

Individual and consolidated financial statements

Maestro Locadora de Veículos S.A.

December 31, 2018
with an Independent Auditor's Report

Maestro Locadora de Veículos S.A.

Individual and consolidated financial statements

December 31, 2018 and 2017

Table of Contents

Management Report

| | |
|--|----|
| Independent auditor's report on the individual and consolidated financial statements | 1 |
| Balance sheets | 6 |
| Statements of results | 8 |
| Statements of comprehensive result | 9 |
| Statements of changes in shareholders' equity | 10 |
| Statements of cash flows - indirect method | 11 |
| Statements of added values | 12 |
| Explanatory notes to the individual and consolidated financial statements | 13 |
| Statement of officers on the individual and consolidated financial statements | 52 |
| Statement of officers on the independent auditors' report | 53 |

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 2018, Maestro's total fleet was of 3,683 vehicles distributed through more than 300 customers in Brazil, with fleets of up to 700 units (cars and/or trucks).

Maestro buys its vehicles directly from the country's leading car assembly factories, 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 December 2018, 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.

Throughout the year, in addition to the acquisition of Locarcity, we have grown our fleet by 9% and consolidated a larger and more diversified customer base with complete and 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 results and accomplishments achieved in 2018, a year with important achievements for the company that will strengthen our DNA to generate more and more value for all our *stakeholders*: Return to shareholders, customer satisfaction, partnership with suppliers, achievements of associates and good practices for society.

After a few years of searching for the ideal partner for the M&A project, we made the first acquisition in December 2018 - Locarcity, a firm based in Belo Horizonte, with more than 10 years of operation and serving 180 customers from various sectors. Focused on fleet outsourcing and always in search of excellence in customer service, Locarcity brings to Maestro growth in fleet, turnover, national presence and possibility of better margins and returns after capturing synergies.

Continuing the growth process, we create new products and further diversify the portfolio. We have developed a specific rent to meet the growing demand for mobility applications, gained customers in areas that had not been ventured until now, and consolidated our Heavy Vehicle leasing, a service that is still not very important in Brazil, but with a clear growing trend.

We maintained our commitment to offer an ever better product, with the creation of the fuel card Maestro integrated with our *business intelligence* (BI) system, growth of the chain of workshops and concessionaires, automation in the collection of invoices and increase of new indicators of fleet for customers. The improvements implemented on our BI allow our customers not only to manage expenses of fleet contracted with us, but also to all other fleet-related expenses to provide the most desired information by firms on the theme (TCO -*total cost of ownership*).

Thinking of good practices for society, we decided to neutralize the 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). We take this action to create a by-product that shall operate on a non-profit basis and so all customers can contribute to the environment and receive the same certificate (*Carbon Free*).

To enable growth, the acquisition of Locarcity and improvement in the firm's debt profile, we access the capital market with the issuance of two debentures. The *road shows* performed have provided the experience of knowing and gaining the trust of several new investors, who will always be partners seen as strategic partners for the long-term success of the firm.

We thank on behalf of our team all those who somehow have participated and contributed to the consolidation and development of Maestro in its twelve years of history!

Fabio Lewkowicz
Chief Executive Officer

3-) PERFORMANCE COMMENTS (*)

In 2018, Maestro achieved record operating results, significantly extended its indebtedness profile with two issues of CVM476 debentures and made its first acquisition of the firm in the sector in December, allowing us to start 2019 with a total fleet of 52% over the beginning of 2018.

EBITDA in 2018 reached R\$ 25.3m, an increase of 20% over the previous year. The increase in rental revenues in the period was of 12% and the reduction in operating expenses, with an increase in efficiency and dilution of fixed costs of structure. EBITDA margin (on net rental revenues) reached 59%, an increase of 4p.p. in relation to the previous year. Such EBITDA had practically no influence on Locarcity's EBITDA, since the acquisition took place in mid-December 2018.

The sale of vehicles continued to meet the sales targets in amounts equal to or above projected residuals, evidencing the robustness of the pricing model adopted and maintaining a track of solid results of the last periods. In 2018, the vehicles were sold at 105% of the cost accounting value, higher than the level of 102% reached in the previous year.

The recurrent result before tax reached R\$ 2.1m, double the R\$ 1.0m value in the previous year.

The two issues of debentures during the year totaled R\$ 142m seized to market value, being R\$ 80m in the second series in May and R\$ 62m in the third series in December.

These new issues allowed, in addition to financing for organic growth and acquisition, significant extension of the company's indebtedness profile, which concludes the year with 81% of its long-term debt.

In 2018, approximately R\$ 57m of short-term and more expensive debts were prepaid, generating an increase of R\$ 3.1m in **non-recurring** financial expenses, fully recognized in the net financial expenses for the period ended 12/31.

On 12/14/2018, Maestro concluded the acquisition of the firm Minas Real de Belo Horizonte (Locarcity), a firm that also operates primarily in the fleet outsourcing sector with a complementary customer profile to Maestro. In addition to growing the customer base with greater spreading (less concentration), Locarcity will contribute to the healthy geographical diversification of both rent customers and the sale of used vehicles.

Locarcity added R\$ 34.5m in the accounting fleet and R\$ 44.5m in the FIPE fleet to Maestro, which reached R\$ 142.9m and R\$ 173.2m in the consolidated assets on Dec/18. Locarcity's EBITDA in 2018 was R\$ 12m.

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 2018 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,

| | 2018 | Vertical Analysis | 2017 | Vertical Analysis | Variation | |
|--|----------|----------------------|----------|----------------------|-----------|------|
| (in R\$ thousands, except percentage) | | (%) | | (%) | | (%) |
| Statement of Income | | | | | | |
| Net revenue | 62,283 | 100% | 70,989 | 100% | (8,706) | -12% |
| Gross rent | 47,235 | 76% | 42,070 | 59% | 5,165 | 12% |
| (-) rental revenues taxes | (4,369) | -7% | (3,890) | -5% | (479) | 12% |
| Vehicle sales | 19,417 | 31% | 32,809 | 46% | (13,392) | -41% |
| Cost of leasing and selling of vehicles | (40,199) | 65% | (49,783) | 70% | 9,584 | -19% |
| Gross profit | 22,084 | 35% | (21,206) | 30% | 878 | 4% |
| (Expenses) administrative and general operating revenues (a) | (9,050) | 15% | (9,555) | 13% | 505 | -5% |
| Other operating revenues (b) | 849 | 1% | 215 | 0% | 634 | 295% |
| Total operating (a) + (b) | (8,201) | -13% | (9,340) | -13% | 1,139 | -12% |

Fiscal year ended on December 31,

| | 2018 | Vertical Analysis | 2017 | Vertical Analysis | Variation | |
|---|----------|----------------------|----------|----------------------|-----------|-------|
| (in R\$ thousands, except percentage) | | (%) | | (%) | | (%) |
| Result before financial net expenses and taxes | 13,883 | 22% | 11,866 | 17% | 2,017 | 17% |
| Financial expenses | (16,858) | 27% | (12,403) | 17% | (4,455) | 36% |
| Financial revenue | 1,988 | 3% | 1,587 | 2% | 401 | 25% |
| Net financial expenses | (14,870) | -24% | (10,816) | -15% | (4,054) | 37% |
| Profit (loss) before taxes (*) | -987 | -2% | 1,050 | 1% | -2,037 | -194% |
| Deferred/Current income tax and social contribution | 270 | 0% | (668) | -1% | 938 | -140% |
| (Loss) net profit for the period (*) | -717 | -1% | 382 | 1% | -1,099 | -288% |

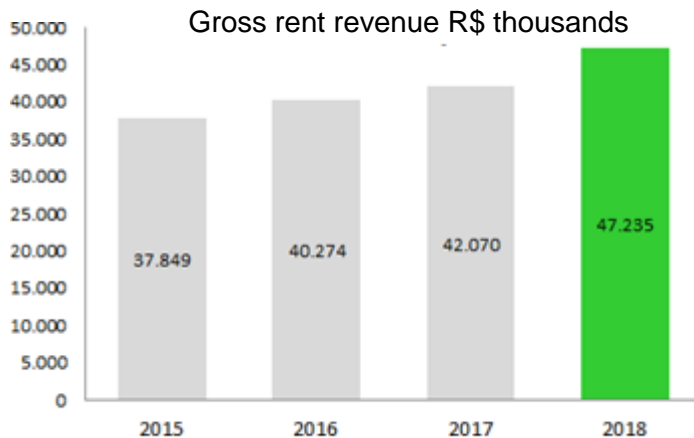
(*) for the purposes of comparability, it excludes R\$ (443)k balance equity Locarcity in 2018

3-1) VEHICLE rent AND SALE REVENUE

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

| R\$ thousands | 2015 | 2016 | 2017 | 2018 |
|----------------------------------|---------------|---------------|---------------|---------------|
| Rent | 37,849 | 40,274 | 42,070 | 47,235 |
| Car sale | 26,872 | 23,434 | 32,809 | 19,417 |
| Total | 64,721 | 63,708 | 74,879 | 66,652 |
| Growth | 2015 | 2016 | 2017 | 2018 |
| Rent | 9% | 6% | 4% | 12% |
| Car sale | 114% | -13% | 40% | -41% |
| CAGR 2018-2015 (car rent) | | | | 8% |

Revenues from vehicle rents in 2018 increased 12% compared to the previous year, reaching R\$ 47.2m. This variation is due to the increase in the average fleet rented throughout the year. In 2018, the average rented fleet was of 2,419 vehicles compared to 2,149 in 2017, a variation equivalent to 12.6%.



3-2 VEHICLES RENT COST

At the end of 2018, vehicle rent and sale costs accounted for 65% of total net revenue, a decrease against the 70% in the previous year.

Vehicle sales costs totaled R\$ 18.5m in 2018, a lower value against the R\$ 13.7m in the previous year and consistent with the lower sales revenue associated with these vehicles (as in the previous paragraph) of R\$ 13.4m.

Excluding the effects of vehicle sales costs, we reached total direct rent costs of R\$ 21.7m in 2018, compared to R\$ 17.6m in the previous year, an increase of R\$ 4.1m.

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

- Depreciation costs reached R\$ 11.3m in 2018, an increase of 26% over the previous year. This growth is in line with the average net fleet over the months, from R\$ 83.1m in 2017 to R\$ 101.1m in 2018, a 22% variation. The greater penetration of trucks in the asset also contributed marginally to the growth of the index.
- Maintenance costs (including personnel costs), which reached R\$ 13.1m and were 20% higher than in 2017, also in line growth, although slightly lower, with the variation of the net fleet
- Recovery of PIS/COFINS (Social Integration Program)/(Contribution for the Social Security Financing) credit, which increased 17% (with reduction effect on the total direct cost) equivalent to R\$ 394k in the 12 month period.

3-3 GROSS PROFIT

Gross Profit reached R\$ 22.1m with a 4% increase over the previous year, with revenues growing marginally more than direct costs (see consolidated table on page4).

3-4 ADMINISTRATIVE AND GENERAL OPERATING EXPENSES

Administrative operating expenses decreased by 5% and contributed significantly to the result before taxes and financial expenses.

This result reflects a more efficient and lean operation, and it was possible to grow revenue without an increase in fixed structure in the period.

The important positive contribution of "Other Operating Revenues" (variation of R\$ 634k in 12 months) is also worth mentioning. This item includes items such as recovery of traffic fines and maintenance, as well as management of the vehicle sales to third parties.

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

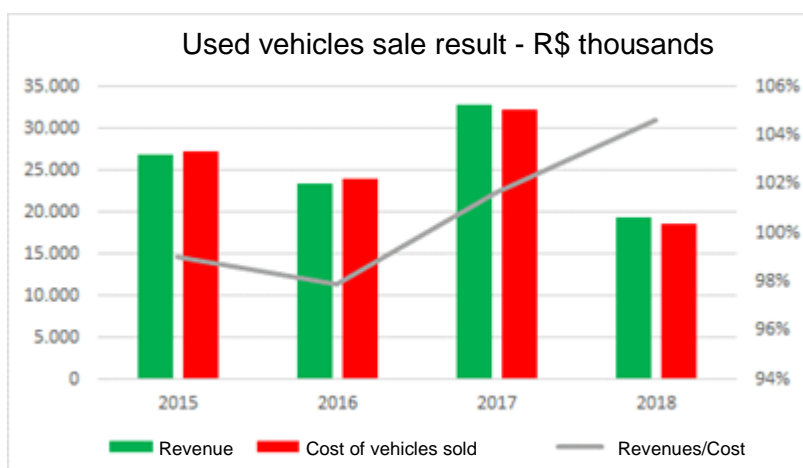
In 2018, we sold the used vehicles at 105% of the total cost, evidencing the strength of the pricing policy and reliable demobilization channel. Over the last few years, we have sold our cars through our chain of retailer partners throughout the country.

