Financial Statements

Maestro Locadora de Veículos S.A.

December 31, 2019
with an Independent Auditor's Report

Management Report

1-) THE COMPANY

Maestro operates in the vehicle and truck Fleet Outsourcing and Management sector through long-term contracts.

At the end of 2019, Maestro's total fleet had 4,142 vehicles distributed to more than 300 customers nationwide.

Maestro buys its vehicles directly from the main automakers in the country, with a diversified *mix* of manufacturers in its fleet.

During the term of the rent contracts, typically between 12 and 60 months, preventive and corrective maintenance services are provided by 18,000 workshops with national coverage.

The sale of vehicles is done through a partnership with our network of more than 1,000 retailers, which allows us to make quick and efficient deactivation, with low fixed structure and within the established pricing parameters. In 2019, we also opened a store for retail sales in Belo Horizonte with the aim of adding a channel with greater potential for return.

In December of the previous year, with the acquisition of Minas Real Vendas e Serviços Ltda. ("Locarcity") we added 1,014 vehicles to the total fleet, as well as geographically diversified our commercial transactions, including the sale of used vehicles.

This acquisition brought important results with an increase in rental revenue, leading to a dilution of fixed costs and an increase in operating results, total before taxes and net income.

The integration between Maestro and Locarcity happened quickly and efficiently. On September 1, 2019, we fully incorporated the companies.

The restated result indicators are restated as shown in the map below:

Mastreo Locadora de Veículos S.A.

DRE
Period: January to Dec 2019
(In thousands of Reais)

	Jan to Aug	Aug		Sep to Dec	2019
	Maestro	Locarcity	Consolidated	Maestro	Consolidated
Net revenue	53,393	22,965	76,359	38,555	114,913
Vehicle rent and sale costs	(36,491)	(17,472)	(53,963)	(25,319)	(79,282)
Gross profit	16,902	5,493	22,395	13,236	35,631
Administrative and general operating income (expenses)	(7,767)	(1,107)	(8,874)	(4,857)	(13,731)
Other operating costs (expenses), net	761	72	8.33	96	930
	(7,005)	(1,035)	(8,040)	(4,761)	(12,801)
Income before net financial expenses and	9,897	4,458	14,355	8,475	22,830
(Expenses) financial income Financial expenses	(15,142)	(199)	(15,341)	(7,090)	(22,432)
Financial income	2,845	189	3,034	(582)	2,452
Net financial expenses	(12,297)	(11)	(12,308)	(7,672)	(19,980)
Income (loss) before taxes	(2,400)	4.447	2,047	803	2,850
			(1,573)	(631)	(2,204)
Current income tax and social contribution deferred income tax and social contribution	610	(1,573)			
			610	(341)	269
(Loss) net profit for the period	(1,790)	2,875	1,084	(169)	916

By comparison with the previous period, we will use the restated number of 2019 (last column on the right).

Throughout the year, we consolidated a larger customer base that was more diversified, with complete innovative management solutions. We are also in line with modern technology trends, with new customers working in the urban mobility applications sector, a sector of undeniable significant growth potential for the coming years.

2-) MESSAGE FROM THE MANAGEMENT

We are glad to show below the income and achievements obtained in 2019, an important year for the consolidation of a solid platform focused on growth and improvement of results.

In December 2018, we completed the first acquisition of a company in the sector - Locarcity, based in Belo Horizonte, with over 10 years of experience. Throughout 2019, we optimized this operation to open a store to sell used vehicles, taking advantage of the same facilities, integrating people, processes, and we already captured the possible synergy a few months after the acquisition. For the following years, we will look for more M&A alternatives as an important growth driver for the company.

In 2019 we executed the company's largest contract for the urban mobility sector, with 950 new vehicles leased that will be fully delivered by the end of the 1st quarter/2020. We executed new Heavy Vehicle contracts and thereby improved the *share* of this product, reaching 14% of rental revenue and with a strong growth perspective.

The combination of the new contracts plus the acquisition, generated a 53% growth in rental revenue, which increased from BRL 47.2m (2018) to BRL 72.3m (2019). Margins and profitability significantly increased, mainly through the dilution of fixed costs.

As a strategy to maintain accelerated growth, we reinforced the M&A team and created a pipeline for the acquisition of companies with the same profile as Maestro, with 500-2000 cars in the fleet. We believe that the increase in competition and the size of the largest players in the sector will lead to less competition in M&A by companies of this size, but greater competition in organic growth.

We maintained the good practice of neutralizing carbon of the entire internal fleet of the company by planting hundreds of trees in the Parque Ecológico do Tietê, through the partnership established with IBDN (Brazilian Institute for the Defense of Nature).

In December, we held the Annual Convention, and one of the highlights was the implementation of Agile Methodologies (Scrum). Five *squads* (specific groups for these projects) were inaugurated and will deliver important projects in the following months, using this new project management methodology.

We thank on behalf of our team to everyone who somehow participated and contributed to the consolidation and development of Maestro in its thirteen years of history!

Fabio Lewkowicz

Chief Executive Officer

3-) PERFORMANCE COMMENTS

In 2019, Maestro achieved record operating results. They contributed in an important manner to the fast and successful merger of Locarcity, fully completed in nine months, the diversification of its range of action with mobility applications and advancing in the performance in light trucks. The funding borrowing scenario was also favorable with the drop in the basic interest rate and spreads, contributing to a significant increase in net income.

2019 EBITDA reached BRL 42.1m, an expressive increase of 66% over the previous year. The 53% increase in rental revenue in the period contributed with the consequent dilution of fixed costs. EBITDA margin (on net rental revenue) reached 64%, which represents an increase of 5 pp. compared to the previous year.

The sale of vehicles continued to meet the sales targets in amounts equal to or above the residual amounts projected, evidencing the robustness of the pricing model adopted and maintaining a track of solid results of the last periods. In 2019, vehicles were sold at an average of 105% of the carrying amount of the cost, which is stable compared to 2018.

The recurring pre-tax result reached the level of BRL 2.8m, an increase of 35% compared to 2018.

In 2018, we had issued two debentures that totaled BRL 142m raised at market value, of which BRL 80m in the second series in May/18 and BRL$ 62m in the third series in December/18. In November/19 we concluded the fourth series in the total amount of BRL 60mm, aiming at supporting organic growth, increasing liquidity available for the first months of 2020 and maintaining more than 80% of the total indebtedness in the long term in December 2019.

We conclude by reaffirming our commitment to continually advance our objectives of profitability of invested capital, serving our customers in a differentiated manner, with a high level of operating efficiency and financial solidity. The numbers and achievements of 2019 corroborate this position and give us confidence that we will continue our path of sustained growth for the upcoming periods.

	Fiscal year ended on December 31,					
	2019	**AV**	**2018**	**AV**	**Variation 2019x2018**	
(in R$ thousand, except percentage)		**(%)**		**(%)**		**(%)**
Income Statement						
Net revenue	114,913	100%	62,283	100%	52,630	85%
Gross rent	72,374	63%	47,235	76%	25,139	53%
(-) rent revenue taxes	(6,699)	6%	(4,369)	7%	(2,330)	53%
Vehicle sales	49,238	43%	19,417	31%	29,821	1.54%
Cost of leasing and selling of vehicles	(79,282)	69%	(40,199)	65%	(39,083)	97%
Gross profit	**35,631**	**31%**	**22,084**	**35%**	**13,547**	**61%**
Administrative and general operating income (expenses)	(13,731)	12%	(9,050)	15%	(4,681)	52%
Other operating revenues (b)	930	1%	849	1%	81	10%
Total operating (a) + (b)	(12,801)	11%	(8,201)	13%	(4,600)	56%
Income before financial net expenses and taxes	**22,830**	**20%**	**11,866**	**19%**	**10,964**	**92%**
Financial Expenses	(22,433)	20%	(16,858)	27%	(5,575)	33%
Financial Revenues	2,452	2%	1,988	3%	464	23%
Net financial expenses	(19,981)	17%	(14,870)	24%	(5,111)	34%
Profit (loss) before taxes (*)	**2,850**	**2%**	**-1,430**	**-2%**	**4,280**	**-299%**
Deferred income tax and social contribution	(1,934)	2%	270	0%	(2,204)	-816%
(Loss) net profit for the period	**916**	**1%**	**-1,160**	**-2%**	**2,076**	**-179%**

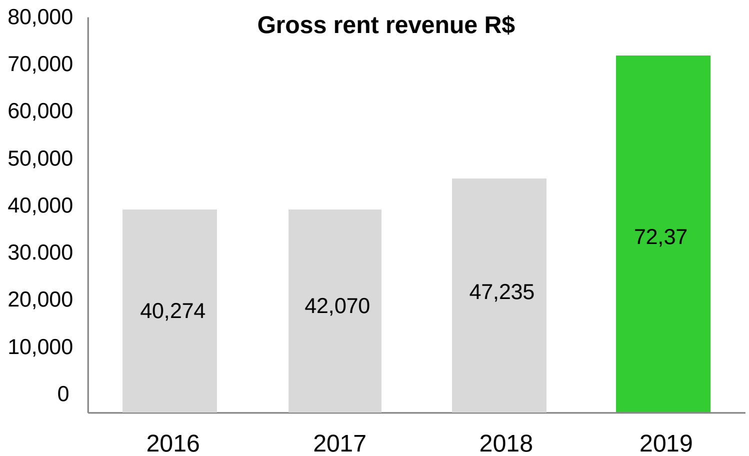
3-1) VEHICLE rent AND SALE REVENUE

Total net revenue is comprised of vehicle rental income and sales revenue.

	Jan to Aug			Sep to Dec	2019
	Maestro	Locarcity	RESTATED Accum 8 months	Maestro	Consolidated
Vehicle rent	36,522	11,843	48,365	24,009	72,374
Vehicle sales	20,250	12,222	32,472	16,767	49,238
Total gross revenue	56,772	24,065	80,836	40,775	121,612
Taxes	(3,378)	(1,099)	(4,478)	(2,221)	(6,699)
Total Net Revenue	53,393	22,965	76,359	38,555	114,913

Evolution of the revenue

Revenues from vehicle rentals in 2019 increased 53% compared to the previous year, reaching R$ 72.4m. This variation is mainly due to the contribution of the Locarcity fleet, since January. In 2019, the average leased fleet was 3,361 vehicles compared to 2,419 in 2018, an increase equivalent to 39%.



3-2 VEHICLE RENTAL COST

Period: January to Dec 2019
(In thousands of Reais)

	Jan to Aug			Sep to Dec	2019
	Maestro	Locarcity	RESTATED Accum 8 months	Maestro	Consolidated
Costs of maintenance	(7,860)	(3,473)	(11,332)	(5,076)	(16,408)
Depreciation costs	(10,165)	(2,537)	(12,702)	(5,492)	(18,194)
Provision for reduction	-	-	-	-	-
Costs of vehicles sold	(19,125)	(12,008)	(31,132)	(15,247)	(46,380)
Other Cost with Vehicles Sold	(151)	-	(151)	(182)	(334)
Personnel costs	(1,346)	(202)	(1,548)	(736)	(2,285)
PIS/COFINS credit recovery	2,156	747	2,903	1,414	4,318
Total Rental and Service Cost	**(36,491)**	**(17,472)**	**(53,963)**	**(25,319)**	**(79,282)**

At the end of 2019, vehicle rental and sale costs represented 65% of total net revenue, the same level as the previous year.

Vehicle selling costs totaled BRL 46.3m in 2019, an increase of BRL 27.8m over the previous year and consistent with higher sales revenue associated with these (as in the previous paragraph) of BRL 49.2m.

Direct rental costs, totaled without vehicle sales costs, reached BRL 32.9m in 2019, compared to BRL 21.7m in the previous year, an increase of BRL 11.2m.

The direct rent costs can be broken down into 3 main groups:

- Depreciation costs reached BRL 18.2 in 2019, an increase of 61% over the previous year. This value is equivalent to an average depreciation in 2019 of 11.3% over the value of gross assets (vehicles), an index higher than the 10.5% recorded in the previous year. The greater penetration of trucks and application vehicles in the total portfolio helped to such increase. The result in the sale of vehicles (see specific note) confirms that this increase in depreciation has been correctly incorporated into the monthly rent.

- Maintenance costs (including personnel costs), which reached BRL 18.7m and were 43% higher than in 2018, growth was also due to the increase in the fleet but less than the growth in rental revenue.

- Recovery of PIS/COFINS (Social Integration Program)/(Contribution for the Social Security Financing) credit, which increased 56% (with reduction effect on the total direct cost) equivalent to BRL 1.5 in the 12-month period.

3-3 GROSS PROFIT

Gross Profit reached BRL 35.6m, an increase of 61% over the previous year, with the combined growth of rental revenue (mainly Locarcity) and vehicle sales (demobilization season).

3-4 GENERAL AND ADMINISTRATIVE OPERATING EXPENSES

Period: January to Dec 2019
(In thousands of Reais)

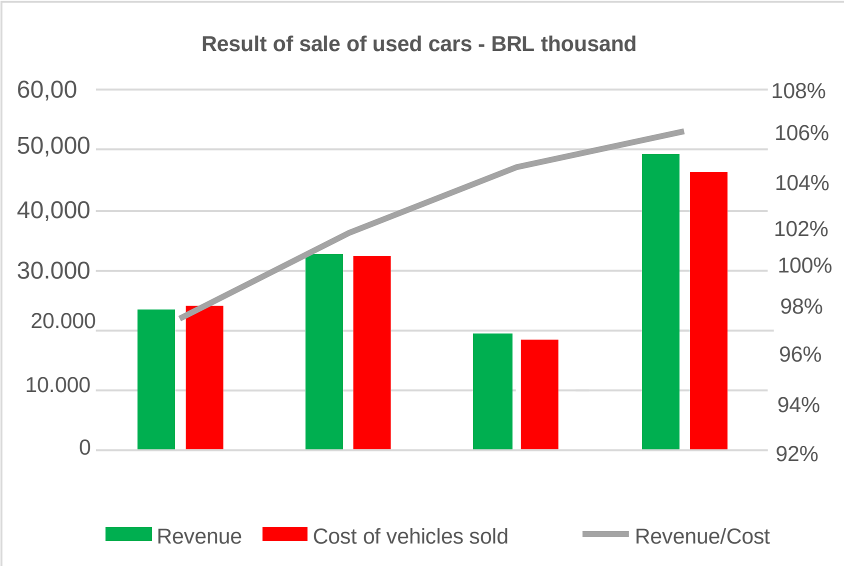
GENERAL and ADM. EXPENSES	Jan to Aug Maestro	Jan to Aug Locarcity	RESTATED Accum 8 months	Sep to Dec Maestro	2019 Consolidated
Personnel expenses (Adm/Coml)	(3.905)	(586)	(4,491)	(2,136)	(6,627)
Third parties' services	(956)	(346)	(1,302)	(934)	(2,236)
Expenses with occupancy	(433)	(295)	(728)	(150)	(878)
Overhead expenses	(1,166)	(243)	(1,409)	(647)	(2,057)
PECLD (Estimated losses from credits in doubtful accounts)	(377)	395	17	(412)	(395)
PECLD reversal	61	-	61	391	452
Loss on bad debts	(0)	-	(0)	-	(0)
Depreciation and amortization expenses	(421)	(5)	(426)	(691)	(1,116)
Communication expenses	(165)	(27)	(192)	(45)	(237)
Taxes on other revenues	(404)	-	(404)	(233)	(637)
Management fee revenue over fines	116	0	116	71	187
Other operating (expenses) revenues	645	72	717	25	742
Total Expenses	**(7,005)**	**(1,035)**	**(8,040)**	**(4,761)**	**(12,801)**

Administrative operating expenses rose 52% over the previous year, less than the increase in rental revenue. This figure also considers a period of a few months at the beginning of the year when the synergies of fixed structure with Locarcity had not yet been fully captured.

3-5 RESULT FROM THE SALE OF VEHICLES - deactivation of the fleet

In 2019, we sold the used vehicles at 105% of the total cost, evidencing the strength of the pricing policy and reliable demobilization channel. Over the last few years, we have sold our cars through our chain of retailer partners throughout the country.

