

### **LETTER FROM THE PRESIDENT**

First of all, I would like to **thank all our employees** who have been working at our sites, vessels and from their homes during this very challenging moments the world is facing. Your commitment to our company allowed us to deliver a strong result in the second quarter of the year despite a difficult moment for the global economy.

Hidrovias do Brasil S.A. ("HBSA") continued to deliver **Strong results in this second quarter of 2020, despite the adverse moment** the world is facing.

Our **Adjusted EBITDA increased 39%** compared to the same quarter of 2019, showcasing the continuous demand for our services and the results from our new projects.

The North Corridors grain operation highlighted once more our competitiveness in the grains flow from Mato Grosso, with an 88% increase in the transported volume compared to the same period last year. The market share from the ports on the north region of Brazil already represents 57% of the total exports from Mato Grosso, the highest growth and largest grains producer in the country.

Efficiency gains and operational leverage yielded an **EBITDA margin growth to 67%**.

During the month of May we started to operate on our Santos terminal, marking HBSA entry into the largest port complex in Latin America. This demonstrates our capacity to diversify our portfolio of services, increase our logistics footprint and continue to grow.

South Corridor still faces one of the most severe draft reductions ever recorded in the Parana-Paraguai waterways, highlighting the business resilience and ability to surpass external challenges.

Moreover, we sustain our strategy of focusing on our employees, safety and continuous improvements in our governance.

Since the breakout of the Covid-19 pandemic we have implemented several **health & safety protocols in our operations** and focused our efforts on supporting our communities to mitigate the impacts of Covid-19 through donations of medical equipment and food supplies. **Donations will top R\$ 7.2 million.** 

Our employees raised funds to "Abrace uma causa" (fundraising platform) as a way to support the people in need. We also signed up for the "Não demita" (Do not dismiss employees) initiative.

I am also very proud to inform that we have completed **TRACEcertification**, the anti-bribery compliance credential from TRACE, the world's leading anti-bribery standard organization. Certification by TRACE signifies that the Company has completed internationally accepted due diligence procedures and has been forthcoming and cooperative during the process, underscoring Hidrovias's review commitment to transparency in international commercial transactions. This certification is part of the continuous improvement in our governance and highlights our commitment to transparency with our stakeholders.

We are aware of the challenges this year poses and continue on our commitment to growth in a sustainable way!

Fabio Schettino President





### São Paulo, July 30th, 2020,

Hidrovias do Brasil S.A ("HBSA") announced today its 12n and international accounting rules (IFRS).

### **EXECUTIVE SUMMARY 2Q20**

#### **EBITDA 2Q20 vs 2Q19:**

Consolidated			
R\$ million	2Q19	2Q20	Δ
Volume (kt) <sup>1</sup>	2.417	3.314	37%
Net Revenue	253,7	426,2	68%
Operating Net Revenue	236,8	349,0	47%
OTM	20,9	115,8	>100%
Hedge Accounting	(4,0)	(38,6)	>100%
Operating Costs	(109,2)	(275,7)	>100%
Operating Costs	(93,6)	(158,1)	69%
OTM	(15,6)	(117,5)	>100%
Operating Expenses	(23,1)	(29,2)	27%
AFRMM, Other Revenues & Tax Credits	22,3	9,1	(59%)
Equity Accounting	1,1	1,8	62%
EBITDA	144,8	132,3	(9%)
Margin %	57%	31%	- 26 p.p.
Hedge Accounting	4,0	38,6	>100%
Impact of Joint Ventures	5,6	8,3	48%
Non-recurring <sup>2</sup>	(19,6)	8,2	<(100%)
Adjusted EBITDA	134,8	187,3	39%
Margin %³	57%	54%	- 3 p.p.

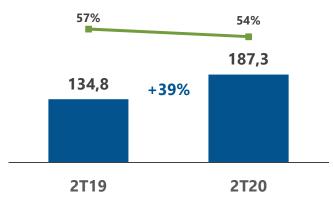
HBSA uses CVM Instruction 527 as the basis for calculating EBITDA, which deals with this measure in its article 3, item I.

As also provided for in CVM Instruction 527, HBSA also discloses adjusted EBITDA, aiming to provide greater operational comparability and assisting the market in understanding its business.

