JSL Logística

Condensed Carve-out interim financial statements at June 30, 2020 and independent auditor’s report

Contents

Independent auditor's report on the review of condensed carve-out interim financial statements……....1
Condensed carve-out statements of financial position 3
Condensed carve-out statements of profit or loss….....4
Condensed carve-out statements of comprehensive income (loss)….....5
Condensed carve-out statements of changes in parent company's investment (deficit).....6
Condensed carve-out statements of cash flows - indirect method 7
Notes to the condensed carve-out interim financial statements.....8

KPMG Auditores Independentes
Rua Arquiteto Olavo Redig de Campos, 105, 6º andar - Torre A
04711-904 - São Paulo/SP - Brasil
Caixa Postal 79518 - CEP 04707-970 - São Paulo/SP - Brasil
Telefone +55 (11) 3940-1500
kpmg.com.br

Report on Review of Condensed Carve-out Interim Financial Statements

To the Management of
JSL Logística
São Paulo - SP

Introduction

We have reviewed the condensed carve-out interim financial statements related to the logistics operations segment, which include the entities JSL S.A., Quick Logística Ltda., Quick Armazéns Gerais Ltda., MedLogistica Prestação de Serviços de Logística S.A., Yolanda Logística S.A. and Sinal Serviços de Integração Industrial Ltda. ("JSL Logística"), which comprise the condensed carve-out statement of financial position as at June 30, 2020 and the respective condensed carve-out statements of profit or loss and comprehensive income (loss) and changes in net parent company's investment (deficit) and cash flows for the six-month period then ended, including the explanatory notes.

Management is responsible for the preparation of the condensed carve-out interim financial statements in accordance with the CPC 21 (R1) - Interim Financial Reporting and the standard IAS 34 - Interim Financial Reporting, as issued by the International Accounting Standards Board - IASB. Our responsibility is to express a conclusion on these condensed carve-out interim financial statements based on our review.

Review scope

We conducted our review in accordance with the Brazilian and International standards (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 condensed carve-out interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Brazilian and International auditing standards and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG Auditores Independentes, uma sociedade simples brasileira e firma-membro da rede KPMG de firmas-membro independentes e afiliadas à KPMG International Cooperative ("KPMG International"), uma entidade suíça.

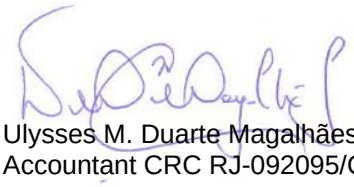
KPMG Auditores Independentes, a Brazilian entity and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Conclusion on the condensed carve-out interim financial statements
Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed carve-out interim financial statements referred to above have not been prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34.

Emphasis - Basis for preparation and presentation
We draw attention to explanatory note 1.1 which describes the basis of preparation of the condensed carve-out interim financial statements. The JSL Logística's condensed carve-out interim financial statements might not be indicative of the financial position and performance and cash flows, which could be obtained if JSL Logística had operated as a single independent entity. These condensed carve-out interim financial statements have been prepared and are being presented exclusively to demonstrate the equity and financial position, the performance of operations and cash flows of JSL Logística and, therefore, may not serve other purposes. Our conclusion is not qualified in relation to this matter.

São Paulo, August 24, 2020

KPMG Auditores Independentes
CRC 2SP014428/O-6



Ulysses M. Duarte Magalhães
Accountant CRC RJ-092095/O-8

KPMG Auditores Independentes, uma sociedade simples brasileira e firma-membro da rede KPMG de firmas-membro independentes e afiliadas à KPMG International Cooperative ("KPMG International"), uma entidade suíça.

KPMG Auditores Independentes, a Brazilian entity and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

JSL Logística
Condensed carve-out statements of financial position
As at June 30, 2020 and December 31, 2019
In thousands of Brazilian Reais

	Note	06/30/2020	12/31/2019
Assets			
Current			
Cash and cash equivalents	5	309,457	54,623
Marketable securities and financial investments	6	975,410	14,981
Derivative financial instruments	4.3.b.ii	30,921	32,233
Trade receivables	7	639,451	673,955
Inventories		43,757	28,450
Fixed assets available for sale	8	111,341	107,018
Taxes recoverable	9	42,398	54,465
Income tax and social contribution recoverable	20.3	269,116	126,610
Prepaid expenses		20,447	13,925
Advances to third parties		36,028	46,426
Other credits		16,759	29,295
		2,495,085	**1,181,981**
Noncurrent			
Long-term assets			
Derivative financial instruments	4.3.b.ii	35,080	31,752
Trade receivables	7	7,304	16,787
Taxes recoverable	9	54,317	63,819
Income tax and social contribution recoverable	20.3	20,528	20,528
Judicial deposits	19	50,420	53,492
Deferred income tax and social contribution	20.1	16,919	13,997
Related parties	21.1	17	-
Other credits		2,894	2,460
		187,479	**202,835**
Property and equipment	10	1,570,466	1,480,597
Intangible assets	11	260,110	260,503
		2,018,055	**1,943,935**
Total assets		**4,513,140**	**3,125,916**

	Note	06/30/2020	12/31/2019
Liabilities			
Current			
Trade payables	12	99,083	81,353
Suppliers financing - car makers	13	2,143	-
Loans and borrowings	14	119,055	184,896
Debentures	15	314,092	451,907
Leases payable	16	38,947	54,547
Right-of-use lease	17	35,207	35,940
Labor liabilities	18	151,663	128,139
Income tax and social contribution payable	20.3	110	8
Tax liabilities		29,900	43,712
Advances from customers		22,565	8,052
Other payables		54,102	35,015
		866,867	**1,023,569**
Noncurrent			
Loans and borrowings	14	1,640,178	1,337,381
Debentures	15	1,172,105	1,144,731
Leases payable	16	54,345	61,851
Right-of-use lease	17	194,980	172,272
Tax liabilities		841	841
Provision for judicial and administrative litigation	19	46,017	48,526
Deferred income tax and social contribution	20.1	71,753	55,273
Payables for the acquisition of companies	22	75,345	84,249
Other payables		6,924	9,460
		3,262,488	**2,914,584**
Total liabilities		**4,129,355**	**3,938,153**
Net parent company's investment (deficit)		383,785	(812,237)
Total liabilities and net parent company's investment (deficit)		**4,513,140**	**3,125,916**

The accompanying notes are an integral part of the condensed carve-out interim financial statements.

	Note	06/30/2020	06/30/2019
Net revenue from services rendered, sale of decommissioned assets used in services rendered and lease of vehicles, machinery and equipment	**23**	**1,275,422**	**1,536,465**
Cost of services rendered and lease of vehicles, machinery and equipment	24	(1,089,254)	(1,247,767)
Cost of sales of decommissioned assets	24	(68,416)	(73,448)
Total cost of services rendered, sale of decommissioned assets and lease of vehicles, machinery and equipment		**(1,157,670)**	**(1,321,215)**
Gross profit		**117,752**	**215,250**
Selling expenses	24	(8,806)	(9,489)
General and administrative expenses	24	(60,639)	(54,201)
(Provision) reversal of expected credit losses ("impairment") of trade receivables	24	(7,213)	3,922
Other operating income (expenses), net	24	34,723	(1,192)
Profit before finance income, costs and taxes		**75,817**	**154,290**
Finance income	25	18,766	42,228
Finance costs	25	(116,331)	(192,908)
(Loss) profit before income tax and social contribution		**(21,748)**	**3,610**
Income tax and social contribution - current	20.2	25,896	(34,175)
Income tax and social contribution - deferred	20.2	(11,095)	37,728
Total income tax and social contribution		**14,801**	**3,553**
(Loss) profit for the period		**(6,947)**	**7,163**

	06/30/2020	06/30/2019
(Loss) profit for the period	**(6,947)**	**7,163**
Items that are or may be subsequently reclassified to profit or loss:		
Loss on cash flow hedge	7,243	-
Income tax and social contribution on cash flow hedge	(2,463)	-
Total other comprehensive income	**4,780**	**-**
Total comprehensive (loss) income for the period	**(2,167)**	**7,163**

	Net parent company's investment (deficit)
Balance at December 31, 2018	**(1,090,087)**
Profit for the period	7,163
Share-based payment transactions	926
Other adjustments - financial guarantees provided	(1,988)
Changes in net parent company's investment	271,895
Balance at June 30, 2019	**(812,091)**
Balance at December 31, 2019	**(812,237)**
Loss for the period	(6,947)
Loss on cash flow hedge	4,780
Share-based payment transactions	836
Other adjustments - financial guarantees provided	(6,280)
Changes in net parent company's investment	1,203,633
Balance at June 30, 2020	**383,785**

	06/30/2020	06/30/2019
Cash flows from operating activities		
(Loss) profit before income tax and social contribution	(21,748)	3,610
Adjustments for:		
Depreciation and amortization (notes 10 and 11)	116,511	1,178
Cost of sales of decommissioned assets (note 24)	68,416	73,448
Interest on accounts payable of acquired companies	2,935	9,744
Gain on fair value of derivative financial instruments	(351)	(5,126)
Interest and variations on loans and borrowings, debentures, leases and suppliers financing - car makers	106,609	164,602
Financial income of guarantees provided	(6,280)	(1,988)
Provision for judicial and administrative litigation (note 19.2)	10,108	10,559
Provision (reversal) of expected credit losses ("impairment") of trade receivables (note 7.1)	7,213	(3,922)
Write-off of other property and equipment and intangible assets	78,358	1,712
Extemporaneous tax credits (note 24)	(13,756)	(3,846)
Share-based payments (nota 26.b)	836	926
	348,851	**360,897**
Changes in operating net working capital		
Trade receivables	36,774	(59,031)
Inventories	(15,307)	(763)
Taxes recoverable	35,325	(29,452)
Trade payables and floor plan	12,322	(2,328)
Labor and tax liabilities	9,712	14,223
Other current and noncurrent assets and liabilities	(48,535)	33,601
	30,291	**(43,750)**
Judicial and administrative litigation paid (note 19.2)	(12,617)	(11,417)
Income tax and social contribution paid	(116,508)	(7,804)
Interest paid on loans and borrowings, debentures and leases	(134,090)	(158,465)
Acquisition of operational property and equipment for leasing (note 28)	(203,020)	(141,163)
Cash used in operating activities before investments in marketable securities	**(87,093)**	**(1,702)**
(Investments in) redemption of marketable securities	(960,429)	409,536
Net cash (used in) generated by operating activities	**(1,047,522)**	**407,834**
Cash flows from investing activities		
Additions of property and equipment (note 28)	(17,206)	(12,454)
Additions to intangible assets (note 11)	(4,315)	(2,867)
Net cash used in investing activities	**(21,521)**	**(15,321)**
Cash flows from financing activities		
Changes in parent company's investment, net	1,203,633	271,895
Settlement of debt hedge instruments (swap)	5,579	7,241
Payment for the acquisition of companies	(1,959)	(3,288)
New loans and borrowings	423,877	44,119
Payment of loans and borrowings, debentures, leases and suppliers financing - car makers	(307,253)	(858,850)
Net cash generated by (used in) financing activities	**1,323,877**	**(538,883)**
Net increase (decrease) in cash and cash equivalents	**254,834**	**(146,370)**
Cash and cash equivalents		
At the beginning of the year	54,623	185,927
At the end of the period	309,457	39,557
Net increase (decrease) in cash and cash equivalents	**254,834**	**(146,370)**
Main non-cash transactions		
Raising of leases and Finame for the acquisition of property and equipment and suppliers financing - car makers	(2,263)	(50,633)
Initial adoption of CPC 06 (R2) / IFRS 16 - Leases	-	(218,208)
Additions of Right-of-use lease (note10)	(124,872)	(28,451)
Change in the balance of trade payables and suppliers financing - car makers	(5,408)	5,408

1. General Information

JSL Logística refers to the logistics operations of the Company JSL S.A. and its subsidiaries, consisting of the rendering of services related to intercity, interstate and international road cargo transportation; charter transportation of employees; logistical organization of cargo transportation; warehousing, internal logistic of manufacturing plants and related activities.

At August 5, 2020 as announcement by relevant fact released, it was approved by shareholders meeting the organizational restructuring of JSL S.A. and its subsidiaries, splitting and separating from JSL S.A. the non-logistics assets, including investments in subsidiaries, and liabilities and transferring them to Simpar S.A., that became the holding company of the group.

During the process it was negotiated with banks and creditors the transfer to Simpar S.A. of certain debts and debentures obtained by JSL S.A. to foment and support the growth of its non-logistics subsidiaries. Other debts and debentures, although obtained with the same purpose was not transferred since it was not approved by the creditors. Such liabilities were defined as part treasury operations of the group.

As a result, JSL S.A. and its subsidiaries is now focused in logistics services, referred as 'JSL Logística'.

As at June 30, 2020, JSL Logística presents a positive balance in the parent company's investment of R$ 383,785 in its carve-out statements of finance position, and as at December 31, 2019 this balance was a negative R$ 812,237. The variation of R$ 1,196,022, as shown in the statements of changes in the parent's investment includes the changes in net parent company`s investment (deficit) of R$ 1,203,633. These changes include the collection of R$ 1,117,643, net of withholding taxes, of early settlement of swap contracts designated as hedge instruments of us-dollar denominated debt. Both debts and swap contracts were defined as non-logistic activities, and therefore do not compose the balances in these condensed carve-out interim financial statements. So, since this respective collected cash was not transferred to the Simpar S.A. in the organizational restructuring, it represents a capital contribution in the line changes in the net parent company's investment.

1.1 Condensed carve-out interim financial statements

These condensed carve-out interim financial statements of JSL Logística is being presented solely to provide, through a single set of financial statements, information on all the logistics activities of JSL S.A. and its subsidiaries, regardless of its corporate structure. Thus, the condensed carve-out interim financial statements was prepared using assumptions for segregating revenues, expenses, costs, assets and liabilities and, therefore, is not necessarily indicative of the operating results, financial position or cash flows that would have been presented if the entities were an independent entity.

Therefore, this condensed carve-out interim financial statements does not represent an entity's interim financial statements and should not be considered for calculation of dividends, taxes or other corporate purposes, and cannot be used as an indication of the financial performance that could have been obtained had the entity considered in the carve-out operated as a single independent entity or as an indication of the profit or loss from operations of this entity for any future period. To the extent that an asset, liability, revenue or expense is directly associated with the JSL Logistica, it is reflected in the accompanying condensed carve-out interim financial statements.

