

# **Marcopolo S.A.**

## **Quarterly Information at 6/30/2020 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

Number of Shares (Units)	Current Quarter 06/30/2020
<b>Paid-in Capital</b>	
Common	341,625,744
Preferred	605,267,138
<b>Total</b>	<b>946,892,882</b>
<b>In Treasury</b>	
Common	0
Preferred	7,951,506
<b>Total</b>	<b>7,951,506</b>

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

<b>Account Code</b>	<b>Account Description</b>	<b>Current Quarter 06/30/2020</b>	<b>Previous Year 12/31/2019</b>
1	Total Assets	4,225,979	3,798,322
1.01	Current Assets	1,419,240	1,372,990
1.01.01	Cash and Cash Equivalents	480,086	644,493
1.01.02	Financial Investments	4,470	98,338
1.01.02.01	Financial investments measured at fair value through profit or loss	4,470	98,338
1.01.02.01.01	Trading Securities	4,470	98,338
1.01.03	Accounts Receivable	579,526	365,242
1.01.03.01	Trade Accounts	579,526	365,242
1.01.04	Inventories	232,163	186,436
1.01.06	Taxes Recoverable	77,286	39,810
1.01.06.01	Current Taxes to Recover	77,286	39,810
1.01.08	Other Current Assets	45,709	38,671
1.01.08.03	Other	45,709	38,671
1.02	Non-current Assets	2,806,739	2,425,332
1.02.01	Long-Term Assets	228,152	179,185
1.02.01.01	Financial investments measured at fair value through profit or loss	72,541	52,607
1.02.01.01.01	Securities designated at fair value	72,541	52,607
1.02.01.04	Accounts Receivable	49,698	51,680
1.02.01.07	Deferred Taxes	105,913	74,898
1.02.01.07.01	Deferred Income Tax and Social Contribution	105,913	74,898
1.02.02	Investments	2,191,348	1,895,799
1.02.02.01	Equity Interests	2,191,348	1,895,799
1.02.02.01.01	Shares in Affiliates	41,935	38,355
1.02.02.01.02	Shares in Controlled Companies	1,993,792	1,713,714
1.02.02.01.03	Interests in Jointly Controlled Companies	155,621	143,730
1.02.03	Property, plant and equipment	379,815	343,296
1.02.03.01	Property, plant and equipment in Operation	373,844	336,799
1.02.03.02	Right of Use in Lease	5,971	6,497
1.02.04	Intangible assets	7,424	7,052
1.02.04.01	Intangibles	7,424	7,052

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

<b>Account Code</b>	<b>Account Description</b>	<b>Current Quarter 06/30/2020</b>	<b>Previous Year 12/31/2019</b>
2	Total Liability	4,225,979	3,798,322
2.01	Current Liabilities	720,342	647,886
2.01.01	Social and Labor Obligations	64,567	94,261
2.01.01.01	Social Obligations	64,567	94,261
2.01.02	Suppliers	187,809	188,956
2.01.02.01	Domestic Suppliers	169,455	182,017
2.01.02.02	Foreign Suppliers	18,354	6,939
2.01.03	Tax Liabilities	42,995	33,328
2.01.03.01	Federal Tax Obligations	40,555	30,542
2.01.03.01.01	Income Tax and Social Contribution Payable	40,555	30,542
2.01.03.02	State Tax Obligations	2,305	2,536
2.01.03.03	Municipal Tax Obligations	135	250
2.01.04	Loans and Financing	252,030	182,497
2.01.04.01	Loans and Financing	252,030	182,497
2.01.04.01.01	In Domestic Currency	35,034	46,605
2.01.04.01.02	In Foreign Currency	216,996	135,892
2.01.05	Other Obligations	172,941	148,844
2.01.05.02	Other	172,941	148,844
2.01.05.02.02	Mandatory Minimum Dividend Payable	21,798	16,958
2.01.05.02.04	Advances from customers	37,478	30,848
2.01.05.02.05	Commissioned representatives	48,528	26,287
2.01.05.02.06	Profit sharing for managers	1,464	4,924
2.01.05.02.07	Lease obligations	1,052	992
2.01.05.02.08	Other current accounts payable	62,621	68,835
2.02	Non-current Liabilities	1,036,256	840,357
2.02.01	Loans and Financing	885,771	718,209
2.02.01.01	Loans and Financing	885,771	718,209
2.02.01.01.01	In Domestic Currency	227,932	239,462
2.02.01.01.02	In Foreign Currency	657,839	478,747
2.02.02	Other Obligations	28,587	28,957
2.02.02.02	Other	28,587	28,957
2.02.02.02.03	Obligation on account of equity interest	23,178	23,178
2.02.02.02.04	Lease obligations	5,409	5,779
2.02.04	Provisions	121,898	93,191
2.02.04.01	Labor and Social Security Tax Provisions	70,239	64,745
2.02.04.01.01	Tax Provisions	10,745	10,602
2.02.04.01.02	Social Security and Labor Provisions	52,312	53,179
2.02.04.01.03	Provisions for Employee Benefits	6,218	0
2.02.04.01.04	Civil Provisions	964	964
2.02.04.02	Other Provisions	51,659	28,446
2.02.04.02.04	Provision for losses on investments	51,659	28,446
2.03	Shareholders' Equity	2,469,381	2,310,079
2.03.01	Paid-in Capital	1,334,052	1,334,052
2.03.02	Capital Reserves	3,690	3,690
2.03.02.04	Granted Options	-8,329	-8,329
2.03.02.07	Capital transaction reserves	12,019	12,019

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

<b>Account Code</b>	<b>Account Description</b>	<b>Current Quarter 06/30/2020</b>	<b>Previous Year 12/31/2019</b>
2.03.04	Profit reserve	707,068	764,691
2.03.04.01	Legal reserve	72,345	72,345
2.03.04.02	Statutory reserve	666,177	723,800
2.03.04.09	Treasury shares	-31,454	-31,454
2.03.06	Asset valuation adjustments	431,237	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 04/01/2020 to 06/30/2020	DMPL - 01/01/2020 to 06/30/2020	Equal Quarter of Previous Year 04/01/2019 to 06/30/2019	DMPL - 01/01/2019 to 06/30/2019
3.01	Income on sale of goods and/or services	382,534	806,828	629,648	1,117,030
3.02	Cost of Goods and/or Services Sold	-297,487	-635,535	-525,008	-939,852
3.2.1	Cost of goods and/or services sold	-288,148	-626,196	-525,008	-939,852
3.2.2	Cost of Idleness	-9,339	-9,339	0	0
3.03	Gross Profit	85,047	171,293	104,640	177,178
3.04	Operating Income/Expenses	-53,434	-85,033	-29,807	-67,343
3.04.01	Sales Expenses	-28,124	-61,352	-43,898	-73,091
3.04.02	General and Administrative Expenses	-18,840	-42,787	-26,680	-49,747
3.04.05	Other Operating Expenses	-5,423	-14,898	-12,389	-14,132
3.04.06	Equity income	-1,047	34,004	53,160	69,627
3.05	Results Before Financial and Taxes Results	31,613	86,260	74,833	109,835
3.06	Financial Result	-27,459	-119,109	6,647	8,395
3.06.01	Financial Revenues	86,188	274,876	29,581	59,232
3.06.02	Financial Expenses	-113,647	-393,985	-22,934	-50,837
3.7	Earnings before income taxes	4,154	-32,849	81,480	118,230
3.8	Income tax and social contribution on profit	1,249	52,547	4,830	-7,700
3.08.01	Current	988	23,646	-654	-638
3.08.02	Deferred	261	28,901	5,484	-7,062
3.9	Net income from continued operations	5,403	19,698	86,310	110,530
3.11	Profit/Loss for the period	5,403	19,698	86,310	110,530
3.99	Profit per Share - (Reais / Share)				
3.99.1	Basic Profit per Share				
3.99.01.01	Common	0.00571	0.02098	0.09180	0.11756
3.99.01.02	Preferred	0.00571	0.02098	0.09180	0.11756
3.99.2	Diluted Profit per Share				
3.99.02.01	Common	0.00575	0.02080	0.09150	0.11718
3.99.02.02	Preferred	0.00575	0.02080	0.09150	0.11718

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

<b>Account Code</b>	<b>Account Description</b>	<b>Current Quarter 04/01/2020 to 06/30/2020</b>	<b>DMPL - 01/01/2020 to 06/30/2020</b>	<b>Equal Quarter of Previous Year 04/01/2019 to 06/30/2019</b>	<b>DMPL - 01/01/2019 to 06/30/2019</b>
4.1	Net Profit for the Period	5,403	19,698	86,310	110,530
4.2	Other comprehensive income	52,611	216,925	-15,606	-27,491
4.2.1	Foreign investment exchange rate change	57,547	221,043	-18,650	-32,608
4.2.2	Actuarial gains/losses	-6,218	-6,218	0	0
4.2.3	Deferred IR and CS on actuarial gains or losses	2,115	2,115	0	0
4.2.4	Participation in comprehensive income of controlled	-833	-15	3,044	5,117
4.3	Comprehensive Income for the Period	58,014	236,623	70,704	83,039

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

<b>Account Code</b>	<b>Account Description</b>	<b>DMPL - 01/01/2020 to 06/30/2020</b>	<b>DMPL - 01/01/2019 to 06/30/2019</b>
6.01	Net Cash from Operating Activities	-34,280	96,362
6.01.01	Cash Generated in Operations	178,235	69,594
6.01.01.01	Net income for the period	19,698	110,530
6.01.01.02	Depreciation and amortization	15,631	14,358
6.01.01.03	Income from sale of property, plant and equipment and intangible assets	3,144	501
6.01.01.04	Equity income	-34,004	-69,627
6.01.01.05	Provision for doubtful accounts	2,341	-489
6.01.01.06	Current and deferred income and social contribution taxes	-52,547	7,700
6.01.01.07	Appropriated interest and changes	223,972	6,621
6.01.02	Assets and liabilities variations	-212,515	26,768
6.01.02.01	(Increase) decrease in trade receivables	-216,625	109,186
6.01.02.02	(Increase) decrease in inventories	-45,727	42,794
6.01.02.03	(Increase) decrease in other accounts receivable	-73,547	-16,122
6.01.02.04	(Increase) decrease in assets measured at fair value	73,934	-12,975
6.01.02.05	Increase (decrease) suppliers	-1,147	-40,347
6.01.02.06	Increase (decrease) actuarial liabilities	6,218	0
6.01.02.07	Increase (decrease) in accounts payable and provisions	20,733	-55,130
6.01.02.08	Taxes on profit paid	23,646	-638
6.02	Net Cash from Investment Activities	-72,864	-22,540
6.02.01	Investments	-22,537	18,412
6.02.02	Dividends from subsidiaries, jointly controlled and associates	4,523	8,146
6.02.03	Additions of property, plant and equipment	-53,438	-47,429
6.02.04	Additions of intangible assets	-1,412	-2,826
6.02.05	Receipts from sale of property, plant and equipment	0	1,157
6.03	Net Cash from Loan Activities	-57,263	-105,490
6.03.02	Loans from third parties	136,349	359,934
6.03.03	Payment of loans - principal	-116,010	-437,917
6.03.04	Payment of loans - interest	-7,631	-16,323
6.03.05	Payment of interest on shareholders' equity and dividends	-69,971	-82,909
6.03.06	Treasury shares	0	2,295
6.03.07	Issue of shares	0	69,430
6.05	Increase (decrease) in cash and equivalents	-164,407	-31,668
6.05.01	Opening Balance of Cash and Cash Equivalents	644,493	653,573
6.05.02	Closing balance of cash and cash equivalents	480,086	621,905

**Individual Financial Statements / Statement of Changes in Shareholders' Equity / DMPL - 01/01/2020 to 06/30/2020****(Thousand Reais)**

Account	Account Description	Capital Stock Comprehensive	Capital Reserves, Paid-In Treasury shares	Profit Reserves	Accumulated Granted Options and	Other Comprehensive Profit or Loss	Net Worth Income
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	0	-53,848	-23,473	0	-77,321
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	19,698	216,925	236,623
5.05.01	Net Profit for the Period	0	0	0	19,698	0	19,698
5.05.02	Other comprehensive income	0	0	0	0	216,925	216,925
5.05.02.03	Equity in comprehensive income of Subsidiaries and associates	0	0	0	0	37	37
5.05.02.04	Conversion Adjustments for the Period	0	0	0	0	221,043	221,043
5.05.02.06	Actuarial gains/losses	0	0	0	0	-4,155	-4,155
5.07	Ending Balances	1,334,052	-27,764	742,297	-3,775	424,571	2,469,381

**Individual Financial Statements / Statement of Changes in Shareholders' Equity / DMPL - 01/01/2019 to 06/30/2019****(Thousand Reais)**

Account	Account Description	Capital Stock Comprehensive	Capital Reserves, Paid-In Treasury shares	Profit Reserves	Accumulated Granted Options and	Other Comprehensive Profit or Loss	Net Worth Income
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	2,295	-38,561	-28,407	0	4,757
5.04.01	Capital Increases	69,430	0	0	0	0	69,430
5.04.05	Treasury shares sold	0	2,295	0	0	0	2,295
5.04.06	Dividends	0	0	-38,561	0	0	-38,561
5.04.07	Interest on equity	0	0	0	-28,407	0	-28,407
5.5	Total Comprehensive Income	0	0	0	110,530	-27,491	83,039
5.5.1	Net Profit for the Period	0	0	0	110,530	0	110,530
5.5.2	Other comprehensive income	0	0	0	0	-27,491	-27,491
5.5.2.3	Equity in comprehensive income of Subsidiaries and Associates	0	0	0	0	5,117	5,117
5.5.2.4	Conversion Adjustments for the Period	0	0	0	0	-32,608	-32,608
5.07	Ending Balances	1,334,052	-10,793	642,588	82,123	145,445	2,193,415

**Individual Financial Statements / Value Added Statement****(Thousand Reais)**

<b>Account Code</b>	<b>Account Description</b>	<b>DMPL - 01/01/2020 to 06/30/2020</b>	<b>DMPL - 01/01/2019 to 06/30/2019</b>
7.01	Revenues	886,425	1,244,678
7.01.01	Sales of Goods, Products and Services	886,570	1,240,934
7.01.02	Other Revenues	2,196	3,255
7.01.04	Provision/Reversal of Doubtful Accounts	-2,341	489
7.02	Inputs Purchased from Third Parties	-666,394	-951,583
7.02.01	Costs Products, Merchandise and Services Sold	-550,121	-813,051
7.02.02	Materials, energy, outsourced services, and others	-99,179	-121,145
7.02.03	Loss/Recovery of Asset Values	-17,094	-17,387
7.03	Gross value added	220,031	293,095
7.04	Retention	-15,631	-14,358
7.04.01	Depreciation, Amortization and Depletion	-15,631	-14,358
7.05	Net value added produced	204,400	278,737
7.06	Value Added received as transfer	306,332	128,859
7.06.01	Equity Income	34,004	69,627
7.06.02	Financial Revenue	272,328	59,232
7.07	Total value added to be distributed	510,732	407,596
7.08	Value Added Distribution	510,732	407,596
7.08.01	Personnel	169,979	226,087
7.08.01.01	Direct Remuneration	123,879	168,359
7.08.01.02	Benefits	33,131	40,191
7.08.01.03	F.G.T.S.	12,969	17,537
7.08.02	Taxes, Fees and Contributions	-73,882	17,189
7.08.02.01	Federal	-53,915	20,946
7.08.02.02	State	-20,516	-4,397
7.08.02.03	Municipal	549	640
7.08.03	Remuneration of third-party capital	394,937	53,790
7.08.03.01	Interest	391,437	50,837
7.08.03.02	Rents	3,500	2,953
7.08.04	Remuneration of own party capital	19,698	110,530
7.08.04.01	Interest on equity	23,473	28,407
7.08.04.03	Retained Profit/Loss of the Year	-3,775	82,123

