Santos Brasil Participações S.A.

Financial statements
December 31, 2020 and 2019

Management Report

Dear Shareholders,

We are submitting to you the management report and financial statements of Santos Brasil Participações S.A. ("Santos Brasil") for the fiscal year ended December 31, 2020.

The individual and consolidated financial statements are presented in accordance with the accounting practices adopted in Brazil, the Brazilian Corporations Law, the International Financial Reporting Standards (IFRS) and the standards of the Accounting Pronouncements Committee (CPC).

Message from the Management

The year 2020 was marked by the COVID-19 pandemic, which triggered a global public health, economic and financial crisis, whose effects are still being felt worldwide, including in Brazil. These impacts brought Santos Brasil a variety of challenges - operational, administrative and financial – but which the Company managed to navigate through to ensure business continuity and solid financial health, without losing its focus on protecting the physical integrity and mental health of its employees and contractors.

During the year, the Company maintained all of its business units fully operational, without interruptions, shutdowns or suspensions of any type, providing essential services to society, while following rigorous health standards designed to prevent, contain and combat the spread of COVID-19. At the same time, it implemented cost-cutting and cash-position preservation measures as well as administrative procedures to simplify the organizational structure and make it more efficient.

These actions enabled Santos Brasil to keep financial leverage low, without affecting investments, which totaled R$223.4 million and were aimed at ensuring the Company's competitive advantages in the medium and long terms. Further, by implementing a successful Business Continuity Plan, the Company generated operational cash flow of R$146.3 million (up 47.9% vs. 2019), despite the adverse effects caused by the pandemic.

Port operations in Brazil and around the world remained active in 2020, but were affected by demand and supply shocks, mainly in the 2nd and 3rd quarters, which significantly reduced the volume of goods transported by sea. On the other hand, the 4th quarter of 2020 saw a recovery in handling volumes, including in Brazil, due to fiscal and economic measures to stimulate consumption and production, which drove the rebuilding of inventories in the industrial and retail sectors and reflected in sea freight prices on key global trade routes.

At the Port of Santos, the decline in import container volumes in 2020 was offset by growth in exports of containerized commodities (e.g. coffee, sugar and frozen meat, among others), which resulted in a 2.7% growth in container throughput at the Port in 2020 compared to 2019, despite the 4.1% decline in Brazil's GDP. This gap between the performance of the Port of Santos and Brazil's GDP highlights the resilience of the port sector during times of crisis.

Consolidated container throughput at the three terminals of Santos Brasil totaled 1,078,992 units in 2020, down 7.7% from 2019. In the Company's main market (Port of Santos), Tecon Santos registered a 7.8% YoY decline in container throughput to 937,424 units. This volume drop, which we believe is a non-recurring event, was due to the higher exposure of Tecon Santos to imported container mix, especially on routes to Asia and North Europe, compared to other container terminals operating at the Port of Santos. The terminal's capacity utilization stood at 74% in 2020, while the Port of Santos registered over 80% due to the high occupancy rates of competitors' terminals, whose present and future idle capacity, mainly resulting from investments in capacity expansion, will enable Tecon Santos to meet the growing demand efficiently. Tecon Santos' market share in 2020 was 35.6% (vs. 39.5% in 2019), according to data published by the Santos Port Authority - SPA (formerly CODESP).

Volumes operated at other units were affected by the pandemic as well. Tecon Vila do Conde registered the lowest decline in container throughput in 2020, totaling 99,800 containers, down 4.2% from 2019, although this decline was concentrated in empty containers. Full container throughput at Tecon Vila do Conde remained stable year on year, reflecting the brisk pace of agricultural and mineral commodity exports. Santos Brasil Logística ('SBLog'), in turn, was adversely affected by lower traffic of imported containers at the Port of Santos, although it had ramped up its integrated and in-house logistics operations, as well as cross-docking and bonded warehousing services, which mitigated the decline in container warehousing. The management restructuring that Santos Brasil has been carrying out in the logistics business in the last three years made further progress in 2020, especially with the establishment of an area dedicated to Pricing, independent from SBLog's commercial structure. Volume at the Vehicle Terminal (TEV) decreased 13.6% in 2020 compared to 2019, which already was a weak comparison base, once again influenced by lower vehicle exports to Argentina, and worsened by a decline in vehicle imports. Finally, Tecon Imbituba continues to be adversely affected by the economic and financial imbalance caused by the high Minimum Contractual Volume ('MMC') that it is contractually bound to meet. The cabotage service operating in the terminal posted a 13.1% year-on-year decline, which was steeper in the case of empty containers. The positive highlight came in TCG Imbituba (General Cargo Terminal) which, after signing pulp and food export agreements in late 2Q20, registered strong growth in shipments of these commodities in the second half of 2020 to end the year with total handled volume of 281,300 tons (+47.9% vs. 2019).

In 2020, the Company's financial management proved to be even more essential, with the focus on maintaining the Company's low leverage and positive cash generation. Control of costs and expenses was a priority, as well as the receipt of credits booked as allowance for loan losses, measures in order to preserve cash. Despite the decline in volume and revenue, the Company ended 2020 with operational cash generation of R$146.3 million (+47.9% vs. 2019), while consolidated EBITDA totaled R$211.9 million, down only 4.4% year on year, with margin of 22.8%, stable in comparison with 2019. All these measures were crucial for the Company to maintain the pace of execution of its investment plan, especially Tecon Santos' modernization and quay expansion, initiatives considered vital to increase the productivity and efficiency of the terminal, while also improving the experience of its clients.

Another important event in 2020 was the follow-on primary share offering in late September, through which the Company raised R$790 million, increasing the cash and financial investments position to R$1.07 billion on December 31, 2020. The Company ended the year with a net cash position of R$637.3 million, after deducting gross debt, resulting in a negative leverage ratio, as measured by the ratio of net debt to EBITDA, of 3.0x in 2020 (-6.3x of pro-forma EBITDA). This capitalization is an important step towards executing the Company's long-term strategic plan, as it intends to expand (i) its presence in the container segment; (ii) the provision of logistics services, better integrating the logistics and port chains; and (iii) its footprint in handling non-containerized cargo.

After addressing strategic issues related to its existing assets – early renewals of container terminals in Santos and Vila do Conde, revision of the CapEx schedule for Tecon Santos and organizational restructuring – the Company is prepared, organized and capitalized for this new growth cycle - organically or inorganically. Existing assets will continue expanding through the ongoing modernization projects, with focus on innovation and automation of processes, systems and equipment. The investment cycle of Tecon Santos, which already amounts to R$331.6 million in three years (2018-2020), will continue in 2021, with the conclusion of the project's first phase, represented by TEV's quay expansion (220 meters) and Tecon Santos's quay reinforcement, which will increase the terminal's annual capacity from 2.0 million to at least 2.4 million TEU.

Moreover, Santos Brasil will pursue growth avenues to accelerate value creation for its shareholders and other stakeholders, including through mergers and acquisitions, driven by efficient capital allocation, especially of the proceeds from the follow-on offering. The Company believes there are decent port and logistics assets in the market with potential accretive integration with its current portfolio of assets, including those to be auctioned by the Ministry of Infrastructure.

Finally, in 2020, the Company intensified the development of its human capital, the safety of its operations and the implementation and strengthening of its environmental, social and corporate governance initiatives, which have already been part of its corporate values for years. Fostering this culture is crucial for the Company's sustainability and to generate value in the long run. Santos Brasil is convinced that such actions create opportunities for quicker and sustainable growth, encourage talent attraction and retention, and enable it to better manage the risks inherent to its business, while also reducing the cost of capital. Page 13 of this report details the Company's key action fronts on ESG.

The Management of Santos Brasil believes that 2021 will resume the path of growth and recovery of operational and financial results of the Company, mainly driven by the repricing of services provided, especially at the Port of Santos. The Company should also benefit from the recovery of economic activity in Brazil and around the world, which should stimulate the growth in volumes operated and improve container throughput mix, whose rising demand Tecon Santos had invested in order to meet productively and efficiently.

Santos Brasil

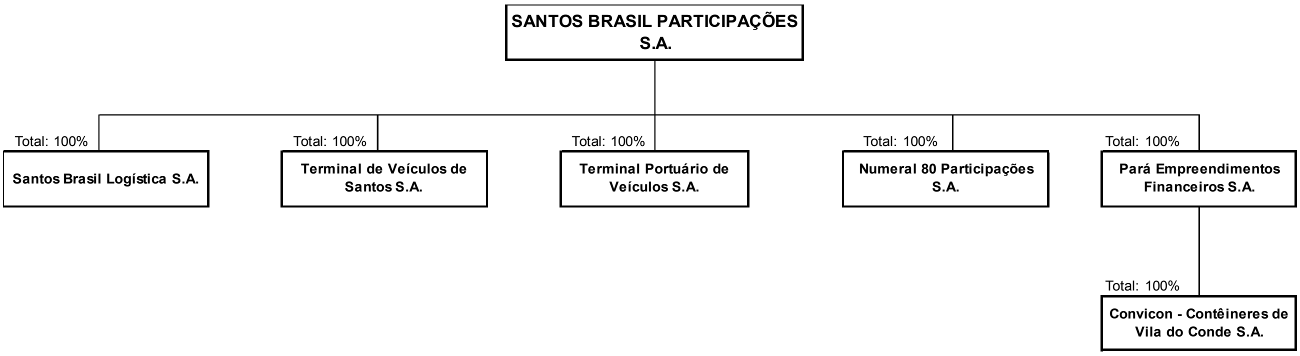
Santos Brasil is Brazil's leading port container operator, accounting for approximately 17% of container throughput in the country's ports. It is present in organized ports located in the Southeastern, Southern and Northern Brazil, operating six leased terminals: three container terminals, two general cargo terminals and one vehicle terminal. The Company operates in practically all the stages of the logistics chain, from loading and unloading of containers and general cargo to and from ships to handling, warehousing, transportation and distribution of containers, general cargo and vehicles, synchronizing the diverse stages of the supply chain and offering customized logistics solutions to its clients.

Santos Brasil provides services to shipping companies (ship-builders), owners of ships and containers, and owners of cargo, including importers and exports, who operate in diverse segments, especially automotive, chemicals, petrochemicals, pharmaceuticals, food, home appliances, consumer goods and agribusiness, among others.

The Company was founded in 1997 to operate the leased Santos Container Terminal in Guarujá (SP), its largest operation. In addition to Tecon Santos, the Company has other five port terminals: (i) two container terminals – Tecon Imbituba, in Imbituba (SC), and Tecon Vila do Conde, in Barcarena (PA), (ii) one vehicle terminal (TEV), in Guarujá (SP) and (iii) to general cargo terminals – TCG Imbituba, in Imbituba (SC) and TCG Saboó, in Santos (SP). Santos Brasil Logística (SBLog) is the integrated logistics company that operates two Customs Industrial Logistics Centers (CLIA), located in the cities of Santos and Guarujá in São Paulo, two distribution centers – São Bernardo do Campo DC and Imigrantes DC – and its fleet of approximately 135 trucks.

The Company did not carry out any mergers, acquisitions or spin-offs in 2020 and currently has investments in subsidiaries, as shown in the chart:

Corporate structure



Ownership interest	2020	2019
Direct subsidiaries:		
Santos Brasil Logística S.A.	100%	100%
Terminal de Veículos de Santos S.A.	100%	100%
Terminal Portuário de Veículos S.A.	100%	100%
Numeral 80 Participações S.A.	100%	100%
Pará Empreendimentos Financeiros S.A.	100%	100%
Indirect subsidiary:		
Convicon Contêineres de Vila do Conde S.A.	100%	100%

The following tables represent the changes in investments. Pará Empreendimentos Financeiros S.A. is the direct parent company of Convicon Contêineres de Vila do Conde S.A.

(In millions of R$)	2020	2019	Var.%
Direct subsidiaries:			
Santos Brasil Logística S.A.	132.5	135.8	-2.4%
Terminal de Veículos de Santos S.A.	162.7	168.3	-3.3%
Terminal Portuário de Veículos S.A.	0.0	0.0	-
Numeral 80 Participações S.A.	0.2	0.2	-
Pará Empreendimentos Financeiros S.A.	109.0	94.2	15.7%
Total	404.4	398.5	1.5%
Indirect subsidiary:			
Convicon Contêineres de Vila do Conde S.A.	93.9	93.9	-

(In millions of R$)	Equity income (loss)	Capital contribution (reduction)	Dividends	Other	Total
Direct subsidiaries:					
Santos Brasil Logística S.A.	-2.0	0.0	0.0	-1.0	**-3.0**
Terminal de Veículos de Santos S.A.	1.8	0.0	-6.9	-0.4	**-5.5**
Terminal Portuário de Veículos S.A.	0	0.0	0	0	**0**
Numeral 80 Participações S.A.	-0.1	0.1	0	0	**0**
Pará Empreendimentos Financeiros S.A.	24.0	0.0	-4.0	-5.2	**14.8**
Total	23.7	0.1	-10.9	-6.6	**6.3**
Indirect subsidiary:					
Convicon Contêineres de Vila do Conde S.A.	24.0	0.0	-4.0	-5.2	**14.8**

Market scenario

Brazil's Trade Balance registered a surplus of US$50.9 billion in 2020, up 5.9% from 2019. Exports fell 6.9% to US$210 billion, and imports totaled US$159 billion, declining 10.4% from 2019. As such, the sum of exports and imports decreased 8.4% between 2019 and 2020, reflecting the impacts of the COVID-19 pandemic on global trade.

The Port of Santos, whose operations are directly related to Brazil's foreign trade scenario, registered 2.7% growth in container throughput between 2019 and 2020, despite the effects of the pandemic, according to data from the Santos Port Authority. Exports proved resilient amid the challenging scenario triggered by the pandemic, with full container throughput for exports increasing 7.1% in 2020 in relation to 2019. On the other hand, full container throughput for imports decreased 6.9% in 2020 compared to 2019, reflecting the decline in domestic economic activity due to the pandemic. Cabotage container throughput at the Port of Santos decreased 4.0% in relation to 2019.

In 2020, vehicle production in Brazil declined 31.6% from to 2019, according to data from the National Automotive Vehicle Manufacturers Association (Anfavea). Vehicle production is an important indicator of imported container throughput at the Port of Santos due to the supply of parts and components to automakers located in Brazil. Vehicle exports contracted 24.3% in 2020 compared to 2019, mainly due to the economic crisis in Argentina, the leading importer of light vehicles from Brazil, which deteriorated due to the pandemic. As a result, total vehicle throughput at TEV decreased 13.6% in 2020, reducing its occupancy rate to 51% (vs. 59% in 2019; calculation on a capacity of 300,000 vehicles).

Strategy and business model

In 2021, Santos Brasil will continue to pursue maximum returns from its assets, in line with its strategy of driving the competitiveness of its clients, based on five pillars: (i) service excellence; (ii) ethics and transparency; (iii) human development; (iv) environment; and (v) safety. The advances made in improving operational efficiency and productivity, with the focus on results and supported by disciplined capital allocation, will continue, mainly through technological innovation and process improvements.

Investments in Tecon Santos, which are part of the Executive Project underlying the early renewal of the terminal lease, totaled R$203.4 million in 2020 and are expected to surpass R$250 million in 2021. The first phase of the project, rolled out in 2018 with the acquisition of equipment, is in progress, with the expansion and reinforcement of the quay at TEV/Tecon Santos, which began in January 2020 as per the initial timetable and which should be concluded in the 2nd half of 2021. The new equipment acquired includes two ship-to-shore (STS) cranes, which were delivered in February 2020 and have already improved operating efficiency at Tecon Santos during the year.

Works at Tecon Santos will add 220 meters to the current quay, which will span 1,510 meters (including 310 meters of the TEV quay). The new berthing infrastructure includes reinforcement of the entire quay and, subsequently, deepening its draft to 16 meters. The quay expansion and reinforcement works, combined with the new cranes and other equipment acquired, will enable Tecon Santos to simultaneously operate up to three 366-meter New Panamax ships, which will soon start operating along the Brazilian coast. The conclusion of the first phase of the project in 2021 will boost Tecon Santos' competitive advantage by expanding the capacity and productivity of quay and container yard operations.

Prospects and opportunities

In 2020, the Company's operating results were affected by the new coronavirus (COVID-19) pandemic. Despite the challenging scenario, the Company continued to improve its organizational structure, creating strategic areas such as M&A (Mergers and Acquisitions), Pricing and Customer Experience, and restructuring other departments, such as Sales and People & Management. In early 2020, Santos Brasil concluded its Long-Term Strategic Plan, which was rolled out in 2019 and involved the Company's leadership and Board of Directors, and assistance from a leading strategic consulting firm. To implement the Strategic Plan, in September 2020 the Company held a follow-on offering, raising around R$790 million in the capital markets. The proceeds will be used to expand and diversify the Company's business portfolio through three main growth avenues: (i) expansion of port operations by participating in bidding processes for port terminals, (ii) inorganic growth of SBLog and (iii) inorganic growth of the container port terminal business.

A second growth avenue for the Company's business arises from the investments being made in expanding and modernizing its current assets, especially at Tecon Santos, which will enable the Company to expand its terminal's capacity to meet the potential future demand at the Port of Santos through higher productivity and efficiency. There is greater balance between supply and demand at the Port, which was severely affected between 2014 and 2017, when the economic crisis in Brazil heavily affected the demand for containers, leaving all the terminals with excessive idle capacity. This market imbalance forced down the prices charged by the Company, including the box rate (price for loading and unloading containers in ships), whose prospects for recovery are positive. In this context, during 2020, the Company renewed agreements with some of its clients (ship-owners), establishing more favorable commercial conditions for its businesses. The Company is in negotiations with one of its main clients, whose agreement expires on March 31, 2021, and expects to renew it on favorable terms for both parties.

In November 2020, Santos Brasil renewed the temporary lease agreement of the port facilities located in the Saboó region on the right bank of the Port of Santos, which will continue to be operated for 180 days starting from November 12, 2020. The Company will handle containerized or non-containerized project and general cargo. Early in 2021, the Santos Port Authority held a new bidding process for temporary operation of one more area in the Saboó region, in which Santos Brasil’s proposal was considered the most advantageous for operating, also temporarily, an area of 64,412 sq.m. In addition to project and general cargo, the Company should handle empty containers in this area. The operation of the two areas in the Saboó region, totaling over 100,000 sq.m., will enable the Company to strengthen its presence in the Port of Santos and expand the range of services provided to its current and potential clients on the right bank of the Port.

At Tecon Vila do Conde, investments made between 2018 and 2020 to acquire new equipment, modernize the terminal infrastructure and expand the warehousing area increased the container throughput dynamic capacity by approximately 50% to 217,000 TEU per year. In 2020, the improvements continued, which included the automation of gates and installation of other technology systems developed and currently used at Tecon Santos. Tecon Vila do Conde should continue growing in 2021, with mineral and agricultural commodity exports from Brazil's Northern region in brisk expansion. Domestic cabotage transportation of cargo between Northern and Southern Brazil declined in 2020 due to the pandemic, but should recover in 2021, in line with domestic economic activity.

At Imbituba, the container terminal will prospect new services, while expecting to maintain the current cabotage service. At the general cargo terminal (TCG Imbituba), general cargo handling should increase, especially of pulp and food, due to the agreements signed in 2020.

At the Vehicle Terminal (TEV), exports to Argentina may recover slightly depending on the country's economic recovery, which would have a positive impact on volumes at the terminal. Regarding vehicle imports, with the recovery of the Brazilian economy and a potential appreciation of the Brazilian real, volumes should grow, generating better results for TEV on account of the warehousing operations generated by imports.

Santos Brasil Logística, which recently restructured its operations and commercial areas, expects higher profitability from agreements, resulting from more efficient cost management and a change in the pricing of services rendered, which is no longer determined by the commercial structure after the creation of a Pricing area by the Finance Department. Resumption of imports at the Port of Santos must drive SBLog's operations. In 2020, the Company inaugurated a new Distribution Center, named Imigrantes DC, increasing by 30% SBLog's general warehousing capacity and expanding its verticalized port-to-door operations.

Economic and financial performance

Operating performance

UNITS	2020	2019	Chg. %
PORT TERMINALS			
Quay operations - containers	**1,078,992**	**1,169,014**	**-7.7%**
Full containers	807,288	898,046	-10.1%
Empty containers	271,704	270,968	0.3%
Quay operations - general cargo (metric ton)	**281,422**	**191,744**	**46.8%**
Warehousing operations	**127,607**	**141,295**	**-9.7%**
LOGISTICS			
Warehousing operations	**46,513**	**56,330**	**-17.4%**
VEHICLE TERMINAL			
Vehicles handled	**153,511**	**177,699**	**-13.6%**
Export	134,251	153,916	-12.8%
Import	19,260	23,783	-19.0%

PORT TERMINALS

UNITS	2020	2019	Chg. %
PORT TERMINALS			
Tecon Santos	**937,424**	**1,016,793**	**-7.8%**
Full containers	723,232	811,400	-10.9%
Empty containers	214,192	205,393	4.3%
Tecon Imbituba	**41,678**	**47,959**	**-13.1%**
Full containers	25,508	28,094	-9.2%
Empty containers	16,170	19,865	-18.6%
TCG Imbituba			
General cargo (metric ton)	281,344	190,165	47.9%
Tecon Vila do Conde	**99,890**	**104,262**	**-4.2%**
Full containers	58,548	58,552	0.0%
Empty containers	41,342	45,710	-9.6%
General cargo (metric ton)	78	1,579	333.3%

The consolidated volume of the three container operations in the Port Terminals segment decreased 7.7% in 2020 to 1,078,992 containers handled. Full container mix registered by the Company in 2020 was 74.8% (vs. 76.8% in 2019). The reduction in volume is mainly due to the impact of the COVID-19 pandemic on global economic activity.

Volume of containers at the Port of Santos grew 2.7% in 2020 compared to 2019, driven by exports, which remained resilient to the effects of the pandemic. **Tecon Santos** handled 937,424 containers in 2020, down 7.8% from 2019, reflecting its high exposure to services with a higher mix of imports, which were the worst affected by the pandemic. With the drop in volume, capacity utilization rate of Tecon Santos fell to 73.9% in 2020 (from 83.1% in 2019). The terminal's market share at the Port of Santos declined to 35.6% in 2020 from 39.5% in 2019. The reduction in market share was due to Tecon Santos' higher exposure to import services, which were the worst affected by the domestic economic slowdown caused by the COVID-19 pandemic. On the other hand, exports remained buoyant, mainly due to the essential nature of products exported by Brazil, which largely consisted of agricultural commodities.

Volume handled at Tecon Santos in 2020 decreased 10.9% for full containers but increased 4.3% for empty containers. Full container throughput decreased 9.3% (208,717 units) in the case of imports and 10.3% (206,541 units) in the case of exports compared to 2019. The decrease in exports was due to the discontinuation of an export service at the terminal in mid-2019.

Tecon Imbituba handled 41,678 containers in 2020, down 13.1% from 2019, due to the reduction in cargo transportation via the cabotage service it operates at the terminal, mainly rice shipments. On the other hand, general cargo handling at the General Cargo Terminal (TCG Imbituba) grew 47.9% when compared to 2019, totaling 281,344 tons. The

Company started pulp and food commodity shipments at the end of 2Q20, which boosted volumes at TCG Imbituba.

In 2020, container throughput at **Tecon Vila do Conde** declined 4.2% in relation to 2019, totaling 99,890 containers. The decline was concentrated in empty containers (-9.6%), while full containers remained stable year on year, led by frozen cargo exports (i.e., frozen beef and fruits) and project cargo imports for mining companies located in Northern Brazil.

Warehousing operations of **Santos Brasil Logística** totaled 46,513 containers in 2020, down 17.4% from 2019, due to the reduction in imports at the Port of Santos on account of the COVID-19 pandemic.

The **Vehicle Terminal** handled 153,511 vehicles in 2020, a 13.6% drop from 2019, caused by the reduction in imports resulting both from the economic slowdown and a weaker real, and by the volume of vehicle exports to Argentina.

Financial performance

Gross Revenue

R$ million	2020	2019	Chg. %
PORT TERMINALS	**770.3**	**788.2**	**-2.3%**
Quay operations	404.0	438.6	-7.9%
Warehousing operations	366.3	349.6	4.8%
LOGISTICS	**277.6**	**292.1**	**-5.0%**
VEHICLE TERMINAL	**50.1**	**64.7**	**-22.6%**
Eliminations	-11.0	-9.8	12.2%
Consolidated	**1,087.0**	**1,135.2**	**-4.3%**

In 2020, the Company's consolidated gross revenue decreased 4.3% in relation to 2019. Starting from August 2019, the Santos Port Authority (formerly CODESP) started collecting port tariff directly from the shipping lines, which was earlier charged from port terminals. The Company deducted the port tariff amount from the box rate for the containers handled at the quay in Tecon Santos. This affects the comparison of revenue from quay operations between 2020 and 2019.

Gross revenue from quay operations fell 7.9% in 2020, due to the aforementioned effect of port tariff and the lower volume of containers handled, mainly of imports, reflecting the impacts of the COVID-19 pandemic. On the other hand, revenue from warehousing increased 4.8%, mainly reflecting the increase in average ticket on account of contractual renegotiations made during the year and the increase in extra stopovers in 4Q20.

At SBLog, gross revenue fell 5.0%, due to lower imports at the Port of Santos and the effects of the pandemic on domestic economic activity, which affected certain segments in the logistics sector. At TEV, the decline in vehicle imports and exports affected its revenue in 2020, which decreased 22.6% from 2019.

Net Revenue from Services

R$ million	2020	2019	Chg. %
PORT TERMINALS	**670.9**	**690.8**	**-2.9%**
Quay operations	359.8	395.4	-9.0%
Warehousing operations	311.1	295.4	5.3%
LOGISTICS	**226**	**237.2**	**-4.7%**
VEHICLE TERMINAL	**42.6**	**53.5**	**-20.4%**
Eliminations	-9.9	-9.0	10.0%
Consolidated	**929.6**	**972.5**	**-4.4%**

Consolidated net revenue in 2020 declined 4.4% in relation to 2019, totaling R$929.6 million.

Cost of Services Rendered

R$ million	2020	2019	Chg. %
PORT TERMINALS			
Handling costs	81.1	104.8	-22.7%
Personnel costs	234.6	236.0	-0.6%
Depreciation and amortization	115.7	100.0	15.7%
Other costs	95.9	91.1	5.3%
Total	**527.3**	**531.9**	**-0.9%**
LOGISTICS			
Handling costs	58.1	70.0	-17.1%
Personnel costs	54.6	53.9	1.3%
Depreciation and amortization	16.7	16.5	1.2%
Other costs	28.9	26.3	9.5%
Total	**158.3**	**166.7**	**-5.2%**
VEHICLE TERMINAL			
Handling costs	12.7	12.9	-1.6%
Depreciation and amortization	16.1	15.4	4.5%
Other costs	4.3	4.4	-2.3%
Total	**33.1**	**32.7**	**0.9%**
Eliminations	**-9.9**	**-9.0**	**10.0%**
Consolidated	**708.8**	**722.3**	**-1.9%**

Costs of services rendered by the Company totaled R$708.8 million, down 1.9% from 2019. It is worth highlighting the 22.7% decline in handling costs at the Port Terminals, which are essentially variable in nature, due to lower handling volumes and the change in the port tariff collection system by the Santos Port Authority. With the end of payment of port tariffs of the port terminals, the Company ceased to incur this cost at the same proportion as the reduction in revenue, as mentioned in the previous item. Despite affecting the comparison of costs between 2020 and 2019, the change in the port tariff system did not have any impact on gross profit. “Other Costs”, mainly represented by maintenance, lease of equipment and other outsourced services, increased 5.3% in 2020 compared to 2019.

At SBLog, the reduction in volume of stored containers resulted in a decline in costs in 2020 (-17.1% year on year), mainly represented by freight and sales commissions. TEV’s total costs increased in 2020 (+0.9% vs. 2019), due to higher depreciation and amortization costs. On the other hand, the decline in vehicle handling reduced handling costs by 1.6% in 2020 compared to 2019.

Operating Expenses

R$ million	2020	2019	Chg. %
PORT TERMINALS			
Selling	38.3	41.0	-6.6%
General and administrative expenses	11.7	11.4	2.6%
Depreciation and amortization	0.2	0.1	100.0%
Total	**50.2**	**52.5**	**-4.4%**
LOGISTICS			
Selling	63.4	64.2	-1.1%
General and administrative expenses	5.1	6.1	-16.4%
Depreciation and amortization	0.1	0.1	-
Total	**68.6**	**70.4**	**-2.4%**
VEHICLE TERMINAL			
Selling	2.5	2.6	-3.8%
General and administrative expenses	0.9	0.7	28.6%
Depreciation and amortization	-	-	-
Total	**3.4**	**3.3**	**3.0%**
CORPORATE			
General and administrative	35.7	34.3	4.1%
Depreciation and amortization	3.6	3.6	-
Total	**39.3**	**37.9**	**3.7%**
Consolidated	**161.5**	**164.0**	**-1.5%**

In 2020, the Company's expenses totaled R$161.5 million, 1.5% lower than in 2019. In absolute numbers, the notable reductions were registered in selling expenses at Port Terminals (-6.6%) and SBLog (-1.1%), mainly sales commissions, as well as general and administrative expenses at SBLog. However, there was a non-recurring positive net effect of R$5.6 million that helped reduce operating expenses in 2020 (vs. non-recurring positive impact of R$8.4 million in 2019). Non-recurring items are broken down in the "EBITDA and EBITDA Margin" section of this report.

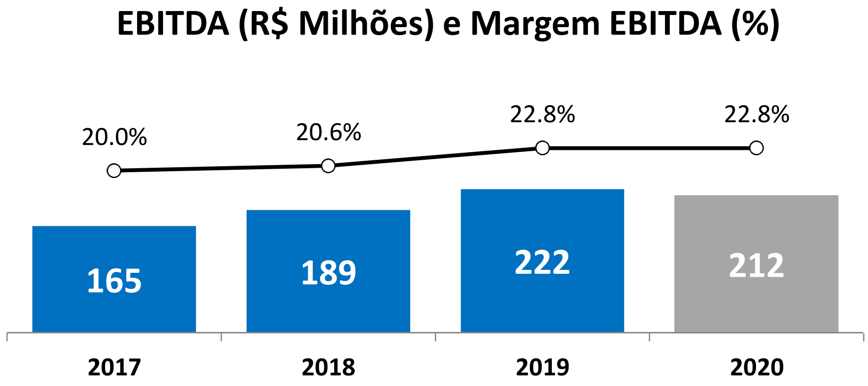
EBITDA and EBITDA Margin

R$ million	2020	EBITDA Margin %	2019	EBITDA Margin %	% Chg.
Port Terminals	209.3	31.2%	206.4	29.9%	1.4%
Logistics	16.0	7.1%	16.6	7.0%	-3.6%
Vehicle Terminal	22.2	52.2%	32.9	61.5%	-32.4%
Corporate	-35.7		-34.3		4.1%
Consolidated	**211.9**	**22.8%**	**221.6**	**22.8%**	**-4.4%**
Non-recurring items	-5.6		0.3		-1.966.7%
Recurring consolidated	**206.2**	**22.2%**	**221.9**	**22.8%**	**-7.1%**

As a result of the aforementioned operating performance, reflected in revenues, costs and expenses, the Company registered consolidated EBITDA of R$211.9 million in 2020, down 4.4% from 2019, with EBITDA margin of 22.8%.

The Company incurred non-recurring items in the net amount of R$5.6 million in 2020. The balance is the result of one-off revenues and expenses. Non-recurring gains totaled R$8.6 million, resulting from: exchange variation gain on the court settlement with Zhenhua for using the Tecon Santos quay, sale of semi-trailers and truck by SBLog, sale of an MHC crane and warehouse material by Tecon Vila do Conde, and change in the calculation of the Accident Prevention Factor (FAP).

Non-recurring expenses totaled R$3.0 million in the year and consisted of: expenses with strategic consulting services, write-off of the sale of vehicles at SBLog, cost of sale of materials at Tecon Vila do Conde, and foreign exchange loss on the court settlement with Zhenhua.



Net Income (Loss)

R$ million	2020	2019	Chg. %
EBITDA	**211.9**	**221.6**	**-4.4%**
Depreciation and amortization	152.4	135.7	12.3%
EBIT	**59.5**	**86.0**	**-30.7%**
Financial Income	-77.2	-61.0	26.6%
Income Tax and Social Contribution	3.9	-9.6	-140.6%
Net Income (Loss)	**-13.8**	**15.4**	**-190.2%**

In 2020, the Company reported net loss of R$13.8 million, compared to net income of R$15.4 million in 2019. In accordance with the Bylaws of the Company, the following deductions or additions will be made to net income from the year, on a decreasing basis and in the following order:

(a) Five percent (5%) to constitute the Legal Reserve, which may not exceed twenty percent (20%) of the capital. The constitution of Legal Reserve may be waived during the years when the balance in said reserve plus the amount in capital reserves exceeds thirty percent (30%) of the capital stock;

(b) Amount allocated to accrue Contingency Reserves and the reversal of reserves accrued in prior periods;

(c) Unearned Profit and Profit Reversals previously registered in this reserve that were used during the fiscal year;

(d) Twenty-five percent (25%) to pay the minimum mandatory dividend; and

(e) the remaining portion of adjusted net income after payment of the minimum mandatory dividend will be allocated to the Investment and Expansion Reserve, whose purpose is to: (i) guarantee funds for investment in fixed assets, without prejudice to the retention of profits in accordance with article 196 of Federal Law 6,404/79; (ii) to reinforce the working capital; and further (iii) to be used in the redemption, reimbursement or acquisition of the Company's shares, which the Shareholders Meeting may decide to waive in case of payment of dividends in addition to the minimum mandatory dividend.

