SOMOS O BRASIL EM MOVIMENTO

Contents

São Paulo Corporate Towers
Av. Presidente Juscelino Kubitschek, 1.909
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Independent auditor's report on individual and consolidated financial statements

The Shareholders, Board of Directors and Officers

Rumo S.A.

Curitiba – PR

We have audited the individual and consolidated financial statements of Rumo S.A. (the "Company"), identified as Individual and Consolidated, respectively, which comprise the statement of financial position as of December 31, 2020, and the statements of profit or loss, of comprehensive income, of changes in equity and of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements referred to above present fairly, in all material respects, the individual and consolidated financial position of the Company as of December 31, 2020, its individual and consolidated financial performance and its respective individual and consolidated cash flows for the year then ended, in accordance with accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the individual and consolidated financial statements section of our report. We are independent of the Company and its subsidiaries in accordance with the relevant ethical principles set forth in the Code of Professional Ethics for Accountants, the professional standards issued by Brazil's National Association of State Boards of Accountancy (CFC) and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide an individual opinion on these matters. For each matter below, our description of how our audit addressed the matter, including any commentary on the findings or outcome of our procedures, is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the individual and consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Revenue recognition

As mentioned in Notes 5.4 and 6.1 to the financial statements, the Company recognizes its revenue from transportation and services rendered in accordance with the transportation and services cycles, observing the accrual period. Such revenue is negotiated since its hiring, with a previous calculation based on distance and weight to be transported and the price negotiated between the parties. In the year ended December 31, 2020, total gross revenue and gross balance of accounts receivable, on the same date, were R$7.349.804 thousand and R$434,171 thousand, respectively.

The monitoring of this matter was considered significant for our audit due to the relevance of the amounts involved in relation to the statement of profit and loss and the Company's financial assets, as well as in relation to its magnitude, in addition to the potential effects arising from differences between the period of competence and the effective service delivery period.

How our audit has addressed this matter:

Our audit procedures included, among others: (i) an understanding of the internal control environment related to the recognition of transport revenue and the provision of services, observing the limits of regulated tariffs; (ii) the evaluation of the design of internal controls

implemented by the Company to ensure the proper recording of revenue transactions, including analysis of cut-off in revenue recognition; iii) involvement of more experienced audit professionals in the definition of the testing strategy, evaluation of the supporting audit documentation and in the supervision of the performed audit procedures. In addition, i) we tested documentary, by sampling, the information that supported the revenue recognition for the Company and its subsidiaries; ii) analysis of the cut-off in revenue between the fiscal years, considering the period of service provision and the period of competence for the recognition of this revenue, through substantive analytical procedures and expectations according to the expected transport deadlines; iii) comparison, by sampling, of the prices negotiated between the parties, observing the tariffs approved by the granting authority; iv) comparison of the premise of average transport estimated by the Company with real average transport; v) analytical procedures to develop an independent expectation based on the historical behavior of the balances under analysis; and vi) reconciliation of the revenue balance with the accounting records. We also analyzed the accuracy of arithmetic calculations. Finally, we assessed the adequacy of the disclosures in notes 5.4 and 6.1 to the financial statements of December 31, 2020.

Based on the result of our audit procedures on revenue recognition, in the statement of profit or loss, and the respective accounts receivable balance, in assets, which is consistent with management's evaluation, we consider that the criteria and assumptions adopted by management, as well as the respective disclosures in the Notes 5.4 and 6.1, are acceptable, in the context of the financial statements taken as a whole.

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Renewal of the concession of Malha Paulista

As mentioned in Notes 4.2 and 4.5, the subsidiary Rumo Malha Paulista SA, entered into with the Federal Government, through the National Land Transport Agency - ANTT, the renewal of the 2nd Amendment to the Rumo Malha Paulista Concession Contract, with maturity postponed to 2058 , through several financial commitments: i) payment of additional grant of R$3,382,030 thousand; ii) resumption of lease payment and concession of the original contract; iii) payment of the remaining balance of the meeting of accounts related to the economic imbalance action in the amount of R$1,347,609 thousand; and, iv) execution of investment projects to increase capacity and reduce urban conflicts estimated at R$6,100,000 thousand (at values updated until December 2017). Additionally, on September 15, 2020, the Company paid, in advance, R$2,823,777 thousand, referring to 70 installments of the grant of this concession with the Federal Government.

We consider as a key audit matter due to the relevance of the amounts involved in the renewal, the advance payment of the grant, in relation to the total assets and liabilities of the Company, as well as the impact on its availability and future committed investments, and also of potential accounting effects arising from said renewal, including the effects on income for the year arising from the contingent matters that were under discussion between the parties, as detailed in the explanatory notes 4.2 and 4.5.

How our audit has addressed this matter:

Our audit procedures included, among others, analysis of the process and controls implemented by Management over the concession contract renewal process, as well as the assessment of compliance with current accounting standards, to identify and record the effects of the renewal on the Company's assets, liabilities and results, including controls over the review by the Company's governance bodies of the significant assumptions underlying the determination of present value; the analysis of the documentation related to the renewal, including the amount agreed between the parties on the contingent discussions that existed and that impacted the Company's results. Additionally, we verified the evidence of payments in advance of the 70 installments of the concession.

In addition, we assessed the adequacy of the Company’s disclosures on the matter, included in Notes 4.2 and 4.5 to the financial statements as of December 31, 2020.

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Based on the result of the audit procedures we performed on the renewal of the concession of Malha Paulista, including the payments in advance of the concession grant, we consider that the transactions and analyses carried out and adopted by management, as well as the respective disclosures in Notes 4.2 and 4.5, are acceptable, in context of the financial statements taken as a whole.

Concession infrastructure and leasing

As disclosed in notes 5.12 to the financial statements, as of December 31, 2020, the Company has recorded in its property, plant and equipment, intangible and right of use (leases), certain assets directly related to the Company's operations and concessions, including operating and capital leases, such as wagons and locomotives, on a permanent basis, works in progress, right of use the concession and railway and port infrastructure, which total R$26,248,837 thousand, and which represent, substantially, the concession infrastructure and leases.

The investments in infrastructure in service of the concession and leases are relevant for the Company's operations. The definition of which expenses are eligible and which must be capitalized as infrastructure and lease costs, as well as the definition of the useful life, are subject to judgment by Management. During the year ended December 31, 2020, the Company recognized R$6,680,141 thousand of additions to these infrastructure assets and leases, which include the renewal concession of Malha Paulista.

We consider this matter relevant to our audit, due to the criteria related to the capitalization of assets process and the evaluation of infrastructure and lease expenses, and the magnitude of the amounts involved over the total assets and commitments of the Company

How our audit has addressed this matter:

Our audit procedures involved, among others, i) overall understanding of the internal control environment on the accounting for investments in infrastructure, including their eligibility as a qualifying assets for capitalization; ii) evaluation of the nature of these investments with the applied infrastructure; iii) testing in a sample basis of the materials and services allocated as well as workforce and physical inspection; iv) evaluation of the accounting classifications between property, plant and equipment, intangible assets and right of use (leases), observing the properly periods of construction; v) the policies established by the Company for such accounting and its applicability to current accounting standards; vi) the capitalization of interest, when applicable; vii) use of substantive analytical procedures over additions and amortization; and, viii) testing of the amortization of these assets related to the concession infrastructure and right of use.

Based on the result of audit procedures performed, which is consistent with management's assessment, we consider the criteria and policies for capitalization and amortization of these concession infrastructure assets and right of use prepared by management to be acceptable, as well as the respective disclosures in Note 5.12, in the context of the financial statements taken as a whole.

Other matters

Statements of value added

The individual and consolidated statements of value added (SVA) for the year ended December 31, 2020, prepared under the responsibility of Company management, and presented as supplementary information for purposes of IFRS, were submitted to audit procedures conducted together with the audit of the Company's financial statements. To form our opinion, we evaluated if these statements are reconciled to the financial statements and accounting records, as applicable, and if their form and content comply with the criteria defined by NBC TG 09 – *Demonstração do Valor Adicionado* (Statement of Value Added). In our opinion, these statements of value added were prepared fairly, in all material respects, in accordance with the criteria defined in the abovementioned accounting pronouncement and are consistent in relation to the overall individual and consolidated financial statements.

Audit of the corresponding amounts

The audit of the individual and consolidated financial statements as of and for the year ended December 31, 2019, presented for comparison purposes, were conducted under the responsibility of another auditor, which issued audit report without modification, dated February 13, 2020.

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

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

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

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

Auditor's responsibilities for the audit of individual and consolidated financial statements

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

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identified and assessed the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and its subsidiaries' internal control.

- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluded on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast substantial doubt as to the Company's and its subsidiary's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.
- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

São Paulo, February 11, 2021.

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 Reais - R$)

	Note	Parent Company		Consolidated	
		December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Assets					
Cash and cash equivalents	5.2	1,568,667	700,706	7,778,606	1,963,014
Marketable securities	5.3	77,976	511,725	1,396,723	1,751,853
Trade receivables	5.4	18,558	15,111	421,322	385,563
Derivative financial instruments	5.8	69,736	-	826,340	-
Inventories	5.10	1,102	1,036	249,318	248,456
Receivables from related parties	4.9	61,383	16,762	46,179	11,670
Income tax and social contribution recoverable		32,899	16,343	134,928	138,005
Other recoverable taxes	5.9	57,674	30,618	350,883	347,316
Dividends and interest on own capital receivable		166,900	674	3,195	644
Other assets		14,908	9,510	147,262	102,962
Current		**2,069,803**	**1,302,485**	**11,354,756**	**4,949,483**
Trade receivables	5.4	867	5,422	7,170	13,686
Restricted cash	5.3	79	3,511	34,562	147,910
Income tax and social contribution recoverable		-	-	40,707	168,089
Deferred income tax and social contribution	5.14	-	-	1,270,621	1,174,484
Receivables from related parties	4.9	1,009,516	3,326	94,466	36,394
Other recoverable taxes	5.9	-	-	790,447	663,584
Judicial deposits	5.15	32,216	22,806	330,602	415,246
Derivative financial instruments	5.8	322,920	92,795	3,162,184	1,624,023
Other assets		23,735	3,974	51,061	31,599
Investments in subsidiaries and associates	5.11	17,716,404	11,664,792	50,714	52,013
Property, plant and equipment	5.12.1	120,284	125,601	13,646,248	11,770,168
Intangible assets	5.12.2	310,696	349,656	7,251,432	7,375,033
Right-of-use	5.12.3	-	-	7,823,401	4,410,952
Non-current		**19,536,717**	**12,271,883**	**34,553,615**	**27,883,181**
Total assets		**21,606,520**	**13,574,368**	**45,908,371**	**32,832,664**

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

Balance sheets
(In thousands of Brazilian Reais - R$)

	Note	Parent Company		Consolidated	
		December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Liabilities					
Loans, financing and debentures	5.5	482,421	969,054	2,504,223	1,064,846
Lease liabilities	5.6	-	192	510,701	534,245
Trade payables	5.7	72,291	55,109	754,542	513,325
Salaries payable		865	12,065	139,058	216,685
Current income and social contribution taxes		165	208	11,555	7,658
Other taxes payable	5.13	10,008	4,321	62,602	33,726
Dividends and interest on own capital payable		5,250	5,250	7,937	7,146
Installment Leases and concessions under litigation	5.16	-	-	158,705	9,847
Payables to related parties	4.9	241,134	47,895	164,949	139,747
Deferred income		2,802	2,802	6,278	7,601
Other financial liabilities	3.1	-	-	413,470	410,952
Other payables		17,801	9,003	122,139	91,274
Current		**832,737**	**1,105,899**	**4,856,159**	**3,037,052**
Loans, financing and debentures	5.5	3,934,121	2,222,997	17,407,815	10,654,891
Lease liabilities	5.6	-	-	2,401,617	3,994,895
Derivative financial instruments	5.8	-	-	-	482
Other taxes payable	5.13	-	-	2,123	7,580
Provision for judicial demands	5.15	52,808	48,077	473,104	480,943
Installment Leases and concessions under litigation	5.16	-	-	2,824,637	3,445,033
Provision for capital deficiency	5.11	1,722,771	1,791,179	-	-
Payables to related parties	4.9	37,212	29,925	-	-
Other financial liabilities	3.1	-	-	31,425	-
Deferred income tax and social contribution	5.14	18,650	-	2,514,928	2,490,851
Deferred income		16,110	18,912	43,000	48,036
Other payables		8,505	13,103	57,236	58,614
Non-current		**5,790,177**	**4,124,193**	**25,755,885**	**21,181,325**
Total liabilities		**6,622,914**	**5,230,092**	**30,612,044**	**24,218,377**
Equity	5.17				
Share capital		16,054,906	9,654,897	16,054,906	9,654,897
Treasury shares		(10,005)	-	(10,005)	-
Capital reserve		2,416,193	2,472,559	2,416,193	2,472,559
Equity valuation adjustments		29,576	21,077	29,576	21,077
Profit reserve		253,599	305,728	305,728	305,728
Accumulated losses		(3,760,663)	(4,109,985)	(3,812,792)	(4,109,985)
		14,983,606	**8,344,276**	**14,983,606**	**8,344,276**
Equity attributable to:					
Owners of the Company		14,983,606	8,344,276	14,983,606	8,344,276
Non-controlling interests	5.11	-	-	312,721	270,011
Total equity		**14,983,606**	**8,344,276**	**15,296,327**	**8,614,287**
Total liabilities and equity		**21,606,520**	**13,574,368**	**45,908,371**	**32,832,664**

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

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SOMOS O BRASIL EM MOVIMENTO

Statements of income

(In thousands of Brazilian Reais - R$)

	Note	Parent Company		Consolidated	
		December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Net revenue from services	6.1	950,269	596,415	6,966,159	7,087,840
Cost of services	6.2	(731,144)	(484,314)	(4,721,507)	(4,608,781)
Gross profit		**219,125**	**112,101**	**2,244,652**	**2,479,059**
Selling expenses	6.2	594	107	(30,670)	(6,983)
General and administrative expenses	6.2	(33,558)	(25,649)	(406,975)	(356,622)
Other incomes (expenses), net	6.3	23,507	11,684	128,387	(24,084)
Operating expenses		**(9,457)**	**(13,858)**	**(309,258)**	**(387,689)**
Result before equity in earnings of investees and net financial results		**209,668**	**98,243**	**1,935,394**	**2,091,370**
Equity income on investments	5.11	267,670	847,694	13,087	21,876
Equity result on investments		**267,670**	**847,694**	**13,087**	**21,876**
Result before financial results and income tax and social contribution		**477,338**	**945,937**	**1,948,481**	**2,113,246**
Financial expenses		(472,186)	(261,996)	(1,894,425)	(1,871,188)
Financial incomes		88,693	24,012	176,990	202,532
Foreign exchange, net		(72,588)	(10,448)	(1,577,342)	(205,839)
Derivatives		328,043	81,723	1,820,960	676,368
Financial results, net	6.4	**(128,038)**	**(166,709)**	**(1,473,817)**	**(1,198,127)**
					-
Results before income tax and social contribution		**349,300**	**779,228**	**474,664**	**915,119**
Income tax and social contribution	5.14				
Current		(33,487)	(991)	(241,863)	(160,787)
Deferred		(18,650)	-	71,874	31,539
		(52,137)	**(991)**	**(169,989)**	**(129,248)**
Result for the year		**297,163**	**778,237**	**304,675**	**785,871**
Total result attributable to:					
Owners of the Company		297,163	778,237	297,163	778,237
Non-controlling interests		-	-	7,512	7,634
Earnings per share from:	6.6				
Basic				R$0.17857	R$0.49914
Diluted				R$0.17810	R$0.49768

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

Statements of comprehensive income

(In thousands of Brazilian Reais - R$)

	Parent Company		Consolidated	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Result for the year	**297,163**	**778,237**	**304,675**	**785,871**
Items that will not be reclassified to profit and loss				
Actuarial gains (losses) with pension plan	571	(499)	865	(580)
Taxes on actuarial gains (losses)	-	-	(294)	81
	571	**(499)**	**571**	**(499)**
Items that may subsequently be reclassified to profit or loss				
Foreign currency translation adjustment effect	7,958	3,215	7,958	3,215
	7,958	**3,215**	**7,958**	**3,215**
Other comprehensive result, net of income tax and social contribution	**8,529**	**2,716**	**8,529**	**2,716**
Total comprehensive result	**305,692**	**780,953**	**313,204**	**788,587**
Comprehensive result attributable to:				
Owners of the Company	305,692	780,953	305,692	780,953
Non-controlling interest	-	-	7,512	7,634

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

Statements of changes in equity

(In thousands of Brazilian Reais - R$)

	Attributable to shareholders of the Company								
	Share capital	**Treasury share**	**Capital reserve**	**Profit reserve**	**Equity valuation adjustments**	**Retained earnings (loss)**	**Total**	**Non-controlling interest**	**Total equity**
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 year	-	-	-	-	-	297,163	297,163	7,512	304,675
Other comprehensive income:									
Foreign currency translation effects	-	-	-	-	7,958	-	7,958	-	7,958
Actuarial gain (losses) on defined benefit plan	-	-	-	-	571	-	571	-	571
Adjustment of attributed cost in associates	-	-	-	-	(30)	30	-	-	-
Total comprehensive income, net of taxes	**-**	**-**	**-**	**-**	**8,499**	**297,193**	**305,692**	**7,512**	**313,204**
Contributions and distributions to shareholders									
Share-based payment transactions	-	-	13,536	-	-	-	13,536	194	13,730
Stock option exercised	-	-	(4,819)	-	-	-	(4,819)	-	(4,819)
Effect of dividend distribution to non-controlling shareholders	-	-	(64)	-	-	-	(64)	64	-
Capital increase	6,400,009	-	-	-	-	-	6,400,009	-	6,400,009
Stock issuance costs	-	-	(65,019)	-	-	-	(65,019)	-	(65,019)
Legal reserve	-	-	-	-	-	-	-	-	-
Absorption of retained losses	-	-	-	(52,129)	-	52,129	-	-	-
Treasury shares acquired	-	(10,005)	-	-	-	-	(10,005)	-	(10,005)
Dividends	-	-	-	-	-	-	-	(3,280)	(3,280)
Total of contributions and distributions to shareholders	**6,400,009**	**(10,005)**	**(56,366)**	**(52,129)**	**-**	**52,129**	**6,333,638**	**(3,022)**	**6,330,616**
Transactions with owners of the Company									
Non-controlling interest in subsidiary	-	-	-	-	-	-	-	38,220	38,220
Total of transactions with owners of the Company	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**38,220**	**38,220**
At December 31, 2020	**16,054,906**	**(10,005)**	**2,416,193**	**253,599**	**29,576**	**(3,760,663)**	**14,983,606**	**312,721**	**15,296,327**

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

Statements of changes in equity

(In thousands of Brazilian Reais - R$)

	Attributable to shareholders of the Company							
	Share capital	**Capital reserve**	**Profit reserve**	**Equity valuation adjustments**	**Retained earnings (loss)**	**Total**	**Non-controlling interest**	**Total equity**
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 48 / IFRS 9	-	-	-	-	(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 year	-	-	-	-	778,237	778,237	7,634	785,871
Other comprehensive income:								
Foreign currency translation effects	-	-	-	3,215	-	3,215	-	3,215
Actuarial gain (losses) on defined benefit plan	-	-	-	(499)	-	(499)	-	(499)
Adjustment of attributed cost in associates	-	-	-	(546)	546	-	-	-
Total comprehensive income, net of taxes	**-**	**-**	**-**	**2,170**	**778,783**	**780,953**	**7,634**	**788,587**
Contributions and distributions to shareholders								
Share-based payment transactions	-	10,617	-	-	-	10,617	88	10,705
Effect of dividend distribution to non-controlling interest	-	(103)	-	-	-	(103)	103	-
Legal reserve	-	-	38,911	-	(38,911)	-	-	-
Dividends	-	-	-	- -		-	(4,237)	(4,237)
Total of contributions and distributions to shareholders	**-**	**10,514**	**38,911**	**-**	**(38,911)**	**10,514**	**(4,046)**	**6,468**
At December 31, 2019	**9,654,897**	**2,472,559**	**305,728**	**21,077**	**(4,109,985)**	**8,344,276**	**270,011**	**8,614,287**

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

Statements of cash flows

(In thousands of Brazilian Reais - R$)

	Parent Company		Consolidated	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Cash flow from operating activities				
Result before income taxes and social contribution	349,300	779,228	474,664	915,119
Adjustments for:				
Depreciation and amortization	100,700	102,956	1,859,511	1,716,182
Equity pick-up from controlled and associated companies	(267,670)	(847,694)	(13,087)	(21,876)
Provision for profit sharing and bonuses	5,488	1,482	47,505	119,512
Result on disposal of fixed and intangible assets	-	-	(42,576)	(4,454)
Provision for legal proceedings	8,286	15,907	86,745	73,065
Allowance for doubtful accounts	(594)	(126)	903	(10,836)
Share-based payment transactions	13,206	10,472	13,730	10,705
Reversal of lease and concession in dispute	-	-	(379,636)	-
Extemporaneous tax credits	(3,453)	(13,244)	(102,576)	(40,447)
Interest, indexation charges and exchange variations, net	160,026	158,048	1,537,425	1,246,499
Other	(2,879)	(9,625)	(8,919)	(90,271)
	362,410	**197,404**	**3,473,689**	**3,913,198**
Changes in:				
Trade receivables	6,168	12,357	13,259	135,664
Related parties, net	168,632	38,497	(22,959)	(10,531)
Other taxes, net	(42,317)	(13,963)	(78,099)	(130,606)
Inventories	(65)	(7)	(4,100)	13,185
Salaries payable	(1,519)	(2,267)	(93,832)	(110,100)
Trade payables	31,124	7,285	126,350	12,344
Lease and concessions in dispute and parceled payable	-	-	(51,947)	-
Provision for legal proceedings	(13,144)	(26,490)	(157,238)	(145,421)
Other financial liabilities	-	(73)	(61,095)	50,808
Other assets and liabilities, net	(48,119)	(15,430)	(237,758)	(203,739)
	100,760	**(91)**	**(567,419)**	**(388,396)**
Net cash generated by operating activities	**463,170**	**197,313**	**2,906,270**	**3,524,802**
Cash flow from investing activities				
Capital increase in subsidiary	(6,616,713)	(1,465,809)	-	-
Sales (purchases) of marketable securities	440,361	(389,760)	378,672	1,169,290
Restricted cash	3,432	(96)	124,330	(31,456)
Reduction of invested capital	-	10,665	-	-
Dividends received from controlled and associated companies	553,374	921,653	3,900	6,969
Additions to property, plant and equipment and intangible assets	(6,807)	(6,514)	(2,979,213)	(1,943,063)
Loan agreement	(1,006,000)	-	-	-
Cash received from sale of fixed assets	-	-	3,045	-
Net cash generated (used in) by investing activities	**(6,632,353)**	**(929,861)**	**(2,469,266)**	**(798,260)**
Cash flow from financing activities				
Loans, financing and debentures raised	963,591	1,663,987	6,172,611	2,402,347
Repayment of principal on loans, financing and debentures	(109,604)	(174,150)	(653,002)	(1,945,040)
Payment of interest on loans, financing and debentures	(122,704)	(47,431)	(688,393)	(645,519)
Repayment of principal on financing leases	(192)	(320)	(5,400,245)	(416,419)
Payment of interest on financing leases	(10)	(57)	(495,146)	(246,360)
Additional paid-in capital, net of stock issuance costs	6,306,106	-	6,316,106	-
Payments of interest on real estate receivables certificate	(10,006)	-	(10,006)	-
Payment derivative financial instruments	(3,161)	(9,370)	(4,904)	(52,767)
Receiving derivative financial instruments	13,124	-	184,541	2,047
Dividends paid	-	-	(1,959)	(4,233)
Net cash generated (used in) by financing activities	**7,037,144**	**1,432,659**	**5,419,603**	**(905,944)**
Impact of exchange variation on cash and cash equivalents	-	-	(41,015)	889
Increase in cash and cash equivalents, net	**867,961**	**700,111**	**5,815,592**	**1,821,487**
Cash and cash equivalents at beginning of the exercise	700,706	595	1,963,014	141,527
Cash and cash equivalents at end of the exercise	1,568,667	700,706	7,778,606	1,963,014
Additional information:				
Income tax and social contribution paid	3,457	5,815	11,876	31,928

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

- **Transactions that did not involve cash**

The Company presents its statements of cash flows using the indirect method. During the period ended on December 31, 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 right-of-use assets with offsetting entry to the lease liability for R$ 3,522,469 related to new contracts covered by the lease standard (Note 5.12.3);

(ii) Acquisition of assets with payment installments of R$ 289,198 on December 31, 2020 (R$ 53,621 on December 31, 2019).

- **Presentation of interest and dividends**

The Company classifies dividends and interest on equity received as cash flow from investment activities, in order 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 for application in fixed and intangible assets.

Statements of value added

(In thousands of Brazilian Reais - R$)

	Parent Company		Consolidated	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Revenue				
Sales of products and services net of returns	1,004,507	633,856	7,335,839	7,473,729
Other operating revenue, net	7,033	1,087	468,973	18,613
Gain (loss) due to reduction in the recoverable amount of accounts receivable	594	126	(903)	10,836
	1,012,134	**635,069**	**7,803,909**	**7,503,178**
Raw materials acquired from third parties				
Cost of services rendered	(686,540)	(453,848)	(2,253,066)	(2,271,263)
Materials, energy, third party services, others	58,416	73,502	(319,757)	(20,635)
Impairment of assets	-	-	(143,984)	-
	(628,124)	**(380,346)**	**(2,716,807)**	**(2,291,898)**
Gross value added	**384,010**	**254,723**	**5,087,102**	**5,211,280**
Retention				
Depreciation and amortization	(100,700)	(102,956)	(1,715,527)	(1,716,182)
	(100,700)	**(102,956)**	**(1,715,527)**	**(1,716,182)**
Net value added	**283,310**	**151,767**	**3,371,575**	**3,495,098**
Value added transferred in				
Equity in subsidiaries and associates	267,670	847,694	13,087	21,876
Rentals received	25,200	14,420	-	-
Financial incomes	88,693	24,012	176,990	202,532
	381,563	**886,126**	**190,077**	**224,408**
Value added to be distributed	**664,873**	**1,037,893**	**3,561,652**	**3,719,506**
Distribution of value added				
Employee and social charges	**38,209**	**23,173**	**809,479**	**806,620**
Remuneration	27,298	20,546	578,793	562,447
Benefits	7,202	2,368	192,729	210,998
Severance Indemnity Fund - FGTS	3,709	259	37,957	33,175
Taxes and contributions	**112,332**	**42,195**	**652,507**	**608,458**
Federal	110,271	40,736	511,222	477,294
State	909	373	104,047	107,794
Municipal	1,152	1,086	37,238	23,370
Third party capital remuneration	**217,169**	**194,288**	**1,794,991**	**1,518,557**
Interest	216,731	190,721	1,650,807	1,400,659
Concession contract leases and leases	438	3,567	144,184	117,898
Equity capital remuneration	**297,163**	**778,237**	**304,675**	**785,871**
Non-controlling interests	-	-	7,512	7,634
Result for the year	297,163	778,237	297,163	778,237
	664,873	**1,037,893**	**3,561,652**	**3,719,506**

The accompanying notes are an integral part of these 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.

