INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Navios South American Logistics Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated statement of financial position of Navios South American Logistics Inc. and its subsidiaries (the "Company") as of December 31, 2020 and 2019, and the related consolidated statements of income, changes in equity and cash flows for each of the three years in the period ended December 31, 2020, including the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ PRICE WATERHOUSE & Co. S.R.L.

By: /s/ Eduardo Alfredo Loiácono (Partner)
Eduardo Alfredo Loiácono

Buenos Aires, Argentina
February 17, 2021

We have served as the Company's auditor since 2009.

NAVIOS SOUTH AMERICAN LOGISTICS INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Expressed in thousands of U.S. dollars — except share data)

ASSETS

Non-current assets	Notes	December 31, 2020	December 31, 2019
Tangible assets	10	520,811	543,868
Assets under construction	10	20,886	4,504
Intangible assets	11	155,834	158,607
Right-of-use assets	19	7,275	8,054
Net investment in the lease	19	190	375
Deferred tax assets	8	691	785
Intercompany receivable loan from parent (related party), net	20	69,833	68,966
Other assets	12	5,082	10,391
Total non-current assets		**780,602**	**795,550**
Current Assets			
Inventories		9,901	6,829
Trade receivables	13	34,190	30,703
Contract assets	4	906	67
Prepayments and other assets	15	6,700	5,518
Cash and cash equivalents	14	74,870	45,605
Financial assets at amortized cost (related party)	20	5,244	3,349
Net Investment in the lease	19	110	96
Total current assets		**131,921**	**92,167**
Total Assets		**912,523**	**887,717**
EQUITY and LIABILITIES			
Equity			
Issued capital	16	20	20
Share premium		233,441	233,441
Retained earnings		60,331	82,543
Total equity		**293,792**	**316,004**
Liabilities			
Non-current liabilities			
Interest-bearing loans and borrowings	17	517,791	502,714
Lease liabilities	19	6,945	7,251
Provisions	22	451	416
Deferred tax liabilities	8	8,583	8,275
Income tax payable		61	109
Other non-current liabilities		289	309
Total non-current liabilities		**534,120**	**519,074**
Current liabilities			
Trade and other payables	18	58,889	36,362
Contract liabilities	4	2,011	2,762
Interest-bearing loans and borrowings	17	22,800	12,215
Lease liabilities	19	911	1,300
Total current liabilities		**84,611**	**52,639**
Total liabilities		**618,731**	**571,713**
Total equity and liabilities		**912,523**	**887,717**

The accompanying notes on pages 10 to 67 are an integral part of these consolidated financial statements.

NAVIOS SOUTH AMERICAN LOGISTICS INC.
CONSOLIDATED STATEMENT OF INCOME
(Expressed in thousands of U.S. dollars — except share data)

	Notes	Year Ended December 31, 2020	Year Ended December 31, 2019	Year Ended December 31, 2018
Revenue	4	215,023	227,209	206,290
Cost of sales	5	(143,722)	(137,124)	(147,609)
Gross profit		**71,301**	**90,085**	**58,681**
Administrative expenses	6	(13,522)	(17,752)	(15,776)
Other operating income	9	5,121	2,562	12,040
Other operating expenses	9	(5,002)	(6,683)	(6,421)
Allowance for expected credit losses on financial assets	13	(541)	(341)	(76)
Operating profit		**57,357**	**67,871**	**48,448**
Finance income	7	8,647	4,579	517
Finance costs	7	(48,928)	(41,185)	(40,337)
Foreign exchange differences, net	7	574	(1,596)	(1,355)
Loss on debt extinguishment	17	(4,157)	-	-
Other income		-	1,084	-
Profit before tax		**13,493**	**30,753**	**7,273**
Income tax (expense)/income	8	(1,824)	(599)	1,137
Profit for the year		**11,669**	**30,154**	**8,410**

The accompanying notes on pages 10 to 67 are an integral part of these consolidated financial statements.

NAVIOS SOUTH AMERICAN LOGISTICS INC.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Expressed in thousands of U.S. dollars — except share data)

	Issued capital	Share premium	Retained earnings	Total Equity
Balance as at January 1, 2018	**20**	**233,441**	**43,979**	**277,440**
Profit for the period	-	-	8,410	8,410
Balance as at December 31, 2018	**20**	**233,441**	**52,389**	**285,850**
Profit for the period	-	-	30,154	30,154
Balance as at December 31, 2019	**20**	**233,441**	**82,543**	**316,004**
Profit for the period	-	-	11,669	11,669
Dividends paid	-	-	(33,881)	(33,881)
Balance as at December 31, 2020	**20**	**233,441**	**60,331**	**293,792**

The accompanying notes on pages 10 to 67 are an integral part of these consolidated financial statements.

NAVIOS SOUTH AMERICAN LOGISTICS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of U.S. dollars)

	Notes	Year ended December 31, 2020	Year ended December 31, 2019	Year ended December 31, 2018
Operating activities				
Profit before tax		13,493	30,753	7,273
Adjustments to reconcile profit before tax to net cash flows:				
Impairment losses	10	-	2,569	-
Depreciation of tangible assets	10	30,322	31,774	33,903
Amortization and impairment of intangible assets	11	2,773	2,773	2,724
Gain on disposal of tangible assets		-	-	(28)
Amortization of right-of-use assets	19	779	792	803
Loss on debt extinguishment	17	4,157	-	-
Mark-to-market debt security investment		-	(908)	-
Gain on debt security investment disposal		-	(176)	-
Movements in provisions	13,22	576	249	(2,220)
Finance income	7	(8,647)	(4,579)	(517)
Finance costs	7	48,928	41,185	40,337
Increase in other non-current assets		(3,172)	(6,747)	(2,876)
(Decrease)/Increase in other non-current liabilities		(20)	23	(135)
Working capital adjustments:				
Increase in trade receivables		(4,867)	(2,723)	(2,724)
(Increase)/Decrease in inventories		(3,072)	(2,254)	3,682
Increase/(Decrease) in trade and other payables and contract liabilities		80	174	(7,607)
(Increase)/Decrease in prepayments and other assets		(1,182)	13,193	(11,329)
Interest received		6,591	1,052	517
Interest paid		(25,708)	(38,919)	(37,793)
Income tax paid		(48)	(96)	(261)
Net cash flows from operating activities		**60,983**	**68,135**	**23,749**
Investing activities				
Acquisition of tangible assets	10	(7,585)	(8,577)	(9,256)
Acquisition of assets under construction	10	(5,153)	(4,504)	(12,572)
Loan to parent Company, net of deferred finance income (related party)	20	(705)	(68,795)	-
Investments in debt securities (related party)	20	-	(17,642)	-
Disposal of debt securities (related party)	20	-	18,726	-
Proceeds from net investment in the lease	19	189	150	233
Net cash flows used in investing activities		**(13,254)**	**(80,642)**	**(21,595)**
Financing activities				
Payment of principal portion of lease liabilities	19	(695)	(653)	(642)
Proceeds from 2025 Notes	17	487,504	-	-
Repayment of 2022 Notes	17	(375,000)	-	-
Proceeds from long term debt, net of deferred finance costs	17	13,625	-	6,919
Repayment of long-term debt and payment of principal	17	(105,551)	(13,403)	(7,607)
Repayment of notes payable	17	(4,466)	(4,304)	(4,240)
Dividends paid		(33,881)	-	-
Net cash flows used in financing activities		**(18,464)**	**(18,360)**	**(5,570)**
Net increase/(decrease) in cash and cash equivalents		29,265	(30,867)	(3,416)
Cash and cash equivalents at January 1		45,605	76,472	79,888
Cash and cash equivalents at December 31		**74,870**	**45,605**	**76,472**

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

Non-cash investing and financing activities:				
Transfers from assets under construction		—	—	49,421
Acquisition of tangible assets		—	—	(512)
Transfers to other non-current assets		—	—	(26)
Proceeds from seller's credit agreement for the construction of six liquid barges	10,17	11,229	—	—

The accompanying notes on pages 10 to 67 are an integral part of these consolidated financial statements.

NOTE 1. CORPORATE INFORMATION

Navios South American Logistics Inc. ("Navios Logistics" or the "Company") was incorporated under the laws of the Republic of the Marshall Islands on December 17, 2007. Navios Logistics believes it is one of the largest logistics companies in the Hidrovia region of South America, focusing on the Hidrovia river system, the main navigable river system in the region, and on cabotage trades along the eastern coast of South America. Navios Logistics is focused on providing its customers integrated transportation, storage and related services through its port facilities, its large, versatile fleet of dry and liquid cargo barges and its product tankers. Navios Logistics serves the needs of a number of growing South American industries, including mineral and grain commodity providers as well as users of refined petroleum products. As of December 31, 2020, Navios Maritime Holdings Inc. ("Navios Holdings") owned 63.8% of Navios Logistics' stock.

NOTE 2: SIGNIFICANT ACCOUNTING POLICES

(a) Basis of preparation

The consolidated financial statements of Navios Logistics have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (the "IASB").

The consolidated financial statements have been prepared on a historical cost basis, except where fair value accounting is specifically required by IFRS, as explained in the accounting policies below. The consolidated financial statements are presented in U.S. dollars which is also the currency of the Company's primary economic environment and the functional currency of the major and majority of the Company's subsidiaries. All values are rounded to the nearest thousand (U.S.D. 000), except when otherwise indicated.

(b) Going concern

In considering whether it is appropriate to prepare the financial statements on a going concern basis, management has reviewed the Company's future cash requirements, covenant compliance and earnings projections. As of December 31, 2020, the Company's current assets totaled $131,921, while current liabilities totaled $84,611, resulting in a positive working capital position of $47,310.

Management anticipates that the Company's primary sources of funds will be available cash, cash from operations and borrowings under existing and new loan agreements. Management believes that these sources of funds will be sufficient for the Company to meet its liquidity needs and comply with its banking covenants for at least twelve months from the end of the reporting period and therefore it is appropriate to prepare the financial statements on a going concern basis.

On February 17, 2021, the financial statements were authorized on behalf of Navios Logistics' board of directors for issuance and filing.

The principal accounting policies are set out below.

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of Navios Logistics and its subsidiaries. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if, and only if, has:

- Power over the investee;
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Company's voting rights and potential voting rights

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Company gains control until the date the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Company's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Company are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. The carrying amounts of the Company's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

If the Company loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

Non-controlling interests in subsidiaries are identified separately from the Company's equity therein. The interests of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

For the reported years presented in these consolidated financial statements, no significant non-controlling interest exists.

(Expressed in thousands of U.S. dollars — except share data)

Subsidiaries included in the consolidation:

The consolidated financial statements of the Company include:

Company Name	Country of Incorporation	Nature	Percentage of Ownership	Statement of income 2020	2019	2018
Corporacion Navios S.A.	Uruguay	Port-Facility Owning Company	100%	1/1-12/31	1/1-12/31	1/1-12/31
Energias Renovables del Sur S.A.	Uruguay	Land Owning Company	100%	1/1-12/31	1/1-12/31	1/1-12/31
Nauticler S.A.	Uruguay	Sub-Holding Company	100%	1/1-12/31	1/1-12/31	1/1-12/31
Compania Naviera Horamar S.A.	Argentina	Vessel-Operating Management Company	100%	1/1-12/31	1/1-12/31	1/1-12/31
Compania de Transporte Fluvial International S.A.	Uruguay	Sub-Holding Company	100 %	1/1-12/31	1/1-12/31	1/1-12/31
Ponte Rio S.A.	Uruguay	Operating Company	100%	1/1-12/31	1/1-12/31	1/1-12/31
HS Tankers Inc.	Panama	Tanker-Owning Company	100%	1/1-12/31	1/1-12/31	1/1-12/31
HS Navigation Inc.	Panama	Tanker-Owning Company	100%	1/1-12/31	1/1-12/31	1/1-12/31
HS Shipping Ltd. Inc.	Panama	Tanker-Owning Company	100%	1/1-12/31	1/1-12/31	1/1-12/31
HS South Inc.	Panama	Tanker-Owning Company	100%	1/1-12/31	1/1-12/31	1/1-12/31
Petrovia Internacional S.A.	Uruguay	Land-Owning Company	100%	1/1-12/31	1/1-12/31	1/1-12/31
Mercopar S.A.	Paraguay	Operating/Barge-Owning Company	100%	1/1-12/31	1/1-12/31	1/1-12/31
Petrolera San Antonio S.A.	Paraguay	Port Facility-Owning Company	100%	1/1-12/31	1/1-12/31	1/1-12/31
Stability Oceanways S.A.	Panama	Barge and Pushboat-Owning Operating Company	100%	1/1-12/31	1/1-12/31	1/1-12/31
Hidronave South American Logistics S.A.	Brazil	Pushboat-Owning Company	100%	1/1-12/31	1/1-12/31	1/1-12/31
Horamar do Brasil Navegação Ltda	Brazil	Non-Operating Company	100%	1/1-12/31	1/1-12/31	1/1-12/31
Navarra Shipping Corporation	Marshall Is.	Tanker-Owning Company	100%	1/1-12/31	1/1-12/31	1/1-12/31
Pelayo Shipping Corporation	Marshall Is.	Tanker-Owning Company	100%	1/1-12/31	1/1-12/31	1/1-12/31
Navios Logistics Finance (U.S.) Inc.	Delaware	Operating Company	100%	1/1-12/31	1/1-12/31	1/1-12/31
Varena Maritime Services S.A.	Panama	Barge and Pushboat-Owning Operating Company	100%	1/1-12/31	1/1-12/31	1/1-12/31
Honey Bunkering S.A.	Panama	Tanker-Owning Company	100%	1/1-12/31	1/1-12/31	1/1-12/31
Naviera Alto Parana S.A.	Paraguay	Operating Company	100%	1/1-12/31	1/1-12/31	1/1-12/31
Edolmix S.A.	Uruguay	Port-Terminal Rights Owning Company	100%	1/1-12/31	1/1-12/31	1/1-12/31
Cartisur S.A.	Uruguay	Non-Operating Company	100%	1/1-12/31	1/1-12/31	1/1-12/31
NP Trading S.A.	British Virgin Islands	Sub-Holding Company	100%	1/1-12/31	1/1-12/31	1/1-12/31
Ruswe International S.A.	Uruguay	Barge-Operating Company	100%	1/1-12/31	1/1-12/31	1/1-12/31
Delta Naval Trade S.A.	Panama	Non-Operating Company	100%	1/1-12/31	1/1-12/31	1/1-12/31
Terra Norte Group S.A.	Paraguay	Non-Operating Company	100%	1/1-12/31	1/1-12/31	1/1-12/31
Corporacion Navios Granos S.A. (1)	Uruguay	Port-Facility Owning Company	100%	1/1-12/31	1/1-12/31	11/30-12/31
Docas Fluvial do Porto Murtinho S.A. (1)	Brazil	Land Owning Company	95%	1/1-12/31	1/1-12/31	11/12-12/31
Siriande S.A. (2)	Uruguay	Non-Operating Company	100%	1/1-12/31	9/16-12/31	—
Grimaud Ventures S.A. (3)	Marshall Islands	Financial Asset Holder Company	100%	1/21-12/31	—	—

(1) These companies were established during the year ended December 31, 2018.
(2) This company was established during the year ended December 31, 2019.
(3) This company was established during the year ended December 31, 2020.

(d) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Company elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognized in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognized in profit or loss.

Business combinations involving entities under common control are excluded from the scope of IFRS 3 provided that they are controlled by the same party both before and after the business combination. These transactions are accounted for on a pooling of interests basis. The financial position, financial performance and cash flows of the combined Company are brought together as if the companies had always been a single entity.