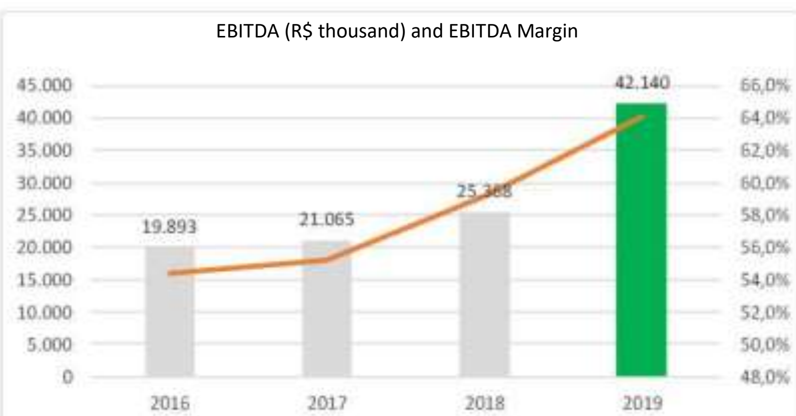
R$ thousand	**2016**	**2017**	**2018**	**2019**
Revenue	23,434	32,809	19,417	49,238
Cost of vehicles sold	23,945	32,272	18,564	46,380
Result	-511	537	853	2,858
Revenue/Cost	98%	102%	105%	106%



3-6 EBITDA and EBITDA MARGIN

The combination of increased gross margin and reduced operating expenses led 2019 EBITDA to another record level for the Company in both absolute and margin terms related to net rental revenue.

	2016	2017	2018	2019
EBITDA	19,893	21,065	(25,368)	42,140
EBITDA growth	18%	6%	20%	66%
EBITDA margin	54.4%	55.2%	59.2%	64.2%



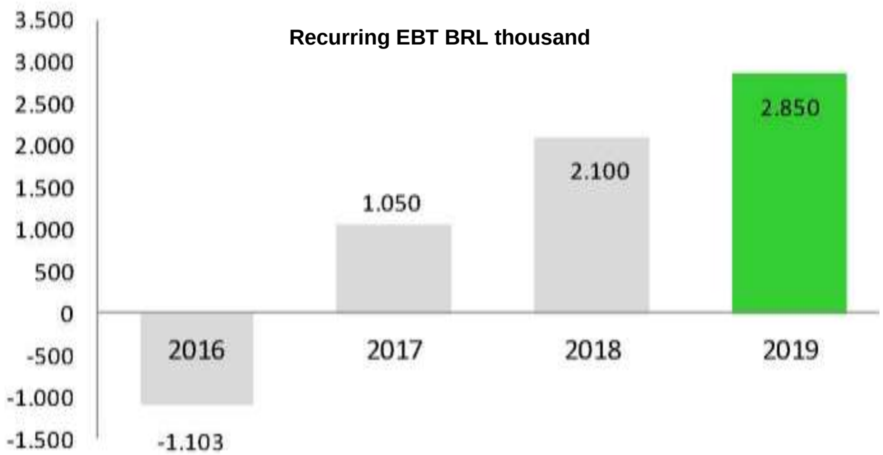
3-7 NET FINANCIAL EXPENSES

In 2019, net financial expenses increased BRL 5.1m, equivalent to 34%. This variation has two different origins and natures:

- Non-recurring effects totaling approximately BRL 1.0m. This number consists of:
    - R$ 0.5m in prepayment*fees* , with cash effect, for short-term financial transactions.
    - BRL 0.5m of financial expenses for transferring ownership of liens on the occasion of the merger of Locarcity by Maestro.
- Recurring effect of BRL 4.1m, equivalent to an increase of 27% in relation to the previous year and compatible with the increase in average net debt. The average net debt of 2019 was BRL 120.3mm, an increase of 43% over the previous year and mainly caused by the financing of the Locarcity acquisition. Falling CDI and spreads contributed to the increase in net financial expenses being less than the variation in average debt between the periods.

3-8 PROFIT BEFORE TAXES AND NET INCOME

Net income before taxes in 2019 was BRL 2.8m, an increase of 36% and the highest recurring value ever achieved by Maestro.



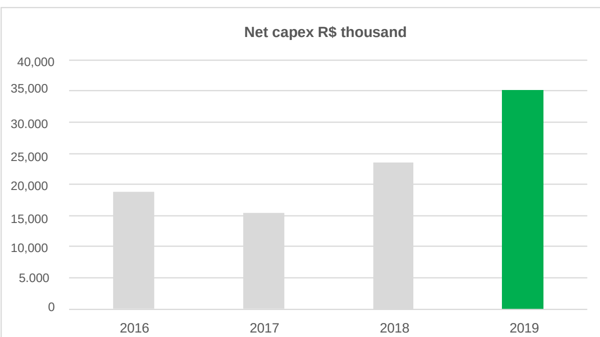
The net final result was also the highest in the Company's history and reached BRL 0.9m compared to the loss (although affected by non-recurring events) of BRL(1.1) m in 2018.

4-) INVESTMENTS

The Company invested BRL 77.9m in the acquisition of new vehicles in 2019, totaling 1,777 cars at an average price of BRL 43.8k per vehicle. In 2018, the average value of cars purchased was BRL 48.5. The discounts with automakers remained at equivalent levels in the periods.

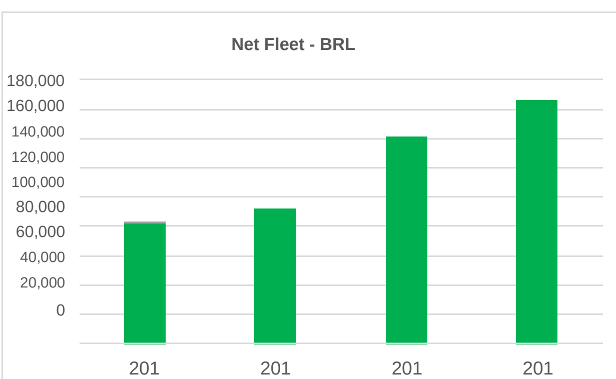
BRL thousand	2016	2017	2018	2019
Acquisition				
Investment	42,154	48,240	42,979	77,896
#vehicle	974	1,052	887	1.777
Average price	43.3	45.9	48.5	43.8
Sale				
Disinvestment	23,434	32,809	19,417	49,238
#vehicles	1,149	1,109	659	1.239
Average price	20.4	29.6	29.5	39.7
Net capex R$ thousand	18,720	15,431	23,562	28,658

The net Capex value (purchase less sale of vehicles) reached R$ 35.2m, an increase of 49% over the previous year.



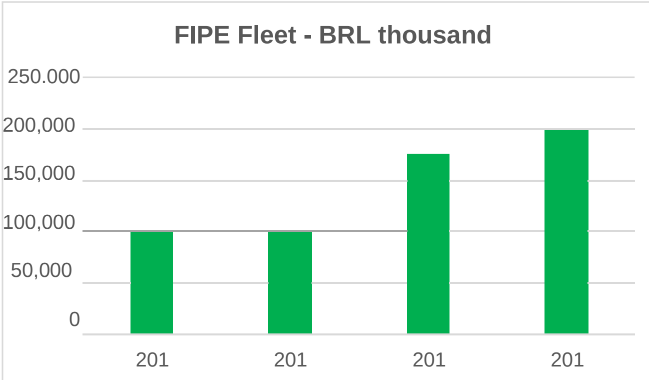
5-) FLEET

The total fleet of Maestro (individual) reached R$166.3m at the end of the period of 2019, an increase of 17% in relation to the previous year.



	2016	2017	2018	2019
BRLthousand	81,956	92,375	141,854	166,288
Growth		13%	54%	17%

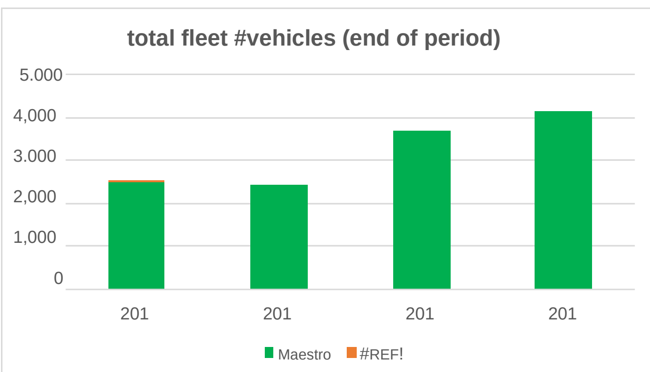
In relation to the FIPE fleet (market), Maestro's growth was 12% in 2019.



FIPE fleet (end of period)

	2016	2017	2018	2019
R$ thousand	92,751	107,509	175,197	195,623
Growth		16%	63%	12%

The total number of vehicles in the fleet increased by 12% in 2019, reaching 4,142 units.



Total fleet #vehicles (end of period)

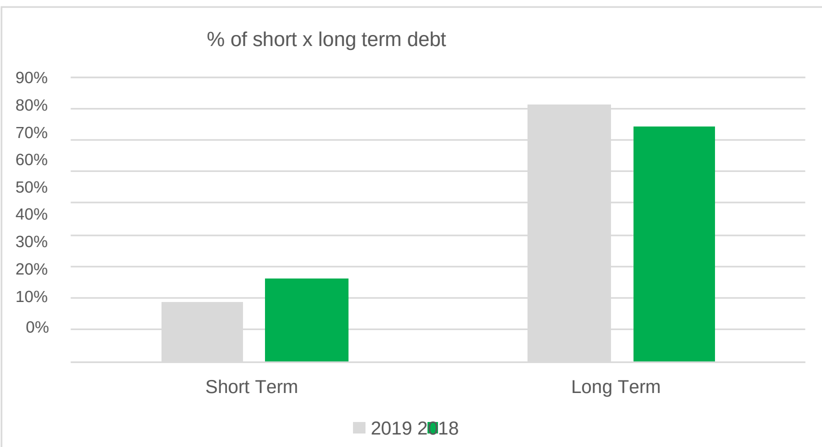
	2016	2017	2018	2019
units	2,486	2,429	3,683	4,142
Growth		-2%	52%	12%

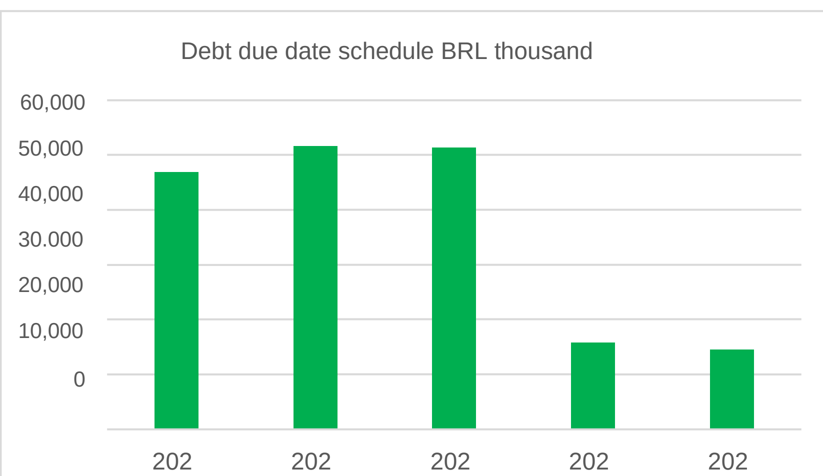
6-) INDEBTEDNESS

Indebtedness	2019		2018		Var 19/18
	BRL thousand	%	BRL thousand	%	%
Current	47,950	26%	27,309	19%	76%
Non-current Assets	133,409	74%	116,529	81%	14%
Total Gross Indebtedness	**181,359**	**100%**	**143,838**	**100%**	**26%**
Cash and Investments	47,000		36,981		27%
Total Net Indebtedness	**134,359**		**106,857**		**26%**

The 26% increase in net debt, equivalent to BRL 27.5m, was allocated to *net capex* , within the normal course of growth of the Company's assets.

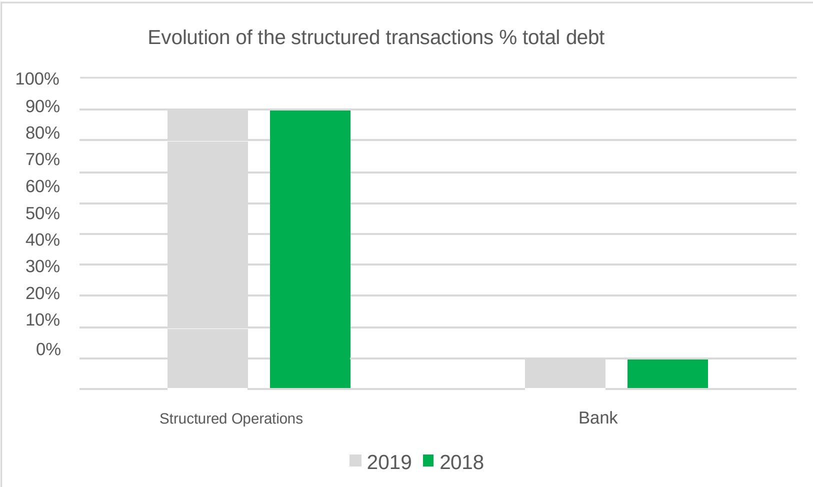
The 4th Debenture was concluded in May 2019 with a total amount raised of BRL 60m, with a 60-month term, a grace period of 1 year and at the cost of CDI +3.7%/year.





The debt profile (short/long term) has remained within the objectives preserving *duration* higher than that of rental contracts.

The high percentage of market transactions (structured) compared to bilateral transactions with banks has contributed significantly to this profile that is more elongated.



7-) FINANCIAL COVENANTS

Covenants of 2nd, 3rd and 4th Emissions are identical, both in limits and in definitions.

COVENANT	OK when	2016	2017	2018	2019
Net Debt/EBITDA (*)	<= 3.5x	2.92	2.90	2.90	3.19
Net Debt/Profit Share	<=3.25x	1.17	1,22	2.20	2.70
Net Debt / Net Fleet	<=0.85x	0.71	0.66	0.76	0.81
Results used cars sale	>-7%	-2%	2%	5%	6%

(*) includes Locarcity LTM EBITDA as defined in Deeds II, III. and IV.deb.

8-) RELEVANT FACTS

Merger of Minas Real Vendas e Serviços Ltda or "Locarcity"

On December 13, 2018, as discussed in note 24, the Company acquired Minas Real Vendas e Serviços Ltda or "Locarcity" and started to submit restated financial statements as of the year ended on December 31, 2018.

Subsequently, on August 1, 2019, as described in note 10, the Company incorporated Locarcity balances in order to improve synergy in the outsourcing of its fleet. The merger process was concluded with the issuance of the accounting report by a specialized and independent appraiser and was carried out under the terms of article 225 of Law 6404 of 1976, and therefore, the Company started to not submit restated financial statements as of the quarter ended on September 30, 2019.

4th Issuance of Debentures

On October 23, 2019, the Company signed a Deed for public distribution in the national market, with restricted placement efforts, pursuant to CVM Instruction No. 476, of the fourth issue of debentures in the amount of BRL 60,000. The debentures will bear CDI +5.0% per year and will be amortized on a monthly basis, with a grace period of 12 months, with final maturity in November 2024. Debentures are guaranteed by the fiduciary sale of vehicles and assignment of contracts with customers.

The proceeds will be allocated to i) early settlement of international loan agreements and leasing agreements ii) reinforcement of the Company's cash.

9-) CORPORATE STRUCTURE

The Company's corporate structure remained unchanged in 2019.

Shareholder	Common shares	Ordinary shares %	Preferred shares	Preferred shares %	Total shares	Total shares %
Investment Mutual Fund for Emerging Companies Stratus Fleet	780,687	45.02	-		780,687	45.02
Stratus SCP Brasil FIP	541,119	31.21	-		541,119	31.21
Fabio Lewkowicz	129,604	7.47	-		129,604	7.47
Alan Lewkowicz	123,431	7.12	-		123,431	7.12
Natalie Lewkowicz Rivkind	117,269	6.76	-		117,269	6.76
Lewco Participações e Administração Ltda.	29,629	1.71	-		29,629	1.71
Stratus Investments Ltda	12,249	0.71	-		12,249	0.71
TOTAL	**1,733,988**	**100%**	**-**		**1,733,988**	**100%**

10-) RELATIONSHIP WITH AUDITORS

Throughout 2019, in compliance with CVM Instruction 381/03, we hereby announce that Ernst & Young Auditores Independentes provided audit services exclusively for the individual and consolidated financial statements for the fiscal year ended December 31, 2019.

In compliance with article 25, paragraph 1, items V and VI, of CVM Instruction No. 480/09, the Company's Officers Fabio Lewkowicz, Chief Executive Officer, Carlos Miguel de O. M. B. Alves, Chief Financial Officer, Monica Jorgino Marcondes, Managing Officer, declare that (i) they reviewed, discussed and agreed with the financial statements referring to the fiscal year ended December 31, 2019; and (ii) reviewed, discussed and agreed, without any exceptions, with the opinions expressed in the report issued on March 23, 2020 by Ernst & Young Auditores Independentes, independent auditors of the Company, with respect to the individual and consolidated financial statements for the year ended on December 31, 2019.

Maestro Locadora de Veículos S.A.