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

1.2 The concession of railway operations and port terminals

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

Companies	**Concession ending**	**Coverage areas**
Subsidiaries		
Elevações Portuárias S.A.	March 2036	Port of Santos-SP
Rumo Malha Paulista S.A.	December 2058	São Paulo State
Rumo Malha Sul S.A.	February 2027	South and São Paulo State
Rumo Malha Oeste S.A.	June 2026	Midwest and São Paulo State
Rumo Malha Norte S.A.	May 2079	Midwest
Rumo Malha Central S.A.	July 2049	North, Midwest and São Paulo State
Portofer Ltda.	June 2025	Port of Santos-SP
Associates		
Terminal XXXIX S.A.	October 2050	Port of Santos-SP
TGG - Terminal de Granéis do Guarujá S.A.	August 2027	Port of Santos-SP
Termag - Terminal Marítimo de Guarujá S.A.	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 in 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) is not applicable to the Company and therefore the assets acquired by it are treated under IFRS 16 / CPC 06 (R2) - Leases IAS 16 / CPC 27 - Property, plant, and equipment.

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

1.3 Group information

a) Subsidiaries:

The Company's consolidated financial statements include:

	Directly and indirectly subsidiaries	
Subsidiaries	**December 31, 2020**	**December 31, 2019**
Logispot 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%	-
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%
ALL Central S.A.	73.55%	73.55%
Servicios de Inversión Logística Integrales S.A	100.00%	100.00%
Terminal São Simão S.A. (i)	51.00%	-

(i) The Company was constituted on May 22, 2020, and it is in pre-operational phase.

b) Associates:

The Company has a 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 28.20% of its capital. The Company's final parent Company is Cosan Limited, listed on the New York Stock Exchange, or "NYSE" (ticker - CZZ).

2 Basis of preparation and general accounting policies

This section provides information on general bases of preparation, which Management deems useful and relevant to the understanding of these financial statements:

2.1 Declaration of conformity

These individual and consolidated financial statements were prepared in accordance with the accounting policies adopted in Brazil, which comprise the Brazilian Corporate Law, the rules of the Securities and Exchange Commission (CVM) and the pronouncements of the Accounting Pronouncements Committee (CPC), which comply with international accounting standards (IFRS) issued by the International Accounting Standards Board (IASB).

The relevant information in the financial statements, and only them, are being disclosed and correspond to those used by Management in its management.

The presentation of the Statements of Value Added (DVA), individual and consolidated, is required by Brazilian corporate law and the accounting practices adopted in Brazil applicable to publicly held companies CPC 09 - Statement of Added Value. IFRS does not require the presentation of this statement. As a consequence, under IFRS, this statement is presented as supplementary information, without prejudice to the set of financial statements.

These consolidated financial statements are prepared based on historical cost, unless otherwise stated.

These individual and consolidated financial statements were authorized for issue by the Board of Directors on February 10, 2020.

2.2 General accounting policies

Specific accounting policies are included in the explanatory notes, while general practices are described below:

a) Use of judgments and estimates

The preparation of the financial statements requires Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continuously reviewed and recognized prospectively, when applicable.

Information on critical judgments, assumptions and estimates of uncertainties in the application of accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the individual notes.

Judgments:

The judgments made in the application of accounting policies that, in Management's understanding, have significant effects on the amounts recognized in the financial statements involve the following topics:

- **Note 5.6 - Lease liabilities:** Term of the lease if the Company is reasonably sure of exercising extension options;

Uncertainties about assumptions and estimates:

The uncertainties related to assumptions and estimates as of December 31, 2020 that have a significant risk of resulting in a material adjustment to the accounting balances of assets and liabilities in the next year involve the following topics:

- **Note 5.4 – Trade receivables:** Measurement of expected credit loss for accounts receivable and contractual assets: main assumptions in determining the weighted average rate of expected loss;

- **Notes 5.12.1 and 5.12.2 - Property, plant, equipment and intangible assets:** Impairment test for intangible assets and goodwill: main assumptions regarding recoverable amounts;

- **Note 5.14 - Income tax and social contribution:** Recognition of deferred tax assets: availability of future taxable income against which deductible temporary differences and tax losses can be used;

- **Note 5.15 - Provision for legal claims:** Recognition and measurement of provisions and contingencies: main assumptions about the probability and magnitude of outflows;

- **Note 6.5 - Share-based payments:** Estimated loss of instruments during the vesting period.

- **Note 2.3 - Fair values:** Measurement of the fair values of financial assets and liabilities based on observable market data.

b) Functional and presentation currency

The individual and consolidated financial statements are presented in Brazilian Reais, which is the functional currency of the Company and its subsidiaries located in Brazil since it is the currency of the primary economic environment in which they operate, generate, and consume money. The main functional currencies of subsidiaries located outside Brazil are the U.S. dollar and the Argentinian peso.

Foreign currency transactions are translated into the respective functional currencies of each subsidiary, using the exchange rates on the dates of the transactions. Monetary assets and liabilities denominated and calculated in foreign currencies on the presentation date are converted into the functional currency at the exchange rate determined on the presentation date.

Assets and liabilities arising from operations abroad, including goodwill and fair value adjustments resulting from the acquisition, are converted into Brazilian Reais using the exchange rates on the balance sheet date. Income and expenses from operations abroad are converted into Brazilian Reais using the exchange rates on the dates of the transactions.

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

Foreign currency differences are recognized and presented in other comprehensive income in equity. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportion of the conversion difference is allocated to the interests of non-controlling interests. When an operation abroad is sold or control loss occurs, the amount accumulated in the conversion reserve related to that operation abroad is reclassified to the result as part of the gain or loss on the sale.

The exchange rates of the Brazilian Real (R$) for the functional currencies of its subsidiaries as of December 31, 2020 and 2019 are:

Currency	**December 31, 2020**	**December 31, 2019**
U.S. Dollar	5.1967	4.0307
Argentinian Peso	0.0619	0.0673

2.3 Measurement of fair value

The Company has a control structure established in relation to the measurement of fair values. This includes an assessment team that has overall responsibility for overseeing all significant measurements of fair value and reports directly to the Board.

Management regularly reviews significant unobservable assumptions and valuation adjustments. If third party information, such as brokerage quotes or pricing services, is used to measure fair values, the treasury assesses evidence obtained from third parties to support the conclusion that these assessments meet the requirements of the Company's policy, including the level of hierarchy.

Significant evaluation issues are reported to the Board. When measuring the fair value of an asset or liability, the Company uses observable market data as much as possible. Fair values are categorized at different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- **Level 1:** The entries represent unadjusted quoted prices for identical instruments exchanged in active markets.

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

- **Level 2**: Inputs include data that can be observed directly or indirectly (except for Level 1), such as prices quoted for similar financial instruments traded in active markets, prices quoted for identical or similar financial instruments exchanged in inactive markets and other observable market data. The fair value of the majority of the Company's investments in securities, derivative contracts and securities.

- **Level 3:** Inputs for the asset or liability that is not based on observable market data (unobservable inputs). Management is required to use its own assumptions about unobservable inputs, as there is little market activity in these instruments or related observable data that can be corroborated on the measurement date.

All estimates resulting from the Company's fair value are included in level 2.

If the data used to measure the fair value of an asset or liability falls at different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety at the level of the fair value hierarchy with more subjectivity.

Additional information on the assumptions used to measure fair values is included in the following notes:

i. **6.5** - Share-based payment transactions;
ii. **5.8** - Derivative financial instruments.

The fair value of the Senior Notes is quoted on the Luxembourg Stock Exchange ("LuxSE") and is based on the quoted market price as follows:

Loans	**Company**	**December 31, 2020**	**December 31, 2019**
Senior Notes Due 2024	Rumo Luxembourg	104.17%	107.90%
Senior Notes Due 2025	Rumo Luxembourg	105.96%	107.27%
Senior Notes Due 2028	Rumo Luxembourg	108.75%	-

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

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

	Book value		Assets and liabilities measured at fair value	
			December 31, 2020	December 31, 2019
	December 31, 2020	December 31, 2019	Level 2	Level 2
Assets				
Marketable securities	1,396,723	1,751,853	1,396,723	1,751,853
Derivative financial instruments	3,988,524	1,624,023	3,988,524	1,624,023
Total	**5,385,247**	**3,375,876**	**5,385,247**	**3,375,876**
Liabilities				
Derivative financial instruments	-	(482)	-	(482)
Loans, financing and debentures	(10,925,462)	(7,036,181)	(10,925,462)	(7,036,181)
Total	**(10,925,462)**	**(7,036,663)**	**(10,925,462)**	**(7,036,663)**

2.4 New standards and interpretations not yet effective

The Company did not promote changes in accounting policies during the year ended December 31, 2020.

2.4.1 New pronouncements, interpretations and changes

The Company did not adopt, in advance, any pronouncement, interpretation, or amendment issued that is not yet in force. The interpretations and changes that took effect in the year ended December 31, 2020, did not generate significant impacts on the Company's financial statements:

- Changes in the IFRS 16 - CPC 06 (R2) - Leasing Operations;
- Changes in the references to the conceptual framework in the IFRS standards;
- Definition of a business (changes to CPC 15 / IFRS 3);
- Definition of materiality (amendments to CPC 26 / IAS 1 and CPC 23 / IAS 8);

3 Business, operations and management of the Company

3.1 Objectives and policies for risk management of financial instruments

This note explains the Company's exposure to financial risks and how these risks may affect the group's future financial performance. Information on profit and loss for the year was included, when relevant to the context.

Risk	Exposure arising from:	Measurement	Management
Market risk – foreign exchange	(i) Future commercial transactions. (ii) Financial assets and liabilities recognized not denominated in Brazilian Reais.	(i) Future cash flow (ii) Sensitivity analysis	Foreign currency
Market risk - interest	Cash and cash equivalents, securities, restricted cash, loans and debentures, Leases and derivative financial instruments.	(iii) Sensitivity analysis	Interest rate swap
Credit risk	Cash and cash equivalents, marketable securities, restricted cash, accounts receivable, derivatives, accounts receivable from related parties..	(i) Analysis by maturity (ii) Credit ratings	Cash and credit lines
Liquidity risk	Loans, financing and debentures, accounts payable to suppliers, other financial liabilities, other taxes payable, leases, derivatives and accounts payable to related parties.	Future cash flow	Cash and credit lines

The Company's risk management is predominantly controlled by a central Treasury department under policies approved by the Board of Directors, which provides principles for global risk management, as well as policies that cover specific areas, such as currency risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments and excess liquidity investment. It is the Company's policy not to participate in any derivative transactions for speculative purposes.

When all relevant criteria are met, hedge accounting is applied to eliminate the mismatch between the hedge instrument and the covered item.

The Company's policy is to maintain a robust capital base to promote the confidence of investors, creditors and the market, and to guarantee the future development of the business.

The use of financial instruments to hedge against areas of volatility is determined through an analysis of the exposure to risk that Management intends to cover.

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

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

	December 31, 2020	December 31, 2019
Cash and cash equivalents	2,614,419	11,884
Trade receivables	7,117	11,372
Trade payables - suppliers	(55,572)	(6,639)
Loans, financing and debentures	(11,091,184)	(5,798,048)
Exchange rate derivatives (notional) [(i)]	8,500,680	5,845,793
Lease liabilities	(99,217)	(65,348)
	(123,757)	**(986)**

(i) These balances are equivalent to the notional amount in U.S. Dollars and Euro converted to R$ at the rate of December 31, 2020.

Based on financial instruments denominated in US dollars and euros, as of December 31, 2020, in the probable scenario, the Company sensitized the positive or negative effect on the result, before taxes, resulting from a reasonably possible strengthening (weakening) of the Real against foreign currencies in the probable scenario, and for increases and decreases of 25% and 50%, as follows:

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

Instrument	Risk factor	Probable	25%	50%	-25%	-50%
Cash and cash equivalents	Exchange fluctuation	(174,422)	435,577	1,045,577	(784,421)	(1,394,421)
Trade receivables	Exchange fluctuation	(475)	1,186	2,846	(2,135)	(3,796)
Suppliers	Exchange fluctuation	3,708	(9,259)	(22,225)	16,674	29,640
Exchange rate derivatives (notional)	Exchange fluctuation	(567,691)	1,415,555	3,398,802	(2,550,939)	(4,534,186)
Loans, financing and debentures	Exchange fluctuation	740,518	(1,847,148)	(4,434,815)	3,328,185	5,915,851
Lease liabilities	Exchange fluctuation	6,619	(16,530)	(39,680)	29,769	52,918
Impacts on result of the year		**8,257**	**(20,619)**	**(49,495)**	**37,133**	**66,006**

The probable scenario uses the U.S. Dollar and euro projected by a specialized consultancy for December 31, 2020. Stressed scenarios were defined by applying variations (positive and negative) of 25% and 50% in the exchange rates used in the probable scenario:

						Scenario
	December 31, 2020	**Probable**	**25%**	**50%**	**-25%**	**-50%**
U.S. Dollar	5.1967	4.8500	6.0625	7.2750	3.6375	2.4250
Euro	6.3779	5.9170	7.3963	8.8755	4.4378	2.9585

ii. Interest rate risk

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 in the probable scenario the projected annual impact on interest expenses on loans and financing and on the remuneration of financial investments (before taxes), keeping the other variables. The scenarios with an increase and decrease in interest rates of 25% and 50% present the incremental effect in relation to the probable scenario:

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

	December 31, 2020				
Exposure interest rate	**Probable**	**25%**	**50%**	**-25%**	**-50%**
Financial investments	113,767	142,209	170,650	85,325	56,883
Marketable securities	31,190	38,988	46,786	23,393	15,595
Restricted cash	811	1,014	1,216	608	405
Loans, financing and debentures	(598,442)	(673,246)	(748,051)	(523,637)	(448,833)
Interest rate derivative	4,450	(22,048)	(48,545)	30,948	57,446
Lease liabilities	(305,868)	(307,463)	(309,059)	(304,273)	(302,678)
Installment Leases and concessions under litigation	(25,755)	(32,222)	(38,690)	(19,403)	(12,935)
Other financial liabilities	(10,548)	(11,884)	(13,220)	(9,213)	(7,877)
Impacts on result of the year	**(790,395)**	**(864,652)**	**(938,913)**	**(716,252)**	**(641,994)**

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

	Probable	**25%**	**50%**	**-25%**	**-50%**
SELIC	2.23%	2.79%	3.35%	1.68%	1.12%
CDI	2.23%	2.79%	3.35%	1.68%	1.12%
TJLP	4.70%	5.88%	7.05%	3.53%	2.35%
IPCA	3.37%	4.21%	5.05%	2.53%	1.68%

b) Credit risk

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

	December 31, 2020	**December 31, 2019**
Cash and cash equivalents (i)	7,778,606	1,963,014
Marketable securities (i)	1,396,723	1,751,853
Restricted cash (i)	34,562	147,910
Trade receivables (ii)	428,492	399,249
Receivables from related parties (ii)	140,645	48,064
Derivative financial instruments (i)	3,988,524	1,624,023
	13,767,552	**5,934,113**

(i) The credit risk of balances with banks and financial institutions is managed by the Company's Treasury in accordance with 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 in to minimize the concentration of risks and, thus, mitigate the financial loss in the event of the potential bankruptcy of a counterparty. The Company's maximum exposure to credit risk in relation to the balance sheet components on December 31, 2020 and December 31, 2019 is the amount recorded.

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

(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. 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.

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

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, in accordance with the Company's policy.

Excess fund investments are made only with approved counterparties and within the credit limits assigned 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:

	December 31, 2020
AA	2,498,115
A+	617,171
AAA	10,083,129
Total	**13,198,415**

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

Customer credit risk is managed centrally 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 date reported 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 comply with 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 comply with 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:

	December 31, 2020					December 31, 2019
	Up to 1 year	1 - 2 years	3 - 5 years	More than 5 years	Total	Total
Loans, financing and debentures	(2,491,892)	(1,159,204)	(15,215,602)	(6,601,862)	**(25,468,560)**	**(17,639,045)**
Trade payables - suppliers	(754,542)	-	-	-	**(754,542)**	**(513,325)**
Other financial liabilities [(i)]	(413,470)	-	-	-	**(413,470)**	**(410,952)**
Tax installments	(1,526)	(393)	(498)	(486)	**(2,903)**	**(11,470)**
Lease liabilities	(553,492)	(373,082)	(1,036,276)	(12,277,995)	**(14,240,845)**	**(11,619,304)**
Installment Leases and concessions under litigation	(51,167)	(365,087)	(369,881)	(433,053)	**(1,219,188)**	**-**
Payables to related parties	(164,949)	-	-	-	**(164,949)**	**(139,747)**
Dividends payable	(7,937)	-	-	-	**(7,937)**	**(7,146)**
Derivative financial instruments	413,170	236,776	2,933,974	404,604	**3,988,524**	**1,623,542**
	(4,025,805)	**(1,660,990)**	**(13,688,283)**	**(18,908,792)**	**(38,283,870)**	**(28,717,447)**

(i) On December 31, 2020, the consolidated balance anticipated by our suppliers with financial institutions was R$ 444,895 (R$ 410,952 on December 31, 2019). These operations had Banco Itaú and Banco Bradesco as counterparty, at an average rate of 3.00% p.a. (6.33%

p.a. on December 31, 2019). The average term of these operations, which are recorded at 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 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 in accordance with the same accounting practices used in the preparation of the consolidated information.

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

Exercise:	December 31, 2020					December 31, 2019				
Results by segment	**North Operations**	**South Operations**	**Central Operations**	**Container Operations**	**Consolidated**	**North Operations**	**South Operations**	**Central Operations**	**Container Operations**	**Consolidated**
Net revenue	5,270,435	1,409,872	-	285,852	6,966,159	5,313,730	1,478,314	-	295,796	7,087,840
Cost of services	(3,132,957)	(1,294,591)	-	(293,959)	(4,721,507)	(2,850,692)	(1,442,320)	-	(315,769)	(4,608,781)
Gross profit	**2,137,478**	**115,281**	**-**	**(8,107)**	**2,244,652**	**2,463,038**	**35,994**	**-**	**(19,973)**	**2,479,059**
Gross margin (%)	**40.56%**	**8.18%**	**0.00%**	**-2.84%**	**32.22%**	**46.35%**	**2.43%**	**0.00%**	**-6.75%**	**34.98%**
Selling, general and administrative expenses	(273,046)	(84,914)	(40,218)	(39,468)	(437,645)	(240,259)	(58,256)	(27,370)	(37,719)	(363,604)
Other operational income (expenses) and equity	359,317	(143,908)	(98,528)	24,593	141,474	24,830	4,244	(40,545)	9,263	(2,208)
Depreciation and amortization	1,057,635	487,614	98,169	72,109	1,715,527	1,026,112	571,461	40,545	78,064	1,716,182
EBITDA	**3,281,384**	**374,073**	**(40,577)**	**49,127**	**3,664,007**	**3,273,721**	**553,443**	**(27,370)**	**29,635**	**3,829,429**
Margin EBITDA (%)	**62.26%**	**26.53%**	**0.00%**	**17.19%**	**52.60%**	**61.61%**	**37.44%**	**0.00%**	**10.02%**	**54.03%**
Impairment	-	143,984	-	-	143,984	-	-	-	-	-
EBITDA adjusted	**3,281,384**	**518,057**	**(40,577)**	**49,127**	**3,807,991**	**3,273,721**	**553,443**	**(27,370)**	**29,635**	**3,829,429**
Margin EBITDA adjusted (%)	**62.26%**	**36.74%**	**0.00%**	**17.19%**	**54.66%**	**61.61%**	**37.44%**	**0.00%**	**10.02%**	**54.03%**

Main customers

The Company has a client that individually contributed with a share of 10.61%, of net operating revenue in 2020 with an approximate amount of R$ 633,140. In 2019, the same client contributed 10.91% of net revenue, with an approximate value of R$ 773,286.

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:

(iii) 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);

(iv) 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;

(v) 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.

(vi) 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 financial statements

Rumo's operations did not suffer major impacts due to the pandemic in the year ended December 31, 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 year ended December 31, 2020, funding was made in the amount of R$ 6,188,950. 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.

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 December 31, 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 December 31, 2020, no worsening of the credit risk of these counterparties was observed.

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 December 31, 2020, the Company does not foresee additional losses in its balance of accounts receivable.

4.2 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:

a) 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;

b) Resumption of payment of the lease and concession of the original contract, quarterly payments that extend until December 2028 (Note 5.16.b);

c) 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;

d) 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 fits as a relevant amendment to a contract registered according to CPC 06 (R2)/ IFRS 16. In this context, the present value of the additional grant, as well as the variation of the lease preexisting due to the recalculation by the implicit interest rate of the addendum (regulatory WACC), were recorded in the lease liability (Note 5.6) against the corresponding 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.

4.3 Public offer for distribution of shares and capital increase

On August 23, 2020, the Company paid-in its share capital the amount of R$ 6,400,000 related to the issuance of 294,252,874 ordinary shares, with a unit value of R$ 21.75, through a public offering of shares. With the capital increase, the Company now has a capital of R$ 16,054,964 divided into 1,853,268,772 ordinary shares, as per Note 5.17.

4.4 Bond operation with a Green Seal

Taking advantage of a market opportunity, aiming at protecting against a possible worsening of the economic scenario, as mentioned on Note 4.1, the Company in July 2020 issued a bond operation with a Green Seal, in the amount of USD 500,000 thousand, to mature in January 2028. The destination of the funds is the financing of investments according to the specifications of the Green Seal, which include the replacement of rolling stock and modernization of railroads, providing better fuel efficiency and less emission of carbon dioxide.

4.5 Advance payment for concessions grants

Considering the financial cost of the contracts (IPCA + 11.04% 1.1. of implicit interest) on September 15, 2020, the subsidiaries, Rumo Malha Paulista and Rumo Malha Central, paid 70 installments falling due in the amount of R$ 2,823,777 and 59 installments falling due in the amount of R$ 2,276,734, respectively, totaling R$ 5,100,511, as required by Letter No. 969/GREG/2020 and Letter No. 968/GREG/2020 to ANTT (National Land Transport Agency).

4.6 Cyber attack

On March 11, 2020, the Company suffered a cyber attack by ransomware that caused a partial and temporary interruption of operations. The affected entities at the Company implemented their contingency plans, continued to operate partially during the cyber attack and progressively reconnected their operating systems after the attack.

After the incident, the Company made significant investments in privacy, protection and security of information / cybernetics, both in technologies and in processes and strengthening of teams. As part of the actions, the Company reviewed the systems and databases to combat unauthorized access and misuse of its data, including more robust investigations and audits of its information technology systems. As a result of these efforts, additional incidents of misuse of data or other undesirable activities filed by third parties were mitigated.

In addition, the Company carried out a forensic audit and assessment of the attack suffered and did not identify any relevant impacts on its financial statements.

4.7 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.

Operations will begin in February 2021 from the São Simão Terminal.

4.8 Untimely tax credits

On March 15, 2017, the Federal Supreme Court ("STF") concluded the judgment of Extraordinary Appeal No. 574,706 and, in the system of general repercussion, established the thesis that the Tax on Circulation of Goods and Services ("ICMS") does not comprise basis of the calculating the Social Integration Program ("PIS") and the Contribution for the Financing of Social Security ("COFINS"), as this amount does not constitute company's revenue / billing. That is, taxpayers have the right to exclude the amount related to ICMS highlighted in the invoice of the PIS and COFINS calculation basis. In 2018, the Company recognized credits relatad to periods after March 2017, based on the decision rendered on that date by the STF.

The Company recognized the consolidated amount of R$ 85,813 related to previous periods, for the group companies with favorable final decisions on this matter. The amounts were calculated from the accounting and tax systems, considering the amount of ICMS highlighted in the invoices. The accuracy of the values was tested by crossing the information with the relevant accessory obligations.

Additionally, the Company recognized the consolidated amount of R$ 17,656 related to the 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.

These credits amount to R$ 3,462 in the parent company and R$ 103,469 in the consolidated (of which R$ 3,453 in the parent company and R$ 102,576 in the consolidated are recorded under the heading “Extemporaneous tax credits” disclosed in note 6.3 and R$ 9 in the parent company and R$ 893 in the consolidated as “Interest, monetary and exchange variations, net” disclosed in note 6.4).

On March 15, 2017, the Federal Supreme Court (“STF”) concluded the judgment of Extraordinary Appeal No. 574,706 and, under the system of general repercussion, established the thesis that the Tax on Circulation of Goods and Services (“ICMS”) it’s does not comprise the calculation basis of the calculating the Social Integration Program (“PIS”) and the Contribution for the Financing of Social Security (“COFINS”) since this amount does not constitute company revenue/billing. That is, taxpayers have the right to exclude the amount related to ICMS highlighted in the invoice of the PIS and COFINS calculation basis. In 2018, the Company recognized credits related to periods after March 2017, based on the decision rendered on that date by the STF.

In addition, the Company recognized the amount of R$ 3,462 in the parent company and R$ 103,469 in the consolidated (of which R$ 3,453 in the parent company and R$ 102,576 in the consolidated are recognized under the heading “Out-of-time tax credits” disclosed in note 6.3 and R$ 9 in the parent company and R$ 893 in the consolidated as “Interest, monetary and exchange variations, net” disclosed in note 6.4), relating to previous periods, for the group companies with favorable final decisions on this matter. The amounts were calculated from the accounting and tax systems, considering the amount of ICMS highlighted in the invoices. The accuracy of the values was tested by crossing the information with the relevant accessory obligations.

4.9 Related parties

Accounting policy:

Commercial, financial and corporate transactions involving related parties are preferably carried out at market prices and in accordance with established contracts. Outstanding balances at the end of the year are not guaranteed, nor are they subject to interest and are settled in cash. There were no guarantees given or received on any accounts receivable or payable involving related parties. At the end of each period, an analysis of the recovery of amounts and receivables is carried out and in this year no provision was recognized.