The Company initiates and performs a review of all acquisition transactions during each period to consider the transaction to be either a business combination or an asset acquisition in accordance with IFRS 3. When the acquisition is not a business combination by its nature, the Company identifies and recognizes the individual identifiable assets acquired (including those assets that meet the definition of, and recognition criteria for, intangible assets in IAS 38 "Intangible Assets") and liabilities assumed. The cost of the Company is allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction or event does not give rise to goodwill. Consistent with shipping industry practice, the acquisition of a vessel (whether acquired with or without charter) is treated as the acquisition of an asset rather than a business, because vessels are acquired without related business processes.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Company re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units ("CGUs") that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a CGU, or group of CGUs, and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained. The Company considers each of the below as a separate CGU:

- The barge segment
- Each of the eight vessels of the Company's cabotage fleet
- Each port terminal of the Company's business (grain, iron ore and liquid port terminals)

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

The recoverable amount is the higher of an asset's fair value less cost of disposal and "value in use". The fair value less cost of disposal is the amount obtainable from the sale of an asset in an arm's length transaction less the costs of disposal, while "value in use" is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the CGU.

The fair value for goodwill impairment testing was estimated using the expected present value of future cash flows, using judgments and assumptions that management believes were appropriate in the circumstances, see Note 2(y). The significant factors and assumptions the Company used in its discounted cash flow analysis included: EBITDA, the discount rate used to calculate the present value of future cash flows and future capital expenditures. EBITDA assumptions including revenue assumptions, general and administrative expense growth assumptions, and direct vessel expenses growth assumptions. The future cash flows from operations were determined principally by combining revenues from existing contracts and estimated revenues based on the historical performance of each segment, including utilization rates and actual storage capacity. A weighted average cost of capital ("WACC") was used to discount future estimated cash flows to their present values. The WACC was based on externally observable data regarding risk free rates, risk premiums and systematic risk and on the Company's cost of equity and debt and its capital structure.

These assumptions could be adversely impacted by the current uncertainty surrounding global market conditions, as well as the competitive environment in which we operate.

As of December 31, 2020, and 2019, the fair value of the reporting units was in significant excess of their carrying values.

No impairment loss was recognized for any of the periods presented.

(e) Segment reporting

Operating segments, as defined, are components of an enterprise for which separate financial information is available that is evaluated regularly by the chief operating decision makers in deciding how to allocate resources and in assessing performance. Based on the Company's methods of internal reporting and management structure, the Company has three reportable segments: Port Terminal Business, Cabotage Business and Barge Business. For additional information, please see Note 3.

(f) Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(g) Revenue

The Company is in the business of providing services with regards to contracts of affreightment (“COA”)/voyage contracts, time charter and bareboat charter arrangements and port terminals operations. Revenue from contracts with customers is recognized when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Revenue from contracts of COA/voyage contracts are earned for the carriage of cargo on behalf of the charterer, in the spot market and on contracts of affreightment, from one or more locations of cargo loading to one or more locations of cargo discharge in return for payment of an agreed upon freight rate per ton of cargo plus reimbursement of expenses incurred to the extent that these expenses are not included in the freight rate per ton of cargo. Freight contracts contain conditions regarding the amount of time available for loading and discharging of the vessel. If these conditions are breached the Company is compensated for the additional time incurred in the form of demurrage revenue. Demurrage is a variable consideration which is recognized when it is highly probable that a significant reversal of this revenue will not occur, over the remaining time of the voyage. In applying its revenue recognition method, management believes that satisfaction of a performance obligation for a voyage charter begins when the vessel arrives at the loading port and ends at the time the discharge of cargo is completed at the discharge port (load to discharge, which is when the contract with the customer expires). The Company uses the output method for measuring the progress towards satisfaction of a performance obligation, i.e. voyage revenue is recognized pro-rata based on time elapsed from loading to the expected date of completion of the discharge.

Revenues from time charters and bareboat charter arrangements are earned for exclusive use of the services of the vessel and the crew by the charterer for an agreed period of time. Revenues from time charters comprise a lease component and a service component. The revenues allocated to the lease component are accounted for as leases and are recognized on a straight line basis over the rental periods of such charters, as service is performed. The time-charter revenue is allocated to the service component based on the relative fair value of the component, which is estimated with a reference to a “cost-plus” methodology and reflects crew costs, technical maintenance and stores of a vessel with operating expenses escalation, and fees for ad hoc additional services. The service component in a time-charter usually includes a single performance obligation, where the charterer simultaneously receives and consumes the benefits over the time-charter period. Any contractual rate changes over the contract term, to the extent they relate to the firm period of the contract, are taken into account when calculating the daily hire rate. Revenues from time charters received in the period and relating to subsequent periods are deferred and recognized separately as either deferred lease revenue in payables and other liabilities, to the extent they relate to the lease component of the hire received, or as contract liabilities, to the extent that they relate to the service component of the hire received.

Revenues from dry port terminals operations consist of an agreed flat fee per ton and cover the services performed to unload barges (or trucks), transfer the product into silos or stockpiles for temporary storage and then loading the ocean-going vessels. Revenues are recognized upon completion of loading the ocean-going vessels. Revenue arising from contracts that provide our customers with continuous access to port terminal storage and transshipment capacity is recognized ratably over the period of the contracts. Additionally, fees are charged for vessel dockage and for storage time in excess of contractually specified terms. Dockage revenues are recognized ratably up to completion of loading as the performance obligation is met evenly over the loading period. Storage fees are assessed and recognized at the point when the product remains in the silo storage beyond the contractually agreed time allowed. Storage fee revenue is recognized ratably over the storage period and ends when the product is loaded onto the ocean-going vessel.

Revenues from the liquid port terminal consist mainly of sales of petroleum products in the Paraguayan market and revenues from liquid port operations. Revenues from liquid port terminal operations consist of an agreed flat fee per cubic meter or a fixed rate over a specific period to cover the services performed to unload barges, transfer the products into the tanks for temporary storage and then load the trucks. Revenues from sales of products are recognized upon completion of loading the trucks. Revenues from liquid port terminal operations are recognized ratably over the storage period and ends when the product is loaded onto the trucks.

*Variable consideratio*n

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for providing services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Company provides retrospective volume rebates to certain customers once the quantity of cargo transshipped during the period exceeds the threshold specified in the contract.

The Company applies either the most likely amount method or the expected value method to estimate the variable consideration in the contract. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The most likely amount is used for those contracts with a single volume threshold, while the expected value method is used for those with more than one volume threshold. The Company then applies the requirements on constraining estimates of variable consideration in order to determine the amount of variable consideration that can be included in the transaction price and recognized as revenue.

Turnover tax

Under the tax laws of Argentina, the Company's subsidiary in that country is subject to taxes levied on gross revenues, or turnover. Rates differ depending on the jurisdiction where revenues are earned for tax purposes. Average rates were approximately 2.0% for the year ended December 31, 2020 (2.0% for 2019 and 3.0% for 2018). Turnover taxes are recorded net of revenue in the consolidated statements of income and amounted to $901 for the year ended December 31, 2020 ($1,062 in 2019 and $1,343 in 2018).

Significant financing components

Generally, the Company receives short-term advances from its customers. Using the practical expedient in IFRS 15, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

Non-cash consideration

All contracts with customers include provision for cash consideration.

Contract balances

(i) Trade receivables

A receivable is recognized if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in Note 2(s).

(ii) Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs, by transferring goods or services to a customer, before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

(iii) Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration, which is unconditional, is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract.

(iv) Cost to obtain or fulfil a contract

Costs to fulfil a contract, including voyage and time charter or bareboat charter arrangements (i.e. crew costs, repair and maintenance, insurance costs, port costs, canal tolls, bunkers), from load port to discharge, are recognized in line with satisfaction of the related performance obligation. Full provision is made for any losses expected on contracts with customers in progress at the end of the financial reporting period. Costs to fulfil a contract are included in "Cost of sales" line of consolidated statement of income.

(h) Other operating income and operating expenses

Other operating income and other operating expenses comprise income and directly related expenses from non-core operating related activities, including income recorded from insurance claims, gain on sale of assets and taxes other than income taxes and turnover taxes.

(i) Finance income and expense

Bank and other interest receivable is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate (“EIR”) applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset’s net carrying amount. Dividend income is recognized when the right to receive payment is established.

Finance expense and other borrowing costs are recognized on an accrual basis.

For all financial instruments measured at amortized cost, finance income or expense is calculated using the EIR method. EIR is the rate that discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Finance income is included in finance income and finance expense is included in finance costs in the statement of profit or loss and OCI, respectively.

(j) Income Taxes

Income tax expense represents the sum of the current tax and deferred tax.

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available, against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. On December 23, 2019, the Argentine government enacted the Law 27,541, which made changes to the income tax law in Argentina. The new law modifies the rates for income taxes applicable for the fiscal years beginning on January 1, 2020 and 2021. In measuring its income tax assets and liabilities, the Company used the rate that is expected to be enacted at the time of the reversal of the asset or liability in the calculation of the deferred tax for the items related to Argentina. An income tax rate of 30% was applied on temporary differences, reversals of which are expected to occur in respect of the 2020 and 2021 fiscal years, and a rate of 25% on temporary differences remaining thereafter. Due to these changes in the rate of the income tax, the Company has recorded an income tax benefit of $2,837 during the year ended December 31, 2017, and an income tax expense of $208 during the year ended December 31, 2019, within the caption "Income tax (expense)/ benefit" in the consolidated statements of income."

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances arises. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognized in profit or loss.

Deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. However, where an asset and a liability are recognized at the same time, temporary differences are recognized to the extent that the transaction gives rise to equal amounts of deferred tax assets and liabilities.

A deferred tax liability is recognized on unremitted earnings of subsidiaries to the extent that it is probable that the temporary tax difference arising on dividend distribution out of unremitted earnings will reverse in the foreseeable future. Deferred tax liabilities are not recognized for taxable temporary differences arising on investments in subsidiaries when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Current and deferred tax for the period

Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to items recognized in OCI or directly in equity, in which case the current and deferred tax is also recognized in OCI or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

The Company is a Marshall Islands corporation. The Company believes that substantially all of its operations are exempt from income taxes in the Marshall Islands. The Company's subsidiaries are, however, subject to income taxes in some of the countries in which they operate, mainly Argentina, Brazil and Paraguay. The Company's operations in Uruguay and Panama are exempt from income taxes. As per the tax laws of the countries in which the Company operates and is subject to their respective income taxes, the provisions for income taxes have been computed on a separate return basis (i.e., the Company does not prepare a consolidated income tax return). All income tax payments are made by the subsidiaries as required by the respective tax laws.

Tax regimes in which company operates

Argentinean companies have open tax years ranging from 2013 and onwards and Paraguayan and Brazilian companies have open tax years ranging from 2015 and onwards. The Company is generally not able to reliably estimate the ultimate settlement amounts until the close of an audit. The Company classifies interest and penalties, related to income taxes in the consolidated statements of income under income taxes.

Minimum presumed income tax ("MPIT"):

Under the tax laws of Argentina, the Company's subsidiary in that country was, through the fiscal year ended December 31, 2018, subject to a minimum presumed income tax, or MPIT. This tax was supplementary to income tax. The tax was calculated by applying the effective tax rate of 1% on the tax basis of certain assets. The subsidiaries' tax liabilities were the higher of income tax or MPIT. However, if the MPIT exceeded income tax during any fiscal year, such excess would be computed as a prepayment of any income tax excess over the MPIT that might have arisen in the next ten fiscal years. The Company had recorded in previous years as other non-current asset a total amount of $102, which was set-off with taxes payable, as of December 31, 2019, in relation to MPIT.

Through General Instruction N° 2/2017 of the Administración Federal de Ingresos Publicos ("AFIP") in Argentina, the organization has instructed its legal areas to respect the criteria set by the Supreme Court of Justice of the Nation. This criteria stated that there is no minimum profit presumed when a company has recorded losses in the accounting balances and losses tax carry forward in the income tax presentation in the fiscal period. As a consequence of this measure, the Argentine subsidiary of the Company did not determine a tax on minimum presumed income (or advances) for the 2018 fiscal year. Following the tax reform voted by the Argentinean Parliament in December 2017 and the subsequent resolution in force since May 2018, this tax does not apply as of the fiscal year 2019.

Uncertain tax positions

At any point in time, the Company may have tax audits underway at various stages of completion. The Company evaluates the tax positions and establishes liabilities for uncertain tax positions that may be challenged by local authorities and may not be fully sustained, despite the Company's belief that the underlying tax positions are fully supportable. Uncertain tax positions are reviewed on an ongoing basis and are adjusted in light of changing facts and circumstances, including progress of tax audits, developments in case law, and closing of statute of limitations. Such adjustments are reflected in the tax provision as appropriate. As of December 31, 2020 and 2019, no assets or liability exists in statement of financial position that relates to an uncertain tax position for which the Company considers necessary to provide a relevant amount.

(k) Foreign currencies

The Company's consolidated financial statements are presented in U.S. dollars, which is also the parent company's functional currency. For each entity, the Company determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Company uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

i) Transactions and balances

Transactions in foreign currencies are initially recorded by the Company's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Company initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Company determines the transaction date for each payment or receipt of advance consideration.

ii) Group companies

The Company's and its subsidiaries' functional currency and reporting currency is the U.S. dollar. The Company's subsidiaries in Uruguay, Argentina, Brazil and Paraguay transact part of their operations in Uruguayan pesos, Argentinean pesos, Brazilian reais and Paraguayan guaranies. However, all of the subsidiaries' primary cash flows are U.S. dollar-denominated. Transactions in currencies other than the functional currency are translated at the exchange rate in effect at the date of each transaction. Differences in exchange rates during the period between the date a transaction denominated in a foreign currency is consummated and the date on which it is either settled or translated, are recognized in the consolidated statement of income.

(Expressed in thousands of U.S. dollars — except share data)

iii) Exchange rates

For the purposes of these consolidated financial statements, the exchange rates used are as follows:

Exchange rates	**2020 closing**	**2020 average**	**2019 closing**	**2019 average**	**2018 closing**	**2018 average**
Uruguay pesos	42.37	42.01	37.34	35.29	32.39	30.74
Argentina pesos	84.15	70.65	59.89	48.28	37.70	28.13
Paraguay guarani	6,941.65	6,784.26	6,463.95	6,247.28	5,960.94	5,740.50
Brazilian reais	5.20	5.16	4.03	3.94	3.87	3.65

The foreign currency exchange gain/(losses) recognized in the consolidated statements of income for each of the years ended December 31, 2020, 2019 and 2018 were $574 gain, $1,596 loss and $1,355 loss, respectively.

(l) Deferred finance costs

Commitment, arrangement, structuring, legal and agency fees incurred for obtaining new loans or refinancing existing facilities are recorded as deferred loan issuance costs and classified contra to debt, while the fees incurred for the undrawn facilities are classified under non-current assets in the statement of financial position and are reclassified contra to debt on the drawdown dates. All of the above deferred finance costs are considered as directly attributable cost to debt facilities.

Deferred finance costs are deferred and amortized to financial costs over the term of the relevant loan, using the effective interest method. When the relevant loan is terminated or extinguished, the unamortized loan fees are written-off in the consolidated statement of profit or loss.

(m) Dividends

The Company recognizes a liability to pay a dividend when the distribution is authorized and the distribution is no longer at the discretion of the Company. As per the corporate laws of the Marshall Islands, a distribution is authorized when it is approved by the board of directors. A corresponding amount is recognized directly in equity.

(n) Tangible assets

Barges, pushboats and other vessels

The Company's tangible assets are stated in the statement of financial position at cost less accumulated depreciation and any accumulated impairment loss.

