Hidrovias do Brasil

RESULTS

2Q21

10 anos

***São Paulo, August 16, 2021 – Hidrovias do Brasil [B3: HBSA3]**, an integrated waterway logistics solutions company listed in B3's Novo Mercado, announces today the results for the second quarter of 2021 and the first half of 2021. The results presented here follow Brazilian and international accounting rules (IFRS) and compare 2Q21 to 2Q20 and 1H21 to 1H20, except when otherwise indicated.*

Hidrovias do Brasil reversed the 2Q20 loss and closed 2Q21 with a net income of R$97.8 million and Adjusted EBITDA including JVs record of R$223.9 million amidst a year with several non-recurring and one-off challenges, proving the Company's solid foundations.

2Q21 and 1H21 HIGHLIGHTS

- The Company handled **3.8 million tons** of grains, fertilizers, bauxite, iron ore, and other products in 2Q21, highlighting the **200.0% increase in iron ore volume** in the Southern Corridor (vs. 2Q20), reflecting the commodity's favorable conditions in the international scenario - which justified Vale's request for full use of the contract - as well as the **81.0% growth in fertilizers** in the Northern Corridor, that continues with a very positive trend and reflects the Company's efforts to capture this cargo. In 1H21, **6.5 million tons** were handled, highlighting the **204.7% growth in iron ore** in the South and **74.6% growth in fertilizers** in North;
- **Net Operating Revenue** (excluding "OTM" and hedge accounting) totaled **R$411.8 million** in 2Q21 **(+18.0%** vs. 2Q20), with **double-digit growth** in the main operating corridors. There was an **16.5%** growth in 1H21 vs. 1H20, totaling **R$683.9 million**, reflecting the real increase in tariffs in the Northern Corridor and the revenue from Vale's agreement which is now linked to the volume actually handled;
- **Adjusted EBITDA, including JVs Results,** totaled **R$223.9 million** in 2Q21 (**+19.5%** vs. 2Q20), with a strong adjusted EBITDA margin of **54.4%**. In 1H21, EBITDA adjusted including JVs totaled **R$362.2 million** (+24.2% vs. 1H20), with a 3.3 p.p. increase in the adjusted EBITDA margin, at **53.0%. The strong result proves the business resilience amidst a scenario of a rare combination of atypical external factors, showing that the Company is very well positioned to benefit from the positive scenarios we envision for the coming years**

Consolidated	2Q21	2Q20	Ch. %	1H21	1H20	Ch. %
Net Revenue	**466.9**	**426.2**	*9.5%*	**666.5**	**639.7**	*4.2%*
Net Operating Revenue[1]	411.8	349.0	*18.0%*	683.9	586.9	*16.5%*
Net Operating Revenue "Road Transportation (OTM)"[2]	-	115.8	-	1.4	180.4	*-99.2%*
Hedge Accounting[3]	55.1	(38.6)	-	(18.8)	(127.6)	*-85.3%*
Operating Costs	(178.5)	(275.7)	*-35.3%*	(307.7)	(461.9)	*-33.4%*
Operating Costs	(178.5)	(158.1)	*12.9%*	(306.5)	(279.5)	-
Operating Costs 'Road Transportation (OTM)"[2]	-	(117.5)	-	(1.2)	(182.4)	*-99.3%*
Operating Expenses (Revenues)	(31.1)	(29.2)	*6.5%*	(59.5)	(59.8)	*-0.5%*
AFRMM, Tax Credits and Other[4]	11.2	9.1	*23.1%*	31.9	19.6	*62.8%*
Equity Accounting	4.5	1.8	*150.0%*	1.6	(0.5)	-
EBITDA	**273.1**	**132.3**	*106.4%*	**332.8**	**137.1**	*142.7%*
Margin %	*66.3%*	*37.9%*	*28.4 p.p.*	*48.7%*	*23.4%*	*25.3 p.p.*
Hedge Accounting	(55,1)	38,6	-	18,8	127,6	*-85,3%*
Equity Accounting	(4,5)	(1,8)	*150,0%*	(1,6)	0,5	-
Non recurring[5]	0,9	8,1	*-88,9%*	1,1	15,2	*-92,8%*
Adjusted EBITDA	**214,4**	**177,2**	*21,0%*	**351,0**	**280,3**	*25,2%*
Margin %	*52,1%*	*50,8%*	*1.3 p.p.*	*51,3%*	*47.8%*	*3.6 p.p.*
JV's EBITDA	9,5	10,1	*-5,9%*	11,2	11,3	*-0,9%*
Adjusted EBITDA Including JVs impact[6]	**223,9**	**187,3**	*19,5%*	**362,2**	**291,6**	*24,2%*
Margin %	*54,4%*	*53,7%*	*0.7 p.p.*	*53.0%*	*49,7%*	*3.3 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 | Operating Costs with Road Transportation (OTM): Obtained by subcontracting road transportation to customers, providing an integrated logistical 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] 2Q21 Non-Recurring includes: R$0.7 million in consultancy services and R$0.2 million in COVID-19 donations; 2Q20 includes: R$5.4 million in IPO expenses; R$0.3 million in tax credit reversals/provisions, R$0.7 million in the stock option program and R$1.7 million in COVID-19 donations. 1H21 Non-Recurring includes: R$0.9 million in consultancy services and R$0.2 million in COVID-19 donations; in 1H20: R$10.7 million in IPO expenses; R$1.1 million in tax credit reversals/provisions, R$1.7 million in the stock option program and R$1.7 million in COVID-19 donations.
[6] Includes the results from the Company's interest in TGM, Limday and Baden.

MESSAGE FROM THE MANAGEMENT

"The results for the second quarter of 2021 show that the Company's foundations are very solid. We are going through a very challenging year, with a pandemic scenario in place, significant corn crop failure in Brazil and droughts in the southern region – keeping the draft of rivers at a level below historical averages.

We continue working to achieve operational improvements and preparing our operations to benefit from the positive scenarios we envision for the coming years. In April this year, we acquired the South America operations of Imperial Logistics, bringing us more flexibility to overcome the atypical challenges in the Southern Corridor and allowing us to continue operating while most of the waterway logistics companies in the region no longer operated and thus positioned ourselves as the largest logistic player for iron ore in Corumbá – responsible for nearly 70% total volume handled in the region.

The Northern corridor, which has a significant growth forecast for the coming years, is going through a one-off and non-recurring scenario, with a high percentage of damaged soybeans in the 1H21 and a change in the commercial dynamics between the domestic market and external market in the 2H21 due to a significant shortfall in the corn crop – right after a record crop year in 2020. Even so, the adequate competitiveness level of the Northern Corridor allowed the market share of Northern ports to grow year-on-year, and Hidrovias do Brasil kept its leadership role in the region, gaining market share in Miritituba even with the real tariff increase. This fact, together with the existence of long-term contracts under the "take or pay" model, give us more flexibility to face the pressure of volumes observed in 2021.

We continue our commitment to transparency with all our stakeholders, seeking alternatives to increase productivity and reduce costs and expenses while expanding our internal and external goals to grow sustainably and in line with the Company's culture of continuous innovation.

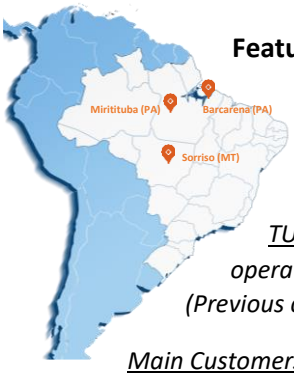
We remain confident that we are on the right path and are increasingly prepared to benefit from the optimistic forecast we envision for the coming years due to the larger grain production and export in Mato Grosso, as well as improved navigation conditions in the Southern Corridor, and a positive result for new projects that are under implementation.

*Fabio Schettino - **CEO, Hidrovias 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. 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.*



Features:

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

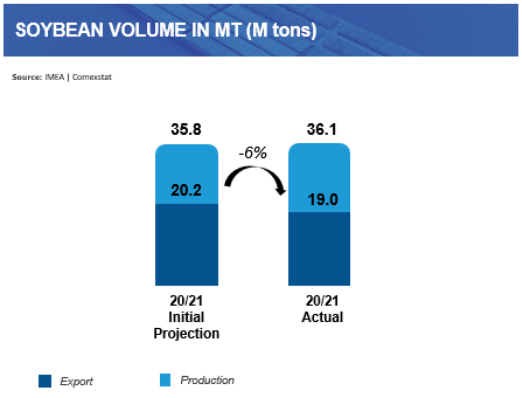
Volume:

Volume (kt)	2Q21	2Q20	Ch. %	1H21	1H20	Ch. %
North Corridor	**1,826**	**2,080**	-12.2%	**3,213**	**3,493**	-8.0%
Grains	1,277	1,611	-20.7%	2,363	2,773	-14.8%
Fertilizers	109	60	81.0%	176	101	74.6%
"Direct Road"[1]	440	409	7.6%	674	620	8.8%

[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.*

The **total volume** handled in the Northern Corridor reached **1.8 million** tons in 2Q21 (-12.2% vs. 2Q20), highlighting the growth in fertilizers (+81.0% vs. 2Q20), with a more positive trend, reflecting the considerable increase in investment in agricultural production and internal efforts to increase volume. Additionally, there was 7.6% growth in the volume of grain handled via direct road, originated in regions with less affected crops in Brazil (PA: +7% vs. 2020).

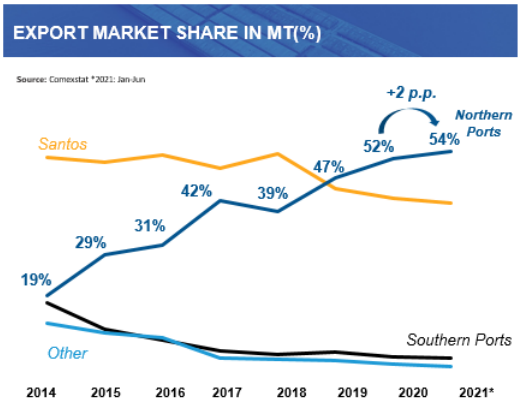
In 1H21, the Company handled **3.2 million** tons (-8.0% vs. 1H20).



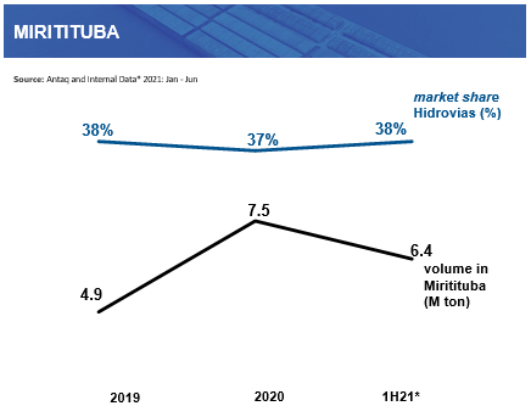
According to Comexstat data, the export of soybean produced in MT was 6% below expectations at the beginning of the year, totaling 19.0 million tons and reflecting a lower demand from China and a large percentage of damaged grains due to weather conditions during the planting period and heavy rains during the harvest period.

The average damaged grains, and consequently non-standard export, in the state of MT was around 9.1%, according to IMEA, and the Company's influence area (mid-north) had the highest average, totaling 15%, impacting the volume of grains handled by the Company during the first half of 2021, as damaged grains end up sent to the domestic market, where they are mixed with better quality fillers, adjusting the average to domestic market standards.

Regarding soybeans, it is worth noting that weather conditions caused delays in the 2021 harvest, generating greater logistical concentration and greater logistical dispersion of grains between modals at the beginning of the export period. Even in this scenario, according to Comexstat data, the Northern ports continued to gain market share and were responsible for 54% of grain exports originated in MT (compared to 52% YoY), showing that this logistical corridor remains very competitive.

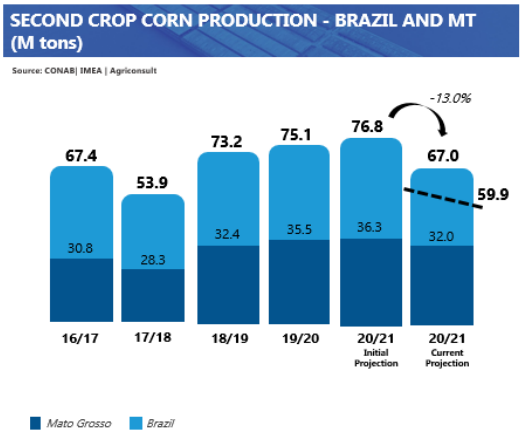


According to internal surveys based on ANTAQ data, the Miritituba region handled 6.4 million tons in the first half of 2021, down by 14.7% YoY, affected by the lack of soybeans in January and the lack of corn in June. Even in this challenging scenario and strong 2020 comparison base - which had a record production and export crop - Hidrovias gained market share in the region and was responsible for 38.0% of Miritituba's total volume (vs. 37% in 2020), consolidating its leadership role in the North Corridor.



The 2H21 scenario is still challenging and with low predictability. The delay in soybeans meant that the second corn crop was planted outside the ideal timeframe, and this, together with the increased drought between April and May and heavy frosts in June and July, led to a very significant crop failure in Brazil (~20% breakage in the country). In MT, the impact was smaller (~12% breakage), however, the significant loss in other states generates a change in commercial dynamics, reducing the volume available for export.

According to CONAB data, the second corn production in Brazil could reach 67.0 million tons in 2021, compared to 75.1 million in 2020 and may be even lower due to recent frosts (~60 million tons). In MT, production should be around 32.0 million, compared to 35.5 million in 2020, according to IMEA.



Despite the production failure, domestic consumption remained stable, driven by both the corn ethanol and protein industries (mainly poultry and swine farmers). The high protein price in the foreign market, tend to shift to the domestic market a relevant part of the grain that would be exported. As a result, it is estimated that corn exports will fall almost 30% vs. initial estimates, with volume close to 15 million tons (vs. 21.3 million initially projected).

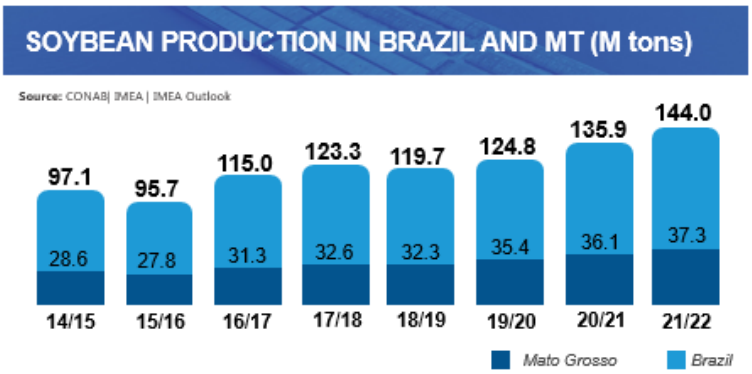
The 2H21 scenario is more challenging and with important external variables, beyond the Company's control and, therefore, the 2021 guidance for volume to be handled in the Northern corridor is being revised – and the new range is between 4.5 and 5.1 million tons, considering a scenario with lower spot volume contracted for the last quarter of the year.

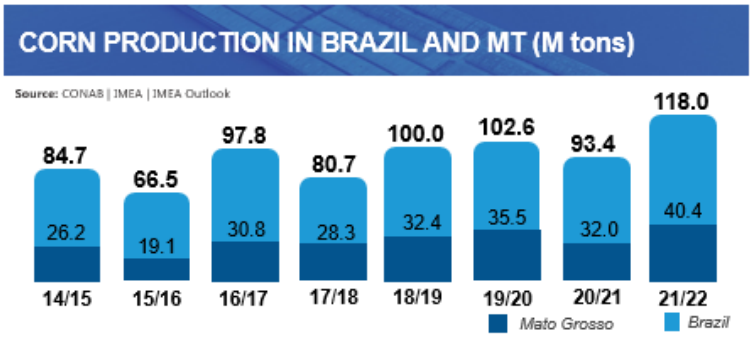
It should be noted that the issues in the 2021 crop (soybean and corn) are one-off and non-recurring, not impacting the crops of the following years and, for this reason, we reinforce the expected 2025 guidance for volume in this corridor, keeping our accelerated expansion plan by increasing the capacity in Miritituba and Barcarena and the new project in Porto Velho.

Finally, it is worth mentioning that we have contracts under "take or pay" model in the corridor, which guarantee a very resilient and profitable result for the Northern operation, mitigating the external impacts such those mentioned above.

The high international commodities prices bring an optimistic scenario for 2022, with producers more encouraged to increase their planted area, as well as to make greater investments in fertilizers with higher quality, seeds and pesticides, which may result in greater productivity and, consequently, increase in projected production.

USDA estimate that Brazil should produce around 144.0 million tons of soybean and 118.0 million tons of corn in 2022.





Result:

North Corridor	2Q21	2Q20	Ch. %	1H21	1H20	Ch. %
Net Revenue[1]	**176.4**	**275.8**	*-36.0%*	**300.4**	**439.0**	*-31.6%*
Net Operating Revenue	176.4	160.0	*10.3%*	299.1	258.6	*15.7%*
Net Operating Revenue "Road Transportation (OTM)"[2]	-	115.8	-	1.4	180.4	*-99.2%*
Operating Costs	(57.9)	(169.5)	*-65.8%*	(107.6)	(286.5)	*-62.4%*
Operating Costs	(57.9)	(51.9)	*11.6%*	(106.5)	(104.1)	*2.3%*
Operating Costs "Road Transportation (OTM)"[2]	-	(117.9)	-	(1.2)	(182.4)	*-99.3%*
Operating Expenses (Revenues)	(3.3)	(6.4)	*-48.4%*	(10.8)	(11.4)	*-5.3%*
AFRMM, Tax Credits and Other	1.8	5.0	*-64.0%*	20.8	11.8	*76.3%*
EBITDA	**116.9**	**104.9**	*11.4%*	**202.8**	**152.8**	*32.7%*
Margin %	*66.3%*	*65.6%*	*0.7 p.p.*	*67.8%*	*59.1%*	*8.7 p.p.*
Non recurring[3]	-	1.7	-	(0.2)	1.5	-
Adjusted EBITDA	**116.9**	**106.7**	*9.6%*	**202.6**	**154.4**	*31.2%*
Margin %	*66.3%*	*66.7%*	*-0.4 p.p.*	*67.7%*	*59.7%*	*8.1 p.p.*

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

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

3 2Q20 Non-Recurring includes R$0.4 million in IPO expenses and R$1.4 million in COVID-19 donations. In 1H21 includes (R$0.2) million related to equity accounting in the Marabá unit and in 1H20 includes R$0.4 million in IPO expenses, R$1.4 million in COVID-19 donations and (R$0.3) million related to reversals/provisions.