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

<b>Account Code</b>	<b>Account Description</b>	<b>Current Quarter 06/30/2020</b>	<b>Previous Year 12/31/2019</b>
1	Total Assets	5,807,067	5,193,678
1.01	Current Assets	3,026,822	2,835,219
1.01.01	Cash and Cash Equivalents	805,857	1,074,622
1.01.02	Financial Investments	4,655	100,163
1.01.02.01	Financial investments measured at fair value through profit or loss	4,655	100,163
1.01.02.01.01	Trading Securities	4,655	100,163
1.01.03	Accounts Receivable	1,174,718	863,015
1.01.03.01	Trade Accounts	1,174,718	863,015
1.01.04	Inventories	681,217	552,691
1.01.06	Taxes Recoverable	256,880	158,941
1.01.06.01	Current Taxes to Recover	256,880	158,941
1.01.08	Other Current Assets	103,495	85,787
1.01.08.03	Other	103,495	85,787
1.02	Non-current Assets	2,780,245	2,358,459
1.02.01	Long-Term Assets	783,293	607,593
1.02.01.01	Financial investments measured at fair value through profit or loss	71,437	51,646
1.02.01.01.01	Securities designated at fair value	71,437	51,646
1.02.01.04	Accounts Receivable	558,414	435,689
1.02.01.04.01	Trade Accounts	479,071	360,775
1.02.01.04.02	Other Trade Receivables	79,343	74,914
1.02.01.07	Deferred Taxes	153,442	120,258
1.02.01.07.01	Deferred Income Tax and Social Contribution	153,442	120,258
1.02.02	Investments	637,503	521,486
1.02.02.01	Equity Interests	589,048	472,580
1.02.02.01.01	Investments in Associates	458,343	366,588
1.02.02.01.04	Interests in Jointly Controlled Companies	127,499	105,809
1.02.02.01.05	Other Investments	3,206	183
1.02.02.02	Property for Investments	48,455	48,906
1.02.03	Property, plant and equipment	1,022,419	941,203
1.02.03.01	Property, plant and equipment in operation	952,543	891,235
1.02.03.02	Right of Use in Lease	69,876	49,968
1.02.04	Intangible assets	337,030	288,177
1.02.04.01	Intangibles	43,809	42,381
1.02.04.02	Goodwill	293,221	245,796

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

<b>Account Code</b>	<b>Account Description</b>	<b>Current Quarter 06/30/2020</b>	<b>Previous Year 12/31/2019</b>
2	Total Liability	5,807,067	5,193,678
2.01	Current Liabilities	1,663,331	1,512,406
2.01.01	Social and Labor Obligations	114,812	141,051
2.01.01.01	Social Obligations	114,812	141,051
2.01.02	Suppliers	361,201	377,527
2.01.02.01	Domestic Suppliers	246,275	283,929
2.01.02.02	Foreign Suppliers	114,926	93,598
2.01.03	Tax Liabilities	89,473	75,519
2.01.03.01	Federal Tax Obligations	84,743	71,661
2.01.03.01.01	Income Tax and Social Contribution Payable	84,743	71,661
2.01.03.02	State Tax Obligations	4,480	3,374
2.01.03.03	Municipal Tax Obligations	250	484
2.01.04	Loans and Financing	730,388	610,498
2.01.04.01	Loans and Financing	730,388	610,498
2.01.04.01.01	In Domestic Currency	271,657	273,485
2.01.04.01.02	In Foreign Currency	458,731	337,013
2.01.05	Other Obligations	367,457	307,811
2.01.05.02	Other	367,457	307,811
2.01.05.02.02	Mandatory Minimum Dividend Payable	21,798	16,958
2.01.05.02.04	Advances from customers	117,084	90,792
2.01.05.02.05	Commissioned representatives	65,524	37,884
2.01.05.02.06	Profit sharing for managers	1,464	4,924
2.01.05.02.07	Lease obligations	17,598	13,593
2.01.05.02.08	Other current accounts payable	143,989	143,660
2.02	Non-current Liabilities	1,617,076	1,322,860
2.02.01	Loans and Financing	1,386,925	1,142,352
2.02.01.01	Loans and Financing	1,386,925	1,142,352
2.02.01.01.01	In Domestic Currency	714,183	679,107
2.02.01.01.02	In Foreign Currency	672,742	463,245
2.02.02	Other Obligations	94,449	70,737
2.02.02.02	Other	94,449	70,737
2.02.02.02.03	Other non-current accounts payable	14,025	10,629
2.02.02.02.04	Obligation on account of equity interest	23,178	23,178
2.02.02.02.05	Lease obligations	57,246	36,930
2.02.04	Provisions	135,702	109,771
2.02.04.01	Labor and Social Security Tax Provisions	92,138	85,242
2.02.04.01.01	Tax Provisions	17,871	16,420
2.02.04.01.02	Social Security and Labor Provisions	65,438	66,324
2.02.04.01.03	Provisions for Employee Benefits	6,312	0
2.02.04.01.04	Civil Provisions	2,517	2,498
2.02.04.02	Other Provisions	43,564	24,529
2.02.04.02.04	Provision for losses on investments	43,564	24,529
2.03	Consolidated Shareholders' Equity	2,526,660	2,358,412
2.03.01	Paid-in Capital	1,334,052	1,334,052
2.03.02	Capital Reserves	3,690	3,690
2.03.02.04	Granted Options	-8,329	-8,329

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

<b>Account Code</b>	<b>Account Description</b>	<b>Current Quarter 06/30/2020</b>	<b>Previous Year 12/31/2019</b>
2.03.02.07	Capital transaction reserves	12,019	12,019
2.03.04	Profit reserve	707,068	764,691
2.03.04.01	Legal reserve	72,345	72,345
2.03.04.02	Statutory reserve	666,177	723,800
2.03.04.09	Treasury shares	-31,454	-31,454
2.03.06	Asset valuation adjustments	431,237	214,312
2.03.08	Other comprehensive income	-6,666	-6,666
2.03.09	Non-Controlling Interests	57,279	48,333

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

Account Code	Account Description	Current Quarter 04/01/2020 to 06/30/2020	DMPL - 01/01/2020 to 06/30/2020	Equal Quarter of Previous Year 04/01/2019 to 06/30/2019	DMPL - 01/01/2019 to 06/30/2019
3.01	Income on sale of goods and/or services	798,469	1,717,868	1,141,812	2,040,399
3.02	Cost of goods and/or services sold	-668,008	-1,437,335	-966,304	-1,726,888
3.02.01	Cost of goods and/or services sold	-640,018	-1,409,345	-966,304	-1,726,888
3.02.02	Cost of Idleness	-27,990	-27,990	0	0
3.03	Gross Profit	130,461	280,533	175,508	313,511
3.04	Operating Income/Expenses	-113,592	-184,320	-90,848	-186,570
3.04.01	Sales Expenses	-53,757	-106,672	-62,701	-110,274
3.04.02	General and Administrative Expenses	-39,187	-86,857	-47,308	-89,260
3.04.05	Other Operating Expenses	31,170	26,873	-9,904	-15,697
3.04.06	Equity income	-51,818	-17,664	29,065	28,661
3.05	Results before financial and taxes results	16,869	96,213	84,660	126,941
3.06	Financial Result	-16,908	-120,517	8,933	10,596
3.06.01	Financial Revenue	133,454	383,796	46,646	92,649
3.06.02	Financial Expenses	-150,362	-504,313	-37,713	-82,053
3.07	Earnings before income taxes	-39	-24,304	93,593	137,537
3.08	Income tax and social contribution on profit	1,346	36,329	-2,687	-19,638
3.08.01	Current	3,235	3,145	-15,153	-18,796
3.08.02	Deferred	-1,889	33,184	12,466	-842
3.09	Net income from continued operations	1,307	12,025	90,906	117,899
3.11	Consolidated Profit/Loss for the period	1,307	12,025	90,906	117,899
3.11.01	Assigned to Controlling Company's Partners	5,403	19,698	86,310	110,530
3.11.02	Assigned to Non-controlling Partner Company	-4,096	-7,673	4,596	7,369
3.99	Profit per Share - (Reais / Share)				
3.99.01	Basic Profit per Share				
3.99.01.01	Common	0.00571	0.02098	0.09180	0.11756
3.99.01.02	Preferred	0.00571	0.02098	0.09180	0.11756
3.99.02	Diluted Profit per Share				
3.99.02.01	Common	0.00575	0.09150	0.09150	0.11718

Consolidated Financial Statements / Income Statement

(Thousand Reais)

Account Code	Account Description	Current Quarter 04/01/2020 to 06/30/2020	DMPL - 01/01/2020 to 06/30/2020	Equal Quarter of Previous Year 04/01/2019 to 06/30/2019	DMPL - 01/01/2019 to 06/30/2019
3.99.02.02	Preferred	0.00575	0.09150	0.09150	0.11718

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

<b>Account Code</b>	<b>Account Description</b>	<b>Current Quarter 04/01/2020 to 06/30/2020</b>	<b>DMPL - 01/01/2020 to 06/30/2020</b>	<b>Equal Quarter of Previous Year 04/01/2019 to 06/30/2019</b>	<b>DMPL - 01/01/2019 to 06/30/2019</b>
4.01	Consolidated Net Income for the period	1,307	12,025	90,906	117,899
4.02	Other Comprehensive Income	55,446	233,544	-16,191	-27,776
4.02.01	Foreign investment exchange rate change	60,382	237,662	-19,235	-32,893
4.02.02	Actuarial gains/losses	-6,312	-6,312	0	0
4.02.03	Deferred IR and CS on actuarial gains or losses	2,157	2,157	0	0
4.02.04	Participation in comprehensive income of controlled	-781	37	3,044	5,117
4.03	Comprehensive Consolidated Income for the period	56,753	245,569	74,715	90,123
4.03.01	Assigned to Controlling Company's Partners	58,014	236,623	70,704	83,039
4.03.02	Assigned to Non-controlling Partner Company	-1,261	8,946	4,011	7,084

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

<b>Account Code</b>	<b>Account Description</b>	<b>DMPL - 01/01/2020 to 06/30/2020</b>	<b>DMPL - 01/01/2019 to 06/30/2019</b>
6.01	Net Cash from Operating Activities	-225,487	292,885
6.01.01	Cash Generated in Operations	299,842	183,947
6.01.01.01	Net income for the period	12,025	117,899
6.01.01.02	Depreciation and amortization	46,556	39,232
6.01.01.03	Income from sale of property, plant and equipment and intangible assets	2,551	841
6.01.01.04	Equity income	17,664	-28,661
6.01.01.05	Provision for doubtful accounts	3,777	5,585
6.01.01.06	Current and deferred income and social contribution taxes	-36,329	19,638
6.01.01.07	Appropriated interest and changes	261,271	22,044
6.01.01.08	Non-controller equity interest	-7,673	7,369
6.01.02	Assets and liabilities variations	-525,329	108,938
6.01.02.01	(Increase) decrease in trade receivables	-396,523	179,256
6.01.02.02	(Increase) decrease in inventories	-75,138	20,677
6.01.02.03	(Increase) decrease in other accounts receivable	-133,733	-29,132
6.01.02.04	(Increase) decrease in assets measured at fair value	75,717	-14,113
6.01.02.05	Increase (decrease) suppliers	-50,364	15,403
6.01.02.06	Increase (decrease) actuarial liabilities	6,312	0
6.01.02.07	Increase (decrease) in accounts payable and provisions	45,255	-44,357
6.01.02.08	Taxes on profit paid	3,145	-18,796
6.02	Net Cash from Investment Activities	-72,687	-63,343
6.02.02	Dividends from subsidiaries, jointly controlled and associates	448	8,146
6.02.03	Additions of property, plant and equipment	-71,174	-70,737
6.02.04	Additions of intangible assets	-1,961	-2,902
6.02.05	Receipts from sale of property, plant and equipment	0	2,150
6.03	Net Cash from Loan Activities	-17,262	-224,956
6.03.02	Loans from third parties	362,623	588,695
6.03.03	Payment of loans - principal	-286,418	-767,214
6.03.04	Payment of loans - interest	-23,496	-35,253
6.03.05	Payment of interest on shareholders' equity and dividends	-69,971	-82,909
6.03.06	Treasury shares	0	2,295
6.03.07	Issue of shares	0	69,430
6.04	Exchange rate change without cash and cash equivalents	46,671	100
6.05	Increase (decrease) in cash and cash equivalents	-268,765	4,686
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	805,857	868,153

**Consolidated Financial Statements / Statement of Changes in Shareholders' Equity / DMPL - 01/01/2020 to 06/30/2020****(Thousand Reais)**

Account Code	Account Description	Capital Stock	Capital Reserves, Paid-In	Profit Reserves Granted Option and	Accumulated Profit or Loss	Other Comprehensive Income	Net Worth Controllers	Participation of Non- Consolidated	Shareholders' Equity Treasury Shares
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	0	-53,848	-23,473	0	-77,321	0	-77,321
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	19,968	216,925	236,623	8,946	245,569
5.05.01	Net Profit for the Period	0	0	0	19,698	0	19,698	-7,673	12,025
5.05.02	Other comprehensive income	0	0	0	0	216,925	216,925	16,619	233,544
5.05.02.03	Equity in comprehensive income of subsidiaries and associates	0	0	0	0	37	37	0	37
5.05.02.04	Conversion Adjustments for the Period	0	0	0	0	221,043	221,043	16,619	237,662
5.05.02.06	Pension plan	0	0	0	0	-4,155	-4,155	0	-4,155
5.07	Ending Balances	1,334,052	-27,764	742,297	-3,775	424,571	2,469,381	57,279	2,526,660

**Consolidated Financial Statements / Statement of Changes in Shareholders' Equity / DMPL - 01/01/2019 to 06/30/2019****(Thousand Reais)**

<u>Account Code</u>	<u>Account Description</u>	<u>Capital Stock</u>	<u>Capital Reserves, Paid-In</u>	<u>Profit Reserves Granted Option and</u>	<u>Accumulated Profit or Loss</u>	<u>Other Comprehensive Income</u>	<u>Net Worth Controllers</u>	<u>Participation of Non- Consolidated</u>	<u>Shareholders' Equity Treasury Shares</u>
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	2,295	-38,561	-28,407	0	4,757	0	4,757
5.04.01	Capital Increases	69,430	0	0	0	0	69,430	0	69,430
5.04.05	Treasury shares sold	0	2,295	0	0	0	2,295	0	2,295
5.04.06	Dividends	0	0	-38,561	0	0	-38,561	0	-38,561
5.04.07	Interest on equity	0	0	0	-28,407	0	-28,407	0	-28,407
5.05	Total Comprehensive Income	0	0	0	110,530	-27,491	83,039	7,084	90,123
5.05.01	Net Profit for the Period	0	0	0	110,530	0	110,530	7,369	117,899
5.5.2	Other comprehensive income	0	0	0	0	-27,491	-27,491	-285	-27,776
5.5.2.3	Equity in comprehensive income of Associates	0	0	0	0	5,117	5,117	0	5,117
5.5.2.4	Conversion adjustment for the period	0	0	0	0	-32,608	-32,608	-285	-32,893
5.07	Ending Balances	1,334,052	-10,793	642,588	82,123	145,445	2,193,415	36,096	2,229,511

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

<b>Account Code</b>	<b>Account Description</b>	<b>DMPL - 01/01/2020 to 06/30/2020</b>	<b>DMPL - 01/01/2019 to 06/30/2019</b>
7.01	Revenue	1,946,977	2,266,921
7.01.01	Sales of Goods, Products and Services	1,905,432	2,271,298
7.01.02	Other Revenues	45,322	1,208
7.01.04	Provision/Reversal of Doubtful Accounts	-3,777	-5,585
7.02	Inputs Purchased from Third Parties	-1,434,322	-1,701,670
7.02.01	Costs Products, Merchandise and Services Sold	-1,245,330	-1,507,359
7.02.02	Materials, energy, outsourced services and others	-155,864	-169,344
7.02.03	Loss/Recovery of Asset Values	-32,948	-24,967
7.02.04	Other	-180	0
7.03	Gross value added	512,655	565,251
7.04	Retention	-46,556	-39,232
7.04.01	Depreciation, Amortization and Depletion	-46,556	-39,232
7.05	Net value added produced	466,099	526,019
7.06	Value Added received as transfer	363,584	121,310
7.06.01	Equity income	-17,664	28,661
7.06.02	Financial Revenue	381,248	92,649
7.07	Total value added to be distributed	829,683	647,329
7.08	Value Added Distribution	829,683	647,329
7.08.01	Personnel	352,236	398,833
7.08.01.01	Direct Remuneration	272,678	310,209
7.08.01.02	Benefits	61,519	66,219
7.08.01.03	F.G.T.S.	18,039	22,405
7.08.02	Taxes, Fees and Contributions	-42,825	39,024
7.08.02.01	Federal	-22,342	44,532
7.08.02.02	State	-21,396	-6,515
7.08.02.03	Municipal	913	1,007
7.08.03	Remuneration of third-party capital	508,247	91,573
7.08.03.01	Interest	501,765	82,053
7.08.03.02	Rents	6,482	9,520
7.08.04	Remuneration of own party capital	12,025	117,899
7.08.04.01	Interest on equity	23,473	28,407
7.08.04.03	Retained Profit/Loss of the Year	-11,448	89,492

**Caxias do Sul, August 3<sup>rd</sup>, 2020 - Marcopolo S.A. (B3: POMO3; POMO4)** publishes the results referring to the performance of the second quarter of 2020 (2T20). The financial statements are presented in accordance with accounting practices adopted in Brazil and with IFRS - *International Financial Reporting Standards*, established by IASB - *International Accounting Standards Board*.

