

# **Marcopolo S.A.**

## **Quarterly Information at 9/30/2020 and Report on Review of Quarterly Information**

(A free translation of the original report in Portuguese as published in  
Brazil containing financial statements prepared in accordance with  
accounting practices adopted in Brazil)

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**Company Information / Capital Composition**

<b>Number of Shares (Units)</b>	<b>Current Quarter 09/30/2020</b>
<b>Paid-In Capital</b>	
Ordinary	341,625,744
Preferred	605,267,138
<b>Total</b>	<b>946,892,882</b>
<b>In Treasury</b>	
Ordinary	0
Preferred	7,478,248
<b>Total</b>	<b>7,478,248</b>

**Individual Financial Statements / Balance Sheet - Assets****(Thousand Reals)**

<b>Account Code</b>	<b>Account Description</b>	<b>Current Quarter 09/30/2020</b>	<b>Current Quarter 09/30/2020</b>
1	Total Assets	4,322,700	4,322,700
1.01	Current Assets	1,457,800	1,457,800
1.01.01	Cash and Cash Equivalents	541,290	541,290
1.01.02	Financial investments	6,196	6,196
1.01.02.01	Financial investments measured at fair value through profit or loss	6,196	6,196
1.01.02.01.01	Trading Securities	6,196	6,196
1.01.03	Accounts Receivable	551,022	551,022
1.01.03.01	Customers	551,022	551,022
1.01.04	Inventories	242,936	242,936
1.01.06	Taxes recoverable	66,026	66,026
1.01.06.01	Current Taxes to Recover	66,026	66,026
1.01.08	Other Current Assets	50,330	50,330
1.01.08.03	Others	50,330	50,330
1.02	Non-Current Assets	2,864,900	2,864,900
1.02.01	Long-Term Assets	244,006	244,006
1.02.01.01	Financial investments measured at fair value through profit or loss	75,348	75,348
1.02.01.01.01	Securities Designated at Fair Value	75,348	75,348
1.02.01.04	Accounts Receivable	49,651	49,651
1.02.01.07	Deferred taxes	119,007	119,007
1.02.01.07.01	Deferred Income Tax and Social Contribution	119,007	119,007
1.02.02	Investments	2,216,010	2,216,010
1.02.02.01	Equity Interests	2,216,010	2,216,010
1.02.02.01.01	Investments in Associates	46,536	46,536
1.02.02.01.02	Shares in Controlled Companies	2,016,785	2,016,785
1.02.02.01.03	Shares in Jointly Controlled Companies	152,689	152,689
1.02.03	Property, Plant and Equipment	397,552	397,552
1.02.03.01	Property, Plant and Equipment in Operation	391,723	391,723
1.02.03.02	Right of use in Lease	5,829	5,829
1.02.04	Intangible assets	7,332	7,332
1.02.04.01	Intangible	7,332	7,332

**Individual Financial Statements / Balance Sheet - Liabilities****(Thousand Reais)**

<b>Account Code</b>	<b>Account Description</b>	<b>Current Quarter 09/30/2020</b>	<b>Previous Year 12/31/2019</b>
2	Total Liability	4,322,700	3,798,322
2.01	Current Liabilities	813,036	647,886
2.01.01	Social and Labor Obligations	72,030	94,261
2.01.01.01	Social Obligations	72,030	94,261
2.01.02	Suppliers	251,801	188,956
2.01.02.01	Domestic Suppliers	231,442	182,017
2.01.02.02	Foreign Suppliers	20,359	6,939
2.01.03	Tax Liabilities	41,227	33,328
2.01.03.01	Federal Tax Obligations	39,262	30,542
2.01.03.01.01	Income Tax and Social Contribution Payable	39,262	30,542
2.01.03.02	State Tax Obligations	1,617	2,536
2.01.03.03	Municipal Tax Obligations	348	250
2.01.04	Loans and Financing	260,819	182,497
2.01.04.01	Loans and Financing	260,819	182,497
2.01.04.01.01	In Domestic Currency	29,547	46,605
2.01.04.01.02	In Foreign Currency	231,272	135,892
2.01.05	Other Obligations	187,159	148,844
2.01.05.02	Others	187,159	148,844
2.01.05.02.02	Mandatory Minimum Dividend Payable	864	16,958
2.01.05.02.04	Advances from Customers	55,185	30,848
2.01.05.02.05	Commissioned representatives	59,503	26,287
2.01.05.02.06	Profit sharing for managers	2,383	4,924
2.01.05.02.07	Other current accounts payable	1,063	992
2.01.05.02.08	Other accounts payable	68,161	68,835
2.02	Non-Current Liabilities	1,050,697	840,357
2.02.01	Loans and Financing	900,006	718,209
2.02.01.01	Loans and Financing	900,006	718,209
2.02.01.01.01	In Domestic Currency	268,513	239,462
2.02.01.01.02	In Foreign Currency	631,493	478,747
2.02.02	Other Obligations	28,532	28,957
2.02.02.02	Others	28,532	28,957
2.02.02.02.03	Obligation on account of equity interest	23,178	23,178
2.02.02.02.04	Other current accounts payable	5,354	5,779
2.02.04	Provisions	122,159	93,191
2.02.04.01	Labor and Social Security Tax Provisions	63,055	64,745
2.02.04.01.01	Tax Provisions	10,789	10,602
2.02.04.01.02	Social Security and Labor Provisions	51,302	53,179
2.02.04.01.04	Civil Provisions	964	964
2.02.04.02	Other Provisions	59,104	28,446
2.02.04.02.04	Provision for losses on investment	59,104	28,446
2.03	Shareholders' Equity	2,458,967	2,310,079
2.03.01	Paid-in Capital	1,334,052	1,334,052
2.03.02	Capital Reserves	3,153	3,690
2.03.02.04	Granted Options	-8,866	-8,329
2.03.02.07	Capital transaction reserves	12,019	12,019
2.03.04	Profit reserve	654,622	764,691

**Individual Financial Statements / Balance Sheet - Liabilities****(Thousand Reais)**

<b>Account Code</b>	<b>Account Description</b>	<b>Current Quarter 09/30/2020</b>	<b>Previous Year 12/31/2019</b>
2.03.04.01	Legal Reserve	72,345	72,345
2.03.04.02	Statutory Reserve	611,859	723,800
2.03.04.09	Treasury Shares	-29,582	-31,454
2.03.06	Asset Valuation Adjustments	473,806	214,312
2.03.08	Other Comprehensive Income	-6,666	-6,666
2.03.08.01	Equity in Comprehensive Income of Subsidiaries and Associates	-6,666	-6,666

## Individual Financial Statements / Income Statement

(Thousand Reais)

Account Code	Account Description	Current Quarter 07/01/20 to 09/30/2020	Accumulated Current Year 01/01/20 to 09/30/2020	Same Quarter of Previous Year 07/01/20 to 09/30/2020	Accumulated Previous Year 01/01/19 to 09/30/2019
3.01	Income on Sale of Goods and/or Services	376,471	1,183,299	520,338	1,637,368
3.02	Cost of Goods and/or Services Sold	-308,075	-943,610	-448,801	-1,388,653
3.02.01	Cost of Goods and/or Services Sold	-302,127	-928,323	-448,801	-1,388,653
3.02.02	Cost of Idleness	-5,948	-15,287	0	0
3.03	Gross Profit	68,396	239,689	71,537	248,715
3.04	Operating Income/Expenses	-121,873	-206,905	-48,324	-115,667
3.04.01	Sales Expenses	-31,546	-92,898	-31,086	-104,177
3.04.02	General and Administrative Expenses	-24,632	-67,418	-26,469	-76,216
3.04.05	Other Operating Expenses	-43,810	-58,708	-8,250	-22,382
3.04.06	Equity Income	-21,885	12,119	17,481	87,108
3.05	Income Before Financial and Taxes Result	-53,477	32,784	23,213	133,048
3.06	Financial Results	-15,538	-134,647	-18,848	-10,453
3.06.01	Financial Revenues	69,082	343,958	46,698	105,930
3.06.02	Financial Expenses	-84,620	-478,605	-65,546	-116,383
3.07	Earnings Before Income Taxes	-69,015	-101,863	4,365	122,595
3.08	Income Tax and Social Contribution on Profit	14,695	67,242	17,958	10,258
3.08.01	Current	-513	23,133	4,990	4,352
3.08.02	Deferred	15,208	44,109	12,968	5,906
3.09	Net Income from Continued Operations	-54,320	-34,621	22,323	132,853
3.11	Profit/Loss for the Period	-54,320	-34,621	22,323	132,853
3.99	Profit per Share - (Reais / Share)				
3.99.01	Basic Earnings per Share				
3.99.01.01	Common	-0.05737	-0.03685	0.02369	0.14097
3.99.01.02	Preferred	-0.05737	-0.03685	0.02369	0.14097
3.99.02	Diluted Profit per Share				
3.99.02.01	Common	-0.05782	-0.03656	0.02359	0.14041
3.99.02.02	Preferred	-0.05782	-0.03656	0.02359	0.14041

**Individual Financial Statements / Statement of Comprehensive Income****(Thousand Reais)**

<b>Account Code</b>	<b>Account Description</b>	<b>Current Quarter 07/01/20 to 09/30/2020</b>	<b>Accumulated Current Year 01/01/20 to 09/30/2020</b>	<b>Same Quarter of Previous Year 07/01/2019 to 09/30/2019</b>	<b>Accumulated Previous Year 01/01/2019 to 09/30/2019</b>
4.01	Net Profit for the Period	-54,319	-34,621	22,323	132,853
4.02	Other Comprehensive Income	42,570	259,495	47,326	19,835
4.02.01	Foreign investment exchange rate change	38,729	259,772	49,499	16,891
4.02.02	Actuarial gains/losses	6,218	0	0	0
4.02.03	Deferred income tax and social contribution without actuarial gains or losses	-2,115	0	0	0
4.02.04	Participation in comprehensive income of controlled	-262	-277	-2,173	2,944
4.03	Comprehensive Income for the Period	-11,749	224,874	69,649	152,688

**Individual Financial Statements / Cash Flow Statement - Indirect Method****(Thousand Reais)**

<b>Account Code</b>	<b>Account Description</b>	<b>01/01/2020 to 09/30/2020</b>	<b>01/01/2019 to 09/30/2019</b>
6.01	Net Cash from Operating Activities	62,886	240,308
6.01.01	Cash Generated in Operations	173,867	119,229
6.01.01.01	Net income for the period	-34,621	132,853
6.01.01.02	Depreciation and amortization	23,595	22,357
6.01.01.03	Income from sale of property, plant and equipment and intangible assets	4,455	933
6.01.01.04	Equity income	-12,119	-87,108
6.01.01.05	Provision for doubtful accounts	3,107	918
6.01.01.06	Current and deferred income and social contribution taxes	-67,242	-10,258
6.01.01.07	Appropriate interest and changes	256,692	59,534
6.01.02	Appropriated Interest and Changes	-110,981	121,079
6.01.02.01	(Increase) decrease in trade receivables	-188,887	184,145
6.01.02.02	(Increase) decrease in inventories	-56,500	43,543
6.01.02.03	(Increase) decrease in other accounts receivable	-79,955	5,045
6.01.02.04	(Increase) decrease in assets measured at fair value	69,401	-20,666
6.01.02.05	Increase (decrease) in suppliers	62,845	-59,877
6.01.02.07	Increase (decrease) in accounts payable and provisions	58,982	-35,463
6.01.02.08	Taxes on profit paid	23,133	4,352
6.02	Net Cash from Investment Activities	-100,312	-95,725
6.02.01	Investments	-23,737	-35,131
6.02.02	Dividends from subsidiaries, jointly controlled and associates	4,523	9,119
6.02.03	Additions of property, plants and equipment	-79,245	-68,988
6.02.04	Additions of intangible assets	-1,853	-3,004
6.02.05	Receipts from sale of property, plant and equipment	0	2,279
6.03	Net Cash from Loan Activities	-65,777	-137,835
6.03.02	Loans from third parties	188,280	360,060
6.03.03	Payment of loans - principal	-173,901	-464,482
6.03.04	Payment of loans - interest	-11,520	-20,439
6.03.05	Payment of interest on shareholders' equity and dividends	-69,971	-82,909
6.03.06	Treasury shares	1,335	505
6.03.07	Issue of shares	0	69,430
6.05	Increase (Decrease) in Cash and Cash Equivalents	-103,203	6,748
6.05.01	Opening Balance of Cash and Cash Equivalents	644,493	653,573
6.05.02	Closing Balance of Cash and Cash Equivalents	541,290	660,321

**Individual Financial Statements / Statement of Changes in Stockholders' Equity / 01/01/2020 to 09/30/2020****(Thousand Reais)**

Account Code	Account Description	Capital Stock Paid in	Capital Reserves, Granted Options and Treasury Shares	Profit reserves	Accumulated Profit or Loss	Other Comprehensive Income	Shareholders' equity
5.01	Beginning Balances	1,334,052	-27,764	796,145	0	207,646	2,310,079
5.03	Adjusted beginning balances	1,334,052	-27,764	796,145	0	207,646	2,310,079
5.04	Capital Transactions with Partners	0	1,335	-53,848	-23,473	0	-75,986
5.04.05	Treasury Shares Sold	0	1,335	0	0	0	1,335
5.04.06	Dividends	0	0	-53,848	0	0	-53,848
5.04.07	Interest on Equity	0	0	0	-23,473	0	-23,473
5.05	Total Comprehensive Income	0	0	0	-34,621	259,495	224,874
5.05.01	Net Profit for the Period	0	0	0	-34,621	0	-34,621
5.05.02	Other Comprehensive Income	0	0	0	0	259,495	259,495
5.05.02.03	Equity in Comprehensive Income of Subsidiaries and Associates	0	0	0	0	-277	-277
5.05.02.04	Conversion Adjustments for the Period	0	0	0	0	259,772	259,772
5.07	Ending Balances	1,334,052	-26,429	742,297	-58,094	467,141	2,458,967

**Individual Financial Statements / Statement of Changes in Stockholders' Equity / 01/01/2019 to 09/30/2019****(Thousand Reais)**

Account Code	Account Description	Capital Stock Paid In	Capital Reserves, Granted Options and Treasury Shares	Profit reserves	Accumulated Profit or Loss	Other Comprehensive Income	Shareholders' equity
5.01	Beginning Balances	1,264,622	-13,088	681,149	0	172,936	2,105,619
5.03	Adjusted beginning balances	1,264,622	-13,088	681,149	0	172,936	2,105,619
5.04	Capital Transactions with Partners	69,430	505	-38,561	-56,609	0	-25,235
5.04.01	Capital Increases	69,430	0	0	0	0	69,430
5.04.05	Treasury Shares Sold	0	505	0	0	0	505
5.04.06	Dividends	0	0	-38,561	0	0	-38,561
5.04.07	Interest on Equity	0	0	0	-56,609	0	-56,609
5.05	Total Comprehensive Income	0	0	0	132,853	19,835	152,688
5.05.01	Net Profit for the Period	0	0	0	132,853	0	132,853
5.05.02	Other Comprehensive Income	0	0	0	0	19,835	19,835
5.05.02.03	Equity in Comprehensive Income of Subsidiaries and Associates	0	0	0	0	2,944	2,944
5.05.02.04	Conversion Adjustments for the Period	0	0	0	0	16,891	16,891
5.07	Ending Balances	1,334,052	-12,583	642,588	76,244	192,771	2,233,072

## Individual Financial Statements / Value Added Statement (Thousand Reals)

Account Code	Account Description	Accumulated Current Year 01/01/20 to 09/30/2020	Accumulated Previous Year 01/01/19 to 09/30/2019
7.01	Revenue	1,305,277	1,839,727
7.01.01	Sales of Goods, Products and Services	1,305,732	1,836,905
7.01.02	Other Revenues	2,652	3,740
7.01.04	Provision/Reversal of Doubtful Accounts	-3,107	-918
7.02	Inputs Purchased from Third Parties	-1,057,370	-1,395,971
7.02.01	Costs Products, Merchandise and Services Sold	-839,461	-1,195,165
7.02.02	Materials, Energy, Outsourced Services and Others	-156,550	-174,684
7.02.03	Loss/Recovery of Asset Values	-61,359	-26,122
7.03	Gross Value Added	247,907	443,756
7.04	Retention	-23,595	-22,357
7.04.01	Depreciation, Amortization and Depletion	-23,595	-22,357
7.05	Net Value Added Produced	224,312	421,399
7.06	Value Added Received as Transfer	356,077	193,038
7.06.01	Equity Income	12,119	87,108
7.06.02	Financial Revenues	343,958	105,930
7.07	Total Value Added to be Distributed	580,389	614,437
7.08	Value Added Distribution	580,389	614,437
7.08.01	Personnel	218,765	347,366
7.08.01.01	Direct remuneration	131,840	258,694
7.08.01.02	Benefits	49,332	60,547
7.08.01.03	F.G.T.S.	37,593	28,125
7.08.02	Taxes, Fees and Contributions	-87,105	13,035
7.08.02.01	Institutes	-61,651	17,369
7.08.02.02	State	-26,302	-5,196
7.08.02.03	Municipal	848	862
7.08.03	Remuneration of Third-Party Capital	483,350	121,183
7.08.03.01	Interest	478,605	116,383
7.08.03.02	Rents	4,745	4,800
7.08.04	Remuneration of Own Party Capital	-34,621	132,853
7.08.04.01	Interest on Equity	23,473	56,609
7.08.04.03	Retained Profit/ Loss of the Year	-58,094	76,244

## Consolidated Financial Statements / Balance Sheet - Assets (Thousand Reais)

Account Code	Account Description	Current Quarter 09/30/2020	Previous Year 12/31/2019
1	Total Assets	6,057,520	5,193,678
1.01	Current Assets	3,270,497	2,835,219
1.01.01	Cash and Cash Equivalents	955,756	1,074,622
1.01.02	Financial investments	6,219	100,163
1.01.02.01	Financial investments measured at fair value through profit or loss	6,219	100,163
1.01.02.01.01	Trading Securities	6,219	100,163
1.01.03	Accounts Receivable	1,218,485	863,015
1.01.03.01	Customers	1,218,485	863,015
1.01.04	Inventories	737,289	552,691
1.01.06	Taxes recoverable	245,129	158,941
1.01.06.01	Current Taxes to Recover	245,129	158,941
1.01.08	Other Current Assets	107,619	85,787
1.01.08.03	Others	107,619	85,787
1.02	Non-Current Assets	2,787,023	2,358,459
1.02.01	Long-Term Assets	795,402	607,593
1.02.01.01	Financial investments measured at fair value through profit or loss	74,131	51,646
1.02.01.01.01	Securities Designated at Fair Value	74,131	51,646
1.02.01.04	Accounts Receivable	546,567	435,689
1.02.01.04.01	Customers	467,877	360,775
1.02.01.04.02	Other Accounts Receivable	78,690	74,914
1.02.01.07	Deferred taxes	174,704	120,258
1.02.01.07.01	Deferred Income Tax and Social Contribution	174,704	120,258
1.02.02	Investments	602,636	521,486
1.02.02.01	Equity Interests	554,405	472,580
1.02.02.01.01	Investments in Associates	419,716	366,588
1.02.02.01.04	Shares in Jointly Controlled Companies	131,563	105,809
1.02.02.01.05	Other Investments	3,126	183
1.02.02.02	Investment Properties	48,231	48,906
1.02.03	Property, Plant and Equipment	1,038,838	941,203
1.02.03.01	Property, Plant and Equipment in Operation	970,305	891,235
1.02.03.02	Right of use in Lease	68,533	49,968
1.02.04	Intangible assets	350,147	288,177
1.02.04.01	Intangible	43,564	42,381
1.02.04.02	Goodwill	306,583	245,796

## Consolidated Financial Statements / Balance Sheet - Liability (Thousand Reais)

Account Code	Account Description	Current Quarter 09/30/2020	Previous Year 12/31/2019
2	Total Liability	6,057,520	5,193,678
2.01	Current Liabilities	1,919,412	1,512,406
2.01.01	Social and Labor Obligations	131,687	141,051
2.01.01.01	Social Obligations	131,687	141,051
2.01.02	Suppliers	425,963	377,527
2.01.02.01	Domestic Suppliers	315,376	283,929
2.01.02.02	Foreign Suppliers	110,587	93,598
2.01.03	Tax Liabilities	84,502	75,519
2.01.03.01	Federal Tax Obligations	80,758	71,661
2.01.03.01.01	Income Tax and Social Contribution Payable	80,758	71,661
2.01.03.02	State Tax Obligations	3,162	3,374
2.01.03.03	Municipal Tax Obligations	582	484
2.01.04	Loans and Financing	767,740	610,498
2.01.04.01	Loans and Financing	767,740	610,498
2.01.04.01.01	In Domestic Currency	280,186	273,485
2.01.04.01.02	In Foreign Currency	487,554	337,013
2.01.05	Other Obligations	509,520	307,811
2.01.05.02	Others	509,520	307,811
2.01.05.02.02	Mandatory Minimum Dividend Payable	864	16,958
2.01.05.02.04	Advances from Customers	247,753	90,792
2.01.05.02.05	Commissioned representatives	75,079	37,884
2.01.05.02.06	Profit sharing for managers	2,383	4,924
2.01.05.02.07	Other current accounts payable	17,471	13,593
2.01.05.02.08	Other accounts payable	165,970	143,660
2.02	Non-Current Liabilities	1,623,120	1,322,860
2.02.01	Loans and Financing	1,399,092	1,142,352
2.02.01.01	Loans and Financing	1,399,092	1,142,352
2.02.01.01.01	In Domestic Currency	747,760	679,107
2.02.01.01.02	In Foreign Currency	651,332	463,245
2.02.02	Other Obligations	92,685	70,737
2.02.02.02	Others	92,685	70,737
2.02.02.02.03	Other non-current accounts payable	13,979	10,629
2.02.02.02.04	Obligation on account of equity interest	23,178	23,178
2.02.02.02.05	Other current accounts payable	55,528	36,930
2.02.04	Provisions	131,343	109,771
2.02.04.01	Labor and Social Security Tax Provisions	84,350	85,242
2.02.04.01.01	Tax Provisions	18,000	16,420
2.02.04.01.02	Social Security and Labor Provisions	63,827	66,324
2.02.04.01.04	Civil Provisions	2,523	2,498
2.02.04.02	Other Provisions	46,993	24,529
2.02.04.02.04	Provision for losses on investment	46,993	24,529
2.03	Consolidated Shareholders' Equity	2,514,988	2,358,412
2.03.01	Paid-in Capital	1,334,052	1,334,052
2.03.02	Capital Reserves	3,153	3,690
2.03.02.04	Granted Options	-8,866	-8,329
2.03.02.07	Capital Transaction Reserves	12,019	12,019

**Consolidated Financial Statements / Balance Sheet - Liability  
(Thousand Reais)**

<b>Account Code</b>	<b>Account Description</b>	<b>Current Quarter 09/30/2020</b>	<b>Previous Year 12/31/2019</b>
2.03.04	Profit reserve	654,621	764,691
2.03.04.01	Legal Reserve	72,345	72,345
2.03.04.02	Statutory Reserve	611,858	723,800
2.03.04.09	Treasury Shares	-29,582	-31,454
2.03.06	Asset Valuation Adjustments	473,806	214,312
2.03.08	Other Comprehensive Income	-6,666	-6,666
2.03.09	Non-controlling interests	56,022	48,333

**Consolidated Financial Statements / Income Statement****(Thousand Reais)**

Account Code	Account Description	Current Quarter 07/01/20 to 09/30/2020	Accumulated Current Year 01/01/20 to 09/30/2020	Same Quarter of Previous Year 07/01/20 to 09/30/2020	Accumulated Previous Year 01/01/19 to 09/30/2019
3.01	Income on Sale of Goods and/or Services	836,487	2,554,355	1,081,221	3,121,620
3.02	Cost of Goods and/or Services Sold	-699,805	-2,137,140	-935,303	-2,662,191
3.02.01	Cost of Goods and/or Services Sold	-686,955	-2,096,300	-935,303	-2,662,191
3.02.02	Cost of Idleness	-12,850	-40,840	0	0
3.03	Gross Profit	136,682	417,215	145,918	459,429
3.04	Operating Income/Expenses	-186,429	-370,749	-106,462	-293,032
3.04.01	Sales Expenses	-53,307	-159,979	-54,783	-165,057
3.04.02	General and Administrative Expenses	-48,959	-135,816	-48,666	-137,926
3.04.05	Other Operating Expenses	-42,786	-15,913	-3,239	-18,936
3.04.06	Equity Income	-41,377	-59,041	226	28,887
3.05	Income Before Financial and Taxes Result	-49,747	46,466	39,456	166,397
3.06	Financial Results	-23,922	-144,439	-25,513	-14,917
3.06.01	Financial Revenues	84,713	468,509	73,319	165,968
3.06.02	Financial Expenses	-108,635	-612,948	-98,832	-180,885
3.07	Earnings Before Income Taxes	-73,669	-97,973	13,943	151,480
3.08	Income Tax and Social Contribution on Profit	16,240	52,569	8,862	-10,776
3.08.01	Current	-5,023	-1,878	-4,873	-23,669
3.08.02	Deferred	21,263	54,447	13,735	12,893
3.09	Net Income from Continued Operations	-57,429	-45,404	22,805	140,704
3.11	Consolidated Profit/Loss for the Period	-57,429	-45,404	22,805	140,704
3.11.01	Assigned to Controlling Company's Partners	-54,319	-34,621	22,323	132,853
3.11.02	Assigned to Non-controlling Partner Company	-3,110	-10,783	482	7,851
3.99	Profit per Share - (Reais / Share)				
3.99.01	Basic Earnings per Share				
3.99.01.01	Common	-0.05737	-0.03685	0.02369	0.14097
3.99.01.02	Preferred	-0.05737	-0.03685	0.02369	0.14097
3.99.02	Diluted Profit per Share				
3.99.02.01	Common	-0.05782	-0.03656	0.02359	0.14041

### Consolidated Financial Statements / Income Statement

(Thousand Reais)

Account Code	Account Description	Current Quarter 07/01/2020 to 09/30/2020	Accumulated Current Year 01/01/20 to 09/30/2020	Same Quarter of Previous Year 07/01/20 to 09/30/2020	Accumulated Previous Year 01/01/19 to 09/30/2019
3.99.02.02	Preferred	-0.05782	-0.03656	0.02359	0.14041

