Prumo Logística S.A.

Financial statements
December 31, 2020 and 2019

Contents

Message from Management

The Covid-19 pandemic has placed the whole world facing unprecedented challenges. In order to respond quickly, Prumo, a multinational economic group responsible for the development of Porto do Açu, established Crisis Management with the aim of caring for people, supporting the community, ensuring safe operational continuity and the financial health of businesses. With operations on three fronts (People and Community, Operational Continuity and Business Financial Management), a series of actions were put in place throughout the year.

Porto do Açu, through the preventive actions adopted by the companies of the Prumo Group, remained operating in a hybrid model, with part of its operational staff working on the project and another working remotely. Since the beginning of the cases in the country, Grupo Prumo's efforts have prioritized the health and safety of all people involved, directly or indirectly, in the development of the port enterprise.

There were also initiatives to protect employees and their families and humanitarian actions that could contribute to the protection of the communities where the Group's companies operate. The joint actions resulted in the donation of more than 100 thousand PPE (gloves, masks, goggles and aprons) to the health area, recovery of pulmonary ventilators and essential equipment in the rehabilitation of infected patients, in addition to support for the “Dados do Bem” program ”, Which uses data intelligence to test and analyze the evolution of the pandemic, in addition to R $ 400 thousand for the collective financing project “ Salvando Vidas ”, of the National Bank for Economic and Social Development (“ BNDES ”), which the resources for the Santa Casa de Misericórdia of São João da Barra, in the North of the State of Rio de Janeiro.

Even in the midst of a global pandemic scenario, Grupo Prumo's commitment to the safety of people and the financial health of business has resulted in a year of important milestones. Porto do Açu was the second national port for cargo handling, compared to organized ports, according to data from the National Waterway Transport Agency (“Antaq”). Over the past year, Açu signed new relevant contracts and partnerships and received 3,245 vessels, totaling more than 12,500 accesses since its inauguration in 2014.

One of the main highlights of 2020 was the development of the largest thermoelectric park in Latin America, by Gás Natural Açu (GNA), a partnership of Grupo Prumo, BP, Siemens and SPIC Brasil, which acquired 33% of the GNA I and GNA II projects, which add up to 3GW of power generation from LNG. With investments of R $ 8.5 billion, GNA completed 98.4% of the construction of the first thermal plant that integrates the park, which still includes a regasification terminal and another gas plant. Together, the two thermoelectric plants will generate enough to supply 14 million homes, which is equivalent to residential consumption in the states of Rio de Janeiro, Minas Gerais and Espírito Santo. One of the milestones of 2020 was the arrival of the first cargo of LNG, supplied by BP, which was successfully transferred to the storage and regasification unit (FSRU) BW Magna, in December.

These projects are part of the Porto do Açu gas hub, which can enable the production of the associated pre-salt gas to flow - essential for Brazil to reach the production numbers that are projected. In this context, Porto do Açu represents a new alternative of energy security and supply for the country, giving options for gas and oil to reach the market, and generating energy.

There was also good news from Açu Petróleo in 2020. Accounting for 25% of Brazil's oil exports, the terminal ended the year with 112 million barrels handled, an increase of 56% from 2019. In 2020 the terminal handled three ship-to-ship transfers simultaneously for the first time, as well as the first nighttime transfer involving a VLCC (*Very Large Crude Carrier*), with a capacity to store up to 2 million barrels of crude oil. The terminal has a depth of 25 meters and is the only private terminal in the country ("T-OIL") that has the capacity to receiverships of this size. Since inauguration it has handled 244 million tonnes.

The Porto do Açu Multicargo Terminal ("*T-MULT*") handled over 670,000 metric tons of cargo in 2020, while expanding its cargo and customer portfolio to 12 products handled for 36 different customers. Since it opened in 2016, the terminal has handled more than 2.8 million tonnes of cargo, equivalent to some 87 thousand trucks and 126 vessels. The terminal's results consolidate Açu as an excellent logistical alternative for Brazil, operating to a high standard of efficiency, quality and safety.

In addition to cargo customarily handled at the terminal, such as bauxite, coke, coal, gypsum, pig iron, *beach iron*, and general and project cargo, in 2020 T-*MULT* added two new services to its offering. The first is a *short-sea feeder* service between the ports of Rio and Açu, in partnership with Norsul. The second is dry-bulk fertilizer handling, placing Açu into Brazil's thriving agribusiness value chain. A total of 150,000 metric tons of fertilizers are expected to be handled in the first year of the contract.

In a partnership with Prumo and Anglo American, Ferroport handled more than 23.8 million tonnes in 2020, setting a new record. The facility—the third-largest iron ore terminal in Brazil—was the first to operate at Açu, in 2014, and to date has handled 89 million metric tons of cargo and received 578 calling ships.

Up and running since 2014, Porto do Açu has received more than R$13 billion in port infrastructure investments and the 14 companies that have opened ventures in the site. Since then, Porto do Açu has reported positive growth rates and is expected to develop further in the years ahead.

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Statement of Consolidated Ebitda

EBITDA	2020	2019
(+) Net service fee income	**621,868**	**439,990**
PSN (Dome)	8,380	6,543
Açu Petróleo	399,421	236,522
PDA Group	214,126	219,379
Other Effects	(59)	(22,455)
(-) Cost	**(361,624)**	**(344,832)**
PSN (Dome)	(6,351)	(6,138)
Açu Petróleo	(185,954)	(184,743)
PDA	(169,581)	(154,166)
Other Effects	262	214
(-) General and Administrative Expenses	**(337,374)**	**(237,028)**
PSN (Dome)	(2,868)	(1,364)
Açu Petróleo	(23,208)	(21,928)
GNA Holdco	(7,998)	1,990
GNA I – available-for-sale	-	(43,360)
GNA II – available-for-sale	-	(19,898)
GNA Infra	(2,712)	(6,619)
PDA and subsidiaries	(104,669)	(76,221)
Prumo	(195,035)	(68,504)
Other	(884)	-
Other effects	-	(1,124)
Equity income and other	**199,221**	**266,531**
Net income from assets and liabilities held for sale	**(80,378)**	**(54,672)**
Net income before financial income/loss	**41,713**	**69,989**
(-) Depreciation/Amortization (Opex)	**(184,526)**	**(197,804)**
(-) Depreciation/Amortization (G&A)	**(9,942)**	**(4,138)**
(=) Carried EBITDA	**236,181**	**271,931**
(-) Losses	(13,719)	10,807
(=) Adjusted EBITDA	**249,900**	**261,124**

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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 International Financial Reporting Standards - IFRS)

To the Board of Directors and Management

Prumo Logística S.A.

Rio de Janeiro – RJ

Opinion

We have audited the individual and consolidated financial statements of Prumo Logística S.A. ("the 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 Prumo Logística S.A. ("the Company") as of December 31, 2020, and of its financial performance and 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 Prumo Logística S.A. as of December 31, 2020, and of 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 Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the 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 the 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 opinion.

Other matters – Statements of value added

The individual and consolidated statements of value added (DVA) for the year ended December 31, 2020, prepared under the responsibility of the Company's management, presented herein as supplementary information for IFRS purposes and which presentation is not required for private entities, have been subject to audit procedures jointly performed with the audit of the Company's financial statements. In order to form our opinion, we assessed whether those statements are reconciled with the financial statements and accounting records, as applicable, and whether their format and contents are in accordance with criteria determined in the Technical Pronouncement 09 (CPC 09) - Statement of Value Added issued by the Committee for Accounting Pronouncements (CPC). In our opinion, the statements of value added have been fairly prepared, in all material respects, in accordance with the criteria determined by the aforementioned Technical Pronouncement and are consistent with the overall individual and consolidated financial statements.

Other information accompanying the individual and consolidated financial statements and the auditor's report

Management is responsible for the other information comprising the management report.

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

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

The management and corporate governance responsibilities for the company 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 an 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.

Those responsible for the Company's and its subsidiaries' corporate governance are the ones charged with supervising the financial statements preparation process.

Auditors' responsibilities for the audit of the individual and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Rio de Janeiro, March 31, 2021

KPMG Auditores Independentes

CRC SP-014428/O-6 F-RJ

(Original report in Portuguese signed by)

Luis Claudio França de Araújo

Accountant CRC RJ-091559/O-4

Prumo Logística S.A.

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

		Parent company		Consolidated	
	Note	**2020**	**2019**	**2020**	**2019**
Assets					
Current					
Cash and cash equivalents	6	139,972	91,571	318,210	501,746
Marketable securities	6	24,970	548,826	445,962	618,264
Restricted cash	6	64,198	-	289,155	5,668
Escrow account	7	-	-	61,850	102,014
Receivables	8	-	-	40,188	67,602
Accounts receivable from related parties	20	5,026	8,447	3,075	1,979
Related-party loans	20	38,183	37,935	109,183	106,123
Third-party receivables	14	-	-	395	168
Recoverable taxes	9	7,372	8,871	37,652	52,748
Income taxes and contributions recoverable	9	-	-	26,561	4,101
Prepaid expenses	15	501	287	16,313	33,426
Derivatives - hedge	37	-	-	-	2,684
Other receivables		839	916	2,557	6,087
		281,061	**696,853**	**1,351,101**	**1,502,548**
Available for sale	23	-	-	5,852,087	-
Total current assets		**281,061**	**696,853**	**7,203,188**	**1,502,548**
Noncurrent					
Escrow account	7	-	-	103,888	61,738
Receivables	8	-	-	68,316	52,693
Accounts receivable from related parties	20	5,292	-	10,694	-
Related-party loans	20	-	-	229,379	578,245
Debentures	13	-	-	659,393	659,393
Third-party receivables	14	-	-	80,031	80,031
Returnable down payments	11	-	-	55,239	52,491
Judicial deposits	12	517	531	10,587	25,658
Recoverable taxes	9	2	63,051	4,868	68,040
Deferred taxes	10	-	-	11,998	88,922
Prepaid expenses	15	-	-	-	8,261
Derivatives - hedge	37	-	-	-	667
Investments					
Equity interests	16	1,441,300	1,456,108	786,175	450,854
Investment property	17	-	-	526,931	520,893
Property, plant and equipment	18	2,790	2,257	4,651,860	7,569,121
Intangible assets	19	5,104	5,756	76,184	94,249
Right-of-use	28	3,204	2,896	35,080	33,589
Total non-current assets		**1,458,209**	**1,530,599**	**7,310,623**	**10,344,845**
Total assets		**1,739,270**	**2,227,452**	**14,513,811**	**11,847,393**

The accompanying notes are an integral part of these financial statements.

PRUMO
LOGÍSTICA GLOBAL

Prumo Logística S.A.

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

		Parent company		Consolidated	
	Note	2020	2019	2020	2019
Liabilities					
Current					
Trade payables	21	3,887	4,538	67,671	148,508
Loans, financing and debentures	24	-	-	326,647	560,417
Lease liabilities	28	983	1,473	4,249	4,629
Salaries and charges payable		33,592	19,590	65,847	60,016
Accounts payable to related parties	20	2,075	1,044	14,050	96,213
Liabilities towards third parties	14	-	-	-	5,727
Advances from customers	26	-	-	9,450	5,018
Taxes and contributions payable	25	9,876	2,094	16,034	9,321
Income and social contribution taxes payable	25	-	-	24,043	2,740
Derivatives - hedge	37	-	-	530	4,597
Other accounts payable		-	-	9	382
Total current liabilities		**50,413**	**28,739**	**528,530**	**897,568**
Available for sale	23	-	-	4,068,378	-
Total current liabilities		**50,413**	**28,739**	**4,596,908**	**897,568**
Non-current					
Trade payables	21	437	-	16,568	12,156
Loans, financing and debentures	24	-	-	7,482,937	7,810,143
Salaries and charges payable		7,059	-	7,059	-
Lease liabilities	28	2,908	1,566	33,998	30,693
Related-party loans	20	1,199,108	984,510	1,199,108	984,510
Liabilities towards third parties	14	-	-	19,880	36,357
Advances from customers	26	-	-	17,937	20,276
Income and social contribution taxes payable	25	63,609	31,477	63,723	40,347
Provision for contingencies	27	818	2,471	7,327	8,566
Provision for investment devaluation	16	775,146	401,060	129,412	-
Deferred taxes	10	-	-	133,254	39,095
Derivatives - hedge	37	-	-	-	2,653
Other accounts payable		-	-	2,949	2,103
Total non-current liabilities		**2,049,085**	**1,421,084**	**9,114,152**	**8,986,899**
Equity	29				
Share capital		3,292,821	3,292,821	3,292,821	3,292,821
Capital reserves		298,466	298,466	298,466	298,466
Other comprehensive income		1,022,134	750,755	1,022,134	750,755
Amounts recognized in other comprehensive income related to assets available for sale		14,885	-	14,885	-
Accumulated losses		(4,988,534)	(3,564,413)	(5,012,413)	(3,594,900)
Equity attributable to owners of the Company		**(360,228)**	**777,629**	**(384,107)**	**747,142**
Non-controlling interests		**-**	**-**	1,186,858	1,215,784
Total equity		**(360,228)**	**777,629**	**802,751**	**1,962,926**
Total liabilities and equity		**1,739,270**	**2,227,452**	**14,513,811**	**11,847,393**

The accompanying notes are an integral part of these financial statements.

Prumo Logística S.A.

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 revenue	31	-	-	621,868	439,990
Cost of services provided	32	-	-	(361,624)	(344,832)
Gross profit		**-**	**-**	**260,244**	**95,158**
Operating income (expenses)					
General and administrative expenses	33	(195,035)	(68,504)	(337,374)	(173,829)
Reversal of (provision for) losses on downpayments and asset impairment	6.8.11	32	(56)	(13,719)	10,840
Other revenues		-	40	32,799	1,738
Other expenses		-	(793)	(22,428)	(10,290)
Income before finance income/costs.		**(195,003)**	**(69,313)**	**(80,478)**	**(76,383)**
Finance income (costs)					
Finance income	34	170,777	18,549	615,557	251,067
Finance costs	34	(405,112)	(219,432)	(1,968,830)	(1,190,779)
		(234,335)	**(200,883)**	**(1,353,273)**	**(939,712)**
Share of profit (loss) of equity-accounted investees	36	(994,783)	(520,058)	202,569	209,604
Net income before taxes		**(1,424,121)**	**(790,254)**	**(1,231,182)**	**(806,491)**
Current income and social contribution taxes	25	-	-	(30,754)	(8,069)
Deferred income tax and social contribution	25	-	-	(134,427)	9,596
Loss for the year from continuing operations		**(1,424,121)**	**(790,254)**	**(1,396,363)**	**(804,964)**
Net income from held-for-sale operations	23	-	-	(80,378)	(54,672)
Loss for the year from discontinued operation (net of taxes)		**-**	**-**	**(80,378)**	**(54,672)**
Loss for the year		**(1,424,121)**	**(790,254)**	**(1,476,741)**	**(859,636)**
Income attributable to:					
Owners of the company	30	**(1,424,121)**	(790,254)	(1,416,971)	(818,831)
Noncontrolling shareholders		-	-	(59,770)	(40,805)
Loss for the year		**(1,424,121)**	**(790,254)**	**(1,476,741)**	**(859,636)**
Earnings (loss) per share					
Basic and diluted loss per common share (in R$)	30	(3.78739)	(2.10164)	(3.76837)	(2.17764)

The accompanying notes are an integral part of these financial statements.

Prumo Logística S.A.

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

	Parent company		Consolidated	
	2020	**2019**	**2020**	**2019**
Loss for the year	**(1,424,121)**	**(790,254)**	**(1,476,741)**	**(859,636)**
Other comprehensive income from continuing operations				
Items that can be subsequently reclassified to profit or loss (net of tax):				
Accumulated translation adjustments	278,492	35,649	278,492	35,649
Income from GNA percentage variance	9,867	-	9,867	-
Loss on percentage variance in investee at PDA	(18,427)	39,241	(18,427)	39,241
Other comprehensive income from discontinuing operations	**(1,154,189)**	**(715,364)**	**(1,206,809)**	**(784,746)**
Amounts recognized in other comprehensive income related to assets available for sale	16,332	(1,447)	16,332	(1,447)
Total comprehensive income for the year	**(1,137,857)**	**(716,811)**	**(1,190,477)**	**(786,193)**
Comprehensive income attributable to:				
Owners of the company	(1,137,857)	(716,811)	(1,130,707)	(745,388)
Noncontrolling shareholders	-	-	(59,770)	(40,805)

The accompanying notes are an integral part of these financial statements.

Prumo Logística S.A.

