

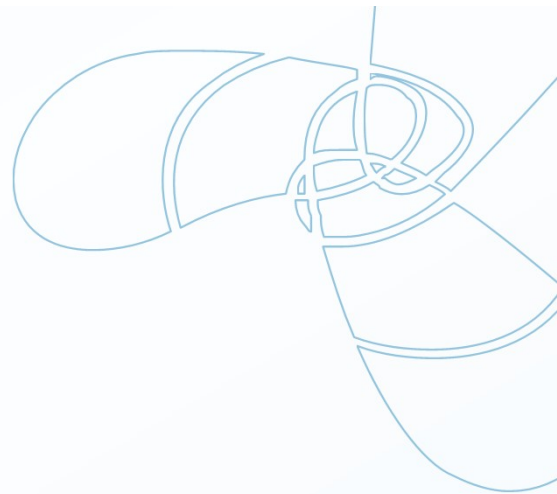


Hidroviás do Brasil

10 anos

3Q20  
RESULTS

# MANAGEMENT COMMENTS



It is a great pleasure to present the quarterly results (3Q20) of Hidrovias do Brasil SA (HBSA), for the first time as a B3 traded Company. This year and the many challenges that came with it have highlighted the strength and resiliency of Hidrovias's business model. We were able to grow and increase profitability while also generating cash.

As a result of Covid-19, we have redoubled our focus on the health of our employees and the continuity of our business. I would like to take this opportunity to thank our team for their dedication and commitment, which were essential for us to overcome the challenges brought by this pandemic. I would also like to thank our customers and investors, for continuing to believe in our ability to maintain our operation, ensuring the highest levels of excellence, safety and ethics.

We are also honored to positively contribute to the fight against Covid-19, through donations of hospital equipment and supplies and by providing food parcels for the people in need, totaling over R\$ 5.1 million in donations.



This quarter, we have a lot of reasons to celebrate. Our Company completes its first decade demonstrating consistent results: we have reached new operating records, achieved a 10% growth in transported volume and 49% in adjusted EBITDA when compared to the same period of the previous year.

Our operation in the Northern System followed the consistent development of Brazilian agribusiness and the expansion of the market share of Arco Norte in the country's grain exports. We grew in volume, revenue and EBITDA, in addition to generating significant cost savings. The coastal navigation operation also showed an excellent performance in the period.

In the South System, despite the Parana-Paraguay waterways water levels at recent decades' historical lows, we have demonstrated that our operation is resilient and capable of delivering positive results. During this quarter we were pleased with the news that Vale – one of our major clients – requested for 2021 the maximum capacity provided in our agreement.

We started our operation in the port of Santos this year and even though we are not operating at full capacity yet, we have reached over R\$ 25 million in revenues during these first months of operation. We will continue expanding this operation in the coming years.

Finally, I would like to welcome our new investors and thank all of them for the confidence you have deposited in the company.  
**You are our motivation to always deliver the best results.**

**FABIO SCETTINO**  
Presidente



## 10 years of history and a lot to celebrate

10 year ago, an innovative and sustainable integrated logistic project was created. Hidrovias do Brasil was created in 2010 to transform the logistic scenario in South America.

In our first decade, we have been recognized as one of the best logistic providers in South America and earned the trust of our customers and investors through long-term relationships guided by ethics, sustainability and commitment.

### A Little about Hidrovias do Brasil S.A

We are an integrated logistics provider focused on waterways logistics services that offers personalized solutions to our customers. We have an end-to-end infrastructure, including our transshipment and port terminals and our proprietary, state-of-the-art, fleet of barges, pusher tugs and cabotage vessels. We operate in big logistics corridors in the northern region of Brazil and in the Paraguay-Paraná river system.

In the Northern Corridor (Miritituba-Barcarena, Pará), the company offers an integrated logistics solution to transport grains from the midwestern region of Brazil to an export port. We also provide coastal navigation solutions to transport base metals (bauxite) between Porto Trombetas and Barcarena, both in the Pará state in Brazil. We invested around R\$ 2.2 billion in the region, with capacity to haul up to 6.5 million tons of grains and 6 million tons of bauxite per year.

In the South Corridor, our operations use the Parana-Paraguay rivers system, where we transport over 6 million tons per year of cargo such as iron ore, grains, fertilizers, pulp and others.

Since the second quarter of 2020, we began operations in the Santos Terminal, the largest port in Brazil located in the state of Sao Paulo, with transshipment and storage of salt and fertilizers.

## ABERTURA

### MISSION

Being the best integrated logistics operator in Latin America.

### VISION

Provide quality services using modal waterways and always prioritize sustainable development and ethics.

### VALUES

- Honesty, integrity, and transparency.
- Value generation for shareholders and clients.
- Excellence in operating safety.
- Environmental and community responsibility.
- Appreciation of the team and the internal environment.

## Honesty, Integrity and Transparency

Since the beginning, we have been improving our compliance and corporate governance practices. We recently earned TRACE's anti-bribery compliance credential. TRACE is the world's leading organization for setting anti-bribery standards, reinforcing our commitment to ethics.



## Working environment and Valuing our People

Since 2017, we have conducted an organizational climate survey with Great Place to Work (GPTW).

We recently featured in the GPTW Latam ranking, taking our place among the best companies to work in Latin America.

In 2019, we also featured in the GPTW Paraguay and GPTW Amazônia ranking.



# QUARTERLY HIGHLIGHTS



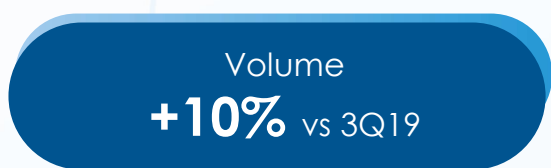
São Paulo, November 13<sup>th</sup>, 2020.

Hidroviás do Brasil S.A ("HBSA") announces its results for the second quarter of 2020. The results are presented on a consolidated basis, in accordance with Brazilian and international accounting rules (IFRS).

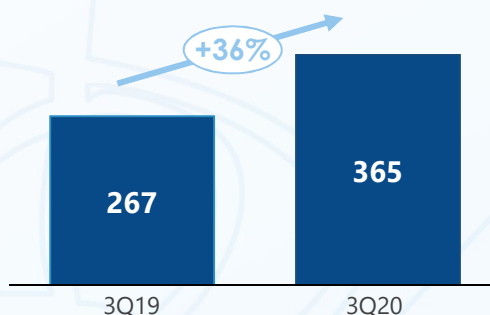
## EXECUTIVE SUMMARY 2Q20

### EBITDA 3Q20 vs 3Q19:

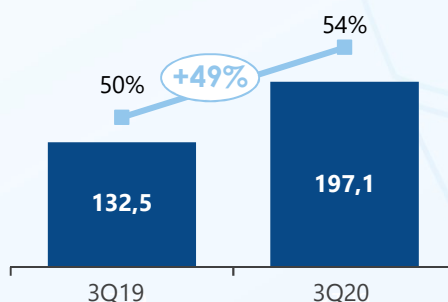
Consolidated R\$ million	3Q19	3Q20	Δ
<b>Volume (kt)*</b>	<b>3.243</b>	<b>3.563</b>	<b>10%</b>
<b>Net Revenue</b>	<b>272,0</b>	<b>464,7</b>	<b>71%</b>
Operating Net Revenue	267,4	364,8	36%
OTM	23,6	131,9	>100%
Hedge Accounting	(19,0)	(31,9)	68%
Operating Costs	(149,1)	(280,0)	88%
Operating Costs	(127,5)	(148,2)	16%
OTM	(21,7)	(131,7)	>100%
Operating Expenses	(21,9)	(53,8)	>100%
AFRMM, Other Revenues & Tax Credits	13,7	5,3	(61%)
Equity Accounting	0,5	(1,8)	<(100%)
Others	(0,2)	-	(100%)
<b>EBITDA</b>	<b>115,0</b>	<b>134,4</b>	<b>17%</b>
<b>Margin %</b>	<b>42%</b>	<b>29%</b>	<b>- 13 p.p.</b>
Hedge Accounting	19,0	31,9	68%
Equity Accounting	(0,5)	1,8	<(100%)
Tax Credits, contingencies and reversals	(0,9)	-	(100%)
Advisory and Consultancy	-	10,5	-
Stock Options Plan	-	14,9	-
Covid-19 Donations	-	3,5	-
<b>Adjusted EBITDA</b>	<b>132,5</b>	<b>197,1</b>	<b>49%</b>
<b>Margin %</b>	<b>50%</b>	<b>54%</b>	<b>+ 5 p.p.</b>
JV's EBITDA	5,4	3,9	(28%)
<b>EBITDA Including JVs impact</b>	<b>137,9</b>	<b>201,0</b>	<b>46%</b>
<b>Margin %</b>	<b>52%</b>	<b>55%</b>	<b>+ 4 p.p.</b>



### NET OPERATING REVENUE



### Adjusted EBITDA (R\$ millions) and Adjusted EBITDA Margin <sup>2</sup>



<sup>1</sup> Excluding Santos volume. <sup>2</sup> EBITDA margin considers net revenue excluding road transportation (OTM). <sup>3</sup> HBSA utilizes CVM 527 Instruction, on its article 3rd, sublinea I, as the basis for the EBITDA calculation. As permitted under Instruction CVM 527, HBSA also publishes an Adjusted EBITDA ajustado as an additional measure to provide operational comparability and support understanding the business.

# NORTH SYSTEM

One of our main operations is located in the North of Brazil. The “Northern System” offers integrated logistics services for the transportation of grains and fertilizers, through river navigation and road transportation. The system, which has one of the largest static capacities in the region, comprises the Cargo Transshipment Station (CTS) in Itaituba, Miritituba’s district (PA) and the Private Use Terminal (PUT), in Barcarena (PA), in addition to its own state-of-art, pushers and barges fleet.

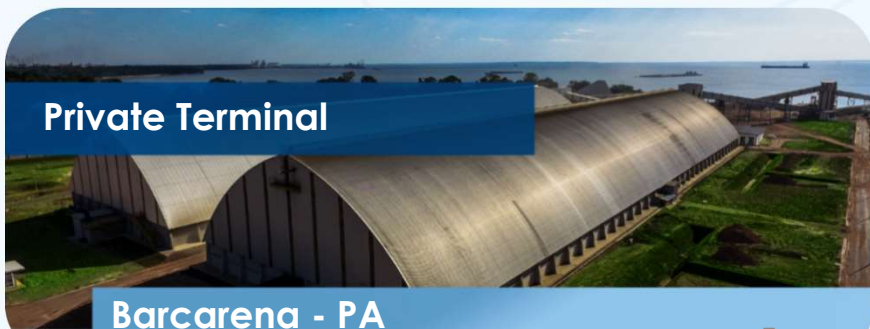
Currently, the system operates with the transport of corn and soybeans, mainly originated in Mato Grosso (MT), which today is experiencing a moment of great expansion, as will be shown below. We also transport fertilizers for return freight, optimizing the entire chain of this system.

The northern system has revenue and most costs in Brazilian Reais (R\$).

## GRAINS & FERTILIZERS



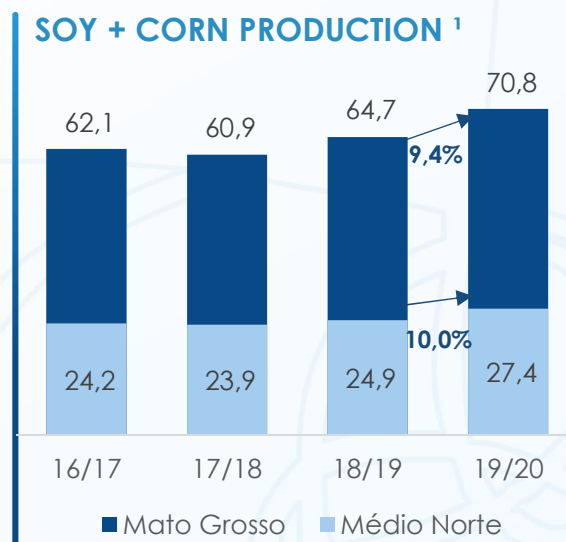
**ETC Miritituba**



**Private Terminal  
Barcarena - PA**

This year shows an increase of agricultural growth and the production of soy and corn has gained prominence on the national scenario. Projections point out that both Brazilian and the state of Mato Grosso (MT) harvest should end the year with a record of crop and exports.

In Mato Grosso, the main area of influence of Hidrovias do Brasil (HBSA), the expected production of these commodities should be above 70 million tons, an increase of 9.4% in relation to the previous harvest. Until September, exports had already totaled more than 34 million tons.



The region called the mid-north (Médio Norte) of Mato Grosso, an area of natural convergence for the HBSA northern system, stands out with the growth of 2.5 million tons compared to 2019.

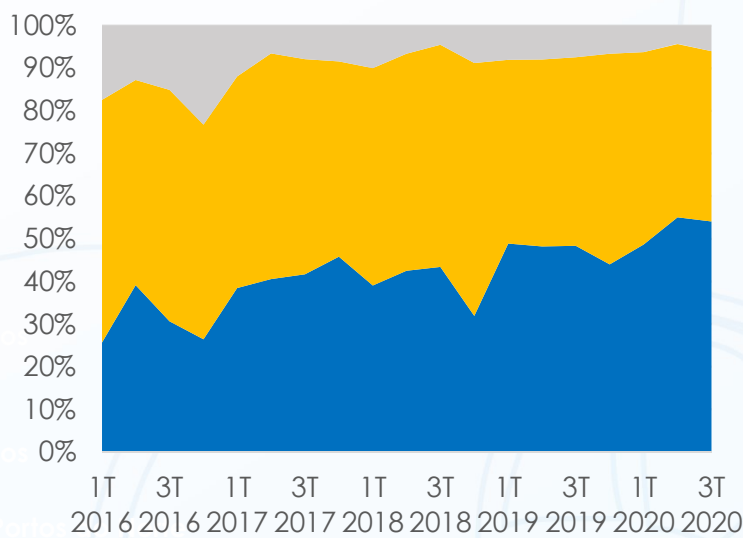
Another highlight in the MT grain export scenario is the completion and improvements made to the BR-163 highway, which provided a significant reduction in road freight, making the flow of grains through the northern system an even more attractive option. According to the “*Instituto Matogrossense de Economia Agropecuária*” (IMEA), the freight from Sorriso (MT) to Miritituba (PA) was, on average, R\$ 19 per ton below the same period in 2019. In some periods, the difference has reached R\$ 55 per ton.

# OVERVIEW DO MERCADO AGRÍCOLA DO MATO GROSSO

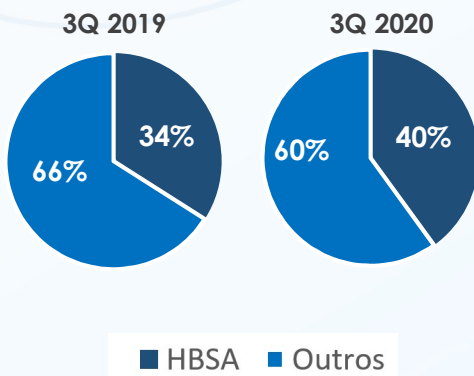


The positive scenario allowed expansion of the northern system grain exports from Mato Grosso market share and, inserted in this context as the only independent logistics operator in the region, Hidroviás do Brasil will keep its strategy of attracting new customers and volumes in the region.

## MARKET SHARE GRAINS EXPORT MT<sup>3</sup>



## MARKET SHARE MIRITITUBA Q3<sup>2</sup>



<sup>1</sup> Source: IMEA  
<sup>2</sup> Source: ANTAQ  
<sup>3</sup> Source: COMEX Stat; Includes corn, soy and soybean meal. Updated on 10/30/2020.  
<sup>4</sup> North Ports include: Barcarena, Itaquí, Santarém e Itacoatiara  
<sup>5</sup> Source: IMEA

## MARKET SHARE 3Q20

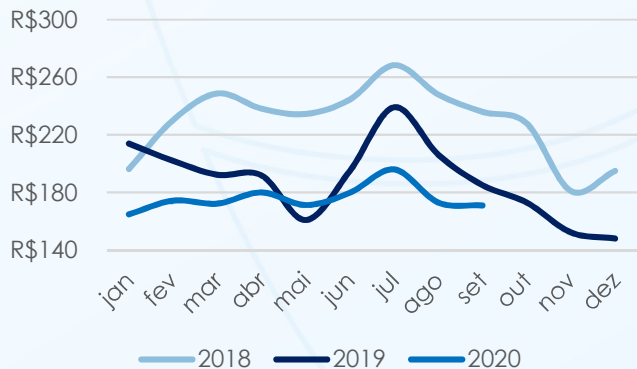
**50%**

## MARKET SHARE 3Q20

**+5P.P.**  
VS 3Q19

## ROAD FREIGHT SORRISO/MT – MIRITITUBA/PA<sup>1</sup>

(monthly average R\$/t)



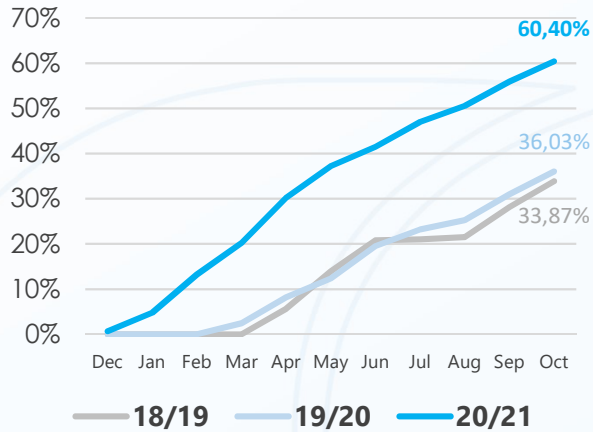
# 20/21 HARVEST OUTLOOK



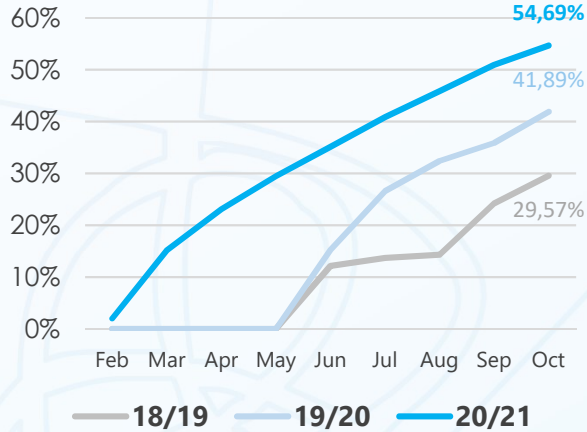
Although the beginning of the soybean crop planting was impacted by the “La Niña” weather phenomenon, which is characterized by periods of drought in certain regions, the level of rainfall has returned to regular levels in the past weeks, allowing the numbers for the period to be in line with historical averages.

In a general assessment, the continuous gain in competitiveness in Mato Grosso, added to the high price scenario and the increase in world demand, will likely lead the 20/21 crop to new production records. Another positive factor is that the grain sales in Mato Grosso for the next harvest is expected to be the highest ever.

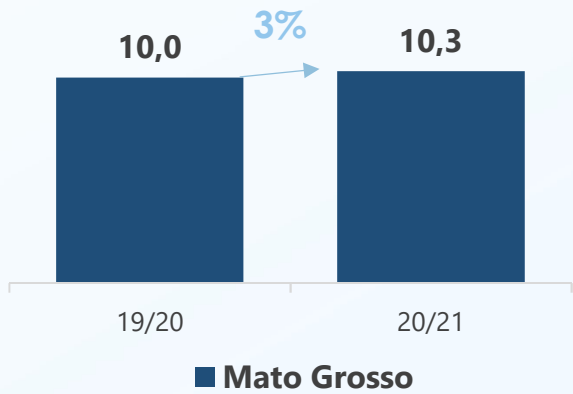
## SOY TRADING MATO GROSSO <sup>1</sup>



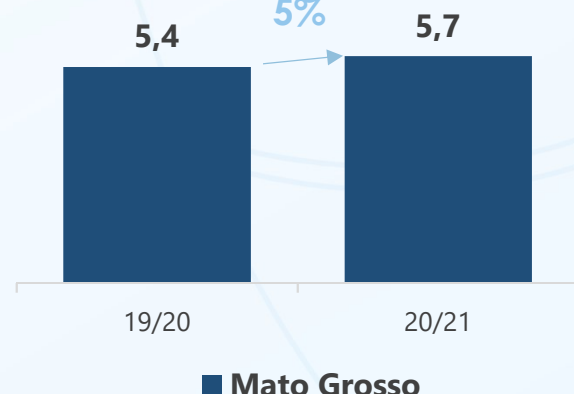
## CORN TRADING MATO GROSSO <sup>2</sup>



## PROJECTED HARVEST AREA FOR SOY 2021 <sup>3</sup>

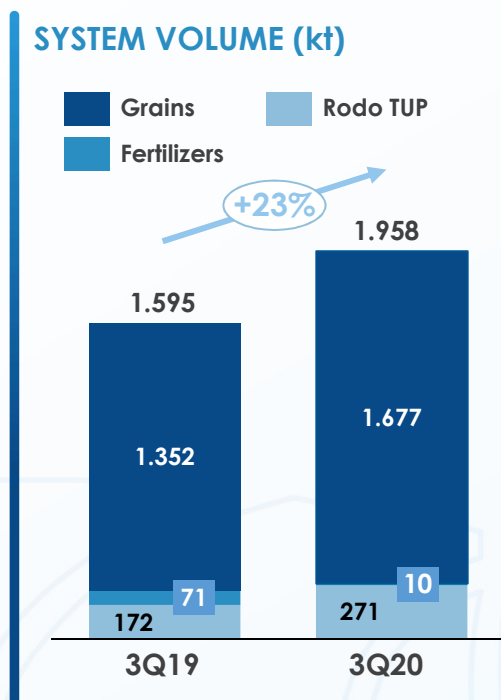


## PROJECTED HARVEST AREA FOR CORN 2021 <sup>4</sup>

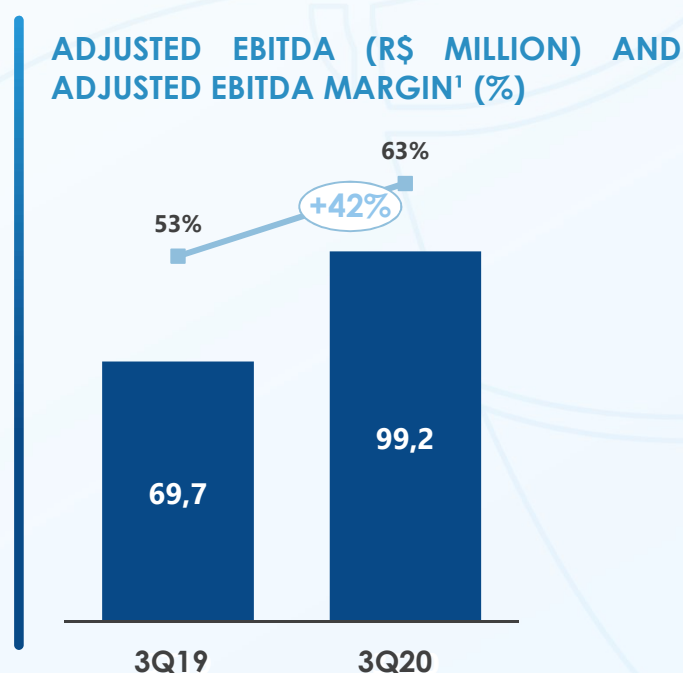


<sup>1</sup> Source: IMEA  
<sup>2</sup> Source: IMEA  
<sup>3</sup> Source: IMEA | in million Hectares  
<sup>4</sup> Source: IMEA | in million Hectares

In the third quarter, our grain and fertilizer operations continued to expand. 1,958 thousand tons were transported, 23% above the 2019 volume.