Result of vehicle demobilization

| R\$ thousands | 2015 | 2016 | 2017 | 2018 |
|-----------------------|--------|--------|--------|--------|
| Revenue | 26,872 | 23,434 | 32,809 | 19,417 |
| Cost of vehicles sold | 27,135 | 23,945 | 32,272 | 18,564 |
| Result | -263 | -511 | 537 | 853 |
| Revenue/Cost | 99% | 98% | 102% | 105% |

CAGR 2018-2015 EBITDA

-10%

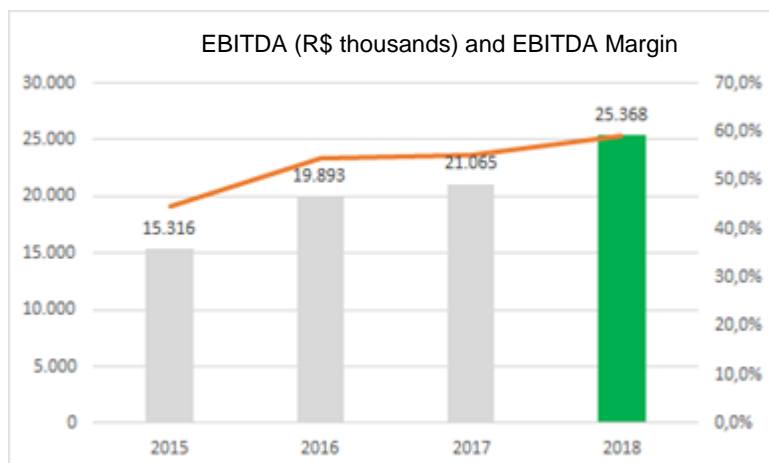


3-6 EBITDA and EBITDA MARGIN

The combination of increased gross margin and reduced operating expenses led 2018 EBITDA to a record level for the Company in both absolute and margin terms related to net rental revenues.

EBITDA

| R\$ thousands | 2015 | 2016 | 2017 | 2018 |
|--|--------|--------|--------|----------|
| EBITDA | 15,316 | 19,893 | 21,065 | (25,368) |
| EBITDA growth | -8% | 30% | 6% | 20% |
| EBITDA margin | 44.6% | 54.4% | 55.2% | 59.2% |
| Net rental revenues(*) | 34,358 | 36,549 | 38,180 | 42,866 |
| (*) Gross rental revenues- taxes, see note 17 (DF) | | | | |
| CAGR 2018-2015 EBITDA | | | | 18% |

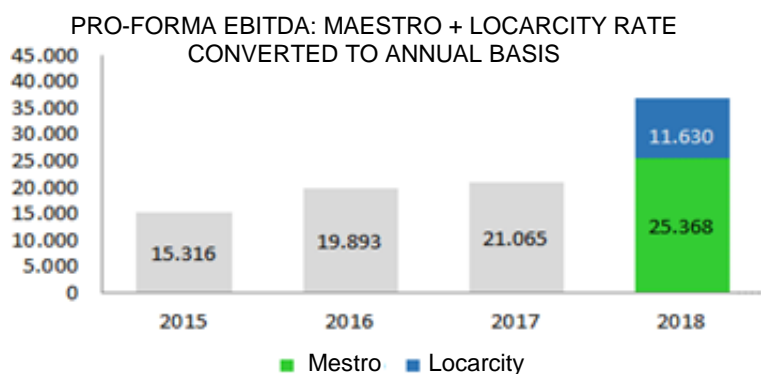


If we consider the *pro-forma* inclusion of 12-month EBITDA in 2018 from Locarcity, R\$ 12m we reach a consolidated value of R\$ 37.0m.

EBITDA PRO-FORMA: MAESTRO + LOCARCITY RATE CONVERTED TO ANNUAL BASIS

| R\$ thousands | 2015 | 2016 | 2017 | 2018 |
|-------------------------|---------------|---------------|---------------|---------------|
| Maestro | 15,316 | 19,893 | 21,065 | (25,368) |
| Locarcity | - | - | - | 11,630 |
| PRO-FORMA EBITDA | 15,316 | 19,893 | 21,065 | 36,998 |

CAGR 2018-2015 EBITDA 18%



3-7 NET FINANCIAL EXPENSES

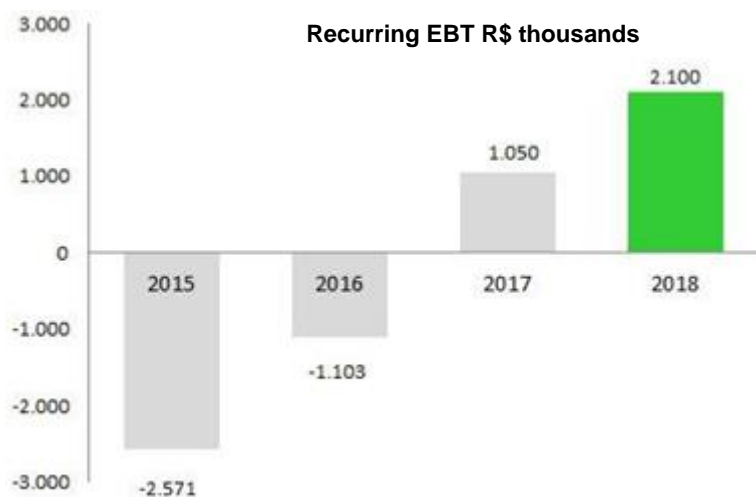
In 2018, net financial expenses increased by R\$ 4.1m. This variation has two different origins and natures:

- Non-recurring effects totaling R\$ 3.1m or 76% of the total variation. This number consists of:
 - R\$ 1.5m in prepayment *fees*, with cash effect, for short-term financial transactions.
 - R\$ 1.6m in advance recognition of transaction expenses from prepaid financial transactions, with no cash effect.

- Recurring effect of R\$ 1.0m equivalent to 9.24% in relation to the previous year and consistent with the increase in net debt (excluding the effect of the purchase of Minas Real).

3-8 PROFIT BEFORE TAXES AND NET INCOME

Recurring net income before taxes (without the non-recurring financial effects above and balance equity of Locarcity of R\$(443)K) in 2018 was R\$ 2.1m, practically twice the amount of R\$ 1.1m in the previous year.



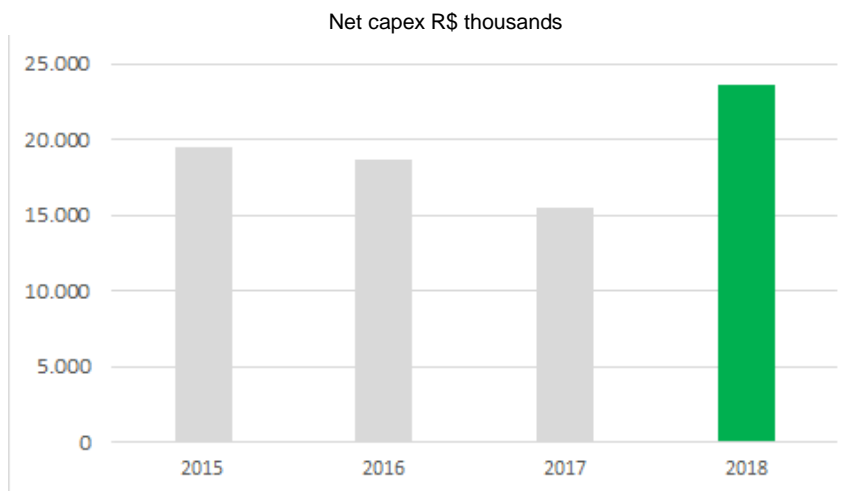
The final net result, affected by non-recurring financial expenses and also deferred taxes, was R\$(1,160)k compared to the positive value of R\$382k in the previous year.

4-) INVESTMENTS

The Company invested R\$ 43.0m in acquisition of new vehicles in 2018, totaling 887 cars at an average price of R\$ 48.5k per vehicle. In 2017, the average car value bought was R\$ 45.9k. Discounts with car assembly factories remained at equivalent levels.

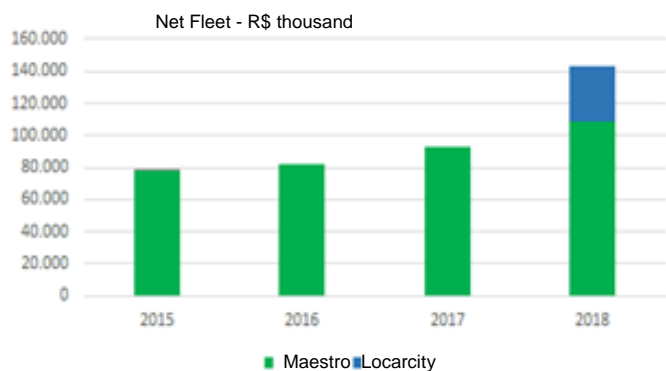
| R\$ thousands | 2015 | 2016 | 2017 | 2018 |
|-------------------------|--------|--------|--------|--------|
| Acquisition | | | | |
| Investment | 46,412 | 42,154 | 48,240 | 42,979 |
| #vehicle | 1,232 | 974 | 1,052 | 887 |
| Average price | 37.7 | 43.3 | 45.9 | 48.5 |
| Sale | | | | |
| Disinvestment | 26,872 | 23,434 | 32,809 | 19,417 |
| #vehicles | 1,249 | 1,149 | 1,109 | 659 |
| Average price | 21.5 | 20.4 | 29.6 | 29.5 |
| Net capex R\$ thousands | 19,540 | 18,720 | 15,431 | 23,562 |

The net Capex value (purchase less sale of vehicles) reached R\$ 23.6m, an increase of 53% over the previous year.



5-) FLEET

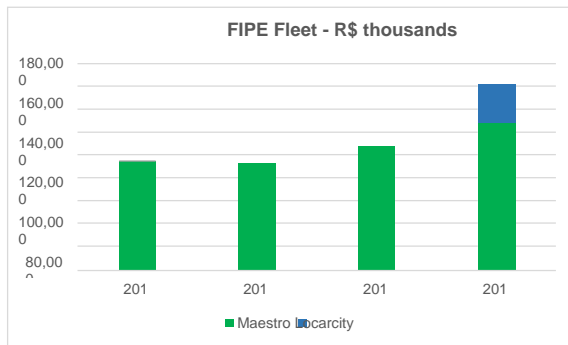
The total fleet of Maestro (individual) reached R\$108.8m at the end of the period of 2018, an increase of 17% in relation to the previous year. When considering the addition of Locarcity to R\$34.1m, the net accounting fleet reaches R\$143.0m, equivalent to a 53% growth in 12 months.



Accounting Fleet (end of period)

| R\$ thousands | 2015 | 2016 | 2017 | 2018 |
|---------------|---------------|---------------|---------------|----------------|
| Maestro | 78,223 | 81,956 | 92,375 | 108,861 |
| Locarcity | - | - | - | 34,071 |
| Total | 78,223 | 81,956 | 92,375 | 142,932 |

In relation to the FIPE fleet (market) the individual Maestro growth was of 20% in 2018 and the consolidated was 62%. These variations, numerically higher than the variations in the accounting fleet of the above table, indicate an increase in the discount of the purchase of the vehicles.



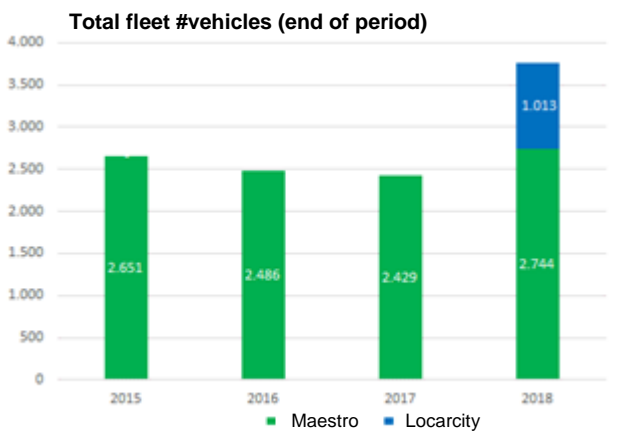
FIPE fleet (end of period)

| R\$ thousands | 2015 | 2016 | 2017 | 2018 |
|---------------|--------|--------|---------|---------|
| Maestro | 93,875 | 92,751 | 107,509 | 128,942 |
| Locarcity | - | - | - | 44,255 |
| Total | 93,875 | 92,751 | 107,509 | 173,197 |

The total number of vehicles of the fleet increased by 9% in 2018, reaching 2,669 units. With the addition of 1,014 vehicles from Locarcity, the total annual growth was 52%.