Statements of changes in equity (parent company and consolidated)
Periods ended December 31, 2020 and 2019
(In thousands of reais)

		Capital Reserve			Other Comprehensive Income										
	Capital	Goodwill on share issuance	Options options granted	Expenses relating to share issuances	Resulting capital reserve - Ferroport	Siemens subscription bonus - reflection	Gain/(loss) on change in percentage holding in investee	Asset and liability valuation adjustments	Accumulated translation adjustments	Accumulated losses	Equity - parent company	Others	Total	Non-controlling interests	Total equity
Balance at 1 January 2019	*3,292,821*	*266,974*	*63,336*	*(31,844)*	*125,182*	*13,231*	*515,169*	*-*	*23,730*	*(2,774,159)*	*1,494,440*	*(1,910)*	*1,492,530*	*741,686*	*2,234,216*
Loss for the year	-	-	-	-	-	-	-	-	-	(790,254)	**(790,254)**	(28,577)	**(818,831)**	(40,805)	**(859,636)**
Hedge financial instrument-effect	-	-	-	-	-	-	-	(1,447)	-	-	**(1,447)**	-	**(1,447)**	(2,514)	**(3,961)**
Accumulated translation adjustments	-	-	-	-	-	-	-	-	35,649	-	**35,649**	-	**35,649**	9,629	**45,278**
Capital reduction of Açu Petróleo	-	-	-	-	-	-	-	-	-	-	**-**	-	**-**	(10,000)	**(10,000)**
Capital increase/ reserve – GNA	-	-	-	-	-	-	1,663	-	-	-	**1,663**	-	**1,663**	519,014	**520,677**
Capital increase/ Port of Antwerp reserve in PDA	-	-	-	-	-	-	*37,578*	-	-	-	**37,578**	-	**37,578**	(1,226)	**36,352**
Balance at December 31, 2019	*3,292,821*	*266,974*	*63,336*	*(31,844)*	*125,182*	*13,231*	*554,410*	*(1,447)*	*59,379*	*(3,564,413)*	*777,629*	*(30,487)*	*747,142*	*1,215,784*	*1,962,926*
Loss for the year	-	-	-	-	-	-	-	-	-	(1,424,121)	**(1,424,121)**	7,150	**(1,416,971)**	(59,770)	**(1,476,741)**
Hedge financial instrument-effect	-	-	-	-	-	-	-	16,332	-	-	**16,332**	-	**16,332**	8,699	**25,031**
Accumulated translation adjustments	-	-	-	-	-	-	-	-	278,492	-	**278,492**	-	**278,492**	69,623	**348,115**
Capital reduction of Açu Petróleo	-	-	-	-	-	-	-	-	-	-	**-**	-	**-**	(102,200)	**(102,200)**
Income from percentage variance in investee – GNA	-	-	-	-	-	-	9,867	-	-	-	**9,867**	-	**9,867**	36,295	**46,162**
Capital increase/ Port of Antwerp reserve in PDA	-	-	-	-	-	-	*(18,427)*	-	-	-	**(18,427)**	-	**(18,427)**	18,427	**-**
Other (IFRS 16 adjustments and deferred)	-	-	-	-	-	-	-	-	-	-	**-**	(542)	**(542)**	-	**(542)**
Balance at December 31, 2020	*3,292,821*	*266,974*	*63,336*	*(31,844)*	*125,182*	*13,231*	*545,850*	*14,885*	*337,871*	*(4,988,534)*	*(360,228)*	*(23,879)*	*(384,107)*	*1,186,858*	*802,751*

The accompanying notes are an integral part of these financial statements.

Prumo Logística S.A.

Statements of cash flows
Years ended December 31, 2020 and 2019

	Parent company		Consolidated	
	2020	2019	2020	2019
Cash flows from operating activities				
Loss before tax	(1,424,121)	(790,254)	(1,361,046)	(872,619)
Expenses (income) not affecting cash:				
Amortization of right of use	1,422	-	5,722	-
Depreciation and amortization	1,502	2,682	190,067	205,462
Write-off of PPE	-	787	7,678	11,394
Share of profit (loss) of equity-accounted investees	994,783	520,058	(202,569)	(209,604)
Exchange and monetary variance and interest	209,903	166,070	1,452,667	824,294
Amortization of transaction costs	-	-	39,276	73,279
Provision for (Reversal) of impairment	-	-	-	32,303
Provision for losses on returnable down payments	-	-	19,570	(43,112)
Provision for bonuses	26,492	19,734	53,169	51,940
Provision for/reversal of contingencies	(1,653)	(618)	(5,446)	(3,126)
Estimated loss	(32)	56	(5,866)	2
	(191,704)	**(81,485)**	**193,222**	**70,213**
(Increase) decrease in assets and increase (decrease) in liabilities:				
Receivables	-	-	11,791	4,215
Returnable down payments	-	-	4,098	8,500
Judicial deposits	-	-	12,637	-
Recoverable taxes	64,548	3,191	57,209	59,692
Third-party receivables	-	-	(5,148)	2
Prepaid expenses	(214)	(227)	25,374	28,015
Other receivables	78	(170)	(25,702)	(4,226)
Trade payables	(650)	(368)	(68,569)	107,089
Related parties - accounts receivable	(1,871)	(1,949)	(9,203)	13,158
Advances from customers	-	-	2,145	(2,128)
Taxes and contributions payable	39,914	33,011	75,252	40,432
Related parties - accounts payable	1,031	-	103,340	83,855
Salaries and vacation payable	(5,431)	(22,405)	(38,306)	(42,575)
Liabilities towards third parties	-	-	(27,955)	(4,908)
Other accounts payable	-	(5)	(103,471)	(3,493)
Payment of income and social contribution taxes due	-	-	(23,558)	-
Net cash provided by (used in) operating activities	**(94,300)**	**(70,407)**	**183,156**	**357,841**
Cash flows produced by investment activities				
Acquisition of PPE	(949)	(405)	(555,988)	(2,492,944)
Acquisition of intangible assets	(393)	(178)	(4,396)	(1,496)
Capital decrease at subsidiary	306,600	832,833	-	-
Securities	523,856	(513,811)	172,302	(571,939)
Capital reserve increase - Ferroport	-	(213,238)	-	-
Capital increase by subsidiary	(261,957)	(212,262)	-	-
Advances for future capital increase in subsidiaries	(396,237)	(86,212)	-	-
Dividends received	36,410	44,096	-	-
Loans from related parties	-	-	365,193	194,181
Net cash used in investments	**207,330**	**(149,177)**	**(22,889)**	**(2,872,198)**
Cash flows from financing activities				
Capital increase in subsidiary by noncontrolling shareholder	-	-	52,777	555,367
Capital decrease at subsidiary by noncontrolling shareholder	-	-	(102,200)	(10,000)
Restricted cash	(64,196)	-	(283,487)	(5,668)
Lease liability	(431)	(1,264)	(8,029)	(2,166)
Escrow accounts	-	-	30,903	(115,386)
Interest paid	-	-	(537,940)	(158,209)
Cost of transaction with third parties	-	-	(60,718)	(589,425)
Loans received from related parties	-	186,545	-	186,545
Loans from third parties	-	-	1,121,762	4,756,778
Loans settled with third parties	-	-	(370,586)	(1,900,095)
Net cash provided by financing activities	**(64,627)**	**185,281**	**(157,518)**	**2,717,741**
Increase (decrease) in cash and cash equivalents	**48,401**	**(34,303)**	**2,749**	**203,384**
At the beginning of the year	91,571	125,874	501,746	307,188
At the end of the year	139,972	91,571	318,210	501,746
Cash effect withdrawal from GNA I and GNA II – available-for-sale	-	-	(189,861)	-
Exchange variance on cash and cash equivalents	-	-	(3,576)	8,826
Increase (decrease) in cash and cash equivalents	**48,401**	**(34,303)**	**2,749**	**203,384**

The accompanying notes are an integral part of these financial statements.

Prumo Logística S.A.

Statements of added value

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

	Parent company		Consolidated	
	2020	2019	2020	2019
Revenue				
Sales of merchandise, goods and services	-	-	699,172	495,791
Other revenues	-	40	32,799	1,738
Construction of own assets	-	-	41,283	13,589
	-	**40**	**773,254**	**511,118**
Inputs purchased from third parties (including ICMS and IPI)				
Cost of goods, merchandise and services sold	-	-	(151,776)	(123,231)
Materials, electric power, outsourced services and other	(13,849)	(17,214)	(102,949)	(50,249)
Loss of asset values	32	(56)	(13,719)	10,839
Other	896	(793)	(23,412)	(10,290)
	(12,921)	**(18,063)**	**(291,856)**	**(172,931)**
Gross value added	**(12,921)**	**(18,023)**	**481,398**	**338,187**
Depreciation, amortization and depletion	(2,925)	(1,233)	(194,468)	(201,013)
Added value produced by the Company	**(15,846)**	**(19,256)**	**286,930**	**137,174**
Transferred value added				
Share of profit (loss) of equity-accounted investees	(994,783)	(520,058)	202,569	209,604
Net income from held-for-sale operations	-	-	(80,378)	(54,672)
Financial revenue	170,777	18,549	615,557	251,067
Deferred income tax	-	-	(134,427)	9,595
	(824,006)	**(501,509)**	**603,321**	**415,594**
Total value added to distribute	**(839,852)**	**(520,765)**	**890,251**	**552,768**
Distribution of added value				
Employees				
Direct compensation	21,490	18,802	68,552	59,051
Benefits	43,899	23,471	85,151	59,662
FGTS	1,018	307	4,134	2,592
	66,407	**42,580**	**157,837**	**121,305**
Taxes				
Federal taxes	104,677	1,735	217,637	72,897
State taxes	-	68	90	89
Municipal taxes	-	-	11,155	17,057
	104,677	**1,803**	**228,882**	**90,043**
Return on debt capital				
Finance Costs	405,112	219,432	1,968,830	1,190,779
Rentals	8,073	5,674	11,443	10,277
	413,185	**225,106**	**1,980,273**	**1,201,056**
Return on equity capital				
Loss for the year	(1,424,121)	(790,254)	(1,416,971)	(818,831)
NCI in retained earnings	-	-	(59,770)	(40,805)
	(1,424,121)	**(790,254)**	**(1,476,741)**	**(859,636)**
	(839,852)	**(520,765)**	**890,251**	**552,768**

The accompanying notes are an integral part of these financial statements.

Prumo Logística S.A.

Note to the individual and consolidated financial statements
December 31, 2020 and 2019,
(In thousands of reais, unless specified otherwise)

Introduction

The notes are split into the following five main sections:

Prumo Logística S.A.

Note to the individual and consolidated financial statements
December 31, 2020 and 2019,
(In thousands of reais, unless specified otherwise)

1. Reporting entity

Prumo Logística S.A. ("Prumo" or "Company") was incorporated in 2007 to develop integrated logistics and infrastructure ventures, mainly in the port sector. The Company currently carries out its operations via its subsidiaries Porto do Açu Operações S.A. ("Porto do Açu"), Açu Petróleo S.A. ("Açu Petróleo"), Gás Natural Açu S.A. ("GNA"), its indirect joint subsidiary ("joint operation") Ferroport Logística Comercial Exportadora S.A. ("Ferroport"), Consórcio Dome Serviços Integrados and the joint subsidiary NFX Combustíveis Marítimos Ltda. ("NFX").

As of December 31, 2020, the Company's consolidated equity value is R$2.13 per share (R$5.22 as of December 31, 2019), presenting a consolidated loss in the year of R$1,476,741 (R$859,636 as of December 30, 2019) and consolidated positive working capital of R$822,571 (a positive R$604,980 as of December 31, 2019).

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 means the company can assure its future earnings and has full capacity to recover accumulated losses.

The short-term financial strategies are as follows:

- The subsidiary Açu Petróleo is awaiting performance of the condition's precedent in the financing contract with U.S. International Development Finance Corporation ("DFC"), the former OPIC, to secure the remaining funds under the credit facility of USD 90 million.

1. **Operations--**Continued

- After financing was arranged for the GNA I power plant and terminal in 2019, on November 30, 2020 GNA II obtained a loan of R$3.93 billion from BNDES to build the power plant. The loan contract contained certain covenants that were fully satisfied as of January 2021.
- Management is also dedicated to continuing to develop other means of obtaining funds to further implement the Company's business plans, which include the development of the ventures described in this note.

COVID-19 - Effects of the Coronavirus on the Company

Since the onset of the novel coronavirus pandemic in Brazil, Prumo Group has been working intensely with its subsidiaries to mitigate the impacts of Covid-19 on its operations and to mitigate the effects on the catchment area of Porto do Açu.

Aware of how essential its operations are, thanks to preventive measures rolled out by Prumo Group's companies, Porto do Açu has been able to continue operating on a hybrid basis, with part of its operating staff working at the venture and part working remotely.

In a joint initiative, Prumo Group donated PPE (gloves, masks, safety glasses and overalls) to health care providers, made donations of food, refurbished equipment needed to treat COVID-19 patients, and sponsored the *Dados do Bem* program, which uses data intelligence for testing and to track the pandemic's spread.

GNA I had its construction activities reduced (without stoppage) to minimize contamination in the plant and region. The activity reduction was reported to the local authorities and normal operations were resumed gradually.

Certain key activities were continued, including the energization of the transmission line and final work to the LNG regasification terminal.

Reporting entity--Continued

COVID-19 - Effects of the Coronavirus on the Company--Continued

The project schedule was reviewed and operational start-up will be delayed by 5 months, with fixed revenue subsequent being deferred for the same period. In December 2020 ANEEL waived liability for 150 days in the delay to the GNA I implementation schedule as result of the impacts caused by COVID-19.

The financial impacts on the venture were ascertained, with an amendment also being signed with the joint venture building the thermal plant. The deviations identified did not exceed the contingencies included in the venture's cost calculation, which is why at this reporting date we did not identify any insufficiency in the project's construction financing.

No impacts were identified on the supply chain. Financing tranches have been received normally and GNA I is now in a financial position sufficient to finance the completion of the works.

At GNA II the pandemic's consequences resulted in a delay in the original schedule, with works beginning that were expected for the second half of 2021. The venture's schedule and commercial terms with the leading suppliers are being revised in order to mitigate potential future financial impacts on the venture that have not materialized yet.

1. Reporting entity--Continued

Porto do Açu

In 2020 T-Mult handled 666,697 tonnes of bulk and 4,451 tonnes of project cargo (722,828 tonnes of bulk and 29,787 tonnes of project cargo in 2019).

Ferroport

In 2020 a total of 23,849 thousand tonnes of iron ore was shipped, in 150 Capesize ships (In 2019, 23,042 thousand tonnes, in 137 Capesize ships), above the budgeted amount approved for 2020. The volume rose in the 4th quarter, mainly due to the production stoppage to implement the pile repowering project, projected and approved by Anglo American for the 3rd quarter.

NFX (BP - Prumo)

In 2020 approximately 126,000 tonnes of marine diesel oil were sold in 479 onshore operations conducted at both Tecma and *T-Mult*, and the terminal of Edison Chouest ("B-Port"), amongst other terminals of the T2 channel, in addition to 50 offshore operations (In 2019, 178,200 of marine diesel oil in 477 onshore operations, in addition to 84 offshore operations). It currently has another vessel to assist offloading and fueling operations.

Açu Petróleo

In 2020, Açu Petróleo carried out 112 operations, 70 with VLCC ships, substantially increasing the volume handled to 112 million barrels of oil in 2020, compared with 72 million barrels of oil in 2019.

1. Reporting entity--Continued

GNA Group

The GNA I project entails the construction (i) of a combined cycle thermoelectric power station of roughly 1,300 MW, which will meet the contractual obligations of UTE Novo Tempo, in relation to its energy trading agreements; (ii) and an LNG regasification terminal project ("Regasification Terminal"), which will provide the capacity to import natural gas to the GNA I Project and future energy plans and other potential projects in the industrial area of Porto do Açu. The venture comprises the development of the "Açu Gas Hub", strategically located in the north-east of Rio de Janeiro state, which intends to offer an efficient logistics solution for the sale and consumption of natural gas and its products.

Work is progressing on the construction of the power plant, the LNG Regasification Terminal and a 345 kV Transmission Line to export the power output from GNA I.

98.4% of the works on GNA I had been completed by December 31, 2020, with a certain delay to the initially agreed schedule due to the scaling down of operations as a result of the COVID-19 outbreak. Complete resumption of the works with the contractors was conducted in coordination with local authorities.

Because of the debt disbursements released in April 2020, the venture has sufficient funds to finance the works till May 2021, when the final disbursement of the loan is scheduled.

The BNDES approved financing of R$3.93 billion for GNA II to implement the second thermal power plant. The powerplant will have four generators, three fired by natural gas and one steam powered. The total installed capacity will be 1,673MW, enough energy to power 7.8 million homes.

Prumo Logística S.A.

Note to the individual and consolidated financial statements
December 31, 2020 and 2019,
(In thousands of reais, unless specified otherwise)

2. Licenses and permits

New or renewed licenses or permits in 2020.

Company	Description	Document	Issuance date	Term
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	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	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
GNA	Submission changing the subject matter of the LP: - Former text: “to design and locate the Liquefied Gas Thermoelectric Power Station consisting of 5 (five) generator sets with a maximum capacity of 660 MW each, divided into 3 (three) sets for GNA III and 2 (two) sets for UTE GNA IV, to be implemented by GNA. - Adjusted text: “to design and locate the Liquefied Gas Thermoelectric Power Station consisting of 5 (five) generator sets with a maximum capacity of 660 MW each, divided into 3 (three) sets for GNA III , 1 (one) set for UTE GNA IV and 1 (one) set for UTE GNA V, to be implemented by GNA II.	AVB004348 (registers LP IN049617)	01/21/2020	10/17/2020 (*)
Açu Petróleo	For an Oil Treatment Facility - OTF, including the storage and processing of oil, the specific piping to transport oil between the OTF and the marine terminals (TPET-I and TPET-II, jointly referred to as T-OIL), and the infrastructure necessary for oil transshipment between ships moored in T-OIL’s berths, ship to ship transfer of oil and underwater outlets.	LI IN051253	04/28/2020	04/27/2026
Açu Petróleo	Authorizes the transfer of oil and fuel oil (types 1 and 1B) in a ship-to-ship operation, through the Oil terminal (T-OIL) in terminal T1 of Porto do Açu, including the temporary storage of oil in a Floating Storage Unit (FSU).	LO IN0051582	09/15/2020	04/12/2027
Açu Petróleo	Preliminary license for construction of two oil pipelines (with a length of 45.3 km each and an estimated capacity of 60 to 400 KBPD (60 to 400 thousand barrels per day) through the municipalities of São João da Barra, Campos dos Goytacazes and Quissamã, connecting the Oil Tank Farm at Porto do Açu to a Petrobrás facility in Barra do Furado.	-	-	- (**)

(*) Pending response on update.
(**) Pending issuance of preliminary license. CECA approval was received on 12/15/2020, with a validity of 5 years.