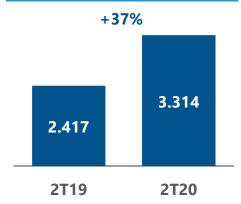
> Volume +37% vs 2Q19

**Adjusted EBITDA** +39% vs 2Q19

### Adjusted EBITDA (R\$ million) and Adjusted EBITDA Margin<sup>3</sup> (%):



### Volume<sup>1</sup> (kt):





<sup>&</sup>lt;sup>1</sup> Excludes volume from Santos terminal and Vale client <sup>2</sup> Non-recurring includes R\$ 1,7 million in donations to mitigate the effects of Covid-19 pandemic

<sup>&</sup>lt;sup>3</sup> Adjusted EBITDA margin considers the net revenue excluding OTM revenue and hedge accounting

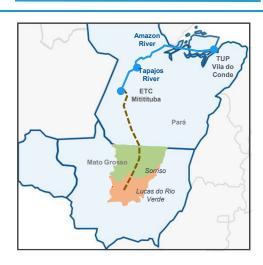
### **NORTH CORRIDOR**

In this corridor, the company operates on the Tapajós and Amazonas rivers (grains and fertilizers) and on the Trombetas and Amazonas rivers ("coastal navigation" or "cabotage").

In the fluvial system formed by the Tapajós and Amazonas rivers we offer navigation services between the Miritituba bulk cargo transshipment station (ETC Miritituba), located in the city of Itaituba, district of Miritituba, Pará, and our port terminal of Vila do Conde (TUP Vila do Conde), located in the city of Barcarena, Pará. This operation has revenue and most costs in reais (R\$) and transports grains (soy and corn) and fertilizers as return cargo.

In the Trombetas-Amazonas system, through our coastal shipping operations, also known as cabotage, we transport bauxite between Porto Trombetas and Barcarena, both in Pará. This operation has revenue and most costs linked to the US dollar (US\$).

#### **Grains and Fertilizers**



### **Coastal Navigation**



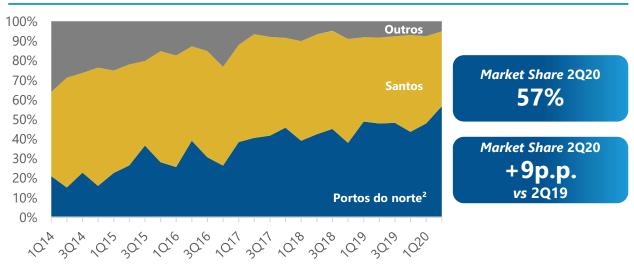


### **Competitiveness of the Northern Corridor:**

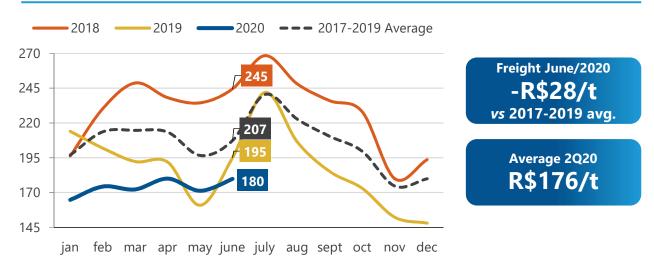
As mentioned in 2019, the continuous reduction in freight rates on the BR-163 had a positive effect on the North Arc of Brazil, increasing the competitiveness of grain exports in the region.

The market share of northern ports on grain exports<sup>1</sup> in the state of Mato Grosso has grown significantly in recent years. In 2Q20, the North ports share reached 57%, an increase of 9 percentage points when compared to 2Q19.

### Mato Grosso - Market Share Grains Exports<sup>1</sup>



### Sorriso-Miritituba<sup>3</sup> freight (monthly average R\$/t):



<sup>&</sup>lt;sup>1</sup> Source: COMEX Stat; Includes corn, soy and soymeal. Updated as of 07/22/2020

<sup>3</sup> Source: IMEA.



<sup>&</sup>lt;sup>2</sup> North ports include:: Barcarena, Itaqui, Santarém e Itacoatiara

#### **North Grains and Fertilizers:**

The North Corridor volume, in grains and fertilizers the segments, grew 88% in 2Q20, when compared to the previous year. This growth reflects the continuous improvement competitiveness of the North Corridor and a very Strong harvest.

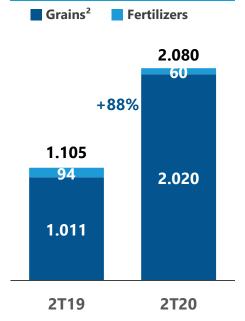
The volume growth, our operational leverage and continuous efficiency gains yielded a 9 p.p. improvement in our adjusted EBITDA margin, from 58% in the 2Q19 to 67% in the 2Q20.

