550	2,928,464
Additions	1,361	-	13	7	1,259	425	-	295	284,463	287,823

## HIDROVIAS DO BRASIL S.A.

Notes to the individual and consolidated financial statements

For the years ended December 31, 2020 and 2019

(In thousands of reais - R\$, unless otherwise indicated)

Transfers	-	-	-	-	-	-	-	68,140	(68,140)	-
Depreciation	-	(23,841)	(1,657)	(71)	(43,562)	(840)	(25)	(119,567)	-	(189,563)
Translation adjustment	-	-	1,110	74	2,808	77	48	324,071	692	328,880
<b>Balance at 12/31/2020</b>	<b>85,452</b>	<b>487,487</b>	<b>9,604</b>	<b>369</b>	<b>239,680</b>	<b>1,984</b>	<b>207</b>	<b>2,181,256</b>	<b>349,565</b>	<b>3,355,604</b>
Historical cost	85,452	594,885	14,895	822	411,123	5,361	863	2,654,473	349,565	4,117,439
Accumulated depreciation	-	(107,398)	(5,291)	(453)	(171,443)	(3,377)	(656)	(473,217)	-	(761,835)
Annual depreciation rate - %	-	4	10	10	10	25	20	4	-	-

Consolidated	Land	Buildings	Facilities and improvements	Furniture and fixtures	Machinery and equipment	Electronic and IT equipment	Vehicles	Pushers, barges and ships	Constructions in progress	Total
Balance at 12/31/2018	84,091	534,837	11,395	346	320,269	1,061	238	1,764,960	225,427	2,942,624
Additions	-	330	51	57	1,606	1,912	-	15,933	81,898	101,787
Write-offs	-	-	-	(1)	-	(10)	-	-	-	(11)
Transfers	-	-	-	7	-	-	-	176,329	(176,336)	-
Depreciation	-	(23,839)	(1,468)	(59)	(43,094)	(656)	(61)	(91,219)	-	(160,396)
Translation adjustment	-	-	160	9	394	15	7	42,314	1,561	44,460
<b>Balance at 12/31/2019</b>	<b>84,091</b>	<b>511,328</b>	<b>10,138</b>	<b>359</b>	<b>279,175</b>	<b>2,322</b>	<b>184</b>	<b>1,908,317</b>	<b>132,550</b>	<b>2,928,464</b>
Historical cost	84,091	594,885	13,772	742	407,056	4,859	815	2,264,943	132,550	3,503,713
Accumulated depreciation	-	(83,557)	(3,634)	(383)	(127,881)	(2,537)	(631)	(356,626)	-	(575,249)
Annual depreciation rate - %	-	4	10	10	10	25	20	4	-	-

## HIDROVIAS DO BRASIL S.A.

Notes to the individual and consolidated financial statements  
For the years ended December 31, 2020 and 2019  
(In thousands of reais - R\$, unless otherwise indicated)

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Loan costs totaling R\$ 28,400 in the year ended December 31, 2020 were added to fixed assets. The average rate applied was 5.95%.

### Asset impairment

According to accounting practices adopted in Brazil and IFRSs, the fixed asset items that exhibit signs that their recorded costs are higher than their recoverable values are reviewed in detail to determine the need to form a provision for reduction of the book balance to its realizable value. The analyses took into consideration projections of assets life time.

The main assumptions used for estimating the recoverable value are defined below. The values assigned to the key assumptions represent management's assessment of future trends in relevant industries and were based on historical data from internal and external sources.

The range of the discount rate applied was between 9.8% and 5.4% (10% and 5.6% in the previous year), as per market parameters.

During the year ended December 31, 2020 and 2019, Management carried out a study for the cash-generating units and determined that there is no need to record a provision for impairment of the book balance.

The cash flow projections were made considering the useful life of the assets of each CGU.

The projected result was estimated taking into consideration past experience. The projected revenue growth took into account the long-term "Take or Pay" contracts. The price of services increases in line with expected inflation for the next few years, as foreseen in the contracts. Costs vary according to the volume realized and updated by the projected inflation rate.

## 12 Right-of-use asset

Breakdown and changes in right-of-use asset as of December 31, 2020 and December 31, 2019:

Parent company	Real estate	Total
Net balances at December 31, 2019	1,101	1,101
Amortization	(1,101)	(1,101)
Net balances at December 31, 2020	-	-

Parent company	Real estate	Total
Net balances at December 31, 2018	-	-
Initial adoption	2,202	2,202
Amortization	(1,101)	(1,101)
Net balances at December 31, 2019	1,101	1,101

Consolidated	Real estate	Vessels	Total
Net balances at December 31, 2019	5,954	26,580	32,534
Formation	130,733	5,796	136,529
Amortization	(7,272)	(6,491)	(13,763)
Translation adjustment	1,814	-	2,636

**HIDROVIAS DO BRASIL S.A.**

Notes to the individual and consolidated financial statements  
 For the years ended December 31, 2020 and 2019  
 (In thousands of reais - R\$, unless otherwise indicated)

Net balances at December 31, 2020	131,229	25,885	157,114
<b>Consolidated</b>	<b>Real estate</b>	<b>Vessels</b>	<b>Total</b>
Net balances at December 31, 2018	-	-	-
Initial adoption	8,909	30,205	39,114
Amortization	(2,955)	(3,625)	(6,580)
Net balances at December 31, 2019	5,954	26,580	32,534

Changes in lease liability as of December 31, 2020 and December 31, 2019 are as follows:

	Parent company	Consolidated
Balance at December 31, 2019	1,149	32,775
Formation	-	136,528
Recognized interest	91	3,467
Payment of principal	(1,060)	(18,675)
Amortization of adjustment to present value	-	8,016
Translation adjustment	-	2,636
Balance at December 31, 2020	180	164,747

Current	180	14,446
Non-current	-	150,301

	Parent company	Consolidated
Balance at December 31, 2018	-	-
Initial adoption	2,202	39,114
Recognized interest	91	1,677
Payment of principal	(1,144)	(8,016)
Balance at December 31, 2019	1,149	32,775

Current	90	107
Non-current	1,059	32,668

Maturity schedule of leases:

Year	Parent company	Consolidated
2021	180	20,588
2022	-	19,628
2023	-	19,705
2024	-	19,792

## HIDROVIAS DO BRASIL S.A.

Notes to the individual and consolidated financial statements  
For the years ended December 31, 2020 and 2019  
(In thousands of reais - R\$, unless otherwise indicated)

2025	-	19,347
>2026	-	318,043
Total	180	417,103
Interest and present value adjustment	-	(252,356)
Lease liability	180	164,747

The average discount rate for leased assets is 9,4% p.a. for the year ended December 31, 2020 (7.7% p.a. for December 31, 2019).

The Company and its subsidiaries have the potential right to recover Pis/Cofins embedded in the lease consideration. Tax credits were not highlighted in the measurement of cash flows from leases, and the potential Pis/Cofins effects are presented in the table below:

### Parent company and Consolidated

Cash flow	Nominal	Adjusted at present value
Lease consideration with levy of tax (a)	410,961	159,977
Lease consideration without levy of tax (b)	6,142	4,770
Total	417,103	164,747
Pis/Cofins (9.25%)	38,014	14,798

(a) Lease considerations in Brazil with tax incidence.

(b) Lease considerations in Uruguay and Paraguay without tax incidence.

## 13 Intangible assets

Parent company	Software	Agreements	Constructions in progress	Total
Balance at 12/31/2019	8,515	1,312	2,379	12,206
Additions	-	-	17,366	17,366
Amortization	(4,989)	(164)	-	(5,153)
Balance at 12/31/2020	3,526	1,148	19,745	24,419
Annual rate of amortization - %	20	(*)	-	-
Historical cost	26,983	1,711	19,745	48,439
Accumulated amortization	(23,457)	(563)	-	(24,020)

Parent company	Software	Agreements	Constructions in progress	Total
Balance at 12/31/2018	13,229	1,477	-	14,706
Additions	56	-	2,379	2,435
Amortization	(4,770)	(165)	-	(4,935)
Balance at 12/31/2019	8,515	1,312	2,379	12,206
Annual rate of amortization - %	20	(*)	-	-
Historical cost	26,983	1,711	2,379	31,073
Accumulated amortization	(18,468)	(399)	-	(18,867)

## HIDROVIAS DO BRASIL S.A.

Notes to the individual and consolidated financial statements  
For the years ended December 31, 2020 and 2019  
(In thousands of reais - R\$, unless otherwise indicated)

Consolidated	Software	Contracts (b)	Goodwill (a)	Constructions in progress	Total
Balance at 12/31/2019	14,611	135,656	73,121	4,741	228,129
Additions	46	95,710	-	18,473	114,229
Amortization	(6,440)	(12,940)	-	-	(19,380)
Translation adjustment	92	-	-	(155)	(63)
Balance at 12/31/2020	8,309	218,426	73,121	23,059	322,915
Annual rate of amortization - %	20	(*)	-	-	-
Historical cost	36,568	258,645	73,121	23,059	391,393
Accumulated amortization	(28,259)	(40,219)	-	-	(68,478)

(\*) Amortization for the term of the respective contracts

Consolidated	Software	Contracts (b)	Goodwill (a)	Constructions in progress	Total
Balance at 12/31/2018	21,022	144,781	73,121	1,642	240,566
Additions	90	-	-	3,099	3,189
Amortization	(6,646)	(9,125)	-	-	(15,771)
Translation adjustment	145	-	-	-	145
Balance at 12/31/2019	14,611	135,656	73,121	4,741	228,129
Annual rate of amortization - %	20	(*)	-	-	-
Historical cost	36,430	162,935	73,121	4,741	277,227
Accumulated amortization	(21,819)	(27,279)	-	-	(49,098)

(\*) Amortization for the term of the respective contracts

### (a) Goodwill

Goodwill generated on the acquisition of assets and liabilities of “Log-In” in the amount of R\$ 73,121, by the subsidiary Cabotagem, based on future profitability of operations.

As of December 31, 2020, using the assumption of calculation of the future cash flows in the period of the commercial agreement and applying the discount rate, we did not identify any need to record a provision for impairment. Management believes this is consistent with the assumption that a market participant would use.

For impairment test purposes, goodwill was allocated to a cash generating unit (UGC) from its source.

The recoverable value of this Cash Generating Unit (CGU) was based on the fair value, estimated based on the discounted cash flows. Measurement of fair value was classified as Level 3 based on inputs used in evaluation technique.

The main assumptions adopted for estimating the recoverable value are as follows. The amounts attributed to the main assumptions represent the evaluation of future trends by Management in relevant sectors and were based on historical data from internal and external sources.

The discount rate was estimated after the taxes, using the weighted average rate of capital cost for each CGU which is 5.4% (5.6% as of December 31, 2019), considering market parameters.

The cash flow projections were prepared considering the useful life of the assets of each CGU. Growth rate in perpetuity was not considered.

## HIDROVIAS DO BRASIL S.A.

Notes to the individual and consolidated financial statements  
For the years ended December 31, 2020 and 2019  
(In thousands of reais - R\$, unless otherwise indicated)

Projected income (loss) was estimated considering past experience. The projected revenue growth took into account long-term take-or-pay contracts. Price of services increases in line with inflation expected for the next years as provided in the contracts. Costs vary by volume and are monetarily restated by the projected inflation rate.

The estimated recoverable value of CGUs was higher than their book value. Thus, the need to record a provision for impairment was not identified.

### (b) Contracts

- Contract with clients acquired by the subsidiary Cabotagem in December 2016, had a 18-year duration for the rendering of navigation service for transport of Bauxite. The contract value is amortized based on the agreement period.
- The leasing agreement acquired by the subsidiary HB - Administração Portuária Santos S.A. for a period of 25 years, as of the date of assumption of March 3, 2020 in the total amount of R\$ 112,500 adjusted at present value for R\$ 19,379, related to the grant for the handling and storage of solid mineral bulk, especially fertilizers and salts, located inside the Port of Santos. The average rate applied for the period was 9.4%. The contracts amount shall be amortized based on the agreement period. Below the figure illustrating the movements for 2020:

	Consolidado
Balance as of 31, December, 2019	-
Constitution (*)	85,685
Present Value Adjustment	(19,379)
Accrued Interests	4,237
Present Value Adjustment Amortization	3,230
<b>Balance as of 31, December, 2020</b>	<b>73,773</b>
Current	18,547
Non-Current	55,226

(\*) balance off-set by the advanced payment as of R\$ 28,125, performed in 2019.