**Consolidated Financial Statements / Comprehensive Income Statement****(Thousand Reais)**

<b>Account Code</b>	<b>Account Description</b>	<b>Current Quarter 07/01/20 to 09/30/2020</b>	<b>Accumulated Current Year 01/01/20 to 09/30/2020</b>	<b>Same Quarter of Previous Year 07/01/20 to 09/30/2020</b>	<b>Accumulated Previous Year 01/01/19 to 09/30/2019</b>
4.01	Consolidated Net Income for the Period	-57,429	-45,404	22,805	140,704
4.02	Other Comprehensive Income	44,422	277,966	57,417	29,641
4.02.01	Foreign investment exchange rate change	40,581	278,243	49,980	17,087
4.02.02	Actuarial gains/losses	6,312	0	0	0
4.02.03	Deferred income tax and social contribution without actuarial gains or losses	-2,157	0	0	0
4.02.05	Participation in comprehensive income of controlled	-314	-277	7,437	12,554
4.03	Comprehensive Consolidated Income for the Period	-13,007	232,562	80,222	170,345
4.03.01	Assigned to Controlling Company's Partners	-11,749	224,874	69,649	152,688
4.03.02	Assigned to Non-controlling Partner Company	-1,258	7,688	10,573	17,657

**Consolidated Financial Statements / Cash Flow Statement - Indirect****Method (Thousand Reais)**

<b>Account Code</b>	<b>Account Description</b>	<b>Accumulated Current Year 01/01/2020 to 09/30/2020</b>	<b>Accumulated Previous Year 01/01/2019 to 09/30/2019</b>
6.01	Net Cash Operating Activities	-22,787	493,265
6.01.01	Cash Generated from Operations	346,567	291,464
6.01.01.01	Net Income for the Period	-45,404	140,704
6.01.01.02	Depreciation and amortizations	72,488	59,940
6.01.01.03	Income from sale of property, plant and equipment and intangible assets	3,213	-483
6.01.01.04	Equity income	59,041	-28,887
6.01.01.05	Provision for doubtful accounts	6,602	11,070
6.01.01.06	Current and deferred income and social contribution taxes	-52,568	10,776
6.01.01.07	Appropriate interest and changes	313,978	90,493
6.01.01.08	Non-controller equity interest	-10,783	7,851
6.01.02	Appropriated Interest and Changes	-369,354	201,801
6.01.02.01	(Increase) decrease in trade receivables	-425,840	227,949
6.01.02.02	(Increase) decrease in inventories	-120,192	53,297
6.01.02.03	(Increase) decrease in other accounts receivable	-141,073	-10,931
6.01.02.04	(Increase) decrease in assets measured at fair value	71,459	-20,064
6.01.02.05	Increase (decrease) in suppliers	10,631	-21,446
6.01.02.07	Increase (decrease) in accounts payable and provisions	237,539	-3,335
6.01.02.08	Taxes on profit paid	-1,878	-23,669
6.02	Net Cash from Investment Activities	-108,311	-105,553
6.02.02	Dividends from subsidiaries, jointly controlled and associates	0	4,096
6.02.03	Dividends from subsidiaries, jointly controlled and associates	448	9,119
6.02.04	Additions of property, plants and equipment	-105,658	-97,050
6.02.05	Additions of intangible assets	-3,101	-25,717
6.02.06	Receipts from sale of property, plant and equipment	0	3,999
6.03	Net Cash from Loan Activities	-40,582	-288,360
6.03.02	Loans from third parties	507,281	685,628
6.03.03	Payment of loans - principal	-447,195	-911,837
6.03.04	Payment of loans - interest	-32,032	-49,177
6.03.05	Payment of interest on shareholders' equity and dividends	-69,971	-82,909
6.03.06	Treasury shares	1,335	505
6.03.07	Issue of shares	0	69,430
6.04	Exchange rate change without cash and cash equivalents	52,814	3,525
6.05	Increase (Decrease) in Cash and Cash Equivalents	-118,866	102,877
6.05.01	Opening Balance of Cash and Cash Equivalents	1,074,622	863,467
6.05.02	Closing Balance of Cash and Cash Equivalents	955,756	966,344

## Consolidated Financial Statements / Statement of Changes in Stockholders' Equity / 01/01/2020 to 09/30/2020 (Thousand Reais)

Account Code	Account Description	Capital Stock Paid In	Capital Reserves, Granted Options and Treasury Shares	Profit reserves	Accumulated Profit or Loss	Other Comprehensive Income	Shareholders' Equity	Participation of Non-Controllers	Shareholders' Equity Consolidated
5.01	Beginning Balances	1,334,052	-27,764	796,145	0	207,646	2,310,079	48,333	2,358,412
5.03	Adjusted beginning balances	1,334,052	-27,764	796,145	0	207,646	2,310,079	48,333	2,358,412
5.04	Capital Transactions with Partners	0	1,335	-53,848	-23,473	0	-75,986	0	-75,986
5.04.05	Treasury Shares Sold	0	1,335	0	0	0	1,335	0	1,335
5.04.06	Dividends	0	0	-53,848	0	0	-53,848	0	-53,848
5.04.07	Interest on Equity	0	0	0	-23,473	0	-23,473	0	-23,473
5.05	Total Comprehensive Income	0	0	0	-34,621	259,495	224,874	7,688	232,562
5.05.01	Net Profit for the Period	0	0	0	-34,621	0	-34,621	-10,783	-45,404
5.05.02	Other Comprehensive Income	0	0	0	0	259,495	259,495	18,471	277,966
5.05.02.03	Equity in Comprehensive Income of Subsidiaries and Associates	0	0	0	0	-277	-277	0	-277
5.05.02.04	Conversion Adjustments for the Period	0	0	0	0	259,772	259,772	18,471	278,243
5.07	Ending Balances	1,334,052	-26,429	742,297	-58,094	467,141	2,458,967	56,021	2,514,988

## Consolidated Financial Statements / Statement of Changes in Stockholders' Equity / 01/01/2019 to 09/30/2019 (Thousand Reais)

Account Code	Account Description	Capital Stock Paid In	Capital Reserves, Granted Option and Treasury Shares	Profit reserves	Accumulated Profit or Loss	Other Comprehensive Income	Shareholders' Equity	Participation of Non-Controllers	Shareholders' Equity Consolidated
5.01	Beginning Balances	1,264,622	-13,088	681,149	0	172,936	2,105,619	29,012	2,134,631
5.03	Adjusted beginning balances	1,264,622	-13,088	681,149	0	172,936	2,105,619	29,012	2,134,631
5.04	Capital Transactions with Partners	69,430	505	-38,561	-56,609	0	-25,235	0	-25,235
5.04.01	Capital Increases	69,430	0	0	0	0	69,430	0	69,430
5.04.05	Treasury Shares Sold	0	505	0	0	0	505	0	505
5.04.06	Dividends	0	0	-38,561	0	0	-38,561	0	-38,561
5.04.07	Interest on Equity	0	0	0	-56,609	0	-56,609	0	-56,609
5.05	Total Comprehensive Income	0	0	0	132,853	19,835	152,688	17,657	170,345
5.05.01	Net Profit for the Period	0	0	0	132,853	0	132,853	7,851	140,704
5.05.02	Other Comprehensive Income	0	0	0	0	19,835	19,835	9,806	29,641
5.05.02.03	Equity in Comprehensive Income of Subsidiaries and Associates	0	0	0	0	2,944	2,944	0	2,944
5.05.02.04	Conversion Adjustments for the Period	0	0	0	0	16,891	16,891	196	17,087
5.05.02.06	Participation of non-controllers originating from purchase of the company	0	0	0	0	0	0	9,610	9,610
5.07	Ending Balances	1,334,052	-12,583	642,588	76,244	192,771	2,233,072	46,669	2,279,741

**Consolidated Financial Statements / Value Added Statement****(Thousand Reals)**

<b>Account Code</b>	<b>Account Description</b>	<b>Accumulated Current Year 01/01/2020 to 09/30/2020</b>	<b>Accumulated Previous Year 01/01/2019 to 09/30/2019</b>
7.01	Revenue	2,899,004	3,487,124
7.01.01	Sales of Goods, Products and Services	2,848,084	3,495,262
7.01.02	Other Revenues	57,522	2,932
7.01.04	Provision/Reversal of Doubtful Accounts	-6,602	-11,070
7.02	Inputs Purchased from Third Parties	-2,211,672	-2,601,367
7.02.01	Costs Products, Merchandise and Services Sold	-1,878,503	-2,308,375
7.02.02	Materials, Energy, Outsourced Services and Others	-236,172	-255,817
7.02.03	Loss/Recovery of Asset Values	-96,997	-37,175
7.03	Gross Value Added	687,332	885,757
7.04	Retention	72,488	-59,940
7.04.01	Depreciation, Amortization and Depletion	72,488	-59,940
7.05	Net Value Added Produced	614,844	825,817
7.06	Value Added Received as Transfer	409,468	194,855
7.06.01	Equity Income	-59,041	28,887
7.06.02	Financial Revenues	468,509	165,968
7.07	Total Value Added to be Distributed	1,024,312	1,020,672
7.08	Value Added Distribution	1,024,312	1,020,672
7.08.01	Personnel	493,950	635,047
7.08.01.01	Direct remuneration	356,345	496,208
7.08.01.02	Benefits	91,964	101,835
7.08.01.03	F.G.T.S.	45,641	37,004
7.08.02	Taxes, Fees and Contributions	-46,637	48,477
7.08.02.01	Institutes	-15,849	54,909
7.08.02.02	State	-32,120	-7,822
7.08.02.03	Municipal	1,332	1,390
7.08.03	Remuneration of Third-Party Capital	622,403	196,444
7.08.03.01	Interest	612,948	180,885
7.08.03.02	Rents	9,455	15,559
7.08.04	Remuneration of Own Party Capital	-45,404	140,704
7.08.04.01	Interest on Equity	23,473	56,609
7.08.04.03	Retained Profit/ Loss of the Year	-68,877	84,095

**Caxias do Sul, November 03, 2020 - Marcopolo S.A. (B3: POMO3; POMO4)** publishes the results referring to the performance of the third quarter of 2020 (3Q20). The financial statements are presented in accordance with accounting practices adopted in Brazil and with the IFRS - International Financial Reporting Standards, established by the IASB - International Accounting Standards Board.

### HIGHLIGHTS OF THE 3<sup>rd</sup> QUARTER OF 2020

- ✿ Marcopolo's **Total Production** reached 3,422 units, 12.8% lower than 3Q19.
- ✿ **Net Revenue** amounted to R\$ 836.5 million, a reduction of 22.6% compared to 3Q19.
- ✿ **Gross Profit** reached R\$ 136.7 million, with a margin of 16.3%.
- ✿ **EBITDA** totaled a negative R\$ 23.8 million, with a margin of -2.8%.
- ✿ **Net loss** was R\$ 57.4 million, with a margin of -6.9%.
- ✿ **Rescission costs** and **results of the NFI Group Inc.** affected results.

(R\$ million and percentage change, unless otherwise stated).

<b>Selected Information</b>	<b>3Q20</b>	<b>3Q19</b>	<b>Var. %</b>	<b>9M20</b>	<b>9M19</b>	<b>Var. %</b>
Net operating revenue	836.5	1,081.2	-22.6%	2,554.4	3,121.6	-18.2%
Revenue in Brazil	480.4	615.1	-21.9%	1,306.3	1,651.8	-20.9%
Export revenue in Brazil	192.1	188.6	1.9%	653.7	692.5	-5.6%
Revenue abroad	164.0	277.5	-40.9%	594.3	777.3	-23.5%
Gross Profit	136.7	145.9	-6.3%	417.2	459.4	-9.2%
EBITDA <sup>(1)</sup>	-23.8	60.2	-139.5%	119.0	226.3	-47.4%
Net Profit (Loss)	-57.4	22.8	-351.8%	-45.4	140.7	-132.3%
Profit (Loss) per Share	-0.061	0.024	-352.5%	-0.036	0.141	-125.5%
Return on Invested Capital (ROIC) <sup>(2)</sup>	3.6%	7.3%	-3.7 pp	3.6%	7.3%	-3.7 pp
Return on Equity (ROE) <sup>(3)</sup>	1.1%	10.1%	-9 pp	1.1%	10.1%	-9 pp
Investments	35.6	49.1	-27.4%	108.8	122.8	-11.4%
Gross Margin	16.3%	13.5%	2.8 pp	16.3%	14.7%	1.6 pp
EBITDA Margin	-2.8%	5.6%	-8.4 pp	4.7%	7.3%	-2.6 pp
Net Margin	-6.9%	2.1%	-9 pp	-1.8%	4.5%	-6.3 pp
<b>Balance Sheet Data</b>	<b>09/30/2020</b>	<b>06/30/2020</b>	<b>Var. %</b>			
Net Equity	2,459.0	2,469.4	-0.4%			
Cash, cash equivalents and financial investments	1,036.1	881.9	17.5%			
Short-term financial liabilities	-767.7	-730.4	5.1%			
Long-term financial liabilities	-1,399.1	-1,386.9	0.9%			
Net financial liability – Industrial Segment	-576.5	-722.4	-20.2%			

Notes: <sup>(1)</sup> EBITDA = Earnings before interest, taxes, depreciation and amortization; <sup>(2)</sup> ROIC (Return on Invested Capital) = (Nopat of the last 12 months) / (customers + inventories + other accounts receivable + investments + fixed assets + intangible assets - suppliers - other accounts payable). The effects of Banco Moneo on the asset and liability base were excluded from the calculation. <sup>(3)</sup> ROE (Return on Equity) = Net Profit of the last 12 months / Initial Shareholder's Equity; pp = percentage points.

**BRAZILIAN BUS INDUSTRY PERFORMANCE**

In 3Q20, Brazilian bus production reached 4,591 units, a drop of 24.0% compared to 3Q19.

**a) Domestic Market.** Production for the domestic market totaled 3,839 units in 3Q20, 22.6% lower than the 4,960 units produced in 3Q19.

**b) Foreign Market.** Exports totaled 752 units in 3Q20, 30.5% lower than the 1,082 units exported in 3Q19.

**BRAZILIAN BUS PRODUCTION (in units)**

PRODUCTS <sup>(1)</sup>	3Q20			3Q19			Var.
	MI	ME <sup>(2)</sup>	TOTAL	MI	ME <sup>(2)</sup>	TOTAL	%
Intercity buses	884	251	<b>1,135</b>	1,044	451	<b>1,495</b>	-24.1%
Urban buses	1,746	473	<b>2,219</b>	3,260	348	<b>3,608</b>	-38.5%
Micro buses	1,209	28	<b>1,237</b>	656	283	<b>939</b>	31.7%
<b>TOTAL</b>	<b>3,839</b>	<b>752</b>	<b>4,591</b>	<b>4,960</b>	<b>1,082</b>	<b>6,042</b>	<b>-24.0%</b>

PRODUCTS <sup>(1)</sup>	9M20			9M19			Var.
	MI	ME <sup>(2)</sup>	TOTAL	MI	ME <sup>(2)</sup>	TOTAL	%
buses	2,398	770	<b>3,168</b>	2,705	1,556	<b>4,261</b>	-25.7%
Urban buses	5,255	1,573	<b>6,828</b>	8,364	1,472	<b>9,836</b>	-30.6%
Micro buses	2,370	69	<b>2,439</b>	2,353	672	<b>3,025</b>	-19.4%
<b>TOTAL</b>	<b>10,023</b>	<b>2,412</b>	<b>12,435</b>	<b>13,422</b>	<b>3,700</b>	<b>17,122</b>	<b>-27.4%</b>

Sources: FABUS (*Associação Nacional dos Fabricantes de Ônibus* [National Association of Bus Manufacturers]) and SIMEFRE (*Sindicato Interestadual da Indústria de Materiais e Equipamentos Ferroviários e Rodoviários* [Interstate Union for the Industry of Materials and Railway and Road Equipment]).

Notes: <sup>(1)</sup> MI = Domestic Market; ME = Foreign Market, units produced for export; <sup>(2)</sup> Includes units exported in KD (disassembled).

**MARCOPOLO'S OPERATING AND FINANCIAL PERFORMANCE**
**Units recorded in Net Revenue**

In 3Q20, 3,399 units were recorded in net revenue, of which 2,613 were sold in Brazil (76.9% of the total), 453 exported from Brazil (13.3%) and 333 abroad (9.8%).

OPERATIONS (in units)	3Q20	3Q19	Var. %	9M20	9M19	Var. %
<b>BRAZIL:</b>						
- Domestic Market	2,613	2,836	-7.9%	6,624	7,805	-15.1%
- Foreign Market	508	511	-0.6%	1,680	1,984	-15.3%
<b>SUBTOTAL</b>	<b>3,121</b>	<b>3,347</b>	<b>-6.8%</b>	<b>8,304</b>	<b>9,789</b>	<b>-15.2%</b>
Exported KD eliminations <sup>(1)</sup>	55	4	1,275.0%	353	77	358.4%
<b>TOTAL IN BRAZIL</b>	<b>3,066</b>	<b>3,343</b>	<b>-8.3%</b>	<b>7,951</b>	<b>9,712</b>	<b>-18.1%</b>
<b>ABROAD:</b>						
- South Africa	36	78	-53.8%	120	176	-31.8%
- Australia	48	146	-67.1%	217	352	-38.4%
- China	19	47	-59.6%	34	91	-62.6%

- Mexico	157	346	-54.6%	647	1,110	-41.7%
- Argentina	73	11	563.6%	101	17	494.1%
<b>TOTAL ABROAD</b>	<b>333</b>	<b>628</b>	<b>-47.0%</b>	<b>1,119</b>	<b>1,729</b>	<b>-35.3%</b>
<b>OVERALL TOTAL</b>	<b>3,399</b>	<b>3,971</b>	<b>-14.4%</b>	<b>9,070</b>	<b>11,441</b>	<b>-20.7%</b>

Note: <sup>(1)</sup> KD (Knock Down) = Bus bodies partially or completely disassembled.

## PRODUCTION

Marcopolo's consolidated production was 3,422 units in 3Q20. In Brazil, production reached 3,064 units, 7.1% lower than in 3Q19, while abroad production was 358, 43.1% lower than the units produced in the same period last year.

In affiliated, non-consolidated operations, considering only Marcopolo's share in the respective share capital of companies, production was 464 units, 67.8% lower than in 3Q19.

In the quarter, production was negatively affected by lower demand for buses, reflecting the Covid-19 pandemic in the transport of people. Production in 3Q20 is mainly associated with the entry of orders during 2Q20, the worst moment of the health crisis, amid lockdowns and restrictions on bus circulation in all markets. In the domestic market, production was supported by a significant volume of units directed to the federal *Caminho da Escola* [school bus] program. In exports, the increase in sales to countries such as Chile, Argentina and Peru contributed to offset the lower volumes produced for the African continent.

Marcopolo's production data and its comparison with the previous year are shown in the following table:

### MARCOPOLO - CONSOLIDATED GLOBAL PRODUCTION

OPERATIONS (in units)	3Q20	3Q19	Var. %	9M20	9M19	Var. %
<b>BRAZIL: <sup>(1)</sup></b>						
- Domestic Market	2,571	2,823	-8.9%	6,827	8,103	-15.7%
- Foreign Market	548	755	-27.4%	1,572	2,350	-33.1%
<b>SUBTOTAL</b>	<b>3,119</b>	<b>3,578</b>	<b>-12.8%</b>	<b>8,399</b>	<b>10,453</b>	<b>-19.6%</b>
Exported KD eliminations <sup>(2)</sup>	55	281	-80.4%	353	439	-19.6%
<b>TOTAL IN BRAZIL</b>	<b>3,064</b>	<b>3,297</b>	<b>-7.1%</b>	<b>8,046</b>	<b>10,014</b>	<b>-19.7%</b>
<b>ABROAD:</b>						
- South Africa	58	73	-20.5%	133	192	-30.7%
- Australia	48	146	-67.1%	217	352	-38.4%
- China	8	47	-83.0%	34	121	-71.9%
- Mexico	171	350	-51.1%	685	1100	-37.7%
- Argentina	73	13	461.5%	89	20	345.0%
<b>TOTAL ABROAD</b>	<b>358</b>	<b>629</b>	<b>-43.1%</b>	<b>1,158</b>	<b>1,785</b>	<b>-35.1%</b>
<b>OVERALL TOTAL</b>	<b>3,422</b>	<b>3,926</b>	<b>-12.8%</b>	<b>9,204</b>	<b>11,799</b>	<b>-22.0%</b>

NON-CONSOLIDATED OPERATIONS (in units)	3Q20	3Q19	Var. %	9M20	9M19	Var. %
- Colombia (50%)	177	244	-27.3%	463	707	-34.5%
- India (49%)	287	1,197	-76.0%	1627	4,416	-63.2%
<b>TOTAL AFFILIATED</b>	<b>464</b>	<b>1,441</b>	<b>-67.8%</b>	<b>2,090</b>	<b>5,123</b>	<b>-59.2%</b>

Notes: <sup>(1)</sup> Includes the production of the Volare model; <sup>(2)</sup> KD (Knock Down) = Bus bodies partially or completely disassembled; <sup>(3)</sup> Volume proportional to Marcopolo's market share in the respective companies.

### MARCOPOLO - CONSOLIDATED GLOBAL PRODUCTION BY MODEL

PRODUCTS/MARKETS <sup>(2)</sup> (in units)	3Q20			3Q19		
	MI	ME <sup>(1)</sup>	TOTAL	MI	ME <sup>(1)</sup>	TOTAL
Intercity buses	434	189	<b>623</b>	777	294	<b>1,071</b>
Urban buses	1,008	559	<b>1,567</b>	1,111	557	<b>1,668</b>
Micro buses	660	23	<b>683</b>	397	162	<b>559</b>
<b>SUBTOTAL</b>	<b>2,102</b>	<b>771</b>	<b>2,873</b>	<b>2,285</b>	<b>1,013</b>	<b>3,298</b>
Volares <sup>(3)</sup>	469	95	<b>564</b>	538	90	<b>628</b>
<b>TOTAL PRODUCTION</b>	<b>2,571</b>	<b>866</b>	<b>3,437</b>	<b>2,823</b>	<b>1,103</b>	<b>3,926</b>

PRODUCTS/MARKETS <sup>(2)</sup> (in units)	9M20			9M19		
	MI	ME <sup>(1)</sup>	TOTAL	MI	ME <sup>(1)</sup>	TOTAL
Intercity buses	1,201	496	<b>1,697</b>	1,934	1,171	<b>3,105</b>
Urban buses	2,738	1,641	<b>4,379</b>	2,853	1,945	<b>4,798</b>
Micro buses	1,371	52	<b>1,423</b>	1,521	349	<b>1,870</b>
<b>SUBTOTAL</b>	<b>5,310</b>	<b>2,189</b>	<b>7,499</b>	<b>6,308</b>	<b>3,465</b>	<b>9,773</b>
Volares <sup>(3)</sup>	1,517	139	<b>1,656</b>	1,795	231	<b>2,026</b>
<b>TOTAL PRODUCTION</b>	<b>6,827</b>	<b>2,328</b>	<b>9,155</b>	<b>8,103</b>	<b>3,696</b>	<b>11,799</b>

Notes: <sup>(1)</sup> The total ME production includes units exported in KD (bus bodies partially or completely disassembled); <sup>(2)</sup> MI = Domestic Market; ME = Foreign Market; <sup>(3)</sup> The production of Volares is not part of the data from SIMEFRE and FABUS, or from the sector's production.

### MARCOPOLO - PRODUCTION IN BRAZIL

PRODUCTS/MARKETS <sup>(2)</sup> (in units)	3Q20			3Q19		
	MI	ME <sup>(1)</sup>	TOTAL	MI	ME <sup>(1)</sup>	TOTAL
Intercity buses	434	150	<b>584</b>	777	213	<b>990</b>
Urban buses	1,008	280	<b>1,288</b>	1,111	290	<b>1,401</b>
Micro buses	660	23	<b>683</b>	397	162	<b>559</b>
<b>SUBTOTAL</b>	<b>2,102</b>	<b>453</b>	<b>2,555</b>	<b>2,285</b>	<b>665</b>	<b>2,950</b>
Volares <sup>(3)</sup>	469	95	<b>564</b>	538	90	<b>628</b>
<b>TOTAL PRODUCTION</b>	<b>2,571</b>	<b>548</b>	<b>3,119</b>	<b>2,823</b>	<b>755</b>	<b>3,578</b>

PRODUCTS/MARKETS <sup>(2)</sup> (in units)	9M20			9M19		
	MI	ME <sup>(1)</sup>	TOTAL	MI	ME <sup>(1)</sup>	TOTAL
Intercity buses	1,201	361	<b>1,562</b>	1,934	941	<b>2,875</b>
Urban buses	2,738	1,023	<b>3,761</b>	2,853	829	<b>3,682</b>
Micro buses	1,371	52	<b>1,423</b>	1,521	349	<b>1,870</b>
<b>SUBTOTAL</b>	<b>5,310</b>	<b>1,436</b>	<b>6,746</b>	<b>6,308</b>	<b>2,119</b>	<b>8,427</b>
Volares <sup>(3)</sup>	1,517	136	<b>1,653</b>	1,795	231	<b>2,026</b>
<b>TOTAL PRODUCTION</b>	<b>6,827</b>	<b>1,572</b>	<b>8,399</b>	<b>8,103</b>	<b>2,350</b>	<b>10,453</b>

Note: See notes in the Consolidated Global Production by Model table.

### MARKET SHARE IN THE BRAZILIAN MARKET

Marcopolo's market share in Brazilian bus body production was 55.7% in 3Q20 compared to 48.8% in 3Q19.

The highlight of the quarter was the 19.2 percentage point increase in the urban bus segment compared to the same period in 2019. Units produced for the federal *Caminho da Escola* [school bus] program helped to sustain a market share above the historical level, at a time of reduced demand. The reduction in market share in the intercity bus segment is explained by the profile of the models most in demand in the domestic market, aimed at charter use. Historically, the Company has a smaller market share in this lighter intercity bus segment.

### MARKET SHARE IN BRAZILIAN PRODUCTION (%)

PRODUCTS	3Q19	9M19	3Q20	9M20
Intercity buses	66.2	67.5	51.5	49.3
Urban buses	38.8	37.4	58.0	55.1
Micro buses	59.5	61.8	55.2	58.3
<b>TOTAL <sup>(1)</sup></b>	<b>48.8</b>	<b>49.2</b>	<b>55.7</b>	<b>54.3</b>

Source: FABUS and SIMEFRE

Note: <sup>(1)</sup> Volare is not counted for market share purposes.

### NET REVENUE

Consolidated net revenue reached R\$ 836.5 million in 3Q20, of which R\$ 480.4 million, or 57.4% of the total, from the domestic market, and R\$ 356.1 million, representing the remaining 42.6%, of the foreign market.

The highlight of the quarter was micro bus performance, benefited by the growth in volumes sold to the *Caminho da Escola* [school bus] program. With Volares, we highlight the good performance of retail sales aimed at replacing vans for chartering and expressive export business to Chile.