There was a 24% increase in the transported grain volume by our system and 57% in the volume received by road directly in our Terminal in Barcarena (TUP).



<sup>1</sup> Adjusted EBITDA Margin considers net revenue excluding road transportation (OTM)

Even with a 23% growth in volume, operating costs fell 14% in the period, equivalent to a saving of R\$ 11.6 per ton transported. This decrease is the effect of our efforts to reduce costs and increase operating leverage.

Including extraordinary items as public offering of shares (IPO) expenses and donations to mitigate the effects of the Covid-19 pandemic, our EBITDA reached R\$ 99.2 million, 42% above 2019. Our adjusted EBITDA margin stood at 63%, an increase of 11 percentage points compared to 2019.

North Grains R\$ million *	3Q19	3Q20	Δ
<b>Volume (kt)</b>	<b>1.595</b>	<b>1.958</b>	<b>23%</b>
<b>Net Revenue</b>	<b>155,6</b>	<b>288,7</b>	<b>85%</b>
Operating Net Revenue	132,0	156,7	19%
Road Transportation (OTM)	23,6	131,9	>100%
Hedge Accounting	-	-	-
Operating Costs	(83,4)	(184,8)	>100%
Operating Costs	(61,7)	(53,1)	(14%)
Road Transportation (OTM)	(21,7)	(131,7)	>100%
Operating Expenses	(4,7)	(8,9)	90%
Other Revenues & Tax Credits	1,3	0,5	(65%)
Others	(0,1)	-	(100%)
<b>EBITDA</b>	<b>68,7</b>	<b>95,4</b>	<b>39%</b>
<i>Margin %</i>	<i>44%</i>	<i>33%</i>	<i>- 11 p.p.</i>
Tax Credits, contingencies and reversals	0,9	-	(100%)
Advisory and Consultancy	0,0	0,4	>100%
Covid-19 Donations	-	3,5	-
<b>Adjusted EBITDA</b>	<b>69,7</b>	<b>99,2</b>	<b>42%</b>
<i>Margin %</i>	<i>53%</i>	<i>63%</i>	<i>+ 11 p.p.</i>

\* Excludes intercompany transactions

† Adjusted EBITDA Margin considers net revenue excluding road transportation (OTM)

## COASTAL NAVIGATION

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In the northern system, we also have the cabotage operation (coastal navigation) from Trombetas Port to Vila do Conde - Barcarena, both in Pará. We operate two tailor made vessels, with up to 6 million tons of capacity per annum. Currently this is a dedicated operation transporting bauxite and with all revenue streams indexed to US dollars.

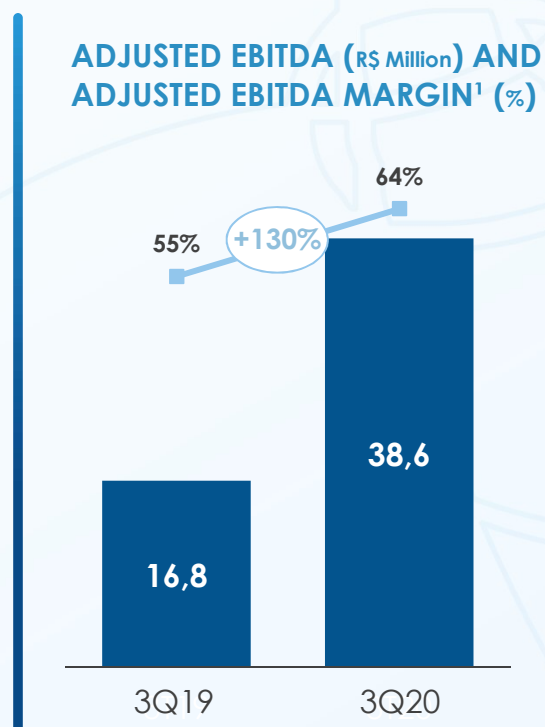
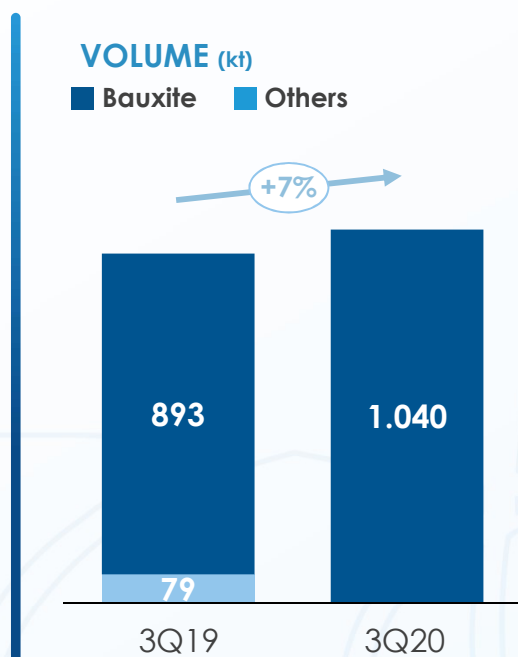


# COASTAL NAVIGATION



The cabotage operation (coastal operation) generated R\$ 38.6 million of EBITDA in the third quarter of 2020, 136% more than the same period in 2019.

EBITDA margin also grew reaching 64% in the period.



<sup>1</sup> Adjusted EBITDA considers revenue adjusted for hedge accounting

# COASTAL NAVIGATION



The growth was the result of the higher volume transported and gain in operational efficiency resulting from the Company's permanent efforts. During this period, the operation also celebrated the largest number of trips ever made in the same month and the fact that there was no off-hire in the operation for more than a year.

This business unit's revenues are US dollar-indexed. As a result, the appreciation of the American currency has a positive effect on the operating cash flow.

<b>Coastal Navigation</b>			
<b>R\$ million</b>	<b>3Q19</b>	<b>3Q20</b>	<b>Δ</b>
<b>Volume (kt)</b>	<b>972</b>	<b>1.040</b>	<b>7%</b>
<b>Net Revenue</b>	<b>28,7</b>	<b>60,1</b>	<b>&gt;100%</b>
Operating Net Revenue	30,7	60,1	96%
Hedge Accounting	(2,0)	-	(100%)
Operating Costs	(24,5)	(26,1)	7%
Operating Expenses	(0,1)	(0,2)	64%
AFRMM, Other Revenues & Tax Credits	12,3	4,8	(61%)
<b>EBITDA</b>	<b>16,4</b>	<b>38,6</b>	<b>136%</b>
<i>Margin %</i>	<i>57%</i>	<i>64%</i>	<i>+ 7 p.p.</i>
Hedge Accounting	2,0	-	(100%)
Impact of Joint Ventures	-	-	-
Tax Credits, contingencies and reversals	(1,6)	-	(100%)
<b>Adjusted EBITDA</b>	<b>16,8</b>	<b>38,6</b>	<b>130%</b>
<i>Margin %**</i>	<i>55%</i>	<i>64%</i>	<i>+ 10 p.p.</i>

\* Adjusted EBITDA considers revenue adjusted for hedge accounting

## SANTOS & SALT OPERATION

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### SANTOS



In 2019, we started another important project, with a 25 years lease of a terminal for storage and transport of solid bulk in the largest port in South America, the port of Santos. The operation started in 2020, concomitant with the renovation and adaptation of the terminal that should reach full capacity in 2022.

The Santos operation is part of the company's strategy to supply an important business demand for customers who use this asset and to serve the São Paulo market, since the terminal is very relevant for the supply of fertilizers and salt in the State.

The terminal has three warehouses and berths that are going through improvements to meet the needs of our customers with excellence.



We have also signed a contract for the transshipment and transportation of salt in the northeast of Brazil and we are expecting to start operations in 2021.

### SALT



# OVERVIEW – SANTOS FERTILIZER MARKET

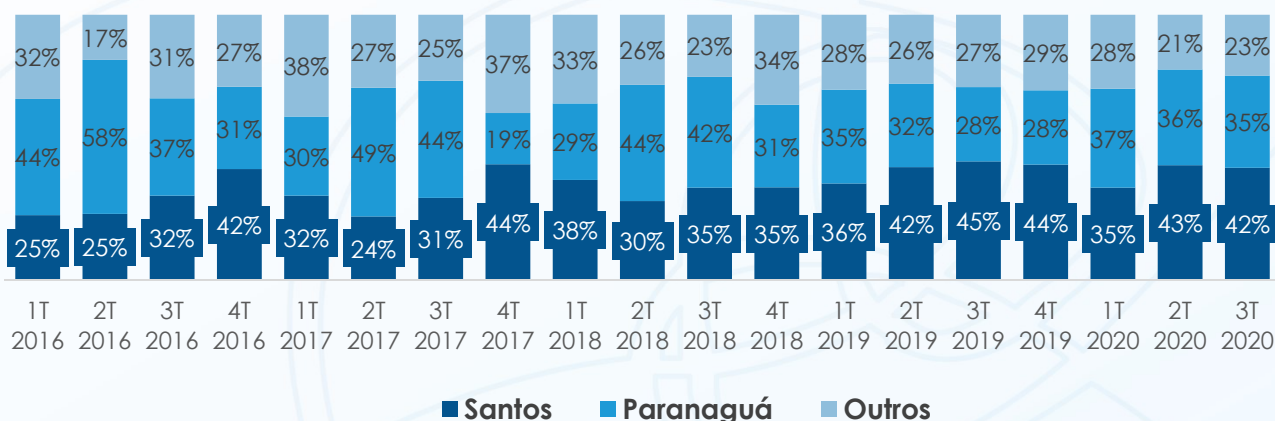


In recent years, the fertilizer operation has grown considerably at the port of Santos. Based on the railroad operation of bulk return, the market share of the port of São Paulo has grown compared to traditional ports considered as fertilizer import hubs, more specifically, Paranaguá and São Francisco do Sul.

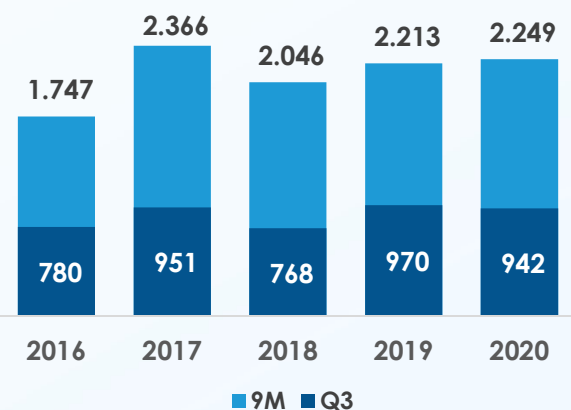
In the first 3 quarters of 2020, following this rhythm, more than 4.5 million tons of fertilizers were imported, against about 4.0 million tons in the same period last year.

The demand for fertilizers in the state of São Paulo, a traditional producer of sugar cane and coffee crops, has proved to be stable, ensuring a captive and regular market to be explored by the terminals at the port of Santos.

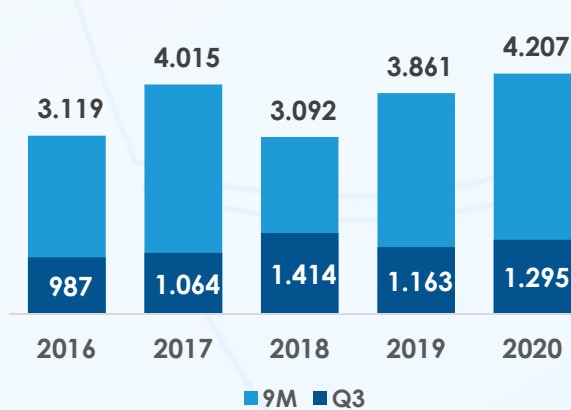
## FERTILIZERS IMPORTS – SANTOS VS PARANAGUÁ<sup>1</sup> (SP | MT | MS | GO | MG)



## FERTILIZERS IMPORTS DESTINATION SÃO PAULO<sup>1</sup>



## FERTILIZERS IMPORTS DESTINATION MATO GROSSO<sup>1</sup>



<sup>1</sup> Source: Comexstat

The 3Q20 was our first full-quarter of Santos operation as a result of concession of STS20, composed of three warehouses and one mooring dock inside the Port of Santos (southeastern Brazil), with fertilizers and salt operation.

This results does not consider investments to improve the terminal, that is not operating in full capacity yet. The works to upgrade the terminal and warehouses have already begun and are on schedule. The terminal is expected to operate at full capacity in 2022.

Even with a partial operation, Santos terminal had a turnover of R\$ 17.8 million and generated EBITDA of R\$ 3.9 million, with 22% in the quarter.

Sal logistics project is in a pre-operational stage and will start operations in 2021.

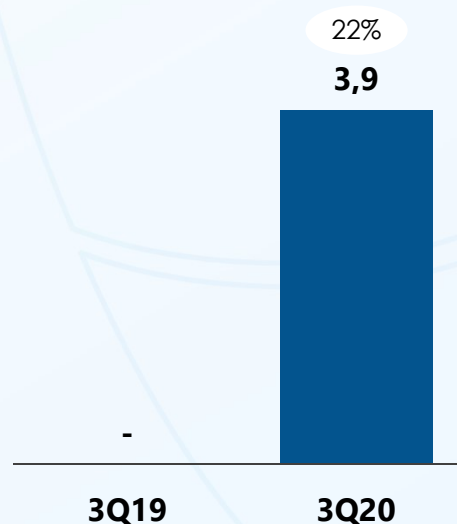
## Santos Operations

R\$ million	3Q19	3Q20	Δ
<b>Net Revenue</b>	-	<b>17,8</b>	-
Operating Net Revenue	-	17,8	-
Operating Costs	-	(14,0)	-
Operating Expenses	-	0,1	-
<b>EBITDA</b>	-	<b>3,9</b>	-
<i>Margin %</i>	-	22%	-

## SANTOS & SALT



## EBITDA (R\$ Million) AND EBITDA MARGIN<sup>1</sup> (%)



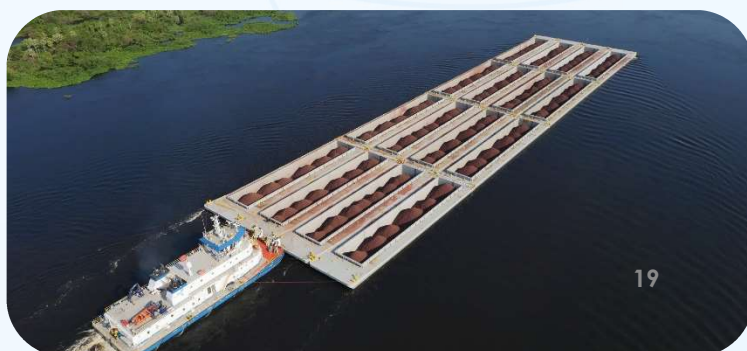
## SOUTH CORRIDOR

10 años

The Southern System is the result of a pioneering project for grains, fertilizers and iron ore transportation through Paraná-Paraguay Waterways, cellulose (through a joint venture) along Uruguay river, and has a port operation in Montevideo (TGM) and it's own navigation assets with modern technology to optimize the operation.

TGM, which is also a joint-venture of the company, is located in the public port of Montevideo and is the only terminal in the region able to load a Panamax type vessel, given its competitive draft operating levels.

This operation has revenue and costs linked to the US dollar (US\$).



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# SOUTH CORRIDOR

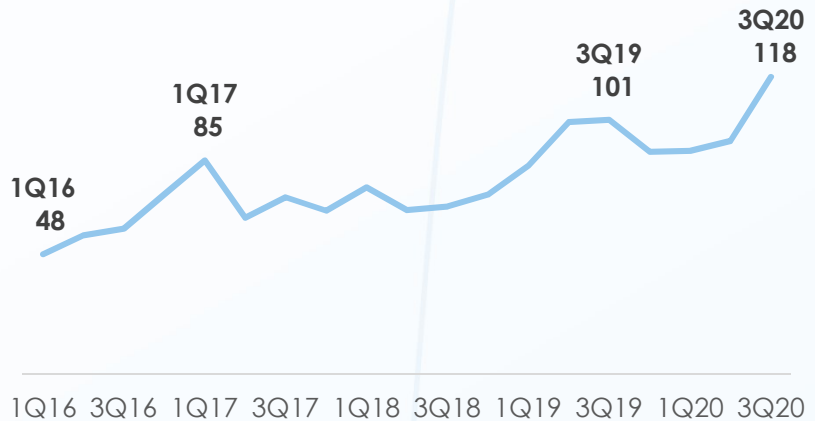


## IRON ORE (VALE CORUMBÁ)

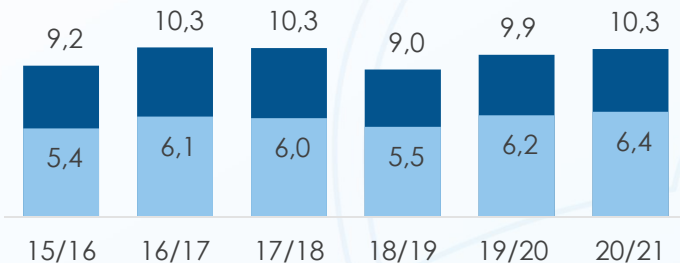
Mining in the Central-West region, in Brazil, becomes more attractive when the international price of iron ore is above historical averages.

Due to this favorable scenario, the company Vale, our client which has operations in this region, has already informed (as announced to the published market) that it will use maximum logistics capacity in the contract in 2021, an important milestone for the Southern System.

Average Iron Ore 42% Price (USD/Ton) <sup>2</sup>



■ Production ■ Exports



## PARAGUAYAN SOY MARKET <sup>1</sup>

Despite the negative impacts related to the low water level in the rivers of the region, Paraguayan market might end the year with a record of grains export, increasing expectations of continued growth in the coming years as well.

## WATER LEVELS IN THE PARANA-PARAGUAY SYSTEM

Paraguay-Paraná Waterway, where Hidrovias do Brasil operates in the Southern Corridor, is dealing with a period of river levels significantly lower than long-term historical averages.

This atypical situation affects Southern Corridor operation, increasing navigation cycles and restrictions on navigability, causing additional costs and loss of transported volumes. The beginning of the rainy season tends to improve the situation of the rivers over the next few months.

<sup>1</sup> Source: USDA

## SOUTH CORRIDOR



Despite the low water level rivers in Paraguay–Paraná basin, which has impacted 32% reduction in transported volumes, the Southern System proved its resilience and increased net revenue by 12% in the period, reaching R\$ 130,5 million in operational revenue.

The water levels at the Paraná-Paraguay Waterway are historically low in this period of the year, which is why the Company was prepared to overcome adversities since the conception of the Southern System. Technologies were used to minimize the impacts of navigation in low waters and regular training for crews. This year, the company also adapted its commercial strategy, prioritizing long-term customers in the face of the severe depletion of water levels in the system.

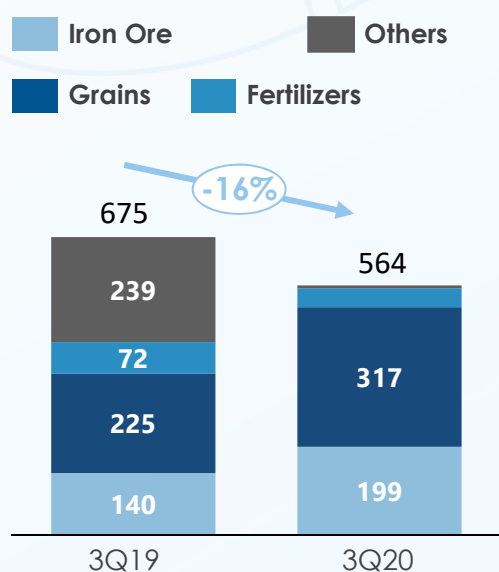
The impact of the drop in volume on EBITDA was partially offset by US dollar (US\$) appreciation compared to the Real (R\$), enhancing the benefits of the Company's currency diversification.

