



Rumo S.A.

**Interim financial statements
June 30, 2020**

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Independent auditor's review report on quarterly information

To
Shareholders, Board of Director and Officers of
Rumo S.A.
Curitiba - PR

Introduction

We have reviewed the accompanying individual and consolidated interim financial statement, contained in the Quarterly Information Form (ITR) of Rumo S.A. ("Company") for the quarter ended June 30, 2020, comprising the statement of financial position as of June 30, 2020 and the related statement of profit or loss and of comprehensive income, for the three and six month periods then ended and statements of changes in equity and of cash flows for the six month period then ended, including the explanatory notes.

Management is responsible for preparation of the individual and consolidated interim financial information in accordance with Accounting Pronouncement NBC TG 21 - *Demonstrações Intermediárias*, and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the fair presentation of this information in conformity with the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of the Quarterly Information Form (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and international standards on review engagements (NBC TR 2410 - *Revisão de Informações Intermediárias Executada pelo Auditor da Entidade* and ISRE 2410 - Review of Interim Financial Information performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the individual and the consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the quarterly information referred to above are not prepared, in all material respects, in accordance with NBC TG 21 and IAS 34 applicable to the preparation of Quarterly Information Form (ITR), and presented consistently with the rules issued by the Brazilian Securities and Exchange Commission.

Other matters

Statements of value added

The abovementioned quarterly information includes the individual and consolidated statements of value added (SVA) for the six-month period ended June 30, 2020, prepared under Company's Management responsibility and presented as supplementary information by IAS 34. These statements have been subject to review procedures performed together with the review of the quarterly information with the objective to conclude whether they are reconciled to the interim financial information and the accounting records, as applicable, and if its format and content are in accordance with the criteria set forth by NBC TG 09 - *Demonstração do Valor Adicionado*. Based on our review, nothing has come to our attention that causes us to believe that they were not prepared, in all material respects, consistently with the overall interim financial information.

Audit and review of the corresponding amounts

The audit of the statement of financial position, individual and consolidated, as of December 31, 2019 and the review of interim financial information, individual and consolidated, for the three and six month periods ended June 30, 2019, presented for comparison purposes, were conducted under the responsibility of other independent auditors which issued an audit opinion and a review report without modification, dated February 13, 2020 and August 12, 2019, respectively.

São Paulo, August 13, 2020.

ERNST & YOUNG
Auditores Independentes S.S.
CRC-2SP034519/O-6

Marcos Alexandre S. Pupo
Accountant CRC-1SP221749/O-0

Balance sheets
(In thousands of Brazilian Reals - R\$)

	Note	Parent Company		Consolidated	
		June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Assets					
Cash and cash equivalents	5.2	2,120,049	700,706	5,472,457	1,963,014
Marketable securities	5.3	19,251	511,725	404,288	1,751,853
Trade receivables	5.4	47,523	15,111	471,779	385,563
Inventories	5.10	793	1,036	279,195	248,456
Receivables from related parties	4.5	49,565	16,762	14,202	11,657
Income tax and social contribution recoverable		17,561	16,343	69,532	138,005
Other recoverable taxes	5.9	51,228	30,618	379,444	347,316
Dividends and interest on own capital receivable		76	674	2,882	644
Other assets		22,111	9,510	178,540	102,962
Current		2,328,157	1,302,485	7,272,319	4,949,470
Trade receivables	5.4	3,242	5,422	9,825	13,686
Restricted cash	5.3	3,544	3,511	42,672	147,910
Income tax and social contribution recoverable		-	-	219,291	168,089
Deferred income tax and social contribution	5.14	-	-	1,196,195	1,174,484
Receivables from related parties	4.5	9,334	3,326	41,276	36,407
Other recoverable taxes	5.9	-	-	696,959	663,584
Judicial deposits	5.15	33,345	22,806	321,014	415,246
Derivative financial instruments	5.8	293,052	92,795	4,577,814	1,624,023
Other assets		14,246	3,974	33,613	31,599
Investments in subsidiaries and associates	5.11	11,675,033	11,664,792	45,310	52,013
Property, plant and equipment	5.12.1	123,687	125,601	12,346,973	11,770,168
Intangible assets	5.12.2	330,108	349,656	7,317,067	7,375,033
Right-of-use	5.12.3	-	-	7,797,233	4,410,952
Non-current		12,485,591	12,271,883	34,645,242	27,883,194
Total assets		14,813,748	13,574,368	41,917,561	32,832,664

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

Balance sheets
(In thousands of Brazilian Reals - R\$)

	Note	Parent Company		Consolidated	
		June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Liabilities					
Loans, financing and debentures	5.5	302,781	969,054	2,197,134	1,064,846
Lease liabilities	5.6	29	192	1,124,377	534,245
Trade payables	5.7	86,920	55,109	577,814	513,325
Salaries payable		933	12,065	152,043	216,685
Current income and social contribution taxes		135	208	9,143	7,658
Other taxes payable	5.13	20,133	4,321	65,531	33,726
Dividends and interest on own capital payable		5,250	5,250	5,498	7,146
installment leases and concessions under litigation	5.16	-	-	111,652	9,847
Payables to related parties	4.5	86,546	47,895	139,829	139,747
Deferred income		2,802	2,802	6,358	7,601
Other financial liabilities	5.1	-	-	269,920	410,952
Other payable		18,642	9,003	126,329	91,274
Current		524,171	1,105,899	4,785,628	3,037,052
Loans, financing and debentures	5.5	4,031,740	2,222,997	15,678,303	10,654,891
Lease liabilities	5.6	-	-	6,784,347	3,994,895
Derivative financial instruments	5.8	-	-	-	482
Other taxes payable	5.13	-	-	2,366	7,580
Provision for judicial demands	5.15	45,959	48,077	476,882	480,943
installment leases and concessions under litigation	5.16	-	-	2,851,064	3,445,033
Provision for capital deficiency	5.11	1,654,333	1,791,179	-	-
Payables to related parties	4.5	38,958	29,925	-	-
Deferred income tax and social contribution	5.14	-	-	2,467,071	2,490,851
Deferred income		17,511	18,912	46,099	48,036
Other payable		10,722	13,103	68,651	58,614
Non-current		5,799,223	4,124,193	28,374,783	21,181,325
Total liabilities		6,323,394	5,230,092	33,160,411	24,218,377
Shareholders' equity	5.17				
Share capital		9,654,897	9,654,897	9,654,897	9,654,897
Capital reserve		2,478,632	2,472,559	2,478,632	2,472,559
Equity valuation adjustments		29,230	21,077	29,230	21,077
Profit reserve		305,728	305,728	305,728	305,728
Accumulated losses		(3,978,133)	(4,109,985)	(3,978,133)	(4,109,985)
		8,490,354	8,344,276	8,490,354	8,344,276
Equity attributable to:					
Owners of the Company		8,490,354	8,344,276	8,490,354	8,344,276
Non-controlling interests	5.11	-	-	266,796	270,011
Total equity		8,490,354	8,344,276	8,757,150	8,614,287
Total liabilities and equity		14,813,748	13,574,368	41,917,561	32,832,664

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

Statements of income
(In thousands of Brazilian Reals - R\$)

	Note	Parent Company			
		April 1, 2020 to June 30, 2020	January 1, 2020 to June 30, 2020	April 1, 2019 to June 30, 2019	January 1, 2019 to June 30, 2019
Net revenue from services	6.1	224,851	389,743	150,675	311,425
Cost of services	6.2	(172,039)	(292,035)	(122,429)	(252,636)
Gross profit		52,812	97,708	28,246	58,789
Selling expenses	6.2	(91)	(48)	108	30
General and administrative expenses	6.2	16,390	(19,130)	(6,925)	(17,500)
Other income (expenses), net	6.3	2,888	14,718	2,198	(1,925)
Operating expenses		19,187	(4,460)	(4,619)	(19,395)
Equity income on investments	5.11	368,015	98,449	199,960	258,984
Result before financial results and income tax and social contribution		440,014	191,697	223,587	298,378
Financial expenses		(137,704)	(174,846)	(80,923)	(128,552)
Financial incomes		13,721	25,999	1,273	2,886
Foreign exchange, net		(25,686)	(100,559)	4,217	2,292
Derivatives		122,755	198,221	37,461	37,082
Financial results, net	6.4	(26,914)	(51,185)	(37,972)	(86,292)
Results before income tax and social contribution		413,100	140,512	185,615	212,086
Income tax and social contribution	5.14				
Current		(8,691)	(8,691)	(721)	(837)
		(8,691)	(8,691)	(721)	(837)
Result for the period		404,409	131,821	184,894	211,249

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

Statements of income
(In thousands of Brazilian Reals - R\$)

		Consolidated			
	Note	April 1, 2020 to June 30, 2020	January 1, 2020 to June 30, 2020	April 1, 2019 to June 30, 2019	January 1, 2019 to June 30, 2019
Net revenue from services	6.1	1,827,960	3,251,524	1,728,740	3,363,686
Cost of services	6.2	(1,150,885)	(2,222,053)	(1,140,694)	(2,294,168)
Gross profit		677,075	1,029,471	588,046	1,069,518
Selling expenses	6.2	(8,169)	(17,321)	7,258	4,416
General and administrative expenses	6.2	(88,171)	(183,839)	(86,426)	(169,036)
Other income (expenses), net	6.3	205,683	113,781	(5,490)	(27,015)
Operating expenses		109,343	(87,379)	(84,658)	(191,635)
Equity income on investments	5.11	4,264	6,684	3,825	8,575
Result before financial results and income tax and social contribution		790,682	948,776	507,213	886,458
Financial expenses		(309,821)	(766,634)	(624,904)	(1,060,016)
Financial incomes		42,187	78,577	45,278	87,055
Foreign exchange, net		(389,353)	(1,965,117)	86,300	59,355
Derivatives		455,953	1,921,453	234,639	330,382
Financial results, net	6.4	(201,034)	(731,721)	(258,687)	(583,224)
Results before income tax and social contribution		589,648	217,055	248,526	303,234
Income tax and social contribution	5.14				
Current		(95,960)	(131,582)	(23,412)	(43,150)
Deferred		(89,223)	45,231	(38,208)	(46,282)
		(185,183)	(86,351)	(61,620)	(89,432)
Result for the period		404,465	130,704	186,906	213,802
Total result attributable to:					
Owners of the Company		404,409	131,821	184,894	211,249
Non-controlling interests		56	(1,117)	2,012	2,553
Earning per share from:	6.6				
Basic		R\$0.25938	R\$0.08455	R\$0.11858	R\$0.13548
Diluted		R\$0.25781	R\$0.08351	R\$0.11827	R\$0.13507

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

Statements of comprehensive income
(In thousands of Brazilian Reais - R\$)

	Parent Company			
	April 1, 2020 to June 30, 2020	January 1, 2020 to June 30, 2020	April 1, 2019 to June 30, 2019	January 1, 2019 to June 30, 2019
Result for the period	404,409	131,821	184,894	211,249
Items that will not be reclassified to profit or loss				
Actuarial losses with pension plan	-	6	-	(3)
	-	6	-	(3)
Items that may subsequently be reclassified to profit or loss				
Foreign currency translation adjustment effect	1,934	8,178	(574)	(301)
	1,934	8,178	(574)	(301)
Other comprehensive results, net of income tax and social contribution	1,934	8,184	(574)	(304)
Total comprehensive result	406,343	140,005	184,320	210,945

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

Statements of comprehensive income
(In thousands of Brazilian Reals - R\$)

	Consolidated			
	April 1, 2020 to June 30, 2020	January 1, 2020 to June 30, 2020	April 1, 2019 to June 30, 2019	January 1, 2019 to June 30, 2019
Result for the period	404,465	130,704	186,906	213,802
Items that will not be reclassified to profit or loss				
Actuarial losses with pension plan	-	6	-	(3)
	-	6	-	(3)
Items that may subsequently be reclassified to profit or loss				
Foreign currency translation adjustment effect	1,934	8,178	(574)	(301)
	1,934	8,178	(574)	(301)
Other comprehensive results, net of income tax and social contribution	1,934	8,184	(574)	(304)
Total comprehensive result	406,399	138,888	186,332	213,498
Comprehensive result attributable to:				
Owners of the Company	406,343	140,005	184,320	210,945
Non-controlling interest	56	(1,117)	2,012	2,553

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

Statements of changes in equity
(In thousands of Brazilian Reals - R\$)

	Attributable to shareholders of the Company						Non-controlling interest	Total equity
	Share capital	Capital reserve	Profit reserve	Equity valuation adjustments	Accumulated losses	Total		
At January 1, 2020	9,654,897	2,472,559	305,728	21,077	(4,109,985)	8,344,276	270,011	8,614,287
Result for the period	-	-	-	-	131,821	131,821	(1,117)	130,704
Other comprehensive income:								
Foreign currency translation effects	-	-	-	8,178	-	8,178	-	8,178
Actuarial loss on defined benefit plan	-	-	-	6	-	6	-	6
Adjustment of attributed cost in associates	-	-	-	(31)	31	-	-	-
Total comprehensive income, net of taxes	-	-	-	8,153	131,852	140,005	(1,117)	138,888
Contributions and distributions to shareholders								
Share-based payment transactions	-	6,137	-	-	-	6,137	100	6,237
Effect of dividend distribution to non-controlling shareholders	-	(64)	-	-	-	(64)	64	-
Dividends	-	-	-	-	-	-	(2,262)	(2,262)
Total of contributions and distributions to shareholders	-	6,073	-	-	-	6,073	(2,098)	3,975
At June 30, 2020	9,654,897	2,478,632	305,728	29,230	(3,978,133)	8,490,354	266,796	8,757,150

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

Statements of changes in equity
(In thousands of Brazilian Reals - R\$)

	Attributable to shareholders of the Company					Total	Non-controlling interest	Total equity
	Share capital	Capital reserve	Profit reserve	Equity valuation adjustments	Accumulated losses			
At December 31, 2018	9,654,897	2,462,045	266,817	18,907	(4,374,466)	8,028,200	266,423	8,294,623
Adjustment on initial application of CPC 06 R2 / IFRS 16	-	-	-	-	(475,391)	(475,391)	-	(475,391)
At January 1, 2019	9,654,897	2,462,045	266,817	18,907	(4,849,857)	7,552,809	266,423	7,819,232
Result for the period	-	-	-	-	211,249	211,249	2,553	213,802
Other comprehensive income:								
Foreign currency translation effects	-	-	-	(301)	-	(301)	-	(301)
Actuarial loss on defined benefit plan	-	-	-	(3)	-	(3)	-	(3)
Adjustment of attributed cost in associates	-	-	-	(353)	353	-	-	-
Total comprehensive income, net of taxes	-	-	-	(657)	211,602	210,945	2,553	213,498
Contributions and distributions to shareholders								
Share-based payment transactions	-	4,477	-	-	-	4,477	-	4,477
Effect of dividend distribution to non-controlling shareholders	-	(60)	-	-	-	(60)	60	-
Dividends	-	-	-	-	-	-	(2,685)	(2,685)
Total of contributions and distributions to shareholders	-	4,417	-	-	-	4,417	(2,625)	1,792
At June 30, 2019	9,654,897	2,466,462	266,817	18,250	(4,638,255)	7,768,171	266,351	8,034,522

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

Statements of cash flows
(In thousands of Brazilian Reals - R\$)

	Parent Company		Consolidated	
	January 1, 2020 to June 30, 2020	January 1, 2019 to June 30, 2019	January 1, 2020 to June 30, 2020	January 1, 2019 to June 30, 2019
Cash flow from operating activities				
Result before income taxes and social contribution	140,512	212,086	217,055	303,234
Adjustments for:				
Depreciation, amortization and net of impairment	50,435	51,357	951,214	839,433
Equity income on investments	(98,449)	(258,984)	(6,684)	(8,575)
Provision for profit sharing and bonuses	151	843	16,612	66,098
Result on disposal of fixed and intangible assets	-	-	(1,755)	(818)
Provision for legal proceedings	2,959	8,808	33,590	39,497
Gain (loss) due to reduction in the recoverable amount of accounts receivable	48	(30)	1,880	(12,796)
Share-based payment transactions	5,973	4,477	6,237	4,477
Reversion of leases and concessions in dispute	-	-	(348,319)	-
Extemporaneous tax credits	(98)	-	(18,062)	-
Interest, monetary and exchange variations, net	68,055	79,488	734,028	595,686
Other	(1,463)	(1,588)	5,069	(38,628)
	168,123	96,457	1,590,865	1,787,608
Changes in:				
Trade receivables	(26,044)	4,534	(74,591)	(21,743)
Related parties, net	(15,227)	5,237	(14,144)	6,464
Other taxes, net	(15,816)	(4,345)	(125,529)	(42,757)
Inventories	243	24	(32,342)	(25,593)
Salaries payable	(1,124)	(1,585)	(75,697)	(88,435)
Trade payables	45,101	(6,110)	63,909	(17,352)
Provision for judicial demands	(5,925)	(3,035)	(42,683)	(52,811)
Other financial liabilities	-	-	(178,301)	(43,942)
Other assets and liabilities, net	(35,106)	(13,650)	(117,683)	(158,018)
	(53,898)	(18,930)	(597,061)	(444,187)
Net cash generated by operating activities	114,225	77,527	993,804	1,343,421
Cash flow from investing activities				
Capital increase in subsidiary	(576,934)	(952,238)	-	-
Sale (acquisition) of marketable securities	495,555	(37,591)	1,359,977	1,736,110
Restricted cash	(32)	(67)	112,954	(52,818)
Dividends received from controlled and associated companies	512,369	502,856	3,000	4,469
Additions to property, plant and equipment and intangible assets	(4,166)	(3,313)	(1,283,310)	(981,337)
Net cash generated by (used in) investing activities	426,792	(490,353)	192,621	706,424
Cash flow from financing activities				
Loans, financing and debentures raised	963,939	568,339	3,319,497	1,297,754
Repayment of principal on loans, financing and debentures	(49,317)	(94,570)	(294,564)	(1,554,568)
Payment of interest on loans, financing and debentures	(34,085)	(19,289)	(294,685)	(324,905)
Repayment of principal on financing leases	(164)	(145)	(179,429)	(105,465)
Payment of interest on financing leases	(10)	(29)	(252,587)	(82,960)
Payment derivative financial instruments	(2,271)	(2,983)	(4,013)	(25,448)
Receiving derivative financial instruments	234	-	29,002	20
Dividends paid	-	-	(1,959)	(5,021)
Net cash generated by (used in) financing activities	878,326	451,323	2,321,262	(800,593)
Impact of exchange variation on cash and cash equivalents	-	-	1,756	20
Increase in cash and cash equivalents, net	1,419,343	38,497	3,509,443	1,249,272
Cash and cash equivalents at beginning of the period	700,706	595	1,963,014	141,527
Cash and cash equivalents at end of the period	2,120,049	39,092	5,472,457	1,390,799
Additional information:				
Income tax and social contribution paid	2,994	2,495	93,354	8,282

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

Statements of cash flows
(In thousands of Brazilian Reals - R\$)

- **Transactions that did not involve cash**

The Company presents its statements of cash flows using the indirect method. During the period ended on June 30, 2020, the Company carried out the following transaction that did not involve cash and, therefore, it is not reflected in the parent Company and consolidated cash flow statement:

- (i) Recognition of extemporaneous tax credits for R\$ 107 in the parent company and R\$ 20,022 in the consolidated, of which R\$ 98 in the parent Company and R\$ 18,062 in the consolidated are recognized in the item “Extemporaneous tax credits” disclosed in note 6.3 and R\$ 9 in the parent Company and R\$ 2,014 in the consolidated as “Interest, monetary and exchange variations, net” disclosed in note 6.4, referring to: i) recovery of credits on the salary limit for contributions on behalf of third parties and taxation of the co-participation expenses of health plans, food vouchers and transportation vouchers; ii) credits related to the exclusion of ICMS from the calculation base of PIS and COFINS contributions.
- (ii) Recognition of right-of-use assets with offsetting entry to the lease liability for R\$ 3,514,739 related to new contracts covered by the lease standard (Note 5.12.3).
- (iii) Acquisition of assets paid in installments of R\$ 57,253 on June 30, 2020 (R\$ 5,949 on June 30, 2019).

- **Presentation of interest and dividends**

The Company classifies dividends and interest on equity received as cash flow from investment activities, to avoid distortions in its operating cash flows due to the cash from these operations.

Interest received or paid is classified as cash flow in financing activities, as it considers that they refer to the costs of obtaining financial resources.

Statements of value added
(In thousands of Brazilian Reals - R\$)

	Parent Company		Consolidated	
	January 1, 2020 to June 30, 2020	January 1, 2019 to June 30, 2019	January 1, 2020 to June 30, 2020	January 1, 2019 to June 30, 2019
Revenue				
Sales of products and services net of returns	411,694	329,766	3,424,176	3,544,027
Other operating revenue, net	6,897	853	363,788	10,340
Gain (loss) due to reduction in the recoverable amount of accounts receivable	(48)	30	(1,880)	12,796
	418,543	330,649	3,786,084	3,567,163
Raw materials acquired from third parties				
Cost of services rendered	(274,610)	(237,183)	(1,051,240)	(713,548)
Materials, energy, third party services, other	26,526	24,271	(177,532)	(454,448)
Impairment	-	-	(107,106)	-
	(248,084)	(212,912)	(1,335,878)	(1,167,996)
Gross value added	170,459	117,737	2,450,206	2,399,167
Retention				
Depreciation and amortization	(50,435)	(51,357)	(844,108)	(839,433)
	(50,435)	(51,357)	(844,108)	(839,433)
Net value added	120,024	66,380	1,606,098	1,559,734
Value added transferred in				
Equity in subsidiaries and associates	98,449	258,984	6,684	8,575
Rentals received	12,600	6,720	-	-
Financial incomes	25,999	2,886	78,577	87,055
	137,048	268,590	85,261	95,630
Total value added to be distributed	257,072	334,970	1,691,359	1,655,364
Distribution of value added				
Employee and social charges	12,967	11,155	383,986	405,257
Remuneration	11,686	9,468	275,967	288,092
Benefits	1,168	1,557	91,075	101,485
Severance Indemnity Fund - FGTS	113	130	16,944	15,680
Taxes, fees and contributions	33,802	21,474	305,643	331,715
Federal	32,646	20,284	245,623	269,211
State	373	238	44,592	50,180
Municipal	783	952	15,428	12,324
Third party capital remuneration	78,482	91,092	871,026	704,590
Interest	77,184	89,178	810,298	670,279
Leasing	1,298	1,914	60,728	34,311
Equity capital remuneration	131,821	211,249	130,704	213,802
Non-controlling interests	-	-	(1,117)	2,553
Result for the period	131,821	211,249	131,821	211,249
	257,072	334,970	1,691,359	1,655,364

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

1 Company and group information

1.1 Operations

Rumo S.A. ("Company" or "Rumo S.A."), is a publicly-traded Company with its shares traded on B3 S.A. – Brasil, Bolsa, Balcão ("B3") under the code RAIL3, and its headquarters in the city of Curitiba, State of Paraná, Brazil.