Debt, Cash and Cash Equivalents

(R$ million)	Currency	12/31/2020	12/31/2019	Chg. %
Short term	Domestic	48.3	50.4	-4.2%
	Foreign	5.1	3.7	37.8%
Short term	Domestic	367.6	370.2	-0.7%
	Foreign	12.2	12.1	0.8%
Total debt		**433.2**	**436.4**	**-0.7%**
Cash, cash equivalents and financial investments		1,070.5	425.4	151.6%
Net Debt		**-637.5**	**11.0**	**-5,893.6%**

The Company ended 2020 with cash, cash equivalents and financial investments of R$1,070.5 million, net cash of R$637.5 million and leverage ratio of 3.0 times net debt/EBITDA for 2020. The increase in the cash position in 2020 was due to the funds raised through the primary offering, totaling about R$790 million.

Investments

In 2020, the Company invested R$223.5 million in its business units, of which R$203.4 million went to Tecon Santos as part of the Executive Project underlying the early renewal of the terminal leasing agreement. The investments made in 2020 were the highest since 2011, consolidating the Company's new cycle of business modernization and expansion. Of the total amount invested in 2020, the Company employed both its own funds and debt. The funds invested by the Company in 2020 were allocated to improve productivity and increase the dynamic capacity of the terminals.

Investments	R$ million	Objective	Sources of funds
Total consolidated	**223.5**		
Tecon Santos	**203.4**		
Continuous improvement and increased operational performance	2.0	Increase productivity	Own
Renewal of Lease Agreement	201.4	Increase productivity / capacity	Own and third parites
Tecon Imbituba	**0.1**		
Continuous improvement and increased operational performance	0.1	Increase productivity	Own
Tecon Vila do Conde	**12.0**		
Continuous improvement and increased operational performance	0.6	Increase productivity	Own
Renewal of Lease Agreement	11.4	Increase productivity / capacity	Own and third parites
Logistics	**8.1**		
Continuous improvement and increased operational performance	5.7	Increase productivity	Own
Purchase of hardware and software	2.4	Increase productivity	Own

Capital markets

Corporate governance

Santos Brasil is committed to permanently streamlining its corporate governance practices and relations with shareholders, clients, suppliers, government agencies and employees, among other stakeholders. After 10 years listed on Level 2 of B3 – Brasil Bolsa Balcão (“B3”), in August 2016 the Company migrated to Novo Mercado, B3’s highest corporate governance segment, dissolving the shareholders' agreement in effect until then and with the “one share, one vote” rule prevailing.

The Company adopts the criteria of transparency and safety in information disclosure, following the norms established by the Securities and Exchange commission of Brazil (CVM) and establishing the rules for disclosure and maintenance of secrecy of material information.

The Board of Directors, the Company’s highest management and governance body, currently has seven (7) members and their respective alternate members, with term of office of two years and reelection being allowed. The Board of Directors shall, among other duties, deliberate on any transactions involving companies linked to shareholders and related parties.

Apart from the Board of Directors, the governance structure includes the Board of Executive Officers established by the Bylaws, the permanent, independent and autonomous Fiscal Council (whose model enables the performance of management functions and the respective supervision), as well as the Compliance Committee and Sustainability Committee.

The Board of Executive Officers established by the Bylaws manages the businesses according to the strategies and guidelines determined by the Board of Directors. Currently, the Board of Executive Officers consists of: (i) Chief Executive Officer; (ii) Chief Financial and Investor Relations Officer; (iii) Chief Commercial Officer; and (iv) Chief Operations Officer, all elected by the Board of Directors for a term of two years, with reelection being allowed. Currently, the Chief Executive Officer is also the Chief Operations Officer.

The Bylaws of the Company prohibit the same person from holding the positions of Chairman of the Board and the Chief Executive Officer, such that these positions are not exercised by the chief executive of the Company.

The Fiscal Council currently has three (3) members and three (3) alternate members. It is a permanent body, which acts independently from the Management and external auditors of the Company, with responsibility for supervising the actions of management and its compliance with legal and statutory duties; verifying the quality and integrity of financial reports and information periodically prepared by the Company; and examining and expressing its opinion on the financial statements of the fiscal year.

The Company, its shareholders, managers and Fiscal Council members undertake to resolve, through arbitration, any dispute that may arise between them, relating to or deriving from, especially, the application, validity, effectiveness, interpretation, violation and its effects, of the provisions of Federal Law 6,404/76, the Bylaws of the Company, the standards issued by the National Monetary Council, the Central Bank of Brazil and the Securities and Exchange Commission of Brazil, as well as other standards applicable to the capital markets in general, in addition to those established in the Novo Mercado Corporate Governance Rules, the Agreement for Adoption of Special Novo Mercado Corporate Governance Practices and the Arbitration Rules of the Market Arbitration Chamber.

The Compliance Committee is a permanent body and consists of the Statutory Board of Executive Officers and the People & Management Officer. Following are the duties of the Compliance Committee: (i) monitor compliance with the Code of Conduct, policies, rules and regulations of Santos Brasil by its employees, consultants, managers, directors and business partners; (ii) define and manage the performance indicators of the Compliance Program; (iii) evaluate the internal controls and business risks, taking measures, whenever necessary, to improve the Compliance Program, as well as the policies, rules and regulations of the Company, among other actions required; (iv) analyze and resolve on complaints received through the Confidential Portal and implement changes or improvements to procedures as per the complaints and suggestions received through the Confidential Portal; (v) deliberate on issues involving conflicts of interests, gifts, presents, entertainment and hospitality, interactions with government officials, and any other related matters; (vi) report to the Board of Directors on the activities of the Committee and the Compliance Program, whenever necessary or relevant for performing its functions; (vii) revise and approve the rules, when applicable; and (viii) analyze cases of omissions. The Sustainability Committee is presided over by the Chief Executive Officer and consists of a multidisciplinary team. The main functions of the Sustainability Committee include validating the strategies, preparing the Sustainability Report, monitoring the indicators and supporting the implementation of the Sustainability Policy at all business units.

Best practices

Apart from being a signatory to the UN Global Compact since 2013, the Company is committed to the 17 Sustainable Development Goals (SDG), which involve environmental, economic and social issues, and must be achieved by all the countries by 2030. Santos Brasil has been contributing to reaching these goals, guided by its strategy based on four key aspects: (i) health and safety; (ii) CO^2 emissions, water consumption and waste management; (iii) transparency & anticorruption practices; and (iv) human development.

Formal policies are in place to guide operations and conduct, including the Compliance Policy, which reinforces the Company's commitment to the highest standards of ethics and integrity in operations.

The Compliance Policy also covers the Human Rights Policy, in effect since 2017, with guidelines to respect, promote and preserve essential rights in relations with clients, employees, suppliers and third parties. This structure is complemented by the Compliance Committee, which has its own charter. The Company also has a channel to receive complaints, called the Confidential Portal, which is managed by an independent company. The channel is available 24/7 for the internal and external stakeholders of Santos Brasil and can be accessed by telephone or e-mail. Complaints are investigated by the Compliance area, which submits its conclusions to the Compliance Committee for final deliberation. In 2020, the channel registered 393 reports, including 291 violations, 52 complaints, 30 suggestions, 11 doubts and 9 cases of conflicts of interest.

The Sustainability Policy is another instrument that guides the Company's relations and its treatment of environmental issues. Its purpose includes ensuring transparent and fair corporate governance, increasing the environmental responsibility of Santos Brasil and thus avoid the negative effects of its operations, and acting in benefit of the community and the society. To ensure that these goals are fulfilled, the Sustainability Committee defines the social and environmental targets and monitors the initiatives taken to reduce accidents, CO^2 emissions, waste generation, as well as water and electricity consumption.

Innovation and technology

In line with the Company's innovative DNA, in 2020, Santos Brasil launched the "SB Inova" program headed by the Technology and Innovation area and broadly disclosed internally through its communication channels and managers. The program fostered the development of innovative and pioneering projects in Brazil's port sector.

In 2020, the Company inaugurated the new operations control center (CCO) at Tecon Santos, in which all of the terminal's information is centralized in a large screen, making the management of operations more dynamic.

At Tecon Santos, whose vehicle access gates have been automated since 2018, the Company also ramped up security at the terminal gates by unifying the cargo and vehicle inspection processes, which gives greater mobility to users through the use of systems for optical reading of container seals upon the entry of vehicles, which ensures more precise identification.

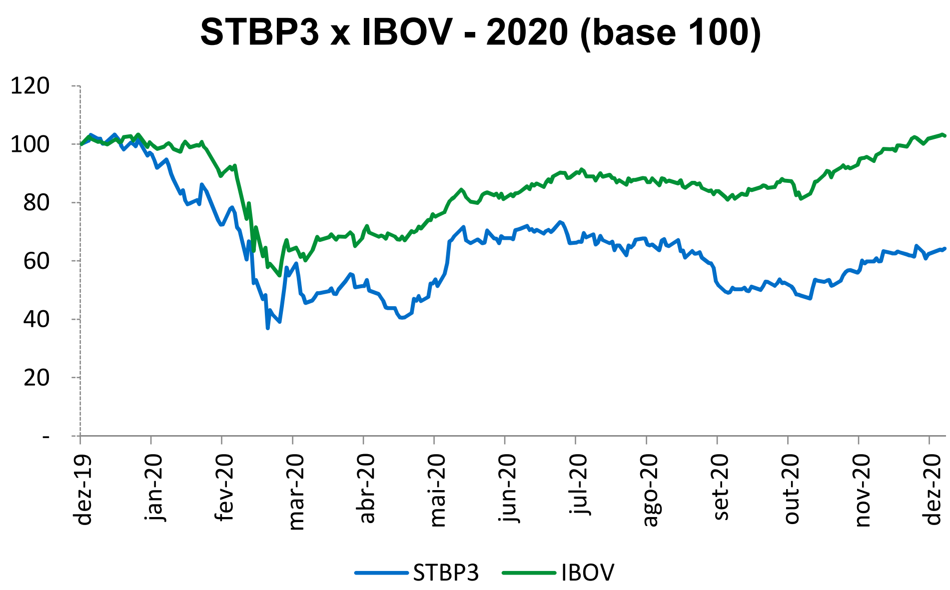
At Tecon Vila do Conde, vehicle access gates were automated with self-service totems, using the same technology implemented in Tecon Santos.

The Company's commercial area started using the 'Sirus' system, developed internally to prospect and renew commercial proposals, digitalizing and automating the process to register the commercial conditions after the client's acceptance.

Finally, the Company concluded and implemented the "cost to serve" system, which maps the costs and expenses of operations that make up the services provided by the Company in each agreement signed with its clients. The "cost to serve" system will enable more efficient management of agreements, especially in pricing new services to improve business profitability.

Stock performance

At the end of 2020, the book value per share was R$2.43, while the closing price on the B3 on December 30, 2020, was R$5.25 (R$8.19 in the previous year), resulting in a 35.8% depreciation in the period. The Company's market cap came to R$4,528.01 million at the end of 2020, with average daily trading volume (ADTV) of R$23.1 million in the year.



Shareholder rights

On August 22, 2016, the Company concluded its migration to the Novo Mercado, B3's most rigorous corporate governance segment. As such, the Company's shares started to be traded exclusively in the form of common shares (ON), guaranteeing each share one vote on the deliberations at Shareholders Meetings, and prohibiting the issue of founders shares by the Company. Chapter II of the Company's Bylaws deals with the Capital Stock and Shares, the division and respective rights, without prejudice to other protection mechanisms set forth in specific provisions in the Bylaws.

Independent Audit

The individual and consolidated financial statements of Santos Brasil Participações S.A. and its subsidiaries are audited by KPMG Auditores Independentes, whose selection is at the sole discretion of the Board of Directors.

The Company's policy on contracting services not related to external audit is designed to verify the existence of any conflict of interests. As such, the following aspects are assessed: the auditor must not (i) audit their own work; (ii) exercise managerial functions at their client; and (iii) promote the interests of their client; these conditions were observed in the fiscal year ended December 31, 2020.

In the fiscal year ended December 31, 2020, apart from the external audit services, other audit services were contracted from 08/31/2020 to 11/30/2020, relating to the issue of the comfort letter required for the follow-on offering, as mentioned earlier.

Statement from the Executive Board

In compliance with article 25 of CVM Instruction 480/09 of December 7, 2009, the Executive Board hereby declares that it discussed, reviewed and agreed with the opinions expressed in the report from KPMG Auditores Independentes submitted on this date and the financial statements for the fiscal year ended December 31, 2020.

Social performance

Human capital

At the end of 2020, Santos Brasil had 2,824 employees all over Brazil. In 2020, the Company continued to constantly seek improvements and upgrades in the work environment and in its relations with employees.

It launched the “SomoSB” movement, with the focus entirely on implementing initiatives to improve the environment based on the findings of the GPTW (Great Place to Work) survey and after actively listening to our employees. Ideas from the People & Management area and the rest of the Company were put into practice, notably the creation of the group "Ambassadors of the Environment", whose members are elected by colleagues because of their identification with the theme and engagement in the initiatives.

On the Performance Management front, in response to requests from everyone through internal interviews, the “Evolution Cycle” was created to manage professional development within Santos Brasil. The Company wants all its employees to be the champions of their careers and, for this, updates were made for this development in a transparent manner for all. The “Evolution Cycle” aims to build a culture of meritocracy, recognition for deliveries and how these deliveries are made. The program includes the definition of individual and collective targets, monthly monitoring of targets, constant and planned feedback, individual development plan, 360º assessment and months defined for salary review.

In 2020, the Company launched a new development and career platform called “Carreira em Foco” to foster learning and exchange of knowledge among all stakeholders of the company. “Carreira em Foco” makes it possible for employees to open new avenues through a proactive approach and self-development, besides digitally including all our employees and enabling the exchange of experiences and interaction through digital communities. The content offered by the platform includes legal and mandatory training, learning trails for leaders and other refresher and development courses, which is available to everyone.

The main driver of the Company's compensation plan is meritocracy. Apart from receiving fixed income and a benefits package according to the unit, employees are entitled to the Profit Sharing Plan (PPR).

Diversity, equity and inclusion are part of the strategy and culture of Santos Brasil, which increasingly seeks to practice them, given their importance for the Company and, especially, for society.

		2020	2019
Number of employees		2,824	3,041
Turnover		4.42%	10.11%
Turnover by region	São Paulo	3.94%	11.15%
	Pará	9.27%	5.47%
	Santa Catarina	1.34%	2.81%
	Federal District	0.00%	0.00%
Investments in training (R$ million)			R$ 0.219
Insurance funds		Private Pension*	Private Pension*
Other social plans		-	-
Education	No schooling	0	0
	Elementary school incomplete	43	47
	Elementary school complete	169	182
	High school incomplete	55	62
	High school complete	1,752	1,923
	Vocational incomplete	6	5
	Vocational complete	159	165
	Undergraduate incomplete	59	71
	Undergraduate complete	506	517
	Graduate	73	68
	Master’s degree	2	1
	Doctorate degree	0	0

*Benefit covers employees of Tecon Santos

Safety

Santos Brasil continuously invests in safety, which is one of its corporate values. In 2020, it rolled out the second phase of the Zero Accidents campaign, whose key objective is to reinforce the importance of safety at the workplace and disseminate the culture of prevention of risks and accidents. The effort are already bearing fruit, such as the new records of days without accidents with leave at Tecon Imbituba, Tecon Vila do Conde, Tecon Santos and Clia Guarujá.

Safety precautions extend to the cargo handled at the Company's units. For example, the Distribution Center is equipped with smoke detectors, sprinklers, explosion-proof electrical installations, drainage systems connected to the containment tank, alarm and foam systems for inflammable liquids and the fire unit, among other equipment required to offer excellent customer service.

Social and Environmental Development

Santos Brasil's operations are guided by solid values aimed at making it a benchmark in the markets where it operates, through effective, agile and safe services that respect the environment, individuals and communities. Its commitment to environmental preservation and to reducing the consumption of natural resources is translated into initiatives such as the "Green Fleet Program", the "Waste Management Program" and others focused on reducing water consumption and loss.

Emissions

In 2020, emissions totaled 29,452 tons of CO2e, declining 12.1% from 2019. In terms of intensity of emissions, the Company's port operations registered 13.32 kgCO2e/TEU in 2020, stable in relation to the previous year.

At SBLog, indicators of emission intensity in 2020 improved in relation to 2019. The bonded warehouses (CLIAS), despite being the operations with the highest kgCO2e/TEU (22.32), declined 5.5 % in 2020 in relation to 2019.

Water

The company is alert to the water crisis, which is reflected in initiatives such as dry cleaning of vehicles and equipment used in road transport, in which water is replaced with biodegradable products that are not harmful to the environment.

Santos Brasil also invests in other projects and actions to reduce water consumption and to reuse water, such as rainwater collection and the Wastewater Treatment Station which releases water for reuse.

The results of these initiatives are reflected in water consumption per m^3, which decreased 24.8% in 2018, 10.3% in 2019 and 8.6% in 2020.

Solid Waste

Of the solid waste generated at the Company's units, 77% is recyclable (vs. 77.0% in 2019). However, the Company continued to invest in environmental education and solutions to improve waste management, which included the shredder of organic waste generated at the cafeterias installed at Tecon Santos and CLIA Santos.

Despite the growth in general cargo throughput at Tecon Imbituba and Tecon Vila do Conde, cargo that generates waste, generation of recyclable and non-recyclable waste declined 25.9% and 23.8%, respectively.

Communities

The “Formare Aprendiz” Program is one example of initiatives taken to add value inside and outside the work environment. In 2020, the program was adapted to the adversities caused by the pandemic and started distance learning with the help of volunteer teachers from the entire company.

The initiative returned significant numbers: 271 youth trained, 102 hired by Santos Brasil and 1,800 hours of classes taught by employees of the Company.

The initiative, a pioneer in the port sector implemented in partnership with the Iochpe Foundation, offers vocational training to youth aged 18 and 19 from families in economically and socially disadvantage families in Guarujá and who are in the 3rd year of high school or have concluded the course in public schools in the town.

The success of the program is largely due to the engagement of employees who volunteer as teachers. In 2020, more than 80 employees were involved and, during the ten years of Formare at Tecon Santos, more than 400 employees have shared their time, talent and knowledge to train youth, giving theoretical and practical classes. Many of them were hired by Santos Brasil, returned to the classroom and became teachers for the new generations of students in the program.

Furthermore, Santos Brasil resumed its partnership with the “Na Mão Certa” Program, a business pact against the sexual exploitation of children and teens on Brazilian highways, managed by Childhood, an international organization founded by Queen Silvia of Sweden. It also continues to support the Casa da Esperança, a training/rehabilitation institution for children and teens with physical, intellectual and sensory disabilities, located in the city of Santos. In 2020, through the Incentive Law, the Company also supported around nine projects related to sports and education in Santos and Guarujá.

In partnership with three other terminals in the Port of Santos, the “Contêiner do Bem” campaign was rolled out in 2020 for the second time, which collected more than a thousand toys for various institutions located in the Baixada Santista region. Other Santos Brasil units also collected toys for donations.

In parallel to these actions, the Company supports in Guarujá, the Novos Sonhos Institute, which serves about 100 children and teens in the Aldeia community adjacent to the Vehicle Terminal (TEV). The project offers jiu-jitsu classes and social inclusion actions for the families of the youth served in the community. The partnership also includes other initiatives, such as social and cultural events, sponsorship of the project's students in regional jiu-jitsu championships and diverse workshops for women in the community and on human development.

São Paulo, February 25, 2021.

The Management

KPMG Auditores Independentes
Rua Arquiteto Olavo Redig de Campos, 105, 6th floor - Torre A
04711-904 - São Paulo / SP - Brazil
PO Box 79518 - Zip code 04707-970 - São Paulo / SP - Brazil
Phone +55 (11) 3940-1500, Fax +55 (11) 3940-1501
www.kpmg.com.br

Independent auditors' report on the individual and consolidated financial statements

To the Shareholders and Administrators of Santos Brasil Participações S.A.
São Paulo – SP

Opinion

We have examined the individual and consolidated financial statements of Santos Brasil Participações S.A. ("Company"),respectively to as Company and Consolidated, which comprise the statement of financial position as at December 31, 2020, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the individual and consolidated financial position of Santos Brasil Participações S.A. as at December 31, 2020, the individual and consolidated performance of its operations and its cash flows for the year then ended, in accordance with accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with Brazilian and international auditing standards. Our responsibilities, under those standards, are further described in the "Auditor's responsibilities for the audit of the individual and consolidated financial statements". We are independent in relation to the Company and its subsidiaries, in accordance with the relevant ethical principles provided for in the Accountant's Code of Professional Ethics and in professional standards issued by the Federal Accounting Council, and we have fulfilled our other ethical responsibilities in accordance with these requirements . We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Revenue recognition - cut off

See Notes 3 and 19 to the individual and consolidated financial statements

Key audit matters

A substantial portion of the service revenue of the Company and its subsidiaries arises from quay, bonded warehousing and logistics operations. The transfer of the service takes place over time, i.e., as the Company and its subsidiaries provide the contracted service and the customer benefits from it.

The Company and its subsidiaries estimate the revenue from services already provided but not yet billed based on the specific criteria defined for each service agreement.

Due to the complexity and significant judgment inherent in the process of determining the moment when services related to quay operations, customs clearance and warehousing are transferred, revenue recognition is subject to errors regarding when the service was effectively rendered, and the amount charged.

How our audit addressed this matter

Our audit procedures included, among others:

(i) assessment of the key internal controls intended for revenue processing;

(ii) assessment of the estimated revenue on services already transferred to the customer within the period the accrual period.

(iii) assessment of whether the disclosures in individual and consolidated financial statements include all relevant information, particularly in relation to the Company's accounting policies for recognition of revenue.

During our financial audit, we identified adjustments that would affect the measurement and disclosure of income, which were not recorded and disclosed by Management since they were considered as immaterial. As a result of evidences obtained through above-summarized audit procedures, we consider as acceptable the recognition of revenue, as well as related disclosures, in the context of individual and consolidated financial statements taken as a whole referring to year ended December 31, 2020.

Deferred income tax and social contribution

See Notes 3 and 24 to the individual and consolidated financial statements

Key audit matters	How our audit addressed this matter
The individual and consolidated financial statements include significant amounts of deferred tax assets, related to temporary differences and tax losses, considered recoverable based on the generation of future taxable income. Estimate of future taxable income generation requires judgment and interpretation of tax laws. The Company estimates future profit based on its corporate strategies and on the macroeconomic scenario. Due to the uncertainties and judgment inherent in the process of estimating future taxable profit, which is the basis for recognition of tax credits, and due to the fact that changes in the methodologies and assumptions for determining these estimates may impact materially the amount of these assets and, consequently, the individual and consolidated financial statements as a whole, this matter was considered significant in our audit.	Our audit procedures included, among others: (i) Assessment of the assumptions and data used by the Company in the preparation of the study of profitability for tax purposes; assessment of the significant components of assumptions and data used in the preparation of said study or in the determination of future cash flow projections of the cash generating units commented below, conducted with the assistance of our experts in corporate finance; and analysis of adjustments made by the Company to these projections for the determination of future taxable income. (ii) Comparison of approved budgets for the prior year with the actual amounts to verify the Company's ability to project sufficient future tax results to support that unused tax losses and deductible temporary differences can be used by the Company. (iii) assessment of whether the disclosures in the individual and consolidated financial statements include all relevant information. Based on the audit evidence obtained through above-summarized audit procedures, we consider acceptable the deferred income tax and social contribution, as well as related disclosures, in the context of the individual and consolidated financial statements taken as a whole for the year ended December 31, 2020.

Impairment of fixed and intangible assets, including Goodwill

See Notes 3, 11 and 12 to the individual and consolidated financial statements

Key audit matters

Individual and consolidated financial statements for the year ended December 31, 2020 include values of fixed and intangible assets, including goodwill, whose realization is supported by estimated future earnings based on business plan prepared by the Company. Due to uncertainties inherent to the process of determining estimates of future earnings of cash generating units for evaluation of these assets' impairment, which involve assumptions as revenue growth, discount rate, inflation rate, among others, and to complexity of process, which required significant judgment by the Company, we consider this a significant matter in our audit engagement.

How our audit addressed this matter

Our audit procedures included, among others:

(i) Understanding of the process for preparation and review of business plan, budgets and analysis of impairment of cash generating units where fixed and intangible assets, including goodwill, were recognized;

(ii) Evaluation of reasonability for the determination of Cash Generating Units (CGU) for impairment test;

(iii) With the help of our specialists in corporate finance, we evaluated the CGUs with higher risk, assumptions and methodologies used by the Company for preparation of forecasts and compared it with data obtained from external sources, such as projected economic growth, inflation and discount rates. (iv) assessment of whether the disclosures in the individual and consolidated financial statements include all relevant information.

Based on the audit procedures performed to test the recoverable amount of fixed and intangible assets of CGUs and on the results obtained, we consider that they are acceptable in the context of the individual and consolidated financial statements as a whole.

Provision to tax, labor, civil risks

See Notes 3 and 15 to the individual and consolidated financial statements

Key audit matters	How our audit addressed this matter
Provisions for legal and administrative claims are made by the Company and its subsidiaries to cover probable losses on matters relating to taxes, labor and civil matters. The Company and its subsidiaries, with the help of internal and external legal counsel, exercise significant judgment in determining the amount of provisions to be made and the disclosure of non-provisioned lawsuits, if the likelihood of loss is considered possible. Due to the relevance of the amounts involved and judgment to the classification of lawsuits related to tax assessment notice on the use of tax loss from the amortization of goodwill to the individual and consolidated financial statements as a whole for the year ended December 31, 2020, the significant judgments exercised by the Company and its subsidiaries to form provisions and required disclosures, we consider this matter as significant in our audit engagements.	Our audit procedures included, among others: (i) Inquiry of people responsible for the legal area into their understanding of the stage in which we found main tax, labor and civil matters of the Company and its subsidiaries. (ii) Sending of external confirmation letter to legal advisors which represented the Company and its subsidiaries in lawsuits and proceedings and evaluation of obtained responses regarding the information on amounts involved and evaluation of risk of loss for relevant ongoing tax, labor and civil matters. (iii) With the support of our legal specialists, we verified the classification as a probable, possible or remote loss for lawsuits related to tax assessment notice on use of goodwill amortization; and (iv) assessment of whether the disclosures in the individual and consolidated financial statements include all relevant information. Based on evidence from the procedures summarized above, we consider that provision for tax, labor and civil risks is acceptable in the context of the individual and consolidated financial statements as a whole.

Other matters - Statements of added value

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

Other information accompanying individual and consolidated financial statements and the auditors' report

Management is responsible for the other information comprising the Management Report.

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

In connection with our audit of individual and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is, materially inconsistent with the individual and consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement in the Management Report, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with Accounting Practices Adopted in Brazil and with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the individual and consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements, unless management either intends to liquidate the Company and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance of the Company and its subsidiaries are the responsible for overseeing the Company's financial statements process.

Auditors' Responsibilities for the Audit of the Individual and Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with with Brazilian and international auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these individual and consolidated financial statements.

As part of an audit conducted in accordance with Brazilian and international auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

– Identified and assess the risks of material misstatement in the individual and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

– Obtain an understanding of the internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.

– Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

– Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

– Evaluated the overall presentation, structure and content of financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

– Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the individual and consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the individual and consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

São Paulo, February 25, 2021

KPMG Auditores Independentes

CRC 2SP014428/O-6

Original report in Portuguese signed by

Wagner Petelin

Accountant CRC 1SP142133/O-7

SANTOS BRASIL PARTICIPAÇÕES S.A. AND SUBSIDIARIES

BALANCE SHEETS AS OF DECEMBER 31, 2020 AND 2019
(Amounts expressed in thousands of reais - R$)

		Parent company		Consolidated	
ASSETS	Note	12/31/2020	12/31/2019	12/31/2020	12/31/2019
CURRENT ASSETS					
Cash and cash equivalents	5.a)	460.346	108.462	643.861	266.376
Interest earning bank deposits	5.b)	426.598	159.067	426.598	159.067
Accounts receivable	6	89.899	81.352	130.883	120.432
Inventories	7	20.570	19.156	24.293	22.771
Current tax assets	9	828	3.446	4.588	7.476
Dividends receivable	4.a)	6.120	3.632	-	-
Other assets		6.056	17.555	8.893	21.913
Total current assets		1.010.417	392.670	1.239.116	598.035
NON-CURRENT ASSETS					
Judicial deposits	15	295.734	274.770	304.284	284.401
Deferred tax assets	24.b)	71.128	51.222	81.744	65.637
Court-ordered debt payments receivable	8	-	-	5.896	5.605
Other assets		21.584	18.145	24.407	21.223
Investments	10	404.677	398.460	-	-
Property, plant and equipment	11	92.549	87.924	234.135	220.055
Intangible asset	12	1.996.621	1.661.760	2.339.682	2.001.166
Total non-current assets		2.882.293	2.492.281	2.990.148	2.598.087
TOTAL ASSETS		3.892.710	2.884.951	4.229.264	3.196.122

		Parent company		Consolidated	
LIABILITIES AND SHAREHOLDERS’ EQUITY	Note	12/31/2020	12/31/2019	12/31/2020	12/31/2019
CURRENT LIABILITIES					
Loans and financing	13	40.142	40.104	45.864	44.387
Debentures	14	2.191	4.645	7.556	9.689
Suppliers		39.076	35.386	67.822	60.834
Salaries and social charges		34.398	26.077	43.531	34.841
Taxes, duties and contributions		9.716	7.577	15.334	12.652
Income tax and social contribution payable		2.434	-	3.387	628
Dividends and interest on own capital payable		18	3.665	18	3.665
Obligations with the Concession Grantor	16	96.142	53.619	104.239	60.139
Leases	17	536	-	8.587	8.830
Other liabilities		46	46	48	47
Total current liabilities		224.699	171.119	296.386	235.712
NON-CURRENT LIABILITIES					
Loans and financing	13	20.000	20.039	32.955	33.538
Debentures	14	296.185	295.340	346.819	348.782
Suppliers	15.(f)	15.021	15.021	15.021	15.021
Provision to tax, labor, civil risks	15	34.352	29.164	41.708	37.493
Deferred tax liabilities	24.b)	-	-	7.312	8.498
Actuarial liabilities - supplementary health care assistance	26	58.197	52.291	76.494	67.593
Taxes on income - TRA	15.(c)	57.836	53.572	57.836	53.572
Obligations with the Concession Grantor	16	1.087.476	896.021	1.217.857	1.015.847
Leases	17	1.734	-	33.770	22.075
Other liabilities		-	-	5.896	5.607
Total non-current liabilities		1.570.801	1.361.448	1.835.668	1.608.026
SHAREHOLDERS' EQUITY					
Capital	18.a)	1.871.895	1.081.907	1.871.895	1.081.907
Capital reserve	18.b)	58.170	84.458	58.170	84.458
Profit reserve	18.c)	192.548	202.309	192.548	202.309
Additional dividends proposed	18.d)	-	8.033	-	8.033
Equity valuation adjustment	18.e)	(25.403)	(24.323)	(25.403)	(24.323)
Total shareholders' equity		2.097.210	1.352.384	2.097.210	1.352.384
TOTAL LIABILITIES AND SHAREHOLDERS’ EQUITY		3.892.710	2.884.951	4.229.264	3.196.122

See the accompanying notes to the financial statements.

SANTOS BRASIL PARTICIPAÇÕES S.A. AND SUBSIDIARIES

STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Amounts expressed in thousands of reais - R$, except earnings per share)

	Note	Parent company 12/31/2020	Parent company 12/31/2019	Consolidated 12/31/2020	Consolidated 12/31/2019
NET REVENUE	19	550.881	584.826	929.563	972.594
COST OF SERVICES RENDERED	20	(457.949)	(469.397)	(708.612)	(722.568)
GROSS INCOME		92.932	115.429	220.951	250.026
OPERATING REVENUES (EXPENSES)					
Sales expenses	20	(22.704)	(25.578)	(89.698)	(92.753)
Provision for expected credit losses and bad debt losses	20	(14.787)	(13.706)	(14.450)	(14.986)
General and administrative expenses	20	(71.137)	(71.322)	(84.268)	(82.846)
Equity in net income of subsidiaries	10	23.590	34.819	-	-
Other operating income	21	24.363	22.704	29.763	26.645
Other operating expenses	21	(1.870)	162	(2.767)	(101)
Total		(62.545)	(52.921)	(161.420)	(164.041)
OPERATING INCOME (LOSS) BEFORE FINANCIAL INCOME		30.387	62.508	59.531	85.985
FINANCIAL INCOME (LOSS)					
Financial revenues	22	6.636	30.314	11.445	37.455
Financial expenses	22	(67.367)	(85.941)	(88.639)	(98.444)
Total financial income		(60.731)	(55.627)	(77.194)	(60.989)
INCOME / (LOSS) BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		(30.344)	6.881	(17.663)	24.996
INCOME TAX AND SOCIAL CONTRIBUTION					
Income tax and social contribution - current	24.a)	(3.017)	-	(12.836)	(13.465)
Income tax and social contribution - deferred	24.a)	19.600	8.494	16.738	3.844
Total income tax and social contribution		16.583	8.494	3.902	(9.621)
NET INCOME / (LOSS) FOR THE YEAR		(13.761)	15.375	(13.761)	15.375
BASIC EARNINGS / (LOSSES) PER SHARE - R$					
Common	25	(0,01909)	0,02309	(0,01909)	0,02309
DILUTED / (LOSS) PER SHARE - R$					
Common	25	(0,01903)	0,02296	(0,01903)	0,02296

See the accompanying notes to the financial statements.