Total fleet #vehicles (end of period)

| units | 2015 | 2016 | 2017 | 2018 |
|-----------|-------|-------|-------|-------|
| Maestro | 2,651 | 2,486 | 2,429 | 2,669 |
| Locarcity | - | - | - | 1,014 |
| Total | 2,651 | 2,486 | 2,429 | 3,683 |

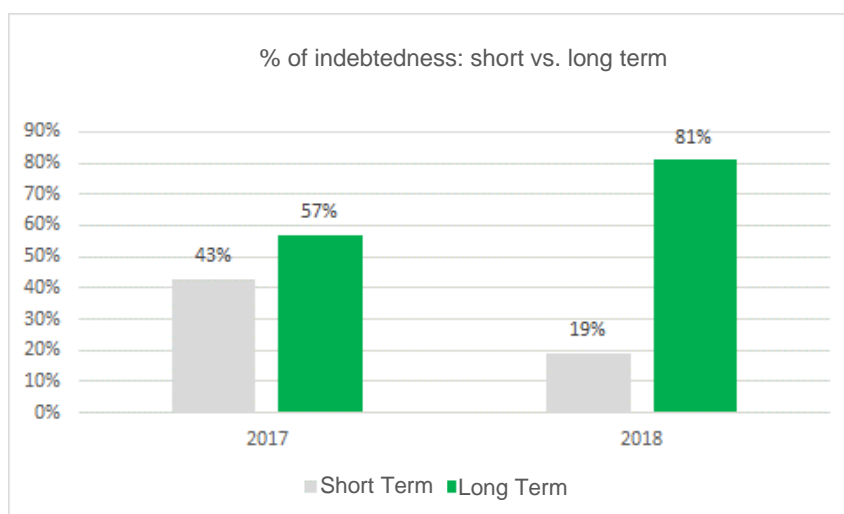


6-) INDEBTEDNESS

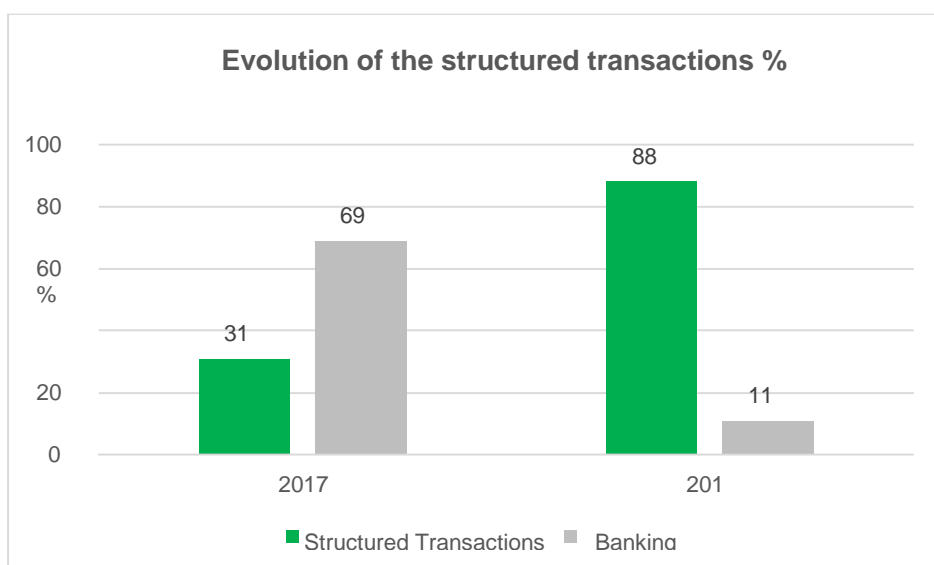
The total final indebtedness of the period is affected by the acquisition of Minas Real on 12/14/2018. With the 2nd and 3rd Issues of debentures in 2018, with total terms of 4 years, the indebtedness profile was considerably more extended at the end of the period, with 81% maturing in more than 1 year, compared to 57% in Dec/17.

| Indebtedness | 2018 | | 2017 | | Variation |
|---------------------------------|----------------|-------------|---------------|-------------|------------|
| | R\$ | % | R\$ | % | 18/17 |
| | thousands | | thousands | | % |
| Current | 27,309 | 19% | 33,250 | 43% | -18% |
| Non-current | 116,529 | 81% | -43,320 | 57% | 169% |
| Total Gross Indebtedness | 143,838 | 100% | 76,570 | 100% | 88% |
| Cash and Investments | 36,981 | | 15,455 | | 139% |
| Total Net Indebtedness | 106,857 | | 61,115 | | 75% |

The 2nd Debenture was concluded in May with a total seized value of R\$80m, for a period of 48 months, without a grace period and at a cost of CDI+4.5%/year. The use of funds was extension of the debt profile (approx. 50%) and acquisition of vehicles.



The 3rd Debenture was concluded in December with a total seized value of R\$62m, for a period of 48 months, with a 12-month grace period, at a cost of CDI+5.0%/year. The funds were used to fully discharge the debit balance of the 1st Debenture (from Jan/15) and the acquisition of Locarcity.



Both transactions are guaranteed by fiduciary disposition of vehicles and assignment of receivables/contracts of operations.

7-) FINANCIAL COVENANTS

The covenants of the 2nd and 3rd Emissions are identical, both in limits and in definitions.

| COVENANT | OK when | 2015 | 2016 | 2017 | 2018 |
|------------------------|--------------|------|------|------|------|
| Net Debt/EBITDA (*) | $\leq 3.5x$ | 3.04 | 2.92 | 2.90 | 2.90 |
| Net Debt/Profit Share | $\leq 3.25x$ | 1.27 | 1.17 | 1.22 | 2,20 |
| Net Debt/Net Fleet | $\leq 0.85x$ | 0.60 | 0.71 | 0.66 | 0.75 |
| Results used cars sale | $\geq 93\%$ | 99% | 98% | 102% | 105% |

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

8-) RELEVANT FACTS

- On May 4, 2018, the Extraordinary Shareholders' Meeting was held to resolve on the 2nd issuance of simple debentures for the acquisition of new vehicles for the increase and replacement of the Company's fleet in the minimum amount of R\$30,000,000.00, refinancing of the Company's debts in the maximum amount of R\$40,000,000.00, Company's cash reinforcement in the maximum amount of R\$10,000,000.00 and ratified the practice of all acts necessary for registration and settlement of the Issue.
- On November 13, 2018, the Extraordinary Shareholders' Meeting was held, which resolved on the 3rd issue of simple debentures to reinforce the Issuer's cash flow and payment of the Issuance expenses in the amount of R\$1,000,000.00, payment of the first installment of the acquisition price of a company whose corporate purpose is to rent and manage vehicles and/or the automotive fleet in the amount of R\$5,500,000.00, provision of funds in the Target Corporation in the amount of R\$20,500,000.00, early redemption of the 1st issuance of simple debentures in the amount of R\$17,000,00.00 and ratified the practice of all acts necessary for the registration and settlement of the Issue.
- On November 13, 2018, the Extraordinary Shareholders' Meeting was held, which resolved on the acquisition by the Company of the shares representing the total capital stock of Minas Real Vendas e Serviços Ltda., a limited corporation duly incorporated under the laws of Brazil; execution by the Company, as buyer, of the share purchase agreement reflecting the Acquisition of Minas Real ("Agreement") and ratified the practice of all acts and measures necessary to implement the resolutions approved in this meeting.
- On December 14, 2018, the transaction provided for in the "Share Purchase Agreement", entered into on November 13, 2018, resulted in the acquisition by the Company of the shares representing the total capital of Minas Real Vendas e Serviços Ltda. ("Transaction"), as approved by the Company's Extraordinary Shareholders' Meetings held on November 13 and December 14, 2018. The Company also informs that all previous conditions necessary for the closing of the Transaction have been fulfilled, including the obtaining, by the Company, of specific financing for the Transaction.

9-) CORPORATE STRUCTURE

The Company's corporate structure remained unchanged in 2018.

| 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 2018, 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, 2018.

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, and Felipe Braz Brandão De Souza, Officer without specific designation, declare that (i) they reviewed, discussed and agreed with the financial statements referring to the fiscal year ended December 31, 2018; and (ii) reviewed, discussed and agreed, without any exceptions, with the opinions expressed in the report issued on March 28, 2019 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, 2018.



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Independent auditor's report on the individual and consolidated 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. (the "Company"), identified as parent and consolidated, respectively, which comprise the balance sheet as of December 31, 2018, and the related statements of income, comprehensive results, changes in shareholders' 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 present fairly, in all relevant aspects, the equity and financial, individual and consolidated, position of Maestro Locadora de Veículos S.A. on December 31, 2018, the individual and consolidated performance of its transactions and their respective individual and consolidated cash flows for the fiscal year then ended in accordance with accounting practices used in Brazil and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Basis for our opinion

We conducted our audit according to the Brazilian and International standards on auditing. Our responsibilities, in accordance with such standards, are described in the following section titled "Auditor's responsibility for the audit of the individual and consolidated 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 we have obtained is sufficient and appropriate to provide a basis for 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 fiscal year. These matters have been dealt with in the context of our audit of the consolidated and individual financial statements as a whole and in forming our opinion on these consolidated and individual financial statements and therefore it does not express an opinion on these matters 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.

We have fulfilled the responsibilities described in the section entitled "Auditor's responsibilities for auditing the individual and consolidated 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.b, in the amount of R\$12,095 thousand as of December 31, 2018. 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.

Definition of net book value of vehicles

As mentioned in Note 2, 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 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, are acceptable in the context of the financial statements taken as a whole.

Other issues

Value Added Statements

The individual and consolidated statements of added value (DVA) for the year ended as of December 31, 2018, prepared under Company's Management's responsibility and presented as supplementary information under IFRS, were subjected to audit procedures performed together with the audit of the Company's financial statements. For the formation of our opinion, we evaluated whether these statements are reconciled with the financial statements and accounting records, as applicable, and the form and content are in accordance with the criteria defined in the Technical Ruling CPC 09 - Statement of Value Added. In our opinion, these statements of added value were duly prepared, in all relevant aspects, in accordance with the criteria defined in this Technical Ruling and are consistent in relation to the individual and consolidated 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 individual and consolidated financial statements does not include the Management Report and we do not express any form of audit conclusion on this report.

In connection with the audit of the financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is, in a relevant way, inconsistent with the financial statements or with our knowledge obtained in the audit, or if it otherwise appears to be significantly distorted. 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.

Governance and Management responsibilities for the individual and consolidated 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 the 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.

In preparing the individual and consolidated financial statements, the Management is responsible for assessing Company's ability to continue operating, disclosing, as applicable, matters related to its operating continuity and the use of this accounting basis in the preparation of the financial statements unless the Management either intends to liquidate the Company and their controlled companies or to cease operations, or has no realistic alternative to prevent the close of business.

People in charge of the governance of the Company and its controlled companies are those responsible for supervising the Company's financial statements process.



Auditor's responsibilities for auditing the individual and consolidated financial statements

Our goals are to obtain reasonable assurance that the individual and consolidated financial statements taken as a whole are free from material misstatement, whether due to fraud or error, and issue 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.

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

- We identify and evaluate the relevant risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatement resulting from fraud is greater than that arising from error, since fraud may involve the act of circumventing internal controls, collusion, forgery, omission, or false intentional representations.
- We obtain an understanding of the internal controls relevant for the audit in order to design audit procedures which are appropriate to the circumstances, but not with the purpose of expressing an opinion on the effectiveness of the internal controls of the Company and its subsidiaries.
- We evaluate the adequacy of the accounting policies used and the reasonableness of the accounting estimates and respective disclosures made by Management.
- We conclude on the appropriateness of Management's use of the going concern basis of accounting and, 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, and their controlled companies, to continue as a going concern. If we conclude that there is significant uncertainty, we must draw attention in our audit report to the respective disclosures in the individual and consolidated financial statements or include a modification 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 and its controlled companies to no longer be in operational continuity.