The Company is a service provider in the logistics sector (transportation and elevation), mainly for the export of commodities, offering an integrated solution for transportation, handling, storage and shipping from the production centers to the main ports in the south and southeast of Brazil, and also holds interests in other companies and ventures related to logistic.

The Company operates in the rail transportation segment in Southern Brazil through its subsidiary Rumo Malha Sul S.A. ("Rumo Malha Sul"), and the in Midwest region and State of São Paulo through its subsidiaries Rumo Malha Paulista S.A. ("Rumo Malha Paulista"), Rumo Malha Norte S.A. ("Rumo Malha Norte") and Rumo Malha Oeste S.A. ("Rumo Malha Oeste"). It will also reach the states of Goiás and Tocantins through the subsidiary Rumo Malha Central S.A. ("Rumo Malha Central"). In addition, the subsidiary Brado Logística e Participações S.A. ("Brado") operates in the container segment while Elevações Portuárias S.A. ("Elevações Portuárias") contains terminals for transshipment and terminals for exportation of sugar and grains at the Port of Santos.

Notes to the interim financial statements
(In thousands of Brazilian Reals - R\$, unless otherwise stated)

1.2 The concession of railway operations and port terminals

The Company holds, through subsidiaries or affiliates, the concession of railway services and port terminals, whose scope and concession terms are as follows:

Companies	End of concession	Coverage areas
Subsidiaries		
Elevações Portuárias	March 2036	Port of Santos-SP
Rumo Malha Paulista	December 2058	São Paulo State
Rumo Malha Sul	February 2027	South and São Paulo State
Rumo Malha Oeste	June 2026	Midwest and São Paulo State
Rumo Malha Norte	May 2079	Midwest
Rumo Malha Central	July 2049	North, Midwest and São Paulo State
Portofer	June 2025	Port of Santos-SP
Associates		
Terminal XXXIX	October 2050	Port of Santos-SP
TGG - Terminal de Granéis do Guarujá	August 2027	Port of Santos-SP
Termag - Terminal Marítimo de Guarujá	August 2027	Port of Santos-SP

The above subsidiaries and affiliates are subject to the fulfillment of certain conditions set out in the privatization notices and the concession contracts for railway networks and port terminals. To the extent that there is no substantive control over who should provide the service and there is no substantive price control, IFRIC 12 / ICPC 01(R1) – Concession agreements, does not apply to the Company and therefore the assets acquired by it are treated under IFRS 16 / CPC 06 (R2) Leases and IAS 16 / CPC 27 - Property, plant and equipment.

Notes to the interim financial statements
(In thousands of Brazilian Reals - R\$, unless otherwise stated)

1.3 Group information

a) Subsidiaries:

The Company's consolidated financial statements include:

Subsidiaries	Directly and indirectly subsidiaries	
	June 30, 2020	December 31, 2019
Logisport Armazéns Gerais S.A.	51.00%	51.00%
Elevações Portuárias S.A.	100.00%	100.00%
Rumo Luxembourg Sarl	100.00%	100.00%
Rumo Intermodal S.A.	100.00%	100.00%
Rumo Malha Oeste S.A.	100.00%	100.00%
Rumo Malha Paulista S.A.	100.00%	100.00%
Rumo Malha Sul S.A.	100.00%	100.00%
Rumo Malha Norte S.A.	99.74%	99.74%
Rumo Malha Central S.A.	100.00%	100.00%
Boswells S.A.	100.00%	100.00%
ALL Argentina S.A.	100.00%	100.00%
Paranaguá S.A.	100.00%	100.00%
ALL Armazéns Gerais Ltda.	100.00%	100.00%
Portofer Ltda.	100.00%	100.00%
Brado Logística e Participações S.A.	62.22%	62.22%
Brado Logística S.A.	62.22%	62.22%
ALL Mesopotâmica S.A.	70.56%	70.56%
Terminal São Simão S.A. ⁽ⁱ⁾	100.00%	-
ALL Central S.A.	73.55%	73.55%
Servicios de Inversión Logística Integrales S.A	100.00%	100.00%

- (i) The Company was constituted on May 22, 2020, but during the period ended on June 30, 2020, there were no operations.

b) Associates:

The Company holds 30% interest in Rhall Terminais Ltda. (30% in 2019), 19.85% at Termag S.A. (19.85% in 2019), 9.92% at TGG S.A. (9.92% in 2019) and 49.62% at Terminal XXXIX S.A. (49.62% in 2019). Management understands that there is significant influence resulting from the participation of the Company's representative on the associate's board.

c) Group control:

The Company is a direct subsidiary of Cosan Logística S.A. ("Cosan Logística"), which holds 28.47% of its capital. The Company's final parent Company is Cosan Limited, listed on the New York Stock Exchange, or "NYSE" (ticker - CZZ).

Notes to the interim financial statements
(In thousands of Brazilian Reals - R\$, unless otherwise stated)

2 Basis of preparation and general accounting policies

2.1 Declaration of conformity

These individual and consolidated interim financial statements have been prepared and are being presented following the technical pronouncement CPC 21 (R1) - Interim Financial Statement and with international standards IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), and also based on the provisions contained in the Brazilian Corporation Law, and presented in a manner consistent with the rules issued by the Brazilian Securities and Exchange Commission, applicable to the preparation of quarterly information - ITR.

According to Official Circular Letter CVM/SNC/SEP 003 of April 28, 2011, the quarterly financial information was prepared concisely including the relevant disclosures to its users without redundancy of disclosures contained in the financial statements of December 31, 2019. Accordingly, this quarterly information should be read in conjunction with the financial statements of December 31, 2019.

The interim financial statements were authorized for issue by the Board of Directors on August 13, 2020.

2.2 General accounting policies

These interim financial statements have been prepared following the basis of preparation and accounting policies consistent with those adopted in note 2 of the financial statements of December 31, 2019 and should be read together.

2.3 Measurement of fair value

The Senior Notes quoted on the Luxembourg Stock Exchange ("LuxSE") present the following mode, as a percentage of the nominal face value:

Loans	Company	June 30, 2020	December 31, 2019
Senior Notes Due 2024	Rumo Luxembourg	105.41%	107.90%
Senior Notes Due 2025	Rumo Luxembourg	105.56%	107.27%

Notes to the interim financial statements
(In thousands of Brazilian Reals - R\$, unless otherwise stated)

The book values and fair values of financial assets and liabilities that are measured at fair value are as follows:

	Book value		Assets and liabilities measured at fair value	
			June 30, 2020	December 31, 2019
	June 30, 2020	December 31, 2019	Level 2	Level 2
Assets				
Marketable securities	404,288	1,751,853	404,288	1,751,853
Derivative financial instruments	4,577,814	1,624,023	4,577,814	1,624,023
Total	4,982,102	3,375,876	4,982,102	3,375,876
Liabilities				
Derivative financial instruments	-	(482)	-	(482)
Loans, financing and debentures	(10,401,438)	(7,036,181)	(10,401,438)	(7,036,181)
Total	(10,401,438)	(7,036,663)	(10,401,438)	(7,036,663)

Notes to the interim financial statements
(In thousands of Brazilian Reals - R\$, unless otherwise stated)

3 Business, operations, and management of the Company

3.1 Objectives and policies for risk management of financial instruments

a) Market risk

The objective of market risk management is to keep exposures to market risk within acceptable parameters, optimizing the return.

The Company uses derivatives to manage market risks. All transactions are carried out within the guidelines established by the risk management policy. The Company generally seeks to apply hedge accounting to manage volatility in profits or losses.

i. Foreign exchange risk

On June 30, 2020 and December 31, 2019, the Company had the following net exposure to the exchange rate variation of assets and liabilities denominated in foreign currency:

	June 30, 2020	December 31, 2019
Cash and cash equivalents	7,615	11,884
Trade receivables	10,868	11,372
Trade payables - suppliers	(2,497)	(6,639)
Loans, financing and debentures	(8,943,609)	(5,798,048)
Exchange rate derivatives (notional) ⁽ⁱ⁾	9,000,406	5,845,793
Lease liabilities	(101,337)	(65,348)
	<u>(28,554)</u>	<u>(986)</u>

- (i) These balances are equivalent to the notional amount in U.S. Dollars and Euro converted to R\$ at the rate of June 30, 2020.

Notes to the interim financial statements
(In thousands of Brazilian Reals - R\$, unless otherwise stated)

Based on financial instruments denominated in U.S. Dollars and Euros, as of June 30, 2020, the Company sensitized the positive or negative effect on the result, before taxes, resulting from a reasonably possible strengthening (weakening) of the Brazilian Real against foreign currencies in the probable scenario, and for increases and decreases of 25% and 50%, as follows:

Instrument	Risk factor	Scenario				
		Probable	25%	50%	-25%	-50%
Cash and cash equivalents	Exchange fluctuation	(314)	1,511	3,336	(2,139)	(3,965)
Trade receivables	Exchange fluctuation	(449)	2,156	4,761	(3,053)	(5,658)
Suppliers	Exchange fluctuation	103	(495)	(1,094)	701	1,300
Exchange rate derivatives (notional)	Exchange fluctuation	(370,944)	1,786,422	3,943,787	(2,528,309)	(4,685,675)
Loans, financing and debentures	Exchange fluctuation	368,600	(1,775,152)	(3,918,905)	2,512,352	4,656,104
Lease liabilities	Exchange fluctuation	4,182	(20,106)	(44,394)	28,471	52,759
Impacts on result of the period		1,178	(5,664)	(12,509)	8,023	14,865

The probable scenario uses the U.S. Dollar and Euro projected by a specialized consultancy for June 30, 2021. Stressed scenarios were defined by applying variations (positive and negative) of 25% and 50% in the exchange rates used in the probable scenario:

	June 30, 2020	Scenario				
		Probable	25%	50%	-25%	-50%
U.S. Dollar	5.4760	5.2500	6.5625	7.8750	3.9375	2.6250
Euro	6.1539	5.9300	7.4125	8.8950	4.4475	2.9650

ii. Interest rate risk

Notes to the interim financial statements
(In thousands of Brazilian Reals - R\$, unless otherwise stated)

The Company and its subsidiaries have financial instruments that are subject to interest rates, which are largely variable, which exposes the financial result to the risks of interest rate fluctuations.

The sensitivity analysis below shows the annual impact on interest expenses on loans and financing, and the remuneration of financial investments (before taxes), keeping the other variables in the probable scenario with increases and decreases of 25% and 50% in interest rates:

Exposure interest rate	Scenario				
	Probable	25%	50%	-25%	-50%
Financial investments	116,947	146,184	175,421	(146,184)	(175,421)
Marketable securities	8,692	10,865	13,038	(10,865)	(13,038)
Restricted cash	917	1,147	1,376	(1,147)	(1,376)
Loans, financing and debentures	(610,514)	(635,745)	(710,371)	635,745	710,371
Interest rate derivatives	-	(7,636)	(16,120)	7,636	16,120
Lease liabilities	(821,151)	(805,952)	(807,670)	(768,072)	(766,354)
Other financial liabilities	(6,073)	(7,591)	(9,110)	7,591	9,110
Impacts on result of the period	<u>(1,311,182)</u>	<u>(1,298,728)</u>	<u>(1,353,436)</u>	<u>(275,296)</u>	<u>(220,588)</u>

The probable scenario considers the estimated interest rate, made by a specialized third-party and the Central Bank of Brazil, or BACEN, as follows:

	Scenario				
	Probable	25%	50%	-25%	-50%
SELIC	2.25%	2.81%	3.38%	1.69%	1.13%
CDI	2.15%	2.69%	3.23%	1.61%	1.08%
TJLP	4.80%	6.00%	7.20%	3.60%	2.40%
IPCA	3.07%	3.83%	4.60%	2.30%	1.53%

b) Credit risk

The Company's regular operations expose it to potential defaults when

Notes to the interim financial statements
(In thousands of Brazilian Reals - R\$, unless otherwise stated)

customers, suppliers and counterparties fail to meet their financial or other commitments. The Company seeks to mitigate this risk by carrying out transactions with a diverse set of counterparties. However, the Company remains subject to unexpected financial failures by third parties that could interrupt its operations. The exposure to credit risk was as follows:

	June 30, 2020	December 31, 2019
Cash and cash equivalents ⁽ⁱ⁾	5,472,457	1,963,014
Marketable securities ⁽ⁱ⁾	404,288	1,751,853
Restricted cash ⁽ⁱ⁾	42,672	147,910
Trade receivables ⁽ⁱⁱ⁾	481,604	399,249
Receivables from related parties ⁽ⁱⁱⁱ⁾	55,478	48,064
Derivative financial instruments ⁽ⁱ⁾	4,577,814	1,624,023
	11,034,313	5,934,113

- (i) The credit risk of balances with banks and financial institutions is managed by the Company's Treasury following the established policy. The excess resources are invested only in approved counterparties and within the limit established for each one. The credit limit of counterparties is reviewed annually and can be updated throughout the year. These limits are established to minimize the concentration of risks and, thus, mitigate the financial loss in the event of the potential bankruptcy of counterparty. The Company's maximum exposure to credit risk in relation to the balance sheet components on June 30, 2020, and December 31, 2019, is the amount recorded.
- (ii) The client's credit risk is managed centrally by each business segment, being subject to the procedures, controls, and policy established by the Company in relation to this risk. Credit limits are established for all customers based on internal classification criteria. The customer's credit quality is assessed based on an extensive internal credit rating procedure. Receivables from open customers are monitored frequently. The need for a provision for impairment is analyzed at each date reported on an individual basis for the main customers. Besides, a large number of accounts receivable with smaller balances are grouped into homogeneous groups, and in these cases, the recoverable loss is assessed collectively. The calculation is based on effective historical data.

The Company is exposed to risks related to its cash management and temporary investment activities.

Notes to the interim financial statements
(In thousands of Brazilian Reals - R\$, unless otherwise stated)

Net assets are mainly invested in government securities and other investments in banks with a minimum grade of "A". The credit risk of balances with banks and financial institutions is managed by the treasury department, following the Company's policy.

Excess fund investments are made only with approved counterparties and within the credit limits attributed to each counterparty. Counterparty credit limits are reviewed annually and may be updated throughout the year. The limits are defined to minimize the concentration of risks and, therefore, mitigate the financial loss through the failure of the counterparty to make payments. The credit risk of cash and cash equivalents, marketable securities, restricted cash and derivative financial instruments is determined by rating agencies widely accepted by the market and are arranged as follows:

	June 30, 2020
AA	2,738,033
AAA	7,759,198
Total	10,497,231

Customer credit risk is managed by each business segment, subject to the procedures, controls and policy established by the Company in relation to this risk. Credit limits are established for all customers based on internal classification criteria. Receivables from open customers are monitored frequently.

The need for a provision for impairment is analyzed at each balance sheet date on an individual basis for the main customers. In addition, a large number of accounts receivable with smaller balances are grouped into homogeneous groups and, in these cases, the recoverable loss is assessed collectively. The calculation is based on effective historical data.

c) Liquidity risk

Liquidity risk is the risk that the Company and its subsidiaries find it difficult to

Notes to the interim financial statements
(In thousands of Brazilian Reals - R\$, unless otherwise stated)

settle the obligations associated with their financial liabilities that are settled with cash payments or with another financial asset. The approach of the Company and its subsidiaries in managing liquidity is to ensure, as much as possible, that there is always a level of liquidity sufficient to settle falling due obligations, under normal and stress conditions, without causing unacceptable losses or with the risk of damaging the reputation of the Company and its subsidiaries.

The Company's financial liabilities classified by maturity date (based on contracted undiscounted cash flows) are as follows:

	June 30, 2020				December 31, 2019
	Up to 1 year	1 - 2 years	3 - 5 years	More than 5 years	Total
Loans, financing and debentures	(2,067,397)	(1,246,556)	(9,179,161)	(3,915,616)	(16,408,730)
Trade payables - suppliers	(577,814)	-	-	-	(577,814)
Other financial liabilities ⁽ⁱ⁾	(269,920)	-	-	-	(269,920)
Tax installments	(2,442)	(373)	(494)	(500)	(3,809)
Lease liabilities	(1,251,211)	(1,021,360)	(2,986,840)	(19,953,058)	(25,212,469)
Payables to related parties	(139,829)	-	-	-	(139,829)
Dividends payable	(5,498)	-	-	-	(5,498)
Derivative financial instruments	344,452	354,397	3,591,170	287,795	4,577,814
	(3,969,659)	(1,913,892)	(8,575,325)	(23,581,379)	(38,040,255)
					(28,717,447)

- (i) On June 30, 2020, the consolidated balance anticipated by our suppliers with financial institutions was R\$ 269,920 (R\$ 410,952 on December 31, 2019). These operations had Banco Itaú and Banco Bradesco as counterparty, at an average rate of 4.71% p.a. The average term of these operations, which are recorded at the present value at the rate previously mentioned, is 3 months.

3.2 Segment information

Management evaluates the performance of its operating segments based on the

Notes to the interim financial statements
(In thousands of Brazilian Reals - R\$, unless otherwise stated)

EBITDA measure (earnings before income tax and social contribution, net financial expense, depreciation, and amortization).

Operating segments

The Company's management is structured in four segments:

- (i) Northern Operations: comprised of railway, highway, transshipment, and port elevation operations in the Company's concession areas, Elevações Portuárias, Rumo Malha Norte, and Rumo Malha Paulista.
- (ii) Southern Operations: composed of railway operations and transshipment in the concession area of Rumo Malha Sul and Rumo Malha Oeste.
- (iii) Central Operations: composed of railway operations and transshipment in the concession area of Rumo Malha Central.
- (iv) Container Operations: composed of the Group's Company that focuses on container logistics, whether by rail or road transport, and the results of container operations on the networks.

The segment information was prepared according to the same accounting practices used in the preparation of the consolidated information.

Notes to the interim financial statements
(In thousands of Brazilian Reais - R\$, unless otherwise stated)

Period:	April 1, 2020 to June 30, 2020					January 1, 2020 to June 30, 2020				
Results by segment	North Operations	South Operations	Central Operations	Container Operations	Consolidated	North Operations	South Operations	Central Operations	Container Operations	Consolidated
Net revenue	1,383,083	386,188	-	58,689	1,827,960	2,468,044	654,067	-	129,413	3,251,524
Cost of services	(775,921)	(310,971)	-	(63,993)	(1,150,885)	(1,470,773)	(614,352)	-	(136,928)	(2,222,053)
Gross profit	607,162	75,217	-	(5,304)	677,075	997,271	39,715	-	(7,515)	1,029,471
Gross margin (%)	43.90%	19.48%	0.00%	-9.04%	37.04%	40.41%	6.07%	0.00%	-5.81%	31.66%
Selling, general and administrative expenses	(60,042)	(21,351)	(6,328)	(8,619)	(96,340)	(124,641)	(39,109)	(18,224)	(19,186)	(201,160)
Other operational income (expenses) and equity	342,611	(107,659)	(25,241)	236	209,947	285,835	(115,399)	(49,550)	(421)	120,465
Depreciation and amortization	259,603	123,336	24,206	17,777	424,922	516,955	243,154	48,413	35,586	844,108
EBITDA	1,149,334	69,543	(7,363)	4,090	1,215,604	1,675,420	128,361	(19,361)	8,464	1,792,884
Margin EBITDA (%)	83.10%	18.01%	0.00%	6.97%	66.50%	67.88%	19.63%	0.00%	6.54%	55.14%
Impairment	-	107,106	-	-	107,106	-	107,106	-	-	107,106
EBITDA adjusted	1,149,334	176,649	(7,363)	4,090	1,322,710	1,675,420	235,467	(19,361)	8,464	1,899,990
Margin EBITDA adjusted (%)	83.10%	45.74%	0.00%	6.97%	72.36%	67.88%	36.00%	0.00%	6.54%	58.43%

Notes to the interim financial statements
(In thousands of Brazilian Reais - R\$, unless otherwise stated)

Period:	April 1, 2019 to June 30, 2019				January 1, 2019 to June 30, 2019			
	North Operations	South Operations	Container Operations	Consolidated	North Operations	South Operations	Container Operations	Consolidated
Results by segment								
Net revenue	1,283,883	371,811	73,046	1,728,740	2,523,960	700,233	139,493	3,363,687
Cost of services	(707,776)	(354,719)	(78,199)	(1,140,694)	(1,421,833)	(712,434)	(159,901)	(2,294,168)
Gross profit	576,106	17,092	(5,153)	588,046	1,102,127	(12,201)	(20,408)	1,069,519
Gross margin (%)	44.87%	4.60%	-7.05%	34.02%	43.67%	-1.74%	-14.63%	31.80%
Selling, general and administrative expenses	(65,202)	(5,561)	(8,405)	(79,168)	(123,904)	(22,914)	(17,802)	(164,620)
Other operational income (expenses) and equity	5,075	(6,847)	107	(1,665)	(12,792)	(6,870)	1,222	(18,440)
Depreciation and amortization	261,208	137,240	18,530	416,979	511,778	286,415	41,240	839,433
EBITDA	777,188	141,925	5,078	924,191	1,477,209	244,430	4,252	1,725,892
Margin EBITDA (%)	60.53%	38.17%	6.95%	53.46%	58.53%	34.91%	3.05%	51.31%

4 Transactions and significant events

4.1 COVID-19 pandemic

4.1.1 General context

Covid-19 is an infectious disease caused by coronavirus 2 (SARS-CoV-2), which has a severe acute respiratory syndrome. The disease was first identified in 2019 in China, and has spread around the world ever since. On March 11, 2020, the World Health Organization officially declared this Outbreak of Covid-19 a pandemic. As of March 17, 2020, Brazil (as well as several other countries), including all states in which the Company has operations, has instituted social distancing measures aimed at delaying contagion. The measures vary from distance to isolation, depending on the unity of the federation. Despite the efforts of the authorities, there is still no way to predict the duration of the restrictive measures currently in force.

