Porto do Açu Operações S.A.

Financial statements
December 31, 2020 and 2019

KPDS 797175

Contents

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Independent Auditors' report on the Individual and Consolidated Financial Statements

(A free translation of the original report in Portuguese, prepared in accordance with the accounting practices adopted in Brazil and the International Financial Reporting Standards - IFRS

To the Board of Directors and Management
Porto do Açu Operações S.A.
Rio de Janeiro – RJ

Opinion

We have audited the individual and consolidated financial statements of Porto do Açu Operações S.A. ("Company"), identified as Parent Company and Consolidated, respectively, which comprise the individual and consolidated balance sheet as of December 31, 2020, the statements of operations and other comprehensive loss, changes in shareholder´s equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

Opinion on the individual financial statements

In our opinion, the accompanying individual financial statements present fairly, in all material respects, the financial position of Porto do Açu Operações S.A. as of December 31, 2020, and its financial performance and of its cash flows for the year then ended, in accordance with Accounting Practices Adopted in Brazil.

Opinion on the consolidated financial statements

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Porto do Açu Operações S.A., as of December 31, 2020, and its consolidated financial performance and its cash flows for the year then ended in accordance with Accounting Practices Adopted in Brazil and with International Financial Reporting Standards (IFRS) issued by the *International Accounting Standards Board (IASB).*

Basis for opinion

We conducted our audit in accordance with International and Brazilian Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of individual and consolidated financial statements" section of our report. We are independent of the Company and its subsidiaries in accordance with the relevant ethical requirements included in Accountant Professional Code of Ethics ("Código de Ética Profissional do Contador") and in the professional standards issued by the Brazilian Federal Accounting Council ("Conselho Federal de Contabilidade") 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 audit opinion.

Key audit matters

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.

1 - Impairment of investment property and of property, plant and equipment

See notes 16 and 17 to the individual and consolidated financial statements

Key audit matter	How the matter was addressed in our audit
The Company tested its cash generating units ("CGUs") for impairment, and to calculate their recoverable value used the discounted cash flow method, according to economic and financial projections. Due to the uncertainties inherent in cash flow projections, to the estimates to determine asset recovery capacity, such as discount rate, forecast economic growth and cost inflation rate used to determine the value in use of assets and the net fair value of selling expenses, and to the complexity of procedures, which requires a significant level of judgment by the Company to determine accounting estimates and can have an impact on the values of those assets in the individual and consolidated financial statements, we considered this to be a key audit matter.	Our audit procedures in this area included, among others: - Obtaining an understanding of the preparation and review of the business plans and impairment tests made available by the Company's management. - Evaluating, with the support of our corporate finance experts, the assumptions used and the methodologies adopted for preparing the discounted cash flow model, such as forecast economic growth for the industry, cost inflation and discount rates, checking them against data obtained from external sources, and preparing a sensitivity analysis. - Examining the accounts of the economic models of future cash flows and estimated results, and checking them against accounting information, managerial reports and the business plans approved by the Board of Directors. - We also assessed whether disclosures in the individual and consolidated financial statements consider relevant information with respect to testing value in use and comparing it with fair value. - According to the evidence obtained by applying the procedures summarized above, we considered that the balances of recoverable investment property and of property, plant and equipment are acceptable in the context of the individual and consolidated financial statements for the year ended December 31, 2020 taken as a whole.

Responsibilities of management for the individual and consolidated financial statements

Management is responsible for the preparation and fair presentation of the individual financial statements in accordance with accounting practices adopted in Brazil 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 unless management either intends to liquidate the Company and subsidiaries or to cease operations, or has no realistic alternative but to do so.

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 Brazilian and international standards on auditing 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 in accordance with Brazilian and international standards on auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of 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 internal control 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 and its subsidiaries internal control.

- 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 and its subsidiaries 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 and subsidiaries to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the 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 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 management 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year 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.

Rio de Janeiro, March 12, 2021

KPMG Auditores Independentes
CRC SP-014428/O-6 F-RJ
(Original report in Portuguese signed by)
Juliana Ribeiro de Oliveira
CRC RJ-095335/O-0

Statements of financial position as of December 31 December 31, 2020 and 2019
(In thousands of reais)

	Note	Parent company 2020	Parent company 2019	Consolidated 2020	Consolidated 2019
Assets					
Current					
Cash and cash equivalents	6	90,093	22,383	103,158	29,756
Securities	6	-	6	-	3,431
Restricted cash	6	224,957	5,668	224,957	5,668
Escrow account	7	894	1,045	895	1,059
Receivables	8	18,669	26,824	18,587	27,719
Other receivables	21	2,955	7,979	2,322	7,642
Recoverable taxes	9	6,019	1,935	6,648	2,767
Income taxes and contributions recoverable	9	-	-	260	750
Third-party receivables	14	395	168	395	168
Other		1,862	2,040	1,826	1,854
Total current assets		**345,844**	**68,048**	**359,048**	**80,814**
Noncurrent					
Escrow account	7	3,100	3,676	3,100	3,676
Receivables	8	97,730	73,152	97,730	73,152
Credits receivable	21	533,660	582,696	533,660	582,696
Debentures	13	659,393	659,393	659,393	659,393
Third-party receivables	14	80,031	80,031	80,031	80,031
Returnable down payments	11	55,239	52,491	55,239	52,491
Judicial deposits	12	10,070	25,128	10,070	25,128
Recoverable taxes	9	4,639	4,627	4,639	4,627
Deferred taxes	10	11,791	40,676	11,816	40,727
Investments in subsidiaries	15	102,337	103,403	-	-
Investment property	16	447,067	441,029	526,931	520,893
Property, plant and equipment	17	2,917,018	3,023,006	2,929,130	3,034,090
Intangible assets	18	7,326	6,010	7,427	6,107
Deferred	19	23,773	29,843	-	-
Right-of-use	20	7,594	1,931	7,594	1,931
Total non-current assets		**4,960,768**	**5,127,092**	**4,926,760**	**5,084,942**
Total assets		**5,306,612**	**5,195,140**	**5,285,808**	**5,165,756**

The notes are an integral part of these financial statements.

Statements of financial position as of December 31 December 31, 2020 and 2019
(In thousands of reais)

		Parent company		Consolidated	
	Note	2020	2019	2020	2019
Liabilities					
Current					
Trade payables	24	23,170	29,079	24,597	29,586
Loans, financings and debentures	22	213,199	469,648	213,199	469,648
Lease liabilities	20	1,353	962	1,353	962
Salaries and charges payable		22,249	18,445	22,379	18,570
Other financial liabilities	21	4,378	7,549	4,326	6,419
Advances from customers		2,395	2,391	2,471	2,391
Income and social contribution taxes payable	23	-	-	232	618
Other payable taxes and contributions	23	1,974	2,253	2,056	2,266
Other		-	81	2	81
Total current liabilities		**268,718**	**530,408**	**270,615**	**530,541**
Noncurrent					
Trade payables	24	15,906	12,156	16,131	12,156
Taxes and contributions payable	23	114	8,870	114	8,870
Loans, financings and debentures	22	4,898,746	4,631,655	4,898,746	4,631,655
Lease liabilities	20	6,628	1,064	6,628	1,064
Liabilities towards third parties	14	22,346	21,498	22,828	21,982
Advances from customers		17,937	20,276	17,937	20,276
Provision for devaluation of investments	15	736	710	-	-
Provision for contingencies	25	6,508	5,656	6,508	5,656
Total non-current liabilities		**4,968,921**	**4,701,885**	**4,968,892**	**4,701,659**
Equity	26				
Share capital		2,934,929	2,085,348	2,934,929	2,085,348
Capital reserves		412,742	611,196	412,742	611,196
Accumulated losses		(3,278,698)	(2,733,697)	(3,301,541)	(2,763,159)
Equity attributable to owners of the Company		**68,973**	**(37,153)**	**46,130**	**(66,615)**
NCI		-	-	171	171
Total equity		**68,973**	**(37,153)**	**46,301**	**(66,444)**
Total liabilities and equity		**5,306,612**	**5,195,140**	**5,285,808**	**5,165,756**

The notes are an integral part of these financial statements.

Statements of profit or loss
Years ended December 31, 2020 and 2019
(In thousands of reais)

		Parent company		Consolidated	
	Note	2020	2019	2020	2019
Net service fee income	27	209,548	214,984	214,126	219,379
Cost of services	28	(169,881)	(154,280)	(169,581)	(154,166)
Gross profit		**39,667**	**60,704**	**44,545**	**65,213**
Operating revenue (expenses)					
Administrative expenses	29	(108,943)	(91,349)	(104,669)	(86,479)
Reversal of (provision for) asset impairment	16 and 17	-	3,609	-	(32,303)
Reversal of the provision for losses - returnable down payments	11	6,229	43,555	6,229	43,555
Reversal of (allowance for) doubtful accounts	6, 7 and 8	(19,677)	157	(19,596)	117
Other income (expenses)		12,210	1,864	10,533	1,135
Earnings before financial income/loss, equity income and tax		**(70,514)**	**18,540**	**(62,958)**	**(8,762)**
Finance revenue		51,809	63,413	52,070	64,080
Finance costs		(496,589)	(572,134)	(498,300)	(574,145)
Finance income (costs)	30	**(444,780)**	**(508,721)**	**(446,230)**	**(510,065)**
Share of profit (loss) of equity-accounted investees	15	(822)	169	-	-
Profit (loss) before taxes		**(516,116)**	**(490,012)**	**(509,188)**	**(518,827)**
Current income and social contribution taxes	23	-	-	(284)	(667)
Deferred income and social contribution taxes	23	(28,885)	2,338	(28,910)	2,358
Net loss for the year		**(545,001)**	**(487,674)**	**(538,382)**	**(517,136)**
Income attributable to:					
Owners of the company		(545,001)	(487,674)	(538,382)	(517,136)
Noncontrolling shareholders		-	-	-	-
Earnings (loss) per share		(0.17585)	(0.23386)	(0.17360)	(0.24799)

The notes are an integral part of these financial statements.

Statements of comprehensive income
Years ended December 31, 2020 and 2019
(In thousands of reais)

	Parent company		Consolidated	
	2020	**2019**	**2020**	**2019**
Net loss for the year	(545,001)	(487,674)	(538,382)	(517,136)
Total comprehensive income for the year	**(545,001)**	**(487,674)**	**(538,382)**	**(517,136)**
Income attributable to:				
Owners of the company	(545,001)	(487,674)	(538,382)	(517,136)
Noncontrolling shareholders	-	-	-	-

The notes are an integral part of these financial statements.

Statements of changes in equity
Years ended December 31, 2020 and 2019
(In thousands of reais)

	Share capital	Capital Reserve	Advance for future capital increase	Stock options awarded	Percentage variance in interest in investees	Accumulated losses	Equity - parent company	IFRS Adjustments (*)	Total equity	NCI	Total equity
Balance at 1 January 2019	**2,061,053**	**8,081**	**-**	**1,370**	**107**	**(2,246,023)**	**(175,412)**	**-**	**(175,412)**	**171**	**(175,241)**
Net loss for the year	-	-	-	-	-	(487,674)	**(487,674)**	(29,462)	**(517,136)**	-	**(517,136)**
Capital increase	24,295	-	-	-	-	-	**24,295**	-	**24,295**	-	**24,295**
Capital reserve	-	12,058	-	-	-	-	**12,058**	-	**12,058**	-	**12,058**
Advance for future capital increase	-	-	589,580	-	-	-	**589,580**	-	**589,580**	-	**589,580**
Balance as of December 31, 2019	**2,085,348**	**20,139**	**589,580**	**1,370**	**107**	**(2,733,697)**	**(37,153)**	**(29,462)**	**(66,615)**	**171**	**(66,444)**
Net loss for the year	-	-	-	-	-	(545,001)	**(545.001)**	6,619	**(538,382)**	-	**(538,382)**
Advance for future capital increase	-	-	651,129	-	-	-	**651,129**	-	**651,129**	-	**651,129**
Capital increase	849,581	-	(849,581)	-	-	**-**	**-**	-	**-**	-	**-**
Percentage variance in interest in investees	-	-	-	-	(2)	**-**	**(2)**	-	**(2)**	-	**(2)**
Balance as of December 31, 2020	**2,934,929**	**20,139**	**391,128**	**1,370**	**105**	**(3,278,698)**	**68,973**	**(22,843)**	**46,130**	**171**	**46,301**

(*) – see note 3.a.

The notes are an integral part of these financial statements.

Statements of cash flows
Years ended December 31, 2020 and 2019
(In thousands of reais)

	Parent company		Consolidated	
	2020	2019	2020	2019
Cash flows from operating activities				
Loss before tax	(516,116)	(490,012)	(509,188)	(518,827)
Expenses (income) not affecting cash:				
Depreciation and amortization	129,016	115,210	123,050	109,178
Amortization of right-of-use	2,363	965	2,363	965
Reversal of the provision for impairment	-	(3,609)	-	32,303
Write-off of assets	7,154	10,114	8,399	10,115
Share of profit (loss) of equity-accounted investees	822	(169)	-	-
Exchange and monetary variance and interest not paid/realized	411,186	479,681	412,735	479,568
Amortization of transaction costs	18,631	17,966	18,631	17,966
Reversal of the provision for losses on returnable down payments	(6,229)	(43,555)	(6,229)	(43,555)
Allowance for (reversal of) doubtful accounts	19,677	(157)	19,596	(117)
Provision for (reversal of) bonuses	17,095	13,704	17,167	13,762
Provision for contingencies	852	(1,476)	852	(1,476)
	84,451	**98,662**	**87,376**	**99,882**
(Increase) decrease in assets and increase (decrease) in liabilities:				
Receivables	(36,094)	(18,277)	(35,042)	(9,967)
Recoverable taxes	(29,395)	(11,873)	(29,531)	(12,017)
IR and CSLL recoverable	-	-	490	578
Escrow account	727	46	740	52
Returnable down payments	6,838	8,500	6,838	8,500
Other financial assets	(1,181)	1,324	(885)	1,629
Other receivables	248	305	62	(216)
Trade payables	(2,158)	8,163	(1,018)	8,435
Taxes and contributions payable	16,530	34,017	16,322	32,605
Salaries and charges payable	(13,291)	(11,514)	(13,358)	(11,550)
Other financial liabilities	(3,171)	929	(2,093)	617
Advances from customers	(2,335)	(1,955)	(2,259)	(1,955)
Other	767	-	768	(1)
Net cash provided by operating activities	**21,936**	**108,327**	**28,410**	**116,592**
Cash flows produced by investment activities				
Acquisition of PPE	(20,491)	(108,262)	(22,866)	(108,848)
Acquisition of intangible assets	(1,526)	(1,641)	(1,533)	(1,641)
Securities	6	6,646	3,431	7,889
Acquisition of investment property	(868)	-	(868)	-
Dividends received	600	2,401	-	-
Advance for future capital increase in subsidiary	(250)	(450)	-	-
Capital increase by subsidiary	(127)	(1,170)	-	-
Capital decrease at subsidiary	-	7,400	-	-
Loans received from related parties	102,200	10,001	102,200	10,001
Net cash provided by (used) in investment activities	**79,544**	**(85,075)**	**80,364**	**(92,599)**
Cash flows from financing activities				
Capital increase	260,001	24,295	260,001	24,295
Capital reserve increase	-	12,058	-	12,058
Advance for future capital increase	391,128	80,000	391,128	80,000
Loans settled with third parties	(109,051)	(112,169)	(109,051)	(112,169)
Transaction costs	(55,819)	(4,341)	(55,819)	(4,341)
Interest paid	(298,218)	(50,317)	(298,218)	(50,317)
Restricted cash	(219,289)	(5,668)	(219,289)	(5,668)
Lease liability	(2,522)	(869)	(4,124)	(869)
Net cash used in financing activities	**(33,770)**	**(57,011)**	**(35,372)**	**(57,011)**
Increase (decrease) in cash and cash equivalents	**67,710**	**(33,759)**	**73,402**	**(33,018)**
Cash and cash equivalents at beginning of year	22,383	56,142	29,756	62,774
Cash and cash equivalents at end of year	90,093	22,383	103,158	29,756
Increase (decrease) in cash and cash equivalents	**67,710**	**(33,759)**	**73,402**	**(33,018)**

The notes are an integral part of these financial statements.

