FINANCIAL STATEMENTS

2019

Localiza Rent a Car SA. Corporate taxpayer's ID (CNPJ) 16.670.085/0001-55

Localiza

(A free translation of the original in Portuguese)

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1 - MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

Dear partners,

Localiza had another great year. We created 2,300 new jobs, had 1,118 internal promotions, dedicated 60,000 hours to training programs. We evolved considerably in the three pillars of sustainability. We have reached 44% representation of women in our team, have a robust diversity program and projects of social inclusion. From the sustainability standpoint, we take care so the majority of our fleet is flex fuel and fueled with ethanol, we started measuring and disclosing our GHG emissions and, among others initiatives, we have the goal of implementing solar energy in part of our rental locations and used car sales shops. Additionally, we have reinforced our compliance and risk management programs and continue aiming at reaching the highest level of corporate governance.

Operating responsibly, we had a record year in profitability, R$833.9 million, and generated a return for our shareholders, who supported us in the capital increase necessary to finance this growth of 32.3% in the end of period fleet. Moreover, since the IPO in 2005, Localiza delivered a total shareholder return of 5,731% and 385% over the last five years (source: Capital IQ – TSR as of December 31, 2019).

The future of mobility and the opportunities offered by technological innovations are permanent items on the Board's agenda, which is always evaluating the competences and profile of the leadership we will need to guide our directors and executives succession program.

In this context, we had changes in the composition of the Board, with the incorporation of experiences in mobility, digital transformation and governance. Furthermore, Board has guided the leadership in strategic topics and supported it in adjusting the management team to the new size of Localiza and towards its growth ambitions, since we have multiplied the size of the Company's fleet by almost 3x in the last 5 years and still see great opportunities ahead.

The renewal of our team and the new market challenges demanded a reflection on the purpose and mission of Localiza, which supported an intense discussion of the Culture we want to operate. This project was supported by 650 representatives of our leadership and involved the whole Company, with the Board monitoring and positively evaluating the milestones and results achieved.

Even with the new challenges of the competitive dynamics of our industry, we were able to defend and consolidate our leadership and have increased our market share both in car and fleet rentals. This was only possible thanks to the support of our customers, our passion and reason for existing, who gave the best NPS (net promoter score) of our history.

I would like to thank the 3 founders who left the Board in 2019 for the solid legacy of customer focus, operating excellence and results.

To my board fellows and the Localiza team led by Eugenio, thank you for another year in Localiza's success story.

Oscar Bernardes - Chairman of the Board of Directors

2 - MESSAGE FROM THE CEO

Dear Investors,

The world of mobility is undergoing a profound transformation. Ride-hailing, car sharing, car rental between people (P2P), micro mobility solutions such as scooters and bicycles, the development of self-driving cars and a multitude of investments in vehicles and solutions for transporting people and objects.

We are continuously seeking for answering the questions about the future of our business in this changing environment. Our market has expanded considerably, with car rental being one of the best responses to the demand of individuals and companies that are changing their habits in paying for use and not for ownership, bringing much more flexibility, comfort and economy for all of them. In addition, a new car rental segment was born for (ride-hailing) app drivers, who have access to cars and maintenance of quality, with flexibility of use to be more successful in their work. We once more were pioneers in developing this new segment, creating conditions that make economic return and quality possible in this segment, offering a partnership of value to Uber, drivers and especially customers who have gained comfort and safety in getting to their destinations.

At the same time, we initiated significant investments in improving our customers' journey, offering greater convenience and access, using technology to move in this direction. The digital transformation has also allowed us to improve our operating excellence, redesigning processes, simplifying activities and allowing easier, faster and more efficient management.

Furthermore, at this time of lower demand for automakers, while the country is not growing vigorously, we have also been an excellent solution to stimulate car demand so as not to lose scale.

For the country, we made an expressive contribution with more than 10 thousand direct jobs and the payment of R$691.5 million in taxes, net of tax credits, and approximately R$1.9 billion in tax incurred in the cars purchase.

The result of our effort in challenging our team to adapt to this new reality was the Company's performance in recent years. In four years, from 2015 to 2019, we saw our end-of-period fleet almost triple, going from roughly 125,000 to around 320,000 cars. An average growth of almost 30% per year for four straight years. The market grew and we were able to take advantage of our strength to expand and consolidate our leadership. It is important to note that all this growth came from the most efficient form of growth, which is the organic growth. Thus, throughout this growth period, we managed to expand our already high levels of customer satisfaction and engagement. Lastly, it is also important to note that during this period we maintained our strong value generation indicators.

From 2015 to 2019 we added 4,329 employees to our staff and for such circumstance we invested heavily to preserve our culture of customer focus, high performance team building and determination in the search for results. We are very proud of the way our employees act. They think and act like business owners in an environment of hard work but also that offers a lot of opportunity for professional and personal growth and fulfillment.

The team engagement and motivation indicators are improving year after year, a result of our focus in developing leaders that inspire and transform.

In this wave of changes and growth, we also reinforced all our care and energy towards being a Company committed to the community with high reputation. We invest and direct our team to care for the social, environmental, risk control, compliance and governance. We have a plural and respectful environment that takes care of diversity, in an inclusive and healthy way.

As for 2019, as you will see in the numbers and information disclosed here, we have grown fleet, revenue and results in the order of 30% in relation to the previous year. The numbers speak for themselves.

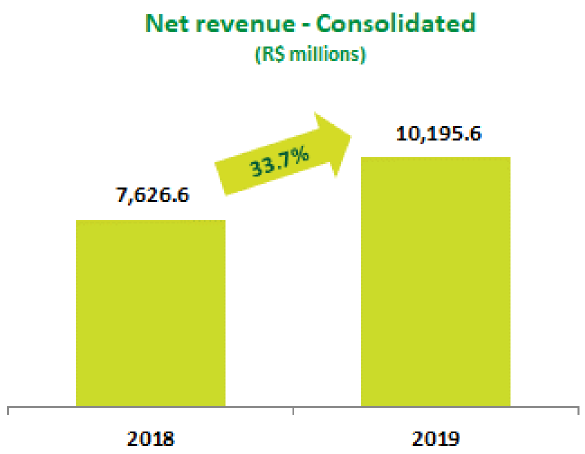
About our purpose “With you, building the future of mobility” we excited with the receptiveness of our customers to the new solutions we are offering and that consolidate our leading role in the market evolution.

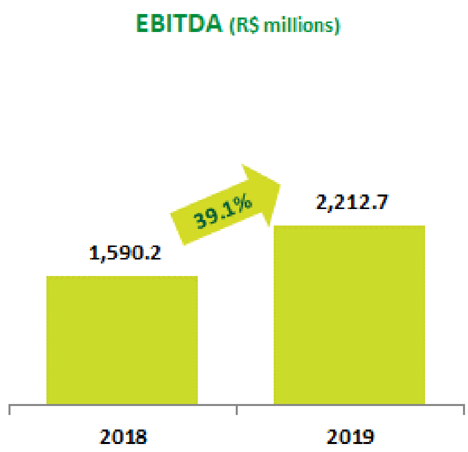
For the future, we keep our humility in the certainty that everything we are doing can be done better and simpler. For this, as always, part of our margin is invested in building the skills of a future with a lot of entrepreneurial ambition and that will fulfill our purpose.

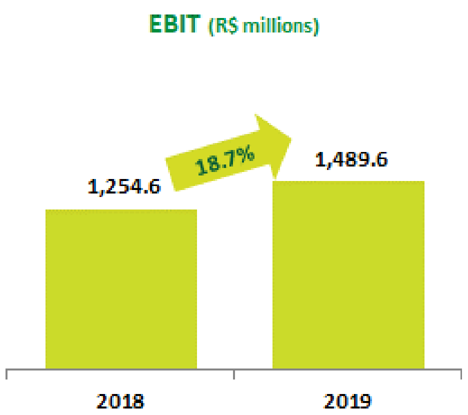
We thank our more than 10,000 employees who make all of this happen and our suppliers, business partners, investors and shareholders who trust and help us to grow and evolve, always. An special thanks to our customers that, from choosing us every day, give us the opportunity to surprise them with sympathy, agility and willingness to serve.

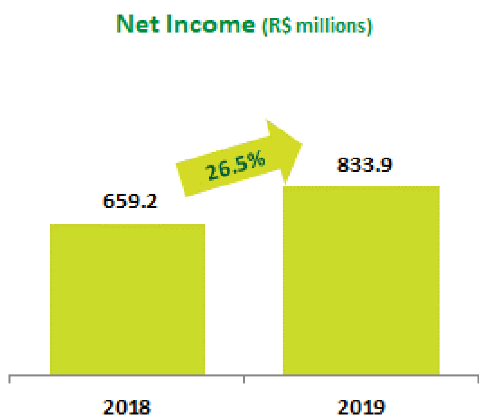
Eugênio Mattar - CEO

Highlights of the year









3 - MACROECONOMIC SCENARIO

2019 was a year of important structural advances, even though it was a year of lower GDP growth. It brought the perception that we are overcoming the tipping point of our economy with effective achievements and indicators that point to an expected resumption of growth.

The austere stance of the Federal Government, indicating its commitment to reestablishing the fiscal balance, is already reflected in our macroeconomic context. This standpoint, demonstrated through a relevant reform agenda, including the pension and social security reform, has contributed to a solid scenario of low interest rates and controlled inflation. This environment contributes to attracting investments, generating jobs and greater access to credit, inputs that should culminate in the growth of domestic demand for consumption. In the macro context, our internal challenges come from the political arena, where important reforms have yet to be approved and fiscal control is still being re-established. Externally, we see risks associated with the slowdown in the global economy, weakened by the advance of the Covid-19 virus epidemic and American foreign policy, amid the US presidential election and trade dispute with China.

Aware of the challenges and opportunities, Localiza is operationally and financially prepared for the opportunities in the sector, which still has plenty of room for consolidation and expansion, whether associated with economic growth or driven by changes in habits.

4 - BUSINESS OVERVIEW

Localiza and its subsidiaries have the following core activities: Car Rental, Fleet Rental and Franchising, as described below:

Car Rental: Division responsible for car rentals through its locations in and outside airports, and for the management of car claims for insurers. Cars are rented by individuals and legal entities, and sometimes through distribution channels. Due to the need to renew its fleet, Localiza sells its cars after 12 months of use. To avoid brokerage costs on the sale of decommissioned cars, around half of them are sold directly to final consumers. This way, the Company maximizes the amount recoverable from these assets, reducing depreciation of the cars and the net investment for fleet renewal, as the selling expenses of our sales network are lower than the discounts required by car dealers. Also, the Company does not have to entirely rely on third parties to make these sales.

Fleet Rental: Division responsible for renting the fleet to legal entities through Localiza Fleet, Car Rental Systems and Localiza RP, for longer periods of time, usually 24 to 36 months. This division’s fleet is acquired after the signing of agreements according to clients’ needs and hence the fleet is more diversified in terms of models and brands. Decommissioned cars are sold upon the termination of the agreement, with 29 months of use on average, directly to final consumers or to dealers through the Company's own sales network.

Franchising: Division responsible for granting and managing franchises in geographically defined markets, including the transfer of the know-how necessary to operate the business and the right to use the Localiza brand. The business of franchising in Brazil is managed by the subsidiary, Localiza Franchising Brasil S.A., and in foreign countries, by Localiza itself.

As at December 31, 2019, the consolidated fleet of the Company and its franchisees consisted of 323,361 cars, of which 307,131 were own cars and 16,230 were franchisees’ cars. Localiza has approximately 10.0 million active clients registered in its database.

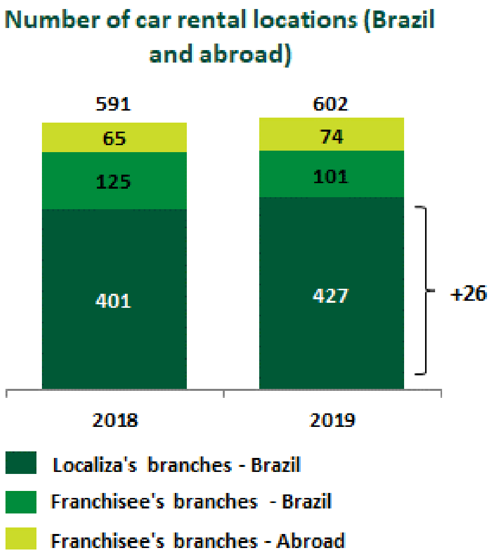
5 - GEOGRAPHIC DISTRIBUTION

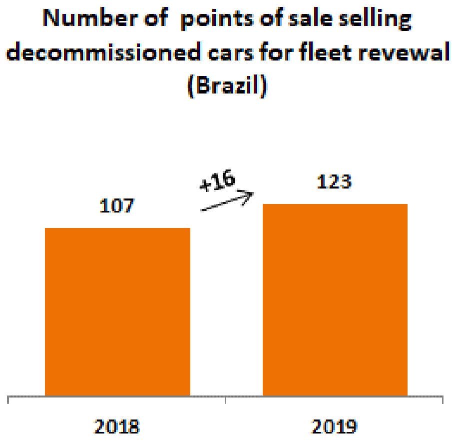
The car rental and fleet rental businesses are highly fragmented. The Brazilian Car Rental Association (ABLA), in its 2019 Brazilian Yearbook of the Vehicle Rentals Sector, mentions that there were approximately 13,182 active vehicle rental companies in Brazil according to the Federal Revenue Service database with registered fleet with competent transit agencies.

Localiza is the largest car rental network in South America in number of locations, with 602 car rental locations spread across Brazil and other five countries in South America at December 31, 2019.

In 2019, the network of owned car rental locations was expanded by 26 branches. The selective distribution of the number of branches contributes to strengthening our geographical position, increasing the potential market.

The Company's own decommissioned cars are mainly sold to final consumers through 123 stores owned by the Company in 84 cities across Brazil.





6 - SHAREHOLDING

Localiza Group is a Brazilian publicly held group whose shares have been traded on B3 S.A. – Brasil, Bolsa, Balcão ("B3") since 2005. In 2019, the average daily volume of RENT3 was R$182.6 million.

Additionally, the Company has participated in the American Depositary Receipts ("ADR") Program Level I since its approval by the Brazilian Securities and Exchange Commission ("CVM") on May 22, 2012, and began trading on June 5, 2012. At December 31, 2019, the Company's position was 3,119,356 ADRs in the United States. Each ADR corresponds to one (1) share of the Company.

On February 7, 2019, Localiza concluded a capital increase based on the primary distribution of 55,200,000 new common shares, with a price per share of R$33.00, in the total amount of R$1,821.6 million.

At a meeting of the Board of Directors of Localiza held on December 12, 2019, an increase in the subscribed and paid-in capital in the amount of R$678,400 was approved, from R$3,321,600 to R$4,000,000, using part of the balance of the Statutory Reserve and the totality of the Company's Retained Profit Reserve balance. The capital increase occurred through a share bonus at the rate of 5% (five percent), with the issue of 36,117,460 new book-entry common shares, with no par value, which were attributed to the holders of shares as bonus, in the proportion of 1 (one) new share of the same type for each batch of 20 (twenty) shares held, and the shares held in treasury were also entitled to bonus, as well as the stock option programs were adjusted accordingly.

At December 31, 2019, the Company had 758,466,670 shares, of which 2,799,555 were held in treasury.

Share Buyback

At December 31, 2019, the number of treasury shares acquired within the scope of the 1st, 4th, 6th, 7th and 8th Share Buyback Programs totaled 2,799,555 shares, considering the bonus effects, whose market value was R$132.7 million (price per share of R$47.41 at December 30, 2019).

At a meeting held on June 21, 2018, the Board of Directors authorized the Company to purchase up to 43,000,000 shares (45,150,000 considering the bonus) in the 10th Share Buyback Program. This program will last for a maximum of 365 days, from July 23, 2018 to July 22, 2019, and aims to maximize value creation for shareholders or to settle the stock options within the scope of the long-term incentive plans of the Company. No shares were acquired under this program.

At a meeting of the Company's Board of Directors on June 18, 2019, the 11th Share Buyback Program was approved, in which the Company was authorized to acquire up to 50,000,000 shares (52,500,000 shares including the bonus effects). This program will last for 365 days, as from July 23, 2019 to July 22, 2020, and aims to maximize value creation for shareholders or to settle the stock options within the scope of the long-term incentive plans of the Company. Until December 31, 2019, no shares had been purchased under this program.

Sale of Treasury Shares in the Stock and Matching Stock Purchase Plan

In 2019, 75,623 treasury shares were sold, considering the effects of the bonus, to employees eligible for the First Stock and Share Purchase Plan Matching, which was approved at the Extraordinary General Meeting held on July 12, 2017, for the amount of R$0.6 million.

Exercise of treasury shares

In 2019, 2,547,173 stock options were exercised, contemplating the effects of the bonus, referring to the Stock Option Programs from 2013 to 2016, 1st and 2nd tranches of the 2017 Program and 1st tranche of the 2018 Program, where treasury shares were used, in the amount of R$17.4 million.

7 - DIVIDENDS AND INTEREST ON CAPITAL

The Company holds its Annual Shareholders' Meeting by April 30 of each year, when the annual dividends can be announced. However, the Board of Directors may declare interim dividends subject to approval at the Shareholders' Meeting.

Paragraph 3 of article 26 of the Bylaws of Localiza establishes that a minimum of 25% of the adjusted net income must be paid as mandatory dividend.

In 2019, Localiza distributed to its shareholders, as interest on capital, R$291.0 million (R$178.9 million in 2018) from the net income after the legal reserve.

On December 31, 2019, Management proposed for the resolution of the Ordinary Shareholders' Meeting the non-payment of complementary dividends to shareholders, considering that the amount distributed through interest on capital in 2019 exceeds the mandatory minimum dividend of 25% on net income for dividend proposition. At December 31, 2018, Management proposed for deliberation at the Ordinary Shareholders' Meeting the complementary payment of minimum mandatory dividends in the amount of R$0.6 million and additional dividends in the amount of R$6.6 million, totaling R$7.2 million.

8 - INVESTMENTS IN SUBSIDIARIES

The table below shows the movement of investments made by Localiza:

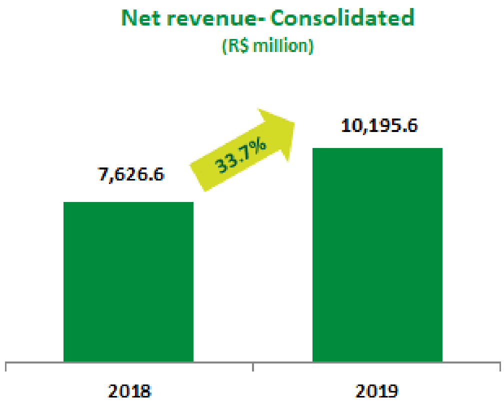
R$ thousand

	Investments at 12/31/18	Equity in the earnings of subsidiaries	Dividends received and receivable	Divestiture due to closure of subsidiaries	Investments at 12/31/19
Localiza Fleet Consolidated	**526,314**	216,045	(58,634)	-	**683,725**
Rental Brasil	**258,032**	17,735	(11,022)	-	**264,745**
Localiza Prime	**96,746**	39,894	(5,147)	-	**131,493**
Car Assistance	**14,473**	28,629	(21,390)	-	**21,712**
Franchising Brasil	**6,758**	6,740	(7,839)	-	**5,659**
LFI S.R.L.	**698**	(570)	-	-	**128**
Rental International	**16**	(3)	-	(13)	-
Effect of the elimination of IFRS 16 on a subsidiary	-	11,504	-	-	**11,504**
Total	**903,037**	**319,974**	**(104,032)**	**(13)**	**1,118,966**

9 - ANALYSIS OF CONSOLIDATED RESULTS

	2018		2019		Variation
	In R$ million	% of net revenue	In R$ million	% of net revenue	%
Net revenue:					
Car Rental	6,236.6	81.8	8,493.5	83.3	36.2
Fleet Rental	1,372.9	18.0	1,681.2	16.5	22.5
Franchising	17.1	0.2	20.9	0.2	22.2
Total net revenue	**7,626.6**	**100.0**	**10,195.6**	**100.0**	33.7
Total costs	**(5,556.7)**	**-72.9**	**(7,685.9)**	**-75.4**	38.3
Gross profit	**2,069.9**	**27.1**	**2,509.7**	**24.6**	21.2
Operating expenses:					
Selling	(600.3)	-7.9	(747.4)	-7.3	24.5
General, administrative and other	(215.0)	-2.8	(272.7)	-2.7	26.8
Total operating expenses	**(815.3)**	**-10.7**	**(1,020.1)**	**-10.0**	25.1
Profit before finance costs (EBIT)	**1,254.6**	**16.5**	**1,489.6**	**14.6**	18.7
Finance costs, net	(368.9)	-4.8	(409.8)	-4.0	11.1
Profit before income tax and social contribution	**885.7**	**11.7**	**1,079.8**	**10.6**	21.9
Income tax and social contribution	(226.5)	-3.0	(245.9)	-2.4	8.6
Net income from the year	**659.2**	**8.7**	**833.9**	**8.2**	**26.5**

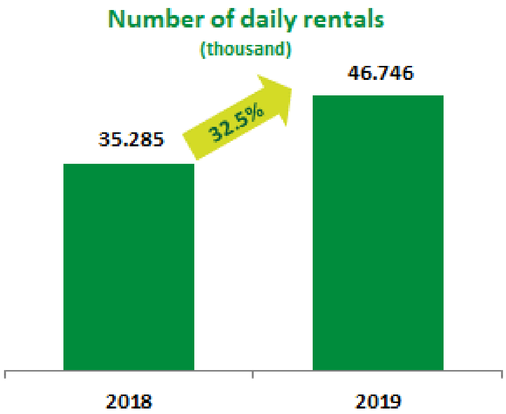
Net revenue:

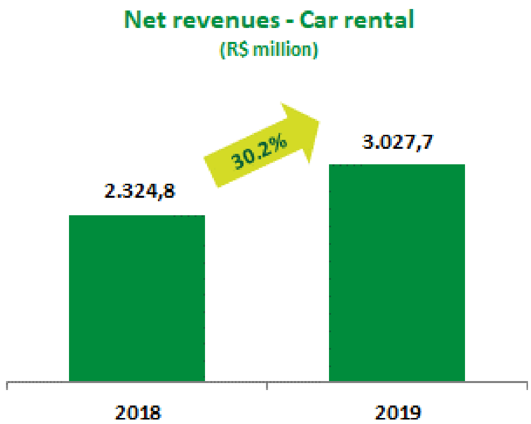


Consolidated net revenue grew 33.7% in 2019 compared to 2018 due to the growth of: (i) 28.0% in the Car Rental, Fleet Rental and Franchising revenues; and (ii) 37.6% in revenue from sales of decommissioned cars for fleet renewal. The main drivers of net revenue growth were:

Car Rental: In 2019, total net revenue was 36.2% up from 2018 due to:

(i) Car Rental: 30.2% growth in the Car Rental revenue, from R$2,324.8 million in 2018 to R$3,027.7 million in 2019, due to the 32.5% increase in the volume of daily car rentals, partially offset by the 1.8% reduction in the average rental rate, which decreased from R$72.86 to R$71.57. The reduction in the 2019 average rental rate reflects the mix of business; and

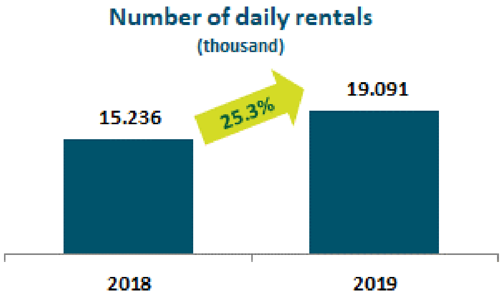


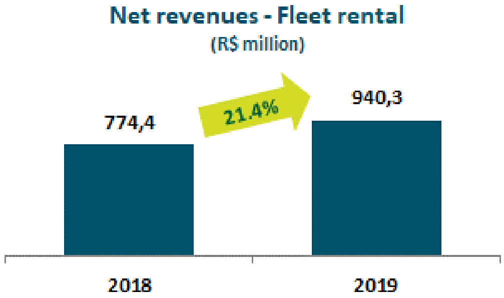


(ii) Used Cars – Car Rental: 39.7% growth in revenue from the sale of decommissioned cars for fleet renewal, from R$3,911.8 million in 2018 to R$5,465.8 million in 2019, due to the 3.2% increase in the average price and 35.5% increase in the number of cars sold.

Fleet Rental: Increase of 22.5% in total net revenue in 2019 compared to 2018, due to:

(i) Fleet Rental: 21.4% increase in Fleet Rental revenue, from R$774.4 million in 2018 to R$940.3 million in 2019, due to the 25.3% growth in daily rentals, partially offset by the 3.1% decrease in the average rental fee. The decrease in the average daily rate of the Fleet Rental division mainly reflects the pricing of new contracts and the renewal of existing ones in a context of lower interest rates; and



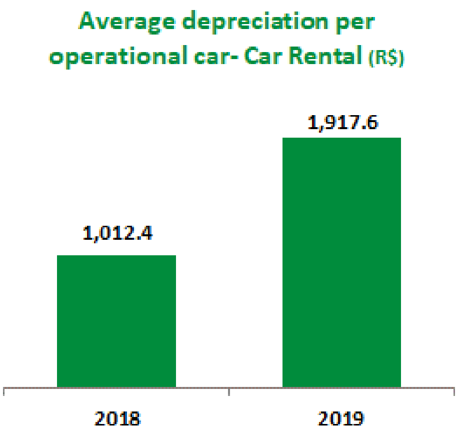


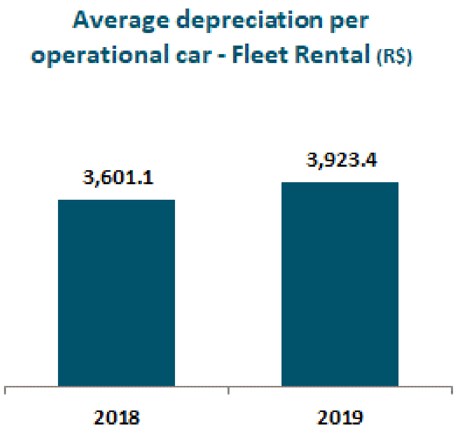
(ii) Used Cars – Fleet Rental: 23.8% growth in revenue from sale of decommissioned cars for fleet renewal, from R$598.5 million in 2018 to R$740.9 million in 2019, due to the 5.1% increase in the average price and 17.8% increase in the number of cars sold.

Costs: Consolidated costs of the Company in 2019 were 38.3% higher compared to 2018. As a percentage of consolidated net revenues, costs increased by 2.5 p.p., from 72.9% in 2018 to 75.4% in 2019.

The rise in costs in 2019 was due to the increase of:

(i) 89.1% in the fleet depreciation cost, mainly due to the 31.4% increase in the average operating fleet. As a percentage of consolidated net revenue, these costs increased 1.6 p.p., from 3.8% in 2018 to 5.4% in 2019.





Average depreciation per vehicle in the Car Rental Division in 2019 was R$1,917.6, increase of 89.4% compared to the depreciation of 2018. Depreciation considers the Company's expectation regarding the future price of cars and costs related to their sale.

In the Fleet Rental Division, the depreciation per car in 2019 was R$3,923.4, an increase of 9.0% compared to the depreciation in 2018 due to the dynamics of car prices and the use of the SOYD method in the context of growth of the fleet;

(ii) 39.9% in the cost of cars sold. As a percentage of net revenue from sale of decommissioned cars for fleet renewal, these costs increased 1.5 p.p., from 88.8% in 2018 to 90.3% in 2019;

(iii) 15.1% in salaries, payroll charges, benefits and profit sharing. As a percentage of consolidated net revenue, these costs fell 0.7 p.p., from 4.8% in 2018 to 4.1% in 2019;

(iv) 54.6% in costs with third-party services, mainly due to the increase in consultancies, computer services and car tracking. As a percentage of consolidated net revenue, these costs increased 0.3 p.p. from 1.7% in 2018 to 2% in 2019; and

(v) 29.0% in car maintenance expenses and vehicle tax (IPVA), in line with fleet expansion. As a percentage of consolidated net revenue, these costs fell 0.3 p.p., from 9.8% in 2018 to 9.5% in 2019.

Operating expenses: Operating expenses grew 25.1% in 2019, mainly due to the average increase of: (i) 20.2% in expenses with salaries, payroll charges, benefits and profit sharing; (ii) 39.6% in expenses with third-party services; (iii) 35.5% in advertising expenses; (iv) 19.4% in commission expenses, mainly commissions from credit card companies. As a percentage of consolidated net revenue, operating expenses fell 0.7 p.p., from 10.7% in 2018 to 10.0% in 2019.

Finance costs, net: Consolidated net finance costs in 2019 were up 11.1% from 2018, mainly due to a higher average net debt, partially offset by the lower basic interest rates. The increase in debt was due to the increase in the fleet by 75,619 cars, representing a net investment of R$4,076.6 million.

Net income: Consolidated net income increased 26.5% in 2019 when compared to 2018, mainly due to the increase in consolidated net revenues, mainly offset by the increase in average depreciation per car and partially offset by the fall in interest rates.

EBITDA and EBIT: Reconciliation of net income with EBITDA and EBIT is as follows:

	R$ million		
	2018	**2019**	**Variation (%)**
Net income	**659.2**	**833.9**	**26.5**
Finance costs, net	368.9	409.8	11.1
Income tax and social contribution	226.5	245.9	8.6
EBIT	**1,254.6**	**1,489.6**	**18.7**
Depreciation of cars and others	335.6	723.1	115.5
EBITDA	**1,590.2**	**2,212.7**	**39.1**

10 - ANALYSIS OF THE CONSOLIDATED BALANCE SHEET

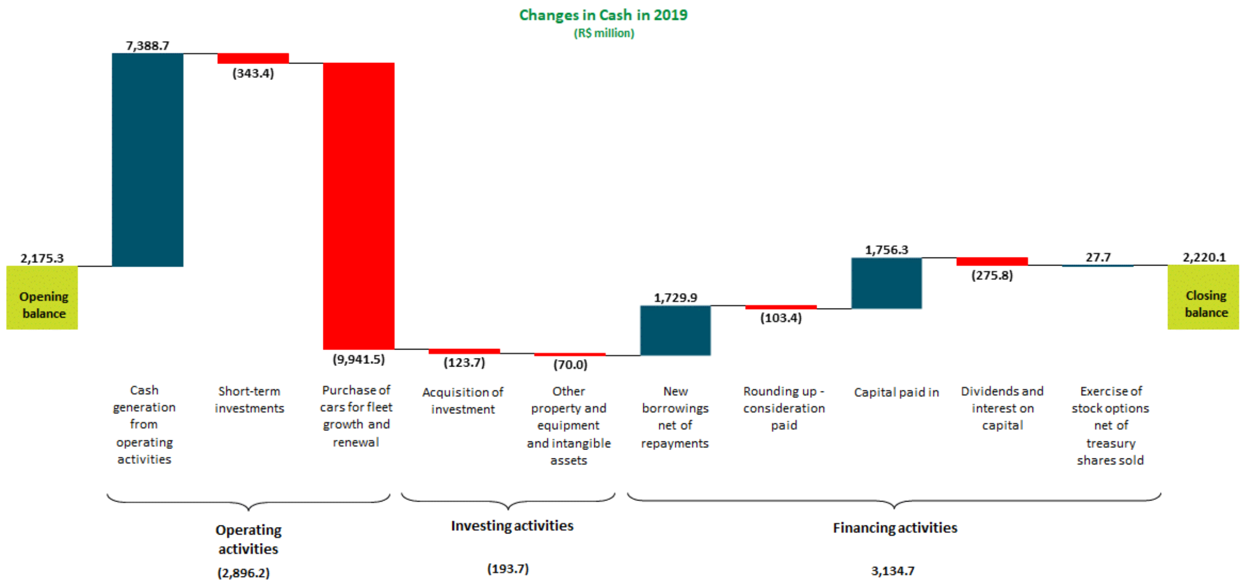
	12/31/18		**12/31/19**		**Variation**
	In R$ million	**% of total assets**	**In R$ million**	**% of total assets**	**%**
ASSETS					
Current assets					
Cash and cash equivalents	2,175.3	15.5	2,220.1	11.4	2.1
Short-term investments	267.5	1.9	610.8	3.1	128.3
Trade receivables	1,016.5	7.3	1,274.7	6.6	25.4
Decommissioned cars for fleet renewal	51.8	0.4	141.7	0.7	173.6
Other current assets	182.7	1.3	246.8	1.3	35.1
Total current assets	**3,693.8**	**26.4**	**4,494.1**	**23.1**	21.7
Noncurrent assets					
Escrow deposits	96.3	0.7	114.6	0.6	19.0
Other noncurrent assets	91.9	0.6	74.8	0.4	-18.6
Property and equipment					
Cars	9,481.6	67.8	13,374.1	69.0	41.1
Other property and equipment	550.3	3.9	1,195.5	6.2	117.2
Intangible assets	78.5	0.6	139.9	0.7	78.2
Total noncurrent assets	**10,298.6**	**73.6**	**14,898.9**	**76.9**	44.7
Total assets	**13,992.4**	**100.0**	**19,393.0**	**100.0**	**38.6**

	12/31/18		12/31/19		Variation
	In R$ million	% of total liabilities	In R$ million	% of total liabilities	%
LIABILITIES AND EQUITY					
Current liabilities					
Trade payables	2,202.6	15.7	2,565.4	13.2	16.5
Payroll and related taxes	135.0	1.0	161.8	0.8	19.9
Borrowings and debt securities	616.6	4.4	144.3	0.7	-76.6
Dividends and interest on capital	42.6	0.3	63.4	0.3	48.8
Other current liabilities	342.6	2.5	587.4	3.1	50.9
Total current liabilities	**3,339.4**	**23.9**	**3,522.3**	**18.1**	3.4
Noncurrent liabilities					
Borrowings and debt securities	7,029.4	50.2	9,235.1	47.6	31.4
Deferred income and social contribution taxes	297.3	2.1	352.7	1.8	18.6
Other noncurrent liabilities	231.8	1.7	835.4	4.4	289.0
Total noncurrent liabilities	**7,558.5**	**54.0**	**10,423.2**	**53.8**	38.8
Equity	**3,094.5**	**22.1**	**5,447.5**	**28.1**	76.0
Total liabilities and equity	**13,992.4**	**100.0**	**19,393.0**	**100.0**	**38.6**

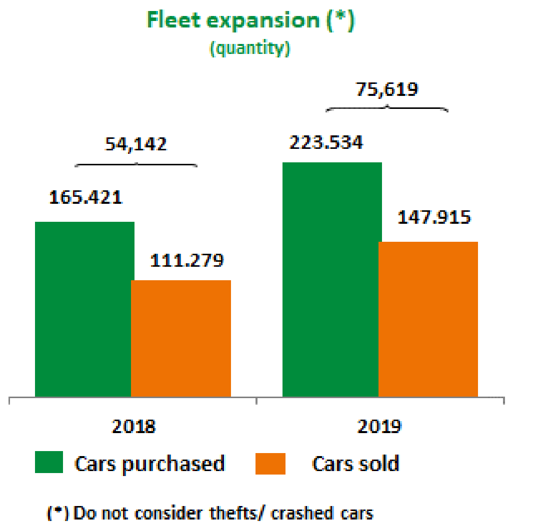
The analyses of the key variations in assets and liabilities are described below:

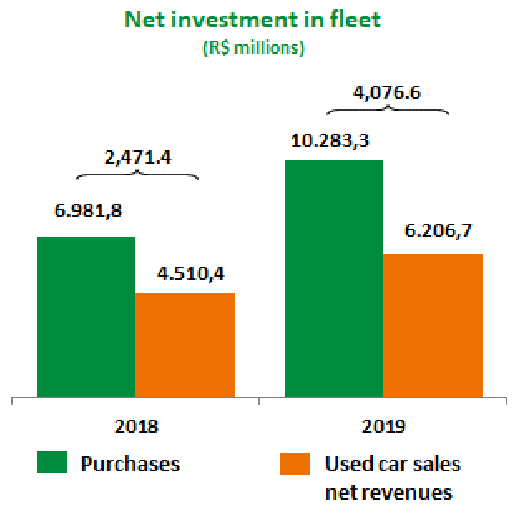
Cash and cash equivalents and short-term investments: Cash and cash equivalents and short-term investments totaled R$2,830.9 million at December 31, 2019, corresponding to 14.5% of total assets, a 15.9% increase from the balance of R$2,442.8 million at December 31, 2018, corresponding to 17.4% of total assets for that year.

Cash flow from the Company's operating, investing and financing activities is as follows:

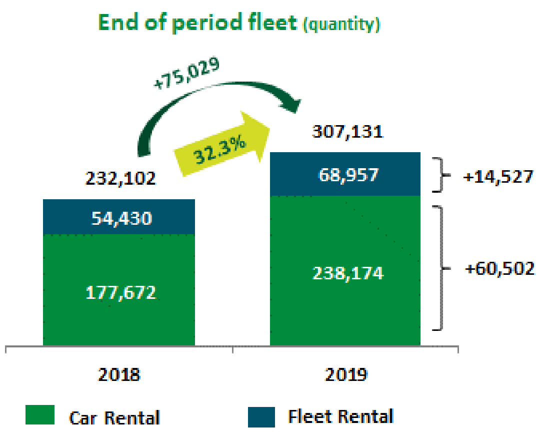


Property and equipment – cars:





The 41.1% increase in property and equipment is related to the increase of 75,619 cars in the fleet in 2019, which resulted in a net investment of R$4,076.6 million. The purchase of new cars in the period was due to the need to increase the fleet to follow the growth of 32.5% in the daily rental volume of the Car Rental division and 25.3% of Fleet Rental division in 2019, compared to the same period in the previous year.



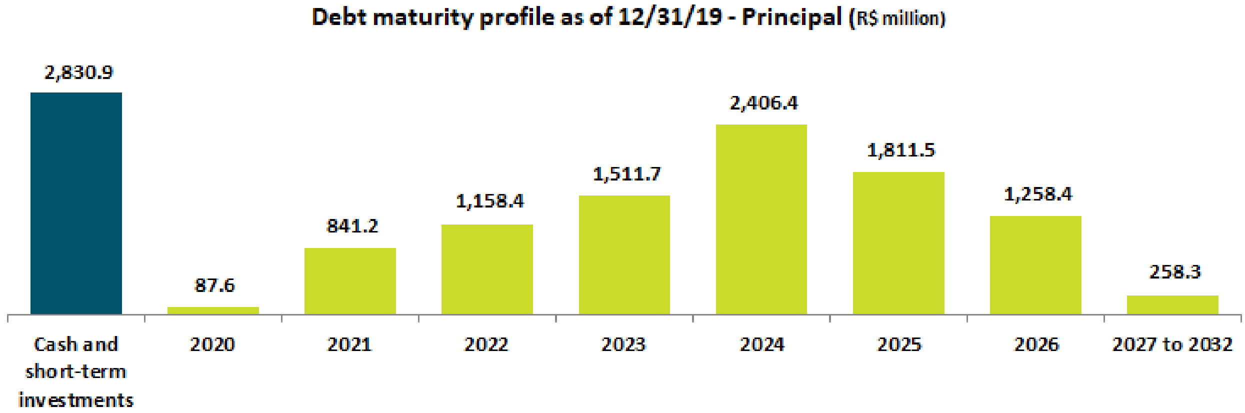
Property and equipment - others: The 117.2% increase in the item of other property and equipment, from R$550.3 million in 2018 to R$1,195.5 million in 2019, mainly refers to the initial adoption of IFRS 16 with the recognition of the right of use asset from lease agreements for car rental locations, used car stores and parking lots, in the consolidated amount of R$625.0 million.

Borrowings and debt securities: The 22.7% increase in this line item is due to the main funding and repayments of borrowings and debt securities occurred in 2019, as follows:

Type	Funding (R$ million)	Repayments (R$ million)	Event date	Notes
Working capital - Localiza Fleet	-	(25.0)	02/15/19	Payment of principal
7th issue of debentures – Localiza	-	(275.0)	04/23/19	Payment of principal
8th issue of debentures - Localiza	-	(500.0)	04/23/19	Payment of principal
10th issue of debentures - Localiza	-	(200.0)	04/23/19	Payment of principal
15th issue of debentures - Localiza	1,000.0	-	04/23/19	Maturity of 84 months
16th issue of debentures - Localiza	1,000.0	-	11/29/19	Maturity of 72 months
6th issue of promissory notes - Localiza	-	(650.0)	05/20/19	Payment of principal
7th issue of debentures - Localiza Fleet	300.0	-	07/29/19	Maturity of 72 months
7th issue of promissory notes - Localiza	500.0	-	09/24/19	Maturity of 24 months

Type	Funding (R$ million)	Repayments (R$ million)	Event date	Notes
Foreign currency loan - Localiza	250.0	-	12/12/19	Maturity of 38 months
Foreign currency loan - Localiza	250.0	-	12/12/19	Maturity of 62 months
Foreign currency loan - Localiza Fleet	130.0	-	11/25/19	Maturity of 38 months
Foreign currency loan - Localiza Fleet	210.6	-	12/12/19	Maturity of 24 months
Working capital - Localiza Fleet	-	(52.0)	12/16/19	Payment of principal
Total	**3,640.6**	**(1,702.0)**		

Management considers the Company's debt profile comfortable and is compatible with the business cycle and the macroeconomic scenario.

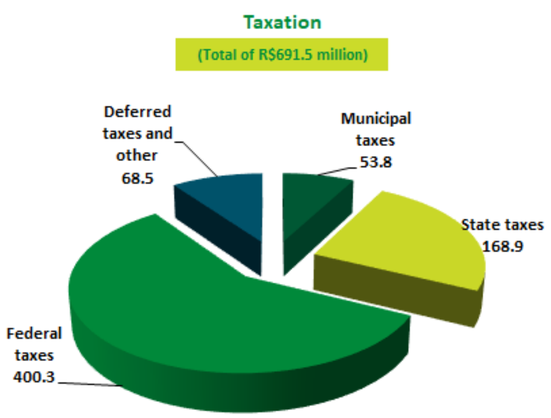


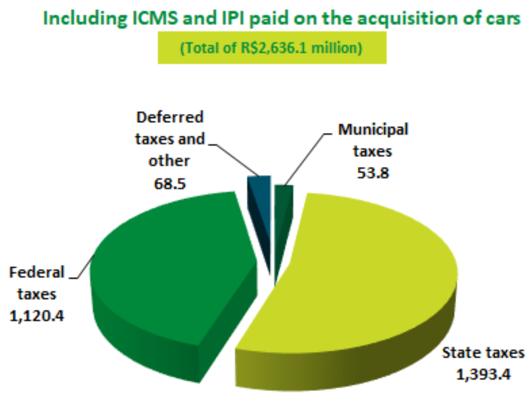
Deferred income tax and social contribution liabilities: Deferred income tax and social contribution liabilities increased by 18.6%, from R$297.3 million at December 31, 2018 to R$352.7 million at December 31, 2019, mainly due to the increase of: (i) the fleet and, consequently, the temporary differences in the depreciation of cars in the amount of R$127.3 million; (ii) judicial provisions and other provisions in the amount of R$44.2 million; and (iii) swap transactions with payments on a cash basis in the amount of R$13.7 million. Partially offset by the reduction of income tax and social contribution losses in the amount of R$18.9 million and by the reduction in lease in the purchase of property and equipment in the amount of R$27.6 million.

Other current and noncurrent liabilities: The 147.7% increase in the item of other current and non-current liabilities, which went from R$574.4 million in 2018 to R$1,422.8 million in 2019, mainly refers to the initial adoption of IFRS 16 with the recognition of the liabilities for lease of property rental contracts from car rental locations, used car stores, corporate headquarters and parking lots, in the consolidated amount of R$642.7 million.

11 - TAXES

The graph below represents the distribution of taxes, net of tax credits:





12 - MAIN AWARDS RECEIVED

In 2019, the Company won several awards, notably:

Awards and honors	Institution
20th most valuable brand in Brazil	*Interbrand Ranking*
22nd most valuable brand in Brazil	*IstoÉ Dinheiro*
EXAME / IBRC Ranking of Customer Service - 7th place in the Car Rental category	*EXAME / IBRC Ibero Brasileiro Institute for Customer Relations*
Good Example Award to Eugênio Mattar - Category: Economy and Development of the State of Minas Gerais	*TV Globo Minas*
Consumidor Moderno Award for Excellence in Customer Services - CEO of the Year to Eugênio Mattar and Excellence in Customer Services in the Rental category	*Revista Consumidor Moderno*
Most innovative companies in Brazil: *Valor Inovação* Ranking - 2nd place in the Transport and Logistics category and 50th place in the general ranking	*Valor Econômico Newspaper*
International Franchise Certificate	ABF - Brazilian Franchising Association
Ecovadis Gold Seal	*CSR Rating*
Aberje Award 2019 - Minas Gerais and Midwest Regional Events Category	*ABERJE* - Brazilian Business Communication Association
RA 1000 seal	*Reclame Aqui*
Prêmio Época Reclame Aqui - Best service in the car rental and car dealership categories	*Reclame Aqui*
Decade Champions - CEO of the Decade and Gamechanger	*Revista Consumidor Moderno*
The Best of Jornal do Carro - 1st place in the car rental category	*Estadão*
Best Car Rental Company in Brazil - Biggest and Best in Transportation	*Transporte Moderno Magazine*
Best CEOs of Brazil to Eugênio Mattar	*Forbes Magazine*
Best CFO, Best IR Program, Best IR Executive and Best Investor Meeting	*IR Magazine*
Best CEO, Best CFO, Best Investor Relations Professional, Best Investor Relations Team, Best Investor Relations Program, Best Sustainability Metric and Best Meeting with Analysts.	*Institutional Investor*
Company Excellence in Finance 2019	*IBEF / MG - Brazilian Institute of Finance Executives*
Seal of Excellence in Franchising	ABF - Brazilian Franchising Association
XXIV Top of Mind Common Market Award - Successful Brands - Car Rental Category - Minas Gerais 2019	*Mercado Comum Magazine*
Mais Estadão Companies Ranking - 1st place in the Services category	*Estadão Empresa Mais Award / Broadcast*
Broadcast Companies Ranking 2019 - Among the 10 best companies in financial management and corporate governance	*Estadão Empresa Mais Award / Broadcast*
Transparency Award 2019	National Association of Finance, Administration and Accounting Executives (ANEFAC)

13 - SUSTAINABILITY

We believe that extraordinary results also depend on the generation of shared value, the exercise of our role as a citizen company and investment in innovation as a way to perpetuate our practices, all with a solid base of trust and ethics. In order to reinforce this culture, in 2018 we created the Localiza Sustainability Committee with the participation of Company executives and analysts. Also, we developed our Materiality Matrix, mapping out our priority themes in sustainability by listening to our stakeholders and observing best practices, such as the Sustainable Development Goals of the UN Global Compact, to which we are signatories.

Here at Localiza, we lead by example with attitudes that go beyond our borders and cause positive transformations. In addition to acting on behalf of our employees and all other links in our value chain, we never lose focus on our customer. We direct our work towards fronts of corporate governance, diversity and inclusion, the well-being of our employees and the communities where we operate, water and energy efficiency initiatives, waste management, greenhouse gas emissions, promoting culture, education and entrepreneurship and support for people in social vulnerability.

On the corporate governance front, the ethical stance is a strong guide. The Localiza Integrity Program has important fronts: conduct guidelines, whistle-blowing channel and investigations, communication and training, as well as diligence, monitoring and auditing. Our employees, including members of the Executive Board and the Board of Directors, participated in 2019 in full trainings based on our Code of Ethics and Conduct, through our Compliance and Ethics Program. Also, the entire leadership team was trained on the topic of harassment.

Designed within standards of excellence, our governance structure adds value to the Company and provides equity, compliance, accountability and transparency to our stakeholders. We were recognized for this attribute of our business with the Transparency Award seven times.

Taking care of the environment in which we live is fundamental so that we can build, with our customers and partners, the future of mobility. We have therefore developed programs that are in line with innovative initiatives to reduce environmental impact, such as solar farms built in the Minas Gerais, Rio de Janeiro and Pernambuco states. These structures generate clean energy for part of our establishments in these states. The second phase of the project foresees the installation of solar panels on the ceilings of rental locations and stores to cover more regions.

We are committed to transparency throughout our business, not only in our financial statements. We are the first company in the car rental industry to prepare and publish an inventory of greenhouse gas emissions on the Public Emissions Registry platform, through the Brazilian GHG Protocol Program ("PBGHG Protocol"). This work enabled us to integrate, in January 2020, the Carbon Efficient Index ("ICO2"), aimed at IBrX-50 companies.

Committed to promoting efficient and rational use of water, since 2015 we have consolidated in our processes the dry cleaning of cars across the entire network in Brazil, which can save up to 82 liters of water per wash. In 2019, we set a goal of 50% of the cars washed at our rental locations to be made using the dry process. At the end of the year, we had hit the target, reaching the 56% mark. We also manage all waste from our operation, from those produced at our headquarters to those generated in the maintenance of our fleet.

