



**MOBILITY TO DELIVER
BIG RESULTS.
MOVIDA BEYOND THE CARS.**



FINANCIAL STATEMENTS 2018

movida
aluguel de carros

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Record net income of R\$160 million in 2018, with growth of 143%

- **ROIC of 10.7%**, exceeding the cost of debt, of 5.6%, by **5.1 p.p.**
- **Growth of 47.6%** in EBITDA, to a record **R\$482 million**
- **Expansion of 8.5 p.p.** in the RAC EBITDA margin, to 39.9%
- **Growth of 49.2%** in the volume of GTF, to **7.6 million daily rentals**
- **Growth of 198% in the mobile channel** as a result of the **focus on Individuals**
- **Best Services provider of the industry** (Estadão) and **High-Performance Company** (BCG) **Awards**

- (**Net Income of R\$159.8 million** in 2018, **143.2% up on 2017**.
- (**LTM ROIC of 10.7% in the year**, 1.5 p.p. more than in 2017, exceeding the cost of debt (net of taxes), of 5.6%, by **5.1 p.p.**, proving the Company's value creation.
- (**Consolidated EBITDA of R\$481.7 million** in 2018, **47.6% up** on 2017.
- (**YoY growth of 8.5 p.p. in the RAC EBITDA margin** in 2018, thanks to **operational improvements** and the expansion of the **occupancy rate to 77.8%** at the end of 2018.
- (**49.2% increase** in the volume of GTF daily rentals in 2018, following the addition of approximately 7 thousand cars to the operational fleet.
- (**Seminovos EBITDA remained virtually flat**, , closing the year with 67 million in 2018, the year with approximately 36 thousand cars sold.
- (**Ranked first as the company providing the Best Services of the Industry, according to Estadão**, based on satisfaction surveys with 6 thousand customers, thanks to our **focus on individuals**. **Global award of the top 50 performing companies in emerging economies**, joining "The 2018 BCG Local Dynamos" list of the Boston Consulting Group (BCG).

Note: The data for 2017 were not adjusted according to the new IFRS standards.



MESSAGE FROM MANAGEMENT

We ended 2018 with **record EBITDA and net income, of R\$482 million (+48%) and R\$160 million (+143%)**, respectively, with a **net margin of 13.5% (+6.6 p.p.)**. We grew sequentially in all quarters in 2018 and posted **record results for the sixth time** in 4Q18. We proved our **turnaround capacity**, and we are now a **more mature company** that is ready for a **new growth cycle**, with strengthened structure, processes and controls. **This is an achievement from our people**, who is increasingly **engaged to serve with joy**. Through the Workplace, implemented in 2018, we are able to see that we have been building **strong relationships** and a **distinguished team**. This tool shows the **innovation that is in our DNA** and streamlines the communication process, ensuring the **cultural alignment** of our thousands of employees, **who are our most precious assets**.

The car rental market **continues to grow**, allowing us to become **even more selective about our growth**. Gross revenue came to **R\$2.7 billion**, boosted by the **28% growth in revenue from services**, which reached R\$1.4 billion. At the end of the year, we had approximately **93 thousand cars in our total fleet**, 63 thousand of which from RAC and 30 thousand from GTF, **an annual growth of 22%**. The GTF fleet increased 58% in 2018, in line with our **strategy of increasing the share** of this business in the consolidated result. In the RAC segment, the fleet increased by 11% **and gains in efficiency led to a 19% revenue growth** in 2018. We begin 2019 with **R\$812 million in cash**, which, together with the strengthening in the capital structure and the larger fleet, allow us to foresee the **continuity in economies of scale and expansion of margins**.

Our **performance in services** contributed the most for this result, with **expansion of 6.3 p.p.** in the consolidated EBITDA margin, with **prospects to increase in 2019**. The EBITDA grew by 39% YoY in the RAC segment, 42% in GTF and **remained virtually flat in the Used Car sales segment** in 2018. The **administrative strengthening and brand rebuilding in Seminovos Movida in September 2018**, created a **new cycle** for that business line. We created the concept of a **quality seal**, ensuring the origin of our cars and improving **satisfaction levels**. These initiatives contributed to the **27% increase** in the volume of cars sold in **4Q18 over 3Q18, to 10 thousand cars**, which was the **best quarter of 2018**. Together with **new sales channels** and the upswing of the Used Car sales market, we should **grow even more significantly** this year.

We maintained our **simplicity, joviality and focus on customers**. We continue innovating by using **state-of-the-art technology** in our operations. Our statistics tools, which use the **Python programming language**, and the expansion of the Yield Management team allowed improving the **pricing model for both RAC and Used Car sales**. The availability of the right vehicle at the right place and price optimizes the supply vs. demand ratio, reaffirming the position of **customers as the main pillar in our business**. At RAC, we were able to **maintain the increase in occupancy**, of 77.8% in 4Q18, associated to the **growth in daily rentals**.

The implementation of systems, such as SAP, for all business lines allows **more efficient management**. We use the agile method in our daily activities, not only in IT, but as **an efficient and flexible interaction style**, prioritizing service excellence. We launched **service innovations**, using totems and tablets, and new forms of payment, such as prepayment, Apple Pay and Samsung Pay. By **generating higher demand flows**, we grew by approximately **198% in the mobile channel and saw a 49% increase in the number of organic visits** to our website in 4Q18. The success of this **model focused on the digital segment and individuals is what distinguishes us** in the RAC segment, and is being replicated to the other business lines.



Our customers are the main reason for our growth, and their perception towards Movida became even more positive in 2018, which was proven by the **several awards** we received in the year, especially from Estadão, which recognized us as the **company providing the best services in our industry**. We joined the “The 2018 BCG Local Dynamos” select list, whereby the Boston Consulting Group (BCG) appoints the **top 50 performing companies in emerging economies**, which comprised only **four Brazilian companies**. The pillars evaluated were **growth, value creation and comparison with market peers**. Additionally, our Net Promoter Score (NPS) **improved in 2018**, proving the **satisfaction of more than 2.5 million people** registered in our base, with monthly addition of approximately **50 thousand new drivers’ licenses**.

We deliver **much more than cars**. We became the **only Brazilian multimodal mobility platform** to offer electric bicycles and trikes, to both individuals and the corporate segment. Together with ENEL, we implemented an app that provides employees with a **customized solution**, literally on the palm of their hands, which **optimizes transportation by combining several modes**. We plan not only to enable transport from point A to point B, **but also to encourage the use of intelligence** in the mobility network. Thus, we continue **promoting several initiatives that deliver value to society**.

MovidaLabs accelerated the development of this network, allowing implementation of several **training and innovation** projects, strengthening our **digital transformation culture**. The partnership with E-moving (electric bicycles), which has become an intrinsic business and completes our **offer of disruptive services**, is an example of the **expansion of our network**.

Our products have also improved in 2018. An example was the launch of Movida Zero Km Premium to meet the **high demand from individuals for both cars and distinguished services**. The public’s evaluation of MensalFlex, which has been **increasingly growing**, allowed us to identify this niche. We launched the Carbon Free program for the GTF segment, which was **decisive** for the renewal of contracts with several customers, such as L’Oreal, with its **100% Green Fleet** project. Thanks to this product, we received **the Green Fleet and Freight award** in 2018 as a Company with a Sustainable Process/Product.

We have been working to certify Movida as **Company B** and, in 2018, we joined the **Corporate Pact for Integrity and Against Corruption by the Ethos Institute of Business and Social Responsibility**. Additionally, we created a **Project with Gerando Falcões**, an organization that encourages youngsters from deprived communities to join the labor market. We aim at improving the Environmental, Social and Governance (ESG) indexes by **increasingly complying with the purpose of business sustainability**, becoming agents of environmental and social changes.

We would like to thank all those who support us and helped us **multiply by approximately than 2.5 times our profit** in the year. Our results prove our capacity to **overcome challenges**, such as default and claims, with **gains of 6% in revenue from services**.

Even better than presenting such concrete result, is **reinforcing our trend of constant improvement**, which is expected to **continue in the coming years**. We expect to see **solid fundamentals** in 2019, with a **rational market that will provide even more opportunities for growth**. We are focused on **optimizing the complete life cycle of cars** in our operations, seeking to **constantly delight our customers**. We remain confident that our industry’s profitability and value creation levels are **still being built**. Together, we will make **Movida the company that will set this new level, delivering much more than just cars!**

#PartiuMovida2019!

Thank you. Sincerely,
Renato Horta Franklin | CEO



1) **Movida: Vire a Chave, Vá de Movida (Turn the Key, Go with Movida)**

Incorporated on October 1, 2014, Movida Participações S.A. consolidates the activities of RAC (rent a car) and GTF (fleet management and outsourcing), working with the culture and principles of serving customers, in order to strengthen this relationship. It is the only Brazilian car rental company to offer a multiplatform of urban mobility solutions. In 2018, Movida launched I-move, the Company's branch operating in this niche. We ended 2018 with approximately 93 thousand vehicles, 63 thousand of which in RAC and 30 thousand in GTF.

Movida operates through two lines of business, RAC and GTF, integrated by the permanent process of renewal of its operational fleet, demobilization of assets and sale of these used cars through its own stores, mainly under the Seminovos Movida brand.

RAC – Rent a Car

Provides rental service of lightweight vehicles on a daily, monthly and annual basis to individuals and companies. Movida ended 2018 with 186 stores located in all Brazilian states and main airports. It values the quality of services rendered and provides all customers with distinguished options, such as: 27-hour daily rentals, VIP service at the Congonhas Airport through *Movida Express*, unlimited mileage, car rental to individuals over 19 years old, the “*Movida Move Você*” loyalty program (whose rules are based on the best practices of the most modern loyalty programs), Carbon Free (Rental CO² offsetting program), Movida Connect, Movida Trikke (rental of electric tricycles) and monthly rental of electric bicycles. In 2018, the Company launched I-Move, a new mobility platform that brings together new modes and integrates our customers' experience in a single urban mobility ecosystem.

In terms of product and service sales, Movida offers a specialized, multifunctional call center aimed at service excellence, operating at the fast pace required by modern life, 24 hours a day, every day of the week. It also provides customers with services via WhatsApp and an intuitive website with simple navigation that was remodeled in 2017, aimed at the best customer experience. Additionally, it offers a mobile app in the main systemic platforms, with increasing presence in social medias and customer support via ChatBot, using state-of-the-art artificial intelligence tools to optimize the experience of renting a car. As of December 31, 2018, Movida had 63,177 vehicles in its RAC fleet, 11% up on 2017, with more than 90 models distributed in 21 car groups available to customers.

Moreover, Movida has introduced Premium cars in the Brazilian car rental market and is constantly bringing new models and categories to its customer base.

GTF – Fleet Management and Outsourcing

Provides car rental services through long-term contracts (over 12 months) with corporate customers. Expansion is selective and focuses on an exclusive fleet profile in line with the purchase pattern of the RAC segment in order to optimize the asset cycle. Services comprise the analysis of vehicle fleet sizing, including acquisitions, customization and standardization of the customer's fleet, rentals, management of maintenance, temporary vehicles, reserve vehicles, management of documentation, and replacement and demobilization. In order to manage these services, our customers are provided with an online management platforms with dashboards and management reports that offer transparency and agility, in addition to an app that allows scheduling preventive maintenance and finding routes. Customers are provided with a diversity of contractual modalities, which include aggregate services, such as corrective and preventive



maintenance, insurance, tire replacement, vehicle replacement during maintenance periods, as well as various vehicle brands and models.

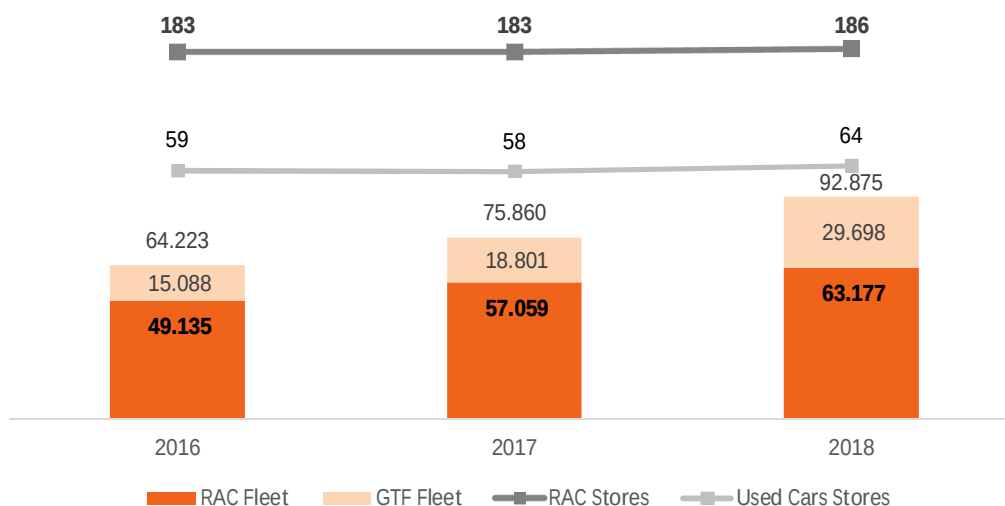
The fleet is acquired as contracts signed and are based on customers' specific needs. As of December 31, 2018, 29,698 vehicles comprised the GTF fleet, a year-on-year increase of 10,897 vehicles (+58.0%). Considering the quality of the services provided, Movida offers, in addition to the online tools, a Customer Service to GTF customers that offers continuous support and answers questions and complaints, and also prioritizes agility in solving demands. This is a distinguished segment since it uses technology such as telemetry and the B2B portal, and is provided with support from RAC stores, which allows us to quickly and assertively respond to our customers' demands. This business line accounted for 25% of service revenue in 2018, and will become even more significant given the Company's total result in the coming quarters, contributing to the consolidated margins.

Used Car Sales

During the fleet's renewal period, or at the end of the contracts, the assets used for rentals are put on sale. The sale of assets used in this service generates a relevant residual value, which is characteristic of the business. The age, mileage and condition of the vehicle are important factors considered in the decision to sell the vehicle in the retail sector or to resellers.

The brand, rebuilt in 2018, created the Movida's quality seal, which guarantees the origin of vehicles and improves stores. In 2018, the Company had 64 stores in Brazil.

Breakdown of fleet, RAC stores and Seminovos Movida stores





2) Operating Performance

Gross Revenue

In 2018, Movida posted total gross revenue of R\$2.7 billion, 5.0% up on 2017. In order to support the growth of its operations, the Company invested R\$2.4 billion in the year, R\$693 million of which to expand business (R\$690 million in fleet and R\$2.8 million in new stores) and R\$1.6 billion in fleet renewals.

Gross Revenue (R\$ thousand)	2017	2018	Var. 2018x2017
RAC	903,172	997,279	10.4%
GTF	231,278	365,556	58.1%
Used Cars Sales	1,452,365	1,354,353	-6.7%
TOTAL	2,586,815	2,717,188	5.0%

The expansion of the RAC operation is a result of investments to increase the fleet in the period, seeking economies of scale while maintaining the geographical coverage built over the past years. The GTF operation was positively impacted by the increase in fleet and contract adjustments to light use customers. In 2018, 35,811 used cars were sold as part of the process to renew vehicles acquired in the previous year, a 3.2% year-on-year increase in the average sale price, which reached R\$37,819 in 2018. This result is based on the increase in scale, quality and asset variety, increase in the number of retail sales, and the strengthening of the "Seminovos Movida" brand.



Financial Highlights

Financial Statements (R\$ thousand)	2017	2018	Var. 2018 x 2017
Consolidated			
Gross Revenue	2,586,815	2,717,188	5.0%
Deductions	(118,832)	(178,599)	50.3%
Net Revenue	2,467,983	2,538,589	2.9%
Net Revenue from Services	1,017,908	1,186,366	16.5%
Net Revenue from Assets Sales	1,450,076	1,352,223	-6.7%
Cost	(1,823,113)	(1,731,963)	-5.0%
Gross Income	644,870	806,626	25.1%
Gross Margin ¹	63.4%	68.0%	+4.6 p.p
Gross Margin ²	26.1%	31.8%	+5.7 p.p
Administrative Expenses	(392,762)	(426,899)	8.7%
EBITDA	326,310	481,738	47.6%
EBITDA Margin ¹	32.1%	40.6%	+8.5 p.p
EBITDA Margin ²	13.2%	19.0%	+5.8 p.p
EBIT	252,108	379,727	50.6%
EBIT Margin ¹	24.8%	32.0%	+7.2 p.p
EBIT Margin ²	10.2%	15.0%	+4.8 p.p
Financial Result	(161,795)	(172,785)	6.8%
Financial Expenses	(217,682)	(219,136)	0.7%
Financial Revenues	55,887	46,351	-17.1%
EBT	90,313	206,942	129.1%
EBT Margin ¹	8.9%	17.4%	+8.5 p.p
EBT Margin ²	3.7%	8.2%	+4.5 p.p
Net Income	65,743	159,756	143.2%
Net Margin ¹	6.5%	13.5%	+7.0 p.p
Net Margin ²	2.7%	6.3%	+3.6 p.p

¹ Over net revenue from services

¹ Over total revenue

Net revenue

Movida's total net revenue was R\$2.5 billion, 2.9% up on 2017, and consists of R\$1.2 billion in net revenue from services and R\$1.4 billion in net asset sales revenue.

Costs

The Company's total costs came to R\$1.7 billion in 2018, R\$439 million of which in service costs and R\$1.3 billion in asset sale costs. Total costs fell by 5.0%, below the 2.9% increase in the Company's net revenue, an upturn of 4.6 p.p. in the gross margin¹. Total gross profit reached R\$807 million in 2018, with a gross margin¹ of 68.0%.



Earnings before Interest and Taxes (EBIT)

EBIT reached R\$380 million, with a margin of 32.0%, 50.6% up on 2017, mainly due to GTF activities and higher dilution of costs of the operating structure previously built.

Net Financial Result

The consolidated net financial result corresponded to an expense of R\$173 million in 2018, related to the increase in net debt, due to fleet increase, which was partially offset by the lower net average cost of debt. The Company has a conservative cash management, with R\$812 million in cash at the end of 2018. Robust cash equivalent levels led to a negative cash carrying costs in 2018.

Net Income and EBITDA

Movida's net income totaled R\$160 million in 2018, 143.0% more than in 2017, with a net margin¹ 7.0 p.p. higher, reaching 13.5% in the year. Total EBITDA was R\$482 million, up by 47.6%, with an EBITDA margin¹ of 40.6%. The increase in the EBITDA margin was due to operational improvements in service lines.

EBITDA (R\$ thousand)	2017	2018	Var. 2018x2017
RAC	256,184	355,182	38.6%
Margin	31.4%	39.9%	+8.5 p.p
GTF	136,324	193,606	42.0%
Margin	67.9%	65.2%	-2.7 p.p
Used Cars Sales	(66,197)	(67,050)	1.2%
Margin	-4.6%	-5.0%	-0.4 p.p
TOTAL	326,310	481,738	47.6%

ROIC

ROIC was 10.7% in 2018, an improvement of 1.5 p.p. when compared to 2017, mainly due to improved results and gains in scale of the operations.

3) Liquidity: Cash and Debt

Indebtness (R\$ thousand)	2017	2018	Var. 2018x2017
Suppliers financing - car makers	848,234	1,045,934	23.3%
Debentures	719,959	1,217,737	69.1%
Suppliers confirming	228,769	-	-
Finance leases payable	64,078	2,261	-96.5%
Cash	(783,609)	(812,151)	3.6%
Net Debt	1,077,431	1,453,781	34.9%

As of December 31, 2018, cash and securities totaled R\$812 million, due to funding operations during the year, such as the Debenture issue, which helped the Company to optimize, lengthen and reduce funding costs. Additionally, we preventively increased capital in 2018, strengthening our structure in an economically challenging year. The Company's net debt totaled R\$1.5 billion in December 2018, compared to net property and equipment of R\$3.6 billion. Net debt in 2018

¹ Over net revenue from services



was 34.9% higher than in 2017, associated to investments of R\$2.4 billion. The Company's debt was mostly allocated to acquire assets. In addition, the Company has R\$351.9 million in non-current accounts receivable.

4) Investments

Movida invested R\$2.4 billion in 2018, R\$693 million of which to expand business (R\$690 million in fleet and R\$2.8 million in new stores) and R\$1.6 billion in fleet renewal.

It is worth noting that 98% of Movida's investments were aimed at its fleet, and that the Company has great flexibility to postpone the renewal of its assets, due to the low average age of the fleet, or to monetize the value of the assets, since they are highly liquid.

5) Significant Corporate Events

On October 17, 2018, the Company's private capital increase was fully ratified. Forty-nine million, nine hundred and twenty-nine thousand, four hundred and twenty-eight (49,929,428) new registered, book-entry common shares with no par value were subscribed at the total subscription price of three hundred and twelve million, five hundred and fifty-eight thousand, two hundred and nineteen reais and twenty-eight centavos (R\$312,558,219.28). The Company's paid-up capital stock increased to one billion, five hundred and fourteen million, one hundred and forty-one thousand, nine hundred and fourteen reais and sixty centavos (R\$1,514,141,914.60), composed of two hundred and sixty-three million, four hundred and twenty-one thousand and fourteen (263,421,014) common shares.

6) Human Capital

Movida values the growth of its employees and their development is essential to the company. It also encourages the creativity of its team, in order to present distinguished solutions that can help improve service dynamics. At the end of 2018, Movida had 3,604 professionals, 79% of which in operational positions, 17% in administrative positions, and 4% in commercial positions - 39% being women and 61% men.

Movida shares its culture of providing services to customers along with its team, and knows that the more qualified its professionals, the better customer service it will provide. As a result, the Company created the *Academia Movida* (Movida Academy), which offers distance-learning courses using technology and videos in an interactive and engaging manner. In addition to general training courses, there are specific courses for each of the Company's activities, such as customer service, from the signing of a contract to the return of a vehicle, preparation of stores and leadership, as well as institutional integration for newly hired employees. In 2018, 126 new distance-learning courses were launched, with 90% of the operational staff signed up for. 2019 begins with focus on leader training and intensified in-company trainings.

The energy, friendliness and dedication of employees are Movida's main competitive advantage and are essential to achieving the goals. Having this as one of the main focuses, 2018 began with the launch of the internship program, the hiring of 14 young professionals to diverse areas of the Company and the continuity of the Young Talents program. The Company received more than 20,000 résumés from all over Brazil from young individuals who are interested in joining Movida and, after a through selection process, 42 talents will be presented before a selection committee.



The Company follows the guidelines of human and labor rights, based on its Code of Conduct and Human Relations Policy. The policy establishes the Company's position against child labor, forced labor, and discrimination, ensuring freedom of association and collective bargaining. As a result, the Company reinforces its commitment to the Declaration of Human Rights and International Labor Standards. In addition, Movida uses a control mechanism called *Canal Alerta* (Alert Channel), a tool that helps prevent potential abuse of these rights.

Innovation is in our DNA. In 2018, we implemented the Workplace – a Facebook tool that streamlines the communication process, making it more interactive and secure, bringing all employees close to the stores (RAC and Seminovos), improving management and ensuring cultural alignment.

The Company also revised its leadership assessment process to include formal feedback and mutual agreement between leaders and teams in order to define the next steps of each Movida leader in the long term.

The Company entered into a partnership with Gerando Falcões, an organization that encourages youngsters from deprived communities to join the labor market. In 2019, the Company intends to increase social inclusion.

7) Risk Management and Corporate Governance

The Group's Corporate Risk, Compliance and Audit Management Executive Department is responsible for monitoring the Company's risks and the organizational risk management structure, and reports directly to the Board of Directors, the CEO and the Ethics and Compliance Committee.

It was divided into work fronts: (i) Compliance: responsible for leading the monitoring of compliance risks in order to mitigate and prevent said risks, and guide company employees and third parties on the Company's internal rules; (ii) Risk management: responsible for leading the monitoring of risk and the effectiveness of internal controls in order to mitigate said risks; (iii) Internal audit: responsible for investigating complaints and/or indications of fraud or noncompliance with the Company's internal rules, by analyzing the results obtained in investigation tests and managing the Company's Whistleblower Channel.

The Company has an Ethics and Compliance Committee that reports to the Board of Directors. The objective of this Committee is to advise said body and the Board of Executive Officers regarding: (i) compliance, dissemination and updating of the Company's Code of Conduct and internal regulations, (ii) analysis, application of disciplinary measures, recommendation and follow-up of preventive initiatives in cases of breach to the Brazilian law applicable to the Company's businesses, mainly compliance with Law 12,846/2013 (Anti-Corruption Law) and other laws prohibiting bribery, fraud, offering or receiving unfair advantage; (iii) evaluation of the efficiency and efficacy of the Compliance Program and its adherence to the requirements of Decree 8,420/2015 and other regulations addressing the subject, aiming to establish a culture of compliance, the mitigation and prevention of risks and losses, (iv) analysis and validation of suggestions to amend the Company's Anti-Corruption Policies; (v) analysis and validation of requests for donations and sponsorships to agents of the Public Administration; (vi) evaluation and analysis of actions and omissions, if applicable,: a) by the Company's employees; and b) those involving third parties, suppliers, service providers, partners and business consultants that have a relationship with the Company.