Net Operating Revenue for 2Q21, excluding the result from "Road Transportation (OTM)", reached **R$176.4 million** - **up by 10.3%** YoY, mainly due to the real tariff increase in this corridor's agreements, more than offsetting the lower volumes in the period, proving that the Company remains very competitive and with a resilient operation.

In 1H21, **Net Operating Revenue**, excluding "OTM", totaled **R$299.1 million** – **up by 15.7%** YoY.

Operating costs excluding "Road Transportation (OTM)" in 2Q21 were 11.6% higher when compared with 2Q20, totaling **R$ 57.9 million**, explained mainly by lower dilution of fixed costs. In 1H21, operating costs ex-OTM totaled **R$106.5 million** (+2.3% vs. 1H20), a growth level well below revenue growth.

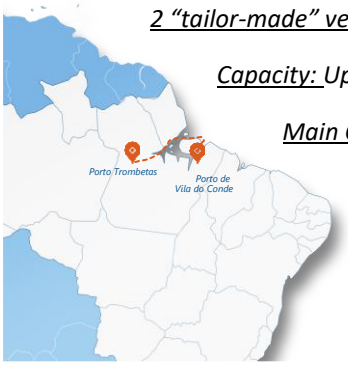
Adjusted EBITDA totaled **R$116.9 million** in 2Q21, an **expressive 9.6% growth** YoY, even with a more pressured volume scenario, as a benefit of the real tariff increase. The **adjusted EBITDA margin** followed the strong historical level**, remaining at 66.3%** - virtually stable YoY. 1H21 Adjusted EBITDA reached **R$202.6 million,** up by 31.2% YoY due to the real tariff increase and gains in productivity in 1H21.

With this result, it is evident that the Company remains **very competitive and a profitable alternative for the grain flow from Mato Grosso,** being able to gain market share while presenting real tariff increase.

Coastal Navigation (Cabotage)

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

Features:



2 "tailor-made" vessels

Capacity: Up to 6 million tons/year

Main Customer: Alunorte

USD Agreement

Volume:

Volume (kt)	2Q21	2Q20	Ch. %	1H21	1H20	Ch. %
Coastal Navigation (Cabotage)	**594**	**818**	*-27.4%*	**999**	**1,858**	*-46.2%*
Bauxite	594	818	-27.4%	999	1,858	-46.2%

The **total volume of bauxite** handled in the 2Q21 reached **594 thousand tons** (-27.4% vs. 2Q20) due to the slower-than-expected resumption of the customer's operations after the one-off issue at their unloading pier, impacting this operation's volume since the last quarter of 2020. It is worth pointing out that just like iron ore, the aluminum (product directly derived from bauxite) is constantly appreciating in the market, boosting the resumption of the volume handled to normal contract levels.

In 1H21, **total volume** handled reached **999 thousand tons** (-46.2% vs. 1H20), mainly due to 1Q21's lower volume (-61.0% vs. 1Q20) when the unloading pier situation of our client had not yet been remedied.

The slower-than-expected volume resumption should make this operation's volumes one-time-only and non-recurringly lower YoY and, therefore, we revised the 2021 volume guidance for a new range between 2.8 and 3.0 million tons.

It should be noted that the more challenging scenario in 2021 does not affect this operation's result because the agreements are under "take or pay" and do not change the long-term guidance (2025), which remains confirmed.

Result:

Coastal Navigation	2Q21	2Q20	Ch. %	1H21	1H20	Ch. %
Net Revenue	**58.1**	**49.1**	*18.3%*	**99.4**	**93.3**	*6.5%*
Net operating Revenue	63.1	50.9	*24.0%*	110.5	98.6	*12.1%*
Hedge Accounting[1]	(5.1)	(1.8)	*183.3%*	(11.1)	(5.3)	*109.4%*
Operating Costs	(34.9)	(22.2)	*57.2%*	(51.1)	(47.2)	*8.3%*
Operating Costs	(34.9)	(22.2)	*57.2%*	(51.1)	(47.2)	*8.3%*
Operating Expenses (Revenues)	-	(0.1)	-	(0.3)	(0.2)	*50.0%*
AFRMM, Tax Credits and Other[2]	2.2	4.0	*-45.0%*	3.9	7.7	*-49.4%*
EBITDA	**25.4**	**30.8**	*-17.5%*	**52.0**	**53.6**	*-3.0%*
Margin %	*40.2%*	*60.5%*	*-20.4 p.p.*	*47.0%*	*54.5%*	*-7.4 p.p.*
Hedge Accounting[1]	5.1	1.8	*183.3%*	11.1	5.3	*109.4%*
Adjusted EBITDA	**30.5**	**32.7**	*-6.7%*	**63.1**	**58.9**	*7.1%*
Margin %	*48.2%*	*64.1%*	*-15.9 p.p.*	*57.1%*	*59.8%*	*-2.7 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 impact on cash.

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

Net Operating Revenue, excluding hedge accounting, totaled **R$63.1** million in 2Q21 (+24.0% vs. 2Q20), proving the strength of this operation's agreements under the take or pay model. In the quarter, hedge accounting reached (R$5.1) million 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.

Net Operating Revenue in 1H21 totaled **R$110.5 million**, up by 12.1% YoY. In 1H21, hedge accounting reached (R$11.1) million.

Operating Costs totaled **R$34.9 million** in 2Q21 (+57.2% vs. 2Q20), reflecting the impact from the charter needed during the docking of one navigation asset in this corridor, in line with the plan for the year. In 1H21, **Operating Costs** totaled **R$51.1 million** (+8.3% vs. 1H20). It should be noted that this operation's docking occurs every 2.5 years (as there are 2 ships and each one is docked every five years, interspersed).

Adjusted EBITDA totaled **R$30.5 million** in 2Q21, down by 6.7% YoY, reflecting higher one-off costs to charter asset and in line with forecasts for the year, as well as the impact of the lower average dollar in 2Q21 when compared to 2Q20, affecting the conversion to Reais in the result of this corridor. Adjusted EBITDA margin was 48.2% due to higher costs and a strong revenue base. In 1H21, adjusted EBITDA totaled **R$63.1 million** (+7.1% vs. 1H20), with an adjusted EBITDA margin of 57.1% - keeping a robust operating margin level in the corridor.

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 (Limday). Additionally, it encompasses the result of two other joint ventures in port terminals, the first for the grain port operation in Montevideo (TGM), being the only terminal in the region capable of loading a Panamax-type vessel and the second for the port operation bulk solids in the region of Concepción, Paraguay (Baden).*

Features:

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

Main customers with agreements: Vale, Cofco, Sodru

USD Agreements

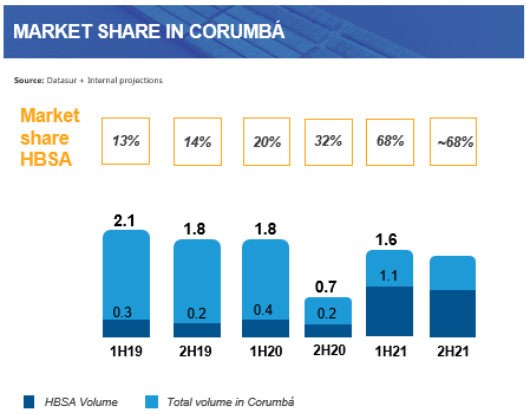
Volume:

Volume (kt)	2Q21	2Q20	Ch. %	1H21	1H20	Ch. %
South Corridor	**1,275**	**946**	*34.8%*	**1,951**	**1,578**	*23.6%*
Iron Ore	663	221	200.0%	1,048	344	204.7%
Grains	289	377	-23.3%	396	627	-36.8%
Fertilizers	18	38	-52.6%	27	58	-53.4%
Other[1]	-	2	-	-	64	-
TOTAL (ex-JV)	**969**	**638**	**51.9%**	**1,471**	**1,094**	34.5%
JVs[2]	305	308	-1.0%	479	484	-1.0%

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

2 JVs: Volume proportional to the interest in TGM, Limday and Baden.

The **total volume** handled in the Southern Corridor reached **1.3 million tons** in 2Q21, an expressive 34.8% growth over 2Q20, highlighting the higher iron ore volume (+200.0% vs. 2Q20).



Hidrovias has established itself as the largest logistics player for iron ore in the Corumbá region, accounting for nearly 70% of all volume handled in this region, according to Datasur data. Besides strengthening the Company's position in this corridor, the acquisition of the southern operations of Imperial Logistics in April 2021 proved timely and right, giving more flexibility to operations and adding complementary assets, allowing the Company to navigate in an even more restrictive scenario. Thus, Hidrovias is one of the few companies currently operating in the Corumbá region.

The volume of grains handled in the Paraná-Paraguay waterway was lower when compared to the same period last year, totaling 289 thousand tons, reflecting the lower production of soybeans in Paraguay due to weather conditions this year, which also caused delays in the logistical program. It is important to note that this grain volume dynamic occurs throughout the Southern Corridor and Hidrovias maintained its market share in the region.

The level of the rivers we navigate in this region has shown a more challenging trend since June this year and the draft remains below historical averages, a still atypical situation. There was a recent change in trend, with drought starting earlier than expected, reducing the predictability for the second half of this year.

In order to mitigate these impacts, the Company developed an operational plan called "Low waters" ("Águas Baixas") and redirected some assets to optimize routes, allocating convoys that navigate at a more restrictive draft to the most critical regions. This fact allowed the Company to handle more volume this quarter, while several other waterway logistics players in the region were no longer operating.

In addition to the plan implemented by the Company, other actions with other interested parties are under implementation to improve the current scenario, such as river dredging. Even so, due to the current low predictability, the Company understands that it is necessary to change the volume of its guidance for 2021, addressing different scenarios: a) more restrictive draft than the current one, with lower volumes than initially expected, b) possible scenario of non-navigation of iron ore for 2 months, considering worsening of river levels in the coming weeks.

The new 2021 volume guidance for the Southern Corridor is now between 3.4 and 4.6 million tons, with non-navigation scenario for two months (September and October) currently as the most credible scenario. For transparency, the Company will report monthly through a Notice to the Market information about the river situation and Company's capacity of navigation.

It should be noted that the atypical draft situation is linked to the atypical drought and should not be understood as permanent, given that lower draft scenarios happen in cyclical ways, resuming to regular levels as the rains resume, historically not lasting for long consecutive periods. Therefore, the Company reaffirms its 2025 guidance, considering a return of river levels to a regular navigation scenario.

Results:

South Corridor	2Q21	2Q20	Ch. %	1H21	1H20	Ch. %
Net Revenue[1]	**227.2**	**94.1**	*141.4%*	**243.4**	**100.2**	*142.9%*
Net Operating Revenue	167.0	130.8	*27.7%*	251.0	222.5	*12.8%*
Hedge Accounting[2]	60.2	(36.8)	-	(7.7)	(122.3)	*-93.7%*
Operating Costs	(80.4)	(73.3)	*9.7%*	(132.6)	(116.5)	*13.8%*
Operating Costs	(80.4)	(73.3)	*9.7%*	(132.6)	(116.5)	*13.8%*
Operating Expenses (Revenues)	(7.3)	(2.5)	*192.0%*	(9.5)	(4.6)	*106.5%*
AFRMM, Tax Credits and Other[3]	0.4	-	-	0.4	-	-
Equity Accounting	4.8	1.8	*166.7%*	2.0	(0.5)	-
EBITDA	**144.7**	**20.1**	*619.9%*	**103.6**	**(21.3)**	-
Margin %	*86.6%*	*15.4%*	*71.2 p.p.*	*41.3%*	*-9.6%*	-
Hedge Accounting[2]	(60.2)	36.8	-	7.7	122.3	*-93.7%*
Equity Accounting	(4.8)	(1.8)	*166.7%*	(2.0)	0.5	-
Non recurring[4]	6.9	0.3	-	6.9	1.4	*392.9%*
Adjusted EBITDA	**86.6**	**55.4**	*56.3%*	**116.3**	**102.8**	*13.1%*
Margin %	*51.9%*	*42.4%*	*9.5 p.p.*	*46.3%*	*46.2%*	*0.1 p.p.*
JV's EBITDA[5]	9.5	10.1	*-5.9%*	11.2	11.3	*-0.9%*
Adjusted EBITDA Including JVs	**96.1**	**65.5**	*46.7%*	**127.4**	**114.1**	*11.7%*
Margin %	*57.6%*	*50.1%*	*7.5 p.p.*	*50.8%*	*51.3%*	*-0.5 p.p.*

1 South Corridor's Net Revenue excludes "Intercompany" to 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 AFRMM, Tax Credits and Other: Including the positive effect from the Additional Freight to Renew the Trading Navy, as well as other credits and other non-operating revenues;

4 2Q21 Non-Recurring includes: R$6.9 million related to business combination that were managerial allocated in the Southern Corridor, in 2Q20: R$0.3 million in reversal/provision of tax credits; in 1H21: R$6.9 million related to business combination that were managerial allocated in the Southern Corridor; in 1H20: R$1.4 million in reversal/provision of tax credits;

Includes the results from the Company's interest in TGM, Limday and Baden.

Net Operating Revenue, excluding hedge accounting, totaled **R$167.0 million** in 2Q21 (+27.7% vs. 2Q20), showing the operational resilience of this Corridor.

Net Operating Revenue, ex-hedge accounting, totaled **R$251.0 million** in 1H21 (+12.8% vs. 1H20), reflecting the higher iron ore volume and Vale's net revenue, which is now recognized according to the volume actually handled and no longer linearly over the months.

The hedge accounting impact was R$60.2 million in 2Q21 and (R$7.7) million in 1H21, both with no cash effect.

Operating Costs totaled **R$80.4 million** in 2Q21 (+9.7% vs. 2Q20) due to the higher volume handled as well as adaptations for navigation in the current draft scenario, that remains below historical averages. We continue to navigate with barges with reduced capacity and, for this reason, transporting less cargo per trip. In 1H21, operating costs totaled **R$132.6 million** (+13.8% vs. 1H20).

Adjusted EBITDA including JVs totaled **R$96.1 million** in 2Q21, an expressive 46.7% growth YoY. Adjusted EBITDA Margin including JVs grew 7.5 p.p. vs. 2Q20, reaching a strong level of 57.6%. Adjusted EBITDA including JVs in 1H21 totaled **R$127.4 million**, with an adjusted EBITDA margin of 50.8% - very healthy given the many challenges in this corridor, proving the business resilience.

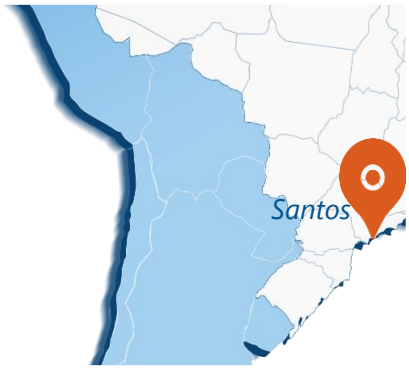
Santos | Salt

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 was accelerated during 2021 and, for this reason, the terminal will be out of operation during 2H21, resuming its activities in 2022.*

*The **Salt** project consists of a contract for the transshipment and transport of salt in the northeast region of Brazil, and the operation would start its activities gradually at the end of 2021, reaching full capacity in 2022. The Company has been dealing with regulatory procedures for the start of this operation and opted to adjust the start-up schedule for 2022, also taking advantage to evaluate some new optionality and opportunities in this operation.*

Features - Santos:



Three warehouses

One mooring dock

Capacity: 3.7 million/ton (Salt + Fertilizer)

BRL Agreements

Features - Salt:

Capacity: 2.5 million/ton

Main Customer: Salinor

BRL Agreement

Volume:

Volume (kt)	2Q21	2Q20	Ch. %	1H21	1H20	Ch. %
Santos	**63**	**151**	*-58.3%*	**332**	**151**	*119.5%*
Total	63	151	-58.3%	332	151	119.5%

In line with the Company's plans, we temporarily stopped Santos operation in early 2Q21 to modernize the terminal structures and "rebuild" one of the warehouses provided in the lease notice.

As a result, there were operations for just a few days in 2Q21, totaling **63 thousand tons** of fertilizers in the quarter. We closed the first half of 2021, handling **332 thousand tons** (+119.5% vs. 1H20), and there is no additional volume forecast for this operation for the rest of this year. It should be noted that this operation's renovation and modernization project should be finished in 2022.

Regarding the Salt operation that will be carried out in Rio Grande do Norte, the Company continues to deal with regulatory procedures to start this operation and chose to adjust the start-up schedule for 2022, also aiming to evaluate some new optionality and opportunities in this operation.

Due to this new scenario, we revisited the 2021 guidance, excluding the volume forecast for the salt operation and, for this reason, the Salt | Santos operations already has their volume set for 2021, being the **332 thousand** tons already recognized.

As the salt transportation project in Rio Grande do Norte is maintained, the 2025 guidance is confirmed, with no need for revision.

Results:

Santos	2Q21	2Q20	Ch. %	1H21	1H20	Ch. %
Net Revenue	**5.2**	**7.3**	*-28.8%*	**23.3**	**7.3**	*219.2%*
Net Operating Revenue	5.2	7.3	*-28.8%*	23.3	7.3	*219.2%*
Operating Costs	(5.2)	(10.7)	*-51.4%*	(16.3)	(11.7)	*39.3%*
Operating Costs	(5.2)	(10.7)	*-51.4%*	(16.3)	(11.7)	*39.3%*
Operating Expenses (Revenues)	(0.6)	(0.4)	*50.0%*	(0.8)	(0.8)	*0,0%*
EBITDA	**(0.6)**	**(3.8)**	*-84.2%*	**6.1**	**(5.3)**	-
Margin %	*-11.1%*	*-52.5%*	*41.4 p.p.*	*26.2%*	*-72.5%*	-
Non recurring[1]	0.2	0.3	*-33.3%*	0.2	0.3	*-33.3%*
Adjusted EBITDA	**(0.4)**	**(3.5)**	*-88.6%*	**6.3**	**(5.0)**	-
Margin %	*-8.2%*	*-48.4%*	*40.2 p.p.*	*26.9%*	*-68.3%*	-

1The non-recurring line in 2Q21 and 1H21 includes: R$0.2 million in donations related to COVID-19 and in 2Q20 and 1H20: R$0.3 million in donations related to COVID-19.

Net Operating Revenue totaled R$5.2 million in 2Q21 (-28.8% vs. 2Q20), as there was no operation for most part of the quarter. In 1H21, Net Operating Revenue totaled **R$23.3 million** (+219.2% vs. 1H20).

Operating Costs reached **R$5.2 million** in the quarter (-51.4% vs. 2Q20), reflecting the lower volume handled and lower dilution of fixed costs. In 1H21, Operating Costs totaled **R$16.3 million** (+39.3%).