SANTOS BRASIL PARTICIPAÇÕES S.A. AND SUBSIDIARIES

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

	Note	Parent company		Consolidated	
		12/31/2020	12/31/2019	12/31/2020	12/31/2019
(LOSS) / NET INCOME FOR THE YEAR		(13.761)	15.375	(13.761)	15.375
OTHER COMPREHENSIVE INCOME					
Supplementary health care assistance	26	(901)	(14.441)	(1.636)	(21.098)
Income tax and social contribution - deferred on loss - supplementary health care assistance	26	306	4.909	556	7.173
Equity on supplementary health care assistance	26	(485)	(4.393)	-	-
Total supplementary health care assistance	26	(1.080)	(13.925)	(1.080)	(13.925)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(14.841)	1.450	(14.841)	1.450

See the accompanying notes to the financial statements.

SANTOS BRASIL PARTICIPAÇÕES S.A. AND SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Amounts expressed in thousands of reais - R$)

		Parent company and Consolidated									
			Capital reserve		Profit reserve						
	Note	Capital	Stock option plan / Share-based incentive plan	Other	Legal	Investment	Treasury shares	Additional dividend proposed	Retained earnings (losses)	Equity valuation adjustment	Total shareholders' equity
RESTATED BALANCES AT DECEMBER 31, 2018		1.071.757	65.272	17.388	54.595	150.928	(10.538)	2.123	-	(10.398)	1.341.127
Dividends paid		-	-	-	-	-	-	(2.123)	-	-	(2.123)
Net income for the year		-	-	-	-	-	-	-	15.375	-	15.375
Actuarial liabilities - health expenses - Company and subsidiaries	26	-	-	-	-	-	-	-	-	(13.925)	(13.925)
Stock option plan / Share-based incentive plan	23	-	2.106	-	-	-	-	-	-	-	2.106
Exercised option	23	10.150	-	-	-	-	3.634	-	-	-	13.784
Use of income:											
Legal reserve	18.c)	-	-	-	769	-	-	-	(769)	-	-
Intermediary dividends	18.d)	-	-	-	-	-	-	-	(3.652)	-	(3.652)
Additional dividend proposed	18.d)	-	-	-	-	-	-	8.033	(8.033)	-	-
Reserve for investment and expansion	18.c)	-	-	-	-	2.921	-	-	(2.921)	-	-
Income (loss) from disposal of treasury shares	18.c)	-	-	(308)	-	-	-	-	-	-	(308)
BALANCES AT DECEMBER 31, 2019		1.081.907	67.378	17.080	55.364	153.849	(6.904)	8.033	-	(24.323)	1.352.384
Capital increase - Board of Directors' Meeting (RCA) on 09/24/2020		789.988	-	-	-	-	-	-	-	-	789.988
Cost for the issue of new shares		-	-	(24.753)	-	-	-	-	-	-	(24.753)
Dividends paid		-	-	-	-	-	-	(8.033)	-	-	(8.033)
Net loss for the year		-	-	-	-	-	-	-	(13.761)	-	(13.761)
Actuarial liabilities - health expenses - Company and subsidiaries	26	-	-	-	-	-	-	-	-	(1.080)	(1.080)
Stock option plan / Share-based incentive plan	23	-	225	-	-	-	-	-	-	-	225
Exercised option	18.c)	-	-	-	-	-	4.000	-	-	-	4.000
Use of income:											
Reserve for investment and expansion	18.c)	-	-	-	-	(13.761)	-	-	13.761	-	-
Income (loss) from disposal of treasury shares	18.c)	-	-	(1.760)	-	-	-	-	-	-	(1.760)
BALANCES AT DECEMBER 31, 2020		1.871.895	67.603	(9.433)	55.364	140.088	(2.904)	-	-	(25.403)	2.097.210

See the accompanying notes to the financial statements.

SANTOS BRASIL PARTICIPAÇÕES S.A. AND SUBSIDIARIES

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

	Parent company		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
CASH FLOW FROM OPERATING ACTIVITIES				
Income / (loss) before income tax and social contribution	(30.344)	6.881	(17.663)	24.996
Adjustments to reconcile the income before income tax and social contribution with the cash and cash equivalents from operating activities:				
Inflation adjustments and exchange-rate changes	-	1.388	8.590	2.083
Depreciation and amortization	109.630	97.456	152.363	135.650
Formation of provision for contingencies	20.912	9.800	22.876	13.880
Provision for expected credit losses and bad debt losses	14.787	13.706	14.450	14.986
Equity in net income of subsidiaries	(23.590)	(34.819)	-	-
Stock option plan / performance share / matching	1.404	2.514	1.404	2.514
Write-offs and income in the sale of permanent assets	1.774	(262)	(359)	(262)
Supplementary health care assistance	5.005	3.969	7.265	5.031
Interest on debentures	8.211	13.885	10.876	14.086
Recognized Interest on Loans	2.150	9.291	3.054	9.828
Interest on interest earning bank deposits	(1.092)	(8.013)	(1.092)	(8.013)
Lease interest	13	-	2.400	2.363
Interest on obligations with the Concession Grantor	48.026	46.403	53.435	51.980
	156.886	162.199	257.599	269.122
(Increase) decrease in operating assets:				
Accounts receivable	(23.334)	(27.109)	(24.901)	(22.049)
Inventories	(1.414)	565	(1.522)	358
Current tax assets	2.618	(869)	2.888	4.819
Judicial deposits	(20.964)	(17.879)	(19.883)	(18.032)
Other assets	8.060	(13.368)	9.545	(19.191)
Increase (decrease) in operating liabilities:				
Suppliers	3.690	5.047	6.988	6.385
Salaries and social charges	8.321	1.442	8.690	1.275
Taxes, duties and contributions	2.139	1.885	2.682	2.166
Accounts payable	-	-	289	184
Taxes on income - BWs	4.264	6.231	4.264	6.231
Other liabilities	-	-	1	1
	140.266	118.144	246.640	231.269
Payments - Obligations with the Concession Grantor	(58.837)	(91.906)	(71.611)	(103.323)
Income tax and social contribution	(583)	-	(10.077)	(14.338)
Write-off of payment contingencies	(15.724)	(12.826)	(18.661)	(14.706)
Cash flow generated by operating activities	65.122	13.412	146.291	98.902
CASH FLOW FROM INVESTMENT ACTIVITIES				
Acquisition of fixed assets	(11.626)	(21.880)	(26.589)	(30.584)
Funds from disposal of property, plant and equipment	162	341	4.065	350
Investment increase, net of capital decrease in subsidiaries	(130)	(375)	-	-
Increase in intangible assets	(192.224)	(80.163)	(197.288)	(89.163)
Interest earning bank deposits	(266.439)	(151.054)	(266.439)	(151.054)
Dividends and interest on own capital received	14.529	17.865	-	-
Interest on capitalized loans	4.665	2.920	4.665	3.243
Cash flow applied in investment activities	(451.063)	(232.346)	(481.586)	(267.208)
CASH FLOW FROM FINANCING ACTIVITIES				
Capital increase	789.988	-	789.988	-
Cost for the issue of new shares	(24.753)	-	(24.753)	-
Receipt of exercised share purchase options	1.061	13.068	1.061	13.068
Loans obtained	(15)	294.771	(317)	352.766
Payment of loans and debentures	(76)	(142.380)	(10.281)	(147.006)
Receipt of derivative financial instruments	-	1.581	-	1.581
Interest paid on debentures / loans	(16.545)	(25.883)	(19.789)	(26.788)
Lease payments	(155)	-	(11.449)	(9.772)
Dividends and interest on own capital paid	(11.680)	(2.830)	(11.680)	(2.830)
Cash flow generated by (invested in) in financing activities	737.825	138.327	712.780	181.019
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS OF CONTINUED OPERATIONS	351.884	(80.607)	377.485	12.713
NET INCREASE (DECREASE) IN THE BALANCE OF CASH AND CASH EQUIVALENTS REPRESENTED BY				
Cash and cash equivalents at the beginning of the year	108.462	189.069	266.376	253.663
Cash and cash equivalents at the end of the year	460.346	108.462	643.861	266.376
	351.884	(80.607)	377.485	12.713

See the accompanying notes to the financial statements.

SANTOS BRASIL PARTICIPAÇÕES S.A. AND SUBSIDIARIES

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

	Parent company		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
REVENUES (EXPENSES)				
Sale of merchandise, products and services	622.854	658.725	1.066.539	1.113.348
Other income	24.363	22.704	29.763	26.645
Provision for expected credit losses and bad debt losses	(14.787)	(13.706)	(14.450)	(14.986)
	632.430	667.723	1.081.852	1.125.007
INPUTS ACQUIRED FROM THIRD PARTIES				
Cost of products, goods, and services sold	(75.588)	(100.980)	(150.107)	(187.828)
Materials, energy, outsourced services and other	(108.061)	(110.094)	(226.336)	(222.031)
Other	(1.870)	162	(2.768)	(101)
	(185.519)	(210.912)	(379.211)	(409.960)
GROSS ADDED VALUE	446.911	456.811	702.641	715.047
DEPRECIATIONS, AMORTIZATIONS AND DEPLETION	(109.630)	(97.456)	(152.363)	(135.650)
NET ADDED VALUE PRODUCED BY THE COMPANY	337.281	359.355	550.278	579.397
ADDED VALUE RECEIVED AS TRANSFER				
Equity in net income of subsidiaries	23.590	34.819	-	-
Financial income	6.636	30.314	11.445	37.455
	30.226	65.133	11.445	37.455
TOTAL ADDED VALUE PAYABLE	367.507	424.488	561.723	616.852
DISTRIBUTION OF ADDED VALUE	367.507	424.488	561.723	616.852
Personnel:				
Direct remuneration	174.461	167.763	232.540	226.570
Benefits	45.735	44.666	70.332	67.906
FGTS	10.491	12.471	14.404	17.383
	230.687	224.900	317.276	311.859
Taxes, rates and contributions:				
Federal	47.756	61.304	104.259	124.831
State	54	60	5.690	5.433
Municipal	31.768	32.920	51.426	53.128
	79.578	94.284	161.375	183.392
Third parties’ capital remuneration				
Interest	67.367	85.941	88.639	98.444
Rents	3.636	3.988	8.194	7.782
	71.003	89.929	96.833	106.226
Remuneration of own capital:				
Dividends	-	3.652	-	3.652
Additional dividends proposed	-	8.033	-	8.033
Retained earnings	(13.761)	3.690	(13.761)	3.690
	(13.761)	15.375	(13.761)	15.375

See the accompanying notes to the financial statements.

1. OPERATIONS

Santos Brasil Participações S.A. (Company), domiciled in Brazil, headquartered in São Paulo, is engaged in holding interest, as partner or shareholder, in the capital of other Brazilian or foreign entities and in consortium, as well as the commercial exploration of integrated port and logistics solutions, with the movement of containers and alike, that are carried out by operating branches: Tecon Santos and Tecon Imbituba.

a) Company’s Operations:

- Operating branch Tecon Santos is engaged in the commercial exploration of port facilities of Santos Port Containers Terminal - Tecon 1, under lease agreement valid from November 1997 to November 2022, through operations with containers and similar equipment that involve the recovery of existing facilities and its technological and managerial updating, as well as the expansion of said facilities with improvements, following legal and contractual standards of the respective Port and the Union, pursuant to the terms of Bid Notice PND/MT/CODESP No. 01/97.

  On September 30, 2015, the Company entered into an agreement with the Federal Government, through the Secretary of Ports of the Presidency of Republic, with the intervention of the ANTAQ and Santos Port Authority – SPA, for the Fifth Rectification, Ratification and Amendment to the Lease Agreement PRES/69.97 of November 28, 1997, related to the operating branch Tecon Santos. The Fifth Amendment extends the lease agreement period through November 28, 2047.

- Operating branch Tecon Imbituba is engaged in the commercial exploration of port facilities of Imbituba Port Containers Terminal, under lease agreement valid from April 2008 to April 2033, through operations with containers or similar equipment that involve the recovery of existing facilities and its technological and managerial updating, as well as the expansion of said facilities with improvements, following legal and contractual standards of the respective Port and the Union, pursuant to the terms of Bid Notice 2 of Public Bidding No. 01/07 - Port Management.

  That branch also includes the operations of General Cargo Terminal do Porto de Imbituba (“TCG Imbituba”), under a lease contract and its addendum No.1, in effect from June 2007 through June 2032, through operation, conservation and improvement and expansion of its bonded patio and warehouse facilities, and with preferential docking at a berth near Tecon Imbituba berths.

The consolidated financial statements include the Company's financial statements and the following fully-controlled subsidiaries:

	Interest – %	
	12/31/2020	12/31/2019
Direct subsidiaries:		
Numeral 80 Participações S.A. (“Numeral 80”) *	100	100
Pará Empreendimentos Financeiros S.A. (“Pará Empreendimentos”) **	100	100
Santos Brasil Logística S.A. (“Santos Brasil Logistics”)	100	100
Terminal Portuário de Veículos S.A. (“TPV”)	100	100
Terminal de Veículos de Santos S.A. (“Vehicles Terminal/TEV”)	100	100
Indirect subsidiary:		
Convicon Contêineres de Vila do Conde S.A. (“Tecon Vila do Conde”)	100	100

* Dormant company;
** Holding company.

b) Operations of the subsidiary Santos Brasil Logística S.A. (“Santos Brasil Logistics”)

The subsidiary Santos Brasil Logistics engages in the provision of integrated logistics and customized logistics solution development services and related services. It operates containers and bulk cargo in import and export transactions and is authorized to receive cargo under different customs systems, especially bonded warehouse, at its two Customs Logistics Centers (CLIAs). For national and nationalized cargo, it operates its two Distribution Centers - DCs located in the city of São Bernardo do Campo.

c) Operations of the subsidiary Terminal de Veículos de Santos S.A. (“Vehicles Terminal/TEV”)

In January 2010, the subsidiary Vehicles Terminal/TEV, through its branch in the Guarujá municipality, assumed the operations of the Vehicle Export Terminal under a lease agreement valid through January 2035. The subsidiary's purpose is the management, operation and investment in the port's vehicle handling and storage facilities used for importing, exporting and coastal shipping, under a lease agreement entered into on that date.

There is a possibility of expanding the Vehicles Terminal/TEV, already provided in lease contract, considering about 27,500 m² by obtaining approval from the port management.

d) Operations of the subsidiary Convicon Contêineres de Vila do Conde S.A. (“Tecon Vila do Conde”)

Indirect subsidiary Tecon Vila do Conde's purpose is the commercial exploitation of the port facilities of Vila do Conde container terminal, located in the municipality of Barcarena, in the state of Pará, from May 2005 through September 2018. It assumed the terminal lease under Addendum No. 2 of Agreement No. 14/03. The lease was previously held by Transnav Ltda., since September 2003. The activities are the implementation and exploitation of the container and vehicle storage and handling patio, technological and managerial modernization, facilities expansion and improvement, granting of right of way on the bridge leading to the piers, and use of public berth No. 301, with observation of federal and port regulations and contractual rules.

In November 16, 2017, the Summary of the 8^{th} Amendment to the Lease Agreement No. 14/2003, entered into between Convicon and the Federal Government, with intermediation of the Ministry of Transportation, Ports and Civil Aviation ("MTPAC"), having as intervening parties the National Agency of Water Transportation ("ANTAQ") and Companhia Docas do Pará ("CDP"), which purpose was the advanced extension of said port lease until September 18, 2033, was published in the Federal Official Gazette - DOU.

Exploration of the area at the Saboó quay

On November 19, 2019, the Company communicated to shareholders and the market that under the Simplified Selection Process Notice No. 01/2019 to provisionally explore three areas on the Saboó quay, on the right bank of the Port of Santos – its final offer for Area 2 was considered the most advantageous for the Port of Santos and, therefore, obtained the best classification.

On May 15, 2020, the DIPRE-DINEG/09.2020 Transition Contract was entered between the Autoridade Portuária de Santos S.A. - Santos Port Authority - SPA and the Company. The purpose of said contract is the lease for temporary exploration of an area of 42,000 m^2 for 180 days to handle general cargo, reinforcing its participation in the Port of Santos and expanding the services offered to its current and potential customer base, also on the right bank of the port. In November 11, 2020, a new DIPRE-DINEG/20.2020 Transition Agreement was signed for a further period of 180 days, counting in November 12, 2020.

Commitments undertaken in contracts:

i. Main commitments arising from the Container Terminal No. 1 exploration contract entered into with Santos Port Authority - SPA, former CODESP.

Operating branch Tecon Santos, besides the initial disbursement made when the auction was held, assumed a commitment corresponding to the bid amount, totaling R$74,312, payable in monthly and quarterly installments of lease for commercially operating the area over the term of the agreement (25 years, renewable for an equal period, as provided for in the initial agreement), adjusted for inflation using the General Market Price Index (IGP-M).

The branch also makes monthly payments for services provided by Santos Port Authority - SPA, based on specific tables established by port authorities.

There is a commitment whereby Minimum Contractual Handling (MMC) in loading and unloading vessels is provided for. Failure to comply the conditions set forth under the MMC commitment, or breach of any other contractual clause, is subject to penalty of up to 2% of the sum of monthly and quarterly installments due in the 12 months prior to the default.

In view of the Fifth Amendment to the original agreement, the Company undertook to invest the amount of R$1,276,859 in works and other interventions to ensure the consolidation of a terminal that reaches a minimum dynamic capacity of 1,500,000 containers per year. The executive project relating to the approved investments shall be submitted to the Special Secretary of Ports (SEP) through September 29, 2016. If the amount invested is lower than the amount committed, the difference shall be paid in a single installmentto Santos Port Authority SPA. An area of 13,346 m^2 will be incorporated into the lease agreement of the operating branch Tecon Santos, through the completion of the extension of the public quay by 220 m^2.

Such amendment changed the commitment of Minimum Contractual Handing (MMC), starting October 1, 2015, which requires the payments of amounts if the MMC is not reached or is exceeded, as mentioned in note 16. By the end of 2020 or the completion of the estimated investments, the MMC will be changed from 513,000 containers per year to 590,000 containers per year.

The facilities being commercially operated and the assets belonging to Santos Port Authority - SPA that has been used by the branch must be kept in perfect conditions of use. All improvements made in these facilities, such as any equipment and software, information systems and computers, communication and security systems and systems used to control the port area, which are required for container operations, will be reversed in favor of Santos Port Authority - SPA at the end or termination of the agreement.

On November 5, 2019, the 468th Ordinary Meeting of the National Agency for Waterway Transportation - ANTAQ was held was held, which resolved on the request for review of the investment schedule regarding the Fifth Addendum. ANTAQ expressed itself in favor of reviewing the investment schedule, and the process was referred to the Ministry of Infrastructure for decision, preparation and signature of the respective Addendum.

On December 31, 2020, the Company entered into the 7th Addendum ("7th Addendum") to the Tecon Santos Lease Agreement ("Lease Agreement") with the Federal Government ("Concession Grantor"), through the National Secretariat of Ports and Waterways Transport (SNPTA) of the Ministry of Infrastructure, which provides for a new investment schedule for the Lease Agreement, with the final term for making the investments related to the early extension of the Lease Agreement going from December 31, 2020 to December 31, 2031, and a minimum investment of R$360,000 by the end of 2022, of which the Company has already used approximately R$313,000.

ii. Main commitments arising from the Tecon Imbituba exploration contract with SCPAR Porto de Imbituba S.A. (SCPAR), successor of Companhia Docas de Imbituba (CDI)

Operating branch Tecon Imbituba, as part of the fixed portion of the lease, makes monthly payments for the use of the leased area, as shown in note 16.

The commitment for minimum investments considers works for expanding the back area, and construction of an administrative area, gates, warehouse, berth reinforcement and containment works and a 120 meter expansion of the berth. It also included the acquisition of pieces of equipment for harbors, and the port retro-docking area, which are compatible with facilities, that is, mobile cranes (Mobile Harbor Crane - MHC), reach stackers, tow trucks and forklifts. New harbor equipment and also equipment for the port retro-docking area are expected to be purchased to replace the existing ones and expand the Terminal's handling capacity.

As part of the variable portion of the lease, there is a commitment to make monthly payments for the use of the land infrastructure, as shown in note 16.

There is also a commitment for a minimum handling of 65,000 containers in the Terminal in the first year of activity, 150,000 containers in the second year of activity, 280,000 containers in the third year of activity and 360,000 containers from the fourth year of activity. Failure to meet this minimum handling volume shall require the entity to pay an additional amount, as shown in note 16.

Operating standards were established whereby Tecon Imbituba shall perform at least 6 handling activities per hour per trio, when resources other than MHC are used, and at least 15 handling activities per hour, when MHC is used.

In July 1, 2016, we filed a Request for the Recovery of Economic-Financial Balance of Tecon Imbituba lease agreement with the Ministry of Transport, Ports and Civil Aviation. Thus, no accounting effect was recognized in these financial statements.

iii. Main commitments arising from the General Cargo Terminal exploration contract with SCPAR, successor of CDI

Operating branch TCG Imbituba is required to make minimum investments that include the expansion of the warehouse by 1,500 m², construction of a new warehouse of 3,000 m², repairs in pavement, streets, fences and gates, implementation of facilities and networks of services and expansion of refrigerated containers' capacity. In addition, the agreement requires the entity to implement the ISPS Code and a Port Public Security Plan (PSPP) for Port of Imbituba and purchase its own general cargo handling equipment.

Terminal is required to pay per ton handled, on a monthly basis, as compensation for the leased area, and per ton per vessel, as remuneration for using the land infrastructure, as shown in note 16.

Terminal has a commitment to handle at least 120,000 tons of general cargo in the first year of activity, 140,000 tons in the second year of activity, 180,000 tons in the third year of activity, and 200,000 tons from the fourth year of activity until the end of the agreement. Failure to meet this minimum handling volume shall require the entity to pay an additional amount, as shown in note 16.

iv. Main commitments arising from the Saboó Terminal transition contract with Santos Port Authority - SPA

The Saboó Terminal is committed to a minimum monthly handling of 47,000 tons of pulp and 1,000 units of vehicles during the contractual term. Failure to meet this minimum handling volume shall require the entity to pay an additional amount, as shown in note 16.

v. Main commitments arising from the Vehicles Terminal/TEV exploration contract with Santos Port Authority - SPA

Vehicles Terminal/TEVhas a commitment to handle at least 182,931 vehicles in second year of operations, 214,147 vehicles in the third year of operations, 250,691 vehicles in the third year of operations, 293,470 vehicles in the fifth year of operations and 300,000 vehicles as of the sixth year of operations. Failure to meet this minimum handling volume shall require the entity to pay an additional amount, as shown in note 16.

The investment commitment primarily includes the construction of external accesses to the Terminal and the public harbor and the construction of a gate and a gatehouse for internal access to the Terminal.

As part of the monthly lease payment, the entity is required to pay for the use of the total leased area and infrastructure. There is also a commitment to pay per vehicle handled, as shown in note 16.

vi. Main commitments arising from the Tecon Vila do Conde's exploration contract with the Companhia Docas do Pará - CDP

Tecon Vila do Conde has the commitment to provide pavement, fences and lighting for at least 20,000 m² of lot A and purchase the equipment required for it to be capable of handling at least 30,000 containers after the fifth year of signature of the agreement.

As part of the remuneration guaranteed to CDP for the commercial operation by Tecon Vila do Conde, the subsidiary is required to make payments of amounts per container handled and ton handled of unitized cargo, as show in note 16. The facilities being commercially operated and the assets belonging to CDP that have been used by Tecon Vila do Conde must be kept in perfect conditions of use. All improvements made in these facilities, such as any equipment and software, information systems and computers, communication and security systems and systems used to control the port area, which are required for container operations, will be reversed to CDP at the end or termination of the agreement.

Tecon Vila do Conde has the contractual commitment to pay CDP a compensation for the operation by Terminal over the term of the agreement (15 years) in monthly lease payments plus inflation adjustment, every September of each year, based on IGP-M.

By virtue of the Eight Amendment to the Lease Agreement No. 14/2003, the Company assumed the commitment of investing the amount of R$129,044 in expansion, equipment and systems, until the end of 2033.

Coronavirus (COVID-19)

Since the start of the quarantine period in the country, in March 2020, the Company maintains the measures in various spheres to face the effects of COVID-19, with the preservation of the health of its employees and other stakeholders being the most important one. The Company reaffirms that strategic actions and decisions already taken, as well as those in progress, supersede the purpose of mitigating the impacts caused by the pandemic in the operational and financial spheres, also seeking to fight and minimize its effects on people with whom the Company relates, including employees, clients, suppliers and other partners.

Internally, the actions taken by the Company involving its employees were based on four principles: hygiene, social distance, tests and isolation.

Regarding the actions directly linked to the Company’s businesses, the Management maintained work streams throughout the year and they started in the 2nd quarter of 2020 with the purpose of seeking new sources of revenue, controlling and reducing costs and expenses and revisiting the investment plan, prioritizing the continuity of strategic projects. In terms of revenue, the Company aims to diversify the business and increase the share-of-wallet in the client value chain through the following commercial actions: (i) increase in DEPOT activities (container repair and maintenance service) for shipowner clients at Tecon Santos and Tecon Vila do Conde, (ii) capture of new cargo at the Imbituba General Cargo Terminal (i.e., pulp and food); (iii) new contracts in the logistics operations of the CLIA’s and the São Bernardo do Campo Distribution Center; (iv) capturing project cargo at Tecon Vila do Conde; and (v) capturing new volumes at the TEV - Vehicles Terminal.

Regarding actions to reduce costs and expenses, with the assumption of increasing operational and administrative efficiency, the Company seeks to continue obtaining savings through the following measures and results: (i) renegotiation and scope review of contracts with suppliers; (ii) reduce administrative expenses with trips, space occupation, marketing, among others; (iii) full automation of the entrance gates of Tecon Santos; (iv) reduction in fuel consumption due to the increase in operational efficiency; (v) optimization of preventive equipment reviews due to the slowdown in volumes operated; and (vi) decrease in variable costs due to the lower volume operated (i.e. electricity, agency fees, outsourced labor and truck transport).

Regarding the going concern, the consolidated cash preservation and strengthening (R$1.07 billion in December 31, 2020) continued being the main focus of the actions performed, with working capital management by increasing the average payment term and controlling defaulting receipts, as well as the deferral and suspension of taxes and the replacement of judicial deposits with other guarantees. In September 2020, the Company raised R$790 million through a primary share offering (follow-on), and such funds will be used to grow the Company's businesses.

Until the date of authorization for the issuance of these financial statements, the Company and its subsidiaries continue operating regularly, without any interruptions or disruptions.

No conditions have been identified that would justify the recording of a provision for asset impairment losses, mainly related to the recoverability of property, plant and equipment, intangible assets and realization of deferred income and social contribution taxes.

2. PREPARATION BASIS

- Statement of conformity

  These Company's individual and consolidated financial statements were prepared according to the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (IASB) and also in accordance with accounting practices adopted in Brazil.

  The issue of individual and consolidated financial statements was authorized by the Executive Board on February 25, 2021.

  All relevant information in accounting statements, and only them, are being evidenced and correspond to that used by Management.

- Functional currency and presentation

  These individual and consolidated financial statements are presented in reais (R$), which is the Company's and subsidiaries' functional currency. All financial information presented in reais (R$) has been rounded to the nearest value, except otherwise indicated.

- Use of estimates and judgments

  The preparation of these financial statements, individual and consolidated, Management used judgments, estimates and assumptions that affect the application of accounting principles of the Company and subsidiaries, and the reported values of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

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

Information about judgment referring to the adoption of accounting policies which impact significantly the amounts recognized in the financial statements are included in the following notes:

- Note 1 - context: determination in case the Company effectively holds the control;
- Note 17 - classification of leases.

Information on uncertainties as to assumptions and estimates that pose a high risk of resulting in a material adjustment within the year to end at December 31, 2021 are included in the following notes:

- Notes 11 and 12 - impairment test: main assumptions in relation to recoverable values of property, plant and equipment and intangible assets;
- Note 15 - recognition and measurement of provision for tax, labor and civil risks;
- Note 24 - recognition of deferred tax liabilities;
- Note 26 - measurement and main assumptions of actuarial liabilities - supplementary health care assistance.

Measurement of fair value

Several of the Company's accounting policies and disclosures require the measurement of the fair value of both financial assets and financial liabilities and nonfinancial assets and liabilities.

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

Significant non-observable data are regularly reviewed, as well as valuation adjustments. If third-party information, such as broker quotes or pricing services, is used to measure fair value, evidences obtained from the third parties are analyzed to support the conclusion that such valuations meet the CPC / IFRS requirements, including the level in the fair value hierarchy in which such valuations should be classified.

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

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

- Level 3: inputs, for assets or liabilities, which are not based on observable market data (non-observable inputs).

The Company and its subsidiaries recognize transfers between fair value hierarchic levels at the end of the financial statements period in which changes occurred.

Additional information on the assumptions adopted in the measurement of fair values is included in the following notes:

- Note 23 - Stock option plan; and
- Note 27 - Derivative or non-derivative financial instruments

3. MAIN ACCOUNTING POLICIES

The accounting policies described in detail below have been consistently applied by the Company and its subsidiaries to all the years presented in these individual and consolidated financial statements.

a) Consolidation basis

Subsidiaries

The financial information of the subsidiaries is included in the consolidated financial statements as from the date the Company starts have control, until the date such control ceases. The accounting policies of the subsidiaries are aligned with the policies adopted by the Company.

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

Investments in entities are accounted for at the equity method.

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

Transactions eliminated in the consolidation

The balances and transactions among the Company and its subsidiaries, and any unrealized revenues or expenses derived from transactions among these companies, are eliminated in the preparation of the consolidated financial statements. Unrealized gains originating from transactions with investees recorded using the equity method are eliminated against the investment in the proportion of the Company's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only up to the point where there is no evidence of loss due to impairment.

b) Foreign currency

Transactions in foreign currency are translated into the respective functional currency of the Company and its subsidiaries at the exchange rates on the dates of the transactions. Monetary assets and liabilities denominated and calculated in foreign currencies on the reporting date of financial statements are reconverted into the functional currency at the exchange rate determined on that dates. Exchange gain or loss in monetary items is the difference between the amortized cost of the functional currency at the beginning of the year, adjusted by interest and effective payments during the year, and the amortized cost in foreign currency at the exchange rate at the end of the presentation year.

c) Operating revenue

Service revenue is recognized in profit or loss as services are provided and is related, mainly, to harbor, bonded warehouse and logistics operations. Harbor operations refer basically to the loading and unloading of containers from vessels and are recognized in profit or loss as operations of each vessel is completed. Bonded warehouse operations are related to the storage of import or export loads. Storage revenue is recognized upon customs clearance and withdrawal of the imported cargo by the importing company or upon shipping the exported cargo into the vessel. Logistics operations refer mainly to the transport and storage in the Distribution Centers. Storage revenue is recognized in the income (loss), semimonthly or monthly, according to the customer agreement, and freight revenue is recognized when there is a delivery of stored goods.

d) Financial and equity instruments

Recognition and initial measurement

Trade accounts receivable and debt securities issued are initially recognized on the date that they were originated. All other financial assets and liabilities are initially recognized when the Company and its subsidiaries become a party to the instrument's contractual provisions.

A financial asset (unless it is trade accounts receivable without a material financing component) or a financial liability is initially measured at fair value, plus, for an item not measured at FVTPL, transaction costs which are directly attributable to its acquisition or issue. Trade accounts receivable without a significant financing component are initially measured at the price of the transaction.

Subsequent classification and measurement

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

Financial assets are not reclassified after initial recognition, unless the Company and its subsidiaries change the business model for the management of financial assets, in which case all affected financial assets are reclassified on the first day of the reporting period subsequent to the change in the business model.

A financial asset is measured at amortized cost if it meets both conditions below and is not designated as measured at FVTPL:

- it is held within a business model whose purpose is to maintain financial assets to receive contractual cash flows; and

- its contractual terms generate, on specific dates, cash flows only related to the payment of principal and interest on outstanding principal value.

A debt instrument is measured at FVTOCI if it meets both conditions below and is not designated as measured at FVTPL:

- it is maintained within a business model whose purpose is achieved by both the receipt of contractual cash flows and the sale of financial assets; and

- its contractual terms generate, on specific dates, cash flows which are only payments of principal and interest on outstanding principal value.

In the initial recognition of an investment in an equity instrument not held for trading, the Company and its subsidiaries may irrevocably choose to present subsequent changes in the fair value of the investment in other comprehensive income ("OCI"). This choice is made on an investment basis.

