



Hidroviás do Brasil

RESULTS

1Q21

10 anos

São Paulo, May 13, 2021 – Hidroviás do Brasil [B3: HBSA3], an integrated waterway logistics solutions company listed in B3's Novo Mercado segment, announces today the results for the first quarter of 2021. The results presented here follow Brazilian and international accounting rules (IFRS) and compare 1Q21 to 1Q20, except when otherwise indicated.

Hidroviás do Brasil announces the results for the first quarter of 2021, highlighting the sharp growth of 32.4% in adjusted EBITDA, including results from JVs and the highest adjusted EBITDA margin ever presented for 1Q, at 50.8%, up by 6.9 p.p. when compared to the same period of last year.

1Q21 HIGHLIGHTS

- The Company had an important **volume level in 1Q21**, totaling **2.7 million tons** of grains, fertilizers, bauxite, iron ore, and other products, highlighting the higher volume in grains through “Direct Road” in the North corridor and higher volume of iron ore in the South corridor - in line with Vale’s new volume demand.
- **Net Operating Revenue** (excluding “OTM” and hedge accounting) totaled **R\$272.1 million** in 1Q21 **(+14.4% vs. 1Q20)**, highlighting the North corridor’s excellent performance, which had a real increase in tariff since January 2021, as well as a contribution from Santos’ fertilizer operation;
- **Adjusted EBITDA, including JVs**, totaled **R\$138.2 million** in 1Q21 **(+32.4% vs. 1Q20)**, with the **highest adjusted EBITDA margin ever presented for 1Q, at 50.8% (+6.9 p.p. over 1Q20)**. This once again shows the business resilience amid different scenarios out of the Company’s control, as well as the robustness of long-term agreement, with a set volume, signed with first-class customers.

Consolidated	1Q21	1Q20	Ch. %
Net Revenue	199.6	213.5	-6.5%
Net Operating Revenue ¹	272.1	237.9	14.4%
Net Operating Revenue "Road Transportation (OTM)" ²	1.4	64.6	-97.9%
Hedge Accounting ³	(73.9)	(89.0)	-16.9%
Operating Costs	(129.2)	(186.3)	-30.6%
Operating Costs	(128.1)	(121.4)	5.5%
Operating Costs "Road Transportation (OTM)" ²	(1.2)	(64.9)	-98.2%
Operating Expenses (Revenues)	(28.5)	(30.6)	-6.9%
AFRMM, Tax Credits and Other ⁴	20.6	10.5	97.0%
Equity Accounting	(2.8)	(2.3)	23.4%
EBITDA	59.7	4.8	-
Margin %	21.9%	2.0%	19.9 p.p.
Hedge Accounting	73.9	89.0	-16.9%
Equity Accounting	2.8	2.3	23.4%
Non recurring ⁵	0.1	7.1	-98.0%
Adjusted EBITDA	136.5	103.2	32.3%
Margin %	50.2%	43.4%	6.8 p.p.
JV's EBITDA	1.6	1.2	40.6%
Adjusted EBITDA including JVs⁶	138.2	104.3	32.4%
Margin %	50.8%	43.9%	6.9 p.p.

¹ Net Operating Revenue: Refers to the net revenue from shipping, transshipping, and lifting products at the Company's operating terminals;

² Net Operating Revenue Road Transportation (OTM): Obtained by subcontracting road transportation to customers, providing an integrated logistics solution ("from MT to the ship's hold").

³ Hedge Accounting: The Company's functional currency is the Brazilian Real. However, South Corridor and Coastal Navigation agreements are denominated in US dollars. Therefore, hedge accounting was used to mitigate this exposure to another currency, with the existing US dollar debt hedging long-term agreements in foreign currency. This move has no impact on cash;

⁴ AFRMM, Tax Credits and Others: Including the positive effect from the Additional Freight to Renew the Trading Navy, as well as other credits and other non-operating revenues;

⁵ 1Q21 Non-Recurring includes: R\$0.1 million in expenses related to the IPO and in 1Q20 includes: R\$5.3 million in expenses related to the IPO; R\$0.8 million in reversals/provisions for tax credits and R\$1.0 million related to the stock option program;

⁶ Includes the results from the Company's participation in TGM (Obrinel) and Limday operations.

MESSAGE FROM THE MANAGEMENT

"2021 started with different challenges in corridors where we have operations, and the 1Q results proved that our strategy to diversify products, regions, and currencies is extremely resilient.

We handled 2.7 million products in this first quarter, with good grain performance in the North corridor - despite the late harvest and, therefore, the outflow concentrated at the end of the period - and gradual volume recovery in the South corridor - consolidating our position as one of this corridor's major logistics players for iron ore. Besides, we operated fertilizers in Santos, and the project is still under implementation, undergoing major renovations and modernizations throughout 2021, but already showing its huge potential.

The volume handled and the real tariff increase in the North corridor contributed to reach a Net Operating Revenue, excluding OTM and hedge accounting, of R\$272.1 million - up by 14.4% when compared to the same period of last year.

We remain committed to generate value for our shareholders, seeking alternatives to increase the Company's productivity and reduce expenses, which helped us present an adjusted EBITDA, including JVs, of R\$138.2 million - growing more than the revenue by 32.4% over first quarter of last year.

The adjusted EBITDA margin reached the highest level ever presented for 1Q, at 50.8%, up by 6.9 p.p. YoY.

This result, combined with market forecasts and outlook for the North's grain harvests and South's iron ore production, make us comfortable to state that we're on the right path to reach the Company's guidance for 2021, with the volume handled growing nearly 25% - considering the average expected range - and adjusted EBITDA surpassing 30% - also considering the average range presented, proving we can grow and generate value despite challenges and situations out of the Company's control.

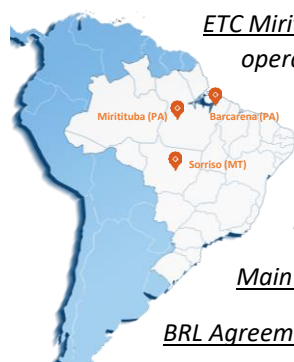
Fabio Schettino - CEO, Hidroviás do Brasil

PERFORMANCE BY CORRIDOR

North Corridor

The **North Corridor** is one of the Company's main operations, where we offer integrated logistics services to transport solid bulk through river navigation and road, when necessary. The capacity of the North Corridor is represented by a) Cargo Transshipment Station (ETC) in Miritituba (PA), b) Private Use Terminal (TUP) in Barcarena (PA) and c) own fleet of pushers and barges to handle products.

Characteristics:



ETC Miritituba Capacity: Grain handling capacity updated to 7.2 million tons/year, growing due to an operational excellence program and productivity gains, with no need for significant additional investments. (Previous capacity was 6.1 million tons/year).

TUP Barcarena Capacity: Grain handling capacity updated to 7.2 million tons/year, growing due to an operational excellence program and productivity gains, with no need for significant additional investments. (Previous capacity was 6.7 million tons/year).

Main Customers: COFCO and Sodru

BRL Agreements

Volume:

Volume (kt)	1Q21	1Q20	Ch. %
North Corridor	1,387	1,413	-1.9%
Grains	1,086	1,162	-6.6%
Fertilizers	67	41	65.1%
"Direct road" ¹	234	211	11.0%

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

Total volume transported in the North corridor reached **1.4 million** tons in 1Q21 (-1.9% vs. 1Q20), continuing with a strong level of grains handled by Miritituba and "Direct Road", amid a late grain harvest scenario and the resulting higher flow concentration at the end of the quarter, impacting a few days of the operation and reducing the volume received in the Miritituba region's ports mainly due to limitations on the Transportuária highway. The Company worked on several fronts during 1Q21 to address these issues on the highway and prevent logistical bottleneck from happening again in the future.

The late harvest in early 2021 meant that the soybean trade was extended and corn planting postponed. The scenario still has some uncertainties, but the lower productivity in Mato Grosso should be offset by the larger area planted and technology investments (higher quality fertilization, pesticides, and seeds). Added together, this should not significantly impact production for the state's second corn harvest, similar scenario to what was seen with soybeans in 2021.

Additionally, a higher volume of fertilizers was handled when compared to 1Q20 due to the strategy to attract volume from players already operating in the region, following the positive trend observed since the fourth quarter of 2020.

The North Arch's ports remain at an excellent competitiveness level in a leading position in the transportation of grains from Mato Grosso, closing 1Q21 with a 52% market share, according to Comexstat. Barcarena remains this region's main port, handling 2.5 million grains in 1Q21 and Hidroviás do Brasil was responsible for 44% of this volume - keeping its leading role in the port and in the region.

Results:

North Corridor	1Q21	1Q20	Ch. %
Net Revenue¹	124.1	163.2	-24.0%
Net Operating Revenue	122.7	98.6	24.5%
Net Operating Revenue "Road Transportation" (OTM) ²	1.4	64.6	-97.9%
Operating Costs	(49.8)	(117.1)	-57.5%
Operating Costs	(48.6)	(52.2)	-6.9%
Operating Costs "Road Transportation" (OTM)	(1.2)	(64.9)	-98.2%
Operating (Revenues) Expenses	(7.5)	(5.0)	50.3%
AFRMM, Tax Credits and Other	18.8	6.8	-
EBITDA	85.6	47.9	78.6%
Margin %	69.8%	48.6%	21.2 p.p.
Non Recurring ³	-	(0.2)	-
Adjusted EBITDA	85.6	47.7	79.6%
Margin %	69.8%	48.4%	21.4 p.p.

¹ North Corridor's Net Revenue excludes "Intercompany" for a better understanding of the result;

² "Road Transportation" (OTM) refers to the Net Revenue obtained by subcontracting road transportation to customers, providing an integrated logistics solution ("from MT to the ship's hold");

³ 1Q20 Non-Recurring includes R\$0.2 million of reversals/provisions for tax credits.

1Q21 Net Operating Revenue, excluding "Road Transportation (OTM)", reached **R\$122.7 million - up by 24.5% YoY**, mainly due to the effect of the real increase in tariff since January 2021, with volumes nearly stable, proving the benefit of a good part of the volume contracted through long-term agreements.

The Company creates customized logistical solutions for its customers and, as a way to make the flow of grains to smaller and less structured players easier, it subcontracts road transportation and fully transfers this cost to them, generating a neutral result. As these customers grow and become more structured, there is less demand for this service and, as a result, Net Operating Revenue from "Road Transportation (OTM)" totaled R\$1.4 million in 1Q21 vs. R\$64.6 million in 1Q20.

Operating Costs excluding "Road Transportation (OTM)" fell by **6.9% over 1Q21**, totaling R\$48.6 million, showing this corridor's ongoing gains in operational efficiency, mainly due to the period's lower fuel consumption – even with the price increase, through the optimization of the vessels used in this corridor.

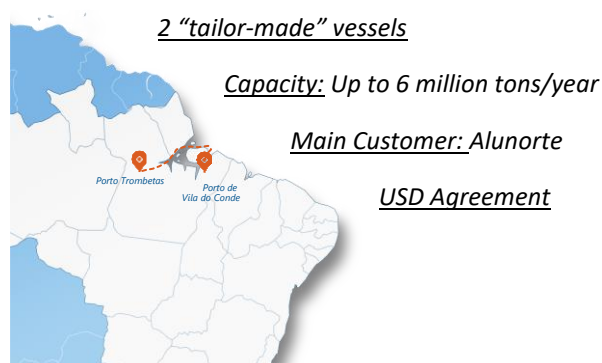
Adjusted EBITDA reached **R\$85.6 million** in 1Q21, a **sharp growth of 79.6% YoY**, mainly due to the real increase in tariff since January and other non-operating revenues and gains in productivity. The **adjusted EBITDA margin was the highest ever for 1Q**, at **69.8%**, with a strong **growth of 21.4 p.p. vs. 1Q20**.

This result shows that the Company remains well positioned in the "Arco Norte", being a **very competitive and profitable alternative for the grain flow from Mato Grosso**.

Coastal Navigation (Cabotage)

The *coastal navigation* operation transports mainly Bauxite from Trombetas Port (PA) to the Barcarena Public Terminal (PA).

Characteristics:



Volume:

Volume (kt)	1Q21	1Q20	Ch. %
Coastal Navigation (Cabotage)	405	1,041	-61.1%
Bauxite	405	1,041	-61.1%

The bauxite volume handled in 1Q21 reached 405 thousand tons (-61.1% vs. 1Q20), due to one-off and non-recurring problems in the unloading pier used by the client, affecting the volume in the last quarter of 2020 and part of the first quarter of 2021, with no impact on results as this is a "take or pay" agreement.

It is worth noting that the customer solved the unloading pier situation in the first quarter of the year.

Results:

Coastal Navigation (Cabotage)	1Q21	1Q20	Ch. %
Net Revenue	41.4	44.2	-6.4%
Net Operating Revenue	47.4	47.6	-0.5%
Hedge Accounting ¹	(6.0)	(3.5)	74.8%
Operating Costs	(16.2)	(24.9)	-34.9%
Operating Costs	(16.2)	(24.9)	-34.9%
Operating (Revenues) Expenses	(0.3)	(0.1)	-
AFRMM, Tax Credits and Other	1.8	3.7	-51.6%
EBITDA	26.6	22.8	16.8%
Margin %	56.1%	47.8%	8.3 p.p.
Hedge Accounting ¹	6.0	3.5	74.8%
Non recurring	-	-	-
Adjusted EBITDA	32.6	26.2	24.4%
Margin %	68.9%	55.1%	13.8 p.p.

¹ Hedge Accounting: The Company's functional currency is the Brazilian Real. However, South Corridor and Coastal Navigation agreements are denominated in US dollars. Therefore, hedge accounting was used to mitigate this exposure to another currency, with the existing US dollar debt hedging long-term agreements in foreign currency. This move has no cash impact.

Net Operating Revenue, excluding hedge accounting, totaled R\$47.4 million in 1Q21 (stable vs. 1Q20). In the quarter, hedge accounting reached (R\$6.0) million, which aims to equalize the impacts of agreements in foreign currency on the results, given that the Company's functional currency is the Brazilian Real. It is worth noting that this hedge accounting effect has no cash impact.

Operating Costs totaled R\$16.2 million in 1Q21 (-34.9% vs. 1Q20), reflecting the lower volume transported in the quarter, as well as the operational efficiency gains, and dollar appreciation gains (as all revenues are linked to US dollar and only part of the cost structure is linked to this currency).

Adjusted EBITDA totaled R\$32.6 million in 1Q21, up by 24.4% YoY. Adjusted EBITDA margin reached 68.9%, a strong growth of 13.8 p.p. - once again showing the robustness of long-term "take or pay" agreements, which ensure the result of the business even with a lower volume handled.

South Corridor

The **South Corridor** refers to the fluvial transportation of grains, fertilizers, iron ore, and other bulk materials in the Paraná-Paraguay waterway and pulp in the Uruguay River through a joint venture. Additionally, it includes the result of another joint venture for port grain operations in Montevideo (TGM), the only one in the region that can load a Panamax vessel.

Characteristics:



Main Products: Iron ore, grains, fertilizers, and pulp

Main customers with agreements: Vale, Cofco, Sodru

USD Agreements

Volume:

Volume (kt)	1Q21	1Q20	Ch. %
South Corridor	685	632	8.3%
Iron Ore	386	123	212.5%
Grains	108	251	-57.1%
Fertilizers	9	20	-56.9%
Other ¹	0	62	-
Total before JVs	502	456	10.0%
JVs ²	183	176	4.0%

¹ Other: Refers to the transportation of other products such as pulp and coke.

² JVs: Volume proportional to the 49% stake in TGM (139 thousand tons in 1Q21 and 151 thousand tons in 1Q20) and 44.55% in Limday (45 thousand tons in 1Q21 and 24 thousand tons in 1Q20)

The **total volume** transported in the South Corridor was 685 thousand tons in 1Q21, up by 8.3% over 1Q20, highlighting the higher volume of iron ore YoY, in line with Vale's new volume demand for 2021. The outlook for the year remains very positive given the historic highs in iron ore's international prices, and Hidroviás do Brasil has positioned itself as the largest logistical player to transport this product in the South corridor.