Adjusted EBITDA reached **(R$0.4) million** in 2Q21 (vs. -3.5 million in 2Q20) and **R$6.3 million** in 1H21 (vs. -5.0 million in 1H20), not yet reflecting the potential of the operation that currently is under renovation and implementation process.

It is important to remember that both operations are strategic and bring more diversification to the Company's portfolio.

Holding Results

Holding	2Q21	2Q20	Ch. %	1H21	1H20	Ch. %
Operating Expenses (Revenues)	(19.9)	(19.8)	*0.3%*	(38.2)	(42.8)	*-10.8%*
EBITDA	**(19.9)**	**(19.8)**	*0.3%*	**(38.2)**	**(42.8)**	*-10.8%*
Advisory and Consultancy	0.7	5.0	*-85.6%*	0.7	10.3	*-93.2%*
Stock Options Plan	-	0.7	-	-	1.7	-
Adjusted EBITDA	**(19.1)**	**(14.1)**	*36.1%*	**(37.4)**	**(30.8)**	*21.5%*

Holding Expenses adjusted for non-recurring effects totaled **R$19.1 million**, up by 36.1% YoY, reflecting the structure adjustments to adapt to the IPO (held in September 2020), creating support areas and developing structured processes.

In 1H21, Adjusted holding expenses totaled **R$37.4 million** (+21.5% vs. 1H20), reflecting the abovementioned effects.

CONSOLIDATED RESULTS

CAPEX

Expansion and Maintenance CAPEX reached **R$609.8 million** in 2Q21, with only 4% of this total allocated to **maintenance,** which structurally remains at a low level and were in line with the Company's forecast. It is important to note that this CAPEX also includes the docking of one bauxite ship, which occurs only every 5 years.

The CAPEX used for expansion includes the development of an innovative electric pusher project, with the first units already under construction, also includes the implementation of the Company's new projects and acquisition of the South America operations of Imperial Logistics, which, besides adding assets with lower drafts will also bring growth and generate additional cash as of 2022.

In the first half 2021, CAPEX with expansion and maintenance, including Santos grant, totaled **R$737.9 million**, with only 5% allocated for maintenance.

The Company keeps a **very robust expansion plan** and is getting ready for a new growth cycle. Therefore, the 2021 and consolidated 2021 to 2025 guidance for CAPEX remains the same. We are on track to reach the numbers expected for 2021.

CAPEX - Consolidated	2Q21	2Q20	1H21	1H20
Maintenance	26.1	7.6	35.2	16.4
Expansion[1]	583.6	65.2	684.6	103.5
STS20 Grant	-	-	18.1	28.1
CAPEX Total	**609.8**	**72.7**	**737.9**	**148.0**

1 Includes CAPEX related to the acquisition of South America operations of Imperial Logistics, totaling US$86 million.

Note: The R$5.0 million difference between the CAPEX in the table above and the cash flow from investments is due to the divergence between activation and cash disbursement to pay suppliers, as described in Note n. 31. In 1H21 the difference is R$19.3 million.

Consolidated P&L

Consolidated	2Q21	2Q20	Ch. %	1H21	1H20	Ch. %
Net Revenue	**466.9**	**426.2**	*9.5%*	**666.5**	**639.7**	*4.2%*
Net Operating Revenue[1]	411.8	349.0	*18.0%*	683.9	586.9	*16.5%*
Net Operating Revenue "Road Transportation (OTM)"[2]	-	115.8	-	1.4	180.4	*-99.2%*
Hedge Accounting[3]	55.1	(38.6)	-	(18.8)	(127.6)	*-85.3%*
Operating Costs	(178.5)	(275.7)	*-35.3%*	(307.7)	(461.9)	*-33.4%*
Operating Costs	(178.5)	(158.1)	*12.9%*	(306.5)	(279.5)	-
Operating Costs 'Road Transportation (OTM)"[2]	-	(117.5)	-	(1.2)	(182.4)	*-99.3%*
Operating Expenses (Revenues)	(31.1)	(29.2)	*6.5%*	(59.5)	(59.8)	*-0.5%*
AFRMM, Tax Credits and Other[4]	11.2	9.1	*23.1%*	31.9	19.6	*62.8%*
Equity Accounting	4.5	1.8	*150.0%*	1.6	(0.5)	-
EBITDA	**273.1**	**132.3**	*106.4%*	**332.8**	**137.1**	*142.7%*
Margin %	*66.3%*	*37.9%*	*28.4 p.p.*	*48.7%*	*23.4%*	*25.3 p.p.*
Depreciation & Amortization	(96.4)	(54.6)	*76.6%*	(172.0)	(104.2)	*65.1%*
EBIT	**176.7**	**77.6**	*127.7%*	**160.8**	**32.8**	*390.2%*
Financial Results	**(65.3)**	**(67.0)**	***-2.6%***	**(223.2)**	**(146.0)**	***52.8%***
Net Income before taxes and social contribution	**111.4**	**10.6**	*950.9%*	**(62.4)**	**(113.2)**	*-44.9%*
Income Tax and Social Contribution	(13.6)	(18.1)	*-24.9%*	(22.8)	(21.0)	*8.6%*
Net Income/Loss	**97.8**	**(7.4)**	-	**(85.2)**	**(134.2)**	*-36.5%*

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

2 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 Other: 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	2Q21	2Q20	Ch. %	1H21	1H20	Ch. %
Financial Results	**(65.3)**	**(67.0)**	***-2.6%***	**(223.2)**	**(146.0)**	***52.8%***
Financial Income	*1.2*	*11.2*	*-89.3%*	*31.4*	*64.5*	*-51.3%*
Financial Expenses	*(102.8)*	*(57.5)*	*78.7%*	*(254.1)*	*(110.5)*	*129.9%*
Recurring financial expenses	*(102.8)*	*(57.5)*	*78.7%*	*(158.6)*	*(110.5)*	*43.5%*
Non-recurring financial expenses (debt restructuring: premium and fees)	-	-	-	*(95.5)*	-	-
Exchange rate change	*36.3*	*(20.7)*	*-275.1%*	*(0.6)*	*(100.1)*	*-99.4%*

2Q21 Consolidated Financial Result totaled (**R$65.3) million**, up by R$1.7 million YoY, mainly due to:

i) **Financial Income:** reduction of R$10 million in revenues obtained from financial investments, explained by the appreciation of the Real, since a great part of the cash is kept in foreign currency, as well as lower average cash held in the period;

ii) **Financial Expense:** R$45.3 million growth, reflecting the impact of the devaluation of the Dollar vs. the Real on investments;

iii) **Exchange Rate Change:** improvement of R$57 million when compared to the same period last year, reflecting directly the appreciation of the Real in the period.

1H21 Financial Result was affected by one-off and non-recurring items from the debt restructuring process that negatively impacted the 1Q21 financial result, but which will help to reduce interest expenses in the future, as shown in the table above. Excluding this non-recurring effect, the 1H21 Financial Result would have totaled (R$127.7) million.

Net Income/Loss

For the reasons abovementioned, the Company closed 2Q21 with a **Net Income** totaling **R$97.8 million,** compared to net loss of (R$7.4) million in 2Q20.

1H21 presented **net loss of (R$85.2) million**, impacted by non-cash items, hedge accounting and exchange rate change mentioned above (vs. - R$134.2 million in 1H20).

Cash Generation

The significant growth in 2Q21 Consolidated EBITDA helped to **generate R$142.6 million in operating cash in the quarter** (+19.9% vs. 2Q20).

When including the investments for expansion and maintenance and the financial cash flow, there was a cash consumption of R$619.2 million in the quarter, explained mainly by the payment for the acquisition of the South America operations of Imperial Logistics (US$86 million), whose payment was fully made in April 2021, as well as the ongoing investment in expansion, which will ensure the Company's new growth cycle.

We closed the quarter with over R$547.4 million in cash, **in line with Company's expectations and compatible with the Company's future obligations.**

In the six-month period, Operating Cash Generation reached R$219.3 million (+21.2% vs. 1H20), mainly due to the strong increase in the period's EBITDA (+142.7% cv. 1H20).

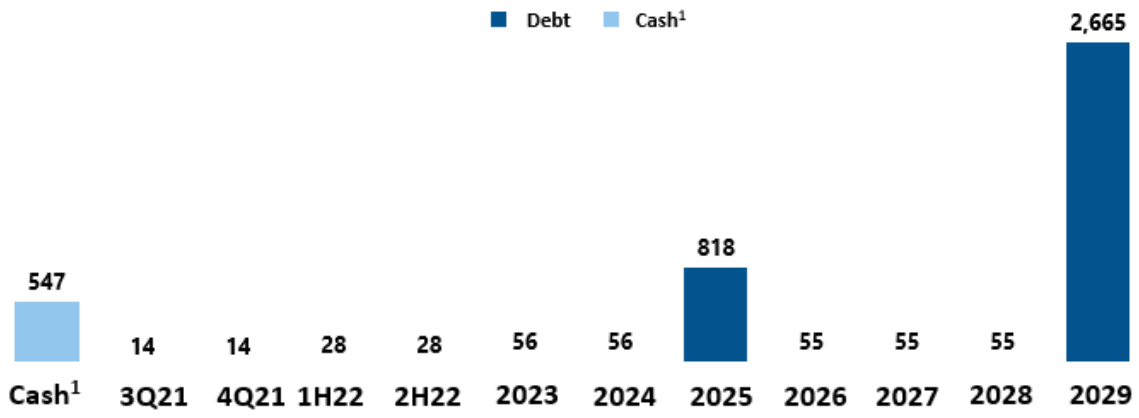
Including investments made for expansion and maintenance and the financial cash flow, there was a cash consumption of R$498.5 million in the six-month period (vs. generation of R$157.6 million in 1H20).

Cash Flow	2Q21	2Q20	Ch. %	1H21	1H20	Ch. %
Cash beginning of the period	**1,166.6**	**1,094.4**	*6.6%*	**1,045.8**	**974.5**	*7,00%*
(+) Adjusted EBITDA	273,1	132.2	*106.4%*	332.8	137.1	*142.7%*
(+) Change in working capital	(75.4)	(51.9)	*45.3%*	(132.3)	(83.7)	*-21.7%*
(+/-) *Hedge Accounting*	(55.1)	38.6	-	18.8	127.6	*-69.8%*
= Operating Cash Flow (OCF)	**142.6**	**118.9**	*19.9%*	**219.3**	**181**	*68.9%*
(-) CAPEX	(136.6)	(71.5)	*91.0%*	(232.3)	(118.7)	*137.9%*
Maintanence	(26.1)	(6.4)	*307.8%*	(35.2)	(15.2)	*131.6%*
Expansion	(110.4)	(65.2)	*69.3%*	(197.2)	(103.5)	*138.9%*
Imperial Acquisition	(484.4)	-	-	(484.4)	-	-
= Investing Cash Flow (ICF)	**(621.0)**	**(71.5)**	*768.5%*	**(716.8)**	**(118.7)**	*546.1%*
(+) Debt Issuance/Amortization	(14.6)	(7.4)	*97.3%*	394.8	(21.4)	-
(-) Interest Payments	(8.1)	(9.3)	*-12.9%*	(123.1)	(94.8)	*29.9%*
(-) Lease Payments	(23.5)	(1.6)	*1368.8%*	(63.8)	(4.1)	*1497.6%*
(-) Bond repurchase	-	(52.6)	-	(113.4)	(71.8)	*89.4%*
(-/+) Dividends Paid/Received	-	(4.4)	-	-	2.0	-
= Financing Cash Flow (FCF)	**(46.2)**	**(75.2)**	*-38.6%*	**(94.5)**	**(190.1)**	*-57.1%*
Impact of exchange rate change on cash balances	(94.6)	65.4	*-244.6%*	(95.5)	285.5	*-84.5%*
= Cash Generation	**(619.2)**	**37.7**	-	**(498.5)**	**157.6**	-
= Cash end of the period	**547.4**	**1,132.1**	*-51.6%*	**547.4**	**1,132.1**	*-51.6%*

Indebtedness

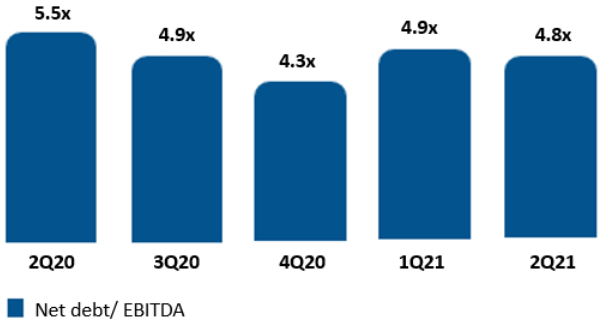
The Company restructured its debt in early 2021, buying back US$425 million in bonds due in 2025, replacing them with new bonds due in 2031. Besides postponing the maturity from 4 to 10 years, the Company issued the new debt at the cost of 4.950% per year, an important savings of 100 bps compared to the previous one. As a result, the **Company's amortization flows have become even smaller in coming years, with no material maturity in coming years.**

The current amortization schedule can be seen below:



The adjusted net debt/EBITDA ratio decreased by 0.7x in 2Q21 when compared to the same period last year, mainly due to **strong EBITDA growth in the period.**

The company's leverage considering adjusted EBITDA stood at 4.8x in 2Q21 (vs. 4.9x in 1Q21). Gross indebtedness grew when compared to the same period of the previous year, mainly due to the acquisition made in 2Q21, which was fully executed with the Company's cash position, in addition to the impact of the 2025 Bonds repurchase operation and the issuance of new 2031 Bonds, **not compromising the Company's ability to pay.**



** 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.

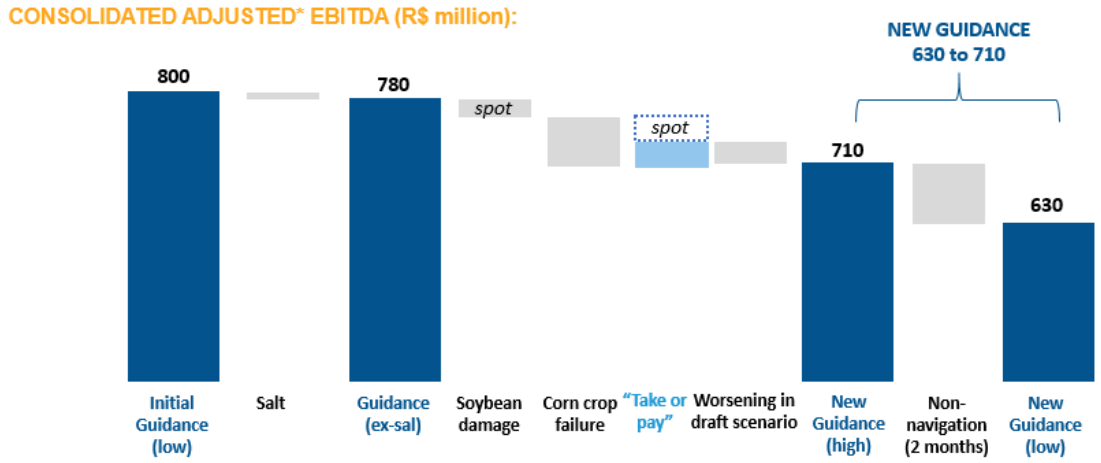
NEW GUIDANCE

In line with the explanations already made in this report, the Company is reviewing the 2021 guidance to reflect the impacts of the rare coincidence of external factors presented this year. For this reason, the new volumes expected by the Company for the year 2021 are as follows:

Guidance (Hidrovias do Brasil)

Million tons	2020	2021			2025		
		Low	High	Ch. %	Low	High	CAGR 20-25%
North Corridor Volume	6.3	4.5	5.1	*-23.8%*	10.2	11.2	*11.2%*
South Corridor Volume	2.8	3.4	4.6	*42.9%*	5.5	6.1	*15.7%*
Coastal Navigation Volume	3.4	2.8	3.0	*-14.7%*	4.5	5.0	*7.0%*
Salt | Santos Volume	0.6	0.3	0.3	*-50.0%*	3.7	4.1	*45.4%*
Consolidated Volume	**13.1**	**11.2**	**13.0**	*-7.6%*	**23.9**	**26.4**	*13.9%*

It is important to note that the existence of long-term contracts under the "take or pay" format ensure that the impact of such events on EBITDA and cash generation is proportionally smaller than the pressure of volumes, as can be seen in the chart below.



Scenario of non-navigation considered only for the region where we transport iron ore, not estimated for the grain region where navigation remains regular

** EBITDA adjusted for Non-recurring items, Hedge Accounting and Equity Income.*

The new EBITDA guidance for 2021 reflects the non-structural and one-off impacts of the worsening production and export estimates for the 2nd corn crop in Brazil, as well as the worsening of the draft level in the region of Corumbá, with a possible scenario of non-navigation for 2 months. Even in the midst of this challenging scenario, the Company proves the resilience of its operations, maintaining an EBITDA level similar to that presented in 2020 – which also had an atypical draft scenario, although better than this year, and a record crop in Brazil – different from what was observed in 2021.

The Company's foundations remain very solid and the investment thesis untouched. The waterway modal, along with multimodality, will continue to be the most competitive solution to support the growth of bulk cargo transport in South America. Grain harvest projections in MT for the coming years remain very positive and international prices makes the production of iron ore very attractive, which allows to confirm the guidance initially presented for 2025. In addition, the strong expansion plan is maintained, through the expansion of the capacity in the North Corridor, as well as the inclusion of new innovative projects that will contribute to additional generation of EBITDA and, for this reason, the CAPEX guidance remains maintained both for 2021 and consolidated 2021 to 2025.

The new EBITDA guidance for 2021, as well as the confirmed CAPEX guidance, can be seen in the tables below.

Guidance (Hidrovias do Brasil)

R$ Million	2020	2021			2025		
		Low	High	Ch. %	Low	High	CAGR 20-25%
Adjusted EBITDA (Consolidated)	**637.4**	**630.0**	**710.0**	*5.1%*	**1,350.0**	**1,500.0**	*17.4%*

**Changes presented were calculated from the midpoint of the range shown in the tables.*

Guidance (Hidrovias do Brasil)

R$ Million	2020	2021		2021 to 2025	
		Low	High	Low	High
Consolidated CAPEX	**302.6**	**900**	**1,100**	**2,550**	**3,000**

**Changes presented were calculated from the midpoint of the range shown in the tables.*

Sustainability

Sustainability goals:

Between May and July 2021, we advanced with the discussion of our sustainability goals for the years 2022-2025, aiming to meet the **SIX POSITIVE IMPACT COMMITMENTS** defined by the Company. The goals are aligned with the ONU Sustainable Development Goals and propose to deliver results on the following themes: Climate Change; Local and Human Development; Environmental Impacts; Ethics and Transparency; Value Chain Development; and Employee Health, Safety, and Development. The process was multidisciplinary and integrated, with 40 hours of workshops, having the participation of more than 100 employees from all areas, in addition to all the organization's leadership. We also have the generous inspiration of eight experts recognized by the market. As a next step, the goals will be presented to the Board of Directors to be validated and implemented.