### HIGHLIGHTS OF THE 2ND QUARTER OF 2020

- ✿ Marcopolo's **Total Production** reached 2,335 units, 45.7% lower than 2Q19.
- ✿ **Net Revenue** totaled BRL 798.5 million, a reduction of 30.1% compared to 2Q19.
- ✿ **Gross Profit** reached BRL 130.5 million, with a margin of 16.3%.
- ✿ **EBITDA** totaled BRL 40.9 million, with a margin of 5.1%.
- ✿ **Net Profit** was BRL 1.3 million, with a margin of 0.2%.

(BRL million and percentage change, unless otherwise stated).

Selected Information	2Q20	2Q19	Var. %	1H20	1H19	Var. %
Net operating revenue	798.5	1,141.8	-30.1%	1,717.9	2,040.4	-15.8%
Revenue in Brazil	356.3	625.4	-43.0%	825.9	1,036.7	-20.3%
Export revenue from Brazil	247.7	238.5	3.9%	461.6	503.8	-8.4%
Revenue overseas	194.5	278.0	-30.0%	430.3	499.9	-13.9%
Gross Profit	130.5	175.5	-25.6%	280.5	313.5	-10.5%
EBITDA <sup>(1)</sup>	40.9	105.5	-61.3%	142.8	166.2	-14.1%
Net Profit	1.3	90.9	-98.6%	12.0	117.9	-89.8%
Profit per Share	0.001	0.096	-98.6%	0.021	0.117	-82.1%
Return on Invested Capital (ROIC) <sup>(2)</sup>	6.4%	7.1%	-0.7 pp	6.4%	7.1%	-0.7 pp
Return on Equity (ROE) <sup>(3)</sup>	4.8%	12.1%	-7.3 pp	4.8%	12.1%	-7.3 pp
Investments	23.4	44.2	-47.2%	73.1	73.6	-0.6%
Gross Margin	16.3%	15.4%	0,9 pp	16.3%	15.4%	0,9 pp
EBITDA Margin	5.1%	9.2%	-4.1 pp	8.3%	8.1%	0.2 pp
Net Margin	0.2%	8.0%	-7.8 pp	0.7%	5.8%	-5.1 pp
Balance Sheet Data	06/30/2020	03/31/2020	Var. %			
Shareholder Equity	2,469.4	2,411.4	2.4%			
Cash, cash equivalents and financial investments	881.9	980.6	-10.1%			
Short-term financial liabilities	-730.4	-702.2	4.0%			
Long-term financial liabilities	-1,386.9	-1,290.1	7.5%			
Net financial liability – Industrial Segment	-722.4	-532.7	35.6%			

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 Equity; pp = percentage points.

### BRAZILIAN BUS INDUSTRY PERFORMANCE

In 2Q20, Brazilian bus production reached 3,300 units, down 43.2% compared to 2Q19.

**a) Domestic Market.** Domestic production totaled 2,504 units in 2Q10, 47.8% lower than the 4,796 units produced in 2Q19.

**b) Foreign Market.** Exports totaled 796 units in 2Q10, 21.3% lower than the 1,012 units exported in 2Q19.

#### BRAZILIAN BUS PRODUCTION (in units)

PRODUCTS <sup>(1)</sup>	2Q20			2Q19			Var.
	MI	ME <sup>(2)</sup>	TOTAL	MI	ME <sup>(2)</sup>	TOTAL	%
Intercity	671	225	<b>896</b>	1099	563	<b>1,662</b>	-46.1%
Urban	1,313	553	<b>1,866</b>	2,777	295	<b>3,072</b>	-39.3%
Micro	520	18	<b>538</b>	920	154	<b>1,074</b>	-49.9%
<b>TOTAL</b>	<b>2,504</b>	<b>796</b>	<b>3,300</b>	<b>4,796</b>	<b>1,012</b>	<b>5,808</b>	<b>-43.2%</b>

PRODUCTS <sup>(1)</sup>	1H20			1H19			Var.
	MI	ME <sup>(2)</sup>	TOTAL	MI	ME <sup>(2)</sup>	TOTAL	%
Intercity	1,514	519	<b>2,033</b>	1,661	1,105	<b>2,766</b>	-26.5%
Urban	3,509	1,100	<b>4,609</b>	5,104	1,124	<b>6,228</b>	-26.0%
Micro	1,161	41	<b>1,202</b>	1,697	389	<b>2,086</b>	-42.4%
<b>TOTAL</b>	<b>6,184</b>	<b>1,660</b>	<b>7,844</b>	<b>8,462</b>	<b>2,618</b>	<b>11,080</b>	<b>-29.2%</b>

Sources: FABUS (Associação Nacional dos Fabricantes de Ônibus) and SIMEFRE (Sindicato Interestadual da Indústria de Materiais e Equipamentos Ferroviários e Rodoviários).

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

### OPERATIONAL AND FINANCIAL PERFORMANCE OF MARCOPOLO

#### Units recorded in Net Revenue

In 2Q20, 2,591 units were recorded in net revenue, 1,799 of which were invoiced in Brazil (71.9% of the total), 524 exported from Brazil (12.4%) and 304 abroad (14.8%).

OPERATIONS (in units)	2Q20	2Q19	Var. %	1H20	1H19	Var. %
<b>BRAZIL:</b>						
- Domestic Market	1,799	2,838	-36.6%	4,011	4,969	-19.3%
- Foreign Market	524	641	-18.2%	1,172	1,473	-20.4%
<b>SUBTOTAL</b>	<b>2,323</b>	<b>3,479</b>	<b>-33.2%</b>	<b>5,183</b>	<b>6,442</b>	<b>-19.5%</b>
Exported KD eliminations <sup>(1)</sup>	36	34	5.9%	298	73	308.2%
<b>TOTAL IN BRAZIL</b>	<b>2,287</b>	<b>3,445</b>	<b>-33.6%</b>	<b>4,885</b>	<b>6,369</b>	<b>-23.3%</b>
<b>OVERSEAS:</b>						
- South Africa	33	56	-41.1%	84	98	-14.3%
- Australia	93	108	-13.9%	169	206	-18.0%
- China	9	29	-69.0%	17	44	-61.4%

- Mexico	167	409	-59.2%	490	764	-35.9%
- Argentina	2	-	-	28	-	-
<b>TOTAL OVERSEAS</b>	<b>304</b>	<b>602</b>	<b>-49.5%</b>	<b>788</b>	<b>1,112</b>	<b>-29.1%</b>
<b>GRAND TOTAL</b>	<b>2,591</b>	<b>4,047</b>	<b>-36.0%</b>	<b>5,673</b>	<b>7,481</b>	<b>-24.2%</b>

Notes: <sup>(1)</sup> KD (Knock Down) = Partially or fully disassembled bodies.

## PRODUCTION

Marcopolo's consolidated production was 2,335 units in 2Q20. In Brazil, production reached 2,042 units, 45.5% lower than in 2Q19, while abroad production was 293, 47.1% lower than the units produced in the same period of the previous year.

In the related, unconsolidated operations, considering only Marcopolo's proportion in the respective share capital of the companies, production was 180 units, 91.4% lower than in 2Q19.

In the quarter, production was negatively affected by the granting of collective vacations in the first two weeks of April in Brazil, as well as by shutdowns in virtually all operations located abroad. After the shutdowns, most factories returned to work with lower production and labor levels compared to the same period in 2019. The interruption of activities is associated with the Covid-19 pandemic, which led to greater or lesser health restrictions in the areas where the Company maintains operations.

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

### MARCOPOLO - CONSOLIDATED GLOBAL PRODUCTION

OPERATIONS (in units)	2Q20	2Q19	Var. %	1H20	1H19	Var. %
<b>BRAZIL: <sup>(1)</sup></b>						
- Domestic Market	1,742	3,207	-45.7%	4,256	5,280	-19.4%
- Foreign Market	336	596	-43.6%	1,024	1,595	-35.8%
<b>SUBTOTAL</b>	<b>2,078</b>	<b>3,803</b>	<b>-45.4%</b>	<b>5,280</b>	<b>6,875</b>	<b>-23.2%</b>
Exported KD eliminations <sup>(2)</sup>	36	55	-34.5%	298	158	88.6%
<b>TOTAL IN BRAZIL</b>	<b>2,042</b>	<b>3,748</b>	<b>-45.5%</b>	<b>4,982</b>	<b>6,717</b>	<b>-25.8%</b>
<b>OVERSEAS:</b>						
- South Africa	24	45	-46.7%	75	100	-25.0%
- Australia	93	108	-13.9%	169	206	-18.0%
- China	15	19	-21.1%	26	64	-59.4%
- Mexico	161	382	-57.9%	514	750	-31.5%
- Argentina	-	-	-	13	-	-
<b>TOTAL OVERSEAS</b>	<b>293</b>	<b>554</b>	<b>-47.1%</b>	<b>797</b>	<b>1,120</b>	<b>-28.8%</b>
<b>GRAND TOTAL</b>	<b>2,335</b>	<b>4,302</b>	<b>-45.7%</b>	<b>5,779</b>	<b>7,837</b>	<b>-26.3%</b>

UNCONSOLIDATED OPERATIONS (in units) <sup>(3)</sup>	2Q20	2Q19	Var. %	1H20	1H19	Var. %
- Colombia (50%)	113	142	-20.4%	287	377	-24.0%
- India (49%)	67	1,949	-96.6%	1,341	3,224	-58.4%
<b>TOTAL AFFILIATES</b>	<b>180</b>	<b>2,091</b>	<b>-91.4%</b>	<b>1,627</b>	<b>3,601</b>	<b>-54.8%</b>

Notes: <sup>(1)</sup> Includes the production of the Volare model; <sup>(2)</sup> KD (*Knock Down*) = Partially or fully disassembled bodies; <sup>(3)</sup> Volume proportional to Marcopolo's participation in the respective companies.

## MARCOPOLO - GLOBAL PRODUCTION CONSOLIDATED BY MODEL

PRODUCTS/MARKETS <sup>(2)</sup> (in units)	2Q20			2Q19		
	MI	ME <sup>(1)</sup>	TOTAL	MI	ME <sup>(1)</sup>	TOTAL
Intercity	244	142	<b>386</b>	780	444	<b>1,224</b>
Urban	704	462	<b>1,166</b>	1,097	486	<b>1,583</b>
Micro	356	7	<b>363</b>	654	72	<b>726</b>
<b>SUBTOTAL</b>	<b>1,304</b>	<b>611</b>	<b>1,915</b>	<b>2,531</b>	<b>1,002</b>	<b>3,533</b>
Volares <sup>(3)</sup>	438	18	<b>456</b>	676	93	<b>769</b>
<b>TOTAL PRODUCTION</b>	<b>1,742</b>	<b>629</b>	<b>2,371</b>	<b>3,207</b>	<b>1,095</b>	<b>4,302</b>

PRODUCTS/MARKETS <sup>(2)</sup> (in units)	1H20			1H19		
	MI	ME <sup>(1)</sup>	TOTAL	MI	ME <sup>(1)</sup>	TOTAL
Intercity	767	358	<b>1,125</b>	1,119	866	<b>1,985</b>
Urban	1,730	1,390	<b>3,120</b>	1,780	1,363	<b>3,143</b>
Micro	711	29	<b>740</b>	1,124	187	<b>1,311</b>
<b>SUBTOTAL</b>	<b>3,208</b>	<b>1,777</b>	<b>4,985</b>	<b>(4,023)</b>	<b>2,416</b>	<b>6,439</b>
Volares <sup>(3)</sup>	1,048	44	<b>1,092</b>	1,257	141	<b>1,398</b>
<b>TOTAL PRODUCTION</b>	<b>4,256</b>	<b>1,821</b>	<b>6,077</b>	<b>5,280</b>	<b>2,557</b>	<b>7,837</b>

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

## MARCOPOLO - PRODUCTION IN BRAZIL

PRODUCTS/MARKETS <sup>(2)</sup> (in units)	2Q20			2Q19		
	MI	ME <sup>(1)</sup>	TOTAL	MI	ME <sup>(1)</sup>	TOTAL
Intercity	244	104	<b>348</b>	780	376	<b>1,156</b>
Urban	704	208	<b>912</b>	1,097	55	<b>1,152</b>
Micro	356	7	<b>363</b>	654	72	<b>726</b>
<b>SUBTOTAL</b>	<b>1,304</b>	<b>319</b>	<b>1,623</b>	<b>2,531</b>	<b>503</b>	<b>3,034</b>
Volares <sup>(3)</sup>	438	17	<b>455</b>	676	93	<b>769</b>
<b>TOTAL PRODUCTION</b>	<b>1,742</b>	<b>336</b>	<b>2,078</b>	<b>3,207</b>	<b>596</b>	<b>3,803</b>

PRODUCTS/MARKETS <sup>(2)</sup> (in units)	1H20			1H19		
	MI	ME <sup>(1)</sup>	TOTAL	MI	ME <sup>(1)</sup>	TOTAL
Intercity	767	211	<b>978</b>	1,119	728	<b>1,847</b>
Urban	1,730	743	<b>2,473</b>	1,780	539	<b>2,319</b>
Micro	711	29	<b>740</b>	1,124	187	<b>1,311</b>
<b>SUBTOTAL</b>	<b>3,208</b>	<b>983</b>	<b>4,191</b>	<b>(4,023)</b>	<b>1,454</b>	<b>5,477</b>
Volares <sup>(3)</sup>	1,048	41	<b>1,089</b>	1,257	141	<b>1,398</b>
<b>TOTAL PRODUCTION</b>	<b>4,256</b>	<b>1,024</b>	<b>5,280</b>	<b>5,280</b>	<b>1,595</b>	<b>6,875</b>

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

### PARTICIPATION IN THE BRAZILIAN MARKET

Marcopolo's market share in Brazilian bodywork production was 49.2% in 2Q20 compared to 52.2% in 2Q19.

The highlight of the quarter was the 12.6 percentage point increase in the urban segment compared to the same period in 2019. Units produced for the federal program Caminho da Escola helped to sustain market share at a level higher than the historical level, at a time of reduced demand. The reduction in *market share* in the road segment is explained by the interruption of activities due to collective vacations in the first two weeks of April, as well as by the suspension of employment contracts of part of the employees upon return to work.

### PARTICIPATION IN BRAZILIAN PRODUCTION (%)

PRODUCTS	1Q19	2Q19	1H19	1Q20	2Q20	1H20
Intercity	62.6	71.8	68.2	64.3	38.8	48.1
Urban	37.0	36.3	36.6	53.7	48.9	53.7
Micro	57.8	67.6	62.8	55.3	67.5	61.6
<b>TOTAL <sup>(1)</sup></b>	<b>46.3</b>	<b>52.2</b>	<b>49.4</b>	<b>57.0</b>	<b>49.2</b>	<b>53.4</b>

Source: FABUS and SIMEFRE

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

### NET REVENUE

Consolidated net revenue reached BRL 798.5 million in 2Q20, of which BRL 356.3 million, or 44.6% of the total, came from the domestic market, and BRL 442.2 million, representing the remaining 55.4%, from the foreign market.

All market segments were affected by the contraction of demand caused by restrictions on the transportation of people, affecting the Company's customers in Brazil and overseas. The highlight of the quarter was the resilience of the urban segment in the foreign market, with revenue growth of 21.8% driven by currency devaluation, sales to the African continent, and the lower drop in volume in Volgren's Australian operation.