Our administrative headquarters, built in 2017, has modern and technological initiatives implemented to obtain the highest possible energy and water efficiency in day-to-day activities.

In addition to the environmental aspect, we also value the social aspect. The Localiza Headquarters is located in a region with socially vulnerable communities. Since before our move, we have worked to develop the region's residents, promote opportunities and create open dialogues of support and exchange. In 2019, with the participation of Company employees, we developed works intended to train women entrepreneurs, educating girls to work with information technology, educating teenagers about the labor market, in addition to supporting cultural events held in neighborhoods close to our operations.

The achievements of recent years are the result of the work of employees who inspire and transform. In order to offer opportunities for our team to realize themselves and show increasing leadership in their solutions for the business, we invest in their professional growth with structured programs. One example is the *Universidade Localiza*. The initiative, inaugurated in 2019, offers distance and in-person courses to qualify the work of our employees. We also launched a Quality of Life Program, encouraging the practice of physical activities, in addition to new benefits such as discount programs.

We believe that diversity and inclusion are drivers of extraordinary results. We promote the inclusion of people with disabilities, immigrants, people with autism spectrum disorder and socially vulnerable young people, through the Apprentice Program. Also, in 2019 we promoted several training courses for our employees focused on Diversity and Inclusion in general, in addition to forums and panels on gender equity and the empowerment of women. We are a citizen company and our Code of Ethics and Conduct reinforces that any act of discrimination related to nationality, gender, sexual orientation, age, race, color, belief, religion, politics, disabilities or limitations is prohibited.

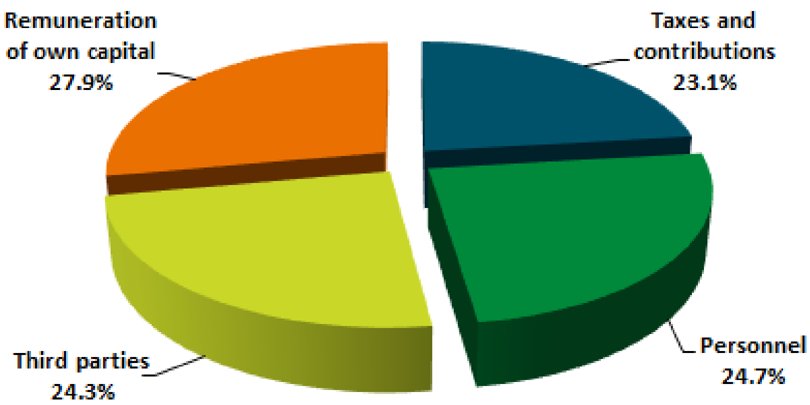
Health and safety are two priority issues for the Company. Through communication campaigns, lectures and individual guidance, we address issues like accident and disease prevention, such as breast and prostate cancer and depression. We offer women support during pregnancy and a nursing room at the Company's headquarters, which opened in 2019. Safety is also dealt with externally through targeted communication actions, such as *Maio Amarelo*, which promotes and encourages traffic safety. Also, all cars - to integrate our fleet - must have the best mechanical and operating conditions for use by our customers.

We encourage projects that focus on culture, social and education activities. In 2019, approximately R$3.0 million from income tax benefits was allocated to social institutions supported by the Rouanet Law (R$1.6 million), Sports Incentive Law (R$0.4 million), Social Fund for Children and Adolescents (R$0.4 million), Incentive Law for the Elderly (R$0.4 million), the National Program for Cancer Care Support (PRONON) (R$0.1 million) and the National Program for Supporting Awareness of Disabled Persons´ Health PRONAS/ PCD (R$0.1 million). The donations were made to eligible institutions that were previously selected, with a clean record and solid reputation. The main beneficiary institutions or projects, according to the corresponding incentive law, were:

- Rouanet Law: IMM Live LTDA; Articular Consultoria Administrativa e Produção de Eventos; Instituto Cultural Artigos e Carros de Época; Instituto Cultural Filarmônica; Instituto Adelina; Instituto Inhotim; Fundação Casa da Cultura Carlos Chagas; Minas Tênis Clube; Associação de Cooperação em Ciência e Tecnologia and Pólobh Promoções EIRELI EPP;
- Social Fund for Children and Adolescents: Fundo Municipal dos Direitos da Criança e do adolescente - BH; Hospital Pequeno Príncipe; Fundo Municipal dos direitos da criança e do adolescente – Ribeirão das Neves;
- Law of the Elderly: Fundo municipal dos direitos da pessoa idosa das prefeituras municipais de Belo Horizonte / Minas Gerais and Campina Grande do Sul / Paraná;
- Sports Incentive Law: Minas Tênis Clube and Instituto Superar;
- PRONON: Hospital Mário Penna; and
- PRONAS / PCD: APAE Santa Luzia.

Also, in 2019 the Company made philanthropic donations in the amount of approximately R$0.7 million, to the main entities included in the Órbi Conecta Association, a collaborative space to foster innovation and entrepreneurship; *Communitas*: Partnership for Solidary Development, a Brazilian civil society organization whose objective is to contribute to the improvement of corporate social investments and to stimulate the participation of the private sector in the social and economic development of Brazil; Millennium Institute, an entity that defends public interests and, mainly, democratic values and principles that guide Brazil's development; *Movimento Brasil Competitivo* - MBC, an association that promotes Brazil's sustainable competitiveness by raising the population's quality of life; *Cidade dos Meninos São Vicente de Paulo*, an institution that serves underprivileged youth in Belo Horizonte and the metropolitan region; *Fundação Benjamin Guimarães* - Hospital da Baleia that has specialized centers for referral services in public health in Minas Gerais; and Junior Achievement Association of Minas Gerais, a social organization that encourages and develops youth and adults in situations of social vulnerability for the job market.

Statement of Value Added: This statement evidences the Company´s importance to society, responsible for generating wealth at the amount of R$2,990.0 million in 2019 (R$2,595.9 million in 2018), distributed as follows:



Corporate governance

The Company seeks to implement the best corporate governance practices in terms of fairness, compliance, accountability and transparency, in order to create value for shareholders and the market in general. Since its initial public offering, the Company has joined the Novo Mercado, the highest level of governance on the B3, the São Paulo Stock Exchange, giving 100% tag-along rights to all shares.

The Company is managed by the Board of Directors comprised of seven members, by the Statutory Executive Board made up of nine members and by the Non-Statutory Executive Board. In line with Novo Mercado governance practices, the Board of Directors of the Company has five independent members.

The Company's Board of Directors established the following committees: (i) Audit, Risk Management and Compliance and (ii) People, which are composed primarily by Board members, with independent coordinators. Also, the Company has Ethics, Sustainability and Disclosure Committees, which are formed by Board members and employees of the Company. The first two report to the CEO and last to the CFO.

Board of Directors and Executive Officers: At December 31, 2019, the composition of the Board of Directors and the Executive Boards was as follows:

BOARD OF DIRECTORS

Name	Position	
Oscar de Paula Bernardes Neto	Chairman	Independent
Jose Galló	Vice-Chairman	Independent
Eugênio Pacelli Mattar	Director	Founder
Roberto Antônio Mendes	Director	Not independent
Pedro de Godoy Bueno	Director	Independent
Maria Letícia de Freitas Costa	Director	Independent
Paulo Antunes Veras	Director	Independent

STATUTORY EXECUTIVE BOARD

Name	Title
Eugênio Pacelli Mattar	CEO of Localiza and subsidiaries, except Localiza Fleet
Maurício Fernandes Teixeira	CFO and IR Officer of Localiza and Subsidiaries
Bruno Sebastian Lasansky	CEO of Localiza Fleet and Statutory Executive Officer of Localiza and other subsidiaries
Suzana Fagundes Ribeiro de Oliveira	Statutory Executive Officer of Localiza
André Luiz Lopes Petenussi	Statutory Executive Officer of Localiza
Elvio Lupo Neto	Statutory Executive Officer of Localiza
Daniel Guerra Linhares	Statutory Executive Officer of Localiza
Heros di Jorge	Statutory Executive Officer of Localiza and Subsidiaries
João Hilário De Ávila Valgas Filho	Statutory Executive Officer of Localiza and Subsidiaries
João Alberto Mazoni Andrade	Statutory Executive Officer of Localiza Fleet and Car Rental Systems

Accession to Arbitration Chamber: Pursuant to article 36 of the Bylaws of the Company, the Company, its shareholders, management and Supervisory Board members, both sitting and alternate members, if applicable, must resolve, through arbitration, in a Market Arbitration Chamber, under that body' s regulations any and all disputes or conflicts that may arise among them, related to or arising from their status as issuer, shareholder, management and Supervisory Board members, especially arising from the provisions of Law 6385/76, Law 6404/76, the Bylaws of the Company, the rules issued by the National Monetary Council, the Central Bank of Brazil and the Brazilian Securities and Exchange Commission, as well as any other rules applicable to the operation of capital markets in general, besides those in the Novo Mercado Regulation, other B3 regulations and the Novo Mercado Membership Agreement.

ABRASCA Code of Self-Regulation and Good Practices: In line with corporate governance best practices, Localiza has adhered to the ABRASCA Code of Self-Regulation and Good Practices for Publicly Held Companies. The Company also adopts the corporate governance best practices established in B3's Novo Mercado Listing Regulations and seeks to comply with the standards suggested by the Brazilian Institute of Corporate Governance ("IBCG").

Code of Conduct Since 1995, the Company has adopted the Code of Conduct, aimed at all Localiza Group employees, regardless of their hierarchical position, members of the Board of Directors and other committees, partners, suppliers, intermediary third parties and franchisees, in Brazil and abroad. Every employee, upon joining the Company, participates in the Code of Ethics and Conduct training in their inception phase. In 2019, 94% of the employees of the Localiza Group had training on the Code of Conduct.

Risk Management and Governance: The Company has an Internal Controls and Risk Management Policy prepared to comply with ABRASCA's Code of Self-Regulation; it establishes controls and procedures to prevent errors/frauds and analyze the risks that could affect the Company.

The continuous expansion of the Localiza Group made it necessary to restructure the Governance areas through the formalization of robust internal controls to promote greater comfort over its financial reporting processes and related figures. Therefore, in 2019 the Internal Controls area was improved to incorporate a complete governance methodology.

Also, the need to create a specific area for monitoring corporate risks was perceived in order to improve the decision-making process in order to provide greater security regarding the achievement of strategic objectives and, accordingly, the Corporate Risks area was established. The Company then began to continuously apply a set of methods and processes to manage critical risks, thus keeping them at acceptable levels.

The Corporate Risks and Internal Controls area, both under the same management, hierarchically report to the Controllership, Finance and Investor Relations Officers, and periodically report to the Audit, Risk Management and Compliance Committee.

The process review plan by the Internal Controls area is approved annually by the Audit, Risk Management and Compliance Committee, with periodic reporting to the committee on the results achieved. The Corporate Risks matrix is updated annually to ensure proper management of the Company's risks and ongoing monitoring of the actions implemented.

Internal Audit and Compliance and Ethics Area: The Company has an Internal Audit and Compliance area with a double reporting structure, where the hierarchical report is made to the Finance and Investor Relations Officer and the functional reporting to the Audit, Risk Management and Compliance Committee.

Internal Audit:

As part of its activities, the Internal Audit area audits the Company processes to assess the efficiency and effectiveness of internal controls. Any weaknesses identified generate action plans to be implemented by the applicable departments and are periodically monitored for compliance.

Also, revolving fleet inventories are carried out at car rental locations and used car stores. Inventory procedures also include the assessment of compliance with the internal operating rules and procedures of the subsidiaries and of compliance related to current legislation. Any non-compliance identified is reported to the relevant department for analysis and resolution.

The Company has a hotline operated by a specialized company to receive complaints, anonymously or not, about unethical and/or illegal situations in all companies of the Group. The whistle blowing channel can be used by the entire Localiza team and other audiences with which the Company relates.

The Company has a Complaints and Non-Retaliation Policy for Whistleblowers that prohibits retaliation of any kind against a whistleblower in good faith or against employees who act as witnesses in internal investigation procedures.

The whistle blowing channel can be accessed by calling 0800 979 2055, for calls originating in Brazil, and +55 (11) 3232 0786, for calls originating abroad, and via the website: www.canalconfidencial.com.br/localiza and also by e-mail: localiza@canalconfidencial.com.br.

The Internal Audit area periodically reports to the Audit, Risk Management and Compliance Committee.

Compliance and Ethics Programs:

The Localiza Compliance and Ethics Program consists of a set of policies, procedures and essential guidelines for maintaining an ethical and transparent corporate environment, in addition to other measures to identify, prevent and respond to the risks of corruption and bribery. Implemented in 2015, this Program covers the entire Localiza Group, including franchisees.

In April 2016, Localiza signed the Business Pact for Integrity and Against Corruption (Pact), an initiative of Ethos Institute in collaboration with the United Nations Development Program (UNDP), the World Economic Forum, Brazil's Global Pact Network and Patri Public Affairs. The principles of the Pact, which aims to promote a more ethical and fair market, are based on the Charter of Principles of Social Responsibility, the United Nations (UN) Convention against Corruption, the 10th principle of the UN Global Pact and on the Organization for Economic Co-operation and Development - OECD Guidelines for Multinational Enterprises.

In 2019, the program underwent a restructuring, as part of the maturity evolution, segregating the Internal Audit functions from the Compliance and Ethics functions.

Relationship with Independent Auditors: Localiza has a policy of not hiring consulting services from the external auditor that issues an opinion on the financial statements in order to avoid potential conflicts that may affect the independence of the audit work.

To ensure that non-audit services are not engaged that could impair independence of its auditors, the Company has a Policy of Contracting Non-Audit Services.

Deloitte Touche Tohmatsu Auditores Independentes, responsible for auditing the Company's financial statements, was also engaged in 2019 to provide an audit service for the primary distribution of Localiza shares and the opening of Localiza Fleet's capital with fees of R$1.3 million. The auditors believe these services do not represent a loss of independence in the audit work. Management also believes that these are not included in the list of impediments established in article 23 of CVM Instruction 308/99 and are in line with CFC Resolution 1311.

14 - PEOPLE MANAGEMENT

The Company's Human Resources practices are based on meritocracy and guided by competitive compensation and recognition, as well as appreciation of employee performance. In order to retain talents, the Company offers its employees career opportunities and professional training.

Benefits and development

Localiza has always dedicated itself to sustainable human resources practices through respect for and well-being of its employees, significant levels of diversity in its leadership ranks and investment in training for its staff. Promotions, internal utilization of employees and professional development are Localiza's values. In 2019, 1,118 employees were promoted, and the Company invested R$5.1 million in training programs.

To attract and retain talents, the Company periodically conducts salary surveys to determine whether its salaries are competitive and update the Company's compensation policies.

In addition to health plan, dental plan and meal allowance, a group of executives may choose to join two long-term incentive plans – Stock Option and Matching Shares. The Company also has a private pension plan to supplement retirement benefits. This plan is based on a "defined contribution" and is managed by a major independent pension fund manager.

Localiza was one of the first companies in Brazil to have a structured profit-sharing program, since 1990. The profit-sharing plan is based on the achievement of individual targets. Along with the stock option plan, it aligns the interests of employees with those of the Company's shareholders, contributes to retaining talents and the long-term vision in the decision-making process.

Also, the Company developed a template of seven skills (five for all employees and two exclusively for leaders), which determines the desired conduct to sustain the future growth of the Company and the development of its employees.

In 2019, the general turnover at Localiza was 8.6%, which demonstrates stability at the leadership levels. Talented employees committed to the Company's values and adequately compensated based on meritocracy are capable of outstanding performance, which is fundamental for Localiza's continuous growth.

Programs for employees

***Universidade Localiza*:** Launched in April 2019, the University is the center of the strategy for the development of the Company's skills and qualification vis-à-vis its strategic direction, with the assumption of enhancing leadership and mobility in the career, fostering employees importance and their connection with the business.

The University's proposal is to transform organizational values into knowledge, skills and attitudes, creating a strong connection between culture and learning. The University's initiatives will be divided into the following segments:

Customer: It strengthens our value that the "Customer is our passion". Subjects to support the strategic differentiation of the business and to develop the skill of Focus on the customer and the market will be included on the agenda.

People: It strengthens our value "People who inspire and transform". Subjects focusing on the development of leaders, professional training (technical/ behavioral) and the development of skills, visionary leadership, strategic management and integrated action will be included on the agenda.

Results: It strengthens our value "Extraordinary results drive us". Subjects focusing on transformations, sustainable growth, value generation and the development of skills, excellence in results, sense of urgency in innovation and productivity: processes and costs will be included on the agenda.

Trust and ethics: Activities and subjects will be included on the agenda focusing on the dissemination of Localiza's DNA.

Our educational model presents the concept of learning journeys defined by group. *Universidade Localiza* initiatives do not bring a single, pre-defined development path. These can be performed differently by each employee, based on their interest, professional maturity and the point in their careers. The initiatives take into account the diversity of profiles, stimulate leadership and strengthen the learning culture.

- New Leader Initiative: development of leaders promoted or admitted to a leadership position;
- Individual Contributors Initiative: Development of analysts and specialists from across the Company;
- Finance Initiative: Specific development for Financial Management Professionals;
- Technology Initiative: Specific development for the Technology Professionals;
- Customer Service Initiative: Development of Customer Service Professionals from across the Company;
- Sales Initiative: Development of Sales Professionals from across the Company;
- Operations Initiative: Development of Operations Professionals from across the Company;
- Corporate and suggested actions by the University: In addition to these initiatives, we also offer open activities for all employees, such as training on various topics, workshops and lectures, videos and reading.

Inclusion and diversity program: Localiza has an inclusion program focused on people with disabilities or diversity, to promote inclusion and encourage diversity. Also, it provides training to these employees, providing knowledge on administrative routines and professional conduct in order to make them fit to hold other positions within the Company.

Hiring of immigrants: In collaboration with institutions that provide assistance to immigrants, the program was created to hire immigrants and offer them an opportunity to build their future and improve their quality of life. Currently, the Company has employees from different nationalities such as from: Haiti, Venezuela, Angola, Algeria, Ivory Coast, Congo, Gambia and Senegal.

Social Service: Guided by the Company's values and principles, based on respect, ethical conduct and attention to people, the Social Service cares for and supports employees, their spouses and children to help them overcome social issues, identifying resources to improve their life in terms of health, social protection and quality of life.

Live Better Program: Created in 2005, it is a series of quality of life actions focused on promotion and prevention activities regarding health of our employees. The goal is to reach diverse audiences such as pregnant women, people with sedentary lifestyles or chronic diseases, bringing knowledge and access to services and health benefits. In addition to regular campaigns related to the prevention and early diagnosis of breast and prostate cancer, it includes support program for pregnant women, a vaccination campaign, emotional well-being program, among others.

Social Statement

(Amounts in R$ thousand)

			2018			2019
Calculation basis of consolidated social indicators						
Net revenue ("NR")			7,626,654			10,195,637
Earnings before taxes ("EBT")			885,731			1,079,834
Gross payroll ("GP")			614,500			721,376
Internal social indicators	**Amount**	**% on GP**	**% on NR**	**Amount**	**% on GP**	**% on NR**
Meals	43,416	7%	1%	53,931	7%	1%
Compulsory payroll taxes	125,587	20%	2%	147,879	20%	1%
Health	42,412	7%	1%	52,204	7%	1%
Professional training and development	6,283	1%	0%	12,965	2%	0%
Daycare centers or childcare allowance	258	0%	0%	254	1%	0%
Profit sharing	106,196	17%	1%	104,301	14%	1%
Other	11,450	2%	0%	10,719	2%	0%
Total - internal social indicators	**335,602**	**54%**	**5%**	**382,253**	**53%**	**4%**
External social indicators	**Amount**	**% on EBT**	**% on NR**	**Amount**	**% on EBT**	**% on NR**
Education	434	0%	0%	434	0%	0%
Culture	1,724	0%	0%	1,613	0%	0%
Other	434	0%	0%	434	0%	0%
Total contributions to society	**2,592**	**0%**	**0%**	**2,481**	**0%**	**0%**
Taxes (excluding payroll taxes) (*)	460,592	52%	6%	923,623	86%	9%
Total - external social indicators	**463,184**	**52%**	**6%**	**926,104**	**86%**	**9%**
Staff indicators			**12/31/18**			**12/31/19**
Number of employees at the end of the period			8,124			10,514
Number of new hires during the period			2,612			4,297
Number of third-party workers			412			694
Number of interns			71			37
Number of employees above 45 years of age			923			1,074
Number of female employees			3,562			4,651
% of lead positions held by female employees			50.14%			38.78%
Number of disabled employees			358			400

(*) Does not include approximately R$1,224.5 million of Value-Added Tax on Sales and Services (ICMS) and R$720.1 million of Excise Tax (IPI) paid by the Company and included in the purchase price of cars.

Localiza Rent a Car S.A.

Financial Statements for the Year Ended December 31, 2019 and Independent Auditor's Report

Deloitte Touche Tohmatsu Auditores Independentes

Deloitte.

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(Convenience Translation into English from the Original Previously Issued in Portuguese)

INDEPENDENT AUDITOR'S REPORT ON THE
INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS

To the Management and Shareholders of
Localiza Rent a Car S.A.

Opinion

We have audited the accompanying individual and consolidated financial statements of Localiza Rent a Car S.A. ("Company"), identified as Individual and Consolidated, respectively, which comprise the balance sheet as at December 31, 2019, and the related statements of income, of comprehensive income, of changes in equity and of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the individual and consolidated financial statements referred to above present fairly, in all material respects, the individual and consolidated financial position of Localiza Rent a Car S.A. as at December 31, 2019, and 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 International Financial Reporting Standards ("IFRSs") 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 and its subsidiaries in accordance with the relevant ethical requirements in the Code of Ethics for Professional Accountants and the professional standards issued by the Brazilian Federal Accounting Council ("CFC"), 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 audit opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 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, therefore, we do not provide a separate opinion on these matters.

Definition of the vehicles depreciation amount

As stated in note 9 to the individual and consolidated financial statements, the Company estimates the depreciation amount of vehicles based on the difference between the acquisition cost and the estimated resale amount at the end of the asset useful life, less trade discounts and selling expenses, which are defined based on the historical amounts.

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This matter was considered a key audit matter in our audit, since the vehicles depreciation calculation corresponds to an accounting estimate based on assumptions that require Management's judgment and assessment, especially those concerning the definition of the depreciable amount and the estimated useful life of vehicles. Changes in the assumptions adopted to determine the net book value of vehicles can lead to material adjustments in those assets and depreciation amounts recorded for the year.

How the matter was addressed in our audit

Our audit procedures included, but were not limited to: (i) understanding and assessing the design and implementation of the relevant internal control activities implemented by Management for vehicles depreciation calculation; (ii) assessing the main assumptions adopted to determine the net book value of vehicles, such as the estimated selling price at the end of the useful lives, the sales commissions and other selling expenses and discounts applied; (iii) analyzing, on a sample basis, the estimated net book values considering the selling prices of similar vehicles disclosed; (iv) recalculating the depreciation recognized in the year for a selected sample for testing purposes; (v) developing an independent expectation of the vehicles depreciation amount during the year and the respective comparison with the amounts recognized by the Company; and (vi) analyzing Management's disclosures in the individual and consolidated financial statements.

In view of the criteria and assumptions adopted by Management in measuring the net book values of vehicles and calculating depreciation, the outcome of our procedures was considered appropriate in the context of the individual and consolidated financial statements taken as a whole.

First-time adoption of new accounting pronouncement - CPC 06 (R2)/IFRS 16 - Leases

The Company and its subsidiaries maintain significant commitments arising from operating lease agreements and, as mentioned in note 3 to the individual and consolidated financial statements, as from January 1, 2019, they were required to account for these lease transactions in accordance with technical pronouncement CPC 06 (R2) - Leases (equivalent to IFRS 16 - Leases issued by the IASB). This new pronouncement introduced complex accounting aspects for measuring the right-of-use asset and related lease liability, resulting in the recognition of a right-of-use asset and lease liability in the opening balance sheets as at January 1, 2019, in the amounts of R$837,305 thousand in the individual financial statements and R$598,533 thousand in the consolidated financial statements.

This matter was considered a key audit matter in our audit due to Management's judgment in the definition of the transition rules, practical expedients and accounting policies, as well as in the determination of the incremental interest rate and definition of lease agreement terms. These are key judgments used to estimate the right-of-use asset and lease liability. Changes in these estimates may have significant impacts on the amounts recognized by the Company.

How the matter was addressed in our audit

Our audit procedures included, but were not limited to: (i) understanding and assessing the design and implementation of the relevant internal control activities implemented by Management for the identification and measurement of lease agreements; (ii) analyzing the accounting policies established by Management compared to the requirements established by accounting standards; (iii) testing, on a sample basis, the lease agreements for recalculation of the amounts of the right-of-use asset and lease liability determined by the Company based on contractual information; (iv) testing the integrity of the data used in the calculations made by the Company; (v) assessing the reasonableness of the assumptions used in the determination of the incremental interest rate applied for purposes of determining the right-of-use asset and related lease liability; and (vi) analyzing Management's disclosures in the individual and consolidated financial statements.

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As a result of the evidence obtained through the audit procedures summarized above, we consider as appropriate the criteria and assumptions adopted by Management in determining the impacts arising from the first-time adoption of technical pronouncement CPC 06 (R2)/IFRS 16 and related disclosures in the context of the individual and consolidated financial statements taken as a whole.

Other matters

Statements of value added

The individual and consolidated statements of value added ("DVA") for the year ended December 31, 2019, prepared under the responsibility of the Company's Management and disclosed as supplemental information for purposes of the IFRSs, were subject to audit procedures performed together with the audit of the Company's financial statements. In forming our opinion, we assess whether these individual and consolidated statements of value added are reconciled with the financial statements and accounting records, as applicable, and whether their form and content are in accordance with the criteria set out in technical pronouncement CPC 09 - Statement of Value Added. In our opinion, these statements of value added were appropriately prepared, in all material respects, in accordance with the criteria set out in such technical pronouncement and are consistent in relation to the individual and consolidated financial statements taken as a whole.

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

Management is responsible for the other information. The other information comprises the Management Report and the Earnings Release.

Our opinion on the individual and consolidated financial statements does not cover the Management Report and the Earnings Release 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 the Earnings Release and, in doing so, consider whether these reports are materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appear to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement in the Management Report and the Earnings Release, we are required to report that fact. We have nothing to report in this regard.

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 the International Financial Reporting Standards ("IFRSs"), issued by the 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 Company's and its subsidiaries' financial reporting process.

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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 judgement 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 Company's and its subsidiaries' internal control.

- 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 its 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 consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely 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 deficiencies 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 to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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.

The accompanying individual and consolidated financial statements have been translated into English for the convenience of readers outside Brazil.

Belo Horizonte, March 10, 2020

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Daniel de Carvalho Primo
Engagement Partner

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LOCALIZA RENT A CAR S.A.

BALANCE SHEET
(In thousands of Brazilian reais – R$)

ASSETS

	Note	Individual 12/31/19	Individual 12/31/18	Consolidated 12/31/19	Consolidated 12/31/18
Current assets					
Cash and cash equivalents	*4*	1,622,676	1,435,459	2,220,102	2,175,302
Short-term investments	*5*	267,018	44,905	610,838	267,484
Trade receivables	*6*	1,095,724	871,112	1,274,723	1,016,497
Dividends receivable from subsidiaries	*8 (b)(iii)*	72,212	9,064	-	-
Decommissioned cars for fleet renewal	*9(c)*	20,361	17,451	141,735	51,844
Other current assets	*7*	199,828	155,720	246,681	182,683
Total current assets		**3,277,819**	**2,533,711**	**4,494,079**	**3,693,810**
Noncurrent assets					
Long-term assets:					
Trade receivables	*6*	-	-	1,809	3,837
Escrow deposits	*15(a)*	75,064	60,978	114,586	96,272
Deferred income tax and social contribution	*16(a)*	-	-	32,407	42,153
Other noncurrent assets	*7*	18,281	2,868	40,564	45,969
Total long-term assets		93,345	63,846	189,366	188,231
Investments in subsidiaries	*8(b)*	1,141,043	925,114	-	-
Property and equipment	*9(a)*	11,645,968	7,465,360	14,569,571	10,031,886
Intangible assets:					
Software	*10*	44,715	42,122	49,958	47,768
Goodwill in the acquisition of investments	*10*	-	-	89,986	30,719
Total noncurrent assets		**12,925,071**	**8,496,442**	**14,898,881**	**10,298,604**
Total assets		**16,202,890**	**11,030,153**	**19,392,960**	**13,992,414**

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

LOCALIZA RENT A CAR S.A.

BALANCE SHEET
(In thousands of Brazilian reais – R$)

LIABILITIES AND EQUITY

	Note	Individual 12/31/19	Individual 12/31/18	Consolidated 12/31/19	Consolidated 12/31/18
Current liabilities					
Trade payables	*11*	2,290,871	1,918,424	2,565,387	2,202,565
Payroll and related taxes	*12*	139,365	110,734	161,770	134,968
Borrowings and debt securities	*13*	33,269	372,883	144,342	616,587
Income tax and social contribution		12,024	17,727	54,647	41,102
Dividends and interest on capital	*17(b)*	63,394	42,643	63,394	42,643
Right-of-use lease	*3.1*	128,321	-	115,966	-
Other current liabilities	*14*	366,500	274,386	416,743	301,555
Total current liabilities		**3,033,744**	**2,736,797**	**3,522,249**	**3,339,420**
Noncurrent liabilities					
Borrowings and debt securities	*13*	6,595,798	4,938,085	9,235,117	7,029,391
Provision for risks	*15(a)*	159,083	109,537	207,237	148,798
Deferred income tax and social contribution	*16(a)*	194,012	140,293	352,699	297,276
Right-of-use lease	*3.1*	761,274	-	526,767	-
Other noncurrent liabilities	*14*	11,447	10,939	101,359	83,027
Total noncurrent liabilities		**7,721,614**	**5,198,854**	**10,423,179**	**7,558,492**
Total liabilities		**10,755,358**	**7,935,651**	**13,945,428**	**10,897,912**
Equity	*17*				
Capital		4,000,000	1,500,000	4,000,000	1,500,000
Expenditure on issuance of shares		(43,111)	-	(43,111)	-
Treasury shares		(22,288)	(40,257)	(22,288)	(40,257)
Capital reserves		185,494	165,231	185,494	165,231
Earnings reserves		1,327,437	1,469,528	1,327,437	1,469,528
Total equity		**5,447,532**	**3,094,502**	**5,447,532**	**3,094,502**
Total liabilities and equity		**16,202,890**	**11,030,153**	**19,392,960**	**13,992,414**

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

LOCALIZA RENT A CAR S.A.

INCOME STATEMENT
YEARS ENDED DECEMBER 31
(Amounts in thousands of Brazilian reais – R$, except earnings per share)

	Note	Individual 2019	Individual 2018	Consolidated 2019	Consolidated 2018
Net revenue	20	8,411,780	6,107,868	10,195,637	7,626,654
Costs	21	(6,622,651)	(4,643,653)	(7,685,944)	(5,556,760)
Gross profit		**1,789,129**	**1,464,215**	**2,509,693**	**2,069,894**
Operating income (expenses):					
Selling expenses	21	(672,542)	(529,751)	(747,381)	(600,307)
General, administrative and other expenses	21	(226,491)	(181,157)	(272,685)	(214,948)
Equity in the earnings of subsidiaries	8(b)	319,974	252,403	-	-
		(579,059)	(458,505)	(1,020,066)	(815,255)
Profit before finance income (costs)		**1,210,070**	**1,005,710**	**1,489,627**	**1,254,639**
Finance income (costs):	22				
Finance income		161,057	109,167	220,173	167,901
Finance costs		(430,024)	(345,324)	(629,966)	(536,809)
		(268,967)	(236,157)	(409,793)	(368,908)
Profit before income tax and social contribution		**941,103**	**769,553**	**1,079,834**	**885,731**
Income tax and social contribution:	16(b)				
Current		(53,446)	(42,164)	(180,727)	(139,873)
Deferred		(53,719)	(68,181)	(65,169)	(86,650)
		(107,165)	(110,345)	(245,896)	(226,523)
Net income for the year		**833,938**	**659,208**	**833,938**	**659,208**
Net income attributable to shareholders		-	-	833,938	659,208
Earnings per share (in R$):	18				
Basic				1.11509	0.94942
Diluted				1.10840	0.94499

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

LOCALIZA RENT A CAR S.A.

STATEMENT OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31
(In thousands of Brazilian reais – R$)

	Individual		Consolidated	
	2019	2018	2019	2018
Net income for the year	**833,938**	**659,208**	**833,938**	**659,208**
Other comprehensive income				
Items that will be subsequently reclassified to profit or loss:	-	-	-	-
Items that will not be subsequently reclassified to profit or loss:	-	-	-	-
Total comprehensive income for the year	**833,938**	**659,208**	**833,938**	**659,208**
Attributable to shareholders:			833,938	659,208

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

LOCALIZA RENT A CAR S.A.

STATEMENT OF CHANGES IN EQUITY
(In thousands of Brazilian reais – R$)

					Capital reserves		Earnings reserve					
	Note	Capital	Share issuance costs	Treasury shares	Stock options granted recognized	Goodwill on share subscription	Legal reserve	Statutory reserve	Earnings retention	Proposed dividends above the mandatory	Retained earnings	Total
Balance at December 31, 2017		**1,500,000**	**-**	**(53,696)**	**50,872**	**97,763**	**145,908**	**622,985**	**236,893**	**-**	**-**	**2,600,725**
Adjustment on initial application of IFRS 9		-	-	-	-	-	-	-	-	-	(15,911)	**(15,911)**
Adjusted balance at December 31, 2017		**1,500,000**	**-**	**(53,696)**	**50,872**	**97,763**	**145,908**	**622,985**	**236,893**	**-**	**(15,911)**	**2,584,814**
Total comprehensive income for the year												
Profit for the year		-	-	-	-	-	-	-	-	-	659,208	**659,208**
Transactions with shareholders: contributions and distributions												
(i)Stock options granted recognized	*17(c)(i)*	-	-	-	10,378	-	-	-	-	-	-	**10,378**
Exercise of stock options with treasury shares	*17(c)(ii)*	-	-	12,452	-	3,991	-	-	-	-	-	**16,443**
Treasury shares sold	*17(d)*	-	-	987	-	2,227	-	-	-	-	-	**3,214**
Allocation of net income for the year:												
Legal reserve	*17(e)(i)*	-	-	-	-	-	32,960	-	-	-	(32,960)	**-**
Interest on capital (R$0.27 per share)	*17(b)*	-	-	-	-	-	-	-	-	-	(178,912)	**(178,912)**
Dividends (R$0.01 per share)	*17(b)*	-	-	-	-	-	-	-	-	6,580	(7,223)	**(643)**
Constitution of statutory reserve	*17(e)(ii)*	-	-	-	-	-	-	424,202	-	-	(424,202)	**-**
Balance at December 31, 2018		**1,500,000**	**-**	**(40,257)**	**61,250**	**103,981**	**178,868**	**1,047,187**	**236,893**	**6,580**	**-**	**3,094,502**
Total comprehensive income for the year												
Net income for the year		-	-	-	-	-	-	-	-	-	833,938	**833,938**
Transactions with shareholders: contributions and distributions												
Capital increase with issue of shares	*17(a)*	1,821,600	-	-	-	-	-	-	-	-	-	**1,821,600**
Expenses with issuance of shares net of tax effects	*17(a)*	-	(43,111)	-	-	-	-	-	-	-	-	**(43,111)**
Capital increase	*17(a)*	678,400	-	-	-	-	-	(441,507)	(236,893)	-	-	**-**
Additional dividends proposed and paid (R$0.01 per share)	*17(b)*	-	-	-	-	-	-	-	-	(6,580)	-	**(6,580)**
(i)Stock options granted recognized	*17(c)(i)*	-	-	-	10,486	-	-	-	-	-	-	**10,486**
Exercise of stock options with treasury shares	*17(c)(ii)*	-	-	17,362	-	7,777	-	-	-	-	-	**25,139**
Treasury shares sold	*17(d)*	-	-	607	-	2,000	-	-	-	-	-	**2,607**
Allocation of profit for the year:												
Legal reserve	*17(e)(i)*	-	-	-	-	-	41,697	-	-	-	(41,697)	**-**
Interest on capital (R$0.39 per share)	*17(b)*	-	-	-	-	-	-	-	-	-	(291,049)	**(291,049)**
Constitution of statutory reserve	*17(e)(ii)*	-	-	-	-	-	-	501,192	-	-	(501,192)	**-**
Balances at December 31, 2019		**4,000,000**	**(43,111)**	**(22,288)**	**71,736**	**113,758**	**220,565**	**1,106,872**	**-**	**-**	**-**	**5,447,532**

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

LOCALIZA RENT A CAR S.A.

STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31
(In thousands of Brazilian reais – R$)

		Individual		Consolidated	
	Note	2019	2018	2019	2018
Cash flows from operating activities:					
Net income for the year		**833,938**	**659,208**	**833,938**	**659,208**
Adjustments to reconcile profit or loss to cash and cash equivalents generated by operating activities:					
Depreciation and amortization	*9(a), 10 and 21*	508,160	168,938	723,129	335,503
Residual value of cars written off		5,179,178	3,562,787	5,863,600	4,198,502
Deferred income tax and social contribution	*16(b)*	53,719	68,181	65,169	86,650
Equity in the earnings of subsidiaries	*8(b)*	(319,974)	(252,403)	-	-
Provision for risks and others	*15(a)*	49,173	19,753	58,066	21,901
Interest on borrowings, debt securities and derivatives	*13*	340,209	338,167	552,917	529,808
Interest on leases	*3*	70,905	-	49,441	-
Other provisions		13,613	29,581	13,378	30,904
Other		26,121	31,963	32,188	35,017
(Increase) decrease in assets:					
Trade receivables	*6*	(238,517)	(485,540)	(275,930)	(488,954)
Acquisition of cars (see supplementary disclosure below)	*9(a) and 11*	(8,449,437)	(5,027,694)	(9,941,463)	(6,113,669)
Escrow deposits	*15(a)*	(13,713)	(9,262)	(17,941)	(13,148)
Recoverable taxes		(4,436)	(264)	(1,632)	3,431
Prepaid expenses	*7*	(4,351)	872	(4,864)	1,285
Other assets		(46,190)	(70,631)	(44,733)	(71,989)
Increase (decrease) in liabilities:					
Trade payables (except car manufacturers)	*11*	19,779	2,944	20,975	3,119
Payroll and related taxes	*12*	28,631	19,411	26,802	25,792
Income tax and social contribution	*16(b)*	53,446	42,164	180,727	139,873
Insurance premium	*14*	22,118	36,147	23,156	36,952
Other liabilities		59,281	63,335	52,054	60,053
Cash used in operating activities:		**(1,818,347)**	**(802,343)**	**(1,791,023)**	**(519,762)**
Income tax and social contribution paid		(37,125)	(26,583)	(146,150)	(131,210)
Interest on borrowings, debt securities paid	*13*	(391,576)	(274,693)	(562,172)	(424,666)
Interest on leases paid	*3*	(46,713)	-	(53,480)	-
Short-term investments	*5*	(222,113)	1,113,962	(343,354)	1,008,215
Net generated by (used in) operating activities		**(2,515,874)**	**10,343**	**(2,896,179)**	**(67,423)**
Cash flows from investing activities:					
Dividends from subsidiaries	*8 (b)(iii)*	40,884	306,493	-	-
Acquisition of other property and equipment	*9(a)*	(53,388)	(30,200)	(53,388)	(33,858)
Acquisition of intangible assets	*10*	(14,973)	(7,637)	(16,566)	(8,986)
Investments in subsidiary	*8(b)*	-	-	(123,736)	-
Other		13	-	-	-
Net cash generated by (used in) investing activities		**(27,464)**	**268,656**	**(193,690)**	**(42,844)**

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

LOCALIZA RENT A CAR S.A.

STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31
(In thousands of Brazilian reais – R$)

		Individual		Consolidated	
	Note	**2019**	**2018**	**2019**	**2018**
Cash flows from financing activities:					
Borrowings and debt securities	*13*				
- Funding		998,927	300,024	1,351,482	742,797
- Repayments		(650,000)	(188)	(930,240)	(518,495)
Debentures:	*13*				
- Funding		1,984,582	994,544	2,283,705	1,690,729
- Repayments		(975,000)	(815,000)	(975,000)	(815,000)
Lease liability:	*3*				
- Repayments		(136,148)	-	(103,472)	-
Treasury shares sold	*17(d)*	2,607	3,214	2,607	3,214
Exercise of stock options with treasury shares, net	*17(c) and (d)*	25,139	16,443	25,139	16,443
Interest on capital	*17(b)*	(268,609)	(172,314)	(268,609)	(172,314)
Proposed		(7,223)	-	(7,223)	-
Capital contribution - share subscription		1,821,600	-	1,821,600	-
Share issuance costs		(65,320)	-	(65,320)	-
Net cash generated by financing activities		**2,730,555**	**326,723**	**3,134,669**	**947,374**
Net cash flows generated (used in) during the year		**187,217**	**605,722**	**44,800**	**837,107**
Balance in cash and cash equivalents:					
At the beginning of the year	*4*	1,435,459	829,737	2,175,302	1,338,195
At the end of the year	*4*	1,622,676	1,435,459	2,220,102	2,175,302
Increase (decrease) in cash and cash equivalents		**187,217**	**605,722**	**44,800**	**837,107**

Supplementary disclosure of cash flows information

		Individual		Consolidated	
	Note	**2019**	**2018**	**2019**	**2018**
Acquisitions of cars:					
For fleet renewal		(5,890,104)	(3,943,601)	(6,804,583)	(4,696,401)
For fleet growth		(2,912,001)	(1,841,619)	(3,478,727)	(2,285,441)
Total acquisition of cars	*9(a)*	(8,802,105)	(5,785,220)	(10,283,310)	(6,981,842)
Trade payables – car manufacturers:	*11*				
Balance at the end of the year		(2,157,860)	(1,805,192)	(2,407,475)	(2,065,628)
Balance at the beginning of the year		(1,805,192)	(1,047,666)	(2,065,628)	(1,197,455)
		352,668	757,526	341,847	868,173
Cash outflow for acquisition of cars		**(8,449,437)**	**(5,027,694)**	**(9,941,463)**	**(6,113,669)**
Revenue from sale of decommissioned cars, net of taxes	*20*	5,379,353	3,778,223	6,206,711	4,510,388
Trade receivables - sale of decommissioned cars:	*6*				
Balance at the end of the year		391,681	285,728	475,091	333,466
Balance at the beginning of year		285,728	118,975	333,466	160,936
		(105,953)	(166,753)	(141,625)	(172,530)
Cash inflow from sale of decommissioned cars		**5,273,400**	**3,611,470**	**6,065,086**	**4,337,858**
Net cash outflow for investment in fleet		**(3,176,037)**	**(1,416,224)**	**(3,876,377)**	**(1,775,811)**

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

LOCALIZA RENT A CAR S.A.

STATEMENT OF VALUE ADDED
YEARS ENDED DECEMBER 31
(In thousands of Brazilian reais – R$)

		Individual		Consolidated	
	Note	2019	2018	2019	2018
Revenues:					
Gross revenue net of discounts	*20*	8,726,718	6,349,655	10,628,455	7,965,534
Revenues related to the construction of own assets and leasehold improvements		33,266	12,062	33,266	12,062
Constitution of allowance for doubtful debts, net of reversals	*6*	(14,440)	(21,525)	(20,502)	(21,903)
Total revenues		**8,745,544**	**6,340,192**	**10,641,219**	**7,955,693**
Costs and expenses acquired from third parties:					
Materials, electric power, outsourced services and others		(463,374)	(341,036)	(485,436)	(359,438)
Costs of car and fleet rental and residual value of cars written off		(5,814,891)	(4,054,622)	(6,662,796)	(4,832,787)
Total costs and expenses acquired from third parties:		**(6,278,265)**	**(4,395,658)**	**(7,148,232)**	**(5,192,225)**
Gross wealth generated		**2,467,279**	**1,944,534**	**3,492,987**	**2,763,468**
Depreciation and amortization	*21*	(508,160)	(168,938)	(723,129)	(335,503)
Net wealth created		**1,959,119**	**1,775,596**	**2,769,858**	**2,427,965**
Wealth received in transfer:					
Finance income	*22*	161,057	109,167	220,173	167,901
Equity in the earnings of subsidiaries	*8(b)*	319,974	252,403	-	-
Wealth for distribution		**2,440,150**	**2,137,166**	**2,990,031**	**2,595,866**
Wealth distributed					
Taxes, fees and contributions					
- Federal		279,083	251,531	468,706	398,543
- State		132,176	100,038	168,923	132,799
- Municipal		41,154	29,449	53,822	38,229
Personnel					
- Salaries and wages		487,423	399,947	572,829	483,462
- Benefits		99,858	85,498	113,749	98,867
Severance pay fund (“FGTS”)		34,296	28,633	40,471	34,285
- Others		10,486	10,379	10,486	10,379
Remuneration of third-party capital					
- Interest	*22*	430,024	345,324	629,966	536,809
- Property rental	*21*	66,732	206,597	71,422	182,244
- Other rents		24,980	20,562	25,719	21,041
Remuneration of own capital					
- Interest on capital	*17(b)*	291,049	178,912	291,049	178,912
- Retained earnings		542,889	480,296	542,889	480,296
Wealth distributed and retained		**2,440,150**	**2,137,166**	**2,990,031**	**2,595,866**

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

1. GENERAL INFORMATION

A Localiza Rent a Car S.A. (“Localiza” or “Company”), headquartered at Avenida Bernardo de Vasconcelos, 377, Bairro Cachoeirinha, in Belo Horizonte, Minas Gerais State, has been since May 2005 a Brazilian publicly-held company, listed in B3 S.A. - Brasil, Bolsa, Balcão (“B3”) Novo Mercado segment, which characterizes the highest corporate governance level in the Brazilian capital market. Localiza's shares are traded under the ticker symbol RENT3.

Localiza and its subsidiaries are mainly engaged in: car rental, fleet rental and franchising. In order to renew the fleet, Localiza, its subsidiary Localiza Fleet S.A. (“Localiza Fleet”) and its indirect subsidiaries Car Rental Systems S.A. (“Car Rental Systems”) and Localiza RP Aluguel de Carros Ltda. (“Localiza RP”) sell their decommissioned cars, generating cash for the purchase of new cars from manufacturers.

On August 31, 2019, Car Rental Systems acquired 100% of the quotas of Localiza RP, a company created through a spin-off of a former Localiza brand franchisee, which provided car rental services in the cities of Ribeirão Preto, São José do Rio Preto, Catanduva and Sertãozinho, all in São Paulo State. Through this acquisition, Localiza´s Platform assumed a total fleet of 2,715 cars.

On October 10, 2019, the Brazilian Securities and Exchange Commission of Brazil (“CVM”) granted the registration of securities issuer, category “B”, for the subsidiary Localiza Fleet. As of this date, Localiza Fleet is authorized to trade fixed income securities in regulated markets in Brazil as category “B”, in addition to being subject to the fulfillment of the obligations of category “B” issuers provided for in CVM Instruction 480, of December 7, 2009, as amended and other applicable regulations.

As at December 31, 2019, Localiza’s Platform (including its franchisees in Brazil and abroad) was comprised of 602 (unaudited) car rental locations, of which: (i) 528 locations in 358 cities in Brazil, 427 of which were operated by Localiza and 101 by franchisees; and (ii) 74 locations in 38 cities in 5 South American countries, all operated by franchisees.

On the same date, Localiza’s Platform fleet was comprised of 323,361 cars, of which: (i) 307,131 belonged to the Company, including 238,174 of the Car Rental Division and 68,957 of the Fleet Rental Division; (ii) 6,440 (unaudited) belonged to its franchisees in Brazil; and (iii) 9,790 (unaudited) belonged to its franchisees abroad. Approximately half of the decommissioned cars are sold to final consumers through 123 points of sale owned by the Company, located in 84 cities throughout Brazil, reducing intermediation and depreciation costs and maximizing cash flow generation for fleet renewal.

These individual and consolidated financial statements were approved and authorized for issue by the Company’s Board of Executive Officers and Board of Directors on March 10, 2020.

2. BASIS OF PREPARATION, PRESENTATION OF FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. Statement of compliance

The Company's financial statements comprise individual and consolidated financial statements, identified as "Individual" and "Consolidated", and are prepared and presented in accordance with the International Financial Reporting Standards (“IFRS”), issued by the International Accounting Standards Board (“IASB”), and also in accordance with the accounting practices adopted in Brazil. In turn, the accounting practices adopted in Brazil comprise those included in the Brazilian Corporate Law as well as the technical pronouncements, guidelines and interpretations issued by the Accounting Pronouncements Committee (“CPC”) and approved by the Brazilian Securities and Exchange Commission (“CVM”), and disclose all relevant information that should be reported in the financial statements, and only such information, which is consistent with the information used by Management in the performance of its duties.