(In thousands of Reais, unless stated otherwise)

1 Reporting entity

Porto do Açu Operações S.A. ("Porto do Açu" or "Company") is located at the address Rua do Russel, 804, 5º andar, Glória, Rio de Janeiro. It was incorporated on April 11, 2007 to develop and operate integrated infrastructure and logistics activities primarily in the port sector, by way of Porto do Açu, which is located on the northern coast of Rio de Janeiro state, in the municipality of São João da Barra, 45 km from the city of Campos dos Goytacazes. It is strategically located some 150 km from the Campos oil basin. It is a private, mixed-use Port designed for the port industry and has been operating since October 2014. The Company is a subsidiary of Prumo Logística S.A. ("Prumo").

2 Licenses and permits

Licenses and permits in force and obtained as of December 31, 2020:

Company	Description	Document	Date of issuance	Term
Açu Port (*)	Approving the design and location of the common usage structures and the São João da Barra Industrial District (DISJB), including: a railway network, microdrainage network, network of macro drainage channels, implementation of the Campos-Açu channel in the Quitingute - UCN section, electricity grid, intake structure for water from Rio Paraíba do Sul and water pipeline, sanitary sewage system with the collection, treatment and final disposal via underwater effluent outlets, land and underwater effluent system, landscaping and landfill, division of property into lots and roads, urban and landscaping plans. (*)	LP IN021311 AVB002637	10/30/2012	10/30/2017
Açu Port (*)	Authorization to extract raw water through tubular wells, for industrial use (concrete plant) and other uses (to spray on roads), in the Hydrographic Basin RH-IX – Baixo Paraíba do Sul.	OUT IN022389	02/04/2013	02/04/2018
Porto do Açu	Operating License which authorities the operation of the T-Mult dedicated to handling solid bulk (coal/coke and bauxite) and general cargo (granite blocks, containers and project cargo).	LO IN034002 AVB003515	04/15/2016	04/15/2023
Açu Port (*)	Approved the design and location of the South Terminal. (*)	LT IN018985	02/16/2012	02/16/2015
Porto do Açu	Authorization to extract raw water through 02 (two) tubular wells, for industrial use (cooling system, sprinkling of coal and coke piles, manufacturing of drilling sludge) and other (cleaning premises).	OUT IN028801	11/13/2014	11/13/2019
Porto do Açu	Authorization to extract raw water through tubular wells, for industrial use and other uses in the Hydrographic Basin RH-IX – Baixo Paraíba do Sul and Itabapoana.	OUT IN038837	03/02/2017	03/02/2022
Açu Port (*)	Preliminary and construction license which approved the design, location and implementation of a mooring peer for a flexible liquefied natural gas transfer unit. This license was extended by AVB002868. This AVB contained a material error and is being duly corrected at INEA.	LPI IN021739 AVB002714 AVB002868	12/10/2012	12/10/2018

(In thousands of Reais, unless stated otherwise)

Company	Description	Document	Date of issuance	Term
Porto do Açu	Construction License LI IN042068 approving the creation of a navigation channel consisting of an offshore approach channel and onshore mooring channel, and implementation of the wharfline structures, current guides and peer.	LI IN042068 AVB 003786	11/13/2017	11/13/2021
Açu Port (*)	Preliminary Construction License approving the design, location and implementation of two deposits (2 and 7) of the onshore support for the disposal of material dredged from the approach channel to the Shipbuilding Yard - UCN, with clearance of 14.11 ha of *restinga* vegetation and felling of exotic vegetation in an area of 2.67 ha covered by hedges of the species Euphorbia tirucalli, located at Rodovia RJ 240 – Açu, Distrito Industrial, São João da Barra.	LPI IN030901	06/29/2015	06/29/2018
Açu Port (*)	Authorizes the extraction of groundwater for human consumption and hygiene and irrigation. (*)	OUT IN001541	03/23/2010	03/22/2015
Pedreira Sapucaia (*)	Implementation of granite mineral extraction and crushing activities for use in civil construction, at a reserve inserted in 2 polygons totaling 73.05 hectares, DNPM processes 890.220/11 and 890.187/11, with an effective extraction front of 19.89 ha, geo-referenced at the UTM coordinates (WGS 84) 24K 242.828 m E and 7.602.575 m N. The ore will be processed at two crushing centers, with a total capacity of 600 t/h. (*)	LPI IN018049 AVB001088	11/04/2011	11/04/2014
Pedreira Sapucaia (*)	The extraction of granite blocks for use in civil construction, on a mining front of 5.06 ha located in an area of 21.8 ha. (*)	LO IN016484 AVB001187 AVB001426	05/02/2011	05/02/2016
Environmental Reserve	Certificate attesting there is no need for a license for consultancy services entailing the preparation and delivery of the forestry reforestation, restoration and recovery project.	CA IN022772	03/26/2013	Indefinite
Porto do Açu	Approves the legal reserve area in SJB property deed 7,096.	CA IN018822	01/27/2012	Indefinite
Porto do Açu	Approves the legal reserve area in SJB property deed 4,812.	CA IN018820	01/27/2012	Indefinite
Porto do Açu	Environmental permit permitting the anchoring of offshore vessels and platforms at T2 and the mooring thereof in the north and south moles of this terminal.	AA IN050670	11/25/2019	11/25/2021
Environmental Reserve	It provides authorization for all captured animals to be released immediately after collecting data at the capture site, and for any animals found dead or that are killed during wildlife survey activities to be delivered to a depositary research institution and used for scientific purposes.	CA AA IN003190	04/05/2019	04/05/2021
Porto do Açu	A license has been issued for siting, installing and operating a fuel depot with three 30m³ overhead tanks.	LAS IN046935	10/29/2018	10/29/2023

(In thousands of Reais, unless stated otherwise)

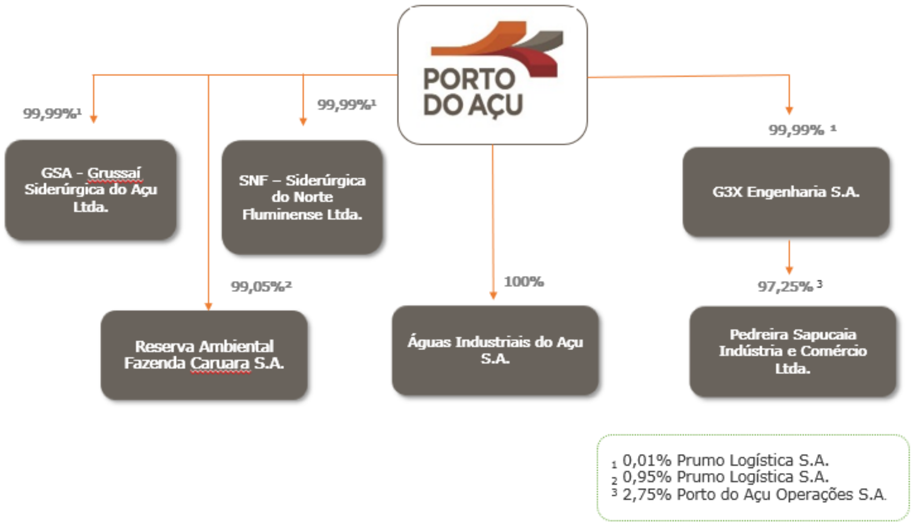
Company	Description	Document	Date of issuance	Term
Águas Industriais	License issued for drilling a cased well approximately 250 meters deep to withdraw raw water from a sedimentary aquifer as plant water.	LAS IN003607	06/12/2019	06/12/2020
Porto do Açu	To implement the Southern Terminal, a port plant designed to handle cargo and products for import and export (general and solid and liquid bulk and project cargo), with clearance of 0.7 ha of eucalyptus native vegetation in the intervention area, and the capture, transportation and monitoring of wild fauna.	LI IN050940 replacing LI IN023176	01/13/2020	01/13/2024
Porto do Açu	License to implement the LT-345 kV Transmission Line and OSX 345 kV Substation Complex (SE), with a length of 7 km and an easement of 50 meters.	LI IN051690 replacing LI IN050586	10/05/2020	11/04/2025
Porto do Açu	Construction license which authorizes the implementation of a logistics yard, consisting of solid bulk yards, yards for storing ornamental rocks, steel products, containers and support infrastructure, access roads and the distribution of cargo and utilities systems.	LI IN051258 replacing LI IN030949	04/28/2020	04/27/2026
Porto do Açu	Approves the design, location and implementation of infrastructure in the Southern Terminal (TSUL), consisting of road surfacing, buildings in the main entrance, laying of drainage and water distribution grids at Fazenda Saco Dantas.	LI IN006287 replacing LI IN028199	04/30/2020	04/30/2026
Porto do Açu	Preventive permission to use water resources owned by the government from the Paraíba do Sul river, with intake in São João da Barra.	ANA Permit 2.504	12/15/2020	12/17/2023
Porto do Açu	Preventive permission to use water resources owned by the government from the Paraíba do Sul river, with intake in São João da Barra.	ANA Permit 2.505	12/15/2020	12/17/2023

(*) Licenses in the process of being renewed. Note that the automatic extension of the expiry date of environmental licenses until the respective environmental authority issues a final statement after receiving a timely request to do so is stipulated in the legislation (Supplementary Law 140/2011).

(In thousands of Reais, unless stated otherwise)

3 Group companies

		Ownership interest	
Direct subsidiaries:	**Country**	**2020**	**2019**
G3X Engenharia S.A. ("G3X")	Brazil	99.99%	99.99%
Águas Industriais do Açu S.A. ("Águas Industriais", formerly EBN)	Brazil	100.00%	100.00%
GSA - Grussaí Siderúrgica do Açu Ltda. ("GSA")	Brazil	99.99%	99.99%
Reserva Ambiental Fazenda Caruara S.A. ("Reserva Ambiental Caruara")	Brazil	99.05%	99.04%
Siderúrgica do Norte Fluminense Ltda. ("SNF")	Brazil	99.99%	99.99%
Indirect subsidiaries:			
Pedreira Sapucaia Indústria e Comércio Ltda. ("Pedreira Sapucaia")	Brazil	97.25%	97.27%
Fundo de Investimentos em Cotas Multimercado Crédito Privado LLX 63	Brazil	99.99%	99.99%



In addition to Porto do Açu, the subsidiaries Reserva Ambiental Fazenda Caruara S.A. ("Reserva Ambiental Caruara") and Águas Industriais do Açu ("Águas Industriais") are now operational and the subsidiary Pedreira Sapucaia Indústria e Comércio Ltda. ("Pedreira Sapucaia") operated in 2012 and 2013, undergoing an operational shutdown in 2014. The Company's other subsidiaries are preoperational.

4 Basis of preparation and presentation of the financial statements

a) Statement of compliance

The consolidated financial statements have been prepared in accordance with the international financial reporting standards ("IFRS") issued by the International Accounting Standards Board (IASB) and accounting practices generally accepted in Brazil ("BR GAAP").

The individual financial statements were prepared in accordance with BR GAAP and include the Company's deferred charges ending in 2024. These individual financial statements in BR GAAP are not therefore in accordance with IFRS. The difference between the individual and consolidated equity is related to the deferred charge which was recognized in accumulated losses in accumulated losses in the consolidated equity upon initial adoption of IFRS. The amortization of this deferred asset is being recognized in the Company's profit or loss for the year since its operations began in 2014.

The main accounting policies have been applied consistently to these Financial statements by the Company's subsidiaries.

b) Basis of preparation

The individual and consolidated financial statements have been prepared based on the historic cost basis and adjusted to reflect (i) the fair value of financial instruments measured at fair value through profit or loss or at fair value through other comprehensive income; and (ii) asset impairment losses.

Authorization for the conclusion and disclosure of these financial statements for the financial year ended December 31, 2020 was given by Company Management on March 12, 2021. These financial statements consider subsequent events to be events that could have an impact up to the reporting date.

c) Operational continuity

As of December 31, 2020, the Company presented a consolidated loss in the financial year of R$ 538,282 (R$ 517,136 as of December 31, 2019), positive consolidated working capital of R$ 88,433 (negative R$ 449,727 as of December 31, 2019) and consolidated equity of R$ 46,301 (negative equity of R$ 66,444 as of December 31, 2019).

The Company’s short-term financial strategy was to renegotiate the long-term debt with the onlending banks (Bradesco and Santander) and the debenture holders (FI-FGTS). The aim was to restructure the service flow of the existing debt, matching the flow of payments to the Company’s cash generation. The renegotiation was completed on January 31, 2020. Short-term payment flows have consequently been extended, significantly impacting the reduction of current liabilities and diminishing the net working capital deficit.

After renegotiating the long-term debt, the majority shareholder of the parent company Prumo Logística increased its commitment to make additional contributions to Porto do Açu to pay down the debt service, increasing the unused amounts committed previously from R$ 438 million to R$ 850 million.

In addition to these factors, the Company factors technical feasibility studies and projected cash flows for the next 22 years into its long-term business plan, as most of the existing and upcoming contracts are long-term, which supports projected future earnings and has full capacity to recover accumulated losses.

Management understands that the prepared business plan shows that the company will obtain sufficient funds to produce cash flow to honor its operating commitments for the foreseeable future, However, we point out that the funds needed to settle the Company's long-term debts will come from contributions from the controlling shareholder.

On March 11, 2020 the World Health Organization declared that the coronavirus outbreak was a pandemic. The risks and possible impacts of COVID-19 on the financial statements of Porto do Açu as of 12/31/2020 are the sum of these risks, significant government decisions and private sector entities.

Based on the existing contracts, available information and concrete data, Management reassessed its projected investments, costs, expenses, operating cash, receivables, asset impairment, and taxes and concluded that there were no significant alterations to be considered at the present time.

The Company's financial statements have therefore been prepared based on the assumption the company will continue as a going concern.

d) Functional and reporting currency

The individual and consolidated financial statements are being presented in thousands of Brazilian reais (R$), which is the Company's functional currency. All financial information presented in reais has been rounded to the nearest thousand, except when otherwise indicated.

e) Use of judgments and estimates

Preparing the financial statements requires Management to make estimates and assumptions that affect the application of the Company's accounting policies and the reported values of assets, liabilities, revenue and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

(i) Judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the following notes:

- Note 27: Revenue recognition: if the port service revenue is recognized over time or at a specific moment in time.

(ii) Uncertainties about assumptions and estimates

Information about assumptions and estimation uncertainties as of December 31, 2020 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the coming financial year are included in the following notes:

- Notes 8 and 33 - measuring the expected credit loss for accounts receivable and contractual assets: main assumptions for determining the weighted average loss rate;

- Note 10: Recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses can be offset;

- Note 18: Impairment test of intangible assets: key assumptions underlying recoverable amounts, including the recoverability of development costs;

- Note 25: Recognition and measurement of provisions and contingencies: main assumptions regarding the probability and size of outflows;

Fair value measurement

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Management has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of CPC/IFRS, including the level in the fair value hierarchy in which the valuations should be classified. Significant valuation issues are reported to the Company's Board of Directors.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as described in note 33 - Financial instruments and risk management.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.
Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 16: Investment property;
- Note 33: Financial instruments and risk management; and

5 Description of significant accounting policies

The accounting policies described in detail below were applied consistently to all the periods presented in these individual and consolidated financial statements and the Group's consolidated entities.

a) Consolidation

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences.

The equity income method is used to recognize the financial information of subsidiaries in the parent company's individual financial statements.

The consolidated financial statements include the subsidiaries described in Note 3 - Group Companies.

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group’s interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

b) Foreign currency

Foreign-currency transactions

Transactions in foreign currencies are translated to the respective functional currencies, Real, of the Company at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated and recorded in foreign currency are translated to local currency (Real) at the exchange rate in force at the reporting dates. Exchange gains and losses resulting from the settlement of these transactions and the translation at the exchange rates at the end of the year are recognized in profit or loss.

Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on re-translation are generally recognized in profit or loss.

c) Cash and cash equivalents and securities

(i) Cash and cash equivalents and securities

Cash and cash equivalents are held by the Company to meet short-term cash obligations and not for investment or other purposes. The Company considers cash equivalents to be a short-term investment readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

Therefore, a short-term investments normally qualifies as a cash equivalent when it has a short maturity of, for example, three months or less from the date of acquisition. Short-term investments redeemable after three months are classified as securities.

As of December 31, 2020 the Company had Cash and cash equivalents of R$ 90,091 (R$ 22,383 as of December 31, 2019). Cash and cash equivalents are maintained with banks and financial institutions with AA to AAA ratings assigned by S&P Global Rating methodology.