(In thousands of reais, unless specified otherwise)

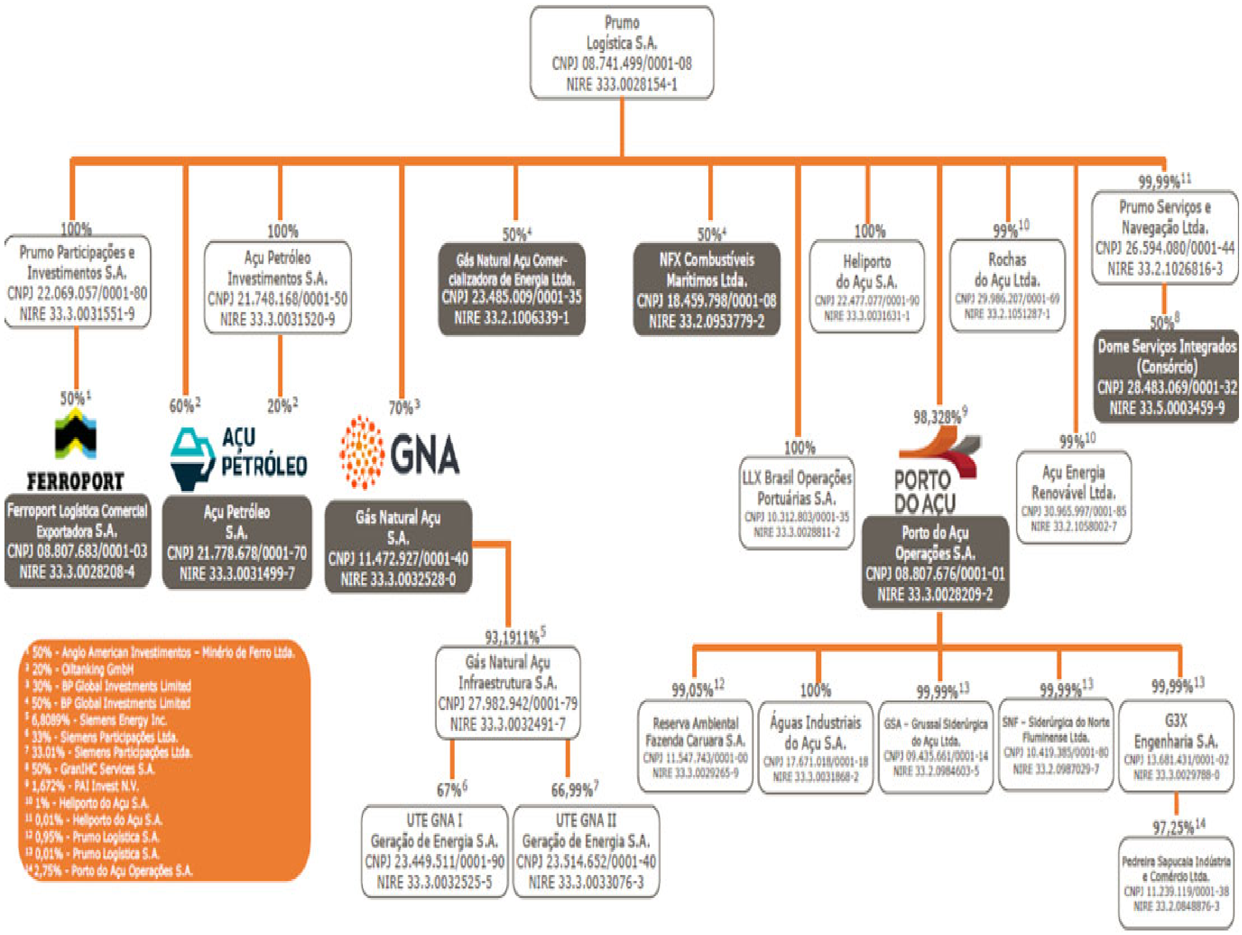
3. Companies of Prumo Group

	Country	Equity interest 2020	2019
Direct subsidiaries			
Porto do Açu Operações S.A. (“Porto do Açu”) (*)	Brazil	98.33%	97.65%
LLX Brasil Operações Portuárias S.A. (“LLX Brasil”)	Brazil	100.00%	100.00%
NFX Combustíveis Marítimos Ltda. (“NFX”) (**)	Brazil	50.00%	50.00%
Açu Petróleo S.A. (“Açu Petróleo”)	Brazil	60.00%	60.00%
Gás Natural Açu S.A. (“GNA”) (***)	Brazil	70.00%	70.00%
Prumo Participações e Investimentos S.A. (“Prumo Participações”)	Brazil	100.00%	100.00%
Heliporto do Açu S.A. (“Heliporto”)	Brazil	100.00%	100.00%
Açu Petróleo Investimentos S.A. (“Açu Investimentos”)	Brazil	100.00%	100.00%
Prumo Serviços e Navegação Ltda. (“Prumo Navegação”)	Brazil	100.00%	100.00%
Rochas do Açu Ltda. (“Rochas do Açu”)	Brazil	99.00%	99.00%
Açu Energia Renovável Ltda. (“Açu Energia”)	Brazil	99.00%	99.00%
GNA Comercializadora de Energia Ltda. (“GNA III”) (******)	Brazil	50.00%	50.00%
Indirect subsidiaries			
Ferroport Logística Comercial Exportadora S.A. (****)	Brazil	50.00%	50.00%
Açu Petróleo S.A. (“Açu Petróleo”)	Brazil	20.00%	20.00%
GSA - Grussaí Siderúrgica do Açu Ltda. (“GSA”)	Brazil	99.99%	99.99%
Reserva Ambiental Fazenda Caruara S.A. (“Reserva Ambiental Caruara”)	Brazil	99.05%	99.05%
G3X Engenharia S.A. (“G3X”)	Brazil	99.99%	99.99%
Pedreira Sapucaia Ind. e Comércio Ltda. (“Pedreira Sapucaia”)	Brazil	97.25%	97.27%
Águas Industriais do Açu S.A. (“formerly EBN”) (“Águas Industriais”)	Brazil	100.00%	100.00%
SNF - Siderúrgica do Norte Fluminense Ltda. (“SNF”)	Brazil	99.99%	100.00%
UTE GNA I Geração de Energia S.A. (“GNA I”)	Brazil	67,00%	67.00%
UTE GNA II Geração de Energia Ltda. (“GNA II”)	Brazil	66,99%	49.50%
GNA Comercializadora de Energia Ltda. (“GNA III”)	Brazil	50,00%	99.00%
Gás Natural Açu Infraestrutura S.A. (“GNA Infra”)	Brazil	93,19%	95.03%
Fundo de Investimentos em Cotas de Fundos de Investimento Multimercado Crédito Privado LLX 63	Brazil	99.99%	99.99%
Dome Serviços Integrados (“Dome”) (*****)	Brazil	50.00%	50.00%

(*) Venture controlled by Prumo, with Port of Antwerp International NV ("PAI") holding 1.67%
(**) Joint venture between Prumo and BP Global Investment Limited (“BP”), with each shareholder having an interest of 50%;
(***) Venture controlled by Prumo, with BP Global Investment Limited holding 30%
(****) Joint venture between Prumo Participações and Anglo American, with each shareholder having an interest of 50%;
(*****) The Dome consortium consists of the companies Prumo Serviços e Navegação Ltda. and Granenergia Navegação S.A., both holding 50%; and
(******) Joint venture between Prumo and BP Global Investment Limited (“BP”), with each shareholder having an interest of 50%.

Prumo Logística S.A.

Note to the individual and consolidated financial statements
December 31, 2020 and 2019,
(In thousands of reais, unless specified otherwise)



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 deferred assets of the subsidiary Porto do Açu and the joint subsidiary Ferroport, amortization of which ends in 2025 and 2024, recorded at the parent company via the equity income method. These individual financial statements in BR GAAP are not therefore in accordance with IFRS. The difference between the individual and consolidated shareholders' equity is related to the deferred asset which was recognized in accumulated losses in the consolidated shareholders' equity upon initial adoption of IFRS. The amortization of this deferred asset is being recognized in profit or loss for the year by the subsidiaries and consequently via the equity income method at the parent company.

The financial statements have been prepared based on the assumption the company will continue as a going concern. Prumo Management carried out an assessment and concluded there is no significant uncertainty around the Company's capacity to continue as a going concern.

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 30, 2021.

4. Basis of presentation and preparation of the financial statements– Continued

b) Basis of preparation

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

c) Functional currency and reporting currency

These individual and consolidated financial statements are being presented in Brazilian reais, which is the Company and its subsidiaries' functional currency, with the exception of Açu Petróleo, whose functional currency is the US Dollar. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

d) Use of judgments and estimates

Judgments, estimates and assumptions are used to measure and recognize certain assets and liabilities in the Company's financial statements. These estimates took into account experience from past and current events, assumptions about future events and other objective and subjective factors. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Reviews to the estimates are recognized prospectively.

Information about judgments, uncertainties related to assumptions and estimates made in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

- Note 03 - consolidation: determines whether the Group actually holds the control of an investee;
- Note 10 - recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses can be offset;

4. Basis of presentation and preparation of the financial statements--Continued

- Note 16 - equity-accounted investees: determines whether the Group has significant influence over an investee;
- Note 18 - impairment test of intangible assets: key assumptions underlying recoverable amounts, including the recoverability of development costs;
- Note 27 – recognition and measurement of provisions and contingencies: main assumptions regarding the probability and size of outflows; and
- Note 28 - lease term: if the Group is reasonably certain it will exercise extension options.

5. Accounting policies

The Company has consistently applied the following accounting policies to all years presented in these financial statements, unless stated otherwise:

a) Basis of consolidation

(i) Subsidiaries

The Company controls an entity when it is exposed or entitled to variable returns deriving from its involvement in the entity and can interfere in its returns due to the power it exercises over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The subsidiaries' financial information is recognized in the parent company's individual financial statements by the equity method of accounting.

5. Accounting policies--Continued

(ii) Non-controlling interests

NCI are measured at their proportionate share of the subsidiary's identifiable net assets at the date of acquisition.

Changes in the Company's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(iii) Investments in equity-accounted investees

The Company's interests in equity-accounted investees comprise interests in associates and joint ventures.

Associates are those entities in which the Company has significant influence, but not control or joint control, over the financial and operating policies.

When classified as joint ventures, there are contractual arrangements that provide the Company joint control over the entity and entitles the Group to the net assets of the joint venture, rather than rights to its specific assets and liabilities.

These investments are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the financial statements include the Company's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases. Investments in subsidiaries are accounted for under the equity method in the Company's individual financial statements.

5. Accounting policies— Continued

(iv) Transactions eliminated on consolidation

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

(i) Foreign-currency transactions

Transactions in foreign currency are translated to the functional currency (Real) of Prumo Group's entities at the exchange rates on the transaction dates.

Monetary assets and liabilities denominated and recorded in foreign currency are translated to the functional currency at the exchange rates 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

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.

5. Accounting policies— Continued

Therefore, a short-term investment 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 with a maturity exceeding three months, held-to-maturity securities and held-for-trading investments are classified as securities.

The Company had Cash and cash equivalents of R$139,972 at December 31, 2020 (R$91,571 as of December 31, 2019). Cash and cash equivalents are held at banks and financial institutions with AA to AAA ratings assigned by the leading rating agencies S&P, Moody's and Fitch.

The estimated impairment on cash and cash equivalents was calculated based on the 12-month expected loss basis and reflects the short maturities of the exposures. Cash and cash equivalents have a low-credit risk based on the counterparties' independent credit ratings.

d) Financial instruments

i. Financial assets

Financial assets comprise cash and cash equivalents, related-party accounts receivable and derivatives.

The Company initially recognizes receivables and debt securities issued on the date they arise. All other financial assets are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

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

5. Accounting policies--Continued

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.

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 period 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.

5. Accounting policies--Continued

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. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

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).

5. Accounting policies--Continued

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. Additionally, for a financial asset acquired at a discount or premium to its contractual par value, a feature that permits or requires prepayment at an amount that substantially represents the contractual par value plus accrued (but unpaid) contractual interest (which may also include additional reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant on initial recognition.

Financial assets at FVTPL	These assets are subsequently measured 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 amortized cost using the effective interest 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 instrument at FVOCI	These assets are subsequently measured 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. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

5. Accounting policies--Continued

ii. Financial liabilities

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. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

iii. Financial instruments

The Company uses derivatives to hedge against foreign-currency and interest-rate risks. Derivatives are measured initially at fair value. The valuation or devaluation of the hedge instrument's fair value is charged to finance revenue or cost in profit and loss for the year and/or specific equity accounts.

At the start of the designated hedge relations, the Company documents the risk management objective and acquisition strategy of the hedge instrument. The Company also documents the economic relationship between the hedged item and the hedge instrument, including whether the changes in cash flows of the hedged item and hedge instrument are expected to offset each other.

5. Accounting policies--Continued

Cash flow hedges

The Group maintains derivative financial instruments to hedge against risks related to exchange variance. When a derivative is designated as the cash flow hedge instrument, the effective part of the changes in the derivative's fair value is recognized and accrued in other comprehensive income (“OCI”) and limited to the cumulative change in fair value of the hedged item, determined at present value, since the hedge’s designation. Any ineffective portion of changes in the derivative's fair value is recognized immediately in profit or loss.

The Company designates only the changes in fair value of the spot element of the forward exchange contract as the hedging instrument in cash flow hedging relationships. Forward points are recorded separately as a hedge cost and recognized in a hedge cost reserves in equity.

When the hedge transaction results in the subsequent recognition of a non-financial item, such as inventory, the amount accumulated in the hedge reserve and the hedge reserve cost will instead be included directly in the initial cost of the non-financial asset when it is recognized.

If the hedge no longer meets hedge accounting requirements or the hedge instrument is sold, rescinded, exercised or expires, the hedge accounting will be discontinued prospectively.

iv. Offsetting

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable 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.

5. Accounting policies--Continued

v. Derecognition

Financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged, canceled or expired. The Group also derecognizes a financial liability when its terms are modified and the cash flows from the modified liability are substantially different, in which case a new financial liability based on the modified terms is 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.

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.

5. Accounting policies--Continued

Based on analyses conducted and Management's best estimates, Prumo 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) Property, plant and equipment

Items of property, plant and equipment are measured at historical cost of acquisition or construction, less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- The cost of materials and direct labor,
- Other costs to bring the asset to its location and condition necessary to operate, and
- Loan costs on qualifying assets.

If significant parts of an item of property and equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment.

Gains and losses on disposal of an item of property, plant and equipment is recognized in profit or loss.

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.

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

5. Accounting policies--Continued

g) 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.

h) Investment Property

Investment property is property held either to earn rental income or for capital appreciation or for both, Company Management elected to classify investment property at cost since initial recognition.

The cost includes expenses directly attributable to the acquisition of investment property.

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

i) 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 indefinite-lived intangible assets, 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.

5. Accounting policies--Continued

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.

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.

In the impairment assessment, the Company measured the fair value less the selling expenses of the CGU Industrial Hub/T-Mult, pursuant to CPC 01, and identified the improvement in the macroeconomy, with the prospect for beneficial measures in the business sector, corroborated by the signing of new contracts such as the land lease for the building of GNA's thermal power plants.

5. Accounting policies--Continued

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.

The Company also recognized provisions for expected credit losses on lease receivables that are disclosed as part of accounts and other trade receivables.

The Company measures the provision for loss at an amount equal to the expected credit loss for the entire life, except for the items described below, which are measured as expected credit loss for 12 months:

- debt securities with low credit risk at the reporting date; and
- other debt securities and bank balances for which the credit risk (i.e. the risk of default over the expected lifetime of the financial instrument) has not significantly risen since initial recognition.

The provisions for losses on trade accounts receivable (including lease receivables) and contract assets are measured at an amount equal to the expected credit loss for the instrument's entire life.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating the lifetime ECL, the Company considers reasonable and supportable information that is material and available without excessive cost or effort. This includes quantitative and qualitative information and analyses based on the Group's historic experience in credit evaluation and forward-looking information.

5. Accounting policies--Continued

Expected credit losses are estimates weighted by the credit loss probability. Expected losses are measured at present value based on all cash deficiencies (i.e. the difference between the cash flows owed to the Company according to the contract and the cash flows the Company expects to receive).

Expected credit losses are discounted by the financial asset's effective interest rate.

At each reporting date, the Company evaluates whether the financial assets recorded at amortized cost and the debt instruments measured at FVOCI are credit impaired. A financial asset is 'impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Objective evidence that a financial asset is impaired includes the following observable data:
- significant financial difficulties of the debtor;
- violation of contractual clauses, such as default or being more than 90 days overdue;
- restructuring of an amount due to the Company on terms that it would not consider normally;
- the probability that the borrower will enter bankruptcy or other type of financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

The provision for impairment of financial assets measured at amortized cost is presented less the gross carrying amount of the assets.

5. Accounting policies--Continued

j) Loans, financing 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.

k) 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.

Share-based payment arrangements

On May 7, 2018 Prumo became a privately held company, as explained in note 1. The Board of Directors put together and approved the new plan replacing the previous plan, Phantom Options, as mentioned in note 22.

l) 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.

5. Accounting policies--Continued

The Company recognizes provisions 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 monthly.

m) Operating revenue

The Company initially applied CPC 47/IFRS15 in 2018, and 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 Group primarily derives its 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.

5. Accounting policies--Continued

(ii) Port services

This entails the handling and storage of cargo related to product imports and exports.