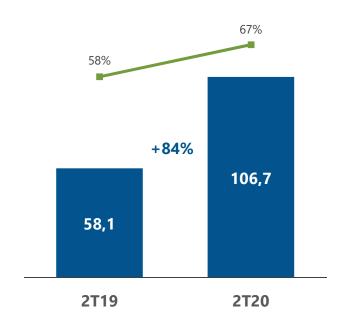
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N	orth	Gra	ıns

R\$ million	2Q19	2Q20	Δ
Volume (kt)	1.105	2.080	88%
Net Revenue	121,9	275,8	>100%
Operating Net Revenue	101,0	160,0	58%
OTM	20,9	115,8	>100%
Operating Costs	(58,2)	(169,5)	>100%
Operating Costs	(42,7)	(51,9)	22%
OTM	(15,6)	(117,5)	>100%
Operating Expenses	(1,2)	(6,4)	>100%
AFRMM, Other Revenues & Tax Credits	16,7	5,0	(70%)
EBITDA	79,1	104,9	33%
Margin %	65%	38%	- 27 p.p.
Non-recurring	(21,0)	1,8	<(100%)
Adjusted EBITDA	58,1	106,7	84%
Margin %¹	58%	67%	+ 9 p.p.

### **Incoming system volume (kt):**

### Adjusted EBITDA (R\$ million) and Adjsuted EBITDA Margin<sup>1</sup> (%):







Adjusted EBITDA margin, taking into account net revenue minus OTM
 "Grains" includes volumes received via truck unloading at ETC Miritituba or at TUP Vila do Conde.

### **Coastal Navigation (cabotage):**

The Coastal Shipping (or cabotage) segment (which are presented in the consolidated financial statements with the North Corridor) transported a total volume of 818 ktons, in line with 2O19.

Net revenues from this business unit grew 53% when compared to 2Q19. This business unit has all its revenues linked to US dollar and as such benefited from the depreciation of the Brazilian Real.

#### **Coastal Navigation**

R\$ million	2Q19	2Q20	Δ
Volume (kt)	820	818	(0%)
Net Revenue	31,8	49,1	54%
Operating Net Revenue	33,2	50,9	53%
Hedge Accounting	(1,4)	(1,8)	30%
Operating Costs	(20,9)	(22,2)	6%
Operating Expenses	(0,1)	(0,1)	(25%)
AFRMM, Other Revenues & Tax Credits	5,5	4,0	(27%)
EBITDA	16,3	30,8	90%
Margin %	51%	63%	+ 12 p.p.
Hedge Accounting	1,4	1,8	30%
Non-recurring	(5,4)	-	(100%)
Adjusted EBITDA	12,3	32,7	166%
Margin %¹	37%	64%	+ 27 p.p.

#### Volume (kt):

Bauxite

745

2T19

# - 0,3% 820 818

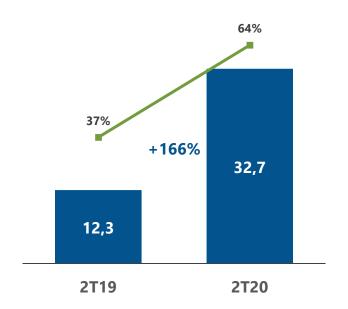
Others

### <sup>1</sup> Adjusted EBITDA margin considers the net revenue excluding hedge accounting

818

2T20

# Adjusted EBITDA (R\$ million) and Adjusted EBITDA Margin<sup>1</sup> (%):





#### **Santos and Salt:**

The new operation in Santos began operations during May, 2020. It includes the área denominated STS20, made of three warehouses and a pier inside the Santos Port (southeast of Brazil). This operation will load/unload and storage salt and fertilizers.

We have scheduled improvements in the terminal that will increase its capacity and efficiency. As such, we are still not operating at full capacity in this terminal.

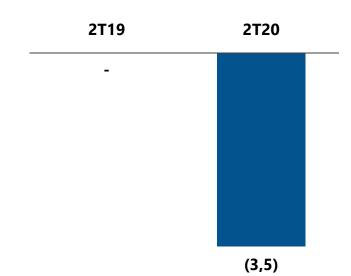
The salt logistics is still in the implementation phase and haven't started operation.