Financial Statements

December 31, 2019

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Representations

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Independent auditor's report on the financial statements

To
Shareholders, Directors and Officers of
Maestro Locadora de Veículos S.A.
Embu das Artes - SP

Opinion

We have audited the financial statements of Maestro Locadora de Veículos S.A. ("Company") which comprise the balance sheet as of December 31, 2019, and the related statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and the corresponding explanatory notes, including a summary of the primary accounting policies.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Maestro Locadora de Veículos.
S.A. on December, 31 2019, the individual and consolidated performance of its operations and the related cash flows for the year ended on that date, in accordance with accounting practices adopted in Brazil and international financial reporting standards (IFRS) issued by the International Accounting Standards Board (IASB).

Basis for opinion

Our audit was conducted according to the Brazilian and international audit standards. Our responsibilities, in accordance with such standards, are described in the following section titled "Auditor's responsibility for the audit of the financial statements". We are independent in relation to the Company, in accordance with the relevant ethical principles set forth in the Professional Code of Ethics of the Accountant and the professional standards issued by the Federal Accounting Council, and we comply with the other ethical responsibilities in accordance with these standards. We believe that the audit evidence obtained is sufficient and appropriate to base our opinion.

Main audit issues

Main audit issues are those that, in our professional judgment, have been the most significant in our audit of the current finacial year. These issues have been dealt with in the context of our audit of the financial statements as a whole and in forming our opinion on these financial statements and therefore, we do not express an opinion on these issues separately. For each subject below, a description of how our audit has addressed the matter, including any comments on the results of our proceedings, is presented in the context of the financial statements taken as a whole.

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We have fulfilled the responsibilities described in the section entitled "Auditor's responsibilities for auditing the financial statements," including those related to these main audit issues. Accordingly, our audit included the conduct of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our procedures, including those performed to address the issues below, provide the basis for our audit opinion on the Company's financial statements.

Estimated realization of deferred taxes

The Company recognized active and deferred income tax and social contribution on temporary differences, tax losses and negative tax basis of social contribution as detailed in note 9, in the amount of BRL 15,099 thousand as of December 31, 2019. The Company recognizes these deferred taxes to the extent that there is future taxable income.

This issue was considered one of the main auditing issues due to subjectivity and judgment in the estimation of future taxable income, which considers projections of future results prepared and based on internal assumptions and future economic scenarios.

How our audit conducted this matter

As part of our auditing procedures, among others, we engage our valuation professionals to assist us in analyzing the projections of results and future realization of these deferred tax assets; we engage our tax specialists to assist us in analyzing the calculation of deferred tax assets; we analyzed the projections for the realization of deferred taxes prepared by management, which included mainly: i) test of projected financial information used; ii) comparison of the assumptions and methodologies used with the respective industry, competitors and economic scenario of the national environment; and iii) analysis of the use of evaluation method and external information. Such information is derived from the Company's business plan approved by those responsible for governance.

In addition, we assess the disclosures in the financial statements in relation to deferred tax assets.

Based on the results of the audit procedures performed on the recognition, measurement and recoverability of the active deferred income tax based on the availability of future taxable income, which is consistent with Management's assessment, we consider that the criteria and assumptions of the recoverable value of the active deferred income tax adopted by Management, as well as the respective disclosures in note 9.b, are acceptable, in the context of the financial statements taken as a whole.

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Definition of net book value of vehicles

As mentioned in Note 2.j, the Company's management defines the net book value of the operating vehicles from the expected sale value at the end of their useful lives, considering their best estimate and based on the history of similar events. The depreciable value of a vehicle is the difference between the cost of acquisition and the estimated net book value based on the defined useful life that is directly related to the expected renewal of the fleet.

This subject was considered one of the main audit subjects due to the subjectivity and judgment used in the definition of the useful life of the assets and the estimated net book value.

How our audit conducted this matter

Our auditing procedures included, among others: i) the understanding and evaluation of the assumptions used by the management in the definition of the net book value of vehicles; ii) review of the documents that supported the definition of the main assumptions applied in the definition of the net book value of vehicles; and iii) analysis of the result on the disposal of vehicles recognized during the year.

Additionally, we assess the disclosures in the financial statements in relation to the definition of the net book value and useful life of the vehicles.

Based on the results of the audit procedures carried out on the definition of the net book value of vehicles, which is consistent with management's assessment, we consider that the criteria and premises for the definition of the net book value and useful life of the vehicles adopted by the management, as well as the respective disclosed in note 2.j, are acceptable in the context of the financial statements taken as a whole.

Other matters

Added value statement

The statement of value added (DVA) for the financial year ended on December 31st, 2019, prepared under the responsibility of the Company's management, and presented as supplementary information for IFRS purposes, has been subject to audit procedures performed in conjunction with the audit of the Company's financial statements. For the making of our opinion, we assess whether this statement is reconciled with the financial statements and accounting records, as applicable, and whether their form and content are in accordance with the criteria defined in Technical Pronouncement CPC 09 - Value Added Statement. In our opinion, this value added statement has been properly drafted in all material aspects, in accordance with the criteria set forth in this Technical Statement and it is consistent with the financial statements taken as a whole.

Other information accompanying the financial statements and the auditor's report

The Company's management is responsible for the other information that comprises the Management Report. Our opinion on the financial statements does not include the Management Report and we do not express any form of audit conclusion about this report.

In connection with the audit of the financial statements, our responsibility is to read the Management Report and, in doing so, to consider whether this report is materially inconsistent with the financial statements or with our knowledge gained in the audit, or if it otherwise appears to be materially misstated. If, based on the work performed, we conclude that there is a material misstatement in the Management Report, we are required to report such fact. We have nothing to report in this regard.

Management and governance responsibilities of the financial statements

The management is responsible for the preparation and fair presentation of such financial statements in accordance with accounting practices used in Brazil and in accordance with International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board (IASB), and for the internal control which was established as necessary to enable the preparation of financial statements free from material misstatement, whether due to fraud or error.

Throughout the preparation of the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in the elaboration of the financial statements unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those responsible for governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibility for the audit of the financial statements

We aim to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether due to fraud or error, and issue an audit report containing our opinion. Reasonable safety is a high level of safety but is not a guarantee that an audit conducted in accordance with the Brazilian and international standards on auditing will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered relevant if, individually or jointly, they may reasonably be expected to influence the economic decisions of users taken based on these financial statements.

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As part of an audit conducted in accordance with Brazilian and international standards on auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. Furthermore:

- We identify and assess the risks of material misstatement in the financial statements, regardless of whether due to fraud or error; we plan and perform audit procedures in response to these risks; and we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting of relevant misstatement resulting from fraud is higher than resulting from error, since fraud may involve the act of circumventing internal controls, collusion, falsification, omission or false intentional representations.
- We obtain an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- We assess the adequacy of accounting policies used and the reasonableness of accounting estimates and respective disclosures made by the management.
- We conclude on the appropriateness of management's use of the accounting basis and the operational continuity, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue operating. If we conclude that there is relevant uncertainty, we should draw attention in our audit report to the respective disclosures in the financial statements or include a change in our opinion if the disclosures are inadequate. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- We evaluated the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other things, the scope and timing of planned audit work and significant audit findings, including significant deficiencies in internal controls that may have been identified during our work.

We also provide the people responsible for governance with a statement that we have complied with the relevant ethical requirements, including applicable independence requirements and communicate any relationships or subject matters that could significantly affect our independence, including, where applicable, respective safeguards.

On the issues that were the subject of communication with those responsible for the governance, we determine those who were considered to be most significant in the audit of the financial statements for the current year and, thus, are the main audit subjects. We describe these subject matters in our audit report unless the law or regulation has prohibited public disclosure of a subject or when, in extremely rare circumstances, we determine that the subject matter should not be reported in our report because the adverse consequences of such communication may, within a reasonable perspective, overcome the benefits of communication to the public interest.

São Paulo, March 23, 2020.

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

Lázaro Angelim Serruya
Accountant CRC-1DF015801/O-7

Maestro Locadora de Veículos S.A.

Balance sheets
December 31, 2019 and 2018 (In
thousands of reais)

	Note	Individual Dec/31/2019	Individual Dec/31/2018	Restated Dec/31/2018
Assets				
Current				
Cash and cash equivalents	4	**5.191**	34,925	35,018
Restricted use financial investments	5	**39,753**	-	-
Accounts receivable from customers	6	**16,714**	8,343	10,263
Vehicles in deactivation for fleet renewal	7	**7,703**	1,132	3,611
Taxes Recoverable		**644**	879	879
Expenses paid in advance	8	**1,697**	2,681	2,681
Other accounts receivable		**1,290**	845	834
Total current assets		**72,992**	48,805	53,286
Non-current Assets				
Long-term Receivables				
Restricted use financial investments	5	**2,056**	2,056	2,056
Accounts receivable from customers	6	**3.410**	2,674	2,683
Judicial deposits	18	**68**	34	34
Expenses paid in advance	8	**899**	331	331
Deferred income tax and social contribution	9.b	**12,365**	12,095	12,095
Other accounts receivable		**-**	226	226
Investment	10	**-**	42,202	-
Fixed Assets	11	**159,005**	108,544	140,353
Intangible	12	**7,411**	8	7,217
Right of use	13	**1,078**		
Total non-current assets		**186,292**	168,170	164.995
Total assets **259,284**		216,975	218,281	

		Individual	Individual	Restated Note
	Dec	/31/2019	Dec/31/2018	
Liabilities and Shareholders Equity				
Current				
Suppliers	14	**12,033**	3,236	3,564
Loans and financing transactions	15	**6,156**	5,967	6,292
Debentures payable	13	**41,794**	21,342	21,342
Lease liability		**456**	-	-
Wages, charges and social contributions		**730**	498	667
Tax obligations		**1,252**	763	718
Accounts payable for business acquisition		**-**	17,337	17,337
Other Accounts Payable	17	**1,838**	2,279	2,425
Customer Advances		**10,675**	-	-
Total current liabilities		**74,934**	51,422	52,345
Non-current Assets				
Loans and financing transactions	15	**11,747**	12,171	12,499
Debentures payable	16	**121,663**	104,358	104,358
Lease liabilities		**652**	-	-
Other accounts payable		**-**	226	227
Provision for losses on lawsuits	18	**630**	56	110
Total non current liabilities		**134,692**	116,811	117,194
Net worth				
Share capital	19	**51,735**	51,735	51,735
Retained earnings		**3,796**	3,796	3,796
Accrued losses		**(5,873)**	6,789	6,789
Total of net worth		**49,658**	48,742	48,742
Total liabilities and net equity		**259,284**	216,975	218,281

The explaining notes are an integral part of the financial statements.

Maestro Locadora de Veículos S.A.

Results statement
Year ended on December 31, 2019 and 2018
(In thousands of reais)

	Note	Individual Dec/31/2019	Individual Dec/31/2018	Restated Dec/31/2018
Net revenue	21	**91,948**	62,283	63,073
Vehicle rent and sale costs	22	**(61,810)**	(40,199)	(40,784)
Gross profit		**30,138**	22,084	22,289
Administrative and general				
operating income (expenses)	23	**(12,624)**	(9,050)	(9,245)
Other operating revenues, net	23	**859**	849	849
Equity in earnings of subsidiaries and associated companies	10	**2,875**	(443)	-
		(8,890)	(8,644)	(8,396)
Income before net financial expenses and taxes		**21,248**	13,440	13,893
(Expenses) financial revenues				
Financial Expenses	24	**(22,232)**	(16,858)	(17,312)
Financial Revenues	24	**2,263**	1,988	1,989
Net financial expenses		**(19,969)**	(14,870)	(15,323)
Profit/(Loss) before taxes		**1,279**	(1,430)	(1,430)
Current income tax and social contribution	9.a	**(631)**	-	-
Deferred income tax and social contribution	9.a	**269**	270	270
Net Profit (Loss) for the Financial Year		**916**	(1,160)	(1,160)
Net income (loss) per share - basic and diluted	20	**0.53**	(0.67)	(0.67)

The explaining notes are an integral part of the financial statements.

Maestro Locadora de Veículos S.A.

Statements of comprehensive results Years ended
December 31, 2019 and 2018
(In thousands of Reais)

	Individual Dec/31/2019	Individual Dec/31/2018	Restated Dec/31/2018
Net income (loss) for the year	**916**	(1,160)	(1,160)
Other Comprehensive Income:	**-**	-	-
Total comprehensive results	**916**	(1,160)	(1,160)

The explaining notes are an integral part of the financial statements.

Maestro Locadora de Veículos S.A.

Statements of changes in shareholders' equity
Years ended on December 31, 2019 and 2018
(in thousands of Reais)

	Note	Share Capital	accrued losses	Retained earnings: Legal Reserve	Retained earnings: Dividends No distribuited	Total
Balances on December 31, 2017		51,735	(5,629)	660	3,136	49,902
Net loss of year		-	(1,160)	-	-	(1,160)
Balances on December 31, 2018		51,735	6,789	660	3,136	48,742
Net profit for the financial year		**-**	**916**			**916**
Balances on December 31st, 2019		**51,735**	**(5,873)**	**660**	**3,136**	**49,658**

The explaining notes are an integral part of the financial statements.

Maestro Locadora de Veículos S.A.

Statements of cash flows - indirect method
Years ended December 31, 2019 and 2018
(In thousands of Reais)

	Individual	Individual	Restated
	Dec/31/2019	Dec/31/2018	
Cash flows from operating activities			
Net Profit (Loss) of the year	**916**	(1,160)	(1,160)
Adjustments for:			
Deferred income tax and social contribution	**(269)**	(270)	(270)
Depreciation and amortization	**16,758**	11,482	11,273
Net book cost of fixed asset disposals and of vehicles deactivated for fleet renewal	**34,387**	18,905	19,542
Financial charges	**18,325**	13,765	13,765
Amortization of debenture issuance costs	**(549)**	(3,885)	(3,484)
Estimated loss with doubtful credits	**337**	240	305
Equity in earnings of subsidiaries and associated companies	**2,875**	443	-
Constitution/Reversal of provision for contingencies	**519**	38	38
Constitution/Reversal of provision for loss of fixed assets and in deactivation for fleet renewal	**380**	-	-
Fair value and financial assets	**(530)**	-	-
Variations in assets and liabilities:			
Cash acquired in the business combination	**-**	-	2
Accounts receivable from customers	**(6,138)**	364	345
Acquisitions of vehicles (see Note 23)	**(66,672)**	(48,343)	(48,343)
Recoverable taxes	**235**	(284)	(284)
Expenses paid in advance	**416**	(1,065)	(1,065)
Judicial deposits	**(34)**	(34)	(34)
Other accounts receivable	**286**	233	284
Suppliers (except car assembly factory)	**(2,843)**	2,451	1,914
Wages, charges and social contributions	**147**	16	47
Tax obligations	**77**	49	(64)
Other accounts payable and customer advances	**9,848**	23	20
Related parties	**9,629**	-	-
Net cash used in operating activities	**11,687**	(7,032)	(7,169)
Cash flow from investment activities			
Restricted use financial investments	**(39,753)**	2,160	2,160
Incorporated net cash flow	**33**	-	-
Acquisition of investment - Minas Real	**-**	(6,000)	(6,000)
Contribution of capital to investees	**(361)**	(19,307)	-
Acquisition of other fixed assets	**(4,007)**	(3,521)	(3,521)
Accounts payable for business acquisition	**(17,337)**	-	-
Addition to intangible assets	**-**	(3)	(3)
Net cash generated from investing activities	**(61,425)**	26,671	(7,364)
Cash flow of financing activities			
Funding from borrowing, financing, debentures and consortiums	**88,867**	152,737	152,737
Amortization of loans, financing, debentures, consortia and financial leases	**(52,061)**	(83,914)	(103,033)
Interest paid	**(16,802)**	(11,434)	(11,392)
Net cash used in financing activities	**20,004**	57,389	38,312
Increase (decrease) of cash and cash equivalents	**(29,734)**	23,686	23,779
Statement of increase (decrease) of cash and cash equivalents			
In the beginning of the fiscal year	**34,925**	11,239	11,239
At the end of the financial year	**5.191**	34,925	35,018

The explaining notes are an integral part of the financial statements.

Maestro Locadora de Veículos S.A.