- We evaluate the overall presentation, the structure and content of the financial statements, including the disclosures, and whether the financial statements represent the related transactions and events in a manner compatible with the appropriate presentation purpose.
- We obtain adequate and sufficient audit evidence regarding the financial information of the entities or business activities of the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit and, accordingly, the audit opinion.

We communicate with those responsible for the Company's governance regarding, among other aspects, the planned scope, the timing of the audit and significant audit findings, including any significant deficiencies in the internal controls that we have identified during our work.

We also provide to the responsible for governance a statement that comply with relevant ethical requirements, including the requirements of independence, and communicate all possible relationships or matters that could affect considerably, our independence, including, where applicable, the related safeguards.



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

São Paulo, March 28, 2019.

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

[There appears signature]
Lazaro Angelim Serruya
Accountant CRC-1DF015801/O-7

Maestro Locadora de Veículos S.A.

Balance sheets
December 31, 2018 and 2017
(In thousands of Reais)

| | Note | Individual | | Consolidated |
|--|------|----------------|------------|----------------|
| | | 12/31/2018 | 12/31/2017 | 12/31/2018 |
| Assets | | | | |
| Current | | | | |
| Cash and cash equivalents | 4 | 34,925 | 11,239 | 35,018 |
| Restricted use financial investments | 5 | - | 900 | - |
| Accounts receivable from customers | 6 | 8,343 | 9,230 | 10,263 |
| Vehicles in deactivation for fleet renewal | 7 | 1,132 | 538 | 3,611 |
| Recoverable taxes | | 879 | 595 | 879 |
| Anticipated expenses | 8 | 2,681 | 1,023 | 2,681 |
| Other accounts receivable | | 845 | 852 | 834 |
| Total current assets | | 48,805 | 24,377 | 53,286 |
| Non-current | | | | |
| Restricted use financial investments | 5 | 2,056 | 3,316 | 2,056 |
| Accounts receivable from customers | 6 | 2,674 | 2,391 | 2,683 |
| Judicial deposits | 15 | 34 | - | 34 |
| Anticipated expenses | 8 | 331 | 924 | 331 |
| Income tax and social contribution | 9.b | 12,095 | 11,825 | 12,095 |
| Other accounts receivable | | 226 | 452 | 226 |
| Investment | 10 | 42,202 | - | - |
| Fixed assets | 11 | 108,544 | 93,025 | 140,353 |
| Intangible assets | | 8 | 5 | 7,217 |
| Total non-current assets | | 168,170 | 111,938 | 164,995 |
| Total assets | | 216,975 | 136,315 | 218,281 |

| | Note | Individual | | Consolidated |
|--|------|------------|------------|--------------|
| | | 12/31/2018 | 12/31/2017 | 12/31/2018 |
| Liabilities and shareholders' equity | | | | |
| Current | | | | |
| Suppliers | 12 | 3,236 | 6,148 | 3,564 |
| Loans and financing | 13 | 5,967 | 22,104 | 6,292 |
| Debentures payable | 14 | 21,342 | 11,146 | 21,342 |
| Wages, charges and social contributions | | 498 | 482 | 667 |
| Tax obligations | | 763 | 714 | 718 |
| Accounts payable for business acquisition | 23 | 17,337 | - | 17,337 |
| Other accounts payable | | 2,279 | 2,029 | 2,425 |
| Total current liabilities | | 51,422 | 42,623 | 52,345 |
| Non-current | | | | |
| Loans and financing | 13 | 12,171 | 31,289 | 12,499 |
| Debentures payable | 14 | 104,358 | 12,031 | 104,358 |
| Other accounts payable | | 226 | 452 | 227 |
| Provision for contingencies | 15 | 56 | 18 | 110 |
| Total non-current liabilities | | 116,811 | 43,790 | 117,194 |
| Shareholders' equity | | | | |
| Capital stock | 16 | 51,735 | 51,735 | 51,735 |
| Profit reserve | | 3,796 | 3,796 | 3,796 |
| Accrued losses | | 6,789 | (5,629) | 6,789 |
| Total shareholders' equity | | 48,742 | 49,902 | 48,742 |
| Total liabilities and shareholders' equity | | 216,975 | 136,315 | 218,281 |

The explanatory notes are an integral part of these financial statements.

Maestro Locadora de Veículos S.A.

Result statement

Years ended December 31, 2018 and 2017 (Amounts in thousands of Reais)

| | Note | Individual | | Consolidated |
|--|------|------------|------------|--------------|
| | | 12/31/2018 | 12/31/2017 | 12/31/2018 |
| Net revenue | 18 | 62,283 | 70,989 | 63,073 |
| Vehicle rent and sale costs | 19 | (40,199) | (49,783) | (40,784) |
| Gross profit | | 22,084 | (21,206) | 22,289 |
| (Expenses) operating revenues | | | | |
| Administrative and general | 20 | (9,050) | (9,555) | (9,245) |
| Other operational revenues, net | 20 | 849 | 215 | 849 |
| Balance Equity Result | 10 | (443) | - | - |
| | | (8,644) | (9,340) | (8,396) |
| Result before net financial expenses and taxes | | 13,440 | 11,866 | 13,893 |
| (Expenses) financial revenues | | | | |
| Financial expenses | 21 | (16,858) | (12,403) | (17,312) |
| Financial revenue | 21 | 1,988 | 1,587 | 1,989 |
| Net financial expenses | | (14,870) | (10,816) | (15,323) |
| Profit/(Loss) before taxes | | (1,430) | 1,050 | (1,430) |
| Current income tax and social contribution | 9.a | - | (629) | - |
| Deferred income tax and social contribution | 9.a | 270 | (39) | 270 |
| (Loss) Net profit for the year | | (1,160) | 382 | (1,160) |
| (Loss) Profit per share - basic and diluted | 17 | (0.67) | 0.22 | (0.67) |

The explanatory notes are an integral part of these financial statements.

Maestro Locadora de Veículos S.A.

Statements of comprehensive results Years ended
December 31, 2018 and 2017 (In thousands of Reais)

| | Individual | | Consolidated |
|--------------------------------|------------|------------|--------------|
| | 12/31/2018 | 12/31/2017 | 12/31/2018 |
| (Loss) Net profit for the year | (1,160) | 382 | (1,160) |
| Other comprehensive results | - | - | - |
| Total comprehensive results | (1,160) | 382 | (1,160) |

The explanatory notes are an integral part of these financial statements.

Maestro Locadora de Veículos S.A.

Statements of changes in shareholders' equity Years ended December 31, 2018 and 2017 (In thousands of Reais)

| | Note | Capital stock | Accrued losses | Profit reserve | | Retained profits | |
|--|------|---------------|----------------|----------------|-------------------------|------------------|---------|
| | | | | Legal reserve | Undistributed dividends | | |
| Balances on January 1 , 2017 | | 51,735 | (5,901) | 641 | 3,045 | - | 49,520 |
| Net profit for the year | | - | - | - | - | 382 | 382 |
| Constitution of legal reserve | | - | - | 19 | - | (19) | - |
| Constitution of dividend reserve distributable | | - | - | - | 91 | (91) | - |
| Losses offset | | - | 272 | - | - | (272) | - |
| Balances as of December 31, 2017 | | 51,735 | (5,629) | 660 | 3,136 | - | 49,902 |
| Net loss of year | | - | (1,160) | - | - | - | (1,160) |
| Balances as of December 31, 2018 | | 51,735 | 6,789 | 660 | 3,136 | - | 48,742 |

The explanatory notes are an integral part of these financial statements.

Maestro Locadora de Veículos S.A.

Statements of cash flows - indirect method Years ended December 31, 2018 and 2017 (In thousands of Reais)

| | Individual | | Consolidated |
|---|----------------|----------------|----------------|
| | 12/31/2018 | 12/31/2017 | 12/31/2018 |
| Cash flow of operating activities | | | |
| (Loss) Net profit for the year | (1,160) | 382 | (1,160) |
| Adjustments for: | | | |
| Deferred income tax and social contribution | (270) | 39 | (270) |
| Depreciation and amortization | 11,482 | 9,200 | 11,273 |
| Net book cost of fixed asset disposals and of vehicles deactivated for fleet renewal | 18,905 | 32,212 | 19,542 |
| Financial charges | 13,765 | 10,842 | 13,765 |
| Amortization of debenture issuance costs | (3,885) | 704 | (3,484) |
| Estimated loss with doubtful credits | 240 | 673 | 305 |
| Result of balance equity | 443 | - | - |
| Constitution/Reversal of provision for contingencies | 38 | (82) | 38 |
| Constitution/Reversal of provision for loss of fixed assets and in deactivation for fleet renewal | - | (319) | - |
| Variations in assets and liabilities: | | | |
| Cash acquired in the business combination | - | - | 2 |
| Accounts receivable from customers | 364 | (980) | 345 |
| Acquisitions of vehicles (see note 23) | (48,343) | (42,878) | (48,343) |
| Recoverable taxes | (284) | 433 | (284) |
| Anticipated expenses | (1,065) | 331 | (1,065) |
| Judicial deposits | (34) | 101 | (34) |
| Other accounts receivable | 233 | (636) | 284 |
| Suppliers (except car assembly factory) | 2,451 | (263) | 1,914 |
| Wages, charges and social contributions | 16 | (79) | 47 |
| Tax obligations | 49 | 300 | (64) |
| Other accounts payable | 23 | 1,434 | 20 |
| Net cash used in operating activities | <u>(7,032)</u> | <u>11,414</u> | <u>7,169</u> |
| Cash flow from investment activities | | | |
| Restricted use financial investments | 2,160 | 455 | 2,160 |
| Acquisition of investment - Minas Real | (6,000) | - | (6,000) |
| Contribution of capital to investees | (19,307) | - | - |
| Acquisition of other fixed assets | (3,521) | (2,876) | (3,521) |
| Addition to intangible assets | (3) | - | (3) |
| Net cash generated from investing activities | <u>26,671</u> | <u>(2,421)</u> | <u>(7,364)</u> |
| Cash flow of financing activities | | | |
| Funding from borrowing, financing, debentures and consortiums | 152,737 | 37,131 | 152,737 |
| Amortization of loans, financing, debentures, consortia and financial leases | (83,914) | (31,205) | (103,033) |
| Interest paid | (11,434) | (9,973) | (11,392) |
| Net cash used in financing activities | <u>57,389</u> | <u>(4,047)</u> | <u>38,312</u> |
| Increase (decrease) of cash and cash equivalents | <u>23,686</u> | <u>4,946</u> | <u>23,779</u> |
| Statement of increase (decrease) of cash and cash equivalents | | | |
| In the beginning of the fiscal year | 11,239 | 6,293 | 11,239 |
| At the end of the fiscal year | 34,925 | 11,239 | 35,018 |

The explanatory notes are an integral part of these financial statements.

Maestro Locadora de Veículos S.A.

Statement of added amounts
Years ended December 31, 2018 and 2017
(Amounts in thousands of Reais)

| | Individual | | Consolidated |
|--|-----------------|-----------------|-----------------|
| | 12/31/2018 | 12/31/2017 | 12/31/2018 |
| Revenues | | | |
| Gross vehicle rent and sale revenue | 66,652 | 74,879 | 67,502 |
| Other revenues | 3,762 | 5,058 | 3,761 |
| Estimated loss with doubtful credits | (240) | (673) | (305) |
| | 70,174 | 79,264 | 70,958 |
| Inputs acquired from third parties (includes ICMS - State Value Added Sales Tax, IPI - Tax on Industrialized Products, PIS and COFINS) Cost of services provided | (11,820) | (11,908) | (11,949) |
| Materials, energy, third party services and others | (3,129) | (2,836) | (3,171) |
| Business and advertising | (108) | (101) | (106) |
| Cost on disposal for renewal of vehicle fleet and other fixed assets | (18,466) | (32,183) | (18,646) |
| | (33,523) | (47,028) | (33,872) |
| Gross added value | 36,651 | 32,236 | 37,086 |
| Depreciation and amortization | (11,482) | (9,200) | (11,733) |
| Net added value produced by the Company | 25,169 | 23,036 | 25,353 |
| Added value received in transfer | | | |
| Financial income | 1,988 | 1,587 | 1,989 |
| Balance Equity Result | (443) | - | |
| Total added value to be distributed | 26,714 | 24,623 | 27,342 |
| Added value distribution | 26,714 | 24,623 | 27,342 |
| Personnel | | | |
| Direct offset | 4,063 | 4,460 | 4,141 |
| Benefits | 691 | 594 | 699 |
| FGTS (Federal Severance Pay Fund) | 230 | 234 | 235 |
| Taxes, rates and contributions | | | |
| Municipal | 4 | - | 4 |
| Federal | 5,421 | 5,994 | 5,495 |
| Offset of third parties' capital | | | |
| Interest and expenses on loans and debentures | 16,607 | 10,842 | 16,649 |
| Rents | 520 | 459 | 530 |
| Others | 338 | 1,658 | 749 |
| Remuneration of shareholders' equity Net (Loss)/Profit for the year | (1,160) | 382 | (1,160) |

The explanatory notes are an integral part of these financial statements.