The following table and graphs show the breakdown of net revenue by products and markets:

**TOTAL CONSOLIDATED NET REVENUE**  
**By Products and Markets (R\$ Million)**

PRODUCTS/MARKETS (1)	3Q20			3Q19		
	MI	ME	TOTAL	MI	ME	TOTAL
Intercity buses	131.9	117.1	<b>248.9</b>	271.0	168.8	<b>439.8</b>
Urban buses	124.0	156.5	<b>280.5</b>	144.2	221.3	<b>365.6</b>
Micro buses	65.9	4.7	<b>70,7</b>	52.0	19.0	<b>71.0</b>
<b>Bus body subtotal</b>	<b>321.8</b>	<b>278.3</b>	<b>600.2</b>	<b>467.2</b>	<b>409.2</b>	<b>876.4</b>
Volares (2)	139.2	52.8	<b>192.0</b>	124.1	24.9	<b>149.0</b>
Chassis	0.3	8.3	<b>8.6</b>	0.6	14.0	<b>14.6</b>
Bco. Moneo	9.4	-	<b>9.4</b>	10.5	-	<b>10.5</b>
Parts and Others	9.6	16.7	<b>26.3</b>	12.7	18.0	<b>30.7</b>
<b>OVERALL TOTAL</b>	<b>480.4</b>	<b>356.1</b>	<b>836.5</b>	<b>615.1</b>	<b>466.1</b>	<b>1,081.1</b>

PRODUCTS/MARKETS (1)	9M20			9M19		
	MI	ME	TOTAL	MI	ME	TOTAL
Intercity buses	371.1	417.7	<b>788.8</b>	621.9	600.8	<b>1,222.6</b>
Urban buses	354.1	598.8	<b>952.9</b>	376.3	661.4	<b>1,037.7</b>
Micro buses	139.6	16.1	<b>155.7</b>	171.9	45.2	<b>217.1</b>
<b>Bus body subtotal</b>	<b>864.8</b>	<b>1,032.6</b>	<b>1,897.4</b>	<b>1,170.1</b>	<b>1,307.4</b>	<b>2,477.4</b>
Volares (2)	376.2	61.7	<b>437.9</b>	415.5	59.8	<b>475.3</b>
Chassis	4.6	98.6	<b>103.2</b>	2.0	43.0	<b>44.9</b>
Bco. Moneo	34.9	-	<b>34.9</b>	27.6	-	<b>27.6</b>
Parts and Others	25.9	55.1	<b>81.0</b>	36.6	59.7	<b>96.3</b>
<b>OVERALL TOTAL</b>	<b>1,306.3</b>	<b>1,248.1</b>	<b>2,554.4</b>	<b>1,651.8</b>	<b>1,469.9</b>	<b>3,121.6</b>

Notes: (1) MI = Domestic Market; ME = Foreign Market, units exported and produced in international operations by controlled companies ; (2) Volares' revenue includes the chassis.

### GROSS PROFIT AND MARGINS

Consolidated gross profit in 3Q20 reached R\$ 136.7 million, with a margin of 16.3%, compared to R\$ 145.9 million with a margin of 13.5% in 3Q19.

The gross margin was benefited by the positive effect of the exchange rate on exports, by the better efficiency of operations and by the optimization process of plants located in Brazil. The main highlight of the quarter was the São Mateus, ES unit, with a significant increase in efficiency after the completion of the verticalization of parts and components carried out between 2019 and 2020.

In the quarter, the Company used the levers provided for in Law no. 14.020/20, especially using the suspension of employment contracts of approximately 50% of its collaborators. If we isolated the costs related to the compensatory aid, provided for in the law and due to collaborators who remained with their employment contract

suspended, we would reach the amount of R\$ 14.8 million, making up an adjusted gross margin of 18.1% in 3Q20 when we eliminated those expenses.

### **EXPENSES WITH SALES**

Expenses with sales totaled R\$ 53.3 million in 3Q20, or 6.4% of net revenue, against R\$ 54.8 million in 3Q19, 5.1% of net revenue. The greater relative representativeness is explained by the drop in net revenue, while the absolute value was affected by commissions on sales made to the foreign market.

As of September, the Company ended the suspension on the employment contracts for collaborators in the commercial areas, while making adjustments to its staff. By August, approximately half of the commercial teams had their employment contracts suspended.

### **GENERAL AND ADMINISTRATIVE EXPENSES**

General and administrative expenses totaled R\$ 49.0 million in 3Q20, or 5.9% of net revenue, while in 3Q19 these expenses totaled R\$ 48.6 million, or 4.5% of net revenue. The percentage increase is associated with a drop in net revenue higher than the reduction in expenses. The increase in the absolute value is explained by the technological software update that aims to facilitate remote work.

As of September, the Company ended the suspension on the employment contracts for collaborators in the administrative areas, while making adjustments to its staff. By August, approximately half of the administrative teams had their employment contracts suspended.

### **OTHER NET OPERATING REVENUE/EXPENSES**

In 3Q20, R\$ 42.8 million was recorded as "Other Operating Expenses" against R\$ 3.2 million recognized as "Other Operating Expenses" in 3Q19.

The Company recorded expenses in this item in the amount of R\$ 37.2 million, related to staff adjustments made in the quarter. In 3Q20, the Company carried out internal reorganization, with dismissals in the direct and indirect workforce, necessary to correct expenses of the current level of revenue. In addition, expenses of R\$ 6.6 million were also recorded arising from labor provisions.

### **EQUITY RESULTS**

Equity results in 3Q20 was a negative R\$ 41.4 million compared to a positive R\$ 0.2 million in 3Q19.

In the quarter, NFI Group Inc. brought a negative equity in the amount of R\$ 43.8 million, with the company's results being affected by the developments in the pandemic in North America. The Indian affiliate TMML reported a negative equity of R\$ 8.1 million, in the wake of lower volumes due to the pandemic and the interruption of its activities during most of the quarter, while the Colombian operation Superpolo was the positive highlight, adding R\$ 9.8 million to the equity.

The equity results is presented in detail in Explanatory Note no. 11 of the Quarterly Information.

### NET FINANCIAL RESULT

The net financial result of 3Q20 was a negative R\$ 24.0 million, compared to a negative result of R\$ 25.5 million recorded in 3Q19.

The negative impact results mainly from more exchange rate variation generated by the devaluation of the Real against the US Dollar on the order portfolio in dollars. The Company hedges the exchange rate on exports when confirming sales orders, ensuring the business margin. As the products are delivered and invoiced, the Company captures the benefits of the devaluation of the Real in its operating margins.

The financial result is presented in detail in Explanatory Note no. 28.

### EBITDA

EBITDA was a negative R\$ 23.8 million in 3Q20, with a margin of -2.8%, versus an EBITDA of 60.2 million and a margin of 5.6% in 3Q19. EBITDA was negatively affected by costs related to staff adjustments, as well as the results of operations located abroad.

Disregarding the non-recurring costs associated with rescission in Brazil, salary compensations linked to the suspension of employment contracts due to Covid-19 and the result of the equity of NFI Group Inc., the adjusted EBITDA would be R\$ 72.4 million and a margin of 8.7%.

The table below highlights the accounts that make up EBITDA:

R\$ million	3Q20	3Q19	9M20	9M19
Result before IR and CS	-73.7	13.9	-98.0	151.5
Financial Revenue	-81.4	-73.3	-465.2	-165.9
Financial Expenses	105.3	98.8	609.7	180.8
Depreciation / Amortization	25.9	20.7	72.5	59.9
<b>EBITDA</b>	<b>-23.8</b>	<b>60.2</b>	<b>119.0</b>	<b>226.3</b>
NFI Group Inc.'s Equity	43.8	-3.7	65.0	-28.2
Covid-19	15.3	-	45.1	-
Labor Rescissions	37.2	-	37.2	-
<b>Adjusted EBITDA</b>	<b>72.4</b>	<b>56.5</b>	<b>266.3</b>	<b>198.1</b>

### NET PROFIT (LOSS)

The consolidated net loss in 3Q20 was R\$ 57.4 million, with a margin of -6.8%, against a profit of R\$ 33.9 million and a margin of 3.1% in 3Q19. The worsening of the net margin is explained by the same factors mentioned above and, in particular, by the costs associated with rescissions and the results of operations located abroad.

**FINANCIAL INDEBTEDNESS**

Net financial indebtedness totaled R\$ 1,130.7 million on 09.30.2020 (R\$ 703.1 million on 09.30.2019). Of this total, R\$ 554.2 million came from the financial segment (Banco Moneo) and R\$ 576.5 million from the industrial segment.

It is worth mentioning that the financial segment's indebtedness stems from the consolidation of Banco Moneo's activities and must be analyzed separately, since it has different characteristics from that arising from the Company's industrial activities. Banco Moneo's financial liabilities are matched against the "Customers" account in Banco's assets. The credit risk is duly provisioned. Since these are on-lending from FINAME, each disbursement from BNDES has an exact counterpart in Banco Moneo's customer receivables account, both in terms and in rate.

On September 30, the net financial indebtedness of the industrial segment represented 2.5 times the EBITDA of the last 12 months.

**CASH FLOW**

In 3Q20, operating activities generated R\$ 202.7 million in cash, while investment activities, net of dividends and exchange variation, demanded R\$ 35.6 million and financing activities consumed R\$ 23.3 million.

The initial cash balance of R\$ 881.9 million at the end of June 2020, considering the short-term investments and adding up to R\$ 10.4 million of the difference between the exchange variation and the variation in the accounts related to financial investments not available, increased to R\$ 1,036.1 million at the end of September 2020.

**PERMANENT INVESTMENTS**

In 3Q20, Marcopolo invested R\$ 35.6 million in its fixed assets, of which R\$ 26.2 million was spent by the parent company and applied as follows: R\$ 23.1 million in machinery and equipment, R\$ 2.3 million in buildings and improvements, and R\$ 0.8 million in other fixed assets. R\$ 7.9 million was invested in subsidiaries, R\$ 3.1 million in Metalsur, R\$ 2.9 million in Marcopolo México, R\$ 2.1 million in Volare Veículos, R\$ 0.2 million in Marcopolo Australia and R\$ 1.1 million in the other units.

**CAPITAL MARKET**

In 3Q20, transactions with Marcopolo shares moved R\$ 1,800.8 million. On September 30, foreign investors' share in Marcopolo's share capital totaled 38.4% of preferred shares and 25.2% of total share capital. At the end of the period, the Company had 91,499 shareholders.

The following table shows the evolution of the main indicators related to the capital market:

INDICATORS	3Q20	3Q19	9M20	9M19
Number of transactions (thousand)	438.7	280.1	1,619.8	615.1
Transacted amount (R\$ million)	1,800.8	738.2	6,657.9	1,693.9
Market value (R\$ million) <sup>(1)(2)</sup>	2,537.7	3,645.6	2,537.7	3,645.6
Existing shares (millions)	946.9	946.9	946.9	946.9
Book value per share (R\$)	2.60	2.32	2.60	2.32
POMO4 quotation at the end of the period	2.68	3.85	2.93	3.85

Notes: <sup>(1)</sup> Quotation of the last transaction for the period of the Preferred Book entry share (PE), multiplied by the total number of shares (OE + PE) existing in the same period; <sup>(2)</sup> Of this total 7,951,506 preferred shares were held in treasury on 09.30.2020.

## ANALYSIS & PROSPECTS

The 3Q20 results indicate the beginning of a volume recovery process, with a significant growth of 46.6% compared to 2Q20, a quarter that had been affected by the partial shutdown of activities due to the health restrictions related to Covid-19. The increase in production also reflects the market environment, which gradually moves away from the inertia between the end of 1Q20 and the beginning of 2Q20. The factories returned to work in almost normal conditions, respecting the health protocols and adjusting the idleness of part of the collaborators with the use of the flexibility instruments provided in each country and dismissals, necessary due to the even lower demand than before the pandemic.

In the domestic market, the search for new buses continues to be impacted in the sectors of tourism, interstate and international road lines, school transport and urban public transport. These markets, however, are undergoing small recovery movements, indicating that the worst is over. Charter activities have been surprisingly positive, with an increase in sales compared to 2019, due to the demands of greater social distancing in transporting collaborators to companies, which leads to the need for a greater number of vehicles (light road, micro and Volare buses) for the same amount of people.

Another relevant contribution to sales in the quarter was the federal *Caminho da Escola* [school bus] program, to which the Company delivered 1,187 units (2,534 units in 9M20), of which 463 were micro, 595 urban and 129 Volare bus models. The pace of deliveries should also remain strong in 4Q20 and the municipalities' adherence to the 2019 tender process is close to the limit of 4,800 units. The Company should start 2021 with a portfolio of approximately 1,100 units for the program. There is a prospect of a new tender in early 2021.

Exports continue to show a better performance when compared to the Brazilian market due to the exchange rate devaluation. The lower volume of units, the effect of the pandemic on international markets as well continues to be offset by the higher revenue and profitability of operations, considering the current level of the exchange rate. Gradually, public transport operations in South America are circulating again, with positive effects on sales to Chile, Argentina and Peru. Deliveries to the African market remain important in 4Q20 and 1Q21 as well.

Controlled and affiliated operations abroad continued to be impacted by the pandemic, with their individual performances affected by the conditions of local markets.

Argentinian Metalsur returned to work, partially offsetting volumes that were no longer produced due to the lockdown being extended until the end of June. The expectation is positive for the last months of the year. Marcopolo Australia's results were negatively affected by the arrival of a second wave of the pandemic in the country, with deliveries that would happen in 3Q20 to 4Q20 postponed. Marcopolo México, Marcopolo China and Marcopolo South Africa suffered from less demand in their respective markets, with prospects for recovery starting in 2021.

In affiliates, Colombian Superpolo's operation continues to benefit from a more extensive order backlog associated with the renewal of Bogotá's fleet. In turn, the Indian affiliate TMML continues to experience difficulties associated with the pandemic, with the increase in the number of cases of the disease in the country. In 3Q20, Canadian NFI Group Inc. brought a negative result similar to that recorded in 2Q20, with prospects for recovery of results in 4Q20 and normalization of operations in 2021.

On October 2, p.p., the Company communicated by means of a material fact, the shutdown of activities of the factory located in Rio de Janeiro. With the conclusion of the factory optimization project, Marcopolo has three industrial factories in Brazil: two in Caxias do Sul, RS (Ana Rech and San Marino), and one in São Mateus, ES. The project has helped the Company achieve record levels of manufacturing efficiency and cost reduction. Among the results achieved, we highlight the turnarounds of San Marino's operations in 2018 and São Mateus in 2020, reversing a R\$ 22.4 million loss in 3Q19 to R\$ 0.8 million in profit in 3Q20, with even more positive prospects for 2021.

In 3Q20, the Company made adjustments to its staff, bringing non-recurring expenses due to rescissions in the amount of R\$ 37.2 million. This adjustment, although it negatively affects the results for the quarter, allowed costs to be readjusted to the fall in volumes. In 4Q20, the Company is expected to recognize additional costs due to new dismissals in its Brazilian operations, especially due to the closure of Marcopolo's factory in Rio. The Company continues to work on reducing expenses and reviewing investments. With regard to cash, Marcopolo maintains aggressive working capital reduction targets, which had an effect in 3Q20, with a cash flow in the amount of R\$ 149.9 million versus consumption of R\$ 105.8 million in 2Q20.

The innovations brought to the market by Marcopolo Biosafe have been helping customers and users of public transport services to return to travel safely. At the end of 3Q20, approximately 85% of the bus bodies produced by the Company had at least one item from the Biosafe line, with the initiative reaching exports and units located abroad. Marcopolo reinforces its role and leadership in the development of technologies for the transport of people.

The Company notes that the reopening of cities, with the return of the vast majority of economic activities, has been promoting a gradual increase in sales. Regional tourism, especially that linked to weekend trips, shows signs of recovery, and encourages opportunities during the holidays at the end of the year. Finally, with the return of schools and universities, the last paralyzed segment should also show a reaction.

Marcopolo continues to work with its customers so that the recent crisis can be overcome as soon as possible. Customized alternatives of safe products and with better Total Cost of Ownership (*TCO*), bus bodies ready for new user profiles with new onboard technologies, alternative and even cleaner propulsion, are already a reality. The Marcopolo of the future evolves regardless of short-term setbacks, pursuing a vision of growing and efficient mobility for a world that wants to travel again.

Management.

## 1 **Operating context**

Marcopolo S.A. ("Marcopolo") is a publicly held company, having its head office situated in Caxias do Sul, State of Rio Grande do Sul. The Company's individual and consolidated quarterly information for the period ended on September 30, 2020 encompass Marcopolo and its subsidiaries, jointly controlled companies and associates (referred to as "Company").

Marcopolo's core activity is the manufacturing and sale of buses, automotive vehicles, bodies, parts, agricultural and industrial machinery, and imports and exports, and may also acquire equity interests in other companies.

Marcopolo has its shares traded on B3 (Brasil, Bolsa, Balcão) under the acronyms "POMO3" and "POMO4" and is listed in the segment of corporate governance level 2.

## 2 **Summary of the main accounting policies**

The main accounting policies employed in the preparation of this quarterly financial information are defined below. These accounting policies have been applied consistently to all periods presented in this individual and consolidated quarterly information.

### 2.1. **Preparation basis**

#### (a) **Declaration of Compliance**

The individual and consolidated quarterly financial information contained in the Quarterly Information Form - ITR was prepared, and is being presented in accordance with CPC 21 (R1) - Interim Financial Reporting, issued by the Accounting Pronouncements Committee ("CPC") and in accordance with IAS 34 - *Interim Financial Reporting* issued by the *International Accounting Standards Board* ("IASB"), in a manner consistent with the standards issued by the Brazilian Securities and Exchange Commission (CVM), applicable to the preparation of the Quarterly Information Form -ITR.

Company Management affirms that all material information related to the financial information and that alone is being demonstrated and that it corresponds to that used by it in its management.

#### (b) **Measurement basis**

The individual and consolidated quarterly information has been prepared based on historical cost as a value base, in the case of financial assets (including derivative instruments) it is adjusted to reflect the measurement at fair value according to Note 2.6.

#### (c) **Use of estimates and judgments**

The Management used judgment, estimates and assumptions in the preparation of this individual and consolidated quarterly information which affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

Estimates and assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Information about judgments in applying accounting policies and uncertainties in the assumptions and estimates that pose a significant risk of an adjustment in the next financial year have been included in the following notes: Note 2.2 (a, ii) - Subsidiaries;

- Note 2.2 (a, ii) - Subsidiaries;
- Note 2.2 (a, iv) - Investment in companies with joint businesses (*Joint venture - Joint operation*);
- Note 2.23 (a) - Uncertainty about the treatment of taxes on profit
- Note 8 - Allowance for doubtful accounts;
- Note 18 - Allowance for civil, labor-related and tax risks;
- Note 20 - Deferred taxes.

**(d) Value added statement**

The Company prepared individual and consolidated Value Added Statements (DVA) in accordance with technical pronouncement CPC 09 - Value Added Statement, which are presented as an integral part of the quarterly information according to BR GAAP applicable to publicly held companies, while consisting of supplementary financial information under IFRS.

**2.2 Consolidation basis**

**(a) Consolidated financial information**

The following accounting policies are applied in the preparation of the consolidated quarterly information.

**(i) Non-controller shareholder equity interest**

The Company elected to measure any non-controlling interest in the acquired entity according to the proportional interest in the liquid assets identifiable at the acquisition date.

Any changes in the Company's interest in a subsidiary which does not entail loss of control are recorded as shareholders' equity transactions.

**(ii) Subsidiaries**

Subsidiaries are all entities (including specific purpose entities) in which the Company has the power to determine the financial and operating policies, generally accompanied by an interest of more than half of the voting rights (voting share). The existence and the effect of possible voting rights currently exercisable or convertible are taken into account when evaluating whether the Company controls another entity. The subsidiaries are totally consolidated from the date on which the control is transferred to the Company. The consolidation is interrupted on the date when the control ends.

The Company uses the acquisition method of accounting to record the combination of businesses. The consideration transferred for the acquisition of a subsidiary is the fair value of transferred assets, liability incurred and equity instruments issued by the Company.

The transferred consideration includes the fair value of any assets or liabilities resulting from a contingent consideration agreement, when applicable. Costs related to acquisition are recorded in the statement of income for the period as incurred. Acquired assets identifiable, liabilities and the contingent liabilities assumed in a business combination are initially measured at fair values at the acquisition date. The measurement of the non-controlling interest to be recognized is determined at each acquisition made.

Any excess consideration transferred and fair amount on the acquisition date of any prior equity interest in the acquired entity in relation to the fair value of the Company's interest in liquid identifiable liquid assets purchased is recorded as *goodwill*. In acquisitions where the Company assigns a fair value to non-controlling shareholders, the determination of goodwill also includes the amount of any non-controlling interest in the acquired entity, and goodwill is determined considering the interest of the Company and non-controlling shareholders. When the consideration transferred is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the statement of income for the period (Note 2.11).

**(iii) Transactions eliminated in the consolidation**

Intra-company balances and transactions, and any unrealized income or expenses arising from intra-company transactions, are eliminated. Unrealized gains arising from transactions with investees recorded by equity method are eliminated against the investment to the extent of the Company's interest in the investee. Unrealized losses are eliminated in the same manner as unrealized gains, but only to the extent that there is no evidence of impairment.

**(iv) Investments in companies with joint ventures (joint venture - joint operation)**

Joint businesses may be categorized as either a *joint operation* or a *joint venture*.

A *joint operation* is a *joint* business according to which the parties that have common control over the business have rights over the assets and obligations for the business-related liabilities and records the investment by the equity method.

A *joint venture* is a joint business that happens when an operator has rights over the liquid assets of the agreements and records the investment through the equity method.

**(v) Loss of control**

Upon loss of control, the Company ceases to recognize assets and liabilities of the subsidiary, any non-controlling interest and other components recorded in the shareholders' equity concerning this subsidiary. Any gain or loss originated from loss of control is recognized in profit or loss. If the Company retains any interest in the former subsidiary, this interest is measured by its fair value on the date when control is lost. Subsequently, this interest is recorded by using the equity method in associated companies or at cost or fair value in an available-for-sale asset, depending on the retained influence level.

**(vi) Associates**

Associates are all entities over which the Company has a significant influence, but not control, usually together with an ownership interest of 20% to 50% of the voting rights.

Investments in associates are recorded through the equity method and are initially recognized at their cost value. The Company's investment in associates includes the goodwill identified in the acquisition, net of any accumulated *impairment* loss. See Note 2.11 regarding *impairment* of non-financial assets, including goodwill.

The Company's interest in the profits or losses of its associates post-acquisition is recognized in the income statement and its interest in the activity in post-acquisition reserves is recognized in the reserves. The post-acquisition cumulative transactions are adjusted against the investment's carrying amount. When the Company's interest in the losses of an associate is equal to or greater than its interest in that company, including any other receivables, the Company does not recognize additional losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealized gains on transactions between the Company and its associates are eliminated in proportion to the Company's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an *impairment* of the transferred asset. The accounting policies of the associates have been changed when required to ensure consistency with the policies adopted by the Company.

If the ownership interest in the associate is reduced but significant influence is retained, only a proportional part of the amounts previously recognized in other comprehensive income shall be reclassified in income or loss, where appropriate.

Gains and losses resulting from dilution occurring in interests in associates are recognized in the income statement.

**(vii) Adjustment for inflation for hyperinflation – IAS 29 (CPC 42)**

With cumulative inflation of more than 100% in the last three years in Argentina, the application of IAS 29 (CPC 42) – Accounting in a hyperinflationary economy – became required in 2018.

According to the standard, non-monetary assets and liabilities, shareholders' equity and income statement of investees operating in highly inflationary economies are adjusted by the change in the general purchasing power of the currency, applying a general price index.

In the quarter, the Company carried out the adjustment for inflation in its jointly owned Loma, headquartered in Argentina. Non-monetary assets and liabilities recorded at historical cost and shareholders' equity were adjusted for inflation. The impacts of the adjustment for inflation were

recorded as equity valuation adjustment, in shareholders' equity, in the amount of BRL (278) and in the consolidated income statement in the amount of BRL (838) in equity income.

### 2.3 Presentation of information per segments

Information by operating segment is reported consistently with the internal report provided to the main operating decision makers. The main operating decision maker, responsible for the allocation of funds and performance evaluation of the operating segment, is the Board of Directors, also responsible for the Company's strategic decision-making.

### 2.4 Functional currency and presentation currency

The consolidated quarterly information is being presented in Reals (BRL), which is Marcopolo's functional currency and the Company's reporting currency. All balances have been rounded to the nearest thousand, except when otherwise indicated.

Items included in each of the Company's businesses quarterly information are measured by using the currency of the main economy in which the company operates ("functional currency").