Compared to 1Q 2020, the grain volume fell due to the late harvest in the region, with a flow more concentrated in the last month of the quarter. It is worth noting that there was a drop in the production forecast in Argentina and a stable production forecast in

Paraguay, which may eventually represent opportunities for more grain transportation in the region, given that Paraguay should supply Argentina's demand.

Even amid the atypical draft situation, the Company continues to operate in the region, benefiting from modern assets designed to navigate drafts that are more restrictive. Besides, in April 2021, the Company concluded the acquisition of Imperial Logistics operation in South America, adding assets that complement the current fleet, with an even lower draft navigation capacity and consolidating the Company's leading position in this important logistics corridor.

The draft situation in our main operating points in the rivers remains stable quarter over quarter, showing a slow recovery, but with better levels when compared to the same period of last year.

Results:

South Corridor	1Q21	1Q20	Ch. %
Net Revenue¹	16.1	6.1	-
Net Operating Revenue	84.0	91.7	-8.4%
Hedge Accounting ²	(67.9)	(85.5)	-20.6%
Operating Costs	(52.1)	(43.2)	20.5%
Operating Costs	(52.1)	(43.2)	20.5%
Operating (Revenues) Expenses	(2.2)	(2.1)	6.2%
Equity Accounting	(2.8)	(2.3)	23.4%
EBITDA	(41.0)	(41.4)	-1.0%
Margin %	(48.9%)	(45.2%)	-3.7 p.p.
Hedge Accounting	67.9	85.5	-20.6%
Equity Accounting	2.8	2.3	23.4%
Non recurring ³	-	1.0	-
Adjusted EBITDA	29.7	47.4	-37.4%
Margin %	35.3%	51.7%	-16.4 p.p.
JV's EBITDA ⁴	1.6	1.2	40.6%
Adjusted EBITDA including JVs	31.3	48.6	-35.5%
Margin %	37.3%	53.0%	-15.7 p.p.

¹ South Corridor's Net Revenue excludes "Intercompany" for a better understanding of the result.

² Hedge Accounting: The Company's functional currency is the Brazilian Real. However, South Corridor and Coastal Navigation agreements are denominated in US dollars. Therefore, hedge accounting was used to mitigate this exposure to another currency, with the existing US dollar debt hedging long-term agreements in foreign currency. This move has no impact on cash;

³ 1Q20 Non-Recurring includes R\$1.0 million of reversals/provisions for tax credits.

⁴ Includes the results from the Company's participation in TGM (Obrinel) and Limday operations.

Net Operating Revenue, excluding hedge accounting, totaled R\$84.0 million in 1Q21 (-8.4% vs. 1Q20), showing the operational resilience amid the ongoing challenging and atypical draft situation in the South corridor's rivers. Besides, it is worth noting that Vale's new scenario leads the revenue to be recognized according to the volume transported and no longer linearly over the quarters. Therefore, as the first quarter of the year usually has lower volumes due to seasonality, the 1Q21 revenue was lower when compared to the model previously adopted - with a fixed linear payment, with no effect on the expected result for the year.

There was a hedge accounting impact on net revenue of (R\$67.9) million in the quarter, with no cash effect.

Operating Costs totaled R\$52.1 million in 1Q21 (+20.5% vs. 1Q20), in line with the iron ore volume growth and impacted by the US dollar appreciation in the period, as well as lower operational efficiency due to a draft that still below historical averages.

Adjusted EBITDA including JVs totaled R\$31.3 million in 1Q21, reflecting Vale's new revenue accounting model that affected quarterly comparisons, but does not affect the annual analysis. Adjusted EBITDA margin including JVs was below the previous year for the reasons above mentioned but remaining at a healthy level of 37.3% in the quarter.

Santos | Salt

We started two new projects in the last two years, which are still under implementation: Santos Terminal's operation and Salt's logistics operation.

The **Santos** project has a 25-year lease for a terminal to handle and store solid bulk in the largest port in South America, located in Santos. The operation started partially in 2020, at the same time we started renovating and adapting the terminal, as provided for in the auction notice. The renovation should accelerate in 2021 and, for this reason; the terminal will be nearly shut down for a good part of the year, resuming all activities in 2022.

The **Salt** project has a salt transshipment and transportation agreement in Brazil's northeastern, with the operational start-up in a phased manner in the second half of 2021, reaching full capacity in 2022.

Characteristics - Santos:



Three warehouses

One mooring dock

Capacity: 3.7 million/ton (Salt + Fertilizer)

BRL Agreements

Characteristics - Salt:



Capacity: 2.5 million/ton

Main Customer: Salinor

BRL Agreement

Volume:

Volume (kt)	1Q21	1Q20	Ch. %
Santos	269	-	-
Total	269	-	-

We handled fertilizers during 1Q21, and, as of April, we completely shut down the operation to modernize the terminal structures and "rebuild" one of the warehouses, with a gradual return to activities in early 2022.

Even with a partial fertilizer operation during 1Q21, market share grew 4.5 p.p. when compared to previous quarter, showing the great potential this operation has and confirming the right strategy to diversify cargo and corridors.

Results:

Santos	1Q21	1Q20	Ch. %
Net Revenue	18.0	-	-
Net Operating Revenue	18.0	-	-
Operating Costs	(11.1)	-	-
Operating Costs	(11.1)	-	-
Operating (Revenues) Expenses	(0.2)	-	-
AFRMM, Tax Credits and Other	-	-	-
EBITDA	6.7	-	-
Margin %	37.1%	-	-
Non recurring	-	-	-
Adjusted EBITDA	6.7	-	-
Margin %	37.1%	-	-

Net Revenue from Santos operation totaled R\$18.0 million in 1Q21.

Operating Costs reached R\$11.1 million in the quarter.

Adjusted EBITDA reached R\$6.7 million in 1Q21, with a margin of 37.1%, not yet reflecting the full operational potential due to renovations and implementation.

Holding Results

The Holding Company's expenses adjusted for the non-recurring effects reached R\$18.1 million, up by 8.3% YoY, a level significantly lower than the total growth of the Company's revenue during the period, even including new areas such as governance, sustainability, investor relations and innovation - expenses required to adjust the company's governance after its IPO.

Holding	1Q21	1Q20	Ch. %
Operating (Revenues) Expenses	(18,2)	(23.0)	(20.7%)
EBITDA	(18.2)	(23.0)	(20.7%)
Advisory and Consultancy - IPO	0.1	5.3	(97.3%)
Stock Options Plan	-	1.0	-
Adjusted EBITDA	(18.1)	(16.7)	8.3%

CONSOLIDATED RESULTS

CAPEX

The Company has strategically chosen to make more robust initial investments to develop cutting-edge assets, resulting in a less representative maintenance CAPEX. Besides, it is important to remember that we operate in a logistical modal that does not require relevant CAPEX for road maintenance.

CAPEX with expansion and maintenance in 1Q21, including Santos concession, reached R\$128.2 million. Only 7.0% of this total was allocated to maintenance - in line with the Company's forecast.

CAPEX used for expansion is related to improve structures, equipment and systems, develop the innovative project of electric pushers, and implement the Salt, Santos and the beginning of Porto Velho projects, which will contribute to growth and generate additional cash as of 2022.

CAPEX Consolidated	1Q21	1Q20	Ch. %
Maintenance	9.0	8.8	2.2%
Expansion	101.0	38.4	-
Grant STS20	18.1	28.1	(35.6%)
Total CAPEX	128.2	75.3	70.2%

NOTE: The difference of R\$14.4 million between the CAPEX shown in the table above and the change of the cash flow of investments is explained by the divergence between activation and disbursement of cash for payment of suppliers, as described in note n. 31.

Consolidated P&L

Consolidated	1Q21	1Q20	Ch. %
Net Revenue	199.6	213.5	-6.5%
Net Operating Revenue ¹	272.1	237.9	14.4%
Net Operating Revenue "Road Transportation (OTM)" ²	1.4	64.6	-97.9%
Hedge Accounting ³	(73.9)	(89.0)	-16.9%
Operating Costs	(129.2)	(186.3)	-30.6%
Operating Costs	(128.1)	(121.4)	5.5%
Operating Costs "Road Transportation (OTM)" ²	(1.2)	(64.9)	-98.2%
Operating Expenses (Revenues)	(28.5)	(30.6)	-6.9%
AFRMM, Tax Credits and Other ⁴	20.6	10.5	97.0%
Equity Accounting	(2.8)	(2.3)	23.4%
EBITDA	59.7	4.8	-
Margin %	21.9%	2.0%	19.9 p.p.
Depreciation and amortization	(75.5)	(49.6)	52.2%
EBIT	(15.9)	(44.8)	-
Financial Result	(157.9)	(79.0)	-
Financial Revenue	30.2	53.3	-43.3%
Financial Expense	(151.2)	(53.0)	-
Recurring financial expense	(55.8)	(53.0)	5.2%
Non-recurring financial expense (debt restructuring: premium and fees)	(95.5)	-	-
Exchange rate variation	(36.9)	(79.3)	-53.5%
Net Loss / Income before Income Tax	(173.8)	(123.8)	40.3%
Income Tax and Social Contribution	(9.2)	(2.9)	-
Net Loss/Profit	(183.0)	(126.7)	44.4%

¹ Net Operating Revenue: Refers to the net revenue from shipping, transshipping, and lifting products at the Company's operating terminals;

² Net Operating Revenue Road Transportation (OTM): Obtained by subcontracting road transportation to customers, providing an integrated logistics solution ("from MT to the ship's hold").

³ Hedge Accounting: The Company's functional currency is the Brazilian Real. However, South Corridor and Coastal Navigation agreements are denominated in US dollars. Therefore, hedge accounting was used to mitigate this exposure to another currency, with the existing US dollar debt hedging long-term agreements in foreign currency. This move has no impact on cash;

⁴ AFRMM, Tax Credits and Others: Including the positive effect from the Additional Freight to Renew the Trading Navy, as well as other credits and other non-operating revenues.

Financial Results

Consolidated	1Q21	1Q20	Ch. %
Financial Result	(157.9)	(79.0)	-
<i>Financial Revenue</i>	30.2	53.3	-43.3%
<i>Financial Expense</i>	(151.2)	(53.0)	-
<i>Recurring financial expense</i>	(55.8)	(53.0)	5.2%
<i>Non-recurring financial expense (debt restructuring: premium and fees)</i>	(95.5)	-	-
<i>Exchange rate variation</i>	(36.9)	(79.3)	-53.5%

1Q21 consolidated financial result totaled R\$157.9 million, up by R\$78.9 million YoY, mainly due to:

- i) **Financial Revenue:** R\$23.1 million drop in revenues from financial investments due to the lower interest rates in the Brazilian and international markets;
- ii) **Financial Expenses:** R\$98.2 million increase, reflecting costs linked to the 2025 debt buyback and new Bond 2030 issued, paying a premium, fees, and expenses with the transaction totaling R\$95.5 million - non-recurring;
- iii) **Exchange Rate Change:** R\$42.5 million increase YoY.

1Q21 financial results were affected by one-off and non-recurring items from the debt extension process, which, despite impacting 1Q21, will help to reduce future interest expenses. Excluding this non-recurring effect, financial results would have totaled R\$62.4 million, R\$16.6 million better than the same period of last year.

Net Income/Loss

Due to the reasons herein, the Company closed 1Q21 with a net book loss of R\$183.0 million compared to a net book loss of R\$126.7 million in 1Q20. Adjusting the result to the non-cash effect of hedge accounting and exchange rate change and the debt issuance costs mentioned above – considered non-recurring – we would have a net income of R\$23.3 million in 1Q21.

Cash Generation

The sharp increase in consolidated EBITDA in 1Q21 helped generate R\$76.6 million in operating cash in the quarter (+23.5% vs. 1Q20).

The cash generated after investments for expansion and maintenance and financial cash flow totaled 120.7 million in the quarter, despite the major investment in expansion and effects from the funding after the debt restructuring carried out in February 2021.

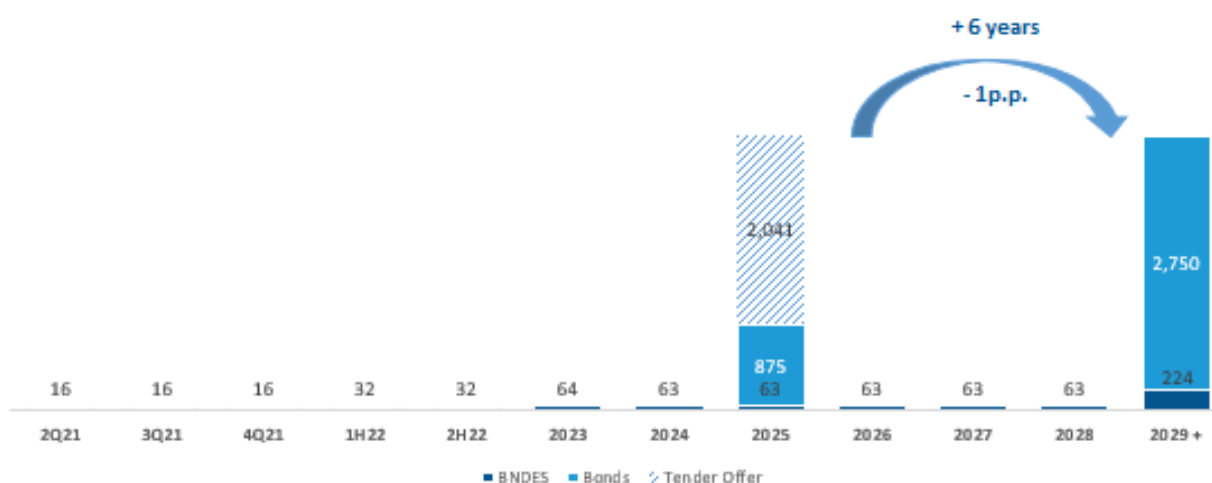
We closed the quarter with over R\$1.2 billion in cash, up by 6.6% YoY, proving our **ability to invest in expanding our business and keep a robust cash position.**

Cash Flow	1Q21	1Q20	Ch. %
Cash at the beginning of the period	1,045.8	974.5	7.3%
(+) EBITDA	59.7	4.8	-
(+/-) Change in working capital and others	(56.9)	(31.8)	-
(+/-) <i>Hedge Accounting</i>	73.9	89.0	-16.9%
= Operating Cash Flow	76.6	62.0	23.5%
(-) CAPEX	(95.8)	(47.2)	-
<i>Maintenance</i>	(9.0)	(8.8)	2.2%
<i>Expansion</i>	(86.8)	(38.4)	-
= Investing Cash Flow	(95.8)	(47.2)	-
(+/-) Debt Issuance/Amortization	409.4	(14.0)	-
(-) Interest Payments	(115.0)	(85.5)	34.5%
(-) Lease Payments	(40.3)	(2.6)	-
(+/-) Bond repurchase	(113.4)	(19.2)	-
(+/-) Dividends paid/received	-	6.3	-
= Financing Cash Flow	140.7	(114.9)	-
Impact of exchange rate variation on cash balance	(0.8)	220.0	-
= Cash Generation	120.7	119.9	0.7%
Cash at the end of the period	1,166.6	1,094.4	6.6%

Indebtedness

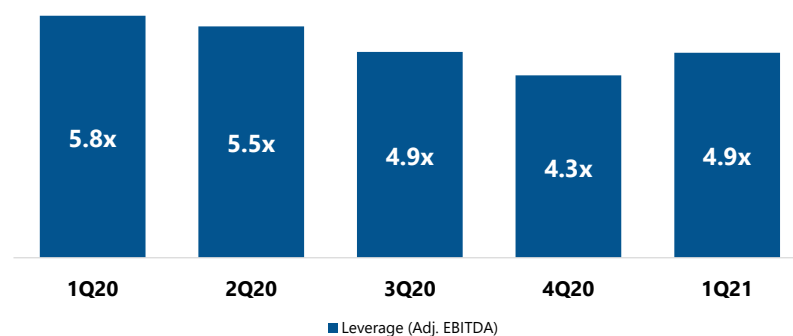
In February 2021, the Company concluded the debt restructuring process, buying back US\$425 million in bonds due in 2025, replacing them with new bonds due in 2031. Besides postponing the maturity from 4 to 10 years, the Company issued the new debt at the cost of 4.950% per year, an important savings of 1.0 p.p. compared to the previous one. As a result, the **Company's amortization flows have become even smaller for coming years, with no material maturity in coming years.**

The new schedule can be seen below.