Maestro Locadora de Veículos S.A.

Notes to the individual and consolidated financial statements of December 31, 2018 and 2017

(In thousands of Reais, except when otherwise indicated)

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. 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 rent 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. It should be noted that on December 31, 2018, Maestro's fleet consisted of 2,669 vehicles in the individual and 3,683 in the consolidated (2,429 on December 31, 2017 - individual).

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.

We maintain 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.

2. Basis of preparation

a) Declaration of compliance and basis of 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 Statements 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").

Maestro Locadora de Veículos S.A.

Notes to the individual and consolidated financial statements – Continued

December 31, 2018 and 2017

(In thousands of Reais, except when otherwise indicated)

2. Basis of preparation- Continued

a) Declaration of compliance with the standards of the Accounting Statements 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 28, 2019.

b) Basis of consolidation of the financial statements

The consolidated financial statements were prepared considering the historical cost as a value basis and include the financial information of the Company and its subsidiaries, closed on the same base date and consistent with accounting practices.

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 consolidated financial information includes the operations of the Company and the following controlled companies, whose percentage interest as of the balance sheet date is as follows:

| Investees | No. of shares | % - Percentage | |
|------------------------------------|---------------|----------------|------------|
| | | 12/31/2018 | 12/31/2017 |
| 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.

Maestro Locadora de Veículos S.A.

Notes to the individual and consolidated financial statements – Continued

December 31, 2018 and 2017

(In thousands of Reais, except when otherwise indicated)

2. Basis of preparation- Continued

c) Functional currency and presentation currency

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

d) 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.

e) 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

f) 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).

Maestro Locadora de Veículos S.A.

Notes to the individual and consolidated financial statements – Continued

December 31, 2018 and 2017

(In thousands of Reais, except when otherwise indicated)

2. Basis of preparation -Continued

g) 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.

Maestro Locadora de Veículos S.A.

Notes to the individual and consolidated financial statements – Continued

December 31, 2018 and 2017

(In thousands of Reais, except when otherwise indicated)

2. Basis of preparation -Continued

g) 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. Profits and losses are recognized in the result 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.

Maestro Locadora de Veículos S.A.

Notes to the individual and consolidated financial statements – Continued

December 31, 2018 and 2017

(In thousands of Reais, except when otherwise indicated)

2. Basis of preparation -Continued

g) Financial instruments - initial recognition and subsequent measurement - continued

i) Financial assets - 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, 2018 and 2017, 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.

Maestro Locadora de Veículos S.A.

Notes to the individual and consolidated financial statements – Continued

December 31, 2018 and 2017

(In thousands of Reais, except when otherwise indicated)

2. Basis of preparation -Continued

g) Financial instruments - initial recognition and subsequent measurement - continued

i) Financial assets - 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 the result

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.

Maestro Locadora de Veículos S.A.

Notes to the individual and consolidated financial statements – Continued

December 31, 2018 and 2017

(In thousands of Reais, except when otherwise indicated)

2. Basis of preparation -Continued

g) Financial instruments - initial recognition and subsequent measurement - continued

i) Financial assets - 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.

Maestro Locadora de Veículos S.A.

Notes to the individual and consolidated financial statements – Continued

December 31, 2018 and 2017

(In thousands of Reais, except when otherwise indicated)

2. Basis of preparation -Continued

g) Financial instruments - initial recognition and subsequent measurement - continued

i) Financial assets - 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 and financing, debentures and derivative financial instruments.

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.

Maestro Locadora de Veículos S.A.

Notes to the individual and consolidated financial statements – Continued

December 31, 2018 and 2017

(In thousands of Reais, except when otherwise indicated)

2. Basis of preparation -Continued

g) Financial instruments - initial recognition and subsequent measurement - continued

ii) Financial liabilities - 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.

Maestro Locadora de Veículos S.A.

Notes to the individual and consolidated financial statements – Continued

December 31, 2018 and 2017

(In thousands of Reais, except when otherwise indicated)

2. Basis of preparation- Continued

g) 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 offset and the net amount is presented in the consolidated balance sheet if there is a currently applicable legal right to offset the amounts recognized and if there is an intention to settle on a net basis, realize the assets and settle the liabilities simultaneously.

h) Basis of 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.

i) 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.

Maestro Locadora de Veículos S.A.

Notes to the individual and consolidated financial statements – Continued

December 31, 2018 and 2017

(In thousands of Reais, except when otherwise indicated)

2. Basis of preparation- Continued

i) 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 as cash equivalents any financial application with immediate convertibility in any cash value and being subject to any negligible risk of value change. 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 customers 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.

Maestro Locadora de Veículos S.A.

Notes to the individual and consolidated financial statements – Continued

December 31, 2018 and 2017

(In thousands of Reais, except when otherwise indicated)

2. Basis of preparation- Continued

i) 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 fiscal year of use of the fleet in the rent 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 lives, they are registered as individual items (main components) of the fixed assets.

Profits and losses on the disposal of a fixed asset item (ascertained by the difference between the resources arising from the disposal and the accounting value of the fixed asset) are recognized in other operating income/expenses in the result.

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 accounting value of any component that has been replaced by another that is written off. Asset maintenance costs on a day-to-day 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.

Maestro Locadora de Veículos S.A.

Notes to the individual and consolidated financial statements – Continued

December 31, 2018 and 2017

(In thousands of Reais, except when otherwise indicated)

2. Basis of preparation- Continued

i) Main accounting policies-Continued

Fixed assets-Continued

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.

The estimated useful lives of fixed assets are approximately:

| | Individual and Consolidated | |
|----------------------------------|------------------------------------|-------------------|
| | 12/31/2018 | 12/31/2017 |
| Vehicles | 2 - 3 years | 2 - 3 years |
| Computer and telephony equipment | 5 - 10 years | 5 - 10 years |
| Machines and equipment | 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.

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.

Maestro Locadora de Veículos S.A.

Notes to the individual and consolidated financial statements – Continued

December 31, 2018 and 2017

(In thousands of Reais, except when otherwise indicated)

2. Basis of preparation- Continued

i) 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.

Reduction to recoverable value

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. If any such indication exists, then the asset's 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 that are largely independent of the cash flows of other assets or groups of assets (the "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 result.

Maestro Locadora de Veículos S.A.

Notes to the individual and consolidated financial statements – Continued

December 31, 2018 and 2017

(In thousands of Reais, except when otherwise indicated)

2. Basis of preparation- Continued

i) 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 rental revenues

Revenue from the rent of assets (vehicles) is measured at the fair value of the consideration received or receivable. Fleet rental 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.

Financial income and 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.

Maestro Locadora de Veículos S.A.

Notes to the individual and consolidated financial statements – Continued

December 31, 2018 and 2017

(In thousands of Reais, except when otherwise indicated)

2. Basis of preparation- Continued

i) 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 if 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 statement 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.

Maestro Locadora de Veículos S.A.

Notes to the individual and consolidated financial statements – Continued

December 31, 2018 and 2017

(In thousands of Reais, except when otherwise indicated)

2. Basis of preparation- Continued

i) 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.

Maestro Locadora de Veículos S.A.

Notes to the individual and consolidated financial statements – Continued

December 31, 2018 and 2017

(In thousands of Reais, except when otherwise indicated)

2. Basis of preparation- Continued

i) 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.

j) New or revised statements applied for the first time in 2018

The Company has applied for the first time certain changes to the standards in force for annual periods beginning on January 1, 2018 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 47 - Revenue from Contract with Customer

CPC 47, equivalent to international standard IFRS 15, replaces CPC 17 (R1) - Construction Contracts (equivalent to international standard IAS 11), CPC 30 - Revenue (equivalent to international standard IAS 18) and related interpretations and applies, with limited exceptions, to all revenues arising from a client agreement. CPC 47 establishes a five-step model for accounting client agreement revenue and requires revenue to be recognized at an amount that reflects the consideration that the entity expects to receive in return for the transfer of goods or services to a client.

CPC 47 requires entities to exercise judgment, taking into account all relevant facts and circumstances when applying each step of the model to contracts with its customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and costs directly related to compliance with a contract. In addition, the standard requires disclosures that are more detailed.

The Company adopted CPC 47 using the prospective adoption method. The effect of the transition in the current period was not disclosed, as the standard provides an optional practical file. The Company did not apply any of the other optional practical records available.

The Company performed an evaluation of the potential impacts of CPC 47 and did not identify any significant impacts in relation to current practices.

Maestro Locadora de Veículos S.A.

Notes to the individual and consolidated financial statements – Continued

December 31, 2018 and 2017

(In thousands of Reais, except when otherwise indicated)

2. Basis of preparation -Continued

j) New or revised statements applied for the first time in 2018 - continued

CPC 48 - Financial instruments

CPC 48 - Financial instruments, equivalent to international standard IFRS 9, replaces CPC 38 (equivalent to international standard IAS 39) for annual periods beginning on or after January 1, 2018, bringing all three aspects of accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Company performed a detailed impact assessment of aspects of CPC 48 (Classification and measurement and impairment). This evaluation is based on information currently available and may be subject to changes resulting from changes in the management models and profile of financial assets held by the Company in the coming years.

In general, the Company did not detect any significant impact on the balance sheet and the statement of changes in shareholders' equity.

Standards issued but not yet in force

The new and amended standards and interpretations issued but not yet in force until the date of issuance of the Company's financial statements are described below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they enter into force.

CPC 06 (R2) - Commercial lease operations

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). The standard includes two exemptions from recognition for lessees - leases of "low-value" assets (i.e. personal computers) and short-term leases (i.e. leases with maturities of 12 months or less).

Maestro Locadora de Veículos S.A.

Notes to the individual and consolidated financial statements – Continued

December 31, 2018 and 2017

(In thousands of Reais, except when otherwise indicated)

2. Basis of preparation -Continued

j) New or revised statements applied for the first time in 2018 - continued

Standards issued but not yet in force - continued

CPC 06 (R2) - Commercial lease operations - continued

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.

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.

There is no substantial change in the accounting of lessors based on CPC 06 (R2) in relation to the current accounting in accordance with CPC 06 (R1). Lessors will continue to classify all leases according to the same classification principle as CPC 06 (R1), distinguishing between two types of lease: operating and financial.

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 plans to adopt CPC 06 (R2) using the prospective method. The Company will choose to adopt the standard for contracts that were previously identified as leases that use CPC 06 (R1) and ICPC 03 - Complementary Aspects of Commercial Leasing Operations. Therefore, the Company will not apply the standard to contracts that have not previously been identified as contracts that contain a lease under CPC 06 (R1) and ICPC 03.

Maestro Locadora de Veículos S.A.

Notes to the individual and consolidated financial statements – Continued

December 31, 2018 and 2017

(In thousands of Reais, except when otherwise indicated)

2. Basis of preparation- Continued

j) New or revised statements applied for the first time in 2018 - continued

Standards issued but not yet in force - continued

CPC 06 (R2) - Commercial lease operations - continued

The Company will choose to use the exemptions proposed by the standard for lease agreements whose term expires in 12 months from the date of initial adoption, and lease agreements whose underlying assets are of low value. The Company has leases of certain office equipment (such as personal computers, printers and copiers) that are considered to be of low value.

During 2018, the Company performed a detailed assessment of the impact of CPC 06 (R2). In short, no impact is expected on the adoption of CPC 06 (R2).

The amendments shall be applied retrospectively and shall enter into force as of January 1, 2019, and their early application shall be permitted. As the Company does not have long-term investments in its associate company, the changes will have no impact on its financial statements.

