

INTERIM FINANCIAL INFORMATION

09/30/20

Localiza Herrero Cía. S.A. Corporate Taxpayer's ID: 15670085/0011-95

 **Localiza**

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Company Information / Capital Structure

Number of Shares (Thousands)	Current Quarter 09/30/2020
Paid-In Capital	
Common Shares	758,467
Preferred Shares	0
Total	758,467
Treasury Shares	
Common Shares	7,289
Preferred Shares	0
Total	7,289

Company Information / Cash Proceeds

Event	Approval	Proceeds	Beginning of Payment	Type of Share	Class of Share	Earnings per Share (Brazilian Reais / Share)
Meeting of the Board of Directors	10/03/2020	Interest on Capital	09/15/2020	Common Shares		0.08901
Meeting of the Board of Directors	06/18/2020	Interest on Capital	10/15/2020	Common Shares		0.08622
Meeting of the Board of Directors	09/04/2020	Interest on Capital	11/05/2020	Common Shares		0.08735
Meeting of the Board of Directors	12/12/2019	Interest on Capital	02/14/2020	Common Shares		0.09499

Individual Financial Statements / Balance Sheet – Assets**(In Thousands of Brazilian Reais)**

Code	Description	Current Quarter 09/30/2020	Prior Year 12/31/2019
1	Total Assets	16,494,634	16,202,890
1.01	Current Assets	4,261,730	3,277,819
1.01.01	Cash and Cash Equivalents	2,311,513	1,622,676
1.01.02	Financial Assets	686,096	267,018
1.01.02.01	Financial Assets at fair value through profit or loss	686,096	267,018
1.01.03	Accounts Receivable	813,785	1,095,724
1.01.06	Recoverable Taxes	57,821	29,721
1.01.07	Prepaid Expenses	46,966	10,530
1.01.08	Other Current Assets	345,549	252,150
1.01.08.01	Non-Current Assets Available for Sale	14,291	20,361
1.01.08.03	Other	331,258	231,789
1.01.08.03.01	Dividends Receivable	0	72,212
1.01.08.03.02	Derivative instruments	140,384	0
1.01.08.03.03	Other	190,874	159,577
1.02	Non-Current Assets	12,232,904	12,925,071
1.02.01	Long-Term Assets	462,098	93,345
1.02.01.10	Other Non-Current Assets	462,098	93,345
1.02.01.10.03	Escrow Deposits	78,742	75,064
1.02.01.10.04	Derivative instruments	383,273	18,198
1.02.01.10.05	Other	83	83
1.02.02	Investments	1,447,185	1,141,043
1.02.03	Property and Equipment	10,284,532	11,645,968
1.02.03.01	Property and Equipment in Use	9,400,582	10,760,966
1.02.03.02	Leased Right-of-use	864,385	864,202
1.02.03.02.01	Leased Property and Equipment	0	56
1.02.03.02.02	Right-of-use	864,385	864,146
1.02.03.03	Constructions in Progress	19,565	20,800
1.02.04	Intangible Assets	39,089	44,715
1.02.04.01	Intangible Assets	39,089	44,715
1.02.04.01.04	Software	39,089	44,715

Individual Financial Statements / Balance Sheet – Liabilities**(In Thousands of Brazilian Reais)**

Code	Description	Current Quarter 09/30/2020	Prior Year 12/31/2019
2	Total Liabilities	16,494,634	16,202,890
2.01	Current Liabilities	2,345,184	3,033,744
2.01.01	Payroll and Related Taxes	169,958	139,365
2.01.02	Trade Payables	865,726	2,290,871
2.01.02.01	Domestic Suppliers	864,363	2,290,854
2.01.02.02	Foreign Suppliers	1,363	17
2.01.03	Taxes Payable	40,302	21,735
2.01.03.01	Federal Taxes Payable	37,797	17,295
2.01.03.01.01	Income Tax and Social Contribution Payable	30,135	12,024
2.01.03.01.02	Other Federal Taxes	7,662	5,271
2.01.03.03	Municipal Taxes Payable	2,505	4,440
2.01.04	Loans and Financing	725,001	33,269
2.01.04.01	Loans and Financing	711,934	30
2.01.04.01.02	In Foreign Currency	711,934	30
2.01.04.02	Debentures	13,067	33,239
2.01.05	Other Payables	544,197	548,504
2.01.05.01	Payables to Related Parties	10,904	16,804
2.01.05.02	Other	533,293	531,700
2.01.05.02.01	Dividends and Interest on Capital Payable	115,162	63,394
2.01.05.02.04	Other Current Liabilities	271,394	332,316
2.01.05.02.05	Derivative instruments	0	4,456
2.01.05.02.06	Unearned Revenue	2,598	3,213
2.01.05.02.07	Lease liability due to right-of-use	144,139	128,321
2.02	Non-Current Liabilities	8,425,336	7,721,614
2.02.01	Loans and Financing	7,385,732	6,595,798
2.02.01.01	Loans and Financing	2,402,891	1,332,425
2.02.01.01.01	In Local Currency	1,218,011	506,191
2.02.01.01.02	In Foreign Currency	1,184,880	826,234
2.02.01.02	Debentures	4,982,841	5,263,373
2.02.02	Other Payables	775,410	769,836
2.02.02.02	Other	775,410	769,836
2.02.02.02.03	Other Non-Current Liabilities	9,120	8,562
2.02.02.02.04	Lease liability due to right-of-use	766,290	761,274
2.02.03	Deferred Taxes	194,120	194,012
2.02.03.01	Deferred Income Tax and Social Contribution	194,120	194,012
2.02.04	Provisions	65,958	159,083
2.02.04.01	Provision for Tax, Social Security, Labor and Civil Risks	65,958	159,083
2.02.06	Unearned Profit and Revenue	4,116	2,885
2.02.06.02	Unearned Revenue	4,116	2,885
2.03	Equity	5,724,114	5,447,532
2.03.01	Paid-In Capital	3,956,889	3,956,889
2.03.01.01	Capital	4,000,000	4,000,000
2.03.01.02	Expenses on the issuance of shares, net of tax effects	-43,111	-43,111

Individual Financial Statements / Balance Sheet – Liabilities**(In Thousands of Brazilian Reais)**

Code	Description	Current Quarter 09/30/2020	Prior Year 12/31/2019
2.03.02	Capital Reserves	-9,241	163,206
2.03.02.05	Treasury Shares	-188,260	-22,288
2.03.02.07	Share Issuance Premium and Stock Options Granted	179,019	185,494
2.03.04	Earnings Reserves	1,327,437	1,327,437
2.03.04.01	Legal Reserve	220,565	220,565
2.03.04.02	Statutory Reserve	1,106,872	1,106,872
2.03.05	Retained Earnings (Accumulated Losses)	449,029	0

Individual Financial Statements / Statement of Income**(In Thousands of Brazilian Reais)**

Code	Description	Current Quarter 07/01/2020 to 09/30/2020	Accumulated for the Current Year 01/01/2020 to 09/30/2020	Equal Quarter for Prior Year 07/01/2019 to 09/30/2019	Accumulated for the Prior Year 01/01/2019 to 09/30/2019
3.01	Revenue from Sales and/or Services	2,403,976	5,795,109	2,143,985	5,999,737
3.02	Cost of Sales and/or Services	-1,876,615	-4,631,985	-1,715,143	-4,727,076
3.03	Gross Profit	527,361	1,163,124	428,842	1,272,661
3.04	Operating Income (Expenses)	-102,099	-284,328	-147,128	-402,245
3.04.01	Selling Expenses	-195,572	-564,423	-171,156	-472,331
3.04.02	General and Administrative Expenses	-58,613	-170,223	-52,086	-134,360
3.04.05	Other Operating Expenses	317	89,573	-3,840	-20,164
3.04.06	Equity in the Earnings of Subsidiaries	151,769	360,745	79,954	224,610
3.05	Profit (Loss) Before Finance Income (Expenses) and Taxes	425,262	878,796	281,714	870,416
3.06	Finance Income (Expenses)	-47,127	-196,052	-53,575	-188,838
3.06.01	Finance Income	26,761	69,825	49,719	134,301
3.06.02	Finance Expenses	-73,888	-265,877	-103,294	-323,139
3.07	Net Income Before Income Taxes	378,135	682,744	228,139	681,578
3.08	Income Tax and Social Contribution on Profit	-52,589	-36,386	-23,427	-75,999
3.08.01	Current	-30,347	-36,278	-5,147	-41,487
3.08.02	Deferred	-22,242	-108	-18,280	-34,512
3.09	Net Income from Continuing Operations	325,546	646,358	204,712	605,579
3.11	Net Income for the Period	325,546	646,358	204,712	605,579
3.99	Earnings per Share (R\$/Share)				
3.99.01	Basic Earnings per Share				
3.99.01.01	Common Shares	0.43338	0.85923	0.27094	0.80948
3.99.02	Diluted Earnings per Share				
3.99.02.01	Common Shares	0.43253	0.85748	0.26968	0.80496

Individual Financial Statements / Statement of Comprehensive Income**(In Thousands of Brazilian Reais)**

Code	Description	Current Quarter 07/01/2020 to 09/30/2020	Accumulated for the Current Year 01/01/2020 to 09/30/2020	Equal Quarter for Prior Year 07/01/2019 to 09/30/2019	Accumulated for the Prior Year 01/01/2019 to 09/30/2019
4.01	Net Income for the Period	325,546	646,358	204,712	605,579
4.03	Comprehensive Income for the Period	325,546	646,358	204,712	605,579

Individual Financial Statements / Statement of Cash Flows – Indirect Method**(In Thousands of Brazilian Reais)**

Code	Description	Accumulated for the Current Year 01/01/2020 to 09/30/2020	Accumulated for the Prior Year 01/01/2019 to 09/30/2019
6.01	Net Cash Provided by Operating Activities	71,757	-1,580,681
6.01.01	Cash Provided by Operations	4,478,190	4,864,902
6.01.01.01	Net Income for the Period	646,358	605,579
6.01.01.02	Depreciation and Amortization	454,767	351,825
6.01.01.03	Residual Value of Property and Equipment Written Off	3,516,525	3,725,065
6.01.01.04	Deferred Income Tax and Social Contribution	108	34,512
6.01.01.05	Equity in the Earnings of Subsidiaries	-360,745	-224,610
6.01.01.06	Other	53,110	16,842
6.01.01.07	Provisions for contingencies	-93,125	37,834
6.01.01.08	Interest on Loans, Financing, Debentures and Derivatives	200,338	257,984
6.01.01.09	Lease interest	61,762	51,341
6.01.01.10	Other provisions	-908	8,530
6.01.02	Changes in Assets and Liabilities	-3,759,048	-6,057,212
6.01.02.01	Trade Receivables	236,048	-24,320
6.01.02.02	Acquisition of Cars, Net of Changes in Balances with Car Manufacturers	-3,884,458	-5,981,253
6.01.02.03	Escrow Deposits	-3,678	-6,960
6.01.02.04	Recoverable Taxes	-20,454	-3,582
6.01.02.05	Prepaid Expenses	-36,436	-32,519
6.01.02.06	Other Current and Non-Current Assets	-26,280	-70,930
6.01.02.07	Trade Payables (Except Car Manufacturers)	-11,893	737
6.01.02.08	Payroll and Related Taxes	30,593	19,698
6.01.02.09	Income Tax and Social Contribution	36,278	41,487
6.01.02.11	Insurance Premiums	-9,047	23,157
6.01.02.12	Other Current and Non-Current Liabilities	-69,721	-22,727
6.01.03	Other	-647,385	-388,371
6.01.03.01	Income Tax and Social Contribution Paid	-19,056	-32,025
6.01.03.02	Interest on Loans, Financing and Debt Paid	-179,290	-282,965
6.01.03.03	Short-term financial assets	-419,078	-73,381
6.01.03.04	Lease interest paid	-29,961	0
6.02	Net Cash Provided by Investing Activities	86,763	7,844
6.02.01	Purchase of Other Property and Equipment	-34,934	-27,601
6.02.02	Purchase of Intangible Assets	-5,118	-5,439
6.02.04	Dividends from Subsidiaries	126,815	40,884
6.03	Net Cash Provided by Financing Activities	530,317	1,315,359
6.03.01	Loans and Financing - funding	1,250,312	498,927
6.03.02	Loans and Financing - repayments	0	-650,000
6.03.03	Debentures - funding	0	994,705
6.03.04	Debentures – repayments/ buyback	-299,609	-975,000
6.03.05	Dividends	0	-7,223
6.03.06	Interest on Capital	-138,737	-194,002
6.03.08	Treasury Shares	0	2,607
6.03.09	Exercise of stock options with treasury shares, net	-736	24,159
6.03.11	Lease liability - repayments	-100,434	-135,094

Individual Financial Statements / Statement of Cash Flows – Indirect Method**(In Thousands of Brazilian Reais)**

6.03.12	Capital increase – with subscription of shares	0	1,821,600
6.03.13	Expenses on the issuance of shares	0	-65,320
6.03.14	Treasury shares sold	4,216	0
6.03.15	Purchased treasury shares	-184,695	0
6.05	Increase (Decrease) in Cash and Cash Equivalents	688,837	-257,478
6.05.01	Opening Balance of Cash and Cash Equivalents	1,622,676	1,435,459
6.05.02	Closing Balance of Cash and Cash Equivalents	2,311,513	1,177,981

Individual Financial Statements / Statement of Changes in Equity - 01/01/2020 to 09/30/2020**(In Thousands of Brazilian Reais)**

Code	Description	Paid-In Capital	Capital Reserves, Stock Options Granted and Treasury Share	Earnings Reserves	Retained Earnings (Accumulated Losses)	Other Comprehensive Income	Equity
5.01	Opening Balances	3,956,889	163,206	1,327,437	0	0	5,447,532
5.03	Adjusted Opening Balances	3,956,889	163,206	1,327,437	0	0	5,447,532
5.04	Capital Transactions with Shareholders	0	-172,447	0	-197,329	0	-369,776
5.04.03	Stock Options Granted Recognized	0	8,768	0	0	0	8,768
5.04.04	Purchased Treasury Shares	0	-184,695	0	0	0	-184,695
5.04.05	Treasury shares sold	0	4,216	0	0	0	4,216
5.04.07	Interest on Capital	0	0	0	-197,329	0	-197,329
5.04.08	Exercise of stock options with treasury shares	0	-736	0	0	0	-736
5.05	Total Comprehensive Income	0	0	0	646,358	0	646,358
5.05.01	Net Income for the Period	0	0	0	646,358	0	646,358
5.07	Closing Balances	3,956,889	-9,241	1,327,437	449,029	0	5,724,114

Individual Financial Statements / Statement of Changes in Equity - 01/01/2019 to 09/30/2019**(In Thousands of Brazilian Reais)**

Code	Description	Paid-In Capital	Capital Reserves, Stock Options Granted and Treasury Share	Earnings Reserves	Retained Earnings (Accumulated Losses)	Other Comprehensive Income	Equity
5.01	Opening Balances	1,500,000	124,974	1,469,528	0	0	3,094,502
5.03	Adjusted Opening Balances	1,500,000	124,974	1,469,528	0	0	3,094,502
5.04	Capital Transactions with Shareholders	1,778,489	34,684	-6,580	-219,266	0	1,587,327
5.04.01	Capital increases	1,821,600	0	0	0	0	1,821,600
5.04.02	Expenses on the issuance of shares	-43,111	0	0	0	0	-43,111
5.04.03	Stock Options Granted Recognized	0	7,918	0	0	0	7,918
5.04.05	Treasury shares sold	0	2,607	0	0	0	2,607
5.04.06	Dividends	0	0	-6,580	0	0	-6,580
5.04.07	Interest on Capital	0	0	0	-219,266	0	-219,266
5.04.08	Exercise of Stock Options with Treasury Shares	0	24,159	0	0	0	24,159
5.05	Total Comprehensive Income	0	0	0	605,579	0	605,579
5.05.01	Net Income for the Period	0	0	0	605,579	0	605,579
5.07	Closing Balances	3,278,489	159,658	1,462,948	386,313	0	5,287,408

Individual Financial Statements / Statement of Value Added**(In Thousands of Brazilian Reais)**

Code	Description	Accumulated for the Current Year 01/01/2020 to 09/30/2020	Accumulated for the Prior Year 01/01/2019 to 09/30/2019
7.01	Revenues	5,989,786	6,228,314
7.01.01	Sales of Goods, Products and Services	6,012,979	6,220,762
7.01.03	Revenues Related to the Construction of Own Assets	21,614	15,277
7.01.04	Allowance for/Reversal of Doubtful Debts	-44,807	-7,725
7.02	Inputs Acquired from Third Parties	-4,311,154	-4,454,234
7.02.01	Cost of Products, Goods and Services Sold	-3,949,149	-4,147,126
7.02.02	Materials, Power, Third-Party Services and Other	-362,005	-307,108
7.03	Gross Value Added	1,678,632	1,774,080
7.04	Retentions	-454,767	-351,825
7.04.01	Depreciation, Amortization and Depletion	-454,767	-351,825
7.05	Net Wealth Created	1,223,865	1,422,255
7.06	Wealth Received in Transfer	430,570	358,911
7.06.01	Equity in the Earnings of Subsidiaries	360,745	224,610
7.06.02	Finance Income	69,825	134,301
7.07	Total Wealth for Distribution	1,654,435	1,781,166
7.08	Wealth Distributed	1,654,435	1,781,166
7.08.01	Personnel	532,449	451,961
7.08.01.01	Salaries and Wages	406,869	348,877
7.08.01.02	Benefits	86,839	70,507
7.08.01.03	Severance Pay Fund (FGTS)	29,927	24,659
7.08.01.04	Other	8,814	7,918
7.08.02	Taxes, Fees and Contributions	145,752	335,075
7.08.02.01	Federal	7,033	206,752
7.08.02.02	State	120,350	102,730
7.08.02.03	Municipal	18,369	25,593
7.08.03	Lenders and Lessors	329,876	388,551
7.08.03.01	Interest	265,877	323,139
7.08.03.02	Rentals	43,847	47,555
7.08.03.03	Other	20,152	17,857
7.08.03.03.01	Other Rentals	20,152	17,857
7.08.04	Shareholders	646,358	605,579
7.08.04.01	Interest on Capital	197,329	219,266
7.08.04.03	Retained Earnings (Loss for the Period)	449,029	386,313

Consolidated Financial Statements / Balance Sheet – Assets**(In Thousands of Brazilian Reais)**

Code	Description	Current Quarter 09/30/2020	Prior Year 12/31/2019
1	Total Assets	19,864,883	19,392,960
1.01	Current Assets	5,921,208	4,494,079
1.01.01	Cash and Cash Equivalents	2,846,773	2,220,102
1.01.02	Financial Assets	1,577,640	610,838
1.01.02.01	Financial Assets at fair value through profit or loss	1,577,640	610,838
1.01.03	Accounts Receivable	971,605	1,274,723
1.01.06	Recoverable Taxes	64,349	39,850
1.01.07	Prepaid Expenses	58,681	11,757
1.01.08	Other Current Assets	402,160	336,809
1.01.08.01	Non-Current Assets Available for Sale	51,822	141,735
1.01.08.03	Other	350,338	195,074
1.01.08.03.02	Derivative instruments	140,573	0
1.01.08.03.03	Other	209,765	195,074
1.02	Non-Current Assets	13,943,675	14,898,881
1.02.01	Long-Term Assets	685,077	189,366
1.02.01.04	Accounts Receivable	1,176	1,809
1.02.01.07	Deferred Taxes	26,434	32,407
1.02.01.07.01	Deferred Income Tax and Social Contribution	26,434	32,407
1.02.01.10	Other Non-Current Assets	657,467	155,150
1.02.01.10.03	Escrow Deposits	116,495	114,586
1.02.01.10.04	Derivative instruments	496,134	18,198
1.02.01.10.05	Investments in restricted accounts	44,755	22,283
1.02.01.10.07	Other	83	83
1.02.03	Property and Equipment	13,105,650	14,569,571
1.02.03.01	Property and Equipment in Use	12,462,758	13,858,873
1.02.03.02	Right-of-use in Lease	623,033	689,898
1.02.03.02.01	Leased Property and Equipment	0	64,901
1.02.03.02.02	Right-of-use	623,033	624,997
1.02.03.03	Constructions in Progress	19,859	20,800
1.02.04	Intangible Assets	152,948	139,944
1.02.04.01	Intangible Assets	152,948	139,944
1.02.04.01.02	Goodwill on Acquisition of Investments	105,437	89,986
1.02.04.01.05	Software	47,511	49,958

Consolidated Financial Statements / Balance Sheet – Liabilities**(In Thousands of Brazilian Reais)**

Code	Description	Current Quarter 09/30/2020	Prior Year 12/31/2019
2	Total Liabilities	19,864,883	19,392,960
2.01	Current Liabilities	2,672,775	3,522,249
2.01.01	Payroll and Related Taxes	187,809	161,770
2.01.02	Trade Payables	998,408	2,565,387
2.01.02.01	Domestic Suppliers	997,045	2,565,370
2.01.02.02	Foreign Suppliers	1,363	17
2.01.03	Taxes Payable	123,621	68,688
2.01.03.01	Federal Taxes Payable	119,217	62,729
2.01.03.01.01	Income Tax and Social Contribution Payable	103,561	54,647
2.01.03.01.02	Other Federal Taxes	15,656	8,082
2.01.03.03	Municipal Taxes Payable	4,404	5,959
2.01.04	Loans and Financing	745,532	144,342
2.01.04.01	Loans and Financing	726,697	79,515
2.01.04.01.01	In Local Currency	13,771	78,829
2.01.04.01.02	In Foreign Currency	712,926	686
2.01.04.02	Debentures	18,835	56,552
2.01.04.03	Finance Lease	0	8,275
2.01.05	Other Payables	617,405	582,062
2.01.05.02	Other	617,405	582,062
2.01.05.02.01	Dividends and Interest on Capital Payable	115,162	63,394
2.01.05.02.04	Other Current Liabilities	304,925	369,670
2.01.05.02.05	Derivative instruments	62,113	26,811
2.01.05.02.06	Unearned Revenue	5,469	6,221
2.01.05.02.07	Lease liability due to right-of-use	129,736	115,966
2.02	Non-Current Liabilities	11,467,994	10,423,179
2.02.01	Loans and Financing	10,384,055	9,235,117
2.02.01.01	Loans and Financing	3,411,299	2,125,204
2.02.01.01.01	In Local Currency	1,754,746	967,106
2.02.01.01.02	In Foreign Currency	1,656,553	1,158,098
2.02.01.02	Debentures	6,972,756	7,109,913
2.02.02	Other Payables	629,360	620,174
2.02.02.02	Other	629,360	620,174
2.02.02.02.03	Other Non-Current Liabilities	21,583	8,570
2.02.02.02.04	Derivative instruments	36,612	62,288
2.02.02.02.05	Restricted obligations	45,240	22,549
2.02.02.02.06	Lease liability due to right-of-use	525,925	526,767
2.02.03	Deferred Taxes	356,854	352,699
2.02.03.01	Deferred Income Tax and Social Contribution	356,854	352,699
2.02.04	Provisions	89,450	207,237
2.02.04.01	Provision for Tax, Social Security, Labor and Civil Risks	89,450	207,237
2.02.06	Unearned Profit and Revenue	8,275	7,952
2.02.06.02	Unearned Revenue	8,275	7,952
2.03	Consolidated Equity	5,724,114	5,447,532
2.03.01	Paid-In Capital	3,956,889	3,956,889

Consolidated Financial Statements / Balance Sheet – Liabilities**(In Thousands of Brazilian Reais)**

Code	Description	Current Quarter 09/30/2020	Prior Year 12/31/2019
2.03.01.01	Capital	4,000,000	4,000,000
2.03.01.02	Expenses on the issuance of shares, net of tax effects	-43,111	-43,111
2.03.02	Capital Reserves	-9,241	163,206
2.03.02.05	Treasury Shares	-188,260	-22,288
2.03.02.07	Share Issuance Premium and Stock Options Granted	179,019	185,494
2.03.04	Earnings Reserves	1,327,437	1,327,437
2.03.04.01	Legal Reserve	220,565	220,565
2.03.04.02	Statutory Reserve	1,106,872	1,106,872
2.03.05	Retained Earnings (Accumulated Losses)	449,029	0

Consolidated Financial Statements / Statement of Income**(In Thousands of Brazilian Reais)**

Code	Description	Current Quarter 07/01/2020 to 09/30/2020	Accumulated for the Current Year 01/01/2020 to 09/30/2020	Equal Quarter for Prior Year 07/01/2019 to 09/30/2019	Accumulated for the Prior Year 01/01/2019 to 09/30/2019
3.01	Revenue from Sales and/or Services	3,067,549	7,432,283	2,581,334	7,255,124
3.02	Cost of Sales and/or Services	-2,277,634	-5,552,884	-1,965,766	-5,466,359
3.03	Gross Profit	789,915	1,879,399	615,568	1,788,765
3.04	Operating Income (Expenses)	-286,290	-723,043	-258,823	-711,429
3.04.01	Selling Expenses	-218,358	-631,538	-190,363	-524,882
3.04.02	General and Administrative Expenses	-68,579	-196,117	-61,756	-159,627
3.04.05	Other Operating Expenses	647	104,612	-6,704	-26,920
3.05	Profit (Loss) Before Finance Income (Expenses) and Taxes	503,625	1,156,356	356,745	1,077,336
3.06	Finance Income (Expenses)	-54,492	-309,383	-94,138	-297,203
3.06.01	Finance Income	35,619	89,586	63,985	176,820
3.06.02	Finance Expenses	-90,111	-398,969	-158,123	-474,023
3.07	Net Income Before Income Taxes	449,133	846,973	262,607	780,133
3.08	Income Tax and Social Contribution on Profit	-123,587	-200,615	-57,895	-174,554
3.08.01	Current	-105,121	-190,487	-34,187	-125,203
3.08.02	Deferred	-18,466	-10,128	-23,708	-49,351
3.09	Net Income from Continuing Operations	325,546	646,358	204,712	605,579
3.11	Net Income for the Period	325,546	646,358	204,712	605,579
3.11.01	Attributable to the Company's Owners	325,546	646,358	204,712	605,579
3.99	Earnings per Share (R\$/Share)				
3.99.01	Basic Earnings per Share				
3.99.01.01	Common Shares	0.43338	0.85923	0.27094	0.80948
3.99.02	Diluted Earnings per Share				
3.99.02.01	Common Shares	0.43253	0.85748	0.26968	0.80496

Consolidated Financial Statements / Statement of Comprehensive Income**(In Thousands of Brazilian Reais)**

Code	Description	Current Quarter 07/01/2020 to 09/30/2020	Accumulated for the Current Year 01/01/2020 to 09/30/2020	Equal Quarter for Prior Year 07/01/2019 to 09/30/2019	Accumulated for the Prior Year 01/01/2019 to 09/30/2019
4.01	Net Income for the Period	325,546	646,358	204,712	605,579
4.03	Comprehensive Income for the Period	325,546	646,358	204,712	605,579
4.03.01	Attributable to the Company's Owners	325,546	646,358	204,712	605,579

Consolidated Financial Statements / Statement of Cash Flows – Indirect Method**(In Thousands of Brazilian Reais)**

Code	Description	Accumulated for the Current Year 01/01/2020 to 09/30/2020	Accumulated for the Prior Year 01/01/2019 to 09/30/2019
6.01	Net Cash Provided by Operating Activities	32,632	-1,876,111
6.01.01	Cash Provided by Operations	5,783,804	5,873,638
6.01.01.01	Net Income for the Period	646,358	605,579
6.01.01.02	Depreciation and Amortization	559,252	505,827
6.01.01.03	Residual Value of Property and Equipment Written Off	4,240,472	4,180,353
6.01.01.04	Deferred Income Tax and Social Contribution	10,128	49,351
6.01.01.05	Other	54,470	21,402
6.01.01.06	Provisions for contingencies	-117,787	44,046
6.01.01.07	Interest on Loans, Financing, Debentures and Derivatives	346,499	423,328
6.01.01.08	Lease interest	45,162	34,978
6.01.01.10	Other provisions	-750	8,774
6.01.02	Changes in Assets and Liabilities	-4,324,613	-7,060,720
6.01.02.01	Trade Receivables	257,301	-35,004
6.01.02.02	Acquisition of Cars, Net of Changes in Balances with Car Manufacturers	-4,633,555	-7,017,086
6.01.02.03	Escrow Deposits	-1,873	-10,313
6.01.02.04	Recoverable Taxes	-16,635	-1,048
6.01.02.05	Prepaid Expenses	-46,924	-40,303
6.01.02.06	Other Current and Non-Current Assets	-14,221	-68,795
6.01.02.07	Trade Payables (Except Car Manufacturers)	-16,571	-30,517
6.01.02.08	Payroll and Related Taxes	25,863	17,077
6.01.02.09	Income Tax and Social Contribution	190,487	125,203
6.01.02.11	Insurance Premiums	-9,390	24,314
6.01.02.12	Other Current and Non-Current Liabilities	-59,095	-24,248
6.01.03	Other	-1,426,559	-689,029
6.01.03.01	Income Tax and Social Contribution Paid	-142,910	-111,151
6.01.03.02	Interest on Loans, Financing and Debt Paid	-286,803	-484,842
6.01.03.03	Short-term financial assets	-966,802	-93,036
6.01.03.04	Lease interest paid	-30,044	0
6.02	Net Cash Provided by Investing Activities	-64,063	-78,147
6.02.01	Purchase of Other Property and Equipment	-50,069	-27,601
6.02.02	Purchase of Intangible Assets	-6,118	-5,630
6.02.04	Purchase of Investment, net of acquired cash	-7,876	-44,916
6.03	Net Cash Provided by Financing Activities	658,102	1,546,890
6.03.01	Loans and Financing - funding	1,250,312	510,877
6.03.02	Loans and Financing - repayments	-9,986	-687,234
6.03.03	Debentures - funding	988,582	1,293,829
6.03.04	Debentures – repayments/ buyback	-1,149,609	-1,036,611
6.03.05	Dividends	0	-7,223
6.03.06	Interest on Capital	-138,737	-194,002
6.03.08	Exercise of Stock Options with Treasury Shares, Net	-736	24,159
6.03.10	Lease Liability - Repayments	-101,245	-115,792
6.03.11	Capital increase – with subscription of shares	0	1,821,600
6.03.12	Expenses on the issuance of shares	0	-65,320
6.03.13	Treasury shares sold	4,216	2,607
6.03.14	Purchased treasury shares	-184,695	0

Consolidated Financial Statements / Statement of Cash Flows – Indirect Method**(In Thousands of Brazilian Reais)**