The processes, procedures and internal controls allow Management and other leaders to manage financial risks - liquidity, market and credit, strategic, operating, compliance, disclosure, image and legal, according to the policies and limits established by the Company, including those approved by the Board of Directors, seeking the sustainability of the Company's businesses and its ability to continue as a going concern.

Moreover, the risk management policy adopted by the Company aims at setting principles, guidelines and responsibilities to be complied with during the management of corporate risks, so as to enable adequate identification, evaluation, treatment, monitoring and communication. The policy also includes the definitions used by the Company as assumptions for understanding the processes and procedures adopted, methodology used, organizational structure and employees' responsibilities.

In addition, the purpose of the Related Party Policy is to ensure that all decisions with a potential conflict of interest involving the Company are favorable to the Company and its shareholders and are also conducted within market conditions, valuing the best corporate governance practices, with due transparency.

8) Social and Environmental Responsibility

Movida's initiatives focus on mitigating the impact of its activities on the environment and society. Such initiatives include controlling the use of water, energy, and mileage, as well as the involvement of employees in initiatives to raise awareness about the efficient use of materials. The average age of Movida's total fleet is low, which helps increase safety, reduce pollution and lower maintenance costs.

Concerned with the greenhouse effect and global warming, Movida offers its customers a carbon free rental as an alternative to neutralize the same amount of CO₂ issued during vehicle use. By means of a partnership with the SOS Mata Atlântica Foundation, the program proposes neutralization by planting trees in the Brazilian territory, since forests capture CO₂, reducing its concentration in the atmosphere and positively contributing to the fight against climate change. Customers who chose the carbon free option have an additional symbolic fee included to the daily rental fee. For each adhesion, Movida pays for the other costs, sharing this responsibility. In 2018, over 90,000 square meters were reforested due to this initiative, which corresponds to 22 soccer fields.

Additionally, the Company has other initiatives that envision more sustainable mobility, giving continuity to its pioneering profile, such as the unprecedented launch of the Trikke Movida on the Rio de Janeiro waterfront, which provides rentals of electric tricycles. This initiative, together with the strategic alliance with E-Moving, a startup that rents and sells electric bicycles, led the Company to create the "I-Move" brand.

Movida joined the Corporate Pact for Integrity and Against Corruption, by the Ethos Institute of Business and Social Responsibility, which is a voluntary commitment assumed by private and public companies, designed to bring them together in order to promote a more ethical market and reduce different corruption practices. By becoming signatories to the pact, companies are committed to disclose the Brazilian anti-corruption law to their employees and stakeholders, so that it can be fully complied with. They also undertake to prohibit any type of bribery and prioritize the transparency of information and collaborate with investigations, when necessary.



As a result of initiatives that show the Company's concern with social and environmental responsibility, Movida is now pursuing the Corporate B Seal – international certification of companies based on governance, transparency, environment and community, granted by B Lab, a non-profit entity based in the United States.

9) Sector scenario

2018 began with weak economic activity and political unpredictability, creating uncertainty about Brazil's economic and political future. On the other hand, the financial indexes and the consumer confidence improved in the end of the year, indicating a more optimistic market for 2019. The "Economic Scenario" report published by Bradesco in December 2018 forecasts a 6% increase in GDP per capita in Brazil between 2018 and 2019.

The "XP Check" car rental market research disclosed in early 2018 showed a 13 p.p. increase in the number of consumers who said they had given up on a trip in 2017 because of costs. The improved macroeconomic indexes tend to revert this situation, increasing the flow of tourism and helping expand the car rental market. In addition, there are underpenetrated markets in other car rental modalities, such as monthly contracts and apps, that tend to grow faster.

Consumer behavior has changed, adjusting to the arrival of new urban mobility technologies. Prizing ownership is being replaced by shared use trends. Thanks to these changes, car rental companies have been offering distinguished solutions, acting as multipliers of the innovation mindset. According to "Revista Locação" published by ABLA (November/December edition), the dissemination of this change in habit is responsible for the market growth in the country.

The reduction in prices charged by the main market players increases the financial accessibility of the service, and, consequently, the occupancy rates, fostering growth in demand, especially from individuals, who are Movida's main public.

The Fleet Management and Outsourcing market is still incipient in Brazil. Approximately only 15% of companies that have corporate fleets outsource this type of service. There is still a lot of room to grow, with nearly 7 million corporate vehicles in Brazil that are not outsourced yet. According to ABLA, the outsourced fleet increased by 34% between 2013 and 2017, while the fleet of the three largest companies of the industry grew by 61% between 2013 and 2018. Movida believes that by using market intelligence, strategic management, sustainable solutions and IoT ("Internet of Things") in services, it will be able to deliver even more value to its clients.

With regards to Used Car Sales, and according to the National Federation of Car Dealer Associations (FENAUTO), the volume of light vehicle sales (0 to 3 years of use) fell by more than 52% YoY in 2018. The most critical decrease was in June/July 2018, due to the crisis arising from the truck drivers' strike. As of September, near the definition of the presidential elections, growth resumed and sales volume expanded by 28% until December. This trend also strengthens the positive feeling for 2019, considering that asset turnover optimization will be one of the Company's main focuses.

10) Independent Auditor

In 2018, pursuant to CVM Instruction 381/03, Movida informed that KPMG Auditores Independentes audited only the parent company and consolidated financial statements for the fiscal year ended December 31, 2018.



11) Management Declaration

In accordance with the provisions of CVM Instruction 480/09, Management hereby declares that it has discussed, reviewed and agreed with the opinions expressed in the independent auditor's report and the financial statements for the fiscal year ended on December 31, 2018.

<http://ri.movida.com.br/>

Renato Horta Franklin

CEO

Maximiliano Fernandes

Executive Officer

Jamyl Jarrus Júnior

Executive Officer

Flávio Sales

Executive Officer

Edmar Prado Lopes Neto

Chief Administrative,
Financial and Investor
Relations Officer

Movida Participações S.A. and its subsidiaries

Statements of financial position

Years ended December 31, 2018 and 2017

In thousands of Brazilian reais

		Parent Company		Consolidated				Parent Company		Consolidated	
	Note	12/31/2018	12/31/2017	12/31/2018	12/31/2017		Note	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Assets						Liabilities					
Current						Current					
Cash and cash equivalents	5	122,806	66,644	259,482	411,381	Trade payables	13	17,941	55	972,671	716,062
Marketable securities	6	318,200	169,780	552,669	372,228	Suppliers financing - car makers	14	-	-	-	228,769
Trade receivables	7	43,180	-	351,896	157,921	Loans and borrowings	15	238,035	893	364,344	215,776
Taxes recoverable	8	28,385	6,867	48,202	36,179	Debentures	16	91,286	15,901	117,078	321,943
Fixed assets available for sale	9	16,732	-	215,901	170,849	Finance leases payable	17.1	1,407	-	1,958	57,140
Dividends receivable	10.1	36,667	22,388	-	-	Assignment of receivables	-	-	-	-	-
Advance to third parties	-	69	-	1,375	1,373	Labor liabilities	18	13,870	3,960	48,425	29,142
Prepaid expenses	-	2,046	28	6,134	9,107	Tax liabilities	19	1,709	4,317	7,885	14,849
						Income tax and social contribution					
Other receivables	-	169	78	282	2,300	payable	21.4	1	-	9,319	-
		<u>568,254</u>	<u>265,785</u>	<u>1,435,941</u>	<u>1,161,338</u>	Dividends payable	22.4	54,468	13,536	54,468	13,536
						Other payables	-	19,658	3,383	66,733	18,560
								<u>438,375</u>	<u>42,045</u>	<u>1,642,881</u>	<u>1,615,777</u>
Noncurrent assets						Noncurrent liabilities					
Long-term assets						Loans and borrowings	15	314,672	130,737	681,590	632,458
Trade receivables	7	3,547	-	4,114	2,528	Debentures	16	772,031	398,016	1,100,659	398,016
Taxes recoverable	8	-	-	19,048	-	Finance leases payable	17.1	50	-	303	6,938
						Provision for judicial and administrative					
Judicial deposits	20	202	-	1,136	833	litigation	20	102	-	5,509	3,451
Deferred income tax and social						Deferred income tax and social					
contribution	21.1	35,209	17,059	35,748	18,410	contribution	21.1	-	-	101,317	64,990
Investments	10	2,486,400	1,571,677	1,043	-	Other payables	-	78	-	1,200	-
Property and equipment	11	88,155	-	3,647,351	2,799,625			<u>1,086,933</u>	<u>528,753</u>	<u>1,890,578</u>	<u>1,105,853</u>
Intangible assets	12	2,383	1,117	47,920	23,736	Equity					
		<u>2,615,896</u>	<u>1,589,853</u>	<u>3,756,360</u>	<u>2,845,132</u>	Share capital	22.1	1,490,141	1,177,581	1,490,141	1,177,581
							22.3 and				
						Capital reserve	22.5	50,973	50,443	50,973	50,443
						Treasury shares	22.2	(8,518)	-	(8,518)	-
						Earnings reserve	-	126,246	56,816	126,246	56,816
						Total equity		<u>1,658,842</u>	<u>1,284,840</u>	<u>1,658,842</u>	<u>1,284,840</u>
Total assets		<u>3,184,150</u>	<u>1,855,638</u>	<u>5,192,301</u>	<u>4,006,470</u>	Total liabilities and equity		<u>3,184,150</u>	<u>1,855,638</u>	<u>5,192,301</u>	<u>4,006,470</u>

The balances as of December 31, 2018 reflect the impacts with the adoption of CPC 48 / IFRS 9 - Financial Instruments and CPC 47 / IFRS 15 - Revenue from Contracts with Customers, and the statements of financial position as at December 31, 2017 are not being restated since the Company and its subsidiaries opted for prospective adoption. Note 2.29 reflects the adoption of CPC 48 / IFRS 9 and CPC 47 / IFRS 15 on January 1, 2018.

The subsidiary Movida Gestão e Terceirização de Frotas S.A. was merged into its then parent company Movida Participações S.A. on April 1, 2018. As of this date, the financial statements of the parent company reflect the balances and transactions of the merged company, thus affecting its comparative base, which does not contain balances and transactions of the then subsidiary Movida Gestão e Terceirização de Frotas S.A..

Movida Participações S.A. and its subsidiaries

Statements of profit or loss

For the years ended December 31, 2018 and 2017

In thousands of Brazilian reais, except for earnings per share

		Parent Company		Consolidated	
	Note	12/31/2018	12/31/2017	12/31/2018	12/31/2017
					(Reclassified note 2.31)
Continuing operations					
Net revenue from services rendered and sale of assets used in services rendered	23	277,901	-	2,538,599	2,467,983
(-) Cost of services rendered	25	(157,938)	-	(439,166)	(446,657)
Cost of sale of assets used in services rendered	25	(57,516)	-	(1,292,797)	(1,376,456)
(=) Total cost		(215,454)	-	(1,731,963)	(1,823,113)
(=) Gross profit		62,447	-	806,636	644,870
Administrative expenses	25	(26,646)	(8,230)	(198,370)	(161,878)
Selling expenses	25	(5,011)	-	(173,880)	(129,682)
Impairment of trade receivables and contract assets		2,811	-	1,351	(27,321)
Other operating income (expenses), net	25	3,102	1,625	(56,010)	(73,881)
Equity-accounted investees	10	164,647	77,125	-	-
Profit before finance income and costs		201,350	70,520	379,727	252,108
Finance income	24	25,210	12,077	46,351	55,887
Finance costs	24	(102,128)	(20,592)	(219,136)	(217,682)
(=) Profit before income tax and social contribution		124,432	62,005	206,942	90,313
Income tax and social contribution	21.2	35,322	4,461	(47,188)	(24,570)
Profit for the year from continuing operations		159,754	66,466	159,754	65,743
Discontinued operations					
Profit for the year from discontinued operations		-	-	-	723
Profit for the year		159,754	66,466	159,754	66,466
(=) Basic and diluted earnings per share at the end of the year - in R\$	28			0.7274	0.3223

The balances as of December 31, 2018 reflect the impacts with the adoption of CPC 48 / IFRS 9 - Financial Instruments and CPC 47 / IFRS 15 - Revenue from Contracts with Customers, and the statements of financial position as at December 31, 2017 are not being restated since the Company and its subsidiaries opted for prospective adoption. Note 2.29 reflects the adoption of CPC 48 / IFRS 9 and CPC 47 / IFRS 15 on January 1, 2018.

The subsidiary Movida Gestão e Terceirização de Frotas S.A. was merged into its then parent company Movida Participações S.A. on April 1, 2018. As of this date, the financial statements of the parent company reflect the balances and transactions of the merged company, thus affecting its comparative base, which does not contain balances and transactions of the then subsidiary Movida Gestão e Terceirização de Frotas S.A..

Movida Participações S.A. and its subsidiaries

Statements of comprehensive income

For the years ended December 31, 2018 and 2017

In thousands of Brazilian reais

	Parent Company		Consolidated	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Profit for the year	159,754	66,466	159,754	66,466
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	159,754	66,466	159,754	66,466

The balances as of December 31, 2018 reflect the impacts with the adoption of CPC 48 / IFRS 9 - Financial Instruments and CPC 47 / IFRS 15 - Revenue from Contracts with Customers, and the statements of financial position as at December 31, 2017 are not being restated since the Company and its subsidiaries opted for prospective adoption. Note 2.29 reflects the adoption of CPC 48 / IFRS 9 and CPC 47 / IFRS 15 on January 1, 2018.

Movida Participações S.A. and its subsidiaries
Statements of changes in equity
For the years ended December 31, 2018 and 2017
In thousands of Brazilian reais

	Note	Share capital	Capital reserve	Treasury shares	Earnings reserve			Retained earnings	Equity valuation adjustments	Total equity
					Legal reserve	Earnings retention	Additional dividends proposed			
Balances at January 1, 2017		715,629	-	-	5,576	483	77	-	-	721,765
Capital increase with Initial Public Offering (IPO)	22.3	535,955	-	-	-	-	-	-	-	535,955
Capital reserve	22.3	(50,000)	50,000	-	-	-	-	-	-	-
IPO costs	-	(36,367)	-	-	-	-	-	-	-	(36,367)
Deferred taxes on IPO costs	-	12,364	-	-	-	-	-	-	-	12,364
Share-based payment transactions	-	-	443	-	-	-	-	-	-	443
Gains and losses on interests in subsidiaries	-	-	-	-	-	-	-	-	311	311
Equity in gains and losses of subsidiaries	-	-	-	-	-	-	-	-	(311)	(311)
Profit for the year	-	-	-	-	-	-	-	66,466	-	66,466
Legal reserve	-	-	-	-	3,323	-	-	(3,323)	-	-
Profit distribution – minimum mandatory dividends	-	-	-	-	-	-	-	(15,786)	-	(15,786)
Earnings retention	-	-	-	-	-	47,357	-	(47,357)	-	-
Balance at December 31, 2017		1,177,581	50,443	-	8,899	47,840	77	-	-	1,284,840
Adoption of IFRS 9 / CPC 48 and IFRS 15 CPC 47	2.29.2	-	-	-	-	(15,324)	-	-	-	(15,324)
Balance at January 1, 2018		1,177,581	50,443	-	8,899	32,516	77	-	-	1,269,516
Capital increase by issuance of shares	22.1	312,560	-	-	-	-	-	-	-	312,560
Repurchase of shares	22.2	-	-	(8,518)	-	-	-	-	-	(8,518)
Share-based payment transactions	-	-	530	-	-	-	-	-	-	530
Profit for the year	-	-	-	-	-	-	-	159,754	-	159,754
Legal reserve	22.7	-	-	-	7,988	-	-	(7,988)	-	-
Profit distribution – dividends and interest on capital	22.4	-	-	-	-	-	-	(75,000)	-	(75,000)
Earnings retention	-	-	-	-	-	76,766	-	(76,766)	-	-
Balance at December 31, 2018		1,490,141	50,973	(8,518)	16,887	109,282	77	-	-	1,658,842

The balances as of December 31, 2018 reflect the impacts with the adoption of CPC 48 / IFRS 9 - Financial Instruments and CPC 47 / IFRS 15 - Revenue from Contracts with Customers, and the statements of financial position as at December 31, 2017 are not being restated since the Company and its subsidiaries opted for prospective adoption. Note 2.29 reflects the adoption of CPC 48 / IFRS 9 and CPC 47 / IFRS 15 on January 1, 2018.

Movida Participações S.A. and its subsidiaries
Statements of cash flows – indirect method
For the years ended December 31, 2018 and 2017
In thousands of Brazilian reais

		Parent Company		Consolidated	
	Note	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Cash flows from operating activities					
Profit before taxes, including discontinued operations	-	124,432	62,005	206,942	91,409
Depreciation / amortization	25	10,321	-	102,011	74,739
Cost of sale of assets used in services rendered	25	57,516	-	1,292,797	1,387,311
Write-off of stolen vehicles and cost of sales of damaged vehicles	11	1,777	-	116,495	134,997
Write-off of intangible assets	12.1	-	-	-	526
Write-off of added value	-	787	-	1,537	-
Equity-accounted investees	10	(164,647)	(77,125)	-	-
Share-based payment transactions	-	530	443	530	443
Provision for (reversal of) judicial and administrative litigation	20.2	70	-	2,058	3,257
(Reversal of) Provision for impairment of trade receivables	7	(2,810)	-	(1,351)	20,089
Extemporaneous tax credits	25	-	-	(24,048)	(11,515)
Interest and monetary variations on loans and borrowings, finance leases, debentures and suppliers financing	24	97,273	18,352	187,417	186,117
Adjustments to reconcile profit for the year to cash generated by operating activities		125,249	3,675	1,884,388	1,887,373
Decrease (increase) in assets					
Trade receivables	-	(16,066)	-	(217,720)	35,744
Taxes recoverable	-	(2,833)	(2,916)	(7,023)	(4,488)
Judicial deposits	-	(27)	-	(303)	(485)
Prepaid expenses	-	8,952	419	3,011	(2,950)
Other receivables	-	418	1,659	2,582	9,011
(Decrease) increase in liabilities					
Trade payables	-	14,993	55	43,937	(18,155)
Labor and tax liabilities	-	(4,895)	6,024	1,889	15,584
Other accounts payable and advances	-	(7,392)	(877)	49,062	(1,930)
Changes in current and noncurrent assets and liabilities		(6,850)	4,364	(124,565)	32,331
Net cash generated by (used in) operating activities		118,399	8,039	1,759,823	1,919,704
Income tax and social contribution paid	-	-	-	(10,988)	(14,304)
Marketable securities	-	(81,113)	(169,780)	(180,441)	(302,293)
Payment of interest on loans and borrowings, finance leases, debentures and suppliers financing	-	(88,696)	(3,248)	(175,010)	(131,902)
Acquisition of operational property and equipment	-	(8,887)	-	(2,412,157)	(2,491,677)
Net cash (used) in operating activities		(60,297)	(164,989)	(1,018,773)	(1,020,472)
Cash flows from investing activities					
Investment in associates	-	-	-	(1,027)	-
Cash from merger of subsidiary	-	46,416	-	-	-
Acquisition of investments due to purchase of company	-	-	(3,765)	-	(3,372)
Dividends received	-	12,241	36,897	-	-
Capital increase in investee	-	(542,989)	(745,151)	-	-
Acquisition of property and equipment	-	(10)	-	(23,100)	(9,494)
Intangible assets	-	(95)	-	(26,350)	(5,219)
Other changes in investments	-	-	(1,305)	(16)	-
Net cash used in investing activities		(484,437)	(713,324)	(50,493)	(18,085)
Cash flows from financing activities					
Capital increase with subscription of shares	22.1	312,560	-	312,560	-
Repurchase of shares	22.2	(8,518)	-	(8,518)	-
Dividends paid	22.4	(23,638)	(85,964)	(23,638)	(85,964)
Capital increase from IPO, net of offering costs	22.3	-	499,589	-	499,589
Increase in loans and borrowings	15	400,000	131,000	541,834	754,005
Issue of debentures	16	450,000	400,000	800,000	400,000
Payment of finance leases	17	(14,265)	-	(47,939)	(55,245)
Payment of loans and borrowings	15	(164,016)	(557)	(357,401)	(116,023)
Payment of debentures	16	(299,531)	-	(299,531)	-
Assignment of receivables	-	(51,696)	-	-	-
Net cash generated by financing activities		600,896	944,068	917,367	1,396,362
Net increase (decrease) in cash and cash equivalents		56,162	65,755	(151,899)	357,805
Cash and cash equivalents					
At the beginning of the year	-	66,644	889	411,381	53,576
At the end of the year	-	122,806	66,644	259,482	411,381
Net increase (decrease) in cash and cash equivalents		56,162	65,755	(151,899)	357,805
Supplemental information to the statement of cash flows					
Purchase of property and equipment through financing:					
Leasing for the acquisition of property and equipment	-	-	-	-	(2,286)
Suppliers financing - car makers	-	8,258	-	(244,592)	236,934
Property and equipment capitalized with outstanding trade payables	-	-	-	-	114,493

The balances as of December 31, 2018 reflect the impacts with the adoption of CPC 48 / IFRS 9 - Financial Instruments and CPC 47 / IFRS 15 - Revenue from Contracts with Customers, and the statements of financial position as at December 31, 2017 are not being restated since the Company and its subsidiaries opted for prospective adoption. Note 2.29 reflects the adoption of CPC 48 / IFRS 9 and CPC 47 / IFRS 15 on January 1, 2018.

Movida Participações S.A. and its subsidiaries
Statements of value added
For the years ended December 31, 2018 and 2017
In thousands of Brazilian reais

	Parent Company		Consolidated	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Sales and services rendered	331,297	-	2,744,254	2,620,006
Impairment	2,811	-	1,351	(20,089)
Other operating income	1,604	1,625	7,650	7,005
	335,712	1,625	2,753,255	2,606,922
Inputs acquired from third parties				
Cost of sales and services rendered	(239,602)	-	(279,646)	(284,898)
Materials, electricity, outsourced services and others	(13,558)	(3,860)	(1,582,510)	(1,504,228)
	(253,160)	(3,860)	(1,862,156)	(1,789,126)
Gross value added	82,552	(2,235)	891,099	817,796
Retentions				
Depreciation and amortization (Note 26)	(10,321)	-	(102,011)	(74,739)
Losses on trade receivables	-	-	-	(7,171)
Net value added generated by Company	72,231	(2,235)	789,088	735,886
Value added received through transfer				
Equity-accounted investees (Note 10)	164,647	77,125	-	-
Finance income	27,703	12,676	49,843	58,010
	192,350	89,801	49,843	58,010
Total value added to distribute	264,581	87,566	838,931	793,896
Distribution of value added				
Personnel and payroll taxes	23,856	3,793	208,973	166,049
Federal taxes	(23,328)	(1,676)	109,651	85,414
State taxes	2,149	2	52,356	96,814
Municipal taxes	75	-	2,084	3,189
Interest and finance costs	102,029	18,978	218,651	299,781
Leases	46	3	87,462	76,183
Interest on capital	75,000	15,000	75,000	15,000
Dividends	-	786	-	786
Retained earnings for the year	84,754	50,680	84,754	50,680
	264,581	87,566	838,931	793,896

The amounts at December 31, 2018 reflect the impacts with the adoption of CPC 48 / IFRS 9 - Financial instruments and CPC 47 / IFRS 15 - Revenue from Contracts with Customers, and the statements of value added for the years ended December 31, 2017 are not being restated. Note 2.29 presents the effects of the adoption of CPC 48 / IFRS 97 and CPC 47 / IFRS 15 on January 1, 2018.

1. REPORTING ENTITY

The Movida Participações S.A. (the "Company" or "Parent company") is a publicly-traded corporation registered on the New Market of B3 S.A. – (Brasil, Bolsa Balcão - B3), which is the highest level of corporate governance in the Brazilian capital market, under the trading code MOVI3, with its headquarters at 1.017 Renato Paes de Barros street, 9º floor, in the city of São Paulo, controlled by JSL S.A., which holds 70,1% of its common shares

Movida and its subsidiaries, together called "Movida", operate in the segment of light vehicles rental (rent a car) and light vehicle fleet management and outsourcing. As part of its business, Movida constantly renews its fleet, selling the vehicles at the end of their economic lives to replace by new ones.

At December 31, 2018, Movida had 250 company-owned stores, of which 186 were car rental stores and 64 were used car stores (183 and 58 at December 31, 2017, respectively), in 102 cities in Brazil in streets and airports, operating a fleet of 92,875 vehicles (75,860 at December 31, 2017).

On February 7, 2017, the Brazilian Securities and Exchange Commission (CVM) approved the Company's registration of public offering, and its shares started being traded on the stock exchange on February 8, 2017. With the Initial Public Offering of Shares, with primary and secondary distributions, 71,460,674 registered book e-entry common shares with no par value were subscribed and paid in, corresponding to the primary distribution, and 6,741,573 common shares related to the secondary distribution were traded by the controlling shareholder. The total amount contributed to the capital and reserve at December 31, 2017 was R\$ 511,952, net of the costs incurred by the offering.

1.1 Acquisition of BVHD Locação de Veículos e Serviços Ltda. ("BVHD")

On August 11, 2017, Movida Participações S.A. entered into an agreement for acquisition of BVHD, which operated under the "Fleet Services" brand and after the acquisition it started to operate under the "Movida Premium" brand. Located in the city of São Paulo, the subsidiary provides services in the segment of corporate rental of luxury cars and has a fleet of 153 vehicles, of high value added, with an average revenue per car five times greater than a popular car. As a result of the acquisition, Movida is expected to increase its presence in the luxury car rental market, thus increasing its product portfolio.