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

a) Summary of balance with related parties

	Parent Company		Consolidated	
	December 31, 2020	**December 31, 2019**	**December 31, 2020**	**December 31, 2019**
Current assets				
Commercial operations				
Cosan S.A.	200	282	306	377
Rumo Malha Norte S.A.	2,028	6,295	-	-
Rumo Malha Paulista S.A.	2,061	1,457	-	-
Rumo Malha Sul S.A.	1,289	7	-	-
Rumo Malha Central S.A.	3,882	3,510	-	-
Raízen Combustíveis S.A.	149	149	7,841	4,950
Raízen Energia S.A.	7,776	1,987	23,287	6,103
Brado Logística S.A	32	87	-	-
Elevações Portuárias S.A.	2,642	2,474	-	-
Termag - Terminal Marítimo de Guarujá S.A.	-	-	14,286	-
Other	194	514	459	240
	20,253	**16,762**	**46,179**	**11,670**
Corporate operation / agreements				
Rumo Maha Central S.A.	41,130	-	-	-
	41,130	**-**	**-**	**-**
	61,383	**16,762**	**46,179**	**11,670**
Non-current assets				
Commercial operations				
Termag - Terminal Marítimo de Guarujá S.A.	-	-	48,571	-
Raízen Combustíveis S.A.	-	-	45,709	36,243
	-	**-**	**94,280**	**36,243**
Financial operations				
Logispot Armazéns Gerais S.A.	6,190	-	-	-
Rumo Malha Central S.A.	1,000,000	-	-	-
Other	3,326	3,326	186	151
	1,009,516	**3,326**	**186**	**151**
	1,009,516	**3,326**	**94,466**	**36,394**
Total	**1,029,769**	**20,088**	**140,645**	**48,064**

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

	Parent Company		Consolidated	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Current liabilities				
Commercial operations				
Rumo Malha Norte S.A.	6,307	5,164	-	-
Rumo Malha Sul S.A.	12,180	1	-	-
Rumo Malha Paulista S.A.	213,386	34,175	-	-
Rumo Malha Oeste S.A.	857	857	-	-
Raízen Combustíveis S.A.	-	-	142,979	115,387
Raízen Energia S.A.	4,822	5,698	12,992	15,336
Cosan S.A.	1,126	504	3,298	3,068
Cosan Lubrificantes e Especialidades S.A.	352	356	4,543	4,104
Logispot Armazéns Gerais S.A.	457	126	-	-
Elevações Portuárias S.A.	632	1	-	-
Other	1,015	1,013	1,137	1,852
	241,134	**47,895**	**164,949**	**139,747**
Non-current liabilities				
Commercial operations				
Boswells S.A.	32,479	25,192	-	-
Other	4,733	4,733	-	-
	37,212	**29,925**	**-**	**-**
Total	**278,346**	**77,820**	**164,949**	**139,747**

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

b) Transactions with related parties

	Parent Company		Consolidated	
	December 31, 2020	**December 31, 2019**	**December 31, 2020**	**December 31, 2019**
Operating income				
Raízen Energia S.A. [(i)]	316,605	185,333	456,705	275,597
Raízen Combustíveis S.A. [(ii)]	-	-	150,949	181,565
Rumo Malha Norte S.A.	16,966	15,870	-	-
Rumo Malha Paulista S.A. [(iii)]	314,252	227,982	-	-
Elevações Portuárias S.A.	25,200	14,420	-	-
Other	-	-	4,862	7,043
	673,023	**443,605**	**612,516**	**464,205**
Purchases of products / inputs / services				
Raízen Combustíveis S.A. [(iv)]	-	(2,000)	(1,128,479)	(1,240,729)
Logispot Armazéns Gerais S.A.	(3,963)	-	-	-
Rumo Malha Paulista S.A. [(v)]	(216,949)	(96,179)	-	-
Cosan Lubrificantes e Especialidades S.A. [(vi)]	(9)	(25)	(37,263)	(36,375)
Rumo Malha Sul S.A.	(9,349)	-	-	-
Other	-	-	(2,400)	(445)
	(230,270)	**(98,204)**	**(1,168,142)**	**(1,277,549)**
Shared expenses				
Cosan S.A. [(vii)]	(4,501)	(5,450)	(4,501)	(5,554)
Elevações Portuárias S.A.	1,658	1,018	-	-
Rumo Malha Oeste S.A.	483	764	-	-
Rumo Malha Paulista S.A.	10,224	4,383	-	-
Rumo Malha Sul S.A.	5,775	97	-	-
Rumo Malha Norte S.A.	4,485	4,297	-	-
Raízen Energia S.A. [(vii)]	(299)	(2,003)	(30,874)	(25,707)
	17,825	**3,106**	**(35,375)**	**(31,261)**
Financial result				
Rumo Malha Central S.A.	41,130	-	-	-
Rumo Malha Norte S.A.	(25,238)	(52,540)	-	-
Other	(7,288)	(974)	47	(5)
	8,604	**(53,514)**	**47**	**(5)**

(i) The provision of services in the year ended December 31, 2020 and 2019 for Raízen Energia and its subsidiaries refers mainly to transportation, storage and port elevation, contracted under market conditions.

(ii) Provision of fuel transportation services for the year ended December 31, 2020 and 2019 for Raízen Combustíveis and its subsidiaries, contracted under market conditions.

(iii) Remuneration for investment in assets related to the contract for rail transportation services of sugar with Rumo Malha Paulista (see item v).

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

(iv) Acquisition of fuels (diesel for use in locomotives) during the years ended December 31, 2020 and 2019 from Raízen Combustíveis and its subsidiaries, under market conditions.

(v) Rail transportation service provided by Rumo Malha Paulista. The service contract involved investments made by the Company in railway assets of Rumo Malha Paulista, signed under market conditions.

(vi) Acquisition of lubricants in the years ended December 31, 2020 and 2019 from Cosan Lubrificantes, under market conditions.

(vii) Apportionment of the cost of corporate activities and the Raízen shared services center.

c) Remuneration of directors and officers

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

	December 31, 2020	December 31, 2019
Short-term benefits to employees and managers	28,172	25,028
Transactions with share-based payments	5,660	4,579
	33,832	**29,607**

4.10 Subsequent events

4.10.1 Subsequent events

On February 3, 2021, the Company concluded the 15th issue of debentures, non-convertible into shares, book-entry and registered, in two series of communicating vessels, the first with maturity on December 15, 2030 updated by the accumulated variation of the IPCA + interest of 3.6% per year, and the second with maturity on December 15, 2035 updated by the accumulated variation of the IPCA + interest of 4% per year, in the total amount of R$ 1,200,000.

5 Detailed information about assets and liabilities

5.1 Financial assets and liabilities

Accounting policy:

The initial measurement of financial assets and liabilities is at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets are written off when the rights to receive cash flows from these assets have expired or when the Company has substantially transferred all the risks and benefits of ownership.

The Company writes off a financial liability when its contractual obligations are withdrawn, cancelled or expired and when its terms are modified, and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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

Financial assets and liabilities consist of:

	December 31, 2020	December 31, 2019
Assets		
Fair value through profit or loss		
Marketable securities	1,396,723	1,751,853
Derivate financial instruments	3,988,524	1,624,023
	5,385,247	**3,375,876**
Amortized cost		
Cash and cash equivalents	7,778,606	1,963,014
Trade receivables	428,492	399,249
Related parties receivable	140,645	48,064
Restricted cash	34,562	147,910
	8,382,305	**2,558,237**
Total	**13,767,552**	**5,934,113**
Liabilities		
Amortized cost		
Loans, financing and debentures	8,986,576	3,568,841
Lease liabilities	2,912,318	4,529,140
Trade payables - suppliers	754,542	513,325
Other financial liabilities	413,470	410,952
Related parties payable	164,949	139,747
Dividends payable	7,937	7,146
Installment Leases and concessions under	1,154,919	-
Debt payment in installments	2,791	10,942
	14,397,502	**9,180,093**
Fair value through profit or loss		
Derivate financial instruments	-	482
Loans and financing	10,925,462	8,150,896
	10,925,462	**8,151,378**
Total	**25,322,964**	**17,331,471**

5.2 Cash and cash equivalents

Accounting policy:

They are measured and classified at fair value through profit or loss and amortized cost, being highly liquid, with maturity of up to three months, which are subject to an insignificant risk of change in value.

	Parent Company		Consolidated	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Cash and bank accounts	511	255	2,815,882	18,642
Financial Investments	1,568,156	700,451	4,962,724	1,944,372
	1,568,667	**700,706**	**7,778,606**	**1,963,014**

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

Financial investments are composed as follows:

	Parent Company		Consolidated	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Bank investments				
Bank certificate of deposits - CDB	1,568,156	700,451	4,904,934	1,944,372
Other investments	-	-	57,790	-
	1,568,156	**700,451**	**4,962,724**	**1,944,372**

The Company's financial investments are remunerated at rates around 102.1% of the Brazilian interbank offer rate (Interbank Deposit Certificate), or CDI, on December 31, 2020 (99.7% of the CDI on December 2019). The sensitivity analysis of interest rate risks is presented in note 3.1.

5.3 Securities and restricted cash

Accounting policy:

They are measured and classified at fair value through profit or loss, with an average maturity of government bonds between two and five years, however they can be readily redeemed and are subject to an insignificant risk of change in value.

Marketable securities	Parent Company		Consolidated	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Government bonds (i)	71,302	435,054	1,272,316	1,355,980
Bank certificate of deposits - CDB (ii)	6,258	55,230	116,963	125,413
Financial letters (iii)	416	21,441	7,444	270,460
	77,976	**511,725**	**1,396,723**	**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 maturity between two and five years.

(iii) Financial bills have an interest rate linked to the CDI, and daily liquidity, according to the Company's liquidity policy.

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

Restricted cash	**Parent Company**		**Consolidated**	
	December 31, 2020	**December 31, 2019**	**December 31, 2020**	**December 31, 2019**
Investments linked to loans	-	-	-	86,681
Securities pledged as collateral	79	3,511	34,562	61,229
	79	**3,511**	**34,562**	**147,910**

5.4 Trade receivables

Accounting policy:

Accounts receivable from customers are initially recognized at the amount of the consideration, which is unconditional, unless they contain significant financial components, when they are recognized at fair value. The Company maintains accounts receivable from customers for the purpose of receiving contractual cash flows, subsequently measuring them at amortized cost using the effective interest method.

To measure expected credit losses, receivables were grouped based on credit risk characteristics and overdue days. The provision allowance for doubtful accounts is recorded in selling expense.

The expected loss rates are based on the corresponding historical credit losses suffered. Historical rates of loss can be adjusted to reflect current and prospective information on macroeconomic factors that affect customers' ability to settle receivables.

	Parent Company		**Consolidated**	
	December 31, 2020	**December 31, 2019**	**December 31, 2020**	**December 31, 2019**
Domestic – Brazilian Reais	20,105	22,420	382,806	355,733
Export – Foreign currency	-	-	51,365	49,002
	20,105	**22,420**	**434,171**	**404,735**
Allowance for doubtful accounts	(680)	(1,887)	(5,679)	(5,486)
	(680)	**(1,887)**	**(5,679)**	**(5,486)**
Total	**19,425**	**20,533**	**428,492**	**399,249**
Current	**18,558**	**15,111**	**421,322**	**385,563**
Non-current	**867**	**5,422**	**7,170**	**13,686**
Total	**19,425**	**20,533**	**428,492**	**399,249**

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

The analysis of the maturity of trade receivables from customers is as follows:

	Parent Company		Consolidated	
	December 31, 2020	**December 31, 2019**	**December 31, 2020**	**December 31, 2019**
Not overdue	17,635	14,568	282,671	274,037
Overdue:				
From 1 to 30 days	1,380	337	111,164	78,936
From 31 to 60 days	170	-	9,276	8,261
From 61 to 90 days	93	5,780	8,906	22,956
More than 90 days	827	1,735	22,154	20,545
Allowance for doubtful accounts	(680)	(1,887)	(5,679)	(5,486)
	19,425	**20,533**	**428,492**	**399,249**

The change in the estimated allowance for loan losses is shown as follows:

	Parent Company	**Consolidated**
At January 1, 2019	**(2,013)**	**(17,838)**
Provision	(210)	(8,081)
Reversal and write-off	336	20,433
At December 31, 2019	**(1,887)**	**(5,486)**
Provision	(291)	(7,277)
Reversal and write-off	1,498	7,084
At December 31, 2020	**(680)**	**(5,679)**

5.5 Loans, financing and debentures

Accounting policy:

Initially measured at fair value, net of costs incurred in the transaction and, subsequently, at amortized cost.

They are derecognized when the obligation specified in the contract is paid, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any transferred non-monetary assets or assumed liabilities, is recognized in profit or loss as other financial income or expenses.

Classified as current liabilities, unless there is an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

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

	Financial charges		Parent Company		Consolidated			
Description	**Index**	**Average interest rate**	**December 31, 2020**	**December 31, 2019**	**December 31, 2020**	**December 31, 2019**	**Maturity date**	**Goal**
Loans and financing								
Finame (BNDES)	Pre-fixed	5.61%	291,547	368,904	647,435	834,035	January/2025	Acquisition
	URTJLP	10.34%	-	-	396	4,952	March/2022	Acquisition
	Selic	3.52%	-	-	-	1,118	September/2020	Acquisition
Finem (BNDES)	Pre-fixed	3.50%	-	-	1,077	1,426	January/2024	Acquisition
	URTJLP	6.63%	24,610	55,565	3,321,839	2,213,704	December/2029	Acquisition
	IPCA	7.46%	-	-	796	1,528	November/2021	Acquisition
NCE	CDI + 1,03%	3.12%	-	-	82,185	-	February/2023	Working capital
	CDI + 0.80%	2.72%	-	-	505,061	512,078	December/2023	Working capital
	CDI + 3.50% p.a.	5.01%	-	-	208,464	-	March/2021	Working capital
	CDI + 3.15% p.a.	5.11%	-	-	468,516	-	March/2021	Working capital
Senior Notes 2024	Pre-fixed (US$) (ii)	7.38%	-	-	4,514,289	3,318,895	February/2024	Acquisition
Senior Notes 2025	Pre-fixed (US$) (iii)	5.88%	-	-	3,067,359	2,182,089	January/2025	Acquisition
Senior Notes 2028	Pre-fixed (US$)	5.25%	-	-	2,640,840	-	January/2028	Acquisition
ECA	Euribor + 0.58% (EUR) (iv)	0.58%	-	-	104,108	79,528	September/2026	Acquisition
CCB	IPCA + 0.81%	5.31%	-	-	239,068	-	January/2048	Working capital
Loan 4131	Pre-fixed (US$) (v)	1.60%	483,625	217,537	483,625	217,537	November/2022	Working capital
	CDI	4.60%	-	-	206,908	-	April/2021	Working capital
			799,782	**642,006**	**16,491,966**	**9,366,890**		
Debentures								
Non-convertible debentures	IPCA + 4.68% (vi)	9.24%	-	-	595,847	570,098	February/2026	Acquisition
	IPCA + 4.50% (vii)	9.06%	739,202	668,034	739,202	668,034	February/2029	Acquisition
	IPCA + 3.90%	8.43%	1,025,777	895,249	1,025,777	895,249	October/2029	Acquisition
	IPCA + 4.00%	8.53%	255,501	219,466	255,501	219,466	October/2029	Acquisition
	IPCA + 6.80%	11.46%	803,745	-	803,745	-	April/2030	Acquisition
Private debentures	CDI + 0.50%	2.41%	792,535	767,296	-	-	January/2023	Working capital
			3,616,760	**2,550,045**	**3,420,072**	**2,352,847**		
Total			**4,416,542**	**3,192,051**	**19,912,038**	**11,719,737**		
Current			**482,421**	**969,054**	**2,504,223**	**1,064,846**		
Non-current			**3,934,121**	**2,222,997**	**17,407,815**	**10,654,891**		

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

(i) TJLP refers to the Long Term Interest Rate, which is defined as the basic cost of financing granted by BNDES (National Bank for Economic and Social Development). SELIC refers to the overnight rate of the Special Settlement and Custody System. It is the average rate weighted by the volume of financing operations for one day, backed by federal public securities in the form of repo operations. The CDI or DI Over Rate (CDI Over) is obtained by calculating the weighted average of all transaction fees made at Cetip between different financial institutions. IPCA is the Broad Consumer Price Index and aims to measure the inflation of a set of products and services.

(ii) This debt has swap contracts for 145% of the CDI, which represents an average rate of 6.38% a.a.

(iii) Debt with a swap to 127% of the CDI, which represents an average rate of 6.29% a.a.

(iv) Debt with a swap for 108% of the CDI, which represents an average rate of 5.01% a.a.

(v) Debt with swap for 118% of the CDI, which represents an average rate of 3.46% a.a.

(vi) Debt with swap for 107% of the CDI, which represents an average rate of 4.93% p.a.

(vii) Debt with swap for 103% of the CDI, which represents an average rate of 6.35% a.a.

Non-current loans have the following maturities:

	Parent Company		Consolidated	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
13 to 24 months	410,856	190,701	1,135,485	758,822
25 to 36 months	855,323	179,241	1,056,521	718,195
37 to 48 months	53,841	66,658	5,069,301	793,073
49 to 60 months	-	51,191	3,552,834	3,676,142
61 to 72 months	-	-	404,760	2,493,341
73 to 84 months	644,507	-	917,765	225,554
85 to 96 months	920,598	572,993	3,788,409	670,435
Thereafter	1,048,996	1,162,213	1,482,740	1,319,329
	3,934,121	**2,222,997**	**17,407,815**	**10,654,891**

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

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

	Consolidated	
	December 31, 2020	December 31, 2019
Brazilian Reais (R$)	9,101,817	5,921,690
Dollar (US$) (i)	10,706,113	5,718,519
EUR (i)	104,108	79,528
Total	**19,912,038**	**11,719,737**

(i) As of December 31, 2020, all debt denominated in foreign currency, in the subsidiaries, are protected against foreign exchange risk through derivatives (Note 5.8) or through financial investments in the same currency.

Below the movement of loans, financing and debentures for the year ended December 31, 2020 and 2019:

	Parent Company	Consolidated
At January 1, 2019	1,521,364	10,594,381
Proceeds from debts	1,663,987	2,402,347
Interest, monetary and exchange correction	228,281	1,313,568
Amortization of principal	(174,150)	(1,945,040)
Payments of interest from debts	(47,431)	(645,519)
At December 31, 2019	**3,192,051**	**11,719,737**
Proceeds from debts	963,591	6,172,611
Interest, monetary and exchange correction	493,208	3,361,085
Amortization of principal	(109,604)	(653,002)
Payments of interest from debts	(122,704)	(688,393)
At December 31, 2020	**4,416,542**	**19,912,038**

a) Warranties

Some financing contracts with the National Bank for Economic and Social Development ("BNDES"), destined for investments, are also guaranteed, according to each contract, by bank guarantee, with an average cost of 1.04% per year or by real guarantees (assets) and guarantee account. As of December 31, 2020, the balance of bank guarantees contracted was R$ 3,687,323 (R$ 1,387,627 as of December 31, 2019).

To calculate the average rates, the annual average CDI of 2.78% (5.94% as of December 31, 2019) and TJLP of 4.87% (5.57% as of December 31, 2019) were considered on an annual basis.

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

b) Unused credit lines

As of December 31, 2020, the Company had lines of credit in banks with AA rating, which were not used, in the total amount of R$ 487,378 (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 clauses are presented below:

Goal	Index
Net financial debt [(i)]/ EBITDA ≤ 3.3x in December, 2020	1.96
EBITDA/ Consolidated financial result[(ii)] ≥ 2.0x in December, 2020	4.78

(i) The net financial debt is composed of bank debts, debentures, commercial 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. As of December 31, 2020, the Company and its subsidiaries were complying with all restrictive financial covenants.

5.6 Lease liabilities

Accounting policy:

At the beginning or in the modification of a contract, the Company assesses whether a contract is or contains a lease.

The lease liability is initially measured at the present value of lease payments that are not made on the start date, discounted at the interest rate implicit in the lease or, if that rate cannot be determined immediately, by the Group's incremental loan rate. The Group generally uses its incremental loan rate as a discount rate.

The lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including fixed payments in essence;
- variable lease payments that depend on index or rate, initially measured using the index or rate on the start date;
- amounts expected to be paid by the lessee, in accordance with the residual value guarantees; and
- the exercise price of the call option if the lessee is reasonably certain to exercise that option, and payment of fines for terminating the lease, if the lease term reflects the lessee exercising the option to terminate the lease.

Subsequent valuation of the lease liability is at amortized cost, using the effective interest method. It is remeasured when there is a change in future leases payments resulting from a change in index or rate, if there is a change in the amounts that are expected to be paid according to the residual value guarantee, if the Company changes its valuation, an option of purchase, extension or termination will be exercised or if there is an essentially fixed revised lease payment.

When the lease liability is remeasured in this way, an adjustment corresponding to the carrying amount of the right-of-use asset is made or is recorded in the income statement if the carrying amount of the right-of-use asset has been reduced to zero.

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

	Consolidated leases			
	Financial	Operational - concessions	Operating Others	Total
At January 1, 2019	553,350	1,208,455	183,253	1,945,058
Additions	-	2,759,539	17,736	2,777,275
Appropriation of interest and exchange	81,982	267,923	160,209	510,114
Repayment of principal	(132,100)	(140,928)	(143,391)	(416,419)
Payment of interest	(73,641)	(100,449)	(72,270)	(246,360)
Contractual adjustment	-	66,374	10,526	76,900
Transfers between liabilities (iii)	-	(117,428)	-	(117,428)
At January 1, 2020	**429,591**	**3,943,486**	**156,063**	**4,529,140**
Additions (i)	87,811	3,406,560	28,098	3,522,469
Interest appropriation	61,487	380,331	148,441	590,259
Repayment of principal (ii)	(102,148)	(5,179,294)	(118,803)	(5,400,245)
Payment of interest	(60,619)	(376,718)	(57,809)	(495,146)
Contractual adjustment	-	266,296	11,282	277,578
Transfers between liabilities (iii)	-	(111,737)	-	(111,737)
At December 31, 2020	**416,122**	**2,328,924**	**167,272**	**2,912,318**
Current	**232,649**	**232,212**	**45,840**	**510,701**
Non-current	**183,473**	**2,096,712**	**121,432**	**2,401,617**
	416,122	**2,328,924**	**167,272**	**2,912,318**

(i) Additions to "Operational - concessions" include R$ 3,382,030 related to the registration of the grant amount and update of the lease, by renewing the concession contract of Malha Paulista (Note 4.2).

(ii) Amortization of principal in "Operating - concessions" includes R$ 5,100,511 related to the anticipation of the payments for the concession of Rumo Malha Paulista and Rumo Malha Central (Note 4.6).

(iii) Transfer of the parcels 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, the following impact on income during the year ended December 31, 2020 was recorded for other lease agreements that were not included in the measurement of lease liabilities:

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

	Consolidated	
	December 31, 2020	December 31, 2019
Variable lease payments not included in the measurement of lease liabilities	24,045	10,691
Expenses relating to short-term leases	34,101	37,143
Expenses relating to leases of low-value assets, excluding short-term leases	1,547	348
	59,693	**48,182**

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 considering future projected inflation in the installments to be discounted.

The incremental interest rate (nominal) used by the Company was determined based on the interest rates to which the Company has access, adjusted to the Brazilian market and the terms of its contracts. Rates between 10.9% and 14.2% were used, according to the term of each contract.

In compliance with CVM Instruction Circular Official 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, the right to use , financial expense and depreciation expense for the fiscal year ended December 31, 2020, would be those presented in the “Official note” column:

	2020			2019		
Accounts	**Registered**	**Official note**	**% Variation**	**Registered**	**Official note**	**% Variation**
Lease liabilities	(2,120,613)	(2,273,916)	7%	(3,777,281)	(3,977,195)	5%
Residual right of use	6,991,664	7,017,560	0%	3,622,281	3,716,764	3%
Financial expense	(462,664)	(480,669)	4%	(251,750)	(272,107)	8%
Depreciation expense	(245,946)	(261,076)	6%	(135,793)	(153,268)	13%

The balances recorded by the Company include the Malha Central contract and the renewal addendum to the Malha Paulista contract, which have an implicit rate identified, so that their appreciation does not generate distortions in the liabilities and usage rights covered by the CVM Circular Letter. As of December 31, 2020, the lease liability of these contracts was R $ 983,576 (R$ 2,728,930 as of December 31, 2019).

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

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 as of December 31, 2020 is R$ 4,713.

5.7 Suppliers

Accounting policy:

The carrying amounts of suppliers are the same as their fair values, due to their short-term nature and are generally paid within 45 days of recognition.

	Parent Company		Consolidated	
	December 31, 2020	**December 31, 2019**	**December 31, 2020**	**December 31, 2019**
Material and services suppliers	54,562	44,090	721,600	495,837
Fuels and lubricants suppliers	-	-	727	370
Other	17,729	11,019	32,215	17,118
Total	**72,291**	**55,109**	**754,542**	**513,325**

5.8 Derivative financial instruments

Accounting policy:

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedge instrument and, if so, the nature of the hedged item. The Company designates certain derivatives as:

i. Hedges of the fair value of recognized assets or liabilities or of a firm commitment (fair value hedge);

At the beginning of the hedge relationship, the Company documents the economic relationship between the hedge instruments and the hedged items, including changes in the cash flows of the hedge instruments, which should offset the changes in the cash flows of the hedged items. The Company documents its risk management objective and strategy for carrying out its hedge operations. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognized immediately in the income statement and are included in other gains / (losses).

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

The fair values of the derivative financial instruments designated in the hedge relationships are disclosed below. The total fair value of a hedge derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is greater than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

The Company makes an assessment, both at the beginning of the hedge relationship and on an ongoing basis, as to whether the hedge instruments should be highly effective in offsetting changes in fair value or the cash flows of the respective attributable hedged items.

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

	Notional		**Fair value**	
	December 31, 2020	**December 31, 2019**	**December 31, 2020**	**December 31, 2019**
Foreign exchange and interest rate derivatives				
Swap contracts (interest and exchange)	4,648,615	5,534,936	3,579,657	1,623,541
Swap contracts (interest and inflation)	2,229,136	-	408,867	-
	6,877,751	**5,534,936**	**3,988,524**	**1,623,541**
Assets			**3,988,524**	**1,624,023**
Liabilities			**-**	**(482)**
			3,988,524	**1,623,541**

The Company contracted Swap operations, in order to be active in USD + fixed interest and passive in percentage of CDI.

The Company contracted interest and exchange swap operations, to be active in USD + fixed interest and passive in percentage of CDI. For interest and inflation swap operations, the Company is active at IPCA + fixed interest and passive as a percentage of the CDI.

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

Hedge strategies

a) Hedge of fair value

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:

Exchange rate hedge		Notional	Book value (R$)		Result Fair value adjustment	
			December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Objects						
Senior Notes 2024	US$ + 7.4%	(2,405,595)	(4,514,289)	(3,318,895)	(959,017)	(471,159)
Senior Notes 2025	US$ + 5.9%	(1,740,550)	(3,067,359)	(2,182,089)	(779,581)	(295,208)
Debits		**(4,146,145)**	**(7,581,648)**	**(5,500,984)**	**(1,738,598)**	**(766,367)**
Derivative instruments						
Foreign exchange and interest swap	BRL + 145% do CDI	2,405,595	2,118,028	989,022	1,021,045	340,265
Foreign exchange and interest swap	BRL + 127% do CDI	1,740,550	1,341,379	479,481	825,015	201,679
Derivatives		**4,146,145**	**3,459,407**	**1,468,503**	**1,846,060**	**541,944**
Total		**-**	**(4,122,241)**	**(4,032,481)**	**107,462**	**(224,423)**

Interest rate hedge		Nocional R$	Book value R$		Result Fair value adjustment	
			December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Objects						
Debentures	IPCA+3.90%	(906,856)	(1,025,777)	(895,249)	(192,446)	(9,677)
Debentures	IPCA+4.00%	(222,280)	(255,501)	(219,466)	(46,991)	(487)
Debits		**(1,129,136)**	**(1,281,278)**	**(1,114,715)**	**(239,437)**	**(10,164)**
Derivative instruments						
Inflation and interest swaps		927,136	144,137	-	149,663	-
Inflation and interest swaps		227,828	32,556	-	33,932	-
Derivatives		**1,154,964**	**176,693**	**-**	**183,595**	**-**
Total		**25,828**	**(1,104,585)**	**(1,114,715)**	**(55,842)**	**(10,164)**

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

b) Fair value options

Certain derivative instruments have not been linked to documented hedge structures. The Company opted to designate the protected liabilities (hedge objects) to be recorded at fair value through profit or loss. Considering that derivative instruments are always recorded at fair value through profit or loss, the accounting effects are the same that would be obtained through hedge documentation:

Interest risk		**Nocional R$**	**Book value R$**		**Result Fair value adjustment**	
			December 31, 2020	**December 31, 2019**	**December 31, 2020**	**December 31, 2019**
Designated liabilities						
Debentures	IPCA+4.68%	(500,000)	(595,847)	(570,098)	(48,142)	(4,911)
Debentures	IPCA+4.50%	(600,000)	(739,202)	(668,034)	(55,116)	(5,710)
Debits		**(1,100,000)**	**(1,335,049)**	**(1,238,132)**	**(103,258)**	**(10,621)**
Derivative instruments						
Inflation and interest swaps	102% do CDI	500,000	96,931	59,678	39,232	55,132
Inflation and interest swaps	105% do CDI	600,000	135,244	80,455	56,915	76,113
Derivatives		**1,100,000**	**232,175**	**140,133**	**96,147**	**131,245**
Total		**-**	**(1,102,874)**	**(1,097,999)**	**(7,111)**	**120,624**

Foreign exchange risk		**Nocional R$**	**Book value R$**		**Result Fair value adjustment**	
			December 31, 2020	**December 31, 2019**	**December 31, 2020**	**December 31, 2019**
Designated liabilities						
ECA	EUR + 0.58%	(100,198)	(95,373)	(79,528)	(36,481)	(267)
Loan 4131	USD + 2.20%	(402,272)	(485,978)	(217,537)	(64,235)	(9,306)
Debits		**(502,470)**	**(581,351)**	**(297,065)**	**(100,716)**	**(9,573)**
Derivative instruments						
Foreign exchange and interest swap	BRL + 108% do CDI	100,198	39,529	2,564	36,165	932
Foreign exchange and interest swap	BRL + 118% do CDI	402,272	80,720	12,340	66,700	6,306
Derivatives		**502,470**	**120,249**	**14,904**	**102,865**	**7,238**
Total		**-**	**(461,102)**	**(282,161)**	**2,149**	**(2,335)**

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

5.9 Other taxes recoverable

Accounting Policy:

Tax assets are measured at cost and include mainly: (i) tax effects that are recognized when the asset is sold to a third party or recovered through the amortization of the asset's remaining economic life; and (ii) tax receivables that are expected to be recovered as refunds from tax authorities or as a reduction for future tax obligations.