## 14 Suppliers

	Parent company		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Domestic suppliers	9,229	3,018	56,342	40,342
Foreign suppliers	-	-	12,164	9,603
<b>Total</b>	<b>9,229</b>	<b>3,018</b>	<b>68,506</b>	<b>49,945</b>

## 15 Loans and financing

	Type	Final maturity	Interest rate - p.a.	Consolidated	
				12/31/2020	12/31/2019
<u>HB International Finance:</u>	Bond	Jan 2025	5.95%	3,054,182	2,454,044

## HIDROVIAS DO BRASIL S.A.

Notes to the individual and consolidated financial statements  
For the years ended December 31, 2020 and 2019  
(In thousands of reais - R\$, unless otherwise indicated)

### HB Cabotagem:

BNDES	Bank Credit Bill	Mar 2033	2.5–3.9% + Ptax 800 BCB (USD)	666,485	528,667
Vintage/BNDES	Finame	June 2021	TJLP + 4.80 - 4.90%	-	406

### HB Vila do Conde:

Santander	Project financing	Jan 2025	6.1–6.3%	2,467	1,952
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### Resflir:

Banco ABC	Project financing	July 2020	5.6% + Libor	-	5,440
Total				3,723,134	2,990,509

Classified as:

Current	185,954	172,275
Non-current	3,537,180	2,818,234

Changes in loans and financing – Consolidated - are as follows:

Company - R\$	Balance at 12/31/2019	Interest	Reversion/Funding Cost	Payment of principal	Interest payment	Bond repurchase	Translation adjustment	Exchange-rate change	Hedge effect	Balance at 12/31/2020
Luxembourg (c)	2,454,044	184,132	5,336	-	(184,132)	(100,101)	694,903	-	-	3,054,182
Vila do Conde (d)	1,952	3,096	-	-	-	-	(2,581)	-	-	2,467
Cabotage (a)	529,073	22,239	-	(25,563)	(10,398)	-	-	2,438	148,696	666,485
Resflir (b)	5,440	150	-	(6,943)	(164)	-	1,517	-	-	-
	2,990,509	209,617	5,336	(32,506)	(194,694)	(100,101)	693,839	2,438	148,696	3,723,134

Company	Balance at 12/31/2018	Merger	Interest	Reversal/Funding cost	Payment of principal	Interest payment	Translation adjustment	Hedge effect	Exchange-rate change	Balance at 12/31/2019
HBSA – Holding	16,138	-	158	-	(15,833)	(293)	-	-	(170)	-
Luxembourg (c)	2,354,139	-	140,876	5,079	-	(140,876)	94,826	-	-	2,454,044
Vila do Conde (d)	1,209	2,823	-	-	-	(2,080)	-	-	-	1,952
Miritituba	1,363	(1,363)	-	-	-	-	-	-	-	-
Navigation	1,460	(1,460)	-	-	-	-	-	-	-	-
Cabotage (a)	549,481	-	17,599	-	(41,012)	(18,062)	-	21,067	-	529,073
Resflir (b)	17,356	-	540	-	(12,288)	(600)	432	-	-	5,440
	2,941,146	-	159,173	5,079	(69,133)	(161,911)	95,258	21,067	(170)	2,990,509

### Description of loan and financing agreements

## **HIDROVIAS DO BRASIL S.A.**

### Notes to the individual and consolidated financial statements

For the years ended December 31, 2020 and 2019

(In thousands of reais - R\$, unless otherwise indicated)

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- a) On December 23, 2016, the Company assumed – through its indirect subsidiary HB Cabotagem, in negotiation with Log-In – a Financing Contract through credit facility with BNDES in the total amount of US\$ 144,644 thousand, equivalent to R\$ 491,601, referring to the acquisition of two bulk carrier vessels, the payments of which will occur monthly, with the final settlement scheduled for March 10, 2033. The assets acquired are Tucunaré and Tambaqui.

As of May 15, 2017, the subsidiary Hidrovias do Brasil – Cabotagem Ltda. obtained a Finame credit facility, with transfer of funds by Banco Safra, for the purchase of front-end loaders, in the total amount of US\$ 588,000 (equivalent to R\$ 1,823). As of September 15, 2020, the Company prepaid this debt.

- b) On March 15, 2017, the indirect subsidiary Resflir contracted financing in foreign currency with Banco ABC, equivalent to R\$ 15,449 (US\$ 5,000 thousand), with settlement carried out on July 14, 2020.
- c) On January 24, 2018, the company obtained, through its subsidiary in Luxembourg, a Bond in the amount of US\$ 600,000 thousand, maturing on January 24, 2025. The amount recorded is net of the funding cost, US\$ 5,100 thousand, and will be amortized according to the contract period.
- d) On March 23, 2018, the amount of R\$ 1,498,909 in debts of the north and south corridor were settled with the issuance of the Bond and assets financed in North Corridor, pledged as guarantee to this debts are about to be released. Despite the early payment of the debts, there were contractual fines, fines on prepayment, bank fees, derecognition of the balance of derivatives, and other additional costs; see Note 24 (Financial Income).
- e) As of March 22, 2018, the Company raised, through its subsidiaries Hidrovias do Brasil – Vila do Conde S.A., Hidrovias do Brasil – Miritituba S.A. and Hidrovias do Brasil – Navegação Norte S.A. (the last two, later merged by Hidrovias do Brasil – Vila do Conde S.A.) NCEs (Export Credit Note) with Banco Santander in the amount of R\$ 1,120,734, with payment of semiannual interest and maturing on January 21, 2025, bearing interest as planned schedule provided in the contract.

#### Guarantees

Loans and financing are guaranteed by Hidrovias do Brasil through sureties, promissory notes or deposits in bank accounts.

The Bond has been approved by the companies Hidrovias do Brasil S.A., Hidrovías 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.

#### Covenants

The Company, through its subsidiaries, has contractual covenants linked to certain financing, which may, in case of non-compliance, lead to early maturity of the debt. These covenants are related to financial indices such as coverage of debt service, indebtedness, liquidity and operational obligations. In addition to these, there are other non-financial clauses.

Subsidiary Cabotagem has the following clause: (i) maintain the capitalization ratio greater or equal to 25%. The price-earnings ratio is given by adjusted shareholders' equity on total assets. The adjusted shareholders' equity is the shareholders' equity less the foreign exchange losses and (ii) keep the debt service coverage ratio equal to or higher than 1.3. The ICSD (Index of debt service coverage) is the EBITDA less Income Tax and Social Contribution on Net income in working capital, excluding cash and debt, on debt service. As of December 2020, the clauses of subsidiary Cabotagem were fully met, as well as on December 31, 2019.

The subsidiary Hidrovias International Finance has a financial covenant related to the Leverage Bond (“net debt to EBITDA”, excluding the effects of unrestricted subsidiaries), related to the Bond, which should be lower than 4.5x up to December 2019 and lower than 3.5x as of 2020, so that dividend payments (except minimum mandatory dividends) and assumption of new debt can be incurred.

As of December 31, 2020, the financial covenant of the Subsidiary Hidrovias International Finance was not reached due to the ceiling being 3.5x, compared to 8.7x realized, due to the exchange rate for the period as of

## HIDROVIAS DO BRASIL S.A.

Notes to the individual and consolidated financial statements  
For the years ended December 31, 2020 and 2019  
(In thousands of reais - R\$, unless otherwise indicated)

December 31, 2020. The breach of the covenant does not accelerate debt repayment and does not cause any default. However, the Company will not be able to raise new debts or pay extraordinary dividends (above the minimum requirement). Despite the aforementioned breach of covenant, the Company does not expect short- and medium-term impacts on its operations and believes that it will not need loans or working capital to meet its obligations.

### Bond repurchase

As approved at a meeting of the Company's Board of Directors held on June 27, 2018, the Company may carry out Bond 2025 repurchases on a timely manner when the opportunity is adequate and provided that it does not exceed the total amount of US\$ 50,000,000. This amount does not represent a market repurchase offer and provides a liquidity opportunity for bondholders who may need liquidity.

As a result of the current market circumstances with the coronavirus pandemic, the Company's bond had its price reduced in the secondary market, which allowed the Company to evaluate possible repurchases. Therefore, since the company has a sound liquidity, up to December 31, 2020, due to the high market volatility, the Company repurchased a total of US\$ 24,850,000, the debt principal in this same amount.

### Maturity of long-term installments - consolidated

As of December 31, 2020 and December 31, 2019, the long-term portion matures have the following breakdown:

Months:	Consolidated	
	12/31/2020	12/31/2019
13-24	51,018	48,775
25-36	53,608	42,099
37-48	54,492	41,994
49-60	3,110,445	41,994
>61	267,617	2,643,372
Total	3,537,180	2,818,234

## 16 Social charges and labor legislation obligations

	Parent company		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Provision for bonus	13,709	9,206	23,284	14,619
Vacations and social security charges	1,569	2,281	8,782	8,883
INSS payable	1,072	486	2,865	1,111
IRRF payable	1,137	508	2,873	1,026
FGTS payable	337	174	1,259	559
Other	-	-	397	-
Total	17,824	12,655	39,460	26,198

## 17 Lawsuits

	Consolidated			
	12/31/2019	Additions	Write-offs	12/31/2020
Labor	5,884	4,320	(413)	9,791
Civil	-	3	-	3

## HIDROVIAS DO BRASIL S.A.

Notes to the individual and consolidated financial statements  
For the years ended December 31, 2020 and 2019  
(In thousands of reais - R\$, unless otherwise indicated)

	5,884	4,323	(413)	9,794
	Consolidated			
	12/31/2018	Additions	Write-offs	12/31/2019
Labor	7,612	2,261	(3,989)	5,884
Civil	-	7,258	(7,258)	-
	7,612	9,519	(11,247)	5,884

As of December 31, 2020, the Company and its subsidiaries presented the amount of R\$ 9,794 (R\$ 5,884 as of December 31, 2019) relating to labor lawsuits at the indirect subsidiary HB Vila do Conde, and the object of the lawsuit is loss of profits, pain and suffering and attorneys' fees.

As of December 31, 2020, the Company and its subsidiaries, in the consolidated, had 30 labor lawsuits, 29 civil lawsuits and one tax lawsuit considered as possible loss amounting to R\$ 9,780, R\$ 4,526 and R\$ 32,130, respectively (R\$ 4,140, R\$ 2,860 and R\$ 5,090 as of December 31, 2019 related to tax, civil and tax lawsuits, respectively).

As of December 31, 2020, the Company and its subsidiaries had 12 labor lawsuits dismissed, in the amount of R\$ 413.

As of December 31, 2020, the Company and its subsidiaries had judicial deposits related to the payment of PIS and COFINS and ICMS according to a writ of mandamus, in the amount of R\$ 13,734 (R\$ 11,756 as of December 31, 2019) and R\$ 27,040, and referring to income tax and INSS (R\$ 0 as of December 31, 2019) per lawsuit discussing tax liabilities within the scope of Stock Options.

## 18 Related parties

### Remuneration of key management personnel

On December 31, 2020, the remuneration of key management personnel, which includes the Executive Board and Board members, amounted to R\$ 14,622 (R\$ 12,673 as of December 31, 2019), referring to salaries and variable benefits, of which R\$ 14,184 refers to short-term employee benefits (R\$ 12,075 as of December 31, 2019) and R\$ 438 for medical benefits (R\$ 598 on December 31, 2019).