JSL Logística corresponds to JSL S.A. and its subsidiaries' logistics operations segment, which comprises the related activities carried out by the JSL S.A. and the legal entities 100% controlled by it, as follows:

- Quick Logística Ltda. ("Quick Logística");
- Quick Armazéns Gerais - Eireli - ME ("Quick Armazéns");
- Medlogística Prestação de Serviços de Logística S.A. Medlog
- Yolanda Logística Armazém, Transportes e Serviços Gerais Ltda. ("Yolanda"); and
- Sinal Serviços de Integração Industrial Ltda. ("Sinal Serviços").

For the purposes of presenting the condensed carve-out interim financial statements, the following procedures were performed:

(i) Determination of the entities considered in the carve-out;

(ii) Confirmation that the logistics activities subject to the carve-out are under the control of the JSL S.A. and its subsidiaries during the entire period covered by the condensed carve-out interim financial statements, whose assessment was based on the definition of control in Technical Pronouncement CPC 36 (R3) / IFRS 10 - Consolidated Financial Statements;

(iii) Confirmation that the accounting records of JSL Logística are recorded in cost and profit centers in the JSL S.A. and its subsidiaries' corporate integrated accounting systems, which adopt the criterion of allocating each contract with customer to a specific cost center. Therefore, this condensed carve-out interim financial statements is derived from the JSL S.A. and its subsidiaries' accounting records and consolidated interim financial information;

(iv) Confirmation that JSL Logística has its own management structure, with employees exclusively dedicated the logistics segment, including physical infrastructure, integrated management system and management control of results; and

(v) The main assumptions used in allocations were:

a. The assets, liabilities and profit or loss of the Logistics operations were divided using a specific identification based on the JSL S.A. and its subsidiaries' existing historical records and organizational division. Thus, the balances of trade receivables, property and equipment, depreciation expenses, financing linked to property and equipment, provision for judicial and administrative litigation, finance costs related to said financing, revenues and costs of providing services, were identified through specific cost and profit centers;

b. Revenues and costs were allocated considering the segregation of profit centers related to the identifiable customers of the logistics operations;

c. General expenses, including private security service providers, cleaning, consultants, treasury, human resources are concentrated in the Administrative Services Center ("CSA"), and are apportioned among the companies of the Group JSL, following measurable and objective criteria, the main ones being the participation in the total revenue, number of employees and number of licenses and system users allocated between operations, registered in cost and profit centers of each segment. Thus, the cost and profit centers related to its operations were allocated to JSL Logística;

d. Taxes on revenue and profit were calculated and recorded as if JSL Logística was a separate taxpayer, based on the revenue and profits earned by them adjusted, when applicable, to reflect the applicable regulations. The determination of income tax and social contribution expenses is based on assumptions, attributions and estimates, including those used in the preparation of JSL S.A. and its subsidiaries' consolidated interim financial information;

e. The asset comprised of deferred income tax and social contribution credits relating to tax losses recognized at the legal entity JSL S.A. were segregated and allocated to JSL Logística and the respective balances were generated or compensated by its operations.

f. JSL Logística uses a centralized approach to cash management and the financing of its operations. Its systems do not track cash balances or debits in a specific transaction. As a consequence, the financial impacts occur directly on the companies of origin. Accordingly, these movements are recorded in the carve-out statements of cash flows, in the line item "changes in parent company's investment, net"; and

g. FINAME, FINEM, FNO, CRA, loans and borrowings were segregated based on the purpose of funding, as well as operating assets directly linked to such liabilities justifying their maintenance at JSL Logística. Therefore, the carve-out entity is the legal obligor of these debts.

The reconciliation between the individual interim financial information of JSL S.A. and the condensed carve-out interim financial statements of JSL Logística is presented in the tables below:

	June 30, 2020					
	Assets	**Liabilities**	**Equity / net parent company's investment (deficit)**	**Net revenue**	**Costs, expenses, finance results and taxes**	**Profit (loss) for the period**
JSL S.A. - individual interim financial information	8,746,948	7,344,464	1,402,484	1,231,679	(1,111,215)	120,464
Non-logistics operations carried out by JSL S.A.	(4,390,596)	(3,327,413)	(1,063,183)	(1,688)	(120,913)	(122,601)
Logistics operations carried out by JSL S.A.	**4,356,352**	**4,017,051**	**339,301**	**1,229,991**	**(1,232,128)**	**(2,137)**
Logistics operations carried out by Yolanda	46,599	24,652	21,947	5,594	(7,784)	(2,190)
Logistics operations carried out by Medlog	42,768	40,893	1,875	9,442	(8,851)	591
Logistics operations carried out by Quick Logística	61,917	46,742	15,175	30,397	(33,664)	(3,267)
Logistics operations carried out by Quick Armazéns	5,491	6	5,485	(2)	59	57
Logistics operations carried out by Sinal Serviços	13	11	2	-	(1)	(1)
Total balances - carve-out financial statements	**4,513,140**	**4,129,355**	**383,785**	**1,275,422**	**(1,282,369)**	**(6,947)**

	December 31, 2019			June 30, 2019		
	Assets	**Liabilities**	**Equity / net parent company's deficit**	**Net revenue**	**Costs, expenses, finance results and taxes**	**Profit (loss) for the period**
JSL S.A. - individual interim financial information	7,952,740	6,605,696	1,347,045	1,528,134	(1,421,431)	106,703
Non-logistics operations carried out by JSL S.A.	(4,980,781)	(2,772,207)	(2,208,575)	(43,841)	(55,387)	(99,228)
Logistics operations carried out by JSL S.A.	**2,971,959**	**3,833,489**	**(861,530)**	**1,484,293**	**(1,476,818)**	**7,475**
Logistics operations carried out by Yolanda	46,831	22,694	24,137	4,002	(3,593)	409
Logistics operations carried out by Medlog	36,840	35,556	1,284	5,993	(5,782)	211
Logistics operations carried out by Quick Logística	64,836	46,394	18,442	42,157	(43,200)	(1,043)
Logistics operations carried out by Quick Armazéns	5,437	10	5,427	20	91	111
Logistics operations carried out by Sinal Serviços	13	10	3	-	-	-
Total balances - carve-out financial statements	**3,125,916**	**3,938,153**	**(812,237)**	**1,536,465**	**(1,529,302)**	**7,163**

IFRS provides no guidelines for the preparation of condensed carve-out interim financial statements, which are therefore subject to the principles given in International Accounting Standards (IAS) 8.12 (CPC 23.12). This paragraph requires consideration of the most recent pronouncements of other standard-setting bodies that use a similar conceptual framework to develop accounting standards, other financial accounting literature and acceptable industry practices.

1.2 Situation due to COVID-19

On January 30, 2020, the World Health Organization (WHO) declared a global state of emergency due to the spread of COVID-19. On March 11, 2020, the World Health Organization declared COVID-19 as a pandemic outbreak. From March 2020 to June 30, 2020, government authorities in various jurisdictions imposed confinement or other restrictions to contain the virus, causing the suspension or reduction of business activities in various sectors of the economy. The final impact on the global economy and financial markets is expected to be a decrease in the Gross Domestic Products - GDP in most countries, and in Brazil a decrease of 6.54% in GDP, according to the Central Bank's Focus bulletin of June 29, 2020.

In Brazil, the main market in which JSL Logística operates, the restriction measures included the closing of part of the trade and services considered as non-essential.

The Management of JSL S.A. created a specific crisis management committee to deal with the COVID-19 issue, and through this committee is monitoring the evolution of the current crisis, implementing actions in line with WHO guidelines in respect of the following aspects:

a. Care for employees

Adoption of home-office for some employees, including for people over 60 years of age and others that are considered as a risk group; flexible times for employees to enter and leave the premises of the JSL Logística's companies; adaptation of physical facilities to provide more space between people and facilitate social distancing; availability of vehicles for employees who use public transport; collective vacations and use of the hours bank; and the introduction of cleaning, sterilization and sanitization routines for furniture and building installations;
In addition, to ensure the security of information in the systems and network environment of JSL S.A. and its subsidiaries, given the adoption of teleworking, a group was created to assess the risks of unauthorized access and data collection, and thus define and implement actions to mitigate them.

b. Support to society

Provision of its structure and operations in support of the communities where the JSL Logística is present, mainly by donating essential and basic products to families, logistics services for circulation and delivery of donations received from government institutions.

Additionally, JSL S.A. and its subsidiaries continues with its initiatives and projects linked to socio-environmental programs.

c. Economic and financial impacts

Most of the JSL S.A. and its subsidiaries activities are considered essential, covering for example road freight transport, urban distribution, storage and charter services, among others. Therefore, these activities kept their operations in full operation.

JSL Logística has financial condition sufficient to overcome the current crisis, mainly due to the following:

(i) The economic and financial situation

- Positive current liquidity as at June 30, 2020, that is, current assets greater than current liabilities of 2.9 times, and quick ratio indicator also positive, that is, cash and cash equivalents, marketable securities, financial investments and short-term derivative instruments greater than current liabilities corresponding to 1.5 times.

- Most of the services provided are supported by long-term agreements.

- Implementation of cost reduction programs to adapt the cost structure according to changes in revenue and its cash generation, monitored on a daily basis.

(ii) Impairment testing of financial assets

JSL Logística carried out a review of its financial assets as at June 30, 2020, including trade receivables, to assess the need to set up additional impairment provisions. This testing was conducted considering the credit risk and current default situation known to date. For financial assets held with financial institutions, mark-to-market was made and the impacts were recognized in profit or loss.

For trade receivables, as a result of the analysis, there was no need to set up additional provisions.

(iii) Impairment testing of non-financial assets

JSL Logística carried out an analysis of its non-financial assets as at June 30, 2020, which are concentrated in inventories, fixed assets available for sale, property and equipment and intangible assets.

As a result, no provision for any of the related assets was identified.

The assumptions used in the respective analyses are described in notes 8 - Fixed assets available for sale, 10 - Property and equipment and 11 - Intangible assets.

(iv) Analysis of recovery of deferred income tax and social contribution

JSL Logística has updated its deferred income tax and social contribution recovery studies, considering possible measurable impacts, future forecasts and the ratios known to date. Based on these analyses, it was not necessary to derecognize or record provisions on the balances recorded.

(v) Concessions announced by municipal, state and federal governments

Municipal, state, and federal governments have announced several measures to combat the negative impacts of COVID-19. Principally, the Federal Government issued provisional measures, decrees, and laws granting discounts and extensions of payments for taxes and social contributions. JSL Logística

partially adhered to these programs, so it is paying part of these taxes as usual and part of some contributions will be paid according to the special schedule established by the Federal Government. All related accounting effects are properly reflected in the condensed carve-out interim financial statements as taxes payable and respective expenses in the six-month period ended June 30, 2020.

(vi) Analysis of benefits in right-of-use lease - CPC 6 (R2) / IFRS 16

As a result of the crisis, the JSL S.A. and its subsidiaries negotiated discounts on its lease agreements, in the amount of R$ 2,193, in addition to certain maturity extensions.

Pursuant to the opinion on the Review of Technical Pronouncements nº 16/2020, issued by the Brazilian Accounting Pronouncements Committee - CPC (amendment to IFRS 16 issued by International Accounting Standards Board - IASB), Management assessed these concessions, and elected to apply the practical expedient and not treat these benefits as modification of the respective lease agreements.

The discounts obtained were recognized directly in profit or loss for the six-month period ended June 30, 2020.

JSL Logística's Management continues to assess the evolution of the crisis, and also considers: (i) the stage of spread of the virus in Brazil (ii) it is a new and unprecedented event, never seen in contemporary world history; and (iii) state, municipal and federal governments are still analyzing it, making adjustments and adopting measures, therefore, it is not possible to know at this point how many measures will be adopted and their extent.

Therefore, it assesses any adjustments that may be necessary in the future to address the impacts that may occur. See note 29.2 regarding the subsequent effects of COVID-19 until the issuance of this condensed carve-out interim financial statements.

2. Basis of preparation and presentation of the condensed carve-out interim financial statements

2.1 Statement of compliance (with regard to standards from the Accounting Pronouncements Committee - CPC and International Financial Reporting Standards - IFRS)

These condensed carve-out interim financial statements has been prepared in accordance with Technical Pronouncement CPC 21 (R1) - "Interim Financial Reporting" and with IAS 34 - "Interim Financial Reporting", issued by the International Accounting Standards Board ("IASB").

These condensed carve-out interim financial statements were prepared for the purpose of an initial public offering of JSL Logística in Brazil and were authorized for issuance by Board of Directors on August 24, 2020. In addition, they can be used by management in eventual private offer, merges and acquisitions transactions.

This condensed carve-out interim financial statements contains selected explanatory notes containing material and relevant financial information that enables understanding of the changes occurred in JSL Logística financial position and performance since its latest carve-out annual financial statements, published on August 24, 2020.

Therefore, this condensed carve-out interim financial statements should be read in conjunction with the carve-out annual financial statements for the year ended December 31, 2019, which have been prepared and presented in accordance with the technical pronouncements, guidance and interpretations issued by the Brazilian Accounting Pronouncements Committee ("CPC"), approved by the Brazilian Federal Accounting Council - CFC and in conformity with International Financial Reporting Standards - IFRS issued by the International Accounting Standards Board - IASB.

All significant information in the condensed carve-out interim financial statements, and only this information, is being disclosed and corresponds to that used by Management in its activities.

2.2 Use of estimates and judgments

In preparing this condensed carve-out interim financial statements, JSL Logística has made judgments and estimates that affect the application of JSL Logística's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgment by Management during the application of JSL Logística's accounting policies and the information on the uncertainties related to the assumptions and estimates that have a significant risk of resulting in a material adjustment are the same as those disclosed in the latest carve-out annual financial statements.

3. Segment information

The segment information is presented in relation to JSL Logística, which were identified based on the management structure and internal managerial information utilized by JSL Logística chief decision-makers.

The results per segment, as well as the assets and liabilities, consider the items directly attributable to the segment, as well as those that may be allocated on reasonable bases.

JSL Logística's businesses were divided into two reportable segments:

a) Logistics: Refers to the equity and profit or loss positions of all effects arising from the operating and financial impacts of the logistics operations. In this structural segment, we have the various specific logistics business, such as: Forestry, Cargo Transport, Warehouse and Distribution, Dedicated, Automotive, Hazardous Products, Mining, Sugar-alcohol, Chartering, among others;

b) Treasury: Refers to the impact in equity and profit or loss positions of debts and related derivatives, which remained in JSL Logística due to the banks' non-consent to the transfer to the holding Simpar S.A., as in the case of Debentures of the issuance: 6th, 8th, 10th, 11th and 12th. The main objective of funding classified as treasury was to foster and ensure the economic and financial development of all companies and businesses of the JSL S.A. and its subsidiaries. Therefore, the carve-out entity is the legal obligor of these debts. In addition, as we cannot allocate cash and cash equivalent and marketable securities and financial investments direct to each segment, we are assuming the premise of 50% for each segment.