Code	Description	Accumulated for the Current Year 01/01/2020 to 09/30/2020	Accumulated for the Prior Year 01/01/2019 to 09/30/2019
6.05	Increase (Decrease) in Cash and Cash Equivalents	626,671	-407,368
6.05.01	Opening Balance of Cash and Cash Equivalents	2,220,102	2,175,302
6.05.02	Closing Balance of Cash and Cash Equivalents	2,846,773	1,767,934

Consolidated Financial Statements / Statement of Changes in Equity - 01/01/2020 to 09/30/2020**(In Thousands of Brazilian Reais)**

Code	Description	Paid-In Capital	Capital Reserves, Stock Options Granted and Treasury Share	Earnings Reserves	Retained Earnings (Accumulated Losses)	Other Comprehensive Income	Equity	Noncontrolling Interests	Consolidated Equity
5.01	Opening Balances	3,956,889	163,206	1,327,437	0	0	5,447,532	0	5,447,532
5.03	Adjusted Opening Balances	3,956,889	163,206	1,327,437	0	0	5,447,532	0	5,447,532
5.04	Capital Transactions with Shareholders	0	-172,447	0	-197,329	0	-369,776	0	-369,776
5.04.03	Stock Options Granted Recognized	0	8,768	0	0	0	8,768	0	8,768
5.04.04	Purchased Treasury Shares	0	-184,695	0	0	0	-184,695	0	-184,695
5.04.05	Treasury shares sold	0	4,216	0	0	0	4,216	0	4,216
5.04.07	Interest on Capital	0	0	0	-197,329	0	-197,329	0	-197,329
5.04.08	Exercise of stock options with treasury shares	0	-736	0	0	0	-736	0	-736
5.05	Total Comprehensive Income	0	0	0	646,358	0	646,358	0	646,358
5.05.01	Net Income for the Period	0	0	0	646,358	0	646,358	0	646,358
5.07	Closing Balances	3,956,889	-9,241	1,327,437	449,029	0	5,724,114	0	5,724,114

Consolidated Financial Statements / Statement of Changes in Equity - 01/01/2019 to 09/30/2019**(In Thousands of Brazilian Reais)**

Code	Description	Paid-In Capital	Capital Reserves, Stock Options Granted and Treasury Share	Earnings Reserves	Retained Earnings (Accumulated Losses)	Other Comprehensive Income	Equity	Noncontrolling Interests	Consolidated Equity
5.01	Opening Balances	1,500,000	124,974	1,469,528	0	0	3,094,502	0	3,094,502
5.03	Adjusted Opening Balances	1,500,000	124,974	1,469,528	0	0	3,094,502	0	3,094,502
5.04	Capital Transactions with Shareholders	1,778,489	34,684	-6,580	-219,266	0	1,587,327	0	1,587,327
5.04.01	Capital increase	1,821,600	0	0	0	0	1,821,600	0	1,821,600
5.04.02	Expenses on the issuance of shares	-43,111	0	0	0	0	-43,111	0	-43,111
5.04.03	Stock Options Granted Recognized	0	7,918	0	0	0	7,918	0	7,918
5.04.05	Treasury shares sold	0	2,607	0	0	0	2,607	0	2,607
5.04.06	Dividends	0	0	-6,580	0	0	-6,580	0	-6,580
5.04.07	Interest on Capital	0	0	0	-219,266	0	-219,266	0	-219,266
5.04.08	Exercise of Stock Options with Treasury Shares	0	24,159	0	0	0	24,159	0	24,159
5.05	Total Comprehensive Income	0	0	0	605,579	0	605,579	0	605,579
5.05.01	Net Income for the Period	0	0	0	605,579	0	605,579	0	605,579
5.07	Closing Balances	3,278,489	159,658	1,462,948	386,313	0	5,287,408	0	5,287,408

Consolidated Financial Statements / Statement of Value Added**(In Thousands of Brazilian Reais)**

Code	Description	Accumulated for the Current Year 01/01/2020 to 09/30/2020	Accumulated for the Prior Year 01/01/2019 to 09/30/2019
7.01	Revenues	7,721,027	7,564,852
7.01.01	Sales of Goods, Products and Services	7,745,218	7,561,852
7.01.03	Revenues Related to the Construction of Own Assets	21,935	15,277
7.01.04	Allowance for/Reversal of Doubtful Debts	-46,126	-12,277
7.02	Inputs Acquired from Third Parties	-5,151,368	-5,049,118
7.02.01	Cost of Products, Goods and Services Sold	-4,763,240	-4,729,750
7.02.02	Materials, Power, Third-Party Services and Other	-388,128	-319,368
7.03	Gross Value Added	2,569,659	2,515,734
7.04	Retentions	-559,252	-505,827
7.04.01	Depreciation, Amortization and Depletion	-559,252	-505,827
7.05	Net Wealth Created	2,010,407	2,009,907
7.06	Wealth Received in Transfer	89,586	176,820
7.06.02	Finance Income	89,586	176,820
7.07	Total Wealth for Distribution	2,099,993	2,186,727
7.08	Wealth Distributed	2,099,993	2,186,727
7.08.01	Personnel	612,739	529,012
7.08.01.01	Salaries and Wages	471,723	411,588
7.08.01.02	Benefits	97,649	80,581
7.08.01.03	Severance Pay Fund (FGTS)	34,553	28,925
7.08.01.04	Other	8,814	7,918
7.08.02	Taxes, Fees and Contributions	374,192	509,296
7.08.02.01	Federal	194,985	343,913
7.08.02.02	State	153,713	130,546
7.08.02.03	Municipal	25,494	34,837
7.08.03	Lenders and Lessors	466,704	542,840
7.08.03.01	Interest	398,969	474,023
7.08.03.02	Rentals	46,373	50,570
7.08.03.03	Other	21,362	18,247
7.08.03.03.01	Other Rentals	21,362	18,247
7.08.04	Shareholders	646,358	605,579
7.08.04.01	Interest on Capital	197,329	219,266
7.08.04.03	Retained Earnings (Loss for the Period)	449,029	386,313

Dear Investors,

It is with great pride that we present the results of the third quarter of 2020. They demonstrate the resilience, adaptability and boldness of Localiza's team, who overcame the innumerable challenges that pandemic brought to the mobility sector.

In a scenario of uncertainty, our teams were challenged to go beyond in their capacity to inspire and transform. Since the beginning of the pandemic, we have given priority to caring for our employees and our customers and we have ensured that this pillar was paramount in every step of our business. In addition, we have restricted our operations on a temporary basis in several locations, only resuming their activities when we were convinced of the appropriate level of security. We believe in innovation to perpetuate our business and implemented new solutions to adapt ourselves to the new reality.

This environment required agility to make the right decisions, which allowed the recovery of volumes and the acceleration of investments in the development of new solutions. Our culture has strengthened with each challenge and the proof of this is the high performance of our team that is evidenced by another extraordinary result, with quarterly records in Revenue, EBITDA, EBIT and Net Income.

In the **Car Rental** division, we benefited from diversification of segments for a consistently recovery, reaching an average rented fleet of roughly 139 thousand cars, 5.4% greater than 3Q19. In September we returned the level of 152 thousand rented cars, close to the average rented fleet in 1Q20. The average rental rate, significantly impacted in the second quarter, gradually recovered throughout 3Q20, reaching an average of R\$66.80 and resulted in a net revenue practically stable with 3Q19.

The **Fleet Rental** division proved to be resilient and presented a growth of 8.6% in rented fleet volume, compared to the same quarter of the previous year.

From July onward, **Seminovos** returned to pre-pandemic volumes, with 45,536 cars sold and gradual increase in prices over the quarter, resulting in an increase of 23.7% in the sales volume over the same period last year.

The Company's consolidated EBITDA was R\$ 648 million in 3Q20, 19% higher than the same period last year. Net Income was R\$ 325 million, 59% higher than 3Q19.

Following our long-term planning, we accelerated investments in building the future of mobility and announced in the quarter the launch of our subscription car solution. Localiza Meoo brings to the Brazilian market long-term rental through a digital journey, enabling a superior experience and greater convenience. With an exclusive advantage club, the new business is also good for the society, through a partnership with Gerando Falcões project. We believe that Localiza Meoo will allow Localiza to open an important growth avenue.

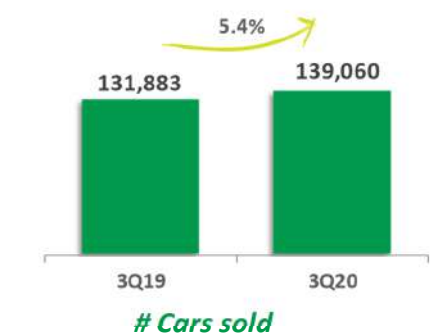
This quarter we also announced the intention to combine our business with Unidas and bring together the best of both companies, increasing individual and corporate access to car rentals and providing the best solutions and experiences to our customers. We remind you that the conclusion of the transaction is subject to approval by the shareholders of both companies at their respective meetings, on November 12, and by CADE.

Our role and commitment with citizenship is vibrant and pulsing in contributing to the transformation of our society. Experiencing another milestone in the subject, we launched the Diversity and Inclusion Program, building an environment where our employees can be and express themselves as they are. We also announced a partnership for the development of a clinical study with the aim of testing the COVAXX vaccine. We were honored to be recognized first in the Época 360º ranking, as the company with the best Corporate Governance in the service sector. We also won, through the Fleet Rental division, the Ecovadis Gold Seal (Selo Ouro Ecovadis), which reinforces our work in defense of sustainable development. Within our evolution process, we started studies to neutralize carbon emissions and became institutional partners of the Ethos Institute's Climate Commitment (Compromisso com o Clima do Instituto Ethos).

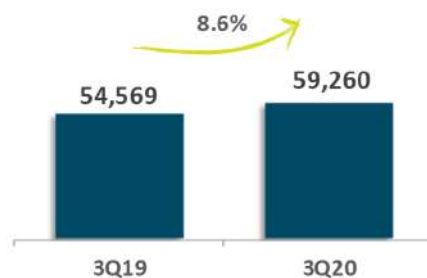
We will continue, with boldness and protagonism, developing new opportunities for growth and value generation.

3Q20 OPERATING HIGHLIGHT

Average rented fleet – Car Rental



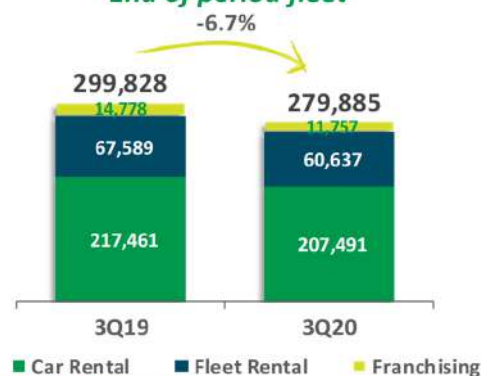
Average rented fleet – Fleet Rental



Cars sold

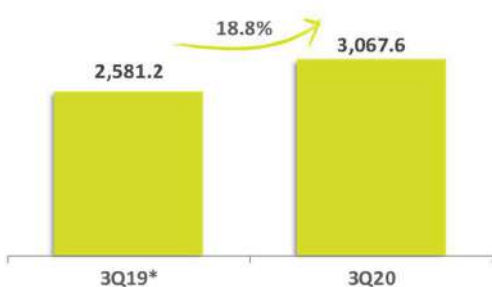


End of period fleet

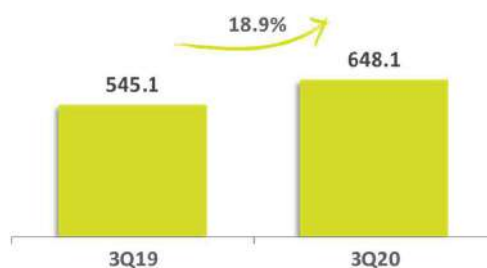


3Q20 FINANCIAL HIGHLIGHT

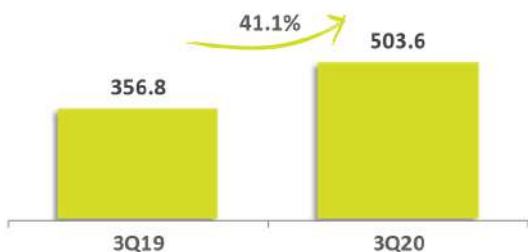
Net revenues (R\$ millions)



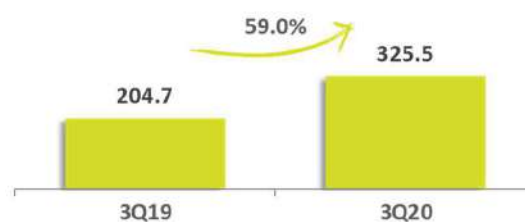
EBITDA (R\$ millions)



EBIT (R\$ millions)



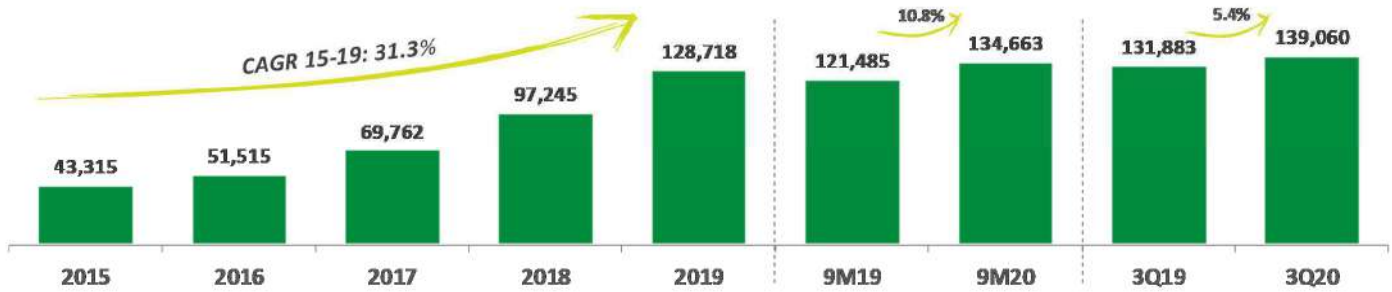
Net Income (R\$ millions)



(*) GAAP number including the effects of the reclassification of PIS and COFINS credits for the period

1 - Rent a Car

Average rented fleet



Net revenues (R\$ million)



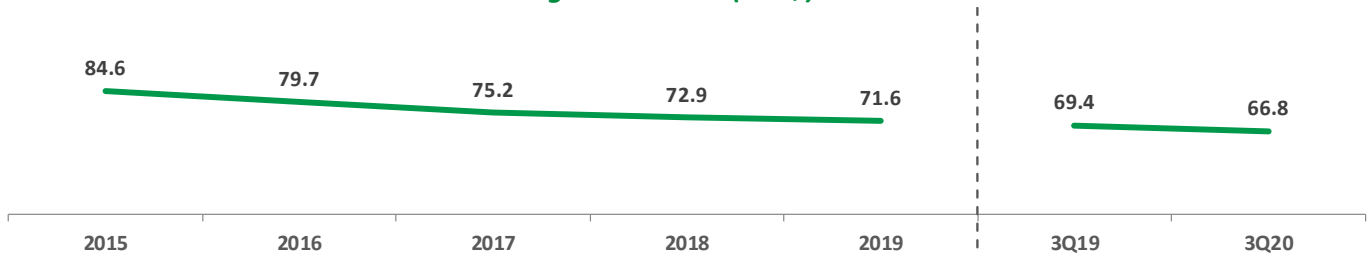
(*) Excluding the effects of the reclassification of PIS and COFINS credits
 (***) GAAP number including the reclassification of PIS and COFINS credits for the period

In 3Q20, the **Car Rental** division's average rented fleet increased 5.4% versus 3Q19. In the same period, net revenues reduced 0.3% due to the 3.8% decrease in the average rental rate, which has been recovering consistently.

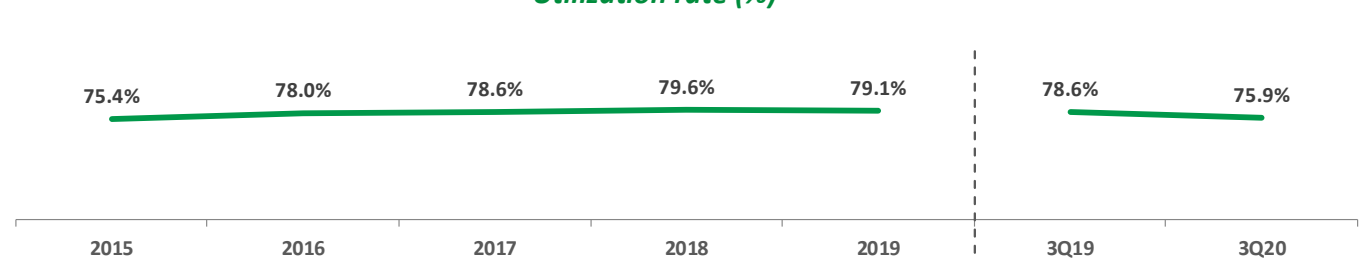
In 9M20, there was an increase of 10.8% in the average rented fleet and a decrease of 0.5% in the revenue of this division, due to the 9.9% decrease in the average rental rate, impacted in 2Q20 by the pandemic.

After the initial impacts of mobility restrictions, we started to gradually reduce discount levels over 2Q20 and by the end of July we had already returned to pre-pandemic price levels in all segments. With the recovery of the volumes, the utilization rate increased over the quarter, reaching more than 80.0% in September.

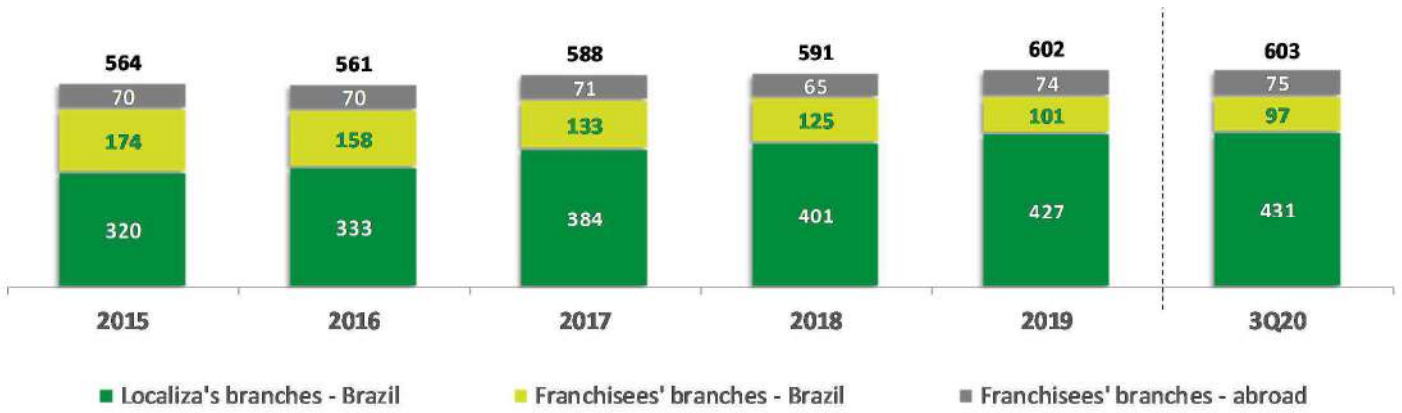
Average rental rate (in R\$)



Utilization rate (%)



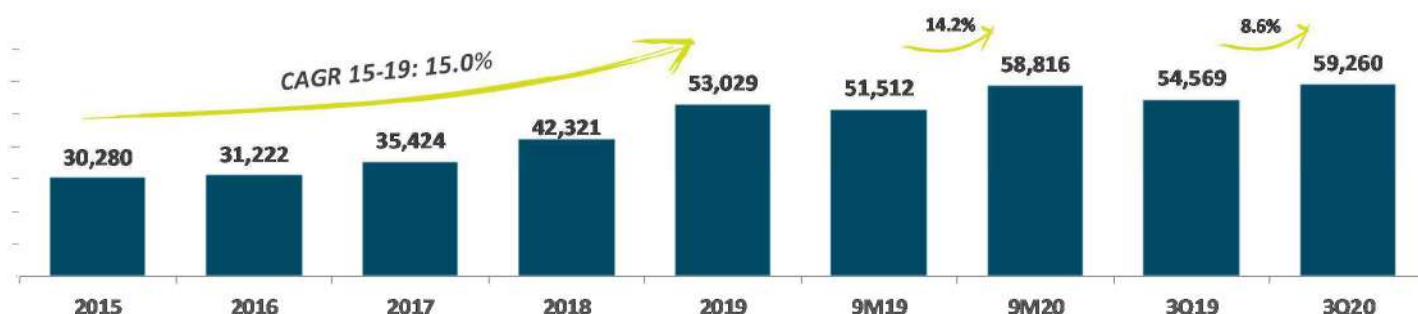
1.1 - Distribution network



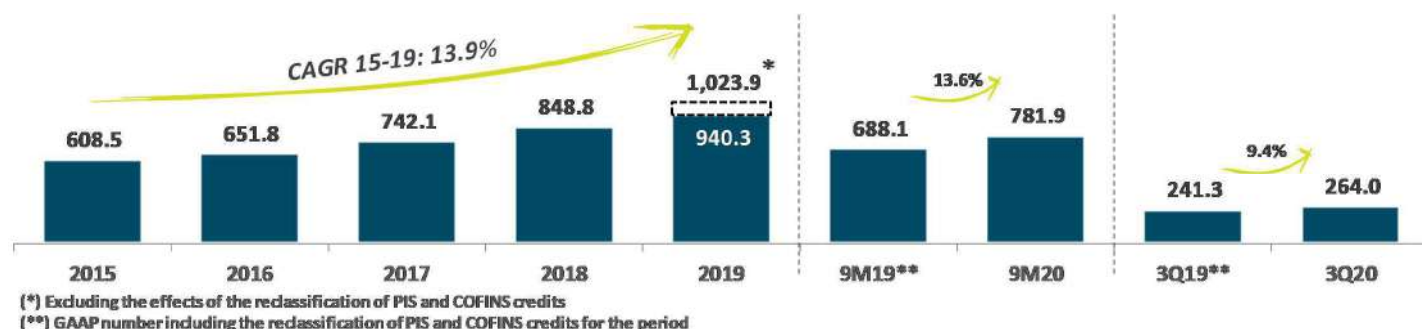
Localiza ended the 3Q20 with 603 rental locations, being 528 in Brazil and 75 in 5 other South American countries.

2 – Fleet Rental

Average rented fleet



Net revenues (R\$ million)



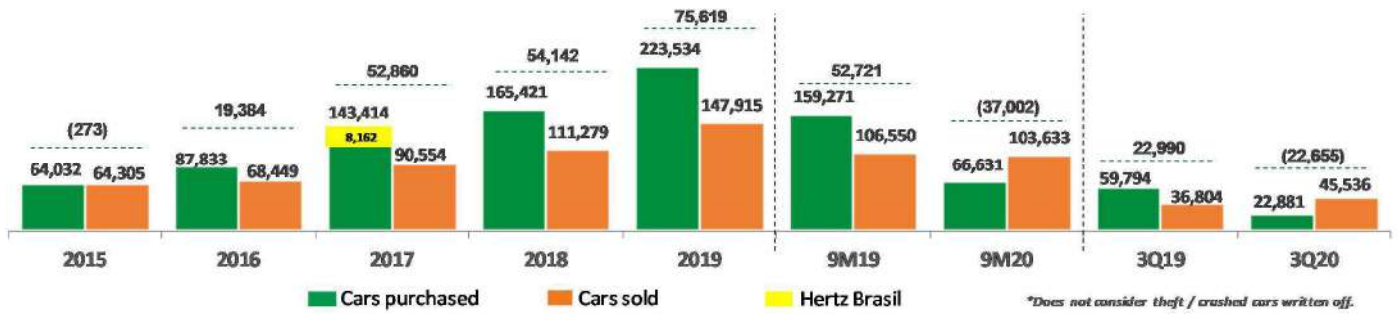
In 3Q20, **Fleet Rental** division registered 8.6% increase in the average rented fleet and 9.4% in net revenues, compared to the same period of the prior year, with the average rental rate practically stable YoY. In 9M20, there was an increase of 14.2% in the average rented fleet and 13.6% in the revenue of this division.

At the end of the quarter we announced the launch of Localiza Meoo, our long-term subscription car solution, creating a new lever for Company's growth.

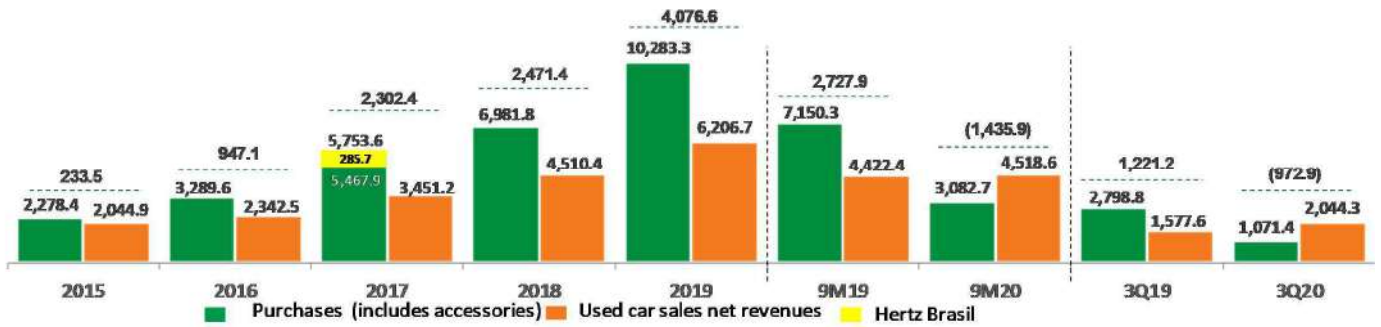
3 - Fleet

3.1 – Net investment in the fleet

Car purchase and sales (quantity*)

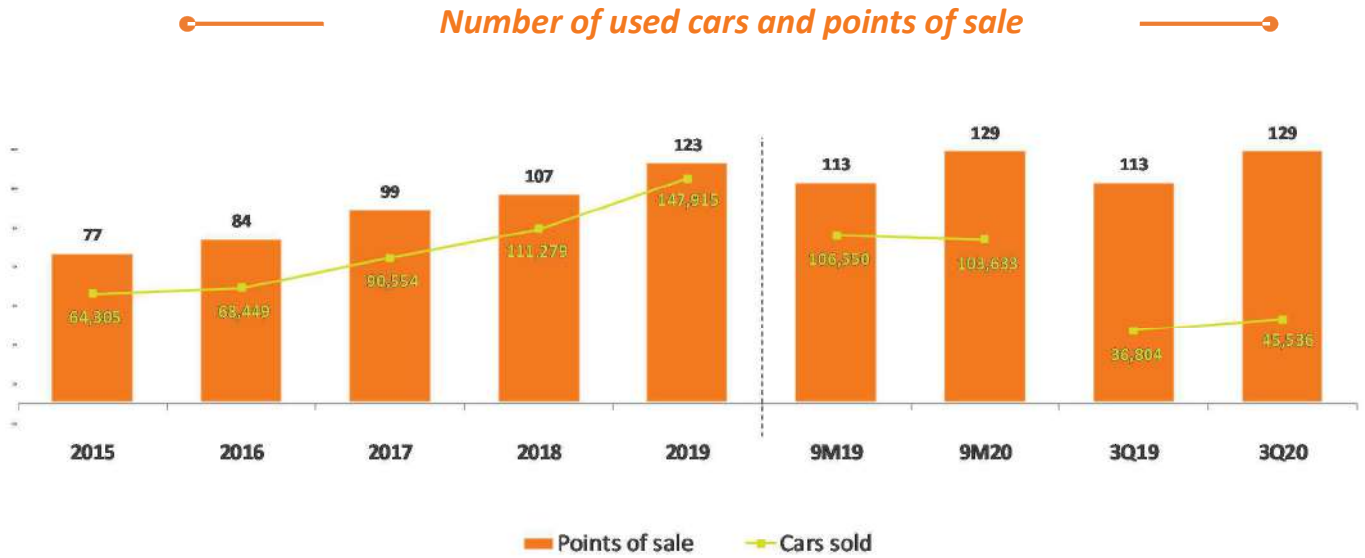


Net investment in fleet (R\$ million)



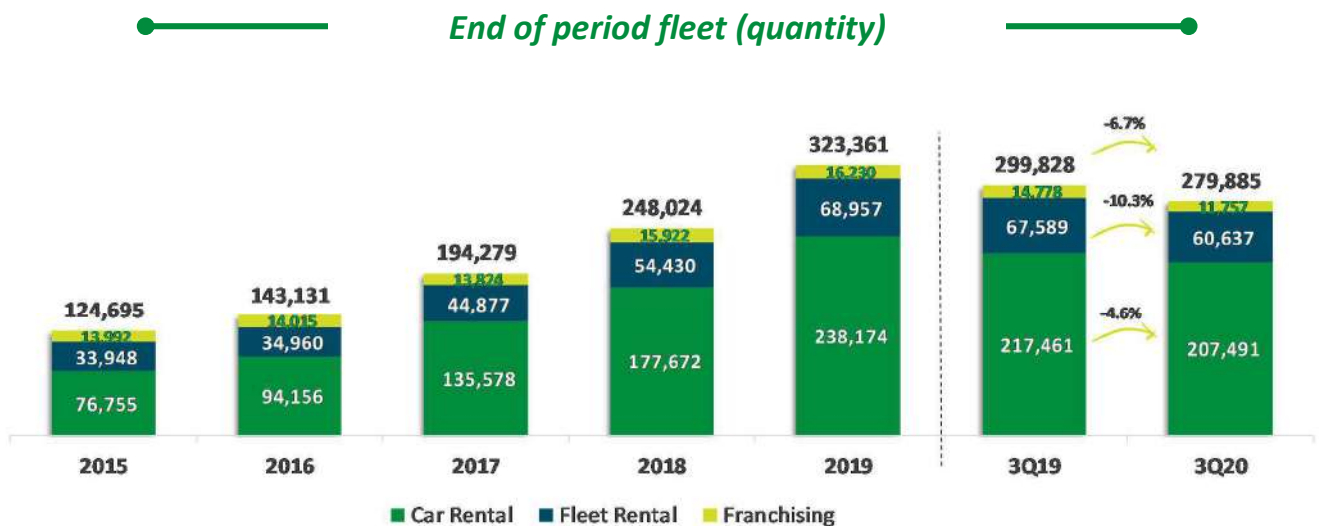
In 3Q20, 45,536 cars were sold and 22,881 were purchased, resulting in a reduction of 22,655 cars in the fleet and cash generation of R\$972.9 million, before the change in supplier payables balance.

4 – Seminovos – Number of points of sale



We ended the quarter with 129 **Seminovos** stores, 4 more than 2Q20, in 88 cities in Brazil. Volumes have returned to pre-pandemic levels, contributing to a reduction in cost of sales per car.