The acquisition price was determined based on the balance sheet as at June 30, 2017.

The consideration paid was determined as follows:

	Consideration amounts
Price as per the acquisition agreement	22,000
Net cash on the agreement date	332
	22,332
(-) Debt from borrowings	(17,532)
(-) Seller's debt to Movida	(465)
Total consideration	4,335
Contingency reserve (i)	(570)
Cash paid by the parent company	3,765
Cash assumed on the transaction, at the transaction closing date	(393)
Actual cash paid on the transaction	3,372

- (i) The amount of R\$ 570 will be retained by Movida Participações for six years, as guarantee for eventual contingencies. On the acquisition date there were no amounts recognized as provision for contingencies in the acquiree.

Movida Participações S.A. and its subsidiaries
Notes to the individual and consolidated financial statements
For the years ended December 31, 2018 and 2017
In thousands of Brazilian reais, unless indicated otherwise

On September 20, 2017, the Brazilian Antitrust Agency (CADE) approved the acquisition of BVHD. On October 11, 2017, according to the transaction closing agreement, Movida obtained the control over the operation. The fair value of the assets acquired and liabilities assumed for purposes of determining the purchase price allocation according to the report prepared at September 30, 2017 as follows:

Assets	Carrying amount	Fair value adjustment	Fair value at the acquisition date
Cash and cash equivalents	393	-	393
Property and equipment	15,571	1,665	17,236
Intangible assets	7	505	512
Other assets	914	-	914
Total assets	16,885	2,170	19,055
Liabilities			
Trade payables	495	-	495
Loans and borrowings	14,965	1,376	16,341
Other liabilities	538	-	538
Total liabilities	15,998	1,376	17,374
Total net assets			1,681
Fair value of the consideration paid			4,335
Goodwill			2,654

Arising from the acquisition: surplus value of R\$ 1,665, intangible assets of R\$ 505 allocated to customer contracts and goodwill of R\$ 2,654. Goodwill is expected to be deductible for income tax purposes.

a) Impact of the business combinations

The business combinations in 2017 contributed with net revenue of R\$ 2,180 and result of R\$ 486 from the acquisition date to December 31, 2017, in the consolidated result. Had the acquisition occurred at the beginning of 2017, the consolidated net revenues for the year would be increased by R\$ 9,084 and the consolidated profit for the year would be decreased by R\$ 1,645.

b) Cost of negotiation

The Company incurred acquisition costs of R\$140, related to attorney's fees and due diligence costs, classified as Company's administrative expenses in the statement of profit or loss.

1.2 Merger of Movida Gestão e Terceirização de Frotas S.A into the Parent Company.

As approved by the Extraordinary General Meeting and in accordance with the protocol and justification of merger, on April 1, 2018, the process of merger by the Parent Company of its subsidiary Movida Gestão e Terceirização de Frotas SA ("Movida GTF") was concluded.

The merger is included in the project to simplify the Company's corporate structure, resulting in a reduction of operational, administrative and financial costs. As a result of this merger, Movida GTF was legally dissolved and the parent company became its successor.

The equity value of the net assets of Movida GTF in the amount of R\$ 348,715 for merger purposes was appraised as of October 31, 2017 by a specialized company, which issued a report dated December 4, 2017. The net assets acquired as of March 31, 2018 were R\$ 391,601. The balances of investment and amounts receivable and payable of Movida GTF with the Company were eliminated in the merger process.

Movida Participações S.A. and its subsidiaries
Notes to the individual and consolidated financial statements
For the years ended December 31, 2018 and 2017
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The merged amounts are as follows:

	Movida Participações (merging company)	Movida GTF (merged company)	Eliminations	Movida Participações (after merger)
ASSETS				
Cash and cash equivalents	41,945	46,416	-	88,361
Marketable securities	140,496	67,307	-	207,803
Trade receivables	-	27,850	(1,311)	26,539
Taxes recoverable	4,799	16,660	-	21,459
Prepaid expenses	42	10,970	-	11,012
Fixed assets available for sale	-	18,360	-	18,360
Dividends receivable	22,388	4,303	(14,450)	12,241
Other receivables	2,064	578	-	2,642
Judicial deposits	-	175	-	175
Deferred income tax and social contribution	21,465	-	-	21,465
Investments	1,620,716	653,491	(391,601)	1,882,606
Property and equipment	-	155,418	-	155,418
Intangible assets	1,117	1,257	-	2,374
Total assets	1,855,032	1,002,785	(407,362)	2,450,455
LIABILITIES				
Trade payables	1,993	2,893	-	4,886
Suppliers financing - car makers	-	8,258	-	8,258
Loans and borrowings	134,145	171,590	-	305,735
Debentures	404,111	299,531	-	703,642
Finance leases payable	-	20,048	-	20,048
Assignment of receivables	-	51,696	-	51,696
Labor liabilities	1,948	1,666	-	3,614
Tax liabilities	1,039	101	-	1,140
Other payables	2,600	23,748	(1,311)	25,037
Dividends payable	17,555	14,450	(14,450)	17,555
Provision for judicial and administrative litigation	-	32	-	32
Deferred income tax and social contribution	-	17,171	-	17,171
Total liabilities	563,391	611,184	(15,761)	1,158,814
Equity				
Share capital	1,177,581	313,430	(313,430)	1,177,581
Capital reserve	50,443	35,300	(35,300)	50,443
Earnings reserve	63,617	42,871	(42,871)	63,617
Total equity	1,291,641	391,601	(391,601)	1,291,641
Total liabilities and equity	1,855,032	1,002,785	(407,362)	2,450,455

1.3 Strategic Alliance with E-moving

On September 9, 2018, the Company through its subsidiary Movida Locações de Veículos S.A. ("Movida Locação") signed a strategic alliance agreement with E-moving, startup of leasing and sale of electric bicycles. Founded in 2015, E-moving operates in São Paulo and has about 400 electric bicycles, being the largest in the country. The agreement provides for support to the development of the business and investment for expansion with a term of 5 years. Movida now has an option to become a partner at the end of the period, until December, 31, 2018, the total amount invested was R\$ 1,027.

1.4 Company's financial situation and Management's plans

Due to the Company's operating cycle, which comprises the purchase, rental and sale of vehicles with an average of 12 to 15 months of use and the wide expansion of stores and number of fleet vehicles in the last 3 years, financed with short and medium-term credit lines, Movida reported a net negative working capital in consolidated of R\$ 454,439 at December 31, 2017, decreasing to R\$ 189,681 at December 31, 2018.

Management has been implementing its plan to extend the indebtedness, which had the following actions:

In subsidiary Movida Locação:

- i) Raising of R\$ 250,000 with issue of debentures in June 2018;
- ii) Second issue in the amount of R\$ 100,000 held in October 2018; and
- iii) Raising of R\$ 141,834 from long-term borrowing, as described in Notes 15 and 16.

In parent company:

- i) Obtainment of R\$ 450,000 with issue of debentures in April 2018; and
- ii) Raising of R\$ 400,000 with issue of promissory notes in August 2018.

The Meeting of the Board of Directors ("RCA") held on June 26, 2018 authorized a private capital increase, as part of a liquidity strategy, of which R\$ 299,909 was made through subscription of shares by the ultimate parent company JSL SA and the amount of R\$ 12,649 was subscribed by the other shareholders, totaling R\$ 312,560.

Management understands that the actions taken to raise funds through equity or debt for fleet renewal and extension of the profile of indebtedness on a cyclical basis guarantee the fulfillment of obligations assumed in the normal course of its operations.

2. BASIS OF PREPARATION AND PRESENTATION OF THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS

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

The individual and consolidated financial statements have been prepared in accordance with the accounting practices adopted in Brazil, which comprise the practices included in the Brazilian corporate law and the technical pronouncements, guidance and interpretations issued by the Brazilian Accounting Pronouncements Committee ("CPC"), approved by the Brazilian Federal Accounting Council - CFC and Brazilian Securities and Exchange Commission ("CVM") and in conformity with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

These financial statements were authorized for issue by the Board of Directors on February 26, 2019. After its issuance, only the shareholders have the power to change the financial statements.

This is the first set of annual financial statements of the Group in which CPC 47 / IFRS 15 - Revenue from Contracts with Customers and CPC 48 / IFRS 9 - Financial Instruments were applied. Changes in the main accounting policies are described in Note 2.29.

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

2.2. Basis of preparation of the individual and consolidated financial statements

The financial statements have been prepared on the historical cost basis, except for financial instruments measured at fair value through profit or loss, when applicable.

The preparation of the financial statements requires the use of certain critical accounting estimates and also the exercise of judgment by the Company's management in applying the accounting policies. Those areas that require a higher degree of judgment and have greater complexity, as well as the areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.28.

2.3. Statement of value added (DVA)

The presentation of the individual and consolidated statements of value added (DVA) is required by the Brazilian corporate legislation and the accounting practices adopted in Brazil applicable to listed companies.

The international financial reporting standards ("IFRS") do not require the presentation of this statement. Accordingly, under the IFRS this statement is presented as supplementary information, and not as part of the set of individual and consolidated financial statements.

2.4. Functional and presentation currency

Items included in the financial statements of the Company and its subsidiaries are measured using the currency of the primary economic environment in which the Company operates ("functional currency").

The individual and consolidated financial statements are presented in Brazilian reais (R\$), which is the functional currency of Company and also the presentation currency of the Company and its subsidiaries. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

2.5. Equity interests and basis of consolidation

The consolidated financial statements at December 31, 2018 and 2017 include the operations of Movida and its subsidiaries, whose percentage of the shares interest at the balance sheet date is summarized as follows:

Corporate Name	Trade Name	Headquarter country	Segment	Equity interest %			
				Direct	Indirect	Direct	Indirect
				12/31/2018	12/31/2018	12/31/2017	12/31/2017
Movida Gestão e Terceirização de Frotas S.A. (i)	"Movida GTF"	Brazil	Car rental	-	-	99.99	-
Movida Locação de Veículos S.A.	"Movida RAC"	Brazil	Car rental	99.99	-	64.85	35.15
Movida Locação de Veículos Premium Ltda.	"Movida Premium"	Brazil	Car rental	100.00	-	99.99	0.01

(i) As mentioned in note 1.2, due to the merger of Movida Gestão e Terceirização de Frotas S.A., the Company changed its direct interest in Movida Locação de Veículos S.A. from 64.85% to 99.99%.

2.6. Consolidation

The following accounting policies are applied in the preparation of the consolidated financial statements:

Subsidiaries

The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which the Company obtains the control until the date on which control ceases.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Transactions, balances and unrealized gains on intragroup transactions are eliminated. Unrealized losses are also eliminated, unless the transaction provides evidence of impairment of the asset transferred. The accounting

policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by Company.

In the Company's individual financial statements, the financial information of subsidiaries is recognized using the equity in the results of investees method. In accordance with this method, an investment is initially recognized at cost and subsequently adjusted to recognize the Company's interest in the changes of the investee's net assets. Adjustments to the investment's carrying amount are also necessary to recognize the Company's proportionate interest in the changes in the equity valuation adjustments balance, recognized directly in its equity. These changes are also recognized directly in its subsidiaries, that is, in equity valuation adjustments directly in equity.

2.7. Foreign-currency translation

i. Functional and presentation currency

Items included in the financial statements of each of Movida's subsidiaries are measured using the currency of the primary economic environment in which the Company operates ("functional currency").

The individual and consolidated financial statements are presented in Brazilian reais (R\$), which is the functional currency of Movida and also the presentation currency of other subsidiaries.

ii. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or the dates of valuation when items are remeasured.

Foreign exchange gains and losses that relate to loans and borrowings, cash and cash equivalents and marketable securities indexed in a currency different than the functional currency, are presented in the statement of income (loss) as finance income (cost).

2.8. Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits and other highly-liquid short-term investments, carried out in the normal course of its operations within 90 days, readily convertible into cash, with insignificant risk of change in value.

2.9. Financial instruments

Financial assets

i) Recognition and measurement

Trade receivables are initially recognized on the date they were originated. All other financial assets and liabilities are initially recognized when Movida becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not measured at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable is measured initially at the transaction price.

ii) Classification and subsequent measurement

Financial Instruments – Policy applicable from January 1, 2018

On initial recognition, a financial asset is classified as measured at: amortized cost; or FVTPF.

Financial assets are not reclassified subsequent to their initial recognition unless Movida changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

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A financial asset is measured at amortized cost if it meets both of the following conditions below and it is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortized cost as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, Movida may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Financial assets – Policy applicable before January 1, 2018

Movida classified its financial assets into the following categories:

- Loans and receivables;
- Held to maturity financial assets; and
- financial assets measured at fair value through profit or loss: designated as at FVTPL on initial recognition.

Financial assets at FVTPL	Measured at fair value and changes therein, including any interest, were recognized in profit or loss.
Held to maturity financial assets	Measured at amortized cost using the effective interest method.
Loans and receivables	Measured at amortized cost using the effective interest method.

Derecognition

Movida derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which Movida neither transfers nor retains substantially all of the risk and rewards of ownership and it does not retain control of the financial asset.

2.10. Financial liabilities – classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Derecognition

Movida derecognizes a financial liability when its contractual obligations are discharged, canceled or expired. Movida also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

2.11. Offset

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, Movida has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

2.12. Impairment of financial assets

Policy applicable from January 1, 2018

Movida recognizes loss allowances for expected credit losses (ECLs) on its financial assets measured at amortized cost.

Movida measures the provision for loss in an amount equal to the loss of credit expected for a lifetime, uses a simplified “provision matrix” to calculate the expected losses on its trade receivables according to which the amount of expected credit losses is defined on an “ad hoc” basis.

The provision matrix is based on the percentages of historical loss observed along the expected life of the receivables and is adjusted for specific customers according to future estimates and qualitative factors, such as debtor's financial capacity, guarantees provided, renegotiations in progress, among other factors that are monitored.

These qualitative factors are monitored monthly by a committee named Credit and Collection Committee. The percentages of historical loss and the changes in future estimates are reviewed at each reporting period or whenever a significant event occurs indicating that there may be a significant change in these percentages.

For ECLs associated to marketable securities classified as at amortized cost, the methodology of impairment applied depends on the significant increase of the counterpart's credit risk.

The provision for impairment of financial assets measured at amortized cost is presented less the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when Movida has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, Movida has a policy of writing off the gross carrying amount when the financial asset is 12 or 24 months past due based on historical experience of recoveries of similar assets. Movida expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with Movida's procedures for recovery of amounts due.

Policy applicable before January 1, 2018

As regards the financial assets carried at amortized cost, the Company assesses on an individual basis if there is clear evidence of impairment of each financial asset that is individually significant, or on a collective basis for financial assets that are not individually significant.

If Movida concludes that there is no evidence of impairment of a financial asset individually assessed, whether significant or not, this asset is included in a group of financial assets with similar credit risk characteristics and

is assessed for impairment on a collective basis. Assets that are individually assessed for impairment and for which an impairment is or continues to be recognized, are not included in a collective assessment of impairment.

When there is clear evidence of impairment, the impairment amount is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding expected future credit losses not yet incurred). Evidence of impairment may include indicators that the borrowers are facing significant financial difficulty.

The likelihood that they will undergo bankruptcy or any other type of financial reorganization, default or late payment in interest or principal payments can be evidenced by a measurable decrease in the estimated future cash flows, such as changes in maturity dates or economic condition related to defaults.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the impairment loss is recognized in the statement of profit or loss. If, in a subsequent period, the estimated impairment amount increases or decreases due to an event occurring after the impairment was recognized, the previously recognized impairment is increased or decreased by adjusting the provision. In the event of future recovery of the amount derecognized, this recovery is recognized in the statement of profit or loss.

2.13. Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which Movida has access at that date. The fair value of a liability reflects its non-performance risk. The non-performance risk includes, among others, Movida's own credit risk.

When one is available, Movida measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then Movida uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then Movida measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If Movida determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

2.14. Fixed assets available for sale

In order to comply with its service agreements, Movida must renew its fleet after a certain period of utilization. Vehicles available for replacement are reclassified from property and equipment to available-for-sale assets.

Once classified as available for sale, the assets are no longer depreciated and are measured at the lower of their residual value and their market value.

2.15. Property and equipment

They are classified as held for sale if their carrying amounts are recoverable through a sale transaction rather than through continuous use. This condition is considered fulfilled when the sale is probable and the vehicle is available for immediate sale in its current condition.

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The Company does not intend to generate profit on the sale of these goods. Situations where the residual value of the asset is much higher than the market value of a provision for impairment is recognized.

Loan and borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset that requires a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of that asset when it is probable that future economic benefits associated with the item will flow to the Company, and the related costs can be measured reliably. Other loan and borrowing costs are recognized as finance costs in the period in which they are incurred.

Stolen or damaged vehicles also make up the balance of this group of assets, since they do not represent a source of lease revenue for the Company. Such assets when available for sale are traded in the market as the realization value.

Stolen vehicles

i. Recognition and measurement

Items of property and equipment are measured at cost, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property and equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment.

Any gain or loss on disposal of an item of property and equipment is recognized in profit or loss.

ii. Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that future economic benefits associated with the expenditure will flow to Movida. Maintenance and recurring repair costs are recognized in profit or loss when incurred.

iii. Depreciation

Vehicles are depreciated on a straight-line basis, in accordance with the economic method that considers the estimated realizable value of these assets at the estimated date of sale. Thus, depreciation rates vary according to the date on which the asset was purchased, the type of the purchased asset, the amount paid, and the estimated sale date and price (method of depreciation for use and sale).

The depreciation of vehicles is recorded as cost of services rendered and the depreciation of other property and equipment items is recorded as expense. The useful life of vehicles is reviewed on a recurring basis and adjusted where applicable. Effects resulting from any changes in these estimates, if relevant, are treated as changes in accounting estimates and recognized prospectively in the statement of income. The average depreciation rate is calculated considering the depreciated value over the total cost of the vehicle. The depreciation of vehicles is a component of the cost of rents and vehicles sold, and the depreciation of other property and equipment items is recorded as expense.

An item of property and equipment is written off when sold or when no future economic benefit is expected from its use or sale. Any gain or loss resulting from the write-off of the asset (calculated as the difference between the net sale value and the carrying amount of the assets) is included in the statement of income for the year in which the asset was written off.

The depreciation periods based on the weighted average time of utilization of the assets for the year ended December 31, 2018 and 2017 are disclosed in note 11.

The depreciation methods, useful lives and residual values are reviewed annually and adjusted, if appropriate.

2.16. Leases

The characterization of an agreement as a finance lease is based on substantive aspects related to the use of a specific asset or assets or to the right to use a certain asset, on the date of the formalization of the agreement.

i. Company as lessee

Finance leases that transfer to Movida substantially all of the risks and rewards of ownership of the leased asset are capitalized at the inception of the lease, at the lower of the fair value of the leased asset and the present value of the minimum lease payments. When applicable, the initial direct costs incurred in the transaction are added to the cost. The finance lease payments are allocated between finance charges and the decrease in the principal of the financial lease liability, so as to obtain a constant interest rate on the remaining balance of liabilities.

Finance charges are recognized in the statement of income (loss). The leased assets are depreciated over the useful lives estimated by Movida.

Payments related to operating leases are recorded as expenses in the statement of income (loss) using the straight-line method over the period of the lease.

ii. Company as lessor

Movida has only lease agreements for which it does not transfer substantially the risks and rewards associated to the ownership of the asset. These agreements are considered as operating leases, where revenues are recognized similarly to rental income, on a straight-line basis over the agreement period.

As part of the Group's operating strategy, the subsidiary leases to the parent company vehicles to be used in the operation of the parent company entering into agreements with third parties to sublease them.

2.17. Intangible and goodwill

2.17.1. Goodwill

Goodwill represents the excess of the cost of an acquisition over the net fair value of assets and liabilities of the acquired entity, based on the expectation of future profitability. The goodwill was recorded in connection with Movida's business combinations..

Goodwill on acquisition of subsidiaries is recorded as "Intangible assets" in the consolidated financial statements.

Goodwill is measured at cost less accumulated impairment losses. Goodwill is tested annually for impairment and any impairment losses are recognized in the statement of income for the year and cannot be reversed. Gains and losses on the disposal of an entity include the carrying amount of the goodwill related to the entity sold.

For the purpose of impairment testing, goodwill is allocated to cash-generating units ("CGUs"), as described in note 12.2. The allocation is made to CGUs or groups of CGUs that are expected to benefit from the business combination on which the goodwill arose.

2.17.2. Trademarks and licenses

Separately acquired trademarks and licenses are initially stated at historical cost. Trademarks and licenses acquired in a business combination are recognized at fair value at the acquisition date. Subsequently, trademarks and licenses with a finite useful life are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of trademarks and licenses over their estimated useful lives.

2.17.3. Software

Computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the respective software. These costs are amortized over the estimated useful life of the software.

Costs associated with maintaining computer software are recognized as an expense as incurred.

2.17.4. Commercial rights and point of sales

Commercial rights are capitalized based on the amount paid on the business combination that gave rise to it. Intangible assets related to points of sales (amounts paid on the acquisition of new points of sale) are capitalized on the acquisition date at the amount paid on the transaction.

2.17.5. Customer contracts

Customer contracts acquired on a business combinations is initially recored at the fair value on the acquisition date and is carried at the fair value less accumulated amortization. Amortization is calculated on the straight-line basis over the expected life of the relationship with the customer.

2.17.6. Amortization and Impairment of non-financial assets

When it has a finite useful life, the asset is amortized over its estimated useful life. Estimated useful lives and average amortization rates are disclosed in note 12.1.

The assets with indefinite useful lives are not amortized, but are tested annually for impairment, individually or at the cash-generating unit level.

The assumptions and methodologies for impairment testing of intangible assets with indefinite useful lives are disclosed in note 12.2.

2.18. Current and deferred income tax and social contribution ("IR" and "CS")

The income tax and social contribution expenses for the year comprise current and deferred taxes. Taxes on profit are recognized in the statement of income.

Current and deferred income tax and social contribution charge is calculated based on the tax laws enacted or substantively enacted at the reporting date. Management periodically evaluates the positions taken by Movida in income tax returns with respect to situations in which the applicable tax regulations are subject to interpretation. It establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

The income tax and social contribution on profit are presented net, separated by taxpaying entity, in liabilities when there are amounts payable, or in assets when the amounts prepaid exceed the total amount due on the reporting date, if there is a legally enforceable right to offset the tax liabilities and assets, and if these are related to taxes levied by the same tax authority.

Deferred income tax and social contribution are recognized on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred taxes are not accounted for if they arise from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither the accounting nor the taxable profit or loss.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences/tax losses can be utilized.

Current and deferred income tax and social contribution are calculated based on the rates of 15%, plus a 10% surcharge on the taxable profit exceeding R\$ 240 annual for income tax and 9% on the taxable profit for the social contribution on net income.

2.19. Provisions

2.19.1. General

Provision is recognized when Movida has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

When Movida expects the amount of a provision to be reimbursed, in whole or in part, for example, due to an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain

The expense related to any provision is recognized in the statement of income, net of any reimbursement.

2.19.2. Provision for judicial and administrative litigation

Movida is a party to various judicial and administrative litigation. Provision is established for all contingencies referring to lawsuits for which it is probable that an outflow of funds will be necessary to settle the contingency/obligation, and where a reasonable estimate of this outflow can be made. The assessment of the likelihood of a loss includes the evaluation of existing evidence, the hierarchy of laws, previous court decisions, most recent court decisions and their relevance in the judicial context, as well as the opinion of outside legal advisors. The provision is reviewed and adjusted to account for changes in circumstances, such as the applicable statute of limitations, completion of tax inspections, or additional exposure identified on the basis of new matters or court decisions.

2.20. Profit sharing

Movida recognizes a liability and an expense for profit sharing based on a methodology that takes into consideration the profit attributable to the Company shareholders after certain adjustments.

2.21. Revenue recognition

The Company and its subsidiaries initially adopted CPC 47 / IFRS 15 as of January 1, 2018. Information on the Group's accounting policies related to contract with customers is provided in Note 2.29.1

2.22. Employee benefits

2.22.1. Short-term benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for an amount expected to be paid if Movida has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2.22.2. Share-based payments

The fair value at the date of granting the share-based payment agreements granted to employees is recognized as personnel expenses, with a corresponding increase in shareholders' equity, during the period in which employees unconditionally acquire the right to the premiums. The amount recognized as an expense is adjusted to reflect the number of premiums for which there is an expectation that service and performance conditions will be met in such a way that the final amount recognized as an expense is based on the number of premiums actually paid the conditions of service and performance on the vesting date.

2.23. Share capital

i. Common shares

Common shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

ii. Repurchase and redemption of shares (treasury shares)

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

iii. Capital reserves

The capital reserves are constituted with amounts received by the Company and that do not pass through profit or loss. Respective reserves essentially reflect the contributions made by the shareholders that are directly related to the formation or increase of the capital. The capital reserves constitute a group of accounts that are part of Equity.

2.24. Earnings per share

i. Basic

Basic earnings per share are calculated by dividing the profit attributable to the stockholders of the Company by the weighted average number of outstanding common shares during the year, excluding common shares purchased by the Company and held as treasury shares.

ii. Diluted

Diluted earnings (losses) per share are calculated by adjusting the weighted average number of outstanding common shares for potential dilution.