The net debt/adjusted EBITDA ratio fell by 0.9x in 1Q21 YoY, mainly due to the **strong increase in EBITDA in the period.**

As noted below, the Company's leverage, considering adjusted EBITDA, was 4.9x in 1Q21. The YoY indebtedness is higher in absolute numbers due to the exchange rate change, **with no cash effect and not compromising the Company's payment capacity** - as a major part of the cash, generation is linked to US dollar.



* Considers Adjusted EBITDA excluding hedge accounting, equity accounting and non-recurring items in the quarter;

NOTE: Due to the Company's debt restructuring, we started assessing the covenant on a consolidated base and, as a result, there was a change in the above, calculated from the Net Debt with no adjustment due to the exchange rate change.

Sustainability

Following its commitment to operational improvement and to reinforce a culture for social and environmental responsibility, the Company signed a partnership with the Brazilian shipyard Belov to build two electric pushers - the first in the world. This is an innovative and unprecedented model, which should start operating in 2022.

The project's idea is to reduce the emission of polluting gases into the atmosphere, replacing conventional marine diesel propulsion with the hybrid generation, using electric batteries - keeping the operational efficiency and with the possibility of using renewable electric energy.

The use of these two pushers should help to reduce around 2,168 tons of carbon dioxide per year, corresponding to the consumption of 472 cars.

The Company continues to invest in innovation and seek alternatives with less environmental impact to increase its fleet, ensure sustainable growth, following the best international practices, and positioning itself more and more as a leader in its operating segment and region.

GUIDANCE 2021 AND 2025

In compliance with the provisions of article 157, paragraph 4 of Law No 6,404 of December 15th, 1976, as amended, and in compliance with the CVM Instruction No 358 of January 3rd, 2002, as amended, disclosed on April 22nd, to the shareholders and to the market in general its financial and operating projections for the period of 2021 and 2025, as shown in the following tables:

Millions of tons	2020	2021			2025		
		Min.	Max.	Change %	Min.	Max.	CAGR 20-25%
North Corridor volume	6.3	7.0	7.4	14.3%	10.2	11.2	11.2%
South Corridor volume	2.8	5.0	5.2	82.1%	5.5	6.1	15.7%
Coastal Navigation volume	3.4	3.2	3.4	-	4.5	5.0	7.0%
Salt Santos volume	0.6	0.6	0.8	16.7%	3.7	4.1	45.4%
Consolidated volume	13.1	15.8	16.9	24.8%	23.9	26.4	13.9%

Main assumptions for volume:

- (i) *North Corridor: considers the volume of grains (Miritituba and Rodo direct) and fertilizers. It includes Porto Velho volumes from 2023 onwards. Does not consider new internal projects in the region;*
- (ii) *South Corridor: considers Vale's full operation until 2025, volume with the Imperial acquisition from May 2021 and proportional volume of Company's participation in the JVs (TGM and Limday); It does not consider new projects in the region, nor any acquisitions and mergers and considers a scenario with regular navigation and adequate draft level;*
- (iii) *Coastal Navigation: considers maintenance of the contract with Alunorte in line with historical data, movement of other products in line with historical data and lower volume of bauxite in 2021 due to punctual and non-recurring situation in the clients' unloading pier in 1Q21, offset by "take or pay" contract;*
- (iv) *Salt | Santos: considers partial volume in Santos until 1Q21 and volume of Salt operation from 2H21. Considers regular operation of Salt and Santos in 2025;*
- (v) *Does not consider additional volumes arising from new projects, new routes, future acquisitions or impacts from other third-party infrastructure projects; (vii) 20/21 Change and 20/25 CAGR calculated from the midpoint of the presented range.*

Projections | Guidance (Hidroviás do Brasil)

R\$ million	2020	2021			2025		
		Min.	Max.	Change %	Min.	Max.	CAGR 20-25%
Consolidated adjusted EBITDA	637.4	800	880	31.8%	1,350	1,500	17.4%

Main assumptions related to consolidated adjusted EBITDA:

- i) *It considers an exchange rate of R\$5.20 for 2021 and an exchange rate of R\$ 5.00 for 2025 - exchange rate changes may impact the estimated values given that the South Corridor and Coastal Navigation operations have contracts in US dollars. The Company uses adjusted EBITDA as a non-accounting measurement, in order to provide additional financial information on its ability to generate operating results and enable a comparison with market competitors, which, in general, also use such measurement. The EBITDA presented above is adjusted for non-recurring items, equity accounting and hedge accounting and includes results obtained with the JVs. We believe that the incorporation of adjusted EBITDA provides the investor an additional metric to analyze the Company's results. Adjusted EBITDA is not a measure defined in the Accounting Practices adopted in Brazil, nor is it included in the International Financial Reporting Standards (IFRS) and does not represent the cash flow for the years and periods presented, and should not be considered (i) as a substitute for net income, as an indicator of the Company's operating performance, (ii) as a substitute for cash flow or (iii) as an indicator of the Company's liquidity;*
- ii) *20/21 Changes and 20/25 CAGR calculated from the midpoint of the range presented.*

Projections | Guidance (Hidroviás do Brasil)

R\$ million	2020	2021		2021 to 2025	
		Min.	Max.	Min.	Max.
Consolidated CAPEX	302.6	900	1,100	2,550	3,000

Main assumptions related to consolidated CAPEX:

- (i) *It considers an exchange rate of R\$5.20 for 2021 and an exchange rate of R\$5.00 for 2025 - exchange rate variations may impact the estimated values;*
- (ii) *Considers maintenance and expansion CAPEX*
- (iii) *Does not include new projects and future acquisitions that could be approved by the Company; (iv) Includes CAPEX to expand the North Corridor capacity;*
- (iv) *Considers CAPEX related to projects that are being implemented, such as Salt, Santos, Porto Velho and Imperial.*

The information contained in this document is merely an estimate of the business and projections of operating and financial results and, as such, is based mainly on the perceptions and assumptions of the Company's management. These estimates are subject to several risk factors and uncertainties and are made considering the information currently available, therefore, they depend substantially on the conditions of national and international markets, the performance of the Brazilian economy and the business sector of the Company and its subsidiaries, being thus subject to change. Due to these uncertainties, the investor should not make any investment decision based on these estimates and projections on future operations, as they do not constitute a promise of performance. Any change in the perceptions or factors mentioned above may cause the concrete results to differ from the projections made and disclosed.

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 “Company”) constituted by analyzes made by its management. This means that the statements contained herein, based on a 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 the information shown indicates the existence of adverse situations that may impact the expected results so that our expectations do not materialize within the accredited period, as these factors go beyond the control capacity of Hidroviás. Accordingly, the Company does not guarantee the performance reflected in this presentation and, therefore, does not constitute offer material for the purchase and / or subscription of its securities.

ATTACHMENTS

HIDROVIAS DO BRASIL S.A.

STATEMENTS OF INCOME
FOR THE PERIODS ENDED MARCH 31, 2021 AND 2020
(In thousands of reais - R\$, except earnings/loss per share)

	Consolidated	
	03/31/2021	31/03/2020
Net operating revenue	199.578	213.522
Cost of services rendered	(179.720)	(230.653)
Gross income	19.858	(17.131)
OPERATING EXPENSES		
General and administrative expenses	(53.957)	(35.846)
Provision for expected losses	448	-
Equity in net income of subsidiaries	(2.832)	(2.295)
Other expenses/revenues	20.601	10.464
Operating income (loss) before financial income (loss) and taxes	(15.882)	(44.808)
Financial revenues	30.194	53.286
Financial expenses	(188.096)	(132.308)
Financial income (loss)	(157.902)	(79.022)
Operating income (loss) before income tax and social contribution	(173.784)	(123.830)
Income tax and social contribution		
Current	(18.104)	(13.977)
Deferred	8.883	11.097
Loss for the period	(183.005)	(126.710)
Basic earnings per share - R\$	(0,2407)	(0,1693)
Diluted earnings per share - R\$	(0,2407)	(0,1676)

See the accompanying notes to the interim financial information.

BALANCE SHEETS AT MARCH 31, 2021 AND DECEMBER 31, 2020
(In thousands of reais - R\$)

ASSETS	Consolidated		LIABILITIES AND SHAREHOLDERS' EQUITY	Consolidated	
	31/03/2021	31/12/2020		31/03/2021	31/12/2020
Current assets			Current liabilities		
Cash and cash equivalents	304.696	214.848	Suppliers	117.959	68.506
Securities	848.988	816.044	Loans and financing	113.031	185.954
Trade accounts receivable	209.682	147.852	Social charges and labor legislation obligations	31.456	39.460
Inventories	65.961	57.051	Lawsuits	11.598	9.794
Recoverable taxes	42.662	44.912	Taxes payable	22.866	26.241
Income tax and social contribution	13.704	42.986	Income tax and social contribution	18.930	67.622
Advances to suppliers	34.554	34.593	Accounts payable with related parties	-	-
Prepayments	48.846	32.149	Advance from clients	5.966	7.315
Related party credits	1.610	-	Dividends payable	329	237
Dividends receivable	-	-	Lease liability	106.067	14.446
Other receivables	37.286	37.076	Obligation with concession - grant	18.189	18.547
Total current assets	<u>1.607.989</u>	<u>1.427.511</u>	Other accounts payable	<u>36.238</u>	<u>7.841</u>
			Total current liabilities	<u>482.629</u>	<u>445.963</u>
Non-current assets			Non-current liabilities		
Linked securities	12.874	14.952	Loans and financing	4.226.541	3.537.180
Related party credits	2.607	3.820	Lease liability	189.051	150.301
Trade accounts receivable	6.400	6.400	Obligation with concession - grant	<u>39.320</u>	<u>55.226</u>
Judicial deposits	41.029	40.774	Total non-current liabilities	<u>4.454.912</u>	<u>3.742.707</u>
Guarantees and pledge deposits	9.381	9.491			
Deferred tax assets	195.232	148.862	SHAREHOLDERS' EQUITY		
Recoverable taxes	77.094	77.588	Capital	1.334.584	1.334.584
Income tax and social contribution	37.368	37.373	Capital reserves	34.176	34.176
Advances to suppliers	8.650	8.358	Retained earnings (loss)	(204.051)	(21.046)
Prepayments	50.682	29.256	Equity valuation adjustment	<u>190.863</u>	<u>178.113</u>
Investments	77.865	74.479	Total shareholders' equity	<u>1.355.572</u>	<u>1.525.827</u>
Property, plant and equipment	3.556.523	3.355.604			
Right-of-use asset	287.339	157.114	Total liabilities and shareholders' equity	<u>6.293.113</u>	<u>5.714.497</u>
Intangible assets	<u>322.080</u>	<u>322.915</u>			
Total non-current assets	<u>4.685.124</u>	<u>4.286.986</u>			
Total assets	<u>6.293.113</u>	<u>5.714.497</u>			

See the accompanying notes to the interim financial information.

HIDROVIAS DO BRASIL S.A.

STATEMENTS OF CASH FLOWS

FOR THE PERIODS ENDED MARCH 31, 2021 AND 2020

(In thousands of reais - R\$)

	Consolidated	
	31/03/2021	31/03/2020
Cash flow from operating activities		
Loss for the period	(183.005)	(126.710)
Adjustments to reconcile loss for the year with net cash generated by (invested) in operating activities:		
Provision for bonus	8.665	3.568
Current and deferred income tax and social contribution	9.221	2.880
Adjustment to present value of lease and concession	2.608	-
Reversal of provision for estimated losses	(488)	-
(Formation) Reversal of provision for contingency	1.804	(87)
Interest incurred on loans	51.354	43.740
Reversal of loan funding costs	23.597	1.483
Inflation and foreign exchange adjustments on debt	32.186	72.812
Accrued interest - lease	(246)	439
Stock option plan	-	1.024
Yield of interest earning bank deposit	(30.182)	(50.354)
Depreciation and amortization	54.111	48.110
Amortization from right-of-use asset	21.428	1.537
Equity in net income of subsidiaries	2.832	2.295
Revenue realized from hedge	73.908	88.970
(Increase) decrease in operating assets:		
Accounts receivable	(52.056)	(34.798)
Inventories	(5.623)	(9.711)
Recoverable taxes	5.921	2.052
Advances to suppliers	7.328	6.158
Prepayments	(33.467)	(15.904)
Judicial deposits	(255)	(627)
Guarantees and pledge deposits	110	(1.855)
Other receivables	436	(715)
Increase (decrease) in operating liabilities:		
Suppliers	32.209	56.119
Social charges and labor legislation obligations	(17.288)	(9.314)
Taxes payable	(3.792)	3.689
Advances from clients	(8.163)	(20.204)
Other accounts payable	28.250	4.358
Income tax and social contribution paid	(36.973)	(13.311)
Payment of interest on loans and financing	(114.980)	(85.488)
Net cash invested in operating activities	(130.550)	(29.844)
Cash flows from investment activities		
Acquisition of property, plant and equipment	(92.190)	(42.829)
Acquisition of intangible assets	(3.591)	(4.194)
Securities (investment)	(758.093)	(245.325)
Securities (redemptions)	798.747	433.408
Dividends received	-	6.316
Loan granted between related parties	1.213	-
Capital increase (decrease) in subsidiaries	-	-
Net cash generated by (invested in) investment activities	(53.914)	147.376
Cash flows from financing activities		
Borrowings	2.848.650	-
Concession lease	(18.141)	-
Lease paid	(22.136)	(2.573)
Amortization of principal - loans	(2.439.267)	(13.988)
Pledged financial investments	2.078	-
Bond repurchase	-	(19.189)
Loan granted between related parties	-	-
Other accounts payable with related parties	(1.611)	-
Addition of funding cost on loans and financing	(113.441)	-
Net cash (invested in) generated by financing activities	256.132	(35.750)
Effect of changes in exchange rate on balance of cash and cash equivalents in foreign	18.180	22.678
(Decrease)/increase in cash and cash equivalents	89.848	104.460
Cash and cash equivalents at the beginning of the period	214.848	45.166
Cash and cash equivalents at the end of the period	304.696	149.626
(Decrease)/increase in cash and cash equivalents	89.848	104.460



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Independent Auditors' Report on Review of Individual and Consolidated Interim Financial Statements

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

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of Hidrovias do Brasil S.A. ("Company"), contained in the Quarterly Information – ITR Form for the quarter ended March 31, 2021, comprising the balance sheet as of March 31, 2021 and related statements of income, of comprehensive income, of changes in shareholders' equity and of cash flows for the three-month period then ended, including the explanatory notes.

Management is responsible for the preparation of the individual interim financial information in accordance with Technical Pronouncement CPC 21(R1) Interim Financial Information and the consolidated interim financial statements in accordance with CPC 21 (R1) and IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), such as for the presentation of these information in a manner consistent with the standards issued by the Brazilian Securities and Exchange Commission (CVM), applicable to the preparation of the Quarterly Financial Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Standards on Review Engagements (NBC TR 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion on the individual interim financial information**

Based on our review, nothing has come to our attention that causes us to believe that the individual interim financial information included in the Quarterly Financial Information (ITR) referred to above was not prepared, in all material respects, in accordance with CPC 21 (R1) applicable to the preparation of Quarterly Financial Information (ITR) and presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM).

Conclusion on the consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim financial information included in the Quarterly Financial Information (ITR) referred to above was not prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34, issued by IASB, applicable to the preparation of Quarterly Financial Information (ITR) and presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM).

Other matters - Statements of value added

The individual and consolidated statements of value added for the three-month period ended March 31, 2021, prepared under the responsibility of Company's management and presented as supplementary information for IAS 34, were subjected to review procedures performed in connection with the review of the individual and consolidated interim financial statements of the Company. To form our conclusion, we evaluated whether these statements reconciled with the interim financial statements and accounting records, as applicable, and whether their form and content are in accordance with the criteria defined in Technical Pronouncement CPC 09 - Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that the these individual and consolidated statements of value added, were not prepared, in all material respects, consistently with the individual and consolidated interim financial statements taken as a whole.