The Company and its subsidiaries carry out an evaluation of the purpose of the business in which a financial asset is held in the portfolio, since this better reflects the way in which the business is managed and the information is provided to management. The information considered is comprised by:

- the policies and goals established for the portfolio and practical operation of these policies. They include the question of whether management's strategy focuses on obtaining contractual interest revenue, maintaining a certain interest rate profile, matching the duration of financial assets with the duration of related liabilities or expected cash outflows, or the realization of cash flows through the sale of assets;

- how the performance of the portfolio is evaluated and reported to the management of the Company and its subsidiaries;

- risks that affect the performance of the business model (and the financial assets held in that business model) and the way those risks are managed;

- how business managers are remunerated - for example, if the remuneration is based on the fair value of managed assets or in contractual cash flows obtained; and

- the sales rate, volume and timing of sales of financial assets in prior periods, the reasons for such sales and future sales expectations.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales, which is consistent with the ongoing recognition of the assets of the Company and its subsidiaries.

Financial assets held for trading or managed with a performance evaluated based on fair value are measured at fair value through profit or loss.

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

For this evaluation purposes, “principal” is defined as the fair value of the financial asset at initial recognition. ‘Interest’ is defined as a consideration for the amount of cash at the time and for the credit risk associated to the outstanding principal value during a certain period and for other risks and base costs of loans (for example, liquidity risk and administrative costs), as well as for the profit margin.

The Company and its subsidiaries consider the contractual terms of the instruments to evaluate whether the contractual cash flows are only payments of principal and interest. It includes evaluating whether the financial asset contains a contractual term that could change the time or amount of the contractual cash flows so that it would not meet this condition. In making this evaluation, the Company and its subsidiaries consider the following:

- contingent events that change the amount or timing of cash flows;
- terms that may adjust the contractual rate, including variable rates;
- the prepayment and the extension of the term; and
- the terms that limit the access of the Company and its subsidiaries to cash flows of specific assets (for example, based on the performance of an asset).

Financial assets - Evaluation of business model

The prepayment is consistent with the principal and interest payment criterion if the prepayment amount mostly represents the unpaid principal and interest amounts on the outstanding principal amount - which may include an additional reasonable compensation due to the early termination of the contract. Furthermore, in relation to a financial asset acquired at a lower or higher value than the contract’s nominal value, permission or requirement of prepayment at an amount that represents the contract nominal value plus accumulated (but not paid) contract interest (which may also include fair additional compensation for early rescission of contract) are treated as consistent with this criterion if prepayment fair value is immaterial at initial recognition.

Financial assets - Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net income (loss), plus interest or dividend revenue, is recognized in income (loss).
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is impaired. Interest revenue, foreign exchange gains and impairment losses are recognized in income (loss). Any gain or loss on derecognition is recognized in income (loss).
Debt instruments at FVTOCI	These assets are subsequently measured at fair value. Interest revenue calculated using the effective interest method, foreign exchange gains and losses and impairment loss are recognized in income (loss). Other net income is recognized in OCI. In derecognition, the retained earnings in OCI are reclassified to the income (loss).
Equity instruments at FVTOCI	These assets are subsequently measured at fair value. Dividends are recognized as gain in income (loss), unless the dividend clearly represents a recovery of part of the investment cost. Other net income (loss) is recognized in OCI and are never reclassified to the income (loss).

Financial liabilities - classification, subsequent measurement and gains and losses

Financial liabilities were classified as measured as amortized cost or at FVTPL. A financial liability is classified as measured at fair value through profit or loss if it is classified as held for trading, if it is a derivative or assigned as such in initial recognition. Financial liabilities measured at FVTPL are measured at fair value and net income (loss), plus interest, is recognized in income (loss). Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense, foreign exchange gains and losses are recognized in income (loss). Any gain or loss on derecognition is also recognized in income (loss).

Derecognition

Financial assets

The Company and its subsidiaries derecognize a financial asset when the contractual rights to the cash flow of the asset expire, or when the Company and its subsidiaries transfer the contractual rights to the reception of contractual cash flows over a financial asset in a transaction in which essentially all the risks and rewards of ownership of the financial asset are transferred or in which the Company and its subsidiaries nor transfer or maintain all ownership risks and rewards of the financial assets and also does not hold the control over the financial asset.

The Company and its subsidiaries carry out transactions in which it transfers assets recognized in the balance sheet, but retains all or substantially all risks and rewards of the assets transferred. In such cases, financial assets are not derecognized.

Financial liabilities

The Company and its subsidiaries derecognize a financial liability when its contractual obligations are discharged or canceled or expired. The Company and its subsidiaries also derecognize a financial liability when terms are modified, and the cash flows of the modified liability are substantially different if a new financial liability based on the terms changed is recognized at fair value.

In the derecognition of a financial liability, the difference between the extinct book value and the consideration paid (including assets transferred that do not pass through the cash or assumed liabilities) is recognized in income (loss).

Offset

Financial assets and liabilities are offset and the net amount reported in the balance sheet only when the Company and its subsidiaries have a legally exercisable right to offset and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Capital - Common shares

Common shares are classified as shareholders' equity. Additional costs directly attributable to the issue of shares are recognized as reduction in the shareholders’ equity.

The compulsory minimum dividends, as established in the By-laws, are recognized as liabilities.

Equity instruments

When shares recognized as shareholders’ equity are repurchased, the value of the consideration paid which includes any costs directly attributable is recognized as a deduction from net assets. The repurchased shares are classified as treasury shares and presented as a deduction from net assets. When treasury shares are sold or reissued subsequently, value received is recognized as an increase to shareholders' equity, and gains or losses resulting from transactions are presented as capital reserve.

e) Adjustment to present value

Accounts subject to adjustment to present value are trade accounts receivable and trade accounts payable. They have not been stated at present value as maturities are in less than 60 days.

f) Inventories

Inventories are mainly represented by maintenance items, which are stated at the average cost that does not exceed the market value.

g) Investments

Investments in subsidiaries and affiliated companies and in other companies that are part of the same group or are under a common control are evaluated under the equity method in the individual financial statements.

h) Property, plant and equipment

Recognition and measurement

Property, plant and equipment items are stated at historical acquisition or construction cost, net of accumulated depreciation and impairment losses, when required.

Cargo equipment reported in property, plant and equipment is equipment that is not reversible at the end of lease contracts.

Purchased software that is integral to the functionality of a piece of equipment is capitalized as part of that equipment.

When parts of a property, plant and equipment item have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of a property, plant and equipment item are determined by comparing the proceeds from disposal with the book value of Property, plant and equipment and are recognized net within "Other revenues" in the statement of income.

Subsequent costs

The replacement cost of a component of an item of property, plant and equipment is recognized in the book value of the item when it is probable that the future economic benefits embodied in the component will flow to the Company and its subsidiaries and cost can be reliably measured. The book value of the component that is replaced is written off. Costs of normal maintenance on property, plant and equipment are charged to the income (loss) as incurred.

Depreciation

It is recognized in the income statement using the straight-line method over the estimated useful life of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term or the estimated useful life of the asset, unless it is reasonably certain that the ownership will be obtained at the end of the lease term.

The useful estimated lives for the current and comparative periods are shown in the note 11.

The depreciation methods, useful lives and residual values are reviewed at each year closing, and potential adjustments will be recognized as a change in accounting estimates.

i) Intangible assets

Exploration right

The exploration right is recognized upon the port area lease contracts as intangible assets as contra-entry to the recognition at present value of minimum fixed and variable payments (minimum contractual changes) established in the lease contract, in liabilities, in a line item especially created for this purpose, “Obligations with Concession Grantor”.

Goodwill

The goodwill arising from the acquisition of subsidiaries is included in intangible assets in the financial statements.

The goodwill generated in the acquisitions of entities holding exploitation rights and amortized within the term of the agreement and the agreement renewal is not considered.

Other intangible assets

Intangible assets acquired separately are measured at cost upon initial recognition. After the initial recognition, the intangible assets are stated at cost, less accumulated amortization and impairment losses. There are no intangible assets generated internally.

Subsequent expenditures

They are capitalized only when they increase the future economic benefits embodied in the specific assets to which they relate. All other expenditures are recognized in profit or loss as incurred.

Amortization

Intangible assets with defined life are amortized over the economic useful life and valued in relation to impairment whenever there is indication of loss of economic value of the asset. Amortization method and period of an intangible asset with defined life are reviewed at least at the end of each year. Changes in these assets’ estimated useful lives or in expected consumption of future economic benefits are accounted for through changes in amortization method or period, as applicable, and are addressed as changes in bookkeeping. The amortization of intangible assets with defined life is recognized in the statement of income in the category of expense consistent with the use of the intangible assets.

Intangible assets with undefined useful lives are not amortized but tested for impairment on an annual basis, individually or at cash generating unit level. The evaluation of indefinite useful life is reviewed annually to determine whether it is still justifiable. When applicable, the change in useful life from indefinite to finite is made on a prospective basis.

j) Leased assets

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

(i) As a lessee

At the inception or amendment of an agreement containing a lease component, the Company and its subsidiaries allocate the lease consideration to each lease component based on its individual prices. However, for leases of real estate, the Company and its subsidiaries have chosen to not separate non-lease components and lease and non-lease components are calculated as a single component.

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

The right-of-use asset is subsequently depreciated using the straight-line method from the start date to the end of the lease term, unless the lease transfers ownership of underlying asset to the lessee at the end of lease term, or if the cost of the right-of-use asset reflects that the lessee will exercise the call option. In this case, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as that of fixed assets. Moreover, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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

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

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

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

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

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

The Company and its subsidiaries record right-of-use assets that fall outside the definition of investment property in "fixed assets" and lease liabilities in "loans and financing" in the balance sheet.

Low-value asset leases

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

(ii) As a lessor

At the inception or amendment of an agreement containing a lease component, the Company and its subsidiaries allocate the lease consideration to each lease and non-lease component based on its independent prices.

When the Company and its subsidiaries operate as a lessor, it is determined, at the beginning of the term of the lease, whether each lease is a financial or an operating lease.

To classify each lease, the Company and its subsidiaries carry out an overall assessment of whether the lease transfers substantially all risks and benefits inherent in the property of the underlying asset. In this case, this will be a financial lease; otherwise it will be an operating lease. As part of this assessment, the Company and its subsidiaries take into account certain indicators, such as whether the term of the lease is equal to the greatest part of the economic life of the underlying asset.

When the Company and its subsidiaries are intermediate lessors, their interests are accounted for in principal lease and in the sublease on a separate basis. It assesses the classification of the sublease based on the right-of-use asset arising from the main lease rather than on the underlying asset. If the main lease is a short-term lease that the Company and its subsidiaries, as lessees, record by applying the aforementioned exemption, it will classify the sublease as an operating lease.

If an agreement has both lease and non-lease elements, the Company and its subsidiaries adopted the CPC 47 / IFRS 15 to allocate the consideration under the agreement.

The Company and its subsidiaries adopt the requirements for derecognition and impairment of CPC 48 / IFRS 9 to the net lease investment. Also, the Company and its subsidiaries estimated non-guaranteed residual amounts used to calculate the gross investment are periodically reviewed.

The Company and its subsidiaries recognize lease receivables arising from operating leases under the straight-line method over the term of the lease as part of 'other revenues'.

In general, the accounting policies applicable to the Company as a lessor in the comparative period were not different from CPC 06 (R2) / IFRS 16, except for the sub-lease classification entered into during the current reporting period, which resulted in a financial lease classification.

On July 7, 2020, CVM Deliberation No. 859 approved the review of technical pronouncement CPC 06 (R2)/IFRS 16 – Leases, due to Benefits Related to Covid-19.

The Company and its subsidiaries concluded that the review of the standard has no impact on the individual and consolidated financial statements.

k) Impairment

Non-derivative financial assets

Financial instruments and contractual assets

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

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

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

- debt securities with low credit risk on balance sheet date; and

- other debt securities and bank balances for which the credit risk (i.e., default risk throughout the expected life of financial instrument) has not significantly increased since the beginning of initial recognition.

Provisions for trade accounts receivable losses and contract assets are measured at a value equal to a credit loss estimated for the instrument's entire life.

When determining if the credit risk of a financial asset has significantly increased since the initial recognition and when estimating expected credit losses, the Company and its subsidiaries consider reasonable and tolerable information that is relevant and available without excessive cost or effort. This includes quantitative and qualitative information and analysis in the credit assessment, based on the historical experience of the Company and its subsidiaries.

The Company and its subsidiaries assume that the credit risk in a financial asset increased significantly if it is more than 30 days overdue.

The Company and its subsidiaries consider a financial asset in default when:

- it is very unlikely that the debtor will fully pay its credit obligations to the Company and its subsidiaries, without having to resort to actions like the realization of guarantee (if any); or

- financial asset is overdue for more than 90 days.

The Company and its subsidiaries consider that a debt security has a low credit risk when its credit risk rating is equivalent to the generally accepted definition of "investment grade":

- Lifetime expected credit losses are estimated credit losses that result from all possible default events over the expected life of a financial instrument.

- Expected credit losses for 12 months are credit losses that result from potential delinquency events within 12 months after the balance sheet date (or in a shorter period if the estimated life of the instrument is lower than 12 months).

The maximum period considered in the estimate of expected credit loss is the maximum contractual period during which the Company and its subsidiaries are exposed to credit risk.

Measurement of expected credit losses

Expected credit losses are estimates weighted by the probability of credit losses. Credit losses are measured at present value based on all cash insufficiencies (that is, the difference between the cash flows owed to the Company and its subsidiaries in accordance with the contract and the cash flows that the Company and its subsidiaries expect to receive).

The expected credit losses are discounted by the effective interest rate of the financial asset.

Financial assets with recovery problems

On each balance sheet date, the Company and its subsidiaries assess whether the financial assets accounted for at amortized cost and the debt securities measured at FVTOCI are experiencing recovery problems. A financial asset has “recovery problems” when one or more events with a negative impact on the estimated future cash flows of the financial asset occur.

Objective evidence that financial assets had recovery problems includes the following observable data:

- significant financial difficulties of the issuer or borrower;
- breach of covenants, such as delinquency or late payment of more than 90 days;
- restructuring of an amount due to the Company and its subsidiaries would not accept under conditions not considered normal;
- the probability that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Presentation of the expected provision for credit loss in the balance sheet.

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

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

Write-off

The gross book value of a financial asset is written off when the Company and its subsidiaries have no reasonable expectation of recovering the financial asset in full or in part With respect to individual customers, the Company and its subsidiaries, based on the history of recovery of similar assets, adopt the policy of writing off the gross book value when the financial asset is overdue for 180 days. With respect to corporate customers, the Company and its subsidiaries assess, on an individual basis, the time and amount of write-off based on the existence or not of reasonable expectation of recovery. The Company and its subsidiaries do not expect any significant recovery of amount written off. However, financial assets written off may still be subject to credit collection, in compliance with procedures of the Company and its subsidiaries for the recovery of the amounts due.

Non-financial assets

The book values of the non-financial assets of the Company and its subsidiaries, inventories, biological assets and deferred tax assets are reviewed at each balance sheet date for indication of impairment. If such indication exists, the asset's recoverable amount is estimated. In case of goodwill has no defined useful life, the recoverable value is tested on an annual basis.

For impairment tests, assets are grouped into the cash generating units (CGUs), that is, smallest identifiable group of assets that can generate cash inflows by continuous use, which are highly independent from cash inflows referring to other assets or cash generating units. Goodwill from business combinations is allocated to cash generating units or groups of cash generating units that are expected to benefit combination synergy.

Recoverable value of an assets or CGU is the higher of value in use and fair value less selling costs. Value in use is based on estimated future cash flows discounted to present value using a discount rate before taxes that reflects current market evaluations of times value of money and the specific risks of the assets or CGU.

An impairment loss is recognized when the book value of an asset or its CGU exceeds its recoverable value.

Impairment losses are recognized in profit or loss. Recognized losses referring to CGUs are initially allocated to reduce any goodwill allocated to that CGU (or CGU group) and then to reduce the book value of other assets of that CGU (or CGU group) on a pro rata basis.

An impairment loss related to goodwill is not reversed. Regarding other assets, impairment losses are reversed only with the condition that the new book value of the asset does not exceed the book value that would have been calculated, net of depreciation or amortization, if the value loss had not been recognized.

l) Employee benefits

Share-based payment transactions

The fair value of share-based payment agreements is recognized at the grant date, as personnel expenses, with a corresponding increase in shareholders' equity, over the period when employees become unconditionally entitled to the premiums. The amount recognized as an expense is adjusted to reflect the actual number of awards for which the related service and performance conditions will be met, so that the amount ultimately recognized as an expense is based on the number of awards meeting these performance conditions at vesting date.

For share-based payment awards with non-vesting conditions, the fair value at grant date of share-based payment is measured to reflect such conditions and no further adjustments are made for differences between expected and actual results.

Post-employment benefits

Post-employment benefits are recognized as an expense when is provenly committed, without the possibility of retraction, to a formal detailed plan to terminate the employment contract before the normal retirement date, or to provide employment termination benefits as a result of an offer made to encourage voluntary dismissals. Post-employment benefits arising from voluntary dismissals are recognized as an expense when it had made a voluntary dismissal offer, it is probable that the offer will be accepted, and the number of employees who will adhere to the program can be reliably estimated. Should the benefits be payable for more than 12 months from the reporting date of financial statements, they are discounted to their present values.

Short-term employee benefits

Employee short-term benefits are measured on a non-discounted basis and incurred as expenses as the related service is rendered.

The liability is recognized at the expected amount to be paid under the cash-bonus or short--term profit share plans when the Company and its subsidiaries have a legal or constructive obligation to pay such amount as result of the past service provided by an employee, and such obligation can be reliably estimated.

Defined contribution plan

The Company and its subsidiaries provide to its employees benefits that basically comprise a private pension plan with defined contribution administered by BrasilPrev, as note 4.e).

Supplementary health care assistance

Health care expenses on retirement are recognized under the Projected Credit Unit approach based on an actuarial valuation performed annually at the reporting dates. Past service cost is recognized immediately on a straight-line basis over the average period until the benefits become vested.

Obligations relating to health care benefits recognized in the balance sheet represent the present value of the obligation with the benefits defined, adjusted for actuarial losses and gains and for the cost of past services, as mentioned in note 26.

m) Provisions

A provision is recognized when the Association has a legal or constituted obligation as a result of a past event and it is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimate of the amount can be made.

n) Financial revenues and expenses

Financial income mostly comprise revenues from interest on interest earning bank deposits, recognized in the income (loss), under the effective interest rate method.

Financial expenses include basically loan interest expenses. Borrowing costs which are not directly attributable to the acquisition, construction, or production of a qualifying asset are accounted for in profit or loss using the effective interest rate method.

o) Income tax and social contribution

Current and deferred income tax and social contribution for the year are calculated based on the rates of 15% with a surcharge of 10% on taxable profit exceeding R$240 for income tax and 9% on taxable profit for the social contribution on net income, and consider the offset of income tax and social contribution losses, limited to 30% of the annual taxable profit.

Current tax is the expected tax payable or receivable on taxable profit or loss for the year at tax rates that have been enacted or substantially enacted by the end of the reporting period and any adjustment to taxes payable in relation to prior years.

Deferred taxes on tax losses, negative basis of social contribution and temporary differences are recognized in relation to the temporary differences between the book values of assets and liabilities for accounting purposes and the related amounts used for taxation purposes. Deferred taxes are not recognized for the following temporary differences: initial recognition of assets and liabilities in a transaction that is not a business combination, and not affecting the accounts nor taxable profit or loss; and differences related to investments in subsidiaries when it is probable that they will not reverse in the foreseeable future. In addition, deferred taxes are not recognized for taxable temporary differences arising from the initial recognition of goodwill. Deferred tax is measured at the rates that are expected to be applied on temporary differences when they reverse, based on the laws that have been enacted or substantially enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legal enforceable right to set off current tax assets and liabilities, and the latter relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred asset for income tax and social contribution is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable income will be available against which the unused tax losses and credits can be utilized.

Deferred income tax and social contribution assets are reviewed at each reporting date of financial statements and will be reduced when their realization is no longer probable.

p) Earnings per share

Basic earnings per share are calculated based on the income for the year attributable to the Company's controlling shareholders and the weighted average of outstanding common shares in the respective year. The diluted earnings per share are calculated based on the mentioned average of outstanding shares, adjusted by instruments that can potentially be converted into shares, with a dilution effect, in the years presented, pursuant to Technical Pronouncement CPC 41- Earnings per share and IAS 33 - Earnings per share.

q) Segment information

An operating segment is a component of the Company and its subsidiaries which engage in business activities from which it may earn revenues and incur expenses, including revenues and expenses relating to transactions with other components. All operating income (loss) of the operating segments are frequently reviewed together with their managers and reported to the Statutory Board; thus, are presented in Board of Directors' meetings for decisions regarding the resources to be allocated to the segment to be taken and to assess their performance, for which individual financial information is available.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The unallocated items include mostly the institutional assets (mainly the Company's head office) and income and social contribution tax assets and liabilities.

r) Statements of cash flows

The Company has elected to classify interest paid and received as cash flow from financing activity, and dividends and interest on own capital received as cash flow from investing activity, an option provided for in technical pronouncement CPC 03 (R2) - Statement of Cash Flows.

s) Statements of added value

The Company prepared individual and consolidated statements of added value in accordance with the rules of technical pronouncement CPC 09 - Statement of Added Value, which are presented as an integral part of the financial statements under BRGAAP applicable to publicly-held companies, whereas under IFRSs they represent additional financial information.

t) IFRIC 23 (ICPC 22) - Uncertainty over Income Tax Treatment

This interpretation provides for requirements for recognition and measurement in situations in which the Company and its subsidiaries have defined during the process for determination of income taxes (income tax and social contribution), the use of uncertain tax treatments, which may be questioned by the tax authority. In situations where certain treatments are uncertain, the Company and its subsidiaries must define the likelihood of acceptance by the tax authorities regarding the subject and present them separately, thus calculating a possible contingency if it concludes that the tax authority will not accept such treatment.

The Management of the Company and its subsidiaries started considering the aspects of IFRIC 23 (ICPC 22) and reviewed the judgments made in calculating income tax and social contribution, concluding that there are no uncertain treatments used in their financial statements, since all the procedures adopted for the collection of income taxes are supported by the applicable legislation and judicial precedents.

u) New standards and interpretations not yet adopted

Several new standards will become effective for the years started after January 1, 2020. The Company and its subsidiaries did not adopt these changes in the preparation of these financial statements. The Company and its subsidiaries do not plan to adopt these standards in advance.

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

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

- Benchmark interest rate reform - Phase 2 (amendments to CPC 48 / IFRS 9, CPC 38 / IAS 39, CPC 40 / IFRS 7, CPC 11 / IFRS 4 and CPC 06 / IFRS 16)

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

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

- hedge accounting.

(i) Change in the basis for determining cash flows:

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

Hedge accounting:

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

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

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

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

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

On December 31, 2020, the Company and its subsidiaries have no cash flow hedges for LIBOR risk.

(ii) Disclosure

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

(iii) Transition

The Company and its subsidiaries plan to apply the amendments in January 1, 2021. Application of these changes will have no impact on the amounts reported for 2020 or previous periods.

The following changed standards and interpretations should not have a significant impact on the financial statements of the Company and its subsidiaries.

- Rental concessions related to COVID-19 (amendments to CPC 06 / IFRS 16);
- Property, plant and equipment: Revenues before intended use (amendments to CPC 27 / IAS 16);
- Reference to Conceptual Framework (amendments to CPC 15 / IFRS 3);
- Classification of Liabilities in Current or Non-Current (amendments to CPC 26 / IAS 1); and
- IFRS 17 - Insurance Contracts.

4. RELATED PARTY TRANSACTIONS

a) Dividends receivable - parent company

	12/31/2020	12/31/2019
Current assets:		
Dividends receivable:		
Direct subsidiaries:		
Pará Empreendimentos Financeiros S.A.	5,692	1,322
Terminal de Veículos de Santos S.A.	428	2,310
	6,120	3,632

b) Other significant balances

	Parent company		Consolidated (*)	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Current assets:				
Trade accounts receivable (I)	448	428	1,478	1,258
Checking accounts (II)	1,101	1,035	1,101	1,035
	1,549	1,463	2,579	2,293
Current liabilities:				
Suppliers	1,030	830	1,478	1,258
Checking accounts (II)	-	-	1,101	1,035
	1,030	830	2,579	2,293

(*) Values eliminated in the consolidation

(I) The Company and its subsidiaries provide port and transportation services to each other, as explained in note 4.c);

(II) Refer to provision of expenses with shared administrative services provided by the Company to its subsidiaries.

c) Rendering of port service

Operating branch Tecon Santos provided, in the period from January to December 2020, port services to the subsidiary Santos Brasil Logistics concerning: (i) immediate delivery of containers, in the amount of R$880 (R$1,305 in December 31, 2019), referring to 3,357 containers handled (5,414 containers in December 31, 2019); (ii) non-invasive inspection of containers, in the amount of R$901 (R$999 in December 31, 2019), referring to 9,079 containers (10,000 containers in December 31, 2019); (iii) reefers monitoring in the amount of R$3 (R$24 in December 31, 2019) referring to 7 containers (46 containers in December 31, 2019) and (iv) connection and disconnection of reef containers, in the amount of R$1.

In the same period, subsidiary Santos Brasil Logistics provided the operational branch Tecon Santos with: (i) container transportation services, in the amount of R$9,141 (R$7,454 in December 31, 2019), referring to 10,853 containers (8,699 containers in December 31, 2019); and (ii) cargo agency services, in the amount of R$26 (R$63 in December 31, 2019), referring to 986 containers (2,344 containers in December 31, 2019).

d) Remuneration of key personnel

	Parent company			
	12/31/2020		12/31/2019	
	Board of Directors	Executive Board	Board of Directors	Executive Board
Short-term benefits	1,835	10,324	1,835	10,644
Other benefits	-	454	-	515
Stock option plan / Share-based incentive plan	-	1,404	-	2,788
Total	1,835	12,182	1,835	13,947

	Consolidated			
	12/31/2020		12/31/2019	
	Board of Directors	Executive Board	Board of Directors	Executive Board
Short-term benefits	1,857	10,602	1,857	10,891
Other benefits	-	454	-	515
Stock option plan / Share-based incentive plan	-	1,404	-	2,788
Total	1,857	12,460	1,857	14,194

Statutory directors and other directors are included in the executive board's amounts.

Certain directors are signatories to the Confidentiality and Non-Competition Agreement, approved by the Board of Directors. Upon termination, no benefits and obligations set out in this agreement.

Directors have 0.45% of the Company's voting shares.

e) Benefits to collaborators - Consolidated

The Company and its subsidiaries provide their employees with benefits including basically private pension plan with defined contribution managed by Brasilprev, life insurance, health insurance, basic food basket, food stamps, meal voucher and ready meals. On December 31, 2020, benefits above totaled the expense of R$52,080 (R$52,078 in December 31, 2019), corresponding to 5.60% and 5.35% of consolidated net revenue, respectively.

Operating branch Tecon Santos and subsidiaries Santos Brasil Logistics and Vehicles Terminal/TEVinclude the Profit Sharing Plan - PPR in its human resources policies, and all employees with formal employment relationship not included in any other variable remuneration program offered by those companies are eligible. The goals and criteria for distribution of funds and awards are agreed to between the parties, including unions representing employees, with the goals of increased productivity, competitiveness and motivation and engagement among participants. In December 31, 2020, the Company and other subsidiaries had provisioned the amount of R$7,461. In December 31, 2019, only the subsidiary Santos Brasil Logistics had an amount of R$164 provisioned for reaching the goals and/or criteria for the provision for the profit sharing plan.

f) Sureties and guarantees

The Company has guaranteed certain obligations of its subsidiaries as follows:

- Surety for the acquisition of trailers to Tecon Vila Conde, in the amount of R$1,227;
- Surety for the acquisition of trucks to Tecon Vila Conde, in the amount of R$1,482;
- Joint debtor of crane acquisition for Tecon Vila do Conde, in the amount of EUR 3,635, equivalent to R$23,184;
- Joint debtor of full containers forklift truck acquisition for Tecon Vila do Conde, in the amount of EUR 678, equivalent to R$4,326;
- Joint debtor of empty containers forklift truck acquisition for Tecon Vila do Conde, in the amount of EUR 271, equivalent to R$1,728.

5. CASH AND CASH EQUIVALENTS, OTHER FINANCIAL INVESTMENTS AND INVESTMENT NATURE

a) Cash and cash equivalents

	Parent company		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Cash and balance in banks	2,123	2,550	7,073	5,991
Interest earning bank deposits	458,223	105,912	636,788	260,385
Total	460,346	108,462	643,861	266,376

b) Other interest earning bank deposits

	Parent company		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Interest earning bank deposits	426,598	159,067	426,598	159,067

c) Nature of interest earning bank deposits

- Interest earning bank deposits:

	Average rates - % CDI	Maturity	Parent company 12/31/2020	Parent company 12/31/2019
Investment funds (*)	(35.07)	Undetermined	-	105,912
	97.00	09/04/2025	63,470	-
	98.00	03/23/2023	10,126	-
	99.50	09/30/2021	131,025	-
Bank deposit bill - CDB	101.50	04/26/2021	8,682	-
	102.00	04/05/2021	86,051	-
	102.50	04/08/2021	3,245	-
	103.00	09/30/2021	142,520	-
	104.00	11/30/2021	13,104	-
			458,223	105,912

(*) Non-exclusive fund

	Average rates - % CDI	Maturity	Consolidated 12/31/2020	Consolidated 12/31/2019
Investment funds (*)	1.64	Undetermined	-	260,385
	97.00	09/04/2025	63,470	-
	98.00	03/23/2023	10,126	-
	99.00	12/30/2021	4,738	-
	99.25	08/02/2021	1,251	-
Bank deposit bill - CDB	99.50	09/30/2021	141,444	-
	101.50	04/26/2021	16,101	-
	102.00	04/05/2021	105,750	-
	102.50	04/08/2021	138,284	-
	103.00	09/30/2021	142,520	-
	104.00	11/30/2021	13,104	-
			636,788	260,385

(*) Non-exclusive fund

- Other interest earning bank deposits

	Average rates- % CDI	Maturity	Parent company and Consolidated 12/31/2020	12/31/2019
Investment funds (*)	(35.07)	Undetermined	-	159,067
Bank deposit bill - CDB	102.50	04/01/2021	77,584	-
	103.50	04/01/2021	155,176	-
	108.00	03/01/2021	77,516	-
	109.00	01/29/2021	116,322	-
			426,598	159,067

(*) Non-exclusive fund

Highly liquid short-term interest earning bank deposits, considered as cash equivalents are promptly convertible into a known sum of cash and subject to an insignificant risk of change of value.

Average investment rates presented above refer to remunerations obtained in the period from January to December 2020 and are related to the CDI (Interbank Deposit Certificate) rate.

The “Cash and cash equivalents” and “Interest earning bank deposits” are maintained with first-tier banks with ratings between BB- and AAA assigned by Standard & Poor's.

Amid the uncertainties caused by the Covid-19 spread, the global economic impacts are generating a lot of volatility in the market, impacting the performance of private credit assets in the domestic market.

The risk aversion around this event has caused the opening of spreads in the market, which coupled with the low liquidity in the secondary market, has brought negative mark-to-markets to credit funds. Even DI Referenced Funds with private credit, indicated for clients with a conservative profile, suffered a strong impact on their quotas and profitability.

Aiming to minimize these impacts, the Company migrated the funds allocated in investment funds to Bank Deposit Certificates (CDBs) in early April.

6. TRADE ACCOUNTS RECEIVABLE

Current

	Parent company 12/31/2020	12/31/2019
Domestic	97,114	90,739
To be billed	4,101	3,112
Related parties (note 4.b))	448	428
(-) Provision for expected credit losses	(11,764)	(12,927)
Total	89,899	81,352

	Consolidated	
	12/31/2020	12/31/2019
Domestic	136,756	129,694
To be billed	6,381	5,072
(-) Provision for expected credit losses	(12,254)	(14,334)
Total	130,883	120,432

In December 31, 2020, the amount of R$1,478 (R$1,258 in December 31, 2019) was eliminated for consolidation purposes; such amount refers to amounts receivable between the Company and its subsidiaries and derives from billing of service rendering and shared administrative services, as explained in note 4.b).

The table below summarizes the balances receivable by maturity:

	Parent company	
	12/31/2020	12/31/2019
Credits falling due	66,552	45,692
Past due receivables - up to 60 days	16,165	22,629
Past due receivables - from 61–90 days	1,915	6,231
Past due receivables - from 91–180 days	6,056	9,971
Past due receivables - from 181–360 days	7,474	5,607
Past due receivables for more than 361 days	3,501	4,149
Total	101,663	94,279

	Consolidated	
	12/31/2020	12/31/2019
Loans falling due	102,256	75,492
Past due receivables - up to 60 days	20,203	29,523
Past due receivables - from 61–90 days	1,949	7,098
Past due receivables - from 91–180 days	6,452	11,165
Past due receivables - from 181–360 days	7,772	5,899
Past due receivables for more than 361 days	4,505	5,589
Total	143,137	134,766

Impairment

The provision for expected credit losses expected is recorded on a forward-looking basis, through analysis of the credit risk and delinquency history. Therefore, the calculation and constitution of the provision consider the credits falling due and overdue.

The following charts reflect the changes in the allowance for expected credit losses and the securities written-off of profit or loss of the parent company and consolidated.