3. Financial risk management

Overview

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

- Market risk
- Operating risk
- Liquidity risk
- Credit 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 responsible for the establishment and supervision of risk management by systematically reporting them to the Board of Directors.

Maestro Locadora de Veículos S.A.

Notes to the individual and consolidated financial statements – Continued

December 31, 2018 and 2017

(In thousands of Reais, except when otherwise indicated)

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.

Maestro Locadora de Veículos S.A.

Notes to the individual and consolidated financial statements – Continued

December 31, 2018 and 2017

(In thousands of Reais, except when otherwise indicated)

3. Financial risk management- Continued

Overview- 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.

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.

Maestro Locadora de Veículos S.A.

Notes to the individual and consolidated financial statements – Continued

December 31, 2018 and 2017

(In thousands of Reais, except when otherwise indicated)

3. Financial risk management-Continued

Capital management-Continued

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 | | Consolidated |
|--|-------------------|-------------------|---------------------|
| | 12/31/2018 | 12/31/2017 | 12/31/2018 |
| Loans, financing, debentures and financial leases - gross debt | 143,838 | 76,570 | 144,491 |
| Cash and cash equivalents and restricted-use financial investments | (36,981) | (15,455) | (37,074) |
| Net debt | 106,857 | 61,115 | 107,417 |

4. Cash and cash equivalents

| | Individual | | Consolidated |
|-----------------------|-------------------|-------------------|---------------------|
| | 12/31/2018 | 12/31/2017 | 12/31/2018 |
| Cash and banks | 790 | 1,080 | 847 |
| Financial investments | 34,135 | 10,159 | 34,171 |
| | 34,925 | 11,239 | 35,018 |

Financial investments are usually short-term, of high-liquidity, redeemable 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, 2018 and 2017.

Maestro Locadora de Veículos S.A.

Notes to the individual and consolidated financial statements – Continued

December 31, 2018 and 2017

(In thousands of Reais, except when otherwise indicated)

5. Restricted use financial investments

| | Individual and Consolidated | |
|-------------|-----------------------------|--------------|
| | 12/31/2018 | 12/31/2017 |
| Current | - | 900 |
| Non-current | 2,056 | 3,316 |
| | 2,056 | 4,216 |

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, 2018 and 2017, and are related to the associated loans (firms), as disclosed in Note No. 13.

6. Accounts receivable from customers

| | Individual | | Consolidated |
|------------------------------------|---------------|---------------|---------------|
| | 12/31/2018 | 12/31/2017 | 12/31/2018 |
| Current | | | |
| Vehicle rent | 13,669 | 14,033 | 16,949 |
| (-) Provision for doubtful credits | (2,652) | (2,412) | (4,003) |
| | 11,017 | 11,621 | 12,946 |
| Current | 8,343 | 9,230 | 10,263 |
| Non-current | 2,674 | 2,391 | 2,683 |
| | 11,017 | 11,621 | 12,946 |

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

| Range | Individual | | Consolidated |
|-----------------------|---------------|---------------|---------------|
| | 12/31/2018 | 12/31/2017 | 12/31/2018 |
| To become due | 7,582 | 6,506 | 7,582 |
| Due: | | | |
| From 01 to 60 days | 357 | 927 | 2,039 |
| From 61 to 90 days | 47 | 98 | 172 |
| From 91 to 180 days | 240 | 574 | 415 |
| From 181 to 360 days | 398 | 908 | 584 |
| Over 360 days | 2,393 | 2,608 | 2,154 |
| Total car rent | 11,017 | 11,621 | 12,946 |

Maestro Locadora de Veículos S.A.

Notes to the individual and consolidated financial statements – Continued

December 31, 2018 and 2017

(In thousands of Reais, except when otherwise indicated)

6. Trade accounts receivable-Continued

Receivables classified as "Non-current" are comprised of invoices receivable from customers that are in the process of judicial collection in which the Company does not have an expectation of realization within one year of the base date of the balance sheet.

According to the opinion of the lawyers sponsoring such actions, the chances of recovery of the amounts invoiced exist, given the financial soundness of the companies in question.

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

| | Individual | | | Consolidated | | |
|-------------------------------|------------|-------------|---------|--------------|-------------|---------|
| | Current | Non-current | Total | Current | Non-current | Total |
| Balance on 12/31/2016 | (35) | (1,704) | (1,739) | | | |
| Reversal of provision | 35 | 123 | 158 | - | - | - |
| Constitution of the provision | (21) | (810) | (831) | - | - | - |
| 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) |

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 | | Consolidated |
|------------------------|-----------------|------------|-----------------|
| | 12/31/2018 | 12/31/2017 | 12/31/2018 |
| Opening balance | 538 | 821 | 538 |
| Write-offs | (18,466) | (32,183) | (18,646) |
| Vehicle transfer (i) | 19,060 | 31,900 | 21,719 |
| Closing balance | 1,132 | 538 | 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. In addition, when there are uncertainties as to the realization of its net realizable value, a provision for *impairment* is constituted.

Maestro Locadora de Veículos S.A.

Notes to the individual and consolidated financial statements – Continued

December 31, 2018 and 2017

(In thousands of Reais, except when otherwise indicated)

8. Anticipated expenses

| | Individual and Consolidated | |
|----------------------------|-----------------------------|--------------|
| | 12/31/2018 | 12/31/2017 |
| 1st Licensing | 569 | 591 |
| Bank expenses | 126 | 1,008 |
| Insurance premium expenses | 50 | 143 |
| IPVA (Vehicle Tax) | 1,997 | - |
| Others | 270 | 205 |
| | 3,012 | 1,947 |
| Current | 2,681 | 1,023 |
| Non-current | 331 | 924 |

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.

Maestro Locadora de Veículos S.A.

Notes to the individual and consolidated financial statements – Continued

December 31, 2018 and 2017

(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 | | Consolidated |
|--|------------|------------|--------------|
| | 12/31/2018 | 12/31/2017 | 12/31/2018 |
| Profit/(Loss) before income tax and social contribution | (1,430) | 1,050 | (1,430) |
| Income tax at nominal rate - 34% | 486 | (357) | 486 |
| Adjustments to demonstrate the effective rate: | | | |
| Executive Board bonus | (31) | (204) | (31) |
| Non-deductible expenses, gifts, incentives, sponsorships | (34) | (74) | (34) |
| Result of balance equity | (151) | - | (151) |
| Others | - | (33) | - |
| Total income tax and social contribution | 270 | (668) | 270 |
| Current income tax and social contribution | - | (629) | - |
| Fiscal year deferred income tax and social contribution | 270 | (39) | 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 | | | |
|---|-----------------------------|-------------|------------|--------|
| | 12/31/2018 | | 12/31/2017 | |
| | Assets | Liabilities | Net | Net |
| Fiscal losses and CSLL (social contribution on net income) and IRPJ (company income tax) negative tax basis | 11,003 | - | 11,003 | 10,855 |
| Financial lease adjustment | - | (300) | (300) | (200) |
| Provision for doubtful credits | 902 | - | 902 | 820 |
| Other temporary differences | 490 | - | 490 | 350 |
| | 12,395 | (300) | 12,095 | 11,825 |

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.

Maestro Locadora de Veículos S.A.

Notes to the individual and consolidated financial statements – Continued
December 31, 2018 and 2017

(In thousands of Reais, except when otherwise indicated)

9. Deferred income tax and social contribution-Continued

c) Income for the fiscal year

The deferred tax revenue recognized in the result is R\$ 270 and there was no record of current tax expense for the fiscal year ended December 31, 2018 (R\$ 39 and R\$ 629, respectively, in the fiscal year ended December 31, 2017).

d) Tax losses and negative tax basis

On December 31, 2018, the Company recorded a tax loss for R\$ 32,129 (R\$ 31,694 on December 31, 2017) and negative tax basis for R\$ 33,007 (R\$ 32,572 on December 31, 2017).

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 offset 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, 2018 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 | 857 |
| 2020 | 1,161 |
| 2021 | 926 |
| 2022 | 1,097 |
| 2023 | 1,518 |
| As of 2024 | 6,536 |
| | <hr/> |
| | 12,095 |
| | <hr/> |

Maestro Locadora de Veículos S.A.

Notes to the individual and consolidated financial statements – Continued

December 31, 2018 and 2017

(In thousands of Reais, except when otherwise indicated)

10. Investment

a) Investment

| | <u>Minas Real</u> |
|------------------------|-------------------|
| Number of shares owned | 34,928,120 |
| Interest percentage | 100% |
| Capital stock | 34,928 |
| Shareholders' equity | 34,792 |
| Total assets | 36,099 |
| Period loss | (443) |

b) Transaction of investments - Parent Company

| | <u>Minas Real</u> |
|--|-------------------|
| Business combination - December 14, 2018 | 15,928 |
| Balance equity | (443) |
| Paying In | 19,000 |
| Advance for the future capital increase | 307 |
| Investments | 34,792 |
| Non-competition clause | 394 |
| Brand | 650 |
| Fixed assets | 201 |
| Customer portfolio | 1,046 |
| Appreciation | 2,291 |
| Goodwill | 5,119 |
| Balance on 12/31/2018 | 42,202 |

For purposes of compliance with ICPC 09 (R2) - Individual Accounting Statements, Separate Statements, Consolidated Statements and Application of the Balance Equity, appreciation balances and goodwill balances were considered in the group of investments in the individual and reclassified according to their origin in consolidated, the following shows the groups for which the balances were transferred

| | <u>Individual</u> | <u>Consolidated</u> | |
|------------------------|--------------------|---------------------|--------------------------|
| | <u>Investments</u> | <u>Fixed assets</u> | <u>Intangible assets</u> |
| Non-competition clause | 394 | - | 394 |
| Brand | 650 | - | 650 |
| Fixed assets | 201 | 201 | - |
| Customer portfolio | 1,046 | - | 1,046 |
| Appreciation | 2,291 | 201 | 2,090 |
| Goodwill | 5,119 | - | 5,119 |

Maestro Locadora de Veículos S.A.

Notes to the individual and consolidated financial statements – Continued
December 31, 2018 and 2017
(In thousands of Reais, except when otherwise indicated)

11. Fixed assets

a) Transaction in the fiscal year ended 12/31/2017

| Cost | Balances on 12/31/2016 | Additions | Write-offs | Transfers | Transfer for renewal (i) | Balances on 12/31/2017 |
|----------------------------------|---------------------------|-----------|------------|-----------|-----------------------------|---------------------------|
| Operational vehicles | 95,779 | - | (54) | 45,150 | (43,497) | 97,378 |
| Computer and telephony equipment | 247 | 27 | - | - | - | 274 |
| Machines and equipment | 929 | - | - | (38) | - | 891 |
| Furniture and fixtures | 175 | 3 | - | - | - | 178 |
| Improvements | 225 | - | - | - | - | 225 |
| Current fixed assets | 392 | 48,420 | - | (45,150) | (47) | 3,615 |
| Accessories | 1,269 | 2,841 | - | 38 | (147) | 4,001 |
| | 99,016 | 51,291 | (54) | - | 43,691 | 106,562 |

| Depreciation | Depreciation rate | Balances on 12/31/2016 | Additions | Write-offs | Transfers | Transfer for renewal (i) | Balances on 12/31/2017 |
|-------------------------------------|----------------------|---------------------------|-----------|------------|-----------|-----------------------------|---------------------------|
| Operational vehicles | 11% | (15,027) | (8,001) | 25 | - | 11,709 | (11,294) |
| Computer and telephony equipment | 10-20% | (108) | (32) | - | - | - | (140) |
| Machines and equipment | 10% | (420) | (103) | - | 18 | - | (505) |
| Furniture and fixtures | 10% | (55) | (17) | - | - | - | (72) |
| Improvements | 10% | (101) | (76) | - | - | - | (177) |
| Accessories | 10% | (457) | (930) | - | (18) | 82 | (1,323) |
| | | (16,168) | (9,159) | 25 | - | 11,791 | (13,511) |
| Provisions for losses and theft | | (345) | - | 319 | - | - | (26) |
| Net fixed assets | | 82,503 | 42,132 | 290 | - | (31,900) | 93,025 |

Maestro Locadora de Veículos S.A.

Notes to the individual and consolidated financial statements – Continued
December 31, 2018 and 2017
(In thousands of Reais, except when otherwise indicated)

Maestro Locadora de Veículos S.A.