The Company operates in the cargo transport and logistics sector, an activity classified as essential by the Brazilian authorities, according to Law 13,979/2020. With a series of health protocols, the Company has maintained its activities, however, the restrictive measures adopted to contain the progress of Covid-19 and its consequences on economic activity, can significantly affect the Company's operations and financial condition in the following aspects:

- (1) Revenue decline due to declining demand for services in markets impacted by measures of distancing and social isolation: fuel transportation (affected by the drop in consumption) and transportation of industrial products (affected by the decline in economic activity and industrial activities);
- (2) Risk of interruptions in operations: possible lack of control of the pandemic in the sites where the Company operates may lead to the hardening of social isolation measures and, in an extreme scenario, lead to the interruption of essential activities;
- (3) Credit scarcity and increased capital cost: Covid-19's impact on the world economy and investors' aversion to risk can reduce financing alternatives and increase the cost of capital to the point of affecting the Company's liquidity position and investment capacity.

Notes to the interim financial statements
(In thousands of Brazilian Reals - R\$, unless otherwise stated)

- (4) Asset deterioration: (i) the Company's financial assets may be affected by the impact that the economic downturn resulting from social distancing measures may generate on counterparties; (ii) long-term assets may have their realization impaired if the pandemic progresses to the point of disrupting the Company's operations.

4.1.2 Impacts on the preparation of quarterly information

Rumo's operations did not suffer major impacts due to the pandemic in the quarter ended June 30, 2020. The port terminals continued to operate, with the proper security protocols, and there was no limitation to exports. Regarding the arrival of cargo at the terminals operated by the Company, safety protocols were created, providing protective equipment, food, and health staff to monitor and guide truckers. Likewise, with all care for the protections of the Company's employees and third parties, the trains continue to run normally, maintaining customer service.

About 85% of the Company's net revenue is generated by the transportation of cargo destined for export. Exports are being driven by the devaluation of the Brazilian Real, increasing the competitiveness of Brazilian products abroad, making the demand for transportation of these cargoes even higher. On the other hand, the demand for some industrial loads (of lower representativeness), which are more correlated with domestic consumption, was negatively impacted by COVID-19.

Since the beginning of the global crisis by COVID-19, the company has chosen to maintain liquidity at a higher level, due to the period of uncertainty in the market. The movement to reinforce cash started in March 2020, and by the end of the second quarter ended on June 30, 2020, funding was made in the amount of R\$ 3,387,300. The company also adhered to the temporary suspension of payments of financing installments (standstill) with BNDES. Financial covenants are measured annually on the balance sheet base date and have not changed for the period mentioned.

Notes to the interim financial statements
(In thousands of Brazilian Reals - R\$, unless otherwise stated)

Continuing the strategy of strengthening the company's cash position throughout 2020, and taking advantage of a market opportunity, aiming at protecting it from a possible deterioration in the economic scenario, the company in July 2020 issued a Bond operation with a Green seal, in the USD 500,000 thousand, due in January 2028. The destination of the funds is the financing of investments following the specifications of the green seal, which include replacement of rolling stock and modernization of railways, providing better fuel efficiency and less emission carbon dioxide.

The Company assessed the circumstances that could indicate impairment of its non-financial assets and concluded that there were no changes in circumstances that would indicate a loss by impairment. As so far the pandemic has not been interrupting the Company's operations, the current forecast of financial impact resulting from Covid-19 in cash-generating units ("UGC") is limited, and short-term. Therefore, the main long-term assumptions applied in the preparation of cash flow models would not have significant changes for the impairment indicator assessment. Our projections for the recovery of deferred taxes are based on the same scenarios and assumptions above.

As for the discount rate, another relevant variable in the analysis of long-term asset realization, the Company believes that amid the high market volatility there will be a shift in cash flow between the months with circulation restrictions for the subsequent months, which associated with the low level of interest in Brazil, our weighted average cost of capital should not undergo material changes, despite the short-term fluctuations of some macroeconomic assumptions due to the impacts of the Covid-19 pandemic.

Losses due to the non-recoverability of financial assets continue to be calculated based on the credit risk analysis, which also includes the history of losses, the individual situation of counterparties, the situation of the economic group to which they belong, the real guarantees for debts and macroeconomic indicators as of June 30, 2020.

Counterparty credit risk for cash assets and cash equivalents, marketable securities, restricted cash and, derivative financial instruments is determined by classification agencies widely accepted by the market. Balances are allocated to institutions with a minimum grade of "A". As of June 30, 2020, no worsening of the credit risk of these counterparties was observed.

Notes to the interim financial statements
(In thousands of Brazilian Reals - R\$, unless otherwise stated)

The maximum exposure to credit risk of the Company's clients, net of losses due to the non-recoverability of financial assets, is the value of the accounts receivable. Considering that: (i) the average billing term for the Company's customers is very short; and (ii) the clients of portfolios most susceptible to credit deterioration began to have the exposure constantly monitored, as of June 30, 2020, the Company does not foresee additional losses in its balance of accounts receivable.

4.2 Cyber attack

On March 11, 2020, the Company suffered a ransomware cyberattack that caused a partial and temporary disruption of its operations. The affected entities in our Company implemented their contingency plans, continued to operate partially during the cyber attack, and progressively reconnected their operating systems since the attack.

After the incident, the Company took some additional preventive measures to reduce cyber risks, including hiring a company to perform forensic work on the attack, which affected part of the environment hosted in the data center located in the Shared Services Center, as well as user machines (desktops and laptops) connected to the network. Based on the experience and tools of the contracted company, interviews with IT, and technical evidence present in the environment, it was possible to determine a list of servers to be verified. Although it was not possible to find the input vector of the attack, it was possible to identify, in the IT view, satisfactorily, the process and characteristics of the attack for further evolution of the technological environment.

Through June 30, 2020, the Group had spent R\$ 7,595 related to the cyberattack, including the costs of prevention, detection, response and management, implementation of additional cybersecurity technologies, and the hiring of specialized labor.

Notes to the interim financial statements
(In thousands of Brazilian Reals - R\$, unless otherwise stated)

4.3 Renewal of Malha Paulista

As of May 27, 2020, Malha Paulista has signed, together with the Brazilian Federal Government and through the Brazil's National Land Transportation Agency - ANTT, the 2nd Contract amendment to the Concession Agreement for Rumo Malha Paulista S.A. This amendment for early renewal of the concession contract was reviewed and authorized by the TCU - Federal Audit Court according to the order of May 20, 2020, a statement issued under TC 009.032 / 2016-9. As a result, the concession term for Malha Paulista was extended through 2058, through a series of financial commitments, in addition to the operational obligations stipulated in the renewal contract:

- Payment of an additional grant in the amount of R\$ 3,382,030, which is divided into quarterly installments over the term of the contract;
- Resumption of payment of the lease and concession of the original contract, quarterly payments that extend until December 2028 (Note 5.16.b);
- Payment of the remaining balance of the offsetting of balances related to the economic imbalance action, in the amount of R\$ 1,347,609 (Note 5.16.a), in eight annual installments;
- Execution of a set of investment projects to increase capacity and reduce urban conflicts, estimated by the agency at R\$ 6,100,000 (value updated until December 2017).

The extension of the concession of Rumo Malha Paulista has been considered a modification of the lease contract under the provisions of CPC 06 (R2) and IFRS 16. As a result the Company recalculated the lease liability, including the extended period, at the date of modification (Note 5.6) with a corresponding adjustment to the right-of-use asset (Note 5.12.3). In addition, future investments related to the concession contract will be recorded in property, plant, and equipment as incurred.

4.4 Obtaining the Malha Central concession

On March 28, 2019, the Company won the International Competition (Bidding) for the north-south railway, through an economic proposal for R\$ 2,719,530, conducted by the National Ground Transportation Agency ("ANTT"), which its scope is the sub-concession of the public railway freight transport service associated with the exploration of the infrastructure of the railway network located between Porto Nacional / TO and Estrela d'Oeste / SP, between (i) Porto Nacional / TO and Anápolis / GO; and (ii) Ouro Verde de Goiás / GO and Estrela d'Oeste / SP. The concession contract guarantees the right to operate the railway network for a period of 30 years, counting from the date of signature that occurred on July 31, 2019.

The granting costs, as well as the future investments planned for the north-south railway, will be carried out through the subsidiary Rumo Malha Central, a SPC - Special Purpose Company.

4.5 Related parties

Notes to the interim financial statements
(In thousands of Brazilian Reals - R\$, unless otherwise stated)

a) Summary of balance with related parties

	Parent Company		Consolidated	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Current assets				
Commercial operations				
Cosan S.A.	282	282	377	377
Rumo Malha Norte S.A.	5,868	6,295	-	-
Rumo Malha Paulista S.A.	26,617	1,457	-	-
Rumo Malha Sul S.A.	920	-	-	-
Rumo Malha Central S.A.	3,880	3,510	-	-
Raízen Combustíveis S.A.	149	149	2,561	4,950
Raízen Energia S.A.	9,237	1,987	10,891	6,103
Elevações Portuárias S.A.	2,064	2,474	-	-
Other	548	608	373	227
	49,565	16,762	14,202	11,657
Non-current assets				
Commercial operations				
Raízen Combustíveis S.A.	-	-	41,072	36,243
	-	-	41,072	36,243
Financial operations				
Logisport Armazéns Gerais S.A.	6,009	-	-	-
Other	3,325	3,326	204	164
	9,334	3,326	204	164
	9,334	3,326	41,276	36,407
Total	58,899	20,088	55,478	48,064

	Parent Company		Consolidated	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Current liabilities				
Commercial operations				
Rumo Malha Norte S.A.	5,329	5,164	-	-
Rumo Malha Sul S.A.	13	1	-	-
Rumo Malha Paulista S.A.	71,805	34,175	-	-
Rumo Malha Oeste S.A.	857	857	-	-
Raízen Combustíveis S.A.	1	1	123,142	115,387
Raízen Energia S.A.	5,566	5,698	11,670	15,336
Cosan S.A.	525	504	615	3,068
Cosan Lubrificantes e Especialidades S.A.	358	356	3,800	4,104
Logisport Armazéns Gerais S.A.	703	126	-	-
Elevações Portuárias S.A.	58	1	-	-
Other	1,331	1,012	602	1,852
	86,546	47,895	139,829	139,747
Non-current liabilities				
Commercial operations				
Boswells	34,225	25,192	-	-
Other	4,733	4,733	-	-
	38,958	29,925	-	-
Total	125,504	77,820	139,829	139,747

b) Transactions with related parties

Notes to the interim financial statements
(In thousands of Brazilian Reals - R\$, unless otherwise stated)

	Parent Company			
	April 1, 2020 to June 30, 2020	January 1, 2020 to June 30, 2020	April 1, 2019 to June 30, 2019	January 1, 2019 to June 30, 2019
Operating income				
Raízen Energia S.A.	34,692	100,078	41,392	120,228
Rumo Malha Norte S.A.	4,038	8,076	4,038	7,794
Rumo Malha Paulista S.A.	69,912	134,669	57,915	108,353
Elevações Portuárias S.A.	6,300	12,600	3,360	6,720
	114,942	255,423	106,705	243,095
Purchases of products / inputs				
Logisport Armazéns Gerais S.A.	(1,032)	(1,848)	(270)	(894)
Rumo Malha Paulista S.A.	(27,517)	(56,689)	(35,537)	(54,409)
Cosan Lubrificantes e Especialidades S.A.	(6)	(6)	-	-
	(28,555)	(58,543)	(35,807)	(55,303)
Shared expenses				
Cosan S.A.	(794)	(1,725)	(1,360)	(4,104)
Elevações Portuárias S.A.	633	390	279	158
Rumo Malha Oeste S.A.	356	171	225	145
Rumo Malha Paulista S.A.	4,811	2,630	1,616	925
Rumo Malha Sul S.A.	5,813	1,149	-	-
Rumo Malha Norte S.A.	14,987	(2,296)	2,543	1,273
Raízen Energia S.A.	197	(299)	(458)	(1,050)
	26,003	20	2,845	(2,653)
Financial result				
Rumo Malha Norte S.A.	(6,693)	(15,506)	(13,546)	(26,632)
Other	(1,724)	(9,024)	403	266
	(8,417)	(24,530)	(13,143)	(26,366)

	Consolidated			
	April 1, 2020 to June 30, 2020	January 1, 2020 to June 30, 2020	April 1, 2019 to June 30, 2019	January 1, 2019 to June 30, 2019
Operating income				
Raízen Energia S.A.	53,113	158,222	59,518	163,741
Raízen Combustíveis S.A.	26,134	59,194	44,361	86,336
Other	-	268	2,265	6,237
	79,247	217,684	106,144	256,314
Purchases of products / inputs				
Raízen Combustíveis S.A.	(250,514)	(501,411)	(300,017)	(578,325)
Cosan Lubrificantes e Especialidades S.A.	(9,745)	(17,154)	(8,301)	(17,533)
Other	(136)	(388)	(87)	(285)
	(260,395)	(518,953)	(308,405)	(596,143)
Shared expenses				
Cosan S.A.	(794)	(1,725)	(1,360)	(4,208)
Raízen Energia S.A.	(8,166)	(18,278)	(7,875)	(16,458)
	(8,960)	(20,003)	(9,235)	(20,666)
Financial result				
Other	4	4	(101)	(131)
	4	4	(101)	(131)

c) Remuneration of directors and officers

Notes to the interim financial statements
(In thousands of Brazilian Reals - R\$, unless otherwise stated)

The fixed and variable remunerations of key persons, including directors and board members, are recorded in the consolidated result for the period, as follows:

	April 1, 2020 to June 30, 2020	January 1, 2020 to June 30, 2020	April 1, 2019 to June 30, 2019	January 1, 2019 to June 30, 2019
Short-term benefits to employees and managers	3,788	14,201	3,375	14,188
Transactions with share-based payments	1,515	2,941	792	1,780
	5,303	17,142	4,167	15,968

4.6 Subsequent events

4.6.1 Issuance of Green Notes

On July 10, 2020, the Company concluded the raising of USD 500,000 thousand, by the subsidiary Rumo Luxemburgo Sarl, through the issuance of Green Notes, with an interest rate of 5.25% p.a. and maturity on January 10, 2028.

The funds raised through the issuance of Notes will be used to finance new investments in eligible "Green Projects", according to the Green Bond Framework issued with Second Party Opinion by Sustainalytics and certification by the CBI - Climate Bond Initiative.

4.6.2 Re-bidding process of Malha Oeste

On July 21, 2020, the Company filed with the National Land Transportation Agency (ANTT), a request to qualify for a new bidding process to third parties of the object of the Concession Contract signed between Malha Oeste and the Brazilian Federal Government, through the Ministry of Transport ("Re-bidding Process"), according to Law No. 13,448 of June 5, 2017, and regulated by Decree No. 9,957 of August 7, 2019.

4.6.3 Corporate reorganization

Notes to the interim financial statements
(In thousands of Brazilian Reals - R\$, unless otherwise stated)

The Boards of Directors of Cosan S.A., Cosan Logística S.A., and Cosan Limited, controlling shareholders of the Company, approved the beginning of the study of a proposal for a corporate reorganization, to be prepared by the executive boards, and subsequently submitted for approval by the shareholders at their respective general meetings. Once approved, the proposal will consolidate Cosan S.A. as the only holding company of the entire group. Such corporate restructuring aims to simplify the Cosan Group's structure, unifying and consolidating the various "free floats" of the Companies, increasing the liquidity of their securities, as well as unlocking the value that exists within the Cosan Group.

The corporate reorganization will consist of the merger of companies under common control, whereby Cosan Limited and Cosan Logística S.A. will be merged into Cosan S.A., which will become the direct and final parent company of the Cosan Group including the Company.

5 Detailed information about assets and liabilities

Notes to the interim financial statements
(In thousands of Brazilian Reals - R\$, unless otherwise stated)

5.1 Financial assets and liabilities

Financial assets and liabilities consist of:

	June 30, 2020	December 31, 2019
Assets		
Fair value through profit or loss		
Marketable securities	404,288	1,751,853
Derivate financial instruments	4,577,814	1,624,023
	4,982,102	3,375,876
Amortized cost		
Cash and cash equivalents	5,472,457	1,963,014
Trade receivables	481,604	399,249
Related parties receivable	55,478	48,064
Restricted cash	42,672	147,910
	6,052,211	2,558,237
Total	11,034,313	5,934,113
Liabilities		
Amortized cost		
Loans, financing and debentures	7,473,999	4,683,556
Lease liabilities	7,908,724	4,529,140
Trade payables - suppliers	577,814	513,325
Other financial liabilities	269,920	410,952
Related parties payable	139,829	139,747
Dividends payable	5,498	7,146
Debt payment in installments	3,679	10,942
	16,379,463	10,294,808
Fair value through profit or loss		
Derivate financial instruments	-	482
Loans and financing	10,401,438	7,036,181
	10,401,438	7,036,663
Total	26,780,901	17,331,471

5.2 Cash and cash equivalents

	Parent Company		Consolidated	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Cash and bank accounts	6,015	255	33,039	18,642
Financial Investments	2,114,034	700,451	5,439,418	1,944,372
	2,120,049	700,706	5,472,457	1,963,014

Financial investments are composed as follows:

Parent Company	Consolidated
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Notes to the interim financial statements
(In thousands of Brazilian Reals - R\$, unless otherwise stated)

	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Bank investments				
Bank certificate of deposits - CDB ⁽ⁱ⁾	2,114,034	700,451	5,420,382	1,944,372
Other investments	-	-	19,036	-
	2,114,034	700,451	5,439,418	1,944,372

- (i) Bank deposit certificates have an average interest rate of 102.80% of the CDI.

5.3 Marketable securities and restricted cash

Marketable securities	Parent Company		Consolidated	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Government bonds ⁽ⁱ⁾	13,989	435,054	290,074	1,355,980
Bank certificate of deposits - CDB ⁽ⁱⁱ⁾	3,789	55,230	83,698	125,413
Financial letters ⁽ⁱⁱⁱ⁾	1,473	21,441	30,516	270,460
	19,251	511,725	404,288	1,751,853

- (i) Government securities classified as fair value through profit or loss have an interest rate linked to SELIC and mature between two and five years.
- (ii) Bank deposit certificates have an interest rate linked to the CDI and mature between two and five years.
- (iii) Financial letters have an interest rate linked to the CDI, according to the Company's liquidity policy.

Restricted cash	Parent Company		Consolidated	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Investments linked to loans	-	-	-	86,681
Securities pledged as collateral	3,544	3,511	42,672	61,229
	3,544	3,511	42,672	147,910

5.4 Trade receivables

	Parent Company		Consolidated	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Domestic – Brazilian Reais	52,701	22,420	449,198	355,733
Export – Foreign currency	-	-	40,219	49,002
	52,701	22,420	489,417	404,735
Allowance for doubtful accounts	(1,936)	(1,887)	(7,813)	(5,486)
	(1,936)	(1,887)	(7,813)	(5,486)
Total	50,765	20,533	481,604	399,249
Current	47,523	15,111	471,779	385,563
Non-current	3,242	5,422	9,825	13,686
Total	50,765	20,533	481,604	399,249

5.5 Loans, financing and debentures

Notes to the interim financial statements
(In thousands of Brazilian Reals - R\$, unless otherwise stated)

Description	Financial charges		Parent Company		Consolidated		Maturity date	Goal
	Index	Average interest rate	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019		
Loans and financing								
Finame (BNDES)	Pre-fixed	5.59%	330,204	368,904	740,650	834,035	January/2025	Acquisition
	URTJLP	7.19%	-	-	2,001	4,952	March/2022	Acquisition
	Selic	3.52%	-	-	-	1,118	June/2020	Acquisition
Finem (BNDES)	Pre-fixed	3.50%	-	-	1,251	1,426	January/2024	Acquisition
	URTJLP	7.41%	45,242	55,565	3,495,825	2,213,704	December/2029	Acquisition
	IPCA	9.48%	-	-	1,591	1,528	November/2021	Acquisition
	Selic	5.51%	-	-	371	-	September/2020	Acquisition
NCE	CDI +	1.03%	-	-	80,974	-	February/2023	Working capital
	CDI +	0.80%	-	-	508,166	512,078	December/2023	Working capital
	CDI +	3.05%	-	-	-	-	-	-
	p.a.	5.27%	-	-	203,280	-	March/2021	Working capital
	CDI +	3.15%	-	-	-	-	-	-
	p.a.	5.37%	-	-	455,501	-	March/2021	Working capital
Senior Notes 2024	Pre-fixed (US\$)	7.38%	-	-	5,033,761	3,318,895	February/2024	Acquisition
Senior Notes 2025	Pre-fixed (US\$)	5.88%	-	-	3,290,398	2,182,089	January/2025	Acquisition
ECA	Euribor + 0.58% (EUR)	0.58%	-	-	104,733	79,528	September/2026	Acquisition
Loan 4131	Pre-fixed (US\$)	1.36%	514,716	217,537	514,716	217,537	November/2022	Working capital
	CDI	4.86%	-	-	201,707	-	April/2021	Working capital
			890,162	642,006	14,634,925	9,366,890		
Debentures								
Non-convertible debentures	IPCA +	4.68%	-	-	578,955	570,098	February/2026	Acquisition
	IPCA +	4.50%	677,168	668,034	677,168	668,034	February/2029	Acquisition
	IPCA +	3.90%	977,971	895,249	977,971	895,249	October/2029	Acquisition
	IPCA +	4.00%	239,466	219,466	239,466	219,466	October/2029	Acquisition
	IPCA +	6.80%	766,952	-	766,952	-	April/2030	Acquisition
	CDI +	0.50%	-	-	-	-	-	-
Private debentures	p.a.	8.28%	782,802	767,296	-	-	January/2023	Working capital
			3,444,359	2,550,045	3,240,512	2,352,847		
Total			4,334,521	3,192,051	17,875,437	11,719,737		
Current			302,781	969,054	2,197,134	1,064,846		
Non-current			4,031,740	2,222,997	15,678,303	10,654,891		

Non-current loans have the following maturities:

Notes to the interim financial statements
(In thousands of Brazilian Reals - R\$, unless otherwise stated)

	Parent Company		Consolidated	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
13 to 24 months	439,144	190,701	1,240,711	758,822
25 to 36 months	990,672	179,241	993,313	718,195
37 to 48 months	58,349	66,658	5,731,681	793,073
49 to 60 months	21,763	51,191	3,808,444	3,676,142
61 to 72 months	-	-	502,404	2,493,341
73 to 84 months	186,157	-	467,978	225,554
85 to 96 months	845,137	572,993	1,095,066	670,435
Thereafter	1,490,518	1,162,213	1,838,706	1,319,329
	4,031,740	2,222,997	15,678,303	10,654,891

The carrying amounts of the Company's loans and financing are denominated in the following currencies:

	Consolidated	
	June 30, 2020	December 31, 2019
Brazilian Reals (R\$)	8,931,828	5,921,690
Dollar (US\$) ⁽ⁱ⁾	8,838,876	5,718,519
EUR ⁽ⁱ⁾	104,733	79,528
Total	17,875,437	11,719,737

- (i) As of June 30, 2020, all these debts denominated in foreign currency, in the subsidiaries, are protected against foreign exchange risk through derivatives (Note 5.8).