#### **Santos & Sal Operations**

R\$ million	2Q19	2Q20	Δ
Net Revenue	-	7,3	-
Operating Net Revenue	-	7,3	-
Operating Costs	-	(10,7)	-
Operating Expenses	-	(0,4)	-
AFRMM, Other Revenues & Tax Credits	-	0,0	-
EBITDA	-	(3,8)	-
Margin %	-	(53%)	-
Non-recurring	-	0,3	-
Adjusted EBITDA	-	(3,5)	-
Margin %	-	(48%)	-

#### **Santos and Salt:**

# Adjusted EBITDA (R\$ million) and Adjusted EBITDA Margin (%):



### **SOUTH CORRIDOR**

In the Paraguay-Paraná river system, we offer inland navigation services through different routes, including different loading and unloading terminals. This operation has revenue and most of the costs linked to the US dollar (US \$). In the South Corridor, we transport grains, fertilizers, iron ore, cellulose, among other products.

Os negócios que a companhia opera neste corredor compreendem a hidrovia Paraná-Paraguai (minério de ferro, grãos e fertilizantes), o Rio Uruguai (celulose, uma de nossas *joint*ventures) e o Terminal de Montevidéu (também uma *joint-venture*).



### Water level conditions in Paraguay-Paraná rivers:

As already explained in the 1Q20 Earnings Release, the Paraguay-Paraná waterway, where HBSA operates in the South Corridor, is facing a draft period significantly lower than the long-term historical averages, as shown in the chart opposite.

This situation is atypical and affects the operation in the South Corridor, with an increase in navigation cycles and navigation restrictions.

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<sup>&</sup>lt;sup>1</sup> Na localidade de Asunción; Fonte: Dirección de Meteorología e Hidrología, <a href="https://meteorologia.gov.py/nivel-rio/vermas.php?id=2000082001">https://meteorologia.gov.py/nivel-rio/vermas.php?id=2000082001</a>
O nível do rio neste ponto de medição não necessariamente reflete o calado nos locais onde navegamos e deve ser analisado como um indicador da capacidade do rio.



#### **South Corridor:**

The South Corridor volume decreased 15% in 2Q20, when compared to the same period last year, mainly due to draft conditions on the Paraná-Paraguay waterway.

The impact of the drop in volume on EBITDA was partially offset by the appreciation of the US dollar versus the real. The contract with Vale for handling iron ore (volume not shown in the graph below) was not significantly impacted by the current draft situation.

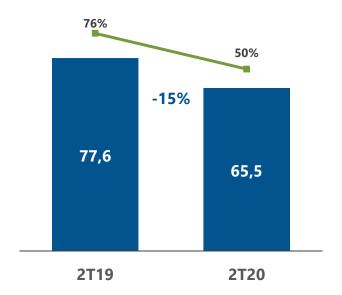
C - 11-	Corridor
SOUTH	COPPIDE
Journ	COLLIGO

R\$ million	2Q19	2Q20	Δ
Volume (kt) <sup>1</sup>	492	417	(15%)
Net Revenue	100,0	94,1	(6%)
Operating Net Revenue	102,6	130,8	27%
Hedge Accounting	(2,6)	(36,8)	>100%
Operating Costs	(30,0)	(73,3)	>100%
Operating Expenses	(1,9)	(2,5)	32%
AFRMM, Other Revenues & Tax Credits	0,1	0,0	(77%)
Equity Accounting	1,1	1,8	63%
EBITDA	69,4	20,1	(71%)
Margin %	69%	21%	- 48 p.p.
Hedge Accounting	2,6	36,8	>100%
Impact of Joint Ventures	5,6	8,3	48%
Non-recurring	-	0,3	-
Adjusted EBITDA	77,6	65,5	(16%)
Margin % <sup>2</sup>	76%	50%	- 26 p.p.

### Volume (kt)<sup>1</sup>:

### Grains Fertilizers Others -15% 492 417 97 38 68 377 327 2T19 2T20

### Adjusted EBITDA (R\$ million) and Adjusted EBITDA Margin<sup>2</sup> (%):





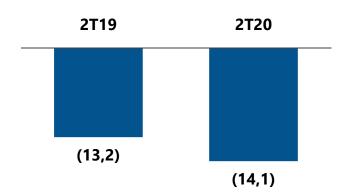
<sup>&</sup>lt;sup>1</sup> Excluding volume for Vale customer <sup>2</sup> Adjusted EBITDA margin considers revenue excluding the Hedge Accounting effect

### HOLDING

The Holding's Adjusted EBITDA, basically consisting of expenses with personnel and third-party services (including IT), grew 7% in the 2Q20 when compared to the same period of the previous year. Part of this increase comes from the company's strategy of investing in a restructuring of its commercial and new business areas, expanding the possibilities for its future growth, as well as strengthening the health and safety department and also improving internal governance (compliance, internal audit).