Value Added Statements
Year ended on December 31, 2019 and 2018
(In thousands of reais)

	Individual	Individual	Restated
	Dec/31/2019	**Dec/31/2018**	
Income			
Grossvehicle rental and sale revenue	**97,547**	66,652	67,502
Other revenues	**5,519**	3,762	3,761
Estimated loss with doubtful credits	**(337)**	(240)	(305)
	102,729	70,174	70,958
Inputs acquired from third parties Costs of services provided	**(14,297)**	(11,820)	(11,949)
Materials, energy, third party services and others	**(3,630)**	(3,129)	(3,171)
Business and advertising	**(210)**	(108)	(106)
Cost on disposal for renewal of vehicle fleet and other fixed assets	**(34,429)**	(18,466)	(18,646)
	(52,565)	(33,523)	(33,872)
Gross added value	**50,164**	36,651	37,086
Depreciation and amortization	**(16,768)**	(11,482)	(11,733)
Net added value produced by the Company	**33,396**	25,169	25,353
Added value received in transference			
Financial Revenues	**2,061**	1,988	1,989
Equity in earnings of subsidiaries and associated companies	**2,875**	(443)	-
Total added value to be distributed	**38,331**	26,714	27,342
Added value distribution	**38,331**	26,714	27,342
Personnel			
Direct compensation	**5,489**	4,063	4,141
Benefits	**873**	691	699
FGTS (Government Severance Indemnity Fund for Employees)	**344**	230	235
Taxes, rates and contributions			
Municipal	**6**	4	4
Federal	**8,060**	5,421	5,495
Compensation of third party capital			
Interest and expenses on loans and debentures			
Interest and expenses	**16.523**	16,607	16,649
Rentals	**525**	520	530
Others	**5,594**	338	749
Compensation from own capital			
(Loss)/Net profit of the fiscal year	**916**	(1,160)	(1,160)

The explaining notes are an integral part of the financial statements.

1. Operating context

Maestro Locadora de Veículos S.A. ("Maestro" or "Company") is a publicly traded Brazilian limited liability corporation with no shares traded on the market. In addition, the Company has been listed since 2015 on B3 SA - Brasil, Bolsa, Balcão in the corporate governance segment Bovespa Mais, the Company has a term of up to 7 years for offering shares in this modality. The Company was incorporated on April 5, 2007, with an administrative office located at Avenida Queiroz Filho, 1560, Vila Hamburguesa, São Paulo, State of São Paulo and head office at Rua Paulo do Vale, 356 - Salão 3 fundos, Vila Cercado Grande, Embu das Artes, in the State of São Paulo.

The Company operates throughout the national territory in the segment of rental of long duration vehicles, without driver, providing outsourcing fleet services. The vehicles are purchased from major car assembly factories in the country, remain in use for an average term of two to three years and are subsequently sold in used resale channels and specialized auctions. As of December 31, 2019, Maestro's fleet comprised 4,142 vehicles in the restated (2,669 as of December 31, 2018 in the individual and 3,683 in the restated).

In the operational scope, we continue working to ensure the continuous improvement of logistics and operational efficiency, aiming at reducing both the number of days the car is made available to the customer and the period in which the vehicle is sold.

The management maintains long-term commercial partnerships with the country's leading car assembly factories, ensuring not only a relatively diversified base of potential suppliers but also competitive general conditions for vehicle acquisition. This relationship has guaranteed, over the years, commercial conditions that are adequate to the client profile that we seek to maintain and win over. We also seek the continuous improvement of these general vehicle acquisition conditions as the Company evolves in its business cycle.

On December 13, 2019, the Company acquired Minas Real Vendas e Serviços Ltda (“Locarcity”) and started to submit restated financial statements as of the year ended on December 31, 2018. On August 1, 2019, as described in note 10, the Company incorporated Locarcity balances in order to improve synergy in the outsourcing of its fleet. The merger was concluded with the issuance of the accounting report by a specialized and independent appraiser and was carried out under the terms of article 225 of Law 6404 of 1976, and therefore, the Company started to not submit restated financial statements as of the quarter ended on September 30, 2019.

The goodwill generated of R$ 5,199 comprises the amount of the future economic benefits arising from the synergies from the acquisition.

(In thousands of Reais, except when otherwise indicated)

1. **Operational context**--Continued

The balances incorporated on September 1, 2019 are shown below:

Assest		**Liability**	
Current		**Current**	
Cash and cash equivalents	9,680	Suppliers	416
Accounts receivable from customers	3,363	Wages, charges and social contributions	85
Vehicles in deactivation for fleet renewal	1,484	Tax obligations	412
Expenses paid in advance	363	Other Accounts Payable	179
Other accounts receivable	77	**Total current liabilities**	1,093
Total current assets	14,968		
		Non-current Assets	
		Provision for contingencies	55
Non-current Assets		**Total non current liabilities**	55
Accounts receivable from customers	8		
Fixed Assets	24,199	**Owners' equity**	
Total non-current assets	24,208	Capital	35,596
		Accrued losses	(443)
		Profit for the period	2,875
		Total of net worth	38,028
Total of Assets	39,175	**Total of liabilities and net equity**	39,175

2. Basis for Preparation

a) Declaration of compliance and basis for preparation

The financial statements have been prepared in accordance with the accounting practices adopted in Brazil, which comprise the provisions of corporate law, provided for in Law 6,404/76, as amended; the rules and regulations issued by the Securities and Exchange Commission of Brazil ("CVM"); and the accounting statements, interpretations and guidelines issued by the Accounting Statemements Committee ("CPC"), approved by the Federal Accounting Council and by the CVM, and which are in conformity with the International Financial Reporting Standards ("IFRS") issued by the *International Accounting Standards Board* ("IASB").

2. Basis for preparation--Continued

b) Declaration of compliance with the standards of the Accounting Statemements Committee (CPC) and the Securities and Exchange Commission of Brazil (CVM) - Continued

All the relevant information specific to this annual financial statement, and only it, are being evidenced and correspond to those used by Management in its office.

The issuance of this annual financial statement was authorized by the Company's Board of Directors on March 23, 2020.

c) Basis of consolidation of the financial statements

The restated financial statements were prepared considering the historical cost as a value basis.

The controlled companies were fully consolidated, including the assets, liabilities, revenue and expenses accounts according to the nature of each account, complemented by the eliminations of: (a) investments and shareholders' equity; (b) current account balances and other balances of the assets and/or liabilities held between the consolidated Companies and (c) revenues and expenses, as well as unrealized profits, when applicable arising from transactions between the consolidated Companies.

The restated financial statements in 2018 include the operations of the Company and the following subsidiaries, whose percentage interest on the balance sheet date is as follows:

Investees	No. of shares	% - Percent	
		Dec/31/2019	Dec/31/2018
Minas Real Vendas e Serviços Ltda.	34,928,120	-	100%

Minas Real Vendas e Serviços Ltda. operates in the sector of car rent without driver.

2. Basis for preparation--Continued

d) Functional currency and presentation currency

These financial statements are presented in Reals, which is the Company's functional currency.

e) Use of estimates and judgments

When preparing these financial statements, the Management used judgments, estimates and assumptions that affect the application of accounting policies of the Company and the reported amounts of assets, liabilities, incomes and expenses. The actual results may differ from such estimates.

The estimates and assumptions are reviewed on an ongoing basis. The revisions of the estimates are recognized prospectively.

f) Judgments

The information on judgments made in the application of the accounting policies that have significant effects on the amounts recognized in the financial statements are included in the following explanatory note:

- Note 07 - Vehicles in deactivation for fleet renewal.
- Note 11 - Fixed Assets (depreciation of vehicles) and net book value.

g) Uncertainties on assumptions and estimates

Information on the uncertainties on assumptions and estimates that have a significant risk of resulting in a significant adjustment in the next fiscal year are included in the following explanatory notes:

- Note 06 - Accounts receivable from customers (transaction of the PECLD).
- Note 07 - Vehicles in deactivation for fleet renewal.
- Note 09 - Deferred income tax and social contribution.
- Note 11 - Fixed Assets (depreciation of vehicles and net book value).
- Note 13 - Right to use and lease liability.

2. Basis for preparation--Continued

h) Financial instruments - initial recognition and subsequent measurement

A financial instrument is a contract that gives rise to a financial asset of one entity and to a financial liability or equity instrument of another entity.

i) *Financial assets*

Initial recognition and measurement

Financial assets are initially classified, on initial recognition, as subsequently measured at amortized cost, at fair value through other comprehensive results and at fair value through the result.

The classification of financial assets on the initial recognition depends on the characteristics of the contractual cash flows of the financial assets and the Company's business model for the management of these financial assets. Except for accounts receivable from clients that do not contain a significant financing component, the Company initially measures a financial asset at its fair value plus transaction costs in the case of an asset not measured at fair value through the result. Accounts receivable from clients that do not contain a significant financing component are measured at the transaction price determined in accordance with CPC 47.

For a financial asset to be classified and measured at amortized cost or at fair value through other comprehensive results, it must generate cash flows that are "solely payments of principal and interest" (also referred to as the "SPPI" test) on the principal outstanding amount. This evaluation is made at instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from the collection of contractual cash flows, the sale of financial assets or both.

Purchases or sales of financial assets that require the delivery of assets within a period established by regulation or convention in the market (regular negotiations) are recognized on the trade date, that is, the date on which the Company undertakes to purchase or sell the asset.

2. Basis for preparation--Continued

h) Financial instruments - initial recognition and subsequent measurement--Continued

i) Financial assets--Continued

Subsequent measurement

For subsequent measurement purposes, financial assets are classified into four categories:

- Financial assets at amortized cost (debt instruments).
- Financial assets at fair value through other comprehensive results, with reclassification of accrued profits and losses (debt instruments).
- Financial assets designated at fair value through other comprehensive results, without reclassification of accrued profits and losses at the time of derecognition (equity instruments).
- Financial assets at fair value through results.

Financial assets at amortized cost (debt instruments)

This category is the most relevant for the Company. The Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is maintained within a business model whose objective is to maintain financial assets in order to receive contractual cash flows.
- The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding amount.

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in income or loss when the asset is written off, modified or is subject to impairment.

The Company's financial assets at amortized cost include accounts receivable from customers and loans to subsidiaries.

2. Basis for preparation--Continued

h) Financial instruments - initial recognition and subsequent measurement--Continued

i) *Financial assets*--Continued

Subsequent measurement--Continued

Financial assets at fair value through other comprehensive results (debt instruments)

The Company assesses debt instruments at fair value through other comprehensive results if both of the following conditions are met:

- The financial asset is maintained within a business model whose objective is to maintain financial assets in order to receive contractual cash flows.
- The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding amount.

For debt instruments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the income statement and calculated in the same way as for financial assets measured at amortized cost. The remaining changes in fair value are recognized in other comprehensive income.

At the time of derecognition, the cumulative change of fair value recognized in other comprehensive result is reclassified to result.

On December 31, 2019 and 2018, the Company had no fair value debt instruments through other comprehensive results

Financial assets designated at fair value through other comprehensive results (equity instruments)

On initial recognition, the Company may irrevocably choose to classify its equity instruments designated at fair value through other comprehensive result when they meet the definition of shareholders' equity under CPC 39 - Financial Instruments: Presentation and are not held for trading.

2. Basis for preparation--Continued

h) Financial instruments - initial recognition and subsequent measurement--Continued

i) *Financial assets*--Continued

Subsequent measurement--Continued

The classification is determined by considering each instrument, specifically. Profits and losses on these financial assets are never reclassified to income. Dividends are recognized as other revenues in the result statement when the right to payment is established, except when the Company benefits from these proceeds by way of recovery of part of the cost of the financial asset, in which case these profits are recorded in other comprehensive results.
Equity instruments designated at fair value through other comprehensive results are not subject to the impairment test.

The Company does not have equity instruments designated at fair value through other comprehensive results.

Financial assets at fair value through income

Financial assets at fair value through result comprise financial assets held for trading, financial assets designated on initial recognition at fair value through results or financial assets to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the short term.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired.
- The Company transferred its rights to receive cash flows from the asset or assumed an obligation to pay in full the cash flows received without significant delay to a third party under a transfer agreement and (a) the Company transferred substantially all the risks and benefits or (b) the Company neither transferred nor substantially retained all the risks and benefits of the asset, but transferred asset control.

2. Basis for preparation--Continued

h) Financial instruments - initial recognition and subsequent measurement--Continued

i) *Financial assets*-- Continued

Derecognition--Continued

When the Company transfers its rights to receive cash flows from an asset or enters into a transfer agreement, it assesses whether and to what extent it has retained the risks and benefits of ownership. When it has not transferred or retained substantially all the risks and benefits of the asset, nor has it transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continued involvement. In this case, the Company also recognizes an associated liability. The transferred assets and the associated liabilities are measured on a basis reflecting the rights and obligations retained by the Company.

The continuous involvement in the form of guarantee on the transferred asset is measured at the lower of (i) the value of the asset and (ii) the maximum amount of the consideration received that the entity may be required to repay (guarantee value).

Decrease in recoverable value of financial assets

The Company recognizes a provision for expected credit losses for all debt instruments not held at fair value through result. The expected credit losses are based on the difference between the contractual cash flows due under the contract and all the cash flows that the Company expects to receive, discounted at an effective interest rate that approximates the original rate of the transaction. Expected cash flows will include cash flows from the sale of guarantee held or other credit enhancements that are part of the contractual terms.

Expected credit losses are recognized in two stages. For credit exposures for which there has been no significant increase in credit risk since the initial recognition, the expected credit losses are recorded as provision for credit losses resulting from possible default events in the next 12 months (expected 12-month credit loss). For credit exposures for which there has been a significant increase in credit risk since the initial recognition, a provision is required for expected credit losses over the remaining life of the exposure, regardless of the timing of the default (an expected lifetime credit loss). For trade receivables, the Company applies a simplified approach to the calculation of expected credit losses.
Therefore, the Company does not keep track of changes in credit risk, but recognizes a provision for losses based on expected lifetime credit losses on each base date. The Company has established a provisioning matrix that is based on its historical experience of credit losses, adjusted for specific prospective factors for the borrowers and for the economic environment.

2. Basis for preparation--Continued

h) Financial instruments - initial recognition and subsequent measurement--Continued

i) *Financial assets*-- Continued

Derecognition--Continued

The Company considers a financial asset to be in default when the contractual payments are 90 days past due. However, in certain cases, the Company may also consider that a financial asset is in default when internal or external information indicates that it is unlikely that the Company will receive the outstanding contractual amounts in full before taking into account any credit enhancements maintained by the Company. A financial asset is written off when there is no reasonable expectation of recovery of contractual cash flows.

ii) *Financial liabilities* *Initial recognition*

and measurement

Financial liabilities are initially classified, on initial recognition, as financial liabilities at fair value through results, financial liabilities at amortized cost, accounts payable, or as derivatives designated as *hedge* instruments in an effective *hedge*, as appropriate.

All financial liabilities are measured initially at their fair value, more or less, in the case of a financial liability other than at fair value through result, transaction costs that are directly attributed to the issuance of the financial liability.

The Company's financial liabilities include trade accounts payable and other accounts payable, loans, financing and debentures.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through result

Financial liabilities at fair value through result include financial liabilities for trading and financial liabilities designated at initial recognition at fair value through result.

2. Basis for preparation--Continued

h) Financial instruments - initial recognition and subsequent measurement--Continued

ii) *Financial liabilities*- Continued

Subsequent measurement--Continued

Financial liabilities at fair value through result--Continued

Financial liabilities are classified as held for trading if they are incurred for short-term repurchase purposes. This category also includes derivative financial instruments contracted by the Company that are not designated as *hedge* instruments in the *hedge* relationships defined by CPC 48.

Profits and losses on liabilities for trading are recognized in the income statement.

The financial liabilities designated at initial recognition at fair value through results are designated at the initial recognition date, and only if the criteria in CPC 48 are met. The Company did not assign any financial liabilities at fair value through results.

Financial liabilities at the amortized cost

This is the most relevant category for the Company. After initial recognition, loans and financing contracted and granted subject to interest are subsequently measured at amortized cost using the effective interest rate method. Profits and losses are recognized in the result statement when the liabilities are written down, as well as by the effective interest rate amortization process.

The amortized cost is calculated taking into account any discount or goodwill on acquisition and rates or costs that are an integral part of the effective interest rate method. Amortization by the effective interest rate method is included as a financial expense in the statement of result.

In this category the loans and financing granted and contracted and Accounts payable and receivable from former shareholders are classified.

2. Basis for preparation--Continued

h) Financial instruments - initial recognition and subsequent measurement--Continued

ii) Financial liabilities--Continued

Derecognition

A financial liability is written off when the obligation under the liability is extinguished, i.e. when the obligation specified in the contract is settled, canceled or expires.
When an existing financial liability is replaced by another from the same lender in substantially different terms, or the terms of an existing liability are substantially modified, such exchange or modification is treated as derecognition of the original liability and recognition of a new liability. The difference in the respective accounting amounts is recognized in the results statement.

iii) Financial instrument offset

Financial assets and financial liabilities are compensated and the net amount is presented in the consolidated balance sheet if there is a currently applicable legal right to compensate the amounts recognized and if there is an intention to settle on a net basis, realize the assets and settle the liabilities simultaneously.

i) Basis for measurement

The financial statements were prepared based on historical cost with the exception of the following material items recognized in the balance sheets:

- Vehicles deactivated for fleet renewal are measured at fair value less cost to sell;
- Financial instruments designated at fair value through results are measured at fair value.

j) Main accounting policies

The accounting policies described in detail below, have been applied in a consistent manner to all fiscal years presented in these financial statements.