The provision for estimated loss was calculated based on the 12-month expected loss rate and reflects the maturities of the risk exposures. The effects as of December 31, 2020 are stated in Notes 6 and 7 - Cash and cash equivalents, securities and escrow deposits.
Cash and cash equivalents have a low-credit risk based on the counterparties' independent credit ratings.

(ii) Accounts Receivable

For accounts receivable, the Company adopted a simplified approach and calculated the expected loss based on the expected risk of default over the life of the financial instrument. The Company established a provision matrix based on historical credit losses adjusted to specific prospective factors of the environment it operates in and any financial security related to the receivable.

d) Financial instruments

(i) Financial assets - Recognition and initial measurement

Trade accounts receivable and issued debt securities are initially recognized on the date they originate. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (except for trade accounts receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not measured at FVTPL, transaction costs directly attributable to its acquisition or issuance. A trade accounts receivable without a significant financing component is initially measured at the operation price.

(ii) *Classification and subsequent measurement*

On initial recognition, a financial asset is classified as measured: at amortized cost; FVOCI - debt instrument; or FVTPL - equity instruments; or at FVTPL.

Financial assets are not reclassified subsequently to initial recognition, unless the Company changes its business model to financial asset management. In this case all the affected financial assets are reclassified on the first day of the first reporting year following the business model change.

A financial asset is measured at amortized cost if both of the following conditions are met and it is not stated as measured at FVTPL:
- is maintained within a business model with the objective of maintaining financial assets in order to receive contractual cash flows; and
- Its contractual terms generate the cash flows on specified dates that constitute solely payments of principal and interest on the outstanding principal.

A debt instrument is measured at FVOCI if both of the following conditions are met and it is not stated as measured at FVTPL
- is maintained within a business model whose objective is affected by both the receipt of contractual cash flows and the sale of financial assets; and
- Its contractual terms generate the cash flows on specified dates that constitute payments of principal and interest on the outstanding principal.

Upon initial recognition of an investment in an equity instrument that is not held for trading, the Company can elect to make irrevocable subsequent changes to the fair value of the investment in OCI. This choice is made for each investment.

All financial assets not classified as measured at amortized cost or FVOCI, as described above, are classified as FVTPL. Upon initial recognition, the Company irrevocably assigns a financial asset that would otherwise meet the requisites to be measured at amortized cost or FVOCI as FVTPL if this eliminates or significantly reduces an accounting mismatch that would otherwise arise.

For the purpose of this assessment, the principal is defined as the fair value of the financial asset upon initial recognition. The interest is defined as a payment for the value of the money over time and the credit risk posed by the outstanding principal over a given period of time and the other underlying loan costs and risks (for example liquidity risk and administrative cost), in addition to a spread.

The Company examines the instrument's contractual terms to determine whether the contractual cash flows only entail payments of the principal and interest. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. When making this assessment the Company takes into account:
- Contingent events modifying the value or timing of the cash flows;
- Terms that could adjust the contractual rate, including variable fees;
- prepayment and extending the term; and
- The terms limiting the Company's access to specific cash flows from specific assets (for example based on an asset's performance).

Prepayment is consistent with the criteria of paying the principal and interest if the prepayment mainly represents unpaid amounts of the principal and interest on the outstanding principal - which may include reasonable additional compensation for early termination of the contract.

Furthermore, in relation to a financial asset acquired for an amount less than or greater than the nominal value of the contract, the permission or requirement for prepayment at an amount representing the nominal value of the contract plus the contractual interest (which may also include reasonable additional compensation for early termination of the contract) accumulated (but not paid) are treated as consistent with this criteria if the fair value of the prepayment is insignificant upon initial recognition.

Financial assets at FVTPL	These assets are subsequently stated at fair value. The net income including interest or dividend revenue is recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at the amortized cost using the effective interest rate method. The amortized cost is reduced for impairment. Revenue from interest, exchange variance gains and losses and impairment is recognized in profit or loss. Any gain or loss resulting from derecognition is recognized in profit or loss.

Debt instruments at FVOCI	These assets are subsequently stated at fair value. Interest revenue calculated by the effective interest rate, exchange variance gains and losses and impairment are recognized in profit and loss. Other net income is recognized in OCI. Upon derecognition, the gain or loss accumulated in OCI is reclassified to profit or loss.

Financial liabilities - classification, subsequent measurement and gains and losses

Financial liabilities were classified as measured at amortized cost or FVTPL. A financial liability is classified as at fair value through profit or loss if it is classified as held-for trading, is a derivative or is designated as such on initial recognition. Financial liabilities measured at FVTPL are measured at fair value and the net revenue, including interest, is recognized in profit or loss. Other financial liabilities are subsequently measured at the amortized cost using the effective interest rate method. Expenses on interest, exchange variance gains and losses are recognized in profit or loss. Any gain or loss resulting from derecognition is also recognized in profit or loss.

(iii) *Derecognition*

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when the Company transfers the rights to receive the contractual cash flows of a financial asset in a transaction where essentially all the risks and rewards of ownership of financial assets are transferred or in which the Company neither transfers nor substantially retains all the risks and rewards of ownership of the financial asset nor retains control over the financial asset.
The Company makes transactions in which it transfers assets recognized in the statement of financial position but maintains all or most of the risks of the transferred assets. In these cases, the financial assets are not derecognized.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or canceled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability is recognized based on the modified terms and recognized at fair value.

Upon derecognizing a financial liability, the difference between the former carrying amount and the amount paid (including assets transferred that do not flow through cash or undertaken liabilities) is recognized in profit or loss.

(iv) *Offsetting*

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

e) Adjustment of assets and liabilities to present value

Long-term monetary assets and liabilities are monetarily restated and therefore adjusted to their present value. The adjustment to present value of short-term monetary assets and liabilities is calculated and only recorded if considered to have a material effect on the financial statements as a whole. For the purpose of determining materiality, the adjustment to present value is calculated based on the contractual cash flows and explicit interest rates, or the respective assets and liabilities in implicit cases.

Based on analyses conducted and Management's best estimates, Porto do Açu and its subsidiaries concluded that the adjustment to present value of current monetary assets and liabilities is immaterial in relation to the financial statements taken as a whole, meaning no adjustments were made.

f) Investment

Investments in subsidiaries are accounted for under the equity method in the investment financial statements.

g) Property, Plant and Equipment

Items of property, plant and equipment are measured at the historic cost of acquisition or construction, which includes the capitalized loan costs, minus accumulated depreciation and impairment.

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance are expensed as incurred.

Items of property, plant and equipment are depreciated by the straight-line method in the income statement for the year, based on the useful estimated economic life of each component. Land is not depreciated. Items of property, plant and equipment are depreciated from the date they are installed and are available for use, or in the case of internally constructed assets, on the date construction is completed and the asset is available for use as intended by Management.

(In thousands of Reais, unless stated otherwise)

The depreciation methods, useful lives and residual values are reviewed annually, and any resulting adjustments are recognized as a change to accounting estimates.

The estimated useful lives of property, plant and equipment are as follows:

Assets	**Useful life** (Years)
Buildings	25 to 40
T2 Support pier	60
T2 Channel	15
T2 Buffers	10
T-Mult Pier	60
TMult Pier Buffers	10
T2 Breakwater	60
Access roads	10 to 20
South Pier Mole - T2	60
Improvements	25
Facilities	5 to 20
Furniture and fixtures	10
IT equipment	5
Machinery and equipment	10
Vehicles	5 to 20
Land	0

The Company classifies as works in progress all the civil works taking place during construction and installation through operational start-up, whereupon they are reclassified to the corresponding accounts in operating assets.

h) Intangible assets

Intangible assets consist of software acquired by the Company, with definite useful lives and measured at cost, minus accumulated amortization and accumulated impairment. The estimated useful lives for current and comparative periods are as follows:

Intangible Assets	**Useful life** (Years)
Software licenses	5

i) Investment property

Investment property is the property maintained to generate rental income or capital gains or both, but not for sale in the normal course of business, used in production or to supply products or services or for administrative purposes. Company Management elected to classify investment property at cost since initial recognition.

The cost includes expenses directly attributable to the acquisition of investment property. This may consist of interest capitalized on the loans, expenses on material and direct labor or any other expense directly attributable to this property, providing it is necessary to render it ready for use as intended.

Gains and losses on the sale of an investment property are recognized in the income statement for the year. When an investment property previously recognized is sold, the respective amounts recognized as an equity appraisal adjustment are transferred to retained earnings (accumulated losses).

When the usage of the property changes so it is reclassified as property, plant and equipment, its fair value determined at the reclassification date becomes a cost for subsequent recording.

Pursuant to CPC 28 - Property for Investment, the Company discloses the fair value of leased land.

j) Impairment

Nonfinancial assets

The carrying amounts of the Company's definite-lived non-financial assets are reviewed at each reporting date for signs of impairment. If any such evidence exists, then the asset’s recoverable amount is estimated. In the case of intangible assets with an indefinite useful life, the recoverable value is estimated every year.

Impairment losses are recognized when the carrying amount of an asset or its cash generating unit exceeds its recoverable value.

The recoverable value of an asset or cash generating unit is the higher of the value in-use and fair value minus selling expenses. When calculating the value in-use, the estimated future cash flows are discounted to their present values at a before-tax discount rate that reflects the current market terms regarding the capital recoverability period and the asset or cash generating unit's specific risks.
For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

(In thousands of Reais, unless stated otherwise)

Impairment losses are recognized in profit or loss.

Recognized losses on cash generating units are initially allocated to reduce any goodwill allocated to this unit (or group of units), and subsequently to the reduction of other assets of this unit (or group of units), on a *pro rata* basis.

Impairment losses of other assets are only reversed if the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation or amortization, had the impairment not been recognized.

Non-derivative financial assets

The Company recognizes provisions for expected credit losses on:
- Financial assets measured at amortized cost;
- Debt investments measured at FVOCI; and
- Contract assets.

k) Leases

The Company and its subsidiaries applied CPC 06(R2)/IFRS 16 using the retrospective modified approach. The comparative information was not therefore re-presented and continues to be presented in accordance with CPC 06(R1) / IAS 17 and ICPC 03 / IFRIC4.

The main lease assets classified by the Company are shown in the table below:

Asset class	**Target asset**	**Discount rate applied % p.a.**
Land	Land	10.12
Property	Commercial office	10.60
Property	Building	7.73
Machinery and equipment	Generator	10.07
Machinery and equipment	Excavator	6.95
Machinery and equipment	Tractor	6.95
Machinery and equipment	Lifting platform	6.95

- Exemption at recognition

— Short-term leases - For short-term leases of 12 months or less, the lease payments associated with these contracts are expensed in the financial year over the course of the contract.

— Low-value leases - The Company opted not to recognize right-of-use assets and lease liabilities for low-value lease assets. The lease payments associated with these leases are expensed on a straight-line basis over the lease term.

In the cash flow statements, the lease payments formerly presented as cash flows from operating activities will be presented as financing cash flows after the standard, denoting the principal and interest payments of the lease liabilities. However, this change will not impact the Company's net cash flow.

l) Loans, financings, and debentures

Loans, financing and debentures are initially measured at fair value plus direct transaction costs, and are subsequently valued at amortized cost using the effective interest rate method. Loans, financing and debenture arrangement fees are expensed as transaction costs.

m) Employee benefits

Short-term employee benefits

Short-term employee benefits are measured at a non-discounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

n) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

The Company recognizes a provision for tax, civil and labor proceedings. The chance of defeat is rated according to the evidence available, the hierarchy of law, available case law, recent court decisions and their relevance in the legal framework, in addition to independent legal advisors' opinions. Provisions are reviewed and adjusted to reflect changes in circumstances, such as the applicable statute of limitations, the conclusions from tax audits or additional exposure identified as a result of new issues or court decisions.

Settlements of transactions involving these estimates may result in amounts significantly different from those recorded in the financial statements due to the inaccuracies inherent to the determination process. Company Management reviews estimates and assumptions annually.

o) Revenue

Under CPC 47 / IFRS 15, revenue is recognized when the customer obtains control of the goods or services. Determining the timing of control transfer, at a specific moment in time or over time - requires judgment.
The Company and its subsidiaries primarily derive revenue from:

(i) Revenues from the onerous assignment of the real surface or similar rights to the leasing activity

Revenue from the onerous assignment of the real surface rights or similar agreement for the investment properties is recognized in the income statement by the straight line method over the contractual term. Any incentives awarded are recognized as an integral part of total revenue from the assignment of the real surface rights for the contracted period.

(ii) Port services

Provision of port services, access rights and logistics operations are recognized in profit or loss.

These port operations comprise performance obligations for the supply of port infrastructure services to clients, i.e. essentially services with the same standard of transfer to the client that allows them to be recorded as a single performance obligation. Revenue is recognized over time by the percentage completion method.

Revenue is measured based on the service price specified in the rates assessed and features of the service or client’s specific contract. The price of the contract for services provided reflects the amount transferred to the client.

p) Finance income and finance costs

Financial revenue consists of interest revenue on invested funds. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Financial expenses include interest expenses on loans, net of discount adjustments of the provisions to present value and contingent payment.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

q) Income and social contribution taxes

Current income and social contribution taxes are calculated based on net income, adjusted to taxable income by the additions and exclusions stipulated in the existing tax legislation.

The deferred income and social contribution taxes are recognized to reflect future tax effects attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts and to tax losses carryforward and negative basis of social contribution.

Deferred tax assets and liabilities are offset if there is a legal right to offset current tax assets and liabilities, and they are related to income and social contribution taxes levied by the same tax authority on the same entities subject to taxation.

Deferred income and social contribution tax assets are reviewed quarterly and are reduced to the extent that realization is no longer probable.

r) Other current and noncurrent assets and liabilities

An asset is recognized in the statement of financial position when it is probable that its future economic benefits will flow to the Company and its cost or value can be measured reliably.

A liability is recognized in the statement of financial position when the Company has a present or constructive obligation as a result of a past event, and it is probable that an outflow of economic resources will be required in settlement. Provisions are recorded using best possible estimates of the risk involved.

Long-term and short-term monetary assets and liabilities are adjusted to their present value when their effect on the financial statements is deemed material. The adjustment to present value is calculated based on the contractual cash flows and the explicit or, in certain cases, implicit interest rate on the relevant assets and liabilities.

s) Fair value measurement

‘Fair value’ is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

The risk of nonperformance includes the Company’s own credit risk, amongst other factors. A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities, as per note 30.

When one is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. If there is no quoted price in an active market, then the Company uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price.

Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

t) Changes to significant accounting policies

(i) New standards and interpretations issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2020. The following new or amended standards are not expected to have a significant impact on the consolidated financial statements:

- Onerous Contracts – costs to perform a contract (alterations to CPC 25/IAS 37).

The alterations specify which costs an entity should include when determining the cost of performing a contract in order to determine whether the contract is onerous. The alterations apply to annual periods starting on or after January 01, 2022 for contracts existing on the date when such changes were applied for the first time. At the date of initial application, the cumulative effect of applying these alterations is recognized as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate). The comparative figures are not restated.

(In thousands of Reais, unless stated otherwise)

- Amending the referential interest rate – Phase 2 (alterations to CPC 48/IFRS 9, CPC 38/IAS 39, CPC 40/IFRS 7, CPC 11/IFRS 4 and CPC 06/IFRS16)

The alterations consist of issues that could affect the financial statements as a result of the amendment to the referential interest rate, including the effects of changes on contractual cash flows or hedge ratios resulting from replacing the referential interest rate by an alternative referential rate. The alterations provide a practical expedient for certain requirements of CPC 48/IFRS 9, CPC 38/IAS 39, CPC 40/IFRS 7, CPC 11/IFRS 4 and CPC 06/IFRS 16 related to:

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

- Hedge accounting.

(iii) Other standards

The following new or amended standards are not expected to have a significant impact on the consolidated financial statements:

- Rental concessions related to COVID-19 (alteration of CPC 06/IFRS 16)
- Property, plant and equipment: Revenue before intended use (alterations to CPC 27/IAS 16).
- Reference to Conceptual Framework (Alterations to CPC 15/IFRS 3).
- Classification of Liabilities as Current or Noncurrent (Alterations to CPC 26/IAS 1).
- IFRS 17 Insurance Contracts.