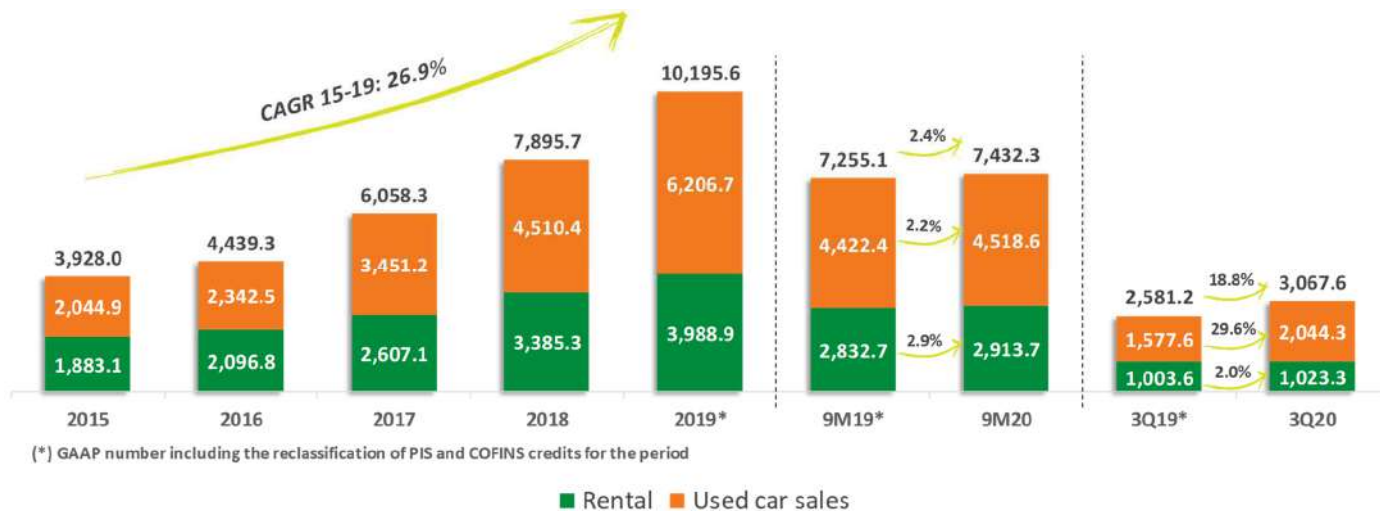
5 – End of period fleet



Localiza System (including franchisees) has 279,885 cars, representing a decrease of 6.7% over the same period the previous year and a 13.4% reduction compared to the end of 2019. The adjustment in the size of the fleet targeted at bringing utilization rate to normal levels, in the pandemic context.

6 – Net revenues - consolidated

Consolidated net revenues (R\$ million)

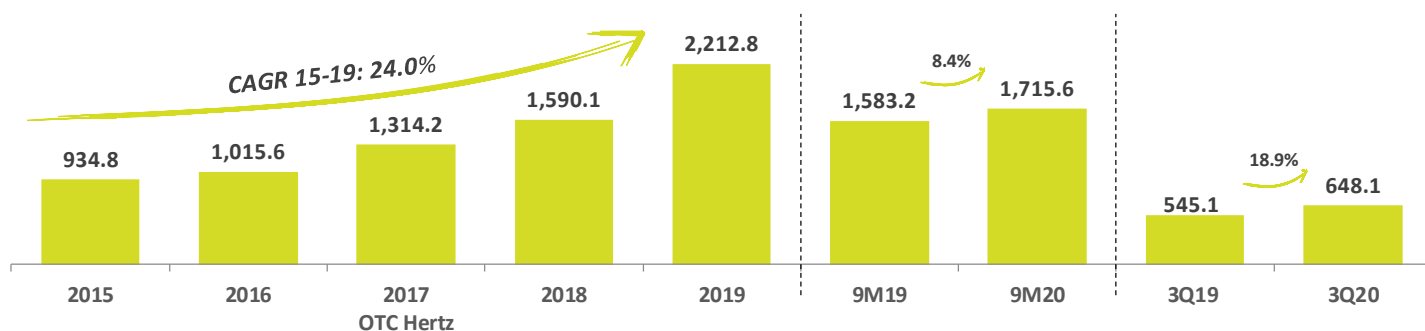


In 3Q20, consolidated net revenues increased 18.8%. Compared to 3Q19, net rental revenues increased 2.0%, with a 0.3% reduction in the **Car Rental** division and a 9.4% growth in the **Fleet Rental** division. **Seminovos** net revenues in 3Q20 increased 29.6%, compared to the same period last year, due to a 23.7% increase in the volumes of cars sold.

In 9M20, consolidated net revenues increased 2.4% when compared to 9M19. Net rental revenues increased by 2.9%, with a 0.5% decrease in the **Car Rental** division and a 13.6% increase in the **Fleet Rental** division. **Seminovos** net revenues in 9M20 increased 2.2% when compared to the same period of the previous year, with a 2.7% reduction in the volumes of cars sold, due to the closing of stores in the most critical period of the pandemic between March and April this year, and the gradual recovery from the end of April.

7 - EBITDA

Consolidated EBITDA (R\$ million)



EBITDA margin:

	2015	2016	2017*	2018	2019**	9M19**	9M20	3Q19**	3Q20
Car Rental	31.8%	32.3%	34.9%	35.9%	45.5%	45.2%	47.3%	43.0%	42.9%
Fleet Rental	62.2%	64.5%	61.9%	64.0%	67.7%	67.9%	75.1%	66.2%	73.4%
Rental Consolidated	41.7%	42.3%	42.6%	43.0%	50.9%	50.8%	54.7%	48.7%	50.8%
Used Car Sales	7.3%	5.5%	5.9%	3.0%	3.0%	3.2%	2.7%	3.6%	6.3%

(*) 2017 adjusted by the one-time costs incurred (OTC) - Hertz Brasil acquisition and Franchisees incorporation

(**) EBITDA margin calculated based on the GAAP number including the reclassification of PIS and COFINS credits for the period, in the Car Rental and Fleet Rental divisions

In 3Q20, consolidated EBITDA totaled R\$648.1 million, 18.9% higher than the same period of the previous year.

The EBITDA in this quarter resulted specially from the volume recovery of **Car Rental** and **Seminovos**, and the **Fleet Rental** resiliency, combined with an efficient management of costs and expenses reinforced through the pandemic period, which allowed a consistent rebalancing of margins.

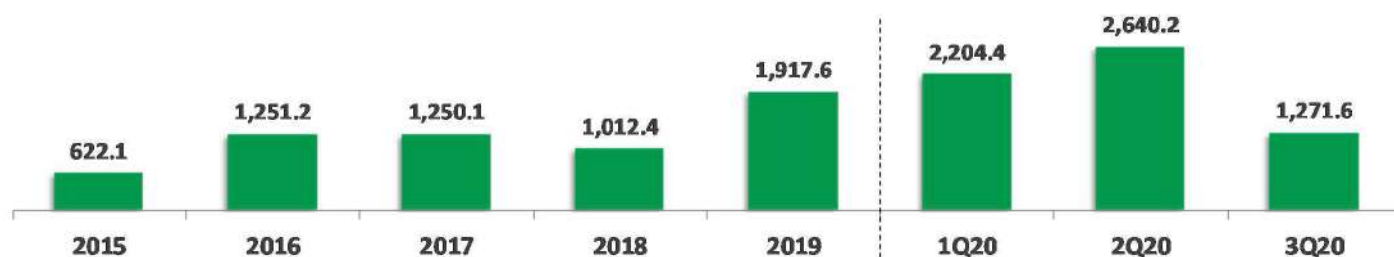
In the **Car Rental** division, the EBITDA margin was 42.9% in 3Q20, a decrease of 0.1p.p. compared to 3Q19. In the 3Q20 there was R\$4.1 million of expenses related to the announced business combination operation with Unidas.

In the **Fleet Rental** division, the EBITDA margin was 73.4% in 3Q20, an increase of 7.2p.p. when compared to 3Q19.

Seminovos EBITDA margin was 6.3% in 3Q20, reflecting the increase in car price and selling costs dilution, as volumes were recovering.

8 - Depreciation

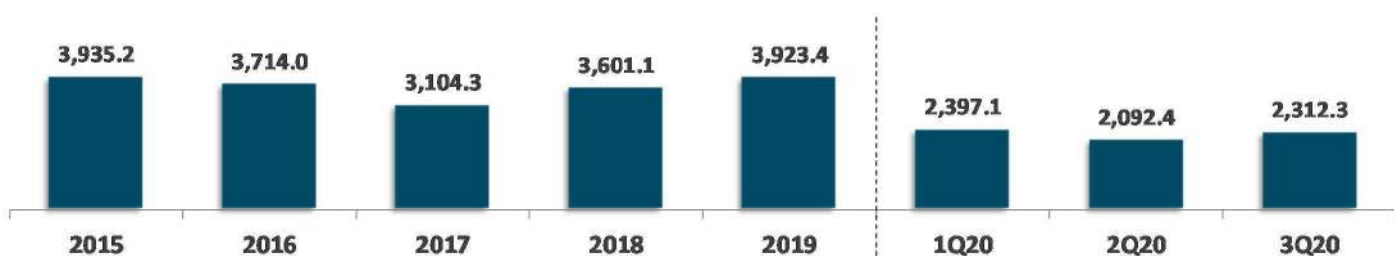
8.1 – Average annualized depreciation per car (R\$) - Rent a Car



Depreciation is calculated by the difference between the purchase price of the car and the estimated selling price at the end of its useful life, net of estimated costs and expenses to sell.

In 3Q20, the Company observed growing market price for new and used cars, reflecting in the estimated selling price. In addition, the higher sales volume contributed to the reduction in costs per car sold. As a result, we recognize lower depreciation per car.

8.2 – Average annualized depreciation per car (R\$) - Fleet Rental

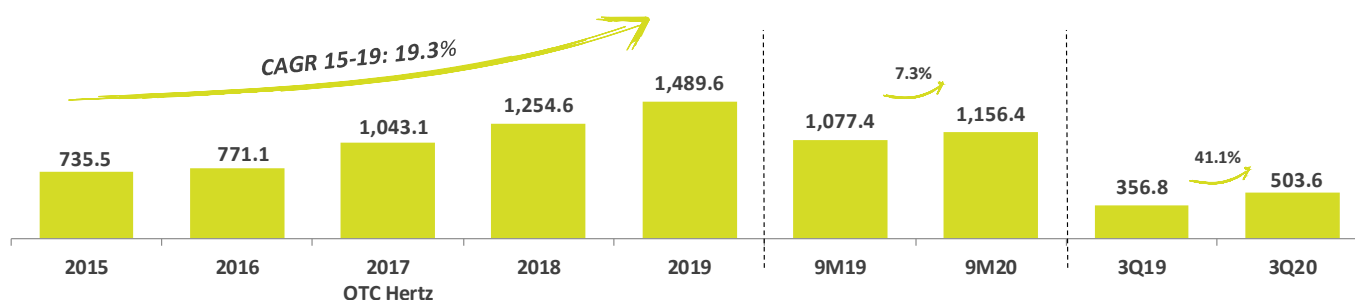


In the **Fleet Rental** division, the average depreciation per car in 3Q20 was R\$2,312.3. We remind you that since 1Q20 we have changed the depreciation method from SOYD to linear. In the transition period, the average depreciation is benefited due to the cars that were already 100% depreciated before the end of their operational life and the entry of new cars with lower depreciation in the first year, compared to the SOYD method⁽¹⁾.

⁽¹⁾ SOYD: Sum-of-the-Years'-Digits – method of calculating depreciation by adding the sum of the years' digits.

9 - EBIT

Consolidated EBIT (R\$ million)



EBIT margins include used car sales results, but is calculated over the rental revenues:

	2015	2016	2017*	2018	2019**	9M19**	9M20	3Q19**	3Q20
Car Rental	34.3%	30.2%	35.5%	33.2%	33.6%	34.2%	29.5%	30.8%	40.8%
Fleet Rental	48.9%	51.2%	51.4%	48.6%	49.1%	49.4%	67.4%	50.1%	73.4%
Consolidated	39.1%	36.8%	40.0%	37.1%	37.3%	38.0%	39.7%	35.6%	49.2%

(*) 2017 adjusted by the one-time costs (OTC) incurred - Hertz Brasil acquisition and Franchisees incorporation

(**) EBIT margin calculated based on the GAAP number including the reclassification of PIS and COFINS credits for the period

Consolidated EBIT in 3Q20 totaled R\$503.6 million, representing an increase of 41.1% compared to 3Q19.

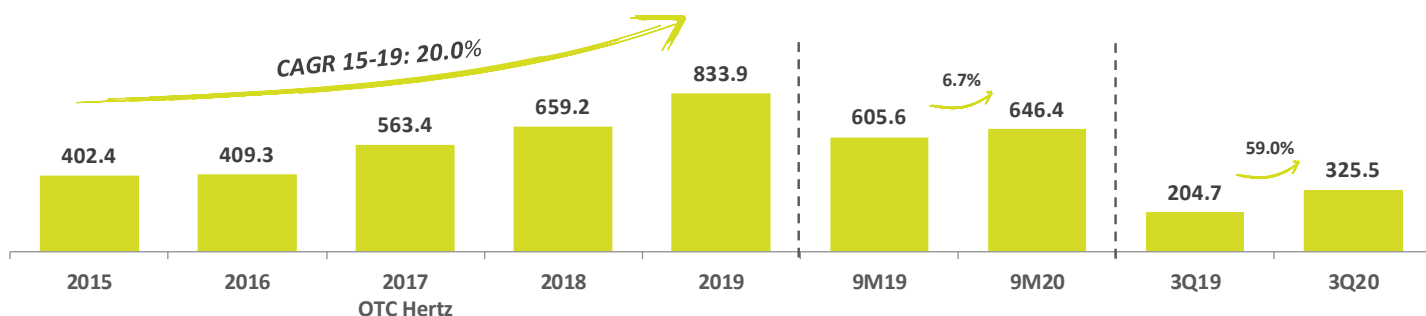
In 3Q20, the EBIT margin of the **Car Rental** division, was 40.8%, representing an increase of 10.0p.p. compared to 3Q19, due to lower average depreciation per car and **Seminovos** results.

In the **Fleet Rental** division, the EBIT margin totaled 73.4%, an increase of 23.3p.p. compared to 3Q19. The improvement in the margin in this division is due to the increase in EBITDA and the reduction in the average depreciation per car, as a result of the change in the depreciation method from SOYD⁽¹⁾ to straight-line, and the increase in car prices.

⁽¹⁾ SOYD: Sum-of-the-Years'-Digits – method of calculating depreciation by adding the sum of the years' digits.

10 - Consolidated net income

Consolidated net income (R\$ million)



Reconciliation EBITDA x Net income	2015	2016	2017*	2018	2019	9M19	9M20	Var. R\$	Var. %	3Q19	3Q20	Var. R\$	Var. %
Consolidated EBITDA	934.8	1,015.6	1,314.2	1,590.1	2,212.8	1,583.2	1,715.6	132.4	8.4%	545.1	648.1	103.0	18.9%
Cars depreciation	(163.6)	(206.3)	(232.0)	(291.6)	(551.5)	(380.2)	(415.7)	(35.5)	9.3%	(145.2)	(95.0)	50.2	-34.6%
Other property depreciation and amortization	(35.7)	(38.2)	(39.1)	(43.9)	(171.7)	(125.6)	(143.5)	(17.9)	14.3%	(43.1)	(49.5)	(6.4)	14.8%
EBIT	735.5	771.1	1,043.1	1,254.6	1,489.6	1,077.4	1,156.4	79.0	7.3%	356.8	503.6	146.8	41.1%
Financial expenses, net	(202.7)	(243.5)	(315.0)	(368.9)	(409.8)	(297.2)	(309.4)	(12.2)	4.1%	(94.2)	(54.5)	39.7	-42.1%
Income tax and social contribution	(130.4)	(118.3)	(164.7)	(226.5)	(245.9)	(174.6)	(200.6)	(26.0)	14.9%	(57.9)	(123.6)	(65.7)	113.5%
Net income of the period	402.4	409.3	563.4	659.2	833.9	605.6	646.4	40.8	6.7%	204.7	325.5	120.8	59.0%

(*) 2017 adjusted by the one-time costs (OTC) - incurred Hertz Brasil acquisition and Franchisees incorporation

Net income in 3Q20 was R\$325.5 million, representing an increase of 59.0% over 3Q19, as a result of:

- (+) R\$103.0 million increase in EBITDA, with volumes and prices recovery in **Car Rental** and **Seminovos**;
- (+) R\$43.8 million reduction in depreciation, positively impacted by the increase in car prices;
- (+) R\$39.7 million lower net financial expenses, mainly due to lower interest rate, in addition to the positive mark-to-market of swap contracts and discounts obtained in the debenture repurchase program; and
- (-) R\$65.7 million increase in income tax and social contribution, due to the higher taxable profit.

The composition of net income by rental and sales is shown below:

	2015	2016	2017*	2018	2019	9M19	9M20	3Q19	3Q20
Car Rental + franchising	292.5	346.5	483.5	642.0	959.5	670.7	653.6	226.7	206.6
Fleet Rental	285.7	325.8	351.0	401.4	489.8	361.5	402.9	123.8	139.0
Used Car Sales	(175.8)	(263.0)	(271.1)	(384.2)	(615.4)	(426.6)	(410.1)	(145.8)	(20.1)
Consolidated	402.4	409.3	563.4	659.2	833.9	605.6	646.4	204.7	325.5

(*) 2017 adjusted by the one-time costs incurred - Hertz Brasil acquisition and Franchises in incorporation.

11 – Free cash flow (FCF)

Free cash flow - R\$ million		2015	2016	2017	2018	2019	9M20
Operations	EBITDA	934.8	1,015.7	1,314.2 ^(*)	1,590.1	2,212.8	1,715.6
	Used car sale revenue, net from taxes	(2,044.9)	(2,342.6)	(3,451.2)	(4,510.4)	(6,206.7)	(4,518.6)
	Depreciated cost of cars sold	1,769.1	2,102.5	3,106.6	4,198.5	5,863.6	4,240.5
	(-) Income tax and social contribution	(110.7)	(93.3)	(108.3)	(131.2)	(146.1)	(142.9)
	Change in working capital	(30.0)	(40.8)	(47.9)	(117.4)	(268.9)	(114.1)
	Cash generated by rental operations	518.3	641.5	813.4	1,029.6	1,454.7	1,180.5
Capex - renewal	Used car sale revenue, net from taxes – fleet renewal	2,036.3	2,342.6	3,451.2	4,510.4	6,206.7	2,905.6
	Fleet renewal investment	(2,278.4)	(2,563.6)	(3,660.9)	(4,696.7)	(6,804.6)	(3,082.7)
	Change in accounts payable to car suppliers for fleet renewal	(25.4)	219.8	227.6	250.1	468.7	(529.3)
	Net investment for fleet renewal	(267.5)	(1.2)	17.9	63.8	(129.2)	(706.4)
	Fleet renewal – quantity	64,032	68,449	90,554	111,279	147,915	66,631
	Investment, property and intangible	(29.7)	(40.9)	(28.8)	(42.8)	(70.0)	(56.2)
	Free cash flow from operations, before growth	221.1	599.4	802.5	1,050.6	1,255.5	417.9
Capex - Growth	(Investment) / Divestment in cars for fleet growth	8.6	(726.0)	(1,807.0)	(2,285.1)	(3,478.7)	1,613.0
	Change in accounts payable to car suppliers for fleet growth	(23.9)	26.8	168.7	509.4	23.6	(943.4)
	Acquisition of Hertz and franchisees (fleet value)	-	-	(285.7)	-	(105.5)	-
	Net investment for fleet growth	(15.3)	(699.2)	(1,924.0)	(1,775.7)	(3,560.6)	669.6
	Fleet increase / (reduction) – quantity	(273)	19,384	52,860	54,142	75,619	(37,002)
	Free cash flow after growth	205.8	(99.8)	(1,121.5)	(725.1)	(2,305.0)	1,087.5
Capex - non-recurring	Acquisitions and franchisees acquisition- except fleet value	-	-	(121.5)	-	(18.2)	(7.9)
	New headquarters construction and furniture	(30.7)	(85.7)	(146.2)	-	-	-
	Free cash generated before the cash effects of discounts and anticipation of payables to suppliers	175.1	(185.5)	(1,389.2)	(725.1)	(2,323.2)	1,079.6
	Cash effects of receivables and anticipation of payables to suppliers (**)	(71.9)	98.0	88.3	(113.2)	(131.8)	(41.6)
	Free cash flow before interest	103.2	(87.5)	(1,300.9)	(838.3)	(2,455.0)	1,038.0

In the free cash flow, short-term financial assets were considered as cash.

(*) 2017 adjusted by one-time costs incurred - Hertz Brasil acquisition and franchisees incorporation.

(**) Discount of credit card receivables and anticipation of accounts payable were demonstrated in a different line so that the Free Cash Flow From Operations considered only the contractual terms, reflecting the Company's operation.

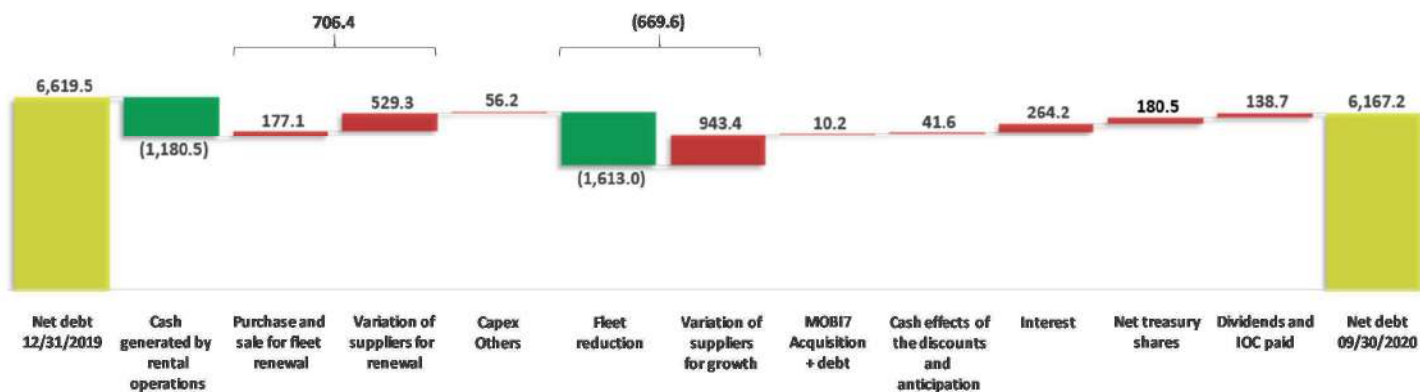
In 9M20, the Company generated R\$417.9 million in cash before growth, due to the generation of R\$1,180.5 million by the rental activities, partially offset by the consumption of R\$706.4 million for fleet renewal and reduction in the OEM's account.

In addition, the Company generated another R\$669.6 million with the fleet reduction, already net of the payment for car purchases made in previous quarters.

The balance of the OEM's account payable, which ended 2019 with at R\$2,407.5 million, was reduced in 3Q20 to R\$856.6 million.

12 – Net debt

12.1 – Change in net debt – R\$ million

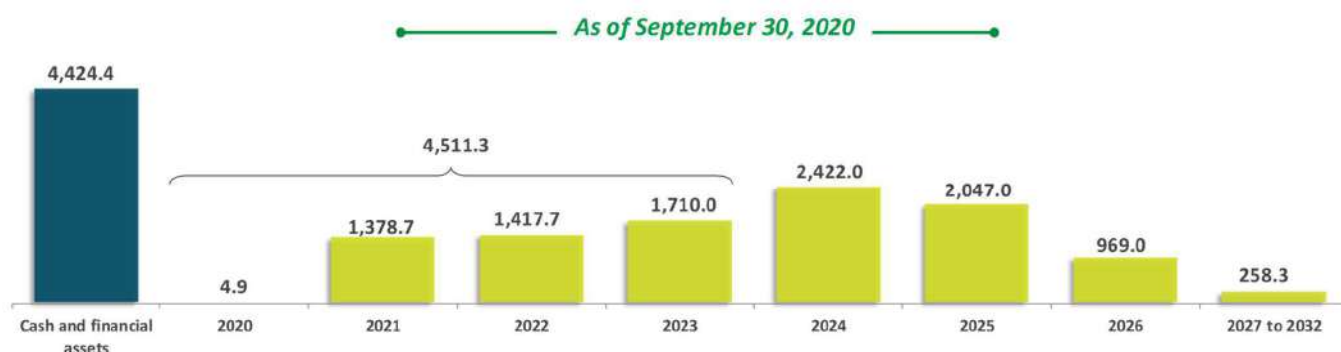


On 09/30/2020, net debt totaled R\$6,167.2 million, a decrease of 6.8%, or R\$452.3 million, mainly due to the cash generated by the rental activities and the reduction of the fleet, partially offset by the reduction in the balances payable to suppliers.

12.2 – Debt maturity profile – R\$ million

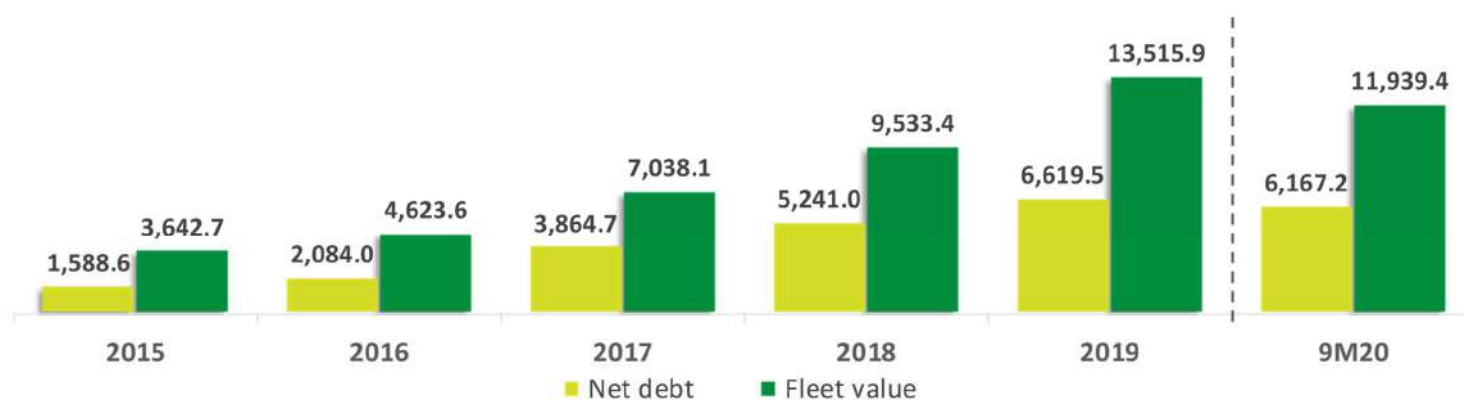
Debt	Issuance	Contract rate	2020	2021	2022	2023	2024	2025 to 2032	Total
Debentures 11th Issuance	12/12/2016	111.50% CDI	-	-	464.3	-	-	-	464.3
Debentures 12th Issuance	5/15/2017	107.25% CDI	-	-	-	-	700.0	-	700.0
Debentures 13th Issuance - 1st serie	12/15/2017	109.35% CDI	-	-	429.4	429.4	-	-	858.8
Debentures 13th Issuance - 2nd serie	12/15/2017	111.30% CDI	-	-	-	-	99.7	99.7	199.4
Debentures 14th Issuance - 1st serie	9/18/2018	107.90% CDI	-	-	-	-	200.0	-	200.0
Debentures 14th Issuance - 2nd serie	9/18/2018	112.32% CDI	-	-	-	-	115.7	431.3	547.0
Debentures 15th Issuance	4/15/2019	107.25% CDI	-	-	-	-	-	789.8	789.8
Debentures 16th Issuance	11/29/2019	CDI + 1.05%	-	-	-	-	333.3	666.7	1,000.0
Debentures 5th Issuance of Localiza Fleet	7/31/2018	112.00% CDI	-	-	-	-	-	300.0	300.0
Debentures 6th Issuance of Localiza Fleet	12/21/2018	110.40% CDI	-	-	-	-	400.0	-	400.0
Debentures 7th Issuance of Localiza Fleet	7/29/2019	109.00% CDI	-	-	-	100.0	100.0	100.0	300.0
Debentures 8th Issuance of Localiza Fleet	-	CDI + 1.00%	-	-	-	333.3	333.3	333.3	999.9
Promissory Notes - 7th Issuance	9/24/2019	108.00% CDI	-	500.0	-	-	-	-	500.0
Foreign currency loan with swap	-	Several	-	773.1	215.0	465.0	-	250.0	1,703.1
Real State Receivables Certificate (CRI)	2/26/2018	99.00% CDI	4.3	5.6	9.0	12.3	15.0	303.5	349.7
Working Capital / Others	-	Several	0.6	100.0	300.0	370.0	125.0	-	895.6
Interest accrued	-	-	384.0	-	-	-	-	-	384.0
Cash and cash equivalents on 09/30/2020	-	-	(4,424.4)	-	-	-	-	-	(4,424.4)
Net debt	-	-	(4,035.5)	1,378.7	1,417.7	1,710.0	2,422.0	3,274.3	6,167.2

12.3 – Debt profile – R\$ million



Operating cash generation and fleet reduction in the quarter contributed to the strengthening of the Company's cash position, which ended 3Q20 at R\$ 4,424.4 million, almost equivalent to the entire debt balance due by 2023.