Each entity's functional currency is listed below:

<u>Subsidiaries</u>	<u>Denomination</u>	<u>Functional currency</u>	<u>Country</u>
Apolo Soluções em Plásticos Ltda.	Apolo	Brazilian Reais	Brazil
Banco Moneo S.A.	Banco Moneo	Brazilian Reais	Brazil
Ciferal Indústria de Ônibus Ltda.	Ciferal	Brazilian Reais	Brazil
Ilmot International Corporation.	Ilmot	US Dollar	Uruguay
Marcopolo Auto Components Co.	MAC	Renminbi	China
Marcopolo Austrália Holdings Pty Ltd.	MP Australia	Australian Dollar	Australia
Pologren Austrália Pty Ltd.	Pologren	Australian Dollar	Australia
Volgren Austrália Pty Ltd.	Volgren	Australian Dollar	Australia
Marcopolo Canadá Holdings Corp.	MP Canadá	Canadian Dollar	Canada
Marcopolo International Corp.	MIC	US Dollar	Virgin Islands
Marcopolo Middle East and Africa FZE.	MP Middle East	Dirham	United Arab Emirates
Marcopolo (Changzhou) Bus Manufacturing Co; Ltd.	MBC	Renminbi	China
Marcopolo Next Serviços em Mobilidade Ltda	MP Next	Brazilian Reais	Brazil
Marcopolo South África Pty Ltd.	Masa	Rand	South Africa
Marcopolo Trading S.A.	Trading	Brazilian Reais	Brazil
Metalsur Carrocerias S.R.L.	Metalsur	Argentine Peso	Argentina
Moneo Investimentos S.A.	Moneo	Brazilian Reais	Brazil
Neobus Chile SPA.	Neobus Chile	Chilean Peso	Chile
NewRoad México S.A. de C.V.	NewRoad	Mexican Peso	Mexico
Rotas do Sul Logística Ltda.	Rotas do Sul	Brazilian Reais	Brazil
San Marino Bus de México S.A. de C.V.	San Marino Mexico	Mexican Peso	Mexico
San Marino Ônibus Ltda.	San Marino	Brazilian Reais	Brazil
Syncroparts Comércio e Distribuição de Peças Ltda.	Syncroparts	Brazilian Reais	Brazil
Polomex S.A. de C.V.	Polomex	US Dollar	Mexico
Polo Venture Participações Ltda.	Polo Venture	Brazilian Reais	Brazil
Volare Veículos Ltda.	Volare Veículos	Brazilian Reais	Brazil
Volare Comércio e Distribuição de Veículos e Peças Ltda.	Volare Comércio	Brazilian Reais	Brazil
<u>Subsidiaries in conjunction</u>	<u>Denomination</u>	<u>Functional currency</u>	<u>Country</u>
Loma Hermosa S.A.	Loma	Argentine Peso	Argentina
Metalpar S.A.	Metalpar	Argentine Peso	Argentina
Kamaz Marco LLC.	Kamaz	Ruble	Russia
Superpolo S.A.	Superpolo	Colombian Peso	Colombia
Tata Marcopolo Motors Limited.	TMML	Rupee	India

<b>Affiliates</b>	<b>Denomination</b>	<b>Functional currency</b>	<b>Country</b>
GB Polo Bus Manufacturing S.A.E.	GB Polo	Egyptian Pound	Egypt
Mercobus S.A.C.	Mercobus	Novo Sol	Peru
New Flyer Industries Inc.	New Flyer	Canadian Dollar	Canada
Valeo Climatização do Brasil – Veículos Comerciais S.A.	Valeo	Brazilian Reais	Brazil
Valeo Thermal Commercial Vehicles México, SA CV	Valeo México	Mexican Peso	Mexico
Spheros Thermosystems Colômbia Ltda.	Spheros Colômbia	Colombian Peso	Colombia
Reparts Comércio de Peças para Veículos Ltda.	Reparts	Brazilian Reais	Brazil
WSul Espumas Indústria e Comércio Ltda.	WSul	Brazilian Reais	Brazil

## 2.5 Foreign currency

### (a) Transactions in foreign currency

Transactions in foreign currency are converted into the respective functional currencies of the Company entities by the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated and calculated in foreign currencies on the balance sheet date are reconverted to the functional currency at the exchange rate on that date. Non-monetary assets and liabilities that are measured at fair value in foreign currency are reconverted to the functional currency at the exchange rate on the date in which the fair value was determined. Non-monetary items that are measured based on historical cost in foreign currency are converted at the exchange rate on the date of the transaction. The differences in foreign currency resulting from this conversion are generally acknowledged in the income or loss.

However, exchange differences resulting from the re-conversion of the items listed below are recognized in other comprehensive income:

- financial instruments (except in the case of impairment in which foreign exchange differences recognized in other comprehensive income are transferred to profit or loss);
- financial liability designated as a *hedge* of the net investment in a foreign operation, to the extent that the *hedge* is effective; and
- a qualified and effective cash flow *hedge* .

### (b) Overseas operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments resulting from the acquisition, are translated into the Brazilian Real at the exchange rates determined on the balance sheet date. Income and expenses from foreign operations are translated into the Brazilian real at the exchange rates determined on the dates of the transactions.

Foreign currency differences generated on translation into the reporting currency are recognized in other comprehensive income results and accumulated in equity valuation adjustments in equity. If the subsidiary is not a wholly-owned subsidiary, the corresponding portion of the conversion difference is attributed to non-controlling shareholders.

When a foreign operation (a subsidiary, jointly controlled or associate) is transferred, the cumulative amount in the equity valuation adjustment account is reclassified to the income statement as part of profit or loss in the transfer.

When only part of the investment of a subsidiary including a foreign operation is transferred, so that the control is maintained, the relevant part of such accumulated value is reassigned to the non-controlling interest. In any other partial transfer of a foreign transaction, the portion corresponding to the transfer is reclassified to profit or loss.

## 2.6 Financial instruments

The Company classifies financial assets and liabilities in the following categories: at fair value through profit or loss (FVTPL), at fair value through other comprehensive income (FVOCI) and at amortized cost.

### **2.6.1 Non-derivative financial assets and liabilities - recognition and derecognition**

The Company initially recognizes loans and receivables and debt instruments on the date they were originated. All other financial assets and liabilities are recognized on the trade date, when the entity becomes a party to the instrument's contractual provisions.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when the Company transfers the rights to receive the contractual cash flows from a financial asset in a transaction in which substantially all the risks and benefits of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

### **2.6.2 Non-derivative financial assets - measurement**

#### **(a) Financial assets measured at fair value through other comprehensive income**

A debt instrument is measured at FVOCI only if it meets both conditions below:

- the asset is kept within a business model the purpose of which is achieve both through the collection of contractual cash flows and the sale of financial assets; and
- the contractual terms of the financial asset, on specific dates, originate cash flows representing payment of principal and interest on the outstanding principal amount.

#### **(b) Financial assets measured at amortized cost**

A financial asset is measured at amortized cost if it meets both conditions below:

- the asset is kept within a business model for the purpose of collecting contractual cash flows; and
- the contractual terms of the financial asset, on specific dates, originate cash flows that are only payments of principal and interest on the outstanding principal amount.

All the other financial assets are classified as measured at the fair value through profit or loss.

Furthermore, upon initial recognition, the Company may irrevocably designate a financial assets meeting the requirements to be measured at amortized cost, FVOCI or even FVTPL. This designation has the purpose of eliminating or significantly reducing a possible accounting mismatch arising from the result produced by the respective asset.

### **2.6.3 Non-derivative financial liabilities - measurement**

#### **(a) Financial liabilities measured at the fair value through profit or loss**

A financial liability is classified as measured at the fair value through profit or loss in case it is classified as kept for trade or designated as such upon initial recognition. The transaction costs are recognized in profit or loss as they are incurred. Financial liabilities measured at the fair value through profit or loss are measured at fair value and any changes in the fair value of these liabilities, including interest and dividend gains, are recognized in the profit or loss for the period.

#### **(b) Financial liabilities measured at the amortized cost**

Non-derivative financial liabilities are initially measured at fair value and, provided it is not an item measured at the fair value through profit or loss, increased by transaction costs directly attributable to its acquisition or issuance.

#### **2.6.4 Repurchase and reissue of shares - Treasury Share**

When shares recognized as shareholders' equity are repurchased, the amount of the consideration paid, which includes any directly attributable costs, is recognized as deduction from the shareholders' equity. The repurchased shares are classified as treasury share and stated as deduction from the shareholders' equity. When treasury share is subsequently sold or reissued, the amount received is recognized as an increase in shareholders' equity and the gain or loss resulting from the transaction is stated as capital reserve.

#### **2.6.5 Reduction to the recoverable value - Impairment**

##### **(a) Non-derivative financial assets**

As of January 1, 2018, the Company began to evaluate, on a prospective basis, the expected credit losses associated with debt securities recorded at amortized cost and at fair value through other comprehensive income. The applied *impairment* methodology depends on whether or not there was a significant increase in credit risk.

For the trade accounts receivable, the Company applies the simplified approach as permitted by IFRS 9/CPC 48 and, therefore, recognizes the expected losses over the useful life from the initial recognition of the receivables.

Objective evidence that financial assets had significantly increase in credit risk includes:

- Default or late payment by the debtor;
- restructuring of an amount due to the Company on terms that would not be accepted in normal conditions;
- indications that the debtor or issuer will go into bankruptcy/judicial reorganization;
- negative changes in the payment situation of debtors or issuers; Negative changes in the payment situation of debtors or issuers;
- the disappearance of an active market for the instrument due to financial difficulties; or
- observable data indicating a decline in the measurement of cash flows expected from a group of financial assets.

##### **(b) Financial assets measured by the amortized cost**

The Company considers evidence of loss of value of assets measured at amortized cost at both on an individual and on a collective level. All the individually significant assets are evaluated for impairment loss. Those that have not suffered loss of value individually are then evaluated collectively for any loss of value that may have happened but not yet been identified. Assets that are not individually significant are evaluated collectively for loss of value based on a group of assets with similar risk characteristics.

When evaluating impairment loss collectively, the Company uses historical trends for recovery periods and lost amounts incurred, adjusted to reflect the Management's judgment on whether the current economic and credit conditions are such that the actual losses will likely be greater or smaller than those suggested by the historical trends.

Impairment loss is computed as the difference between the carrying amount and the present value of future estimated cash flows, discounted at the asset's original effective interest rate. The losses are recognized in profit or loss and reflected in an allowance account. When the Company considers that there are no reasonable prospects of recovery, the amounts are reversed. When a subsequent event indicates a reduction in the loss of value, the reduction through loss of value is reversed by means of profit or loss.

##### **(c) Investees accounted for under the equity method**

An impairment loss concerning an investee appraised by the equity method is measured by comparing the investment's recoverable value against its carrying amount. An impairment loss is recognized in profit or loss and it is reversed if there has been any favorable change in the estimates used to determine the recoverable value.

**(d) Non-financial assets**

The carrying amount of the Company's non-financial assets, other than inventory, income tax and active deferred social contribution, are reviewed at each reporting date to check whether there is any indication of impairment loss. If such indication is found, then the asset's recoverable amount is estimated. In case of goodwill and intangible assets with undefined useful lives, the recoverable amount is tested annually.

Impairment losses are recognized in profit or loss. Recognized impairments relating to Cash Generating Units (CGUs) are initially allocated to reduce any goodwill allocated to this CGU (or CGU group), and then to reduce the carrying amount of other CGU assets (or CGU group) on a *pro rata basis*.

An impairment related to goodwill is not reversed. As for other assets, impairment losses are reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, in case the loss of value had not been recognized.

**2.7 Derivatives measured at fair value through profit or loss**

Derivative instruments procured do not qualify for *hedge* accounting. The changes in the fair value of any of these derivative instruments are immediately recognized in the income statement under "financial revenue (expenses)".

**2.8 Trade accounts receivable**

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of the Company's business. If the deadline for receipt is equivalent to a year or less (or another that meets the normal cycle of the Company's operations), accounts receivable are classified in the current assets. Otherwise, they are presented as noncurrent assets.

Trade receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method, less the allowance for *impairment*.

**2.9 Inventory**

Inventories are measured at the lower between cost and net realizable value. The cost of inventories is based on the average cost principle and includes expenses incurred in the purchase of inventories, production, transformation and other costs incurred to bring them to their places and existing conditions. In the case of manufactured inventories and products in progress, the cost includes a portion of the manufacturing overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, minus estimated costs of completion and selling expenses.

**2.10 Property, plant and equipment**

*Recognition and measurement*

Property, plant and equipment are measured at the historical cost of purchase of construction minus accumulated depreciation and accumulated (*impairment*) losses.

The cost includes expenses that are directly attributable to the purchase of an asset. Cost of assets built by the Company itself includes:

- The cost of materials and direct labor;
- Any other costs to place the asset in the necessary site and condition for it to operate as intended by the Management;

- Costs for disassembly and restoration of the site where such assets are located; and
- Loan costs on quantifiable assets.

When parts of an item of property, plant and equipment have different useful lives, they are recorded as separate items (major components) of property, plant and equipment.

Any gains and losses on the disposal of an item of property, plant and equipment are recognized in profit or loss.

*Reclassification for investment property*

When the property use changes from occupied by the owner to investment property, it is remeasured at fair value and reclassified as investment property. Any gain resulting from this new measurement is recognized in profit or loss to the extent that the gain reverses a previous impairment loss in the specific property, with any remaining gain recognized in other comprehensive income in equity in the equity appraisal adjustment reserve. Any loss is recognized immediately in profit or loss.

*Subsequent losses*

Subsequent expenses are capitalized to the extent that it is likely that future benefits associated to the expenses will be derived by the Company. Recurring maintenance and repair expenses are recorded in profit or loss.

*Depreciation*

Items of property, plant and equipment are depreciated by the straight-line method in the statement of income for the period based on the estimated economic useful life of each component. Leased assets are depreciated for the shorter period between the estimated useful life of the asset and the term of the agreement, unless it is reasonably certain that the Company will obtain ownership of the asset at the end of the lease term. Land is not depreciated.

Property, plant and equipment items are depreciated from the date they are installed and available for use or, in respect of assets built internally, from the date when the construction is completed and the asset is available for use.

The estimated useful lives for the current and comparative period are as follows:

	<u>Years</u>
Buildings	40-60
Machines	10-15
Vehicles	7-8
Furniture, fixtures and equipment	5-12

The depreciation methods, the useful lives and the residual values are reviewed at each balance sheet date and adjusted if appropriate.

**2.11 Intangible assets and goodwill**

**(a) Goodwill**

*Goodwill* consists of the positive difference between the amount paid or payable and the net amount of the acquired entity's assets and liabilities at fair value. Goodwill on acquisitions of subsidiaries is recorded as an "intangible asset." If the acquirer determines negative goodwill, it should record the amount as gain in profit or loss at period, on the date of acquisition. Goodwill is tested annually to check for likely *impairment* and recorded at cost minus accumulated *impairment* losses, which are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity sold.

**(b) Trademarks and licenses**

Trademarks and licenses purchased separately are stated at historical cost. Trademarks and licenses acquired in a business combination are recognized at fair value at the date of acquisition, since they have a defined useful life and are accounted for at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of trademarks and licenses during their estimated useful life from 10 to 20 years.

**(c) Software**

The software licenses purchased are capitalized based on costs incurred to purchase the *software* and get it ready for use. These costs are amortized over their useful life of up to 5 years.

The costs associated with maintaining software are recognized as an expense, as incurred. Development costs directly attributable to the design and tests of identifiable and exclusive *software* products, controlled by the Company are recognized as intangible assets when the following criteria are met:

- . it is technically feasible to complete the *software* so it is available for use;
- . management intends to complete the *software* and use it or sell it;
- . the *software* can be sold or used;
- . the *software* will likely generate future and demonstrable economic benefits;
- . technical, financial and other suitable resources are available to complete the development for the use or sale of the *software*; and
- . the expense attributable to the software during the development thereof can be measured safely.

Other development expenses that do not meet these criteria are recognized as expenses as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

**(d) Research and development**

Expenses on research activities are recognized in the income statement as incurred.

Development costs are capitalized only if development costs can be measured reliably, if the product or process is technically and commercially viable, if the future economic benefits are probable, and if the Company has the intention and resources sufficient to complete the development and use or sell the asset impairments. Capitalized expenditures include the cost of materials, direct labor, manufacturing costs that are directly attributable to the preparation of the asset for its proposed use, and borrowing costs. Other development expenses are recognized in the income statement as incurred.

After initial recognition, capitalized development expenses are measured at cost, less accumulated amortization and impairments.

**(e) Other intangible assets**

Other intangible assets that are acquired by the Company and have finite useful lives are measured at cost, less accumulated amortization and any accumulated impairment losses.

**(f) Subsequent expenses**

Subsequent expenses are capitalized only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenses, including expenses on goodwill generated internally and brands, are recognized in profit or loss as they are incurred.

**(g) Amortization**

Except for goodwill, amortization is recognized in profit or loss by the straight-line method considering the estimated useful lives of intangible assets, as of the date they are available for use.

## **2.12 Investment property**

Investment property is measured at cost.

Gains and losses in the transfer of investment property (calculated by the difference between the net amount received from the sale and the item's carrying amount) are recognized in profit or loss. When investment property previously recognized as property, plant and equipment is sold, any amount recognized in equity valuation adjustment is transferred to accumulated profit.

## **2.13 Accounts payable to suppliers**

Accounts payable to suppliers are obligations to pay for goods or services that were purchased from suppliers in the ordinary course of business, being classified as current liabilities if the payment is due within one year or less (or within the normal business operating cycle, even if it is longer). Otherwise, the accounts payable are presented as non-current liabilities. Otherwise, accounts payable are presented as non-current liabilities.

They are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method. In practice, they are usually recognized at the amount of the corresponding invoice.

## **2.14 Loans and financing**

Loans are initially recognized at fair value, net of transaction costs incurred and are subsequently stated at the amortized cost. Any difference between the amounts raised (net of transaction costs) and the redemption value is recognized in the income statement while the loans are in progress, using the effective interest rate method.

Loans are classified as current liabilities, unless the Company has some unconditional right to defer the liability liquidation for at least 12 months after the balance sheet date.

## **2.15 Determining the adjustment to present value**

Items subject to discount to present value are:

- Trade accounts receivable comprised of the forward sale to customers of the Company with low credit risk. The discount rate used by Management for the discount to present value for these items is 100% of the monthly CDI for domestic market customers and the market rate of the advance of foreign exchange contract for foreign market customers. The interest rate charged in a sales transaction is determined at the time of the initial registration of the transaction and is not adjusted subsequently; and
- Accounts payable to suppliers comprised of forward purchases from suppliers of the Company. The Company performed a calculation of the present value using the same assumptions used for accounts receivable.

## **2.16 Allowances**

An allowance is recognized on the basis of a past event if the Company has a legal or constructive obligation that may be estimated reliably and it is likely that economic funds are required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and specific risks for the liability. Any financial costs incurred are recorded in profit or loss.

## **2.17 Provision for warranties**

An allowance for warranties is recognized when the products or services are sold. The allowance is based on historical warranty data and by weighting all the possible results in respect of the associated probabilities.

## **2.18 Income tax and social contribution**

The Income and Social Contribution Taxes for the period, both current and deferred, are computed based on the rates of 15% plus a surcharge of 10% on taxable income in excess of BRL 180 within the income tax period and 9% on taxable income for social contribution on net income within the period,

considering the offsetting of tax losses and negative basis of social contribution limited to 30% of the taxable income.

The income tax and social contribution expense encompasses both current and deferred income tax. Current tax and deferred tax are recognized in profit or loss unless they refer to a combination of businesses or items directly recognized in shareholders' equity or other comprehensive income.

The Company applies technical interpretation IFRIC 23/ICPC 22, which deals with the accounting of taxes on profit when there is uncertainty about the acceptability of certain tax treatment. If the organization concludes that the tax authority is not likely to accept uncertain tax treatment, the entity reflects the effect of uncertainty in determining taxable income.

**(a) Income tax and social contribution expenses - current**

Current tax expense is the estimated tax payable or receivable on the taxable income or loss for the period and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is recognized in the balance sheet as tax assets or liabilities by the best estimate of the expected value of taxes to be paid or received, reflecting the uncertainties inherent to the determination thereof, if any. It is measured based on the tax rates that have been decreed on the balance sheet date.

Current tax assets and liabilities are offset only if certain criteria are met.

**(b) Income tax and social contribution expenses - deferred**

Deferred tax assets and liabilities are recognized in relation to temporary differences between the carrying amount of assets and liabilities for financial information purposes and those used for taxation purposes. The changes in deferred tax assets and liabilities in the period are recognized as a deferred income and social contribution tax expense. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and does not affect neither taxable profit or loss or net income;
- temporary differences related to investments in subsidiaries, associates and joint ventures, to the extent that the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not be reversed in the foreseeable future; and
- temporary taxable differences arising from the initial recognition of goodwill.

A deferred tax asset is recognized in respect of tax losses and deductible temporary differences not used, to the extent that it is probable that future taxable profits will be available against which they will be used. Deferred tax assets are reviewed at each balance sheet date and are reduced to the extent that their realization is no longer likely.

Deferred tax assets and liabilities are measured based on the tax rates that are expected to be applied to the temporary differences when they are reversed, based on the tax rates that have been enacted up to the balance sheet date.

The measurement of deferred tax assets and liabilities reflects the tax consequences arising from the manner in which the Company expects to recover or settle its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

**2.19 Pension and post-employment benefits**

The Company recognizes its obligations related to employee benefit plans and related costs, net of plan assets, in accordance with the following practices:

- (i) The cost of pension and other post-employment benefits provided to employees is actuarially determined using the projected unit credit method and the Management's best estimate of expected investment performance for fund plans, salary increases, retirement age of employees and expected healthcare costs. The discount rate used to determine the obligation for future benefits is an estimate of the current interest rate at the balance sheet date;
- (ii) Pension plan assets are evaluated at the market value;

- (iii) Past service costs arising from plan adjustments are amortized on a straight-line basis over the remaining service period of active employees at the adjustment date;
- (iv) Actuarial gains and losses are immediately recognized in the comprehensive income for the period;
- (v) Plan reductions result from significant changes in the expected length of service of active employees. A net loss is recognized with reduction when the event is probable and can be estimated, while the net gain with reduction is deferred until its realization.

In accounting for pension and post-employment benefits, various statistics and other factors are used in an attempt to anticipate future events in the calculation of the expense and the obligation related to the plans.

These factors include assumptions about discount rate, expected return on plan assets, future increases in cost with health care, and rate of future compensation increases.

In addition, actuarial consultants also use subjective factors such as termination, turnover and mortality rates to estimate these factors. The actuarial assumptions used by the Company maybe materially different from actual results due to changes in economic and market conditions, regulatory events, court decisions, higher or lower termination rates or shorter or longer periods of life of participants.

## **2.20 Share capital**

### *Common shares*

They are classified as shareholders' equity. Additional costs directly attributable to the issuance of shares and options are recognized as a deduction from shareholders' equity, net of any tax effects.

### *Preferred Shares*

They are classified in shareholders' equity if they are not redeemable, or redeemable only at the option of the Company, and any dividends are discretionary. Discretionary dividends are recognized as distributions in shareholders' equity on the date of their approval by the Company's shareholders.

The distribution of minimum dividends and interest on shareholders' equity to Marcopolo's shareholders is recognized as a liability in the Company's financial statements at the end of the year, based on Marcopolo's articles of incorporation. Any amount in excess of the mandatory minimum is only provisioned for on the date it is approved by the shareholders at the annual general meeting.

## **2.21 Revenue recognition**

Operating revenue is recognized when the performance obligation is satisfied, taking into consideration the following indicators of transfer of control: (i) the entity has a present right to pay for the asset; (ii) the client has legal ownership of the asset; (iii) the entity transferred the physical ownership of the asset; (iv) the costumer has the significant risks and benefits of ownership of the asset; and (v) the costumer accepted the asset. Revenue is measured net of returns, trade discounts and bonuses, as well as after elimination of intercompany sales.

### **(a) Bus sales**

Revenue recognition does not occur until: (i) the cars have been delivered to the customer; (ii) the risks of obsolescence and loss have been transferred to the customer; (iii) the client has accepted the cars in accordance with the sales contract; and (iv) the acceptance provisions have been agreed, or the Company has objective evidence that all criteria for acceptance have been met.

Sales are recorded based on the price specified in the sales contracts, and are discounted to the present value.

## 2.22 Financial income and financial expenses

The Company's financial income and expenses comprise:

- revenue and interest expense;
- net gains/losses on disposal of available-for-sale financial assets;
- net gains/losses on financial assets measured at fair value through profit or loss;
- net gains/losses from exchange rate change on financial assets and liabilities;
- impairment of fair value in contingent consideration classified as financial liabilities;
- impairment on financial assets (other than accounts receivable);
- net gains/losses in *hedge* instruments recognized in profit or loss;
- reclassifications of net gains previously recognized in other comprehensive income.

Interest income and expense are recognized in the result using the effective interest method.

The Company classifies the interest on shareholders' equity received as cash flows from investing activities.

## 3 Critical accounting estimates and judgments

The estimates and accounting premises are continuously evaluated and based on historic experience and other factors, including expectations for future events that are considered reasonable for the circumstances.

Based on assumptions, the Company makes estimates concerning the future. By definition, the resulting accounting estimates will rarely be the same as their actual results. The estimates and assumptions that pose a significant risk, with the likelihood of causing a material adjustment to the carrying amount of assets and liabilities for the next year, are addressed below.

### (a) Impairment of goodwill

The Company is testing goodwill for impairment annually, in accordance with the accounting policy presented in Note 2.11. The recoverable amounts of CGUs were determined based on calculations of the value in use, based on estimates (Note 14).

### (b) Income tax, social contribution and other taxes

The Company is subject to income tax in all countries in which it operates. A significant judgment is required to determine the allowance for income taxes in these various countries.

### (c) Provision for doubtful accounts

The Company's credit analysis area evaluates and judges the quality of the customer's credit, taking into account its financial position, the warranties offered and past experiences, periodically revisiting the balances.

## 4 Financial risk management

### 4.1 Risk factors

#### (a) Market risk

##### (i) Foreign exchange risk

The Company's results are susceptible to variations, since its assets and liabilities are linked to the volatility of the exchange rate, mainly the US dollar.

As a strategy to prevent and reduce the effects of exchange rate fluctuation, the Management has adopted the policy of using natural *hedges* with the maintenance of related assets also susceptible to exchange variance.

As of September 30, 2020, and December 31, 2019, the Company had assets, liabilities and forwards denominated in foreign currency in the following amounts (in thousands of Brazilian Reais):

	<b>Consolidated</b>			
	<b>09/30/20</b>			
	<b>Accounts Receivable</b>	<b>Suppliers</b>	<b>Loans</b>	<b>Forwards</b>
Currencies				
US Dollars	581,192	52,644	883,753	289,236
Australian Dollars	21,410	39,529	168,226	22,207
South African Rand	19,180	5,658	9,614	8,065
Chilean Pesos	-	2,009	-	-
Argentine Pesos	80,311	4,383	18,897	-
Chinese Renminbis	3,275	5,382	47,558	-
Dirhams	1,586	982	-	-
Euro	-	-	-	5,314
	<u>706,954</u>	<u>110,587</u>	<u>1,128,048</u>	<u>324,822</u>
				<b>Consolidated</b>
				<b>12/31/19</b>
	<b>Accounts Receivable</b>	<b>Suppliers</b>	<b>Loans</b>	<b>Forwards</b>
Currencies				
Dirhams	1,083	754	-	-
US Dollars	336,414	39,110	663,050	111,940
Australian Dollars	39,836	37,682	149,643	990
Argentine Pesos	15,590	5,254	50	-
Chilean Pesos	-	4,983	-	-
South African Rand	12,501	-	667	4,494
Chinese Renminbis	14,040	11,616	30,096	-
	<u>419,464</u>	<u>99,399</u>	<u>843,506</u>	<u>117,424</u>

**(ii) Interest rate risk**

The Company's results are susceptible to losses due to fluctuations in interest rates that increase financial expenses related to loans and financing raised in the market, or decrease financial income related to financial investments. The Company continuously monitors the market interest rates in order to assess any requirement to contract new transactions to protect itself against the volatility risk of these rates.

**(iii) Sales and purchase price risk**

Considering that exports are equivalent to 34.5% of the projected revenues for 2020, a possible volatility of foreign exchange rates represents, in fact, a price risk that may alter the results planned by the Management.

On the other hand, the purchases of raw materials considered as commodities amount to approximately 22% of total purchases, and accordingly, the Company is subject to the effects of market price oscillations of these items.

To mitigate these risks, the Company continuously monitors price developments.

