VAMOS Group

Consolidated and combined carve-out financial statements at December 31, 2019 and independent auditor's report

Contents

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

Independent auditor's report on the consolidated and combined carve-out financial statements

To the Vamos Group's Board of Directors and shareholders

Mogi das Cruzes - SP

Opinion

We have audited the consolidated and combined carve-out financial statements, identified as consolidated and combined carve-out, related to the "trucks, machinery and equipment dealerships, and lease of trucks, machinery and equipment segment", that include the companies Vamos Locação de Caminhões, Máquinas e Equipamentos S.A. ("Company"), Transrio Caminhões, Ônibus, Máquinas e Motores Ltda., Vamos Seminovos S.A., Vamos Máquinas S.A., Borgato Serviços Agrícolas S.A. and Vamos Comércio de Máquinas Linha Amarela Ltda. ("Vamos Group"), which comprise the consolidated and combined carve-out statements of financial position as at December 31, 2019, and the consolidated and combined carve-out statements of profit or loss, other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated and combined carve-out financial statements present fairly, in all material respects, the consolidated and combined carve-out financial position of Vamos Group as of December 31, 2019, and its consolidated and combined carve-out financial performance and its consolidated and combined carve-out cash flows, for the year then ended in accordance with accounting practices adopted in Brazil and International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB).

Base for opinion

We conducted our audit in accordance with Brazilian and international standards on auditing (ISAs). Our responsibilities, under those standards are further described in the Auditors' responsibilities for the audit of consolidated and combined carve-out financial statements section of our report. We are independent of Vamos Group in accordance with the ethical requirements included in the Accountant Professional Code of Ethics ("*Código de Ética Profissional do Contador*") and in the professional standards issued by the Brazilian Federal Accounting Council ("*Conselho Federal de Contabilidade*") that are relevant to our audit of the consolidated and combined carve-out financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis - Basis for preparation and presentation

We call your attention to notes 1.2 and 2.3 to the financial statements which describe the basis of preparation of consolidated and combined carve-out financial statements. The consolidated and combined carve-out financial statements of Vamos Group regarding lease of trucks, heavy machinery and equipment segment might not be indicative of the financial position and performance and cash flows, which could be obtained if Vamos Group had operated as a single independent entity. These financial statements have been prepared and are being presented only to demonstrate the financial position, the performance of operations and cash flows related to lease of trucks, heavy machinery and equipment segment of Vamos Group and may not serve for other purposes. Our opinion is not qualified in this respect.

Key audit matters

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

Assessment of recoverable amount of cash generating units that contain goodwill based on the expectation of future profitability and commercial rights	
See the Notes 2.10 and 15 of consolidated and combined carve-out financial statements	
Key audit matter	**How our audit addressed this matter**
Vamos Group has goodwill on expectation of future profitability arising from business combinations and commercial rights ("assets"), whose recoverability is based on the expectation of future profits. In assessing recoverability of these assets, significant assumptions and judgments are used in determining estimates of future cash flows, including, the volume of rendering services, operating costs and discount rates. Changes in significant assumptions used may relevantly affect the consolidated and combined carve-out financial statements. For this reason, we considered this matter significant for our audit.	Our audit procedures have included, but are not limited to: – Evaluation of the design and operating effectiveness of key internal controls related to the determination of the recoverable amounts of goodwill arising from business combinations and commercial rights, especially the Management's review of studies carried out by an expert engaged; – Evaluation, with the support of our corporate finance experts, of adequacy and consistency of assumptions used to determine the recoverable amounts of cash-generating units, mainly those related to the determination of the discount rate and growth projections; – Comparison, with the support of our corporate finance experts, of Vamos Group's assumptions with data obtained outside the Company, such as projected economic growth, cost inflation and discount rates, as well as evaluation of sensitivity analysis on significant assumptions used and impact from possible changes in such assumptions; and – Assessment of whether the disclosures in the consolidated and combined carve-out financial statements consider the significant information. Based on the audit procedures summarized above, we consider acceptable the recoverable amounts of cash-generating units that contain goodwill based on the expectation of future profitability and commercial rights, as well as the respective disclosures, in the context of the consolidated and combined carve-out financial statements taken as a whole, as of and for the year ended December 31, 2019.

Revenue recognition from rendering services, sale of assets used in lease services rendered and sale of vehicles, parts and accessories

See the Notes 2.14 and 28 of consolidated and combined carve-out financial statements

Key audit matter	How our audit addressed this matter
Vamos Group has net revenue from rendering services and sale of new and used vehicles, parts and accessories. In addition,, in the normal course of its fleets renewal, Vamos Group sells vehicles, machinery and equipment used in lease services rendered. Due to fact that Vamos Group has several type of revenues, the revenue recognition process requires a detailed and involves significant judgement in the evaluation of the criteria used by Vamos Group to determine the time in which the services rendered and/or assets sold is transferred to the counterparty. For this reason, we considered this matter as significant for our audit.	Our audit procedures have included, but are not limited to: – Evaluation of design of key internal controls related to process of revenue recognition from rendering services, sale of assets used in lease services rendered and sale of vehicles, parts and accessories, especially identification of the appropriate moment in which Vamos Group transfers to the counterparty the on services rendered and/or assets sold; – We tested, based on sampling, the criteria used by Vamos Group to determine the appropriate moment in which the control is transferred and we performed documentary tests, and also evaluated whether the revenue was accurately recognized within the respective accrual period for the year ended December 31, 2019; – Evaluation of cancellations and returns occurred at the beginning of January 2020 in order to test if revenue was accounted for in compliance with the accrual regime; and – Assessment of whether the disclosures in the consolidated and combined carve-out financial statements consider the significant information. Deficiencies in the design of internal controls that have come to our attention, related to rendering services, sale of lease assets used in services rendered and sale of vehicles, parts and accessories have changed our assessment of the nature of our work and, consequently increased the extent of our substantive procedures planned to provide sufficient and appropriate audit evidence. During our audit, we identified adjustments related to non-recognition of revenue from sale of lease assets and rendering services, whose transfer of control and rendering of services had already been transferred, which were not recorded by Vamos Group since they were considered immaterial by Management. Based on the audit procedures summarized above, we consider that the recognition of revenue from rendering services, sale of lease assets used in services rendered and sale of vehicles, parts and accessories, as well as the respective disclosures, are acceptable in the context of the consolidated and combined carve-out financial statements taken as a whole, as of and for the year ended December 31, 2019.