São Paulo, May 13, 2021

KPMG Auditores Independentes
CRC 2SP014428/0-6

Original report in Portuguese signed by
Wagner Petelin
Contador CRC 1SP142133/O-7

HIDROVIAS DO BRASIL S.A.

BALANCE SHEETS AT MARCH 31, 2021 AND DECEMBER 31, 2020
(In thousands of reais - R\$)

ASSETS	Note	Parent company		Consolidated	
		31/03/2021	31/12/2020	31/03/2021	31/12/2020
Current assets					
Cash and cash equivalents	4	818	1,441	304,696	214,848
Marketable Securities	5,1	35,997	87,728	848,988	816,044
Trade accounts receivable	6,1	-	-	209,682	147,852
Inventories		-	-	65,961	57,051
Recoverable taxes	7	582	97	42,662	44,912
Income tax and social contribution	7,1	7,914	-	13,704	42,986
Advances to suppliers	9	445	1,249	34,554	34,593
Prepayments		3,842	2,483	48,846	32,149
Related party credits	18	10,787	15,603	1,610	-
Dividends receivable	18	1,654	14,090	-	-
Other receivables		213	160	37,286	37,076
Total current assets		62,252	122,851	1,607,989	1,427,511
Non-current assets					
Linked securities	5,2	-	-	12,874	14,952
Related party credits	18	5,697	5,197	2,607	3,820
Trade accounts receivable	6,1	-	-	6,400	6,400
Judicial deposits	17	32,383	32,383	41,029	40,774
Guarantees and pledge deposits	8	9,354	9,100	9,381	9,491
Deferred tax assets	26	11,476	8,543	195,232	148,862
Recoverable taxes	7	-	-	77,094	77,588
Income tax and social contribution	7,1	-	-	37,368	37,373
Advances to suppliers	9	-	-	8,650	8,358
Prepayments		3,766	3,789	50,682	29,256
Investments	10	1,259,844	1,435,557	77,865	74,479
Property, plant and equipment	11	8,180	8,140	3,556,523	3,355,604
Right-of-use asset	12	2,262	-	287,339	157,114
Intangible assets	13	26,694	24,419	322,080	322,915
Total non-current assets		1,359,656	1,527,128	4,685,124	4,286,986
Total assets		1,421,908	1,649,979	6,293,113	5,714,497

See the accompanying notes to the interim financial information.

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	Parent company		Consolidated	
		31/03/2021	31/12/2020	31/03/2021	31/12/2020
Current liabilities					
Suppliers	14	6,014	9,229	117,959	68,506
Loans and financing	15	-	-	113,031	185,954
Social charges and labor legislation obligations	16	12,070	17,824	31,456	39,460
Lawsuits	17	-	-	11,598	9,794
Taxes payable		5,012	5,217	22,866	26,241
Income tax and social contribution		-	18,856	18,930	67,622
Accounts payable with related parties	18	31,617	63,481	-	-
Advance from clients		-	-	5,966	7,315
Dividends payable	18	-	-	329	237
Lease liability	12	2,266	180	106,067	14,446
Obligation with concession - grant	13	-	-	18,189	18,547
Other accounts payable		9,357	9,365	36,238	7,841
Total current liabilities		66,336	124,152	482,629	445,963
Non-current liabilities					
Loans and financing	15	-	-	4,226,541	3,537,180
Lease liability	12	-	-	189,051	150,301
Obligation with concession - grant	13	-	-	39,320	55,226
Total non-current liabilities		-	-	4,454,912	3,742,707
SHAREHOLDERS' EQUITY					
Capital	19	1,334,584	1,334,584	1,334,584	1,334,584
Capital reserves		34,176	34,176	34,176	34,176
Retained earnings (loss)		(204,051)	(21,046)	(204,051)	(21,046)
Equity valuation adjustment		190,863	178,113	190,863	178,113
Total shareholders' equity		1,355,572	1,525,827	1,355,572	1,525,827
Total liabilities and shareholders' equity		1,421,908	1,649,979	6,293,113	5,714,497

HIDROVIAS DO BRASIL S.A.

STATEMENTS OF INCOME

FOR THE PERIODS ENDED MARCH 31, 2021 AND 2020

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

	Note	Parent company		Consolidated	
		03/31/2021	31/03/2020	03/31/2021	31/03/2020
Net operating revenue	23	-	-	199,578	213,522
Cost of services rendered	24,1	-	-	(179,720)	(230,653)
Gross income		-	-	19,858	(17,131)
OPERATING EXPENSES					
General and administrative expenses	24,1	(19,024)	(24,757)	(53,957)	(35,846)
Provision for expected losses	24,1	-	-	448	-
Equity in net income of subsidiaries	10	(174,844)	(105,565)	(2,832)	(2,295)
Other expenses/revenues	24,2	-	(310)	20,601	10,464
Operating income (loss) before financial income (loss) and taxes		(193,868)	(130,632)	(15,882)	(44,808)
Financial revenues	25	7,977	4,083	30,194	53,286
Financial expenses	25	(46)	(161)	(188,096)	(132,308)
Financial income (loss)	25	7,931	3,922	(157,902)	(79,022)
Operating income (loss) before income tax and social contribution		(185,937)	(126,710)	(173,784)	(123,830)
Income tax and social contribution					
Current	26	-	-	(18,104)	(13,977)
Deferred	26	2,932	-	8,883	11,097
Loss for the period		<u>(183,005)</u>	<u>(126,710)</u>	<u>(183,005)</u>	<u>(126,710)</u>
Basic earnings per share - R\$	20			(0.2407)	(0.1693)
Diluted earnings per share - R\$	20			(0.2407)	(0.1676)

See the accompanying notes to the interim financial information.

HIDROVIAS DO BRASIL S.A.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIODS ENDED MARCH 31, 2021 AND 2020
(In thousands of reais - R\$)

	Parent company		Consolidated	
	<u>31/03/2021</u>	<u>31/03/2020</u>	<u>31/03/2021</u>	<u>31/03/2020</u>
Loss for the period	(183,005)	(126,710)	(183,005)	(126,710)
Other comprehensive income:				
Items that may be reclassified in the statement of income:				
Foreign exchange difference in the translation of foreign operations in subsidiaries	85,150	213,463	79,677	191,704
Foreign exchange difference in the translation of foreign operations in investees	-	-	5,473	21,759
Hedge accounting of non-derivative financial instruments	(109,887)	(347,671)	(109,887)	(347,671)
Deferred income tax and social contribution	37,487	93,734	37,487	93,734
Total	<u>12,750</u>	<u>(40,474)</u>	<u>12,750</u>	<u>(40,474)</u>
Comprehensive income for the period	<u>(170,255)</u>	<u>(167,184)</u>	<u>(170,255)</u>	<u>(167,184)</u>

See the accompanying notes to the interim financial information.

HIDROVIAS DO BRASIL S.A.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIODS ENDED MARCH 31, 2021 AND 2020 - 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	Accumulated losses	Accumulated translation adjustments	Adjustment of non-derivative financial instruments	
BALANCES AT JANUARY 1, 2020	1,307,683	(24,885)	4,401	12,726	37,636	11,036	35,827	-	285,664	(126,517)	1,543,571
Loss for the period	-	-	-	-	-	-	-	(126,710)	-	-	(126,710)
Recognized options granted	-	-	-	1,024	-	-	-	-	-	-	1,024
Other comprehensive income	-	-	-	-	-	-	-	-	213,463	(253,937)	(40,474)
BALANCES AT MARCH 31, 2020	<u>1,307,683</u>	<u>(24,885)</u>	<u>4,401</u>	<u>13,750</u>	<u>37,636</u>	<u>11,036</u>	<u>35,827</u>	<u>(126,710)</u>	<u>499,127</u>	<u>(380,454)</u>	<u>1,377,411</u>
BALANCES AT JANUARY 1, 2021	1,359,469	(24,885)	4,401	29,775	-	-	-	(21,046)	508,246	(330,133)	1,525,827
Loss for the period	-	-	-	-	-	-	-	(183,005)	-	-	(183,005)
Other comprehensive income	-	-	-	-	-	-	-	-	85,150	(72,400)	12,750
BALANCES AT MARCH 31, 2021	<u>1,359,469</u>	<u>(24,885)</u>	<u>4,401</u>	<u>29,775</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(204,051)</u>	<u>593,396</u>	<u>(402,533)</u>	<u>1,355,572</u>

See the accompanying notes to the interim financial information.

STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED MARCH 31, 2021 AND 2020
(In thousands of reais - R\$)

	Parent company		Consolidated	
	31/03/2021	31/03/2020	31/03/2021	31/03/2020
Cash flow from operating activities				
Loss for the period	(183,005)	(126,710)	(183,005)	(126,710)
Adjustments to reconcile loss for the year with net cash generated by (invested) in operating activities:				
Provision for bonus	4,666	3,129	8,665	3,568
Current and deferred income tax and social contribution	(2,932)	-	9,221	2,880
Adjustment to present value of lease and concession	-	-	2,608	-
Reversal of provision for estimated losses	-	-	(488)	-
(Formation) Reversal of provision for contingency	-	-	1,804	(87)
Interest incurred on loans	-	-	51,354	43,740
Reversal of loan funding costs	-	-	23,597	1,483
Inflation and foreign exchange adjustments on debt	-	-	32,186	72,812
Accrued interest - lease	25	23	(246)	439
Stock option plan	-	1,024	-	1,024
Yield of interest earning bank deposit	(6,687)	(63)	(30,182)	(50,354)
Depreciation and amortization	1,186	1,470	54,111	48,110
Amortization from right-of-use asset	296	275	21,428	1,537
Equity in net income of subsidiaries	174,844	105,565	2,832	2,295
Revenue realized from hedge	-	-	73,908	88,970
(Increase) decrease in operating assets:				
Accounts receivable	-	-	(52,056)	(34,798)
Inventories	-	-	(5,623)	(9,711)
Recoverable taxes	(27,255)	(423)	5,921	2,052
Advances to suppliers	804	116	7,328	6,158
Prepayments	(1,336)	388	(33,467)	(15,904)
Judicial deposits	-	-	(255)	(627)
Guarantees and pledge deposits	(254)	(1,855)	110	(1,855)
Other receivables	(54)	765	436	(715)
Increase (decrease) in operating liabilities:				
Suppliers	(3,215)	1,353	32,209	56,119
Social charges and labor legislation obligations	(10,420)	(7,622)	(17,288)	(9,314)
Taxes payable	(205)	183	(3,792)	3,689
Advances from clients	-	-	(8,163)	(20,204)
Other accounts payable	(8)	(103)	28,250	4,358
Income tax and social contribution paid	-	(3,411)	(36,973)	(13,311)
Payment of interest on loans and financing	-	-	(114,980)	(85,488)
Net cash invested in operating activities	(53,550)	(25,896)	(130,550)	(29,844)
Cash flows from investment activities				
Acquisition of property, plant and equipment	(230)	(51)	(92,190)	(42,829)
Acquisition of intangible assets	(3,203)	(2,205)	(3,591)	(4,194)
Securities (investment)	(14,100)	(49,155)	(758,093)	(245,325)
Securities (redemptions)	72,518	46,407	798,747	433,408
Dividends received	25,986	4,000	-	6,316
Loan granted between related parties	4,316	(3,933)	1,213	-
Capital increase (decrease) in subsidiaries	-	(250)	-	-
Net cash generated by (invested in) investment activities	85,287	(5,187)	(53,914)	147,376
Cash flows from financing activities				
Borrowings	-	-	2,848,650	-
Concession lease	-	-	(18,141)	-
Lease paid	(496)	(272)	(22,136)	(2,573)
Amortization of principal - loans	-	-	(2,439,267)	(13,988)
Pledged financial investments	-	-	2,078	-
Bond repurchase	-	-	-	(19,189)
Loan granted between related parties	-	22,428	-	-
Other accounts payable with related parties	(31,864)	373	(1,611)	-
Addition of funding cost on loans and financing	-	-	(113,441)	-
Net cash (invested in) generated by financing activities	(32,360)	22,529	256,132	(35,750)
Effect of changes in exchange rate on balance of cash and cash equivalents in foreign currency	-	-	18,180	22,678
(Decrease)/increase in cash and cash equivalents	(623)	(8,554)	89,848	104,460
Cash and cash equivalents at the beginning of the period	1,441	9,179	214,848	45,166
Cash and cash equivalents at the end of the period	818	625	304,696	149,626
(Decrease)/increase in cash and cash equivalents	(623)	(8,554)	89,848	104,460

HIDROVIAS DO BRASIL S.A.

STATEMENTS OF ADDED VALUE
FOR THE PERIODS ENDED MARCH 31, 2021 AND 2020
(In thousands of reais - R\$)

	Parent company		Consolidated	
	31/03/2021	31/03/2020	31/03/2021	31/03/2020
REVENUES				
Revenue from services	-	-	220,743	225,053
Revenues from construction of own assets	3,435	2,255	109,898	46,089
Other revenues	-	-	20,601	(6,094)
Inputs acquired from third parties:				
Cost of services rendered	-	-	(91,437)	(139,517)
Material, electric power, outsourced services and other	(6,033)	(12,721)	(11,931)	(17,276)
Construction of own assets	(3,435)	(2,255)	(109,898)	(46,089)
Gross added value (consumed)	(6,033)	(12,721)	137,976	62,166
Depreciation and amortization	(1,482)	(1,744)	(75,539)	(49,647)
Net added value (consumed) generated by the Company	(7,515)	(14,465)	62,437	12,519
Added value (consumed) received as transfer:				
Equity in net income of subsidiaries	(174,844)	(105,565)	(2,832)	(2,295)
Financial revenues	7,977	4,083	30,194	53,286
Total added value payable (consumed)	(174,382)	(115,947)	89,799	63,510
Distribution - Added value (consumed)	(174,382)	(115,947)	89,799	63,510
Personnel:				
Direct remuneration	5,645	10,602	54,322	43,502
	2,064	6,801	49,755	39,179
Benefits	1,004	1,867	1,422	1,956
FGTS	2,566	1,917	3,132	2,351
Other	11	17	13	16
Taxes	2,932	-	30,386	14,410
Federal	2,932	-	30,386	14,410
Third-party capital remuneration	46	161	188,096	132,308
Interest on loans	-	-	51,353	38,982
Inflation adjustments and exchange-rate changes	-	-	36,855	79,318
Other financial	46	161	99,888	14,008
Remuneration of own capital	(183,005)	(126,710)	(183,005)	(126,710)
Retained earnings (losses)	(183,005)	(126,710)	(183,005)	(126,710)

See the accompanying notes to the interim financial information.

HIDROVIAS DO BRASIL S.A.

Notes to interim financial information

For the three-month period ended March 31, 2021

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

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. Note 19 shows the effects on the shareholding structure. 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 and first quarter of 2021 were 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 02/2020, issued by the Brazilian Securities and Exchange Commission (CVM) on March 10, 2020, which guides into the impacts of the COVID-19 in their business and the main risks and uncertainties arising from this analysis will be reported in their financial statements or interim financial information, 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 interim financial information

For the three-month period ended March 31, 2021

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

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.

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.

HIDROVIAS DO BRASIL S.A.

Notes to interim financial information

For the three-month period ended March 31, 2021

(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	03/31/2021		12/31/2020	
				% Interest		% Interest	
				Direct	Indirect	Direct	Indirect
Hidroviás do Brasil - Holding Norte S.A.	Holding interest in other companies	Brazil	Full	100,00%	-	100,00%	-
Hidroviás do Brasil - Vila do Conde S.A.	Cargo storage and lifting	Brazil	Full	-	100,00%	-	100,00%
Hidroviás do Brasil - Marabá S.A.	Land - Pre-operating	Brazil	Full	100,00%	-	100,00%	-
Hidroviás do Brasil - Intermediação e Agenciamento de Serviços Ltda.	Intermediation and agency services	Brazil	Full	99,00%	1,00%	99,00%	1,00%
Hidroviás do Brasil - Cabotagem Ltda.	Cabotage sea transport	Brazil	Full	99,00%	1,00%	99,00%	1,00%
Hidroviás do Brasil – Participação Portuária de Santos S.A.	Changes and warehousing	Brazil	Full	-	100,00%	-	100,00%
Obrinel S.A.	Specialized cargo terminal	Uruguay	Equity in net income of subsidiaries	-	49,00%	-	49,00%
Hidroviás del Sur S.A.	Holding interest in other companies	Uruguay	Full	100,00%	-	100,00%	-
Baloto S.A.	Holding interest in other companies	Uruguay	Full	4,95%	95,05%	4,95%	95,05%
Girocantex S.A.	Fluvial transportation	Uruguay	Full	-	100,00%	-	100,00%
Hidroviás del Paraguay S.A.	Fluvial transportation	Paraguay	Full	0,01%	99,99%	0,01%	99,99%
Pricolpar S.A.	Fluvial transportation	Paraguay	Full	0,02%	99,98%	0,02%	99,98%
Cikelsol S.A.	Fluvial transportation	Uruguay	Full	-	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	-	100,00%	-	100,00%
Hidroviás International Finance S.à.r.l.	Agency of financial operations	Luxembourg	Full	100,00%	-	100,00%	-

HIDROVIAS DO BRASIL S.A.