**(b) Credit risk**

Credit risk is managed corporately. Credit risk arises from cash and cash equivalents, derivative financial instruments, deposits at banks and financial institutions, as well as credit exposures to customers, including outstanding accounts receivable and committed transactions. If there is no independent rating, the credit analysis area evaluates the credit quality of the customer, taking into account their financial position, past experience and other factors. The individual risk limits are determined based on internal or external ratings or according to the limits established by the Board of Directors. The utilization of credit limits is monitored on a regular basis.

The Company also has an allowance for doubtful accounts in the amount of BRL 38,157 (parent company) and BRL 145,661 (consolidated) as of September 30, 2020 (BRL 42,528 and BRL 140,740 as of December 31, 2019) 6.5% and 8.0%, respectively, of the balance of trade accounts receivable of the parent company and the outstanding consolidated (10.4% and 10.3% as of December 31, 2019), which was set up against credit risk.

(c) **Liquidity risk**

It is the risk that the Company may not have sufficient netfunds to honor its financial commitments, as a result of the mismatch of termor volume between expected receipts and payments.

Future receipt and payment premises are established to manage cash liquidity in domestic and foreign currency, which are monitored on a daily basis by the Treasury Department.

	<b>Consolidated</b>				
	<b>09/30/20</b>				
	<b>Contractual cash flow</b>				
	<b>Carrying amount</b>	<b>Total</b>	<b>Between one and two years</b>	<b>Between two and five years</b>	<b>Over five years</b>
<b>Non-derivative financial liabilities</b>					
Loans and financing	2,155,994	2,402,085	792,787	1,439,311	169,987
Suppliers	425,963	425,963	425,963	-	-
<b>Derivative financial liabilities</b>					
Derivative financial instruments	10,838	10,838	10,838	-	-

	<b>Consolidated</b>				
	<b>12/31/19</b>				
	<b>Contractual cash flow</b>				
	<b>Carrying amount</b>	<b>Total</b>	<b>Between one and two years</b>	<b>Between two and five years</b>	<b>Over five years</b>
<b>Non-derivative financial liabilities</b>					
Loans and financing	1,752,302	1,892,362	630,203	1,080,227	181,932
Suppliers	377,527	377,527	377,527	-	-
<b>Derivative financial liabilities</b>					
Derivative financial instruments	548	548	548	-	-

(d) **Additional sensitivity analysis required by the CVM**

The following table shows the sensitivity analysis of the financial instruments, which describes the risks that may cause material variations for the Company, with a more probable scenario (scenario I), according to an evaluation carried out by Management, considering a 12-month horizon when the next financial statements should be disclosed. Two more scenarios are presented which, if occurring, may generate adverse results for the Company, scenario II considering a possible deterioration of 25%; and scenario III, a deterioration of 50%, in accordance with CVM Instruction No. 475/08.

Premises	Effects of accounts on net income	Probable scenario		
		(Scenario I)	(Scenario II)	(Scenario III)
CDI - %		1.90	2.38	2.85
TJLP - %		4.55	5.69	6.83
Exchange rate - USD		5.30	6.63	7.95
Exchange rate - Euro		6.00	7.50	9.00
LIBOR - %		0.25	0.32	0.38
AAC cost discount -%		3.05	3.81	4.58
	Financial investments	12,164	14,862	18,227
	Interfinancial relations	76,622	83,246	89,871
	Loans and financing	(34,826)	(247,413)	(460,716)
	Forwards	(4,586)	(22,686)	(36,258)
	Accounts receivable subtracted from accounts payable	(37,852)	109,616	257,085
		<u>11,522</u>	<u>(62,375)</u>	<u>(131,791)</u>

## 4.2 Capital management

The Company's objective in managing capital is to safeguard the ability of its operational continuity, to guarantee return to shareholders, maintaining an optimized capital structure to reduce capital costs.

Seeking the sustainability and perpetuation of its business, in addition to social and environmental aspects, the Company places emphasis on the economic and financial results, which result in added value to the business and return to shareholders. In order to monitor the performance, the methodology known as Value-added Management was adopted in 2001, which focuses on operational actions which result in superior financial performance. The staff received training under this program on the development and use of measurement and control tools to accomplish targets, thus enabling the simulation and analysis of efficiency in the management of working capital and the effects of new investments on the Company's profitability. Simultaneously, Marcopolo adopted the concepts of BSC (*Balanced Score Card*) which translates each unit's strategy into objectives, drivers, targets and action plans, which are frequently monitored and managed. The tools related to the objectives are: WACC (*Weighted Average Cost of Capital*), Net Debt/EBITDA (*Earnings Before Interest, Taxes, Depreciation and Amortization*) and Debt/Shareholders' Equity Ratio. In recent years, these key indicators have been:

WACC - between 8% and 12% p.a.

Net Debt/EBITDA - between 0.90x and 2.50x

Debt/Net equity ratio - between 15% and 80%

The financial leverage indexes as of September 30, 2020 and December 31, 2019 have been summarized below (Note 30):

	Consolidated		Industrial Segment		Financial Segment	
	09/30/20	12/31/19	09/30/20	12/31/19	09/30/20	12/31/19
Total loans	2,155,994	1,752,302	1,565,257	1,266,479	590,737	485,823
Derivative liability financial instruments	10,838	548	10,838	548	-	-
Less: cash and cash equivalents	(955,756)	(1,074,622)	(919,213)	(1,057,258)	(36,543)	(17,364)
Less: financial investments	-	(98,314)	-	(98,314)	-	-
Less: derivative financial instruments	(6,219)	(1,849)	(6,219)	(1,849)	-	-
Net debt (A)	<u>1,204,857</u>	<u>578,065</u>	<u>650,663</u>	<u>109,606</u>	<u>554,194</u>	<u>468,459</u>
Total net equity (B)	<u>2,514,988</u>	<u>2,358,412</u>	<u>2,285,306</u>	<u>2,132,757</u>	<u>229,682</u>	<u>225,655</u>
Financial leverage ratio -% (A/B)	48	25	28	5	241	208

### 4.3 Estimated fair value

It is assumed that the balances of accounts receivable from customers and accounts payable to suppliers at their carrying amount, less *impairment*, are close to their fair values. The fair value of financial liabilities for reporting purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

The Company applies CPC 40/IFRS 7 to financial instruments measured in the balance sheet at fair value, which requires disclosure of fair value measurements by the level of the following measurement hierarchy at fair value:

- . Quoted prices (unadjusted) on active markets for identical assets and liabilities (level 1);
- . Information other than quoted prices included within level 1 that is adopted by the market for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and
- . Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs) (level 3).

The following table presents the Company's assets and liabilities that are measured at fair value on September 30, 2020 and December 31, 2019 which were fully classified in level 2:

	<u>Consolidated</u>	
	<u>09/30/20</u>	<u>12/31/19</u>
<b>Assets</b>		
Financial assets at fair value through profit or loss		
- Derivatives for trading	6,219	1,849
- Related parties	74,131	51,646
- Bank deposit certificates	-	98,314
	<u>80,350</u>	<u>151,809</u>
<b>Liabilities</b>		
Financial liability at fair value through profit or loss		
- Derivatives for trading	<u>10,838</u>	<u>548</u>
	<u>10,838</u>	<u>548</u>

### 4.4 Other risk factors

The Company, at the initiative of the Board of Directors, may carry out internal evaluation procedures whenever external or internal factors indicate the possibility that misstatements in the quarterly data may have occurred. Such procedures are performed independently, with or without the support of external experts, and their results are reported to the Board of Directors.

## 5 Financial instruments by category

### (a) Financial assets measured at fair value through profit or loss

- (i) Financial investments - Financial investments are classified as held for trading. The market value is reflected in the amounts recorded in the balance sheets; and
- (ii) Derivatives - The derivative instruments obtained by the Company are intended to protect its portfolio ordering operations and exposure to fluctuations risks in exchange rates and interest rates, and are not used for speculative purposes.

### (b) Financial assets measured at amortized cost

- (i) Cash and cash equivalents - Checking account balances held at banks have their market values similar to the accounting balances, considering their characteristics and maturities;
- (ii) Trade accounts receivable - Trade accounts receivable for the sale of goods and services rendered; and

(iii) Related parties - Represented by loans.

**(c) Financial liabilities measured at the fair value through profit or loss**

(i) Derivatives - The derivative instruments obtained by the Company are intended to protect its portfolio ordering operations and exposure to fluctuations risks in exchange rates and interest rates, and are not used for speculative purposes.

**(d) Financial liabilities measured at the amortized cost**

(i) Loans and financing - Loans and financing are recorded based on the contractual interest of each operation. The difference between the book value and the market value, determined by the discounted cash flow method, can be summarized as follows:

Nature of the asset	Consolidated		Consolidated	
	09/30/20		12/31/19	
	Equity value	Market value	Equity value	Market value
Loans and financing	2,155,994	2,174,000	1,752,302	1,793,233

Suppliers - Represented by amounts payable for the purchase of merchandise and services.

**(e) Derivative financial instruments**

The table below presents an estimate of the market value of our position of Non-deliverable Forward (NDF) and *Forward* contracts. Unrealized gains and losses on derivative transactions are recorded (if loss) under the heading of derivative financial instruments or (if gain) under derivative financial instruments and the corresponding entry in the result in the heading financial income or expenses - exchange rate change, respectively.

**Assets**

Company	Counterpart	Position	Start	End	Notional value	Fair value		Values receivable	
						09/30/20	12/31/19	09/30/20	12/31/19
<b>Marcopolo</b>					USD thousand				
	BBA	Sale	05.19.20	10.22.20	1,500	114	24	114	24
	PACTUAL	Sale	05.20.20	10.22.20	500	51	-	51	-
	BBA	Purchase	04.15.20	01.07.21	11,375	3,665	-	3,665	-
	FIBER	Purchase	04.15.20	01.07.21	5,450	1,477	-	1,477	-
	PACTUAL	Purchase	09.14.20	11.22.20	1,000	352	-	352	-
	BRADESCO	Purchase	09.15.20	11.19.20	670	228	-	228	-
	SAFRA	Purchase	09.17.20	12.15.20	800	309	-	309	-
						<b>6,196</b>	<b>24</b>	<b>6,196</b>	<b>24</b>
<b>Ciferal</b>					USD thousand				
	BRADESCO	Sale	09.29.20	11.30.20	1,737	23	246	23	246
						<b>23</b>	<b>246</b>	<b>23</b>	<b>246</b>
<b>San Marino</b>					USD thousand				
	BRADESCO	Sale				-	1,105	-	1,105
	FIBER	Sale				-	425	-	425
					EUR thousand				
	FIBER	Sale				-	-	-	-
						<b>-</b>	<b>1,530</b>	<b>-</b>	<b>1,530</b>

<b><u>MP Austrália</u></b>					<u>USD</u>				
	WESTERN UNION	Purchase			<u>thousand</u>	-	13	-	13
					<u>CHF</u>				
	CITIBANK	Purchase			<u>thousand</u>	-	13	-	13
					<u>SGD</u>				
	CITIBANK	Purchase			<u>thousand</u>	-	12	-	12
					<u>CNY</u>				
	CBA	Purchase			<u>thousand</u>	-	-	-	-
						-	38	-	38
						-		-	
<b><u>Polomex</u></b>					<u>USD</u>				
	BANCO MONEX	Purchase			<u>thousand</u>	-	11	-	11
						-	11	-	11
						<b>6,219</b>	<b>1,849</b>	<b>6,219</b>	<b>1,849</b>

## Liabilities

<u>Company</u>	<u>Counterpart</u>	<u>Position</u>	<u>Start</u>	<u>End</u>	<u>Notional value</u>	<u>Fair value</u>		<u>Values payable</u>	
						<u>09/30/20</u>	<u>12/31/19</u>	<u>09/30/20</u>	<u>12/31/19</u>
<b><u>Marcopolo</u></b>					<u>USD</u>				
	PACTUAL	Purchase			<u>thousand</u>	-	(170)	-	(170)
	BBA	Sale	05.19.20	01.19.21	14,230	(4,807)	-	(4,807)	-
	SANTANDER	Sale	08.19.20	01.21.21	500	(48)	-	(48)	-
	BRADESCO	Sale	07.09.20	01.14.21	4,500	(1,374)	-	(1,374)	-
						<b>(6,229)</b>	<b>(170)</b>	<b>(6,229)</b>	<b>(170)</b>
<b><u>Ciferal</u></b>					<u>USD</u>				
	BRADESCO	Sale	08.20.20	10.30.20	<u>thousand</u>	1,853	(95)	(45)	(95)
						<b>(95)</b>	<b>(45)</b>	<b>(95)</b>	<b>(45)</b>
<b><u>San Marino</u></b>					<u>USD</u>				
	BRADESCO	Sale	07.10.20	02.25.21	<u>thousand</u>	7,167	(2,006)	(3)	(2,006)
	BRADESCO	Sale	07.23.20	10.15.20	<u>EUR</u>	260	(142))	-	(142))
	FIBER	Sale	06.30.20	10.08.20	<u>thousand</u>	363	(161)	-	(161)
						<b>(2,309)</b>	<b>(3)</b>	<b>(2,309)</b>	<b>(3)</b>
<b><u>Masa</u></b>					<u>USD</u>				
	STD	Purchase	07.01.20	12.31.20	<u>thousand</u>	1,228	(140)	(236)	(140)
						<b>(140)</b>	<b>(236)</b>	<b>(140)</b>	<b>(236)</b>
<b><u>Polomex</u></b>					<u>USD</u>				
	BANCO MONEX	Purchase			<u>thousand</u>	-	(62)	-	(62)
	BANCO MONEX	Sale				-	(32)	-	(32)
						-	<b>(94)</b>	-	<b>(94)</b>
<b><u>MP Austrália</u></b>					<u>USD</u>				
	WESTERN UNION	Purchase	05.15.20	12.10.20	<u>thousand</u>	2,006	(1,254)	-	(1,254)
	WESTERN UNION	Purchase	05.15.20	12.10.20	<u>CHF</u>	480	(170)	-	(170)
					<u>thousand</u>				

				SGD thousand				
WESTERN UNION	Purchase	05.15.20	12.10.20	1,925	(555)	-	(555)	-
				EUR thousand				
WESTERN UNION	Purchase	05.15.20	12.10.20	489	(86)	-	(86)	-
					<b>(2,065)</b>	<b>-</b>	<b>(2,065)</b>	<b>-</b>
					<b>(10,838)</b>	<b>(548)</b>	<b>(10,838)</b>	<b>(548)</b>

Marcopolo earned gains and losses on derivatives in the periods ended September 30, 2020 and 2019, as below:

	Realized gains/losses			
	Interest on derivatives		Exchange variation on derivatives	
	09/30/20	09/30/19	09/30/20	09/30/19
Marcopolo	(394)	(293)	5,175	4,640
Ciferal	171	127	(8,546)	(688)
San Marino	185	475	(9,326)	(3,662)
Masa	-	-	-	600
MP Austrália	-	-	(1,866)	-

## 6 Consolidated financial information

The consolidated financial information includes the financial information of Marcopolo S.A. and its subsidiaries, listed below:

### (a) Subsidiaries

	Percentage participation					
	09/30/20			12/31/19		
	Direct	Indirect	Non-controlling	Direct	Indirect	Non-controlling
Apolo	65.00	-	35.00	65.00	-	35.00
Banco Moneo	-	100.00	-	-	100.00	-
MP Middle East	100.00	-	-	100.00	-	-
Ciferal	99.99	0.01	-	99.99	0.01	-
Ilmot	100.00	-	-	100.00	-	-
MAC	100.00	-	-	100.00	-	-
MBC	100.00	-	-	100.00	-	-
MIC	100.00	-	-	100.00	-	-
Masa	100.00	-	-	100.00	-	-
Metalsur	43.99	26.01	30.00	43.99	26.01	30.00
Trading	99.99	-	0.01	99.99	-	0.01
Moneo	100.00	-	-	100.00	-	-
MP Austrália	100.00	-	-	100.00	-	-
MP Canadá	100.00	-	-	100.00	-	-
MP Next	100.00	-	-	-	-	-
Pologren (1)	-	100.00	-	-	100.00	-
Volgren (1)	-	100.00	-	-	100.00	-
Polomex	3.61	70.39	26.00	3.61	70.39	26.00
San Marino	99.90	0.10	-	99.90	0.10	-
Rotas do Sul (2)	-	100.00	-	-	100.00	-
San Marino México (2)	-	100.00	-	-	100.00	-
NewRoad (2)	-	100.00	-	-	100.00	-
Neobus Chile (2)	-	100.00	-	-	100.00	-
Polo Venture	99.99	0.01	-	-	-	-
Syncroparts	99.99	0.01	-	99.99	0.01	-
Volare Veículos	99.90	0.10	-	99.90	0.10	-
Volare Comércio	99.90	0.10	-	99.90	0.10	-

(1) Consolidated in MP Austrália.

(2) Consolidates in San Marino.

In the preparation of the consolidated financial information, the following practices should be highlighted:

- (a) Elimination of asset and liability account balances between consolidated companies;
- (b) Elimination of equity, reserves and retained earnings of subsidiaries;
- (c) Elimination of the balances of revenues and expenses, as well as unrealized profits, arising from intercompany transactions. Unrealized losses are eliminated in the same manner, but only when there is no evidence of impairment of the related assets;
- (d) Elimination of tax charges on the portion of unrealized profit presented as deferred taxes in the consolidated balance sheet; and
- (e) Highlight of the value of the non-controlling interest in the consolidated financial information.

**(b) Jointly controlled entities (not-consolidated)**

	<b>Percentage participation</b>			
	<b>09/30/20</b>		<b>12/31/19</b>	
	<b>Direct</b>	<b>Indirect</b>	<b>Direct</b>	<b>Indirect</b>
Loma	51.00	-	51.00	-
Metalpar	1.00	49.00	1.00	49.00
Kamaz	50.00	-	50.00	-
Superpolo	20.61	29.39	20.61	29.39
TMML	49.00	-	49.00	-

The main balances of the financial information of these companies are as follows:

	<b>Assets</b>		<b>Liabilities</b>		<b>Net revenue</b>		<b>Profit (Loss)</b>	
	<b>09/30/20</b>	<b>12/31/19</b>	<b>09/30/20</b>	<b>12/31/19</b>	<b>09/30/20</b>	<b>09/30/19</b>	<b>09/30/20</b>	<b>09/30/19</b>
Loma	90,130	100,592	147,762	136,167	-	-	(20,449)	(96,180)
Metalpar	53,511	42,340	131,134	100,250	889	32,265	(8,080)	(81,982)
Kamaz	853	779	2,561	2,003	-	-	(308)	54
Superpolo	539,412	347,629	351,382	212,796	426,225	222,349	26,366	42,862
TMML	234,361	220,814	169,790	142,463	139,065	219,683	(39,890)	8,796

**(c) Affiliates (non-consolidated)**

	<b>Percentage participation</b>			
	<b>09/30/20</b>		<b>12/31/19</b>	
	<b>Direct</b>	<b>Indirect</b>	<b>Direct</b>	<b>Indirect</b>
GB Polo	20.00	-	20.00	-
Mercobus	40.00	-	40.00	-
New Flyer	-	10.54	-	10.55
Valeo	40.00	-	40.00	-
Setbus (1)	-	40.00	-	40.00
Spheros Colômbia (1)	-	40.00	-	40.00
Valeo México (1)	-	40.00	-	40.00
Reparts (1)	-	40.00	-	40.00
WSul	30.00	-	30.00	-

(1) Consolidated in the associate (not consolidated) Valeo.

The main balances of the financial information of these companies are as follows:

	<u>Assets</u>		<u>Liabilities</u>		<u>Net revenue</u>		<u>Profit (loss)</u>	
	<u>09/30/20</u>	<u>12/31/19</u>	<u>09/30/20</u>	<u>12/31/19</u>	<u>09/30/20</u>	<u>09/30/19</u>	<u>09/30/20</u>	<u>09/30/19</u>
GBPolo	109,886	22,234	143,136	41,919	37,871	24,496	(5,845)	2,875
Mercobus	9,349	5,771	3,116	938	2,952	5,005	8	2,845
Valeo	164,776	159,723	61,158	78,325	105,036	109,013	18,915	31,162
WSul	13,179	16,112	4,526	3,235	20,754	18,581	777	4,257

## 7 Cash and cash equivalents, financial assets and derivatives

### 7.1 Cash and cash equivalents

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>09/30/20</u>	<u>12/31/19</u>	<u>09/30/20</u>	<u>12/31/19</u>
Cash and bank deposits				
In Brazil	86,123	40,851	106,096	59,710
Overseas	402	323	87,382	164,948
Securities with immediate liquidity				
In Brazil (*)	454,765	603,319	688,046	821,198
Overseas	-	-	74,232	28,766
Total cash and cash equivalents	<u>541,290</u>	<u>644,493</u>	<u>955,756</u>	<u>1,074,622</u>

(\*) Corresponds substantially to investments in Bank Deposit Certificates (CDB), remunerated at rates that vary between 98.0% and 105.0% of the CDI, resulting in a weighted average of 100.78% of the CDI on September 30, 2020.

### 7.2 Financial assets at fair value through profit or loss and derivative financial instruments

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>09/30/20</u>	<u>12/31/19</u>	<u>09/30/20</u>	<u>12/31/19</u>
<b>Current</b>				
Derivative financial instruments				
Derivatives - <i>Non Deliverable</i> Forwards	6,196	24	6,219	1,849
At fair value through profit or loss				
Bank deposit certificates (*)	-	98,314	-	98,314
	<u>6,196</u>	<u>98,338</u>	<u>6,219</u>	<u>100,163</u>
<b>Noncurrent</b>				
At fair value through profit or loss				
Related parts	<u>75,348</u>	<u>52,607</u>	<u>74,131</u>	<u>51,646</u>
	<u>75,348</u>	<u>52,607</u>	<u>74,131</u>	<u>51,646</u>

(\*) Corresponds substantially to investments in Bank Deposit Certificates (CDB), remunerated at a rate of 99.7% of the CDI as of December 31, 2019.

Derivative financial instruments are presented as current assets or liabilities. The Company does not have financial instruments that have been recorded under the *hedge accounting* method in accordance with IAS 39.

## 8 Trade accounts receivable

	<b>Parent company</b>		<b>Consolidated</b>	
	<b>09/30/20</b>	<b>12/31/19</b>	<b>09/30/20</b>	<b>12/31/19</b>
Current				
In the domestic market	73,185	101,832	287,233	201,566
In the foreign market	441,644	226,660	756,475	456,726
Related parts	76,976	82,035	-	-
Inter-financial relations	-	-	282,305	297,843
Adjustment to present value	(2,626)	(2,757)	(12,848)	(5,887)
Provision for doubtful accounts	(38,157)	(42,528)	(94,680)	(87,233)
	<u>551,022</u>	<u>365,242</u>	<u>1,218,485</u>	<u>863,015</u>
Noncurrent				
In the foreign market	-	-	-	-
Inter-financial relations	-	-	518,858	414,282
Provision for doubtful accounts	-	-	(50,981)	(53,507)
	<u>-</u>	<u>-</u>	<u>467,877</u>	<u>360,775</u>
	<u>551,022</u>	<u>365,242</u>	<u>1,686,362</u>	<u>1,223,790</u>

Interbank relations refer to loans for bus financing by Banco Moneo, through onlending of the FINAME program of BNDES.

The breakdown of trade accounts receivable by maturity is as follows:

	<b>Parent company</b>		<b>Consolidated</b>	
	<b>09/30/20</b>	<b>12/31/19</b>	<b>09/30/20</b>	<b>12/31/19</b>
Amounts due	385,173	319,639	1,457,694	1,214,350
Overdue:				
Up to 30 days	15,640	18,113	54,290	36,178
Between 31 and 60 days	1,844	2,477	14,294	7,751
Between 61 and 90 days	51,234	940	57,315	6,716
Between 91 and 180 days	36,758	2,582	126,126	12,887
Over 181 days	101,156	66,776	135,152	92,535
Adjustment to present value	(2,626)	(2,757)	(12,848)	(5,887)
(-) Allowance for doubtful accounts	(38,157)	(42,528)	(145,661)	(140,740)
	<u>551,022</u>	<u>365,242</u>	<u>1,686,362</u>	<u>1,223,790</u>

The allowance for doubtful accounts is shown below:

	<b>Parent company</b>	<b>Consolidated</b>
Balance as of December 31, 2019	(42,528)	(140,740)
Allowance recorded in the period	(2,925)	(20,847)
Reversal of allowance for accounts receivable ( <i>write-off</i> )	7,296	7,296
Recovery of provisioned credits	-	14,426
Exchange variation	-	(5,796)
Balance as of September 30, 2020	<u>(38,157)</u>	<u>(145,661)</u>

Accounts receivable are denominated in the following currencies:

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>09/30/20</u>	<u>12/31/19</u>	<u>09/30/20</u>	<u>12/31/19</u>
Brazilian Real	109,378	138,582	979,408	804,326
Dirham	-	-	1,586	1,083
US Dollar	441,644	226,660	581,192	336,414
Australian Dollar	-	-	21,410	39,836
Argentine Pesos	-	-	80,311	15,590
Rand	-	-	19,180	12,501
Renminbi	-	-	3,275	14,040
	<u>551,022</u>	<u>365,242</u>	<u>1,686,362</u>	<u>1,223,790</u>

## 9 Inventory

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>09/30/20</u>	<u>12/31/19</u>	<u>09/30/20</u>	<u>12/31/19</u>
Finished products	58,109	12,953	213,523	97,080
Products in preparation	38,060	36,450	120,758	105,942
Raw and auxiliary materials	138,461	125,137	373,258	324,365
Advances to suppliers and others	14,903	17,006	45,433	35,878
Allowance for losses in inventories	<u>(6,597)</u>	<u>(5,110)</u>	<u>(15,683)</u>	<u>(10,574)</u>
	<u>242,936</u>	<u>186,436</u>	<u>737,289</u>	<u>552,691</u>

The change in the allowance for inventory losses is shown below:

	<u>Parent company</u>	<u>Consolidated</u>
Balance as of December 31, 2019	(5,110)	(10,574)
Reversal of allowance	-	1,831
Allowance recorded in the period	(1,487)	(5,858)
Exchange variation	<u>-</u>	<u>(1,082)</u>
Balance as of September 30, 2020	<u>(6,597)</u>	<u>(15,683)</u>

## 10 Taxes and contributions recoverable

	<b>Parent company</b>		<b>Consolidated</b>	
	<b>09/30/20</b>	<b>12/31/19</b>	<b>09/30/20</b>	<b>12/31/19</b>
Current				
Corporate Income Tax (IRPJ)	42,155	17,766	63,321	31,449
Social Contribution on Net Income (CSLL)	6,152	1,790	13,744	5,005
Tax on Industrialized Products (IPI)	1,167	1,280	2,346	2,961
Tax on Circulation of Goods and Services (ICMS)	5,944	4,558	30,397	33,864
Social Integration Program (PIS) (*)	1,544	1,727	18,936	12,558
Contribution to Social Security Financing (COFINS) (*)	7,010	7,832	82,677	55,163
National Institute of Social Security (INSS)	-	67	589	656
Reintegra	946	4,297	1,885	6,456
Value Added Tax (IVA)	485	-	30,580	10,727
Others	623	493	654	102
	<u>66,026</u>	<u>39,810</u>	<u>245,129</u>	<u>158,941</u>
Noncurrent				
Tax on Circulation of Goods and Services (ICMS)	4,508	3,366	4,552	3,398
Value Added Tax (IVA)	-	-	1,033	753
	<u>4,508</u>	<u>3,366</u>	<u>5,585</u>	<u>4,151</u>
	<u>70,534</u>	<u>43,176</u>	<u>250,714</u>	<u>163,092</u>

(\*) In June 2020, the credits of PIS and Cofins related to the favorable decision of the subsidiary San Marino were recorded, see note 27.