Economic useful lives, estimated residual value and recalculation of depreciation of vehicles, machinery and equipment for lease	
See the Notes 2.9 and 14 of consolidated and combined carve-out financial statements	
Key audit matter	**How our audit addressed this matter**
Vamos Group has vehicles, machinery and equipment comprising its property and equipment (“assets”"), for which it annually reviews the assumptions used to determine the estimated useful lives of assets. Additionally, Vamos Group uses significant assumptions and judgments to determine the estimated residual sales value of these assets. Any change in assumptions and judgments may relevantly impact depreciation charges calculated in current and future years and the result from sale of these assets. For this reason, we consider this matter as significant for our audit.	Our audit procedures have included, but are not limited to: – Evaluation of design and operating effectiveness of key internal controls in the process of determining estimates related to economic useful life and residual value of the assets; – Evaluation based on internal data of Vamos Group, including strategy and business plan, of the assumptions used in determining the useful lives of the assets and their attributed residual value; – Recalculation of depreciation charges recognized during the year, also considering residual value attributed to the asset; and – Assessment of whether the disclosures in the consolidated and combined carve-out financial statements consider the significant information. Based on the audit procedures summarized above, we consider that the recognized amounts of depreciation of vehicles, machinery and equipment, the determination of residual values, as well as the respective disclosures, are acceptable in the context of the consolidated and combined carve-out financial statements taken as a whole, as of and for the year ended December 31, 2019.

<table>
<tr><th colspan="2">Right of use lease: measurement of right-of-use and lease liabilities</th></tr>
<tr><td colspan="2">See the Notes 2.11, 4.3 and 20 of consolidated and combined carve-out financial statements</td></tr>
<tr><td>Key audit matter</td><td>How our audit addressed this matter</td></tr>
<tr><td>Vamos Group has lease agreements classified as within the scope of CPC 06 (R2) / IFRS 16 - Leases, which is became effective on 1st January 2019. This standard introduced complex accounting aspects for the recognition and measurement of the right of use assets and the lease liabilities.

The determination of the assumptions used to measure the right of use of an asset and the lease liability involves significant judgment, especially with respect to the discount rates for calculating the lease liability, the lease term considered in each agreement and determining whether the agreement contains or not a lease.

Due to the inherent judgment in the recognition and measurement of the right of use asset and lease liability, as well as the fact that changes in the assumptions used may significantly impact the consolidated financial statements, we consider this matter as significant for our audit.</td><td>Our audit procedures have included, but are not limited to:

– Evaluation of design of key internal controls related to the measurement of the right of use and lease liability;

– Evaluation, with the support of our corporate finance experts, of adequacy of assumptions used to determine the discount rates, including a comparison of the assumptions used by Vamos Group with data obtained externally, and a sensitivity analysis on discount rates, as well as the impacts of possible changes in such rates;

– Assessment, based on a sample of agreements that could potentially contain leases and the determination of the lease term, including analysis of the renewal clauses according to the relevant facts and circumstances that could create economic incentives for their exercise;

– Assessment, based on a sample of agreements, of the amounts considered in the measurement of the right of use asset and lease liability, including the analysis of the data used in the measurement and recalculation of the recognized amounts; and

– Assessment of whether the disclosures in the consolidated financial statements consider the significant information.

During our audit, we identified certain adjustments related to the measurement of the right of use asset and lease liability, which were not recorded by Vamos Group since they were considered as immaterial by Management.

Based on the audit procedures summarized above, we consider that the amounts recognized as right of use asset and lease liabilities, as well as the respective disclosures, are acceptable in the context of the consolidated financial statements taken as a whole, as of and for the year ended December 31, 2019.</td></tr>
</table>

Other matters – Statements of value added

The consolidated and combined carve-out statements of value added (DVA) for the year ended December 31, 2019, prepared under the responsibility of the Company's management, and presented herein as supplementary information for IFRS purposes, have been subject to audit procedures jointly performed with the audit of the Vamos Group's consolidated and combined carve-out financial statements. In order to form our opinion, we assessed whether those statements are reconciled with the consolidated and combined carve-out financial statements and accounting records, as applicable, and whether their format and contents are in accordance with the criteria determined in the Technical Pronouncement 09 (CPC 09) - Statement of Value Added issued by the Committee for Accounting Pronouncements (CPC). In our opinion, the consolidated and combined carve-out statements of value added have been fairly prepared, in all material respects, in accordance with the criteria determined by the aforementioned Technical Pronouncement and are consistent with the overall consolidated and combined carve-out financial statements.

Responsibilities of management and those charged with governance for the consolidated and combined carve-out financial statements

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

In preparing the consolidated and combined carve-out financial statements, management is responsible for assessing the Vamos Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in the preparation of the consolidated and combined carve-out financial statements unless management either intends to liquidate Vamos Group's companies or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Vamos Group's companies financial reporting process.

Auditors' responsibilities for the audit of the consolidated and combined carve-out financial statements

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

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

– Identify and assess the risks of material misstatement of the consolidated and combined carve-out 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 Vamos Group's 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 Vamos Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated and combined carve-out 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 auditors' report. However, future events or conditions may cause Vamos Group's to cease to continue as a going concern.

– Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether consolidated and combined carve-out 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 and combined carve-out financial statements. We are responsible for the direction, supervision and performance of the group audit, and, consequently 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 provided those charged with governance with a statement that we have complied with relevant ethical requirements, including applicable independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to be on our independence and where applicable, the related safeguards.

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

São Paulo, January 31, 2020.

KPMG Auditores Independentes
CRC 2SP014428/O-6

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

VAMOS Group
Consolidated and combined carve-out statements of financial position as at December 31, 2019, 2018 and 2017
In thousands of Brazilian reais

	Note	12/31/2019 (consolidated)	12/31/2018 (combined carve-out)	12/31/2017 (combined carve-out)
Assets				
Current assets				
Cash and cash equivalents	8	322,830	58.605	83.311
Marketable securities and financial investments	9	176.427	7.253	87.042
Trade receivables	10	223.481	166.822	154.080
Inventories	11	140.272	101.930	85.130
Taxes recoverable		18.952	11.406	8.223
Income tax and social contribution recoverable		18.371	17.875	13.924
Fixed assets available for sale	12	74.582	61.972	35.319
Prepaid expenses		17.450	7.505	3.878
Advances to third parties		13.248	16.932	8.976
Other credits		7.471	15.734	5.837
		1.013.084	**466.034**	**485.720**
Noncurrent assets				
Long-term assets				
Marketable securities and financial investments	9	655	794	4,378
Derivative financial instruments	7.3.2	16,048	4,880	-
Trade receivables	10	4,245	14,189	20,886
Fund for capitalization of authorized dealerships	13	27,002	23,477	19,935
Deferred income tax and social contribution	23.1	7,219	24,594	23,953
Judicial deposits	24.1	6,003	4,648	3,198
Other credits		1,808	1,901	2,247
		62,980	**74,483**	**74,597**
Property and equipment	14	1,819,615	1,385,822	1,250,379
Intangible assets	15	158,170	165,137	168,507
		2,040,765	**1,625,442**	**1,493,483**
Total assets		**3,053,849**	**2,091,476**	**1,979,203**

	Note	12/31/2019 (consolidated)	12/31/2018 (combined carve-out)	12/31/2017 (combined carve-out)
Liabilities				
Current liabilities				
Trade payables	16	112.998	83.032	99.439
Floor plan	17	64.916	53.413	38.333
Suppliers financing – truck manufacturers		-	-	2.860
Loans, financings and debentures	18	414.946	189.109	227.043
Finance leases payable	19	10.537	15.201	14.337
Right-of-use lease	20	7.029	-	-
Related parties	21.1	-	26.067	43
Assignment of receivables	25	6.043	7.410	6.043
Labor liabilities		14.981	11.695	9.292
Income tax and social contribution payable		383	446	1.935
Tax liabilities		3.577	6.062	7.560
Advances from customers		35.398	24.480	15.512
Dividends and interest on capital payable	26.3.a	-	61.375	18.446
Payables for the acquisition of companies	22	-	34,769	57,314
Other payables		10,532	15,066	3,578
		681,340	**528,125**	**501,735**
Noncurrent liabilities				
Trade payables	16	-	-	4,325
Loans, financings and debentures	18	1,655,894	700,877	571,732
Finance leases payable	19	16,246	29,735	14,867
Right-of-use lease	20	33,920	-	-
Assignment of receivables	25	12,085	16,761	24,171
Provision for judicial and administrative litigation	24.2	3,215	3,280	2,883
Deferred income tax and social contribution	23.1	151,365	136,459	104,337
Payables for the acquisition of companies	22	8,828	33,275	45,833
Other payables		202	-	-
		1,881,755	**920,387**	**768,148**
Total liabilities		**2,563,095**	**1,448,512**	**1,269,883**
Net parent company investment		-	642,964	709,320
Equity	26.1	482,817	-	-
Capital reserve	26.2	1,881	-	-
Earnings reserve		15,965	-	-
Treasury shares	26.4	(11,508)	-	-
Parent company investment	1.2	-	-	-
Other comprehensive income		1,599	-	-
Total Equity		**490,754**	**-**	**-**
Total liabilities and net parent company investment		**3,053,849**	**2,091,476**	**1,979,203**

The amounts as of January 1, 2019 reflect the impacts of the adoption of CPC 06 (R2) / IFRS 16 - Leases, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of the initial application is recognized in the opening balance of retained earnings at the date of initial application, as mentioned in note 4.4. The amounts as of January 1, 2018 reflect the impacts of the adoption of CPC 48 / IFRS 9 - Financial Instruments and CPC 47 / IFRS 15 - Revenue from Contracts with Customers. Note 4 presents the effects of the adoption of CPC 48 / IFRS 9 and CPC 47 / IFRS 15.

The accompanying notes are an integral part of the consolidated and combined carve-out financial statements.

VAMOS Group
Consolidated and combined carve-out statements of profit or loss
For the years ended December 31, 2019, 2018 and 2017
In thousands of Brazilian reais, except for earnings per share

	Note	12/31/2019 (consolidated)	12/31/2018 (combined carve-out)	12/31/2017 (combined carve-out)
Net revenue from sale, lease, rendering of services and sale of assets used in services rendered	28	**1,211,508**	**983,290**	**674,756**
Cost of sales, leases and services rendered	29	(593,774)	(552,881)	(327,114)
Cost of sales of decommissioned assets	29	(204,633)	(97,774)	(67,903)
(=) Total cost of sales, leases, services rendered and cost of sales of decommissioned assets		**(798,407)**	**(650,655)**	**(395,017)**
(=) Gross profit		**413,101**	**332,635**	**279,739**
Selling expenses	29	(52,807)	(22,533)	(15,951)
Administrative expenses	29	(80,416)	(85,805)	(65,141)
Expected credit losses of trade receivables	29	(6,024)	(9,133)	(25,470)
Other operating income, net	29	18,799	18,549	7,773
(=) Operating profit before finance income and costs		**292,653**	**233,713**	**180,950**
Finance income	30	16,670	17,871	12,032
Finance costs	30	(110,158)	(84,494)	(57,253)
(=) Net finance costs		**(93,488)**	**(66,623)**	**(45,221)**
(=) Profit before income tax and social contribution		**199,165**	**167,090**	**135,729**
Income tax and social contribution - current	23.2	(41,186)	(18,447)	(21,191)
Income tax and social contribution - deferred	23.2	(16,197)	(32,369)	(21,954)
(=) Total income tax and social contribution		**(57,383)**	**(50,816)**	**(43,145)**
(=) Profit for the year		**141,782**	**116,274**	**92,584**
(=) Basic and diluted earnings per share at the end of the year – in R$	32	1.47970	-	-