6 Cash and cash equivalents, securities and restricted cash

a. Cash and cash equivalents

	Parent company		Consolidated	
	2020	**2019**	**2020**	**2019**
Cash	1,353	1,999	3,160	3,398
Securities held under repurchase agreements	88,741	20,385	100,000	26,326
CDBs	-	-	-	34
Cash equivalents	**88,741**	**20,385**	**100,000**	**26,360**
Provision for estimated losses	(1)	(1)	(2)	(2)
Cash and cash equivalents	**90,093**	**22,383**	**103,158**	**29,756**

Cash equivalents are funds invested in bank deposit certificates (CDBs) and operations underlying government bonds (repos), maturing in three months or less from the date of acquisition and with daily liquidity.

(In thousands of Reais, unless stated otherwise)

b. Securities

	Consolidated	
	2020	2019
Sovereign debt securities	-	3,431
	-	**3,431**

The securities issued by the National Treasury were acquired through the Exclusive Fund at Bradesco. These financial investments mature in excess of three months and are recorded in current assets due to the fact they are expected to be realized in the short term.

As required by CVM Instruction 408/05, the consolidated information includes the balances and transactions of the exclusive investment fund, whose shareholders are the Company and its subsidiaries.

c. Restricted cash

	Consolidated	
	2020	2019
Restricted cash	224,957	5,668
	224,957	**5,668**

Restricted cash consists of amounts directly deposited into a bank account at the rate of 15% (55% as of December 31, 2019) of the funds Porto do Açu receives as established in appendix I of the financing contract, except for R$ 184,880 which consists of the advance for future capital increase of the parent company Prumo, resulting from the liquidity event of Açu Petróleo Investimento, established in the financing contract entered into with Porto do Açu's creditors. These funds will be used to secure this loan from National Bank for Economic and Social Development ("BNDES").

7 Escrow accounts

	Consolidated	
	2020	2019
Porto do Açu (*)	4,025	4,721
GSA	1	14
Provision for estimated losses	(31)	-
	3,995	**4,735**
Current	895	1,059
Noncurrent	3,100	3,676

(*) Financial deposit at Banco Santander made by Porto do Açu consisting of the environmental compensation obligation established under environmental license IN050940, which can only be used for investment in socio-environmental projects and actions previously approved by the state environment office and state environmental department, as established in Commitment 03/2014.

(In thousands of Reais, unless stated otherwise)

8 Receivables

	Parent company		Consolidated	
	2020	2019	2020	2019
Assignment of real surface rights (Related-party transactions - Note 21) (a)	33,244	23,149	32,261	23,037
Port services (Related parties - Note 21)	724	120	724	120
Assignment of real surface rights (b)	91,398	71,686	91,398	71,686
Port services	11,345	5,579	11,346	5,579
Other	41	149	952	1,247
	136,752	**100,683**	**136,681**	**101,669**
Provision for estimated losses	(20,353)	(707)	(20,364)	(798)
	116,399	**99,976**	**116,317**	**100,871**
Current	18,669	26,824	18,587	27,719
Noncurrent	97,730	73,152	97,730	73,152

The receivable balance consists of:

(a) Primarily consists of revenue recognized from the rental contract (assignment of real surface rights), on the area of 336,500.86 m², with Empresa UTE GNA I where the thermoelectric plants are located. Revenue is recognized on the straight-line basis over the total term of the lease, as required by CPC 06. The straight-line revenue recognized in this contract amounted to R$ 30,190 by December 31, 2020, and the payment flow for this contract is long-term.

(b) Assignment of real surface rights for land at Porto do Açu to the main clients: Technip, NOV, Intermoor, Edison Chouest, Oceanpact, Acciona, NFX et al. R$ 91,398 of the stated balance substantially consists of the recognition of straight-line revenue from contracts, where the payment flow is long-term given the grace period.

Under the BNDES loan agreement, 15% of parent company's receivables are withheld as a guarantee as described in note 06 (c) – Restricted cash.

The table below shows the changes and calculation of expected loss by maturity:

	Parent company	Consolidated
Balance at December 31, 2019	(707)	(798)
(Additions) and reversals	(19,646)	(19,566)
Balance at December 31, 2020	**(20,353)**	**(20,364)**

Aging-list of accounts receivable:

	Parent company				Consolidated			
	2020		2019		2020		2019	
	Accounts Receivable	Estimated Loss	Accounts Receivable	Estimated Loss	Accounts Receivable	Estimated Loss	Accounts Receivable	Estimated Loss
Outstanding	113,966	(907)	99,477	(446)	113,895	(918)	100,463	(538)
Overdue:								
Up to 1 month	1,077	(35)	773	(6)	1,077	(35)	773	(6)
Up to 3 months	333	(249)	18	(1)	333	(249)	18	(1)
3 to 6 months	4,210	(1,996)	201	(44)	4,210	(1,996)	201	(44)
6 to 12 months	12,152	(12,152)	9	(5)	12,152	(12,152)	9	(5)
Over 12 months	5,014	(5,014)	205	(205)	5,014	(5,014)	205	(204)
Total	**136,752**	**(20,353)**	**100,683**	**(707)**	**136,681**	**(20,364)**	**101,669**	**(798)**

(In thousands of Reais, unless stated otherwise)

The Company assesses credit and calculates expected receivable losses by analyzing the following items:

- Financial statements;
- Serasa Rating.

Most of the Company's receivables as of 12/31/2020 derive from its assignment of real surface rights. The Company assessed the credit risks and expected receivables losses and did not detect any additional losses on top of the amounts already presented in these financial statements. The Company is also continuing to assess the future impacts on its receivables as a result of the financial and economic situation of the country and its clients.

9 Recoverable taxes

	Parent company		Consolidated	
	2020	**2019**	**2020**	**2019**
Services tax ("ISS")	684	575	684	575
Tax levied on the circulation of goods and services ("ICMS")	1,782	1,870	1,782	1,870
Income tax withheld at source ("IRRF")	3,444	940	4,061	1,679
Social Integration Program ("PIS")	1,401	1,035	1,401	1,052
Contribution for social security financing ("COFINS")	3,245	2,068	3,245	2,144
Income tax and social contribution ("IRPJ/CSLL")	-	-	260	750
Other	102	74	114	74
	10,658	**6,562**	**11,547**	**8,144**
Current	6,019	1,935	6,908	3,517
Noncurrent	4,639	4,627	4,639	4,627

10 Deferred taxes

The Company and its subsidiaries record deferred income and social contribution taxes at the rate of 34% p.a. Brazilian tax legislation allows tax losses to be offset against future taxable income for an indefinite term. However, this offsetting is limited to 30% of the taxable income in each accrual period.

(In thousands of Reais, unless stated otherwise)

The carrying amount of the deferred tax asset is revised and restated periodically, while the projections shall be restated annually, unless material factors occur that can modify them.

	Parent company		Consolidated	
	2020	**2019**	**2020**	**2019**
Deferred tax asset				
Tax loss carryforwards	722,359	598,086	722,919	598,490
Negative basis of social contribution	260,049	215,311	260,251	215,456
Adjustment Law 11638/07 – RTT (a)	29,155	38,875	29,180	38,906
Provision for Profit-Sharing	3,802	3,116	3,823	3,135
Estimated loss allowance	6,931	241	6,935	272
Provision for loss of OSX receivables	15,492	15,492	15,492	15,492
Provision for labor contingencies	240	389	240	389
Provision for civil contingencies	675	1,367	675	1,367
Provision for other fees	2,666	2,666	2,666	2,666
Provision for devaluation of investments	7,854	7,854	14,970	14,970
Provision for asset impairment	30,833	30,833	30,833	30,833
Other	4	4	4	4
Total deferred tax credit assets	**1,080,060**	**914,234**	**1,087,988**	**921,980**
Valuation allowance				
Deferred IR not recognized - Valuation allowance (b)	(1,037,648)	(837,013)	(1,045,551)	(844,708)
Total deferred tax assets	**42,412**	**77,221**	**42,437**	**77,272**
Temporary difference - capitalized interest	(30,621)	(36,545)	(30,621)	(36,545)
Total deferred taxes	**11,791**	**40,676**	**11,816**	**40,727**

(a) Refers to the deferred income and social contribution taxes calculated over the tax-accounting differences over the deferred asset originating since January 01, 2009. While preoperating expenses are recognized in profit or loss for accounting purposes, for fiscal purposes. they are classified as if they were deferred charges.

(b) Consists of deferred IR not recognized deriving from the tax losses and negative base, in addition to the parent company, of the subsidiaries G3X, GSA and SNF as there is no real expectation of future taxable income.

Furthermore, on January 01, 2017 the parent company Porto do Açu made a provision for the nonrealization of deferred tax assets. As of December 31, 2019, the parent company made a provision of R$ 837,013 for unrecognized credits up to the period in question. A provision for the nonrealization of deferred tax assets was made for the period ended December 31, 2020 in the amount of R$ 200,635. This provision will be reversed as the realization becomes probable, via a technical feasibility study that makes it possible to realize the tax asset.

11 Returnable down payments

	2019	(Receipts)	Reversal of the Provision for loss (*)	Monetary restatement	2020
Porto do Açu	52,491	(6,838)	6,229	3,357	55,239
	52,491	**(6,838)**	**6,229**	**3,357**	**55,239**

(*) Reversal of provision of loss given success of new legal strategy.

(In thousands of Reais, unless stated otherwise)

In 2020 Porto do Açu recovered R$ 6,838 which was in a judicial deposit, due to the court authorizations obtained in proceedings involving the aforesaid plots of land acquired by the Company. As a general rule, the Company is permitted to recognize purchased property undergoing expropriation proceedings when title to the property has been obtained and any tax liabilities thereon have been paid. However, the Company has successfully sought court authorizations to receive these amounts through a legal strategy arguing the absence of other stakeholders and has gradually improved the chances of recovering a number of deposits. This warrants a reversal of R$ 6,229 in the provision for losses in 2020.

The Company, based on the opinion of its legal advisors, estimates an amount of R$ 17,125 at December 31, 2020 for which the likelihood of recovery is remote (R$ 23,354 as of December 31, 2019), which still has provision for losses recognized in previous years).

12 Judicial deposits

The table below denotes the judicial deposits as of December 31, 2020 and 2019:

	Parent Company and Consolidated	
	2020	**2019**
Fazenda Palacete (a)	-	14,814
Federal Property Department (b)	9,877	9,714
Other (c)	193	600
	10,070	**25,128**

(a) In 2020 the Company reclassified the judicial deposit regarding the acquisition of Fazenda Palacete to the asset group - land - based on the assumption of the use of an amount previously deposited to satisfy the credit held by qualified creditors, thus resulting in the purchase and sale commitment and private ownership transfer agreement ending the legal relationship regarding the purchase of the item “land”.

(b) Deposit for suit filed against the federal government to dispute the correct value of the compensation for using public land, in accordance with the agreement assigning physical space in public waters”, entered into on October 06, 2010 (“Agreement”). As of December 31, 2020 the restated amount of the judicial deposits is R$ 9,877 (R$ 9,714 as of December 31, 2019).

(c) R$ 193 consisting of other deposits made in labor claims.

(In thousands of Reais, unless stated otherwise)

13 Debentures

a. OSX Debentures

	Parent Company and Consolidated	
	2020	**2019**
Debentures	659,393	659,393
DIP	10,961	10,961
Total	**670,354**	**670,354**
(-) Impairment	(10,961)	(10,961)
Total	**659,393**	**659,393**

Pursuant to the judicial reorganization plan of OSX Construção Naval S.A. ("OSX"), approved at the general creditors' meeting held December 17, 2014 and ratified by the presiding judge on January 8, 2015, on January 29, 2016 Porto do Açu used its credits against OSX to subscribe and pay in debentures issued by OSX in the total amount of R$ 723,716 on the following conditions:

- Maturity date: 20 years
- Payment of Principal and interest: in a single payment, on the due date
- Calculation of the compensatory interest p.a.: 100% of CDI

In accordance with said judicial reorganization plan, Porto do Açu awarded a loan ("DIP") of R$ 10,961 to OSX of January 29, 2016. This amount was also used to subscribe and pay in debentures issued by OSX.

Under the judicial reorganization plan the debentures amount to R$ 734,677 and consist of: (i) R$ 646,886 of costs relating to the construction of the T2 terminal channel; (ii) R$ 10,961 relating to the DIP loan; (iii) R$ 12,507 relating to the transmission line; (iv) R$ 34,580 relating to the assignment of the real surface rights, whose balance through July 2014 was provisioned for as a loss and (v) R$ 29,743, due from August 2014, not recorded because it does not meet the revenue recognition criteria regarding the improbability of economic benefits associated with this transaction.

If OSX should fail to honor this agreement, the amount of R$ 646,886 of the channel's construction costs will be added to the construction cost of Terminal T2 and R$ 12,507 of the transmission line will be added to investment property and will be recovered in the future through the respective operations. As disclosed in Note 17 - Property, plant and equipment, these amounts were incorporated into the impairment test of the Industrial Hub/T-Mult CGU.

Given the uncertainties surrounding the receipt of the total credit and pursuant to CPC 25 - Provisions, Contingent Liabilities and Contingent Assets, Management believes it is not appropriate to recognize interest on the debentures in the approximate amount of R$ 396,521 as of December 31, 2020 (R$ 371,079 as of December 31, 2019), and made a provision for impairment of R$ 10,961 relating to the DIP loan.

(In thousands of Reais, unless stated otherwise)

A verdict was delivered on November 24, 2020 declaring that OSX's judicial reorganization had ended, stating that “the judicial reorganization plan has been performed in respect of the obligations maturing within 2 (two) years after its concession pursuant to art. 61 of Law 11.101/05”, and that “the creditors (...) will retain their recognized entitlement to the credit and in the event the payment is not made voluntarily may demand it individually, also using a bankruptcy filing if necessary. This legal decision is not final, and is still subject to appeal.

Despite the fact it was declared that obligations had been performed maturing within 2 years of the judicial reorganization being awarded, OSX has mid- and long-term obligations which if not honored could impact the accounting classification of the credit held by Porto do Açu against OSX in the Company's financial statements. However, based on the grounds set out in the decision - supported by the conclusions of the judicial administrator - the Company concluded that there is currently no material modification to the credit held against OSX to be reported in the financial statements as of December 31, 2020.

14 Receivables and obligations with third parties

a. Third-party receivables

	Parent Company and Consolidated	
	2020	**2019**
Credits with OSX	83,218	83,218
(-) Estimated loss allowance	(3,203)	(3,203)
Credits with OSX (*)	80,015	80,015
Other	411	184
	80,426	**80,199**
Current	395	168
Noncurrent	80,031	80,031

(*) This amount consists of: (i) R$ 64,668 of costs relating to the construction of the T2 terminal channel; (ii) R$ 10,000 advance for renting the area used by Dome paid to OSX; (iii) R$ 8,550 contractual retention of payables invoiced against OSX and settled by Porto do Açu; and (iv) R$ (3,203) of the provision for losses referring to the expenses incurred on sharing sustainability costs.

After the court settlement mentioned in the previous note, Porto do Açu also paid the T2 channel's construction costs directly to the suppliers. If OSX fails to honor this debt, only the amount of R$ 64,668 will therefore be added to the construction cost of T2 and will be recovered in the future through the respective port operations. As disclosed in note 17 - Property, plant and equipment, the credits against OSX were incorporated into the impairment test of the Industrial Hub/T-Mult CGU.

b. Liabilities towards third parties

As of December 31, 2020 the Company had obligations towards OSX of R$ 19,880 and a provision of R$ 2,466 for the occupation fee owed to Federal Property Department – SPU, with R$ 906 for the 2018 fee, R$ 897 for 2019 and R$ 663 for the 2020 fee.