	Parent company	Consolidated
Balance at 12/31/2019	12,927	14,334
Additions, net of reversals	14,787	14,450
Write-offs	(15,950)	(16,530)
Balance at 12/31/2020	11,764	12,254

	Parent company	Consolidated
Balance at 12/31/2018	14,347	15,976
Additions, net of reversals	13,706	14,986
Write-offs	(15,126)	(16,628)
Balance at 12/31/2019	12,927	14,334

7. INVENTORIES

	Parent company		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Maintenance material	19,152	17,724	22,393	20,839
Administrative material	292	308	412	418
Security material	206	271	347	470
Other	920	853	1,141	1,044
	20,570	19,156	24,293	22,771

Materials maintained in inventory are used mainly for maintenance of operating equipment and are recognized in income for the year, when used.

8. COURT-ORDERED DEBT PAYMENTS (“PRECATÓRIOS”) - CONSOLIDATED

	12/31/2020	12/31/2019
Non-current assets:		
Court-ordered debt payments receivable	5,896	5,605
Non-current liabilities:		
Court-ordered debt payments to be transferred to the former shareholders, net of attorney's fees (*)	4,717	4,484

(*) The court-ordered debts are classified in the balance sheets under “Other liabilities”, under non-current liabilities.

In 1993, subsidiary Santos Brasil Logistics filed a collection lawsuit referring to storage services provided to and not paid by the São Paulo State Financial Department. In 2001, said lawsuit was finally judged valid to be received in ten annual installments and, on December 31, 2020, only one installment remained to be received, adjusted to inflation according to legal debt adjustment rate of the São Paulo State Court of Justice and recognized in assets.

In the year ended December 31, 2020, the non-current liability amount was adjusted principally considering the inflation adjustment mentioned in the paragraph above. Purchase agreement of Santos Brasil Logistics sets forth that the amounts from the judicial bonds received shall be transferred to the former controlling shareholders. These amounts are transferred net of legal fees associated with them.

9. CURRENT TAX ASSETS

	Parent company	
	12/31/2020	12/31/2019
Withholding income tax - IRRF	461	3,395
Corporate Income Tax - IRPJ and Social Contribution on Net Income - CSLL	360	47
Other	7	4
Total current	828	3,446

	Consolidated	
	12/31/2020	12/31/2019
Withholding income tax - IRRF	509	3,492
Corporate Income Tax - IRPJ and Social Contribution on Net Income - CSLL	821	910
Credit recoverablefrom Fund for Development and Management of Collection and Inspection - FUNDAF	989	969
Credits from Social Integration Program - PIS / Contribution for the Financing of Social Security - COFINS	1,895	1,850
Other	374	255
Total current	4,588	7,476

Consolidated IRRF credits, in the amount of R$509 (R$3,492 in December 31, 2019) were mainly from Company's financial investments of prior years.

Consolidated credits from IRPJ and CSLL in the amount of R$821 (R$910 in December 31, 2019), were mainly from advances in monthly calculations of the Company and its subsidiary Santos Brasil Logistics. These credits will be offset in future year calculations.

The consolidated credits from PIS and COFINS, in the amount of R$1,895 (R$1,850 in December 31, 2019), mainly related to the subsidiary Tecon Vila do Conde, which filed a writ of mandamus to exclude the tax over services - ISS from the PIS and COFINS calculation basis. The lawsuit was upheld, generating the credit right for the period from October 2012 to December 2019. These credits are being offset in monthly calculations of contributions themselves.

The Company and its subsidiaries understand that PIS and COFINS credits on their inputs are measured reliably and recognized in the best interpretation of the current legislation; that is, only expenses those are essential or relevant to its activities, and supported by its external legal advisors.

FUNDAF’s consolidated credits, in the amount of R$989 (R$969 in December 31, 2019) were related to undue collection in subsidiary Tecon Vila do Conde, according to article 6 of Decree-Law No. 1437/75, resulting from payments made from January 2014 to April 2017.

10. INVESTMENTS - PARENT COMPANY

a) Composition of balances

	12/31/2020	12/31/2019
Non-current assets:		
Interest in subsidiaries	404,677	398,460

b) Changes in balances - as from December 31, 2019

	Numeral 80 Participações S.A.	Terminal Portuário de Veículos S.A.	Pará Empreendimentos Financeiros S.A. (Consolidated)	Santos Brasil Logística S.A.	Terminal de Veículos de Santos S.A.	Total
Balance at December 31, 2019	207	34	94,206	135,749	168,264	398,460
Capital contribution	100	30	-	-	-	130
Equity in net income of subsidiaries	(133)	(22)	23,969	(2,026)	1,802	23,590
Additional dividend as Annual Shareholder's Meeting on April 30, 2020 (*)	-	-	(3,966)	-	(6,931)	(10,897)
Proposed dividends (*)	-	-	(5,692)	-	(428)	(6,120)
Actuarial liability	-	-	490	(973)	(2)	(485)
Other	-	-	(1)	-	-	(1)
Balance at December 31, 2020	174	42	109,006	132,750	162,705	404,677

(*) The dividends received are being presented in the “Statement of Cash Flow” under “Financing Activity” caption.

c) Changes in balances - as from December 31, 2018

	Numeral 80 Participações S.A.	Terminal Portuário de Veículos S.A.	Pará Empreendimentos Financeiros S.A. (Consolidated)	Santos Brasil Logística S.A.	Terminal de Veículos de Santos S.A.	Total
Balance at December 31, 2018	142	22	70,112	147,428	166,986	384,690
Capital contribution	200	40	135	-	-	375
Equity in net income of subsidiaries	(135)	(28)	26,246	(991)	9,727	34,819
Additional dividend as Annual Shareholder's Meeting on April 30, 2019 (*)	-	-	-	(7,302)	(6,097)	(13,399)
Minimum mandatory dividends (*)	-	-	(1,322)	-	(2,310)	(3,632)
Actuarial liabilities - Supplementary Health Care Assistance	-	-	(965)	(3,386)	(42)	(4,393)
Balance at December 31, 2019	207	34	94,206	135,749	168,264	398,460

(*) The dividends received are being presented in the “Statement of Cash Flow” under “Financing Activity” caption.

d) Information of the subsidiaries - position in December 31, 2020

	Numeral 80 Participações S.A. [a]	Terminal Portuário de Veículos S.A. [a]	Pará Empreendimentos Financeiros S.A. (Consolidated)	Santos Brasil Logística S.A.	Terminal de Veículos de Santos S.A.
Capital	1,430	490	84,484	126,374	128,751
Number of shares held:					
Common shares	986,986	490,000	84,484,349	115,935,256	204,269,217
Preferred shares	443,014	-	-	115,935,255	-
(Loss) net income for the year	(133)	(22)	23,969	(2,026)	1,802
Shareholders' equity	174	42	109,006	132,750	162,705
Interest in capital - %	100	100	100	100	100
Interest in the shareholders' equity	174	42	109,006	132,750	162,705
Current assets	168	42	131,153	59,779	46,256
Non-current assets	6	-	103,454	179,239	229,833
Total assets	174	42	234,607	239,018	276,089
Current liabilities	-	-	31,067	39,177	10,142
Non-current liabilities	-	-	94,534	67,091	103,242
Total liabilities	-	-	125,601	106,268	113,384
Net income	-	-	120,007	226,033	42,581
(Loss) net income for the year	(133)	(22)	23,969	(2,026)	1,802

(a) Company with shutdown operations.

11. PROPERTY, PLANT AND EQUIPMENT

	Parent company											
	Leasehold improvements	Cargo handling equipment	Construction in progress (*)	IT equipment	Land	Machinery, equipment and accessories	Facilities, furniture and fixtures	Vehicles	Real estate	Right-of-use - Rents	Other items	Total
Depreciation rate (% p.a.)	9.5	8.6	-	20	-	10	10	20	1.7	-	10	
Net balances at January 1, 2019	43	13,036	28,503	3,264	39,943	7,415	1,640	89	1,893	-	21	95,847
Changes												
Acquisitions / Transfers	-	876	19,926	258	-	166	103	455	-	-	96	21,880
Write-offs	-	(75)	-	(1)	-	(1)	(2)	-	-	-	-	(79)
Reclassifications (**)	2,038	(2)	(23,018)	1	-	-	-	-	-	-	-	(20,981)
Depreciations	(2,001)	(2,548)	-	(1,711)	-	(1,933)	(449)	(47)	(33)	-	(21)	(8,743)
Net balances at December 31, 2019	80	11,287	25,411	1,811	39,943	5,647	1,292	497	1,860	-	96	87,924
Balances at December 31, 2019												
Cost	4,092	56,683	25,411	37,807	39,943	27,135	9,530	1,988	1,955	-	347	204,891
Accumulated depreciation	(4,012)	(45,396)	-	(35,996)	-	(21,488)	(8,238)	(1,491)	(95)	-	(251)	(116,967)
Net balances at December 31, 2019	80	11,287	25,411	1,811	39,943	5,647	1,292	497	1,860	-	96	87,924
Depreciation rate (% p.a.)	9.2	9.6	-	20	-	10	10	20	1.7	6	10	
Net balances at January 1, 2020	80	11,287	25,411	1,811	39,943	5,647	1,292	497	1,860	-	96	87,924
Changes												
Acquisitions / Transfers	-	15,518	(15,798)	11,808	-	-	98	-	-	2,412	-	14,038
Write-offs	-	(106)	-	(1)	-	-	-	-	-	-	-	(107)
Reclassifications	-	-	(2,182)	-	-	-	-	-	-	-	-	(2,182)
Depreciations	(30)	(2,444)	-	(2,023)	-	(1,885)	(416)	(119)	(35)	(147)	(25)	(7,124)
Net balances at December 31, 2020	50	24,255	7,431	11,595	39,943	3,762	974	378	1,825	2,265	71	92,549
Balances at December 31, 2020												
Cost	4,092	71,625	7,431	49,611	39,943	27,115	9,604	1,988	1,954	2,412	347	216,122
Accumulated depreciation	(4,042)	(47,370)	-	(38,016)	-	(23,353)	(8,630)	(1,610)	(129)	(147)	(276)	(123,573)
Net balances at December 31, 2020	50	24,255	7,431	11,595	39,943	3,762	974	378	1,825	2,265	71	92,549

(*) The value of additions in "Construction in progress" caption, is net of transfers, upon entry of assets into the groups that represent them.
(**) Reclassifications, mainly to intangible assets.

	Consolidated											
	Leasehold improvements	Cargo handling equipment	Construction in progress (*)	IT equipment	Land	Machinery, equipment and accessories	Facilities, furniture and fixtures	Vehicles	Real estate	Right-of-use - Rents	Other items	Total
Depreciation rate (% p.a.)	5.9 - 9.5	8.6 - 12.6	-	20	-	10	10	20	1.7 - 2.2	18.5 - 37.5	10	
Net balances at January 1, 2019	4,052	42,607	69,163	3,645	66,368	11,682	20,161	89	20,484	-	24	238,275
Changes												
Acquisitions / Transfers	-	5,485	21,733	2,255	-	390	139	455	-	38,314	127	68,898
Write-offs	-	(83)	-	(1)	-	(2)	(2)	-	-	-	-	(88)
Reclassifications (**)	2,038	(2)	(60,819)	1	-	554	-	-	-	-	-	(58,228)
Depreciations	(2,474)	(8,105)	-	(1,868)	-	(2,981)	(4,354)	(47)	(539)	(8,407)	(27)	(28,802)
Net balances at December 31, 2019	3,616	39,902	30,077	4,032	66,368	9,643	15,944	497	19,945	29,907	124	220,055
Balances at December 31, 2019												
Cost	12,880	144,874	30,077	48,661	66,368	45,212	57,564	2,176	27,136	38,314	763	474,025
Accumulated depreciation	(9,264)	(104,972)	-	(44,629)	-	(35,569)	(41,620)	(1,679)	(7,191)	(8,407)	(639)	(253,970)
Net balances at December 31, 2019	3,616	39,902	30,077	4,032	66,368	9,643	15,944	497	19,945	29,907	124	220,055
Depreciation rate (% p.a.)	5.7 - 9.2	9.6 - 10.3	-	20	-	10	10	20	1.7 - 2.2	6 - 50	10	
Net balances at January 1, 2020	3,616	39,902	30,077	4,032	66,368	9,643	15,944	497	19,945	29,907	124	220,055
Changes												
Acquisitions / Transfers	217	21166	(9,918)	14456	-	491	176	-	-	20,501	1	47,090
Write-offs	-	(1,577)	-	(1)	-	-	-	-	-	-	-	(1,578)
Reclassifications	-	-	(2,689)	-	-	-	-	-	-	-	-	(2,689)
Depreciations	(482)	(6,909)	-	(2,789)	-	(2,877)	(4,195)	(119)	(541)	(10,798)	(33)	(28,743)
Net balances at December 31, 2020	3,351	52,582	17,470	15,698	66,368	7,257	11,925	378	19,404	39,610	92	234,135
Balances at December 31, 2020												
Cost	13,097	159,958	17,470	63,114	66,368	45,684	57,715	2,176	27,135	58,815	763	512,295
Accumulated depreciation	(9,746)	(107,376)	-	(47,416)	-	(38,427)	(45,790)	(1,798)	(7,731)	(19,205)	(671)	(278,160)
Net balances at December 31, 2020	3,351	52,582	17,470	15,698	66,368	7,257	11,925	378	19,404	39,610	92	234,135

(*) Amount added to the construction in progress caption is net of transfers, upon entry of assets into the groups that represent them.
(**) Reclassifications, mainly to intangible assets.

Capitalized loans and financing costs for the year ended December 31, 2020 totaled R$4,665, referring to loans and financing not directly attributable to the Company's property, plant and equipment with an average interest rate of 3.98%. In December 31, 2019, the amount of R$3,243 , was comprised by: (i) R$323 related to loans and financing directly attributable to fixed assets of the subsidiary Tecon Vila do Conde; and (ii) R$2,920 related to amounts not directly attributable to the Company, with an average interest rate of 7.30% p.a.

The Company has equipment which was provided as guarantee to the financing of the respective acquisition (Financing Fund for Acquisition of Industrial Machineries and Equipment - FINAME). The cost value of these assets was R$298. In addition to these guarantees, the Company also has a Rubber Tyred Gantry - RTG pledged in guarantee of ongoing Labor Lawsuit No. 369/03 which, on December 31, 2020, had the book value of R$520.

12. INTANGIBLE ASSETS

	Parent company									
	Defined useful life									
	Exploration right (a)							Software	Other intangible assets	
	Tecon Santos	Tecon Imbituba	TCG Imbituba	Saboó (**)	Concession of Santos-Brasil S.A.	Concession of Pará Empreendimentos	Concession of TCG Imbituba	System data processing	Intangible in progress	Total
Amortization rate (% p.a.)	5.3	4.7	4.6	-	3.1	6.3	4.4	20	-	
Net balances at January 1, 2019	847,880	622,688	11,960	-	71,884	2,537	11,037	431	3,120	1,571,537
Changes										
Acquisitions / Transfers	39,352	38,626	268	-	-	-	-	75	79,635	157,956
Reclassifications (*)	(1,153)	28	(1)	-	-	-	-	4	22,102	20,980
Amortizations	(37,889)	(46,277)	(912)	-	(2,486)	(172)	(828)	(149)	-	(88,713)
Net balances at December 31, 2019	848,190	615,065	11,315	-	69,398	2,365	10,209	361	104,857	1,661,760
Balances at December 31, 2019										
Cost	1,604,227	1,001,328	19,566	-	321,264	37,760	18,983	22,518	104,857	3,130,503
Accumulated amortization	(756,037)	(386,263)	(8,251)	-	(251,866)	(35,395)	(8,774)	(22,157)	-	(1,468,743)
Net balances at December 31, 2019	848,190	615,065	11,315	-	69,398	2,365	10,209	361	104,857	1,661,760
Amortization rate (% p.a.)	4.3	4.7	4.7	60.9	3.1	6.3	4.4	20	-	
Net balances at January 1, 2020	848,190	615,065	11,315	-	69,398	2,365	10,209	361	104,857	1,661,760
Changes										
Acquisitions / Transfers	298,158	31,835	294	5,011	-	-	-	5,758	95,957	437,013
Write-off	(1,829)	-	-	-	-	-	-	-	-	(1,829)
Reclassifications	-	-	-	-	-	-	-	622	1,561	2,183
Amortizations	(45,596)	(48,669)	(935)	(3,052)	(2,484)	(172)	(828)	(770)	-	(102,506)
Net balances at December 31, 2020	1,098,923	598,231	10,674	1,959	66,914	2,193	9,381	5,971	202,375	1,996,621
Balances at December 31, 2020										
Cost	1,862,390	1,033,165	19,860	5,011	321,264	37,760	18,983	28,897	202,375	3,529,705
Accumulated amortization	(763,467)	(434,934)	(9,186)	(3,052)	(254,350)	(35,567)	(9,602)	(22,926)	-	(1,533,084)
Net balances at December 31, 2020	1,098,923	598,231	10,674	1,959	66,914	2,193	9,381	5,971	202,375	1,996,621

(*) Reclassification of property, plant and equipment.
(**) Exploration right for six (6) months, renewed for another six (6) months from November 12, 2020.

	Consolidated												
	Defined useful life											Undefined useful life	
	Exploration right (a)									Software	Other intangible assets	Goodwill in acquisitions (b)	
	Tecon Santos	Tecon Imbituba	TCG Imbituba	Saboó (***)	Tecon Vila do Conde	Vehicles Terminal/ TEV	Concession of Santos-Brasil S.A.	Concession of Pará Empreendimentos	Concession of TCG Imbituba	System data processing	Intangible in progress	Santos Brasil Logistics (*)	Total
Amortization rate (% p.a.)	5.3	4.7	4.6	-	7.4	4.2	3.1	6.3	4.4	20	-	-	
Net balances at January 1, 2019	847,880	622,688	11,960	-	17,356	235,736	71,884	2,536	11,037	650	3,120	39,465	1,864,312
Changes													
Acquisitions / Transfers	39,352	38,626	268	-	8,901	9,618	-	-	-	75	88,635	-	185,475
Reclassifications (**)	(1,153)	28	(1)	-	36,941	(554)	-	-	-	649	22,317	-	58,227
Amortizations	(37,889)	(46,277)	(912)	-	(2,777)	(15,225)	(2,486)	(171)	(828)	(283)	-	-	(106,848)
Net balances at December 31, 2019	848,190	615,065	11,315	-	60,421	229,575	69,398	2,365	10,209	1,091	114,072	39,465	2,001,166
Balances at December 31, 2019													
Cost	1,604,227	1,001,328	19,566	-	103,659	360,253	321,264	37,760	18,983	32,202	114,072	47,576	3,660,890
Accumulated amortization	(756,037)	(386,263)	(8,251)	-	(43,238)	(130,678)	(251,866)	(35,395)	(8,774)	(31,111)	-	(8,111)	(1,659,724)
Net balances at December 31, 2019	848,190	615,065	11,315	-	60,421	229,575	69,398	2,365	10,209	1,091	114,072	39,465	2,001,166
Amortization rate (% p.a.)	4.3	4.7	4.7	60.9	7.4	4.3	3.1	6.3	4.4	20	-	-	
Net balances at January 1, 2020	848,190	615,065	11,315	-	60,421	229,575	69,398	2,365	10,209	1,091	114,072	39,465	2,001,166
Changes													
Acquisitions / Transfers	298,158	31,835	294	5,011	8,735	11,175	-	-	-	5,758	100,608	-	461,574
Write-off	(1,829)	-	-	-	(299)	-	-	-	-	-	-	-	(2,128)
Reclassifications	-	-	-	-	261	-	-	-	-	868	1,561	-	2,690
Amortizations	(45,596)	(48,669)	(935)	(3,052)	(4,940)	(15,985)	(2,484)	(172)	(828)	(959)	-	-	(123,620)
Net balances at December 31, 2020	1,098,923	598,231	10,674	1,959	64,178	224,765	66,914	2,193	9,381	6,758	216,241	39,465	2,339,682
Balances at December 31, 2020													
Cost	1,862,390	1,033,165	19,860	5,011	106,816	371,429	321,264	37,760	18,983	38,827	216,241	47,576	4,079,322
Accumulated amortization	(763,467)	(434,934)	(9,186)	(3,052)	(42,638)	(146,664)	(254,350)	(35,567)	(9,602)	(32,069)	-	(8,111)	(1,739,640)
Net balances at December 31, 2020	1,098,923	598,231	10,674	1,959	64,178	224,765	66,914	2,193	9,381	6,758	216,241	39,465	2,339,682

(*) Accumulated amortization up to December 31, 2008.
(**) Reclassifications of property, plant and equipment.
(***) Exploration right for six (6) months, renewed for another six (6) months from November 12, 2020.

(a) Exploration rights

Exploration rights refer to the installments composing the amounts paid for the commercial exploitation of the following port facilities, Tecon 1 Santos, from November 29, 1997, Tecon Imbituba, from April 7, 2008 and TCG Imbituba, from February 13, 2006; Saboó from May 15, 2020, and are amortized within the term of their respective lease agreements.

The subsidiary Terminal de Veículos de Santos S.A. was declared to be the winner of the bid of Vehicles Terminal/TEV and, at the execution of the agreement, made the initial payment of R$133,495, plus the bid costs amounting to R$4,711, and made the final payment on January 4, 2010 in the amount of R$85,287, assuming on that same date the operations of Vehicles Terminal/TEV through the Deed of Delivery Receipt of the Area.

Besides the above-described amounts, the Company and its subsidiaries recognized in intangible assets the lease and MMC installments, of all lease contracts, including its indirect subsidiary Tecon Vila do Conde, and being amortized over the periods of the respective lease contracts.

In 2006, former shareholders of subsidiary Santos-Brasil granted options to purchase its shares, which were exercised by third parties, with a goodwill of R$321,264. In the same year, the subsidiary Santos-Brasil at the time proceeded to reverse merger of those companies acquiring purchase options, including said goodwill which was amortized up to December 31, 2008 based on its tax use in five years, according to applicable law. From January 1, 2009, according to technical guidance OCPC 02 - Clarifications on the Financial Statements of 2008, the goodwill based on expected future profitability for the term of the lease agreement of Tecon 1 Santos was considered with a definite useful life and its amortization will follow the residual term of the lease agreement.

The acquisition of Tecon Vila do Conde was executed on April 9, 2008 - through its subsidiary Nara Valley - for the amount of R$45,000, which compared to the net book equity on the acquisition date, generated a goodwill of R$37,760. This transaction took place through the acquisition of 75% of the shares representing the capital of Pará Empreendimentos Financeiros S.A., which holds 100% of the shares representing the capital of Tecon Vila do Conde.

The economic basis of goodwill on the acquisition of Tecon Vila do Conde is the expectation of future profitability during the term of the lease agreement of Vila do Conde Container Terminal and is being amortized over the remaining term of the agreement.

The acquisition of 100% of the common shares representing the capital of the Union, at the time, leaseholder of General Cargo Terminal of Imbituba - through the subsidiary Tremarctos Participações S.A., was agreed by the amount of R$25,000, generating a goodwill of R$18,983.

The economic basis of goodwill on the acquisition of TCG Imbituba is the expectation of future profitability for the duration of the lease agreement of terminal abovementioned and is being amortized over the remaining term of the agreement.

(b) Goodwill in acquisitions

The acquisition of Santos Brasil Logistics, formerly named Mesquita was executed on November 1, 2007, for the amount of R$95,000, which compared to the net book equity, generated a goodwill of R$47,576.

The economic basis of goodwill on the acquisition of Santos Brasil Logistics is the expectation of future profitability and, until December 31, 2008, was amortized based on their tax use in 5 years, pursuant to the applicable laws. From January 1, 2009, its amortization was ceased due to the fact that related operations do not have any definite term; however, its recovery is tested annually and when necessary a provision is recorded.

For purposes of impairment test, goodwill was allocated to the segment of the logistics business - Santos Brasil Logistics, since it corresponds to the lowest level of the cash generating unit. The goodwill is followed for purposes of the internal Management, never above the Company's operating segments.

In December 31, 2020 the recovery was tested, based on present value of expected future cash flows (value in use) of CGU, considering the annual budget for the year of 2021 and a long term planning up to 2030 + perpetuity, prepared for the subsidiary Santos Brasil Logistics, which represents the logistics business segment with the following most relevant assumptions:

- Changes in customs storage volumes, recovering levels before the pandemic in two years;

	2021	2022	2023	2024	2025
Growth rate for the next 5 years:	9.2%	12.9%	2.5%	0.0%	0.0%

- Projection for maintenance of volumes in the Distribution Center with growth of 1.2% in 2021 and 2.5% in 2023;
- Consolidated Transport Unit returning to the volume achieved in 2019 in 2022;
- Concentration in actions focused on costs with efficiency gains and renegotiations with clients (tariffs or cargo mix);
- Discount actual rate applied in the concept of discounted cash flow, and having Earnings Before Interest, Taxes, Depreciation and Amortization - EBITDA as inflow of funds and value in use of fixed and intangible assets as outflow.
- On the base date of December 31, 2020, the amount of operating assets was recorded, in which net value of goodwill is included.

	12/31/2020	12/31/2019
Discount rate:	7.48%	5.91%

The discount rate was estimated through studies of entities that accompany the company with updated market data up to December 2020.

The estimated recoverable value of logistic unit is higher than the value of operating assets as of December 31, 2020, in which goodwill is included. Based on the assumptions adopted/used in the calculation, the Management does not estimate any impact in recoverable value.

(c) Loss for devaluation of assets

In December 31, 2020 the recovery was tested, in Tecon Imbituba CGU, based on present value of expected future cash flows (value in use) of CGU, considering the annual budget for the year of 2021 and a long term planning up to 2033, prepared for the operating branch Tecon Imbirituba, with the following most relevant assumptions:

- Growth in the volume of quay and customs warehousing operations, growing with the estimate of operations of large vessels in 2023;

	2021	2022	2023	2024	2025
Growth rate for the next 5 years:	10.3%	10.5%	148.4%	7.1%	7.2%

- Cost management focused on efficiency growth and unit cost reduction;
- Discount actual rate applied in the concept of discounted cash flow, and having Earnings Before Interest, Taxes, Depreciation and Amortization - EBITDA as inflow of funds and value in use of fixed and intangible assets as outflow.
- On the base date of December 31, 2020, the amount of operating assets was recorded, in which net value of exploration right is included.

	12/31/2020	12/31/2019
Discount rate:	8.48%	6.50%

The discount rate was estimated through studies of entities that accompany the company with updated market data up to December 2020.

In December 31, 2015, the estimated recoverable in the operating branch Tecon Imbituba was lower than R$30,639 at the value of operating assets of R$412,076, in which the exploration right is included. From 2016 to 2020, the estimated recoverable value in the operating branch Tecon Imbituba was higher than the value of operating assets in which the exploration right is included, net of the adjustment made in 2015. Based on the assumptions adopted/used in the calculation, the Management does not estimate any impact in recoverable value.

In December 31, 2020, other CGU’s, Tecon Santos, General Cargo Terminal, Vehicles Terminal/TEV and Tecon Vila do Conde were also tested, based on the same calculation methodology presented previously, and the result was that estimated recoverable value is higher than these assets’ value.

13. LOANS AND FINANCING

	Interest	Monetary connections	Amortization	Parent company 12/31/2020	12/31/2019	Transaction currency
Local currency:						
FINAME	TJLP + 5.50% p.a.	URTJLP	Monthly	38	115	R$
NCE (a)	2.75% p.a.	CDI	Semi-annual	60,104	60,028	R$
				60,142	60,143	
Total				60,142	60,143	
(-) Short term installments				(40,142)	(40,104)	
Long term installments				20,000	20,039	

	Interest	Restatements	Amortization	Consolidated 12/31/2020	12/31/2019	Transaction currency
Local currency:						
FINAME	TJLP + 5.50% p.a.	URTJLP	Monthly	38	115	R$
FINAME	TLP + 4.60% p.a.	UMSELIC	Monthly	1,404	2,011	R$
NCE (a)	2.75% p.a.	CDI	Semi-annual	60,104	60,028	R$
				61,546	62,154	
Foreign currency:						
FINIMP (*)	EURIBOR + 3.02% p.a.	Foreign exchange variation	Semi-annual	17,273	15,771	€
				17,273	15,771	
Total				78,819	77,925	
(-) Short term installments				(45,864)	(44,387)	
Long term installments				32,955	33,538	

(*) The FINIMP of the subsidiary Tecon Vila do Conde contains covenants.

(a) On June 22, 2018, parties entered into an addendum for Export Credit Note - NCE operation with Banco Itaú, changing amortization maturity from June 2020 para to June 2021, referring to the raising of R$100,000 held on June 21, 2017. There was also change in percentage rate added of CDI, from 2.00% p.a. to 1.85% p.a.

On June 22, 2020, the second amendment to the Export Credit Note - NCE operation was signed with Banco Itaú, extending the debt's maturity from June 2021 to June 2022. The rate plus CDI changed also from 1.85% p.a. to 2.75% p.a.

Loans and financing in foreign currency have increased the interest of the Income Tax Withholding on consignment as contractual provision.

Changes in loans and financing are shown in the following table:

	Parent company		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Opening balance	60,143	205,347	77,925	227,395
Funding	-	-	-	-
Recognized interest and costs	2,150	9,291	3,054	9,828
Compound interest	1,022	2,920	1,022	3,243
Inflation adjustment and exchange rate change	-	2,176	5,979	2,581
(-) Debt amortization	(76)	(142,380)	(5,184)	(147,006)
(-) Interest paid (*)	(3,097)	(17,211)	(3,977)	(18,116)
Closing balance	60,142	60,143	78,819	77,925

(*) Interest paid are presented in the "Statement of Cash Flow" under "Financing Activity" caption.

FINIMP of the subsidiary Tecon Vila do Conde has a covenant, to be determined by the Company, resultingfrom the division of Net Debt by EBITDA, whose quotient shall be equal to or lower than 2.5 times, based on the Company's audited Consolidated Financial Statements.

Inf December 31, 2020, the index ("covenants") was being addressed as follows:

	Consolidated
	12/31/2020
Assets	
Cash and cash equivalents	643,861
Other interest earning bank deposits	426,598
Liabilities	
Loans and financing	78,819
Debentures	354,375
Leases	42,357
Net debt	(594,908)
EBITDA in the last 12 months	211,894
Net debt / EBITDA equal or less than 2.5 times	(2.8)

Guarantees

- Guarantees granted

	Maturity	Currency	Guarantees
FINAME	June 2021	R$	Equipment object of transaction [a]
FINAME	February 2023	R$	Equipment object of transaction [a]
FINAME	April 2023	R$	Equipment object of transaction [a]

(a) According to note 11.

Other loans and financing do not have guarantees.

- Obtained guarantees

  On the base date of December 31, 2020, the Company did not have any warranty from outstanding transactions or any other existing operation.

In December 31, 2020, the long-term debt had the following maturity structure:

	Parent company
	2022
NCE	20,000

	Consolidated			
	2022	2023	2024	Total
NCE	20,000	-	-	20,000
FINAME	622	151	-	773
FINIMP	4,873	4,873	2,436	12,182
Total	25,495	5,024	2,436	32,955

14. DEBENTURES

	Interest	Restatements	Amortization	Parent company 12/31/2020	12/31/2019
Debentures	0.70% -1.00% p.a.	CDI	Annual	298,376	299,985
(-) Short term installments				(2,191)	(4,645)
Long term installments				296,185	295,340

	Interest	Restatements	Amortization	Consolidated 12/31/2020	12/31/2019
Debentures	0.70% - 1.00% p.a.	CDI	Annual	298,376	299,985
Debentures	4.20% p.a.	IPCA	Semi-annual	55,999	58,486
				354,375	358,471
(-) Short term installments				(7,556)	(9,689)
Long term installments				346,819	348,782

(a) On February 20, 2019, the Board of Directors approved the 4th issue by the Company of simple non-convertible debentures in up to 2 series, unsecured, in the total amount of R$300,000.

On April 26, 2019, the Bookbuilding Procedure was completed, and on April 30, 2019 the transaction was settled. The table below shows a summary containing the final conditions obtained and the allocation of Debentures among the series of Issue:

Series	Maturity	Final rate (Bookbuilding)	Allocated volume (R$)
Series 1	March 25, 2024	CDI + 0.70% p.a.	100,000
Series 2	March 25, 2026	CDI + 1.00% p.a.	200,000

(b) On October 25, 2019, the extraordinary general meeting of shareholders of the indirect subsidiary Tecon Vila do Conde approved the first 1st issue of unsecured single and non-convertible debentures in the amount total of R$60,000. The debentures will have the incentive under article 2, Law No.12431, in June 24, 2011.

On August 26, 2019, the Board of Directors of the parent company Santos Brasil decided to grant the guarantee for this issue. The operation was settled on December 03, 2019.

The table below shows a summary containing the final conditions of debentures:

Series	Maturity	Final rate	Allocated volume (R$)
Single series	November 17, 2031	IPCA + 4.20% p.a.	60,000

Changes in debentures are shown in the following table:

	Parent company		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Opening balance	299,985	-	358,471	-
Funding	-	300,000	-	360,000
(-) Funding cost	(15)	(5,228)	(317)	(7,234)
Net amount raised	299,970	294,772	358,154	352,766
Recognized interest and costs	8,211	13,885	10,876	14,086
Compound interest	3,643	-	3,643	-
Inflation adjustment over principal	-	-	2,611	291
(-) Debt amortization	-	-	(5,097)	-
(-) Interest paid (*)	(13,448)	(8,672)	(15,812)	(8,672)
Closing balance	298,376	299,985	354,375	358,471

(*) Interest paid are presented in the "Statement of Cash Flow" under "Financing Activity" caption.