The amounts of related parties basically refer to financial transactions under specific 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	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Credits from parent company				
Girocantex S.A. (a)	-	-	(734)	(504)
Hidrovias del Sur S.A. (b)	10,271	4,776	(509)	(391)
Hidrovias do Brasil – Holding Norte S.A (h)	8,928	3,724	(6,104)	(169)
Hidrovias do Brasil – Interm. e Agenc. Serv. Ltda. (e)	-	114	(68)	(3)
Hidrovias do Brasil Adm Portuária Santos S.A.)	1,601	1,746	(36)	-
Hidrovias International Finance S.à.r.l	-	198	(46)	(47)
Dividends	14,090	37,032	-	(363)
Loan (g)	-	-	(55,984)	-
Subtotal	34,890	47,590	(63,481)	(1,477)

## HIDROVIAS DO BRASIL S.A.

Notes to the individual and consolidated financial statements  
For the years ended December 31, 2020 and 2019  
(In thousands of reais - R\$, unless otherwise indicated)

Current	29,693	43,365	(63,481)	(1,477)
Non-current	5,197	4,225	-	-

	Consolidated			
	Assets		Liabilities	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Credits with Joint Venture				
Obrinel	3,820	-	-	-
Non-current	3,820	-	-	-

	Consolidated			
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Guarantees and escrow deposit (d)	8,253	6,401	-	-
BNDES (c)	-	-	666,484	529,072
Dividends payable	237	2,834	-	-
Subtotal	8,490	9,235	666,484	529,072

	Parent company		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Revenues (expenses):				
Exchange rate change on security deposit (d)	(1,852)	(255)	(1,852)	(255)
Exchange-rate change on loan	(973)	(349)	(973)	(349)
Subtotal	(2,825)	(604)	(2,825)	(604)
BNDES (c)	-	-	(22,291)	(17,599)
Subtotal	-	-	(22,291)	(17,599)
Total	(2,825)	(604)	(25,116)	(18,203)

- (a) Refer to reimbursable expenditures on structuring of the financing for Project Vale with the indirect subsidiary Girocantex in Brazil.
- (b) Refers to interest on loans with the indirect subsidiary Girocantex.
- (c) Refers to interest from loans with the indirect subsidiary Hidrovias do Brasil Cabotagem.
- (d) As mentioned in note 8, refer to financial resources granted to Obrinel without interest, which will be settled after proof of performance of the assets and completion of the port facilities. The financial income (loss) from exchange-rate change are recognized in the income (loss) for the period.
- (e) Refers to operating expenses with the direct subsidiary Hidrovias do Brasil – Interm. e Agenc. Serv. Ltda.
- (f) Refers to expenses with the management project of its subsidiary Hidrovias do Brasil Administração Portuária Santos S.A.

## HIDROVIAS DO BRASIL S.A.

Notes to the individual and consolidated financial statements  
For the years ended December 31, 2020 and 2019  
(In thousands of reais - R\$, unless otherwise indicated)

- (g) Refers substantially to the loan with the indirect subsidiary Hidrovias del Sur in the amount of R\$ 25,984, with a settlements term until December 31, 2020, with late payment charges applicable if there is any delay in payment and loan with an indirect parent company where the payment is expected to February, 2021. Hidrovias do Brasil Vila do Conde S.A., in the amount of R\$ 30,000 with a term of 365 days as of June 18, 2020, with late payment if there is a delay in payment and no estimate of contract interest.
- (h) Refers to operating expenses with the direct subsidiary Hidrovias do Brasil – Holding Norte S.A., not providing for any settlement term or monetary restatement.

### 19 Capital

As of December 31, 2020, capital totals R\$ 1,359,469 (R\$ 1,307,683 as of December 31, 2019), and is represented by 760,382,643 (748,610,665 as of December 31, 2019) common, nominative shares with no par value.

Shareholding structure on December 31, 2020 and December 31, 2019 is detailed as follows:

Shareholders	12/31/2020		12/31/2019	
	Common shares	%	Common shares	%
Pátria Infraestrutura - Fundo de Investimento em Participações Multiestratégia	153,484,062	20.2	347,736,034	46.5
Patria Infraestrutura Brasil Fundo de Investimento em Participações Multiestratégia	8,745,834	11.5	-	0.0
Sommerville Investments B.V.	63,517,842	8.4	136,149,027	18.2
GIC Private Limited	41,458,422	5.5	-	0.0
1505718 Alberta Ltd.	25,490,517	3.4	54,638,333	7.3
1505722 Alberta Ltd.	9,926,779	1.3	21,277,822	2.8
HBSA Co-Investimento – Fundo de Investimento em Participações Multiestratégia	32,621,750	4.3	69,923,967	9.3
BTO – Fundo de Investimento em Participações Multiestratégia Investimentos no Exterior	32,621,750	4.3	69,923,967	9.3
Other	392,515,687	41.4	48,961,515	6.5
Total	760,382,643	100	748,610,665	100

(\*) No other group of shareholders owns over 5% of the Company's capital

#### Capital increases

In 2019, the Company made a capital reduction, transferring the amount of R\$ 603 to the capital reserve.

As of September 1, 2020, the Company increased its capital by 11,771,978 new common shares, totaling an increase of R\$ 51,786.

As of September 25, 2020, the Company carried out its secondary public offering (IPO) of 399,426,570 common shares, held by the Selling Shareholders (as defined in the IPO documents). The price was R\$ 7.56 per common share. The Company's shares are listed on the Novo Mercado (New Market) segment of Bolsa de Valores de São Paulo – B3 S.A. – Brasil, Bolsa, Balcão, under the ticker HBSA3.

#### Legal reserve

Pursuant to article 193 of Law 6404/76, five percent (5%) of net income for the year shall be used to establish a legal reserve, which may not exceed 20% of the capital.

#### Tax incentive reserve

Pursuant to the Company's bylaws, the tax incentive was recorded in the shareholders' equity as described in Note 30.

#### Dividends

## HIDROVIAS DO BRASIL S.A.

Notes to the individual and consolidated financial statements  
For the years ended December 31, 2020 and 2019  
(In thousands of reais - R\$, unless otherwise indicated)

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Pursuant to Bylaws, determine minimum mandatory shareholders are entitled to the minimum mandatory dividend of 1% of net income, adjusted pursuant to the terms of item I, Article 202 of Law 6404/76.

### 20 Earnings per share

The diluted earnings per share was calculated with a basis on the result of the period attributable to the controlling shareholders of the Company as of December 31, 2020 and 2019 and the respective average quantity of outstanding common shares in the year as follows:

	12/31/2020	12/31/2019
(Loss) profit for the year	(105,545)	58,609
Weighted average of basic shares	752,513	748,611
(Loss) profit for the year per thousand basic shares	(0.1403)	0.0783

	12/31/2020	12/31/2019
(Loss) profit for the year	(105,545)	58,609
Weighted average of basic shares	752,513	748,611
Dilutive effect	4,721	6,006
Weighted average of diluted shares	757,234	754,616
(Loss) profit for the year per thousand diluted shares	(0.1394)	0.0777

(\*) Diluted earnings per share adjusts the amounts used in determining basic earnings per share to consider the weighted average number of additional common shares that would be outstanding, assuming the conversion of all potential diluting common shares.

### 21 Stock option program

On July 27, 2016, the terms of the Stock Option Plan (“Plan”) were approved through the Extraordinary General 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 them. The Plan replaced the Stock Option Plan originally approved in Extraordinary General Meeting held on December 07, 2010. The participants indicated, subject to the rules and conditions defined for each program, received 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 Company’s Extraordinary General Meeting approved an amendment to the Stock Option Plan originally approved at the Extraordinary General Meeting held on July 27, 2016, aiming to promote changes in the exercise price rules, in the calculation of the updating of the Strike Price and other changes. Those programs were granted in February 2019.

The Company recognized the stock options granted in its Shareholders’ Equity, with a corresponding contra entry in income (loss) for the year. The recognition occurred proportionally to the terms of the respective vesting periods (grace period) of the lots granted, recording the accumulated amount of R\$ 29,775 (R\$ 12,726 in 2019). The expense recognized in the income (loss) for the year was R\$ 17,050 (R\$ 3,591 in 2019).

## HIDROVIAS DO BRASIL S.A.

Notes to the individual and consolidated financial statements  
For the years ended December 31, 2020 and 2019  
(In thousands of reais - R\$, unless otherwise indicated)

As required by Technical Pronouncement CPC 10 (R1) - Share-based Payment, the fair value of options was determined on the granting date (concession date) based on “Black-Scholes” pricing model for options.

The following definitions were used as calculation assumptions in 2017, 2018 and 2019 programs:

- Weighted average share price on the granting date: R\$ 4.70
- Strike price of the options: Defined according to the program (see table below).
- Expected volatility: 35.35%. The expected volatility was calculated at the standard deviation of the average daily returns for the shares 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 maturity date of the options:
- Lifetime of the option: 5 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 exercise price of the options.
- Expected inflation: to calculate the exercise price correction, an inflation estimate of 4.2% p.a. was used based on the NTN-B maturing close to the option’s maturity.
- Risk-free interest rate: a rate of 8.31% was estimated based on the projection of the DI curve for the options maturity date.

As of August 31, 2020, the Long-Term Incentive Plan (“LIP”) for Hidrovias do Brasil S.A. was approved at the Company’s General Meeting. The Board of Directors will have the authorization to grant Restricted Shares to the participants, establishing all the conditions for the acquisition of rights related to the Restricted Shares to be granted, as well as the amendment of such conditions when necessary or convenient. The granting of Restricted shares must be made through the signing of grant agreements between the Company and the participants.

As of September 1, 2020, 11,771,978 new common shares were subscribed, through the payment of R\$ 51,786. The options were exercised at an Average Exercise Price of R\$ 4.40, accounting for a total of 41% of the shares vested so far, which are an integral part of the granted plans detailed below:

Plan/Program	“Vesting”	Limit date for the year	Strike price (in R\$) (*)	Granted	Canceled / Expired	Exercised on 09/01/2020	Outstanding	Fair value (in R\$) (**)
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 of 2010				2,000,000	-	1,038,000	962,000	

Plan/Program	“Vesting”	Limit date for the year	Strike price (in R\$) (*)	Granted	Canceled / Expired	Exercised on 09/01/2020	Outstanding	Fair value (in R\$) (**)
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

## HIDROVIAS DO BRASIL S.A.

Notes to the individual and consolidated financial statements  
For the years ended December 31, 2020 and 2019  
(In thousands of reais - R\$, unless otherwise indicated)

Total Plan of 2011								
				100,000	-	51,900	48,100	
Plan/Program	"Vesting"	Limit date for the year	Strike price (in R\$) (*)	Granted	Canceled / Expired	Exercised on 09/01/2020	Outstanding	Fair value (in R\$) (**)
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 of 2012				1,755,000	532,500	570,375	652,125	

Total Plan of 2013								
				1,100,934	171,690	373,740	555,504	
Plan/Program	"Vesting"	Limit date for the year	Strike price (in R\$) (*)	Granted	Canceled / Expired	Exercised on 09/01/2020	Outstanding	Fair value (in R\$) (**)
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 of 2013				1,100,934	171,690	373,740	555,504	

Total Plan of 2014								
				2,223,000	121,500	875,836	1,225,664	
Plan/Program	"Vesting"	Limit date for the year	Strike price (in R\$) (*)	Granted	Canceled / Expired	Exercised on 09/01/2020	Outstanding	Fair value (in R\$) (**)
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 of 2014				2,223,000	121,500	875,836	1,225,664	

Total Plan of 2016 A								
				3,557,180	291,804	1,541,021	1,724,355	
Plan/Program	"Vesting"	Limit date for the year	Strike price (in R\$) (*)	Granted	Canceled / Expired	Exercised on 09/01/2020	Outstanding	Fair value (in R\$) (**)
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 of 2016 A				3,557,180	291,804	1,541,021	1,724,355	

Total Plan of 2016 B								
				720,330	86,206	304,420	329,704	
Plan/Program	"Vesting"	Limit date for the year	Strike price (in R\$) (*)	Granted	Canceled / Expired	Exercised on 09/01/2020	Outstanding	Fair value (in R\$) (**)
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
Total Plan of 2016 B				720,330	86,206	304,420	329,704	

## HIDROVIAS DO BRASIL S.A.

Notes to the individual and consolidated financial statements  
For the years ended December 31, 2020 and 2019  
(In thousands of reais - R\$, unless otherwise indicated)

2016 B/1st	03/31/2020	03/31/2024	3.48	720,330	122,125	292,370	305,835	1.30
				Total Plan of 2016 B	2,881,320	319,681	1,207,352	1,354,287

Plan/Program	“Vesting”	Limit date for the year	Strike price (in R\$) (***)	Granted	Canceled / Expired	Exercised on 09/01/2020	Outstanding	Fair value (in R\$) (**)
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 of 2017	3,175,000	112,500	1,121,317	1,941,183

Plan/Program	“Vesting”	Limit date for the year	Strike price (in R\$) (***)	Granted	Canceled / Expired	Exercised on 09/01/2020	Outstanding	Fair value (in R\$) (**)
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% through liquidity event	03/31/2024	4.70	2,800,000	125,000	1,375,563	1,299,437	1.33
				Total Plan of 2018	5,600,000	187,500	2,776,125	2,636,375

Plan/Program	“Vesting”	Limit date for the year	Strike price (in R\$) (***)	Granted	Canceled / Expired	Exercised on 09/01/2020	Outstanding	Fair value (in R\$) (**)
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% through liquidity event	03/31/2024	4.70	3,000,000	-	1,477,542	1,522,458	1.37
				Total Plan of 2019	6,000,000	-	2,216,312	3,783,688

28,392,434      1,737,175      11,771,978      14,883,281

(\*) Strike price in the grant date. The strike price is adjusted by the IPCA price index plus 7% per year.