In the period of six months ended June 30, 2020, one client accounted for 12.6% of our net revenue, or R$160.2 million, and one client accounted for 10.4% or our net revenue, or R$130,000. In 2019, one client accounted for 11.2% of our net revenue, or R$352,700.

3.1. Carve-out statements of profit or loss by segment

JSL Logística's profit or loss by segment for the six-month periods ended June 30, 2020 and 2019 are as follows:

	06/30/2020			06/30/2019		
	Logistics	**Treasury**	**Total**	**Logistics**	**Treasury**	**Total**
Gross revenue from rendering of services and lease of vehicles, machinery and equipment	1,460,004	-	1,460,004	1,789,333	-	1,789,333
Gross revenue from sale of decommissioned assets used in services rendered	70,207	-	70,207	74,198	-	74,198
Gross revenue from services rendered, sale of decommissioned assets used in services rendered and lease of vehicles, machinery and equipment	**1,530,211**	**-**	**1,530,211**	**1,863,531**	**-**	**1,863,531**
Revenue from services rendered	1,206,293	-	1,206,293	1,463,469	-	1,463,469
Revenue from sale of decommissioned assets	69,129	-	69,129	72,996	-	72,996
Net revenue from services rendered, sale of decommissioned assets used in services rendered and lease of vehicles, machinery and equipment	**1,275,422**	**-**	**1,275,422**	**1,536,465**	**-**	**1,536,465**
(-) Cost of services rendered and lease of vehicles, machinery and equipment	(1,089,254)	-	(1,089,254)	(1,247,767)	-	(1,247,767)
(-) Cost of sale of decommissioned assets used in services rendered	(68,416)	-	(68,416)	(73,448)	-	(73,448)
Gross profit	**117,752**	**-**	**117,752**	**215,250**	**-**	**215,250**
Selling expenses	(8,806)	-	(8,806)	(9,489)	-	(9,489)
Administrative expenses	(60,639)	-	(60,639)	(54,201)	-	(54,201)
Expected credit losses ("impairment") of trade receivables	(7,213)	-	(7,213)	3,922	-	3,922
Other operating income (expenses), net	34,723	-	34,723	(1,192)	-	(1,192)
Operating profit before finance income and costs	**75,817**	**-**	**75,817**	**154,290**	**-**	**154,290**
Finance result	(52,352)	(45,213)	(97,565)	(69,090)	(81,590)	(150,680)
(=) Profit (loss) before income tax and social contribution	**23,465**	**(45,213)**	**(21,748)**	**85,200**	**(81,590)**	**3,610**
Income tax and social contribution	(780)	15,581	14,801	(25,004)	28,557	3,553
(=) Profit (loss) for the period	**22,685**	**(29,632)**	**(6,947)**	**60,196**	**(53,033)**	**7,163**

3.2. Carve-out statements of financial position by segment

The statements of financial position by segment of JSL Logística are as follows:

	06/30/2020			12/31/2019		
	Logistics	**Treasury**	**Total**	**Logistics**	**Treasury**	**Total**
Assets						
Current						
Cash and cash equivalents	154,729	154,728	309,457	27,312	27,311	54,623
Marketable securities and financial investments	487,705	487,705	975,410	7,491	7,490	14,981
Derivative financial instruments	-	30,921	30,921	-	32,233	32,233
Others	1,179,297	-	1,179,297	1,080,144	-	1,080,144
Total current assets	**1,821,731**	**673,354**	**2,495,085**	**1,114,947**	**67,034**	**1,181,981**
Noncurrent						
Derivative financial instruments	24,749	10,331	35,080	11,267	20,485	31,752
Others	152,399	-	152,399	171,083	-	171,083
Total long-term assets	**177,148**	**10,331**	**187,479**	**182,350**	**20,485**	**202,835**
Property and equipment	1,570,466	-	1,570,466	1,480,597	-	1,480,597
Intangible assets	260,110	-	260,110	260,503	-	260,503
Total noncurrent assets	**2,007,724**	**10,331**	**2,018,055**	**1,923,450**	**20,485**	**1,943,935**
Total assets	**3,829,455**	**683,685**	**4,513,140**	**3,038,397**	**87,519**	**3,125,916**

	06/30/2020			12/31/2019		
	Logistics	**Treasury**	**Total**	**Logistics**	**Treasury**	**Total**
Liabilities						
Current						
Suppliers financing - car makers	2,143	-	2,143	-	-	-
Loans and borrowings	119,055	-	119,055	184,896	-	184,896
Debentures	-	314,092	314,092	-	451,907	451,907
Leases payable	38,947	-	38,947	54,547	-	54,547
Right-of-use lease	35,207	-	35,207	35,940	-	35,940
Others	357,423	-	357,423	296,279	-	296,279
Total current liabilities	**552,775**	**314,092**	**866,867**	**571,662**	**451,907**	**1,023,569**
Noncurrent						
Loans and borrowings	1,640,178	-	1,640,178	1,337,381	-	1,337,381
Debentures	-	1,172,105	1,172,105	-	1,144,731	1,144,731
Leases payable	54,345	-	54,345	61,851	-	61,851
Right-of-use lease	194,980	-	194,980	172,272	-	172,272
Others	186,854	14,026	200,880	180,425	17,924	198,349
Total noncurrent liabilities	**2,076,357**	**1,186,131**	**3,262,488**	**1,751,929**	**1,162,655**	**2,914,584**
Total liabilities	**2,629,132**	**1,500,223**	**4,129,355**	**2,323,591**	**1,614,562**	**3,938,153**
Total net parent company's investment (deficit)	**1,200,323**	**(816,538)**	**383,785**	**714,806**	**(1,527,043)**	**(812,237)**
Total liabilities and net parent company's investment (deficit)	**3,829,455**	**683,685**	**4,513,140**	**3,038,397**	**87,519**	**3,125,916**

4. Financial instruments and risk management

4.1 Financial instruments by category

The financial instruments are presented in the following accounting classifications:

	06/30/2020				12/31/2019			
Assets, as per the statement of financial position	**Assets at fair value through profit or loss**	**Fair value of derivative instruments**	**Amortized cost**	**Total**	**Assets at fair value through profit or loss**	**Fair value of derivative instruments**	**Amortized cost**	**Total**
Cash and cash equivalents	307,237	-	2,220	309,457	52,526	-	2,097	54,623
Marketable securities and financial investments	975,410	-	-	975,410	14,981	-	-	14,981
Derivative financial instruments	41,252	24,749	-	66,001	52,718	11,267	-	63,985
Trade receivables	-	-	646,755	646,755	-	-	690,742	690,742
Related parties	-	-	17	17	-	-	-	-
Other credits	-	-	9,847	9,847	-	-	29,917	29,917
	1,323,899	**24,749**	**658,839**	**2,007,487**	**120,225**	**11,267**	**722,756**	**854,248**

Liabilities, as per the statement of financial position	**Liabilities at fair value through profit or loss**	**Amortized cost**	**Total**	**Liabilities at fair value through profit or loss**	**Amortized cost**	**Total**
Trade payables	-	99,083	99,083	-	81,353	81,353
Suppliers financing - car makers	-	2,143	2,143	-	-	-
Loans and borrowings	-	1,759,233	1,759,233	-	1,522,277	1,522,277
Debentures	173,837	1,312,360	1,486,197	213,811	1,382,827	1,596,638
Leases payable	-	93,292	93,292	-	116,398	116,398
Right-of-use lease	-	230,187	230,187	-	208,212	208,212
Payables for the acquisition of companies	-	75,345	75,345	-	84,249	84,249
Other payables	-	43,783	43,783	-	23,412	23,412
	173,837	**3,615,426**	**3,789,263**	**213,811**	**3,418,728**	**3,632,539**

4.2 Fair value of financial assets and liabilities

A comparison by accounting category of the carrying amount and fair value of JSL Logística's financial instruments is shown below:

	Carrying amount		Fair value	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Financial assets				
Cash and cash equivalents	309,457	54,623	309,457	54,623
Marketable securities and financial investments	975,410	14,981	975,410	14,981
Derivative financial instruments	66,001	63,985	66,001	63,985
Trade receivables	646,755	690,742	646,755	690,742
Related parties	17	-	17	-
Other credits	9,847	29,917	9,847	29,917
Total	**2,007,487**	**854,248**	**2,007,487**	**854,248**
Financial liabilities				
Trade payables	99,083	81,353	99,083	81,353
Suppliers financing - car makers	2,143	-	2,143	-
Loans and borrowings	1,759,233	1,522,277	1,798,135	1,553,864
Debentures	1,486,197	1,596,638	1,515,424	1,606,181
Leases payable	93,292	116,398	93,332	161,669
Right-of-use lease	230,187	208,212	230,187	208,212
Payables for the acquisition of companies	75,345	84,249	75,345	84,249
Other payables	43,783	23,412	43,783	23,412
Total	**3,789,263**	**3,632,539**	**3,857,432**	**3,718,940**

The fair values of financial assets and liabilities are measured in accordance with the following categories:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets and liabilities;

Level 2- Quoted prices in active markets for similar instruments, observable prices for identical or similar instruments in non-active markets and valuation models for unobservable inputs; and

Level 3 - Instruments with unobservable significant inputs. JSL Logística does not have financial instruments classified in this category.

The table below presents the general classification of financial instruments assets and liabilities measured at fair value, according to the fair value hierarchy:

	06/30/2020			12/31/2019		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Assets at fair value through profit or loss						
Cash and cash equivalents						
Bank deposit certificates ("CDB")	-	285,016	285,016	-	23,926	23,926
Financial bills	-	21,948	21,948	-	28,600	28,600
Units of other funds	273	-	273	-	-	-
Marketable securities					-	
Financial Treasury Bills ("LFT")	303,692	-	303,692	14,981	-	14,981
National Treasury Bills ("LTN")	671,718	-	671,718	-	-	-
Derivative financial instruments						
Fair value hedge Swap	-	66,001	66,001	-	63,985	63,985
	975,683	**372,965**	**1,348,648**	**14,981**	**116,511**	**131,492**
Liabilities at fair value through profit or loss						
Debentures	-	173,837	173,837	-	213,811	213,811
		173,837	**173,837**	**-**	**213,811**	**213,811**
Financial liabilities not measured at fair value with difference between carrying amount and fair value						
Loans and borrowings	-	1,759,233	1,759,233	-	1,522,277	1,522,277
Debentures	-	1,312,360	1,312,360	-	1,382,827	1,382,827
Leases payable	-	93,292	93,292	-	116,398	116,398
.	**-**	**3,164,885**	**3,164,885**	**-**	**3,021,502**	**3,021,502**
	-	**3,338,722**	**3,338,722**	**-**	**3,235,313**	**3,235,313**

The valuation techniques used to measure all financial instruments assets and liabilities at fair value include:

(i) Quoted market prices or quotations from financial institutions or brokers for similar instruments; and

(ii) Analysis of discounted cash flows.

The curve used in the fair value measurement of agreements indexed to the CDI at June 30, 2019 is as follows:

Interest curve - Brazil							
Vertex	1M	6M	1Y	2Y	3Y	5Y	10Y
Rate (p.a.) - %	2.2%	2.1%	2.4%	3.5%	4.5%	5.9%	7.4%
Source: B3 S.A. - Brasil, Bolsa, Balcão 6/30/2020							

4.3 Financial risk management

JSL Logística is exposed to market risk, credit, and liquidity risk on the main financial assets and liabilities. Management manages these risks with the support of a Financial Committee and with the approval of the Board of Directors of the JSL SA, which is responsible for authorizing transactions involving any type of financial instrument, which is defined as any agreements that generate financial assets and liabilities, regardless of the market in which they are traded or listed, the amounts of which are subject to fluctuations.

JSL Logística has a policy of not entering into derivative transactions for speculative purposes. These transactions are used only for protection against fluctuations related to market risks.

a) Credit risk

The credit risk involves the potential default of a counterparty to an agreement or financial instrument, resulting in financial loss. JSL Logística is exposed to credit risk in its operating activities especially with regard to its receivables) and investing activities, including investments at banks and financial institutions, and other financial instruments.

i. Cash and cash and cash equivalents - marketable securities and financial investments

The credit risk associated with investments at banks and financial institutions is managed by the treasury area of JSL Logística, supported by a Financial Committee of JSL S.A. in accordance with the guidelines approved by the Board of Directors. The surplus funds are invested only in approved counterparties and within the limit established for each one, in order to minimize the risk concentration, and thus mitigate the financial loss in the event of a potential bankruptcy of a counterparty.

The maximum period considered in the estimate of expected credit loss is the maximum contractual period during which JSL Logística is exposed to credit risk.

For risk assessment purposes, a local ("Br") and a global ("G") rating scale were taken from the rating, as shown below:

Rating in Local Scale "Br"		**Rating in Global Scale "G"**	
Nomenclature	**Quality**	**Nomenclature**	**Quality**
Br AAA	Prime	G AAA	Prime
Br AA+, AA, AA-	High Investment Grade	G AA+, AA, AA-	High Investment Grade
Br A+, A, A-	High Average Investment Grade	G A+, A, A-	High Average Investment Grade
Br BBB+, BBB, BBB-	Low Average Investment Grade	G BBB+, BBB, BBB-	Low Average Investment Grade
Br BB+, BB, BB-	Non-Speculative Investment Grade	G BB+, BB, BB-	Non-Speculative Investment Grade
Br B+, B, B-	Non-highly Speculative Investment Grade	G B+, B, B-	Non-highly Speculative Investment Grade
Br CCC	Extremely Speculative Non-Investment Grade	G CCC	Extremely Speculative Non-Investment Grade
Br DDD, DD, D	Non-Speculative Moratorium Investment Grade	G DDD, DD, D	Non-Speculative Moratorium Investment Grade

JSL Logística cash quality and maximum credit risk exposure to cash and cash equivalents, marketable securities and financial investments are following:

	06/30/2020
Demand and short-term deposits	**2,220**
Financial investments	
Br AAA	195,484
Br AA+	79,273
Br AA	32,480
Total financial investments	**307,237**
Total cash and cash equivalents	**309,457**

	06/30/2020
Marketable securities and financial investments	
Br AAA	975,410
Total marketable securities and financial investments	**975,410**

ii. Trade receivables

JSL Logística uses a simplified "provision matrix" to calculate the expected losses on its trade receivables according to its experience of historical credit losses. This provision matrix specifies fixed rates for the provision depending on the number of days in which the receivables are falling due or overdue and is adjusted for specific customers according to future estimates and qualitative factors observed by Management.