2.2. Basis of preparation

The financial statements have been prepared based on historical cost, normally at the fair value of the consideration paid in exchange for an asset, except for certain financial assets and liabilities, which are measured at fair value.

2.3. Basis of consolidation and investments in subsidiaries

The Company consolidates all the entities which it controls. The consolidated financial statements include the individual financial statements of the parent company Localiza and of its Brazilian and foreign subsidiaries On the individual financial statements the investments in subsidiaries are measured under the equity method of accounting.

In consolidation, the parent company's interests in the subsidiaries' equity were eliminated, as well as asset and liability balances, revenues, costs and expenses arising from transactions carried out between the companies. The classification of the consolidated accounts follows the parent company's grouping assumptions.

The Company's direct and indirect subsidiaries are summarized in Note 8. The accounting policies applied in the preparation of the consolidated financial statements are described in Note 2.7 and in the other notes.

2.4. Main accounting judgments and sources of uncertainty over estimates

The preparation of financial statements requires Management to make judgments and prepare estimates and assumptions based on past experience and other factors considered significant that affect the reported amounts of assets, liabilities, as well as amounts of revenues, costs and expenses. Settlement of transactions involving these estimates may result in amounts different from those recorded in the financial statements.

Significant estimates and assumptions are used mainly in the: (i) measurement of lease liability (note 3); (ii) accounting for the provision for impairment losses on trade receivables (allowance for doubtful debts/expected losses (note 6)); (iii) measurement of fair value of assets acquired and liabilities assumed by Localiza RP (Note 8 (a)); (iv) definition of the useful life and residual value of property and equipment items (note 9); (v) accounting for provision for risks (note 15); (vi) accounting for deferred income tax and social contribution (note 16 (a)); (vii) measurement of costs of long-term incentive plans (note 17(c) (i)); and (viii) fair value measurement of financial instruments (note 23 (c)).

The Company reviews its estimates and premises on a monthly basis, except for the long-term incentive plans, which are reviewed annually, and the estimate of leases, which are reviewed to reflect changes that may occur during the term of the contracts. The effects of these reviews are recognized in the period in which the estimates are reviewed and changed, if they impact only that period, or also in subsequent periods, if they impact both current and future periods.

2.5. Functional and presentation currency

The Brazilian real is the functional currency of the Company and the reporting currency of the individual and consolidated financial statements. Financial information is presented in thousands of Brazilian Reais, unless otherwise indicated, and is rounded to the nearest thousand. The financial statements of foreign subsidiaries are translated into Brazilian Reais at the foreign exchange rates prevailing on the balance sheet dates. The effects of such translation on net income (R$122 in 2019 and R$12 in 2018) and equity are immaterial.

2.6. Statement of value added ("DVA")

The purpose of this statement is to evidence the wealth created by the Company and its distribution during a certain period and is presented as part of its financial statements, as required by Brazilian corporate law and the accounting practices adopted in Brazil applicable to publicly-held companies. This statement is not established or required by IFRS.

The statement of value added (DVA) has been prepared based on information obtained from the accounting records used as a basis for the preparation of the financial statements and in conformity with the provisions of CPC 09 - Statement of Value Added. The first part shows the wealth created by the Company, represented by revenues, costs and expenses acquired from third parties and wealth received in transfer. The second part presents the distribution of wealth among taxes, fees and contributions, personnel and remuneration of third-party and own capital.

2.7. Summary of significant accounting policies

The main accounting practices applied in the preparation of these financial statements, individual and consolidated, are summarized below or in the notes related to the respective line item and were consistently applied in the years presented for Localiza and its subsidiaries.

2.7.1. Finance income – Interest income from financial assets is recognized based on the time of investment and effective interest rate on the accrual basis.

2.7.2. Adjustment to present value – Monetary assets and liabilities are discounted to present value when the effect is considered material in relation to the financial statements taken as a whole. For accounting purposes and materiality determination, the adjustment to present value is calculated taking into account contractual cash flows and the effective average cost of the Company's debt, except for the right-of-use and lease liability whose present value is calculated based on the expectation of the risk-free rate disclosed by the Central Bank of Brazil. At December 31, 2019 (except for the right-of-use and lease liability) and 2018, the Company concluded that its current and noncurrent assets and liabilities did not show significant effects when adjusted to present value.

2.7.3. Impairment of non-financial assets – The Company evaluates at least annually if there is any indication of impairment of property and equipment, and intangible assets - software. If any such indication exists the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). In 2019 and 2018, no adjustments of this nature were recognized

In addition, Localiza tests for impairment the goodwill on acquisition of investments at least annually. No impairments were recorded in 2019 and 2018 as the tests did not indicate losses.

2.7.4. Assets and liabilities subject to inflation adjustment – Assets and liabilities in Brazilian Reais subject to contractual or legal indexation are adjusted on the balance sheet dates through the application of the corresponding index. Gains and losses from inflation adjustments are recognized in profit or loss on the accrual basis.

2.7.5. Indemnities and claims – Localiza offers to customers the option of contracting insurance for the rented cars with an insurance company, and extended warranty for the decommissioned cars sold for fleet renewal. Premiums received are recorded in liabilities under "other current liabilities". When the policies are issued by the insurance company, the premiums received are reclassified to "trade payables" and, subsequently, transferred to the insurance company, which assumes the risk arising from any potential damages. The expenses incurred by Localiza on claims and indemnities, as well as any losses on stolen cars, are accounted for in assets under the line item "other current assets" until effectively received from the insurance company.

2.7.6 Reclassification of comparative balances – In order to better reflect the nature of its operating costs, the Company reclassified PIS and COFINS credits on the acquisition of inputs, for the year ended December 31, 2018. The credits were reclassified in the income statement, from sales tax line to the cost line, in the amount of R$191,015 in the Individual and R$269,150 in the Consolidated. The reclassification of credits for the year ended December 31, 2019 was made fully in the 4th quarter, in the amounts of R$272,437 in the Individual and R$357,957 in the Consolidated.

3. RECENTLY ISSUED ACCOUNTING STANDARDS AND INTERPRETATIONS

3.1. Recently issued accounting standards and interpretations adopted by the Company in the current year

- **IFRS 16 – Leases**

With the application of this standard, lessees begun to recognize the liability of the future payments and the right-of-use of the leased asset for certain lease contracts, including those previously classified as operating leases. Certain short-term leases and leases for which the underlying asset is of low value may be out of the scope of this standard. The criteria for recognition and measurement of leases in the financial statements of the lessors are substantially unchanged. On December 21, 2017, CVM issued its Decision 787/17 and approved CPC 06 (R2), which is the equivalent to this IFRS. The Company and its subsidiaries adopted the new standard on January 1, 2019, date of the initial application.

The Company chose to use the exemptions proposed by the standard for short-term leases or leases for which the underlying asset is of low value. The Company has leases of certain office equipment (such as notebooks, printers and copiers) that are considered of low-value.

The Company applied IFRS 16, using a retrospective approach and the practical expedient regarding the definition of lease contracts at the date of transition. Therefore, the lease liability was measured at the present value of the remaining lease payments, discounted by the lessee's incremental borrowing rate, at the initial application date. The right-of-use asset at the date of the initial application for leases previously classified as operating leases were recognized in an amount equivalent to the lease liability, adjusted by the amount of any prepaid or accumulated lease payments relating to that lease that was recognized in the balance sheet immediately prior to the date of initial application.

The Company applied the discount rate of 8.96%, calculated on the initial application of IFRS 16, based on the expectation of the risk-free rate disclosed by the Central Bank of Brazil in December 2018, for the weighted term of its agreements, adjusted to the Company's reality (credit spread). The discount rate used is reviewed annually.

Changes in the balance of leases in 2019 are as follows:

	Individual			Consolidated		
	Assets (note 9)	**Liabilities**	**Expenses**	**Assets (note 9)**	**Liabilities**	**Expenses**
Initial application	**837,305**	**(837,305)**	**-**	**598,533**	**(598,533)**	**-**
Addition of new agreements/ remeasurement	167,304	(167,304)	-	154,769	(154,769)	-
Write-off	(2,966)	3,058	-	(2,966)	3,058	-
Consideration paid	-	182,861	-	-	156,952	-
Depreciation	(137,497)	-	(137,497)	(125,339)	-	(125,339)
Interest	-	(70,905)	(70,905)	-	(49,441)	(49,441)
Balance at December 31, 2019	**864,146**	**(889,595)**	**(208,402)**	**624,997**	**(642,733)**	**(174,780)**
Current	**-**	**(128,321)**		**-**	**(115,966)**	
Noncurrent	**864,146**	**(761,274)**		**624,997**	**(526,767)**	

Thus, as a result of the application of IFRS 16, net income before taxes in 2019, was reduced by R$25,541 in the Individual and R$17,828 in the Consolidated, since property rental expenses, according to previous accounting practice, totaled R$182,861 in the Individual and R$156,952 in the Consolidated.

The Company has property rental contracts for its car rental locations in airports and off-airports (downtown locations), stores, head office and parking lots. The minimum amounts payable, considering undiscounted installments, for the remainder of the leases contracted up to December 31, 2019 are as follows:

	Individual								
	2020	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027 and onwards**	**Total**
Concessions in airports	41,308	30,351	27,760	24,762	20,772	16,928	10,353	33,420	205,654
Downtown locations, stores, head office and parking lots	149,808	142,171	129,038	117,648	104,520	100,712	98,279	738,788	1,580,964
Total	**191,116**	**172,522**	**156,798**	**142,410**	**125,292**	**117,640**	**108,632**	**772,208**	**1,786,618**
Embedded interest									**(897,023)**
Balance of lease liability (current and noncurrent)									**889,595**

	Consolidated								
	2020	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027 and onwards**	**Total**
Concessions in airports	42,962	30,811	28,052	25,026	21,008	17,173	10,512	33,475	209,019
Downtown locations, stores and parking lots	121,417	112,716	98,553	86,095	71,863	66,912	63,296	267,207	888,059
Total	**164,379**	**143,527**	**126,605**	**111,121**	**92,871**	**84,085**	**73,808**	**300,682**	**1,097,078**
Embedded interest									**(454,345)**
Balance of lease liability (current and noncurrent)									**642,733**

The estimated amount of the PIS and COFINS credit embedded in the lease consideration totals R$142,467 in the Individual and R$78,685 in the Consolidated (R$68,655 in the Individual and R$45,822 in the Consolidated, discounted to present value).

The Company, in full compliance with CPC 06 (R2), in measuring and remeasuring its lease liability and right-of-use asset, used the discounted cash flow technique without considering future projected inflation in the flows to be discounted, according to the criteria established by CPC 06 (R2).

According to the guidance of Circular Letter CVM/SNC/SEP/No. 02/2019, for purposes of information to investors, we present the comparative balances with the application of the projected inflation of the lease liability, right-of-use asset, finance cost and depreciation expense for the year ended December 31, 2019:

	12/31/19					
	Individual			Consolidated		
	IFRS 16	Projected inflation	%	IFRS 16	Projected inflation	%
Right-of-use asset, net	864,146	1,001,534	15.9%	624,997	699,420	11.9%
Lease liability	889,595	1,050,583	18.1%	642,733	731,304	13.8%
Depreciation expenses	(137,497)	(148,702)	8.1%	(125,339)	(133,047)	6.1%
Finance costs	(70,905)	(83,300)	17.5%	(49,441)	(55,881)	13.0%

- **IFRIC 23 interpretation - Uncertainty over income tax treatments**

In December 2018, CVM issued its Decision 804/18 and approved ICPC 22 “Uncertainty over Income Tax Treatments”, which is the equivalent to this IFRIC. The interpretation, which is effective for years beginning on or after January 1, 2019, addresses the recognition and measurement requirements for income taxes when tax treatments involve uncertainty that affects the application of CPC 32 “Income taxes” and does not apply to taxes outside the scope of IAS 12 nor specifically includes the requirements relating to interest and fines associated with uncertain tax treatments. Specifically addressed are:

- If the Company considers uncertain tax treatments separately;
- The assumptions that the company makes regarding the examination of tax treatments by the tax authorities;
- How the Company determines the taxable income (tax loss), calculation basis, unused tax losses, untimely tax credits and tax rates;
- How the Company considers the changes in facts and circumstances.

The Company performed an analysis of IFRIC 23 and did not identify material impacts in relation to the accounting practices currently adopted.

3.2. Recently issued accounting pronouncements and interpretations and not yet adopted by the Company

There are no CPC/IFRS standards or ICPC/ IFRIC interpretations applicable to the Company that are not yet effective, that could have a material impact on the financial statements of the Company and its subsidiaries.

4. CASH AND CASH EQUIVALENTS

The Company considers cash and cash equivalents to be cash, bank deposits and other highly liquid short-term investments, readily convertible into a known amount of cash and subject to an insignificant risk of change in value, held for the purpose of meeting short-term commitments.

Cash and cash equivalents are broken down as follows:

	Individual		Consolidated	
	12/31/19	12/31/18	12/31/19	12/31/18
Cash and banks	16,246	5,607	17,122	14,051
Bank Certificates of Deposit (“CDB”)	430,427	749,644	487,065	907,994
Fixed-income investment fund units	1,176,003	680,208	1,715,915	1,253,257
Total	**1,622,676**	**1,435,459**	**2,220,102**	**2,175,302**

At December 31, 2019, short-term investments in CDBs and fixed-income investment fund units had an annual weighted average yield of 99.9% of the Interbank Deposit Certificates (“CDI”) rate variation (100.1% at December 31, 2018), have immediate liquidity and have the purpose of meeting the Company's short-term commitments.

5. SHORT-TERM INVESTMENTS

Short-term investments are broken down as follows:

	Individual		Consolidated	
	12/31/19	12/31/18	12/31/19	12/31/18
Bank Certificates of Deposit ("CDB")	115,571	-	345,171	203,074
Fixed-income investment fund units	151,447	44,905	265,667	64,410
Total	**267,018**	**44,905**	**610,838**	**267,484**

At December 31, 2019, short-term investments in CDBs, and fixed-income investment fund units posted annual weighted average yield of 102.5% of the CDI rate variation (100.8% at December 31, 2018) and have liquidity. However, such investments do not meet all the criteria to be recorded as cash equivalents under the terms of CPC 03 – Statement of Cash Flows.

6. TRADE RECEIVABLES

The trade receivables are broken down as follows:

	Individual		Consolidated	
	12/31/19	12/31/18	12/31/19	12/31/18
Car rental	787,313	654,543	787,313	654,543
Fleet rental	-	-	117,117	111,600
Sale of decommissioned cars	391,681	285,728	475,091	333,466
Franchising	1,249	920	5,918	9,130
	1,180,243	**941,191**	**1,385,439**	**1,108,739**
Allowance for doubtful debts and expected losses	(84,519)	(70,079)	(108,907)	(88,405)
Total	**1,095,724**	**871,112**	**1,276,532**	**1,020,334**
Current assets	**1,095,724**	**871,112**	**1,274,723**	**1,016,497**
Noncurrent (*)	**-**	**-**	**1,809**	**3,837**

(*) Refers to the franchising integration fee.

The aging list of trade receivables is as follows:

	Individual		Consolidated	
	12/31/19	12/31/18	12/31/19	12/31/18
Current	986,974	752,698	1,137,532	858,777
Up to 30 days overdue	66,413	100,359	92,494	135,543
31 to 60 days overdue	43,336	30,368	49,861	34,444
61 to 90 days overdue	20,007	10,837	22,423	14,404
91 to 180 days overdue	36,174	25,142	39,533	29,182
Over 181 days overdue	27,339	21,787	43,596	36,389
Total	**1,180,243**	**941,191**	**1,385,439**	**1,108,739**

The balance of trade receivables includes overdue amounts at the end of the year, for which the allowance for doubtful debts and expected losses was not recognized as these amounts are still considered recoverable. The aging list of these overdue amounts is as follows:

	Individual		Consolidated	
	12/31/19	12/31/18	12/31/19	12/31/18
Up to 30 days overdue	59,719	94,040	84,944	128,625
31 to 60 days overdue	38,423	24,474	44,509	28,008
61 to 90 days overdue	15,915	6,154	17,735	9,427
Over 91 days overdue	3,782	2,069	5,115	4,636
Total	**117,839**	**126,737**	**152,303**	**170,696**

The aging list of the allowance for doubtful debts and expected losses is as follows:

	Individual		Consolidated	
	12/31/19	12/31/18	12/31/19	12/31/18
Current	(9,089)	(8,323)	(13,303)	(9,139)
Up to 30 days overdue	(6,694)	(6,319)	(7,550)	(6,918)
31 to 60 days overdue	(4,913)	(5,894)	(5,352)	(6,436)
61 to 90 days overdue	(4,092)	(4,683)	(4,688)	(4,977)
Over 91 days overdue	(59,731)	(44,860)	(78,014)	(60,935)
Total	**(84,519)**	**(70,079)**	**(108,907)**	**(88,405)**

The variation in the allowance for doubtful debts and expected losses are as follows:

	Individual		Consolidated	
	2019	2018	2019	2018
Balance at the beginning of year	**(70,079)**	**(38,144)**	**(88,405)**	**(55,294)**
Balance from initial application of IFRS 9 (*)	-	(10,410)	-	(11,208)
Reversal of initial application of IFRS 9	92	10,318	168	11,040
Recognition	(55,700)	(54,854)	(82,310)	(64,226)
Reversal	41,168	23,011	61,640	31,283
Balance at the end of the year	**(84,519)**	**(70,079)**	**(108,907)**	**(88,405)**

(*) Since January 1st, 2018, Localiza and its subsidiaries have recorded a provision for expected losses during the entire life of trade receivables.

7. OTHER CURRENT AND NONCURRENT ASSETS

The breakdown of the balance of other current and noncurrent assets is as follows:

	Individual		Consolidated	
	12/31/19	12/31/18	12/31/19	12/31/18
Prepaid expenses	10,530	6,179	11,757	6,893
Recoverable taxes	29,721	19,875	39,850	31,548
Receivables from insurance company (*)	146,229	120,907	148,162	122,108
Other receivables – subsidiaries (note 8 (c)(i))	144	183	-	-
Restricted investments (note 14)	-	-	22,283	
Other current assets	13,204	8,576	24,629	22,134
Total other current assets	**199,828**	**155,720**	**246,681**	**182,683**
Investments in restricted accounts (note 14)	-	-	22,283	43,101
Derivative instruments (note 13)	18,198	2,785	18,198	2,785
Other noncurrent assets	83	83	83	83
Total other noncurrent assets	**18,281**	**2,868**	**40,564**	**45,969**
Total other current and noncurrent assets	**218,109**	**158,588**	**287,245**	**228,652**

(*) Expenses incurred on claims, cost of stolen cars and receivables from insurance company for stipulation services when contracting an insurance by the customers when they rent cars from the Company (note 2.7.5).

8. INVESTMENTS IN SUBSIDIARIES AND RELATED-PARTY TRANSACTIONS

Car rental, fleet rental and franchising activities in Brazil and abroad are conducted by Localiza or its subsidiaries., whose main operations are as follows:

- **Localiza Fleet S.A. (“Localiza Fleet”):** Publicly-held company engaged in fleet rental business.
- **Rental Brasil Administração e Participação S.A. (“Rental Brasil”):** Privately-held company mainly engaged in acquiring, selling and renting own properties to Localiza and its subsidiaries.

- **Localiza Serviços Prime S.A. (“Localiza Prime”):** Privately-held company mainly engaged in the intermediation of sales of decommissioned cars previously used by Localiza, Localiza Fleet, Car Rental Systems and Localiza RP.

- **Car Assistance Serviços de Administração de Sinistros S.A. (“Car Assistance”):** Privately-held company engaged in managing car-related claims for insurance companies, accrediting and negotiating with garages and other suppliers, regulating claims, approving budgets and services performed, managing information and supporting documentation on claims and managing indemnities.

- **Localiza Franchising Brasil S.A. (“Franchising Brasil”):** Privately-held company engaged in conducting the franchise business of "Localiza" brand in Brazil.

- **Localiza Franchising International S.R.L. (“LFI S.R.L.”):** Limited liability company headquartered in Argentina. It is currently dormant and in the process of shutdown.

- **Car Rental Systems S.A. (“Car Rental Systems”):** Subsidiary of Localiza Fleet, mainly engaged in car rental and fleet rental.

- **Localiza RP Aluguel de Carros Ltda. (“Localiza RP”):** Limited liability company, subsidiary of Car Rental Systems, engaged in car rental.

At the Extraordinary General Meeting of Car Rental System held on March 15, 2019 it was decided to change the name of Localiza Car Rental Systems S.A. to Car Rental Systems S.A.

At the Board of Directors’ Meeting of Localiza, held on October 23, 2019, the shutdown of Rental International LLC (“Rental International”) and Localiza Franchising International S.R.L.. (“LFI S.R.L.”), which were dormant, was approved.

The Extraordinary General Meeting of Localiza Franchising Brasil, held on December 2, 2019, approved the shutdown of FR Assistance Serviços de Administração de Sinistros S.A. (“FR Assistance”), which was dormant.

(a) Business combination

At a meeting held on July 10, 2019, the Company's Board of Directors approved the acquisition of the car rental operation by Localiza or a subsidiary, after the spin-off of a Localiza brand franchisee company, based in Ribeirão Preto, with operations in 3 other cities in the countryside of São Paulo State. The Purchase and Sale Agreement was entered into on August 31, 2019, by Car Rental Systems when the acquisition of 100% of Localiza RP's quotas was concluded. This franchisee had 6 car rental locations and a fleet of 2,715 cars.

In the consolidated financial statements, the acquisition of Localiza RP was accounted for at the fair value of the assets acquired and liabilities assumed by Car Rental Systems on the acquisition date, and the excess over the consideration paid is recorded as goodwill, which may be deductible in the event of an incorporation.

The goodwill on the acquisition of Localiza RP is supported by the strategic character of maintaining its strong presence in the car rental business in the countryside of the state of São Paulo. In addition, the acquisition also enabled the Company to achieve business synergy through operational efficiencies (sales structure, administrative costs and car purchase). These effects result in the Localiza Platform having higher margins in the coming years.

(i) Net assets and liabilities assumed in the operation

The acquisition price for 100% of the equity interest in Localiza RP was R$123,736. The acquired assets and liabilities measured at fair value by a specialized company are as follows:

Localiza RP			
Fair value on 08/31/19			
Assets		**Liabilities**	
Current	1	Current	47,087
Noncurrent		Noncurrent	-
Property and equipment	111,555	Equity	64,469
Total	**111,556**	**Total**	**111,556**

In such business combination, goodwill was calculated between the transferred consideration and the equity after fair value measurement, as follows:

Localiza RP	Fair value on 08/31/19
Transferred consideration	123,736
Recognized net fair value of identifiable assets and liabilities	(58,746)
Surplus value of property and equipment, net of loss	(5,723)
Goodwill on acquisition	**59,267**

Goodwill was generated considering that the consideration paid for the business combination includes amounts related to benefits from expected synergies, revenue growth, future development of markets and specialized workforce. These benefits are not recognized separately from the goodwill because they do not meet the criteria for the recognition of identifiable intangible assets in accordance with CPC 04 (R1) – Intangible assets. Such goodwill, classified as having indefinite useful life, is stated at cost on the date of business combination, net of accumulated impairment losses, if any. Total goodwill generated from the acquisition will be deductible for tax purposes.

In the individual balance sheet of Car Rental Systems, the surplus value of property and equipment, net of acquisition loss, was classified under “Investments” and, in the consolidated, it was reclassified to “Property and Equipment”. Goodwill will be realized upon depreciation and sale of the corresponding asset.

(ii) Net cash outflow on acquisition of subsidiary

Localiza RP	Fair value on 08/31/19
Consideration transferred in cash	123,736
Effects of acquisition presented in the statement of cash flow	**123,736**

(iii) Impact of acquisition on consolidated profit or loss

Consolidated revenue after the acquisition includes R$23,344, and the consolidated profit or loss for the year includes R$18,928 attributable to additional businesses generated by Localiza RP.

Had these business combinations been carried out on January 1, 2019, the Company's consolidated revenue would have been increased by R$46,688 and the profit or loss for the year would have been increased by R$37,856 (unaudited information). The Company’s Management considers that these pro forma amounts represent an estimate of the Company’s combined performance on an annual basis.

(b) Information on subsidiaries

Investments in subsidiaries are broken down as follows:

	12/31/19	12/31/18
Investments in subsidiaries	1,118,966	903,037
Goodwill in the acquisition of investments	22,077	22,077
Total	**1,141,043**	**925,114**

Variations in the balance of investments in direct subsidiaries are as follows:

	2019	2018
Balance at the beginning of year	**903,037**	**927,092**
Equity in the earnings of subsidiaries	319,974	252,403
Dividends from subsidiaries	(104,032)	(275,745)
Investment write-off due to shutdown of subsidiaries	(13)	-
Effect of initial application of IFRS 9 in subsidiaries	-	(713)
Balance at the end of the year	**1,118,966**	**903,037**

The interests in capital of direct and indirect subsidiaries are as follows:

	Number of shares		In capital (%)	
	12/31/19	12/31/18	12/31/19	12/31/18
Localiza subsidiaries:				
Localiza Fleet	103,280,354	103,280,354	100.0	100.0
Rental Brasil	15,000,000	15,000,000	100.0	100.0
Localiza Prime	15,000	15,000	100.0	100.0
Car Assistance	200,000	200,000	100.0	100.0
Franchising Brasil	399,069	399,069	100.0	100.0
LFI S.R.L.	131,078	131,078	98.0	98.0
Rental International	-	1,000	-	100.0
Indirect subsidiary:				
LFI S.R.L.	2,160	2,160	2.0	2.0
Franchising Brasil's subsidiary:				
FR Assistance	-	150,000	-	100.0
Localiza Fleet's subsidiary:				
Car Rental Systems	603,876,785	603,876,785	100.0	100.0
Car Rental Systems' subsidiary:				
Localiza RP	59,277,789	-	100.0	-

The summary of financial information of the main groups of balance sheet and statements of income of subsidiaries of Localiza is as follows:

(i) Statements of financial position

12/31/19	Localiza Fleet Consolidated (*)	Rental Brasil	Localiza Prime	Car Assistance	Franchising Brasil Consolidated	LFI S.R.L.
Assets						
Current	898,618	226,897	148,509	32,907	13,893	268
Noncurrent						
Long-term assets	73,452	-	15,849	-	6,720	-
Investment	3	-	-	-	-	-
Property and equipment	2,879,762	396,526	260	-	2,824	-
Intangible assets	73,092	-	-	-	60	-
Total	**3,924,927**	**623,423**	**164,618**	**32,907**	**23,497**	**268**

12/31/19	Localiza Fleet Consolidated (*)	Rental Brasil	Localiza Prime	Car Assistance	Franchising Brasil Consolidated	LFI S.R.L.
Liabilities						
Current	559,200	11,042	24,779	11,192	6,509	129
Noncurrent	2,682,002	347,636	8,346	3	11,329	8
Equity	683,725	264,745	131,493	21,712	5,659	131
Total	**3,924,927**	**623,423**	**164,618**	**32,907**	**23,497**	**268**

(*) As of September 1, 2019, Localiza Feet's subsidiary Car Rental Systems started to consolidate Localiza RP.

12/31/18	Localiza Fleet S.A. Consolidated	Rental Brasil	Localiza Prime	Car Assistance	Franchising Brasil Consolidated	LFI S.R.L.	Rental International
Assets							
Current	835,045	218,359	101,231	20,485	15,531	824	16
Noncurrent							
Long-term assets	94,161	-	21,879	-	8,344	-	-
Investment	17	-	-	-	-	-	-
Property and equipment	2,168,052	398,172	302	-	-	-	-
Intangible assets	14,063	-	-	-	225	-	-
Total	**3,111,338**	**616,531**	**123,412**	**20,485**	**24,100**	**824**	**16**
Liabilities							
Current	589,182	12,686	18,938	6,008	7,106	94	-
Noncurrent	1,995,842	345,813	7,728	4	10,236	15	-
Equity	526,314	258,032	96,746	14,473	6,758	715	16
Total	**3,111,338**	**616,531**	**123,412**	**20,485**	**24,100**	**824**	**16**

(ii) Statements of income

2019	Localiza Fleet Consolidated (*)	Rental Brasil	Localiza Prime	Car Assistance	Franchising Brasil Consolidated	LFI S.R.L.
Net revenue	1,719,921	37,262	75,075	33,293	12,375	22
Gross profit	587,968	37,753	75,075	32,425	7,966	(254)
Net income/(loss) before income tax and social contribution	319,392	26,829	60,073	33,133	8,347	(560)
Net income/Profit (loss)	**216,045**	**17,735**	**39,894**	**28,629**	**6,740**	**(560)**

(*) As of September 1, 2019, Localiza Fleet's subsidiary Car Rental Systems started to consolidate Localiza RP.

2018	Localiza Fleet Consolidated	Rental Brasil	Localiza Prime	Car Assistance	Franchising Brasil Consolidated	LFI S.R.L.	Rental International
Net revenue	1,475,471	36,248	44,293	21,796	14,043	630	-
Gross profit	493,250	37,172	44,293	21,241	9,454	558	-
Net income before income tax and social contribution	317,893	14,460	3,472	22,032	10,559	170	(2)
Net income/(loss)	**210,080**	**9,558**	**5,162**	**18,977**	**8,461**	**170**	**(2)**

(iii) Dividends from subsidiaries

2019	Localiza Fleet	Rental Brasil	Localiza Prime	Car Assistance	Franchising Brasil	Total
Dividends for 2018 (mandatory minimum)	-	2,269	-	4,744	2,051	**9,064**
Dividends in addition to the mandatory minimum for 2018	4,622	6,810	-	14,234	6,154	**31,820**
Proposed dividends for 2019 (mandatory minimum)	54,012	4,212	5,147	7,156	1,685	**72,212**
Total	**58,634**	**13,291**	**5,147**	**26,134**	**9,890**	**113,096**

2018	Localiza Fleet	Rental Brasil	Car Assistance	Franchising Brasil	LFI S.R.L.	Total
Dividends for 2017 (mandatory minimum)	30,000	2,145	5,474	2,193	-	**39,812**
Dividends in addition to the mandatory minimum for 2017	32,079	6,435	16,422	6,580	165	**61,681**
Prepaid dividends for 2018	205,000	-	-	-	-	**205,000**
Proposed dividends for 2018 (mandatory minimum)	-	2,269	4,744	2,051	-	**9,064**
Total	**267,079**	**10,849**	**26,640**	**10,824**	**165**	**315,557**

(c) Balances and transactions with related parties

(i) Balances and transactions with subsidiaries and other related parties

	Localiza Fleet		Other subsidiaries		Total	
	12/31/19	12/31/18	12/31/19	12/31/18	12/31/19	12/31/18
Balances:						
Trade receivables	5,590	5,598	-	-	**5,590**	**5,598**
Dividends receivable	54,012	-	18,200	9,064	**72,212**	**9,064**
Other receivables (note 7)	-	-	144	183	**144**	**183**
Trade payables	(3,142)	(3,021)	(4,584)	(4,399)	**(7,726)**	**(7,420)**
Other payables (note 14)	(4,262)	(3,510)	(12,542)	(3,473)	**(16,804)**	**(6,983)**

	Localiza Fleet		Other subsidiaries		Total	
	2019	2018	2019	2018	2019	2018
Transactions:						
Revenues	26,519	21,242	4	13	**26,523**	**21,255**
Costs and expenses	(31,804)	(18,306)	(54,245)	(36,172)	**(86,049)**	**(54,478)**
Recoverable costs and expenses	23,480	39,205	3,585	3,992	**27,065**	**43,197**

At December 31, 2019, there were collateral guarantees for borrowings and debt securities amounting to: (i) R$4,318,938 issued by Localiza Fleet to Localiza (R$4,507,865 at December 31, 2018); (ii) R$2,426,059 issued by Localiza to Localiza Fleet (R$1,995,996 at December 31, 2018); and (iii) R$351,330 issued by Localiza to Rental Brasil (R$358,997 at December 31, 2018). There was also collateral between companies when bank guarantees and guarantees insurances were issued for lawsuits totaling R$142,213 (R$86,327 at December 31, 2018).

At a meeting of the Company's Board of Directors held on February 21, 2019, the setting up of a consortium between Localiza and Localiza Fleet was approved, the purpose of which is to develop a common activity for the sale of decommissioned cars owned by the parties to renew their respective fleets which includes, but is not limited to, the synergy of using the same physical structure, sharing of know-how and qualifying utilities. The consortium agreement was signed between the parties on May 8, 2019.

Transactions between related parties are made under conditions negotiated between the Company and its subsidiaries.

Additionally, the Company has guarantees insurances with J Malucelli Seguradora, Austral Seguradora, Chubb Seguros and Pottencial Seguradora, the latter being a company in which Salim Mattar and Eugênio Mattar, founding partners of

Localiza, jointly hold 43.75% of the capital. In transactions with Pottencial Seguradora, made under normal market conditions, the amount of the premium paid in 2019 was R$652 (R$330 in 2018) related to guarantees insurances and the current insured amount of R$142,213 as of December 31, 2019 (R$83,375 as of December 31, 2018).

(ii) Key management compensation

	Individual		Consolidated	
	2019	2018	2019	2018
Compensation of the Board of Directors and Fiscal Council	11,194	16,553	11,194	16,553
Executive Board				
Fees and compensation	33,339	20,836	36,537	29,384
Payroll taxes	4,718	3,887	5,241	5,492
Stock options granted recognized	7,345	6,550	7,345	6,550
Supplementary pension plan	920	2,739	1,027	3,614
Total	**57,516**	**50,565**	**61,344**	**61,593**

9. PROPERTY AND EQUIPMENT

(a) Company's accounting practice

Cars, land, buildings, right-of-use, leasehold improvements, construction in progress, furniture and fixtures and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses, when applicable.

The estimated depreciation of cars is calculated by the difference between the acquisition cost of the car and the estimated value of sale at the end of the estimated useful life, less trade discounts and selling expenses. In the Car Rental Division, depreciation is recognized based on the estimated useful life of each asset on the straight-line basis. In the Fleet Rental Division, cars are depreciated under the sum of digits or exponential methods, because these are the methods that best reflect the pattern of consumption of the economic benefits that decrease during the useful lives of the cars. Depreciation is recorded so that the amount to be depreciated is fully written off up to the end of the estimated useful life. The Company periodically reassesses the adherence to depreciation methods to better reflect the equalization of maintenance and depreciation costs over useful life of the cars.

In addition to the residual value estimate, other estimates could affect depreciation and cause the same impacts:

- Estimated trade discounts: trade discounts are negotiated on sales to consumers and especially to resellers. Estimates of discounts below the actual amount have a negative impact on the result when the cars are sold. Estimates of these expenses below the actual amount also have a negative impact on profit or loss when cars are sold.

- Estimated selling expenses: sales to resellers and especially consumers require a network of stores, sales staff and advertising spending. Estimates of these expenses below the actual amount also have a negative impact in profit or loss when the cars are sold.

Constructions, buildings and leasehold improvements are amortized over the rental contract term, and considers their renewal or sale expectancy when Management intends to exercise this right, in accordance with the terms of the contracts. Assets acquired under finance leases are depreciated over their expected useful lives in the same manner as own assets. Land and construction in progress are not depreciated or amortized.

Localiza and its subsidiaries revise the estimated useful lives and the residual value of the fleet cars at least on a monthly basis and the property and equipment on an annual basis. The effect of any changes in estimates is accounted for prospectively.

A property and equipment item is derecognized on disposal or when there are no future economic benefits resulting from its continuing use. Any gain or loss arising on the disposal or write-off of a property and equipment item is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Cars in operation, either in car rental or fleet rental activities, are classified in property and equipment, while decommissioned cars, after being used in these activities, are presented as "decommissioned cars for fleet renewal" in current assets (note 9 (c)).

The weighted average depreciation annual rates for property and equipment items are as follows:

	2019	2018
Cars:		
Car Rental Division	3.6%	2.0%
Fleet Rental Division	7.5%	7.0%
Other property and equipment:		
Leasehold improvements	15.3%	14.8%
Furniture and fixtures	10.0%	10.0%
IT equipment	20.0%	20.0%
Buildings – head office (*)	1.4%	1.4%
Constructions in own properties	4.0%	4.0%
Others	10.0%	10.0%

(*) Annual average rate of the head office obtained through valuation report of expert firm.

The depreciation expense of property and equipment is allocated to "costs", "selling expenses" and "general, administrative and other expenses" in the income statement, according to their nature and allocation.

Variations in cost, accumulated depreciation and net carrying amount of property and equipment in each year are as follows:

	Individual									
	Cars	Leasehold improvements	Furniture and fixtures	IT equipment	Constructions in progress	Land	Properties	Right-of-use	Others	Total
Cost										
As of December 31, 2017	**5,295,132**	**108,347**	**82,034**	**38,807**	**4,802**	**681**	**1,913**	**-**	**23,520**	**5,555,236**
Additions	5,785,220	-	5,686	9,372	12,062	-	-	-	3,080	**5,815,420**
Write-offs/transfers (*)	(3,657,508)	7,049	-	(193)	(7,048)	-	-	-	-	**(3,657,700)**
As of December 31, 2018	**7,422,844**	**115,396**	**87,720**	**47,986**	**9,816**	**681**	**1,913**	**-**	**26,600**	**7,712,956**
Initial application of IFRS 16	-	-	-	-	-	-	-	837,305	-	**837,305**
Additions	8,802,105	971	9,100	6,550	33,266	-	-	167,304	3,501	**9,022,797**
Write-offs/transfers (*)	(5,360,428)	22,088	(627)	(824)	(22,282)	-	-	(4,005)	-	**(5,366,078)**
As of December 31, 2019	**10,864,521**	**138,455**	**96,193**	**53,712**	**20,800**	**681**	**1,913**	**1,000,604**	**30,101**	**12,206,980**
Accumulated depreciation:										
As of December 31, 2017	**(87,898)**	**(52,675)**	**(23,699)**	**(21,211)**	**-**	**-**	**(1,041)**	**-**	**(11,978)**	**(198,502)**
Additions	(129,239)	(12,337)	(7,547)	(5,747)	-	-	(88)	-	(2,138)	**(157,096)**
Write-offs/transfers (*)	107,810	-	-	192	-	-	-	-	-	**108,002**
As of December 31, 2018	**(109,327)**	**(65,012)**	**(31,246)**	**(26,766)**	**-**	**-**	**(1,129)**	**-**	**(14,116)**	**(247,596)**
Additions	(327,981)	(13,206)	(7,908)	(6,744)	-	-	(85)	(137,497)	(2,359)	**(495,780)**
Write-offs/transfers (*)	180,967	-	138	220	-	-	-	1,039	-	**182,364**
As of December 31, 2019	**(256,341)**	**(78,218)**	**(39,016)**	**(33,290)**	**-**	**-**	**(1,214)**	**(136,458)**	**(16,475)**	**(561,012)**
Net carrying amount										
As of December 31, 2017	**5,207,234**	**55,672**	**58,335**	**17,596**	**4,802**	**681**	**872**	**-**	**11,542**	**5,356,734**
As of December 31, 2018	**7,313,517**	**50,384**	**56,474**	**21,220**	**9,816**	**681**	**784**	**-**	**12,484**	**7,465,360**
As of December 31, 2019	**10,608,180**	**60,237**	**57,177**	**20,422**	**20,800**	**681**	**699**	**864,146**	**13,626**	**11,645,968**

(*) Include write-offs due to car sale, robbery, damage and transfer of decommissioned cars for fleet renewal to assets for sale, transfers to definitive property and equipment accounts and write-offs of the right-of-use due to contract termination.

	Consolidated									
	Cars	Leasehold improvements	Furniture and fixtures	IT equipment	Constructions in progress	Land	Property	Right-of-use	Others	Total
Cost										
As of December 31, 2017	**7,328,454**	**110,305**	**82,237**	**40,525**	**4,802**	**29,342**	**369,935**	**-**	**24,699**	**7,990,299**
Additions	6,981,842	-	5,686	9,372	15,720	-	-	-	3,080	**7,015,700**
Write-offs/transfers (*)	(4,399,820)	5,091	(201)	(1,581)	(7,048)	-	-	-	(755)	**(4,404,314)**
As of December 31, 2018	**9,910,476**	**115,396**	**87,722**	**48,316**	**13,474**	**29,342**	**369,935**	**-**	**27,024**	**10,601,685**
Initial application of IFRS 16	-	-	-	-	-	-	-	598,533	-	**598,533**
Opening balance Localiza RP	111,555	-	-	-	-	-	-	-	-	**111,555**
Additions	10,283,310	971	9,100	6,550	33,266	-	-	154,769	3,501	**10,491,467**
Write-offs/transfers (*)	(6,288,767)	25,746	(627)	(824)	(25,940)	-	-	(4,005)	-	**(6,294,417)**
As of December 31, 2019	**14,016,574**	**142,113**	**96,195**	**54,042**	**20,800**	**29,342**	**369,935**	**749,297**	**30,525**	**15,508,823**
Accumulated depreciation:										
As of December 31, 2017	**(393,683)**	**(53,169)**	**(23,725)**	**(21,861)**	**-**	**-**	**(1,747)**	**-**	**(12,140)**	**(506,325)**
Additions	(291,568)	(12,696)	(7,565)	(6,010)	-	-	(1,551)	-	(2,232)	**(321,622)**
Write-offs/transfers (*)	256,330	853	42	789	-	-	-	-	134	**258,148**
As of December 31, 2018	**(428,921)**	**(65,012)**	**(31,248)**	**(27,082)**	**-**	**-**	**(3,298)**	**-**	**(14,238)**	**(569,799)**
Additions	(551,418)	(13,389)	(7,908)	(6,749)	-	-	(1,548)	(125,339)	(2,402)	**(708,753)**
Write-offs/transfers (*)	337,903	-	138	220	-	-	-	1,039	-	**339,300**
As of December 31, 2019	**(642,436)**	**(78,401)**	**(39,018)**	**(33,611)**	**-**	**-**	**(4,846)**	**(124,300)**	**(16,640)**	**(939,252)**
Net carrying amount										
As of December 31, 2017	**6,934,771**	**57,136**	**58,512**	**18,664**	**4,802**	**29,342**	**368,188**	**-**	**12,559**	**7,483,974**
As of December 31, 2018	**9,481,555**	**50,384**	**56,474**	**21,234**	**13,474**	**29,342**	**366,637**	**-**	**12,786**	**10,031,886**
As of December 31, 2019	**13,374,138**	**63,712**	**57,177**	**20,431**	**20,800**	**29,342**	**365,089**	**624,997**	**13,885**	**14,569,571**

(*) Include write-offs due to car sale, robbery, damage and transfer of decommissioned cars for fleet renewal to assets for sale, transfers to definitive property and equipment accounts and write-offs of the right-of-use due to contract termination.

(b) Leases

The net carrying amounts of the property and equipment, by asset category, acquired through lease agreements as of December 31, 2019 and 2018 are as follows:

	Individual		Consolidated	
	12/31/19	12/31/18	12/31/19	12/31/18
Cars	-	-	64,845	362,054
Hardware	56	449	56	449
Right-of-use	864,146	-	624,997	-
Total property and equipment	**864,202**	**449**	**689,898**	**362,503**

The rights-of-use are depreciated during the term of the lease agreement and consider the expectation of renewal, when Management intends to exercise this right, in accordance with the terms of the contracts.

(c) Decommissioned cars for fleet renewal

Cars of which the carrying amounts will be recovered through sale rather than through continuing use are classified as “decommissioned for fleet renewal". This condition is satisfied when: (i) cars are available for immediate sale under current conditions and their sale is highly probable; (ii) Management is committed to sell the decommissioned cars from property and equipment; (iii) cars are effectively available for sale at a reasonable price in relation to their current fair values; and (iv) the sale is expected to be completed within one year from the date of classification.

Decommissioned cars for fleet renewal are presented at the lower of fair value less costs to sell and net carrying amount, which considers the acquisition cost net of accumulated depreciation through the date in which cars are classified as “decommissioned cars for fleet renewal”.

The Car Rental Division considers as "decommissioned cars for fleet renewal" those that already have a purchase proposal signed with third parties. In the Fleet Rental Division, all the cars returned by customers of the Fleet Rental Division, are classified as “decommissioned cars for fleet renewal”, as Management does not expect to rent them again.

The cost, accumulated depreciation and net carrying amount of decommissioned cars for fleet renewal in each year are as follows:

	Individual		Consolidated	
	12/31/19	12/31/18	12/31/19	12/31/18
Cost	21,497	18,182	171,559	63,167
Accumulated depreciation	(1,136)	(731)	(29,824)	(11,323)
Net carrying amount	**20,361**	**17,451**	**141,735**	**51,844**

10. INTANGIBLE ASSETS

The accounting practice adopted by the Company is to record intangible assets with finite useful lives and acquired separately at cost, less accumulated amortization and impairment, when applicable. Amortization is recorded on the straight-line basis over the estimated useful life of 5 years (except for the SAP software of which the useful life was evaluated by internal experts at 10 years) The estimated useful lives and amortization method are reviewed at the end of each reporting period and the effect from any change in estimates is accounted for prospectively. The Company does not have significant intangible assets generated internally. Software implementation expenses are recorded as intangible assets when incurred.

The Company adopts the practice of stating the goodwill resulting from a business combination, classified as having an indefinite useful life, at cost on the date of the business combination, net of accumulated impairment losses, if any. Goodwill was classified as an intangible asset in the consolidated balance sheet and as an investment in the Parent company's balance sheet.

Intangible assets are broken down as follows:

	Individual		Consolidated	
	12/31/19	12/31/18	12/31/19	12/31/18
Software	44,715	42,122	49,958	47,768
Goodwill	-	-	30,719	30,719
Goodwill on the acquisition of Localiza RP (note 8 (a))	-	-	59,267	-
Total	**44,715**	**42,122**	**139,944**	**78,487**

The variations in cost, accumulated amortization and net carrying amount of intangible assets in each year are as follows:

	Individual		Consolidated	
	2019	2018	2019	2018
<u>**Cost**</u>				
At the beginning of the year	**104,545**	**96,961**	**148,798**	**139,865**
Additions	14,973	7,637	75,833	8,986
Write-offs/transfers	-	(53)	-	(53)
At the end of the year	**119,518**	**104,545**	**224,631**	**148,798**
<u>**Accumulated amortization**</u>				
At the beginning of the year	(62,423)	(50,581)	(70,311)	**(56,430)**
Additions	(12,380)	(11,842)	(14,376)	(13,881)
At the end of the year	**(74,803)**	**(62,423)**	**(84,687)**	**(70,311)**
<u>**Net carrying amount**</u>				
At the beginning of the year	**42,122**	**46,380**	**78,487**	**83,435**
At the end of the year	**44,715**	**42,122**	**139,944**	**78,487**

The expense on amortization of intangible assets (except goodwill on acquisition of investments) is allocated to “costs”, “selling expenses” and "general, administrative and other expenses" in the income statement, according to their nature and allocation. There are no material intangible assets fully amortized and still in use by the Company.

11. TRADE PAYABLES

Trade payables are broken down as follows:

	Individual		Consolidated	
	12/31/19	12/31/18	12/31/19	12/31/18
Car manufacturers (*)	2,157,860	1,805,192	2,407,475	2,065,628
Maintenance services and parts	38,031	25,821	58,705	46,120
Rentals	19,334	20,036	12,785	15,643
Other	75,646	67,375	86,422	75,174
Total	**2,290,871**	**1,918,424**	**2,565,387**	**2,202,565**

(*) The balance payable to car manufacturers refer to cars acquired with average payment term of approximately 87 days (98 days at December 31, 2018).

12. PAYROLL AND RELATED TAXES

Payroll and related taxes are broken down as follows:

	Individual		Consolidated	
	12/31/19	12/31/18	12/31/19	12/31/18
Accrued vacation pay	45,029	38,784	52,199	47,363
Accrued profit sharing (*)	75,808	56,544	88,082	68,958
Social Security Contribution (INSS)	8,167	7,770	9,042	9,158
Government Severance Indemnity Fund for Employees (“FGTS”)	3,910	2,689	4,939	3,287
Other	6,451	4,947	7,508	6,202
Total	**139,365**	**110,734**	**161,770**	**134,968**

(*) The Company has a profit-sharing program for employees as prescribed in Law 10,101/00 based on profit recognized on an annual basis. The annual amount payable is defined through the combination of the Company’s profit and performance indicators, in addition to the individual performance of each employee, which is mainly measured based on objective, measurable indicators and goals deriving from the management agreement and the annual budget approved by the Board of Directors. Localiza pays profit sharing in April and July. The consideration provision for profit sharing is classified as “cost”, “selling expenses” and “general and administrative expenses” in the income statement, based on the function exercised by the respective employees.