(\*\*) Fair value in the grant date.

(\*\*\*) Strike price on the grant date. The strike price is adjusted by the IPCA.

The limit of time for the Plan to the participant’s exercise their share is March 31 of 2024, as per approval of the Board of Directors.

## HIDROVIAS DO BRASIL S.A.

Notes to the individual and consolidated financial statements  
For the years ended December 31, 2020 and 2019  
(In thousands of reais - R\$, unless otherwise indicated)

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### 22 Commitments and guarantees

As part of our business strategy, we have entered into long-term contracts with our customers with minimum volume requirements and fixed freight rates. The execution of a new long-term contract with customers tends to have a significant positive effect on our net revenue, whereas the loss of an existing material contract would have the opposite effect.

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

1. VALE, in the South Corridor, with a duration of 25 years starting from May 2014.
2. SODRU, in the South Corridor, with a duration of 8 years starting from March 2014.
3. SODRU, in the North Corridor, with a duration of 10 years starting from February 2017 (extended to 2029).
4. COFCO, in the South Corridor, with an initial duration of 5 years starting from February 2014, extended to December 2024.
5. COFCO, in the North Corridor, with a duration of 10 years starting from 2016 (extended to 2031).
6. ALLUNORTE, in the North Corridor, with a duration of 25 years starting from 2010 (acquired in 2016)..
7. FERTILIZANTES TOCANTINS, in the North Corridor, with a duration of 3 years starting from 2019.
8. SALINOR, in the North Corridor, with a duration of 20 years as of start-up date estimated for 2021.

As of September 17, 2018, the former HB Navegação Norte, currently merged into the indirect subsidiary HB Vila do Conde, entered into operational lease agreements with the pushers Don Antonio and HB Draco, owned, respectively, by the indirect subsidiaries Pricolpar S.A. and Cikelsol S.A., for a term of 64 months, as of February 11, 2019.

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

### 23 Net operating revenue

	Consolidated	
	12/31/2020	12/31/2019
South Corridor (a):		
Transportation services	484,208	378,027
North Corridor:		
Lifting Services	183,304	122,123
Transshipment services	64,827	42,344
Transportation services	608,373	250,589
Intermediation services	27,452	39,541
Cabotage:		
Cabotage services	239,220	178,068
Santos:		

## HIDROVIAS DO BRASIL S.A.

Notes to the individual and consolidated financial statements  
For the years ended December 31, 2020 and 2019  
(In thousands of reais - R\$, unless otherwise indicated)

Lifting Services	46,589	-
Subtotal	1,169,765	632,665
Total gross revenue	1,653,973	1,010,692
ISS	(16,224)	(10,725)
PIS	(5,904)	(5,658)
COFINS	(27,259)	(20,886)
ICMS	(3,390)	(8,742)
Subtotal taxes	(52,777)	(46,011)
Hedge accounting	(139,093)	(26,736)
Total net revenue	1,462,103	937,945

Take or Pay revenue totaled R\$ 334,622 as of December 31, 2020, of which R\$ 70,628 referring to Cabotage and R\$ 263,994 referring to South Corridor (R\$ 175,168 as of December 31, 2019, of which R\$ 21,226 North Corridor, R\$ 16,229 Cabotage and R\$ 137,713 South Corridor). See further details in note 29.

As previously mentioned in note 6.1, there is a certain concentration of operating revenues, being distributed as follows:

i) Client A 20.8% (21.8% as of December 31, 2019); ii) B 18.3% (21.6% as of December 31, 2019, iii) C 10.4% (15.5% as of December 31, 2019) iv) D 9.1% (5.7% as of December 31, 2019) and they all represent approximately 58.6% of the total net revenue (61.3% as of December 31, 2019). No other client accounts for over 10% of consolidated net revenue.

## 24 Costs and expenses by nature

### 24.1 Costs of services rendered and general and administrative expenses

	Parent company		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Salaries, charges and benefits (**)	(69,509)	(37,642)	(233,688)	(154,964)
Depreciation and amortization	(7,422)	(8,234)	(223,755)	(184,513)
Maintenance	(50)	-	(42,147)	(34,579)
Fuel	-	-	(123,259)	(112,432)
Outsourced services (***)	(28,489)	(23,967)	(75,291)	(48,422)
Rents	(225)	(191)	(39,923)	(29,502)
Freight (*)	-	(10)	(352,572)	(37,477)
Travel and tickets	(1,045)	(3,225)	(6,517)	(8,975)
Mooring	-	-	(25,255)	(21,147)
Kitchen and pantry	(15)	(128)	(6,561)	(5,923)
Agents	-	-	(14,133)	(17,409)
Operational and safety	-	-	(16,417)	(17,135)
Sundry fees	(916)	(430)	(8,793)	(1,484)

## HIDROVIAS DO BRASIL S.A.

Notes to the individual and consolidated financial statements  
For the years ended December 31, 2020 and 2019  
(In thousands of reais - R\$, unless otherwise indicated)

Operational materials	(66)	(117)	(171)	(239)
Lawsuits	(22)	-	(8,401)	1,728
Outdoor Pilotage	-	-	(27,991)	(17,082)
Provision for credit risk	-	-	(2,750)	-
Other (expenses) revenues	(1,488)	(2,797)	(80,326)	(23,429)
Total	(109,247)	(76,741)	(1,287,950)	(712,984)

Classified as:

Cost of services rendered	-	-	(1,089,606)	(625,770)
General and administrative	(109,248)	(76,741)	(198,344)	(87,214)
Total	(109,248)	(76,741)	(1,287,950)	(712,984)

(\*) Refers to the contracting of road freight services as part of the Multimodal solution (OTM). This modality contemplates the origin of the cargos until their final destination through the Road and Waterway modes.

(\*\*) The exponential growth in volumes traded by the Company, as well as its entry into the capital market at B3, ended up generating an adjustment in the staff for the year.

(\*\*\*) In the outsourced services line, we highlight the amount of R\$ 24,009 thousand, which refers to expenses with the Company's IPO process in 2020.

### 24.2 Other expenses/revenues

	Parent company		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Extempore PIS/COFINS credits	-	-	6,468	21,134
AFRMM (a)	-	-	15,336	15,623
Sweeping (b)	-	-	13,700	9,670
Other	-	(77)	(1,634)	-
Total	-	(77)	33,870	46,427

(a) 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. See further details in Note 30.

(b) Sweeping revenue resulting from the operation at port terminals.

## 25 Financial income (loss)

## HIDROVIAS DO BRASIL S.A.

Notes to the individual and consolidated financial statements  
For the years ended December 31, 2020 and 2019  
(In thousands of reais - R\$, unless otherwise indicated)

	Parent company		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Revenues:				
Income from interest earnings bank deposits	264	2,922	7,879	18,616
(-) PIS and COFINS on financial revenue	(90)	(136)	(250)	(425)
Inflation adjustments and exchange-rate changes	-	1,507	-	-
Gains from investment funds	-	999	36,862	13,830
Other	2,152	5	9,930	1,409
Total	<u>2,326</u>	<u>5,297</u>	<u>54,421</u>	<u>33,430</u>
Expenses:				
Interest on loans	-	(158)	(209,617)	(162,203)
Late payment	(2)	(10)	(391)	(95)
Funding cost	(203)	(3)	(5,336)	(5,189)
Inflation adjustments and exchange-rate changes	(715)	-	(88,502)	(5,574)
Tax on Financial operations - IOF	(415)	(437)	(1,601)	(872)
Losses from investment funds (*)	(1,238)	(1,341)	-	-
Other	(460)	(262)	-	(29,704)
	<u>(3,033)</u>	<u>(2,211)</u>	<u>(305,447)</u>	<u>(203,637)</u>
Net financial income (loss)	<u>(707)</u>	<u>3,086</u>	<u>(251,026)</u>	<u>(170,207)</u>

(\*) Gain or Loss related to investments in funds exposed to US\$ variation.

## 26 Income tax and social contribution

Taxes on income comprise income tax and social contribution. Income tax is computed on taxable income at the nominal rate of 15%, plus a 10% surtax for income exceeding R\$ 240 thousand in the 12-month period, whereas social contribution is computed at the nominal rate of 9% on taxable income, recognized on the accrual basis.

In 2018, the Company joined with the SUDAM (Superintendency for the Development of Amazon) Tax Incentive Program, which provides a 75% reduction of corporate income tax through Exploration Profit for the company Hidrovias do Brasil – Vila do Conde S.A., which is presented as tax income, is likely to benefit from the Government Grant.

Income tax and social contribution are recognized in the statement of income, except for the proportion related to items directly recognized in other comprehensive income. In that case, the tax is also recorded in shareholders' equity or comprehensive income.

The current income and social contribution tax charges are calculated based on enacted tax laws at the balance sheet date. Management periodically evaluates the positions taken in the Company's tax returns with respect to situations in which applicable tax regulation is subject to interpretation. The Company establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Prepayments or amounts that can be offset are presented in current assets, in accordance with their expected realization.

## HIDROVIAS DO BRASIL S.A.

Notes to the individual and consolidated financial statements  
For the years ended December 31, 2020 and 2019  
(In thousands of reais - R\$, unless otherwise indicated)

For the year 2020, the Company opted for the determination of Taxable Income by means of Annual methodology, as presented in the Statements of Federal Tax Debts and Credits sent to the Brazilian Federal Revenue Service. Thus, the following table presents the calculation of IRPJ and CSLL regarding the consolidation on the first months of the referred calendar year.

in thousands of reais	Parent company		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Income/(loss) before IRPJ and CSLL	(95,232)	74,573	(48,365)	94,476
Nominal rate	34%	34%	34%	34%
Corporate income tax (IRPJ) and Social contribution on net income (CSLL) at nominal rate	32,379	(25,355)	16,444	(32,122)
<b>Permanent adjustments:</b>				
Equity in net income of subsidiaries	5,006	50,424	(1,823)	(2,279)
Profits abroad	(51,380)	(45,990)	(27,566)	-
Non-deductible expenses	(9,365)	(1,573)	(11,472)	(2,868)
<b>Other adjustments:</b>				
Governmental grant	-	-	11,019	9,112
Offset of tax loss of prior years	-	7,130	-	7,130
Deferred tax on temporary differences and unrecognized tax losses	-	(935)	(49,597)	(958)
Rate difference on the measurement of deferred taxes	-	-	(8,318)	(6,501)
Deferred tax recognized from previous periods	12,090	-	12,312	(7,923)
Workers' Meal Program (PAT)	202	135	1,061	342
Donations made with incentives	-	200	-	200
Maternity Leave program	-	-	5	-
Taxes paid abroad	755	-	755	-
Income tax and social contribution	(10,313)	(15,964)	(57,180)	(35,867)
Current taxes	(18,856)	(15,964)	(68,291)	(40,474)
Deferred taxes	8,543	-	11,111	4,607
	(10,313)	(15,964)	(57,180)	(35,867)
Effective rate	(10.8%)	21.4%	(118.2%)	38%

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

Deferred income tax and social contribution were recognized in 2020 on the accumulated balances of temporary differences and tax loss up to December 31, 2020 to the companies Hidroviás do Brasil – Vila do Conde S.A and

## HIDROVIAS DO BRASIL S.A.

Notes to the individual and consolidated financial statements  
For the years ended December 31, 2020 and 2019  
(In thousands of reais - R\$, unless otherwise indicated)

Hidrovias do Brasil - Cabotagem Ltda, and subsidiaries of this Company.