2. Basis for preparation--Continued

j) Main accounting policies--Continued

Cash and cash equivalents

Cash equivalents are maintained in order to fulfill short-term cash commitments, and not for investment or other purposes. The Company considers cash equivalents a financial application of immediate convertibility in a known amount of cash and subject to an insignificant risk of change in value. Accordingly, any investment, on a regular basis, is rated as cash equivalents whenever it has a short-term maturity date; for example, three months or earlier, as from the date of contracting.

Restricted use financial investments

Short-term financial investments refer to bank deposit certificates, which reflect the usual market conditions, and at the balance sheet date, do not have immediate liquidity and have no risk of significant fluctuations as a function of the interest rate, and measured at fair value in contrast to the result. These financial investments are the Company's bank loan firms.

Accounts receivable from custumors and provision for doubtful credits

The accounts receivable represent the services provided and the sale of vehicles up to the balance sheet date, and the net of provision for doubtful credits, which was recorded in an amount considered sufficient by Management to cover possible losses on realization accounts receivable, are presented.

Vehicles in deactivation for fleet renewal

The vehicle fleet is renewed after its useful life, which basically comprises the fiscal year in which the fleet is rented to third parties. After this fiscal year, the vehicles cease their depreciation and are kept for sale (ancillary activity to their operation).

These are measured at the lower of cost and net realizable value, as required by CPC 31 - Non-current Assets Held for Sale and Discontinued Operations.

Net realizable value is the estimated selling price in the ordinary course of business. Its estimated sale price is based on the reference prices of the market, the historical characteristics of the Company's commercialization, as well as the use and application of the fleet subject to pricing.

2. Basis for preparation--Continued

j) Main accounting policies--Continued

Vehicles in deactivation for fleet renewal--Continued

The deactivation of the fixed assets occurs due to the need for renewal of the fleet at the end of the exercise of use of the fleet in the rental activities.

Fixed Assets

Recognition and measurement

Items of fixed assets are stated at historical cost of acquisition or construction, less accumulated depreciation and accumulated*impairment*, where applicable.

The costs include expenses directly attributable to the acquisition of an asset. When parts of a fixed asset have different useful lifes, they are registered as individual items (main components) of the fixed assets.

Profits and losses on disposal of any fixed asset item (ascertained by the difference between the proceeds from such disposal and the carrying amount of the asset) are recognized in other operating income/expenses as income.

The replacement cost for any component of the asset will be recognized at the carrying value of such item if it proves to be likely that the economic benefits embodied within the component will flow to the Company and the cost thereof can be measured reliably. The book value of any component that has been replaced by another is written off. Fixed assets maintenance costs on a daily basis are recognized in the result as incurred.

Depreciation

Depreciation is calculated on the depreciable value, which is the cost of an asset, or other value that substitutes the cost, deducted from the residual value (estimated value that the Company will obtain after the sale of the asset, after deducting estimated selling expenses, if the asset already had the age and the expected condition for the end of its useful life).

Depreciation is recognized in the income statement based on the straight-line method with respect to the estimated useful lives of each part of the fixed assets, since this method is the one that most closely reflects the consumption pattern of future economic benefits incorporated in the asset. Leased assets are depreciated for the shorter of the lease term and the useful lives, unless it is reasonably certain that the Company will obtain ownership at the end of the lease term.

(In thousands of Reais, except when otherwise indicated)

2. Basis for preparation--Continued

j) Main accounting policies--Continued

Depreciation--Continued

The estimated useful lives of fixed assets are approximately:

	Individual and Consolidated	
	Dec/31/2019	Dec/31/2018
Vehicles	**2 - 3 years**	2 - 3 years
Computer and telephony equipment	**5-10 years**	5 - 10 years
Machines and equipments	**10 years**	10 years
Furniture and fixtures	**10 years**	10 years
Improvements	**10 years**	10 years
Accessories	**2 - 3 years**	2 - 3 years

In relation to the Company's operating vehicles, depreciation is measured by the difference between cost and net residual value, the latter being the estimated selling price in the ordinary course of business.

Its estimated sale price is based on the reference prices of the market, the historical characteristics of the Company's commercialization, as well as the use and application of the fleet subject to pricing.

Leases

The Company assesses, on the contract start date, whether this contract is or contains a lease. That is, if the contract transfers the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as lessee

The Company applies a single recognition and measurement approach to all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets that represent the right to use the underlying assets.

2. Basis for preparation--Continued

j) j) Main accounting policies--Continued

Right-of-use assets

The Company recognizes the right-of-use assets on the lease start date (that is, on the date on which the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any new measurement of lease liabilities. The cost of right-of-use assets includes the amount of recognized lease liabilities, initial direct costs incurred and lease payments made up to the start date, less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shortest period between the lease term and the estimated useful lives of the assets, as follows:

- Property 3 to 4 years
- Software 3 to 5 years

In certain cases, if the ownership of the leased asset is transferred to the Company at the end of the lease term or if the cost represents the exercise of a call option, depreciation is calculated using the estimated useful life of the asset.

Right-of-use assets are also subject to impairment.

According to CPC 06 (R2), the cost of a right-of-use asset also includes an estimate of costs to be incurred by the Lessee in the dismantling and removal of the underlying asset, restoring the location in which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless such costs are incurred to produce inventories. The Lessee incurs the obligation for these costs either at the start date or as a consequence of having used the underlying asset during a specific period (CPC 06 (R2).24 (d)).

The Company's lease agreements do not contain an obligation to disassemble and remove the underlying asset, restore the location in which it is located or restore the underlying asset to a specific condition.

2. Basis for preparation--Continued

j) <u>Main accounting policies</u>--Continued

Lease liabilities

On the lease start date, the Company recognizes lease liabilities measured at the present value of lease payments to be made during the lease term. Lease payments include fixed payments (including substantially fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or rate, and expected amounts to be paid under residual value guarantees. Lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of fines for terminating the lease, if the lease term reflects the Company exercising the option to terminate the lease.

Variable lease payments that do not depend on an index or rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that generates these payments occurs.

When calculating the present value of lease payments, the Company uses its incremental loan rate at the start date because the interest rate implied by the lease is not easily determinable. After the start date, the amount of the lease liability is increased to reflect the increase in interest and reduced for lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in lease term, a change in lease payments (for example, changes in future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the valuation of a call option on the underlying asset.

Other assets and liabilities

A liability is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, it is probable that an economic resource will be required in order to settle it. The provisions are recorded having the best estimates of the risk involved as basis.

An asset is recognized in the balance sheet when it is probable that future economic benefits will flow to the Company and its cost or value can be measured reliably.

2. Basis for preparation--Continued

j) Main accounting policies--Continued

Other assets and liabilities--Continued

Assets and liabilities are classified as current when their realization or settlement is likely to occur in the next 12 months. Otherwise, they are classified as non-current.

Impairment of non-financial

assets

The accounting amounts of the Company's non-financial assets that follow statement CPC 01 R1 are reviewed at each reporting date to determine if there is any indication of impairment. In case any such indication occurs, then, the assets' recoverable amount is estimated.

An impairment loss is recognized if the accounting value of an asset or Cash-Generating Unit ("UGC") exceeds its recoverable amount.

The recoverable amount of an asset or cash-generating unit is the higher of the value in use and the fair value, less selling expenses. In assessing the value in use, estimated future cash flows are discounted to their present values at the pre-tax discount rate that reflect current market conditions for the period of recoverability of the capital and the specific risks of the asset or cash-generating unit. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of continuous use assets that generates cash flows which are largely independent of the cash flows of other assets or groups of assets ("cash-generating unit or UGC").

An impairment loss will be recognized if the accounting value or the cash-generating unit of the asset exceeds its estimated recoverable value. Losses in value are recognized in the income.

2. Basis for preparation--Continued

j) Main accounting policies--Continued

Provisions

Provisions are recognized when the Company has an obligation (legal or non-formalized) as a consequence of a past event, it is probable that an economic resource will be required to settle it and a reliable estimate of the value of the obligation can be made. When the Company expects that the value of a provision is reimbursed, in whole or in part, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense in relation to any provision is presented in the demonstration of the result, net from any refunding.

In addition, in rare cases where it is not clear whether or not a present obligation exists, a past event is assumed to give rise to a present obligation if, taking into account all available evidence, it is more likely that exists an obligation present at the balance sheet date.

Vehicle rent revenue

Revenue from the rent of assets (vehicles) is measured at the fair value of the consideration received or receivable. Fleet rent revenues are recognized on a monthly basis for the exercise of the rent.

Vehicle sales

The net operating income from the sale of assets (vehicles), ancillary activity and complementary to the rent of vehicles, is measured at the fair value of the consideration received or receivable. Operating income is recognized when the control of the assets is transferred to the customer for an amount that reflects the consideration that the Company expects to be entitled in exchange for its assets.

Revenue e financial expenses

Financial income comprises interest income on funds invested and interest on late payment receivable. Interest income is recognized in the result by the effective interest method.

Financial expenses include interest expenses on loans and financing, changes in the fair value of financial assets measured at fair value through result. Loan costs that are not directly attributable to the acquisition of a qualifying asset are measured in the income statement using the effective interest method.

2. Basis for preparation--Continued

j) Main accounting policies--Continued

Income tax and social contribution

Taxation on profit comprises income tax and social contribution. Income tax is computed on taxable income at the rate of 15%, plus the additional 10% for profits that exceed R$ 240 in the 12-month period, while the social contribution is computed at the rate of 9% on profit taxable income, recognized on an accrual basis. Therefore, additions to the accounting profit of temporarily non-deductible expenses or temporarily non-taxable income exclusions considered for the determination of current taxable income generate deferred tax credits or debits.

Prepayments or amounts that can be offset are stated in current or non-current assets according to the assumption of their realization.

Deferred tax credits arising from social contributions tax losses or negative tax basis are recognized only to the extent that it is probable that there will be a positive taxable basis for which temporary differences may be used.

Deferred income tax and deferred social contribution assets are reviewed at each reporting date and will be reduced to the extent that their realization is no longer probable.

Deferred tax assets and liabilities are offset in case there is a legal right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same entity subject to taxation.

Statement of Cash Flows (DFC)

The annual statements of cash flows are prepared and presented in accordance with accounting statemement CPC 03 (R2) - Statement of Cash Flows (DFC). The statements of cash flows have been prepared and are presented in accordance with technical statement CPC 03 (R2) - Statement of Cash Flows. Interest paid is classified as cash flow from financing in the Statement of Cash Flows because they represent costs of obtaining financial resources.

2. Basis for preparation--Continued

j) Main accounting policies--Continued

Added value statement

The Company prepared a statement of added value (DVA) in accordance with technical statement CPC 09 - Statement of Added Value, which are presented as an integral part of the financial statements in accordance with BR GAAP applicable to publicly-held companies.

Business combination

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured by the sum of the consideration transferred, which is valued based on the fair value at the acquisition date, and the value of any non-controlling interest in the acquired company. For each business combination, the acquirer shall measure the non-controlling interest in the acquired company at fair value or based on its participation in the net assets identified in the acquired company. Costs directly attributable to the acquisition should be recorded as an expense when incurred.

When acquiring a business, the Company evaluates the financial assets and liabilities assumed for the purpose of classifying them and allocating them in accordance with the contractual terms, economic circumstances and the pertinent conditions at the acquisition date, which includes segregation, by the acquired.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration considered as an asset or as a liability shall be recognized in accordance with CPC 38 in the statement of result.

Initially, goodwill is measured as the surplus of the consideration transferred in relation to the net assets acquired (identifiable assets acquired, net, and liabilities assumed).

After initial recognition, goodwill is measured at cost, less any accumulated impairment losses. For goodwill impairment tests, goodwill acquired in a business combination is, as of the acquisition date, allocated to each of the Company's cash generating units that are expected to benefit from the synergies of the combination, regardless of other assets or liabilities of the acquired are attributed to those units.

2. Basis for preparation--Continued

j) j) Main accounting policies--Continued

Business combination--Continued

When a goodwill is part of a cash-generating unit and a portion of that unit is sold, the goodwill associated with the portion sold should be included in the cost of the operation when the gain or loss on disposal is calculated. The goodwill disposed of in these circumstances is determined based on the pro-rata amounts of the portion sold in relation to the cash generating unit held.

k) New or revised statements applied for the first time in 2019

The Company has applied for the first time certain changes to the standards in force for annual periods beginning on January 1, 2019 or after that date. The Company has decided not to adopt in advance any other standards, interpretations or amendments that have been issued but are not yet in force.

The nature and impact of each of the new standards and amendments that are applicable to the Company are described below:

CPC 06 (R2) - Leases

CPC 06 (R2) overlaps with the previous version (R1) of the leasing standard, in addition to ICPC 03 - Complementary Aspects of Leasing Operations. The standard establishes the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize most leases on the balance sheet.

CPC 06 (R2) - Commercial lease operations issued by CPC are equivalent to the international standard IFRS 16 - Leases, issued in January, 2016 in replacement of the previous version of said standard (CPC 06 (R1), equivalent to the international standard IAS 17). CPC 06 (R2) establishes the principles for the recognition, measurement, presentation and disclosure of commercial leasing operations and requires lessees to account for all leases according to a single model of balance sheet, similar to accounting for financial leases in accordance with CPC 06 (R1) models. At the commencement date of a lease, the lessee recognizes a liability to make payments (a lease liability) and an asset representing the right to use the asset subject during the lease term (a right of use asset). The lessees shall recognize separately the interest expense on the lease liability and the depreciation expense on the right of use asset.

2. Basis for preparation--Continued

k) New or revised statements applied for the first time in 2019--Continued

CPC 06 (R2) - Leases--Continued

The lessees should also reassess the lease liability at the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments as a result of changing an index or rate used to determine such payments). In general, the lessee will recognize the revaluation amount of the lease liability as an adjustment to the right to use asset.

CPC 06 (R2), which is effective for annual periods beginning on or after January 1, 2019, requires lessees and lessors to make broader disclosures than those provided for in CPC 06 (R1).

Transition to CPC 06 (R2)

The Company adopted CPC 06 (R2) using the prospective method. The Company chose to adopt the standard for contracts that were previously identified as leases using CPC 06 (R1).

Due to the adoption of CPC 06 (R2), the profit before the Company's financial income and expenses will improve, and its interest expense will increase. This is due to the change in accounting for lease expenses that were classified as operating leases in accordance with CPC 06 (R1). The Company has identified operational leasing contracts (real estate leasing). The weighted average incremental rate used to measure lease liabilities was 8.74%9% per year.

ICPC 22 - Uncertainty about the treatment of taxes on profit

Interpretation (equivalent to IFRIC 23 interpretation) deals with accounting for taxes on profit in cases where tax treatments involve uncertainty that affects the application of IAS 12 (CPC 32) and does not apply to taxes outside the scope of IAS 12 nor specifically includes the requirements for interest and fines associated with uncertain tax treatment. The Interpretation specifically addresses the following:

- Whether the entity considers tax treatments uncertain separately.
- The assumptions that the entity makes regarding the examination of tax treatments by the tax authorities.

2. Basis for preparation--Continued

k) New or revised statements applied for the first time in 2019--Continued

ICPC 22 - Uncertainty about the treatment of taxes on profit--Continued

- How does the entity determine the actual profit (tax loss), bases of calculation, unused tax losses, untimely tax credits and tax rates.
- How the entity considers changes in facts and circumstances.

The Company determines whether it considers each tax treatment uncertain separately or together with one or more uncertain tax treatments and considers the approach that best provides for the resolution of the uncertainty.

The Company applies significant judgment in identifying uncertainties about income tax treatments. Considering that the Company operates in a complex multinational environment, it assessed whether the Interpretation had an impact on its financial statements.

After adopting the Interpretation, the Company considered whether it has uncertain tax positions. The Company determined, based on its study of tax compliance and transfer pricing, that it is likely that its tax treatments (including those applied to subsidiaries) will be accepted by the tax authorities. The Interpretation had no impact on the Company's financial statements.

Standards issued but not yet in force

The standards and interpretations issued, but not yet in force, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, as the case may be, when they enter into force.

2. Basis for preparation--Continued

k) New or revised statements applied for the first time in 2019--Continued

CPC 11 - Insurance contracts

In May 2017, the IASB issued IFRS 17 - Insurance Contracts (a standard not yet issued by CPC in Brazil, but which will be codified as CPC 50 - Insurance Contracts and will replace CPC 11 - Insurance Contracts), a new comprehensive accounting standard for insurance contracts that includes recognition and measurement, presentation and disclosure. As soon as it comes into force, IFRS 17 will replace IFRS 4 - Insurance Contracts (IFRS 4) issued in 2005. IFRS 17 applies to all types of insurance contracts (such as life, elementary branches, direct insurance and reinsurance), regardless of the type of entity that issues them, as well as certain guarantees and financial instruments with discretionary participation characteristics. Some scope exceptions apply. The general objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements of IFRS 4, which are largely based on local accounting policies in force in previous periods, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The focus of IFRS 17 is the general model, complemented by:

- A specific adaptation for contracts with characteristics of direct participation (variable rate approach).
- A simplified approach (premium allocation approach) mainly for short-term contracts.