Based on clause 6.27.2, item XXI, of the Fourth Issue Indenture of Santos Brasil and in clause 7.1.2, item II of First Issue Indenture of Convicon, the non-compliance by the with the financial ratio of Net Debt to adjusted EBITDA (as defined below), which shall be equal to or lower than 3.0 times, may cause the acceleration of the obligations arising from the Debentures. The financial ratio shall be quarterly determined, based on the Company's Consolidated Financial Statements.

In December 31, 2020, the financial ratio was being complied with, as follows:

	Consolidated
	12/31/2020
Assets	
Cash and cash equivalents	643,861
Other interest earning bank deposits	426,598
Liabilities	
Loans and financing	78,819
Debentures	354,375
Leases	42,357
Net debt	(594,908)
Adjusted EBITDA (*)	140,283
Net debt / Adjusted EBITDA equal or less than 3.0 times	(4.2)

(*) For purposes of determining the financial ratio, "Adjusted EBITDA" means, based on the Company's Consolidated Financial Statements for the four (4) immediately prior quarters, the result of EBITDA less the payments on obligations with Concession Grantor (statement of cash flows) related to the fixed and minimum variable installments of lease contracts.

15. PROVISION TO TAX, LABOR, CIVIL RISKS AND JUDICIAL DEPOSITS

The Company and its subsidiaries are exposed to certain risks represented in tax, labor and civil lawsuits for which there is a provision recognized in the financial statements, as they were evaluated with a likelihood of probable loss. The procedure for determining the provisioned proceedings was considered by Management as adequate based on several factors, including (but not limited to) the opinion of the legal advisors of the Company and its subsidiaries, nature of lawsuits and historic experience.

Provisioned amounts for contingencies being discussed in court are as follows:

	Parent company	
	12/31/2020	12/31/2019
Labor provision (a)	21,061	16,124
Provision for the Accident Prevention Factor - FAP lawsuit (b)	8,886	9,554
Other proceedings (d)	4,405	3,486
Total	34,352	29,164

	Consolidated	
	12/31/2020	12/31/2019
Labor provision (a)	22,660	18,491
FAP provision for profit sharing (b)	11,405	12,026
Other proceedings (d)	7,643	6,976
Total	41,708	37,493

The amounts of court deposits were:

	Parent company	
	12/31/2020	12/31/2019
Related to contingencies:		
Labor proceedings (a)	4,168	4,365
FAP lawsuit (b)	5,735	5,639
CADE lawsuit - fine (c)	2,338	2,310
CADE lawsuit - billing bonded warehouses (c)	213,798	200,802
Other proceedings (d)	1,157	1,053
Other judicial deposits (e)	40,277	41,610
Subtotal	267,473	255,779
Related to supplier:		
SCPar Porto de Imbituba S.A. ("SCPar") (f)	15,083	15,083
OGMO - Labor Management Body (g)	13,178	3,908
Subtotal	28,261	18,991
Total	295,734	274,770

	Consolidated	
	12/31/2020	12/31/2019
Related to contingencies:		
Labor proceedings (a)	4,681	5,386
FAP lawsuit (b)	7,200	7,080
CADE lawsuit - fine (c)	2,338	2,310
CADE lawsuit - billing bonded warehouses (c)	213,798	200,802
Other proceedings (d)	1,157	1,053
Other judicial deposits (e)	46,849	48,779
Subtotal	276,023	265,410
Related to supplier:		
SCPar (f)	15,083	15,083
OGMO (g)	13,178	3,908
Subtotal	28,261	18,991
Total	304,284	284,401

(a) Refer to liability lawsuits: (i) of the operating branch Tecon Santos, provisioned in the amount of R$21,061, for which there are judicial deposits of R$4,168 and 42 insurance policies guaranteeing the amount of R$157,687; (ii) the subsidiary Santos Brasil Logistics, with provisions in the amount of R$1,470, for which there are judicial deposits of R$493 and 1 insurance plan guaranteeing the amount of R$190; and (iii) of subsidiary Tecon Vila do Conde, provisioned in the amount of R$129, for which there are judicial deposits of R$20 and 3 insurance policies guaranteeing the amount of R$2,387.

(b) The provisions refer to administrative appeals filed with the National Institute of Social Security - INSS, due to the new system of calculating social security contributions, based on the creation of so-called FAP multiplier index mainly calculated based on the number of occupational accidents in companies and leaves of employees compared to companies engaged in the same economic activity (National Classification of Economic Activities - NCEA). As the charge was maintained, an injunction was filed requiring authorization to the court deposit and suspension of the tax credit related to the FAP for 2010. The injunction was accepted authorizing the full deposit of the Parent company's and its subsidiaries' credit of R$8,886, comprised of: (i) R$2,209 - Santos Brasil Logistics; (ii) R$193 - Tecon Vila do Conde; and (iii) R$117 - Vehicles Terminal/TEV. Later, a lawsuit was filed to dispute the constitutionality and legality of FAP. Also, lawsuits were filed regarding FAP for 2011 of Santos Brasil Logistics and FAP for 2012 of Santos Brasil Participações S.A., aiming at the suspension of debt enforceability upon judicial deposits.

(c) Deposits related to Administrative Council of Economic Defense - CADE refer to the lawsuit filed in the agency on the charge of possible actions not complying with the economic order, involving several companies exploring leased quays or private management, including operating branch Tecon Santos.

The matter under discussion referred to the legality of the charge made to Bonded Warehouses (Bws)by container separation and delivery services. This lawsuit was judged and the Company was convicted in the ambit of CADE to: (i) pecuniary fine; and (ii) interruption of charges made to the bonded warehouses . Operating branch Tecon Santos filed a lawsuit and obtained an injunction to resume the charge through a judicial deposit for the full charged amount and a deposit of the full pecuniary fine amount applied by CADE, resulting in judicial deposits in the amount of R$145,179 and R$2,338, respectively. Operating branch Tecon Santos filed two other lawsuits to cancel the payment of taxes arising from billing: (i) a lawsuit at the Federal Court, which comprises PIS, COFINS, IRPJ and CSLL taxes; and (ii) other lawsuit that is ongoing in the city of Guarujá, including the Tax on Services of Any Nature - ISSQN, with total amounts of R$68,619 already deposited. Taxes levied on bonded warehouse billing, in the amount of R$57,836 (R$53,572 in December 31, 2019), are stated in non-current liabilities.

On September 4, 2013, the mentioned lawsuit was judged by the lower court, which rendered a sentence partially favorable to the Company, since the decision made by the Administrative Council for Economic Defense - CADE of hindering the charge of segregation and delivery services was annulled, while the fine was maintained, based on the court understanding that CADE has exercised its ruling authority. As for the prohibition of the charges, the order said that CADE's decision was void, because the jurisdiction to regulate the port sector belongs to ANTAQ only. Such jurisdiction was properly exercised by CODESP through DIREXE Orders No. 371.2005 and No. 50.2006, setting the maximum amounts of the services to which the dispute relate to.

The Company filed motions for clarification requiring the continuity of judicial deposits of charges for services to be assessed by the final judgment of the lawsuit and judicial deposits of the taxes, in addition to other related issues. The motions for clarification were judged and published on November 4, 2013 and the decision authorized only to continue with the deposits of taxes incurred on the charge of services, but it did not authorize the judicial deposits of the amounts of invoices issued by the Company.

This court decision resulted in the following effects on the Company: (i) now it has the invoiced amounts, which shall no more be deposited; (ii) charged retroactively the invoiced amounts that were stuck; and (iii) court required the search of judicial deposits of services. Additionally, the Company's legal advisors in the lawsuit began to classify the lawsuit as “remote loss" until the final judgment, especially considering that the decision of first court referred to CADE’s regulatory non-jurisdiction on the matter.

As for the search of judicial deposits of services billed and received until the court order, the first court judge ruled against it, which was upheld by the Federal Court to deny the preliminary injunction in the Interlocutory Appeal by understanding that, at this point of the lawsuit, there is no "*periculum in mora*", explaining: (i) the possibility of appeals by the parties; and (ii) not be affecting the liquidity situation and the non-availability of these amounts to the Company.

Thus, due to the above and considering that services provided to three bonded warehouse, two joint parties in the process and the third contesting the charge in court, the Company, in 2013, made the partial reversal of the provision for contingencies recorded until the court order, excluding the reversal of amounts related to these bonded warehouse.

On March 26, 2015, it was published the ruling where the 4th Panel of the Federal Regional Court of the 3rd Region, in São Paulo, judged the reexamination necessary (appeal of the Judge himself) and the appeals filed by the parties, unanimously decided: (i) to uphold the official delivery, to partially uphold the Company’s appeal so as to cancel the CADE’s decision and the consequent fine; (ii) to refuse CADE’s appeals; (iii) to uphold the Federal Government’s appeal to exclude it from the dispute; and (iv) to judge impaired the request filed by CODESP.

Motions for Clarification were filed by the Company, CADE and Marimex, and in May 2016 it was published a decision partially accepting the motions filed by Marimex and rejecting the ones filed by the Company and CADE. The Company, CADE and Marimex filed Special Appeal and Marimex also filed an extraordinary appeal. The Special Appeals lodged by Marimex and CADE were accepted and await the respective decisions from the Superior Court of Justice. The Special Appeal and the Extraordinary Appeal lodged by the Company and Marimex, respectively, were rejected. Currently, the decision on the Order Overruling the Extraordinary Appeal lodged by Marimex is being awaited.

Regarding precautionary measure 0008783-19.2005.4.03.6100, on December 7, 2017, the lawsuit was considered terminated, without prejudice, due to the supervening lack of interest in the claim, in compliance with article 267, VI, of CPC/1973, appeals dismissed The judgment was published on April 25, 2018, with the final decision rendered on December 11, 2018.

Accordingly, based on the above-mentioned facts and considering the remote likelihood of loss by its external legal counsel, the Company reversed the remaining portion of the provision for risks recognized in the year 2015 through the issue of the above-mentioned decision.

(d) The consolidated provision of R$7,643 refers mainly to: (i) the Recourse Action filed by the insurance company responsible for paying the claim to the client, because of damages caused to the stored cargo amounting to R$1,493; (ii) the Municipal property tax - IPTU of the Municipal Government of Santos, in the amount of R$2,764; (iii) tax assessment notice from the Federal Government, amounting to R$200; (iv) action for annulment of tax debits, in the amount of R$1,643; and (v) other lawsuits, in the amount of R$1,543.

(e) Judicial deposits classified as Other, related to the Parent company, are comprised as follows: (i) deposit referring to the expansion of PIS and COFINS calculation basis in years from 1999 to 2003, in the amounts of R$1,513 and R$9,589, respectively, the provisions for which were reversed; (ii) discussion about CPMF on loan transfer during the merger, amounting to R$2,920; (iii) deposit referring to federal taxes that prevented the issuance of a Joint Tax Debt Certificate with Clearance Effects on Federal Taxes and Debts to the Federal Government, in the amount of R$17,460; (iv) INSS and IR on Voluntary Termination Plan - PDV deposit and the Non-salary Fund of SINDESTIVA (Dockworkers Union of Santos, São Vicente, Guarujá and Cubatão) in the amount of R$1,685; and (v) other deposits in the tax and civil spheres, in the amount of R$7,110. Judicial deposits classified as Other in subsidiaries are related to: (i) subsidiary Santos Brasil Logistics, refer to fiscal executions of federal taxes that prevented obtaining the Tax Debt Clearance Certificate in the amount of R$3,383 and labor lawsuits in the amount of R$1,024; (ii) at the subsidiary Tecon Vila do Conde, relate to labor lawsuits amounting to R$573, other deposits at tax and civil levels, of R$1,578, and court-ordered blocked accounts of R$7; and (iii) at the subsidiary Numeral 80, relate to court-ordered blocked accounts of R$7.

(f) On November 26, 2012, the Delegation Agreement No. 01/2012 was concluded between the Federal Government and the State of Santa Catarina, by which the Federal Government has delegated the management and operation of the Port of Imbituba to SCPAR, a Special Purpose Company - SPE, from December 25, 2012. Companhia Docas de Imbituba S.A., former manager, filed a lawsuit against ANTAQ and the Federal Government, asking to maintain the effectiveness of its concession agreement until December 2016. The Company, in this situation, decided to make payments of its obligations related to its agreements of exploration in the Container Terminal and General Cargo Terminal at that port and proposed a consignment in payment suit for deposit in the amount of R$23,774. In July 2014, the SCPAR - Port of Imbituba, through judicial approval raised the amount of R$8,691. In December 31, 2017, these deposits totaled R$15,083. The amount of R$15,021 relating to such deposit is recognized in non-current liabilities, in line item “Trade payables”. On August 27, 2018, the lawsuit was deemed valid, extinguishing the Company’s obligation, and acknowledging SCPAR as creditor of the amounts deposited relating to the contractual period after December 25, 2013, and Companhia Docas de Imbituba as creditor of the amounts relating to the contractual period that preceded the termination of the concession. In view of the decision rendered, SCPAR and Companhia Docas de Imbituba filed motions for clarification. The motions filed by Companhia Docas de Imbituba were accepted, and the Contract termination date was corrected from December 25, 2013 to December 25, 2012. At present, the lawsuit is pending judgment of Appeal.

(g) On March 30, 2019, the contribution paid by Port Operators to the Labor Management Body - OGMO, for costing its administrative and operating expenses, as well as the liability of existing lawsuits, started to be calculated based on the volume of moved tons by each Port Operator. This new model differs from the criterion effective thus far, which considered the amount of freelance labor requested to the OGMO for moving cargo. On April 1, 2019, the Ordinary Action No. 10063282820198260562, filed for annulling the Meeting which established the new contribution type and recognizing the illegality of such criterion. In view of urgent protection, the Justice of the 8th Lower Civil Court of Santos, suspended the effects of such Meeting, determining that Santos Brasil to start to deposit, in court, the disputed surplus, maintaining the payment according to the previous criterion, directly to the OGMO. This lawsuit is in factfinding stage. In December 31, 2020, these deposits totaled R$13,178.

Lawsuits referring to subsidiary Santos Brasil Logistics, mentioned in (a) item, the origin of which is prior to acquisition date, as contractual definition, will be the responsibility of its former shareholders. Thus, the amount of R$2,765 was recorded in non-current assets under "Other Assets".

Changes in provisions for contingencies in the year ended December 31, 2020 and year ended December 31, 2019 are shown in the tables below:

	Parent company				
	Balance at 12/31/2019	Additions	Payment of award	Other movements (*)	Balance at 12/31/2020
Labor provision	16,124	770	(13,080)	17,247	21,061
Provision for FAP	9,554	164	-	(832)	8,886
Other proceedings	3,486	-	(2,644)	3,563	4,405
Total	29,164	934	(15,724)	19,978	34,352

	Balance at 12/31/2018	Additions	Payment of award	Other movements (*)	Balance at 12/31/2019
Labor provision	19,067	1,340	(11,775)	7,492	16,124
Provision for FAP	11,117	389	-	(1,952)	9,554
Other proceedings	2,006	32	(1,051)	2,499	3,486
Total	32,190	1,761	(12,826)	8,039	29,164

	Consolidated				
	Balance at 12/31/2019	Additions	Payment of award	Other movements (*)	Balance at 12/31/2020
Labor provision	18,491	844	(15,988)	19,313	22,660
Provision for FAP	12,026	211	-	(832)	11,405
Other proceedings	6,976	-	(2,673)	3,340	7,643
Total	37,493	1,055	(18,661)	21,821	41,708

	Balance at 12/31/2018	Additions	Payment of award	Other movements (*)	Balance at 12/31/2019
Labor provision	22,120	1,590	(13,627)	8,408	18,491
Provision for FAP	13,839	511	-	(2,324)	12,026
Other proceedings	2,360	99	(1,079)	5,596	6,976
Total	38,319	2,200	(14,706)	11,680	37,493

(*) Refer to reversal of provision, cases closed, and contingency additions and reductions or changes in the probability of loss.

In addition to the lawsuits abovementioned, the Company and its subsidiaries have administrative and lawsuits in progress, and the evaluations carried out by legal advisors showed a likelihood of loss in the amount of R$758,447, and in this case, no provision for loss was recorded in the interim financial information.

Changes in possible lawsuits in the year ended December 31, 2020 are shown below:

Nature of the lawsuit	Balance at 12/31/2019	Additions (*)	Other movements (**)	Balance at 12/31/2020
Customs	15,169	-	(6,538)	8,631
Civil	39,418	41,700	(11,939)	69,179
Labor	77,600	19,416	(15,833)	81,183
Tax	441,871	5,521	139,850	587,242
Other	7,712	4,026	474	12,212
Total	581,770	70,663	106,014	758,447

(*) Refer to new lawsuits classified as possible losses. In relation to civil lawsuits, two lawsuits address the legality of charging for segregation and container delivery services. Regarding labor claims, the additions are related to several claims filed in the period.

(**) Refer to reversal of provision, cases closed, and contingency additions and reductions or changes in the probability of loss. The main change for the period is related to the updating of the contingency of the Goodwill Proceeding, whose contingency balance on December 31, 2019 was R$259,815 and on December 31, 2020 it was R$379,230.

Goodwill process

In December 14, 2012, the Company and its subsidiary Numeral 80 received tax assessment from Federal Revenue Service that were filed for collection of IRPJ and CSLL related to base years from 2006 to 2011, with interest on arrears, fine of aggravated craft and isolated fine, in the amount of R$334,495. Contingency was classified in prior chart as having tax nature. According to said tax assessment notice, Numeral 80 did not add expenses with goodwill amortization deriving from merger of entities that acquired shares issued by it to taxable income and CSLL calculation basis.

The Management of the Company and its subsidiary Numeral 80 objected such tax assessment notice within the statutory term, reaffirming its understanding that the goodwill recorded on the acquisition of equity interests held in Numeral 80 (then Santos-Brasil S.A) and transferred thereto through the merger was recognized appropriately, strictly in compliance with the tax and corporate legislation.

On October 17, 2013, a subpoena was received informing Federal Tax office (1st Panel of Federal Tax Office in São Paulo-I, SP) decision of considering impugnation presented as partially proceeding, with reduction of applied craft fine to 75%. This subpoena also informs that Federal Revenue Service filed a mandatory appeal related to fine reduction (from 150% to 75%).

The Company and its subsidiary Numeral 80 objected the voluntary appeals within the statutory term, and the appeal of the appeal of subsidiary Numeral 80, which by majority of votes by the judges of the 2nd Ordinary Panel of the 3rd Chamber of the 1st Section of the Administrative Council of Tax Appeals - CARF, was granted at session held on September 14, 2016. In the same session, an appeal to of National Treasury was denied.

On December 5, 2016, the National Treasury Attorney's Office - PGFN filed amendments of judgement that were decided on April 11, 2017, and accepted with no infringing effects, only to clarify that the Company's Voluntary Appeal (joint liability) was considered harmed, as all requirements for main debtor's Voluntary Appeal reasons were cancelled (Numeral 80).

On June 12, 2017, the PGFN to the CARF's Higher Court, claiming the reform of the decision made by the 2nd Ordinary Panel of the 3rd Chamber of the 1st Section of CARF and presented by the Company and Numeral 80 its reasons. The Company, on its turn, required in counter-reasons that, in case tax assessment is re-established, records be submitted to the 2nd Ordinary Panel of the 3rd Chamber of the 1st Section of CARF for analysis of arguments referring to impossibility of imputation of joint liability to the Company.

On April 5, 2018, CARF's Superior Chamber, by a vote of quality, accepted Special Appeal filed by PGFN that re-establishes disallowance of goodwill tax amortization expenses. On the other hand, decision acknowledged definitive cancellation of qualified fine of 150%, considering that this matter was not the object of PGFN's Special Appeal. In this context, value of penalty that is the object of tax assessment was reduced from R$334,495 to R$259,001 (values in December 2012).

In addition, CARF's Superior Chamber determined that proceedings should be sent to the 2nd Ordinary Panel of the 3rd Chamber of the 1st Section of CARF's so that arguments presented in Voluntary Appeal filed by Numeral 80 and the Company, which were not analyzed in session held on September 14, 2016 due to full acceptance of Voluntary Appeal filed by subsidiary Numeral 80, are analyzed.

On November 12, 2019, the 2nd Ordinary Panel of the 3rd Chamber of the 1st Section of CARF partially upheld the appeals of Numeral 80 and the Company to only accept the preliminary decay for the year 2006.

On March 24, 2020, Numeral 80 was notified of the decision handed down on November 12, 2019, with the amount of the tax assessment notice recalculated and updated by the Brazilian Federal Revenue in the amount of R$374,860.

On March 27, 2020, Numeral 80 filed a Special Appeal claiming: (i) nullity of tax assessment notices - tax credit illiquidity and uncertainty; (ii) inexistence of a legal provision for the addition of the goodwill amortization expense to the CSLL calculation basis, considered non-deductible by the inspection; (iii) impossibility to demand an isolated fine after the end of the base year; and (iv) impossibility of cumulating the isolated fine with the ex officio fine.

Moreover, the Company filed a Special Appeal claiming the same aforementioned arguments, as well as also claiming that decision No. 1302-004.104 would differ from other decisions issued by CARF with respect to the following matters: (i) lack of legal provision in article 132 of the National Tax Code - CTN for tax liability in the case of a spin-off; and (ii) legal impossibility of tax liability in the case of partial spin-off - lack of extinction of the spun-off company for classification within article 132 of the CTN.

On July 30, Numeral 80 filed an interlocutory appeal against the Special Appeal Admissibility Order, which followed up the Special Appeal regarding the following matters: (i) Inexistence of a legal provision for the addition of the goodwill amortization expense to the CSLL calculation basis, considered non-deductible by the Inspection; (ii) Impossibility to demand an isolated fine after the end of the base year; and (iii) impossibility of cumulating the isolated fine with the ex officio fine.

In turn, Santos Brasil Participações filed an interlocutory appeal against the Special Appeal Admissibility Order, which followed up the Special Appeal regarding the following matters: (i) Inexistence of a legal provision for the addition of the goodwill amortization expense to the CSLL calculation basis, considered non-deductible by the Inspection; (ii) Impossibility to demand an isolated fine after the end of the base year; (iii) Impossibility of cumulating the isolated fine with the ex officio fine; and (iv) Lack of legal provision in article 132 of the National Tax Code (CTN) for Tax Liability in the case of a spin-off.

The restated amount in December 31, 2020 is R$379,230. The Management, supported by information provided by the firm responsible for defending the Company, evaluates likelihood of loss as possible and that time for lawsuit conclusion is uncertain.

PIS / COFINS proceeding

On October 8, 2019, the Company received the Tax Assessment Notice No. 0816500.2018.00316 filed by the Special Inspection Office of the Brazilian Federal Revenue of Foreign Trade, in the amount of R$18,742, related to the collection of PIS and COFINS, base date 2015. The Federal Revenue Service understands that the Company unduly used the credit of some inputs. On November 1, 2019, the Company filed an appeal, since all credits were generated in accordance with the current legislation.

On March 24, 2020, the Federal Revenue Service Judgment Office partially upheld the challenge presented by the Company, canceling approximately, 85% (eighty-five percent) of the Tax Assessment Notice, and an appeal may be filed with CARF. Regarding the maintained disallowances, the Company filed a Voluntary Appeal with CARF and waits for the trial.

Firm responsible for defending the Company evaluates likelihood of loss as possible and that time for lawsuit conclusion is uncertain.

16. OBLIGATIONS WITH THE CONCESSION GRANTOR

The Company and its subsidiaries recognize fixed and variable installments (minimum contractual changes) in liabilities, and installments were brought to present value on lease contracts' initial date.

Agreements	Parent company					
	Book balance at 12/31/2019	Additions	Recognized interest	Inflation adjustment / Renovation effects (*)	Payments	Book balance at 12/31/2020
Lease:						
Tecon Santos	559,583	-	31,869	207,651	(45,024)	754,079
Tecon Imbituba	36,683	-	1,483	3,287	(3,862)	37,591
Saboó	-	4,279	2,016	-	(4,575)	1,720
	596,266	4,279	35,368	210,938	(53,461)	793,390
MMC:						
Tecon Imbituba	347,591	-	12,102	28,548	(3,950)	384,291
TCG Imbituba	5,783	-	211	293	(760)	5,527
Saboó	-	731	345	-	(666)	410
	353,374	731	12,658	28,841	(5,376)	390,228
Obligations with the Concession Grantor	949,640	5,010	48,026	239,779	(58,837)	1,183,618
(-) Short-term	(53,619)					(96,142)
Long-term	896,021					1,087,476

(*) The contra-entry to this amount is the right of exploration in intangible asset, as note 12.

Agreements	Parent company				
	Book balance at 12/31/2018	Recognized interest	Inflation adjustment / Renovation effects (*)	Payments	Book balance at 12/31/2019
Lease:					
Tecon Santos	529,955	32,090	39,099	(41,561)	559,583
Tecon Imbituba	34,789	1,537	3,960	(3,603)	36,683
	564,744	33,627	43,059	(45,164)	596,266
MMC:					
Tecon Imbituba	346,594	12,556	34,466	(46,025)	347,591
TCG Imbituba	6,012	220	268	(717)	5,783
	352,606	12,776	34,734	(46,742)	353,374
Obligations with the Concession Grantor	917,350	46,403	77,793	(91,906)	949,640
(-) Short-term	(63,548)				(53,619)
Long-term	853,802				896,021

(*) The contra-entry to this amount is the right of exploration in intangible asset, as note 12.

Agreements	Consolidated					
	Book balance at 12/31/2019	Additions	Recognized interest	Inflation adjustment / Renovation effects (*)	Payments	Book balance at 12/31/2020
Lease:						
Tecon Santos	559,583	-	31,869	207,651	(45,024)	754,079
Tecon Imbituba	36,683	-	1,483	3,287	(3,862)	37,591
Saboó	-	4,279	2,016	-	(4,575)	1,720

	Consolidated					
Agreements	Book balance at 12/31/2019	Additions	Recognized interest	Inflation adjustment / Renovation effects (*)	Payments	Book balance at 12/31/2020
Tecon Vila do Conde	11,483	-	641	3,873	(1,256)	14,741
Vehicles Terminal/TEV	47,186	-	1,873	5,066	(4,655)	49,470
	654,935	4,279	37,882	219,877	(59,372)	857,601
MMC:						
Tecon Imbituba	347,591	-	12,102	28,548	(3,950)	384,291
TCG Imbituba	5,783	-	211	293	(760)	5,527
Saboó	-	731	345	-	(666)	410
Tecon Vila do Conde	10,651	-	630	4,449	(1,239)	14,491
Vehicles Terminal/TEV	57,026	-	2,265	6,109	(5,624)	59,776
	421,051	731	15,553	39,399	(12,239)	464,495
Obligations with the Concession Grantor	1,075,986	5,010	53,435	259,276	(71,611)	1,322,096
(-) Short-term	(60,139)					(104,239)
Long-term	1,015,847					1,217,857

(*) The contra-entry to this amount is the right of exploration in intangible asset, as note 12.

	Consolidated				
Agreements	Book balance at 12/31/2018	Recognized interest	Inflation adjustment / Renovation effects (*)	Payments	Book balance at 12/31/2019
Lease:					
Tecon Santos	529,955	32,090	39,099	(41,561)	559,583
Tecon Imbituba	34,789	1,537	3,960	(3,603)	36,683
Tecon Vila do Conde	6,959	663	4,776	(915)	11,483
Vehicles Terminal/TEV	45,206	1,928	4,369	(4,317)	47,186
	616,909	36,218	52,204	(50,396)	654,935
MMC:					
Tecon Imbituba	346,594	12,556	34,466	(46,025)	347,591
TCG Imbituba	6,012	220	268	(717)	5,783
Tecon Vila do Conde	6,841	653	4,125	(968)	10,651
Vehicles Terminal/TEV	54,661	2,333	5,249	(5,217)	57,026
	414,108	15,762	44,108	(52,927)	421,051
Obligations with the Concession Grantor	1,031,017	51,980	96,312	(103,323)	1,075,986
(-) Short-term	(68,660)				(60,139)
Long-term	962,357				1,015,847

(*) The contra-entry to this amount is the right of exploration in intangible asset, as note 12.

In December 31, 2020, the commitment with the Concession Grantor had the following maturity structure:

	Parent company				
	2022	2023	2024	2025 - End of contract	Total
Tecon Santos	18,747	19,043	19,369	678,442	735,601
Tecon Imbituba	25,705	26,386	27,137	267,821	347,049
TCG Imbituba	383	395	408	3,640	4,826
	44,835	45,824	46,914	949,903	1,087,476

	Consolidated				
	2022	2023	2024	2025 - End of contract	Total
Tecon Santos	18,747	19,043	19,369	678,442	735,601
Tecon Imbituba	25,705	26,386	27,137	267,821	347,049
TCG Imbituba	383	395	408	3,640	4,826
Tecon Vila do Conde	1,872	1,933	1,999	21,610	27,414
Vehicles Terminal/TEV	6,430	6,596	6,781	83,160	102,967
	53,137	54,353	55,694	1,054,673	1,217,857

Validity period of contracts

Agreements	Start of contract	Contract termination
Tecon Santos	November 1997	November 2047
Tecon Imbituba	April 2008	April 2033
TCG Imbituba	June 2007	June 2032
Saboó	May 2020	May 2021
Tecon Vila do Conde	September 2003	September 2033
Vehicles Terminal/TEV	January 2010	January 2035

Guarantee insurance

Agreements	Maturity
Tecon Santos	April 2020 - April 2021
Tecon Imbituba	July 2020 - July 2021
Saboó	November 2020 - May 2021
Tecon Vila do Conde	July 2020 - July 2021
Vehicles Terminal/TEV	July 2020 - July 2021

In agreements, the Company and its subsidiaries have commitments to pay amounts based on their operating changes. These amounts were in effect in December 31, 2020 and are adjusted for inflation annually based on the lease agreements using IGP-M / INPC:

Agreements	In reais - R$ Cost by container handled	Cost by ton handled	Cost by vehicle handled
Tecon Santos (a)	49.00	-	-
Tecon Santos (b)	24.40	-	-
Tecon Imbituba (c)	104.65	-	-
TCG Imbituba (d)	-	3.16	-
TCG Imbituba (e)	-	6.99	-
TCG Imbituba (f)	-	4.21	-
Saboó (g)	-	2.10	-
Saboó (h)	-	-	10.48
Tecon Vila do Conde (i)	32.50	-	-
Tecon Vila do Conde (j)	6.50	-	-
Tecon Vila do Conde (k)	-	3.25	-
Vehicles Terminal/TEV (l)	-	-	20.66

(a) Amount due when the MMC is not reached, limited to the MMC.

(b) Amount due when the changes exceed MMC.

(c) Amount due for the use of the land infrastructure and also when the MMC is not reached, limited to the MMC.

(d) Amount by use of the leased area and also when the MMC is not achieved, limited to the MMC.

(e) Amount due by use of terrestrial infrastructure (quay), referring to cargo handling from the ship.

(f) Amount due by use of terrestrial infrastructure (yard) relating to cargo handling from unitization and non-unitization of containers.

(g) Amount per ton of pulp handled, as a variable lease (handling).

(h) Amount per vehicle handled, as a variable lease (handling).

(i) Amount due by full container and also when the MMC is not achieved, limited to the MMC.

(j) Amount due by empty container.

(k) Amount due per ton.

(l) Amount due by vehicle and also when the MMC is not achieved, limited to the MMC.

17. LEASE - CONSOLIDATED

a) Lease - rentals

Right-of-use (Asset)	Parent company Book balance at 12/31/2019	Additions / Write-offs	Depreciation	Book balance at 12/31/2020
Santos Brasil Participações				
Property	-	2,412	(147)	2,265
Total assets	-	2,412	(147)	2,265

Right-of-use (Asset)	Consolidated Book Balance at 12/31/2019	Additions / Write-offs	Depreciation	Book balance at 12/31/2020
Santos Brasil Participações				
Property	-	2,412	(147)	2,265
Santos Brasil Logistics				
Property	25,528	18,089	(7,148)	36,469
Tecon Vila do Conde				
Machinery and equipment	4,379	-	(3,503)	876
Total assets	29,907	20,501	(10,798)	39,610

Right-of-use (Asset)	Consolidated Initial adoption 01/01/2019	Additions / Write-offs	Depreciation	Book balance at 12/31/2019
Santos Brasil Logistics				
Property	31,308	-	(5,780)	25,528
Tecon Vila do Conde				
Machinery and equipment	-	7,006	(2,627)	4,379
Total assets	31,308	7,006	(8,407)	29,907

Leases (Liability)	Parent company Book balance at 12/31/2019	Additions	Recognized interest	Inflation adjustment / Renovation effects (*)	Payments	Book balance at 12/31/2020
Santos Brasil Participações (I)	-	2,412	13	-	(155)	2,270
Total liabilities	-	2,412	13	-	(155)	2,270
(-) Short-term	-					(536)
Long-term	-					1,734

Leases (Liability)	Book balance at 12/31/2019	Additions	Recognized interest	Inflation adjustment / Renovation effects (*)	Payments	Book balance at 12/31/2020
	Consolidated					
Santos Brasil Participações (I)	-	2,412	13	-	(155)	2,270
Santos Brasil Logistics (II)	26,408	15,509	2,202	2,580	(7,544)	39,155
Tecon Vila do Conde (III)	4,497	-	185	-	(3,750)	932
Total liabilities	30,905	17,921	2,400	2,580	(11,449)	42,357
(-) Short-term	(8,830)					(8,587)
Long-term	22,075					33,770

Leases (Liability)	Initial adoption 01/01/2019	Additions	Recognized interest	Inflation adjustment / Renovation effects (*)	Payments	Book balance at 12/31/2019
	Consolidated					
Santos Brasil Logistics (II)	31,308	-	2,060	-	(6,960)	26,408
Tecon Vila do Conde (III)	-	7,006	303	-	(2,812)	4,497
Total liabilities	31,308	7,006	2,363	-	(9,772)	30,905
(-) Short-term	(4,900)					(8,830)
Long-term	26,408					22,075

(*) The contra-entry to this amount is the fixed assets in non-current assets.