Deferred income tax and social contribution are measured based on temporary differences, tax loss and negative basis of social contribution on net income at the rate of 6.25% for IRPJ (reduction of 75%) and 9% for CSLL totaling a nominal rate of 15.25%, based on income from exploration which is a tax incentive from SUDAM – Superintendency for Development of the Amazon claimed by the company Hidrovias do Brasil – Vila do Conde S.A and to the company Hidrovias do Brasil - Cabotagem Ltda is recognized at the rate of 25% of IRPJ and 9% of CSLL totaling 34%, in compliance with the legislation in force.

The exchange-rate change caption is presented as a consequence of the adoption of taxation of exchange-rate changes using the cash methodology, to which the effect of such adjustments in the Taxable Income Control Register (LALUR) and the Social Contribution Calculation Book (LACS) is the recognition of deferred assets in the subsidiaries Hidrovias do Brasil – Vila do Conde S.A. and Hidrovias do Brasil - Cabotagem Ltda. The subsidiary Hidrovias do Brasil – Vila do Conde S.A also has deferred liabilities recorded for a property damage received in 2018.

Part of Deferred Taxes, in the amount of R\$ 91,032 thousand, was recognized in Shareholders' equity since the its subsidiaries have non-derivative financial instrument, for which the portion corresponding to deferred IRPJ and CSLL is accounted for in the Other Comprehensive Income.

For other group companies, the Company understands that currently the group companies that hold tax losses and negative calculation bases of social contribution on net income and temporary adjustments, still do not have history of tax offsets, therefore it is not possible to recognize deferred IRPJ and CSLL.

Deferred income tax and social contribution assets and liabilities are reviewed on a monthly basis, and they are changed as their respective offsets or if their realization is no longer probable.

	Consolidated			Consolidated
	12/30/2020			12/31/2019
In thousands of reais	Net amount	Deferred tax assets	Deferred tax liabilities	Net amount
Provision for bonus	5,691	5,691	-	671
Provision for suppliers	548	548	-	185
Provision for fuel	329	329	-	1,443
Other provisions	1,179	1,179	-	914
Other operating provisions	4,896	4,896	-	4,335
Labor contingencies	1,493	1,493	-	897
Judicial contingencies	-	-	-	-
PIS – suspended liability	242	242	-	-
COFINS - suspended liability	1,300	1,300	-	-
Loss Financial Instruments	537	537	-	-
Tax loss	190	190	-	10,176
Exchange-rate change	173,971	173,971	-	71,845
Financial lease	272	272	-	-
Property damage	(41,786)	-	(41,786)	(43,748)
Tax Assets (Liabilities) before offset	148,862	190,648	(41,786)	46,718

## HIDROVIAS DO BRASIL S.A.

Notes to the individual and consolidated financial statements  
For the years ended December 31, 2020 and 2019  
(In thousands of reais - R\$, unless otherwise indicated)

Offset of tax	(41,786)	41,786
Net balances presented in Assets/Liabilities	148,862	-

The changes in the net balance of deferred IRPJ and CSLL during the period are as follows:

In thousands of reais	Consolidated	
	12/30/2020	12/31/2019
Opening balance	46,718	29,767
Deferred IRPJ (Corporate income tax) and CSLL (social contribution on net income) in the income (loss) for the year	11,111	4,607
Deferred Corporate income tax (IRPJ) and social contribution on net income (CSLL) recognized in other comprehensive income	91,033	12,344
Closing balance	148,862	46,718

The Company estimates that the balances of deferred tax assets will be realized in the periods shows below. The provisions and tax losses will be realized from the 1st year, while the balances from the exchange-rate change arising from the loan to be settled in this period will be realized from the 5th to the 7th year, as follows:

	Consolidated
Years:	
Up to 1	14,326
1-2	537
2-3	1,814
5-10	173,971
Total deferred tax assets of IRPJ (Corporate income tax) and CSLL (Social contribution on net income)	190,648

## 27 Financial instruments

### 27.1. Financial instruments by category

All the operations with financial and derivative instruments are recognized in financial statements of the Company and its subsidiaries, estimated fair values of instruments are the same as the calculated amounts for loans and financing, as follows:

		Parent company		Consolidated	
		12/31/2020	12/31/2019	12/31/2020	12/31/2019
<b>Current assets</b>					
<b>Fair value through profit or loss:</b>					
Securities	Level 2	87,728	4,625	816,044	913,972
<b>Amortized cost</b>					
Cash and cash equivalents		1,441	9,179	214,848	45,166
Pledged financial investments	Level 2	-	-	14,952	15,383
Guarantee and escrow deposit	Level 2	9,100	6,704	9,491	6,704

## HIDROVIAS DO BRASIL S.A.

Notes to the individual and consolidated financial statements  
For the years ended December 31, 2020 and 2019  
(In thousands of reais - R\$, unless otherwise indicated)

Accounts receivable	Level 2	-	-	154,252	82,350
Related party credits	Level 2	20,800	10,558	3,820	-
Dividends	Level 2	14,090	37,032	-	-

### Current liabilities

#### Liabilities at amortized cost:

Suppliers	Level 2	9,229	3,018	68,506	49,945
Accounts payable with related parties	Level 2	63,481	1,114	74,486	21,971
Loans and financing	Level 2	-	-	3,723,134	2,990,509
Dividends payable	Level 2	-	363	237	2,834

Note: The Management periodically reviews unobservable data considered significant and valuation adjustments. If third-party information, such as broker quotes or pricing services, is used to measure fair value, the Management analyzes evidence obtained to support the conclusion that such valuations meet the accounting 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 uses observable data as much as possible. Fair values are classified at different levels according to hierarchy based on information (inputs) used in valuation techniques, as follows:

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

### 27.2. Criteria, assumptions and limitations used in the calculation of market value

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

Fair values of these financial instruments are close to the book values as of December 31, 2020, except for loans and financing with hedge accounting and presented as follows:

		Fair value		Book value	
		12/31/2020	12/31/2019	12/31/2020	12/31/2019
<b>Current assets</b>					
Cash and cash equivalents		214,848	45,166	214,848	45,166
Securities	Level 2	816,044	913,972	816,044	913,972
Pledged financial investments	Level 2	14,952	15,383	14,952	15,383
Guarantee and escrow deposit	Level 2	9,491	6,704	9,491	6,704
Accounts receivable	Level 2	154,252	82,350	154,252	82,350
Related party credits	Level 2	3,820	-	3,820	-
<b>Current liabilities</b>					
Suppliers	Level 2	68,506	49,945	68,506	49,945
Loans and financing	Level 2	3,891,633	3,096,401	3,723,134	2,990,509
Dividends payable	Level 2	237	2,834	237	2,834

## HIDROVIAS DO BRASIL S.A.

Notes to the individual and consolidated financial statements  
For the years ended December 31, 2020 and 2019  
(In thousands of reais - R\$, unless otherwise indicated)

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### 27.3. Derivative and non-derivative financial instruments

These instruments are managed through operational strategies, aimed at the predictability of operations and minimizing possible mismatches that may bring additional volatilities to those already covered by the Business Plan of the Company and its subsidiaries. The control policy consists of permanent follow-up of the rates engaged versus those in force in the market. The Company and its subsidiaries do not carry out transactions or any other financial instruments on a speculative basis.

### 27.4. Risk management

#### Financial risk management

##### *Overview*

The economic and financial risks mainly reflect the behavior of macroeconomic variables such as exchange and interest rates as well as the characteristics of the financial instruments that the Company and its subsidiaries use. These risks are managed by means of monitoring by Management that actively participates in the operating management.

The Company and its subsidiaries have the practice of managing its existing risks in a conservative manner, aiming mainly to preserve the value and liquidity of financial assets and to guarantee financial resources for the smooth running of business. The main financial risks considered by Top Management are:

- Credit risk
- Liquidity risk
- Foreign exchange rate risk
- Hedge activity
- Interest rate risk

We present the information on the Company and its subsidiaries' exposure to each of these risks, objectives, policies, practices and processes for risk measurement and management, and capital management.

#### Risk management framework

##### *Credit risk*

As per Note 22, it is the risk that the Company and its subsidiaries will suffer financial losses if a counterparty does not fulfill an obligation provided for in the contract. The company is mainly exposed to operating activities (with trade accounts receivable) and investment activities (through interest earning bank deposits).

As mentioned in note 6, the Company, after analyzing and applying the accounts receivable policies, has no material loss for its financial statements.

Overall, business conduction is addressed in Committee's meetings for decision making and financial investments are carried out by the company's Treasury department in accordance with the established Policy, aiming to reduce the company's financial risk. Results are followed up and established strategies are adjusted to maintain expected results. Regarding the Financial Instruments, the Company is exposed mainly to Cash and Cash Equivalents and Securities and, thus, restricts its exposure to prime line Financial Institutions, rated as investment grade by risk rating agencies widely accepted in the market, in addition to reducing risk through diversification of counterparties.

Book values of financial instruments that represent the maximum exposure to credit risk on interim financial information dates are as follows:

Parent company		Consolidated	
<u>12/31/2020</u>	<u>12/31/2019</u>	<u>12/31/2020</u>	<u>12/31/2019</u>

## HIDROVIAS DO BRASIL S.A.

Notes to the individual and consolidated financial statements  
For the years ended December 31, 2020 and 2019  
(In thousands of reais - R\$, unless otherwise indicated)

Cash and cash equivalents	1,441	9,179	214,848	45,166
Accounts receivable	-	-	154,252	82,350
Securities	87,728	4,625	816,044	913,972
Pledged financial investments	-	-	14,952	15,383
Related party credits	20,800	10,558	3,820	-
Guarantee and escrow deposit	9,100	6,704	9,491	6,704
Dividends receivable	14,090	37,032	-	-
Total	133,159	68,098	1,213,407	1,063,575

### Liquidity risk

It is the risk of the Company and its subsidiaries may encounter difficulties in performing the obligations associated with its financial liabilities that are settled with cash payments.

The approach in the management of liquidity risk is to guarantee the payment of obligations, for which reason it aims to maintain cash available (cash and cash equivalents and securities) for the performance of short-term obligations, making every effort to ensure that there is always sufficient liquidity to honor its obligations, under normal and stress conditions, without causing unacceptable losses or with the risk of blemishing the reputation of the Company and its subsidiaries.

The Company and its subsidiaries align funds availability and generation so as to comply with its obligations under agreed-upon terms.

Maturity is based on the most recent date when the Company and its subsidiaries have the related obligations:

	Consolidated			
	12/31/2020			
Liquidity risk	Next 12 months	13–24 months	25–36 months	>37 months
Suppliers (note 14)	68,506	-	-	-
Loans and financing (*)	266,743	253,599	255,263	3,740,081

(\*) The amount bears contractual interest according to the opening of note 15.