Below the movement of loans, financing and debentures for the six-month period ended on June 30, 2020:

	Parent Company	Consolidated
At January 1, 2020	3,192,051	11,719,737
Proceeds from debts	963,939	3,319,497
Interest, monetary and exchange correction	261,933	3,425,452
Repayments of principal from debts	(49,317)	(294,564)
Payments of interest from debts	(34,085)	(294,685)
At June 30, 2020	4,334,521	17,875,437

a) Guarantees

Notes to the interim financial statements
(In thousands of Brazilian Reals - R\$, unless otherwise stated)

Some financing contracts with the National Bank for Economic and Social Development ("BNDES"), destined for investments, are also guaranteed, according to each contract, by a bank guarantee, with an average cost of 1.04% per year or by real guarantees (assets) and guarantee account. On June 30, 2020, the balance of bank guarantees contracted was R\$ 3,985,225 (R\$ 1,387,627 on December 31, 2019).

To calculate the average rates, the annual average CDI of 4.60% and TJLP of 5.39% were considered on an annual basis.

b) Unused credit lines

On June 30, 2020, the Company had lines of credit in banks with AA rating, which were not used, in the total amount of R\$ 487,978 (R\$ 1,946,194 on December 31, 2019).

The use of these credit lines is subject to certain contractual conditions.

c) Restrictive clauses ("financial covenants")

The Company's main lines of loans are subject to restrictive clauses, based on financial and non-financial indicators, the main and most restrictive financial indicators are shown below:

Goal	Index
Net financial debt/ EBITDA ⁽ⁱ⁾ ≤ 3.3x in December, 2020	2.02
EBITDA/ Consolidated financial result ⁽ⁱⁱ⁾ ≥ 2.00x in December, 2020	9.42

- (i) The net financial debt is composed of bank debts, debentures, leases considered as financial leasing less cash and cash equivalents, marketable securities, and derivative instruments.
- (ii) The consolidated financial result of the debt is represented by the cost of the consolidated net debt, shown in note 6.4

The components of the formulas for calculating the result of the verifiable targets at the end of the year are defined in the debt contracts. On June 30, 2020, the Company and its subsidiaries were complying with all restrictive financial covenants.

5.6 Lease liabilities

Notes to the interim financial statements
(In thousands of Brazilian Reals - R\$, unless otherwise stated)

	Consolidated leases			
	Financial	Operational - concessions	Operational - other	Totals
At January 1, 2020	429,591	3,943,486	156,063	4,529,140
Additions ⁽ⁱ⁾	87,811	3,406,560	20,368	3,514,739
Appropriation of interest and exchange variation	31,961	160,589	116,662	309,212
Repayments of principal from debts	(50,420)	(31,251)	(97,758)	(179,429)
Payments of interest from debts	(31,080)	(177,063)	(44,444)	(252,587)
Contractual adjustment	-	28,272	2,063	30,335
Transfers between liabilities ⁽ⁱⁱ⁾	-	(42,686)	-	(42,686)
At June 30, 2020	467,863	7,287,907	152,954	7,908,724
Current	257,582	821,295	45,500	1,124,377
Non-current	210,281	6,466,612	107,454	6,784,347
	467,863	7,287,907	152,954	7,908,724

(i) Recognition of the grant amount and update of the lease, by renewing the concession agreement of Malha Paulista (see Note 4.3).

(ii) Transfer of installments under litigation to the lease and concessions item in dispute (Note 5.16).

The lease agreements have different terms, with the last due date occurring in December 2058 (an opening per due date is shown in Note 3.1). The amounts are updated annually by inflation indexes (such as IGPM and IPCA) or may incur interest calculated based on the TJLP or CDI and some of the contracts have renewal or purchase options that were considered in determining the classification as a finance lease.

In addition to the amortization and appropriation of interest and exchange variation highlighted in the previous tables, for the other lease agreements that were not included in the measurement of lease liabilities, the following impacts were recorded in the income statement during the period ended June 30, 2020:

	Consolidated
	June 30, 2020
Variable lease payments not included in the measurement of lease liabilities	11,567
Expenses relating to short-term leases	23,552
Expenses relating to leases of low-value assets, excluding short-term leases	498
	35,617

Notes to the interim financial statements
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Additional Information

The Company, in full compliance with the rules, in the measurement and remeasurement of its lease liabilities and the right of use, proceeded to discount the present value of future lease installments without projecting the future inflation in the installments to be discounted.

The incremental rate of interest used by the Company has been determined based on the interest rates to which the Company has access, for terms similar to its contracts, adjusted to the Brazilian market. Rates between 10.9% to 14.2% have been used, according to the term of each contract.

In compliance with CVM Instruction Official Circular Letter 2/2019, if, in transactions where the incremental rate is used, the measurement was made at the present value of expected installments plus projected future inflation, the balances of lease liabilities, right-of-use, financial expense and depreciation expense for the period ended June 30, 2020, would be those presented in the "Official note" column:

Accounts	June 30, 2020		
	Registered	Official note	% Variation
Lease liabilities	(7,144,582)	(7,293,620)	2%
Residual right of use	6,984,406	7,025,412	1%
Financial expense	(626,708)	(638,132)	2%
Depreciation expense	(246,182)	(253,487)	3%

The balances recorded by the Company include the Malha Central contract and renewal of the Malha Paulista contract, which have an implicit rate identified so that its appreciation does not generate distortions in the liabilities and right-of-use that are the object of the CVM Circular Note. On June 30, 2020, the lease liability for these contracts was R\$ 6,286,404.

The Company recorded lease liabilities at the present value of the installments due, that is, including any tax credits to which it will be entitled at the time of the lease payments. The potential PIS / COFINS credit included in liabilities on June 30, 2020, is R\$ 4,953

Notes to the interim financial statements
(In thousands of Brazilian Reals - R\$, unless otherwise stated)

5.7 Suppliers

	Parent Company		Consolidated	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Material and services suppliers	76,983	44,090	557,511	495,837
Fuels and lubricants suppliers	-	-	1,955	370
Other	9,937	11,019	18,348	17,118
Total	86,920	55,109	577,814	513,325

5.8 Derivative financial instruments

To protect itself from exposure to foreign exchange risk, the Company uses swap instruments, the fair value of which is determined based on discounted cash flows based on market curves. The consolidated data are presented below:

	Notional		Fair value	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Foreign exchange and interest rate derivatives				
Swap contracts (interest and exchange)	6,877,751	5,534,936	4,577,814	1,623,541
	6,877,751	5,534,936	4,577,814	1,623,541
Assets			4,577,814	1,624,023
Liabilities			-	(482)
			4,577,814	1,623,541

The Company contracted Swap operations, to have an active position in USD + fixed interest and a passive percentage of CDI.

Derivatives are used only for the purpose of economic hedging and not as speculative investments.

Notes to the interim financial statements
(In thousands of Brazilian Reals - R\$, unless otherwise stated)

Fair value hedge

Currently, the Company adopts the fair value hedge for some of its operations, both hedge instruments and hedged items are recorded at fair value through profit or loss. The operational and accounting effects of this adoption are as follows:

	Notional	Book value (R\$)		Balance sheet	Fair value adjustment	
		June 30, 2020	December 31, 2019		June 30, 2020	December 31, 2019
Senior Notes 2024	(4,107,000)	(5,033,761)	(3,318,895)	Loan, financing and debentures	(1,834,922)	(471,159)
Senior Notes 2025	(2,738,000)	(3,290,398)	(2,182,089)		(1,169,094)	(295,208)
Debt	(6,845,000)	(8,324,159)	(5,500,984)		(3,004,016)	(766,367)
Foreign exchange and interest swap	6,845,000	4,172,303	1,468,503	Derivative financial instruments	2,732,568	541,942
Derivative	6,845,000	4,172,303	1,468,503		2,732,568	541,942
Total	-	(4,151,856)	(4,032,481)		(271,448)	(224,425)

5.9 Other recoverable taxes

	Parent Company		Consolidated	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
COFINS - Social security financing contribution	39,793	22,909	273,617	253,755
PIS - Social integration program	8,443	4,778	108,958	94,739
ICMS - State VAT ⁽ⁱ⁾	-	-	558,830	522,820
ICMS - CIAP ⁽ⁱⁱ⁾	-	-	117,894	129,000
Other	2,992	2,931	17,104	10,586
	51,228	30,618	1,076,403	1,010,900
Current	51,228	30,618	379,444	347,316
Non-current	-	-	696,959	663,584
	51,228	30,618	1,076,403	1,010,900

(i) ICMS credit related to the purchase of inputs and diesel used in transportation.

(ii) ICMS credit from acquisitions of property, plant and equipment.

Notes to the interim financial statements
(In thousands of Brazilian Reals - R\$, unless otherwise stated)

5.10 Inventories

	Parent Company		Consolidated	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Parts and accessories	606	943	244,860	236,347
Fuels and lubricants	26	-	7,813	6,894
Warehouse and other	161	93	26,522	5,215
	793	1,036	279,195	248,456

The balances are presented net of the provision for obsolete inventories of R\$ 7,038 on June 30, 2020 (R\$ 5,492 on December 31, 2019).

5.11 Investments in associates and provision for unsecured liabilities

(a) Subsidiaries and associates

Below are investments in subsidiaries and associates that are material for the Company on June 30, 2020, and December 31, 2019:

i. Parent Company

	Total shares of the investee	Shares held by the Company	Percentage of participation
Elevações Portuárias	672,397,254	672,397,254	100.00%
Rumo Intermodal	91,064,313	91,064,313	100.00%
Rumo Malha Central	250,000,000	250,000,000	100.00%
Rumo Malha Norte	1,189,412,363	1,186,268,176	99.74%
Boswells	3,265,000	3,265,000	100.00%
Brado Participações	12,962,963	8,065,556	62.22%
Paranaguá S.A.	6,119,802	6,113,851	99.90%
Logisport	2,040,816	1,040,816	51.00%
Rumo Malha Sul	6,677,710,494,907	6,677,710,494,907	100.00%
ALL Argentina	9,703,000	8,826,110	90.96%
Rumo Luxembourg Sarl	500,000	500,000	100.00%
Rumo Malha Paulista	90,826,624,247	90,826,624,247	100.00%
Rumo Malha Oeste	478,460,074	478,460,074	100.00%

Notes to the interim financial statements
(In thousands of Brazilian Reais - R\$, unless otherwise stated)

	At January 1, 2020	Equity pick- up	Capital increase (reduction) / AFAC	Dividends and Interest on own capital receivable	Comprehensive income	Uncovered liabilities reclassification	Amortization of the concession right	Stock option plan	At June 30, 2020	Equity income on June 30, 2019
Elevações Portuárias	707,336	14,501	-	-	-	-	-	-	721,837	28,115
Rumo Intermodal	40,005	276	(20,000)	-	(313)	-	-	-	19,968	411
Rumo Malha Central	328,740	(137,425)	-	-	-	-	-	-	191,315	-
Rumo Malha Norte	8,317,416	217,196	-	(510,439)	(1)	-	(14,940)	-	8,009,232	430,028
Boswells	25,574	-	-	-	9,171	-	-	-	34,745	-
Brado Participações	371,867	(3,479)	-	(1,398)	-	-	-	165	367,155	2,268
Paranaguá S.A.	20,394	357	1,390	-	3,017	-	-	-	25,158	(770)
Logisport	73,143	401	-	-	-	-	-	-	73,544	10
Rumo Luxembourg Sarl	50,064	13,829	-	-	-	-	-	-	63,893	(4,652)
Rumo Malha Paulista	-	308,920	-	-	-	201,621	(9,868)	-	500,673	(11,746)
Rumo Malha Sul	1,730,253	(62,740)	-	-	-	-	-	-	1,667,513	(87,693)
Total investment in associates	11,664,792	351,836	(18,610)	(511,837)	11,874	201,621	(24,808)	165	11,675,033	355,971
ALL Argentina	(21,111)	(1,367)	-	-	(3,690)	-	-	-	(26,168)	(4,549)
Rumo Malha Paulista	(318,462)	(75,461)	595,544	-	-	(201,621)	-	-	-	-
Rumo Malha Oeste	(1,451,606)	(176,559)	-	-	-	-	-	-	(1,628,165)	(92,438)
Total investment in unsecured liability	(1,791,179)	(253,387)	595,544	-	(3,690)	(201,621)	-	-	(1,654,333)	(96,987)
Total	9,873,613	98,449	576,934	(511,837)	8,184	-	(24,808)	165	10,020,700	258,984

Notes to the interim financial statements
(In thousands of Brazilian Reals - R\$, unless otherwise stated)

ii. Consolidated

	Total shares of the investee	Shares held by the Company	Percentage of participation
Rhall Terminais Ltda.	28,580	8,574	30.00%
Termag S.A.	500,000	99,246	19.85%
TGG S.A.	79,747,000	7,914,609	9.92%
Terminal XXXIX S.A.	200,000	99,246	49.62%

	At January 1, 2020	Equity pick-up	Dividends	Other	At June 30, 2020	Equity income on June 30, 2019
Rhall Terminais Ltda.	4,148	346	(1,234)	-	3,260	419
Termag S.A.	5,214	1,683	-	(6,200)	697	1,802
TGG S.A.	18,247	1,433	(2,103)	-	17,577	1,675
Terminal XXXIX S.A.	24,404	3,222	(3,850)	-	23,776	4,679
Total investments in associates	52,013	6,684	(7,187)	(6,200)	45,310	8,575

(b) Participation of non-controlling shareholders

The following is a summary of financial information for each subsidiary that has non-controlling interests that are relevant to the group. The amounts disclosed for each subsidiary are before eliminations between companies.

	Total shares of the investee	Shares held by the Company	Percentage of participation
Rumo Malha Norte	1,189,412,363	3,144,187	0.26%
Brado Participações	12,962,963	4,897,407	37.78%
Logisport	2,040,816	1,000,000	49.00%

The following table summarizes the information related to each of the Company's subsidiaries that has relevant non-controlling interests, before any intra-group elimination.

	At January 1, 2020	Equity pick-up	Dividends	Stock option plan	Other	At June 30, 2020	Equity income on June 30, 2019
Rumo Malha Norte	9,903	566	(1,417)	-	64	9,116	1,166
Brado Participações	225,889	(2,068)	(845)	100	-	223,076	1,377
Logisport	34,219	385	-	-	-	34,604	10
Total non-controlling interest	270,011	(1,117)	(2,262)	100	64	266,796	2,553

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(In thousands of Brazilian Reals - R\$, unless otherwise stated)

5.12 Property, plant and equipment, intangible assets and right-of-use

Analysis of impairment

In the period ended on June 30, 2020, the Company identified impairment indicators for the cash-generating unit represented by the Rumo Malha Oeste concession: i) the Malha Oeste recorded a significant reduction in the volume transported due to operational problems on the railroad caused by heavy rains in the first quarter, causing management to seek alternatives to perform certain contracted volumes, volumes that supported the unit's cash flow projection cash-generating until then; ii) Management's decision to file the request for re-bidding (Note 4.6.2) generates uncertainty about the period in which Malha Oeste will be the operator since it depends on the progress of the process. Therefore, the Company recorded a provision for impairment of R\$ 107,106 (being R\$ 106,041 related to fixed assets (note 5.12.1) and R\$ 996 refers to the right-of-use (note 5.12.3)), equivalent to the remaining balance of permanent assets of this cash-generating unit. The registration took place against "Other net income (expenses)", note 6.3.

The Company also assessed the effects of the COVID-19 pandemic on the other cash-generating units and, despite some impacts in 2020, at this time, Management did not detect any deterioration in the medium and long-term indicators, analyzed on December 31, 2019.

The determination of the recoverability of the assets depends on certain key assumptions, as previously described, which are influenced by the market, technological and economic conditions in force at the time that this recovery is tested and, therefore, it is not possible to determine whether new losses due to recovery will occur in the future and, if they occur, whether they would be material.

Notes to the interim financial statements
(In thousands of Brazilian Reais - R\$, unless otherwise stated)

5.12.1 Property, Plant and Equipment

Reconciliation of book value

	Consolidated						Parent Company
	Land, buildings and improvements	Machinery, equipment and facilities	Freight cars and locomotives (i)	Track structure	Construction in progress	Other assets	Total
Cost:							
At January 1, 2020	1,019,909	984,565	8,207,826	8,603,070	1,478,836	835,602	21,129,808
Additions	59	365	8,459	2,281	1,326,634	49	1,337,847
Write-off	-	-	(65,918)	-	(123)	(2,478)	(68,519)
Transfers	17,776	58,933	402,622	254,970	(797,668)	38,188	(25,179)
At June 30, 2020	1,037,744	1,043,863	8,552,989	8,860,321	2,007,679	871,361	22,373,957
Depreciation and Impairment:							
At January 1, 2020	(355,050)	(450,856)	(4,149,884)	(3,875,123)	(6,870)	(521,857)	(9,359,640)
Additions	(24,924)	(58,710)	(286,352)	(253,962)	-	(9,938)	(633,886)
Write-off	-	-	62,336	-	-	2,322	64,658
Transfers	-	-	7,941	-	83	-	8,024
Impairment	(2,811)	(8,614)	(27,391)	(52,224)	(15,100)	-	(106,140)
At June 30, 2020	(382,785)	(518,180)	(4,393,350)	(4,181,309)	(21,887)	(529,473)	(10,026,984)
At January 1, 2020	664,859	533,709	4,057,942	4,727,947	1,471,966	313,745	11,770,168
At June 30, 2020	654,959	525,683	4,159,639	4,679,012	1,985,792	341,888	12,346,973

(i) On June 30, 2020, wagons and locomotives for R\$ 745,203 (R\$ 745,203 on December 31, 2019), were pledged to guarantee bank loans (Note 5.5).

Notes to the interim financial statements

(In thousands of Brazilian Reais - R\$, unless otherwise stated)

Capitalization of loan costs

The period ended on June 30, 2020, the capitalized loan costs for R\$ 5,358.

The Company annually tests the recoverable amount of goodwill due to the expectation of future results from business combination. Assets subject to depreciation and amortization are only tested if there were indications that the book value is not recoverable.

Notes to the interim financial statements
(In thousands of Brazilian Reais - R\$, unless otherwise stated)

5.12.2 Intangible assets and goodwill

	Consolidated				Parent Company
	Goodwill ⁽ⁱ⁾	Concession rights ⁽ⁱⁱ⁾	Operating license	Other	Total
Cost:					
At January 1, 2020	100,451	8,012,731	343,348	206,667	8,663,197
Additions	-	1,078	-	1,638	2,716
Transfers	-	-	-	15,119	15,119
At June 30, 2020	100,451	8,013,809	343,348	223,424	8,681,032
Amortization and Impairment:					
At January 1, 2020	-	(1,002,735)	(143,675)	(141,754)	(1,288,164)
Additions	-	(60,652)	(5,887)	(9,262)	(75,801)
At June 30, 2020	-	(1,063,387)	(149,562)	(151,016)	(1,363,965)
At January 1, 2020	100,451	7,009,996	199,673	64,913	7,375,033
At June 30, 2020	100,451	6,950,422	193,786	72,408	7,317,067

- (i) Goodwill from a business combination from previous years, of which R\$ 62,922 from Terminal T-16 in Santos and R\$ 37,529 from indirect subsidiary Logisport, presented only in the consolidated.
- (ii) Refers to the concession contract of Rumo Malha Norte. The asset was identified and measured at fair value in the business combination between Rumo and ALL. The amount will be amortized until the end of the concession in 2079, being recorded in the income statement, under costs of services provided, in the depreciation and amortization group.

Notes to the interim financial statements
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5.12.3 Right-of-use

	Consolidated						
	Land, buildings and improvements	Machinery, equipment and facilities	Freight cars and locomotives	Software	Vehicles	Port and track structure	Total
Cost amount:							
At January 1, 2020	178,441	11,667	1,038,641	66,931	14,259	3,803,953	5,113,892
Additions ⁽ⁱ⁾	91,078	1,663	-	15,438	-	3,406,560	3,514,739
Contractual adjustment	791	-	1,448	-	(176)	13,830	15,893
Write-off	-	-	-	-	-	-	-
At June 30, 2020	270,310	13,330	1,040,089	82,369	14,083	7,224,343	8,644,524
Depreciation and impairment:							
At January 1, 2020	(68,332)	(3,029)	(367,072)	(7,594)	(6,457)	(250,456)	(702,940)
Additions	(10,526)	(1,555)	(28,102)	(2,856)	(3,278)	(97,068)	(143,385)
Impairment	-	-	-	-	-	(966)	(966)
At June 30, 2020	(78,858)	(4,584)	(395,174)	(10,450)	(9,735)	(348,490)	(847,291)
At January 1, 2020	110,109	8,638	671,569	59,337	7,802	3,553,497	4,410,952
At June 30, 2020	191,452	8,746	644,915	71,919	4,348	6,875,853	7,797,233

- (i) Recognition of the grant amount and update of the lease, by renewing the concession agreement of Malha Paulista (see Note 4.3).