The table and charts below present the net revenue opening by products and markets:

**TOTAL CONSOLIDATED NET REVENUE**
**By Products and Markets (BRL Million)**

PRODUCTS/MARKETS <sup>(1)</sup>	2Q20			2Q19		
	MI	ME	TOTAL	MI	ME	TOTAL
Intercity	98.1	92.2	<b>190.2</b>	249.1	226.7	<b>475.8</b>
Urban	94.1	275.5	<b>369.7</b>	130.5	226.1	<b>356.7</b>
Micro	37.4	5.8	<b>43.2</b>	70.8	10.6	<b>81.3</b>
<b>Bodywork subtotal</b>	<b>229.6</b>	<b>373.5</b>	<b>603.1</b>	<b>450.4</b>	<b>463.4</b>	<b>913.8</b>
Volares <sup>(2)</sup>	105.9	2.3	<b>108.2</b>	152.6	21.9	<b>174.4</b>
Chassis	0.5	49.7	<b>50.2</b>	0.5	8.9	<b>9.5</b>
Bco. Moneo	16.0	-	<b>16.0</b>	9.4	-	<b>9.4</b>
Parts and Others	4.3	16.7	<b>21.0</b>	12.5	22.2	<b>34.7</b>
<b>GRAND TOTAL</b>	<b>356.3</b>	<b>442.2</b>	<b>798.5</b>	<b>625.4</b>	<b>516.4</b>	<b>1,141.8</b>

PRODUCTS/MARKETS <sup>(1)</sup>	1H20			1H19		
	MI	ME	TOTAL	MI	ME	TOTAL
Intercity	239.2	300.6	<b>539.8</b>	350.9	431.9	<b>782.8</b>
Urban	230.1	442.2	<b>672.4</b>	232.1	440	<b>672.1</b>
Micro	73.6	11.4	<b>85.1</b>	119.9	26.2	<b>146.1</b>
<b>Bodywork subtotal</b>	<b>543.0</b>	<b>754.3</b>	<b>1,297.2</b>	<b>702.9</b>	<b>898.1</b>	<b>1,601.0</b>
Volares <sup>(2)</sup>	237.0	8.9	<b>245.8</b>	291.5	34.9	<b>326.3</b>
Chassis	4.3	90.3	<b>94.6</b>	1.4	28.9	<b>30.3</b>
Bco. Moneo	25.5	-	<b>25.5</b>	17.1	-	<b>17.1</b>
Parts and Others	16.3	38.5	<b>54.7</b>	23.8	41.8	<b>65.6</b>
<b>GRAND TOTAL</b>	<b>825.9</b>	<b>891.9</b>	<b>1,717.9</b>	<b>1,036.7</b>	<b>1,003.7</b>	<b>2,040.4</b>

Notes: <sup>(1)</sup> MI = Domestic Market; ME = Foreign Market, units exported and produced in international operations by subsidiaries;  
<sup>(2)</sup> Volares revenue includes chassis.

**GROSS PROFIT AND MARGINS**

Consolidated gross profit in 2Q20 reached BRL 130.5 million, with a margin of 16.3%, versus BRL 175.5 million and a margin of 15.4% in 2Q19. The gross margin was benefited by the greater representativeness of exports in relation to revenue and by the better efficiency of operations located in Brazil, as a result of plant optimization processes.

If we isolated the costs related to compensatory aid, provided for in Law No. 14.020/20 and due to employees who remained in suspension of the employment contract and/or reduction of working hours in the quarter, we would reach the amount of BRL 10.1 million, making a gross margin of 17.6% in 2Q20 when suppressing these expenses.

**SELLING EXPENSES**

Sales expenses totaled BRL 53.8 million in 2Q20, or 6.7% of net revenue, versus BRL 62.7 million in 2Q19, 5.5% on net revenue. The higher relative representativeness is explained by the drop in net revenue and the higher exposure of sales to the foreign market, which have commissions higher than the sales in the Brazilian market.

**GENERAL AND ADMINISTRATIVE EXPENSES**

General and administrative expenses totaled BRL 39.2 million in 2Q20, or 4.9% of net revenue, while in 2Q19 these expenses totaled BRL 47.3 million, or 4.1% of net revenue. The percentage increase is associated with the drop in net revenue in proportion to the reduction in expenses.

**OTHER NET OPERATING REVENUE/EXPENSES**

In 2Q20, BRL 31.2 million were recorded as "Other Operating Revenues".

The Company accounted for part of the benefits under this heading due to the success obtained in a lawsuit seeking the exclusion of ICMS from the PIS and COFINS tax bases by the subsidiary San Marino Ônibus Ltda.

**EQUITY INCOME RESULT**

The equity income result in 2Q20 was negative by BRL 51.8 million compared to BRL 29.1 million in 2Q19.

In the quarter, NFI Group Inc. brought negative equity income of BRL 39.3 million, with the company's results being affected by the unfolding of the pandemic in North America, by the marking to market of certain financial contracts and by the realization of an *impairment* of its road operation.

The Indian affiliate TMML reported negative income of BRL 12.1 million, in the wake of lower volumes due to the pandemic and shutdown of its activities during most of the quarter, while Superpolo's Colombian operation was the positive highlight, adding BRL 3.1 million to the income.

The equity income result is presented in detail in Explanatory Note No. 11 to the Quarterly Information.

**NET FINANCIAL RESULT**

The net financial result of 2Q20 was negative by BRL 16.9 million, compared to a positive result of BRL 8.9 million in 2Q19. The financial result was positively affected by BRL 23.0 million as a reflection of the monetary restatement on the amount discussed in the lawsuit seeking the exclusion of ICMS from the PIS and COFINS tax bases in the subsidiary San Marino Ônibus Ltda.

The negative impact is mainly due to the exchange rate variation generated by the devaluation of the Brazilian Real against the US dollar on the portfolio of orders in dollars. The Company performs the export exchange *hedge* at the time of confirmation of sales orders, ensuring the business margin. As the products are delivered and invoiced, the Company captures the benefits of devaluation of the Real in its operating margins.

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

**EBITDA**

*EBITDA* was BRL 40.9 million in 2Q20, with a margin of 5.1%, versus an *EBITDA* of 105.5 million and a margin of 9.2% in 2Q19.

*EBITDA* was positively affected by the success in legal action already mentioned and negatively by the effects of the pandemic on revenue and lower dilution of costs, as well as by the equity equivalence originated by affiliates located overseas.

The table below highlights the accounts that make up the *EBITDA*:

BRL million	2Q20	2Q19	1H20	1H19
Result before IR and CS	0.0	93.6	-24.3	137.5
Financial Revenue	-130.9	-46.6	-381.2	-92.6
Financial Expenses	147.8	37.7	501.8	82.1
Depreciation / Amortization	24.0	20.8	46.6	39.2
<b>EBITDA</b>	<b>40.9</b>	<b>105.5</b>	<b>142.8</b>	<b>166.2</b>

**NET PROFIT**

Consolidated net profit in 2Q20 was BRL 1.3 million, with a margin of 0.2%, versus a profit of BRL 90.9 million and a margin of 8.0% in 2Q19. The worsening of the net margin is explained by the same factors pointed out above and, in particular, by the negative impacts of operational deleveraging and results of operations located overseas.

**FINANCIAL DEBT**

Net financial debt totaled BRL 1,235.4 million on June 30, 2020 (BRL 767.2 million on June 30, 2019). BRL 513.0 million of this total came from the financial segment (Banco Moneo) and BRL 722.4 million from the industrial segment.

It should be noted that the debt from the financial segment comes from the consolidation of Banco Moneo's activities and should be analyzed separately, since it has characteristics that are different from those of the Company's industrial activities. Banco Moneo's financial liabilities have as counterpart the "Customer" account in the Bank's Assets. The credit risk is properly provisioned. Since these are FINAME transfers, each disbursement from BNDES has an exact counterpart in the receivables account of Banco Moneo's customer, both in term and in rate.

On June 30, the net financial debt of the industrial segment represented 2.2x the *EBITDA* of the last 12 months.

**CASH GENERATION**

In 2Q20, operating activities consumed BRL 164.4 million of cash, while investment activities, net of dividends and exchange variation, demanded BRL 23.4 million and financing activities generated BRL 73.3 million.

The initial cash balance of BRL 980.6 million at the end of March 2020, considering the unavailable financial investments and decreasing BRL 15.8 million from the difference between the exchange rate change and the change in accounts related to unavailable financial investments, was reduced to BRL 881.9 million at the end of March 2020.

### INVESTMENTS IN FIXED ASSETS

In 2Q20, Marcopolo invested BRL 23.4 million in its fixed assets, BRL 16.2 million of which was spent by the parent company and invested as follows: BRL 13.8 million in machinery and equipment, BRL 2.1 million in land, buildings and improvements, and BRL 0.3 million in other fixed assets. BRL 7.2 million was invested in the subsidiaries, BRL 2.0 million of which was invested in Metalsur, BRL 1.6 million in Volgren, BRL 1.2 million in Volare Veículos and BRL 2.4 million in the other units.

### CAPITAL MARKET

In 2Q20, transactions with Marcopolo shares moved BRL 2,179.8 million. On June 30, the participation of foreign investors in Marcopolo's share capital amounted to 40.2% of the preferred shares and 26.5% of the total share capital. At the end of the period, the Company had 88,767 shareholders.

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

INDICATORS	2Q20	2Q19	1H20	1H19
Number of transactions (thousand)	798.2	280.1	1,181.1	615.1
Traded value (BRL million)	2,179.8	738.2	4,857.2	1,693.9
Market value (BRL million) <sup>(1)(2)</sup>	2,774.4	3,645.6	2,774.4	3,645.6
Existing shares (millions)	946.9	946.9	946.9	946.9
Equity value per share (BRL)	2.63	2.32	2.63	2.32
POMO4 quotation at the end of the period	2.93	3.85	2.93	3.85

Notes: <sup>(1)</sup> Quotation of the last transaction of the Book-entry Preferred share (PE) period, multiplied by the total of the shares (OE+PE) existing in the same period. <sup>(2)</sup> Of this total, 7,951,506 preferred shares were in treasury on 06.30.2020.

**ANALYSIS & PERSPECTIVES**

The results of 2Q20 summarize the difficulties faced by the Company as a reflection of the Covid-19 pandemic in its markets. In greater or lesser degree, all factories suffered health restrictions that affected production in the quarter and kept idle a relevant part of their employees. After the outages, operations returned with reduced production levels, represented by the respective decrease of 45.5% and 47.1% in domestic and foreign market production compared to 2Q19. By limiting production, the Company extended the duration of the existing order portfolio, allowing greater visibility in relation to its next steps.

In the domestic market, the demand for new buses has been impacted mainly in the tourism sectors, interstate and international road lines, school transportation and urban public transport, with developments in all segments of the Company's product. The charter activities, intercity road lines and public sales, mainly under the federal program Caminho da Escola, continue to sustain sales of light intercity, urban, Volares and micros. In the quarter, the Company delivered 724 units linked to the Caminho da Escola program, with 271 micros, 380 urban and 73 Volare models, and the pace of deliveries should accelerate in 3Q20.

Exports have been showing a better performance compared to the Brazilian market due to the exchange rate devaluation and the good timing of deliveries to the African continent. The lower volume of units continues to be partially offset by the higher profitability of operations, considering the current level of exchange rate. The Company notes that exports should increase again from 4Q20, taking into account the seasonality of the period and new deliveries to Africa.

In this context, the two plants located in Caxias do Sul (Ana Rech and San Marino) continue to work with approximately 50% of the workforce, while the São Mateus, ES plant is consolidated as a manufacturer of urban buses, with delivery of 281 units in 2Q20 (versus 138 in 2Q19). To compensate for the lower volume of roads destined for the domestic market, Ana Rech's unit continues to produce urban roads for export.

Controlled and related operations abroad were impacted in different ways from the treatment of the pandemic by the authorities of each country.

The positive highlight among the subsidiaries was the result of Australian Volgren, which had its production interrupted for only 10 days, bringing profit in 2Q20 and with positive prospects also for 2Q20. Marcopolo Mexico and Marcopolo South Africa were affected by the suspension of activities throughout April and reduction of production from the return to work at levels similar to Brazil, at 50%. Despite the possibility of returning production to normal, Marcopolo China faces a drop in demand in its markets, considering that its products are directed exclusively to exports to countries that still suffer from the pandemic. Argentine Metalsur remained closed throughout the quarter, with the prospect of recovery of results from 3Q20, with the return of production in July.

In the affiliates, Superpolo's Colombian operation achieved a rapid resumption from the return of production in early May and is expected to continue delivering consistent results throughout 2020, with a broader order portfolio associated with the renewal of the Bogota fleet. The Indian affiliate TMML remained with its activities suspended due to the pandemic during almost the entire quarter as a reflection of

health restrictions, shutdown of suppliers and drop in demand. In 2Q20, the Canadian NFI Group Inc. also brought negative results, related to non-recurring events as detailed above.

In response to this scenario, the Company quickly concentrated its efforts on two major fronts: cost adequacy and cash preservation, and development of alternatives that enable its customers to return to operate securely.

At the end of the expenses, Marcopolo has maintained approximately 50% of its employees in Brazil under suspension of the employment contract and/or reduction of working hours. In international operations, the workforce has been adjusted to reflect current market conditions. The Company continues to reduce non-compulsory expenses and review processes that allow savings. Regarding cash, aggressive targets for working capital reduction were adopted, and the payment of revenues and the realization of investments for new projects remain contingent, allowing estimating possible reversal of the current cash consumption condition in the next quarters.

Regarding recovery of demand, the Company has been a pioneer in the development of innovative solutions, reaching its customers the opportunity to return to operate safely and providing end users of public transportation services with confidence that when traveling they will have adequate health conditions. Among the products launched by the Company in 2Q20, we can highlight the new configuration of 1x1x1 seats, with greater distance between passengers, ultraviolet lamps for disinfection of toilets and air, through circulation in the air conditioning, activation of reading lights without the need to touch them, coverings on fabrics suitable for disinfection, protections for drivers and collectors, among others. These initiatives have been well received by the market, with part of the bodies produced since June being equipped with components from Marcopolo Biosafe.

The Company also started to offer biosecurity services via *Fog in Place* technology, which applies a non-toxic mist inside the bus disinfecting the environment without leaving damp armchairs or interfering with the operation of internal electronic equipment.

This set of actions, associated with the stretching of the portfolio due to the reduction of daily production, has allowed the Company to go through the most critical period of the crisis with balance of results even with the sharp decrease in new orders. Demand has been recovering since May and, maintaining the current pace of production, we have deliveries forecast until the first fortnight of September. From October it is expected that volumes will recover due to orders already placed, especially in exports, as well as due to the dissipation of the pandemic and gradual reopening of cities, which has already begun in the vast majority of countries.

Every day, millions of people use buses as the main means of transportation between their homes and work, and in a short time tourism will return, especially regional tourism, along with school transportation and interstate and international travel. As a result, Marcopolo continues to adopt a propositional stance, as a protagonist in the development of technologies that can prioritize and ensure the safety of users and support the return of our customers to the new normal.

The 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 June 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) Investment in companies with joint businesses (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 37 and in the consolidated income statement in the amount of BRL 3,017 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:

<b>Subsidiaries</b>	<b>Denomination</b>	<b>Functional Currency</b>	<b>Country</b>
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 Canada	Canadian Dollar	Canada
Marcopolo International Corp.	MIC	US Dollar	Virgin Islands
			United Arab
Marcopolo Middle East and Africa FZE.	MP Middle East	Dirham	Emirates
Marcopolo (Changzhou) Bus Manufacturing Co; Ltd.	MBC	Renminbi	China
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
<b>Subsidiaries in conjunction</b>	<b>Denomination</b>	<b>Functional Currency</b>	<b>Country</b>
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 transaction date. 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 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 financial 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 the 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 the 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 assets - 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 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 has been 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;
- the disappearance of an active market for the instrument because of 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:

- 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 qualifiable 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. 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.

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 120 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; and
- 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 contributions 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.