IFRS 17 is effective for periods beginning on or after January 1, 2021, requiring the presentation of comparative figures. Early adoption is permitted if the entity also adopts IFRS 9 and IFRS 15 on the same date or before the initial adoption of IFRS 17. This standard does not apply to the Company.

Changes to CPC 15 (R1): Definition of business

In October 2018, IASB issued changes to the definition of business in IFRS 3, these changes being reflected in revision 14 of the CPC, amending CPC 15 (R1) to help entities determine whether an acquired set of activities and assets consists of or not in a business. They clarify the minimum requirements for a company, eliminate the assessment of whether market participants are able to replace any missing element, include guidelines to help entities assess whether a acquired process is substantive, better define business and product definitions and introduce an optional fair value concentration test. New illustrative cases were provided with the changes.

2. Basis for preparation--Continued

k) New or revised statements applied for the first time in 2019--Continued

Changes to CPC 15 (R1): Business definition--Continued

As the changes apply prospectively to transactions or other events that occur on the date or after the first application, the Company will not be affected by these changes on the transition date.

Amendments to CPC 26 (R1) and IAS 8: Definition of material omission

In October 2018, the IASB issued changes to IAS 1 and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, these changes being reflected in revision 14 of the CPC, changing CPC 26 (R1) and CPC 23 to align the definition "material omission" or "material distorted disclosure" in all standards and to clarify certain aspects of the definition. The new definition states that: "the information is material if its omission, distortion or obscuration can reasonably influence decisions that the main users of the general purpose financial statements make based on these financial statements, which provide financial information about the entity's specific report".

These changes are not expected to have a significant impact on the Company's financial statements.

3. Financial risk management

Overview

The Company presents exposure to the following risks arising from the use of financial instruments:

- Market risk
- Risk of interest rates
- Operating risk
- Credit risk
- Liquidity risk

Risk management practices aim to identify, monitor, analyze and mitigate potential losses to the Company, establishing limits and controls for its management.

The Board of Directors is responsibile for the establishment and supervision of risk management by systematically reporting them to the Board of Directors.

3. Financial risk management- Continued

Overview- Continued

a) *Market risk*

Defined as changes in market prices, the most relevant component of which is the interest rate and residual value risk of vehicles.

The Company also seeks an adequate balance between its post and pre-fixed debt funding.

The constant monitoring of the future interest rate curves, with direct implication in the pricing of the rent, allows the Company, at any moment, to mitigate effects of interest fluctuations in the terms of the contract, preserving the profitability of these over its duration.

Vehicle residual values, defined as estimated values for sale of the fleet after the end of the outsourcing contract cycle, are constantly monitored by Management and take into account factors such as current vehicle market values, models life cycle, sales channel of vehicles and government policies regarding taxes levied on vehicle sales operations.

b) *Interest rate risk*

Interest rate risk is one in which the Company may suffer economic losses due to adverse changes in interest rates, which may be caused by factors related to economic crises and/or changes in monetary policy in the domestic and foreign markets. The Company continuously monitors market interest rates in order to assess the possible need to contract operations with the purpose of protection against the volatility of these rates.

c) *Operating risk*

Operational risk is the structural, technological, personal and infrastructure risk that arise from all activities intrinsic to car rent.

Responsibility for risk management and optimization of its monitoring is the responsibility of Management. Among the main operational risks are:

- Performance risk: where controls, processes and procedures must guarantee the faithful fulfillment of contracted items, maintaining real costs equal to or less than projected.

3. **Financial risk management**--Continued

Overview- Continued

c) *Operational risk*--Continued

- Asset integrity risk: defined as unplanned losses like fines, damages and claims are covered by perfectly defined mechanisms of reimbursement and self-insurance.

d) Credit risk

Credit risk is the Company's risk of incurring financial losses arising from non-payment of contractual obligations by its customers.

The main mitigating elements of the credit risk adopted by the Company are:

- Use of standard market methodology and tools in the analysis and granting of credit;
- Standardization of contracts, within certain parameters that do not reduce flexibility and commercial attractiveness;
- A channel of fast and transparent communication with the client in order to quickly deal with questions that may arise from charges additional to basic rent, such as fines and damages.

e) Liquidity risk

Liquidity risk is defined as the one in which the Company may encounter difficulties in meeting its financial obligations.

The main risk mitigating tools are:

Use of standard market methodology and tools in the analysis and granting of:

- Cash planning: with great emphasis on the predictability of net capex, i.e. in the purchases and sales of vehicles.
- Adoption of a minimum cash flow, which allows contractual obligations to be met even in the event of hypothetical market stress or systemic liquidity reduction.

(In thousands of Reais, except when otherwise indicated)

3. Financial risk management- Continued

Capital management

The Company's capital management is carried out in a way that ensures, at any time, the financial sustainability of the Company by its own means. The high predictability of operating cash flows arising from long-term contracts and the inherent nature of low seasonality in the business play a key role in this management.

In this regard, it is sought to ensure that at all times that the Company's operating cash flow, added to the proceeds from the sale of cars, are equal to or greater than the indebtedness service, including interest and principal payments.

Therefore, financing for fleet growth is measured by the sum of the operating cash flow (including cash flow from the sale of vehicles) and new financing lines, deducted of current debt payments.

The Company seeks to always maintain alternatives to new financing lines in order to support its growth plan.

The net debt at the end of the year is as follows:

	Individual	Individual	Consolidated
	Dec/31/2019	Dec/31/2018	
Loans, financing, debentures and financial leases - gross debt	180,335	143,838	144,491
Cash and cash equivalents and restricted-use financial investments	(47,000)	(36,981)	(37,074)
Net debt	133,335	106,857	107,417

4. Cash and cash equivalents

	Individual	Individual	Consolidated
	Dec/31/2019	Dec/31/2018	
Cash and banks	616	790	847
Financial investments	4,575	34,135	34,171
	5.191	34,925	35,018

Financial investments are usually short-term, of high-liquidity, reedemable with the issuer, easily convertible to a recognizable cash amount and are subject to very low risk of value change. The Company has the option of early redemption of these financial investments, without loss of profitability penalty. These financial instruments refer to investments in Bank Deposit Certificates (CDBs) remunerated at 100% of Interbank Deposit Certificates (CDIs) as of December 31, 2019 and 2018.

(In thousands of Reais, except when otherwise indicated)

5. Restricted use financial investments

	Individual and Restated	
	31/12/2019	31/12/2018
Current	**39.753**	-
Non-current Assets	**2.056**	2.056
	41.809	2.056

Refer to Bank Deposit Certificates (CDBs), which on the balance sheet date do not have immediate liquidity and constitute guarantees of debenture issues. There is no risk of significant variations because they are indexed to the CDI and are measured at fair value. These investments are remunerated at 100% of the CDI as of December 31, 2019 and 2018, and are related to the associated loans (firms), as Note 13.

6. Accounts Receivable from Clients

Current	Individual Dec/31/2019	Individual Dec/31/2018	Restated Dec/31/2018
Vehicle rent	**24,070**	13,669	16,949
(-) Allowance for doubtful accounts	**(3,946)**	(2,652)	(4,003)
	20,124	11,017	12,946
Current	**16,714**	8,343	10,263
Non-current Assets	**3.410**	2,674	2,683
	20,124	11,017	12,946

The maximum exposure to credit risk for accounts receivable from customers at the reporting date was:

Range	Individual Dec/31/2019	Individual Dec/31/2018	Restated Dec/31/2018
To become due	**9,605**	7,582	7,582
Past due:			
From 01 to 60 days	**3,563**	357	2,039
From 61 to 90 days	**378**	47	172
From 91 to 180 days	**2,310**	240	415
From 181 to 360 days	**1,054**	398	584
Over 360 days	**3,214**	2,393	2,154
Total car rent	**20,124**	11,017	12,946

(In thousands of Reais, except when otherwise indicated)

6. Trade accounts receivable--Continued

The transaction of estimated loss with doubtful credits are presented below:

	Individual			Restated		
	Current	**Non-current**	**Total**	**Current**	**No circulante**	**Total**
Balance on 12/31/2017	(21)	(2,391)	(2,412)	(21)	(2,391)	(2,412)
Business combination	-	-	-	(1,286)	-	(1,286)
Reversal of provision	20	462	482	20	462	482
Constitution of the provision	(8)	(714)	(722)	(73)	(714)	(787)
Balance on 12/31/2018	(9)	(2,643)	(2,652)	(1,360)	(2,643)	(4,003)
Incorporation	**(796)**	**(161)**	**(957)**	**-**	**-**	**-**
Reversal of provision	**412**	**39**	**451**	**-**	**-**	**-**
Constitution of the provision	**(151)**	**(637)**	**(788)**	**-**	**-**	**-**
Balance on 12/31/2019	**(544)**	**(3,402)**	**(3,946)**			

The estimated losses with doubtful debts were recorded in an amount considered sufficient by the Management to cover possible losses of realization of credits.

7. Vehicles in deactivation for fleet renewal

	Individual	**Individual**	**Restated**
	Dec/31/2019	**Dec/31/2018**	
Opening Balance	**1,132**	538	538
Balance incorporated	**1,485**	-	-
Written off for Sale	**(34,373)**	(18,466)	(18,646)
Vehicle transfer (i)	**39,459**	19,060	21,719
Final balance	**7,703**	3,236	3,611

(i) Transfer of vehicles from fixed assets previously in operation. See Explanatory Note No. 11.

The Company maintains a policy and procedure for analyzing and comparing the accounting value of deactivated vehicles for fleet renewal with its net realizable value. And, when there are uncertainties as to the realization of its net realizable value, a provision for*impairment*is constituted.

(In thousands of Reais, except when otherwise indicated)

8. Expenses paid in advance

	Individual and Restated	
	Dec/31/2019	**Dec/31/2018**
1st Licensing	**614**	569
Bank charges	**1,117**	126
Insurance premium expenses	**50**	50
IPVA	**-**	1997
Others	**815**	270
	2,596	3,012
Current	**1,697**	2,681
Non-current Assets	**899**	331
Total	**2,596**	**3,012**

The anticipated expenses of the 1st licensing are appropriated to the result in the average term of 24 months, due to the nature of the rent contracts.

Other prepaid expenses are appropriated according to their term.

9. Deferred income tax and social contribution

Deferred income tax and social contribution are calculated on the temporary differences between the bases of calculation of the tax on assets and liabilities and the carrying amounts of the financial statements and on the accumulated tax loss and negative tax basis of social contribution. The rates of these taxes, currently defined for the determination of deferred taxes, are 25% for income tax and 9% for social contribution.

Deferred tax assets are recognized to the extent that it is probable that future taxable income will be used to offset accumulated tax loss and negative tax basis based on projections of future income and prepared with internal assumptions and future economic scenarios that can be changed.

(In thousands of Reais, except when otherwise indicated)

9. Deferred income tax and social contribution--Continued

a) Income tax and social contribution expenses reconciliation

	Individual	Individual	Consolidated
	Dec/31/2019	Dec/31/2018	
Profit/(Loss) before income tax and social contribution	**1.278**	(1,430)	(1,430)
Income tax at nominal rate - 34% Adjustments to demonstrate the effective rate:	**(434)**	486	486
Executive Board bonus	**(260)**	(31)	(31)
Non-deductible expenses, gifts, incentives, sponsorships	**(647)**	(34)	(34)
Equity in earnings of subsidiaries and associated companies	**980**	(151)	(151)
Others	**-**	-	-
Total income tax and social contribution	**(362)**	270	270
Current income tax and social contribution	**(631)**	-	-
Fiscal year deferred income tax and social contribution	**269**	270	270

b) Financial statement

The nature that represents the balances of deferred tax asset and liability of the Company in the comparative years is as follows:

	Individual and Consolidated			
	Dec/31/2019			Dec/31/2018
	Active	Liabilities	Net	Net
Fiscal losses and CSLL (social contribution on net income) and IRPJ (company income tax) negative tax basis	**13,188**	**-**	**13,188**	11,003
Financial lease adjustment	**-**	**(2,734)**	**(2,734)**	(300)
Provision for doubtful accounts	**1,342**	**-**	**1,342**	902
Other temporary differences	**569**	**-**	**569**	490
	15,099	**(2,734)**	**12,365**	12,095

The liability is composed of deferred tax payable on leasing operations and the depreciation adjustment on fixed assets between the useful life and the tax rates.

Deferred income tax and social contribution assets and liabilities are presented at the net amounts under CPC 32.

c) Income for the year

Deferred tax revenue recognized in the income statement is BRL 269 and current tax expense is BRL 631 (as of December 31, 2018 the deferred tax income recognized in the income statement was BRL 270 and there was no record of expense with current tax)

(In thousands of Reais, except when otherwise indicated)

9. Deferred income tax and social contribution--Continued

d) Tax losses and negative tax basis

As of December 31, 2019, the Company has a balance of tax loss in the amount of BRL 38,557 (BRL 32,129 on December 31, 2018) and a negative basis in the amount of BRL 39,549 (BRL 33,007 on December 31, 2018).

Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available to be used in order to compensate temporary differences based on projections of future results prepared and based on internal assumptions and future economic scenarios that may, therefore undergo changes, and that for December 31, 2019 show that the deferred income tax asset balance will be offset.

The Company's Management prepared a technical feasibility study on the future realization of deferred tax assets, considering the probable capacity to generate taxable income, in the context of the main variables of its business. This study was examined based on information extracted from the strategic planning report previously approved by the Company's Board of Directors.

2019	1,281
2020	1,764
2021	1,956
2022	2,009
2023	2,413
As of 2024	2,942
	12,365

10. Investment

a) Investment

On August 1, 2019, an Extraordinary General Meeting (AGE) of the Company's shareholders was held approving the merger of the company Minas Real Vendas e Serviços Ltda (“Minas Real”). The Merger was carried out on August 31, 2019.

(In thousands of Reais, except when otherwise indicated)

10. Investment --Continued

b) Transaction of investments - Parent Company

	Investments	Capital gains	Goodwill	Total
Business combination - December 14, 2018	15,928	-	-	15,928
Equity method	(443)	-	-	(443)
Payment of capital	19,000	-	-	19,000
Advance for the future capital increase	307	-	-	307
Non-competition clause	-	394	-	394
Trademark	-	650	-	650
Fixed Assets	-	201	-	201
Customer portfolio	-	1,046	-	1,046
Goodwill	-	-	5,119	5,119
Balance on 12/31/2018	34,792	2,291	5,119	42,202
Equity method	**2,875**	**-**	**-**	**2,875**
Amortization of surplus value	**-**	**(453)**	**-**	**(453)**
Payment of capital	**361**	**-**	**-**	**361**
Incorporation	**(38,028)**	**-**	**663**	**(37,365)**
Balance transfer to property, plant and equipment	**-**	**(201)**	**-**	**(201)**
Balance transfer to intangible assets	**-**	**(1,637)**	**(5,782)**	**(7,419)**
Balance on 12/31/2019	**-**	**-**	**-**	**-**

11. Fixed Assets

a) Transaction in the fiscal year ended 12/31/2018

	Individual					
Cost	**Balances on 12/31/2017**	**Additions**	**Charge-offs**	**Transfers**	**Transfer for renewal (i)**	**Balances on Dec/31/2018**
Operating vehicles	97,378	-	(489)	46,278	(24,880)	118,287
Computer equipment and equipment	274	3	-	-	-	277
Machines and equipments	891	11	-	-	-	902
Furniture and fixtures	178	6	-	-	-	184
Improvements	225	-	(212)	-	-	13
Current fixed assets	3,615	42,979	-	(46,278)	-	316
Accessories	4,001	3,501	-	-	(94)	7,408
	106,562	46,500	(701)	-	(24,974)	127,387

(In thousands of Reais, except when otherwise indicated)

11. Fixed assets--Continued

a) Transaction in the fiscal year ended 12/31/2018--Continued

Depreciation	Depreciation rate	Balances on 12/31/2017	Additions	Charge-offs	Transfers	Transfer for renewal (i)	Balances on 12/31/2018
Operational vehicles	18%	(11,294)	(9,435)	60	-	5,859	(14,810)
Computer and telephony equipment	10-20%	(140)	(35)	-	-	-	(175)
Machines and equipments	10%	(505)	(90)	-	-	-	(595)
Furniture and fixtures	10%	(72)	(20)	-	-	-	(92)
Improvements	10%	(177)	(36)	210	-	-	(3)
Accessories	33% - 50%	(1,323)	(1,866)	-	-	55	(3,134)
		(13,511)	(11,482)	270	-	5,914	(18,809)
Provisions for losses and thefts		(26	-	(8)	-	-	(34)
Net fixed assets		93,025	35,018	(439)	-	(19,060)	108,544