12.4 – Debt ratios – R\$ million

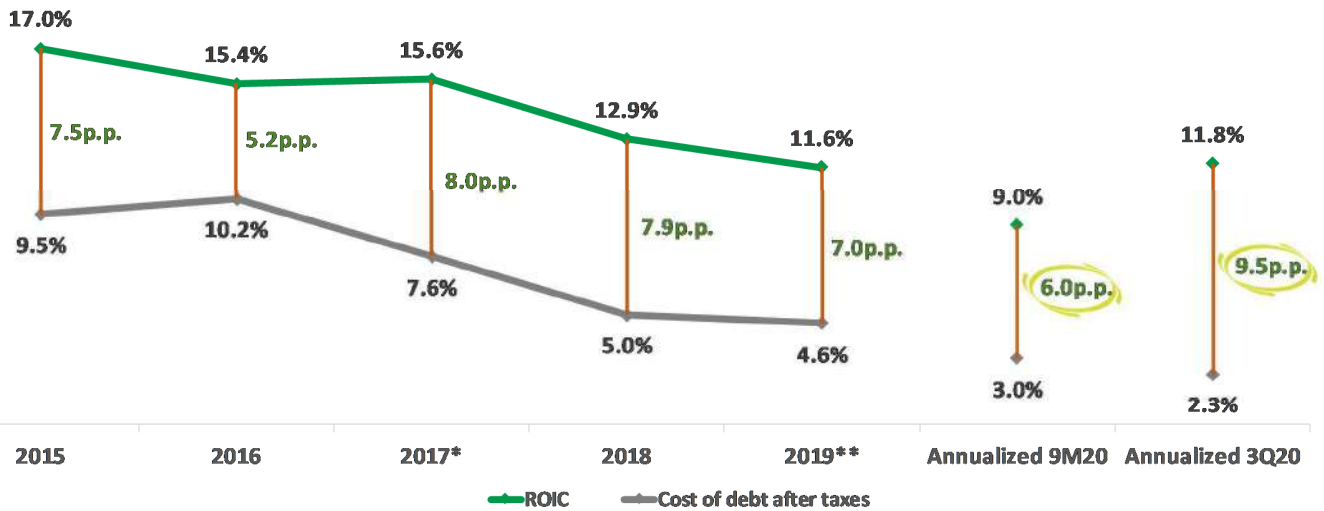


BALANCE AT THE END OF PERIOD	2015	2016	2017	2018	2019	9M20
Net debt/Fleet value	44%	45%	55%	55%	49%	52%
Net debt/ annualized EBITDA	1.7x	2.1x	2.9x	3.3x	3.0x	2.7x
Net debt/Equity	0.8x	0.9x	1.5x	1.7x	1.2x	1.1x
EBITDA/Net financial expenses	4.6x	4.2x	4.2x	4.3x	5.4x	5.5x

The lower volume of car purchases added to the strong cash generation in the rental and sale of used cars, resulted in a reduction of the Company's leverage level throughout the quarter.

For the purpose of covenants, we ended the quarter with a Net Debt / LTM EBITDA ratio of 2.6x.

13 – Spread (ROIC minus cost of debt after taxes)



ROIC considered each year's effective income tax and social contribution rate

* 2017 adjusted by the one-time costs (OTC) incurred Hertz Brasil acquisition and Franchisees incorporation

** ROIC including the reclassification of PIS and COFINS credits for the period

STRONG VALUE GENERATION, EVEN IN AN EXTREMELY ADVERSE SCENARIO

14 – Dividends and interest on capital (IOC)

2019 interest on capital were approved as follow:

Nature	Reference period	Approval date	Shareholding position date	Payment date	Gross amount (R\$ million)	Gross amount per Share(*) (R\$)
IOC	2019	03/21/2019	03/26/2019	05/20/2019	69.2	0.091823
IOC	2019	06/18/2019	06/24/2019	08/16/2019	75.5	0.099983
IOC	2019	09/04/2019	09/09/2019	11/08/2019	74.6	0.098744
IOC	2019	12/12/2019	12/17/2019	02/14/2020	71.8	0.094993
				Total	291.1	

(*) Adjusted by the share bonus approved in the Board of Directors meeting held on 12/12/2019.

2020 interest on capital were approved as follow:

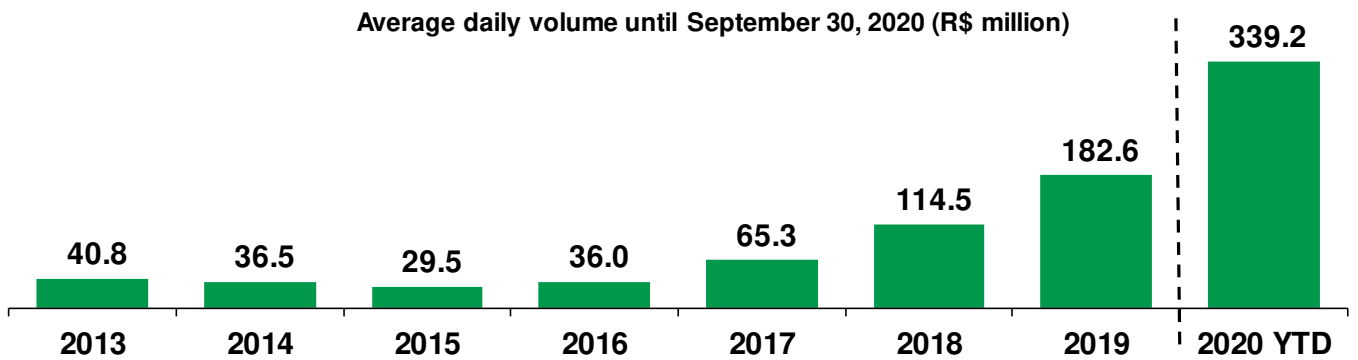
Nature	Reference period	Approval date	Shareholding position date	Payment date	Gross amount (R\$ million)	Gross amount per Share (R\$)
IOC	2020	03/10/2020	03/13/2020	09/15/2020	67.0	0.089006
IOC	2020	06/18/2020	06/23/2020	10/15/2020	64.8	0.086217
IOC	2020	09/04/2020	09/10/2020	11/05/2020	65.6	0.087345
				Total	197.4	

15 – RENT3

Up to September 30, 2020, the average daily traded volume of RENT3 was R\$339.2 million, 85.8% higher than the average volume of 2019.

Under the ADR level I program, the Company had 6,906,248 ADRs as of September 30, 2020.

Since January 2020, Localiza integrates the Carbon Efficiency Index, ICO2.



16.3 – Table 3 – Franchising – R\$ million

FRANCHISING RESULTS	2015	2016	2017	2018	2019 without IFRS 16 and without reclassification of PIS/COFINS credits	Var.	2019	9M19 with reclassification of PIS/COFINS credits	9M20	Var.	3Q19 with reclassification of PIS/COFINS credits	3Q20	Var.
Gross revenues	17.8	18.0	17.6	18.1	21.8	20.4%	21.8	16.5	13.2	-20.0%	4.9	4.2	-14.3%
Taxes on revenues (*)	(1.2)	(1.0)	(1.1)	(1.0)	(1.0)	0.0%	(1.0)	(0.7)	(0.6)	-14.3%	(0.2)	(0.2)	0.0%
Net revenues	16.6	17.0	16.5	17.1	20.8	21.6%	20.8	15.8	12.6	-20.3%	4.7	4.0	-14.9%
Costs	(9.2)	(9.7)	(8.9)	(9.6)	(8.3)	-13.5%	(6.5)	(4.9)	(5.8)	18.4%	(1.3)	(1.8)	38.5%
Gross profit	7.4	7.3	7.6	7.5	12.5	66.7%	14.3	10.9	6.8	-37.6%	3.4	2.2	-35.3%
Operating expenses (SG&A)	(0.6)	(1.5)	(1.8)	(0.5)	(0.4)	-20.0%	(0.4)	(0.4)	(1.0)	150.0%	(0.2)	(0.4)	100.0%
Other assets depreciation and amortization	(0.4)	(0.5)	(0.6)	(0.5)	(0.3)	-40.0%	(2.1)	(1.7)	(1.2)	-29.4%	(0.5)	(0.4)	-20.0%
Operating profit before financial results and taxes (EBIT)	6.4	5.3	5.2	6.5	11.8	81.5%	11.8	8.8	4.6	-47.7%	2.7	1.4	-48.1%
Financial expenses, net	1.6	2.1	1.8	1.3	0.5	-61.5%	0.5	0.4	(0.1)	-125.0%	(0.4)	-	-100.0%
Income tax and social contribution	(1.3)	(1.5)	(1.2)	(1.2)	(2.8)	133.3%	(2.6)	(2.0)	(1.6)	-20.0%	(0.4)	(0.5)	25.0%
Net income for the period	6.7	5.9	5.8	6.6	9.5	43.9%	9.7	7.2	2.9	-59.7%	1.9	0.9	-52.6%
Net Margin	40.4%	34.7%	35.2%	38.6%	45.7%	7.1 p.p.	46.6%	45.6%	23.0%	-22.6 p.p.	40.4%	22.5%	-17.9 p.p.
EBITDA	6.8	5.8	5.8	7.0	12.1	72.9%	13.9	10.5	5.8	-44.8%	3.2	1.8	-43.8%
EBITDAMargin	41.0%	34.1%	35.2%	40.9%	58.2%	17.3 p.p.	66.8%	66.5%	46.0%	-20.5 p.p.	68.1%	45.0%	-23.1 p.p.

(*) In 4Q19, PIS and COFINS credits were reclassified, which were recorded as credits in the rental income tax line and started to be recorded in the rental cost line.

16.5 – Table 5 – Operating data

SELECTED OPERATING DATA	2015	2016	2017	2018	2019	Var.	9M19	9M20	Var.	3Q19	3Q20	Var.
Average operating fleet:												
Car Rental	62,513	70,185	94,194	130,058	173,649	33.5%	164,346	203,062	23.6%	178,868	192,745	7.8%
Fleet Rental	31,676	31,908	36,804	44,404	55,726	25.5%	53,858	60,396	12.1%	57,350	58,310	1.7%
Total	94,189	102,093	130,998	174,462	229,375	31.5%	218,204	263,458	20.7%	236,218	251,055	6.3%
Average rented fleet:												
Car Rental	43,315	51,515	69,762	97,245	128,718	32.4%	121,485	134,663	10.8%	131,883	139,060	5.4%
Fleet Rental	30,280	31,222	35,424	42,321	53,029	25.3%	51,512	58,816	14.2%	54,569	59,260	8.6%
Total	73,595	82,737	105,186	139,566	181,747	30.2%	172,997	193,479	11.8%	186,452	198,320	6.4%
Average age of operating fleet (months)												
Car Rental	7.4	7.9	6.5	7.2	7.0	-2.8%	7.1	9.4	32.4%	6.8	11.2	64.7%
Fleet Rental	16.7	18.0	18.1	15.1	15.1	0.0%	15.2	16.8	10.5%	15.1	18.2	20.5%
Average age of total operating fleet	10.6	11.0	9.8	9.3	9.0	-3.2%	9.1	11.1	22.0%	8.9	12.9	44.9%
Fleet at end of period:												
Car Rental	76,755	94,156	135,578	177,672	238,174	34.1%	217,461	207,491	-4.6%	217,461	207,491	-4.6%
Fleet Rental	33,948	34,960	44,877	54,430	68,957	26.7%	67,589	60,637	-10.2%	67,589	60,637	-10.3%
Total	110,703	129,116	180,455	232,102	307,131	32.3%	285,050	268,128	-5.9%	285,050	268,128	-5.9%
Managed fleet at end period - Fleet Rental	207	145	94	57	32	-43.9%	30	111	270.0%	30	111	270.0%
Fleet investment (R\$ million) (does not include accessories)												
Car Rental	1,773.1	2,782.2	4,581.8	5,785.2	8,802.1	52.1%	6,053.5	2,450.3	-59.5%	2,333.0	859.7	-63.2%
Fleet Rental	502.0	503.4	881.5	1,189.2	1,472.6	23.8%	1,090.6	627.4	-42.5%	463.3	210.1	-54.7%
Total	2,275.1	3,285.6	5,463.3	6,974.4	10,274.7	47.3%	7,144.1	3,077.7	-56.9%	2,796.3	1,069.8	-61.7%
Number of rental days (In thousands):												
Car Rental - Total	15,815.8	18,864.8	25,494.0	35,514.6	47,029.0	32.4%	33,188.1	36,877.9	11.1%	12,129.8	12,780.4	5.4%
Rental days for Fleet Rental replacement service	(249.7)	(202.4)	(230.4)	(230.1)	(283.0)	23.0%	(212.7)	(416.6)	95.9%	(68.1)	(286.1)	320.1%
Car Rental - Net	15,566.1	18,662.4	25,263.6	35,284.5	46,745.9	32.5%	32,975.4	36,461.3	10.6%	12,061.7	12,494.3	3.6%
Fleet Rental	10,900.9	11,240.0	12,752.7	15,235.7	19,090.5	25.3%	13,908.2	15,880.3	14.2%	4,911.2	5,333.4	8.6%
Total	26,467.0	29,902.4	38,016.3	50,520.2	65,836.5	30.3%	46,883.6	52,341.6	11.6%	16,972.9	17,827.7	5.0%
Annualized average depreciation per car (R\$)												
Car Rental	622.1	1,251.2	1,250.1	1,012.4	1,917.6	89.4%	1,799.8	2,055.2	14.2%	2,110.2	1,271.6	-39.7%
Fleet Rental	3,935.2	3,714.0	3,104.3	3,601.1	3,923.4	9.0%	3,921.3	2,266.0	-42.2%	3,545.6	2,312.3	-34.8%
Total	1,736.3	2,020.9	1,771.0	1,671.2	2,405.2	43.9%	2,323.4	2,103.5	-9.5%	2,458.7	1,513.3	-38.5%
Average annual gross revenues per operating car (R\$ thousand)												
Car Rental	21.1	21.2	20.2	19.8	19.3	-2.5%	18.8	15.5	-17.6%	18.3	17.3	-5.5%
Fleet Rental	19.3	20.5	20.4	19.1	18.5	-3.2%	18.4	19.1	3.8%	18.1	20.0	10.5%
Average daily rental (R\$)												
Car Rental (*)	84.56	79.67	75.16	72.86	71.57	-1.8%	71.33	64.26	-9.9%	69.41	66.80	-3.8%
Fleet Rental	56.08	58.23	58.77	55.62	53.92	-3.1%	54.22	53.64	-1.1%	53.82	53.90	0.1%
Utilization rate (does not include cars in preparation and decommissioning):												
Car Rental	75.4%	78.0%	78.6%	79.6%	79.1%	-0.5 p.p.	79.0%	69.9%	-9.1 p.p.	78.6%	75.9%	-2.7 p.p.
Fleet Rental	98.4%	98.9%	98.2%	96.8%	96.6%	-0.2 p.p.	97.0%	97.0%	0.0 p.p.	96.7%	97.8%	1.1 p.p.
Number of cars purchased - consolidated (**)	64,032	87,833	135,252	165,421	223,534	35.1%	159,271	66,631	-58.2%	59,794	22,881	-61.7%
Average price of cars purchased (R\$ thsd) - consolidated	35.53	37.41	40.39	42.16	45.96	9.0%	44.85	46.19	3.0%	46.77	46.75	0.0%
Numbers of cars sold - consolidated	64,305	68,449	90,554	111,279	147,915	32.9%	106,550	103,633	-2.7%	36,804	45,536	23.7%
Average price of cars sold (R\$ thsd) (***) - consolidated	28.54	31.23	35.38	37.86	39.80	5.1%	39.41	41.23	4.6%	40.64	43.15	6.2%

(*) Not included the rentals for Fleet Rental Division.

(**) Does not include cars from Hertz Brazil in 2017

(***) Net of SG&A expenses related to the sale of cars decommissioned for fleet renewal.

17 – Consolidated financial statements – IFRS – R\$/million

ASSETS	2015	2016	2017	2018	2019 without IFRS 16	2019	9M20
CURRENT ASSETS:							
Cash and cash equivalents	1,385.1	1,692.3	1,338.2	2,175.3	2,220.1	2,220.1	2,846.8
Financial assets	-	-	1,275.7	267.5	610.8	610.8	1,577.6
Trade accounts receivable	486.1	424.5	585.1	1,016.5	1,274.7	1,274.7	971.6
Derivative financial instruments - swap	-	2.2	-	-	-	-	140.6
Other current assets	102.6	115.0	128.6	182.7	246.8	246.8	332.9
Decommissioning cars to fleet renewal	31.8	8.8	103.4	51.8	141.7	141.7	51.8
Total current assets	2,005.6	2,242.8	3,431.0	3,693.8	4,494.1	4,494.1	5,921.3
NON CURRENT ASSETS:							
Long-term assets:							
Marketable securities	-	-	-	-	-	-	-
Derivative financial instruments - swap	45.6	7.4	16.7	2.8	18.2	18.2	496.1
Trade accounts receivable	4.7	3.2	4.7	3.8	1.8	1.8	1.2
Escrow deposit	52.9	60.1	83.1	96.3	114.6	114.6	116.5
Deferred income tax and social contribution	-	-	42.0	42.2	32.4	32.4	26.4
Investments in restricted accounts	-	-	40.6	43.0	22.3	22.3	44.8
Other non current assets	0.1	0.1	0.7	0.1	0.1	0.1	0.1
Total long-term assets	103.3	70.8	187.8	188.2	189.4	189.4	685.1
Property and equipment							
Cars	3,610.9	4,614.8	6,934.7	9,481.6	13,374.1	13,374.1	11,887.6
Right of use	-	-	-	-	-	625.0	623.0
Other	314.1	405.8	549.3	550.3	570.5	570.5	595.0
Intangible:							
Software and others	67.1	61.1	52.8	47.8	49.9	49.9	47.5
Goodwill on acquisition of investments	22.0	22.0	30.6	30.7	90.0	90.0	105.4
Total non current assets	4,117.4	5,174.5	7,755.2	10,298.6	14,273.9	14,898.9	13,943.6
TOTAL ASSETS	6,123.0	7,417.3	11,186.2	13,992.4	18,768.0	19,393.0	19,864.9

LIABILITIES AND SHAREHOLDERS' EQUITY	2015	2016	2017	2018	2019 without IFRS 16	2019	9M20
CURRENT LIABILITIES:							
Trade accounts payable	690.6	910.9	1,331.7	2,202.6	2,565.4	2,565.4	998.4
Social and labor obligations	85.6	95.0	109.2	135.0	161.8	161.8	187.8
Loans, financing and debentures	422.4	654.6	537.2	616.6	144.3	144.3	745.5
Lease liability	-	-	-	-	-	116.0	129.7
Derivative financial instruments - swap	-	-	6.8	18.7	26.8	26.8	62.1
Income tax and social contribution	28.3	23.0	31.3	41.1	58.7	54.6	103.6
Dividends and interest on own capital	29.3	39.7	36.4	42.6	63.4	63.4	115.2
Other current liabilities	99.9	118.5	181.5	282.8	390.0	390.0	330.5
Total current liabilities	1,356.1	1,841.7	2,234.1	3,339.4	3,410.4	3,522.3	2,672.8
NON CURRENT LIABILITIES:							
Loans, financing and debentures	2,596.9	3,131.3	5,940.5	7,029.4	9,235.1	9,235.1	10,384.1
Lease liability	-	-	-	-	-	526.8	525.9
Derivative financial instruments - swap	-	-	10.8	21.9	62.3	62.3	36.6
Provisions	68.3	63.1	126.5	148.8	207.2	207.2	89.4
Deferred income tax and social contribution	141.6	171.9	219.7	297.3	352.7	352.7	356.9
Restricted Obligations	-	-	40.6	43.1	22.5	22.5	45.2
Other non current liabilities	18.5	12.3	13.3	18.0	16.6	16.6	29.9
Total non current liabilities	2,825.3	3,378.6	6,351.4	7,558.5	9,896.4	10,423.2	11,468.0
Total liabilities	4,181.4	5,220.3	8,585.5	10,897.9	13,306.8	13,945.5	14,140.8
SHAREHOLDERS' EQUITY:							
Capital	976.7	976.7	1,500.0	1,500.0	4,000.0	4,000.0	4,000.0
Expenses with share issues	-	-	-	-	(43.1)	(43.1)	(43.1)
Treasury Shares	-	-	-	-	-	-	(188.3)
Capital Reserves	35.9	34.0	94.9	125.0	163.2	163.2	179.0
Earnings Reserves	929.0	1,186.3	1,005.8	1,469.5	1,341.1	1,327.4	1,776.5
Total shareholders' equity	1,941.6	2,197.0	2,600.7	3,094.5	5,461.2	5,447.5	5,724.1
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	6,123.0	7,417.3	11,186.2	13,992.4	18,768.0	19,393.0	19,864.9

18 – Consolidated financial statements – Income statements - R\$/million

STATEMENT OF INCOME	2015	2016	2017	2017 adjusted	2018	2019 without IFRS 16 and without reclassification of PIS/COFINS credits	2019	9M20
Total net revenues	3,928.0	4,439.3	6,058.3	6,058.3	7,895.7	10,553.5	10,195.6	7,432.3
COSTS AND EXPENSES:								
Direct costs	(2,499.6)	(2,917.7)	(4,151.0)	(4,095.0)	(5,502.0)	(7,479.3)	(7,020.4)	(5,041.5)
Selling, general, administrative and other expenses	(493.6)	(506.0)	(667.1)	(649.1)	(803.6)	(1,018.4)	(962.4)	(675.2)
Cars depreciation	(163.6)	(206.3)	(232.0)	(232.0)	(291.6)	(551.5)	(551.5)	(415.7)
Other assets depreciation and amortization	(35.7)	(38.2)	(39.1)	(39.1)	(43.9)	(46.3)	(171.7)	(143.5)
Total costs and expenses	(3,192.5)	(3,668.2)	(5,089.2)	(5,015.2)	(6,641.1)	(9,095.5)	(8,706.0)	(6,275.9)
Income before financial results and taxes (EBIT)	735.5	771.1	969.1	1,043.1	1,254.6	1,458.0	1,489.6	1,156.4
FINANCIAL EXPENSES, NET	(202.7)	(243.5)	(315.0)	(315.0)	(368.9)	(360.6)	(409.8)	(309.4)
Income before taxes	532.8	527.6	654.1	728.1	885.7	1,097.4	1,079.8	847.0
INCOME TAX AND SOCIAL CONTRIBUTION								
Current	(94.8)	(88.0)	(119.4)	(135.7)	(139.8)	(183.7)	(180.7)	(190.5)
Deferred	(35.6)	(30.3)	(29.0)	(29.0)	(86.7)	(66.2)	(65.2)	(10.1)
	(130.4)	(118.3)	(148.4)	(164.7)	(226.5)	(249.9)	(245.9)	(200.6)
Net income	402.4	409.3	505.7	563.4	659.2	847.5	833.9	646.4

19 – Statements of Cash Flows – R\$/million

CONSOLIDATED CASH FLOW	2015	2016	2017	2017 adjusted	2018	2019 without IFRS 16	2019	9M20
CASH FLOWS FROM OPERATING ACTIVITIES:								
Net income	402.4	409.3	505.7	563.4	659.2	847.5	833.9	646.4
Adjustments to reconcile net income and cash and cash equivalents provided by operating activities:								
Depreciation and amortization	199.3	244.5	271.1	271.1	335.5	597.9	723.1	559.3
Net book value of vehicles written off	1,769.1	2,102.5	3,106.6	3,106.6	4,198.5	5,863.6	5,863.6	4,240.5
Deferred income tax and social contribution	35.6	30.3	29.1	29.1	86.7	65.2	65.2	10.1
Interest on loans, financing, debentures and swaps of fixed rates	406.6	438.1	476.2	476.2	529.8	552.9	552.9	346.5
Lease interest	-	-	-	-	-	-	49.40	45.20
Other	17.3	26.9	81.7	81.7	87.8	103.6	103.6	(64.2)
(Increase) decrease in assets:								
Trade receivable	(36.6)	56.8	(151.8)	(151.8)	(489.0)	(275.9)	(275.9)	257.3
Purchases of cars (see supplemental disclosure below)	(2,399.6)	(3,098.9)	(5,052.4)	(5,052.4)	(6,113.7)	(9,941.4)	(9,941.4)	(4,633.6)
Escrow deposits	(15.3)	(7.2)	(17.5)	(17.5)	(13.1)	(17.9)	(17.9)	(1.9)
Taxes recoverable	(5.2)	(6.0)	2.6	2.6	3.4	(1.6)	(1.6)	(16.6)
Prepaid expenses	0.0	0.0	2.7	2.7	1.3	(4.9)	(4.9)	(46.9)
Other assets	(1.3)	(3.6)	(8.8)	(8.8)	(71.9)	(44.7)	(44.7)	(14.2)
Increase (decrease) in liabilities:								
Accounts payable (except car manufacturers)	(16.7)	29.6	(4.8)	(4.8)	3.1	21.0	21.0	(16.6)
Social and labor obligations	(0.5)	9.4	7.5	7.5	25.8	26.8	26.8	25.9
Income tax and social contribution	94.8	88.0	119.4	135.7	139.8	184.7	180.7	190.5
Insurance premium	4.4	8.6	19.3	19.3	37.0	23.2	23.2	(9.4)
Other liabilities	5.9	(19.5)	40.1	40.1	60.1	52.0	52.0	(59.1)
Cash provided by (used in) operating activities	460.2	308.8	(573.3)	(499.3)	(519.7)	(1,948.0)	(1,791.0)	1,459.2
Income tax and social contribution paid	(110.7)	(93.3)	(108.3)	(108.3)	(131.2)	(146.1)	(146.1)	(142.9)
Interest on loans, financing and debentures paid	(352.9)	(442.3)	(485.7)	(485.7)	(424.7)	(562.2)	(562.2)	(286.8)
Lease interest paid	-	-	-	-	-	-	(53.5)	(30.0)
Financial assets	-	-	(1,275.8)	(1,275.8)	1,008.2	(343.4)	(343.4)	(966.8)
Net cash provided by (used in) operating activities	(3.4)	(226.8)	(2,443.1)	(2,369.1)	(67.4)	(2,999.7)	(2,896.2)	32.7
CASH FLOWS FROM INVESTING ACTIVITIES:								
(Investments) withdraw in marketable securities	92.6	-	-	-	-	-	-	-
Acquisition of investment, goodwill and fair value surplus	-	-	(333.2)	(333.2)	-	(123.7)	(123.7)	(7.9)
Purchases of other property and equipment and addition of intangible assets	(153.0)	(126.6)	(175.0)	(175.0)	(42.8)	(70.0)	(70.0)	(56.2)
Net cash provided by (used in) investing activities	(60.4)	(126.6)	(508.2)	(508.2)	(42.8)	(193.7)	(193.7)	(64.1)
CASH FLOWS FROM FINANCING ACTIVITIES:								
Loans and financings:								
Proceeds	747.1	266.3	950.1	950.1	742.8	1,351.5	1,351.5	1,250.3
Repayment	(368.4)	(297.9)	(510.1)	(510.1)	(518.5)	(930.2)	(930.2)	(10.0)
Debentures								
Proceeds	496.8	943.4	2,626.9	2,626.9	1,690.7	2,283.7	2,283.7	988.6
Repayment	(668.0)	(105.0)	(355.0)	(355.0)	(815.0)	(975.0)	(975.0)	(1,149.6)
Lease liability:								
Proceeds	-	-	-	-	-	-	-	-
Repayment	-	-	-	-	-	-	(103.5)	(101.3)
Capital Increase	-	-	-	-	-	1,821.6	1,821.6	-
Treasury shares (acquired)/ sold	(27.5)	(25.0)	2.1	2.1	3.20	2.6	2.6	(180.5)
Expenses with issuance of shares.	-	-	-	-	-	(65.3)	(65.3)	-
Exercise of stock options with treasury shares, net	18.0	18.2	50.1	50.1	16.4	25.1	25.1	0.70
Dividends paid	(44.7)	(1.0)	-	-	-	(7.2)	(7.2)	-
Interest on own capital	(94.6)	(138.4)	(166.9)	(166.9)	(172.3)	(268.6)	(268.6)	(138.7)
Net cash provided by (used in) financing activities	58.7	660.6	2,597.2	2,597.2	947.3	3,238.2	3,134.7	658.1
NET CASH FLOW PROVIDED (USED) IN THE YEAR	(5.1)	307.2	(354.1)	(280.1)	837.1	44.8	44.8	626.7
Cash flow without incurred one-time costs Hertz and franchisees	-	-	-	(74.0)	-	-	-	-
NET CASH FLOW PROVIDED (USED) IN THE YEAR AFTER ONE TIME COSTS	(5.1)	307.2	(354.1)	(354.1)	837.1	44.8	44.8	626.7
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,390.2	1,385.1	1,692.3	1,692.3	1,338.2	2,175.3	2,175.3	2,220.1
CASH AND CASH EQUIVALENTS AT END OF YEAR	1,385.1	1,692.3	1,338.2	1,338.2	2,175.3	2,220.1	2,220.1	2,846.8
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(5.1)	307.2	(354.1)	(354.1)	837.1	44.8	44.8	626.7
Supplemental disclosure of cash flow information:								
Cash paid during the period for cars acquisition								
Cars acquisition in the year/period - renewal	(2,278.4)	(2,563.6)	(3,660.9)	(3,660.9)	(4,696.7)	(6,804.6)	(6,804.6)	(3,082.7)
Cars acquisition in the year/period - growth	-	(726.0)	(1,807.0)	(1,807.0)	(2,285.1)	(3,478.7)	(3,478.7)	0.0
Suppliers - automakers:								
Balance at the end of the year	591.3	782.0	1,197.5	1,197.5	2,065.6	2,407.5	2,407.5	856.6
Balance at the beginning of the year	(712.5)	(591.3)	(782.0)	(782.0)	(1,197.5)	(2,065.6)	(2,065.6)	(2,407.5)
Cash paid for cars purchased	(2,399.6)	(3,098.9)	(5,052.4)	(5,052.4)	(6,113.7)	(9,941.4)	(9,941.4)	(4,633.6)

20 – Glossary and other information

- **Adjusted:** financials have been recalculated to exclude the impact of incurred one-time costs related with the acquisition of Hertz Brazil and the integration of 20 franchised branches in 2017.
- **Average Rented Fleet:** In the car rental division it is the number of daily rentals in the period divided by the number of days in the period. In the Fleet Rental is the actual number of cars rented.
- **CAGR:** Compounded annual growth rate.
- **CAPEX:** Capital expenditure.
- **Carrying Cost of Cash:** Consists of the cost to maintain minimum cash position. This is the difference between the average rate of fundraising and the average rate of investment.
- **Car depreciation:** Depreciation is calculated based on the expectation of the future sale price net of the selling expenses. The amount to be depreciated is the positive difference between the acquisition price of the vehicle and its estimated residual value. Depreciation is calculated as long as the assets' estimated residual value does not exceed its accounting value. Depreciation is recognized during the estimated life cycle of each asset. In the Car Rental division, depreciation method used is linear. In the Fleet Rental division, depreciation is recorded according to the sum of the years' digits (SOYD) method, which better reflects the consumption pattern of the economic benefits that decrease during the cars' useful life. The residual value is the estimated sale price net of the estimated selling expense.
- **Depreciated cost of used cars sales (book value):** consists of the acquisition value of vehicles, depreciated up to the date of sale, less the technical discount. The **technical discount** is the discount given to the buyer for any required repairs that were not made. These repair costs are recorded as a charge to operating costs and as a credit to cost of cars sold.
- **EBITDA:** EBITDA is the net income of the period, added by the income tax, net financial expenses, depreciation, amortization and exhaustions, as defined by CVM instruction 527/12.
- **EBITDA Margin:** EBITDA divided by the net revenues.
- **EBIT:** EBIT is the net income of the period added by the income tax and net financial expenses.
- **EBIT Margin:** EBIT divided by the rental net revenues.
- **IFRS 16:** As of January 1, 2019, all companies had to adapt to the new rules of IFRS 16. Lessees now have to recognize the assets of the rights over leased assets and the liabilities of future payments for medium or long-term leases, including operating leases. The major impact we had was on the real estate lease agreements of our locations and stores.
- **Operating Fleet:** Includes the cars in the fleet from the licensing until they become available for sale.
- **Net debt:** Short and long term debts +/- the results from the swap operations, net of the cash, cash equivalents and short term financial investments. The "net debt" term is a Company's measure and cannot be compared with similar terms used by other companies.
- **Net Investment in cars:** capital investment in cars acquisition, net of the revenues from selling decommissioned cars.
- **NOPAT:** Net operating profit after tax.
- **One-time costs (OTC):** non-recurring costs and expenses related to the acquisition of Hertz Brazil's operations and the integration of 20 franchised branches.
- **Reclassification of PIS and COFINS credits** - In order to better reflect the nature of its operating costs, Localiza performed the reclassification of PIS and COFINS credits for the years ended December 31, 2019. The credits were reclassified in the income statement by division and consolidated, from the income tax heading to the cost heading.
- **ROIC:** Return on invested capital.
- **Swap:** Financial transactions carried out to hedge exchange rate and interest rate risks.
- **Utilization Rate:** It is the number of rental days of the period divided by the fleet available for rental multiplied by the number of days of the period and therefore, it does not include cars being prepared or being decommissioned.