2.25. Distribution of dividends and interest on capital

The distribution of dividends and interest on capital to Movida's stockholders is recognized as a liability in the financial statements at the year-end based on Movida's Bylaws. Any amount that exceeds the minimum required is only provided on the date it is approved by the stockholders at the Board of Directors', Annual or Extraordinary Shareholders' Meeting.

The tax benefit of interest on capital is recognized in the statement of income (loss).

2.26. Legal reserve

Legal reserve set up as determined by corporate law, with the allocation of 5% of the profit for the year limited to: (i) 20% of the capital; or (ii) when the amount of this reserve plus the amount of its capital reaches 30% of the capital. The legal reserve is intended to ensure the integrity of the capital and can only be used to offset losses or increase capital.

2.27. Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred (measured at its acquisition date fair value) and any non-controlling interest in the acquiree. For each business combination, Movida measures the non-controlling interest in the acquiree at its fair value or based on its share of the acquiree's identifiable net assets. Other costs directly attributable to the acquisition are expensed as incurred.

When acquiring a business, Movida assesses the financial assets and liabilities assumed, in order to classify and allocate them according to the contractual terms, the economic circumstances and the relevant conditions at the acquisition date, which includes the segregation, by the acquiree, of embedded derivatives existing in the acquiree's host contracts.

If the business combination is carried out in stages, the acquisition date fair value of any previous equity interest in the capital of the acquiree is re-measured to its fair value at the acquisition date, and the impact is recognized in the statement of income (loss).

Any contingent consideration to be transferred by Movida is recognized at its acquisition date fair value. Subsequent changes in the fair value of the contingent consideration, considered an asset or a liability, shall be recognized in accordance with CPC 38 (IAS 39) - Financial Instruments: Recognition and Measurement in the statement of income (loss) or in other comprehensive income. If the contingent consideration is classified in equity, it shall not be re-measured until it is finally settled in equity.

Goodwill is initially measured as the excess of the consideration paid over the fair value of the net assets acquired (identified assets and liabilities assumed). When the consideration transferred is less than the fair value of the net assets acquired, the difference is recognized as a gain in the statement of income (loss).

Goodwill acquired in the course of a business combination is, from the acquisition date, allocated to each CGU of Movida that is expected to benefit from the synergies of the combination, irrespectively of the other assets or liabilities of the acquiree being assigned to that CGU.

When goodwill is part of a CGU and a portion of that unit is disposed of, the goodwill associated with the portion disposed of shall be included in the cost of the operation to determine the gain or loss on disposal. Goodwill disposed of in such circumstances is determined based on the proportional value of the portion sold in relation to the CGU retained.

2.28. Use of estimates and judgments

In preparing these financial statements, "Movida" used judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and costs. Actual results may differ from these estimates.

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

2.28.1. 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 notes:

- i) Lease : determination whether a contract contains a lease – Note 17.

2.28.2. Uncertainties about assumptions and estimates

The information on uncertainties related to assumptions and estimates that have a significant risk of resulting in a material adjustment in the carrying amounts of assets and liabilities for the year ending on December 31, 2019 are included in the following notes:

- i) Property and equipment (premise in relation to the definition of residual value and useful life) – Note 11;
- ii) Vehicles for sale (definition of residual value for stolen and damaged vehicles) – Note 2.15;
- iii) Provision for judicial and administrative litigation main assumptions about the probability and magnitude of the outflows of funds) - Note 20.2; and
- iv) Recognition of deferred tax assets (availability of future taxable profit against which tax losses can be used) – Note 21.1.

2.29. Changes in the main accounting policies

Except for the adoption of CPC 47 / IFRS 15 Revenue from contract with customers and CPC 48 / IFRS 9 Financial Instruments, there was no change of any nature in relation to such policies and calculation methods of estimates, and as permitted by CVM Resolution 673/11, which deals with the financial statements, Management decided not to disclose in detail the accounting policies adopted by the Company. Therefore, it is necessary to read these individual and consolidated financial statements together with the individual and consolidated annual financial statements for the year ended December 31, 2017, in order to allow users to broaden their understanding of the financial condition and liquidity of the Company and its ability to generate profits and cash flows.

The Company adopted CPC 47 / IFRS 15 Revenue from contracts with customers and CPC 48 / IFRS 9 Financial Instruments as of January 1, 2018. A number of other new standards are effective as of January 1, 2018, however, with no material effect on the Company's financial statements. Accordingly, the amounts for the year ended December 31, 2018 are presented with the respective accounting effects of this adoption, as described in notes 2.29.1 and 2.29.2 The changes in accounting policies should also be reflected in the individual and consolidated financial statements for the year ending December 31, 2018.

The new standard allows two transition methods:

- full retrospective (for all periods presented); and
- modified retrospective with the cumulative effect of the initial application recognized as an adjustment to the opening balance of retained earnings on the date of the initial adoption.

The Company has opted for the adoption of the modified retrospective method and, therefore, will not be required to restate comparative balances prior to the presented year.

2.29.1. CPC 47 / IFRS 15 - Revenue from contracts with customers

CPC 47 / IFRS 15 replaces CPC 30 / IAS 18 - Related revenues and interpretations, this standard establishes a five-step model for accounting for revenues from contracts with customers.

In accordance with CPC 47 / IFRS 47 the revenue must be recognized by an amount that reflects the counterpart to which the Company expects to be entitled in exchange for the transfer of goods or services to a customer.

The Company recognizes revenue when the amount of revenue can be reliably measured, and it is probable that future economic benefits will flow to Movida. Revenue is measured based on the fair value of the consideration received, net of discounts, rebates and taxes or charges on sales and services rendered. Movida assesses revenue transactions in accordance with specific criteria, in order to determine whether it is acting as agent or principal, and ultimately concluded that it has been acting as principal in all of its revenue contracts.

The following specific criteria should also be met before revenue is recognized:

i. Net revenue from services rendered (vehicle rental)

Revenue from vehicle rental is recognized on a daily basis according to the rental agreements entered into with customers. The revenue from the management of rented car insurance claims, recognized when the service is provided, as well as the revenue from insurance intermediation, on the account and discretion of the Company's customers when cars are rented, is recognized on a monthly basis.

ii. Revenue from sales of assets used in services rendered

Revenue from sales is recognized when the significant risks and rewards of ownership of the asset are transferred to the purchaser, which usually occurs upon delivery.

iii. Interest income

For all financial instruments carried at amortized cost and assets which generate interest, the finance income or cost is accounted for using the effective interest rate, which discounts exactly the estimated future cash payments or receipts through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or liability. Interest income is included in "Finance income" in the statement of income (loss).

Management assessed the five steps of the new revenue recognition model, by type of revenue, and identified that the car rental agreements may have additional services, such GPS, child safety seat, etc. Revenue is recognized on a pro rata basis over the period used by the customers and the additional services are recognized when the vehicle is returned.

The Company carried out a study of CPC 47 / IFRS 15, and during that analysis Management understood that part of the amounts previously recognized as income earned under the new rule in force from January 1, 2018 should be reclassified to the group of costs.

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The effects are shown in the following table:

	Parent Company			Consolidated		
	Published 31/12/2017	Adjustments for adoption CPC 47 / IFRS 15	Amount adjusted on 01/01/2018	Published 31/12/2017	Adjustments due to adoption CPC 47 / IFRS 15 (a)	Amount adjusted on 01/01/2018
Net revenue from services rendered and from sales of assets used in services rendered	-	-	-	2,467,983	(66,470)	2,401,513
(-) Cost of services rendered	-	-	-	(446,657)	66,470	(380,187)
(-) Cost of sales of assets used in services rendered	-	-	-	(1,376,456)	-	(1,376,456)
	-	-	-	(1,823,113)	-	(1,756,643)
(=) Gross profit	-	-	-	644,870	-	644,870
Administrative expenses	(8,230)	-	(8,230)	(74,257)	-	(74,257)
Selling expenses	-	-	-	(244,624)	-	(244,624)
Other operating income (expenses), net	1,625	-	1,625	(73,881)	-	(73,881)
Equity-accounted investees	77,125	-	77,125	-	-	-
Profit before finance income and costs	70,520	-	70,520	252,108	-	252,108
Finance income	12,077	-	12,077	55,887	-	55,887
Finance costs	(20,592)	-	(20,592)	(217,682)	-	(217,682)
(=) Profit before income tax and social contribution	62,005	-	62,005	90,313	-	90,313
Income tax and social contribution	4,461	-	4,461	(24,570)	-	(24,570)
Profit from operations	66,466	-	66,466	65,743	-	65,743
Discontinued operations						
Profit for the year from discontinued operations	-	-	-	723	-	723
Profit for the year				66,466	-	66,466

item	Nature, performance satisfaction and significant payment terms	Nature of change in accounting policy
(a) Reclassification of reimbursement of damages, fuel and traffic tickets	The Company, through its subsidiaries, receives as reimbursement from its customers, amounts to cover the costs incurred with traffic tickets, damages and fuel. The Company does not include a profit margin in this type of collection, not characterizing an additional performance obligation.	Since there is no promise of service delivery related to these reimbursements and there is also no profit margin on these collections, these reimbursements must be demonstrated in a line with the respective costs or expenses of origin, as there is no additional performance obligation in this operation.
(b) Loyalty program	The Company through its subsidiary Movida RAC grants the customer future benefits of services and accessories or discount coupons with commercial partners through a loyalty program. The Company acts as principal when there is the redemption of its own goods or services and as agent when the redemption is made by third party products.	According to CPC 47 / IFRS 15, the loyalty program operation fits into the concept of satisfied performance obligation at a specific point in time, since the obligation is satisfied only when the customer redeems the points. In other words, until the customer has chosen the goods or services to be provided (by the entity or third party) or the points have expired, the entity cannot satisfy its performance obligation. The portion relating to the loyalty program that is recognized at the same time as the lease must be deferred until the moment of its realization, which is the redemption of the points, or when the points expire. In addition, recognizing its performance as an agent, in relation to the exchange of points for discounts in third parties, the Company will recognize as revenue only the portion related to the fee or commission that the entity receives from these third parties for the provision of the services.

2.29.2. CPC 48 / IFRS 9 - Financial instruments

On January 1, 2018, Movida adopted the initial application of the new accounting standards CPC 48 / IFRS 9 - Financial instruments, whose changes in accounting policies arising from the adoption are carried out prospectively (effects presented in equity). The adoption of this pronouncement resulted in the following accounting policy change:

- **Financial assets** The main change introduced in CPC 48 / IFRS 9 is that the classification criterion of financial assets no longer uses the concept of the Management's intention individually on each financial asset, classifying the financial instruments based on the business model and the management of the its portfolio, as well as the analysis of the characteristics of the contractual cash flows ("SPPJ - Principal and Interest Payment Only"). These factors determine whether financial assets are measured at (i) amortized cost, (ii) fair value through profit or loss (VJR) or (iii) fair value through other comprehensive income (VJORA). The new regulation also establishes other options for designating an instrument at fair value through profit or loss under certain conditions.
- **Financial liabilities:** The classification of financial liabilities remains substantially unchanged and is still measured at amortized cost or fair value through profit or loss. For liabilities measured at fair value at the

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	Parent Company				Consolidated			
	Published 31/12/2017	Adjustment s for adoption CPC 48 / IFRS 9 (a)	Adjustment s for adoption CPC 47 / IFRS 15 (b)	Amount adjusted on 01/01/2018	Published 31/12/2017	Adjustment s for adoption CPC 48 / IFRS 9 (a)	Adjustment s for adoption CPC 47 / IFRS 15 (b)	Amount adjusted on 01/01/2018
ASSETS								
Cash and cash equivalents and financial investments	236,424	-	-	236,424	783,609	-	-	783,609
Trade receivables	-	-	-	-	226,644	-	-	226,644
(-) Impairment of trade receivables	-	-	-	-	(68,723)	(23,510)	-	(92,233)
Fixed assets available for sale	-	-	-	-	170,849	-	-	170,849
Other current assets	29,361	-	-	29,361	48,959	-	606	49,565
Total current assets	265,785	-	-	265,785	1,161,338	(23,510)	606	1,138,434
Long-term assets	-	-	-	-	3,361	-	-	3,361
Deferred income tax and social contribution	17,059	-	-	17,059	18,410	-	-	18,410
Investments	1,571,677	(15,517)	193	1,556,353	-	-	-	-
Property and equipment, and intangible assets	1,117	-	-	1,117	2,823,361	-	-	2,823,361
Total non-current assets	1,589,853	(15,517)	193	1,574,529	2,845,132	-	-	2,845,132
Total assets	1,855,638	(15,517)	193	1,840,314	4,006,470	(23,510)	606	3,983,566
LIABILITIES AND EQUITY								
Trade payables and suppliers financing	55	-	-	55	944,831	-	-	944,831
Loans and borrowings	893	-	-	893	215,776	-	-	215,776
Debentures	15,901	-	-	15,901	321,943	-	-	321,943
Finance leases payable	-	-	-	-	57,140	-	-	57,140
Other current liabilities	25,196	-	-	25,196	76,087	-	313	76,400
Total current liabilities	42,045	-	-	42,045	1,615,777	-	313	1,616,090
Loans and borrowings	130,737	-	-	130,737	632,458	-	-	632,458
Debentures	398,016	-	-	398,016	398,016	-	-	398,016
Finance leases payable	-	-	-	-	6,938	-	-	6,938
Deferred income tax and social contribution	-	-	-	-	64,990	(7,993)	100	57,097
Other current liabilities	-	-	-	-	3,451	-	-	3,451
Total noncurrent liabilities	528,753	-	-	528,753	1,105,853	(7,993)	100	1,097,960
Share capital	1,177,581	-	-	1,177,581	1,177,581	-	-	1,177,581
Capital reserve	50,443	-	-	50,443	50,443	-	-	50,443
Earnings reserve	56,816	(15,517)	193	41,492	56,816	(15,517)	193	41,492
Total equity	1,284,840	(15,517)	193	1,269,516	1,284,840	(15,517)	193	1,269,516
Total liabilities and equity	1,855,638	(15,517)	193	1,840,314	4,006,470	(23,510)	606	3,983,566

(a) Accounting for impairment of trade receivables

Expected losses	(23,510)
Deferred IRPJ and CSLL	7,993
Effect on equity	(15,517)

(b) Loyalty program and capitalization of sales commissions

Loyalty program	(313)
Capitalization from sales commissions	606
Deferred IRPJ and CSLL	(100)
Effect on equity	193
Effect on equity	(15,324)

2.30. New standards not yet effective

2.30.1. IFRS 16 / CPC 06 (R2) - Leases

Movida shall adopt CPC 06 (R2) / IFRS 16 - Leases as of January 1, 2019.

Movida has assessed the potential impact that the initial application of CPC 06 (R2) / IFRS 16 will have on the consolidated financial statements as described below. The actual impacts of adopting the standard as of January 1, 2019 may change because:

- Movida did not finalize the testing and evaluation of controls over the new IT systems;
- The new accounting policies are subject to changes until Movida presents its first financial statements that include the date of first-time adoption.

CPC 06 (R2) / IFRS 16 was issued in January 2016 and replaces CPC 06 / IAS 17 - Lease transactions and ICPC 03 / IFRIC 4 - How to determine whether an agreement contains a lease, SIC 15 - Operating leases - Incentives and SIC-27 - Evaluating the substance of transactions involving the legal form of a lease. IFRS 16 establishes the principles for recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single model in the balance sheet, similar to accounting for finance leases under IAS 17.

At the effective date of a lease, the lessee will recognize a lease payment liability (i.e. a lease liability) and an asset that represents the right to use the underlying asset during the lease term (that is, the right of use asset).

Lessees will be required to recognize separately the interest expense on the lease liability and the depreciation expense on the right of use asset. Lessees should also reassess the lease liability at the occurrence of certain events (for example, 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 value of the revaluation of the lease liability as an adjustment of the right of use asset. There is no material change in the lessor's accounting based on IFRS 16 in relation to the current accounting in accordance with IAS 17. Lessors will continue to classify all leases in accordance with the same classification principle of IAS 17, distinguishing between two types of lease: Operating and finance.

2.30.2. Leases in which Movida is a lessee

Movida will record new assets and liabilities for the stores leasing agreements (see note 17.3). The nature of the expenses related to the leasing agreements will change, once will be recorded a cost of depreciation of the right of use the assets and a financial expense related to the interest incurred over the lease liability recorded.

Based in the actual available information, the Company expect the follow significative effects with the adoption of CPC 06 (R2) / IFRS 16:

Recognition of additional liabilities, that can vary from R\$97,422 to R\$ 292,111 in counterpart of the recognition of the assets of right of use.

Adoption of the recognition exemption for short-term agreements, which the estimated expenses in the next quarter are from R\$ 938 to R\$3,750, respectively.

The Company expect that the adoption of CPC 06 (R2) / IFRS 16 does not affect its capacity to comply with the financial signed agreements maximum limit of leverage (covenants) in the loans shown in note 16.

2.30.3. Leases in which Movida is a lessor

Movida has evaluated its leases as lessor and does not expect substantial changes in its accounting under IFRS 16 in relation to the current accounting in accordance with IAS 17. Our analyses will continue to consider the distinction between two types of lease: operational and financial.

2.30.4. Transition

Movida intends to adopt the transition criterion using the simplified retrospective modified approach, i.e. applying the requirements of the lease standard to all existing contracts on the date of initial application, on January 1, 2019. Therefore, the cumulative effect of the adoption of CPC 06 (R2) / IFRS 16 will be recognized as an adjustment to the opening balance of assets and liabilities on January 1, 2019, without updating comparative information.

In its estimates of the impact of the adoption of CPC 06 (R2) / IFRS 16, the Company used the following practical cases when the initial measurement of its leases previously classified as operating lease:

- apply a single discount rate to the portfolio of leases with fairly similar characteristics;
- review the impairment of the right of use based on its previous assessment of costly leases;
- not to recognize the right of use for contracts whose remaining term on the date of adoption does not exceed 12 months;
- exclude the initial direct costs of the measurement of the right of use asset;
- use of hindsight, such as when determining the term of the lease, whether the contract contains options to extend or terminate the lease, among others; and
- Leases previously classified as finance leases will be reclassified to the right of use and lease liabilities by the amounts immediately prior to the date of adoption.

In addition, the Company will adopt as accounting policy the following recognition exemptions: leases whose maturity is less than 12 months and for which the underlying asset does not exceed R\$ 20,000 ("low value"), however, in the latter case if the Company subleases the asset, or expects to sublease the asset, the principal lease does not qualify as a low-value asset write-off.

2.30.5. Other amendments

The following standards should be interpreted as not being under the control of Movida's individual and consolidated companies:

- IFRIC 23 Uncertainty over Income Tax Treatments;
- Prepayment Characteristics with Negative Remuneration (Changes in IFRS 9);
- Amendments to CP 36 Consolidated Financial Statements (IFRS 10) and CPC 18 - Investments in Associates and Joint Ventures (IAS 28) regarding the sales or contributions of assets between an investor and its associate or joint venture;
- Changes in Plan, Reductions or Liquidation of the Plan (Amendments in CPC 33 / IAS 19);

Cycle of detail in the norms IFRS 2015-2017 - several standards:

- Changes in the references to the conceptual framework in IFRS; and
- IFRS 17 Insurance Contracts.

There are no other IFRS standards or International Financial Reporting Interpretations Committee ("IFRIC") interpretations that are not yet effective that could have a significant impact on Movida's financial statements.

2.31. Restatement of corresponding values

2.31.1. Reclassification of comparative balances

(a) Related parties

As of January 1, 2018, for a better presentation, the Company began to present in the consolidated balance sheet the amounts of related parties with other companies of the JSL Group in the line that correspond to the nature of each operation.

The related amounts related to the consolidated balance sheet as of December 31, 2017 in the amount of R\$ 1,386 of current assets and R\$ 1,205 of current liabilities were reclassified to other credits and other trade payable, respectively. In addition, all effects of these reclassifications were duly reflected in the consolidated statement of cash flows for the year ended December 31, 2017.

(b) Breakdown of operating expenses

Without impacting total net operating expenses, in the parent company and consolidated, and in order to segregate the presentation and disclosure in the financial statements and comparability with 2018, the Company made certain disclosures in the related statements of income for the periods three and twelve months ended December 31, 2017. We emphasize that this refers to segregation within the same group of accounts of the results for 2017 for comparative purposes, as they were demonstrated in this way in 2018 (see Note 25).

3. OPERATING SEGMENTS

Operating segments are defined as components that develop business activities: (i) from which can earn revenues and incur expenses; (ii) whose operating results are regularly reviewed by the chief operating officer responsible for deciding on resources to be allocated to the segment and for evaluating its performance; and (iii) to which individual financial information is available. Movida's Management defined the operating segments based on reports used for strategic decision-making by the Company's officers.

Information by operating segment is presented in a manner consistent with the internal reporting provided to the Management and Board of Directors, which are responsible for allocating resources, for strategic decision-making and the evaluation of results.

Movida is organized into two operating segments: "*Rent a Car*" and "*Fleet Outsourcing and Management*". The results of these segments are regularly reviewed by Movida's Management on a consolidated basis. For management purposes, Movida is divided into two operating business segments subject to disclosure of information:

- **Rent a car:** division responsible for car rental in stores located inside and outside airports. Rentals are contracted by individuals and companies, there are also rentals to insurance companies that offer hire cars to their customers in case of claims.
As part of the fleet renewal program, Movida retires the cars and sells them after a period of use from 12 to 15 months, and a significant part is sold to final customers through used car stores.
- **Fleet Management and Outsourcing (GTF):** division responsible for the management of fleets for companies for long periods, generally 24 to 36 months. Cars are purchased after signing the agreements according to each customer's need, and at the end of these agreements cars are retired. These vehicles are sold at points of sale and for resellers.

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Financial information by operating segment - Balance sheet

	Rent a Car		GTF		Not allocated		Eliminations / Reclassifications		Consolidated	
Assets	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Current assets										
Cash and cash equivalents	-	-	-	-	259,482	411,381	-	-	259,482	411,381
Marketable securities	-	-	-	-	552,669	372,228	-	-	552,669	372,228
Trade receivables	313,600	134,459	46,787	44,548	-	-	(8,491)	(21,086)	351,896	157,921
Assets available for sale	174,119	144,029	40,522	26,820	-	-	-	-	214,641	170,849
Other assets	24,783	17,378	42,686	52,583	-	-	(11,475)	(21,002)	55,994	48,959
	512,502	295,866	129,995	123,951	812,151	783,609	(19,966)	(42,088)	1,434,682	1,161,338
Noncurrent assets										
Property and equipment, net	2,508,266	2,087,688	1,139,465	710,273	-	-	879	1,664	3,648,610	2,799,625
Intangible assets	40,988	16,810	2,383	2,377	-	-	4,549	4,549	47,920	23,736
Other assets	21,592	658	39,497	18,861	2,511,517	2,219,578	(2,511,517)	(2,217,326)	61,089	21,771
	2,570,846	2,105,156	1,181,345	731,511	2,511,517	2,219,578	(2,506,089)	(2,211,113)	3,757,619	2,845,132
Total assets	3,083,348	2,401,022	1,311,340	855,462	3,323,668	3,003,187	(2,526,055)	(2,253,201)	5,192,301	4,006,470
Liabilities	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Current liabilities										
Loans and borrowings	-	-	-	-	483,380	594,859	-	-	483,380	594,859
Trade payables	946,153	704,875	35,009	11,187	-	-	(8,491)	-	972,671	716,062
Other liabilities	106,532	267,024	92,303	76,018	-	-	(11,475)	(38,186)	187,360	304,856
	1,052,685	971,899	127,312	87,205	483,380	594,859	(19,966)	(38,186)	1,643,411	1,615,777
Noncurrent liabilities										
Loans and borrowings	695,799	343,874	1,086,753	693,538	-	-	-	-	1,782,552	1,037,412
Tax provision	-	-	-	-	101,317	65,266	-	(276)	101,317	64,990
Other liabilities	6,522	3,416	187	35	-	-	-	-	6,709	3,451
	702,321	347,290	1,086,940	693,573	101,317	65,266	-	(276)	1,890,578	1,105,853
Equity										
Capital	-	-	-	-	3,811,141	3,290,401	(2,321,000)	(2,112,820)	1,490,141	1,177,581
Capital reserve	-	-	-	-	50,443	64,363	-	(13,920)	50,443	50,443
Treasury shares	-	-	-	-	(8,518)	-	-	-	(8,518)	-
Asset valuation	-	-	-	-	-	(310)	-	310	-	-
Retained earnings/(accumulated losses)	-	-	(10,905)	-	148,501	45,332	(11,350)	11,484	126,246	56,816
	-	-	(10,905)	-	4,001,567	3,399,786	(2,332,350)	(2,114,946)	1,658,312	1,284,840
Total liabilities	1,755,006	1,319,189	1,203,347	780,778	4,586,264	4,059,911	(2,352,316)	(2,153,408)	5,192,301	4,006,470

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Results	<i>Rent a Car</i>		GTF		Consolidated	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Net revenue	2,124,220	2,152,381	414,379	315,602	2,538,599	2,467,983
Cost of sales and services rendered	(336,462)	(374,245)	(102,839)	(72,412)	(439,301)	(446,657)
Cost of assets sales used for services rendered	(1,178,058)	(1,259,034)	(114,604)	(117,422)	(1,292,662)	(1,376,456)
Gross profit	609,700	519,102	196,936	125,768	806,636	644,870
General and administrative expenses	(377,317)	(365,791)	(49,592)	(26,971)	(426,909)	(392,762)
Operational result	232,383	153,311	147,344	98,797	379,727	252,108
Finance income					46,351	55,887
Finance costs					(219,136)	(217,682)
Profit before IR/CS					206,942	90,313
Income tax and social contribution					(47,188)	(24,570)
Profit for the year from continuing operations					159,754	65,743
Discontinued operations						
Profit for the year from discontinued operations					-	723
Profit for the year					159,754	66,466

	<i>Rent a Car</i>		GTF		Consolidated	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Total depreciation	57,122	45,683	47,889	28,560	102,011	74,243

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4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The financial instruments used by Movida are restricted to cash and cash equivalents, marketable securities, trade receivables, other receivables, trade payables, loans and borrowings finance leases payable, debentures, suppliers financing - car makers, other payables under normal market conditions and recognized in the financial statements. These instruments are managed based on operating strategies aiming at liquidity, profitability and reduction of risk exposure.