Barges, pushboats and other vessels acquired as part of a business combination are recorded at fair value on the date of acquisition and if acquired as an asset acquisition are recorded at cost (including transaction costs). All other barges, pushboats and other vessels acquired are stated at cost, which consists of the contract price, borrowing cost and any material expenses incurred upon acquisition (improvements and delivery expenses). Subsequent expenditures for major improvements and upgrading are capitalized, provided they appreciably extend the life, increase the earning capacity or improve the efficiency or safety of the assets. The cost and related accumulated depreciation of assets retired or sold are removed from the accounts at the time of the sale or retirement and any gain or loss is included in the accompanying consolidated statements of income. We also capitalize interest on long-term construction projects.

Expenditures for routine maintenance and repairs are expensed as incurred.

The cost of barges, pushboats and other vessels is split into two components, a "barges, pushboats and other vessels component" and a "drydocking component". Depreciation for the vessel component is calculated on a straight-line basis, after taking into account the estimated residual values, over the estimated useful life of this major component of the vessels. Residual values are based on management's estimation about the amount that the Company would currently obtain from disposal of its vessels, after deducting the estimated costs of disposal, if the vessels were already of the age and in the condition expected at the end of their useful life. The residual value for each vessel is calculated by reference to the scrap value. Management estimates the useful life of the Company's vessels to be between 15 and 45 years from the asset's original construction or acquisition. However, when regulations place limitations over the ability of a vessel to trade on a worldwide basis, its useful life is re-estimated to end at the date such regulations become effective.

The scheduled drydocking and special surveys components that are carried out every five years for ocean-going vessels and up to every six to eight years for pushboats and barges, to coincide with the renewal of the related certificates issued by the classification societies, unless a further extension is obtained under certain conditions. The costs of drydockings and special surveys are amortized over the above mentioned periods or to the next drydocking or special survey date if such has been determined. Unamortized drydocking or special survey costs of vessels, pushboats and barges sold are charged against income in the year the vessel, pushboat or barge is sold. Costs capitalized as part of the drydocking or special survey consist principally of the actual costs incurred at the yard, spare parts, paints, lubricants and fuel, labour and services incurred solely during the drydocking or special survey period.

Port terminals and other fixed assets, net

Port terminals acquired as part of a business combination are recorded at fair value on the date of acquisition. All other port terminals and other fixed assets are stated at cost and are depreciated utilizing the straight-line method at rates equivalent to their estimated economic useful lives. Other fixed assets mainly consist of office equipment and cars. The cost and related accumulated depreciation of assets retired or sold are removed from the accounts at the time of sale or retirement and any gain or loss is included in the accompanying consolidated statements of income.

Useful lives of the assets are:

Dry port terminal	5 to 49 years
Oil storage, plant and port facilities for liquid cargoes	5 to 20 years
Other fixed assets	5 to 10 years

(o) Impairment of non-financial assets

At the end of each financial reporting period, the Company assesses whether there is any indication that its non-financial assets may have suffered an impairment loss. If any indication exists, the Company estimates the asset's recoverable amount.

The assessment of whether there is an indication that an asset is impaired is made with reference to trading results, predicted trading results, market rates, technical and regulatory changes and market values. If any such indication exists, the recoverable amount of the asset or CGU is estimated in order to determine the extent of any impairment loss.

The first step in this process is the determination of the lowest level at which largely independent cash flows are generated, starting from the individual asset level. A CGU represents the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows generated from other assets or groups of assets. The Company allocates the carrying amount of a right of use asset to CGUs it serves if this can be done in a reasonable and consistent basis, and tests the CGUs for impairment including these right of use assets. In identifying whether cash inflows from an asset or group of assets are largely independent, and therefore determining the level of CGUs, the Company considers many factors including management's trading strategies, how management makes decisions about continuing or disposing of the assets, nature and terms of contractual arrangements and actual and predicted employment of the vessels.

(Expressed in thousands of U.S. dollars — except share data)

Based on the above, the Company has determined it has CGUs of varying sizes ranging from individual vessels to groups of pushboats and barges and port terminals.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount is less than the carrying amount of the asset or the CGU, the asset is considered impaired and an expense is recognized equal to the amount required to reduce the carrying amount of the vessel or the CGU to its recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in estimates used to determine the asset’s recoverable amount since the last impairment loss was recognized. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized in prior periods. Such reversal is recognized in the income statement.

For the year ended December 31, 2020, no impairment loss was recognized. As of December 31, 2019, an impairment loss of $2,569 was recognized in the Company’s consolidated statements of income, which is further analyzed in Note 10.

(p) Intangible assets

Navios Logistics’ intangible assets consist of customer relationships, trade name and port terminal operating rights.

Intangible assets resulting from acquisitions are accounted for using the purchase method of accounting and are recorded at fair value as estimated based on market information.

The fair value of the trade name was determined based on the estimated amount that a company would have to pay in an arm’s length transaction in order to use that trade name. The trade name was fully amortized as of December 31, 2019. Other intangibles that are being amortized, such as the port terminal operating rights and customer relationships, would be considered impaired if their fair market value could not be recovered from the future discounted cash flows associated with the asset. The fair value of customer relationships was determined based on the “excess earnings” method, which relies upon the future cash flow generating ability of the asset. The asset is amortized under the straight line method.

When intangible assets or liabilities associated with the acquisition of a vessel are identified, they are recorded at fair value. Fair value is determined by reference to market data and the discounted amount of expected future cash flows. Where charter rates are higher than market charter rates, an asset is recorded, being the difference between the acquired charter rate and the market charter rate for an equivalent vessel. Where charter rates are less than market charter rates, a liability is recorded, being the difference between the assumed charter rate and the market charter rate for an equivalent vessel. The determination of the fair value of acquired assets and assumed liabilities requires us to make significant assumptions and estimates of many variables including market charter rates, expected future charter rates, the level of utilization of our vessels and our weighted average cost of capital. The use of different assumptions could result in a material change in the fair value of these items, which could have a material impact on our financial position and results of operations.

No impairment loss was recognized for any of the periods presented. Amortizable intangible assets are amortized under the straight-line method according to the following amortization periods:

	Years
Trade name	10
Port terminal operating rights	47
Customer relationships	20

(q) Assets under construction

Assets under construction represent part of tangible assets and amounts paid by the Company in accordance with the terms of the purchase agreements for the construction of tangible assets. Assets under construction also include pre-delivery expenses. Pre-delivery expenses represent any direct costs to bring the asset to the condition necessary (including possible relocation) for it to be capable of operating in the manner intended by management. Interest costs incurred during the construction (until the asset is substantially complete and ready for its intended use) are capitalized. To the extent that the Company borrows funds specifically for the purpose of obtaining a qualifying asset, the Company determines the amount of borrowing costs eligible for capitalization as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings.

To the extent that the Company borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the Company determines the amount of borrowing costs eligible for capitalization by applying a capitalization rate to the expenditures on that asset. The capitalization rate is calculated using the weighted average of the borrowing costs applicable to the borrowings of the Company that are outstanding during the period, excluding borrowings made specifically for the purpose of obtaining a qualifying asset, provided that substantially all the activities necessary to prepare that qualifying asset for its intended use or sale are complete. The amount of borrowing costs that the Company capitalizes during a period does not exceed the amount of borrowing costs incurred during that period. All other borrowing costs are recognized in the income statement in the period in which they are incurred.

(r) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease (i.e., if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration).

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities representing obligations to make lease payments and right-of-use assets representing the right to use the underlying assets. The Company has entered into lease contracts as a lessee for office rent and land lease agreements.

i) Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasured of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, on the same basis as for other tangible assets as described in Note 2(n).

In case of vessel leases, at initial recognition, the cost of the right of use asset for the chartered in vessels includes the estimated cost of planned drydockings for replacement of certain components and major repairs and maintenance of other components during the lease term. The corresponding provision is recorded at present value of the expected cash flows of the planned drydockings and major repairs and maintenance of other components mentioned above and is remeasured at each period end. The changes in the carrying amount of the provision resulting from the remeasument are recognized in correspondence with the relevant right of use asset.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies on impairment of non-financial assets in Note 2(o).

ii) Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term (i.e., the non-cancellable period of the lease including reasonably certain to exercise extension or termination options). The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercized by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Company’s lease liabilities are included in Lease liabilities.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of charter-in barges (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Company as a lessor

The Company charter-out vessels under time charter and bareboat charter arrangements (See Note 2(g)). Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

(s) Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition (See Note 2(l)). Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial instrument and of allocating interest over the relevant period. The EIR is the rate that exactly discounts estimated future cash flows through the expected life of the financial instrument, or, where appropriate, a shorter period, to its net carrying amount.

i) Financial assets

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through OCI, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Company’s business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price under IFRS 15.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are “solely payments of principal and interest (“SPPI”)” on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

The Company does not have any financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments) or financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments).

Financial assets at amortized cost (debt instruments)

The Company measures financial assets at amortized cost if both of the following conditions are met:

i) The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the EIR method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Company's financial assets at amortized cost includes trade and other receivables, intercompany receivable loan from parent (related party) and net investment in the lease.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

This category includes investments in debt security which the Company had not irrevocably elected to classify at fair value through OCI. See Note 21.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Company's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions. See Note 2(y).
- Trade receivables, including contract assets. See Note 2(g).

The Company recognizes an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade and other receivables and bank deposits, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments exceed the agreed credit period. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or payables.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified into the category "Financial liabilities at amortized cost (loans and borrowings).

Financial liabilities at amortized cost (loans and borrowings)

Interest-bearing loans and borrowings and trade payables is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

Derecognition or modification of financial liabilities

A liability is generally derecognized when the contract that gives rise to it is settled, eliminated, sold, cancelled or expired. Where an existing financial liability is exchanged by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and the recognition of a new liability. Similarly, the Company accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least ten per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (i) the carrying amount of the liability before the modification; and (ii) the present value of the cash flows after modification should be recognized in profit or loss as the modification gain or loss within other gains and losses.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Fair value measurements

The Company measures financial instruments such as the 2025 Notes at fair value at each balance sheet date.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarized in the following notes:

- Disclosures for valuation methods, significant estimates and assumptions –See Note 2(y).
- Quantitative disclosures of fair value measurement hierarchy – See Note 21.

(t) Inventories

Inventories are stated at the lower of cost or net realizable value and comprise petroleum products and other inventories such as lubricants and stock provisions on board the owned vessels and pushboats. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Cost is calculated using the first in first out method.

(u) Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits and meet the definition of cash and cash equivalent.

(v) Provisions

General

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation, and are discounted to present value where the effect of discounting is material.

The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Insurance Claims

When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain.

Amounts for insurance claims are recognized when amounts are virtually certain to be received, based on the management's judgment and estimates of independent adjusters as to the amount of the claims.

Contingent liabilities

A contingent liability recognized in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognized in accordance with the requirements for provisions above or the amount initially recognized less (when appropriate) cumulative amortization recognized in accordance with the requirements for revenue recognition.

(w) Employee benefits

(a) Severance payments

Under certain laws and labor agreements of the countries in which the Company conducts its operations, the Company is required to make minimum severance payments to its dismissed employees without cause and employees leaving its employment in certain other circumstances. Accrual of severance costs is made if they relate to services already rendered, relate to rights that accumulate or vest, are probable of payment and are reasonably estimable. While the Company expects to make severance payments in the future, it is impossible to estimate the number of employees that will be dismissed without proper cause in the future, if any, and accordingly the Company has not recorded such liability. Instead, severance payments are expensed as incurred.

(b) Short-term paid absences

The Company recognizes the expected cost of short-term employee benefits in the form of paid absences in the case of accumulating paid absences, when the employees render service that increases their entitlement to future paid absences.

(x) Earnings per share

Basic earnings per share are computed by dividing net income by the weighted average number of common shares outstanding during the years presented. There are no dilutive or potentially dilutive securities, accordingly there is no difference between basic and diluted net earnings per share. See Note 23.

(y) Significant accounting judgments, estimates and assumptions

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses recognized in the consolidated financial statements. The Company's management evaluates whether estimates should be made on an ongoing basis, utilizing historical experience, consultation with experts and other methods management considers reasonable in the particular circumstances. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the assets or liabilities in the future. Critical accounting judgments are those that reflect significant judgments of uncertainties and potentially result in materially different results under different assumptions and conditions.

Judgments

(a) Impairment of long lived assets

The Company assesses at each reporting date, whether indicators for impairment exist for its non-financial assets (see Note 2(o)). The assessment includes both external and internal factors which include significant changes with an adverse effect in the regulatory or technological environment or evidence is available from internal reporting that indicates that the economic performance of the asset is, or will be worse than expected. If any indication exists, the Company estimates the asset's or CGU's recoverable amount. Judgment is involved to some extent in determining whether indicators exist and also the determination of the CGUs at which the respective assets are tested.

(b) Determination of lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend (or not terminate).
- The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it.

(c) Provisions

Management uses its judgment as well as the available information from the Company's legal department, in order to assess the likely outcome of these claims and if it is more likely than not that the Company will lose a claim, then a provision is recognized. Provisions for legal claims, if required, are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period (See Note 22).

Estimates and assumptions

(a) Income taxes

The Company is subject to periodic audits by local tax authorities in various jurisdictions and the assessment process for determining the Company's current and deferred tax balances is complex and involves high degree of estimation and judgment. There are some transactions and calculations for which the ultimate tax determination is uncertain. Where tax positions are not settled with the tax authorities, Company management takes into account past experience with similar cases as well as the advice of tax and legal experts in order to analyze the specific facts and circumstances, interpret the relevant tax legislation, assess other similar positions taken by the tax authorities to form a view about whether its tax treatments will be accepted by the tax authorities, or whether a provision is needed. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(b) Recoverability of deferred tax assets

Deferred tax assets include certain amounts which relate to carried forward tax losses. In most cases, depending on the jurisdiction in which such tax losses have arisen, such tax losses are available for set off for a limited period of time since they are incurred. The Company makes assumptions on whether these deferred tax assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets for each relevant entity.

(c) Value in use

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount of a CGU is determined for impairment tests purposes based on value-in-use calculations which require the use of assumptions. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The calculations use cash flow projections based on financial budgets approved by management. Cash flows beyond the period over which projections are available are extrapolated using estimated growth rates and historical average rates. These growth rates are consistent with forecasts included in countries or industry reports specific to the countries and segments in which each CGU operates. The key assumptions used to determine the recoverable amount for the different CGUs, or assets, including a sensitivity analysis, are disclosed and further explained in Notes 2(d) and 2(o).

(d) Provision for expected credit losses of receivables

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision matrix is based on the Company's historical credit loss experience calibrated to adjust the historical credit loss experience with forward looking information specific to the debtors and the economic environment. At each year end, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed. The assessment of the correlation between historical observed credit losses, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual defaults in the future.

(e) Depreciation of tangible assets

The Company periodically assesses the useful lives of its tangible assets to determine whether the original estimated lives continue to be appropriate. To this respect, the Company may obtain technical studies and use external sources to determine the lives and values of its assets, which can vary depending on a variety of factors such as technological innovation and maintenance programs.

Impact of Standards issued but not yet effective and not early adopted

The Company has not early adopted any of the following standards, interpretations or amendments that have been issued but are not yet effective. In addition, the Company assessed all standards, interpretations and amendments issued but not yet effective, and concluded that they will not have any significant impact on the consolidated financial statements.

- **Amendment to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**
  The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting.

- **IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendments)**
  The amendments are effective for annual reporting periods beginning on or after January 1, 2022 with earlier application permitted. The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current or non-current. The amendments affect the presentation of liabilities in the statement of financial position and do not change existing requirements around measurement or timing of recognition of any asset, liability, income or expenses, nor the information that entities disclose about those items. Also, the amendments clarify the classification requirements for debt which may be settled by the company issuing its own equity instruments.