Notes to the Interim Financial Information

LOCALIZA RENT A CAR S.A.

NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE QUARTER AND PERIOD ENDED SEPTEMBER 30, 2020

(In thousands of Brazilian reais – R\$, unless otherwise stated)

1. GENERAL INFORMATION

Localiza Rent a Car S.A. (“Localiza” or “Company”), headquartered at Avenida Bernardo de Vasconcelos, 377, Bairro Cachoeirinha, in Belo Horizonte, Minas Gerais State, has been since May 2005 a Brazilian publicly-held company, listed on B3 S.A. - Brasil, Bolsa, Balcão (“B3”) Novo Mercado segment, which characterizes the highest corporate governance level in the Brazilian capital market. Localiza's shares are traded under the ticker symbol RENT3.

Localiza and its subsidiaries are mainly engaged in: car rental, fleet rental and franchising. In order to renew the fleet, Localiza and its direct and indirect subsidiaries, Localiza Fleet S.A. (“Localiza Fleet”) and Car Rental Systems S.A. (“Car Rental Systems”), respectively, sell their decommissioned cars, generating cash for the purchase of new cars from manufacturers.

As of September 30, 2020, the Localiza Platform, including its franchisees in Brazil and abroad, was comprised of 603 car rental locations (not reviewed by the independent auditors), of which: (i) 528 locations in 364 cities in Brazil, 431 of which were operated by Localiza and 97 by franchisees; and (ii) 75 locations in 39 cities in 5 other South American countries, all operated by franchisees.

On that same date, Localiza's Platform fleet was comprised of 279,885 cars (not reviewed by the independent auditors), of which: (i) 268,128 belonged to the Company, including 207,491 of the Car Rental Division and 60,637 of the Fleet Rental Division; (ii) 4,934 belonged to its franchisees in Brazil; and (iii) 6,823 belonged to its franchisees abroad. Approximately half of the decommissioned cars are sold to final consumers through 129 points of sale owned by the Company, located in 88 cities throughout Brazil, reducing intermediation and depreciation costs and maximizing cash flow generation for fleet renewal.

This individual and consolidated interim financial information was approved and authorized for issue by the Executive Board on October 26, 2020 and by the Board of Directors on October 27, 2020.

1.1 Covid-19 Pandemic

In view of the spread of the Coronavirus (Covid-19) in Brazil, as from the second half of March 2020 and, in order to preserve the health of the Company's employees, customers and the population in general, all Localiza Seminovos (“Seminovos”) stores and several car rental locations were closed to the public. Car rental locations and stores started reopening at the end of April 2020, after an analysis of the laws applicable to each location, the demand and implementation of protection measures for employees and customers. The car rental activity was considered an essential activity by several municipalities, states and the federal government, since its clients provide essential services or need private transportation in the pandemic scenario.

Hygiene measures and health and safety protocols were intensified in all the Company's facilities, as well as in cars and vans, to ensure the safety of employees, customers and everyone who interacts with Localiza.

In order to minimize social interaction, most of Localiza's administrative employees are working from home. In addition, an information portal on actions to contain the spread of the virus was created, as well as an online consultation channel for employees and their dependents to answer questions and be guided by doctors about COVID-19.

The Company has adopted a series of measures to increase liquidity and reduce expenses to mitigate the impacts of the COVID-19 pandemic, such as:

(i) With the acceleration of the crisis, up to September 30, 2020, the Company obtained three new working capital loans in the total amount of R\$695 million, and repurchased debentures from its own issue in the amount of R\$300 million. With these measures, the Company conservatively strengthened even further its financial liquidity in order to meet all its commitments.

Notes to the Interim Financial Information

(ii) From May to August 2020, due to the fall in volumes of Car Rental and sale of decommissioned cars, the Company has adopted measures to reduce costs, expenses, investments and personnel, with the suspension of employment contracts, reduction of working hours and compensation, and reduction of staff. Part of the Management had a reduction in working hours and compensation by 25% and, in the case of the Statutory Board and the Board of Directors, by 35%. In addition, the Company reduced the volume of new car purchases.

(iii) The Company's Board of Directors, in a meeting held on April 1, 2020, approved the postponement of the payment date of interest on capital approved on March 10, 2020 to January 5, 2021. On June 18, 2020, another payment of interest on capital was approved for 2021. Considering that the scenario in 3Q20 improved as regards the impacts initially estimated, the Company's cash position and its relationship with shareholders, on September 4, 2020, the Board of Directors approved the advance payment of such interest on capital during 2020.

With the pandemic slowdown and in response to the decisions described above, as from July, there was resumption of the pre-pandemic volumes of car rental and sale of decommissioned cars for fleet renewal.

During this period, the Company's Management performed various analyses of the impacts of Covid-19, which involved mainly the assessment of indicators of impairment of non-current assets, expected credit losses on trade receivables, measurement of financial instruments, including derivative financial instruments, among others. This interim financial information presents the impacts arising from these analyses.

1.2 Termination of the partnership with Hertz

According to the Material Fact disclosed on August 19, 2020, Localiza signed with The Hertz Corporation (parent company of Hertz Group) and Hertz System Inc., on that date, the Brand Cooperation Agreement and the Referral Agreements established in 2017, which stipulates a transition plan of at least six months. Such termination does not provide for any fine or encumbrance for the parties. On September 8, 2020, that instrument was approved by the U.S. Court responsible for the in-court reorganization process of Hertz.

1.3 Combination of Localiza and Unidas businesses

According to the Material Fact dated September 22, 2020, Localiza and Companhia de Locação das Américas ("Unidas" and, in conjunction with Localiza, "Companies") entered into a "Merger of Shares Agreement" through which the terms and conditions for the implementation of the business combination of the Companies, through the merger of shares of Unidas into Localiza ("Merger of Shares" or "Transaction"), were established.

The transaction will result in the union of shareholders that are a reference and have long experience in the industry, in the combination of talents to provide innovative solutions in mobility, in the creation of a player on a global scale committed with the highest levels of governance and with ambition to provide the best customer experience, increasing the access of the population and companies to car rental. From the economic and financial point of view, the business integration should promote synergies and increases in efficiency in the combined company resulting from the Merger of Shares.

This operation is subject to approval by the Companies' shareholders at the shareholders' general meetings to be held on November 12, 2020, to approval of the Merger of Shares by the Brazilian Antitrust Agency ("CADE") without restrictions or with restrictions that, according to the terms of the agreement, are acceptable by the parties, as well as the verification of other certain usual conditions precedent for operations of this nature. Up to its conclusion, the Companies will continue to operate in an independent manner.

Notes to the Interim Financial Information

2. BASIS OF PREPARATION, PRESENTATION OF INTERIM FINANCIAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company's interim financial information comprises individual and consolidated interim financial information, identified as "Individual" and "Consolidated", and is prepared and presented in accordance with technical pronouncement CPC 21 (R1) – Interim Statements, issued by the Accounting Pronouncements Committee ("CPC") and approved by the Brazilian Securities Commission ("CVM"), and in accordance with international standard IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board ("IASB") and disclose all relevant information that should be reported in the interim financial information, and only such information, which is consistent with the information used by Management in the performance of its duties.

The individual interim financial information presents investments in subsidiaries accounted for under the equity method of accounting, in accordance with the accounting practices adopted in Brazil and the IFRS.

Except for the change in the accounting estimate of depreciation of the Localiza Fleet (as mentioned in note 9), the information on the basis of preparation and presentation of the interim financial information and summary of significant accounting policies has not changed significantly when compared with the information disclosed in note 2 and in other notes to the annual financial statements for the year ended December 31, 2019 (hereinafter referred to as "financial statements for the year ended December 31, 2019"), published on March 10, 2020 through the websites www.cvm.gov.br, www.b3.com.br and www.localiza.com/ri and published on March 17, 2020 in the "Diário do Comércio de Minas Gerais" and "Diário Oficial de Minas Gerais" (Minas Gerais State Register) newspapers.

Reclassification of comparative balances – In order to better reflect the nature of its operating costs, the Company reclassified PIS and COFINS credits on the acquisition of inputs, for the period ended September 30, 2019. The net credits were reclassified from the line item of taxes on revenues to the line item of costs and expenses, in the amount of R\$ 184,343 in the Individual and R\$ 245,046 in the Consolidated.

3. RECENTLY ISSUED ACCOUNTING STANDARDS AND INTERPRETATIONS

3.1. Recently issued accounting pronouncements and interpretations adopted by the Company in the current period

- **Review of Technical Pronouncement CPC 06 (R2) – Leases**

In May 2020, IASB issued amendments to IFRS 16 – Leases referring to benefits related to Covid-19 granted to lessees under lease contracts. On July 7, 2020, CVM issued its Decision 859/20 and approved the amendments to Technical Pronouncement CPC 06 (R2) – Leases, which is equivalent to the mentioned IFRS. This Decision applied to the years beginning on or after January 1, 2020.

As practical expedient, the lessee may elect not to assess if a benefit granted under a lease contract, related to Covid-19, is a modification of the lease contract and, thus, account for the resulting changes in lease payments in profit or loss for the period. The Company and its subsidiaries applied the practical expedient to all benefits granted under lease contracts in accordance with the requirements of Decision 859/20. The amount recognized in profit or loss for the period ended September 30, 2020, arising from the adoption of such Decision, was R\$ 19.8 million in the Individual and R\$ 19.9 million in the Consolidated, as presented in note 22.

3.2. Recently issued accounting pronouncements and interpretations and not yet adopted by the Company

There are no CPC/IFRS standards or ICPC/ IFRIC interpretations applicable to the Company that are not yet effective, that could have a material impact on the interim financial information of the Company and its subsidiaries.

Notes to the Interim Financial Information

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are broken down as follows:

	Individual		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Cash and banks	15,813	16,246	52,688	17,122
Bank Certificates of Deposit ("CDB")	1,594,359	430,427	1,789,352	487,065
Fixed-income investment fund units	701,341	1,176,003	1,004,733	1,715,915
Total	2,311,513	1,622,676	2,846,773	2,220,102

At September 30, 2020, financial investments in CDBs and fixed-income investment fund units had an annual weighted average yield of 75.7% of the Interbank Deposit Certificates ("CDI") rate variation (99.9% as of December 31, 2019), have immediate liquidity and have the purpose of meeting the Company's short-term commitments.

5. SHORT-TERM INVESTMENTS

Short-term investments are broken down as follows:

	Individual		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Bank Certificates of Deposit ("CDB")	39,484	115,571	436,914	345,171
Fixed-income investment fund units	144,906	151,447	573,121	265,667
Investments in financial bills	501,706	-	567,605	-
Total	686,096	267,018	1,577,640	610,838

At September 30, 2020, short-term investments in CDBs, fixed-income investment fund units and investments in financial bills posted annual weighted average yield of 93.8% of the Interbank Deposit Certificate ("CDI") rate variation (102.5% at December 31, 2019) and have short-term liquidity. However, such investments do not meet all the criteria to be recorded as cash equivalents under the terms of CPC 03 (R2) – Statement of Cash Flows.

6. TRADE RECEIVABLES

Trade receivables are broken down as follows:

	Individual		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Car rental	700,280	787,313	700,391	787,313
Fleet rental	-	-	125,266	117,117
Sale of decommissioned cars	239,583	391,681	294,546	475,091
Franchising	3,248	1,249	7,611	5,918
	943,111	1,180,243	1,127,814	1,385,439
Allowance for doubtful debts/ expected losses	(129,326)	(84,519)	(155,033)	(108,907)
Total	813,785	1,095,724	972,781	1,276,532
Current	813,785	1,095,724	971,605	1,274,723
Noncurrent (*)	-	-	1,176	1,809

(*) Refers to the franchising integration fee.

Notes to the Interim Financial Information

The aging list of trade receivables is as follows:

	Individual		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Current	753,119	986,974	887,532	1,137,532
Up to 30 days overdue	40,020	66,413	57,084	92,494
31 to 60 days overdue	24,906	43,336	30,622	49,861
61 to 90 days overdue	24,902	20,007	28,171	22,423
91 to 180 days overdue	55,381	36,174	60,475	39,533
Over 181 days overdue	44,783	27,339	63,930	43,596
Total	943,111	1,180,243	1,127,814	1,385,439

The balance of trade receivables includes overdue amounts at the end of the period, for which the allowance for doubtful debts was not recognized because these amounts are still considered recoverable. The aging list of these overdue amounts is as follows:

	Individual		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Up to 30 days overdue	31,391	59,719	48,284	84,944
31 to 60 days overdue	17,538	38,423	22,962	44,509
61 to 90 days overdue	16,233	15,915	18,994	17,735
Over 91 days overdue	8,850	3,782	11,617	5,115
Total	74,012	117,839	101,857	152,303

The aging list of the allowance for doubtful debts and expected losses is as follows:

	Individual		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Current	(13,346)	(9,089)	(16,608)	(13,303)
Up to 30 days overdue	(8,629)	(6,694)	(8,800)	(7,550)
31 to 60 days overdue	(7,368)	(4,913)	(7,660)	(5,352)
61 to 90 days overdue	(8,669)	(4,092)	(9,177)	(4,688)
Over 91 days overdue	(91,314)	(59,731)	(112,788)	(78,014)
Total	(129,326)	(84,519)	(155,033)	(108,907)

The variation in the allowance for doubtful debts and expected losses are as follows:

	Individual		Consolidated	
	9M20	9M19	9M20	9M19
Balance at the beginning of the period	(84,519)	(70,079)	(108,907)	(88,405)
Recognition	(81,940)	(48,513)	(88,397)	(73,252)
Reversal	37,133	40,788	42,271	60,975
Balance at the end of the period	(129,326)	(77,804)	(155,033)	(100,682)

7. OTHER CURRENT AND NONCURRENT ASSETS

The breakdown of the balance of other current and noncurrent assets is as follows:

	Individual		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Balances stated separately in current assets:				
Recoverable taxes	57,821	29,721	64,349	39,850
Prepaid expenses (*)	46,966	10,530	58,681	11,757
Derivative instruments (note 13)	140,384	-	140,573	-
	245,171	40,251	263,603	51,607

Notes to the Interim Financial Information

	Individual		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Other current assets:				
Receivables from insurance company (**)	168,313	146,229	170,026	148,162
Other receivables – subsidiaries (note 8(c)(i))	2,791	144	-	-
Investments in restricted accounts (note 15)	-	-	-	22,283
Other current assets	19,770	13,204	39,739	24,629
	190,874	159,577	209,765	195,074
Total other current assets	436,045	199,828	473,368	246,681
Balances stated separately in non-current assets:				
Derivative instruments (note 13)	383,273	18,198	496,134	18,198
Investments in restricted accounts (note 15)	-	-	44,755	22,283
Other noncurrent assets	83	83	83	83
Total other noncurrent assets	383,356	18,281	540,972	40,564
Total other current and noncurrent assets	819,401	218,109	1,014,340	287,245

(*) Mainly refers to prepaid expenses on Vehicle Ownership Tax (“IPVA”) paid at the beginning of the year for fleet cars in use and monthly paid according to car purchases during the year, amortized within the year between the months of payment and December 2020, or when the sale is made.

(**) Expenses incurred on claims, cost of stolen cars and receivables from the insurance company for insurance coverage contracted by customers when renting cars from the Company (note 2.7.5 to the financial statements for the year ended December 31, 2019).

8. INVESTMENTS IN SUBSIDIARIES AND RELATED-PARTY TRANSACTIONS

Car rental, fleet rental and franchising activities in Brazil and abroad are conducted by Localiza or its direct and indirect subsidiaries, whose main operations are as follows:

- **Localiza Fleet S.A. (“Localiza Fleet”)**: Publicly-held company engaged in fleet rental business.
- **Rental Brasil Administração e Participação S.A. (“Rental Brasil”)**: Privately-held company mainly engaged in acquiring, selling and renting own properties for Localiza and its subsidiaries.
- **Localiza Serviços Prime S.A. (“Localiza Prime”)**: Privately-held company mainly engaged in the intermediation of sales of decommissioned cars previously used by Localiza, Localiza Fleet and Car Rental Systems.
- **Car Assistance Serviços de Administração de Sinistros S.A. (“Car Assistance”)**: Privately-held company engaged in managing car-related claims for insurance companies, accrediting and negotiating with garages and other suppliers, regulating claims, approving budgets and services performed, managing information and supporting documentation on claims and managing indemnities.
- **Localiza Franchising Brasil S.A. (“Franchising Brasil”)**: Privately-held company engaged in conducting the franchise business of "Localiza" brand in Brazil.
- **Localiza Franchising International S.R.L. (“LFI S.R.L.”)**: Limited liability company, headquartered in Argentina. It is currently dormant and in the process of shut-down.
- **Car Rental Systems S.A. (“Car Rental Systems”)**: Subsidiary of Localiza Fleet, mainly engaged in car rental and fleet rental.
- **MOBI7 Tecnologia em Mobilidade S.A. (“MOBI7”)**: Subsidiary of Localiza Fleet whose main activities are monitoring and tracking of electronic security systems, installation, maintenance and repair of automotive vehicle monitoring and tracking, and IT consulting.
- **MOBI7 Sociedad de Responsabilidad Limitada de Capital Variable (“MOBI7 Mexico”)**: Subsidiary of MOBI7, headquartered in Mexico, whose main activities are monitoring and tracking of electronic security systems, installation, maintenance and repair of automotive vehicle monitoring and tracking, and IT consulting.

Notes to the Interim Financial Information

At the Extraordinary General Meeting of Car Rental Systems, held on January 31, 2020, the merger of Localiza RP Aluguel de Carros Ltda. ("Localiza RP") into Car Rental Systems was approved, with transfer of assets, liabilities and equity on the same date, in the amount of R\$ 73,305. This merger aimed to follow the strategic guidelines of Car Rental Systems for operational, administrative and financial streamlining and rationalization, making the operation unique, aiming at increasing managerial efficiency.

(a) Business combination

At the Board of Directors' Meeting of Localiza Fleet held on March 12, 2020, the acquisition of all shares of MOBI7 was approved. The Purchase and Sale Agreement was signed on that date.

In the consolidated financial statements, the acquisition of MOBI7 was accounted for at the fair value of the assets acquired and liabilities assumed on the acquisition date, and the excess over the consideration is recorded as goodwill, which may be deductible for Income Tax and Social Contribution purposes, upon its realization, either through sale or merger.

The goodwill on the acquisition of MOBI7 is based on the strategic purpose of maintaining the synergy between the car rental and fleet management activity with the activity of monitoring and tracking of automotive vehicle electronic system.

(i) Net assets and liabilities assumed in the operation

The acquisition price for 100% of the equity interest in MOBI7 was R\$ 18,500. This amount is comprised of a portion of R\$7,999, which was paid on March 12, 2020, and in three successive annual installments, the last installment due on March 13, 2023. According to contractual clauses, Localiza Fleet had 60 days from the acquisition date to confirm the amount of the estimated net debt of MOBI7 in the initial calculation of the purchase price. In May 2020, a complementary difference to the initial price in the amount of R\$34 was determined, which was paid in the following month, resulting in a final purchase price of R\$18,534. The outstanding amounts are recorded under "other current and noncurrent liabilities" (note 15).

Assets and liabilities acquired were reviewed by a specialized company and are demonstrated as follows:

	MOBI7		
	3/12/2020		
	Carrying amount	Surplus value	Fair value
Assets			
Current	995	-	995
Noncurrent			
Long-term assets	36	-	36
Investments	15	-	15
Property and equipment	3,972	228	4,200
Intangible assets	328	3,792	4,120
Total	5,346	4,020	9,366
Liabilities			
Current	3,708	-	3,708
Noncurrent	2,575	-	2,575
Equity	(937)	4,020	3,083
Total	5,346	4,020	9,366

Notes to the Interim Financial Information

In the referred business combination, goodwill was calculated between the consideration transferred and equity after fair value measurement, as follows:

MOBI7	Fair value at 3/12/2020
Consideration to be transferred	10,501
Consideration transferred	8,033
Net value of identifiable assets and liabilities assumed	937
Surplus value of property and equipment and intangible assets, net of loss	<u>(4,020)</u>
Goodwill on acquisition	<u>15,451</u>

Goodwill was generated considering that the consideration paid for the business combination includes amounts related to benefits from expected synergies, revenue growth, better monitoring of the fleet, future development of markets and specialized workforce. These benefits are not recognized separately from the goodwill because they do not meet the criteria for the recognition of identifiable intangible assets in accordance with CPC 04 (R1) – Intangible assets. That goodwill has an undefined useful life and is tested annually for any impairment losses which, if any, are measured by comparing the carrying amount with its recoverable amount and recognized directly in profit or loss for the year.

In the individual balance sheet of Localiza Fleet, the surplus value of property and equipment and intangible assets, net of loss, was classified in non-current assets as “investments” and, in the consolidated, it was allocated to the accounts that originated them, classified as “property and equipment” and “intangible assets”, being depreciated/amortized over the useful lives of the corresponding assets or written off to profit or loss for the year in the event of sale.

(ii) Net cash outflow on acquisition of subsidiary

MOBI7	Fair value at 3/12/2020
Consideration transferred in cash	8,033
(-) Balance of cash and cash equivalents acquired	<u>(157)</u>
Effects of acquisition presented in the statement of cash flows	<u>7,876</u>

(iii) Impact of acquisition on consolidated profit or loss

The Company’s consolidated statement of profit or loss for the nine-month period ended September 30, 2020 includes revenues of R\$ 4,130 and loss of R\$ 271 attributable to the additional businesses generated by MOBI7 as from the acquisition date.

Had this business combination occurred on January 1, 2020, the Company’s consolidated revenues in the nine-month period ended September 30, 2020 would be increased by R\$ 1,479 and the result for the year would be reduced by the loss of R\$ 97 (not reviewed by the independent auditors). The Company’s Management considers that these pro forma amounts represent an approximate measure of the combined company’s performance on a pro rata basis.

(b) Information on subsidiaries

Investments are broken down as follows:

	<u>9/30/2020</u>	<u>12/31/2019</u>
Investments in subsidiaries	1,425,108	1,118,966
Goodwill in the acquisition of investments	<u>22,077</u>	<u>22,077</u>
Total	<u>1,447,185</u>	<u>1,141,043</u>

Notes to the Interim Financial Information

Variations in the balance of investments in direct subsidiaries are as follows:

	<u>9M20</u>	<u>9M19</u>
Balance at the beginning of the period	1,118,966	903,037
Equity in the earnings of subsidiaries	360,745	224,610
Dividends from subsidiaries	(54,603)	(31,820)
Balance at the end of the period	<u>1,425,108</u>	<u>1,095,827</u>

The interests in capital of direct and indirect subsidiaries are as follows:

	<u>Number of shares</u>		<u>Capital (%)</u>	
	<u>9/30/2020</u>	<u>12/31/2019</u>	<u>9/30/2020</u>	<u>12/31/2019</u>
<u>Localiza subsidiaries:</u>				
Localiza Fleet	103,280,354	103,280,354	100.0	100.0
Rental Brasil	15,000,000	15,000,000	100.0	100.0
Localiza Prime	15,000	15,000	100.0	100.0
Car Assistance	200,000	200,000	100.0	100.0
Franchising Brasil	399,069	399,069	100.0	100.0
LFI S.R.L.	131,078	131,078	98.0	98.0
<u>Indirect subsidiary:</u>				
LFI S.R.L.	2,160	2,160	2.0	2.0
MOBI7 Mexico (*)	200	-	2.0	-
<u>Localiza Fleet's subsidiary:</u>				
Car Rental Systems	603,876,785	603,876,785	100.0	100.0
MOBI7 (**)	5,890,000	-	100.0	-
<u>Car Rental Systems' subsidiary:</u>				
Localiza RP (***)	-	59,277,789	-	100.0
<u>MOBI7's subsidiary:</u>				
MOBI7 Mexico	9,800	-	98.0	-

(*) At the General Meeting of MOBI7 Mexico held on May 8, 2020, the transfer of the 2% ownership interest from MOBI7 Mexico to Car Rental Systems was approved.

(**) At the General Meetings of Localiza Fleet held on March 13, 2020, May 20, 2020 and August 20, 2020, advances for future capital increase on behalf of MOBI7 in the respective amounts of up to R\$5,000, R\$4,000 and R\$100,000 were approved. On July 14, 2020, a capital increase of R\$ 5,000 was made with the issue of 5,000,000 new shares, due to the conversion of the advance for future capital increase.

(***) Wholly-owned subsidiary of Car Rental Systems merged on January 31, 2020, as approved at the Extraordinary General Meeting of Car Rental Systems held on the same date.

The summary of financial information of the main groups of balance sheet and statements of income of subsidiaries of Localiza is as follows:

(i) Balance sheets

<u>9/30/2020</u>	<u>Localiza Fleet S.A. Consolidated</u>	<u>Rental Brasil</u>	<u>Localiza Prime</u>	<u>Car Assistance</u>	<u>Franchising Brasil Consolidated</u>	<u>LFI S.R.L.</u>
Assets						
Current	1,305,288	228,349	153,202	32,702	8,859	281
Noncurrent						
Long-term	204,680	-	11,991	-	6,308	-
Investment	3	-	-	-	-	-
Property and equipment	2,769,269	406,485	228	-	958	-
Intangible assets	91,782	-	-	-	-	-
Total	<u>4,371,022</u>	<u>634,834</u>	<u>165,421</u>	<u>32,702</u>	<u>16,125</u>	<u>281</u>
Liabilities						
Current	371,170	15,862	21,379	5,464	4,990	101
Noncurrent	3,027,773	351,575	7,675	2	9,043	11
Equity	972,079	267,397	136,367	27,236	2,092	169
Total	<u>4,371,022</u>	<u>634,834</u>	<u>165,421</u>	<u>32,702</u>	<u>16,125</u>	<u>281</u>

Notes to the Interim Financial Information

12/31/2019	Localiza Fleet S.A. Consolidated	Rental Brasil	Localiza Prime	Car Assistance	Franchising Brasil Consolidated	LFI S.R.L.
Assets						
Current	898,618	226,897	148,509	32,907	13,893	268
Noncurrent						
Long-term	73,452	-	15,849	-	6,720	-
Investment	3	-	-	-	-	-
Property and equipment	2,879,762	396,526	260	-	2,824	-
Intangible assets	73,092	-	-	-	60	-
Total	3,924,927	623,423	164,618	32,907	23,497	268
Liabilities						
Current	559,200	11,042	24,779	11,192	6,509	129
Noncurrent	2,682,002	347,636	8,346	3	11,329	8
Equity	683,725	264,745	131,493	21,712	5,659	131
Total	3,924,927	623,423	164,618	32,907	23,497	268

(ii) Statements of income

9M20	Localiza Fleet S.A. Consolidated	Rental Brasil	Localiza Prime	Car Assistance	Franchising Brasil Consolidated	LFI S.R.L.
Net revenue	1,609,827	28,469	39,171	31,812	7,021	-
Gross profit	631,041	28,835	39,171	31,313	2,366	-
Net income/(loss) before income tax and social contribution	429,665	23,138	30,635	30,795	2,436	38
Net income	288,354	15,288	20,314	26,996	1,488	38

9M19	Localiza Fleet S.A. Consolidated	Rental Brasil	Localiza Prime	Car Assistance	Franchising Brasil Consolidated	LFI S.R.L.	Rental International
Net revenue	1,198,803	27,930	51,416	26,904	9,695	18	-
Gross profit	419,654	28,295	51,000	26,260	6,328	(200)	-
Net income/(loss) before income tax and social contribution	223,984	19,923	37,972	26,815	6,315	(496)	(2)
Net income/(loss)	149,783	13,171	25,211	23,224	5,066	(496)	(2)

3Q20	Localiza Fleet S.A. Consolidated	Rental Brasil	Localiza Prime	Car Assistance	Franchising Brasil Consolidated	LFI S.R.L.
Net revenue	648,139	9,585	14,885	10,329	2,295	-
Gross profit	232,330	9,706	14,885	10,160	874	-
Net income/(loss) before income tax and social contribution	188,035	8,161	12,613	10,252	903	(7)
Net income (loss)	125,535	5,392	8,373	9,051	615	(7)

3Q19	Localiza Fleet S.A. Consolidated	Rental Brasil	Localiza Prime	Car Assistance	Franchising Brasil Consolidated	LFI S.R.L.	Rental International
Net revenue	421,768	9,338	20,938	7,286	2,610	(5)	-
Gross profit	153,189	9,463	20,926	7,074	1,351	(113)	-
Net income/(loss) before income tax and social contribution	77,226	6,339	19,827	7,225	1,008	(190)	-
Net income/(loss)	52,637	4,191	13,153	6,347	828	(190)	-

Notes to the Interim Financial Information

(iv) Dividends from subsidiaries

9M20	Localiza Fleet	Rental Brasil	Localiza Prime	Car Assistance	Franchising Brasil	Total
Dividends for 2019 (mandatory minimum)	54,012	4,212	5,147	7,156	1,685	72,212
Dividends in addition to the mandatory minimum for 2019	-	12,636	15,440	21,472	5,055	54,603
Total approved dividends	54,012	16,848	20,587	28,628	6,740	126,815

9M19	Localiza Fleet	Rental Brasil	Car Assistance	Franchising Brasil	Total
Dividends for 2018 (mandatory minimum)	-	2,269	4,744	2,051	9,064
Dividends in addition to the mandatory minimum for 2018	4,622	6,811	14,233	6,154	31,820
Total approved dividends	4,622	9,080	18,977	8,205	40,884

(c) Balances and transactions with related parties

(i) Balances and transactions with subsidiaries and other related parties

	Localiza Fleet		Other subsidiaries		Total	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Balances:						
Trade receivables	13,781	5,590	-	-	13,781	5,590
Dividends receivable	-	54,012	-	18,200	-	72,212
Other receivables (note 7)	-	-	2,791	144	2,791	144
Trade payables	(3,850)	(3,142)	(25,480)	(4,584)	(29,330)	(7,726)
Other payables (note 15)	(4,861)	(4,262)	(6,043)	(12,542)	(10,904)	(16,804)

	Localiza Fleet		Other subsidiaries		Total	
	9M20	9M19	9M20	9M19	9M20	9M19
Transactions:						
Revenues	22,340	20,120	-	4	22,340	20,124
Costs and expenses	(19,903)	(22,728)	(46,666)	(29,140)	(66,569)	(51,868)
Recoverable costs and expenses	56,024	13,295	3,019	2,803	59,043	16,098

	Localiza Fleet		Other subsidiaries		Total	
	3Q20	3Q19	3Q20	3Q19	3Q20	3Q19
Transactions:						
Revenues	7,920	6,326	-	-	7,920	6,326
Costs and expenses	(6,532)	(7,930)	(10,118)	(15,044)	(16,650)	(22,974)
Recoverable costs and expenses	23,629	3,595	1,129	816	24,758	4,411

The common activity of sale of decommissioned cars owned by Localiza and Localiza Fleet for the renewal of their fleets is carried out through a consortium, with the purpose of, but not limited to, capturing the synergy of the use of the same physical structure, sharing know-how and qualified units.