5.13 Other taxes payable

	Parent Company		Consolidated	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
ICMS - State VAT	80	32	2,745	3,142
INSS - Social security	480	194	12,088	9,383
PIS - Social integration program	3,241	511	5,778	703
COFINS - Social security financing contribution	15,190	2,475	28,778	3,427
Installment of tax debts	902	902	3,679	10,942
ISS - Municipal service tax	-	-	7,304	6,753
Other	240	207	7,525	6,956
	20,133	4,321	67,897	41,306
Current	20,133	4,321	65,531	33,726
Non-current	-	-	2,366	7,580
	20,133	4,321	67,897	41,306

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5.14 Income tax and social contribution

a) Reconciliation of income tax and social contribution expenses

	Parent Company			
	April 1, 2020 to June 30, 2020	January 1, 2020 to June 30, 2020	April 1, 2019 to June 30, 2019	January 1, 2019 to June 30, 2019
Result before income tax and social contribution	413,100	140,512	185,615	212,086
Income tax and social contribution expense at nominal rate (34%)	(140,454)	(47,774)	(63,109)	(72,109)
Adjustments to determine the effective rate				
Equity pick-up	125,125	33,473	67,987	88,055
Unrecognized NOLs and temporary differences ⁽ⁱ⁾	10,811	14,001	1,994	(4,982)
Non-deductible expenses (donations, gifts, etc.)	(3)	(4)	-	-
Effect of amortization of goodwill	(4,218)	(8,435)	(4,218)	(8,435)
Interest on own capital	-	-	(3,400)	(3,400)
Other	48	48	25	34
Tax and social contribution (current and deferred)	(8,691)	(8,691)	(721)	(837)
Effective rate - %	2.10%	6.19%	0.39%	0.39%

	Consolidated			
	April 1, 2020 to June 30, 2020	January 1, 2020 to June 30, 2020	April 1, 2019 to June 30, 2019	January 1, 2019 to June 30, 2019
Result before income taxes	589,648	217,055	248,526	303,234
Income tax and social contribution expense at nominal rate (34%)	(200,480)	(73,799)	(84,499)	(103,100)
Adjustments to determine the effective rate				
Equity pick-up	1,450	2,273	1,301	2,916
Result of companies abroad	330	4,261	(2,793)	(3,672)
Exploration profit - tax incentive	37,744	37,744	44,129	72,103
Unrecognized NOLs and temporary differences ⁽ⁱ⁾	(25,601)	(59,371)	(21,258)	(57,934)
Non-deductible expenses (donations, gifts, etc.)	(110)	(88)	61	(21)
Other	1,484	2,629	1,439	276
Tax and social contribution (current and deferred)	(185,183)	(86,351)	(61,620)	(89,432)
Effective rate - %	31.41%	39.78%	24.79%	29.49%

- (i) Refers mainly to tax losses and temporary differences of the Company, Rumo Malha Sul, and Rumo Malha Oeste, which, under current conditions, do not meet the requirements for accounting for said income tax and social contribution assets deferred due to the lack of predictability of future generation of tax profits.

Notes to the interim financial statements
(In thousands of Brazilian Reals - R\$, unless otherwise stated)

b) Deferred income tax assets and liabilities

The tax effects of temporary differences that give rise to significant parts of the Company's deferred tax assets and liabilities are shown below:

	Parent Company		Consolidated	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Assets credits from:				
Tax losses carry forwards - income tax	247,540	250,279	1,811,778	1,782,085
Tax losses of social contribution	99,924	100,914	664,311	653,792
Temporary differences:				
Provision for judicial demands	17,342	18,015	199,014	200,872
Impairment provision	30,327	30,327	227,934	203,057
Allowance for doubtful accounts	658	642	15,365	14,648
Provision for non-performing tax	-	-	42,980	41,295
Provision for profit sharing	-	3,887	768	39,545
Exchange variation - Loans and financing ⁽ⁱ⁾	34,775	2,826	726,558	68,532
Review of useful life - Fixed assets	-	-	649,428	666,017
Fair value adjustment on debts	50,662	22,773	534,678	174,596
Temporary differences from other provisions	3,762	-	91,431	80,405
Business combination - Fixed assets	2,046	1,885	39,416	49,293
Other	10,132	12,291	189,630	122,318
Deferred taxes - Assets	497,168	443,839	5,193,291	4,096,455
(-) Unrecognized deferred assets credits	(331,428)	(345,429)	(2,234,258)	(2,183,537)
Liabilities credits from:				
Temporary differences:				
Tax goodwill amortized	-	-	(24,838)	(24,838)
Lease liabilities	(823)	(809)	(46,198)	(36,589)
Unrealized result from derivatives	(99,528)	(31,441)	(1,560,484)	(556,031)
Review of useful life - Fixed assets	(2,190)	(965)	-	-
Business combination - Intangible assets	(63,199)	(65,195)	(2,560,863)	(2,573,178)
Other	-	-	(37,526)	(38,649)
Deferred taxes - Liabilities	(165,740)	(98,410)	(4,229,909)	(3,229,285)
Total deferred taxes	-	-	(1,270,876)	(1,316,367)
Deferred assets	-	-	1,196,195	1,174,484
Deferred liabilities	-	-	(2,467,071)	(2,490,851)
Total	-	-	(1,270,876)	(1,316,367)

(i) The Company opted for the cash regime for the taxation of the exchange variation of loans and financing.

c) Realization of deferred income tax and social contribution

Notes to the interim financial statements
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At the end of the fiscal year 2019, the Company evaluated the term for offsetting its deferred assets tax credits on tax losses, negative social contribution base, and temporary differences by projecting its taxable income over the term of the concessions. The projection was based on economic assumptions of inflation and interest, volume transported based on the growth of agricultural production and exports projected in its areas of operation and market conditions for its services, validated by management. In the quarter ended on June 30, 2020, the Company evaluated the observed impacts of the COVID-19 pandemic and judged that the potential effects should not affect the medium and long-term projections to the point of impairing the realization of the balances.

d) Deferred tax movements

	Consolidated
At January 1, 2020	(1,316,367)
Result	45,231
Other	260
At June 30, 2020	(1,270,876)

Notes to the interim financial statements
(In thousands of Brazilian Reais - R\$, unless otherwise stated)

e) Analytical movement of deferred tax

i. Deferred tax assets

	Tax loss and negative basis	Exchange variation	Provisions	Adjustment to fair value of debt	Fixed asset	Unregistered credits	Other	Total
At January 1, 2020	2,435,877	68,532	540,277	174,596	666,017	(1,893,494)	211,156	2,202,961
(Charged) / credited to the result of the period	40,212	-	36,444	360,081	(16,589)	(58,952)	18,662	379,858
Exchange differences	-	658,026	-	-	-	(31,949)	-	626,077
At June 30, 2020	2,476,089	726,558	576,721	534,677	649,428	(1,984,395)	229,818	3,208,896

ii. Deferred tax liabilities

	Intangible	Unrealized income from derivatives	Lease liabilities	Unregistered credits	Other	Total
At January 1, 2020	(2,573,178)	(556,031)	(36,589)	(290,044)	(63,487)	(3,519,329)
(Charged) / credited to the result of the period	12,315	(1,004,453)	(9,828)	40,180	1,081	(960,705)
from comprehensive results	-	-	220	-	42	262
At June 30, 2020	(2,560,863)	(1,560,484)	(46,197)	(249,864)	(62,364)	(4,479,772)

Notes to the interim financial statements
(In thousands of Brazilian Reals - R\$, unless otherwise stated)

5.15 Provision for judicial demands

On June 30, 2020, and December 31, 2019, the Company records provisions for legal claims in relation to:

	Provision for judicial demands			
	Parent Company		Consolidated	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Taxes	2,194	2,453	78,869	79,006
Civil, regulatory and environmental	9,992	7,791	146,621	137,081
Labor	33,773	37,833	251,392	264,856
	45,959	48,077	476,882	480,943

	Judicial deposits			
	Parent Company		Consolidated	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Taxes	14,038	6,485	46,219	37,999
Civil, regulatory and environmental ⁽ⁱ⁾	3,694	2,172	58,831	178,033
Labor	15,613	14,149	215,964	199,214
	33,345	22,806	321,014	415,246

- (i) With the renewal of Malha Paulista, the Company recorded the withdrawal in favor of the Brazilian Federal Government of the portion of judicial deposits linked to leasing liabilities in disputes within the scope of the offsetting of accounts, as described in note 5.16.a.

Changes in provisions for legal claims:

	Parent Company			
	Taxes	Civil, regulatory and environmental	Labor	Total
At January 1, 2020	2,453	7,791	37,833	48,077
Provision in the period	-	1,051	2,679	3,730
Settlement or write-offs	(274)	(122)	(7,515)	(7,911)
Monetary restatement ⁽ⁱ⁾	15	1,272	776	2,063
At June 30, 2020	2,194	9,992	33,773	45,959

	Consolidated			
	Taxes	Civil, regulatory and environmental	Labor	Total
At January 1, 2020	79,006	137,081	264,856	480,943
Provision in the period	1,335	3,837	20,805	25,977
Settlement or write-offs	(1,842)	(3,241)	(47,549)	(52,632)
Monetary restatement ⁽ⁱ⁾	370	8,944	13,280	22,594
At June 30, 2020	78,869	146,621	251,392	476,882

- (i) Includes write-off of interest.

Notes to the interim financial statements
(In thousands of Brazilian Reals - R\$, unless otherwise stated)

The Company has debts guaranteed by assets or even through a cash deposit, bank guarantee or guarantee insurance.

a) Probable losses

- **Taxes:** The main tax proceedings for which the risk of loss is probable are described below:

	Parent Company		Consolidated	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
ICMS credit ⁽ⁱ⁾	-	-	51,207	50,921
PIS and COFINS	-	-	2,041	2,023
INSS - National Social Security Institute	660	654	23,781	23,175
Other	1,534	1,799	1,840	2,887
	2,194	2,453	78,869	79,006

- (i) The amount provisioned refers especially to tax assessment notices related to ICMS credits originating from materials used in the production process, but which, in the firm understanding, such materials would be classified as “use and consumption”, not generating the right to credit.

b) Possible losses

The main processes for which we consider the risk of loss possible are described below:

	Parent Company		Consolidated	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Taxes	1,031,654	1,013,112	2,749,273	2,651,196
Civil, regulatory and environmental	274,470	278,115	3,503,061	3,402,591
Labor	118,125	113,049	879,077	875,178
	1,424,249	1,404,276	7,131,411	6,928,965

Notes to the interim financial statements
(In thousands of Brazilian Reals - R\$, unless otherwise stated)

• **Taxes:**

	Parent Company		Consolidated	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Capital gain	84,524	83,734	84,524	83,734
Isolated fine federal tax	473,611	467,718	489,761	483,577
IRPJ/CSLL	273,476	262,384	488,102	474,832
ICMS	78	78	868,789	839,812
IRRF	54,819	54,008	132,980	131,402
PIS/COFINS	3,954	4,600	194,568	155,411
Foreign financial operations	-	-	28,983	28,701
MP 470 installment debts	-	-	115,856	115,080
Stock option plan	60,512	59,956	70,741	70,072
IOF on mutual	54,144	53,765	54,144	53,765
Compensation with credit award	-	-	45,319	44,784
Other	26,536	26,869	175,506	170,026
	1,031,654	1,013,112	2,749,273	2,651,196

• **Civil, regulatory and environmental:**

	Parent Company		Consolidated	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Civil	243,314	247,614	2,173,935	2,080,218
Regulatory	30,004	29,525	793,202	802,906
Environmental	1,152	976	535,924	519,467
	274,470	278,115	3,503,061	3,402,591

• **Labor:**

	Parent Company		Consolidated	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Labor claims	118,125	113,049	879,077	875,178
	118,125	113,049	879,077	875,178

Notes to the interim financial statements
(In thousands of Brazilian Reals - R\$, unless otherwise stated)

5.16 Liabilities, provisions and commitments to the Granting Authority

The Company, through its subsidiaries, is a party to sub-concession and lease agreements with the Government. The main liabilities and provisions generated by the contracts are:

a) Installment of leases and concessions under litigation

Accounting policy:

The Company records in this account the balance of the lease installments involved in disputes with the Granting Authority. The initial registration takes place at the amount of the installment at maturity, by transferring the "Liabilities for lease" account. Subsequently, the values are corrected by Selic.

Balances in installments with the Granting Authority are maintained in this account. The initial registration takes place at the amount that was left over from the resolution of the dispute. The amounts are corrected by Selic until payment.

Balances payable as a concession for concession rights ("Concessions") are also recorded in this account, initially recorded against intangible assets (see Note 5.12.2). Subsequent measurement occurs at the effective rate.

	June 30, 2020	December 31, 2019
Lease and concession in dispute:		
Rumo Malha Paulista	151,727	1,870,018
Rumo Malha Oeste	1,578,684	1,528,238
	1,730,411	3,398,256
Installment leases:		
Rumo Malha Paulista	1,174,703	-
	1,174,703	-
Concessions:		
Rumo Malha Sul	36,423	36,621
Rumo Malha Paulista	21,179	20,003
	57,602	56,624
Total	2,962,716	3,454,880
Current	111,652	9,847
Non-current	2,851,064	3,445,033
	2,962,716	3,454,880

Lease and concession under litigation:

Notes to the interim financial statements
(In thousands of Brazilian Reals - R\$, unless otherwise stated)

Rumo Malha Oeste pleads for the reestablishment of the economic and financial balance, lost due to the cancellation of transportation contracts existing at the time of privatization, constituting a change in the regulatory scenario and conditions established in the Privatization Notice - besides, the growth forecasts that defined the value of the business did not materialize. The lawsuit is pending before the Federal Regional Court of the 2nd Region. The amount referring to the Company's overdue installments was guaranteed by the acquisition of public debt securities (Financial Treasury Bills - FTB). In March 2008, the Company obtained authorization to replace the guarantee with a bank guarantee and in May 2008 the Company redeemed the amounts. In December 2014, a decision was handed down that upheld the lawsuit, recognizing the occurrence of economic and financial imbalance in the contracts. In December 2015, a request for replacement of letters of guarantee presented by the Company with guarantee insurance was granted. An appeal judgment is pending before the TRF. Management, supported by the opinion of its lawyers, assesses the chances of success as probable but maintains the record of the liability because it is a contractual obligation not yet withdrawn from the Company and because the amount is still pending.

Also in the context of the disputes involving the Western Network, in January 2020, the National Land Transport Agency (ANTT) decided to initiate an Ordinary Administrative Process to generate a conclusive report as to the suitability, or not, of the declaration of expiry of the concession of the Malha Oeste by the Union. The analysis will be conducted by a commission to be appointed by the Infrastructure and Railroad Cargo Transport Services area. Management, supported by the opinion of its lawyers, assesses the risk of loss as possible.

Judicial deposits associated with lease and concession under litigation total:

	June 30, 2020	December 31, 2019
Rumo Malha Paulista	-	119,806
Rumo Malha Oeste	22,119	21,703
	22,119	141,509

The judicial deposits of the Subsidiary Rumo Malha Paulista linked to the balance in litigation on rebalancing the lease and concession contract were converted in favor of the Brazilian Federal Government in the offsetting of balances resulting from the agreement signed between the parties in the process of renewing the contract.

Installment leases:

Notes to the interim financial statements
(In thousands of Brazilian Reals - R\$, unless otherwise stated)

As a condition for entering into the renewal amendment for Malha Paulista, there was a need for the Company to resolve the dispute involving the economic and financial rebalancing of the original contract. To this end, an agreement was signed between Rumo Malha Paulista, Brazilian Federal Government and ANTT, in which it was agreed: i) a credit in favor of the Company related to labor liens paid up to 2005; ii) the conversion of existing judicial deposits in favor of the Union; iii) an uncontroversial balance in favor of the Federal Government, divided into eight annual installments adjusted by Selic (balance transferred from the “Lease and concession in dispute” account to “Leased installments”); iv) a portion of liabilities to be offset against potential credits in favor of the Company, these credits, subject to the assessment to be carried out by a working group involving the parties (balance maintained in the “Lease and concession in dispute” account).

The effects of the offsetting of balances were updated up to the registration date and resulted in a reversal of R\$ 479,563 (R\$ 348,319 in other expenses and income note 6.3 and R\$ 131,243 in the financial result note 6.4).

As a result of the agreement, suspensions of the proceedings for return lawsuits filed by Rumo against the Brazilian Federal Government were required to determine labor claims that were not part of the agreement (from 2005) and which will be the subject of an investigation to be carried out by working group involving the parties. In parallel, the parties will submit a request for judicial approval of the agreement in the records of the economic and financial rebalancing action of the contract.

b) Leases and grants under IFRS16 (Note 5.6)

Notes to the interim financial statements
(In thousands of Brazilian Reals - R\$, unless otherwise stated)

	June 30, 2020	December 31, 2019
Leases:		
Rumo Malha Sul	516,304	532,496
Rumo Malha Paulista	416,961	377,944
Rumo Malha Oeste	218,989	216,096
Elevações Portuárias	78,303	74,584
Portofer	13,470	13,435
	1,244,027	1,214,555
Grants:		
Rumo Malha Paulista (renewal)	3,321,964	-
Malha Central	2,721,916	2,728,931
	6,043,880	2,728,931
Total	7,287,907	3,943,486
Current	821,295	402,991
Non-current	6,466,612	3,540,495
	7,287,907	3,943,486

c) Investment commitments

Sub-concession contracts to which the Company, through its subsidiaries, is a party, often includes commitments to execute investments with certain characteristics during the term of the contract. Can be highlighted:

The renewal addendum to the concession of Malha Paulista, which foresees the execution of a set of investment projects to increase capacity and reduce urban conflicts, estimated by the agency at R\$ 6,100,000 (value updated until December 2017).

The Malha Central sub-concession contract provides for investments with a fixed term (one to three years from the signing of the contract), estimated by ANTT at R\$ 620,050. As of June 30, 2020, the subsidiary's investments for R\$ 178,972.

The Elevações Portuárias concession and lease agreement provide for investments aimed at improving and modernizing the facilities and equipment allocated therein, estimated for R\$ 340,000. At the balance sheet date, the subsidiary had made investments for R\$ 261,506.

5.17 Shareholders' equity

Notes to the interim financial statements
(In thousands of Brazilian Reals - R\$, unless otherwise stated)

a) Share capital

The subscribed and fully paid-in capital on June 30, 2020, and December 31, 2019, is R\$ 9,654,897 and is represented by 1,559,015,898 registered, book-entry common shares with no par value.

As of June 30, 2020, the Company's capital stock consists of the following:

	Ordinary shares	
	Quantity	%
Shareholders		
Cosan Logística S.A.	443,843,194	28.47%
Julia Arduini	59,511,402	3.82%
Board of Directors	1,912,620	0.12%
Free Float	1,053,748,682	67.59%
Total of Outstanding Shares	1,559,015,898	100.00%

b) Tax incentives - SUDAM

Rumo Malha Norte obtained through the Amazon Development Superintendence - SUDAM the right to a reduction in corporate income tax - IRPJ and additional non-refundable taxes calculated on the operating profit, as it is located in the coverage area of the Legal Amazon and as the transport sector is considered a priority enterprise for regional development.

For the period ended on June 30, 2020, the effect of the 75% reduction on operating profit was R\$ 37,744 (R\$ 72,103 on June 30, 2019).

6 Detailed information on income statement

Notes to the interim financial statements
(In thousands of Brazilian Reals - R\$, unless otherwise stated)

6.1 Net operating revenue

The following is an analysis of the Company's revenue:

Parent Company				
	April 1, 2020 to June 30, 2020	January 1, 2020 to June 30, 2020	April 1, 2019 to June 30, 2019	January 1, 2019 to June 30, 2019
Gross revenue from sales of services	237,076	411,694	160,106	329,766
Taxes and deductions on sales of services	(12,225)	(21,951)	(9,431)	(18,341)
Net revenue	224,851	389,743	150,675	311,425

Consolidated				
	April 1, 2020 to June 30, 2020	January 1, 2020 to June 30, 2020	April 1, 2019 to June 30, 2019	January 1, 2019 to June 30, 2019
Gross revenue from sales of services	1,925,826	3,424,176	1,821,590	3,544,027
Taxes and deductions on sales of services	(97,866)	(172,652)	(92,850)	(180,341)
Net revenue	1,827,960	3,251,524	1,728,740	3,363,686

6.2 Costs and expenses by nature

Notes to the interim financial statements
(In thousands of Brazilian Reals - R\$, unless otherwise stated)

Expenses are presented in the income statement by function. The reconciliation of income by nature / purpose is as follows:

Parent Company				
	April 1, 2020 to June 30, 2020	January 1, 2020 to June 30, 2020	April 1, 2019 to June 30, 2019	January 1, 2019 to June 30, 2019
Material for use and consumption	(329)	(491)	(132)	(236)
Employee benefit expense	(6,569)	(11,703)	(998)	(4,834)
Depreciation and amortization	(25,217)	(50,435)	(25,786)	(51,357)
Third-party services expense	(1,215)	(2,919)	(1,822)	(3,915)
Transportation and elevation expenses	(117,681)	(236,223)	(93,262)	(194,963)
Other expenses	(4,729)	(9,442)	(7,246)	(14,801)
	(155,740)	(311,213)	(129,246)	(270,106)
Cost of services provided	(172,039)	(292,035)	(122,429)	(252,636)
Selling expenses	(91)	(48)	108	30
General and administrative expenses	16,390	(19,130)	(6,925)	(17,500)
	(155,740)	(311,213)	(129,246)	(270,106)

Consolidated				
	April 1, 2020 to June 30, 2020	January 1, 2020 to June 30, 2020	April 1, 2019 to June 30, 2019	January 1, 2019 to June 30, 2019
Material for use and consumption	(45,430)	(75,141)	(38,560)	(71,675)
Employee benefit expense	(213,224)	(450,337)	(235,616)	(459,670)
Depreciation and amortization	(400,715)	(795,477)	(416,810)	(839,433)
Third-party services expense	(88,033)	(175,831)	(79,624)	(155,483)
Transportation and elevation expenses	(428,706)	(795,054)	(403,035)	(821,137)
Other expenses	(71,117)	(131,373)	(46,217)	(111,390)
	(1,247,225)	(2,423,213)	(1,219,862)	(2,458,788)
Cost of services provided	(1,150,885)	(2,222,053)	(1,140,694)	(2,294,168)
Selling expenses	(8,169)	(17,321)	7,258	4,416
General and administrative expenses	(88,171)	(183,839)	(86,426)	(169,036)
	(1,247,225)	(2,423,213)	(1,219,862)	(2,458,788)

6.3 Other operating income (expenses), net

Notes to the interim financial statements
(In thousands of Brazilian Reals - R\$, unless otherwise stated)

	Parent Company			
	April 1, 2020 to June 30, 2020	January 1, 2020 to June 30, 2020	April 1, 2019 to June 30, 2019	January 1, 2019 to June 30, 2019
Net effect of judicial proceedings	(2,924)	(2,959)	(789)	(8,808)
Rental and leases revenue	6,300	12,600	3,360	6,720
Result on sale of scrap / eventual	233	7,268	271	1,225
Extemporaneous tax credits	7	98	-	-
Other	(728)	(2,289)	(644)	(1,062)
	2,888	14,718	2,198	(1,925)

	Consolidated			
	April 1, 2020 to June 30, 2020	January 1, 2020 to June 30, 2020	April 1, 2019 to June 30, 2019	January 1, 2019 to June 30, 2019
Net effect of judicial proceedings	(14,543)	(33,590)	(17,010)	(39,497)
Income of port operations	(5,139)	(3,532)	1,003	2,476
Result from sale of scraps	9,634	16,885	5,264	14,498
Amortization of right-of-use ⁽ⁱ⁾	(24,206)	(48,413)	-	-
Result on disposals of fixed assets and intangible assets	526	1,755	144	818
Extemporaneous tax credits	6,386	18,062	-	-
Settlement of disputes in the renewal process ⁽ⁱⁱ⁾	348,319	278,496		-
Loss from impairment (Note 5.12)	(107,106)	(107,106)	-	-
Other	(8,188)	(8,776)	5,109	(5,310)
	205,683	113,781	(5,490)	(27,015)

- (i) The depreciation of the right-of-use assets of Malha Central is being presented as "Other operating expenses" as the Company is in the pre-operating phase and is not generating revenue.
- (ii) R\$ 348,319 with a positive effect related to the reversal of lease liabilities in litigation registered in May (Note 5.16.a); and R\$ 69,823 of negative effect recorded in January due to administrative and judicial disputes involving the Granting Authority and Malha Paulista, whose discussion the Company gave up as a prerequisite for the conclusion of the concession's early renewal process, one of the requirements imposed by TCU - Federal Audit Court.