	Parent Company		Consolidated	
	December 31, 2020	**December 31, 2019**	**December 31, 2020**	**December 31, 2019**
COFINS - Social security financing contribution	45,069	22,909	303,727	253,755
PIS - Social integration program	9,589	4,778	115,642	94,739
ICMS - State VAT (i)	-	-	595,450	522,820
ICMS - CIAP (ii)	-	-	106,243	129,000
Other	3,016	2,931	20,268	10,586
	57,674	**30,618**	**1,141,330**	**1,010,900**
Current	**57,674**	30,618	**350,883**	347,316
Non-current	**-**	-	**790,447**	663,584
	57,674	30,618	**1,141,330**	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.

5.10 Inventories

Accounting policy:

Inventories are stated at the lower of cost and net realizable value (it is the estimated selling price in the normal course of business, less estimated completion costs and estimated costs necessary to make the sale).

The provision for obsolete inventories is made for the risks associated with the realization and sale of inventories due to obsolescence and measured at the net realizable value or the cost, whichever is less.

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

	Parent Company		Consolidated	
	December 31, 2020	**December 31, 2019**	**December 31, 2020**	**December 31, 2019**
Parts and accessories	910	943	219,831	236,347
Fuels and lubricants	27	-	6,807	6,894
Warehouse and other	165	93	22,680	5,215
	1,102	**1,036**	**249,318**	**248,456**

The balances are presented net of the provision for obsolete inventories of R$ 7,256 as of December 31, 2020 (R$ 5,492 as of December 31, 2019).

5.11 Investments in associates and provision for unsecured liabilities

(a) Subsidiaries and associates

Accounting policy:

a) **Subsidiaries**

Subsidiaries are all entities over which the Company has control, are fully consolidated from the date of acquisition of control and are not consolidated when control no longer exists.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the parent Company, using consistent accounting policies. Adjustments are made to the subsidiaries' financial statements to adapt their accounting policies to the Company's accounting policies.

Related party transactions are eliminated in full on consolidation. Unrealized gains arising from transactions with investees recorded under the equity method are eliminated against the investment in proportion to the Company's interest in the investee. Unrealized losses are eliminated in the same way, but only to the extent that there is no evidence of impairment.

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

a) Associates

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

Intragroup balances and transactions, and any unrealized income or expenses arising from intragroup transactions, are eliminated in the preparation of the consolidated financial statements.

In accordance with the equity method, the participation of associates attributable to the Company in the profit or loss for the period of such investments is recorded in the income statement, under "Equity in results". Unrealized gains and losses arising from transactions between the Company and the investees are eliminated based on the percentage of participation of these investees. The other comprehensive income of subsidiaries, associates and jointly controlled entities are recorded directly in the Company's shareholders' equity, under “Other comprehensive income”.

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

i. Parent Company

	Total shares of the investee	Shares held by the Company	Percentage of participation
Elevações Portuárias S.A.	672,397,254	672,397,254	100.00%
Rumo Intermodal S.A.	91,064,313	91,064,313	100.00%
Rumo Malha Central S.A.	250,000,000	250,000,000	100.00%
Rumo Malha Norte S.A.	1,189,412,363	1,186,268,176	99.74%
Boswells S.A.	3,265,000	3,265,000	100.00%
Brado Participações S.A.	12,962,963	8,065,556	62.22%
Paranaguá S.A.	6,119,802	6,113,851	99.90%
Logispot Armazéns Gerais S.A.	2,040,816	1,040,816	51.00%
Rumo Luxembourg Sarl	500,000	500,000	100.00%
Rumo Malha Sul S.A.	6,677,710,494,907	6,677,710,494,907	100.00%
ALL Argentina S.A.	9,703,000	8,826,110	90.96%
Rumo Malha Paulista S.A.	90,826,624,247	90,826,624,247	100.00%
Terminal São Simão S.A.	78,000,000	39,780,000	51.00%
Rumo Malha Oeste S.A.	478,460,074	478,460,074	100.00%

(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 December 31, 2020
Elevações Portuárias S.A.	707,336	61,399	-	(44,950)	17	-	-	-	723,802
Rumo Intermodal S.A.	40,005	3,499	(20,000)	-	422	-	-	-	23,926
Rumo Malha Central S.A.	328,740	(256,049)	2,800,000	-	-	-	-	-	2,872,691
Rumo Malha Norte S.A.	8,317,416	673,856	-	(676,655)	73	-	(29,879)	-	8,284,811
Boswells S.A.	25,574	-	-	-	7,399	-	-	-	32,973
Brado Participações S.A.	371,867	6,185	-	(1,398)	-	-	-	332	376,986
Paranaguá S.A.	20,394	1,271	1,390	-	(2,234)	-	-	-	20,821
Logispot S.A.	73,143	1,956	-	(609)	-	-	-	-	74,490
Rumo Luxembourg Sarl S.A.	50,064	(45,658)	-	-	-	-	-	-	4,406
Rumo Malha Paulista S.A.		283,841	2,900,000	-	68	201,620	(19,733)	-	3,365,796
Terminal São Simão S.A.	-	17	39,780	-	-	-	-	-	39,797
Rumo Malha Sul S.A.	1,730,253	(134,706)	300,000	-	358	-	-	-	1,895,905
Total investment in associates	**11,664,792**	**595,611**	**6,021,170**	**(723,612)**	**6,103**	**201,620**	**(49,612)**	**332**	**17,716,404**
ALL Argentina S.A.	(21,111)	(2,806)	-	-	2,379	-	-	-	(21,538)
Rumo Malha Paulista S.A.	(318,462)	(75,461)	595,543	-	-	(201,620)	-	-	-
Rumo Malha Oeste S.A.	(1,451,606)	(249,674)	-	-	47	-	-	-	(1,701,233)
Total investment in unsecured liability	**(1,791,179)**	**(327,941)**	**595,543**	**-**	**2,426**	**(201,620)**	**-**	**-**	**(1,722,771)**
Total	**9,873,613**	**267,670**	**6,616,713**	**(723,612)**	**8,529**	**-**	**(49,612)**	**332**	**15,993,633**

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

	At January 1, 2019	Equity pick-up	Capital increase (reduction) / AFAC	Dividends and Interest on own capital receivable	Comprehensive income	Initial adoption of standard CPC 06 R2/ IFRS 16	Other	Amortization of the concession right	Stock Option Plan	At December 31, 2019
Elevações Portuárias S.A.	707,886	79,632	-	(75,037)	(16)	(5,129)	-	-	-	707,336
Rumo Intermodal S.A.	37,095	2,249	-	-	661	-	-	-	-	40,005
Rumo Malha Central S.A.	-	(121,260)	450,000	-	-	-	-	-	-	328,740
Rumo Malha Norte S.A.	8,099,091	1,065,635	-	(817,367)	(63)	-	-	(29,880)	-	8,317,416
Boswells S.A.	24,585	-	-	-	989	-	-	-	-	25,574
Brado Participações S.A.	366,399	7,559	-	(2,236)	-	-	-	-	145	371,867
Paranaguá S.A.	13,681	167	12,809	-	(6,263)	-	-	-	-	20,394
Logispot Armazéns Gerais S.A.	73,624	177	-	(634)	-	-	(24)	-	-	73,143
Rumo Luxembourg Sarl	64,118	(3,389)	(10,665)	-	-	-	-	-	-	50,064
Rumo Malha Sul S.A.	976,663	(66,731)	1,003,000	-	(322)	(182,383)	26	-	-	1,730,253
Total investment in associates	**10,363,142**	**964,039**	**1,455,144**	**(895,274)**	**(5,014)**	**(187,512)**	**2**	**(29,880)**	**145**	**11,664,792**
ALL Argentina S.A.	(17,019)	(11,917)	-	-	7,825	-	-	-	-	(21,111)
Rumo Malha Paulista S.A.	(260,465)	37,631	-	-	(54)	(75,839)	(543)	(19,192)	-	(318,462)
Rumo Malha Oeste S.A.	(1,097,466)	(142,059)	-	-	(41)	(212,040)	-	-	-	(1,451,606)
Total investment in unsecured liability	**(1,374,950)**	**(116,345)**	**-**	-	**7,730**	**(287,879)**	**(543)**	(19,192)	**-**	**(1,791,179)**
Total	**8,988,192**	**847,694**	**1,455,144**	**(895,274)**	**2,716**	**(475,391)**	**(541)**	**(49,072)**	**145**	**9,873,613**

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

Financial information of subsidiaries and associates:

	December 31, 2020				December 31, 2019			
	Assets	**Liabilities**	**Net equity and (unsecured liabilities)**	**Profit (loss) of the year**	**Assets**	**Liabilities**	**Net equity and (unsecured liabilities)**	**Profit (loss) of the year**
Elevações Portuárias	918,960	195,158	723,802	61,399	886,098	178,761	707,337	79,632
Rumo Intermodal S.A.	34,662	10,736	23,926	3,499	56,121	16,113	40,008	2,249
Rumo Malha Central	5,041,849	2,169,159	2,872,690	(256,049)	3,107,023	2,778,284	328,739	(121,260)
Rumo Malha Norte S.A.	16,355,228	12,552,278	3,802,950	701,710	12,778,704	8,999,093	3,779,611	1,084,633
Boswells S.A.	32,973	-	32,973	-	25,575	-	25,575	-
Brado Participações	891,438	320,467	570,971	8,799	783,554	219,675	563,879	9,426
Paranaguá S.A.	20,995	152	20,843	1,273	20,918	502	20,416	167
Logispot Armazéns	55,295	28,149	27,146	4,935	119,694	49,776	69,918	347
ALL Argentina S.A.	6,572	30,248	(23,676)	(3,085)	6,777	29,984	(23,207)	(13,103)
Rumo Luxembourg Sarl	9,279,021	9,274,616	4,405	(45,658)	5,186,074	5,136,011	50,063	(3,389)
Rumo Malha Paulista	10,719,689	7,313,028	3,406,661	176,322	5,982,712	6,247,985	(265,273)	(34,726)
Rumo Malha Oeste S.A.	176,391	1,877,627	(1,701,236)	(249,674)	391,307	1,842,916	(1,451,609)	(131,086)
Rumo Malha Sul S.A.	4,460,509	2,561,460	1,899,049	(144,206)	4,189,668	2,446,771	1,742,897	(125,916)
Terminal São Simão	98,310	20,276	78,034	34	-	-	-	-

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 - Terminal Marítimo de Guarujá S.A.	500,000	99,246	19.85%
TGG - Terminal de Granéis do Guarujá S.A.	79,747,000	7,914,609	9.92%
Terminal XXXIX S.A.	200,000	99,246	49.62%

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

	At January 1, 2020	Equity pick-up	Dividends	Other	At December 31, 2020
Rhall Terminais Ltda.	4,148	851	(1,234)	-	3,765
Termag - Terminal Marítimo de Guarujá S.A.	5,214	2,659	-	(6,200)	1,673
TGG - Terminal de Granéis do Guarujá S.A.	18,247	3,535	(3,103)	-	18,679
Terminal XXXIX S.A.	24,404	6,042	(3,849)	-	26,597
Total investments in associates	**52,013**	**13,087**	**(8,186)**	**(6,200)**	**50,714**

	At January 1, 2019	Equity pick-up	Dividends	Other	At December 31, 2019
Rhall Terminais Ltda.	3,166	1,009	(27)	-	4,148
Termag - Terminal Marítimo de Guarujá S.A.	5,192	5,720	-	(5,698)	5,214
TGG - Terminal de Granéis do Guarujá S.A.	19,601	5,262	(6,616)	-	18,247
Terminal XXXIX S.A.	16,042	9,885	(1,523)	-	24,404
Total investments in unsecured liabilities	**44,001**	**21,876**	**(8,166)**	**(5,698)**	**52,013**

Financial information of subsidiaries and associates:

	December 31, 2020				December 31, 2019			
	Assets	Liabilities	Net equity and (unsecured liabilities)	Profit (loss) of the year	Assets	Liabilities	Net equity and (unsecured liabilities)	Profit (loss) of the year
Rhall Terminais Ltda.	26,371	13,821	12,550	9,578	16,629	2,804	13,825	3,641
Termag - Terminal Marítimo de Guarujá S.A.	229,586	221,232	8,354	7,721	275,215	249,166	26,049	25,552
TGG - Terminal de Granéis do Guarujá S.A.	271,125	84,313	186,812	38,301	217,311	34,849	182,462	46,611
Terminal XXXIX S.A.	171,072	117,877	53,195	11,667	61,560	12,745	48,815	17,710

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

(b) Participation of non-controlling shareholders

Accounting policy:

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with owners in the capacity of owners.

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 S.A.	1,189,412,363	3,144,187	0.26%
Brado Participações S.A.	12,962,963	4,897,407	37.78%
Logispot Armazéns	2,040,816	1,000,000	49.00%
Terminal São Simão S.A.	78,000,000	38,220,000	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	Result of Non-controlling interests	Dividends	Stock option plan	Capital increase	Other	At December 31, 2020
Rumo Malha Norte S.A.	9,903	1,862	(1,850)	-	-	64	9,979
Brado Participações S.A.	225,889	3,755	(845)	194	-	-	228,993
Logispot Armazéns Gerais S.A.	34,219	1,879	(585)	-	-	-	35,513
Terminal São Simão S.A.	-	16	-	-	38,220	-	38,236
Total non-controlling interest	**270,011**	**7,512**	**(3,280)**	**194**	**38,220**	**64**	**312,721**

	At January 1, 2019	Result of Non-controlling interests	Dividends	Stock option plan	Other	At December 31, 2019
Rumo Malha Norte S.A.	8,734	3,336	(2,270)	-	103	9,903
Brado Participações S.A.	223,032	4,126	(1,357)	88	-	225,889
Logispot Armazéns Gerais S.A.	34,657	172	(610)	-	-	34,219
Total non-controlling interest	**266,423**	**7,634**	**(4,237)**	**88**	**103**	**270,011**

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

Summary balance sheet:

	Rumo Malha Norte S.A.		Brado Participações S.A.		Logispot Armazéns Gerais S.A.	
	December 31, 2020	**December 31, 2019**	**December 31, 2020**	**December 31, 2019**	**December 31, 2020**	**December 31, 2019**
Assets						
Current	3,755,283	3,460,028	242,869	169,796	15,202	6,975
Non-current	12,599,945	9,318,676	648,569	613,758	40,093	112,719
Total assets	**16,355,228**	**12,778,704**	**891,438**	**783,554**	**55,295**	**119,694**
Liabilities						
Current	1,972,340	959,471	152,336	104,184	12,201	11,522
Non-current	10,579,938	8,039,622	168,131	115,491	15,948	38,254
Total liabilities	**12,552,278**	**8,999,093**	**320,467**	**219,675**	**28,149**	**49,776**
Shareholders' equity	**3.802.950**	**3.779.611**	**570.971**	**563.879**	**27.146**	**69.918**

Summary income statement and other comprehensive income:

	Rumo Malha Norte S.A.		Brado Participações S.A.		Logispot Armazéns Gerais S.A.	
	December 31, 2020	**December 31, 2019**	**December 31, 2020**	**December 31, 2019**	**December 31, 2020**	**December 31, 2019**
Net income	3,781,915	4,135,513	283,133	294,710	22,088	18,029
Result before taxes	870,421	1,271,783	14,222	14,906	6,010	389
Income tax and social contribution	(168,711)	(187,150)	(5,423)	(5,480)	(1,075)	(42)
Result for the year	**701,710**	**1,084,633**	**8,799**	**9,426**	**4,935**	**347**
Other comprehensive result	(174)	(64)	-	-	-	-
Total comprehensive result	**701,536**	**1,084,569**	**8,799**	**9,426**	**4,935**	**347**
Dividends paid	(511,477)	(819,534)	(2,239)	(3,593)	(612)	-

Summary cash flow statement:

	Rumo Malha Norte S.A.		Brado Participações S.A.		Logispot Armazéns Gerais S.A.	
	December 31, 2020	**December 31, 2019**	**December 31, 2020**	**December 31, 2019**	**December 31, 2020**	**December 31, 2019**
Net cash (used in) generated from operating activities	1,952,526	2,003,991	53,015	40,584	4,398	4,723
Net cash (used in) generated investing activities	(261,609)	1,068,235	(40,135)	35,270	(6,928)	(361)
Net cash (used in) generated from financing activities	(379,324)	(2,227,250)	23,532	(52,172)	2,651	(4,522)
Increase (decrease) in cash and cash equivalents	**1,311,593**	**844,976**	**36,412**	**23,682**	**121**	**(160)**
Cash and cash equivalents at beginning of the year	**920,972**	**75,996**	**40,890**	**17,208**	**15**	**175**
Cash and cash equivalents at end of the year	**2,232,565**	**920,972**	**77,302**	**40,890**	**136**	**15**

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

Accounting policy:

Impairment

The Company annually reviews impairment indicators for intangible assets with defined useful lives and fixed assets. In addition, an impairment test is carried out for goodwill and intangible assets with an indefinite useful life. Impairment exists when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use.

The recoverable amount is determined based on the value in use calculations, using the discounted cash flow determined by Management based on budgets and projections that take into account the assumptions related to each cash-generating unit, such as: estimates of future performance business, cash generation, long-term growth and discount rates.

For the purpose of analyzing impairment, concession contracts were defined as cash-generating units, each registered with an individual company. The basis for annual assessment and testing is September 30.

During the year ended December 31, 2020 except for the impacts of COVID mentioned in Note 4.1, we did not identify any other impairment indicators, so that no impairment test was necessary for property, plant and equipment and intangible assets with a defined useful life, except for the unit cash generator represented by the concession of Rumo Malha Oeste, which presents negative results and low cash generation (Note 5.11).

The determination of the recoverability of the assets depends on certain key assumptions, as described above, which are influenced by the market, technological and economic conditions in force at the time when 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.

Analysis of impairment

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

In the period ended on December 31, 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 5.16) 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$ 143,987 (being R$ 143,018 related to fixed assets (note 5.12.1) and R$ 966 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.

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.

5.12.1 Property, Plant and Equipment

Accounting policy:

Recognition and measurement

Property, plant and equipment items are measured at cost, less accumulated depreciation and any accumulated losses due to impairment.

Subsequent expenses are capitalized only when it is probable that the future economic benefits associated with the expenses will flow to the Company. Continuous repairs and maintenance are accounted for when incurred.

Depreciated from the date they are available for use or, in relation to built assets, from the date the asset is completed and ready for use.

Depreciation is calculated on the book value of property, plant and equipment minus estimated residual values using the straight-line basis over its estimated useful life, recognized in profit or loss, unless it is capitalized as part of the cost of another asset. Land is not depreciated.

Depreciation methods, such as useful lives and residual values, are reviewed at the end of each year, or when there is a significant change in an expected consumption pattern, such as a relevant incident and technical obsolescence. Any adjustments are recognized as changes in accounting estimates, if appropriate.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

Building and improvements	4% - 5%
Machinery, equipment and installations	8% - 11%
Other	10% - 20%
Freight cars	2.9% - 6%
Locomotives	3.3% - 8%
Track structure	3% - 4%
Furniture and fixture	10% - 15%
Computer equipment	20%

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

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**	**Total**
Cost:								
At January 1, 2019	**904,802**	**822,965**	**7,471,515**	**8,005,887**	**999,026**	**768,383**	**18,972,578**	**189,018**
Additions	4	528	29,773	1,802	1,947,984	424	1,980,515	6,563
Write-off	(1,169)	(476)	(105,592)	-	(283)	(3,413)	(110,933)	-
Transfers	116,272	161,548	812,130	595,381	(1,467,891)	70,208	287,648	(275)
At January 1, 2020	**1,019,909**	**984,565**	**8,207,826**	**8,603,070**	**1,478,836**	**835,602**	**21,129,808**	**195,306**
Additions	146	717	17,900	1,193	3,248,397	58	3,268,411	6,807
Write-off	(532)	-	(94,689)	-	(507)	(21,265)	(116,993)	-
Transfers	369,899	187,873	796,982	645,612	(1,973,975)	55,560	81,951	-
At December 31, 2020	**1,389,422**	**1,173,155**	**8,928,019**	**9,249,875**	**2,752,751**	**869,955**	**24,363,177**	**202,113**
Depreciation and Impairment:								
At January 1, 2019	**(300,247)**	**(350,481)**	**(3,514,645)**	**(3,261,319)**	**(10,842)**	**(479,821)**	**(7,917,355)**	**(55,752)**
Additions	(58,991)	(106,962)	(632,170)	(611,576)	-	(16,378)	(1,426,077)	(13,953)
Write-off	131	466	104,872	6	-	3,309	108,784	-
Transfers	4,057	6,121	(107,941)	(2,234)	3,972	(28,967)	(124,992)	-
At January 1, 2020	**(355,050)**	**(450,856)**	**(4,149,884)**	**(3,875,123)**	**(6,870)**	**(521,857)**	**(9,359,640)**	**(69,705)**
Additions	(50,219)	(116,580)	(566,259)	(511,696)	(2,048)	(23,325)	(1,270,127)	(12,124)
Write-off	-	-	90,668	-	-	18,286	108,954	-
Transfers	(76,224)	11,646	(59,353)	67,841	2,795	197	(53,098)	-
Loss on impairment	(2,811)	(8,898)	(31,405)	(80,340)	(7,256)	(12,308)	(143,018)	-
At December 31, 2020	**(484,304)**	**(564,688)**	**(4,716,233)**	**(4,399,318)**	**(13,379)**	**(539,007)**	**(10,716,929)**	**(81,829)**
At December 31, 2019	**664,859**	**533,709**	**4,057,942**	**4,727,947**	**1,471,966**	**313,745**	**11,770,168**	**125,601**
At December 31, 2020	**905,118**	**608,467**	**4,211,786**	**4,850,557**	**2,739,372**	**330,948**	**13,646,248**	**120,284**

(i) On December 31, 2020, freight car and locomotives in the amount of R$ 745,203 (R$ 745,203 on December 31, 2019), were pledged to guarantee bank loans (Note 5.5).

Capitalization of borrowing costs

In the year ended December 31, 2020, capitalized loan costs were R$ 34,107 (R$ 2,506 as of December 31, 2019).

5.12.2 Intangible assets and goodwill

Accounting policy:

Recognition and measurement

Intangibles are initially recorded at cost (either by purchase or as part of a business combination), less amortization and accumulated losses due to impairment.

Subsequent expenses

Subsequent expenses are capitalized only when they increase the future economic benefits incorporated in the specific asset to which they relate. All other expenses are recognized in the income statement as incurred.

Amortization

Except for goodwill, intangible assets are amortized on a straight-line basis over their estimated useful lives, from the date they are available for use or acquired. Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate.

Intangible (except goodwill)	Annual rate of amortization - %
Software	20.00%
Operating license	3.70%
Concession rights	1.59%

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

	Consolidated					Parent Company
	Goodwill [(i)]	**Concession rights [(ii)]**	**Operating license**	**Other**	**Total**	**Total**
Cost:						
At January 1, 2019	**100,451**	**8,000,700**	**343,177**	**189,045**	**8,633,373**	**615,511**
Additions	-	12,031	-	4,138	16,169	-
Transfers	-	-	171	13,484	13,655	(657)
At December 31, 2019	**100,451**	**8,012,731**	**343,348**	**206,667**	**8,663,197**	**614,854**
Additions	-	5,227	-	4,445	9,672	-
Transfers	-	-	-	19,365	19,365	-
At December 31, 2020	**100,451**	**8,017,958**	**343,348**	**230,477**	**8,692,234**	**614,854**
Amortization and Impairment:						
At January 1, 2019	**-**	**(881,632)**	**(131,909)**	**(125,950)**	**(1,139,491)**	**(226,742)**
Additions	-	(121,103)	(11,766)	(15,749)	(148,618)	(38,456)
Transfers	-	-	-	(55)	(55)	-
At December 31, 2019	**-**	**(1,002,735)**	**(143,675)**	**(141,754)**	**(1,288,164)**	**(265,198)**
Additions	-	(121,574)	(11,774)	(19,290)	(152,638)	(38,960)
At December 31, 2020	**-**	**(1,124,309)**	**(155,449)**	**(161,044)**	**(1,440,802)**	**(304,158)**
At December 31, 2019	**100,451**	**7,009,996**	**199,673**	**64,913**	**7,375,033**	**349,656**
At December 31, 2020	**100,451**	**6,893,649**	**187,899**	**69,433**	**7,251,432**	**310,696**

(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 Logispot, 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.

5.12.3 Right-of-use

Accounting policy:

The right-to-use asset is initially measured at cost, which comprises the initial measurement value of the lease liability, adjusted for any lease payments made up to that of the start date, plus any initial direct costs incurred by the lessee and an estimate of costs to be incurred by the lessee in disassembling and removing the underlying asset, restoring the location in which it is located or restoring the underlying asset to the condition required by the lease terms and conditions, less any lease incentives received.

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

As mentioned in Note 4.2, the Subsidiary 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. As a result, the concession term for Malha Paulista was extended through 2058. This transaction is the main addition of the exercise, as we can see in the movement charts:

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

	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, 2019	161,485	11,093	1,286,671	66,931	13,085	842,782	2,382,047
Additions	7,073	3,045	1,004	-	732	2,904,778	
Contractual adjustment	9,883	68	712	-	442	54,828	
Transfers to permanent assets	-	(2,539)	(249,746)	-	-	1,565	(250,720)
At January 1, 2020	**178,441**	**11,667**	**1,038,641**	**66,931**	**14,259**	**3,803,953**	**5,113,892**
Additions	91,095	8,512	864	15,438	-	3,406,560	3,522,469
Contractual adjustment	834	10,397	1,783	-	(334)	251,854	264,534
Transfers to permanent assets	-	-	(107,963)	-	-	-	(107,963)
At December 31, 2020	**270,370**	**30,576**	**933,325**	**82,369**	**13,925**	**7,462,367**	**8,792,932**
Amortization:							
At January 1, 2019	(50,450)	(2,532)	(462,748)	-	-	(131,541)	(647,271)
Additions	(10,649)	(3,029)	(9,018)	(7,594)	(6,459)	(118,915)	(155,664)
Transfers	(7,233)	2,532	104,694	-	2	-	99,995
At January 1, 2020	**(68,332)**	**(3,029)**	**(367,072)**	**(7,594)**	**(6,457)**	**(250,456)**	**(702,940)**
Additions	(27,226)	(3,162)	(53,413)	(4,940)	(6,572)	(230,057)	(325,370)
Transfers to permanent assets	-	-	59,745	-	-	-	59,745
Impairment	-	-	-	-	-	(966)	(966)
At December 31, 2020	**(95,558)**	**(6,191)**	**(360,740)**	**(12,534)**	**(13,029)**	**(481,479)**	**(969,531)**
At January 1, 2020	110,109	8,638	671,569	59,337	7,802	3,553,497	4,410,952
At December 31, 2020	**174,812**	**24,385**	**572,585**	**69,835**	**896**	**6,980,888**	**7,823,401**

5.13 Other taxes payable

Accounting policy:

The Company is subject to different taxes and contributions, such as municipal, state and federal taxes, taxes on deposits and withdrawals from bank accounts, taxes on turnover, regulatory fees and income tax, among others, which represent an expense for the Company. It is also subject to other taxes on its activities that generally do not represent an expense.