Vale's contract for handling iron ore had no relevant impact due to the current water level situation.

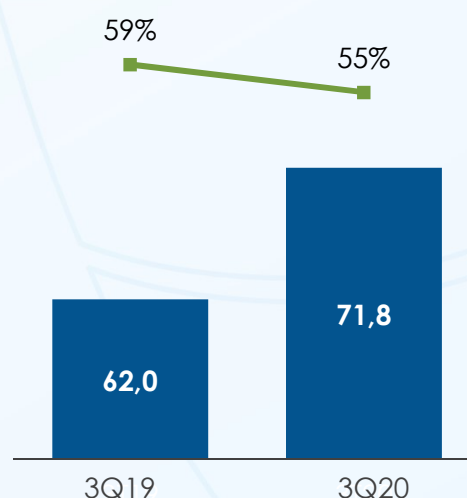
### South Corridor

R\$ million *	3Q19	3Q20	Δ
<b>Volume (kt)</b>	<b>675</b>	<b>565</b>	<b>(16%)</b>
<b>Net Revenue</b>	<b>87,7</b>	<b>98,6</b>	<b>12%</b>
Operating Net Revenue	104,7	130,5	25%
Hedge Accounting	(17,0)	(31,9)	88%
Operating Costs	(41,2)	(55,1)	34%
Operating Expenses	(1,6)	(4,3)	>100%
AFRMM, Other Revenues & Tax Credits	0,1	0,0	(57%)
Equity Accounting	0,5	(1,8)	<(100%)
<b>EBITDA</b>	<b>45,5</b>	<b>37,5</b>	<b>(18%)</b>
Margin %	52%	38%	- 14 p.p.
Hedge Accounting	17,0	31,9	88%
Equity Accounting	(0,5)	1,8	<(100%)
Advisory and Consultancy	-	0,6	-
<b>Adjusted EBITDA<sup>1</sup></b>	<b>62,0</b>	<b>71,8</b>	<b>16%</b>
Margin % <sup>1</sup>	59%	55%	- 4 p.p.
JV's EBITDA	5,4	3,9	(28%)
<b>EBITDA Including JVs impact</b>	<b>67,4</b>	<b>75,8</b>	<b>12%</b>
Margin %	64%	58%	- 6 p.p.

### VOLUME (KT)



### ADJUSTED EBITDA (R\$ Million) AND ADJUSTED EBITDA MARGIN<sup>1</sup> (%)



\* Does not include intercompany transactions

<sup>1</sup> Adjusted EBITDA margin excluding the impact of hedge accounting, equity accounting and IPO related expenses

# HOLDING



Holding expenses in 3Q20 were impacted by non-recurring items related to IPO, representing R\$ 24,4 millions. Adjusting for this purpose, the holding company's expenses grew 2% in 3Q20 compared to 3Q19, despite the 71% growth in the Company's total revenues, proving our ability to create synergy and maintain a lean administrative structure.

Operating expenses are mainly comprised of expenses related to personnel, IT infrastructure, office expenses and third-party services.

The increase in operating expenses is mainly associated with the growth of the commercial and new business areas, expanding the possibilities for future growth of HBSA. In this quarter, we also created a focused Sustainability area, reinforcing our commitment to sustainable development and care for the environment and the communities around us. Finally, we expanded health and safety areas, as well as internal governance (compliance, internal audit)

<b>Holding</b> <b>R\$ million</b>	<b>3Q19</b>	<b>3Q20</b>	<b>Δ</b>
Operating Expenses	(15,6)	(40,6)	>100%
<b>EBITDA</b>	<b>(15,6)</b>	<b>(40,6)</b>	<b>&gt;100%</b>
<i>Margin %</i>	-	-	-
Tax Credits, contingencies and reversals	(0,2)	-	(100%)
Advisory and Consultancy	-	9,5	-
Stock Options Plan	-	14,9	-
<b>Adjusted EBITDA</b>	<b>(15,8)</b>	<b>(16,1)</b>	<b>2%</b>
<i>Margin %</i>	-	-	-

## Adjusted EBITDA (R\$ milhões)

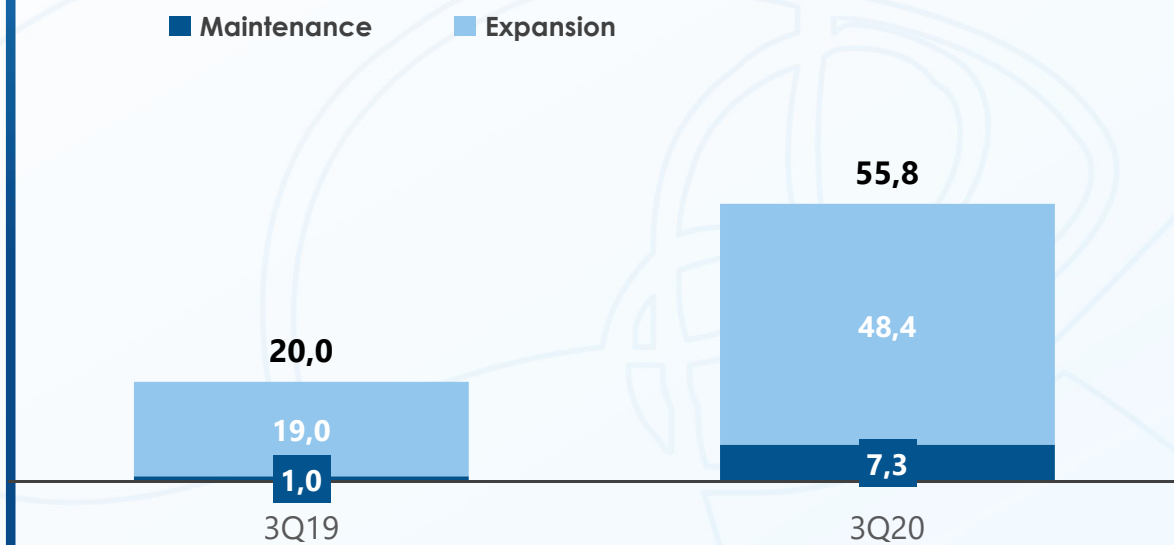


# CAPEX



## CAPEX (R\$ milhões)

Our maintenance CAPEX remained low in 3Q20, representing approximately 13% of the total CAPEX for the period and is aligned with our strategy of investing in modern and high quality assets, which have lower operating and maintenance costs. We also keep the expansion investment plan, with the acquisition of additional barges for the Northern Operation and improvement of systems, and the development and implementation of Santos and Sal projects.



# CASH FLOWS



The table below outlines Hidrovias Consolidated Cash Flow. It considers considering cash, bonds and marketable securities (short and long-term) as cash.

<b>Consolidated</b>						
<b>R\$ Million</b>	<b>3T19</b>	<b>3T20</b>	<b>Δ</b>	<b>9M19</b>	<b>9M20</b>	<b>Δ</b>
<b>Beginning of Period Cash</b>	<b>897,4</b>	<b>1.132,1</b>	<b>26%</b>	<b>1.102,5</b>	<b>974,5</b>	<b>(12%)</b>
(+) Adjusted EBITDA	132,5	197,1	49%	341,4	477,6	40%
(+) Change in working capital	(29,6)	(11,0)	(63%)	(32,7)	(21,2)	(35%)
(+) Change in working capital	(33,3)	(50,0)	50%	(152,6)	(114,3)	(25%)
(-) Non-recurring	0,9	(25,4)	<(100%)	22,2	(40,6)	<(100%)
(-) (Constitution) Reversal of contingency provision	1,8	(0,0)	<(100%)	(0,2)	0,2	<(100%)
(-) Stock option plan	-	14,9	-	-	16,6	-
(-) Provisions for bonuses and gratuities	2,7	7,1	>100%	7,0	18,5	>100%
(-) Taxes paid	(3,5)	(14,6)	>100%	(11,7)	(34,7)	>100%
(-) Paid rentals (IFRS 16)	(2,8)	(2,9)	4%	(6,1)	(7,0)	15%
<b>a = Operating Cash Flow (OCF)</b>	<b>68,8</b>	<b>115,1</b>	<b>67%</b>	<b>167,4</b>	<b>295,1</b>	<b>76%</b>
(-) CAPEX	(20,0)	(54,4)	>100%	(69,7)	(173,2)	>100%
<b>b</b> Recurring	(1,0)	(6,0)	>100%	(3,3)	(18,8)	>100%
Expansion	(19,0)	(48,4)	>100%	(66,4)	(154,3)	>100%
<b>c = Investing Cash Flow (ICF)</b>	<b>(20,0)</b>	<b>(54,4)</b>	<b>&gt;100%</b>	<b>(69,7)</b>	<b>(173,2)</b>	<b>&gt;100%</b>
<b>d</b> (+) Debt Funding	-	-	-	-	-	-
<b>e</b> (-) Amortization	(12,6)	(1,5)	(88%)	(56,0)	(22,9)	(59%)
<b>f</b> (-) Interest Payments	(78,1)	(93,5)	20%	(158,3)	(188,3)	19%
(-) Bond repurchase	-	(28,3)	-	-	(100,1)	-
(+) Shareholders Contribution	-	51,8	-	-	51,8	-
(-/+ ) Dividends Paid/Received	-	-	-	(135,8)	2,0	<(100%)
<b>= Financing Cash Flow (FCF)</b>	<b>(90,7)</b>	<b>(71,5)</b>	<b>(21%)</b>	<b>(350,1)</b>	<b>(257,5)</b>	<b>(26%)</b>
Impact of exchange rate variation on cash balances	123,2	45,6	(63%)	128,6	327,9	>100%
<b>g</b> balances	123,2	45,6	(63%)	128,6	327,9	>100%
<b>h = Cash Generation</b>	<b>81,4</b>	<b>34,7</b>	<b>(57%)</b>	<b>(123,8)</b>	<b>192,3</b>	<b>&lt;(100%)</b>
<b>= End of Period Cash</b>	<b>978,8</b>	<b>1.166,9</b>	<b>19%</b>	<b>978,8</b>	<b>1.166,9</b>	<b>19%</b>

<b>KPI's</b>						
<b>R\$ Million</b>	<b>3T19</b>	<b>3T20</b>	<b>Δ</b>	<b>9M19</b>	<b>9M20</b>	<b>Δ</b>
Cash Generation before CAPEX (a)	68,8	115,1	67%	167,4	295,1	76%
Cash Generation before expansion CAPEX (a+b)	67,9	109,2	61%	164,1	276,3	68%
Cash Generation after ICF (a+c)	48,8	60,7	24%	97,7	121,9	25%
Cash Generation before Financing (h-g-f-e-d)	48,8	32,4	(34%)	(38,1)	23,8	<(100%)
Cash generation	81,4	34,7	(57%)	(123,8)	192,3	<(100%)

Reinforcing the resilience of our business model, we generated R\$ 295 million in operating cash flows in the first nine months of 2020, a 76% increase over the same period in 2019, reflecting our EBITDA growth. Even after taking CAPEX into account and considering the financing cash flows, we generated **R\$ 192,3 million of free cash flow** in the period and R\$ 34,7 million in the third quarter alone.

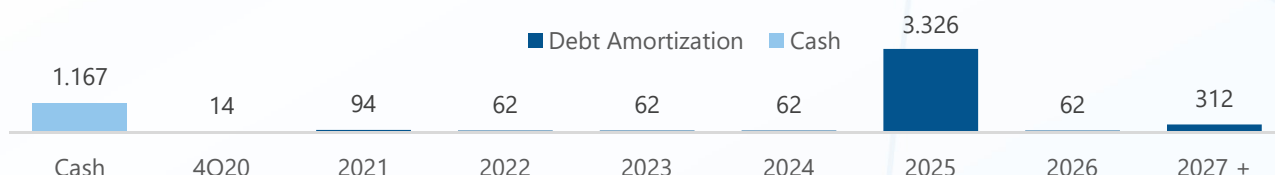
During the 3Q20 we purchased a portion of our senior notes, investing R\$ 28,3 million into reducing our gross debt. We ended the quarter with R\$ 1,2 billion in cash, an increase of 19% when compared to the same period in 2019. We managed to increase our cash position even with a strong depreciation of the Brazilian Real. Adjusting the cash position to the bond buyback, our cash would have been at R\$ 1,3 billion.

# FINANCIAL HIGHLIGHTS

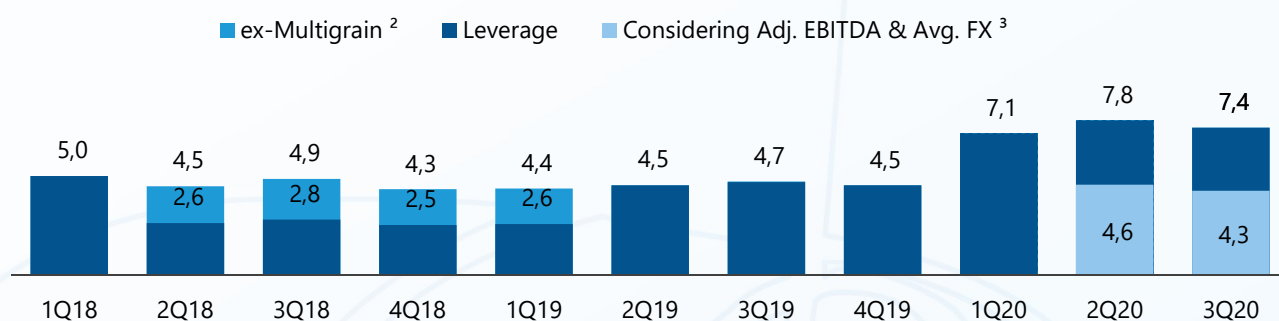


## AMORTIZATION SCHEDULE (R\$ million)

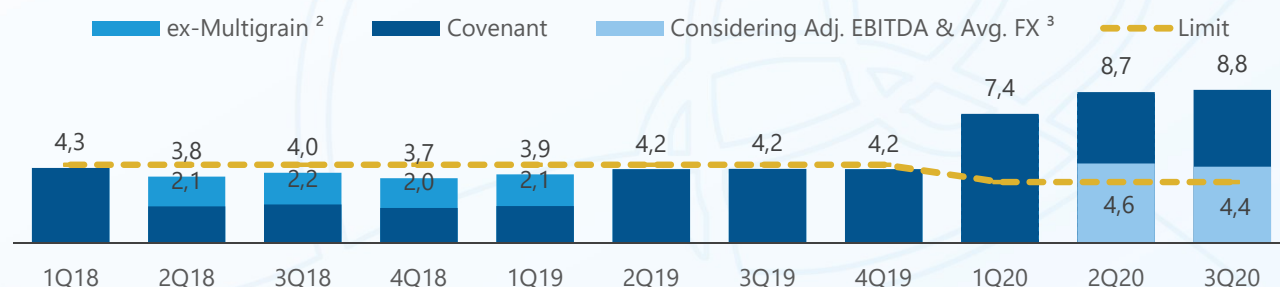
We have no significant debt with maturity in a short and medium terms. Most of the amortizations occur after 2025 and we have sufficient cash reserves to cover the maturities of the next 4 years.



## NET DEBT / EBITDA (LTM)



## BOND COVENANT (NET DEBT / EBITDA LTM, EXCL. COASTAL NAVIGATION BUSINESS)



Despite the increase of the dollar on 3Q20 impacts debts in the balance sheet, leverage decreased by 0.4x in the period, as a result for the higher generation of EBITDA in the period. It is important to note that the increase in indebtedness resulting from the rise in the dollar has no cash effect and does not compromise the company's payment capacity, since the payment of the principal of the bond is only in 2025 and the Company generates a significant part of its cash in USD.

For the measurement of the bond covenant, the coastal shipping operation (EBITDA, cash and debt) is excluded from the calculations. The bond covenant above the limit does not accelerate the payment of the debt<sup>4</sup>.

Adjusting our debt to the average exchange rate of the period, and adjusted EBITDA, our leverage in 3Q20 reached 4,2x.

<sup>1</sup> Considers Cash, bonds and tradable securities (short and long term)

<sup>2</sup> 2018 EBITDA adjusted to contract resignation with Multigrain, affecting leverage until 1Q19

<sup>3</sup> Adjusted to the average dollar for the period and for the hedge accounting impact on the results

<sup>4</sup> The covenant is incurrence only and does not trigger any default, but imposes restrictions for dividends payments beyond the minimum dividends and issuing new debt beyond certain baskets

# IMPORTANT NOTES

## HEDGE ACCOUNTING

Since the Company's currency is Real (R\$), there is a natural exposure on its transactions in foreign currency. The South Corridor and Coastal Shipping have contracts in US dollars (US\$). This exposure is mitigated by applying the concepts of Hedge Accounting where the existing US dollar debt protects long-term contracts in foreign currency. The impact on Net Revenue was R\$ 159.5 million year-to-date in 2020 and R\$ 27.8 million in the same period in 2019. It is important to note that this movement had no cash effect.

From 2Q20, the Company aligned the recognition of the hedge to its goal, recognizing the effect of Hedge Accounting in the South Corridor. This adjustment did not have any cash impact on any business unit.

The accounting of Hedge Accounting is according to the rules of CPC48 / IFRS9.

To calculate the bond covenant, EBITDA is used with the effect Hedge Accounting (according to the EBITDA calculation in CVM Instruction 527). For the purposes of comparison and operational analysis of HBSA, we excluded the effect of Hedge Accounting on Adjusted EBITDA, allowing a comparison with other companies and between periods. However, other companies may have an accounting treatment different from that applied by HBSA.

# BALANCE SHEET

HIDROVIAS DO BRASIL S.A.

BALANCE SHEETS AT SEPTEMBER 30, 2020 AND DECEMBER 31, 2019  
(In thousands of reais - R\$)

ASSETS	Note	Parent company		Consolidated	
		30/09/2020	31/12/2019	30/09/2020	31/12/2019
Current assets					
Cash and cash equivalents	4	1.855	9.179	41.275	45.166
Securities	5.1	63.897	4.625	1.105.553	913.972
Trade accounts receivable	6.1	-	-	162.428	82.350
Inventories		-	-	67.176	38.364
Recoverable taxes	7	71	827	39.443	27.463
Income tax and social contribution	7.1	422	11.393	34.250	28.116
Advances to suppliers	9	-	435	35.733	37.884
Prepayments		2.351	2.302	31.072	47.499
Related party credits	18	6.191	6.333	-	-
Dividends receivable	18	37.032	37.032	-	-
Other receivables		75	1.293	25.258	25.580
Total current assets		<u>111.894</u>	<u>73.419</u>	<u>1.542.188</u>	<u>1.246.394</u>
Non-current assets					
Linked securities	5.2	-	-	20.038	15.383
Related party credits	18	5.641	4.225	4.145	-
Trade accounts receivable	6.1	-	-	7.200	-
Judicial deposits	17	5.343	5.343	13.260	11.756
Guarantees and pledge deposits	8	9.261	6.704	9.261	6.704
Deferred tax assets	26	-	-	180.234	46.718
Recoverable taxes	7	-	6	78.710	55.199
Income tax and social contribution	7.1	-	-	37.747	25.618
Advances to suppliers	9	-	-	19.585	30.750
Prepayments		3.445	3.445	28.906	19.070
Investments	10	1.401.322	1.477.715	88.753	70.946
Property, plant and equipment	11	6.573	5.736	3.411.968	2.928.464
Right-of-use asset	12	275	1.101	31.688	32.534
Intangible assets	13	19.593	12.206	339.765	228.129
Total non-current assets		<u>1.451.453</u>	<u>1.516.481</u>	<u>4.271.260</u>	<u>3.471.271</u>
Total assets		<u>1.563.347</u>	<u>1.589.900</u>	<u>5.813.448</u>	<u>4.717.665</u>

See the accompanying notes to the financial statements

# BALANCE SHEET

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	Parent company		Consolidated	
		30/09/2020	31/12/2019	30/09/2020	31/12/2019
<b>Current liabilities</b>					
Suppliers	14	9.641	3.018	92.794	49.945
Loans and financing	15	-	-	113.829	172.275
Social charges and labor legislation obligations	16	20.184	12.655	45.854	26.198
Lawsuits	17	-	-	6.072	5.884
Taxes payable		5.054	5.032	22.139	17.398
Income tax and social contribution		-	15.964	40.147	21.971
Allowance for loss with investments	10	3.992	3.652	-	-
Accounts payable with related parties	18	59.593	1.114	-	-
Advance from clients		-	-	838	21.721
Dividends payable	18	-	363	15.365	2.834
Leasing payable	12	415	90	10.181	107
Concession lease		-	-	20.338	-
Other accounts payable		9.356	3.382	15.464	4.859
<b>Total current liabilities</b>		<b>108.235</b>	<b>45.270</b>	<b>383.021</b>	<b>323.192</b>
<b>Non-current liabilities</b>					
Loans and financing	15	-	-	3.881.706	2.818.234
Leasing payable	12	-	1.059	22.486	32.668
Advance from clients		-	-	3.623	-
Concession lease		-	-	67.500	-
<b>Total non-current liabilities</b>		<b>-</b>	<b>1.059</b>	<b>3.975.315</b>	<b>2.850.902</b>
<b>SHAREHOLDERS' EQUITY</b>					
Capital	19	1.334.584	1.282.798	1.334.584	1.282.798
Capital reserves		33.773	17.127	33.773	17.127
Additional dividends proposed	19	-	35.827	-	35.827
Income (loss) for the period		(142.640)	-	(142.640)	-
Profit reserve		84.499	48.672	84.499	48.672
Equity valuation adjustment		144.896	159.147	144.896	159.147
<b>Total shareholders' equity</b>		<b>1.455.112</b>	<b>1.543.571</b>	<b>1.455.112</b>	<b>1.543.571</b>
<b>Total liabilities and shareholders' equity</b>		<b>1.563.347</b>	<b>1.589.900</b>	<b>5.813.448</b>	<b>4.717.665</b>

# INCOME STATEMENT

HIDROVIAS DO BRASIL S.A.