13. BORROWINGS, DEBT SECURITIES AND DERIVATIVES

Borrowings, debt securities and derivatives are broken down as follows:

	Individual		Consolidated	
	12/31/19	12/31/18	12/31/19	12/31/18
In local currency				
Debentures - 7th issuance (a)	-	279,125	-	279,125
Debentures - 8th issuance (a)	-	509,521	-	509,521
Debentures - 10th issuance (a)	-	205,717	-	205,717
Debentures - 11th issuance (a)	499,406	499,148	499,406	499,148
Debentures - 12th issuance (a)	700,591	701,715	700,591	701,715
Debentures - 13th issuance (a)	1,084,711	1,084,630	1,084,711	1,084,630
Debentures - 14th issuance (a)	1,011,193	1,013,773	1,011,193	1,013,773
Debentures - 15th issuance (a)	1,006,058	-	1,006,058	-
Debentures - 16th issuance (a)	994,653	-	994,653	-
Debentures of Localiza Fleet - 3rd issuance (a)	-	-	503,571	504,800
Debentures of Localiza Fleet - 4th issuance (a)	-	-	353,809	354,762
Debentures of Localiza Fleet - 5th issuance (a)	-	-	307,195	307,189
Debentures of Localiza Fleet - 6th issuance (a)	-	-	398,638	398,379
Debentures of Localiza Fleet - 7th issuance (a)	-	-	306,640	-
Promissory notes - 6th issuance (a)	-	706,144	-	706,144
Promissory notes - 7th issuance (a)	506,191	-	506,191	-
Working capital (b)	-	-	198,222	274,182
Leases (c)	-	-	8,275	147,130
Certificates of Real Estate Receivables (“CRI”) (d)	-	-	341,522	348,568
In foreign currency				
Foreign currency borrowings (e) (*)	826,264	311,195	1,158,784	311,195
	6,629,067	**5,310,968**	**9,379,459**	**7,645,978**
Borrowings and debt securities				
Current liabilities	33,269	372,883	144,342	616,587
Noncurrent liabilities	6,595,798	4,938,085	9,235,117	7,029,391
	6,629,067	**5,310,968**	**9,379,459**	**7,645,978**
Derivative financial instruments (f)				
Noncurrent assets (note 7)	(18,198)	(2,785)	(18,198)	(2,785)
Current liabilities (note 14)	4,456	-	26,811	18,678
Noncurrent liabilities (note 14)	-	-	62,288	21,933
Total borrowings and debt securities, net of derivatives	**6,615,325**	**5,308,183**	**9,450,360**	**7,683,804**

(*) As a risk elimination strategy, simultaneously with the contracting of all foreign currency operations, it was contracted, in accordance with the Indebtedness, Derivatives, Guarantees and Sureties Policy, hedge transactions (plain vanilla) under identical conditions of amount, term and rate, exchanging the exposure to foreign exchange variation for CDI variation or fixed rate. Contracted hedge transactions are solely for hedge purposes (note 13 (e)).

Changes in borrowings and debt securities, net of derivatives, are as follows:

	Individual		Consolidated	
	2019	**2018**	**2019**	**2018**
Balance at the beginning of the year	**5,308,183**	**4,765,329**	**7,683,804**	**6,478,631**
Opening balance Localiza RP	-	-	45,864	-
Funding	2,983,509	1,294,568	3,635,187	2,433,526
Interest and finance charges	340,209	338,167	552,917	529,808
Repayment of principal	(1,625,000)	(815,188)	(1,905,240)	(1,333,495)
Interest amortization	(391,576)	(274,693)	(562,172)	(424,666)
Balance at the end of the year	**6,615,325**	**5,308,183**	**9,450,360**	**7,683,804**

(a) Debt securities

As at December 31, 2019, Localiza had six issuances of outstanding debentures, not convertible into shares and one issue of promissory notes and Localiza Fleet had five issuances of debentures, not convertible into shares. All issues were conducted in accordance with CVM Instruction 476/09.

The characteristics of each issue of debt securities, approved at the Board of Directors' meetings, are described below:

Issue	Maturity date	Contract rate	Number	Financial settlement	Amortization	Surety/ Guarantee
Debentures - 7th issuance	9/30/21	110.95% of CDI	50,000	R$500,000	Early settlement in 04/23/19.	Localiza Fleet
Debentures - 8th issuance	9/10/20	109.50% of CDI	50,000	R$500,000	Early settlement in 04/23/19.	None
Debentures - 10th issuance	1/8/21	109.20% of CDI	20,000	R$200,000	Early settlement in 04/23/19.	Localiza Fleet
Debentures - 11th issuance	1/12/22	111.5% of CDI	50,000	R$500,000	100% in 2022	Localiza Fleet
Debentures - 12th issuance	5/15/24	107.25% of CDI	700,000	R$700,000	100% in 2024	Localiza Fleet
Debentures - 13th issuance - 1st series	2/15/23	109.35% of CDI	86,891	R$868,910	50% in 2022 50% in 2023	Localiza Fleet
Debentures - 13th issuance - 2nd series	2/15/25	111.30% of CDI	21,611	R$216,110	50% in 2024 50% in 2025	Localiza Fleet
Debentures - 14th issuance - 1st series	1/18/24	107.90% of CDI	20,000	R$200,000	100% in 2024	Localiza Fleet
Debentures - 14th issuance - 2nd series	9/18/26	112.32% of CDI	80,000	R$800,000	25% in 2024 25% in 2025 50% in 2026	Localiza Fleet
Debentures - 15th issuance	4/15/26	107.25% of CDI	100,000	R$1,000,000	50% in 2025 50% in 2026	Localiza Fleet
Debentures - 16th issuance	1/25/26	CDI + 1.05% p.a.	1,000,000	R$1,000,000	33.3% in 2024 33.3% in 2025 33.3% in 2026	None
Promissory notes - 6th issuance	9/28/20	CDI + 0.40% p.a.	130	R$650,000	Early settlement in 05/20/19.	Localiza Fleet
Promissory notes - 7th issuance	9/24/21	108.00% of CDI	500	R$500,000	100% in 2021	None
Debentures of Localiza Fleet - 3rd issuance	5/5/23	107.00% of CDI	500,000	R$500,000	100% in 2023	Localiza
Debentures of Localiza Fleet - 4th issuance	10/2/24	CDI + 0.30% p.a.	350,000	R$350,000	100% in 2024	Localiza
Debentures of Localiza Fleet - 5th issuance	7/18/25	112.00% of CDI	300,000	R$300,000	100% in 2025	Localiza
Debentures of Localiza Fleet - 6th issuance	2/21/24	110.40% of CDI	400,000	R$400,000	100% in 2024	Localiza

Issue	Maturity date	Contract rate	Number	Financial settlement	Amortization	Surety/ Guarantee
Debentures Localiza Fleet - 7th issuance	7/29/25	109.00% of CDI	300,000	R$300,000	33.3% in 2023 33.3% in 2024 33.4% in 2025	Localiza

The average effective interest rate on debt securities issued by the Company and its subsidiary Localiza Fleet, ranges from CDI + 0.40% p.a. to CDI + 1.25% p.a.

As at December 31, 2019, the amount of expenses on the issuance of debentures and promissory notes to be allocated was R$32,401 (R$23,064 as at December 31, 2018), being presented net in the respective debenture/ promissory note.

These issuances have early maturity events, including, without limitation: (i) filing for or adjudication of bankruptcy by the Issuer or third parties that is not duly eliminated within the legal term; (ii) matters related to the default, with lack of payment within the established term, in individual or aggregate amount equal to or above 3% of the consolidated average equity calculated in the past three quarters; (iii) capital decrease of Localiza and/or repurchase of its own shares for cancellation, other than if previously authorized by debenture holders; (iv) Localiza’s merger or spin-off, except if, as set forth in article 231 of Law 6404/76, the spun-off portion or the Company resulting from the transaction continues to be controlled by the Issuer, or the object of the spin-off represents less than 30% of the last annual consolidated revenue; (v) failure to maintain financial ratios on a quarterly basis, based on the Company’s consolidated financial statements; and (vi) the Company’s rating downgrading on two or more grades in relation to the AAA rating (BR, triple A) by Fitch Ratings or Standard & Poor's due to any change in the shareholding structure that may result in the loss, transfer or disposal of the “Controlling Power “of the Issuer by the current controlling shareholders.

The domestic corporate credit ratings in effect at December 31, 2019 are: Standard & Poor’s (AAA(bra)/stable), Moody’s (Aa1.br/stable) and Fitch Ratings (AAA(bra)/stable).

The financial covenants were met as at December 31, 2019 and 2018 as shown below:

Ratio	Limits	12-Month period ended 12/31/19	12-month period ended 12/31/18
Net debt / Adjusted EBITDA (*)	Below 4.00	2.98	3.26
Net debt deducted from credit card balance (**) / Adjusted EBITDA	Below 4.00	2.77	3.03
Adjusted EBITDA / Finance costs, net	Above 1.50	5.43	4.34

(*) EBITDA corresponds to the Issuer’s net income or loss, on a consolidated basis, relating to the 12 last months, plus: (i) finance income (costs); (ii) income tax and social contribution; and (iii) depreciation and amortization expenses. For all issues, EBITDA is also adjusted by the costs on stock options, nonrecurring expenses and impairment.
(**) The 14th, 15th and 16th issuance of debentures from Localiza and the 5th, 6th and 7th issuance of debentures from Localiza Fleet included in the definition of net debt the discount of the trade receivables of credit card balance.

Additionally, the Company has borrowings that also include certain accelerated maturity events under conditions similar to those applicable to debt securities. At December 31, 2019 and 2018, these restrictive covenants were met.

(b) Working capital

The consolidated balance of borrowings for working capital operations refers to the following agreements with the subsidiary Localiza Fleet:

	Consolidated		
			Total
Contract date	12/29/11	12/29/15	
Final maturity	12/15/19	2/15/21	
Contracted amount	R$130,000	R$250,000	
Interest rate	109.7% of CDI	112.5% of CDI	
Annual amortizations	2014 to 2019	2018 to 2021	
Outstanding balance as at:			
12/31/18	50,816	223,366	**274,182**
12/31/19	-	198,222	**198,222**
Expense incurred	3,739	5,692	**9,431**
Expenses to be recognized:			
12/31/18	778	4,150	**4,928**
12/31/19	-	2,998	**2,998**
Surety/Guarantee	Localiza	Localiza	
Covenants	Identical to Localiza and Localiza Fleet debentures transactions.		

(c) Leases

Localiza Fleet had, on December 31, 2019, finance leases amounting to R$8,275 (R$147,130 at December 31, 2018).

At December 31, 2019, Localiza Fleet had 1,705 cars in its fleet acquired through finance leases (9,454 cars at December 31, 2018). These cars were recognized as part of its property and equipment and are subject to an average depreciation rate of 7.5% p.a. (9.3% p.a. at December 31, 2018). The contracts have a 24-month term as from the delivery of the asset and the asset's purchase option at the end of the lease term and are remunerated using the average fixed rate of 11.17% p.a. (11.22% p.a. at December 31, 2018). The guaranteed net residual value will be paid after the end of the lease term.

The net carrying amounts, by asset category, acquired under finance leases are presented in note 9 (b).

The reconciliation of total future minimum finance lease payments and their present values, calculated using the contractual rates, is as follows:

	Consolidated	
	12/31/19	**12/31/18**
Minimum payments:		
Future amounts	8,325	153,400
Interest to be recognized	(50)	(6,270)
Total	**8,275**	**147,130**

Outstanding leases are due in 2020. No contingent payment is expected and there is no finance sublease for the transactions mentioned above.

Certain early maturity events similar to those set forth in the issues of Localiza and Localiza Fleet debentures apply to these transactions, except for financial ratios, which are not applicable.

(d) Certificates of Real Estate Receivables ("CRI")

On December 6, 2017, the Board of Directors approved the signing of all documents related to the issuance of Certificates of Real Estate Receivables (CRI), issued by RB Capital Companhia de Securitização, backed by real estate receivables from property rental contracts of Localiza and Localiza Fleet's head office entered into with Rental Brasil

On February 26, 2018, the Company concluded the CRI offering in the total amount of R$370,000, due on November 21, 2032, with redemption option for holders of certificates as of November 21, 2024 and remuneration at 99.0% of CDI.

(e) Foreign currency-denominated borrowings

In order to reduce its borrowing costs and extend repayment terms, the Company contracted borrowings in foreign currency. As a strategy to manage foreign exchange risk, simultaneously with these transactions the Company contracted hedge transactions , in accordance with the Indebtedness, Derivatives, Guarantees and Sureties Policy. Contracted hedge transactions are solely for hedge purposes.

					Consolidated	
Company	**Contract date**	**Maturity**	**Rate**	**Amount in foreign currency**	**12/31/19**	**12/31/18**
Localiza	5/22/18	5/22/23	LIBOR + 0.47%	USD 80,000 thousand	323,430	311,195
Localiza	11/12/19	1/3/23	0.93%	EUR 55,394 thousand	251,338	-
Localiza	11/12/19	1/3/25	1.33%	EUR 55,394 thousand	251,496	-
Localiza Fleet	11/25/19	8/22/22 and 1/23/23	LIBOR + 1.66%	USD 31,081 thousand	125,726	-
Localiza Fleet	12/12/19	12/13/21	1.69%	AUD 73,249 thousand	206,794	-
					1,158,784	**311,195**

(f) Derivatives

The breakdown of derivative instruments balance, presented in line items other current and noncurrent assets (note 7) or other current and noncurrent liabilities (note 14), is as follows:

	Consolidated	
	12/31/19	**12/31/18**
Fixed rate (i)	(71,405)	(40,611)
Foreign currency (ii)	504	2,785
Total liabilities, net	**(70,901)**	**(37,826)**

(i) CDI vs Fixed rate

Mostly fleet rental contracts of Fleet Rental Division vary from 24 to 36 months and, in general, include an annual adjustment clause based on the inflation index. As the rental contracts cannot be adjusted based on the benchmark interest rates, Localiza Fleet has entered into swap transactions by swapping the CDI fluctuation for a fixed rate in order to hedge against the risk of loss of profit on rental contracts. The specific characteristics of this swap transaction, as well as its respective notional and carrying amounts as of December 31, 2019, are as follows:

		Weighted average rates		Amount of reference	Value of curve			Market value (carrying amount)			Variation
Financial institution	Range of maturity dates	Long position	Short position	*Notional*	Long position	Short position	Gain (loss)	Long position	Short position	Gain (loss)	Curve x MTM
		% CDI									
Institution A	April 2020 to July 2022	109.8%	7.96%	630,000	670,855	684,049	(13,194)	674,492	702,096	(27,604)	(14,410)
Institution B	April 2020 to July 2021	110.0%	8.33%	175,000	186,304	190,342	(4,038)	187,152	196,470	(9,318)	(5,280)
Institution C	January 2020 to October 2022	109.3%	7.59%	395,000	420,946	428,874	(7,928)	423,351	438,052	(14,701)	(6,773)
Institution D	January 2020 to July 2021	110.2%	8.34%	320,000	341,780	348,461	(6,681)	343,578	362,771	(19,193)	(12,512)
Institution E	April 2022	110.0%	6.97%	20,000	20,607	20,693	(86)	20,854	21,443	(589)	(503)
					1,640,492	**1,672,419**	**(31,927)**	**1,649,427**	**1,720,832**	**(71,405)**	**(39,478)**

(ii) Foreign currency x Reais

As at December 31, 2019, the Company had five currency hedge transactions with an exclusive foreign exchange hedge for the respective foreign currency borrowing contracted with a large financial institution. The specific characteristics of these hedge transactions, as well as their respective notional and carrying amounts, are as follows:

Swap*:*

	Index		Amount of reference	Value of curve			Market value (carrying amount)			Variation
Range of maturity dates	Long position	Short position	*Notional*	Long position	Short position	Gain (loss)	Long position	Short position	Gain (loss)	Curve x MTM
5/22/23	USD Libor + 0.47%	108.0% of CDI	USD 80,000 thousand	323,429	301,553	21,876	323,296	305,146	18,150	(3,726)
1/3/23	0.93%	CDI + 1.00%	EUR 55,394 thousand	251,338	251,841	(503)	255,847	258,866	(3,019)	(2,516)
1/3/25	1.33%	CDI + 1.20%	EUR 55,394 thousand	251,496	251,905	(409)	263,730	265,119	(1,389)	(980)
1/25/23	USD Libor + 1.66%	6.51%	USD 31,081 thousand	125,726	130,823	(5,097)	128,553	133,915	(5,362)	(265)
				951,989	**936,122**	**15,867**	**971,426**	**963,046**	**8,380**	**(7,487)**

NDF:

Maturity date	Amount of reference Notional	Forward/ Strike (*)	Value of curve Long position	Value of curve Short position	Value of curve Gain (loss)	Market value (carrying amount) Long position	Market value (carrying amount) Short position	Market value (carrying amount) Gain (loss)	Variation Curve x MTM
12/12/21	AUD 73,249 thousand	AUD 3.12	214,822	219,465	(4,643)	207,724	215,600	(7,876)	(3,233)

(*) Referring to the notional amount of the transaction. For each interest payment, a NDF was contracted, with an average forward / strike of AUD 3.00.

14. OTHER CURRENT AND NONCURRENT LIABILITIES

The breakdown of the balance of other current and noncurrent liabilities is as follows:

	Individual		Consolidated	
	12/31/19	12/31/18	12/31/19	12/31/18
Revenue to be appropriated (*)	3,213	11,163	6,221	15,283
Payables to related parties (note 8 (c) (i))	16,804	6,983	-	-
Federal taxes withheld from third parties	5,271	9,752	8,082	12,103
Municipal taxes payable	4,440	3,022	5,959	3,828
Derivative financial instruments (note 13)	4,456	-	26,811	18,678
Advances from car rental and decommissioned sale customers	196,314	133,249	200,529	134,580
Insurance premiums for transfer (**)	123,946	101,828	125,948	102,792
Restricted obligations (***)	-	-	22,549	-
Others	12,056	8,389	20,644	14,291
Total other current liabilities	**366,500**	**274,386**	**416,743**	**301,555**
Revenue to be appropriated (*)	2,885	3,992	7,952	10,940
Derivative financial instruments (note 13)	-	-	62,288	21,933
Restricted obligations (***)	-	-	22,549	43,101
Others	8,562	6,947	8,570	7,053
Total other noncurrent liabilities	**11,447**	**10,939**	**101,359**	**83,027**
Total other current and noncurrent liabilities	**377,947**	**285,325**	**518,102**	**384,582**

(*) Refers to the franchising integration fee and bank preference premium.
(**)Premiums received from customers that took out insurance for rented cars, and extended warranty for the decommissioned cars sold which will be transferred by Localiza to the insurance company (note 2.7.5).
(***) The restricted obligations refer to the amounts retained from the purchase price owed to Car Rental Systems' sellers, which shall be made available to them after compliance with specific provisions under the share purchase agreement. Restricted obligations are guaranteed by short-term investments made by the Company, with restricted use, and shall be made available for withdrawal on August 31, 2020, and 2023 (note 7).

15. PROVISIONS AND ESCROW DEPOSITS

The Company and its subsidiaries adopt the practice of recognizing provisions for present obligations as a result of past events, when the amount of the obligation can be reliably estimated and its settlement is probable, or arising from the legal obligation to pay. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Actual results could differ from those estimated that were presented in the financial statements. Localiza and Localiza Fleet record a provision for possible indemnities payable to third parties, arising from accidents caused by rented cars, at amounts in excess of the amounts insured by the insurance company and based on the opinion of its legal department/counsel.

Localiza and its subsidiaries challenge in court certain civil, tax, social security and labor lawsuits. Provisions were recorded where the outflow of payments is uncertain and for which the risk of loss is probable, according to the Company's legal department/counsel.

(a) Changes in provision for risks and escrow deposits

During 2019, there were changes in the provision for risks, as follows:

	Individual				
	Tax	Social security	Labor	Civil	Total
December 31, 2018	**55,600**	**9,235**	**26,519**	**18,183**	**109,537**
Recording of provisions, net of reversals	40,572	1,188	(1,395)	4,448	**44,813**
Inflation adjustment, net	2,834	385	-	1,141	**4,360**
Transfers	-	-	373	-	**373**
December 31, 2019	**99,006**	**10,808**	**25,497**	**23,772**	**159,083**

	Consolidated				
	Tax	Social security	Labor	Civil	Total
December 31, 2018	**72,616**	**11,141**	**38,804**	**26,237**	**148,798**
Recording of provisions, net of reversals	49,878	922	(1,743)	4,090	**53,147**
Inflation adjustment, net	3,625	154	-	1,140	**4,919**
Transfers	-	-	373	-	**373**
December 31, 2019	**126,119**	**12,217**	**37,434**	**31,467**	**207,237**

Localiza and its subsidiaries have escrow deposits linked to contingent lawsuits, of which the changes in escrow deposit balances, segregated by nature, were as follows:

	Individual				
	Tax	Social security	Labor	Civil	Total
December 31, 2018	**38,207**	**1,364**	**15,141**	**6,266**	**60,978**
Deposit	1,658	-	897	8,996	**11,551**
Write-off	-	-	(398)	(283)	**(681)**
Inflation adjustment, net	2,800	33	10	-	**2,843**
Transfers	-	-	385	(12)	**373**
December 31, 2019	**42,665**	**1,397**	**16,035**	**14,967**	**75,064**

	Consolidated				
	Tax	Social security	Labor	Civil	Total
December 31, 2018	**66,794**	**1,364**	**20,659**	**7,455**	**96,272**
Deposit	2,075	-	5,773	11,733	**19,581**
Write-off	(331)	-	(3,084)	(2,560)	**(5,975)**
Inflation adjustment, net	4,292	33	10	-	**4,335**
Transfers	-	-	385	(12)	**373**
December 31, 2019	**72,830**	**1,397**	**23,743**	**16,616**	**114,586**

(b) Contingent liabilities in process - provision recorded

The summary of the main administrative and legal proceedings of Localiza and its subsidiaries, at several stages, at December 31, 2019 and 2018, is as follows:

	Individual							
	12/31/19				12/31/18			
	Number of lawsuits	Provision	Escrow deposit	Bank guarantee/ guarantee insurance	Number of lawsuits	Provision	Escrow deposit	Bank guarantee/ guarantee insurance
Tax	3	99,006	2,575	-	3	55,600	2,516	-
Social security	5	10,808	1,397	3,064	6	9,235	1,364	-
Labor	368	25,497	5,531	2,238	518	26,519	6,295	770
Civil	2,098	23,772	14,967	33,850	1,518	18,183	6,266	-
Total	**2,474**	**159,083**	**24,470**	**39,152**	**2,045**	**109,537**	**16,441**	**770**

	Consolidated							
	12/31/19				12/31/18			
	Number of lawsuits	Accrued amount	Escrow deposit	Bank guarantee/ guarantee insurance	Number of lawsuits	Accrued amount	Escrow deposit	Bank guarantee/ guarantee insurance
Tax	19	126,119	8,559	-	27	72,616	7,904	-
Social security	7	12,217	1,397	3,064	8	11,141	1,364	-
Labor	507	37,434	9,024	3,632	683	38,804	9,035	1,618
Civil	2,284	31,467	16,616	33,850	1,930	26,237	7,455	-
Total	**2,817**	**207,237**	**35,596**	**40,546**	**2,648**	**148,798**	**25,758**	**1,618**

- **Tax**

These are the lawsuits in which Localiza and its subsidiaries mainly discuss: (i) PIS and COFINS credits on depreciation of vehicles incorporated into fixed asset on a 1/48th basis; (ii) Services Tax (ISSQN) on franchise activity; and (iii) PIS levy on revenues of car rental companies covering the period prior to the issue of Constitutional Amendment 20 and effectiveness of Law No. 9,718/98.

Localiza and Localiza Fleet filed for injunction claiming their right to appropriate PIS and COFINS credits from depreciation of their rental vehicles, based on the justification inserted in Article 3, VI, and Article 15 of Law No. 10,833/03, on a 1/48th basis per month instead of the general rule of on a 1/60th basis per month. Since April 2017, based on favorable outcome, Localiza and Localiza Fleet begun to appropriate credits on a 1/48th basis per month and recognize the difference between said bases until new decisions about the discussion are issued.

- **Social security**

Localiza and its subsidiaries are parties to several social security lawsuits mainly related to: (i) indemnity amounts; (ii) Special Secretariat for the Control of State Companies (SEST) and National Service for Commercial Training (SENAT); (iii) education allowance and contributions to the National Institute of Colonization and Agrarian Reform (INCRA) on the payment of independent contractors, and labor claims; (iv) social security contributions on profit sharing; and (v) Work-related Environmental Risks (RAT). There are legal arguments and court decisions that support Localiza's and its subsidiaries' position.

- **Labor**

Localiza and its subsidiaries are parties to several labor claims mainly related to the payment of overtime and related charges, pain and suffering, and the possible recognition of an employment relationship of service providers, contractors and similar workers. The court decisions on these matters are not uniform.

- **Civil**

As at December 31, 2019, Localiza and its subsidiaries were parties to civil claims related to: (i) indemnity claims arising from damages to third parties in traffic accidents caused by customers driving cars rented from the Company (although not being responsible for the accidents, the Company is frequently sued for being the owner of the car); and (ii) indemnity claims arising from the relations between the Company and the consumers.

(c) Contingent liabilities in process with possible likelihood of loss - no provision recorded

	Individual							
	12/31/19				12/31/18			
	Number of lawsuits	Discussed amount	Escrow deposit	Bank guarantee/ guarantee insurance	Number of lawsuits	Discussed amount	Escrow deposit	Bank guarantee/ guarantee insurance
Vehicle Tax (IPVA)	1,535	52,516	34,705	19,012	212	43,013	30,483	12,701
Federal and social security taxes	27	41,277	42	29,819	27	33,952	40	21,080
State VAT (ICMS)	66	127,816	207	94,731	73	134,836	202	79,965
Other taxes	151	31,208	196	49,187	102	27,418	189	14,964
Labor	144	62,639	5,786	101	20	6,647	5,784	12
Total	**1,923**	**315,456**	**40,936**	**192,850**	**434**	**245,866**	**36,698**	**128,722**

	Consolidated							
	12/31/19				12/31/18			
	Number of lawsuits	Discussed amount	Escrow deposit	Bank guarantee/ guarantee insurance	Number of lawsuits	Discussed amount	Escrow deposit	Bank guarantee/ guarantee insurance
Vehicle Tax (IPVA)	1,586	79,244	55,679	25,567	247	67,958	50,432	16,038
Federal and social security taxes	49	46,115	3,162	30,432	49	39,092	2,827	21,314
State VAT (ICMS)	70	132,181	208	94,833	80	140,879	202	80,067
Other taxes	180	37,319	196	49,346	113	28,275	189	15,057
Labor	172	67,071	5,828	163	56	9,787	5,820	12
Civil	76	6,709	26	-	86	5,845	382	-
Total	**2,133**	**368,639**	**65,099**	**200,341**	**631**	**291,836**	**59,852**	**132,488**

- **Vehicle Ownership Tax (IPVA)**

Localiza and Localiza Fleet are parties in several administrative and legal claims relating to the payment of Vehicle Ownership Tax (IPVA) by the State of São Paulo, based on State Law No. 13,296/08 for vehicles that are owned by the Company and are occasionally made available for rental in that state.

Localiza and Localiza Fleet have their tax domicile in Belo Horizonte, State of Minas Gerais, where their headquarters are located, and, in compliance with Article 120 of the National Traffic Code, their vehicles are registered in that city and the IPVA is paid to the State of Minas Gerais.

No provision is recognized regarding these challenges as the likelihood of loss is possible, according to the legal advisors, on the basis of the legal and constitutional provisions that govern the IPVA (articles 155, III and 158, III, of CF/88 and articles 120 of CTB, 75, IV and paragraph 1 of the Civil Code, 110 and 127 of CTN).

- **Federal and social security taxes**

At the federal level, Localiza and its subsidiaries are parties to several administrative and legal claims relating to debts resulting from challenges related to the non-approval of requests for offset (PER/DCOMP), as well as social contributions incurring on indemnifications. These proceedings were not provided for since the risk of an unfavorable outcome is considered possible by the legal department/counsel.

- **Value Added Tax on Sales and Services (“ICMS”)**

Localiza and Localiza Fleet are parties to lawsuits referring to Value-Added Tax on Sales and Services (ICMS), with no provision recorded, the most significant of which relate to the requirement of tax on the transfer of certain assets of property and equipment (decommissioned cars from the fleet) due on their sale.

On July 7, 2006, the National Council of Fiscal Policy (CONFAZ) issued the Arrangement 64, providing for the payment of ICMS on sales of cars within 12 months of sale. This Arrangement was ratified by the Brazilian States, except for São Paulo, which issued CAT Decision 02/06, with the same regulation.

The Company claims that, in addition to the aforementioned regulation, with regard to property and equipment acquired for rental, sale does not constitute circulation of goods and, therefore, it is not subject to ICMS levy.

In addition, considering the regulation of Agreement 64/06 and CAT Decision 02/06, the calculations of tax-deficiency notices are under discussion, due to the exclusion of right to credit of tax paid in the acquisition of goods, as provided for in that regulation.

16. TAXES ON INCOME – INCOME TAX AND SOCIAL CONTRIBUTION

(a) Deferred income tax and social contribution - assets and liabilities

The Company and its subsidiaries adopt the accounting procedure of recording tax credit arising from deferred income tax and social contribution on temporary differences between the asset and liability balances in the financial statements and their corresponding tax bases, used to determine taxable income of each period, as well as on tax loss carryforwards, when applicable. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. The subsidiaries that calculate income tax and social contribution under the deemed income regime do not recognize tax credits. For financial statement presentation purposes, the assets and liabilities are presented net by entity, in accordance with CPC 32 – Taxes on Income.

The breakdown of deferred income tax and social contribution at December 31, 2019 and 2018 is as follows:

	Individual		Consolidated	
	12/31/19	**12/31/18**	**12/31/19**	**12/31/18**
Temporary differences in the deductibility of provisions:				
Provision for risks and other provisions	53,290	36,461	67,981	48,563
Allowance for doubtful debts/expected losses and other allowances	46,259	39,858	50,121	42,392
Provision of payment of services in progress and others, profit sharing, loyalty program and others	50,105	33,572	59,758	42,723
Swap transaction with payment on a cash basis	4,239	2,440	29,991	16,247
Income tax and social contribution tax loss carryforwards (*)	4,146	13,775	29,005	47,944
Total deferred income tax and social contribution assets	**158,039**	**126,106**	**236,856**	**197,869**
Car depreciation (**)	351,819	266,022	449,705	322,397
Leasing in the purchase of property and equipment (***)	232	377	96,150	123,797
Others	-	-	11,293	6,798
Total deferred income tax and social contribution liabilities	**352,051**	**266,399**	**557,148**	**452,992**
Total deferred income tax and social contribution, net	**194,012**	**140,293**	**320,292**	**255,123**
Noncurrent assets	**-**	**-**	**(32,407)**	**(42,153)**
Noncurrent liabilities	**194,012**	**140,293**	**352,699**	**297,276**

(*) Refers mainly to deferred income tax and social contribution of Localiza, Localiza Prime and Car Rental Systems in the amounts of R$4,146, R$9,894 and R$14,965, respectively, as a result of tax loss carryforwards (R$13,775 of Localiza, R$15,781 of Localiza Prime, R$17,470 of Car Rental Systems and R$918 of Rental Brasil as at December 31, 2018).
(**) Refers to the temporary difference in the calculation of depreciation, introduced by the application of IFRS. Localiza and Localiza Fleet calculate, for tax purposes, car depreciation expenses based on the depreciation criteria used through December 31, 2007, as prescribed by Law No. 12,973/14. The difference as of December 31, 2014, in conformity with chapter IV, articles 64, 66 and 67 of Law No. 12,973/14, is accounted for in asset-related sub-accounts, being added to the extent of their realization beginning January 1, 2015.
(***) Refers to the temporary difference arising from the deduction of leasing installments amortization on the acquisition of property and equipment items as a contra entry to the depreciation addition to the income tax and social contribution tax bases.

The Company and its subsidiaries have recognized a balance, as at December 31, 2019, as tax credit on tax loss carryforwards of R$4,146 in Individual and R$29,005 in Consolidated (R$13,775 and R$47,944, respectively, as at

December 31, 2018). Based on expected future taxable income generation determined in a technical study approved by Management, this tax credit can be carried forward indefinitely and its offset is limited to 30% of annual taxable income.

The realization of deferred income tax and social contribution credits, arising from temporary differences and tax loss carryforwards, is contingent upon future events that will make the provisions that gave rise to them deductible and enabled the offset of tax losses and social contribution tax loss carryforwards, in accordance with prevailing tax legislation.

Based on past taxable income that originated deferred income tax and social contribution asset balances, as well as projections of profit or loss for coming years, the Company estimates the following schedule for tax credits recovering:

	Individual	Consolidated
2020	89,303	126,160
2021	3,396	21,114
2022	17,264	29,267
2023	3,606	6,577
2024	37,221	45,238
2025 to 2028	7,249	8,500
Total deferred income tax and social contribution assets	**158,039**	**236,856**

(b) Income tax and social contribution – reconciliation of expenses at statutory and effective rates

The Company and its subsidiaries calculate the provision for income tax and social contribution based on taxable income for the year. Taxable income differs from profit presented in the income statement because it excludes taxable or deductible income or expenses in other years, as well as permanently excluding non-taxable or non-deductible items. The provision for income tax and social contribution is calculated individually by each company under the actual taxable income or deemed income regime, at the current rates of tax.

The reconciliation between the statutory and effective rates for the years ended December 31, 2019 and 2018 is as follows:

	Individual		Consolidated	
	2019	**2018**	**2019**	**2018**
Profit before taxes	941,103	769,553	1,079,834	885,731
Statutory rate	34%	34%	34%	34%
Expense at statutory rate	**(319,975)**	**(261,648)**	**(367,144)**	**(301,149)**
Adjustments to expense at statutory rate:				
Equity in the earnings of subsidiaries	108,791	85,817	-	-
Effect of deduction of interest on capital	98,957	60,830	98,957	60,830
Income tax and social contribution due by subsidiaries (deemed income)	-	-	12,256	5,927
Others, net	5,062	4,656	10,035	7,869
Expense at effective rate	**(107,165)**	**(110,345)**	**(245,896)**	**(226,523)**
Current income tax and social contribution	**(53,446)**	**(42,164)**	**(180,727)**	**(139,873)**
Deferred income tax and social contribution	**(53,719)**	**(68,181)**	**(65,169)**	**(86,650)**

17. EQUITY

(a) Capital

At a meeting of the Company's Board of Directors held on January 18, 2019, the Company approved the initial public offering of 46,000,000 registered common shares, with no par value, free and clear of any liens or encumbrances, issued by the Company ("Shares"), with restricted placement efforts, pursuant to CVM Instruction 476, of January 16, 2009, as amended.

At the Company's discretion, the number of Shares initially offered was in common agreement with the Offering Coordinators, plus 20% of the total Shares initially tendered, that is, 9,200,000 common shares issued by the Company under the same conditions and at the same price as the Shares initially tendered, which were intended to meet the excess demand found at the time the price per share was set.

At a meeting of the Company's Board of Directors held on January 31, 2019, the Company's capital increase was approved with the issuance of 55,200,000 new shares of the Company, at the unit price of R$33.00, resulting in a capital increase of R$1,821,600.

At a meeting of the Board of Directors, held on December 12, 2019, an increase in the subscribed and paid-up capital of R$678,400 was approved, from R$3,321,600 to R$4,000,000, using part of the balance of Statutory Reserve of R$441,507, and the totality of the Company's Earnings Retention Reserve balance, in the amount of R$236,893. The capital increase occurred through a bonus share at the rate of 5%, with the issuance of 36,117,460 new book-entry common shares, with no par value, which were attributed to the holders of shares, in the proportion of 1 new share of the same type for each lot of 20 shares held, and the shares held in treasury also received bonus share. The stock option programs were adjusted accordingly.

As at December 31, 2019, the Company's capital was R$4,000,000, comprising 758,466,670 common shares. The ownership interest and the related reconciliation of the number of outstanding shares are as follows:

	Management (unaudited)				
	Founding partners	**Board of Directors and Audit and Statutory Boards**	**Treasury shares (unaudited)**	**Outstanding shares (unaudited)**	**Number of shares – ON (unaudited)**
Amount as of December 31, 2017	**157,505,935**	**957,569**	**6,752,346**	**501,933,360**	**667,149,210**
Election (dismissal)	-	(531,633)	-	531,633	-
Acquisition (sale) of shares, net	-	(279,128)	-	279,128	-
Exercise of stock options with treasury shares	477,645	458,533	(1,471,294)	535,116	-
Sale of treasury shares (note 17 (d))	38,077	36,630	(116,908)	42,201	-
Renting of shares	(2,482,000)	-	-	2,482,000	-
Amount as of December 31, 2018	**155,539,657**	**641,971**	**5,164,144**	**505,803,438**	**667,149,210**
Primary public distribution of shares	-	-	-	55,200,000	55,200,000
Bonus in shares	7,721,176	13,767	133,312	28,249,205	36,117,460
Election (dismissal)	-	(387,489)	-	387,489	-
Acquisition (sale) of shares, net	(1,555,927)	(598,941)	-	2,154,868	-
Exercise of stock options with treasury shares	1,428,174	593,592	(2,425,879)	404,113	-
Sale of treasury shares	30,170	26,310	(72,022)	15,542	-
Renting of shares	(1,018,500)	-	-	1,018,500	-
Amount as of December 31, 2019	**162,144,750**	**289,210**	**2,799,555**	**593,233,155**	**758,466,670**

For comparability purposes, the ownership interest and the related reconciliation of the number of outstanding shares adjusted to reflect the share bonus are as follows:

	Management (unaudited)				
	Founding partners	**Board of Directors and Audit and Statutory Boards**	**Treasury shares (unaudited)**	**Outstanding shares (unaudited)**	**Number of shares – ON (unaudited)**
Amount as of December 31, 2017	**165,381,232**	**1,005,447**	**7,089,963**	**527,030,028**	**700,506,670**
Election (dismissal)	-	(558,215)	-	558,215	-
Acquisition (sale) of shares, net	-	(293,084)	-	293,084	-
Exercise of stock options with treasury shares	501,527	481,460	(1,544,859)	561,872	-
Sale of treasury shares (note 17 (d))	39,981	38,462	(122,753)	44,310	-
Renting of shares	(2,606,100)	-	-	2,606,100	-
Amount as of December 31, 2018	**163,316,640**	**674,070**	**5,422,351**	**531,093,609**	**700,506,670**
Primary public distribution of shares	-	-	-	57,960,000	57,960,000
Election (dismissal)	-	(406,863)	-	406,863	-
Acquisition (sale) of shares, net	(1,633,726)	(628,894)	-	2,262,620	-
Exercise of stock options with treasury shares	1,499,583	623,271	(2,547,173)	424,319	-
Sale of treasury shares	31,679	27,626	(75,623)	16,318	-
Renting of shares	(1,069,426)	-	-	1,069,426	-
Amount as of December 31, 2019	**162,144,750**	**289,210**	**2,799,555**	**593,233,155**	**758,466,670**

Pursuant to article 6 of the Bylaws, the Company is authorized to increase its capital up to the limit of 1,000,000,000 registered common shares, regardless of any amendment to the bylaws, so that additional 241,533,330 registered common shares can be issued.

The Company participates in the Level I of the American Depositary Receipts ("ADR") Program since its approval by CVM on May 22, 2012 and the beginning of trading on June 5, 2012. As at December 31, 2019, considering the effects of the bonus share, the Company's position was 3,119,356 ADRs issued in the United States and 15,155,006 in December 31, 2018 (unaudited). Each ADR corresponds to 1 (one) Company's share.

(b) Interest on capital and dividends

The Company adopts the procedure of recording interest credited to shareholders, calculated under Law No. 9,249/95, in the income statement under "finance costs", as required by tax legislation. However, for financial statement purposes, interest on capital is presented as a charge to retained earnings, which is the same treatment as that given to dividends. The amounts paid to shareholders as interest on capital, net of withholding income tax, are deducted from the mandatory dividend, under article 9, paragraph 7, of Law No. 9,249/95 and based on paragraph 5 of article 26 of Localiza's Bylaws.

As defined in the Bylaws, the Company adopts the policy of distributing interest on capital and dividends equivalent, at least, to 25% of the adjusted net income.

Interest on capital and dividends were calculated as follows:

	Individual	
	2019	2018
Net income for the year	833,938	659,208
Legal reserve (5%)	(41,697)	(32,960)
Net income for the year, basis for dividends proposal	**792,241**	**626,248**
Minimum dividends (25%)	**198,060**	**156,562**
Dividends and interest on capital proposed/distributed:		
Distributed interest on capital	291,049	178,912
Withholding income tax on interest on capital	(35,631)	(22,993)
Distributed interest on capital, net	255,418	155,919
Mandatory minimum dividend	-	643
Additional dividends proposed	-	6,580
Total	**255,418**	**163,142**
Percentage on net income for the year deducted from legal reserve	32.2%	26.1%
Gross dividends and interest on capital per share, net of treasury shares at the end of the year (in R$)	**R$0.385**	**R$0.268** (*)

(*) For comparability purposes, the amount of interest on capital per share was adjusted considering the bonus share mentioned in item (a) (ii) above.

On December 31, 2019, Management proposed for approval of the Annual General Meeting the not payment of additional dividends, considering that the amount distributed through interest on capital in 2019 exceeded the mandatory minimum dividend of 25% on net income, which is the basis for dividends proposal. The Annual General Meeting held on April 29, 2019 approved the distribution of supplementary dividends of R$643 and additional dividends of R$6,580, totaling R$7,223.

The Company declared interest on capital to shareholders on a quarterly basis. The Board of Directors' meetings approved the payment of interest on capital as follows:

2019

Approval date	Total amount approved	Amount per share (in R$) On approval date	For comparability (*)	Shareholding position date	Payment date
03/21/19	69,156	0.09641	0.09182	03/26/19	05/20/19
06/18/19	75,503	0.10498	0.09998	06/24/19	08/16/19
09/04/19	74,607	0.10368	0.09874	09/09/19	11/08/19
12/12/19	71,783	0.09974	0.09499	12/17/19	2/14/20
Total	**291,049**				

2018

Approval date	Total amount approved	Amount per share (in R$) On approval date	For comparability (*)	Shareholding position date	Payment date
3/22/18	41,981	0.06356	0.06053	3/28/18	5/16/18
6/21/18	42,992	0.06496	0.06187	6/28/18	8/16/18
9/21/18	44,596	0.06738	0.06417	9/27/18	11/16/18
12/13/18	49,343	0.07454	0.07099	12/19/18	02/06/19
Total	**178,912**				

(*) For comparability purposes, the amount of interest on capital per share was adjusted considering the bonus in shares of 5% approved at the Board of Directors' Meeting held on December 12, 2019.

The dividends and interest on capital payable are broken down as follows:

	Consolidated	
	12/31/19	**12/31/18**
Mandatory supplementary minimum dividend	-	643
Proposed interest on capital in net income for the 4th quarter	71,783	49,343
Provision for withholding income tax on interest on capital	(8,389)	(7,343)
Total dividends and interest on capital payable	**63,394**	**42,643**

(c) Capital reserves and stock options granted

(i) Stock options granted recognized

The purpose of this reserve is to support the long-term incentive plans duly approved at General Meetings, which grant to some eligible officers and employees Localiza's stock options (equity instruments). The purpose of these plans is to attract, motivate and retain these officers and employees, as well as align their interests with those of the Company and its shareholders.

Currently, the long-term incentive plans maintained by the Company are the following:

- **3rd Stock Option Plan (2013 to 2016 Programs):** Approved at the Extraordinary General Meeting on April 25, 2011, the plan establishes, for each program, the definition of the matching to the amount invested in options. Each program will have only one tranche as from the maturity date and the vesting period for the option is from three to six years. The options can be exercised at any time as from the right of acquisition date up to the exercise limit date. The value of the share to be acquired by participants by exercising the option was calculated based on the average price of RENT3 shares, weighted by the volume traded at the close of trading of the last 40 sessions on B3 prior to the profit sharing payment date.

- **4th Stock Option Plan (2017 to 2019 Program):** Approved at the Extraordinary General Meeting held on July 12, 2017, the plan establishes the general conditions of long-term incentive through the grant of stock options issued by the Company, pursuant to article 168, paragraph 3 of Law No. 6,404/76, to certain officers, at the discretion of the Board of Directors. For each invested share, the Company shall grant to the Participant three (3) stock options. The program will have three annual tranches from the maturity date and the vesting period for the eligible officer to acquire the right to exercise 1/3 option is 1 year. To settle the exercise of the stock options, the Company may, at the discretion of the Board of Directors: (i) issue new shares within the authorized capital; or (ii) sell the shares held in treasury. The value of the share to be acquired by participants by exercising the option was calculated based on the average price of RENT3 shares, weighted by the volume traded at the close of trading of the last 40 sessions on B3 in the year prior to each Program.

- **1st Stock Purchase and Stock Matching Plan (2017 to 2019 Programs):** Approved at the Extraordinary General Meeting held on July 12, 2017, the plan sets the general terms and conditions for the long-term incentive plan by means of the purchase of stocks and matching stocks to certain executives, who will voluntarily adhere to the plan. The term “Matching Share” means the onerous right to receive 1 (one) Share on a certain future date, strictly in accordance with the terms and conditions established in the plan. The Company will sell to Participants, who shall purchase from it, in a commercial purchase and sale transaction, using the Shares held in treasury, the number of Shares equivalent to the number of share baskets acquired, and, for each 1 (one) share, the Company shall sell jointly to the participant 2 (two) Matching Shares, if the requirements provided for in this plan are complied with. The price to be paid by participants to the Company for the purchase of each share basket shall correspond to the average closing price of one share on B3 on the payment date of the annual profit sharing.

- **1st Deferred Stock Bonus Plan (2017 to 2019 Programs):** Approved at the Extraordinary General Meeting held on July 12, 2017, the plan sets the general terms and conditions for the long-term incentive plan by granting Deferred Shares issued by the Company to eligible employees. Each Deferred Share grants to its holder the right to receive 1 (one) common share issued by the Company on a certain future date, strictly in accordance with the terms and conditions established in this plan, as a bonus (stock bonus), therefore not being part of their salary. To settle the exercised options of deferred shares, the Company shall transfer the treasury shares to Participants.

The Company's costs with options are measured at fair value on the date the stock options are granted and were estimated based on the Black & Scholes option valuation model applied to each of the tranches of each of the programs separately. The number of options granted is adjusted based on the expected turnover, since if the beneficiary leaves the Company or its subsidiaries before the vesting period, they lose the right to exercise the options. This expectation is reviewed annually.

The Company's costs of Stock Option Plans and Matching Shares are measured at fair value of shares granted on the date of granting of the right to the beneficiaries, based on the market value of the Company's common shares traded on B3.

For all plans, the Company adopts the procedure of recognizing the option costs on a straight-line basis during the vesting period, from the grant date to the date on which the employee has the right to exercise the option, with a corresponding increase in (i) equity, under the line item "Stock options granted recognized", in "capital reserves", and (ii) in the income statement, under "costs", "selling expenses", and "general, administrative and other expenses" line items, according to the functions of the related employees.