4.1. Financial instruments by category

The breakdown by category of the carrying amount and fair value of Movida's financial instruments, presented in the individual and consolidated financial statements, is shown below:

	12/31/2018			Parent company 12/31/2017		
	Fair value through profit or loss	Amortized cost	Total	Fair value through profit or loss	Amortized cost	Total
Assets, as per the statement of financial position						
Cash and cash equivalents	122,387	419	122,806	66,643	1	66,644
Marketable securities	318,200	-	318,200	169,780	-	169,780
Trade receivables		46,727	46,727	-	-	-
Other receivables		169	169	-	78	78
	440,587	47,315	487,902	236,423	79	236,502
Liabilities, as per the statement of financial position		Amortized cost	Total		Amortized cost	Total
Trade payables		17,941	17,941		55	55
Debentures		863,317	863,317		413,917	413,917
Loans and borrowings		552,707	552,707		131,630	131,630
Finance leases payable		1,457	1,457		-	-
Other payables		19,736	19,736		3,383	3,383
		1,455,158	1,455,158		548,985	548,985

	12/31/2018			Consolidated 12/31/2017		
	Fair value through profit or loss	Amortized cost	Total	Fair value through profit or loss	Amortized cost	Total
Assets, as per the statement of financial position						
Cash and cash equivalents	253,191	6,291	259,482	403,120	8,261	411,381
Marketable securities	552,669	-	552,669	372,228	-	372,228
Trade receivables		356,010	356,010	-	160,449	160,449
Other receivables		282	282	-	2,300	2,300
	805,860	362,583	1,168,443	775,348	171,010	946,358
Liabilities, as per the statement of financial position		Amortized cost	Total		Amortized cost	Total
Trade payables		972,671	972,671		716,062	716,062
Debentures		1,217,737	1,217,737		719,959	719,959
Loans and borrowings		1,045,934	1,045,934		848,234	848,234
Finance leases payable		2,261	2,261		64,078	64,078
Suppliers financing - car makers		-	-		228,769	228,769
Other payables		67,933	67,933		18,560	18,560
		3,306,536	3,306,536		2,595,662	2,595,662

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4.2. Fair value of financial assets and liabilities

The comparison by category of the carrying amount and fair value of Movida's financial instruments, presented in the individual and consolidated financial statements, is shown below:

			Parent company	
	12/31/2018		12/31/2017	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and cash equivalents	122,806	122,806	66,644	66,644
Marketable securities	318,200	318,200	169,780	169,780
Trade receivables	46,727	46,727	-	-
Other receivables	169	169	78	78
Total	487,902	487,902	236,502	236,502
Financial liabilities				
Debentures	863,317	863,580	413,917	419,056
Loans and borrowings	552,707	552,542	131,630	131,465
Finance leases payable	1,457	1,457	-	-
Trade payables	17,941	17,941	55	55
Other payables	19,736	19,736	3,383	3,383
Total	1,455,158	1,455,256	548,985	553,959

			Consolidated	
	12/31/2018		12/31/2017	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and cash equivalents	259,482	259,482	411,381	411,381
Marketable securities	552,669	552,669	372,228	372,228
Trade receivables	356,010	356,010	160,449	160,449
Other receivables	282	282	2,300	2,300
Total	1,168,443	1,168,443	946,358	946,358
Financial liabilities				
Debentures	1,217,737	1,218,708	719,959	726,036
Loans and borrowings	1,045,934	1,044,968	848,234	848,214
Finance leases payable	2,261	2,261	64,078	64,078
Suppliers financing - car makers	-	-	228,769	228,769
Trade payables	972,671	972,671	716,062	716,062
Other payables	67,933	67,933	18,560	18,560
Total	3,306,536	3,306,541	2,595,662	2,601,719

The fair values of cash and cash equivalents and marketable securities approximate the amortized cost used to record cash and cash equivalents and marketable securities and were determined based on quotations in active markets for similar transactions, according to the levels shown below:

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Level 1 - Quoted prices (unadjusted) in active markets for identical assets and liabilities. This category includes investments in Brazilian foreign debt securities, Financial Treasury Bills ("LFT"), National Treasury Bills ("LTN"), Bank Deposit Certificates ("CDB"), Financial Bills, Repo Operations, Units of Funds and other securities;

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

Level 3 - Instruments with unobservable significant inputs. The Company has no instruments classified in this category.

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

	Parent company			Parent company		
	12/31/2018			12/31/2017		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Assets at fair value through profit or loss						
Cash and cash equivalents						
Bank deposit certificates ("CDB")	-	30,012	30,012	-	26,176	26,176
Repurchase agreements	-	35,680	35,680	-	11,497	11,497
Financial Bills	-	56,695	56,695	-	8,274	8,287
Marketable securities						
Financial Treasury Bills ("LFT")	44,246	-	44,246	79,768	-	79,768
National Treasury Bills ("LTN")	45,013	-	45,013	90,012	-	90,012
Units of Funds	228,491	-	228,941	-	-	-
	318,200	122,387	440,587	169,780	45,947	215,727
	Consolidated			Consolidated		
	12/31/2018			12/31/2017		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Assets at fair value through profit or loss						
Cash and cash equivalents						
Bank deposit certificates ("CDB")	-	153,241	153,241	-	190,105	190,105
Repurchase agreements	-	43,011	43,011	-	70,356	70,356
Financial Bills	-	56,939	56,939	-	-	-
Marketable securities						
Financial Treasury Bills ("LFT")	80,447	-	80,447	128,963	-	128,963
National Treasury Bills ("LTN")	79,027	-	79,027	243,265	-	243,265
Units of Funds	393,195	-	393,195	-	-	-
	552,669	253,191	805,860	372,228	260,461	632,689

The specific valuation techniques used to value assets and liabilities at fair value include:

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

(ii) Analysis of discounted cash flows.

The curve used in the calculation of the fair value of the agreements indexed to the CDI at December 31, 2018 was as follows:

Interest curve – Brazil							
Vertex	1M	6M	1Y	2Y	3Y	5Y	10Y
Rate (p.a.) - %	6.41%	6.44%	6.55%	7.36%	8.08%	8.86%	9.57%
Source: B3 (Brasil, Bolsa & Balcão) 12/31/2018							

4.3. Financial risk management

Movida has loans and borrowings, debentures, finance lease payables, suppliers financing, trade payables, other payables, other receivables, trade receivables, and demand and short-term deposits that result directly from its operations. Thus, Movida is exposed to (i) market risk, (ii) credit risk and (iii) liquidity risk.

Movida's management monitors these risks and is supported by a Financial Committee in the assessment and management of the financial risks, and recommends to the Board of Directors that the activities that result in these risks be governed by appropriate practices and procedures.

Movida does not have derivative instruments or any other assets of speculative risk. Movida's Financial Committee performs an ongoing monitoring of the financial transactions to avoid entering into derivative instruments other than those used for hedging known risks.

The Board of Directors is responsible for authorizing the transactions involving any type of derivative instrument, that is, any agreements that generate financial assets and liabilities to their parties, regardless of the market in which they are traded or registered, or the manner of realization.

(i) Market risk

Market risk involves potential fluctuations in the fair value of future cash flows derived from a given financial instrument in response to variations in its market prices. Market prices typically involve three types of risk: interest rate risk, exchange rate risk and price risk, the last of which can be broken down further into commodities, stocks, or other price-related risks. The market risk is managed to ensure that Movida keeps risk levels considered acceptable in the context of its operations. In the current context of its operations, Movida is exposed only to interest rate risk, mainly related to financial investments, marketable securities, loans and borrowings, finance leases payable, suppliers financing and debentures.

- **Interest rate risk**

Movida uses the resources generated by operating activities to manage its operations and ensure the renewal of its fleet and its growth. To complement the cash needed for growth, Movida obtains borrowings, finance leases payable and suppliers financing - car makers from the country's major financial institutions and issues debt securities (debentures and promissory notes), which are mainly indexed to the variation of the CDI. The inherent risk arises from the possibility of significant increases in CDI rate.

Movida performed a sensitivity analysis for adverse scenarios, presented in item 4.4.

(ii) Credit risk

Credit risk is the risk of a counterpart of a business not fulfilling an obligation set out in a financial instrument or agreement, which would cause financial loss. Movida is exposed to credit risk in its operating (mainly regarding receivables) and investing activities, including deposits with banks and financial institutions, and other financial instruments.

- **Cash and cash equivalents and marketable securities**

The credit risk associated with funds held in banks and other financial institutions is managed by Movida's treasury area in accordance with the policy approved by the Board of Directors. Surpluses are deposited only in approved institutions and in compliance with the limits set for each, in order to minimize risk concentration and therefore mitigate potential financial losses in the event of any such institution going bankrupt.

- **Trade receivables**

Customer-related credit is reviewed at the time of hiring, subject to the procedures, controls and established practice in relation to this risk. Outstanding trade receivables are monitored very closely by the Company's Management. The need for an allowance for impairment of trade receivables is analyzed monthly on an individual basis for key customers. In addition, the Company pools several similar low-value accounts receivable for the purpose of estimating the loss collectively. This calculation is based on historical data.

The credit analysis area assessed the credit quality of customers taking into consideration their financial position, past experience and other factors. Individual limits and risks are determined based on internal or external ratings in accordance with limits set by Management.

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The credit risk concentration is limited because Movida has a diversified client base. All significant transactions and clients are located in Brazil, and there is no client that individually accounts for more than 10% of Movida's revenues.

(iii) Liquidity risk

Liquidity risk is the risk of shortage of funds to settle the obligations. Liquidity risk management is carried out with the purpose of ensuring that Movida has sufficient resources to settle its financial liabilities on the maturity dates.

Movida's purpose is to achieve a balance between funding continuity and flexibility through the use of bank loans, debentures, finance leases payable and operating lease. The average term of indebtedness is managed to secure short-term liquidity, analyzing payment schedules, charges and cash flows.

Presented below are the contractual maturities of financial liabilities, including the interest payment and excluding the impact of the trading of currencies by the net position.

Parent company						
Financial liabilities	Annual average cost - %	Carrying amount	Contractual cash flow	Up to 1 year	1 to 2 years	3 to 5 years
Trade payables	-	17,941	17,941	17,941	-	-
Loans and borrowings	7.77%	552,707	613,421	245,946	281,222	86,252
Debentures	8.63%	863,317	1,067,846	146,495	171,734	749,618
Finance leases payable	8.59%	1,457	1,457	1,439	18	-
Other payables	-	19,736	19,736	19,658	78	-
Total	-	1,455,158	1,720,401	431,479	453,052	835,870

Consolidated						
Financial liabilities	Annual average cost - %	Carrying amount	Contractual cash flow	Up to 1 year	1 to 2 years	3 to 5 years
Trade payables	-	972,671	972,671	972,671	-	-
Loans and borrowings	7.72%	1,045,934	1,167,989	410,473	582,694	174,822
Debentures	8.58%	1,217,737	1,497,793	195,011	299,075	1,003,707
Finance leases payable	9.02%	2,261	2,261	1,958	303	-
Other payables	-	67,933	67,933	66,733	1,200	-
Total	-	3,306,536	3,708,647	1,646,846	883,272	1,178,529

4.4. Interest rate sensitivity

The following sensitivity analysis of financial instruments was prepared in accordance with CVM Instruction 475/2008, to show the gains and losses on the main financial assets and liabilities, considering a probable interest rate scenario (Scenario I), with increase in interest rate of 25% (Scenario II) and 50% (Scenario III).

This study estimated a probable scenario of the CDI rate of 6.6% p.a., based on the future interest rate curve of B3 ("Brasil, Bolsa, Balcão"), proportionally impacting the Group's debts and financial investments. Regarding TLP, the scenario considered probable at December 31, 2018 is 7.6% p.a., according to BNDES – Banco Nacional de Desenvolvimento.

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Operation	Exposure	Risk	Potential gain / (loss)	Probable rate	Probable scenario - CDI/TLP	Consolidated	
						Scenario I + 25% deterioration - CDI/TLP	Scenario I + 50% deterioration - CDI/TLP
Financial investments	R\$ 66,643	CDI	Gain	6.55%	4,365	5,456	6,548
Marketable securities	R\$ 318,200	SELIC	Gain	6.55%	20,842	26,053	31,263
		Total assets			25,207	31,509	37,811
Loans and borrowings	R\$ 550,628	CDI + 1.5%	Loss	8.05%	(44,326)	(55,407)	(66,488)
Debentures	R\$ 863,317	CDI + 2.2%	Loss	8.75%	(75,540)	(94,425)	(113,310)
		Total CDI			(119,866)	(149,832)	(179,799)
Loans and borrowings	R\$ 2,079	TLP + 0.6%	Loss	7.56%	(157)	(196)	(236)
		Total liabilities			(157)	(196)	(236)
Impact on finance costs - floating rate					(120,023)	(150,029)	(180,034)
					(94,816)	(118,520)	(142,224)

Operation	Exposure	Risk	Potential gain / (loss)	Probable rate	Probable scenario - CDI/TLP	Consolidated	
						Scenario I + 25% deterioration - CDI/TLP	Scenario I + 50% deterioration - CDI/TLP
Financial investments	R\$ 253,191	CDI	Gain	6.55%	16,584	20,730	24,876
Marketable securities	R\$ 552,669	SELIC	Gain	6.55%	36,200	45,250	54,300
		Total assets			52,784	65,980	79,176
Loans and borrowings	R\$ 821,616	CDI + 1.5%	Loss	8.05%	(66,140)	(82,675)	(99,210)
Debentures	R\$ 1,217,737	CDI + 2.2%	Loss	8.75%	(106,552)	(133,190)	(159,828)
		Total CDI			(172,692)	(215,865)	(259,038)
Loans and borrowings	R\$ 11,787	TLP + 0.6%	Loss	7.56%	(891)	(1,114)	(1,337)
		Total liabilities			(891)	(1,114)	(1,337)
Impact on finance costs - floating rate					(173,583)	(216,979)	(260,375)
					(120,799)	(150,999)	(181,199)

The objective of this sensitivity analysis is to measure the impact of changes in market variables on Movida's financial instruments, assuming that all other market indicators remain constant, showing the possible impacts on Movida's statement of profit (loss). Such amounts may differ from those upon their settlement.

5. CASH AND CASH EQUIVALENTS

	Parent Company		Consolidated	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Cash	314	1	1,336	440
Banks	105	-	4,955	7,821
Total cash and banks	419	1	6,291	8,261
Units of Funds	-	20,696	-	58,267
Financial Bills	56,695	8,274	56,939	84,392
Repurchases	35,680	11,497	43,011	70,356
CDB (Bank Deposit Certificate))	30,012	26,176	153,241	190,105
Total financial investments	122,387	66,643	253,191	403,120
Total cash and cash equivalents	122,806	66,644	259,482	411,381

Cash and cash equivalents include cash, bank deposits and highly-liquid financial investments. Cash equivalents are held to meet short-term commitments and not for investment or other purposes.

In the year ended December 31, 2018, the average income of investments was 99.5% p.a. of the CDI rate, equivalent to a monthly average of 0.5% (102.2% for the year ended December 31, 2017, equivalent to a monthly average of 0.8%).

Movida's exposure to interest rate and credit risks and a sensitivity analysis for financial assets and liabilities is disclosed in Note 4.

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6. MARKETABLE SECURITIES

	Parent Company		Consolidated	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Securities in the country / investment funds				
Financial Treasury Bills ("LFT")	44,246	79,768	80,447	128,963
National Treasury Bills ("LTN")	45,013	90,012	79,027	243,265
Units of Funds	228,941	-	393,195	-
Total	318,200	169,780	552,669	372,228

The average income of investments in marketable securities is defined at fixed and floating rates operating LTN, based on the variation of the daily SELIC rate. In the year ended December 31, 2018, the average income was 99.5% p.a. of the CDI rate, equivalent to a monthly average of 0.5% (102.2% for the year ended December 31, 2017, equivalent to a monthly average of 0.93%).

These applications do not meet the concept of cash and cash equivalents, according to CPC 03, reason why they are classified in this line.

Movida's exposure to interest rate and credit risks and a sensitivity analysis for financial assets and liabilities is disclosed in Note 4.

7. TRADE RECEIVABLES

	Parent Company		Consolidated	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Trade receivables	63,994	-	446,892	214,915
Unbilled revenues from rental	-	-	-	14,257
(-) Provision for impairment of trade receivables (i)	(17,267)	-	(90,882)	(68,723)
Total	46,727	-	356,010	160,449
In current assets	43,180	-	351,896	157,921
In noncurrent assets	3,547	-	4,114	2,528
Total	46,727	-	356,010	160,449

(i) The provision for impairment of trade receivables is recognized based on Management's best estimate for receivables that may not be realized.

The movements in the provision are as follows:

	Parent Company	Consolidated
Balance at January 1, 2017	-	(48,634)
(-) Additions	-	(70,151)
(+) Write-offs	-	42,823
(+) Reversals	-	7,239
Balance at December 31, 2017	-	(68,723)
(-) Adjustment due to adoption IFRS 9 / CPC 48	-	(23,510)
Balance at January 1, 2018	-	(92,233)
(-) Additions due to merger	(20,077)	-
(-) Additions	(6,908)	(46,572)
(+) Reversals	9,718	47,923
Balance at December 31, 2018	(17,267)	(90,882)

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7.1. Aging list

	Parent Company		Consolidated	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Falling due	39,663	-	294,880	129,165
1-30 days past due	1,616	-	18,488	5,859
31-90 days past due	2,830	-	32,856	13,244
91-180 days past due	2,082	-	12,404	14,051
181-365 days past due	1,484	-	11,286	26,905
More than 365 days past due	16,319	-	76,978	39,948
Total Overdue	24,331	-	152,012	100,007
(-) Provision for impairment of trade receivables	(17,267)	-	(90,882)	(68,723)
Total	46,727	-	356,010	160,449

Movida's exposure to credit and market risks and impairment related to 'Trade receivable' is disclosed in note 4 (e).

8. TAXES RECOVERABLE

	Parent Company		Consolidated	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017
PIS and COFINS to be offset (i)	8,067	-	33,029	11,944
IRPJ and CSLL to be offset (ii)	9,920	2,800	18,276	11,463
Withholding tax	10,300	4,067	13,649	10,527
Others	98	-	2,296	2,245
Total	28,385	6,867	67,250	36,179
In current assets	28,385	6,867	48,202	36,179
In noncurrent assets	-	-	19,048	-
	28,385	6,867	67,250	36,179

(i) The credits of PIS - Social Integration Program and COFINS - Social Contribution on an Net income of December 31, 2018 refer to the residual value of the recognition of extemporaneous credits in the amount of R\$ 24,048 (R\$ 9,206 as of December 31, 2017).

(ii) Corporate income tax - IRPJ and Social contribution on profit - CSLL to offset from withholdings and prepayments made during 2018 and balances of prepayments from prior years.

9. ASSETS AVAILABLE-FOR-SALE

As a result of the fleet renewal process, vehicles of Movida were made available-for-sale, totaling R\$ 214,642 at December 31, 2018 (R\$ 170,849 at December 31, 2017).

This account includes vehicles that were recorded as property and equipment and that, as a result of their replacement, are available for immediate sale. The amounts are presented at the lower of the residual book value, which is the result of the cost of acquisition less accumulated depreciation until the date in which the assets were made available-for-sale, and their fair value less estimated costs to sell them. These assets are available for immediate sale in their present condition and are thus very likely to be sold in one year or less.

Eventually, on demand, as during seasonal upturn, the vehicles can be used again in operations. When this occurs, the assets are returned to the base of property and equipment and their depreciation is recorded again.

Movements in the twelve-month period ended December 31, 2018 are as follows:

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	Parent Company			Consolidated		
	Cost	Accumulated depreciation	Net value	Cost	Accumulated depreciation	Net value
Balances as of January 1, 2017	-	-	-	213,225	(22,157)	191,068
Assets derecognized on sale (i)	-	-	-	(1,446,813)	59,502	(1,387,311)
Assets transferred from property and equipment	-	-	-	1,412,074	(44,982)	1,367,092
Balance as at December 31, 2017	-	-	-	178,486	(7,637)	170,849
GTF merged balance	24,287	(5,927)	18,360	-	-	-
Assets derecognized on sale (i)	(74,770)	17,254	(57,516)	(1,336,771)	43,974	(1,292,797)
Assets transferred from property and equipment	71,815	(15,927)	55,888	1,383,498	(45,649)	1,337,849
Balance as at December 31, 2018	21,332	(4,600)	16,732	225,213	(9,312)	215,901

(i) The write-off of amounts per sale reflect the total cost of sales of assets used in services rendered.

10. INVESTMENTS

The interests in investees were accounted for under the equity method of accounting, based on the financial information on the investees for the year ended December 31, 2018 and 2017, as follows:

Investments	Equity at 12/31/2018	Interest %	Equity-accounted investees	Parent Company
				12/31/2018
Movida GTF (i)	-	-	10,844	-
Movida Locação	2,463,190	99.99	152,125	2,463,190
Movida Premium (ii)	17,778	100.00	1,678	17,778
Goodwill (iii)	-	-	-	5,432
Total permanent investments			164,647	2,486,400

- (i) On April 1, 2018, the process of merger of Movida GTF (Note 1.1.) was approved.
(ii) On October 11, 2017, Movida completed the acquisition of BVHD, currently Movida Premium (see note 11).
(iii) Goodwill arisen on business acquisition, which is classified as Parent Company's investments, in accordance with CPC 18 (R2)

Investments	Equity at 12/31/2017	interest %	Equity-accounted investees	Parent Company
				12/31/2017
Movida GTF	352,494	99.99	47,767	352,494
Movida Locação	1,846,954	64.84	28,873	1,197,673
Movida Premium	15,291	99.99	485	15,291
Goodwill	-	-	-	6,219
Total permanent investments			77,125	1,571,677

10.1. Changes in investments

	Movida GTF (i)	Movida Locação	Movida Premium	Goodwill and asset appreciation	Total
Balances at January 1, 2017	314,238	451,691	-	1,395	767,324
Acquisition of investments	-	-	886	4,824	5,710
Equity-accounted investees	47,767	28,873	485	-	77,125
Capital increase	7,800	723,431	13,920	-	745,151
Dividends and interest on capital	(17,000)	(7,938)	-	-	(24,938)
Other comprehensive income	(311)	311	-	-	-
Others	-	1,305	-	-	1,305
Balance at December 31, 2017	352,494	1,197,673	15,291	6,219	1,571,677
Adjustment of CPC 48 / IFRS 9 and CPC 47 / IFRS 15	(7,037)	(8,287)	-	-	(15,324)
Balance at December 31, 2017	345,457	1,189,386	15,291	6,219	1,556,353
Equity in the results of investees	10,844	152,125	1,678	-	164,647
Capital increase	35,300	506,480	1,209	-	542,989
Dividends and interest on capital	-	(38,292)	(400)	-	(38,692)
Merger - GTF	(391,601)	653,491	-	-	261,890
Amortization of surplus value	-	-	-	(787)	(787)
Balance at December 31, 2018	-	2,463,190	17,778	5,432	2,486,400

- (i) Until March 31, 2018 Movida GTF had a 35.15% interest in Movida Locação, which generated a balance of equity-accounted investees of R\$ 9,108 which was considered in the merger process as mentioned in note 1.2.