Write-off of its financial assets is made when there is no reasonable expectation of recovery, according to the JSL Logística's recoverability study. The receivables written off continue in the collection process to recover the receivable amount, and, when there are recoveries, these are recognized in profit or loss.

JSL Logística recognized an impairment allowance that represents its estimate of expected credit losses of trade receivables, see note 7.

b) Market risk

The market risk involves potential fluctuations in the fair value of future cash flows derived from a given financial instrument in response to variations in its market prices, adversely affecting the profit or loss or cash flows. Market prices typically involve three types of risks: interest rate risk, exchange rate risk and price risk that may be of commodities, stocks, among others.

JSL Logística uses derivatives to manage these market risks. All these transactions are conducted under the guidelines established by the financial committee and are approved by the Board of Directors.. JSL Logística seeks to apply the hedge accounting to manage the volatility of profit or loss.

i. Interest rate risk

Interest rate risk involves potential fluctuation in the fair value of the future cash flows derived from a given financial instrument in response to variations in market interest rates. JSL Logística's exposure to risk associated with market interest rate fluctuations relates primarily to cash and cash equivalents, marketable securities and financial investments, loans, borrowings and debentures, leases and right-of-use lease of JSL Logística, subject to interest rates.

ii. Foreign exchange rate risk

JSL Logística is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which loans are denominated and its functional currency. Borrowings are generally denominated in currency equivalent to the cash flows generated by trade operations, mainly in Reais. However, there are also contracts in US dollars ("dollars") and Euro ("Euro"), which have been protected against exchange rate variation by swap instruments, which exchange the indexation of foreign currency and the fixed rate by Interbank Deposit Certificate - CDI, limiting exposure to possible losses due to exchange rate changes. The sensitivity analysis is presented in note 4.4.

To manage these risks, at June 30, 2020 and 2019, JSL Logística had derivative financial instruments (swap contracts) treated as hedge accounting, whose positive variations in their fair values of R$ 12,071 in the six-month period ended June 30, 2020 were recognized in "other comprehensive income". During the same period no gain or loss on the ineffective portion was recognized. The amounts accumulated in OCI,

net of taxes, are reclassified to the statements of profit or loss for the periods when the hedged item affects profit or loss (for example, when the settlement of the hedged item occurs).

JSL Logística has derivative financial instruments (swap agreements) that were classified as fair value hedge and were not elected for the application of the hedge accounting pursuant to CPC 48 / IFRS 9 - Financial Instruments, the resulting gains and losses of which arising from changes in the fair value of these transactions are recognized in profit or loss, as well as financial instrument liabilities, part of the debentures, which were designated as liabilities at fair value through profit or loss (fair value option). During the six-month period ended June 30, 2020, the result from swap operations was a gain of R$ 351 (R$ 5,126 at June 30, 2019).

The outstanding contracts at June 30, 2020 are the following:

								Balance of the hedged debt at 06/30/2020	
Company	**Instrument**	**Type of derivative financial instrument**	**Operation**	**Notional amount**	**Maturity**	**Hedge index**	**Average contracted rate**	**At amortized cost**	**At fair value**
JSL	Swap agreement	Cash flow hedge	SWAP IPCA X CDI	R$ 362,685	Nov/25	IPCA + Fixed rate	CDI + 0.65%	398,393	370,905
JSL	Swap agreement	Fair value hedge	SWAP IPCA X CDI	R$106,906	Jul/20	IPCA + Fixed rate	108.85% of CDI	142,628	142,520
JSL	Swap agreement	Fair value hedge	SWAP IPCA X CDI	R$ 47,834	Jul/24	IPCA + Fixed rate	CDI + 2.53%	34,594	34,198
							Total	**575,615**	**547,623**

The outstanding balances are as follows:

	06/30/2020			12/31/2019		
Operation	**Notional amount**	**Assets**	**Liabilities**	**Notional amount**	**Assets**	**Liabilities**
Swap - IPCA x CDI	R$ 517,425	66,001	-	R$ 648,247	63,985	-
Total		**66,001**	**-**		**63,985**	**-**
Current		30,921	-		32,233	-
Noncurrent		35,080	-		31,752	-
Total		**66,001**	**-**		**63,985**	**-**

The table below indicates the expected periods that the cash flows associated with the swap contract will impact the profit or loss and the respective carrying amount of these instruments.

		At June 30, 2020			
		Expected cash flow			
	Carrying amount	**Total**	**1-6 months**	**7-12 months**	**Over 1 year**
Cash flow swap					
Asset	575,615	675,748	148,997	42,218	484,533
Liability	(509,614)	(600,356)	(117,319)	(30,499)	(452,538)
	66,001	**75,392**	**31,678**	**11,719**	**31,995**

c) Liquidity risk

JSL Logística monitors risks associated with funding shortages on an ongoing basis through a current liquidity planning. JSL Logística's purpose is to maintain in its assets balance of cash and high-liquid investments and maintain flexibility through the use of bank loans and the ability to raise funds through capital markets, in order to ensure its operational continuity. The average indebtedness term is monitored in order to provide short-term liquidity, analyzing installments, charges and cash flows.

Presented below are the contractual maturities of financial assets and liabilities, including estimated interest payment:

					06/30/2020
	Carrying amount	Contractual flow	Up to 1 year	Up to 2 years	3 to 8 years
Financial assets					
Cash and cash equivalents	309,457	309,457	309,457	-	-
Marketable securities and financial investments	975,410	975,410	975,410	-	-
Derivative financial instruments	66,001	66,001	30,921	35,080	-
Trade receivables	646,755	646,755	639,451	7,304	-
Related parties	17	17	-	17	-
Other credits	9,847	9,847	9,847	-	-
Total	**2,007,487**	**2,007,487**	**1,965,086**	**42,401**	**-**

					06/30/2020
	Carrying amount	Contractual flow	Up to 1 year	Up to 2 years	3 to 8 years
Financial liabilities					
Trade payables	99,083	99,083	99,083	-	-
Suppliers financing - car makers	2,143	2,143	2,143	-	-
Loans and borrowings	1,759,233	2,076,182	224,816	640,730	1,210,636
Debentures	1,486,197	1,658,954	357,094	114,440	1,187,420
Leases payable	93,292	99,867	42,127	20,142	37,598
Right-of-use lease	230,187	354,708	55,213	44,878	254,617
Payables for the acquisition of companies	75,345	81,362	-	52,283	29,079
Other payables	43,783	43,783	40,344	3,439	-
Total	**3,789,263**	**4,416,082**	**820,820**	**875,912**	**2,719,350**

4.4 Sensitivity analysis

The JSL Logística's Management carried out a sensitivity analysis, in order to demonstrate the impacts of changes in interest rates and exchange rate variations on its financial assets and liabilities, considering the following probable interest and exchange rates for the next 12 months:

- CDI at 2.36 % p.a., based on the future yield curve (source: B3 - Brasil, Bolsa, Balcão);
- TLP 4.84% p.a. (source: BNDES);
- IPCA 2.78 % p.a. (source: B3 - Brasil, Bolsa, Balcão);
- IGP-M 3.27% p.a. (source: B3 - Brasil, Bolsa e Balcão);
- SELIC 2.36% p.a. (source: B3 - Brasil, Bolsa e Balcão);
- Euro rate of R$ 6.22 (source: B3 - Brasil, Bolsa e Balcão); and
- U.S. dollar (“Dollar) rate of R$ 5.50 (source: B3 - Brasil, Bolsa e Balcão).

The following table is presented with the respective impacts on the financial results, taking into consideration a probable scenario (Scenario I), with stresses of 25% (Scenario II) and 50% (Scenario III):

Operation	Exposure	Risk	Probable rate	Scenario I probable	Scenario II + depreciation of 25%	Scenario III + depreciation of 50%
Debentures (hedged item)	(177,222)	IPCA increase	10.42%	(18,467)	(23,083)	(27,700)
Swap long position	177,222	IPCA increase	10.42%	18,467	23,083	27,700
Swap short position	(135,970)	CDI increase	3.02%	(4,106)	(5,133)	(6,159)
Net effect of exposure	**(135,970)**			**(4,106)**	**(5,133)**	**(6,159)**
CDCA (hedged item)	(398,393)	IPCA increase	6.33%	(25,218)	(31,523)	(37,827)
Swap long position	398,393	IPCA increase	6.33%	25,218	31,523	37,827
Swap short position	(373,644)	CDI increase	2.36%	(8,818)	(11,022)	(13,227)
Net effect of exposure	**(373,644)**			**(8,818)**	**(11,022)**	**(13,227)**
Other operations - floating rate						
Financial investments	307,237	CDI increase	2.29%	7,036	8,795	10,554
Marketable securities and financial investments	303,692	SELIC increase	2.36%	7,167	8,959	10,751
Loans and borrowings	(967,807)	CDI increase	3.94%	(38,132)	(47,664)	(57,197)
Debentures	(1,308,975)	CDI increase	3.65%	(47,778)	(59,722)	(71,666)
Leases payable	(93,292)	CDI increase	4.98%	(4,646)	(5,807)	(6,969)
Payables for the acquisition of companies	(75,345)	IGPM increase	4.27%	(3,217)	(4,022)	(4,826)
Loans and borrowings	(272,088)	IPCA increase	6.07%	(16,516)	(20,645)	(24,774)
Loans and borrowings	(4,361)	TLP/TJLP increase	4.84%	(211)	(264)	(317)
Net effect of exposure	**(2,110,939)**			**(96,297)**	**(120,370)**	**(144,444)**

Operation	Exposure	Risk	Probable rate	Scenario I probable	Scenario II + depreciation of 25%	Scenario III + depreciation of 50%
Net exposure and impact on finance costs - floating rate	**(2,620,553)**			**(109,221)**	**(136,525)**	**(163,830)**
Other operations - fixed rate						
Marketable securities and financial investments	671,718	Fixed rate	3.52%	23,644	23,644	23,644
Right-of-use lease	(230,187)	Fixed rate	7.67%	(17,655)	(17,655)	(17,655)
Loans and borrowings	(116,584)	Fixed rate	4.79%	(5,584)	(5,584)	(5,584)
Net exposure and impact on finance costs - fixed rate	**324,947**			**405**	**405**	**405**
Net exposure and total impact of finance costs on the statements of profit or loss	**(2,295,606)**			**(108,816)**	**(136,120)**	**(163,425)**

The objective of this sensitivity analysis is to measure the impact of changes in market variables on JSL Logística's financial instruments, reflected in financial income and costs, assuming that all other market factors remain constant. Such amounts may differ from those stated upon their settlement due to the estimates used in their preparation.

5. Cash and cash equivalents

	06/30/2020	12/31/2019
Cash	492	351
Banks	1,728	1,746
Total cash and banks	**2,220**	**2,097**
Bank deposit certificates ("CDB")	285,016	23,926
Financial bills	21,948	28,600
Quotas of other funds	273	-
Total financial investments	**307,237**	**52,526**
Total cash and cash equivalents	**309,457**	**54,623**

During the period ended June 30, 2020, the average income from the funds in which the operations are allocated was 3.52 % p.a., equivalent to 97.19% of the CDI (as at December 31, 2019, the average income was 5.91% p.a., equivalent to 99.60% of the CDI).

6. Marketable securities and financial investments

Operations	**06/30/2020**	**12/31/2019**
Government Securities - Exclusive Funds (i)		
Financial Treasury Bills ("LFT")	303,692	14,981
National Treasury Bills ("LTN")	671,718	-
Total	**975,410**	**14,981**

(i) The average income from government securities allocated to exclusive funds is defined at fixed and floating rates (fixed rate LTN and LFT SELIC). During the six-month period ended June 30, 2020, the average income was 3.52% p.a. (5.94% p.a. for the year ended December 31, 2019).

7. Trade receivables

	06/30/2020	12/31/2019
Customers and credit card companies	469,705	458,301
Unbilled revenue from services rendered and leases	212,845	217,676
Related parties (note 21.1)	15,705	44,653
Other receivables	21,271	35,670
(-)Expected credit losses ("impairment") of trade receivables	(72,771)	(65,558)
Total	**646,755**	**690,742**
Current assets	639,451	673,955
Noncurrent assets	7,304	16,787
Total	**646,755**	**690,742**

7.1 Aging list and expected credit losses ("impairment") of trade receivables

	06/30/2020	12/31/2019
Current (not past due)	**552,585**	**597,347**
1-30 days past due	42,760	53,976
31- 90 days past due	33,254	44,253
91-180 days past due	25,737	15,196
181-365 days past due	16,779	6,693
More than 365 days past due	48,411	38,835
Total past due	**166,941**	**158,953**
(-) Expected credit losses ("impairment") of trade receivables	(72,771)	(65,558)
Total	**646,755**	**690,742**

Expected credit losses ("impairment") of trade receivables:

At December 31, 2018	**(47,173)**
(-) Additions	(3,989)
(+) Reversals	7,911
At June 30, 2019	**(43,251)**
At December 31, 2019	**(65,558)**
(-) Additions	(9,873)
(+) Reversals	2,660
At June 30, 2020	**(72,771)**

8. Fixed assets available for sale

The movement in the six-month period ended June 30, 2020 and 2019 are as follows:

	Vehicles	Machinery and equipment	Total
Cost:			
At December 31, 2019	**130,394**	**24,926**	**155,320**
Assets transferred from property and equipment	161,193	19,717	180,910
Assets written off due to sale	(132,961)	(19,707)	(152,668)
At June 30, 2020	**158,626**	**24,936**	**183,562**
Accumulated depreciation:			
At December 31, 2019	**(36,673)**	**(11,629)**	**(48,302)**
Assets transferred from property and equipment	(90,072)	(18,099)	(108,171)
Assets written off due to sale	68,773	15,479	84,252
At June 30, 2020	**(57,972)**	**(14,249)**	**(72,221)**
Net value:			
At December 31, 2019	**93,721**	**13,297**	**107,018**
At June 30, 2020	**100,654**	**10,687**	**111,341**

	Vehicles	Machinery and equipment	Total
Cost:			
At December 31, 2018	**53,898**	**4,884**	**58,782**
Assets transferred from property and equipment	116,105	35,497	151,602
Assets written off due to sale	(119,368)	(21,153)	(140,521)
At June 30, 2019	**50,635**	**19,228**	**69,863**
Accumulated depreciation:			
At December 31, 2018	**(16,570)**	**(4,504)**	**(21,074)**
Assets transferred from property and equipment	(45,532)	(26,164)	(71,696)
Assets written off due to sale	48,623	18,450	67,073
At June 30, 2019	**(13,479)**	**(12,218)**	**(25,697)**
Net value:			
At December 31, 2018	**37,328**	**380**	**37,708**

At June 30, 2019	**37,156**	**7,010**	**44,166**

As mentioned in note 1.2.c (iii), based on the estimated sales value conditions of part of the vehicles available for sale, given the impact of COVID-19 on the used vehicle sale sector, no provision was identified.