Hidrovias Institute starts a sewing training program for women from Miritituba, in Itaituba:

The Hidrovias Institute, launched this August/21 the Programa Tecer, an initiative that promotes the reuse of inputs to generate income through sewing training for the residents of Itaituba, in the southwest of Pará.

Twenty women are being contemplated in the course, which will be divided into three modules during the months of July, August and September, working as an " incubator project" model, which focuses on stimulating female entrepreneurship and material recycling through sewing.
The training will take place in two classes, in the morning and in the afternoon, and will be managed by the creator of Lixo Xiki. The course will be held at the Reference Center for Social Assistance (CRAS) of Miritituba, with the support of the Municipal Secretary of Social Assistance, and the first module has already taken place between July 26th and 30th.

Around R$30 thousand were invested by the Hidrovias Institute in the purchase of equipment and in the course structure. We are committed to promote sustainable development in the locations where we operate. Part of this commitment is related to offer capacity, and training female leaders so that they can sustain the business over time. This initiative started in 2018, with the training of the students on how to create and take care of a company, culminating in the donation of inputs and technical training.

DISCLAIMER

This report has forward-looking statements and prospects based on strategies and beliefs for growth opportunities of Hidrovias do Brasil S.A. and its subsidiaries ("Hidrovias" or "Company"), based on the Management's analyzes. This means that statements herein, based on a thorough study of public information made available to the market in general, although considered reasonable by the Company, may not materialize and/or may have imperfections and/or inaccuracies. This disclaimer on the information shown indicates adverse situations that may impact the expected results so that our expectations do not materialize within the considered period, as these factors go beyond Hidrovias' control. Therefore, the Company does not guarantee the performance in this presentation and, as a result, does not represent a material offering the purchase and/or subscription of its securities.

EXHIBITS

HIDROVIAS DO BRASIL S.A.
BALANCE SHEETS AT JUNE 30, 2021 AND DECEMBER 31, 2020
(In thousands of reais – R$)

ASSETS	Consolidated 06/30/2021	Consolidated 12/31/2020
Current assets		
Cash and cash equivalents	229.150	214.848
Securities	305.255	816.044
Trade accounts receivable	194.614	147.852
Inventories	79.825	57.051
Recoverable taxes	38.001	44.912
Income tax and social contribution	37.086	42.986
Advances to suppliers	52.197	34.593
Prepayments	49.263	32.149
Related party credits	3.676	-
Dividends receivable	-	-
Other receivables	36.805	37.076
Total current assets	1.025.872	1.427.511
Non-current assets		
Linked securities	12.947	14.952
Related party credits	3.155	3.820
Trade accounts receivable	6.400	6.400
Judicial deposits	41.827	40.774
Guarantees and pledge deposits	8.277	9.491
Deferred tax assets	139.236	148.862
Recoverable taxes	82.912	77.588
Income tax and social contribution	38.669	37.373
Advances to suppliers	-	8.358
Prepayments	48.433	29.256
Investments	85.141	74.479
Property, plant and equipment	3.842.262	3.355.604
Right-of-use asset	243.603	157.114
Intangible assets	323.263	322.915
Total non-current assets	4.876.125	4.286.986
Total assets	5.901.997	5.714.497

LIABILITIES AND SHAREHOLDERS' EQUITY	Consolidated 06/30/2021	Consolidated 12/31/2020
Current liabilities		
Suppliers	99.934	68.506
Loans and financing	136.159	185.954
Social charges and labor legislation obligations	38.971	39.460
Lawsuits	12.817	9.794
Taxes payable	20.505	26.241
Income tax and social contribution	31.810	67.622
Accounts payable with related parties	-	-
Advances from clients	3.949	7.315
Dividends payable	237	237
Lease liabilities	93.612	14.446
Obligation with concession - grant	19.648	18.547
Other accounts payable	49.830	7.841
Total current liabilities	507.472	445.963
Non-current liabilities		
Loans and financing	3.708.740	3.537.180
Accounts payable with related parties	-	-
Lease liabilities	162.036	150.301
Obligation with concession - grant	39.320	55.226
Total non-current liabilities	3.910.096	3.742.707
SHAREHOLDERS' EQUITY		
Capital	1.334.584	1.334.584
Capital reserves	34.176	34.176
Retained earnings (loss)	(106.246)	(21.046)
Equity valuation adjustment	221.915	178.113
Total shareholders' equity	1.484.429	1.525.827
Total liabilities and shareholders' equity	5.901.997	5.714.497

See the accompanying notes to the interim financial information.

HIDROVIAS DO BRASIL S.A.
STATEMENTS OF INCOME
FOR THE THREE AND SIX-MONTH PERIODS ENDED JUNE 30, 2021 AND 2020
(In thousands of reais - R$, except earnings/loss per share)

	Consolidated	
	01/01/2021–06/30/2021	01/01/2020–06/30/2020
Net operating revenue	666.480	639.717
Cost of services rendered	(413.024)	(555.632)
Gross income	253.456	84.085
OPERATING EXPENSES		
General and administrative expenses	(125.617)	(70.293)
Provision for expected credit losses	(494)	-
Equity in net income of subsidiaries	1.622	(475)
Other revenues	31.850	19.562
Operating income (loss) before financial income (loss) and taxes	160.817	32.879
Financial revenues	31.396	64.528
Financial expenses	(254.636)	(210.567)
Financial income (loss)	(223.240)	(146.039)
Operating income (loss) before income tax and social contribution	(62.423)	(113.160)
Income tax and social contribution		
Current	(31.626)	(30.069)
Deferred	8.849	9.112
Net income (loss) for the period	(85.200)	(134.117)
Basic earnings per share - R$	(0,1120)	(0,1792)
Diluted earnings per share - R$	(0,1120)	(0,1774)

See the accompanying notes to the interim financial information.

HIDROVIAS DO BRASIL S.A.

STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2021 AND 2020
(In thousands of reais – R$)

	Consolidated	
	06/30/2021	06/30/2020
Cash flow from operating activities		
Net (loss)/income for the period	(85.200)	(134.117)
Adjustments to reconcile loss for the year with net cash generated by (invested) in operating activities:		
Provision for bonus	8.876	11.458
Current and deferred income tax and social contribution	22.777	20.957
Adjustment to present value of lease and concession	7.065	-
Reversal of provision for estimated losses	494	-
(Formation) Reversal of provision for contingency	3.023	206
Interest incurred on loans	108.200	106.582
Reversal of loan funding costs	26.408	1.771
Inflation and foreign exchange adjustments on debt	27.963	90.577
Recognized interest - lease and concession	(7.293)	-
Stock option plan	2.367	887
Yield from interest earning bank deposits and securities	-	1.745
Depreciation and amortization	(5.672)	(63.784)
Amortization from right-of-use asset	110.880	100.580
Equity in net income of subsidiaries	47.182	3.623
Revenue realized from hedge	(1.622)	475
	18.771	127.569
(Increase) decrease in operating assets:		
Accounts receivable	(29.673)	(91.486)
Inventories	(16.670)	(12.636)
Recoverable taxes	(12.662)	(25.135)
Advances to suppliers	(9.246)	31.581
Prepayments	(36.291)	(16.641)
Judicial deposits	(1.053)	(939)
Guarantees and pledge deposits	1.214	(2.295)
Other receivables	(1.319)	2.551
Increase (decrease) in operating liabilities:		
Suppliers	(2.007)	56.267
Social charges and labor legislation obligations	(12.695)	(3.190)
Taxes payable	(5.736)	8.482
Advances from clients	(3.366)	(21.587)
Other accounts payable	23.623	10.699
Income tax and social contribution paid	(67.438)	(20.105)
Payment of interest on loans and financing	(123.081)	(94.794)
Net cash (invested in) from operating activities	**(12.181)**	**89.301**
Cash flows from investment activities		
Acquisition of fixed assets	(222.232)	(111.708)
Acquisition of intangible assets	(10.102)	(6.837)
Acquisition of right-of-use asset	-	-
Acquisition of subsidiaries	(468.201)	-
Securities (investment)	(1.192.784)	(815.226)
Securities (redemptions)	1.711.249	913.818
Dividends received	-	6.316
Loan granted between related parties	(3.011)	-
Capital increase (decrease) in subsidiaries	-	-
Net cash (invested in) generated by investment activities	**(185.080)**	**(13.637)**
Cash flows from financing activities		
Borrowings	2.848.650	-
Funding cost	(113.441)	-
Dividends payable	-	-
Amortization of principal - loans	(2.453.894)	(21.372)
Amortization - Concession lease	(18.141)	-
Amortization – Paid Lease	(45.614)	(4.135)
Pledged financial investments	-	(4.604)
Payment of dividends	-	(4.359)
Bond repurchase	-	(71.764)
Loan granted between related parties	-	-
Other accounts payable with related parties	-	-
Net cash generated by (invested in) financing activities	**217.560**	**(106.234)**
Effect of changes in exchange rate on balance of cash and cash equivalents in foreign currency	(5.997)	7.319
(Decrease)/increase in cash and cash equivalents	**(21.582)**	**(23.251)**
Cash and cash equivalents at the beginning of the period	214.848	45.166
Cash and cash equivalents at the end of the period	229.150	21.915
(Decrease)/increase in cash and cash equivalents	**14.302**	**(23.251)**

HIDROVIAS DO BRASIL S.A.
BALANCE SHEETS AT JUNE 30, 2021 AND DECEMBER 31, 2020
(In thousands of reais – R$)

ASSETS	Note	Parent company		Consolidated	
		30/06/2021	31/12/2020	30/06/2021	31/12/2020
Current assets					
Cash and cash equivalents	4	851	1.441	229.150	214.848
Securities	5.1	7.341	87.728	305.255	816.044
Trade accounts receivable	6.1	-	-	194.614	147.852
Inventories		-	-	79.825	57.051
Recoverable taxes	7	812	97	38.001	44.912
Income tax and social contribution	7.1	7.914	-	37.086	42.986
Advances to suppliers	9	250	1.249	52.197	34.593
Prepayments		6.705	2.483	49.263	32.149
Related party credits	18	7.163	15.603	3.676	-
Dividends receivable	18	1.654	14.090	-	-
Other receivables		212	160	36.805	37.076
Total current assets		32.902	122.851	1.025.872	1.427.511
Non-current assets					
Linked securities	5.2	-	-	12.947	14.952
Related party credits	18	5.002	5.197	3.155	3.820
Trade accounts receivable	6.1	-	-	6.400	6.400
Judicial deposits	17	32.383	32.383	41.827	40.774
Guarantees and pledge deposits	8	8.250	9.100	8.277	9.491
Deferred tax assets	26	18.617	8.543	139.236	148.862
Recoverable taxes	7	-	-	82.912	77.588
Income tax and social contribution	7.1	-	-	38.669	37.373
Advances to suppliers	9	-	-	-	8.358
Prepayments		3.743	3.789	48.433	29.256
Investments	10	1.425.776	1.435.557	85.141	74.479
Property, plant and equipment	11	8.885	8.140	3.842.262	3.355.604
Right-of-use asset	12	1.773	-	243.603	157.114
Intangible assets	13	31.450	24.419	323.263	322.915
Total non-current assets		1.535.879	1.527.128	4.876.125	4.286.986
Total assets		1.568.781	1.649.979	5.901.997	5.714.497

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	Parent company		Consolidated	
		30/06/2021	31/12/2020	30/06/2021	31/12/2020
Current liabilities					
Suppliers	14	4.710	9.229	99.934	68.506
Loans and financing	15	-	-	136.159	185.954
Social charges and labor legislation obligations	16	14.632	17.824	38.971	39.460
Lawsuits	17	-	-	12.817	9.794
Taxes payable		4.989	5.217	20.505	26.241
Income tax and social contribution		-	18.856	31.810	67.622
Accounts payable with related parties	18	30.569	63.481	-	-
Advances from clients		-	-	3.949	7.315
Dividends payable	18	-	-	237	237
Lease liabilities	12	892	180	93.612	14.446
Obligation with concession - grant	13	-	-	19.648	18.547
Other accounts payable		9.517	9.365	49.830	7.841
Total current liabilities		65.309	124.152	507.472	445.963
Non-current liabilities					
Loans and financing	15	-	-	3.708.740	3.537.180
Accounts payable with related parties	18	18.418	-	-	-
Lease liabilities	12	625	-	162.036	150.301
Obligation with concession - grant	13	-	-	39.320	55.226
Total non-current liabilities		19.043	-	3.910.096	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)		(106.246)	(21.046)	(106.246)	(21.046)
Equity valuation adjustment		221.915	178.113	221.915	178.113
Total shareholders' equity		1.484.429	1.525.827	1.484.429	1.525.827
Total liabilities and shareholders' equity		1.568.781	1.649.979	5.901.997	5.714.497

HIDROVIAS DO BRASIL S.A.
STATEMENTS OF INCOME
FOR THE THREE AND SIX-MONTH PERIODS ENDED JUNE 30, 2021 AND 2020
(In thousands of reais - R$, except earnings/loss per share)

		Parent company				Consolidated			
	Note	01/04/2021 a 30/06/2021	01/01/2021 a 30/06/2021	01/04/2020 a 30/06/2020	01/01/2020 a 30/06/2020	01/04/2021 a 30/06/2021	01/01/2021 a 30/06/2021	01/04/2020 a 30/06/2020	01/01/2020 a 30/06/2020
Net operating revenue	23	-	-	-	-	466.902	666.480	426.195	639.717
		-							
Cost of services rendered	24.1	-	-	-	-	(233.304)	(413.024)	(324.979)	(555.632)
Gross income		-	-	-	-	233.598	253.456	101.216	84.085
OPERATING EXPENSES		-							
General and administrative expenses	24.1	(21.481)	(40.505)	(22.017)	(46.774)	(71.660)	(125.617)	(34.447)	(70.293)
Provision for expected credit losses		-				(942)	(494)		-
		-				-			
Equity in net income of subsidiaries	10	107.920	(66.924)	18.540	(87.025)	4.454	1.622	1.820	(475)
Other revenues	24.2	6.364	6.364	310	-	11.249	31.850	9.098	19.562
Operating income (loss) before financial income (loss) and taxes		92.803	(101.065)	(3.167)	(133.799)	176.699	160.817	77.687	32.879
Financial revenues	25	655	8.632	79	1.263	1.202	31.396	11.242	64.528
Financial expenses	25	(2.795)	(2.841)	(4.319)	(1.581)	(66.540)	(254.636)	(78.259)	(210.567)
Financial income (loss)	25	(2.140)	5.791	(4.240)	(318)	(65.338)	(223.240)	(67.017)	(146.039)
Operating income (loss) before income tax and social contribution		90.663	(95.274)	(7.407)	(134.117)	111.361	(62.423)	10.670	(113.160)
Income tax and social contribution									
Current	26	-	-	-	-	(13.522)	(31.626)	(16.092)	(30.069)
Deferred	26	7.142	10.074	-	-	(34)	8.849	(1.985)	9.112
Net income (loss) for the period		97.805	(85.200)	(7.407)	(134.117)	97.805	(85.200)	(7.407)	(134.117)
Basic earnings per share - R$	20					0,1286	(0,1120)	(0,0099)	(0,1792)
Diluted earnings per share - R$	20					0,1286	(0,1120)	(0,0098)	(0,1774)

See the accompanying notes to the interim financial information.

HIDROVIAS DO BRASIL S.A.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE AND SIX-MONTH PERIODS ENDED JUNE 30, 2021 AND 2020
(In thousands of reais – R$)

	Parent company				Consolidated		
	01/04/2021 a 30/06/2021	01/01/2021 a 30/06/2021	01/04/2020 a 30/06/2020	01/01/2020 a 30/06/2020	01/04/2021 a 30/06/2021	01/01/2021 a 30/06/2021	01/04/2020 a 30/06/2020
Income (loss) for the period	97.805	(85.200)	(7.407)	(134.117)	97.805	(85.200)	(7.407)
Other comprehensive income:							
Items that may be reclassified in the statement of income:							
Foreign exchange difference in the translation of foreign operations in subsidiar	(111.289)	(26.139)	51.157	264.620	(111.289)	(31.612)	49.623
Foreign exchange difference in the translation of foreign operations in investees	-	-	-	-	-	5.473	1.534
Hedge accounting of non-derivative financial instruments	198.303	88.416	(64.880)	(412.551)	198.303	88.416	(64.880)
Deferred income tax and social contribution	(55.962)	(18.475)	21.847	115.581	(55.962)	(18.475)	21.847
Total	31.052	43.802	8.124	(32.350)	31.052	43.802	8.124
Comprehensive income for the period	128.857	(41.398)	717	(166.467)	128.857	(41.398)	717

See the accompanying notes to the interim financial information.

HIDROVIAS DO BRASIL S.A.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2021 AND 2020 – PARENT COMPANY AND CONSOLIDATED
(In thousands of reais – R$)

			Capital reserves		Profit reserves				Equity valuation adjustment		
Note	Capital	Cost for the issue of shares	Goodwill in the issue of shares	Options granted	Tax incentive reserve	Legal reserve	Additional dividends proposed	Accumulated loss	Accumulated translation adjustments	Adjustment of non-derivative financial instruments	Total
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
Recognized options granted	-	-	-	1.745	-	-	-	-	-	-	1.745
Income for the period	-	-	-	-	-	-	-	(134.117)	-	-	(134.117)
Dividend distribution	-	-	-	-	-	-	-				-
Other comprehensive income	-	-	-	-	-	-	-	-	264.620	(296.970)	(32.350)
BALANCES AT JUNE 30, 2020	1.307.683	(24.885)	4.401	14.471	37.636	11.036	35.827	(134.117)	550.284	(423.487)	1.378.849
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	-	-	-	-	-	-	-	(85.200)	-	-	(85.200)
Other comprehensive income	-	-	-	-	-	-	-	-	(26.139)	69.941	43.802
BALANCES AT JUNE 30, 2021	1.359.469	(24.885)	4.401	29.775	-	-	-	(106.246)	482.107	(260.192)	1.484.429

See the accompanying notes to the interim financial information.

HIDROVIAS DO BRASIL S.A.

STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2021 AND 2020
(In thousands of reais – R$)

	Parent company		Consolidated	
	30/06/2021	30/06/2020	30/06/2021	30/06/2020
Cash flow from operating activities				
Net (loss)/income for the period	(85.200)	(134.117)	(85.200)	(134.117)
Adjustments to reconcile loss for the year with net cash generated by (invested) in operating activities:				
Provision for bonus	5.063	10.774	8.876	11.458
Current and deferred income tax and social contribution	(10.074)	-	22.777	20.957
Adjustment to present value of lease and concession	-	-	7.065	-
Reversal of provision for estimated losses	-	-	494	-
(Formation) Reversal of provision for contingency	-	-	3.023	206
Interest incurred on loans	-	-	108.200	106.582
Reversal of loan funding costs	-	-	26.408	1.771
Inflation and foreign exchange adjustments on debt	-	-	27.963	90.577
Bargain purhase income	(7.293)	-	(7.293)	-
Recognized interest - lease and concession	82	45	2.367	887
Stock option plan	-	1.745	-	1.745
Yield from interest earning bank deposits and securities	(4.258)	(94)	(5.672)	(63.784)
Depreciation and amortization	1.963	3.402	110.880	100.580
Amortization from right-of-use asset	591	550	47.182	3.623
Equity in net income of subsidiaries	66.924	87.025	(1.622)	475
Revenue realized from hedge	-	-	18.771	127.569
(Increase) decrease in operating assets:				
Accounts receivable	-	-	(29.673)	(91.486)
Inventories	-	-	(16.670)	(12.636)
Recoverable taxes	(8.629)	(419)	(12.662)	(25.135)
Advances to suppliers	999	(224)	(9.246)	31.581
Prepayments	(4.176)	(585)	(36.291)	(16.641)
Judicial deposits	-	-	(1.053)	(939)
Guarantees and pledge deposits	850	(2.295)	1.214	(2.295)
Other receivables	(52)	1.120	(1.319)	2.551
Increase (decrease) in operating liabilities:				
Suppliers	(4.519)	1.897	(2.007)	56.267
Social charges and labor legislation obligations	(8.255)	(8.685)	(12.695)	(3.190)
Taxes payable	(228)	12	(5.736)	8.482
Advances from clients	-	-	(3.366)	(21.587)
Other accounts payable	152	(120)	23.623	10.699
Income tax and social contribution paid	(18.856)	(3.410)	(67.438)	(20.105)
Payment of interest on loans and financing	-	-	(123.081)	(94.794)
Net cash (invested in) from operating activities	**(74.916)**	**(43.379)**	**(12.181)**	**89.301**
Cash flows from investment activities				
Acquisition of fixed assets	(1.121)	(101)	(222.232)	(111.708)
Acquisition of intangible assets	(8.416)	(7.230)	(10.102)	(6.837)
Acquisition of right-of-use asset	-	-	-	-
Acquisition of subsidiaries	(19.981)	-	(468.201)	-
Securities (investment)	(26.509)	(85.555)	(1.192.784)	(815.226)
Securities (redemptions)	111.157	64.016	1.711.249	913.818
Dividends received	25.983	4.000	-	6.316
Loan granted between related parties	8.635	(1.550)	(3.011)	-
Capital increase (decrease) in subsidiaries	0	4.437	-	-
Net cash (invested in) generated by investment activities	**89.748**	**(21.983)**	**(185.080)**	**(13.637)**
Cash flows from financing activities				
Borrowings	-	-	2.848.650	-
Funding cost	-	-	(113.441)	-
Dividends payable	-	-	-	-
Amortization of principal - loans	-	-	(2.453.894)	(21.372)
Amortization - Concession lease	-	-	(18.141)	-
Amortization – Paid Lease	(929)	(539)	(45.614)	(4.135)
Pledged financial investments	-	-	-	(4.604)
Payment of dividends	-	(313)	-	(4.359)
Bond repurchase	-	-	-	(71.764)
Loan granted between related parties	18.418	57.380	-	-
Other accounts payable with related parties	(32.912)	518	-	-
Net cash generated by (invested in) financing activities	**(15.423)**	**57.046**	**217.560**	**(106.234)**
Effect of changes in exchange rate on balance of cash and cash equivalents in foreign currency	-	-	(5.997)	7.319
(Decrease)/increase in cash and cash equivalents	**(590)**	**(8.316)**	**14.302**	**(23.251)**
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	851	863	229.150	21.915
(Decrease)/increase in cash and cash equivalents	**(590)**	**(8.316)**	**14.302**	**(23.251)**

HIDROVIAS DO BRASIL S.A.

STATEMENTS OF ADDED VALUE
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2021 AND 2020
(In thousands of reais – R$)

	Controladora		Consolidado	
	30/06/2021	30/06/2020	30/06/2021	30/06/2020
REVENUES				
Revenue from services	-	-	700.163	665.562
Revenues from construction of own assets	9.537	6.865	252.096	118.397
Other revenues	6.366	-	31.686	19.562
Inputs acquired from third parties:				
Cost of services rendered	-	-	(220.856)	(392.313)
Material, electric power, outsourced services and other	(6.762)	(16.676)	(25.216)	(28.679)
Construction of own assets	(9.537)	(6.865)	(252.096)	(118.397)
Gross added value (consumed)	(396)	(16.676)	485.777	264.132
Depreciation and amortization	(3.131)	(3.952)	(172.179)	(104.203)
Net added value (consumed) generated by the Company	(3.527)	(20.628)	313.598	159.929
Added value (consumed) received as transfer:				
Equity in net income of subsidiaries	(66.926)	(87.025)	2.025	(475)
Financial revenues	8.632	1.263	31.396	64.528
Total added value payable (consumed)	(61.821)	(106.390)	347.019	223.982
Distribution - Added value (consumed)	(61.821)	(106.390)	347.019	223.982
Personnel:	10.464	26.146	121.123	100.731
Direct remuneration	3.734	19.224	112.783	92.788
Benefits	2.133	3.479	2.769	3.765
FGTS	4.577	3.407	5.550	4.143
Other	20	36	21	35
Taxes	10.074	-	56.460	46.801
Federal	10.074	-	56.460	46.801
Third-party capital remuneration	2.841	1.581	254.636	210.567
Interest on loans	114	(5)	103.200	98.987
Inflation adjustments and exchange-rate changes	-	1.382	581	100.052
Other financial	2.727	204	150.855	11.528
Remuneration of own capital	(85.200)	(134.117)	(85.200)	(134.117)
Minimum dividend		-	-	-
Retained earnings (losses)	(85.200)	(134.117)	(85.200)	(134.117)

See the accompanying notes to the interim financial information.

1. Operations

Hidrovias do Brasil S.A. ("Company" or "Hidrovias"), 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.

1,1 Business combination

In this quarter, the Company together with subsidiaries Cikelsol S.A. and Pricolpar S.A. ("Buyers") concluded acquisition of the logistics segment of Imperial Logistics, which operates in the southern region through Paraguay and Paraná Rivers.

Business combination took place on April 16, 2021. The Company and aforementioned subsidiaries acquired control through the acquisition of 100% of shareholding structure of Imperial Shipping Paraguay S.A. ("ISP") and Imperial South America BV ("ISA"), as well as through the acquisition of property, plant and equipment held by Imperial Logistics, which are essential for logistics operation held by ISP.

Acquired logistics segment will allow Grupo Hidrovias to expand its business in the South region, increase its fleet and, therefore, its capacity to operate in this region.

The costs related to this business combination were recognized in the profit and losses for the period ended June 30, 2021.

1,1,1 Transferred consideration

Consideration transferred to Imperial Logistics to acquire control of above-mentioned companies and assets is as follows, in thousands of dollars:

Acquisition of 100% of Imperial Shipping Paraguay shares	41
Acquisition of 100% of Imperial South America shares	1,509
Acquisition of necessary assets for operation	82,313
Total	**83,863**

Acquisition value translated into Brazilian Reais at average rate on acquisition date was R$ 472,363, which was used to allocate price paid for business acquisition.

1.1.2 Combined acquired assets and assumed liabilities recognized at fair value on acquisition date

ASSETS	04/16/2021	LIABILITEIS	04/16/2021
Cash and cash equivalents	16,208	Suppliers	9,576
Accounts receivable	17,583	Social charges and labor legislation obligations	3,330
Inventories	6,104	Taxes payable	116
Recoverable taxes	6,471		
		Other accounts payable	18,366
Current assets	**46,366**	**Current liabilities**	**31,388**
Other assets	1,048		
Tugboats	211,518		
Barges	252,111		
Non-current assets	**464,677**	**Non-current liabilities**	-
		Shareholders' equity	**479,655**
Total assets	**511,043**	**Total liabilities**	**511,043**

Fair value and recognition of consideration transferred on acquisition date are temporary and represent information obtained up to issuance date of this interim financial information in all respects. The Company is concluding required reports and all necessary adjustments will be made as required by CPC 15 (R1).

(a) Allocation of consideration transferred:

Financial consideration	472,363
(-) Fair value of assets acquired	(201,170)
(+) Elimination of lease agreements	54,543
(+) Accounting shareholders' equity adjusted on acquisition date	626,283
Bargain purchase income (loss)	**7,293**

Business combination was a bargain purchase. The Company and its subsidiaries performed necessary analyzes to preliminarily identify and determine fair value of acquired assets and assumed liabilities. This preliminary assessment corroborated recognition of transferred consideration and resulting bargain purchase, which, in turn, was recognized proportionally in acquired companies according to their percentage of participation in consideration paid.

1.1.3 Contingent Price Determination Clause

Purchase contract has a possible additional payment clause limited to USD 5,000 (five million dollars). This payment is directly related to external factors and its determination considers operational factors of Paraná and Paraguay rivers' navigation levels. Accordingly, once paid price recognition is final,

earn-out calculation will be appropriately reflected in paid price recognition process.

1.2 Acquisition of ownership interest

On April 16, 2021, the Company acquired 50% of interest in Baden S.A., corporation whose shareholding structure is comprised of two shareholders with joint control. The Company is located in the city of Asunción, Paraguay, a corporation whose main objective is to administrate and grant operating licenses for Asunción port in Paraguay.

Consideration transferred to acquire 50% of interest was R$ 12,046. Baden is a joint venture; decisions are made jointly and none of the shareholders can make unilateral decisions to manage businesses.

1.3 COVID-19

Impacts on the financial conditions of the Company

The year 2020 and first semester 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 the implementation of 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.

Impacts arising from the COVID-19 pandemic are continuous and, therefore, we will gradually assess evolution of its effects on our revenues, assets, income (loss), businesses and prospects, including any possible changes in our ability to continue operating our business. Our analyses 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 the business and sets forth reporting rules in the financial statements or interim financial information for the main risks and uncertainties arising from this analysis, in line with the applicable accounting standards.

From a managerial point of view, we adopt measures of social distancing, monitor health conditions and adopt prevention measures for employees. Strict administrative office activities have been carried out on a teleworking basis since March 2020. For onshore operations, employees belonging to risk groups are on leave, alternate in on-site test and work stations. For crews, we adopt testing and quarantine measures before and after boarding, in addition to restricting access to vessels for non-crew. With these measures, no impacts of the pandemic were felt in our business.

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. 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 Corporate Crisis Committee formed by HBSA Officers with weekly meetings to monitor risks and deliberate on mitigation actions. The Company's operational bases also have local Crisis Committees focused on disseminating Corporate Committee decisions, improving communication, ensuring action plans implementation and monitoring suspicious and effective cases.
- Preventive actions to reduce contamination risks: distribution of adequate PPE, adjustment of cafeterias and offices for distancing, intensive prevention campaigns, social distancing protocols, remote work for administrative offices and rotation in operational workstations on land, when possible, leave of employees in risk groups and environment disinfection.
- Monitoring actions: Control of all employees' health status, control of vaccinated employees (1st and 2nd doses), monitoring of suspected and confirmed cases (employees and family members).
- Specific actions for crews: testing and quarantine before and after boarding, monitoring of health conditions, distribution of PPEs and CPEs, complete disinfection of vessels. prohibition of access to non-crew, extension of on-board crews' shifts, increase in food and fuel supply and contracting of insurance to cover possible infections on board.
- Participation in Vaccination Campaigns promoted by Municipal Governments: some functional categories were included by the Federal Government as priority groups in the PNI (national immunization program), among them port and waterway operators. As a result, until June 30, 2021, approximately 60% of our workforce in Brazil received the first dose of Covid-19 vaccine.

Through Hidrovias Institute - HBSA's Private Social Investment arm - the Company donated in the 1st half of 2021 food baskets to communities in the municipalities of Itaituba and Barcarena, Pará State, and Santos, São Paulo State, which are covered by our operations, totaling R$ 254.

1.4 Reassessing business projections previously presented

Based on CVM instruction nº 480, the Entity and its subsidiaries should updated the market, as soon as any reported business projections is changed, accordingly, the Entity has given such update through its management report ("release") attached to this financial statements.

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

				06/30/2021		12/31/2020	
				% Interest		% Interest	
Subsidiaries	Main activity	Country	Type of consolidation	Direct	Indirect	Direct	Indirect
Hidrovias do Brasil - Holding Norte S.A.	Holding interest in other companies	Brazil	Full	100.00%	-	100.00%	-
Hidrovias do Brasil - Vila do Conde S.A.	Cargo storage and lifting	Brazil	Full	-	100.00%	-	100.00%
Hidrovias do Brasil - Marabá S.A.	Land - Pre-operating	Brazil	Full	100.00%	-	100.00%	-
Hidrovias do Brasil - Intermediação e Agenciamento de Serviços Ltda.	Intermediation and agency services	Brazil	Full	99.00%	1.00%	99.00%	1.00%
Hidrovias do Brasil - Cabotagem Ltda.	Cabotage sea transport	Brazil	Full	99.00%	1.00%	99.00%	1.00%
Hidrovias do Brasil – Parcipação Portuária de Santos S.A.	Changes and warehousing	Brazil	Full	-	100.00%	-	100.00%
Obrinel S.A.	Specialized cargo terminal	Uruguay	Equity income	-	49.00%	-	49.00%
Hidrovias 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%
Hidrovias 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 income	-	44.55%	-	44.55%
Resflir S.A.	Lease of navigation assets	Uruguay	Full	-	100.00%	-	100.00%
Hidrovias International Finance S.à.r.l.	Agency of financial operations	Luxembourg	Full	100.00%	-	100.00%	-
Imperial Shipping Paraguay S.A.	Fluvial transportation	Paraguay	Full	95.00%	5,00%	-	-
Imperial South America BV	Fluvial transportation	Holland	Full	95.00%	5,00%	-	-
Baden S.A.	Port administration	Paraguay	Equity income	-	50.00%	-	-

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 June 30, 2021.

2. Preparation basis

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.

The parent company's individual interim financial information has been prepared in accordance with accounting practices adopted in Brazil.

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.

The issue of interim financial information was authorized by the Company's Executive Board on August 16, 2021.

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.

(a) Business combination

Business combination accounting policy has not changed; however, we did not mention this policy upon issuance of financial statements for year ended December 31, 2020.

On April 16, 2021, the Company acquired the southern logistics segment of Imperial Fleet Services GmbH. The Group's accounting policy for acquisitions meets premises and guidelines issued by CPC and IASB through CPC 15 and IFRS 03.

Acquired assets and assumed liabilities are valued at fair value upon initial recognition and amount paid is recognized according to intangible assets identified during recognition process, when amount paid is higher than acquiree's equity value.

When net value of acquired assets and assumed liabilities is lower than financial consideration paid for control of acquired companies, and the Company and its subsidiaries understand that all identifiable assets and liabilities were duly observed and recognized in the process of paid price allocation, a bargain purchase is recognized.

4. Cash and cash equivalents

	Parent company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Current Account - Domestic	851	1,441	71,470	18,297
Current Account - Foreign	-	-	157,680	196,551
	851	1,441	229,150	214,848

They refer to highly liquid cash, banks and short-term financial investments maturing in up to 90 days, readily convertible into a known cash amount with insignificant risk of change.

5. Securities and bank deposits

5.1 Securities

	Parent company		Consolidated	
	30/06//2021	12/31/2020	06/30/2021	12/31/2020
JP Morgan (d)	-	-	116,680	423,064
Itaú Fundo FICFI 311 (b)	6,815	86,506	60,159	225,298
Fundo Itaú PP Portfólio (a)	503	1,200	15,163	11,833
Santander VIP (c)	23	22	21,635	22,439
FIDC (Fundo Invest Dir Credit) (f)	-	-	89,199	98,369
CDB ABC (e)	-	-	607	14,641
Santander Aplicação Automática	-	-	287	-
Banco do Brasil (g)	-	-	1,525	20,400
Total	7,341	87,728	305,255	816,044

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 112.43% of CDI as of June 30, 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 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 -3.56% as of June 30, 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 -3.59% as of June 30, 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 0.02% p.m. in June 2021 (0.03% p.m. on December 31, 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 June 2021 (100% as of December 31, 2020).

f) Interest earning bank deposits comprising investments in "FIDC Upside", with an average return of 13.98% as of June 30, 2021 (5.08% as of December 31, 2020) and FIDC Aruanã had a return of -2.37% as of June 30, 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 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 31.42% as of June 30, 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.

5.2 Linked securities

	Consolidated	
	06/30/2021	12/31/2020
Hidrovias do Brasil - Cabotagem Ltda.	12,947	14,952
Total	12,947	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 89.24% of the CDI on June 30, 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	
	06/30/2021	12/31/2020
Accounts receivable abroad		
Cikelsol	13,427	9,815
Girocantex	72,842	57,740
Hidrovias Del Paraguay	41	391
Vila do Conde	3,609	95
Imperial Shipping Paraguay	18	-
Imperial South America	7,859	-
Intermediation	524	3,112
	98,320	71,153
Provision for expected credit losses	(3,244)	(2,750)
	95,076	68,403
Domestic accounts receivable		
Cikelsol	1,093	1,135
Intermediation	227	910
Vila do Conde	42,442	9,211

Cabotage	62,176	70,628
Santos	-	3,965
	105,938	85,849
Total	201,014	154,252
Current	194,614	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	
	06/30/2021	12/31/2020
Falling due	187,562	138,954
Overdue (days):		
up to 30	6,272	11,938
30–60	41	520
60–90	-	214
90–120	-	4
120–180	-	1,083
>180	7,139	1,539
Total	201,014	154,252

Map of changes in provision for estimated losses:

	Consolidated
Balance at December 31, 2020	(2,750)
Formation of provision for expected credit losses	(494)
Balance at June 30, 2021	(3,244)

7. Recoverable taxes

	Parent company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
IRRF on interest earning bank deposit (a)	724	57	4,043	2,825
PIS / COFINS (b)	83	35	76,946	90,909
ICMS	-	-	1,205	1,205
ISS	5	5	1,459	1,320
VAT (c)	-	-	37,260	26,241
Total	812	97	120,913	122,500
Current assets	812	97	38,001	44,912
Non-current assets	-	-	82,912	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	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Income tax and social contribution	7,914	-	75,755	80,359
Total	7,914	-	75,755	80,359
Current assets	7,914	-	37,086	42,986
Non-current assets	-	-	38,669	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.