Details on dividends and interest on capital are provided in the table below:

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	Movida Gestão de Frotas Terceirizada S.A.	Movida Locação de Veículos S.A.	Movida Locação de Veículos Premium Ltda.	Total
Interest on capital receivable	17,000	-	-	17,000
Dividends receivable	-	7,938	-	7,938
	17,000	7,938	-	24,938
	(2,550)	-	-	(2,550)
Balance of dividends and interest on capital receivable at December 31, 2017	14,450	7,938	-	22,388
	(14,450)	4,303	-	(10,147)
Dividends received	-	(12,241)	-	(12,241)
Interest on capital receivable	-	13,500	-	13,500
Dividends receivable	-	24,792	400	25,192
Total dividends receivable	-	38,292	400	38,692
(-) Withholding income tax on interest on capital	-	(2,025)	-	(2,025)
Total dividends and interest on capital receivable at December 31, 2018	-	36,267	400	36,667

10.2. Balances of assets and liabilities and results of investees and subsidiaries

The interests in assets, liabilities, income and expenses of subsidiaries for the year ended December 31, 2018 and 2017, are as follows:

	12/31/2018		12/31/2017	
	Movida Locação de Veículos S.A.	Movida Locação de Veículos Premium Ltda.	Movida Locação de Veículos S.A.	Movida Locação de Veículos Premium Ltda.
Current assets	906,723	4,861	864,454	105,369
Noncurrent assets	3,606,698	15,997	2,595,363	833,853
Current liabilities	1,246,593	3,074	1,204,604	391,263
Noncurrent liabilities	803,638	6	408,259	195,466
Equity	2,463,190	17,778	1,846,954	352,493
Revenues	2,486,341	17,771	2,229,450	343,059
Expenses	(2,325,105)	(16,087)	(2,177,909)	(295,292)
Profit for the year	161,236	1,684	51,541	47,767

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11. PROPERTY AND EQUIPMENT

Changes in parent company and consolidated for the years ended December 31, 2018 and 2017 are shown below:

	Parent Company			
	Vehicles	Construction in progress	Computers and peripherals	Furniture and fixtures
				Total
Cost or valuation:				
Balance at December 31, 2017	-	-	-	-
Additions	629	-	10	639
Additions from merger	192,287	128	48	192,508
Transfers to assets available for sale	(71,815)	-	-	(71,815)
Write-offs	(2,280)	(212)	-	(2,492)
Transfers	(212)	212	-	-
Balance at December 31, 2018	118,609	128	58	118,840
Depreciation:				
Balance at December 31, 2017	-	-	-	-
Additions from merger	(36,961)	(89)	(29)	(37,091)
Depreciation for the year	(10,217)	(7)	(7)	(10,235)
Transfers to assets available for sale	15,927	-	-	15,927
Write-offs	661	53	-	714
Transfers	54	(54)	-	-
Balance at December 31, 2018	(30,536)	(97)	(36)	(30,685)
Net residual value:				
Balance at December 31, 2017	-	-	-	-
Balance at December 31, 2018	88,073	31	22	88,155
Average depreciation rates (%) – for the year:	8.7%	10.0%	20.0%	10.0%

As disclosed in notes 15 and 16, Movida does not have vehicles pledged as collateral for debts.

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	Consolidated								
	Vehicles	Vehicles in progress	Machinery and equipment	Construction in progress	Leasehold improvements	Computers and peripherals	Furniture and fixtures	Others	Total
Cost or valuation:									
Balance at December 31, 2016	2,195,855	-	2,196	18,287	42,960	6,697	6,605	3,562	2,276,162
Additions due to business combinations	22,780	-	-	-	-	-	-	-	22,780
Additions	2,074,598	67,912	1,040	3,632	-	1,385	997	2,466	2,152,030
Transfers to assets available for sale	(1,412,120)	-	46	-	-	-	-	-	(1,412,074)
Write-offs	(139,157)	-	-	-	(229)	-	-	-	(139,386)
Discontinued operations	5,345	-	-	-	-	-	-	-	5,345
Transfers	-	-	-	(20,329)	20,329	-	-	-	-
Balance at December 31, 2017	2,747,301	67,912	3,282	1,590	63,060	8,082	7,602	6,028	2,904,857
Additions	2,276,436	103,802	1,750	15,322	538	2,329	3,275	-	2,403,452
Transfers to assets available for sale	(1,383,498)	-	-	-	-	-	-	-	(1,383,498)
Write-offs	(125,157)	-	(212)	-	-	-	-	-	(125,369)
Transfers	53,364	(47,452)	212	(2,683)	2,590	(12)	9	(6,028)	-
Balance at December 31, 2018	3,568,446	124,262	5,032	14,229	66,188	10,399	10,886	-	3,799,442
Depreciation:									
Balance at December 31, 2016	(59,947)	-	(168)	-	(8,246)	(2,414)	(1,051)	(1,446)	(73,272)
Additions due to business combinations	(5,544)	-	-	-	-	-	-	-	(5,544)
Depreciation for the year	(57,062)	-	(288)	-	(14,762)	(1,472)	(710)	-	(74,294)
Transfers to assets available for sale	45,028	-	(46)	-	-	-	-	-	44,982
Write-offs	3,426	-	-	-	228	-	-	-	3,654
Discontinued operations	(759)	-	-	-	-	-	-	-	(759)
Balance at December 31, 2017	(74,857)	-	(502)	-	(22,780)	(3,886)	(1,761)	(1,446)	(105,232)
Depreciation for the year	(85,529)	-	(445)	-	(12,890)	(1,631)	(887)	-	(101,382)
Transfers to assets available for sale	45,649	-	-	-	-	-	-	-	45,649
Write-offs	8,820	-	54	-	-	-	-	-	8,874
Transfers	(1,392)	-	(54)	-	-	-	-	1,446	-
Balance at December 31, 2018	(107,309)	-	(947)	-	(35,670)	(5,517)	(2,648)	-	(152,091)
Net residual value:									
Balance at December 31, 2017	2,672,444	67,912	2,780	1,590	40,280	4,196	5,841	4,582	2,799,625
Balance at December 31, 2018	3,461,137	124,262	4,085	14,229	30,518	4,882	8,238	-	3,647,351
Average depreciation rates (%) – for the year:									
RAC	2.0%	-	10.0%	-	25.5%	20.0%	10.0%	-	
GTF	8.7%	-	10.0%	-	25.5%	20.0%	10.0%	-	

Movida reviews annually the estimated market values at the end of the economic useful lives of its property and equipment items and regularly reviews the estimated economic useful lives used to calculate the respective depreciation and amortization rates. In August 2018, the Company, based on a study carried out, changed the depreciation rate of RAC to 2.0% and GTF to 8.7%, generating a depreciation complement of approximately R\$ 28,486 in Consolidated and R\$ 857 in parent company.

The variation in the Company's property and equipment results basically from the increase in the fleet of vehicles for leasing, following its growth strategy.

There are no property and equipment items pledged as collateral for debts at December 31, 2018 and 2017, as mentioned in 15 and 16.

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11.1. Finance leases of property and equipment items

Part of the vehicles are acquired by Movida under finance lease agreements, included in property and equipment as follows:

		12/31/2018
	Parent Company	Consolidated
Cost - capitalized finance leases	3,247	4,895
Accumulated depreciation	(1,035)	(1,107)
Net balance	2,212	3,788

12. INTANGIBLE ASSETS

12.1. Changes in parent company and consolidated for the years ended December 31, 2018 and 2017 are shown below:

	Parent Company								Consolidated	
	Trademarks	Software	Total	Goodwill (i)	Software	Trademarks	Point-of-sales (ii)	Customer contracts	Total	
Acquisition cost:										
Balance at December 31, 2016	1,117	-	1,117	8,745	4,527	1,153	3,118	-	17,543	
Additions	-	-	-	-	3,939	-	1,280	-	5,219	
Additions due to business combinations	-	-	-	2,654	-	7	-	505	3,166	
Write-offs	-	-	-	-	(519)	(7)	-	-	(526)	
Balance at December 31, 2017	1,117	-	1,117	11,399	7,947	1,153	4,398	505	25,402	
Addition from merger	-	1,937	1,937	-	-	-	-	-	-	
Additions	-	95	95	-	26,279	71	-	-	26,350	
Write-offs	-	-	-	-	(1,486)	(51)	-	-	(1,537)	
Balance at December 31, 2018	1,117	2,032	3,149	11,399	32,740	1,173	4,398	505	50,215	
Accumulated amortization:										
Balance at December 31, 2016	-	-	-	-	(1,215)	(6)	-	-	(1,221)	
Amortization expenses	-	-	-	-	(418)	(7)	(20)	-	(445)	
Balance at December 31, 2017	-	-	-	-	(1,633)	(13)	(20)	-	(1,666)	
Addition from merger	-	(680)	(680)	-	-	-	-	-	-	
Amortization expenses	-	(86)	(86)	-	(598)	(8)	(23)	-	(629)	
Balance at December 31, 2018	-	(766)	(766)	-	(2,231)	(21)	(43)	-	(2,295)	
Net value:										
Balance at December 31, 2017	1,117	-	1,117	11,399	6,314	1,140	4,378	505	23,736	
Balance at December 31, 2018	1,117	1,266	2,383	11,399	30,509	1,152	4,355	505	47,920	
Average annual amortization rates (%):	-	20%	-	-	20%	20%	7.0%			

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- (i) Goodwill arising from the acquisition of the car rental businesses held by Movida RAC, Apta Veículos e Representações Comerciais Ltda. acquired on November 30, 2013 and BVHD Leasing of Vehicles and Services Ltda., acquired on October 10, 2017, which was renamed Movida Leasing de Veículos Premium Ltda.
- (ii) Refer to the acquisition of points-of-sales used as car rental stores, of which some agreements with indefinite useful lives.

12.2. Impairment of intangible assets with indefinite useful lives

Assets with indefinite useful lives are tested for impairment annually or whenever there are indications that some of the cash-generating units ("CGUs") might be impaired. For the year ended December 31, 2018, Management concluded that there are no indications of impairment of its CGUs.

The Company classifies the cash-generating units ("CGUs") as the set of assets of the fleet of each operating segment.

The growth rate does not exceed the average long-term growth rate of the sectors where each CGU operates.

The main assumptions used to calculate the value in use (cash flows for the five-year period) at December 31, 2018 are presented below:

Cash generating units	Movida RAC	Movida GTF
Discount rate (WACC)	10.7%	10.7%
Growth rate	3.8%	3.8%

- Cash flows projections prepared by Management, which comprise a 5-year projection period, from January 2019 to December 2023;
- All projections were made on a nominal basis, that is, considering the effect of inflation;
- The residual value after December 2023 was calculated based on the cash flows perpetuity, considering the assumption of continuity of rental operations for an indefinite period (perpetuity) assuming an actual growth of 3.8% p.a.;
- The cash flows were discounted considering the mid period convention, assuming that the cash flows are generated throughout the year.

The last impairment test of the intangible assets was conducted for the year ended December 31, 2018.

13. TRADE PAYABLES

	Parent Company		Consolidated	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Car makers and vehicle dealerships	-	-	897,420	684,748
Service providers and automotive parts	5,000	-	33,585	10,800
Service providers except automotive	11,665	-	24,028	9,147
Others	1,276	55	17,638	11,367
Total	17,941	55	972,671	716,062

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14. SUPPLIERS FINANCING - CAR MAKERS

In local currency (CVM Instruction 01/2016)	Annual average rate (%)	Basis	Maturity	Parent Company		
				12/31/2018	Changes	12/31/2017
				Current	Amortization	Current
Suppliers financing - Car makers	13.19%	3 months	Apr-2018	-	(8,258)	8,258
Total				-	(8,258)	8,258

In local currency (CVM Instruction 01/2016)	Annual average rate (%)	Basis	Maturity	Consolidated		
				12/31/2018	Changes	12/31/2017
				Current	Amortization	Current
Suppliers financing - Car makers	13.19%	3 months	Apr-2018	-	(244,592)	15,823
Total				-	(244,592)	15,823

In local currency (CVM Instruction 01/2016)	Annual average rate (%)	Basis	Maturity	Consolidated				
				12/31/2017	Changes			12/31/2016
				Current	New contracts	Amortization	Interest paid	Current
Suppliers financing - Car makers	13.91%	3 months	Apr-2018	228,769	1,086,987	(1,323,922)	(41,093)	433,100
Total				228,769	1,086,987	(1,323,922)	(41,093)	433,100

Throughout 2017, Movida entered into “suppliers financing” agreements with financial institutions to manage its payables to car makers related to purchase of vehicles. Through this operation, suppliers transfer the right to receive payment of bills for vehicles sales to financial institutions.

The agreements entered into with the financial institutions were not guaranteed by the assets (vehicles) linked to the secured obligations.

Throughout 2018, Movida removed the open-ended risk contracts and contracted new loan modalities with longer maturities and more attractive interest rates.

15. LOANS AND BORROWINGS

Type	Annual average rate (%)	Average rate structure	Maturity	12/31/2018			Changes					Parent Company		
				Current	Noncurrent liabilities	Total	New contracts	Merger	Amortization	Interest paid	Interest accrued	Current	Noncurrent liabilities	Total
Finame (i)	6.82%	Fixed rate - TJLP	Dec-2024	648	1,431	2,079	-	3,251	(1,148)	(268)	244	-	-	-
CCB (ii)	7.41%	CDI + 116%	Oct-2019	-	-	-	-	12,229	(12,000)	(1,136)	907	-	-	-
Consortium (iii)	7.67%	Fixed rate	Nov-2018	-	-	-	-	868	(868)	(586)	586	-	-	-
Promissory notes (iv)	7.77%	CDI + 1.38%	Dec-2019	237,387	313,241	550,628	400,000	155,242	(150,000)	(11,458)	25,214	893	130,737	131,630
				238,035	314,672	552,707	400,000	171,590	(164,016)	(13,448)	26,951	893	130,737	131,630

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														Consolidated
				12/31/2018			Changes						12/31/2017	
Type	Annual average rate (%)	Average rate structure	Maturity	Current	Noncurrent liabilities	Total	New contracts	Amortization	Interest paid	Capitalized interest	Interest accrued	Current	Noncurrent liabilities	Total
Finame (i)	6.82%	Fixed rate - TJLP	Dec-2024	648	1,431	2,079	-	(1,430)	(448)	-	300	893	2,764	3,657
CCB (ii)	8.08%	CDI + 2.56%.	Nov-2020	56,242	214,746	270,988	16,500	(13,250)	(22,812)	-	24,269	8,833	257,448	266,281
FINEP	7.46%	TLP + 0.5%		-	9,708	9,708	9,679	-	(85)	114	-	-	-	-
Consortium (iii)	7.46%	Fixed rate	Nov-2018	-	-	-	-	(936)	(607)	-	586	957	-	957
Promissory notes (iv)	7.67%	116% of CDI	Dec-2019	237,387	313,241	550,628	400,000	(300,000)	(29,603)	-	39,780	159,852	280,599	440,451
FNE (v)	7.09%	Fixed rate	Jun-2021	70,067	142,464	212,531	115,655	(41,785)	(9,427)	-	11,200	45,241	91,647	136,888
				364,344	681,590	1,045,934	541,834	(357,401)	(62,982)	114	76,135	215,776	632,458	848,234

				Parent Company										
Type	Annual average rate (%)	Average rate structure	Maturity	12/31/2017			Changes				12/31/2016			
				Current	Noncurrent liabilities	Total	New contracts	New leases due to business combinations	Amortization	Interest paid	Interest accrued	Current	Noncurrent liabilities	Total
In local currency				893	130,737	131,630	131,000	-	-	(557)	1,187	-	-	-
Promissory notes	8.0	116% of CDI	Dec-2019	893	130,737	131,630	131,000	-	-	(557)	1,187	-	-	-

				Consolidated										
	Annual average rate (%)	Average rate structure	Maturity	12/31/2017			Changes					12/31/2016		
				Current	Noncurrent liabilities	Total	New contracts	New leases due to business combinations	Amortization	Interest paid	Interest accrued	Current	Noncurrent liabilities	Total
Type														
In local currency														
Finame	6.87	Fixed rate - TJLP	Dec-2024	893	2,764	3,657	-	-	(6,676)	(427)	482	2,409	7,869	10,278
CCB / Working capital	10.68	CDI + 2.56%	Nov-2020	8,833	257,448	266,281	186,243	10,161	(103,295)	(35,019)	35,309	8,460	164,422	172,882
Consortium	7.67	Fixed rate	Nov-2018	957	-	957	-	41	(564)	(9)	245	690	554	1,244
Promissory notes	7.99	116% of CDI	Dec-2019	159,852	280,599	440,451	431,000	-	(1,903)	-	11,354	-	-	-
FNE	8.62	Fixed rate	Jun-2021	45,241	91,647	136,888	136,762	-	-	-	126	-	-	-
				215,776	632,458	848,234	754,005	10,202	(112,438)	(35,455)	47,516	11,559	172,845	184,404

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- (i) **Finame** are financing for investments in vehicles used in operations. *Part of the agreements are subject to floating rates corresponding to the Long-term Interest Rate ("TLP") +spread of 2.7, and part are subject to fixed interest rates.* This transaction has no commitment clauses.
- (ii) **Bank Credit Bills (CCB)** have a balance at December 31, 2018 in the amount of R\$ 270,988 in the consolidated, maturing in November 2020 and are remunerated by the average Interbank Deposit Certificate (CDI) of 126% in the consolidated. This transaction has no compromise clauses.
- (iii) **Consortium** are commitments assumed through consortium quotas associated with purchase of vehicles. Movida assumes the obligation to pay the total asset value at the moment the quota is contemplated. The consortium has a management fee of 6.46% and 1% of reserve fund. This transaction has no compromise clauses.
- (iv) **Promissory notes ("NPs")** refer to commercial notes of promise to pay signed by Movida RAC and Movida Participações and of public distribution to the subscriber, are:
- a) Movida Participações
In October 2017, commercial notes were issued by the Parent Company, the issue was made in a unique way and the amount was \$ 131,000. A total of 131 notes with a unit value of R\$ 1,000 were issued, maturing in November 2019, remunerated at 116% of CDI.
- b) On August 6, 2018, the Company's Board of Directors approved the issuance of the 2nd (second) commercial promissory note issue, in up to 18 (eighteen) series, in the total amount of up to R\$ 400,000. The Commercial Notes were publicly distributed with restricted distribution efforts and will be entitled to interest of 100% of the average daily DI rates per year, plus a surcharge or spread to be defined in the respective clauses, varying between 1.25% and 1.60%, with a maturity date between 180 and 1080 days.
- These transactions have commitment clauses, including maintaining a financial ratio linked to the percentage of debt in relation to profit before finance costs, taxes, depreciation, amortization (EBITDA)
- (v) **FNE** are financing to extend the third-party capital structure. This transaction has no compromise clauses.

All the commitments described in the agreements were being met at December 31, 2018, including the maintenance of the financial ratios, as shown below:

Performance ratios of Movida

Restriction	Limits	12 months ended at 12/31/2018
Net debt / EBITDA	Less than 3.5	2.8x
EBITDA / Net finance costs	Greater than 1.5	3.4x

EBITDA corresponds to the Company's net income or loss, on a consolidated basis, for the last 12 months, before: (i) finance result; (ii) income and social contribution taxes; and (iii) depreciation and amortization expenses. For all issues of the group, EBITDA is adjusted by the impairment of assets and equity equivalents.

Net debt: means the total balance of short and long-term loans and borrowings, including debentures and any other debt securities, after deducting: (a) cash and short-term financial investments, namely investments with daily liquidity maturing within 360 days; and (b) borrowings arranged under the program for financing inventories of new and used vehicles, locally made or imported, and automotive parts, under revolving credit facilities from financial institutions linked to the manufacturers.

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15.1. Amortization schedule is presented below, by year of maturity:

	Maturity of installments	Parent Company		Consolidated	
		Total	%	Total	%
Current liabilities	Until December 2019	238,035	43.1%	364,344	34.8%
	2020	225,499	40.8%	505,539	48.3%
	2021	88,131	15.9%	141,761	13.6%
	After 2022	1,042	0.2%	34,290	3.3%
Noncurrent liabilities		314,672	56.9%	681,590	65.2%
Total		552,707	100.0%	1,045,934	100.0%

15.2. Guarantees

Loans and borrowings in local currency have the following guarantees:

- Finame and consortium: guaranteed by the respective vehicles and equipment financed;
- CCB: Part is guaranteed by the parent company JSL S.A.
- FNE: Guaranteed by bank guarantee with Banco BNP Paribas Brasil S / A.

The other transactions do not have any guarantees.

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16. DEBENTURES

				Parent Company										
				12/31/2018			Changes					12/31/2017		
Type - In local currency	Annual average rate (%)	Average rate structure	Maturity	Current	Noncurrent liabilities	Total	Merger	Amortization	New contracts	Interest paid	Interest accrued	Current	Noncurrent liabilities	Total
1st issue - Parent Company	8.82%	CDI + 2.70/ 1.55	Jul-2022	89,796	323,581	413,377	-	-	-	(42,034)	41,494	15,901	398,016	413,917
1st issue - Movida GTF	8.48%	CDI + 1.93	Sept- 2018	-	-	-	299,531	(299,531)	-	(9,469)	9,469	-	-	-
2nd issue - Parent Company	8.45%	CDI + 1.6/1.9/2.2	Jun-2023	1,490	448,450	449,940	-	-	450,000	(18,768)	18,708	-	-	-
				91,286	772,031	863,317	299,531	(299,531)	450,000	(70,271)	69,671	15,901	398,016	413,917

				Consolidated										
				12/31/2018			Changes					12/31/2017		
Type - In local currency	Annual average rate (%)	Average rate structure (%)	Maturity	Current	Noncurrent liabilities	Total	Amortization	New contracts	Interest paid	Interest accrued	Current	Noncurrent liabilities	Total	
1st issue - Movida GTF	8.48%	CDI + 1.93	Sep-2018	-	-	-	(299,531)	-	(22,518)	16,007	306,042	-	306,042	
1St issue - Parent Company	8.82%	CDI + 2.70/ 1.55	Jul-2022	89,796	323,581	413,377	-	-	(42,034)	41,494	15,901	398,016	413,917	
		CDI +												
2nd issue - Parent Company	8.45%	1.6/1.9/2.2	Jun-2023	1,490	448,450	449,940	-	450,000	(18,597)	18,537	-	-	-	
1st issue - Movida RAC	8.53%	CDI + 2.00	Mar-2023	4,663	248,897	253,560	-	250,000	(11,453)	15,013	-	-	-	
1Nd issue - Movida RAC	8.32%	CDI + 1.80	Oct-2021	21,129	79,731	100,860	-	100,000	(451)	1,311	-	-	-	
				117,078	1,100,659	1,217,737	(299,531)	800,000	(95,053)	92,362	321,943	398,016	719,959	

				Consolidated										
				12/31/2017			Changes					12/31/2016		
Type - In local currency	Average annual charges (%)		Maturity	Current	Noncurrent liabilities	Total	New contracts	Interest paid	Interest accrued	Current	Noncurrent liabilities	Total		
1st issue - Movida GTF		CDI + 1.93	Sep-2018	306,042	-	306,042	-	(38,513)	35,274	10,418	298,863	309,281		
1st issue - Parent Company		CDI + 2.70/ 1.55	Jul-2022	15,901	398,016	413,917	400,000	(3,248)	17,165	-	-	-		
				321,943	398,016	719,959	400,000	(41,761)	52,439	10,418	298,863	309,281		

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

Description	12/31/2018			
	1st issue Movida RAC	2nd issue Movida RAC	1st issue Movida Participações	2nd issue Movida Participações
a. Identification of process by nature				
1st series amount	250,000	100,000	150,000	138,250
2nd series amount			250,000	181,500
1st series amount				130,250
Total	250,000	100,000	400,000	450,000
Issue	4/13/2018	10/31/2018	7/4/2017	6/7/2018
Maturity	3/29/2023	10/10/2021	7/15/2022	6/7/2021 to 6/7/2023
Type	Unsecured	Unsecured	Unsecured	Unsecured
Identification of the asset with B3	MVLV11	MVLV12	MOVI 11/21	MOVI 12/22/32
b. Transaction costs incurred	(113)	(113)	(111)	(111)
c. Effective interest rate p.a. %				
1st series	CDI + 2.00%	CDI + 1.80%	CDI + 1.55%	CDI + 1.60%
2nd series			CDI + 2.70%	CDI + 2.20%
3rd series				CDI + 1.90%
d. Total amount of the debt	253,560	100,860	413,377	449,940

The debentures issued by Movida, except for those issued by Movida Locação de Veículos SA, are subject to commitment clauses to maintain certain financial indicators. In the event of non-compliance, the debt balance may have its maturity accelerated. The other transactions do not have any guarantees.

Performance ratios of Movida

Restriction	Limits	12 months ended At 12/31/2018
Net debt / EBITDA	Less than 3.5	2.8x
EBITDA / Net finance costs	Greater than 1.5	3.4x

EBITDA corresponds to the Company's net income or loss, on a consolidated basis, for the last 12 months, before: (i) of the financial result; (ii) income and social contribution taxes; and (iii) depreciation and amortization expenses. For all issues of the group, EBITDA is adjusted by the impairment of assets and equity equivalents.

Net debt means the total balance of short and long-term borrowings including debentures and any other debt securities, after deducting: (a) cash and short-term financial investments, namely investments with daily liquidity maturing within 360 days; and (b) borrowings arranged under the program for financing inventories of new and used vehicles, locally made or imported, and automotive parts, under revolving credit facilities from financial institutions linked to the manufacturers.