The amounts as of January 1, 2019 reflect the impacts of the adoption of CPC 06 (R2) / IFRS 16 - Leases, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of the initial application is recognized in the opening balance of retained earnings at the date of initial application, as mentioned in note 4.4. The amounts as of January 1, 2018 reflect the impacts of the adoption of CPC 48 / IFRS 9 - Financial Instruments and CPC 47 / IFRS 15 - Revenue from Contracts with Customers. Note 4 presents the effects of the adoption of CPC 48 / IFRS 9 and CPC 47 / IFRS 15.

The accompanying notes are an integral part of the consolidated and combined carve-out financial statements.

Consolidated and combined carve-out statements of comprehensive income
For the years ended December 31, 2019, 2018 and 2017
In thousands of Brazilian reais

	12/31/2019 (consolidated)	12/31/2018 (combined carve-out)	12/31/2017 (combined carve-out)
Profit for the year	**141,782**	**116,274**	**92,584**
Items that are or may be subsequently reclassified to profit or loss:			
Gain on cash flow hedge - effective portion of changes in fair value, net of taxes	890	709	-
Total other comprehensive income for the year	**142,672**	**116,983**	**92,584**

The amounts as of January 1, 2019 reflect the impacts of the adoption of CPC 06 (R2) / IFRS 16 - Leases, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of the initial application is recognized in the opening balance of retained earnings at the date of initial application, as mentioned in note 4.4. The amounts as of January 1, 2018 reflect the impacts of the adoption of CPC 48 / IFRS 9 - Financial Instruments and CPC 47 / IFRS 15 - Revenue from Contracts with Customers. Note 4 presents the effects of the adoption of CPC 48 / IFRS 9 and CPC 47 / IFRS 15.

VAMOS Group
Consolidated and combined carve-out statements of changes in net parent company investment
For the years ended December 31, 2019, 2018 and 2017
In thousands of Brazilian reais

	Note	Share capital	Capital reserve: Share-based payment transactions	Capital reserve: Share subscription premium	Treasury shares	Earnings reserve: Legal reserve	Earnings reserve: Retention of earnings	Earnings reserve: Investment reserves	Earnings reserve: Retained earnings	Hedge reserve	Parent company's investment	Total equity and parent company's investment
Balance at December 31, 2016		-	-	-	-	-	-	-	-	-	**437,651**	-
Transfer of parent company's investments	26.1 (ii)	-	-	-	-	-	-	-	-	-	(157,811)	-
Capital increase with parent company's investments	26.1 (ii)	-	-	-	-	-	-	-	-	-	157,811	-
Re-ratification of corporate documents for capital increase	26.1 (iii)	-	-	-	-	-	-	-	-	-	15,976	-
Share-based payment transactions	26.2.a	-	-	-	-	-	-	-	-	-	800	-
Capital increase with issuance of new shares	26.1 (iv)	-	-	-	-	-	-	-	-	-	201,340	-
Share subscription premium	26.2.b	-	-	-	-	-	-	-	-	-	22,774	-
Changes in parent company's investment, net		-	-	-	-	-	-	-	-	-	(42,641)	-
Profit for the year		-	-	-	-	-	-	-	-	-	92,584	-
Distribution of interest on capital	26.3 a	-	-	-	-	-	-	-	-	-	(12,742)	-
Distribution of profits – mandatory minimum dividends	26.3.a	-	-	-	-	-	-	-	-	-	(6,422)	-
Balance at December 31, 2017 [(1)] (combined carve-out)		-	-	-	-	-	-	-	**-**	**-**	**709,320**	**-**
Adjustment on initial application of CPC 48 / IFRS 9	4.2	-	-	-	-	-	-	-	-	-	(2,694)	-
Adjusted balances at January 1, 2018 (combined carve-out)		-	-	-	-	-	-	-	**-**	**-**	**706,626**	**-**
Profit for the year		-	-	-	-	-	-	-	-	-	116,274	-
Results of derivative financial instruments, net of taxes	4.2	-	-	-	-	-	-	-	-	-	709	-
Total comprehensive income for the period, net of taxes		**-**	**-**	**-**	**-**	**-**	**-**	-	**-**	**-**	**116,983**	**-**
Changes in parent company's investment, net		-	-	-	-	-	-	-	-	-	(29,888)	-
Transfer of investment - spin-off JSL Holding	26.1 (v)	-	-	-	-	-	-	-	-	-	(10,002)	-
Treasury shares	1.3 c	-	-	-	-	-	-	-	-	-	(94,193)	-
Share-based payment transactions	26.2.a	-	-	-	-	-	-	-	-	-	560	-
Distribution of profits – mandatory minimum dividends	26.3 a	-	-	-	-	-	-	-	-	-	(47,122)	-
Balance at December 31, 2018 [(1)] (combined carve-out)		-	-	-	-	-	-	-	-	-	**642,964**	**-**
Changes in parent company's investment, net	26.5	-	-	-	-	-	-	-	-	-	(61,481)	-
Adjusted balances at January 1, 2019		**482,817**	**1,425**	**22,774**	**(94,193)**	**9,682**	**158,269**	**-**	**-**	**709**	**(581.483)**	**-**
Profit for the period [(1)]		-	-	-	-	-	-	-	141,782	-	-	141,782
Results of derivative financial instruments, net of taxes		-	-	-	-	-	-	-	-	890	-	890
Total comprehensive income for the period, net of taxes		**-**	**-**	**-**	**-**	**-**	**-**	-	**141,782**	**890**	**-**	**142,672**
Share-based payment transactions		-	456	-	-	-	-	-	-	-	-	456
Distribution of interim dividends	26.3 a	-	-	-	-	-	(150,000)	-	-	-	-	(150,000)
Cancellation of treasury shares	26.4	-	-	(22,774)	82,685	-	(8,269)	-	(51,642)	-	-	-
Legal reserve	26.3 b	-	-	-	-	4,507	-	-	(4,507)	-	-	-
Distribution of dividends	26.3 a	-	-	-	-	-	-	-	(49,211)	-	-	(49,211)
Distribution of interest on capital	26.3 a	-	-	-	-	-	-	-	(34,646)	-	-	(34,646)
Earnings reserve	26.5	-	-	-	-	-	-	1,776	(1,776)	-	-	-
Balance at December 30, 2019 (consolidated)		**482,817**	**1,881**	**-**	**(11,508)**	**14,189**	**-**	**1,776**	**-**	**1,599**	**-**	**490,754**