(In thousands of Reais, unless stated otherwise)

15 Investments

a) Equity interests

	2020										
Direct subsidiaries	**%**	**Number of shares/quotas (thousand)**	**Assets**	**Liabilities**	**Equity**	**Capital**	**Advance for future capital increase - AFAC**	**Legal reserve**	**Additional dividends proposed**	**Gain/loss due to percentage change**	**Accumulated loss**
GSA	99.99%	32,823	32,145	-	32,145	32,823	250	95	-	-	(1,023)
Reserva Ambiental Caruara	99.05%	17,302	18,222	524	17,698	17,302	-	246	150	-	-
G3X	99.99%	38,718	99	-	99	38,718	-	-	-	127	(38,746)
Águas Industriais	100.00%	9,641	31,328	21,458	9,870	9,641	-	274	-	-	(45)
SNF	100.00%	44,297	43,018	225	42,793	44,297	86	-	-	-	(1,590)

	2019										
Direct subsidiaries	**%**	**Number of shares/quotas (thousand)**	**Assets**	**Liabilities**	**Equity**	**Capital**	**Advance for future capital increase - AFAC**	**Legal reserve**	**Additional dividends proposed**	**Gain/loss due to percentage change**	**Accumulated loss**
GSA	99.99%	32,823	32,532	14	32,518	32,823	-	95	-	-	(400)
Reserva Ambiental Caruara	99.05%	17,302	17,842	247	17,595	17,302	-	233	60	-	-
G3X	99.99%	38,648	136	10	126	38,648	30	-	-	123	(38,675)
Águas Industriais	100.00%	9,436	24,361	13,905	10,456	9,436	205	275	540	-	-
SNF	100.00%	44,081	43,234	235	42,999	44,081	215	-	-	-	(1,297)

(In thousands of Reais, unless stated otherwise)

a) Equity interests--Continued

Changes - Parent Company

Direct subsidiaries	2019	Capital increase	Advance for future capital increase - AFAC	Gain/loss due to percentage change	Dividends	Share of profit (loss) of equity-accounted investees	Provision for devaluation of investments	2020
GSA	32,515	-	250	-	-	(623)	-	32,142
Reserva Ambiental Caruara	17,428	-	-	-	(109)	210	-	17,529
G3X	-	40	-	4	-	(68)	24	-
Águas Industriais	10,456	-	-	-	(540)	(46)	-	9,870
SNF	42,998	87	-	-	-	(293)	-	42,792
Other	6	-	-	-	-	(2)	-	4
	103,403	**127**	**250**	**4**	**(649)**	**(822)**	**24**	**102,337**

Direct subsidiaries	2018	Increase (Decrease) of capital	Advance for future capital increase - AFAC	Gain/loss due to percentage change	Dividends	Share of profit (loss) of equity-accounted investees	Provision for devaluation of investments	2019
GSA	40,062	(7,400)	-	-	-	(147)	-	32,515
Reserva Ambiental Caruara	17,626	-	-	-	(282)	84	-	17,428
G3X	(693)	10	30	29	-	(86)	710	-
Águas Industriais	10,608	1,004	205	-	(2,119)	758	-	10,456
SNF	43,097	126	215	-	-	(440)	-	42,998
Other	5	30	-	(29)	-	-	-	6
	110,705	**(6,230)**	**450**	**-**	**(2,401)**	**169**	**710**	**103,403**

(In thousands of Reais, unless stated otherwise)

16 Investment property

	Consolidated			
	2019	Addition	Transfer	2020
Porto do Açu (a)	441,029	868	5,170	447,067
GSA	31,695	-		31,695
Reserva Ambiental Caruara	5,244	-		5,244
SNF	42,925	-		42,925
	520,893	**868**	**5,170**	**526,931**

(a) The change primarily consists of the regulation of claims of the suppliers Elecnor and Prática in the construction of the transmission line.

	Consolidated				
	2018	Addition	Impairment (*)	Write-off	2019
Porto do Açu	475,086	491	(34,324)	(224)	441,029
GSA	31,695	-	-	-	31,695
Reserva Ambiental Caruara	5,244	-	-	-	5,244
SNF	42,925	-	-	-	42,925
	554,950	**491**	**(34,324)**	**(224)**	**520,893**

(*) R$ 34,324 denotes the provision for asset impairment detected in the individual analysis at a level due to the fact the assets are not expected to be used.

Investment property includes land whose ownership is transferred to third parties on an onerous basis. The legal instrument usually used in this transfer is the possession and use and assignment contract and future onerous concession of real surface rights. These agreements are made for a renewable or nonrenewable period of 5 to 40 years, and in all cases are indexed to annual inflation.

The expenses incurred by Porto do Açu, GSA and SNF were to develop and make available the properties to companies to set up plants in the available areas at the Industrial Complex of Porto do Açu. The additions shown in the table primarily denote improvements to this land intended for the assignment of ownership and other expenses related to the expropriation and acquisition of land. The Caruara Environmental Reserve carries out reforestation projects for companies which need to offset all areas deforested for their implementation process, thereby meeting the conditions for social and environmental licenses.

Investment property is recorded by the cost method. However, in accordance with accounting standard CPC 28 - Property for Investment, the entity should determine the fair value for reporting purposes. This calculation is made by using the discounted cash flow method due to the specific nature of the transaction and consequent lack of comparable market data. As of December 31, 2020 the Company calculated the fair value of leased land at R$ 1,522,916 equal to 2,748.1 thousand m² of the total area (R$ 1,372,244 as of December 31, 2019). The Company calculated the fair value of nonleased land equal to 505 thousand *m²* of the total area at R$ $ 2,632,182 (R$ 4,142,700 as of December 31, 2019).

(In thousands of Reais, unless stated otherwise)

17 Property, plant and equipment

The property, plant and equipment by company as of December 31, 2020 and 2019 breaks down as follows:

	Parent company		Consolidated	
	2020	**2019**	**2020**	**2019**
Porto do Açu	2,917,018	3,023,006	2,916,183	3,022,170
Reserva Ambiental Caruara	-	-	9,407	9,240
Pedreira Sapucaia	-	-	462	462
Águas Industriais	-	-	3,078	2,218
	2,917,018	**3,023,006**	**2,929,130**	**3,034,090**

				Parent company				
	Port facilities	**Land**	**Buildings, improvements and facilities**	**Machinery and equipment**	**Works in progress**	**Advances**	**Other**	**Total**
Estimated depreciation rate % (p.a.)	**3.06%**	**-**	**5.20%**	**10.81%**			**3.70%**	
Balance in 2019	**2,636,487**	**68,973**	**211,232**	**43,934**	**56,122**	**5,189**	**1,069**	**3,023,006**
Addition	-	-	2,646	10,982	6,446	405	12	20,491
Transfer	38,330	8,580	476		(38,806)	(5,170)	-	3,410
Write-off	-	-	-	(142)	(6,993)	(19)	-	(7,154)
Depreciation	(102,220)	-	(12,510)	(7,797)	-	-	(208)	(122,735)
Balance in 2020	**2,572,597**	**77,553**	**201,844**	**46,977**	**16,769**	**405**	**873**	**2,917,018**
Cost	3,077,570	77,553	266,042	85,019	16,769	405	2,897	3,526,255
Accumulated depreciation	(504,973)	-	(64,198)	(38,042)	-	-	(2,024)	(609,237)
Balance in 2020	**2,572,597**	**77,553**	**201,844**	**46,977**	**16,769**	**405**	**873**	**2,917,018**

				Parent company				
	Port facilities	**Land**	**Buildings, improvements and facilities**	**Machinery and equipment**	**Works in progress**	**Advances**	**Other**	**Total**
Estimated depreciation rate % (p.a.)	**3.06%**	**-**	**5.20%**	**10.81%**			**3.70%**	
Balance in 2018	**2,573,498**	**68,972**	**172,265**	**106,119**	**103,951**	**6,352**	**1,177**	**3,032,334**
Addition	2	1	70	2,094	105,279	22	102	107,570
Transfer	102,518	-	50,509	127	(153,108)	(46)	-	-
Write-off	(8,664)		-	(22)	-	(1,139)	-	(9,825)
Reversal of (provision for) impairment	58,383		-	(56,363)	-	-	-	2,020
Depreciation	(89,250)	-	(11,612)	(8,021)	-	-	(210)	(109,093)
Balance in 2019	**2,636,487**	**68,973**	**211,232**	**43,934**	**56,122**	**5,189**	**1,069**	**3,023,006**
Cost	3,039,240	68,973	262,920	74,194	56,122	5,189	2,885	3,509,523
Accumulated depreciation	(402,753)	-	(51,688)	(30,260)	-		(1,816)	(468,517)
Balance in 2019	**2,636,487**	**68,973**	**211,232**	**43,934**	**56,122**	**5,189**	**1,069**	**3,023,006**

(In thousands of Reais, unless stated otherwise)

	Consolidated							
	Port facilities	Land	Buildings, improvements and facilities	Machinery and equipment	Works in progress	Advances	Other	Total
Estimated depreciation rate % (p.a.)	**3.06%**	**-**	**5.20%**	**10.81%**	**-**	**-**	**3.70%**	
Balance in 2019	**2,635,651**	**78,658**	**211,231**	**45,965**	**56,307**	**5,189**	**1,089**	**3,034,090**
Addition	-	-	2,647	11,006	8,784	405	24	22,866
Transfer (*)	38,330	8.580	476	47	(38,853)	(5,170)	-	3,410
Write-off	-	-	-	(1,387)	(6,993)	(19)	-	(8,399)
Depreciation	(102,220)	-	(12,511)	(7,897)	-	-	(209)	(122,837)
Balance in 2020	**2,571,761**	**87,238**	**201,843**	**47,734**	**19,245**	**405**	**904**	**2,929,130**
Cost	3,076,734	87,238	266,041	85,922	19,245	405	2,933	3,538,518
Accumulated depreciation	(504,973)	-	(64,198)	(38,188)	-	-	(2,029)	(609,388)
Balance in 2020	**2,571,761**	**87,238**	**201,843**	**47,734**	**19,245**	**405**	**904**	**2,929,130**

	Consolidated							
	Port facilities	Land	Buildings, improvements and facilities	Machinery and equipment	Works in progress	Advances	Other	Total
Estimated depreciation rate % (p.a.)	**3.06%**	**-**	**5.20%**	**10.81%**	**-**	**-**	**3.70%**	
Balance in 2018	**2,572,665**	**78,658**	**172,266**	**106,335**	**105,405**	**6,348**	**1,201**	**3,042,878**
Addition	5	-	70	2,139	105,813	26	102	108,155
Transfer	102,512	-	50,509	1,936	(154,911)	(46)	-	-
Write-off	(8,664)	-	-	(23)	-	(1,139)	-	(9,826)
Reversal of (provision for) impairment	58,383		-	(56,363)	-	-	-	2,020
Depreciation	(89,250)	-	(11,614)	(8,059)	-	-	(214)	(109,137)
Balance in 2019	**2,635,651**	**78,658**	**211,231**	**45,965**	**56,307**	**5,189**	**1,089**	**3,034,090**
Cost	3,038,404	78,658	262,920	76,271	56,307	5,189	2,907	3,502,656
Accumulated depreciation	(402,753)	-	(51,689)	(30,306)	-	-	(1,818)	(486,566)
Balance in 2019	**2,635,651**	**78,658**	**211,231**	**45,965**	**56,307**	**5,189**	**1,089**	**3,034,090**

Works in progress

At Porto do Açu the balance of works in progress as of December 31, 2020, including direct and indirect costs allocated to various assets under construction, consists of additional general infrastructure works in the amount of R$ 16,769 (R$ 56,122 as of December 31, 2019).

At the subsidiary Águas Industriais do Açu the balance of works in progress as of December 31, 2020 is R$ 2,311 (R$ 185 as of December 31, 2019) referring to expenses on projects for the port’s water system.

At the subsidiary Reserva Ambiental Caruara the balance of works in progress as of December 31, 2020 is R$ 165 (R$ 0 as of December 31, 2019) referring to expenses on infrastructure works.

(In thousands of Reais, unless stated otherwise)

Port facilities

In 2020 the Company began depreciating part of the T-Mult drainage, fertilizer storage facility and certain access road works of R$ 38,853. The write-off of the consolidated R$ 8,399 was mainly due to the Company reevaluating the continuity of ventures related to the highway, railway and infertility sectors, as per the table in the note.

- Impairment test for noncurrent assets

In accordance with CPC 01 (R1) – Asset impairment, Management reviews signs of asset impairment quarterly or when there are signs of regular impairment and checks for potential signs of incapacity to recover carrying amounts.

The Company considers its port activities and the leasing of the industrial hub and the movement and storage of containers, vehicles, solid bulk and loose cargo to be a single CGU Industrial Hub/T-Mult.

As of December 31, 2020, the Company reviewed the impairment test and did not identify the need to make any provision for asset impairment of the Industrial Hub/T-Mult CGU.

This assessment as of December 31, 2020 used the value in use per CGU as the basis for the following assumptions:

- Macroeconomic situation of the country;
- Cash flow period of 22 years;
- Effective rolling WACC discount rate presenting year-on-year differences due to the change in embedded metrics over the course of the projections. For reference purposes, the discount rate used in the future cash flow review in 2020 was 8.94% p.a. to 11.83% p.a. (10.33% p.a. to 14.17% p.a. in 2019) in nominal terms, based on the year-on-year capital structure projection and the average weighted cost of capital (Rolling WACC), and
- A perpetuity growth rate of 3.25% per annum.

Consolidated		
2020		
Carrying amount (a)	**Value in use**	***Impairment***
4,222,640	5,288,967	-
2019		
Carrying amount (a)	**Carrying amount (a)**	***Impairment***
4,300,912	4,836,968	-

The carrying amount of the assets consists of: property, plant and equipment, intangible assets deferred charges, investment property, lease rights and debentures and credits against OSX (net of third-party obligations).

(In thousands of Reais, unless stated otherwise)

As of December 31, 2019 on top of the procedure conducted at the CGU Industrial Hub/T-Mult, the Company individually tested the base of assets in place, and found the existence of items for which temporarily there was no expected recoverability. A provision for recoverability was made for these items of R$ 90,687, as shown in the table below.

This impairment status remains for these assets as of December 31, 2020.

Change in the provision for impairment of specific assets.

	Parent company			
	2018	Additions	Reversal	2019
Inventory of sheet piles	-	56,363	-	56,363
Transmission towers (a)	-	14,450	-	14,450
Electric equipment (a)	-	19,874	-	19,874
	-	**90,687**	**-**	**90,687**

(a) Total of R$ 34,324 as per the provision for impairment shown in note 16 - Investment Property.

18 Intangible assets

	Annual amortization rate (%)	Parent company 2020	Parent company 2019	Consolidated 2020	Consolidated 2019
Software licenses	20	6,350	3,773	6,440	3,866
Implementation of systems		932	2,193	943	2,197
Other		44	44	44	44
		7,326	**6,010**	**7,427**	**6,107**

Impairment test for intangible assets

The amount of intangible assets was included in the impairment tests of the Industrial Hub/T-Mult CGU mentioned in Note 17 - Property, plant and equipment.

19 Deferred Assets

	Parent company		
	2019	Amortization	2020
Porto do Açu	29,843	(6,070)	23,773
	29,843	**(6,070)**	**23,773**

	Parent company			
	2018	Reversal of (provision for) impairment	Amortization	2019
Porto do Açu	-	35,913	(6,070)	29,843
	-	**35,913**	**(6,070)**	**29,843**

The deferred charges are stated at formation cost and consist of pre-operating expenses incurred and net finance income/costs incurred or received by Porto do Açu.

As of December 31, 2008 the Company opted to maintain the existing balance in the group deferred and to amortize it, as required by corporate laws 11.638/2017 and 6.404/76 respectively, for the term of 10 years.

20 Right of Use / Lease Liabilities

Accounting standard IFRS 16 – Leases for lessors substantially carries forward the previous lessor accounting requirements. Accordingly, a lessor continues to classify its leases as operating leases or finance leases. The Company has assignment of real surface rights contracts in which it appears as a lessor under IFRS. All these operations are classified as operating leases under the accounting standard, and the Company does not have any finance leases. Information about the revenue from these lease operations can be seen in Note 27 - Net Revenue, and the related risk management is described in Note 33 - Financial Instruments.

In the case of leases, IFRS 16 - Leases introduces a single, on-balance sheet lease accounting model. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and low value assets.

Exemptions permitted in the standard were adopted, such as: exclusion of IFRS 16 application for low-value underlying assets and contracts with a term of up to 12 months.

