



Rumo S.A.

**Interim financial statements
September 30, 2020**

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A free translation from Portuguese into English of Independent Auditor’s Review Report on Individual and consolidated Interim Financial Information prepared in Brazilian currency in accordance with NBC TG 21 and IAS 34 and the rules issued by the Brazilian Securities Commission (CVM), applicable to the preparation of Quarterly Information (ITR)

Independent auditor’s review report on quarterly information

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

Introduction

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

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

Scope of review

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

Conclusion on the individual and the consolidated interim financial information

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

Other matters

Statements of value added

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

Audit and review of the corresponding amounts

The audit of the statement of financial position, individual and consolidated, as of December 31, 2019 and the review of interim financial information, individual and consolidated, for the three and nine month periods ended September 30, 2019, presented for comparison purposes, were conducted under the responsibility of other independent auditors which issued an audit opinion and a review report without modification, dated February 13, 2020 and November 11, 2019, respectively.

São Paulo, November 11, 2020.

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

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

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

	Note	Parent Company		Consolidated	
		September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019
Assets					
Cash and cash equivalents	5.2	1,873,283	700,706	8,473,704	1,963,014
Marketable securities	5.3	972,705	511,725	1,680,297	1,751,853
Trade receivables	5.4	25,909	15,111	420,428	385,563
Inventories	5.10	1,172	1,036	262,755	248,456
Receivables from related parties	4.8	59,021	16,762	104,527	11,670
Income tax and social contribution recoverable		33,874	16,343	94,799	138,005
Other recoverable taxes	5.9	49,477	30,618	399,772	347,316
Dividends and interest on own capital receivable		76	674	3,395	644
Other assets		11,624	9,510	128,831	102,962
Current		3,027,141	1,302,485	11,568,508	4,949,483
Trade receivables	5.4	2,949	5,422	9,252	13,686
Restricted cash	5.3	79	3,511	38,827	147,910
Income tax and social contribution recoverable		-	-	26,501	168,089
Deferred income tax and social contribution	5.14	-	-	1,242,322	1,174,484
Receivables from related parties	4.8	9,426	3,326	41,280	36,394
Other recoverable taxes	5.9	-	-	689,985	663,584
Judicial deposits	5.15	32,048	22,806	329,744	415,246
Derivative financial instruments	5.8	311,389	92,795	4,758,095	1,624,023
Other assets		21,950	3,974	48,737	31,599
Investments in subsidiaries and associates	5.11	17,562,397	11,664,792	50,100	52,013
Property, plant and equipment	5.12.1	120,807	125,601	12,751,619	11,770,168
Intangible assets	5.12.2	320,388	349,656	7,283,738	7,375,033
Right-of-use	5.12.3	-	-	7,764,089	4,410,952
Non-current		18,381,433	12,271,883	35,034,289	27,883,181
Total assets		21,408,574	13,574,368	46,602,797	32,832,664

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

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

	Note	Parent Company		Consolidated	
		September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019
Liabilities					
Loans, financing and debentures	5.5	303,845	969,054	2,270,763	1,064,846
Lease liabilities	5.6	-	192	498,022	534,245
Trade payables	5.7	73,726	55,109	613,421	513,325
Salaries payable		788	12,065	166,806	216,685
Current income and social contribution taxes		-	208	1,110	7,658
Other taxes payable	5.13	13,875	4,321	57,126	33,726
Dividends and interest on own capital payable		5,250	5,250	6,911	7,146
installment leases and concessions under litigation	5.16	-	-	113,248	9,847
Payables to related parties	4.8	134,707	47,895	157,151	139,747
Deferred income		2,802	2,802	6,358	7,601
Other financial liabilities	5.1	-	-	327,811	410,952
Other payable		21,215	9,003	161,531	91,274
Current		556,208	1,105,899	4,380,258	3,037,052
Loans, financing and debentures	5.5	4,060,094	2,222,997	18,784,722	10,654,891
Lease liabilities	5.6	-	-	2,268,690	3,994,895
Derivative financial instruments	5.8	-	-	-	482
Other taxes payable	5.13	-	-	2,299	7,580
Provision for judicial demands	5.15	43,382	48,077	475,549	480,943
installment leases and concessions under litigation	5.16	-	-	2,829,434	3,445,033
Provision for capital deficiency	5.11	1,687,827	1,791,179	-	-
Payables to related parties	4.8	39,987	29,925	-	-
Deferred income tax and social contribution	5.14	-	-	2,464,028	2,490,851
Deferred income		16,811	18,912	44,510	48,036
Other payable		9,604	13,103	65,752	58,614
Non-current		5,857,705	4,124,193	26,934,984	21,181,325
Total liabilities		6,413,913	5,230,092	31,315,242	24,218,377
Shareholders' equity					
Share capital	5.17	16,054,897	9,654,897	16,054,897	9,654,897
Capital reserve		2,417,007	2,472,559	2,417,007	2,472,559
Equity valuation adjustments		30,768	21,077	30,768	21,077
Profit reserve		305,728	305,728	305,728	305,728
Accumulated losses		(3,813,739)	(4,109,985)	(3,813,739)	(4,109,985)
		14,994,661	8,344,276	14,994,661	8,344,276
Equity attributable to:					
Owners of the Company		14,994,661	8,344,276	14,994,661	8,344,276
Non-controlling interests	5.11	-	-	292,894	270,011
Total equity		14,994,661	8,344,276	15,287,555	8,614,287
Total liabilities and equity		21,408,574	13,574,368	46,602,797	32,832,664

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

Statements of profit or loss
(In thousands of Brazilian Reals - R\$)

	Note	Parent Company			
		July 1, 2020 to September 30, 2020	January 1, 2020 to September 30, 2020	July 1, 2019 to September 30, 2019	January 1, 2019 to September 30, 2019
Net revenue from services	6.1	255,811	645,554	147,801	459,226
Cost of services	6.2	(210,838)	(502,873)	(118,374)	(371,010)
Gross profit		44,973	142,681	29,427	88,216
Selling expenses	6.2	558	510	89	119
General and administrative expenses	6.2	(7,271)	(26,400)	(5,063)	(22,563)
Other income (expenses), net	6.3	3,737	18,455	13,918	11,991
Operating expenses		(2,976)	(7,435)	8,944	(10,453)
Equity income on investments	5.11	187,901	286,350	364,233	623,217
Result before financial results and income tax and social contribution		229,898	421,596	402,604	700,980
Financial expenses		(80,070)	(174,143)	(59,512)	(188,063)
Financial incomes		13,194	39,193	12,952	15,838
Foreign exchange, net		(15,730)	(116,289)	(20,546)	(18,254)
Derivatives and fair value		41,906	159,354	33,303	70,385
Financial results, net	6.4	(40,700)	(91,885)	(33,803)	(120,094)
Results before income tax and social contribution		189,198	329,711	368,801	580,886
Income tax and social contribution	5.14				
Current		(24,804)	(33,495)	(1,909)	(2,746)
		(24,804)	(33,495)	(1,909)	(2,746)
Result for the period		164,394	296,216	366,892	578,140

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

Statements of profit or loss
(In thousands of Brazilian Reals - R\$)

		Consolidated			
	Note	July 1, 2020 to September 30, 2020	January 1, 2020 to September 30, 2020	July 1, 2019 to September 30, 2019	January 1, 2019 to September 30, 2019
Net revenue from services	6.1	2,052,667	5,304,191	2,059,864	5,423,550
Cost of services	6.2	(1,251,498)	(3,473,550)	(1,238,323)	(3,532,491)
Gross profit		801,169	1,830,641	821,541	1,891,059
Selling expenses	6.2	(5,811)	(23,132)	(6,637)	(2,222)
General and administrative expenses	6.2	(99,414)	(283,251)	(94,700)	(263,736)
Other income (expenses), net	6.3	(41,086)	72,694	35,450	8,434
Operating expenses		(146,311)	(233,689)	(65,887)	(257,524)
Equity income on investments	5.11	4,788	11,473	7,730	16,305
Result before financial results and income tax and social contribution		659,646	1,608,425	763,384	1,649,840
Financial expenses		(545,936)	(1,380,574)	(460,217)	(1,520,234)
Financial incomes		53,246	131,823	62,232	149,288
Foreign exchange, net		(230,827)	(2,195,944)	(440,280)	(380,925)
Derivatives and fair value		285,653	2,275,110	538,042	868,425
Financial results, net	6.4	(437,864)	(1,169,585)	(300,223)	(883,446)
Results before income tax and social contribution		221,782	438,840	463,161	766,394
Income tax and social contribution	5.14				
Current		(100,110)	(231,692)	(73,647)	(116,797)
Deferred		49,170	94,401	(20,455)	(66,737)
		(50,940)	(137,291)	(94,102)	(183,534)
Result for the period		170,842	301,549	369,059	582,860
Total result attributable to:					
Owners of the Company		164,394	296,216	366,892	578,140
Non-controlling interests		6,448	5,333	2,167	4,720
Earning per share from:	6.6				
Basic		R\$0.09773	R\$0.18513	R\$0.23531	R\$0.37079
Diluted		R\$0.09747	R\$0.18459	R\$0.23446	R\$0.36955

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

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

	Parent Company			
	July 1, 2020 to September 30, 2020	January 1, 2020 to September 30, 2020	July 1, 2019 to September 30, 2019	January 1, 2019 to September 30, 2019
Result for the period	164,394	296,216	366,892	578,140
Items that will not be reclassified to profit or loss				
Actuarial losses (gains) with pension plan	-	6	-	(3)
	-	6	-	(3)
Items that may subsequently be reclassified to profit or loss				
Foreign currency translation adjustment effect	1,537	9,715	4,182	3,881
	1,537	9,715	4,182	3,881
Other comprehensive results, net of income tax and social contribution	1,537	9,721	4,182	3,878
Total comprehensive result	165,931	305,937	371,074	582,018

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

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

	Consolidated			
	July 1, 2020 to September 30, 2020	January 1, 2020 to September 30, 2020	July 1, 2019 to September 30, 2019	January 1, 2019 to September 30, 2019
Result for the period	170,842	301,549	369,059	582,860
Items that will not be reclassified to profit or loss				
Actuarial losses (gains) with pension plan	-	6	-	(3)
	-	6	-	(3)
Items that may subsequently be reclassified to profit or loss				
Foreign currency translation adjustment effect	1,537	9,715	4,182	3,881
	1,537	9,715	4,182	3,881
Other comprehensive results, net of income tax and social contribution	1,537	9,721	4,182	3,878
Total comprehensive result	172,379	311,270	373,241	586,738
Comprehensive result attributable to:				
Owners of the Company	165,931	305,937	371,074	582,018
Non-controlling interest	6,448	5,333	2,167	4,720