The amounts as of January 1, 2018 reflect the impacts of the adoption of CPC 48 / IFRS 9 - Financial Instruments and CPC 47 / IFRS 15 - Revenue from Contracts with Customers. Note 4 presents the effects of the adoption of CPC 48 / IFRS 9 and CPC 47 / IFRS 15.

VAMOS Group
Consolidated and combined carve-out statements of cash flows - Indirect method
For the years ended December 31, 2019, 2018 and 2017
In thousands of Brazilian reais

	12/31/2019 (consolidated)	12/31/2018 (combined carve-out)	12/31/2017 (combined carve-out)
Cash flows from operating activities			
Profit before income tax and social contribution	199,165	167,090	135,729
Adjustments to:			
Depreciation and amortization (notes 14 and 15)	234,971	218,462	124,043
Cost of sales of decommissioned assets (note 12)	204,633	97,774	67,903
Provision for judicial and administrative litigation (note 24.2)	(65)	397	1,110
Expected credit losses of trade receivables (note 10)	(18,724)	9,133	25,470
Write-off of other property and equipment and intangible assets (notes 14 and 15)	7,664	9,175	5,635
Provision for (reversal of) impairment of inventories (note 11.1)	576	2,338	(86)
Share-based payments (note 26.2.a)	456	560	679
Extemporaneous tax credits (note 29)	(4,771)	(5,406)	(2,489)
Gain on derivative financial instruments (note 7.3)	(2,368)	(3,805)	-
Present value adjustment of assets and liabilities	-	(519)	-
Interest and monetary variations on suppliers financing – truck manufacturers, loans and financings, finance leases payable and assignment of receivables (note 30)	108,282	74,975	57,148
	729,819	**570,174**	**415,142**
Changes in operating net working capital			
Trade receivables	(16,326)	(19,259)	(42,213)
Inventories	(38,918)	(19,138)	3,266
Taxes recoverable	(2,775)	2,223	5,210
Trade payables	10,161	(30,195)	(41,603)
Floor plan	11,503	15,080	(15,206)
Labor and tax liabilities	(59)	2,403	(3,330)
Other current and noncurrent assets and liabilities	(38,491)	(1,304)	62,466
Changes in operating net working capital	**(74,905)**	**(50,190)**	**(31,410)**
	654,914	**519,984**	**383,732**
Redemption of (investments in) marketable securities and financial investments	(169,035)	83,373	(30,014)
Income tax and social contribution paid	(46,082)	(23,887)	(25,791)
Interest paid on suppliers financing – truck manufacturers, loans and financings, finance leases and right-of-use lease	(67,178)	(57,109)	(61,335)
Acquisition of operational property and equipment for leasing	(794,643)	(190,991)	(102,684)
Cash (used in) generated from operating activities	**(422,024)**	**331,370**	**163,908**
Cash flows from investing activities			
Incorporation of cash from acquired company	-	-	34,953
Cash from sale of property and equipment	6,046	-	-
Acquisition of non-lease property and equipment	(6,858)	(3,089)	(3,466)
Acquisition of intangible assets	(905)	(1,967)	(102)
Net cash (used in) from investing activities	**(1,717)**	**(5,056)**	**31,385**
Cash flows from financing activities			
Return of parent company investment	(11,665)	(29,888)	(42,641)
Payment for the acquisition of companies	(60,014)	(103,622)	(10,056)
Premium paid on the contracting of IDI option	(5,100)	-	-
Proceeds of loans, financings and debentures	2,075,185	183,288	20,878
Payment of loans, financings, debentures, finance leases and right-of-use lease	(1,012,389)	(392,956)	(257,798)
(Payment) receiving of assignment of receivables	(8,016)	(6,649)	30,214
Capital increase	-	-	113,201
Dividends and interest on capital	(290,035)	(1,193)	
Net cash (used in) from financing activities	**687,966**	**(351,020)**	**(146,202)**
Net increase (decrease) in cash and cash equivalents	**264,225**	**(24,706)**	**49,091**
Cash and cash equivalents			
At the beginning of the year	58.605	83.311	34,220
At the end of the year	322,830	58.605	83.311
Net increase (decrease) in cash and cash equivalents	**264,225**	**(24,706)**	**49,091**
Main non-cash transactions that did not affect the cash recorded in financial position			
Raising of finance leases and Finame for the acquisition of operational property and equipment	(55,876)	(301,095)	(120,728)
Return of parent company investment	(49,816)	-	-
Additions to right-of-use lease (note 20)	(56,120)	-	-
Changes in the balance of suppliers financing – truck manufacturers	-	4,604	(3,027)
Changes in the balance of trade payables for property and equipment and truck manufacturers	(19,828)	8,401	(19,418)
Repurchase of shares (Treasury shares note 1.3 a)	-	(94,193)	-