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

	Parent Company		Consolidated	
	December 31, 2020	**December 31, 2019**	**December 31, 2020**	**December 31, 2019**
ICMS - State VAT	189	32	16,481	3,142
INSS - Social security	221	194	10,272	9,383
PIS - Social integration program	1,458	511	2,074	703
COFINS - Social security financing contribution	6,898	2,475	9,962	3,427
Installment of tax debts	902	902	2,791	10,942
ISS - Municipal service tax	-	-	12,107	6,753
IOF - Tax on financial operations	16	45	256	309
Other	324	162	10,782	6,647
	10,008	**4,321**	**64,725**	**41,306**
Current	**10,008**	**4,321**	**62,602**	**33,726**
Non-current	**-**	**-**	**2,123**	**7,580**
	10,008	**4,321**	**64,725**	**41,306**

The amounts due in non-current liabilities have the following maturity schedule:

	Consolidated	
	December 31, 2020	**December 31, 2019**
13 to 24 months	373	2,136
25 to 36 months	235	2,569
37 to 48 months	235	1,848
49 to 60 months	215	754
61 to 72 months	53	62
73 to 84 months	53	48
85 to 96 months	53	48
From 97 months	906	115
	2,123	**7,580**

5.14 Income tax and social contribution

Accounting policy:

The combined rate of income tax and social contribution is 34%, which is recognized in the income statement, except if it arises from a business combination, or from items directly recognized in equity or other comprehensive income.

i. Current tax

It is the tax payable or receivable expected on the taxable profit or loss for the year, using the rates in force at the balance sheet date, and any adjustment to taxes payable in relation to previous years.

ii. Deferred tax

It is recognized in relation to temporary differences between the carrying amounts of assets and liabilities and the respective amounts for tax purposes. Deferred tax is not recognized for:

a) temporary differences in the initial recognition of the asset or liability in a transaction that is not a business combination and that affects neither the accounting result nor the tax profit or loss;

b) temporary differences related to investments in subsidiaries, associates and jointly controlled companies, insofar as the Company is able to control the timing of the reversal of temporary differences and it is likely that they will not reverse in the foreseeable future; and

c) taxable temporary differences resulting from the initial recognition of goodwill.

A differentiated tax asset is recognized in relation to unused tax losses and deductible temporary differences, to the extent that it is probable that the available future taxable profits against which they will be used.

The measurement of deferred tax reflects the way the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the rates expected to be applied to temporary differences in their reversal.

Deferred tax assets and liabilities are offset if there is a legally applicable right to offset current tax liabilities and assets, and if they relate to taxes levied by the same tax authority on the same taxable entity.

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

iii. Fiscal exposure

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment is based on estimates and assumptions and may involve a series of judgments about future events. New information may become available, which may cause the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes in tax obligations will impact tax expenses in the period in which such determination is made.

iv. Recoverability of deferred income tax and social contribution

When assessing the recoverability of deferred taxes, Management considers the projections of future taxable profits and the movements of temporary differences. When part or all of the taxes are not likely to be realized, the tax asset is reversed. There is no deadline for using tax losses and negative bases, but the use of these accumulated losses from previous years is limited to 30% of annual taxable profits.

a) Reconciliation of income tax and social contribution expenses

	Parent Company		**Consolidated**	
	December 31, 2020	**December 31, 2019**	**December 31, 2020**	**December 31, 2019**
Result before income tax and social contribution	349,300	779,228	474,664	915,119
				-
Income tax and social contribution expense at nominal rate (34%)	(118,762)	(264,938)	(161,386)	(311,140)
Adjustments to determine the effective rate				
Equity pick-up	91,008	288,216	4,450	7,438
Result of companies abroad	-	-	(16,223)	(5,801)
Exploration profit	-	-	109,081	178,609
Unrecognized NOLs and temporary differences (i)	(32,042)	637	(145,326)	(53,253)
Effect of amortization of goodwill	(16,869)	(16,869)	1,271	1,271
Interest on own capital	(8,942)	(13,260)	-	-
Other	33,470	5,223	38,144	53,628
Tax and social contribution (current and deferred)	**(52,137)**	**(991)**	**(169,989)**	**(129,248)**
Effective rate - %	**14.93%**	**0.13%**	**35.81%**	**14.12%**

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

(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.

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	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Assets credits from:				
Tax losses carry forwards - income tax	250,871	250,279	1,841,755	1,782,085
Tax losses of social contribution	101,127	100,914	675,123	653,792
Temporary differences:				
Provision for judicial demands	19,723	18,015	197,431	200,872
Impairment provision	30,327	30,327	226,092	203,057
Allowance for doubtful accounts	231	642	14,752	14,648
Provision for non-performing tax	-	-	45,149	41,295
Provision for profit sharing	115	3,887	9,058	39,545
Exchange variation - Loans and financing (i)	28,461	2,826	595,395	68,532
Review of useful life - Fixed assets	-	-	629,635	666,017
Fair value adjustment on debts	77,667	22,773	526,001	174,596
Temporary differences from other provisions	5,715	-	95,191	80,405
Business combination - Fixed assets	2,143	1,885	34,907	49,293
Transactions with share-based payments	14,009	-	14,009	-
Other	-	12,291	233,941	122,318
Deferred taxes - Assets	**530,389**	**443,839**	**5,138,439**	**4,096,455**
(-) Unrecognized deferred assets credits	(344,005)	(345,429)	(2,281,470)	(2,183,537)
Liabilities credits from:				
Temporary differences:				
Tax goodwill amortized	-	-	(24,838)	(24,838)
Lease liabilities	(826)	(809)	(22,214)	(36,589)
Unrealized result from derivatives	(139,588)	(31,441)	(1,464,591)	(556,031)
Review of useful life - Fixed assets	(3,416)	(965)	-	-
Business combination - Intangible assets	(61,204)	(65,195)	(2,549,151)	(2,573,178)
Other	-	-	(40,482)	(38,649)
Deferred taxes - Liabilities	**(205,034)**	**(98,410)**	**(4,101,276)**	**(3,229,285)**
Total deferred taxes	**(18,650)**	**-**	**(1,244,307)**	**(1,316,367)**
Deferred assets	**-**	**-**	**1,270,621**	**1,174,484**
Deferred liabilities	**(18,650)**	**-**	**(2,514,928)**	**(2,490,851)**
Total	**(18,650)**	**-**	**(1,244,307)**	**(1,316,367)**

(i) The Company opted for the cash regime for the taxation of the exchange variation on loans and financing for the years ended December 31, 2020.

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

c) Realization of deferred income tax and social contribution

The Company evaluated the term for offsetting its deferred tax credits on tax losses, negative social contribution basis, and temporary differences by projecting its taxable profit 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 year ended December 31, 2020, the Company assessed the observed impacts of the COVID-19 pandemic and the renewal of Malha Paulista, and considered that the potential effects should not affect the medium and long-term projections to the point of jeopardizing the realization balances. The results projected by the Company generate the following expected realization on December 31, 2020:

	Deferred asset
2021	55,296
2022	56,567
2023	60,405
2024	56,730
2025	55,336
2026 to 2028	140,961
2029 to 2031	410,670
2032 to 2034	434,656
Total	**1,270,621**

d) Deferred tax movements

	Consolidated
At January 1, 2019	**(1,390,602)**
Income statement	31,539
Compensation of tax loss carryforwards - PERT	81
Actuarial liability	41,709
Initial adoption CPC 06 (R2) / IFRS 16	906
At January 1, 2020	**(1,316,367)**
Income statement	71,874
Actuarial liability	(74)
Other	260
At December 31, 2020	**(1,244,307)**

(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, 2019	**2,439,167**	**-**	**545,573**	**57,298**	**562,699**	**(1,831,832)**	**249,716**	**2,022,621**
(Charged) / credited to the result of the year	(3,290)	-	(46,156)	117,298	103,318	(61,662)	2,300	111,808
Exchange differences	-	68,532	-	-	-	-	-	68,532
At December 31, 2019	**2,435,877**	**68,532**	**499,417**	**174,596**	**666,017**	**(1,893,494)**	**252,016**	**2,202,961**
(Charged) / credited to the result of the year	81,001	-	(6,935)	351,405	(36,382)	(39,699)	126,032	475,422
Exchange differences	-	526,863	-	-	-	-	-	526,863
At December 31, 2020	**2,516,878**	**595,395**	**492,482**	**526,001**	**629,635**	**(1,933,193)**	**378,048**	**3,205,246**

ii. Deferred tax liabilities

	Intangible	Unrealized income from derivatives	Lease liabilities	Unregistered credits	Other	Total
At January 1, 2019	**(2,578,722)**	**(307,098)**	**(228,041)**	**(123,051)**	**(56,762)**	**(3,293,674)**
(Charged) / credited to the result of the year	5,544	(248,933)	191,452	(166,992)	(6,725)	(225,654)
At December 31, 2019	**(2,573,178)**	**(556,031)**	**(36,589)**	**(290,043)**	**(63,487)**	**(3,519,328)**
(Charged) / credited to the result of the year	24,027	(908,560)	14,155	(58,234)	(1,799)	(930,411)
other comprehensive results	-	-	220	-	(34)	186
At December 31, 2020	**(2,549,151)**	**(1,464,591)**	**(22,214)**	**(348,277)**	**(65,320)**	**(4,449,553)**

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

5.15 Provision for lawsuits and deposits

Accounting policy:

They are recognized as other expenses when the Company has a present or non-formalized obligation as a result of past events; an outflow of resources is likely to be necessary to settle the obligation; and the amount was safely estimated.

The assessment of the loss of probability includes the available evidence, the hierarchy of laws, the jurisprudence, the most recent judicial decisions and the relevance in the legal system, as well as the opinion of external lawyers. Provisions are reviewed and adjusted for circumstances, such as the statute of limitations, conclusions of tax inspections or additional exposures identified based on new matters or court decisions.

Provisions for lawsuits resulting from business combinations are estimated at fair value.

As of December 31, 2020 and 2019, the Company records provisions for legal claims in relation to:

	Provision for judicial demands			
	Parent Company		Consolidated	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Taxes	2,235	2,453	79,447	79,006
Civil, regulatory and environmental	17,782	7,791	150,173	137,081
Labor	32,791	37,833	243,484	264,856
	52,808	**48,077**	**473,104**	**480,943**

	Judicial deposits			
	Parent Company		Consolidated	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Taxes	13,477	6,485	46,770	37,999
Civil, regulatory and environmental (i)	2,565	2,172	59,413	178,033
Labor	16,174	14,149	224,419	199,214
	32,216	**22,806**	**330,602**	**415,246**

(i) Reduction results from deposits reversed in favor of the Union in the agreement signed around the economic and financial rebalancing action when renewing the concession contract of Malha Paulista (note 4.16).

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

Changes in provisions for legal claims:

	Parent Company			
	Taxes	**Civil, regulatory and environmental**	**Labor**	**Total**
At January 1, 2019	1,782	6,436	31,653	39,871
Provision	4,347	15,315	9,659	29,321
Settlement or write-offs	(9,897)	(32,023)	(11,142)	(53,062)
Monetary restatement (i)	6,221	18,063	7,663	31,947
At December 31, 2019	**2,453**	**7,791**	**37,833**	**48,077**
Provision	22	3,600	4,896	8,518
Settlement or write-offs	(372)	(5,020)	(12,064)	(17,456)
Monetary restatement (i)	132	11,411	2,126	13,669
At December 31, 2020	**2,235**	**17,782**	**32,791**	**52,808**

	Consolidated			
	Taxes	**Civil, regulatory and environmental**	**Labor**	**Total**
At January 1, 2019	76,770	145,735	292,147	514,652
Provision	8,131	28,996	56,209	93,336
Settlement or write-offs	(14,494)	(70,472)	(113,678)	(198,644)
Monetary restatement (i)	8,599	32,822	30,178	71,599
At December 31, 2019	**79,006**	**137,081**	**264,856**	**480,943**
Provision	**1,502**	**15,645**	**49,510**	66,657
Settlement or write-offs	**(2,005)**	**(45,320)**	**(95,022)**	(142,347)
Monetary restatement (i)	**944**	**42,767**	**24,140**	67,851
At December 31, 2020	**79,447**	**150,173**	**243,484**	**473,104**

(i) Includes write-off of interest.

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

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

a) Probable losses

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

	Parent Company		Consolidated	
	December 31, 2020	**December 31, 2019**	**December 31, 2020**	**December 31, 2019**
ICMS- State VAT- credit (i)	**-**	-	**51,470**	50,921
PIS and COFINS	**-**	-	**2,050**	2,023
INSS - National Social Security Institute	**664**	654	**24,093**	23,175
Other	**1,571**	1,799	**1,834**	2,887
	2,235	**2,453**	**79,447**	**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 farm understanding, such materials would be classified as “use and consumption”, not generating the right to credit.

- **Possible losses**

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

	Parent Company		Consolidated	
	December 31, 2020	**December 31, 2019**	**December 31, 2020**	**December 31, 2019**
Tributary	974,492	1,013,112	3,655,279	2,651,196
Civil, regulatory and environmental	160,054	278,115	3,765,974	3,402,591
Labor	122,066	113,049	865,222	875,346
	1,256,612	**1,404,276**	**8,286,475**	**6,929,133**

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

- **Tax:**

	Parent Company		Consolidated	
	December 31, 2020	**December 31, 2019**	**December 31, 2020**	**December 31, 2019**
Capital gain [(i)]	84,953	83,734	84,953	83,734
Isolated fine federal tax [(ii)]	457,381	467,718	473,690	483,577
IRPJ/CSLL [(iii)]	278,315	262,384	510,401	474,832
ICMS [(iv)]	92	78	1,120,336	839,812
IRRF [(v)]	55,259	54,008	133,837	131,402
PIS/COFINS [(vi)]	3,981	4,600	868,789	155,411
Foreign financial operations [(vii)]	-	-	29,136	28,701
MP 470 installment debts [(viii)]	-	-	116,276	115,080
Stock option plan [(ix)]	53,695	59,956	63,986	70,072
IOF on loan [(x)]	14,886	53,765	14,886	53,765
Compensation with credit award [(xi)]	-	-	45,609	44,784
Other	25,930	26,869	193,380	170,026
	974,492	**1,013,112**	**3,655,279**	**2,651,196**

(i) Tax assessment notices issued by the Federal Revenue Service in 2011 and 2013 and 2019 against the Company related to: a) disallowance of goodwill expense based on future profitability, as well as financial expenses; b) non-taxation of supposed capital gain on the sale of equity interest in a Company of the same economic group; and c) supposed capital gain on the incorporation of shares in companies of the same economic group.

(ii) The Company was assessed for not considering the tax benefits of REPORTO (suspension of PIS and COFINS), under the allegation that the locomotives and wagons acquired in the year 2010 to 2012 were used outside the limits of the port area. Consequently, PIS and COFINS were required, in addition to the isolated fine corresponding to 50% of the value of the acquired assets.

(iii) Tax assessment notices requiring IRPJ and CSLL related: (a) Goodwill Malha Norte: Tax assessment notices issued for the collection of IRPJ and CSLL, combined with interest on late payment and official and isolated fines. According to the Federal Revenue, Rumo Malha Norte would have unduly amortized the goodwill from the acquisition of the companies Brasil Ferrovias S.A. and Novoeste Brasil S.A. (b) GIF, TPG and Teaçu premiums. Infraction notices drawn up for the collection of IRPJ and CSLL, combined with an official fine and late payment interest, in addition to an isolated fine, for the following reasons: Deduction, from the actual profit and the CSLL calculation base, from the amount corresponding to the amortization in acquisition of interest in Teaçu Armazéns Gerais S.A.; Deduction, from real profit and CSLL calculation base, of the amount corresponding to the amortization of goodwill paid by the companies TPG Participações S.A. and GIF LOG Participações S.A. on the acquisition of shares issued by Rumo Logística S.A.; (c) Labor provisions: In 2009, under the allegation that the Company would have excluded labor provisions from the calculation of taxable income and the adjusted calculation base of CSLL. In the understanding of the Tax Authorities, the write-offs of the labor provisions were made by the Company without the individualization of the processes (provisions and reversals), which would have an impact on the tax assessment. The likelihood of loss is possible, considering that the occurrence of the decay and that the Company complied with all tax rules related to the addition and exclusion of provisions in the calculation of IRPJ and CSLL.

(iv) Infraction Notices drawn up by the São Paulo State Finance Department, against Rumo Malha Paulista, for the period from February 2011 to July 2015, as well as 2014 and 2018, with the reporting of infractions for alleged lack collection of ICMS in the provision of rail transport services for export; improper credit of ICMS for alleged bookkeeping in the Book of Entries of amounts higher than those found in the Tax Books; improper credit of ICMS for acquisitions supposedly classified as use and consumption. Fines of 50% of the tax amount and 100% of the amount of credit considered undue were also included.

State tax authorities assessed the charges for non-taxation by ICMS on the invoices for the provision of rail freight services for export. All assessments were challenged, since there is a favorable position for taxpayers consolidated in the higher courts, based on the Federal Constitution and Complementary Law 87/1996.

The Treasury of the State of Mato Grosso drew up several Terms of Seizure and Deposit (TADs) in order to collect ICMS and a 50% fine on the value of the fined operations, under the mistaken understanding that the goods exit operations destined for export would be cancelled with the DACTEs (Auxiliary Document of Electronic Transport Knowledge), with the supposed characterization of untrue documentation, under the terms of articles 35-A and 35-B of State Law 7098/98. The Company challenges the assessments and seeks to demonstrate to the Tax Authorities that the goods transported were duly covered by suitable tax documentation.

(v) Rumo Malha Paulista had part of its IRPJ credit balance offset partially disallowed by the IRS based on the argument that the Company would not be entitled to IRRF offset on swap transactions.

(vi) The Federal Revenue Service assessed Rumo Malha Paulista for non-taxation by PIS and COFINS of mutual traffic and right of way revenues billed against Rumo Malha Norte. The chance of loss is considered as possible considering that the tax has already been paid by the concessionaire responsible for transportation at the origin.

The administrative demands for PIS and COFINS are substantially related to the disallowance of PIS and COFINS credits by the non-cumulative system related to the following items: a) credits launched out of time unaccompanied by prior rectification of tax returns; b) claims on expenses arising from mutual traffic contracts; c) credits related to expenses with services classified as inputs in the activity carried out by the Company that supposedly were not proven during the Inspection; d) credits on expenses with transportation of employees; e) credits related to electricity expenses; f) credits on expenses with machinery rentals and rentals that were not proven in the course of the Inspection; g) credits on expenses on the acquisition of machinery, equipment and other assets incorporated into the Company's fixed assets.

(vii) Infraction Notices drawn up to demand differences in IRPJ, CSL, PIS and COFINS, related to the calendar years 2005 to 2008, due to the following alleged violations: (a) undue deduction of the Real Profit and the Calculation Base of CSL of financial expenses arising from loans entered into with financial institutions abroad, (b) undue exclusion of CSL's Real Profit and Calculation Base of financial income from securities issued by the Government of Austria and the Government of Spain, (c) no inclusion, in the Real Profit and in the CSL Calculation Base, of the gains earned in swap operations, and non-taxation of the financial income resulting from such contracts by PIS and COFINS, (d) undue exclusion of the Real Profit and the Calculation Base of CSLL, carried out as PIS and COFINS credits, (e) undue exclusion of Real Profit and the CSL Calculation Base carried out as deferred CSL.

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

(viii) The Federal Revenue Service partially rejected the requests for installment payments of federal tax debts made by Rumo Malha Sul and Rumo Intermodal, on the grounds that the tax losses offered by the companies were not sufficient to settle the respective debts. The probability of loss is considered as possible, since the losses identified existed and were available for that use.

(ix) Tax assessment notices drawn up against the Company for the collection of social security contributions (20% of the amount paid) of amounts referring to the Stock Option Plan granted to employees, administrators and third parties. The main basis for the assessment is the alleged remuneration.

(x) The Federal Treasury intends to enforce the levy of IOF on the current accounts maintained by the parent Company for affiliates / subsidiaries (most substantial part of the assessment). In the understanding of the tax authorities, the use of an accounting item as advances for expenses to related companies, without a formal loan agreement, characterizes the existence of a current account, and the IOF due must be determined according to the rules specific to revolving credit operations. The tax assessment notices are still being questioned at the administrative level.

(xi) Rumo Malha Sul transmitted nineteen clearing statements (DCOMP) via the PERD / COMP electronic system, referring to "premium credit", using credit acquired from third parties (Fibra S.A. Indústria e Comércio and others). Such Dcomps for referring to credit of third parties and also to "credit - premium", in accordance with the current legislation, were considered as not declared in Decision Order contained in the administrative process, with awareness to the taxpayer on 09/24/2013, giving rise thus the application of a 75% fine in compliance with art. 18, §4 of Law No. 10,833 / 2003

- **Civil, regulatory and environmental:**

	Parent Company		Consolidated	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Civil	111,478	247,614	2,440,468	2,080,218
Regulatory	47,501	29,525	728,064	802,906
Environmental	1,075	976	597,442	519,467
	160,054	**278,115**	**3,765,974**	**3,402,591**

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

On July 25, 2018, the Company became aware of the initiation of an administrative inquiry before CADE to determine the representation formulated by Agrovia. The Company refutes the arguments presented by it and points out that most of the facts have already been analyzed and rejected by the body itself in another administrative proceeding. The Company evaluates as possible the risk that an administrative proceeding will be created and or will incur a loss in this proceeding. Due to the initial stage of the theme, it is not possible to estimate the value at risk.

- **Labor:**

	Parent Company		Consolidated	
	December 31, 2020	**December 31, 2019**	**December 31, 2020**	**December 31, 2019**
Labor claims	122,066	113,049	865,222	875,346
	122,066	**113,049**	**865,222**	**875,346**

In 2010, Prumo Engenharia Ltda. (“Prumo Engenharia”), a service provider of then ALL - América Latina Logística SA (“ALL”), was accused of incurring irregular labor practices while performing engineering services for the Company's subsidiary, currently Rumo Malha Paulista. Although Prumo Engenharia assumed full responsibility for the condition of the workers in question, Rumo Malha Paulista was unduly included, in the Company's view, in the list of employers of the Ministry of Labor, and a preliminary injunction was granted determining the exclusion of said list until the final decision of the judicial process, which is being processed in secret.

The Public Ministry of Labor also filed a public civil action (ACP) against Malha Paulista, without the inclusion of Prumo in the lawsuit, requiring the payment of indemnity for collective moral damages in the amount of R$ 100 million (among other commitments), partially judged proceeding condemning the Company in obligations to do and not to do, in how, in collective moral damage of R$ 15 million. In addition to demonstrating that the Company did not participate in the practice of irregularities, the Company believes that the action should be brought against Prumo, which is discussed in an appeal. The risk of loss is considered possible and the case is awaiting a decision by the Superior Labor Court.

(In thousands of Brazilian Reais - 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 occurs at the amount of the installment at maturity, by transferring the "Liabilities for leases" 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 leftover 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 as a contra entry to intangible assets (Note 5.12.2). Subsequent measurement occurs at the effective rate.

	December 31, 2020	December 31, 2019
Lease and concession in dispute:		
Rumo Malha Paulista	101,871	1,870,018
Rumo Malha Oeste	1,617,764	1,528,238
	1,719,635	**3,398,256**
Installment leases:		
Rumo Malha Paulista	1,154,919	-
	1,154,919	**-**
Concessions:		
Rumo Malha Sul	84,637	36,621
Rumo Malha Paulista	24,151	20,003
	108,788	**56,624**
Total	**2,983,342**	**3,454,880**
Current	**158,705**	**9,847**
Non-current	**2,824,637**	**3,445,033**
	2,983,342	**3,454,880**

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

Lease and concession under litigation:

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.

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.

Judicial deposits related to the aforementioned lawsuits total:

	December 31, 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:

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.

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

Leases and grants under IFRS16 (Note 5.6)

	December 31, 2020	December 31, 2019
Leases:		
Rumo Malha Sul	600,745	532,496
Rumo Malha Paulista	475,647	377,944
Rumo Malha Oeste	179,568	216,096
Elevações Portuárias	76,925	74,584
Portofer	12,463	13,435
	1,345,348	**1,214,555**
Grants:		
Rumo Malha Paulista (renewal) (i)	492,222	-
Malha Central (i)	491,354	2,728,931
	983,576	**2,728,931**
Total	**2,328,924**	**3,943,486**
Current	232,212	402,991
Non-current	2,096,712	3,540,495
	2,328,924	**3,943,486**

(i) On September 15, 2020, the Company prepaid part of the concession liabilities, as mentioned in Note 4.6 and 5.6.

b) Investment commitments

The sub-concession contracts to which the Company, through its subsidiaries, is a party, often include commitments to execute investments with certain characteristics during the term of the contract. We can highlight:

The renewal addendum to the concession of Malha Paulista, which foresees the execution long with the concession 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). Of this amount, around R$ 3,000,000 comprise the obligations, whose physical execution was 6%.

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 December 31, 2020, the physical execution of the obligation book projects was 56%.

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

The Elevações Portuárias concession and lease agreement provide for investments aimed at improving and modernizing the facilities and equipment allocated therein, estimated in the amount of R$ 340,000. At the balance sheet date, the subsidiary had made investments at a cost of R$ 270,629.

5.17 Shareholders' equity

a) Share capital

Accounting policy:

Tax incentives are recorded at fair value, when there is reasonable assurance that: (a) the Company will meet the requirements related to the incentive; (b) the incentive will be received.

The effects are recorded in the income statement to offset the costs or expenses that the incentive intends to offset.

On August 28, 2020, the Company made a capital increase in the amount of 6,400,000 through a primary public offering of 294,252,874 common, book-entry shares with no par value (Note 4.3).

After the capital increase, the subscribed and fully paid-in capital on December 31, 2020 is R$ 16,054,897 (R$ 9,654,897 on December 31, 2019) and is represented by 1,853,268,772 registered, book-entry common shares without Nominal value.

As of December 31, 2020, the Company's capital stock consists of the following:

	Ordinary shares	
	Quantity	**%**
Shareholders		
Cosan Logística S.A.	522,463,883	28.19%
Julia Arduini	71,005,654	3.83%
Cosan S.A.	40,065,607	2.16%
Board of Directors	1,915,912	0.10%
Tresuary	532,000	0.03%
Free Float	1,217,285,716	65.68%
Total of Outstanding Shares	**1,853,268,772**	**100.00%**

b) Capital reserve

Accounting policy:

Capital Reserves are made up of amounts received by the Company and which do not pass through Income as revenue, as they refer to amounts intended to reinforce its capital, without having as counterpart any effort of the Company in terms of delivering goods or rendering services. Such reserves include goodwill on the issuance of shares, the sale of beneficiary shares and subscription bonuses. These are capital transactions with the partners.