Notes to the individual and consolidated financial statements – Continued

December 31, 2018 and 2017

(In thousands of Reais, except when otherwise indicated)

11. Fixed assets- Continued

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

| Cost | Individual | | | | | |
|----------------------------------|---------------------------|-----------|----------------|-----------|-----------------------------|---------------------------|
| | Balances on 12/31/2017 | Additions | Write- offs | Transfers | Transfer for renewal (i) | Balances on 12/31/2018 |
| Operational vehicles | 97,378 | - | (489) | 46,278 | (24,880) | 118,287 |
| Computer and telephony equipment | 274 | 3 | - | - | - | 277 |
| Machines and equipment | 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 |

| Depreciation | Depreciation rate | Balances on 12/31/2017 | Additions | Write-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 equipment | 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 |

(i) Transfer from fixed assets to the "Vehicles" account in deactivation for fleet renewal. See Note No. 7

Maestro Locadora de Veículos S.A.

Notes to the individual and consolidated financial statements – Continued
December 31, 2018 and 2017
(In thousands of Reais, except when otherwise indicated)

11. Fixed assets -Continued

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

| Consolidated | | | | | | | | |
|----------------------------------|--|------------------------|-----------|------------|-----------|----------------------|--------------------------|------------------------|
| Cost | | Balances on 12/31/2017 | Additions | Write-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 equipment | | 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 on 12/31/2017 | Additions | Write-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 equipment | 10% | (505) | (90) | - | - | (11) | - | - | (606) |
| Furniture and fixtures | 10% | (72) | (20) | - | - | (18) | - | - | (110) |
| Improvements | 10% | (177) | 173 | - | - | (5) | - | - | (9) |
| Accessories | | (1,323) | (1,866) | - | - | - | 55 | - | (3,134) |
| | | (13,511) | (11,273) | (95) | - | (7,590) | 7,021 | - | (25,448) |
| Provisions for losses and thefts | | (26) | - | (8) | - | - | - | - | (34) |
| Net fixed assets | | 93,025 | 35,227 | (896) | - | 34,716 | (21,719) | - | 140,353 |

(i) Transfer from fixed assets to the "Vehicles" account in deactivation for fleet renewal. See Note No. 7

Maestro Locadora de Veículos S.A.

Notes to the individual and consolidated financial statements – Continued

December 31, 2018 and 2017

(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. On December 31, 2018, the accounting amount of leased vehicles was R\$ 7,200 in the consolidated (R\$ 7,663 in 2017).

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

d) Warranties

On December 31, 2018, the equivalent of 99.31% of the Company's total fleet (2,650 vehicles) is bank loans, financing and financial leases firms whose residual value is R\$ 104,179 in the individual and 99.48% in the Company's total fleet (3,663 vehicles) is bank loans, financings and financial leases firm whose residual value is R\$ 138,228 in the consolidated balance sheet (R\$ 80,758 in December 2017).

12. Suppliers

| | Individual | | Consolidated |
|------------------------|--------------|------------|--------------|
| | 12/31/2018 | 12/31/2017 | 12/31/2018 |
| Car Assembly Factories | 284 | 5,648 | 284 |
| Various suppliers | 2,952 | 500 | 3,280 |
| | 3,236 | 6,148 | 3,564 |

Maestro Locadora de Veículos S.A.

Notes to the individual and consolidated financial statements – Continued

December 31, 2018 and 2017

(In thousands of Reais, except when otherwise indicated)

13. Loans and financing

The Company's indebtedness profile for the fiscal years ended December 31, 2018 and December 31, 2017 are summarized in the tables below:

Individual

December 31, 2018

| Mode | Currency - | Year rate (%) | | Year of expiration | Current | Non-current | Total | Total % |
|------------------------------|------------|----------------|----------------|--------------------|--------------|---------------|---------------|---------|
| | | Min. | Max. | | | | | |
| Working capital (Previous) | R\$ | 0.92 per month | 1,41 per month | 2019 | 3,585 | 6,507 | 10,092 | 55.64% |
| Financial leasing (Previous) | R\$ | 1,33 per month | 1,33 per month | 2022 | 2,382 | 5,664 | 8,046 | 44.36% |
| | | | | | <u>5,967</u> | <u>12,171</u> | <u>18,138</u> | |

Consolidated

December 31, 2018

| Mode | Currency - | Year rate (%) | | Year of expiration | Current | Non-current | Total | Total % |
|------------------------------|------------|----------------------|----------------------|--------------------|--------------|---------------|---------------|---------|
| | | Min. | Max. | | | | | |
| Working capital (Previous) | R\$ | 0.92 per month + cdc | 1.41 per month + cdc | 2019 | 3,910 | 6,835 | 10,745 | 57.18% |
| Financial leasing (Previous) | R\$ | 1,33 per month | 1,33 per month | 2022 | 2,382 | 5,664 | 8,046 | 42.82% |
| | | | | | <u>6,292</u> | <u>12,499</u> | <u>18,791</u> | |

December 31, 2017

| Mode | Currency | Year rate (%) | | Year of expiration | Current | Non-current | Total | Total % |
|----------------------------------|----------|----------------------|----------------------|--------------------|---------------|---------------|---------------|---------|
| | | Min. | Max. | | | | | |
| Working capital (Previous) | R\$ | 0.92 per month | 1,41 per month | 2019 | 5,908 | 8,814 | 14,722 | 27.57% |
| Working capital (Subsequent) (i) | R\$ | 0,34 per month + CDI | 0.47 per month + CDI | 2020 | 13,636 | 15,871 | 29,507 | 55.26% |
| Financial leasing (Previous) | R\$ | 1,33 per month | 1,33 per month | 2022 | 2,560 | 6,604 | 9,164 | 17.16% |
| | | | | | <u>22,104</u> | <u>31,289</u> | <u>53,393</u> | |

Maestro Locadora de Veículos S.A.

Notes to the individual and consolidated financial statements – Continued

December 31, 2018 and 2017

(In thousands of Reais, except when otherwise indicated)

13. Loans and financing- Continued

a) Warranties

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.

14. Debentures payable

| | Individual and Consolidated | |
|--|------------------------------------|-------------------|
| | 12/31/2018 | 12/31/2017 |
| Debentures payable | 131,117 | 24,700 |
| (-) Transaction costs for issuance of debentures (i) | (5,417) | (1,523) |
| | 125,700 | 23,177 |
| Current | 21,342 | 11,146 |
| Non-current | 104,358 | 12,031 |

(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 R\$ 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.

Maestro Locadora de Veículos S.A.

Notes to the individual and consolidated financial statements – Continued

December 31, 2018 and 2017

(In thousands of Reais, except when otherwise indicated)

14. Debentures payable-Continued

2nd Issuance of debentures

On May 4, 2018, the Company raised the amount of R\$ 80,000 through the issue of 8 thousand debentures, non-convertible into shares, of secured guarantee, all with a unit value of R\$ 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 4 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 R\$ 62,000 through the issue of 6.2 thousand debentures, non-convertible into shares, of secured guarantee, all with a unit value of R\$ 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 4 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.

Maestro Locadora de Veículos S.A.

Notes to the individual and consolidated financial statements – Continued

December 31, 2018 and 2017

(In thousands of Reais, except when otherwise indicated)

14. Debentures payable-Continued

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

| Contract 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 and 3rd issuing, 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"

15. Provision for contingencies

The Company is subject to civil lawsuits, arising from the normal course of operations. The Management, based on information from its legal advisors and analysis of pending legal claims, constituted provision in an amount considered sufficient to cover the estimated losses with the ongoing claims, as follows:

| | Individual | | Consolidated |
|---------------------|------------|------------|--------------|
| | 12/31/2018 | 12/31/2017 | 12/31/2018 |
| Civil Contingencies | 56 | 18 | 110 |
| Judicial deposits | (34) | - | (34) |

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, 2018 is R\$ 303 and R\$ 644 in the consolidated (R\$ 193 on December 31, 2017).

Maestro Locadora de Veículos S.A.

Notes to the individual and consolidated financial statements – Continued

December 31, 2018 and 2017

(In thousands of Reais, except when otherwise indicated)

15. Provision for contingencies-Continued

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 12/31/2017 | Constitution | Reversals | Balances on 12/31/2018 |
| Contingencies | 18 | 38 | - | 56 |
| Judicial deposits | - | (34) | - | (34) |
| | 18 | 4 | - | 22 |

| | Balance on 12/31/2017 | Consolidated | | | Balances on 12/31/2018 |
|-------------------|--------------------------|--------------|-----------|-------------------------|---------------------------|
| | | Constitution | Reversals | Business combination | |
| Contingencies | 18 | 38 | - | 54 | 110 |
| Judicial deposits | - | (34) | - | - | (34) |
| | 18 | 4 | - | 54 | 76 |

16. Shareholders' equity

a) Capital stock

The Company's capital stock as of December 31, 2018 and December 31, 2017 is comprised of 1,733,988 common shares, representing the capital stock 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 stock.

The Company's shareholding composition is as follows:

| Shareholders | 12/31/2018 and 12/31/2017 | | |
|--|---------------------------|---------------------|-----------------|
| | % | Number of shares | Paid in capital |
| 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

Maestro Locadora de Veículos S.A.

Notes to the individual and consolidated financial statements – Continued

December 31, 2018 and 2017

(In thousands of Reais, except when otherwise indicated)

Maestro Locadora de Veículos S.A.

Notes to the individual and consolidated financial statements – Continued

December 31, 2018 and 2017

(In thousands of Reais, except when otherwise indicated)

16. 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 stock. 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.

17. Loss (Profit) 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, 2018 and 2017, 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, 2018 and 2017 (in thousands of amounts per share and number of shares):

| Basic and diluted | Individual and Consolidated | |
|--|-----------------------------|------------|
| | 12/31/2018 | 12/31/2017 |
| Numerator | | |
| Net profit for the year | (1,160) | 382 |
| Denominator | | |
| Weighted average of the number of outstanding common shares (in thousands) | 1,734 | 1,734 |
| Basic and diluted result per common shares | (0.67) | 0.22 |

Maestro Locadora de Veículos S.A.

Notes to the individual and consolidated financial statements – Continued

December 31, 2018 and 2017

(In thousands of Reais, except when otherwise indicated)

18. Net revenue

| Description | Individual | | Consolidated |
|-----------------------------|---------------|------------|---------------|
| | 12/31/2018 | 12/31/2017 | 12/31/2018 |
| Vehicle rent | 47,235 | 42,070 | 47,882 |
| Vehicle sales | 19,417 | 32,809 | 19,620 |
| | 66,652 | 74,879 | 67,502 |
| Taxes on services and sales | (4,369) | (3,890) | (4,429) |
| | 62,283 | 70,989 | 63,073 |

19. Cost of leasing and selling of vehicles

| Description | Individual | | Consolidated |
|------------------------------------|-----------------|------------|-----------------|
| | 12/31/2018 | 12/31/2017 | 12/31/2018 |
| Costs of maintenance | (11,577) | (9,351) | (11,761) |
| Depreciation costs | (11,300) | (8,930) | (11,549) |
| Costs of sold vehicles | (18,466) | (32,183) | (18,646) |
| Other costs with sold vehicles | (98) | (89) | (98) |
| Personnel costs | (1,523) | (1,600) | (1,550) |
| Recovery of PIS and COFINS credits | 2,765 | 2,370 | 2,820 |
| | (40,199) | (49,783) | (40,784) |

20. Management and general expenses

| Description | Individual | | Consolidated |
|--|----------------|------------|----------------|
| | 12/31/2018 | 12/31/2017 | 12/31/2018 |
| Personnel expenses | (4,417) | (4,643) | (4,495) |
| Third-party services | (1,368) | (1,460) | (1,384) |
| Expenses with occupancy | (582) | (596) | (594) |
| Overhead expenses | (1,334) | (1,182) | (1,360) |
| Estimated loss with doubtful credits | (240) | (672) | (306) |
| Write-off of bad accounts receivable | (483) | (185) | (483) |
| Depreciation and amortization expenses | (184) | (269) | (184) |
| Communication expenses | (105) | (100) | (105) |
| Taxes on other revenues | (335) | (448) | (335) |
| Management fee revenue over fines | 142 | 215 | 142 |
| Other operating revenues | 705 | - | 708 |
| | (8,201) | (9,340) | (8,396) |
| Administrative and general | (9,050) | (9,555) | (9,245) |
| Other operational revenues, net | 849 | 215 | 849 |

Maestro Locadora de Veículos S.A.