	Consolidated						
Cost	Balances on 12/31/2017	Additions	Charge-offs	Transfers	Business combination	Transfer for renewal (i)	Balances on 12/31/2018
Operational vehicles	97,378	-	(582)	46,278	42,033	(28,646)	156,461
Computer and telephony equipment	274	3	-	-	23	-	300
Machines and equipments	891	11	-	-	15	-	917
Furniture and fixtures	178	6	-	-	27	-	211
Improvements	225	-	(211)	-	7	-	21
Current fixed assets	3,615	42,979	-	(46,278)	-	-	316
Accessories	4,001	3,501	-	-	-	(94)	7,408
Fixed assets appreciation	-	-	-	-	201	-	201
	106,562	46,500	(793)	-	42,306	(28,740)	165,835

Depreciation	Depreciation rate	Balances and Dec/31/2017	Additions	Charge-offs	Transfers	Business combination	Transfer for renewal (i)	Balances on 12/31/2018
Operational vehicles	18%	(11,294)	(9,435)	(95)	-	(7,556)	6,966	(21,414)
Computer and telephony equipment	10-20%	(140)	(35)	-	-	-	-	(175)
Machines and equipments	10%	(505)	(90)	-	-	(11)	-	(606)

(In thousands of Reais, except when otherwise indicated)

11. Fixed assets- Continued

b) Transaction in the fiscal year ended 12/31/2019

Cost	Individual						
	Balances on 12/31/2018	Additions	Charge-offs	Transfers	Transfer for renewal (i)	Merger Balance	Balances on Dec/31/2019
Operational vehicles	118,287	**-**	**(11)**	**64,803**	**(49,061)**	**29,115**	**163,133**
Computer and telephony equipment	277	**13**	**-**	**-**	**-**	**23**	**313**
Machines and equipments	902	**13**	**-**	**-**	**-**	**15**	**930**
Furniture and fixtures	184	**4**	**-**	**-**	**-**	**27**	**215**
Improvements	13	**-**	**(13)**	**-**	**-**	**7**	**7**
Current fixed assets	316	**77,896**	**-**	**(64,803)**	**-**	**-**	**13,409**
Accessories	7,408	**3,977**	**-**	**-**	**(284)**	**-**	**11,101**
	127,387	**81,903**	**(24)**	**-**	**(49,345)**	**29,187**	**189,109**

Depreciation	Depreciation rate	Balances on Dec/31/2018	Additions	Charge-offs	Transfers	Transfer for renewal (i)	Merger Balance	Balances on Dec/31/2019
Operational vehicles	18%	(14,810)	**(13,105)**	**5**	**-**	**9,636**	**(4,933)**	**(23,207)**
Computer and telephony equipment	10-20%	(175)	**(37)**	**-**	**-**	**-**	**-**	**(212)**
Machines and equipments	10%	(595)	**(91)**	**-**	**-**	**-**	**(12)**	**(698)**
Furniture and fixtures/	10%	(92)	**(18)**	**-**	**-**	**-**	**(19)**	**(129)**
Improvements	10%	(3)	**(1)**	**5**	**-**	**-**	**(6)**	**(6)**
Accessories	33% - 50%	(3,134)	**(2,553)**	**-**	**-**	**250**	**-**	**(5,437)**
		(18,809)	**(15,805)**	**10**	**-**	**9,886**	**(4,970)**	**(29,690)**
Provisions for losses and thefts		(34)	**(380)**					**(414)**
Net fixed asset		108,544	**65,716**	**(14)**	**-**	**(39,459)**	**24,217**	**159,005**

(i) Transfer from fixed assets to the "Vehicles" account in deactivation for fleet renewal. See Note 7.

(In thousands of Reais, except when otherwise indicated)

11. Fixed assets--Continued

c) Leased vehicles

The Company leases vehicles under a series of financial lease agreements, whose lease obligations are disclosed in Note No. 13. As of December 31, 2019, the residual book value of the leased vehicles was BRL 257 (BRL 7,200 in 2018).

Commertial lease agreements are exclusively for the acquisition of vehicles that will be rented to customers for a period of 24 to 60 months.

d) Guarantees

As of December 31, 2019, the equivalent of 99.81% of the Company's total fleet (4,130 vehicles) guarantees bank loans, financing and financial leases, the residual value of which is BRL 159,606 (BRL 104,179 and 138,228 in the individual and restated), respectively in December 2018).

12. Intangible

a) Composition

	Consolidated		
	Dec/31/2019	Dec/31/2018	Dec/31/2018
Goodwill	**5,783**	-	5,119
Trademark Use Rights	**650**	-	650
Customer Portfolio	**676**	-	1,046
Non-Competition Agreement	**311**	-	394
Others	**(9)**	8	8
	7,411	8	7,217

b) Recovery test for intangible assets with indefinite useful life

The goodwill is based on the expectation of future profitability of the business, based on feasibility studies and appraisal reports. The recoverability analysis (impairment test) of goodwill is performed at least annually or when there is some indication of impairment loss. For the purposes of the impairment test, goodwill is allocated to its corresponding Cash Generating Units - CGUs.

The Company performed the impairment test on December 31, 2019 and considers, among other factors, the country's economic situation and the historical results of the evaluated companies. The Company performed a calculation to determine the recovery value of intangible assets with an indefinite useful life.

12. Intangible assets - Continued

Maestro cash generating unit

The recoverable amount of the cash generating unit Maestro on December 31, 2019, was calculated based on the calculation of the value in use, in view of the cash flow projections approved by senior management during a period of five years. The projected cash flow was updated reflecting an improvement in the country's macroeconomic conditions, organic growth in current operations, and increased operational efficiency.

The discount rate after taxes on income applied to cash flow projections is 11.1% p.a., and cash flows exceeding the 5-year period are extrapolated using a 6.0% p.a. growth rate. As a result of this analysis, there was no impairment loss.

Assumptions with relevant impact used in the calculation of value in use

The calculation of the value in use for the Maestro unit is more sensitive to the following premises:

- Discount rate;
- Growth in perpetuity (growth rate used to extrapolate cash flow beyond the projection period).

Discount rate

The discount rate represents the risk assessment in the current market. The discount rate calculation is based on specific circumstances of the Company.

Growth in perpetuity

The estimate was mainly based on:

- Historical results obtained by the company;
- Expectation of organic growth from current operations;
- EXPECTATION of growth derived from new business unit; and
- Inflation expectation based on projections (Bulletin Focus) and targets released by the Central Bank.

(In thousands of Reais, except when otherwise indicated)

12. Intangible assets - Continued

Sensitivity to changes in premises

The implications of the main assumptions for the recoverable amount are discussed below:

- Discount rate - using an adjustment factor of 1.0 p.p., the discount rate changes to 12.1%. Even considering this new rate, there is no impairment loss.
- Perpetuity growth - applying a 1.0 p.p. reduction factor in perpetuity growth, this growth goes from the current 6.0% to 5.0%. Even considering this scenario, there is no impairment loss.

13. Right to use and lease liability

Right-of-use asset - fixed and intangible

	Software	Real Estate	Total
Balance on December 31st, 2018	-	-	-
Additions	471	906	1,377
Depreciation/amortization expenses	(81)	(219)	(299)
Balance on December 31st, 2019	390	687	1,078
Annual amortization rates -%	100 to 33	20	

Lease liability

Balance on December 31st, 2018	-
Addition and remeasurement	1,318
Payment of principal	(336)
Payment of interests	(67)
Interest incurred	193
Balance on December 31st, 2019	1,108
Current	456
Non-current Assets	652

a) *Lease maturity schedule recognized in non-current liabilities*

Year	
2021	456
2022	156
2023	40
Total	652

Maestro Locadora de Veículos S.A.

Explanatory notes to the financial statements - Continued
December 31, 2019 and 2018
(In thousands of Reais, except when otherwise indicated)

13. Right to use and lease liability--Continued

Term contracts and discount rate

Contract terms	Rate% p.a.
4 years	8.74%
3 years	8.74%
2 years	8.74%

14. Suppliers

	Restated	Individual	Individual
	Dec/31/2019	Dec/31/2018	
Car Assembly Factories	**11,508**	284	284
Various suppliers	**525**	2,952	3,280
	12,033	3,236	3,564

15. Loans and financing transactions

The Company's debt profile for the years ended December 31, 2019 and December 31, 2018 are summarized in the tables below:

Individual
December 31, 2019

Modality	Currency	Year rate (%) Min.	Max.	Year of expiration	Current	Non-current Assets	Total	Total %
Working capital (Previous)	BRL	0.92 per month	1,41 per month	Sep/09/2024	3,496	7,047	10,543	58,89
Working capital (Subsequent)	BRL	0.34 per month +	0.47 per month +	Feb/28/2021	1,154	191	1,345	7.51
Financial leasing (Previous)	BRL	1,33 per month	1,33 per month	Sep/30/2022	246	377	623	3.48
Finame		0.72 p.m. + Selic		Feb/28/2024	1,260	4,132	5,392	30,12
					6,156	11,747	17,903	

Individual
December 31, 2018

Modality	Currency	Year rate (%) Min.	Max.	Year of expiration	Current	Non-current Assets	Total	Total %
Working capital (Previous)	BRL	0.92 per month	1,41 per month	2019	3,585	6,507	10,092	55.64%
Financial leasing (Previous)	BRL	1,33 per	1,33 per month	2022	2.382	5,664	8,046	44.36%
					5,967	12,171	18,138	

Consolidated
December 31, 2018

Modality	Currency	Year rate (%) Min.	Max.	Year of expiration	Current	Non-current Assets	Total	Total %
Working capital (Previous)	BRL	0.92 per month + cdc	1.41 per month + cdc	2019	3,910	6,835	10,745	57.18%
Financial leasing (Previous)	BRL	1,33 per month	1,33 per month	2022	2.382	5,664	8,046	42.82%
					6,292	12,499	18,791	

(In thousands of Reais, except when otherwise indicated)

15. Loans and financing- Continued

a) Guarantees

Loans and commercial leasing operations are guaranteed by the composition of vehicles, as disclosed in Explanatory Note No. 11 (d) and/or receivables in certain working capital operations.

16. Debentures payable

	Individual and Consolidated	
	Dec/31/2019	Dec/31/2018
Debentures payable	**169,426**	131,117
(-) Transaction costs for issuance of debentures (i)	**(5,969)**	(5,417)
	163,457	125,700
Current	**41,794**	21,342
Non-current Assets	**121,663**	104,358

(i) Expenses with the issuance of the debentures, which are amortized over the term of the debt.

1st Issuance of debentures

On January 30, 2015, the Company issued the first issue of 620 simple non-convertible into shares debentures, together with the trustee Pentágono S.A., and structured by Banco Modal in the total amount of R$ 62,000, with an annual remuneration of CDI + 4.17%, having effectively subscribed the amount of BRL 61,230.

The debentures do not have a grace period for amortization of interest and debit balance, and they have a term of 60 months as of the 1st day of February 2016, with installments equal to 1.66% of the debit balance. The termination of amortizations is scheduled for January 30, 2020.

At the general meeting of debenture holders held on June 20, 2016, by deliberation of the debenture holders, the following changes were made: (i) to adjust the clause 6.16 of the Secured Guarantee, of the first issue of the debentures, with the purpose of altering the percentages of the amortization installments; (ii) to amend item 6.25 in order to adjust the ratio limit between the net debt and EBITDA for the fiscal year ended December 31, 2016; (iii) among others.

The debentures were settled on December 20, 2018.

16. Debentures payable--Continued

2nd Issuance of debentures

On May 4, 2018, the Company raised the amount of BRL 80,000 through the issue of 8 thousand debentures, non-convertible into shares, of secured guarantee, all with a unit value of BRL 10, in accordance with the terms described in a private instrument of writing the 2nd issue of debentures between the Company, as issuer, and Planner, as trustee.

The total term of the issue is four years, with a 6-month grace period, and is subject to updating based on the CDI, expressed as a percentage per year, based on 252 business days, calculated and published daily by CETIP, plus interest of 4.5% per year.

The remuneration will be paid in five installments, on the principal amortization dates, with the first payment due on June 10, 2018, and the last payment due on May 10, 2022.

3rd Issuance of debentures

On November 13, 2018, the Company raised the amount of BRL 62,000 through the issue of 6.2 thousand debentures, non-convertible into shares, of secured guarantee, all with a unit value of BRL 10, in accordance with the terms described in a private instrument of writing the 3rd issue of debentures between the Company, as issuer, and Pentágono S.A. DTVM, as trustee. Funds intended for the early redemption of the 1st issue and the strengthening of working capital and the acquisition of Minas Real Vendas e Serviços Ltda. (“Locarcity”).

The total term of the issue is four years, with a 6-month grace period, and is subject to updating based on the CDI, expressed as a percentage per year, based on 252 business days, calculated and published daily by CETIP, plus interest of 5% per year.

The remuneration will be paid in five installments, on the principal amortization dates, with the first payment due on December 10, 2019, and the last payment due on November 10, 2022.

4th Issuance of Debentures

On October 23, 2019, the Company signed a Deed for public distribution in the national market, with restricted placement efforts, pursuant to CVM Instruction No. 476, of the fourth issue of debentures in the amount of BRL 60,000. The debentures will bear CDI +5.0% per year and will be amortized on a monthly basis, with a grace period of 12 months, with final maturity in November 2024. Debentures are guaranteed by the fiduciary sale of vehicles and assignment of contracts with customers.

The proceeds will be allocated to i) early settlement of international loan agreements and leasing agreements ii) reinforcement of the Company's cash.

(In thousands of Reais, except when otherwise indicated)

16. **Debentures payable**--Continued

4th Issue of debentures--Continued

The contractual condition and compliance with the financial indices and limits are presented below:

Contractual condition	Restriction
(i) Index obtained from the division of net financial debt by EBITDA (accumulated on the last 12 months)	< 4.25
(ii) Index obtained from the division of net financial debt by shareholders' equity	< 3.25
(iii) Index obtained from the division of the net financial debt by the net total fleet	< 0.85
(iv) Index obtained from the division of net sales by cost	< 0.07 (if negative)

According to Deeds of the 2nd, 3rd and 4th issuings, clause 6.26, item XX, "in the event that the Issuer acquires stocks, shares or equity interests of any other companies and results in the control by the Issuer of the acquired company(s), the EBITDA for the entire period of the last twelve (12) months in question and the Net Debt of the Issuers shall be added respectively to EBITDA for the entire period of the last twelve (12) months in question and to Net Debt of the acquired companies for the entire period of the last twelve (12) months in question, including the period prior to the acquisition"

17. Customer Advances

	Individual	Individual	Restated
	Dec/31/2019	Dec/31/2018	
Advance from Customers	**9,834**	-	-
Advance of Scheduled Sale	**841**	661	661
	10,675	661	661

18. Provision for losses on lawsuits

The Company is subject to civil lawsuits, arising from the normal course of operations. Management, based on information from its legal advisors and analysis of pending lawsuits, recorded a provision in an amount considered sufficient to cover estimated losses from probable ongoing lawsuits in the amount of BRL 630 as of December 31, 2019 as shown in the table below:

	Individual	Individual	Restated
	Dec/31/2019	Dec/31/2018	
Civil Contingencies	**630**	56	110
Judicial deposits	**(68)**	(34)	(34)

(In thousands of Reais, except when otherwise indicated)

18. Provision for contingencies--Continued

In addition, and in accordance with accounting practices adopted in Brazil, the Company does not make provision for contingent liabilities classified as probable losses.

The estimate of amounts related to possible civil contingencies, based on information from its legal counsel, on December 31, 2019 is BRL 1,012 (BRL 398 in the individual and BRL 644 in the restated as of December 31, 2018).

Judicial deposits

The Company has judicial deposits in the civil sphere, whose transactions in the provision and judicial deposits are shown below:

	Individual			
	Balances on Dec/31/2018	Constitution	Reversals	Balances on Dec/31/2019
Contingencies	56	**574**	**-**	**630**
Judicial deposits	(34)	**(34)**	**-**	**(68)**
	22	**540**	**-**	**562**

19. Owners’ equity

a) Capital

The Company's capital share as of December 31, 2019 and December 31, 2018 is comprised of 1,733,988 common shares, representing the capital share of R$ 51,735. The shares have no nominal value, and the holders are entitled to one vote and have preference in the liquidation of their share in the capital share.