STATEMENTS OF INCOME  
THREE AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2020 AND 2019  
(In thousands of reais - R\$, except earnings/loss per share)

	Parent company	Consolidated			
		Note	07/01/2020-0 9/30/2020	01/01/2020-0 9/30/2020	07/01/2019- 09/30/2019
Net operating revenue	23	464.738	1.104.455	272.001	716.748
Cost of services rendered	24	(329.208)	(884.840)	(182.917)	(467.091)
Gross income		<u>135.530</u>	<u>219.615</u>	<u>89.084</u>	<u>249.657</u>
<b>OPERATING EXPENSES</b>					
General and administrative expenses	24	(59.475)	(129.768)	(27.827)	(76.803)
Equity in net income of subsidiaries	10	(1.819)	(2.294)	549	(2.800)
Other expenses/revenues	24	<u>5.291</u>	<u>24.853</u>	<u>13.501</u>	<u>35.096</u>
Operating income (loss) before financial income (loss) and taxes		<u>79.527</u>	<u>112.406</u>	<u>75.307</u>	<u>205.150</u>
Financial revenues	25	1.906	66.434	5.712	14.443
Financial expenses	25	<u>(77.522)</u>	<u>(288.089)</u>	<u>(50.635)</u>	<u>(129.173)</u>
Financial income (loss)	25	<u>(75.616)</u>	<u>(221.655)</u>	<u>(44.923)</u>	<u>(114.730)</u>
Operating income (loss) before income tax and social contribution		3.911	(109.249)	30.384	90.420
<b>Income tax and social contribution</b>					
Current	26	(9.260)	(39.329)	(10.379)	(19.088)
Deferred	26	(3.174)	5.938	2.155	8
Net (loss)/income for the period		<u>(8.523)</u>	<u>(142.640)</u>	<u>22.160</u>	<u>71.340</u>
Basic earnings per share - R\$	20	(0,0113)	(0,1902)	0,0296	0,0953
Diluted earnings per share - R\$	20	(0,0112)	(0,1885)	0,0294	0,0945

See the accompanying notes to the financial statements

# CASH FLOW STATEMENT

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HIDROVIAS DO BRASIL S.A.

STATEMENTS OF CASH FLOWS

FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2020 AND 2019

(In thousands of reais - R\$)

	Parent company		Consolidated	
	30/09/2020	30/09/2019	30/09/2020	30/09/2019
<b>Cash flow from operating activities</b>				
Net (loss)/income for the period	(142.640)	71.340	(142.640)	71.340
Adjustments to reconcile loss for the year with net cash generated by (invested) in operating activities:				
Provision for bonus	16.681	6.459	18.548	7.042
Loss with derivative financial instruments	(10)	-	-	-
Current and deferred income tax and social contribution	-	-	33.391	19.080
(Formation) Reversal of provision for contingency	-	-	188	(226)
Interest incurred on loans	-	157	161.118	117.967
Reversal of loan funding costs	-	-	3.541	(3.754)
Inflation and foreign exchange adjustments on debt	-	(170)	102.186	(170)
Accrued interest - lease	69	68	1.467	1.265
Stock option plan	16.646	-	16.646	-
Yield of interest earning bank deposit	(180)	(2.291)	(64.162)	(33.532)
Write-off of fixed and intangible assets	-	10	-	11
Depreciation and amortization	4.414	7.200	152.602	123.188
Amortization from right-of-use asset	826	826	6.507	4.981
Equity in net income of subsidiaries	53.745	(124.297)	2.294	2.800
Revenue realized from hedge	-	-	159.499	27.778
(Increase) decrease in operating assets:				
Accounts receivable	-	-	(71.433)	6.981
Inventories	-	-	(16.563)	(8.986)
Recoverable taxes	(821)	(26)	(35.578)	(26.775)
Advances to suppliers	435	359	(280)	(37.679)
Prepayments	(49)	(554)	(11.219)	(18.520)
Judicial deposits	-	-	(1.504)	(4.887)
Guarantees and pledge deposits	(2.557)	(458)	(2.557)	(458)
Other receivables	1.218	(781)	2.868	(23.974)
Increase (decrease) in operating liabilities:				
Suppliers	6.623	(3.348)	34.141	(12.922)
Social charges and labor legislation obligations	(9.152)	(7.196)	(490)	(12.207)
Taxes payable	22	(138)	4.289	3.784
Advances from clients	-	-	(26.284)	(23.448)
Other accounts payable	5.975	(67)	10.301	6.459
Payment of interest on loans and financing	-	(292)	(188.303)	(158.308)
Income tax and social contribution paid	(3.412)	(706)	(34.733)	(11.662)
<b>Net cash (invested in) from operating activities</b>	<b>(52.167)</b>	<b>(53.905)</b>	<b>113.840</b>	<b>15.168</b>

# CASH FLOW STATEMENT

HIDROVIAS DO BRASIL S.A.

STATEMENTS OF CASH FLOWS

FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2020 AND 2019

(In thousands of reais - R\$)

	Parent company		Consolidated	
	30/09/2020	30/09/2019	30/09/2020	30/09/2019
<b>Cash flows from investment activities</b>				
Acquisition of fixed assets	(1.352)	(2.154)	(162.238)	(67.938)
Acquisition of intangible assets	(10.981)	(1.103)	(10.727)	(1.730)
Advances to suppliers.	-	-	25.574	-
Securities (investment)	(149.915)	(224.139)	(1.508.395)	(1.246.148)
Securities (redemptions)	90.833	342.394	1.612.593	1.405.727
Dividends received	4.000	82.162	6.316	-
Loan granted between related parties	(1.274)	10.306	(4.145)	-
Capital increase (decrease) in subsidiaries	4.432	(1.040)	-	-
<b>Net cash (invested in) generated by investment activities</b>	<b>(64.257)</b>	<b>206.426</b>	<b>(41.022)</b>	<b>89.911</b>
<b>Cash flows from financing activities</b>				
Capital transfers from shareholders	51.786	-	51.786	-
Lease paid	(802)	(867)	(7.041)	(6.124)
Amortization of principal - loans	-	(15.833)	(22.850)	(55.961)
Pledged financial investments	-	-	(4.655)	-
Payment of dividends	(363)	(135.798)	(4.359)	(135.798)
Bond repurchase	-	-	(100.101)	-
Other accounts payable with related parties	58.479	623	-	-
<b>Net cash generated by (invested in) financing activities</b>	<b>109.100</b>	<b>(151.875)</b>	<b>(87.220)</b>	<b>(197.883)</b>
Effect of changes in exchange rate on balance of cash and cash equivalents in foreign currencies	-	-	10.511	10.269
<b>(Decrease)/increase in cash and cash equivalents</b>	<b>(7.324)</b>	<b>646</b>	<b>(3.891)</b>	<b>(82.535)</b>
Cash and cash equivalents at the beginning of the period	9.179	8.823	45.166	135.667
Cash and cash equivalents at the end of the period	1.855	9.469	41.275	53.132
<b>(Decrease)/increase in cash and cash equivalents</b>	<b>(7.324)</b>	<b>646</b>	<b>(3.891)</b>	<b>(82.535)</b>



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## **Independent Auditors' Report on Review of Condensed 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 balance sheet of Hidrovias do Brasil S.A. ("Company") as at September 30, 2020, the statement of income and the statement of comprehensive income, for the three and nine-month period then ended, and the statements of changes in equity and cash flows for the nine-month period then ended, and notes, comprising significant accounting policies and other explanatory information (the "condensed individual and consolidated interim financial statements").

Management is responsible for the preparation of the condensed individual and consolidated interim financial statements 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). Our responsibility is to express a conclusion on this condensed individual and consolidated interim financial statements based on our review.

### **Scope of review**

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



**Conclusion on the condensed individual and consolidated interim financial statements prepared in accordance with CPC 21 (R1)**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed individual and consolidated interim financial statements do not present fairly, in all material respects, the financial position of the Company as at September 30, 2020, its financial performance for the three and nine-months periods then ended and its cash flows for the nine-months period then ended in accordance with CPC 21 (R1).

**Conclusion on the condensed consolidated interim financial statements prepared in accordance with IAS 34**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements do not present fairly, in all material respects, the financial position of the Company as at September 30, 2020, its financial performance for the three and nine-months periods then ended and its cash flows for the nine-months period then ended in accordance with IAS 34.

**Other matters - Statements of value added**

The individual and consolidated statements of value added for the nine-month period ended September 30, 2020, 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 condensed 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 these individual and consolidated statements of value added, were not prepared, in all material respects, consistently with the condensed individual and consolidated interim financial statements taken as a whole.

São Paulo, November 13, 2020

KPMG Auditores Independentes  
CRC 2SP014428/0-6

Wagner Petelin  
Contador CRC 1SP142133/O-7

HIDROVIAS DO BRASIL S.A.

BALANCE SHEETS AT SEPTEMBER 30, 2020 AND DECEMBER 31, 2019  
(In thousands of reais - R\$)

ASSETS	Note	Parent company		Consolidated	
		30/09/2020	31/12/2019	30/09/2020	31/12/2019
<b>Current assets</b>					
Cash and cash equivalents	4	1.855	9.179	41.275	45.166
Securities	5.1	63.897	4.625	1.105.553	913.972
Trade accounts receivable	6.1	-	-	162.428	82.350
Inventories		-	-	67.176	38.364
Recoverable taxes	7	71	827	39.443	27.463
Income tax and social contribution	7.1	422	11.393	34.250	28.116
Advances to suppliers	9	-	435	35.733	37.884
Prepayments		2.351	2.302	31.072	47.499
Related party credits	18	6.191	6.333	-	-
Dividends receivable	18	37.032	37.032	-	-
Other receivables		75	1.293	25.258	25.580
<b>Total current assets</b>		<b>111.894</b>	<b>73.419</b>	<b>1.542.188</b>	<b>1.246.394</b>
<b>Non-current assets</b>					
Linked securities	5.2	-	-	20.038	15.383
Related party credits	18	5.641	4.225	4.145	-
Trade accounts receivable	6.1	-	-	7.200	-
Judicial deposits	17	5.343	5.343	13.260	11.756
Guarantees and pledge deposits	8	9.261	6.704	9.261	6.704
Deferred tax assets	26	-	-	180.234	46.718
Recoverable taxes	7	-	6	78.710	55.199
Income tax and social contribution	7.1	-	-	37.747	25.618
Advances to suppliers	9	-	-	19.585	30.750
Prepayments		3.445	3.445	28.906	19.070
Investments	10	1.401.322	1.477.715	88.753	70.946
Property, plant and equipment	11	6.573	5.736	3.411.968	2.928.464
Right-of-use asset	12	275	1.101	31.688	32.534
Intangible assets	13	19.593	12.206	339.765	228.129
<b>Total non-current assets</b>		<b>1.451.453</b>	<b>1.516.481</b>	<b>4.271.260</b>	<b>3.471.271</b>
<b>Total assets</b>		<b>1.563.347</b>	<b>1.589.900</b>	<b>5.813.448</b>	<b>4.717.665</b>

See the accompanying notes to the financial statements

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	Parent company		Consolidated	
		30/09/2020	31/12/2019	30/09/2020	31/12/2019
<b>Current liabilities</b>					
Suppliers	14	9.641	3.018	92.794	49.945
Loans and financing	15	-	-	113.829	172.275
Social charges and labor legislation obligations	16	20.184	12.655	45.854	26.198
Lawsuits	17	-	-	6.072	5.884
Taxes payable		5.054	5.032	22.139	17.398
Income tax and social contribution		-	15.964	40.147	21.971
Allowance for loss with investments	10	3.992	3.652	-	-
Accounts payable with related parties	18	59.593	1.114	-	-
Advance from clients		-	-	838	21.721
Dividends payable	18	-	363	15.365	2.834
Leasing payable	12	415	90	10.181	107
Concession lease		-	-	20.338	-
Other accounts payable		9.356	3.382	15.464	4.859
<b>Total current liabilities</b>		<b>108.235</b>	<b>45.270</b>	<b>383.021</b>	<b>323.192</b>
<b>Non-current liabilities</b>					
Loans and financing	15	-	-	3.881.706	2.818.234
Leasing payable	12	-	1.059	22.486	32.668
Advance from clients		-	-	3.623	-
Concession lease		-	-	67.500	-
<b>Total non-current liabilities</b>		<b>-</b>	<b>1.059</b>	<b>3.975.315</b>	<b>2.850.902</b>
<b>SHAREHOLDERS' EQUITY</b>					
Capital	19	1.334.584	1.282.798	1.334.584	1.282.798
Capital reserves		33.773	17.127	33.773	17.127
Additional dividends proposed	19	-	35.827	-	35.827
Income (loss) for the period		(142.640)	-	(142.640)	-
Profit reserve		84.499	48.672	84.499	48.672
Equity valuation adjustment		144.896	159.147	144.896	159.147
<b>Total shareholders' equity</b>		<b>1.455.112</b>	<b>1.543.571</b>	<b>1.455.112</b>	<b>1.543.571</b>
<b>Total liabilities and shareholders' equity</b>		<b>1.563.347</b>	<b>1.589.900</b>	<b>5.813.448</b>	<b>4.717.665</b>

HIDROVIAS DO BRASIL S.A.

STATEMENTS OF INCOME  
THREE AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2020 AND 2019  
(In thousands of reais - R\$, except earnings/loss per share)

	Note	Parent company				Consolidated			
		07/01/2020-09/30/2020	01/01/2020-09/30/2020	07/01/2019-09/30/2019	01/01/2019-09/30/2019	07/01/2020-09/30/2020	01/01/2020-09/30/2020	07/01/2019-09/30/2019	01/01/2019-09/30/2019
Net operating revenue	23	-	-	-	-	464.738	1.104.455	272.001	716.748
Cost of services rendered	24	-	-	-	-	(329.208)	(884.840)	(182.917)	(467.091)
Gross income		-	-	-	-	135.530	219.615	89.084	249.657
<b>OPERATING EXPENSES</b>									
General and administrative expenses	24	(41.836)	(88.610)	(20.206)	(56.399)	(59.475)	(129.768)	(27.827)	(76.803)
Equity in net income of subsidiaries	10	33.280	(53.745)	38.297	124.297	(1.819)	(2.294)	549	(2.800)
Other expenses/revenues	24	-	-	1.416	(26)	5.291	24.853	13.501	35.096
Operating income (loss) before financial income (loss) and taxes		(8.556)	(142.355)	19.507	67.872	79.527	112.406	75.307	205.150
Financial revenues	25	1.074	2.337	2.598	5.158	1.906	66.434	5.712	14.443
Financial expenses	25	(1.041)	(2.622)	55	(1.690)	(77.522)	(288.089)	(50.635)	(129.173)
Financial income (loss)	25	33	(285)	2.653	3.468	(75.616)	(221.655)	(44.923)	(114.730)
Operating income (loss) before income tax and social contribution		(8.523)	(142.640)	22.160	71.340	3.911	(109.249)	30.384	90.420
<b>Income tax and social contribution</b>									
Current	26	-	-	-	-	(9.260)	(39.329)	(10.379)	(19.088)
Deferred	26	-	-	-	-	(3.174)	5.938	2.155	8
Net (loss)/income for the period		(8.523)	(142.640)	22.160	71.340	(8.523)	(142.640)	22.160	71.340
Basic earnings per share - R\$	20					(0,0113)	(0,1902)	0,0296	0,0953
Diluted earnings per share - R\$	20					(0,0112)	(0,1885)	0,0294	0,0945

See the accompanying notes to the financial statements

HIDROVIAS DO BRASIL S.A.

STATEMENTS OF COMPREHENSIVE INCOME  
THREE AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2020 AND 2019  
(In thousands of reais - R\$)

	Parent company				Consolidated			
	07/01/2020-0 9/30/2020	01/01/2020-0 9/30/2020	07/01/2019-0 9/30/2019	01/01/2019-0 9/30/2019	07/01/2020-0 9/30/2020	01/01/2020-09 /30/2020	07/01/2019- 09/30/2019	01/01/2019-0 9/30/2019
Net (loss)/income for the period	(8.523)	(142.640)	22.160	71.340	(8.523)	(142.640)	22.160	71.340
Other comprehensive income:								
Items that may be reclassified in the statement of income:								
Foreign exchange difference in the translation of foreign operations in subsidiari	31.670	296.290	55.822	55.822	31.670	272.997	52.995	52.008
Foreign exchange difference in the translation of foreign operations in investees	-	-	-	-	-	23.293	2.827	3.814
Hedge accounting of non-derivative financial instruments	(25.568)	(438.119)	(130.379)	(82.198)	(25.568)	(438.119)	(130.379)	(82.198)
Deferred income tax and social contribution	11.997	127.578	26.743	22.581	11.997	127.578	26.743	22.581
Total	18.099	(14.251)	(47.814)	(3.795)	18.099	(14.251)	(47.814)	(3.795)
Comprehensive income for the period	9.576	(156.891)	(25.654)	67.545	9.576	(156.891)	(25.654)	67.545

See the accompanying notes to the financial statements

HIDROVIAS DO BRASIL S.A.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2020 AND 2019 - PARENT COMPANY AND CONSOLIDATED  
(In thousands of reais - R\$)

Note	Capital	Cost for the issue of shares	Capital reserves		Profit reserves			Retained earnings (losses)	Equity valuation adjustment		Total
			Goodwill in the issue of shares	Options granted	Tax incentive reserve	Legal reserve	Additional dividends proposed		Accumulated translation adjustments	Adjustment of non-derivative financial instruments	
BALANCES AT JANUARY 1, 2019	1.308.286	(24.885)	3.798	9.135	18.212	8.106	134.440	-	263.733	(106.431)	1.614.394
Capital to be paid-up	1.284	-	(1.284)	-	-	-	-	-	-	-	-
Net revenue for the period	-	-	-	-	-	-	-	71.340	-	-	71.340
Dividend distribution	-	-	-	-	-	-	(134.440)	-	-	-	(134.440)
Other comprehensive income	-	-	-	-	-	-	-	-	55.822	(59.617)	(3.795)
BALANCES AT SEPTEMBER 30, 2019	1.309.570	(24.885)	2.514	9.135	18.212	8.106	-	71.340	319.555	(166.048)	1.547.499
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
Capital increase	51.786	-	-	-	-	-	-	-	-	-	51.786
Loss for the period	-	-	-	-	-	-	-	(142.640)	-	-	(142.640)
Recognized options granted	-	-	-	16.646	-	-	-	-	-	-	16.646
Other comprehensive income	-	-	-	-	-	-	-	-	296.290	(310.541)	(14.251)
BALANCES AT SEPTEMBER 30, 2020	1.359.469	(24.885)	4.401	29.372	37.636	11.036	35.827	(142.640)	581.954	(437.058)	1.455.112

See the accompanying notes to the financial statements

HIDROVIAS DO BRASIL S.A.STATEMENTS OF ADDED VALUE  
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2020 AND 2019  
(In thousands of reais - R\$)

	Parent company		Consolidated	
	30/09/2020	30/09/2019	30/09/2020	30/09/2019
REVENUES				
Revenue from services	-	-	1.145.662	754.371
Revenues from construction of own assets	12.327	4.446	173.841	228.298
Other revenues	-	-	24.853	35.096
Inputs acquired from third parties:				
Cost of services rendered	-	(84)	(632.342)	(270.856)
Material, electric power, outsourced services and other	(28.410)	(22.223)	(49.785)	(31.682)
Construction of own assets	(12.327)	(4.447)	(173.841)	(228.298)
Gross added value (consumed)	<u>(28.410)</u>	<u>(22.308)</u>	<u>488.388</u>	<u>486.929</u>
Depreciation and amortization	(5.239)	(8.026)	(159.109)	(128.170)
Net added value (consumed) generated by the Company	<u>(33.649)</u>	<u>(30.334)</u>	<u>329.279</u>	<u>358.759</u>
Added value (consumed) received as transfer:				
Equity in net income of subsidiaries	(53.745)	124.297	(2.294)	(2.800)
Financial revenues	2.337	5.158	66.434	14.443
Total added value payable (consumed)	<u>(85.057)</u>	<u>99.121</u>	<u>393.419</u>	<u>370.402</u>
Distribution - Added value (consumed)	(85.057)	99.121	393.419	370.402
Personnel:				
Direct remuneration	<u>54.961</u>	<u>26.090</u>	<u>173.371</u>	<u>113.363</u>
	30.219	19.060	146.980	105.000
Benefits	19.556	2.573	20.016	3.076
FGTS	5.140	4.251	6.330	5.078
Other	46	206	45	209
Taxes	-	-	<u>74.599</u>	<u>56.526</u>
Federal	-	-	59.157	39.573
Other	-	-	15.442	16.953
Third-party capital remuneration	<u>2.622</u>	<u>1.690</u>	<u>288.089</u>	<u>129.173</u>
Interest on loans	(5)	158	161.118	112.600
Inflation adjustments and exchange-rate changes	1.804	-	113.701	4.735
Other financial	823	1.532	13.270	11.838
Remuneration of own capital	<u>(142.640)</u>	<u>71.340</u>	<u>(142.640)</u>	<u>71.340</u>
Retained earnings (losses)	(142.640)	71.340	(142.640)	71.340