(I) On March 9, 2020, the Company signed a lease agreement, referring to the lease of business rooms in Santos, which matures on January 31, 2022, applying a discount rate of 5.91% p.a.

On December 20, 2020, the Company signed a lease agreement, referring to the lease of business rooms in São Paulo concerning the new headquarters of the Company, which matures on December 19, 2025, applying a discount rate of 5.91% p.a.

(II) On January 1, 2019, the subsidiary Santos Brasil Logistics made the first-time adoption of CPC 06 (R2) - Lease Operations, regarding the lease of the Distribution Center - SBC, with maturity in May 2024, applying a discount rate of 7.47% p.a.

On February 20, 2020, the subsidiary Santos Brasil Logistics signed a lease agreement related to the lease of Centro de Distribuição - Imigrantes, with effectiveness period on June 1, 2020 and maturity on May 27, 2031, applying a discount rate of 5.91% p.a.

(III) On April 1, 2019, the subsidiary Tecon Vila do Conde signed a lease agreement, referring to the lease of a quay mobile crane (MHC), which matures in March 2021, using the discount rate of 7.47% p.a.

The discount rate for the year ended December 31, 2020, of 5.91% and 7.47% p.a. (7.47% in December 31, 2019) for contracts maturing in up to 5 years, was based on risk-free interest rates observed in the Brazilian market and adjusted to the reality of subsidiaries.

In December 31, 2020, the balance of long-term had the following maturity structure:

	Parent company				
	2022	2023	2024	2025 - End of contract	Total
Santos Brasil Participações	407	417	442	468	1,734

	Consolidated				
	2022	2023	2024	2025 - End of contract	Total
Santos Brasil Participações	407	417	442	468	1,734
Santos Brasil Logistics	7,945	8,466	4,526	11,099	32,036
	8,352	8,883	4,968	11,567	33,770

Tax credits were not highlighted in the measurement of cash flows from leases, and the potential PIS / COFINS effects are presented in the table below:

	Parent company	
	12/31/2020	
Cash flow	Nominal	Adjustment to present value
Lease consideration	2,583	2,270
Potential PIS / COFINS (9.25%)	239	210

	Consolidated			
	12/31/2020		12/31/2019	
Cash flow	Nominal	Adjustment to present value	Nominal	Adjustment to present value
Lease consideration	50,166	42,357	35,428	30,905
Potential PIS / COFINS (9.25%)	4,640	3,918	3,277	2,859

b) Operating lease

The Company and its subsidiary Vehicles Terminal/TEV also have rental contracts for administrative areas, with short-term maturities, which, in the year ended December 31, 2020, gave rise to expenses in the amount of R$1,351 (R$1,323 in December 31, 2019).

18. SHAREHOLDERS' EQUITY – PARENT COMPANY

a) Capital

	Common shares	
	12/31/2020	12/31/2019
Existing at the beginning of the year	669,798,378	666,317,880
Stock options exercised during the year	-	3,480,498
Stock issuance	192,680,000	-
Issued / authorized with no par value	862,478,378	669,798,378

Out of the total shares, 858,115,812 were outstanding in December 31, 2020, of which all are common shares.

On September 14, 2020, the public offering of initial 192,680,000 common shares, nominative, book-entry and with no par value, for the issue of the Company, all free and unencumbered from any burdens or grievances was approved during the Meeting of the Board of Directors.

On September 24, 2020, the Board of Directors' Meeting approved the price per share of R$4.10, the Company's effective capital increase under the "Restricted Offer", in the amount of R$789,988, through the issue 192,680,000 common shares, as well as its approval, within the scope of the public offering with restricted efforts for primary distribution of Shares, pursuant to CVM Instruction No. 476 ("Restricted Offer"). The shares subject to the Restricted Offer were traded on B3 - Brasil Bolsa Balcão on September 28, 2020, with their physical and financial settlement carried out on September 29, 2020.

The Company is authorized to increase its capital independently from a decision of the Shareholders' Meeting, up to the limit of 2,000,001,000 shares, through a resolution of the Board of Directors, which will establish issuance and placement conditions of said securities.

Each common share entitles holders to one vote on general meeting resolutions.

b) Capital reserve

- Stock option plan / Share-based incentive plan

  Represented by the book record of the stock option plan in the amount of R$65,433 in December 31, 2020 (R$63,909 in December 31, 2019) share-based incentive plan: performance share in the amount of R$990 (R$2,916 in December 31, 2019) share matching in the amount of R$1,180 (R$553 in December 31, 2019) in compliance with the determinations of Technical Pronouncement CPC 10 - Share-based payments.

- Other

  The merger of shares, the value of the shareholders' equity of the then subsidiary Santos-Brasil S.A., on the base date of December 31, 2006, was taken under the heading "Capital" of the parent company, as provided for in the Protocol and Justification of Merger of Shares. The value of net income, equity in the former subsidiary Santos-

Brasil S.A., represented by the results of its operations in the period between that date and the base date of the merger, in October 2007, net of distributions made to shareholders, R$28,923, was classified in this group of Capital Reserve.

On April 30, 2010, the Company made the purchase of an indirect interest of its subsidiary Pará, in its direct subsidiary, Nara Valley, at the time, ranging from 75% shareholding to 87.67%. This operation resulted in the change in interest in the amount of R$(4,548).

On April 20, 2011, subsidiary Nara Valley Participações S.A. acquired, pursuant to a share purchase and sales agreement and other covenants, 12.327% of shareholding interest of its direct subsidiary Pará Empreendimentos, for the amount of R$4,500, and it now holds 100% of interest. This operation resulted in the change in interest in the amount of R$(5,478).

Up to December 31, 2020, stock options were exercised, and the Company delivered shares which were under treasury, generating a result of R$(3,577).

Up to December 31, 2020, the Company recorded costs with complementary issue of shares referring to the new shares issued for the Restricted Offer, according to note 18.a), in the amount of R$(24,753).

c) Profit reserve

- Legal reserve

  In compliance with article 193 of Law No. 6404/76, the reserve is recorded at the rate of 5% of the net income (loss) for the year, up to the limit of 20% of the capital.

- Reserve for investment and expansion

  Represented by Management proposals for the retention of remaining balances of net income for the year, and prior years, after retentions provided for in the law or approved by shareholders to face investment plans in subsidiaries' expansion, according to Capital Budgets and in December 31, 2020, amounts to R$140,088.

- Repurchase of shares

  On December 17, 2013, the Program of Share Buyback was approved by the Board of Directors' Meeting, with the objective of maximizing the returns to shareholders.

  The program authorized the purchase of up to 4,215,556 units being 4,215,556 common shares and 16,862,225 preferred shares, within a maximum period of 365 days to purchase the shares, beginning on December 20, 2013 and ending on December 20, 2014.

  On August 22, 2016, with migration to B3 - Brasil Bolsa Balcão New Market, units were canceled and converted from preferred shares into common shares.

  Up to December 31, 2018, 2,879,414 treasury shares were delivered regarding options exercised, generating an income (loss) of R$9,306.

  In the year ended December 31, 2019, 1,124,142 treasury shares were delivered regarding options exercised, generating an income (loss) of R$3,634.

In the year ended December 31, 2020, 1,237,348 treasury shares were delivered regarding options exercised of Stock Option and shares exercised of Performance Share, generating an income (loss) of R$4,000.

Shares acquired by the Company in December 31, 2020 are as follows:

	Quantity of Common Shares	Amount	Market value (*)	Price Weighted average	Price Minimum	Price Maximum
Original balance	6,138,745	19,844	32,230	3.23	2.90	3.70
(-) Delivered shares	(5,240,904)	(16,940)				
Current balance	897,841	2,904	4,714			

(*) Market value based on the last quotation prior to the year end.

d) Shareholders' compensation

Shareholders are entitled to annual minimum dividends of 25% of profit, adjusted in accordance with Corporate Law and the Company's bylaws.

e) Equity valuation adjustment

- Supplementary health care assistance

Represented by the book record of the Actuarial calculation of supplementary health care assistance (note 26), in compliance with the determinations of Technical Pronouncement CPC 33 (R1) - Employee Benefits.

19. OPERATING INCOME

We present below the reconciliation between gross income for tax purposes and the income presented in the statement of income for the years ended December 31, 2020 and 2019, as well as breakdown of revenue, as follows:

	Parent company 12/31/2020	Parent company 12/31/2019	Consolidated 12/31/2020	Consolidated 12/31/2019
Gross revenue	635,346	668,724	1,087,107	1,135,279
Port Terminals	635,346	668,724	768,564	785,945
Port operations	303,152	344,234	379,216	421,632
Customs Warehousing	315,317	313,521	365,397	348,619
General Cargo	16,877	10,969	23,951	15,694
Logistics	-	-	268,475	284,588
Transportation	-	-	43,772	47,270
Customs Warehousing	-	-	181,882	191,141
Distribution Center	-	-	33,142	40,203
Logistics Terminals	-	-	9,679	5,974
Vehicles Terminal/TEV	-	-	50,068	64,746
Customs Warehousing	-	-	50,068	64,746
Deductions from revenue:				
Sales taxes	(71,973)	(73,899)	(136,976)	(140,754)
Other	(12,492)	(9,999)	(20,568)	(21,931)
Total	550,881	584,826	929,563	972,594

The Company is negotiating with one of its main shipowner clients, whose contract expires on March 31, 2021, with the expectation of renewal on terms favorable to both parties.

20. OPERATING EXPENSES BY TYPE

	Parent company		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Outsourced Labor	(24,793)	(21,846)	(25,236)	(22,197)
Rates - Companhias Docas	(9,770)	(35,670)	(14,218)	(38,702)
Electric power	(9,054)	(9,596)	(11,455)	(12,069)
Fuels and lubricants	(16,849)	(21,919)	(28,488)	(36,774)
Freight	(11,600)	(9,697)	(37,806)	(42,713)
Changes in vehicles	-	-	(15,453)	(18,443)
Other services and materials	(2,767)	(2,358)	(11,663)	(12,399)
Personnel expenses	(257,787)	(256,677)	(350,285)	(350,150)
Consulting, Advisory and Auditing	(20,379)	(17,649)	(22,449)	(19,343)
Other third-party services	(23,680)	(20,774)	(35,513)	(31,310)
Operational maintenance	(27,686)	(31,795)	(38,608)	(42,228)
Depreciation and amortization	(109,630)	(97,456)	(152,363)	(135,650)
Rents / condominium - operating areas	-	-	(6,905)	(6,316)
Commissions on sales of services	(17,937)	(21,396)	(80,423)	(83,604)
Provision for expected credit losses and bad debt losses	(14,787)	(13,706)	(14,450)	(14,986)
Other expenses	(19,858)	(19,464)	(51,713)	(46,269)
Total	(566,577)	(580,003)	(897,028)	(913,153)
Classified as:				
Cost of goods and/or services rendered	(457,949)	(469,397)	(708,612)	(722,568)
Sales expenses	(22,704)	(25,578)	(89,698)	(92,753)
Provision for expected credit losses and bad debt losses	(14,787)	(13,706)	(14,450)	(14,986)
General and administrative expenses and amortization of goodwill	(71,137)	(71,322)	(84,268)	(82,846)
Total	(566,577)	(580,003)	(897,028)	(913,153)

21. OTHER OPERATING INCOME (EXPENSES)

	Parent company		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Other operating income:				
Adjustment of advances for dredging fund	2,527	745	2,527	745
Judicial deposits adjustment	7,897	4,600	7,921	4,649
Restatement of credit recoverable - FUNDAF	-	-	20	491
Adjustment of court-ordered debt payments	-	-	291	183
Gain in the sale of assets	56	128	2,656	140
Income from non-identified deposits	601	908	1,318	1,531
Recovery of electricity generation	599	857	607	857
Recovery of INSS - Payroll	1,747	626	2,335	626
Recovery of extemporaneous PIS / COFINS	-	-	45	1,850
Insurance reimbursement	7,598	778	7,598	778
Reimbursement of berth occupation	2,743	12,493	2,743	12,493
Contract remuneration - Payroll	-	908	-	908
Other income	595	661	1,702	1,394
Total	24,363	22,704	29,763	26,645
Other operating expenses:				
Gains and losses in the sale of assets	(1,830)	(49)	(2,297)	(52)
Restatement of provisions	155	211	108	111
Court-ordered debt payments	-	-	(233)	(146)
Cost from sale of inventory material	(39)	-	(169)	-
Other expenses	(156)	-	(176)	(14)
Total	(1,870)	162	(2,767)	(101)

22. FINANCIAL INCOME (EXPENSES)

	Parent company		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Financial income:				
Yield from financial investments	5,597	15,595	9,046	20,035
Monetary and foreign-exchange variations active	-	9,921	932	12,269
Fair value of the swap transaction	-	2,479	-	2,479
Restatement of taxes recoverable	521	1,047	551	1,047
Judicial deposits adjustment	121	358	142	402
Other income	397	914	774	1,223
Total	6,636	30,314	11,445	37,455

	Parent company		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Financial expenses:				
Interest on debentures and loans	(10,361)	(23,176)	(13,930)	(23,914)
Monetary and foreign-exchange variations in liabilities	-	(10,478)	(9,522)	(13,521)
Fair value of the swap transaction	-	(3,310)	-	(3,310)
Tax on Financial Operations - IOF on administrative operations	(89)	(96)	(100)	(103)
Interest on obligations with the Concession Grantor	(48,026)	(46,403)	(53,435)	(51,980)
Interest on lease	(13)	-	(2,400)	(2,363)
Commissions and financial rates	(3,608)	-	(3,680)	-
Other expenses	(5,270)	(2,478)	(5,572)	(3,253)
Total	(67,367)	(85,941)	(88,639)	(98,444)

23. STOCK OPTION PLAN AND SHARE-BASED INCENTIVE PLAN - PARENT COMPANY

On August 4, 2017, the Special Shareholders' Meeting approved the change of the Stock Option Plan approved by the Special Shareholders' Meeting held on January 9, 2008, amended on April 1, 2015 and the creation of the Share-Based Incentive Plan of the Company (Plan of Performance Shares and Matching of Shares).

The purpose of Company's Share-Based Incentive Plan is to regulate the possibility of granting incentives linked to Company's common shares to the directors and employees with whom it has employment or statutory relationship, aiming to: (i) increase the capacity to attract talents; (ii) strengthen the culture of sustainable performance and search for the development of certain directors and employees, aligning their interests to the interests of the shareholders; (iii) allow the Company to maintain its professionals, offering them as additional advantage and incentive, the opportunity of becoming shareholders; and (iv) foment the expansion of and attain and exceed its corporate targets, allowing greater integration of its administrators and employees, in the capacity of shareholders of the Company.

The shares granted as incentive under the programs of the Stock Option Plan and Share-Based Incentive Plan cannot exceed the maximum limit of 4.5% of the shares of the subscribed and paid-up capital of the Company.

a) Stock option plan

In the Special Shareholders' Meeting held on September 22, 2006, shareholders of the then subsidiary Santos-Brasil S.A. approved the Stock Option Plan ("Plan") for management and high level employees. At a Special General Meeting, held on January 9, 2008, the Plan was transferred to the Company.

The Plan is managed by the Board of Directors or, at its discretion, at the board's, by a Committee comprised of three members, being at least one of them a member (holder or alternate) of the Board of Directors.

The Board of Directors or the Committee periodically create Stock Option Programs (“Programs”), grouped in units to determine the beneficiaries that will receive the options, the number of Company’s units that each beneficiary will be authorized to subscribe or acquire with the exercise of the option, the subscription price, the initial grace period, over which the option cannot be exercised, and the limit dates for total or partial exercise. Terms and conditions are defined in a Stock option Agreement, entered into by the Company and each Beneficiary.

Prices of Units to be acquired by Beneficiaries upon option exercise (“strike price”) are equivalent to the average value of Units in the last 30 trading sessions of B3 - Brasil Bolsa Balcão, prior to the option grant date, and may be added of inflation adjustment based on a price index change and also of interest, at the discretion of the Board of Directors or the Committee, which may also grant to Beneficiaries a discount of up to 15% in strike price.

The Company's Units that were acquired within the Plan may only be disposed of if the minimum unavailability period defined in the Program for each batch of Units, is complied with. This period should never be lower than three years, counting on exercise date of each annual batch.

In December 31, 2020, prevailing Programs were those listed in the table below:

Plans	Strike prices - R$/units (*)	Number of granted units	Grace periods	Exercise terms	Option value R$/units (*)	Number of exercised units	Number of overdue / expired units	Number of units - balance
2006–2015 programs		9,581,720				2,828,178	6,753,542	-
Total options granted		9,581,720				2,828,178	6,753,542	-

(*) Original amounts on options grant programs' dates.

On March 2 and 3, 2016, Board of Directors’ meeting approved exercise price for the 2016 Stock Option Plan and decided to submit it to prior appreciation and recommendation of the Board of Directors’ Remuneration Committee to be subsequently analyzed and approved by the Board itself.

In August 22, 2016, with cancellation of units, in case program’s options are exercised up to 2015, five common shares will be issued to the beneficiary.

Plans	Strike prices - R$/shares (*)	Number of shares granted	Grace periods	Exercise terms	Option value - R$/shares (*)	Number of exercised shares	Number of overdue / expired shares	Number of shares - balance
03/02/2016 - Program 2016	2.29	2,897,395			1.18	2,273,199	556,663	67,533
1st Annual Lot		965,798	03/02/2017	03/02/2019		806,371	159,427	-
2nd Annual Lot		965,798	03/02/2018	03/02/2020		769,288	196,510	-
3rd Annual Lot		965,799	03/02/2019	03/02/2021		697,540	200,726	67,533
08/23/2017 - Program 2017	2.02	6,609,811			0.71	1,763,766	3,023,801	1,822,244
1st Annual Lot		2,203,270	08/23/2018	08/23/2021		1,070,238	1,133,032	-
2nd Annual Lot		2,203,270	08/23/2019	08/23/2022		409,675	882,473	911,122
3rd Annual Lot		2,203,271	08/23/2020	08/23/2023		283,853	1,008,296	911,122
02/28/2018 - Program 2018	3.51	2,914,885			1.61	380,134	858,155	1,676,596
1st Annual Lot		971,628	02/28/2019	02/28/2022		221,123	264,749	485,756
2nd Annual Lot		971,628	02/28/2020	02/28/2023		159,011	326,861	485,756
3rd Annual Lot		971,629	02/28/2021	02/28/2024		-	266,545	705,084

Plans	Strike prices - R$/shares (*)	Number of shares granted	Grace periods	Exercise terms	Option value - R$/shares (*)	Number of exercised shares	Number of overdue / expired shares	Number of shares - balance
02/19/2019 - Program 2019	4.39	1,143,048			1.52	97,289	36,903	1,008,856
1st Annual Lot		381,016	02/19/2020	02/19/2023		97,289	36,903	246,824
2nd Annual Lot		381,016	02/19/2021	02/19/2024		-	-	381,016
3rd Annual Lot		381,016	02/19/2022	02/19/2025		-	-	381,016
Total options granted		13,565,139				4,514,388	4,475,522	4,575,229

(*) Original amounts on options grant programs' dates.

Grace period reflect conditions established in Programs, according to which options may be exercised in three annual batches, each equivalent to 33.3333% of total option granted in each Program.

Annual batches exercise prices will be adjusted at IGP-M/FGV, at the lowest permitted periodicity, up to the options exercise dates.

Exercise term reflects the period of 24 months for the Plans up to 2016 and Plans in 2017, shows the period of 36 months, and they are all counted in the ends of annual batches' initial grace periods.

Cost of granted options is calculated during their respective grant period, based on options values determined by the Black-Scholes evaluation method on the date of programs. As a result of low historic turnover of management and high-level employees that are the beneficiaries of stock option plan, 100% of options in said calculation are considered as vested.

As determined by Technical Pronouncement CPC 10, the Company and its subsidiaries recognized, to the extent services were provided in share-based payment transactions, the effect in the statement of income for the year ended December 31, 2020, in the amount of R$1,790 (R$1,207 on December 31, 2019).

In 2020, part of 2017, 2018 and 2019 programs were delivered and having withholding income tax and INSS in the amount of R$266, both recorded in capital reserves.

With respect to the options effective by December 31, 2020, those exercised represented a reduction in shareholders' interest of 2.79%; and those not exercised, if fully exercised under certain conditions provided for in the agreements, would represent a dilution in current shareholders' interest of 0.53%.

b) Share-incentive plan

- Performance shares

The beneficiaries will be entitled to receive, on free basis, common shares of the Company, if the targets are attained by the beneficiaries. The transfer of the ownership of the Company's common shares granted to the beneficiaries as Performance Shares will be made in a single lot, after 3 (three) years ("Grace Period"), from the date defined for each beneficiary in the respective Admission Agreement ("Start Date"). The Board of Directors, however, may, at its sole discretion, anticipate the transfer of ownership of the Company's common shares granted to the Beneficiaries as

Performance Shares, in case the targets described in the program have been attained before 3 years, when the end of the Grace Period may be anticipated. In case of employee termination (rescission or dismissal) the options granted and not yet exercised will be automatically extinguished.

On August 23, 2017, it was approved the granting of 1,970,443 common shares to the Performance Shares Program within the limit established in the Share-Based Incentive Plan.

Plans	Number of shares granted	Grace periods	Value of shares - R$ (*)	Number of exercised shares	Number of overdue / expired shares	Number of shares - balance
08/23/2017 - Program 2017	1,970,443		2.31	597,403	1,373,040	-
- Annual Lot	1,970,443	08/23/2020		597,403	1,373,040	-
Total shares granted	1,970,443			597,403	1,373,040	-

(*) Original values on Stock Option Programs.

The Company recognized the effect in income (loss) for the year ended December 31, 2020, in the amount of R$(1,012) (R$860 in December 31, 2019).

Up to December 31, 2020, 597,403 options were exercised, representing a dilution of the equity interest of current shareholders of around 0.07%, with withholding related to income tax withheld at source, in the amount of R$913, recorded in capital reserves.

- Matching of shares

The beneficiaries will be entitled to receive, on free basis, one (1) common share of the Company for each common share of the Company acquired through the Brokerage Firm (Matching), up to the limit established in their respective Admission Agreement and observing the period of fifteen (15) days to transfer the shares acquired under this Program to a deposit account for the shares held by the Company, maintained by Itaú Corretora de Valores S.A., institution responsible for the bookkeeping of the Company's shares (“Bookkeeping Agent”), as well as to authorize the blocking, by the Bookkeeping Agent, of these shares due to the joining to the present Program.

Plans	Number of shares granted	Grace periods	Value of shares - R$ (*)	Number of adhered / delivered shares	Number of overdue / expired shares	Number of shares - balance
08/23/2017 - Program 2017	903,896		2.31	200,774	703,122	-
- Annual Lot	903,896	3 years		200,774	703,122	-
02/28/2018 - Program 2018	615,369		3.71	277,678	337,691	-
- Annual Lot	615,369	3 years		277,678	337,691	-
02/19/2019 - Program 2019	523,485		4.11	156,537	366,948	-
- Annual Lot	523,485	3 years		156,537	366,948	-
Total shares granted	2,042,750			634,989	1,407,761	-

(*) Original values on Stock Option Programs.

The Company recognized the effect in income (loss) for the year ended December 31, 2020, in the amount of R$626 (R$447 in December 31, 2019) because there was the Contract for Adherence of such Program.

Up to December 31, 2020, there was the adherence of 624,837 shares, in case such adherence remains until the end of the grace period, from the adherence date, its dilution percentage would be 0.07%.

In 2019, 10,152 shares of 2017 and 2018 programs were delivered and having withholding income tax in the amount of R$23, both recorded in capital reserves. The shares delivered showed a dilution in shareholding of less than 0.01%.

24. INCOME TAX AND SOCIAL CONTRIBUTION

a) Reconciliation of Corporate Income Tax (IRRF) and Social Contribution (CSLL) current and deferred.

IRPJ and CSLL reconciliation recognized in income is as follows:

	Parent company		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Income / (loss) before taxation	(30,344)	6,881	(17,663)	24,996
Exclusion of equity in investees	(23,590)	(34,819)	-	-
Adjusted income / (loss) before taxation	(53,934)	(27,938)	(17,663)	24,996
I - Base value - IRPJ and CSLL:	18,361	9,523	6,029	(8,475)
Rates of 15% income tax and 9% social contribution	12,944	6,705	4,239	(5,999)
Additional rate of 10% income tax with with deduction of R$240	5,417	2,818	1,790	(2,476)
II - Effects of permanent additions and exclusions of expenses and income	(1,834)	(1,029)	(2,399)	(1,385)
Permanent additions:				
Variable remuneration of Executive Board	(737)	(530)	(737)	(530)
Stock option plan / Performance Share	(478)	(855)	(478)	(855)
Other	(1,502)	(1,148)	(2,067)	(1,504)
Permanent exclusions:				
Exercised options	883	1,504	883	1,504
III - Effects of tax incentives:	56	-	372	429
Tax incentives	56	-	372	429
IV - Effective rate:				
Adjusted IRPJ and CSLL (I + II + III)	16,583	8,494	4,002	(9,431)
Effective rate	30.75%	30.40%	22.66%	37.73%
V - Effects of deferred IRPJ and CSLL;	-	-	-	(128)
Non-recognition of tax losses and temporary differences (*)	-	-	-	(128)
VI - Extraordinary adjustments:	-	-	(100)	(62)
Income and social tax contribution prior year	-	-	(100)	(62)
Effects of IRPJ and CSLL in income (loss) (IV + V + VI)	16,583	8,494	3,902	(9,621)

	Parent company		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Income and social contribution taxes - Current	(3,017)	-	(12,836)	(13,465)
Income and social contribution taxes - Deferred	19,600	8,494	16,738	3,844
Total	16,583	8,494	3,902	(9,621)

(*) It refers to subsidiary Numeral 80, TPV and Pará, for which deferred tax assets are recorded upon the generation of future positive results.

b) Composition of deferred tax assets and liabilities

	Parent company					
	12/31/2020			12/31/2019		
Assets (liabilities)	IRPJ	CSLL	Total	IRPJ	CSLL	Total
Tax losses and the negative social contribution base	17,889	6,824	24,713	18,894	7,147	26,041
Temporary differences:						
Provision for expected credit losses	2,941	1,060	4,001	3,232	1,163	4,395
Provision for contingencies	27,489	9,896	37,385	24,439	8,798	33,237
Amortization of goodwill	(16,728)	(6,022)	(22,750)	(17,350)	(6,246)	(23,596)
Depreciation	(39,197)	(14,111)	(53,308)	(40,025)	(14,409)	(54,434)
Loss for devaluation of assets	5,451	1,963	7,414	5,892	2,121	8,013
Obligations with the Concession Grantor	27,312	9,832	37,144	25,182	9,066	34,248
Other	19,294	7,241	26,535	9,905	3,725	13,630
Actuarial losses	7,350	2,644	9,994	7,125	2,563	9,688
Total	51,801	19,327	71,128	37,294	13,928	51,222
Assets	51,801	19,327	71,128	37,294	13,928	51,222

	Consolidated					
	12/31/2020			12/31/2019		
Assets (liabilities)	IRPJ	CSLL	Total	IRPJ	CSLL	Total
Tax losses and the negative social contribution base	27,935	10,440	38,375	31,803	11,794	43,597
Temporary differences:						
Provision for expected credit losses	3,063	1,104	4,167	3,584	1,290	4,874
Provision for contingencies	28,524	10,269	38,793	25,654	9,235	34,889
Amortization of goodwill	(26,594)	(9,574)	(36,168)	(27,216)	(9,798)	(37,014)
Depreciation	(45,226)	(16,281)	(61,507)	(46,028)	(16,570)	(62,598)
Loss for devaluation of assets	5,451	1,963	7,414	5,892	2,121	8,013
Obligations with the Concession Grantor	30,947	11,140	42,087	28,563	10,283	38,846
Other	21,982	8,211	30,193	11,581	4,329	15,910
Court-ordered debt payments receivable	(1,473)	(532)	(2,005)	(1,400)	(506)	(1,906)
Actuarial losses	9,621	3,462	13,083	9,212	3,316	12,528
Total	54,230	20,202	74,432	41,645	15,494	57,139
Assets	59,607	22,137	81,744	47,893	17,744	65,637
Liabilities	(5,377)	(1,935)	(7,312)	(6,248)	(2,250)	(8,498)

Up until December 31, 2020, deferred tax credits on temporary differences were recorded by the Company and its subsidiaries Tecon Vila do Conde, Santos Brasil Logistics and Vehicles Terminal/TEV.

25. EARNINGS PER SHARE

a) Basic earnings per share

The basic earnings per share was calculated with a basis on the Company's income (loss) for the years ended December 31, 2020 and 2019 and the respective average number of outstanding common shares in these years, according to the chart below:

	12/31/2020	12/31/2019
	Common shares	Common shares
(Loss) / net income for the year	(13,761)	15,375
Weighted average of shares	720,817,093	665,864,720
Basic earnings per share	(0.01909)	0.02309

b) Diluted earnings per share

On the Company's earnings (loss) for the years ended December 31, 2020 and 2019, the diluted earnings (losses) per share were calculated as follows:

	12/31/2020	12/31/2019
	Common shares	Common shares
(Loss) / net income for the year	(13,761)	15,375
Weighted average of shares	720,817,093	665,864,720
Possible effects of share option subscription	2,229,190	3,763,001
Diluted earnings per share	(0.01903)	0.02296

Diluted earnings per share is calculated considering the instruments that may have potential dilutive effect in the future.

26. ACTUARIAL LIABILITIES - SUPPLEMENTARY HEALTH CARE ASSISTANCE

Refer to a provision for supplementary health care assistance, which reflects the cost of health care plan to employees and statutory officers who will be entitled to the benefit in the post-retirement period, as prescribed by Law No. 9656/98 and technical pronouncement CPC 33 (R1), determined based on an actuarial study.

Actuarial calculations, carried out by independent actuary Deloitte Touche Tohmatsu Consultores Ltda, had the following basic assumptions for the year ended December 31, 2019 and 2020 by Ernst & Young Serviços Atuariais S/S:

Assumptions	12/31/2020	12/31/2019
Economic assumptions:		
Discount rate	3.80% p.a.	3.38% p.a.
Economic Inflation	3.25% p.a.	3.50% p.a.
Health Care inflation (HCCTR)	3.00% p.a.	3.00% p.a.
Aging factor	3.50% p.a.	3.50% p.a.
Evolution of Medical Cost	Economic Inflation + Medical Inflation + Age Factor	Economic Inflation + Medical Inflation + Age Factor
Evolution of the contribution	Economic Inflation + Medical Inflation	Economic Inflation + Medical Inflation
Biometric assumptions:		
Mortality Table	AT-2000, segregated by gender	AT-2000, segregated by gender
Turnover	10% (Santos Brasil Logística S.A.) and 5% (Other companies)	10% (Santos Brasil Logística S.A.) and 5% (Other companies)
Age to Entry into retirement	Men: 65 years Women: 62 years	Men: 65 years Women: 62 years
Hypotheses for Retirement	100% at first eligibility	100% at first eligibility
Stay in Retirement	39.53%	40%
Other assumptions		
Family Composition	Active Participants 72.81% are married Age difference of Holder: Male - 4 years younger and Female - 2 years older Assisted participants Actual Family	Active Participants 90% are married Holder Age Difference / Wife - 4 years Assisted participants Actual Family

Pursuant to the independent actuary's reports prepared which contain the sums of the projected expenses, the Company and its subsidiaries recorded proportional provisions for the years ended December 31, 2020 and 2019:

	Parent company	
	12/31/2020	12/31/2019
Present value of the actuarial obligations	5,005	3,969
Calculated actuarial losses	53,192	48,322
Total net actuarial liability to be provisioned	58,197	52,291

	Consolidated	
	12/31/2020	12/31/2019
Present value of the actuarial obligations	7,265	5,031
Calculated actuarial losses	69,229	62,562
Total net actuarial liability to be provisioned	76,494	67,593

	Parent company		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Opening balance	52,291	33,881	67,593	41,464
Service cost	2,518	1,584	3,875	2,083
Interest on obligation	3,660	3,069	4,730	3,757
Benefits paid in the year (-)	(1,173)	(684)	(1,340)	(809)
Actuarial (gain) / loss on defined benefit obligations	901	14,441	1,636	21,098
Closing balance	58,197	52,291	76,494	67,593
Actuarial (gain) / loss on defined benefit obligations	901	14,441	1,636	21,098
Deferred income tax and social contribution on (gain) / loss	(306)	(4,909)	(556)	(7,173)
Equity in the (gain) / loss	485	4,393	-	-
Effect in shareholders' equity	1,080	13,925	1,080	13,925

Sensitivity analysis of actuarial liability

	Parent company		Consolidated	
Effects	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Discount rate -0.5% on nominal rate	65,065	58,617	85,738	75,996
Discount rate +0.5% on nominal rate	52,362	46,893	68,600	60,436
Mortality table -10%	62,410	55,526	81,993	71,764
Mortality table +10%	54,656	49,459	71,821	63,941
Medical costs +1.0% on growth effective rate	69,439	63,559	91,666	83,367
Medical costs -1.0% on growth effective rate	43,303	39,896	56,399	51,903

27. FINANCIAL INSTRUMENTS

These instruments are managed through operating strategies and internal controls, aimed at assuring liquidity, profitability and security. The contracting of financial instruments with the objective of offering protection is performed by means of a periodic analysis of the risk exposure that Management intends to cover (exchange rate, interest rate, etc.), which is approved by the Board of Directors. The control consists of the continuous monitoring of the agreed conditions versus the conditions prevailing in the market. The Company and its subsidiaries do not invest in derivatives or any other risk assets on a speculative basis. The results obtained from such operations are consistent with the policies defined by Company's management.