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

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

	Attributable to shareholders of the Company					Total	Non-controlling interest	Total equity
	Share capital	Capital reserve	Profit reserve	Equity valuation adjustments	Accumulated losses			
At January 1, 2020	9,654,897	2,472,559	305,728	21,077	(4,109,985)	8,344,276	270,011	8,614,287
Result for the period	-	-	-	-	296,216	296,216	5,333	301,549
Other comprehensive income:								
Foreign currency translation effects	-	-	-	9,715	-	9,715	-	9,715
Actuarial loss on defined benefit plan	-	-	-	6	-	6	-	6
Adjustment of attributed cost in associates	-	-	-	(30)	30	-	-	-
Total comprehensive income, net of taxes	-	-	-	9,691	296,246	305,937	5,333	311,270
Contributions and distributions to shareholders								
Share-based payment transactions	-	9,531	-	-	-	9,531	148	9,679
Effect of dividend distribution to non-controlling shareholders	-	(64)	-	-	-	(64)	64	-
Capital increase (4.3)	6,400,000	-	-	-	-	6,400,000	-	6,400,000
Stock issuance costs	-	(65,019)	-	-	-	(65,019)	-	(65,019)
Dividends	-	-	-	-	-	-	(2,262)	(2,262)
Total of contributions and distributions to shareholders	6,400,000	(55,552)	-	-	-	6,344,448	(2,050)	6,342,398
Transactions with shareholders								
Non-controlling interest in subsidiary	-	-	-	-	-	-	19,600	19,600
Total of transactions with shareholders	-	-	-	-	-	-	19,600	19,600
At September 30, 2020	16,054,897	2,417,007	305,728	30,768	(3,813,739)	14,994,661	292,894	15,287,555

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

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

	Attributable to shareholders of the Company					Total	Non-controlling interest	Total equity
	Share capital	Capital reserve	Profit reserve	Equity valuation adjustments	Accumulated losses			
At December 31, 2018	9,654,897	2,462,045	266,817	18,907	(4,374,466)	8,028,200	266,423	8,294,623
Adjustment on initial application of CPC 06 R2 / IFRS 16	-	-	-	-	(475,391)	(475,391)	-	(475,391)
At January 1, 2019	9,654,897	2,462,045	266,817	18,907	(4,849,857)	7,552,809	266,423	7,819,232
Result for the period	-	-	-	-	578,140	578,140	4,720	582,860
Other comprehensive income:								
Foreign currency translation effects	-	-	-	3,881	-	3,881	-	3,881
Actuarial loss on defined benefit plan	-	-	-	(3)	-	(3)	-	(3)
Adjustment of attributed cost in associates	-	-	-	(460)	460	-	-	-
Total comprehensive income, net of taxes	-	-	-	3,418	578,600	582,018	4,720	586,738
Contributions and distributions to shareholders								
Share-based payment transactions	-	7,323	-	-	-	7,323	-	7,323
Effect of dividend distribution to non-controlling shareholders	-	(103)	-	-	-	(103)	103	-
Dividends	-	-	-	-	-	-	(4,193)	(4,193)
Total of contributions and distributions to shareholders	-	7,220	-	-	-	7,220	(4,090)	3,130
At September 30, 2020	9,654,897	2,469,265	266,817	22,325	(4,271,257)	8,142,047	267,053	8,409,100

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

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

	Parent Company		Consolidated	
	January 1, 2020 to September 30, 2020	January 1, 2019 to September 30, 2019	January 1, 2020 to September 30, 2020	January 1, 2019 to September 30, 2019
Cash flow from operating activities				
Result before income taxes and social contribution	329,711	580,886	438,840	766,394
Adjustments for:				
Depreciation, amortization and net of impairment	75,574	77,180	1,405,239	1,282,291
Equity pick-up from controlled and associated companies	(286,350)	(623,217)	(11,473)	(16,305)
Provision for profit sharing and bonuses	151	1,132	23,661	98,908
Result on disposal of fixed and intangible assets	-	-	(40,850)	(1,084)
Provision for legal proceedings	5,241	12,024	65,681	58,087
Gain (loss) due to reduction in the recoverable amount of accounts receivable	(510)	(119)	1,487	(11,109)
Share-based payment transactions	9,284	7,323	9,679	7,323
Reversion of leases and concessions in dispute	-	-	(348,319)	-
Extemporaneous tax credits	(128)	(13,244)	(22,034)	(40,447)
Interest, monetary and exchange variations, net	117,371	108,873	1,200,407	913,875
Other	(2,178)	(8,925)	(464)	(64,147)
	248,166	141,913	2,721,854	2,993,786
Changes in:				
Trade receivables	(2,397)	5,715	7,229	50,761
Related parties, net	29,477	(5,026)	(22,272)	3,806
Other taxes, net	(28,189)	(8,693)	(60,829)	(87,094)
Inventories	(136)	24	(19,812)	(22,838)
Salaries payable	(1,269)	(1,494)	(61,408)	(61,799)
Trade payables	32,388	3,266	84,208	(18,371)
Installment payable of leases and concessions under litigation	-	-	(51,947)	-
Provision for judicial demands	(10,774)	(4,413)	(103,497)	(86,562)
Other financial liabilities	-	-	(127,740)	(11,516)
Other assets and liabilities, net	(35,925)	(22,369)	(148,815)	(214,532)
	(16,825)	(32,990)	(504,883)	(448,145)
Net cash generated by operating activities	231,341	108,923	2,216,971	2,545,641
Cash flow from investing activities				
Capital increase in subsidiary	(6,297,333)	(1,053,747)	-	-
Sale (acquisition) of marketable securities	(454,718)	(245,844)	89,394	1,718,507
Restricted cash	3,432	(175)	119,235	(38,321)
Dividends received from controlled and associated companies	552,269	886,634	3,900	6,469
Additions to property, plant and equipment and intangible assets	(4,300)	(5,194)	(1,981,870)	(1,378,007)
Mutual loan	(6,000)	-	-	-
Cash received on disposal of other fixed assets	-	-	3,045	-
Net cash generated by (used in) investing activities	(6,206,650)	(418,326)	(1,766,296)	308,648
Cash flow from financing activities				
Loans, financing and debentures raised	963,591	568,339	6,135,857	1,297,754
Repayment of principal on loans, financing and debentures	(68,634)	(134,360)	(352,335)	(1,756,975)
Payment of interest on loans, financing and debentures	(54,532)	(39,304)	(571,413)	(587,677)
Repayment of principal on financing leases	(192)	(243)	(5,350,570)	(354,256)
Payment of interest on financing leases	(10)	(47)	(457,798)	(145,569)
Additional paid-in capital, net of stock issuance costs	6,306,106	-	6,306,106	-
Payment derivative financial instruments	(2,956)	(9,370)	(4,700)	(52,761)
Receiving derivative financial instruments	4,513	-	175,930	2,047
Dividends paid	-	-	(1,959)	(4,233)
Net cash generated by (used in) financing activities	7,147,886	385,015	5,879,118	(1,601,670)
Impact of exchange variation on cash and cash equivalents	-	-	180,897	1,109
Increase in cash and cash equivalents, net	1,172,577	75,612	6,510,690	1,253,728
Cash and cash equivalents at beginning of the period	700,706	595	1,963,014	141,527
Cash and cash equivalents at end of the period	1,873,283	76,207	8,473,704	1,395,255
Additional information:				
Income tax and social contribution paid	3,457	3,695	109,817	22,030

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

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

- **Transactions that did not involve cash**

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

- (i) Recognition of extemporaneous tax credits for R\$ 137 in the parent company and R\$ 22,927 in the consolidated, of which R\$ 128 in the parent Company and R\$ 22,034 in the consolidated are recognized in the item “Extemporaneous tax credits” disclosed in note 6.3 and R\$ 9 in the parent Company and R\$ 893 in the consolidated as “Interest, monetary and exchange variations, net” disclosed in note 6.4, referring to: i) recovery of credits on the salary limit for contributions on behalf of third parties and taxation of the co-participation expenses of health plans, food vouchers and transportation vouchers; ii) credits related to the exclusion of ICMS from the calculation base of PIS and COFINS contributions.
- (ii) Recognition of right-of-use assets with offsetting entry to the lease liability for R\$ 3,518,110 related to new contracts covered by the lease standard (Note 5.12.3).
- (iii) Acquisition of assets paid in installments of R\$ 99,313 on September 30, 2020 (R\$ 13,321 on September 30, 2019).

- **Presentation of interest and dividends**

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

Interest received or paid is classified as cash flow in financing activities, are considered the costs of obtaining financial resources for application in fixed and intangible assets.

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

	Parent Company		Consolidated	
	January 1, 2020 to September 30, 2020	January 1, 2019 to September 30, 2019	January 1, 2020 to September 30, 2020	January 1, 2019 to September 30, 2019
Revenue				
Sales of products and services net of returns	682,767	486,740	5,580,224	5,706,375
Other operating revenue, net	6,947	119	409,244	25,974
Estimated gain (loss) on doubtful credits	510	967	(1,487)	11,109
	690,224	487,826	5,987,981	5,743,458
Raw materials acquired from third parties				
Cost of services rendered	(480,062)	(347,288)	(1,680,679)	(1,518,222)
Materials, energy, third party services, other	41,781	55,478	(284,990)	(507,785)
Impairment	-	-	(107,106)	-
	(438,281)	(291,810)	(2,072,775)	(2,026,007)
Gross value added	251,943	196,016	3,915,206	3,717,451
Retention				
Depreciation and amortization	(75,574)	(77,180)	(1,298,133)	(1,282,291)
	(75,574)	(77,180)	(1,298,133)	(1,282,291)
Net value added	176,369	118,836	2,617,073	2,435,160
Value added transferred in				
Equity in subsidiaries and associates	286,350	623,217	11,473	16,305
Rentals received	18,900	10,080	-	-
Financial incomes	39,193	15,838	131,823	149,288
	344,443	649,135	143,296	165,593
Total value added to be distributed	520,812	767,971	2,760,369	2,600,753
Distribution of value added				
Employee and social charges	18,614	16,976	583,259	618,319
Remuneration	16,789	15,003	416,388	435,000
Benefits	1,668	1,776	141,276	158,963
Severance Indemnity Fund - FGTS	157	197	25,595	24,356
Taxes, fees and contributions	74,904	34,279	483,454	314,615
Federal	73,244	31,998	383,793	215,136
State	686	294	72,564	80,505
Municipal	974	1,987	27,097	18,974
Third party capital remuneration	131,078	138,576	1,392,107	1,084,959
Interest	131,078	135,932	1,301,357	1,032,734
Leasing	-	2,644	90,750	52,225
Equity capital remuneration	296,216	578,140	301,549	582,860
Non-controlling interests	-	-	5,333	4,720
Result for the period	296,216	578,140	296,216	578,140
	520,812	767,971	2,760,369	2,600,753

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

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

1 Company and group information

1.1 Operations

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

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

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

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

1.2 The concession of railway operations and port terminals

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

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

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

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

1.3 Group information

a) Subsidiaries:

The Company's consolidated financial statements include:

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

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

b) Associates:

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

c) Group control:

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

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

2 Basis of preparation and general accounting policies

2.1 Declaration of conformity

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

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

The interim financial statements were authorized for issue by the Board of Directors on November 11, 2020.