9. Taxes recoverable

	06/30/2020	12/31/2019
PIS and COFINS	8,968	31,986
INSS	70,519	61,804
ICMS	14,867	17,031
Others	2,361	7,463
Total	**96,715**	**118,284**
Current assets	42,398	54,465
Noncurrent assets	54,317	63,819
Total	**96,715**	**118,284**

10. Property and equipment

The movements in the six-month periods ended June 30, 2020 and 2019 are as follows:

	Vehicles	Machinery and equipment	Leasehold improvements	Computers and peripherals	Furniture and fixtures	Constructions in progress	Right-of-use	Others (ii)	Total
Cost:									
At December 31, 2019	**1,142,916**	**341,218**	**198,166**	**37,995**	**35,339**	**42,142**	**237,689**	**83,171**	**2,118,636**
Additions	182,435	28,256	1,356	2,148	2,628	10,475	124,872	599	352,769
Transfers	20	45	5,923	(65)	-	-	-	(5,923)	-
Transfer / return of assets available for sale	(161,193)	(19,717)	-	-	-	-	-	-	(180,910)
Assets written off and others (i)	(1)	(69)	(6,461)	(6)	(13)	-	(87,367)	-	(93,917)
At June 30, 2020	**1,164,177**	**349,733**	**198,984**	**40,072**	**37,954**	**52,617**	**275,194**	**77,847**	**2,196,578**
Accumulated depreciation:									
At December 31, 2019	**(241,256)**	**(198,876)**	**(65,539)**	**(26,753)**	**(18,206)**	**-**	**(44,835)**	**(42,574)**	**(638,039)**
Depreciation expense for the period	(57,944)	(19,077)	(4,911)	(1,818)	(1,626)	-	(20,417)	(6,010)	(111,803)
Transfers	9	(9)	(5,127)	-	-	-	-	5,127	-
Transfer / return of assets available for sale	90,072	18,099	-	-	-	-	-	-	108,171
Assets written off and others (ii)	-	47	5,813	2	-	-	9,697	-	15,559
At June 30, 2020	**(209,119)**	**(199,816)**	**(69,764)**	**(28,569)**	**(19,832)**	**-**	**(55,555)**	**(43,457)**	**(626,112)**
Net value:									
At December 31, 2019	**901,660**	**142,342**	**132,627**	**11,242**	**17,133**	**42,142**	**192,854**	**40,597**	**1,480,597**
At June 30, 2020	**955,058**	**149,917**	**129,220**	**11,503**	**18,122**	**52,617**	**219,639**	**34,390**	**1,570,466**
Average depreciation rates (%) - for the period:									
Light	8.9%	-	-	-	-	-	-	-	
Heavy	7.0%	-	-	-	-	-	-	-	
Others	-	10.5%	5.9%	20.1%	10.0%	-	8.0%	4.2%	

(i) Refers substantially to the derecognition of lease contracts for real state terminated before maturity.
(ii) Refers to own buildings and Lands.

	Vehicles	Machinery and equipment	Leasehold improvements	Computers and peripherals	Furniture and fixtures	Constructions in progress	Right-of-use	Others (ii)	Total
Cost:									
At December 31, 2018	**1,120,613**	**400,673**	**196,976**	**33,393**	**30,898**	**26,250**	**-**	**86,093**	**1,894,896**
Initial adoption of CPC 06 (R2) / IFRS 16	-	-	-	-	-	-	218,208	-	218,208
At January 1, 2019	**1,120,613**	**400,673**	**196,976**	**33,393**	**30,898**	**26,250**	**218,208**	**86,093**	**2,113,104**
Additions	170,428	15,960	-	3,368	2,081	6,907	28,451	98	227,293
Transfers	89	(145)	751	(77)	133	(751)	-	-	-
Transfer / return of assets available for sale	(116,105)	(35,497)	-	-	-	-	-	-	(151,602)
Assets written off and others (i)	(1,525)	(515)	-	(416)	(276)	-	-	(43)	(2,775)
At June 30, 2019	**1,173,500**	**380,476**	**197,727**	**36,268**	**32,836**	**32,406**	**246,659**	**86,148**	**2,186,020**
Accumulated depreciation:									
At December 31, 2018	**(219,704)**	**(231,708)**	**(54,360)**	**(23,627)**	**(15,418)**	**-**	**-**	**(37,154)**	**(581,971)**
Depreciation expense for the period	(51,944)	(20,136)	(5,459)	(1,648)	(1,485)	-	(21,517)	(3,410)	(105,599)
Transfer / return of assets available for sale	45,532	26,164	-	-	-	-	-	-	71,696
Assets written off and others (i)	434	242	-	217	151	-	-	39	1,083
At June 30, 2019	**(225,682)**	**(225,438)**	**(59,819)**	**(25,058)**	**(16,752)**	**-**	**(21,517)**	**(40,525)**	**(614,791)**
Net value:									
At December 31, 2018	**900,909**	**168,965**	**142,616**	**9,766**	**15,480**	**26,250**	**-**	**48,939**	**1,312,925**
At June 30, 2019	**947,818**	**155,038**	**137,908**	**11,210**	**16,084**	**32,406**	**225,142**	**45,623**	**1,571,229**
Average depreciation rates (%) - for the period:									
Light	9.9%	-	-	-	-	-	-	-	
Heavy	7.8%	-	-	-	-	-	-	-	
Others	-	11.9%	4.9%	20.0%	10.0%	-	9.3%	8.5%	

(i) Refers substantially to the write-off due to damage and property, plant and equipment in the amount of R$ 514.
(ii) Refers to own buildings and Lands.

10.1 Leases of property and equipment items

A portion of the property and equipment items were acquired by JSL Logística by means of a lease, and substantially include vehicles, machinery and equipment. These balances are part of property and equipment, as shown below:

	06/30/2020	12/31/2019
Cost - capitalized lease	116,941	119,666
Accumulated depreciation	(16,452)	(16,934)
Net balance	**100,489**	**102,732**

10.2 Impairment testing of property and equipment

As mentioned in note 1.2.c. (iii), given the impacts brought about and known up to the moment by the crisis caused by the pandemic of COVID-19, JSL Logística made an assessment of the indications of the existence or not of impairment of property and equipment, mainly regarding vehicle fleet, machinery and equipment.

The analysis of indications considered the following assumptions:

a. Comparison between the net values of the assets, individually or jointly by model, and their amounts, estimated sales, based on the market prices and the expectations of Management and experts regarding future pricing; and

b. For items whose market values were lower than the respective net values, the estimated cash generation for these assets was added during the term of the contracts that these assets provide services, up to the limit of the expectation of their decommissions.

According to the results of the analyses, Management concluded that there is no evidence of impairment to be recorded.

11. Intangible assets

The movements in the six-month period ended June 30, 2020 and 2019 are as follows:

	Goodwill	Software	Non-compete agreement and customer portfolio	Others	Total
Cost:					
At December 31, 2019	**232,609**	**62,966**	**21,900**	**1,151**	**318,626**
Additions	-	4,315	-	-	**4,315**
At June 30, 2020	**232,609**	**67,281**	**21,900**	**1,151**	**322,941**
Accumulated amortization:					
At December 31, 2019	-	**(40,618)**	**(17,153)**	**(352)**	**(58,123)**
Amortization expenses in the period	-	(2,507)	(2,190)	(11)	**(4,708)**
At June 30, 2020	**-**	**(43,125)**	**(19,343)**	**(363)**	**(62,831)**
Net value:					
At December 31, 2019	**232,609**	**22,348**	**4,747**	**799**	**260,503**
At June 30, 2020	**232,609**	**24,156**	**2,557**	**788**	**260,110**
Average amortization rates (%) - for the period:	-	20.0%	9.1%	2.0%	

	Goodwill	Software	Non-compete agreement and customer portfolio	Others	Total
Cost:					
At December 31, 2018	**232,609**	**51,348**	**21,900**	**1,151**	**307,008**
Additions	-	2,867	-	-	2,867
Write-offs	-	(29)	-	-	(29)
At June 30, 2019	**232,609**	**54,186**	**21,900**	**1,151**	**309,846**
Accumulated amortization:					
At December 31, 2018	**-**	**(34,115)**	**(12,775)**	**(329)**	**(47,219)**
Amortization expenses in the period	-	(3,378)	(2,190)	(11)	(5,579)
Write-offs	-	9	-	-	9
At June 30, 2019	**-**	**(37,484)**	**(14,965)**	**(340)**	**(52,789)**
Net value:					
At December 31, 2018	**232,609**	**17,233**	**9,125**	**822**	**259,789**
At June 30, 2019	**232,609**	**16,702**	**6,935**	**811**	**257,057**
Average amortization rates (%) - for the period:	-	12.8%	13.0%	2.0%	

11.1 Impairment testing

As mentioned in note 1.2.c (iii), due to the economic and financial impacts caused to date by the COVID-19 pandemic crisis. The JSL Logística has reassessed the impairment testing of its CGUs, updating them with the current measurable assumptions, indicators and expectations after the crisis began, and did not determine any impairment on the recorded amount of its intangible assets with indefinite useful life or goodwill.

The main assumptions used to calculate the value in use at June 30, 2020 are presented below:

Cash generating units	JSL Logística
Discount rates (WACC)	11.60%
Growth rate in perpetuity	3.50%
Estimated growth rate for EBITDA (i) - average for the following five years	9.09%

For comparative purposes, the main assumptions used to calculate the value in use at December 31, 2019 are presented below:

Cash generating units	JSL Logística
Discount rates (WACC)	11.20%
Growth rate in perpetuity	3.50%
Estimated growth rate for EBITDA (i) - average for the following five years	8.35%

(i) EBITDA: Earnings before interest, taxes, depreciation and amortization;

Being:

- Utilization of the Weighted Average Cost of Capital (WACC) as appropriate parameter to determine the discount rate to be applied to the free cash flows;
- Cash flows projections prepared by Management, with periods beginning in January 2020 through December 2025.
- All projections were made on a nominal basis, that is, considering the effect of inflation;
- The cash flows were discounted considering the mid period convention, assuming that the cash flows are generated throughout the year.

The estimated recoverable amounts for the CGUs exceeded their carrying amounts. Management identified the key assumption for which reasonable possible changes may cause impairment. The table below presents the amount by which individual changes in this basic assumption could result in the recoverable amount of the CGU to be equal to the carrying amount:

Change required for the recoverable amount to equal the carrying amount

In percentage points (%)	JSL Logística
Discount rates (WACC) - 06/30/2020	1.10
Discount rates (WACC) - 12/31/2019	0.80

12. Trade payables

	06/30/2020	12/31/2019
Vehicles, machinery and equipment	5,975	11,383
Contracted services	16,947	17,141
Parts and maintenance	25,706	16,651
Inventories	21,766	13,775
Property leasing	5,290	4,431
Trade payables - related parties (note 21.1)	13,008	11,447
Others	10,391	6,525
Total	**99,083**	**81,353**

13. Suppliers financing - car makers

JSL Logística entered into “suppliers financing” agreements with financial institutions to manage its payables to car makers related to purchase of vehicles. Through this operation, suppliers transfer the right to receive payment of bills for vehicles sales to financial institutions. The agreements signed are not guaranteed by the assets (vehicles) linked to the guaranteed operations.

The movements in the six-month period ended June 30, 2020 are as follows:

			06/30/2020	Movement				12/31/2019
Type	Annual average rate	Maturity	Total	New contracts	Amortization	Interest paid	Interest	Total
In local currency								
Suppliers financing	9.95%	Feb/21	2,143	2,263	(165)	-	45	-

14. Loans and borrowings

The movements in the six-month periods ended June 30, 2020 and 2019 are as follows:

				06/30/2020			Movement				12/31/2019		
Type	**Annual average rate**	**Average rate structure**	**Maturity**	**Current**	**Noncurrent**	**Total**	**New contracts**	**Amortization**	**Interest paid**	**Interest**	**Current**	**Noncurrent**	**Total**
In local currency													
CCB (i)	4.79%	CDI + 2.64%	Mar/23	60,840	710,664	771,504	-	-	(25,932)	25,773	3,561	768,102	771,663
NCEs (vi)	3.65%	CDI + 1.51%	Apr/21	14,722	-	14,722	-	-	-	501	555	13,666	14,221
CRA (ii)	5.05%	CDI / IPCA	Nov/25	894	849,439	850,333	408,671	(135,799)	(36,144)	19,252	138,591	455,762	594,353
FINAME (iii)	4.31%	Fixed rate	Jan/25	19,337	44,536	63,873	-	(27,897)	(1,858)	1,703	24,691	67,234	91,925
FINEM (iv)	6.88%	IPCA / TJLP	May/21	6,089	-	6,089	-	(4,219)	(900)	405	7,456	3,347	10,803
FNO (v)	4.51%	Fixed rate / IPCA	July/24	9,157	28,073	37,230	-	(1,840)	(1,136)	1,271	9,908	29,027	38,935
CDC (vii)	7.38%	Fixed rate	Mar/22	8,016	7,466	15,482	15,206	(387)	(275)	561	134	243	377
				119,055	**1,640,178**	**1,759,233**	**423,877**	**(170,142)**	**(66,245)**	**49,466**	**184,896**	**1,337,381**	**1,522,277**

				06/30/2019			Movement				12/31/2018		
Type	**Annual average rate**	**Average rate structure**	**Maturity**	**Current**	**Noncurrent**	**Total**	**New contracts**	**Amortization**	**Interest paid**	**Interest**	**Current**	**Noncurrent**	**Total**
In local currency													
CCB (i)	9.02%	CDI + 2.62%	Mar/23	43,231	944,588	987,819	-	(246,032)	(48,602)	47,261	170,397	1,064,795	1,235,192
CRA (ii)	7.10%	CDI + 0.70%	Jun/20	132,825	-	132,825	-	(235,000)	(12,826)	14,808	231,949	133,894	365,843
FINAME (iii)	5.51%	Fixed rate	Jan/25	28,923	120,100	149,023	26,566	(94,091)	(6,042)	6,326	42,536	173,728	216,264
FINAME (iii)	10.38%	SELIC + 3.58%	Feb/24	35	400	435	7,199	(32,664)	(7)	7	3,097	22,803	25,900
FINAME (iii)	9.70%	TLP + 4.08%	Apr/23	1,100	4,846	5,946	-	(28,084)	(2,668)	2,283	11,675	22,740	34,415
FINEM (iv)	7.77%	IPCA / TJLP	May/21	8,497	5,998	14,495	-	(5,961)	(1,053)	698	10,434	10,377	20,811
FNO (v)	6.05%	IPCA	Jan/24	5,341	27,914	33,255	30,419	(13,707)	(688)	727	1,868	14,636	16,504
NCE (vi)	7.90%	CDI + 1.50%	Apr/21	61	13,614	13,675	13,700	(188)	-	163	-	-	-
CDC (vii)	11.33%	Fixed rate	Mar/24	-	-	-	-	(801)	(31)	28	43	761	804
				220,013	**1,117,460**	**1,337,473**	**77,884**	**(656,528)**	**(71,917)**	**72,301**	**471,999**	**1,443,734**	**1,915,733**

(i) **CCBs** are Bank Credit Bills raised with financial institutions for financing working capital and the purchase of vehicles, machinery and equipment used in operations. These agreements have several maturities, either monthly, quarterly or semi-annual, and have covenants, including the maintenance of certain financial ratios linked to the percentage of net debt and net finance costs in relation EBITDA-A, which are calculated on the consolidated financial statements of Simpar S.A.