8. Guarantees and escrow deposits

	Parent company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Obrinel project (a)	7,944	8,253	7,944	8,253
Other	306	847	333	1,238
Total	8,250	9,100	8,277	9,491

(a) On July 25, 2014, the Company granted funds to jointly-controlled subsidiary Obrinel whose the amount on June 30, 2021, of R$ 7,944 (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 change.

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 June 30, 2021, Obrinel meets its covenants without any default.

9. Advances to suppliers

	Parent company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Advances to domestic suppliers	250	1,249	46,695	35,816
Advances to foreign suppliers	-	-	5,502	7,135
Total	250	1,249	52,197	42,951
Current	250	1,249	52,197	34,593
Non-current	-	-	-	8,358

Advances to suppliers' balances are comprised of: R$ 788 (R$ 494 as of December 31, 2020) referring to advances for vessel construction; R$ 3,501 (R$ 5,128 as of December 31, 2020) referring to the purchase of fuel; R$ 20,423 (R$ 15,173 as of December 31, 2020) referring to the implementation of the project at the Santos terminal and R$ 27,485 (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 June 30, 2021 are shown below:

	Parent company		Consolidated	
Composition of investments	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Ownership interest valued under the equity method	1,419,784	1,429,363	69,590	58,033
Concession contract	5,992	6,194	5,992	6,194
Goodwill	-	-	9,559	10,252
Total	1,425,776	1,435,557	85,141	74,479

Parent company	12/31/2020	06/30/2021							
	Opening balance	Value of acquisition	Bargain purchase (*)	Equity valuation adjustment - Hedge	Equity valuation adjustment - Income (loss) from foreign currency translation (CTA)	Dividends	Amortization	Equity in net income of subsidiaries (*)	Closing balance
Baloto S.A.	2,126	-	-	-	(76)	-	-	26	2,076
Baden		12,047	-					(320)	11,727
Hidrovias Del Sur S.A.	956,472	-	759	-	(25,289)	(13,547)	-	(147,011)	771,384
Hidrovias BR - Marabá S.A.	10,094	-	-	-	-	-	-	33	10,127
Hidrovias Holding Norte Ltda.	271,699	-	-	47,958	-	-	-	58,616	378,273
Hidrovias Cabotagem Ltda.	165,914	-	-	21,801	-	-	-	15,321	203,036
Hidrovias – Intermediação Ltda.	22,796	-	-	-	-	-	-	5,675	28,471
Imperial South America BV Imperial Shipping Paraguay S.A.	-	8,692	6,534	-	(1,110)	-	-	5,119	19,235
Pricolpar	2	-	-	-	-	-	-	(2)	-
Subtotal	1,429,103	20,739	7,293	69,759	(26,475)	(13,547)	-	(62,543)	1,424,329
Concession contract	6,194	-		-	-	-	(202)	-	5,992
Subtotal – Investments	1,435,297	20,739	7,293	69,759	(26,475)	(13,547)	(202)	(62,543)	1,430,321
Hidrovias International Finance	260	-	-	-	336	-	-	(5,141)	(4,545)
Total	1,435,557	20,739	7,293	69,759	(26,139)	(13,547)	(202)	(67,684)	1,425,776

(*) the amount R$ 742 was recognized as equity in net income of subsidiaries for Hidrovias Del Sur S.A. as part of the bargain purchase was due to Privolpar.

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
Hidrovias Del Sur S.A.	731,967	6	-	222,562	(63,405)	-	65,342	956,472
Hidrovias BR - Marabá S.A.	9,322	250	-	-	-	-	522	10,094
Hidrovias Holding Norte Ltda.	502,475	-	(111,306)	-	-	-	(119,470)	271,699
Hidrovias Cabotagem Ltda.	205,692	(859)	(92,310)	-	-	-	53,391	165,914
Hidrovias – 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
Hidrovias del Paraguay	-	13	-	-	-	-	(13)	-
Hidrovias 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	06/30/2021				
	Opening balance	Addition	Income (loss) from foreign currency translation (CTA)	Equity in net income of subsidiaries	Amortization	Closing balance
Limday	14,573	-	(636)	1,457	-	15,394
Obrinel	43,460	-	(1,476)	485	-	42,469
Baden	-	12,047	-	(320)	-	11,727
Subtotal	58,033	12,047	(2,112)	1,622	-	69,590
Concession contract (b)	6,194	-	-	-	(202)	5,992
Goodwill (a)	10,252	-	(383)	-	(310)	9,559
Total	74,479	12,047	(2,495)	1,622	(512)	85,141

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

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$ 9,559 (R$ 10,252 on December 31, 2020) is based on studies conducted on the future profitability of operations.

(b) Concession contract

The amount of R$ 5,992 (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:

	06/30/2021					
	Number of shares	Total assets	Total liabilities	Shareholders' equity	Income (loss) of companies in the year	Net revenues
Direct subsidiaries						
Hidrovias del Sur	4,330,646,746	884,178	112,795	771,384	(147,254)	-
Hidrovias International Finance S.à r.l.	12,000	3,348,213	3,352,759	(4,546)	(5,143)	-
HB Marabá	20,000,000	11,438	1,312	10,127	33	-
HB Cabotagem	220,475,382	856,716	651,905	204,811	15,476	99,430
HB Intermediação	2,500,000	34,140	5,338	28,802	5,732	14,608
Imperial South America	1,000,000	32,083	2,080	30,003	5,013	40,526
Imperial Shipping Paraguay	442	31,519	41,275	(9,757)	373	37,894
Hidrovias Holding Norte Ltda.	512,989,094	423,897	45,623	378,274	106,575	-
Indirect subsidiaries						
Girocantex	2,442,140,008	1,349,400	936,151	413,249	(97,023)	169,660
Baloto	599,999,999	45,675	3,711	41,964	464	-
HB Vila do Conde	519,596,445	2,160,289	1,763,956	396,333	109,179	287,042
Hidrovias do Brasil Operação Portuaria Santos	43,904,863	330,437	304,676	25,761	(2,616)	23,276
Cikelsol	800,000	696,922	690,484	6,438	(33,646)	53,153
Hidrovias del Paraguay	266,377	106,968	95,875	11,093	3,495	75,125
Resflir	20,000	90,363	62,798	27,564	3,028	9,691
Pricolpar	17,910	286,829	136,007	150,822	(16,368)	37,901
Joint ventures						
Obrinel	587,999,999	190,572	148,104	42,468	485	-
Limday	42,902,541	13,744	1,024	12,720	1,457	-
Baden	17.5000.000	11,557	240	11,317	(320)	865

	12/31/2020					
	Number of shares	Total assets	Total liabilities	Shareholders' equity	Income (loss) of companies in the year	Net revenues
Direct subsidiaries						
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)	-
Indirect subsidiaries						
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)	-
Jointly-controlled subsidiaries						
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	Limday	Obrinel	Obrinel	Baden*
	06/30/2021	12/31/2020	06/30/2021	12/31/2020	06/30/2021
Current assets	10,893	13,210	22,807	11,398	23,114
Non-current assets	19,958	23,844	366,116	638,428	-
Total assets	30,851	37,054	388,923	649,826	23,114
Current liabilities	2,299	4,343	33,419	26,685	480
Non-current liabilities	-	-	268,834	534,448	-
Shareholders' equity	28,552	32,711	86,670	88,693	22,634
Total liabilities	30,851	37,054	388,923	649,826	23,114
Net revenue	13,929	31,075	24,921	41,455	1,730
Cost and expenses	(10,658)	(23,341)	(23,932)	(59,430)	(2,370)
Net income (loss) for the period/year	3,271	7,734	989	(17,975)	(640)

*Income (loss) for the period from April 16, 2021 to June 30, 2021, as evidenced in acquisition of shareholding interest in a jointly-controlled subsidiary note.

11. Property, plant and equipment

Breakdown and changes in property, plant and equipment as of June 30, 2021 and December 31, 2020 is as follows:

Parent company	Facilities and improvements	Furniture and fixtures	Machinery and equipment	Electronic and IT equipment	Property, plant and equipment in progress	Total
Balance at 12/31/2020	676	27	156	564	6,717	8,140
Additions	-	-	-	-	1,121	1,121
Depreciation	(198)	(5)	(21)	(152)	-	(376)
Balance at 06/30/2021	478	22	135	412	7,838	8,885
Historical cost	2,538	168	421	1,778	7,838	12,743
Accumulated depreciation	(2,060)	(146)	(286)	(1,366)	-	(3,858)
Annual depreciation rate – %	10	10	10	25		

Parent company	Facilities and improvements	Furniture and fixtures	Machinery and equipment	Electronic and IT equipment	Property, plant and equipment 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		

Consolidated	Land	Buildings	Facilities and improvements	Furniture and fixtures	Machinery and equipment	Electronic and IT equipment	Vehicles	Pushers, barges, ships	Property, plant and equipment 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	-	-	49	210	2,039	259	717	463,628 (a)	242,817 (b)	709,719*
Depreciation		(11,921)	(855)	(42)	(21,880)	(427)	(67)	(66,031)	-	(101,223)
Translation adjustment	-	-	(127)	(11)	(370)	(23)	(7)	(99,229)	(22,071)	(121,838)
Balance at 06/30/2021	85,452	475,566	8,671	526	219,469	1,793	850	2,479,624	570,311	3,842,262
Historical cost	85,452	594,885	14,817	1,021	412,792	5,597	1,573	3,0718,072	570,311	4,705,320
Accumulated depreciation		(119,319)	(6,146)	(495)	(193,323)	(3,804)	(723)	(539,248)	-	(863,058)
Annual depreciation rate – %	-	4	10	10	10	25	20	4	-	

(a) Increase in tugboats, barges and ships is due to business combination process evidenced in business combination note; and
(b) As regards property, plant and equipment in progress, increase is due to projects such as Santos's terminal and assets needed for barges use, such as tops.

Consolidated	Land	Buildings	Facilities and improvements	Furniture and fixtures	Machinery and equipment	Electronic and IT equipment	Vehicles	Pushers, barges, ships	Property, plant and equipment 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	-	

Asset impairment test

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 June 30, 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 June 30, 2021 and December 31, 2020:

Parent company	Real estate	Total
Net balances at December 31, 2020	-	-
Additions	2,364	2,364
Amortization	(591)	(591)
Net balances as of June 30, 2021	1,773	1,773

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	14,190	137,498	151,688
Amortization	(3,780)	(43,402)	(47,182)
Translation adjustment	-	(18.017)	(18,017)
Net balances as of June 30, 2021	141,519	101,964	243,603

Consolidated	Real estate	Vessels	Total
Net balances at December 31, 2019	5,954	26,580	32,534
Formation	130,733	5,796	136,529
Amortization	(7,272)	(6,491)	(13,763)
Translation adjustment	1,814	-	1,814
Net balances at December 31, 2020	131,229	25,885	157,114

Changes in lease liability as of June 30, 2021 and December 31, 2020 are as follows:

	Parent company	Consolidated
Balance at December 31, 2020	180	164,747
Formation	2,266	151,688
Payment of principal	(929)	(45,614)
Realization of adjustment to present value	-	6,096
Translation adjustment	-	(21,269)
Balance at June 30, 2021	1,517	255,648
Current	892	93,612
Non-current	625	162,036

	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	639	48,149
2022	1,279	76,579
2023	-	22,442
2024	-	20,538
2025	-	20,497
>2026	-	325,537
Total	1,918	513,742
Interest and adjustment to present value	(401)	(258,094)
Lease liability	1,517	255,648

The average discount rate for leased assets is 9.4% for the period ended June 30, 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)	417,685	164,196
Lease consideration without levy of tax (b)	96,057	91,452
Total	513,742	255,648
Pis/Cofins (9.25%)	38,636	15,188

(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 31de December 2020	3,526	1,148	19,745	24,419
Additions	-	-	8,416	8,416
Amortization	(1,303)	(82)	-	(1,385)
Balance at June 30, 2021	2,223	1,066	28,161	31,450
Annual amortization rate – %	20	(*)	-	-
Historical cost	26,983	1,711	28,161	56,855
Accumulated amortization	(24,760)	(645)	-	(25,405)

Parent company	Software	Agreements	Intangible in progress	Total
Balance at 31de December 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)

(*) 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	823	-	-	9,279	10,102
Amortization	(3,000)	(6,657)	-	-	(9,657)
Translation adjustment	(92)	-	-	(5)	(97)
Balance at June 30, 2021	6,040	211,769	73,121	32,333	323,263
Annual amortization rate – %	20	(*)	-	-	-
Historical cost	37,299	258,645	73,121	32,333	401,398
Accumulated amortization	(31,259)	(46,876)	-	-	(78,135)

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 June 30, 2021.

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

The recoverable value of this CGUs was based on the fair value, estimated based on the discounted cash flows. Measurement of fair value was classified as Level 3 based on inputs used in evaluation technique.

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

The discount rate was estimated after the taxes, using the weighted average rate of capital cost for each CGU which is 5.4% (5.4% 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 Hidrovias 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 June 30, 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):

	Consolidated
Balance at December 31, 2020	73,773
Payment	(18,141)
Inflation adjustment	2,367
Realization of adjustment to present value	969
Balance at June 30, 2021	58,968
Current	19,648
Non-current	39,320

	Consolidated
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

14. Suppliers

Suppliers' balance breakdown is as follows:

	Parent company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Domestic suppliers	4,710	9,229	77,998	56,342
Foreign suppliers	-	-	21,936	12,164
Total	4,710	9,229	99,934	68,506

15. Loans and financing

Loans and financing held by the Parent Company and its subsidiaries are as follows:

				Consolidated	
	Type	Final maturity	Interest rate - p.a.	06/30/2021	12/31/2020
HB International Finance:	Bond 2025	Jan 2025	5.95%	774,771	3,054,182
	Bond 2031	Feb 2031	4.95%	2,453,652	-
HB Cabotagem:					
BNDES	Bank Credit Bill	Mar 2033	2.5–3.9% + Ptax 800 BCB (USD)	613,854	666,485
HB Vila do Conde:					
Santander	Project financing	Jan 2025	6.1% – 6.3%	2,622	2,467
Total				3,844,899	3,723,134
Classified as:					
Current				136,159	185,954
Non-current				3,708,740	3,537,180

Changes in consolidated loans and financing 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 06/30/2021
Luxembourg (c)	3,054,182	2,848,650	91,914	(113,441)	26,408	(2,423,988)	(107,727)	(147,575)	-	3,228,423
Vila do Conde (d)	2,467	-	5,001	-	-	-	(3,931)	(915)	-	2,622
Cabotage (a)	666,485	-	11,285	-	-	(29,906)	(11,423)	-	(22,587)	613,854
	3,723,134	2,848,650	108,200	(113,441)	26,408	(2,453,894)	(123,081)	(148,490)	(22,587)	3,844,899

	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

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 Luxembrugo, 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 of approximately 75% of 2025 Bond issued on January 24, 2018. Recognized amount is net of funding cost and will be amortized over contract term. This transaction is structured to be settled at any time, at own discretion, with securities, bonds or other assets pledged 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 binding manner and at any time by the Company.

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, this amount is eliminated in the consolidation process. In May 2021, the Company amended this contract and this note started bearing interest of 4.99% p.a. with maturity on August 5, 2025.

Guarantees

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

The Bond has been approved by the companies Hidrovias do Brasil S.A., Hidrovías del Sur S.A., Cikelsol S.A., Pricolpar S.A., Hidrovias del Paraguay S.A., Girocantex S.A., Hidrovias do Brasil – Vila do Conde S.A., and Hidrovias do Brasil – Holding Norte S.A.

Covenants

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

Subsidiary Cabotagem has the following clause: (i) maintain the capitalization ratio greater or equal to 25%. The price-earnings ratio is given by adjusted shareholders' equity on total assets. The adjusted shareholders' equity is the shareholders' equity less the foreign exchange losses and (ii) keep the debt service coverage ratio equal to or higher than 1.3. The ICSD (Index of debt service coverage) is the EBITDA less Income Tax and Social Contribution on Net income in working capital, excluding cash and debt and effects of exchange-rate change, on debt service. As of December 31, 2020, the clauses of Subsidiary Cabotagem were fully met, as well as on June 30, 2021.

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.

As of June 30, 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, in addition to the permissions of Bond 2031 covenants to meet its obligations.

With the repurchase of 2025 Bond, this bond no longer has financial covenants.

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 evaluation of possible repurchases. Thus, due to high market volatility, in December 31, the Company carried out repurchases totaling USD 24,850,000, with debt principal in the same amount.

Maturity of long-term installments - consolidated

As of June 30, 2021 and December 31, 2020, the long-term portion matures have the following breakdown:

	Consolidated	
months:	06/30/2021	12/31/2020
13–24	139,868	51,018
25–36	135,971	53,608
37–48	1,033,082	54,492
49–60	76,692	3,110,445
>61	2,323,127	267,617
Total	3,708,740	3,537,180

16. Social charges and labor legislation obligations

	Parent company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Provision for bonus	8,572	13,709	14,959	23,284
Vacations and social security charges	2,779	1,569	9,382	8,782
INSS payable	1,602	1,072	6,297	2,865
IRRF payable	89	1,137	963	2,873
FGTS payable	707	337	2,006	1,259
13th salary payable	853	-	4,887	-
Other	30	-	477	397
Total	14,632	17,824	38,971	39,460

17. Lawsuits

	Consolidated			
	12/31/2020	Additions	Write-offs	06/30/2021
Labor	9,791	3,114	(126)	12,779
Civil	3	41	(6)	38
	9,794	3,155	(132)	12,817

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

On June 30, 2021, the Company and its subsidiaries recorded a provision of R$ 12,817 (R$ 9,794 on December 31, 2020). Note that updated amount of lawsuit No. 0000775-34.2016.5.08.0122 (R$ 8,746) is included in the provision, which has insurance coverage. On June 30, 2021, the Company and its subsidiaries declared to be party to 107 lawsuits in which they are defendants, with the following loss prognosis: (i) 34 - probable; (ii) 52 - possible.

On December 31, 2020, the Company and its subsidiaries declared to be party to 111 lawsuits in which they were defendants, with the following loss prognosis: (i) 29 - probable; (ii) 60 - possible.