2.2 General accounting policies

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

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

2.3 Measurement of fair value

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

Loans	Company	September 30, 2020	December 31, 2019
Senior Notes Due 2024	Rumo Luxembourg	104.96 %	107.90 %
Senior Notes Due 2025	Rumo Luxembourg	105.03 %	107.27 %
Senior Notes Due 2028	Rumo Luxembourg	103.99 %	-

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

	Book value		Assets and liabilities measured at fair value	
			September 30, 2020	December 31, 2019
	September 30, 2020	December 31, 2019	Level 2	Level 2
Assets				
Marketable securities	1,680,297	1,751,853	1,680,297	1,751,853
Derivative financial instruments	4,758,095	1,624,023	4,758,095	1,624,023
Total	6,438,392	3,375,876	6,438,392	3,375,876
Liabilities				
Derivative financial instruments	-	(482)	-	(482)
Loans, financing and debentures	(13,327,864)	(7,036,181)	(13,327,864)	(7,036,181)
Total	(13,327,864)	(7,036,663)	(13,327,864)	(7,036,663)

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

3 Business, operations, and management of the Company

3.1 Objectives and policies for risk management of financial instruments

a) Market risk

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

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

i. Foreign exchange risk

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

	September 30, 2020	December 31, 2019
Cash and cash equivalents	2,812,706	11,884
Trade receivables	16,280	11,372
Trade payables - suppliers	(6,336)	(6,639)
Loans, financing and debentures	(11,877,601)	(5,798,048)
Exchange rate derivatives (notional) ⁽ⁱ⁾	9,104,241	5,845,793
Lease liabilities	(106,167)	(65,348)
	<u>(56,877)</u>	<u>(986)</u>

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

Notes to the interim financial statements

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

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

Instrument	Risk factor	Scenario				
		Probable	25%	50%	-25%	-50%
Cash and cash equivalents	Exchange fluctuation	(189,834)	465,884	1,121,602	(845,552)	(1,501,270)
Trade receivables	Exchange fluctuation	(1,099)	2,697	6,492	(4,894)	(8,690)
Suppliers	Exchange fluctuation	428	(1,049)	(2,527)	1,905	3,382
Exchange rate derivatives (notional)	Exchange fluctuation	(610,742)	1,512,632	3,636,006	(2,734,118)	(4,857,492)
Loans, financing and debentures	Exchange fluctuation	797,921	(1,971,998)	(4,741,918)	3,567,841	6,337,761
Lease liabilities	Exchange fluctuation	7,165	(17,585)	(42,335)	31,916	56,666
Impacts on result of the period		3,839	(9,419)	(22,680)	17,098	30,357

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

	September 30, 2020	Scenario				
		Probable	25%	50%	-25%	-50%
U.S. Dollar	5.6407	5.2600	6.5750	7.8900	3.9450	2.6300
Euro	6.6132	6.4009	8.0011	9.6013	4.8006	3.2004

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

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

Exposure interest rate	Scenario				
	Probable	25%	50%	-25%	-50%
Financial investments	336,202	375,415	414,628	296,989	257,775
Marketable securities	68,758	76,777	84,797	60,738	52,718
Restricted cash	1,581	1,766	1,950	1,397	1,212
Loans, financing and debentures	(541,682)	(612,106)	(682,531)	(471,257)	(400,832)
Interest rate derivatives	216,962	242,268	267,573	191,657	166,351
Lease liabilities	(305,091)	(307,139)	(309,187)	(303,043)	(300,994)
Other financial liabilities	(13,350)	(14,907)	(16,464)	(11,793)	(10,236)
Impacts on result of the period	(236,620)	(237,926)	(239,234)	(235,312)	(234,006)

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

	Scenario				
	Probable	25%	50%	-25%	-50%
SELIC	1.90%	2.38%	2.85%	1.43%	0.95%
CDI	1.90%	2.38%	2.85%	1.43%	0.95%
TJLP	4.70%	5.88%	7.05%	3.53%	2.35%
IPCA	3.83%	4.78%	5.74%	2.87%	1.91%

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

b) Credit risk

The Company's regular operations expose it 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:

	September 30, 2020	December 31, 2019
Cash and cash equivalents ⁽ⁱ⁾	8,473,704	1,963,014
Marketable securities ⁽ⁱ⁾	1,680,297	1,751,853
Restricted cash ⁽ⁱ⁾	38,827	147,910
Trade receivables ⁽ⁱⁱ⁾	429,680	399,249
Receivables from related parties ⁽ⁱⁱ⁾	145,807	48,064
Derivative financial instruments ⁽ⁱ⁾	4,758,095	1,624,023
	<u>15,526,410</u>	<u>5,934,113</u>

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

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

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, following the Company's policy.

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

	September 30, 2020
AA	2,191,082
AAA	12,759,841
Total	14,950,923

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

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

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

c) Liquidity risk

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

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

	September 30, 2020				December 31, 2019	
	Up to 1 year	1 - 2 years	3 - 5 years	More than 5 years	Total	Total
Loans, financing and debentures	(2,243,014)	(1,615,994)	(17,314,593)	(5,593,089)	(26,766,690)	(17,639,045)
Trade payables - suppliers	(613,421)	-	-	-	(613,421)	(513,325)
Other financial liabilities ⁽ⁱ⁾	(327,811)	-	-	-	(327,811)	(410,952)
Tax installments	(2,235)	(385)	(494)	(486)	(3,600)	(11,470)
Lease liabilities	(546,918)	(361,716)	(1,028,074)	(12,396,073)	(14,332,781)	(11,619,304)
Payables to related parties	(157,151)	-	-	-	(157,151)	(139,747)
Dividends payable	(6,911)	-	-	-	(6,911)	(7,146)
Derivative financial instruments	388,542	298,594	3,762,791	308,169	4,758,096	1,623,542
	<u>(3,508,919)</u>	<u>(1,679,501)</u>	<u>(14,580,370)</u>	<u>(17,681,479)</u>	<u>(37,450,269)</u>	<u>(28,717,447)</u>

- (i) On September 30, 2020, the consolidated balance anticipated by our suppliers with financial institutions was R\$ 327,811 (R\$ 410,952 on December 31, 2019). These operations had Banco Itaú and Banco Bradesco as counterparty, at an average rate of 3.3% p.a. The average term of these operations, which are recorded at the present value at the rate previously mentioned, is 3 months.

3.2 Segment information

Management evaluates the performance of its operating segments based on the EBITDA measure (earnings before income tax and social contribution, net financial expense, depreciation, and amortization).

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

Operating segments

The Company's management is structured in four segments:

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

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

Notes to the interim financial statements

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

Period:	July 1, 2020 to September 30, 2020					January 1, 2020 to September 30, 2020				
	North Operations	South Operations	Central Operations	Container Operations	Consolidated	North Operations	South Operations	Central Operations	Container Operations	Consolidated
Results by segment										
Net revenue	1,544,670	431,083	-	76,914	2,052,667	4,012,715	1,085,150	-	206,326	5,304,191
Cost of services	(807,211)	(364,943)	-	(79,344)	(1,251,498)	(2,277,985)	(979,293)	-	(216,272)	(3,473,550)
Gross profit	737,459	66,140	-	(2,430)	801,169	1,734,730	105,857	-	(9,946)	1,830,641
Gross margin (%)	47.74%	15.34%	0.00%	-3.16%	39.03%	43.23%	9.76%	0.00%	-4.82%	34.51%
Selling, general and administrative expenses	(63,972)	(20,083)	(8,700)	(12,470)	(105,225)	(188,477)	(59,326)	(26,924)	(31,656)	(306,383)
Other operational income (expenses) and equity	(18,267)	(15,647)	(24,436)	22,052	(36,298)	267,569	(131,047)	(73,986)	21,631	84,167
Depreciation and amortization	268,281	143,210	24,801	17,711	454,003	785,258	386,364	73,214	53,297	1,298,133
EBITDA	923,501	173,620	(8,335)	24,863	1,113,649	2,599,080	301,848	(27,696)	33,326	2,906,558
Margin EBITDA (%)	59.79%	40.28%	0.00%	32.33%	54.25%	64.77%	27.82%	0.00%	16.15%	54.80%
Impairment	-	-	-	-	-	-	107,106	-	-	107,106
EBITDA adjusted	923,501	173,620	(8,335)	24,863	1,113,649	2,599,080	408,954	(27,696)	33,326	3,013,664
Margin EBITDA adjusted (%)	59.79%	40.28%	0.00%	32.33%	54.25%	64.77%	37.69%	0.00%	16.15%	56.82%

Period:	July 1, 2019 to September 30, 2019					January 1, 2019 to September 30, 2019				
	North Operations	South Operations	Central Operations	Container Operations	Consolidated	North Operations	South Operations	Central Operations	Container Operations	Consolidated
Results by segment										
Net revenue	1,546,341	433,961	-	79,562	2,059,864	4,070,302	1,134,194	-	219,054	5,423,550
Cost of services	(781,082)	(361,250)	(16,138)	(79,853)	(1,238,323)	(2,202,915)	(1,073,684)	(16,138)	(239,754)	(3,532,491)
Gross profit	765,258	72,711	(16,138)	(291)	821,541	1,867,387	60,510	(16,138)	(20,700)	1,891,059
Gross margin (%)	49.49%	16.76%	0.00%	-0.37%	39.88%	45.88%	5.34%	0.00%	-9.45%	34.87%
Selling, general and administrative expenses	(62,886)	(17,307)	(12,219)	(8,925)	(101,337)	(186,791)	(40,221)	(12,219)	(26,727)	(265,958)
Other operational income (expenses) and equity	25,566	15,255	-	2,359	43,180	12,772	8,386	-	3,581	24,739
Depreciation and amortization	273,492	134,522	16,138	18,706	442,858	785,270	420,937	16,138	59,946	1,282,291
EBITDA	1,001,431	205,182	(12,219)	11,848	1,206,242	2,478,638	449,612	(12,219)	16,100	2,932,130
Margin EBITDA (%)	64.76%	47.28%	0.00%	14.89%	58.56%	60.90%	39.64%	0.00%	7.35%	54.06%

4 Transactions and significant events

4.1 COVID-19 pandemic

4.1.1 General context

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

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

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

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

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

4.1.2 Impacts on the preparation of quarterly information

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

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

Since the beginning of the global crisis by COVID-19, the company has chosen to maintain liquidity at a higher level, due to the period of uncertainty in the market. The movement to reinforce cash started in March 2020, and by the end of the third quarter ended on September 30, 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.