As at September 30, 2020, there were collateral guarantees for borrowings and debt securities amounting to: (i) R\$ 4.012.803 issued by Localiza Fleet to Localiza (R\$ 4,318,938 at December 31, 2019); (ii) R\$ 2,557,447 issued by Localiza to Localiza Fleet (R\$ 2,426,059 at December 31, 2019); and (iii) R\$ 359,346 issued by Localiza to Rental Brasil (R\$ 351,330 at December 31, 2019). There was also collateral between companies when bank guarantees and guarantees insurances were issued for lawsuits totaling R\$ 210,280 (R\$ 142,213 at December 31, 2019).

Transactions between related parties are made under conditions negotiated between the Company and its subsidiaries.

Notes to the Interim Financial Information

Additionally, the Company has guarantees insurances with J Malucelli Seguradora, Austral Seguradora, Berkley International, Chubb Seguros and Pottencial Seguradora, the latter being a company in which Salim Mattar and Eugênio Mattar, founding partners of Localiza, jointly hold 43.75% of the capital. In transactions with Pottencial Seguradora, made under normal market conditions, the amount accounted for as expense in 9M20 related to guarantee insurance was R\$ 1,001 (R\$ 481 in 9M19) and the insured amount is R\$ 210,280 at September 30, 2020 (R\$ 142,213 at December 31, 2019).

(ii) Key management compensation

	Individual		Consolidated	
	9M20	9M19	9M20	9M19
Compensation of the Board of Directors and Fiscal Council	8,741	8,545	8,741	8,545
Executive Board				
Fees and compensation	23,467	23,640	24,672	26,643
Payroll taxes	5,365	3,682	5,698	4,149
Stock options granted recognized	6,624	5,700	6,624	5,700
Supplementary pension plan	694	637	723	734
Total	44,891	42,204	46,458	45,771

	Individual		Consolidated	
	3Q20	3Q19	3Q20	3Q19
Compensation of the Board of Directors	2,700	2,847	2,700	2,847
Executive Board				
Fees and compensation	8,669	8,716	9,138	9,190
Payroll taxes	1,158	1,454	1,234	1,541
Stock options granted recognized	2,586	2,043	2,586	2,043
Supplementary pension plan	333	282	349	293
Total	15,446	15,342	16,007	15,914

The other information on investments in subsidiaries and related-party transactions has not significantly changed in relation to that disclosed in note 8 to the financial statements for the year ended December 31, 2019.

9. PROPERTY AND EQUIPMENT

The Company reviewed the method used to calculate the depreciation of cars in the Fleet Management Division to better reflect the equalization of maintenance and depreciation costs over the car's useful life. As defined by CPC 23 - Accounting Policies, Changes in Accounting Estimates and Errors, the change in the depreciation calculation assumption to the straight-line method started to be recognized prospectively as of January 1, 2020. Management believes that this review of estimate provides information that better reflects the consumption pattern of economic benefits over the car's useful life.

The effects of applying the straight-line method in the nine-month period ended September 30, 2020 are the decrease in depreciation expense by approximately R\$ 42 million, to be offset by the increase in the cost of the car sold when it is decommissioned, and the increase in deferred income tax and social contribution expense by approximately R\$ 14 million (R\$ 54 million and R\$ 18 million, respectively, estimated for 2020).

Notes to the Interim Financial Information

Variations in cost, accumulated depreciation and net carrying amount of property and equipment in each period are as follows:

	Individual									
	Cars	Leasehold improvements	Furniture and fixtures	IT equipment	Constructions in progress	Land	Property	Right-of-use	Other	Total
Cost										
As of December 31, 2019	10,864,521	138,455	96,193	53,712	20,800	681	1,913	1,000,604	30,101	12,206,980
Additions	2,450,299	-	10,183	1,507	21,614	-	-	110,840	1,630	2,596,073
Write-offs/transfers (*)	(3,721,082)	19,548	(169)	(30)	(22,849)	-	-	(22,940)	3,301	(3,744,221)
As of September 30, 2020	<u>9,593,738</u>	<u>158,003</u>	<u>106,207</u>	<u>55,189</u>	<u>19,565</u>	<u>681</u>	<u>1,913</u>	<u>1,088,504</u>	<u>35,032</u>	<u>11,058,832</u>
Accumulated depreciation:										
As of December 31, 2019	(256,341)	(78,218)	(39,016)	(33,290)	-	-	(1,214)	(136,458)	(16,475)	(561,012)
Additions	(306,241)	(13,229)	(6,705)	(5,191)	-	-	(62)	(110,694)	(1,901)	(444,023)
Write-offs/transfers (*)	207,604	-	72	26	-	-	-	23,033	-	230,735
As of September 30, 2020	<u>(354,978)</u>	<u>(91,447)</u>	<u>(45,649)</u>	<u>(38,455)</u>	<u>-</u>	<u>-</u>	<u>(1,276)</u>	<u>(224,119)</u>	<u>(18,376)</u>	<u>(774,300)</u>
Net carrying amount										
As of December 31, 2019	10,608,180	60,237	57,177	20,422	20,800	681	699	864,146	13,626	11,645,968
As of September 30, 2020	9,238,760	66,556	60,558	16,734	19,565	681	637	864,385	16,656	10,284,532

	Individual									
	Cars	Leasehold improvements	Furniture and fixtures	IT equipment	Constructions in progress	Land	Property	Right-of-use	Other	Total
Cost										
As of December 31, 2018	7,422,844	115,396	87,720	47,986	9,816	681	1,913	-	26,600	7,712,956
Initial application of IFRS 16	-	-	-	-	-	-	-	837,305	-	837,305
Additions	6,053,491	932	4,581	4,899	15,276	-	-	87,173	1,913	6,168,265
Write-offs/transfers (*)	(3,838,752)	12,207	(627)	(823)	(12,402)	-	-	(3,882)	-	(3,844,279)
As of September 30, 2019	<u>9,637,583</u>	<u>128,535</u>	<u>91,674</u>	<u>52,062</u>	<u>12,690</u>	<u>681</u>	<u>1,913</u>	<u>920,596</u>	<u>28,513</u>	<u>10,874,247</u>
Accumulated depreciation:										
As of December 31, 2018	(109,327)	(65,012)	(31,246)	(26,766)	-	-	(1,129)	-	(14,116)	(247,596)
Additions	(220,222)	(9,636)	(5,870)	(5,012)	-	-	(64)	(100,092)	(1,741)	(342,637)
Write-offs/transfers (*)	114,098	-	138	219	-	-	-	916	-	115,371
As of September 30, 2019	<u>(215,451)</u>	<u>(74,648)</u>	<u>(36,978)</u>	<u>(31,559)</u>	<u>-</u>	<u>-</u>	<u>(1,193)</u>	<u>(99,176)</u>	<u>(15,857)</u>	<u>(474,862)</u>
Net carrying amount										
As of December 31, 2018	7,313,517	50,384	56,474	21,220	9,816	681	784	-	12,484	7,465,360
As of September 30, 2019	9,422,132	53,887	54,696	20,503	12,690	681	720	821,420	12,656	10,399,385

Notes to the Interim Financial Information

	Consolidated									
	Cars	Leasehold improvements	Furniture and fixtures	IT equipment	Constructions in progress	Land	Property	Right-of-use	Other	Total
Cost										
As of December 31, 2019	14,016,574	142,113	96,195	54,042	20,800	29,342	369,935	749,297	30,525	15,508,823
Opening balance MOBI7 (note 8 (a))	-	-	-	-	-	-	-	266	4,415	4,681
Additions	3,082,718	-	10,183	1,690	21,935	2,545	8,760	99,271	4,956	3,232,058
Write-offs/transfers (*)	(4,491,369)	19,548	(246)	(30)	(22,876)	-	-	(23,336)	3,328	(4,514,981)
As of September 30, 2020	12,607,923	161,661	106,132	55,702	19,859	31,887	378,695	825,498	43,224	14,230,581
Accumulated depreciation:										
As of December 31, 2019	(642,436)	(78,401)	(39,018)	(33,611)	-	-	(4,846)	(124,300)	(16,640)	(939,252)
Opening balance MOBI7 (note 8 (a))	-	-	-	-	-	-	-	(11)	(460)	(471)
Additions	(415,651)	(13,366)	(6,629)	(5,219)	-	-	(1,335)	(101,628)	(2,739)	(546,567)
Write-offs/transfers (*)	337,787	-	72	26	-	-	-	23,474	-	361,359
As of September 30, 2020	(720,300)	(91,767)	(45,575)	(38,804)	-	-	(6,181)	(202,465)	(19,839)	(1,124,931)
Net carrying amount										
As of December 31, 2019	13,374,138	63,712	57,177	20,431	20,800	29,342	365,089	624,997	13,885	14,569,571
As of September 30, 2020	11,887,623	69,894	60,557	16,898	19,859	31,887	372,514	623,033	23,385	13,105,650

	Consolidated									
	Cars	Leasehold improvements	Furniture and fixtures	IT equipment	Constructions in progress	Land	Property	Right-of-use	Other	Total
Cost										
As of December 31, 2018	9,910,476	115,396	87,722	48,316	13,474	29,342	369,935	-	27,024	10,601,685
Initial application of IFRS 16	-	-	-	-	-	-	-	598,533	-	598,533
Opening balance Localiza RP	105,832	-	-	-	-	-	-	-	-	105,832
Additions	7,150,260	932	4,581	4,899	15,276	-	-	80,546	1,913	7,258,407
Write-offs/transfers (*)	(4,429,260)	15,865	(627)	(823)	(16,060)	-	-	(3,882)	-	(4,434,787)
As of September 30, 2019	12,737,308	132,193	91,676	52,392	12,690	29,342	369,935	675,197	28,937	14,129,670
Accumulated depreciation:										
As of December 31, 2018	(428,921)	(65,012)	(31,248)	(27,082)	-	-	(3,298)	-	(14,238)	(569,799)
Additions	(380,235)	(9,773)	(5,870)	(5,022)	-	-	(1,161)	(91,305)	(1,768)	(495,134)
Write-offs/transfers (*)	214,162	-	138	219	-	-	-	916	-	215,435
As of September 30, 2019	(594,994)	(74,785)	(36,980)	(31,885)	-	-	(4,459)	(90,389)	(16,006)	(849,498)
Net carrying amount										
As of December 31, 2018	9,481,555	50,384	56,474	21,234	13,474	29,342	366,637	-	12,786	10,031,886
As of September 30, 2019	12,142,314	57,408	54,696	20,507	12,690	29,342	365,476	584,808	12,931	13,280,172

(*) Include write-offs due to car sale, robbery, damage and transfer of decommissioned cars for fleet renewal to assets for sale, transfers to definitive property and equipment accounts and write-offs of the right-of-use due to contract termination.

Notes to the Interim Financial Information

(a) Decommissioned cars for fleet renewal

The cost, accumulated depreciation and net carrying amount of decommissioned cars for fleet renewal in each period are as follows:

	Individual		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Cost	15,018	21,497	60,945	171,559
Accumulated depreciation:	(727)	(1,136)	(9,123)	(29,824)
Net carrying amount	14,291	20,361	51,822	141,735

The other information on property and equipment (Individual and Consolidated) has not significantly changed compared with that disclosed in note 9 to the financial statements for the year ended December 31, 2019.

10. INTANGIBLE ASSETS

Intangible assets are broken down as follows:

	Individual		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Software	39,089	44,715	47,511	49,958
Goodwill	-	-	89,986	89,986
Goodwill on the acquisition of MOBI7 (note 8(a))	-	-	15,451	-
Total	39,089	44,715	152,948	139,944

The variations in cost, accumulated amortization and net carrying amount of intangible assets in each period are as follows:

	Individual		Consolidated	
	9M20	9M19	9M20	9M19
Cost				
At the beginning of the period	119,518	104,545	224,631	148,798
Opening balance MOBI7 (note 8 (a))	-	-	4,120	-
Additions	5,118	5,439	21,569	70,620
At the end of the period	124,636	109,984	250,320	219,418
Accumulated amortization				
At the beginning of the period	(74,803)	(62,423)	(84,687)	(70,311)
Additions	(10,744)	(9,188)	(12,685)	(10,693)
At the end of the period	(85,547)	(71,611)	(97,372)	(81,004)
Net carrying amount				
At the beginning of the period	44,715	42,122	139,944	78,487
At the end of the period	39,089	38,373	152,948	138,414

The expense on amortization of intangible assets is allocated to "costs", "selling expenses" and "general, administrative and other expenses" in the statement of income, according to their nature and allocation.

The other information on intangible assets (Individual and Consolidated) has not significantly changed in relation to that disclosed in note 10 to the financial statements for the year ended December 31, 2019.

Notes to the Interim Financial Information

11. TRADE PAYABLES

Trade payables are broken down as follows:

	Individual		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Car manufacturers (*)	723,701	2,157,860	856,638	2,407,475
Maintenance services and parts	38,925	38,031	59,980	58,705
Rentals	20,327	19,334	20,798	12,785
Others	82,773	75,646	60,992	86,422
Total	865,726	2,290,871	998,408	2,565,387

(*) The balance payable to car manufacturers refer to cars acquired with average payment term of approximately 88 days (105 days at December 31, 2019).

12. PAYROLL AND RELATED TAXES

Payroll and related taxes are broken down as follows:

	Individual		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Accrued vacation pay	48,493	45,029	53,336	52,199
Accrued profit sharing (*)	56,297	75,808	63,450	88,082
Accrued 13 th salary	29,293	-	32,013	-
Social security contribution ("INSS")	23,645	8,167	25,176	9,042
Government Severance Indemnity Fund for Employees ("FGTS")	5,615	3,910	6,542	4,939
Others	6,615	6,451	7,292	7,508
Total	169,958	139,365	187,809	161,770

(*) The Company has a profit sharing program for employees as prescribed in Law 10,101/00 based on profit recognized on an annual basis. The annual amount payable is defined through the combination of the Company's profit and performance indicators, in addition to the individual performance of each employee, which is mainly measured based on objective and measurable indicators and goals and the annual budget approved by the Board of Directors. The consideration provision for profit sharing is classified as "costs", "selling expenses" and "general and administrative expenses" in the statement of income, based on function exercised by the respective employees.

13. BORROWINGS, DEBT SECURITIES AND DERIVATIVES

Borrowings, debt securities and derivatives are broken down as follows:

	Individual		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
In local currency				
Debentures - 11 th issuance	466,337	499,406	466,337	499,406
Debentures - 12 th issuance	703,949	700,591	703,949	700,591
Debentures - 13 th issuance	1,072,840	1,084,711	1,072,840	1,084,711
Debentures - 14 th issuance	804,702	1,011,193	804,702	1,011,193
Debentures - 15 th issuance	951,402	1,006,058	951,402	1,006,058
Debentures - 16 th issuance	996,678	994,653	996,678	994,653
Debentures of Localiza Fleet - 3 rd issuance	-	-	-	503,571
Debentures of Localiza Fleet - 4 th issuance	-	-	-	353,809
Debentures of Localiza Fleet - 5 th issuance	-	-	300,185	307,195
Debentures of Localiza Fleet - 6 th issuance	-	-	401,036	398,638
Debentures of Localiza Fleet - 7 th issuance	-	-	300,327	306,640
Debentures of Localiza Fleet - 8 th issuance	-	-	994,135	-
Promissory notes - 7 th issuance	518,719	506,191	518,719	506,191
Working capital	699,292	-	899,515	198,222
Leases	-	-	-	8,275
Certificates of Real Estate Receivables	-	-	350,283	341,522

Notes to the Interim Financial Information

	Individual		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
In foreign currency				
Foreign currency borrowings (*)	1,896,814	826,264	2,369,479	1,158,784
	8,110,733	6,629,067	11,129,587	9,379,459
Borrowings and debt securities				
Current liabilities	725,001	33,269	745,532	144,342
Noncurrent liabilities	7,385,732	6,595,798	10,384,055	9,235,117
	8,110,733	6,629,067	11,129,587	9,379,459
Derivative financial instruments (a)				
Current assets (note 7)	(140,384)	-	(140,573)	-
Noncurrent assets (note 7)	(383,273)	(18,198)	(496,134)	(18,198)
Current liabilities (note 15)	-	4,456	62,113	26,811
Noncurrent liabilities (note 15)	-	-	36,612	62,288
Total borrowings and debt securities, net of derivatives	7,587,076	6,615,325	10,591,605	9,450,360

(*) As a risk elimination strategy, simultaneously with the contracting of all foreign currency operations, it was contracted, in accordance with the Indebtedness, Derivatives, Guarantees and Sureties Policy, hedge transactions (plain vanilla) under identical conditions of amount, term and rate, exchanging the exposure to foreign exchange variation for CDI variation or fixed rate. Contracted hedge transactions are solely for hedge purposes (note 13 (a)(ii)).

The average effective interest rate on debt securities issued by the Company and its subsidiary Localiza Fleet ranges from 108.9% of CDI p.a. to CDI + 1.31% p.a.

On February 12, 2020, Localiza Fleet raised the 8th issue of debentures, not convertible into shares, in the amount of R\$1,000,000 in a single series maturing on April 12, 2025. Expenses incurred on issuances, including fees, commissions and other costs totaled R\$ 11,043. The proceeds raised were used for the full early redemption of the debentures of the 3rd and 4th issuances of Localiza Fleet and to reinforce cash.

On February 15, 2020, Localiza Fleet extended the maturity of the current working capital, which was changed from February 15, 2021 to February 15, 2024.

On March 3, 2020, Localiza signed a borrowing agreement in the amount of USD 125,000 thousand (R\$ 562,500) with maturity of the principal on March 3, 2021. Simultaneously, a swap plain vanilla transaction was contracted in order to mitigate the risk of exposure in foreign currency, exchanging the foreign exchange variation of the U.S. dollar for CDI + 0.60%. There were no expenses incurred with the fundraising.

Due to the COVID-19 pandemic scenario, the Company contracted the following borrowings to reinforce cash:

- On March 27, 2020, Localiza contracted working capital of R\$ 295,000, with the principal maturing on March 23, 2023. Expenses incurred on this transaction, including fees, commissions and other costs, totaled R\$ 7,188.
- On March 31, 2020, Localiza contracted working capital of R\$ 300,000, with the principal maturing on March 31, 2022. There were no expenses incurred with the fundraising.
- On April 24, 2020, Localiza contracted working capital of R\$ 100,000, with the principal maturing on October 20, 2021. There were no expenses incurred with the fundraising.
- On June 18, 2020, the Board of Directors approved the Company's 1st debenture repurchase program with the limit of R\$ 200,000, subsequently increased to R\$ 500,000 in the meeting held on July 27, 2020. Up to September 30, 2020, the Company repurchased debentures in the amount of R\$ 299,609.

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Changes in borrowings and debt securities, net of derivatives, are as follows:

	Individual		Consolidated	
	9M20	9M19	9M20	9M19
Balance at the beginning of the period	6,615,325	5,308,183	9,450,360	7,683,804
Opening balance MOB17 (note 8 (a))	-	-	2,250	-
Opening balance of Localiza RP	-	-	-	45,864
Funding	1,250,312	1,493,632	2,238,894	1,804,706
Repurchase of debentures	(299,609)	-	(299,609)	-
Interest and finance charges	200,338	257,984	346,499	423,328
Repayment of principal	-	(1,625,000)	(859,986)	(1,723,845)
Interest amortization	(179,290)	(282,965)	(286,803)	(484,842)
Balance at the end of the period	7,587,076	5,151,834	10,591,605	7,749,015

At September 30, 2020, Localiza and Localiza Fleet had debt securities in accordance with CVM Instruction 476/09 with hypotheses of accelerated maturity including, but not limited to: (i) filing for or adjudication of bankruptcy by the Issuer or third parties that is not duly eliminated within the legal term; (ii) matters related to the default, with lack of payment within the established term, in individual or aggregate amount equal to or above 3% of the consolidated average equity calculated in the past three quarters; (iii) capital decrease of Localiza and/or repurchase of its own shares for cancellation, other than if previously authorized by debenture holders; (iv) Localiza's merger or spin-off, except if, as set forth in article 231 of Law No. 6,404/76, the spun-off portion or the Company resulting from the transaction continues to be controlled by the Issuer, or the object of the spin-off represents less than 30% of the last annual consolidated revenue; (v) failure to maintain financial ratios on a quarterly basis, based on the Company's consolidated financial statements; and (vi) the Company's rating downgrading on two or more grades in relation to the AAA rating (BR, triple A) by Fitch Ratings or Standard & Poor's due to any change in the shareholding structure that may result in the loss, transfer or disposal of "Controlling Power" of the Issuer by the current controlling shareholders.

The domestic corporate credit ratings in effect on September 30, 2020 are: Standard & Poor's (AAA(bra)/stable), Moody's (Aa1.br/negative) and Fitch Ratings (AAA(bra)/stable).

The financial covenants were met in the 12-month periods ended September 30, 2020 and December 31, 2019 as shown below:

Ratio	Limits	12-month period ended	
		9/30/2020	12/31/2019
Net debt / Adjusted EBITDA (*)	Below 4.00	2.62	2.98
Net debt deducted from credit card balance (**) / Adjusted EBITDA	Below 4.00	2.49	2.77
Adjusted EBITDA / Finance costs, net	Above 1.50	5.58	5.43

(*) EBITDA corresponds to the Issuer's net income or loss, on a consolidated basis, relating to the 12 last months, plus: (i) finance income (costs); (ii) income tax and social contribution; and (iii) depreciation and amortization expenses. For all issues, EBITDA is also adjusted by the costs on stock options, nonrecurring expenses and impairment.

(**) The 14th, 15th and 16th issuance of debentures and the 7th issuance of promissory notes from Localiza Fleet include in the definition of net debt the discount of the receivables from credit card balance.

Additionally, the Company has borrowings that also include certain accelerated maturity events under conditions similar to those applicable to debt securities. As at September 30, 2020, these restrictive covenants were met.

(a) Derivatives

The breakdown of derivative instruments balance, presented in line items other current and other noncurrent assets (note 7) or other current and other noncurrent liabilities (note 15), is as follows:

	Consolidated	
	9/30/2020	12/31/2019
Fixed rate (i)	(97,505)	(71,405)
Foreign currency (ii)	635,487	504
Total assets/(liabilities), net	537,982	(70,901)

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(i) CDI vs Fixed rate

Mostly fleet rental contracts of Fleet Rental Division vary from 24 to 36 months and include an annual adjustment clause based on the inflation index. As the rental contracts cannot be adjusted based on the benchmark interest rates, Localiza Fleet enters into swap transactions by swapping the CDI fluctuation for a fixed rate in order to hedge against the risk of loss of profit on rental contracts. The specific characteristics of these transactions as at September 30, 2020 are as follows:

Financial institution	Range of maturity dates	Weighted average rates		Amount of reference	Value of curve			Market value (carrying amount)			Variation
		Long position	Short position	Notional	Long position	Short position	Gain (loss)	Long position	Short position	Gain (loss)	Curve x MTM
		% CDI									
Institution A	October 2020 to July 2022	132.80%	7.19%	545,000	576,683	597,356	(20,673)	581,695	615,101	(33,406)	(12,733)
Institution B	October 2020 to July 2021	110.00%	8.13%	150,000	162,721	171,562	(8,841)	162,861	174,676	(11,815)	(2,974)
Institution C	January 2021 to January 2023	151.40%	6.75%	450,000	469,449	481,158	(11,709)	477,223	496,564	(19,341)	(7,632)
Institution D	January 2021 to January 2023	110.10%	8.41%	270,000	291,410	307,678	(16,268)	292,116	320,463	(28,347)	(12,079)
Institution E	April 2022 to July 2021	126.80%	5.97%	45,000	46,645	47,507	(862)	46,943	49,215	(2,272)	(1,410)
Institution F	July 2022	110.00%	5.90%	25,000	25,576	26,048	(472)	25,744	27,030	(1,286)	(814)
Institution G	April 2021 to January 2022	85.80%	2.62%	150,000	76,280	76,716	(436)	77,328	78,304	(976)	(540)
Institution H	April 2022	117.00%	2.82%	50,000	25,130	25,164	(34)	26,016	26,078	(62)	(28)
					1,673,894	1,733,189	(59,295)	1,689,926	1,787,431	(97,505)	(38,210)

(ii) Foreign currency x Reais

As at September 30, 2020, the Company had current hedge transactions with an exclusive foreign exchange hedge for the respective foreign currency borrowing contracted with a large financial institution. The specific characteristics of these hedge transactions are as follows:

Swap

Range of maturity dates	Index		Amount of reference	Value of curve			Market value (carrying amount)			Variation
	Long position	Short position	Notional	Long position	Short position	Gain (loss)	Long position	Short position	Gain (loss)	Curve x MTM
5/22/2023	USD Libor + 0.47%	108.0% of CDI	USD 80,000 thousand	452,621	300,654	151,967	446,113	302,834	143,279	(8,688)
1/3/2023	0.93%	CDI + 1.00%	EUR 55,394 thousand	367,903	253,174	114,729	373,916	258,613	115,303	574
1/3/2025	1.33%	CDI + 1.20%	EUR 55,394 thousand	368,570	253,369	115,201	387,488	264,965	122,523	7,322
1/25/2023	USD Libor + 1.66%	6.51%	USD 31,081 thousand	176,042	130,845	45,197	173,158	133,503	39,655	(5,542)
3/3/2021	2.00%	CDI + 0.60%	USD 125,000 thousand	707,719	563,503	144,216	707,460	564,908	142,552	(1,664)
				2,072,855	1,501,545	571,310	2,088,135	1,524,823	563,312	(7,998)

Notes to the Interim Financial Information

Non Deliverable Forward (NDF) transactions

Maturity date	Amount of reference <i>Notional</i>	Forward/ Strike	Value of curve			Market value (carrying amount)			Variation Curve x MTM
			Long position	Short position	Gain (loss)	Long position	Short position	Gain (loss)	
12/12/2021	AUD 73,249 thousand	AUD 3.12 (*)	301,655	223,098	78,557	298,384	226,398	71,986	(6,571)
10/25/2020	USD 135 thousand	USD 4.23	805	571	234	757	568	189	(45)
			302,460	223,669	78,791	299,141	226,966	72,175	(6,616)

(*) Referring to the notional amount of the transaction. A NDF was contracted for each payment of interest, with average forward/ strike of AUD 3.00.

Other information related to borrowings (Individual and Consolidated) has not changed significantly when compared to the information disclosed in note 13 to the financial statements for the year ended December 31, 2019.

14. RIGHT OF USE LEASE LIABILITY

Changes in the right-of-use lease liability are as follows:

	Individual		Consolidated	
	9M20	9M19	9M20	9M19
Balance at the beginning of the period	889,595	837,305	642,733	598,533
Opening balance MOBI7	-	-	255	-
Addition/remeasurement of new agreements	110,840	87,173	99,271	80,546
Write-off	(466)	(3,058)	(471)	(3,058)
Consideration paid	(130,395)	(114,648)	(131,289)	(115,792)
Consideration payable	(20,907)	(20,446)	-	-
Interest	61,762	51,341	45,162	34,978
Balance at the end of the period	910,429	837,667	655,661	595,207
Current	144,139	118,737	129,736	106,156
Noncurrent	766,290	718,930	525,925	489,051

Changes in the right-of-use asset balance are shown in note 9.

Notes to the Interim Financial Information

The Company has property rental contracts for its car rental locations in airports and off-airports (downtown locations), stores, head office and parking lots. The minimum amounts payable, considering undiscounted installments, for the remaining lease term contracted up to September 30, 2020 and classified as leases are as follows:

	Individual							2027 and onwards	Total
	4Q20	2021	2022	2023	2024	2025	2026		
Concessions in airports	9,409	31,222	26,928	24,918	21,796	17,301	10,096	32,785	174,455
Downtown locations, stores, head office and parking lots	40,287	159,052	146,507	135,135	120,761	110,391	106,484	752,748	1,571,365
Total	49,696	190,274	173,435	160,053	142,557	127,692	116,580	785,533	1,745,820
Embedded interest									(835,391)
Balance of lease liability (current and noncurrent)									910,429

	Consolidated							2027 and onwards	Total
	4Q20	2021	2022	2023	2024	2025	2026		
Concessions in airports	9,713	31,808	27,139	25,018	21,834	17,325	10,122	32,837	175,796
Downtown locations, stores and parking lots	33,055	129,259	115,528	103,136	87,723	76,842	71,844	292,845	910,232
Total	42,768	161,067	142,667	128,154	109,557	94,167	81,966	325,682	1,086,028
Embedded interest									(430,367)
Balance of lease liability (current and noncurrent)									655,661

The estimated amount of PIS and COFINS credit embedded in the lease consideration totals R\$ 137,538 in the Individual and R\$ 76,507 in the Consolidated (R\$ 69,067 in the Individual and R\$ 45,499 in the Consolidated, discounted to present value).

In the period ended September 30, 2020, as mentioned in note 3.1, the Company adopted the practical expedient from CVM Decision 859/20 for the recognition of benefits granted under lease contracts. Other information on the lease liability related to right of use has not changed significantly when compared to the information disclosed in note 3.1 to the financial statements for the year ended December 31, 2019.