As of June 30, 2021, the Company and its subsidiaries, consolidated, have 29 labor, 22 civil and 1 tax lawsuit assessed as possible loss totaling R$ 10,065, R$ 4,766 and R$ 5,090, respectively (R$ 10,447, R$ 4,553 R$ 5,090 as of December 31, 2020).

The Company informs that, on April 14, 2021, it was notified by SEFA/PA about the issuance of Tax Assessment Notice 062021510000007-1 for allegedly having applied ICMS deferral without legal support in relation to bauxite transport services provided by the Company to Alunorte Alumina do Norte do Brasil S.A. It so happens that Alunorte Alumina do Norte do Brasil S.A. has the benefit of ICMS deferral for transport in Pará State, which has been repeatedly granted since 1993, initially through Law 5758 of 08/30/1993 of Pará State, amended by Law 6307 of 07/17/2000 and finally through Resolution 14 of July 10, 2015, but text of said resolution does not expressly indicate the transport companies that provide these services, as is the case of the Company. Accordingly, as Alunorte does not carry out transport activity, SEFA/PA's interpretation of aforementioned resolution would render the benefit innocuous, although it has already been renewed a few times and there has never been any question as to its applicability. On June 21, 2021, the Company was notified of a fully favorable decision in its favor at the 1st administrative level. As a result, the Company believes that it has strong arguments to challenge aforementioned infraction.

As of June 30, 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$ 14,787 (R$ 13,734 as of December 31, 2020) and R$ 27,040, and referring to income tax and INSS, and the same amount on December 31, 2020 per lawsuit discussing tax liabilities within the scope of Stock Options.

18. Related parties

(a) Remuneration of key management personnel

As of June 30, 2021, the remuneration of key management personnel, which includes the Executive Board and Board members, amounted to R$ 4,293 (R$ 14,622 as of December 31, 2020), referring to salaries and variable benefits, of which R$ 4,174 refers to short-term employee benefits (R$ 14,184 as of December 31, 2020) and R$ 119 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.

(b) Transactions between related parties involving controlling shareholders, entities under common control or significant influence

	Parent company			
	Assets		Liabilities	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Credits from parent company				
Girocantex S.A. (a)	-	-	(300)	(734)
Hidrovias del Sur S.A. (b)	9,202	10,271	(106)	(509)
Hidrovias do Brasil – Holding Norte S.A (h)	1,272	8,928	-	(6,104)
Hidrovias do Brasil – Interm. e Agenc. Serv. Ltda. (e)	-	-	-	(68)
Hidrovias do Brasil Adm Portuária Santos S.A.)	1,691	1,601	-	(36)
Hidrovias International Finance S.à.r.l	-	-	(162)	(46)
Dividends	1,654	14,090	-	-
Loan (g)	-	-	(48,419)	(55,984)

Subtotal	13,819	34,890	(48,987)	(63,481)
Current	8,817	29,693	(30,569)	(63,481)
Non-current	5,002	5,197	(18,418)	-

(c) Transactions between related parties involving joint controlling shareholders:

	Consolidated			
	Assets		Liabilities	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Credits with Joint Venture				
Obrinel	3,676	3,820	-	-
Baloto	3,155			
Current	3,676	-	-	-
Non-current	3,155	3,820	-	-

(d) Guarantees, escrow deposits and dividends payable:

	Consolidated			
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Guarantees and escrow deposit (d)	7,944	8,253	-	-
BNDES (c)	-	-	613,854	666,484
Dividends payable	237	237	-	-
Subtotal	8,181	8,490	613,854	666,484

(e) Income from transactions with related parties:

	Parent company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Revenues (expenses):				
Exchange rate change on security deposit (d)	309	(1,852)	309	(1,852)
Exchange-rate change on loan	(2,822)	(973)	(2,822)	(973)
Subtotal	(2,513)	(2,825)	(2,513)	(2,825)
BNDES (c)	-	-	(11,409)	(22,291)
Subtotal	-	-	(11,409)	(22,291)
Total	(2,513)	(2,825)	(13,922)	(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) Balance as of June 30, 2021 refers to loan agreement with Hidrovias do Brasil Vila do Conde S.A. in the amount of R$ 30,000 with term of 365 days counted as of June 18, 2020 and R$ 18,419 with Luxembourg, Holding and Pricolpar.
(h) Refers to operating expenses with the direct subsidiary Hidrovias do Brasil – Holding Norte S.A., not providing for any settlement term or inflation adjustment.

19. Capital

As of June 30, 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 June 30 and December 31, 2021 is detailed as follows:

	06/30/2021		12/31/2020	
Shareholders	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	1.1	8,745,834	1.2
Pátria Infraestrutura IV FIP Multiestratégia	78,500,846	10.3	-	-
Sommerville Investments B.V.	63,517,842	8.4	63,517,842	8.4
GIC Private Limited	28,346,630	3.7	41,458,422	5.5
1505718 Alberta Ltd.	-	-	25,490,517	3.4
1505722 Alberta Ltd.	-	-	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
Verde Asset Management S.A.	38,079,990	5.0	-	-
Other	357,085,689	47.0	392,515,687	51.4
Total	760,382,643	100	760,382,643	100

(*) 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 June 30, 2021 and 2020 and the respective average quantity of outstanding common shares in the period as follows:

	04/01/2021–06/30/2021	01/01/2021–06/30/2021	04/01/2020–06/30/2020	01/01/2020–06/30/2020
Net income (loss) for the period	97,805	(85,200)	(7,407)	(134,117)
Weighted average of basic shares	760,383	760,383	748,611	748,611
Loss for the period per thousand basic shares	0.1286	(0.1120)	(0.0099)	(0.1792)

	04/01/2021–06/30/2021	01/01/2021–06/30/2021	04/01/2020–06/30/2020	01/01/2020–06/30/2020
Net income (loss) for the period	97,805	(85,200)	(7,407)	(134,117)
Weighted average of diluted shares	760,383	760,383	748,611	748,611
Diluted effect (*)	-	-	7,559	7,559
Weighted average of diluted shares	760,383	760,383	756,170	756,170
Loss for the period per thousand diluted shares	0.1286	(0.1120)	(0.0098)	(0.1774)

(*) This diluted effect of 7,559 includes stock option plans described in note 21.

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's managers and strategic professionals, with the main objective of attracting and retaining them. The Plan replaced the Stock Option Plan originally approved in Extraordinary General Meeting held on December 07, 2010. The participants indicated, subject to the rules and conditions defined for each program, received the stock option offer defined by the Board of Directors, and each purchase option assigns to its holder the right to acquire one common share issued of the Company, under the terms and conditions of the Plan and the approved programs.

On October 18, 2018, the Company's Extraordinary General Meeting approved an amendment to the Stock Option Plan originally approved at the Extraordinary General Meeting held on July 27, 2016, aiming to promote changes in the exercise price rules, in the calculation of the updating of the Strike Price and other changes. Those programs were granted in February 2019.

The Company recognized the stock options granted in its Shareholders' Equity, with a corresponding contra entry in income (loss) for the year. The recognition occurred proportionally to the terms of the respective vesting periods (grace period) of the lots granted, recording the accumulated amount of R$ 29,775.

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 NTNB 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$) (*)	Granted	Canceled / Expired	Exercised on 09/01/2020	Outstanding	Fair value (in R$) (**)
2010/1ª	12/07/2011	03/31/2024	1.00	500,000	-	259,500	240,500	1.13
2010/1ª	12/07/2012	03/31/2024	1.00	500,000	-	259,500	240,500	1.27
2010/1ª	12/07/2013	03/31/2024	1.00	500,000	-	259,500	240,500	1.43
2010/1ª	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$) (*)	Granted	Canceled / Expired	Exercised on 09/01/2020	Outstanding	Fair value (in R$) (**)
2011/1ª	05/10/2012	03/31/2024	1.00	25,000	-	12,975	12,025	1.17
2011/1ª	05/10/2013	03/31/2024	1.00	25,000	-	12,975	12,025	1.31
2011/1ª	05/10/2014	03/31/2024	1.00	25,000	-	12,975	12,025	1.47
2011/1ª	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$) (*)	Granted	Canceled / Expired	Exercised on 09/01/2020	Outstanding	Fair value (in R$) (**)
2012/1ª	05/26/2013	03/31/2024	1.14	338,750	125,000	82,593	131,157	1.37
2012/1ª	05/26/2014	03/31/2024	1.14	338,750	125,000	82,593	131,157	1.54
2012/1ª	05/26/2015	03/31/2024	1.14	338,750	125,000	82,594	131,156	1.73

2012/1ª	05/26/2016	03/31/2024	1.14	338,750	157,500	82,595	98,655	1.93
2012/2ª	08/10/2013	03/31/2024	1.28	100,000	-	60,000	40,000	1.56
2012/2ª	08/10/2014	03/31/2024	1.28	100,000	-	60,000	40,000	1.75
2012/2ª	08/10/2015	03/31/2024	1.28	100,000	-	60,000	40,000	1.98
2012/2ª	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$) (*)	Granted	Canceled / Expired	Exercised on 09/01/2020	Outstanding	Fair value (in R$) (**)
2013/1ª	03/31/2014	03/31/2024	1.41	275,234	30,090	93,460	151,684	1.77
2013/1ª	03/31/2015	03/31/2024	1.41	275,234	30,090	93,460	151,684	2.01
2013/1ª	03/31/2016	03/31/2024	1.41	275,233	35,400	93,460	146,373	2.25
2013/1ª	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$) (*)	Granted	Canceled / Expired	Exercised on 09/01/2020	Outstanding	Fair value (in R$) (**)
2014/1ª	03/31/2015	03/31/2024	1.68	555,750		219,034	336,716	2.20
2014/1ª	03/31/2016	03/31/2024	1.68	555,750	4,500	219,034	332,216	2.47
2014/1ª	03/31/2017	03/31/2024	1.68	555,750	58,500	218,884	278,366	2.80
2014/1ª	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/1ª	07/27/2016	03/31/2024	3.64	889,295	-	386,076	503,219	0.00
2016 A/1ª	03/31/2017	03/31/2024	3.64	889,295	78,642	385,976	424,677	0.93
2016 A/1ª	03/31/2018	03/31/2024	3.64	889,295	78,642	385,976	424,677	1.06
2016 A/1ª	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/1ª	03/31/2017	03/31/2024	3.48	720,330	55,675	305,281	359,374	1.06
2016 B/1ª	03/31/2018	03/31/2024	3.48	720,330	55,675	305,281	359,374	1.17
2016 B/1ª	03/31/2019	03/31/2024	3.48	720,330	86,206	304,420	329,704	1.24
2016 B/1ª	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.

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 2019 (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 15 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.

9. SIDERAR, South corridor, valid for 11 years (acquired in 2014) – refers to contracts arising from acquisition of new companies.

10. SIDERAR, South corridor, valid for 6 years (acquired in 2018) - refers to contracts arising from acquisition of new companies.

11. VETORIAL MINING, Southern corridor, valid for 2 years (acquired in 2021) – refers to contracts arising from acquisition of new companies.

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.

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

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

23. Net operating revenue

	Consolidated			
	04/01/2021–06/30/2021	01/01/2021–06/30/2021	04/01/2020–06/30/2020	01/01/2020–06/30/2020
South Corridor:				
Transportation services	167,027	251,013	131,169	223,865
North Corridor:				
Lifting Services	62,012	102,627	70,404	103,948
Transshipment services	21,449	36,016	20,243	35,265
Transportation services	88,043	160,643	195,995	310,234
Intermediation services	11,927	17,090	6,353	12,603
Cabotage:				
Cabotage services	66,848	124,052	54,944	107,216
Santos:				
Lifting, quay and storage services	6,978	27,493	-	-
Total gross revenue	424,284	718,934	479,108	793,131
ISS	(5,074)	(8,828)	(4,943)	(7,703)

PIS	(1,422)	(4,079)	(1,552)	(2,888)
COFINS	(5,895)	(19,734)	(7,105)	(13,431)
ICMS	(128)	(1,042)	(714)	(1,823)
Subtotal taxes	(12,519)	(33,683)	(14,314)	(25,845)
Realization of hedge accounting	55,137	(18,771)	(38,599)	(127,569)
Total net revenue	466,902	666,480	426,195	639,717

Revenue amount presented in chart above includes Take or Pay in the amount of R$ 69,671 as of June 30, 2021 (R$ 130,991 as of June 30, 2020). Further details in note 29. The Company's largest clients by revenue are represented by: i) A 23.1% (24.3% % on June 30, 2020; ii) B 25.5% (18.8% as of June 30, 2020, iii) C 19.1% (15.3% as of June 30, 2020) iv) D 4.6% (11.9% as of June 30, 2020); and represent approximately 72.3% of the total net revenue (67.7% as of June 31, 2020). No other client accounts for over 10% of consolidated net revenue.

24. Costs and expenses by nature

24.1 Costs of services rendered and general and administrative expenses

	Parent company				Consolidated			
	04/01/2021–06/30/2021	01/01/2021–06/30/2021	04/01/2020–06/30/2020	01/01/2020–06/30/2020	04/01/2021–06/30/2021	01/01/2021–06/30/2021	04/01/2020–06/30/2020	01/01/2020–06/30/2020
Salaries, social charges and benefits	(13,909)	(26,515)	(15,526)	(26,111)	(66,792)	(121,101)	(57,211)	(100,696)
Depreciation and amortization	(1,449)	(2,931)	(1,898)	(3,952)	(96,439)	(171,979)	(54,562)	(104,203)
Maintenance	(6)	(14)	(13)	(38)	(15,783)	(25,164)	(12,758)	(23,485)
Fuel	-	-	-	-	(54,497)	(83,092)	(34,637)	(68,458)
Outsourced services	(5,862)	(9,715)	(3,420)	(13,841)	(16,048)	(35,013)	(14,279)	(30,525)
Rentals	631	593	(65)	(144)	(11,673)	(19,521)	(24,450)	(26,320)
Freight	-	-	-	-	114	(1,054)	(117,537)	(182,391)
Travel and tickets	(28)	(250)	(131)	(694)	(2,011)	(3,643)	(1,186)	(3,227)
Mooring	-	-	-	-	(6,759)	(10,404)	(8,023)	(14,810)
Kitchen and pantry	(5)	(10)	(10)	(15)	(2,350)	(3,889)	(2,338)	(3,673)
Agents	-	-	-	-	(3,697)	(7,152)	(3,488)	(8,088)
Operational and safety	-	-	-	-	(4,232)	(7,356)	(3,952)	(7,378)
Sundry fees	(111)	(192)	(109)	(672)	(2,492)	(3,501)	(784)	(3,005)
Operational materials	(4)	(6)	(27)	(47)	(55)	(85)	(67)	(100)
Lawsuits	-	-	-	-	(2,572)	(3,859)	(295)	(986)
Outdoor Pilotage	-	-	-	-	(9,135)	(12,948)	(4,812)	(15,451)
Other (expenses) revenues	(738)	(1,465)	(818)	(1,260)	(10,543)	(28,880)	(19,047)	(33,129)
Total	(21,481)	(40,505)	(22,017)	(46,774)	(304,964)	(538,641)	(359,426)	(625,925)
Classified as:								
Cost of services rendered	-	-	-	-	(233,304)	(413,024)	(324,979)	(555,632)
General and administrative expenses	(21,481)	(40,505)	(22,017)	(46,774)	(71,660)	(125,617)	(34,447)	(70,293)
Total	(21,481)	(40,505)	(22,017)	(46,774)	(304,964)	(538,641)	(359,426)	(625,925)

24.2 Other revenues

	Parent company				Consolidated			
	04/01/2021–06/30/2021	01/01/2021–06/30/2021	04/01/2020–06/30/2020	01/01/2020–06/30/2020	04/01/2021–06/30/2021	01/01/2021–06/30/2021	04/01/2020–06/30/2020	01/01/2020–06/30/2020
Extempore credit	-	-	-	-	-	2,243	-	-
AFRMM (a)	-	-	-	-	2,176	3,564	4,041	7,700
Sweeping (b)	-	-	-	-	217	16,387	6,095	12,780
Other	6,364	6,364	310	-	8,856	9,656	(1,038)	(918)
Total	6,364	6,364	310	-	11,249	31,850	9,098	19,562

(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			
	04/01/2021–06/30/2021	01/01/2021–06/30/2021	04/01/2020–06/30/2020	01/01/2020–06/30/2020	04/01/2021–06/30/2021	01/01/2021–06/30/2021	04/01/2020–06/30/2020	01/01/2020–06/30/2020
Revenues:								
Revenues from interest earning bank deposits	11	19	32	96	1,251	1,566	2,357	6,558
(-) PIS/COFINS on financial revenue	(5)	(9)	(37)	(39)	(89)	(105)	(58)	(108)
Inflation adjustments and exchange-rate changes	564	1,776	-	-	-	-	-	-
Earnings with investments	-	6,679	-	-	-	29,867	11,072	57,692
Other	85	167	84	1,206	40	68	(2,129)	386
Total	655	8,632	79	1,263	1,202	31,396	11,242	64,528
Expenses								
Interest on loans	(114)	(114)	5	5	(56,846)	(108,200)	(60,005)	(98,987)
Late payment	-	-	-	-	(298)	(312)	(1)	(381)
Amortization of funding cost	-	-	-	-	(2,811)	(26,408)	-	-
Bond repurchase cost	-	-	-	-	(3,105)	(74,944)	(288)	(1,771)
Inflation adjustments and exchange-rate changes	-	-	(4,281)	(1,382)	36,274	(581)	(20,734)	(100,052)
Tax on Financial Operations - IOF	(37)	(147)	(6)	(70)	(1,378)	(1,378)	(263)	(780)
Investment losses	(2,440)	(2,440)	-	-	(24,828)	(25,761)	-	-
Other	(204)	(140)	(37)	(134)	(13,548)	(17,052)	3,032	(8,596)
Total	(2,795)	(2,841)	(4,319)	(1,581)	(66,540)	(254,636)	(78,259)	(210,567)
Net financial income (loss)	(2,140)	5,791	(4,240)	(318)	(65,338)	(223,240)	(67,017)	(146,039)

26. Income tax and social contribution

Taxes on income comprise income tax and social contribution. Income tax is computed on taxable income at the nominal rate of 15%, plus a 10% surtax for income exceeding R$ 240 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.