The amounts as of January 1, 2019 reflect the impacts of the adoption of CPC 06 (R2) / IFRS 16 - Leases, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of the initial application is recognized in the opening balance of retained earnings at the date of initial application, as mentioned in note 4.4. The amounts as of January 1, 2018 reflect the impacts of the adoption of CPC 48 / IFRS 9 - Financial Instruments and CPC 47 / IFRS 15 - Revenue from Contracts with Customers. Note 4 presents the effects of the adoption of CPC 48 / IFRS 9 and CPC 47 / IFRS 15.

In thousands of Brazilian reais

	Note	12/31/2019 (consolidated)	12/31/2018 (combined carve-out)	12/31/2017 (combined carve-out)
Sales, lease and services rendered	28	1,321,741	1,100,543	762,050
Reversal of (provision for) expected credit losses		(6,024)		
Expected credit losses of trade receivables	29		(9,133)	(25,470)
Other operating income	29	21,341	18,549	11,148
		1,337,058	**1,109,959**	**747,728**
Inputs acquired from third parties				
Cost of sales and services rendered		(572,161)	(463,616)	(279,897)
Materials, electric power, services provided by third parties and others		(13,168)	(22,293)	(24,093)
		(585,329)	**(485,909)**	**(303,990)**
Gross value added		**751,729**	**624,050**	**443,738**
Retentions				
Depreciation and amortization	29	(234,971)	(218,462)	(124,043)
Net added value produced		**516,758**	**405,588**	**319,695**
Value added received through transfer				
Finance income	30	16,670	17,871	12,032
		16,670	**17,871**	**12,032**
Total value added to distribute		**533,428**	**423,459**	**331,727**
Distribution of value added				
Personnel				
Personnel and payroll taxes	29	83,699	82,787	52,199
		83,699	**82,787**	**52,199**
Taxes, fees and contributions				
Federal taxes		148,506	89,293	75,801
State taxes		35,101	23,908	14,336
Municipal taxes		2,259	1,363	4,321
		185,866	**114,564**	**94,458**
Debt remuneration				
Interest and bank fees	30	110,158	84,494	57,253
Lease of trucks, machinery and equipment	29	8,547	12,926	27,540
Property leasing	29	3,376	12,414	7,693
		122,081	**109,834**	**92,486**
Equity remuneration				
Retained earnings for the year		141,782	116,274	92,584
		141,782	**116,274**	**92,584**
		533,428	**423,459**	**331,727**

The amounts as of January 1, 2019 reflect the impacts of the adoption of CPC 06 (R2) / IFRS 16 - Leases, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of the initial application is recognized in the opening balance of retained earnings at the date of initial application, as mentioned in note 4.4. The amounts as of January 1, 2018 reflect the impacts of the adoption of CPC 48 / IFRS 9 - Financial Instruments and CPC 47 / IFRS 15 - Revenue from Contracts with Customers. Note 4 presents the effects of the adoption of CPC 48 / IFRS 9 and CPC 47 / IFRS 15.

In thousands of Brazilian reais, unless otherwise stated

1. Reporting entity

Vamos Locação de Caminhões, Máquinas e Equipamentos S.A. (“Vamos” or “Company”), until October 31, 2017 named JSL Locação de Máquinas e Veículos Pesados Ltda., is a category “A” company, registered with the Brazilian Securities and Exchange Commission (CVM), located at Av. Saraiva, 400, Vila Cintra – Mogi das Cruzes, State of São Paulo.

The Company, together with its subsidiaries described in note 1.1. and carve-out activities, called “Vamos Group” or “Group”, operates in the business of trucks, machinery and equipment dealerships, and lease of trucks, machinery and equipment. Vamos is controlled by JSL S.A. ("JSL"), which held 91% of its shares on December 31, 2017, which increased to 99.99% in June 2018, as disclosed in note 1.3 c.

1.1 List of subsidiaries

Below is a list of the subsidiaries in accordance with Vamos’s corporate structure:

Corporate Name	Subsidiary	Headquarter country	Segment	% interest at 12/31/2019 (consolidated)	% interest at 12/31/2018 (combined carve-out)	% interest at 12/31/2017 (combined carve-out)
Transrio Caminhões, Ônibus, Máquinas e Motores Ltda. (a)	Direct	Brazil	Truck, machinery and equipment dealerships	99.99	99.99	99.99
JSL Holding Financeira Ltda. (b)	Direct	Brazil	Financial services	-	-	99.99
JSL Arrendamento Mercantil S.A. (c)	Indirect	Brazil	Financial services	-	-	99.99
Vamos Seminovos S.A. (d)	Direct	Brazil	Truck, machinery and equipment dealerships / Lease of trucks, machinery and equipment	99.99	99.99	99.99
Vamos Máquinas e Equipamentos S.A. (e)	Direct	Brazil	Truck, machinery and equipment dealerships / Lease of trucks, machinery and equipment	99.99	99.99	99.99
Borgato Serviços Agrícolas S.A. (f)	Direct	Brazil	Lease of trucks, machinery and equipment	99.99	99.99	99.99
ClicCa Atividades de Internet Ltda. (g)	Direct	Brazil	Internet services	-	99.99	-
Vamos Comércio de Máquinas Linha Amarela Ltda. (h)	Direct	Brazil	Tractor, machinery and equipment dealerships	99.99	-	-

a) Transrio Caminhões, Máquinas e Motores Ltda. (“Transrio”)

Transrio is a limited liability company, with its headquarters in Rio de Janeiro, State of Rio de Janeiro, located at Rodovia Presidente Dutra, 1.450, Vigário Geral, engaged in the sale of new parts and accessories for automotive vehicles, wholesale of new and used buses and micro buses, management of consortium, lease of vehicles and maintenance and repair of automotive vehicles. Transrio has twenty branches in the States of São Paulo, Rio Grande do Sul, Tocantins, Rio de Janeiro and Sergipe.