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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 September 30, 2020.

Counterparty credit risk for cash assets and cash equivalents, marketable securities, restricted cash and, derivative financial instruments is determined by classification agencies widely accepted by the market. Balances are allocated to institutions with a minimum grade of "A". As of September 30, 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 September 30, 2020, the Company does not foresee additional losses in its balance of accounts receivable.

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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:

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

The extension of the concession of Rumo Malha Paulista fits as a relevant amendment to a contract registered according to CPC 06 (R2) and 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.

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

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

Through September 30, 2020, the Group had spent R\$ 11,586 related to the cyberattack, including the costs of prevention, detection, response and management, implementation of additional cybersecurity technologies, and the hiring of specialized labor.

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.

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

b) Transactions with related parties

	Parent Company			
	July 1, 2020 to September 30, 2020	January 1, 2020 to September 30, 2020	July 1, 2019 to September 30, 2019	January 1, 2019 to September 30, 2019
Operating income				
Raízen Energia S.A.	73,830	173,908	33,791	154,019
Rumo Malha Norte S.A.	4,038	12,114	4,038	11,832
Rumo Malha Paulista S.A.	80,365	215,034	59,372	167,725
Elevações Portuárias S.A.	6,300	18,900	3,360	10,080
	164,533	419,956	100,561	343,656
Purchases of products / inputs / services				
Logisport Armazéns Gerais S.A.	(531)	(2,379)	(672)	(1,566)
Rumo Malha Paulista S.A.	(62,303)	(118,992)	(15,071)	(69,480)
Outros	(925)	(931)	(2)	(20)
	(63,759)	(122,302)	(15,745)	(71,066)
Shared expenses				
Cosan S.A.	(719)	(2,444)	(630)	(4,734)
Elevações Portuárias S.A.	274	664	537	695
Rumo Malha Oeste S.A.	122	293	156	301
Rumo Malha Paulista S.A.	2,087	4,717	1,581	2,506
Rumo Malha Sul S.A.	1,274	2,423	-	97
Rumo Malha Norte S.A.	1,651	(645)	1,516	1,273
Raízen Energia S.A.	-	(299)	(460)	(1,510)
	4,689	4,709	2,700	(1,372)
Financial result				
Rumo Malha Norte S.A.	(5,029)	(20,535)	(14,005)	(40,636)
Other	(938)	(9,962)	(2,076)	(1,810)
	(5,967)	(30,497)	(16,081)	(42,446)
	Consolidated			
	July 1, 2020 to September 30, 2020	January 1, 2020 to September 30, 2020	July 1, 2019 to September 30, 2019	January 1, 2019 to September 30, 2019
Operating income				
Raízen Energia S.A.	104,785	263,007	55,173	218,914
Raízen Combustíveis S.A.	45,869	105,063	51,713	138,049
Other	2,802	3,070	383	6,620
	153,456	371,140	107,269	363,583
Purchases of products / inputs / services				
Raízen Combustíveis S.A.	(319,156)	(820,567)	(338,840)	(917,165)
Cosan Lubrificantes e Especialidades S.A.	(10,370)	(27,524)	(9,261)	(26,794)
Other	(985)	(1,373)	(161)	(445)
	(330,511)	(849,464)	(348,262)	(944,404)
Shared expenses				
Cosan S.A.	(719)	(2,444)	(630)	(4,838)
Raízen Energia S.A.	(7,666)	(25,944)	(8,533)	(17,116)
	(8,385)	(28,388)	(9,163)	(21,954)
Financial result				
Other	12	16	149	18
	12	16	149	18

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

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 period, as follows:

	July 1, 2020 to September 30, 2020	January 1, 2020 to September 30, 2020	July 1, 2019 to September 30, 2019	January 1, 2019 to September 30, 2019
Short-term benefits to employees and managers	14,368	28,569	5,940	20,168
Transactions with share-based payments	869	3,810	2,901	4,681
	15,237	32,379	8,841	24,849

4.9 Subsequent events

4.9.1 Share buyback plan

On October 28, 2020, the Company's Board of Directors approved the share buyback program. The approved program aims to acquire shares issued by the Company to maintain such shares acquired in the treasury, for cancellation or sale, or later to be sold on the market. The shares repurchased and held in the treasury may, at the discretion of the Company's management, be used to fulfill obligations arising from action plans related to the retention of executives, in the form approved by the shareholders meeting at the General Meeting and by the Board of Directors.

The maximum term for the acquisition of shares of the Company under the Repurchase Program will be 18 months, starting on October 29, 2020, and ending on April 29, 2022. In this term, the repurchase limit of the Company will be 21,482,277 shares.

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5 Detailed information about assets and liabilities

5.1 Financial assets and liabilities

Financial assets and liabilities consist of:

	September 30, 2020	December 31, 2019
Assets		
Fair value through profit or loss		
Marketable securities	1,680,297	1,751,853
Derivate financial instruments	4,758,095	1,624,023
	6,438,392	3,375,876
Amortized cost		
Cash and cash equivalents	8,473,704	1,963,014
Trade receivables	429,680	399,249
Related parties receivable	145,807	48,064
Restricted cash	38,827	147,910
	9,088,018	2,558,237
Total	15,526,410	5,934,113
Liabilities		
Amortized cost		
Loans, financing and debentures	7,727,621	4,683,556
Lease liabilities	2,766,712	4,529,140
Trade payables - suppliers	613,421	513,325
Other financial liabilities	327,811	410,952
Related parties payable	157,151	139,747
Dividends payable	6,911	7,146
Debt payment in installments	3,482	10,942
	11,603,109	10,294,808
Fair value through profit or loss		
Derivate financial instruments	-	482
Loans and financing	13,327,864	7,036,181
	13,327,864	7,036,663
Total	24,930,973	17,331,471

5.2 Cash and cash equivalents

	Parent Company		Consolidated	
	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019
Cash and bank accounts	1,739	255	3,025,176	18,642
Financial Investments	1,871,544	700,451	5,448,528	1,944,372
	1,873,283	700,706	8,473,704	1,963,014

Financial investments are composed as follows:

	Parent Company		Consolidated	
	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019
Bank investments				
Bank certificate of deposits - CDB	1,871,544	700,451	5,432,270	1,944,372
Other investments	-	-	16,258	-
	1,871,544	700,451	5,448,528	1,944,372

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The financial investments of the Company are remunerated at rates around 101.80% of the Brazilian interbank offer rate (Interbank Deposit Certificate), or “CDI” on September 30, 2020 (99.7% of CDI on December 31, 2019). The sensitivity analysis of interest rate risks is in note 3.1.

5.3 Marketable securities and restricted cash

Marketable securities

	Parent Company		Consolidated	
	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019
Government bonds ⁽ⁱ⁾	757,463	435,054	1,291,151	1,355,980
Bank certificate of deposits - CDB ⁽ⁱⁱ⁾	66,785	55,230	119,116	125,413
Financial letters ⁽ⁱⁱⁱ⁾	148,457	21,441	270,030	270,460
	972,705	511,725	1,680,297	1,751,853

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

Restricted cash

	Parent Company		Consolidated	
	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019
Investments linked to loans	-	-	4,054	86,681
Securities pledged as collateral	79	3,511	34,773	61,229
	79	3,511	38,827	147,910

5.4 Trade receivables

	Parent Company		Consolidated	
	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019
Domestic – Brazilian Reais	29,622	22,420	388,009	355,733
Export – Foreign currency	-	-	48,214	49,002
	29,622	22,420	436,223	404,735
Allowance for doubtful accounts	(764)	(1,887)	(6,543)	(5,486)
	(764)	(1,887)	(6,543)	(5,486)
Total	28,858	20,533	429,680	399,249
Current	25,909	15,111	420,428	385,563
Non-current	2,949	5,422	9,252	13,686
Total	28,858	20,533	429,680	399,249

Notes to the interim financial statements
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5.5 Loans, financing and debentures

Description	Financial charges		Parent Company		Consolidated		Maturity date	Goal
	Index	Average interest rate	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019		
Loans and financing								
Finame (BNDES)	Pre-fixed	5.40%	310,853	368,904	693,979	834,035	January/2025	Acquisition
	URTJLP	10.47%	-	-	526	4,952	March/2022	Acquisition
	Selic	3.52%	-	-	-	1,118	June/2020	Acquisition
Finem (BNDES)	Pre-fixed	3.50%	-	-	1,164	1,426	January/2024	Acquisition
	URTJLP	6.96%	45,971	55,565	3,557,859	2,213,704	December/2029	Acquisition
	IPCA	7.46%	-	-	1,637	1,528	November/2021	Acquisition
NCE	CDI +	1.03%	-	-	81,596	-	February/2023	Working capital
	CDI +	0.80%	-	-	501,551	512,078	December/2023	Working capital
	CDI +	3.05%	-	-	205,898	-	March/2021	Working capital
	p.a.	5.01%	-	-	462,066	-	March/2021	Working capital
	CDI +	3.15%	-	-	-	-	-	-
Senior Notes 2024	Pre-fixed (US\$)	7.38%	-	-	5,068,022	3,318,895	February/2024	Acquisition
Senior Notes 2025	Pre-fixed (US\$)	5.88%	-	-	3,345,354	2,182,089	January/2025	Acquisition
Senior Notes 2028	Pre-fixed (US\$)	5.25%	-	-	2,828,603	-	January/2028	Acquisition
ECA	Euribor + 0.58% (EUR)	0.58%	-	-	105,059	79,528	September/2026	Acquisition
CCB	IPCA +	0.81%	-	-	201,439	-	January/2048	Working capital
Loan 4131	Pre-fixed (US\$)	1.65%	530,563	217,537	530,563	217,537	November/2022	Working capital
	CDI	4.60%	-	-	204,357	-	April/2021	Working capital
			887,387	642,006	17,789,673	9,366,890		
Debentures								
Non-convertible debentures	IPCA +	4.68%	-	-	577,091	570,098	February/2026	Acquisition
	IPCA +	4.50%	668,815	668,034	668,815	668,034	February/2029	Acquisition
	IPCA +	3.90%	984,258	895,249	984,258	895,249	October/2029	Acquisition
	IPCA +	4.00%	246,251	219,466	246,251	219,466	October/2029	Acquisition
	IPCA +	6.80%	789,397	-	789,397	-	April/2030	Acquisition
Private debentures	CDI +	0.50%	-	-	-	-	-	-
	p.a.	8.28%	787,831	767,296	-	-	January/2023	Working capital
			3,476,552	2,550,045	3,265,812	2,352,847		
Total			4,363,939	3,192,051	21,055,485	11,719,737		
Current			303,845	969,054	2,270,763	1,064,846		
Non-current			4,060,094	2,222,997	18,784,722	10,654,891		