	Parent company		Consolidated	
in R$ thousand	06/30/2021	06/30/2020	06/30/2021	06/30/2020
Loss before IRPJ and CSLL	(95,274)	(134,117)	(62,423)	(113,160)
Nominal rate	34%	34%	34%	34%
Corporate income tax (IRPJ) and Social contribution on net income (CSLL) at nominal rate	32,393	45,600	21,224	38,474
Permanent adjustments:				
Equity in net income of subsidiaries	(23,141)	(29,589)	551	(161)
Profits abroad	-	-	1,840	8,309
Non-deductible expenses	822	(2,002)	(343)	(1,928)
Other Adjustments:				
Government grant	-	-	8,858	7,818
Deferred tax on temporary differences and unrecognized tax losses	-	(14,009)	(55,315)	(58,006)
Rate difference on the measurement of deferred taxes	-	-	1,919	(15,899)
Workers' Meal Program (PAT)	-	-	408	436
Maternity Leave program	-	-	17	-
Taxes paid abroad	-	-	(1,936)	-
Income tax and social contribution	10,074	-	(22,777)	(20,957)
Current taxes	-	-	(31,626)	(30,069)
Deferred taxes	10,074	-	8,849	9,112
	10,074	-	(22,777)	(20,957)

Effective rate	10.57%	-	-	-

Deferred income tax and social contribution were recognized in 2021 on the accumulated balances of temporary differences and tax loss up to June 30, 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 decrease of R$ 18,490, 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 06/30/2021			Consolidated 12/31/2020
	Amount Net	Deferred tax assets	Deferred tax liabilities	Amount Net
Provision for bonus	3,637	3,637	-	5,691
Provision for suppliers	495	495	-	548
Provision for fuel	117	117	-	329
Other provisions	1,179	1,179	-	1,179
Other operating provisions	4,591	4,591	-	4,896
Labor contingencies	1,949	1,949	-	1,493
Judicial contingencies	6	6	-	-
PIS - Enforceability suspended	242	242	-	242
COFINS - Enforceability suspended	1,300	1,300	-	1,300
Loss on variable income	537	537	-	537
Tax loss	8,933	8,933	-	190
Negative basis	3,514	3,514	-	-
Exchange-rate change	153,018	153,018	-	173,971
Financial lease	524	524	-	272

Property damage	(40,806)	-	(40,806)	(41,786)
Tax Assets (Liabilities) before offset	139,236	180,042	(40,806)	148,862
Offset of tax		(40,806)	40,806	
Net balances presented in Assets/Liabilities		139,236	-	

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

in R$ thousand	Consolidated	
	06/30/2021	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	8,849	11,111
Deferred Corporate income tax (IRPJ) and social contribution on net income (CSLL) recognized in other comprehensive income	(18,475)	91,033
Closing balance	139,236	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 10th year, as follows:

in R$ thousand	Consolidated
Years:	
up to 1	24,421
1–2	537
2–3	2,066
3–5	-
5–10	153,018
Total deferred tax assets of IRPJ (Corporate income tax) and CSLL (Social contribution on net income)	180,042

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	
		06/30/2021	12/31/2020	06/30/2021	12/31/2020
Assets					
Fair value through profit or loss:					
Securities	Level 2	7,341	87,728	305,255	816,044
Amortized cost					
Cash and cash equivalents	Level 1	851	1,441	229,150	214,848

Linked securities	Level 2	-	-	12,947	14,952
Guarantee and escrow deposit	Level 2	8,250	9,100	8,277	9,491
Accounts receivable	Level 2	-	-	201,014	154,252
Related party credits	Level 2	12,165	20,800	6,831	3,820
Dividends	Level 2	1,654	14,090	-	-
Liabilities					
Liabilities at amortized cost:					
Suppliers	Level 2	4,710	9,229	99,934	68,506
Accounts payable with related parties	Level 2	48,987	63,481	-	-
Loans and financing	Level 2	-	-	3,844,899	3,723,134
Dividends payable	Level 2	-	-	237	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 June 30, 2021, except for loans and financing with hedge accounting and presented as follows:

		Fair value		Book value	
		06/30/2021	12/31/2020	06/30/2021	12/31/2020
Assets					
Cash and cash equivalents	Level 1	229,150	214,848	229,150	214,848
Securities	Level 2	305,255	816,044	305,255	816,044
Linked securities	Level 2	12,947	14,952	12,947	14,952
Guarantee and escrow deposit	Level 2	8,277	9,491	8,277	9,491
Accounts receivable	Level 2	201,014	154,252	201,014	154,252
Liabilities					
Suppliers	Level 2	99,934	68,506	99,934	68,506
Loans and financing	Level 2	3,876,584	3,891,633	3,844,899	3,723,134
Dividends payable	Level 2	237	237	237	237

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
- 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 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	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Cash and cash equivalents	851	1,441	229,150	214,848
Accounts receivable	-	-	201,014	154,252
Securities	7,341	87,728	305,255	816,044
Linked securities	-	-	12,947	14,952
Related party credits	12,165	20,800	6,831	3,820
Guarantee and escrow deposit	8,250	9,100	8,277	9,491
Dividends receivable	1,654	14,090	-	-
Total	30,261	133,159	763,474	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 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			
	06/30/2021			
Liquidity risk	Next 12 months	13–24 months	25–36 months	>37 months
Suppliers (Note 14)	99,934	-	-	-
Loans and financing (*)	256,914	258,380	252,109	4,223,074

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

Exchange rate risk

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

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

Pursuant to IFRS 9 (equivalent to CPC 48), the purpose of the hedge accounting is to represent in the financial statements, the effect of the risk management activities of the entity that uses financial instruments to manage exposures resulting from specific risks that could affect the income (loss). The purpose of this approach is to transmit the context of hedge instruments for which the hedge accounting should be applied to permit the understanding of its purposes and effects.

Hedge Accounting Bond

- 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 exchange-rate change 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 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.

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

- Risk management strategy

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

rate changes.

- Risk management objectives

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

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

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

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

(*) contracted with the BNDES

- Effectiveness of the hedge relationship

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

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

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

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

Hedge Accounting Bond

Hedged object	Hedged risk	Production period	Principal value in US$	Hedge instrument value
Exchange-rate change of part of its future revenues	Foreign exchange rate R$ - USD	05/02/2018–05/02/2025	244,520,320	244,520,320
Realization estimate – 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

	06/30/2021	06/30/2020
Exchange-rate change - Income (loss)	(47,559)	353,405

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

	06/30/2021	06/30/2020
Exchange-rate change - Income (loss)	(21,912)	183,705

Interest rate risk

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

	Parent company		Consolidated	
Interest rate risk	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Assets:				
Cash and cash equivalents	851	1,441	229,150	214,848
Securities	7,341	87,728	305,255	816,044
Linked securities	-	-	12,947	14,952
Loans and financing	-	-	3,844,899	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 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 June 30, 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 June 30, 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			Estimated rate						
Financial instruments	Risk	Rate	Probable scenario	Possible scenario 25%	Remote scenario 50%	Balance at 06/30/2021	Probable scenario	Possible scenario	Remote scenario
Securities	CDI	3.76%	6.90%	5.18%	3.45%	17,605	553	249	(55)
Securities	U.S. Treasury	0.05%	0.05%	0.04%	0.03%	116,680	-	(15)	(29)
Securities	FX - Ptax 800	5.0022	5.0400	3.7800	2.5200	170,970	1,292	(41,774)	(84,839)
Interest earning bank deposit - pledged	Selic	3.76%	7.00%	5.25%	3.50%	12,947	419	193	(34)
Total						318,202	2,264	(41,347)	(84,957)

Exchange rate change

To verify the sensitivity of the net foreign exchange exposure to which the Company and its subsidiaries were exposed on June 30, 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.

			Estimated rate						
	Risk	**Rate**	**Probable scenario**	**Possible scenario**	**Remote scenario**	**Balance at 06/30/2021**	**Probable scenario**	**Possible scenario**	**Remote scenario**
				25%	50%				
Loan - Project financing	USD	5.0022	5.0400	6.3000	7.5600	613,854	(4,639)	(159,262)	(313,885)
Loan - Bond	USD	5.0022	5.0400	6.3000	7.5600	3,228,423	(24,396)	(837,601)	(1,650,806)
Export credit note	USD	5.0022	5.0400	6.3000	7.5600	2,622	(20)	(680)	(1,341)
Total						3,844,899	(29,055)	(997,543)	(1,966,032)

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 June 30, 2021 and December 31, 2020 is as follows:

	Parent company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Total liabilities current and non-current	(84,352)	(124,152)	(4,417,568)	(4,188,670)
Cash and cash equivalents	851	1,441	229,150	214,848
Securities	7,341	87,728	305,255	816,044
Interest earning bank deposit - pledged	-	-	12,947	14,952
(Insufficiency) net cash surplus	(76,160)	(34,983)	(3,870,216)	(3,142,826)
Shareholders' equity	1,484,429	1,525,827	1,484,429	1,525,827
Relationship between shareholders' equity and net insufficiency of cash	(1949%)	(4362%)	(38%)	(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 June 30, 2021 and December 31, 2020 is as follows:

	Consolidated	
	06/30/2021	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)	920,933	888,371
Fire, lightning, explosion, electrical damage, windstorms and flood	3,200	6,600
	2,176,931	2,092,769

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	
	04/01/2021 – 06/30/2021	01/01/2021– 06/30/2021	04/01/2021 – 06/30/2021	01/01/2021 – 06/30/2021	04/01/2021 – 06/30/2021	01/01/2021 – 06/30/2021	04/01/2021 – 06/30/2021	01/01/2021 – 06/30/2021	04/01/2021 – 06/30/2021	01/01/2021 – 06/30/2021	04/01/2021 – 06/30/2021	01/01/2021 – 06/30/2021	04/01/2021– 06/30/2021	01/01/2021– 06/30/2021
Net revenue from services	**177,098**	**301,650**	**272,138**	**291,157**	**58,056**	**99,430**	**5,239**	**23,276**	**-**	**-**	**(45,629)**	**(49,034)**	**466,902**	**666,480**
Operating revenues	176,358	299,055	167,027	251,013	63,141	110,549	5,239	23,276	-	-	-	-	411,765	683,894
Intercompany	740	1,238	44,889	47,796	-	-	-	-	-	-	(45,629)	(49,034)	-	-
Revenue – Hedge Accounting	-	-	60,222	(7,652)	(5,085)	(11,119)	-	-	-	-	-	-	55,137	(18,771)
OTM	-	1,357											-	1,357
Cost of services rendered	**(61,477)**	**(114,658)**	**(122,498)**	**(174,589)**	**(34,893)**	**(51,130)**	**(5,212)**	**(16,337)**	**-**	**-**	**45,629**	**49,034**	**(178,450)**	**(307,679)**
Operating costs	(57,914)	(106,465)	(80,432)	(132,579)	(34,893)	(51,130)	(5,212)	(16,337)	-	-	-	-	(178,450)	(306,511)
OTM	-	(1,168)											-	(1,168)
Intercompany	(3,563)	(7,025)	(42,066)	(42,010)	-	-	-	-	-	-	45,629	49,034	-	-
Operating expenses	**(3,332)**	**(10,794)**	**(7,293)**	**(9,517)**	**19**	**(283)**	**(608)**	**(837)**	**(19,873)**	**(38,048)**	**-**	**-**	**(31,087)**	**(59,477)**
Depreciation and amortization	**(27,884)**	**(51,267)**	**(56,084)**	**(94,959)**	**(8,442)**	**(16,885)**	**(2,582)**	**(5,937)**	**(1,377)**	**(2,931)**	**-**	**-**	**(96,369)**	**(171,979)**
Depreciation and amortization (cost)	(20,741)	(41,471)	(25,460)	(46,567)	(7,390)	(14,781)	(1,159)	(2,317)	(104)	(209)	-	-	(54,854)	(105,345)
Depreciation and amortization (expense)	(7,143)	(9,796)	(30,624)	(48,392)	(1,052)	(2,104)	(1,423)	(3,620)	(1,273)	(2,722)	-	-	(41,515)	(66,634)
Other expenses	**1,744**	**20,573**	**375**	**406**	**2,187**	**3,948**	**-**	**-**	**6,942**	**6,925**	**-**	**-**	**11,249**	**31,850**
Other revenues (expenses)	1,744	20,573	375	406	2,187	3,948	-	-	6,942	6,925	-	-	11,249	31,850
Financial revenue (loss)	2,182	(47,226)	(42,911)	(162,283)	(12,235)	(12,532)	(2,870)	(2,781)	(9,506)	1,579	-	-	(65,338)	(223,240)
Equity pick-up on subsidiaries	81	212	4,793	1,961	-	-	-	-	111,830	(67,683)	(112,249)	67,133	4,454	1,622
Income tax	(18,179)	(23,841)	(1,671)	(1,671)	(581)	(7,073)	-	-	6,876	9,809	-	-	(13,556)	(22,777)
Income (loss) for the year	70,233	74,649	46,849	(149,495)	4,111	15,475	(6,033)	(2,616)	94,892	(90,349)	(112,249)	67,133	97,805	(85,200)

	North Corridor		South Corridor		Other		Eliminations		Consolidated	
	04/01/2020–06/30/2020	01/01/2020–06/30/2020	04/01/2020–06/30/2020	01/01/2020–06/30/2020	04/01/2020–06/30/2020	01/01/2020–06/30/2020	04/01/2020–06/30/2020	01/01/2020–06/30/2020	04/01/2020–06/30/2020	01/01/2020–06/30/2020
Net revenue from services	**332,614**	**540,377**	**97,304**	**106,908**	**-**	**-**	**(3,723)**	**(7,568)**	**426,195**	**639,717**
Cost of services rendered	**(206,088)**	**(352,990)**	**(73,296)**	**(116,515)**	**(11)**	**(0)**	**3,723**	**7,568**	**(275,673)**	**(461,474)**
Operating expenses	**(6,908)**	**(12,378)**	**(2,491)**	**(4,583)**	**(19,798)**	**(43,287)**	**-**	**-**	**(29,197)**	**(60,248)**
Depreciation and amortization	**(30,944)**	**(60,580)**	**(21,720)**	**(39,672)**	**(1,898)**	**(3,951)**	**-**	**-**	**(54,562)**	**(104,203)**
Other expenses	**9,074**	**19,512**	**30**	**50**	**-**	**-**	**-**	**-**	**9,104**	**19,562**
Financial revenue (loss)	(41,797)	(102,634)	(21,265)	(44,632)	(3,955)	1,227	-	-	(67,017)	(146,039)
Equity pick-up on subsidiaries	264	264	1,824	(471)	18,5439	(87,025)	(18,807)	(86,757)	1,820	(475)
Income tax	(18,077)	(20,957)	-	-	-	-	-	-	(18,077)	(20,957)
Income (loss) for the year	38,138	10,614	(19,615)	(98,915)	(7,123)	(132,573)	(18,807)	(86,757)	(7,407)	(134,117)

	North Corridor 06/30/2021	South Corridor 06/30/2021	Cabotage 06/30/2021	Santos 06/30/2021	Other 06/30/2021	Eliminations 06/30/2021	Consolidated 06/30/2021
Current assets	348,921	515,964	177,841	35,269	212,825	(264,948)	1,025,872
Non-current assets	1,845,638	2,210,871	678,874	295,168	4,755,568	(4,909,994)	4,876,125
Total assets	2,194,559	2,726,835	856,715	330,437	4,968,393	(5,174,942)	5,901,997
Current liabilities	153,958	312,082	94,065	95,330	116,985	(264,948)	507,472
Non-current liabilities	1,649,158	1,623,123	557,839	209,346	3,319,644	(3,449,014)	3,910,096
Shareholders' equity	391,443	791,630	204,811	25,761	1,531,764	(1,460,980)	1,484,429
Total liabilities and shareholders' equity	2,194,559	2,726,835	856,715	330,437	4,968,393	(5,174,942)	5,901,997

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

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 June 30, 2021, the Company recognized the benefits of AFRMM in Operating revenue (expenses) in the amount of R$ 3,564.

- 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$ 7,646.

- 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 June 30, 2021, the amount of R$ 23,859 refer respectively to suppliers for the acquisition of property, plant and equipment, did not affect cash.

32. Subsequent events

a) Resolution of arbitration and amendment to contract

Método Engenharia S/A ("Método") and Hidrovia do Brasil Administração Portuária Santos S.A. ("HB Santos") entered into an EPC supply and construction contract in the port of Santos.

In May 2021, Método Engenharia filed an arbitration proceeding with the Arbitration and Mediation Center of the Brazil-Canada Chamber of Commerce, with the purpose of reviewing the basis of the contract and the financial imbalance.

HB Santos took all appropriate measures, including under the terms of the Arbitration Chamber's regulation, to defend itself and have its rights protected in the face of the arbitration process initiated by Método.

On July 13, 2021, Método and HB Santos, a company controlled by the Company, entered into the Fifth Amendment to the Engineering, Supply and Construction Contract under the Full Contracting Regime in the EPC (Engineering, Procurement and Construction) Modality Turn-Key by Global Price entered into between HB Santos and Método ("Fifth Amendment"), in order to agree for the joint withdrawal of the arbitration instituted, waive the claims previously existing and continue the contractual relationship between the parties, with the resumption of activities related to the work, the maintenance of delivery times initially agreed and the renegotiation of certain contractual conditions.

Therefore, as established in the Fifth Amendment, on July 15, 2021, the parties filed a request for joint withdrawal from the arbitration proceeding before the Arbitration and Mediation Center of the Brazil-Canada Chamber of Commerce.

The suspension of works for two months will not significantly affect the schedule of operations for the start of operational activities at the port of Santos.

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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 June 30, 2021, comprising the balance sheet as of June 30, 2021 and related statements of income and of comprehensive income, for the three and six-month period then ended, the statements of changes in equity and cash flows for the six-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.

KPMG Auditores Independentes, uma sociedade simples brasileira e firma-membro da rede KPMG de firmas-membro independentes e afiliadas à KPMG International Cooperative ("KPMG International"), uma entidade suíça.

KPMG Auditores Independentes, a Brazilian entity and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

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 six-month period ended June 30, 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, August 16, 2021

KPMG Auditores Independentes
CRC 2SP014428/0-6

Original report in Portuguese signed by

Wagner Petelin
Contador CRC 1SP142133/O-7

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HIDROVIAS DO BRASIL S.A.
Publicly-held Company
CNPJ/ME nº 12.648.327/0001-53
NIRE 35.300.383.982

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 June 30, 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 analysis 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 June 30, 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, August 16, 2021.

PEDRO JAIME CERVATTI
Member and Coordinator of the Audit Committee

RICARDO ANTONIO WEISS
Member of the Audit Committee

ANTONIO MARY ULRICH
Member of the Audit Committee

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STATEMENT OF THE EXECUTIVE OFFICERS ON THE 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 June 30, 2021.

Sao Paulo, August 16, 2021.

FABIO SCHETTINO
Chief Executive Officer

ANDRÉ KUBOTA
Chief Financial and Investor Relations Officer

TERESA FALEIRO
Officer with no specific designation