## 11 Investments

	<b>Parent company</b>		<b>Consolidated</b>	
	<b>09/30/20</b>	<b>12/31/19</b>	<b>09/30/20</b>	<b>12/31/19</b>
Subsidiaries	2,016,785	1,713,714	-	-
Subsidiaries in conjunction	152,689	143,730	131,563	105,809
Affiliates	46,536	38,355	419,716	366,588
Other investments	-	-	3,126	183
	<u>2,216,010</u>	<u>1,895,799</u>	<u>554,405</u>	<u>472,580</u>

### (a) Investment in subsidiaries, joint ventures and associates

Investments in subsidiaries, joint ventures and associates are as follows:

## Subsidiaries:

																					<b>Total</b>			
	<b>Apolo</b>	<b>Ciferal</b>	<b>Ilmot</b>	<b>Mac</b>	<b>MBC</b>	<b>MP</b>	<b>Masa</b>	<b>MIC</b>	<b>Moneo</b>	<b>MP</b>	<b>Polomex</b>	<b>San</b>	<b>Polo</b>	<b>Syncro</b>	<b>Trading</b>	<b>Volare</b>	<b>Volare</b>	<b>MP</b>	<b>Loma</b>	<b>09/30/20</b>	<b>12/31/19</b>			
			(1)	(1)	(1)	(1)	(1)	(1)		(1)	(1)	(2)						(1)		(1)				
<b>Investment Data</b>																								
Share capital	3,850	20,000	86,858	23,046	3,110	90,849	10,494	7,896	150,000	188,597	49,711	288,055	5,100	4,000	5,000	263,260	11,000	1,536	300	7,100	7,100			
Adjusted net equity	6,869	213,245	191,032	(3,001)	(8,209)	89,216	66,117	2,632	230,636	475,995	191,801	105,448	2,789	6,074	8,448	223,934	5,402	(901)	317	19,338	19,338			
Shares or quotas held	3,250,000	499,953	50,000	1	1	100	100,000	1,400,000	150,000	4,925,530	3,011,659	7,478,482	1	1	3,450,103	149,850,000	10,989,000	1	1	4,897,938	4,897,938			
% participation	65.00	99.99	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	3.61	99.90	99.99	99.99	99.99	99.90	99.90	100.00	100.00	43.99	26.01			
Net profit (loss) for the period	352	7,956	(9,724)	(6,218)	(2,671)	(2,425)	(4,109)	87	4,020	(66,760)	(24,958)	105,448	(2,311)	535	(420)	828	495	(475)	17	(14,717)	(14,717)			
<b>Changes in Investments</b>																								
Opening balances:																								
By the equity value	4,236	205,279	149,218	2,744	-	64,845	60,163	1,812	230,691	405,016	5,589	351,236	-	5,538	8,867	175,171	4,902	-	-	33,377	5,030	1,713,714	1,537,678	
Reclassification of income for investment loss	-	-	-	-	(3,620)	-	-	-	-	-	-	-	-	-	-	-	-	(297)	-	-	-	(3,917)	(2,550)	
Acquisition of participation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	34,002	
Payment of capital	-	-	-	-	-	-	-	-	-	-	-	-	5,100	-	-	-	-	-	-	-	-	5,100	-	
Advance for capital increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	47,712	-	-	300	-	-	48,012	35,464	
Dividends received/reversed	-	-	-	-	-	-	-	-	(4,075)	-	-	-	-	-	-	-	-	-	-	-	-	(4,075)	(4,626)	
Equity equivalence result	229	7,956	(9,724)	(6,218)	(2,671)	(2,425)	(4,109)	87	4,020	(66,760)	(901)	105,343	(2,311)	535	(420)	827	495	(475)	17	(6,474)	(3,828)	13,194	127,670	
Cumulative conversion adjustments	-	-	51,538	473	(1,918)	26,796	10,063	733	-	153,873	2,236	(303)	-	-	-	-	-	(129)	-	1,088	643	245,092	(3,716)	
Capital reduction	-	-	-	-	-	-	-	-	-	(29,375)	-	-	-	-	-	-	-	-	-	-	-	(29,375)	(34,316)	
Exchange variation on capital reduction	-	-	-	-	-	-	-	-	-	13,241	-	-	-	-	-	-	-	-	-	-	-	13,241	9,006	
Monetary correction for hyperinflation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,388	1,412	3,800	4,972
Pension plan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,362	
Capital gains amortization	-	-	-	-	-	-	-	-	-	-	-	(112)	-	-	-	-	-	-	-	-	-	(112)	(149)	
Closing balances:	4,465	213,235	191,032	(3,001)	(8,209)	89,216	66,117	2,632	230,636	475,995	6,924	456,164	2,789	6,073	8,447	223,710	5,397	(901)	317	30,379	3,257	2,004,674	1,709,797	
Allowance for loss on investments	-	-	-	3,001	8,209	-	-	-	-	-	-	-	-	-	-	-	-	-	901	-	-	-	12,111	3,917
By the equity value	<u>4,465</u>	<u>213,235</u>	<u>191,032</u>	<u>-</u>	<u>-</u>	<u>89,216</u>	<u>66,117</u>	<u>2,632</u>	<u>230,636</u>	<u>475,995</u>	<u>6,924</u>	<u>456,164</u>	<u>2,789</u>	<u>6,073</u>	<u>8,447</u>	<u>223,710</u>	<u>5,397</u>	<u>-</u>	<u>317</u>	<u>30,379</u>	<u>3,257</u>	<u>2,016,785</u>	<u>1,713,714</u>	

(1) Enterprises overseas.

(2) These balances include investments and goodwill.

## Joint ventures:

	<b>Joint ventures</b>						
	<b>Total</b>						
	<b>Kamaz</b>	<b>Loma</b>	<b>Metalpar</b>	<b>Superpolo</b>	<b>TMML</b>	<b>09/30/20</b>	<b>12/31/19</b>
	(1)	(1),(2)	(1)	(1)	(1)		
Investment Data							
Share capital	11,197	91,206	13,220	18,936	130,380		
Adjusted net equity	(1,708)	(23,674)	(77,600)	188,030	64,571		
Shares or quotas held	1	15,949,948	473,995	265,763	24,500		
% participation	50.00	51.00	1.00	20.61	49.00		
Net profit (loss) for the period	(308)	(12,943)	(8,100)	26,366	(39,890)		
Changes in Investments							
Opening balances:							
By the equity value	-	77,547	-	27,790	38,393	143,730	113,002
Reclassification of income for investment loss	(612)	(19,466)	(514)	-	-	(20,592)	(649)
Dividends received	-	-	-	-	-	-	(2,647)
Equity equivalence result	(154)	(6,601)	(81)	5,434	(19,546)	(20,948)	(36,963)
Cumulative conversion adjustments	(88)	(2,794)	(43)	5,529	12,793	15,397	6,414
Monetary correction for hyperinflation	-	(3,940)	(138)	-	-	(4,078)	27,165
Subsidiary transfer in conjunction to affiliate/subsidiary	-	-	-	-	-	-	(6,362)
Capital gains amortization	-	(1,163)	-	-	-	(1,163)	-
Consideration on behalf of equity interest	-	-	-	-	-	-	23,178
Closing balances:	(854)	43,583	(776)	38,753	31,640	112,346	123,138
Allowance for loss on investments	854	38,713	776	-	-	40,343	20,592
By the equity value	-	82,296	-	38,753	31,640	152,689	143,730
Goodwill on investment	-	(52,172)	-	-	-	(52,172)	(55,657)
Allocation of the purchase price	-	(24,212)	-	-	-	(24,212)	(21,890)
Indirect participation - Superpolo	-	-	-	55,258	-	55,258	39,626
By the consolidated equity value	-	5,912	-	94,011	31,640	131,563	105,809
(1) Enterprises overseas.							
(2) These balances include investments and goodwill.							

## Affiliates:

	<b>Affiliates</b>						
	<b>Total</b>						
	<b>GBPolo</b>	<b>Mercobus</b>	<b>Valeo</b>	<b>WSul</b>	<b>New Flyer</b>	<b>09/30/20</b>	<b>12/31/19</b>
	(1)	(1)			(1)		
Investment Data							
Share capital	35,242	897	30,000	6,100	3,841,737		
Adjusted net equity	(33,250)	6,233	103,618	8,653	3,540,607		
Shares or quotas held	4,803,922	232	244,898	1,830,000	6,587,834		
% participation	20.00	40.00	40.00	30.00	10.54		
Net profit (loss) for the period	(5,845)	8	18,915	777	(617,202)		
Changes in Investments							
Opening balances:							
By the equity value	-	1,933	32,559	3,863	-	38,355	38,437
Reclassification of income for investment loss	(3,937)	-	-	-	-	(3,937)	(4,208)
Dividends received	-	-	1,052	(1,500)	-	(448)	(12,476)
Equity equivalence result	(1,169)	3	7,566	233	-	6,633	12,791
Cumulative conversion adjustments	(1,544)	557	270	-	-	(717)	(126)
Closing balances:	(6,650)	2,493	41,447	2,596	-	39,886	34,418
Allowance for loss on investments	6,650	-	-	-	-	6,650	3,937
By the equity value	-	2,493	41,447	2,596	-	46,536	38,355
Indirect participation - New Flyer	-	-	-	-	373,180	373,180	328,233
By the consolidated equity value	-	2,493	41,447	2,596	373,180	419,716	366,588
(1) Enterprise abroad.							

## 12 Investment property

It is constituted by land measuring 140.000m<sup>2</sup> and constructed area of 20.378,87m<sup>2</sup>, located in Três Rios, in Rio de Janeiro. The property is measured at its book value of BRL 48,455 and was valued at its fair value by a specialized value, at BRL 65,348, net of selling expenses. There are no operating activities being carried out at the site, which is maintained to earn rental income or for the appreciation of the property. During the quarter ended September 30, 2020, there were only irrelevant expenditures on surveillance, insurance and energy. The changes are shown below:

	<b>Consolidated</b>			
	<b>Land</b>	<b>Buildings and Constructions</b>	<b>Machinery and Equipment</b>	<b>Total</b>
Balances as of December 31, 2019	22,892	22,999	3,015	48,906
Depreciation	-	(359)	(316)	(675)
Balances as of September 30, 2020	<u>22,892</u>	<u>22,640</u>	<u>2,699</u>	<u>48,231</u>
Cost of investment property	22,892	25,204	3,934	52,030
Accumulated depreciation	-	(2,564)	(1,235)	(3,799)
Residual value	<u>22,892</u>	<u>22,640</u>	<u>2,699</u>	<u>48,231</u>
Annual depreciation rates - %		2.0	10.9	

### 13 Property, plant and equipment

#### a) Summary of the movement of the parent company's assets

	<u>Land</u>	<u>Buildings and Constructions</u>	<u>Machines and equipment</u>	<u>Furniture and fixtures</u>	<u>Equipment equipment</u>	<u>Vehicles</u>	<u>Other fixed assets</u>	<u>Total</u>	<u>Buildings right of use</u>	<u>Total</u>
Balances as of December 31, 2019	18,123	124,729	176,735	3,423	11,775	1,839	175	336,799	6,497	343,296
Additions	139	9,243	67,289	891	1,351	332	-	79,245	214	79,459
Write-offs	-	(396)	(2,658)	(40)	(52)	(35)	-	(3,181)	-	(3,181)
Transfers	-	366	93	(459)	-	-	-	-	-	-
Depreciation	-	(2,875)	(15,302)	(447)	(2,319)	(197)	-	(21,140)	(882)	(22,022)
Balances as of September 30, 2020	<u>18,262</u>	<u>131,067</u>	<u>226,157</u>	<u>3,368</u>	<u>10,755</u>	<u>1,939</u>	<u>175</u>	<u>391,723</u>	<u>5,829</u>	<u>397,552</u>
Cost of fixed assets	18,262	214,200	386,784	9,409	29,788	6,397	175	665,015	7,509	672,524
Accumulated depreciation	-	(83,133)	(160,627)	(6,041)	(19,033)	(4,458)	-	(273,292)	(1,680)	(274,972)
Residual value	<u>18,262</u>	<u>131,067</u>	<u>226,157</u>	<u>3,368</u>	<u>10,755</u>	<u>1,939</u>	<u>175</u>	<u>391,723</u>	<u>5,829</u>	<u>397,552</u>
Annual depreciation rates - %		1.7	8.2	9.1	15.3	12.9				

#### b) Summary of the movement of consolidated fixed assets

	<u>Land</u>	<u>Buildings and Constructions</u>	<u>Machines and equipment</u>	<u>Furniture and fixtures</u>	<u>Equipment equipment</u>	<u>Vehicles</u>	<u>Other fixed assets</u>	<u>Fixed assets in progress</u>	<u>Total</u>	<u>Buildings right of use</u>	<u>Machines right of use</u>	<u>Total</u>
Balances as of December 31, 2019	61,247	431,323	333,993	8,762	13,543	5,306	7,491	29,570	891,235	48,907	1,061	941,203
Currency effect	189	8,011	12,245	509	-	844	1,080	262	23,140	17,431	452	41,023
Monetary correction for hyperinflation	-	1,027	52	6	-	29	144	-	1,258	-	-	1,258
Additions	338	14,617	75,283	1,355	1,897	687	7,591	3,890	105,658	14,118	28	119,804
Write-offs	-	(400)	(2,107)	(91)	(71)	(450)	(93)	(1)	(3,213)	(14)	-	(3,227)
Transfers	-	11,028	93	(459)	-	-	-	(3,450)	7,212	-	-	7,212
Depreciation	-	(10,041)	(37,654)	(1,323)	(2,735)	(570)	(2,662)	-	(54,985)	(13,094)	(356)	(68,435)
Balances as of September 30, 2020	<u>61,774</u>	<u>455,565</u>	<u>381,905</u>	<u>8,759</u>	<u>12,634</u>	<u>5,846</u>	<u>13,551</u>	<u>30,271</u>	<u>970,305</u>	<u>67,348</u>	<u>1,185</u>	<u>1,038,838</u>
Cost of fixed assets	61,774	599,723	839,263	27,183	37,533	18,459	39,591	38,777	1,662,303	101,872	2,094	1,766,269
Accumulated depreciation	-	(144,158)	(457,358)	(18,424)	(24,899)	(12,613)	(26,040)	(8,506)	(691,998)	(34,524)	(909)	(727,431)
Residual value	<u>61,774</u>	<u>455,565</u>	<u>381,905</u>	<u>8,759</u>	<u>12,634</u>	<u>5,846</u>	<u>13,551</u>	<u>30,271</u>	<u>970,305</u>	<u>67,348</u>	<u>1,185</u>	<u>1,038,838</u>
Annual depreciation rates - %		1.7	8.2	9.1	15.3	12.9						

Land and buildings comprise mainly factories and offices.

(c) **Guarantee**

As of September 30, 2020, properties with a residual book value of BRL 19,974 (BRL 32,981 as of December 31, 2019) are subject to a registered guarantee to guarantee bank loans and contingencies.

**14 Goodwill and intangible assets**

(a) **Summary of the movement of the parent company's intangible assets**

	<u>Software</u>	<u>Trademarks and licenses</u>	<u>Total</u>
Balances as of December 31, 2019	6,648	404	7,052
Additions	1,772	81	1,853
Write-offs	-	-	-
Amortizations	(1,553)	(20)	(1,573)
Balances as of September 30, 2020	<u>6,867</u>	<u>465</u>	<u>7,332</u>
Cost of fixed assets	59,372	831	60,203
Accumulated amortization	(52,505)	(366)	(52,871)
Residual value	<u>6,867</u>	<u>465</u>	<u>7,332</u>
Average amortization rates -%	20.0	7.0	

(b) **Summary of the movement of consolidated goodwill and intangible assets**

	<u>Software</u>	<u>Trademarks and licenses</u>	<u>Customer portfolio</u>	<u>Other intangible assets</u>	<u>Goodwill</u>	<u>Total</u>
Balances as of December 31, 2019	9,043	9,529	22,739	1,070	245,796	288,177
Currency effect	(78)	-	3,898	158	64,272	68,250
Monetary correction for hyperinflation	81	-	-	-	-	81
Additions	3,018	83	-	-	-	3,101
Write-offs	-	-	-	-	-	-
Transfers	-	-	(1,924)	-	(3,485)	(5,409)
Amortizations	(2,950)	(25)	(726)	(352)	-	(4,053)
Balances as of September 30, 2020	<u>9,114</u>	<u>9,587</u>	<u>23,987</u>	<u>876</u>	<u>306,583</u>	<u>350,147</u>
Cost of fixed assets	81,654	9,989	57,407	2,196	306,583	457,829
Accumulated amortization	(72,540)	(402)	(33,420)	(1,320)	-	(107,682)
Residual value	<u>9,114</u>	<u>9,587</u>	<u>23,987</u>	<u>876</u>	<u>306,583</u>	<u>350,147</u>
Average amortization rates -%	20.0	8.3	-	10.0		

**Composition of goodwill:**

	<u>Goodwill</u>				
	<u>Loma / Metalsur</u>	<u>San Marino</u>	<u>New Flyer</u>	<u>Pologren</u>	<u>Total</u>
Balances as of December 31, 2019	55,657	30,739	58,216	101,184	245,796
Exchange rate effect	-	-	21,220	43,052	64,272
Transfer by allocation	(3,485)	-	-	-	(3,485)
Balances as of September 30, 2020	<u>52,172</u>	<u>30,739</u>	<u>79,436</u>	<u>144,236</u>	<u>306,583</u>

At the end of each period, the Company tests goodwill for *impairment*, or whenever there are indications that a loss may have occurred.

## 15 Related parties

### (a) Related party balances and transactions

The main balances of assets and liabilities with related parties as of September 30, 2020, as well as the transactions that influenced the results for the period are detailed in the table below:

<u>Related Parties</u>	<u>Asset balances by loan and current account</u>	<u>Receivables from sales</u>	<u>Accounts payable for purchases</u>	<u>Sales of products/ services</u>	<u>Product purchases/ services</u>
Apolo	-	-	664	-	4,764
Ciferal	-	5,773	1,843	26,104	2,027
GB Polo	4,277	14,756	-	9	-
Kamaz	889	-	-	-	-
Ilmot	1,027	-	-	-	-
Loma	68,965	1,214	-	395	-
Mac	-	1,632	177	392	2,251
Masa	-	8,050	-	8,862	-
Marcopolo Austrália	-	46	-	46	-
Marcopolo Trading	-	819	-	-	-
Metalsur	-	7,969	-	-	-
Polomex	-	4,361	-	20,512	-
Polo Venture	106	-	-	-	-
San Marino	-	29,785	19,370	93,961	16,836
Superpolo	-	2,156	-	5,046	-
TMML	-	10,160	-	957	-
Valeo	-	-	7,992	-	59,326
Volare Veículos	78	18,170	6	27,417	76
Volare Comércio	6	370	-	460	84
WSul	-	-	7,047	-	24,858
Balance on 09/30/20	<u>75,348</u>	<u>105,261</u>	<u>37,099</u>	<u>184,161</u>	<u>110,222</u>
Balance on 12/31/2019	<u>52,607</u>	<u>109,417</u>	<u>13,503</u>	<u>352,567</u>	<u>179,569</u>

The balances of loans and current accounts of companies headquartered in Brazil are subject to financial charges equivalent to the variation of the CDI, and with companies abroad are subject to interest calculated at the semi-annual LIBOR rate plus 3% p.a..

### (b) Remuneration of key management personnel

Key management personnel include the directors, officers and members of the Executive Committee. The remuneration paid or payable is as follows:

	<b>09/30/20</b>				
	<u>Fixed</u>	<u>Variable</u>	<u>Pension Plan</u>	<u>Share-based payment</u>	<u>Total</u>
Board of Directors and statutory directors	5,266	1,348	38	370	<b>7,022</b>
Non-statutory directors	5,410	1,292	154	1,073	<b>7,929</b>
	<u>10,676</u>	<u>2,640</u>	<u>192</u>	<u>1,443</u>	<u>14,951</u>

	<b>09/30/19</b>				
	<b>Fixed</b>	<b>Variable</b>	<b>Pension Plan</b>	<b>Share-based payment</b>	<b>Total</b>
Board of Directors and statutory directors	6,045	3,817	50	391	<b>10,303</b>
Non-statutory directors	5,351	2,976	171	497	<b>8,995</b>
	<b>11,396</b>	<b>6,793</b>	<b>221</b>	<b>888</b>	<b>19,298</b>

## 16 Loans and financing

	Average rate weighted % p.a.	Year of Maturity	Parent company		Consolidated	
			09/30/20	12/31/19	09/30/20	12/31/19
Domestic currency						
FINAME	3.41	2020 to 2025	597	756	4,778	9,186
Bank loans	3.53	2020 to 2027	-	-	8,502	8,503
Interbank deposits	4.20	2020 to 2022	-	-	20,430	29,041
FINEP	4.49	2020 to 2030	297,324	285,194	323,475	319,594
FDE - Development funds	3.00	2025	-	-	92,729	97,167
Fundeplar - ES		2026	-	-	30,000	30,000
Export credit notes - Compulsory	4.00	2020	-	-	225	2,276
Related parts	CDI	-	138	118	-	-
Foreign currency						
Advances on exchange contracts	3.36	2020 to 2021	54,848	-	82,064	30,866
Pre-payment for export in						
US dollars	3.16	2022 to 2023	291,436	281,256	291,436	281,256
Export credit notes - USD	3.70	2020 to 2023	500,191	326,022	500,191	326,022
Financing in Rand	8.98	2020 to 2024	-	-	9,614	667
Financing in Renminbi	5.02	2020 to 2022	-	-	47,558	25,087
Financing in Australian dollars	4.21	2020	-	-	168,226	128,616
Financing in Argentine Pesos	17.00	2020	-	-	18,897	50
Surety	-	-	10,062	7,190	10,062	7,190
Subtotal of domestic and foreign currency			<u>1,154,596</u>	<u>900,536</u>	<u>1,608,187</u>	<u>1,295,521</u>
Open market funding						
Domestic currency						
BNDES - Pre-fixed Operations	6.67	2021 to 2025	-	-	358,560	246,574
BNDES - Post-fixed Operations	IPCA + 1.53	2025	-	-	82,877	87,224
BNDES - Post-fixed Operations	TJLP + 1.88	2021 to 2024	-	-	94,668	114,926
BNDES - Post-fixed Operations	SELIC + 1.75	2021 to 2022	-	-	11,702	8,057
Subtotal of open market funding			-	-	<u>547,807</u>	<u>456,781</u>
Subtotal of loans and financing			<u>1,154,596</u>	<u>900,536</u>	<u>2,155,994</u>	<u>1,752,302</u>
Derivative financial instruments			6,229	170	10,838	548
Total loans and financing			<u>1,160,825</u>	<u>900,706</u>	<u>2,166,832</u>	<u>1,752,850</u>
Current liabilities			<u>260,819</u>	<u>182,497</u>	<u>767,740</u>	<u>610,498</u>
Non-current liabilities			<u>900,006</u>	<u>718,209</u>	<u>1,399,092</u>	<u>1,142,352</u>

(\*) Corresponds to a BNDES credit line destined to production directed to export, and the shipment of the same should occur until the limit date of 3 years.

Long-term installments have the following payment schedule:

	<b>Parent company</b>		<b>Consolidated</b>	
	<b>09/30/20</b>	<b>12/31/19</b>	<b>09/30/20</b>	<b>12/31/19</b>
13 to 24 months	221,083	150,804	385,641	293,852
25 to 36 months	361,519	296,545	511,847	413,836
37 to 48 months	195,426	130,882	278,932	209,591
49 to 60 months	40,058	38,706	101,221	80,186
After 60 months	81,920	101,272	121,451	144,887
	<b>900,006</b>	<b>718,209</b>	<b>1,399,092</b>	<b>1,142,352</b>

**(a) Loans and financing**

FINAME financing is guaranteed by a chattel mortgage of the financed assets in the amount of BRL 19,974 at September 30, 2020 (BRL 32,981 as of December 31, 2019).

**(b) Open market funding**

Open market funding refers to funding made by Banco Moneo, from BNDES, to finance FINAME operations.

The face value and fair value of funding in the open market is:

	<b>Face value (future)</b>		<b>Fair value (present)</b>	
	<b>09/30/20</b>	<b>12/31/19</b>	<b>09/30/20</b>	<b>12/31/19</b>
1 to 12 months	230,358	189,979	201,446	165,073
13 to 24 months	175,338	143,694	156,754	127,423
25 to 36 months	116,985	97,203	107,388	88,415
After 36 months	86,270	80,110	82,219	75,870
	<b>608,951</b>	<b>510,986</b>	<b>547,807</b>	<b>456,781</b>

The face value of current liabilities loans approximates their fair value.

**(c) Debt reconciliation**

				<b>Consolidated</b>
	<b>Bank loans</b>	<b>Derivatives</b>	<b>Funding Open Market</b>	<b>Total</b>
<b>Debt as of December 31, 2019</b>	1,266,480	548	485,822	1,752,850
Movements that affected the cash flow	(22,005)	10,290	54,055	42,340
Movements that did not affect the cash flow				
Appropriate interest and exchange rate variations	343,282	-	28,360	371,642
<b>Debt as of September 30, 2020</b>	<b>1,587,757</b>	<b>10,838</b>	<b>568,237</b>	<b>2,166,832</b>

## 17 Lease obligations

The changes in the balances of the lease liabilities are shown below.

	<u>Parent company</u>	<u>Consolidated</u>
	<u>09/30/20</u>	<u>09/30/20</u>
Opening balance	6,771	50,523
Appropriate interest and exchange variations	630	22,189
Additions	214	15,856
Considerations paid	<u>(1,198)</u>	<u>(15,569)</u>
	<u>6,417</u>	<u>72,999</u>

The lease maturity schedule is shown below.