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Non-current amounts have the following maturities:

	Parent Company		Consolidated	
	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019
13 to 24 months	539,322	190,701	1,302,240	758,822
25 to 36 months	909,509	179,241	953,540	718,195
37 to 48 months	56,078	66,658	5,850,733	793,073
49 to 60 months	5,673	51,191	3,886,227	3,676,142
61 to 72 months	-	-	436,226	2,493,341
73 to 84 months	229,903	-	502,628	225,554
85 to 96 months	895,305	572,993	3,979,188	670,435
Thereafter	1,424,304	1,162,213	1,873,940	1,319,329
	4,060,094	2,222,997	18,784,722	10,654,891

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

	Consolidated	
	September 30, 2020	December 31, 2019
Brazilian Reals (R\$)	9,177,884	5,921,690
Dollar (US\$) ⁽ⁱ⁾	11,772,542	5,718,519
EUR ⁽ⁱ⁾	105,059	79,528
Total	21,055,485	11,719,737

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

Below the movement of loans, financing and debentures for the period ended on September 30, 2020:

	Parent Company	Consolidated
At January 1, 2020	3,192,051	11,719,737
Proceeds from debts	963,591	6,135,857
Interest, fair value, monetary and exchange variation	331,463	4,123,639
Repayments of principal from debts	(68,634)	(352,335)
Payments of interest from debts	(54,532)	(571,413)
At September 30, 2020	4,363,939	21,055,485

Notes to the interim financial statements
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a) Guarantees

Some financing contracts with the National Bank for Economic and Social Development (“BNDES”), destined for investments, are also guaranteed, according to each contract, by a bank guarantee, with an average cost of 1.04% per year or by real guarantees (assets) and guarantee account. On September 30, 2020, the balance of bank guarantees contracted was R\$ 3,923,106 (R\$ 1,387,627 on December 31, 2019).

To calculate the average rates, the annual average CDI of 3.56% and TJLP of 5.13% were considered on an annual basis.

b) Unused credit lines

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

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

c) Restrictive clauses (“financial covenants”)

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

Goal	Index
Net financial debt/ EBITDA ⁽ⁱ⁾ ≤ 3.3x in December, 2020	1.73
EBITDA/ Consolidated financial result ⁽ⁱⁱ⁾ ≥ 2.00x in December, 2020	6.57

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

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

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5.6 Lease liabilities

	Consolidated leases			Totals
	Financial	Operational - concessions	Operational - other	
At January 1, 2020	429,591	3,943,486	156,063	4,529,140
Additions ⁽ⁱ⁾	87,811	3,406,560	23,739	3,518,110
Appropriation of interest and exchange variation	47,012	325,094	129,406	501,512
Repayments of principal from debts ⁽ⁱⁱ⁾	(76,024)	(5,166,090)	(108,456)	(5,350,570)
Payments of interest from debts	(46,163)	(358,994)	(52,641)	(457,798)
Contractual adjustment	-	79,382	2,414	81,796
Transfers between liabilities ⁽ⁱⁱⁱ⁾	-	(55,478)	-	(55,478)
At September 30, 2020	442,227	2,173,960	150,525	2,766,712
Current	245,193	208,868	43,961	498,022
Non-current	197,034	1,965,092	106,564	2,268,690
	442,227	2,173,960	150,525	2,766,712

- (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 “Operational - concessions” includes R\$ 5,100,511 related to the anticipation of the concession payments of Rumo Malha Paulista and Rumo Malha Central (Note 4.5).
- (iii) Transfer of installments under litigation to the lease and concessions item in dispute (Note 5.16).

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

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

	Consolidated September 30, 2020
Variable lease payments not included in the measurement of lease liabilities	15,931
Expenses relating to short-term leases	11,843
Expenses relating to leases of low-value assets, excluding short-term leases	162
	27,936

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Additional Information

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

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

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

Accounts	September 30, 2020		
	Registered	Official note	% Variation
Lease liabilities	(2,038,093)	(2,188,732)	7%
Residual right of use	6,971,992	7,011,680	1%
Financial expense	(462,645)	(473,713)	2%
Depreciation expense	(246,345)	(253,628)	3%

The balances recorded by the Company include the Malha Central contract and renewal of the Malha Paulista contract, which have an implicit rate identified so that its appreciation does not generate distortions in the liabilities and right-of-use that are the object of the CVM Circular Note. On September 30, 2020, the lease liability for these contracts was R\$ 958,172.

The Company recorded lease liabilities at the present value of the installments due, that is, including any tax credits to which it will be entitled at the time of the lease payments. The potential PIS / COFINS credit included in liabilities on September 30, 2020, is R\$ 4,829.

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

5.7 Suppliers

	Parent Company		Consolidated	
	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019
Material and services suppliers	61,544	44,090	574,038	495,837
Fuels and lubricants suppliers	-	-	612	370
Other	12,182	11,019	38,771	17,118
Total	73,726	55,109	613,421	513,325

5.8 Derivative financial instruments

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

	Notional		Fair value	
	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019
Foreign exchange and interest rate derivatives				
Swap contracts (interest and exchange)	9,987,518	5,534,936	4,758,095	1,623,541
	9,987,518	5,534,936	4,758,095	1,623,541
Assets			4,758,095	1,624,023
Liabilities			-	(482)
			4,758,095	1,623,541

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

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

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

Fair value hedge

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

	Notional	Book value (R\$)			Fair value adjustment	
		September 30, 2020	December 31, 2019		September 30, 2020	December 31, 2019
Senior Notes 2024	(4,230,525)	(5,068,022)	(3,318,895)		(2,020,219)	(471,159)
Senior Notes 2025	(2,820,350)	(3,345,354)	(2,182,089)		(1,301,602)	(295,208)
Debt	(7,050,875)	(8,413,376)	(5,500,984)	Loans and financing	(3,321,821)	(766,367)
Foreign exchange and interest swap	7,050,875	4,324,397	1,468,503		3,021,222	541,942
Derivative	7,050,875	4,324,397	1,468,503	Derivative financial instruments	3,021,222	541,942
Total	-	(4,088,979)	(4,032,481)		(300,599)	(224,425)

5.9 Other recoverable taxes

	Parent Company		Consolidated	
	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019
COFINS - Social security financing contribution	38,315	22,909	282,393	253,755
PIS - Social integration program	8,140	4,778	101,535	94,739
ICMS - State VAT ⁽ⁱ⁾	-	-	576,728	522,820
ICMS - CIAP ⁽ⁱⁱ⁾	-	-	109,057	129,000
Other	3,022	2,931	20,044	10,586
	49,477	30,618	1,089,757	1,010,900
Current	49,477	30,618	399,772	347,316
Non-current	-	-	689,985	663,584
	49,477	30,618	1,089,757	1,010,900

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

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

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

5.10 Inventories

	Parent Company		Consolidated	
	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019
Parts and accessories	987	943	242,604	236,347
Fuels and lubricants	25	-	10,767	6,894
Warehouse and other	160	93	9,384	5,215
	1,172	1,036	262,755	248,456

The balances are presented net of the provision for obsolete inventories of R\$ 8.384 on September 30, 2020 (R\$ 5,492 on December 31, 2019).

5.11 Investments in associates and provision for unsecured liabilities

(a) Subsidiaries and associates

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

i. Parent Company

	Total shares of the investee	Shares held by the Company	Percentage of participation
Elevações Portuárias	672,397,254	672,397,254	100.00%
Rumo Intermodal	91,064,313	91,064,313	100.00%
Rumo Malha Central	250,000,000	250,000,000	100.00%
Rumo Malha Norte	1,189,412,363	1,186,268,176	99.74%
Boswells	3,265,000	3,265,000	100.00%
Brado Participações	12,962,963	8,065,556	62.22%
Paranaguá S.A.	6,119,802	6,113,851	99.90%
Logisport	2,040,816	1,040,816	51.00%
Terminal São Simão	40,000,000	20,400,000	51.00%
Rumo Malha Sul	6,677,710,494,907	6,677,710,494,907	100.00%
ALL Argentina	9,703,000	8,826,110	90.96%
Rumo Luxembourg Sarl	500,000	500,000	100.00%
Rumo Malha Paulista	90,826,624,247	90,826,624,247	100.00%
Rumo Malha Oeste	478,460,074	478,460,074	100.00%

Notes to the interim financial statements

(In thousands of Brazilian Reals - 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 September 30, 2020	Equity income on September 30, 2019
Elevações Portuárias	707,336	33,444	-	(43,650)	-	-	-	-	697,130	49,176
Rumo Intermodal	40,005	4,335	(20,000)	-	29	-	-	-	24,369	1,876
Rumo Malha Central	328,740	(197,037)	2,800,000	-	-	-	-	-	2,931,703	(74,700)
Rumo Malha Norte	8,317,416	533,571	-	(510,439)	(1)	-	(22,409)	-	8,318,138	774,304
Boswells	25,574	-	-	-	10,216	-	-	-	35,790	-
Brado Participações	371,867	4,556	-	(1,398)	-	-	-	249	375,274	4,270
Paranaguá S.A.	20,394	712	1,390	-	1,807	-	-	-	24,303	612
Logisport	73,143	1,127	-	-	-	-	-	-	74,270	12
Rumo Luxembourg Sarl	50,064	(16,806)	-	-	-	-	-	-	33,258	(844)
Rumo Malha Paulista	-	297,865	2,900,000	-	-	201,620	(14,800)	-	3,384,685	33,489
Rumo Malha Sul	1,730,253	(87,190)	-	-	-	-	-	-	1,643,063	(42,337)
Terminal São Simão	-	14	20,400	-	-	-	-	-	20,414	-
Total investment in associates	11,664,792	574,591	5,701,790	(555,487)	12,051	201,620	(37,209)	249	17,562,397	745,858
ALL Argentina	(21,111)	(2,190)	-	-	(2,330)	-	-	-	(25,631)	(6,135)
Rumo Malha Paulista	(318,462)	(75,461)	595,543	-	-	(201,620)	-	-	-	-
Rumo Malha Oeste	(1,451,606)	(210,590)	-	-	-	-	-	-	(1,662,196)	(116,506)
Total investment in unsecured liability	(1,791,179)	(288,241)	595,543	-	(2,330)	(201,620)	-	-	(1,687,827)	(122,641)
Total	9,873,613	286,350	6,297,333	(555,487)	9,721	-	(37,209)	249	15,874,570	623,217