### Foreign exchange rate risk

Derives from the oscillations of the exchange rates of foreign currencies used by the Company and its subsidiaries. The transactions subject to change are the portion of the Bond destined to the operation of the north corridor and operations and financing of HB Cabotagem.

Management analyses and follows up its exposures in order to make decisions on the contracting of hedge instruments for respective foreign currency exposures. Hedge instruments used to manage exposures are established by Management, shared and approved by the Board of Directors to avoid speculative instruments or instruments that may possibly generate any additional risk inherent to those originally proposed.

Pursuant to IFRS 9 (equivalent to CPC 48), the purpose of the 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 income (loss). The purpose of this approach is to transmit the context of hedge instruments for which the hedge accounting should be applied to permit the understanding of its purposes and effects.

### Hedge Accounting Bond

## HIDROVIAS DO BRASIL S.A.

Notes to the individual and consolidated financial statements  
For the years ended December 31, 2020 and 2019  
(In thousands of reais - R\$, unless otherwise indicated)

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- Structuring of the Hedge accounting operation

In order to structure the operation, the Company defined as risk to be hedged, the exchange-rate change of part of its future revenues from a sea freight Take or Pay agreement, denominated in U.S. dollar, originated from its indirect subsidiary Girocantex.

The Company is also exposed to an exchange-rate change derived from the issuance of Bonds in the amount of US\$ 600,000 thousand with semi-annual yield of 5.95% p.a. and maturity term of 7 years as of May 02, 2018, through its direct subsidiary Hidrovias Internacional. The Company made repurchases totaling US\$ 24,850 thousand, which reduce its gross debt by the same amount.

Both revenues in foreign currency as well as debts derived from the issuance of Bonds are exposed to risk of same nature, and accordingly, the exchange risk of future revenues would be naturally covered by the exchange risk of the debts. However, despite the economic coverage of the risk of exchange-rate change, the Company's income (loss) is affected by the timely mismatch between the accounting recognition of the revenue and debt. Accordingly, the Company will use part of the principal value of the Bond issued in USD as hedge instrument to cover part of its future revenue in USD, which is highly probable.

- Purpose and strategy of the risk management

Estimated and highly-probable future revenues, derived from Girocantex's Take or Pay operation exposes the Company to market risks involving changes in the Real (BRL) x U.S. dollar (USD) exchange rate, since the functional currency of the Company is the Real (BRL).

The Financial Risk Management Policy permits the structuring of hedge accounting, using derivative and non-derivative financial instruments with the purpose of minimizing the effects of the USD changes on the income (loss) of the Company.

In order to meet the Risk Strategy, management decided to designate as hedge instrument, part of the principal value of the debt in foreign currency (Bond) so as to protect the counterparty from USD rate changes derived from its Take or Pay agreement with Girocantex.

- Hedge relation

The Company will adopt the cash flow hedge, as defined in IFRS 9, whose nature of the covered risk is the exchange-rate change.

- Nature of hedged risk

Foreign currency risk: variability of the exchange rates of estimated revenues in U.S. dollar, in connection with the Take or Pay agreement with Girocantex.

- Identification of the hedged item

Risk of exchange-rate change of part of estimated revenues in foreign currency (minimum of 25% of quarterly revenue), in connection with the Take or Pay agreement with Girocantex, for a period of 7 years beginning on May 02, 2018.

- Identification of hedge instrument

The hedge instrument is part of the principal value of the Bond issued, with the following characteristics:

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Type	Bond
Start date of Contract	01/24/2018

## HIDROVIAS DO BRASIL S.A.

Notes to the individual and consolidated financial statements  
For the years ended December 31, 2020 and 2019  
(In thousands of reais - R\$, unless otherwise indicated)

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Maturity date	01/24/2025
Amount denominated in USD	244,520,320
Initial Parity USD x REAIS	3.5424
Start date of hedge	05/02/2018

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- Effectiveness of the hedge relationship

Hedge effectiveness is measured based on the changes in the fair value or in the cash flows of the hedge instrument that offset the changes in the fair value or cash flows of the hedged item. The non-effectiveness of hedge occurs as the changes in the fair value or cash flows of the hedge instrument are higher or lower than those of the hedged item.

To qualify to hedge accounting, the following requirements of effectiveness should be satisfied:

The requirement so that there is economic relation means that the hedge instrument and the hedged item must have amounts that generally move in opposite directions due to the same risk, which is the hedged risk.

The hedge instrument and the hedged item have values that move in opposite directions. The increase of exchange rate generates a devaluation in the recognition of revenue in the income (loss), which is recognized upon delivery of the product transported to its destination. Likewise, the increase in the exchange rate causes the increase in the debt represented by the Bond, generating an expense in the result. In the same way as an increase in the exchange rate generates an opposite movement between hedge instrument and hedged item. These changes occur in different moments, since the debt is an item recognized in the balance sheet and the revenue until the date of recognition is an off-balance sheet item. With the benefit of hedge accounting, the exchange-rate change of the debt will be recognized in other comprehensive income, under Cash Flow Hedge reserve, and reclassified to reclassification adjustment in the same period or periods during which the expected future cash flows covered by hedge affect the income (loss), that is, upon the actual recognition of revenue.

### Hedge Accounting - Cabotage

- Structuring of the Hedge accounting operation

In order to structure the operation, the Company defined as risk to be hedged, the exchange-rate change of part of its future revenues derived from a service agreement, denominated in U.S. dollar, with Alunorte.

The Company is also exposed to an exchange-rate change derived from loans in foreign currency in the amount of US\$ 124,213,858. with a maturity of 13 years.

Both revenues in foreign currency as well as debts are exposed to risk of same nature, and accordingly, the exchange risk of future revenues would be naturally covered by the exchange risk of the debts. However, despite the economic coverage of the risk of exchange-rate change, the Company's income (loss) is affected by the timely mismatch between the accounting recognition of the revenue and debt. Accordingly, the Company will use part of the principal value of the loan in USD as hedge instrument to cover part of its future revenue in USD, which is highly probable.

- Risk management strategy

HB Cabotagem has the strategy to hedge part of its estimated revenue in foreign currency against risks of exchange-rate changes.

- Risk management objectives

HB Cabotagem intends to hedge the risk of exchange-rate change of at least 6% of the flow of receipt, derived from the service agreement with Alunorte. The hedged flows of receipt begin on April 02, 2018 and are expected to end in February 2033.

## HIDROVIAS DO BRASIL S.A.

Notes to the individual and consolidated financial statements  
For the years ended December 31, 2020 and 2019  
(In thousands of reais - R\$, unless otherwise indicated)

The Company will use the principal value of the loan in foreign currency, contracted with the BNDES as hedge instrument of the estimated revenues.

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

Type	Debt in foreign currency (*)
Start date of Contract	12/23/2016
Maturity date	03/15/2033
Amount in USD	142,807,564
Initial Parity USD x REAIS	3.3104
Start date of hedge	04/02/2018

(\*) contracted with the BNDES

- Effectiveness of the hedge relationship

Hedge effectiveness is measured based on the changes in the fair value or in the cash flows of the hedge instrument that offset the changes in the fair value or cash flows of the hedged item. The non-effectiveness of hedge occurs as the changes in the fair value or cash flows of the hedge instrument are higher or lower than those of the hedged item.

To qualify to hedge accounting, the following requirements of effectiveness should be satisfied:

The requirement so that there is economic relation means that the hedge instrument and the hedged item must have amounts that generally move in opposite directions due to the same risk, which is the hedged risk.

The hedge instrument and the hedged item have values that move in opposite directions. The increase of exchange rate generates a devaluation in the recognition of revenue in the income (loss), which is recognized upon delivery of the product transported to its destination. Likewise, the increase in the exchange rate causes the increase in the debt represented by the loan, generating an expense in the income (loss). In the same way as an increase in the exchange rate generates an opposite movement between hedge instrument and hedged item. These changes occur in different moments, since the debt is an item recognized in the balance sheet and the revenue until the date of recognition is an off-balance sheet item. With the benefit of hedge accounting, the exchange-rate change of the debt will be recognized in other comprehensive income, under Cash Flow Hedge reserve, and reclassified to reclassification adjustment in the same period or periods during which the expected future cash flows covered by hedge affect the income (loss), that is, upon the actual recognition of revenue.

### Hedge Accounting Bond

Hedged object	Hedged risk	Production period	Principal value in US\$	Hedge instrument value	
Exchange-rate change of part of its future revenues	Foreign exchange rate R\$ - USD	05/02/2018–05/02/2025	244,520,320	244,520,320	
Realization estimate					
2018	2019	2020	2021	2022–2025	Total
24,150,155	36,225,233	36,225,233	36,225,233	111,694,466	244,520,320

2019      2020

## HIDROVIAS DO BRASIL S.A.

Notes to the individual and consolidated financial statements  
For the years ended December 31, 2020 and 2019  
(In thousands of reais - R\$, unless otherwise indicated)

Exchange-rate change - Income (loss)	204,003	285,110
Exchange-rate changes - Shareholders' equity	257,896	543,006

### Hedge Accounting - Cabotage

Hedged object	Hedged risk	Production period	Principal value in US\$	Hedge instrument value
Exchange-rate change of part of its future revenues	Foreign exchange rate R\$ - USD	04/02/2018–02/2033	142,807,564	142,807,564

#### Realization estimate

2018	2019	2020	2021	2022–2033	Total
3,129,018	10,261,948	5,202,740	10,692,544	113,521,314	142,807,564

	2019	2020
Exchange-rate change - Income (loss)	20,756	149,147
Exchange-rate changes - Shareholders' equity	23,489	172,636

### Interest rate risk

Book value of financial instruments that represent the exposure to interest rate risk is as follows:

<u>Interest rate risk</u>	<u>Parent company</u>		<u>Consolidated</u>	
	<u>12/31/2020</u>	<u>12/31/2019</u>	<u>12/31/2020</u>	<u>12/31/2019</u>
Assets:				
Cash and cash equivalents	1,441	9,179	214,848	45,166
Securities	87,728	4,625	816,044	913,972
Pledged financial investments	-	-	14,952	15,383
Loans and financing	-	-	3,723,134	2,990,509

Interest rates are disclosed in notes 5 and 15.

### Sensitivity analysis

The Company and its subsidiaries make sensitivity analysis of main risks to which its financial instruments are exposed, basically represented by exchange rate and interest rate changes.

Changes in interest rate and foreign exchange rates

To verify the sensitivity of the indices in the investments to which the Company and its subsidiaries were exposed

## HIDROVIAS DO BRASIL S.A.

Notes to the individual and consolidated financial statements  
For the years ended December 31, 2020 and 2019  
(In thousands of reais - R\$, unless otherwise indicated)

on the base date of December 31, 2020 and December 31, 2019, 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 interim financial information and scenarios II and III consider a decrease of 25% and 50%, respectively, in the risk variable considered.

The base date of portfolio used was December 31, 2020 and December 31, 2019 projecting indices for one year and verifying the sensitivity in each scenario. The tables below present the ratios considered for the feasibility analysis and its effect on the result:

Change in interest rates	Risk	Rate	Estimated rate			Balance at 12/31/2020	Probable scenario	Possible scenario	Remote scenario
			Probable scenario	Possible scenario 25%	Remote scenario 50%				
Financial instruments									
Securities	CDI	1.90%	1.90%	1.61%	1.07%	46,896	117	(135)	(387)
Securities	U.S. Treasury	0.08%	0.08%	0.06%	0.04%	423,064	-	(85)	(169)
Securities	FX - Ptax 800	5.1967	5.0900	3.8175	2.5450	346,083	(7,106)	(91,850)	(176,595)
Interest earning bank deposit - pledged	Selic	1.90%	2.15%	1.61%	1.07%	14,953	38	(43)	(123)
Total						830,996	(6,951)	(92,113)	(177,274)

### Exchange rate change

To verify the sensitivity of the net foreign exchange exposure to which the Company and its subsidiaries were exposed on December 31, 2020 and December 31, 2019, 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 foreign exchange rates observed on the base date of interim financial information and scenarios II and III consider an increase of 25% and 50%, respectively, in the risk variable considered.