Notes to interim financial information
For the three-month period ended March 31, 2021
(In thousands of reais - R\$, unless otherwise indicated)

History

The Company's history is detailed in the Financial Statements for the year ended December 31, 2020. There were no changes for the period ended March 31, 2021.

2. Preparation basis

a) Statement of conformity

The consolidated interim financial information was 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, IAS 34 and CPC 21 (R1), respectively, by the Brazilian Securities and Exchange Commission - CVM.

The parent company's individual financial information was prepared in accordance with accounting practices adopted in Brazil, CPC 21 (R1) and by the Brazilian Securities and Exchange Commission - CVM.

The issue of interim financial information was authorized by the Company's Executive Board on May 13, 2021.

Management declares that all relevant information specific to the interim financial information, and only such information, is being evidenced and corresponds to the information used by the Management in its administration.

The accounting policies adopted in the preparation of the interim financial information, as well as the measurement basis, the functional and the presentation currency, and the main judgments and uncertainties associated with the estimates used in the application of the accounting practices, are consistent with those presented in the financial statements for the year ended December 31, 2020, filed with the Brazilian Securities and Exchange Commission (CVM) and disclosed on the Company's website. This interim financial information should be read together with financial statements for the year ended December 31, 2020.

3. Significant accounting policies

There were no changes in the main accounting policies in this quarter compared to those disclosed in the financial statements for the year ended December 31, 2020.

4. Cash and cash equivalents

	Parent company		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Current Account - Domestic	818	1,441	19,253	18,297
Current Account - Foreign	-	-	285,443	196,551
	<u>818</u>	<u>1,441</u>	<u>304,696</u>	<u>214,848</u>

HIDROVIAS DO BRASIL S.A.

Notes to interim financial information

For the three-month period ended March 31, 2021

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

5. Interest earning bank deposits

5.1 Marketable Securities

	Parent company		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
JP Morgan (d)	-	-	527,671	423,064
Itaú Fundo FICFI 311 (b)	34,970	86,506	200,068	225,298
Fundo Itaú PP Portfólio (a)	1,004	1,200	12,655	11,833
Santander VIP (c)	23	-	24,416	22,439
FIDC (Fundo Invest Dir Credit) (f)	-	-	66,268	98,369
Santander Argo (h)	-	22	-	-
Santander automático	-	-	312	-
CDB ABC (e)	-	-	17,525	14,641
Banco do Brasil (g)	-	-	73	20,400
Total	<u>35,997</u>	<u>87,728</u>	<u>848,988</u>	<u>816,044</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 78.21% of CDI as of March 31, 2021 (89.49% as of December 31, 2020). The fund's portfolio consists exclusively of fixed income securities, distributed among federal government bonds, Repurchase and resale agreements, Fund quotas, and other marketable 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 8.94% as of March 31, 2021 (29.61% as of December 31, 2020). The fund's portfolio is comprised of federal government bonds and repurchase and resale agreements backed by Federal government bonds.
- 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 8.82% as of March 31, 2021 (29.02% as of December 31, 2020). The fund's portfolio is comprised of federal government bonds and repurchase and resale agreements backed by Federal government bonds.
- 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% p.m. in March 2021 (0.03% p.m. in December 2020). 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 99% of CDI in March 2021 (100% as of December 31, 2020).
- f) Interest earning bank deposits comprising investments in "FIDC Upside", with an average return of 36.57% as of March 31, 2021 (-5.08% as of December 31, 2020) and FIDC Aruanã had a return of 9.24% as of March 31, 2021 (-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

HIDROVIAS DO BRASIL S.A.

Notes to interim financial information

For the three-month period ended March 31, 2021

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

among federal government bonds and repurchase and resale agreements backed by Federal government bonds.

- g) Interest earning bank deposits comprising investments in Banco do Brasil, with an average return of 11.53% as of March 31, 2021 (17.89% of CDI as of December 31, 2020). The fund's portfolio is comprised of fixed income securities, including repurchase and resale agreements backed by public and Federal government bonds.
- h) Interest earning bank deposits that represent investments in Fundo Santander ARGO, referenced to the change of the Interbank Deposit Certificate (CDI) rate, with an average remuneration of 132.99% of CDI in March 2021 (94.00% of CDI in December 2020). The fund's portfolio consists exclusively of fixed income securities, distributed among federal government bonds, Repurchase and resale agreements, Fund quotas, and other marketable securities of financial institutions.

5.2 Linked securities

	Consolidated	
	03/31/2021	12/31/2020
Hidrovias Cabotagem Ltda.	12,874	14,952
Total	12,874	14,952

They represent investments in the BNP PARIBAS SOBERANO FIC FI RF fund, subject to changes in the SELIC interest rate, average remuneration of 85.14% of the CDI on March 31, 2021 (81.39% as of December 31, 2020). The fund's portfolio consists of federal government bonds issued by Brazil's 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 company

	Consolidated	
	03/31/2021	12/31/2020
<u>Accounts receivable abroad</u>		
Cikelsol	20,644	9,815
Girocantex	109,465	57,740
Hidrovias Del Paraguay	7,793	391
Vila do Conde	821	95
Intermediation	-	3,112
	138,723	71,153
Provision for expected losses	(2,302)	(2,750)
	136,421	68,403
<u>Domestic accounts receivable</u>		
Cikelsol	1,245	1,135
Intermediation	735	910

HIDROVIAS DO BRASIL S.A.

Notes to interim financial information

For the three-month period ended March 31, 2021

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

Vila do Conde	34,777	9,211
Cabotage	37,337	70,628
Santos	5,567	3,965
	<u>79,661</u>	<u>85,849</u>
Total	<u>216,082</u>	<u>154,252</u>
Current	209,682	147,852
Non-current	6,400	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.

The provision for expected credit losses is recorded on a prospective basis, through the analysis of the credit risk of clients with trade notes overdue for more than 180 days and with a low probability of realization.

6.2 Breakdown of accounts receivable per maturity age

	Consolidated	
	03/31/2021	12/31/2020
Falling due	181,587	138,954
Overdue (days):		
up to 30	25,612	11,938
30-60	-	520
60-90	21	214
90-120	8,533	4
120-180	329	1,083
>180	2,302	4,289
Total	<u>218,384</u>	<u>157,002</u>

Map of changes in provision for estimated losses:

	Consolidated
Balance at December 31, 2020	(2,750)
Formation of provision for credit risks	-
Reversals	448
Balance at March 31, 2021	<u>(2,302)</u>

7. Recoverable taxes

	Parent company		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
IRRF on interest earning bank deposit (a)	508	57	3,452	2,825
PIS / COFINS (b)	70	35	82,322	90,909
ICMS	-	-	1,205	1,205
ISS	4	5	1,335	1,320
VAT (c)	-	-	31,442	26,241

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Total	582	97	119,756	122,500
Current assets	582	97	42,662	44,912
Non-current assets	-	-	77,094	77,588

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.

7.1 Income tax and social contribution

	Parent company		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Income tax and social contribution	7,914	-	51,072	80,359
Current assets	7,914	-	13,704	42,986
Non-current assets	-	-	37,368	37,373

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.

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8. Guarantees and escrow deposits

	Parent company		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Obrinel project (a)	9,048	8,253	9,048	8,253
Other	306	847	333	1,238
Total	9,354	9,100	9,381	9,491

- (a) On July 25, 2014, the Company granted funds to jointly-controlled subsidiary Obrinel whose the amount on March 31, 2021, of R\$ 9,048 (R\$ 8,253 as of December 31, 2020) 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 Hidrovias 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 equal to 1.15.

As of March 31, 2021, Obrinel meets its covenants without any default.

9. Advances to suppliers

	Parent company		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Advances to domestic suppliers	445	1,249	35,154	35,816
Advances to foreign suppliers	-	-	8,050	7,135
Total	445	1,249	43,204	42,951
Current	445	1,249	34,554	34,593
Non-current	-	-	8,650	8,358

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In the Interim Financial Information as of March 31, 2021, the balance of advances to suppliers is mainly composed of: R\$ 541 (R\$ 494 as of December 31, 2020) referring to advances for vessel construction; R\$ 5,275 (R\$ 5,128 as of December 31, 2020) referring to the purchase of fuel; R\$ 17,209 referring to the implementation of the project at the Santos terminal (R\$ 15,173 as of December 31, 2020) and R\$ 20,179 (R\$ 22,156 as of December 31, 2020) 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 March 31, 2021 are shown below:

Composition of investments	Parent company		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Ownership interest valued under the equity method	1,253,718	1,429,363	60,674	58,033
Concession contract	6,126	6,194	6,126	6,194
Goodwill	-	-	11,065	10,252
Total investments	1,259,844	1,435,557	77,865	74,479
Total	1,259,844	1,435,557	77,865	74,479

Parent company

	12/31/2020			03/31/2021				Closing balance
	Opening balance	Capital increase/decrease	Equity valuation adjustment - Hedge	Equity valuation adjustment - Income (loss) from foreign currency translation (CTA)	Dividends	Amortization	Equity in net income of subsidiaries	
Baloto S.A.	2,126	-	-	197	-	-	(192)	2,131
Hidroviás Del Sur S.A.	956,472	-	-	84,750	(13,550)	-	(128,308)	899,364
Hidroviás BR - Marabá S.A.	10,094	-	-	-	-	-	58	10,152
Hidroviás Holding Norte Ltda.	271,699	-	(35,866)	-	-	-	(61,864)	173,969
Hidroviás Cabotagem Ltda.	165,914	-	(36,534)	-	-	-	11,262	140,642
Hidroviás – Intermediação Ltda.	22,796	-	-	-	-	-	1,749	24,545
Pricolpar	2	-	-	-	-	-	(1)	1
Subtotal	1,429,103	-	(72,400)	84,947	(13,550)	-	(177,296)	1,250,804
Concession contract	6,194	-	-	-	-	(68)	-	6,126
Subtotal – Investments	1,435,297	-	(72,400)	84,947	(13,550)	(68)	(177,296)	1,256,930
Hidroviás del Paraguay	-	-	-	-	-	-	(1)	(1)
Hidroviás International Finance	260	-	-	203	-	-	2,453	2,915
Total	1,435,557	-	(72,400)	85,150	(13,550)	(68)	(174,844)	1,259,844

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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 in net income of subsidiaries	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

Consolidated

	12/31/2020	03/31/2021				Closing balance
	Opening balance	Income (loss) from foreign currency translation (CTA)	Equity in net income of subsidiaries	Dividends paid	Amortization	
Limday	14,573	1,443	1,042	-	-	17,058
Obrinel	43,460	4,030	(3,874)	-	-	43,616
Subtotal	58,033	5,473	(2,832)	-	-	60,674
Concession contract (b)	6,194	-	-	-	(68)	6,126
Goodwill (a)	10,252	989	-	-	(176)	11,065
Total	74,479	6,462	(2,832)	-	(244)	77,865

Consolidated

	12/31/2019	12/31/2020				Closing balance
	Opening balance	Dividends paid	Income (loss) from foreign currency translation (CTA)	Equity in net income of subsidiaries	Amortization	
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

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

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

(a) Goodwill generated in the acquisition of 44.55% of shares representing the capital of Limday. Limday's goodwill of R\$ 11,065 (R\$ 10,252 on December 31, 2020) is based on studies conducted on the future

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profitability of operations.

(b) Concession contract

The amount of R\$ 6,126 (R\$ 6,194 as of December 31, 2020) refers to the Baloto's right of concession in the acquisition of Obrinel, and is based on studies developed by the Company on the future profitability of Obrinel's operations.

By means of Resolution 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:

	03/31/2021					
	Number of shares	Total assets	Total liabilities	Shareholders' equity	Income (loss) of companies in the period	Net revenues
<u>Direct subsidiaries</u>						
Hidrovias del Sur S.A.	4,330,646,746	1,026,111	126,746	899,365	(128,307)	-
Hidrovias Internacional Finance S.à r.l.	12,000	3,766,664	3,763,749	2,914	2,452	-
Hidrovias do Brasil - Marabá S.A.	20,000,000	11,379	1,227	10,152	59	-
Hidrovias do Brasil - Cabotagem Ltda.	220,475,382	894,161	751,784	142,377	11,376	41,374
Hidrovias do Brasil - Intermediação e Agenciamento de Serviços Ltda.	2,500,000	27,502	2,665	24,837	1,766	4,418
Hidrovias do Brasil - Holding Norte S.A.	512,989,094	219,592	45,623	173,969	(97,730)	-
<u>Indirect subsidiaries</u>						
Girocantex S.A.	2,442,140,008	1,567,838	1,093,724	474,114	(94,056)	69,389
Hidrovias del Paraguay S.A.	266,377	117,887	111,702	6,184	(2,878)	30,405
Pricolpar S.A.	17,910	341,374	169,050	172,324	(16,549)	11,527
Cikelsol S.A.	800,000	336,786	305,939	30,847	(11,969)	18,963
Resflir S.A.	20,000	100,298	72,344	27,954	(198)	4,926
Hidrovias do Brasil - Vila do Conde S.A.	519,596,445	2,103,632	1,917,628	186,004	(101,151)	120,134
Hidrovias do Brasil Operação Portuaria Santos	43,904,863	322,551	290,756	31,796	3,418	18,038
Baloto S.A.	599,999,999	47,262	4,207	43,055	(3,883)	-
<u>Jointly-controlled subsidiaries</u>						
Limday S.A.	42,902,541	18,093	1,036	17,057	1,042	-
Obrinel S.A.	587,999,999	204,718	161,102	43,616	(3,874)	-

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	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>						
Hidrovias del Sur S.A.	4,330,646,746	1,083,630	127,158	956,472	65,375	-
Hidrovias International Finance S.à r.l.	12,000	3,171,915	3,171,655	260	5,199	-
Hidrovias do Brasil - Marabá S.A.	20,000,000	11,197	1,103	10,094	522	-
Hidrovias do Brasil - Cabotagem Ltda	220,475,382	871,721	704,186	167,535	54,153	214,628
Hidrovias do Brasil - Intermediação e Agenciamento de Serviços Ltda	2,500,000	31,585	8,514	23,071	10,386	23,587
Hidrovias 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
Hidrovias 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
Hidrovias do Brasil - Vila do Conde S.A.	519,596,445	2,091,668	1,804,512	287,156	(215,312)	834,551
Hidrovias do Brasil Operação Portuaria 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

Balance sheet and statement of income - jointly-controlled subsidiaries

	Limday 03/31/2021	Limday 12/31/2020	Obrinel 03/31/2021	Obrinel 12/31/2020
Current assets	16,274	13,210	9,056	9,218
Non-current assets	24,339	23,844	408,736	375,248
Total assets	40,613	37,054	417,792	384,466
Current liabilities	2,326	4,344	7,953	229,023
Non-current liabilities	-	-	320,826	66,750
Shareholders' equity	38,287	32,710	89,013	88,693
Total liabilities	40,613	37,054	417,792	384,466
Net revenue	8,355	31,075	4,582	41,455
Cost and expenses	6,017	23,341	12,487	59,430
Net income (loss) for the period/year	2,338	7,734	(7,905)	(17,975)

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11. Property, plant and equipment

Breakdown and changes in property, plant and equipment as of March 31, 2021 and December 31, 2020 is as follows:

Parent company	Facilities and improvements	Furniture and fixtures	Machinery and equipment	Electronic and IT equipment	Construction in progress	Total
Balance at 12/31/2020	676	27	156	564	6,717	8,140
Additions	-	-	-	-	230	230
Depreciation	(99)	(4)	(11)	(76)	-	(190)
Balance at 03/31/2021	577	23	145	488	6,947	8,180
Historical cost	2,538	168	421	1,778	6,947	11,852
Accumulated depreciation	(1,961)	(145)	(276)	(1,290)	-	(3,672)
Annual depreciation rate – %	10	10	10	25		
Parent company	Facilities and improvements	Furniture and fixtures	Machinery and equipment	Electronic and IT equipment	Construction 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		

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Consolidated	Land	Buildings	Facilities and improvements	Furniture and fixtures	Machinery and equipment	Electronic and IT equipment	Vehicles	Pushers, barges, ships	Construction in progress	Total
Balance at 12/31/2020	85,452	487,487	9,604	369	239,680	1,984	207	2,181,256	349,565	3,355,604
Additions	-	-	-	3	99	52	-	-	106,418	106,572
Depreciation	-	(5,961)	(426)	(17)	(10,930)	(208)	(7)	(31,569)	-	(49,118)
Translation adjustment	-	-	393	28	1,067	53	19	128,643	13,262	143,465
Balance at 03/31/2021	85,452	481,526	9,571	383	229,916	1,881	219	2,278,330	469,245	3,556,523
Historical cost	85,452	594,885	15,288	853	412,289	5,466	882	2,783,116	469,245	4,367,476
Accumulated depreciation	-	(113,359)	(5,717)	(470)	(182,373)	(3,585)	(663)	(504,786)	-	(810,953)
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, ships	Construction 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
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
Balance at 12/31/2020	85,452	487,487	9,604	369	239,680	1,984	207	2,181,256	349,565	3,355,604
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	-	-

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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 cash flow projections were prepared considering the useful life of assets.