- **IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual Improvements (Amendments)**
  The amendments are effective for annual periods beginning on or after January 1, 2022 with earlier application permitted. The IASB has issued narrow-scope amendments to the IFRS Standards as follows:
  - **IFRS 3 Business Combinations (Amendments)** update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
  - **IAS 16 Property, Plant and Equipment (Amendments)** prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss.
  - **IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendments)** specify which costs a company includes in determining the cost of fulfilling a contract for the purpose of assessing whether a contract is onerous.
  - **Annual Improvements** make minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases.

Impact of standards issued and adopted

The Company has adopted the following standards, interpretations and amendments as of January 1, 2020. The adoption of these standards, interpretations and amendments did not have a significant impact on the consolidated financial statements.

- **Conceptual framework in IFRS standards**
  The IASB issued the revised Conceptual Framework for Financial Reporting on March 29, 2018. The Conceptual Framework sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards. The IASB also issued a separate accompanying document, Amendments to References to the Conceptual Framework in IFRS Standards, which sets out the amendments to affected standards in order to update references to the revised Conceptual Framework. Its objective is to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction. For preparers who develop accounting policies based on the Conceptual Framework, it was effective for annual periods beginning on or after January 1, 2020.

- **IFRS 3: Business Combinations (Amendments)**
  The IASB issued amendments in Definition of a Business (Amendments to IFRS 3) aimed at resolving the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The Amendments have been effective for business combinations for which the acquisition date is in the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period, with earlier application permitted.

- **IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of "material" (Amendments)**
  The amendments have been effective for annual periods beginning on or after January 1, 2020 with earlier application permitted. The amendments clarify the definition of material and how it should be applied. The new definition states that, "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." In addition, the explanations accompanying the definition have been improved. The amendments also ensure that the definition of material is consistent across all IFRS Standards.

- **Interest Rate Benchmark Reform - IFRS 9, IAS 39 and IFRS 7 (Amendments)**
  The amendments have been effective for annual periods beginning on or after January 1, 2020 and applied retrospectively. Earlier application was permitted. In September 2019, the IASB issued amendments tolet IFRS 9, IAS 39 and IFRS 7, which concludes phase one of its work to respond to the effects of Interbank Offered Rates (IBOR) reform on financial reporting. Phase two will focus on issues that could affect financial reporting when an existing interest rate benchmark is replaced with a risk-free interest rate (an "RFR"). The amendments published deal with issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative interest rate and address the implications for specific hedge accounting requirements in IFRS 9 Financial Instruments and IAS 39 Financial Instruments: Recognition and

Measurement, which require forward-looking analysis. The amendments provided temporary relief, applicable to all hedging relationships that are directly affected by the interest rate benchmark reform, which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate. There are also amendments to IFRS 7 Financial Instruments: Disclosures regarding additional disclosures around uncertainty arising from the interest rate benchmark reform.

- **IFRS 16 Leases-Covid 19 Related Rent Concessions (Amendment)**
  The amendment applied, retrospectively, to annual reporting periods beginning on or after June 1, 2020. Earlier application was permitted, including in financial statements not yet authorized for issue at May 28, 2020. IASB amended the standard to provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. The amendment provided a practical expedient for the lessee to account for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under IFRS 16, if the change was not a lease modification, only if all of the following conditions are met:
  - The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
  - Any reduction in lease payments affects only payments originally due on or before June 30, 2021.
  - There is no substantive change to other terms and conditions of the lease.

NOTE 3: SEGMENT INFORMATION

Current accounting guidance establishes standards for reporting information about operating segments in annual financial statements and requires reporting of selected information about operating segments in interim financial reports issued to shareholders. Operating segments are components of a company of which separate financial information is available that is regularly evaluated by the chief operating decision makers in deciding how to allocate resources and assess performance. Chief operating decision makers use net income to evaluate operating performance of each segment. The guidance also establishes standards for related disclosures about a company's products and services, geographical areas and major customers. The Company has determined that its reportable segments are those that are based on the Company's method of internal reporting. Navios Logistics has three reportable segments: Port Terminal Business, Barge Business and Cabotage Business. The Port Terminal Business includes the dry port terminal operations and the liquid port terminal operations. A general description of each segment follows:

The Port Terminal Business segment

This segment includes the operating results of Navios Logistics' dry port terminal and liquid port terminal operations.

(i) Dry port terminal operations

Navios Logistics owns and operates the largest independent bulk transfer and storage port terminal facilities in Uruguay based on throughputs. Its dry port terminal operations are comprised of two port terminals, one for agricultural and forest-related exports and one for mineral-related exports which are located in an international tax-free trade zone in the port of Nueva Palmira, Uruguay, at the convergence of the Parana and Uruguay rivers.

(ii) Liquid port terminal operations

Navios Logistics owns and operates an up-river port terminal with tank storage for refined petroleum products, oil and gas in San Antonio, Paraguay, approximately 17 miles by river from the capital of Asuncion. Its port terminal is one of the largest independent storage facilities for crude and petroleum products in Paraguay based on storage capacity.

The Barge Business segment

Navios Logistics services the Argentine, Bolivian, Brazilian, Paraguayan and Uruguayan river transportation markets through its fleet. Navios Logistics operates different types of pushboats and wet and dry barges for delivering a wide range of dry and liquid products between ports in the Parana, Paraguay and Uruguay River systems in South America (the Hidrovia or the “waterway”). Navios Logistics contracts its vessels either on a time charter basis or on a CoA basis.

(Expressed in thousands of U.S. dollars — except share data)

The Cabotage Business segment

Navios Logistics owns and operates ocean-going vessels to support the transportation needs of its customers in the South American coastal trade business. Its fleet consists of six ocean-going product tanker vessels, a river and estuary tanker vessel and a bunker vessel. Navios Logistics contracts its vessels either on a time charter basis or on a CoA basis.

Inter-segment transactions, if any, are accounted for at current market prices.

The following table describes the results of operations of the three segments, the Port Terminal Business segment, the Barge Business segment and the Cabotage Business segment for the years ended December 31, 2020, 2019 and 2018:

	Year Ended December 31, 2020			
	Port Terminal Business	Cabotage Business	Barge Business	Total
Revenue	102,683	45,254	67,086	215,023
Cost of sales	(42,009)	(32,214)	(69,499)	(143,722)
Gross profit/(loss)	**60,674**	**13,040**	**(2,413)**	**71,301**
Administrative expenses	(3,144)	(2,069)	(8,309)	(13,522)
Other operating income	4,329	(3)	795	5,121
Other operating expenses	(3)	(1,969)	(3,030)	(5,002)
Allowance for expected credit losses on financial	(103)	(164)	(274)	(541)
Operating profit/(loss)	**61,753**	**8,835**	**(13,231)**	**57,357**
Finance income	3,298	1,807	3,542	8,647
Finance costs	(19,976)	(8,049)	(20,903)	(48,928)
Foreign exchange differences, net	(343)	344	573	574
Loss on debt extinguishment	(1,586)	(869)	(1,702)	(4,157)
Profit/(loss) before tax	**43,146**	**2,068**	**(31,721)**	**13,493**
Income tax (expense)/income	-	(2,050)	226	(1,824)
Profit/(loss) for the year	**43,146**	**18**	**(31,495)**	**11,669**

	Year Ended December 31, 2019			
	Port Terminal Business	Cabotage Business	Barge Business	Total
Revenue	102,103	46,551	78,555	227,209
Cost of sales	(34,458)	(35,150)	(67,516)	(137,124)
Gross profit	**67,645**	**11,401**	**11,039**	**90,085**
Administrative expenses	(5,734)	(2,463)	(9,555)	(17,752)
Other operating income	1,081	-	1,481	2,562
Other operating expenses	-	(2,527)	(4,156)	(6,683)
Allowances for expected credit losses on financial	(198)	-	(143)	(341)
Operating profit/(loss)	**62,794**	**6,411**	**(1,334)**	**67,871**
Finance income	1,934	441	2,204	4,579
Finance costs	(17,835)	(5,158)	(18,192)	(41,185)
Foreign exchange differences, net	(387)	(911)	(298)	(1,596)
Other income	458	104	522	1,084
Profit/(loss) before tax	**46,964**	**887**	**(17,098)**	**30,753**
Income tax (expense)/income	-	(1,263)	664	(599)
Profit/(loss) for the year	**46,964**	**(376)**	**(16,434)**	**30,154**

(Expressed in thousands of U.S. dollars — except share data)

	Year Ended December 31, 2018			
	Port Terminal Business	**Cabotage Business**	**Barge Business**	**Total**
Revenue	99,321	41,813	65,156	206,290
Cost of sales	(53,906)	(32,207)	(61,496)	(147,609)
Gross profit	**45,415**	**9,606**	**3,660**	**58,681**
Administrative expenses	(3,877)	(2,496)	(9,403)	(15,776)
Other operating income	9,269	704	2,067	12,040
Other operating expenses	-	(2,009)	(4,412)	(6,421)
Allowances for expected credit losses on financial	-	-	(76)	(76)
Operating profit/(loss)	**50,807**	**5,805**	**(8,164)**	**48,448**
Finance income	64	-	453	517
Finance costs	(16,860)	(4,928)	(18,549)	(40,337)
Foreign exchange differences, net	(377)	(583)	(395)	(1,355)
Profit/(loss) before tax	**33,634**	**294**	**(26,655)**	**7,273**
Income tax (expense)/income	-	(910)	2,047	1,137
Profit/(loss) for the year	**33,634**	**(616)**	**(24,608)**	**8,410**

For the Barge Business segment and for the Cabotage Business segment, the Company's vessels operate on a regional basis and are not restricted to specific locations. Accordingly, it is not practicable to allocate the assets of these operations to specific locations. The total net book value of long-lived assets for vessels, including constructions in progress, amounted to $335,729 and $338,501 at December 31, 2020 and 2019, respectively.

All the assets related to the Port Terminal Business segment are located in Uruguay and in Paraguay. The total net book value of long-lived assets for the Port Terminal Business segment amounted to $203,282 and $207,001 as of December 31, 2020 and 2019, respectively.

In addition, the net book value of intangible assets other than goodwill allocated to the Barge Business segment and to the Cabotage Business segment, collectively, amounted to $12,421 and $14,196 as of December 31, 2020 and 2019, respectively, while the net book value of intangible assets allocated to the Port Terminal segment amounted to $39,317 and $40,315, respectively.

Goodwill totaling to $22,142, $40,868 and $41,086 has been allocated to the three segments, the Port Terminal Business, the Barge Business and the Cabotage Business, respectively, for all periods presented.

(Expressed in thousands of U.S. dollars — except share data)

NOTE 4: REVENUE

4.1 Disaggregated revenue information

	Year ended December 31, 2020	Year ended December 31, 2019	Year ended December 31, 2018
COA/Voyage revenues	$53,649	$49,488	$35,623
Time chartering revenues non-lease component	24,765	31,867	30,208
Dry port terminal revenues	73,112	80,180	58,552
Storage fees (dry port) revenues	3,364	3,452	882
Dockage revenues	3,948	4,310	3,136
Sale of products revenues-liquid port terminal	17,272	9,384	32,508
Liquid port terminal revenues	4,606	4,032	3,739
Other dry port terminal revenue	381	745	504
Turnover tax-non lease component	(375)	(441)	(558)
Revenue from contracts with customers	**$180,722**	**$183,017**	**$164,594**
Time chartering revenues lease component	$34,827	$44,813	$42,481
Turnover tax-lease component	(526)	(621)	(785)
Total revenue	**$215,023**	**$227,209**	**$206,290**

Set out below, is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information (Note 3):

	For the year ended December 31, 2020			
	Port Terminal Business	Cabotage Business	Barge Business	Total
COA/Voyage revenues	-	$2,721	$50,928	$53,649
Time chartering revenues non-lease component	-	18,021	6,744	24,765
Dry port terminal revenues	73,112	-	-	73,112
Storage fees (dry port) revenues	3,364	-	-	3,364
Dockage revenues	3,948	-	-	3,948
Sale of products revenues-liquid port terminal	17,272	-	-	17,272
Liquid port terminal revenues	4,606	-	-	4,606
Other dry port terminal revenue	381	-	-	381
Turnover tax-non lease component	-	(345)	(30)	(375)
Revenue from contracts with customers	$102,683	$20,397	$57,642	$180,722
Time chartering revenues lease component	-	25,342	9,485	$34,827
Turnover tax-lease component	-	(485)	(41)	(526)
Total revenue	**$102,683**	**$45,254**	**$67,086**	**$215,023**

(Expressed in thousands of U.S. dollars — except share data)

	For the year ended December 31, 2019			
	Port Terminal Business	Cabotage Business	Barge Business	Total
COA/Voyage revenues	-	$1,924	$47,564	$49,488
Time chartering revenues non-lease component	-	18,944	12,923	31,867
Dry port terminal revenues	80,180	-	-	80,180
Storage fees (dry port) revenues	3,452	-	-	3,452
Dockage revenues	4,310	-	-	4,310
Sale of products revenues-liquid port terminal	9,384	-	-	9,384
Liquid port terminal revenues	4,032	-	-	4,032
Other dry port terminal revenue	745	-	-	745
Turnover tax-non lease component	-	(398)	(43)	(441)
Revenue from contracts with customers	$102,103	$20,470	$60,444	$183,017
Time chartering revenues lease component	-	26,641	18,172	$44,813
Turnover tax-lease component	-	(560)	(61)	(621)
Total revenue	**$102,103**	**$46,551**	**$78,555**	**$227,209**

	For the year ended December 31, 2018			
	Port Terminal Business	Cabotage Business	Barge Business	Total
COA/Voyage revenues	-	$1,518	$34,105	$35,623
Time chartering revenues non-lease component	-	17,282	12,926	30,208
Dry port terminal revenues	58,552	-	-	58,552
Storage fees (dry port) revenues	882	-	-	882
Dockage revenues	3,136	-	-	3,136
Sale of products revenues-liquid port terminal	32,508	-	-	32,508
Liquid port terminal revenues	3,739	-	-	3,739
Other dry port terminal revenue	504	-	-	504
Turnover tax-non lease component	-	(535)	(23)	(558)
Revenue from contracts with customers	$99,321	$18,265	$47,008	$164,594
Time chartering revenues lease component	-	24,301	18,180	42,481
Turnover tax-lease component	-	(753)	(32)	(785)
Total revenue	**$99,321**	**$41,813**	**$65,156**	**$206,290**

4.2 Contract balances

	December 31, 2020	December 31, 2019
Trade receivable from contract with customers (Note 13)	34,190	30,703
Contract assets	906	67
Contract liabilities (Note 2(g))	2,011	2,762

(Expressed in thousands of U.S. dollars — except share data)

4.3 Performance obligations

Trade receivables from contracts with customers represent net amounts receivable from customers in respect of voyage charters, port terminals and in respect of time charters for the non-lease (service component) of the receivable.

Contract assets represent amounts from contracts with customers that reflect services transferred to customers before payment or consideration is due. Specifically, contract assets represent the freight, demurrage, deviation and other amounts receivable from charterers for the completed voyage performance as at the period end. The balances of contract assets vary and depend on ongoing voyage charters at period end.

Contract liabilities represent the performance due to a customer for the remaining voyage as at the period end. This may happen in the case where the customer has made an advance payment before the completion of the voyage as of the period end date. The balances of contract liabilities vary and depend on advance payments received at period end.