The outstanding stock option programs on December 31, 2019 were approved at the Board of Directors' and/or Extraordinary General Meetings and have the following characteristics:

	Programs											
	2019	2018	2017	2019	2018	2017	2019	2018	2017	2016	2015	2014
	1st Deferred Stock Bonus Plan			1st Stock Matching Plan			4º Plan			3º Plan		
Approval meeting date	7/12/17	7/12/17	7/12/17	7/12/17	7/12/17	7/12/17	7/12/17	7/12/17	7/12/17	4/14/16	4/23/15	2/13/14
Number of eligible participants	3	1	1	26	23	26	25	23	22	15	17	19
Number of options granted after bonus in shares	89,281	62,967	15,702	152,716	240,794	511,364	228,614	368,086	515,755	1,684,946	1,466,991	1,720,935
Number of annual tranches	1	1	1	1	1	1	3	3	3	1	1	1
Number of options per tranche after bonus in shares	89,281	62,967	15,702	152,716	240,794	511,364	76,205	122,695	171,918	1,684,946	1,466,991	1,720,935
Exercise year of 1st tranche	2022	2021	2020	2022	2021	2020	2020	2019	2018	2019	2018	2017
Limit date for exercise of options	May/22	May/21	May/20	May/22	May/21	May/20	May/25	May/24	May/23	May/22	May/21	May/20

The changes, in number of shares, in long-term incentive plans and their respective programs until the end of the reporting periods, are as follows:

	Beginning of the year		Grants/Approvals		Dismissals		Exercises			End of the year	
Year	Eligible	Pre-bonus options	Eligible	Options granted/ approved	Eligible	Options returned	Eligible who exercised 100%	Options exercised	Bonus (*)	Eligible	Existing options
2013 Program											
12/31/18	6	214,527	-	-	-	-	-	(32,400)	-	**6**	**182,127**
12/31/19	6	182,127	-	-	-	(6)	(6)	(182,121)	-	**-**	**-**
2014 Program											
12/31/18	7	597,796	-	-	-	(247,948)	(1)	(76,734)	-	**6**	**273,114**
12/31/19	6	273,114	-	-	-	-	(2)	(19,479)	12,679	**4**	**266,314**
2015 Program											
12/31/18	13	1,224,465	-	-	-	-	(1)	(92,925)	-	**12**	**1,131,540**
12/31/19	12	1,131,540	-	-	-	(9)	(7)	(866,709)	13,238	**5**	**278,060**
2016 Program											
12/31/18	13	1,512,462	-	-	-	-	-	-	-	**13**	**1,512,462**
12/31/19	13	1,512,462	-	-	(1)	(14,901)	(6)	(1,268,115)	11,468	**6**	**240,914**
2017 Program											
12/31/18	20	464,052	-	-	-	-	-	(24,170)	-	**20**	**439,882**
12/31/19	20	439,882	-	-	(3)	(19,530)	-	(68,510)	17,584	**17**	**369,426**

2017 *Matching* Plan

	Beginning of the year		Grants/Approvals		Dismissals		Exercises			End of the year	
Year	Eligible	Pre-bonus options	Eligible	Options granted/ approved	Eligible	Options returned	Eligible who exercised 100%	Options exercised	Bonus (*)	Eligible	Existing options
12/31/18	24	466,098	-	-	(1)	(26,490)	-	-	-	**23**	**439,608**
12/31/19	23	439,608	-	-	(4)	(32,208)	-	-	20,363	**19**	**427,763**
2017 Deferred Plan											
12/31/18	-	-	1	13,245	-	-	-	-	-	**1**	**13,245**
12/31/19	1	13,245	-	1,710	-	-	-	-	747	**1**	**15,702**
2018 Program											
12/31/18	-	-	23	350,559	-	-	-	-	-	**23**	**350,559**
12/31/19	23	350,559	-	-	(4)	(23,502)	-	(20,945)	15,297	**19**	**321,409**
2018 *Matching* Plan											
12/31/18	-	-	23	229,328	-	-	-	-	-	**23**	**229,328**
12/31/19	23	229,328	-	-	(4)	(18,694)	-	-	10,522	**19**	**221,156**
2018 Deferred Plan											
12/31/18	-	-	1	53,117	-	-	-	-	-	**1**	**53,117**
12/31/19	1	53,117	-	6,852	-	-	-	-	2,998	**1**	**62,967**
2019 Program											
12/31/19	-	-	25	217,728	(1)	(11,430)	-	-	10,302	**24**	**216,600**
2019 *Matching* Plan											
12/31/19	-	-	26	145,444	(1)	(7,570)	-	-	6,887	**25**	**144,761**
2019 Deferred Plan											
12/31/19	-	-	3	85,031	-	-	-	-	4,250	**3**	**89,281**
Total at 12/31/18	**83**	**4,479,400**	**48**	**646,249**	**(1)**	**(274,438)**	**(2)**	**(226,229)**	**-**	**128**	**4,624,982**
Total at 12/31/19	**128**	**4,624,982**	**54**	**456,765**	**(18)**	**(127,850)**	**(21)**	**(2,425,879)**	**126,335**	**143**	**2,654,353**

(*) The bonus has always granted made in whole numbers, so that, pursuant to the provisions of Article 169, paragraph 3 of Law No. 6,404 / 76, the remaining shares resulting from the fractions of shares will be sold at B3 and the net amount determined will be made available to shareholders holding any fractions.

The table below summarizes the fixed exercise price (in R$) of stock options for each annual tranche based on the fair value of the share quoted at the year's closing previous to grant date, considering the effects of the bonus share, and the values to exercise from April of each year:

Plan	Program	2016	2017	2018	2019	2020	2021	2022
3rd Plan	2013	9.86	-	-	-	-	-	-
	2014	-	9.88	-	-	-	-	-
	2015	-	-	10.91	-	-	-	-
	2016	-	-	-	8.99	-	-	-
4thPlan	2017	-	-	-	-	10.03	-	-
	2018	-	-	-	-	-	19.44	-
	2019							26.37

At December 31, 2019, the following weighted average assumptions, considering the effects of the bonus share, were used to calculate the fair value of each of the tranches of the stock option plans still outstanding:

	Programs						
	2019	2018	2017	2016	2015	2014	2013
	4th Plan			3rd Plan			
Share price	26.37	19.44	10.03	8.99	10.91	9.88	9.86
Risk-free rate by tranche	7.18%	7.11%	4.59%	4.87%	10.00%	11.00%	9.00%
Expected annualized volatility (*)	35.05%	35.13%	42.59%	43.11%	43.64%	43.64%	46.67%
Expected dividends	0.49%	0.51%	0.42%	0.42%	0.41%	0.41%	0.36%
Duration of the program in years	3.0	3.0	2.8	3.0	3.0	2.0	3.0
Option fair value on grant date (R$/share)	12.62	7.70	7.13	3.87	4.38	3.29	3.91

(*) For the programs of the 3rd Option Plan, the expected annualized volatility was determined based on the historical volatility of RENT3 shares in the capital market, as from the listing of Localiza's shares in 2005, less the dividends paid in each period. For the programs of the 4th Plan, the historical volatility of the shares of the last 3 years until the grant date was determined.

For the Stock Option Plan and Matching Shares and the Deferred Stock Bonus Plan, the fair value of shares granted in 2019 was R$34.25 per share, considering the bonus share (R$23.55 and R$27.62 per share in 2018, respectively, considering the effects of the bonus share). The fair value of shares granted was estimated on the grant of rights date to eligible participants, based on the market value of common shares of the Company traded on B3.

In 2019, the consolidated cost of these Programs was R$10,486 (R$10,378 in 2018).

Considering the exercise of the options existing on December 31, 2019, the interest dilution percentage to which current shareholders are subject is 0.4% (0.7% on December 31, 2018).

(ii) Options exercised in 2019

In 2019, 2,547,173 stock options were exercised, considering the effects of the bonus shares, related to the Stock Options Programs (1,544,859 stock options in 2018 considering the bonus in shares effects). All options were exercised using treasury shares amounting to R$17,362 (R$12,452 as at December 31, 2018) and, therefore, it was not necessary to issue new shares. The goodwill generated for the options exercised was R$7,777 in 2019 (R$3,991 in 2018).

The weighted average exercise prices of shares, as well as the weighted average fair value of Localiza's shares on the exercise date, considering the effects of the bonus share, were as follows:

Program	Number of options exercised	Fair value (R$)	Weighted average exercise price (R$)	Weighted average market price (R$)
2013 Program	191,227	3.91	9.86	34.60
2014 Program	20,453	3.29	9.88	30.78
2015 Program	910,044	4.38	10.91	36.28
2016 Program	1,331,521	3.87	8.99	36.40
2017 Program	71,936	7.13	10.03	36.00
2018 Program	21,992	7.70	19.44	36.97
Total	**2,547,173**			

(iii) Goodwill on share subscription

The reserve of goodwill on share subscription for the year ended December 31, 2019 arises from the following:

	12/31/19
Primary distribution of shares of Localiza in 2006	48,174
Goodwill between 2011 and 2018 on realization of treasury shares for the options exercised	55,807
Goodwill in 2019 on realization of treasury shares for the options exercised and the sale of treasury shares	9,777
Total	**113,758**

(d) Treasury shares

Treasury shares are own equity instruments repurchased by the Company and Management adopts the practice of recording them at cost, deducted from equity. Transaction costs incurred in the purchase of shares issued by Localiza are added to these shares. No gain or loss is recognized in the income statement on the purchase or sale of such shares. Shares are purchased to be held in treasury and for subsequent sale, without reducing capital. The Company can also settle purchase options using treasury shares, when these options are exercised.

At a meeting held on June 21, 2018, the Board of Directors authorized the Company to purchase up to 43,000,000 shares (45,150,000 shares considering the effects of the bonus share) through the 10th Share Repurchase Program. This program had a term of 365 days, from July 23, 2018 to July 22, 2019, and aims at maximizing the value generated for shareholders or settle stock options within the scope of long-term incentive plans of the Company. No shares had been purchased under this program.

At a meeting held on June 18, 2019, the Board of Directors authorized the Company to purchase up to 50,000,000 shares under the 11th Share Repurchase Program (52,500,000 shares considering the effects of the bonus share). This program had a term of 365 days, from July 23, 2019 to July 22, 2020, and aims at maximizing the value generated for shareholders or settle stock options within the scope of long-term incentive plans of the Company. Until December 31, 2019, no shares had been purchased under this program.

The number of treasury shares as at December 31, 2019, was 2,799,555 (5,422,351 as at December 31, 2018 considering the effects of the bonus share), with fair value of R$132,727 (stock quote of R$47.41 at December 30, 2019).

The cost of acquisition of the treasury shares in each Share Repurchase Program, considering the effects of the bonus share, including transaction costs, is as follows:

Repurchase Program	Date of approval by the Board of Directors	Proceeds (R$)		
		Minimum	Average	Maximum
1st Program	12/18/07	1.55	3.12	5.00
4th Program	7/19/12	10.13	10.17	10.21
6th Program	7/25/14	9.65	9.71	9.79
7th Program	7/23/15	6.89	7.06	7.16
8th Program	7/21/16	10.04	10.09	10.15

In 2019, 75,623 treasury shares were sold in the amount of R$607 (122,753 shares amounting to R$987 in 2018), considering the effects of the bonus share, to employees eligible to the 1st Stock Option Plan and Matching Shares, which was approved at the Extraordinary General Meeting held on July 12, 2017. The goodwill generated for the share sales was R$2,000 in 2019 (R$2,227 in 2018).

The treasury shares used to exercise the Stock Option Programs are shown in note 17 (c)(ii).

(e) Earnings reserve

(i) Legal reserve

This reserve is recorded as prescribed by the Brazilian Corporate Law, through the allocation of 5% of the profit for the year, and is limited: (i) to 20% of the capital or (ii) when the balance of such reserve plus the capital reserves reaches 30% of the amount of capital. The purpose of the legal reserve is to protect capital, and it can only be used to offset losses or increase capital. At December 31, 2019 and 2018, R$41,697 and R$32,960, respectively, were recorded as legal reserve. This reserve amounted to R$220,565 as at December 31, 2019 (R$178,868 as at December 31, 2018).

(ii) Statutory reserve and earnings retention

According to item (f), paragraph 2 of article 26 of Localiza's Bylaws, a portion consisting of up to 100% of the profit for the year after legal and statutory deductions may be allocated to the “reserve for investments", which is intended to retain resources to finance investments for renewal and expansion of the Company's and its subsidiaries' fleets.

The Annual General Meeting held on April 29, 2019 approved the constitution of a statutory reserve of R$440,113 related to the remaining balance of profit for 2018 and R$15,911, related to the effect of the initial application of IFRS 9 - Financial Instruments recorded against retained earnings, totaling the net amount of R$424,202.

At a meeting of the Board of Directors held on December 12, 2019, an increase in the subscribed and paid-up capital of R$678,400 was approved, using part of the balance of Statutory Reserve of R$441,507, and the totality of the Company's Earnings Retention Reserve balance, in the amount of R$236,893.

At December 31, 2019, the Management proposed, subject to approval of the Annual General Meeting, the allocation of 100% of remaining profit for 2019, in the amount of R$501,192, to statutory reserve.

18. EARNINGS PER SHARE

The basic and diluted earnings per share are calculated by dividing the profit for the year attributable to the holders of common shares of the parent company by the weighted average number of common shares available during the period, less treasury shares.

The diluted earnings per share are calculated by considering basic earnings per share plus weighted average number of common shares that would be issued assuming that stock options would be exercised at an amount lower than market value, less treasury shares.

The table below shows profit information and the number of shares used, considering the effects of the bonus share (note 17 (a)) in the calculation of basic and diluted earnings per share for each of the years of the income statement:

	Individual and Consolidated	
	2019	**2018**
Profit for the year	**833,938**	**659,208**
Basic earnings per share:		
Weighted average number of outstanding common shares (units)	749,849,604	694,442,403
Basic earnings per share (R$)	**1.11214**	**0.94926**
Diluted earnings per share:		
Weighted average number of outstanding common shares (units)	749,849,604	694,442,403
Dilutive effect of stock options (units)	4,514,938	3,250,639
Total shares subject to dilution (units)	754,364,542	697,693,042
Diluted earnings per share (R$)	**1.10548**	**0.94484**

19. SEGMENT INFORMATION

An operating division is a component of an entity that engages in business activities: (i) which can earn revenues and incur expenses; (ii) the results of operations of which are regularly reviewed by the chief operating decision maker regarding funds to be allocated to the division and for performance evaluation; and (iii) for which individual financial information is available.

The Company has defined three operating divisions that are separately managed based on the reports used by the Board of Directors to make strategic decisions. The accounting policies of these operating divisions are the same as those described in note 2 or the notes of the respective line items.

- **Car rental:** This division is responsible for car rentals in locations inside and outside airports and for insurance stipulation and management of car claims for insurance companies. Cars are rented by legal entities and individuals, in some cases through distribution channels. Given the need to renew the fleet, Localiza sells its cars after 12 months of use. In order to reduce intermediation costs on the sale of decommissioned cars, roughly half of the cars is directly sold to the final consumers. Consequently, the Company maximizes the recoverable amount of these assets, by reducing the depreciation of cars and the net amount invested in fleet renewal, as the selling expense of the Company's own stores is smaller than the discount required by resellers, as well as avoids full dependence on third parties for the sales.

- **Fleet rental:** This division is responsible for fleet rental to legal entities, through the subsidiaries Localiza Fleet, Car Rental Systems and Localiza RP, for long periods, usually 24 to 36 months. This division's fleet is acquired after signature of agreements according to the customers' needs. Therefore, the fleet is more diversified in terms of models and brands. Decommissioned cars are sold at the end of the agreements, on average within 29 months of use, directly to the end consumer or to dealers through the Company's own car dealer network.

- **Franchising:** This division is responsible for the management and establishment of franchises in geographically defined markets, including the transfer of the necessary know-how to operate the business and licensing of the right to use the Localiza brand. The franchising business is managed by the subsidiary Franchising Brasil in Brazil, and by Localiza itself in other countries.

(a) Operating division financial reporting

(i) Consolidated assets and liabilities by operating division

12/31/19	Car rental	Fleet rental	Franchising	Unallocated balances		Eliminations/ Reclassifications	Consolidated
Assets							
Cash and cash equivalents	-	-	-	2,220,102		-	**2,220,102**
Short-term investments	-	-	-	610,838		-	**610,838**
Trade receivables	1,117,865	168,641	4,412	-		(14,386)	**1,276,532**
Decommissioned cars to fleet renewal	25,172	116,563	-	-		-	**141,735**
Property and equipment	11,706,153	2,827,326	2,824	385,808	(*)	(352,540)	**14,569,571**
Other assets	464,144	214,331	6,529	-		(110,822)	**574,182**
Total assets	**13,313,334**	**3,326,861**	**13,765**	**3,216,748**		**(477,748)**	**19,392,960**
Liabilities							
Trade payables	2,291,789	288,476	575	-		(15,453)	**2,565,387**
Borrowings and debt securities	-	-	-	9,379,459		-	**9,379,459**
Other liabilities	1,899,084	556,760	17,398	-		(472,660)	**2,000,582**
Total liabilities	**4,190,873**	**845,236**	**17,973**	**9,379,459**		**(488,113)**	**13,945,428**
Equity	**-**	**-**	**-**	**5,447,532**		**-**	**5,447,532**
Total liabilities and equity	**4,190,873**	**845,236**	**17,973**	**14,826,991**		**(488,113)**	**19,392,960**

(*) Refers mainly to the Company's headquarters.

12/31/18	Car rental	Fleet rental	Franchising	Unallocated balances		Eliminations/ Reclassifications	Consolidated
Assets							
Cash and cash equivalents	-	-	-	2,175,302		-	**2,175,302**
Short-term investments	-	-	-	267,484		-	**267,484**
Trade receivables	882,485	143,024	7,783	-		(12,958)	**1,020,334**
Decommissioned cars to fleet renewal	19,505	32,339	-	-		-	**51,844**
Property and equipment	7,476,866	2,168,791	-	387,411	(*)	(1,182)	**10,031,886**
Other assets	324,672	133,477	6,027	-		(18,612)	**445,564**
Total assets	**8,703,528**	**2,477,631**	**13,810**	**2,830,197**		**(32,752)**	**13,992,414**
Liabilities							
Trade payables	1,920,250	296,807	599	-		(15,091)	**2,202,565**
Borrowings and debt securities	-	-	-	7,645,978		-	**7,645,978**
Other liabilities	741,101	307,895	16,852	-		(16,479)	**1,049,369**
Total liabilities	**2,661,351**	**604,702**	**17,451**	**7,645,978**		**(31,570)**	**10,897,912**
Equity	**-**	**-**	**-**	**3,094,502**		**-**	**3,094,502**
Total liabilities and equity	**2,661,351**	**604,702**	**17,451**	**10,740,480**		**(31,570)**	**13,992,414**

(*) Refers mainly to the Company's headquarters.

(ii) Consolidated statements of income per operating division

2019	Car rental	Fleet rental	Franchising	Reclassifications	Consolidated
Net revenue	8,493,556	1,681,179	20,902	-	**10,195,637**
Cost	(6,577,177)	(1,093,464)	(8,620)	(6,683)	**(7,685,944)**
Gross profit	**1,916,379**	**587,715**	**12,282**	**(6,683)**	**2,509,693**
Operating expenses:					
Selling expenses	(676,700)	(73,784)	78	3,025	**(747,381)**
General, administrative and other expenses	(223,102)	(52,720)	(521)	3,658	**(272,685)**
Profit before finance costs, net	**1,016,577**	**461,211**	**11,839**	**-**	**1,489,627**
Finance costs, net					**(409,793)**
Profit before income tax and social contribution					**1,079,834**
Income tax and social contribution					**(245,896)**
Profit for the year					**833,938**

2018	Car rental	Fleet rental	Franchising	Reclassifications	Consolidated
Net revenue	6,236,594	1,373,002	17,058	-	**7,626,654**
Cost	(4,678,898)	(861,066)	(10,142)	(6,654)	**(5,556,760)**
Gross profit	**1,557,696**	**511,936**	**6,916**	**(6,654)**	**2,069,894**
Operating expenses:					
Selling expenses	(541,069)	(62,617)	31	3,348	**(600,307)**
General, administrative and other expenses	(181,329)	(36,407)	(518)	3,306	**(214,948)**
Profit before finance costs, net	**835,298**	**412,912**	**6,429**	**-**	**1,254,639**
Finance costs, net					**(368,908)**
Profit before income tax and social contribution					**885,731**
Income tax and social contribution					**(226,523)**
Profit for the year					**659,208**

(iii) Consolidated depreciation and amortization expenses per operating division

	Consolidated	
	2019	**2018**
Car rental		
Car depreciation	332,763	131,664
Depreciation of other property and equipment and amortization of intangible assets (*)	157,185	36,785
Fleet rental		
Car depreciation	218,655	159,904
Depreciation of other property and equipment and amortization of intangible assets (*)	12,384	6,596
Franchising		
Depreciation of other property and equipment and amortization of intangible assets (*)	2,142	554
Total	**723,129**	**335,503**

(*) Increase refers to the depreciation of the right-of-use due to the application of IFRS 16 as of January 1, 2019.

20. NET REVENUE

Net revenue is measured at the amount of the consideration received or receivable, deducted from discounts, rebates and taxes on revenue, and recognized to the extent that it is probable that the Company will generate economic benefits and when it can be measured reliably. The breakdown for each category of these revenues is as follows:

- **Car rental:** Car rental revenues are recognized on a daily basis in accordance with the rental agreements with customers. Proceeds from claims regulation, as well as proceeds from contracting insurance with the insurer, on account and option of the customers at the time of rental of the cars, are recognized on a monthly basis and are presented together under the line item “Car rental revenues”, as they are ancillary revenues to the car rental. The proceeds from the sale of decommissioned cars for fleet renewal are recognized at the time of cars delivery, which is the moment in which the transfer of ownership to the buyer occurs;

- **Fleet rental:** Fleet rental revenues are recognized on a monthly basis over the lease period, include fleet rental and maintenance management services when the customer opts for the reimbursement model. The proceeds from the sale of decommissioned cars for fleet renewal are recognized at the time of cars delivery, which is the moment in which the transfer of ownership to the buyer occurs; and

- **Franchising*:*** Franchising revenues are based on a percentage of franchisee's car rental revenues and are recognized on a monthly basis. They also include the "integration fee", which corresponds to the amounts paid by the franchisees when contracting the right to operate an agency, through Localiza's Business Franchise, in a certain region of operation and for predetermined periods. The integration fee is recognized in profit or loss in proportion to the time of the contract.

The reconciliation between gross revenue and net revenue presented in the statements of income is as follows:

	Individual		Consolidated	
	2019	**2018**	**2019**	**2018**
Gross revenue	8,733,350	6,355,577	10,658,884	7,990,723
Deductions:				
Discounts	(6,632)	(5,922)	(30,429)	(25,189)
Taxes (*)	(314,938)	(241,787)	(432,818)	(338,880)
Net revenue	**8,411,780**	**6,107,868**	**10,195,637**	**7,626,654**

(*) Refers to: (i) Service Tax ("ISSQN") and (ii) the taxes on revenue (“PIS” and “COFINS”). According to note 2.7.6, PIS and COFINS credits on the acquisition of inputs for the year ended December 31, 2018 were reclassified from the line item of taxes on revenues to the line item of costs, in the amount of R$191,015 in Individual and R$269,150 in Consolidated.

The breakdown of net revenue by geographic market and main product lines is as follows:

	Individual					
	Car rental		Franchising		Total	
	2019	2018	2019	2018	2019	2018
Geographic markets						
Revenue in Brazil	8,375,115	6,080,202	-	-	**8,375,115**	**6,080,202**
Export revenue (*)	28,160	25,281	-	-	**28,160**	**25,281**
Royalties abroad	-	-	8,505	2,385	**8,505**	**2,385**
Net revenue	**8,403,275**	**6,105,483**	**8,505**	**2,385**	**8,411,780**	**6,107,868**
Main products						
Car rental	3,023,922	2,327,260	-	-	**3,023,922**	**2,327,260**
Franchising	-	-	8,505	2,385	**8,505**	**2,385**
Car sold for fleet renewal	5,379,353	3,778,223	-	-	**5,379,353**	**3,778,223**
Net revenue	**8,403,275**	**6,105,483**	**8,505**	**2,385**	**8,411,780**	**6,107,868**

	Consolidated							
	Car rental		Fleet rental		Franchising		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Geographic markets								
Revenue in Brazil	8,465,396	6,211,313	1,681,179	1,373,002	12,397	14,673	**10,158,972**	**7,598,988**
Exports revenue (*)	28,160	25,281	-	-	-	-	**28,160**	**25,281**
Royalties abroad	-	-	-	-	8,505	2,385	**8,505**	**2,385**
Net revenue	**8,493,556**	**6,236,594**	**1,681,179**	**1,373,002**	**20,902**	**17,058**	**10,195,637**	**7,626,654**
Main products								
Car rental	3,027,746	2,324,808	-	-	-	-	**3,027,746**	**2,324,808**
Fleet rental	-	-	940,278	774,400	-	-	**940,278**	**774,400**
Franchising	-	-	-	-	20,902	17,058	**20,902**	**17,058**
Car sold for fleet renewal	5,465,810	3,911,786	740,901	598,602	-	-	**6,206,711**	**4,510,388**
Net revenue	**8,493,556**	**6,236,594**	**1,681,179**	**1,373,002**	**20,902**	**17,058**	**10,195,637**	**7,626,654**

(*) Revenue from car rental in Brazil to customers resident and domiciled abroad.

As of December 31, 2019 and 2018, the Company had a network of franchisees in 5 South American countries, in addition to Brazil, and its revenues derived substantially from its operations in the Brazilian market.

21. NATURE OF OPERATING COSTS AND EXPENSES

Costs and expenses are recognized in profit or loss when incurred, on an accrual basis.

The information on the nature of operating costs and expenses recognized in the income statement is as follows:

	Individual					
	Costs		Selling, general, administrative and other expenses		Total	
	2019	2018	2019	2018	2019	2018
Cost of cars sold	(4,948,430)	(3,394,938)	-	-	**(4,948,430)**	**(3,394,938)**
Car maintenance, IPVA and others	(743,720)	(563,708)	-	-	**(743,720)**	**(563,708)**
Car depreciation	(327,981)	(129,239)	-	-	**(327,981)**	**(129,239)**
Salaries, payroll taxes and benefits	(332,009)	(285,095)	(302,288)	(228,350)	**(634,297)**	**(513,445)**
Property leasing (*)	(62,309)	(156,839)	(4,423)	(49,758)	**(66,732)**	**(206,597)**
Third-party services	(160,962)	(108,757)	(143,676)	(102,704)	**(304,638)**	**(211,461)**
Profit sharing	(48,001)	(44,890)	(41,921)	(41,879)	**(89,922)**	**(86,769)**
Depreciation and amortization of other property and equipment and intangible assets (*)	(116,664)	(22,383)	(63,515)	(17,316)	**(180,179)**	**(39,699)**
Water, electricity and telephone	(14,338)	(12,728)	(8,306)	(7,896)	**(22,644)**	**(20,624)**
Travel	(20,395)	(13,112)	(10,150)	(7,008)	**(30,545)**	**(20,120)**
Advertising	-	-	(75,967)	(56,755)	**(75,967)**	**(56,755)**
Commission	-	-	(80,991)	(67,627)	**(80,991)**	**(67,627)**
ECLs (**) and write-off of uncollectible amounts	-	-	(83,981)	(71,973)	**(83,981)**	**(71,973)**
PIS and COFINS credits, net (note 2.7.6)	272,437	191,015	-	-	**272,437**	**191,015**
Other	(120,279)	(102,979)	(83,815)	(59,642)	**(204,094)**	**(162,621)**
Total	**(6,622,651)**	**(4,643,653)**	**(899,033)**	**(710,908)**	**(7,521,684)**	**(5,354,561)**

	Consolidated					
	Costs		Selling, general, administrative and other expenses		Total	
	2019	2018	2019	2018	2019	2018
Cost of cars sold	(5,604,806)	(4,005,371)	-	-	**(5,604,806)**	**(4,005,371)**
Car maintenance, IPVA and others	(965,704)	(748,409)	-	-	**(965,704)**	**(748,409)**
Car depreciation	(551,418)	(291,568)	-	-	**(551,418)**	**(291,568)**
Salaries, payroll taxes and benefits	(365,595)	(313,868)	(375,072)	(298,287)	**(740,667)**	**(612,155)**
Property leasing (*)	(66,482)	(132,144)	(4,940)	(50,100)	**(71,422)**	**(182,244)**
Third-party services	(200,731)	(129,847)	(155,431)	(111,318)	**(356,162)**	**(241,165)**
Profit sharing	(53,919)	(50,483)	(50,382)	(55,713)	**(104,301)**	**(106,196)**
Depreciation and amortization of other property and equipment and intangible assets (*)	(107,365)	(25,580)	(64,346)	(18,355)	**(171,711)**	**(43,935)**
Water, electricity and telephone	(14,534)	(12,893)	(9,248)	(8,408)	**(23,782)**	**(21,301)**
Travel	(21,073)	(13,558)	(11,826)	(8,611)	**(32,899)**	**(22,169)**
Advertising	-	-	(79,066)	(58,361)	**(79,066)**	**(58,361)**
Commission	-	-	(82,770)	(69,333)	**(82,770)**	**(69,333)**
ECLs (**) and write-off of uncollectible amounts	-	-	(91,024)	(73,349)	**(91,024)**	**(73,349)**
PIS and COFINS credits, net (note 2.7.6)	358,379	269,150	(426)	-	**357,953**	**269,150**
Other	(92,696)	(102,189)	(95,535)	(63,420)	**(188,231)**	**(165,609)**
Total	**(7,685,944)**	**(5,556,760)**	**(1,020,066)**	**(815,255)**	**(8,706,010)**	**(6,372,015)**

(*) The variation between these natures of property rentals and depreciation of other PP&E occurred due to the application of IFRS 16 as of January 1, 2019 (note 3). Property rentals for the car rental locations have a fixed and a variable portion, the latter linked to the location's revenue. In 2019, the Company recognized variable costs and expenses in the amount of R$32,770 in the Individual and R$33,690 in the Consolidated, referring to the lease contracts measured under IFRS 16. Additionally, rental costs and expenses in the amounts of R$33,962 and R$37,732 were recognized in the Individual and Consolidated, respectively, for contracts to which we did not apply IFRS 16.
(**) ECLs - Allowance for doubtful debts and expected credit losses.

22. FINANCE INCOME (EXPENSES)

Finance income (expenses) recognized in the income statement are as follows:

	Individual		Consolidated	
	2019	2018	2019	2018
Interest on short-term investments and other finance income	165,964	112,030	226,295	171,916
PIS/COFINS on finance income	(7,718)	(5,210)	(10,436)	(7,863)
Other interest income	2,811	2,347	4,314	3,848
Total financial income	**161,057**	**109,167**	**220,173**	**167,901**
Interest expenses on borrowings, debt securities and derivatives	(340,209)	(338,167)	(552,917)	(529,808)
Interest expenses on lease (note 3)(*)	(70,905)	-	(49,441)	-
Other interest expenses	(18,910)	(7,157)	(27,608)	(7,001)
Total finance expenses	**(430,024)**	**(345,324)**	**(629,966)**	**(536,809)**
Total finance income (expenses), net	**(268,967)**	**(236,157)**	**(409,793)**	**(368,908)**

(*) The changes occurred due to the application of IFRS 16 as of January 1, 2019.

23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial assets

Financial assets are classified upon initial recognition, into one of the following categories, according to their nature and purpose: (i) at fair value through profit or loss; (ii) at fair value through other comprehensive income; and (iii) at amortized cost. The Company considered two factors to define the classification of financial assets: the business model in which the financial asset is managed and its characteristics of contractual cash flows. At December 31, 2019, the Company and its subsidiaries do not have assets classified as at fair value through other comprehensive income.

On initial recognition, the Company and its subsidiaries measure a financial asset at fair value plus, in the case of a financial asset not measured at fair value through profit or loss, transaction costs directly attributable to the acquisition of the financial asset. The transaction costs of financial assets at fair value through profit or loss are recorded as expenses in the income statement.

Regular-way purchases or sales of financial assets are recognized on a trade date basis, i.e., the date on which the Company and its subsidiaries agree to buy or sell the asset. Financial assets are derecognized when the rights to receive cash flows have expired or have been transferred and the Company and its subsidiaries have substantially transferred all the risks and rewards of ownership.

Financial liabilities

They are classified on initial recognition at: (i) amortized cost; or (ii) measured at fair value through profit or loss.

Financial liabilities classified as measured at amortized cost using the interest rate method are recognized initially when funds are received, net of transaction costs, when applicable. At the balance sheet date, they are presented on their initial recognition, less amortization of the principal installments, when applicable, plus corresponding charges incurred. The derecognition of financial liabilities occurs only when the obligations are settled, terminated and canceled. The difference between the carrying amount of the financial liability written down and the consideration paid and payable is recognized in profit or loss.

Financial liabilities classified as at fair value through profit or loss include financial liabilities held for trading and designated as such on initial recognition. This category includes derivative financial instruments contracted by the Company and its subsidiaries that do not meet the criteria for hedge accounting. Financial liabilities at fair value through profit or loss are carried in the balance sheet at fair value with net changes in fair value recognized in the income statement.

The carrying amounts of financial assets and liabilities are as follows:

	Individual		Consolidated	
	12/31/19	12/31/18	12/31/19	12/31/18
Financial assets				
Amortized cost				
Cash and cash equivalents (note 4)	446,673	755,251	504,187	922,045
Trade receivables (note 6)	1,095,724	871,112	1,276,532	1,020,334
Escrow deposits (note 15)	75,064	60,978	114,586	96,272
Receivables from insurance company (note 7)	146,229	120,907	148,162	122,108
Other receivables – subsidiaries (note 7)	144	183	-	-
Investments in restricted accounts (note 7)	-	-	44,566	43,101
Financial assets at fair value through profit or loss				
Cash and cash equivalents (note 4)	1,176,003	680,208	1,715,915	1,253,257
Short-term investments (note 5)	267,018	44,905	610,838	267,484
Derivative financial instruments (note 13)	18,198	2,785	18,198	2,785
Financial liabilities				
Amortized cost				
Trade payables (note 11)	(2,290,871)	(1,918,424)	(2,565,387)	(2,202,565)
Borrowings, and debt securities (note 13)	(6,629,067)	(5,310,968)	(9,379,459)	(7,645,978)
Insurance premiums for transfer (note 14)	(123,946)	(101,828)	(125,948)	(102,792)
Payables to related parties (note 14)	(16,804)	(6,983)	-	-
Restricted obligations (note 14)	-	-	(22,549)	(43,101)
Financial liabilities at fair value through profit or loss				
Derivative financial instruments (note 13)	(4,456)	-	(89,099)	(40,611)

(a) Risk management

In the normal course of operations, the Company is exposed to the following risks related to its financial instruments: (i) market risk; (ii) credit risk; and (iii) liquidity risk.

The Company's risk management is monitored by the Audit, Risk Management and Compliance Committee. In addition, the risk identification, analysis and monitoring are accompanied by the Board of Directors, which has the power to decide on the strategies to be adopted by the Company.

(i) Market risk

The market risk is managed in order to ensure that the Company is exposed only to risk levels considered acceptable in the context of its operations.

The Company's financial instruments that are affected by the market risk include: (i) cash and cash equivalents; (ii) short-term investments, (iii) trade receivables and (iv) borrowings, debt securities and derivatives.

- **Interest rate risk** – Is the risk that the fair value or future cash flows of a certain financial instrument fluctuate due to market interest rate changes.

The Company uses cash from operating activities to conduct its daily business activities and finance its fleet renewal and part of its growth. To supplement its cash requirements for growth, the Company obtains borrowings from major financial institutions in Brazil and issues debt securities (debentures and promissory notes), which are mainly indexed to the CDI rate fluctuation. The inherent risk arises from the possibility of relevant increases in CDI rate, since the increase in interest rates can affect both the cost of borrowings raised by the Company and the debt cost, further increasing its finance costs.

As a strategy to manage interest rate risk, Management continuously monitors CDI in order to, if necessary, adjust car rental fees to mitigate such fluctuations. For fleet rentals, Localiza Fleet enters into fixed rate borrowings and swaps floating interest rates for fixed interest rates, up to the limit of floating interest rate net debt, thus eliminating the risk of fluctuation in the benchmark interest rate in long-term contracts (see details on these operations in note 13 (g)). In addition, all Company's cash equivalents and short-term investments balance is also indexed to the CDI rate fluctuation, which is the same rate adopted for floating interest rate debts.

The Company has performed sensitivity tests for adverse scenarios (deterioration of the CDI rate by 25% or 50% above of the probable scenario), considering the following assumptions:

○ At December 31, 2019, the Company's net debt totaled R$6,619,420. Of this total, R$1,680,694 with fixed cost at an average rate of 8.04% per year was excluded, as it is related to the transactions contracted at a fixed rate and amounts corresponding to the hedge from the swap transactions, changing the rates indexed to CDI for fixed rates. Thus, the net debt subject to the CDI fluctuation amounts to R$4,938,726 as at December 31, 2019.

○ The probable scenario for the next 12 months was estimated, according to information in the Focus Bulletin issued by the Central Bank of Brazil, based on an average CDI rate of 4.31% against the effective annual rate of 5.95% in 2019.

	Consolidated		
escription	Probable scenario (*)	Scenario I – 25% deterioration	Scenario II – 50% deterioration
Net debt at December 31, 2019	**6,619,420**	**6,619,420**	**6,619,420**
Debts at a fixed-rate and amounts hedged with swap to a fixed-rate	(1,680,694)	(1,680,694)	(1,680,694)
Net debt subject to the CDI fluctuation	**4,938,726**	**4,938,726**	**4,938,726**
Effective average annual CDI rate for the twelve-month period ended December 31, 2019	5.95%	5.95%	5.95%
Estimated average annual CDI rate, according to stress scenarios	4.31%	5.39%	6.47%
Effect on finance costs subject to the CDI rate fluctuation:			
- according to effective rates from January to December 2019.	(293,854)	(293,854)	(293,854)
- according to scenarios	(212,859)	(266,197)	(319,536)
(Increase) Decrease in finance expenses for the next 12 months	**80,995**	**27,657**	**(25,682)**

(*) Based on the average rate of 4.31%, which is the projected scenario for the next 12 months, as reasonably as possible, based on market information in the Focus Bulletin issued by the Central Bank of Brazil on December 27, 2019.

- **Foreign currency risk –** The Company has foreign currency-denominated borrowings. In order to protect itself from foreign exchange variations, the Company contracts derivative transactions for hedge purposes, in accordance with the Indebtedness, Derivatives, Guarantees and Sureties Policy.

Considering that the contracted derivatives have the same characteristics as the respective borrowings, the effect of a foreign exchange rate increase on the debt is fully offset by the foreign exchange rate increase on the derivative asset.

(ii) Credit risk

Credit risk refers to the risk of a counterparty not fulfilling its contractual obligations, leading the Company to incur financial losses. The Company's credit risk basically arises from trade receivables, cash and cash equivalents and short-term investments deposited/invested in banks and financial institutions, which include amounts invested in fixed-income investment fund units.

The maximum exposure to the Company's credit risk, based on the residual value of the underlying financial assets, is as follows:

	Individual		Consolidated	
	12/31/19	12/31/18	12/31/19	12/31/18
Cash and cash equivalents:				
At least Aa3 in the Moody´s scale or equivalent in another rating agency	1,606,430	1,429,852	2,202,980	2,161,251
Cash and banks	16,246	5,607	17,122	14,051
Total cash and cash equivalents (note 4)	**1,622,676**	**1,435,459**	**2,220,102**	**2,175,302**
Short-term investments:				
At least Aa3 in the Moody´s scale or equivalent in another rating agency	267,018	44,905	610,838	267,484
Total short-term investments (note 5)	**267,018**	**44,905**	**610,838**	**267,484**
Trade receivables — customers	655,601	511,257	817,801	646,734
Trade receivables – credit card				
Aaa in the Moody's scale	147,338	220,889	148,569	234,134
Sundry	292,785	138,966	310,162	139,466
Total trade receivables (note 6)	**1,095,724**	**871,112**	**1,276,532**	**1,020,334**
Total	**2,985,418**	**2,351,476**	**4,107,472**	**3,463,120**

- **Cash and cash equivalents and short-term investments** – The credit risk in balances with banks and financial institutions is managed by the Company's Finance Department, according to policies defined by the Board of Directors, with the purpose of mitigating risk concentration and, therefore, minimizing financial losses in the case of bankruptcy of a counterparty.

As established by the Board of Directors, the maximum fund allocation limits per financial institution, on a consolidated basis, must comply with the following criteria: (i) the maximum amount of 20% of the total available funds must be allocated only in financial institutions that are listed in the Investment Policy; and (ii) the maximum amount of 40% of the total available funds must be allocated only in the financial institutions that are listed in the Investment Policy and the equity of which is higher than R$50 billion.

- **Trade receivables** – The management of the credit risk related to trade receivables is constantly monitored by the Company, which has established control policies

The concentration of credit risk is limited because the customer base is comprehensive. All significant transactions and customers are located in Brazil, and there are no customers that individually represent more than 10% of the Company's revenues.

The Company mitigates its credit risk by operating significantly with credit cards for car rentals, mainly in transactions with individuals under short-term agreements. The credit risk in transactions with legal entities for car rental and fleet rental, is reduced by a credit limit granting policy, based on the analysis of the financial position of the customer, past experience and the position of overdue receivables. The financial position of customers is continuously monitored in order to assess and adjust, if necessary, the credit limit previously granted. The credit risk in the sale of decommissioned cars is mitigated through the use of financing and/or leasing companies with well-known financial and liquidity capacity. Cars are released upon the confirmation of receivables payment in cash.

The management of credit risk includes the periodic analysis of the impairment of trade receivables, in which the need to recognize an allowance for doubtful debts and expected losses is analyzed in order to adjust receivables to their probable realizable values. This analysis, which is intended to assign a risk rating to the customer according to internal criteria defined by Management, takes into consideration the current financial position of the customer, past experience, the position of overdue receivables and the historical credit loss.

Expected losses were calculated based on the actual experience of credit loss in the last year. The Company performed the calculation of the loss rates separately for each segment, using the percentage of default observed in the period between 90 and 180 days after maturity, since, beyond this period, the effectiveness of the collection processes is no longer representative. Positions within each segment were segregated based on common credit risk characteristics, such as credit risk classification, type of product purchased, form of payment and level of default.

- **Derivatives –** The credit risk in derivative transactions with banks, in which there is a balance receivable by the Company, is managed by the Company's Finance Department, in accordance with the Indebtedness, Derivatives, Guarantees and Sureties Policy, established by the Board of Directors, which has a list of banks with which the Company can carry out operations.

(iii) Liquidity risk

Liquidity risk is the risk of the Company not having sufficient funds to settle its obligations. The liquidity risk management, conducted by the Finance Department, seeks to ensure that the Company has the necessary funds to settle its financial liabilities at the maturity dates, and is monitored by the Board of Directors and conducted considering funding requirements and liquidity management in the short, medium and long terms. The Company manages the liquidity risk by maintaining appropriate financial resources available in cash and cash equivalents, short-term investments and by means of credit facilities, based on the continuous monitoring of estimated and realized cash flows, and the matching of the maturity profiles of financial assets and financial liabilities. Additionally, Management considers that the access to third-party credit is facilitated by the corporate credit rating of Localiza according to the main market rating agencies.

The analysis of the maturities of undiscounted consolidated contractual cash flows of borrowings, debt securities and derivatives, based on the interest rate contracted for each transaction and a CDI rate of 4.40% at December 31, 2019, is as follows:

	Individual							
	2020	2021	2022	2023	2024	2025	2026	Total
Debentures - 11th issuance	24,199	24,195	500,765	-	-	-	-	**549,159**
Debentures - 12th issuance	32,572	32,570	32,575	32,315	712,099	-	-	**842,131**
Debentures - 13th issuance	51,669	51,716	468,217	447,579	114,001	108,732	-	**1,241,914**
Debentures - 14th issuance	48,392	48,370	48,370	47,982	437,179	226,668	413,938	**1,270,899**
Debentures - 15th issuance	46,563	46,532	46,532	46,160	47,092	530,261	506,769	**1,269,909**
Debentures - 16th issuance	35,454	54,010	54,228	54,010	359,575	370,573	351,430	**1,279,280**
Promissory notes - 7th issuance	-	549,482	-	-	-	-	-	**549,482**
Foreign currency denominated borrowings	16,030	15,949	169,879	416,632	4,037	254,786	-	**877,313**
Total	**254,879**	**822,824**	**1,320,566**	**1,044,678**	**1,673,983**	**1,491,020**	**1,272,137**	**7,880,087**

	Consolidated								
	2020	2021	2022	2023	2024	2025	2026	2027 to 2032	Total
Debentures - 11th issuance	24,199	24,195	500,765	-	-	-	-	-	**549,159**
Debentures - 12th issuance	32,572	32,570	32,575	32,315	712,099	-	-	-	**842,131**
Debentures - 13th issuance	51,669	51,716	468,217	447,579	114,001	108,732	-	-	**1,241,914**
Debentures - 14th issuance	48,392	48,370	48,370	47,982	437,179	226,668	413,938	-	**1,270,899**
Debentures - 15th issuance	46,563	46,532	46,532	46,160	47,092	530,261	506,769	-	**1,269,909**
Debentures - 16th issuance	35,454	54,010	54,228	54,010	359,575	370,573	351,430	-	**1,279,280**
Promissory notes - 7th issuance	-	549,482	-	-	-	-	-	-	**549,482**
Debentures of Localiza Fleet - 3rd issuance	23,214	29,160	23,251	507,886	-	-	-	-	**583,511**
Debentures of Localiza Fleet - 4th issuance	16,265	20,130	16,268	16,111	362,448	-	-	-	**431,222**
Debentures of Localiza Fleet - 5th issuance	14,589	18,332	14,604	14,468	14,761	307,910	-	-	**384,664**
Debentures of Localiza Fleet - 6th issuance	19,163	24,089	19,191	19,015	402,652	-	-	-	**484,110**
Debentures of Localiza Fleet - 7th issuance	14,195	17,831	14,211	112,120	107,633	102,755	-	-	**368,745**
Working capital	81,545	125,907	-	-	-	-	-	-	**207,452**
Leases	8,325	-	-	-	-	-	-	-	**8,325**
CRI	19,482	20,573	23,655	26,444	28,877	33,266	37,232	297,854	**487,383**
Foreign currency denominated borrowings	24,152	232,825	234,170	476,957	4,037	254,786	-	-	**1,226,927**
Total	**459,779**	**1,295,722**	**1,496,037**	**1,801,047**	**2,590,354**	**1,934,951**	**1,309,369**	**297,854**	**11,185,113**

At December 31, 2019, the balance of cash and cash equivalents and short-term investments was R$1,889,694 in the Individual and R$2,385,290 in the Consolidated, demonstrating a comfortable profile of the Company's debt, compatible with the business cycle and the macroeconomic environment.

(b) Capital management

The Company's businesses require intensive long-term capital to finance the fleet, in order to implement its growth and renewal strategy.

The main objectives of capital management are to: (i) ensure the Company's operational continuity; (ii) ensure a strong credit rating; (iii) maximize the return for shareholders; and (iv) ensure the Company's competitive edge in the raising of funds.

The Company manages the capital structure and adjusts it considering the changes in economic conditions. To maintain or adjust capital structure, Management may adjust the payment of dividends to shareholders, return capital to them or issue new shares.

Capital is monitored based on the Company's debt ratio, which corresponds to net debt divided by equity, as well as on the fleet value. Net debt, in turn, is defined by the Company as short and long-term debts, including the positive or negative balances of the hedge transactions entered into to hedge these debts, less cash and cash equivalents and short-term investments.

The table below shows the Company's debt ratios at December 31, 2019 and 2018:

	Consolidated	
	12/31/19	**12/31/18**
Short and long-term debts, net of derivatives classified in current and noncurrent assets and liabilities (note 13)	9,450,360	7,683,804
Cash and cash equivalents (note 4)	(2,220,102)	(2,175,302)
Short-term investments (note 5)	(610,838)	(267,484)
Net debt	**6,619,420**	**5,241,018**
Equity	5,447,532	3,094,502
Debt ratio (net debt / equity)	**1.22**	**1.69**
Fleet value (*)	13,515,873	9,533,399
Net debt / fleet value	**0.49**	**0.55**

(*) Cars and decommissioned cars for fleet renewal (note 9).

(c) Fair value of financial instruments

The estimated carrying amounts and fair values of borrowings and debt securities are calculated based on models that use observable inputs and future assumptions related to fixed and floating interest rates, among other applicable variables. The rates used are obtained from financial institutions for transactions with similar conditions or based on market information, when available. The Company makes a reasonable analysis of the calculations presented by these financial institutions by comparing them with similar calculations made by other parties for the same applicable period. Fair values are calculated by projecting the future flows of transactions based on the projection of the interest rate curves, discounted to present value using indicative data on prices and benchmark rates available in the market or based on premium payment conditions upon the early optional redemption established in the debenture indenture of each issuance.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

- Level 1 information refers to quoted prices (unadjusted) in active markets for identical assets or liabilities to which the entity may have access on the measurement date;

- Level 2 information refers to information directly or indirectly observable for an asset or liability, other than quoted prices included in Level 1; and

- Level 3 information refers to information non-observable for an asset or liability.

The consolidated fair values of the hedges transactions recorded in line item "derivative instruments" are classified under Level 2 and are presented in note 13 (f).

There are no financial instruments measured at fair value at the Levels 1 and 3 of the fair value hierarchy.

The fair values of financial liabilities recognized at amortized cost in the Company's balance sheet as at December 31, 2019 and 2018 are as follows:

	Individual			
	Carrying amount		Fair value	
	12/31/19	12/31/18	12/31/19	12/31/18
Financial liabilities – other financial liabilities:				
Borrowings and debt securities	(6,629,067)	(5,310,968)	(6,397,979)	(5,224,529)

	Consolidated			
	Carrying amount		Fair value	
	12/31/19	12/31/18	12/31/19	12/31/18
Financial liabilities – other financial liabilities:				
Borrowings and debt securities	(9,379,459)	(7,645,978)	(8,996,481)	(7,400,632)

Other financial instruments recognized in the individual and consolidated financial statements, do not differ significantly from their fair values, as the maturity dates of a substantial portion of the balances are close to the balance sheet date.