On October 31, 2017, Vamos became the holder of 99.99% of the shares of this subsidiary.

b) JSL Holding Financeira Ltda. (“JSL Holding”)

JSL Holding is a limited liability company, with its headquarters in Mogi das Cruzes, State of São Paulo, located at Av. Saraiva, 400, Brás Cubas, engaged solely in holding interests, as member or shareholder, in the capital of financial institutions and other institutions authorized to operate by the Central Bank of Brazil (BACEN). JSL Holding does not have branches and is the parent company of JSL Leasing, with a 99.99% ownership interest.

On October 31, 2017, Vamos became the holder of 99.99% of the shares of this subsidiary. On December 31, 2018, such interest was spun off and transferred to JSLF1 Participações Ltda. (directly controlled by JSL), which became its direct parent company, as disclosed in note 1.3.d.

c) JSL Arrendamento Mercantil S.A. (“JSL Leasing”)

JSL Leasing is a closely-held corporation, with its headquarters in Barueri, State of São Paulo, located at Alameda Xingu, 350, Alphaville Industrial, engaged in lease operations, authorized to operate by the Central Bank of Brazil (“BACEN”). JSL Leasing does not have branches and is controlled by JSL Holding.

On December 31, 2018, such interest together with that of its parent company (JSL Holding) was spun off and transferred to JSLF1 Participações Ltda., which became its indirect parent company, as disclosed in note 1.3.d.

d) Vamos Seminovos S.A. (“Vamos Seminovos”, formerly Borgato Caminhões S.A.)

Vamos Seminovos is a closely-held corporation, with its headquarters in Ribeirão Preto, State of São Paulo, located at Via Anhanguera s/n, KM 312,5, sentido Norte, sala 2, Recreio Anhanguera, engaged in selling trucks, machinery and equipment used in civil construction, parts, lubricants, provision of services related to repairs and conservation of vehicles and related equipment, lease of trucks, road implements, buses, machinery and equipment used in civil construction and vehicles in general, road transportation of cargo in general, wholesale trade of machines, devices and equipment for agricultural use, parts and pieces, and also in intermediation and agency activities of services and business in general, except real estate related business; sales representatives and trade agents of motor vehicles. Vamos Seminovos has five branches (three branches at December 31, 2018 and 2017) located in the state of São Paulo.

On April 30 2019, the subsidiary Borgato Caminhões S.A. changed its corporate name to Vamos Seminovos S.A.

On September 20, 2018, the subsidiary Vamos Seminovos ceased to be an authorized DAF dealer and became agency of used vehicles of the Vamos brand.

On December 22, 2017, Vamos completed the purchase of the total capital of this company, as mentioned in note 1.3.a

e) Vamos Máquinas e Equipamentos S.A. (“Vamos Máquinas”, formerly Borgato MáquinasS.A.)

Vamos Máquinas is a closely-held corporation, with its headquarters in Morro Agudo, State of São Paulo, located at Rodovia Genoveva de Carvalho Dias, KM 1,8, Chácara Borgato - Zona Rural, engaged in selling new and used tractors, agricultural machinery and implements, parts and accessories, lubricants, fertilizers, herbicides, seeds and agricultural activities, selling motor vehicles in general, tires and air tubes, lease of tractors, agricultural machinery and implements, trucks, buses and vehicles in general and also road transportation of cargo in general. Vamos Máquinas has eighteen branches in the States of São Paulo, Minas Gerais, Mato Grosso and Goiás.

On February 15, 2019, the subsidiary Borgato Máquinas S.A. changed its corporate name to Vamos Máquinas e Equipamentos S.A.

On December 22, 2017, Vamos completed the purchase of the total capital of this company, as mentioned in note 1.3.a

f) Borgato Serviços Agrícolas S.A. ("Borgato Serviços")

Borgato Serviços is a closely-held corporation, with its headquarters in Morro Agudo, State of São Paulo, located at Rodovia Genoveva de Carvalho Dias, s/n, sala 03, Chácara Borgato - Zona Rural, engaged in rendering agricultural services in all segments, operation of agricultural machinery, tractors and trucks; provision of services related to repair and conservation of agricultural vehicles, machinery and implements, technical assistance and related services; lease of tractors, agricultural machinery and implements, road implements, trucks, buses and vehicles in general and also lease of machinery and equipment for construction without operator. Borgato Serviços has one branch located in the State of Minas Gerais.

On December 22, 2017, Vamos completed the purchase of the total capital of this company, as mentioned in note 1.3.a

g) ClicCa Atividades de Internet Ltda. ("ClicCa")

ClicCa is a limited liability company, established on May 21, 2018, with 99.99% of its interest held by Vamos and with its headquarters in São Paulo, State of São Paulo, located at Rua Dr. Renato Paes de Barros, 1017, 9º floor, Itaim Bibi, engaged in intermediation and agency activities of services and business in general, except real estate, portal services and Internet content providers, information technology consulting services, and may also participate in other companies as partner or shareholder.

On August 20, 2019, Vamos and Transrio assigned, through sale, their ownership interests of 99.9% and 0.01%, respectively, in Clicca for the symbolic amount of R$ 1 to their parent company JSL S.A.

h) Vamos Comércio de Máquinas Linha Amarela Ltda. ("Vamos Linha Amarela")

Vamos Linha Amarela is a limited liability company, with its headquarters at Avenida Ayrton Senna da Silva, S/N, lote B3 e B4, bairro distrito industrial, city of Cuiabá, State of Mato Grosso, CEP 78.098-028, engaged in the trade of new and used tractors, machines, implements, motor vehicles, including import and export; parts and accessories, lubricants, repair and maintenance services for machines, implements and motor vehicles, technical assistance and related services; insurance contract sales intermediation by specialized companies; sale of financial contracts by specialized companies; hiring of brokers; holding investments in other companies as partner or shareholder.