The movement for the year consists of the transactions with shareholders highlighted below:

- Increase of R$ 13,536 in transactions with payment based on shares;
- R$ 4,819 decrease for the options on exercised shares;
- Decrease of R$ 65,019 related to share issuance expenses;
- R$ 64 decrease related to the effect of the distribution of dividends to preferred shareholders in the subsidiary Rumo Malha Norte.

c) Legal reserve

Accounting policy:

It is constituted through the appropriation of 5% of net income for the year up to the limit of 20% of capital, in accordance with Law 6,404 / 76.

For the year ended December 31, 2020, the Company did not allocate a legal reserve (R$ 38,911 as of December 31, 2019), and allocated the balance of this reserve of R$ 52,129 to absorb the accumulated loss from previous years recorded in shareholders' equity of the Company.

d) Tax incentives - SUDAM

Accounting policy:

Tax incentives are recorded at fair value, when there is reasonable assurance that: (a) the Company will meet the requirements related to the incentive; (b) the incentive will be received.

The effects are recorded in the income statement to offset the costs or expenses that the incentive intends to offset.

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.

The effect of the 75% reduction on IRPJ and non-refundable additional calculated up to December 31, 2020 on operating profit was R$ 109,081 (R$ 178,609 on December 31, 2019), recorded as a reduction of Income Tax expense and Social Contribution of the subsidiary Rumo Malha Norte.

e) Treasury shares

On October 28, 2020, the repurchase plan of 21,482,277 shares was approved, which represents 1.16% of the Company's share capital, the plan the term of 18 months, that is, until April 29, 2022.

As of December 31, 2020, the Company had 532,000 treasury shares, whose market price was R$ 19.34.

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

f) Other comprehensive income

	December 31, 2019	Base	Deferred tax	Net	December 31, 2020
Effects of foreign currency translation - Investee	21,436	7,958	-	7,958	**29,394**
Actuarial gains with pension plan	(3,193)	865	(294)	571	**(2,622)**
Attributed cost	2,834	(30)	-	(30)	**2,804**
Total	**21,077**	**8,793**	**(294)**	**8,499**	**29,576**

	At December 31, 2018	Base	Deferred tax	Net	December 31, 2019
Effects of foreign currency translation - Investee	18,221	3,215	-	3,215	21,436
Actuarial losses with pension plan	(2,694)	(580)	81	(499)	(3,193)
Attributed cost	3,380	(546)	-	(546)	2,834
Total	**18,907**	**2,089**	**81**	**2,170**	**21,077**

6 Detailed information on income statement

6.1 Net operating revenue

Accounting policies

i. **Service revenue**

Revenues from the provision of services are recognized when the entity transfers to the counterpart the significant risks and benefits inherent to the provision of services, when it is probable that the economic benefits associated with the transaction will flow to the Company, as well as when its related value and incurred costs can be reliably measured.

Service prices are fixed based on service orders or contracts. The Company's revenue is basically comprised of rail freight, road freight, container transport and port elevation services, which is why the above criteria are normally met to the extent that the logistics service is provided.

ii. **Deferred revenue**

The Company has deferred revenue received from customers in order to invest in permanent assets in exchange for a rail transportation service contract, requiring future performance of services by the Company.

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

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

	Parent Company		Consolidated	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Gross revenue from sales of services	1,004,507	633,856	7,349,804	7,473,730
Taxes and deductions on sales of services	(54,238)	(37,441)	(383,645)	(385,890)
Net revenue	**950,269**	**596,415**	**6,966,159**	**7,087,840**

The Company provides services in the Brazilian domestic market, to private entities. The agreements with customers establish substantially fixed prices per transported or elevated ton. The services provided by the Company have a very short period of execution, with the revenue earned and recorded as the services are performed. Regarding the nature of the services provided, net revenue has the following composition:

Breakdown of net revenue by service:

	Parent Company		Consolidated	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Cargo transportation	950,269	596,415	6,388,273	6,548,109
Cargo elevation	-	-	377,502	351,563
Right of passage	-	-	173,358	164,907
Other	-	-	27,026	23,261
Net revenue	**950,269**	**596,415**	**6,966,159**	**7,087,840**

6.2 Costs and expenses by nature

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

	Parent Company		Consolidated	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Material for use and consumption	(1,064)	(566)	(152,667)	(145,540)
Employee benefit expense	(18,656)	(7,766)	(932,421)	(923,624)
Depreciation and amortization	(100,700)	(102,956)	(1,617,447)	(1,675,637)
Third-party services expense	(6,036)	(4,710)	(373,470)	(344,339)
Transportation and elevation expenses	(621,776)	(368,153)	(1,809,056)	(1,696,366)
Rental expenses or operating leasing (Note 5.6)	-	-	(59,693)	(48,182)
Other expenses	(15,876)	(25,705)	(214,398)	(138,698)
	(764,108)	**(509,856)**	**(5,159,152)**	**(4,972,386)**
Cost of services provided	**(731,144)**	**(484,314)**	**(4,721,507)**	**(4,608,781)**
Selling expenses	**594**	**107**	**(30,670)**	**(6,983)**
General and administrative expenses	**(33,558)**	**(25,649)**	**(406,975)**	**(356,622)**
	(764,108)	**(509,856)**	**(5,159,152)**	**(4,972,386)**

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

6.3 Other operating income (expenses), net

	Parent Company		Consolidated	
	December 31, 2020	**December 31, 2019**	**December 31, 2019**	**December 31, 2019**
Net effect of judicial proceedings	(8,285)	(15,907)	(86,744)	(73,065)
Rental and leases revenue	25,200	14,420	-	-
Result on sale of scrap / eventual	7,775	1,830	37,888	45,566
Amortization of use rights (i)			(97,560)	(40,545)
Result on disposals of fixed assets and intangible assets	-	-	42,576	4,454
Extemporaneous tax credit	3,453	13,244	102,576	40,447
Settlement of disputes in the renewal process (ii)	-	-	278,496	-
Loss from impairment (Note 5.12.2)	-	-	(143,984)	-
Other	(4,636)	(1,903)	(4,861)	(941)
	23,507	**11,684**	**128,387**	**(24,084)**

(i) The depreciation of the assets in the right to use the Central Network is being presented in 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 process of early renewal of the concession, one of the requirements imposed by TCU - Federal Audit Court.

6.4 Financial results

Accounting policy:

Financial income includes interest income on invested funds, dividends, gains on the fair value of financial assets measured at fair value through profit or loss, gains on hedge instruments that are recognized in the result and reclassifications of net gains previously recognized in other comprehensive income. Interest income is recognized as it is recognized in the income statement, using the effective interest rate method.

Financial expenses include interest expense on loans, settlement of the discount of provisions and deferral, losses on the disposal of financial assets available for sale, losses on the fair value of financial assets at fair value through profit or loss, impairment losses recognized financial assets (other than accounts receivable), losses on hedge instruments that are recognized in the income statement and reclassifications of net losses previously recognized in other comprehensive income.

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

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

Exchange gains and losses on financial assets and financial liabilities are reported on a net basis as financial income or financial cost, depending on whether net foreign currency fluctuations result in a gain or loss position.

The details of financial income and costs are as follows:

	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Cost of gross debt				
Interest and monetary variation	(430,964)	(216,470)	(1,075,759)	(1,076,799)
Net exchange rate changes on debts	(68,111)	(8,394)	(1,562,336)	(202,789)
Result from derivatives and fair value	328,043	81,723	1,820,960	676,422
Amortization of funding expenses	(18,344)	(6,208)	(48,020)	(40,395)
Guarantees and warranties on loans	(3,462)	(11,981)	(36,316)	(44,255)
	(192,838)	**(161,330)**	**(901,471)**	**(687,816)**
Cash investment income	49,234	15,438	134,983	155,221
	49,234	**15,438**	**134,983**	**155,221**
	-	-	-	-
Cost of debt, net	**(143,604)**	**(145,892)**	**(766,488)**	**(532,595)**
Other charges and monetary variations	-	-	-	-
Interest on other receivables	39,459	8,572	42,007	47,311
Lease and concessions in dispute	-	-	(108,016)	(190,272)
Lease liabilities	(10)	(56)	(549,489)	(363,753)
Banking expenses and other	(4,767)	(1,099)	(54,862)	(52,104)
Reversal of lease liability charges in dispute (i)	-	-	131,243	-
Interest on contingencies and commercial contracts	(9,686)	(21,458)	(152,484)	(84,386)
Foreign exchange e derivatives	(4,477)	(2,054)	(15,006)	(3,104)
Interest on other liabilities	(4,953)	(4,722)	(722)	(19,224)
	15,566	**(20,817)**	**(707,329)**	**(665,532)**
Finance result, net	**(128,038)**	**(166,709)**	**(1,473,817)**	**(1,198,127)**
Reconciliation				
Financial expenses	(472,186)	(261,996)	(1,894,425)	(1,871,188)
Financial income	88,693	24,012	176,990	202,532
Exchange variation	(72,588)	(10,448)	(1,577,342)	(205,839)
Derivatives	328,043	81,723	1,820,960	676,368
Finance result, net	**(128,038)**	**(166,709)**	**(1,473,817)**	**(1,198,127)**

(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).

6.5 Share-based payment

Accounting policy:

The fair value of share-based payment benefits on the grant date is recognized, as personnel expenses, with a corresponding increase in shareholders' equity, for the period in which employees unconditionally acquire the right to benefits.

The amount recognized as an expense is adjusted to reflect the number of shares for which it is expected that the service conditions and acquisition conditions (which are not market) will be met, in such a way that the amount finally recognized as an expense is based on the number of shares that actually meet the conditions of the service and non-market acquisition conditions on the date on which the payment rights are acquired (vesting date).

For non-vested share-based payment benefits, the fair value on the share-based payment grant date is measured to reflect such conditions and there is no change to differences between expected and actual benefits.

a) Description of the agreements

The Company has two share-based compensation plans. The first, the "Stock grant plan", grants shares of the Company to managers and employees. The second, the "Stock option plan", grants the right to acquire shares (options) of the Company at a specified price. In both cases, the right to acquire or receive shares is subject to the grace period for each plan.

The plans are managed by the Company's Board of Directors, at its discretion, by a Committee, within the limits established in the guidelines for the preparation and structuring of each plan and in the applicable legislation.

On December 21, 2016, the Share-Based Compensation model (“Stock Grant”) was approved at the Meeting, which has been applied to grants since then. This model provides for the distribution of up to 3% of the Company's capital stock, already considering the dilution effect of the distribution of shares granted under the plan. The plan aims to: (i) attract, retain and motivate beneficiaries; (ii) generating value for shareholders; and (iii) encourage the entrepreneurial vision of the business.

The number of shares to be distributed will be determined by the Board of Directors or the Committee, if instituted, and will be equivalent to the closing value of the issuer's share on the floor - at B3 - immediately prior to the grant. The shares granted in the Share-Based Compensation Plan will be transferred free of charge once the grace period stipulated under the terms of each Share Granting Program has been completed, the amount being adjusted by the number proportional to the dividends paid in the period. The Black-Scholes methodology is used to determine the fair value of the shares delivered.

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

The following share-based payment agreements:

Stock Grants Plans	Lack period (years)	Grant date	Interest rate	Volatility	Granted shares	Exercised / cancelled	Effective on December 31, 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	(1,485,900)	-	6.10	6.10
2016 Plan	5	January 2, 2017	11.33%	42.75%	1,476,000	(236,000)	1,240,000	6.10	6.10
2017 Plan	5	September 1, 2017	9.93%	29.76%	870,900	(144,450)	726,450	10.42	10.42
2018 Plan	5	August 1, 2018	10.93%	31.97%	1,149,544	(173,453)	976,091	13.94	13.94
2019 Plan	5	August 15, 2019	6.28%	27.46%	843,152	(29,074)	814,078	22.17	22.17
2020 Plan	5	August 15, 2019	6.94%	41.03%	776,142	-	776,142	20.01	20.01
					6,601,638	**(2,068,877)**	**4,532,761**		

b) Reconciliation of shares granted in circulation

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

	Stock option		***Stock grant***
	Antiga ALL		**Rumo S.A**
	Number of options	**Average exercise price**	**Number of shares**
At January 1, 2019	**198,225**	**54.83**	**4,538,373**
Granted	-	-	843,152
Lost / cancelled	(47,563)	61.04	(127,407)
Exercised / delivered	-	-	(25,932)
At December 31, 2019	**150,662**	**56.61**	**5,228,186**
Granted	-	-	776,142
Exercised / delivered	-	-	(1,325,548)
Lost / cancelled	(51,311)	73.59	(146,019)
At December 31, 2020	**99,351**	**68.54**	**4,532,761**

c) Expense recognized in profit or loss

In the year ended December 31, 2020, R$ 13,730 was recognized as expenses related to the appropriation of the "Stock Grant" Plans (R$ 10,472 on December 31, 2019).

6.6 Earnings per share

Accounting policy:

a) Basic earnings per share

Basic earnings per share are calculated by dividing:

i. the profit attributable to the owners of the Company, excluding any equity service costs other than common shares; and
ii. by the weighted average number of common shares outstanding during the year, adjusted by the bonus elements in common shares issued during the year and excluding treasury shares if any.

b) Diluted earnings per share

Diluted earnings per share adjust the amounts used in determining basic earnings per share to take into account:

i. the after tax effect on interest income and other financing costs associated with potential diluting common shares; and
ii. the weighted average number of additional common shares that would be outstanding, assuming the conversion of all potential diluting common shares.

Basic earnings per share are calculated by dividing net earnings by the weighted average number of common shares outstanding during the year. 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 years ended December 31, 2020 and 2019:

Basic and diluted	**December 31, 2020**	**December 31, 2019**
Result for the year	297,163	778,237
Diluted effects:		
Dilutive effect - Brado Logística	-	1,466
Diluted result for the year attributable to controlling shareholders	**297,163**	**779,703**
Denominator:		
Weighted average number of common share	1,664,084	1,559,167
Diluted effects:	-	-
Dilutive effect - Brado Logística	-	3,264
Dilutive effect - Stock option plan	4,456	4,249
Weighted average number of common share - diluted	1,668,540	1,566,680
	-	
Basic earnings per common share	**R$0.17857**	**R$0.49914**
Diluted earnings per common share	**R$0.17810**	**R$0.49768**

Thinning instruments

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 December 31, 2019, the best estimate is 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 December 31, 2020 and 2019, they have a dilutive effect.

EARNINGS RELEASE 4Q20

Curitiba, February 11, 2021 – **RUMO S.A.** (*B3: RAIL3*) **("Rumo")** announces today its results for the fourth quarter of 2020 **(4Q20)**, comprising October, November and December. The results are presented on a consolidated basis, in accordance with the accounting practices adopted in Brazil and international standards (IFRS). The comparisons made in this report consider the 4Q20 and 4Q19, except when otherwise indicated.

Rumo Highlights 4Q20 and 2020

- The volume transported in 2020 was 62,5 billion of TKU, 3,9% higher than 2019, reflecting the increase in volume of 7,0% in the North Operation and the impact on the volumes of South Operation due to a weaker crop and the lower demand for industrial products (due to Covid-19), that also affected our Container Operations.
- The EBITDA reached R$ 3,664 million, with EBITDA Margin of 52,6%. The Adjusted EBITDA was R$ 3,533 million, 8,4% below 2019, reflecting the more competitive environment due to pavement of BR-163 Highway and lower prices of fuel. The Adjusted EBITDA Margin reached 50,7%, 3,7 p.p. below 2019.
- The net profit was R$ 305 million, against R$ 786 million in 2019, due to the lower EBITDA and the increase in financial expenses derived from non-cash effect mark to market (MTM) and the concession fees of Central and Paulista Networks, which were charged in more months in 2020 than in 2019.
- The year 2020 had important progress in the capital structure, with realization of follow-on, prepayment of concession fees and continuous process of liability management. Consequently, the net debt closed the year at R$ 7,2 billion and the leverage reached 1,9x the broad net debt/Adjusted EBITDA LTM.
- The capex reached R$ 2,979 million in 2020, in line with the investment plan, reflecting the progress in the construction of Central Network in order to make it operational in the first quarter of 2021, which amounted to R$ 711 million in the year.

4Q20	4Q19	Chg.%	Summary of Financials (Amounts in BRL mln)	2020	2019	Chg.%
16,197	**14,997**	**8.0%**	**Total transported volume (million RTK)**	**62,458**	**60,096**	**3.9%**
3,533	**2,665**	**32.5%**	**Total volume loaded (TU '000)**	**14,447**	**11,213**	**28.8%**
2,261	**1,004**	**>100%**	**Logistics solution volume (TU '000)**	**7,033**	**4,335**	**62.2%**
1,662	**1,664**	**-0.1%**	**Net Revenue[1]**	**6,966**	**7,088**	**-1.7%**
(1,248)	(1,092)	14.3%	Cost of goods sold[2]	(4,722)	(4,609)	2.4%
414	**572**	**-27.7%**	**Gross profit**	**2,245**	**2,479**	**-9.5%**
24.9%	*34.4%*	*-9.5 p.p.*	*Gross margin (%)*	*32.2%*	*35.0%*	*-2.8 p.p.*
(131)	(98)	34.0%	Sales, general, and administrative expenses	(438)	(363)	20.6%
56	(17)	>100%	Other op. revenues (expenses)	128	(25)	>100%
2	6	-66.7%	Equity pickup	13	22	-40.9%
340	**464**	**-26.7%**	**Operational profit**	**1,948**	**2,113**	**-7.8%**
417	434	-3.8%	Depreciation and amortization	1,716	1,716	n.a.
758	**897**	**-15.6%**	**EBITDA**	**3,664**	**3,829**	**-4.3%**
45.6%	*53.9%*	*-8.3 p.p.*	*EBITDA margin (%)*	*52.6%*	*54.0%*	*-1.4 p.p.*
776	**913**	**-15.6%**	**Adjusted EBITDA[3]**	**3.533**	**3.857**	**-8.4%**
46.7%	*54.8%*	*-8.2 p.p.*	*Adjusted EBITDA margin (%)*	*50.7%*	*54.4%*	*-3.7 p.p.*
3	**202**	**-98.5%**	**Net profit**	**305**	**786**	**-61.2%**
0.2%	*12.1%*	*-11.9 p.p.*	*Net margin (%)*	*4.4%*	*11.1%*	*-6.7 p.p.*
997	**565**	**76.5%**	**Capex**	**2,979**	**1,943**	**53.3%**

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 R$24,6 million of depreciation and amortization of the Central Network, since it is not yet operational.
Note 3: In the 4Q20 and 2020, without the effects of Central Network, the effects of the renewal of Paulista Network and the Provision for impairment of the West Network, and in the 4Q19 and 2019 without effects of the Central Network.

Earnings Conference Call
English - 12:00 p.m. (ET)
February 12, 2021 (Friday)
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Letter from the CEO

2020 presented us many challenges, but also allowed us to achieve great progress in the consolidation of our long-term strategy. We developed our **portfolio** even further by increasing the capacity of the Terminal in Rondonópolis, we signed the early renewal of Paulista Network concession until 2058, and completed the investments to render the Central Network operational at the beginning of 2021, thus making history connecting by rail the state of Goiás and Tocantins to the Port of Santos in São Paulo.

We have improved our **capital structure,** conducting a R$6.4 billion follow-on offering, the pre-payment of concession fees of Central and Paulista networks worth R$5.1 billion and the issuance of the first green bond in Latin America railways, thus getting Rumo ready to deliver on its business plan. We have also strengthened the **organizational structure** in key areas such as, Commercial, Pricing, People, Innovation and Regulatory, so we can continue with the solid implementation of our strategy.

We moved our efficiency agenda, with important improvements in several operational metrics, assuring our capacity to grow. In the Port of Santos, we started and will conclude this year transformational investments that will positively affect port capacity and efficiency, as the third line of Paquetá, the addition of a line in Macuco and the expansion of TXXXIX and Termag terminals.

We had significant advances in our **ESG** agenda. With respect to the environment, this year we delivered a reduction of 10% out of 15% of our 2025 target on specific emissions. As for the social component, our personal and railway safety results have been remarkable, having outperformed U.S. Class 1 railways. Regarding governance, we continue to operate at the highest corporate governance level and have recently appointed Janet Drysdale to the Board, who, in addition to being the first woman to hold this position, has broad experience in international railways.

We got off to a better start in 2021 than in 2020 and things are looking up in terms of **competitiveness.** Strong demand for logistics coupled with the recovery of fuel prices brought more favorable market conditions to Rumo. Therefore, we envision an increase in our volume supported by three main drivers: an expansion in the grain market and the recovery of the industrial sector; an increase in market share supported by a higher attractiveness of railway *versus* other logistics alternatives; and the start of the Central Network operation, which has great potential and was well-received by customers.

I conclude reiterating my trust, as well as the entire organization's in the execution of our long-term plan, with strong discipline on capital allocation and an enormous value generation for our shareholders and clients. We are Brazil in motion!

João Alberto Abreu
CEO

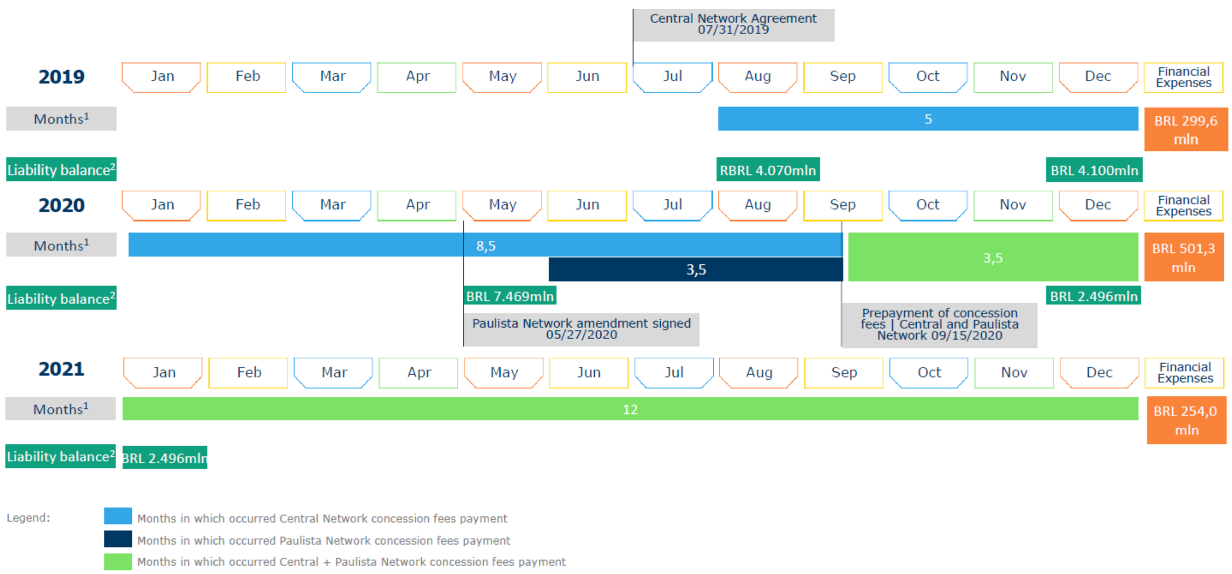
1. Right of Use and Leasing IFRS 16 | Concessions Prepayment

The partial prepayment of the concession's fees of the Central and Paulista Networks in the amount of R$ 5,1 billion, made on September 15, 2020, caused reduction in the balance of lease liabilities as of the 3Q20.

Balance sheet accounts affected by registration of concession fees (Amounts in BRL mln)	**12/31/2020**	**09/30/2020**	**06/30/2020**
Right-of-use	7,823	7,764	7,797
Lease liabilities[4] (Note 5,6 of quarterly information)	2,913	2,767	7,908

Note 4: Operating and financial leases – IFRS 16.

The partial prepayment reduced the liability balance of operating lease of Central and Paulista Networks, zeroing for the next 15 and 17 years, respectively, the collection of interest and monetary variation in cash flow. In the result, there is a reduction in interest and monetary variation due to a lower liability balance, which does not affect the amortization of the right of use, which continues to be depreciated on a straight-line basis over each agreement.



Note 5: In the months shown there is only mention to Central and Paulista Networks, not considering the concession fees that did not suffer impact due to the prepayment. The liability balance and the amount of financial charges refer to total concession fees – including South Network, Paulista Network – 1st agreement, West Network and Port Elevation.

In 2021, the concession fee expenses should be around R$ 254 million. From a cash-flow standpoint, we expected roughly R$ 121 million in interest and R$ 107 million in amortization.

2. Adjusted Results

2.1 Central Network

In line with previous quarters and to assure the comparability of results between the years, the consolidated result is presented without the effects of Central Network, which was at preoperating phase in the 4Q20.

2.2 Paulista Network Renewal Process

In continuity of the matching of accounts made in the 2Q20, upon signing of the renewal agreement of Paulista Network, there was, during the 4Q20, a progress in the analysis of part of the amount of R$ 148 million of matching of accounts, which was still pending, generating a gain of R$ 31 million in the EBITDA, against liability.

2.3 Provision for Impairment West Network

Due to the significant reduction in the volume transported by West Network in 2020 and the progress in its re-bidding process, the projections of future generation of cash were affected, indicating Impairment in the Company. After review of these cash flows, the provision for impairment was complemented in the amount of R$ 144 million - effect that does not impact the cash of the Company and corresponds to the remaining balance of the permanent assets of this subsidiary.