24. RENTAL COMMITMENTS

(a) Property leasing

The Company has property rental contracts for its car rental locations in airports, off-airports (downtown locations), stores, head office and parking lots. The minimum amounts payable for the remaining lease term contracted up to December 31, 2019 and classified as leases are described in note 3.

(b) Minimum contracted revenue from Fleet Rental

The minimum contracted amounts of fleet rentals to be received by Localiza Fleet are as follows:

Year	Revenues
2020	878,796
2021	434,742
2022	122,322
2023 onward	65,981
Total	**1,501,841**

Fleet rental contracts may be terminated upon 90 days' notice and the contractual fines are up to 50% of the rentals falling due.

25. SUPPLEMENTARY PENSION PLAN

Since August 2011, the Company has offered a retirement benefit pension plan, through a supplementary pension plan, established as a “defined contribution” plan and managed by a major independent pension fund manager.

There are no actuarial and investment risks to be assumed by the Company as its sponsor; consequently, no actuarial valuation is required and there is no possibility of recognizing actuarial gains or losses. Under this plan's regulations, the cost is shared between the employer and the employees, where the Company matches the employee's contribution, which varies according to a contribution scale based on salary ranges of 1% to 5% of the employee's compensation.

In July 2012, the Company signed the Addendum to the Collective Open Pension Plan PGBL, in which additional contributions will be made to Executive Officers who are or have been Statutory Officers, who have worked for the Company for over 20 years, and who are missing a few years until retirement. The purpose of these contributions is that these Officers will continue to provide their services and remain with the Company until retirement, and is conditional on their not competing with the Company after retirement.

In the year ended December 31, 2019, contributions made by the Company totaled R$2,547 in the Individual and R$3,365 in the Consolidated (R$4,319 and R$5,644 in 2018, respectively), which were allocated to line items “cost”, “selling expenses” and “general, administrative and other expenses” in profit or loss.

26. EVENTS AFTER THE REPORTING PERIOD

Merge of Localiza RP

At the Shareholders' Meeting of Localiza RP Aluguel de Carros Ltda., a wholly-owned subsidiary of Car Rental Systems, held on January 31, 2020, the merger of Localiza RP into Car Rental Systems was approved, with the transfer of all its net assets as of December 31, 2019, in the amount of R$73,305. The merger meets the Company's strategic guidelines for simplification and administrative and financial rationalization.

Issuance of Localiza Fleet debentures and extension of working capital

The Board of Directors’ Meeting of Localiza Fleet held on February 5, 2020 approved the 8th issuance of simple debentures of Localiza Fleet, non-convertible into shares, in a single series, of unsecured type, with additional personal guarantee, for public distribution with restricted distribution efforts, in the amount of R$1,000,000, issued on February 12, 2020. The maturity of this debenture is 5 years maturing, therefore, on April 12, 2025. The proceeds from this issuance were used to prepay the 3rd and 4th issuances of Localiza Fleet's debentures and to reinforce cash.

On February 15, 2020, Localiza Fleet extended the current working capital, changing the maturity from February 15, 2021 to February 15, 2024.

Borrowing contracted by the Company

On March 3, 2020, Localiza signed a borrowing agreement in the amount of USD 125,000 thousand (R$562,500) with maturity of the principal on March 3, 2020. Simultaneously, a swap plain vanilla transaction was contracted in order to mitigate the risk of exposure in foreign currency, exchanging the foreign exchange variation plus fixed rate for CDI + 0.60%.

MANAGEMENT’S STATEMENT ON THE FINANCIAL STATEMENTS

By this instrument, the CEO and the CFO and Investor Relations Officer of Localiza Rent a Car S.A. ("Localiza"), a publicly-held company headquartered at Avenida Bernardo de Vasconcelos, nº 377, Bairro Cachoeirinha, in Belo Horizonte, Minas Gerais State, Corporate Taxpayer nº 16.670.085/0001-55, in conformity with subsection VI of paragraph 1, article 25 of CVM Instruction 480/09, hereby declare that they have:

i. Reviewed, discussed and agreed with Localiza's and consolidated financial statements for the year ended December 31, 2019.

Belo Horizonte, March 10, 2020.

Eugênio Pacelli Mattar	Maurício Fernandes Teixeira
CEO	CFO and Investor Relations Officer

MANAGEMENT'S STATEMENT ON THE INDEPENDENT AUDITOR'S REPORT

By this instrument, the CEO and the CFO and Investor Relations Officer of Localiza Rent a Car S.A. ("Localiza"), a publicly-held company headquartered at Avenida Bernardo de Vasconcelos, nº 377, Bairro Cachoeirinha, in Belo Horizonte, Minas Gerais State, Corporate Taxpayer nº 16.670.085/0001-55, in conformity with subsection V of paragraph 1, article 25 of CVM Instruction 480/09, hereby declare that they have:

i. Reviewed, discussed and agreed with the opinions expressed in the Independent Auditor's Report of Deloitte Touche Tohmatsu Auditores Independentes on Localiza's and consolidated financial statements for the year ended December 31, 2019.

Belo Horizonte, March 10, 2020.

Eugênio Pacelli Mattar
CEO

Maurício Fernandes Teixeira
CFO and Investor Relations Officer

STATEMENT OF THE MINUTES OF THE MEETING OF THE AUDIT, RISK AND COMPLIANCE MANAGEMENT COMMITTEE

LOCALIZA RENT A CAR S.A.
National Corporate Taxpayers' Registry (CNPJ) 16.670.085/0001-55
NIRE 3130001144-5

Statement of the Audit, Risk and Compliance Management Committees Meeting held on March 9, 2020

Date, Time and Place: March 9, 2020, at 9AM, at the Localiza Rent a Car S.A. ("Localiza" or "Company") headquarters located at Av. Bernardo de Vasconcelos, 377, Cachoerinha, city of Belo Horizonte, state of Minas Gerais.

Attendance: The following members of the Audit, Risk Management and Compliance Committee ("Committee") were present: Maria Letícia de Freitas Costa, Paulo Antunes Veras and Roberto Antônio Mendes, as well as Oscar de Paula Bernardes, Eugênio Pacelli Mattar, Maurício Fernandes Teixeira and Myrian Buenos Aires Moutinho.

Instatement: Maria Letícia de Freitas Costa as Coordinator, and Alehandra Castro Brant, as Secretary.

Agenda: (1) To meet with the independent auditors and discuss the Independent Auditors' Report; **(2)** To evaluate the Company's Management Report for the year ended December 31, 2019, the Company's Financial Statements as of December 31, 2019 and the proposal for allocation of net income and dividends for the year ended December 31, 2019.

Matters discussed and manifestations of the Committee:

(1) The Committee met with the Company's independent auditors, Deloitte Touche Tohmatsu Auditores Independentes, represented by the partners Mr. Daniel de Carvalho Primo and Mr. José Gomez. Mr. Daniel presented the audit work related to the Financial Statements of December 31, 2019 and presented the Independent Auditor's Report, to be issued without qualifications. In addition, the auditors reported that the following had not occurred: (i) any material disagreement between the judgment of the audit team and that of the Management; (ii) difficulties encountered in performing the audit; and (iii) discussion about alternative accounting treatments. The members of the Committee had a closed meeting with the auditors, without the presence of Company's officers and employees, having no relevant points to be reported.

(2) Following the clarifications of the independent auditors, as per the above item, the Independent Auditors' Report on the Financial Statements of December 31, 2019, which will be issued without qualification, was presented by Mr. Mauricio Teixeira and Mrs. Myrian Moutinho and provided the clarifications requested, the Committee evaluated and decided to recommend to the Board of Directors the approval of the following documents of the Company: (i) Management Report for the year ended December 31, 2019; and (ii) the Financial Statements as of December 31, 2019, prepared in accordance with accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRS).

In this sense, the Committee decided to recommend to the Board of Directors the approval of the Company's management proposal: (a) in relation to the Company: (i) allocation of net income for the year ended December 31, 2019; (ii) constitution of a statutory reserve; (b) in relation to each subsidiary of the Company: (i) allocation of net income for the year ended December 31, 2019; and (ii) payment of mandatory minimum dividends and additional dividends of Localiza's subsidiaries, to be approved by the Board and submitted to the Ordinary General Meeting of each subsidiary.

The full text of the minutes of the meeting of the Audit, Risk Management and Compliance Committee, held on March 9, 2020, is filed at the Company's headquarters.

Alehandra Castro Brant
Secretary of the Audit, Risk Management and Compliance Committee

COMMENTS ON THE PERFORMANCE OF BUSINESS PROJECTIONS

The Company did not disclose any projections for 2020 and 2019.

IFRS 16

As of January 1, 2019, the new accounting rules of IFRS 16 were implemented, and the major impact we had was on the real estate lease agreements of our locations and stores.

The present value of the leasing payments for existing contracts were accounted as Assets and Liabilities. Instead of registering as leasing expenses (before EBITDA), now we account the depreciation of the right-of-use of the asset that was created and the interest expense on the new lease liability created.

In the beginning of any leasing contracts, the impact of financial expenses and interest is higher than at the end, so the impact of IFRS 16 is negative on net income when the contracts are newer (and now, at the beginning of its adoption) and this reverts as the contracts age. Throughout the life of the contract, the impacts on P&L is neutral.

Reclassification of comparative balances - PIS / COFINS credits

In order to better reflect the nature of its operating costs, Localiza reclassified PIS and COFINS credits on the acquisition of inputs for the year ended December 31, 2019. The credits were reclassified in the income statement, from sales tax line to the cost line. The reclassification of credits for the year 2019 totaled R$ 357.9 million and was recorded fully in the 4th quarter, with R$ 113.0 million referring to 4Q19.

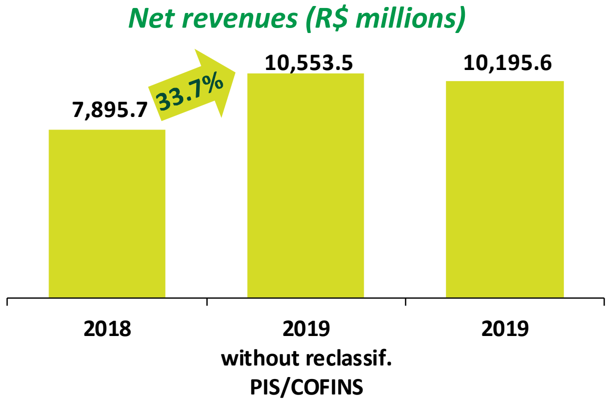
The reclassification does not affect EBITDA, EBIT and net income, but positively impacts margins on net revenue, as shown in the table below:

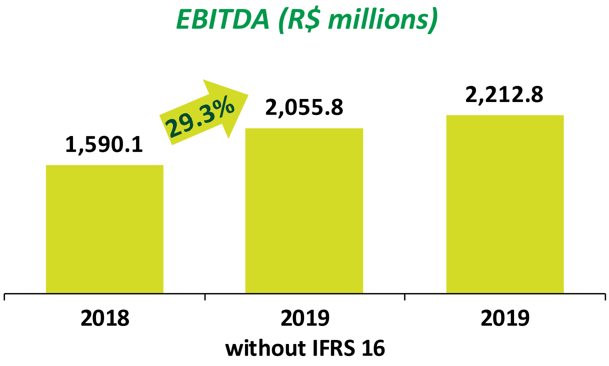
Before reclassification of PIS/COFINS credits	Effect of the adjustment	After reclassification of PIS/COFINS credits
Gross Revenues	=	Gross Revenues remains
Tax on Revenues	↑	Tax by the full aliquot
Net Revenues	↓	Net Revenues decreases
Costs and SG&A	↓	PIS/COFINS credits reduce costs
EBITDA	=	EBITDA remains
EBIT	=	EBIT remains
Net Income	=	Net Income remains
EBITDA Margin	↑	EBITDA Margin increases

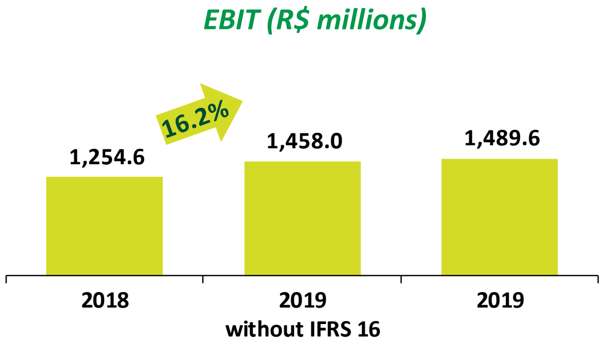
The following table shows the impacts related to the IFRS16 and reclassification of the PIS and COFINS credits:

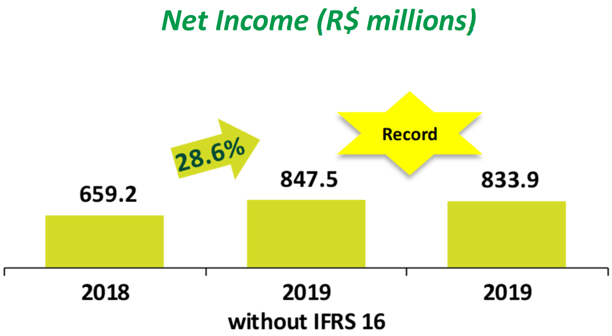
Consolidated results	2019 without IFRS 16 and without reclassification of PIS/COFINS credits	Adjustment IFRS 16	2019 with IFRS 16	Adjustment PIS/COFINS	2019	4T19 without IFRS 16 and without reclassification of PIS/COFINS credits	Adjustment IFRS 16	4Q19 com IFRS 16	Adjustment PIS/COFINS	4Q19
Gross revenues	**10,628.5**	**-**	**10,628.5**	**-**	**10,628.5**	**3,066.7**	**-**	**3,066.7**	**-**	**3,066.7**
Taxes on revenues	(432.9)	-	(432.9)	-	(432.9)	(371.3)	-	(371.3)	-	(371.3)
PIS and COFINS credits	357.9	-	357.9	(357.9)	-	357.9	-	357.9	(357.9)	-
Net revenues	**10,553.5**	**-**	**10,553.5**	**(357.9)**	**10,195.6**	**3,053.3**	**-**	**3,053.3**	**(357.9)**	**2,695.4**
Costs	(7,479.3)	101.0	(7,378.3)	-	(7,378.3)	(2,155.6)	26.2	(2,129.4)	-	(2,129.4)
PIS and COFINS credits	-	-	-	357.9	357.9	-	-	-	357.9	357.9
SG&A	(1,018.4)	56.0	(962.4)	-	(962.4)	(309.2)	14.9	(294.3)	-	(294.3)
EBITDA	**2,055.8**	**157.0**	**2,212.8**	**-**	**2,212.8**	**588.5**	**41.1**	**629.6**	**-**	**629.6**
EBITDA Margin	*19.5%*	*1.5 p.p.*	*21.0%*	*0.7 p.p.*	*21.7%*	*19.3%*	*1.3 p.p.*	*20.6%*	*2.7 p.p.*	*23.4%*
Depreciation	(597.8)	(125.4)	(723.2)	-	(723.2)	(183.2)	(34.2)	(217.4)	-	(217.4)
EBIT	**1,458.0**	**31.60**	**1,489.6**	**-**	**1,489.6**	**405.3**	**6.9**	**412.2**	**-**	**412.2**
EBIT Margin	*13.8%*	*0.3 p.p.*	*14.1%*	*0.5 p.p.*	*14.6%*	*13.3%*	*0.2 p.p.*	*13.5%*	*1.8 p.p.*	*15.3%*
Financial expenses, net	(360.6)	(49.2)	(409.8)	-	(409.8)	(98.2)	(14.3)	(112.5)	-	(112.5)
Income tax and social contribution	(249.9)	4.0	(245.9)	-	(245.9)	(73.1)	1.8	(71.3)	-	(71.3)
Net income	**847.5**	**(13.6)**	**833.9**	-	**833.9**	**234.0**	**(5.6)**	**228.4**	-	**228.4**

2019 financial highlights



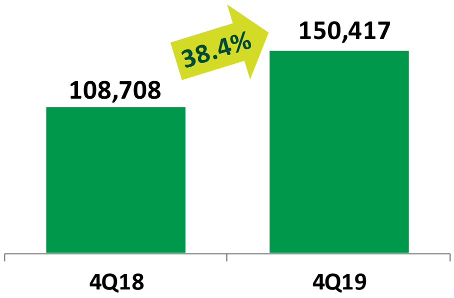




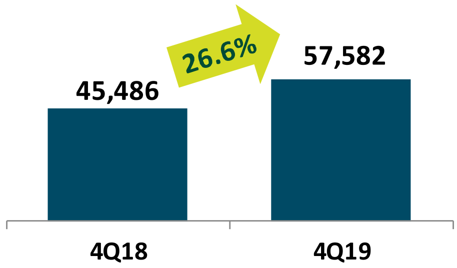


4Q19 operating highlights

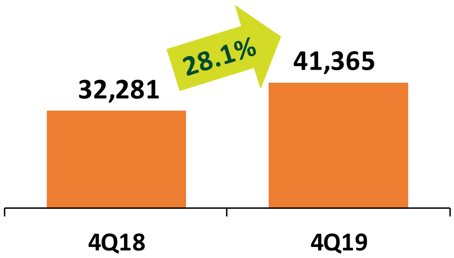
Average rented fleet – Car Rental



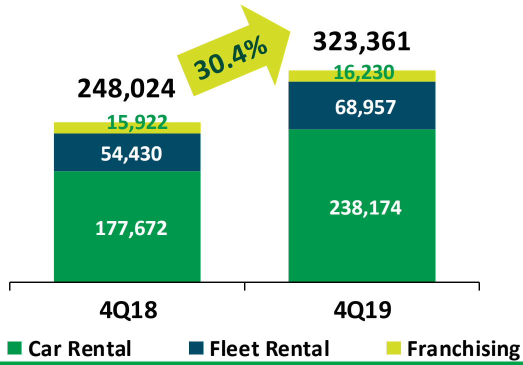
Average rented fleet – Fleet Rental



 # Cars Sold

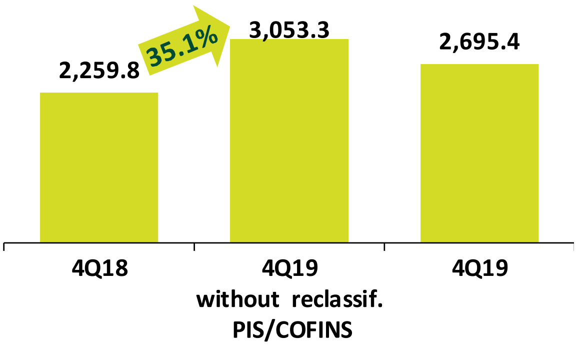


End of period fleet

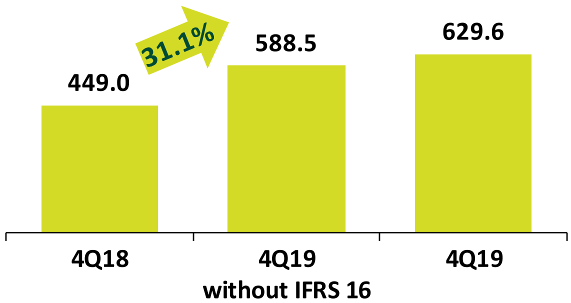


4Q19 financial highlights

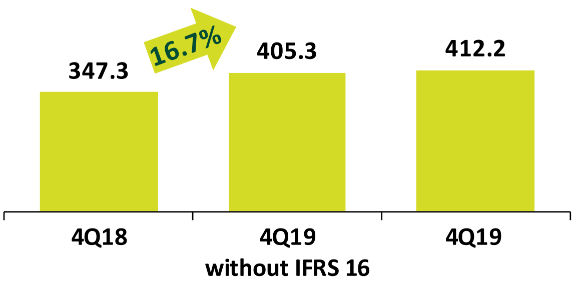
Net revenues (R$ millions)



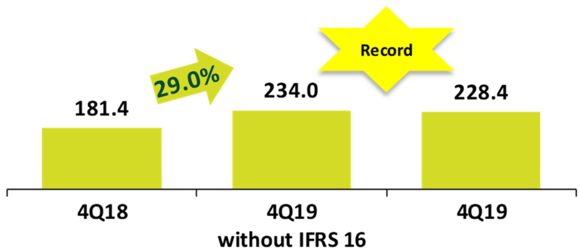
EBITDA (R$ millions)



EBIT (R$ millions)

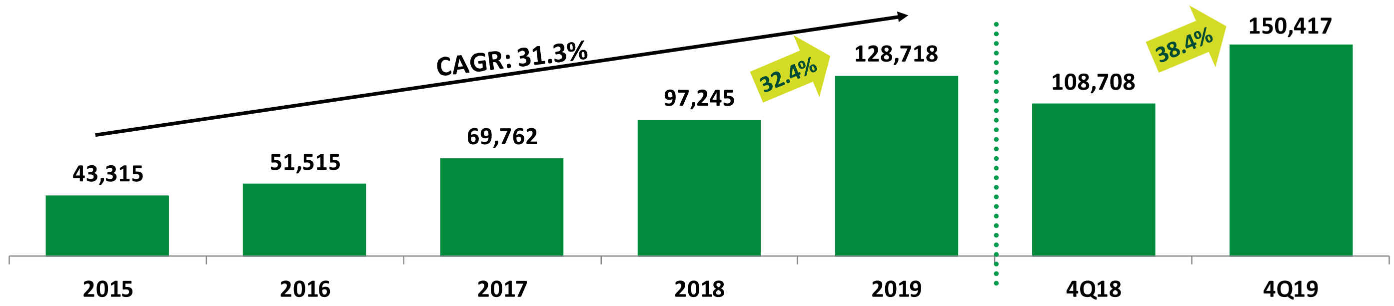


Net Income (R$ millions)

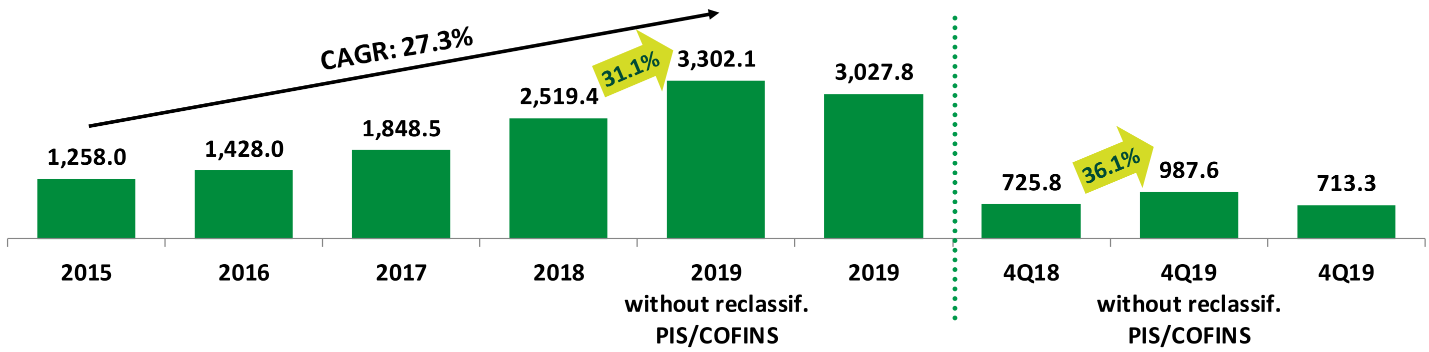


1 - Rent a Car

Average rented fleet



Net revenues (R$ million)



In 4Q19, the **Car Rental** division's average rented fleet increased 38.4% versus 4Q18. In the same period, net revenues rose 36.1% with a reduction of 3.2% in the average rental rate.

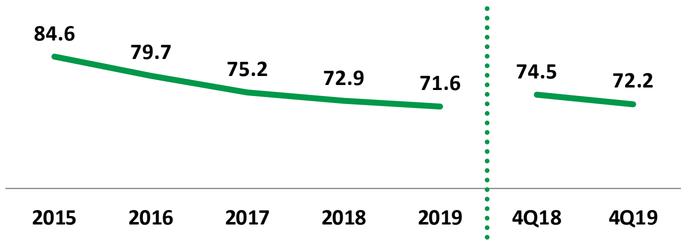
In 2019, volume increased 32.4% and net revenue 31.1% when compared to the same period last year, with a 1.8% lower average rental rate.

The lower rental rates reflect the rental mix, as well as the competitive scenario and lower interest rates.

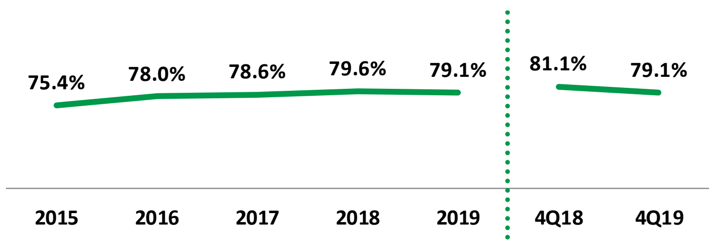
In 4Q19, PIS and COFINS credits referring to 2019 were reclassified. These credits are now reducing the cost line, compared to being previously classified as credits on sales taxes, and totaled R$ 274.3 million, of which R$ 88.6 million refer to the competence of 4Q19. These credits started to reduce the cost line, and previously they were classified as credits under the item of taxes on revenue.

The utilization rate remained at healthy levels, despite the strong expansion of the fleet. In 2019, the utilization rate was 79.1%, in line with the same period last year.

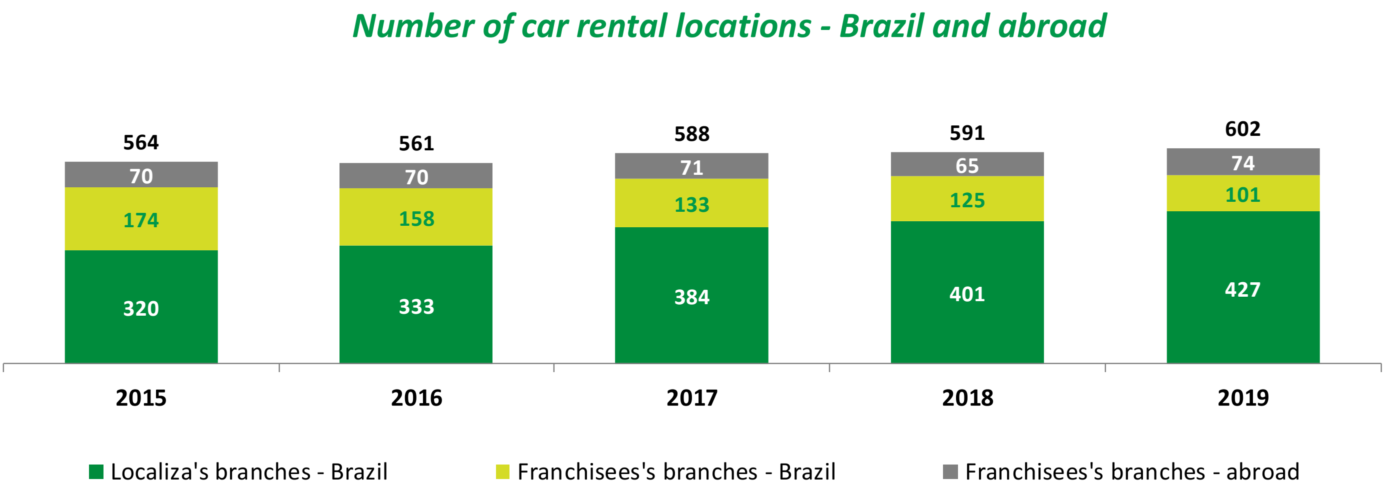
Average rental rate (in R$)



Operating fleet utilization rate (%)

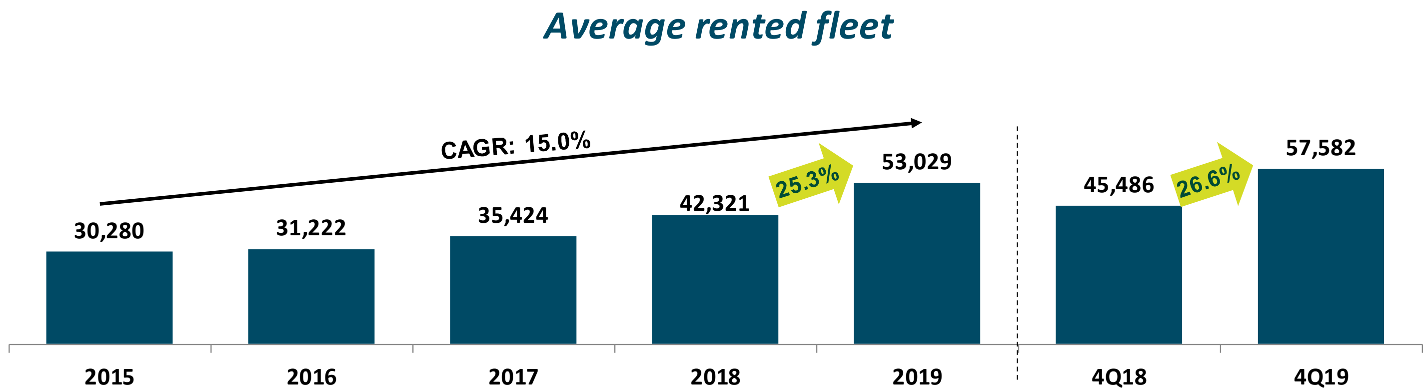


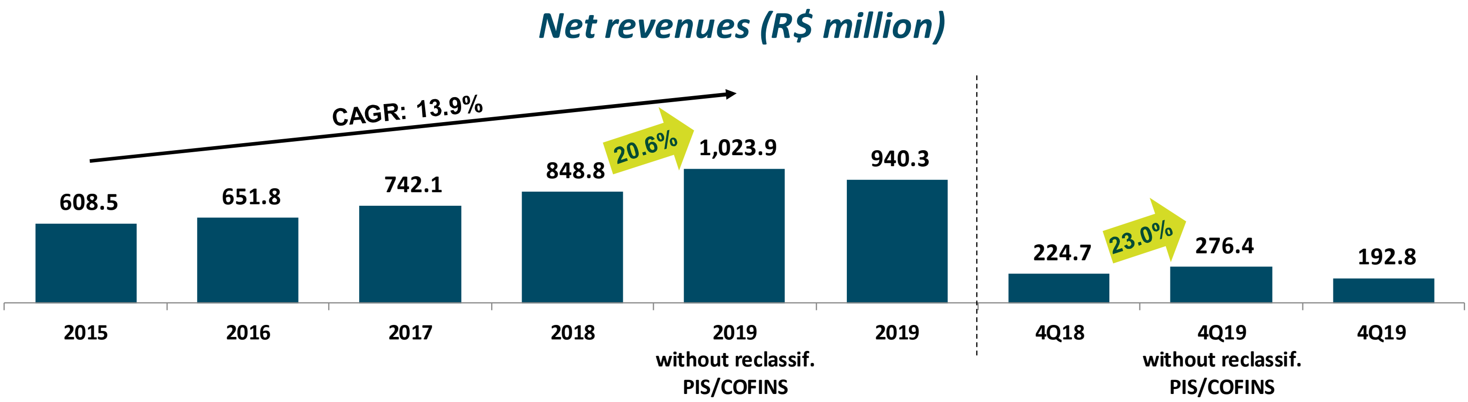
1.1 - Distribution network



As 4Q19, Localiza’s network included 602 rental locations, being 528 in Brazil and 74 in 5 other South American countries. Localiza´s corporate network (excluding franchisees) increased by 26 branches.

2 – Fleet Rental





In 4Q19, the **Fleet Rental** division registered a 26.6% increase in the average rented fleet and 23.0% in net revenues compared to the same period of the prior year, with 3.5% reduction in the average rental rate.

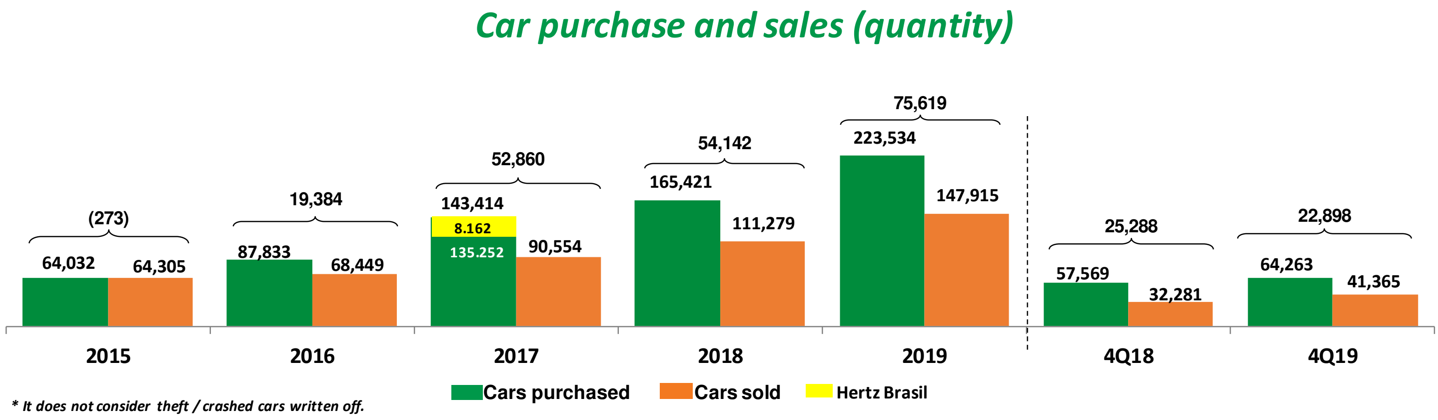
In 2019, there was an increase of 25.3% in the average rented fleet and 20.6% in the revenue of this division, due to the 3.1% reduction in the average rental rate.

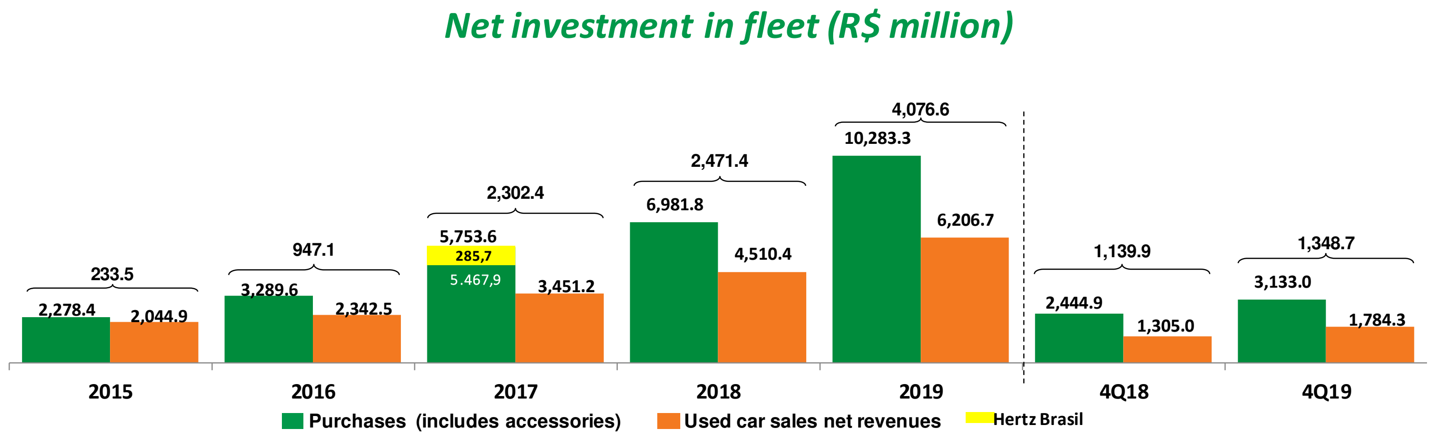
The lower average rental rate of the **Fleet Rental** division reflects the pricing of new contracts and the renewal of existing ones in a context of lower interest rates.

In 4Q19, PIS and COFINS credits referring to 2019 were reclassified. These credits are now reducing the cost line, compared to being previously classified as credits on sales taxes, and totaled R$ 83.6 million, of which R$ 24.4 million refer to the competence of 4Q19. These credits started to reduce the cost line, and previously they were classified as credits under the item of taxes on revenue.

3 - Fleet

3.1 – Net investment in the fleet

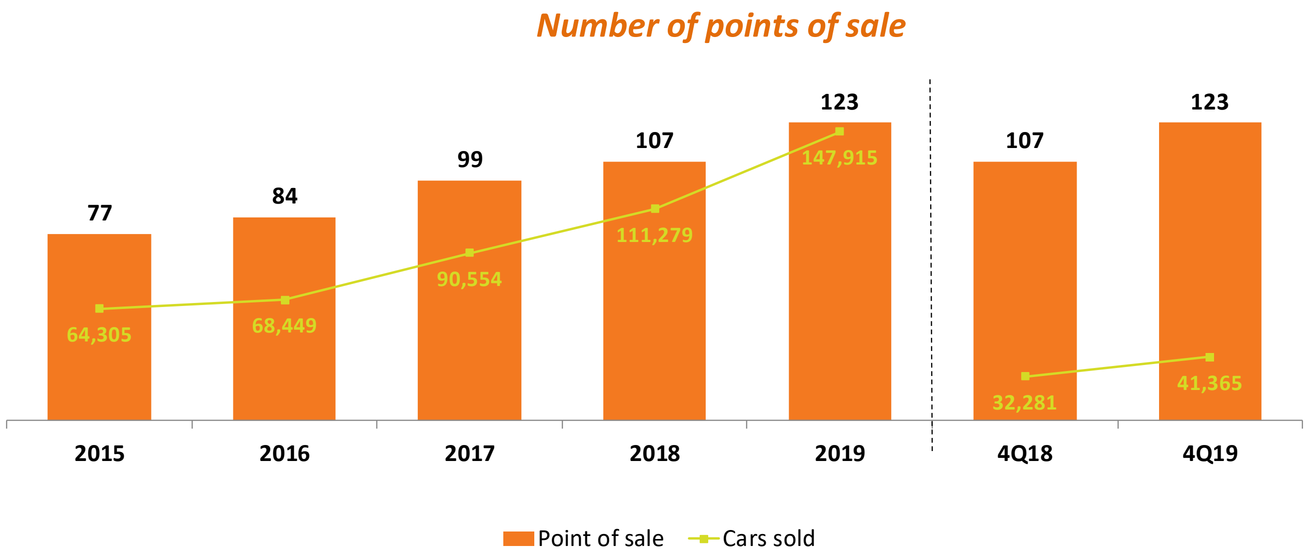




In 4Q19, Localiza purchased 64,263 cars, and sold 41,365, resulting in a positive balance of 22,898 cars added to the fleet and a net investment of R$ 1,348.7 million.

In the year, 223,534 cars were purchased and 147,915 were sold, resulting in an addition of 75,619 cars and a net investment of R $ 4,076.6 million. The total investment in the year for cars purchase was R$ 10,283.3 million.

4 – Seminovos – Number of points of sale

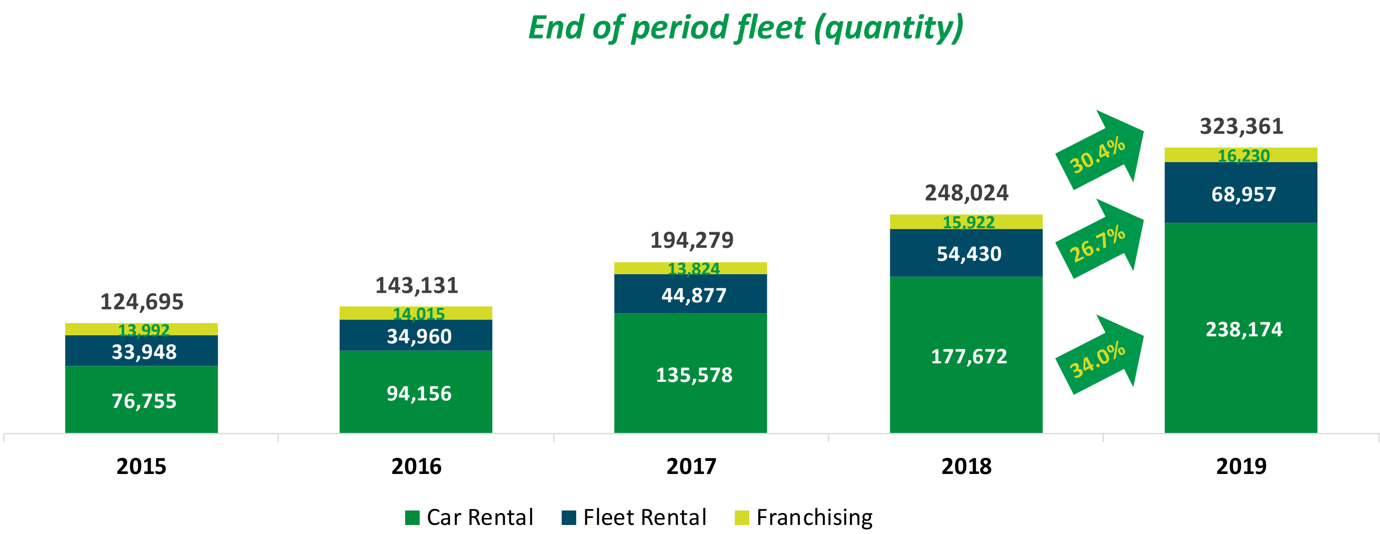


In 2019, **Seminovos** network has expanded with 16 new stores, 10 in 4Q19, totaling 123 stores in 84 cities in Brazil.

In 4Q19, the volume of cars sold increased 28.1% over the same period last year.

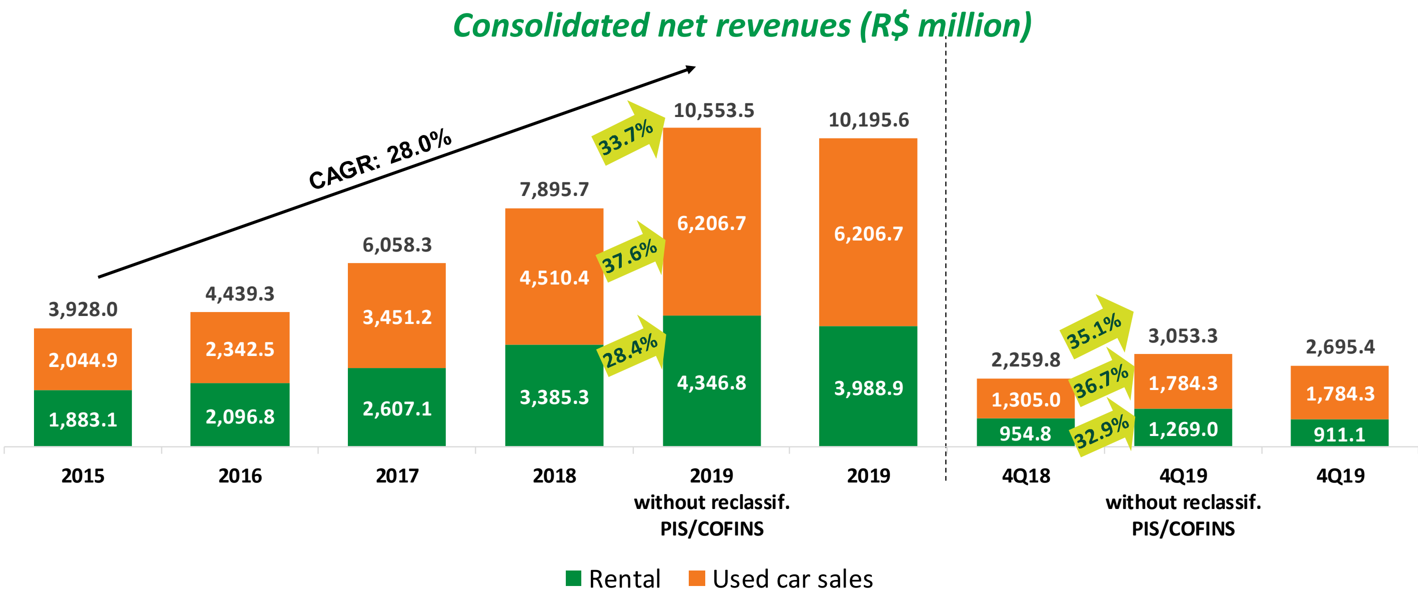
In the year, there was a 32.9% increase in sales volume when compared to 2018, reaching 147,915 cars sold.

5 – End of period fleet



Localiza System (including franchisees) has 323,361 cars, an increase of 30.4% over the previous year.

6 – Net revenues - consolidated



In 4Q19, excluding the effects of the reclassification of PIS and COFINS credits, consolidated net revenue grew 35.1% compared to 4Q18. Net rental revenues increased 32.9%, being 36.1% in the **Car Rental** division and 23.0% in the **Fleet Rental** division.

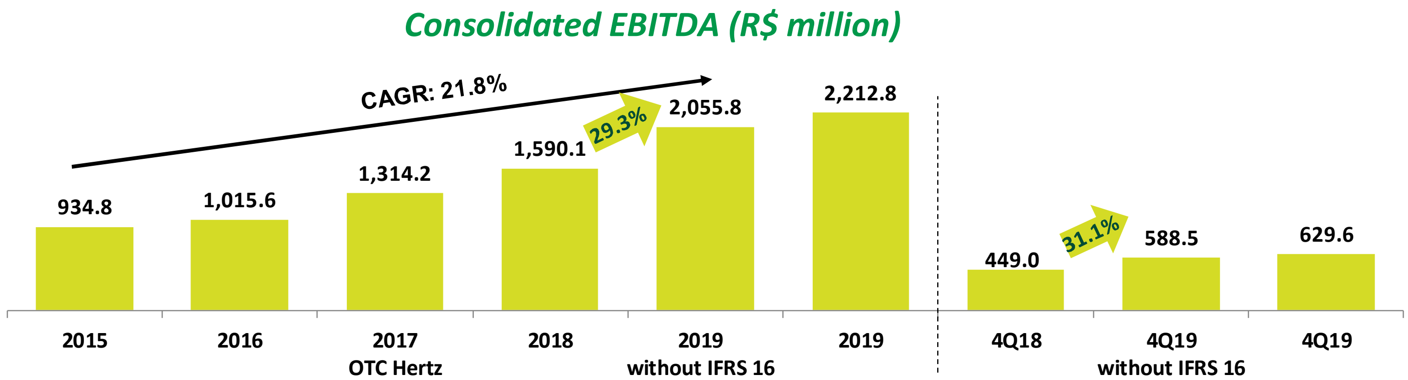
Seminovos net revenues in 4Q19 increased 36.7% compared to the same period last year, driven by a 28.1% increase in the volume of cars sold and a 6.7% increase in average selling prices.

In the year, consolidated net revenues grew 33.7% when compared to 2018. Net rental revenues increased 28.4%, being 31.1% in the **Car Rental** division and 20.6% in the **Fleet Rental** division.

Seminovos net revenues increased 37.6% in 2019 compared to the same period of the previous year, due to a 32.9% increase in the volume of cars sold.

Seminovos supports fleet renewal for both **Car Rental** and **Fleet Rental** divisions aiming at reducing depreciation costs.

7 - EBITDA



EBITDA margin:

Activities	2015	2016	2017*	2018	2019 without IFRS 16 and without reclassification of PIS/COFINS credits	2019	4Q18	4Q19 without IFRS 16 and without reclassification of PIS/COFINS credits	4Q19
Car Rental	31.8%	32.3%	34.9%	35.9%	38.8%	45.5%	39.7%	39.6%	58.4%
Fleet Rental	62.2%	64.5%	61.9%	64.0%	62.1%	67.7%	63.3%	61.1%	87.8%
Rental Consolidated	41.7%	42.3%	42.6%	43.0%	44.4%	50.9%	45.2%	44.4%	64.7%
Used Car Sales	7.3%	5.5%	5.9%	3.0%	2.0%	3.0%	1.3%	1.4%	2.3%

(*) 2017 adjusted by the one-time costs incurred – Hertz Brasil acquisition and Franchisees incorporation.

The reclassification of PIS and COFINS credits did not affect EBITDA, but impacted the margins (%) on net revenue.

In 4Q19, consolidated EBITDA excluding the impacts of IFRS 16, totaled R$588.5 million, 31.1% higher than the same period of the previous year. Considering the effects of IFRS 16, EBITDA totaled R$629.6 million.

EBITDA margin of the **Car Rental** division, without the effects of IFRS 16 and the PIS and COFINS credits reclassification, reached 39.6% in 4Q19, stable when compared with 4Q18. Considering the effects of IFRS 16 and the PIS and COFINS credits reclassification, EBITDA margin in 4Q19 was 48.8%.

We are continuously working on cost and expense management, as well as investing in process and productivity improvement, aiming to increase competitiveness to capture growth opportunities in the car rental market. In 2019, EBITDA margin of the **Car Rental** division expanded 2.9 p.p.. Considering the effects of IFRS 16 and the PIS and COFINS credits reclassification, EBITDA margin in 2019 reached 45.5%.