(ii) **CRAs** are Agribusiness Receivables Certificates issued for raising funds to finance the agribusiness sector chain, backed by Agribusiness credit rights certificates. These CRA's are backed by Agribusiness Credit Rights Certificate issued by Company (CDCA), which have several maturities with semi-annual interest and have covenants, including the maintenance of certain financial ratios linked to the percentage of net debt and net finance costs in relation to EBITDA-A, which are calculated on the consolidated financial statements of Simpar S.A.

(iii) **FINAME** are financing for investments in vehicles, machinery and equipment used in operations. New contracts are signed monthly, related to the purchase of new assets under the normal fleet expansion and renewal process. FINAME agreements have a grace period ranging from six months to two years according to the financed product, payments of interest and principal are monthly after the grace period. These financing agreements have no covenants, but only pledge of assets with financial agents.

(iv) **FINEM** are financing for investments in infrastructure raised for the construction, renovation and installation of operating sites. These agreements have monthly payments of interest and principal and do not have covenants.

(v) **FNO** refer to the operations of the Constitutional Fund for Financing of the Northeast and Amazon Banks, to finance and invest in heavy vehicles, light vehicles, machinery and equipment used in the JSL Logística's cash management operations. These agreements have varying maturities, grace periods vary from six months to one year, and some assets may be collateralized in accordance with the financed product. Payments of interest and principal are monthly after the grace period and have no covenants.

(vi) **NCE** in local currency. These agreements have maturities at the end of the operation and have no covenants.

(vii) **CDC** refer to a type of financing with the purpose of subsidizing working capital for the purchase of products, vehicles, machinery and equipment in general, including services. They are operations used to manage JSL Logística's cash.

For the purpose of reading the above references, the following definitions are considered:

Net Debt for covenant purposes: means the total balance of JSL Logística current and non-current loans and borrowings, including debentures and any other debt securities, the negative and/or positive results of the hedge transactions, less: (a) the amounts of cash and short-term investments; and (b) borrowings arranged under the program for financing inventories of new and used vehicles, locally made or imported, and automotive parts, under revolving credit facilities from financial institutions linked to the car makers.

Added EBITDA (EBITDA-A) for covenant purposes: means earnings before interest, taxes, depreciation, amortization, impairment of assets and equity from subsidiaries, plus cost of sale of decommissioned assets, calculated over the last 12 months, including the Added EBITDA of the last 12 months of the companies merged and/or acquired by JSL Logística.

Net Finance Costs for covenant purposes: means borrowing costs plus monetary adjustments, less income from financial investments, all relating to the items described in the above definition of "Net Debt", calculated on an accrual basis over the last 12 months.

14.1 Guaranties and bank guarantees

As at June 30, 2020, JSL Logística had certain guarantees for loans and borrowings transactions as follows:

(i) **FINAME, FNO and CDC**- guaranteed by the respective financed vehicles, machinery and equipment;

(ii) **FINEM** - bank guarantees.

(iii) For a contract of **CCB, CRA, FINAME** and **NCE**, amouting R$ 1,230,000, has a guarantee from Simpar S.A., as a result of the organizational restructuring mentioned in the note 29.1.

The other transactions do not have any guarantees.

As a result of the organizational restructuring mentioned in the note 29.1, JSL S.A. transferred certain loans and debentures to the holding Simpar S.A. As a consequence, JSL Logística became guarantor of such debts in the total amount of R$ 1.242.500 as at December 31, 2019 and June 30, 2020, respectively. For such given finance guarantees, JSL Logística recorded in the profit or loss the respective income as per its fair value of R$ 6,280 and R$ 7,132 in June 30,2020 and December 31, 2019, respectively.

15. Debentures

The movements in the six-month periods ended June 30, 2020 and 2019 are as follows:

			06/30/2020			Movement			12/31/2019		
Type	**Annual average rate**	**Maturity**	**Current**	**Noncurrent**	**Total**	**Amortization**	**Interest paid**	**Interest**	**Current**	**Noncurrent**	**Total**
In local currency											
6th issuance - JSL S.A.	4.12%	Jul/20	163,625	-	163,625	-	(4,525)	6,641	161,509	-	161,509
8th issuance - JSL S.A.	3.49%	Jun/21	74,758	-	74,758	(66,701)	(14,762)	4,673	75,633	75,915	151,548
10th issuance - JSL S.A.	2.69%	Dec/23	73,894	224,393	298,287	-	(6,832)	7,760	73,765	223,594	297,359
11th issuance - JSL S.A.	2.74%	Nov/25	-	393,333	393,333	-	(10,071)	9,718	1,117	392,569	393,686
12th issuance - JSL S.A.	4.10%	Apr/25	1,815	554,379	556,194	(35,294)	(16,148)	15,100	139,883	452,653	592,536
			314,092	**1,172,105**	**1,486,197**	**(101,995)**	**(52,338)**	**43,892**	**451,907**	**1,144,731**	**1,596,638**

			06/30/2019			Movement			12/31/2018		
Type	**Annual average rate**	**Maturity**	**Current**	**Noncurrent**	**Total**	**Amortization**	**Interest paid**	**Interest**	**Current**	**Noncurrent**	**Total**
In local currency											
6th issuance - JSL S.A.	7.19%	Jul/20	165,491	157,374	322,865	-	(913)	16,119	153,152	154,507	307,659
8th issuance - JSL S.A.	8.17%	Jun/21	71,676	75,432	147,108	(149,287)	(20,725)	13,006	157,941	146,173	304,114
10th issuance - JSL S.A.	8.00%	Dec/23	48,443	298,022	346,465	-	(20,608)	13,682	55,498	297,893	353,391
11th issuance - JSL S.A.	8.03%	Jun/21	199,011	198,528	397,539	-	(15,471)	16,151	-	396,859	396,859
12th issuance - JSL S.A.	7.94%	Dec/23	69,448	522,213	591,661	-	(22,926)	23,603	-	590,984	590,984
			554,069	**1,251,569**	**1,805,638**	**(149,287)**	**(80,643)**	**82,561**	**366,591**	**1,586,416**	**1,953,007**

The characteristics of the debentures are presented in the table below:

Issuer	**JSL S.A.**				
Description	**6th issuance**	**8th issuance**	**10th issuance**	**11th issuance**	**12th issuance**
a. Identification of the process by nature					
1st series amount	152,429	165,175	352,000	400,000	600,000
2nd series amount	62,472	71,751	-	-	-
3rd series amount	185,099	163,074	-	-	-
Issuance amount	400,000	400,000	352,000	400,000	600,000
Total amount received in checking account	401,910	400.390	352,000	400,000	600,000
Issuance	7/15/2013	06/15/2014	03/20/2017	06/20/2017	12/20/2018
Funding	07/30 and 07/31/2013 & 08/01/2013	06/18/2014	03/29/2017	06/30/2017	12/06/2018
Renegotiated			12/21/2018	11/20/2019	
Maturity	7/15/2020	06/15/2021	12/20/2023	11/20/2025	04/20/2025
Type	Unsecured	Unsecured	Unsecured	Floating	Floating
Identification of the asset with B3 (former CETIP)	JSML16/26/36	JSML 18/28/38	JSML 10	JSML A1	JSML A2
b. Transaction costs incurred	**5,012**	**2,624**	**9,272**	**15,479**	**10,284**
c. Premiums					
Additional due to settlement	7/30 and 7/31/2013 and 8/01/2013	N.A.	N.A.	N.A.	N.A.
Amount of settlement	1.91	390	-	-	-
d. Effective interest rate (IRR) p.a. %					
1st series	CDI + 1.80%	116% of CDI	125.0% of CDI	127.50% of CDI	CDI + 1.95%
2nd series	CDI + 2.20%	IPCA + 8.0%	-	-	-
3rd series	IPCA + 7.5%	118.5% of CDI	-	-	-
e. Amount of costs and premiums to be apportioned until maturity	**418**	**399**	**5,028**	**8,925**	**8,227**

The Debentures issued by JSL Logística are all simple, non-convertible, unsecured debentures, except for the 11th that was issued as debenture of the floating guarantee type and 12th that was issued as a floating and additional personal guarantee type. All debentures have clauses of maintenance of financial ratios linked to the percentage of net debt and net finance costs in relation to EBITDA-A, which are calculated on the consolidated statements of Simpar S.A.

For the 11th and 12th issuance of debentures, JSL Logística maintain at least 130% of the debt balance, amount equivalent to assets free of burden and debt.

In addition, 10th, 11th and 12th issuance are also guaranteed by Simpar S.A., as a result of the organizational restructuring mentioned in the note 29.1.

16. Leases payable

Finance leases agreements for the acquisition of vehicles and assets of JSL Logística's operating activity which have annual fixed charges, and are distributed as follows:

	06/30/2020	06/30/2019
Lease liabilities at December 31	**116,398**	**82,991**
New contracts	-	16,868
Amortization	(20,007)	(36,009)
Interest paid	(6,354)	(1,023)
Interest	3,255	2,980
Lease liabilities at the end of the period	**93,292**	**65,807**
Current	38,947	28,043
Noncurrent	54,345	37,764
Total	**93,292**	**65,807**
Annual average rate	**4.77%**	**9.16%**
Average rate structure	**CDI+2.62%**	**CDI+2.76%**
Maturity	**Dec/24**	**Mar/23**

16.1 Guarantees

As shown in note 14.1, JSL Logística has vehicles, machinery and equipment that were acquired under finance lease and were pledged as collateral for the agreements.

17. Right-of-use lease

Information on lease liabilities for which JSL Logística is the lessee is presented below. Information regarding right-of-use assets is included in note 10.

	06/30/2020	06/30/2019
Lease liabilities at December 31	**208,212**	**-**
Initial adoption of CPC 06 (R2) / IFRS 16	-	218,208
New contracts	124,872	28,451
Write-offs	(88,751)	-
Amortization	(14,944)	(17,026)
Interest paid	(9,153)	(4,882)
Interest	9,951	6,760
Lease liabilities at the end of the period	**230,187**	**231,511**
Current	35,207	32,808
Noncurrent	194,980	198,703
Total	**230,187**	**231,511**

18. Labor liabilities

	06/30/2020	12/31/2019
Salaries	67,527	54,662
INSS	37,882	41,304
FGTS (Severance pay fund)	35,104	26,844
Provisions for vacation, 13th salaries	10,975	5,096
Others	175	233
Total	**151,663**	**128,139**

19. Judicial deposits and provision for judicial and administrative litigation

In the normal course of its business, JSL Logística subject to civil, tax and labor litigation at the administrative and judicial levels, as well as judicial deposits and assets freezing as collateral in connection with such litigation. Based on the opinion of its legal counsel, provisions were recorded to cover probable losses related to these litigations, and, as applicable, they are presented net of respective judicial deposits.

	Judicial deposits		Provisions	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Labor	30,014	33,333	31,115	32,646
Civil	10,569	10,322	14,902	15,880
Tax	9,837	9,837	-	-
	50,420	**53,492**	**46,017**	**48,526**

19.1 Judicial deposits

Judicial deposits refer to amounts deposited in an account or legal freezes on checking accounts, ruled by the court, as guarantee for any payment required by the court, or amounts duly deposited under judicial agreements to replace tax payments or payables that are being challenged in the court.

19.2 Provision for judicial and administrative litigation

JSL Logística classifies the risks of loss on lawsuits as "probable", "possible" or "remote". The provision recognized in respect of these lawsuits is determined by the Management, based on the analysis of its legal counsel, and reflects the estimated probable losses, as follows.

Management believes that the provision for tax, civil and labor risks is sufficient to cover any losses on administrative and judicial litigation, as shown below:

The movements in the six-month periods ended June 30, 2020 and 2019 are as follows:

	Labor	Civil	Tax	Total
At December 31, 2019	**32,646**	**15,880**	**-**	**48,526**
(+) Additions	15,354	1,633	-	16,987
(-) Reversals	(4,979)	(1,900)	-	(6,879)
(-) Payments	(11,906)	(711)	-	(12,617)
At June 30, 2020	**31,115**	**14,902**	**-**	**46,017**
At December 31, 2018	**36,606**	**17,092**	**298**	**53,996**
(+) Additions	7,621	5,761	-	13,382
(-) Reversals	(1,906)	(917)	-	(2,823)
(-) Payments	(7,741)	(3,676)	-	(11,417)
At June 30, 2019	**34,580**	**18,260**	**298**	**53,138**

Labor

The provision for labor claims was recognized to cover the risks of loss arising from lawsuits claiming compensation for overtime, commute hours, hazardous duty premium, health hazard premium, work accidents and lawsuits filed by employees of third parties due to subsidiary liability.

Civil

Civil lawsuits do not involve, individually, material amounts and are mainly related to claims for compensation of traffic accidents and pain and suffering, aesthetic and property damages.

Tax

The provision for tax lawsuits refers to administrative lawsuits filed against JSL Logística challenging certain tax assessment notices issued in the inspection process, and other lawsuits filed challenging the lawfulness of the collection of certain taxes.

19.3 Possible losses, not provided for in the statements of financial position

At June 30, 2020, JSL Logística is a party to tax, civil and labor lawsuits in progress (judicial and administrative) with losses considered possible by Management and its legal counsel, as shown in the table below:

	06/30/2020	12/31/2019
Labor	133,024	126,904
Civil	118,187	151,780
Tax	265,590	269,556
Total	**516,801**	**548,240**

Labor

The labor lawsuits are related to claims for labor-related indemnities filed for labor claims of the same nature as those mentioned in note 19.2, filed by former employees of JSL Logística.