As of December 31, 2020, the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as of the end of the reporting period were as follows:

	Amount
2021	$ 77,238
2022	68,451
2023	64,034
2024	60,400
2025	60,400
2026 and thereafter	583,643
Total	**$ 914,166**

NOTE 5: COST OF SALES

Cost of sales for the years ended December 31, 2020, 2019 and 2018 were as follows:

	Year Ended December 31, 2020	Year Ended December 31, 2019	Year Ended December 31, 2018
Time charter, voyage and port terminal expenses	46,312	42,536	31,393
Direct vessel expenses	48,748	48,725	48,962
Cost of products sold-liquid port terminal	16,129	9,077	31,289
Depreciation and amortization	32,533	34,217	35,965
Impairment losses	-	2,569	-
Total cots of sales	**143,722**	**137,124**	**147,609**

A) Time charter, voyage and port terminal expenses

Time charter, voyage and port terminal expenses for the years ended December 31, 2020, 2019 and 2018 were as follows:

(Expressed in thousands of U.S. dollars — except share data)

	Year Ended December 31, 2020	Year Ended December 31, 2019	Year Ended December 31, 2018
Fuel	$ 13,488	$ 14,103	$ 11,150
Time charter	6,587	3,865	114
Ports payroll and related costs	8,036	8,880	8,302
Ports repairs and maintenance	1,862	2,011	1,059
Ports rent	992	1,214	503
Ports insurances	2,943	1,708	1,534
Docking expenses	2,712	2,423	2,436
Maritime and regulatory fees	1,301	802	615
Towing expenses	4,193	3,526	2,177
Other expenses	4,198	4,004	3,503
Total	**$ 46,312**	**$ 42,536**	**$ 31,393**

B) Direct vessel expenses

Direct vessel expenses for the years ended December 31, 2020, 2019 and 2018 were as follows:

	Year Ended December 31, 2020	Year Ended December 31, 2019	Year Ended December 31, 2018
Payroll and related costs	$ 27,698	$ 27,837	$ 30,138
Insurances	3,982	3,931	3,831
Repairs and maintenance	6,568	6,100	6,638
Lubricants	794	686	631
Victualing	1,317	1,223	1,242
Travel expenses	2,028	2,557	2,013
Stores	2,486	2,167	1,825
Other expenses	3,875	4,224	2,644
Total	**$ 48,748**	**$ 48,725**	**$ 48,962**

C) Depreciation and amortization

	Year Ended December 31, 2020	Year Ended December 31, 2019	Year Ended December 31, 2018
Depreciation of tangible assets	$29,611	$31,296	$33,092
Depreciation of RoU asset	$149	$148	$149
Amortization of intangible assets	$2,773	$2,773	$2,724
Total	**$32,533**	**$34,217**	**$35,965**

(Expressed in thousands of U.S. dollars — except share data)

NOTE 6: ADMINISTRATIVE EXPENSES

General and administrative expenses for the years ended December 31, 2020, 2019 and 2018 were as follows:

	Year Ended December 31, 2020	Year Ended December 31, 2019	Year Ended December 31, 2018
Payroll and related costs	5,231	8,180	5,423
Professional fees	3,733	4,125	4,677
Other expenses	3,217	4,325	4,211
Depreciation of RoU asset	630	644	654
Depreciation of tangible assets	711	478	811
Total	**13,522**	**17,752**	**15,776**

As of December 31, 2020, the Company employed 396 land-based employees: 28 employees in the Asuncion, Paraguay office, 49 employees at the port facility in San Antonio, Paraguay, 99 employees in the Buenos Aires, Argentina office, six employees in the Montevideo, Uruguay office, 203 employees at the dry port facilities in Uruguay, and 11 employees in the Corumba, Brazil office and 565 seafarers as crew on our vessels.

NOTE 7: FINANCE INCOME & COSTS

Finance income for the years ended December 31, 2020, 2019 and 2018 were as follows:

	For the year ended December 31,		
	2020	2019	2018
Finance income from short term deposits	209	748	517
Finance income from loan to parent (Note 20)	8,277	3,520	-
Other finance income	161	311	-
Total finance income	**8,647**	**4,579**	**517**

Finance costs for the years ended December 31, 2020, 2019 and 2018 were as follows:

	For the year ended December 31,		
	2020	2019	2018
Interest on debts and borrowings	45,516	37,979	37,307
Deferred finance cost	2,806	2,552	2,362
Interest on lease liabilities	606	654	668
Total finance cost	**48,928**	**41,185**	**40,337**

Foreign exchange differences, net for the year ended December, 31 2020, comprise a $109 loss and a $683 gain, arising from the different currencies in each country the Company operates. Foreign exchange differences, net for the year ended

(Expressed in thousands of U.S. dollars — except share data)

December, 31 2019, comprise a $1,857 loss and a $261 gain. Foreign exchange differences for the year ended 2018 comprise a $1,355 losses.

NOTE 8: INCOME TAX / DEFERRED TAX

As indicated in Note 1, the Company is a Marshall Islands corporation. However, the Company is subject to tax in Argentina, Paraguay and Brazil, and with respect to its cabotage operations in Uruguay, jurisdictions where certain of its subsidiaries operate. The Company's operations in Panama and the port and international barge transportation services in Uruguay are not taxed. The corporate income tax rate in Argentina, Paraguay, Brazil, and Uruguay is 30%, 10%, 34%, and 25%, respectively for the year ended December 31, 2020. As a result of the tax reforms approved by the Argentinean Parliament in December 2017 and December 2019, the Company's corporate income tax rate decreased from 35% in the period ended December 31, 2017 to 30% for the four-year period ended December 31, 2021.

The components of income before income taxes in consolidated statements of income for the years ended December 31, 2020, 2019 and 2018 are as follows:

	Year Ended December 31, 2020	Year Ended December 31, 2019	Year Ended December 31, 2018
Argentina	$ 129	$ (503)	$ (5,058)
Paraguay	(9,619)	1,786	2,357
Uruguay	50,271	56,572	36,951
Panama	(27,745)	(23,600)	(20,377)
Marshall Islands	478	(3,597)	(6,984)
Brazil	(21)	95	384
Total income before income taxes and noncontrolling interest	**$ 13,493**	**$ 30,753**	**$ 7,273**

Income tax (expense)/ benefit is comprised of:

	Year Ended December 31, 2020	Year Ended December 31, 2019	Year Ended December 31, 2018
Current	(1,282)	(98)	842
Deferred	(360)	(864)	542
Total Argentina	**($1,642)**	**($962)**	**$1,384**
Current	(45)	-	-
Deferred	7	(77)	4
Total Brasil	**($38)**	**($77)**	**$4**
Current	(54)	(102)	(58)
Deferred	(90)	(100)	(193)
Total Paraguay	**($144)**	**($202)**	**($251)**
Current	-	-	-
Deferred	-	642	-
Total Uruguay	-	**$642**	-
Total income tax (expense)/ benefit	**($1,824)**	**($599)**	**$1,137**

(Expressed in thousands of U.S. dollars — except share data)

The net loss subject to income taxes corresponds to the operations in Argentina, Brazil, Paraguay, and the cabotage operations in Uruguay:

	Year Ended December 31, 2020	Year Ended December 31, 2019	Year Ended December 31, 2018
Benefit before income taxes and noncontrolling interest	$13,493	$30,753	$7,273
Panama, Marshall Islands, Uruguay Port/Barge (not taxed)	($23,004)	($31,945)	($9,590)
Net loss subject to income taxes……………………	**($9,511)**	**($1,192)**	**($2,317)**

Reconciliation of taxes calculated based on statutory tax rates to income tax (expense)/benefit:

	December 31, 2020	December 31, 2019	December 31, 2018
Income tax calculated at the tax rates applicable to profits in the respective countries (expense)/benefit	**$930**	**$582**	**$1,150**
Tax effect of amounts which are not (deductible)/taxable in calculating taxable income			
Allocation of parent company expenses, not deductible for local income tax	($845)	($409)	($215)
Foreign exchange losses/gains in $, not (deductible)/taxable for local income tax	$129	($443)	$20
Impact of changes in local income tax rate on future years deferred tax, not taxable for local income tax	-	($208)	-
Other local GAAP and local tax return adjustments	($2,038)	($121)	$182
Total income tax (expense)/ benefit	**($1,824)**	**($599)**	**$1,137**

The components of deferred income taxes included on the balance sheets were as follows:

	December 31, 2019	December 31, 2019
Deferred income tax assets:		
Future deductible differences	$691	$785
Tax loss carry-forward	-	—
Total deferred income tax assets	**$691**	**$785**
Deferred income tax liability:		
Intangible assets	(3,299)	(3,745)
Property, plant and equipment, net	(3,154)	(3,225)
Tax inflation adjustment in Argentina	(1,796)	(348)
Other	(334)	(957)
Total deferred income tax liability	**(8,583)**	**(8,275)**
Net deferred income tax liability	**($7,892)**	**($7,490)**

(Expressed in thousands of U.S. dollars — except share data)

The evolution of the deferred income tax assets and liabilities included on the balance sheets was as follows:

Deferred income tax assets	**Future deductible differences**	**Tax loss carry-forward**	**Total Deferred Income Tax Assets**
At January 1, 2018	**1,329**	**260**	**1,589**
Variance of nondeductible unpaid intercompany balances	(164)	-	(164)
Net increase of tax loss carry-forward	-	127	127
Other	(234)	-	(234)
At December 31, 2018	**931**	**387**	**1,318**
Variance of nondeductible unpaid intercompany balances	(425)	-	(425)
Nondeductible impact of vessel impairment	642	-	642
Net utilization of tax loss carry-forward	-	(490)	(490)
Changes in income tax rate	-	103	103
Other	(363)	-	(363)
At December 31, 2019	**785**	**-**	**785**
Variance of nondeductible unpaid intercompany balances	488	-	488
Other	(582)	-	(582)
At December 31, 2020	**691**	**-**	**691**

Deferred income tax liabilities	**Intangible Assets**	**Property, Plant, and Equipment**	**Other deferred tax liabilities**	**Total Deferred Income Tax Liabilities**
At January 1, 2018	**(4,548)**	**(3,347)**	**(1,213)**	**(9,108)**
Depreciations and Amortizations	535	83	-	618
Other	-	-	3	3
At December 31, 2018	**(4,013)**	**(3,264)**	**(1,210)**	**(8,487)**
Depreciations and Amortizations	534	84	-	618
Changes in income tax rate	(266)	(45)	-	(311)
Other	-	-	(95)	(95)
At December 31, 2019	**(3,745)**	**(3,225)**	**(1,305)**	**(8,275)**
Depreciations and Amortizations	446	71	-	517
Tax inflation adjustment in Argentina	-	-	(1,448)	(1,448)
Other	-	-	623	623
At December 31, 2020	**(3,299)**	**(3,154)**	**(2,130)**	**(8,583)**

(Expressed in thousands of U.S. dollars — except share data)

NOTE 9: OTHER OPERATING INCOME & EXPENSE

Other operating income for the years ended December 31, 2020, 2019 and 2018 were as follows:

	Year Ended December 31, 2020	Year Ended December 31, 2019	Year Ended December 31, 2018
Gain from insurance claims (1)	4,852	2,536	9,244
Gain from provisions	-	26	2,063
Gain on sale of assets	-	-	28
Other income	269	-	705
Total	**5,121**	**2,562**	**12,040**

(1) For the year ended December 31, 2020, includes $4,102 related to settlement regarding a storage and transshipment contract in the grain port terminal (Note 24). For the year ended December 31, 2018, includes $9,197 related to insurance claim at the iron ore port terminal in Nueva Palmira, Uruguay.

Other operating expense for the years ended December 31, 2020, 2019 and 2018 were as follows:

	Year Ended December 31, 2020	Year Ended December 31, 2019	Year Ended December 31, 2018
Taxes other than income taxes	4,863	6,683	6,421
Provisions	139	-	-
Total	**5,002**	**6,683**	**6,421**

NOTE 10: TANGIBLE ASSETS AND ASSETS UNDER CONSTRUCTION

Tangible assets

Tangible assets consist of the following:

Tanker vessels, barges and pushboats	Cost	Accumulated Depreciation	Net Book Value
Balance January 1, 2018	**467,405**	**(159,178)**	**308,227**
Additions	3,581	(18,642)	(15,061)
Transfers from oil storage plant and port facilities for liquid cargoes	629	-	629
Transfers from deposits for vessels, port terminal and other fixed assets, net	49,421	-	49,421
Balance December 31, 2018	**521,036**	**(177,820)**	**343,216**
Additions	2,403	(18,985)	(16,582)
Impairment loss	-	(2,569)	(2,569)
Write-down	(2,064)	866	(1,198)
Balance December 31, 2019	**521,375**	**(198,508)**	**322,867**
Additions	1,931	(18,475)	(16,544)
Write-down	(308)	-	(308)
Balance December 31, 2020	**522,998**	**(216,983)**	**306,015**

(Expressed in thousands of U.S. dollars — except share data)

Deferred dry dock and special survey costs	Cost	Accumulated Depreciation	Net Book Value
Balance January 1, 2018	**44,097**	**(27,685)**	**16,412**
Additions	1,950	(7,204)	(5,254)
Balance December 31, 2018	**46,047**	**(34,889)**	**11,158**
Additions	5,138	(5,166)	(28)
Balance December 31, 2019	**51,185**	**(40,055)**	**11,130**
Additions	4,296	(3,959)	337
Balance December 31, 2020	**55,481**	**(44,014)**	**11,467**

Dry port terminals	Cost	Accumulated Depreciation	Net Book Value
Balance January 1, 2018	**221,823**	**(20,648)**	**201,175**
Additions	2,529	(6,807)	(4,278)
Disposals	(156)	137	(19)
Transfers to other long term-assets	(26)	-	(26)
Balance December 31, 2018	**224,170**	**(27,318)**	**196,852**
Additions	602	(6,866)	(6,264)
Balance December 31, 2019	**224,772**	**(34,184)**	**190,588**
Additions	870	(6,915)	(6,045)
Write-down	(88)	76	(12)
Balance December 31, 2020	**225,554**	**(41,023)**	**184,531**

Oil storage plant and port facilities for liquid cargoes	Cost	Accumulated Depreciation	Net Book Value
Balance January 1, 2018	**29,819**	**(11,979)**	**17,840**
Additions	-	(478)	(478)
Transfers to tanker vessels, barges and pushboats	(629)	-	(629)
Balance December 31, 2018	**29,190**	**(12,457)**	**16,733**
Additions	-	(320)	(320)
Balance December 31, 2019	**29,190**	**(12,777)**	**16,413**
Additions	-	(301)	(301)
Balance December 31, 2020	**29,190**	**(13,078)**	**16,112**

(Expressed in thousands of U.S. dollars — except share data)

Other fixed assets	Cost	Accumulated Depreciation	Net Book Value
Balance January 1, 2018	**5,722**	**(3,751)**	**1,971**
Additions	1,708	(772)	936
Write-off	(34)	-	(34)
Balance December 31, 2018	**7,396**	**(4,523)**	**2,873**
Additions	434	(437)	(3)
Balance December 31, 2019	**7,830**	**(4,960)**	**2,870**
Additions	488	(672)	(184)
Balance December 31, 2020	**8,318**	**(5,632)**	**2,686**

Total	Cost	Accumulated Depreciation	Net Book Value
Balance January 1, 2018	**768,866**	**(223,241)**	**545,625**
Additions	9,768	(33,903)	(24,135)
Disposals	(156)	137	(19)
Transfers from deposits for vessels, port terminals and other fixed assets	49,421	-	49,421
Transfers to other long term-assets	(26)	-	(26)
Write-off	(34)	-	(34)
Balance December 31, 2018	**827,839**	**(257,007)**	**570,832**
Additions	8,577	(31,774)	(23,197)
Write-down	(2,064)	866	(1,198)
Impairment loss	-	(2,569)	(2,569)
Balance December 31, 2019	**834,352**	**(290,484)**	**543,868**
Additions	7,585	(30,322)	(22,737)
Write-down	(396)	76	(320)
Balance December 31, 2020	**841,541**	**(320,730)**	**520,811**

Certain assets of the Company have been pledged as collateral for loan facilities. As of December 31, 2020, 2019 and 2018, the net book value of such assets was $101,145, $88,573, $121,841, respectively.