## **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 June 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>06/30/20</b>				
	<b>Accounts receivable</b>	<b>Suppliers</b>	<b>Loans</b>	<b>Forwards</b>
Currencies				
US Dollars	640,163	61,811	936,076	154,920
Australian Dollars	47,746	30,392	195,946	31,640
South African Rand	18,422	2,686	6,597	7,830
Chilean Pesos	-	4,008	-	-
Argentine Pesos	15,931	5,151	13,985	-
Chinese Renminbis	8,059	9,793	44,744	-
Dirham	1,476	1,085	-	-
Euro	-	-	-	4,452
	<u>731,797</u>	<u>114,926</u>	<u>1,197,348</u>	<u>198,842</u>
<b>Consolidated</b>				
<b>12/31/19</b>				
	<b>Accounts receivable</b>	<b>Suppliers</b>	<b>Loans</b>	<b>Forwards</b>
Currencies				
Dirham	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) Sale 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 44,869 (parent company) and BRL 149,566 (consolidated) as of June 30, 2020 (BRL 42,528 and BRL 140,740 as of December 31, 2019) 7.2% and 8.3%, 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 net funds to honor its financial commitments, as a result of the mismatch of term or 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>06/30/20</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	2,114,805	2,365,151	777,859	1,435,957	151,335
Suppliers	361,201	361,201	361,201	-	-
<b>Derivative financial liabilities</b>					
Derivative financial instruments	2,508	2,508	2,508	-	-
<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 - %		2.15	2.69	3.23
TJLP - %		4.91	6.14	7.37
Exchange Rate - USD		5.20	6.50	7.80
Exchange rate - Euro		5.97	7.46	8.96
LIBOR - %		0.34	0.42	0.51
ACC cost discount - %		3.90	4.88	5.85
	Financial investments	10,580	13,910	16,689
	Inter-financial relations	89,498	99,828	110,158
	Loans and Financing	(47,044)	(269,996)	(492,241)
	Forwards	(15,364)	(12,638)	(4,336)
	Accounts receivable subtracted from accounts payable	(32,152)	119,617	271,386
		<u>5,518</u>	<u>(49,279)</u>	<u>(98,344)</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 June 30, 2020 and December 31, 2019 have been summarized below (Note 30):

	Consolidated		Industrial Segment		Financial Segment	
	06/30/20	12/31/19	06/30/20	12/31/19	06/30/20	12/31/19
Total loans	2,114,805	1,752,302	1,535,011	1,266,479	579,794	485,823
Derivative liability financial instruments	2,508	548	2,508	548	-	-
Less: cash and cash equivalents	(805,857)	(1,074,622)	(739,033)	(1,057,258)	(66,824)	(17,364)
Less: financial investments	-	(98,314)	-	(98,314)	-	-
Less: derivative financial instruments	(4,655)	(1,849)	(4,655)	(1,849)	-	-
Net debt (A)	<u>1,306,801</u>	<u>578,065</u>	<u>793,831</u>	<u>109,606</u>	<u>512,970</u>	<u>468,459</u>
Total net equity (B)	<u>2,526,660</u>	<u>2,358,412</u>	<u>2,299,449</u>	<u>2,132,757</u>	<u>227,711</u>	<u>225,655</u>
Financial leverage ratio - % (A/B)	52	25	35	5	225	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 June 30, 2020 and December 31, 2019 which were fully classified in level 2:

	<b>Consolidated</b>	
	<b>06/30/20</b>	<b>12/31/19</b>
<b>Assets</b>		
Financial assets at fair value through profit or loss		
- Derivatives for trading	4,655	1,849
- Related parties	72,541	51,646
- Bank deposit certificates	-	98,314
	<u>77,196</u>	<u>151,809</u>
<b>Liabilities</b>		
Financial liabilities at fair value through profit or loss		
- Derivatives for trading	2,508	548
	<u>2,508</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 the 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 fair value through profit or loss**
  - (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	
	06/30/20		12/31/19	
	Equity value	Market value	Equity value	Market value
Loans and Financing	2,114,805	2,204,492	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**

					Notional value	Fair value		Values receivable	
Company	Counterpart	Position	Start	End	06/30/20	06/30/20	12/31/19	06/30/20	12/31/19
<b><u>Marcopolo</u></b>					USD thousand				
	BBA	Sale	05.18.20	10.22.20	3,100	865	24	865	24
	PACTUAL	Sale	05.13.20	10.22.20	1,900	834	-	834	-
	SANTANDER	Sale	05.14.20	09.22.20	1,500	527	-	527	-
	BBA	Purchase	04.15.20	12.21.20	8,075	1,268	-	1,268	-
	FIBRA	Purchase	04.15.20	10.22.20	6,125	976	-	976	-
						<b>4,470</b>	<b>24</b>	<b>4,470</b>	<b>24</b>
<b><u>Ciferal</u></b>					USD thousand				
	BRADESCO	Sale	06.26.20	08.20.20	1,853	45	246	45	246
						<b>45</b>	<b>246</b>	<b>45</b>	<b>246</b>
<b><u>San Marino</u></b>					USD thousand				
	BRADESCO	Sale				-	1,105	-	1,105
	FIBRA	Sale	05.21.20	07.16.20	1,010	134	425	134	425
					EUR thousand				
	FIBRA	Sale	06.30.20	10.08.20	363	6	-	6	-
						<b>140</b>	<b>1,530</b>	<b>140</b>	<b>1,530</b>
<b><u>MP Austrália</u></b>					USD thousand				
	WESTERN UNION	Purchase				-	13	-	13

			<u>CHF thousand</u>						
	CITIBANK	Purchase			-	13	-	13	
			<u>SGD thousand</u>						
	CITIBANK	Purchase			-	12	-	12	
			<u>CNY thousand</u>						
	CBA	Purchase			-	-	-	-	
					-	38	-	38	
<b><u>Polomex</u></b>			<u>USD thousand</u>						
	BANCO MONEX	Purchase			-	11	-	11	
					-	11	-	11	
					<u>4,655</u>	<u>1,849</u>	<u>4,655</u>	<u>1,849</u>	

## 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>06/30/20</u>	<u>06/30/20</u>	<u>12/31/19</u>	<u>06/30/20</u>	<u>12/31/19</u>
<b><u>Marcopolo</u></b>					<u>USD thousand</u>				
	PACTUAL	Purchase	06.30.20	07.31.20	1,500	(84)	(170)	(84)	(170)
						<u>(84)</u>	<u>(170)</u>	<u>(84)</u>	<u>(170)</u>
<b><u>Ciferal</u></b>					<u>USD thousand</u>				
	BRADESCO	Sale	05.27.20	07.30.20	1,889	(273)	(45)	(273)	(45)
						<u>(273)</u>	<u>(45)</u>	<u>(273)</u>	<u>(45)</u>
<b><u>San Marino</u></b>					<u>USD thousand</u>				
	BRADESCO	Sale	06.29.20	09.22.20	1,010	(5)	(3)	(5)	(3)
	FIBRA	Sale	06.24.20	08.25.20	332	(40)	-	(40)	-
						<u>(45)</u>	<u>(3)</u>	<u>(45)</u>	<u>(3)</u>
<b><u>Masa</u></b>					<u>USD thousand</u>				
	STD	Purchase	05.11.20	09.25.20	1,430	(148)	(236)	(148)	(236)
						<u>(148)</u>	<u>(236)</u>	<u>(148)</u>	<u>(236)</u>
<b><u>Polomex</u></b>					<u>USD thousand</u>				
	BANCO MONEX	Purchase				-	(62)	-	(62)
	BANCO MONEX	Sale				-	(32)	-	(32)
						<u>-</u>	<u>(94)</u>	<u>-</u>	<u>(94)</u>
<b><u>MP Austrália</u></b>					<u>USD thousand</u>				
	WESTERN UNION	Purchase	05.15.20	12.10.20	3,140	(1,144)	-	(1,144)	-
					<u>CHF thousand</u>				
	WESTERN UNION	Purchase	05.15.20	12.10.20	800	(237)	-	(237)	-
					<u>SGD thousand</u>				
	WESTERN UNION	Purchase	05.15.20	12.10.20	2,500	(469)	-	(469)	-
					<u>EUR thousand</u>				
	WESTERN UNION	Purchase	05.15.20	12.10.20	550	(108)	-	(108)	-
						<u>(1,958)</u>	<u>-</u>	<u>(1,958)</u>	<u>-</u>
						<u>(2,508)</u>	<u>(548)</u>	<u>(2,508)</u>	<u>(548)</u>

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

	Realized gains/losses			
	Interest on derivatives		Exchange variation on derivatives	
	06/30/20	06/30/19	06/30/20	06/30/19
Marcopolo	(339)	(5)	7,092	1,306
Ciferal	126	64	(8,278)	92
San Marino	140	171	(7,006)	394
Masa	-	-	-	337

## 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					
	06/30/20			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 Canada	100.00	-	-	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 Mexico (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) Consolidation in MP Australia.

(2) Consolidation 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 (non-consolidated)**

	Percentage participation			
	06/30/20		12/31/19	
	Direct	Indirect	Direct	Indirect
Loma	51.00	-	51.00	-
Metalpar	1.00	49.00	1.00	49.00
Metalsur	-	-	-	-
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:

	Assets		Liabilities		Net revenue		Profit (loss)	
	06/30/20	12/31/19	06/30/20	12/31/19	06/30/20	06/30/19	06/30/20	06/30/19
Kamaz	897	779	2,509	2,003	-	-	(126)	76
Superpolo	537,925	347,629	369,749	212,796	251,607	222,349	7,394	29,772
TMML	221,511	220,814	144,233	142,463	105,865	219,683	(23,459)	7,308

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

	Percentage participation			
	06/30/20		12/31/19	
	Direct	Indirect	Direct	Indirect
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 Colombia (1)	-	40.00	-	40.00
Valeo Mexico (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:

	Assets		Liabilities		Net revenue		Profit (loss)	
	06/30/20	12/31/19	06/30/20	12/31/19	06/30/20	06/30/19	06/30/20	06/30/19
GBPolo	111,770	22,234	140,295	41,919	29,956	24,496	(2,755)	1,510
Mercobus	9,294	5,771	3,276	938	1,755	5,005	(130)	1,733
Valeo	153,085	159,723	60,577	78,325	72,584	109,013	8,088	20,565
WSul	11,403	16,112	2,990	3,235	12,735	18,581	537	2,120

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

### 7.1 Cash and cash equivalents

	Parent company		Consolidated	
	06/30/20	12/31/19	06/30/20	12/31/19
Cash and bank deposits				
In Brazil	43,532	40,851	51,947	59,710
Overseas	436	323	87,644	164,948
Securities of immediate liquidity				
In Brazil (*)	436,118	603,319	649,746	821,198
Overseas	-	-	16,520	28,766
Total cash and cash equivalents	480,086	644,493	805,857	1,074,622

(\*) 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 100.47% of the CDI on June 30, 2020.

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

	Parent company		Consolidated	
	06/30/20	12/31/19	06/30/20	12/31/19
<b>Current</b>				
Derivative financial instruments				
Derivatives - Non Deliverable Forwards	4,470	24	4,655	1,849
At fair value through profit or loss				
Bank deposit certificates (*)	-	98,314	-	98,314
	4,470	98,338	4,655	100,163
<b>Noncurrent</b>				
At fair value through profit or loss				
Related parties	72,541	52,607	71,437	51,646
	72,541	52,607	71,437	51,646

(\*) 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

	Parent company		Consolidated	
	06/30/20	12/31/19	06/30/20	12/31/19
<b>Current</b>				
In the domestic market	56,968	101,832	278,138	201,566
In the foreign market	486,032	226,660	771,733	456,726
Related parties	84,993	82,035	-	-
Inter-financial relations	-	-	227,881	297,843
Adjustment to present value	(3,598)	(2,757)	(5,452)	(5,887)
Provision for doubtful accounts	(44,869)	(42,528)	(97,582)	(87,233)
	579,526	365,242	1,174,718	863,015

	<b>Parent company</b>		<b>Consolidated</b>	
	<b>06/30/20</b>	<b>12/31/19</b>	<b>06/30/20</b>	<b>12/31/19</b>
Noncurrent				
In the foreign market	-	-	-	-
Inter-financial relations	-	-	531,055	414,282
Provision for doubtful accounts	-	-	(51,984)	(53,507)
	-	-	479,071	360,775
	<u>579,526</u>	<u>365,242</u>	<u>1,653,789</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>06/30/20</b>	<b>12/31/19</b>	<b>06/30/20</b>	<b>12/31/19</b>
Amounts due	450,636	319,639	1,434,033	1,214,350
Overdue:				
Up to 30 days	19,598	18,113	95,873	36,178
Between 31 and 60 days	21,707	2,477	31,230	7,751
Between 61 and 90 days	21,508	940	58,940	6,716
Between 91 and 180 days	47,940	2,582	97,590	12,887
Over 181 days	66,604	66,776	91,141	92,535
Adjustment to present value	(3,598)	(2,757)	(5,452)	(5,887)
(-) Allowance for doubtful accounts	<u>(44,869)</u>	<u>(42,528)</u>	<u>(149,566)</u>	<u>(140,740)</u>
	<u>579,526</u>	<u>365,242</u>	<u>1,653,789</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	(2,341)	(17,494)
Reversal of allowance for accounts receivable ( <i>write-off</i> )	-	-
Recovery of provisioned credits	-	13,717
Exchange variation	-	(5,049)
Balance as of June 30, 2020	<u>(44,869)</u>	<u>(149,566)</u>

Accounts receivable are denominated in the following currencies:

	<b>Parent company</b>		<b>Consolidated</b>	
	<b>06/30/20</b>	<b>12/31/19</b>	<b>06/30/20</b>	<b>12/31/19</b>
Brazilian Real	93,494	138,582	921,992	804,326
Dirham	-	-	1,476	1,083
US Dollar	486,032	226,660	640,163	336,414
Australian Dollar	-	-	47,746	39,836
Argentine Pesos	-	-	15,931	15,590
Rand	-	-	18,422	12,501
Renminbi	-	-	8,059	14,040
	<u>579,526</u>	<u>365,242</u>	<u>1,653,789</u>	<u>1,223,790</u>

## 9 Inventories

	<b>Parent company</b>		<b>Consolidated</b>	
	<b>06/30/20</b>	<b>12/31/19</b>	<b>06/30/20</b>	<b>12/31/19</b>
Finished products	44,553	12,953	183,599	97,080
Products in preparation	37,339	36,450	108,313	105,942
Raw and auxiliary materials	132,195	125,137	356,034	324,365
Advances to suppliers and others	24,112	17,006	48,079	35,878
Allowance for losses in inventories	(6,036)	(5,110)	(14,808)	(10,574)
	<u>232,163</u>	<u>186,436</u>	<u>681,217</u>	<u>552,691</u>

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

	<b>Parent company</b>	<b>Consolidated</b>
Balance as of December 31, 2019	(5,110)	(10,574)
Reversal of allowance	-	1,799
Allowance recorded in the period	(926)	(5,077)
Exchange variation	-	(956)
Balance as of June 30, 2020	<u>(6,036)</u>	<u>(14,808)</u>

## 10 Taxes and contributions recoverable

	<b>Parent company</b>		<b>Consolidated</b>	
	<b>06/30/20</b>	<b>12/31/19</b>	<b>06/30/20</b>	<b>12/31/19</b>
Current				
Corporate Income Tax (IRPJ)	41,278	17,766	64,809	31,449
Social Contribution on Net Income (CSLL)	11,776	1,790	19,022	5,005
Tax on Industrialized Products (IPI)	721	1,280	1,818	2,961
Tax on Circulation of Goods and Services (ICMS)	6,396	4,558	31,375	33,864
Social Integration Program (PIS) (*)	1,793	1,727	18,930	12,558
Contribution to Social Security Financing (COFINS) (*)	7,907	7,832	82,402	55,163
National Institute of Social Security (INSS)	67	67	656	656
Reintegra	5,140	4,297	6,206	6,456
Value Added Tax (IVA)	1,156	-	30,475	10,727
Other	1,052	493	1,187	102
	<u>77,286</u>	<u>39,810</u>	<u>256,880</u>	<u>158,941</u>
Noncurrent				
Tax on Circulation of Goods and Services (ICMS)	3,762	3,366	3,812	3,398
Value Added Tax (IVA)	-	-	1,276	753
	<u>3,762</u>	<u>3,366</u>	<u>5,088</u>	<u>4,151</u>
	<u>81,048</u>	<u>43,176</u>	<u>261,968</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

	Parent company		Consolidated	
	06/30/20	12/31/19	06/30/20	12/31/19
Subsidiaries	1,993,792	1,713,714	-	-
Subsidiaries in conjunction	155,621	143,730	127,499	105,809
Affiliates	41,935	38,355	458,343	366,588
Other investments	-	-	3,206	183
	<u>2,191,348</u>	<u>1,895,799</u>	<u>589,048</u>	<u>472,580</u>

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

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

## Subsidiaries:

																					Total	
	Apolo	Ciferal	Ilmot	Mac	MBC	MP Australía	Masa	MIC	Moneo	MP Canada	Polomex	San Marino	Polo Venture	Svncro	Trading	Volare Vehicles	Volare Comércio	MP Middle East	Metalsur	Loma Metalsur	06/30/20	12/31/19
	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(2)						(1)	(1)	(1)		
Investment Data																						
Share capital	3,850	20,000	84,321	21,500	2,901	84,882	9,802	7,666	150,000	179,162	48,259	288,055	500	4,000	5,000	263,260	11,000	1,491	6,884	6,884		
Adjusted net equity	6,815	212,421	184,774	(963)	(6,298)	85,650	62,331	2,529	228,866	497,020	191,191	431,092	3,577	6,064	8,559	218,136	5,330	(834)	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	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	43.99	26.01		
Net profit (loss) for the period	298	7,132	(11,645)	(4,338)	(1,333)	(195)	(3,538)	61	2,102	(23,176)	(19,806)	79,561	(623)	525	(309)	(4,970)	423	(387)	(8,759)	(8,759)		
Changes in Investments																						
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	-	-	-	-	-	-	-	-	-	-	-	-	4,200	-	-	-	-	-	-	-	4,200	-
Advance for capital increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	47,712	-	-	-	-	47,712	35,464
Dividends received/reversed	-	-	-	-	-	-	-	-	(4,075)	-	-	-	-	-	-	-	-	-	-	-	(4,075)	(4,626)
Equity equivalence result	194	7,132	(11,645)	(4,338)	(1,333)	(195)	(3,538)	61	2,102	(23,176)	(715)	79,481	(623)	525	(309)	(4,965)	423	(387)	(3,853)	(2,278)	32,563	127,670
Cumulative conversion adjustments	-	-	47,201	631	(1,345)	21,000	5,706	656	-	131,314	2,028	18	-	-	-	-	-	(150)	1,662	983	209,704	(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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,292	764	2,056	4,972
Pension Plan	-	-	-	-	-	-	-	-	(52)	-	-	-	-	-	-	-	-	-	-	-	(52)	-
Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,362
Capital gains amortization	-	-	-	-	-	-	-	-	-	-	-	(74)	-	-	-	-	-	-	-	-	(74)	(149)
Closing balances:	4,430	212,411	184,774	(963)	(6,298)	85,650	62,331	2,529	228,666	497,020	6,902	430,661	3,577	6,063	8,558	217,918	5,325	(834)	32,478	4,499	1,985,697	1,709,797
Allowance for loss of investment	-	-	-	963	6,298	-	-	-	-	-	-	-	-	-	-	-	-	834	-	-	8,095	3,917
By the equity value	4,430	212,411	184,774	-	-	85,650	62,331	2,529	228,666	497,020	6,902	430,661	3,577	6,063	8,558	217,918	5,325	-	32,478	4,499	1,993,792	1,713,714

(1) Enterprises overseas.