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

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.

During the year ended December 31, 2020, Management carried out a study and determined that there is no need to record a provision for impairment of the book balance. Management understands that the test assumptions are valid for March 31, 2021 and there was no need to update the test.

12. Right-of-use asset

Breakdown and changes in right-of-use asset as of March 31, 2021 and December 31, 2020:

Parent company	Real estate	Total
Net balances at December 31, 2020	-	-
Additions	2,558	2,558
Amortization	(296)	(296)
Net balances as of March 31, 2021	2,262	2,262

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	-	-

Consolidated	Real estate	Vessels	Total
Net balances at December 31, 2020	131,229	25,885	157,114
Formation	13,587	137,498	151,085
Amortization	(2,372)	(19,055)	(21,427)
Translation adjustment	467	100	567
Net balances as of March 31, 2021	142,911	144,428	287,339

Consolidated	Real estate	Vessels	Total
Net balances at December 31, 2019	5,954	26,580	32,534
Formation	130,733	5,796	136,529

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Amortization	(7,272)	(6,491)	(13,763)
Translation adjustment	1,814	-	1,814
Net balances at December 31, 2020	131,229	25,885	157,114

Changes in lease liability as of March 31, 2021 and December 31, 2020 are as follows:

	Parent company	Consolidated
Balance at December 31, 2020	180	164,747
Formation	2,558	151,085
Interest and inflation adjustment	24	(824)
Payment of principal	(496)	(22,136)
Realization of adjustment to present value	-	1,639
Translation adjustment	-	607
Balance at March 31, 2021	2,266	295,118

Current	2,266	106,067
Non-current	-	189,051

	Parent company	Consolidated
Balance at December 31, 2019	1,149	32,775
Formation	-	136,528
Interest and inflation adjustment	91	3,467
Payment of principal	(1,060)	(18,675)
Realization 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

Maturity schedule of leases:

Year	Parent company	Consolidated
2021	959	82,261
2022	1,331	65,689
2023	-	20,907
2024	-	20,995
2025	-	20,497
>2026	-	336,189

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Total	2,290	546,538
Interest and adjustment to present value	(24)	(251,420)
Lease liability	2,266	295,118

The average discount rate for leased assets is 9.4% for the period ended March 31, 2021 and December 31, 2020.

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/Confis 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)	432,490	186,690
Lease consideration without levy of tax (b)	114,048	108,428
Total	546,538	295,118
Pis/Cofins (9.25%)	40,005	17,269

(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	Intangible in progress	Total
Balance at December 31, 2020	3,526	1,148	19,745	24,419
Additions	-	-	3,203	3,203
Amortization	(887)	(41)	-	(928)
Balance at March 31, 2021	2,639	1,107	22,948	26,694
Annual amortization rate – %	20	(*)	-	-
Historical cost	26,983	1,711	22,948	51,642
Accumulated amortization	(24,344)	(604)	-	(24,948)

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

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(*) Amortization for the term of the respective contracts

Consolidated	Software	Contracts (b)	Goodwill (a)	Intangible in progress	Total
Balance at December 31, 2020	8,309	218,426	73,121	23,059	322,915
Additions	-	-	-	3,591	3,591
Amortization	(1,323)	(3,426)	-	-	(4,749)
Translation adjustment	311	-	-	12	323
Balance at March 31, 2021	7,297	215,000	73,121	26,662	322,080
Annual amortization rate – %	20	(*)	-	-	-
Historical cost	36,879	258,645	73,121	26,662	395,307
Accumulated amortization	(29,582)	(43,645)	-	-	(73,227)

Consolidated	Software	Contracts (b)	Goodwill (a)	Intangible in progress	Total
Balance at December 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 December 31, 2020	8,309	218,426	73,121	23,059	322,915
Annual amortization rate – %	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

(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 concession agreement and applying the discount rate, we did not identify any need to record a provision for impairment. Management believes to comply with the assumption that a market participant would use and understands that the assumptions have not been changed to March 31, 2021.

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

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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% (5.4% as of December 31, 2020), 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.

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 lease contract acquired by the subsidiary Hidroviás do Brasil - Administração Portuária Santos S.A for a period of 25 years as of the date of assumption of March 3, 2020 in the amount of R\$ 112,500 related to the Grant and adjustment at present value in the amount of R\$ 19,379 for the handling and storage of solid mineral bulk, especially fertilizers and salts, located inside the Port of Santos. The average discount rate for these assets is 9.4% for the period ended March 31, 2021. The contract value is amortized based on the agreement period. The table below shows the changes in obligation recorded, due to the Obligation with ANTAQ (National Water Transport Agency):

	<u>Consolidated</u>
Balance at December 31, 2020	73,773
Payment	(18,141)
Inflation adjustment	908
Realization of adjustment to present value	969
Balance at March 31, 2021	57,509
Current	18,189
Non-current	39,320
	<u>Consolidated</u>
Balance at December 31, 2019	-
Formation (*)	85,685
Adjustment to present value	(19,379)
Inflation adjustment	4,237
Realization of adjustment to present value	3,230
Balance at December 31, 2020	73,773
Current	18,547
Non-current	55,226

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14. Suppliers

	Parent company		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Domestic suppliers	6,014	9,229	68,765	56,342
Foreign suppliers	-	-	49,194	12,164
Total	6,014	9,229	117,959	68,506

15. Loans and financing

	Type	Final maturity	Interest rate - p.a.	Consolidated	
				03/31/2021	12/31/2020
<u>HB International Finance:</u>	Bond 2025	Jan 2025	5.95%	867,061	3,054,182
	Bond 2031	Feb 2031	4.95%	2,756,521	-
<u>HB Cabotagem:</u>					
BNDDES	Bank Credit Bill	Mar 2033	2.5-3.9% + Ptax 800 BCB (USD)	714,952	666,485
<u>HB Vila do Conde:</u>					
Santander	Project financing	Jan 2025	6.1-6.3%	1,038	2,467
Total				4,339,572	3,723,134
Classified as:					
Current				113,031	185,954
Non-current				4,226,541	3,537,180

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

	Balance at 12/31/2020	Funding	Interest	Addition of funding cost	Amortization of funding cost	Payment of principal	Interest payment	Translation adjustment	Hedge effect	Balance at 03/31/2021
Luxembourg (c)	3,054,182	2,848,650	45,407	(113,441)	23,597	(2,423,988)	(107,727)	296,902	-	3,623,582
Vila do Conde (d)	2,467	-	-	-	-	-	(1,429)	-	-	1,038
Cabotage (a)	666,485	-	5,947	-	-	(15,279)	(5,824)	-	63,623	714,952
	3,723,134	2,848,650	51,354	(113,441)	23,597	(2,439,267)	(114,980)	296,902	63,623	4,339,572

	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

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Description of loan and financing agreements

- 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.

As of February 8, 2021, the Company, through its subsidiary in Luxemburgo, issued a Bond in the amount of US\$ 500,000 thousand, maturing on February 8, 2031. The proceeds from this issue were used to repurchase 75% of 2025 Bond issued on January 24, 2018. The amount recorded is net of the funding cost, and will be amortized according to the contract period.

- d) 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 of 6.3% p.a., maturing on January 21, 2025, in the consolidation process this amount is eliminated.

Such an operation is structured for any moment, for mere liberality to be settled with securities, securities or other assets assigned as guarantee. Said note is fully guaranteed by a linked credit note of equal value, term and maturity, against the same counterparty. Both instruments can be redeemed in a linked manner and at any time by the company.

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., Hidrovias 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 and effects of exchange-rate change, on debt service. As of December 2020, the clauses of Subsidiary Cabotagem were fully met, as well as on March 31, 2021.

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On the other hand, the subsidiary Hidrovias International Finance has the financial covenant related to Leverage Bond 2031 (“Net debt/EBITDA” ratio), which shall be lower than 4.5x in 2021 and 2022, lower than 4.0x in 2023 and lower than 3.5x as of 2024, so that extraordinary dividend payments and new debts may be contracted. With the repurchase of 2025 Bond, this bond no longer has financial covenants.

As of March 31, 2021, the clauses of the Subsidiary Hidrovias International Finance were not met (ceiling of 4.5x versus 6.7x achieved). 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 March 31, 2021 and December 31, 2020, the long-term portion matures have the following breakdown:

Months:	Consolidated	
	03/31/2021	12/31/2020
13–24 months	57,332	51,018
25–36 months	48,545	53,608
37–48 months	1,268,221	54,492
49–60 months	54,915	3,110,445
>61 months	2,797,528	267,617
Total	4,226,541	3,537,180

16. Social charges and labor legislation obligations

	Parent company		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Provision for bonus	4,666	13,709	8,291	23,284
Vacations and social security charges	1,849	1,569	9,655	8,782
INSS payable	2,072	1,072	6,243	2,865
IRRF payable	2,888	1,137	4,231	2,873
FGTS payable	180	337	525	1,259
13th salary payable	404	-	2,027	-
Other	11	-	484	397
Total	12,070	17,824	31,456	39,460

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17. Lawsuits

	Consolidated			
	12/31/2020	Additions	Write-offs	03/31/2021
Labor	9,791	1,857	(59)	11,589
Civil	3	9	(3)	9
	<u>9,794</u>	<u>1,866</u>	<u>(62)</u>	<u>11,598</u>

	Consolidated			
	12/31/2019	Additions	Write-offs	12/31/2020
Labor	5,884	4,320	(413)	9,791
Civil	-	3	-	3
	<u>5,884</u>	<u>4,323</u>	<u>(413)</u>	<u>9,794</u>

As of March 31, 2021, the Company and its subsidiaries presented the amount of R\$ 11,598 (R\$ 9,794 as of December 31, 2020) 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.

On March 31, 2021, the Company and its subsidiaries, in the consolidated, have 27 labor lawsuits, 27 civil lawsuits and one tax lawsuit considered as possible loss amounting to R\$ 11,350, R\$ 4,598 and R\$ 47,328, respectively (R\$ 9,780, R\$ 4,526 and R\$ 32,130 as of December 31, 2020 related to tax, civil and tax lawsuits, respectively).

The Company informs that, on April-14th, 2021, it was informed by SEFA/PA on the drafting of the Notice of Infraction under No. 062021510000007-1, for allegedly applying ICMS deferral without legal support, in relation to transportation services of bauxite provided by the Company to Alunorte Alumina do Norte do Brasil S.A.

It happens that Alunorte Alumina do Norte do Brasil SA has the benefit of the ICMS deferral for transportation in the State of Pará, which has been granted repeatedly since 1993, initially through Law No. 5,758 of 08/30/1993 of the State of Pará, as amended by Law No. 6,307 of 7/17/2000 and finally, through Resolution No. 14 of July 10, 2015, but the text of that resolution does not expressly indicate the transport companies that provide the services, as is the case with the Company.

Along these lines, as Alunorte does not carry out the transport activity, SEFA/PA's interpretation of that resolution would render the benefit innocuous, since it has already been renewed a few times and there has never been any question as to its applicability.

As a result, the Company believes it has strong arguments to challenge the aforementioned infraction.

As of March 31, 2021, the Company and its subsidiaries had 1 labor lawsuit dismissed, in the amount of R\$ 59.

As of March 31, 2021, 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\$ 13,989 (R\$ 13,734 as of December 31, 2020) and R\$ 27,040, and referring to income tax and INSS (R\$ 27,040 as of December 31, 2020) per lawsuit discussing tax liabilities within the scope of Stock Options.

18. Related parties

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Remuneration of key management personnel

As of March 31, 2021, the remuneration of key management personnel, which includes the Executive Board and Board members, amounted to R\$ 3,941 (R\$ 14,622 as of December 31, 2020), referring to salaries and variable benefits, of which R\$ 3,817 refers to short-term employee benefits (R\$ 14,184 as of December 31, 2020) and R\$ 124 for medical benefits (R\$ 438 on December 31, 2020).

The success in implementing the Company's strategy was based, among other factors, to the experience and services performed by its controlling shareholder, without exclusive dedication to advisory activity or exclusive remuneration.

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	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Credits from parent company				
Girocantex S.A. (a)	-	-	(804)	(734)
Hidroviás del Sur S.A. (b)	10,771	10,271	(558)	(509)
Hidroviás do Brasil – Holding Norte S.A (h)	4,024	8,928	(104)	(6,104)
Hidroviás do Brasil – Interm. e Agenc. Serv. Ltda. (e)	-	-	(68)	(68)
Hidroviás do Brasil Adm Portuária Santos S.A.)	1,689	1,601	(36)	(36)
Hidroviás International Finance S.à.r.l	-	-	(47)	(46)
Dividends	1,654	14,090	-	-
Loan (g)	-	-	(30,000)	(55,984)
Subtotal	18,138	34,890	(31,617)	(63,481)
Current	12,441	29,693	(31,617)	(63,481)
Non-current	5,697	5,197	-	-

	Consolidated			
	Assets		Liabilities	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Credits with Joint Venture				
Obrinel	4,217	3,820	-	-
Current	1,610	-	-	-
Non-current	2,607	3,820	-	-

	Consolidated			
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
	Guarantees and escrow deposit (d)	9,048	8,253	-
BNDES (c)	-	-	714,953	666,484
Dividends payable	329	237	-	-

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	Parent company		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Subtotal	9,377	8,490	714,953	666,484
Revenues (expenses):				
Exchange rate change on security deposit (d)	(795)	(1,852)	(795)	(1,852)
Exchange-rate change on loan	(501)	(973)	(501)	(973)
Subtotal	(1,296)	(2,825)	(1,296)	(2,825)
BNDES (c)	-	-	(5,948)	(22,291)
Subtotal	-	-	(5,948)	(22,291)
Total	(1,296)	(2,825)	(7,244)	(25,116)

- (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.
- (g) Refers to a loan agreement with 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, and late payment collection if there is a delay in payment and without any contractual 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 March 31, 2021, capital totals R\$ 1,359,469 (R\$ 1,359,469 as of December 31, 2020), is represented by 760,382,643 (760,382,643 as of December 31, 2020) common, nominative shares with no par value.