	<u>Parent company</u>	<u>Consolidated</u>
	<u>09/30/20</u>	<u>09/30/20</u>
1 to 12 months	1,063	17,471
13 to 24 months	1,224	16,823
25 to 36 months	1,403	16,565
37 to 48 months	1,181	7,911
49 to 60 months	330	3,812
Over 60 months	<u>1,216</u>	<u>10,417</u>
Present value of contracts	<u>6,417</u>	<u>72,999</u>

The potential right of Pis/Cofins to recover embedded in the lease consideration is shown below.

	<u>Parent Company and Consolidated</u>	
	<u>09/30/20</u>	<u>09/30/20</u>
	<u>Nominal</u>	<u>Adjusted to present value</u>
Lease consideration	5,140	4,097
Potential PIS/Cofins (9.25%) (i)	461	368

## 18 Provisions

### (a) Passive contingencies

The Company is a party to labor, civil, tax and other lawsuits in progress and is discussing these issues both at the administrative and judicial levels. When applicable, the claims are supported by judicial deposits. The allowances for possible losses arising from these lawsuits are estimated and updated by Management, based on the opinion of its external and internal legal advisors.

The contingencies which, in the opinion of the Company's legal advisors, are considered as possible or probable losses as of September 30, 2020 and December 31, 2019 are presented below. Contingencies considered as probable losses are provisioned.

<u>Nature</u>	<u>Parent company</u>			
	<u>09/30/20</u>		<u>12/31/19</u>	
	<u>Probable</u>	<u>Possible</u>	<u>Probable</u>	<u>Possible</u>
Civil	964	25,378	964	23,891
Labor	51,302	46,442	53,179	55,334
Tax	10,789	259,266	10,602	246,886
	<u>63,055</u>	<u>331,086</u>	<u>64,745</u>	<u>326,111</u>
<u>Nature</u>	<u>Consolidated</u>			
	<u>09/30/20</u>		<u>12/31/19</u>	
	<u>Probable</u>	<u>Possible</u>	<u>Probable</u>	<u>Possible</u>
Civil	2,523	25,820	2,498	24,333
Labor	63,827	57,039	66,324	65,889
Tax	18,000	297,255	16,420	284,281
	<u>84,350</u>	<u>380,114</u>	<u>85,242</u>	<u>374,503</u>
<u>Judicial deposit</u>	<u>Parent company</u>		<u>Consolidated</u>	
	<u>09/30/20</u>	<u>12/31/19</u>	<u>09/30/20</u>	<u>12/31/19</u>
	<u>Probable</u>	<u>Possible</u>	<u>Probable</u>	<u>Possible</u>
Civil	3,064	2,670	3,876	3,470
Labor	22,366	26,351	27,083	31,138
Tax	19,713	18,969	36,303	34,179
	<u>45,143</u>	<u>47,990</u>	<u>67,262</u>	<u>68,787</u>

**(i) Civil and labor**

The Company is a party to civil and labor lawsuits, among which are claims for indemnification of work accidents and occupational diseases. None of these cases refer to individually significant amounts.

**(ii) Tax**

The Company and its subsidiaries are parties to tax lawsuits. Below is a description of the nature of the main causes:

**Provisioned**

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>09/30/20</u>	<u>12/31/19</u>	<u>09/30/20</u>	<u>12/31/19</u>
	<u>Probable</u>	<u>Possible</u>	<u>Probable</u>	<u>Possible</u>
REINTEGRA - credit appropriation (i)	660	649	660	649
Special Tax Regime - tax credit (ii)	725	710	725	710
IRPJ 2010, 2011 and 2012 (iii)	6,124	5,993	6,124	5,993
Other contingencies	3,280	3,250	10,491	9,068
	<u>10,789</u>	<u>10,602</u>	<u>18,000</u>	<u>16,420</u>

- (i) Contingency related to REINTEGRA credit - contingency arising from divergence of procedure in the request for Reintegra credit related to the 1st and 2nd Quarter of 2012.
- (ii) Contingency regarding the discussion of the procedures adopted for the enjoyment of tax benefits used in the commercialization of products.
- (iii) Contingency related to the discussion of the procedures adopted to offset the income tax paid abroad.

• **Not provisioned**

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>09/30/20</u>	<u>12/31/19</u>	<u>09/30/20</u>	<u>12/31/19</u>
PIS, COFINS and FINSOCIAL - offsets	7,934	7,745	7,934	7,745
COFINS - refund request (i)	23,526	23,182	23,526	23,182
PIS, COFINS - credit	9,348	9,205	9,348	9,205
PIS - compensation (ii)	12,558	15,403	12,558	15,403
IPI - credit	1,746	1,751	1,746	1,751
IRPJ - lower realized inflationary profit	3,053	3,024	3,053	3,024
IRPJ and CSLL - Negative Balance (iii)	18,556	18,290	18,556	18,290
IRPJ and CSLL - profits overseas (iv)	31,686	31,210	31,686	31,210
IRPJ and CSLL - IR paid overseas	1,187	1,158	1,187	1,158
IRPJ and CSLL - profits from overseas (v)	77,268	62,077	77,268	62,077
DCP - Monetary adjustment (vi)	28,847	29,381	28,847	29,381
REINTEGRA - Offset (vii)	17,216	16,925	17,216	16,925
ICMS - outputs with reduced tax rate for non-taxpayers (viii)	-	-	16,022	15,724
ICMS - unsuitable tax documents (ix)	2,087	2,049	2,087	2,049
ISS - services rendered by third parties	6,525	6,412	6,525	6,412
INSS - services rendered by legal entities	4,636	4,569	4,636	4,569
Other lower value contingencies	13,093	14,505	35,060	36,176
	<u>259,266</u>	<u>246,886</u>	<u>297,255</u>	<u>284,281</u>

(i) Contingencies whose prospects of loss are considered possible, related to procedures questioned by the inspection, regarding requests for COFINS refund. The administrative proceeding is in progress at the Federal Revenue Judgment Office.

(ii) Contingency whose perspective of loss is considered possible, related to amounts recorded in active debt, arising from unapproved offsetting derived from credits obtained in legal proceedings. The case is in progress at the first instance of the Federal Court of Caxias do Sul.

(iii) Contingency whose perspective of loss is considered possible, related to procedures questioned by the inspection, regarding requests for refund of the negative balance of IRPJ and CSLL. The case is in progress before the Administrative Council of Tax Appeals.

(iv) Contingency whose perspective of loss is considered possible, related to the discussion on the consolidation abroad of the results of indirect subsidiaries, before the offering of profits to taxation in Brazil. The case is in progress before the Federal Revenue Judgment Office.

(v) Contingency whose perspective of loss is considered possible, related to the discussion on the rejection of offsets made with foreign taxes. The proceeding is in progress before the Regional Judgment Office (DRJ).

(vi) Contingency whose perspective of loss is considered possible, related to the discussion on DCP credits, referring to the rejection of the monetary adjustment and isolated fine applied as a result of the declarations that were not approved. The proceeding is in progress before the Regional Judgment Office (DRJ).

(vii) Contingency whose perspective of loss is considered possible, related to the discussion on Reintegra's credit, due to divergence of procedure in the credit claim. The proceeding is in progress before the Regional Judgment Office (DRJ).

(viii) Contingency, whose perspective of loss is considered possible, of the subsidiary, related to ICMS - exits at a reduced rate for non-taxpayers established outside the State. The lawsuit is in progress before the Taxpayers' Council of the State of Rio de Janeiro.

(ix) Contingency whose perspective of loss is considered possible, related to discussions on ICMS, due to the alleged issuance of tax documents with error in the application of the tax rate, in sales transactions to non-taxpayers established outside the State. The lawsuit is in progress in the Court of Justice of the State of São Paulo.

**(b) Active contingencies**

The statement containing information on asset contingencies, according to the opinion of its legal advisors, is detailed below with the possibility of gain:

<u>Nature</u>	<u>Consolidated</u>			
	<u>09/30/20</u>		<u>12/31/19</u>	
	<u>Probable</u>	<u>Possible</u>	<u>Probable</u>	<u>Possible</u>
Contingent Tax	15,962	15,039	15,696	14,789
Social Security	-	3,248	-	3,229
	<u>15,962</u>	<u>18,287</u>	<u>15,696</u>	<u>18,018</u>

**(i) Tax contingencies**

The Company is the plaintiff in several state and federal lawsuits in which the following matters are discussed:

- Tax on Industrialized Products - IPI.
- Social Integration Program - PIS and Contribution to Social Security Financing - COFINS.
- Corporate Income Tax - IRPJ and Social Contribution on Net Income - CSSL
- Tax on Financial Transactions - IOF and Withholding Income Tax - IRRF.
- Eletrobrás Compulsory Loan.
- ICMS on materials for use and consumption.

The Company has lawsuits seeking recognition of the exclusion of ICMS from the PIS and Cofins tax bases (a matter under discussion before the Federal Supreme Court through Extraordinary Appeal No. 574706). The Company and its subsidiaries have not yet measured the amounts that may impact their financial statements and disclosures. A caveat is made in relation to the subsidiary San Marino that recently obtained a final court decision recognizing the right to exclude ICMS highlighted in an invoice from the PIS and COFINS tax bases, see details in note 27.

**(ii) Social security contingencies**

- Social Security Social Contribution - INSS.

**19 Employee pension and post-employment benefits plan**

Marcopolo is the main sponsor of Marcoprev Sociedade de Previdência Privada, a non-profit civil society founded in December 1995, whose main purpose is to grant complementary benefits to Social Security to all employees of the sponsors: Marcopolo (main), San Marino, Syncroparts, Trading, Banco Moneo and Fundação Marcopolo. In the period ended September 30, 2020, the amount of BRL 6,211 (BRL 7,434 at September 30, 2019) was spent on contributions at the consolidated level. The actuarial regime for determining the cost and contributions of the plan is the capitalization method. It is a mixed "defined benefit" plan, where contributions are the sole responsibility of the sponsor, and "defined contribution" where contributions are the responsibility of the sponsor and the participant, on an optional basis.

As of September 30, 2020 and December 31, 2019, the amounts related to post-employment benefits were determined based on an annual actuarial evaluation conducted by independent actuaries and are recognized in the financial statements as presented below.

The amounts recognized in the balance sheet are as follows:

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>09/30/20</u>	<u>12/31/19</u>	<u>09/30/20</u>	<u>12/31/19</u>
Present value of actuarial liabilities	(345,297)	(335,523)	(349,528)	(339,591)
Fair value of the plan assets	352,374	341,022	356,654	345,164
Surplus not subject to reimbursement or reduction in future contributions	<u>(7,077)</u>	<u>(5,499)</u>	<u>(7,126)</u>	<u>(5,573)</u>
Liabilities to be recognized	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

According to the prerogatives contained in the regulations of the retirement plan and in the accounting portion of the supplementary retirement plan, there is no possibility of reimbursement, increase in benefit or reduction in future contributions. Consequently, assets arising from the surplus of the plans were not recorded on September 30, 2020.

The movements in the defined benefit obligation during the period are shown below:

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>09/30/20</u>	<u>12/31/19</u>	<u>09/30/20</u>	<u>12/31/19</u>
On January 1	-	-	-	-
Contributions from plan participants	3,975	6,702	4,009	6,757
Actuarial losses (gains)	(3,975)	(6,702)	(4,009)	(6,757)
Recognized net annual revenue (expense)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
On September 30	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The changes in the fair value of the assets of the benefit plan in the periods presented are as follows:

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>09/30/20</u>	<u>12/31/19</u>	<u>09/30/20</u>	<u>12/31/19</u>
On January 1	341,022	308,557	345,164	312,115
Sponsor contribution	3,975	6,702	4,009	6,757
Employee contribution	37	57	38	58
Benefits paid	(10,379)	(13,654)	(10,505)	(13,760)
Expected return on plan assets	<u>17,719</u>	<u>39,360</u>	<u>17,948</u>	<u>39,994</u>
On September 30	<u>352,374</u>	<u>341,022</u>	<u>356,654</u>	<u>345,164</u>

The changes in the actuarial obligation in the periods presented are as follows:

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>09/30/20</u>	<u>12/31/19</u>	<u>09/30/20</u>	<u>12/31/19</u>
On January 1	335,523	277,155	339,591	280,358
Actuarial (gains) losses	187	45,107	186	45,718
Cost of current services	1,774	2,316	1,842	2,388
Financial cost	18,155	24,542	18,376	24,829
Employee contribution	37	57	38	58
Benefits paid	(10,379)	(13,654)	(10,505)	(13,760)
On September 30	<u>345,297</u>	<u>335,523</u>	<u>349,528</u>	<u>339,591</u>

The amounts recognized in the income statement are:

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>09/30/20</u>	<u>12/31/19</u>	<u>09/30/20</u>	<u>12/31/19</u>
Cost of current services	1,774	2,316	1,842	2,388
Financial cost	(188)	(303)	(190)	(306)
Total included in personnel costs	<u>1,586</u>	<u>2,013</u>	<u>1,652</u>	<u>2,082</u>

The main actuarial assumptions at the balance sheet date are:

• **Economic hypotheses**

	<u>Parent company</u>		<u>Consolidated</u>		<u>Percent p.a.</u>
	<u>09/30/20</u>	<u>12/31/19</u>	<u>09/30/20</u>	<u>12/31/19</u>	
Discount rate (*)	7.41	7.41	7.41	7.41	
Expected rate of return on plan assets	7.41	7.41	7.41	7.41	
Future salary increases	6.29	6.29	6.29	6.29	
Inflation	3.80	3.80	3.80	3.80	

(\*) The discount rate is composed of: inflation 3.80% p.a. plus interest 3.48% p.a. for the period ended September 30, 2020 (inflation 3.80% p.a. plus interest 3.48% p.a. for the year ended December 31, 2019).

• **Demographic assumptions**

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>09/30/20</u>	<u>12/31/19</u>	<u>09/30/20</u>	<u>12/31/19</u>
Mortality table	AT 2000(*)	AT 2000(*)	AT 2000(*)	AT 2000(*)
Death and disability table	RRB 1983	RRB 1983	RRB 1983	RRB 1983
Disability entry table	RRB 1944	RRB 1944	RRB 1944	RRB 1944

(\*) Table segregated by sex, based on the AT-2000 Basic smoothed by 10%.

## 20 Income tax and social contribution

### (a) Deferred income tax and social contribution

The basis for the constitution of deferred taxes is as follows:

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>09/30/20</u>	<u>12/31/19</u>	<u>09/30/20</u>	<u>12/31/19</u>
Asset (liability)				
Provision for technical assistance	36,473	32,274	50,782	44,300
Provision for commissions	51,273	24,989	58,520	29,595
Provision for doubtful accounts	5,364	11,204	63,443	72,882
Provision for profit sharing	23,340	42,816	24,958	45,334
Provision for contingencies	65,981	66,206	101,306	109,771
Provision for losses in inventories	6,597	5,110	13,892	9,674
Provision for third party services	10,245	9,908	19,049	18,006
Provision for contract terminations	13,698	20,493	14,608	22,493
Unrealized inventories	7,933	6,892	7,933	6,892
Adjustment to present value	1,526	2,270	2,235	2,610
Tax loss and negative social contribution base	19,365	-	38,970	-
Industrial Development Program	6,892	-	6,892	-
Exchange variation	107,355	-	107,355	-
(Tax depreciation)	(29,509)	(28,563)	(29,509)	(28,563)
(Settlement of gains/losses with derivatives)	33	146	2,342	(1,382)
Suspended Income Tax	8,396	7,685	8,396	7,685
Other provisions	15,059	18,858	22,663	14,403
Calculation basis	350,021	220,288	513,835	353,700
Nominal tax rate - %	34	34	34	34
Deferred income tax and social contribution	<u>119,007</u>	<u>74,898</u>	<u>174,704</u>	<u>120,258</u>

### (b) Estimated installments of realization of deferred tax assets and liabilities

The recovery of tax credits is based on projections of taxable income, as well as on the realization of temporary differences for the following years:

#### Asset (Liabilities)

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>09/30/20</u>	<u>12/31/19</u>	<u>09/30/20</u>	<u>12/31/19</u>
From 13 months onwards	119,007	74,898	174,704	120,258
	<u>119,007</u>	<u>74,898</u>	<u>174,704</u>	<u>120,258</u>

(c) **Reconciliation of current income tax and social contribution expenses**

	<b>Parent company</b>				<b>Consolidated</b>			
	<b>07/01/20</b>	<b>07/01/19</b>			<b>07/01/20</b>	<b>07/01/19</b>		
	<b>to</b>	<b>to</b>			<b>to</b>	<b>to</b>		
	<b>09/30/20</b>	<b>09/30/19</b>	<b>09/30/20</b>	<b>09/30/19</b>	<b>09/30/20</b>	<b>09/30/19</b>	<b>09/30/20</b>	<b>09/30/19</b>
Reconciliation								
Income before income tax and social contribution	(69,015)	4,365	(101,863)	122,595	(73,669)	13,943	(97,973)	151,480
Nominal rate -%	34	34	34	34	34	34	34	34
	<u>(23,465)</u>	<u>1,484</u>	<u>(34,633)</u>	<u>41,682</u>	<u>(25,047)</u>	<u>4,741</u>	<u>(33,311)</u>	<u>51,503</u>
Permanent additions and exclusions								
Equity	5,861	(4,866)	(5,066)	(20,907)	-	-	-	-
Management participation	312	(2,058)	858	(1,200)	312	(2,058)	858	(1,200)
IRPJ to recover - PAT	-	-	-	-	-	(3,929)	-	(3,929)
Reintegra	-	43	128	169	-	43	128	169
Interest on Equity	-	(9,585)	(7,981)	(19,243)	-	(9,585)	(7,981)	(19,243)
Industrial Development Program	-	(1,596)	-	(9,670)	-	(1,596)	-	(9,670)
IR/CS on results abroad	-	-	(22,449)	-	-	-	(22,449)	-
Tax incentive - LC 160 (*)	-	-	-	-	-	-	13,352	-
ICMS base PIS/COFINS	-	-	-	-	-	-	(13,419)	-
Tax loss on subsidiaries	-	-	-	-	2,050	-	6,210	-
Loss used	-	-	-	-	-	(2,220)	-	(9,738)
Other additions (exclusions)	2,597	(1,380)	1,901	(1,089)	6,445	5,743	4,043	(2,884)
	<u>(14,695)</u>	<u>(17,958)</u>	<u>(67,242)</u>	<u>(10,258)</u>	<u>(16,240)</u>	<u>(8,861)</u>	<u>(52,569)</u>	<u>10,776</u>
Income tax and social contribution								
Current	513	(4,990)	(23,133)	(4,352)	5,023	4,873	1,878	23,669
Deferred	(15,208)	(12,968)	(44,109)	(5,906)	(21,263)	(13,734)	(54,447)	(12,893)
	<u>(14,695)</u>	<u>(17,958)</u>	<u>(67,242)</u>	<u>(10,258)</u>	<u>(16,240)</u>	<u>(8,861)</u>	<u>(52,569)</u>	<u>10,776</u>

(\*) Refers to ICMS benefits used as a subsidy for investments in the subsidiary San Marino.

**21 Shareholders' equity**

(a) **Share capital**

The Company's authorized share capital is 2,100,000,000 shares, of which 700,000,000 are common shares and 1,400,000,000 are registered preferred shares with no par value.

As of September 30, 2020, the subscribed and paid-in capital is represented by 946,892,882 (946,892,882 as of December 31, 2019) registered shares, of which 341,625,744 are common shares and 605,267,138 are preferred shares, without par value.

Of the total subscribed capital, 235,380,146 (291,172,338 as of December 31, 2019) registered preferred shares belong to foreign shareholders.

(b) **Reserves**

(i) **Legal reserve**

This is constituted at the rate of 5% of the net income ascertained in each fiscal year pursuant to article 193 of Law no. 6.404/76, up to the limit of 20% of the share capital.

(ii) **Statutory reserves**

Marcopolo allocates at least 25% (twenty-five percent) of the remaining profit to the payment of dividends to all shares of Marcopolo, as a minimum mandatory dividend.

The remaining balance of the net profit will be allocated, in its entirety, to the formation of the following reserves:

- . Reserve for future capital increase to be used in future capital increases, to be formed by 70% of

the remaining balance of the net income for each year, not exceeding 60% of the share capital.

- Reserve for payment of interim dividends to be used for payment of interim dividends provided for in paragraph 1 of article 35 of the Bylaws, to be formed by 15% of the remaining balance of the net income of each fiscal year, not exceeding 10% of the share capital.
- Reserve for the purchase of own shares to be used for the acquisition of shares issued by Marcopolo, for cancellation, holding in treasury and/or respective disposal, to be formed by 15% of the remaining balance of the net income for each year, not exceeding 10% of the capital stock.

(c) **Treasury shares**

Corresponds to the treasury stock of 7,478,248 nominative preferred shares, acquired at the average cost of BRL 3.9557 (in Reais) per share. The value of treasury shares as of September 30, 2020 corresponds to BRL 29,582. The shares will be used to, pursuant to paragraph 3 of article 168 of Brazilian Corporate Law and CVM Instruction no. 390/03, grant stock options to Marcopolo's management and employees, in accordance with the Stock Option Plan approved by the Extraordinary General Meeting held on December 22, 2005.

**22 Insurance coverage**

As of September 30, 2020, the Company had insurance coverage against fire and other risks for property, plant and equipment and inventories at amounts considered sufficient to cover possible losses.

The main insurance coverage is:

<u>Nature of the asset</u>	<u>Equity value</u>	<u>Consolidated</u>	
		<u>09/30/20</u>	<u>12/31/19</u>
Inventories, buildings and contents	Fire and various risks	1,062,295	926,915
Vehicles	Collision and civil liability	70,956	51,972
		<u>1,133,251</u>	<u>978,887</u>

**23 Sureties and guarantees**

As of September 30, 2020, the Company had contracted sureties and/or guarantees in the amount of BRL 64,257 (BRL 51,599 as of December 31, 2019), granted to banks in financing transactions with clients, with a corresponding guarantee of the respective financed assets, as well as the residual book value of financed assets in the amount of BRL 19,974 (BRL 32,981 as of December 31, 2019) given in guarantees for bank loans and contingencies.

**24 Employee profit sharing**

Employee participation was calculated as established in the Marcopolo Target Effectiveness Program (EFIMAR) Instrument of Agreement.

The amounts are classified in the income statement for the period as follows:

	<u>Parent company</u>				<u>Consolidated</u>			
	<u>07/01/20</u>	<u>07/01/19</u>			<u>07/01/20</u>	<u>07/01/19</u>		
	<u>to</u>	<u>to</u>			<u>to</u>	<u>to</u>		
	<u>09/30/20</u>	<u>09/30/19</u>	<u>09/30/20</u>	<u>09/30/19</u>	<u>09/30/20</u>	<u>09/30/19</u>	<u>09/30/20</u>	<u>09/30/19</u>
Cost of Products and Services Sold	311	8,195	7,651	19,899	320	10,198	9,527	25,145
Sales expenses	373	2,661	2,753	4,742	373	2,693	2,780	4,809
Administration expenses	294	1,739	1,772	2,917	646	2,232	3,038	4,328
	<u>978</u>	<u>12,595</u>	<u>12,176</u>	<u>27,558</u>	<u>1,339</u>	<u>15,123</u>	<u>15,345</u>	<u>34,282</u>

## 25 Revenue

The reconciliation of gross sales to net revenue is as follows:

	Parent company				Consolidated			
	07/01/20	07/01/19	09/30/20	09/30/19	07/01/20	07/01/19	09/30/20	09/30/19
	to	to			to	to		
	09/30/20	09/30/19			09/30/20	09/30/19		
Gross sales of products and services	426,839	626,049	1,314,204	1,890,418	970,821	1,279,404	2,893,701	3,590,311
Taxes on sales and returns	(50,368)	(105,711)	(130,905)	(253,050)	(134,334)	(198,183)	(339,346)	(468,691)
Net revenue	<u>376,471</u>	<u>520,338</u>	<u>1,183,299</u>	<u>1,637,368</u>	<u>836,487</u>	<u>1,081,221</u>	<u>2,554,355</u>	<u>3,121,620</u>

## 26 Expenditure by nature

	Parent company				Consolidated			
	07/01/20	07/01/19	09/30/20	09/30/19	07/01/20	07/01/19	09/30/20	09/30/19
	to	to			to	to		
	09/30/20	09/30/19			09/30/20	09/30/19		
Raw materials and consumables	233,758	310,591	660,435	991,973	504,580	662,025	1,500,644	1,926,721
Cost of idleness (*)	6,159	-	15,498	-	15,127	-	43,117	-
Third party services and others	57,370	53,538	156,549	174,684	80,308	86,473	236,172	255,817
Direct remuneration	17,900	92,562	154,650	273,099	107,270	200,753	417,939	544,681
Remuneration of management	3,691	3,238	8,814	11,645	3,691	3,238	8,814	11,645
Employee participation in profits or results	978	12,595	12,176	27,558	1,339	15,123	15,345	34,282
Depreciation and amortization charges	7,964	7,999	23,595	22,357	25,931	20,708	72,487	59,940
Private pension expenses	1,593	2,296	5,532	6,939	1,812	2,499	6,211	7,434
Other expenses	34,839	23,537	66,677	60,791	62,013	47,933	132,206	124,654
Total costs of expenses of sales, distributions and administrative expenses.	<u>364,252</u>	<u>506,356</u>	<u>1,103,926</u>	<u>1,569,046</u>	<u>802,071</u>	<u>1,038,752</u>	<u>2,432,935</u>	<u>2,965,174</u>

(\*) Cost of idleness related to labor, charges and depreciation incurred due to the Covid-19 pandemic.

## 27 Other operating income (expenses)

	Parent company				Consolidated			
	07/01/20	07/01/19	09/30/20	09/30/19	07/01/20	07/01/19	09/30/20	09/30/19
	to	to			to	to		
	09/30/20	09/30/19			09/30/20	09/30/19		
ICMS credits (*)	-	-	-	-	-	7,257	47,927	18,834
Provision for losses in inventories	(560)	(1,246)	(1,683)	(2,606)	(879)	(2,165)	(3,642)	(4,570)
Provision for labor contingencies	(5,688)	(6,052)	(14,916)	(27,759)	(6,639)	(7,627)	(17,616)	(34,910)
Labor rescissions	(31,702)	-	(31,702)	-	(37,161)	-	(37,161)	-
Other expenses	(5,860)	(952)	(10,407)	7,983	1,893	(706)	(12,060)	1,710
Total of other operating income (expenses).	<u>(43,810)</u>	<u>(8,250)</u>	<u>(58,708)</u>	<u>(22,382)</u>	<u>(42,786)</u>	<u>(3,239)</u>	<u>(15,913)</u>	<u>(18,936)</u>

(\*) Mainly refers to the favorable decision of the subsidiary San Marino Ônibus Ltda with final judgment in a lawsuit seeking the exclusion of ICMS highlighted in an invoice from the PIS and COFINS tax bases. Due to the decision, the subsidiary recognized the right to offset credits related to the period from 2003 to 2020 in the amount of BRL 34,448 thousand, duly adjusted by the Selic rate of BRL 22,948 thousand recorded in the financial result, recorded in the Company's consolidated financial statements in September 2020. The Subsidiary recorded the principal under the heading of other operating income and the monetary and interest adjustment in the financial result.