16.1. Amortization schedule is presented below, by year of maturity:

	Maturity of installments	Parent Company		Consolidated	
		Total	%	Total	%
Current liabilities	Up to December 2019	91,286	10.6%	117,078	9.6%
	2020	58,040	6.7%	147,036	12.1%
	2021	325,418	37.7%	434,196	35.7%
	2022	310,858	36.0%	415,541	34.1%
	After 2023	77,715	9.0%	103,885	8.5%
Noncurrent liabilities		772,031	89.4%	1,100,659	90.4%
Total		863,317	100.0%	1,217,735	100.0%

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17. FINANCE LEASES PAYABLE AND COMMITMENTS

17.1. Finance leases payable

Finance lease agreements classified as Finame leasing and finance leases for the maintenance of Movida's operating activities have annual charges at floating and fixed rates, are secured by the assets themselves and are distributed as follows:

Type	Maturity	Annual charges (%)	Parent Company									
			12/31/2018			Changes				12/31/2017		
			Current	Noncurrent liabilities	Total	Merger	Amortization	Interest paid	Interest accrued	Current	Noncurrent liabilities	Total
Leasing	Until Apr-2020	8.59%	1,407	50	1,457	20,048	(14,265)	(4,977)	651	-	-	-
Total			1,407	50	1,457	20,048	(14,265)	(4,977)	651	-	-	-

Type	Maturity	Annual charges (%)	Consolidated								
			12/31/2018			Changes			12/31/2017		
			Current	Noncurrent liabilities	Total	Amortization	Interest paid	Interest accrued	Current	Noncurrent liabilities	Total
Leasing	Until May-2020	9.02%	1,958	303	2,261	(47,939)	(16,975)	3,097	57,140	6,938	64,078
Total			1,958	303	2,261	(47,939)	(16,975)	3,097	57,140	6,938	64,078

Type	Maturity	Annual charges (%)	Consolidated										
			12/31/2017			Changes					12/31/2016		
			Current	Noncurrent liabilities	Total	New contracts	New leases due to business combinations	Amortization	Interest paid	Interest accrued	Current	Noncurrent liabilities	Total
Leasing	Until Dec-2020	10.67%	57,140	6,938	64,078	2,286	4,764	(55,245)	(13,593)	12,465	56,080	57,321	113,401
			57,140	6,938	64,078	2,286	4,764	(55,245)	(13,593)	12,465	56,080	57,321	113,401

No contingent payments are expected, and there is no finance sublease for the aforementioned transactions.

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17.2. Amortization schedule is presented below, by year of maturity:

Lease installments have the following maturities:

	Maturity of installments Until December 2019 2020	Parent Company		Consolidated	
		Total	%	Total	%
Current liabilities		1,407	96.6%	1,958	86.6%
		50	3.4%	303	13.4%
Noncurrent liabilities		50	3.4%	303	13.4%
Total		1,457	100.0%	2,261	100.0%

17.3. Operating leases

These leases refer to rental agreements entered into with third parties, which mainly involve stores for the resale of vehicles and locations for Rent a Car operations.

Minimum future payments under operating leases on Consolidates are as follows:

	Up to 1 year	1 to 2 years	2 to 3 years	3 to 4 years	Over 4 years	Total
Leases payable	57,134	46,441	29,607	14,795	57,475	205,452
Total	57,134	46,441	29,607	14,795	57,475	205,452

As a lessor, Movida has the following amounts:

	Up to 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Total
Leases receivable	190,218	117,483	39,675	8,627	1,044	357,047
Total	190,218	117,483	39,675	8,627	1,044	357,047

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18. LABOR LIABILITIES

	Parent Company		Consolidated	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Provisions for vacation, 13th salaries and bonuses:	12,065	-	30,213	14,169
Salaries	367	3,923	8,214	10,153
INSS	400	37	5,344	3,751
FGTS	86	-	1,059	818
Withholding Income Tax (IRRF)	331	-	2,381	-
Others	621	-	1,214	251
Total	13,870	3,960	48,425	29,142

19. TAX LIABILITIES

	Parent Company		Consolidated	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Withholding Income Tax (IRRF)	8	2,383	2,303	5,146
PIS and COFINS	1,505	1,762	4,082	7,111
Service Tax (ISS)	11	-	954	815
IPTU	-	-	-	675
Others	185	172	546	1,102
Total	1,709	4,317	7,885	14,849

20. PROVISIONS FOR JUDICIAL AND ADMINISTRATIVE LITIGATION AND JUDICIAL DEPOSITS

Movida, in the ordinary course of its business, is a party to civil, tax and labor suits, and have judicial and court-blocked deposits as guarantee of these claims. Based on the opinion of the Company's legal counsel, Movida recorded provisions to cover probable losses in the following amounts:

	Judicial deposits				Provisions			
	Parent Company		Consolidated		Parent Company		Consolidated	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Civil	-	-	215	167	31	-	3,864	1,727
Tax	167	-	167	-	-	-	-	-
Labor	35	-	754	666	71	-	1,645	1,724
Total	202	-	1,136	833	102	-	5,509	3,451

20.1. Judicial deposits

The deposits refer to amounts deposited in a court account or blocked bank balances as guarantee for any payment required by the court, or amounts deposited in a court account to replace tax payments or payables that are being challenged in court.

20.2. Changes in the provision for judicial and administrative litigation

The changes in provisions for judicial and administrative litigation in the year ended December 31, 2018 and 2017 are as follows:

	Parent Company	
	Civil	Labor
Balance at December 31, 2017	-	-
Merger	32	-
Additions	18	71
Reversals	(19)	-
Balance at December 31, 2018	31	71

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	Civil	Labor	Consolidated Total
Balance at December 31, 2016	73	121	194
Additions	2,202	2,094	4,296
Reversals	(548)	(491)	(1,039)
Balance at December 31, 2017	1,727	1,724	3,451
Additions	5,989	2,422	8,411
Reversals	(3,852)	(2,501)	(6,353)
Balance at December 31, 2018	3,864	1,645	5,509

20.3. Possible losses not provided for in the balance sheet

Movida is a party to civil, labor and tax lawsuits at the judicial or administrative level, for which the likelihood of loss is considered possible by Management and its legal counsel. The amounts involved in the litigations are shown below:

	12/31/2018	Consolidated 12/31/2017
Civil	20,470	11,772
Labor	5,161	7,244
Tax	1,893	440
Total	27,524	19,456

Movida and its legal counsel understand that civil lawsuits are basically related to claims regarding loss of profits, property damages and pain and suffering for alleged traffic accidents, collisions and claims involving its fleet vehicles, and do not involve individual material amounts.

Movida believes that there is no specific procedure adopted that gives rise to labor claims filed against Movida, and the labor claims filed do not involve individual material amounts and are mainly related to payment of differences in overtime and commissions, hazardous duty premium, health hazard premium and lawsuits filed by employees of outsourced companies.

21. INCOME TAX AND SOCIAL CONTRIBUTION ON NET INCOME

21.1. Deferred income tax and social contribution

Deferred income tax ("IRPJ") and social contribution ("CSLL") assets and liabilities were calculated based on the balances of tax losses and temporary differences deductible or taxable in the future, as follows. Their origins are as follows:

	Parent Company		Consolidated	
Description	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Tax assets:				
Income tax and social contribution tax losses	30,287	16,845	84,765	81,632
Provision for judicial and administrative litigation	24	-	830	1,173
Provision for impairment	(1,003)	-	17,728	12,095
Others	-	214	-	3,242
Total tax assets	29,308	17,059	103,323	98,142
Deferred tax liabilities:				
Differences between accounting and tax depreciation	7,677	-	(160,214)	(114,047)
Property and equipment - finance leases	(1,776)	-	(8,678)	(30,399)
Others	-	-	-	(276)
Total deferred tax liabilities	5,901	-	(168,892)	(144,722)
Net total	35,209	17,059	(65,569)	(46,580)
Classified as:				
Deferred income tax and social contribution assets - non-current	35,209	17,059	35,748	18,410
Deferred income tax and social contribution liabilities - non-current	-	-	(101,317)	(64,990)
Total deferred tax liabilities, net	35,209	17,059	(65,569)	(46,580)

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CHANGES	Parent Company	Consolidated
Net balance of deferred income tax and social contribution as of December 31, 2016	230	(37.710)
Deferred income tax and social contribution recognized by others movements	16.829	(8.870)
Net balance of deferred income tax and social contribution as of December 31, 2017	17,059	(46,580)
Deferred income tax and social contribution recognized under the new IFRS 9	-	7,993
Deferred income tax and social contribution recognized under the new IFRS 15	-	(101)
Recognized GTF	(17,172)	-
Deferred income tax and social contribution recognized by others movements	35,322	(26,881)
Net balance of deferred income tax as of December 31, 2018	35,209	(65,569)

21.2. Reconciliation of income tax and social contribution (expense) income

Current income tax and social contribution expenses are calculated based on the current rates levied on profit before income tax and social contribution, plus respective additions and exclusions and offset allowed or required by the prevailing legislation.

	Parent Company		Consolidated	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Profit before income tax and social contribution from continuing operations	124,432	62,005	206,942	90,313
Profit before income tax and social contribution from discontinued operations	-	-	-	1,095
Statutory rates	34%	34%	34%	34%
IRPJ and CSLL calculated at the standard rates	(42,307)	(21,082)	(70,360)	(31,079)
Permanent (additions) deductions				
Equity in the results of investees	55,980	26,223	-	-
Interest on return on equity - TJLP - Received	(4,590)	(5,780)	(4,590)	-
Interest on capital paid - TJLP - Payment	25,500	5,100	30,090	5,100
Nondeductible expenses	739	-	(2,357)	900
Additional 10%	-	-	48	-
Other (additions) deductions	-	-	(19)	509
IRPJ and CSLL calculated	35,322	4,461	(47,188)	(24,570)
Income tax and social contribution from continuing operations				
Current	-	-	(20,307)	(3,332)
Deferred	35,322	4,461	(26,881)	(20,866)
Income tax and social contribution from discontinued operations				
Current and deferred	-	-	-	(372)
IRPJ and CSLL in profit or loss	35,322	4,461	(47,188)	(24,570)
Effective rate	-28.4%	-7.2%	22.8%	27.2%

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

21.3. Estimated realization schedule

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

Tax losses can be carried forward indefinitely. On December 31, 2018 and 2017, the deferred IRPJ and CSLL were recorded for all accumulated tax losses.

In estimating the realization of deferred tax assets, Management considers its budget and strategic plan based on the estimated realization schedule of assets and liabilities that gave rise to them, and in earnings projections for the subsequent years. The study for realization was carried out by an independent company.

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21.4. Current income tax and social contribution

	12/31/2018	Consolidated 12/31/2017
Liabilities		
Provision for IRPJ and CSLL	(20,307)	(3,332)
Provision for IRPJ and CSLL (Discontinued)	-	(372)
IRPJ and CSLL paid	10,988	(3,704)
Total IRPJ and CSLL payable	(9,319)	-
IRPJ and CSLL paid based on estimate	-	7,652
Total IRPJ and CSLL prepaid / (payable)	-	7,652
Results		
Provision of IRPJ and CSLL in the year	(20,307)	(3,704)
Total	(20,307)	(3,704)
Composition of payments for cash flow:		
IRPJ and CSLL current year prepaid	(10,988)	(11,356)
IRPJ and CSLL from prior year	-	(2,948)
Total	(10,988)	(14,304)

22. EQUITY

22.1. Share capital

Movida's fully subscribed and paid-up capital at December 31, 2018 is R\$1,514,144 (R\$ 1,201,584 at December 31, 2017) divided into 263,421,014 registered common shares without par value, reduced by the transaction costs incurred in its Initial Public Offering (IPO) of R\$ 24,003, totaling R\$1,490,141 (R\$ 1,177,581 at December 31, 2017).

On June 26, 2018, the Extraordinary General Meeting ("EGM") approved an increase in the Company's capital, within the limit of the authorized capital, in the amount of R\$ 312,560, with the possibility of partial ratification, through private issue of 49,929,428 new registered, book-entry common shares without par value ("Capital Increase") at the issue price of R\$ 6.26 (six reais and twenty six cents) per share, based on article 170, paragraph 1, item III, of Law 6,404, dated December 15, 1976 ("Brazilian Corporation Law").

The capital increase intends to strengthen its capital structure at a time of political and socioeconomic instability in the country and will be realized through the subscription of new shares, of which R\$ 299,890 was made by the parent company JSL SA and the amount of R\$ 12,670 subscribed by the other shareholders, totaling R\$ 312,560 up to December 31, 2018, classified as capital reserve, and subscribed 49,929,428 new common, registered, book-entry shares without par value. Accordingly, the paid-in capital of the Company increased from R\$ 1,201,584, consisting of 213,491,586 common shares, all registered, without par value, to R\$ 1,514,144, to be comprised of 263,421,014 shares common shares, all nominative, book-entry shares without par value.

As a result, JSL SA increased its ownership interest in the Company by 6.039% to a total holding of 70,129% (64.1% before subscription), which corresponds to the ownership of 184,733,245 (one hundred and eighty-four million, seven hundred and thirty-three thousand, two hundred and forty-five) common, nominative, book-entry shares with no par value.

22.2. Treasury shares

Between April 5 and May 11, 2018, Movida repurchased 1,053,500 shares at the weighted average price of R\$ 8.08, totaling R\$ 8,518. The shares were acquired for treasury maintenance, cancelation, disposal and / or to cover the possible exercise of options in the scope of stock-based compensation.

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22.3. Initial Public Offering (IPO)

As mentioned in note 1, on February 6, 2017, Movida completed its Initial Public Offering (IPO). As a result of this offering, the primary distribution of 71,460,674 shares and the secondary distribution of 6,741,573 shares were carried out, all of them no-par, registered, book-entry common shares, free and clear from any liens or encumbrances.

With the aforementioned event, the capital of Movida had an increase of R\$ 535,955. Of this total, R\$ 485,955 was used for immediate capital increase and the remainder in the amount of R \$ 50,000 was allocated to the capital reserve account.

22.4. Distribution of dividends

Pursuant to Movida's Bylaws, shareholders are entitled to annual mandatory dividend not lower than 25% of the Company's annual profit, as adjusted by the following additions or exclusions:

- i) 5% allocated to the legal reserve; and
- ii) Amount for the contingency reserve and reversal of the same reserves set up in prior years. A portion of the profit may also be retained based on a capital budget for contribution of a statutory earnings reserve named "investment reserve".

The amount to be distributed must be approved at the Annual General Meeting ("AGM") that also approves Management accounts related to the prior year, based on the proposal submitted by the Executive Board and approved by the Board of Directors. Dividends are distributed in accordance with the resolution of this AGM, held in the first four months of each year. Movida's Bylaws also allow for the distribution of interim dividends, which can be included in the mandatory dividends.

As at December 31, 2018, the amount of R\$ 54,468 related to dividends and interest on capital for the twelve-month period ended December 31, 2018 is recorded under "dividends payable". The amounts were approved and ratified by the Board of Directors on December 13, 2018 as interest on capital.

	Interest on capital	Dividends payable	Consolidated Total
Balance at December 31, 2016	-	85,964	85,964
Dividends paid	-	(85,964)	(85,964)
Profit distribution	15,000	786	15,786
Withholding Income Tax (IRRF)	(2,250)	-	(2,250)
Balance at December 31, 2017	12,750	786	13,536
Interest on capital and dividends paid	(22,852)	(786)	(23,638)
Profit allocation	75,000	-	75,000
Withholding Income Tax (IRRF)	(10,430)	-	(10,430)
Balance at December 31, 2018	54,468	-	54,468

22.5. Share-based compensation plan

At the Annual General Meeting held on January 13, 2017, approval was given for the restricted stock program for Movida's officers, employees and service providers.

The program is intended to allow beneficiaries to receive restricted stock in order to: (a) stimulate the expansion, success and achievement of the Company's corporate purposes; (b) align the interests of the Company's shareholders with those of the beneficiaries; and (c) allow the Company or its subsidiaries to attract and retain the beneficiaries.

The awards granted to beneficiaries, plus the options or other rights to receive shares issued by the Company under stock option programs or share-based payment programs to be approved in the future, may entitle to a number of shares that do not exceed, at any time, 5% of the total voting capital of the Company, on fully diluted bases.

Although there has been no grant in the plan established directly in Movida due to the recent creation of its program, some officers of Movida were granted stock options under the existing plan of its parent company

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JSL S.A., such cost in the amount of R \$ 443, registered until December 31, 2018, was transferred to the Company and is included in the amount of compensation mentioned above.

22.6. Restricted stock plan and matching

The restricted stock plan consists of the delivery by the Company (restricted shares) to its employees as part of the payment of variable remuneration of the beneficiaries as bonds, in annual installments for four years. In addition, employees may, at their sole discretion, opt to receive an additional portion of the variable compensation amount as a bonus in the Company's shares, and in case the employee opts to receive shares, the Company will provide the employee with 1 matching share for each 1 own action received by the employee, within the limits established in the program. The granting of the right to receive restricted shares and matching shares is made through the conclusion of a Grant Agreement between the Company and the employee. Thus, the plan seeks to (a) stimulate the expansion, success and achievement of the Company's and its subsidiaries' social objectives; (b) to align the interests of the Company's and its subsidiaries' shareholders with those of its employees; and (c) enable the Company and its subsidiaries to attract and retain the Beneficiaries.

In order to calculate the number of restricted shares to be delivered to the employee, the net value earned by the employee will be divided by the average quotation of the Company's shares in B3 (Brasil, Bolsa e Balcão), weighted by the trading volume in the last 30 pre-dates prior to each date of acquisition of the rights related to the restricted shares.

Restricted and matching shares granted will be redeemed only after the minimum terms stipulated by the plan and according to the characteristics indicated in the following tables:

Plan	Years of grants	Number of shares	Tranche	Exercise price	Fair value of the share on the grant date	Volatility	Risk-free interest rate	Expected dividends	Restricted stock plan life	Acquisition period	Transfer date
I	2018	47,582	1	0.00	7.90	33.92%	6.38%	2.22%	5 years	04/23/2018 a 04/24/2019	04/24/2019
I	2018	47,582	2	0.00	7.76	33.92%	7.25%	2.22%	5 years	04/23/2018 a 04/24/2020	04/24/2020
I	2018	47,582	3	0.00	7.62	33.92%	8.19%	2.22%	5 years	04/23/2018 a 04/24/2021	04/24/2021
I	2018	47,582	4	0.00	7.48	33.92%	8.89%	2.22%	5 years	04/23/2018 a 04/24/2022	04/24/2022

The total amount of the "I" plan is R \$ 1,463, with the portion of each year being appropriated to the income for the year, as administrative expenses.

	Number of shares restricted			
	Grants	Canceled	Actions taken	Shares restricted in circulation
Position em December 31, 2017	-	-	-	-
Granted grants in 2018	190,326	-	-	190,326
Position em December 31, 2018	190,326	-	-	190,326

22.7. Earnings reserve

At December 31, 2018, the profit reserve was recognized due to the retention of part of the net profit for the year, pursuant to article 196 of Law 6,404/76.

22.8. Legal reserve

Reserve set up as determined by corporate law in article 193, with the allocation of 5% of net income for the year, limited to: (i) 20% of the capital or (ii) when the amount of this reserve plus the amount of its capital reaches 30% of the capital. The legal reserve is intended to ensure the integrity of the capital and can only be used to offset losses or capital increase. As at December 31, 2018 and 2017, R\$ 7,988 and R\$ 3,323 were recorded, respectively, of legal reserve. The balance of this reserve at December 31, 2018 is R\$ 16,887.

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23. NET REVENUE FROM SERVICES RENDERED AND SALE OF ASSETS USED IN SERVICES RENDERED

	Parent Company		Consolidated	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Revenue from car rental	-	-	1,012,837	905,170
Revenue from fleet outsourcing and management	270,572	-	349,998	229,279
Revenue from sales of assets	60,725	-	1,354,353	1,452,366
Gross revenue	331,297	-	2,717,188	2,586,815
(-) Revenue deductions				
Taxes on sales	(24,656)	-	(134,524)	(105,823)
Returns and rebates	(28,740)	-	(31,552)	(1,493)
Discounts granted	-	-	(12,513)	(11,516)
Total net revenue	277,901	-	2,538,599	2,467,983

Taxes levied on sales refer mainly to municipal taxes on services (rate of 2% to 5%) and contributions related to PIS (rate of 1.65%) and COFINS (rate of 7.6%).

We recognize all the company's revenues at a specific time in time, practice of recognition in accordance with IFRS 15 / CPC 47.

- (i) Beginning in 2018, the Company started to present the costs of discontinued operations under the heading of discards and rebates.

24. FINANCE RESULTS

	Parent Company		Consolidated	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Finance income				
Financial investments	24,638	12,077	38,868	47,018
Interest received	473	-	4,500	4,809
Other finance income	99	-	2,983	4,060
Total finance income	25,210	12,077	46,351	55,887
Finance costs				
Interest on loans and borrowings	(26,951)	(18,975)	(76,135)	(64,681)
Interest on debentures	(69,671)	-	(92,362)	(35,274)
Interest on suppliers financing – car makers	-	-	(15,823)	(73,697)
Interest and bank fees on finance leases	(651)	-	(3,097)	(12,465)
Total financial expenses on loans and borrowings	(97,273)	(18,975)	(187,417)	(186,117)
Other finance costs				
Financial taxes and charges expenses	(353)	(1,610)	(22,075)	(26,965)
Interest on other payables	(2,107)	(7)	(2,531)	(3,012)
Present value adjustment (AVP)	(1,550)	-	(1,550)	-
Other finance costs	(845)	-	(5,563)	(1,588)
Total other finance costs	(4,855)	(1,617)	(31,719)	(31,565)
Total finance costs	(102,128)	(20,592)	(219,136)	(217,682)
Net financial result	(76,918)	(8,515)	(172,785)	(161,795)

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25. EXPENSES BY NATURE

Movida's statement of profit or loss is presented by function. Expenses by nature are as follows:

	Parent Company		Consolidated	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Cost of sale of assets used in services rendered	(57,516)	-	(1,292,797)	(1,376,456)
Personnel	(26,920)	(6,628)	(245,548)	(192,316)
Repairs and fleet maintenance (i)	(22,742)	-	(88,529)	(127,603)
Depreciation and amortization	(10,321)	-	(102,011)	(74,243)
Vehicles expenses	(120,952)	-	(69,615)	(67,472)
Reversal (provision) for impairment of trade receivables	2,811	-	1,351	(27,321)
Communication and publicity	(390)	-	(47,400)	(35,019)
Building's maintenance and repair	-	-	(4,674)	(4,801)
PIS and COFINS credits on inputs (ii)	18,667	-	114,431	69,352
Costs from sale of damaged vehicles (iii)	(1,725)	-	(74,410)	(86,476)
Contracted services	(10,414)	(742)	(110,111)	(84,501)
Taxes, charges, insurance, fines	(10,737)	(104)	(95,901)	(71,634)
Water, electricity, telephone	(34)	-	(22,912)	(17,524)
Property leasing	(62)	(3)	(87,587)	(85,560)
Fuel costs (i)	(3,570)	-	(13,076)	(22,391)
Other income (expenses)	2,707	872	(20,083)	(11,910)
	(241,198)	(6,605)	(2,158,872)	(2,215,875)
Cost of services rendered	(157,938)	-	(439,166)	(446,657)
Cost of sale of assets used in services rendered	(57,516)	-	(1,292,797)	(1,376,456)
Administrative expenses (iv)	(26,646)	(8,230)	(198,370)	(161,878)
Selling expenses (iv)	(5,011)	-	(173,880)	(129,682)
Impairment of trade receivables and contract assets	2,811	-	1,351	(27,321)
Other operating expenses	(2,499)	-	(248,853)	(122,354)
Other operating income	5,601	1,625	192,843	48,473
	(241,198)	(6,605)	(2,158,872)	(2,215,875)

- (i) As mentioned in note 2.32.1, as from January 1, 2018, fuel reimbursement amounts, damages and traffic tickets, are now classified under these line items.
- (ii) The credits of the PIS - Social Integration Program (PIS) and COFINS - Contribution for the Financing of Social Security at December 31, 2018 also include the recognition of extemporaneous credits in the amount of R\$ 24,048 (R\$ 9,206 in December 2017) in the consolidated.
- (iii) Refers to the cost of damaged and casualty vehicles written off, net of the respective amount recovered through sale, in the amount of R\$41,211 (R\$ 48,473 at December 31, 2017).

Movida presented by period the following amounts of losses with vehicles damaged and casualty:

Period	Revenues	Cost	Total
From January 1, 2018 through March 31, 2018	10,177	(18,103)	(7,926)
From April 1, 2018 through June 30, 2018	11,135	(19,758)	(8,623)
From July 1, 2018 through September 30, 2018	10,909	(16,349)	(5,440)
From October 1, 2018 through December 31, 2018	8,990	(17,787)	(8,797)
Cumulative total	41,211	(71,997)	(30,786)

Movida presented by period the following amounts of losses with stolen vehicles:

Period	Total
From January 1, 2018 through March 31, 2018	(11,633)
From April 1, 2018 through June 30, 2018	(13,249)
From July 1, 2018 through September 30, 2018	(10,282)
From October 1, 2018 through December 31, 2018	(8,460)
Cumulative total	(43,624)
Total vehicles defective, damaged and stolen	(74,410)

- (iv) With the objective of improving the presentation and disclosure of financial information and comparability with 2018, the Company reclassified in the year ended December 31, 2017 the amounts of R\$ 8,230 and R\$ 161,878, parent company and consolidated, previously presented under administrative and selling expenses.

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26. RELATED PARTY TRANSACTIONS

26.1. Related-party transactions recognized in assets and liabilities

In the table below, the line items trade receivables, trade payables and other payables include the balances receivable and payable from transactions between related parties.