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

ii. Consolidated

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

	At January 1, 2020	Equity pick-up	Dividends	Other	At September 30, 2020	Equity income on September 30, 2019
Rhall Terminais Ltda.	4,148	654	(1,234)	-	3,568	785
Termag S.A.	5,214	2,436	-	(6,199)	1,451	3,665
TGG S.A.	18,247	2,846	(2,103)	-	18,990	3,951
Terminal XXXIX S.A.	24,403	5,537	(3,849)	-	26,091	7,904
Total investments in associates	52,012	11,473	(7,186)	(6,199)	50,100	16,305

(b) Participation of non-controlling shareholders

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

	Total shares of the investee	Shares held by the Company	Percentage of participation
Rumo Malha Norte	1,189,412,363	3,144,187	0.26%
Brado Participações	12,962,963	4,897,407	37.78%
Logisport	2,040,816	1,000,000	49.00%
Terminal São Simão	40,000,000	19,600,000	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 September 30, 2020	Equity income on September 30, 2019
Rumo Malha Norte	9,903	1,445	(1,417)	-	-	64	9,995	2,115
Brado Participações	225,889	3,184	(845)	148	-	-	228,376	2,593
Logisport	34,219	691	-	-	-	-	34,910	12
Terminal São Simão	-	13	-	-	19,600	-	19,613	-
Total non-controlling interest	270,011	5,333	(2,262)	148	19,600	64	292,894	4,720

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

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

Analysis of impairment

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 September 30, 2020, the Company identified impairment indicators for the cash-generating unit represented by the Rumo Malha Oeste concession: i) the Malha Oeste recorded a significant reduction in the volume transported due to operational problems on the railroad caused by heavy rains in the first quarter, causing management to seek alternatives to perform certain contracted volumes, volumes that supported the unit's cash flow projection cash-generating until then; ii) Management's decision to file the request for re-bidding (Note 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\$ 107,106 (being R\$ 106,140 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, analyzed on December 31, 2019.

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

For the quarter ended on September 30, 2020, the Company has not identified the need to record additional provision for impairment.

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

5.12.1 Property, Plant and Equipment

Reconciliation of book value

	Consolidated						Parent Company	
	Land, buildings and improvements	Machinery, equipment and facilities	Freight cars and locomotives ⁽ⁱ⁾	Track structure	Construction in progress	Other assets	Total	Total
Cost:								
At January 1, 2020	1,019,909	984,565	8,207,826	8,603,070	1,478,836	835,602	21,129,808	195,306
Additions	59	365	14,950	840	2,064,920	49	2,081,183	4,300
Write-off	(532)	-	(85,828)	-	(123)	(13,784)	(100,267)	-
Transfers	20,822	70,525	433,842	486,621	(1,067,769)	39,632	(16,327)	-
At September 30, 2020	1,040,258	1,055,455	8,570,790	9,090,531	2,475,864	861,499	23,094,397	199,606
Depreciation and Impairment:								
At January 1, 2020	(355,050)	(450,856)	(4,149,884)	(3,875,123)	(6,870)	(521,857)	(9,359,640)	(69,705)
Additions	(34,350)	(87,380)	(427,194)	(392,979)	-	(28,756)	(970,659)	(9,094)
Write-off	-	-	82,134	-	-	11,527	93,661	-
Transfers	-	-	(1,900)	-	1,900	-	-	-
Impairment	(2,811)	(8,614)	(27,391)	(52,224)	(15,100)	-	(106,140)	-
At September 30, 2020	(392,211)	(546,850)	(4,524,235)	(4,320,326)	(20,070)	(539,086)	(10,342,778)	(78,799)
At January 1, 2020	664,859	533,709	4,057,942	4,727,947	1,471,966	313,745	11,770,168	125,601
At September 30, 2020	648,047	508,605	4,046,555	4,770,205	2,455,794	322,413	12,751,619	120,807

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

Capitalization of loan costs

The period ended on September 30, 2020, the capitalized loan costs for R\$ 19,092 (R\$ 731 on September 30, 2019).

Notes to the interim financial statements

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

5.12.2 Intangible assets and goodwill

	Consolidated				Parent Company	
	Goodwill ⁽ⁱ⁾	Concession rights ⁽ⁱⁱ⁾	Operating license	Other	Total	Total
Cost:						
At January 1, 2020	100,451	8,012,731	343,348	206,667	8,663,197	614,854
Additions	-	4,019	-	2,627	6,646	-
Transfers	-	-	-	16,175	16,175	-
At September 30, 2020	100,451	8,016,750	343,348	225,469	8,686,018	614,854
Amortization and Impairment:						
At January 1, 2020	-	(1,002,735)	(143,675)	(141,754)	(1,288,164)	(265,198)
Additions	-	(91,009)	(8,831)	(14,276)	(114,116)	(29,268)
At September 30, 2020	-	(1,093,744)	(152,506)	(156,030)	(1,402,280)	(294,466)
At January 1, 2020	100,451	7,009,996	199,673	64,913	7,375,033	349,656
At September 30, 2020	100,451	6,923,006	190,842	69,439	7,283,738	320,388

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

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

5.12.3 Right-of-use

	Consolidated						
	Land, buildings and improvements	Machinery, equipment and facilities	Freight cars and locomotives	Software	Vehicles	Port and track structure	Total
Cost amount:							
At January 1, 2020	178,441	11,667	1,038,641	66,931	14,259	3,803,953	5,113,892
Additions ⁽ⁱ⁾	91,095	5,017	-	15,438	-	3,406,560	3,518,110
Contractual adjustment	834	-	1,649	-	(104)	64,940	67,319
At September 30, 2020	270,370	16,684	1,040,290	82,369	14,155	7,275,453	8,699,321
Depreciation and Impairment:							
At January 1, 2020	(68,332)	(3,029)	(367,072)	(7,594)	(6,457)	(250,456)	(702,940)
Additions	(18,862)	(2,248)	(41,244)	(3,898)	(4,935)	(160,139)	(231,326)
Impairment	-	-	-	-	-	(966)	(966)
At September 30, 2020	(87,194)	(5,277)	(408,316)	(11,492)	(11,392)	(411,561)	(935,232)
At January 1, 2020	110,109	8,638	671,569	59,337	7,802	3,553,497	4,410,952
At September 30, 2020	183,176	11,407	631,974	70,877	2,763	6,863,892	7,764,089

- (i) Recognition of the grant amount and update of the lease, by renewing the concession agreement of Malha Paulista (see Note 4.2).

5.13 Other taxes payable

	Parent Company		Consolidated	
	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019
ICMS - State VAT	197	32	4,603	3,142
INSS - Social security	331	194	7,420	9,383
PIS - Social integration program	2,208	511	4,974	703
COFINS - Social security financing contribution	10,350	2,475	24,969	3,427
Installment of tax debts	902	902	3,482	10,942
ISS - Municipal service tax	-	-	7,056	6,753
Other	(113)	207	6,921	6,956
	13,875	4,321	59,425	41,306
Current	13,875	4,321	57,126	33,726
Non-current	-	-	2,299	7,580
	13,875	4,321	59,425	41,306

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

5.14 Income tax and social contribution

a) Reconciliation of income tax and social contribution expenses

	Parent Company			
	July 1, 2020 to September 30, 2020	January 1, 2020 to September 30, 2020	July 1, 2019 to September 30, 2019	January 1, 2019 to September 30, 2019
Result before income tax and social contribution	189,198	329,711	368,801	580,886
Income tax and social contribution expense at nominal rate (34%)	(64,327)	(112,102)	(125,392)	(197,501)
Adjustments to determine the effective rate				
Equity pick-up	63,886	97,359	123,839	211,894
Unrecognized NOLs and temporary differences ⁽ⁱ⁾	(45,093)	(31,092)	1,768	(3,214)
Effect of amortization of goodwill	(4,217)	(12,652)	(4,217)	(12,652)
Interest on own capital	(8,500)	(8,500)	(3,060)	(6,460)
Stock issuance costs	33,495	33,495	-	-
Other	(48)	(3)	5,153	5,187
Tax and social contribution (current and deferred)	(24,804)	(33,495)	(1,909)	(2,746)
Effective rate - %	13.11%	10.16%	0.52%	0.47%
	Consolidated			
	July 1, 2020 to September 30, 2020	January 1, 2020 to September 30, 2020	July 1, 2019 to September 30, 2019	January 1, 2019 to September 30, 2019
Result before income taxes	221,782	438,840	463,161	766,394
Income tax and social contribution expense at nominal rate (34%)	(75,406)	(149,206)	(157,475)	(260,574)
Adjustments to determine the effective rate				
Equity pick-up	1,628	3,901	2,628	5,544
Result of companies abroad	(10,625)	(6,364)	1,133	(2,539)
Exploration profit - tax incentive	57,779	95,523	65,882	137,985
Unrecognized NOLs and temporary differences ⁽ⁱ⁾	(59,589)	(118,960)	(12,181)	(70,115)
Non-deductible expenses (donations, gifts, etc.)	-	-	(92)	(113)
Stock issuance costs	33,495	33,495	-	-
Other	1,778	4,320	6,003	6,278
Tax and social contribution (current and deferred)	(50,940)	(137,291)	(94,102)	(183,534)
Effective rate - %	22.97%	31.28%	20.32%	23.95%