(In thousands of Reais, unless stated otherwise)

The change in 2020 in the right-of-use assets and lease liability is stated in the table below:

	Consolidated									
	Average (annual) rate %	**Balance in 2019**	**PIS/COFINS recoverable**	**Additions**	**Amortization**	**Transfers**	**Payments**	**Interest appropriated**	**Elimination**	**Balance in 2020**
Assets:										
Properties		1,931	-	5,855	(943)	-	-	-	-	6,843
Machinery and equipment		-	-	2,171	(1,420)	-	-	-	-	751
Land (*)		-	-	6,060	(756)	-	-	-	(5,304)	-
Total Assets		**1,931**	**-**	**14,086**	**(3,119)**	**-**	**-**	**-**	**(5,304)**	**7,594**
Liabilities:										
Properties		(1,123)	-	(181)	-	(1,194)	1,084	-	-	(1,414)
(-) Financial charges to be incurred - Property	7.73 to 10.60	161	-	494	-	279	-	(362)	-	572
Machinery and equipment		-	-	(1,812)	-	(181)	1,437	-	-	(556)
(-) Finance charges to be incurred - Machinery and equipment	6.95 to 10.07	-	-	120	-	14	-	(89)	-	45
Land		-	-	(651)	-	(1,992)	1,992	-	651	-
(-) Financial charges to be incurred - Land	10.12	-	-	584	-	1,767	-	(1,787)	(564)	-
ST Lease liability		**(962)**	**-**	**(1,446)**	**-**	**(1,307)**	**4,513**	**(2,238)**	**87**	**(1,353)**
Properties		(1,123)	-	(8,265)	-	1,194	-	-	-	(8,194)
(-) Financial charges to be incurred - Property	7.73 to 10.60	59	-	2,097	-	(279)	-	-	-	1,877
Machinery and equipment		-	-	(500)	-	181	-	-	-	(319)
(-) Finance charges to be incurred - Machinery and equipment	6.95 to 10.07	-	-	22	-	(14)	-	-	-	8
Land		-	-	(14,977)	-	1,992	-	-	12,985	-
(-) Financial charges to be incurred - Land	10.12	-	-	8,982	-	(1,767)	-	-	(7,215)	-
LT lease liability		**(1,064)**	**-**	**(12,641)**	**-**	**1,307**	**-**	**-**	**5,770**	**(6,628**
Total Liabilities		**(2,026)**	**-**	**(14,087)**	**-**	**-**	**4,513**	**(2,238)**	**5,857**	**(7,981)**
Net income										
Amortization - Properties		**-**	**-**	**-**	**943**	**-**	**-**	**-**	**-**	**943**
Amortization - Machinery and equipment		**-**	**-**	**-**	**1,420**	**-**	**-**	**-**	**-**	**1,420**
Amortization - Land		**-**	**(69)**	**-**	**756**	**-**	**-**	**-**	**(687)**	**-**
Interest expense - Properties		**-**	**-**	**-**	**-**	**-**	**-**	**362**	**-**	**362**
Interest expense - Machinery and equipment		**-**	**-**	**-**	**-**	**-**	**-**	**89**	**-**	**89**
Interest expense - Land		**-**	**(114)**	**-**	**-**	**-**	**-**	**1,787**	**134**	**1,807**
Lease income		**-**	**(183)**	**-**	**3,119**	**-**	**-**	**2,238**	**(553)**	**4,621**

(*) Denotes the assignment of real surface rights agreement whereby Porto do Açu assigns land to the subsidiary Águas Industriais for 25 years.

(In thousands of Reais, unless stated otherwise)

21 Related-party transactions

The Company adopts practices of Corporate Governance and/or recommendations required by law. Furthermore, the Company´s Corporate Governance Policy establishes that the members of the Board of Directors must monitor and administrate any potential conflicts of interest among the executive officers, the members of the Board and the partners, in such a way as to avoid the inappropriate use of Company assets and, especially, abusive conduct in transactions between related parties.

In compliance with Corporation Law, all members of the Company's Board of Directors are prohibited from voting in any assembly or meeting of the Board, or from acting in any operation or business transaction in which there are interests in conflict with those of the Company.

The main balances of related-party assets and liabilities as of December 31, 2020 and 2019, as well as the related-party transactions that affected income for the year, are the result of transactions between the Company and its subsidiaries, members of Management and other related parties, as follows:

	Accounts receivable (a)			
	Parent company		Consolidated	
	2020	2019	2020	2019
Receivables - Assignment of real surface rights				
UTE GNA I (a)	31,187	21,029	30,204	21,029
NFX	2,057	1,930	2,057	1,930
Águas Industriais do Açu	-	112	-	-
Açu Petróleo	-	78	-	78
	33,244	**23,149**	**32,261**	**23,037**
Receivables - Port Services				
Açu Petróleo	-	120	-	120
UTE GNA I	724	-	724	-
NFX	16	-	16	-
	740	**120**	**740**	**120**
	33,984	**23,269**	**33,001**	**23,157**
Current	2,797	2,240	2,797	2,128
Noncurrent	31,187	21,029	30,204	21,029
Other accounts receivable - Credit notes				
Consorcio Dome Serviços Integrados	4,133	4,590	4,133	4,590
Prumo Logística	2,074	969	2,074	969
Gás Natural Açu	1,120	1,096	1,120	1,096
UTE GNA I	827	587	832	587
Gás Natural Açu Infra	316	312	316	312
Águas Industriais do Açu	430	337	-	-
Açu Petróleo	47	82	47	82
UTE GNA II	5	5	5	5
Environmental Reserve	207	-	-	-
Ferroport	-	1	-	1
Accounts receivable - Asset sales				
Açu Petróleo Investimentos (b)	527,455	582,696	527,455	582,696
	536,614	**590,675**	**535,982**	**590,338**
Current	2,955	7,979	2,322	7,642
Noncurrent	533,660	582,696	533,660	582,696

(a) Consists of revenue recognized from the rental contract (assignment of real surface rights), on the area of 336,500.86 m², with Empresa UTE GNA I where the thermoelectric plants are located. Revenue is recognized on the straight-line basis over the total term of the lease, as required by CPC 06. The straight-line revenue recognized in this contract amounted to R$ 30,190 by December 31, 2020, and the payment flow for this contract is long-term.

(In thousands of Reais, unless stated otherwise)

(b) Denotes the sale of assets to the company Açu Petróleo Investimentos, a subsidiary of the company Prumo. R$ 10,000 was amortized on August 21, 2019 and R$ 102,200 of the debt was amortized on August 10, 2020. The balance is subject to the average weighted rate of the IPCA, TJLP and SELIC projections from FY 2016, and the maximum term for settlement is linked to the financial settlement of the BNDES Funds Pass-through Agreement, entered into by Porto do Açu and the Onlending Banks Bradesco and Santander on August 10, 2015 and reprofiled on January 31, 2020.

	Accounts payable			
	Parent company		Consolidated	
	2020	2019	2020	2019
Accounts payable - Debit notes				
Port of Antwerp Internacional N.V	1,521	3,903	1,521	3,903
Prumo	2,803	2,506	2,805	2,516
Águas Industriais do Açu	54	1,140	-	-
Current total	**4,378**	**7,549**	**4,326**	**6,419**

The table below denotes the effect on net income of the related-party transactions by company:

	Revenue - effect on net income			
	Parent company		Consolidated	
	2020	2019	2020	2019
Revenue from the assignment of real surface rights				
NFX	24,166	19,370	24,166	19,370
UTE GNA I	9,161	21,029	9,313	21,029
Águas Industriais	1,993	1,911	-	
	35,320	**42,310**	**33,479**	**40,399**
Service revenue				
UTE GNA I - Port services	2,252	733	2,252	733
Açu Petróleo - Port services	59	214	59	214
NFX - Port services	135	11	135	11
Dome - Port Services	-	61	-	61
UTE GNA I – Environmental services	-	-	454	-
Monetary restatement - Sale of assets	-	-		-
Açu Petróleo Investimentos	46,959	60,746	46,959	60,746
	84,725	**104,075**	**83,338**	**102,164**

	Costs/Expenses - effect on net income			
	Parent company		Consolidated	
	2020	2019	2020	2019
Expenses:				
Port of Antwerp International N.V – Consultancy	(13,441)	(11,131)	(13,441)	(11,131)
Costs:				
Águas Industriais - Supply of water	(434)	(643)	-	-
	(13,875)	**(11,774)**	**(13,441)**	**(11,131)**

(In thousands of Reais, unless stated otherwise)

The compensation of key management staff has been presented below:

	Parent Company and Consolidated	
	2020	**2019**
Officers		
Salaries	1,226	1,784
Management fees	5,093	3,014
Bonuses	3,725	4,342
Benefits and Charges	2,483	2,200
	12,527	**11,340**

22 Loans, financings and debentures

	Consolidated				
	2020				**2019**
	Expiry date	**Principal**	**Interest and restatement**	**Total**	**Total**
Institution					
BNDES (Onlending banks) (i)	07/15/2033	1,070,653	23,351	1,094,004	1,127,971
BNDES (Onlending banks) (ii)	07/15/2033	2,383,263	118,118	2,501,381	2,523,263
(-) Transaction cost (i) and (ii)	-	(247,633)	-	(247,633)	(227,410)
Debentures (iii)	07/15/2033	1,733,023	55,162	1,788,185	1,681,931
(-) Transaction cost (iii)	-	(23,992)	-	(23,992)	(7,023)
Terex	08/23/2020	-	-	-	2,571
		4,915,314	**196,631**	**5,111,945**	**5,101,303**
Current		16,568	196,631	213,199	469,648
Noncurrent		4,898,746	-	4,898,746	4,631,655

Average debt service costs at December 31, 2020 were 8.64% p.a. for loans denominated in reais

(i) and (ii) On September 12, 2019 the BNDES signed an authorization for the temporary suspension of up to four installments (September to December 2019) for the debt interest and principal whilst the reprofiling negotiations were taking place. On January 15, 2020 the Company paid the installments related to the temporary suspension of R$ 192,134 to the onlending banks, with R$ 67,571 of principal amortization and R$ 124,563 of interest. On January 31, 2020 the Company signed the refinancing contract with all parties.

(iii) On January 15, 2020 the Company paid R$ 19,396 to FI FGTS, with R$ 10,319 of principal amortization and R$ 9,077 of interest. On January 31, 2020 the Company signed the reprofiling contract with all parties.

(i), (ii) and (iii) On July 15 and September 11, 2020 the Company made extraordinary amortizations related to Liquidity Events, as required contractually. The amount received by the Company amounted to R$ 225,929, of which 90% (R$ 203,337) was transferred to the Cash Collateral account and 10% (R$ 22,593) was used to pay the extraordinary amortization of the Company's debt to BNDES and FI FGTS.

(In thousands of Reais, unless stated otherwise)

Porto do Açu Refinancing

In 2019 Porto do Açu began the process of negotiating the long-term debt closed in 2015 with the onlending banks (Bradesco and Santander) and the debenture holders (FI-FGTS). On January 31, 2020 the Company completed the refinancing and signed the contractual debt amendments with the creditors, with the first payment due in July 2020.

The restructuring primarily aimed to reprofile the service flow of the existing debt, matching the flow of payments to the Company's cash generation. Following the renegotiation, the debt service will be amortized by the maximum of 5% through 2025, and a balloon payment will be made at the end of the flow of approximately 50% of the principal. The interest will be escalated through 2027 when it reaches the compensation ceiling of the onlending banks (as per the table below), maintaining the debt maturity in 2033 with principal and interest payments occurring semi-annually in the months of January and July each year.

Spread Curve – Bradesco / Santander (% p.a.)													
Jan-20	**Jul-20**	**Jan-21**	**Jul-21**	**Jan-22**	**Jul-22**	**Jan-23**	**Jul-23**	**Jan-24**	**Jul-24**	**Jan-25**	**Jul-25**	**Jan-26**	**Jan-27**
0.75%	0.75%	0.75%	1.00%	1.25%	1.50%	1.75%	2.00%	2.25%	2.50%	2.75%	3.00%	4.00%	5.00%

The new contracts will also present the concept of Liquidity Events, by which an event generating equity for the parent company Prumo Logística shall be partially used to pay down debt and fill the reserve account, thereby mitigating future payment risks.

There was no change to the collateral structure.

In the new contracts, Prumo Logística became responsible for the financial covenants in the long-term debt agreements of Porto do Açu, as shown in the section Covenants. Porto do Açu no longer has financial covenants as a default trigger.

Endorsements, guarantees and mortgages granted to Porto do Açu

Prumo Logistica S.A. is the intervening guarantor while EIG LLX Holdings S.A R.L, a EIG Energy XV Holdings (Flame), LLC, EIG Prumo FIP I, LLC, EIG Prumo FIP II, LLC e EIG Prumo FIP III, LLC, EIG Prumo Fundo de Investimento em Participações Multiestratégia are intervening parties in the following loan facilities awarded to Porto do Açu:

- Financing via onlending from the BNDES awarded by the banks Bradesco and Santander Brasil, in the restated amount of R$ 3,595,243 as of December 31, 2020 (R$ 3,651,234 as of December 31, 2019); and
- Financing via the issuance of debentures in the restated amount of R$ 1,788,185 as of December 31, 2020 (R$ 1,681,931 as of December 31, 2019), where all credit is supported by the Prumo guarantee, in addition to the basket of guarantees listed below.

Guarantees provided

The guarantees submitted to the debenture holders, shared with the banks Bradesco and Santander (“Onlending Banks”), are the following:

(i) Statutory lien on share guarantee of Caruara Environmental Reserve;
(ii) Statutory lien on share guarantee of Prumo;
(iii) Statutory lien on share guarantee of Porto do Açu (held by Prumo);
(iv) Statutory lien on share guarantee of Porto do Açu (held by PAI Invest N.V.);
(v) Statutory lien on share guarantee of EIG Prumo Fundo de Investimento em Participações Multiestratégia;
(vi) Statutory lien on guarantee of Assets ;
(vii) Conditional assignment contract in guarantee of contractual rights and other covenants;
(viii) Statutory lien commitment on properties;
(ix) Statutory lien on guarantee of yields of shares;
(x) Statutory assignment of emerging rights from the authorization and other credit receivables;
(xi) Statutory lien on properties submitted as guarantee (Área do Meio);
(xii) Statutory lien on properties submitted as guarantee (Caruara Environmental Reserve);
(xiii) Private Statutory Assignment and subordination of loans and AFAC;
(xiv) Commitment for Additional Funding;
(xv) Account Management Contract.

In addition to these guarantees, the debenture holders and Onlending Banks also have the bank guarantee of the parent company Prumo. In conjunction with Porto do Açu, the guarantor intervening in this issuance undertakes to the debenture holders and Onlending Banks to be the guarantors and maintainers of all the obligations undertaken by Porto do Açu, in accordance with the terms of the issuance, as long as this instrument is in force. The guarantees submitted by the guarantors shall be automatically canceled, when certain conditions stipulated in the financing deeds have been performed.

All of the aforesaid assets and rights secure 100% of the Pass-through Agreement and Debentures Issuance Deed.

The onlending banks and debenture holders appointed Oliveira Trust Servicer S.A. to serve as the guarantee agent in the financing agreements.

We emphasize that to carry out the GNA I and GNA II ventures, Porto do Açu entered: (a) private agreement for the future concession of real surface rights and general use of structure on May 2, 2018 with GNA Infra, UTE GNA I, UTE GNA II and GNA; (b) Onerous Use Assignment Agreement on May 2, 2018 with UTE GNA I and GNA, for the right to use the north mole; and (c) Auxiliary Infrastructure Agreement on July 3, 2019 with UTE GNA I, GNA and GNA Infra, for rights to build and use auxiliary infrastructure and the auxiliary infrastructure area.

Porto do Açu also own a 345kV transmission line with a length of approximately 50 km (fifty kilometers) that connects Porto do Açu to the National Grid by way of the Furnas substation. The Transmission Line is the physical connection that the thermal power plant of UTE GNA I needs to transmit the energy it produces.

The Onlending Banks and debenture holders accordingly approved the lifting of the statutory lien on the assets comprising the Transmission Line and approved the creation of a statutory lien by Porto do Açu the assets comprising the Transmission Line in favor of the creditors of the UTE GNA I financing and the future direct donation of the Transmission Line to Furnas as the local operator in compliance with the regulatory standards.

(In thousands of Reais, unless stated otherwise)

Covenants

In the refinancing concluded on January 31, 2020, Porto do Açu no longer had financial covenants determined from its financial statements and ratios, which then began to be measured according to the financial statements and financial ratios of the consolidated balances of the parent company Prumo Logística, applicable in the ended financial years, as per the table below. Non-financial covenants are continuing to follow the regular provisions of the previous contracts, both for the Onlending Contract and the Debentures Issuance.

	2025	2026	2027	2028	2029	2030	2031	2032	2033
Net Debt / EBITDA	6.5x	6.0x	5.5x	5.0x	4.5x	4.0x	3.5x	3.5x	3.5x
EBITDA / Net Financial Expenses	1.3x	1.3x	1.5x	1.5x	2.0x	2.0x	2.0x	2.0x	2.0x
ICSD	1.2x	1.2x	1.2x	1.2x	1.2x	1.2x	1.2x	1.2x	1.2x

These financial covenants of the parent company Prumo will be calculated by a pro forma consolidation of the audited financial statements of the companies in which Prumo held a direct or indirect equity interest, weighted by the total (direct and indirect) equity interest held by Prumo in each of these companies.