As of December 31, 2020, no impairment loss was recognized. As of December 31, 2019, after considering the changes in the way the tanker vessel Malva H is expected to be used in the near future, the Company performed an impairment assessment in accordance with its accounting policy (Note 2). The estimated recoverable amount (value in use) was lower than the respective carrying amount of such vessel and, consequently, an aggregate impairment loss of $2,569 was recognized in its consolidated statements of income for the year ended December 31, 2019, as illustrated below:

	As of and for the year ended December 31, 2019		
Vessel	**Initial carrying amount**	**Impairment loss**	**Net book value (recoverable amount)**
Malva H	12,187	(2,569)	9,618

Since 2018, Navios Logistics acquired approximately 6.9 hectares of undeveloped land located in the Port Murtinho region of Brazil, and is in the process of acquiring 2.3 additional hectares. Navios Logistics plans to develop this land for its port operations, for a total cost of $1,456.

(Expressed in thousands of U.S. dollars — except share data)

Assets under construction

On November 21, 2019, Navios Logistics entered into a shipbuilding contract, for the construction of six liquid barges for a total consideration of $17,760. Pursuant to this agreement, the Company has secured the availability of credit for up to 75% of the purchase price, and up to a five year repayment period starting from the delivery of each vessel. Five barges were delivered in the fourth quarter of 2020 and the remaining barge was delivered in the first quarter of 2021. As of December 31, 2020, the total amount included in "Assets under construction" was $16,696 for the construction of these barges. Capitalized interest included in deposits for vessels, port terminals and other fixed assets for the construction of these barges amounted to $611 as of December 31, 2020.

As of December 31, 2020, Navios Logistics had paid $631 for capitalized expenses for the development of its port operations in Port Murtinho region, Brazil.

As of December 31, 2020, Navios Logistics had paid $1,285 for the construction of two new tanks in its liquid port terminal.

As of December 31, 2020, Navios Logistics had paid $1,551 for the acquisition of three pushboats and 18 liquid barges.

As of December 31, 2020, Navios Logistics had paid $723 for the construction of a crane in its grain port terminal.

NOTE 11: INTANGIBLES

Intangible assets other than goodwill

Intangible assets as of December 31, 2020 and 2019 consist of the following:

December 31, 2020	Acquisition Cost	Accumulated Amortization	Net Book Value December 31, 2020
Port terminal operating rights	53,152	(13,835)	39,317
Customer relationships	36,120	(23,699)	12,421
Total intangible assets	**$ 89,272**	**$ (37,534)**	**$ 51,738**

December 31, 2019	Acquisition Cost	Accumulated Amortization	Net Book Value December 31, 2019
Port terminal operating rights	53,152	(12,837)	40,315
Customer relationships	36,120	(21,924)	14,196
Total intangible assets	**$ 89,272**	**$ (34,761)**	**$ 54,511**

For all the years presented, no additions of intangible assets occurred.

Amortization expense for each of the years ended December 31, 2020, 2019 and 2018, amounted to $2,773, $2,773 and $2,724, respectively.

The aggregate amortization of acquired intangibles will be as follows:

Description	Within One Year	Year Two	Year Three	Year Four	Year Five	Thereafter	Total
Port terminal operating rights	995	995	995	995	995	34,342	39,317
Customer relationships	1,775	1,775	1,775	1,775	1,775	3,546	12,421
Total	**$2,770**	**$2,770**	**$2,770**	**$2,770**	**$2,770**	**$37,888**	**$51,738**

(Expressed in thousands of U.S. dollars — except share data)

Goodwill

Goodwill resulted from acquisitions of businesses amounted to $104,096 in all periods presented. As of December 31, 2020, the Company performed impairment tests on goodwill and concluded that no impairment should be recognized. The recoverable amount of $1,017,240 is determined based on discounted future cash flows based on the financial budget approved by management for the year ended December 31, 2020, and management forecasts until 2025. A weighted average cost of capital rate of 9.26% was used to discount the future cash flows.

NOTE 12: OTHER NON-CURRENT ASSETS

Other non-current assets as of December 31, 2020 and 2019, consist of the following:

	December 31, 2020	December 31, 2019
Prepaid expenses (1)	1,547	9,321
Deposits in guarantee to free zone	176	195
Other (2)	3,359	875
Total	**5,082**	**10,391**

(1) As of December 31, 2019, includes $9,307 related to deferred finance cost.

(2) As of December 31, 2020, includes $2,726 related to settlement regarding a storage and transshipment contract in the grain port terminal (Note 24).

NOTE 13: TRADE RECEIVABLES

Trade receivables consisted of the following:

	December 31, 2020	December 31, 2019
Receivables from other related parties (Note 20)	282	694
Receivables from third party customers	36,792	32,499
	37,074	**33,193**
Allowance for expected credit losses	(2,884)	(2,490)
Total trade receivables	**34,190**	**30,703**

A) Trade receivables from contracts with customers

Trade receivables are amounts due from customers for services performed in the ordinary course of business. They are generally due for settlement immediately and therefore are all classified as current. Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain certain significant financing components, at which point they are recognized at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortized cost using the EIR method.

(Expressed in thousands of U.S. dollars — except share data)

B) Allowances

Movement in the allowance for expected credit losses of trade receivables:

	Amounts
Balance as at January 1, 2018	**2,781**
Provision for expected credit losses	76
Balance as at December 31, 2018	**2,857**
Provision for expected credit losses	341
Utilized provision	(708)
Balance as at December 31, 2019	**2,490**
Provision for expected credit losses	541
Utilized provision	(147)
Balance as at December 31, 2020	**2,884**

NOTE 14: CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following:

	December 31, 2020	December 31, 2019
Cash at banks and on hand	74,776	45,405
Short-term deposits	94	200
Total	**74,870**	**45,605**

Short-term deposits are comprised of deposits with banks with original maturities of less than 90 days.

Cash deposits and cash equivalents in excess of amounts covered by government-provided insurance are exposed to loss in the event of non-performance by financial institutions. Navios Logistics does maintain cash deposits and equivalents in excess of government-provided insurance limits. Navios Logistics also seeks to reduce its exposure to credit risk by dealing with a diversified group of major financial institutions.

NOTE 15: PREPAYMENTS AND OTHER CURRENT ASSETS

Prepayments and other current assets consist of the following:

	Year Ended December 31, 2020	Year Ended December 31, 2019
Insurance claims receivable, net	346	109
VAT and other credits	2,604	1,012
Deferred insurance premiums	913	2,117
Advances to providers	1,443	621
Other	1,394	1,659
Total	**6,700**	**5,518**

(Expressed in thousands of U.S. dollars — except share data)

NOTE 16: ISSUED CAPITAL AND RESERVES

Share capital

As of December 31, 2020, 2019 and 2018, the Company has issued 20,000 shares of common stock, with a par value of $1.00.

Holders of each share of common stock have one vote for each share held of record on all matters submitted to a vote of shareholders. Dividends on shares of common stock may be declared and paid from funds available to the Company.

Distributions

On February 21, 2020, Navios Logistics declared and paid a dividend in cash in the aggregate amount of $27,500.

On July 10, 2020, Navios Logistics declared and paid a dividend in cash and shares of Navios Holdings common stock in the aggregate amount of $6,381.

For the year ended 2019, the management proposed no dividend distribution. Dividends are recorded in the Company's consolidated financial statements in the period in which they are declared.

NOTE 17: INTEREST-BEARING LOANS AND BORROWINGS

Interest-bearing loans and borrowings consist of the following:

	December 31, 2020	December 31, 2019
Term Loan B Facility	-	1,000
Notes Payable	5,475	4,841
Seller's credit for the construction of six liquid barges	1,901	-
BBVA loan	-	6,050
New BBVA Facility	14,000	-
Term Bank loan	1,400	1,400
Loan for Nazira	46	69
Current portion of interest-bearing loans and borrowings	**22,822**	**13,360**
2025 Notes	500,000	-
2022 Notes	-	375,000
Term Loan B Facility	-	97,000
Notes Payable	12,367	17,628
Seller's credit for the construction of six liquid barges	9,146	-
BBVA loan	-	8,225
New BBVA Facility	8,000	-
Term Bank loan	7,700	9,100
Loan for Nazira	-	46
Non-current portion of interest-bearing loans and borrowings	**537,213**	**506,999**
Less: deferred finance costs, net	(19,444)	(5,430)
Total interest-bearing loans and borrowings	**540,591**	**514,929**

2025 Notes

On July 8, 2020, Navios Logistics and its wholly-owned subsidiary Navios Logistics Finance (US) Inc. (“Logistics Finance” and, together with Navios Logistics, the “Co-Issuers”) issued $500,000 in aggregate principal amount of senior secured notes due 2025 (“the 2025 Notes”), at a fixed rate of 10.75%. The net proceeds from the offering of the 2025 Notes were used to satisfy and discharge the indenture governing the 2022 Notes, to repay all amounts outstanding under the Term Loan B Facility and to pay certain fees and expenses related to the offering, with the balance to be used for general corporate purposes. The effect of this transaction was the recognition of a loss of $4,157 in the statement of income under “Loss on debt extinguishment,” relating to the accelerated amortization of unamortized deferred finance costs.

On or after August 1, 2022, the Co-Issuers may redeem some or all of the 2025 Notes at the redemption prices set forth in the indenture governing the 2025 Notes. In addition, before August 1, 2022, the Co-Issuers may redeem up to 35% of the aggregate principal amount of the 2025 Notes at a price equal to 110.750% of the principal amount of the 2025 Notes to be redeemed plus accrued and unpaid interest, if any, to the redemption date with an amount equal to the net cash proceeds of one or more equity offerings so long as at least 50% of the originally issued aggregate principal amount of the 2025 Notes remains outstanding. Prior to August 1, 2022, the Co-Issuers may also redeem all or a part of the 2025 Notes at a redemption price equal to the sum of: (a) 100% of the principal amount of the 2025 Notes to be redeemed; plus (b) the applicable “make-whole” premium described in the indenture governing the 2025 Notes, plus (c) accrued and unpaid interest, if any, on the 2025 Notes to be redeemed, to (but excluding) the applicable redemption date, subject to the right of holders of notes on the relevant record date to receive interest due on all the relevant interest payment dates. The Co-Issuers may also redeem all, but not less than all, of the 2025 Notes at a price equal to 100% of the principal amount plus accrued and unpaid interest, if any, upon certain changes in law that would trigger the payment of withholding taxes. Furthermore, upon the occurrence of certain change of control events, the Co-Issuers may be required to offer to purchase 2025 Notes from holders at a price equal to 100% of the principal amount plus accrued and unpaid interest, if any.

The 2025 Notes are senior secured obligations of the Co-Issuers and rank equal in right of payment to all of their existing and future senior indebtedness and senior in right of payment to all of their future subordinated indebtedness. The 2025 Notes are fully and unconditionally guaranteed, jointly and severally, by all of the Company’s direct and indirect subsidiaries, other than the Co-Issuer and Grimaud Ventures S.A.. The 2025 Notes are secured by (i) first priority ship mortgages on four tanker vessels servicing the Company’s cabotage business (the (1) Elena H, (2) Makenita H, (3) Sara H and (4) He Man H) owned by certain subsidiary guarantors (such guarantors, the “Mortgaged Vessel Guarantors”) and related assignments of earnings and insurance together with a first priority lien on the capital stock of each Mortgaged Vessel Guarantor and (ii) an assignment by way of security of the Vale Port Contract (collectively, the “Collateral”). The 2025 Notes will be effectively senior to all existing and future obligations of the subsidiary guarantors that own Collateral to the extent of the value of the Collateral but effectively junior to any existing and future secured obligations of the Co-Issuers and the subsidiary guarantors that are secured by assets other than the Collateral to the extent of the value of any assets securing such other obligations.

The indenture governing the 2025 Notes contains restrictive covenants that limit, among other things, the ability of the Co-Issuers and their subsidiaries to incur additional indebtedness, pay dividends and make distributions on common and preferred stock, make other restricted payments, make investments, incur liens, consolidate, merge, sell or otherwise dispose of all or substantially all of their assets and enter into certain transactions with affiliates, in each case, subject to exclusions, and other customary covenants. The indenture governing the 2025 Notes also contains customary events of default.

As of December 31, 2020, deferred finance costs associated with the 2025 Notes amounted to $19,414. Finance costs associated with the 2025 Notes amounted to $25,979 for the year ended December 31, 2020.

2022 Notes

On April 22, 2014, the Co-Issuers issued $375,000 in aggregate principal amount of senior notes due May 1, 2022 (the “2022 Notes”), at a fixed rate of 7.25%. The 2022 Notes were redeemed in full on July 16, 2020 at 100% of their face amount, plus accrued and unpaid interest to the redemption date with the proceeds of the Co-Issuers’ 2025 Notes. Following this transaction, the Company recognized a loss of $2,661 in its consolidated statement of income under “Loss on debt extinguishment” relating to the accelerated amortization of the unamortized deferred finance costs.

As of December 31, 2019, deferred finance costs associated with the 2022 Notes amounted to $3,323. Finance costs associated with the 2022 Notes amounted to $14,727, $27,188 and $27,188 for the years ended December 31, 2020, 2019 and 2018, respectively.

Term Loan B Facility

On November 3, 2017, Navios Logistics and Logistics Finance, as co-borrowers, completed the issuance of a $100,000 Term Loan B Facility (the “Term Loan B Facility”). The Term Loan B Facility bore an interest rate of LIBOR plus 475 basis points and had a four-year term with 1.0% amortization per annum. The Term Loan B Facility was repaid in full on July 8, 2020 at par plus accrued and unpaid interest to the repayment date with the proceeds of the Co-Issuers’ 2025 Notes. Following this transaction, the Company recognized a loss of $1,496 in its consolidated statement of income under “Loss on debt extinguishment” relating to the accelerated amortization of the unamortized deferred finance costs.

As of December 31, 2019, unamortized deferred finance costs associated with the Term Loan B Facility amounted to $2,056. Finance cost associated with the Term Loan B Facility amounted to $3,162, $7,150 and $7,171 for the years ended December 31, 2020, 2019 and 2018, respectively.

Notes Payable

In connection with the purchase of mechanical equipment for the expansion of its dry port terminal, the Company entered into an unsecured export financing line of credit for a total amount of $41,964, including all related fixed finance costs of $5,949, available in multiple drawings upon the completion of certain milestones (“Drawdown Events”). The Company incurs the obligation for the respective amount drawn by signing promissory notes (“Notes Payable”). Each drawdown is repayable in 16 consecutive semi-annual installments, starting six months after the completion of each Drawdown Event. Together with each Note Payable, the Company shall pay interest equal to six-month LIBOR. The unsecured export financing line is fully and unconditionally guaranteed by Ponte Rio S.A. As of December 31, 2020, the Company had drawn the total available amount and the outstanding balance of Notes Payable was $17,842.

Finance cost associated with the Notes Payable amounted to $1,006, $1,591 and $1,775 for the years ended December 31, 2020, December 31, 2019 and December 31, 2018, respectively.

Other Indebtedness

On December 15, 2016, the Company entered into a $25,000 facility with Banco Bilbao Vizcaya Argentaria Uruguay S.A. (“BBVA”), for general corporate purposes. The loan bears interest at a rate of LIBOR (180 days) plus 325 basis points. The loan is repayable in twenty quarterly installments, the first payment of which was due on June 19, 2017, and secured by assignments of certain receivables. On July 8, 2020, this loan was repaid in full in connection with drawing the New BBVA Facility.

On February 14, 2020, the Company agreed to the terms of a $25,000 loan facility (the “New BBVA Facility”) with BBVA, which was drawn on July 8, 2020. The New BBVA Facility was used to repay the existing loan facility with BBVA, and for general corporate purposes. The New BBVA Facility bears interest at a rate of LIBOR (180 days) plus 325 basis points, is repayable in quarterly installments with final maturity on March 31, 2022 and is secured by assignments of certain receivables. As at December 31, 2020, the outstanding balance was $22,000.