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

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

b) Deferred income tax assets and liabilities

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

	Parent Company		Consolidated	
	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019
Assets credits from:				
Tax losses carry forwards - income tax	260,526	250,279	1,825,161	1,782,085
Tax losses of social contribution	104,603	100,914	669,113	653,792
Temporary differences:				
Provision for judicial demands	16,492	18,015	198,375	200,872
Impairment provision	30,327	30,327	227,891	203,057
Allowance for doubtful accounts	260	642	14,960	14,648
Provision for non-performing tax	-	-	43,724	41,295
Provision for profit sharing	-	3,887	3,130	39,545
Exchange variation - Loans and financing ⁽ⁱ⁾	40,007	2,826	800,036	68,532
Review of useful life - Fixed assets	-	-	639,763	666,017
Fair value adjustment on debts	44,044	22,773	525,626	174,596
Temporary differences from other provisions	4,976	-	96,899	80,405
Business combination - Fixed assets	2,125	1,885	37,190	49,293
Other	11,260	12,291	218,446	122,318
Deferred taxes - Assets	514,620	443,839	5,300,314	4,096,455
(-) Unrecognized deferred assets credits	(343,026)	(345,429)	(2,258,399)	(2,183,537)
Liabilities credits from:				
Temporary differences:				
Tax goodwill amortized	-	-	(24,838)	(24,838)
Lease liabilities	(826)	(809)	(23,259)	(36,589)
Unrealized result from derivatives	(105,763)	(31,441)	(1,621,780)	(556,031)
Review of useful life - Fixed assets	(2,803)	(965)	-	-
Business combination - Intangible assets	(62,202)	(65,195)	(2,555,008)	(2,573,178)
Other	-	-	(38,736)	(38,649)
Deferred taxes - Liabilities	(171,594)	(98,410)	(4,263,621)	(3,229,285)
Total deferred taxes	-	-	(1,221,706)	(1,316,367)
Deferred assets	-	-	1,242,322	1,174,484
Deferred liabilities	-	-	(2,464,028)	(2,490,851)
Total	-	-	(1,221,706)	(1,316,367)

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

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

c) Realization of deferred income tax and social contribution

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

d) Deferred tax movements

	Consolidated
At January 1, 2020	(1,316,367)
Result	94,401
Other	260
At September 30, 2020	(1,221,706)

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

e) Analytical movement of deferred tax

i. Deferred tax assets

	Tax loss and negative basis	Exchange variation	Provisions	Adjustment to fair value of debt	Fixed asset	Unregistered credits	Other	Total
At January 1, 2020	2,435,877	68,532	540,277	174,596	666,017	(1,893,494)	211,156	2,202,961
(Charged) / credited to the result of the period	58,397	-	41,572	351,030	(26,254)	(84,852)	47,610	387,503
Exchange differences	-	731,504	-	-	-	(37,180)	-	694,324
At September 30, 2020	2,494,274	800,036	581,849	525,626	639,763	(2,015,526)	258,766	3,284,788

ii. Deferred tax liabilities

	Intangible	Unrealized income from derivatives	Lease liabilities	Unregistered credits	Other	Total
At January 1, 2020	(2,573,178)	(556,031)	(36,589)	(290,044)	(63,487)	(3,519,329)
(Charged) / credited to the result of the period	18,170	(1,065,749)	13,110	47,171	(129)	(987,427)
from comprehensive results	-	-	220	-	42	262
At September 30, 2020	(2,555,008)	(1,621,780)	(23,259)	(242,873)	(63,574)	(4,506,494)

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

5.15 Provision for judicial demands

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

	Provision for judicial demands			
	Parent Company		Consolidated	
	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019
Taxes	2,221	2,453	79,110	79,006
Civil, regulatory and environmental	7,364	7,791	146,453	137,081
Labor	33,797	37,833	249,986	264,856
	43,382	48,077	475,549	480,943

	Judicial deposits			
	Parent Company		Consolidated	
	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019
Taxes	13,541	6,485	45,935	37,999
Civil, regulatory and environmental ⁽ⁱ⁾	2,551	2,172	58,535	178,033
Labor	15,956	14,149	225,274	199,214
	32,048	22,806	329,744	415,246

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

Changes in provisions for legal claims:

	Parent Company			
	Taxes	Civil, regulatory and environmental	Labor	Total
At January 1, 2020	2,453	7,791	37,833	48,077
Provision in the period	21	1,449	4,395	5,865
Settlement or write-offs	(372)	(3,678)	(10,328)	(14,378)
Monetary restatement ⁽ⁱ⁾	119	1,802	1,897	3,818
At September 30, 2020	2,221	7,364	33,797	43,382

	Consolidated			
	Taxes	Civil, regulatory and environmental	Labor	Total
At January 1, 2020	79,006	137,081	264,856	480,943
Provision in the period	1,444	9,529	37,608	48,581
Settlement or write-offs	(2,005)	(19,456)	(74,080)	(95,541)
Monetary restatement ⁽ⁱ⁾	665	19,299	21,602	41,566
At September 30, 2020	79,110	146,453	249,986	475,549

- (i) Includes write-off of interest.

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

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

a) Probable losses

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

	Parent Company		Consolidated	
	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019
ICMS credit ⁽ⁱ⁾	-	-	51,289	50,921
PIS and COFINS	-	-	2,045	2,023
INSS - National Social Security Institute	662	654	23,871	23,175
Other	1,559	1,799	1,905	2,887
	2,221	2,453	79,110	79,006

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

b) Possible losses

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

	Parent Company		Consolidated	
	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019
Taxes	997,897	1,013,112	3,140,610	2,651,196
Civil, regulatory and environmental	253,813	278,115	3,613,064	3,402,591
Labor	121,521	113,049	875,810	875,178
	1,373,231	1,404,276	7,629,484	6,928,965

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

• **Taxes:**

	Parent Company		Consolidated	
	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019
Capital gain	84,757	83,734	84,757	83,734
Isolated fine federal tax	475,372	467,718	491,609	483,577
IRPJ/CSLL	277,429	262,384	508,867	474,832
ICMS	78	78	898,700	839,812
IRRF	55,059	54,008	133,447	131,402
PIS/COFINS ⁽ⁱ⁾	3,969	4,600	573,916	155,411
Foreign financial operations	-	-	29,066	28,701
MP 470 installment debts	-	-	116,084	115,080
Stock option plan	60,676	59,956	70,938	70,072
IOF on mutual	15,074	53,765	15,074	53,765
Compensation with credit award	-	-	45,476	44,784
Other	25,483	26,869	172,676	170,026
	997,897	1,013,112	3,140,610	2,651,196

- (i) The administrative demands for PIS and COFINS are substantially related to the disallowance of PIS and COFINS credits by the non-cumulative system relating, in particular to the following items: a) credits launched untimely unaccompanied by prior rectification of tax returns; b) claims on expenses arising from mutual traffic contracts and right-of-way; 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.

• **Civil, regulatory and environmental:**

	Parent Company		Consolidated	
	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019
Civil	222,366	247,614	2,241,163	2,080,218
Regulatory	30,195	29,525	792,620	802,906
Environmental	1,252	976	579,281	519,467
	253,813	278,115	3,613,064	3,402,591

• **Labor:**

	Parent Company		Consolidated	
	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019
Labor claims	121,521	113,049	875,810	875,178
	121,521	113,049	875,810	875,178

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

5.16 Liabilities, provisions and commitments to the Granting Authority

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

a) Installment of leases and concessions under litigation

Accounting policy:

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

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

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

	September 30, 2020	December 31, 2019
Lease and concession in dispute:		
Rumo Malha Paulista	101,871	1,870,018
Rumo Malha Oeste	1,598,680	1,528,238
	1,700,551	3,398,256
Installment leases:		
Rumo Malha Paulista	1,180,234	-
	1,180,234	-
Concessions:		
Rumo Malha Sul	38,794	36,621
Rumo Malha Paulista	23,103	20,003
	61,897	56,624
Total	2,942,682	3,454,880
Current	113,248	9,847
Non-current	2,829,434	3,445,033
	2,942,682	3,454,880

Notes to the interim financial statements
(In thousands of Brazilian Reals - 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 associated with lease and concession under litigation total:

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

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

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.

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

b) Leases and grants under IFRS16 (Note 5.6)

	September 30, 2020	December 31, 2019
Leases:		
Rumo Malha Sul	503,658	532,496
Rumo Malha Paulista	408,902	377,944
Rumo Malha Oeste	212,630	216,096
Elevações Portuárias	77,624	74,584
Portofer	12,975	13,435
	1,215,789	1,214,555
Grants:		
Rumo Malha Paulista (renewal) ⁽ⁱ⁾	479,502	-
Malha Central ⁽ⁱ⁾	478,669	2,728,931
	958,171	2,728,931
Total	2,173,960	3,943,486
Current	208,868	402,991
Non-current	1,965,092	3,540,495
	2,173,960	3,943,486

- (i) On September 15, 2020, the Company prepaid part of the concession liabilities, as mentioned in Note 4.5 and 5.6.

c) Investment commitments

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

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

The Malha Central sub-concession contract provides for investments with a fixed term (one to three years from the signing of the contract), estimated by ANTT at R\$ 620,050. As of September 30, 2020, the subsidiary's investments for R\$ 424,561.

Notes to the interim financial statements
(In thousands of Brazilian Reals - 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 for R\$ 340,000. At the balance sheet date, the subsidiary had made investments for R\$ 261,506.

5.17 Shareholders' equity

a) Share capital

On August 28, 2020, the Company increased its capital 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 September 30, 2020 is 16,054,897 (R\$ 9,654,897 on December 31, 2019) and is represented by 1,853,268,772 registered, book-entry ordinary shares with no par value.

As of September 30, 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%
Free Float	1,217,817,716	65.71%
Total of Outstanding Shares	1,853,268,772	100.00%

b) Tax incentives - SUDAM

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

For the period ended on September 30, 2020, the effect of the 75% reduction on operating profit was R\$ 95,523 (R\$ 137,985 on September 30, 2019) (Note 5.14.a).