Civil

The civil lawsuits are related to claims for indemnity related to damages for several reasons against the companies of JSL Logística, of the same nature as those mentioned in note 19.2, and also annulment actions and claims for breach of contract.

Tax

The main natures of lawsuits are the following: (i) challenges related to alleged non-payment of ICMS; (ii) challenges of part of PIS and COFINS credits that comprise the negative balance presented in PER/DCOMP; (iii) challenges related to tax credits of IRPJ, CSLL, PIS and COFINS; (iv) challenges related to the offset of IRPJ and CSLL credits and (v) challenge related to the recognition of ICMS credits. The amounts involved are as follows:

	06/30/2020	12/31/2019
IRPJ and CSLL	109,250	108,053
ICMS	76,427	75,120
INSS	7,730	7,858
PER/DCOMP	37,582	21,862
PIS/COFINS	11,514	33,372
Others	23,087	23,291
Total	**265,590**	**269,556**

19.4 Contingent asset

JSL Logística filed lawsuits requesting the exclusion of ICMS amount from the PIS and COFINS calculation bases, as well as the recognition of the right to offset credits raised in the five (5) years prior to the filing, comprising the period from 2002 to 2017. These lawsuits are pending a final decision in favor of JSL Logística, and for certain subsidiaries and acquired companies already incorporated by JSL Logística, the lawsuits were final in 2018 and 2019 recognizing right postulated.

However, considering the embargoes filed by the Federal Government before the Federal Supreme Court (STF), claiming the modulation of the effects of the decision issued by the same court, which determined the exclusion of ICMS from the PIS and COFINS tax base, Management has been assessing the respective effects that the judgment of these embargoes may have on the actions, whether carried forward or those that have not been decided.

Management considers that for the lawsuits for which final and unappealable decisions have been handed down, depending on any interpretation resulting from the STF decision, termination actions may be filed by the counterparty within two years from the final decision. Therefore, considering the uncertainty regarding the probable realizable value of these tax credits, estimated as at R$ 12,893 as at June 30, 2020 (R$ 12,893 at December 31,2019), based on final and unappealable decisions, and also, considering their materiality, Management decided not to record the respective asset.

With regard to lawsuits for which no final and unappealable decisions have been handed down yet, JSL Logística estimates tax credits in the amount of up to R$ 130,000 as at June 30, 2020 (R$ 130,000 as at December 31,2019), depending on the rights recognized by the final and unappealable decisions and any interpretation resulting from the STF decision.

JSL Logística is gathering all supporting documents to ratifying the benefit amounts for the eventual registration, pursuant to final decisions.

20. Income tax and social contribution

20.1. Deferred income tax and social contribution

Deferred income tax (IRPJ) and social contribution on net income (CSLL) assets and liabilities were calculated based on the balances of tax losses and temporary differences for income tax and social contribution that are deductible or taxable in the future.

Their origins are comprised as follows:

	06/30/2020	12/31/2019
Deferred tax assets		
Tax loss and social contribution tax loss	18,794	22,848
Provision for judicial and administrative litigation	23,319	24,148
Expected credit losses ("impairment") of trade receivables	7,125	20,758
Amortization and write-off of business combination intangibles	2,048	7,148
Depreciation of lease for use right	7,912	6,913
Provision for adjustment to market value and obsolescence	1,132	1,424
Impairment of Intangibles	9,903	2,481
Provision for taxes and social contributions with injunction	17,848	17,062
Provision for bonuses	3,895	5,222
Base difference of fixed assets	1,901	1,656
Other provisions	3,709	10,557
Total	**97,586**	**120,217**
Deferred tax liabilities		
Present value adjustment	(2,385)	(1,937)
Hedge derivatives (swap) and exchange variation under cash tax regime	(22,440)	(21,755)
Accounting vs. tax depreciation	(33,768)	(52,938)
Property and equipment - finance leases	(24,653)	(19,128)
Realization of goodwill	(69,174)	(65,735)
Total	**(152,420)**	**(161,493)**
Total deferred tax (liabilities) assets, net	**(54,834)**	**(41,276)**
Deferred tax assets	16,919	13,997
Deferred tax liabilities	(71,753)	(55,273)
Total deferred tax (liabilities) assets, net	**(54,834)**	**(41,276)**

The movements in deferred tax assets (liabilities) in the six-month periods ended June 30, 2020 and 2019 are as follows:

Net balance of deferred income tax and social contribution at December 31, 2018	**(48,159)**
Deferred income tax and social contribution recognized in the profit or loss	37,728
Net balance of deferred income tax and social contribution at June 30, 2019	**(10,431)**
Net balance of deferred income tax and social contribution at December 31, 2019	**(41,276)**
Deferred income tax and social contribution recognized in the profit or loss	(11,095)
Deferred income tax and social contribution recognized in the comprehensive income (loss)	(2,463)
Net balance of deferred income tax and social contribution at June 30, 2020	**(54,834)**

20.1.1. Estimated realization schedule

Deferred tax assets arising from temporary differences will be used as the respective differences are settled or realized.

Tax losses can be carried forward indefinitely and, at June 30, 2020 and December 31, 2019 deferred income tax and social contribution were recognized for all tax loss carryforwards.

In estimating the realization of deferred tax assets, Management considers its budget and strategic plan based on the estimated realization schedule of assets and liabilities that gave rise to them, and in earnings projections for the subsequent years.

The expected realization of these credits related to the balance for the year ended December 31, 2019 is shown in the carve-out annual financial statements published on August 24, 2020.

The JSL Logística prepared studies of projections of future taxable profits based on market data and concluded that the credits will be consumed within the maximum period of 4 years.

The realization of these credits related to the balance for the year ended December 31, 2019 is shown in the respective carve-out annual financial statements.

20.2. Reconciliation of income tax and social contribution (expense) credit

Current amounts are calculated based on the current rates levied on taxable profit before income tax and social contribution, as adjusted by respective additions, deductions and offsets allowed by the prevailing legislation:

	06/30/2020	06/30/2019
(Loss) profit before income tax and social contribution	(21,748)	3,610
Statutory rates	34%	34%
Income tax and social contribution calculated at the statutory rates	**7,394**	**(1,227)**
Permanent (additions) exclusions		
Tax incentives - Workers Meal Program ("PAT")	955	54
Nondeductible expenses	(138)	(1,241)
Nontaxable tax benefits (presumed ICMS)	4,426	5,291
Income of financial guarantees provided	2,135	676
Other permanent deductions (additions)	29	-
Income tax and social contribution calculated	**14,801**	**3,553**
Current	25,896	(34,175)
Deferred	(11,095)	37,728
Income tax and social contribution on results	**14,801**	**3,553**
Effective rate	(68.1%)	98.4%

JSL Logística's income tax returns are open to review by tax authorities for five years from the filing of the return. As a result of these reviews, additional taxes and penalties may arise, which would be subject to interest. However, Management believes that all taxes have either been properly paid or provided for.

20.3 Income tax and social contribution recoverable and payable

The movements in current tax assets in the six-month periods ended June 30, 2020 and 2019 are as follows:

Income tax and social contribution recoverable - current	126,610
Income tax and social contribution recoverable - noncurrent	20,528
Income tax and social contribution payable	(8)
At December 31, 2019	**147,130**
Income tax and social contribution calculated for the period	25,896
Advances, compensation and payments in the period	116,508
At June 30, 2020	**289,534**
Income tax and social contribution recoverable - current	269,116
Income tax and social contribution recoverable - noncurrent	20,528
Income tax and social contribution payable	(110)
At June 30, 2020	**289,534**

Income tax and social contribution recoverable - current	117,082
Income tax and social contribution recoverable - noncurrent	20,494
Income tax and social contribution payable	(9)
At December 31, 2018	**137,567**
Provision for income tax and social contribution payable for the period	(34,175)
Advances, compensation and payments in the period	7,804
At June 30, 2019	**111,196**
Income tax and social contribution recoverable - current	90,974
Income tax and social contribution recoverable - noncurrent	20,495
Income tax and social contribution payable	(273)
At June 30, 2019	**111,196**

21. Related-party transactions

21.1. Related-party balances (assets and liabilities)

The natures of these transactions are composed of:

(i) Accounts receivable: balances arising from commercial transactions for the purchase and sale of assets, leasing of assets and provision of services.

(ii) Advances to third parties and other credits: balances arising from reimbursements for miscellaneous expenses and reimbursements for the apportionment of common expenses paid to JSL Logística.

(iii) Parties related to receivable and payable: refer to loan agreements held between JSL Logística and JSL S.A. and its subsidiaries and balances receivable for the sale of equity interests between JSL Logística and JSL S.A. and its subsidiaries.

(iv) Other payables: balances payable of transactions or relationships with shareholders related to property leasing and reimbursement of the JSL Logística expenses supported by its related parties.

(v) Suppliers: balances arising from commercial transactions for the purchase and sale of assets, leasing of assets and provision of services.

In the table below include the balances of intercompany transactions of the JSL Logística and its related-parties:

Assets	**Advances to third parties and other credits**		**Trade receivables (Note 7)**		**Receivable from related parties**	
	06/30/2020	**12/31/2019**	**06/30/2020**	**12/31/2019**	**06/30/2020**	**12/31/2019**
Ciclus Ambiental	-	-	13,178	26,978	-	-
CS Brasil Frotas	4,264	24	742	-	-	-
CS Brasil Transportes	4,780	8,425	-	-	-	-
JSL Arrendamento	-	1,547	-	1,259	-	-
JSL Corretora	-	23	-	-	-	-
JSL Empreendimentos	-	-	-	5,001	-	-
Movida Locação	-	1,507	1,012	57	-	-
Movida Participações	-	539	-	-	-	-
Original Veículos	-	496	115	-	-	-
Ponto Veículos	-	53	-	-	-	-
Simpar	-	39	25	-	-	-
Transrio	-	3,123	-	66	-	-
Vamos Locação	3,899	-	633	11,292	17	-
Vamos Máquinas	-	114	-	-	-	-
Others	-	414	-	-	-	-
Total	**12,943**	**16,304**	**15,705**	**44,653**	**17**	**-**
Current	4,172	16,304	15,705	44,653		-
Noncurrent	8,771	-	-	-	17	-
Total	**12,943**	**16,304**	**15,705**	**44,653**	**17**	**-**

Liabilities	Other payables		Trade payables (note 12)	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Avante Veículos	-	-	2	1
CS Brasil Frotas	-	-	214	-
CS Brasil Transportes	-	-	11,034	1,171
JSL Arrendamento	-	-	-	4,831
JSL Corretora	-	-	2	5
Mogi Mob	-	-	-	27
Mogipasses	-	-	2	6
Movida Locação	-	-	793	226
Movida Participações	-	-	35	1,194
Original Veículos	-	-	3	370
Original Distribuidora	-	-	1	-
Ponto Veículos	-	-	-	6
Ribeira Imóveis	225	-	-	222
TPG	-		40	-
Transrio	-	-	249	1,347
Vamos Locação	-	-	18	2,041
Vamos Máquinas	-	-	548	-
Vamos Seminovos	-	-	67	-
Total	**225**	**-**	**13,008**	**11,447**

Amounts corresponding to loan agreements with related parties are subject to contractual charges of 100% of the CDI plus 2.5% p.a., which are recognized in the finance income (costs) of the respective entities. Related-party transactions were contracted at rates compatible with those used with third parties, prevailing at the transaction dates, taking into consideration the reduction of risk, except for reimbursement of expenses that are transferred at cost.

21.2. Related-party transactions with effects on profit or loss for the period

The table below presents the results for the six-month period ended June 30, 2020 and 2019, between the JSL Logística and its related-parties.

Results	Services rendered		Contracted services		Sale of assets		Administrative, commercial and recovery (expenses)		Other finance income (costs)	
	06/30/2020	06/30/2019	06/30/2020	06/30/2019	06/30/2020	06/30/2019	06/30/2020	06/30/2019	06/30/2020	06/30/2019
Avante Veículos	-	-	-	-	85	-	68	65	-	-
Borgato Serviços	-	-	-	-	-	-	19	12	-	-
CS Brasil Frotas	-	-	-	-	-	-	3,910	1,104	-	179
CS Brasil Participações	-	-	-	-	-	-	38	-	16,317	-
CS Brasil Transportes	230	-	(2)	-	963	179	2,149	(481)	-	815
JSL Arrendamento	-	-	-	-	-	6,950	265	151	433	280
JSL Corretora	-	-	-	-	-	-	48	31	-	-
JSL Empreendimentos	-	-	-	-	-	-	2	2	6	3
Mogi Mob	-	-	-	-	-	-	839	-	-	-
Mogipasses	-	-	-	-	-	-	79	25	-	-
Movida Locação	-	-	-	-	-	-	7,888	7,291	-	-
Movida Participações	-	19	(54)	(170)	6,320	-	(1,271)	557	-	-
Movida Premium	-	10	-	-	-	-	61	43	-	-
Original Distribuidora	-	-	-	-	-	-	9	3	-	-
Original Veículos	-	-	132	(2)	490	-	513	957	677	258
Ponto Veículos	-	-	-	-	-	-	188	162	-	-
TPG Transportes	-	-	-	-	-	-	136	-	-	-
Transrio	-	-	(39)	(335)	927	396	434	410	-	-
Vamos Locação	-	695	(2)	(3,553)	983	4,008	(776)	1,312	-	-
Vamos Máquinas	-	-	-	-	-	-	395	200	-	-
Vamos Seminovos	-	-	-	(19)	-	-	38	8	-	-
Ciclus Ambiental	36,873	43,077	-	-	-	-	-	-	-	-
Ribeira Imóveis	-	-	(4,523)	(6,581)	-	-	-	-	-	-
Others(i)	-	-	-	(528)	-	-	-	7	-	-
Total	**37,103**	**43,801**	**(4,488)**	**(11,188)**	**9,768**	**11,533**	**15,032**	**11,859**	**17,433**	**1,535**

(i) Refers to tax consulting services rendered by a tax law firm where members of the Board of Directors and the Fiscal Council are partners.

21.3 Transactions or relationships with shareholders related to property leasing

JSL Logística has operating and administrative lease contracts for properties with the associate Ribeira Imóveis Ltda., under common control. The rent amount recognized in profit or loss for the six-month period ended June 30, 2020 was R$ 4,523 (R$ 6,581 as at June 30, 2019). The agreements have conditions in line with market values and have maturities until 2027.

21.4 Administrative services center

In order to better apportion common expenses between the companies that use corporate services, JSL Logística makes apportionments based on criteria defined in appropriate technical studies. For the six-month period ended June 30, 2020, the amount related to recovery of expenses in JSL Logística was R$ 18,537 (R$ 22,461 as at June 30, 2019). The administrative services center does not charge management fees nor applies profitability margin on services rendered, passing on only the costs.