	Risk	Rate	Estimated rate			Balance at 12/31/2020	Probable scenario	Possible scenario	Remote scenario
			Probable scenario	Possible scenario 25%	Remote scenario 50%				
Loan - Project financing	USD	5.1967	5.0900	6.3625	7.6350	666,485	13,684	(149,516)	(312,716)
Loan - Bond	USD	5.1967	5.0900	6.3625	7.6350	3,054,182	62,709	(685,159)	(1,433,027)
Export credit note	USD	5.1967	5.0900	6.3625	7.6350	2,467	51	(553)	(1,158)
<b>Total</b>						<b>3,723,134</b>	<b>76,444</b>	<b>(835,228)</b>	<b>(1,746,901)</b>

## 27.5. Capital management

## HIDROVIAS DO BRASIL S.A.

Notes to the individual and consolidated financial statements  
For the years ended December 31, 2020 and 2019  
(In thousands of reais - R\$, unless otherwise indicated)

The policy of the Management of the Company is to maintain a solid capital base to maintain the confidence of investors, creditors and market clients, maintaining the future development of the business.

Company Management strives to maintain a balance between the highest possible returns with adequate levels of financial leveraging (loans) and the advantages and the assurance afforded by a balanced capital position.

The Company's net debt to the final shareholders' equity ratio of December 31, 2020 and December 31, 2019 is as follows:

	Parent company		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
	(131,015)	(46,329)	(4,195,533)	(3,174,094)
Total liabilities current and non-current				
Cash and cash equivalents	1,441	9,179	214,848	45,166
Securities	87,728	4,625	816,044	913,972
Interest earning bank deposit - pledged	-	-	14,952	15,383
(Insufficiency) net cash surplus	(41,846)	(32,525)	(3,149,689)	(2,199,573)
Shareholders' equity	1,526,992	1,543,571	1,526,992	1,543,571
Relationship between shareholders' equity and net insufficiency of cash	(3649%)	(4746%)	(48%)	(70%)

## 28 Insurance

The Company and its subsidiaries adopt the policy of contracting insurance coverage for assets subject to risks to cover possible claims, considering the nature of its activities involving its operational facilities, vessels and barges, and for engineering and construction risks of projects, civil liability and material damages. The insured amount as of December 31, 2020 and December 31, 2019 is as follows:

	Consolidated	
	12/31/2020	12/31/2019
<b>Operational risks</b>		
Port operator	1,007,615	842,615
Engineering Risk	160,183	-
Work risks	30,000	-
Hull/machinery and civil liability (bareboats)	888,371	833,533
Fire, lightning, explosion, electrical damage, windstorms and flood	6,600	3,200
	<u>2,092,769</u>	<u>1,679,348</u>

## HIDROVIAS DO BRASIL S.A.

Notes to the individual and consolidated financial statements

For the years ended December 31, 2020 and 2019

(In thousands of reais - R\$, unless otherwise indicated)

### 29 Segment information

Segregation of the Company's operating segments is based on the internal structure of the financial statements and of Company Management, and is carried out through business segmentation. The north corridor includes the operations of HB Vila do Conde, HB Santos, HB Cabotagem and HB Intermediação, the south corridor includes HB Hidrovias del Sur and its subsidiaries and the others, includes the parent company Hidrovias do Brasil and HB Luxemburgo.

	North Corridor	South Corridor	Cabotage	Santos	Other	eliminations	Consolidated
	12/31/2020	12/31/2020	12/31/2020	12/31/2020	12/31/2020	12/31/2020	12/31/2020
Net revenue from services	856,166	484,208	223,395	39,761	-	-	1,603,530
Intercompany	1,972	10,932	-	-	-	(15,238)	(2,334)
Deduction - Hedge Accounting	-	(130,326)	(8,767)	-	-	-	(139,093)
Cost of services rendered	(563,398)	(208,804)	(93,593)	(31,021)	-	-	(896,816)
Intercompany	(15,238)	-	-	-	-	15,238	
Operating expenses	(31,326)	(26,932)	(5,931)	(931)	(102,259)	-	(167,379)
Depreciation and amortization (cost)	(80,528)	(78,425)	(29,558)	(3,862)	(417)	-	(192,790)
Depreciation and amortization (expense)	(7,521)	(5,755)	(4,207)	(6,942)	(6,540)	-	(30,965)
Other expenses	17,988	93	15,786	3	-	-	33,870
Financial revenue	39,656	3,483	1,924	467	8,891	-	54,421
Financial expenses	(155,089)	(108,564)	(25,146)	(12,936)	(3,712)	-	(305,447)
Equity in net income of subsidiaries	909	(5,362)	-	-	14,723	(15,632)	(5,362)
Income tax	(26,369)	-	(19,748)	-	(11,063)	-	(57,180)
Income (loss) for the year	37,222	(65,452)	54,155	(15,461)	(100,377)	(15,632)	(105,545)

## HIDROVIAS DO BRASIL S.A.

Notes to the individual and consolidated financial statements

For the years ended December 31, 2020 and 2019

(In thousands of reais - R\$, unless otherwise indicated)

	North Corridor	South	Cabotage	Santos	Other	eliminations	Consolidated
	12/31/2019	12/31/2019	12/31/2019	12/31/2019	12/31/2019	12/31/2019	12/31/2019
Net revenue from services	424,995	378,703	161,659	-	-		965,357
Intercompany	3,210	8,805	-			(12,691)	(676)
Revenue – Hedge Accounting		(20,399)	(6,337)				(26,736)
Cost of services rendered	(234,701)	(129,591)	(94,886)	-	81		(459,097)
Intercompany	(3,210)	(8,805)		-		12,691	676
Operating expenses	4,945	(6,022)	108	-	(69,082)	-	(70,051)
Depreciation and amortization	(81,046)	(57,565)	(37,667)	-	(8,234)	-	(184,512)
Depreciation and amortization (cost) (expense)	(79,405)	(54,184)	(33,460)	-	(300)	-	(167,349)
Other expenses	(1,641)	(3,381)	(4,207)	-	(7,934)	-	(17,163)
Other expenses	22,441	659	23,404	-	(77)		46,427
Financial revenue	39,852	5,493	2,222	-	(14,137)		33,430
Financial expenses	(112,952)	(60,781)	(39,330)	-	9,426		(203,637)
Equity in net income of subsidiaries	-	(6,705)	-	-	148,305	(148,305)	(6,705)
Income tax	(24,781)	-	4,878	-	(15,964)	-	(35,867)
Income (loss) for the year	38,753	103,792	14,051	-	50,318	(148,305)	58,609

## HIDROVIAS DO BRASIL S.A.

Notes to the individual and consolidated financial statements  
For the years ended December 31, 2020 and 2019  
(In thousands of reais - R\$, unless otherwise indicated)

(a) Operating expenses include expenditures with Executive Board, employees, outsourced services and other expenses.

In the period ended December 31, 2020, the Company presented revenues from customers domiciled in Brazil, totaling 70% of Company's total net revenue, in the amount of R\$ 1,119,322 (R\$ 580,986 as of December 31, 2019).

In the period ended December 31, 2020, the Company presented revenues derived Uruguay. These revenues total 30% of the Company's total net revenue, corresponding to R\$ 458,208 (R\$ 367,108 as of December 31, 2019).

The volume of grains and fertilizers in the north corridor totaled 6,331 thousand tons (4,337 thousand tons on December 31, 2019), growth of 46% in the first twelve months of 2020, when compared to the same period of previous year.

The volume of grains and fertilizers in the south corridor totaled 1,889 thousand tons (2,180 thousand tons on December 31, 2019), decrease of 13% in the first twelve months of 2020, when compared to the same period of previous year.

The volume of coastal shipping totaled 3,358 thousand tons (3,673 thousand tons as of December 31, 2019), an decrease of 9% in the twelve-month period of 2020 when compared to the same period of previous year.

### Assets and liabilities

#### Assets and liabilities

	North Corridor 12/31/2020	South Corridor 12/31/2020	Cabotage 12/31/2020	Santos 12/31/2020	Other 12/31/2020	Eliminations	Total 12/31/2020
Current assets	349,852	550,921	178,116	70,052	470,039	(191,469)	1,427,511
Non-current assets	1,785,951	1,752,409	693,605	246,263	4,351,855	(4,543,097)	4,286,986
Total assets	2,135,803	2,303,330	871,721	316,315	4,821,894	(4,734,566)	5,714,497
Current liabilities	216,870	109,079	95,358	65,964	150,161	(191,469)	445,963
Non-current liabilities	1,642,447	1,235,652	608,828	221,974	3,145,647	(3,111,841)	3,742,707
Shareholders' equity	276,486	958,599	167,535	28,377	1,526,086	(1,431,256)	1,525,827
Total liabilities and shareholders' equity	2,135,803	2,303,330	871,721	316,315	4,821,894	(4,734,566)	5,714,497

	North Corridor 12/31/2019	South Corridor 12/31/2019	Cabotage 12/31/2019	Other 12/31/2019	Eliminations	Total 12/31/2019
Current assets	386,274	480,402	80,647	379,644	(80,573)	1,246,394
Non-current assets	1,575,285	1,238,933	677,301	3,658,133	(3,678,381)	3,471,271
Total assets	1,961,559	1,719,335	757,948	4,037,777	(3,758,954)	4,717,665
Current liabilities	192,417	74,951	61,685	74,051	(79,912)	323,192
Non-current liabilities	1,240,660	912,417	490,572	2,423,807	(2,216,554)	2,850,902
Shareholders' equity	528,482	731,967	205,691	1,539,919	(1,462,488)	1,543,571
Total liabilities and shareholders' equity	1,961,559	1,719,335	757,948	4,037,777	(3,758,954)	4,717,665

## **HIDROVIAS DO BRASIL S.A.**

Notes to the individual and consolidated financial statements  
For the years ended December 31, 2020 and 2019  
(In thousands of reais - R\$, unless otherwise indicated)

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### **30 Government grant and assistance**

The Company uses two benefits. Namely:

- AFRMM

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 receives an additional 10% surcharge on the amount of cabotage freight from its clients via the Merchant Marine Fund, based on each transportation made. These funds are restricted and can only be used exclusively in the construction, docking, repairs, maintenance of vessels and amortization of financing granted for the acquisition of vessels.

In the period as of December 31, 2020, the Company recognized the benefits of AFRMM in Operating revenue (expenses) in the amount of R\$ 15,366.

- SUDAM

Exploration Profit – SUDAM is a tax incentive granted to legal entities holding infrastructure development projects that foster the economy, as well as being fully established in the states covered by the Amazon Development Authority (to which the state of Pará is included). This benefit grants a reduction of 75% in the Income Tax and its additional charges (25% to 6.25%), for a term of 10 years.

In 2018, the Company joined with the SUDAM (Superintendency for the Development of Amazon) Tax Incentive Program, which provides a 75% reduction of corporate income tax through Exploration Profit for the company Hidrovias do Brasil – Vila do Conde S.A., which is presented as tax income, is likely to benefit from the Government Grant. In the period from December 31, 2020, such benefit resulted in an adjustment of R\$ 5,916 in Tax Incentive Reserve.

- Deferral of ICMS

The subsidiary Hidrovias do Brasil Cabotagem Ltda. enjoys the ICMS deferral on transportation service operations in the State of Pará.

### **31 Items not affecting cash**

During the year ended December 31, 2020, the amount of R\$ 4,872 (R\$ 5,777 as of December 31, 2019) refers to suppliers for the acquisition of fixed assets, R\$ 195,719 refers to Santos leasing contract and R\$ 29,540 capitalized interests of loans for Fixed Assets acquisitions.

### **32 Subsequent event**

On January 20, 2021, the Company announced an any-and-all tender offer of its notes with remuneration of 5.95% pa and maturing in 2025 (“2025 Bond”). Moreover, on January 25, 2021, the Company, through of its subsidiary Hidrovias International Finance, announced the offer of a new bond issue whose allocation of funds is the early repurchase of 2025 Bond. On February 17, 2021, the Company confirmed the repurchase of 74% of 2025 Bond (approximately US\$ 426 million) with funds from the new bond issue, made in the total amount of US\$ 500 million and remunerated at 4.95% pa and maturing in 2031.