See the accompanying notes to the financial statements

STATEMENTS OF CASH FLOWS  
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2020 AND 2019  
(In thousands of reais - R\$)

	Parent company		Consolidated	
	30/09/2020	30/09/2019	30/09/2020	30/09/2019
<b>Cash flow from operating activities</b>				
Net (loss)/income for the period	(142.640)	71.340	(142.640)	71.340
Adjustments to reconcile loss for the year with net cash generated by (invested) in operating activities:				
Provision for bonus	16.681	6.459	18.548	7.042
Loss with derivative financial instruments	(10)	-	-	-
Current and deferred income tax and social contribution	-	-	33.391	19.080
(Formation) Reversal of provision for contingency	-	-	188	(226)
Interest incurred on loans	-	157	161.118	117.967
Reversal of loan funding costs	-	-	3.541	(3.754)
Inflation and foreign exchange adjustments on debt	-	(170)	102.186	(170)
Accrued interest - lease	69	68	1.467	1.265
Stock option plan	16.646	-	16.646	-
Yield of interest earning bank deposit	(180)	(2.291)	(64.162)	(33.532)
Write-off of fixed and intangible assets	-	10	-	11
Depreciation and amortization	4.414	7.200	152.602	123.188
Amortization from right-of-use asset	826	826	6.507	4.981
Equity in net income of subsidiaries	53.745	(124.297)	2.294	2.800
Revenue realized from hedge	-	-	159.499	27.778
(Increase) decrease in operating assets:				
Accounts receivable	-	-	(71.433)	6.981
Inventories	-	-	(16.563)	(8.986)
Recoverable taxes	(821)	(26)	(35.578)	(26.775)
Advances to suppliers	435	359	(280)	(37.679)
Prepayments	(49)	(554)	(11.219)	(18.520)
Judicial deposits	-	-	(1.504)	(4.887)
Guarantees and pledge deposits	(2.557)	(458)	(2.557)	(458)
Other receivables	1.218	(781)	2.868	(23.974)
Increase (decrease) in operating liabilities:				
Suppliers	6.623	(3.348)	34.141	(12.922)
Social charges and labor legislation obligations	(9.152)	(7.196)	(490)	(12.207)
Taxes payable	22	(138)	4.289	3.784
Advances from clients	-	-	(26.284)	(23.448)
Other accounts payable	5.975	(67)	10.301	6.459
Payment of interest on loans and financing	-	(292)	(188.303)	(158.308)
Income tax and social contribution paid	(3.412)	(706)	(34.733)	(11.662)
<b>Net cash (invested in) from operating activities</b>	<b>(52.167)</b>	<b>(53.905)</b>	<b>113.840</b>	<b>15.168</b>
<b>Cash flows from investment activities</b>				
Acquisition of fixed assets	(1.352)	(2.154)	(162.238)	(67.938)
Acquisition of intangible assets	(10.981)	(1.103)	(10.727)	(1.730)
Advances to suppliers.	-	-	25.574	-
Securities (investment)	(149.915)	(224.139)	(1.508.395)	(1.246.148)
Securities (redemptions)	90.833	342.394	1.612.593	1.405.727
Dividends received	4.000	82.162	6.316	-
Loan granted between related parties	(1.274)	10.306	(4.145)	-
Capital increase (decrease) in subsidiaries	4.432	(1.040)	-	-
<b>Net cash (invested in) generated by investment activities</b>	<b>(64.257)</b>	<b>206.426</b>	<b>(41.022)</b>	<b>89.911</b>
<b>Cash flows from financing activities</b>				
Capital transfers from shareholders	51.786	-	51.786	-
Lease paid	(802)	(867)	(7.041)	(6.124)
Amortization of principal - loans	-	(15.833)	(22.850)	(55.961)
Pledged financial investments	-	-	(4.655)	-
Payment of dividends	(363)	(135.798)	(4.359)	(135.798)
Bond repurchase	-	-	(100.101)	-
Other accounts payable with related parties	58.479	623	-	-
<b>Net cash generated by (invested in) financing activities</b>	<b>109.100</b>	<b>(151.875)</b>	<b>(87.220)</b>	<b>(197.883)</b>
Effect of changes in exchange rate on balance of cash and cash equivalents in foreign currency	-	-	10.511	10.269
<b>(Decrease)/increase in cash and cash equivalents</b>	<b>(7.324)</b>	<b>646</b>	<b>(3.891)</b>	<b>(82.535)</b>
Cash and cash equivalents at the beginning of the period	9.179	8.823	45.166	135.667
Cash and cash equivalents at the end of the period	1.855	9.469	41.275	53.132
<b>(Decrease)/increase in cash and cash equivalents</b>	<b>(7.324)</b>	<b>646</b>	<b>(3.891)</b>	<b>(82.535)</b>

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

Notes to condensed interim financial statement

For the period ended September 30, 2020

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

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### **1. Operations**

Hidrovias do Brasil S.A. (“Company” or “Hidrovias”), a category “A” publicly-held company, in accordance with requirements of the Brazilian Securities and Exchange Commission (“CVM”), 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 No. 6,404/76.

#### **COVID-19**

As disclosed in note 27 on exchange rate risk, the new reality arising from Covid-19 has been generating high volatility in recent months, mainly in the US dollar currency (“US\$”) and uncertainties that increase the market risk and the credit risk of several companies. Although Hidrovias do Brasil (“Hidrovias”) does not present suffer a negative impact on its business performance due to the pandemic, the profitability of funds linked to CDI and Selic rates suffered severe falls, as shown in Note 5, following the drops in economic indicators due to increased market and systemic risk. The Company’s operating segment is considered essential. Therefore, its operations have not been interrupted and the Company is following the determinations of legislation in Brazil and in the countries in which it operates.

The profitability of funds linked to the US dollar was positively impacted by the devaluation of the real, offsetting the drop in profitability of funds linked to CDI and Selic rates and helping to maintain Revenues from interest earning bank deposits. Although the Company adopts hedge policies to minimize the exposure of local currency to the US dollar, part of the debt is not hedged and impacted the income for the period with a change in the exchange rate of R\$ 102,186.

Management opted to the deferral based on the law and is constantly evaluating the impact of the outbreak on the Company’s operations and financial position, with the purpose of implementing appropriate measures to mitigate the impacts of the outbreak on its operations and interim financial information.

The Company adopted several preventive measures required to guarantee the continuity of its business and the safety of its employees and clients.

A Risk Committee was created to daily monitor the evolution of COVID-19 and the impacts and measures necessary to ensure the safety of all employees. Moreover, the Company intensified personal hygiene techniques, reinforced the use of sanitary barriers on vessels and port terminals and implemented remote work for the entire administrative area.

With part of the BNDES initiatives to mitigate the effects arising from the COVID-19 pandemic, it approved an extraordinary measure providing for the temporary suspension of interest payments and amortization of principal (“Standstill”) for a period of up to 6 months, according to Circular No. 20/2020, dated April 9, 2020. On April 14, 2020, the BNDES approved the Standstill request for Hidrovias do Brasil – Cabotagem, which will have its payments suspended between May 2020 and November 2020. The

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

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granting of this Standstill does not imply in breach of any contractual clause and does not represent a default event, but does not allow the distribution of extraordinary dividends.

The Company, through its Institute and Subsidiaries, engaged in humanitarian causes to fight COVID-19 and its consequences. The amount of R\$ 7,200 (R\$ 3,474 for the quarter) was committed, being converted into 40 ICU beds and 160 regular beds in the Municipality of Itaituba-PA, 33 hospital respirators, 40 monitors and 40 ICU beds in the Municipality of Barcarena-PA, as well as several actions for the distribution of Hygiene Kits, Medical Uniforms and basic food baskets targeted to the population in their areas of operation (Santos-SP, Cubatão-SP, Belém-PA, Itaituba-PA, Barcarena-PA and Paraguay).

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

Subsidiaries	Main activity	Country	Type of consolidation	09/30/2020		12/31/2019	
				% Interest		% Interest	
				Direct	Indirect	Direct	Indirect
Hidroviás do Brasil - Holding Norte S.A.	Holding interest in other companies	Brazil	Full	100.00%	-	100.00%	-
Hidroviás do Brasil - Vila do Conde S.A.	Cargo storage and lifting	Brazil	Full	-	100.00%	-	100.00%
Hidroviás do Brasil - Marabá S.A.	Land - Pre-operating	Brazil	Full	100.00%	-	100.00%	-
Hidroviás do Brasil - Intermediação e Agenciamento de Serviços Ltda.	Intermediation and agency services	Brazil	Full	99.00%	1.00%	99.00%	1.00%
Hidroviás do Brasil - Cabotagem Ltda.	Cabotage sea transport	Brazil	Full	99.00%	1.00%	99.00%	1.00%
Hidroviás do Brasil – Participação Portuária de Santos S.A.	Changes and warehousing	Brazil	Full	-	100.00%	-	100.00%
Obrinel S.A.	Specialized cargo terminal	Uruguay	Equity in net income of subsidiaries	-	49.00%	-	49.00%
Hidroviás del Sur S.A.	Holding interest in other companies	Uruguay	Full	100.00%	-	100.00%	-
Baloto S.A.	Holding interest in other companies	Uruguay	Full	4.95%	95.05%	4.95%	95.05%
Girocantex S.A.	Fluvial transportation	Uruguay	Full	-	100.00%	-	100.00%
Hidroviás del Paraguay S.A.	Fluvial transportation	Paraguay	Full	0.01%	99.99%	0.01%	99.99%
Pricolpar S.A.	Fluvial transportation	Paraguay	Full	0.02%	99.98%	0.02%	99.98%
Cikelsol S.A.	Fluvial transportation	Uruguay	Full	-	100.00%	-	100.00%
Limday S.A.	Fluvial transportation	Uruguay	Equity in net income of subsidiaries	-	44.55%	-	44.55%
Resflir S.A.	Lease of navigation assets	Uruguay	Full	-	100.00%	-	100.00%
Hidroviás International Finance S.à.r.l.	Agency of financial operations	Luxembourg	Full	100.00%	-	100.00%	-

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### 2. Preparation basis

#### a) Statement of conformity

The consolidated interim financial information was prepared in accordance with the International Financial Reporting System - IFRS issued by the International Accounting Standards Board (IASB) and in accordance with the accounting practices adopted in Brazil by the Brazilian Securities and Exchange Commission - CVM.

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

The issue of interim financial information was authorized by the Company's Executive Board on November 13, 2020.

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, 2019, 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, 2019.

### 3. Significant accounting policies

There was an amendment in the CPC 06 (R2) Technical Pronouncement – Leases, due to benefits related to Covid-19 granted to lessees in lease agreements that did not impact the interim financial statements. Except for this matter, there were no changes in the main accounting policies in comparison with those disclosed in the financial statements for the year ended December 31, 2019.

### 4. Cash and cash equivalents

		Parent company		Consolidated	
		09/30/2020	12/31/2019	09/30/2020	12/31/2019
Current Account - Domestic	-	1,855	9,179	15,205	14,720
Current Account - Foreign	-	-	-	26,070	30,446
		<u>1,855</u>	<u>9,179</u>	<u>41,275</u>	<u>45,166</u>

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### 5. Interest earning bank deposits

#### 5.1 Securities

	Parent company		Consolidated	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
JP Morgan (d)	-	-	712,907	617,572
Itaú Fundo FICFI 311 (b)	6,010	-	121,996	117,254
Fundo Itaú PP Portfólio (a)	57,866	1,157	110,772	44,735
Santander Argo DI FC (c)	21	2	23,269	31,854
FIDC (Fundo Invest Dir Credit) (f)	-	-	103,869	80,605
CDB ABC (e)	-	-	17,152	14,836
Fundo Safra	-	3,466	-	3,465
Banco do Brasil (g)	-	-	15,588	3,651
Total	63,897	4,625	1,105,553	913,972

- 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 82.45% of CDI as of September 30, 2020 (98.67% as of December 31, 2019). The fund's portfolio consists exclusively of fixed income securities, distributed among federal government bonds, Repurchase and resale agreements, Fund quotas, and other securities of financial institutions.
- b) Interest earning bank deposits comprising investments in the "Fundo Itaú Cambial FIC FI" fund, referenced to the exchange-rate change of the US dollar – Ptax800, with average yield of 40.63% as of September 30, 2020 (6.56% as of December 31, 2019). The fund's portfolio is comprised of federal government bonds and repurchase and resale agreements backed by Federal government bonds, and 80% of the Fund's net assets is directly or indirectly backed up by the change of US Dollar price and/or foreign exchange coupon change.
- c) Interest earning bank deposits that represent investments in Fundo Santander ARGO, referenced to the change of the Interbank Deposit Certificate (CDI) rate, with an average remuneration of 76.65% of CDI as of September 30, 2020 (99.25% as of December 31, 2019). The fund's portfolio consists exclusively of fixed income securities, distributed among federal government bonds, Repurchase and resale agreements, Fund quotas, and other securities of financial institutions.
- 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 0.13% on September 30, 2020 (1.74% as of December 31, 2019). The portfolio consists of fixed income securities and US Treasury Bonds.
- e) Interest earning bank deposits that represent investments in Bank Deposit Certificates - CDB at Banco ABC Brasil, referenced to the change of Interbank Deposit Certificate - CDI rate, with a fixed remuneration of 106.00% of CDI (98.5% as of December 31, 2019).
- f) Interest earning bank deposits comprising investments in "FIDC Upside", with an average return of 0.51% as of September 30, 2020 (-0.09% as of December 31, 2019). The fund's portfolio consists of credit receivables' assignment and fund quotas exclusively comprised

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of fixed income securities, distributed among federal government bonds and repurchase and resale agreements backed by Federal government bonds and/or foreign exchange funds, directly or indirectly backed up by change of pTax 800.

Interest earning bank deposits comprising investments in FIDC Aruanã, with an average return of 2.48% as of September 30, 2020. The fund's portfolio consists of credit receivables' assignment and fund quotas exclusively comprised of fixed income securities, distributed among federal government bonds and repurchase and resale agreements backed by Federal government bonds and/or foreign exchange funds, directly or indirectly backed up by change of pTax 800.

- g) Interest earning bank deposits comprising investments in Banco do Brasil, with an average return of 20.26% as of September 30, 2020 (34.54% of CDI as of December 31, 2019). The fund's portfolio is comprised of fixed income securities, including repurchase and resale agreements backed by public and Federal government bonds.

### 5.2 Pledged financial investments

	Consolidated	
	09/30/2020	12/31/2019
Hidroviás Cabotagem Ltda.	20,038	15,383
Total	20,038	15,383

They represent investments in the BNP PARIBAS SOBERANO FIC FI RF fund, subject to changes in the SELIC interest rate, average remuneration of 80.39% of the Selic rate on September 30, 2020 (94.59% as of December 31, 2019). 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. The contractual clause provides that an equivalent balance should be maintained in a restricted account during the contract's entire effectiveness, an equivalent balance to the previously agreed upon.

## 6. Trade accounts receivable

### 6.1 Breakdown of balances per entity

	Consolidated	
	09/30/2020	12/31/2019
<b><u>Accounts receivable abroad</u></b>		
Cikelsol	5,983	2,317
Girocantex	66,806	29,493
Del Paraguai	471	392
Pricolpar	-	177
Vila do Conde	19,766	16,935
Intermediation	818	98
	93,844	49,412
<b><u>Domestic accounts receivable</u></b>		
Cikelsol	1,232	-
Girocantex	75	-
Intermediation	-	808
Vila do Conde	27,547	12,350
Cabotage	42,398	19,780
Santos	4,532	-

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Total	<u>75,784</u> <u>169,628</u>	<u>32,938</u> <u>82,350</u>
Current	162,428	82,350
Non-current	7,200	-

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

Changes in balances refer mainly to an increase in volume in the operations of Girocantex, Cabotagem and Vila do Conde, the latter with major prominence in the Multimodal Transport Operation ("MTO") (see Note 24 for further information).

### 6.2 Breakdown of accounts receivable per maturity age

	Consolidated	
	<u>09/30/2020</u>	<u>12/31/2019</u>
Falling due (days):	117,740	65,257
Overdue up to 30	34,899	4,090
30-60	3,801	1,374
60-90	4,044	400
90-120	38	3,129
120-180	386	6,985
>180	8,720	1,115
Total	<u>169,628</u>	<u>82,350</u>
Current	162,428	82,350
Non-current	7,200	-

The Company and its subsidiaries understand that the credit risk is low, based on the collection history and the credit quality of its clients. Thus, the estimated credit loss did not have a significant impact on the Company's interim information.

## 7. Recoverable taxes

	Parent company		Consolidated	
	<u>09/30/2020</u>	<u>12/31/2019</u>	<u>09/30/2020</u>	<u>12/31/2019</u>
IRRF on interest earning bank deposit (a)	42	747	2,565	4,243
PIS / COFINS (b)	24	60	86,144	60,887
ICMS	-	18	1,205	2,566
ISS	5	8	875	815
VAT (c)	-	-	27,364	14,151
Total	<u>71</u>	<u>833</u>	<u>118,153</u>	<u>82,662</u>
Current assets	71	827	39,443	27,463
Non-current assets	-	6	78,710	55,199

The recoverable taxes are recorded by the accrual basis, according to the withholdings and/or payments

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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	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Income tax and social contribution	422	11,393	71,997	53,734
Total	422	11,393	71,997	53,734
Current assets	422	11,393	34,250	28,116
Non-current assets	-	-	37,747	25,618

Income Tax and Social Contribution are reported in Assets, according to the early payments made under current tax legislation, regarding 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 derives from a 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	
	09/30/2020	12/31/2019
Obrinel project (a)	8,958	6,401
Other	303	303
Total	9,261	6,704

- (a) On July 25, 2014, the Company granted funds to jointly-controlled subsidiary Obrinel whose the amount on September 30, 2020, of R\$ 8,958 (R\$ 6,401 as of December 31, 2019) shall remain as escrow deposit until the financial conclusion of Obrinel Project, and the term is December 15, 2027. Changes in the values arises from the exchange rate and not from the nominal guarantee increase.

Regarding the Obrinel Project and in addition to the guarantee deposit mentioned in the note, on June 24, 2014 the Company (as Sponsor of the Obrinel Project) and its direct subsidiary Hidrovias del Sur granted,

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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.

## 9. Advances to suppliers

	Parent company		Consolidated	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Advances to domestic suppliers	-	435	44,304	50,111
Advances to foreign suppliers	-	-	11,014	18,523
Total	-	435	55,318	68,634
Current	-	435	35,733	37,884
Non-current	-	-	19,585	30,750

As of September 30, 2020, the balance of advances to suppliers is mainly composed of R\$ 8,149 (R\$ 30,750 as of December 31, 2019) referring to advances for vessel construction, R\$ 7,181 (R\$ 13,004 as of December 31, 2019) referring to the purchase of fuel, R\$ 0 (R\$ 4,931 as of December 31, 2019) related to advances for the lease of vessels for occasional trips, R\$ 17,425 related to the implementation of Santos (R\$ 0 as of December 31, 2019) and R\$ 22,563 (R\$ 19,949 as of December 31, 2019) related 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 September 30, 2020 are shown below:

Composition of investments	Parent company		Consolidated	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Ownership interest valued under the equity method	1,395,026	1,471,114	71,154	56,676
Concession contract	6,296	6,601	6,296	6,601
Goodwill	-	-	11,303	7,669
Total investments	1,401,322	1,477,715	88,753	70,946
Allowance for loss with investments	(3,992)	(3,652)	-	-
Total	1,397,330	1,474,063	88,753	70,946

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#### Parent company

	12/31/2019	09/30/2020						
	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	(3,701)	-	1,529	-	-	(308)	2,492
Hidroviás del Sur S.A.	731,967	9	-	296,454	-	-	48,166	1,076,596
Hidroviás do Brasil - BR - Marabá S.A.	9,322	250	-	-	-	-	412	9,984
Hidroviás do Brasil - Holding Norte S.A.	502,475	-	(179,429)	-	-	-	(145,369)	177,677
Hidroviás do Brasil - Cabotagem Ltda.	205,692	(861)	(131,112)	-	-	-	37,841	111,560
Hidroviás do Brasil - Intermediação e Agenciamento de Serviços Ltda.	16,686	(127)	-	-	(4,000)	-	4,156	16,714
Pricolpar	-	5	-	-	-	-	(2)	3
Subtotal	1,471,114	(4,425)	(310,541)	297,983	(4,000)	-	(55,104)	1,395,026
Concession contract	6,601	-	-	-	-	(305)	-	6,296
Subtotal - Investment	1,477,715	(4,425)	(310,541)	297,983	(4,000)	(305)	(55,104)	1,401,322
Hidroviás International Finance S.á.r.l.	(3,652)	-	-	(1,693)	-	-	1,369	(3,976)
Hidroviás del Paraguay	-	(6)	-	-	-	-	(10)	(16)
Total	1,474,063	(4,431)	(310,541)	296,290	(4,000)	(305)	(53,745)	1,397,330

	12/31/2018	12/31/2019						
	Opening balance	Capital increase/decrease	Equity valuation adjustment - Hedge	Equity valuation adjustment - Income (loss) from foreign currency translation (CTA)	Dividends	Amortization	Equity in net income of subsidiaries	Closing balance
Baloto S.A.	4,555	-	-	417	-	-	-	4,972
Hidroviás Del Sur S.A.	673,198	-	-	26,518	(91,939)	-	124,190	731,967
Hidroviás do Brasil - Marabá S.A.	9,182	460	-	-	-	-	(320)	9,322
Hidroviás do Brasil - Holding Norte S.A.	507,191	580	(9,786)	-	-	-	4,490	502,475
Hidroviás do Brasil - Cabotagem Ltda.	201,942	-	(10,300)	-	-	-	14,050	205,692
Hidroviás do Brasil - Intermediação e Agenciamento de Serviços Ltda.	15,794	(13,293)	-	-	-	-	14,185	16,686
Subtotal	1,411,862	(12,253)	(20,086)	26,935	(91,939)	-	156,595	1,471,114
Concession contract	15,404	-	-	(7,278)	-	(1,525)	-	6,601
Subtotal - Investments	1,427,266	(12,253)	(20,086)	19,657	(91,939)	(1,525)	156,595	1,477,715
Hidroviás International Finance S.á.r.l.	2,364	-	-	2,274	-	-	(8,290)	(3,652)
TOTAL	1,429,630	(12,253)	(20,086)	21,931	(91,939)	(1,525)	148,305	1,474,063

#### Consolidated

	12/31/2019	09/30/2020				Closing balance
	Opening balance	Dividends paid	Income (loss) from foreign currency translation (CTA)	Equity in net income of subsidiaries	Amortization	Closing balance
Limday	15,570	(6,316)	8,026	2,971	-	20,251
Obrinel	41,106	-	15,061	(5,265)	-	50,903
Subtotal	56,676	(6,316)	23,087	(2,294)	-	71,154
Concession contract (b)	6,601	-	-	-	(305)	6,296
Goodwill (a)	7,669	-	4,040	-	(406)	11,303
Total	70,946	(6,316)	27,127	(2,294)	(711)	88,753

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

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

(a) Goodwill generated in the acquisition of 44.55% of shares representing the capital of Limday. Limday's goodwill of R\$ 11,303 (R\$ 7,669 on December 31, 2019) is based on forecasts carried out on the future profitability of operations.