In the **Fleet Rental** division, excluding the effects of IFRS 16 and reclassification of PIS and COFINS credits, EBITDA margin stood at 61.1% in 4Q19, 2.2 p.p. lower when compared to 4Q18. In the year, EBITDA margin of this division decreased 1.9 p.p., compared to the same period last year.

EBITDA margin of **Seminovos**, without the effects of IFRS 16, was 1.4% in 4Q19. Including the effects of IFRS 16, the margin was 2.3%. The margin reflects the increase in the depreciation level observed in recent quarters, adjusted to the reality of the car sales market.

8 - Depreciation

Depreciation is the difference between the car's purchasing and selling prices net of selling expenses. When the cars are purchased, the Company estimates the projected selling prices and expenses and records the depreciation over the car´s useful life. Periodically those estimates are revised based on the fluctuations in the car market and the depreciation is recalculated to reflect the market value of the asset in the expected sale date.

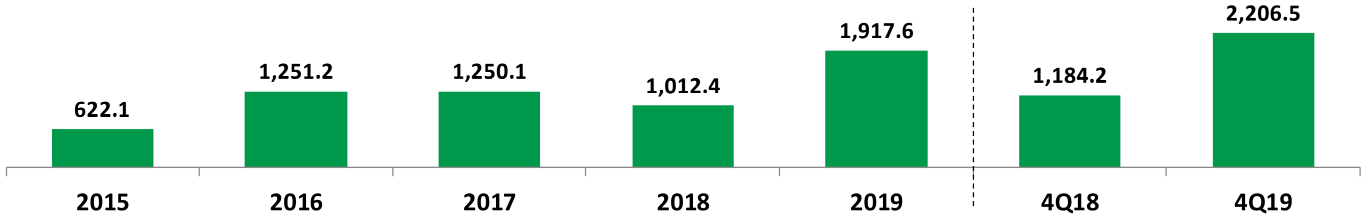
In the **Car Rental** division depreciation is booked using the linear method.

In the **Fleet Rental** division, we use the SOYD method, which depreciates the car in an accelerated way in the first years to compensate for the increase in maintenance costs throughout the car´s useful life.

The Company periodically reassesses the adherence to depreciation methods to better reflect the equalization of maintenance and depreciation costs over the useful life of the cars.

8.1 – Rent a Car

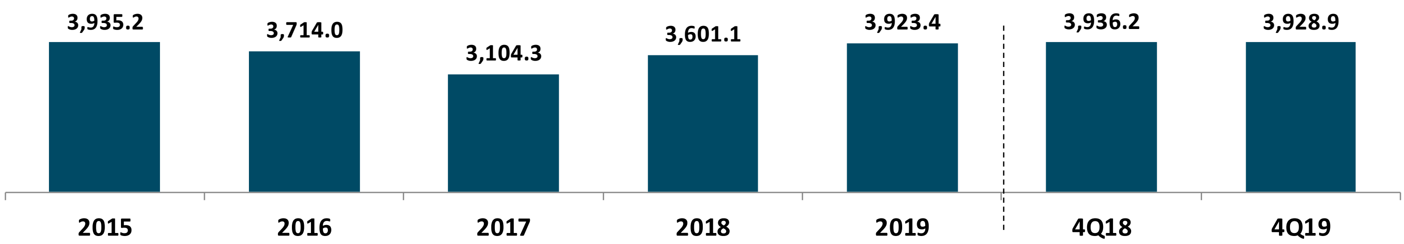
Average annualized depreciation per car (R$) – RAC



In 2019, average depreciation per car in the **Car Rental** division was R$1,917.6, 89.4% higher than the average depreciation of 2018. In the year, we observed pressure on the prices and conditions practiced for the sale of new cars, which reflected in the **Seminovos** price and, consequently, in the depreciation increase.

8.2 – Fleet Rental

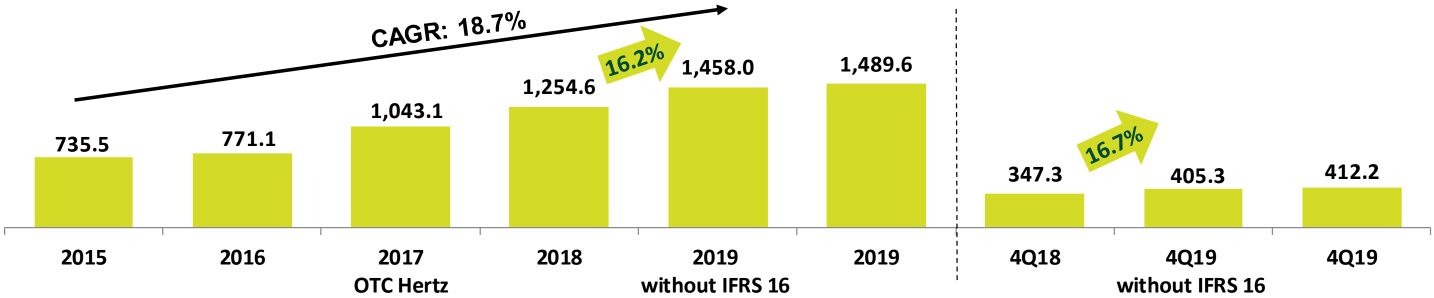
Average annualized depreciation per car (R$) – Fleet Rental



In the **Fleet Rental** division, the average depreciation per car in 2019 was R$3,923.4, 9.0% higher than the average depreciation for 2018, due to cars prices dynamic and the use of SOYD method in a context of growing fleet.

9 - EBIT

Consolidated EBIT (R$ million)



EBIT margins includes used car sales results and is calculated over the rental revenues:

Activities	2015	2016	2017*	2018	2019 without IFRS 16 and without reclassification of PIS/COFINS credits	2019	4Q18	4Q19 without IFRS 16 and without reclassification of PIS/COFINS credits	4Q19
Car Rental	34.3%	30.2%	35.5%	33.2%	29.9%	33.6%	33.9%	28.5%	40.3%
Fleet Rental	48.9%	51.2%	51.4%	48.6%	44.9%	49.1%	44.8%	43.8%	63.1%
Consolidated	39.1%	36.8%	40.0%	37.1%	33.5%	37.3%	36.4%	31.9%	45.2%

(*) 2017 adjusted by the one-time costs incurred – Hertz Brasil acquisition and Franchisees incorporation

The reclassification of PIS and COFINS credits did not affect EBIT, but impacted the margins (%) on net revenue.

Excluding the effects of IFRS 16, consolidated EBIT reached R$405.3 million in 4Q19, representing a growth of 16.7% when compared with 4Q18. The growth is due to the 31.1% increase in EBITDA, attenuated by the 80.1% increase in cars and other assets depreciation. Consolidated EBIT with the IFRS 16 totaled R$412.2 million.

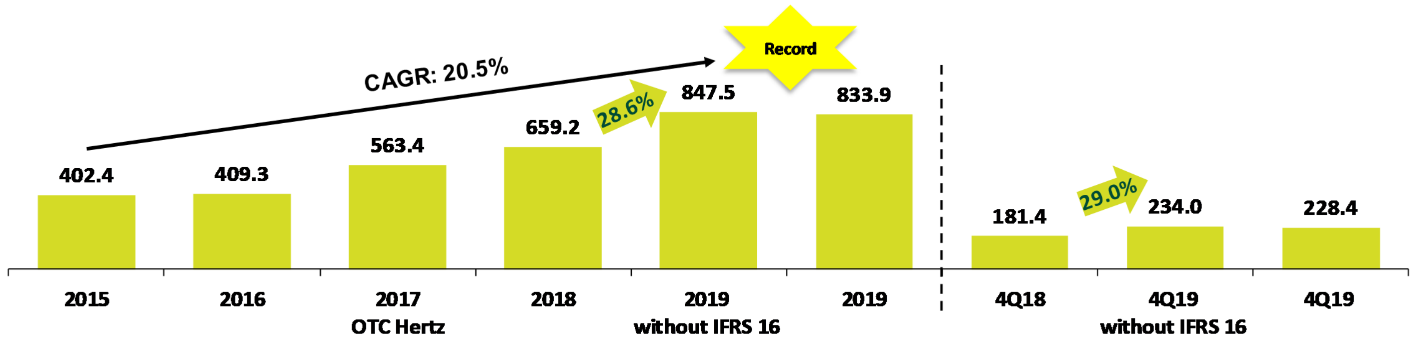
In 4Q19, the EBIT margin of the **Car Rental** division, excluding the effects of IFRS 16 and reclassification of PIS and COFINS credits, was 28.5%, representing a reduction of 5.4 p.p. compared to 4Q18, mostly reflecting the increase in average depreciation per car.

In the **Fleet Rental** division, the adjusted EBIT margin, excluding the effects of IFRS 16 and reclassification of PIS and COFINS credits, was 43.8%, a reduction of 1.0 p.p. in comparison with 4Q18. The decrease in EBIT margin in **Fleet Rental** division is a result of the lower EBITDA margin, due to the pricing in a scenario of lower interest rates, and the higher average depreciation per car.

Lower interest rates enabled the Company to have a lower EBIT margin and still provide healthy levels of spread (ROIC - Kd), which over a larger capital base, results in greater value generation.

10 - Consolidated net income

Consolidated net income (R$ million)



Reconciliation EBITDA x Net income	2015	2016	2017*	2018	2019 without IFRS 16	Var. R$	Var. %	2019	4Q18	4Q19 without IFRS 16	Var. R$	Var. %	4Q19
Consolidated EBITDA	934.8	1,015.6	1,314.2	1,590.1	2,055.8	465.7	29.3%	2,212.8	449.0	588.5	139.5	31.1%	629.6
Cars depreciation	(163.6)	(206.3)	(232.0)	(291.6)	(551.5)	(259.9)	89.1%	(551.5)	(90.3)	(171.2)	(80.9)	89.6%	(171.2)
Other property depreciation and amortization	(35.7)	(38.2)	(39.1)	(43.9)	(46.3)	(2.4)	5.5%	(171.7)	(11.4)	(12.0)	(0.6)	5.3%	(46.2)
EBIT	735.5	771.1	1,043.1	1,254.6	1,458.0	203.4	16.2%	1,489.6	347.3	405.3	58.0	16.7%	412.2
Financial expenses, net	(202.7)	(243.5)	(315.0)	(368.9)	(360.6)	8.3	-2.2%	(409.8)	(107.5)	(98.2)	9.3	-8.7%	(112.5)
Income tax and social contribution	(130.4)	(118.3)	(164.7)	(226.5)	(249.9)	(23.4)	10.3%	(245.9)	(58.4)	(73.1)	(14.7)	25.2%	(71.3)
Net income of the period	402.4	409.3	563.4	659.2	847.5	188.3	28.6%	833.9	181.4	234.0	52.6	29.0%	228.4

(*) 2017 adjusted by the one-time costs incurred – Hertz Brasil acquisition and Franchisees incorporation

The reclassification of PIS and COFINS credits did not affect net income, but impacted the margins (%) on net revenue.

Net income without the effect of IFRS 16, reached R$234,0 million in 4Q19, an increase of 29.0% over 4Q18, mainly due to:

(+) R$139.5 million increase in EBITDA;

(-) R$81.5 million increase in depreciation, due to the 36.4% increase in the average operating fleet and higher average depreciation per car;

(+) R$9.3 million lower net financial expenses mainly due to the lower interest rate, partially offset by the higher average debt balance in this quarter; and

(-) R$14.7 million increase in income tax and social contribution, due to higher taxable income, partially offset by the lower effective tax rate, which decreased from 24.4% in 4Q18 to 23.8% in 4Q19.

The composition of net income by rental and sales activities is shown below:

Activities	2015	2016	2017*	2018	2019 without IFRS 16	2019	4Q18	4Q19 without IFRS 16	4Q19
Car Rental+*franchising*	292.5	346.5	483.5	642.0	966.3	959.5	211.5	292.6	288.9
Fleet Rental	285.7	325.8	351.0	401.4	486.7	489.8	106.9	127.5	128.2
Used Car Sales	(175.8)	(263.0)	(271.1)	(384.2)	(605.5)	(615.4)	(137.0)	(186.1)	(188.7)
consolidated	402.4	409.3	563.4	659.2	847.5	833.9	181.4	234.0	228.4

(*) 2017 adjusted by the one-time costs incurred - Hertz Brasil acquisition and Franchisees incorporation

11 – Free cash flow (FCF)

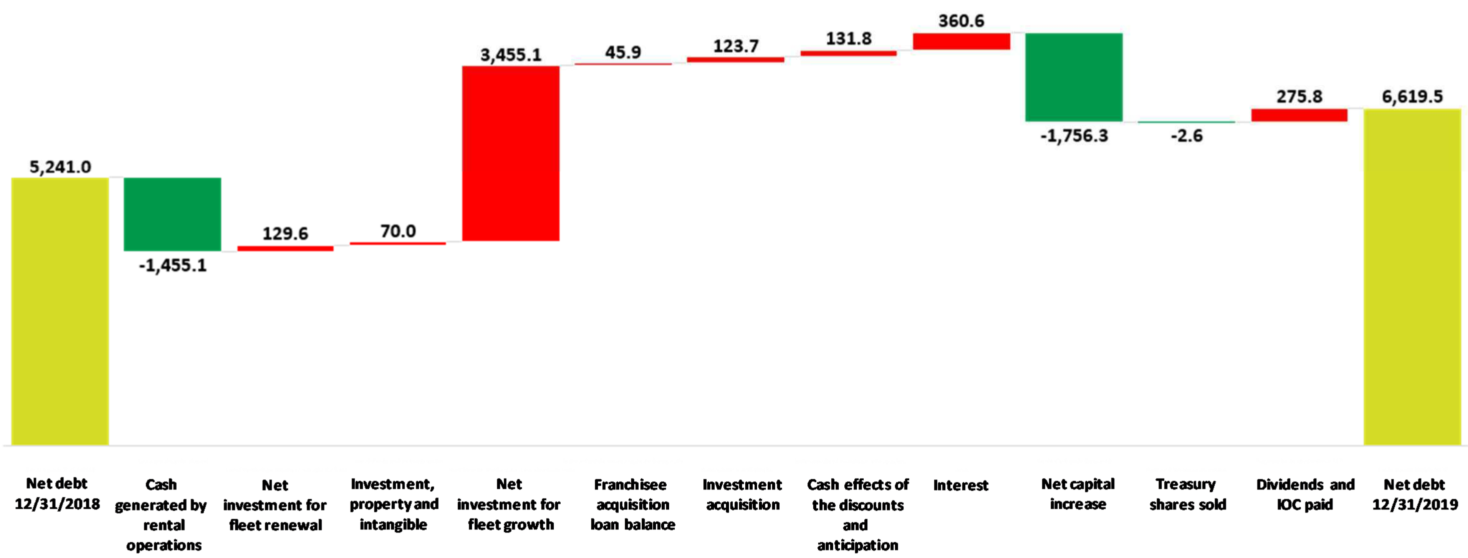
	Free cash flow - R$ million	2015	2016	2017	2018	2019
Operations	EBITDA	934.8	1,015.7	1,314.2*	1590.1	2,212.8
	Used car sale revenue, net from taxes	(2,044.9)	(2,342.6)	(3,451.2)	(4,510.4)	(6,206.7)
	Depreciated cost of cars sold	1,769.1	2,102.5	3,106.6	4,198.5	5,863.6
	(-) Income tax and social contribution	(110.7)	(93.3)	(108.3)	(131.2)	(146.1)
	Change in working capital	(30.0)	(40.8)	(47.9)	(117.4)	(268.9)
	Cash generated by rental operations	518.3	641.5	813.4	1,029.6	1,454.7
Capex - renewal	Used car sale revenue, net from taxes – fleet renewal	2,036.3	2,342.6	3,451.2	4,510.4	6,206.7
	Fleet renewal investment	(2,278.4)	(2,563.6)	(3,660.9)	(4,696.7)	(6,804.6)
	Change in accounts payable to car suppliers for fleet renewal	(25.4)	219.8	227.6	250.1	468.7
	Net investment for fleet renewal	(267.5)	(1.2)	17.9	63.8	(129.2)
	Fleet renewal – quantity	64,032	68,449	90,554	111,279	147,915
Investment, property and intangible		(29.7)	(40.9)	(28.8)	(42.8)	(70.0)
Free cash flow from operations, before growth		**221.1**	**599.4**	**802.5**	**1,050.6**	**1,255.5**
Capex - Growth	(Investment) / Divestment in cars for fleet growth	8.6	(726.0)	(1,807.0)	(2,285.1)	(3,478.7)
	Change in accounts payable to car suppliers for fleet growth	(23.9)	26.8	168.7	509.4	23.6
	Acquisition of Hertz and franchisees (fleet value)	-	-	(285.7)	-	(105.5)
	Net investment for fleet growth	(15.3)	(699.2)	(1,924.0)	(1,775.7)	(3,560.6)
	Fleet increase / (reduction) – quantity	(273)	19,384	52,860	54,142	75,619
Free cash flow after growth		205.8	(99.8)	(1,121.5)	(725.1)	(2,305.0)
Capex - non-recurring	Acquisition of Hertz and franchisees (except fleet value)	-	-	(121.5)	-	(18.2)
	New headquarters construction and furniture	(30.7)	(85.7)	(146.2)	-	-
Free cash generated before the cash effects of discounts and anticipation of payables to suppliers		175.1	(185.5)	(1,389.2)	(725.1)	(2,323.2)
Cash effects of receivables and anticipation of payables to suppliers (**)		(71.9)	98.0	88.3	(113.2)	(131.8)
Free cash flow before interest		103.2	(87.5)	(1,300.9)	(838.3)	(2,455.0)

In the free cash flow, short-term financial assets were considered as cash equivalents.
(*) 2017 adjusted by one-time costs incurred -Hertz Brasil acquisition and franchisees incorporation.
(**) Discount of credit card receivables and anticipation of accounts payable to suppliers were demonstrated in a different line so that the Free Cash Flow From Operations considered only the contractual terms, reflecting the Company's operation.

The cash generated before growth totaled R$1,255.5 million in 2019 and net capex for fleet growth amounted to R$3,560.6 million, with addition of 75,619 cars in the fleet.

12 – Net debt

12.1 – Change in net debt – R$ million



As of December 31, 2019, net debt totaled R$6,619.5 million, an increase of 26.3% or R$1.4 billion to support the fleet growth.

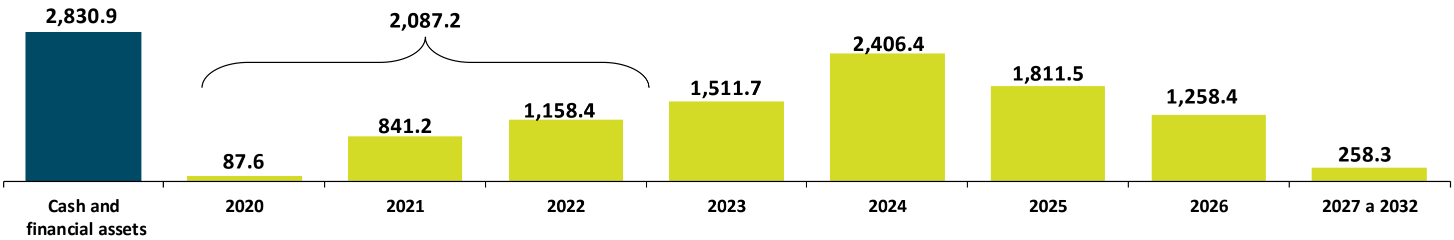
12.2 – Debt maturity profile

Debt	Issuance	Contract rate	2019	2020	2021	2022	2023	2024	2025 to 2032	Total
Debentures 11th Issuance	12/12/2016	111.50% CDI	-	-	-	500.0	-	-	-	500.0
Debentures 12th Issuance	5/15/2017	107.25% CDI	-	-	-	-	-	700.0	-	700.0
Debentures 13th Issuance - 1st serie	12/15/2017	109.35% CDI	-	-	-	434.5	434.5	-	-	869.0
Debentures 13th Issuance - 2nd serie	12/15/2017	111.30% CDI	-	-	-	-	-	108.1	108.1	216.2
Debentures 14th Issuance - 1st serie	9/18/2018	107.90% CDI	-	-	-	-	-	200.0	-	200.0
Debentures 14th Issuance - 2nd serie	9/18/2018	112.32% CDI	-	-	-	-	-	200.0	600.0	800.0
Debentures 15th Issuance	4/15/2019	107.25% CDI	-	-	-	-	-		1,000.0	1,000.0
Debentures 16th Issuance	11/29/2019	CDI + 1.05%	-	-	-	-	-	333.3	666.7	1,000.0
Debentures 3rd Issuance of Localiza Fleet	5/5/2017	107.00% CDI	-	-	-	-	500.0	-	-	500.0
Debentures 4th Issuance of Localiza Fleet	10/2/2017	CDI + 0.30%	-	-	-	-	-	350.0	-	350.0
Debentures 5th Issuance of Localiza Fleet	7/31/2018	112.00% CDI	-	-	-	-	-		300.0	300.0
Debentures 6th Issuance of Localiza Fleet	12/21/2018	110.40% CDI	-	-	-	-	-	400.0		400.0
Debentures 7th Issuance of Localiza Fleet	7/29/2019	109.00% CDI	-	-	-	-	100.0	100.0	100.0	300.0
Promissory Notes - 7th Issuance	9/24/2019	108.00% CDI	-	-	500.0	-				500.0
Foreign currency loan with swap	-	Several	-	-	210.6	215.0	465.0	-	250.0	1,140.6
Real State Receivables Certificate (CRI)	2/26/2018	99.00% CDI	-	4.3	5.6	9.0	12.3	15.0	303.5	349.7
Working Capital / Others	-	Several	-	87.4	125.0	-	-	-	-	212.4
Interest accrued	-	-	112.5	-	-	-	-	-	-	112.5
Cash and cash equivalents on 12/31/2019	-	-	(2,830.9)	-	-	-	-	-	-	(2,830.9)
Net debt	-	-	(2,718.4)	91.7	841.2	1,158.5	1,511.8	2,406.4	3,328.3	6,619.5

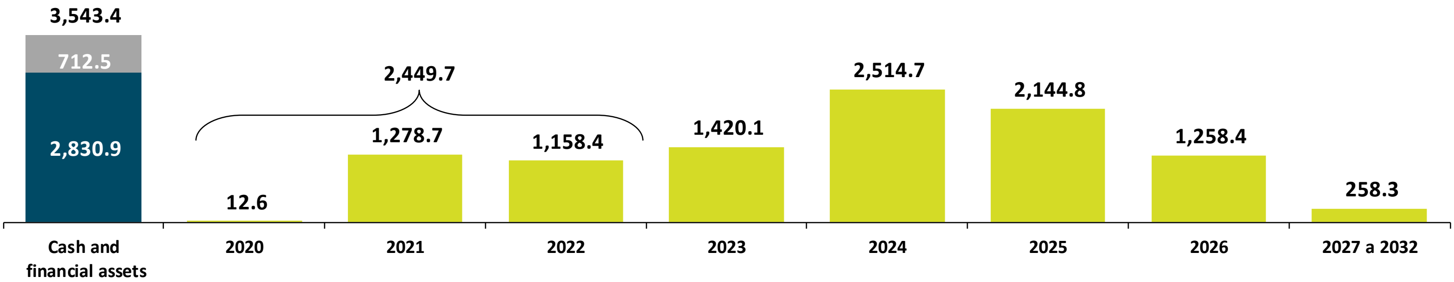
In October 2019, CVM granted the register of Localiza Fleet SA as a listed company in category B. Due to the approval of the registration, Localiza Fleet's 7th debentures issuance contract rate decreased from 109.0% CDI to 108.5% CDI, starting January 2020.

12.3 – Debt profile

As of December 31, 2019



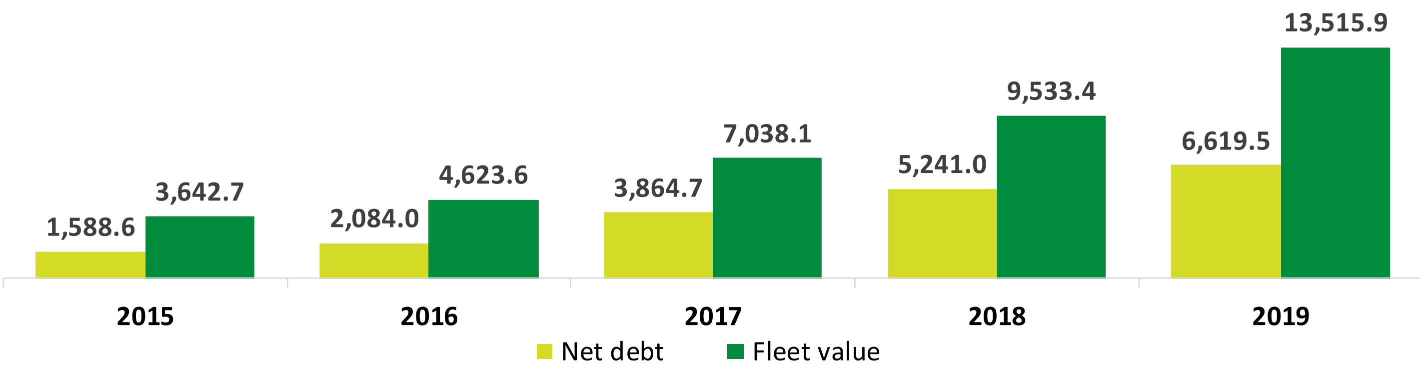
Proforma with new issuances and redemptions after 12/31/2019



The Company maintain a strong cash position to cope with growth and financial commitments.

12.4 – Debt ratios

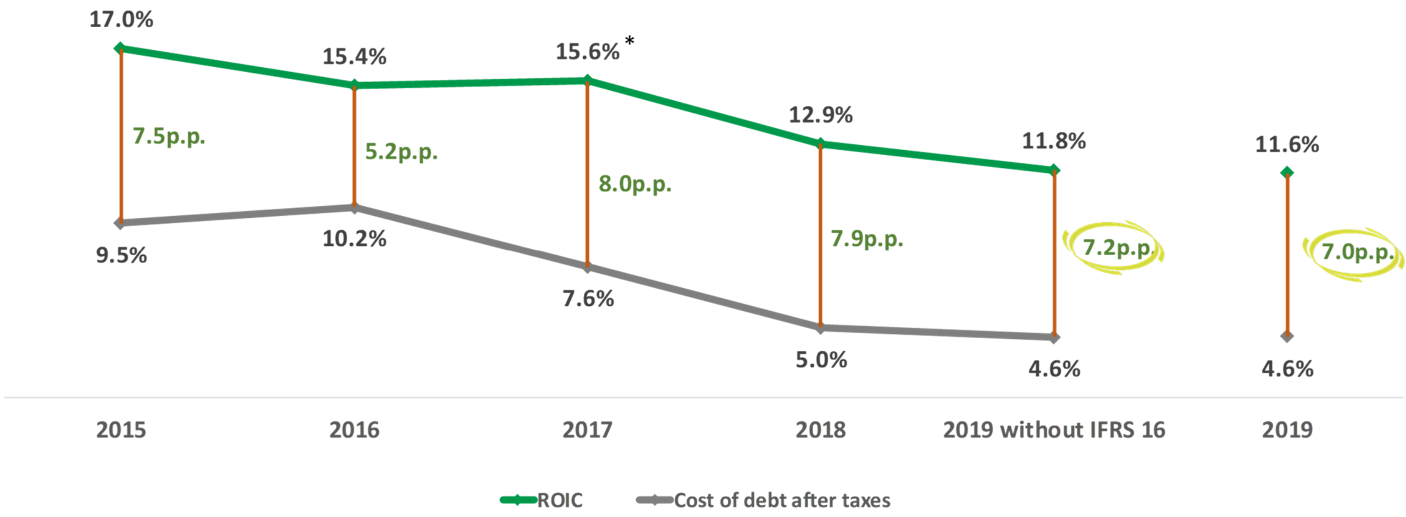
Net debt versus fleet value



BALANCE AT THE END OF PERIOD	*2015*	*2016*	*2017*	*2018*	*2019 without IFRS 16*	*2019 with IFRS 16*
Net debt / Fleet value	**44%**	**45%**	**55%**	**55%**	**49%**	**49%**
Net debt / annualized EBITDA	**1.7x**	**2.1x**	**2.9x**	**3.3x**	**3.2x**	**3.0x**
Net debt / Equity	**0.8x**	**0.9x**	**1.5x**	**1.7x**	**1.2x**	**1.2x**
EBITDA / Net financial expenses	**4.6x**	**4.2x**	**4.2x**	**4.3x**	**5.7x**	**5.4x**

DEBT RATIOS REFLECT STRONG GROWTH AND LOWER INTEREST RATES

13 – Spread (ROIC minus cost of debt after taxes)



(*) 2017 adjusted by the one-time costs incurred - Hertz Brasil acquisition and Franchisees incorporation
ROIC considered each year´s effective income tax and social contribution rate

STRONG GROWTH AND VALUE GENERATION IN A HIGHLY COMPETITIVE ENVIRONMENT

14 – Dividends and interest on capital (IOC)

2018 interest on capital were approved as follow:

Nature	Reference period	Approval date	Shareholding position date	Payment date	Gross amount (R$ million)	Gross amount per Share(*) (R$)
IOC	2018	03/22/2018	03/28/2018	05/16/2018	42.0	0.060531
IOC	2018	06/21/2018	06/28/2018	08/16/2018	43.0	0.061867
IOC	2018	09/21/2018	09/27/2018	11/16/2018	44.6	0.064171
IOC	2018	12/13/2018	12/19/2018	02/06/2019	49.3	0.070990
Dividends	2018	04/29/2019	05/03/2019	05/20/2019	7.2	0.009590
				Total	**186.1**	

2019 interest on capital were approved as follow:

Nature	Reference period	Approval date	Shareholding position date	Payment date	Gross amount (R$ million)	Gross amount per Share(*) (R$)
IOC	2019	03/21/2019	03/26/2019	05/20/2019	69.2	0.091823
IOC	2019	06/18/2019	06/24/2019	08/16/2019	75.5	0.099983
IOC	2019	09/04/2019	09/09/2019	11/08/2019	74.6	0.098744
IOC	2019	12/12/2019	12/17/2019	02/14/2020	71.8	0.094993
				Total	**291.1**	

(*)Adjusted by the share bonus approved in the Board of Directors meeting held on 12/12/2019.

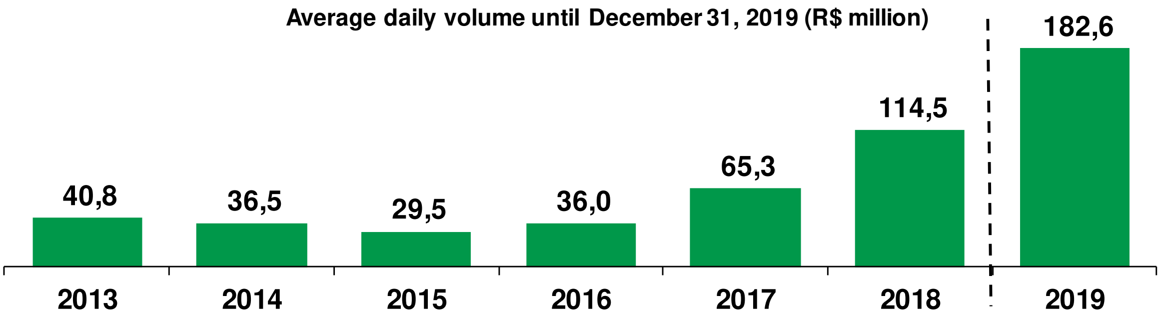
Growth of 56.4% in the dividend and IOC approved in comparison with 2018.

15 – RENT3

On December 31, 2019, the average daily traded volume of RENT3 was R$182.6 million, 59.5% higher than the average volume of 2018.

Under the ADR level I program, the Company had 3,119,356 level I ADRs on December 31,2019.

Since January 2020, Localiza integrates the Carbon Efficiency Index, ICO2, valid from January to April 2020.



16 – Results per division

16.1 –Table 1 – Car Rental – R$ million

CAR RENTAL RESULTS	2015	2016	2017	Var.	2017 Adjusted	2018	2019 without IFRS 16 and without reclassification of PIS/COFINS credits	Var.	2019	4Q18	4Q19 without IFRS 16 and without reclassification of PIS/COFINS credits	Var.	4Q19
Car rental gross revenues, net of discounts and cancellations	1,316.9	1,486.9	1,898.7	27.7%	1,898.7	2,570.8	3,345.6	30.1%	3,345.6	740.4	993.6	34.2%	993.6
Taxes on revenues (*)	(58.9)	(58.9)	(50.2)	-14.8%	(50.2)	(51.4)	(43.5)	-15.4%	(317.8)	(14.6)	(6.0)	-58.9%	(280.3)
Car rental net revenues	**1,258.0**	**1,428.0**	**1,848.5**	**29.4%**	**1,848.5**	**2,519.4**	**3,302.1**	**31.1%**	**3,027.8**	**725.8**	**987.6**	**36.1%**	**713.3**
Car rental costs	(618.1)	(707.4)	(926.4)	31.0%	(870.7)	(1,178.1)	(1,476.2)	25.3%	(1,105.5)	(316.2)	(428.3)	35.5%	(128.9)
Gross profit	**639.9**	**720.6**	**922.1**	**28.0%**	**977.8**	**1,341.3**	**1,825.9**	**36.1%**	**1,922.3**	**409.6**	**559.3**	**36.5%**	**584.4**
Operating expenses (SG&A)	(239.9)	(258.8)	(347.2)	34.2%	(332.3)	(437.3)	(543.6)	24.3%	(543.6)	(121.4)	(167.8)	38.2%	(167.8)
Other assets depreciation and amortization	(22.3)	(23.9)	(23.6)	-1.3%	(23.6)	(26.6)	(30.8)	15.8%	(106.7)	(6.8)	(8.1)	19.1%	(29.4)
Operating profit before financial results and taxes (EBIT)	**377.7**	**437.9**	**551.3**	**25.9%**	**621.9**	**877.4**	**1,251.5**	**42.6%**	**1,272.0**	**281.4**	**383.4**	**36.2%**	**387.2**
Financial expenses, net	(2.0)	(1.4)	(5.3)	278.6%	(5.3)	(23.7)	(12.6)	-46.8%	(42.8)	(3.4)	(2.8)	-17.6%	(11.6)
Income tax and social contribution	(89.9)	(95.9)	(123.4)	28.7%	(138.9)	(218.3)	(282.1)	29.2%	(279.4)	(67.9)	(90.6)	33.4%	(89.3)
Net income for the period	**285.8**	**340.6**	**422.6**	**24.1%**	**477.7**	**635.4**	**956.8**	**50.6%**	**949.8**	**210.1**	**290.0**	**38.0%**	**286.3**
Net Margin	**22.7%**	**23.9%**	**22.9%**	**-1.0 p.p.**	**25.8%**	**25.2%**	**29.0%**	**3.8 p.p.**	**31.4%**	**28.9%**	**29.4%**	**0.5 p.p.**	**40.1%**
EBITDA	**400.0**	**461.8**	**574.9**	**24.5%**	**645.5**	**904.0**	**1,282.3**	**41.8%**	**1,378.7**	**288.2**	**391.5**	**35.8%**	**416.6**
EBITDA Margin	**31.8%**	**32.3%**	**31.1%**	**-1.2 p.p.**	**34.9%**	**35.9%**	**38.8%**	**2.9 p.p.**	**45.5%**	**39.7%**	**39.6%**	**-0.1 p.p.**	**58.4%**

USED CAR SALES RESULTS (SEMINOVOS)	2015	2016	2017	Var.	2017 Adjusted	2018	2019 without IFRS 16 and without reclassification of PIS/COFINS credits	Var.	2019	4Q18	4Q19 without IFRS 16 and without reclassification of PIS/COFINS credits	Var.	4Q19
Gross revenues, net of discounts and cancellations	1,679.2	1,997.8	2,990.0	49.7%	2,990.0	3,919.2	5,479.6	39.8%	5,479.6	1,170.4	1,554.5	32.8%	1,554.5
Taxes on revenues	(2.5)	(2.7)	(4.9)	81.5%	(4.9)	(7.4)	(13.8)	86.5%	(13.8)	(2.8)	(4.4)	57.1%	(4.4)
Net revenues	**1,676.7**	**1,995.1**	**2,985.1**	**49.6%**	**2,985.1**	**3,911.8**	**5,465.8**	**39.7%**	**5,465.8**	**1,167.6**	**1,550.1**	**32.8%**	**1,550.1**
Book value of cars sold and preparation for sale	(1,396.3)	(1,727.5)	(2,603.2)	50.7%	(2,603.2)	(3,542.5)	(5,040.5)	42.3%	(5,037.8)	(1,083.8)	(1,437.4)	32.6%	(1,436.6)
Gross profit	**280.4**	**267.6**	**381.9**	**42.7%**	**381.9**	**369.3**	**425.3**	**15.2%**	**428.0**	**83.8**	**112.7**	**34.5%**	**113.5**
Operating expenses (SG&A)	(178.8)	(176.8)	(220.0)	24.4%	(220.0)	(269.6)	(349.4)	29.6%	(300.2)	(74.0)	(102.2)	38.1%	(89.4)
Cars depreciation	(38.9)	(87.8)	(117.7)	34.1%	(117.7)	(131.7)	(332.8)	152.7%	(332.8)	(42.7)	(110.9)	159.7%	(110.9)
Other assets depreciation and amortization	(8.8)	(9.1)	(9.7)	6.6%	(9.7)	(10.2)	(8.4)	-17.6%	(50.5)	(2.8)	(2.0)	-28.6%	(12.9)
Operating profit (loss) before financial results and taxes (EBIT)	**53.9**	**(6.1)**	**34.5**	**-665.6%**	**34.5**	**(42.2)**	**(265.3)**	**528.7%**	**(255.5)**	**(35.7)**	**(102.4)**	**186.8%**	**(99.7)**
Financial expenses, net	(138.4)	(174.4)	(229.9)	31.8%	(229.9)	(266.5)	(247.7)	-7.1%	(264.5)	(80.1)	(74.5)	-7.0%	(79.4)
Income tax and social contribution	17.6	37.2	43.9	18.0%	43.9	77.5	116.8	50.7%	115.8	27.9	42.1	50.9%	42.2
Net loss for the period	**(66.9)**	**(143.3)**	**(151.5)**	**5.7%**	**(151.5)**	**(231.2)**	**(396.2)**	**71.4%**	**(404.2)**	**(87.9)**	**(134.8)**	**53.4%**	**(136.9)**
Net Margin	**-4.0%**	**-7.2%**	**-5.1%**	**2.1 p.p.**	**-5.1%**	**-5.9%**	**-7.2%**	**-1.3 p.p.**	**-7.4%**	**-7.5%**	**-8.7%**	**-1.2 p.p.**	**-8.8%**
EBITDA	**101.6**	**90.8**	**161.9**	**78.3%**	**161.9**	**99.7**	**75.9**	**-23.9%**	**127.8**	**9.8**	**10.5**	**7.1%**	**24.1**
EBITDA Margin	**6.1%**	**4.6%**	**5.4%**	**0.8 p.p.**	**5.4%**	**2.5%**	**1.4%**	**-1.1 p.p.**	**2.3%**	**0.8%**	**0.7%**	**-0.1 p.p.**	**1.6%**

CAR RENTAL TOTAL FIGURES	2015	2016	2017	Var.	2017 Adjusted	2018	2019 without IFRS 16 and without reclassification of PIS/COFINS credits	Var.	2019	4Q18	4Q19 without IFRS 16 and without reclassification of PIS/COFINS credits	Var.	4Q19
Car rental gross revenues, net of discounts and cancellations	1,316.9	1,486.9	1,898.7	27.7%	1,898.7	2,570.8	3,345.6	30.1%	3,345.6	740.4	993.6	34.2%	993.6
Car sales for fleet renewal - gross revenues, net of discounts and cancellations	1,679.2	1,997.8	2,990.0	49.7%	2,990.0	3,919.2	5,479.6	39.8%	5,479.6	1,170.4	1,554.5	32.8%	1,554.5
Total gross revenues	2,996.1	3,484.7	4,888.7	40.3%	4,888.7	6,490.0	8,825.2	36.0%	8,825.2	1,910.8	2,548.1	33.4%	2,548.1
Taxes on revenues													
Car rental (*)	(58.9)	(58.9)	(50.2)	-14.8%	(50.2)	(51.4)	(43.5)	-15.4%	(317.8)	(14.6)	(6.0)	-58.9%	(280.3)
Car sales for fleet renewal	(2.5)	(2.7)	(4.9)	81.5%	(4.9)	(7.4)	(13.8)	86.5%	(13.8)	(2.8)	(4.4)	57.1%	(4.4)
Car rental revenues - net revenues	1,258.0	1,428.0	1,848.5	29.4%	1,848.5	2,519.4	3,302.1	31.1%	3,027.8	725.8	987.6	36.1%	713.3
Car sales for fleet renewal - net revenues	1,676.7	1,995.1	2,985.1	49.6%	2,985.1	3,911.8	5,465.8	39.7%	5,465.8	1,167.6	1,550.1	32.8%	1,550.1
Total net revenues	**2,934.7**	**3,423.1**	**4,833.6**	**41.2%**	**4,833.6**	**6,431.2**	**8,767.9**	**36.3%**	**8,493.6**	**1,893.4**	**2,537.7**	**34.0%**	**2,263.4**
Direct costs													
Car rental	(618.1)	(707.4)	(926.4)	31.0%	(870.7)	(1,178.1)	(1,476.2)	25.3%	(1,105.5)	(316.2)	(428.3)	35.5%	(128.9)
Car sales for fleet renewal	(1,396.3)	(1,727.5)	(2,603.2)	50.7%	(2,603.2)	(3,542.5)	(5,040.5)	42.3%	(5,037.8)	(1,083.8)	(1,437.4)	32.6%	(1,436.6)
Gross profit	**920.3**	**988.2**	**1,304.0**	**32.0%**	**1,359.7**	**1,710.6**	**2,251.2**	**31.6%**	**2,350.3**	**493.4**	**672.0**	**36.2%**	**697.9**
Operating expenses (SG&A)													
Car rental	(239.9)	(258.8)	(347.2)	34.2%	(332.3)	(437.3)	(543.6)	24.3%	(543.6)	(121.4)	(167.8)	38.2%	(167.8)
Car sales for fleet renewal	(178.8)	(176.8)	(220.0)	24.4%	(220.0)	(269.6)	(349.4)	29.6%	(300.2)	(74.0)	(102.2)	38.1%	(89.4)
Cars depreciation	(38.9)	(87.8)	(117.7)	34.1%	(117.7)	(131.7)	(332.8)	152.7%	(332.8)	(42.7)	(110.9)	159.7%	(110.9)
Other assets depreciation and amortization													
Car rental	(22.3)	(23.9)	(23.6)	-1.3%	(23.6)	(26.6)	(30.8)	15.8%	(106.7)	(6.8)	(8.1)	19.1%	(29.4)
Car sales for fleet renewal	(8.8)	(9.1)	(9.7)	6.6%	(9.7)	(10.2)	(8.4)	-17.6%	(50.5)	(2.8)	(2.0)	-28.6%	(12.9)
Operating profit before financial results and taxes (EBIT)	**431.6**	**431.8**	**585.8**	**35.7%**	**656.4**	**835.2**	**986.2**	**18.1%**	**1,016.5**	**245.7**	**281.0**	**14.4%**	**287.5**
Financial expenses, net	(140.4)	(175.8)	(235.2)	33.8%	(235.2)	(290.2)	(260.3)	-10.3%	(307.3)	(83.5)	(77.3)	-7.4%	(91.0)
Income tax and social contribution	(72.3)	(58.7)	(79.5)	35.4%	(95.0)	(140.8)	(165.3)	17.4%	(163.6)	(40.0)	(48.5)	21.3%	(47.1)
Net income for the period	**218.9**	**197.3**	**271.1**	**37.4%**	**326.2**	**404.2**	**560.6**	**38.7%**	**545.6**	**122.2**	**155.2**	**27.0%**	**149.4**
Net margin	**7.5%**	**5.8%**	**5.6%**	**-0.2 p.p.**	**6.7%**	**6.3%**	**6.4%**	**0.1 p.p.**	**6.4%**	**6.5%**	**6.1%**	**-0.4 p.p.**	**6.6%**
EBITDA	**501.6**	**552.6**	**736.8**	**33.3%**	**807.4**	**1,003.7**	**1,358.2**	**35.3%**	**1,506.5**	**298.0**	**402.0**	**34.9%**	**440.7**
EBITDA margin	**17.1%**	**16.1%**	**15.2%**	**-0.9 p.p.**	**16.7%**	**15.6%**	**15.5%**	**-0.1 p.p.**	**17.7%**	**15.7%**	**15.8%**	**0.1 p.p.**	**19.5%**

OPERATING DATA	2015	2016	2017	Var.	2017	2018	2019	Var.	2019	4Q18	4Q19	Var.	4Q19
Average operating fleet	62,513	70,185	94,194	34.2%	94,194	130,058	173,649	33.5%	173,649	144,017	201,559	40.0%	201,559
Average rented fleet	43,315	51,515	69,762	35.4%	69,762	97,245	128,718	32.4%	128,718	108,708	150,417	38.4%	150,417
Average operating fleet age (in months)	7.4	7.9	6.5	-17.7%	6.5	7.2	7.0	-2.8%	7.0	7.0	6.7	-4.3%	6.7
End of period fleet	76,755	94,156	135,578	44.0%	135,578	177,672	238,174	34.1%	238,174	177,672	238,174	34.1%	238,174
Number of rental days - in thousands	15,566.1	18,662.4	25,263.6	35.4%	25,263.6	35,284.5	46,745.9	32.5%	46,745.9	9,936.7	13,770.5	38.6%	13,770.5
Average daily rental revenues per car (R$)	84.56	79.67	75.16	-5.7%	75.16	72.86	71.57	-1.8%	71.57	74.51	72.15	-3.2%	72.15
Annualized average depreciation per car (R$)	622.1	1,251.2	1,250.1	-0.1%	1,250.1	1,012.4	1,917.6	89.4%	1,917.6	1,184.3	2,206.5	86.3%	2,206.5
Utilization rate (Does not include cars in preparation and decomissioning)	75.4%	78.0%	78.6%	0.6 p.p.	78.6%	79.6%	79.1%	-0.5 p.p.	79.1%	81.1%	79.1%	-2.0 p.p.	79.1%
Number of cars purchased	52,343	76,071	114,966	51.1%	114,966	139,273	192,292	38.1%	192,292	50,606	56,586	11.8%	56,586
Number of cars sold	52,508	57,596	76,901	33.5%	76,901	94,945	128,677	35.5%	128,677	28,560	35,104	22.9%	35,104
Average sold fleet age (in months)	14.9	16.8	14.3	-14.9%	14.3	14.7	15.2	3.4%	15.2	15.4	14.8	-3.9%	14.8
Average total fleet	72,169	80,765	107,997	33.7%	107,997	150,045	201,791	34.5%	201,791	174,918	235,090	34.4%	235,090
Average value of total fleet - R$ million	2,205.9	2,790.2	4,100.6	47.0%	4,100.6	6,005.7	8,652.7	44.1%	8,652.7	7,176.4	10,405.4	45.0%	10,405.4
Average value per car in the period - R$ thsd	30.6	34.5	38.0	10.1%	38.0	40.0	42.9	7.3%	42.9	41.0	44.3	8.0%	44.3

(*)In 4Q19, PIS and COFINS credits were reclassified, which were recorded as credits in the rental income tax line and started to be recorded in the rental cost line.