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# Independent auditor's report in the individual and consolidated financial statements

## To the Shareholders of the Hidrovias do Brasil S.A.

São Paulo - SP

### Opinion

We have audited the individual and consolidated financial statements of Hidrovias do Brasil S.A. ("Company") and its subsidiaries, respectively referred to as parent company and consolidated, which comprise the balance sheet as at December 31, 2020, and the statements of income, of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

#### Opinion related to Parent Company

In our opinion, the accompanying financial statements present fairly, in all material respects, the individual financial position of the Hidrovias do Brasil S.A. as of December 31, 2020, and the individual financial performance and its cash flows for the year then ended in accordance with the accounting practices adopted in Brazil.

#### Opinion related to Consolidated

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Hidrovias do Brasil S.A. as of December 31, 2020, and the consolidated financial performance and its cash flows for the year then ended in accordance with the accounting practices adopted in Brazil and in accordance 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 (ISAs). Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the individual and consolidated financial statements" section of our report. We are independent of the Company and its subsidiaries in accordance with the ethical requirements that are relevant to our audit of the individual and consolidated financial statements and that are provided in the Brazilian Accountant's Code of Professional Ethics and the professional standards issued by the Brazilian Federal Accounting Council, and we have fulfilled our ethical responsibilities in accordance 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

The key audit matters are those that, in our professional judgment, were of most significance in our audit of the individual and consolidated financial statements of the current period. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Key audit matters

### Impairment of goodwill (refer to notes 3 (i) impairment of assets and 13 intangible assets)

Key audit matters	How the matter was addressed in our audit
<p>The consolidated financial statements for the year ended December 31, 2020 include goodwill in intangible assets, whose realization is supported by estimates of future profitability based on the business plan prepared by the Company, based on methodologies and assumptions that involve significant judgment, such as: discount rate and growth rate, sales revenue, costs, gross margin and new investments.</p> <p>Any changes in the assumptions used in calculation may impact the measurement of the goodwill presented in the consolidated financial statements and the amount of the investment recorded under the equity method in the individual financial statements. Therefore, we consider this matter to be significant for our audit.</p>	<p>Our audit procedures included, among others:</p> <ul style="list-style-type: none"> <li>(i) with the assistance of our corporate finance specialists, evaluation of the methodology used by the Company and the assumptions used to calculate discounted cash flows, including growth and discount rates, historical information and recalculation of the formulas used in the discounted cash flow models;</li> <li>(ii) evaluation of significant assumptions;</li> <li>(iii) a comparison of the recoverable amount calculated based on the discounted cash flows for the goodwill cash generating unit with the book value of the respective cash generating units and</li> <li>(iv) validation of the relevant disclosures in the financial statements.</li> </ul> <p>As a result of the evidence obtained through the audit procedures summarized above, we consider that the goodwill value and the respective disclosures are acceptable in the context of the individual and consolidated financial statements taken as a whole.</p>

### Revenue recognition (refer to notes 3 (d) and 23)

Key audit matters	How the matter was addressed in our audit
<p>The revenues of the Company and its subsidiaries refer mainly to the transportation of commodities through river (transportation service) and maritime navigation (cabotage), lifting and transshipment services.</p> <p>These revenues are based on long-term contracts with customers, which include guarantees of minimum volumes transported ("Take or Pay").</p> <p>Revenue recognition occurs only when performance obligations are completed.</p> <p>Due to the fact that transport and cabotage operations involve significant amounts, being pulverized, occur in large volume and the determination of the period in which the service is being provided, the revenue recognition process is complex and requires the maintenance of appropriate routines for identify and</p>	<p>Our audit procedures included, among others:</p> <ul style="list-style-type: none"> <li>(i) evaluation of the design of the internal controls used by the components, aiming to obtaining the information necessary to determine the effective period of service provision and the criteria for determining the performance obligation;</li> <li>(ii) on a sample basis, analysis of commercial contracts to evaluate the accounting recognition and documentation test, as well as, evaluation of revenue accounting in the appropriate period;</li> <li>(iii) for contracts with "Take or Pay" clauses we examine the corresponding calculations related to revenues recognized;</li> <li>(iv) evaluation of the disclosures in the individual and consolidated financial statements relevant to the matter.</li> </ul>

measure the revenues. Therefore, we consider this matter significant for our audit.

As a result of the evidence obtained through the auditing procedures summarized above, we consider the revenue balance for transportation and cabotage in the context of the consolidated financial statements to be acceptable.

#### Other matters - Statements of added value

The individual and consolidated statements of added value (DVA) for the year ended December 31, 2020 prepared under the responsibility of the Company's management, and presented as supplementary information for IFRS purposes, which were subject to audit procedures carried out with the audit of the Company's financial statements. In order to express our opinion, we evaluated whether these statements are reconciled with the financial statements and accounting records, as applicable, and whether their form and content are in accordance with the criteria defined in CPC 09 Technical Pronouncement - Statement of Added Value. In our opinion, the statements of added value were prepared, in all material respects, in accordance with the criteria defined in this Technical Pronouncement, and are consistent with the overall individual and consolidated financial statements.

#### Other information accompanying the individual and consolidated financial statements and the auditor's report

The Company's management is responsible for the other information that comprises the Management Report.

Our opinion on the individual and consolidated financial statements does not cover the Management Report, and we do not express any form of audit conclusion thereon.

In connection with the audit of the individual 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 in the Management Report, we are required to report that fact. We have nothing to report on this regard.

#### Responsibilities of management and those charged with governance for the individual and consolidated financial statements

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

A administração é responsável pela elaboração e adequada apresentação das demonstrações financeiras individuais de acordo com as práticas contábeis adotadas no Brasil e das demonstrações financeiras consolidadas de acordo com as práticas contábeis adotadas no Brasil, e com as normas internacionais de relatório financeiro (IFRS), emitidas pelo *International Accounting Standards Board* (IASB), e pelos controles internos que ela determinou como necessários para permitir a elaboração de demonstrações financeiras livres de distorção relevante, independentemente se causada por fraude ou erro.

In preparing the individual and consolidated financial statements, management is responsible for assessing the Company and its subsidiaries 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 and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

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

## Auditors' responsibilities for the audit of the individual and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but 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 individual and consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and its subsidiaries' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and its subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the individual 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 auditors' report. However, future events or conditions may cause the Company and subsidiaries to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the individual and consolidated financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the individual and consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence 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 determine those matters that were of most significant in the audit of the individual and consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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 15, 2021

KPMG Auditores Independentes  
CRC 2SP014428/O-6  
Original report in Portuguese signed by

Wagner Petelin  
Accountant CRC 1SP142133/O-7



## 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 YEAR 2020

#### 1. INTRODUCTION

The non-statutory Audit Committee ("Committee") of Hidrovias do Brasil S.A. ("Company") is an advisory committee linked to the Company's Board of Directors, to whom 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 the internal and independent auditors.

#### 2. HISTORIC

During the year 2020 to the present date, the Committee was constituted and has undergone changes in its composition, as follows:

- i. On July 29, 2020, a meeting of the Company's Board of Directors approved (I) the reform of the Committee's Internal Regulations, in order to reflect the applicable provisions of B3 S.A.'s *Novo Mercado* Regulation; as well as (II) the appointment of its members, being: (i) Ricardo Weiss; (ii) Vagner Akihiro Tatebe (Coordinator); and (iii) Vicente Postiga Nogueira;
- ii. On October 22, 2020, the meeting of the Board of Directors of the Company approved the replacement of Mr. Vicente Postiga Nogueira by Mr. Antonio Mary Ulrich, to the position of member of the Company's Committee;
- iii. On December 17, 2020, the meeting of the Company's Board of Directors approved the replacement of Mr. Vagner Akihiro Tatebe and the appointment of Mr. Pedro Jaime Cervatti, as coordinator and member of the Company Committee.

#### 3. ACTIVITIES OF THE AUDIT COMMITTEE

During the year 2020 to the present date, the Committee met on 2 occasions with the following purposes:

- i. Awareness of the Committee's **Internal Regulations**, defining governance for the proper fulfillment of its responsibilities.
- ii. Evaluation of the results presented by the **Internal Audit** and approval of the 2021 Audit Plan.

iii. Examine and recommend on the Company's Financial Statements for the fiscal year ended December 31, 2020, together with the management report and the independent auditors' report.

#### **4. CONCLUSION**

As a newly created committee, the Committee established its governance and promoted its first interactions and independent evaluations, as determined by its Internal Regulations, thus supporting the Company's initiatives to review processes and implement improvements.

The Committee, based on the information received and the activities carried out in the period and considering its responsibilities and limitations resulting from the scope of its activities, believes that the individual and consolidated financial statements of Hidrovias do Brasil S.A. referring to the fiscal year ended on December 31, 2020, accompanied by the Management report and the report (opinion of the independent auditors) issued, without reservations, by KPMG Auditores Independentes, under the terms of art. 25, first paragraph, of CVM Instruction 480/09, as amended, were prepared in accordance with accounting practices adopted in Brazil and with the international financial reporting standards (IFRS), and therefore recommended, unanimously and without remarks, its approval to the Company's Board of Directors.

São Paulo, March 15, 2021.

**PEDRO JAIME CERVATTI**

Member and Coordinator of the Audit  
Committee

**RICARDO ANTONIO WEISS**

Member of the Audit Committee

**ANTONIO MARY ULRICH**

Member of the Audit Committee

**HIDROVIAS DO BRASIL S.A.**  
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**OPINION OF THE NON-STATUTORY AUDIT COMMITTEE**

The non-statutory Audit Committee of Hidrovias do Brasil S.A. ("Committee") in the exercise of its duties, examined the individual and consolidated financial statements of Hidrovia do Brasil S.A. ("Company") for the year ended December 31, 2020, the management report and the report (opinion of the independent auditors) issued, without reservations, by KPMG 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 size and structure of the Company. 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 material respects, the Company's equity and financial position, and that they have been prepared in accordance with 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 and Exchange Commission - CVM.

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

O Comitê de Auditoria, com base nos documentos examinados descritos no primeiro parágrafo e nas informações prestadas pela Administração e pelos Auditores Independentes, ponderadas devidamente suas responsabilidades e as limitações decorrentes do escopo de sua atuação, entende que as demonstrações financeiras individuais e consolidadas da Hidrovias do Brasil S.A. referentes ao exercício social encerrado em 31 de dezembro de 2020, foram elaboradas em conformidade com as práticas contábeis adotadas no Brasil e com as normas internacionais de relatório financeiro (IFRS), e, dessa forma, recomenda, por unanimidade e sem ressalvas, sua aprovação pelo Conselho de Administração da Companhia.

The Audit Committee, based on the examined documents described in the first paragraph and on the information provided by the Management and the Independent Auditors, considering its responsibilities and the limitations resulting from the scope of its performance, understands that the individual and consolidated financial statements of Hidrovias do Brasil S.A. referring to the fiscal year ended on December 31, 2020, were prepared in accordance with accounting practices adopted in Brazil and with the international financial reporting standards (IFRS), and, therefore, recommends, unanimously and without remarks, its approval by the Company's Board of Directors.

São Paulo, March 15, 2021.

**PEDRO JAIME CERVATTI**

Member and Coordinator of the  
Audit Committee

**RICARDO ANTONIO WEISS**

Member of the Audit Committee

**ANTONIO MARY ULRICH**

Member of the Audit Committee

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**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 25, paragraph 1, items V and VI of CVM Instruction 480 of December 7, 2009, 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, 2020.

Sao Paulo, March 15, 2021.

**FABIO SCETTINO**  
Chief Executive Officer

**ANDRÉ KUBOTA**  
Chief Financial and Investor Relations Officer

**TERESA FALEIRO**  
Officer with no specific designation