(iii) Transshipment services

This entails a process of transferring oil between ships. Revenue is recognized on the accrual basis in which the services are provided.

n) Finance income and finance costs

Financial revenue consists of interest revenue on invested funds. Interest earned is recorded in the income statement by using the effective interest rate 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.

o) 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 Company, its subsidiaries and its joint subsidiaries record deferred income and social contribution taxes at the rate of 34%. 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.

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 book values and to tax losses carryforward and negative basis of social contribution.

5. Accounting policies--Continued

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.

p) Earnings (loss) per share

The basic earnings per share are calculated through the quotient between profit and loss for the period attributable to the controlling shareholders and the weighted average of the common shares in circulation in the respective period. The diluted earnings per share are calculated according to the aforesaid average of the shares in circulation, adjusted by instruments potentially convertible into shares, with a dilutive effect in the periods presented, pursuant to CPC 41 and IAS 33 - Earnings per Share.

q) Segment reporting

Segment results reported to the Company's Executive Board include items directly attributable to the segment and items that can be reasonably allocated.

r) Statements of value added

The Company prepared individual and consolidated statements of added value (DVA) in accordance with technical pronouncement CPC 09 – Statement of Added Value, which are required for listed companies in Brazil, while consisting of supplementary financial information under IFRS.

s) 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.

5. Accounting policies--Continued

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.

t) 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 Company 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.

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.

5. Accounting policies--Continued

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.

u) Held-for-sale assets and liabilities and discontinued operations

Non-current assets and liabilities, or groups of held for sale assets and liabilities are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets and liabilities, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on remeasurement are recognized in profit or loss.

Once classified as held-for-sale, any equity-accounted investee is no longer equity accounted.

5. Accounting policies--Continued

Pursuant to the standard CPC 31/IAS 5 - held-for-sale assets and liabilities and discontinued operations, the Company disclosed in its financial statements the effects of discontinued operations on the:

- Statements of profit or loss for the year;
- Statements of comprehensive income;
- Statements of cash flow;
- Note 16 – Investments;
- Note 18 – Property, plant and equipment;
- Note 19 - Intangible assets;
- Note 23 - Held-for-sale assets and liabilities and discontinued operations;
- Note 28 – Right of use and lease liabilities

v) New standards and interpretations issued but not yet effective

The Company did not adopt these standards in the preparation of these financial statements.

Management is evaluating the impacts of the new standards (CPC / IFRS) that are in effect and is not expected to have a material 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.

5. Accounting policies--Continued

- 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.

  (ii) 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 to CPC 06/IFRS 16);
  - Property, plant and equipment: Proceeds before intended use (alterations to CPC 27/IAS 16;
  - Reference to the Conceptual Framework (Alterations to CPC 15/IFRS 3);
  - Classification of Liabilities as Current or Noncurrent (Alterations to CPC 26/IAS 1; and
  - IFRS 17 Insurance Contracts.

(In thousands of reais, unless specified otherwise)

6. Cash and cash equivalents, securities and restricted cash

a) Cash and cash equivalents

Consist of cash on hand, available bank deposits and short term financial investments with high liquidity, maturing within up to three months of acquisition, readily convertible into a known amount of cash and subject to an insignificant risk of impairment.

	Parent Company		Consolidated	
	2020	**2019**	**2020**	**2019**
Cash and banks	143	113	11,418	7,838
Cash equivalents				
CDBs	133,964	81,962	134,623	454,666
Repurchase agreements	5,900	9,513	172,192	39,309
	139,864	**91,475**	**306,815**	**493,975**
Estimated impairment loss allowance	(35)	(17)	(23)	(67)
	139,829	**91,458**	**306,792**	**493,908**
	139,972	**91,571**	**318,210**	**501,746**

The investment funds have their funds invested in certificates of bank deposit (CDBs) and operations underlying government bonds (repos), maturing in three months or less from the date of acquisition. Investments in bank deposit certificates (CDBs) with terms of up to three months as from acquisition, through other investments in accounts with daily liquidity and other fixed-income short-term instruments.

(In thousands of reais, unless specified otherwise)

6. Cash and cash equivalents, securities and restricted cash--Continued

b) Securities

	Parent company		Consolidated	
	2020	**2019**	**2020**	**2019**
Sovereign debt securities	24,974	548,881	24,997	549,352
Forex FI	-	-	420,992	68,912
	24,974	**548,881**	**445,989**	**618,264**
Estimated impairment loss allowance	(4)	(55)	(27)	(62)
	24,970	**548,826**	**445,962**	**618,202**

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. The Forex Investment Fund is administrated in conjunction with Banco BNP Paribas. The Company designated this fund's investments, because they entail investments that the company intends to maintain for a term in excess of 90 days for strategic reasons. It is classified at fair value through profit or loss and it gains and losses impact the Company's profit or loss.

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.

Prumo Logística S.A.

Note to the individual and consolidated financial statements
December 31, 2020 and 2019,
(In thousands of reais, unless specified otherwise)

6. Cash and cash equivalents, securities and restricted cash– Continued

c) Caixa restrito

	Parent company		Consolidated	
	2020	**2019**	**2020**	**2019**
Restricted cash	64,198	-	289,155	5,668
	64,198	**-**	**289,155**	**5,668**

Of the amount of R$224,957, R$40,077 consists of daily deposits of 15% (55% at December 31, 2019) of the funds received by Porto do Açu into a pooling account as a guarantee required under Appendix I to the loan agreement with the Brazilian Development Bank (BNDES"), and R$184,880 was an advance for future capital increase made by Prumo on September 30, 2020.

In July 2020, Açu Petróleo reduced its capital by R$511,000, and the amounts were transferred to each shareholder according to their interests, as follows: R$306,600 to Prumo which transferred to PDA the amount of R$205,422, R$102,200 to Açu Petróleo Investimentos, R$101,813 to Oiltanking and R$387 in IOF.

Prumo's CDBs of R$64,198 at ABC Brasil and Daycoval are not available for immediate use as they are held as a guarantee for a letter of credit from the issuing bank.

(In thousands of reais, unless specified otherwise)

7. Escrow accounts

	Consolidated	
	2020	**2019**
Porto do Açu (a)	4,025	4,721
GSA	1	14
Açu Petróleo (b)	100,797	46,620
Prumo Participações (c)	60,961	100,956
GNA I (d)	-	11,446
	165,784	**163,757**
Provision for expected loss	(46)	(5)
	165,738	**163,752**
Current	61,850	102,014
Noncurrent	103,888	61,738

(a) The funds deposited in the account of Banco Santander held by Porto do Açu consist of the environmental compensation obligation established under environmental license IN023176, 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;

(b) Açu Petróleo's escrow deposits consist of funds held in US dollars in overseas accounts and the new disbursement made on June 26, 2020 under the financing operation described in items vi, vii and viii in note 24 - Loans, Financing and Debentures. The deposit for this operation is securing the financing loan;

(c) Prumo Participações has two reserve accounts for the financing contract: The Debt Service Reserve Account (“DSRA”), which contains 6 months of the minimum principal payment plus interest payable in the period; and the Target Payment Reserve Account (“TARA”), which holds the amount exceeding the amount due on each payment date. This second account is funded until it reaches 8.5% of the outstanding principal and once full, no further amounts will be paid into this account. As of December 31, 2020 DSRA, held R$60,961 and TARA has a balance of zero, because in this period it was completely filled and then completely used due to the mandatory redemption event (R$53,073 and R$47,883 respectively in December 2019), as per note 24 (vi) Loans, Financing and Debentures; and

(d) From December 2020 GNA I and GNA II began to be classified as available-for-sale, as mentioned in note 23 – Available-for-sale assets and liabilities.

(In thousands of reais, unless specified otherwise)

8. Receivables

	Consolidated	
	2020	2019
Assignment of real surface rights (a)	91,398	71,995
Port services (b)	14,540	7,285
Oil transshipment services (c)	21,561	40,621
Others	1,401	1,247
	128,900	**121,148**
Provision for estimated losses	(20,396)	(853)
	108,504	**120,295**
Current	40,188	67,602
Noncurrent	68,316	52,693

(a) Assignment of surface rights for land at Porto do Açu to the clients: Technip, Nov, Intermoor, Edson Chouest, Embratel, Acciona, NFX et al;
(b) Port services consist of the storage of loose cargo, project cargo, bulk solids, weighing and delivery services; and
(c) The oil transshipment service refers to the subsidiary Açu Petróleo.

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

- Financial statements; and
- Serasa Rating.

Most of the Company's receivables as of December 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.

(In thousands of reais, unless specified otherwise)

9. Recoverable taxes

	Parent company		Consolidated	
	2020	**2019**	**2020**	**2019**
Services tax ("ISS")	**5**	**-**	150	1,039
Tax levied on the circulation of goods and services ("ICMS")	**-**	**-**	3,005	1,906
Income tax and social contribution ("IRPJ/CSLL")	-	-	26,561	4,101
Income tax withheld at source ("IRRF")	5,705	7,441	25,614	35,318
Income tax on loan	1,444	64,445	1,527	64,710
Non-cumulative credit ("PIS")	-	6	2,709	5,972
Non-cumulative credit ("COFINS")	-	24	4,370	11,531
Others	220	6	5,145	312
	7,374	**71,922**	**69,081**	**124,889**
Current	7,372	8,871	64,213	56,849
Noncurrent	2	63,051	4,868	68,040

(*) In 2015 Prumo recognized IRRF credits of R$75,016 on the loan which were partially offset against other federal taxes (R$35,414, in current figures), and an application was made for a refund of the residual balance (R$66,987, in current figures). In September 2020 Prumo filed a suit seeking recognition of the right to the credit, and a decision was issued suspending collection. Because the likelihood of success in the proceedings is considered remote, and on the advice of external legal advisors, Prumo has derecognized the tax assets by the current amount of the refund application and has recognized a liability for the updated amount of the offsets.

(In thousands of reais, unless specified otherwise)

10. Deferred taxes

The origin of the deferred income and social contribution taxes is presented below:

	Parent company		Consolidated	
	2020	**2019**	**2020**	**2019**
Deferred tax asset				
Tax loss carryforwards	82,440	77,930	984,198	809,498
Negative basis of social contribution	29,678	28,055	354,311	291,419
Adjustment Law 11638/07 – RTT (a)	-	-	34,577	41,085
Provision for profit-sharing	-	-	4,005	-
Provision for loss - LLX Brasil	-	-	16,812	16,812
Provision for devaluation of investments	-	-	14,970	15,193
Allowance for estimated credit losses	-	-	6,939	282
Provision for expected credit losses	-	-	15,492	15,492
Provision for other fees	-	-	2,666	2,761
Pre-operating expenses - GNA	-	-	26,622	18,771
Provision for exchange variance - cash effect	-	-	-	4,916
Provision for property, plant and equipment impairment	-	-	30,833	30,833
Provision for contingencies	-	-	915	6,196
Others	-	-	279	100
Total deferred tax credit assets	**112,118**	**105,985**	**1,492,619**	**1,253,358**
Deferred tax liability				
Temporary difference - capitalized interest	-	-	-	(36,545)
Liability base difference – Açu Petróleo	-	-	(133,254)	(39,095)
Total deferred tax liabilities	**-**	**-**	**(133,254)**	**(75,640)**
Deferred IR not recognized - valuation allowance (b)	(112,118)	(105,985)	(1,480,621)	(1,127,891)
Total deferred taxes	-	-	**(121,256)**	**49,827**

(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 Porto do Açu, LLX Brasil, GNA, GNA Infra, Açu Investimentos, G3X, GSA, SNF, PSN, Heliporto, Açu Energia and Rochas do Açu as there is no real expectation of future taxable income.

Furthermore, on January 01, 2017 the subsidiary also made a provision for tax credit losses for the deferred tax asset recorded from this date, and as of December 31, 2019 it had made a provision for additional losses of R$37,013 denoting unrecognized credits in the year. A credit loss was formed of R$171,750 as of December 31, 2020. This provision will be reversed as the realization becomes probable, via a technical feasibility study that makes it possible to realize the tax asset over a period of 10 years.

(In thousands of reais, unless specified otherwise)

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

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

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 it. As a general rule, Porto do Açu 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, Porto do Açu 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.

Based on the opinion of its legal advisors, Porto do Açu 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.

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12. Judicial deposits

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

	Consolidated	
	2020	**2019**
Porto do Açu (*)	10,070	25,128
Prumo	517	530
	10,587	**25,658**

(*) 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".

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).

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

13. Debentures

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

13. Debentures---Continued

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.

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.

(In thousands of reais, unless specified otherwise)

14. Receivables and obligations with third parties

(a) Third-party receivables

	Consolidated	
	2020	2019
Credits with OSX	83,218	83,218
(-) Estimated loss on receivables	(3,203)	(3,203)
Total OSX (*)	80,015	80,015
Others	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.

(b) Liabilities towards third parties

	Consolidated	
	2020	2019
OSX (a)	19,880	19,907
Bolognesi (*)	-	21,970
TCCA (*)	-	207
	19,880	**42,084**
Current	-	5,727
Noncurrent	19,880	36,357

(a) R$19,880 related to the Remoc contract (shared costs) of the T2 works.

(*) In December 2020 GNA I and GNA II began to be classified as available-for-sale, as mentioned in note 23– Available-for-sale assets and liabilities.

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15. Prepaid expenses

	Consolidated	
	2020	**2019**
Águas Industriais	11	15
Porto do Açu (a)	455	841
GNA I (c)	-	27,887
GNA II (c)	-	9,923
GNA	-	9
Açu Petróleo (b)	15,303	2,670
PSN	43	55
Prumo	501	287
	16,313	**41,687**
Current	16,313	33,426
Noncurrent	-	8,261

(a) 9 IPTU assessments to be amortized over 2020;

(b) The amount of R$15,303 includes R$13,644 in expense for consultancy and others services in the process for future IPO, R$1,531 in insurance premiums and R$128 in other expenses; and

(c) In December 2020 GNA I and GNA II began to be classified as available-for-sale, as mentioned in note 23 – Available-for-sale assets and liabilities.

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16. Investment

a) Equity interests

	2020												
Direct subsidiaries (including joint ventures)	**%**	**Number of shares/units (thousand)**	**Assets**	**Liabilities**	**Equity**	**Capital**	**Advance for future capital increase - AFAC**	**Share call options**	**Goodwill on share issuance**	**Profit reserves**	**Gain on percentage variance**	**Exchange variance gain**	**Accumulated Income**
Porto do Açu	98.33%	2,934,929	5,306,610	5,237,635	68,975	2,934,929	391,128	1,369	-	-	20,140	105	(3,278,696)
LLX Brasil	100.00%	104,780	784	1	783	104,780	-	-	-	-	-	-	(103,997)
Prumo Participações (*)	100.00%	820,362	1,189,750	1,494,365	(304,615)	10	-	-	-	2	-	-	(304,627)
NFX	50.00%	73,430	185,708	109,922	75,786	155,930	-	-	-	-	-	-	(80,144)
Açu Petróleo	60.00%	447,042	2,375,260	1,424,571	950,689	588,262	-	-	29,451	-	-	418,929	(85,953)
Açu Petróleo Investimentos (*)	100.00%	898	190,168	527,466	(337,298)	898	-	-	-	-	(126,545)	84,450	(296,101)
GNA	70.00%	367,377	1,131,648	17,204	1,114,444	623,168	-	-	623,168	-	24,093	-	(155,986)
Prumo Serviços e Navegação (*)	100.00%	11,336	44,438	48,252	(3,814)	11,336	-	-	-	-	-	-	(15,150)
Heliport	100.00%	70	15	-	15	70	-	-	-	-	-	4	(59)
Rochas do Açu	99.00%	1	1	-	1	1	-	-	-	-	-	-	-
Açu Energia	99.00%	1	1	-	1	1	-	-	-	-	-	-	-

(*) Investments in these direct subsidiaries with negative equity together with unrealized loan profits of R$129,411 and goodwill from Açu Petróleo Investimentos in the amount of R$8 make up the provision for investment loss.