(2) These balances include investments and goodwill.

## Joint ventures:

	Joint ventures						
							Total
	Kamaz	Loma	Metalpar	Superpolo	TMML	06/30/20	12/31/19
	(1)	(1),(2)	(1)	(1)	(1)		
Investment Data							
Share capital	11,843	95,772	13,220	18,877	123,232		
Adjusted net equity	(1,612)	(16,858)	(73,700)	168,176	77,278		
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	(126)	(8,775)	(8,400)	7,394	(23,459)		
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	(63)	(4,475)	(84)	1,524	(11,495)	(14,593)	(36,963)
Cumulative conversion adjustments	(131)	(4,234)	(77)	5,347	10,968	11,873	6,414
Monetary correction for hyperinflation	-	(1,957)	(62)	-	-	(2,019)	27,165
Subsidiary transfer in conjunction to affiliate/subsidiary	-	-	-	-	-	-	(6,362)
Capital gains amortization	-	(637)	-	-	-	(637)	-
Consideration on behalf of equity interest	-	-	-	-	-	-	23,178
Closing balances:	(806)	46,778	(737)	34,661	37,866	117,762	123,138
Allowance for loss of investment	806	36,316	737	-	-	37,859	20,592
By the equity value	-	83,094	-	34,661	37,866	155,621	143,730
Goodwill on investment	-	(52,172)	-	-	-	(52,172)	(55,657)
Allocation of the purchase price	-	(25,375)	-	-	-	(25,375)	(21,890)
Indirect participation - Superpolo	-	-	-	49,425	-	49,425	39,626
By the consolidated equity value	-	5,547	-	84,086	37,866	127,499	105,809
(1) Enterprises overseas.							
(2) These balances include investments and goodwill.							

## Affiliates:

	Affiliates						
							Total
	GBPolo	Mercobus	Valeo	WSul	New Flyer	06/30/20	12/31/19
	(1)	(1)			(1)		
Investment Data							
Share capital	34,213	897	30,000	6,100	3,729,552		
Adjusted net equity	(28,525)	6,018	92,508	8,413	3,950,740		
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	(2,755)	(130)	8,088	537	(219,886)		
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	(551)	(52)	3,235	161	-	2,793	12,791
Cumulative conversion adjustments	(1,217)	527	157	-	-	(533)	(126)
Closing balances:	(5,705)	2,408	37,003	2,524	-	36,230	34,418
Allowance for loss of investment	5,705	-	-	-	-	5,705	3,937
By the equity value	-	2,408	37,003	2,524	-	41,935	38,355
Indirect participation - New Flyer	-	-	-	-	416,408	416,408	328,233
By the consolidated equity value	-	2,408	37,003	2,524	416,408	458,343	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 valuer, 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 June 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	-	(240)	(211)	(451)
Balances as of June 30, 2020	<u>22,892</u>	<u>22,759</u>	<u>2,804</u>	<u>48,455</u>
Cost of the investment property	22,892	25,204	3,934	52,030
Accumulated depreciation	-	(2,445)	(1,130)	(3,575)
Residual value	<u>22,892</u>	<u>22,759</u>	<u>2,804</u>	<u>48,455</u>
Annual depreciation rates - %		2.0	10.9	

### 13 Property, plant and equipment

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

	Land	Buildings and constructions	Machinery and equipment	Furniture and fixtures	Equipment equipment	Vehicles	Other fixed assets	Total	Building usage rights	Total
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	-	6,924	44,210	778	1,244	282	-	53,438	105	53,543
Write-offs	-	(286)	(2,067)	(27)	(18)	(35)	-	(2,433)	-	(2,433)
Transfers	-	373	94	(467)	-	-	-	-	-	-
Depreciation	-	(1,922)	(10,059)	(298)	(1,547)	(134)	-	(13,960)	(631)	(14,591)
Balances as of June 30, 2020	18,123	129,818	208,913	3,409	11,454	1,952	175	373,844	5,971	379,815
Cost of fixed assets	18,123	212,158	365,723	9,367	29,880	6,347	175	641,773	7,400	649,173
Accumulated depreciation	-	(82,340)	(156,810)	(5,958)	(18,426)	(4,395)	-	(267,929)	(1,429)	(269,358)
Residual value	18,123	129,818	208,913	3,409	11,454	1,952	175	373,844	5,971	379,815
Annual depreciation rates - %		1.7	8.2	9.1	15.3	12.9				

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

	Land	Buildings and constructions	Machinery and equipment	Furniture and fixtures	Equipment equipment	Vehicles	Other fixed assets	Fixed assets in progress	Total	Building usage rights	Machines Use Rights	Total
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
Exchange rate effect	222	6,689	10,113	402	-	604	1,259	1,181	20,470	13,762	154	34,386
Monetary correction for hyperinflation	-	955	48	5	-	27	134	-	1,169	-	-	1,169
Additions	161	8,950	51,327	1,079	1,651	433	7,012	561	71,174	14,351	28	85,553
Write-offs	-	(291)	(1,905)	(30)	(33)	(284)	(81)	(14)	(2,638)	(14)	-	(2,652)
Transfers	-	11,035	94	(467)	-	-	-	(3,450)	7,212	-	-	7,212
Depreciation	-	(6,658)	(24,993)	(868)	(1,823)	(374)	(1,363)	-	(36,079)	(8,229)	(144)	(44,452)
Balances as of June 30, 2020	61,630	452,003	368,677	8,883	13,338	5,712	14,452	27,848	952,543	68,777	1,099	1,022,419
Cost of fixed assets	61,630	592,573	811,243	26,907	37,933	18,044	38,661	35,795	1,622,786	96,807	1,823	1,721,416
Accumulated depreciation	-	(140,570)	(442,566)	(18,024)	(24,595)	(12,332)	(24,209)	(7,947)	(670,243)	(28,030)	(724)	(698,997)
Residual value	61,630	452,003	368,677	8,883	13,338	5,712	14,452	27,848	952,543	68,777	1,099	1,022,419
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 June 30, 2020, properties with a residual book value of BRL 8,954 (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**

	<b>Software</b>	<b>Trademarks and licenses</b>	<b>Total</b>
Balances as of December 31, 2019	6,648	404	7,052
Additions	1,390	22	1,412
Write-offs	-	-	-
Amortizations	(1,028)	(12)	(1,040)
Balances as of June 30, 2020	<u>7,010</u>	<u>414</u>	<u>7,424</u>
Cost of intangible assets	59,022	773	59,795
Accumulated amortization	<u>(52,012)</u>	<u>(359)</u>	<u>(52,371)</u>
Residual value	<u>7,010</u>	<u>414</u>	<u>7,424</u>
Average amortization rates - %	20.0	7.0	

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

	<b>Software</b>	<b>Trademarks and licenses</b>	<b>Customer portfolio</b>	<b>Other intangible assets</b>	<b>Goodwill</b>	<b>Total</b>
Balances as of December 31, 2019	9,043	9,529	22,739	1,070	245,796	288,177
Exchange rate effect	349	-	2,976	156	50,910	54,391
Monetary correction for hyperinflation	15	-	-	-	-	15
Additions	1,939	22	-	-	-	1,961
Write-offs	(1)	-	-	-	-	(1)
Transfers	-	-	(1,924)	-	(3,485)	(5,409)
Amortizations	<u>(1,854)</u>	<u>(15)</u>	<u>-</u>	<u>(235)</u>	<u>-</u>	<u>(2,104)</u>
Balances as of June 30, 2020	<u>9,491</u>	<u>9,536</u>	<u>23,791</u>	<u>991</u>	<u>293,221</u>	<u>337,030</u>
Cost of fixed assets	80,875	9,929	55,016	2,241	293,221	441,281
Accumulated amortization	<u>(71,384)</u>	<u>(393)</u>	<u>(31,225)</u>	<u>(1,249)</u>	<u>-</u>	<u>(104,251)</u>
Residual value	<u>9,491</u>	<u>9,536</u>	<u>23,791</u>	<u>991</u>	<u>293,221</u>	<u>337,030</u>
Average amortization rates - %	20.0	8.3	25.0	10.0		

**Composition of goodwill:**

	<b>Goodwill</b>				
	<b>Loma / Metalsur</b>	<b>San Marino</b>	<b>New Flyer</b>	<b>Pologren</b>	<b>Total</b>
Balances as of December 31, 2019	55,657	30,739	58,216	101,184	245,796
Exchange rate effect	-	-	17,246	33,664	50,910
Transfer by allocation	<u>(3,485)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,485)</u>
Balances as of June 30, 2020	<u>52,172</u>	<u>30,739</u>	<u>75,462</u>	<u>134,848</u>	<u>293,221</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 June 30, 2020, as well as the transactions that influenced the results for the period are detailed in the table below:

Related Parties	Asset balances by loan and current account	Receivables from sales	Accounts payable for purchases	Sales of products/services	Product purchases/services
Apolo	-	-	868	-	3,064
Ciferal	12	5,936	33	18,646	388
GB Polo	4,152	14,322	-	6	-
Kamaz	858	-	-	-	-
Ilmot	976	-	-	-	-
Loma	66,427	1,178	-	395	-
Mac	-	2,500	-	194	2,186
Masa	-	9,123	-	6,614	-
Marcopolo Australia	-	236	-	37	-
Marcopolo Trading	-	796	-	-	-
Metalsur	-	6,573	-	-	-
Polomex	-	2,157	-	16,669	-
San Marino	36	30,574	316	57,537	769
Valeo	-	-	6,527	-	40,439
Superpolo	-	2,068	-	4,465	-
TMML	-	9,687	-	752	-
Volare Veículos	78	27,078	19	16,218	49
Volare Comércio	2	63	-	162	81
WSul	-	-	4,256	-	15,251
Balance as of 06/30/20	72,541	112,249	12,019	121,695	62,227
Balance as of 12/31/19	52,607	109,417	13,503	352,567	179,569

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:

	06/30/20				
	Fixed	Variable	Pension plan	Share-based payment	Total
Board of Directors and statutory directors	3,185	1,193	23	-	4,401
Non-statutory directors	3,543	1,292	112	-	4,947
	<b>6,728</b>	<b>2,485</b>	<b>135</b>	<b>-</b>	<b>9,348</b>

	06/30/19				
	Fixed	Variable	Pension plan	Share-based payment	Total
Board of Directors and statutory directors	4,322	2,747	41	86	7,196
Non-statutory directors	3,249	1,193	118	44	4,604
	7,571	3,940	159	130	11,800

## 16 Loans and Financing

	Average rate weighted % p.a.	Year of Maturity	Parent company		Consolidated	
			06/30/20	12/31/19	06/30/20	12/31/19
Domestic currency						
FINAME	3.44	2020 to 2025	649	756	5,196	9,186
Bank loans	4.34	2020 to 2027	-	-	8,503	8,503
Interbank deposits	4.95	2020 to 2022	-	-	51,163	29,041
FINEP	5.37	2020 to 2030	262,317	285,194	291,093	319,594
FDE – Development funds	3.00	2025	-	-	92,729	97,167
Fundepar – ES		2026	-	-	30,000	30,000
Export credit notes - Compulsory	4.25	2020	-	-	904	2,276
Related parties	CDI	-	-	118	-	-
Foreign currency						
Advances on exchange contracts	3.38	2020 to 2021	47,282	-	86,342	30,866
Pre-payment for export in US dollars	3.24	2022 to 2023	317,782	281,256	317,782	281,256
Export credit notes - USD	3.82	2020 to 2023	499,919	326,022	499,919	326,022
Financing in Rand	8.98	2020 to 2024	-	-	6,597	667
Financing in Renminbi	5.10	2020 to 2022	-	-	37,858	25,087
Financing in Australian dollars	2.70	2020	-	-	156,714	128,616
Financing in Argentine Pesos	17.00	2020	-	-	13,985	50
Surety	-	-	9,768	7,190	9,768	7,190
Subtotal of domestic and foreign currency			1,137,717	900,536	1,608,553	1,295,521
Open market funding						
Domestic currency						
BNDES - Pre-fixed Operations	7.27	2021 to 2025	-	-	320,762	246,574
BNDES - Post-fixed Operations	IPCA + 1.54	2025	-	-	81,853	87,224
BNDES - Post-fixed Operations	TJLP + 1.88	2021 to 2024	-	-	97,110	114,926
BNDES - Post-fixed Operations	SELIC + 2.07	2021 to 2022	-	-	6,527	8,057
Subtotal of open market funding			-	-	506,252	456,781
Subtotal of loans and financing			1,137,717	900,536	2,114,805	1,752,302
Derivative financial instruments			84	170	2,508	548
Total loans and financing			1,137,801	900,706	2,117,313	1,752,850
Current liabilities			252,030	182,497	730,388	610,498
Non-current liabilities			885,771	718,209	1,386,925	1,142,352

(\*) 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>06/30/20</b>	<b>12/31/19</b>	<b>06/30/20</b>	<b>12/31/19</b>
13 to 24 months	206,848	150,804	393,095	293,852
25 to 36 months	361,519	296,545	507,318	413,836
37 to 48 months	195,426	130,882	283,148	209,591
49 to 60 months	40,058	38,706	81,620	80,186
After 60 months	81,920	101,272	121,744	144,887
	<b>885,771</b>	<b>718,209</b>	<b>1,386,925</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 8,954 at June 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>06/30/20</b>	<b>12/31/19</b>	<b>06/30/20</b>	<b>12/31/19</b>
1 to 12 months	197,571	189,979	155,462	165,073
13 to 24 months	154,792	143,694	155,292	127,423
25 to 36 months	105,834	97,203	107,066	88,415
After 36 months	89,095	80,110	88,432	75,870
	<b>547,292</b>	<b>510,986</b>	<b>506,252</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	4,098	1,960	53,238	59,296
Movements that did not affect the cash flow				
Appropriated interest and exchange variations	286,812	-	18,355	305,167
<b>Debt as of June 30, 2020</b>	<b>1,557,390</b>	<b>2,508</b>	<b>557,415</b>	<b>2,117,313</b>

## 17 Lease obligations

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

	<u>Parent company</u>	<u>Consolidated</u>
	<u>06/30/20</u>	<u>06/30/20</u>
Opening balance	6,771	50,523
Appropriated interest and exchange variations	454	16,558
Additions	105	15,746
Considerations paid	(869)	(7,983)
	<u>6,461</u>	<u>74,844</u>

The lease maturity schedule is shown below.