6.4 Financial results

Notes to the interim financial statements
(In thousands of Brazilian Reals - R\$, unless otherwise stated)

The details of financial income and costs are as follows:

	April 1, 2020 to June 30, 2020	January 1, 2020 to June 30, 2020	April 1, 2019 to June 30, 2019	January 1, 2019 to June 30, 2019
Cost of gross debt				
Interest and monetary variation	(21,749)	(82,968)	(37,953)	(63,414)
Net exchange rate changes on debts	(26,083)	(94,240)	3,425	2,276
Result from derivatives and fair value	12,955	117,448	1,978	(5,179)
Amortization of funding expenses	(3,996)	(6,949)	(1,143)	(1,516)
Guarantees and warranties on loans	(608)	(1,536)	(3,219)	(8,382)
	(39,481)	(68,245)	(36,912)	(76,215)
Cash investment income	13,701	25,607	1,881	3,183
	13,701	25,607	1,881	3,183
Cost of debt, net	(25,780)	(42,638)	(35,031)	(73,032)
Other charges and monetary variations				
Interest on other receivables	21	392	(607)	(297)
Lease liabilities	(3)	(10)	(16)	(34)
Banking expenses and other	(86)	(480)	(170)	(351)
Interest on contingencies and commercial contracts	(759)	(791)	(2,108)	(11,524)
Exchange and monetary variation	397	(6,318)	792	16
Interest on other liabilities	(704)	(1,340)	(832)	(1,070)
	(1,134)	(8,547)	(2,941)	(13,260)
Finance result, net	(26,914)	(51,185)	(37,972)	(86,292)
Reconciliation				
Financial expenses	(137,704)	(174,846)	(80,923)	(128,552)
Financial income	13,721	25,999	1,273	2,886
Exchange variation	(25,686)	(100,559)	4,217	2,292
Derivatives	122,755	198,221	37,461	37,082
Finance result, net	(26,914)	(51,185)	(37,972)	(86,292)

Consolidated

Notes to the interim financial statements
(In thousands of Brazilian Reals - R\$, unless otherwise stated)

	April 1, 2020 to June 30, 2020	January 1, 2020 to June 30, 2020	April 1, 2019 to June 30, 2019	January 1, 2019 to June 30, 2019
Cost of gross debt				
Interest and monetary variation	(200,353)	(408,366)	(186,454)	(362,725)
Net exchange rate changes on debts	(386,112)	(1,953,502)	86,756	60,304
Result from derivatives and fair value	455,953	1,921,453	(5,434)	(848)
Amortization of funding expenses	(12,240)	(22,332)	(7,672)	(20,771)
Guarantees and warranties on loans	(7,858)	(13,325)	(18,355)	(33,244)
	(150,610)	(476,072)	(131,159)	(357,284)
Cash investment income	34,530	62,398	38,957	72,263
	34,530	62,398	38,957	72,263
Cost of debt, net	(116,080)	(413,674)	(92,202)	(285,021)
Other charges and monetary variations				
Interest on other receivables	5,971	13,916	6,320	14,791
Lease and concessions in dispute	(34,500)	(69,292)	(49,780)	(98,391)
Reversal of lease liability charges in dispute ⁽ⁱ⁾	131,243	131,243	-	-
Lease liabilities	(157,924)	(291,900)	(88,102)	(135,525)
Banking expenses and other	(10,277)	(22,483)	(10,745)	(20,319)
Interest on contingencies and commercial contracts	(16,937)	(67,183)	(20,937)	(47,575)
Exchange and monetary variation	(3,241)	(11,614)	(456)	(949)
Interest on other liabilities	711	(734)	(2,785)	(10,235)
	(84,954)	(318,047)	(166,485)	(298,203)
Finance result, net	(201,034)	(731,721)	(258,687)	(583,224)
Reconciliation				
Financial expenses	(309,821)	(766,634)	(624,904)	(1,060,016)
Financial income	42,187	78,577	45,278	87,055
Exchange variation	(389,353)	(1,965,117)	86,300	59,355
Derivatives	455,953	1,921,453	234,639	330,382
Finance result, net	(201,034)	(731,721)	(258,687)	(583,224)

- (i) Positive effect related to the portion of charges included in the reversal of lease liabilities in litigation registered in May (Note 5.16.a).

Notes to the interim financial statements
(In thousands of Brazilian Reals - R\$, unless otherwise stated)

6.5 Share-based payment

The following share-based payment agreements:

Stock Grants Plans	Lack period (years)	Grant date	Interest rate	Volatility	Granted shares	Exercised / cancelled	Effective on June 30, 2020	Market price on grant date - R\$	Fair value on grant date - R\$
2015 Plan	5	October 1, 2015	11.33%	42.75%	1,485,900	(258,300)	1,227,600	6.10	6.10
2016 Plan	5	January 2, 2017	11.33%	42.75%	1,476,000	(226,900)	1,249,100	6.10	6.10
2017 Plan	5	September 1, 2017	9.93%	29.76%	870,900	(131,300)	739,600	10.42	10.42
2018 Plan	5	August 1, 2018	10.93%	31.97%	1,149,544	(155,621)	993,923	13.94	13.94
2019 Plan	5	August 15, 2019	6.28%	27.46%	843,152	(19,956)	823,196	22.17	22.17
					5,825,496	(792,077)	5,033,419		

a) Reconciliation of shares granted in circulation

The movement in the number of outstanding premiums and their related weighted average exercise prices are as follows:

	<i>Stock option</i> Rumo S.A		<i>Stock grant</i> Rumo S.A
	Number of options	Average exercise price	Number of shares
At January 1, 2020	150,662	57.06	5,228,186
Exercised / delivered	-	-	(85,353)
Lost / cancelled	(51,311)	60.77	(109,414)
At June 30, 2020	99,351	56.60	5,033,419

b) Expense recognized in profit or loss

In the period ended on June 30, 2020, R\$ 6,237 was recognized as expenses related to the appropriation of the "Stock Grant" Plans (R\$ 4,477 on June 30, 2019).

6.6 Earnings per share

Notes to the interim financial statements
(In thousands of Brazilian Reals - R\$, unless otherwise stated)

Basic earnings per share are calculated by dividing net earnings by the weighted average number of common shares outstanding during the period. Diluted earnings per share are calculated by adjusting earnings and the number of shares by the impacts of potentially dilutive instruments.

The following table shows the calculation of earnings per share (in thousands, except per share) for the period ended June 30, 2020, and 2019:

Basic and diluted

	April 1, 2020 to June 30, 2020	January 1, 2020 to June 30, 2020	April 1, 2019 to June 30, 2019	January 1, 2019 to June 30, 2019
Result for the period	404,409	131,821	184,894	211,249
Diluted effects:				
Dilutive effect - Brado Logística	(399)	(959)	378	338
Diluted result for the period attributable to controlling shareholders	404,010	130,862	185,272	211,587
Denominator:				
Weighted average number of common share	1,559,115	1,559,115	1,559,214	1,559,214
Diluted effects:				
Dilutive effect - Brado Logística	3,264	3,264	3,264	3,264
Dilutive effect - Stock option plan	4,714	4,696	3,986	3,986
Weighted average number of common share - diluted	1,567,093	1,567,075	1,566,464	1,566,464
Basic earnings per common share	R\$0.25938	R\$0.08455	R\$0.11858	R\$0.13548
Diluted earnings per common share	R\$0.25781	R\$0.08351	R\$0.11827	R\$0.13507

Thinning instruments

Notes to the interim financial statements
(In thousands of Brazilian Reals - R\$, unless otherwise stated)

The non-controlling shareholders of the indirect subsidiary Brado, are entitled to exercise the Liquidity Option provided for in the shareholders' agreement signed on August 5, 2013. This option consists of replacing the totality of the shares held by said non-controlling shareholders with a number of shares determined according to the established exchange ratio, which takes into account the economic value to be established for both the Brado business and the Company's business. At the Company's sole discretion, an equivalent cash payment is also possible. The assumptions of value and form of settlement are subject to the decision of the arbitration procedure and on June 30, 2020, the effect is antidilutive, while on June 30, 2019, it is the best estimate of 3,264 shares, with dilutive effect, which are therefore considered in the analysis of diluted earnings per share.

The Company has share-based compensation plans, as detailed in note 6.5, whose instruments (restricted options or shares). As of June 30, 2020, and 2019, they have no dilutive effect.

EARNINGS RELEASE 2Q20

Curitiba, August 13, 2020 – RUMO S.A. (B3: RAIL3) (“Rumo”) today announces its results for the second quarter of 2020 (2Q20), including April, May, and June. The results are consolidated in accordance with the accounting criteria adopted in Brazil and International Financial Reporting Standards (IFRS). Comparisons in this report consider 2Q20 and 2Q19, unless otherwise indicated.

Rumo 2Q20 and 6M20 Highlights

- Total transported volume in 2Q20 was 16.4 billion RTK, up 13.9% from 2Q19, due to the high demand for transportation and a record high soybean crop, coupled with strong operating performance.
- This quarter we reported adjusted EBITDA to ensure comparison with last year by (i) excluding Central Network’s costs; (ii) excluding the effects from the Paulista Network concession renewal process; and (iii) the non-cash impairment provision for the West Network.
- Adjusted EBITDA stood at R\$982 million, up 6.3% from 2Q19, with adjusted EBITDA margin of 53.7%, up 0.2 p.p. The result was impacted by a tariff decrease in the quarter, due to (i) lower fuel prices, resulting in gains in fuel costs that did not offset loss in tariffs, and (ii) the negotiation of take-or-pay contracts during an unfavorable market scenario, especially in March.
- Net income reached R\$405 million in the quarter, compared to R\$185 million in 2Q19.
- Leverage reached 2.0x broad net debt/LTM Adjusted EBITDA.
- Capex totaled R\$722 million in 2Q20, 64.6% higher than in 2Q19, reflecting higher investments in the Central Network, that reached R\$163 million in the quarter.

2Q20	2Q19	Chg.	Summary of Financials (Amounts in BRL mln)	6M20	6M19	Chg.
16,417	14,416	13.9%	Total transported volume (million RTK)	28,714	27,722	3.6%
4,124	2,627	57.0%	Total volume loaded (TU '000)	6,668	5,448	22.4%
1,828	1,729	5.7%	Net Revenue¹	3,252	3,364	-3.3%
(1,151)	(1,141)	0.9%	Cost of goods sold	(2,222)	(2,294)	-3.1%
677	588	15.2%	Gross profit	1,029	1,070	-3.7%
37.0%	34.0%	3.0 p.p.	Gross margin (%)	31.7%	31.8%	-0.1 p.p.
(96)	(79)	21.6%	Sales, general, and administrative expenses	(201)	(165)	22.2%
210	(2)	>100%	Other op. revenues (expenses) and equity pickup ²	121	(18)	>100%
791	507	77.9%	Operational profit	949	886	7.1%
425	417	1.9%	Depreciation and amortization	844	839	0.6%
1,216	924	31.5%	EBITDA	1,793	1,726	3.9%
66.5%	53.5%	13.0 p.p.	EBITDA margin (%)	55.1%	51.3%	3.8 p.p.
982	924	6.3%	Adjusted EBITDA*	1,635	1,726	-5.3%
53.7%	53.5%	0.2 p.p.	Adjusted EBITDA margin (%)*	50.3%	51.3%	-1.0 p.p.
405	185	>100%	Net profit (loss)	132	211	-37.5%
22.2%	10.7%	11.5 p.p.	Net margin (%)	4.1%	6.3%	-2.2 p.p.
722	439	64.6%	Capex	1,283	981	30.8%

Note 1: Includes revenue from the right-of-way of other railways, revenue from sugar transportation using other railways, or road transportation and revenue from volumes contracted, but not executed, according to commercial agreements (take-or-pay).

Note 2: Includes depreciation and amortization of the Central Network, as it is still non-operational.

Note (*): Excluding the effects of Central Network, the effects of the Paulista Network renewal process. And the West Network’s impairment provision.

Earnings Conference Call

English* - 2:00 p.m. (Brasília time)

With simultaneous translation into Portuguese

August 13, 2020 (Thursday)

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1. Impacts of the Paulista Network Renewal on the Balance Sheet

On May 27, 2020, the Company signed, together with the Union, through Brazil's National Land Transportation Agency (ANTT), the Second Amendment to the Concession Agreement for Rumo Malha Paulista, duly authorized by Brazil's Federal Court of Auditors (TCU), extending the duration of the concession until 2058.

Therefore, in accordance with the Technical Pronouncement CPC 06 (R2) and the international accounting standards IFRS 16 – Leasing, the Company recorded the following items in its Balance Sheet as **leasing liabilities**¹: (i) the present value of the additional concession fee, and (ii) the change in the lease established in the original contract, due to recalculation by the interest rate implied in the amendment (regulatory WACC of 11.04%) in the lease liability account, in the amount of R \$ 3,407 million, as consideration for the corresponding **right-of-use**. Furthermore, future investments related to the concession agreement will be recorded as **PP&E** as they are incurred.

Balance sheet accounts affected by registration of concession fees (Amounts in R\$ mln)	06/30/2020	03/31/2020
Right-of-use	7,797	4,355
Lease liabilities	7,909	4,509

Leases and concessions in dispute and in stallments (Amounts in R\$ mln)	06/30/2020	03/31/2020
Leasing in Dispute	1,730	3,461
Paulista Network	152	1,906
West Network	1,578	1,555
Leasing in installments (Paulista Network)	1,174	-
Concession Liabilities	58	56
Paulista Network	21	20
South Network	36	36
Total	2,963	3,518

The accounts offsetting carried out between Rumo Malha Paulista and ANTT also converted, in favor of the Union, the balance of R\$ 120 million related to judicial deposits disputed with regards to the renegotiation of concession leasing agreement.

¹ Composed by the balance of operating and financial leases.

2. Adjusted Results

2.1 Central Network

As of July 2019, Rumo began reporting consolidated results to include Central Network figures. For the first six months of 2020, reported results are not comparable to the previous year due to the Central Network concession agreement signed in July 31 2019. For the second half of 2020, costs and expenses related to this new operation will be higher in comparison to the first half, because, despite being in the pre-operational stages, a dedicated structure to monitor investments has already been set up. The operation's net loss had a R\$46.9 million impact in the quarter from the concession fees.

2.2 Paulista Network Renewal Process

The renewal of the Paulista Network concession, announced to the market in a material fact notice on May 27 2020, brought non-recurring impacts on 2020 second half results. The accounts offsetting between concession liabilities and credits from labor claims, previously paid for by Rumo, generated gains of R\$348 million in 2Q20.

2.3 West Network Impairment Provision

A significant decrease in volume transported by the West Network in 2020 impacted the forecasts of future cash generation, pointing to impairment indexes within the Company. After reviewing these cash flows, the impairment provision increased by R\$107 million. This amount did not impact the Company's cash and is equivalent to the remaining balance of permanent subsidiary assets. This event contributed to the West Network rebidding request as announced in the Material Fact published on July 21 2020.

2.4 Adjusted Results

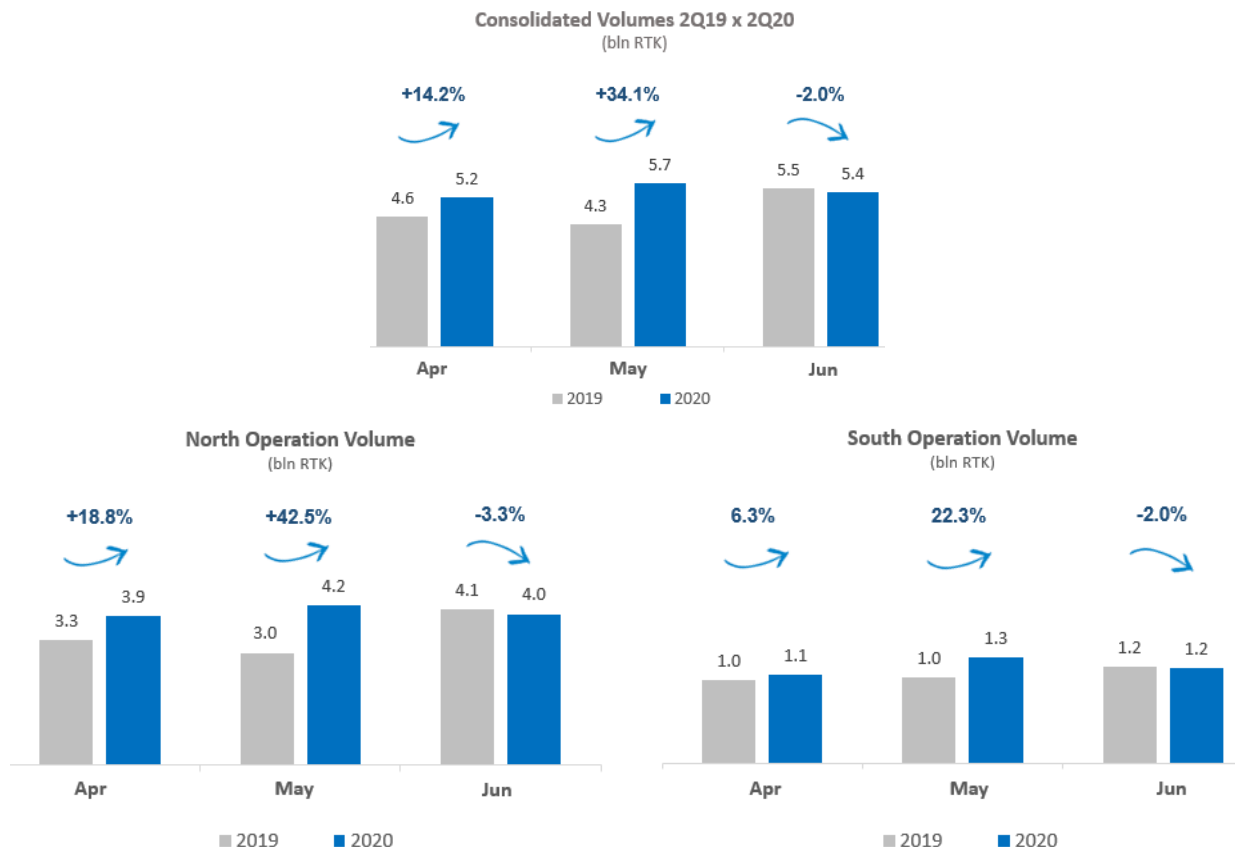
Summary of Financial Information (Amounts in BRL mln)	2Q20	Adjustments Central Network	Adjustments Paulista Network	Impairment Provision West Network	Adjusted 2Q20	2Q19	Chg.
Net operating revenue	1,828	-	-	-	1,828	1,729	5.7%
Gross profit	677	-	-	-	677	588	15.1%
<i>Gross margin (%)</i>	<i>37.0%</i>	-	-	-	<i>37.0%</i>	<i>34.0%</i>	<i>3.0 p.p</i>
Sales, general, and administrative expenses	(96)	6	-	-	(90)	(79)	13.9%
Other op. revenue (expenses) & eq. pickup	210	25	(348)	107	(6)	(2)	>100%
Operational profit	791	31	(348)	107	581	507	14.6%
Depreciation and amortization	425	(24)	-	-	401	417	-3.9%
EBITDA	1,216	7	(348)	107	982	924	6.3%
<i>EBITDA margin (%)</i>	<i>66.5%</i>	-	-	-	<i>53.7%</i>	<i>53.4%</i>	<i>0.3 p.p.</i>
Capex	722	(163)	-	-	560	439	27.7%

Summary of Financial Information (Amounts in BRL mln)	6M20	Adjustments Central Network	Adjustments Paulista Network	Impairment Provision West Network	Adjusted 6M20	6M19	Chg.
Net operating revenue	3,252	-	-	-	3,252	3,364	-3.3%
Gross profit	1,029	-	-	-	1,029	1,070	-3.8%
<i>Gross margin (%)</i>	<i>31.7%</i>	-	-	-	<i>31.7%</i>	<i>31.8%</i>	<i>-0.1 p.p.</i>
Sales, general, and administrative expenses	(201)	17	-	-	(184)	(165)	11.5%
Other op. revenue (expenses) & eq. pickup	121	50	(284)	107	(6)	(18)	-63.9%
Operational profit	949	67	(284)	107	839	887	-5.4%
Depreciation and amortization	844	(48)	-	-	796	839	-5.1%
EBITDA	1,793	19	(284)	107	1,635	1,726	-5.3%
<i>EBITDA margin (%)</i>	<i>55.1%</i>	-	-	-	<i>50.3%</i>	<i>51.3%</i>	<i>-1.0 p.p.</i>
Capex	1,283	(177)	-	-	1,106	981	12.8%

Other sections of this Earnings Release report consolidated results unless indicated as "adjusted."

3. 2Q20 and 6M20 Executive Summary

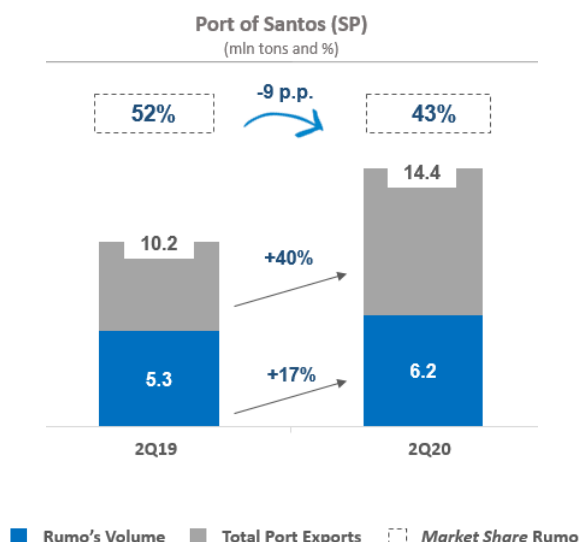
The volume transported by Rumo in 2Q20 was 16.4 billion RTK, up 13.9% from 2Q19. The country's good performance in exports contributed to the 18.3% increase in **grain** transported volume, with strong results in both the North and South Operations. The more favorable market conditions for **sugar** compared to ethanol - due to the decrease in consumption as a result of Covid-19 quarantine and the competitiveness against gasoline due to historically-low oil prices - led to an increase in the commodity's exports and transported volume by 30.6%. The **fertilizers** segment continues to expand rapidly, posting a 23% growth in transported volume. Transportation of **industrial products** and **containers**, negatively impacted by the Covid-19 pandemic, decreased by 14.3% and 4.2%, respectively, affecting consolidated volumes.