Holding			
R\$ million	2Q19	2Q20	Δ
Operating Costs	(0,1)	-	(100%)
Operating Expenses	(19,9)	(19,8)	(0%)
EBITDA	(20,0)	(19,8)	(1%)
Non-recurring	6,8	5,7	(15%)
Adjusted EBITDA	(13.2)	(14.1)	7%

### Adjusted EBITDA (R\$ millions);





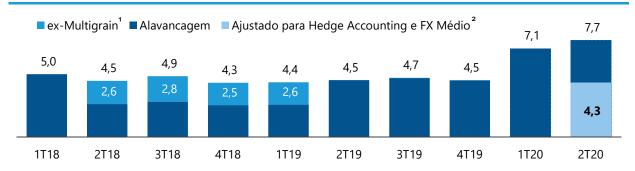
### **FINANCIAL HIGHLIGHTS**

#### Amortization Schedule (in R\$ million):

HBSA does not have any substantial debt maturities in the short and médium term, with most of its maturities coming from 2025 onwards. Our cash reserves are more than enough to cover all the debt maturities over the next 4 years.



#### **Net Debt / EBITDA:**



#### Bond Covenant (Net Debt / EBITDA, excl. Coastal Navigation business):



In the 2Q20 the depreciation of the Brazilian real was the main driver for the increase in leverage. This has no cash impact and does not impair our capacity to serve our debts.

The bond covenant is measured excluding the coastal navigation business from the company's EBITDA and net debt. The breach of this covenant does not accelerate the payment of the debt and does not have significant effects<sup>3</sup> on the day-to-day life of HBSA.

Adjusting the debt to the average FX rate for the period and the adjusted EBITDA, our leverage in the 2Q20 was 4,3x.

<sup>&</sup>lt;sup>2</sup> Adjusted for the average Exchange rate for the period and the hedge accounting impact <sup>3</sup> When HBSA is above the covenant defined in the bond documents, it cannot make dividend payments to shareholders or raise new debt (except when less than the predefined additional "basket");



<sup>&</sup>lt;sup>1</sup> 2018 EBITDA adjusted for the Multigrain contract termination, impacting the leverage from 2Q18 until 1Q19

#### **Cash Flows:**

In the table below, we show the Consolidated Cash Flow, including "interest earning bank deposits" as cash

Consolidated	Con	solic	lated
--------------	-----	-------	-------

R\$ Million	2Q19	2Q20	Δ
Beginning of Period Cash		1.094,4	10%
(+) Adjusted EBITDA	134,8	187,3	39%
(+) Change in working capital	(45,4)	(43,6)	(4%)
(+) Operating financial results	(7,0)	(4,4)	(37%)
(-) Joint Ventures' EBITDA	(1,2)	(6,5)	>100%
(-) Non-recurring	19,6	(6,5)	<(100%)
(-) (Constitution) Reversal of contingency provision	(9,2)	0,3	<(100%)
(-) Stock option plan	-	0,7	-
(-) Provisions for bonuses and gratuities	4,3	7,9	82%
(-) Taxes paid	(3,2)	(6,8)	>100%
(-) Paid rentals (IFRS 16)	(1,7)	(1,6)	(7%)
a = Operating Cash Flow (OCF)	91,0	126,9	39%
(-) CAPEX	(23,2)	(72,7)	>100%
b Recurring	(1,8)	(7,6)	>100%
Expansion	(21,4)	(65,2)	>100%
c = Investing Cash Flow (ICF)	(23,2)	(72,7)	>100%
d (+) Debt Funding	-	-	-
e (-) Amortization	(22,3)	(7,4)	(67%)
f (-) Interest Payments	(5,4)	(9,3)	71%
(-) Bond repurchase	-	(52,6)	-
(-/+) Dividends Paid/Received	(135,8)	(4,4)	(97%)
= Financing Cash Flow (FCF)	(163,5)	(73,6)	(55%)
g Impact of exchange rate variation on cash balances	(114,3)	56,6	<(100%)
h = Cash Generation	(210,1)	37,2	<(100%)
= End of Period Cash	784,5	1.131,6	44%
KPI's			
R\$ Million	2Q19	2Q20	Δ
Cash Generation before CAPEX (a)	91,0	126,9	39%
Cash Generation before expansion CAPEX (a+b)	89,2	119,3	34%
Cash Generation after ICF (a+c)	67,8	54,2	(20%)

HBSA generated R\$ 121,3 millions in operating cash flows during the 2Q20, ending the quarter with a total cash position of R\$ 1.137,5 millions, a R\$ 43,1 millions growth even after accounting for a R\$ 61,7 million investment in repurchasing part of the bonds. Adjusting for this effect our cash would have increased R\$ 104,8 millions.