Where:
“Net Debt”: Sum of all loans, financing and debentures and other debts at the end of the reporting period; less the sum of cash and cash equivalents, securities, marketable securities, short-term investments, restricted cash and escrow deposits at the end of the reporting period.

“EBITDA”: Operating income before finance income, taxes and contributions payable, depreciation/amortization and the equity income method.

“Net Financial Expenses”: Total finance costs less total financial revenue.

“ICSD”: Cash available to Service the Debt / Debt Service.

“Cash available to Service the Debt”: EBITDA plus funds received by the parent company Prumo through its subsidiaries less income tax and investments in PPE.

“Debt Service”: Sum of interest payments and amortizations of loans, financings and debentures and other financing debts; and

(In thousands of Reais, unless stated otherwise)

Automatic and non-automatic early maturity events

The contracts are subject to automatic and non-automatic early maturity event clauses. This measure is also taken when there is a change in direct and indirect share control or the venture owner, until settlement of all obligations of the respective loans and debentures, without the prior explicit consent, and also in the event of an assignment, transfer or change of the control of Porto do Açu or Guarantor (Corporation), without the prior consent of the creditors, unless the controller remains directly or indirectly with the status of the Issuer and Guarantor of Porto do Açu after such events.

(i) Additional obligations of Prumo Logística (Intervening Guarantor) and Porto do Açu (Issuer)

In addition to the common commitments applied to agreements of this nature, the payment of loans to the shareholders made by the Issuer should comply with the terms set out in the Private Statutory Assignment and subordination of loans and AFAC. In respect of its subsidiaries, Issuer is only authorized to enter into loans with a limit of R$ 4,000 (four million reais).

Guarantor is limited to awarding loans to any individuals or companies, except for subsidiaries and Ferroport; and shall notify trustee of any changes to the conditions (financial or otherwise) in its business that could have a material effect on the performance of its obligations under this Debentures Deed and/or contracts related to the underlying accounts; and within additional material obligations, not constituting real or bank guarantees for operations with other creditors without the prior consent of the debenture holders, except for guarantees submitted under long-term financing plans already included in the business plan.

Reconciliation of equity changes against cash flows deriving from financing activities

	Parent company / Consolidated						
		Cash Flow		Noncash effect			
	2019	Secured / (Settled)	Interest Paid	Addition of Transaction Costs	Interest, Monetary restatement and Exchange variance	Amortization of Transaction Cost	2020
Loans, financing, and debentures	5,101,303	(109,051)	(298,218)	(55,819)	455,102	18,628	5,111,945
	5,101,303	**(109,051)**	**(298,218)**	**(55,819)**	**455,102**	**18,628**	**5,111,945**

(*) The interest paid is being classified under financing in the cash flow statements.

(In thousands of Reais, unless stated otherwise)

23 Taxes and contributions payable

	Parent company		Consolidated	
	2020	**2019**	**2020**	**2019**
ISS	580	429	589	429
IPTU	-	9,379	-	9,379
PIS/COFINS	114	114	140	115
ICMS	15	23	15	27
Withholding Income Tax - IRRF	922	788	933	794
PIS/COFINS/CSLL - Withheld	221	300	225	302
Income tax and social contribution (“IRPJ and CSL”)	-	-	232	618
INSS withheld on third parties	236	90	268	90
	2,088	**11,123**	**2,402**	**11,754**
Current	1,974	2,253	2,288	2,884
Noncurrent	114	8,870	114	8,870

The reconciliation between the tax expense as calculated by the statutory rates and the income and social contribution tax expense charged to net income is presented below:

	Parent company		Consolidated	
	2020	**2019**	**2020**	**2019**
Net loss before income and social contribution taxes	(516,116)	(490,012)	(509,188)	(518,827)
Loss of companies whose tax credits are not recognized	-	-	(6,387)	29,328
Adjusted net loss	**(516,116)**	**(490,012)**	**(515,575)**	**(489,499)**
Income and social contribution taxes at the nominal rate (34%)	175,479	166,604	175,296	166,430
Adjustments to determine the effective rate				
Permanent differences	(3,580)	10,976	(3,606)	10,610
Uncredited tax credits - DT	(2,737)	4,300	(2,707)	4,309
Uncredited tax credits - PF e BN	(169,162)	(179,542)	(168,982)	(179,658)
Unrecognized tax credits - Tax loss carryforwards and negative basis	(28,885)	-	(29,194)	-
Total income and social contribution taxes	**(28,885)**	**2,338**	**(29,194)**	**1,691**
Effective rate	**5.60%**	**(0.48) %**	**(5.66) %**	**(0.35) %**
Current IR and CSL	-	-	(284)	(667)
Deferred IR and CSL	(28,885)	2,338	(28,910)	2,358
Total income and social contribution taxes	**(28,885)**	**2,338**	**(29,194)**	**1,691**

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As mentioned in Note 10, in the period ended December 31, 2020 Porto do Açu recognized a provision for the non-realization of deferred tax credit losses of R$ 200,635 referring to the deferred tax asset recorded in the period. For other periods, Management will review the impairment of deferred income and social contribution tax assets and if applicable reverse the provision or reduce it to the extent the realization thereof is probable.

As mentioned in note 10 - Deferred taxes, Law 12973 revoked the transitional taxation scheme (RTT), which made the adoption of the new taxation scheme mandatory from 2015. The balances recorded through December 31, 2014 will be mortised over the term of 10 years. This Law also amended Decree 1598/77 regarding the calculation of corporate income tax and the legislation about the social contribution on net income. However, for the financial year ended December 31, 2020 the amendment did not produce significant effects on the financial statements.

(In thousands of Reais, unless stated otherwise)

24 Trade payables

	Consolidated	
	2020	**2019**
Dredging service	12,700	12,700
Expropriation of land	3,600	2,300
Implementation and infrastructure services	8,500	4,600
Port operating services	5,800	3,500
Adm. General and IT services	5,419	15,044
Other	4,709	3,598
	40,728	**41,743**
Current	24,597	29,586
Noncurrent	16,131	12,156

25 Provision for contingencies

a. Probable losses provisioned for in our statement of financial position

As of December 31, 2020 and 2019 the Company and its subsidiaries are subject to proceedings rated as a possible defeat by its legal advisers for which provisions for losses have been made as shown in the table below:

	Parent company / Consolidated			
	2019	**Additions**	**(Reversal)**	**2020**
Labor (a)	1,145	242	(682)	705
Civil (b)	4,511	7,263	(5,971)	5,803
	5,656	**7,505**	**(6,653)**	**6,508**

(a) Labor Claims: Various labor claims.

(b) Civil Claims: R$ 5,292 refers to the contingency proceeding with Farmisa regarding the improper collection of IRRF retained on the payment of the amount on the easement agreement signed by the parties and R$ 511 to the provision for additional payment for land contracts entered into with CODIN.

b. Possible losses not provisioned for our statement of financial position

The Company and its subsidiaries are party to tax, civil and labor claims, involving risks of defeat rated by Management as possible, based on the opinion of its legal advisers, for which no provision has been made, as per the breakdown and estimate below:

	Parent company / Consolidated	
	2020	**2019**
Tax	98,648	15,812
Labor	6,829	11,794
Civil	47,794	30,693
	153,271	**58,299**

As of December 31, 2020 the main proceedings rated as possible defeats for the Company are as follows:

Labor claims: labor claims primarily consist of individual claims filed by former employees of companies contracted by the Company, claiming the Company is jointly liable for issues related to overtime, time while in transit to and from work, payment of FGTS, and other labor rights of approximately R$ 6,829 (R$ 11,794 as of December 31, 2019).

Tax claims: The leading tax cases as defendant are taking place in the administrative courts with the respective authorities: (i) Assessment Notice imposed by the federal tax authorities in order to reduce the tax losses and negative base of CSLL of R$ 71,613 and the increase in the PIS and COFINS calculation bases, leading to an additional demand for these contributions of R$ 10,309; (ii) Additional collection of the property tax surcharge (“ITR”) for the land occupied by Fazenda Caruara, amounting to R$ 10,533 (R$ 8,908 as of December 31, 2019) and (ii) other processes questioning the collection of ISS, IOF and debits offset by Dcomps, amounting to approximately R$ 6,193 (R$ 5,260 as of December 31, 2019).

Civil proceedings: legal claims made in collection and compensation proceedings under contracts entered into by the Company and construction firms, service providers etc., amounting to a total of approximately R$ 16,003. There are also proceedings related to the occupation of land in São João da Barra/RJ, amounting to a total of approximately R$ 1,975.

Expropriation processes: In 2010, the Company entered into promissory purchase and sale agreements with CODIN for plots of land in the São João da Barra Industrial Park area, under which Açu Port is required to pay the costs of any expropriations, including expropriation litigation currently pending.

These expropriation proceedings are for the sole purpose of establishing the expropriation indemnities payable, which may be increased in relation to those originally offered by CODIN. The existence of these proceedings indicates that losses can be rated as possible.

The amounts initially deposited in court by CODIN and paid by the Company at the time the expropriation proceedings were brought, in accordance with the promissory purchase and sale agreements, provide adequate financial protection. However, the Company’s legal advisors and management are of the opinion that, although the likelihood of loss is rated as possible, any difference between the initial court deposits and the indemnities ultimately awarded by the first-instance court is required to be reported.

At December 31, 2020 the difference between the initial court deposits for expropriation proceedings and the indemnities awarded by the first-instance court was a total of R$ 17,568 (R$ 12,611 at December 31, 2019).

(In thousands of Reais, unless stated otherwise)

The amount of R$ 12,248 regarding the claim of the contractor DTA Engenharia, where in no circumstances does this contingency - as is the case for the others - constitute recognition of amounts owed by Porto do Açu.

Environmental proceedings: These are public civil actions filed against the Company for suspected issues in licensing processes and the obtainment of environmental licenses, in addition to a alleged environmental damages in the construction of the Porto do Açu venture. The Company and its legal consultants believe the amount involved in these proceedings cannot be estimated.

26 Equity

a. Share capital

The Company's ownership structure as of December 31, 2020 and 2019 is as follows:

	2020		2019	
Shareholders	**Number of common shares (thousand)**	**%**	**Number of common shares (thousand)**	**%**
Prumo Logística S.A.	2,576,062	98.13	2,036,821	97.67
PAI Invest N.V	48,527	1.87	48,527	2.33
	2,625,110	**100.00**	**2,085,348**	**100.00**

The Extraordinary General Meeting held January 28, 2020 approved the Company's capital increase via Prumo Logística and through the issuance of 359,500,065 new nominative common shares with no par value, at the price of R$ 1.64 each. For the total issuance price of R$ 589,580 allocated to the Company's share capital account.

The Extraordinary General Meeting held January 29, 2020 approved the Company's capital increase via Prumo Logística and through the issuance of 145,793,526 new nominative common shares with no par value, at the price of R$ 1.45 each. For the total issuance price of R$ 211,401 allocated to the Company's share capital account.

The Extraordinary General Meeting held February 12, 2020 approved the Company's capital increase via Prumo Logística and through the issuance of 34,468,085 new nominative common shares with no par value, at the price of R$ 1.41 each. For the total issuance price of R$ 48,600 allocated to the Company's share capital account.

b. Advance for future capital increase

The parent company Prumo made contributions amounting to R$ 391,128 through December 31, 2020, in the form of an advance for future capital increase ("AFAC"). These contributions are irrevocable and irreversible, and convertible into the corresponding number of shares, subject to the par value.

(In thousands of Reais, unless stated otherwise)

c. Dividends

The Company’s shares have an equal participation in dividend payments, interest on equity and other shareholder benefits. The corporate by-laws determine the distribution of a minimum compulsory dividend of 25% of the net income for the year, adjusted in accordance with article 202 of Law 6404/76. The Company will not pay out dividends in the year loss made.

27 Net revenue

The Company's main contracts are related to rental of the industrial hub and port services.

Revenue is recognized transferring goods and services to the respective clients, where the amounts are subject to changes in the exchange rate and other market factors.

	Parent company		Consolidated	
	2020	**2019**	**2020**	**2019**
Gross revenue				
Assignment of real surface rights	170,365	169,579	168,537	167,814
Port services	62,319	69,287	62,319	69,287
Equipment leasing	487	-	487	-
Supply of water	-	-	6,504	5,862
Environmental services	-	-	480	333
Other income	416	-	433	-
Total gross revenue	**233,587**	**238,866**	**238,760**	**243,296**
Taxes on revenue (PIS/COFINS/ISS/ICMS)	24,039)	(23,882)	(24,634)	(23,917)
Net revenue	**209,548**	**214,984**	**214,126**	**219,379**

Contract assets are primarily related to the Company and its subsidiaries' rights to payment for work completed. Revenue is measured based on the payment specified in the contract with the client. The Company and its subsidiaries recognize revenue when it transfers the control over the product or service to the client.

28 Costs of the services rendered

	Parent company		Consolidated	
	2020	**2019**	**2020**	**2019**
Payroll and related charges	(18,420)	(18,248)	(19,172)	(18,905)
Outsourced services	(17,402)	(18,114)	(17,891)	(18,465)
Rental and leases	(2,405)	(1,247)	(2,428)	(1,270)
Depreciation and amortization	(121,759)	(107,827)	(121,859)	(107,864)
Other insurance	(2,936)	(3,521)	(2,957)	(3,546)
Fuels and lubricants	(1,928)	(1,143)	(1,928)	(1,145)
Port services	(909)	(799)	(909)	(799)
Other costs	(4,122)	(3,381)	(2,437)	(2,172)
	(169,881)	**(154,280)**	**(169,581)**	**(154,166)**

(In thousands of Reais, unless stated otherwise)

29 General and administrative expenses

The Company presents its general administrative expenses by nature below:

	Parent company		Consolidated	
	2020	**2019**	**2020**	**2019**
Payroll and related charges	(58,269)	(45,322)	(58,720)	(45,770)
Outsourced services	(31,804)	(19,730)	(32,368)	(19,901)
Consumables	(456)	(381)	(457)	(381)
Travel and accommodation	(272)	(1,695)	(272)	(1,695)
Taxes	(2,018)	(10,377)	(2,675)	(10,810)
Depreciation and amortization	(7,257)	(7,383)	(1,191)	(1,314)
Provision for contingencies	2,053	1,965	2,053	1,965
Amortization of lease right (Note 20)	(2,364)	(965)	(2,364)	(965)
Software licenses	(2,401)	(1,167)	(2,401)	(1,172)
Advertising	(838)	(410)	(930)	(503)
Electricity	(731)	(1,215)	(731)	(1,233)
Other expenses	(4,586)	(4,669)	(4,613)	(4,700)
	(108,943)	**(91,349)**	**(104,669)**	**(86,479)**

30 Finance income (costs)

	Parent company		Consolidated	
	2020	**2019**	**2020**	**2019**
Finance costs				
Bank expenses	(459)	(305)	(472)	(307)
IOF	(204)	(98)	(204)	(99)
Brokerage fees and commission	(6,995)	(378)	(6,995)	(378)
Amortization of transaction costs	(18,630)	(17,966)	(18,630)	(17,966)
Interest on loans	(377,167)	(413,811)	(377,167)	(413,811)
Lease expenses (See Note 20)	(451)	(253)	(2,054)	(1,469)
Monetary restatement	(77,472)	(126,387)	(77,472)	(126,387)
Fines and interest	(12,063)	-	(12,063)	-
Pis/Cofins on financial revenue	(2,409)	(2,981)	(2,419)	(3,011)
Monetary and exchange variance	(546)	(8,908)	(546)	(8,908)
Other financial expenses	(193)	(1,047)	(278)	(1,809)
	(496,589)	**(572,134)**	**(498,300)**	**(574,145)**
Finance revenue				
Interest on short-term investments	1,265	2,897	1,458	3,546
Interest earned	3,322	(361)	3,385	(343)
Monetary restatement of related parties	46,959	60,746	46,959	60,746
Other financial revenue	263	131	268	131
	51,809	**63,413**	**52,070**	**64,080**
Net finance income	**(444,780)**	**(508,721)**	**(446,230)**	**(510,065)**

31 Segment reporting

Segment information should be prepared in accordance with CPC 22 (Segment reporting), the equivalent of IFRS 8, and should be presented with respect to the Company, its subsidiaries and joint ventures' business that was identified based on its management structure and on internal management reporting.