Notes to the individual and consolidated financial statements – Continued

December 31, 2018 and 2017

(In thousands of Reais, except when otherwise indicated)

21. Financial result

| Financial expenses | Individual | | Consolidated |
|---|-------------------|-------------------|---------------------|
| | 12/31/2018 | 12/31/2017 | 12/31/2018 |
| Interest liabilities | (7,079) | (6,639) | (7,122) |
| Expenses and interest of debentures | (9,529) | (5,199) | (9,529) |
| Bank and IOF (financial operation tax) expenses | (250) | (565) | (661) |
| Total | (16,858) | (12,403) | (17,312) |

| Financial revenue | Individual | | Consolidated |
|---------------------------------|-------------------|-------------------|---------------------|
| | 12/31/2018 | 12/31/2017 | 12/31/2018 |
| Income on financial investments | 1,316 | 1,065 | 1,316 |
| Interest receivable | 672 | 522 | 673 |
| Total | 1,988 | 1,587 | 1,989 |

22. Related parties

As resolved in AGE (Special Shareholders' Meeting) dated April 28, 2018, the remuneration established for the members of the Company's Executive Board and Board of Directors for 2018 is R\$ 2,541. In the fiscal year ended December 31, 2018, the remuneration paid was R\$ 1,306 (R\$ 1,258 in 2017), as a fixed remuneration.

23. 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.

Maestro Locadora de Veículos S.A.

Notes to the individual and consolidated financial statements – Continued

December 31, 2018 and 2017

(In thousands of Reais, except when otherwise indicated)

23. 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 |
|--|------------|
| Assets | |
| Current | |
| Cash and cash equivalents | 2 |
| Accounts receivable from customers | 1,967 |
| Other current assets | 40 |
| Total current assets | 2,009 |
| Non-current | |
| Accounts receivable from customers | 8 |
| Fixed assets | 34,516 |
| Total non-current assets | 34,524 |
| Total assets | 36,533 |
| Liabilities | |
| Current | |
| Suppliers | 866 |
| Social and labor obligations | 138 |
| Loans and financing | 17,113 |
| Taxes and contributions payable | 68 |
| Other current liabilities | 149 |
| Total current liabilities | 18,334 |
| Non-current | |
| Loans and financing | 2,217 |
| Provision for contingencies | 54 |
| Total non-current liabilities | 2,271 |
| Shareholders' equity | 15,928 |
| Total shareholders' equity and liabilities | 36,533 |

Maestro Locadora de Veículos S.A.

Notes to the individual and consolidated financial statements – Continued

December 31, 2018 and 2017

(In thousands of Reais, except when otherwise indicated)

23. 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 | <u>18,218</u> |
| Goodwill generated on the transaction | <u>5,119</u> |
| Total consideration | <u>23,337</u> |

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 12/31/2018 the balance payable is R\$ 17,337

Maestro Locadora de Veículos S.A.

Notes to the individual and consolidated financial statements – Continued

December 31, 2018 and 2017

(In thousands of Reais, except when otherwise indicated)

23. Business combination-Continued

Methodology for the recognition of intangible assets

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

| Assets | R\$ | Method | Expected amortization term |
|------------------------|-------|---|----------------------------|
| Non-competition clause | 394 | Profit method: Discounted cash flow (Within/Without) | 5 years |
| Brand | 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 |

24. 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 | | Consolidated |
|--|---------------|---------------|---------------|
| | 12/31/2018 | 12/31/2017 | 12/31/2018 |
| Cash and cash equivalents and restricted-use financial investments | 36,981 | 15,455 | 37,074 |
| Accounts receivable from customers | 11,017 | 11,620 | 12,946 |
| Other accounts receivable | 1,071 | 1,304 | 1,060 |
| | 49,069 | 28,379 | 51,080 |

| | Individual | | | | Consolidated | | | |
|--|---------------|-------------------|--------------|---------------|---------------|-------------------|--------------|---------------|
| | Amount | 12 months or less | 2 - 5 years | Total | Amount | 12 months or less | 2 - 5 years | Total |
| Cash and cash equivalents and restricted-use investments | 36,981 | 34,925 | 2,056 | 36,081 | 37,074 | 35,018 | 2,056 | 37,074 |
| Accounts receivable from customers | 11,017 | 8,343 | 2,674 | 11,017 | 12,946 | 10,263 | 2,683 | 12,046 |
| Other accounts receivable | 1,071 | 845 | 226 | 1,071 | 1,060 | 834 | 226 | 1,060 |
| | 49,069 | 44,113 | 4,956 | 40,060 | 51,080 | 46,115 | 4,065 | 51,080 |

Maestro Locadora de Veículos S.A.

Notes to the individual and consolidated financial statements – Continued

December 31, 2018 and 2017

(In thousands of Reais, except when otherwise indicated)

24. Risk management and financial instruments-Continued

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.

| | <u>Individual</u> | | <u>Consolidated</u> |
|---|-------------------|-------------------|---------------------|
| | <u>12/31/2018</u> | <u>12/31/2017</u> | <u>12/31/2018</u> |
| Loans and financing, debentures and consortia payable | 143,838 | 76,570 | 144,491 |
| Suppliers | 3,236 | 6,148 | 3,564 |
| Accounts payable for business acquisition | 17,337 | - | 17,337 |
| Other accounts payable | 2,505 | 2,481 | 2,652 |
| | 166,916 | 85,199 | 168,044 |

See below the maturity schedule of the Company's financial instruments as of December 31, 2018:

| | <u>Individual</u> | | | | <u>Consolidated</u> | | | |
|--|-------------------------|--------------------------|--------------------|----------------|-------------------------|--------------------------|--------------------|----------------|
| | <u>Accounting value</u> | <u>12 months or less</u> | <u>2 - 5 years</u> | <u>Total</u> | <u>Accounting value</u> | <u>12 months or less</u> | <u>2 - 5 years</u> | <u>Total</u> |
| Loans and financing, debentures and leases | 143,838 | 27,309 | 116,529 | 143,838 | 144,492 | 27,634 | 116,857 | 144,491 |
| Suppliers | 3,236 | 3,236 | - | 3,236 | 3,564 | 3,564 | - | 3,564 |
| Accounts payable for business acquisition | 17,337 | 17,337 | - | 17,337 | 17,337 | 17,337 | - | 17,337 |
| Other accounts payable | 2,505 | 2,279 | 226 | 2,505 | 2,652 | 2,425 | 227 | 2,652 |
| | 166,916 | 50,161 | 116,755 | 166,916 | 168,045 | 50,960 | 117,084 | 168,044 |

Maestro Locadora de Veículos S.A.

Notes to the individual and consolidated financial statements – Continued

December 31, 2018 and 2017

(In thousands of Reais, except when otherwise indicated)

24. Risk management and financial instruments-Continued

c) Classification and fair value

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

| | Individual | | | | Consolidated | |
|---|------------------|------------|------------------|------------|------------------|------------|
| | 12/31/2018 | | 12/31/2017 | | 12/31/18 | |
| | Accounting value | Fair value | Accounting value | Fair value | Accounting Value | Fair value |
| Cash and banks | 790 | 790 | 1,080 | 1,080 | 847 | 847 |
| Accounts receivable from customers | 11,017 | 11,017 | 11,620 | 11,620 | 12,946 | 12,946 |
| Other accounts receivable | 1,071 | 1,071 | 1,304 | 1,304 | 1,060 | 1,060 |
| Financial investments | 34,135 | 34,135 | 10,159 | 10,159 | 34,171 | 34,171 |
| Financial investments of restricted use | 2,056 | 2,056 | 4,216 | 4,216 | 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.

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

- Cash and cash equivalents - are 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 restricted use - are defined as restricted-use assets, since they are directly linked to the Company's debts. The accounting amounts reported in
- 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 - 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.

Maestro Locadora de Veículos S.A.

Notes to the individual and consolidated financial statements – Continued

December 31, 2018 and 2017

(In thousands of Reais, except when otherwise indicated)

24. Risk management and financial instruments-Continued

c) Classification and fair value-Continued

- Loans, financing and debentures - are 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, 2018 operations of *swap* or any other contracted derivative.

Sensitivity analysis

In relation to total liabilities, 6.50% is indexed to CDI and, therefore, exposed to interest rate variation.

For December 31, 2018, the sensitivity analysis contemplates two *stress* scenarios, I and II, with 8.13% and 9.75%, respectively, of increase in relation to the CDI baseline of 6.50%.

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 | | |
| | Basis | I | II |
| Interest rate | 6.50% | 8.13% | 9.75% |
| Variation in relation to the base scenario | - | 25% | 50% |
| Gross debt indexed to CDI | 149,908 | 162,089 | 164,525 |
| Investments indexed to CDI | 36,227 | 39,170 | 39,759 |
| Effect on equity exposure | 113,681 | 122,919 | 124,766 |
| Net effect on result | - | 9,238 | 11,085 |

Maestro Locadora de Veículos S.A.

Notes to the individual and consolidated financial statements – Continued

December 31, 2018 and 2017

(In thousands of Reais, except when otherwise indicated)

25. Transactions that do not affect cash

In the fiscal years ended December 31, 2018 and 2017, the following transactions did not affect cash:

| | Individual | | Consolidated |
|---|-----------------|------------|-----------------|
| | 12/31/2018 | 12/31/2017 | 12/31/2018 |
| Demonstration of cash paid for the acquisition of vehicles: | | | |
| Acquisitions of vehicles in the period (Note 11) | (42,979) | (48,420) | (42,979) |
| Suppliers - car assembly factories (Note 12): | | | |
| Balance at the end of the period | 284 | 5,648 | 284 |
| Balance at the start of the period | 5,648 | 106 | 5,648 |
| | (5,364) | 5,542 | (5,364) |
| Cash paid for the purchase of vehicles | (48,343) | (42,878) | (48,343) |

Maestro Locadora de Veículos S.A.

Notes to the individual and consolidated financial statements – Continued

December 31, 2018 and 2017

(In thousands of Reais, except when otherwise indicated)

26. Changes in liabilities from financing activities

| | Individual | | | Consolidated | | |
|------------------------------------|---------------------|----------------|----------------|---------------------|----------------|----------------|
| | Loans and financing | Debentures | Total | Loans and financing | Debentures | Total |
| On January 1, 2017 | 34,726 | 34,345 | 69,071 | 34,726 | 34,345 | 69,071 |
| Cash flow | (19,333) | (11,872) | (31,205) | (19,333) | (11,872) | (31,205) |
| Interest paid | (5,658) | (4,315) | (9,973) | (5,658) | (4,315) | (9,973) |
| Accrued interest | 6,527 | 4,315 | 10,842 | 6,527 | 4,315 | 10,842 |
| New leases | 37,131 | - | 37,131 | 37,131 | - | 37,131 |
| Amortization of funding costs | - | 704 | 704 | - | 704 | 704 |
| On December 31, 2017 | 53,393 | 23,177 | 76,570 | 53,393 | 23,177 | 76,570 |
| Business combination on 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 31, 2018 | 18,138 | 125,701 | 143,839 | 18,792 | 125,701 | 144,493 |

Maestro Locadora de Veículos S.A.

Notes to the individual and consolidated financial statements – Continued

December 31, 2018 and 2017

(In thousands of Reais, except when otherwise indicated)

27. 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 | Modes | Individual | Consolidated |
|---------------------|----------------------------------|------------|--------------|
| | | 12/31/2018 | 12/31/2018 |
| Management vehicles | Total coverage (property damage) | 1,400 | 1,400 |
| Management vehicles | Total coverage (personal injury) | 2,800 | 2,800 |
| Building | Total coverage (property damage) | 4,052 | 4,097 |

On January 8, 2018, the Company contracted civil liability insurance for its directors (D&O insurance), valid for one year.

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

Maestro Locadora de Veículos S.A.

Notes to the individual and consolidated financial statements – Continued
December 31, 2018 and 2017
(In thousands of Reais, except when otherwise indicated)

Officers' statement on the financial statements

Statement

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, 2018.

São Paulo, March 28, 2019.

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
Managing Officer

Felipe Braz Brandão De Souza
Officer without specific designation

Officers' Statement on the independent auditor's report

Statement

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, 2018.

São Paulo, March 28, 2019.

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
Managing Officer

Felipe Braz Brandão De Souza
Officer without specific designation