(b) Concession contract

The amount of R\$ 6,296 (R\$ 6,601 as of December 31, 2019) refers to the Baloto's right of concession in the acquisition of Obrinel, and is based on forecasts carried out by the Company on the future profitability of Obrinel's operations.

By means of Resolution No. 307/4,039, 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 on September 4, 2020, and are reflected shortly after an amendment to the current concession agreement signed on September 24, 2020.

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

	09/30/2020					
	Number of shares	Total assets	Total liabilities	Shareholders' equity (unsecured liability)	Income (loss) of companies in the period	Net revenue (i)
<u>Direct subsidiaries</u>						
Hidroviás del Sur S.A.	4,330,646,746	1,332,670	255,074	1,077,596	48,166	-
Hidroviás International Finance S.à r.l.	12,000	3,385,200	3,389,176	(3,976)	1,369	-
Hidroviás do Brasil - Marabá S.A.	20,000,000	10,994	1,010	9,984	412	-
Hidroviás do Brasil - Cabotagem Ltda	220,475,382	879,785	766,760	113,025	38,446	153,389
Hidroviás do Brasil - Intermediação e Agenciamento de Serviços Ltda	2,500,000	19,722	2,795	16,927	4,236	11,508
Hidroviás do Brasil - Holding Norte S.A. (i)	2,500,000	223,306	45,629	177,677	(324,798)	-

## HIDROVIAS DO BRASIL S.A.

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### Indirect subsidiaries

Girocantex S.A.	2,442,140,008	1,855,702	1,066,445	789,257	84,903	280,023
Hidroviás del Paraguay S.A.	4,312	108,764	189,226	(80,462)	(31,161)	71,511
Pricolpar S.A.	17,910	208,440	183,304	25,136	(11,066)	33,381
Cikelsol S.A.	800,000	328,666	279,932	48,734	2,602	95,168
Resflir S.A.	20,000	90,081	62,879	27,202	11,026	13,704
Hidroviás do Brasil - Vila do Conde S.A.	519,596,445	2,079,266	1,895,782	183,484	(318,984)	717,060
Hidroviás do Brasil Operação Portuária Santos	43,904,863	151,616	113,584	38,032	(5,805)	25,046
Baloto S.A.	599,999,999	54,459	4,107	50,352	(5,273)	-

### Jointly-controlled subsidiaries

Limday S.A.	42,902,541	21,614	1,363	20,251	3,488	-
Obrinel S.A.	587,999,999	341,932	291,029	50,903	(7,508)	-

12/31/2019

	Number of shares	Total assets	Total liabilities	Shareholders' equity (unsecured liability)	Income (loss) of companies in the period	Net revenue (i)
<u>Direct subsidiaries</u>						
Hidroviás del Sur S.A.	4,330,646,746	802,367	70,400	731,967	124,190	-
Hidroviás International Finance S.à r.l.	12,000	2,451,528	2,455,180	(3,652)	(8,290)	-
Hidroviás do Brasil - Marabá S.A.	20,000,000	9,340	18	9,322	(320)	-
Hidroviás do Brasil - Cabotagem Ltda	63,400,000	757,948	552,257	205,691	14,050	155,322
Hidroviás do Brasil - Intermediação e Agenciamento de Serviços Ltda	454,000	24,629	7,944	16,685	14,185	34,114
Hidroviás do Brasil - Holding Norte S.A. (i)	489,523,849	548,326	45,851	502,475	4,490	-
<u>Indirect subsidiaries</u>						
Girocantex S.A.	2,442,140,008	1,269,029	773,025	496,004	115,478	342,873
Hidroviás del Paraguay S.A.	4,312	68,275	99,654	(31,379)	4,002	83,975
Pricolpar S.A.	17,910	144,193	116,760	27,433	(3,585)	40,001
Cikelsol S.A.	800,000	228,841	197,222	31,619	7,808	107,598
Resflir S.A.	20,000	58,086	47,354	10,732	9,474	13,210
Hidroviás do Brasil - Vila do Conde S.A.	488,550,185	1,882,320	1,386,242	496,078	(12,404)	394,091
Hidroviás do Brasil Operação Portuária Santos	43,904,263	46,846	3,009	43,837	(68)	-
Baloto S.A.	599,999,999	43,554	2,834	40,720	7,808	-
<u>Jointly-controlled subsidiaries</u>						
Limday S.A.	42,902,541	16,438	868	15,570	2,517	10,923
Obrinel S.A.	587,999,999	252,893	211,786	41,106	(9,222)	18,301

(i) The result is being presented net of Hedge Accounting in the amount of R\$ 179,429 (R\$ 10,686 as of December 31, 2019).

**HIDROVIAS DO BRASIL S.A.**

Notes to condensed interim financial statement  
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## Balance sheet and statement of income - jointly-controlled subsidiaries

	<u>Limday</u>	<u>Limday</u>	<u>Obrinel</u>	<u>Obrinel</u>
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Current assets	20,782	9,956	19,757	9,420
Non-current assets	27,734	26,942	678,062	506,687
Total assets	48,517	36,898	697,820	516,107
Current liabilities	3,059	1,949	32,212	18,770
Non-current liabilities (i)	-	-	561,724	413,447
Shareholders' equity	45,458	34,949	103,883	83,890
Total liabilities	48,517	36,898	697,820	516,107
Net revenue	23,258	24,520	33,239	18,530
Cost and expenses	16,590	18,869	43,982	37,350
Net income (loss) for the period	6,668	5,651	(10,743)	(18,820)

(i) As of September 30, 2020, the total amount of liabilities is substantially comprised of R\$ 268,582 (R\$ 230,113 as of December 31, 2019) of loans and financing.

## HIDROVIAS DO BRASIL S.A.

Notes to condensed interim financial statement

For the period ended September 30, 2020

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### 11. Property, plant and equipment

Breakdown and changes in fixed assets as of September 30, 2020 and December 31, 2019:

Parent company	Facilities and improvements	Furniture and fixtures	Machinery and equipment	Electronic and IT equipment	Construction in progress	Total
Balance at 12/31/2019	1,070	43	198	873	3,552	5,736
Additions	-	-	-	-	1,352	1,352
Depreciation	(263)	(11)	(29)	(212)	-	(515)
Balance at 09/30/2020	807	32	169	661	4,904	6,573
Historical cost	2,538	168	420	1,778	4,904	9,808
Accumulated depreciation	(1,731)	(136)	(251)	(1,117)	-	(3,235)
Annual depreciation rate - %	10	10	10	25		

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

## HIDROVIAS DO BRASIL S.A.

Notes to condensed interim financial statement

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Consolidated	Land	Buildings	Facilities and improvements	Furniture and fixtures	Machinery and equipment	Electronic and IT equipment	Vehicles	Pushers, barges, ships	Construction in progress	Total
Balance at 12/31/2019	84,091	511,328	10,138	359	279,175	2,322	184	1,908,317	132,550	2,928,464
Additions	-	-	13	3	1,085	396	-	295	163,160	164,952
Depreciation	-	(17,881)	(1,201)	(51)	(32,643)	(606)	(19)	(85,570)	-	(137,971)
Translation adjustment	-	-	1,476	99	3,789	128	65	422,004	28,962	456,523
Balance at 09/30/2020	84,091	493,447	10,426	410	251,406	2,240	230	2,245,046	324,672	3,411,968
Historical cost	84,091	594,885	15,261	844	411,930	5,383	880	2,687,333	324,672	4,125,279
Accumulated depreciation	-	(101,438)	(4,835)	(434)	(160,524)	(3,143)	(650)	(442,287)	-	(713,311)
Annual depreciation rate - %	-	4	10	10	10	25	20	4	-	-

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

## HIDROVIAS DO BRASIL S.A.

Notes to condensed interim financial statement  
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### Asset impairment

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

In the year ended December 31, 2019, the Management performed a test for impairment analysis for the assets of the Company and its subsidiaries. Management understands that the test assumptions are valid for September 30, 2020 and there was no need to update the test.

## 12. Right-of-use asset

Breakdown and changes in right-of-use asset as of September 30, 2020 and December 31, 2019:

Parent company	Real estate	Total
Net balances at December 31, 2019	1,101	1,101
Depreciation	(826)	(826)
Net balances at September 30, 2020	275	275

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

Consolidated	Real estate	Vessels	Total
Net balances at December 31, 2019	5,954	26,580	32,534
Formation	-	3,048	3,048
Depreciation	(2,773)	(3,734)	(6,507)
Translation adjustment	2,613	-	2,613
Net balances at September 30, 2020	5,794	25,894	31,688

Consolidated	Real estate	Vessels	Total
Net balances at December 31, 2018	-	-	-
Initial adoption	8,909	30,205	39,114
Amortization	(2,955)	(3,625)	(6,580)
Net balances at December 31, 2019	5,954	26,580	32,534

## HIDROVIAS DO BRASIL S.A.

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Changes in lease liability as of September 30, 2020 and December 31, 2019 are as follows:

	Parent company	Consolidated
Balance at December 31, 2019	1,149	32,775
Formation	-	3,048
Recognized interest	69	1,467
Payment of principal	(803)	(7,041)
Translation adjustment	-	2,418
<b>Balance at September 30, 2020</b>	<b>415</b>	<b>32,667</b>
Current	415	10,181
Non-current	-	22,486

	Parent company	Consolidated
Balance at December 31, 2018	-	-
Initial adoption	2,202	39,114
Recognized interest	91	1,677
Payment of principal	(1,144)	(8,016)
<b>Balance at December 31, 2019</b>	<b>1,149</b>	<b>32,775</b>
Current	90	108
Non-current	1,059	32,667

Maturity schedule of leases:

Year	Parent company	Consolidated
2020	484	11,005
2021	-	6,192
2022	-	5,576
2023	-	5,576
2024	-	5,137
>2025	-	8,977
<b>Total</b>	<b>484</b>	<b>42,463</b>
Embedded interest	(69)	(9,796)
<b>Lease liability</b>	<b>415</b>	<b>32,667</b>

The average discount rate for leased assets is 7.5% p.a. for December 31, 2019 and September 30, 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:

## HIDROVIAS DO BRASIL S.A.

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### Parent company and Consolidated

Cash flow	Nominal	Adjusted at present value
Lease consideration with levy of tax (a)	41,154	25,792
Lease consideration without levy of tax (b)	8,048	6,875
Total	49,202	32,667
Pis/Cofins (9.25%)	3,807	2,386

(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 12/31/2019	8,515	1,312	2,379	12,206
Additions	-	-	10,981	10,981
Amortization	(3,485)	(109)	-	(3,594)
Balance at 09/30/2020	5,030	1,203	13,360	19,593
Annual amortization rate – %	20	(*)	-	-
Historical cost	26,983	1,711	13,360	42,054
Accumulated amortization	(21,953)	(508)	-	(22,461)

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

Consolidated	Software	Contracts (b)	Goodwill (a)	Intangible in progress	Total
Balance at 12/31/2019	14,611	135,656	73,121	4,741	228,129
Additions	46	114,443	-	10,681	125,170
Amortization	(4,420)	(9,500)	-	-	(13,920)
Translation adjustment	386	-	-	-	386
Balance at 09/30/2020	10,623	240,599	73,121	15,422	339,765
Annual amortization rate – %	20	(*)	-	-	-
Historical cost	36,680	277,378	73,121	15,422	402,601
Accumulated amortization	(26,057)	(36,779)	-	-	(62,836)

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

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

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

### (a) Goodwill

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

As of December 31, 2019, using the assumption of calculation of the future cash flows in the period of the 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 September 30, 2020.

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

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

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

The discount rate was estimated after the taxes, using the weighted average rate of capital cost for each CGU which is 5.6%, 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 concession contract acquired by the subsidiary HB - Administração Portuária Santos S.A. for a period of 25 years as of the date of assumption of March 3, 2020 for the handling and storage of solid mineral bulk, especially fertilizers and salts, located inside the Port of Santos. The contract value is amortized based on the agreement

## HIDROVIAS DO BRASIL S.A.

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period.

### 14. Suppliers

	Parent company		Consolidated	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Domestic suppliers	9,641	3,018	57,301	40,342
Foreign suppliers	-	-	35,493	9,603
<b>Total</b>	<b>9,641</b>	<b>3,018</b>	<b>92,794</b>	<b>49,945</b>

### 15. Loans and financing

	Type	Final maturity	Interest rate - p.a.	Consolidated	
				09/30/2020	12/31/2019
<u>HB International Finance:</u>	Bond	Jan 2025	5.95%	3,262,882	2,454,044
<u>HB Cabotagem:</u>					
BNDES	Bank Credit Bill	Mar 2033	2.5–3.9% + Ptax 800 BCB (USD)	731,524	528,667
Vintage/BNDES	Finame	June 2021	TJLP + 4.80 - 4.90%	-	406
<u>HB Vila do Conde:</u>					
Santander	Project financing	Jan 2025	6.1–6.3%	1,129	1,952
<u>Resflir:</u>					
Banco ABC	Project financing	July 2020	5.6% + Libor	-	5,440
<b>Total</b>				<b>3,995,535</b>	<b>2,990,509</b>
Classified as:					
Current				113,829	172,275
Non-current				3,881,706	2,818,234

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

Company - R\$	Balance at 12/31/2019	Funding	Interest	Reversion/Funding Cost	Payment of principal	Interest payment	Bond repurchase	Translation adjustment	Exchange-rate change	Hedge effect	Balance at 09/30/2020
Luxembourg (d)	2,454,044	-	135,998	3,541	-	(181,329)	(100,101)	950,729	-	-	3,262,882
Vila do Conde (e)	1,952	-	8,014	-	-	-	-	-	(8,837)	-	1,129
Cabotage (a)	529,073	-	16,959	-	(16,013)	(6,812)	-	-	4,233	204,084	731,524
Resflir (c)	5,440	-	147	-	(6,837)	(162)	-	1,412	-	-	-
<b>Total</b>	<b>2,990,509</b>	<b>-</b>	<b>161,118</b>	<b>3,541</b>	<b>(22,850)</b>	<b>(188,303)</b>	<b>(100,101)</b>	<b>952,141</b>	<b>(4,604)</b>	<b>204,084</b>	<b>3,995,535</b>

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

### 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, 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 (equivalent to R\$ 1,823).

As of September 15, 2020, the Company prepaid this debt.

- b) On October 31, 2017, the Company entered into a new Bank Credit Bill agreement with Banco BBM, in the total amount of US\$ 6,009, equivalent to R\$ 20,000, with settlement held on April 08, 2019, to cover administrative expenditures.
- c) On November 7, 2017, the indirect subsidiary Resflir contracted financing in foreign currency with Safra Luxembourg bank, in the amount of US\$ 2,000, equivalent to R\$ 6,679, with settlement carried out in May 2019, to pay for the refurbishment of the pushers.

On March 15, 2017, the indirect subsidiary Resflir contracted financing in foreign currency with Banco ABC, equivalent to R\$ 15,449 (US\$ 5,000), with settlement carried out on July 14, 2020.

- d) On January 17, 2018, the Company obtained, through its subsidiary in Luxembourg, a Bond in the amount of US\$ 600,000, equivalent to R\$ 1,887,000, maturing on January 24, 2025. The amount recorded is net of the funding cost of US\$ 5,100 equivalent to R\$ 28,767 and will be amortized according to the contract period.

### Offset

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.), NCE's (Export Credit Notes) with Banco Santander in the amount of R\$ 1,120,734, with payment of semiannual interest and maturing on January 21, 2025, bearing interest as planned schedule provided for in the contract.

### Guarantees

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

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

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

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S.A., Pricolpar S.A., Hidrovias del Paraguay S.A., Girocantex S.A., Hidrovias do Brasil – Vila do Conde S.A., and Hidrovias do Brasil – Holding Norte S.A.

### Covenants

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

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

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

As of September 30, 2020, the financial covenant of the Subsidiary Hidrovias International Finance was not reached due to the ceiling being 3.5x, compared to 8.7x realized, due to the exchange rate for the period as of September 30, 2020. The breach of the covenant does not accelerate debt repayment and does not cause any default. However, the Company will not be able to raise new debts or pay extraordinary dividends (above the minimum requirement). Despite the aforementioned breach of covenant, the Company does not expect short- and medium-term impacts on its operations and believes that it will not need loans or working capital to meet its obligations.

### Bond repurchase

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

As a result of the current market circumstances with the coronavirus pandemic, the Company's bond had its price reduced in the secondary market, which allows the Company to evaluate possible repurchases. Therefore, since the company has a sound liquidity, up to September 30, 2020, due to the high market volatility, the Company repurchased a total of US\$ 24,850,000, the debt principal in this same amount.

## HIDROVIAS DO BRASIL S.A.

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### Maturity of long-term installments - consolidated

As of September 30, 2020 and December 31, 2019, the long-term portion matures have the following breakdown:

Months:	Consolidated	
	09/30/2020	12/31/2019
13–24	55,478	48,775
25–36	55,294	42,099
37–48	55,294	41,994
49–60	3,318,178	41,994
>61	397,462	2,643,372
Total	3,881,706	2,818,234

### 16. Social charges and labor legislation obligations

	Parent company		Consolidated	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
13th salary payable	43	-	7,065	-
Provision for bonus	15,567	9,206	22,300	14,619
Vacations and social security charges	1,978	2,281	7,968	8,883
INSS payable	1,667	486	5,402	1,111
IRRF payable	443	508	937	1,026
FGTS payable	473	174	1,857	559
Other	13	-	325	-
Total	20,184	12,655	45,854	26,198

### 17. Lawsuits

	Consolidated			
	12/31/2019	Additions	Write-offs	09/30/2020
Labor	5,884	344	(156)	6,072
	5,884	344	(156)	6,072

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

As of September 30, 2020, the Company and its subsidiaries presented the amount of R\$ 6,072 (R\$ 5,884 as of December 31, 2019) relating to labor lawsuits at the indirect subsidiary HB Vila do Conde, and the object of the lawsuit is loss of profits, pain and suffering and attorneys' fees.

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On September 30, 2020, the Company and its subsidiaries, in the consolidated, have 36 labor lawsuits, 29 civil lawsuits and one tax lawsuit considered as possible loss amounting to R\$ 11,297, R\$ 4,516 and R\$ 5,090, respectively (R\$ 4,140, R\$ 2,860 and R\$ 5,090 as of December 31, 2019 related to tax, civil and tax lawsuits, respectively).

As of September 30, 2020, the Company and its subsidiaries had 9 labor lawsuits dismissed, in the amount of R\$ 156.

As of September 30, 2020, the Company and its subsidiaries have judicial deposits related to the payment of PIS and COFINS pursuant to an injunction, in the amount of R\$ 13,260 (R\$ 11,756 on December 31, 2019).

### 18. Related parties

#### Remuneration of key management personnel

On September 30, 2020, the remuneration of key management personnel, which includes the Executive Board and Board members, amounted to R\$ 10,466 (R\$ 9,189 as of September 30, 2019), referring to salaries and variable benefits, of which R\$ 10,134 refers to short-term employee benefits (R\$ 4,540 as of September 30, 2019) and R\$ 332 for medical benefits (R\$ 279 on September 30, 2019).