Assets	Other receivables		Dividends receivable		Parent Company Trade receivables	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Transactions with the parent company						
JSL S.A.	267	-	-	-	54	-
	267	-	-	-	54	-
Transactions with subsidiaries						
Movida GTF	-	-	-	14,450	-	-
Movida RAC	690	-	36,267	7,938	364	-
Movida Premium	4	-	400	-	-	-
	694	-	36,667	22,388	364	-
Related-party transactions						
CS Brasil	1	-	-	-	5	-
Medlog	7	-	-	-	-	-
JSL Leasing	5	-	-	-	-	-
JSL Concessionárias	57	-	-	-	28	-
JSL Locações Pesados	66	-	-	-	183	-
	136	-	-	-	216	-
Total assets	1,097	-	36,667	22,388	634	-

Liabilities	Dividends payable		Trade payables		Parent Company Other payables	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Transactions with the parent company						
JSL S.A.(i)	38,198	9,000	6	-	316	-
	38,198	9,000	6	-	316	-
Transactions with subsidiaries						
Movida GTF	-	-	-	-	-	1,311
Movida Premium	-	-	-	-	3	-
Movida RAC	-	-	677	-	7,017	2
	-	-	677	-	7,020	1,313
Related-party transactions						
CS Brasil	-	-	-	-	50	4
JSL Concessionárias	-	-	-	-	22	-
JSL Locações Pesados	-	-	-	-	3,573	-
	-	-	-	-	3,645	4
Total	38,198	9,000	683	-	10,981	1,317

Assets	Other receivables		Trade receivables		Specification
	12/31/2018	12/31/2017	12/31/2018	12/31/2017	
Transactions with the parent company					
JSL S.A.	635	890	54	138	Operating lease / reimbursement of expenses
	635	890	54	138	
Related-party transactions					
JSL Concessionárias	2,493	470	26,939	2,841	Reimbursement of expenses (i)
JSL Leasing	696	25	-	793	Operating lease
CS Brasil	63	1	6	11	Operating lease / CSC / Reimbursement of expenses (i)
Mogi Passes	-	-	-	2	Operating lease / CSC / Reimbursement of expenses (i)
JSL Corretora	30	-	-	21	Operating lease / CSC / Reimbursement of expenses (i)
JSL Locações pesados	87	-	181	4	Operating lease
Medlog	7	-	-	-	Operating lease
	3,376	496	27,126	3,672	
Total	4,011	1,386	27,180	3,810	

Liabilities	Trade payables and debetures		Other payable		Specification
	12/31/2018	12/31/2017	12/31/2018	12/31/2017	
Transactions with the parent company					
JSL S.A.	6	317,925	3,341	128	Vehicle Lease / Expense Reimbursement / JSCP
	6	317,925	3,341	128	
Related-party transactions					
CS Brasil	-	929	952	35	Vehicle Lease / Expense Reimbursement
JSL Concessionárias	-	578	693	37	Expense reimbursement
JSL Locações Pesados	5	-	3,574	1,005	Vehicle Lease / Expense Reimbursement
JSL Corretora	-	-	3	-	Expense reimbursement
JSL Empreendimentos	-	19	19	-	Expense reimbursement
	5	1,526	5,241	1,077	
Total	11	319,451	8,582	1,205	

i) Management, by means of an administrative services center (CSA), share the corporate expenses between members of the JSL business group through the apportionment and reimbursement of expenses.

In March 2018, Movida effected the assignment of future receivables with third parties to JSL S.A.

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- ii) For better disclosure, the Company grouped the amounts previously classified as related parties within the consolidated balance sheet with the amounts of other credits and other trade payable, as disclosed in the Note 2.31.1.

26.2. Related-party transactions with effects in the income statement

The consolidated related-party transactions are as follows:

Results	Consolidated							
	Revenue from services rendered		Cost of services rendered		Fleet renewal revenue		Fleet renewal costs	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Transactions with the parent company								
JSL	1,021	1,959	(262)	(1,651)	274	4,646	(47)	(4,646)
	<u>1,021</u>	<u>1,959</u>	<u>(262)</u>	<u>(1,651)</u>	<u>274</u>	<u>4,646</u>	<u>(47)</u>	<u>(4,646)</u>
Transactions with subsidiaries								
Movida GTF	146,350	-	(4,577)	-	-	-	-	-
Movida RAC	287	-	(148,099)	6	24,660	-	(24,660)	-
Movida Premium S.A.	6,039	-	-	-	-	-	-	-
	<u>152,676</u>	<u>-</u>	<u>(152,676)</u>	<u>6</u>	<u>24,660</u>	<u>-</u>	<u>(24,660)</u>	<u>-</u>
Related-party transactions								
CS Brasil	92	155	(11)	(13)	-	223	(16)	(223)
JSL Concessionárias	3,164	-	(504)	(1,352)	50,111	141,211	(17,546)	(135,869)
JSL Empreendimentos	-	-	-	(228)	-	-	-	-
Vamos Locação	750	2,659	-	(11,267)	570	7,638	-	(7,638)
JSL Leasing	5	-	-	-	-	-	-	-
Apta	-	-	-	-	-	-	-	-
	<u>4,011</u>	<u>2,814</u>	<u>(515)</u>	<u>(12,860)</u>	<u>50,681</u>	<u>149,072</u>	<u>(17,562)</u>	<u>(143,730)</u>
Transactions with management members	-	-	-	(317)	-	-	-	-
Total	<u>157,708</u>	<u>4,773</u>	<u>(153,453)</u>	<u>(14,822)</u>	<u>75,615</u>	<u>153,718</u>	<u>(42,269)</u>	<u>(148,376)</u>

Movida through a commercial agreement may sell to the JSL SA group vehicles used in its operation, limited to 10% of the sales made by Movida in the last 12 months, however, the minimum sale price by Movida must correspond to the average sale price of vehicles to large groups (according to the make, model and mileage of each vehicle) practiced by Movida in the 60 days prior to the receipt of the intention to sell.

The Movida Locação de Veículos S.A., through a commercial agreement, carries out sublease of vehicles for Movida Participações S.A.

26.3. Management compensation

For the year ended December 31, 2018 compensation, including payroll charges paid to key management personnel was R\$ 9,289 (R\$ 5,136 as of December 31, 2017), in parent company and consolidated. Management does not have post-retirement benefits or any other long-term benefits, except for the share-based payment plan and restricted shares, as disclosed in note 22.5, for which the grants have not been approved until the moment. As follow:

Management	12/31/2018	12/31/2017
Fixed compensation	7,088	3,806
Variable compensation	2,128	1,311
Benefits	73	19
Total	<u>9,289</u>	<u>5,136</u>

27. INSURANCE COVERAGE

Movida and its subsidiaries contract insurance for their fleet as required by contract and for third-party damages, however for the most part self-insure their fleet.

The amount insured is considered sufficient by Management to cover potential risks, as shown in the table below:

Beneficiary	Guarantee	Risk	Location	Quantity	Type	Effective period	Contracted coverage
Movida Locação de Veículos S.A.	Vehicle rental, including management and maintenance	Liability insurance	Brazil	Total fleet (i)	Vehicles	12/5/2018 to 3/5/2019	27,725
Movida Locação de Veículos S.A.	Damage or qualified theft and rental coverage	Global insurance companies: explosion, lightning and fire.	Brazil	Property	Residential	11/30/2018 to 11/30/2019	28,461

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- (i) Movida, specifically for service to third parties, contracts insurance for the rented fleet, covering only damages to third parties. Movida's own fleet is not insured.

28. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit attributable to owners of Movida by the weighted average number of common shares issued during the period, less the common shares repurchased by Movida and held in treasury.

Movida had no transactions or agreements involving common shares or potential shares with impact on diluted earnings per share.

The calculation of basic and diluted earnings per share is presented below:

	12/31/2018	12/31/2017
Operating profit		
Numerator:		
Profit for the period	159,754	66,466
Denominator:		
Weighted average number of outstanding shares	219,645,445	206,247,627
Basic and diluted earnings per share - R\$ (i)	0.7274	0.3223
Profit from continuing operations		
Numerator:		
Profit for the period	159,754	65,743
Denominator:		
Weighted average number of outstanding shares for period	219,645,445	206,247,627
Basic and diluted earnings per share - R\$ (i)	0.7274	0.3188

- (i) On February 6, 2017, Movida approved a five-to-one reverse stock split through the "EGM", reducing the fraction of shares of five-to-one common shares representing the Movida's share capital. The reverse stock split was reflected in the calculation factor of earnings per share for the year ended December 31, 2017, in accordance with the accounting pronouncement CPC 41 - Earnings per share.

	Fact	Outstanding shares
Opening balance		213,491,586
Capital increase through the issue of shares		49,929,428
Total shares		263,421,014
Repurchase of shares (treasury shares)		(1,053,500)
Stock options outstanding		262,367,514
Weighted average		219,645,445

29. DISCONTINUED OPERATIONS

On August 31, 2016, Movida, as part of its parent company JSL S.A.'s project to restructure the businesses of its group, completed the transfer of assets and liabilities of the business units relating to rental of heavy vehicles and light machinery and vehicles with aggregate services (driver) previously managed by the subsidiary Movida GT to the other companies of the same group, through partial spin-off.

The purpose of such operation was to realign its business lines with the allocation of assets and liabilities to companies that develop related activities.

The table below shows the amounts of assets and liabilities, the statements of income and cash flows of the operations held for distribution to shareholders at December 31, 2016 and the residual value at December 31, 2017, after such restructuring.

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i) Statements of income:

	12/31/2017
Net revenue from services rendered and sale of assets	30,561
(-) Cost of services rendered	(18,612)
(-) Cost of sales of assets used in services rendered	(10,855)
(=) Total cost	(29,467)
(=) Gross profit	1,094
Administrative expenses	(7)
Other operating (expenses) revenue, net	(11)
Profit before finance income and costs	1,076
Finance income	20
Finance costs	-
(=) Profit before income tax and social contribution	1,096
Income tax and social contribution	(373)
(=) Profit for the year	723

ii) Statements of cash flows:

	12/31/2017
Cash flows from operating activities	1,096
Profit before income tax and social contribution	1,096
Adjustments to:	11,350
Depreciation / amortization	495
Cost of sale of assets used in services rendered	10,855
Changes in current and non-current assets and liabilities	-
Net cash generated by operating activities	12,446
Cash flows from investing activities	(3,585)
Decrease in loans and borrowings, net	(3,585)
Net cash (used in) investing activities	(3,585)
Net increase in cash and cash equivalents	8,861

30. SUPPLEMENTAL INFORMATION TO THE STATEMENT OF CASH FLOWS

The statements of cash flows, under the indirect method, are prepared and presented in accordance with the accounting pronouncement CPC 03 (R2) / IAS 07 – Statement of cash flows.

	Parent Company		Consolidated	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Total additions to property and equipment (Note 11)	-	-	2,403,452	2,152,030
Additions through financing / finance leases	-	-	-	(2,286)
Changes in the balance of suppliers financing – car makers	8,258	-	31,805	351,427
Total non-cash additions to property and equipment	8,258	-	2,435,257	2,501,171
Cash for acquisition of property and equipment	8,887	-	2,412,157	(2,491,677)
Cash purchase of property and equipment investment	10	-	23,100	(9,494)
Total additions to property and equipment	8,897	-	2,435,257	(2,501,171)

31. SUBSEQUENT EVENTS

3Srd issue of debentures

On January 4, 2019, its 3rd (third) issue of simple, non-convertible debentures of unsecured type, in up to 3 (three) series, in the amount of R\$ 600,000 ("Debentures" and "Issue", respectively), with a nominal unit value of R\$ 1 on the issue date, as reported in a material fact disclosed on November 21, 2018.

The Issue was made in 3 (three) series, and, as defined in the bookbuilding procedure:

(i) the Debentures of the first series correspond to the total amount of R\$ 214,478 and will be entitled to interest corresponding to 100% of the accumulated variation of the average daily rates of Interbank Deposits DI, over extra-group ("DI Rate"), exponentially increased by a surcharge or spread equivalent to 1.85% per annum (basis 252 business days), maturing in 2024;

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(ii) the Debentures of the second series correspond to the total amount of R\$ 138,112 and will be entitled to interest equivalent to 100% of the DI Rate, increased exponentially by a surcharge or spread equivalent to 2.05% per annum (basis 252 business days) in 2024 - meaning a 92% adhesion to the exchange of the First Series of the 1st Issuance of Debentures of the Company; and

(iii) the Debentures of the third series, finally, correspond to the total amount of R\$ 247,410 and will be entitled to interest corresponding to 100% of the DI Rate, increased exponentially by a surcharge or spread equivalent to 2.05% per year (basis 252 business days), maturing in 2024 - meaning a 99% adhesion to the exchange of the Second Series of the Company's 1st Issue of Debentures.

Strategic alliance with Avis Budget Car Rental, LLC

On January 15, 2019, the Brazilian Antitrust Agency (CADE) approved, without restrictions, within the scope of Antitrust Case No. 08700.006055 / 2018-85, the acquisition by Movida of assets held by the Avis Budget Group, represented by Avis Budget Brasil SA. The decision of CADE is definitive and has become final and unappealable.

The proposed Transaction is documented through a Letter of Intent signed on August 30, 2018, disclosed in a material fact on August 31, 2018, between Movida and Avis Budget Car Rental LLC, a subsidiary of the Avis Budget Group.

This Letter of Intent is not binding and establishes a "Strategic Alliance" between Movida and Grupo Avis Budget.

The Transaction is in the process of being negotiated between the parties involved, following the previous obligations and usual conditions, including but not limited to the approval of the Transaction by the Extraordinary General Meeting ("AGE"). Due to this ongoing negotiation, there are no effects to be considered in the financial statements for the year ended December 31, 2018.

Beginning of the Level I ADR Trading

On February 7, 2019, Movida began trading in American Depositary Receipt (ADRs), as approved by the Brazilian Securities and Exchange Commission (CVM) on December 20, 2018, with effective declaration by the United States Securities and Exchange Commission on this date.

An ADR is a certificate of deposit of shares tradable in the US securities market, which represents the ownership of shares of a company headquartered outside the US. The ADRs are quoted in US dollars and the dividends paid in the same currency. Its creation aims to facilitate the purchase, maintenance and sale of shares by American investors from companies headquartered outside the US.

The Level I ADR Program shall not imply a capital increase or issuance of new shares and aims to broaden the access of foreign investors to the Company, as well as increase the liquidity of the shares. Deutsche Bank Trust Company Americas will be the depository institution in the United States of America (USA), responsible for issuing the respective depository shares, at the ratio of 1 (one) Depositary Share for each 4 (four) common shares.

General Characteristics of the ADR Program:

- (i) Custodian Bank: Deutsche Bank Trust Company Americas 2.
- (ii) Trustee Bank: Banco Bradesco S.A
- (iii) Type of Security: Nominal, book-entry common shares without par value
- (iv) Ratio: 1 ADR corresponds to 4 common shares.
- (v) Trading: Over-the-counter (OTC) market in New York, USA
- (vi) Symbol: MOVYY 7. CUSIP: 62459K 101 8. Local ISIN: US62459K1016

* * *



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Independent auditor's report on the individual and consolidated financial statements

To the Board of Directors and Shareholders of

Movida Participações S.A.

São Paulo - SP

Opinion

We have audited the individual and consolidated financial statements of Movida Participações S.A. ("the Company"), identified as Parent Company and Consolidated, respectively, which comprise the statement of financial position as at December 31, 2018, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying individual and consolidated financial statements present fairly, in all material respects, the financial position of Movida Participações S.A. as at December 31, 2018, and of its individual and consolidated financial performance and its individual and consolidated cash flows for the year then ended in accordance with Accounting Practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Individual and Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the relevant ethical requirements included in the Accountant Professional Code of Ethics ("Código de Ética Profissional do Contador") and in the professional standards issued by the Brazilian Federal Accounting Council ("Conselho Federal de Contabilidade"), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the individual and consolidated financial statements of the current year. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition from the sale of used vehicles	
See notes 2.29.1 and 23 to the individual and consolidated financial statements	
Key audit matters	How the matter was addressed in our audit
<p>As presented in Notes 2.29.1 and 23 to the financial statements for the year ended December 31, 2018, the Company and its subsidiaries have under the heading of net revenue, individual and consolidated, the amounts of R\$ 60,725 thousand and R\$ 1,354,353 thousand, respectively, from the sale of used vehicles, which recognition requires a detailed control for identifying the moment in which the Company transfers such control over these assets and is no longer involved in the management of the assets (sales cutoff). Due to the relevance of the amounts involved, the need for ancillary controls in determining the moment in which the control is transferred to the counterparty and the judgment involved for determining the moment in which the Company is no longer involved in the management of the asset, we consider this a key audit matter for our audit.</p>	<p>Our audit procedures included, among other procedures:</p> <ul style="list-style-type: none"> – Assessment of the design of key internal controls related to the service and sales process, notably identification of the moment in which the Company and its subsidiaries transfer such control over these assets to the client and no longer having any involvement in the management of such assets; – Tests were performed, on a sample basis, to verify whether the criteria for recognition were fulfilled and documental tests were performed, as well as assessment of the accounting registers of revenue in the correct accrual period, analyzing for the critical period of the last days of the month of December 2018 the occurrence of revenue unduly recognized, should the transfer of the control not having occurred and the involvement in the management of the assets no longer continued as at December 31, 2018; – Assessment of cancelations and returns occurred in January 2019 in relation to sales recognized at the end of 2018, in order to test whether revenue was recognized in the correct accrual period; and – We also considered the adequacy of the disclosures presented in the Notes to the financial statements. <p>In view of the results obtained from the analysis of the internal control environment, we adapted our audit approach, extending the procedures initially planned in order to obtain sufficient and adequate audit evidence.</p> <p>During our audit we identified certain immaterial adjustments that affected recognition within the correct accrual period and disclosure of net revenue, which were not registered by the Company</p>

	<p>once they were considered immaterial.</p> <p>As a result of the evidence obtained through the above mentioned procedures, we consider that the revenue recognition process of the Company in relation to the sale of used vehicles, as well the respective disclosures, are acceptable in the context of the individual and consolidated financial statements taken as a whole.</p>
Useful lives, residual value estimates and recalculation of depreciation of vehicles for rental	
See Notes 2.15 and 11 to the individual and consolidated financial statements	
Key audit matters	How the matter was addressed in our audit
<p>As at December 31, 2018 the Company and its subsidiaries had registered under property and equipment in its individual and consolidated financial statements the amounts of R\$ 88,073 thousand and R\$ 3,585,399 thousand, respectively, for vehicles for rental. The Company and its subsidiaries periodically review the assumptions used for determining the estimated useful lives and residual values, used for measuring these assets, mainly for determining the useful lives of the vehicles, basis for calculating depreciation costs and determining estimated residual value for the sale of these assets in the future. A change in the assumptions used and judgment exercised can cause a material impact on the registered depreciation costs in the current year and those to be registered in the future, as well as on the sale of these assets. Due to the level of judgment required for these estimates and the impact any eventual change in these assumptions could entail in the individual and consolidated financial statements, we consider this to be a key audit matter.</p>	<p>Our audit procedures included, among other procedures:</p> <ul style="list-style-type: none"> – Assessment of the design and operational effectiveness of key internal controls for determining the estimates related to the useful lives and residual values of the vehicles for rental; – Assessment of the assumptions based on internal information of the Company and its subsidiaries (business strategy and planning) used to determine the adequacy of the use of the estimated useful lives of the vehicles for rental and of the expected residual values, such as period and expected sales values; – Recalculation of the depreciation costs recognized during the period considering also the residual value attributed to the asset; and – We also considered the adequacy of the disclosures presented in the Notes to the financial statements. <p>As a result of the evidence obtained through the above mentioned procedures, we consider that the assumptions used for determining the useful lives and residual values, used for measuring the vehicles for rental, in particular for determining the useful lives of the assets, basis for calculating the depreciation costs, and determining the estimated residual value for the sale of these assets in the future are acceptable in the context of the individual and consolidated financial statements as a whole.</p>
Realization of deferred income tax and social contribution assets	
See Notes 2.18 and 21 to the individual and consolidated financial statements	
Key audit matters	How the matter was addressed in our audit

<p>The Company and its subsidiaries have under the heading of deferred income tax and social contribution assets, individual and consolidated, the amounts of R\$ 29,308 thousand and R\$ 103,323 thousand, respectively, arising from temporary differences, tax loss and social contribution loss carryforward, which were considered by the Company as being recoverable based on studies performed from the projection of the generation of future taxable income. The estimation of future taxable income requires a high degree of judgment in determining the assumptions and adequate interpretation of the tax laws. The recognized recoverable value of deferred tax assets may vary significantly if inadequate assumptions are used for projecting future taxable income, which could cause an impact to the value of the deferred tax asset recognized in the individual and consolidated financial statements. For this reason, we consider this to be a key audit matter.</p>	<p>Our audit procedures include, among other procedures:</p> <ul style="list-style-type: none"> – Assessment of the design and operational effectiveness of key internal controls related to the study of the projection of the generation of future taxable income, mainly the extraction, preparation and availability of the bases for those responsible for analyzing recoverability; – Assessment, with the support of our specialists in corporate finance, of the reasonableness of the main assumptions used for supporting the projection of sufficient future taxable income against which unused tax losses and deductible temporary differences may be used, including expected growth, inflation, and the comparison of background information, data from the sector and/or from the market, and performing a sensitivity analysis of the significant assumptions used; – Assessment, with the support of our tax specialists, of whether the tax bases used for the calculation of deferred taxes was appropriate, considering the prevailing tax legislation; and – We also considered the adequacy of the disclosures presented in the Notes to the financial statements. <p>As a result of the evidences obtained through the above mentioned procedures, we consider that in relation to its recoverability, the balance of deferred income tax and social contribution assets, as well as the respective disclosures, are acceptable, in the context of the individual and consolidated financial statements as a whole, for the year ended December 31, 2018.</p>
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Other matters

Statement of value added

The individual and consolidated statements of value added (DVA) for the year ended December 31, 2018, prepared under the responsibility of the Company's management, and presented herein as supplementary information for IFRS purposes, have been subject to audit procedures jointly performed with the audit of the Company's financial statements. In order to form our opinion, we assessed whether those statements are reconciled with the financial statements and accounting records, as applicable, and whether their format and content are in accordance with criteria determined in Technical Pronouncement CPC 09 - Statement of Value Added. In our opinion, the statements of value added have been fairly prepared, in all material respects, in accordance with the criteria determined by the

aforementioned Technical Pronouncement, and are consistent with the overall individual and consolidated financial statements.

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

Management of the Company is responsible for the other information comprising the Management Report.

Our opinion on the individual and consolidated financial statements does not cover the Management Report and we do not express any form of audit conclusion thereon.

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

Responsibilities of management and those charged with governance for the Individual and consolidated financial statements

Management is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with Accounting Practices Adopted in Brazil and with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the individual and consolidated financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with Governance are responsible for overseeing the financial reporting process of the Company and its subsidiaries.

Auditor's responsibilities for the audit of the individual and consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and international standards on auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the individual and consolidated 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 a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the

effectiveness of the internal controls of the Company and its subsidiaries.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- 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 and its subsidiaries ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and subsidiaries to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the individual and consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit and, as a consequence, responsible for our audit opinion.

We communicate with those charged with Governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant weaknesses in internal control that we identify during our audit.

We also provide those charged with Governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with Governance, we determine those matters that were of most significance in the audit of the individual and consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

São Paulo, February 27, 2019

KPMG Auditores Independentes
CRC 2SP014428/O-6
Original report in Portuguese signed by
Cristiano Seabra Di Girolamo
Accountant CRC BA-017826/O-4

Statement of Fiscal Council

MOVIDA PARTICIPAÇÕES S.A.
CNPJ/MF 21.314.559/0001-66
NIRE 35300472101

The Fiscal Council of Movida Participações SA ("Company"), in the exercise provided for in article 163 of Law 6,404/76, at a meeting held on this date, after examining of individual and consolidated Financial Statements for the year ended December 31, 2018 concludes based on the examinations made and considering also the Independent Auditors' Report, which does not contain qualification, unanimously that these documents adequately reflect the Company's financial condition.

São Paulo, February 27, 2019.

Luiz Augusto Marques Paes

Márcio Álvaro Caruso

Octávio Ferreira de Magalhães

STATEMENT ON THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS OF MOVIDA PARTICIPAÇÕES S.A.

In accordance with item VI of article 25 of CVM Instruction 480 of December 7, 2009, the Executive Board declares that it has reviewed, discussed and agreed to the individual and consolidated financial statements of Movida Participações S.A. for the year ended December, 31 2018, authorizing the conclusion on this date.

São Paulo, February 27, 2019.

Renato Horta Franklin

Chief Executive Officer

Edmar Prado Lopes Neto

Chief Financial and Investors' Relations Officer

João Paulo de Oliveira Lima

Accountant

STATEMENT OF THE EXECUTIVE BOARD ON THE INDEPENDENT AUDITOR'S REPORT

In accordance with item V of article 25 of CVM Instruction 480 of December 7, 2009, the Executive Board declares that it reviewed, discussed and agreed with the conclusions expressed on the Independent Auditors' Report on the individual and consolidated financial statement of Movida Participações SA for the year ended December 31, 2018, issued on this date.

São Paulo, February 27, 2019.

Renato Horta Franklin

Chief Executive Officer

Edmar Prado Lopes Neto

Chief Financial and Investors' Relations Officer

João Paulo de Oliveira Lima

Accountant