	<u>Parent company</u>	<u>Consolidated</u>
	<u>06/30/20</u>	<u>06/30/20</u>
1 to 12 months	1,052	17,598
13 to 24 months	1,166	14,944
25 to 36 months	1,337	13,552
37 to 48 months	1,455	11,435
49 to 60 months	319	3,205
Over 60 months	1,132	14,110
Present value of contracts	<u>6,461</u>	<u>74,844</u>

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

	<u>Parent company and Consolidated</u>	
	<u>06/30/20</u>	<u>06/30/20</u>
	<u>Nominal</u>	<u>Adjusted to present value</u>
Lease Consideration	5,249	4,120
Potential Pis/Cofins (9.25%)	485	381

## 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 June 30, 2020 and December 31, 2019 are presented below. Contingencies considered as probable losses are provisioned.

		<b>Parent company</b>			
		<b>06/30/20</b>		<b>12/31/19</b>	
<b>Nature</b>		<b>Probable</b>	<b>Possible</b>	<b>Probable</b>	<b>Possible</b>
Civil		964	24,146	964	23,891
Labor		52,312	48,727	53,179	55,334
Tax		10,745	253,681	10,602	246,886
		<u>64,021</u>	<u>326,554</u>	<u>64,745</u>	<u>326,111</u>
		<b>Consolidated</b>			
		<b>06/30/20</b>		<b>12/31/19</b>	
<b>Nature</b>		<b>Probable</b>	<b>Possible</b>	<b>Probable</b>	<b>Possible</b>
Civil		2,517	24,568	2,498	24,333
Labor		65,438	59,145	66,324	65,889
Tax		17,871	291,360	16,420	284,281
		<u>85,826</u>	<u>375,073</u>	<u>85,242</u>	<u>374,503</u>
		<b>Parent company</b>			
		<b>06/30/20</b>		<b>12/31/19</b>	
<b>Judicial deposits</b>		<b>06/30/20</b>	<b>12/31/19</b>	<b>06/30/20</b>	<b>12/31/19</b>
Civil		2,670	2,670	3,479	3,470
Labor		23,254	26,351	28,038	31,138
Tax		19,564	18,969	35,658	34,179
		<u>45,488</u>	<u>47,990</u>	<u>67,175</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**

		<b>Parent company</b>		<b>Consolidated</b>	
		<b>06/30/20</b>	<b>12/31/19</b>	<b>06/30/20</b>	<b>12/31/19</b>
REINTEGRA - credit appropriation (i)		657	649	657	649
Special Tax Regime - tax credit (ii)		722	710	722	710
IRPJ 2010, 2011 and 2012 (iii)		6,093	5,993	6,093	5,993
Other contingencies		3,273	3,250	10,399	9,068
		<u>10,745</u>	<u>10,602</u>	<u>17,871</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**

	<b>Parent company</b>		<b>Consolidated</b>	
	<b>06/30/20</b>	<b>12/31/19</b>	<b>06/30/20</b>	<b>12/31/19</b>
PIS, COFINS and FINSOCIAL - offsets	7,811	7,745	7,811	7,745
COFINS - refund request (i)	23,448	23,182	23,448	23,182
PIS, COFINS - credit	9,315	9,205	9,315	9,205
PIS - offsets (ii)	15,562	15,403	15,562	15,403
IPI - credit	1,746	1,751	1,746	1,751
IRPJ - lower realized inflationary profit	3,046	3,024	3,046	3,024
IRPJ and CSLL - Negative Balance (iii)	18,495	18,290	18,495	18,290
IRPJ and CSLL - profits overseas (iv)	31,578	31,210	31,578	31,210
IRPJ and CSLL - IR paid overseas	1,181	1,158	1,181	1,158
IRPJ and CSLL - profits from overseas (v)	69,199	62,077	69,199	62,077
DCP - Monetary adjustment (vi)	28,727	29,381	28,727	29,381
REINTEGRA - Offset (vii)	17,158	16,925	17,158	16,925
ICMS - outputs with reduced tax rate for non-taxpayers (viii)	-	-	15,853	15,724
ICMS - unsuitable tax documents (ix)	2,078	2,049	2,078	2,049
ISS - services rendered by third parties	6,499	6,412	6,499	6,412
INSS - services rendered by legal entities	4,621	4,569	4,621	4,569
Other lower value contingencies	13,217	14,505	35,043	36,176
	<u>253,681</u>	<u>246,886</u>	<u>291,360</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:

Nature	Consolidated			
	06/30/20		12/31/19	
	Probable	Possible	Probable	Possible
Contingent				
Tax	15,901	14,982	15,696	14,789
Social Security	-	3,271	-	3,229
	<u>15,901</u>	<u>18,253</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 - CSLL
- 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 June 30, 2020, the amount of BRL 4,399 (BRL 4,935 at June 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 June 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:

	<b>Parent company</b>		<b>Consolidated</b>	
	<b>06/30/20</b>	<b>12/31/19</b>	<b>06/30/20</b>	<b>12/31/19</b>
Present value of actuarial liabilities	(342,414)	(335,523)	(346,591)	(339,591)
Fair value of the plan assets	336,196	341,022	340,279	345,164
Surplus not subject to reimbursement or reduction in future contributions	-	(5,499)	-	(5,573)
Liabilities to be recognized	(6,218)	-	(6,312)	-

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 June 30, 2020.

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

	<b>Parent company</b>		<b>Consolidated</b>	
	<b>06/30/20</b>	<b>12/31/19</b>	<b>06/30/20</b>	<b>12/31/19</b>
On January 1	-	-	-	-
Contributions from plan participants	2,813	6,702	2,838	6,757
Actuarial losses (gains)	(7,973)	(6,702)	(8,048)	(6,757)
Recognized net annual revenue (expense)	(1,058)	-	(1,102)	-
On June 30	(6,218)	-	(6,312)	-

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

	<b>Parent company</b>		<b>Consolidated</b>	
	<b>06/30/20</b>	<b>12/31/19</b>	<b>06/30/20</b>	<b>12/31/19</b>
On January 1	341,022	308,557	345,164	312,115
Sponsor contribution	2,813	6,702	2,838	6,757
Employee contribution	25	57	25	58
Benefits paid	(6,593)	(13,654)	(6,677)	(13,760)
Expected return on plan assets	(1,071)	39,360	(1,071)	39,994
On June 30	336,196	341,022	340,279	345,164

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

	<b>Parent company</b>		<b>Consolidated</b>	
	<b>06/30/20</b>	<b>12/31/19</b>	<b>06/30/20</b>	<b>12/31/19</b>
On January 1	335,523	277,155	339,591	280,358
Actuarial (gains) losses	173	45,107	173	45,718
Cost of current services	1,183	2,316	1,228	2,388
Financial cost	12,103	24,542	12,251	24,829
Employee contribution	25	57	25	58
Benefits paid	(6,593)	(13,654)	(6,677)	(13,760)
On June 30	<u>342,414</u>	<u>335,523</u>	<u>346,591</u>	<u>339,591</u>

The amounts recognized in the income statement are:

	<b>Parent company</b>		<b>Consolidated</b>	
	<b>06/30/20</b>	<b>12/31/19</b>	<b>06/30/20</b>	<b>12/31/19</b>
Cost of current services	1,183	2,316	1,228	2,388
Financial cost	<u>(125)</u>	<u>(303)</u>	<u>(126)</u>	<u>(306)</u>
Total included in personnel costs	<u>1,058</u>	<u>2,013</u>	<u>1,102</u>	<u>2,082</u>

The main actuarial assumptions at the balance sheet date are:

• **Economic hypotheses**

	<b>Percentage p.a.</b>			
	<b>Parent company</b>		<b>Consolidated</b>	
	<b>06/30/20</b>	<b>12/31/19</b>	<b>06/30/20</b>	<b>12/31/19</b>
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 June 30, 2020 (inflation 3.80% p.a. plus interest 3.48% p.a. for the year ended December 31, 2019).

• **Demographic assumptions**

	<b>Parent company</b>		<b>Consolidated</b>	
	<b>06/30/20</b>	<b>12/31/19</b>	<b>06/30/20</b>	<b>12/31/19</b>
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>06/30/20</u>	<u>12/31/19</u>	<u>06/30/20</u>	<u>12/31/19</u>
Asset (liability)				
Provision for technical assistance	35,755	32,274	49,251	44,300
Provision for commissions	41,603	24,989	48,463	29,595
Provision for doubtful accounts	14,205	11,204	70,513	72,882
Provision for profit sharing	25,919	42,816	27,178	45,334
Provision for contingencies	65,425	66,206	102,137	109,771
Allowance for losses in inventories	6,036	5,110	13,977	9,674
Provision for third party services	9,814	9,908	17,541	18,006
Provision for contract terminations	10,906	20,493	10,906	22,493
Unrealized inventories	6,554	6,892	6,554	6,892
Adjustment to present value	3,169	2,270	3,505	2,610
Tax loss and negative social contribution base	92,741	-	92,795	-
Industrial Development Program	6,892	-	6,892	-
(Tax depreciation)	(29,363)	(28,563)	(29,363)	(28,563)
(Settlement of gains/losses with derivatives)	-	146	-	(1,382)
Suspended Income Tax	8,147	7,685	8,147	7,685
Other provisions	13,706	18,858	22,804	14,403
Calculation basis	311,509	220,288	451,300	353,700
Nominal tax rate - %	34	34	34	34
Deferred income tax and social contribution	<u>105,913</u>	<u>74,898</u>	<u>153,442</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:

#### Assets (Liabilities)

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>06/30/20</u>	<u>12/31/19</u>	<u>06/30/20</u>	<u>12/31/19</u>
From 13 months onwards	105,913	74,898	153,442	120,258
	<u>105,913</u>	<u>74,898</u>	<u>153,442</u>	<u>120,258</u>

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

	Parent company				Consolidated			
	04/01/20 to 06/30/20	04/01/19 to 06/30/19	06/30/20	06/30/19	04/01/20 to 06/30/20	04/01/19 to 06/30/19	06/30/20	06/30/19
Reconciliation								
Income before income tax and social contribution	4,154	81,480	(32,849)	118,230	(39)	93,593	(24,304)	137,537
Nominal rate - %	34	34	34	34	34	34	34	34
	<u>1,412</u>	<u>27,703</u>	<u>(11,169)</u>	<u>40,198</u>	<u>(13)</u>	<u>31,822</u>	<u>(8,263)</u>	<u>46,763</u>
Permanent additions and exclusions								
Equity	2,382	(15,981)	(10,927)	(16,041)	-	-	-	-
Management participation	204	331	546	858	204	331	546	858
Reintegra	72	60	128	126	72	60	128	126
Interest on equity	-	(9,658)	(7,981)	(9,658)	-	(9,658)	(7,981)	(9,658)
Industrial Development Program	-	(8,865)	-	(8,074)	-	(8,865)	-	(8,074)
IR/CS on results abroad	-	-	(22,449)	-	-	-	(22,449)	-
Tax incentive - LC 160 (*)	-	-	-	-	13,352	-	13,352	-
ICMS base PIS/COFINS	-	-	-	-	(13,419)	-	(13,419)	-
Tax loss on subsidiaries	-	-	-	-	(203)	-	4,160	-
Loss used	-	-	-	-	-	(7,518)	-	(7,518)
Other additions (exclusions)	<u>(5,319)</u>	<u>1,580</u>	<u>(695)</u>	<u>291</u>	<u>(1,339)</u>	<u>(3,485)</u>	<u>(2,403)</u>	<u>(2,859)</u>
	<u>(1,249)</u>	<u>(4,830)</u>	<u>(52,547)</u>	<u>7,700</u>	<u>(1,346)</u>	<u>2,687</u>	<u>(36,329)</u>	<u>19,638</u>
Income tax and social contribution								
Current	(988)	654	(23,646)	638	(3,235)	15,153	(3,145)	18,796
Deferred	<u>(261)</u>	<u>(5,484)</u>	<u>(28,901)</u>	<u>7,062</u>	<u>1,889</u>	<u>(12,466)</u>	<u>(33,184)</u>	<u>842</u>
	<u>(1,249)</u>	<u>(4,830)</u>	<u>(52,547)</u>	<u>7,700</u>	<u>(1,346)</u>	<u>2,687</u>	<u>(36,329)</u>	<u>19,638</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 June 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, 243,162,109 (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 7,951,506 nominative preferred shares, acquired at the average cost of BRL 3.9557 (in Reais) per share. The value of treasury shares as of June 30, 2020 corresponds to BRL 31,454. 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 June 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:

		<b>Consolidated</b>	
<b>Nature of the asset</b>	<b>Equity value</b>	<b>06/30/20</b>	<b>12/31/19</b>
Inventories, buildings and contents	Fire and various risks	1,026,644	926,915
Vehicles	Collision and civil liability	66,631	51,972
		<u>1,093,275</u>	<u>978,887</u>

**23 Surety and guarantees**

As of June 30, 2020, the Company had contracted sureties and/or guarantees in the amount of BRL 51,599 (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 8,954 (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:

	<b>Parent company</b>				<b>Consolidated</b>			
	<b>04/01/20 to 06/30/20</b>	<b>04/01/19 to 06/30/19</b>	<b>06/30/20</b>	<b>06/30/19</b>	<b>04/01/20 to 06/30/20</b>	<b>04/01/19 to 06/30/19</b>	<b>06/30/20</b>	<b>06/30/19</b>
Cost of Products and Services Sold	228	5,801	7,340	11,704	216	7,432	9,207	14,947
Sales expenses	434	1,061	2,380	2,081	436	1,079	2,407	2,116
Administration expenses	278	121	1,478	1,178	692	596	2,392	2,096
	<u>940</u>	<u>6,983</u>	<u>11,198</u>	<u>14,963</u>	<u>1,344</u>	<u>9,107</u>	<u>14,006</u>	<u>19,159</u>

## 25 Revenue

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

	Parent company				Consolidated			
	04/01/20 to 06/30/20	04/01/19 to 06/30/19	06/30/20	06/30/19	04/01/20 to 06/30/20	04/01/19 to 06/30/19	06/30/20	06/30/19
Gross sales of products and services	415,812	712,094	887,365	1,264,369	889,400	1,292,777	1,922,880	2,310,907
Taxes on sales and returns	(33,278)	(82,446)	(80,537)	(147,339)	(90,931)	(150,965)	(205,012)	(270,508)
Net revenue	<u>382,534</u>	<u>629,648</u>	<u>806,828</u>	<u>1,117,030</u>	<u>798,469</u>	<u>1,141,812</u>	<u>1,717,868</u>	<u>2,040,399</u>