On May 18, 2017, the Company entered into a $14,000 term loan facility (the “Term Bank Loan”) in order to finance the acquisition of two product tankers. The Term Bank Loan bears interest at a rate of LIBOR (90 days) plus 315 basis points and is repayable in twenty quarterly installments with a final balloon payment of $7,000 on the last repayment date. As of December 31, 2020, the outstanding amount of the Term Bank Loan was $9,100. As of December 31, 2020 and 2019, unamortized deferred finance costs associated with the Term Bank Loan amounted to $30 and $51, respectively.

On August 17, 2018, the Company entered into a $7,615 (€6,200) credit agreement in order to finance the 50% of the purchase price of a river and estuary tanker. The credit agreement bears interest at a fixed rate of 675 basis points and is repayable in 24 monthly installments with the final repayment in August 17, 2020. On August 26, 2019, the Company prepaid the total outstanding balance of the credit agreement for a river and estuary tanker, which was $3,808 (€3,100).

In December 2020, the Company entered into a $13,475 seller's credit agreement for the construction of six liquid barges to be made available by way of credit in six equal tranches. Each drawdown is repayable in 20 quarterly installments starting from the delivery of each barge. The seller's credit for the construction of the six liquid barges bears interest at a fixed rate of 8.5%. As of December 31, 2020, the Company had drawn $11,229 and the outstanding balance was $11,047. Finance cost associated with the seller's credit agreement for the construction of six liquid barges amounted to $176 for the year ended December 31, 2020.

In connection with the acquisition of Hidronave S.A. on October 29, 2009, the Company assumed a $817 loan facility that was entered into by Hidronave S.A. in 2001, in order to finance the construction of the pushboat Nazira. As of December 31, 2020, the outstanding loan balance was $46. The loan facility bears interest at a fixed rate of 600 basis points. The loan is repayable in monthly installments of $6 each and the final repayment must occur prior to August 10, 2021.

In connection with the loan and other long term liabilities, the Company is subject to certain covenants, commitments, limitations and restrictions.

The Company was in compliance with all applicable covenants as of December 31, 2020.

The annual weighted average interest rates of the Company's total interest-bearing loans and borrowings were 8.39%, 7.12% and 7.04% for the years ended December 31, 2020, 2019 and 2018, respectively.

The interest-bearing loans and borrowings arising from financing activities were as follows:

	2020	2019	2018
At January 1,	**514,929**	**530,187**	**532,746**
Proceeds from 2025 Notes, net of deferred finance costs	479,023	-	-
Proceeds from long term debt, net of deferred finance costs	24,854	-	6,919
Repayment of 2022 Notes	(375,000)	-	-
Repayment of long-term debt and payment of principal	(105,551)	(13,403)	(7,607)
Repayment of notes payable	(4,466)	(4,304)	(4,240)
Accretion of Notes payable / unwinding of discount	(161)	(103)	7
Amortization of deferred finance cost	2,806	2,552	2,362
Loss on debt extinguishment	4,157	-	-
At December 31,	**540,591**	**514,929**	**530,187**

The maturity table below reflects future payments of the long-term interest-bearing loans and borrowings and interest outstanding as of December 31, 2020, for the next five years and thereafter.

Year	Amount in thousands of U.S. dollars
2021	$79,016
2022	77,598
2023	61,737
2024	59,070
2025	529,359
2026 and thereafter	-
Total	**$806,780**

(Expressed in thousands of U.S. dollars — except share data)

NOTE 18: TRADE & OTHER PAYABLES

Trade and other payables as of December 31, 2020 and 2019, consist of the following:

	December 31, 2020	December 31, 2019
Trade payables	15,365	12,855
Accrued expenses	31,975	12,478
Tax payable	7,676	7,887
Other payable	1,060	336
Professional fees payable	880	553
Deferred lease revenue	1,933	2,253
Total	**58,889**	**36,362**

NOTE 19: LEASES

Company as a lessee

The Company has lease contracts for land and offices used in its operations. Leases of land generally have an average lease term of 45 years with extension option attached, while office lease agreements generally have lease terms between 0.5 and 2.8 years.

The Company also has certain leases of offices with lease terms of 12 months or less and leases of photo copy machines with low value. The Company applies the “short-term lease” and “lease of low-value assets” recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognized and the movements during the period:

	Land	Office buildings	Total right of use assets
Balance as at January 1, 2018	**7,227**	**1,726**	**8,953**
Additions	-	471	471
Depreciation expense	(149)	(654)	(803)
Balance as at December 31, 2018	**7,078**	**1,543**	**8,621**
Additions	-	225	225
Depreciation expense	(149)	(643)	(792)
Balance as at December 31, 2019	**6,929**	**1,125**	**8,054**
Depreciation expense	(149)	(630)	(779)
Balance as at December 31, 2020	**6,780**	**495**	**7,275**

An analysis of the lease liabilities is as follows:

	2020	2019	2018
At January 1,	**8,551**	**8,979**	**9,148**
Additions	-	224	472
Accretion of interest	606	654	668
Payments	(1,301)	(1,306)	(1,309)
At December 31,	**7,856**	**8,551**	**8,979**
Current	911	1,300	1,308
Non-current	6,945	7,251	7,671

(Expressed in thousands of U.S. dollars — except share data)

The maturity table of the undiscounted cash flows of the lease liabilities is presented below:

	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
Lease Liability	911	2,406	22,446	25,763

The table below presents the Company's fixed and variable lease payments for the years ended December 31, 2020, 2019 and 2018:

	Year Ended December 31, 2020	Year Ended December 31, 2019	Year Ended December 31, 2018
Fixed lease payments	1,301	1,306	1,309
Variable lease payments	982	1,207	751
Total	**2,283**	**2,513**	**2,060**

The table below presents the components of the Company's lease expense for the years ended December 31, 2020, 2019 and 2018:

	Year Ended December 31, 2020	Year Ended December 31, 2019	Year Ended December 31, 2018
Depreciation expense of right-of-use assets	779	792	803
Finance expense on lease liabilities	606	654	668
Expense relating to short-term leases	6,587	3,865	114
	7,972	**5,311**	**1,585**

The Company had total cash outflows for leases of $7,888 in 2020 ($5,171 in 2019 and $1,423 in 2018). The Company also had non-cash additions to right-of-use assets and lease liabilities of nil in 2020 ($225 in 2019 and $471 in 2018).

The Company has certain lease contracts that include extension options. Management exercises judgment in determining whether these extension options are reasonably certain to be exercised, see Note 2(y).

Company as a lessor

The Company through its subsidiaries entered into time charter agreements with aggregate hire receivables (contracted revenues), comprising lease revenue and service revenue. There are no significant variable lease payments in relation to these agreements. At the end of the reporting period, undiscounted lease receipts and the transaction price allocated to the remaining service performance obligations, from the inception date, over the lease term, were as follows:

	Amount
2021	$ 41,943
2022	26,591
2023	18,638
2024	11,058
2025	11,027
2026 and thereafter	-
Total	**$ 109,257**

(Expressed in thousands of U.S. dollars — except share data)

In February 2017, two self-propelled barges of the Company's fleet, Formosa and San Lorenzo, were sold for a total amount of $1,109, to be paid in cash. The sale price will be received in installments in the form of lease payments through 2023. The barges may be transferred at the lessee's option, at no cost, at the end of the lease period.

Future minimum collections of net investment in the lease as of December 31, 2020, are as follows:

Collections Due by Period	December 31, 2020
December 31, 2021	$ 128
December 31, 2022	40
December 31, 2023	169
Total future minimum net investment in the lease collections	**337**
Less: amount representing interest	(37)
Present value of future minimum net investment in the lease collections (1)	**$ 300**

(1) Reflected in the balance sheet as net investment in the lease current and non-current.

NOTE 20: RELATED PARTY DISCLOSURES

At December 31, 2020 and 2019, the amounts due from affiliate companies were as follows:

	December 31, 2020	December 31, 2019
Navios Holdings (Parent)	75,077	72,315
Navios Shipmanagement Inc. (Other related party)	282	694
Total	**75,359**	**73,009**

Amounts due from affiliate companies do not accrue interest and do not have a specific due date for their settlement apart from the Navios Holdings Loan Agreement (as defined below).

The Navios Holdings Loan Agreement: On April 25, 2019, Navios Logistics agreed to lend Navios Holdings up to $50,000 on a secured basis (the "Navios Holdings Loan Agreement") to be used for general corporate purposes, including the repurchase of Navios Holdings' 7.375% First Priority Ship Mortgage Notes due 2022 (the "Navios Holdings 2022 Notes"). The secured credit facility is secured by (i) Navios Holdings 2022 Notes purchased with secured credit facility funds and (ii) equity interests in five companies that have entered into certain bareboat contracts. The secured credit facility included an arrangement fee of $500 and bears fixed interest of 12.75% for the first year and 14.75% for the second year. The secured credit facility also includes negative covenants substantially similar to the 2022 Notes and customary events of default. On December 2, 2019, Navios Logistics agreed to increase the secured credit facility by $20,000. Following this amendment, as a result of the redemption of the 2022 Notes and Term Loan B Facility in July 2020 and the issuance of 2025 Notes, (a) the interest rate on the secured credit facility decreased to 10.0%, and (b) the maturity of the secured credit facility was extended to December 2024. As of December 31, 2020, the full amount was drawn under the secured credit facility. The arrangement fee is amortized in income following the interest method over the life of the credit facility, resulting in $167 deferred income at year-end. As of December 31, 2020, an amount of $5,244 was included under "Financial assets at fair value through profit or loss (related party)" in statement of financial position related to accrued interest to be collected from Navios Holdings.

During the first and the second quarters of 2019, Navios Logistics purchased $35,500 face value Navios Holdings 2022 Notes from unaffiliated third parties in open market transactions for a total consideration of $17,642 and subsequently sold these securities to Navios Holdings for $18,726, recognizing a gain of $1,084 which is included under "Other income, net" in the income statement.

General and administrative expenses: On August 29, 2019 Navios Logistics entered into an assignment agreement with Navios Corporation (“NC”) and Navios Shipmanagement Inc. (“NSM”), whereby the administrative services agreement originally entered into between Navios Logistics and Navios Holdings on April 12, 2011, first assigned to NC on May 28, 2014 and subsequently amended on April 6, 2016 (extending the duration of the agreement until December 2021), was assigned from NC to NSM. Thereafter NSM will continue to provide certain administrative management services to Navios Logistics. NSM will be reimbursed for reasonable costs and expenses incurred in connection with the provision of these services. Total general and administrative fees charged for the year ended December 31, 2020 amounted to $1,144 ($1,144 in 2019 and $1,000 in 2018).

Lodging and travel services: Navios Logistics obtains lodging and travel services from Empresa Hotelera Argentina S.A./(NH Lancaster), Divijet S.A., Trace Capital and Pit Jet S.A., all owned by members of the Lopez family, including Claudio Pablo Lopez, Navios Logistics’ Chief Executive Officer and Vice Chairman and Carlos Augusto Lopez, Navios Logistics’ Chief Commercial Officer—Shipping Division, each of whom has no controlling interest in those companies. Total charges were $16 for the year ended December 31, 2020 ($15 in 2019 and $34 in 2018) and amounts payable amounted to less than $1 as of December 31, 2020 and $1 as of December 31, 2019.

Shareholders’ agreement

Pursuant to a shareholders’ agreement (the “Shareholders’ Agreement”) entered into in January 2008 in connection with the original combination of the Uruguayan port business and the upriver barge business, Grandall Investments S.A. (“Grandall”) (an entity owned and controlled by Lopez family members, including Claudio Pablo Lopez, our Chief Executive Officer and Vice Chairman) had certain rights as our shareholders, including certain rights of first offer, rights of first refusal, tag along rights, exit options and veto rights. Pursuant to an amendment dated June 17, 2010, the shares of our common stock held by Navios Holdings, upon becoming subject to the reporting requirements of the Securities and Exchange Act of 1934, as amended (the “Exchange Act”) will be converted into shares of Class B Common Stock, with each share of Class B Common Stock entitling its holder to twenty five votes per share. Navios Holdings has currently waived such conversion provision. If and when the conversion occurs, it will permit Navios Holdings to control our business even if it does not hold a majority economic interest in our company.

Pursuant to an Assignment and Succession agreement dated December 17, 2012, Peers Business Inc., a Panamanian corporation assumed all rights and obligations of Grandall under the Shareholders’ Agreement.

On November 19, 2019, Navios Holdings entered into a shareholder agreement with Peers granting certain protections to minority shareholders in certain events.

Employment agreements - compensation of key management personnel

The Company has executed employment agreements with three key management employees who are noncontrolling shareholders of the Company. These agreements stipulate, among other things, severance and benefit arrangements in the event of termination. In addition, the agreements include confidentiality provisions and covenants not to compete. The employment agreements initially expired in December 31, 2009, but are being renewed automatically for successive one-year periods until either party gives 90 days written notice of its intention to terminate the agreement. Generally, the agreements call for a base salary ranging from $280 to $340 per year, annual bonuses and other incentives, provided certain performance targets are achieved. Under the agreements, the Company accrued compensation of its key management employees totaling $900 for the year ended December 31, 2020 ($2,900 in 2019; $900 in 2018).

Pursuant to the assignment agreement with NC and NSM, the latter provides certain administrative management services to Navios Logistics including the compensation of several of our senior management who are not employees of the Company.

(Expressed in thousands of U.S. dollars — except share data)

This compensation is included in the general and administrative fees charged which for the year ended December 31, 2020 amounted to $1,144 ($1,144 in 2019 and $1,000 in 2018).

NOTE 21: FAIR VALUE MEASUREMENT

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

Cash and cash equivalents: The carrying amounts reported in the consolidated balance sheets for interest bearing deposits approximate their fair value because of the short maturity of these investments.

Intercompany receivable loan from parent (related party): The carrying amount of the intercompany receivable loan from parent (related party) approximates its fair value, excluding the effect of any deferred finance income.

Interest-bearing loans and borrowings: The book value has been adjusted to reflect the net presentation of deferred finance costs. The outstanding balance of the floating rate loans continues to approximate their fair value, excluding the effect of any deferred finance costs. The 2025 Notes, the loan for the acquisition of Hidronave S.A. and the seller's credit for the construction of six liquid barges are fixed rate borrowings and their fair value was determined based on quoted market prices.

Net investment in the lease: The carrying amount of the net investment in the lease approximates its fair value.

Notes Payable: The Notes Payable are floating rate obligations and their carrying amounts approximate their fair value as indicated in the table below.

The estimated fair values of the Company's financial instruments are as follows:

	December 31, 2020		December 31, 2019	
	Book Value	Fair Value	Book Value	Fair Value
Cash and cash equivalents........	$ 74,870	$ 74,870	$ 45,605	$ 45,605
Net investment in the lease.........	$ 300	$ 300	$ 471	$ 471
Intercompany receivable loan from parent (related party)	$ 69,833	$ 69,833	$ 68,966	$ 68,966
2025 Notes...............................	$ (480,586)	$ (542,380)	$ —	$ —
2022 Notes...............................	$ —	$ —	$ (371,677)	$ (368,306)
Term Loan B Facility	$ —	$ —	$ (95,944)	$ (97,510)
Notes payable, including current portion	$ (17,842)	$ (17,842)	$ (22,469)	$ (22,469)
Other long-term indebtness, including current portion.................................	$ (42,163)	$ (42,163)	$ (24,839)	$ (24,839)

Fair value measurements

The estimated fair value of our financial instruments that are not measured at fair value on a recurring basis, categorized based upon the fair value hierarchy, are as follows:

Level I: Inputs are unadjusted, quoted prices for identical assets or liabilities in active markets that we have the ability to access. Valuation of these items does not entail a significant amount of judgment.