16.2 – Table 2 – Fleet Rental – R$ million

FLEET RENTAL RESULTS	2015	2016	2017	2017 Adjusted	2018	2019 without IFRS 16 and without reclassification of PIS/COFINS credits	Var.	2019	4Q18	4Q19 without IFRS 16 and without reclassification of PIS/COFINS	Var.	4Q19
Fleet rental gross revenues, net of discounts and cancellations	619.6	664.1	757.4	757.4	857.8	1,039.1	21.1%	1,039.1	227.9	278.7	22.3%	278.7
Taxes on revenues (*)	(11.1)	(12.3)	(15.3)	(15.3)	(9.0)	(15.2)	68.9%	(98.8)	(3.2)	(2.3)	-28.1%	(85.9)
Fleet rental net revenues	**608.5**	**651.8**	**742.1**	**742.1**	**848.8**	**1,023.9**	**20.6%**	**940.3**	**224.7**	**276.4**	**23.0%**	**192.8**
Fleet rental costs	(189.3)	(193.7)	(220.4)	(220.1)	(245.9)	(304.1)	23.7%	(220.5)	(65.4)	(81.7)	24.9%	1.9
Gross profit	**419.2**	**458.1**	**521.7**	**522.0**	**602.9**	**719.8**	**19.4%**	**719.8**	**159.3**	**194.7**	**22.2%**	**194.7**
Operating expenses (SG&A)	(40.7)	(37.9)	(65.4)	(62.3)	(59.6)	(83.6)	40.3%	(83.2)	(17.0)	(25.7)	51.2%	(25.5)
Other assets depreciation and amortization	(2.2)	(2.9)	(3.5)	(3.5)	(4.9)	(5.3)	8.2%	(5.7)	(1.3)	(1.3)	0.0%	(1.4)
Operating profit before financial results and taxes (EBIT)	**376.3**	**417.3**	**452.8**	**456.2**	**538.4**	**630.9**	**17.2%**	**630.9**	**141.0**	**167.7**	**18.9%**	**167.8**
Financial expenses, net	(0.1)	(1.1)	(1.6)	(1.6)	(0.5)	(0.6)	20.0%	(0.7)	(0.2)	(0.2)	0.0%	(0.2)
Income tax and social contribution	(90.5)	(90.4)	(102.8)	(103.6)	(136.5)	(143.5)	5.1%	(140.3)	(33.9)	(39.9)	17.7%	(39.3)
Net income for the period	**285.7**	**325.8**	**348.4**	**351.0**	**401.4**	**486.8**	**21.3%**	**489.9**	**106.9**	**127.6**	**19.4%**	**128.3**
Net Margin	**47.0%**	**50.0%**	**46.9%**	**47.3%**	**47.3%**	**47.5%**	**0.2 p.p.**	**52.1%**	**47.6%**	**46.2%**	**-1.4 p.p.**	**66.5%**
EBITDA	**378.5**	**420.2**	**456.3**	**459.7**	**543.3**	**636.2**	**17.1%**	**636.6**	**142.3**	**169.0**	**18.8%**	**169.2**
EBITDA Margin	**62.2%**	**64.5%**	**61.5%**	**61.9%**	**64.0%**	**62.1%**	**-1.9 p.p.**	**67.7%**	**63.3%**	**61.1%**	**-2.2 p.p.**	**87.8%**

USED CAR SALES RESULTS (SEMINOVOS)	2015	2016	2017	2017 Adjusted	2018	2019 without IFRS 16 and without reclassification of PIS/COFINS credits	Var.	2019	4Q18	4Q19 without IFRS 16 and without reclassification of PIS/COFINS	Var.	4Q19
Gross revenues, net of discounts and cancellations	368.6	347.8	466.5	466.5	599.5	742.4	23.8%	742.4	137.7	234.6	70.4%	234.6
Taxes on revenues	(0.4)	(0.4)	(0.4)	(0.4)	(0.9)	(1.5)	66.7%	(1.5)	(0.3)	(0.4)	33.3%	(0.4)
Net revenues	**368.2**	**347.4**	**466.1**	**466.1**	**598.6**	**740.9**	**23.8%**	**740.9**	**137.4**	**234.2**	**70.5%**	**234.2**
Book value of cars sold and preparation for sale	(286.7)	(279.4)	(392.1)	(392.1)	(525.9)	(650.2)	23.6%	(650.1)	(122.5)	(206.3)	68.4%	(206.3)
Gross profit	**81.5**	**68.0**	**74.0**	**74.0**	**72.7**	**90.7**	**24.8%**	**90.8**	**14.9**	**27.9**	**87.2%**	**27.9**
Operating expenses (SG&A)	(33.6)	(31.0)	(32.7)	(32.7)	(36.6)	(41.4)	13.1%	(35.0)	(7.4)	(13.6)	83.8%	(11.7)
Cars depreciation	(124.7)	(118.5)	(114.3)	(114.3)	(159.9)	(218.7)	36.8%	(218.7)	(47.6)	(60.3)	26.7%	(60.3)
Other assets depreciation and amortization	(2.0)	(1.8)	(1.7)	(1.7)	(1.7)	(1.5)	-11.8%	(6.7)	(0.3)	(0.5)	66.7%	(2.0)
Operating profit (loss) before financial results and taxes (EBIT)	**(78.8)**	**(83.3)**	**(74.7)**	**(74.7)**	**(125.5)**	**(170.9)**	**36.2%**	**(169.6)**	**(40.4)**	**(46.5)**	**15.1%**	**(46.1)**
Financial expenses, net	(63.8)	(68.7)	(80.0)	(80.0)	(79.6)	(100.2)	25.9%	(102.3)	(24.5)	(20.8)	-15.1%	(21.4)
Income tax and social contribution	33.7	32.3	35.1	35.1	52.0	61.7	18.7%	60.6	15.6	16.0	2.6%	15.7
Net loss for the period	**(108.9)**	**(119.7)**	**(119.6)**	**(119.6)**	**(153.1)**	**(209.4)**	**36.8%**	**(211.3)**	**(49.3)**	**(51.3)**	**4.1%**	**(51.8)**
Net Margin	**-29.6%**	**-34.5%**	**-25.7%**	**-25.7%**	**-25.6%**	**-28.3%**	**-2.7 p.p.**	**-28.5%**	**-35.9%**	**-21.9%**	**14.0 p.p.**	**-22.1%**
EBITDA	**47.9**	**37.0**	**41.3**	**41.3**	**36.1**	**49.3**	**36.6%**	**55.8**	**7.5**	**14.3**	**90.7%**	**16.2**
EBITDA Margin	**13.0%**	**10.7%**	**8.9%**	**8.9%**	**6.0%**	**6.7%**	**0.7 p.p.**	**7.5%**	**5.5%**	**6.1%**	**0.6 p.p.**	**6.9%**

FLEET RENTAL TOTAL FIGURES	2015	2016	2017	2017 Adjusted	2018	2019 without IFRS 16 and without reclassification of PIS/COFINS credits	Var.	2019	4Q18	4Q19 without IFRS 16 and without reclassification of PIS/COFINS	Var.	4Q19
Fleet rental gross revenues, net of discounts and cancellations	619.6	664.1	757.4	757.4	857.8	1,039.1	21.1%	1,039.1	227.9	278.7	22.3%	278.7
Car sales for fleet renewal - gross revenues, net of discounts and cancellations	368.6	347.8	466.5	466.5	599.5	742.4	23.8%	742.4	137.7	234.6	70.4%	234.6
Total gross revenues	988.2	1,011.9	1,223.9	1,223.9	1,457.3	1,781.5	22.2%	1,781.5	365.6	513.3	40.4%	513.3
Taxes on revenues												
Fleet rental (*)	(11.1)	(12.3)	(15.3)	(15.3)	(9.0)	(15.2)	68.9%	(98.8)	(3.2)	(2.3)	-28.1%	(85.9)
Car sales for fleet renewal	(0.4)	(0.4)	(0.4)	(0.4)	(0.9)	(1.5)	66.7%	(1.5)	(0.3)	(0.4)	33.3%	(0.4)
Fleet rental - net revenues	608.5	651.8	742.1	742.1	848.8	1,023.9	20.6%	940.3	224.7	276.4	23.0%	192.8
Car sales for fleet renewal - net revenues	368.2	347.4	466.1	466.1	598.6	740.9	23.8%	740.9	137.4	234.2	70.5%	234.2
Total net revenues (**)	**976.7**	**999.2**	**1,208.2**	**1,208.2**	**1,447.4**	**1,764.8**	**21.9%**	**1,681.2**	**362.1**	**510.6**	**41.0%**	**427.0**
Direct costs												
Fleet rental	(189.3)	(193.7)	(220.4)	(220.1)	(245.9)	(304.1)	23.7%	(220.5)	(65.4)	(81.7)	24.9%	1.9
Car sales for fleet renewal	(286.7)	(279.4)	(392.1)	(392.1)	(525.9)	(650.2)	23.6%	(650.1)	(122.5)	(206.3)	68.4%	(206.3)
Gross profit	**500.7**	**526.1**	**595.7**	**596.0**	**675.6**	**810.5**	**20.0%**	**810.6**	**174.2**	**222.6**	**27.8%**	**222.6**
Operating expenses (SG&A)												
Fleet rental	(40.7)	(37.9)	(65.4)	(62.3)	(59.6)	(83.6)	40.3%	(83.2)	(17.0)	(25.7)	51.2%	(25.5)
Car sales for fleet renewal	(33.6)	(31.0)	(32.7)	(32.7)	(36.6)	(41.4)	13.1%	(35.0)	(7.4)	(13.6)	83.8%	(11.7)
Cars depreciation	(124.7)	(118.5)	(114.3)	(114.3)	(159.9)	(218.7)	36.8%	(218.7)	(47.6)	(60.3)	26.7%	(60.3)
Other assets depreciation and amortization												
Fleet rental	(2.2)	(2.9)	(3.5)	(3.5)	(4.9)	(5.3)	8.2%	(5.7)	(1.3)	(1.3)	0.0%	(1.4)
Car sales for fleet renewal	(2.0)	(1.8)	(1.7)	(1.7)	(1.7)	(1.5)	-11.8%	(6.7)	(0.3)	(0.5)	66.7%	(2.0)
Operating profit before financial results and taxes (EBIT)	**297.5**	**334.0**	**378.1**	**381.5**	**412.9**	**460.0**	**11.4%**	**461.3**	**100.6**	**121.2**	**20.5%**	**121.7**
Financial expenses, net	(63.9)	(69.8)	(81.6)	(81.6)	(80.1)	(100.8)	25.8%	(103.0)	(24.7)	(21.0)	-15.0%	(21.6)
Income tax and social contribution	(56.8)	(58.1)	(67.7)	(68.5)	(84.5)	(81.8)	-3.2%	(79.7)	(18.3)	(23.9)	30.6%	(23.6)
Net income for the period	**176.8**	**206.1**	**228.8**	**231.4**	**248.3**	**277.4**	**11.7%**	**278.6**	**57.6**	**76.3**	**32.5%**	**76.5**
Net margin	**18.1%**	**20.6%**	**18.9%**	**19.2%**	**17.2%**	**15.7%**	**-1.5 p.p.**	**16.6%**	**15.9%**	**14.9%**	**-1.0 p.p.**	**17.9%**
EBITDA	**426.4**	**457.2**	**497.6**	**501.0**	**579.4**	**685.5**	**18.3%**	**692.4**	**149.8**	**183.3**	**22.4%**	**185.4**
EBITDA margin	**43.7%**	**45.8%**	**41.2%**	**41.5%**	**40.0%**	**38.8%**	**-1.2 p.p.**	**41.2%**	**41.4%**	**35.9%**	**-5.5 p.p.**	**43.4%**

OPERATING DATA	2015	2016	2017	2017	2018	2019	Var.	2019	4Q18	4Q19	Var.	4Q19
Average operating fleet	31,676	31,908	36,804	36,804	44,404	55,726	25.5%	55,726	48,394	61,330	26.7%	61,330
Average rented fleet	30,280	31,222	35,424	35,424	42,321	53,029	25.3%	53,029	45,486	57,582	26.6%	57,582
Average operating fleet age (in months)	16.7	18.0	18.1	18.1	15.1	15.1	0.0%	15.1	14.7	14.7	0.0%	14.7
End of period fleet												
Rented Fleet	33,948	34,960	44,877	44,877	54,430	68,957	26.7%	68,957	54,430	68,957	26.7%	68,957
Managed Fleet	207	145	94	94	57	32	-43.9%	32	57	32	-43.9%	32
Number of rental days - in thousands	10,900.9	11,240.0	12,752.7	12,752.7	15,235.7	19,090.5	25.3%	19,090.5	4,093.8	5,182.4	26.6%	5,182.4
Average daily rental revenues per car (R$)	56.08	58.23	58.77	58.77	55.62	53.92	-3.1%	53.92	54.99	53.09	-3.5%	53.09
Annualized average depreciation per car (R$)	3,935.2	3,714.0	3,104.3	3,104.3	3,601.1	3,923.4	9.0%	3,923.4	3,936.2	3,928.9	-0.2%	3,928.9
Utilization rate (Does not include cars in preparation and decomissioning) (**)	98.4%	98.9%	98.2%	98.2%	96.8%	96.6%	-0.2 p.p.	96.6%	95.6%	95.6%	0.0 p.p.	95.6%
Number of cars purchased	11,689	11,762	20,286	20,286	26,148	31,242	19.5%	31,242	6,963	7,677	10.3%	7,677
Number of cars sold	11,797	10,853	13,653	13,653	16,334	19,238	17.8%	19,238	3,721	6,261	68.3%	6,261
Average sold fleet age (in months)	33.4	31.4	31.8	31.8	31.2	28.6	-8.3%	28.6	26.8	29.4	9.7%	29.4
Average total fleet	33,446	33,436	39,605	39,605	48,776	61,374	25.8%	61,374	53,365	69,243	29.8%	69,243
Average value of total fleet - R$ million	1,067.1	1,130.4	1,482.5	1,482.5	1,943.1	2,520.6	29.7%	2,520.6	2,154.9	2,884.0	33.8%	2,884.0
Average value per car in the period - R$ thsd	31.9	33.8	37.4	37.4	39.8	41.1	3.3%	41.1	40.4	41.6	3.0%	41.6

(*)In 4Q19, PIS and COFINS credits were reclassified, which were recorded as credits in the rental income tax line and started to be
(**) The 2015 utilization rate was calculated only on the basis of the fourth quarter of 2015.

16.3 – Table 3 – *Franchising* – R$ million

FRANCHISING RESULTS	2015	2016	2017	2018	2019 without IFRS 16 and without reclassification of PIS/COFINS	Var.	2019	4Q18	4Q19 without IFRS 16 and without reclassification of PIS/COFINS	Var.	4Q19
Gross revenues	17.8	18.0	17.6	18.1	21.8	20.4%	21.8	4.6	5.3	15.2%	5.3
Taxes on revenues (*)	(1.2)	(1.0)	(1.1)	(1.0)	(1.0)	0.0%	(1.0)	(0.3)	(0.3)	0.0%	(0.3)
Net revenues	**16.6**	**17.0**	**16.5**	**17.1**	**20.8**	**21.6%**	**20.8**	**4.3**	**5.0**	**16.3%**	**5.0**
Costs	(9.2)	(9.7)	(8.9)	(9.6)	(8.3)	-13.5%	(6.5)	(2.9)	(1.9)	-34.5%	(1.6)
Gross profit	**7.4**	**7.3**	**7.6**	**7.5**	**12.5**	**66.7%**	**14.3**	**1.4**	**3.1**	**121.4%**	**3.4**
Operating expenses (SG&A)	(0.6)	(1.5)	(1.8)	(0.5)	(0.4)	-20.0%	(0.4)	(0.2)	0.1	-	0.1
Other assets depreciation and amortization	(0.4)	(0.5)	(0.6)	(0.5)	(0.3)	-40.0%	(2.1)	(0.2)	(0.1)	-50.0%	(0.5)
Operating profit before financial results and taxes (EBIT)	**6.4**	**5.3**	**5.2**	**6.5**	**11.8**	**81.5%**	**11.8**	**1.0**	**3.1**	**210.0%**	**3.0**
Financial expenses, net	1.6	2.1	1.8	1.3	0.5	-61.5%	0.5	0.7	0.1	-	0.1
Income tax and social contribution	(1.3)	(1.5)	(1.2)	(1.2)	(2.8)	133.3%	(2.6)	(0.3)	(0.7)	133.3%	(0.6)
Net income for the period	**6.7**	**5.9**	**5.8**	**6.6**	**9.5**	**43.9%**	**9.7**	**1.4**	**2.5**	**78.6%**	**2.5**
Net Margin	**40.4%**	**34.7%**	**35.2%**	**38.6%**	**45.7%**	**7.1 p.p.**	**46.6%**	**32.6%**	**50.0%**	**17.4 p.p.**	**50.0%**
EBITDA	**6.8**	**5.8**	**5.8**	**7.0**	**12.1**	**72.9%**	**13.9**	**1.2**	**3.2**	**166.7%**	**3.5**
EBITDA Margin	**41.0%**	**34.1%**	**35.2%**	**40.9%**	**58.2%**	**17.3 p.p.**	**66.8%**	**27.9%**	**64.0%**	**36.1 p.p.**	**70.0%**

(*)In 4Q19, PIS and COFINS credits were reclassified, which were recorded as credits in the rental income tax line and started to be recorded in the rental

16.4 – Table 4 – Consolidated – R$ million

CONSOLIDATED RESULTS	2015	2016	2017	2017 Adjusted	2018	2019 without IFRS 16 and without reclassification of PIS/COFINS credits	Var.	2019	4Q18	4Q19 without IFRS 16 and without reclassification of PIS/COFINS	Var.	4Q19
Car rental gross revenues, net of discounts and cancellations	1,316.9	1,486.9	1,898.7	1,898.7	2,570.8	3,345.6	30.1%	3,345.6	740.4	993.6	34.2%	993.6
Franchising gross revenues, net of discounts and cancellations	17.8	18.0	17.6	17.6	18.1	21.8	20.4%	21.8	4.6	5.3	15.2%	5.3
Car Rental and Franchising total gross revenues, net of discounts and cancellations	1,334.7	1,504.9	1,916.3	1,916.3	2,588.9	3,367.4	30.1%	3,367.4	745.0	998.9	34.1%	998.9
Fleet Rental gross revenues, net of discounts and cancellations	619.6	664.1	757.4	757.4	857.8	1,039.1	21.1%	1,039.1	227.9	278.7	22.3%	278.7
Car and Fleet Rentals and Franchising total gross revenues	1,954.3	2,169.0	2,673.7	2,673.7	3,446.7	4,406.5	27.8%	4,406.5	972.9	1,277.6	31.3%	1,277.6
Taxes on revenues - Car and Fleet Rentals and Franchising (*)	(71.2)	(72.2)	(66.6)	(66.6)	(61.4)	(59.7)	-2.8%	(417.6)	(18.1)	(8.6)	-52.5%	(366.5)
Car and Fleet Rentals and Franchising net revenues	**1,883.1**	**2,096.8**	**2,607.1**	**2,607.1**	**3,385.3**	**4,346.8**	**28.4%**	**3,988.9**	**954.8**	**1,269.0**	**32.9%**	**911.1**
Car sales gross revenues						-		-				
Car sales for fleet renewal - Car Rental, net of discounts and cancellations	1,679.2	1,997.8	2,990.0	2,990.0	3,919.2	5,479.6	39.8%	5,479.6	1,170.4	1,554.5	32.8%	1,554.5
Car sales for fleet renewal - Fleet Rental, net of discounts and cancellations	368.6	347.8	466.5	466.5	599.5	742.4	23.8%	742.4	137.7	234.6	70.4%	234.6
Car sales for fleet renewal - total gross revenues (*)	2,047.8	2,345.6	3,456.5	3,456.5	4,518.7	6,222.0	37.7%	6,222.0	1,308.1	1,789.1	36.8%	1,789.1
Taxes on revenues - Car sales for fleet renewal	(2.9)	(3.1)	(5.3)	(5.3)	(8.3)	(15.3)	84.3%	(15.3)	(3.1)	(4.8)	54.8%	(4.8)
Car sales for fleet renewal - net revenues	**2,044.9**	**2,342.5**	**3,451.2**	**3,451.2**	**4,510.4**	**6,206.7**	**37.6%**	**6,206.7**	**1,305.0**	**1,784.3**	**36.7%**	**1,784.3**
Total net revenues	**3,928.0**	**4,439.3**	**6,058.3**	**6,058.3**	**7,895.7**	**10,553.5**	**33.7%**	**10,195.6**	**2,259.8**	**3,053.3**	**35.1%**	**2,695.4**
						-		-				
Direct costs and expenses:						-		-				
Car rental	(618.1)	(707.4)	(926.4)	(870.7)	(1,178.1)	(1,476.2)	25.3%	(1,105.5)	(316.2)	(428.3)	35.5%	(128.9)
Franchising	(9.2)	(9.7)	(8.9)	(8.9)	(9.6)	(8.3)	-13.5%	(6.5)	(2.9)	(1.9)	-34.5%	(1.6)
Total Car rental and Franchising	(627.3)	(717.1)	(935.3)	(879.6)	(1,187.7)	(1,484.5)	25.0%	(1,112.0)	(319.1)	(430.2)	34.8%	(130.5)
Fleet Rental	(189.3)	(193.7)	(220.4)	(220.1)	(245.9)	(304.1)	23.7%	(220.5)	(65.4)	(81.7)	24.9%	1.9
Total Car and Fleet Rentals and Franchising	(816.6)	(910.8)	(1,155.7)	(1,099.7)	(1,433.6)	(1,788.6)	24.8%	(1,332.5)	(384.5)	(511.9)	33.1%	(128.6)
Car sales for fleet renewal - Car rental	(1,396.3)	(1,727.5)	(2,603.2)	(2,603.2)	(3,542.5)	(5,040.5)	42.3%	(5,037.8)	(1,083.8)	(1,437.4)	32.6%	(1,436.6)
Car sales for fleet renewal - Fleet Rental	(286.7)	(279.4)	(392.1)	(392.1)	(525.9)	(650.2)	23.6%	(650.1)	(122.5)	(206.3)	68.4%	(206.3)
Total Car sales for fleet renewal (book value) and preparation for sale	(1,683.0)	(2,006.9)	(2,995.3)	(2,995.3)	(4,068.4)	(5,690.7)	39.9%	(5,687.9)	(1,206.3)	(1,643.7)	36.3%	(1,642.9)
Total costs	(2,499.6)	(2,917.7)	(4,151.0)	(4,095.0)	(5,502.0)	(7,479.3)	35.9%	(7,020.4)	(1,590.8)	(2,155.6)	35.5%	(1,771.5)
						-		-				
Gross profit	**1,428.4**	**1,521.6**	**1,907.3**	**1,963.3**	**2,393.7**	**3,074.2**	**28.4%**	**3,175.2**	**669.0**	**897.7**	**34.2%**	**923.9**
						-		-				
Operating expenses						-		-				
Advertising, promotion and selling:						-		-				
Car rental	(127.9)	(148.6)	(199.6)	(193.3)	(285.8)	(357.4)	25.1%	(357.4)	(75.8)	(110.9)	46.3%	(110.9)
Franchising	(0.6)	(0.6)	(1.1)	(1.1)	-	0.1	0.0%	0.1	(0.1)	0.3	0.0%	0.3
Total car rental and Franchising	(128.5)	(149.2)	(200.7)	(194.4)	(285.8)	(357.3)	25.0%	(357.3)	(75.9)	(110.6)	45.7%	(110.6)
Fleet Rental	(18.2)	(14.0)	(18.8)	(18.8)	(27.7)	(36.0)	30.0%	(35.6)	(7.6)	(9.6)	26.3%	(9.5)
Car sales for fleet renewal	(191.1)	(191.6)	(232.3)	(232.3)	(279.5)	(357.1)	27.8%	(301.6)	(73.3)	(103.9)	41.7%	(89.3)
Total advertising, promotion and selling	(337.8)	(354.8)	(451.8)	(445.5)	(593.0)	(750.4)	26.5%	(694.5)	(156.8)	(224.1)	42.9%	(209.4)
General, administrative and other expenses	(155.8)	(151.2)	(215.3)	(203.6)	(210.6)	(268.0)	27.3%	(267.9)	(63.2)	(85.1)	34.7%	(84.9)
Total Operating expenses	(493.6)	(506.0)	(667.1)	(649.1)	(803.6)	(1,018.4)	26.7%	(962.4)	(220.0)	(309.2)	40.5%	(294.3)
						-		-				
Depreciation expenses:						-		-				
Cars depreciation:						-		-				
Car rental	(38.9)	(87.8)	(117.7)	(117.7)	(131.7)	(332.8)	152.7%	(332.8)	(42.7)	(110.9)	159.7%	(110.9)
Fleet Rental	(124.7)	(118.5)	(114.3)	(114.3)	(159.9)	(218.7)	36.8%	(218.7)	(47.6)	(60.3)	26.7%	(60.3)
Total cars depreciation expenses	(163.6)	(206.3)	(232.0)	(232.0)	(291.6)	(551.5)	89.1%	(551.5)	(90.3)	(171.2)	89.6%	(171.2)
Other assets depreciation and amortization	(35.7)	(38.2)	(39.1)	(39.1)	(43.9)	(46.3)	5.5%	(171.7)	(11.4)	(12.0)	5.3%	(46.2)
Total depreciation and amortization expenses	(199.3)	(244.5)	(271.1)	(271.1)	(335.5)	(597.8)	78.2%	(723.2)	(101.7)	(183.2)	80.1%	(217.4)
						-		-				
Operating profit before financial results and taxes (EBIT)	**735.5**	**771.1**	**969.1**	**1,043.1**	**1,254.6**	**1,458.0**	**16.2%**	**1,489.6**	**347.3**	**405.3**	**16.7%**	**412.2**
						-		-				
Financial expenses, net:						-		-				
Expense	(370.1)	(445.5)	(511.9)	(511.9)	(536.8)	(591.2)	10.1%	(630.0)	(152.0)	(143.7)	-5.5%	(155.9)
Income	167.4	202.0	196.9	196.9	167.9	230.6	37.3%	220.2	44.5	45.5	2.2%	43.4
Financial (expenses) revenues, net	(202.7)	(243.5)	(315.0)	(315.0)	(368.9)	(360.6)	-2.2%	(409.8)	(107.5)	(98.2)	-8.7%	(112.5)
						-		-				
Income before tax and social contribution	**532.8**	**527.6**	**654.1**	**728.1**	**885.7**	**1,097.4**	**23.9%**	**1,079.8**	**239.8**	**307.1**	28.1%	**299.7**
						-		-				
Income tax and social contribution	(130.4)	(118.3)	(148.4)	(164.7)	(226.5)	(249.9)	10.3%	(245.9)	(58.4)	(73.1)	25.2%	(71.3)
						-		-				
Net income for the period	**402.4**	**409.3**	**505.7**	**563.4**	**659.2**	**847.5**	**28.6%**	**833.9**	**181.4**	**234.0**	**29.0%**	**228.4**
						-		-				
EBITDA	934.8	1,015.6	1,240.2	1,314.2	1,590.1	2,055.8	29.3%	2,212.8	449.0	588.5	31.1%	629.6
EBIT	735.5	771.1	969.1	1,043.1	1,254.6	1,458.0	16.2%	1,489.6	347.3	405.3	16.7%	412.2
Consolidated EBIT Margin (calculated over rental revenues)	**39.1%**	**36.8%**	**37.2%**	**40.0%**	**37.1%**	**33.5%**	**-3.5 p.p.**	**37.3%**	**36.4%**	**31.9%**	**-4.4 p.p.**	**45.2%**
Car and Fleet Rentals and Franchising EBITDA	785.3	887.8	1,037.0	1,111.0	1,454.3	1,930.6	32.8%	2,029.2	431.7	563.7	30.6%	589.3
EBITDA Margin	**41.7%**	**42.3%**	**39.8%**	**42.6%**	**43.0%**	**44.4%**	**1.4 p.p.**	**50.9%**	**45.2%**	**44.4%**	**-0.8 p.p.**	**64.7%**
Used Car Sales (Seminovos) EBITDA	149.5	127.7	203.2	203.2	135.8	125.2	-7.8%	183.6	17.3	24.8	43.4%	40.3
EBITDA Margin	**7.3%**	**5.5%**	**5.9%**	**5.9%**	**3.0%**	**2.0%**	**-1.0 p.p.**	**3.0%**	**1.3%**	**1.4%**	**0.1 p.p.**	**2.3%**

(*)In 4Q19, PIS and COFINS credits were reclassified, which were recorded as credits in the rental income tax line and started to be recorded in

16.5 – Table 5 – Operating data

SELECTED OPERATING DATA	2015	2016	2017	2018	2019	Var.	4Q18	4Q19	Var.
Average operating fleet:									
Car Rental	62,513	70,185	94,194	130,058	173,649	33.5%	144,017	201,559	40.0%
Fleet Rental	31,676	31,908	36,804	44,404	55,726	25.5%	48,394	61,330	26.7%
Total	94,189	102,093	130,998	174,462	229,375	31.5%	192,411	262,889	36.6%
Average rented fleet:									
Car Rental	43,315	51,515	69,762	97,245	128,718	32.4%	108,708	150,417	38.4%
Fleet Rental	30,280	31,222	35,424	42,321	53,029	25.3%	45,486	57,582	26.6%
Total	73,595	82,737	105,186	139,566	181,747	30.2%	154,194	207,999	34.9%
Average age of operating fleet (months)									
Car Rental	7.4	7.9	6.5	7.2	7.0	-2.8%	7.0	6.7	-4.3%
Fleet Rental	16.7	18.0	18.1	15.1	15.1	0.0%	14.7	14.7	0.0%
Average age of total operating fleet	10.6	11.0	9.8	9.3	9.0	-3.2%	9.0	8.6	-4.4%
Fleet at end of period:									
Car Rental	76,755	94,156	135,578	177,672	238,174	34.1%	177,672	238,174	34.1%
Fleet Rental	33,948	34,960	44,877	54,430	68,957	26.7%	54,430	68,957	26.7%
Total	110,703	129,116	180,455	232,102	307,131	32.3%	232,102	307,131	32.3%
Managed fleet at end period - Fleet Rental	207	145	94	57	32	-43.9%	57	32	-43.9%
Fleet investment (R$ million) (does not include accessories)									
Car Rental	1,773.1	2,782.2	4,581.8	5,785.2	8,802.1	52.1%	2,127.6	2,748.6	29.2%
Fleet Rental	502.0	503.4	881.5	1,189.2	1,472.6	23.8%	315.2	382.1	21.2%
Total	2,275.1	3,285.6	5,463.3	6,974.4	10,274.7	47.3%	2,442.8	3,130.7	28.2%
Number of rental days (In thousands):									
Car Rental - Total	15,815.8	18,864.8	25,494.0	35,514.6	47,029.0	32.4%	10,001.1	13,840.9	38.4%
Rental days for Fleet Rental replacement service	(249.7)	(202.4)	(230.4)	(230.1)	(283.0)	23.0%	(64.4)	(70.4)	9.3%
Car Rental - Net	15,566.1	18,662.4	25,263.6	35,284.5	46,745.9	32.5%	9,936.7	13,770.5	38.6%
Fleet Rental	10,900.9	11,240.0	12,752.7	15,235.7	19,090.5	25.3%	4,093.8	5,182.4	26.6%
Total	26,467.0	29,902.4	38,016.3	50,520.2	65,836.5	30.3%	14,030.5	18,952.9	35.1%
Annualized average depreciation per car (R$)									
Car Rental	622.1	1,251.2	1,250.1	1,012.4	1,917.6	89.4%	1,184.3	2,206.5	86.3%
Fleet Rental	3,935.2	3,714.0	3,104.3	3,601.1	3,923.4	9.0%	3,936.2	3,928.9	-0.2%
Total	1,736.3	2,020.9	1,771.0	1,671.2	2,405.2	43.9%	1,876.5	2,609.1	39.0%
Average annual revenues per operating car (R$ thousand)									
Car Rental	20.1	20.3	19.4	19.4	17.3	-10.8%	20.0	13.7	-31.5%
Fleet Rental	18.9	20.1	19.9	18.9	16.6	-12.2%	18.3	12.1	-33.7%
Average daily rental (R$)									
Car Rental (*)	84.56	79.67	75.16	72.86	71.57	-1.8%	74.51	72.15	-3.2%
Fleet Rental	56.08	58.23	58.77	55.62	53.92	-3.1%	54.99	53.09	-3.5%
Utilization rate (does not include cars in preparation and decomissioning):									
Car Rental	75.4%	78.0%	78.6%	79.6%	79.1%	-0.5 p.p.	81.1%	79.1%	-2.0 p.p.
Fleet Rental	98.4%	98.9%	98.2%	96.8%	96.6%	-0.2 p.p.	95.6%	95.6%	0.0 p.p.
Number of cars purchased - consolidated (**)	64,032	87,833	135,252	165,421	223,534	35.1%	57,569	64,263	11.6%
Average price of cars purchased (R$ thsd) - consolidated	35.53	37.41	40.39	42.16	45.96	9.0%	42.43	48.72	14.8%
Numbers of cars sold - consolidated	64,305	68,449	90,554	111,279	147,915	32.9%	32,281	41,365	28.1%
Average price of cars sold (R$ thsd) (***) - consolidated	28.54	31.23	35.38	37.86	39.48	4.3%	38.00	40.82	7.4%
Average price of cars sold (R$ thsd) (***) - consolidated without IFRS 16	-	-	-	-	54.73	-	-	40.46	-

(*) Not included the rentals for Fleet Rental Division.
(**) Does not include cars from Hertz Brazil in 2017
(***) Net of SG&A expenses related to the sale of cars decomissioned for fleet renewal.

17 – Consolidated financial statements – IFRS – R$/million

ASSETS	2015	2016	2017	2018	2019 without IFRS 16	2019
CURRENT ASSETS:						
Cash and cash equivalents	1,385.1	1,692.3	1,338.2	2,175.3	2,220.1	2,220.1
Financial assets	-	-	1,275.7	267.5	610.8	610.8
Trade accounts receivable	486.1	424.5	585.1	1,016.5	1,274.7	1,274.7
Derivative financial instruments - swap	-	2.2	-	-	-	-
Other current assets	102.6	115.0	128.6	182.7	246.8	246.8
Decommissioning cars to fleet renewal	31.8	8.8	103.4	51.8	141.7	141.7
Total current assets	**2,005.6**	**2,242.8**	**3,431.0**	**3,693.8**	**4,494.1**	**4,494.1**
NON CURRENT ASSETS:						
Long-term assets:						
Marketable securities	-	-	-	-	-	-
Derivative financial instruments - swap	45.6	7.4	16.7	2.8	18.2	18.2
Trade accounts receivable	4.7	3.2	4.7	3.8	1.8	1.8
Escrow deposit	52.9	60.1	83.1	96.3	114.6	114.6
Deferred income tax and social contribution	-	-	42.0	42.2	32.4	32.4
Investments in restricted accounts	-	-	40.6	43.0	22.3	22.3
Other non current assets	0.1	0.1	0.7	0.1	0.1	0.1
Total long-term assets	**103.3**	**70.8**	**187.8**	**188.2**	**189.4**	**189.4**
Property and equipment						
Cars	3,610.9	4,614.8	6,934.7	9,481.6	13,374.1	13,374.1
Right of use	-	-	-	-	-	625.0
Other	314.1	405.8	549.3	550.3	570.5	570.5
Intangible:						
Software and others	67.1	61.1	52.8	47.8	49.9	49.9
Goodwill on acquisition of investments	22.0	22.0	30.6	30.7	90.0	90.0
Total non current assets	**4,117.4**	**5,174.5**	**7,755.2**	**10,298.6**	**14,273.9**	**14,898.9**
TOTAL ASSETS	**6,123.0**	**7,417.3**	**11,186.2**	**13,992.4**	**18,768.0**	**19,393.0**

LIABILITIES AND SHAREHOLDERS' EQUITY	2015	2016	2017	2018	2019 without IFRS 16	2019
CURRENT LIABILITIES:						
Trade accounts payable	690.6	910.9	1,331.7	2,202.6	2,565.4	2,565.4
Social and labor obligations	85.6	95.0	109.2	135.0	161.8	161.8
Loans, financing and debentures	422.4	654.6	537.2	616.6	144.3	144.3
Lease liability					-	116.0
Derivative financial instruments - swap	-	-	6.8	18.7	26.8	26.8
Income tax and social contribution	28.3	23.0	31.3	41.1	58.7	54.6
Dividends and interest on own capital	29.3	39.7	36.4	42.6	63.4	63.4
Other current liabilities	99.9	118.5	181.5	282.8	390.0	390.0
Total current liabilities	**1,356.1**	**1,841.7**	**2,234.1**	**3,339.4**	**3,410.4**	**3,522.3**
NON CURRENT LIABILITIES:						
Loans, financing and debentures	2,596.9	3,131.3	5,940.5	7,029.4	9,235.1	9,235.1
Lease liability					-	526.8
Derivative financial instruments - swap	-	-	10.8	21.9	62.3	62.3
Provisions	68.3	63.1	126.5	148.8	207.2	207.2
Deferred income tax and social contribution	141.6	171.9	219.7	297.3	352.7	352.7
Restricted Obligations	-	-	40.6	43.1	22.5	22.5
Other non current liabilities	18.5	12.3	13.3	18.0	16.6	16.6
Total non current liabilities	**2,825.3**	**3,378.6**	**6,351.4**	**7,558.5**	**9,896.4**	**10,423.2**
Total liabilities	**4,181.4**	**5,220.3**	**8,585.5**	**10,897.9**	**13,306.8**	**13,945.5**
SHAREHOLDERS' EQUITY:						
Capital	976.7	976.7	1,500.0	1,500.0	4,000.0	4,000.0
Expenses with share issues	-	-	-	-	(43.1)	(43.1)
Capital Reserves	35.9	34.0	94.9	125.0	163.2	163.2
Earnings Reserves	929.0	1,186.3	1,005.8	1,469.5	1,341.1	1,327.4
Total shareholders' equity	**1,941.6**	**2,197.0**	**2,600.7**	**3,094.5**	**5,461.2**	**5,447.5**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**6,123.0**	**7,417.3**	**11,186.2**	**13,992.4**	**18,768.0**	**19,393.0**

18 – Consolidated financial statements – Income statements - R$/million

STATEMENT OF INCOME	2015	2016	2017	2017 Adjusted	2018	2019 without	2019
Total net revenues	**3,928.0**	**4,439.3**	**6,058.3**	**6,058.3**	**7,895.7**	**10,553.5**	**10,195.6**
COSTS AND EXPENSES:							
Direct costs	(2,499.6)	(2,917.7)	(4,151.0)	(4,095.0)	(5,502.0)	(7,479.3)	(7,020.4)
Selling, general, administrative and other expenses	(493.6)	(506.0)	(667.1)	(649.1)	(803.6)	(1,018.4)	(962.4)
Cars depreciation	(163.6)	(206.3)	(232.0)	(232.0)	(291.6)	(551.5)	(551.5)
Other assets depreciation and amortization	(35.7)	(38.2)	(39.1)	(39.1)	(43.9)	(46.3)	(171.7)
Total costs and expenses	(3,192.5)	(3,668.2)	(5,089.2)	(5,015.2)	(6,641.1)	(9,095.5)	(8,706.0)
Income before financial results and taxes (EBIT)	**735.5**	**771.1**	**969.1**	**1,043.1**	**1,254.6**	**1,458.0**	**1,489.6**
FINANCIAL EXPENSES, NET	(202.7)	(243.5)	(315.0)	(315.0)	(368.9)	(360.6)	(409.8)
Income before taxes	**532.8**	**527.6**	**654.1**	**728.1**	**885.7**	**1,097.4**	**1,079.8**
INCOME TAX AND SOCIAL CONTRIBUTION							
Current	(94.8)	(88.0)	(119.4)	(135.7)	(139.8)	(183.7)	(180.7)
Deferred	(35.6)	(30.3)	(29.0)	(29.0)	(86.7)	(66.2)	(65.2)
	(130.4)	(118.3)	(148.4)	(164.7)	(226.5)	(249.9)	(245.9)
Net income	**402.4**	**409.3**	**505.7**	**563.4**	**659.2**	**847.5**	**833.9**

19 – Statements of Cash Flows – R$/million

CONSOLIDATED CASH FLOW	2015	2016	2017	2017 Adjusted	2018	2019 without IFRS 16	2019
CASH FLOWS FROM OPERATING ACTIVITIES:							
Net income	402.4	409.3	505.7	563.4	659.2	847.5	833.9
Adjustments to reconcile net income and cash and cash equivalents provided by operating activities:							
Depreciation and amortization	199.3	244.5	271.1	271.1	335.5	597.9	723.1
Net book value of vehicles written off	1,769.1	2,102.5	3,106.6	3,106.6	4,198.5	5,863.6	5,863.6
Deferred income tax and social contribution	35.6	30.3	29.1	29.1	86.7	65.2	65.2
Interest on loans, financing, debentures and swaps of fixed rates	406.6	438.1	476.2	476.2	529.8	552.9	552.9
Lease interest	-	-	-	-	-	0.0	49.4
Other	17.3	26.9	81.7	81.7	87.8	103.6	103.6
(Increase) decrease in assets:							
Trade receivable	(36.6)	56.8	(151.8)	(151.8)	(489.0)	(275.9)	(275.9)
Purchases of cars (see supplemental disclosure below)	(2,399.6)	(3,098.9)	(5,052.4)	(5,052.4)	(6,113.7)	(9,941.4)	(9,941.4)
Escrow deposits	(15.3)	(7.2)	(17.5)	(17.5)	(13.1)	(17.9)	(17.9)
Taxes recoverable	(5.2)	(6.0)	2.6	2.6	3.4	(1.6)	(1.6)
Prepaid expenses	0.0	0.0	2.7	2.7	1.3	(4.9)	(4.9)
Other assets	(1.3)	(3.6)	(8.8)	(8.8)	(71.9)	(44.7)	(44.7)
Increase (decrease) in liabilities:							
Accounts payable (except car manufacturers)	(16.7)	29.6	(4.8)	(4.8)	3.1	21.0	21.0
Social and labor obligations	(0.5)	9.4	7.5	7.5	25.8	26.8	26.8
Income tax and social contribution	94.8	88.0	119.4	135.7	139.8	184.7	180.7
Insurance premium	4.4	8.6	19.3	19.3	37.0	23.2	23.2
Other liabilities	5.9	(19.5)	40.1	40.1	60.1	52.0	52.0
Cash provided by (used in) operating activities	**460.2**	**308.8**	**(573.3)**	**(499.3)**	**(519.7)**	**(1,948.0)**	**(1,791.0)**
Income tax and social contribution paid	(110.7)	(93.3)	(108.3)	(108.3)	(131.2)	(146.1)	(146.1)
Interest on loans, financing and debentures paid	(352.9)	(442.3)	(485.7)	(485.7)	(424.7)	(562.2)	(562.2)
Lease interest paid	-	-	-	-	-	0.0	(53.5)
Financial assets	-	-	(1,275.8)	(1,275.8)	1,008.2	(343.4)	(343.4)
Net cash provided by (used in) operating activities	**(3.4)**	**(226.8)**	**(2,443.1)**	**(2,369.1)**	**(67.4)**	**(2,999.7)**	**(2,896.2)**
CASH FLOWS FROM INVESTING ACTIVITIES:							
(Investments) withdraw in marketable securities	92.6	-	-	-	-	0.0	0.0
Acquisition of investment, goodwill and fair value surplus	-	-	(333.2)	(333.2)	-	(123.7)	(123.7)
Purchases of other property and equipment and addition of intangible assets	(153.0)	(126.6)	(175.0)	(175.0)	(42.8)	(70.0)	(70.0)
Net cash provided by (used in) investing activities	**(60.4)**	**(126.6)**	**(508.2)**	**(508.2)**	**(42.8)**	**(193.7)**	**(193.7)**
CASH FLOWS FROM FINANCING ACTIVITIES:							
Loans and financings:							
Proceeds	747.1	266.3	950.1	950.1	742.8	1,351.5	1,351.5
Repayment	(368.4)	(297.9)	(510.1)	(510.1)	(518.5)	(930.2)	(930.2)
Debentures							
Proceeds	496.8	943.4	2,626.9	2,626.9	1,690.7	2,283.7	2,283.7
Repayment	(668.0)	(105.0)	(355.0)	(355.0)	(815.0)	(975.0)	(975.0)
Lease liability:						0.0	0.0
Proceeds	-	-	-	-	-	0.0	0.0
Repayment	-	-	-	-	-	0.0	(103.5)
Capital Increase	-	-	-	-	-	1,821.6	1,821.6
Treasury shares (acquired)/ sold	(27.5)	(25.0)	2.1	2.1	3.20	2.6	2.6
Expenses with issuance of shares.	-	-	-	-	-	(65.3)	(65.3)
Exercise of stock options with treasury shares, net	18.0	18.2	50.1	50.1	16.4	25.1	25.1
Dividends paid	(44.7)	(1.0)	-	-	-	(7.2)	(7.2)
Interest on own capital	(94.6)	(138.4)	(166.9)	(166.9)	(172.3)	(268.6)	(268.6)
Net cash provided by (used in) financing activities	**58.7**	**660.6**	**2,597.2**	**2,597.2**	**947.3**	**3,238.2**	**3,134.7**
NET CASH FLOW PROVIDED (USED) IN THE YEAR	**(5.1)**	**307.2**	**(354.1)**	**(280.1)**	**837.1**	**44.8**	**44.8**
Cash flow without incurred one-time costs Hertz and franchisees	-	-	-	(74.0)	-	0.0	0.0
NET CASH FLOW PROVIDED (USED) IN THE YEAR AFTER ONE TIME COSTS	**(5.1)**	**307.2**	**(354.1)**	**(354.1)**	**837.1**	**44.8**	**44.8**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,390.2	1,385.1	1,692.3	1,692.3	1,338.2	2,175.3	2,175.3
CASH AND CASH EQUIVALENTS AT END OF YEAR	1,385.1	1,692.3	1,338.2	1,338.2	2,175.3	2,220.1	2,220.1
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(5.1)**	**307.2**	**(354.1)**	**(354.1)**	**837.1**	**44.8**	**44.8**
Supplemental disclosure of cash flow information:							
Cash paid during the period for cars acquisition							
Cars acquisition in the year/period - renewal	(2,278.4)	(2,563.6)	(3,660.9)	(3,660.9)	(4,696.7)	(6,804.6)	(6,804.6)
Cars acquisition in the year/period - growth	-	(726.0)	(1,807.0)	(1,807.0)	(2,285.1)	(3,478.7)	(3,478.7)
Suppliers - automakers:							
Balance at the end of the year	591.3	782.0	1,197.5	1,197.5	2,065.6	2,407.5	2,407.5
Balance at the beginning of the year	(712.5)	(591.3)	(782.0)	(782.0)	(1,197.5)	(2,065.6)	(2,065.6)
Cash paid for cars purchased	(2,399.6)	(3,098.9)	(5,052.4)	(5,052.4)	(6,113.7)	(9,941.4)	(9,941.4)

20 – Glossary and other information

•**Adjusted:** financials have been recalculated to exclude the impact of incurred one-time costs related with the acquisition of Hertz Brazil and the integration of 20 franchised branches in 2017.

•**Average Rented Fleet:** In the car rental division it is the number of daily rentals in the period divided by the number of days in the period. In the Fleet Rental is the actual number of cars rented.

•**CAGR:** Compounded annual growth rate.

•**CAPEX:** Capital expenditure.

•**Carrying Cost of Cash:** Consists of the cost to maintain minimum cash position. This is the difference between the average rate of fundraising and the average rate of investment.

•**Car depreciation:** Depreciation is calculated based on the expectation of the future sale price net of the selling expenses. The amount to be depreciated is the positive difference between the acquisition price of the vehicle and its estimated residual value. Depreciation is calculated as long as the assets' estimated residual value does not exceed its accounting value. Depreciation is recognized during the estimated life cycle of each asset. In the Car Rental division, depreciation method used is linear. In the Fleet Rental division, depreciation is recorded according to the sum of the years' digits (SOYD) method, which better reflects the consumption pattern of the economic benefits that decrease during the cars' useful life. The residual value is the estimated sale price net of the estimated selling expense.

•**Depreciated cost of used cars sales (book value):** consists of the acquisition value of vehicles, depreciated up to the date of sale, less the technical discount. The **technical discount** is the discount given to the buyer for any required repairs that were not made. These repair costs are recorded as a charge to operating costs and as a credit to cost of cars sold.

•**EBITDA:** EBITDA is the net income of the period, added by the income tax, net financial expenses, depreciation, amortization and exhaustions, as defined by CVM instruction 527/12.

•**EBITDA Margin:** EBITDA divided by the net revenues.

•**EBIT:** EBIT is the net income of the period added by the income tax and net financial expenses.

•**EBIT Margin:** EBIT divided by the rental net revenues.

•**IFRS 16:** As of January 1, 2019, all companies had to adapt to the new rules of IFRS 16. Lessees now have to recognize the assets of the rights over leased assets and the liabilities of future payments for medium or long-term leases, including operating leases. The major impact we had was on the real estate lease agreements of our locations and stores.

•**Operating Fleet:** Includes the cars in the fleet from the licensing until they become available for sale.

•**Net debt:** Short and long term debts +/- the results from the swap operations, net of the cash, cash equivalents and short term financial investments. The "net debt" term is a Company's measure and cannot be compared with similar terms used by other companies.

•**Net Investment in cars:** capital investment in cars acquisition, net of the revenues from selling decommissioned cars.

•**NOPAT:** Net operating profit after tax.

•**One-time costs (OTC):** non-recurring costs and expenses related to the acquisition of Hertz Brazil's operations and the integration of 20 franchised branches.

•**Reclassification of PIS and COFINS credits** - In order to better reflect the nature of its operating costs, Localiza performed the reclassification of PIS and COFINS credits for the years ended December 31, 2019. The credits were reclassified in the income statement by division and consolidated, from the income tax heading to the cost heading.

•**ROIC:** Return on invested capital.

• **Swap:** Financial transactions carried out to hedge exchange rate and interest rate risks.

• **Utilization Rate:** It is the number of rental days of the period divided by the fleet available for rental multiplied by the number of days of the period and therefore, it does not include cars being prepared or being decommissioned.