2.4 Adjusted Results

Summary of Financial Information (Amounts in R$ MM)	4Q20	Adjustments Central Network*	Paulista Network	Impairment Provision West Network	Adjusted 4Q20	4Q19	Central Network	Adjusted 4Q19	Chg. %
Net operating revenue	**1,662**	**-**	**-**	**-**	**1,662**	**1,664**	**-**	**1,664**	**-0,1%**
Gross profit	**414**	**-**	**-**	**-**	**414**	**572**	**-**	**572**	**27,7%**
Gross margin (%)	*24.9%*	*n/a*	*n/a*	*n/a*	*24.9%*	*34.4%*	*n/a*	*34.4%*	*-0,3 p.p.*
Sales, general, and admin. expenses	(131)	13	-	-	(118)	(98)	15	(83)	42,9%
Other op. revenue (expenses) & eq. pickup	58	25	(31)	37	89	(11)	24	13	>100%
Operational profit	**340**	**38**	**(31)**	**37**	**383**	**464**	**39**	**503**	**-23,8%**
Depreciation and amortization	417	(25)	-	-	393	434	(24)	410	-3,8%
EBITDA	**758**	**13**	**(31)**	**37**	**776**	**897**	**16**	**913**	**-15,0%**
EBITDA margin (%)	*45.6%*	*n/a*	*n/a*	*n/a*	*46.7%*	*53.9%*	*n/a*	*54.9%*	*-1,0 p.p.*
Capex	**997**	**(364)**	**-**	**-**	**634**	**565**	**-**	**565**	**12,1%**

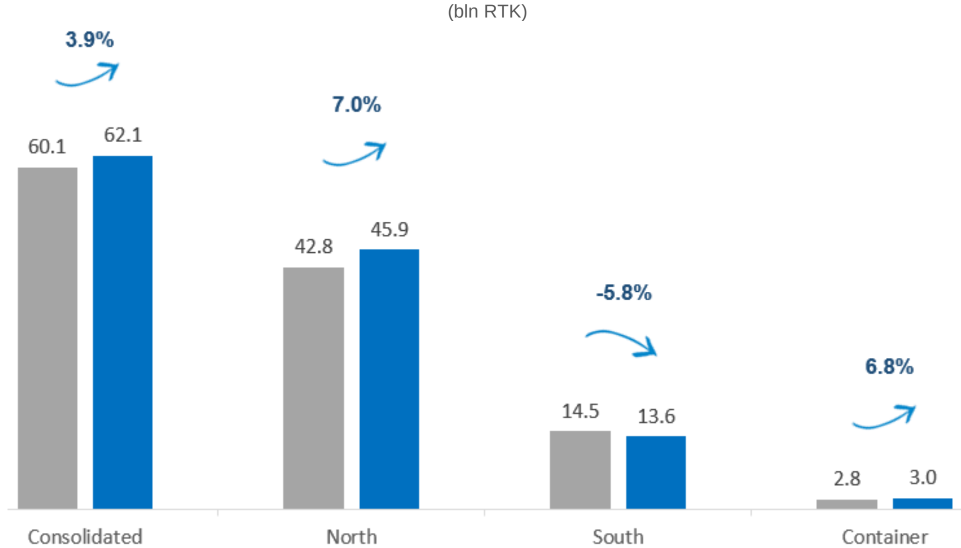
Summary of Financial Information (Amounts in R$ MM)	2020	Central Network	Paulista Network*	*Impairment* Provision West Network	Adjusted 2020	2019	Central Network	Adjusted 2019	Chg.%
Net operating revenue	**6,966**	**-**	**-**	**-**	**6,966**	**7,088**	**-**	**7,088**	**-1.7%**
Gross profit	**2,245**	**-**	**-**	**-**	**2,245**	**2,479**	**-**	**2,479**	**-9.5%**
Gross margin (%)	*32.2%*	*n/a*	*n/a*	*n/a*	*32.2%*	*35.0%*	*n/a*	*35.0%*	*-2.8 p,p,*
Sales, general, and admin. expenses	(438)	40	-	-	(397)	(363)	27	(336)	9.4%
Other op. revenue (expenses) & eq. pickup	141	99	(315)	144	69	(3)	41	38	>100%
Operational profit	**1,948**	**139**	**(315)**	**144**	**1,916**	**2,113**	**68**	**2,181**	**-9.3%**
Depreciation and amortization	1,716	(98)	-	-	1,618	1,716	(41)	1,675	-5.8%
EBITDA	**3,664**	**40**	**(315)**	**144**	**3,533**	**3,829**	**27**	**3,857**	**-7.7%**
EBITDA margin (%)	*52.6%*	*n/a*	*n/a*	*n/a*	*50.7%*	*54.0%*	*n/a*	*54.4%*	*-3.3 p,p,*
Capex	**2,979**	**(711)**	**-**	**-**	**2,268**	**1,943**	**-**	**1,943**	**16.7%**

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

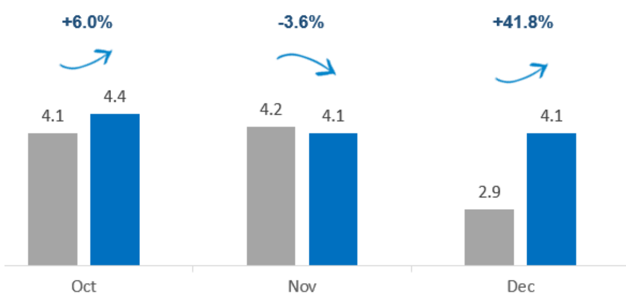
3. 4Q20 & 2020 Executive Summary

The volume transported by Rumo in 2020 reached 62,5 billion of TKU, 3,9% higher than 2019. In the North Operation, the volume grew 7,0%, mainly due to the performance of sugar (+87,1%) and fertilizers (+36,4%), which contributed to offset a lower than expected volume of grains, affected (i) by lower level of take or pay agreements at the beginning of the year; (ii) by higher competition derived from the paving of BR-163 and the lower prices of fuel and; (iii) by the fact that the producer held back exports of corn. In the South Operation, the volume fell 5,8%, reflecting (i) the drop of demand in the industrial segment due to Covid-19; and (ii) the low growth of agricultural products, mainly grains (-10,4%), due to low production. The Container Operation presented growth of 6,8% in volume and was subject to the impact of lower demand in the internal market and lower level of export, due to Covid-19.

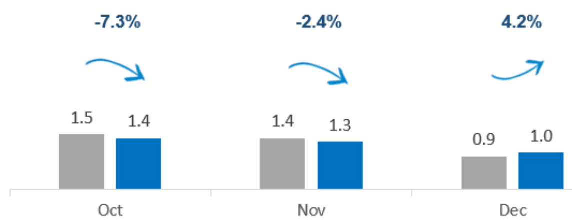
Annual Volume – Consolidated and by operation | 2020
(bln RTK)



North Operation Volume
(bln RTK)

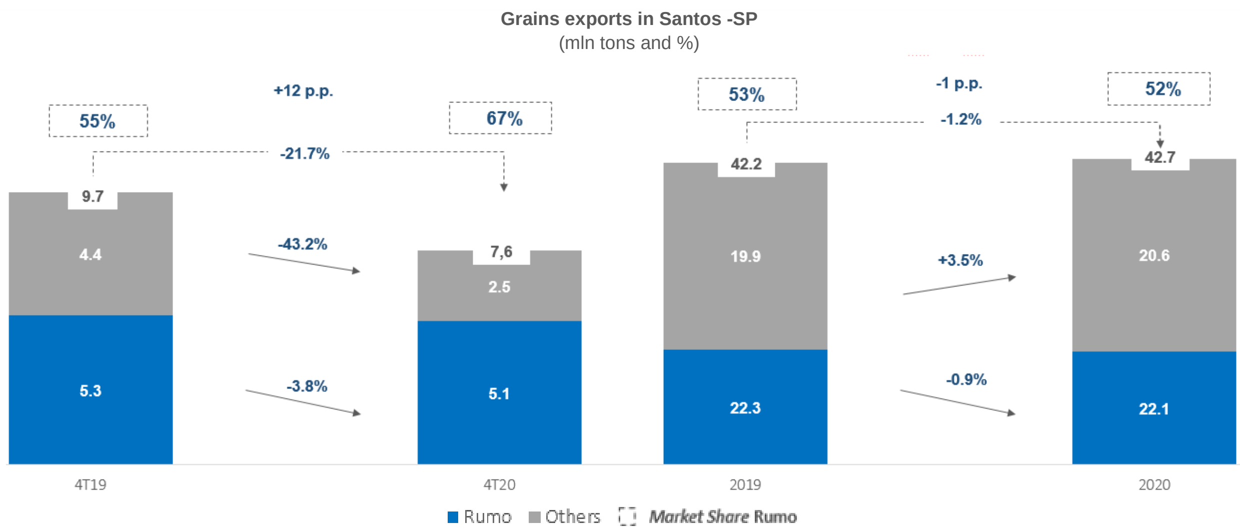


South Operation Volume
(bln RTK)



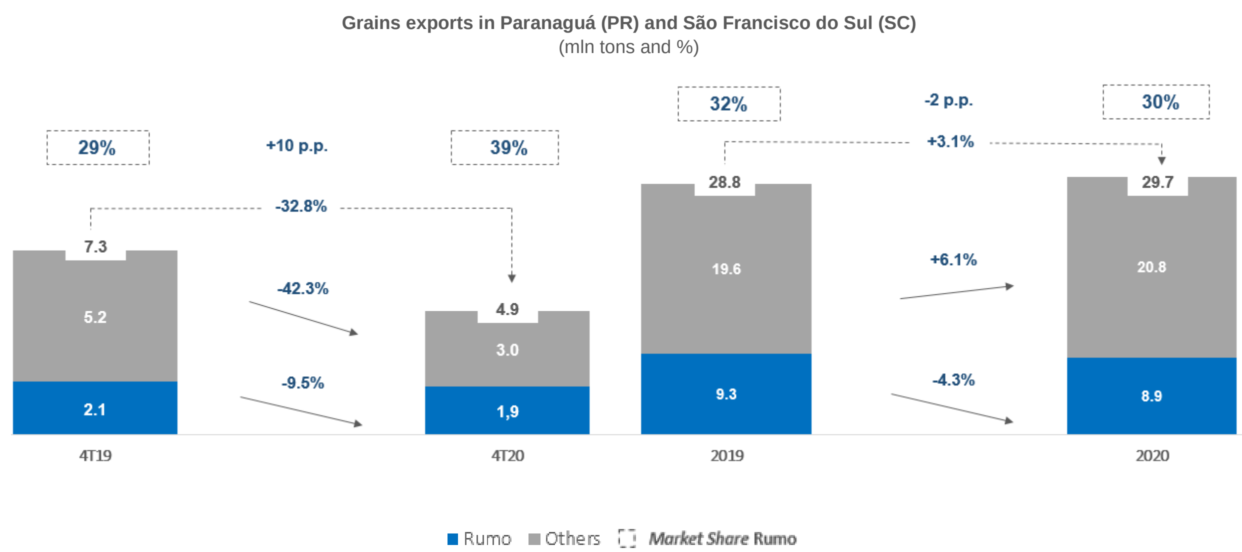
Source: Rumo's internal system

In 2020, Rumo lost 1 p.p. of market share of grains at Port of Santos (SP). In the 4Q20, there was a gain of 12 p.p., reflecting the drop of 68% of exports from states not covered by Rumo and the stable volume of the Company.



Source: Marine Agency and Rumo's System

The South Operation lost 2 p.p. in the market share of transport of grains to the ports of Paranaguá (PR) and São Francisco do Sul (SC) in the year, mainly due to the lower price of fuel which improved the competitiveness of trucks. On the other hand, in the 4Q20, there was a gain of 10 p.p., as a result of the recovery in fuel prices and consequently in the competitiveness of the railway.



Source: Marine Agency and Rumo's System

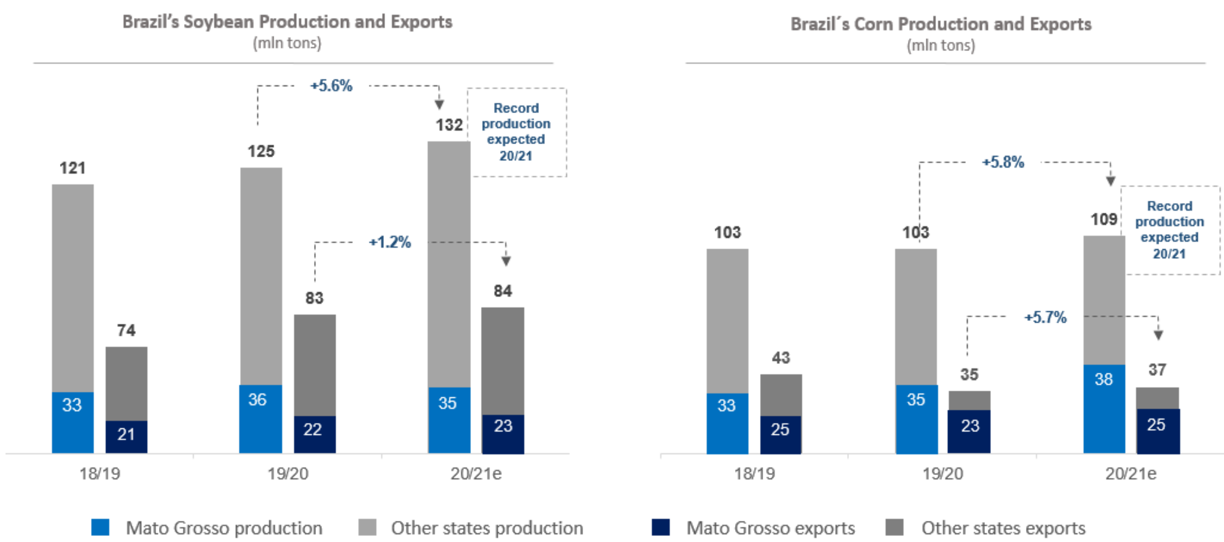
The net revenue totaled R$ 6,966 million, -1,7% vs, 2019, reflecting the drop of revenue of railway transportation mainly due to the decrease in yields, partially offset by the increase of 26,2% in Port elevations and an increase of 62% in the logistics solution revenues.

The Adjusted EBITDA reached R$ 3,533 million, with drop of 8,4% compared to 2019, mainly due to a scenario of higher competition, which put pressure on tariffs and volume. The railway variable cost fell 4,3% compared to the volume increase of 3,9%, mainly due to the reduction of 5,2% in the consumption of fuel. The costs in the port elevation segment increased more than volumes due to extraordinary expenses with demurrage. The logistics solution costs increased 46%, whereas the volume grew 62%. The fixed costs and general and administrative expenses increased 6,3%, due to the increase of: (i) SG&A mainly due to higher expenses with cyber security and; (ii) other operating costs, due to a worst mix of cargo and segments with more sugar logistic solution and port elevation. Consequently, the Adjusted EBITDA Margin fell 3,7 p.p., reaching 50,7%.

Rumo presented net profit of R$ 305 million, compared to 786 million in 2019, due to the lower EBITDA and the increase in financial expenses in view of: (i) the improvement of the estimate of fair-value measurement of financial instruments (MTM), which had non-cash effect in the amount of R$ 273 million and; (ii) the higher expenses of concession fees of Central and Paulista Networks, due to the recognition in a higher number of months in 2020. The year 2020 was characterized by important advances in the capital structure of the Company: realization of follow-on of R$ 6,4 billion, prepayment of concession fees in the amount of R$ 5,1 billion, issuance of a US$ 500 million green bond, and ongoing process of liability management, resulting in a leverage of 1,9x broad net debt/Adjusted EBITDA LTM.

As to the **soybean market**, in 2021, according to Agroconsult's projections, Brazil should have a record crop of 132 million tons of soybean - increase of 7,0 million tons in relation to 2019 – of which 84 million should be exported. By analyzing the estimates per state, the highlights are: (i) Mato Grosso, which, despite slight drop in production, has projection growth of exports; (ii) Rio Grande do Sul, with strong expansion of production (6,6 million tons), recovering the crop failure in 2020 and; (iii) Goiás, with estimated production of 13,4 million tons, which begins to be covered by Rumo in 2021.

As to **corn**, Agroconsult's projections indicate record crop, with increase of 6 million tons, and exports should also increase - approximately 2 million tons. In the analysis by state, the highlights are: (i) Mato Grosso, with growth in production and increase in exports by 2 million tons; (ii) Mato Grosso do Sul and Paraná, which together increased production by 3,5 million tons, recovering from a lower crop in 2019 and; (iii) Goiás, with estimated production of 12,7 million tons, which begins to be covered by Rumo in 2021.



Source: Agroconsult.
Note: (e) – Estimate

In 2020, in view of the challenges brought by the Covid-19 pandemic, the Company implemented a sound contingency plan following the most restrictive protocols established by the public bodies of the cities where we operate and making important donations. More than 23 thousand tests were made to prevent contagion, in a way that the population was tested more than twice, with positive results totaling only 3,9% - data that reinforces the efficiency of the adopted measures. The Company's operations, therefore, were not interrupted, with extreme focus on the safety of our employees.

4. Consolidated Operating & Financial Indicators

4Q20	4Q19	Chg.%	Summary of Financial Information (Amounts in BRL mln)	2020	2019	Chg.%
16,197	**14,997**	**8.0%**	**Total transported volume (million RTK)**	**62,458**	**60,096**	**3.9%**
13,216	12,239	8.0%	Agricultural products	51,830	49,333	5.1%
2,150	2,011	6.9%	Industrial products	7,673	7,997	-4.1%
832	748	11.3%	Containers	2,956	2,766	6.9%
83.8	*95.9*	*-12.7%*	*Average transportation yield (R$/000 RTK)*[6]	*93.9*	*101.6*	*-7.6%*
1,662	**1,664**	**-0.1%**	**Net operating revenue**	**6,966**	**7,088**	**-1.9%**
1,358	1,439	-5.7%	Transportation	5,864	6,108	-4.0%
88	65	35.4%	Port loading	373	284	31.3%
210	78	>100%	Logistic solution[7]	647	373	73.7%
6	82	-92,7%	Other revenues[8]	83	322	-74.3%
758	**897**	**-15.6%**	**EBITDA**	**3,664**	**3,829**	**-4.3%**
45.6%	*53.9%*	*-8.3 p.p.*	*EBITDA margin (%)*	*52.6%*	*54.0%*	*-1.3 p.p.*
776	**913**	**-15.0%**	**Adjusted EBITDA**[9]	**3,533**	**3,857**	**-8.4%**
46.7%	*54.8%*	*-8.2 p.p.*	*Adjusted EBITDA margin (%)*	*50.7%*	*54.4%*	*-3.6 p.p.*

Note 6: Average transportation tariffs include final amounts charged to the client (container), exclude take-or-pay, and right-of-way.
Note 7: Revenue from sugar transportation using other railways, or road transportation mode.
Note 8: Includes revenue from the right-of-way of other railways, and revenue from volumes contracted, but not executed yet, under commercial agreements (take-or-pay).
Note 9: Excludes the effects of Central Network; effects from the Paulista Network renewal process, and provision for impairment of the West Network in 2020, and excluding the effects of the Central Network in 4Q20.

Rumo's Consolidated Transported Volume and Yield by Operation

4Q20	4Q19	Chg.%	Operational Figures	2020	2019	Chg.%
16,197	**14,997**	**8.0%**	**Total transported volume (million RTK)**	**62,458**	**60,096**	**3.9%**
13,216	**12,239**	**8.0%**	**Agricultural products**	**51,830**	**49,333**	**5.1%**
273	1,858	-85.3%	Soybean	17,453	16,445	6.1%
2,001	1,876	6.6%	Soybean meal	7,530	6,882	9.4%
7,497	6,568	14.1%	Corn	17,173	19,546	-12.1%
1,902	863	>100%	Sugar	5,011	2,844	76.2%
1,388	1,032	34.5%	Fertilizers	4,465	3,527	26.6%
155	41	>100%	Other	198	89	>100%
2,150	**2,011**	**6.9%**	**Industrial products**	**7,673**	**7,997**	**-4.1%**
1,295	1,139	13.7%	Fuels	4,367	4,688	-6.8%
651	671	-3.1%	Wood, pulp, and paper	2,488	2,441	1.9%
203	200	1.7%	Other	818	868	-6.0%
832	**748**	**11.3%**	**Containers**	**2,956**	**2,766**	**6.9%**

4Q20	4Q19	Chg.	Yield by Operation	2020	2019	Chg.
			North Operation			
80,6	97,0	-16.9%	Yield (R$/000 RTK)	91,8	102,7	-10.6%
73.5%	71.0%	2.5p.p.	% Volume	73.4%	71.3%	2.1p.p.
			South Operation			
93,1	92,6	0.6%	Yield (R$/000 RTK)	101,5	99,2	2.3%
21.3%	24.0%	-2.6p.p.	% Volume	21.8%	24.1%	-2.3p.p.
			Container Operation			
90,8	96,9	-6.2%	Yield (R$/000 RTK)	91,3	97,4	-6.3%
5.1%	5.0%	0.2p.p.	% Volume	4.7%	4.6%	0.1p.p.
			Consolidated			
83,8	95,9	-12.7%	Yield (R$/000 RTK)	93,9	101,6	-7.6%

Results by Business Unit

Business Units

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

- **North Operation** — North Network, Paulista Network, and Port Operation in Santos.
- **South Operation** — West Network and South Network.
- **Container Operation** — Container Operation, including Brado Logística.
- **Central Operation**[1] — Central Operation, in the pre-operational phase.

Results by Business Unit 4Q20	North Operation	South Operation	Container Operation	Subtotal	Central Operation	Consolidated
Transported volume (million RTK)	**11,911**	**3,454**	**832**	**16,197**	**-**	**16,197**
Net Revenue	**1,257**	**325**	**80**	**1,662**	**-**	**1,662**
Cost of services	(851)	(319)	(78)	(1,248)	-	(1,248)
Gross profit (loss)	**406**	**6**	**2**	**414**	**-**	**414**
Gross margin (%)	*32.4%*	*1.8%*	*2.3%*	*24.9%*	*n.a.*	*24.9%*
Sales, general, and administrative expenses	(85)	(26)	(8)	(118)	(13)	(131)
Other operating revenues (expenses) & eq. pickup[10]	92	(13)	3	82	(25)	58
Depreciation and amortization[11]	269	105	19	393	25	417
EBITDA	**682**	**72**	**16**	**770**	**(13)**	**758**
EBITDA margin (%)	*54.2%*	*22.2%*	*19.9%*	*46.7%*	*n.a.*	*45.6%*
Adjustment EBITDA	(31)	37	-	6	13	19
Adjusted EBITDA[12]	**651**	**109**	**16**	**776**	**-**	**776**
Adjusted EBITDA margin (%)	*51.8%*	*33.6%*	*19.9%*	*47.1%*	*n.a.*	*46.7%*

Note 10: Includes depreciation and amortization for Central Network which is not yet operational.
Note 11: Depreciation and amortization are allocated in costs of services rendered, general, and administrative expenses, except for the Central Network which is allocated to other revenues and expenses.

Result by Business Unit 2020	North Operation	South Operation	Container Operation	Subtotal	Central Operation	Consolidated
Transported volume (million RTK)	**45,862**	**13,640**	**2,956**	**62,458**	**-**	**62,458**
Net revenue	**5,271**	**1,410**	**286**	**6,966**	**-**	**6,966**
Cost of services	(3,134)	(1,294)	(294)	(4,722)	-	(4,722)
Gross profit (loss)	**2,137**	**116**	**(8)**	**2,245**	**-**	**2,245**
Gross margin (%)	*40.5%*	*8.2%*	*-2.8%*	*32.2%*	*n.a.*	*32.2%*
Sales, general, and administrative expenses	(273)	(85)	(39)	(397)	(40)	(438)
Other operating revenues (expenses) & eq. pickup[10]	359	(144)	25	240	(99)	141
Depreciation and amortization[11]	1,058	488	72	1,618	98	1,716
EBITDA	**3,281**	**374**	**49**	**3,704**	**(40)**	**3,664**
EBITDA margin (%)	*62.2%*	*26.5%*	*17.2%*	*53.2%*	*n.a.*	*52.7%*
Adjustments EBITDA	(315)	144	-	(171)	40	(131)
Adjusted EBITDA[12]	**2,966**	**518**	**49**	**3,533**	**-**	**3,533**
Adjusted EBITDA margin (%)	56.3%	36.7%	17.2%	50.7%	n.a.	50.7%

Note 10: Includes depreciation and amortization for Central Network which is not yet operational.
Note 11: Depreciation and amortization are allocated in costs of services rendered, general, and administrative expenses, except for the Central Network which is allocated to other revenues and expenses.
Note 12: North Operation excludes the effects associated with the Paulista Network renewal process; South Operation excludes provision for impairment of the West Network; and Consolidated excludes the effects of the Paulista Network renewal process, provision for impairment of the West Network, and expenses from the Central Network.

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

North Operation

4Q20	4Q19	Chg. %	Operational figures	2020	2019	Chg. %
11,911	**10,654**	**11.8%**	**Total transported volume (million RTK)**	**45,862**	**42,845**	**7.0%**
10,658	**9,651**	**10.4%**	**Agricultural products**	**41,436**	**38,993**	**6.3%**
-	770	-100.0%	Soybean	12,567	11,329	10.9%
1,868	1,666	12.2%	Soybean meal	6,904	6,166	12.0%
6,477	5,900	9.8%	Corn	15,377	17,200	-10.6%
1,076	439	>100%	Sugar	2,679	1,432	87.1%
1,236	877	40.9%	Fertilizers	3,909	2,866	36.4%
1,253	**1,003**	**25.0%**	**Industrial products**	**4,426**	**3,852**	**14.9%**
805	592	36.0%	Fuels	2,623	2,395	9.5%
448	412	8.7%	Industrials	1,803	1,457	23.7%
80.6	*97.0*	-16.9%	*Average transportation yield*	*91.8*	*102.7*	-10.6%
3,533	**2,665**	**32.5%**	**Total volume loaded (TU 000)**	**14,447**	**11,213**	**28.8%**
24.9	*24.4*	*2.1%*	*Average loading yield (R$/TU)*	*24.8*	*25.8*	*-4.0%*

The total volume transported in the North Operation reached 45,9 billion of TKU in 2020, which is 7,0% higher than 2019, with highlight for the volume of sugar (+87,1%), fertilizers (+36,4%) and pulp (+23,7%). The volume of grains remained stable, due to the scenario of higher competition, especially corn, due to the fact that the producer has held back exports.

4Q20	4Q19	Chg. %	Financial Data (Amounts in BRL mln)	2020	2019	Chg. %
1,257	**1,243**	**1.1%**	**Net operating revenue**	**5,271**	**5,314**	**-0.8%**
960	1,033	-7.2%	Transportation	4,210	4,403	-4.4%
210	78	>100%	Logistic solution	647	373	73.5%
88	65	35.4%	Port loading	359	284	26.4%
(1)	67	-98.5%	Other revenues[13]	55	254	-78.3%
(851)	**(648)**	**31.3%**	**Cost of services**	**(3,134)**	**(2,851)**	**9.9%**
(393)	(284)	38.4%	Variable costs	(1,380)	(1,201)	14.9%
(191)	(124)	53.9%	Fixed costs	(702)	(629)	11.6%
(267)	(240)	11.3%	Depreciation and amortization	(1,052)	(1,021)	3.0%
406	**595**	**-31.7%**	**Gross profit**	**2,137**	**2,463**	**-13.2%**
32,4%	*47,9%*	-15.5 p.p.	*Gross margin (%)*	*40,5%*	*46,4%*	-5.9 p.p.
(85)	(53)	60.4%	Sales, general, and administrative expenses	(273)	(240)	13.7%
92	12	>100%	Other op, revenue (expenses) and equity pickup[14]	359	25	>100%
269	241	11.3%	Depreciation and amortization	1,058	1,026	3.1%
682	**795**	**-14.2%**	**EBITDA**	**3,281**	**3,274**	**0.2%**
54,2%	*63,9%*	*-9.7 p.p.*	*EBITDA margin (%)*	*62,2%*	*61,6%*	*0.6 p.p.*
651	**795**	**-18.1%**	**Adjusted EBITDA[15]**	**2,966**	**3,274**	**-9.4%**
51.8%	*63.9%*	*-12.1 p.p.*	*Adjusted EBITDA margin (%)*	*56.3%*	*61.6%*	*-5.3 p.p.*

Note 13: Includes revenue from the right-of-way of other railways, and revenue from volumes contracts, but not executed yet, under commercial agreements (take-or-pay).
Note 14: Includes non-recurring expenses related to the Paulista Network renewal process.
Note 15: Excludes the effects of the Paulista Network renewal process in 2020.

The Adjusted EBITDA totaled R$ 2,965 million in the year, 9,4% below 2019. The net revenue from transport was affected by the drop of tariffs by 10,7% in view of: (i) lower prices practiced, due to the paving of BR-163, not yet with the expected toll collection; (ii) lower levels of price of diesel, mainly in the first half and; (iii) the mix of products transported - with higher volume of sugar and industrial. The **fixed cost and general and administrative expenses** increased 11,0%, without the costs of Central Network. The **variable cost** increased 14,9%, affected by the mix of segments, with higher volumes of port elevation and logistic solution. Accordingly, the Adjusted EBITDA Margin reached 56,4%, 5 p.p. below 2019.