The Company's shareholding composition is as follows:

	Dec/31/2019 and Dec/31/2018		
Shareholders	**%**	**Quantity of shares**	**Capital fully paid up**
Investment Mutual Fund in Emerging Companies	45%	780,687	22,752
Stratus SCP Brasil FIP	31%	541,119	15,770
Lewco Participações e Administração Ltda.	2%	29,629	864
Stratus Investments Ltda.	1%	12,249	357
Fábio, Alan and Natalie Lewkowicz	21%	370,304	11,392
		1,733,988	**51,135**

19. Shareholders' equity--Continued

b) Legal reserve

The Brazilian Corporation Law, as well as the Company's Articles of Incorporation, establishes that 5% of net income will be allocated to the constitution of a legal reserve, provided that it does not exceed 20% of the capital share. In addition, the General Meeting may, at the proposal of the management bodies, allocate to the tax incentive reserve the portion of net income deriving from tax benefits, which may be excluded from the calculation basis of the mandatory dividend.

c) Dividend distribution

The Company's Bylaws provide for the distribution of a mandatory minimum annual dividend of 25% of the net income for the year, adjusted in accordance with the Law, except for the events set forth in the shareholders' agreement filed at the Company's headquarters, in Law and in the Articles and dividends half-yearly and intermediate and/or interim periods that may have been declared in the year.

20. Net Income (Loss) per Share

The result per share is calculated by dividing net income by the weighted average number of common shares outstanding during the year.

Diluted result per share is calculated by adjusting the weighted average number of outstanding common shares assuming the conversion of all potential ordinary shares that would cause dilution. On December 31, 2019 and 2018, the Company did not have instruments that had a dilutive effect in the calculation of diluted result per share.

The following table sets forth the calculation of result per share for the fiscal years ended December 31, 2019 and 2018 (in thousands of amounts per share and number of shares):

	Individual and Consolidated	
Basic and diluted	**Dec/31/2019**	**Dec/31/2018**
Numerator		
(Loss) Net profit for the year	**917**	(1,160)
Denominator		
Weighted average number of common shares in circulation (in thousands)	**1,734**	1,734
Basic and diluted earnings per common share	**0.53**	(0.67)

(In thousands of Reais, except when otherwise indicated)

21. Net revenue

Description	Individual Dec/31/2019	Individual Dec/31/2018	Restated Dec/31/2018
Vehicle rent	**60,531**	47,235	47,882
Vehicle sales	**37,016**	19,417	19,620
	97,547	66,652	67,502
Taxes on services and sales	**(5,599)**	(4,369)	(4,429)
	91,948	62,283	63,073

22. Cost of leasing and selling of vehicles

	Individual Dec/31/2019	Individual Dec/31/2018	Restated Dec/31/2018
Costs of maintenance	**(12,936)**	(11,577)	(11,761)
Depreciation costs	**(15,657)**	(11,300)	(11,549)
Costs of sold vehicles	**(34,373)**	(18,466)	(18,646)
Other costs with sold vehicles	**(335)**	(98)	(98)
Personnel costs	**(2,081)**	(1,523)	(1,550)
Recovery of PIS and COFINS credits	**3,572**	2,765	2,820
	(61,810)	(40,199)	(40,784)

23. Management and general expenses

Description	Individual Dec/31/2019	Individual Dec/31/2018	Restated Dec/31/2018
Personnel expenses	**(6,041)**	(4,417)	(4,495)
Third parties' services	**(1,890)**	(1,368)	(1,384)
Expenses with occupancy	**(583)**	(582)	(594)
Overhead expenses	**(1,813)**	(1,334)	(1,360)
Estimated loss with doubtful credits	**(337)**	(240)	(306)
Write-off of bad accounts receivable	**-**	(483)	(483)
Depreciation and amortization expenses	**(1.112)**	(184)	(184)
Communication expenses	**(211)**	(105)	(105)
Taxes on other revenues	**(637)**	(335)	(335)
Management fee revenue over fines	**187**	142	142
Other operating income	**672**	705	708
	(11,765)	(8,201)	(8,396)
Administrative and geral	**(12,624)**	(9,050)	(9,245)
Other operating revenues, net	**859**	849	849

(In thousands of Reais, except when otherwise indicated)

24. Financial income

Financial expenses	Individual Dec/31/2019	Individual Dec/31/2018	Restated Dec/31/2018
Interest liabilities	**(4,461)**	(7,079)	(7,122)
Expenses and interest of debentures	**(15,816)**	(9,529)	(9,529)
Bank and IOF (financial operation tax) expenses	**(18)**	(250)	(661)
Exchange Variation	**(203)**	-	-
Swap Operation Expenses	**(1734)**	-	-
Total	**(22,232)**	(16,858)	(17,312)

Financial income	Individual Dec/31/2019	Individual Dec/31/2018	Consolidated Dec/31/2018
Income on financial investments	**1.031**	1,316	1,316
Other financial revenue	**506**	-	-
Swap Operation Revenue	**726**	672	673
Total	**2,263**	1,988	1,989

25. Related parties

As resolved in AGE (Special Shareholders' Meeting) dated January 23, 2019, the compensation established for the members of the executive board and Board of Directors of the Company for the year ending December 31, 2019 is BRL 1,606. In the fiscal year ended December 31, 2019, the remuneration paid was R$ 1,606 (R$ 1,306 in 2018), as a fixed remuneration.

26. Business combination

Studies were carried out to measure the fair value of assets acquired and liabilities assumed and allocation of the acquisition price of the control, in accordance with the requirements established by accounting statement CPC 15 - Business Combination.

(In thousands of Reais, except when otherwise indicated)

26. Business combination--Continued

The fair value of the identifiable assets and liabilities of Minas Real Vendas e Serviços Ltda. ("Locarcity") on the acquisition date is shown below:

	12/13/2018
Asset	
Current	
Cash and cash equivalents	2
Accounts receivable from customers	1,967
Other current assets	40
Total current assets	2,009
Non-current Assets	
Accounts receivable from customers	8
Fixed Assets	34,516
Total non-current assets	34,524
Total of Assets	36,533
Liabilities	
Current	
Suppliers	866
Social and labor obligations	138
Loans and financing transactions	17,113
Taxes and contributions payable	68
Other current liabilities	149
Total current liabilities	18,334
Non-current Assets	
Loans and financing transactions	2,217
Provision for contingency	54
Total non current liabilities	2,271
Owners' equity	15,928
Total shareholders' equity and liabilities	36,533

(In thousands of Reais, except when otherwise indicated)

26. Business combination--Continued

In compliance with the provisions of technical statement CPC 15 (R1), the Company contracted third parties to evaluate the fair value of tangible and intangible assets of Locarcity. For other assets and liabilities, the Company, after analysis, concluded that there were no significant differences between the amount recorded in the local books and the fair value to be accounted for. The summary of the fair value determined at the time of acquisition is as follows:

Acquired interest	**100%**
Operation value	23,337
Amount paid on the acquisition date	6,000
Amount payable	17,337
Fair value of assets and liabilities acquired	18,218
Goodwill generated on the transaction	5,119
Total consideration	**23,337**

The goodwill generated of R$ 5,199 comprises the amount of the future economic benefits arising from the synergies from the acquisition.

At the acquisition date, a liability was recorded with the fair value of R$ 23,337 related to the acquisition. On Dec/31/2018 the balance payable was BRL 17,337, being settled on Oct/31/2019.

<u>Methodology for the recognition of intangible assets</u>

The criteria defined in CPC 04 - Intangible assets for the recognition of the following intangible assets were observed:

Asset	BRL	Method	Expected amortization term
Non-competition clause	394	Profit method: Discounted cash flow (Within/Without)	5 years
Trademark	650	Profit method: *Relief from royalties*	Undefined
Fixed Assets	201	Evaluation at market price	Individual per asset
Customer portfolio	1,046	Profit method: Discounted cash flow (MPEE)	3 years

(In thousands of Reais, except when otherwise indicated)

27. Risk management and financial instruments

a) Credit risks

The accounting value of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the date of the financial statements is as follows:

	Individual Dec/31/2019	Individual Dec/31/2018	Consolidated Dec/31/2018
Cash and cash equivalents and restricted-use financial investments	**47,000**	36,981	37,074
Accounts receivable from customers	**20,124**	11,017	12,946
Other accounts receivable	**1,291**	1,071	1,060
	68,415	49,069	51,080

	Individual				Consolidated			
	Value	**12 months or less**	**2 - 5 years**	**Total**	**Value**	**12 months or less**	**2 - 5 years**	**Total**
Cash and cash equivalents and restricted-use investments	**47,000**	43,071	3,929	47,000	37,074	35,018	2,056	37,074
Accounts receivable from	**20,124**	16,714	3.410	20,124	12,946	10,263	2,683	12,946
Other accounts receivable	**1,291**	1,291	-	1,291	1,060	834	226	1,060
	68,415	61,076	7,339	68,415	51,080	46,115	4,965	51,080

b) Liquidity risks

The following are the contractual exposures of non-derivative financial liabilities, including estimated interest payments and excluding the impact of currency trading agreements on the net position.

	Individual	Individual	Consolidated
	Dec/31/2019	**Dec/31/2018**	
Loans and financing, debentures and consortia payable	**180,335**	143,838	144,491
Suppliers	**12,033**	3,236	3,564
Accounts payable for business acquisition	**-**	17,337	17,337
Other Accounts Payable	**1,838**	2,505	2,652
	194,206	166,916	168,044

(In thousands of Reais, except when otherwise indicated)

Risk management and financial instruments--Continued

b) Liquidity risks --Continued

See below the maturity schedule of the Company's financial instruments as of December 31, 2019:

	Individual				Consolidated			
	Book value	12 months or less	2 - 5 years	Total	Book value	12 months or less	2 - 5 years	Total
Loans and financing, debentures and leases	180,335	46,925	133,410	180,335	144,492	27,634	116,857	144,491
Suppliers	12,033	12,033	-	12,033	3,564	3,564	-	3,564
Other Accounts Payable	1,838	1,838		1,838	2,652	2,425	227	2,652
	194,206	**60,796**	**133,410**	**194,206**	**168,045**	**50,960**	**117,084**	**168,044**

c) Classification and fair value

The table below presents the main financial instruments contracted, as well as the respective fair values:

	Individual		Individual		Consolidated	
	Dec/31/2019		Dec/31/2018			
	Book value	Fair value	Book value	Fair value	Book value	Fair value
Loans and receivables						
Cash and cash equivalents	**47,000**	**47,000**	790	790	847	847
Accounts receivable from	**20,124**	**20,124**	11,017	11,017	12,946	12,946
Other accounts receivable	**1,291**	**1,291**	1,071	1,071	1,060	1,060
Assets measured at fair value through financial investments	**4,575**	**4,575**	34,135	34,135	34,171	34,171
Restricted use financial investments	**41,809**	**41,809**	2,056	2,056	2,056	2,056

Management understands that the fair values reported do not reflect future changes in the economy, such as interest rates and tax rates and other variables that may have an effect on their determination.

Risk management and financial instruments--Continued

c) Classification and fair value--Continued

The following methods and assumptions were adopted in determining fair value:

- Cash and cash equivalents: defined as assets held for trading. The accounting values reported in the balance sheet are substantially corresponding to the fair value, since their rates of remuneration are based on the CDI variation.
- Financial investments in restriced use: defined as restricted-use assets, since they are directly linked to the Company's debts. The accounting values reported in the balance sheet are substantially corresponding to the fair value, since their rates of remuneration are based on the CDI variation.
- Accounts receivable from customers, other accounts receivable, suppliers and other accounts payable: they derive directly from the Company's operations and are measured at amortized cost and are recorded at their original value, deducting from provision for losses when applicable or relevant.
- Loans, financing and debentures: classified as financial liabilities not measured at fair value and are recorded by the amortized cost method according to the contractual conditions. This definition was adopted because the amounts are not held for trading, which, according to Management's understanding, reflects the most relevant accounting information. The fair values of these loans are equivalent to their accounting amounts, since they are financial instruments with rates that are equivalent to market rates and because they have exclusive characteristics, originating from specific sources of financing to finance the Company's activities.

d) Interest rate risks

The Company does not have in its indebtedness of December 31, 2019 operations of *swap* or any other contracted derivative.

Sensitivity analysis

In relation to total liabilities, 4.25% is indexed to CDI and, therefore, exposed to interest rate variation.

For December 31, 2019, the sensitivity analysis contemplates two *stress* scenarios, I and II, with 5.31% and 6.38%, respectively, of increase in relation to the CDI baseline of 4.25%.

(In thousands of Reais, except when otherwise indicated)

27. Risk management and financial instruments--Continued

d) Interest rate risks--Continued

Sensitivity Analysis--Continued

Considering that the investments are also indexed to the CDI, the net equity effect and the result, in the *stress* scenarios, is shown in the table below:

	Consolidated		
	Scenarios		
	Base	I	II
Interest rate	4.25%	5.31%	6.38%
Variation in relation to the base scenario	-	25%	50%
Gross debt indexed to CDI	187,329	197,280	199,271
Investments indexed to CDI	46,384	48,848	49,341
Effect on equity exposure	140,945	148,432	149,930
Net effect on result	-	7,488	8,985

28. Transactions that do not affect cash

In the fiscal years ended December 31, 2019 and 2018, the following transactions did not affect cash:

	Individual	Individual	Consolidated
	Dec/31/2019	Dec/31/2018	Dec/31/2018
Statement of cash paid for vehicle purchases: Vehicle purchases in the period (Note 11)	**(77,896)**	(42,979)	(42,979)
Suppliers - car assembly factories (Note 12):			
Balance at the end of the period	**11,508**	284	284
Balance at the start of the period	**284**	5,648	5,648
	11,224	(5,364)	(5,364)
Cash paid for the purchase of vehicles	**(66,672)**	(48,343)	(48,343)

(In thousands of Reais, except when otherwise indicated)

29. Changes in liabilities from financing activities

	Restated Individual					
	Loans and financing transactions	**Bond**	**Total**	**Loans and financing transactions**	**Bond**	**Total**
As of December 31, 2017	53,393	23,177	76,570	53,393	23,177	76,570
Business combination in 12/13/2018	-	-	-	19,330	-	19,330
Cash flow	(47,536)	(36,378)	(83,914)	(66,655)	(36,378)	(103,033)
Interest paid	(4,480)	(6,954)	(11,434)	(4,438)	(6,954)	(11,392)
Accrued interest	6,078	7,687	13,767	6,078	7,687	13,765
New leases	10,683	142,054	152,738	10,683	142,054	152,737
Amortization of funding costs	-	(3,885)	(3,885)	401	(3,885)	(3,484)
On December 31st, 2018	18,138	125,700	143,838	18,792	125,701	144,493
Cash flow	**(29,806)**	**(21,916)**	**(51,723)**			
Interest paid	**(3,656)**	**(13.079)**	**(16,735)**			
Accrued interest	**3,362**	**13,161**	**16.523**			
New funding	**28,727**	**60,140**	**88,868**			
Swap Amortization	**(530)**		**(530)**			
Exchange rate variation	**1,668**		**1,668**			
Amortization of raising costs	**-**	**(550)**	**(601)**			
On December 31st, 2019	**17,903**	**163,456**	**181,359**			

30. Insurance coverage

The Company's policy is to maintain insurance coverage in the amount that Management deems appropriate to cover possible risks and possible losses with claims of its fixed assets.

Insured assets	**Arrangements**	**Individual Dec/31/2019**	**Individual Dec/31/2018**	**Restated**
Management vehicles	Total coverage (property damage)	**1,400**	1,400	1,400
Management vehicles	Total coverage (personal injury)	**2,800**	2,800	2,800
Building	Total coverage (property damage)	**4,702**	4,052	4,097

On January 8, 2019, the Company contracted civil liability insurance for its directors (D&O insurance), valid for one year.

30. Insurance coverage- Continued

The insurance guarantees the payment of financial losses arising from claims made against the directors due to harmful acts for which they are responsible for periods of their duties in the administration and management of the Company. The policy provides for maximum limit, guarantee of R$ 10,000 and a total net premium of R$ 16. The scope of our auditors' work does not include a review of the sufficiency of insurance coverage, which was determined and analyzed for adequacy by Management.

Carlos Alves
Financial Officer

Dnalva Rocha dos Santos
Accountant CRC-SP296885/O-0

Officers' statement on the financial statements

Declaration

By this instrument, the officers of Maestro Locadora de Veículos SA ("Company") hereby declare that:

They reviewed, discussed and agreed to the financial statements for the fiscal year ended December 31, 2019.

São Paulo, March 23, 2020.

Fabio Lewkowicz
Chief Executive Officer and Commercial and Marketing Officer

Carlos Miguel de Oliveira Martins Borges Alves
Investor Relations Officer and Chief Financial Officer

Monica Jorgino Marcondes
Director Managing Officer

Officers’ Statement on the independent auditor’s report

Declaration

By this instrument, the officers of Maestro Locadora de Veículos SA ("Company") hereby declare that:

They reviewed, discussed and agreed with the opinions expressed in the audit report of Ernst & Young Auditores Independentes regarding the Company's financial statements for the fiscal year ended December 31, 2019.

São Paulo, March 23, 2020.

Fabio Lewkowicz
Chief Executive Officer and Commercial and Marketing Officer

Carlos Miguel de Oliveira Martins Borges Alves
Investor Relations Officer and Chief Financial Officer

Monica Jorgino Marcondes
Director Managing Officer