Shareholding structure on March 31, 2021 and December 31, 2020 is detailed as follows:

Shareholders	03/31/2021		12/31/2020	
	Common shares	%	Common shares	%
Pátria Infraestrutura - Fundo de Investimento em Participações Multiestratégia	153,484,062	20.2	153,484,062	20.2
Patria Infraestrutura Brasil Fundo de Investimento em Participações Multiestratégia	8,745,834	1.2	8,745,834	1.2
Sommerville Investments B.V.	63,517,842	8.4	63,517,842	8.4
GIC Private Limited	34,637,196	4.6	41,458,422	5.5
1505718 Alberta Ltd.	25,490,517	3.4	25,490,517	3.4
1505722 Alberta Ltd.	9,926,779	1.3	9,926,779	1.3
HBSA Co-Investimento – Fundo de Investimento em Participações Multiestratégia	32,621,750	4.3	32,621,750	4.3
BTO – Fundo de Investimento em Participações Multiestratégia Investimentos no Exterior	32,621,750	4.3	32,621,750	4.3

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Other	399,336,913	52.3	392,515,687	51.4
Total	<u>760,382,643</u>	<u>100</u>	<u>760,382,643</u>	<u>100</u>

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

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, we recorded the tax incentive as described in note 30.

Dividends

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 March 31, 2021 and 2010 and the respective average quantity of outstanding common shares in the period as follows:

	<u>03/31/2021</u>	<u>03/31/2020</u>
Loss for the period	(183,005)	(126,710)
Weighted average of basic shares	<u>760,383</u>	<u>748,611</u>
Loss for the period per thousand basic shares	<u>(0.2407)</u>	<u>(0.1693)</u>
	<u>03/31/2021</u>	<u>03/31/2020</u>
Loss for the period	(183,005)	(126,710)
Weighted average of diluted shares	<u>760,383</u>	<u>755,803</u>
Loss for the period per thousand diluted shares	<u>(0.2407)</u>	<u>(0.1676)</u>

Diluted earnings (losses) 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.

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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.

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

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2011/1st	05/10/2014	03/31/2024	1.00	25,000	-	12,975	12,025	1.47
2011/1st	05/10/2015	03/31/2024	1.00	25,000	-	12,975	12,025	1.65
Total Plan 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	

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	

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	

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	

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

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2016 B/1st	03/31/2018	03/31/2024	3.48	720,330		55,675	305,281	359,374	1.17
2016 B/1st	03/31/2019	03/31/2024	3.48	720,330		86,206	304,420	329,704	1.24
2016 B/1st	03/31/2020	03/31/2024	3.48	720,330		122,125	292,370	305,835	1.30
				Total Plan 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	1.33

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	1.37

Total 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.

Current plan approved by the Company’s Board of Directors with an exercise deadline as of March 31, 2024.

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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

Disaggregated revenue:	Consolidated	
	03/31/2021	03/31/2020
South Corridor:		
Transportation services	83,986	92,696
North Corridor:		
Lifting Services	40,614	33,543
Transshipment services	14,567	15,023
Transportation services	72,600	114,239
Intermediation services	5,164	6,249
Cabotage:		
Cabotage services	57,203	52,272
Santos:		
Lifting, quay and storage services	20,517	-
Total gross revenue	294,651	314,022
ISS	(3,754)	(2,760)
PIS	(2,657)	(1,336)

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COFINS	(13,839)	(6,326)
ICMS	(915)	(1,108)
Subtotal taxes	(21,165)	(11,530)
Realization of hedge accounting	(73,908)	(88,970)
Total net revenue	199,578	213,522

Revenue from Take or Pay in the amount of R\$ 25,182 as of March 31, 2021 (R\$ 62,872 as of March 31, 2020), see further details in note 29.

The Company's largest customers by revenue are represented by: i) A 17.2% (21.5% on March 31, 2020; ii) B 20.7% (18.8% on March 31, 2020, iii) C 14.6% (13.8% on March 31, 2020) iv) D 5.1% (12.1% on March 31, 2020); and represent in total approximately 57.6% of the total net revenue (66.2% on March 31, 2020). No other customer represents more than 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	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Salaries, social charges and benefits	(12,606)	(10,585)	(54,309)	(43,485)
Depreciation and amortization	(1,482)	(1,745)	(75,540)	(49,647)
Maintenance	(8)	(25)	(9,381)	(10,727)
Fuel	-	-	(28,595)	(33,821)
Third party services	(3,853)	(10,421)	(18,965)	(16,246)
Rentals	(38)	(79)	(7,848)	(1,870)
Freight	-	-	(1,168)	(64,854)
Travel and tickets	(222)	(563)	(1,632)	(2,041)
Mooring	-	-	(3,645)	(6,787)
Kitchen and pantry	(5)	(5)	(1,539)	(1,335)
Agents	-	-	(3,455)	(4,600)
Operational and safety	-	-	(3,124)	(3,426)
Sundry fees	(81)	(563)	(1,009)	(2,221)
Operational materials	(2)	(20)	(30)	(33)
Lawsuits	-	-	(1,287)	(691)
Pilotage	-	-	(3,812)	(8,298)
Other expenses	(727)	(751)	(18,338)	(16,417)
Total	(19,024)	(24,757)	(233,677)	(266,499)
Classified as:				
Cost of services rendered	-	-	(179,720)	(230,653)
General and administrative expenses	(19,024)	(24,757)	(53,957)	(35,846)
Total	(19,024)	(24,757)	(233,677)	(266,499)

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24.2 Other expenses/revenues

	Parent company		Consolidated	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Extempore credit	-	-	2,243	-
AFRMM (a)	-	-	1,388	3,659
Sweeping (b)	-	-	16,170	6,685
Other	-	(310)	800	120
Total	-	(310)	20,601	10,464

(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 surplus of goods at port terminals.

25. Financial income (loss)

	Parent company		Consolidated	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Revenues:				
Income from interest earning bank deposits	8	64	315	4,201
(-) PIS and COFINS on financial revenue	(4)	(2)	(16)	(50)
Inflation adjustments and exchange-rate changes	1,212	2,899	-	-
Earnings with investments	6,679	-	29,867	46,620
Other	82	1,122	28	2,515
Total	7,977	4,083	30,194	53,286
Expenses:				
Interest on loans	-	-	(51,354)	(43,740)
Late payment	-	-	(14)	(380)
Amortization of fund-raising cost	-	-	(23,597)	(1,483)
Bond repurchase cost	-	-	(71,839)	-
Inflation adjustments and exchange-rate changes	-	-	(36,855)	(72,812)
Tax on Financial Operations - IOF	(110)	(64)	(933)	(517)
Other	64	(97)	(3,504)	(13,376)
	(46)	(161)	(188,096)	(132,308)
Net financial income (loss)	7,931	3,922	(157,902)	(79,022)

26. Income tax and social contribution

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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, or substantially enacted, tax acts, 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.

For the year 2021, 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 six months of the referred calendar year.

in thousands of reais	Parent company		Consolidated	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Loss before IRPJ and CSLL	(185,937)	(126,710)	(173,784)	(123,830)
Nominal rate	34%	34%	34%	34%
Corporate income tax (IRPJ) and Social contribution on net income (CSLL) at nominal rate	63,219	43,081	59,087	42,102
Permanent adjustments:				
Equity in net income of subsidiaries	(59,447)	(35,892)	(963)	(780)
Income abroad	-	-	834	1,761
Non-deductible expenses	(840)	(1,889)	64	343
Other adjustments:				
Governmental grant	-	-	4,423	3,270
Deferred tax on temporary differences and unrecognized tax losses	-	(5,300)	(65,628)	(34,801)
Rate difference on the measurement of deferred taxes	-	-	(7,194)	(14,992)
Workers' Meal Program (PAT)	-	-	155	217
Maternity Leave program	-	-	1	-
Income tax and social contribution	2,932	-	(9,221)	(2,880)
Current taxes	-	-	(18,104)	(13,977)
Deferred taxes	2,932	-	8,883	11,097
	2,932	-	(9,221)	(2,880)
Effective rate	1.58%	0.00%	-5.31%	-2.33%

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Deferred income tax and social contribution were recognized in 2021 on the accumulated balances of temporary differences and tax loss up to March 31, 2021 to the company Hidrovias do Brasil – Holding S.A. (parent company) and companies Hidrovias do Brasil – Vila do Conde S.A., Hidrovias do Brasil – Intermediação e Agenciamento de Serviços Ltda. and Hidrovias do Brasil - Cabotagem Ltda., are the 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 companies Hidrovias do Brasil – Holding S.A., Hidrovias do Brasil – Intermediação e Agenciamento de Serviços Ltda. e Hidrovias do Brasil - Cabotagem Ltda are 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\$ 37,487 thousand, was not recognized in income (loss) since the Company and 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, in Shareholders' Equity.

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.

in R\$ thousand	Consolidated			Consolidated
	03/31/2021			12/31/2020
	Net value	Deferred tax assets	Deferred tax liabilities	Net value
Provision for bonus	1,984	1,984	-	5,691
Provision for suppliers	1,328	1,328	-	548
Provision for fuel	8	8	-	329
Other provisions	1,741	1,741	-	1,179
Other operating provisions	3,772	3,772	-	4,896
Labor contingencies	1,767	1,767	-	1,493
Judicial contingencies	1	1	-	-
PIS - Enforceability suspended	242	242	-	242
COFINS - Enforceability suspended	1,300	1,300	-	1,300
Loss on variable income	537	537	-	537
Allowance for loan losses	503	503	-	-
Tax loss	4,830	4,830	-	190
Negative basis	2,037	2,037	-	-
Exchange-rate change	216,010	216,010	-	173,971
Financial lease	468	468	-	272
Property damage	(41,296)	-	(41,296)	(41,786)

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Tax Assets (Liabilities) before offset	195,232	236,528	(41,296)	148,862
Offset of tax		(41,296)	41,296	
Net balances presented in Assets/Liabilities		195,232	-	

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

in R\$ thousand	Consolidated	
	03/31/2021	12/31/2020
Opening balance	148,862	46,718
Deferred IRPJ (Corporate income tax) and CSLL (social contribution on net income) recognized in the income (loss) for the period/year	8,883	11,111
Deferred Corporate income tax (IRPJ) and social contribution on net income (CSLL) recognized in other comprehensive income	37,487	91,033
Closing balance	195,232	148,862

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 to the 2nd 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:

in thousands of Reais	Consolidated
Years:	
Up to 01	17,468
01-02	1,040
02-03	2,010
03-05	-
05-10	216,010
Total deferred tax assets of IRPJ (Corporate income tax) and CSLL (Social contribution on net income)	236,528

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	
		03/31/2021	12/31/2020	03/31/2021	12/31/2020
Assets					
Fair value through profit or loss:					
Marketable securities	Level 2	35,997	87,728	848,988	816,044
Amortized cost					

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Cash and cash equivalents		818	1,441	304,696	214,848
Linked securities	Level 2	-	-	12,874	14,952
Guarantee and escrow deposit	Level 2	9,354	9,100	9,381	9,491
Accounts receivable	Level 2	-	-	216,082	154,252
Related party credits	Level 2	16,484	20,800	4,217	3,820
Dividends	Level 2	1,654	14,090	-	-

Liabilities

Liabilities at amortized cost:

Suppliers	Level 2	6,014	9,229	117,959	68,506
Accounts payable with related parties	Level 2	31,617	63,481		-
Loans and financing	Level 2	-	-	4,339,572	3,723,134
Dividends payable	Level 2	-	-	329	237

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 March 31, 2021, except for loans and financing with hedge accounting and presented as follows:

		Fair value		Book value	
		03/31/2021	12/31/2020	03/31/2021	12/31/2020
Assets					
Cash and cash equivalents		304,696	214,848	304,696	214,848
Marketable securities	Level 2	848,988	816,044	848,988	816,044
Linked securities	Level 2	12,874	14,952	12,874	14,952
Guarantee and escrow deposit	Level 2	9,381	9,491	9,381	9,491
Accounts receivable	Level 2	216,082	154,252	216,082	154,252
Liabilities					
Suppliers	Level 2	117,959	68,506	117,959	68,506
Loans and financing	Level 2	4,508,071	3,891,633	4,339,572	3,723,134
Dividends payable	Level 2	329	237	329	237

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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 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 Marketable 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

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	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Cash and cash equivalents	818	1,441	304,696	214,848
Accounts receivable	-	-	216,082	154,252
Marketable securities	35,997	87,728	848,988	816,044
Linked securities	-	-	12,874	14,952
Related party credits	16,484	20,800	4,217	3,820
Guarantee and escrow deposit	9,354	9,100	9,381	9,491
Dividends receivable	1,654	14,090	-	-
Total	64,307	133,159	1,396,238	1,213,407

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 marketable 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			
	03/31/2021			
Liquidity risk	Next 12 months	13-24 months	25-36 months	>37 months
Suppliers (note 14)	117,959	-	-	-
Loans and financing (*)	282,478	276,563	264,895	5,600,713

(*) 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.

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Hedge Accounting Bond

- 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. In 2020, the Company repurchased a total of US\$ 24,850 thousand and, in February 2021, through a public offering, repurchased further US\$ 426,521 thousand, totaling US\$ 451,371 thousand repurchased that reduce its gross debt by the same amount.

The company is also exposed to changes in the exchange rate from the issue of the Bond in 2021, in the amount of US\$ 500,000 thousand, with semiannual remuneration of 4.95% pa and maturing in 10 years, from its subsidiary Hidrovias International Finance.

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

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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:

Type	Bond
Start date of Contract	01/24/2018
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

- 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\$ 121,541 thousand.

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.

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- 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.

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
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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
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Realization estimate – USD

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

	03/31/2021	03/31/2020
Exchange-rate change - Income (loss)	122,407	285,600
Exchange-rate changes – Shareholders' equity	665,413	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 - USD

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

	03/31/2021	03/31/2020
Exchange-rate change - Income (loss)	61,389	148,766
Exchange-rate changes – Shareholders' equity	234,025	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>03/31/2021</u>	<u>12/31/2020</u>	<u>03/31/2021</u>	<u>12/31/2020</u>
Assets:				
Cash and cash equivalents	818	1,441	304,696	214,848
Marketable securities	35,997	87,728	848,988	816,044
Linked securities	-	-	12,874	14,952
Loans and financing	-	-	4,339,572	3,723,134

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

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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 on the base date of March 31, 2021 and December 31, 2020, 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 March 31, 2021 and December 31, 2020 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 03/31/2021	Probable scenario	Possible scenario	Remote scenario
			Probable scenario	Possible scenario 25%	Remote scenario 50%				
Financial instruments									
Marketable securities	CDI	2,23%	5.40%	4.05%	2.70%	30,587	970	557	144
Marketable securities	U.S. Treasury	0.01%	0.01%	0.01%	0.01%	527,671	-	(13)	(26)
Marketable securities	FX - Ptax 800	5.6973	5.3500	4.0125	2.6750	290,729	(17,722)	(85,974)	(154,226)
Interest earning bank deposit - pledged	Selic	2.23%	5.50%	4.13%	2.75%	12,875	420	243	67
Total						861,862	(16,332)	(85,187)	(154,041)

Exchange rate change

To verify the sensitivity of the net foreign exchange exposure to which the Company and its subsidiaries were exposed on March 31, 2021 and December 31, 2020, 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 03/31/2021	Probable scenario	Possible scenario	Remote scenario
			Probable scenario	Possible scenario 25%	Remote scenario 50%				
Loan - Project financing	USD	5.6973	5.3500	6.6875	8.0250	714,952	43,583	(124,260)	(292,102)
Loan - Bond	USD	5.6973	5.3500	6.6875	8.0250	3.623.582	220,889	(629,784)	(1,480,458)
Export credit note	USD	5.1967	5.0900	6.6875	8.0250	1,038	63	(180)	(424)
Total						4,339,572	264,535	(754,224)	(1,772,984)

27.5. Capital management

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 March 31, 2021 and December 31, 2020 is as follows:

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	Parent company		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Total liabilities current and non-current	(66,336)	(124,152)	(4,937,541)	(4,188,670)
Cash and cash equivalents	818	1,441	304,696	214,848
Marketable securities	35,997	87,728	848,988	816,044
Interest earning bank deposit - pledged	-	-	12,874	14,952
(Insufficiency) net cash surplus	(29,521)	(34,983)	(3,770,983)	(3,142,826)
Shareholders' equity	1,355,572	1,525,827	1,355,572	1,525,827
Relationship between shareholders' equity and net insufficiency of cash	(4592%)	(4362%)	(36%)	(49%)

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 March 31, 2021 and December 31, 2020 is as follows:

	Consolidated	
	03/31/2021	12/31/2020
Operational risks		
Port operator	1,062,615	1,007,615
Engineering Risk	160,183	160,183
Work risks	30,000	30,000
Hull/machinery and civil liability (bareboats)	880,458	888,371
Fire, lightning, explosion, electrical damage, windstorms and flood	3,200	6,600
	<u>2,136,456</u>	<u>2,092,769</u>

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.