(In thousands of Reais, except when stated otherwise)

16. Investment

a) Equity interests--Continued

							2019					
Direct subsidiaries (including joint ventures)	**%**	**Number of shares/units (thousand)**	**Assets**	**Liabilities**	**Equity**	**Capital**	**Advance for future capital increase - AFAC**	**Capital reserve**	**Profit reserves**	**Asset and liability valuation adjustments**	**Share options plan**	**Accumulated Income**
Porto do Açu	97.65%	2,085,348	5,195,140	5,232,292	(37,152)	2,085,348	589,580	20,140	-	107	1,369	(2,733,696)
LLX Brasil	100.00%	104,780	793	17	776	104,780	-	-	-	-	-	(104,004)
Prumo Participações	100.00%	753,164	1,305,184	1,268,763	36,421	10	-	-	36,411	-	-	-
NFX	50.00%	155,930	315,481	220,273	95,208	155,930	-	-	-	-	-	(60,722)
Açu Petróleo	60.00%	267,042	1,631,598	464,840	1,166,758	199,262	-	929,451	(3,058)	70,814	-	(29,711)
Açu Petróleo Investimentos	100.00%	316	232,714	582,711	(349,997)	672	136	(126,545)	-	14,162	-	(238,423)
GNA	70.00%	199,584	1,159,494	12,138	1,147,356	614,058	-	614,058	-	16.713	-	(97,473)
Prumo Serviços e Navegação	100.00%	46	39,607	42,037	(2,430)	3,293	6,076	-	-	-	-	(11,799)
Heliport	100.00%	14	20	14	6	44	15	3	-	-	-	(56)
Rochas do Açu	99.00%	1	1	-	1	1	-	-	-	-	-	-
Açu Energia	99.00%	1	1	-	1	1	-	-	-	-	-	-
GNA II	50.50%	2	17,392	18,651	(1,259)	2	13,677	-	-	-	-	(14,938)

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16. Investments--Continued

b) <u>Changes - Parent company</u>

c)

Direct subsidiaries	2019	Increase of Capital	Advance for future capital increase - AFAC	Dividends	Exchange variance gain/loss-effects	Unrealized profit	Transfer to GNA	Others	Provision for devaluation of investments	Share of profit (loss) of equity-accounted investees	2020
Porto do Açu	-	849,581	(198,452)	-	-	-	-	(18,478)	(44,862)	(535,888)	51,901
LLX Brasil	776	-	-	-	-	-	-	-	-	7	783
Prumo Participações (*)	(96,330)	-	-	(36,410)	-	3,329	-	-	434,038	(304,627)	-
NFX	47,604	-	-	-	-	-	-	-	-	(9,711)	37,893
Açu Petróleo	700,718	(306,600)	-	-	208,206	-	-	-	-	(31,910)	570,414
Açu Petróleo Investimentos	-	226	(136)	-	70,286	-	-	-	(12,699)	(57,677)	-
Natural Gas	803,149	6,100	-	-	16,715	-	-	(4,909)	-	(40,944)	780,111
Heliport	6	-	11	-	-	-	-	-	-	(2)	15
Prumo Serviço de Navegação	-	8,043	(6,076)	-	-	-	-	-	1,384	(3,351)	-
GNA II (**)	-	-	-	-	-	-	14,457	-	(3,778)	(10,679)	-
Other	185	-	-	-	-	-	-	(4)	3	(1)	183
	1,456,108	**557,350**	**(204,653)**	**(36,410)**	**295,207**	**3,329**	**14,457**	**(23,391)**	**374,086**	**(994,783)**	**1,441,300**

Direct subsidiaries	2018	Increase of capital	Resulting gain/loss on share issuances	Reflex reserve - financial hedge instrument - GNA	Dividends	Capital Reserve	Advance for future capital increase - AFAC	Others	Asset and liability valuation adjustments	Share of profit (loss) of equity-accounted investees	Provision for investment devaluation	2019
Porto do Açu	-	-	37,579	-	-	-	589,580	-	-	(498,299)	(128,860)	-
LLX Brasil	774	-	-	-	-	-	-	-	-	2	-	776
Prumo Participações	651,611	(802,833)	-	-	(44,096)	-	-	3,340	-	95,648	-	(96,330)
NFX	47,145	-	-	-	-	-	-	-	-	459	-	47,604
Açu Petróleo	717,234	(30,000)	-	-	-	-	-	-	27,400	(13,916)	-	700,718
Açu Petróleo Investimentos	-	-	-	-	-	-	136	-	8,249	(65,534)	57,149	-
GNA	403,160	296,748	1,663	(1,447)	-	288,950	(160,197)	-	-	(25,728)	-	803,149
Heliport	14	30	-	-	-	-	(15)	-	-	(23)	-	6
Prumo Serviço de Navegação	-	-	-	-	-	-	6,076	-	-	(2,635)	(3,441)	-
GNA II	6,271	-	-	-	-	-	-	-	-	(10,035)	3,764	-
Others	177	-	-	-	-	-	-	(1)	-	3	6	185
	1,826,386	**(536,055)**	**39,242**	**(1,447)**	**(44,096)**	**288,950**	**435,580**	**3,339**	**35,649**	**(520,058)**	**(71,382)**	**1,456,108**

(*) The amount of R $ 434,038 is the sum of the reversal of unrealized profits from interest on loan of R $ (129,411) and income for the year of R $ 304,627 with Ferroport and **(**)** R $ 14,457 referring to the transfer of interest.

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16. Investments--Continued

As of December 31, 2020, the balance of R$786,175 (R$450,854 as of December 31, 2019) consolidated in investments breaks down as follows:

1) R$37,893 (R$47,604 as of December 31, 2019) denotes Prumo's interest in the company NFX;

2) R$748,274 (R$403,242 as of December 31, 2019) denotes the interest in Ferroport, with R$748,662 relating to the direct investment of Prumo Participações and R$(388) denoting the rental of Ferroport with Reserva Caruara not eliminated at Porto Açu; and

3) R$8 denoting other investments.

17. Investment property

	2019	Addition	Write-off	2020
Porto do Açu	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**

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 specified otherwise)

18. Property, plant and equipment

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

	Consolidated	
	2020	**2019**
Prumo	2,790	2,257
Porto do Açu	2,916,183	3,022,170
Reserva Ambiental Caruara	9,407	9,240
Pedreira Sapucaia	462	462
Açu Petróleo	1,709,784	1,362,528
Natural Gas	5,822	3,047
GNA Infra	389	702
GNA I (*)	-	3,153,938
GNA II (*)	-	8,500
Águas Industriais	3,078	2,218
Prumo Navegação	3,945	4,059
	4,651,860	**7,569,121**

(*) In December 2020 GNA I and GNA II began to be classified as available-for-sale, as mentioned in note 23– Available-for-sale assets and liabilities.

(In thousands of reais, unless specified otherwise)

18. Property, plant and equipment--Continued

	Consolidated							
	Port facilities	**Land**	**Buildings, improvements and facilities**	**Machinery and equipment**	**Works in progress**	**Advance**	**Others**	**Total**
Annual depreciation rate	**3.06%**		**5.20%**	**10.81%**		**3.70%**	**3.70%**	
Balance in 2019	**3,749,619**	**172,052**	**219,555**	**172,386**	**3,238,300**	**14,512**	**2,697**	**7,569,121**
Addition	-	-	2,801	13,097	886,320	75,283	598	978,099
Transfer	31,310	8,580	4,402	(12,859)	(43,309)	(5,170)	(2)	(17,048)
Write-off	-	-	-	(1,387)	9,084	(19)	-	7,678
Conversion effect transfer to non Current assets held for sale	295,451	27,020	295	65,314	621	6,652	1,578	396,931
impairment	-	-	-	(819)	(4,008,024)	(89,454)	(354)	(4,098,651)
Depreciation	(141,476)	-	(13,096)	(28,440)	-	-	(1,258)	(184,270)
Balance in 2020	**3,934,904**	**207,652**	**213,957**	**207,292**	**82,992**	**1,804**	**3,259**	**4,651,860**
Cost	4,644,589	207,652	279,755	388,744	82,992	1,804	11,881	5,617,417
Accumulated depreciation	(709,685)	-	(65,798)	(181,452)	-	-	(8,622)	(965,557)
Balance in 2020	**3,934,904**	**207,652**	**213,957**	**207,292**	**82,992**	**1,804**	**3,259**	**4,651,860**

(*) In December 2020 GNA I and GNA II began to be classified as available-for-sale, as mentioned in note 23 – Available-for-sale assets and liabilities.

	Consolidated							
	Port facilities	**Land**	**Buildings, nprovements and facilities**	**Machinery and equipment**	**Works in progress**	**Advance**	**Others**	**Total**
Annual depreciation rate	**3.06%**		**5.20%**	**10.81%**		**3.70%**	**3.70%**	
Balance in 2018	**3,689,207**	**168,440**	**177,642**	**264,156**	**646,985**	**280,946**	**2,714**	**5,230,090**
Addition	5	-	3,640	6,722	2,483,875	(1,702)	404	2,492,944
Transfer	103,613	-	50,476	2,746	106,584	(263,423)	4	-
Write-off	(8,664)	-	(124)	(527)	-	(1,167)	-	(10,482)
Conversion effect	27,935	3,612	(5)	(12,298)	856	(142)	31	19,989
Reversal of (provision for) impairment	58,383	-	-	(56,363)	-	-	-	2,020
Depreciation	(120,860)	-	(12,074)	(32,050)	-	-	(456)	(165,440)
Balance in 2019	**3,749,619**	**172,052**	**219,555**	**172,386**	**3,238,300**	**14,512**	**2,697**	**7,569,121**
Cost	4,263,175	172,052	272,085	329,623	3,238,300	14,512	6,032	8,295,779
Accumulated depreciation	(513,556)	-	(52,530)	(157,237)	-	-	(3,335)	(726,658)
Balance in 2019	**3,749,619**	**172,052**	**219,555**	**172,386**	**3,238,300**	**14,512**	**2,697**	**7,569,121**

18. Property, plant and equipment--Continued

- Construction contracts 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).

  The balance of works in progress at Açu Petróleo in 2020 amounts to R$60,166 (R$34,607 as of December 31, 2019), including: Spot projects, entailing the construction of a storage facility ("UTP") and 2 oil pipelines interconnecting the UTP to Petrobras' Barra do Furado station.

  At the subsidiaries Gás Natural and GNA Infra the balance of works in progress as of December 31, 2020 is R$3,581 (R$3,147,386 as of December 31, 2019) consisting of expenses on development projects.

  At the subsidiary Águas Industriais do Açu the balance of works in progress as of December 31, 2020 is R$2,331 (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 referring to expenses on infrastructure works.

- Assets transferred to the operation

  In 2020 Porto do Açu began depreciating part of the T-Mult drainage, fertilizer storage facility and certain access road works of R$38,853.

  The write-off of R$8,399 was mainly due to the Company reevaluating the continuity of certain ventures related to the highway, railway and infrastructure sectors, as per the table in the note.

(In thousands of reais, unless specified otherwise)

18. Property, plant and equipment--Continued

- Impairment test for noncurrent assets

In accordance with CPC 01 (R1) – Asset impairment, Management reviews signs of impairment every quarter in order to check for potential signs of incapacity to 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 a provision for asset impairment of the Industrial Hub/T-Mult CGU.

When testing the assets for impairment on December 31, 2020 the Company used the value in use of each CGU based on projections approved by management that take into account:

- Macroeconomic situation of the country;

- Cash flow period of 22 years;

- Effective Rolling WACC annual 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 is 8.94% p.a. to 11.83% p.a. (10.33% p.a. to 14.17% p.a. as of December 31, 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. (3.51% p.a. in 2019).

Consolidated (IFRS)				
	2020			2019
Cash generating unit or assets	**Carrying amount (a)**	**Value in use**	***Impairment***	***Impairment***
Industrial Hub/T-Mult	4,222,640	5,288,967	-	-

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

(In thousands of reais, unless specified otherwise)

18. Property, plant and equipment--Continued

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.

	Consolidated			
Description	**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 17 - Investment Property.

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19. Intangible assets

	Annual rate of amortization (%)	Parent company		Consolidated	
		2020	2019	2020	2019
Right of access	3.54	-	-	61,924	50,078
Energy Trading Receivable (a)		-	-	-	30,000
Software licenses	20	4,542	4,843	12,412	10,740
Implementation of systems		260	611	1,453	2,951
Others		302	302	395	480
		5,104	**5,756**	**76,184**	**94,249**

(*) In December 2020 GNA I and GNA II began to be classified as available-for-sale, as mentioned in note 23 – Available-for-sale assets and liabilities.

The consolidated accumulated amortization for the financial year ended December 31, 2020 was R$23,042 (R$16,434 as of December 31, 2019).

- <u>Impairment test for intangible assets</u>

The amount of intangible assets was included in the impairment tests mentioned in note 18 – Property, plant and equipment.

(In thousands of reais, unless specified otherwise)

20. Related-party transactions

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 and joint ventures, members of Management and other related parties, as follows:

	Trade receivables			
	Parent company		Consolidated	
	2020	2019	2020	2019
Assignment of real surface rights				
NFX	**-**	**-**	**2,073**	**1,930**
Debit note				
Açu Petróleo	461	697	-	-
GNA	2,461	2,456	-	-
GNA INFRA	409	406	-	-
Dome	460	460	-	-
Porto do Açu	2,803	2,506	-	-
Prumo Participações	1,733	-	-	-
Ferroport	27	48	27	49
Águas Industriais do Açu	2	10	-	-
Others	1,962	1,864	11,669	-
	10,318	**8,447**	**11,696**	**49**
Accounts receivable - loans				
Ferroport	-	-	300,379	646,433
NFX	38,183	37,935	38,183	37,935
	38,183	**37,935**	**338,562**	**684,368**
Total	**48,501**	**46,382**	**352,331**	**686,347**
Current	43,209	46,382	112,258	108,102
Non-current	5,292	-	240,073	578,245

(In thousands of reais, unless specified otherwise)

20. Related Parties – Continued

	Parent company		Consolidated	
	2020	**2019**	**2020**	**2019**
Accounts payable - debit notes				
Ferroport	-	-	2,861	4,781
EIG Global Energy Partners	-	75	-	75
Oiltanking (a)	-	-	9,536	8,476
Port of Antwerp	-	-	1,521	3,903
Porto do Açu	2,074	969	-	-
Siemens	-	-	-	78,978
Others	1	-	132	-
	2,075	**1,044**	**14,050**	**96,213**
Accounts payable – loans				
EIG Global Energy Partners (c)	1,199,108	984,510	1,199,108	984,510
	1,199,108	**984,510**	**1,199,108**	**984,510**
	1,201,183	**985,554**	**1,213,158**	**1,080,723**
Current	2,075	1,044	14,050	96,213
Non-current	1,199,108	984,510	1,199,108	984,510

(a) The amount of R $ 9,536 (8,476 in 2019) refers to port expenses;
(b) Information in Note 37 - Financial instrument.

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20. Related Parties – Continued

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

	Parent company		Consolidated	
	2020	**2019**	**2020**	**2019**
Revenue from the assignment of real surface rights				
NFX	-	-	24,166	19,370
Others	-	-	12,019	733
	-	**-**	**36,185**	**20,103**
Financial revenue - loan interest				
NFX	873	2,561	873	2,561
Ferroport	-	-	22,516	57,199
GNA Infra		-	-	4,448
EIG (a)	164,989	-	164,989	-
	165,862	**2,561**	**188,378**	**64,208**
Realization of unrealized earnings				
Ferroport	3,340	3,340	3,340	3,340
	3,340	**3,340**	**3,340**	**3,340**
Others				
Shared service	758	1,529	758	(18,348)
Others	-	-	135	72
	758	**1,529**	**893**	**(18,276)**
	169,960	**7,430**	**228,796**	**69,375**

(a) Forgiveness of debt under loan contracts between EIG and Prumo, as described in note 37 – Financial instruments.

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20. Related Parties – Continued

	Cost / Expenses - Effect on profit or loss			
	Parent company		Consolidated	
	2020	2019	2020	2019
EIG Global Energy Partners				
Interest	(89,936)	(160,433)	(89,936)	(160,433)
Exchange variance - loan	(286,369)	(42,519)	(286,369)	(42,519)
Discounts - Notes	-	(3,731)	-	(3,731)
Expense reimbursements	-	(3,508)	(7,399)	(3,508)
	(376,304)	**(210,191)**	**(383,704)**	**(210,191)**
LakeShore Advisory				
Brokerage	(4,363)	(3,980)	(10,007)	(3,980)
Port of Antwerp				
Brokerage	-	-	-	(11,131)
Others				
Oiltanking – port expenses	-	-	-	(23,262)
Shared service	-	(196)	(2,673)	17,836
	(4,363)	**(4,176)**	**(12,680)**	**(20,537)**
	(380,667)	**(214,367)**	**(396,384)**	**(230,728)**

Key management personnel compensation comprised the following:

	Consolidated	
	2020	**2019**
Benefits	80,097	45,445

Compensation of key management personnel includes salaries, management fees, benefits, charges and profit sharing.

(In thousands of reais, unless specified otherwise)

21. Trade payables

The trade payables by company as of December 31, 2020 and 2019 break down as follows:

	Parent company		Consolidated	
	2020	2019	2020	2019
Prumo	4,324	4,538	4,324	4,538
Porto do Açu (a)	-	-	39,070	41,233
GNA I (c)	-	-	-	96,973
GNA II (c)	-	-	-	2,821
Açu Petróleo (b)	-	-	36,644	11,382
Prumo Participações	-	-	162	2,673
Others	-	-	4,039	1,044
	4,324	**4,538**	**84,239**	**160,664**
Current	3,887	4,538	67,671	148,508
Noncurrent	437	-	16,568	12,156

(a) This relates to expenses on dredging services and marine fuel supply, as well as works project management, property security services and systems support;

(b) This relates to property security and lease services; and

(c) As of December 2020, GNA I and GNA II were no longer consolidated, as mentioned in note 23 - Assets and Liabilities Available for sale

22. Stock option plans

Following its delisting in 2018, the Company replaced its share-based payment plan and in the second quarter of 2019 and offered its executives cash-settled share appreciation rights duly approved by the Board of Directors. At December 31, 2020, 12 executives had 12,475 stock appreciation rights (in 2019, 10 executives had 10,695 stock appreciation rights). Under this phantom options plan (settled in cash) for executive retention, payable upon certain liquidity vesting events at Prumo, the Company receives services as consideration for the rights granted. The conditions for acquiring the share valuation rights include a 5-year vesting period to achieve 100% of the rights. 36% had been vested as of December 31, 2020 (20% as of December 31, 2019). No rights were exercised in 2020.

The Company reviewed the terms and conditions of the plan, under which expected cash returns are used to calculate the fair value of the stock appreciation rights, and determined that there are no material effects to be reported in the financial statements at December 31, 2020.

(In thousands of reais, unless specified otherwise)

23. Assets and liabilities available-for-sale and discontinued operations

Classification of noncurrent assets and liabilities held for sale in December 2020:

On August 7, 2020, SPIC Brasil, a subsidiary of the State Power Investment Corporation of China (SPIC), signed a binding contract to acquire 33% of the GNA I and GNA II thermoelectric projects. The two plants, natural gas, will add an installed capacity of 3 gigawatts (3 GW - unaudited information). The closing of the contract was subject to the fulfillment of certain conditions precedent common to this type of transaction which were fully complied with in December 2020. In accordance with CPC 31 (IFRS 5), the groups of assets related to these investments were classified as assets available for sale on December 31, 2020.