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

6 Detailed information on income statement

6.1 Net operating revenue

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

	Parent Company			
	July 1, 2020 to September 30, 2020	January 1, 2020 to September 30, 2020	July 1, 2019 to September 30, 2019	January 1, 2019 to September 30, 2019
Gross revenue from sales of services	271,073	682,767	156,974	486,740
Taxes and deductions on sales of services	(15,262)	(37,213)	(9,173)	(27,514)
Net revenue	255,811	645,554	147,801	459,226

	Consolidated			
	July 1, 2020 to September 30, 2020	January 1, 2020 to September 30, 2020	July 1, 2019 to September 30, 2019	January 1, 2019 to September 30, 2019
Gross revenue from sales of services	2,156,048	5,580,224	2,162,347	5,706,374
Taxes and deductions on sales of services	(103,381)	(276,033)	(102,483)	(282,824)
Net revenue	2,052,667	5,304,191	2,059,864	5,423,550

Notes to the interim financial statements

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

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			
	July 1, 2020 to September 30, 2020	January 1, 2020 to September 30, 2020	July 1, 2019 to September 30, 2019	January 1, 2019 to September 30, 2019
Material for use and consumption	(280)	(771)	(164)	(400)
Employee benefit expense	(3,525)	(15,228)	(2,303)	(7,138)
Depreciation and amortization	(25,139)	(75,574)	(25,823)	(77,180)
Third-party services expense	(2,416)	(5,334)	(222)	(4,136)
Transportation and elevation expenses	(184,893)	(421,116)	(89,116)	(284,079)
Other expenses	(1,298)	(10,740)	(5,720)	(20,521)
	(217,551)	(528,763)	(123,348)	(393,454)
Cost of services provided	(210,838)	(502,873)	(118,374)	(371,010)
Selling expenses	558	510	89	119
General and administrative expenses	(7,271)	(26,400)	(5,063)	(22,563)
	(217,551)	(528,763)	(123,348)	(393,454)
	Consolidated			
	July 1, 2020 to September 30, 2020	January 1, 2020 to September 30, 2020	July 1, 2019 to September 30, 2019	January 1, 2019 to September 30, 2019
Material for use and consumption	(48,147)	(119,149)	(35,804)	(107,478)
Employee benefit expense	(226,967)	(681,443)	(241,672)	(701,343)
Depreciation and amortization	(429,525)	(1,225,002)	(442,714)	(1,282,291)
Third-party services expense	(89,906)	(265,737)	(88,478)	(243,961)
Transportation and elevation expenses	(502,856)	(1,297,910)	(457,796)	(1,278,934)
Operating leasing	-	-	(12,387)	(37,239)
Other expenses	(59,322)	(190,692)	(60,809)	(147,203)
	(1,356,723)	(3,779,933)	(1,339,660)	(3,798,449)
Cost of services provided	(1,251,498)	(3,473,550)	(1,238,323)	(3,532,491)
Selling expenses	(5,811)	(23,132)	(6,637)	(2,222)
General and administrative expenses	(99,414)	(283,251)	(94,700)	(263,736)
	(1,356,723)	(3,779,933)	(1,339,660)	(3,798,449)

Notes to the interim financial statements
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6.3 Other operating income (expenses), net

	Parent Company			
	July 1, 2020 to September 30, 2020	January 1, 2020 to September 30, 2020	July 1, 2019 to September 30, 2019	January 1, 2019 to September 30, 2019
Net effect of judicial proceedings	(2,283)	(5,241)	(3,216)	(12,024)
Rental and leases revenue	6,300	18,900	3,360	10,080
Result on sale of scrap / eventual	236	7,504	299	1,525
Extemporaneous tax credits	30	128	13,244	13,244
Other	(546)	(2,836)	231	(834)
	3,737	18,455	13,918	11,991

	Consolidated			
	July 1, 2020 to September 30, 2020	January 1, 2020 to September 30, 2020	July 1, 2019 to September 30, 2019	January 1, 2019 to September 30, 2019
Net effect of judicial proceedings	(32,091)	(65,681)	(18,591)	(58,087)
Income of port operations	(32,500)	(36,032)	2,192	4,668
Result from sale of scraps / eventual	8,864	25,749	16,066	30,564
Amortization of right-of-use ⁽ⁱ⁾	(24,500)	(72,913)	-	-
Result on disposals of fixed assets and intangible assets	39,095	40,850	266	1,084
Extemporaneous tax credits	3,972	22,034	31,847	40,447
Settlement of disputes in the renewal process ⁽ⁱⁱ⁾	-	278,496	-	-
Loss from impairment (Note 5.12)	-	(107,106)	-	-
Other	(3,926)	(12,703)	3,670	(10,242)
	(41,086)	72,694	35,450	8,434

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

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6.4 Financial results

The details of financial income and costs are as follows:

	July 1, 2020 to September 30, 2020	January 1, 2020 to September 30, 2020	July 1, 2019 to September 30, 2019	January 1, 2019 to September 30, 2019
Cost of gross debt				
Interest and monetary variation	(71,437)	(154,406)	(31,917)	(95,331)
Net exchange rate changes on debts	(15,443)	(109,683)	(17,797)	(15,521)
Result from derivatives and fair value	41,906	159,354	17,866	12,687
Amortization of funding expenses	(2,619)	(9,568)	(2,350)	(3,866)
Guarantees and warranties on loans	(1,132)	(2,669)	(3,679)	(12,054)
	(48,725)	(116,972)	(37,877)	(114,085)
Cash investment income	15,557	41,164	1,941	5,124
	15,557	41,164	1,941	5,124
Cost of debt, net	(33,168)	(75,808)	(35,936)	(108,961)
Other charges and monetary variations				
Interest on other receivables	(2,363)	(1,971)	11,011	10,714
Lease liabilities	-	(10)	(13)	(46)
Banking expenses and other	(2,913)	(3,393)	(178)	(537)
Interest on contingencies and commercial contracts	(292)	(1,083)	(2,834)	(14,358)
Exchange and monetary variation	(287)	(6,606)	(2,750)	(2,733)
Interest on other liabilities	(1,677)	(3,014)	(3,103)	(4,173)
	(7,532)	(16,077)	2,133	(11,133)
Finance result, net	(40,700)	(91,885)	(33,803)	(120,094)
Reconciliation				
Financial expenses	(80,070)	(174,143)	(59,512)	(188,063)
Financial income	13,194	39,193	12,952	15,838
Exchange variation	(15,730)	(116,289)	(20,546)	(18,254)
Derivatives	41,906	159,354	33,303	70,385
Finance result, net	(40,700)	(91,885)	(33,803)	(120,094)

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

	Consolidated			
	July 1, 2020 to September 30, 2020	January 1, 2020 to September 30, 2020	July 1, 2019 to September 30, 2019	January 1, 2019 to September 30, 2019
Cost of gross debt				
Interest and monetary variation	(304,102)	(712,468)	(173,353)	(536,077)
Net exchange rate changes on debts	(228,555)	(2,182,057)	(441,248)	(380,944)
Result from derivatives and fair value	353,657	2,275,110	462,901	462,052
Amortization of funding expenses	(12,174)	(34,507)	(10,254)	(31,025)
Guarantees and warranties on loans	(11,566)	(24,890)	(11,872)	(41,584)
	(202,740)	(678,812)	(173,826)	(527,578)
Cash investment income	37,644	100,042	40,632	112,895
	37,644	100,042	40,632	112,895
Cost of debt, net	(165,096)	(578,770)	(133,194)	(414,683)
Other charges and monetary variations				
Interest on other receivables	14,347	28,263	21,601	36,394
Lease and concessions in dispute	(19,322)	(88,613)	(49,051)	(147,442)
Reversal of lease liability charges in dispute ⁽ⁱ⁾	-	131,243	-	-
Lease liabilities	(181,554)	(473,455)	(101,599)	(237,124)
Banking expenses and other	(14,868)	(37,352)	(11,667)	(35,518)
Interest on contingencies and commercial contracts	(61,823)	(129,005)	(18,055)	(65,630)
Exchange and monetary variation	(2,273)	(13,887)	968	18
Interest on other liabilities	(7,275)	(8,009)	(9,226)	(19,461)
	(272,768)	(590,815)	(167,029)	(468,763)
Finance result, net	(437,864)	(1,169,585)	(300,223)	(883,446)
Reconciliation				
Financial expenses	(545,936)	(1,380,574)	(460,217)	(1,520,234)
Financial income	53,246	131,823	62,232	149,288
Exchange variation	(230,827)	(2,195,944)	(440,280)	(380,925)
Derivatives	285,653	2,275,110	538,042	868,425
Finance result, net	(437,864)	(1,169,585)	(300,223)	(883,446)

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

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

6.5 Share-based payment

The following share-based payment agreements:

Stock Grants Plans	Lack period (years)	Grant date	Interest rate	Volatility	Granted shares	Exercised / cancelled	Effective on September 30, 2020	Market price on grant date - R\$	Fair value on grant date - R\$
2015 Plan	5	October 1, 2015	11.33%	42.75%	1,485,900	(258,300)	1,227,600	6.10	6.10
2016 Plan	5	January 2, 2017	11.33%	42.75%	1,476,000	(226,900)	1,249,100	6.10	6.10
2017 Plan	5	September 1, 2017	9.93%	29.76%	870,900	(141,400)	729,500	10.42	10.42
2018 Plan	5	August 1, 2018	10.93%	31.97%	1,149,544	(168,731)	980,813	13.94	13.94
2019 Plan	5	August 15, 2019	6.28%	27.46%	843,152	(23,433)	819,719	22.17	22.17
					5,825,496	(818,764)	5,006,732		

a) Reconciliation of shares granted in circulation

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

	<i>Stock option</i>		<i>Stock grant</i>
	Rumo S.A		Rumo S.A
	Number of options	Average exercise price	Number of shares
At January 1, 2020	150,662	57.06	5,228,186
Exercised / delivered	-	-	(85,353)
Lost / cancelled	(51,311)	68.37	(136,101)
At September 30, 2020	99,351	63.68	5,006,732

b) Expense recognized in profit or loss

In the period ended on September 30, 2020, R\$ 9,679 was recognized as expenses related to the appropriation of the "Stock Grant" Plans (R\$ 7,323 on September 30, 2019).

6.6 Earnings per share

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

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

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

Basic and diluted

	July 1, 2020 to September 30, 2020	January 1, 2020 to September 30, 2020	July 1, 2019 to September 30, 2019	January 1, 2019 to September 30, 2019
Result for the period	164,394	296,216	366,892	578,140
Diluted effects:				
Dilutive effect - Brado Logística	-	-	455	-
Diluted result for the period attributable to controlling shareholders	164,394	296,216	367,347	578,140
Denominator:				
Weighted average number of common share	1,682,174	1,600,069	1,559,214	1,559,214
Diluted effects:				
Dilutive effect - Brado Logística	-	-	3,264	3,264
Dilutive effect - Stock option plan	4,358	4,628	4,336	4,103
Weighted average number of common share - diluted	1,686,532	1,604,697	1,566,814	1,566,581
Basic earnings per common share	R\$0.09773	R\$0.18513	R\$0.23531	R\$0.37079
Diluted earnings per common share	R\$0.09747	R\$0.18459	R\$0.23446	R\$0.36955

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 September 30, 2020, the effect is antidilutive, while on September 30, 2019, it is the best estimate of 3,264 shares, with dilutive effect, which are therefore considered in the analysis of diluted earnings per share.