The estimated realization values of the financial assets and liabilities of the Company and its subsidiaries were determined through information available in the market and appropriate valuation methodologies. Judgments were required for interpreting the market data, to arrive at the best estimates of the realizable values. Consequently, the following estimates do not necessary represent the amounts that could be realized on the current exchange market.

Derivatives are initially recognized at their fair value, and respective transaction costs are recognized in the result when incurred.

a) Classification of financial instruments

	Hierarchy level	Parent company 12/31/2020 Book value	Parent company 12/31/2020 Fair value	Parent company 12/31/2019 Book value	Parent company 12/31/2019 Fair value	Consolidated 12/31/2020 Book value	Consolidated 12/31/2020 Fair value	Consolidated 12/31/2019 Book value	Consolidated 12/31/2019 Fair value
Assets:									
Cash and balance in banks	-	2,123	2,123	2,550	2,550	7,073	7,073	5,991	5,991
		2,123	2,123	2,550	2,550	7,073	7,073	5,991	5,991
Measured at the amortized cost:									
Accounts receivable	2	89,899	89,899	81,352	81,352	130,883	130,883	120,432	120,432
Dividends receivable	2	6,120	6,120	3,632	3,632	-	-	-	-
Court-ordered debt payments receivable	2	-	-	-	-	5,896	5,896	5,605	5,605
		96,019	96,019	84,984	84,984	136,779	136,779	126,037	126,037
Fair value through profit or loss:									
Interest earning bank deposits	2	458,223	458,223	105,912	105,912	636,788	636,788	260,385	260,385
Other interest earning bank deposits	2	426,598	426,598	159,067	159,067	426,598	426,598	159,067	159,067
		884,821	884,821	264,979	264,979	1,063,386	1,063,386	419,452	419,452
Liabilities:									
Measured at the amortized cost:									
Loans and financing	2	60,142	60,837	60,143	60,603	78,819	79,515	77,925	78,386
Debentures	2	298,376	290,982	299,985	302,757	354,375	350,955	358,471	364,588
Suppliers	2	54,097	54,097	50,407	50,407	82,843	82,843	75,855	75,855
Dividends and interest on own capital payable	2	18	18	3,665	3,665	18	18	3,665	3,665
Obligations with the Concession Grantor	2	1,183,618	1,534,007	949,640	1,178,446	1,322,096	1,723,487	1,075,986	1,332,112
Court-ordered debt payments payable*	2	-	-	-	-	4,717	4,717	4,484	4,484
		1,596,251	1,939,941	1,363,840	1,595,878	1,842,868	2,241,535	1,596,386	1,859,090

* The court-ordered debts are classified in the balance sheets under “Other liabilities”, under non-current liabilities.

Fair value

For financial assets without an active market or public quotation, the Company established the fair value through valuation techniques. These techniques include the use of operations contracted with third parties, and reference to other instruments that are substantially similar, the analysis of discounted cash flows and the swap pricing model that makes the greatest possible use of information generated by the market and has the minimum amount of information possible generated by the Management of the Company itself.

When applicable, the fair value of these derivatives is obtained by the model of future cash flows in accordance with the contractual rates, discounted to present value using market rates. The information used for the projections is disclosed by B3 - Brasil Bolsa Balcão, the Central Bank of Brazil, among others.

On the base date of December 31, 2020, the Company and its subsidiaries did not have any derivative operation in force.

b) Market risk

The Company's market risk management policies include, among others, development studies and economic-financial analysis evaluating the impact of different scenarios in the market positions, and reports that monitor the risks to which the Company is subject.

The Company's income is liable to changes due to effects of foreign exchange rate volatility and interest rate on financial instruments.

The Company maintains constant mapping of risks, threats and opportunities, with a basis on the projection of the scenarios and their impacts on the results. In addition, any other risk factors and the possibility of conducting hedge transactions for said risks is also analyzed.

b.1) Exchange risk and sensitivity analysis

Transactions linked to foreign currencies, mainly Euro, which closed the year ended December 31, 2020 appreciated in relation to Brazilian Real by 40.78% in relation to December 31, 2019.

The Company uses financial instruments to protect the oscillations of short-term liabilities denominated in foreign currency related to loans and financing; therefore, without speculative purposes.

In December 31, 2020, the Company and its subsidiaries did not have a derivative contract in force. Its subsidiaries have financing denominated in foreign currency and the Company considers them as the only financial instruments that may offer coverage risk.

Sensitivity analysis of changes in foreign currency

In the chart below we considered five risk scenarios for the currency indexes of these financial liabilities, whereas the probable scenario is that adopted by the Company and its subsidiaries. Scenarios II and III were estimated as an additional devaluation of 25% and 50%, for rates in the probable scenario. While scenarios IV and V have estimated additional devaluation of 25% and 50%, for the probable scenario rates.

Operation	Risk	Rate	Exposure	Consolidated Probable scenario I	Scenario II (+) 25%	Scenario III (+) 50%	Scenario IV (-) 25%	Scenario V (-) 50%
Equity balances								
Financial liabilities:								
Loans and financing	€	6.38	17,273	-	4,319	8,637	(4,319)	(8,637)
Net debt			17,273	-	4,319	8,637	(4,319)	(8,637)

(*) The amount showed refers to the nominal amount regarding the contracts in force.

b.2) Interest exposure and sensitivity analysis

The Company manages this risk considering the floating and fixed rates. These agreements are exposed to the risk of fluctuations in interest rates due to the liability of the debt referenced operations in CDI. The balance of cash and cash equivalents, indexed at CDI, neutralizes the interest rate risk.

The liability portion of payables to the concession grantor is exposure to the risk of fluctuation in the General Market Price Index (IGP-M) and Brazilian Consumer Price Index (INPC).

Balances which are exposed to practiced interest rate volatility are being presented in the “Sensitivity Analysis of interest rate changes” chart as follows:

Sensitivity analysis of changes in the interest rates

For the sensitivity analysis of changes in the interest rates, Management adopted, for the probable scenario, the rate disclosed by B3 regarding the debt operations referenced in CDI and rates accumulated in the last 12 months for liabilities linked to IPCA, IGP-M and INPC. Scenarios II and III were estimated with additional valuation of rates of 25% and 50% respectively, for the next 12 months, scenarios IV and V have estimated additional devaluation of 25% and 50%, respectively, for the next 12 months, for the rates in the probable scenario.

Operation	Risk	Rate	Exposure	Parent company Probable scenario I	Scenario II (+) 25%	Scenario III (+) 50%	Scenario IV (-) 25%	Scenario V (-) 50%
Equity balances								
Financial assets:								
Interest earning bank deposits	CDI	1.90%	458,223	8,706	10,883	13,059	6,530	4,353
Other interest earning bank deposits	CDI	1.90%	426,598	8,105	10,132	12,158	6,079	4,053
Financial liabilities:								
Loans and financing	CDI	1.90%	60,104	1,142	1,427	1,713	856	571
Debentures	CDI	1.90%	298,376	5,669	7,086	8,504	4,252	2,835
Obligations with the Concession Grantor	IGP-M	23.14%	1,175,961	272,118	340,147	408,177	204,088	136,059
Obligations with the Concession Grantor	INPC	5.45%	5,527	301	377	452	226	151
Net debt			655,147	262,419	328,022	393,629	196,813	131,210

				Consolidated				
Operation	Risk	Rate	Exposure	Probable scenario I	Scenario II (+) 25%	Scenario III (+) 50%	Scenario IV (-) 25%	Scenario V (-) 50%
Equity balances								
Financial assets:								
Interest earning bank deposits	CDI	1.90%	636,788	12,099	15,124	18,148	9,074	6,049
Other interest earning bank deposits	CDI	1.90%	426,598	8,105	10,132	12,158	6,079	4,053
Financial liabilities:								
Loans and financing	CDI	1.90%	60,104	1,142	1,427	1,713	856	571
Debentures	CDI	1.90%	298,376	5,669	7,086	8,504	4,252	2,835
Debentures	IPCA	4.52%	55,999	2,531	3,164	3,797	1,898	1,266
Obligations with the Concession Grantor	IGP-M	23.14%	1,314,439	304,162	380,202	456,242	228,121	152,081
Obligations with the Concession Grantor	INPC	5.45%	5,527	301	377	452	226	151
Net debt			671,059	293,601	367,000	440,402	220,200	146,802

c) Credit risk

The credit policies determined by Management aim to minimize any problems arising from defaults by its clients. This objective is achieved by management through the careful selection of its client portfolio that considers the ability to pay (credit analysis) and diversification (spreading risk). The consolidated allowance for doubtful accounts as at December 31, 2020, was R$12,254, representing 8.56% of the outstanding balance of accounts receivable. In December 31, 2019, this allowance was R$14,334, equivalent to 10.64%.

Moreover, aiming to minimize the credit risks linked to financial institutions, Management aims to diversify its operations in high class institutions.

	Parent company		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Assets:				
Cash and cash equivalents	460,346	108,462	643,861	266,376
Other interest earning bank deposits	426,598	159,067	426,598	159,067
Accounts receivable	89,899	81,352	130,883	120,432
Dividends receivable	6,120	3,632	-	-
Court-ordered debt payments receivable	-	-	5,896	5,605
Total	982,963	352,513	1,207,238	551,480

d) Liquidity risk

The liquidity risk represents the possibility of mismatches between the maturity dates of assets and liabilities, which could result in the inability to comply with obligations on the dates established.

The Company's general policy calls for maintaining adequate liquidity levels to ensure its ability to meet present and future obligations and make use of opportunities.

Management considers that the Company has no liquidity risk, considering their ability to generate cash and its capital structure with low participation of third party capital.

Additionally, they mechanisms are periodically analyzed aiming to raise funds to reverse positions that could affect the liquidity of the Company.

	Parent company					
	Book	Payment flow				
	balance at 12/31/2020	Expected flow	Up to 1 year	1- 3 years	3 - 5 years	5 - 30 years
Liabilities						
Loans and financing	60,142	63,089	42,493	20,596	-	-
Debentures	298,376	360,171	8,720	91,413	156,575	103,463
Suppliers	54,097	54,097	39,076	15,021	-	-
Dividends and interest on own capital payable	18	18	18	-	-	-
Obligations with the Concession Grantor	1,183,618	1,878,912	142,422	177,580	177,580	1,381,330
Total	1,596,251	2,356,287	232,729	304,610	334,155	1,484,793

	Consolidated					
	Book	Payment flow				
	Balance at 12/31/2020	Expected flow	Up to 1 year	1 - 3 years	3 - 5 years	5 - 30 years
Liabilities						
Loans and financing	78,819	83,077	48,753	31,841	2,483	-
Debentures	354,375	446,461	16,438	106,989	172,302	150,732
Suppliers	82,843	82,843	67,822	15,021	-	-
Dividends and interest on own capital payable	18	18	18	-	-	-
Obligations with the Concession Grantor	1,322,096	2,061,577	155,742	204,217	204,217	1,497,401
Court-ordered dept payments payable	4,717	4,717	-	4,717	-	-
Total	1,842,868	2,678,693	288,773	362,785	379,002	1,648,133

e) Capital management

The policy of Management is to maintain a solid capital base to maintain the confidence of investors, creditors and market and the future development of the business. The Management monitors the return on capital invested, considering the results of the economic activities of operating segments, as well as the level of dividends for the holders of common and preferred shares.

Management strives to maintain a balance between the highest possible returns with more adequate levels of loans and the advantages and the assurance afforded by a healthy capital position. The objective is to achieve a return compatible with its capital cost reviewed annually through the WACC - Weighted Average Cost of Capital concept.

The debt in relation to the capital in the year ended December 31, 2020 and 2019 is as follows:

	Parent company		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Total liabilities current and non-current	1,795,500	1,532,567	2,132,054	1,843,738
(-) Cash and cash equivalents and other investments	(886,944)	(267,529)	(1,070,459)	(425,443)
Net debt	908,556	1,265,038	1,061,595	1,418,295
Total shareholders' equity	2,097,210	1,352,384	2,097,210	1,352,384
Net debt-to-equity ratio liquid	0.43322	0.93541	0.50619	1.04874

28. NON-CASH EFFECTS

Effects in statements that did not affect the cash in the years ended December 31, 2020 and 2019, if the operation had affected the cash, it would be stated under "Cash flow" caption as follows:

	Parent company		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
(Increase) in intangible assets of obligations with the Concession Grantor	(244,789)	(77,793)	(264,286)	(96,312)
(Increase) in property, plant and equipment of lease	(2,412)	-	(20,501)	(38,314)
Investment activities' transactions	(247,201)	(77,793)	(284,787)	(134,626)

29. INSURANCE COVERAGE

In December 31, 2020, the following insurance policies were valid:

	Parent company and Consolidated		
	Coverage	Currency	Maturity
<u>Branch - Tecon Imbituba</u>			
Port Operator Insurance - SOP:			July 2021
Civil liability	20,000	US$	
Movable property and real estate	16,000	US$	
Employer Civil Liability - RCE	1,000	US$	
Civil liability - moral damages	1,000	US$	
Income loss due to blockage of berth and channel	600	US$	
Electrical damages	250	US$	
Vehicles fleet insurance (passenger vehicle):			October 2021
Hull	100% FIPE table	R$	
Personal accidents of passengers - APPs	10	R$	
Material damages to third-parties	200	R$	
Bodily injury to third-parties	200	R$	
Moral damages	50	R$	
Vehicles fleet insurance (trucks):			October 2021
Material damages to third-parties	500	R$	
Bodily injury to third-parties	500	R$	
Moral damages	100	R$	

	Parent company and Consolidated		
	Coverage	Currency	Maturity
Branch - Tecon Santos			
SOP:			July 2021
Civil liability	20,000	US$	
Movable property and real estate	17,850	US$	
RCE	1,000	US$	
Civil liability - moral damages	1,000	US$	
Transportation of goods	2,000	US$	
Passenger transportation in vessels - RC and moral damages	1,000	US$	
Income loss due to blockage of berth	4,000	US$	
Electrical damages	250	US$	
Vehicles fleet insurance (passenger vehicle):			October 2021
Hull	100% FIPE table	R$	
APPs	10	R$	
Material damages to third-parties	200	R$	
Bodily injury to third-parties	200	R$	
Moral damages	50	R$	
Branch - Saboó			
SOP:			July 2021
Civil liability	10,000	US$	
Movable property and real estate	313	US$	
RCE	1,000	US$	
Civil liability - moral damages	1,000	US$	
Transportation of goods	2,000	US$	
Passenger transportation in vessels - RC and moral damages	1,000	US$	
Revenue loss due to blockage of berth	4,000	US$	
Electrical damages	250	US$	
Santos Brasil Logistics			
SOP:			July 2021
Civil liability	20,000	US$	
Movable property and real estate	20,000	US$	
RCE	1,000	US$	
Civil liability - moral damages	1,000	US$	
Transportation of goods	2,000	US$	
Broad civil liability for CD - São Bernardo do Campo	50,000	US$	
Electrical damages	250	US$	
Broad civil liability for CD - Imigrantes	10,000	US$	
Cargo Road Transportation - RCTR-C	10,000	R$	January 2021
Cargo Robbery and Deviation - RCF-DC	10,000	R$	January 2021

	Parent company and Consolidated		
	Coverage	Currency	Maturity
Vehicles fleet insurance (trucks):			October 2021
Material damages to third-parties	500	R$	
Bodily injury to third-parties	700	R$	
Moral damages	100	R$	
Tecon Vila do Conde			
SOP:			July 2021
Civil liability	20,000	US$	
Movable property and real estate	7,600	US$	
RCE	1,000	US$	
Civil liability - moral damages	1,000	US$	
Income loss due to blockage of berth and channel	600	US$	
Electrical damages	250	US$	
Vehicles fleet insurance (passenger vehicle):			October 2021
Hull	100% FIPE table	R$	
APPs	10	R$	
Material damages to third-parties	200	R$	
Bodily injury to third-parties	200	R$	
Moral damages	50	R$	
Vehicles fleet insurance (trucks):			October 2021
Material damages to third-parties	500	R$	
Bodily injury to third-parties	500	R$	
Moral damages	100	R$	
Vehicles Terminal/TEV			
SOP:			July 2021
Civil liability	20,000	US$	
Movable property and real estate	1,000	US$	
RCE	1,000	US$	
Civil liability - moral damages	1,000	US$	
Income loss due to blockage of berth and channel	600	US$	
Electrical damages	250	US$	
Institutional			
Civil liability - Management and Directors	40,000	R$	June 2021
Civil liability - Public Offering of Securities Insurance (POSI)	60,000	R$	October 2025
Nominated Risks - Santos and São Paulo offices	4,392	R$	April 2021

30. CAPITAL COMMITMENT

In December 31, 2020, there were requests (purchase orders) linked to the future acquisition of fixed asset items in the amount of R$3,348 (R$2,084 in December 31, 2019) which are not recorded in this quarterly information.

31. DRAWEE RISK

The Company and its subsidiaries maintain agreements with partner banks to structure, with certain suppliers, transactions to advance receivables. In this operation, suppliers transfer the right to receive from securities to the Bank in exchange of the advanced receipt of the security. The Bank, on its turn, becomes a creditor of the transaction and the Company and its subsidiaries settle the obligation on the date originally agreed-upon with its supplier. This operation does not change the terms, prices and conditions formerly agreed with the supplier. In December 31, 2020, the Company and its subsidiaries had the outstanding amounts of R$5,247 (R$28 in December 31, 2019) under "Suppliers".

32. OPERATING SEGMENTS

Operating segment reporting is presented in the statements below that are part of this note, in compliance with CPC 22 - Segment Information.

The definition of operating segments and the structure of statements, follow the management model already used in monitoring the managers of business units, along with their managers and reporting to the Statutory Board; likewise they are presented at the Board of Directors' Meeting.

The accounting policies used in the segment reporting are the same used in the financial statements and consolidated, pursuant to note 3.

Operating segments

Container Port Terminals, representing the aggregation of results and capital employed business units: (a) Tecon Santos; (b) Tecon Imbituba, including TCG Imbituba; (c) Tecon Vila do Conde; and (d) Terminal Saboó, whose contexts are described in notes 1.a) and 1.d). Their activities are a port operator to load and unload container ships and bonded in the primary zone including mainly the storage of cargoes handled in their docks.

The aggregation of container port terminals is performed by units to deal with similar economic characteristics, and also similar: (a) type of production proceedings; (b) type of category of its services' clients; (c) methods used to provide services; and (d) nature of regulatory environment.

Logistics, with business units in Santos, Guarujá, São Bernardo do Campo, São Paulo and Imbituba, with operations described in note 1.b), includes also the activities of road, center distribution and transmission distribution, in synergy with the container port terminals.

Vehicles Terminal, with business unit at the Port of Santos and history described in note 1.c), comprises the activities of loading and unloading of vehicles on ships of the trade flow of export and import activities patio, especially customs warehousing.

Statements

Statement of Income to the EBITDA - (Income before interest, taxes, depreciation and amortization EBITDA), representing the performance of operating units, portrayed by ledger accounts under the direct management of the administrators. In this statement, is also presented the Earnings Before Interest and Taxes - EBIT.

Statement of Employed Capital, representing the financial accounts of the operating assets, net of liabilities related to the claims of the operation, under the direct management of the directors of the units.

In addition to the information of the operating segments are highlighted in its own column in the statements, the information of institutional activities that cannot be allocated to operating segments, i.e., related values: (a) central administration; (b) financial management; and (c) to direct income taxes.

The quoted statements for the years referred to in these financial statements are as follow:

Consolidated statement of income by operating segment - December 31, 2020

Accounts	Port Terminals	Logistics	Vehicles Terminal	Institutional	Eliminations	Consolidated
Gross operating income	770,349	277,643	50,068	-	(10,953)	1,087,107
Deductions from income	(99,461)	(51,610)	(7,487)	-	1,014	(157,544)
Net operating income	670,888	226,033	42,581	-	(9,939)	929,563
Cost of services income	(527,226)	(158,243)	(33,082)	-	9,939	(708,612)
Variable / fixed costs	(411,574)	(141,512)	(17,000)	-	9,939	(560,147)
Depreciation / amortization	(115,652)	(16,731)	(16,082)	-	-	(148,465)
Gross income	143,662	67,790	9,499	-	-	220,951
Operating expenses	(50,211)	(68,573)	(3,333)	(39,303)	-	(161,420)
Sales expenses	(38,302)	(63,376)	(2,450)	-	-	(104,128)
General and administrative expenses	(32,870)	(7,272)	(963)	(39,285)	-	(80,390)
Depreciation / amortization	(239)	(78)	-	(3,581)	-	(3,898)
Other	21,200	2,153	80	3,563	-	26,996
EBIT	93,451	(783)	6,166	(39,303)	-	59,531
Depreciation / amortization	115,891	16,809	16,082	3,581	-	152,363
EBITDA	209,342	16,026	22,248	(35,722)	-	211,894
Financial income (loss)	-	-	-	(77,194)	-	(77,194)
Equity in net income of subsidiaries	-	-	-	23,590	(23,590)	-
Income tax and social contribution	-	-	-	3,902	-	3,902
Net loss	N/A	N/A	N/A	N/A	N/A	(13,761)

Consolidated statement of income by operating segment - December 31, 2019

Accounts	Port Terminals	Logistics	Vehicles Terminal	Institutional	Eliminations	Consolidated
Gross operating revenue	788,275	292,092	64,745	-	(9,833)	1,135,279
Deductions from revenue	(97,520)	(54,881)	(11,201)	-	917	(162,685)
Net operating revenue	690,755	237,211	53,544	-	(8,916)	972,594
Cost of services rendered	(532,000)	(166,755)	(32,729)	-	8,916	(722,568)
Variable / fixed costs	(431,937)	(150,305)	(17,368)	-	8,916	(590,694)
Depreciation / amortization	(100,063)	(16,450)	(15,361)	-	-	(131,874)
Gross income	158,755	70,456	20,815	-	-	250,026
Operating expenses	(52,538)	(70,347)	(3,246)	(37,910)	-	(164,041)
Sales expenses	(41,024)	(64,146)	(2,542)	-	-	(107,712)
General and administrative expenses	(34,808)	(7,445)	(736)	(36,108)	-	(79,097)
Depreciation / amortization	(118)	(71)	-	(3,587)	-	(3,776)
Other	23,412	1,315	32	1,785	-	26,544
EBIT	106,217	109	17,569	(37,910)	-	85,985
Depreciation / amortization	100,181	16,521	15,361	3,587	-	135,650
EBITDA	206,398	16,630	32,930	(34,323)	-	221,635
Financial income (loss)	-	-	-	(60,989)	-	(60,989)
Equity in net income of subsidiaries	-	-	-	34,819	(34,819)	-
Income tax and social contribution	-	-	-	(9,621)	-	(9,621)
Net income	N/A	N/A	N/A	N/A	N/A	15,375

In December 31, 2020, the revenues from a client of the Port Terminal segment represented R$98,204 (R$129,637 on December 31, 2019), representing 12.7% of total consolidated gross revenue.

Consolidated statement of capital invested per operating segment - December 31, 2020

Accounts	Port Terminals	Logistics	Vehicles Terminal	Institutional	Eliminations	Consolidated
Invested capital						
Current assets	131,090	26,675	8,378	1,075,552	(2,579)	1,239,116
Cash and cash equivalents	-	-	-	643,861	-	643,861
Other interest earning bank deposits	-	-	-	426,598	-	426,598
Other	131,090	26,675	8,378	5,093	(2,579)	168,657
Non-current assets	2,367,288	170,539	225,475	631,523	(404,677)	2,990,148
Other	297,978	6,273	27	112,053	-	416,331
Investment	-	-	-	404,677	(404,677)	-
Property, plant and equipment	73,473	123,672	682	36,308	-	234,135
Intangible assets	1,995,837	40,594	224,766	78,485	-	2,339,682
Current liabilities	(91,336)	(31,700)	(3,011)	(6,654)	2,579	(130,122)
Suppliers	(45,624)	(21,580)	(1,833)	(263)	1,478	(67,822)
Other	(45,712)	(10,120)	(1,178)	(6,391)	1,101	(62,300)
Non-current liabilities	(107,822)	(6,514)	(117)	(13,320)	-	(127,773)
Suppliers	(15,021)	-	-	-	-	(15,021)
Provision to tax, labor, civil risks	(34,965)	(6,514)	(117)	(112)	-	(41,708)
Other	(57,836)	-	-	(13,208)	-	(71,044)
Total	2,299,220	159,000	230,725	1,687,101	(404,677)	3,971,369

Capital sources

Current liabilities	-	-	-	-	-	166,264
Loans and financing	-	-	-	-	-	53,420
Dividends / Interest on own capital payable	-	-	-	-	-	18
Obligations with the Concession Grantor	-	-	-	-	-	104,239
Leases	-	-	-	-	-	8,587
Non-current liabilities	-	-	-	-	-	1,707,895
Loans and financing	-	-	-	-	-	379,774
Obligations with the Concession Grantor	-	-	-	-	-	1,217,857
Leases	-	-	-	-	-	33,770
Actuarial liability	-	-	-	-	-	76,494
Shareholders' equity	-	-	-	-	-	2,097,210
Shareholders' equity	-	-	-	-	-	2,122,613
Actuarial liability	-	-	-	-	-	(25,403)
Total	N/A	N/A	N/A	N/A	N/A	3,971,369

Consolidated statement of capital invested per operating segment - December 31, 2019

Accounts	Port Terminals	Logistics	Vehicles Terminal	Institutional	Eliminations	Consolidated
Invested capital						
Current assets	134,040	22,959	9,505	433,824	(2,293)	598,035
Cash and cash equivalents	-	-	-	266,376	-	266,376
Other interest earning bank deposits	-	-	-	159,067	-	159,067
Other	134,040	22,959	9,505	8,381	(2,293)	172,592
Non-current assets	1,995,386	163,644	230,363	607,154	(398,460)	2,598,087
Other	277,126	7,243	26	92,471	-	376,866
Investment	-	-	-	398,460	(398,460)	-
Property, plant and equipment	68,589	116,453	762	34,251	-	220,055
Intangible assets	1,649,671	39,948	229,575	81,972	-	2,001,166
Current liabilities	(76,511)	(28,225)	(3,096)	(3,463)	2,293	(109,002)
Suppliers	(40,683)	(19,221)	(2,113)	(75)	1,258	(60,834)
Other	(35,828)	(9,004)	(983)	(3,388)	1,035	(48,168)
Non-current liabilities	(98,404)	(7,456)	(114)	(14,217)	-	(120,191)
Suppliers	(15,021)	-	-	-	-	(15,021)
Provision to tax, labor, civil risks	(29,811)	(7,456)	(114)	(112)	-	(37,493)
Other	(53,572)	-	-	(14,105)	-	(67,677)
Total	1,954,511	150,922	236,658	1,023,298	(398,460)	2,966,929

Accounts	Port Terminals	Logistics	Vehicles Terminal	Institutional	Eliminations	Consolidated
Capital sources						
Current liabilities	-	-	-	-	-	126,710
Loans and financing	-	-	-	-	-	54,076
Dividends / Interest on own capital payable	-	-	-	-	-	3,665
Obligations with the Concession Grantor	-	-	-	-	-	60,139
Leases	-	-	-	-	-	8,830
Non-current liabilities	-	-	-	-	-	1,487,835
Loans and financing	-	-	-	-	-	382,320
Obligations with the Concession Grantor	-	-	-	-	-	1,015,847
Leases	-	-	-	-	-	22,075
Actuarial liability	-	-	-	-	-	67,593
Shareholders' equity	-	-	-	-	-	1,352,384
Shareholders' equity	-	-	-	-	-	1,376,707
Actuarial liability	-	-	-	-	-	(24,323)
Total	N/A	N/A	N/A	N/A	N/A	2,966,929

33. SUBSEQUENT EVENT

Simplified Selection Process Notice No.02/2020 - Saboó area 64,412 m^2

On January 18, 2021, the Company's offer to provisionally explore an area of 64,412 m^2 on the Saboó quay, on the right bank of the Port of Santos was considered the most advantageous for the Port of Santos and, therefore, the best ranked.

This involves the temporary exploration for 180 days, where the Company will handle empty containers, in addition to general and project cargo, reinforcing its presence in the Port of Santos and expanding the services offered to its current and potential customer base, on the right bank of the port, where already operates an area of 42,000 m^2 also in the Saboó quay.

The Company is awaiting the legal process of conclusion of the selection process for signing the contract.

Board of Directors

Verônica Valente Dantas (President)
Maria Amalia Delfim de Melo Coutrim (Vice-president)
Valdecyr Maciel Gomes (Independent)
Eduardo de Britto Pereira de Azevedo (Independent)
Luiz Sergio Fisher de Castro (Independent)
José Luis Bringel Vidal (Independent)
Felipe Villela Dias (Independent)

Executive Board

Antonio Carlos Duarte Sepúlveda - Chief Executive Officer and Chief Operating Officer
Daniel Pedreira Dorea - Economic-Financial Director of Finances and Relations with Investors
Ricardo dos Santos Buteri - Commercial Director

Tax Council

Gilberto Braga (President)
Leonardo Guimarães Pinto
Luis Fernando Moran de Oliveira

Thiago Otero Vasques - CRC 1 SP 238735/O-0
Accountant

Santos Brasil Participações S.A.

Attachment to the financial statements

In compliance with the provisions of article 25, first paragraph, of CVM Instruction 480/09

Contents

<u>FISCAL COUNCIL’S OPINION</u>

THE FISCAL COUNCIL of SANTOS BRASIL PARTICIPAÇÕES S.A., using its powers granted by law and the Bylaws of the Company, pursuant to article 163 of Federal Law No. 6404/1976, examined the annual management report, the financial statements and the management proposal for the allocation of the results for the year, all of which pertaining to the fiscal year ended on **December 31, 2020**. Based on the documents examined, analyses made and clarifications provided by the Company’s representative, as well as the Independent Auditor's Report on the Separate and Consolidated Financial Statements, prepared by KPMG Auditores Independentes, the FISCAL COUNCIL unanimously decided that said documents are in fair conditions to be submitted to the Shareholders Meeting for consideration and recommended their approval.

São Paulo, February 25, 2021.

Gilberto Braga
Chairman and Member of the Fiscal Council

Leonardo Guimarães Pinto
Member of the Fiscal Council

Luis Fernando Moran de Oliveira
Member of the Fiscal Council

STATEMENT

In compliance withthe provisions of Article 25, sub-item item VI, of CVM Instruction No. 480 dated December 7, 2009, the Chief Executive Officer and Economic-Financial Director of Finances and Relations with Investors of SANTOS BRASIL PARTICIPAÇÕES S.A., an incorporated publicly-held corporation, enrolled with the CNPJ (Corporate Taxpayer's Registry) No. 02.762.121/0001-04, with headquarters at Street Joaquim Floriano, No. 413, 10º floor, São Paulo, SP hereby state that they reviewed, discussed, and agree with the presented financial statements.

São Paulo, February 25, 2021.

Antonio Carlos Duarte Sepúlveda
Chief Executive Officer and
Chief Operations Officer

Daniel Pedreira Dorea
Economic-Financial Director of Finances
and Relations with Investors

R. Dr. Eduardo de Souza Aranha - nº 387 - 2º andar Tel. +55 (11) 3279-3279
São Paulo - SP - Brasil
04543-121 www.santosbrasil.com.br

STATEMENT

In compliance with the provisions of Article 25, sub-item item V, of CVM Instruction nº 480 of December 7, 2009, the Chief Executive Officer and the Economic- Financial Director of Finances and Relations with Investors of SANTOS BRASIL PARTICIPAÇÕES S.A., an incorporated publicly-held corporation enrolled with the CNPJ (Corporate Taxpayer’s Registry) No. 02.762.121/0001-04, with headquartered at Street Joaquim Floriano, No. 413, 10º floor, São Paulo, SP hereby state that they reviewed, discussed and agree with the opinions expressed in independent auditors' report.

São Paulo, February 25, 2021.

Antonio Carlos Duarte Sepúlveda
Chief Executive Officer and
Chief Operations Officer

Daniel Pedreira Dorea
Economic-Financial Director of Finances
and Relations with Investors

R. Dr. Eduardo de Souza Aranha - nº 387 - 2º andar Tel. +55 (11) 3279-3279
São Paulo - SP - Brasil
04543-121 www.santosbrasil.com.br