The use of credits will depend on qualification via administrative proceeding before the Federal Revenue of Brazil.

The Company, directly and indirectly through Ciferal Indústria de Ônibus Ltda. maintains lawsuits with the same object, still pending and without expected completion. At the moment, it is not possible to estimate the total amount involved.

## 28 Financial result

	Parent company				Consolidated			
	07/01/20	07/01/19			07/01/20	07/01/19		
	to	to			to	to		
	09/30/20	09/30/19	09/30/20	09/30/19	09/30/20	09/30/19	09/30/20	09/30/19
Financial revenues								
Interest and monetary variations received	1,390	1,841	6,547	5,515	1,124	2,311	30,063	8,464
Interest on derivatives	231	-	273	5	321	367	629	607
Income from financial investments	1,481	7,881	8,633	25,914	2,582	10,617	12,024	32,031
Exchange variation	57,325	26,250	304,963	46,565	67,797	44,562	390,350	83,037
Exchange variation on derivatives	2,146	3,323	9,238	4,629	1,437	3,667	8,549	7,081
Adjustment to present value of accounts receivable	6,509	7,403	14,304	23,302	11,452	11,795	26,894	34,748
	<u>69,082</u>	<u>46,698</u>	<u>343,958</u>	<u>105,930</u>	<u>84,713</u>	<u>73,319</u>	<u>468,509</u>	<u>165,968</u>
Financial expenses								
Interest on loans and financing	(7,941)	(12,779)	(33,997)	(43,860)	(15,156)	(16,224)	(45,452)	(56,846)
Interest on derivatives	(286)	(288)	(667)	(298)	(286)	(288)	(667)	(298)
Exchange variation	(70,129)	(48,992)	(430,705)	(61,893)	(81,011)	(71,215)	(528,579)	(99,542)
Exchange variation on derivatives	(4,063)	11	(4,063)	11	(7,808)	(4,906)	(23,112)	(6,191)
Bank expenses	(2,002)	(1,280)	(6,137)	(3,747)	(3,417)	(1,832)	(9,250)	(5,578)
Adjustment to present value from suppliers	(199)	(2,218)	(3,036)	(6,596)	(957)	(4,367)	(5,888)	(12,430)
	<u>(84,620)</u>	<u>(65,546)</u>	<u>(478,605)</u>	<u>(116,383)</u>	<u>(108,635)</u>	<u>(98,832)</u>	<u>(612,948)</u>	<u>(180,885)</u>
Financial result	<u>(15,538)</u>	<u>(18,848)</u>	<u>(134,647)</u>	<u>(10,453)</u>	<u>(23,922)</u>	<u>(25,513)</u>	<u>(144,439)</u>	<u>(14,917)</u>

## 29 Profit per share

### (a) Basic

Basic profit per share is calculated by dividing the profit attributable to the Company's shareholders by the weighted average number of shares issued during the year, excluding the shares purchased by the Company and held as treasury shares.

	09/30/2020	09/30/2019
Profit attributable to shareholders	(34,621)	132,853
Weighted average number of shares issued (thousands)	939,414	942,442
Profit per share	(0.03685)	0.14097

### (b) Diluted

Diluted profit per share are calculated by adjusting the weighted average number of common and preferred shares outstanding to assume the conversion of all potential diluted common shares.

The Company considers the exercise of stock options by employees and management as a dilution effect of common and preferred shares. The number of shares calculated as described above is compared with the number of shares issued, assuming the exercise of stock options.

	<u>09/30/2020</u>	<u>09/30/2019</u>
Profit attributable to shareholders	(34,621)	110,530
Weighted average number of shares issued (thousands)	939,414	940,180
Adjustments for:		
Exercise of stock options	7,478	3,081
Profit per share	(0.03656)	0.11718

### 30 Balance sheets and income statements by segment

The industrial segment produces bus bodies and spare parts. The financial segment is responsible for financing operations through Banco Moneo.

#### Balance sheets

	<u>Consolidated</u>		<u>Industrial Segment</u>		<u>Financial Segment</u>	
	<u>09/30/20</u>	<u>12/31/19</u>	<u>09/30/20</u>	<u>12/31/19</u>	<u>09/30/20</u>	<u>12/31/19</u>
Assets						
Current						
Cash and cash equivalents	955,756	1,074,622	919,213	1,057,258	36,543	17,364
Financial assets measured at fair value through profit or loss	-	98,314	-	98,314	-	-
Derivative financial instruments	6,219	1,849	6,219	1,849	-	-
Accounts receivable from customers	1,218,485	863,015	949,418	570,099	269,067	292,916
Stocks	737,289	552,691	737,289	552,691	-	-
Other accounts receivable	<u>352,748</u>	<u>244,728</u>	<u>315,056</u>	<u>208,274</u>	<u>37,692</u>	<u>36,454</u>
	<u>3,270,497</u>	<u>2,835,219</u>	<u>2,927,195</u>	<u>2,488,485</u>	<u>343,302</u>	<u>346,734</u>
Noncurrent						
Financial assets measured at fair value through profit or loss	74,131	51,646	74,131	51,646	-	-
Accounts receivable from customers	467,877	360,775	-	-	467,877	360,775
Other accounts receivable	253,394	195,172	233,963	177,173	19,431	17,999
Investments	554,405	472,580	554,405	472,580	-	-
Investment properties	48,231	48,906	48,231	48,906	-	-
Immobilized	1,038,838	941,203	1,038,294	940,752	544	451
Goodwill and intangible assets	<u>350,147</u>	<u>288,177</u>	<u>349,748</u>	<u>287,741</u>	<u>399</u>	<u>436</u>
	<u>2,787,023</u>	<u>2,358,459</u>	<u>2,298,772</u>	<u>1,978,798</u>	<u>488,251</u>	<u>379,661</u>
Total assets	<u>6,057,520</u>	<u>5,193,678</u>	<u>5,225,967</u>	<u>4,467,283</u>	<u>831,553</u>	<u>726,395</u>
Liabilities						
Current						
Providers	425,963	377,527	425,963	377,527	-	-
Loans and financing	756,902	609,950	512,526	415,835	244,376	194,115
Derivative financial instruments	10,838	548	10,838	548	-	-
Other accounts payable	<u>725,709</u>	<u>524,381</u>	<u>716,577</u>	<u>511,481</u>	<u>9,132</u>	<u>12,900</u>
	<u>1,919,412</u>	<u>1,512,406</u>	<u>1,665,904</u>	<u>1,305,391</u>	<u>253,508</u>	<u>207,015</u>
Noncurrent						
Loans and financing	1,399,092	1,142,352	1,052,731	850,644	346,361	291,708
Other accounts payable	<u>224,028</u>	<u>180,508</u>	<u>222,026</u>	<u>178,491</u>	<u>2,002</u>	<u>2,017</u>
	<u>1,623,120</u>	<u>1,322,860</u>	<u>1,274,757</u>	<u>1,029,135</u>	<u>348,363</u>	<u>293,725</u>
Participation of non-controlling shareholders	<u>56,022</u>	<u>48,333</u>	<u>56,022</u>	<u>48,333</u>	<u>-</u>	<u>-</u>
Shareholders' equity attributable to controlling shareholders	<u>2,458,966</u>	<u>2,310,079</u>	<u>2,229,284</u>	<u>2,084,424</u>	<u>229,682</u>	<u>225,655</u>
Total liabilities	<u>6,057,520</u>	<u>5,193,678</u>	<u>5,225,967</u>	<u>4,467,283</u>	<u>831,553</u>	<u>726,395</u>

## Income statements

	Consolidated		Industrial Segment		Financial Segment	
	09/30/20	09/30/19	09/30/20	09/30/19	09/30/20	09/30/19
Operations						
Net sales and services revenue	2,554,355	3,121,620	2,519,454	3,094,059	34,901	27,561
Cost of products sold and services rendered	(2,137,140)	(2,662,191)	(2,137,140)	(2,662,191)	-	-
Gross profit	417,215	459,429	382,314	431,868	34,901	27,561
Operating revenues (expenses)						
Selling expenses	(159,979)	(165,057)	(144,778)	(152,415)	(15,201)	(12,642)
Administrative costs	(135,816)	(137,926)	(121,926)	(124,132)	(13,890)	(13,794)
Other (expenses) net operating income	(15,913)	(18,936)	(17,396)	(20,942)	1,483	2,006
Equity equivalence result	(59,041)	28,887	(59,041)	28,887	-	-
Operational result	46,466	166,397	39,173	163,266	7,293	3,131
Financial result						
Financial income	468,509	165,968	468,509	165,968	-	-
Financial expenses	(612,948)	(180,885)	(612,948)	(180,885)	-	-
Income before income tax and social contribution	(97,973)	151,480	(105,266)	148,349	7,293	3,131
Income tax and social contribution	52,569	(10,776)	55,835	(9,552)	(3,266)	(1,224)
Net profit for the period	(45,404)	140,704	(49,431)	138,797	4,027	1,907

## 31 Cash flow statements by business segment - indirect method

	Consolidated		Industrial Segment		Financial Segment	
	09/30/20	09/30/19	09/30/20	09/30/19	09/30/20	09/30/19
Cash flow from operating activities						
<b>Net income for the period</b>	<b>(45,404)</b>	<b>140,704</b>	<b>(49,431)</b>	<b>138,797</b>	<b>4,027</b>	<b>1,907</b>
Adjustments to reconcile the result to cash generated by operating activities:						
Depreciation and amortization	72,488	59,940	72,293	59,713	195	227
Gain on the sale of investment, assets, property, plant and equipment	3,213	(483)	3,236	(492)	(23)	9
Equity	59,041	(28,887)	59,041	(28,887)	-	-
Allowance for loan losses	6,602	11,070	(8,599)	2,907	15,201	8,163
Current and deferred income tax and social contribution	(52,568)	10,776	(55,811)	9,552	3,266	1,224
Appropriate interest and variations	313,978	90,493	285,618	65,099	28,360	25,394
Non-controlling interests	(10,783)	7,851	(10,783)	7,851	-	-
Variations in assets and liabilities						
(Increase) decrease in trade accounts receivable	(425,840)	227,949	(327,386)	248,281	(98,454)	(20,332)
(Increase) reduction in securities	71,459	(20,064)	71,459	(20,064)	-	-
(Increase) decrease in inventories	(120,192)	53,297	(120,192)	53,297	-	-
(Increase) decrease in other accounts receivable	(141,073)	(10,931)	(138,403)	(16,541)	(2,670)	5,610
Increase (decrease) in suppliers	10,631	(21,446)	10,631	(21,236)	-	(210)
Increase (decrease) actuarial liabilities	-	-	-	-	-	-
Increase (decrease) in accounts payable and provisions	237,539	(3,335)	239,889	(6,459)	(2,350)	3,124
<b>Cash generated from operating activities</b>	<b>(20,909)</b>	<b>516,934</b>	<b>31,539</b>	<b>491,818</b>	<b>(52,448)</b>	<b>25,116</b>
Profit taxes paid	(1,878)	(23,669)	2,821	(20,637)	(4,699)	(3,032)
<b>Net cash from operating activities</b>	<b>(22,787)</b>	<b>493,265</b>	<b>34,360</b>	<b>471,181</b>	<b>(57,147)</b>	<b>22,084</b>

	<b>Consolidated</b>		<b>Industrial Segment</b>		<b>Financial Segment</b>	
	<b>09/30/20</b>	<b>09/30/19</b>	<b>09/30/20</b>	<b>09/30/19</b>	<b>09/30/20</b>	<b>09/30/19</b>
Cash flows from investment activities						
Investments	-	-	-	-	-	-
Acquisition of interest in subsidiaries		4,096		4,096	-	-
Dividends from subsidiaries, joint ventures and associates	448	9,119	448	9,119	-	-
Fixed asset additions	(105,658)	(97,050)	(105,507)	(96,898)	(151)	(152)
Intangible additions	(3,101)	(25,717)	(3,024)	(25,662)	(77)	(55)
Receipts from sale of property, plant and equipment	-	3,999	-	3,999	-	-
<b>Net cash from investment activities</b>	<b>(108,311)</b>	<b>(105,553)</b>	<b>(108,083)</b>	<b>(105,346)</b>	<b>(228)</b>	<b>(207)</b>
Cash flows from financing activities						
Issuance of shares	-	69,430	-	69,430	-	-
Actions in Treasury	1,335	505	1,335	505	-	-
Loans from third parties	507,281	685,628	254,061	537,084	253,220	148,544
Loan payment - principal	(447,195)	(911,837)	(284,844)	(764,802)	(162,351)	(147,035)
Loan payment - interest	(32,032)	(49,177)	(17,717)	(25,911)	(14,315)	(23,266)
Payment of interest and dividends	(69,971)	(82,909)	(69,971)	(82,909)	-	-
<b>Net cash used in financing activities</b>	<b>(40,582)</b>	<b>(288,360)</b>	<b>(117,136)</b>	<b>(266,603)</b>	<b>76,554</b>	<b>(21,757)</b>
Effect of exchange rate changes on cash and cash equivalents	52,814	3,525	52,814	3,525	-	-
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(118,866)</b>	<b>102,877</b>	<b>(138,045)</b>	<b>102,757</b>	<b>19,179</b>	<b>120</b>
Cash and cash equivalents at the beginning of period	1,074,622	863,467	1,057,258	833,839	17,364	29,628
Cash and cash equivalents at the end of period	955,756	966,344	919,213	936,596	36,543	29,748

## 32 Additional information

The industrial business segment operates in the geographical regions specified below. The financial business segment operates exclusively in Brazil.

### (a) Net revenue by geographical region

	<b>Consolidated</b>	
	<b>09/30/20</b>	<b>09/30/19</b>
Brazil	1,960,016	2,344,274
Africa	44,968	64,064
Argentina	45,840	5,832
Australia	302,504	328,496
China	15,289	45,475
Mexico	185,433	331,927
United Arab Emirates	305	1,552
	<b>2,554,355</b>	<b>3,121,620</b>

(b) **Property, plant and equipment, goodwill and intangible assets by geographical region**

	<u>Consolidated</u>	
	<u>09/30/20</u>	<u>12/31/19</u>
Brazil	975,813	934,749
Africa	18,054	15,469
Argentina	23,115	13,429
Australia	230,178	156,138
Canada	79,436	58,216
China	17,802	14,595
Mexico	44,064	36,394
Uruguay	101	72
United Arab Emirates	422	318
	<u>1,388,985</u>	<u>1,229,380</u>

**33 Subsequent events**

(a) **COVID-19 pandemic**

Since the beginning of January 2020, the coronavirus outbreak, which is a rapidly evolving situation, has adversely impacted global economic activities. The rapid development and fluidity of this situation prevent an accurate prediction of its final impact.

In order for the Company to monitor and analyze the impacts of Covid-19, a Crisis Committee composed of its board and some invited managers was created. In this environment, the main actions taken by the Company are being discussed daily, aiming at operational sustainability.

Despite having resumed its activities, we adopted several measures, recommendations and determinations from health agencies and competent authorities, reiterating our commitment to the safety of all employees, customers and other stakeholders.

At this time, in relation to receivables agreements entered into with customers, we have not identified risks of losses in addition to the amounts of the allowances for losses already recognized. However, there were occasional renegotiations with some customers aimed at extending maturities. We are following the issue very closely and believe that the level of allowance for doubtful debts of the Company is appropriate to the risk condition that we estimate for our customers.

Regarding the realization of inventories, we do not expect risks of realization of them in an amount lower than their cost. This is also due to the fact that for the coming months, there was a replanning of the purchase volumes supported by the industrial schedules of the specific area.

As for the debts already incurred, we obtained some re-negotiations in the flow of payments and not anticipated restrictions on the Company's ability to proceed with its payment on the due date. Additionally, we do not have loan agreements with restrictive *Covenants clauses*.

Regarding non-financial assets, to date we have not identified material impacts for the recoverability of the amounts recorded considering the revised estimates of expected future cash flows. Regarding exchange variation, the Company adopts as a practice the realization of export exchange hedge at the time of confirmation of sales orders (when the order enters our backlog), ensuring the business margin. In this line, any devaluation of the exchange implies the recognition of an expense in the Company's income.

As the products are delivered and invoiced, the Company captures the benefits of devaluation of the Real in its operating margins. Currently, the Company's foreign exchange exposure is backed by the amount of the order portfolio signed with customers.

The measurement of deferred tax assets and liabilities reflects the tax consequences arising from the manner in which the Company expects to recover or settle its assets and liabilities.

The Company maintains a liquidity scenario and a good cash position – the medium and long-term amortization flow is adequate. Currently, firm orders added to internal fixed cost adjustment measures will allow us to balance for the coming months.

In any case, we are taking expenditure and investment containment measures.

To date, the activities present full conditions of continuity of operations.

**(b) Termination of Ciferal's activities**

On October 2, 2020, the Board of Directors approved the termination of the activities of the industrial plant located in Duque de Caxias, RJ, as of October 30, 2020.

The decision is part of the process of optimizing plants and adjusting the Company's manufacturing capacity. The concentration of Brazilian operations in a smaller number of plants has contributed to reducing costs and increasing efficiency.

The operational improvements achieved in recent years will allow the remaining plants to have sufficient capacity to absorb volume recovery as markets become regularized, in a post-pandemic scenario

\* \* \*

**1 Composition of the shareholders of Marcopolo S.A. with more than 5% of common and/or preferred shares, up to the individual level, on September 30, 2020:**

SHAREHOLDERS	COMMON		PREFERRED		TOTAL	
	QTY.	%	QTY.	%	QTY.	%
Bellpart Participações Ltda	151,954,920	44.48	4,027,352	0.67	155,982,272	16.47
Mauro Gilberto Bellini	6,942,020	2.03	6,032,123	1.00	12,974,143	1.37
James Eduardo Bellini	7,678,920	2.25	7,195,364	1.19	14,874,284	1.57
Paulo Alexander Pacheco Bellini	6,556,860	1.92	2,867,400	0.46	9,424,260	1.00
<b>Controlling Group Subtotal</b>	<b>173,132,720</b>	<b>50.68</b>	<b>20,122,239</b>	<b>3.32</b>	<b>193,254,959</b>	<b>20.41</b>
Alaska Investimentos Ltda	57,797,292	16.92	15,128,378	2.50	72,925,670	7.70
Fund Petrobras Seg Soc Petros	-	0.00	83,291,100	13.76	83,291,100	8.80
T Rowe Price Funds Sicav (overseas)	-	0.00	48,139,411	7.95	48,139,411	5.08
Viviane Maria Pinto Bado	44,963,544	13.16	822,927	0.14	45,786,471	4.84
Treasury shares	-	0.00	7,478,248	1.24	7,478,248	0.79
Other shareholders overseas (*)	6,771,422	1.98	187,240,735	30.94	194,012,157	20.49
Other shareholders (*)	58,960,766	17.26	243,044,100	40.15	302,004,866	31.89
<b>Subtotal</b>	<b>168,493,024</b>	<b>49.32</b>	<b>585,144,899</b>	<b>96.68</b>	<b>753,637,923</b>	<b>79.59</b>
<b>TOTAL</b>	<b>341,625,744</b>	<b>100.00</b>	<b>605,267,138</b>	<b>100.00</b>	<b>946,892,882</b>	<b>100.00</b>
<b>PROPORTION</b>		<b>36.08</b>		<b>63.92</b>		<b>100.00</b>

\* In this item there are no individual shareholders who own more than 5% of common and/or preferred shares.

**2 Composition of the capital of Bellpart Participações Ltda. on September 30, 2020:**

Table presented in quotas:

QUOTA HOLDERS	QUOTAS		
	QTY.	NOMINAL VALUE	%
James Eduardo Bellini	95,064,957	95,064,957	41.05
Mauro Gilberto Bellini	95,064,957	95,064,957	41.05
Paulo Alexander Pacheco Bellini	41,430,086	41,430,086	17.90
<b>TOTAL</b>	<b>231,560,000</b>	<b>231,560,000</b>	<b>100.00</b>

**3 Quantity and characteristics of the securities issued by the company owned by the Controlling Shareholders, Directors, Members of the Fiscal Council and Shares in circulation.**

**Consolidated Shareholding Position of the Controllers and Managers and Shares in circulation.**  
**Position on 09/30/2020**

Table presented in shares:

SHAREHOLDERS	COMMON		PREFERRED		TOTAL	
	QTY.	%	QTY.	%	QTY.	%
Controllers	173,132,720	50.68	20,129,751	3.33	193,262,471	20.41
Relatives of controllers	-	-	-	-	-	-
Administrators	-	-	-	-	-	-
Board of Directors	-	-	-	-	-	-
Executive Board	314,800	0.09	3,304,289	0.55	3,619,089	0.38
Fiscal Board (*)	504,697	0.15	830,415	0.14	1,335,112	0.14
Treasury shares	-	0.00	7,478,248	1.24	7,478,248	0.79
Other	167,673,527	49.08	573,524,435	94.76	741,197,962	78.28
<b>TOTAL</b>	<b>341,625,744</b>	<b>100.00</b>	<b>605,267,138</b>	<b>100.00</b>	<b>946,892,882</b>	<b>100.00</b>
<b>Shares in Circulation in the market</b>	<b>167,673,527</b>	<b>49.08</b>	<b>573,524,435</b>	<b>94.76</b>	<b>741,197,962</b>	<b>78.28</b>

\* Shares held by a director and a substitute of the fiscal board, elected by the controlling group.

**Consolidated Shareholding Position of the Controllers  
and Managers and Shares in circulation.  
Position on 09/30/2019**

Table presented in shares:

SHAREHOLDERS	COMMON		PREFERRED		TOTAL	
	QTY.	%	QTY.	%	QTY.	%
Controllers	172,556,920	50.51	19,095,539	3.15	191,652,459	20.24
Relatives of controllers	-	-	-	-	-	-
Administrators	-	-	-	-	-	-
Board of Directors	-	-	-	-	-	-
Executive Board	356,000	0.10	3,421,875	0.49	3,777,875	0.40
Fiscal Board (*)	504,697	0.15	789,415	0.13	1,294,112	0.14
Treasury shares	-	0.00	3,719,306	0.39	3,719,306	0.39
Other	168,208,127	49.24	578,241,003	95.53	746,449,130	78.83
<b>TOTAL</b>	<b>341,625,744</b>	<b>100.00</b>	<b>605,267,138</b>	<b>100.00</b>	<b>946,892,882</b>	<b>100.00</b>
<b>Shares in Circulation in the market</b>	168,208,127	49.24	578,241,003	95.53	746,449,130	78.83

\* Shares held by a director and a substitute of the fiscal board, elected by the controlling group.

**4 The Company is bound to arbitration in the Market Arbitration Chamber, according to the Commitment Clause in its Bylaws.**

(A free translation of the original in Portuguese)

## **Report on review of quarterly information**

To the Board of Directors and Stockholders  
Marcopolo S.A.

### **Introduction**

We have reviewed the accompanying parent company and consolidated interim accounting information of Marcopolo S.A. ("Company"), included in the Quarterly Information Form (ITR) for the quarter ended September 30, 2020, comprising the balance sheet at that date and the statements of income and comprehensive income for the quarter and nine-month period then ended, and the statements of changes in equity and cash flows for the nine-month period then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of the parent company and consolidated interim accounting information in accordance with the accounting standard CPC 21, Interim Financial Reporting, of the Brazilian Accounting Pronouncements Committee (CPC) and International Accounting Standard (IAS) 34, Interim Financial Reporting issued by the International Accounting Standards Board (IASB), as well as the presentation of this information in accordance with the standards issued by the Brazilian Securities Commission (CVM), applicable to the preparation of the Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim accounting information based on our review.

### **Scope of review**

We conducted our review in accordance with Brazilian and International Standards on Reviews of Interim Financial Information (NBC TR 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim 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 Brazilian and International 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 interim information**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying parent company and consolidated interim accounting information included in the quarterly information referred to above has not been prepared, in all material respects, in accordance with CPC 21 and IAS 34 applicable to the preparation of the Quarterly Information, and presented in accordance with the standards issued by the CVM.

Marcopolo S.A.

**Other matters**

**Statements of value added**

The quarterly information referred to above includes the parent company and consolidated statements of value added for the nine-month period ended September 30, 2020. These statements are the responsibility of the Company's management and are presented as supplementary information under IAS 34. These statements have been subjected to review procedures performed together with the review of the interim accounting information for the purpose of concluding whether they are reconciled with the interim accounting information and accounting records, as applicable, and if their form and content are in accordance with the criteria defined in the accounting standard CPC 09 - "Statement of Value Added". Based on our review, nothing has come to our attention that causes us to believe that these statements of value added have not been properly prepared, in all material respects, in accordance with the criteria established in this accounting standard, and consistent with the parent company and consolidated interim accounting information taken as a whole.

Porto Alegre, November 3, 2020

PricewaterhouseCoopers  
Auditores Independentes  
CRC 2SP000160/O-5

Carlos Alexandre Peres  
Contador CRC 1SP198156/O-7

**MARCOPOLO S.A.**  
CNPJ no. 88.611.835/0001-29  
Public Company  
NIRE No.43 3 0000723 5

## **DECLARATION**

Messrs. James Eduardo Bellini and José Antonio Valiati, Directors of MARCOPOLO S.A., a company headquartered at Avenida Marcopolo, 280, Planalto District, in the city of Caxias do Sul, RS, registered with the CNPJ under No. 88.611.835/0001-29, pursuant to the provisions of items V and VI of Article 25 of CVM Instruction No. 480 of December 7, 2009, hereby declare that:

- a) They have reviewed, discussed and agreed with the interim accounting information (controlled company and consolidated) of Marcopolo S.A. for the quarter closed on September 30, 2020; and
- b) They have reviewed, discussed and agreed with the opinion stated by PRICEWATERHOUSECOOPERS - Auditores Independentes in the Independent Auditors' Report about the interim accounting information (controlled company and consolidated) of Marcopolo S.A. for the quarter closed on September 30, 2020.

Caxias do Sul, November 03, 2020

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James Eduardo Bellini  
Board Member

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Jose Antonio Valiati  
Board Member and Director of Investor Relations

**MARCOPOLO S.A.**  
CNPJ no. 88.611.835/0001-29  
Public Company  
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## **DECLARATION**

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Caxias do Sul, November 03, 2020

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James Eduardo Bellini  
Board Member

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Jose Antonio Valiati  
Board Member and Director of Investor Relations