-68,0

Cash Generation before Financing (h-g-f-e-d)



-2,8 (96%)

### **CAPEX (R\$ millions):**



HBSA's maintenance CAPEX remained during relatively low 2Q20, representing 10% of the total CAPEX for the period. At the same time, the company kept its expansion investments, with the acquisition of additional barges to the north operation, system improvements, and the new projects of Santos and Salt.



### **IMPORTANT NOTES**

### **Hedge Accounting:**

Since HBSA has debts in US dollars (US\$), a significant part of its operations is dollarized (South Corridor and Coastal Navigation) and its functional currency is the real (R\$), we have adopted the accounting methodology through Hedge Accounting.

In periods of severe depreciation of the real (as experienced throughout 2019 and 1H20), the impact on Net Revenue can be material (R\$ 39 million in 2Q20 and R\$ 89 million in 1Q20), although this effect is non-cash and non-operating (it is related to our financing structure, with debts in US\$).

From this quarter onwards the Company will reconize the effects of Hedge Accounting in the South Corridor. This better aligns the hedge to its designated object and has no cash implication to the business units.

For the purposes of calculating the bond covenant, we use EBITDA which includes the effect of Hedge Accounting (according to the EBITDA calculation provided for in CVM Instruction 527). For the purposes of comparison and HBSA's operational analysis, we adjusted the effect of Hedge Accounting on Adjusted EBITDA, allowing a better comparison with other companies and between periods. Other companies, however, may have an accounting treatment different from that applied by HBSA.



### **BALANCE SHEET**

HIDROVIAS DO BRASIL S.A.

BALANCE SHEETS AT JUNE 30, 2020 AND DECEMBER 31, 2019

(In thousands of reais - R\$)

(In thousands of feats - Na)	Noto	Parent c	ompany	Conso	lidated
ASSETS	Note			06/30/2020	
		<del>_</del>			
<u>Current Assets</u>					
Cash and cash equivalents	4	863	9.179	21.915	45.166
Securities .	5.1	26.258	4.625	1.090.228	913.972
Trade accounts receivable	6.1	-	-	181.886	82.350
Inventories		-	-	62.178	38.364
Recoverable taxes	7	90	827	67.135	27.463
Income tax and social contribution	7.1	2	11.393	35.183	28.116
Advances to suppliers	9	659	435	25.957	37.884
Prepayments		2.881	2.302	37.938	47.499
Related party credits	18	6.631	6.333	-	-
Dividends receivable		37.032	37.032	-	-
Other receivables		173	1.293	25.573	25.580
Total current assets		74.589	73.419	1.547.993	1.246.394
Non-current assets					
Linked securities	5.2	-	-	19.987	15.383
Related party credits	18	5.477	4.225	-	-
Trade accounts receivable	6.1	-	-	7.200	-
Judicial deposits	17	5.343	5.343	12.695	11.756
Guarantees and pledge deposits	8	8.999	6.704	8.999	6.704
Deferred tax assets	26	-	-	171.410	46.718
Recoverable taxes	7	-	6	39.260	55.199
Income tax and social contribution	7.1	-	-	25.618	25.618
Advances to suppliers	9	-	-	18.555	30.750
Prepayments		3.451	3.445	26.722	19.070
Investments	10	1.349.739	1.477.715	88.475	70.946
Property, plant and equipment	11	5.454	5.736	3.360.969	2.928.464
Right-of-use asset	12	551	1.101	30.651	32.534
Intangible assets	13	16.621	12.206	340.383	228.129
Total non-current assets		1.395.635	1.516.481	4.150.924	3.471.271
Total assets		1.470.224	1.589.900	5.698.917	4.717.665
See the accompanying notes to the fi	nancial sta	atements			
accompanying notes to the h	i iai iciai 3tt	201110110			



### **BALANCE SHEET**

HIDROVIAS DO BRASIL S.A.