## 26 Expenditure by nature

	Parent company				Consolidated			
	04/01/20 to 06/30/20	04/01/19 to 06/30/19	06/30/20	06/30/19	04/01/20 to 06/30/20	04/01/19 to 06/30/19	06/30/20	06/30/19
Raw materials and consumables	210,374	384,341	426,677	681,382	458,952	716,229	996,064	1,264,696
Cost of idleness (*)	9,339	-	9,339	-	27,990	-	27,990	-
Third party services and others	44,002	69,327	99,180	121,146	65,611	77,434	155,864	169,344
Direct remuneration	54,258	100,512	136,749	180,537	134,590	181,094	310,669	343,928
Remuneration of management	2,190	4,775	5,123	8,407	2,190	4,775	5,123	8,407
Employee participation in profits or results	940	6,983	11,198	14,963	1,344	9,107	14,006	19,159
Depreciation and amortization charges	7,903	7,400	15,631	14,358	24,000	20,863	46,556	39,232
Private pension expenses	1,625	2,306	3,939	4,643	1,833	2,454	4,399	4,935
Other expenses	<u>13,820</u>	<u>19,942</u>	<u>31,838</u>	<u>37,254</u>	<u>44,442</u>	<u>64,357</u>	<u>70,193</u>	<u>76,721</u>
Total costs and expenses of sales, distributions and administrative expenses.	<u>344,451</u>	<u>595,586</u>	<u>739,674</u>	<u>1,062,690</u>	<u>760,952</u>	<u>1,076,313</u>	<u>1,630,864</u>	<u>1,926,422</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			
	04/01/20 to 06/30/20	04/01/19 to 06/30/19	06/30/20	06/30/19	04/01/20 to 06/30/20	04/01/19 to 06/30/19	06/30/20	06/30/19
ICMS credits (*)	-	-	-	-	41,318	6,777	47,927	11,577
Allowance for losses in inventories	(337)	(504)	(1,123)	(1,360)	(2,070)	(1,119)	(2,763)	(2,405)
Provision for labor contingencies	(3,111)	(10,969)	(9,228)	(21,707)	(3,584)	(14,015)	(10,977)	(27,283)
Other expenses	<u>(1,975)</u>	<u>(916)</u>	<u>(4,547)</u>	<u>8,935</u>	<u>(4,494)</u>	<u>(1,547)</u>	<u>(7,314)</u>	<u>2,414</u>
Total costs and expenses of sales, distributions and administrative expenses.	<u>(5,423)</u>	<u>(12,389)</u>	<u>(14,898)</u>	<u>(14,132)</u>	<u>31,170</u>	<u>(9,904)</u>	<u>26,873</u>	<u>(15,697)</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 June 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			
	04/01/20 to 06/30/20	04/01/19 to 06/30/19	06/30/20	06/30/19	04/01/20 to 06/30/20	04/01/19 to 06/30/19	06/30/20	06/30/19
Financial revenues								
Interest and monetary variations received	4,121	2,873	5,157	3,674	27,014	5,033	28,939	6,153
Interest on derivatives	42	-	42	5	147	218	308	240
Income from financial investments	2,475	8,989	7,152	18,033	3,209	11,010	9,442	21,414
Exchange variation	71,730	8,792	247,638	20,315	89,761	15,626	322,553	38,475
Exchange variation on derivatives	4,600	(12)	7,092	1,306	5,944	2,076	7,112	3,414
Adjustment to present value of accounts receivable	3,220	8,939	7,795	15,899	7,379	12,683	15,442	22,953
	<u>86,188</u>	<u>29,581</u>	<u>274,876</u>	<u>59,232</u>	<u>133,454</u>	<u>46,646</u>	<u>383,796</u>	<u>92,649</u>
Financial expenses								
Interest on loans and financing	(13,010)	(15,193)	(26,056)	(31,081)	(15,403)	(20,487)	(30,330)	(40,622)
Interest on derivatives	(381)	(10)	(381)	(10)	(381)	(10)	(381)	(10)
Exchange variation	(96,724)	(4,044)	(360,576)	(12,901)	(125,444)	(10,611)	(447,534)	(28,327)
Exchange variation on derivatives	-	-	-	-	(3,761)	(492)	(15,304)	(1,285)
Bank expenses	(2,228)	(1,343)	(4,135)	(2,467)	(3,248)	(1,758)	(5,833)	(3,746)
Adjustment to present value from suppliers	(1,304)	(2,344)	(2,837)	(4,378)	(2,125)	(4,355)	(4,931)	(8,063)
	<u>(113,647)</u>	<u>(22,934)</u>	<u>(393,985)</u>	<u>(50,837)</u>	<u>(150,362)</u>	<u>(37,713)</u>	<u>(504,313)</u>	<u>(82,053)</u>
Financial result	<u>(27,459)</u>	<u>6,647</u>	<u>(119,109)</u>	<u>8,395</u>	<u>(16,908)</u>	<u>8,933</u>	<u>(120,517)</u>	<u>10,596</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.

	06/30/2020	06/30/2019
Profit attributable to shareholders	19,698	110,530
Weighted average number of shares issued (thousands)	938,941	940,180
Profit per share	0.02098	0.11756

### (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>06/30/2020</u>	<u>06/30/2019</u>
Profit attributable to shareholders	19,698	110,530
Weighted average number of shares issued (thousands)	938,941	940,180
Adjustments for:		
Exercise of stock options	7,951	3,081
Profit per share	0.02080	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</u>		<u>Financial</u>	
	<u>06/30/20</u>	<u>12/31/19</u>	<u>06/30/20</u>	<u>12/31/19</u>	<u>06/30/20</u>	<u>12/31/19</u>
Assets						
Current						
Cash and cash equivalents	805,587	1,074,622	738,763	1,057,258	66,824	17,364
Financial assets measured at fair value through profit or loss	-	98,314	-	98,314	-	-
Derivative financial instruments	4,655	1,849	4,655	1,849	-	-
Accounts receivable from customers	1,174,718	863,015	957,663	570,099	217,055	292,916
Stocks	681,217	552,691	681,217	552,691	-	-
Other accounts receivable	360,645	244,728	324,997	208,274	35,648	36,454
	<u>3,026,822</u>	<u>2,835,219</u>	<u>2,707,295</u>	<u>2,488,485</u>	<u>319,527</u>	<u>346,734</u>
Noncurrent						
Financial assets measured at fair value through profit or loss	71,437	51,646	71,437	51,646	-	-
Accounts receivable from customers	479,071	360,775	-	-	479,071	360,775
Other accounts receivable	232,785	195,172	213,673	177,173	19,112	17,999
Investments	589,048	472,580	589,048	472,580	-	-
Investment properties	48,455	48,906	48,455	48,906	-	-
Immobilized	1,022,419	941,203	1,021,899	940,752	520	451
Goodwill and intangible assets	337,030	288,177	336,593	287,741	437	436
	<u>2,780,245</u>	<u>2,358,459</u>	<u>2,281,105</u>	<u>1,978,798</u>	<u>499,140</u>	<u>379,661</u>
Total assets	<u>5,807,067</u>	<u>5,193,678</u>	<u>4,988,400</u>	<u>4,467,283</u>	<u>818,667</u>	<u>726,395</u>
Liabilities						
Current						
Providers	361,201	377,527	361,201	377,527	-	-
Loans and financing	727,880	609,950	498,876	415,835	229,004	194,115
Derivative financial instruments	2,508	548	2,508	548	-	-
Other accounts payable	571,742	524,381	563,076	511,481	8,666	12,900
	<u>1,663,331</u>	<u>1,512,406</u>	<u>1,425,661</u>	<u>1,305,391</u>	<u>237,670</u>	<u>207,015</u>
Noncurrent						
Loans and financing	1,386,925	1,142,352	1,036,135	850,644	350,790	291,708
Pension plan	6,312	-	6,218	-	94	-
Other accounts payable	223,839	180,508	221,437	178,491	2,402	2,017
	<u>1,617,076</u>	<u>1,322,860</u>	<u>1,263,790</u>	<u>1,029,135</u>	<u>353,286</u>	<u>293,725</u>
Participation of non-controlling shareholders	<u>57,279</u>	<u>48,333</u>	<u>57,279</u>	<u>48,333</u>	<u>-</u>	<u>-</u>
Shareholders' equity attributable to controlling shareholders	<u>2,469,381</u>	<u>2,310,079</u>	<u>2,241,670</u>	<u>2,084,424</u>	<u>227,711</u>	<u>225,655</u>
Total liabilities	<u>5,807,067</u>	<u>5,193,678</u>	<u>4,988,400</u>	<u>4,467,283</u>	<u>818,667</u>	<u>726,395</u>

## Income statements

	<u>Consolidated</u>		<u>Industrial</u>		<u>Financial</u>	
	<u>06/30/20</u>	<u>06/30/19</u>	<u>06/30/20</u>	<u>06/30/19</u>	<u>06/30/20</u>	<u>06/30/19</u>
Operations						
Net sales and services revenue	1,717,868	2,040,399	1,692,386	2,023,313	25,482	17,086
Cost of products sold and services rendered	(1,437,335)	(1,726,888)	(1,437,335)	(1,726,888)	-	-
Gross profit	280,533	313,511	255,051	296,425	25,482	17,086
Operating revenues (expenses)						
Selling expenses	(106,672)	(110,274)	(93,479)	(103,320)	(13,193)	(6,954)
Administrative costs	(86,857)	(89,260)	(77,490)	(80,071)	(9,367)	(9,189)
Other (expenses) net operating income	26,873	(15,697)	25,950	(16,219)	923	522
Equity equivalence result	(17,664)	28,661	(17,664)	28,661	-	-
Operational result	96,213	126,941	92,368	125,476	3,845	1,465
Financial result						
Financial income	383,796	92,649	383,796	92,649	-	-
Financial expenses	(504,313)	(82,053)	(504,313)	(82,053)	-	-
Income before income tax and social contribution	(24,304)	137,537	(28,149)	136,072	3,845	1,465
Income tax and social contribution	36,329	(19,638)	38,067	(19,057)	(1,738)	(581)
Net profit for the period	<u>12,025</u>	<u>117,899</u>	<u>9,918</u>	<u>117,015</u>	<u>2,107</u>	<u>884</u>

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

	<u>Consolidated</u>		<u>Industrial Segment</u>		<u>Financial Segment</u>	
	<u>06/30/20</u>	<u>06/30/19</u>	<u>06/30/20</u>	<u>06/30/19</u>	<u>06/30/20</u>	<u>06/30/19</u>
Cash flows from operating activities						
<b>Net income for the period</b>	<b>12,025</b>	<b>117,899</b>	<b>9,918</b>	<b>117,015</b>	<b>2,107</b>	<b>884</b>
Adjustments to reconcile income to cash generated by operating activities:						
Depreciation and amortization	46,556	39,232	46,427	39,081	129	151
Gain on sale of investment assets, property, plant and equipment						
and intangible assets	2,551	841	2,551	839	-	2
Equity	17,664	(28,661)	17,664	(28,661)	-	-
Allowance for loan losses	3,777	5,585	(9,416)	596	13,193	4,989
Current and deferred income tax and social contribution	(36,329)	19,638	(38,067)	19,057	1,738	581
Appropriate interest and variations	261,271	22,044	242,916	4,869	18,355	17,175
Non-controlling interests	(7,673)	7,369	(7,673)	7,369	-	-
Variations in assets and liabilities						
(Increase) decrease in trade accounts receivable	(396,523)	179,256	(340,895)	181,344	(55,628)	(2,088)
(Increase) reduction in securities	75,717	(14,113)	75,717	(14,113)	-	-
(Increase) decrease in inventories	(75,138)	20,677	(75,138)	20,677	-	-
(Increase) decrease in other accounts receivable	(133,733)	(29,132)	(133,426)	(34,019)	(307)	4,887
Increase (decrease) suppliers	(50,364)	15,403	(50,364)	15,613	-	(210)
Increase (decrease) actuarial liabilities	6,312	-	6,218	-	94	-
Increase (decrease) in accounts payable and provisions	45,255	(44,357)	48,083	(46,025)	(2,828)	1,668
<b>Cash generated from operating activities</b>	<b>(228,632)</b>	<b>311,681</b>	<b>(205,485)</b>	<b>283,642</b>	<b>(23,147)</b>	<b>28,039</b>
Profit taxes paid	3,145	(18,796)	5,955	(16,561)	(2,810)	(2,235)
<b>Net cash from operating activities</b>	<b>(225,487)</b>	<b>292,885</b>	<b>(199,530)</b>	<b>267,081</b>	<b>(25,957)</b>	<b>25,804</b>
Cash flows from investment activities						

	<b>Consolidated</b>		<b>Industrial Segment</b>		<b>Financial Segment</b>	
	<b>06/30/20</b>	<b>06/30/19</b>	<b>06/30/20</b>	<b>06/30/19</b>	<b>06/30/20</b>	<b>06/30/19</b>
Investments	-	-	-	-	-	-
Dividends from subsidiaries, joint ventures and associates	448	8,146	448	8,146	-	-
Fixed asset additions	(71,174)	(70,737)	(71,051)	(70,641)	(123)	(96)
Intangible additions	(1,961)	(2,902)	(1,885)	(2,846)	(76)	(56)
Receipts from sale of property, plant and equipment	-	2,150	-	2,150	-	-
<b>Net cash from investment activities</b>	<b>(72,687)</b>	<b>(63,343)</b>	<b>(72,488)</b>	<b>(63,191)</b>	<b>(199)</b>	<b>(152)</b>
Cash flows from financing activities						
Issuance of shares	-	69,430	-	69,430	-	-
Actions in treasury	-	2,295	-	2,295	-	-
Loans from third parties	362,623	588,695	178,992	489,895	183,631	98,800
Loan payment - principal	(286,418)	(767,214)	(190,085)	(668,348)	(96,333)	(98,866)
Loan payment - interest	(23,496)	(35,253)	(11,814)	(19,828)	(11,682)	(15,425)
Payment of interest and dividends	(69,971)	(82,909)	(69,971)	(82,909)	-	-
<b>Net cash used in financing activities</b>	<b>(17,262)</b>	<b>(224,956)</b>	<b>(92,878)</b>	<b>(209,465)</b>	<b>75,616</b>	<b>(15,491)</b>
Effect of exchange rate changes on cash and cash equivalents	46,671	100	46,671	100	-	-
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(268,765)</b>	<b>4,686</b>	<b>(318,225)</b>	<b>(5,475)</b>	<b>49,460</b>	<b>10,161</b>
Cash and cash equivalents at the beginning of the period	1,074,622	863,467	1,057,258	833,839	17,364	29,628
Cash and cash equivalents at the end of the period	805,857	868,153	739,033	828,364	66,824	39,789

### 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>06/30/20</b>	<b>06/30/19</b>
Brazil	1,287,532	1,540,515
Africa	32,341	42,179
Argentina	15,931	-
Australia	210,063	193,319
China	12,802	20,408
Mexico	159,014	243,852
United Arab Emirates	185	126
	<b>1,717,868</b>	<b>2,040,399</b>

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

	<b>Consolidated</b>	
	<b>06/30/20</b>	<b>12/31/19</b>
Brazil	964,228	934,749
Africa	16,953	15,469
Argentina	22,193	13,429
Australia	217,483	156,138
Canada	75,462	58,216
China	17,942	14,595
Mexico	44,674	36,394
Uruguay	98	72
United Arab Emirates	416	318
	<b>1,359,449</b>	<b>1,229,380</b>

**33 Subsequent events**

**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 at a level of 50% of its normal capacity, 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.

\* \* \*

**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 June 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	6,834,164	1.12	14,513,084	1.53
Paulo Alexander Pacheco Bellini	6,556,860	1.92	2,867,400	0.47	9,424,260	1.00
<b>Controlling Group Subtotal</b>	<b>173,132,720</b>	<b>50.68</b>	<b>19,761,039</b>	<b>3.26</b>	<b>192,893,759</b>	<b>20.37</b>
Alaska Investimentos Ltda	59,233,633	17.34	13,812,017	2.28	73,045,650	7.71
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	47,222,393	7.80	47,222,393	4.99
Viviane Maria Pinto Bado	44,963,544	13.16	822,927	0.14	45,786,471	4.84
Treasury shares	-	0.00	7,951,506	1.31	7,951,506	0.84
Other shareholders overseas (*)	7,353,271	2.15	195,939,716	32.37	203,292,987	21.47
Other shareholders (*)	56,942,576	16.67	236,466,440	39.08	293,409,016	30.99
<b>Subtotal</b>	<b>168,493,024</b>	<b>49.32</b>	<b>585,506,099</b>	<b>96.74</b>	<b>753,999,123</b>	<b>79.63</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 June 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 06/30/2020**

Table presented in shares:

SHAREHOLDERS	COMMON		PREFERRED		TOTAL	
	QTY.	%	QTY.	%	QTY.	%
Controllers	173,132,720	50.68	19,761,039	3.26	192,893,759	20.37
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	7,951,506	1.31	7,951,506	0.84
Other	167,673,527	49.08	573,419,889	94.74	741,093,416	78.27
<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>573,419,889</b>	<b>94.74</b>	<b>741,093,416</b>	<b>78.27</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 06/30/2019**

Table presented in shares:

SHAREHOLDERS	COMMON		PREFERRED		TOTAL	
	QTY.	%	QTY.	%	QTY.	%
Controllers	172,426,320	50.47	19,310,939	3.19	191,737,259	20.25
Relatives of controllers	-	-	-	-	-	-
Administrators	-	-	-	-	-	-
Board of Directors	-	-	-	-	-	-
Executive Board	356,000	0.10	2,958,718	0.49	3,314,718	0.35
Fiscal Board (*)	504,697	0.15	830,415	0.14	1,335,112	0.14
Treasury shares	-	0.00	3,081,981	0.51	3,081,981	0.33
Other	168,338,727	49.28	579,085,085	95.67	747,423,812	78.93
<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>	168,338,727	49.28	579,085,085	95.67	747,423,812	78.93

\* 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.**



## **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 June 30, 2020, comprising the balance sheet at that date and the statements of income and comprehensive income for the quarter and six-month period then ended, and the statements of changes in equity and cash flows for the six-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 six-month period ended June 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, August 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 June 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 June 30, 2020.

Caxias do Sul, August 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  
NIRE No.43 3 0000723 5

## **DECLARATION**

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Caxias do Sul, August 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