21.5 Management compensation

The JSL Logística's Management includes the Board of Directors and the Executive Board of JSL S.A.. Expenses on compensation of the JSL S.A.'s directors and officers, including all social charges and benefits, were recognized in line item "Administrative expenses", and are summarized below:

	06/30/2020	06/30/2019
Fixed compensation	(7,737)	(6,759)
Variable compensation	(7,505)	(4,011)
Benefits	(92)	(161)
Shared-based payments	(3,141)	(874)
Total	**(18,475)**	**(11,805)**

Management does not have post-retirement benefits or any other significant long-term benefits.

The compensation paid to key Management personnel is within the limit approved by the Shareholders' Meeting held in 2020.

22 Payables for the acquisition of companies

	06/30/2020	12/31/2019
Quick (i)	77,979	84,930
Schio (ii)	3,383	4,017
(-) Present value adjustment	(6,017)	(4,698)
Total	**75,345**	**84,249**

(i) Refers to the balance payable for the acquisition of Quick Logística Ltda. ("Quick Logística") and Quick Armazéns Gerais Eireli - ME ("Quick Armazéns") (collectively referred to as "Quick"). This balance is adjusted by the IGPM / FGV plus 1% p.a. maturing in 2023, and the balance payable is used with escrow to reduce contingencies. In the six-month period ended June 30, 2020, there was an installment settlement in the amount of R$ 1,194 (R$ 2,405 as at June 30, 2019); and

(ii) Refers to the balance payable for the acquisition of Schio in 2011, and it is retained to amortize eventual executed contingencies. This balance is adjusted by 100% CDI maturing up to 2022. In the six-month period ended June 30, 2020, there was an installment settlement in the amount of R$ 765 (R$ 883 as at June 30, 2019)

23 Net revenue from services rendered, sale of decommissioned assets used in services rendered and lease of vehicles, machinery and equipment

a) Revenue streams

JSL Logística generates revenue mainly from the rendering services and sale of decommissioned assets.

	06/30/2020	06/30/2019
Revenue from services rendered and lease of vehicles, machinery and equipment	1,206,511	1,463,469
Revenue from sale of decommissioned assets	68,911	72,996
Total net revenue	**1,275,422**	**1,536,465**

The reconciliation between gross revenue for tax purposes and the revenue presented in the statements of profit or loss is shown below:

	06/30/2020	06/30/2019
Gross revenue	**1,530,211**	**1,863,531**
Less:		
Taxes on sales	(226,757)	(271,192)
Cancellations	(9,511)	(31,616)
Toll rates	(18,471)	(23,373)
Discounts granted	(50)	(885)
Total net revenue	**1,275,422**	**1,536,465**

The following table presents the analytical composition of the revenue from contracts with customers of the main business lines and the timing of revenue recognition.

b) Breakdown of revenue from contracts with customers

The following table presents the analytical composition of the revenue from contracts with customers of the main business lines and the timing of revenue recognition.

	06/30/2020	06/30/2019
Main products and services		
Revenue from dedicated services	622,631	631,910
Revenue from passengers transportation (chartering)	83,848	97,729
Revenue from general cargo	426,391	619,848
Revenue from lease of vehicles, machinery and equipment	73,641	113,982
Net revenue from leasing and services rendered, net	**1,206,511**	**1,463,469**
Revenue from sale of decommissioned assets	68,911	72,996
Total net revenue	**1,275,422**	**1,536,465**
Timing of revenue recognition		
Products transferred at a specific point in time	68,911	72,996
Services transferred over time	1,206,511	1,463,469
Total net revenue	**1,275,422**	**1,536,465**

24 Expenses by nature

JSL Logística's statements of profit or loss are presented by function. Expenses by nature are as follows:

	06/30/2020	06/30/2019
Fleet costs / expenses	(18,453)	(22,378)
Cost of sales of decommissioned assets	(68,416)	(73,448)
Personnel payroll	(402,888)	(446,544)
Freight from aggregates and third parties	(376,199)	(467,643)
Depreciation and amortization (notes 10 and 11)	(116,511)	(111,178)
Parts, tires and maintenance	(115,560)	(139,813)
Fuels and lubricants	(64,844)	(70,199)
Provision for judicial and administrative litigation (Note 19.2)	(10,108)	(10,559)
Services rendered	(44,067)	(43,824)
(Provision) reversal of expected credit losses ("impairment") of trade receivables (Note 7)	(7,213)	3,922
Electric power	(10,351)	(10,612)
Packaging material	(1,447)	(2,814)
Communication	(672)	(1,259)
Lease of properties	(4,248)	(3,840)
Rent of vehicles, machinery and equipment	(10,056)	(10,363)
Revenue from sale of damaged vehicles (i)	-	418
Recovery of PIS and COFINS (ii)	62,734	68,783
Extemporaneous tax credits (iii)	13,756	3,846
Other costs	(25,062)	(44,670)
	(1,199,605)	**(1,382,175)**
Cost of services rendered and lease of vehicles, machinery and equipment	(1,089,254)	(1,247,767)
Cost of sales of decommissioned assets	(68,416)	(73,448)
Selling expenses	(8,806)	(9,489)
General and administrative expenses	(60,639)	(54,201)
(Provision) reversal of expected credit losses ("impairment") of trade receivables (Note 7)	(7,213)	3,922
Other operating income	52,317	9,733
Other operating expenses	(17,594)	(10,925)
	(1,199,605)	**(1,382,175)**

(i) The cost of selling demobilized assets consists of the cost of assets used to provide rental services and logistics services sold.

(ii) PIS and COFINS credits on acquisition of inputs and depreciation charges recorded as reducers of the costs of the products and services sold, in order to better reflect the nature of the respective credits and expenses.

(iii) Comprises INSS, PIS and COFINS amounts related to matters with widely accepted jurisprudence at the administrative and judicial levels.

25 Finance income (costs)

	06/30/2020	06/30/2019
Finance income		
Financial investments	17,128	34,782
Interest received	1,380	3,591
Other finance income	258	3,855
Total finance income	**18,766**	**42,228**
Finance costs		
Interest on loans, borrowings and debentures	(93,358)	(154,862)
Interest and bank fees on leases	(3,255)	(2,980)
Interest on suppliers financing - car makers	(45)	-
Net gains on swap agreements	351	5,126
Total debt service costs	**(96,307)**	**(152,716)**
Interest on right-of-use lease	(9,951)	(6,760)
Interest on obligations to be paid for company acquisitions	(2,935)	(9,744)
Interest payable	(3,852)	(8,301)
Other finance costs	(3,286)	(15,387)
Total finance costs	**(116,331)**	**(192,908)**
Net finance result	**(97,565)**	**(150,680)**

26 Share-based payment transactions

a. Stock option plan

The following table presents the number and weighted average exercise price and the movement of stock option:

	Number of stock options				
	Granted	Canceled	Transferred	Stock options outstanding	Average exercise price (R$)
Position as at December 31, 2018	**576,808**	**(3,513)**	**-**	**573,295**	**7.55**
Options cancelled	-	(10,336)	-	(10,336)	7.19
Position as at December 31, 2019	**576,808**	**(13,849)**	**-**	**562,959**	**7.19**
Transfer to beneficiaries	-	-	-	-	7.19
Options cancelled	-	-	(35,161)	(35,161)	7.19
Position as at June 30, 2020	**576,808**	**(13,849)**	**(35,161)**	**527,798**	**7.19**

b. Restricted share plan and matching

The following table presents the number, weighted average of the fair value and the movement of the granted restricted shares options:

	Number of shares				
	Granted	Canceled	Transferred	Stock options outstanding	Average exercise price (R$)
Position as at December 31, 2018	**264,525**	**-**	**-**	**264,525**	**8.12**
Options cancelled	617,558	-	-	617,558	6.52
Position as at December 31, 2019	**882,083**	**-**	**-**	**882,083**	**8.12**
Granted	152,644	**-**	**-**	152,644	**23.54**
Transfer to beneficiaries	**-**	**-**	(302,459)	(302,459)	7.32
Options cancelled	-	(13,377)	-	(13,377)	7.32
Position as at June 30, 2020	**1,034,727**	**(13,377)**	**(302,459)**	**718,891**	**12.73**

The amount of R$ 836 (R$ 926 at June 30, 2019) was recognized in profit or loss for the six-month period ended June 30, 2020 under the line item “Administrative expenses” as remuneration for share-based payment transactions, and the accumulated balance referring to these plans in JSL S.A.’s investment is R$ 19,678 at June 30, 2020 (R$ 18,842 at December 31, 2019).

Complete information on the share-based payment plan is presented in note 29 to the carve-out annual financial statements for the year ended December 31, 2019.

27 Insurance coverage

JSL Logística has insurance coverage in amounts deemed sufficient by Management to cover potential risks on its assets and/or liabilities related to transport of third-party cargo or assets. As to the vehicle fleet, most part is self-insured in view of the cost-benefit ratio of the premium.

Complete information on the insurance coverage is presented in note 25 to the annual carve-out financial statements for the year ended December 31, 2019.

28 Supplementary cash flow information

The statements of cash flows under the indirect method are prepared and presented in accordance with the accounting pronouncement CPC 03 (R2) / IAS 7 - Statement of Cash Flows.

JSL Logística made acquisitions of vehicles machinery and equipment for expansion of its fleet, and part of these vehicles do not affect cash because they are financed. These acquisitions without cash outflow effect are as follows:

	06/30/2020	06/30/2019
Total additions to property and equipment in the period	**352,769**	**227,293**
Additions without cash disbursement:		
Additions financed by leases payable, FINAME and suppliers financing - car makers	(2,263)	(50,633)
Addition of right-of-use lease (note 10)	(124,872)	(28,451)
Additions for prior periods settled with cash flows		
Change in the balance of trade payables and suppliers financing - car makers	(5,408)	5,408
Total cash flows for purchase of property and equipment	**220,226**	**153,617**
Statements of cash flows:		
Operational property and equipment for leasing	203,020	141,163
Property and equipment	17,206	12,454
Total	**220,226**	**153,617**
Other non-cash transactions:		
Initial adoption of CPC 06 (R2) / IFRS 16 - Leases	-	(218,208)

29 Subsequent events

29.1 Corporate reorganization of the JSL Group

On August 5, 2020, at an extraordinary general meeting, the JSL Group's corporate restructuring was approved.

The restructuring consists of the migration of the entire shareholder base of the JSL S.A. to Simpar S.A. (“Simpar”), direct controlling shareholder of the subsidiary JSL S.A, which became an entity listed on the *Novo Mercado*, a special segment of B3. As a result, Simpar will become the JSL Group holding company, with the shares traded on the stock exchange to replace JSL S.A..

On the same date, still as part of the restructuring, its spin-off was approved, and the net assets include the total balances of investments in equity interests of all subsidiaries that are not part of the Logistics segment. Thus, JSL S.A., which has only subsidiaries that are part of Logistics operation, starts to operate in the logistics and treasury segment.

As result of the reorganization, for debentures transferred to Simpar, JSL S.A. became guarantor of such debts. Management is negotiating with the counterparties not to include those guarantees provided by it. The total amount of such debts with collators from JSL S.A. is R$ 1,242,500 as disclosed in note 15.

On the other hand, also as a result of the reorganization, Simpar became guarantor of certain debts and debentures, as disclosed in the notes 14.1 and 15, in the amount of R$ 2,477,814.

29.2 Effects from COVID-19 pandemic on the condensed carve-out interim financial statements

As disclosed in note 1.2, JSL Logística adopted and continues adopting a series of measures to mitigate the impacts caused by the current crisis of the COVID-19 pandemic.

Most of the JSL S.A. and its subsidiaries activities are considered essential, covering for example road freight transport, urban distribution, storage and charter services, among others. Therefore, these activities kept their operations in full operation.

In July, JSL Logística's actions were aimed at resumption of activities, as a result of the opening of trade and the return to operations of industries, which had been shut down, or operated in a reduced period, due to the state and municipal government plans to restrict the flow of people.

Up to the approval of this condensed carve-out interim financial statements, JSL Logística's financial ratios indicate the preservation of a substantial part of its revenues, cash generation and liquidity position.

29.3 Restricted Offering - JSL S.A.

At August 3, 2020, JSL S.A. released to its shareholders and the market in general that, in line with the objectives described in its corporate reorganization proposal announced in the material fact notices disclosed on April and July of 2020, it is evaluating the feasibility of a primary offering of common shares in Brazil, with restricted distribution efforts, pursuant to CVM Instruction 476 ("Restricted Offering"), following the conclusion of the Corporate Reorganization.

The Restricted Offering will have for objective raise funds for the JSL Logística, thereby strengthening its capital structure. Seen in these terms, preparatory work for the Restricted Offering is being carried out, together with certain financial institutions and other legal advisors, to analyze the feasibility and determine the terms of the proposed Restricted Offering.

29.4 Company's acquisition - JSL S.A.

a) Fadel Holding Ltda. ("Fadel")

According to relevant fact on August 3, 2020, a purchase and sale agreement was signed for the acquisition of Fadel Holding Ltda. ("Fadel") by JSL S.A..

Fadel operates in the beverage, food, consumer goods and e-commerce sectors, has a fleet of more than 1,600 own operating assets (including trucks, heavy duty trucks, trailers and light commercial vehicles) and 25 branches in Brazil and four units in Paraguay.

JSL S.A. will initially acquire 75% of Fadel shares for R$ 159,400, 50% of which paid in cash and 50% in six months. Such price may be increased by R$ 13,700 if Fadel reaches certain goals in 2020. JSL S.A. will have the right to acquire, in the third year, and Fadel's current partner will have the right to sell to JSL S.A., in the fifth year, the remining interest in Fadel's share capital for a price to be established pursuant to the agreement. At JSL S.A.'s criteria, the acquisition price of the remaining installment may be paid in cash or by means of shares issued by JSL S.A., using the market value of JSL S.A. shares as a reference.

b) TransMoreno Transporte e Logística Ltda. ("TransMoreno")

According to relevant fact on August 10, 2020, a purchase and sale agreement was signed for the acquisition of TransMoreno Transporte e Logística Ltda. ("TransMoreno") by JSL S.A.. TransMoreno operates in the automobile transport segment.

JSL S.A. will initially acquire 100% of TransMoreno shares for R$ 310,000, of which R$ 100,000 will be paid in cash on the closing date and the remaining amount in semiannual installments over the next 5 years. Such price may be increased by R$ 10,000 if TransMoreno reaches certain goals in regarding changes in net working capital by the end of 2024.

*****