Source: Rumo's internal system

Rumo increased its volume of grains transported to the Port of Santos (SP) by 17% in 2Q20, while total exports by this Port grew 40%, resulting in a market share loss of 9 p.p. Important to notice that total exports from Mato Grosso through Santos did not increase, implying that there has been a greater use of railway to transport cargo from that state, and also that the higher volumes transported to the Port of Santos came from other regions. Rumo continues to work on projects to increase its capacity in order to accommodate more volume in periods of high demand.

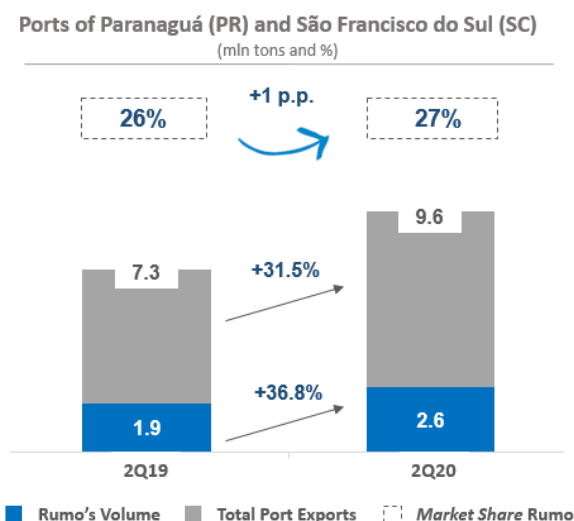
Rumo's Quarterly Volume and Market Share Evolution in Transportation at the Port of Santos (SP)



Source: Marine Agency and Rumo's System

The South Operation's market share of grain transportation to the Ports of Paranaguá (PR) and São Francisco do Sul (SC) grew 1.p.p., driven by a significant increase in the soybean crop of Paraná and the entry of additional volumes in the west region of that state, due to the agreement signed between Ferroeste and Rumo.

Quarterly evolution of volume and transport market share at the Ports of Paranaguá (PR) and São Francisco do Sul (SC)



Source: Marine Agency and Rumo's System

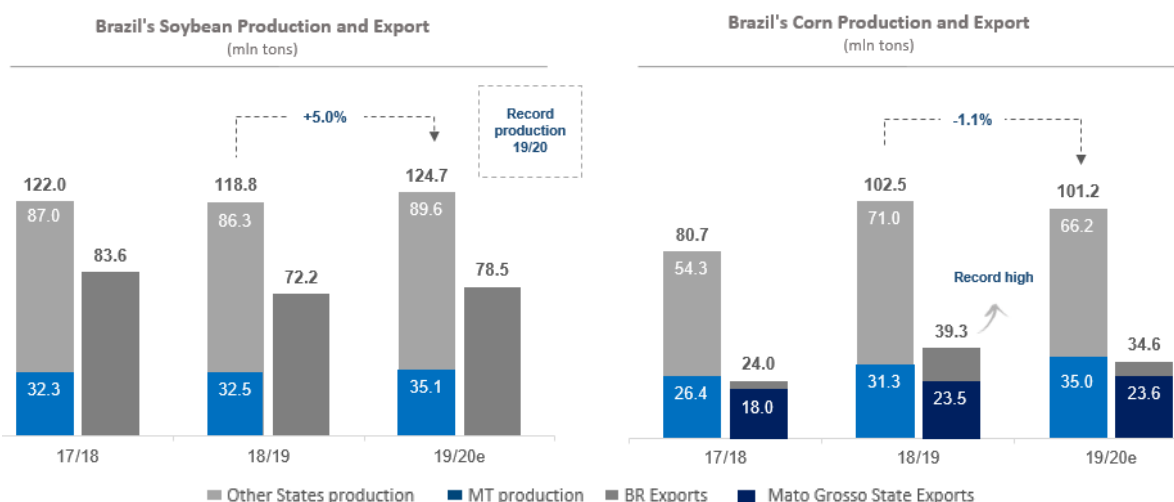
Net revenue amounted to R\$1,828 million, up 5.7%, reflecting the 13.9% increase in volume and the 8.5% decrease in tariffs. The greater impact on tariff this quarter was a result of the 25.3% decrease in fuel prices compared to 2Q19, which resulted in a 6.3% tariff decrease, since commercial contracts determine the pass-through of 25% of the change in fuel prices to freight prices. Excluding the fuel effect, tariff decreased by 2.2% from 2Q19.

In the **North Operation**, the 10.5% decrease in tariffs, coupled with the impact from fuel, reflected the take-or-pay contracts closing during periods of lower road freight prices, particularly in March. In the **South Operation**, tariffs decreased by only 1.8%, since the cargo mix with a higher share of grains and sugar in Paraná helped offset the impact from fuel. In the **Container Operation**, tariffs dropped by 10.2% on account of the impacts of Covid-19 on the mix of transported products, mainly due to lower exports of cotton and wood and the decrease in domestic transportation.

Adjusted EBITDA was R\$982 million, growing 6.3% from 2Q19. **Fixed costs and general and administrative expenses** had a good performance, growing only 1%, excluding the Central Network, even though the Company has incurred higher costs due to contingency measures against Covid-19. **Variable costs** increased 7.8%, less than the growth in volume, reflecting (i) gains of R\$61 million in fuel costs, due to the decrease of 25.3% yoy in fuel prices, which, because of the pass-through mechanism, was not enough to offset the loss of R\$104 million in tariff; and (ii) higher costs with logistics solutions, due to additional contingency costs as a result of the pandemic and the 47.0% increase in volume in this segment. With that, EBITDA margin grew 0.2 p.p. to 53.7%.

Rumo posted **net income** of R\$405 million (compared to R\$185 million in 2Q19) and leverage of 2.0x broad net debt/LTM Adjusted EBITDA.

As for the **corn** market, according to Agroconsult forecasts, Brazil is expected to export 34.6 million tons of this grain in 2020, a decrease of 4.7 million tons from 2019, which already happened in the first half, showing that exports in the second half may be stable. Forecasts for Mato Grosso, as per Agroconsult, expect the same level of exports in the year as in 2019. Finally, according to IMEA, 87% of the corn crop in Mato Grosso has already been sold.



Source: Agroconsult.
Note: (e) - Estimate

In light of the **Covid-19** pandemic, the Company continues to guarantee the safety of its employees with a robust contingency plan, respecting the protocols established by government agencies in the cities where it operates. Mass-tests are being performed to prevent contamination, and donations have been intensified to meet the specific needs of the most impacted cities. As a result, the Company's operations remain active with a strong focus on the safety of employees, helping to put Brazil in motion from North to South.

With regards to **ESG - Environmental, Social, Governance**, the Company highlights the publication of its fourth Annual Sustainability Report, in which it presents its 9 long-term commitments aligned with the United Nations (UN) Sustainable Development Goals (SDG), including goals for safety, specific greenhouse gas emissions, and employee satisfaction. The document² shows the main results achieved in 2019 and in the first half of 2020, notably: geographic expansion of the Company's operations (Central Network); strengthening and consolidation of its long-term strategy through the early renewal of the Paulista Network; issuance of the first green bond for Latin American cargo railways; high safety levels; improvements in energy efficiency through robust investments in the railway grid and in innovation; and initiatives to promote diversity within the Company.

² Available on the Company's IR website at: <http://ri.rumolog.com/en/about-rumo/sustainability/>.

3. Consolidated Operating & Financial Indicators

2Q20	2Q19	Chg.%	Summary of Financial Information (Amounts in BRL mln)	6M20	6M19	Chg.%
16,417	14,416	13.9%	Total transported volume (million RTK)	28,714	27,722	3.6%
14,118	11,810	19.5%	Agricultural products	23,984	22,630	6.0%
1,659	1,937	-14.3%	Industrial products	3,402	3,831	-11.2%
641	669	-4.2%	Containers	1,328	1,260	5.4%
93.9	102.6	-8.5%	Average transportation yield (R\$/000 RTK) ³	96.1	103.2	-6.9%
4,124	2,627	56.9%	Total volume loaded (TU '000)	6,668	5,448	22.4%
24.7	25.9	-4.7%	Average loading yield (R\$/TU)	24.5	25.8	-5.1%
1,828	1,729	5.7%	Net operating revenue	3,252	3,364	-3.3%
1,541	1,479	4.2%	Transportation	2,760	2,878	-4.1%
102	68	49.6%	Port loading	163	141	16.1%
185	182	1.6%	Other ⁴	328	345	-5.1%
1,216	924	31.5%	EBITDA	1,793	1,726	3.9%
66.5%	53.5%	13.0 p.p	EBITDA margin (%)	55.1%	51.3%	3.8 p.p
982	924	6.3%	Adjusted EBITDA*	1,635	1,726	-5.2%
53.7%	53.5%	0.2 p.p	Adjusted EBITDA margin (%)	50.3%	51.3%	-1.0 p.p

Note 3: Average transportation tariffs include final amounts charged to the client (container), exclude take-or-pay, and right-of-way.

Note 4: Includes revenue from right-of-way of other railways, revenue from sugar transportation using other railways, and road transportation mode, and revenue from unrealized contracted volumes under commercial agreements (take-or-pay).

Note (*): Excludes the effects of Central Network; effects from the Paulista Network renewal process, and impairment provision for West Network.

Rumo's Transported Volume and Yield by Operation

2Q20	2Q19	Chg.%	Operational Figures (Amounts in BRL mln)	6M20	6M19	Chg.%
16,417	14,416	13.9%	Total transported volume (million RTK)	28,714	27,722	3.6%
14,118	11,810	19.5%	Agricultural products	23,984	22,630	6.0%
8,498	5,471	55.3%	Soybean	15,306	13,212	15.8%
1,945	1,841	5.6%	Soybean meal	3,468	3,371	2.9%
1,432	2,723	-47.4%	Corn	1,580	3,227	-51.0%
1,052	805	30.6%	Sugar	1,612	1,188	35.7%
1,191	969	22.9%	Fertilizers	1,991	1,582	25.9%
-	-	>100%	Other	26	48	-46.3%
1,659	1,937	-14.3%	Industrial products	3,402	3,831	-11.2%
881	1,128	-21.9%	Fuels	1,873	2,245	-16.6%
565	593	-4.7%	Wood, pulp, and paper	1,125	1,165	-3.5%
213	217	-1.5%	Other	403	421	-4.2%
641	669	-4.2%	Containers	1,328	1,260	5.4%

2Q20	2Q19	Chg.	Yield by Operation	6M20	6M19	Chg.
North Operation						
91.1	101.8	-10.5%	Yield (R\$/000 RTK)	94.4	104.0	-9.2%
73.8%	72.0%	1.8p.p.	% Volume	73.8%	71.5%	2.3p.p.
South Operation						
104.3	106.2	-1.8%	Yield (R\$/000 RTK)	102.9	102.0	0.9%
22.3%	23.4%	-1.1p.p.	% Volume	21.6%	24.0%	-2.4p.p.
Container Operation						
86.7	96.6	-10.2%	Yield (R\$/000 RTK)	91.1	97.7	-6.8%
3.9%	4.6%	-0.7p.p.	% Volume	4.6%	4.5%	0.1p.p.
Consolidated						
93.9	102.6	-8.5%	Yield (R\$/000 RTK)	96.1	103.2	-6.9%

Results by Business Unit

Business Units

The business units (reporting segments) are categorized as follows:

- **North Operation** North Network, Paulista Network, and Port Operations in Santos.
- **South Operation** West Network and South Network.
- **Container Operation** Container Operation, including Brado Logística.
- **Central Operation³** Central Operations, in pre-operational phase.

Results by Business Unit 2Q20	North Operation	South Operation	Container Operation	Subtotal	Central Operation	Consolidated
Transported volume (million RTK)	12,116	3,660	641	16,417	-	16,417
Net revenue	1,383	386	59	1,828	-	1,828
Cost of services	(777)	(311)	(64)	(1,151)	-	(1,151)
Gross profit (loss)	607	75	(5)	677	-	677
Gross margin (%)	43.9%	19.5%	-9.0%	37.0%	-	37.0%
Selling, general, and administrative expenses	(60)	(21)	(9)	(90)	(6)	(96)
Other operating revenues (expenses) & eq.pickup ⁵	343	(108)	0	235	(25)	210
Depreciation and amortization ⁶	260	123	18	401	24	425
EBITDA	1,149	70	4	1,223	(7)	1,216
EBITDA margin (%)	83.1%	18.1%	7.0%	66.9%	-	66.5%
Adjustment EBITDA	(348)	107	-	(241)	7	(234)
Adjusted EBITDA*	801	177	4	982	-	982
Adjusted EBITDA margin (%)	57.9%	45.9%	6.8%	53.7%	-	53.7%

Note 5: Includes depreciation and amortization for Central Network which is not yet operational

Note 6: Depreciation and amortization are allocated in terms of costs of services rendered, general, and administrative expenses; excluding the Central Network which is allocated to other revenues and expenses.

Note (*): North Operation exclude the effects associated with the Paulista Network renewal process; South Operation exclude impairment provisions for the West Network; Consolidated excludes the effects of the Paulista Network renewal process, impairments of the West Network, and expenses from the Central Network.

Results by Business Unit 6M20	North Operation	South Operation	Container Operation	Subtotal	Central Operation	Consolidated
Transported volume (million RTK)	21,196	6,190	1,328	28,714	-	28,714
Net revenue	2,468	654	129	3,251	-	3,251
Cost of services	(1,471)	(614)	(137)	(2,222)	0	(2,222)
Gross profit (loss)	997	40	(8)	1,029	0	1,029
Gross margin (%)	40.4%	6.1%	-6.2%	31.7%	-	31.7%
Selling, general, and administrative expenses	(125)	(39)	(19)	(183)	(18)	(201)
Other operating revenues (expenses) & eq. pickup ⁵	286	(115)	0	171	(50)	121
Depreciation and amortization ⁶	517	243	36	796	48	844
EBITDA	1,675	129	9	1,813	(19)	1,794
EBITDA margin (%)	67.9%	19.6%	6.6%	55.7%	-	55.7%
Adjustment EBITDA	(284)	107	0	(177)	19	(159)
Adjusted EBITDA*	1,391	236	9	1,635	-	1,635
Adjusted EBITDA margin (%)	56.4%	36.1%	7.0%	50.3%	-	50.3%

Note 5: Includes depreciation and amortization for Central Network which is not yet operational

Note 6: Depreciation and amortization are allocated to costs of services provided, general, and administrative expenses; excluding the Central Network which is allocated to other revenues and expenses.

Note (*): North Operation exclude the effects associated with the Paulista Network renewal process; South Operation exclude impairment provisions for the West Network; Consolidated excludes the effects of the Paulista Network renewal process, impairments of the West Network, and expenses from the Central Network.

³ The section of Central Operation will not be reported, as this unit is under pre-operating phase, and currently, we only have information on costs.

North Operation

2Q20	2Q19	Chg. %	Operational figures	6M20	6M19	Chg. %
12,116	10,375	16.8%	Total transported volume (million RTK)	21,196	19,815	7.0%
11,143	9,454	17.9%	Agricultural products	19,234	17,976	7.0%
6,382	4,081	56.4%	Soybean	12,055	10,131	19.0%
1,786	1,656	7.8%	Soybean meal	3,163	3,060	3.4%
1,431	2,478	-42.3%	Corn	1,434	2,789	-48.6%
488	426	14.6%	Sugar	857	717	19.6%
1,055	813	29.7%	Fertilizers	1,725	1,279	34.8%
973	921	5.6%	Industrial products	1,962	1,839	6.7%
493	558	-11.6%	Fuels	1,077	1,149	-6.3%
480	363	32.1%	Pulp & Paper	885	689	28.4%
91.1	101.8	-10.5%	<i>Average transportation yield</i>	94.4	104.0	-9.2%
4,124	2,627	57.0%	Total volume loaded (TU '000)	6,668	5,448	22.4%
24.7	25.9	-4.6%	<i>Average loading yield (BRL/TU)</i>	24.5	25.8	-5.0%

In 2Q20, the total volume transported by the North Operation totaled 12.1 billion RTK, up 16.8% from 2Q19. Agricultural products grew 17.9%, driven by **soybean** transportation which expanded by 56.4%, reflecting the improved market scenario. On the other hand, **corn** volume decreased because the crop year started later this year than it did in 2019. A favorable environment for **sugar** enabled a significant increase in commodity transportation and **loading**. The volume of **fertilizers** grew by 29.7% following the expansion planned for this segment. Transportation of **industrial products** grew 5.6%, influenced by **pulp** transportation, which increased 32.1%.

2Q20	2Q19	Chg.	Financial Data (Amounts in BRL MLN)	6M20	6M19	Chg.
1,383	1,284	7.7%	Net operating revenue	2,468	2,524	-2.3%
1,104	1,056	4.6%	Transportation	2,002	2,061	-2.9%
1,013	965	5.0%	Agricultural products	1,816	1,883	-3.6%
91	91	-0.2%	Industrial products	186	178	4.7%
102	68	50.0%	Port loading	164	141	16.4%
178	160	11.2%	Other revenue ⁷	303	322	-5.9%
(777)	(707)	9.9%	Cost of services	(1,471)	(1,421)	3.6%
(339)	(285)	18.6%	Variable costs	(606)	(589)	2.8%
(180)	(162)	11.4%	Fixed costs	(352)	(324)	8.6%
(258)	(259)	-0.3%	Depreciation and amortization	(514)	(509)	1.0%
607	577	5.1%	Gross profit	997	1,103	-9.7%
43.9%	44.9%	-1.1 p.p.	<i>Gross margin (%)</i>	40.4%	43.7%	-3.3 p.p.
(60)	(65)	-7.7%	Sales, general, and administrative expenses	(125)	(124)	0.6%
343	5	>100%	Other op. revenue (expenses) and equity pickup ⁸	286	(13)	>100%
260	261	-0.6%	Depreciation and amortization	517	511	1.2%
1,149	777	47.8%	EBITDA	1,675	1,477	13.4%
83.1%	60.5%	23 p.p.	<i>EBITDA margin (%)</i>	67.9%	58.5%	9 p.p.
801	777	3.0%	Adjusted EBITDA*	1,391	1,477	-5.8%
57.9%	60.5%	-3 p.p.	<i>Adjusted EBITDA margin (%)</i>	56.4%	58.5%	-2 p.p.

Note 7: Includes revenue from right-of-way of other railways, revenue from sugar transportation using other railways, road transportation, and revenue from volumes contracted, but not executed, according to commercial agreements (take-or-pay).

Note 8: Includes non-recurring expenses related to the Paulista Network renewal process.

Note (*): Excludes effects of the Paulista Network renewal process.

Adjusted EBITDA totaled R\$801 million in 2Q20, up 3.0% from 2Q19. Net revenue was impacted by the 10.5% tariff decrease, which canceled out a significant portion of volume growth. **Fixed costs and general and administrative expenses** grew 5.7% reflecting higher operational costs due to criminal accidents and Covid-19. **Variable costs** increased by 18.6% directly impacted by: (i) growth in transportation volume, port loading and logistics solutions, (ii) gain in fuel cost, which was not enough to offset tariff loss, and (iii) higher costs due to Covid-19. Adjusted EBITDA margin reached 57.9%, 3 p.p. lower than in 2Q19.

South Operation

2Q20	2Q19	Chg. %	Operational Figures	6M20	6M19	Chg. %
3,660	3,372	8.5%	Transported volume (million RTK)	6,188	6,647	-6.9%
2,974	2,356	26.2%	Agricultural products	4,749	4,654	2.0%
2,116	1,391	52.1%	Soybean	3,252	3,085	5.4%
158	185	-14.3%	Soybean meal	305	311	-1.8%
-	245	-100.0%	Corn	146	438	-66.6%
564	380	48.5%	Sugar	755	471	60.2%
136	156	-13.1%	Fertilizers	266	303	-12.0%
-	-	>100%	Other	25	48	-48.4%
686	1,016	-32.5%	Industrial products	1,439	1,993	-27.8%
388	570	-31.9%	Fuel	796	1,096	-27.4%
85	230	-63.0%	Wood, pulp, and paper	240	476	-49.6%
213	217	-1.5%	Other	403	421	-4.2%
104.3	106.2	-1.8%	Average transportation yield	102.9	102.0	0.9%

South Operation transported volumes grew by 8.5%, reaching 3.6 billion RTK. This result was driven by the 26.2% increase in volume of **agricultural products**, especially **soybeans** which grew significantly in the North and West of Paraná, offsetting the crop failure in the state of Rio Grande do Sul (RS). **Industrial products** plunged by 32.5%, impacted by the volume of pulp and paper migrating from South Operation to North Operation, and by the decrease in transportation of fuel and other industrial cargo correlated with lower domestic consumption in light of the Coronavirus pandemic.

2Q20	2Q19	Chg. %	Financial Data (Amounts in BRL mln)	6M20	6M19	Chg. %
386	372	3.9%	Net operating revenue	654	700	-6.6%
382	358	6.5%	Transportation	637	678	-6.1%
298	242	23.3%	Agricultural products	462	457	1.2%
84	116	-28.2%	Industrial products	175	221	-21.0%
4	14	-68.8%	Other revenue ⁷	17	23	-26.5%
(311)	(355)	-12.3%	Cost of services	(614)	(712)	-13.8%
(72)	(83)	-13.8%	Variable costs	(140)	(165)	-15.4%
(116)	(134)	-13.7%	Fixed costs	(231)	(261)	-11.3%
(123)	(137)	-10.1%	Depreciation and amortization	(243)	(286)	-15.1%
75	17	>100%	Gross profit (loss)	40	(12)	>100%
19.5%	4.6%	14.9 p.p.	Gross margin (%)	6.1%	-1.7%	7.8 p.p.
(21)	(6)	>100%	Sales, general, and administrative expenses	(39)	(23)	71.2%
(108)	(7)	>100%	Other op. revenue (expenses) and equity pickup	(115)	(7)	>100%
123	137	-10.1%	Depreciation and amortization	243	286	-15.0%
70	142	-51.0%	EBITDA	128	244	-47.5%
18.0%	38.2%	-20.1 p.p.	EBITDA margin (%)	19.6%	34.9%	-15.3 p.p.
107	-	>100%	Provision for West Network Impairment	107	-	>100%
177	142	24.5%	Adjusted EBITDA	235	244	-3.7%
45.9%	38.2%	7.7 p.p.	Adjusted EBITDA margin	35.9%	34.9%	-1.0 p.p.