In 2020, GNA I and GNA II investments were reclassified to held for sale, and according to CPC 31, item 33, the previous period must be restated, showing the discontinued operations. The tables DRE, DVA and DRA, that affect profit and loss, have been restated.

a) Net income from discontinued operations

	2020		
	GNA I	**GNA II**	**Total**
Operating income	(32,586)	(28,797)	(61,383)
Finance income (costs)	(68,493)	13	(68,480)
Income and social contribution taxes	32,503	16,982	49,485
Net income before tax	**(68,576)**	**(11,802)**	**(80,378)**
Controlling shareholder	(29,972)	(13,923)	(43,895)
Noncontrolling shareholder	(38,604)	2,121	(36,483)
Earnings per share - basic and diluted			**(0.04341)**

	2019		
	GNA I	**GNA II**	**Total**
Operating income	(43,360)	19,872	(63,232)
Finance income (costs)	(2,895)	1	(2,896)
Income and social contribution taxes	11,456	-	11,456
Net income before tax	**(34,799)**	**19,873**	**(54,672)**
Controlling shareholder	(15,505)	(16,922)	(32,427)
Noncontrolling shareholder	(19,294)	(2,915)	(22,245)
Earnings per share - basic and diluted			**(0,02953)**

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23. Assets and liabilities available-for-sale-- Continued

b) Cash flow from discontinued operations

In thousands of reais	2020	2019
Net cash provided by (used in) operating activities	(15,188)	382,425)
Net cash used in investments	(498,897)	(2,251,578)
Net cash provided by financing activities	336,526	2,948,040
	(177,559)	**314,037**

Below we demonstrate the reconciliation of pre-tax loss from continued and discontinued operations presented in the cash flow:

Reference to consolidated cash flow

	2020	2019
Loss before taxes	**(1.231.182)**	**(806.491)**
Loss before taxes - GNA I	(101.079)	(46.255)
Loss before taxes - GNA II	(28.785)	(19.873)
Loss before taxes **– cash flow**	**(1.361.046)**	**(872.619)**

c) Composition of assets and liabilities held for sale

	GNA I	GNA II	Eliminations	Total
Equity interest asset in investee transferred to DPV	5,782,831	61,148	8,108	5,852,087
Equity interest liability in investee transferred to DPV	4,014,227	50,652	3,499	4,068,378
Net balance of current assets and liabilities available for sale	**1,768,604**	**10,496**	**4,609**	**1,783,709**

(i) The Company performed a fair value assessment to assess impairment on assets and liabilities held for sale and conclude that fair value of these assets and liabilities exceeds their book value

(In thousands of reais, unless specified otherwise)

23. Assets and liabilities available-for-sale-- Continued

The table below shows the main classes of assets and liabilities available for sale:

Assets	**GNAI e GNA II**
Cash and cash equivalents	189,861
Property, plant and equipment	4,098,651
Right-of-use	1,211,355
Others	352,220
Total Assets	**5,852,087**
Liabilities current and non-current	
Loans, financing and debentures	2.230.521
Lease liabilities	1,419,687
Outros	418,170
Total liabilities and equity	**4,068,378**

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Note to the individual and consolidated financial statements
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24. Loans, financing and debentures

			2020			2019
	Company	Maturity	Principal	Interest and monetary restatement	Total	Total
Institution						
BNDES (Onlending banks) (i)	Porto do Açu	09/15/2033	1,070,653	23,351	1,094,004	1,127,971
BNDES (Onlending banks) (ii)	Porto do Açu	09/15/2033	2,383,263	118,117	2,501,380	2,523,263
(-) Transaction cost (i) and (ii)	Porto do Açu		(247,633)	-	(247,633)	(227,410)
Debentures (iii)	Porto do Açu	09/15/2033	1,733,023	55,162	1,788,185	1,681,931
(-) Transaction cost (iii)	Porto do Açu	-	(23,992)	-	(23,992)	(7,023)
Terex (iv)	Porto do Açu	08/23/2020	-	-	-	2,571
Senior Secured Bonds (v)	Prumo Participações	12/31/2031	1,596,552	-	1,596,552	1,383,936
(-) Transaction cost (v)	Prumo Participações		(105,417)	-	(105,417)	(118,692)
DFC (vi)	Açu Petróleo	10/30/2035	343,431	3,532	346,963	290,273
DFC (vii)	Açu Petróleo	10/30/2035	152,272	1,639	153,911	129,432
DFC (viii)	Açu Petróleo	10/30/2035	727,148	5,599	732,747	-
(-) Transaction cost (vi), (vii) and (viii)	Açu Petróleo		(30,131)	-	(30,131)	(29,979)
BNDES Direct (*)	GNA I (*)	01/03/2033	-	-	-	1,254,268
(-) Transaction cost			-	-	-	(393,357)
Internacional Finance Corporation (IFC) (x)	GNA I (*)		-	-	-	812,549
(-) Transaction cost			-	-	-	(59,173)
Banco ABC (xi)	PSN	06/19/2023	3,015	-	3,015	-
			7,602,184	**207,400**	**7,809,584**	**8,370,560**
Current			119,247	207,400	326,647	560,417
Noncurrent			7,482,937	-	7,482,937	7,810,143

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

(*) As of December 2020, GNA I was no longer consolidated, as mentioned in note 23 - Assets and Liabilities Available for sale

(In thousands of reais, unless specified otherwise)

24. Loans, financing and debentures--Continued

Prumo's subsidiaries have obtained certain loans for project finance purposes. Average debt service costs at December 31, 2020 were 8.64% per annum for loans denominated in reais, and 6.54% for loans denominated in US dollars.

Porto do Açu – items i to iv

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 Porto do Açu 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													
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.

24. Loans, financing and debentures--Continued

In 2020 Porto do Açu made payments in advance of restructuring the loan contracts with BNDES (BNDES – Onlenders - i and ii) and FI FGTS (Debentures - iii), the first payments following restructuring of the above loans, extraordinary amortization payments in connection with liquidity events, and the final payments under the contract with Terex (iv).

a) Payments before the refinancing:

(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 Porto do Açu 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 Porto do Açu signed the financing re-profiling contract with all parties.

(iii) On January 15, 2020 Porto do Açu paid R$19,396 to FI FGTS, with R$10,319 of principal amortization and R$9,077 of interest. On January 31, 2020 Porto do Açu signed the financing re-profiling contract with all parties.

b) Payments after the refinancing:

(i),(ii) and (iii) On July 15 Porto do Açu paid the first installments after BNDES and FI FGTS refinancing, in the total amount of R$170,008. Of this total R$1,076 of amortization and R$33,581 of interest were paid for subcredit A from the BNDES (i), R$2,396 of amortization and R$74,135 of interest for subcredit B of the BNDES (ii), and R$2,046 of amortization and R$56,773 of interest for the debentures (iii).

24. Loans, financing and debentures--Continued

c) Payments of extraordinary amortization:

(i), (ii) and (iii) On July 15 and September 11, 2020 Porto do Açu made extraordinary amortizations related to Liquidity Events required contractually. The amount received by Porto do Açu 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 Porto do Açu's debt to BNDES and FI FGTS.

d) Terex (iv):

On August 23, 2020 Porto do Açu paid R$1,891 for the tenth and final installment, fully settling the debt under the contract with Terex.

Prumo Participações – item v

On October 22, 2019, the senior debt was priced in with a coupon of 7.5% p.a. in the amount of R$1,352,504 under regulation 144A/RegS and semi-annual payments and final maturity in December 2031. On December 31, 2019 Prumo Participações made the first debt payment of R$45,031 a principal of R$26,809 and interest of R$18,222.

On April 27, 2020 Prumo Participações allocated R$159,815 to the Target Amortization Reserve Account (TARA). Under the agreement, after this allocation Prumo Participações made an advance for contracts awarded in security, which triggered an obligation to pay the entire amounts deposited at TARA (TARA *Payment Trigger)*.

On June 30, 2020 Prumo Participações paid R$235,228, with R$68,452 of interest, R$6,959 of amortization as per the debt schedule and R$159,815 as extraordinary amortization of the TARA Payment Trigger.

24. Loans, financing and debentures--Continued

On December 31, 2020 Prumo Participações paid amortization and interest of R$89,645, with R$29,072 consisting of amortization of the principal and R$60,573 of interest.

Açu Petróleo – items vi to viii

(viii) On June 26, 2020 Açu Petróleo secured an additional disbursement of R$791,816 under its financing contract with DFC after conditions precedent had been met.

(vi, vii and viii) On October 30, 2020 Açu Petróleo paid interest and amortization to DFC, of R$82,933. Of this total, R$15,026, related to amortization of the principal and R$12,255 as payment of interest for the first disbursement, R$7,137 of amortization and R$5,704 of interest for the second disbursement and R$29,354 of amortization and R$13,454 of interest on the third disbursement.

Prumo Serviços e Navegação (PSN) – item xi

On December 31, 2020 the subsidiary Dome disbursed R$6,000 of a financing loan, by way of a CCB from Banco ABC, with a term of 30 months.

24. Loans, financing and debentures--Continued

Endorsements, guarantees and mortgages granted to Porto do Açu

Prumo 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 and EIG Prumo FIP III, LLC 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 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.

The security provided by Porto do Açu

The guarantees the company 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;
(iv) Statutory lien on guarantee of Assets;
(v) Conditional assignment contract in guarantee of contractual rights and other covenants;
(vi) Statutory lien commitment on properties;
(vii) Statutory lien on guarantee of yields of shares;
(viii) Statutory assignment of emerging rights from the authorization and other credit receivables;
(ix) Statutory lien on properties submitted as guarantee (Área do Meio);
(x) Statutory lien on properties submitted as guarantee (Caruara Environmental Reserve);
(xi) Private Statutory Assignment and subordination of loans and AFAC; and
(xii) Commitment *for Additional Funding*.

24. Loans, financing and debentures – Continued

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. The guarantees submitted by the guarantors shall be automatically canceled, when certain conditions stipulated in the financing documents have been performed above.

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.

Collateral posted by Prumo Participações

The senior debt contracts are subject to:

(i) Statutory lien on Ferroport shares held by Prumo Participações;
(ii) Statutory lien on shares of Prumo Participações held by the parent company Prumo;
(iii) Statutory Lien on the Loan between Prumo and Ferroport, and
(iv) Statutory Lien of credit receivables and accounts.

Collateral posted by Açu Petróleo

The collateral submitted to DFC for the loan is:

(i) Statutory lien on shares of Açu Petróleo;
(ii) Statutory Lien on assets belonging to Açu Petróleo;
(iii) Statutory lien on reserve accounts and
(iv) Statutory Lien on the relevant *"Offtake*" contracts of Açu Petróleo.

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24. Loans, financing and debentures--Continued

Covenants

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

	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

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 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

24. Loans, financing and debentures--Continued

Prumo's financial covenants 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 the Company in each of these companies.

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.

The debenture deed only authorities the transfer of shares from the Guarantor to any third party at a percentage not exceeding 5% (five percent) of Prumo's total capital.

Additional obligations of the Guarantor and 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 a year.

24. Loans, financing and debentures--Continued

Guarantor is limited to awarding loans to any individuals or companies, except for subsidiaries and Ferroport; 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.

a) Açu Petróleo - DFC

The DFC financing loan is subject to the financial covenants:

- The financial debt/shareholders' equity ratio should not exceed 70/30. The ratio was 56/44 at December 31, 2020.

- Historic DSCR* should not be less than 1.15 to 1. As of December 31, 2020, the DSCR was 2.62 x.

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24. Loans, financing and debentures--Continued

Reconciliation of equity changes against cash flows deriving from financing activities

	Parent company						
		Cash Flow			Noncash effect		
	2019	Secured / (Settled)	Interest Paid	Addition of Transaction Costs	Interest, Monetary restatement and Exchange variance	Forgiveness of interest and amortization and transaction cost	2020
Related parties payable	**984,510**	-	-	-	379,587	(164,989)	**1,199,108**
	984,510	**-**	**-**	**-**	**379,587**	**(164,989)**	**1,199,108**

	Consolidated							
		Cash Flow			Noncash effect			
	2019	Secured / (Settled)	Interest Paid	Addition of Transaction Costs	Interest, monetary restatement and exchange variance	Forgiveness of interest and amortization and transaction cost	GNA I and GNA II Available-for-sale	2020
Related parties payable	**984,510**	-	-	-	379,587	(164,989)	-	**1,199,108**
Loans, financing, and debentures	**8,370,560**	380,310	(471,892)	(59,495)	1,167,368	39,275	(1,638,748)	**7,787,378**
	9,355,070	**380,310**	**(471,892)**	**(59,495)**	**1,546,955**	**(125,714)**	**(1,638,748)**	**8,986,486**

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25. Taxes and contributions payable

	Parent company		Consolidated	
	2020	**2019**	**2020**	**2019**
ISS	50	2	1,154	2,180
PIS/COFINS	7,700	-	10,470	240
IPTU	-	-	-	10,166
ICMS	16	-	47	917
IRPJ/CSLL	-	-	24,043	2,740
IRRF	65,613	33,547	67,300	35,492
PIS/COFINS/CSLL - Withheld	105	21	574	569
INSS third parties	1	1	212	104
	73,485	**33,571**	**103,800**	**52,408**
Current	9,876	2,094	40,077	12,061
Noncurrent	63,609	31,477	63,723	40,347

The reconciliation between the tax expense as calculated by the combined 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	(1,424,121)	(790,254)	(1,231,182)	(806,491)
Loss of companies whose tax credits are not recognized	-	-	(291,302)	68,447
Adjusted net loss	**(1,424,121)**	**(790,254)**	**(1,522,484)**	**(738,044)**
Income and social contribution taxes at the nominal rate (34%)	484,201	268,686	517,644	250,934
Adjustments to determine the effective rate				
Unrecognized credits - Permanent and temporary differences	(478,068)	(232,293)	(430,482)	34,334
Unrecognized credits - Tax loss carryforwards and negative basis	(6,133)	(36,393)	(252,343)	(283,741)
Total income and social contribution taxes	**-**	**-**	**(165,181)**	**1,527**
Effective rate	0.00%	0.00%	10.85%	(1.61%)
Current	-	(1,775)	(30,754)	(8,069)
Deferred	-	(6,431)	(134,427)	9,596
Total income and social contribution taxes	**-**	**(8,206)**	**(165,181)**	**1,527**

(In thousands of Reais, except when stated otherwise)

25. Taxes and contributions payable— Continued

As mentioned in note 10 - Deferred taxes, Law 12.973 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.

26. Customer advances

	Consolidated	
	2020	**2019**
Porto do Açu (a)	20,332	22,667
Açu Petróleo	4,785	
Prumo Navegação	2,193	2,627
Reserva Caruara	77	-
	27,387	**25,294**
Current	9,450	5,018
Noncurrent	17,937	20,276

(a) Consists of amounts advanced by the client Edison Chouest, appropriated on a straight-line basis in accordance with the contract and CPC 47 (IFRS 15)

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27. Provision for risks

1) Probable losses provisioned for in the statement of financial position

As of December 31, 2020, and 2019 the Company and its subsidiaries are subject to certain 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				
	2019	Additions	Write-off	Restatements	2020
Labor	2,471	1,229	(3,071)	189	818
	2,471	**1,229**	**(3,071)**	**189**	**818**

	Parent company				
	2018	Additions	Write-off	Restatements	2019
Labor	2,774	478	(1,096)	315	2,471
	2,774	**478**	**(1,096)**	**315**	**2,471**

(In thousands of Reais, except when stated otherwise)

27. **Provision for labor contingencies**--Continued

	Consolidated				
	2019	**Additions**	**Write-offs**	**Restatements**	**2020**
Labor (a)	3,617	1,453	(3,748)	202	1,524
Civil (b)	4,781	6,614	(5,971)	379	5,803
Tax	168	-	(168)	-	-
	8,566	**8,067**	**(9,887)**	**581**	**7,327**

	Consolidated				
	2018	**Additions**	**Write-offs**	**Restatements**	**2019**
Labor	3,640	778	(1,347)	546	3,617
Civil	4,000	1,847	(1,127)	61	4,781
Tax	4,052	4,886	(8,818)	48	168
	11,692	**7.511**	**(11,292)**	**655**	**8,566**

(a) Labor Claims: Various labor claims; and

(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.

2) Possible losses not provisioned for

Prumo's 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:

	2020	**2019**
Tax	108,492	25,433
Labor	27,273	23,439
Civil	77,805	59,654
	213,570	**108,526**

27. Provision for labor contingencies--Continued

As of December 31, 2020, the main proceedings rated as possible defeats for Prumo's subsidiaries are as follows:

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).

There are cases at Prumo, Açu Petróleo and subsidiaries worth to R$9,844 (R$16,736 as of December 31, 2019) relating to various proceedings such as IPTU, IRPJ, social security contributions, Pis/Cofins and ICMS, amongst others.

<u>Labor claims</u>: labor claims primarily consist of individual claims filed by former employees of contracted companies, claiming the Company is jointly liable for issues related to overtime, severance pay, time while in transit to and from work, payment of FGTS, and other labor rights of approximately R$27,273 (R$23,439 as of December 31, 2019).

27. Provision for labor contingencies--Continued

Civil proceedings:

(i) Proceedings of Açu Port

Civil proceedings: legal claims made in collection and compensation proceedings under contracts entered into by Porto do Açu 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, Açu Port 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 Porto do Açu at the time the expropriation proceedings were brought, in accordance with the promissory purchase and sale agreements, provide adequate financial protection. However, Porto do Açu'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.

The case against the claim paid by the contractor DTA Engenharia amounts to R$12,247 in respect of Porto do Açu.