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

The amounts of related parties basically refer to financial transactions under specific conditions, defined internally by the Company and its subsidiaries. Transactions between related parties involving controlling shareholders, entities under common control or significant influence

	Parent company			
	Assets		Liabilities	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Credits from parent company				
Girocantex S.A. (a)	-	-	(786)	(504)
Hidroviás del Sur S.A. (b)	10,366	4,776	(552)	(391)
Hidroviás do Brasil – Holding Norte S.A (i)	1,277	3,724	(4)	(169)
Hidroviás do Brasil – Interm. e Agenc. Serv. Ltda. (e)	-	114	-	(3)
Hidroviás do Brasil Adm Portuária Santos S.A. (f)	189	1,746	-	-
Hidroviás do Brasil Cabotagem Ltda. (c)	-	-	-	-
Hidroviás International Finance S.à.r.l (g)	-	198	(47)	(47)
Dividends receivable (h)	37,032	37,032	-	-
Dividends payable (h)	-	-	-	(363)
Loan (g)	-	-	(58,204)	-
Subtotal	48,864	47,590	(59,593)	(1,477)
Current	43,223	43,365	(59,593)	(1,477)
Non-current	5,641	4,225	-	-

	Consolidated			
	Assets		Liabilities	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Credits with Joint Venture				
Obrinel	4,145	-	-	-
Current	-	-	-	-
Non-current	4,145	-	-	-

## HIDROVIAS DO BRASIL S.A.

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	Consolidated			
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Guarantees and escrow deposit (d)	8,958	6,401	-	-
BNDES (c)	-	-	731,524	529,072
Dividends payable	15,365	2,834	-	-
Subtotal	24,323	9,235	731,524	529,072

	Parent company		Consolidated	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Revenues (expenses):				
Exchange rate change on security deposit (d)	(2,557)	(255)	(2,557)	(255)
Exchange-rate change on loan	(1,417)	(349)	(1,417)	(349)
Subtotal	(3,974)	(604)	(3,974)	(604)
BNDES (c)	-	-	(17,090)	(17,599)
Subtotal	-	-	(17,090)	(17,599)
Total	(3,974)	(604)	(21,064)	(18,203)

- (a) Refer to reimbursable expenditures on structuring of the financing for Project Vale with the indirect subsidiary Girocantex, with no estimate of settlement term nor inflation adjustment.
- (b) Refers to operating expenses with the direct subsidiary Hidrovias del Sur S.A., and does not provide for settlement or monetary restatement.
- (c) Refers to interest from loans with the indirect subsidiary Hidrovias do Brasil Cabotagem Ltda., and the maturity date is described in Note 15.
- (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, not providing for the settlement term or monetary restatement.
- (f) Refers to expenses with the management project of its subsidiary Hidrovias do Brasil Administração Portuária Santos S.A., and does not provide for settlement term or monetary restatement.
- (g) Refers to the loan with the indirect subsidiary Hidrovias del Sur in the amount of R\$ 28,204, with a settlements term until December 31, 2020, with late payment charges applicable if there is any delay in payment and in the loan with the indirect parent company Hidrovias do Brasil Vila do Conde S.A., in the amount of R\$ 30,000 with a term of 365 days as of June 18, 2020, with late payment if there is a delay in payment.
- (h) Refers to dividends receivable and payable between companies as provided for in the Bylaws.
- (i) Refers to operating expenses with the direct subsidiary Hidrovias do Brasil – Holding Norte S.A., not providing for any settlement term or monetary restatement.

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### 19. Capital

As of September 30, 2020, capital totals R\$ 1,359,469 (R\$ 1,307,683 as of December 31, 2019), and is represented by 760,382,643 (748,610,665 as of December 31, 2019) common, nominative shares with no par value.

Shareholding structure on September 30, 2020 and December 31, 2019 is detailed as follows:

Shareholders	09/30/2020		12/31/2019	
	Common shares	%	Common shares	%
Pátria Infraestrutura - Fundo de Investimento em Participações Multiestratégia	153,484,062	20.2	347,736,034	46.5
Patria Infraestrutura Brasil Fundo de Investimento em Participações Multiestratégia	8,745,834	1.2	-	-
Sommerville Investments B.V.	63,517,842	8.3	136,149,027	18.2
GIC Private Limited	40,375,594	5.3	-	-
1505718 Alberta Ltd.	25,490,517	3.3	54,638,333	7.3
1505722 Alberta Ltd.	9,926,779	1.3	21,277,822	2.8
HBSA Co-Investimento – Fundo de Investimento em Participações Multiestratégia	32,621,750	4.3	69,923,967	9.3
BTO – Fundo de Investimento em Participações Multiestratégia Investimentos no Exterior	32,621,750	4.3	69,923,967	9.3
BNDES Participações S.A. – BNDES	13,054,812	1.7	27,982,688	3.7
International Finance Corporation (IFC)	20,978,827	2.8	20,978,827	2.8
Other (*)	359,564,876	47.3	-	-
Total	760,382,643	100	748,610,665	100

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

#### Capital increases

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

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

As of September 25, 2020, the Company carried out its secondary public offering (IPO) of 399,426,570 common shares, held by the Selling Shareholders (as defined in the IPO documents). The price was R\$ 7.56 per common share. The Company's shares are listed on the Novo Mercado (New Market) segment of Bolsa de Valores de São Paulo – B3 S.A. – Brasil, Bolsa, Balcão, under the ticker HBSA3. The transaction cost is presented in note 24.

#### 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 29.

#### 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 No. 6,404/76.

## HIDROVIAS DO BRASIL S.A.

Notes to condensed interim financial statement  
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### 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 September 30, 2020 and 2019 and the respective average quantity of outstanding common shares in the period as follows:

	07/01/2020– 09/30/2020	01/01/2020– 09/30/2020	07/01/2019– 09/30/2019	01/01/2019– 09/30/2019
Net (loss)/income for the period	(8,523)	(142,640)	22,160	71,340
Weighted average of basic shares	752,404	749,861	748,611	748,611
Net income/(loss) for the period per thousand basic shares	(0.0113)	(0.1902)	0.0296	0.0953

	07/01/2020– 09/30/2020	01/01/2020– 09/30/2020	07/01/2019– 09/30/2019	01/01/2019– 09/30/2019
Net (loss)/income for the period	(8,523)	(142,640)	22,160	71,340
Weighted average of basic shares	752,404	749,861	748,611	748,611
Difference				
Dilutive effect (*)	6,149	6,761	6,005	6,005
Weighted average of diluted shares	758,553	756,622	754,616	754,616
Net income/(loss) for the period per thousand diluted shares	(0.0112)	(0.1885)	0.0294	0.0945

(\*) This dilutive effect of 6,761 shares includes the stock option plans described in note 21.

### 21. Stock option program

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

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

The Company recognized the stock options granted in its Shareholders’ Equity, with a corresponding contra entry in income (loss). The recognition occurred proportionally to the terms of the respective vesting periods (grace period) of the lots granted, recording the accumulated amount of R\$ 29,372 (accumulated amount of R\$ 12,726 as of December 31, 2019). The expense recognized in the income for the period was R\$ 16,646 (R\$ 3,591 in 2019) and R\$ 14,901 in this quarter.

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:

## HIDROVIAS DO BRASIL S.A.

### Notes to condensed interim financial statement

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- Weighted average share price on the granting date: R\$ 4.70
- Strike price of the options: Defined according to the program (see table below).
- Expected volatility: 35.35%. The expected volatility was calculated at the standard deviation of the average daily returns for the shares of a group of comparable companies. This group includes Rumo, Taesa, Alupar, Isa CTEEP, Kirby, SITC, Pacific Basin and Evergreen Marine. The history of trading sessions used is similar to the maturity date of the options:
- Lifetime of the option: 5 years, according to the contractually defined term
- Expected dividends: it is not necessary to include the effect of dividends, since the distribution of dividends reduces the exercise price of the options.
- Expected inflation: to calculate the exercise price correction, an inflation estimate of 4.2% p.a. was used based on the NTN-B maturing close to the option's maturity.
- Risk-free interest rate: a rate of 8.31% was estimated based on the projection of the DI curve for the options maturity date.

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

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

Plan/Program	"Vesting"	Limit date for the year	Strike price (in R\$) (*)	Granted	Canceled / Expired	Exercised on 09/01/2020	Outstanding	Fair value (in R\$) (**)
2010/1st	12/07/2011	12/07/2020	1.00	500,000	-	259,500	240,500	1.13
2010/1st	12/07/2012	12/07/2020	1.00	500,000	-	259,500	240,500	1.27
2010/1st	12/07/2013	12/07/2020	1.00	500,000	-	259,500	240,500	1.43
2010/1st	12/07/2014	12/07/2020	1.00	500,000	-	259,500	240,500	1.61
Total Plan of 2010				2,000,000	-	1,038,000	962,000	

Plan/Program	"Vesting"	Limit date for the year	Strike price (in R\$) (*)	Granted	Canceled / Expired	Exercised on 09/01/2020	Outstanding	Fair value (in R\$) (**)
2011/1st	05/10/2012	05/10/2021	1.00	25,000	-	12,975	12,025	1.17
2011/1st	05/10/2013	05/10/2021	1.00	25,000	-	12,975	12,025	1.31
2011/1st	05/10/2014	05/10/2021	1.00	25,000	-	12,975	12,025	1.47
2011/1st	05/10/2015	05/10/2021	1.00	25,000	-	12,975	12,025	1.65
Total Plan of 2011				100,000	-	51,900	48,100	

Plan/Program	"Vesting"	Limit date for the year	Strike price (in R\$) (*)	Granted	Canceled / Expired	Exercised on 09/01/2020	Outstanding	Fair value (in R\$) (**)
2012/1st	05/26/2013	05/25/2022	1.14	338,750	125,000	82,593	131,157	1.37
2012/1st	05/26/2014	05/25/2022	1.14	338,750	125,000	82,593	131,157	1.54
2012/1st	05/26/2015	05/25/2022	1.14	338,750	125,000	82,594	131,156	1.73
2012/1st	05/26/2016	05/25/2022	1.14	338,750	157,500	82,595	98,655	1.93
2012/2nd	08/10/2013	05/25/2022	1.28	100,000	-	60,000	40,000	1.56

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2012/2nd	08/10/2014	05/25/2022	1.28	100,000	-	60,000	40,000	1.75
2012/2nd	08/10/2015	05/25/2022	1.28	100,000	-	60,000	40,000	1.98
2012/2nd	08/10/2016	05/25/2022	1.28	100,000	-	60,000	40,000	2.23
Total Plan of 2012				1,755,000	532,500	570,375	652,125	

Plan/Program	"Vesting"	Limit date for the year	Strike price (in R\$) (*)	Granted	Canceled / Expired	Exercised on 09/01/2020	Outstanding	Fair value (in R\$) (**)
2013/1st	03/31/2014	02/26/2023	1.41	275,234	30,090	93,460	151,684	1.77
2013/1st	03/31/2015	02/26/2023	1.41	275,234	30,090	93,460	151,684	2.01
2013/1st	03/31/2016	02/26/2023	1.41	275,233	35,400	93,460	146,373	2.25
2013/1st	03/31/2017	02/26/2023	1.41	275,233	76,110	93,360	105,763	2.54
Total Plan of 2013				1,100,934	171,690	373,740	555,504	

Plan/Program	"Vesting"	Limit date for the year	Strike price (in R\$) (*)	Granted	Canceled / Expired	Exercised on 09/01/2020	Outstanding	Fair value (in R\$) (**)
2014/1st	03/31/2015	03/31/2024	1.68	555,750		219,034	336,716	2.20
2014/1st	03/31/2016	03/31/2024	1.68	555,750	4,500	219,034	332,216	2.47
2014/1st	03/31/2017	03/31/2024	1.68	555,750	58,500	218,884	278,366	2.80
2014/1st	03/31/2018	03/31/2024	1.68	555,750	58,500	218,884	278,366	3.15
Total Plan of 2014				2,223,000	121,500	875,836	1,225,664	

Plan/Program	"Vesting"	Limit date for the year	Strike price (in R\$) (*)	Granted	Canceled / Expired	Exercised on 09/01/2020	Outstanding	Fair value (in R\$) (**)
2016 A/1st	07/27/2016	03/31/2024	3.64	889,295	-	386,076	503,219	0.00
2016 A/1st	03/31/2017	03/31/2024	3.64	889,295	78,642	385,976	424,677	0.93
2016 A/1st	03/31/2018	03/31/2024	3.64	889,295	78,642	385,976	424,677	1.06
2016 A/1st	03/31/2019	03/31/2024	3.64	889,295	134,520	382,993	371,782	1.14
Total Plan of 2016 A				3,557,180	291,804	1,541,021	1,724,355	

Plan/Program	"Vesting"	Limit date for the year	Strike price (in R\$) (*)	Granted	Canceled / Expired	Exercised on 09/01/2020	Outstanding	Fair value (in R\$) (**)
2016 B/1st	03/31/2017	03/31/2024	3.48	720,330	55,675	305,281	359,374	1.06
2016 B/1st	03/31/2018	03/31/2024	3.48	720,330	55,675	305,281	359,374	1.17
2016 B/1st	03/31/2019	03/31/2024	3.48	720,330	86,206	304,420	329,704	1.24
2016 B/1st	03/31/2020	03/31/2024	3.48	720,330	122,125	292,370	305,835	1.30
Total Plan of 2016 B				2,881,318	319,681	1,207,352	1,354,286	

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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

(\*) 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.

## 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.

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

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

In January 2020, the indirect subsidiary HB Vila do Conde, merging company of former HB Navegação Norte entered into operating lease agreements for the pushers HB Hydra and HB Aquarius owned by the indirect subsidiary Girocantex S.A. for a period of 11 months, effective until November 2020.

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			
	07/01/2020– 09/30/2020	01/01/2020– 09/30/2020	07/01/2019– 09/30/2019	01/01/2019– 09/30/2019
<b>South Corridor (a):</b>				
Transportation services	130,506	354,371	111,661	307,526
<b>North Corridor:</b>				
Lifting Services	77,119	181,066	38,494	115,328
Transshipment services	20,817	56,083	18,356	38,398
Transportation services	217,843	528,077	94,258	190,046
Intermediation services	818	13,421	7,838	27,177
Cabotage services	64,928	172,143	36,842	103,675
Subtotal	381,525	950,790	195,788	474,624
Total gross revenue	512,031	1,305,161	307,449	782,150
ISS	(4,932)	(12,635)	(3,780)	(8,330)
PIS	(1,670)	(4,558)	(1,648)	(4,162)
COFINS	(7,777)	(21,208)	(4,508)	(16,508)
ICMS	(984)	(2,806)	(6,479)	(8,624)
Subtotal taxes	(15,363)	(41,207)	(16,415)	(37,624)
Hedge accounting	(31,930)	(159,499)	(19,033)	(27,778)
Total net revenue	464,738	1,104,455	272,001	716,748

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Revenue from Take or Pay in the amount of R\$ 218,066 as of September 30, 2020 (R\$ 153,965 as of September 30, 2019) is included. See further details in Note 29.

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

i) Client A 22.0% (24.2% as of September 30, 2019); ii) B 20.2% (28.6% as of September 30, 2019, iii) C 11.7% (8.8% as of September 30, 2019) iv) D 10.9% (1.6% as of September 30, 2019) v) E 10.4% (6.8% as of September 30, 2019); and represent approximately 75.2% of the total net revenue (70% as of September 30, 2019). No other client accounts for over 10% of consolidated net revenue.

## 24. Costs and expenses by nature

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

	Parent company				Consolidated			
	07/01/2020– 09/30/2020	01/01/2020– 09/30/2020	07/01/2019– 09/30/2019	01/01/2019– 09/30/2019	07/01/2020– 09/30/2020	01/01/2020– 09/30/2020	07/01/2019– 09/30/2019	01/01/2019– 09/30/2019
Salaries, charges and benefits (**)	(28,803)	(54,914)	(9,330)	(25,884)	(72,629)	(173,325)	(40,545)	(113,154)
Depreciation and amortization	(1,288)	(5,240)	(4,871)	(8,026)	(54,905)	(159,109)	(40,678)	(128,170)
Maintenance	177	139	(18)	(81)	(7,387)	(30,872)	(15,423)	(30,421)
Fuel	-	-	-	-	(34,650)	(103,108)	(31,079)	(82,252)
Outsourced services (***)	(11,217)	(25,058)	(4,883)	(17,638)	(27,251)	(57,776)	(12,507)	(36,796)
Rentals	(102)	(246)	(50)	(126)	(15,343)	(41,663)	(12,558)	(20,036)
Freight (*)	-	-	(10)	(10)	(131,740)	(314,131)	(36,741)	(37,567)
Travel and tickets	(85)	(779)	(1,073)	(2,760)	(1,248)	(4,475)	(3,202)	(7,098)
Mooring	-	-	-	-	(6,146)	(20,956)	(7,129)	(15,055)
Kitchen and pantry	-	(15)	(38)	(71)	(1,655)	(5,328)	(1,811)	(4,317)
Agents	-	-	1	-	(2,633)	(10,721)	(4,551)	(12,240)
Operational and safety	-	-	-	-	(4,451)	(11,829)	4,000	(13,197)
Sundry fees	(122)	(794)	(107)	(383)	(1,773)	(4,778)	17,105	(2,547)
Operational materials	(5)	(52)	(67)	(67)	(32)	(132)	136	(169)
Lawsuits	-	-	-	-	282	(704)	1,117	(226)
Outdoor Pilotage	-	-	-	-	(7,968)	(23,419)	(6,004)	(14,266)
Other (expenses) revenues	(391)	(1,651)	240	(1,353)	(19,154)	(52,282)	(20,874)	(26,383)
Total	(41,836)	(88,610)	(20,206)	(56,399)	(388,683)	(1,014,608)	(210,744)	(543,894)
Classified as:								
Cost of services rendered	-	-	-	-	(329,208)	(884,840)	(182,917)	(467,091)
General and administrative expenses	(41,836)	(88,610)	(20,206)	(56,399)	(59,475)	(129,768)	(27,827)	(76,803)
Total	(41,836)	(88,610)	(20,206)	(56,399)	(388,683)	(1,014,608)	(210,744)	(543,894)

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

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

(\*\*\*) In the outsourced service line, we highlight the amount of R\$ 12,872 (R\$ 10,495 for the quarter), which refers to expenses with the Company's IPO process.

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### 24.2 Other expenses/revenues

	Parent company				Consolidated			
	07/01/2020– 09/30/2020	01/01/2020– 09/30/2020	07/01/2019– 09/30/2019	01/01/2019– 09/30/2019	07/01/2020– 09/30/2020	01/01/2020– 09/30/2020	07/01/2019– 09/30/2019	01/01/2019– 09/30/2019
Outstanding	-	-	-	-	-	-	3,677	19,655
AFRMM (a)	-	-	-	-	4,788	12,488	4,650	10,013
Varredura (b)	-	-	-	-	920	13,700	1,292	1,292
Other	-	-	1,416	(26)	(417)	(1,335)	3,882	4,136
Total	-	-	1,416	(26)	5,291	24,853	13,501	35,096

(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) Varredura revenue resulting from the operation at port terminals.

### 25. Financial income (loss)

	Parent company				Consolidated			
	07/01/2020– 09/30/2020	01/01/2020– 09/30/2020	07/01/2019– 09/30/2019	01/01/2019– 09/30/2019	07/01/2020– 09/30/2020	01/01/2020– 09/30/2020	07/01/2019– 09/30/2019	01/01/2019– 09/30/2019
<b>Revenues:</b>								
Income from interest earning bank deposits	86	182	213	2,704	1,306	7,864	6,215	14,739
(-) PIS and COFINS on financial revenue	(44)	(83)	(10)	(126)	(105)	(213)	(70)	(313)
Inflation adjustments and exchange-rate changes	-	-	1,825	1,995	-	-	-	-
Gains with investments - realized	169	169	579	579	(578)	57,114	-	-
Other	863	2,069	(9)	6	1,283	1,669	(433)	17
Total	1,074	2,337	2,598	5,158	1,906	66,434	5,712	14,443
<b>Expenses</b>								
Interest on loans	-	5	-	(157)	(54,117)	(161,118)	(34,572)	(112,600)
Late payment	(1)	(1)	(4)	(4)	(4)	(385)	(76)	(86)
Funding cost	(203)	(203)	(3)	(3)	(1,770)	(3,541)	(1,279)	(3,754)
Inflation adjustments and exchange-rate changes	(422)	(1,804)	-	-	(13,649)	(113,701)	(10,897)	(4,735)
Tax on Financial operations - IOF	(3)	(73)	(18)	(454)	(284)	(1,064)	(139)	(750)
Investment losses	(159)	(159)	(104)	(977)	-	-	-	(490)
Other	(253)	(387)	184	(95)	(7,698)	(8,280)	(3,672)	(6,758)
Total	(1,041)	(2,622)	55	(1,690)	(77,522)	(288,089)	(50,635)	(129,173)
Net financial income (loss)	33	(285)	2,653	3,468	(75,616)	(221,655)	(44,923)	(114,730)

### 26. Income tax and social contribution

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

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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 Profi for the company Hidrovias do Brasil – Vila do Conde S.A., which is presented as tax income, is likely to benefit from the Government Grant.