Note 9: Includes revenue from unrealized volumes contracted under commercial agreements (take-or-pay).

Adjusted EBITDA in South Operation totaled R\$177 million in 2Q20, up 24.5% from 2Q19. A stronger mix of transported products and higher volume of grains and sugar in Paraná helped mitigate the pressure of fuel prices on the tariff which decreased by only 1.8%. In addition, the strong performance of **fixed costs and general and administrative expenses** dropped by 2.1% and contributed to the EBITDA increase. **Variable costs** decreased by 13.8% driven by lower fuel prices which did not offset the negative impact on tariffs. Adjusted EBITDA margin reached 45.9%, 7.7 p.p. higher than in 2Q19.

Container Operation

2Q20	2Q19	Chg. %	Operational figures	6M20	6M19	Chg. %
18,504	19,539	-5.3%	Total volume (containers)	38,195	37,502	1.8%
86.7	96.6	-10.2%	<i>Intermodal average yield (R\$/000 RTK)</i>	91.1	97.7	-6.8%
641	669	-4.2%	Total volume (million RTK)	1,328	1,260	5.4%

The volume of the Container Operation in 2Q20 decreased by 4.2% from 2Q19, reaching 641 million RTK. This result was impacted by the closing of ports in India, China, and Bangladesh for the segment, limiting wood and cotton exports. Covid-19 also impacted the demand for cargo within the domestic market.

2Q20	2Q19	Chg. %	Financial Data (Amounts in BRL mln)	6M20	6M19	Chg. %
59	73	-19.6%	Net operating revenue¹⁰	129	139	-7.2%
56	65	-14.0%	Transportation	123	123	0.2%
3	9	-65.9%	Other revenues	6	16	-61.6%
(64)	(78)	-18.2%	Cost of services	(137)	(160)	-14.4%
(25)	(35)	-29.0%	Variable costs	(58)	(67)	-13.0%
(22)	(26)	-16.3%	Fixed costs	(45)	(53)	-15.5%
(17)	(18)	-5.0%	Depreciation and amortization	(34)	(40)	-15.1%
(5)	(5)	1.9%	Gross income (loss)	(8)	(20)	-63.1%
-9.0%	-7.1%	-1.9 p.p.	<i>Gross margin (%)</i>	-5.8%	-14.6%	8.8 p.p.
(9)	(8)	2.4%	Sales, general, and administrative expenses	(19)	(18)	7.8%
0	0	100.0%	Other op. revenue (expenses) and equity pickup	(0)	1	>100%
18	19	-3.8%	Depreciation and amortization	36	41	-13.7%
4	5	-19.6%	EBITDA	8	4	99.1%
7.0%	7.0%	-0.0 p.p.	<i>EBITDA margin (%)</i>	6.5%	3.0%	3.5 p.p.

Note 10: Includes revenue from service units.

The Container Operation had an EBITDA of R\$4 million in 2Q20, 19.6% lower than 2Q19. Market restrictions, as mentioned above, impacted the transported cargo mix, coupled with lower fuel prices, resulted in a 10.2% tariff decrease. Furthermore, **variable costs** dropped by 29% due to volume decrease and lower fuel prices. **Fixed costs** and general and administrative expenses performed well, decreasing by 8.8%. As a result, EBITDA margin stood at 7.0% in the quarter.

5. Other Results

Breakdown of Costs, Services Rendered, and General and Administrative Expenses

2Q20	2Q19	Chg. %	Consolidated Costs (Amounts in BRL mln)	6M20	6M19	Chg. %
(1,248)	(1,220)	2.3%	Consolidated costs and Sales, General and Administrative Expenses	(2,425)	(2,459)	-1.4%
(436)	(403)	7.1%	Variable costs	(804)	(821)	-2.1%
(192)	(242)	-20.7%	Fuel and lubricants	(402)	(470)	-14.5%
(89)	(79)	13.2%	Own logistics costs ¹¹	(156)	(146)	6.9%
(128)	(69)	85.2%	Third-party freight costs ¹²	(201)	(162)	24.2%
(27)	(13)	99.3%	Other variable costs ¹³	(45)	(44)	3.4%
(411)	(400)	2.9%	Fixed costs and Sales, General and Administrative Expenses	(825)	(798)	3.3%
(40)	(39)	3.8%	Maintenance	(73)	(73)	-0.4%
(172)	(193)	-11.0%	Payroll expenses	(360)	(377)	-4.6%
(18)	(17)	4.3%	Third-party services	(35)	(37)	-5.7%
(45)	(42)	7.5%	Safety and facilities	(88)	(82)	8.2%
(43)	(32)	34.0%	Other operational costs	(72)	(68)	5.2%
(94)	(77)	21.8%	General and Sales, Administrative Expenses	(197)	(161)	22.5%
(401)	(417)	-3.9%	Depreciation and amortization	(796)	(839)	-5.2%

Note 11: Own logistics costs include sand, right of way, terminals, and other variable costs.

Note 12: Third-party freight costs include road and railroad carriers contracted from other concessionaires.

Note 13: Costs related to rolling stock rentals, electricity, Container Operation road activities, and take-or-pay.

Variable costs amounted to R\$436 million in 2Q20, up 7.8% from 2Q19. The result reflects: (i) higher transported volume, (ii) a 25.3% decrease in fuel prices, and (iii) improved energy efficiency with a 7.6% decrease in diesel consumption (Liters/mGTK). Third-party freight costs increased by 85.1%, due to the 55.4% increase in logistics solution volumes and higher unit costs due to Covid-19 (which also impacted other variable costs).

Fixed costs and general and administrative expenses totaled R\$411 million. Excluding the Central Network costs and expenses of R\$7 million, there was an increase of 1.0%, attesting the Company's good operating leverage. **Depreciation and amortization** costs dropped by 3.8%.

Financial Results

2Q20	2Q19	Chg.%	Financial results (Amounts in BRL mln)	6M20	6M19	Chg.%
(151)	(131)	14.6%	Cost of bank debt¹⁴	(476)	(358)	33.1%
(13)	(16)	-21.7%	Charges for over leasing	(25)	(32)	-21.3%
35	39	-11.5%	Financial income from investments	62	72	-13.7%
(129)	(109)	18.6%	(=)Cost of broad net debt	(439)	(317)	38.3%
(35)	(50)	-30.7%	Monetary charges on concession liabilities	(69)	(98)	-29.6%
(145)	(72)	-	Grants and operating lease ¹⁵	(267)	(104)	-
(17)	(21)	-19.1%	Rates on contingencies and contracts	(67)	(48)	41.2%
124	(7)	-	Other financial expenses	110	(16)	-
(201)	(259)	-22.3%	(=) Financial results	(732)	(583)	25.5%

Note 14: Includes interest, monetary variations, net derivative income, and other debt charges.

Note 15: Considers IFRS 16 adjustments

In 2Q20, the R\$20 million increase in **cost of gross debt** resulted from lower mark-to-market gains (R\$9.4 million gain in 2Q20, compared to an R\$79.3 million in 2Q19). These results were partially offset by a R\$46 million decrease in bank debt expenses and lower CDI (despite an increase in gross debt).

The cost of **concession fees and operating leases** increased due to the inclusion of interest on concession installments for the Central Network, as well as the Paulista Network concession renewal. **Other financial expenses** include the effect of R\$131.2 million from the offsetting of accounts in the Paulista Network renewal process.

Income Tax and Social Contribution

2Q20	2Q19	Chg. %	Income Tax and Social Contribution (Amounts in BRL mln)	6M20	6M19	Chg. %
590	249	>100%	Income (loss) before IT / SC	217	303	-28.4%
34.0%	34.0%	0 p.p.	<i>Theoretical rate IT / SC</i>	34.0%	34.0%	0 p.p.
(200)	(84)	>100%	Theoretical income (expense) with IT / SC	(74)	(103)	-28.4%
Adjustments to calculate effective rate						
(26)	(21)	21.9%	Tax losses and temporary differences not recognized ¹⁶	(59)	(58)	2.4%
38	44	-14.3%	Tax incentives arising from the North Network ¹⁷	38	72	-47.6%
1	1	7.7%	Equity pickup	2	3	-20.7%
2	(1)	>100%	Other effects	7	(3)	>100%
(185)	(61)	>100%	Income (expense) with IT / SC	(86)	(89)	-3.1%
-31.4%	-24.6%	-6.8 p.p.	<i>Effective rate (%)</i>	-39.8%	-29.4%	-10.4 p.p.
(96)	(23)	>100%	IT/SC current	(132)	(43)	>100%
(89)	(38)	>100%	IT/SC deferred	45	(46)	>100%

Note 16: We did not record deferred income tax and social contributions on tax losses for certain companies due to lack of prospects for future taxable income.

Nota 17: North Network benefits from the Amazon Development Office (SUDAM) that entitles a 75% reduction in corporate income tax (rate of 25%) until 2023.

6. Loans and Financing

Broad gross debt totaled R\$18.3 billion at the end of 2Q20. Leverage was 2.0x (broad net debt/EBITDA) considering the adjusted EBITDA of R\$4,003 billion in the last 12 months. The balance of broad net debt came to R\$7.8 billion, up 2.6%.

Total Indebtedness (Amounts in BRL mln)	2Q20	1Q20	Chg.%
Commercial banks	821	591	38.9%
NCE	1,248	1,232	1.3%
BNDES	4,242	2,843	49.2%
Debentures	3,241	2,328	39.2%
Senior notes 2024 and 2025	8,324	7,842	6.2%
Total bank debt	17,875	14,836	20.5%
Leases ¹⁸	468	404	15.7%
Total broad gross debt	18,343	15,240	20.4%
Cash and cash equivalents and securities	(5,877)	(3,582)	64.1%
Net derivative instruments	(4,578)	(3,972)	15.3%
Total broad net debt	7,889	7,686	2.6%
EBITDA LTM ¹⁹	4,003	3,681	8.7%
Leverage (broad net debt / Adjusted EBITDA LTM)	2.0x	2.1x	-4.8%

Note 18: Excludes operating lease IFRS 16.

Note 19: The LTM EBITDA refers to the sum of the last 12 months of EBITDA calculated as follows: sum of the 6-month period ending on June 30 2020 plus proforma EBITDA for the last six months of 2019. For leverage purposes, the effect of West Network impairment is excluded.

The following table gives a breakdown of items that impacted Rumo's consolidated debt.

Movement in gross debt (Amounts in BRL mln)	2Q20
Opening balance of broad net debt	7,686
Cash and cash equivalents and marketable securities	(3,582)
Net derivative instruments	(3,972)
Opening balance of broad gross debt	15,240
Items with cash impact	2,255
New funding	2,390
Amortization of principal	(98)
Amortization of interest rates	(37)
Items without cash impact	848
Provision for interest rates (accrual)	236
Monetary variation, MTM adjustments of debt, and others	612
Closing balance of broad gross debt	18,343
Cash and cash equivalents, and marketable securities	(5,877)
Net derivative instruments	(4,578)
Closing balance of broad net debt	7,889

Rumo is subject to certain restrictive covenants regarding leverage levels and debt service coverage in a few of their contracts. Most restrictive provisions are verified at year-end and refer to broad net debt. Broad net debt includes bank debts, debentures, financial leases, less marketable securities, cash and cash equivalents, restricted cash linked to loans, and derivatives. The covenants for December 2020 are a maximum leverage of 3.3x (broad net debt/LTM EBITDA), and a minimum interest rate coverage index of 2.0x EBITDA/Financial Result.

7. Capex

2Q20	2Q19	Chg.%	Investment (Amounts in BRL mln)	6M20	6M19	Chg.%
722	439	64.6%	Total investments²⁰	1,283	981	30.8%
308	243	26.7%	Recurring	521	469	11.1%
414	196	>100%	Expansion	762	512	48.8%

Note 20: Amounts in cash regime.

In 2Q20, capex reached R\$722 million, 64.6% higher than in 2Q19. This amount includes R\$163 million for the Central Network which should increase in upcoming quarters.

This quarter, recurring capex reached R\$308 million, and expansion capex totaled R\$414 million, highlighting the construction of Central Network and completion of expansion work at Rondonópolis Terminal. Company expansion of the main road-railway terminal, concluded in July 2020, includes the building of: (i) three new warehouses with the capacity for 37,500 tons each, (ii) four new road hoppers with four new bascule lifts to increase work efficiency for truck drivers (totaling 15 road hoppers); and (iii) a third railway granary, allowing the loading of three trains simultaneously. These investments enable an increase of approximately 50% in capacity, including static capacity gains that more than doubled to 112,500 tons.

The Company also highlights investments in permanent way upgrades by replacing tracks and sleepers, expanding yards to fit 120-railcar trains, and improving infrastructure. These projects are in line with the Company's strategy to keep delivering efficiency gains and increase capacity, as it reduces fuel consumption and consequent specific greenhouse gas emissions, ultimately strengthening its commitment to sustainability.

8. Cash Flow Statement

Below is Rumo's consolidated cash flow statement. Marketable securities were considered cash and cash equivalents in this statement.

	2Q20	2Q19	Indirect Cash Flow (Amounts in BRL mln)	6M20	6M19	Chg. %
	1,323	924	EBITDA	1,900	1,726	10.1%
	(382)	(107)	Working capital variations and non-cash effects	(909)	(395)	>100%
	31	24	Operating financial result	15	54	-72.7%
(a)	972	841	(=) Operating cash flow (FCO)	1,006	1,385	-27.3%
	(722)	(439)	Capex	(1,283)	(981)	30.8%
(b)	(308)	(243)	Recurring	(521)	(469)	-11.1%
	(414)	(196)	Expansion	(762)	(512)	48.8%
	3	3	Dividends received	3	5	-33.3%
(c)	(719)	(436)	(=) Cash flow from investing activities (FCI)	(1,280)	(977)	31.1%
(d)	2,390	(18)	Funding	3,319	1,298	>100%
(e)	(201)	(247)	Amortization of principal	(474)	(1,660)	-71.4%
	(164)	(111)	Amortization of interest rates	(547)	(408)	34.2%
	(2)	(5)	Paid dividends	(2)	(5)	-60.8%
	(1)	(1)	Payment of derivative financial instruments	(4)	(25)	-85.1%
	1	-	Receipt of derivative financial instruments	29	-	>100%
	88	(42)	Restricted cash	113	(53)	>100%
	2,111	(424)	(=) Cash flow from financing activities (FCF)	2,434	(853)	>100%
(g)	0	(0)	Forex variation impact on cash balances	2	-	>100%
(f)	2,364	(19)	(=) Net cash generated (consumed)	2,162	(445)	>100%
	3,513	2,558	(+) Total cash (includes cash + marketable securities) opening	3,715	2,985	24.5%
	5,877	2,539	(=) Total cash (includes cash + marketable securities) closing	5,877	2,539	>100%
Metrics						
	664	598	(=) Cash generation after recurring capex (a+b)	485	915	-47.0%
	253	405	(=) Cash generation (consumption) after FCI (a+c)	(274)	408	>100%
	175	246	(=) Cash generation (consumption) before funding and amortization (f-e-d-g)	(685)	(83)	>100%

9. Operating and Financial Performance Indicators

Below is the historical trend of the main operating and financial performance indicators.

Operating and Financial Performance Index	2Q20	2Q19	Chg. %	6M20	6M19	Chg. %
Consolidated						
Operating ratio ²¹	68%	71%	-4.2%	74%	73%	-1.4%
Diesel consumption (liters/ '000 GTK)	3.67	3.97	-7.6%	3.80	4.10	-7.3%
Rail accidents (MM Train/Km)	15.7	16.4	-4.3%	15.7	16.3	-3.7%
Personal accidents (accidents /MM MHW)	0.36	0.44	-18.2%	0.23	0.48	52.1%
North Operation						
Cycle of railcars (days)	9.7	10.3	-5.8%	11.6	10.7	-8.4%
South Operation						
Cycle of railcars (days)	6.3	9.1	-30.8%	7.2	8.6	-16.3%

Note 21: Only considers the variable costs of railway operations.

Operating ratio: This index, which represents the portion of costs and expenses as a percentage of net revenue, decreased 4.2% in 2Q20, reflecting the Company's operational improvement.

Diesel consumption: The 7.6% improvement in 2Q20 versus 2Q19 reflects greater efficiency in locomotive diesel unit consumption, due to investments in technology and innovation in the permanent way, as well as fleet modernization.

Rail accidents: This index, which measures the number of accidents per million kilometers, decreased 4.3% from 2Q19, reflecting the Company's efforts and investments in improving railway safety.

Personal accidents: This index, which measures the number of accidents with leave, significantly improved quarter-on-quarter, by decreasing 18.2% due to the Company's efforts to reduce personal accidents, with an index in line with international railways' benchmark.

Cycle time of railcars: This index improved on account of investments made to increase capacity and the higher demand for transportation in the quarter.

10. Attachments

10.1 Financial Statements - Rumo

10.1.1 Balance Sheet

Balance sheet (Amounts in BRL mln)	06/30/20	03/31/20
Current assets	7,272	4,846
Cash and cash equivalents	5,473	3,177
Marketable securities	404	336
Trade receivables	472	503
Inventories	279	264
Peer company receivables	14	17
Income tax and social contribution	70	35
Other taxes recoverable	379	376
Other assets	181	138
Non-current assets	34,645	30,528
Trade receivable	10	12
Restricted cash	43	130
Deferred income tax and social contribution	1,196	1,260
Recoverable income tax and social contribution	219	226
Other taxes recoverable	697	672
Judicial deposits	321	419
Financial and derivative instruments	4,578	3,972
Other assets	75	65
Investments in associates	45	49
Property and equipment	12,347	12,027
Intangible	7,317	7,340
Right of use	7,797	4,356
Total assets	41,918	35,374
Current liabilities	4,786	3,300
Loans, financing, and debentures	2,197	1,608
Leases	1,124	549
Suppliers	578	453
Labor and social security obligations	152	147
Income tax and social contribution taxes	9	1
Other payable taxes	66	27
Dividends payables	5	7
Leases and concessions	112	10
Payable to related parties	140	125
Deferred revenue	6	6
Other financial liabilities	270	290
Other payables	126	77
Non-current liabilities	28,375	23,725
Loans, financing, and debentures	15,678	13,228
Leases	6,784	3,960
Other payables	2	2
Provision for lawsuits	477	480
Leases and concessions	2,851	3,508
Deferred income tax and social contribution	2,467	2,442
Deferred revenues	46	48
Other accounts payable	69	57
Shareholders' equity	8,757	8,349
Total liabilities	41,918	35,374

10.1.2 Income Statement

2Q20	2Q19	Chg.%	Income Statement (Amounts in BRL mln)	6M20	6M19	Chg.%
1,828	1,729	5.7%	Net operating revenue	3,252	3,364	-3.3%
(1,151)	(1,141)	0.9%	Cost of goods sold	(2,222)	(2,294)	-3.1%
677	588	15.2%	Gross profit (loss)	1,029	1,070	-3.7%
(96)	(79)	21.6%	Selling, general and administrative expenses	(201)	(165)	22.2%
206	(5)	>100%	Other net operating income (expenses)	114	(27)	>100%
(201)	(259)	-22.3%	Net financial result	(732)	(583)	25.5%
4	4	13.2%	Equity pickup	7	9	-22.1%
(185)	(62)	>100%	Income tax and social contribution	(86)	(89)	-3.4%
405	187	>100%	Net profit (loss)	131	214	-38.9%
22.1%	10.8%	11.3 p.p.	Net margin (%)	4.0%	6.4%	-2.3 p.p.

10.1.3 Cash Flows

2Q20	2Q19	Accounting cash flow (Amounts in BRL mln)	6M20	6M19
590	249	Profit before income tax and social contribution	217	303
532	417	Depreciation, amortization and net impairment	951	839
(4)	(4)	Equity pickup	(7)	(9)
(6)	33	Provision for profit sharing and bonuses	17	66
(1)	(1)	Result of disposals of fixed assets and intangible assets	(2)	(1)
15	17	Provision for lawsuits	34	39
1	(12)	Provision (reversal) for losses on doubtful accounts	2	(13)
3	2	Stock option plan	6	4
(348)	-	Leases and concessions	(348)	-
229	263	Interest, monetary and exchange variation, Net	734	596
(6)	-	Extemporaneous tax credits	(18)	-
4	(42)	Other	5	(39)
1.007	921	(=) Adjustments	1,591	1,789
39	(23)	Trade receivables	(75)	(22)
15	-	Related parties, Net	(14)	6
(96)	(17)	Taxes	(126)	(43)
(16)	(21)	Inventories	(32)	(26)
10	13	Labor and social security payable	(76)	(88)
120	1	Suppliers	64	(17)
(26)	(47)	Lawsuits	(43)	(53)
(26)	35	Other financial liabilities	(178)	(44)
(59)	(40)	Other assets and liabilities, Net	(118)	(158)
(39)	(100)	(=) Changes in assets and liabilities	(597)	(444)
969	821	(=) Cash Flow from Operating Activities	994	1,343
(64)	471	Marketable securities	1,360	1,736
88	(42)	Restricted cash	113	(53)
3	3	Dividends received from subsidiaries and associated companies	3	4
(722)	(439)	Additions to property, plant and equipment, software, and other intangibles	(1,283)	(981)
(696)	(7)	(=) Cash Flow from Investing Activities	193	706
2.390	(18)	Funding	3,320	1,298
(201)	(247)	Amortization of principal	(474)	(1,660)
(164)	(111)	Amortization of interest	(547)	(408)
(1)	(1)	Payment of derivative financial instruments	(4)	(25)
1	-	Receipt of derivative financial instruments	29	-
(2)	(5)	Dividends paid	(2)	(5)
2.023	(382)	(=) Cash generated by (used in) financing activities	2,321	(801)
0	(0)	Impact of exchange variation in cash balance	2	0
2.297	433	(=) Net increase in cash and cash equivalents	3,510	1,249
3.177	958	Beginning balance of cash and cash equivalents	1,963	142
5.473	1.391	Final balance of cash and cash equivalents	5,473	1,391