27. Provision for labor contingencies--Continued

ii) Legal proceedings involving Prumo and other subsidiaries

Civil proceedings classified as possible with Prumo and its subsidiaries were listed amounting to R$30,012 (R$28,961 as of December 31, 2019).

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.

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28. Right of Use / Lease Liabilities

IFRS 16 - *Leases* introduces a single, on-balance sheet lease accounting model for lessees. 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. Lessor accounting remains similar to the previous standard – i.e. lessors continue to classify leases as finance or operating leases.

As of December 31, 2020, the change in the right-of-use assets and lease liability is shown in the table below:

a) Parent company

	Balance 2019	Additions	Transfers	Amortization	Payments	Interest appropriated	Balance 2020
Assets							
Right-of-use asset	2,896	1,826	-	(1,518)	-	-	3,204
Total assets	**2,896**	**1,826**	**-**	**(1,518)**	**-**	**-**	**3,204**
Liabilities							
Lease liability	1,685	(382)	332	-	(431)	-	1,204
(-) Adjustment to present value	(212)	-	-	-	-	(9)	(221)
ST Lease liability	**1,473**	**(382)**	**332**	**-**	**(431)**	**(9)**	**983**
Lease liability	1,685	3,106	(1,181)	-	-	-	3,610
(-) Adjustment to present value	(119)	-	-	-	-	(583)	(702)
LT lease liability	**1,566**	**3,106**	**(1,181)**	**-**	**-**	**(583)**	**2,908**
Total liabilities	**3,039**	**2,724**	**(849)**	**-**	**(431)**	**(592)**	**3,891**

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28. Right of Use / Lease Liabilities--Continued

b) Consolidated

	Balance at 2019	Addition	Write-offs	Transfer	Amortization	Payments	Interest appropriated	Change	Elimination	Available for sale (*)	Balance 2020
Assets											
Right-of-use asset	33.589	1.267.098	(5.015)	288	(40.967)	-	-	375	(8.933)	(1.211.355)	35.080
Total assets	**33.589**	**1.267.098**	**(5.015)**	**288**	**(40.967)**	**-**	**-**	**375**	**(8.933)**	**(1.211.355)**	**35.080**
Liabilities											
Lease liability	7.467	125.192	(1.518)	4.254	-	(6.930)	-	-	-	(120.170)	8.295
(-) Adjustment to present value	(2.838)	(1.198)	-	(2.208)	-	-	3.526	-	(1.328)	-	(4.046)
ST Lease liability	**4.629**	**123.994**	**(1.518)**	**2.046**	**-**	**(6.930)**	**3.526**	**-**	**(1.328)**	**(120.170)**	**4.249**
Lease liability	53.231	1.163.924	140	(5.054)	-	(1.113)	94.753	66.439	(14.005)	(1.299.517)	58.798
(-) Adjustment to present value	(22.538)	(11.101)	-	2.207	-	-	(583)	-	7.215	-	(24.800)
LT lease liability	**30.693**	**1.152.823**	**140**	**(2.847)**	**-**	**(1.113)**	**94.170**	**66.439**	**(6.790)**	**(1.299.517)**	**33.998**
Total liabilities	**35.322**	**1.276.817**	**(1.378)**	**(801)**	**-**	**(8.043)**	**97.69**	**66.439**	**(8.118)**	**(1.419.687)**	**38.247**

(*) In December 2020 GNA I and GNA II began to be classified as available-for-sale, as mentioned in note 23 – Available-for-sale assets and liabilities.

(In thousands of reais, unless specified otherwise)

29. Equity

a) 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)	%
EIG Prumo Fundo de Investimento em Participações	350,054	93.10	350,054	93.10
9 West (Mubadala)	25,963	6.90	25,963	6.90
	376,017	**100.00**	**376,017**	**100.00**

b) Other comprehensive income

As of December 31, 2020, this item recognizes other comprehensive income, which includes the accumulated translation effects deriving from interests in the subsidiary Açu Petróleo, whose functional currency is the US Dollar, recording a gain of R$278,492 (gain of R$35,649 as of December 31, 2019). Prumo experienced a total percentage change related to the capital increase of R$1.824 (R$39,241 as of December 31, 2019), with a gain of R$3,919 (gain of R$1,663 as of December 31, 2019) at GNA group and a loss of R$(18,427) (gain of R$37,578 as of December 31, 2019) at Porto do Açu, in addition to a gain of R$16,332 (resulting loss of R$(1,447) as of December 31, 2019) referring to the hedge taken out by GNA Group, as per the Group's statement of changes in equity.

(In thousands of reais, unless specified otherwise)

30. Loss per share

The table below denotes the calculation of the loss per basic and diluted share, as there are no potential dilutive shares that could impact the calculation of the loss per dilutive share.

Basic and diluted earnings per share are calculated by dividing the net income attributable to the company's shareholders by the weighted average number of common shares issued in the period.

	Parent company		Consolidated	
	2020	**2019**	**2020**	**2019**
Basic				
Basic numerator:				
Loss attributable to controlling shareholders	(1,424,121)	(790,254)	(1,416,971)	(818,831)
Basic denominator:				
Weighted share average (*)	376,017	376,017	376,017	376,017
Loss per share (R$) - basic and diluted	**(3.78739)**	**(2.10164)**	**(3.76837)**	**(2.17764)**

(*) The stock options were not included in the weighted average of the number of common shares, because the effect would have been antidilutive. There are therefore no differences between the loss per basic and diluted share.

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31. Operating Revenue

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

Revenue is measured by transferring goods and services to the respective clients, where the recognition period and amounts are subject to future demands, changes in the exchange rate and other market factors.

	Consolidated	
	2020	**2019**
Assignment of real surface rights	168,552	150,141
Oil transshipment service	450,039	266,930
Port services	68,125	72,856
Supply of water	6,504	5,862
Others	5,952	2
Gross revenue	**699,172**	**495,791**
Taxes on revenue (Pis/Cofins/ISS/ICMS)	(77,304)	(55,801)
Net revenue	**621,868**	**439,990**

32. Costs of the services rendered

	Consolidated	
	2020	**2019**
Payroll and related charges	(20,655)	(20,192)
Outsourced services	(55,866)	(38,613)
Rental and leases	(2,864)	(1,825)
Depreciation and amortization	(184,526)	(197,804)
Other insurance	(6,900)	(6,218)
Fuels and lubricants	(2,424)	(2,699)
Port services	(28,197)	(41,045)
Port services – Oiltanking (note 20)	(44,452)	(23,262)
Dome Consortium	(6.351)	(6,138)
Others	(9,389)	(7,036)
	(361,624)	**(344,832)**

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33. General and administrative expenses

See below administrative expenses by nature.

	Parent company		Consolidated	
	2020	**2019**	**2020**	**2019**
Payroll and related charges	(78,760)	(44,163)	(162,442)	(113,503)
Outsourced services	(8,963)	(13,518)	(46,507)	(31,724)
Travel and accommodation	(393)	(1,850)	(844)	(2,873)
Rental and leases	(8,073)	(5,674)	(8,579)	(10,859)
Taxes (*)	(95,226)	(220)	(97,974)	(10,961)
Depreciation and amortization	(2,925)	(1,233)	(9,942)	(3,209)
Other insurance	(301)	(251)	(449)	(629)
Representations and events	(205)	(312)	(583)	(251)
Contingencies	1,653	302	4,128	1,997
Other expenses	(1,842)	(1,585)	(14,182)	(1.817)
	(195,035)	**(68,504)**	**(337,374)**	**(173,829)**

(*) Explanation for the change in taxes can be seen in note 9 – Recoverable taxes

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34. Finance income

	Parent company		Consolidated	
	2020	**2019**	**2020**	**2019**
Finance costs				
Bank expenses	(4)	(4)	(537)	(764)
IOF	(578)	-	(2,617)	(3,571)
Brokerage fees and commission	(20,094)	(9,766)	(37,545)	(110,269)
Interest on loans	-	(2,577)	(567,838)	(520,046)
Loan interest	(89,936)	(160,433)	(89,936)	(160,433)
Monetary restatement of loans	-	-	(77,472)	(71,167)
Exchange variance (a)	(286,573)	(42,519)	(1,115,782)	(292,287)
Hedge operation loss	-	-	(16,255)	(656)
IR on overseas remittances	(135)	-	(12,435)	-
Face value discount	-	(3,731)	-	(24,345)
Leasing - IFRS 16	(576)	(380)	(5,068)	(6,217)
Transaction costs (c)	-	-	(35,580)	-
Fines (d)	(7,216)	-	(7,433)	251
Others	-	(22)	(332)	(1,275)
	(405,112)	**(219,432)**	**(1,968,830)**	**(1,190,779)**
Financial revenue				
Loan interest	4,213	5,901	26,729	68,148
Interest on short-term investments	496	9,668	7,580	12,643
Interest earned	1,078	2,611	5,575	3,994
Exchange variance (b)	164,989	363	555,363	166,187
Gain on hedge settlement	-	-	19,940	-
Others	1	6	370	95
	170,777	**18,549**	**615,557**	**251,067**
Net finance income (costs)	**(234,335)**	**(200,883)**	**(1,353,273)**	**(939,712)**

(a) The sum of the exchange variance loss of R$ 1,115,782 consists of: Exchange variance at Brookfield R$ (702,378), EIG loan R$ (286,369), BNP R$ (84,562), Açu Petróleo R$ (19,193) and others R$ (23,280); and

(b) The sum of the exchange variance gain of R$ 555,363 consists of: Exchange variance on amounts of Goldman R$ 327,385, forgiveness of EIG interest of R$ 164,989 and BNP of R$ 62,989.

(c) Transaction cost for loans of PDA and Prumo Participações.

(d) Denotes the fine for suspending the credit process, as mentioned in note 9 - Recoverable Taxes

35. Segment reporting

Prumo has segments which are its strategic business units. The units offer different services and are administrated separately. Prumo's 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 441 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 service 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.

- **T-Oil Segment**

  This refers to the provision of liquid cargo logistics services, the operation and exploration of the T-Oil terminal, transshipment of liquid cargo, not limited to crude oil and derived products, which in the future will include the operation and exploration of the logistics patio and oil treatment facility for the purpose of storage, treatment, processing, blending and enrichment of oil. It is operated by Açu Petróleo.

35. Segment reporting--Continued

- **T-Oil Segment**

Denotes the purchase and sale of liquefied natural gas project (LNG) or gas resulting from offshore production and the regasification of liquefied natural gas, transmission and sale of energy and electricity and intermediation in the purchase and sale of energy and electric capacity. Coordinated by GNA.

As discussed in the operational context and in note 23, the company is selling a portion of this stake in the operating companies of the GNA group (GNA I and GNA II).

- **Port Segment**

This refers to Prumo's subsidiaries that are not operational, and vehicles used to hold interests in other Group companies, namely Pedreira Sapucaia, G3X, Águas Industriais, LLX Brasil, Açu Petróleo Investimentos, Prumo Participações, Heliporto, Prumo Navegação, Rochas do Açu and Açu Energia.

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35. Segment reporting--Continued

	Statement of income - 2020						
	Industrial Hub & T-Mult	*T-Oil*	*T-Gás*	Port	Corporate	Adjustments and eliminations	Consolidated
Revenue from rental and port services	210,193	399,421	-	14,804	-	(2,550)	621,868
Cost of services provided	(169,990)	(185,954)	-	(8,963)	-	6,058	(361,624)
Gross profit	**40,203**	**213,467**	**-**	**5,841**	**-**	**3,508**	**260,244**
Operating revenue (expenses)	**(111,419)**	**(23,386)**	**(32,177)**	**(5,915)**	**(195,003)**	**24,403**	**(340,722)**
Administrative and general expenses	(109,768)	(23,209)	(31,795)	(4,745)	(195,035)	24;403	(337,374)
Provision for loss	(13,475)	24	(379)	79	32	-	(13,719)
Other revenues	32,633	153	-	13	-	-	32,799
Other expenses	(20,809)	(354)	(3)	(1,262)	-	-	(22,428)
Equity in income of subsidiaries (*)	**(824)**	**-**	**(29,381)**	**201,278**	**(994,783)**	**1,026,279**	**202,569**
Income before financial income/loss and taxes	**(72,041)**	**190,081**	**(61,558)**	**201,205**	**(1,189,786)**	**1,054,190**	**122,091**
Finance income (costs)	**(444,699)**	**(107,323)**	**(238)**	**(566,526)**	**(234,335)**	**(152)**	**(1,353,273)**
Financial revenue	48,440	72,327	142	370,883	170,777	(47,012)	615,557
Finance costs	(493,139)	(179,650)	(380)	(937,409)	(405,112)	46,860	(1,968,830)
Earnings before tax on net income	**(516,740)**	**82,758**	**(61,796)**	**(365,321)**	**(1,424,121)**	**1,054,038**	**(1,231,182)**
Current IR and CSLL	(87)	(30,470)	-	(197)	-	-	(30,754)
Deferred IR and CS	(28,884)	(105,476)	-	(67)	-	-	(134,427)
Net income from assets and liabilities held-for-sale (*)	**-**	**-**	**(80,378)**	**-**	**-**	**-**	**(80,378)**
Net income (loss) for the year	**(545,711)**	**(53,188)**	**(142,174)**	**(365,585)**	**(1,424,121)**	**1,054,038**	**(1,476,741)**

(*) Basically Ferroport and NFX and (**) In December 2020 GNA I and GNA II began to be classified as available-for-sale, as mentioned in note 23 – Available-for-sale assets and liabilities

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35. Segment reporting--Continued

	Statement of income - 2019						
	Industrial Hub & T-Mult	*T-Oil*	*T-Gás*	Port	Corporate	Adjustments and eliminations	Consolidated
Revenue from rental and port services	215,438	236,523	-	12,288	-	(24,259)	439,990
Cost of services provided	(154,332)	(184,743)	-	(8,157)	-	2,400	(344,832)
Gross profit	**61,106**	**51,780**	**-**	**4,131**	**-**	**(21,859)**	**95,158**
Operating revenue (expenses)							
Administrative and general expenses	(81,711)	(21,929)	(4,686)	(3,069)	(68,504)	6,070	(173,829)
Provision for loss	79,183	(12)	-	(60)	(56)	(35,913)	43,143
Provision for impairment	(32,303)	-	-	-	-	-	(32,303)
Other revenues	287	942	7	462	40	-	1,738
Other expenses	(8,970)	(521)	(6)	-	(793)	-	(10,290)
Equity in income of subsidiaries (*)	167	-	(61,504)	204,136	(520,058)	586,864	**209,604**
Income before financial income/loss and taxes	**17,759**	**30,260**	**(66,189)**	**205,600**	**(589,371)**	**535,162**	**133,221**
Finance income (costs)							
Financial revenue	65,429	5,207	(1,398)	224,026	18,549	(60,746)	251,067
Finance cost	(569,163)	(46,388)	(2,289)	(414,253)	(219,432)	60,746	(1,190,779)
Earnings before tax on net income	**(485,975)**	**(10,921)**	**(69,876)**	**15,373**	**(790,254)**	**535,162**	**(806,491)**
Current IR and CSLL	(97)	(6,241)	(1,162)	(569)	-	-	(8,069)
Deferred IR and CS	2,338	(6,030)	-	13,288	-	-	9,596
Net income from assets and liabilities held for sale (*)	**-**	**-**	**(54,672)**	**-**	**-**	**-**	**(54,672)**
Net income (loss) for the year	**(483,734)**	**(23,192)**	**(125,709)**	**28,092**	**(790,254)**	**535,162**	**(859,636)**

(*) Basically, Ferroport and NFX

(In thousands of reais, unless specified otherwise)

35. Segment reporting--Continued

Assets and liabilities by segment on December 31, 2020

	Industrial Hub & T-Mult	*T-Oil*	*T-Gás*	Port	Corporate	Adjustments and eliminations	Consolidated
Assets							
Current assets	349,911	498,551	25,092	229,045	281,061	(32,559)	1,351,101
Current assets available-for-sale	-	-	5,835,999	-	-	16,088	5,852,087
Non-current assets	1,455,653	101,565	226	240,460	5,811	(569,322)	1,234,393
Investment	102,335	-	1,107,524	940,137	1,441,300	(2,805,121)	786,175
Property for investment	526,931	-	-	-	-	-	526,931
Property, plant and equipment	2,442,150	1,709,782	6,211	491,908	2,790	(981)	4,651,860
Intangible assets	7,371	63,431	27	106	5,104	145	76,184
Lease right – IFRS16	7,594	1,930	-	39,773	3,204	(17,421)	35,080
Deferred	23,772	-	-	-	-	(23,772)	-
Total assets	**4,915,717**	**2,375,259**	**6,975,079**	**1,941,429**	**1,739,270**	**(3,432,943)**	**14,513,811**
Liabilities							
Current liabilities	269,237	141,475	23,881	71,687	50,413	(28,162)	528,530
Current liabilities available-for-sale	-	-	4,056,899	-	-	11,479	4,068,378
Non-current liabilities	4,969,148	1,283,096	4,305	2,020,342	2,049,085	(1,211,824)	9,114,152
Equity	(322,668)	950,688	2,889,994	(150,600)	(360,227)	(2,204,436)	802,751
Total liabilities and shareholders' equity	**4,915,717**	**2,375,259**	**6,975,079**	**1,941,429**	**1,739,270**	**(3,432,943)**	**14,513,811**

Assets and liabilities by segment on December 31, 2019

	Industrial Hub & T-Mult	*T-Oil*	*T-Gás*	Port	Corporate	Adjustments eliminations	Consolidated
Assets							
Current assets	72,508	140,470	449,492	211,614	696,853	(68,389)	1,502,548
Non-current assets	1,521,872	75,646	40,249	578,517	63,582	(603,727)	1,676,139
Investment	103,404	-	2,344,220	770,769	1,456,108	(4,223,647)	450,854
Property for investment	520,893	-	-	-	-	-	520,893
Property, plant and equipment	2,547,967	1,362,528	3,182,532	491,021	2,257	(17,184)	7,569,121
Intangible assets	6,055	51,289	30,948	201	5,756	-	94,249
Lease right – IFRS16	1,931	1,666	104,881	35,584	2,896	(113,369)	33,589
Deferred	29,842	-	-	-	-	(29,842)	-
Total assets	**4,804,472**	**1,631,599**	**6,152,322**	**2,087,706**	**2,227,452**	**(5,056,158)**	**11,847,393**
Liabilities							
Current liabilities	530,903	69,444	296,146	40,867	28,739	(68,531)	897,568
Noncurrent liabilities	4,701,885	395,398	1,714,659	1,867,084	1,421,084	(1,113,211)	8,986,899
Equity	(428,316)	1,166,757	4,141,517	179,755	777,629	(3,874,416)	1,962,926
Total liabilities and shareholders' equity	**4,804,472**	**1,631,599**	**6,152,322**	**2,087,706**	**2,227,452**	**(5,056,158)**	**11,847,393**

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36. Commitments

On December 31, 2020 the Company and its and joint ventures undertook future purchase commitments of R$440,599 (R$2,310,316 on December 31, 2019) and these should be fulfilled in the course of their activities:

	Consolidated	
	2020	**2019**
Porto do Açu (a)	225,391	168,104
Prumo	37,843	142,010
Açu Petróleo (b)	99,384	131,511
GNA (c)	72,281	74,915
Gás Infra	2,279	5,244
Prumo Serviços	185	2,977
Águas Industriais	2,747	2,512
GNA I (*)	-	1,776,774
GNA II (*)	-	4,968
Others	489	1,301
	440,599	**2,310,316**

(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) Administrative expenses and operational costs for double banking operations; and
(c) Administrative expenses.