Level II: Inputs other than quoted prices included in Level I that are observable for the asset or liability through corroboration with market data at the measurement date.

Level III: Inputs that are unobservable.

(Expressed in thousands of U.S. dollars — except share data)

	Fair Value Measurements at December 31, 2020			
	Total	Level I	Level II	Level III
Cash and cash equivalents	$ 74,870	$ 74,870	$ —	$ —
Net investment in the lease	$ 300	$ 300	$ —	$ —
Intercompany receivable loan from parent (related party), net	$ 69,833	$ —	$ 69,833	$ —
2025 Notes	$ (542,380)	$ (542,380)	$ —	$ —
Notes payable, including current portion(1)	$ (17,842)	$ —	$ (17,842)	$ —
Other long-term indebtness, including current portion (1)	$ (42,163)	$ —	$ (42,163)	$ —

	Fair Value Measurements at December 31, 2019			
	Total	Level I	Level II	Level III
Cash and cash equivalents	$ 45,605	$ 45,605	$ —	$ —
Net investment in the lease	$ 471	$ 471	$ —	$ —
Intercompany receivable loan from parent (related party), net	$ 68,966	$ —	$ 68,966	$ —
2022 Notes	$ (368,306)	$ (368,306)	$ —	$ —
Term Loan B Facility	$ (97,510)	$ —	$ (97,510)	$ —
Notes payable, including current portion(1)	$ (22,469)	$ —	$ (22,469)	$ —
Other long-term indebtness, including current portion (1)	$ (24,839)	$ —	$ (24,839)	$ —

1) The fair value of the Company's debt is estimated based on currently available debt with similar contract terms, interest rates and remaining maturities as well as taking into account our creditworthiness.

Fair value of collaterals under intercompany receivable loan from parent (related party):

The fair value of the collaterals under intercompany receivable loan from parent (related party) was determined based on quoted market prices for Navios Holding 2020 notes (Level I under fair value hierachy) and third parties valuation reports (Level II under fair value hierachy) resulting in a total amount of $99,854 as of December 31, 2020.

There were no changes in valuation techniques during the year. For the years ended December 31, 2020 and 2019, there were no transfers between levels.

NOTE 22: PROVISIONS

Movement in the provisions is analyzed below:

	Amount
Balance as at January 1, 2019	**$ 508**
Arising during the year	57
Utilized	(149)
Balance as at December 31, 2019	**$ 416**
Balance as at January 1, 2020	**$ 416**
Arising during the year	139
Utilized	(104)
Balance as at December 31, 2020	**$ 451**

(Expressed in thousands of U.S. dollars — except share data)

See also Note 2(v).

Provisions included in the Company's consolidated financial statements for all periods presented are mainly related to labor claims.

NOTE 23: EARNINGS PER SHARE (EPS)

Basic and diluted net earnings per share are computed using the weighted-average number of common shares outstanding. The computations of basic and diluted earnings per share for each of the years ended December 31, 2020, 2019 and 2018, are as follows:

	Year Ended December 31, 2020	Year Ended December 31, 2019	Year Ended December 31, 2018
Net income attributable to Navios Logistics' stockholders	11,669	30,154	8,410
Weighted average number of shares, basic and diluted	20,000	20,000	20,000
Net earnings per share from continuing operations: Basic and diluted	0.58	1.51	0.42

At December 31, 2020, 2019 and 2018, the Company had no dilutive or potentially dilutive securities; accordingly there is no difference between basic and diluted net earnings per share.

NOTE 24: COMMITMENTS AND CONTINGENCIES

Legal

Navios Logistics has issued a guarantee and indemnity letter that guarantees the performance by Petrolera San Antonio S.A. (a consolidated subsidiary) of all its obligations to Vitol S.A. up to $12,000. This guarantee expires on March 1, 2021.

On July 22, 2016, the Company guaranteed the compliance of certain obligations related to Edolmix S.A. and Energías Renovables del Sur S.A. (entities wholly owned by the Company) under their respective direct user agreements with the Free Zone of Nueva Palmira, for the amounts of $847 and $519, respectively.

In September 2020, the Company agreed to a settlement regarding a storage and transshipment contract in the grain port terminal for a total amount of $4,140, which will be collected in three equal installments of $1,380 on June 1, 2021, 2022 and 2023. For the year ended December 31, 2020, a gain of $4,102 was recognized under the line "Other operating income" of the Company's consolidated statement of income. Please refer to Notes 9 and 12.

The Company is subject to legal proceedings, claims and contingencies arising in the ordinary course of business. When such amounts can be estimated and the contingency is probable, management accrues the corresponding liability. While the ultimate outcome of lawsuits or other proceedings against the Company cannot be predicted with certainty, management does not believe the costs, individually or in aggregate of such actions will have a material effect on the Company's consolidated financial position, results of operations or cash flows.

Other contigencies

On August 16, 2018, there was a fire incident at the iron ore port terminal in Nueva Palmira, Uruguay for which the Company maintains property and loss of earnings insurance coverage for such types of events (subject to applicable deductibles and other customary limitations). As of September 12, 2019, the full amount has been collected in relation to this claim.

NOTE 25: FINANCIAL MANAGEMENT

The Company's activities expose it to a variety of financial risks including fluctuations in future freight rates, time charter hire rates and port terminal rates, and fuel prices, credit and interest rates risk. Risk management is carried out under policies approved by management. Guidelines are established for overall risk management, as well as specific areas of operations.

a. Capital management

The capital structure of the Company consists of net debt and equity. The Company's objectives when managing capital are:

- to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns to its shareholder and benefits for other stakeholders;
- to enhance the ability of the Company to invest in future projects by sustaining a strong financial position and high borrowings capacity;
- to provide an adequate return to its shareholder; and
- to maintain and improve the Company's credit rating.

The Company reviews its capital structure and the capital structure of its subsidiaries on a quarterly basis. As part of this review, management makes adjustments to it in the light of changes in economic conditions and the risk characteristics relating to the Company's activities. In order to maintain or adjust its capital structure, the Company may repay existing secured term loans and revolving credit facilities, sell assets to reduce debt or inject additional capital into its subsidiaries. Management believes that such an approach provides for an efficient capital structure and an appropriate level of financial flexibility.

The Company monitors its capital structure on the basis of the net debt ratio.

The net debt ratio is calculated as net debt divided by net debt plus total equity ("total capital"). The net adjusted debt ratio is calculated as net debt divided by net debt plus total equity as adjusted for the market value of the fleet ("total adjusted capital"). Net debt is calculated as the total of Interest-bearing loans and borrowings (Note 17), Trade and other payables (Note 18) and lease liabilities (Note 19), less cash and cash equivalents (Note 14). Total equity comprises all components of equity.

Certain of the Company's debt agreements, at the subsidiary level, contain loan-to-value clauses which could require the Company, at its option, to post additional collateral or prepay a portion of the outstanding borrowings should the value of the vessels securing borrowings under each of such agreements decrease below their current valuations. In addition, the financing agreements impose operating restrictions and establish minimum financial covenants, including limitations on the amount of total borrowings and secured debt, and provide for acceleration of payment under certain circumstances, including failure to satisfy certain financial covenants. Failure to comply with any of the covenants in the financing agreements could also result in a default under those agreements and under other agreements containing cross-default provisions.

b. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, debt and equity investments. The sensitivity analyses in the following sections relate to the position as at December 31, 2020 and December 31, 2019.

The Company is exposed to certain risks related to interest rate, foreign currency, fuel price inflation and time charter hire rate fluctuation. Risk management is carried out under policies approved by executive management.

(Expressed in thousands of U.S. dollars — except share data)

i. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

Debt instruments: As of December 31, 2020 and December 31, 2019, the Company had a total of $560,035 and $520,359 , respectively, in long-term indebtedness. The debt is dollar denominated and bears interest at a fixed rate except for the Notes Payable, the New BBVA Facility and the Term Bank loan that bear interest at a floating rate.

Interest rates on the loan facility of Hidronave S.A., the seller's credit for the construction of six liquid barges and the 2025 Notes are fixed and, therefore, changes in interest rates affect their fair value which as of December 31, 2020 was $46, $11,047 and $542,380, respectively. Interest rates on the loan facility of Hidronave S.A., the credit agreement for a river and estuary tanker and the 2022 Notes are fixed and, therefore, changes in interest rates affect their fair value which as of December 31, 2019 was $115, nil and $368,306, respectively, and $184, $5,909 and $343,373, respectively as of December 31, 2018, but do not affect the related finance cost.

The interest on the Notes Payable, the New BBVA Facility and the Term Bank loan is at a floating rate and, therefore, changes in interest rates would affect their interest rate and related finance cost.

Sensitivity analysis – exposure to interest rates

For the purposes of market risk analysis, the Company uses scenarios to assess the sensitivity that variations in operations impacted by the Libor rates may generate in their results. The probable scenario represents the amounts of debt recognized at floating rate.

The other scenarios were constructed considering an appreciation of 25% and 50% on market interest rates.

The following are the possible impacts on the results in the event of these scenarios occurring:

		December 31, 2020 Effect on Income and Equity	
	Carrying amount	**Possible increase through maturity (Δ 25%)**	**Remote increase through maturity (Δ 50%)**
LIBOR			
Interest-bearing loans and borrowings	(48,942)	(71)	(141)

ii. Foreign currency risk

The Company's operating results, which are reported in U.S. dollars, may be affected by fluctuations in the exchange rate between the U.S. dollar and other currencies. For accounting purposes, U.S. dollar is the functional and reporting currency. Therefore, revenue and expense accounts are translated into U.S. dollars at the exchange rate in effect at the date of each transaction.

The Company's subsidiaries in Uruguay, Argentina, Brazil and Paraguay transact part of their operations in Uruguayan pesos, Argentinean pesos, Brazilian reais and Paraguayan guaranies; however, all of the subsidiaries' primary cash flows are U.S. dollar denominated.

For the years ended December 31, 2020, December 31, 2019 and December 31, 2018, approximately 47.8%, 53.4%, and 48.6% respectively, of Company's expenses were incurred in currencies other than U.S dollars. Transactions in currencies other than the functional currency are translated at the exchange rate in effect at the date of each transaction.

Differences in exchange rates during the period between the date a transaction denominated in a foreign currency is consummated and the date on which it is either settled or translated are recognized in the statement of financial position. A change in exchange rates between the U.S. dollar and each of the foreign currencies listed above by 1.00% would change the Company's net income for the year ended December 31, 2020 by $596.

iii. Inflation and Fuel Price Increases:

The impact of inflation and the resulting pressure on prices in the South American countries in which the Company operates may not be fully neutralized by equivalent adjustments in the rate of exchange between the local currencies and the U.S. dollar. Specifically, for Company's vessels, barges and pushboats business, the Company has negotiated, and will continue to negotiate, fuel price adjustment clauses; however, in some cases, prices paid for fuel are temporarily not aligned with the adjustments that are obtained under Company's freight contracts.

c. Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

Concentration of Credit Risk

Accounts Receivable & Contract Assets

Concentrations of credit risk with respect to accounts receivables are limited due to our large number of customers, who are established international operators and have an appropriate credit history. Due to these factors, management believes that no additional credit risk, beyond amounts provided for collection losses, is inherent in our trade receivables.

In each of our businesses, we derive a significant part of our revenues from a small number of customers. We expect that a small number of customers will continue to generate a substantial portion of our revenues for the foreseeable future. For the year ended December 31, 2020, our largest customer, Vale International S.A. ("Vale"), accounted for 31.8% of our revenues, and our five largest customers accounted for approximately 58.7% of our revenues, with no such customer (other than Vale) accounting for greater than 10% of our revenues. For the year ended December 31, 2019, our largest customer, Vale, accounted for 36.4% of our revenues, and our five largest customers accounted for approximately 64.0% of our revenues, with no such customer (other than Vale) accounting for greater than 10% of our revenues. For the year ended December 31, 2018, our three largest customers, Vale, Cammesa S.A. ("Cammesa") and Axion Energy Paraguay S.A. ("Axion Energy"), accounted for 32.2%, 10.6% and 10.3% of our revenues, respectively, and our five largest customers accounted for approximately 65.3% of our revenues with no such customer (other than Vale, Cammesa or Axion Energy) accounting for greater than 10% of our consolidated revenues. In addition, some of our customers, including many of our most significant customers, operate their own vessels and/or barges as well as port terminals. These customers may decide to cease or reduce the use of our services for various reasons, including employment of their own vessels or port terminals as applicable. The loss of any of our significant customers, including our large take-or-pay customers or the change of the contractual terms of any one of our most significant take-or-pay contracts or any significant dispute with one of these customers could materially adversely affect our financial condition and our results of operations.

Cash deposits with financial institutions

(Expressed in thousands of U.S. dollars — except share data)

Cash deposits in excess of amounts covered by government-provided insurance are exposed to loss in the event of non-performance by financial institutions. Although Company maintains cash deposits in excess of government-provided insurance limits, the Company minimizes exposure to credit risk by dealing with a diversified group of major financial institutions.

Management is of the opinion that the credit risk on liquid funds is limited as counterparties are institutions with high credit-ratings assigned by credit rating agencies. Management continuously monitors the credit-rating of each of the counterparties and maintains the majority of its liquid funds with the Company's lenders which are investment grade financial institutions.

The Company did not recognize any expected credit loss on the above as the amount of credit loss is insignificant.

Effects of inflation:

The economic environment and factors in Argentina were determined to be highly inflationary as of December 31, 2020. Nevertheless, the Company does not consider inflation to be a significant risk factor to the cost of doing business in the foreseeable future as the functional currency of the Company's Argentinian subsidiary is the U.S. dollar. In addition, the day-to-day operations of the Company's Argentinian subsidiary are dependent on the economic environment of the Company's U.S. dollar currency.

d. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset and arises because of the possibility that the Company could be required to pay its liabilities earlier than expected.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the logistics industry, the Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve revolving credit facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

	Less than a year	1-2 years	2-3 years	3-4 years	More than 5 years	Total
Interest-bearing loans and borrowings (excluding items below, Note 17)	79,016	77,598	61,737	59,070	529,359	806,780
Lease liabilities (Note 19)	911	657	637	556	23,002	25,763
Acquisition of the last barge of the six liquid barges (Note 10 and Note 26)	583	550	550	549	548	2,780
Construction of two new tanks	356	-	-	-	-	356
Trade and other payables (Note 18)	58,889	-	-	-	-	58,889
Total	**139,755**	**78,805**	**62,924**	**60,175**	**552,909**	**894,568**

e. The recent global outbreak of novel coronavirus disease (COVID-19)

On March 11, 2020, the World Health Organization declared the outbreak of a novel strain of coronavirus, COVID-19 a global pandemic. The COVID-19 pandemic and governmental responses to the pandemic have dramatically altered the global landscape and, in particular, have had since March 2020, and continue to have, a severe impact on global and economic conditions in the jurisdictions in which the Company operates. The Company's business could be materially and adversely affected by the outbreak of COVID-19. The coronavirus or other epidemics or pandemics could potentially result in delayed deliveries of our vessels recently purchased, vessels under construction, disrupt our operations and significantly affect global markets, affecting the demand for our services, the operation of our port terminal facilities, global demand for commodities, as well as the price of regional freights and hires, our port tariffs, and otherwise disrupt the operations of our customers and suppliers.

Employee safety is one of our primary concerns, and we endeavor to take all necessary precautions to support safe working conditions, including the implementation of updated health and safety protocols, temperature checks for employees and increased time between shifts. Our ports, barges and cabotage fleets, as well as our offices, have remained operational during the COVID-19 outbreak. To date we have not experienced a material impact on our business, financial conditions or results of operations from COVID-19, however the ultimate impact on our business remains uncertain.

NOTE 26: EVENTS AFTER THE REPORTING PERIOD

On January 25, 2021, the last barge of the six liquid barges was delivered.