	North Corridor	South Corridor	Cabotage	Santos	Other	eliminations	Consolidated
	03/31/2021	03/31/2021	03/31/2021	03/31/2021	03/31/2021	03/31/2021	03/31/2021
Net revenue from services	124,552	19,019	41,374	18,038	-	(3,405)	199,578
Operating revenues	122,697	83,986	47,408	18,038	-	-	272,129
Intercompany	498	2,907	-	-	-	(3,405)	-
Hedge accounting	-	(67,874)	(6,034)	-	-	-	(73,908)
OTM	1,357	-	-	-	-	-	1,357
Cost of services rendered	(53,181)	(52,093)	(16,237)	(11,125)	-	3,405	(129,231)
Operating costs	(48,608)	(52,093)	(16,237)	(11,125)	-	-	(128,063)
OTM	(1,168)	-	-	-	-	-	(1,168)
Intercompany	(3,405)	-	-	-	-	3,405	-
Operating expenses	(7,464)	(2,223)	(301)	(229)	(18,242)	-	(28,459)
Depreciation and amortization	(23,384)	(38,875)	(8,442)	(3,356)	(1,482)	-	(75,539)
Depreciation and amortization (cost)	(20,731)	(21,105)	(7,390)	(1,159)	(104)	-	(50,489)

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Depreciation and amortization (expense)	(2,653)	(17,770)	(1,052)	(2,197)	(1,378)	-	(25,050)
Other revenues	18,829	-	1,772	-	-	-	20,601
Financial revenue	13,688	1,708	8,252	1,904	4,642	-	30,194
Financial expenses	(63,098)	(121,078)	(8,549)	(1,814)	6,443	-	(188,096)
Equity pick-up on subsidiaries	132	(2,832)	-	-	(174,845)	174,713	(2,832)
Income tax	(5,662)	-	(6,491)	-	2,932	-	(9,221)
Income (loss) for the period	4,412	(196,374)	11,378	3,418	(180,552)	174,713	(183,005)

	North Corridor	South	Cabotage	Santos	Other	eliminations	Consolidated
	03/31/2020	03/31/2020	03/31/2020	03/31/2020	03/31/2020	03/31/2020	03/31/2020
Net revenue from services	163,574	9,603	44,189	-	-	(3,844)	213,522
Operating revenues	98,573	92,696	47,640	-	-	-	238,909
Intercompany	390	2,426	-	-	-	(3,844)	(1,028)
Revenue – Hedge Accounting	-	(85,519)	(3,451)	-	-	-	(88,970)
OTM	64,611	-	-	-	-	-	64,611
Cost of services rendered	(120,898)	(43,220)	(24,942)	(1,059)	473	3,844	(185,802)
Operating costs	(55,654)	(40,794)	(24,942)	(1,059)	473	-	(121,976)
OTM	(64,854)	-	-	-	-	-	(64,854)
Intercompany	(390)	(2,426)	-	-	-	3,844	1,028
Operating expenses	(4,965)	(2,093)	(118)	(387)	(23,487)	-	(31,050)
Depreciation and amortization	(21,117)	(17,952)	(8,441)	(393)	(1,744)	-	(49,647)
Depreciation and amortization (cost)	(19,800)	(17,165)	(7,389)	(393)	(104)	-	(44,851)
Depreciation and amortization (expense)	(1,317)	(787)	(1,052)	-	(1,640)	-	(4,796)
Other revenues (expenses)	6,957	20	3,663	134	(310)	-	10,464
Financial revenue	38,363	3,702	2,699	111	8,411	-	53,286
Financial expenses	(96,725)	(27,068)	(5,285)	(1)	(3,229)	-	(132,308)
Equity pick-up on subsidiaries	-	(2,295)	-	-	(105,565)	105,565	(2,295)
Income tax	(158)	-	(2,722)	-	-	-	(2,880)
Income (loss) for the period	(34,969)	(79,303)	9,043	(1,595)	(125,451)	105,565	(126,710)

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

In the period ended March 31, 2021, the Company presented revenues from customers domiciled in Brazil, totaling 56% of its total net revenue, in the amount of R\$ 116,090 (R\$ 122,244 as of March 31, 2020).

In the period ended March 31, 2021, the Company presented revenues from the South Corridor, accounting for a total of 44% of the Company's total net revenue, corresponding to R\$ 86,893 (R\$ 95,122 as of March 31, 2020).

Assets and liabilities

	North Corridor	South	Cabotage	Santos	Other	eliminations	Consolidated
	03/31/2021	03/31/2021	03/31/2021	03/31/2021	03/31/2021	03/31/2021	03/31/2021
Current assets	290,136	568,142	190,416	43,949	762,136	(246,790)	1,607,989
Non-current assets	1,852,154	2,025,861	703,745	278,603	4,426,436	(4,601,675)	4,685,124
Total assets	2,142,290	2,594,003	894,161	322,552	5,188,572	(4,848,465)	6,293,113
Current liabilities	167,674	299,670	100,608	83,049	78,418	(246,790)	482,629
Non-current liabilities	1,797,454	1,392,837	651,176	207,707	3,751,665	(3,345,927)	4,454,912
Shareholders' equity	177,162	901,496	142,377	31,796	1,358,489	(1,255,748)	1,355,572
Total liabilities and shareholders' equity	2,142,290	2,594,003	894,161	322,552	5,188,572	(4,848,465)	6,293,113

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Notes to interim financial information
For the three-month period ended March 31, 2021
(In thousands of reais - R\$, unless otherwise indicated)

	North Corridor	South	Cabotage	Santos	Other	eliminations	Consolidated
	03/31/2020	03/31/2020	03/31/2020	03/31/2020	03/31/2020	03/31/2020	03/31/2020
Current assets	404,623	696,971	104,628	14,329	334,418	(107,745)	1,447,224
Non-current assets	1,605,696	1,654,521	716,921	117,766	4,486,082	(4,553,166)	4,027,820
Total assets	<u>2,010,319</u>	<u>2,351,492</u>	<u>821,549</u>	<u>132,095</u>	<u>4,820,500</u>	<u>(4,660,911)</u>	<u>5,475,044</u>
Current liabilities	179,665	133,848	216,848	89,853	59,724	(106,302)	573,636
Non-current liabilities	1,622,776	1,259,711	487,373	-	3,387,074	(3,232,938)	3,523,996
Shareholders' equity	<u>207,878</u>	<u>957,933</u>	<u>117,328</u>	<u>42,242</u>	<u>1,373,702</u>	<u>(1,321,671)</u>	<u>1,377,412</u>
Total liabilities and shareholders' equity	<u>2,010,319</u>	<u>2,351,492</u>	<u>821,549</u>	<u>132,095</u>	<u>4,820,500</u>	<u>(4,660,911)</u>	<u>5,475,044</u>

30. Grant, government assistance and other benefits

The Company uses the 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 March 31, 2021, the Company recognized the benefits of AFRMM in Operating revenue (expenses) in the amount of R\$ 1,388.

- 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. This benefit resulted in an adjustment of R\$ 3,951.

- 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 period ended March 31, 2021, the amount of R\$ 14,382 refer respectively to suppliers for the acquisition of property, plant and equipment, did not affect cash.

32. Subsequent events

- a) Business Combination

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For the three-month period ended March 31, 2021

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

As of April 15, 2021, Hidrovias do Brasil S.A. together with its subsidiaries Cikelsol S.A. and Pricolpar S.A., signed the Framework Agreement and certain asset purchase and sale agreements with Imperial Logistics International B.V. & Co. KG and certain entities of its business group for the acquisition of shares representing 100% of the capital of Imperial Shipping Paraguay S.A., a company based in Assunción, Paraguay; the acquisition of shares representing 100% of the capital of Imperial South America BV, a company based in Druten, in the Netherlands; the acquisition of shares representing 50% of the capital of Baden S.A., a company based in Concepción, Paraguay; and the acquisition of certain navigation assets of the Imperial group.

Imperial Shipping Paraguay S.A. operates on the Paraná-Paraguay waterway, which is part of the logistical corridor in the southern region, where Hidrovias currently has operations for the transportation of grains, pulp and iron ore (“South Corridor”). The Transaction will contribute to the strengthening of the Company’s presence in this important logistics corridor, besides helping to maintain the strategy of diversifying products and currencies that is currently adopted.

This Transaction includes, among the navigation assets that will be acquired from the Imperial group, 7 trunk pushers and 84 barges, some with lids, practically doubling the Company’s current capacity in the region and further reinforcing its strategic positioning in the South Corridor. In addition to the assets, through this Transaction, the Company will now hold interests of the Imperial group in Baden Port, located in Paraguay, a company incorporated jointly with CIE S.A., a Paraguayan company that supplies industrial equipment and services for the energy, industrial and maritime sectors. Hidrovias will assume the commitment to the current clients of the companies acquired from the Imperial group and will continue providing services in accordance with the existing agreements, as well as incorporating more than 150 employees who are part of the current staff of such companies through the Transaction. The Transaction was valued at US\$ 85 million, considering the Enterprise Value, with an eventual additional payment of up to US\$ 5 million to be paid over the next four years, subject to the achievement of certain operational metrics.

b) Arbitration

On May 10, 2021, the Company received correspondence from the Arbitration and Mediation Center of the Brazil-Canada Chamber of Commerce (“Chamber of Arbitration”) informing that Método Engenharia S/A (“Método”) requested the establishment of an arbitration proceeding (“Arbitration”), in which Hidrovias do Brasil Administração Portuária Santos SA (“HB Santos”), a company controlled by the Company, appears as required, in the context of an Engineering, Procurement and Construction Agreement (Contrato de Engenharia, Fornecimento e Construção em Regime de Empreitada Integral na Modalidade EPC Turn-Key por Preço Global) entered into by and between HB Santos and Método, as amended from time to time (“Agreement”).

HB Santos will take all appropriate measures, including under the terms of the rules of the Chamber of Arbitration, to defend itself and have its rights safeguarded before Método and the aforementioned Arbitration. The Agreement has contracted insurance that protects HB Santos in said Arbitration and said Arbitration does not affect, at the present date, the guidance forecasts presented by the Company until 2025, as disclosed in the Material Fact of April 22, 2021.

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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 interim financial statements of Hidrovias do Brasil S.A. ("Company") for the period ended March 31, 2021, 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 interim financial statements and consolidated interim financial statements, prepared in accordance with the International Financial Reporting Standards - IFRS, issued by the International Accounting Standards Board - IASB, and in accordance with accounting practices adopted in Brazil, IAS 34 and CPC 21 (R1), respectively, and by the Brazilian Securities and Exchange Commission – CVM, 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 interim 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.

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 interim financial statements of Hidrovias do Brasil S.A. referring to the period ended on March 31, 2021, 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, May 13, 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

In compliance with the provisions of article 157, paragraph 4 of Law No 6,404 of December 15th, 1956, as amended, and in compliance with the CVM Instruction No 358 of January 3rd, 2002, as amended, disclosed on April 22nd, to the shareholders and to the market in general its financial and operating projections for the period of 2021 and 2025, as shown in the following tables:

Millions of tons	2020	2021			2025		
		Min.	Max.	Change %	Min.	Max.	CAGR 20-25%
North Corridor volume	6.3	7.0	7.4	14.3%	10.2	11.2	11.2%
South Corridor volume	2.8	5.0	5.2	82.1%	5.5	6.1	15.7%
Coastal Navigation volume	3.4	3.2	3.4	-	4.5	5.0	7.0%
Salt Santos volume	0.6	0.6	0.8	16.7%	3.7	4.1	45.4%
Consolidated volume	13.1	15.8	16.9	24.8%	23.9	26.4	13.9%

Main assumptions for volume:

- (i) North Corridor: considers the volume of grains (Miritituba and Rodo direct) and fertilizers. It includes Porto Velho volumes from 2023 onwards. Does not consider new internal projects in the region;
- (ii) South Corridor: considers Vale's full operation until 2025, volume with the Imperial acquisition from May 2021 and proportional volume of Company's participation in the JVs (TGM and Limday); It does not consider new projects in the region, nor any acquisitions and mergers and considers a scenario with regular navigation and adequate draft level;
- (iii) Coastal Navigation: considers maintenance of the contract with Alunorte in line with historical data, movement of other products in line with historical data and lower volume of bauxite in 2021 due to a one-time and non-recurring situation in the clients' unloading pier in 1Q21, offset by "take or pay" contract;
- (iv) Salt | Santos: considers partial volume in Santos until 1Q21 and volume of Salt operation from 2H21. Considers regular operation of Salt and Santos in 2025;
- (v) Does not consider additional volumes arising from new projects, new routes, future acquisitions or impacts from other third-party infrastructure projects; (viii) 20/21 Change and 20/25 CAGR calculated from the midpoint of the presented range.

Projections | Guidance (Hidrovias do Brasil)

R\$ million	2020	2021			2025		
		Min.	Max.	Change %	Min.	Max.	CAGR 20-25%
Consolidated adjusted EBITDA	637.4	800	880	31.8%	1,350	1,500	17.4%

Main assumptions related to consolidated adjusted EBITDA:

- i) It considers an exchange rate of R\$5.20 for 2021 and an exchange rate of R\$ 5.00 for 2025 - exchange rate changes may impact the estimated values given that the South Corridor and Coastal Navigation operations have contracts in US dollars. The Company uses adjusted EBITDA as a non-accounting measurement, in order to provide additional financial information on its ability to generate operating results and enable a comparison with market competitors, which, in general, also use such measurement. The EBITDA presented above is adjusted for non-recurring items, equity accounting and hedge accounting and includes results obtained with the JVs. We believe that the incorporation of adjusted EBITDA provides the investor an additional metric to analyze the Company's results. Adjusted EBITDA is not a measure defined in the Accounting Practices adopted in Brazil, nor is it included in the International Financial Reporting Standards (IFRS) and does not represent the cash flow for the years and periods presented, and should not be considered (i) as a substitute for net income, as an indicator of the Company's operating performance, (ii) as a substitute for cash flow or (iii) as an indicator of the Company's liquidity;

ii) 20/21 Changes and 20/25 CAGR calculated from the midpoint of the range presented.

Projections | Guidance (Hidroviás do Brasil)

R\$ million	2020	2021		2021 to 2025	
		Min.	Max.	Min.	Max.
Consolidated CAPEX	302.6	900	1,100	2,550	3,000

Main assumptions related to consolidated CAPEX:

- (i) It considers an exchange rate of R\$5.20 for 2021 and an exchange rate of R\$5.00 for 2025 - exchange rate variations may impact the estimated values;
- (ii) Considers maintenance and expansion CAPEX
- (iii) Does not include new projects and future acquisitions that could be approved by the Company; (iv) Includes CAPEX to expand the North Corridor capacity;
- (iv) Considers CAPEX related to projects that are being implemented, such as Salt, Santos, Porto Velho and Imperial.

The information contained in this document is merely an estimate of the business and projections of operating and financial results and, as such, is based mainly on the perceptions and assumptions of the Company's management. These estimates are subject to several risk factors and uncertainties and are made considering the information currently available, therefore, they depend substantially on the conditions of national and international markets, the performance of the Brazilian economy and the business sector of the Company and its subsidiaries, being thus subject to change. Due to these uncertainties, the investor should not make any investment decision based on these estimates and projections on future operations, as they do not constitute a promise of performance. Any change in the perceptions or factors mentioned above may cause the concrete results to differ from the projections made and disclosed.

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STATEMENT OF THE EXECUTIVE OFFICERS ON THE INTERIM 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 interim financial statements and the independent auditors report on the interim financial statements related to the period ended on March 31, 2021.

Sao Paulo, May 13, 2021.

FABIO SCETTINO
Chief Executive Officer

ANDRÉ KUBOTA
Chief Financial and Investor Relations Officer

TERESA FALEIRO
Officer with no specific designation