R$440,599 of the consolidated total as of December 31, 2020 consists of:

	Consolidated	
	2020	**2019**
Property, plant and equipment (d) (*)	95,056	1,432,209
Investment property (e)	2,513	1,066
	97,569	**1,433,275**

(d) Expenses on the acquisitions of materials and services to comprise Company assets, such as machinery, material for construction and maintenance, preparation of studies in engineering projects, and others; and
(e) Denotes expenses on expropriating and acquiring land and issuing topographic surveys, land surveys and land regularization consultancy and real estate's consultancy for properties and others.

(*) In December 2020 GNA I and GNA II began to be classified as available-for-sale, as mentioned in note 23 – Available-for-sale assets and liabilities

37. 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, subsidiaries and joint ventures do not invest in derivatives or any other risky assets on a speculative basis.

The estimated realization values of the financial assets and liabilities 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.

(In thousands of reais, unless specified otherwise)

37. Financial instruments and risk management--Continued

The table below presents the carrying amounts of financial instruments included in the statements of financial position, in addition to the hierarchal level classification:

	Parent company					
	2020			2019		
	Amortized cost	Fair value through other comprehensive income	Fair value through profit or loss	Amortized cost	Fair value through other comprehensive income	Hierarchical level
Assets						
Cash and banks	143	-	-	113	-	-
Short-term investments	139,829	-	-	91,458	-	-
Securities	24,970	-	-	548,826	-	-
Restricted cash	64,198	-	-	-	-	-
Loan with related parties	38,183	-	-	37,935	-	-
Accounts receivable from related parties	5,026	-	-	8,447	-	-
	272,349	**-**	**-**	**686,779**	**-**	**-**
Liabilities		-	-			
Trade payables	4,324	-	-	4,538	-	-
Loan with related parties	1,199,108	-	-	984,510	-	-
Accounts payable to related parties	2,075	-	-	1,044	-	-
Lease liabilities	3,891	-	-	3,039	-	-
	1,209,398	**-**	**-**	**993,131**	**-**	**-**

(In thousands of reais, unless specified otherwise)

37. Financial instruments and risk management--Continued

		Consolidated					
		2020			2019		
	Level	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		11,418	-	-	7,838	-	-
Short-term investments		306,792	-	-	493,908	-	-
Securities		445,962	-	420,991	618,202	-	68,912
Restricted cash		289,155	-	-	5,668	-	-
Receivables		108,504	-	-	120,295	-	-
Escrow accounts		165,738	-	-	163,752	-	-
Returnable down payments		55,239	-	-	52,491	-	-
Loan with related parties		338,562	-	-	684,368	-	-
Accounts receivable from related parties		34,761	-	-	1,979	-	-
Debentures		659,393	-	-	659,393	-	-
Third-party receivables		80,031	-	-	80,199	-	-
		2,495,555	**-**	**420,991**	**2,888,093**	**-**	**68,912**
Liabilities							
Trade payables		84,239	-	-	160,664	-	-
Loan with related parties		1,199,108	-	-	984,510	-	-
Accounts payable to related parties		30,434	-	-	96,213	-	-
Loans, financing and debentures	II	7,809,584	-	-	8,370,560	-	-
Liabilities towards third parties		19,880	-	-	42,084	-	-
Lease liabilities		38,247	-	-	35,244	-	-
Derivatives – *Hedge*		530	-	-	-	-	-
		9,182,022	**-**	**-**	**9,689,275**	**-**	**-**

37. Financial instruments and risk management--Continued

Fair value

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 fair value hierarchy level gives priority to unadjusted prices quoted on an active market, as per the definitions.

Level 1 - Quoted prices (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), and

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

Loans, financing and debentures are measured at amortized cost. The fair values calculated by Management for revenue approach reference purposes only are R$8,247,049 as of December 30, 2020 (R$9,096,768 as of December 31, 2019). A significant part of this amount consists of loans from BNDES, FI-FGTS, DFC and foreign suppliers, 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.

As of December 31, 2020, the Company did not reclassify its financial instruments into the categories of financial instruments specified by CPC 48.

The Company has a formal policy for financial risk management approved by the Board of Directors. The use of financial instruments for hedging purposes is done through a periodic analysis of the risk exposure that management intends to mitigate. The results obtained from these operations in the period and the application of internal controls for risk management were considered satisfactory for the objectives proposed.

37. Financial instruments and risk management--Continued

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. Except for Prumo Participações, the Company, its subsidiaries and its joint ventures did not have contracted derivative instruments as of December 31, 2020.

- **Market Risks**

(i) Exchange rate risk

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

The Company manages the exchange risk on a consolidated basis for its companies to detect and mitigate risks posed by changes in exchange rates underlying global assets and liabilities.

The aim is to identify or create natural hedges, capitalizing on the synergy between the operations of Prumo Group's companies, minimizing (or even avoiding) the use of hedge derivatives and managing the foreign exchange risk posed by the net exposure. Derivative instruments can be used in cases where natural hedges cannot be taken advantage of. See below in this note more details about the foreign exchange exposure of Prumo Group.

(ii) Interest rate risk

As described in Note 24 - 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, 65.54% of the Company and its subsidiaries' debt was denominated in local currencies, with 21.77% restated by the IPCA price index, 13.32% by the Selic rate and 30.45% by the TLP rate.

37. Financial instruments and risk management--Continued

As regards revenue denominated in Brazilian reais, the rental revenue of Porto do Açu is restated by the IGP-M price index. The funds are invested in a Prumo exclusive fund at Banco Bradesco S.A., with a specific policy for investing in fixed-income securities of tier-one banks, indexed to the CDI rate and with daily liquidity.

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 Prumo subsidiaries' 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 millions 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.

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 - Increase of 25%**		**Scenario II - Increase of 50%**	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**
BNDES (Selic and TLP)	7,460,927	6,437,521	385,897	1,259,458	771,604	2,534,443
Debentures (IPCA)	3,786,238	3,667,440	208,185	916,861	429,562	1,833,721
Total	**11,247,165**	**10,104,961**	**594,082**	**2,176,319**	**1,201,166**	**4,368,164**

(In thousands of reais, unless specified otherwise)

37. Financial instruments and risk management--Continued

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

- Monthly projections

Indicador	jan/2021	fev/2021	mar/2021	abr/2021	mai/2021	jun/2021	jul/2021	ago/2021	set/2021	out/2021	nov/2021	dez/2021
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 projections

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

(iii) 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. However, as the Company's future revenue is subject to the same restatement and both are long term - debt maturing in 2033, a fact which increases the amount of uncertainty regarding the market due to the term - the projected revenue is neutralized to an extent by the debt amortization, thereby minimizing the risk under scrutiny.

37. Financial instruments and risk management--Continued

- **Credit Risk**

Credit risk is the risk of financial loss to the Company, its subsidiaries and joint subsidiaries if a customer or counterparty to a financial instrument fails to meet its contractual obligations, as mentioned in note 5 - Accounting Policies. This risk factor could derive from accounts receivable and financial instruments. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

To mitigate these risks, the Company, its subsidiaries and its joint ventures 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 risk rating.

The Company has a Financial Investment Policy that establishes investment limits for each institution and uses the credit rating as a reference for limiting the investment amount. The 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.

37. Financial instruments and risk management--Continued

- **Exchange Risk**

As of December 31, 2020, 34.46% of the total debt was denominated in foreign currency, 100% US dollars.

The Company manages the exchange risk on a consolidated basis to detect and mitigate risks posed by changes in exchange rates underlying global assets and liabilities.

The aim is to identify or create natural hedges, capitalizing on the synergy between the operations of Prumo Group's companies, minimizing (or even avoiding) the use of hedge derivatives and managing the foreign exchange risk posed by the net exposure.

Prumo Participações' foreign-currency debt therefore exists on debt securities issued in US dollars by Prumo Participações. The cash flow intended to service the payment of this debt comes monthly from its joint subsidiary Ferroport, whose revenue is denominated in US dollars, where the fee for handling iron ore in force is also restated annually by the PPI US inflation index.

Ferroport is in the unique situation where its cost structure is denominated in Brazilian Reais and its monthly revenue is indexed to the dollar. The operational income of the joint venture is therefore exposed to the risk of exchange variance due to a mismatch between revenue and cost currencies. The appreciation of the Brazilian real against the US dollar could diminish the operational margin and free cash flow of Ferroport. In respect of Prumo Participações' debt, the Company takes out NDFs (Non-Deliverable-Forwards) monthly to hedge against exchange variance, as stated in the supplementary information about derivative instruments.

Ferroport has an exchange risk management policy formulated by Prumo in conjunction with Anglo American. Ferroport conducts transactions involving financial instruments managed through operating strategies and internal controls aiming at liquidity, profitability and hedging. Our control policy consists of permanently monitoring contract rates versus market rates. The hedge strategy is to protect variance of the USD to guarantee the revenue from cash flow.

37. Financial instruments and risk management--Continued

Prumo entered into loan agreements as borrower with an investment vehicle administrated by an affiliate company, EIG, the Company's parent company, in the amount of USD 50,000 each, in the total amount of USD 200,000 ("Loan Agreement"). The interest rate for these loans was changed from 15% per annum to 0% on June 27, 2020. The principal and interest accumulated through June 27, 2020 established in the loan agreement are subject to certain payment and subordination conditions agreed with the long-term creditors of the subsidiary Porto do Açu. This amount is not expected to be settled at the moment, repayment of which depends on Prumo’s subsidiaries making a profit. A number of subsidiaries are denominated in US dollars, which creates a natural hedge for the loan. On December 31, 2020 EIG forgave the interest in tranches 2 and 3 amounting to R$164,989.

Açu Petróleo's foreign-currency debt consists of the US dollar loan from DFC. The cash flow intended to service the payment of this debt comes from the operations of Açu Petróleo, whose revenue is denominated in US dollars, where the fee for handling oil in force is also restated annually by the PPI US inflation index. Açu Petróleo's cost structure is denominated in Brazilian Reais and its monthly revenue is indexed to the dollar despite the fact it is received in reais. The operational income of the company is therefore exposed to the risk of exchange variance in a given month. The appreciation of the Brazilian real against the US dollar could diminish the operational margin and free cash flow of Açu Petróleo. In respect of the debt, the fact that servicing the debt and the revenue of Açu Petróleo are denominated in the same currency creates a natural hedge for this exposure.

As the functional currency of the subsidiary Açu Petróleo is the US dollar. The figures in the consolidated statement of financial position for presentation purposes are stated in the Real transaction currency. The net exposure risk was R$361,253 as of December 31, 2020 (R$62,529 as of December 31, 2019). A 5% valuation in the real exchange rate would represent a gain of R$18,063 (R$3,126 as of December 31, 2019).

37. Financial instruments and risk management--Continued

The table below summarizes the current value of the debt in millions of reais, by creditor, with a sensitivity scenario in the exchange rates (USD) suffering upward oscillations of 10% and 20%.

2020	**Real**	**USD 10%**	**USD 20%**
Institution			
Senior Secured Bonds (v)	1,596,552	1,756,207	1,915,862
DFC (vi), (vii) and (viii)	1,222,851	1,345,136	1,467,421
Total	**2,819,403**	**3,101,343**	**3,383,283**

2019	**Real**	**USD & EUR +10%**	**USD & EUR +20%**
Institution			
Terex (iv)	2,571	2,828	3,085
Senior Secured Bonds (vi)	1,383,936	1,522,329	1,660,723
DFC (vii) and (viii)	419,706	461,677	503,647
Total	**1,806,213**	**1,986,834**	**2,167,455**

- **Supplementary information about derivative instruments**

This program is classified using hedge accounting criteria and measured at fair value through comprehensive income.

Derivative financial instruments are recognized as assets or liabilities in the statement of financial position and measured at fair value. Where the transaction is eligible for hedge accounting, and designated as such, any changes in the fair value of derivatives are recognized as follows:

Cash-flow hedge: for changes in the fair value of derivative financial instruments designated as effective cash flow hedges, the effective component is recognized in equity (other comprehensive income) and the ineffective component is also recognized in equity but in a different line item (Hedging Costs).

(In thousands of Reais, except when stated otherwise)

37. Financial instruments and risk management--Continued

Amounts recorded in equity are only transferred to the appropriate item under Property plant and equipment (Dissolved hedge) when the hedged item is realized.

All of Prumo Participações' revenue derives from payment of Reais-denominated loans by Ferroport, in Reais, and transferred to the company monthly. Following issues of Senior Secured Bonds, the company made a contractual hedge commitment which states that the derivative to be used to hedge against exchange rate variance consists of Non-deliverable-forwards ("NDFs"). The NDFs are procured monthly at an amount equal to 1/6 of the semiannual gross debt payment and reserve account completion.

The following table provides details on all derivative transactions within the relevant hedging programs, including information on the type of instrument, the nominal value, the maturity, the fair value including credit risk, and amounts paid/received or provisioned for in the period.

Hedge schedule for Non-deliverable Forwards

	Company	NDF contracted in R$		Mark-to-market (MTM)		Accumulated effect Amount receivable/received or payable/paid
NDF		**2020**	**Maturity (year)**	**2020**	**2019**	**2020**
Forward USD	GNA I (*)	-	-	-	2,473	-
Forward USD	GNA I (*)	-	-	-	667	-
Forward EUR	GNA I (*)	-	-	-	(3,730)	-
Forward EUR	GNA I (*)	-	-	-	(2,653)	-
Forward USD	Prumo Participações	20,603	2021	(530)	-	(530)
Net				**(530)**	**(3,243)**	**(530)**

(*) As of December 2020, GNA I was no longer consolidated, as mentioned in note 23 - Assets and Liabilities Available for sale

(In thousands of Reais, except when stated otherwise)

37. Financial instruments and risk management--Continued

- **Liquidity Risk**

The Company, its subsidiaries and joint ventures 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 liabilities and market positions.

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

	Up to 6 months	6 to 12 months	1 to 2 years	2 to 5 years	Over 5 years	Total
Financial liabilities						
Trade payables	27,342	40,329	16,568	-	-	84,239
Accounts payable to related parties	-	30,434	-	-	-	30,434
Loan with related parties	-	-	-	1,199,108	-	1,199,108
Loans, financing and debentures	336,789	345,317	654,817	2,484,426	11,537,362	15,358,711
Liabilities towards third parties	-	-	-	19,880	-	19,880
Lease liabilities (*)	-	4,249	-	33,998	-	38,247
Total by time range	**364,131**	**420,329**	**671,385**	**3,737,412**	**11.537362**	**16,730,619**

(*) As of December 2020, GNA I was no longer consolidated, as mentioned in note 23 - Assets and Liabilities Available for sale

(In thousands of Reais, except when stated otherwise)

38. 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 insurance coverage does not include Ferroport and is as follows:

	Consolidated	
	2020	**2019**
Operating risks		
Material Damages	8,188,023	5,626,430
Civil Liability and Environmental Damages	2,857,521	1,517,809
Lost Earnings	4,408,369	5,232,446

39. Subsequent events

- Porto do Açu and Equinor

On February 03, 2021 Equinor and Porto do Açu signed a memorandum to being commissioning the first basic engineering and market studies to implement a photovoltaic solar generation plant. The signing of the memorandum marks Prumo Group's first initiative in the renewable energy segment and further reinforces the Norwegian oil company's interest in this area. The final decision as to whether the project is feasible or not will be taken by the end of 2021. If the study is feasible, we estimate the venture will start operating within 24 months.

- Agreement with SPIC

On January 28, 2021 Prumo, BP, Siemens and Spic announced the completion of the previously announced transaction, by which Spic acquired 33% of the ventures of GNA I and GNA II, located at Porto do Açu. Spic also completed the agreement for the potential participation in the future projects GNA III and GNA IV, which entailed the combined use of LNG and domestic gas from Brazil's vast presalt reserves.

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Officer with no specific title, working as Sustainability and Institutional Relations Officer

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