BALANCE SHEETS AT JUNE 30, 2020 AND DECEMBER 31, 2019

(In thousands of reais – R\$)

	Noto	Parent c	ompany	Conso	lidated
LIABILITIES AND SHAREHOLDERS' EQUITY _	Note		12/31/2019		12/31/2019
		-			
<u>Current Liabilities</u>					
Suppliers	14	4.915	3.018	113.646	49.945
Loans and financing	15	-	-	199.142	172.275
Social charges and labor legislation obligation	16	14.744	12.655	35.704	26.198
Lawsuits	17	-	-	6.090	5.884
Taxes payable		5.044	5.032	26.310	17.398
Income tax and social contribution		-	15.964	30.863	21.971
Provision for loss on investments	10	3.693	3.652	-	-
Accounts payable with related parties	18	59.012	1.114	-	-
Advance from clients		-	-	4.944	21.721
Dividends payable		50	363	13.912	2.834
Lease payable	12	655	90	6.695	107
Concession lease	13	-	-	20.253	-
Other accounts payable		3.262	3.382	16.424	4.859
Total current liabilities		91.375	45.270	473.983	323.192
Non-current liabilities					
Loans and financing	15	_	-	3.754.001	2.818.234
Lease payable	12	-	1.059	24.584	32.668
Concession lease	13	-	-	67.500	-
Loan	18			<u>-</u>	
Total non-current liabilities			1.059	3.846.085	2.850.902
SHAREHOLDERS' EQUITY					
Capital	19	1.282.798	1.282.798	1.282.798	1.282.798
Capital reserves		18.872	17.127	18.872	17.127
Additional dividends proposed	19	-	35.827	-	35.827
Accumulated losses		(134.117)	-	(134.117)	-
Profit reserve		84.499	48.672	84.499	48.672
Equity valuation adjustment		126.797	159.147	126.797	159.147
Total shareholders' equity		1.378.849	1.543.571	1.378.849	1.543.571
Total liabilities and shareholders' equity		1.470.224	1.589.900	5.698.917	4.717.665
See the accompanying notes to the financial s	tatements				
See the accompanying notes to the infallclars	tatements				



### **INCOME STATEMENT – Parent Company**

 ${\tt HIDROVIAS\ DO\ BRASIL\ S.A.}$ 

STATEMENTS OF INCOME FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020 AND 2019 (In thousands of Reais, except earnings/loss per share)

	Parent company  04/01/2020 01/01/2020 04/01/2019 01/01/2019				
	Nota explicativa	to 06/30/2020	to 06/30/2020	to 06/30/2019	to 06/30/2019
Net operating revenue	23	-	-	-	-
Cost of services rendered	24	-	-	-	-
Gross profit		-	-		
OPERATING EXPENSES General and administrative expenses	24	(22.017)	(46.774)	(21.814)	(36.193)
Equity in net income of subsidiaries Other expenses/revenues Operating income (loss) before financial income (loss) and taxe	10 24 s	18.540 310 (3.167)	(87.025) - (133.799)	75.970 (1.439) 52.717	86.000 (1.442) 48.365
Financial revenues Financial expenses Financial income (loss)	25 25 25	79 (4.319) (4.240)	1.263 (1.581) (318)	45 <u>(756)</u> (711)	2.560 (1.745) 815
Operating income before income tax and social contribution		(7.407)	(134.117)	52.006	49.180
Income tax and social contribution Current Deferred assets	26 26	- -	- -	- -	- -
(Loss) income for the period Basic earnings per share - R\$ Diluted earnings per share - R\$ See the accompanying notes to the financial statements	20 20	(7.407)	(134.117)	52.006	49.180



### **INCOME STATEMENT - Consolidated**

HIDROVIAS DO BRASIL S.A.

STATEMENTS OF INCOME FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020 AND 2019 (In thousands of Reais, except earnings/loss per share)

		Consolidated			
	Nota explicativa	04/01/2020 to 06/30/2020	01/01/2020 to 06/30/2020	04/01/2019 to 06/30/2019	01/01/2019 to 06/30/2019
Net operating revenue	23	426.195	639.717	253.675	444.747
Cost of services rendered	24	(324.979)	(555.632)	(150.278)	(284.174)
Gross profit	-	101.216	84.085	103.397	160.573
OPERATING EXPENSES General and administrative expenses	24	(34.447)	(70.293)	(28.523)	(48.976)
Equity in net income of subsidiaries	10	1.820	(475)	1.122	(3.349)
Other expenses/revenues	24	9.098	19.562	22.288	21.595
Operating income (loss) before financial income (loss) and	taxes	77.687	32.879	98.284	129.843
Financial revenues	25 25	11.242 (78.259)	64.528 (210.567)	6.792 (44.730)	14.893 (84.700)
Financial expenses Financial income (loss)	25	(67.017)	(146.039)	(37.938)	(69.807)
Operating income before income tax and social contribution		10.670	(113.160)	60.346	60.036
Income tax and social contribution Current	26	(16.092)	(30.069)	(4.354)	(8.709)
Deferred assets	26	(1.985)	9.112	(3.986)	(2.147)
(Loss) income for the period		(7.407)	(134.117)	52.006	49.180
Basic earnings per share - R\$	20	(0,0099)	(0,1792)	0,0695	0,0657
Diluted earnings per share - R\$	20	(0,0098)	(0,1774)	0,0689	0,0652
See the accompanying notes to the financial statements					



### **CASH FLOW STATEMENT**

HIDROVIAS DO BRASIL S.A.

STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020 AND 2019
(In thousands of reais – R\$)

	Parent company		Consolidated	
	06/30/2020 06/30/2019		06/30/2020 06/30/2019	
Cash flow from operating activities			-	
(Loss) income for the period	(134.117)	49.180	(134.117)	49.180
Adjustments to reconcile loss for the year with				
net cash generated by (invested in) in operating activities:				
Provision for bonus	10.774	4.048	11.458	4.325
Provisão PIS/COFINS	-	-	-	(834)
Income tax and social contribution expenses	-	-	20.957	10.856
(Formation) Reversal of provision for contingency	-	-	206	(1.996)
Interest incurred on loans	-	158	106.582	78.028
Reversal of loan funding costs	-	-	1.771	(2.475)
Inflation adjustments and exchange-rate changes	-	(171)	90.577	(171)
Accrued interest - lease	45	23	887	688
Stock option plan	1.745	-	1.745	-
Yield of interest earning bank deposit	(94)	(1.607)	(63.784)	(8.523)
Write-off of fixed and intangible assets	-	10	-	11
Depreciation and amortization	3.402	2.864	100.580	85.913
Amortization from right-of-use asset	550	287	3.623	2.351
Equity in net income of subsidiaries	87.025	(86.000)	475	3.349
Revenue realized from hedge	-	-	127.569	8.744
(Increase) decrease in operating assets:				
Accounts receivable	-	-	(91.486)	7.904
Inventories	-	-	(12.636)	(2.400)
Recoverable taxes	(419)	-	(25.135)	(29.019)
Advances to suppliers	(224)	284	31.581	(3.899)
Prepayments	(585)	(268)	(16.641)	(18.065)
Judicial deposits	-	-	(939)	(5)
Guarantees and pledge deposits	(2.295)	69	(2.295)	69
Other receivables	1.120	(603)	2.551	(16.665)
Increase (decrease) in operating liabilities:				
Suppliers	1.897	(964)	56.267	(24.280)
Social charges and labor legislation obligations	(8.685)	(7.062)	(3.190)	(7.749)
Taxes payable	12	(210)	8.482	(1.291)
Advances from clients	-	-	(21.587)	(23.085)
Other accounts payable	(120)	(126)	10.699	(894)
Payment of interest on loans and financing	-	(292)	(94.794)	(80.245)
Income tax and social contribution paid	(3.410)	(679)	(20.105)	(8.187)
Net cash (invested in) from operating activities	(43.379)	(41.059)	89.301	21.635



### **CASH FLOW STATEMENT**

HIDROVIAS DO BRASIL S.A.

STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020 AND 2019
(In thousands of reais – R\$)

	Parent company		Consolidated	
	06/30/2020 06/30/2019		06/30/2020 06/30/2019	
Cash flows from investment activities			,	
Acquisition of fixed assets	(101)	(1.631)	(111.708)	(48.784)
Acquisition of intangible assets	(7.230)	(371)	(6.837)	(914)
Securities (investment)	(85.555)	(188.664)	(815.226)	(783.785)
Securities (redemptions)	64.016	302.657	913.818	925.239
Dividends received	4.000	82.169	6.316	-
Loan granted between related parties	(1.550)	(833)	-	-
Capital increase (decrease) in subsidiaries	4.437	(230)		-
Net cash generated by (invested in) investment activities	(21.983)	193.097	(13.637)	91.756
		_		
Cash flows from financing activities				
Paid lease	(539)	(581)	(4.135)	(3.342)
Lease paid	-	(15.833)	(21.372)	(43.374)
Linked securities	-	-	(4.604)	(2.626)
Payment of dividends	(313)	(135.798)	(4.359)	(135.798)
Bond repurchase - Bond	-	-	(71.764)	-
Loan granted between related parties	57.380	-	-	-
Other accounts payable with related parties	518	79		-
Net cash (invested in) generated by financing activities	57.046	(152.133)	(106.234)	(185.140)
Effect of changes in exchange rate on balance of cash and cash equiv	v -	-	7.319	443
Decrease/increase in cash and cash equivalents	(8.316)	(95)	(23.251)	(71.306)
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	863	8.728	21.915	64.361
Decrease / increase in cash and cash equivalents	(8.316)	(95)	(23.251)	(71.306)