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

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

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

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

in R\$ thousand	Parent company		Consolidated	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Income/(loss) before IRPJ and CSLL	(142,640)	71,340	(109,249)	90,420
Nominal rate	34%	34%	34%	34%
Corporate income tax (IRPJ) and Social contribution on net income (CSLL) at nominal rate	48,498	(24,256)	37,145	(30,743)
Permanent adjustments:				
Equity in net income of subsidiaries	(18,273)	42,261	(780)	(952)
Profits abroad	-	-	16,164	-
Non-deductible expenses	(2,015)	(1,853)	(2,235)	5,336
Other adjustments:				
Governmental grant	-	-	10,584	9,776
Offset of tax loss of prior years	-	-	-	7,966
Deferred tax on temporary differences and unrecognized tax losses	(28,210)	(16,152)	(82,405)	(16,134)
Rate difference on the measurement of deferred taxes	-	-	(12,578)	1,972
Portion of deferred tax recognized in previous periods	-	-	-	3,475
Workers' Meal Program (PAT)	-	-	711	224
Maternity Leave program	-	-	3	-
Income tax and social contribution	-	-	(33,391)	(19,080)
Current taxes	-	-	(39,329)	(19,088)
Deferred taxes	-	-	5,938	8

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	-	-	(33,391)	(19,080)
Effective rate	0%	0%	(30.56%)	21%

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

Deferred income tax and social contribution were recognized in 2020 on the accumulated balances of temporary differences and tax loss up to September 30, 2020 to the companies Hidrovias do Brasil – Vila do Conde S.A and Hidrovias do Brasil - Cabotagem Ltda, and subsidiaries of this Company.

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

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

Part of Deferred Taxes, in the amount of R\$ 127,578 thousand, was recognized in Shareholders' equity since the its subsidiaries have non-derivative financial instrument, for which the portion corresponding to deferred IRPJ and CSLL is accounted for in the Other Comprehensive Income.

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

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

in R\$ thousand	Consolidated			Consolidated
	09/30/2020			12/31/2019
	Net amount	Deferred tax assets	Deferred tax liabilities	Net amount
Provision for bonus	738	738	-	671
Provision for suppliers	1,228	1,228	-	185
Provision for fuel	570	570	-	1,443
Other provisions	893	893	-	914
Other operating provisions	2,470	2,470	-	4,335
Labor contingencies	926	926	-	897
Tax loss	-	-	-	10,176
Exchange-rate change	215,607	215,607	-	71,845
Financial lease	80	80	-	-
Property damage	(42,278)	-	(42,278)	(43,748)
Tax Assets (Liabilities) before offset	180,234	222,512	(42,278)	46,718

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Offset of tax	(42,278)	42,278
Net balances presented in Assets/Liabilities	180,234	-

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

	Consolidated	
	09/30/2020	12/31/2019
Opening balance	46,718	29,767
Deferred IRPJ (Corporate income tax) and CSLL (social contribution on net income) recognized in the income (loss) for the period	5,938	4,607
Deferred Corporate income tax (IRPJ) and social contribution on net income (CSLL) recognized in other comprehensive income	127,578	12,344
Closing balance	180,234	46,718

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

Years:	Consolidated
Up to 1	6,825
2-3	80
5-7	215,607
Total deferred tax assets of IRPJ (Corporate income tax) and CSLL (Social contribution on net income)	222,512

## 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	
		09/30/2020	12/31/2019	09/30/2020	12/31/2019
<b>Assets</b>					
<b>Fair value through profit or loss:</b>					
Securities	Level 2	63,897	4,625	1,105,553	913,972
<b>Amortized cost</b>					
Cash and cash equivalents	Level 1	1,855	9,179	41,275	45,166
Pledged financial investments	Level 2	-	-	20,038	15,383
Guarantee and escrow deposit	Level 2	9,261	6,704	9,261	6,704
Accounts receivable	Level 2	-	-	169,628	82,350
Related party credits	Level 2	11,832	10,558	4,145	-

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Dividends	Level 2	37,032	37,032	-	-
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### Liabilities

#### Liabilities at amortized cost:

Suppliers	Level 2	9,641	3,018	92,794	49,945
Accounts payable with related parties	Level 2	59,593	1,114	-	-
Loans and financing	Level 2	-	-	3,995,535	2,990,509
Dividends payable	Level 2	-	363	15,365	2,834

Note: The Management periodically reviews unobservable data considered significant and valuation adjustments. If third-party information, such as broker quotes or pricing services, is used to measure fair value, the Management analyzes evidence obtained to support the conclusion that such valuations meet the accounting requirements, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring fair value of an asset or liability, the Company uses observable data as much as possible. Fair values are classified at different levels according to hierarchy based on information (inputs) used in valuation techniques, as follows:

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

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

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

Fair values of these financial instruments are close to the book values as of September 30, 2020, except for loans and financing with hedge accounting and presented as follows:

		Fair value		Book value	
		09/30/2020	12/31/2019	09/30/2020	12/31/2019
<b>Assets</b>					
Cash and cash equivalents	Level 1	41,275	45,166	41,275	45,166
Securities	Level 2	1,105,553	913,972	1,105,553	913,972
Pledged financial investments	Level 2	20,038	15,383	20,038	15,383
Guarantee and escrow deposit	Level 2	9,261	6,704	9,261	6,704
Accounts receivable	Level 2	169,628	82,350	169,628	82,350
<b>Liabilities</b>					
Suppliers	Level 2	92,794	49,945	92,794	49,945
Loans and financing	Level 2	4,066,112	3,096,401	3,995,535	2,990,509
Dividends payable	Level 2	15,365	2,834	15,365	2,834

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

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

### **27.4. Risk management**

#### Financial risk management

##### *Overview*

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

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

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

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

#### Risk management framework

##### *Credit risk*

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 top-tier Financial Institutions, rated as investment grade by risk rating agencies widely accepted in the market, in addition to reducing risk through diversification of counterparties.

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National scale	National scale rating
Banco ABC	AAA
Banco Bradesco	AAA
Itaú	AAA
JP Morgan (*)	AAA
Banco do Brasil	BB
Santander	AAA
Cash	AA
Harvest	AA

(\*) International scale rating (offshore investments).

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

	Parent company		Consolidated	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Cash and cash equivalents	1,855	9,179	41,275	45,166
Accounts receivable	-	-	169,628	82,350
Securities	63,897	4,625	1,105,553	913,972
Pledged financial investments	-	-	20,038	15,383
Related party credits	11,832	10,558	4,145	-
Guarantee and escrow deposit	9,261	6,704	9,261	6,704
Dividends receivable	37,032	37,032	-	-
Total	123,877	68,098	1,351,498	1,063,575

### Liquidity risk

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

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

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

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

	Consolidated			
	09/30/2020			
Liquidity risk	Next 12 months	13–24 months	25–36 months	>37
Suppliers (note 14)	92,794	-	-	-
Loans and financing (*)	273,302	275,829	273,755	4,089,652

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

### *Foreign exchange rate risk*

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

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

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

### **Hedge Accounting Bond**

- 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\$ 600,000,000 with semi-annual yield of 5.95% p.a. and maturity term of 7 years as of May 02, 2018, through its direct subsidiary Hidrovias Internacional. The Company made repurchases totaling US\$ 21,050,000, which reduce its gross debt by the same amount.

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

- Purpose and strategy of the risk management

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

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

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

- Hedge relation

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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

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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\$ 128,595,291 with maturity term of 13 years.

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

- Risk management strategy

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

- Risk management objectives

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

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

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reclassification adjustment in the same period or periods during which the expected future cash flows covered by hedge affect the income (loss), that is, upon the actual recognition of revenue.

### Hedge Accounting Bond

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

### Hedge Accounting - Cabotage

Hedged object	Hedged risk	Production period	Principal value in US\$	Hedge instrument value		
Exchange-rate change of part of its future revenues	Foreign exchange rate R\$ - USD	04/02/2018–02/2033	142,807,564	142,807,564		
Realization estimate						
	2018	2019	2020	2021	2022–2033	Total
	3,128,527	10,261,948	10,261,948	10,261,948	108,893,193	142,807,564

### Interest rate risk

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

<u>Interest rate risk</u>	<u>Parent company</u>		<u>Consolidated</u>	
	<u>09/30/2020</u>	<u>12/31/2019</u>	<u>09/30/2020</u>	<u>12/31/2019</u>
Assets:				
Cash and cash equivalents	1,855	9,179	41,275	45,166
Securities	63,897	4,625	1,105,553	913,972
Pledged financial investments	-	-	20,046	15,383
Loans and financing	-	-	3,995,535	2,990,509

Interest rates are disclosed in notes 5 and 15.

### Sensitivity analysis

The Company and its subsidiaries make sensitivity analysis of main risks to which its financial instruments are

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exposed, basically represented by exchange rate and interest rate changes.

Changes in interest rate and foreign exchange rates

To verify the sensitivity of the indices in the investments to which the Company and its subsidiaries were exposed on the base date of September 30, 2020 and December 31, 2019, three different scenarios were defined.

The Company prepared three sensitivity analysis scenarios. Scenario I considers the future interest rates observed on the base date of interim financial information and scenarios II and III consider a change of 25% and 50%, respectively, in the risk variable considered.

The base date of portfolio used was September 30, 2020 and December 31, 2019 projecting indices for one year and verifying the sensitivity in each scenario. The tables below present the ratios considered for the feasibility analysis and its effect on the result:

Change in interest rates		Estimated rate							
Financial instruments	Risk	Rate	Probable scenario	Possible scenario	Remote scenario	Balance at 09/30/2020	Probable scenario	Possible scenario	Remote scenario
				25%	50%				
Securities	CDI	1.90%	1.90%	1.42%	0.95%	166,782	(4)	(795)	(1,587)
Securities	U.S. Treasury	0.08%	0.21%	0.16%	0.11%	712,900	927	552	178
Securities	FX - Ptax 800	5.6407	5.1343	3.8507	2.5671	225,864	(20,278)	(71,674)	(123,071)
Interest earning bank deposit - pledged	Selic	1.90%	2.15%	1.61%	1.07%	23,966	60	(69)	(198)
<b>Total</b>						1,129,512	(19,295)	(71,986)	(124,677)

### Exchange-rate change

To verify the sensitivity of the net foreign exchange exposure to which the Company and its subsidiaries were exposed on September 30, 2020 and December 31, 2019, different scenarios were defined, classified as probable, possible and remote. The variables considered are described in the table below, followed by sensitivity.

		Estimated rate							
	Risk	Rate	Probable scenario	Possible scenario	Remote scenario	Balance at 09/30/2020	Probable scenario	Possible scenario	Remote scenario
				25%	50%				
Loan - Project financing	USD	5.6407	5.1343	6.4179	7.7014	731,525	65,675	(100,788)	(267,251)
Export credit note	USD	5.6407	5.1343	6.4179	7.7014	1,737,936	156,028	(239,449)	(634,926)
<b>Total</b>						2,469,460	221,702	(340,237)	(902,177)

## 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 September 30, 2020 and December 31, 2019 is as follows:

Parent company		Consolidated	
09/30/2020	12/31/2019	09/30/2020	12/31/2019

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Total liabilities current and non-current	(108,234)	(46,329)	(4,359,901)	(3,174,094)
Cash and cash equivalents	1,855	9,179	41,275	45,166
Securities	63,897	4,625	1,105,553	913,972
Interest earning bank deposit - pledged	-	-	20,038	15,383
(Insufficiency) net cash surplus	(42,482)	(32,525)	(3,193,034)	(2,199,573)
Shareholders' equity	1,455,112	1,543,571	1,455,112	1,543,571
Relationship between shareholders' equity and net insufficiency of cash	(3525%)	(4846%)	(146%)	(170%)

### 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 September 30, 2020 and December 31, 2019 is as follows:

	Consolidated	
	09/30/2020	12/31/2019
Operational risks		
Port operator	1,007,615	842,615
Engineering Risk	160,183	-
Work risks	30,000	-
Hull/machinery and civil liability (bareboats)	852,783	833,533
Fire, lightning, explosion, electrical damage, windstorms and flood	6,600	3,200
	<u>2,057,181</u>	<u>1,679,348</u>

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### 29. Segment information

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

	North Corridor		South Corridor		Cabotage		Santos		Other (holding + lux)		Eliminations		Consolidated	
	07/01/2020– 09/30/2020	01/01/2020– 09/30/2020	07/01/2020– 09/30/2020	01/01/2020– 09/30/2020	07/01/2020– 09/30/2020	01/01/2020– 09/30/2020	07/01/2020– 09/30/2020	01/01/2020– 09/30/2020	07/01/2020– 09/30/2020	01/01/2020– 09/30/2020	07/01/2020– 09/30/2020	01/01/2020– 09/30/2020	07/01/2020– 09/30/2020	01/01/2020– 09/30/2020
Net revenue from services	288,662	727,612	130,506	354,371	60,096	158,675	17,787	25,046	-	-	-	-	497,050	1,265,704
Intercompany	83	957	2,904	8,231	-	-	-	-	-	-	(3,370)	(10,938)	(383)	(1,750)
Revenue – Hedge Accounting	-	-	(31,929)	(154,213)	-	(5,286)	-	-	-	-	-	-	(31,929)	(159,499)
Cost of services rendered (*)	(184,840)	(471,348)	(55,069)	(171,585)	(26,087)	(73,262)	(13,964)	(25,702)	-	-	-	-	(279,960)	(741,897)
Intercompany	(3,370)	(10,938)	-	-	-	-	-	-	-	-	3,370	10,938	-	-
Operating expenses (a)	(8,883)	(20,287)	(4,263)	(8,849)	(222)	(415)	102	(680)	(40,551)	(83,371)	-	-	(53,871)	(113,602)
Depreciation and amortization	(21,578)	(64,001)	(22,440)	(62,113)	(8,442)	(25,320)	(1,157)	(2,439)	1,289	(5,236)	0	0	(54,906)	(159,109)
- Depreciation and amortization (cost)	(20,242)	(60,280)	(20,390)	(57,973)	(7,390)	(22,168)	(1,156)	(2,706)	(70)	184	-	-	(49,248)	(142,943)
- Depreciation and amortization (expense)	(1,336)	(3,721)	(2,050)	(4,140)	(1,052)	(3,152)	(1)	267	(1,219)	(5,420)	-	-	(5,658)	(16,166)
Other expenses	461	12,270	43	93	4,787	12,488	-	2	-	-	-	-	5,291	24,853
- Other revenues (expenses)	461	12,270	43	93	4,787	12,488	-	2	-	-	-	-	5,291	24,853
Financial revenue	10,744	62,545	938	5,664	3,063	6,956	46	185	36,382	130,834	(49,267)	(139,750)	1,906	66,434
Financial expenses	(52,204)	(197,933)	(26,314)	(75,673)	(10,949)	(22,269)	(802)	(2,219)	(36,520)	(129,745)	49,267	139,750	(77,522)	(288,089)
Equity in net income of subsidiaries	427	691	(1,822)	(2,294)	-	-	-	-	33,280	(53,745)	(33,704)	53,054	(1,819)	(2,294)
Income tax	(6,592)	(20,271)	-	-	(5,842)	(13,120)	-	-	-	-	-	-	(12,434)	(33,391)
Income (loss) for the year	22,910	19,297	(7,446)	(106,368)	16,403	38,447	2,012	(5,807)	(8,698)	(141,263)	(33,704)	53,054	(8,523)	(142,640)

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	North Corridor		South Corridor		Cabotage		Other		Eliminations		Consolidated	
	07/01/2019– 09/30/2019	01/01/2019– 09/30/2019	07/01/2019– 09/30/2019	01/01/2019– 09/30/2019	07/01/2019– 09/30/2019	01/01/2019– 09/30/2019	07/01/2019– 09/30/2019	01/01/2019– 09/30/2019	07/01/2019– 09/30/2019	01/01/2019– 09/30/2019	07/01/2019– 09/30/2019	01/01/2019– 09/30/2019
Net revenue from services	155,642	360,682	104,342	300,507	30,708	92,441	-	-	343	(9,104)	291,035	744,526
Revenue – Hedge Accounting	-	-	(17,005)	(22,838)	(2,029)	(4,940)	-	-	-	-	(19,034)	(27,778)
Cost of services rendered (*)	(82,931)	(190,591)	(41,222)	(108,839)	(24,455)	(62,461)	(49)	(13)	(343)	9,104	(149,000)	(352,800)
Operating expenses (a)	(5,255)	(8,722)	(1,614)	(5,873)	(135)	(220)	(14,896)	(48,185)	-	-	(21,900)	(63,000)
Depreciation and amortization	(20,644)	(60,364)	(14,600)	(42,581)	-	(16,870)	(4,599)	(8,279)	-	-	(39,843)	(128,094)
Depreciation and amortization (cost)	(20,144)	(59,140)	(13,746)	(40,042)	-	(14,766)	166	(196)	-	-	(33,724)	(114,144)
Depreciation and amortization (expense)	(499)	(1,224)	(854)	(2,539)	-	(2,104)	(4,766)	(8,083)	-	-	(6,119)	(13,950)
Other expenses	1,191	16,968	2	397	12,297	17,757	12	(26)	-	-	13,502	35,096
Financial revenue	18,088	28,332	(69,918)	3,609	747	1,349	68,165	5,441	(11,373)	(24,288)	5,709	14,443
Financial expenses	(42,547)	(87,805)	62,192	(43,204)	(5,294)	(14,121)	(76,360)	(8,331)	11,373	24,288	(50,636)	(129,173)
Equity in net income of subsidiaries	-	-	549	(2,800)	-	-	38,296	124,297	(38,297)	(124,297)	548	(2,800)
Income tax	(6,460)	(17,932)	-	-	(1,764)	(1,148)	-	-	-	-	(8,224)	(19,080)
Income (loss) for the year	17,084	40,568	22,726	78,378	10,075	11,787	10,569	64,904	(38,297)	(124,297)	22,157	71,340

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

In the period ended September 30, 2020, the Company presented revenues from customers domiciled in Brazil, totaling 72% of Company's total net revenue, in the amount of R\$ 911,333 (R\$ 453,122 as of September 30, 2019).

In the period ended September 30, 2020, the Company presented revenues derived Uruguay. These revenues total 28% of the Company's total net revenue, corresponding to R\$ 354,371 (R\$ 300,507 as of September 30, 2019).

The volume of grains and fertilizers in the north corridor totaled 5,451 thousand tons (3,663 thousand tons on September 30, 2019), growth of 49% in the first nine months of 2020, when compared to the same period of previous year.

The volume of grains and fertilizers in the south corridor, excluding Vale, totaled 1,115 thousand tons (1,504 thousand tons on September 30, 2019), decrease of 26% in the first nine months of 2020, when compared to the same period of previous year.

The volume of coastal shipping totaled 2,898 thousand tons (2,474 thousand tons as of September 30, 2019), an growth of 17% in the first nine months of 2020 when compared to the same period of previous year.

#### Assets and liabilities

	North Corridor 09/30/2020	South Corridor 09/30/2020	Cabotage 09/30/2020	Santos 09/30/2020	Other 09/30/2020	Eliminations	Total 09/30/2020
Current assets	475,166	688,028	156,585	28,562	460,611	(160,201)	1,648,751
Non-current assets	<u>1,636,171</u>	<u>1,894,809</u>	<u>723,201</u>	<u>123,054</u>	<u>4,483,962</u>	<u>(4,694,935)</u>	<u>4,166,262</u>
Total assets	2,111,337	2,582,837	879,786	151,616	4,944,574	(4,855,136)	5,815,013
Current liabilities	162,779	162,540	90,423	46,084	84,829	(160,201)	386,454
Non-current liabilities	1,782,002	1,341,209	676,337	67,500	3,408,606	(3,302,210)	3,973,444
Shareholders' equity	<u>166,556</u>	<u>1,079,088</u>	<u>113,025</u>	<u>38,032</u>	<u>1,451,139</u>	<u>(1,392,725)</u>	<u>1,455,115</u>
Total liabilities and shareholders' equity	<u>2,111,337</u>	<u>2,582,837</u>	<u>879,785</u>	<u>151,616</u>	<u>4,944,574</u>	<u>(4,855,136)</u>	<u>5,815,013</u>

	North Corridor 12/31/2019	South Corridor 12/31/2019	Cabotage 12/31/2020	Other 12/31/2019	Eliminations	Total 12/31/2019
Current assets	457,880	480,402	80,647	379,644	(80,573)	1,318,000
Non-current assets	<u>1,503,679</u>	<u>1,238,933</u>	<u>677,301</u>	<u>3,658,132</u>	<u>(3,678,381)</u>	<u>3,399,664</u>
Total assets	1,961,559	1,719,335	757,948	4,037,776	(3,758,954)	4,717,664
Current liabilities	192,416	74,951	61,685	74,051	(79,912)	323,191
Non-current liabilities	1,240,661	912,417	490,572	2,423,806	(2,216,554)	2,850,902
Shareholders' equity	<u>528,482</u>	<u>731,967</u>	<u>205,691</u>	<u>1,539,919</u>	<u>(1,462,488)</u>	<u>1,543,571</u>
Total liabilities and shareholders' equity	1,961,559	1,719,335	757,948	4,037,776	(3,758,954)	4,717,664

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

The Company uses two benefits. Namely:

- AFRMM

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

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

In the period as of September 30, 2020, the Company recognized the benefits of AFRMM in Operating revenue (expenses) in the amount of R\$ 12,488.

- SUDAM

Exploration Profit – SUDAM is a tax incentive granted to legal entity holding infrastructure development project that foster the economy, as well as being fully established in the states covered by the Superintendency of Development for the Amazon (to which the state of Pará is included). This benefit grants a reduction of 75% in the Income Tax and its additional charges (25% to 6.25%), for a term of 10 years. In 2020, up to September 30, the Company obtained a reduction of R\$ 6,338 by means of its parent company.

- 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 September 30, 2020, the amount of R\$ 2,714 and R\$ 114,443 refer to suppliers for the acquisition of property, plant and equipment and concession lease, respectively, and they did not affect cash.

### **32. Subsequent event**

On October 14, 2020, the shareholder Constellation acquired 6.98% of the Company's capital.