(In thousands of Reais, unless stated otherwise)

Porto do Açu has segments, as described below, which are its s strategic business units. The units offer different services and are administrated separately. The executive board analyses Management's internal reports for each of the strategic business units at least once a quarter. The operations of each of the reportable segments are summarized below.

- **Industrial Hub Management Segment (*Industrial Hub & T-Mult*)**

Denotes the assignment of real surface rights for the industrial hub of the Porto do Açu Industrial Complex for several industrial ventures, primarily for companies operating in the oil sector. Porto do Açu occupies 13,000 hectares, with areas now leased of 210 hectares. The management of the landside yard includes the T2 channel, on the banks of which oil and gas companies are building plants.

The T-Mult operation, at T2 and included in this segment, consists of the provision of port operation services for the shipment and unloading at the port, and the highway transportation and storage of various products , for handling coal, iron ore, oil coke and other products, in addition to mooring oil platforms.

- **Supply of water**

Supply of water for industrial purposes to clients located in the Porto do Açu Industrial Complex.

- **Other**

Consists of other companies controlled by Porto do Açu, including the operating and non-operating companies: Pedreira Sapucaia, G3X, GSA, Reserva Ambiental Caruara and SNF.

Net income for the year by segment ended December 31, 2020 and 2019

	Consolidated				
	2020				
	Net revenue	**Costs**	**Administrative expenses**	**Other revenue and expenses**	**Finance income (costs)**
Industrial Hub & T-Mult	209,548	(169,881)	(108,942)	18,229	(444,780)
Supply of water	6,424	(2,612)	(942)	81	(1,530)
Other	645	(109)	(875)	94	80
Total	**216,617**	**(172,602)**	**(110,759)**	**18,404**	**(446,230)**

	Consolidated				
	2019				
	Net revenue	**Costs**	**Administrative expenses**	**Other revenue and expenses**	**Finance income (costs)**
Industrial Hub & T-Mult	214,984	(154,280)	(91,349)	49,354	(508,721)
Supply of water	5,746	(2,019)	(551)	18	(1,931)
Other	454	(52)	(649)	(831)	541
Total	**221,184**	**(156,351)**	**(92,549)**	**48,541**	**(510,111)**

(In thousands of Reais, unless stated otherwise)

Assets by segment as of December 31, 2020 and 2019:

	Consolidated					
	2020			2019		
	Investment in subsidiaries	Property for Investment	Property, plant and equipment and intangible assets	Investment in subsidiaries	Property for Investment	Property, plant and equipment and intangible assets
Industrial Hub & T-Mult	102,337	447,067	2,924,345	103,403	441,029	3,029,016
Supply of water	-	-	3,103	-	-	2,239
Other	80	79,864	9,945	116	79,864	9,778
Total	**102,417**	**526,931**	**2,937,393**	**103,519**	**520,893**	**3,034,926**

32 Commitments

The Company and its subsidiaries undertook future purchase commitments of R$ 228,467 (R$ 170,992 on December 31, 2019) and these should be fulfilled pursuant to the contract.

	Consolidated	
	2020	**2019**
Porto do Açu (a)	225,391	168,104
Águas Industriais (b)	2,747	150
Pedreira Sapucaia	226	226
Other	103	2,512
	228,467	**170,992**

(a) Denotes general and administrative expenses on services such as: security and surveillance, IT support, employee transportation, meals, life and health insurance, travel, engineering services, consultancy, maintenance and energy, amongst others.

(b) Denotes general and administrative expenses on services such as: consultancy, maintenance service, energy, amongst others.

R$ 228,467 of the consolidated total as of December 31, 2020 consists of:

	Consolidated	
	2020	**2019**
Property, plant and equipment (c)	17,655	20,007
Investment property (d)	2,188	1,066
	19,843	**21,073**

(c) Expenses on the acquisitions of materials and services to comprise Company assets, such as machinery, material for construction, preparation of studies in engineering projects, and others;

(d) Denotes expenses on expropriating and acquiring land and issuing topographic surveys, land surveys and land regularization consultancy and real estates consultancy for properties and others.

(In thousands of Reais, unless stated otherwise)

33 Financial instruments and risk management

The Company and its subsidiaries use operations with derivative financial instruments. These instruments are managed through operating strategies and internal controls, aimed at liquidity, profitability and security. Our control policy consists of periodically monitoring contract rates versus market rates. The Company and its subsidiaries do not invest in derivatives or any other risky assets on a speculative basis.

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. However, considerable judgment was required in the interpretation of the market data to estimate the most adequate realization value. Consequently, the estimates below do not necessarily indicate the values that could be realized in the current exchange market. The use of different market methodologies may have a material effect on the estimated realizable values.
Company Management's policy of maintaining a solid capital base generates confidence among investors, creditors and the market, and strengthens fundamentals for developing future business. Based on this, Management monitors the projected returns on capital in its multi-year plan.

The concept of fair value states that assets and liabilities should be valued at market prices, in the case of liquid assets, or by using mathematical pricing methods, in other cases. The hierarchy level of the fair value gives priority to unadjusted prices quoted on an active market. A part of the company's accounts has the fair value equal to carrying amount, these accounts include cash equivalents, payables and receivables, bullet debts and short-term.

The table below demonstrates the book balances and respective fair values of the financial instruments and segregation of the hierarchal level, included in the consolidated statement of financial position:

	2020			2019		
	Amortized cost	**Fair value through other comprehensive income**	**Fair value through profit or loss**	**Amortized cost**	**Fair value through other comprehensive income**	**Fair value through profit or loss**
Assets						
Cash and banks	3,160	-	-	3,398	-	-
Short-term investments	99,998	-	-	26,358	-	-
Securities	-	-	-	3,431	-	-
Restricted cash	224,957	-	-	5,668	-	-
Receivables	116,317	-	-	100,871	-	-
Escrow accounts	3,995	-	-	4,735	-	-
Returnable down payments	55,239	-	-	52,491	-	-
Other receivables	2,322	-	-	7,642	-	-
Credits receivable	533,660	-	-	582,696	-	-
Debentures	659,393	-	-	659,393	-	-
Third-party receivables	80,426	-	-	80,199	-	-
	1,779,467	**-**	**-**	**1,526,882**	**-**	**-**

(In thousands of Reais, unless stated otherwise)

	2020			2019		
	Amortized cost	**Fair value through other comprehensive income**	**Fair value through profit or loss**	**Amortized cost**	**Fair value through other comprehensive income**	**Fair value through profit or loss**
Liabilities						
Trade payables	40,728	-	-	41,742	-	-
Loans, financings and debentures	5,111,945	-	-	5,101,303	-	-
Other financial liabilities	4,326	-	-	6,419	-	-
Customer advances	20,332	-	-	22,667	-	-
Liabilities towards third parties	22,346	-	-	21,498	-	-
Lease liabilities	7,972	-	-	1,947	-	-
	5,207,649	**-**	**-**	**5,195,577**	**-**	**-**

	2020			2019		
	Level 1	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Liabilities						
Loans, financings and debentures	-	5,111,945	-	-	5,101,303	-
	-	**5,111,945**	**-**	**-**	**5,101,303**	**-**

(Level 1) Prices traded (unadjusted) in active markets for identical assets or liabilities.

(Level 2) Different inputs, except for traded prices in active markets included in Level 1 that are observable for the assets and liabilities, directly (as prices) or indirectly (derived from prices).

(Level 3) Inputs for the asset or liability that are not based on observable market variables (unobservable inputs).

We emphasize that we did not observe any Level 1 and 3 financial instruments during the analysis and no material level transfers took place in this period.

Loans, financing and debentures are measured at amortized cost. Management calculated the fair values of R$ 5,186,939 as of December 31, 2020 (R$ 5,218,060 as of December 31, 2019), maintaining the current debt cost, as there is no comparison base in the market.

A significant part of this amount consists of related-party accounts payable and loans from BNDES, FI-FGTS and overseas payables, where we considered the carrying amount to be fair value as it is an exclusive market. Given the nature and maturity terms of other financial assets and liabilities, the fair values are not materially different to the book balances.
The Company has a formal policy for risk management. 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, which is approved by the Board of Directors. The results obtained from these operations and the application of internal controls for risk management were considered satisfactory for the objectives proposed.

Risk management objectives and strategies

The hedge guidelines are applied according to exposure type. The risk factors posed by foreign currencies should be neutralized in the short term (within one year), and the protection may be extended for longer. Decision making regarding the risk posed by interest rates and inflation on liabilities acquired is assessed in terms of the economic and operational context and when Management deems the risk to be material. The Company and its subsidiaries did not have contracted derivative instruments as of December 31, 2020 and 2019.

Market Risks

(ii) <u>*Currency risk*</u>

Risk of change in exchange rates which could be associated to the Company's assets and liabilities.

The Company's current operations do not pose any exchange risks considered material by Management. There are no derivative financial instruments as of December 31, 2020 and 2019.

(iii) <u>*Interest rate risk*</u>

As described in Note 22 - Loans, financing and debentures, the identification of the interest rate risk is associated with the shift in the interest structures associated with the payment flows of the debt principal and interest.

As of December 31, 2020, 100% of the Company's debt was denominated in local currencies, with 33.22% restated by the IPCA price index, 46.46% by the TLP and 20.32% by the Selic base interest rate. As regards revenue denominated in Brazilian reais, the rental revenue of Porto do Açu is restated by the IGP-M price index and the Company’s funds are being held at Banco Bradesco.

As regards mitigating risks posed by interest-rate variance under the current situation, where the company has debts restated by indexes including the SELIC, TLP and IPCA and a fixed surcharge and holds its entire cash in a low-risk portfolio yielding the CDI rate, Management did not consider material in the short-term the interest risk posed by Porto do Açu Group's liabilities, and therefore decided not to take out hedge operations to mitigate the specific risk.

The table below summarizes the future flow of debt payments in thousands of reais, by creditor, with a sensitivity scenario in the interest-rate indexes suffering an oscillation (increase) of 25% and 50%. The indexes as of December 31, 2020 were projected through the end of the loan agreements for the baseline scenario.

(In thousands of Reais, unless stated otherwise)

The sensitivity analysis was conducted previously based on the latest index available by the end of the loan. From June 30, 2020 the calculation was based on the projections set out in the Focus report for all of Porto do Açu's debts.

Consolidated– Flow of Future Payments						
Description	**Base Scenario**		**Scenario I - 25% increase**		**Scenario II - 50% increase**	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**
BNDES (Selic and TLP)	7,460,927	6,437,521	7,846,824	7,696,979	8,232,531	8,971,964
Debentures (IPCA)	3,786,238	3,667,440	3,994,423	4,584,301	4,215,800	5,501,161
Total	**11,247,166**	**10,104,961**	**11,841,247**	**12,281,280**	**12,448,331**	**14,473,125**

The calculation projections below were made as of the baseline date December 31, 2020:

	Monthly (%p.m.)											
Indicator	**Jan/21**	**Feb/21**	**Mar/21**	**Apr/21**	**May/21**	**Jun/21**	**Jul/21**	**Aug/21**	**Sep/21**	**Oct/21**	**Nov/21**	**Dec/21**
Selic	0.16%	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%	0.19%	0.21%	0.23%	0.23%	0.25%
IPCA	0.30%	0.38%	0.26%	0.30%	0.21%	0.21%	0.21%	0.17%	0.23%	0.28%	0.26%	0.44%

	Annual (%p.a.)			
Indicator	**2022**	**2023**	**2024**	**2025 onwards**
Selic	4.50%	6.00%	6.00%	6.00%
IPCA	3.32%	3.50%	3.25%	3.20%

Cash flow risk related to floating interest rates

There is a financial risk associated with floating rates that could increase the future value of the financial liabilities. The common risk is uncertainty about the interest futures market, which makes payment flows unpredictable. In loss scenarios, the interest forward rises, thereby increasing the liability's value. Alternatively, the Company's liabilities could diminish if the rates fell.

The most important risk associated with the interest liability derives from the issuance of debentures restated by the IPCA price index, as mentioned in previous topic. As the Company's future revenue is restated by the IGP-M price index and both are long term - debt maturing in 2027, a fact which increases the amount of uncertainty regarding the market due to the term - the projected revenue is neutralized by the debt amortization, thereby minimizing the risk under scrutiny.

(In thousands of Reais, unless stated otherwise)

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. This risk arises principally from the Company's accounts receivable and financial instruments. The Company's exposure to credit risk is primarily influenced by each client's individual characteristics.

To mitigate these risks, the Company and its subsidiaries have a policy of analyzing the financial position of their counterparties, as well constantly monitoring outstanding accounts. The company uses the ratings issued by the main risk rating agencies used in the market in order to assess the financial institutions with which it carries out operations: S&P, Moody's and Fitch, using the long-term national or international risk rating.

The Company has a Financial Investment Policy, which establishes investment limits for each institution and considers the credit rating as a reference for limiting the investment amount. Average terms are continually assessed, as are the indexes underlying the investments, in order to diversify the portfolio.

An expected credit loss rate is calculated for each receivable based on the financial condition of each counterparty. Credit assessment was created using historic data and assumptions of the main risk rating agencies and credit bureaus. Loss rates are calculated via a multiplication matrix between the expected credit loss rate for each receivable and the level of delinquency in the portfolio and by using the rolling method. The probability of receipt passes through successive default stages until being completely written off.

Liquidity Risk

The Company and its subsidiaries monitor their liquidity levels, based on expected cash flows versus the amount of cash and cash equivalents at hand. Managing the liquidity risk means maintaining cash, sufficient securities and capacity to settle market positions.

The contractual maturities of the financial liabilities not discounted to present value as of December 31, 2020 are as follows. These amounts are gross and are not discounted, and include payments of estimated interest and exclude the impact of the offsetting agreements:

	To 6 months	6 to 12 months	1 to 2 years	2 to 5 years	More than 5 years	Total
Financial liabilities						
Trade payables	23,171	-	15,906	-	-	**39,077**
Loans, financings and debentures	222,464	218,302	411,216	1,592,564	8,802,620	**11,247,166**
Other financial liabilities	4,378	-	-	-	-	**4,378**
Lease liability	671	672	6,629	-	-	**7,972**
Customer advances	-	2,395	17,937	-	-	**20,332**
Liabilities towards third parties	-	-	22,345	-	-	**22,345**
Total by time range	**250,684**	**221,369**	**474,033**	**1,592,564**	**8,802,620**	**11,341,270**

(In thousands of Reais, unless stated otherwise)

The comparison criteria for the contractual maturities of the financial liabilities as of December 31, 2019 are as follows. These amounts are gross and are not discounted, and include payments of estimated interest and exclude the impact of the offsetting agreements.

	To 6 months	6 to 12 months	1 to 2 years	2 to 5 years	More than 5 years	Total
Financial liabilities						
Trade payables	41,743	-	-	-	-	**41,743**
Loans, financings and debentures	498,883	349,132	695,640	2,114,401	6,172,909	**9,830,965**
Lease liability	-	2,026	-	-	-	**2,026**
Other financial liabilities	-	6,419	-	-	-	**6,419**
Customer advances	-	2,391	20,276	-	-	**22,667**
Liabilities towards third parties	-	-	21,498	-	-	**21,498**
Total by time range	**540,626**	**359,968**	**737,414**	**2,114,401**	**6,172,909**	**9,925,318**

34 Insurance coverage

The Company and its subsidiaries have a policy of taking out insurance coverage for assets subject to risks in amounts considered sufficient to cover possible damages, considering the nature of their activity.

The policies are in force and the premiums have been paid. The company considers its insurance coverage is consistent with other companies of similar sizes operating in the sector.

As of December 31, 2020 and 2019, the main risks covered are:

	Consolidated	
	2020	**2019**
Operating risks		
Property damages	83,035	69,344
Civil Liability and Environmental Damages	329,279	306,321
Lost earnings	207,174	206,150
	619,488	**581,815**

Members of the Executive Board

José Firmo
CEO

Fernando Mouta
CFO

Vinícius Patel
Port Management Officer

Mariana Moraes
Legal Officer

Tessa Major
International Innovation Officer

Antonio Primo
Industrial Officer

João Paulo Braz
Logistics Officer

Ricardo de Luca
Oil and Gas Officer

Renato Vieira
Manager of the Controller's Department
Accountant CRC RJ 103959/O-5