South Operation

4Q20	4Q19	Chg. %	Operational Figures	2020	2019	Chg. %
3,454	**3,595**	**-3.9%**	**Transported volume (million RTK)**	**13,640**	**14,485**	**-5.8%**
2,557	**2,588**	**-1.2%**	**Agricultural products**	**10,394**	**10,340**	**0.5%**
273	1,088	-74.9%	Soybean	4,886	5,116	-4.5%
132	210	-37.0%	Soybean meal	644	716	-10.1%
1,020	669	52.5%	Corn	1,796	2,346	-23.4%
826	424	94.7%	Sugar	2,332	1,412	65.2%
152	155	-1.9%	Fertilizers	556	661	-15.9%
154	41	>100%	Other	180	89	>100%
897	**1,007**	**-10.9%**	**Industrial products**	**3,246**	**4,145**	**-21.7%**
491	548	-10.4%	Fuel	1,744	2,293	-23.9%
203	260	-21.9%	Wood, pulp, and paper	686	984	-30.3%
203	200	1.6%	Other	816	868	-6.0%
93.1	***92.6***	***0.6%***	***Average transportation yield***	***101.5***	***99.2***	***2.3%***

The South Operation presented drop of 5,8% in the volume transported in 2020, reaching 13,6 billion of TKU. The drop of 10% in the segment of grains was due to, in the soybean, lower competitiveness over trucks, mainly due to the lower price of fuel, and crop failure in Rio Grande do Sul; and, in corn, due to the lower production in Paraná and Mato Grosso do Sul, and the fact that the producer has held back exports. The **industrial products** fell 21,7%, impacted by the drop of transport of fuel and other industrial cargo, due to the reduction of internal consumption in view of the Covid-19 pandemic.

4Q20	4Q19	Chg. %	Financial Data (Amounts in BRL mln)	2020	2019	Chg. %
325	**344**	**-5.6%**	**Net operating revenue**	**1,410**	**1,478**	**-4.6%**
322	333	-3.3%	Transportation	1,384	1,437	-3.6%
3	11	-72.7%	Other revenue[13]	26	41	-36.6%
(319)	**(369)**	**-13.6%**	**Cost of services**	**(1,294)**	**(1,442)**	**-10.3%**
(86)	(95)	-9.4%	Variable costs	(318)	(354)	-10.0%
(128)	(124)	3.2%	Fixed costs	(489)	(517)	-5.5%
(105)	(150)	-30.0%	Depreciation and amortization	(487)	(571)	-14.8%
6	**(25)**	**>100%**	**Gross profit**	**116**	**36**	**>100%**
1.8%	*-7.1%*	*8.9 p.p*	*Gross margin (%)*	*8.2%*	*2.4%*	*5.8 p.p*
(26)	(18)	44.4%	Sales, general, and administrative expenses	(85)	(58)	46.6%
(13)	(4)	>100%	Other op, revenue (expenses) and equity pickup	(144)	4	>100%
105	151	-30.5%	Depreciation and amortization	488	571	-14.6%
72	**104**	**-30.8%**	**EBITDA**	**374**	**553**	**-32.4%**
22.2%	*30.2%*	*-7.9 p.p.*	*EBITDA margin (%)*	*26.5%*	*37.4%*	*-10.9 p.p.*
37	-	>100%	Provision for impairment West Network	144	-	>100%
109	**104**	**4.8%**	*Adjusted EBITDA*	**518**	**553**	**-6.4%**
33.6%	*30.2%*	*3.4 p.p.*	Adjusted EBITDA margin(%)	*36.7%*	*37.4%*	*-0.7 p.p.*

Note 16: Includes revenue from volumes contracted, but not executed yet, under commercial agreements (take-or-pay).

The EBITDA of the South Operation totaled R$ 374 million in the year, a drop of 32,4% compared to 2019, due to retraction of volume, since there was gain of efficiency in costs. The **variable cost** presented drop of 10%, higher than the drop of volume (-5,8%). **The fixed costs and general and administrative expenses** remained in line. Accordingly, the Adjusted EBITDA Margin reached 36,7%, 0,7 p.p. below 2019.

Container Operation

4Q20	4Q19	Chg. %	Operational figures	2020	2019	Chg. %
21,482	**21,614**	**-0.6%**	**Total volume (containers)**	**82,771**	**82,182**	**0.7%**
90.8	*96.9*	-6.2%	*Intermodal average yield (R$/000 RTK)*	*91.3*	*97.4*	-6.3%
832	**748**	**11.3%**	**Total volume (million RTK)**	**2,956**	**2,766**	**6.9%**

The volume of the Container Operation in 2020 increased 6,8% compared to 2019, reaching 2,956 million TKU. The result was due to the increase in transport of cotton and refrigerated products in Paraná, even if partially offset by the reduction in the transport of industrial cargo in the domestic market, especially to Mato Grosso, as impact of Covid-19.

4Q20	4Q19	Chg. %	Financial Data (Amounts in BRL mln)	2020	2019	Chg. %
80	**77**	**3.9%**	**Net operating revenue**[17]	**286**	**296**	**-3.4%**
76	72	5.6%	Transportation	270	269	0.4%
4	5	-20.0%	Other revenues	16	27	-40.7%
(78)	**(76)**	**2.6%**	**Cost of services**	**(294)**	**(316)**	**-6.9%**
(36)	(36)	n.a.	Variable costs	(128)	(138)	-7.2%
(24)	(23)	4.3%	Fixed costs	(97)	(102)	-5.0%
(18)	(17)	5.9%	Depreciation and amortization	(69)	(75)	-8.0%
2	**1**	**>100%**	**Gross income (loss)**	**(8)**	**(20)**	**-60.0%**
2.3%	*0.9%*	*1.4 p.p*	*Gross margin (%)*	*-2.8%*	*-6.8%*	*4.0 p.p*
(8)	(11)	-27.3%	Sales, general, and administrative expenses	(39)	(38)	2.6%
3	6	-50.0%	Other op, revenue (expenses) and equity pickup	25	9	>100%
19	18	5.6%	Depreciation and amortization	72	78	-7.7%
16	**14**	**14.3%**	**EBITDA**	**49**	**30**	**66.0%**
19.9%	*17.6%*	*2.3 p.p*	*EBITDA margin (%)*	*17.2%*	*10.0%*	*7.2 p.p*

Note 17: Includes revenue from service units.

The Container Operation presented EBITDA of R$ 49 million in 2020, 66% higher than 2019. The market dynamics mentioned above affected the *mix* of transported cargo, causing loss of tariff of 6,5%. The **variable cost** fell 7,3% in view of more efficient road ends, supported by the efficiency of the terminal. The **fixed cost** and **as general and administrative expenses** remained in line. Due to the end of the decommissioning process of deficit service units in the year, which produced gains in the line of other revenues and in costs. The EBITDA Margin reached 17,2%, 7,2 p.p. higher than last year.

5. Other Results

Breakdown of Costs, Services Rendered, General and Administrative Expenses

4Q20	4Q19	Chg. %	Consolidated Costs (Amounts in BRL mln)	2020	2019	Chg. %
(1,366)	**(1,175)**	**16.3%**	**Consolidated costs and General and Administrative Expenses**	**(5,120)**	**(4,945)**	**3.5%**
(514)	**(414)**	**24.2%**	**Variable costs**	**(1,827)**	**(1,693)**	**7.9%**
(354)	(351)	0.8%	Variable cost of rail transport	(1,310)	(1,369)	-4.3%
(242)	(257)	-5.7%	Fuel and lubricants	(911)	(1,000)	-8.9%
(94)	(79)	18.9%	Own logistics costs[18]	(329)	(296)	11.1%
(18)	(15)	20.3%	Other variable costs[19]	(70)	(73)	-4.1%
(107)	(60)	78.3%	Variable cost Logistic Solution[20]	(450)	(308)	46.1%
(53)	(3)	n.a	Variable cost Elevation	(67)	(16)	n.a
(459)	**(351)**	**30.8%**	**Fixed costs and General and Administrative Expenses**	**(1,676)**	**(1,576)**	**6.3%**
(200)	(185)	8.1%	Payroll expenses	(741)	(757)	-2.0%
(29)	(42)	-31.0%	Maintenance	(144)	(151)	-4.8%
(21)	(24)	-12.4%	Third-party services	(76)	(83)	-8.2%
(53)	(41)	29.3%	Safety and facilities	(186)	(169)	10.1%
(42)	21	n.a.	Other operational costs	(141)	(88)	60.1%
(116)	(80)	45.0%	General and Administrative Expenses	(388)	(328)	18.2%
(392)	**(409)**	-4.2%	**Depreciation and amortization**	**(1,617)**	**(1,676)**	-3.5%

Note 18: Own logistics costs include sand, right of way, terminals, and other variable costs,
Note 19: Costs related to rolling stock rentals, electricity, Container Operation road activities, and take-or-pay,
Note 20: Third-party freight costs include road and railroad carriers contracted from other concessionaires,

In 2020, the **variable cost** presented gain of efficiency in the segments of railway transportation and logistics solution. The railway variable cost fell 4,3%, against volume increase of 3,9%, reflecting mainly the reduction of 5,2% in the consumption of fuel by locomotives, result of the focus on improvement of power efficiency. The costs of the logistics solution segment increased 46,1%, below the growth of 62% in volume. Port elevation costs increased more than 100%, in view of extraordinary costs with *demurrage*, due to concentration of sugar volume simultaneously with corn

The **fixed costs and general and administrative expenses** reached R$ 1,676 million in the year, 6,3% higher than 2019, reflecting increase (i) SG&A mainly due to higher expenses with cyber security and; (ii) other operating costs, due to a worst mix of cargo and segments with more sugar logistic solution and port elevation. The depreciation and amortization costs fell 3,5%.

Financial Result

4Q20	4Q19	Chg.%	Financial results (Amounts in BRL mln)	2020	2019	Chg.%
(223)	**(160)**	**39.4%**	**Cost of bank debt[21]**	**(902)**	**(688)**	**31.1%**
(12)	(12)	n.a.	Charges for over leasing	(48)	(64)	-24.9%
35	42	-16.7%	Financial income from investments	135	155	-12.9%
(200)	**(130)**	**53.6%**	**(=) Cost of broad net debt**	**(815)**	**(598)**	**36.3%**
(19)	(43)	-55.8%	Monetary charges on concession liabilities	(108)	(190)	-43.2%
(64)	(114)	-43.9%	Grants and operating lease[22]	(501)	(300)	67.0%
(23)	(19)	21.1%	Rates on contingencies and contracts	(152)	(84)	81.0%
2	(9)	-	Other financial expenses	102	(27)	-
(304)	**(315)**	**-3.5%**	**(=) Financial results**	**(1,474)**	**(1,198)**	**23.0%**

Note 21: Includes interest rates, monetary variation, net derivative income, and other debt charges.
Note 22: Considers IFRS 16 adjustments.

In 2020, the **financial result** presented an increase of 23% compared to 2019, due to (i) higher expenses with concession fees and operating leases and (ii) higher cost of the debt in view of the improvement of the estimate of fair-value measurement of financial instruments (MTM), which had nonrecurring and non-cash effect in the amount of R$ 273 million.

The cost with **concession fees and operating leases** increased R$ 200 million in 2020, in view of the early renewal of the concession of Paulista Network, as well as the recording of the concession of Central Network throughout the year. In the quarterly comparison, there was decrease of R$ 50 million as result of prepayments of maturing installments of the concession fees of its railway concessions, in the total amount of R$ 5,1 billion. The other financial expenses include the positive effect of R$ 131,2 million derived from the matching of accounts of the process of renewal of Paulista Network.

Income Tax and Social Contribution

4Q20	4Q19	Chg. %	Income Tax and Social Contribution (Amounts in BRL mln)	2020	2019	Chg. %
36	**149**	**-75.9%**	**Income (loss) before IT / SC**	**475**	**915**	**-48.1%**
34.0%	*34.0%*	*0 p.p.*	*Theoretical rate IR / SC*	*34.0%*	*34.0%*	*0 p.p.*
(12)	**(51)**	**-76.5%**	**Theoretical income (expense) with IT / SC**	**(161)**	**(311)**	**-48.1%**
			Adjustments to calculate effective rate			
(26)	27	>100%	Tax losses and temporary differences not recognized [23]	(145)	(53)	>100%
13	41	-68.3%	Tax incentives arising from the North Network [24]	109	179	-39.1%
(0)	2	>100%	Equity pickup	4	7	-42.9%
(8)	36	>100%	Other effects	23	49	-53.1%
(33)	**55**	**>100%**	**Income (expense) with IT / SC**	**(170)**	**(129)**	**31.8%**
-91.7%	*36.8%*	*-128.6 p.p.*	*Effective rate (%)*	*-35.8%*	*-14.1%*	*-21.7 p.p.*
(10)	(44)	-77.3%	IT/SC current	(242)	(161)	50.4%
(23)	98	>100%	IT/SC deferred	72	32	>100%

Note 23: We did not record deferred income tax and social contributions on tax losses for certain companies due to a lack of prospects for future taxable income.
Note 24: 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

The gross comprehensive indebtedness at the end of the 4Q20, including derivatives, was R$ 16,3 billion, against R$ 16,7 billion in the 3Q20. The increase in net indebtedness of 8,8% reflects the effects of lower EBITDA on cash flow. During the year, there were important advances in capital structure: (i) *follow-on* of R$ 6,4 billion; (ii) prepayment of concession fees of Central and Paulista Networks (R$ 5,1 billion) and; (iii) ongoing process of *liability management.* Accordingly, the leverage reached **1,9x** (comprehensive net debt/EBITDA).

Total indebtedness (Amounts in BRL mln)	**4Q20**	**2Q20**	**Chg.%**
Commercial banks	1,034	1,045	-1.1%
NCE	1,264	1,251	1.0%
BNDES	3,972	4,255	-6.7%
Debentures	3,420	3,266	4.7%
Senior notes 2024, 2025 e 2028	10,222	11,239	-9.0%
Total bank debt	**19,912**	**21,056**	**-5.4%**
Leases[25]	416	442	-5.9%
Net derivative instruments	(3,989)	(4,758)	-16.2%
Total broad gross debt	**16,339**	**16,740**	**-2.4%**
Cash and cash equivalents and securities	(9,175)	(10,158)	-9.7%
Total broad net debt	**7,164**	**6,582**	**8.8%**
Adjusted EBITDA LTM[26]	3,808	3,911	-2.6%
Leverage (broad net debt / Adjusted EBITDA LTM)	**1.9x**	**1.7x**	**11.8%**

Note 25: Excludes operating lease IFRS 16.

Note 26: The LTM EBITDA refers to the sum of the last 12 months. Excludes the effect of West Network impairment for leverage purposes.

Below is the composition of items that had impact on changes in the consolidated debt of Rumo.

Movement in gross debt (Amounts in BRL mln)	**4Q20**
Opening balance of broad net debt	**6,582**
Cash and cash equivalents and marketable securities	(10,158)
Net derivative instruments	(4,758)
Opening balance of broad gross debt	**21,498**
Items with cash impact	**(421)**
New funding	37
Amortization of principal	(327)
Amortization of interest rates	(131)
Items without cash impact	**(4,737)**
Provision for interest rates (accrual)	285
Monetary variation, MTM adjustments of debt, and others	(1,033)
Net derivative instruments	(3,989)
Closing balance of broad gross debt	**16,339**
Cash and cash equivalents, and marketable securities[20]	(9,175)
Closing balance of broad net debt	**7,164**

Rumo is subject to certain restrictive contractual clauses related to the level of leverage and coverage of the service of debt in some of its agreements. The more restrictive clauses have annual verification at the end of the year and refer to net comprehensive indebtedness. It includes bank debts, debentures, commercial leases considered as financial leasing, less marketable securities, cash and cash equivalents, restricted cash linked to loans and derivative instruments. The *covenants* for December 2021 are: maximum leverage of 3,0x (comprehensive net debt/EBITDA LTM) and minimum index of interest coverage of 2,0x EBITDA/Financial result.

7. Capex

4Q20	4Q19	Chg.%	Investment (Amounts in BRL mln)	2020	2019	Chg.%
997	**565**	**76.5%**	**Total investments[27]**	**2,979**	**1,943**	**53.3%**
282	196	43.9%	Recurring	1,108	876	26.5%
715	369	93.8%	Expansion	1,871	1,067	75.4%

Note 27: Values in cash regime.

In 2020, the capex reached R$ 2,979 million, in line with the investment plan of the Company, reflecting the R$ 711 million invested for operationalization of Central Network.

The recurring capex reached R$ 1,108 million. The increase was due to (i) higher investments for increase in the security level, which already reaches the average rate[2] of Class I international railways; (ii) the increase in the unit cost of certain components due to exchange rate and IGP-M and; (iii) investments in Central Network.

The expansion capex reached R$ 1,871 million. The increase in the level of investments derives mainly from work in Central Network that reached R$ 694 million. In addition, the Company also continues to invest in permanent ways, with substitution of trails and ties; in the expansion of yards to adapt to 120-railcar trains and in improvements in infrastructure. These projects, not only increase the capacity, but also provide higher level of efficiency, which allows, among other gains, reduction in consumption of fuel, fundamental to reduce specific emissions of greenhouse gases.

[2] Rate measured in: accidents/MMtmi (millions of train mile) between 2016 and 2020. Average of 2.5 of Class I international railways. Source: Federal Railroad Administration - https://railroads.dot.gov/.

8. Cash Flow Statement

Below is the consolidated cash flow of Rumo. The marketable securities were considered as cash in this statement.

	4Q20	4Q19	Indirect Cash Flow (Amounts in BRL mln)	2020	2019	Chg.%
	758	897	EBITDA	3,664	3,829	-4.3%
	(137)	64	Working capital variations and non-cash effects	(821)	(353)	>100%
	38	38	Operating financial result	87	126	-31.0%
(a)	**693**	**999**	**(=) Operating cash flow (FCO)**	**2,930**	**3,603**	**-18.7%**
	(997)	(565)	Capex	(2,979)	(1,943)	53.3%
(b)	(282)	(196)	Recurring	(1,108)	(876)	26.5%
	(715)	(369)	Expansion	(1,871)	(1,067)	75.4%
	-	-	Sale of assets	3	-	>100%
	-	-	Dividends received	4	7	-44.0%
(c)	**(997)**	**(565)**	**(=) Cash flow from investing activities (FCI)**	**(2,972)**	**(1,936)**	**53.6%**
(d)	37	1,105	Funding	6,173	2,402	>100%
(e)	(350)	(250)	Amortization of principal	(6,053)	(2,361)	>100%
	(154)	(159)	Amortization of interest rates	(1,184)	(892)	32.7%
	-	-	Paid dividends	(2)	(4)	-52.4%
(h)	10	-	Capital payment	6,316	-	>100%
	(10)	-	Preferred stock investments	(10)	-	>100%
	8	-	Derivative financial instruments	180	(51)	>100%
	5	7	Restricted cash	124	(31)	>100%
	(454)	**703**	**(=) Cash flow from financing activities (FCF)**	**5,544**	**(937)**	**>100%**
(g)	**(222)**	**(0)**	**Forex variation impact on cash balances**	**(41)**	**1**	**>100%**
(f)	**(980)**	**1,137**	**(=) Net cash generated**	**5,461**	**730**	**>100%**
	10,154	**2,578**	(+) Total cash (includes cash + marketable securities) opening	**3,715**	**2,985**	**24.5%**
	9,175	**3,715**	(=) Total cash (includes cash + marketable securities) closing	**9,175**	**3,715**	**>100%**
			Metrics			
	413	**803**	**(=) Cash generation after recurring capex (a+b)**	**1,822**	**2,727**	**-33.2%**
	(302)	**434**	**(=) Cash generation (burn) after FCI Cash generation (consumption) after FCI (a+c)**	**(42)**	**1,667**	**>100%**
	(455)	**283**	**(=) Cash generation (consumption) before funding and amortization (f-e-d-g-h)**	**(934)**	**688**	**>100%**

9. Operating and Financial Performance Indicators

Below is the historical performance of the principal operational and financial indicators,

Operating and Financial Performance Index	4Q20	4Q19	Chg. %	2020	2019	Chg. %
Consolidated						
Operating ratio	**80%**	**73%**	**9.6%**	**73%**	**71%**	**2.8%**
Diesel consumption (liters/ '000 GTK)	**3.64**	**3.83**	**-5.0%**	**3.72**	**3.93**	**-5.3%**
Rail accidents (MM Train/Km)	**13.52**	**16.60**	**-18.6%**	**13.52**	**16.30**	**-17.1%**
Personal accidents (accidents/MM MHW)	**0.24**	**0.40**	**-40.0%**	**0.24**	**0.40**	**-40.0%**
North Operation						
Cycle of railcars[28] (days)	9.1	9.7	-6.2%	9.8	9.9	-1.6%
South Operation						
Cycle of railcars[29] (days)	7.4	6.9	7.2%	6.8	7.0	-2.9%

Note 28: Considers the cycle of grains Rondonópolis (MT) - Santos (SP).
Note 29: Considers the cycle of grains North of Paraná – Ports of Paranaguá (PR) and São Francisco do Sul (SC).

Operating Ratio: The indicator represents the portion of costs and expenses as percentage of net revenue. In 2020 the costs increased and net revenue dropped 1,7%, reflecting the increase of 3,1% of the indicator.

Diesel consumption: The improvement of 5,2% in the indicator in 2020 compared to 2019 reflects higher efficiency in the unit consumption of diesel of locomotives, due to investments in technology and innovation and in permanent way and modernization of the fleet.

Railway accidents: The indicator, which measures the number of accidents per million of kilometers, presented reduction of 17,1% in the annual comparison, as result of ongoing efforts and investments of the Company in order to increase the railway safety.

Personal accidents: The indicator, which shows the number of accidents with leave, presented significant improvement in the year, with drop of 40,0%, as result of ongoing efforts of the Company in the reduction of personal accidents, with a rate that reaches levels of international railways.

Railway car cycle: The improvement in the indicators of the North and South Operations is due to investments made to increase capacity.

10. Exhibits

10.1 Rumo Financial Statements

10.1.1 Balance Sheet

Balance sheet (Amounts in BRL mln)	12/31/20	09/30/20
Current assets	**11,355**	**11,569**
Cash and cash equivalents	7,779	8,474
Marketable securities	1,397	1,680
Trade receivables	421	420
Derivative financial instruments	826	-
Inventories	249	263
Receivables from related parties	46	105
Income tax and social contribution	135	95
Other taxes recoverable	351	400
Dividends and interest on equity receivable	3	3
Other assets	147	129
Non-current assets	**34,554**	**35,034**
Trade receivable	7	9
Restricted cash	35	39
Recoverable income tax and social contribution	41	27
Deferred income tax and social contribution	1,271	1,242
Receivables from related parties	94	41
Other taxes recoverable	790	690
Judicial deposits	331	330
Financial and derivative instruments	3,162	4,758
Other assets	51	49
Investments in associates	51	50
Property and equipment	13,646	12,752
Intangible	7,251	7,284
Right of use	7,823	7,764
Total assets	**45,908**	**46,603**
Current liabilities	**4,856**	**4,380**
Loans, financing, and debentures	2,504	2,271
Leases	511	498
Suppliers	755	613
Labor and social security obligations	139	167
Income tax and social contribution taxes	12	1
Other payable taxes	63	57
Dividends payables	8	7
Leases and concessions	159	113
Payable to related parties	165	157
Deferred revenue	6	6
Other financial liabilities	414	328
Other payables	122	162
Non-current liabilities	**25,756**	**26,935**
Loans, financing, and debentures	17,408	18,785
Leases	2,402	2,269
Other payables	2	2
Provision for lawsuits	473	476
Leases and concessions	2,825	2,829
Other financial liabilities	31	-
Deferred income tax and social contribution	2,515	2,464
Deferred revenues	43	45
Other accounts payable	57	66
Shareholders' equity	**15,296**	**15,288**
Total liabilities	**45,908**	**46,603**

10.1.2 Income Statement

4Q20	4Q19	Chg.%	Income Statement (Amounts in BRL mln)	2020	2019	Chg.%
1,662	**1,664**	**-0.1%**	**Net operating revenue**	**6,966**	**7,088**	**-1.7%**
(1,248)	**(1,092)**	**14.3%**	Cost of goods sold	**(4,722)**	**(4,609)**	**2.4%**
414	**572**	**-27.7%**	**Gross profit**	**2,245**	**2,479**	**-9.5%**
(131)	(98)	33.7%	Selling, general and administrative expenses	(438)	(363)	20.6%
56	(17)	>100%	Other net operating income (expenses)	128	(22)	>100%
2	6	-66.7%	Equity pickup	13	22	-40.9%
(304)	(315)	-3.4%	Net financial result	(1,474)	(1,198)	23.0%
(33)	54	>100%	Income tax and social contribution	(170)	(129)	31.8%
3	**202**	**-98.5%**	**Net profit (loss)**	**305**	**786**	**-61.2%**
0.2%	*12.1%*	*-12 p.p.*	*Net margin (%)*	*4.4%*	*11.1%*	*-6.7 p.p.*

10.1.3 Cash Flow

4Q20	4Q19	Accounting cash flow (Amounts in BRL mln)	2020	2019
36	**149**	**Profit before income tax and social contribution**	**475**	**915**
454	434	Depreciation and amortization	1,860	1,716
(2)	(6)	Equity pickup	(13)	(22)
24	21	Provision for profit sharing and bonuses	48	120
(2)	(3)	Result of disposals of fixed assets and intangible assets	(43)	(4)
21	15	Provision for lawsuits	87	73
-	-	Provision (reversal) for losses on doubtful accounts	1	(11)
4	3	Stock option plan	14	11
(31)	-	Reversal of leases and concessions in dispute	(380)	-
337	333	Interest, monetary and exchange variation, Net	1,537	1,246
(81)	-	Extemporaneous tax credit	(103)	(40)
(0)	(26)	Other	(8)	(90)
752	**919**	**(=) Adjustments**	**3,474**	**3,913**
6	85	Trade receivables	13	136
(1)	(14)	Related parties, Net	(23)	(11)
(17)	(44)	Taxes	(78)	(131)
16	36	Inventories	(4)	13
(32)	(48)	Labor and social security payable	(94)	(110)
42	31	Suppliers	126	12
-	-	Lease and concession payable	(52)	-
(54)	(59)	Lawsuits	(157)	(145)
67	62	Other financial liabilities	(61)	51
(89)	10	Other assets and liabilities, Net	(238)	(204)
(63)	**60**	**(=) Changes in assets and liabilities**	**(567)**	**(389)**
689	**979**	**(=) Cash Flow from Operating Activities**	**2,907**	**3,524**
289	(549)	Marketable securities	379	1,169
5	7	Restricted cash	124	(31)
-	-	Dividends received from subsidiaries and associated companies	4	7
(997)	(565)	Additions to property, plant and equipment, software, and other intangibles	(2,979)	(1,943)
-	-	Cash received on sale of other permanent assets	3	-
(703)	**(1,107)**	**(=) Cash Flow from Investing Activities**	**(2,469)**	**(798)**
37	1,105	Funding	6,173	2,402
(350)	(250)	Amortization of principal	(6,053)	(2,361)
(154)	(159)	Amortization of interest	(1,184)	(892)
10	-	Capital payment	6,316	-
9	-	Derivative financial instruments	180	(51)
(10)	-	Interest charges on Certificates of Real Estate Receivables	(10)	-
-	-	Dividends paid	(2)	(4)
(459)	**696**	**(=) Cash generated by (used in) financing activities**	**5,420**	**(906)**
(222)	**(0)**	**Impact of exchange variation in cash balance**	**(41)**	**1**
(695)	**569**	**(=) Net increase in cash and cash equivalents**	**5,815**	**1,821**
8,474	**1,395**	**Beginning balance of cash and cash equivalents**	**1,963**	**142**
7,779	**1,963**	**Final balance of cash and cash equivalents**	**7,779**	**1,963**