Notes to the Interim Financial Information

15. OTHER CURRENT AND NONCURRENT LIABILITIES

The breakdown of the balance of other current and noncurrent liabilities is as follows:

	Individual		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Balances stated separately in current liabilities:				
Revenue to be appropriated (*)	2,598	3,213	5,469	6,221
Payables to related parties (note 8 (c)(i))	10,904	16,804	-	-
Federal taxes payable	7,662	5,271	15,656	8,082
Municipal taxes payable	2,505	4,440	4,404	5,959
Derivative financial instruments (note 13)	-	4,456	62,113	26,811
	<u>23,669</u>	<u>34,184</u>	<u>87,642</u>	<u>47,073</u>
Other current liabilities:				
Advances from car rental and decommissioned sale customers	142,352	196,314	149,850	200,529
Insurance premiums for transfer (**)	114,899	123,946	116,558	125,948
Restricted obligations (***)	-	-	-	22,549
Amounts payable for the acquisition of MOB17	-	-	3,576	-
Others	14,143	12,056	34,941	20,644
	<u>271,394</u>	<u>332,316</u>	<u>304,925</u>	<u>369,670</u>
Total other current liabilities	<u>295,063</u>	<u>366,500</u>	<u>392,567</u>	<u>416,743</u>
Balances stated separately in noncurrent liabilities:				
Revenue to be appropriated (*)	4,116	2,885	8,275	7,952
Derivative financial instruments (note 13)	-	-	36,612	62,288
Restricted obligations (***)	-	-	45,240	22,549
	<u>4,116</u>	<u>2,885</u>	<u>90,127</u>	<u>92,789</u>
Other noncurrent liabilities:				
Amounts payable for the acquisition of MOB17	-	-	7,149	-
Others	9,120	8,562	14,434	8,570
	<u>9,120</u>	<u>8,562</u>	<u>21,583</u>	<u>8,570</u>
Total other noncurrent liabilities	<u>13,236</u>	<u>11,447</u>	<u>111,710</u>	<u>101,359</u>
Total other current and noncurrent liabilities	<u>308,299</u>	<u>377,947</u>	<u>504,277</u>	<u>518,102</u>

(*) Refers to the franchising integration fee and bank preference premium.

(**) Premiums received from customers that took out insurance for rented cars, and extended warranty for the decommissioned cars sold which will be transferred by Localiza to the insurance company (note 2.7.5 to the financial statements as of December 31, 2019).

(***) The restricted obligations refer to the amounts retained from the purchase price owed to Car Rental Systems' sellers (escrow), which shall be made available to them after compliance with specific provisions under the share purchase agreement. Restricted obligations are guaranteed by short-term investments made by the Company, with restricted use, and shall be made available for first withdrawal on August 31, 2020, and for final withdrawal in 2023, less the indemnifiable amounts assessed on the related dates (note 7). In August 2020, no payment was made to sellers because the indemnifiable amounts were higher than the escrow amount forecast for the first withdrawal.

16. PROVISIONS AND ESCROW DEPOSITS

(a) Legal provisions recognized

The balance of legal provisions is broken down as follows:

	Individual		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Tax (*)	2,367	99,006	7,928	126,119
Social security	14,077	10,808	15,754	12,217
Labor	22,689	25,497	31,298	37,434
Civil	26,825	23,772	34,470	31,467
Total	<u>65,958</u>	<u>159,083</u>	<u>89,450</u>	<u>207,237</u>

(*) Localiza and Localiza Fleet filed for a suit claiming their right to appropriate PIS and COFINS credits from depreciation of their rental vehicles, based on the justification inserted in Article 3, VI, and Article 15 of Law 10,833/03, at the fraction of 1/48 per month instead of the general rule of 1/60 per month. Since April 2017, based on favorable outcome, Localiza and Localiza Fleet begun to appropriate credits on a 1/48th basis per month and recognize the difference between said bases until new decisions about the discussion were issued. In 2020,

Notes to the Interim Financial Information

considering (i) the change in the scenario of the lawsuits with the issuance of the second favorable decision; (ii) the current jurisprudential context on the utilization of PIS/COFINS credits; and (iii) the change in the assessment of the lawsuits to possible loss, made by the legal counsel, the related provisions were reversed, in the updated amounts of R\$110,602 (Individual) and R\$135,021 (Consolidated) (notes 22 and 23).

(b) Escrow deposits

The balance of escrow deposits is broken down as follows:

	Individual		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Tax	46,042	42,665	76,855	72,830
Social security	1,975	1,397	1,975	1,397
Labor	16,045	16,035	21,229	23,743
Civil	14,680	14,967	16,436	16,616
Total	78,742	75,064	116,495	114,586

The other information on provisions and escrow deposits (Individual and Consolidated) has not significantly changed in relation to that disclosed in note 15 to the financial statements for the year ended December 31, 2019.

17. TAXES ON INCOME – INCOME TAX AND SOCIAL CONTRIBUTION

(a) Deferred income tax and social contribution - assets and liabilities

The breakdown of deferred income tax and social contribution as of September 30, 2020 and December 31, 2019 is as follows:

	Individual		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Temporary differences in the deductibility of provisions:				
Provision for risks and other provisions	21,621	53,290	27,845	67,981
Allowance for doubtful debts/ expected losses and other allowances	57,388	46,259	61,164	50,121
Provision for payment of services in progress and others, profit sharing, loyalty program and others	54,101	50,105	62,678	59,758
Swap transaction with payment on a cash basis	1,802	4,239	42,483	29,991
Income tax and social contribution tax loss carryforwards	173,359	4,146	194,469	29,005
Total deferred income tax and social contribution assets	308,271	158,039	388,639	236,856
Car depreciation (*)	502,178	351,819	658,826	449,705
Leasing in the purchase of property and equipment (**)	213	232	45,619	96,150
Others	-	-	14,614	11,293
Total deferred income tax and social contribution liabilities	502,391	352,051	719,059	557,148
Total deferred income tax and social contribution, net	194,120	194,012	330,420	320,292
Noncurrent assets	-	-	(26,434)	(32,407)
Noncurrent liabilities	194,120	194,012	356,854	352,699

(*) Refers to the temporary difference in the calculation of depreciation, introduced by the application of IFRS. Localiza and Localiza Fleet calculate, for tax purposes, car depreciation expenses based on the depreciation criteria used through December 31, 2007, as prescribed by Law No. 12,973/14. The difference as of December 31, 2014, in conformity with chapter IV, articles 64, 66 and 67 of Law No. 12,973/14, is accounted for in asset-related sub-accounts, being added to the extent of their realization beginning January 1, 2015.

(**) Refers to the temporary difference arising from the deduction of leasing installments amortization on the acquisition of property and equipment items as a contra entry to the depreciation addition to the income tax and social contribution tax bases.

The Company and its subsidiaries have a balance, as of September 30, 2020, as tax credit on tax loss carryforwards of R\$ 173,359 in Individual and R\$ 194,469 in Consolidated (R\$ 4,146 and R\$ 29,005, respectively, as at December 31, 2019). Based on expected future taxable income generation, this tax credit can be carried forward indefinitely and its offset is limited to 30% of annual taxable income.

The realization of deferred income tax and social contribution credits, arising from temporary differences and tax loss carryforwards, is contingent upon future events that will make the provisions that gave rise to them deductible and

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enabled the offset of tax losses and social contribution tax loss carryforwards, in accordance with prevailing tax legislation.

Based on past taxable income that originated deferred income tax and social contribution asset balances, as well as projections of profit or loss for coming years, the Company estimates the following schedule for tax credits recovering:

	<u>Individual</u>	<u>Consolidated</u>
2020	59,458	76,420
2021	58,022	95,291
2022	34,070	49,309
2023	25,585	32,337
2024	19,503	21,496
2025 onwards	111,633	113,786
Total deferred income tax and social contribution assets	<u>308,271</u>	<u>388,639</u>

(b) Income tax and social contribution – reconciliation of expenses at statutory and effective rates

The reconciliation between the statutory and effective rates for the periods ended September 30, 2020 and 2019 is as follows:

	<u>Individual</u>		<u>Consolidated</u>	
	<u>9M20</u>	<u>9M19</u>	<u>9M20</u>	<u>9M19</u>
Net income before taxes	682,744	681,578	846,973	780,133
Statutory rate	34%	34%	34%	34%
Expense at statutory rate	(232,133)	(231,737)	(287,971)	(265,245)
Adjustments to expense at statutory rate:				
Equity in the earnings of subsidiaries	122,653	76,367	-	-
Effect of deduction of interest on capital	67,092	74,550	67,092	74,550
Income tax and social contribution due by subsidiaries (deemed income)	-	-	10,233	7,578
Others, net	6,002	4,821	10,031	8,563
Expense at effective rate	(36,386)	(75,999)	(200,615)	(174,554)
Current income tax and social contribution	(36,278)	(41,487)	(190,487)	(125,203)
Deferred income tax and social contribution	(108)	(34,512)	(10,128)	(49,351)

	<u>Individual</u>		<u>Consolidated</u>	
	<u>3Q20</u>	<u>3Q19</u>	<u>3Q20</u>	<u>3Q19</u>
Net income before taxes	378,135	228,139	449,133	262,607
Statutory rate	34%	34%	34%	34%
Expense at statutory rate	(128,566)	(77,567)	(152,705)	(89,286)
Adjustments to expense at statutory rate:				
Equity in the earnings of subsidiaries	51,601	27,184	-	-
Effect of deduction of interest on capital	22,308	25,366	22,308	25,366
Income tax and social contribution due by subsidiaries (deemed income)	-	-	3,102	2,896
Others, net	2,068	1,590	3,708	3,129
Expense at effective rate	(52,589)	(23,427)	(123,587)	(57,895)
Current income tax and social contribution	(30,347)	(5,147)	(105,121)	(34,187)
Deferred income tax and social contribution	(22,242)	(18,280)	(18,466)	(23,708)

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18. EQUITY

(a) Capital

As of September 30, 2020, the Company's capital was R\$ 4,000,000, comprised of 758,466,670 common shares. The ownership interest and the related reconciliation of the number of outstanding shares are as follows (not reviewed by the independent auditors):

	Management				
	Founding partners	Board of Directors and Statutory Boards	Treasury shares	Outstanding shares	Number of shares – ON
Amount as of December 31, 2019	162,144,750	289,210	2,799,555	593,233,155	758,466,670
Bonus in shares	(1)	-	(1)	2	-
Acquisition (sale) of shares, net	(4,277,200)	21,971	-	4,255,229	-
Exercise of long-term incentive programs with treasury shares	106,076	135,552	(599,108)	357,480	-
Sale of treasury shares	44,755	40,682	(125,831)	40,394	-
Repurchase of shares (note 18 (c) iii)	-	-	5,214,600	(5,214,600)	-
Renting of shares	3,663,506	-	-	(3,663,506)	-
Removal of Management	-	(133,519)	-	133,519	-
Amount as of September 30, 2020	161,681,886	353,896	7,289,215	589,141,673	758,466,670

	Management				
	Founding partners	Board of Directors and Audit and Statutory Boards	Treasury shares	Outstanding shares	Number of shares – ON
Amount as of December 31, 2018	155,539,657	641,971	5,164,144	505,803,438	667,149,210
Primary public distribution of shares	-	-	-	55,200,000	55,200,000
Acquisition (sale) of shares, net	(1,551,753)	(598,941)	-	2,150,694	-
Exercise of stock options with treasury shares	1,428,174	593,592	(2,330,473)	308,707	-
Sale of treasury shares	30,170	26,310	(72,022)	15,542	-
Renting of shares	(993,500)	-	-	993,500	-
Removal of Management	-	(317,899)	-	317,899	-
Amount as of September 30, 2019	154,452,748	345,033	2,761,649	564,789,780	722,349,210

For comparability purposes, the ownership interest and the related reconciliation of the number of outstanding shares adjusted to reflect the 5% share bonus, approved at the Board of Directors' Meeting held on December 12, 2019 are as follows (not reviewed by the independent auditors):

	Management				
	Founding partners	Board of Directors and Audit and Statutory Boards	Treasury shares	Outstanding shares	Number of shares – ON
Amount as of December 31, 2018	163,316,640	674,070	5,422,351	531,093,609	700,506,670
Primary public distribution of shares	-	-	-	57,960,000	57,960,000
Acquisition (sale) of shares, net	(1,629,341)	(628,888)	-	2,258,229	-
Exercise of stock options with treasury shares	1,499,583	623,271	(2,446,997)	324,143	-
Sale of treasury shares	31,678	27,625	(75,623)	16,320	-
Renting of shares	(1,043,175)	-	-	1,043,175	-
Removal of Management	-	(333,794)	-	333,794	-
Amount as of September 30, 2019	162,175,385	362,284	2,899,731	593,029,270	758,466,670

Notes to the Interim Financial Information

Pursuant to article 6 of the Bylaws, the Company is authorized to increase its capital up to the limit of 1,000,000,000 registered common shares, regardless of any amendment to the bylaws, so that additional 241,533,330 registered common shares can be issued.

The Company participates in the Level I of the American Depositary Receipts ("ADR") Program since its approval by CVM on May 22, 2012 and the beginning of trading on June 5, 2012. The Company's position, considering the effects of share bonus, comprised 6,906,248 ADRs issued in the United States as at September 30, 2020 and 3,119,356 as at December 31, 2019 (not reviewed by the independent auditors). Each ADR corresponds to 1 (one) Company's share.

(b) Interest on capital and dividends

The Board of Directors' meetings approved the payment of interest on capital to shareholders as follows:

9M20				
Approval date	Total amount approved	Amount per share (R\$)	Shareholding position date	Payment date
3/10/2020	66,954	0.08901	3/13/2020	9/15/2020 (*)
6/18/2020	64,764	0.08622	6/23/2020	10/15/2020 (*)
9/4/2020	65,611	0.08735	9/10/2020	11/5/2020
Total	197,329			

(*) At the Board of Directors' Meeting held on April 1, 2020, the payment date of interest on capital was postponed from May 5, 2020 to January 5, 2021, in view of the impacts of the Covid-19 pandemic on the Company's business and on the domestic economy in general. Therefore, and due to the change in the number of treasury shares, the estimated gross value per share of interest on capital payable was changed from R\$ 0.08860 to R\$ 0.08901. At the Board of Directors' Meeting held on September 4, 2020, considering the improvement in the scenario in comparison with the impacts previously expected, the date of the payment of interest on capital was advanced as follows: (i) the payment expected for January 5, 2021 was made on September 15, 2020, with an amount per share of 0.08901; and (ii) the payment expected for April 5, 2021 was made on October 15, 2020, with an amount per share of 0.08622.

9M19					
Approval date	Total amount approved	Amount per share (in R\$)		Shareholding position date	Payment date
		On approval date	For comparability (*)		
3/21/2019	69,156	0.09641	0.09182	3/26/2019	5/20/2019
6/18/2019	75,503	0.10498	0.09998	6/24/2019	8/16/2019
9/4/2019	74,607	0.10368	0.09874	9/9/2019	11/8/2019
Total	219,266				

(*) For comparability purposes, the amount of interest on capital per share was adjusted considering the 5% bonus, approved at the Board of Directors' Meeting held on December 12, 2019.

At the Annual General Meeting held on April 23, 2020, the payment of interest on capital in the amount of R\$ 291,049 referring to the net income for 2019 was approved. Additionally, the shareholders opted to not pay additional dividends, considering that the amount distributed through interest on capital in 2019 exceeds the mandatory minimum dividend of 25% on net income, which is the basis for dividends proposal.

The dividends and interest on capital payable are broken down as follows:

	Consolidated	
	9/30/2020	12/31/2019
Proposed interest on capital in net income for the period	130,375	71,783
Provision for withholding income tax on interest on capital	(15,213)	(8,389)
Total dividends and interest on capital payable	115,162	63,394

Notes to the Interim Financial Information

(c) Capital reserves, stock options granted and treasury shares

On September 30, 2020, the breakdown of capital reserves, options granted and treasury shares is as follows:

	Stock options granted recognized	Goodwill on share subscription	Treasury shares	Total
Balance as of December 31, 2019	71,736	113,758	(22,288)	163,206
Stock options granted recognized	8,768	-	-	8,768
Treasury shares acquired	-	-	(184,695)	(184,695)
Treasury shares sold	-	966	3,250	4,216
Exercise of long-term incentive programs with treasury shares	(14,313)	(1,896)	15,473	(736)
Balance as of September 30, 2020	66,191	112,828	(188,260)	(9,241)

(i) Options exercised in 9M20

In 9M20, 599,108 stock options and shares of the long-term incentive programs were exercised, in the amount calculated at fair value of R\$ 6,539. All options were exercised using treasury shares and, therefore, it was not necessary to issue new shares.

(ii) Treasury shares

The number of treasury shares as at September 30, 2020 was 7,289,215 (2,899,731 as at September 30, 2019 considering the effects of bonus in shares), with fair value of R\$ 413,080 (stock quote of R\$ 56.67 as at September 30, 2020).

In March 2020, 5,214,600 shares issued by the Company were acquired, under the 11th Share Repurchase Program, to be held in treasury and subsequently sold, without capital decrease. The cost of acquisition of the treasury shares, including trading costs, is as follows:

Repurchase Program	Date of approval by the Board of Directors	Acquisition cost (R\$)		
		Minimum	Average	Maximum
11 th Program	6/18/2019	26.86	35.42	40.02

At the Board of Directors' Meeting held on June 18, 2020, the 12th Share Repurchase Program was approved, in which the Company was authorized to purchase up to 50,000,000 shares. This transaction has a maximum term of 365 days, from July 23, 2020 to July 22, 2021, and aims at maximizing the value generated for shareholders or settle stock options within the scope of the Company's long-term incentive programs.

(d) Statutory reserves

At the Annual General Meeting held on April 23, 2020, the shareholders approved the creation of a statutory reserve of R\$ 501,192 related to the remaining balance of the profit for 2019.

Other information on equity has not significantly changed in relation to that disclosed in note 17 to the financial statements for the year ended December 31, 2019.

19. EARNINGS PER SHARE

The methods used to calculate basic and diluted earnings per share are the same as those disclosed in note 18 to the financial statements for the year ended December 31, 2019.

The table below shows information on net income and the number of shares used, encompassing the effects of bonus in shares in the calculation of basic and diluted earnings per share for each of the reporting periods of the statement of income:

Notes to the Interim Financial Information

	Individual and Consolidated		Individual and Consolidated	
	9M20	9M19	3Q20	3Q19
Net income for the period	646,358	605,579	325,546	204,712
Basic earnings per share:				
Weighted average number of outstanding common shares (units)	752,250,881	748,106,576	751,175,392	755,566,599
Basic earnings per share (R\$)	0.85923	0.80948	0.43338	0.27094
Diluted earnings per share:				
Weighted average number of outstanding common shares (units)	752,250,881	748,106,576	751,175,392	755,566,599
Dilutive effect of stock options (units)	1,536,643	4,203,263	1,473,704	3,535,598
Total shares subject to dilution (units)	753,787,524	752,309,839	752,649,096	759,102,197
Diluted earnings per share (R\$)	0.85748	0.80496	0.43253	0.26968

20. SEGMENT INFORMATION

An operating division is a component of an entity that engages in business activities: (i) which can earn revenues and incur expenses; (ii) the results of operations of which are regularly reviewed by the chief operating decision maker regarding funds to be allocated to the division and for performance evaluation; and (iii) for which individual financial information is available.

The Company has defined three operating divisions that are separately managed based on the reports used by the Board of Directors to make strategic decisions. The accounting policies of these operating divisions are the same as those described in note 2 or the notes of the respective line items of the financial statements for the year ended December 31, 2019.

- Car rental:** This division is responsible for car rentals in locations located inside and outside airports and for insurance stipulation and management of car claims for insurance companies. Cars are rented by legal entities and individuals, in some cases through distribution channels. Given the need to renew the fleet, Localiza sells its cars after 12 months of use. In order to reduce intermediation costs on the sale of decommissioned cars, roughly half of the cars is directly sold to the final consumers. Consequently, the Company maximizes the recoverable amount of these assets, by reducing the depreciation of cars and the net amount invested in fleet renewal, as the selling expense of the Company's own stores is smaller than the discount required by resellers, as well as avoids full dependence on third parties for the sales.
- Fleet rental:** This division is responsible for fleet rental to legal entities, through Localiza Fleet and Car Rental Systems, for long periods, usually 24 to 36 months. This division's fleet is acquired after signature of agreements according to the customers' needs. Therefore, the fleet is more diversified in terms of models and brands. Decommissioned cars are sold at the end of the agreements, on average within 29 months of use, directly to the end consumer or to dealers through the Company's own car dealer network.
- Franchising:** This division is responsible for the management and establishment of franchises in geographically defined markets, including the transfer of the necessary know-how to operate the business and licensing of the right to use the Localiza brand. The franchising business is managed by the subsidiary Franchising Brasil in Brazil and by Localiza itself in other countries.

Notes to the Interim Financial Information

(a) Consolidated assets and liabilities by operating division

9/30/2020	Car rental	Fleet rental	Franchising	Unallocated balances	Eliminations/ Reclassifications	Consolidated
Assets						
Cash and cash equivalents	-	-	-	2,846,773	-	2,846,773
Short-term investments	-	-	-	1,577,640	-	1,577,640
Trade receivables	844,178	176,769	4,126	-	(52,292)	972,781
Decommissioned cars for fleet renewal	15,584	36,238	-	-	-	51,822
Property and equipment	10,301,173	2,763,713	958	395,799 (*)	(355,993)	13,105,650
Other assets	988,610	332,134	6,401	-	(16,928)	1,310,217
Total assets	12,149,545	3,308,854	11,485	4,820,212	(425,213)	19,864,883
Liabilities						
Trade payables	866,856	186,141	499	-	(55,088)	998,408
Borrowings and debt securities	-	-	-	11,129,587	-	11,129,587
Other liabilities	1,836,939	551,881	13,646	-	(389,692)	2,012,774
Total liabilities	2,703,795	738,022	14,145	11,129,587	(444,780)	14,140,769
Equity	-	-	-	5,724,114	-	5,724,114
Total liabilities and equity	2,703,795	738,022	14,145	16,853,701	(444,780)	19,864,883
12/31/2019	Car rental	Fleet rental	Franchising	Unallocated balances	Eliminations/ Reclassifications	Consolidated
Assets						
Cash and cash equivalents	-	-	-	2,220,102	-	2,220,102
Short-term investments	-	-	-	610,838	-	610,838
Trade receivables	1,117,865	168,641	4,412	-	(14,386)	1,276,532
Decommissioned cars for fleet renewal	25,172	116,563	-	-	-	141,735
Property and equipment	11,706,153	2,827,326	2,824	385,808	(352,540)	14,569,571
Other assets	464,144	214,331	6,529	-	(110,822)	574,182
Total assets	13,313,334	3,326,861	13,765	3,216,748	(477,748)	19,392,960
Liabilities						
Trade payables	2,291,789	288,476	575	-	(15,453)	2,565,387
Borrowings and debt securities	-	-	-	9,379,459	-	9,379,459
Other liabilities	1,899,084	556,760	17,398	-	(472,660)	2,000,582
Total liabilities	4,190,873	845,236	17,973	9,379,459	(488,113)	13,945,428
Equity	-	-	-	5,447,532	-	5,447,532
Total liabilities and equity	4,190,873	845,236	17,973	14,826,991	(488,113)	19,392,960

(*) Refers mainly to the Company's headquarters.

(b) Consolidated statements of income per operating division

9M20	Car rental	Fleet rental	Franchising	Reclassifications	Consolidated
Net revenue	5,876,979	1,542,704	12,600	-	7,432,283
Cost	(4,613,314)	(926,905)	(7,068)	(5,597)	(5,552,884)
Gross profit	1,263,665	615,799	5,532	(5,597)	1,879,399
Operating expenses:					
Selling expenses	(563,225)	(70,026)	(777)	2,490	(631,538)
General, administrative and other expenses	(75,613)	(18,663)	(336)	3,107	(91,505)
Profit (loss) before finance costs, net	624,827	527,110	4,419	-	1,156,356
Finance costs, net	-	-	-	-	(309,383)
Profit before income tax and social contribution	-	-	-	-	846,973
Income tax and social contribution	-	-	-	-	(200,615)
Profit for the period	-	-	-	-	646,358

Notes to the Interim Financial Information

9M19	Car rental	Fleet rental	Franchising	Reclassifications	Consolidated
Net revenue	6,044,388	1,194,924	15,812	-	7,255,124
Cost	(4,686,705)	(768,345)	(6,601)	(4,708)	(5,466,359)
Gross profit	1,357,683	426,579	9,211	(4,708)	1,788,765
Operating expenses:					
Selling expenses	(474,898)	(51,890)	(255)	2,161	(524,882)
General, administrative and other expenses	(153,800)	(34,953)	(341)	2,547	(186,547)
Profit (loss) before finance costs, net	728,985	339,736	8,615	-	1,077,336
Finance costs, net					(297,203)
Profit before income tax and social contribution					780,133
Income tax and social contribution					(174,554)
Profit for the period					605,579
<hr/>					
3Q20	Car rental	Fleet rental	Franchising	Reclassifications	Consolidated
Net revenue	2,437,271	626,253	4,025	-	3,067,549
Cost	(1,877,315)	(396,353)	(2,154)	(1,812)	(2,277,634)
Gross profit	559,956	229,900	1,871	(1,812)	789,915
Operating expenses:					
Selling expenses	(194,525)	(24,446)	(181)	794	(218,358)
General, administrative and other expenses	(57,178)	(11,626)	(146)	1,018	(67,932)
Profit before finance costs, net	308,253	193,828	1,544	-	503,625
Finance costs, net					(54,492)
Profit before income tax and social contribution					449,133
Income tax and social contribution					(123,587)
Profit for the period					325,546
<hr/>					
3Q19	Car rental	Fleet rental	Franchising	Reclassifications	Consolidated
Net revenue	2,159,842	416,746	4,746	-	2,581,334
Cost	(1,699,118)	(262,937)	(1,875)	(1,836)	(1,965,766)
Gross profit	460,724	153,809	2,871	(1,836)	615,568
Operating expenses:					
Selling expenses	(171,922)	(19,317)	(34)	910	(190,363)
General, administrative and other expenses	(55,546)	(13,711)	(129)	926	(68,460)
Profit before finance costs, net	233,256	120,781	2,708	-	356,745
Finance costs, net					(94,138)
Profit before income tax and social contribution					262,607
Income tax and social contribution					(57,895)
Profit for the period					204,712

(c) Consolidated depreciation and amortization expenses per operating division

	Consolidated		Consolidated	
	9M20	9M19	3Q20	3Q19
Car rental				
Car depreciation	313,001	221,842	61,275	94,361
Depreciation of other property and equipment and amortization of intangible assets	128,428	114,949	43,844	39,568
Fleet rental				
Car depreciation	102,650	158,393	33,709	50,837
Depreciation of other property and equipment and amortization of intangible assets	13,904	8,954	5,283	3,046
Franchising				
Depreciation of other property and equipment and amortization of intangible assets	1,269	1,689	390	512
Total	559,252	505,827	144,501	188,324

Notes to the Interim Financial Information

21. NET REVENUE

The reconciliation between gross operating revenue and net revenue presented in the statements of income for the periods is as follows:

	Individual		Consolidated	
	9M20	9M19	9M20	9M19
Gross revenue	6,024,473	6,225,189	7,772,729	7,580,725
Deductions:				
Discounts	(11,494)	(4,427)	(27,511)	(18,873)
Taxes (*)	(217,870)	(221,025)	(312,935)	(306,728)
Net revenue	5,795,109	5,999,737	7,432,283	7,255,124

(*) Refer substantially to: (i) Service Tax ("ISSQN") and (ii) the taxes on revenue ("PIS" and "COFINS"). PIS and COFINS credits on the acquisition of inputs for the nine-month period ended September 30, 2019 were reclassified from the line item of taxes on revenues, to the line item of costs and expenses, in the amount of R\$ 184,343 in the Individual and R\$ 245,046 in the Consolidated (note 2), for comparability purposes.

	Individual		Consolidated	
	3Q20	3Q19	3Q20	3Q19
Gross revenue	2,486,196	2,224,894	3,187,741	2,696,992
Deductions:				
Discounts	(4,291)	(1,732)	(10,355)	(6,172)
Taxes (*)	(77,929)	(79,177)	(109,837)	(109,486)
Net revenue	2,403,976	2,143,985	3,067,549	2,581,334

(*) Refer substantially to: (i) Service Tax ("ISSQN") and (ii) the taxes on revenue ("PIS" and "COFINS"). PIS and COFINS credits on the acquisition of inputs for the quarter ended September 30, 2019 were reclassified from the line item of taxes on revenues, to the line item of costs and expenses, in the amount of R\$ 68,623 in the Individual and R\$ 89,842 in the Consolidated, for comparability purposes.

The breakdown of net revenue by geographic market and category is as follows:

	Individual					
	Car rental		Franchising		Total	
	9M20	9M19	9M20	9M19	9M20	9M19
Geographic markets						
Revenue in Brazil	5,773,658	5,971,867	-	-	5,773,658	5,971,867
Export revenue (*)	15,872	21,771	-	-	15,872	21,771
Royalties abroad	-	-	5,579	6,099	5,579	6,099
Net revenue	5,789,530	5,993,638	5,579	6,099	5,795,109	5,999,737
Revenue categories						
Car rental	2,113,703	2,123,512	-	-	2,113,703	2,123,512
Franchising	-	-	5,579	6,099	5,579	6,099
Car sold for fleet renewal	3,675,827	3,870,126	-	-	3,675,827	3,870,126
Net revenue	5,789,530	5,993,638	5,579	6,099	5,795,109	5,999,737

	Individual					
	Car rental		Franchising		Total	
	3Q20	3Q19	3Q20	3Q19	3Q20	3Q19
Geographic markets						
Revenue in Brazil	2,400,490	2,135,862	-	-	2,400,490	2,135,862
Export revenue (*)	1,756	5,982	-	-	1,756	5,982
Royalties abroad	-	-	1,730	2,141	1,730	2,141
Net revenue	2,402,246	2,141,844	1,730	2,141	2,403,976	2,143,985
Revenue categories						
Car rental	754,060	757,427	-	-	754,060	757,427
Franchising	-	-	1,730	2,141	1,730	2,141
Car sold for fleet renewal	1,648,186	1,384,417	-	-	1,648,186	1,384,417
Net revenue	2,402,246	2,141,844	1,730	2,141	2,403,976	2,143,985

(*) Revenue from car rental in Brazil to customers resident and domiciled abroad.

Notes to the Interim Financial Information

	Consolidated							
	Car rental		Fleet rental		Franchising		Total	
	9M20	9M19	9M20	9M19	9M20	9M19	9M20	9M19
Geographic markets								
Revenue in Brazil	5,861,107	6,022,617	1,542,704	1,194,924	7,021	9,713	7,410,832	7,227,254
Export revenue (*)	15,872	21,771	-	-	-	-	15,872	21,771
Royalties abroad	-	-	-	-	5,579	6,099	5,579	6,099
Net revenue	5,876,979	6,044,388	1,542,704	1,194,924	12,600	15,812	7,432,283	7,255,124
Revenue categories								
Car rental	2,119,178	2,128,368	-	-	-	-	2,119,178	2,128,368
Fleet rental	-	-	781,867	688,142	-	-	781,867	688,142
Franchising	-	-	-	-	12,600	15,812	12,600	15,812
Car sold for fleet renewal	3,757,801	3,916,020	760,837	506,782	-	-	4,518,638	4,422,802
Net revenue	5,876,979	6,044,388	1,542,704	1,194,924	12,600	15,812	7,432,283	7,255,124

	Consolidated							
	Car rental		Fleet rental		Franchising		Total	
	3Q20	3Q19	3Q20	3Q19	3Q20	3Q19	3Q20	3Q19
Geographic markets								
Revenue in Brazil	2,435,515	2,153,860	626,253	416,746	2,295	2,605	3,064,063	2,573,211
Export revenue (*)	1,756	5,982	-	-	-	-	1,756	5,982
Royalties abroad	-	-	-	-	1,730	2,141	1,730	2,141
Net revenue	2,437,271	2,159,842	626,253	416,746	4,025	4,746	3,067,549	2,581,334
Revenue categories								
Car rental	755,279	757,559	-	-	-	-	755,279	757,559
Fleet rental	-	-	263,986	241,357	-	-	263,986	241,357
Franchising	-	-	-	-	4,025	4,746	4,025	4,746
Car sold for fleet renewal	1,681,992	1,402,283	362,267	175,389	-	-	2,044,259	1,577,672
Net revenue	2,437,271	2,159,842	626,253	416,746	4,025	4,746	3,067,549	2,581,334

(*) Revenue from car rental in Brazil to customers resident and domiciled abroad.

Notes to the Interim Financial Information

22. NATURE OF OPERATING COSTS AND EXPENSES

The information on the nature of operating costs and expenses recognized in the statement of income is as follows:

	Individual					
	Costs		Selling, general, administrative and other expenses		Total	
	9M20	9M19	9M20	9M19	9M20	9M19
Cost of cars sold	(3,381,141)	(3,551,803)	-	-	(3,381,141)	(3,551,803)
Car maintenance, IPVA and others	(528,453)	(515,000)	-	-	(528,453)	(515,000)
Car depreciation	(306,241)	(220,222)	-	-	(306,241)	(220,222)
Salaries, payroll taxes and benefits	(282,678)	(239,002)	(255,867)	(214,910)	(538,545)	(453,912)
Property leasing (*)	(44,181)	(45,251)	334	(2,304)	(43,847)	(47,555)
Third-party services	(116,657)	(114,614)	(114,589)	(88,590)	(231,246)	(203,204)
Profit sharing	(40,476)	(33,464)	(35,514)	(31,142)	(75,990)	(64,606)
Depreciation and amortization of other property and equipment and intangible assets	(95,563)	(84,583)	(52,963)	(47,020)	(148,526)	(131,603)
Water, electricity and telephone	(9,879)	(10,406)	(5,165)	(6,101)	(15,044)	(16,507)
Travel	(7,774)	(16,919)	(3,081)	(6,692)	(10,855)	(23,611)
Advertising	-	-	(42,123)	(51,094)	(42,123)	(51,094)
Commission	-	-	(53,402)	(58,849)	(53,402)	(58,849)
ECLs (**) and write-off of uncollectible amounts	-	-	(131,576)	(55,952)	(131,576)	(55,952)
PIS and COFINS credits, net (note 2)	239,985	184,343	-	-	239,985	184,343
Reversal of provision for PIS and COFINS (***)	-	-	103,438	-	103,438	-
Other	(58,927)	(80,155)	(54,565)	(64,201)	(113,492)	(144,356)
Total	(4,631,985)	(4,727,076)	(645,073)	(626,855)	(5,277,058)	(5,353,931)

	Consolidated					
	Costs		Selling, general, administrative and other expenses		Total	
	9M20	9M19	9M20	9M19	9M20	9M19
Cost of cars sold	(4,078,657)	(3,987,679)	-	-	(4,078,657)	(3,987,679)
Car maintenance, IPVA and others	(690,022)	(674,279)	-	-	(690,022)	(674,279)
Car depreciation	(415,651)	(380,235)	-	-	(415,651)	(380,235)
Salaries, payroll taxes and benefits	(309,333)	(263,576)	(311,658)	(268,115)	(620,991)	(531,691)
Property leasing (*)	(46,848)	(48,050)	475	(2,520)	(46,373)	(50,570)
Third-party services	(137,067)	(142,644)	(126,752)	(96,023)	(263,819)	(238,667)
Profit sharing	(43,843)	(37,703)	(43,359)	(37,533)	(87,202)	(75,236)
Depreciation and amortization of other property and equipment and intangible assets	(89,840)	(77,947)	(53,761)	(47,645)	(143,601)	(125,592)
Water, electricity and telephone	(10,189)	(10,547)	(6,166)	(6,675)	(16,355)	(17,222)
Travel	(7,939)	(17,452)	(3,623)	(7,805)	(11,562)	(25,257)
Advertising	-	-	(44,793)	(52,657)	(44,793)	(52,657)
Commission	-	-	(54,727)	(60,137)	(54,727)	(60,137)
ECLs (**) and write-off of uncollectible amounts	-	-	(134,854)	(61,159)	(134,854)	(61,159)
PIS and COFINS credits, net (note 2)	305,807	245,462	8	(416)	305,815	245,046
Reversal of provision for PIS and COFINS (***)	-	-	126,365	-	126,365	-
Others	(29,302)	(71,709)	(70,198)	(70,744)	(99,500)	(142,453)
Total	(5,552,884)	(5,466,359)	(723,043)	(711,429)	(6,275,927)	(6,177,788)

(*) Property rentals for the car rental locations have a fixed and a variable portion, the latter linked to the location's revenue. In 9M20, the Company recognized variable costs and expenses in the amount of R\$ 25,260 in the Individual and R\$ 25,212 in the Consolidated (R\$ 24,794 in the Individual and R\$ 25,607 in the Consolidated in 9M19), referring to the lease contracts measured as established by IFRS 16. As mentioned in note 3, in accordance with the requirements of Decision 859/20, the Company recognized in profit or loss for the period discounts obtained related to Covid-19, in the amounts of R\$ 19,810 in the Individual and R\$ 19,867 in the Consolidated. In addition,

Notes to the Interim Financial Information

R\$ 38,397 and R\$ 41,028 were recognized in the Individual and Consolidated, respectively (R\$ 22,761 in the Individual and R\$ 24,963 in the Consolidated in 9M19) related to contracts to which IFRS 16 does not apply.

(**) Allowance for doubtful debts and expected credit losses.

(***) Reversal referring to the provision for PIS and COFINS credits, as mentioned in note 16(a).

	Individual					
	Costs		Selling, general, administrative and other expenses		Total	
	3Q20	3Q19	3Q20	3Q19	3Q20	3Q19
Cost of cars sold	(1,484,940)	(1,264,186)	-	-	(1,484,940)	(1,264,186)
Car maintenance, IPVA and others	(194,901)	(184,876)	-	-	(194,901)	(184,876)
Car depreciation	(61,242)	(92,786)	-	-	(61,242)	(92,786)
Salaries, payroll taxes and benefits	(91,740)	(86,520)	(82,435)	(79,154)	(174,175)	(165,674)
Property leasing (*)	(15,000)	(15,513)	985	(613)	(14,015)	(16,126)
Third-party services	(33,964)	(50,234)	(38,221)	(35,366)	(72,185)	(85,600)
Profit sharing	(22,292)	(11,857)	(19,595)	(13,641)	(41,887)	(25,498)
Depreciation and amortization of other property and equipment and intangible assets	(32,514)	(29,458)	(18,489)	(15,762)	(51,003)	(45,220)
Water, electricity and telephone	(2,933)	(3,676)	(1,306)	(1,933)	(4,239)	(5,609)
Travel	(1,180)	(6,403)	(268)	(2,994)	(1,448)	(9,397)
Advertising	-	-	(7,511)	(17,530)	(7,511)	(17,530)
Commission	-	-	(21,321)	(22,295)	(21,321)	(22,295)
ECLs (**) and write-off of uncollectible amounts	-	-	(52,083)	(18,343)	(52,083)	(18,343)
PIS and COFINS credits, net (note 2)	72,230	68,623	-	-	72,230	68,623
Others	(8,139)	(38,257)	(13,624)	(19,451)	(21,763)	(57,708)
Total	(1,876,615)	(1,715,143)	(253,868)	(227,082)	(2,130,483)	(1,942,225)

	Consolidated					
	Costs		Selling, general, administrative and other expenses		Total	
	3Q20	3Q19	3Q20	3Q19	3Q20	3Q19
Cost of cars sold	(1,809,230)	(1,412,651)	-	-	(1,809,230)	(1,412,651)
Car maintenance, IPVA and others	(247,523)	(243,432)	-	-	(247,523)	(243,432)
Car depreciation	(94,984)	(145,198)	-	-	(94,984)	(145,198)
Salaries, payroll taxes and benefits	(100,727)	(95,114)	(100,982)	(95,063)	(201,709)	(190,177)
Property leasing (*)	(15,953)	(16,376)	1,190	(682)	(14,763)	(17,058)
Third-party services	(41,288)	(60,173)	(43,524)	(38,601)	(84,812)	(98,774)
Profit sharing	(24,154)	(13,344)	(24,054)	(15,819)	(48,208)	(29,163)
Depreciation and amortization of other property and equipment and intangible assets	(30,733)	(27,154)	(18,784)	(15,972)	(49,517)	(43,126)
Water, electricity and telephone	(3,027)	(3,742)	(1,587)	(2,238)	(4,614)	(5,980)
Travel	(1,191)	(6,635)	(335)	(3,540)	(1,526)	(10,175)
Advertising	-	-	(8,602)	(18,296)	(8,602)	(18,296)
Commission	-	-	(21,874)	(22,735)	(21,874)	(22,735)
ECLs (**) and write-off of uncollectible amounts	-	-	(51,514)	(21,670)	(51,514)	(21,670)
PIS and COFINS credits, net (note 2)	93,368	89,854	1	(12)	93,369	89,842
Others	(2,192)	(31,801)	(16,225)	(24,195)	(18,417)	(55,996)
Total	(2,277,634)	(1,965,766)	(286,290)	(258,823)	(2,563,924)	(2,224,589)

(*) Property rentals for the car rental locations have a fixed and a variable portion, the latter linked to the location's revenue. In 3Q20, the Company recognized variable costs and expenses in the amount of R\$ 9,819 in the Individual and R\$ 9,842 in the Consolidated (R\$ 8,050 in the Individual and R\$ 8,323 in the Consolidated in 3Q19), referring to the lease contracts measured under IFRS 16. As mentioned in note 3, in accordance with the requirements of Decision 859/20, the Company recognized in profit or loss for 3Q20 discounts obtained related to Covid-19, in the amounts of R\$ 8,317 in the Individual and R\$ 8,349 in the Consolidated. In addition, in 3Q20, R\$ 12,513 and R\$ 13,270 were recognized in the Individual and Consolidated, respectively (R\$ 8,076 in the Individual and R\$ 8,735 in the Consolidated in 3Q19) related to contracts to which IFRS 16 does not apply.

(**) Allowance for doubtful debts and expected credit losses.

Notes to the Interim Financial Information

23. FINANCE INCOME (EXEPENSES)

Finance income (expenses) recognized in the statement of income are as follows:

	Individual		Consolidated	
	9M20	9M19	9M20	9M19
Interest on short-term investments	52,698	137,786	72,546	180,768
PIS/COFINS on finance income	(3,569)	(6,442)	(4,824)	(8,393)
Repurchase of debentures	17,297	-	17,297	-
Other interest income	3,399	2,957	4,567	4,445
Total finance income	69,825	134,301	89,586	176,820
Interest expenses on borrowings, debt securities and derivatives	(200,338)	(257,984)	(346,499)	(423,328)
Interest expenses on lease (note 14)	(61,762)	(51,341)	(45,162)	(34,978)
Reversal of the adjustment in the provision for contingency of PIS/COFINS credits (note 16(a))	7,164	-	8,656	-
Other interest expenses	(10,941)	(13,814)	(15,964)	(15,717)
Total finance expenses	(265,877)	(323,139)	(398,969)	(474,023)
Total finance income (expenses)	(196,052)	(188,838)	(309,383)	(297,203)

	Individual		Consolidated	
	3Q20	3Q19	3Q20	3Q19
Interest on investments	18,313	50,825	27,184	65,296
PIS/COFINS on finance income	(1,270)	(2,385)	(1,659)	(3,064)
Repurchase of debentures	9,003	-	9,003	-
Other interest income	715	1,279	1,091	1,753
Total finance income	26,761	49,719	35,619	63,985
Interest expenses on borrowings, debt securities and derivatives	(51,908)	(78,636)	(72,856)	(138,083)
Interest expenses on lease (note 14)	(20,090)	(18,319)	(14,591)	(12,804)
Other interest expenses	(1,890)	(6,339)	(2,664)	(7,236)
Total finance expenses	(73,888)	(103,294)	(90,111)	(158,123)
Total finance income (expenses)	(47,127)	(53,575)	(54,492)	(94,138)

24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The carrying amounts of financial assets and liabilities are as follows:

	Individual		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Financial assets				
<u>Amortized cost</u>				
Cash and cash equivalents (note 4)	1,610,172	446,673	1,842,040	504,187
Trade receivables (note 6)	813,785	1,095,724	972,781	1,276,532
Escrow deposits (note 16)	78,742	75,064	116,495	114,586
Receivables from insurance company (note 7)	168,313	146,229	170,026	148,162
Other receivables – subsidiaries (note 7)	2,791	144	-	-
Investments in restricted accounts (note 7)	-	-	44,755	44,566
<u>Financial assets at fair value through profit or loss</u>				
Cash and cash equivalents (note 4)	701,341	1,176,003	1,004,733	1,715,915
Short-term investments (note 5)	686,096	267,018	1,577,640	610,838
Derivative financial instruments (note 13)	523,657	18,198	636,707	18,198

Notes to the Interim Financial Information

	Individual		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Financial liabilities				
<u>Amortized cost</u>				
Trade payables (note 11)	(865,726)	(2,290,871)	(998,408)	(2,565,387)
Borrowings and debt securities (note 13)	(8,110,733)	(6,629,067)	(11,129,587)	(9,379,459)
Insurance premiums for transfer (note 15)	(114,899)	(123,946)	(116,558)	(125,948)
Payables to related parties (note 15)	(10,904)	(16,804)	-	-
Restricted obligations (note 15)	-	-	(45,240)	(45,098)
Amount payable for the acquisition of MOB17 (note 15)	-	-	(10,725)	-
<u>Financial liabilities at fair value through profit or loss</u>				
Derivative financial instruments (note 13)	-	(4,456)	(98,725)	(89,099)

Other information on financial instruments and risk management has not changed significantly when compared to the information disclosed in note 23 to the financial statements as of December 31, 2019.

(a) Risk management

In the normal course of operations, the Company is exposed to the following risks related to its financial instruments: (i) market risk; (ii) credit risk; and (iii) liquidity risk.

(i) Market risk

The Company has performed sensitivity tests for adverse scenarios (deterioration of the CDI rate by 25% or 50% above of the probable scenario), considering the following assumptions:

- As at September 30, 2020, the Company's net debt totaled R\$ 6,167,192. Of this total, R\$ 1,864,034, with fixed cost at an average rate of 7.19% p.a., was excluded, as it is related to the transactions contracted at a fixed rate and amounts corresponding to the hedge from the swap transactions, changing the rates indexed to CDI for fixed rates. Thus, the net debt subject to the CDI fluctuation amounts to R\$ 4,303,158 at September 30, 2020.
- The probable scenario for the next 12 months was estimated, according to information in the Focus Bulletin issued by the Central Bank of Brazil, based on an average CDI rate of 2.00% against the effective annual rate of 3.08% in the nine-month period ended September 30, 2020.

Description	Consolidated		
	Probable scenario (*)	Scenario I – 25% deterioration	Scenario II – 50% deterioration
Net debt as at September 30, 2020	6,167,192	6,167,192	6,167,192
Debts at a fixed-rate and amounts hedged with swap to a fixed-rate	(1,864,034)	(1,864,034)	(1,864,034)
Net debt subject to the CDI fluctuation	4,303,158	4,303,158	4,303,158
Effective average annual CDI rate for the nine-month period ended September 30, 2020	3.08%	3.08%	3.08%
Estimated average annual CDI rate, according to stress scenarios	2.00%	2.50%	3.00%
Effect on finance costs subject to the CDI rate fluctuation:			
- according to effective rate from January to September 2020	(132,537)	(132,537)	(132,537)
- according to scenarios	(86,063)	(107,579)	(129,095)
Decrease in finance costs for the next twelve months	46,474	24,958	3,442

Notes to the Interim Financial Information

(ii) Credit risk

The maximum exposure to the Company's credit risk, based on the residual value of the underlying financial assets, is as follows:

	Individual		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Cash and cash equivalents:				
At least Aa3 in the Moody's scale or equivalent in another rating agency	2,295,700	1,606,430	2,794,085	2,202,980
Cash and banks	15,813	16,246	52,688	17,122
Total cash and cash equivalents (note 4)	2,311,513	1,622,676	2,846,773	2,220,102
Short-term investments:				
At least Aa3 in the Moody's scale or equivalent in another rating agency	686,096	267,018	1,577,640	610,838
Total short-term investments (note 5)	686,096	267,018	1,577,640	610,838
Trade receivables — customers	534,780	655,601	677,859	817,801
Trade receivables – credit cards:				
Aaa in the Moody's scale	65,571	147,338	67,554	148,569
Sundry	213,434	292,785	227,368	310,162
Total trade receivables (note 6)	813,785	1,095,724	972,781	1,276,532
Total	3,811,394	2,985,418	5,397,194	4,107,472

Notes to the Interim Financial Information

(iii) Liquidity risk

The Company and its subsidiaries manage liquidity and their cash flows periodically to ensure that operating cash generation and previous funding, when necessary, are sufficient to meet their commitment schedules, not generating liquidity risks. The analysis of the maturities of undiscounted consolidated contractual cash flows of borrowings, debt securities and derivatives, based on the interest rate contracted for each transaction and a CDI rate of 1.90% at September 30, 2020, is as follows:

	Individual							Total
	2020	2021	2022	2023	2024	2025	2026	
Debentures - 11 th issuance	5,235	9,678	465,181	-	-	-	-	480,094
Debentures - 12 th issuance	8,092	14,088	14,202	14,145	706,931	-	-	757,458
Debentures - 13 th issuance	11,799	13,073	446,829	435,635	110,031	107,836	-	1,125,203
Debentures - 14 th issuance	-	16,953	16,953	16,885	366,483	161,906	310,874	890,054
Debentures - 15 th issuance	12,053	19,089	19,165	19,012	19,165	481,839	481,964	1,052,287
Debentures - 16 th issuance	-	29,410	29,364	29,364	348,074	353,452	343,113	1,132,777
Promissory notes - 7 th issuance	-	530,161	-	-	-	-	-	530,161
Working capital	3,875	115,515	346,328	297,730	-	-	-	763,448
Foreign currency-denominated borrowings	9,616	722,442	237,366	600,317	5,818	367,285	-	1,942,844
Total	50,670	1,470,409	1,575,388	1,413,088	1,556,502	1,472,318	1,135,951	8,674,326

	Consolidated							2027 to 2032	Total
	2020	2021	2022	2023	2024	2025	2026		
Debentures - 11 th issuance	5,235	9,678	465,181	-	-	-	-	-	480,094
Debentures - 12 th issuance	8,092	14,088	14,202	14,145	706,931	-	-	-	757,458
Debentures - 13 th issuance	11,799	13,073	446,829	435,635	110,031	107,836	-	-	1,125,203
Debentures - 14 th issuance	-	16,953	16,953	16,885	366,483	161,906	310,874	-	890,054
Debentures - 15 th issuance	12,053	19,089	19,165	19,012	19,165	481,839	481,964	-	1,052,287
Debentures - 16 th issuance	-	29,410	29,364	29,364	348,074	353,452	343,113	-	1,132,777
Promissory notes - 7 th issuance	-	530,161	-	-	-	-	-	-	530,161
Debentures of Localiza Fleet - 5 th issuance	-	6,350	6,332	6,332	6,332	306,357	-	-	331,703
Debentures of Localiza Fleet - 6 th issuance	4,354	8,288	8,355	8,321	401,321	-	-	-	430,639
Debentures of Localiza Fleet - 7 th issuance	-	6,152	6,158	6,133	6,084	306,158	-	-	330,685
Debentures of Localiza Fleet - 8 th issuance	-	28,938	28,980	347,939	352,480	343,141	-	-	1,101,478
Working capital	5,023	119,906	350,754	373,872	127,187	-	-	-	976,742
CRI	14,889	12,044	15,329	18,463	21,002	25,819	30,393	275,869	413,808
Foreign currency-denominated borrowings	12,920	1,026,710	328,367	688,263	5,818	367,285	-	-	2,429,363
Total	74,365	1,840,840	1,735,969	1,964,364	2,470,908	2,453,793	1,166,344	275,869	11,982,452

As at September 30, 2020, the balance of cash and cash equivalents and short-term investments was R\$ 2,997,609 in the Individual and R\$ 4,424,413 in the Consolidated, compatible with the business cycle and with the macroeconomic environment.

Notes to the Interim Financial Information

(b) Capital management

The table below shows the Company's debt ratios as of September 30, 2020 and December 31, 2019:

	Consolidated	
	9/30/2020	12/31/2019
Short and long-term debts, net of derivatives classified in current and noncurrent assets and liabilities (note 13)	10,591,605	9,450,360
Cash and cash equivalents (note 4)	(2,846,773)	(2,220,102)
Short-term investments (note 5)	(1,577,640)	(610,838)
Net debt	6,167,192	6,619,420
Equity	5,724,114	5,447,532
Debt ratio (net debt / equity)	1.08	1.22
Fleet value (*)	11,939,445	13,515,873
Net debt / fleet value	0.52	0.49

(*) Cars and decommissioned cars for fleet renewal (note 9).

(c) Fair value of financial instruments

The fair value of financial liabilities recognized at amortized cost in the Company's balance sheet as at September 30, 2020 and December 31, 2019 are:

	Individual			
	Carrying amount		Fair value	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Financial liabilities – other financial liabilities:				
Borrowings and debt securities	(8,110,733)	(6,629,067)	(7,719,017)	(6,397,979)
	Consolidated			
	Carrying amount		Fair value	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Financial liabilities – other financial liabilities:				
Borrowings and debt securities	(11,129,587)	(9,379,459)	(10,460,212)	(8,996,481)

Other financial instruments, recognized in the interim individual and consolidated financial information, do not differ significantly from their fair values, as the maturity dates of a substantial portion of the balances are close to the balance sheet date.

25. SUPPLEMENTARY PENSION PLAN

Since August 2011, the Company has offered a supplementary pension plan. In December 2019, the Company contracted a new supplementary pension plan, which came into force in 2020, established in the form of a "defined contribution" and managed by a large independent management company, and the participants of previous plans were allowed the adherence and portability of their reserves to the new plan. For participants that do not transfer all their reserves to the current plan, the Company will preserve the vesting rules of the reserves established under previous plans, safeguarding the vested rights.

There are no actuarial and investment risks to be assumed by the Company as its sponsor; consequently, no actuarial valuation is required and there is no possibility of recognizing actuarial gains or losses. Under the new plan's regulations, the cost is shared between the employer and the employees, where the Company matches the employee's contribution, which varies according to a contribution scale based on salary ranges of 1% to 8% of the employee's compensation.

Due to the state of public calamity recognized by Legislative Decree No. 6, of March 20, 2020 and in view of the developments of the Covid-19, the Company's contributions were temporarily suspended.

Notes to the Interim Financial Information

In 9M20, contributions made by the Company totaled R\$ 2,143 in the Individual and R\$ 2,691 in the Consolidated (R\$ 1,849 in the Individual and R\$ 2,445 in the Consolidated in 9M19), which were allocated to line items “cost”, “selling expenses” and “general and administrative expenses” in the statement of income.

26. EVENTS AFTER THE REPORTING PERIOD

(a) Repurchase of debentures

Between October 1, 2020 and October 27, 2020, the Company repurchased debentures of its own issue in the amount of R\$ 213,739.

(b) Increase in the limit of the debenture repurchase program

On October 27, 2020, the Board of Directors decided to increase from R\$ 500,000 to R\$ 1,300,000 the amount that may be acquired in debentures issued by the Company, under the Company's 1st Debenture Repurchase Program approved on June 18, 2020 and expanded on July 27, 2020. The other approvals related to the program remain unchanged.

(c) Localiza Fleet's 1st Debenture Repurchase Program

On October 27, 2020, the Board of Directors of Localiza Fleet approved the Company's 1st Debenture Repurchase Program with the limit of R\$ 200,000.

Comments on the Performance of Business Projections

The Company did not disclose any projections for 2020.

Other Information Considered Relevant by the Company

SOCIAL STATEMENT

The Company's Consolidated Social Statement (not reviewed by the auditors) for the nine-month period ended September 30, 2020 and 2019 is as follows:

(In R\$ thousand)

				9M20	9M19		
Calculation basis of consolidated social indicators							
Net revenue ("NR")				7,432,283	7,255,124		
Earnings before taxes ("EBT")				846,973	780,133		
Gross payroll ("GP")				602,539	519,450		
Internal social indicators				Amount	% on GP	% on NR	
				Amount	% on GP	% on NR	
Meals				44,990	7%	1%	1%
Compulsory payroll taxes				129,780	22%	2%	1%
Health				51,404	9%	1%	1%
Professional training and development				1,274	0%	0%	0%
Daycare centers or childcare allowance				123	0%	0%	0%
Profit sharing				87,202	14%	1%	1%
Other				7,094	1%	0%	0%
Total internal social indicators				321,867	53%	5%	4%
External social indicators				Amount	% on EBT	% on NR	
				Amount	% on EBT	% on NR	
Education				411	0%	0%	0%
Culture				1,920	0%	0%	0%
Other				192	0%	0%	0%
Total contributions to society				2,523	0%	0%	0%
Taxes (excluding payroll taxes) (*)				575,264	68%	8%	6%
Total external social indicators				577,787	68%	8%	6%
Staff indicators				9/30/20		9/30/19	
Number of employees at the end of the period				9,839		9,695	
Number of new hires during the period				611		1,404	
Number of third-party workers				500		477	
Number of interns				91		37	
Number of employees above 50 years old				488		466	
Number of female employees				4,445		4,316	
Percentage of lead positions held by female employees				48.73%		49.35%	
Number of disabled employees				356		384	

Opinions and Representations / Report on Review of Interim Financial Information – Unqualified

(Convenience Translation into English from the Original Previously Issued in Portuguese)

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Management and Shareholders of
Localiza Rent a Car S.A.
Belo Horizonte - MG

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of Localiza Rent a Car S.A. ("Company"), included in the Interim Financial Information Form (ITR) for the quarter ended September 30, 2020, which comprises the balance sheet as at September 30, 2020 and the related statements of income and of comprehensive income for the three- and nine-month periods then ended, and the statements of changes in equity and of cash flows for the nine-month period then ended, including the explanatory notes.

Management is responsible for the preparation of this individual and consolidated interim financial information in accordance with technical pronouncement CPC 21 (R1) and international standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, as well as for the presentation of such information in accordance with the standards issued by the Brazilian Securities and Exchange Commission - CVM, applicable to the preparation of Interim Financial Information (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 of interim financial information (NBC TR 2410 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 the standards on auditing 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 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 ITR referred to above is not prepared, in all material respects, in accordance with technical pronouncement CPC 21 (R1) and international standard IAS 34, applicable to the preparation of Interim Financial Information (ITR), and presented in accordance with the standards issued by the CVM.

Opinions and Representations / Report on Review of Interim Financial Information – Unqualified**Other matter***Statements of value added*

The individual and consolidated interim financial information includes the individual and consolidated statements of value added (“DVA”) for the nine-month period ended September 30, 2020, prepared under the responsibility of the Company's Management and presented as supplemental information for purposes of the international standard IAS 34. These statements were subject to the same review procedures carried out in conjunction with the review of the Interim Financial Information (ITR), in order to conclude whether they are reconciled with the interim financial information and the accounting records, as applicable, and if their form and content are in accordance with the criteria set out in technical pronouncement CPC 09 - Statement of Added Value. Based on our review, nothing has come to our attention that causes us to believe that they are not prepared, in all material respects, according to the criteria defined in this standard and in a manner consistent with the individual and consolidated interim financial information taken as a whole.

The accompanying individual and consolidated interim financial information has been translated into English for the convenience of readers outside Brazil.

Belo Horizonte, October 27, 2020

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Daniel de Carvalho Primo
Engagement Partner

Opinions and Representations / Management's Statement on the Financial Statements**MANAGEMENT'S STATEMENT ON THE INTERIM FINANCIAL INFORMATION**

By this instrument, the CEO and CFO and Investor Relations Officer of Localiza Rent a Car S.A. ("Localiza"), a publicly-held company headquartered at Avenida Bernardo de Vasconcelos, 377, Bairro Cachoeirinha, in Belo Horizonte, Minas Gerais State, Corporate Taxpayer No. 16.670.085/0001-55, in conformity with subsection II, paragraph 1, article 29 of CVM Instruction 480/09, hereby declare that they have:

I. Reviewed, discussed and approved Localiza's and consolidated interim financial information for the nine-month period ended September 30, 2020.

Belo Horizonte, October 26, 2020.

Eugênio Pacelli Mattar
CEO

Maurício Fernandes Teixeira
CFO and Investor Relations Officer

Opinions and Representations / Management's Statement on the Independent Auditor's Report**MANAGEMENT'S STATEMENT ON THE INDEPENDENT AUDITOR'S REPORT**

By this instrument, the CEO and CFO and Investor Relations Officer of Localiza Rent a Car S.A. ("Localiza"), a publicly-held company headquartered at Avenida Bernardo de Vasconcelos, 377, Bairro Cachoeirinha, in Belo Horizonte, Minas Gerais State, Corporate Taxpayer No. 16.670.085/0001-55, in conformity with subsection II, paragraph 1, article 29 of CVM Instruction 480/09, hereby declare that they have:

I. Reviewed, discussed and agreed with the opinions expressed in the Independent Auditor's Report of Deloitte Touche Tohmatsu Auditores Independentes on Localiza's and consolidated interim financial information for the nine-month period ended September 30, 2020.

Belo Horizonte, October 26, 2020.

Eugênio Pacelli Mattar
CEO

Maurício Fernandes Teixeira
CFO and Investor Relations Officer