1.2. Consolidated and combined carve-out financial statements

The consolidated and combined carve-out financial statements have been prepared with the purpose of presenting the financial information of the Vamos Group, on a comparative basis between the years presented, as if the Company had assumed control since January 1, 2017, of Transrio and carve-out financial information arising from the lease and sale of trucks, machinery and equipment operated historically by the parent company JSL S.A., CS Brasil Transportes de Passageiros e Serviços Ambientais Ltda. ("CS Brasil" – company controlled by JSL S.A.) and Movida Gestão e Terceirização de Frotas S.A. ("Movida GTF" – company indirectly controlled by JSL S.A., merged into Movida Participações S.A., directly controlled by JSL S.A.)

The consolidated and combined carve-out financial statements do not consolidate the profit or loss and the financial position of the subsidiaries JSL Holding and JSL Leasing from October 31, 2017 to December 31, 2018, period in which these companies were controlled by the Vamos Group. The exclusion made is due to a corporate reorganization occurred on December 31, 2018, in which the control of JSL Holding and JSL Leasing was transferred from the Company to the parent company JSL S.A..

Therefore, for 2017 and 2018 the consolidated and combined carve-out financial statements are being presented to reflect the statement of financial position balances, as well as the profit for the year, other comprehensive income, changes in net parent company investment and cash flows of the Vamos Group, in order to provide, through a single set of financial statements, information on all the activities of the Vamos Group, regardless of its shareholding structure configuration. As from January 1, 2019, the carve-out effects are no longer applicable, since all operations, subject to carve-out in the comparative years, are now managed by Vamos Locação.

In thousands of Brazilian reais, unless otherwise stated

The consolidated and combined carve-out financial statements for the years ended 2018 and 2017 include the revenues and costs, as well as the assets and liabilities directly attributable to the Vamos Group business. However, the amounts recognized by the Vamos Group are not necessarily indicative of the amounts that would have been reflected in the financial statements if the Company operated independently from those related parties. Therefore, the individual or consolidated financial statements of an entity and its subsidiaries are not being presented and the information disclosed should not be considered for calculation of dividends, taxes or other corporate purposes, and cannot be used as an indication of the financial performance that could have obtained had the entities considered in the combination operated as a single independent entity or as an indication of the profit or loss from operations of these entities for the year in which the entities were under common control.

These financial statements are being prepared and presented solely to show the financial position, the performance of operations and the cash flows related to the segment of lease of heavy vehicles, machinery and equipment of Vamos Group and may not be used for other purpose.

The reconciliation between the individual corporate financial statements of each of the entities and the consolidated and combined carve-out financial statements are presented in the tables below:

	December 31, 2018 (combined carve-out)				
Companies	**Assets**	**Net parent company investment**	**Net revenue**	**Costs, expenses and taxes**	**Profit (loss) for the year**
Vamos - individual financial statements	1,746,991	581,483	436,066	(323,129)	112,937
Assets, liabilities and profit (loss) not yet transferred (carve-out) (i)	68,043	61,481	42,806	(32,425)	10,381
Eliminations - consolidated financial statements (ii)	(358,971)	-	-	(34,056)	(34,056)
Elimination JSL Holding (carve-out)	-	-	-	(7,045)	(7,045)
Eliminations between related parties	(16,667)	-	-	22,090	22,090
Total Vamos + carve-out	**1,439,396**	**642,964**	**478,872**	**(374,565)**	**104,307**
Transrio - individual financial statements	234,256	131,910	243,611	(233,615)	9,996
Eliminations - consolidated financial statements (ii)	-	(131,910)	-	-	-
Eliminations between related parties	(181)	-	(769)	-	(769)
Total Transrio	**234,075**	**-**	**242,842**	**(233,615)**	**9,227**
Vamos Seminovos - individual financial statements	30,237	21,724	59,842	(58,191)	1,651
Vamos Máquinas - individual financial statements	337,186	169,078	210,241	(196,604)	13,637
Borgato Serviços - individual financial statements	58,938	34,338	22,781	(13,974)	8,807
Eliminations - consolidated financial statements (ii)	-	(225,140)	-	-	-
Eliminations between Borgato Companies	(10,330)	-	(5,153)	5,153	-
Eliminations between related parties	(85)	-	(26,135)	4,815	(21,320)
Total Borgato Companies	**415,946**	**-**	**261,576**	**(258,801)**	**2,775**
(“ClicCa”)	2,059	1,921	-	(35)	(35)
Eliminations - consolidated financial statements	-	(1,921)	-	-	-
Total Clicca	**2,059**	**-**	**-**	**(35)**	**(35)**
Total combined carve-out	**2,091,476**	**642,964**	**983,290**	**(867,016)**	**116,274**

In thousands of Brazilian reais, unless otherwise stated

					December 31, 2017
Companies (iii)	**Assets**	**Net parent company investment**	**Net revenue**	**Costs, expenses and taxes**	**Profit (loss) for the year**
Vamos - individual financial statements	1,469,653	694,165	374,344	(293,652)	80,692
Assets, liabilities and profit (loss) not yet transferred (carve-out) (i)	101,713	80,988	70,181	(58,534)	11,647
Eliminations - consolidated financial statements (ii) (iv)	(258,919)	-	-	1,852	1,852
Elimination JSL Holding (carve-out)	(65,833)	(65,833)	-	(1,068)	(1,068)
Eliminations between related parties	-	-	(638)	342	(296)
Total Vamos + carve-out	**1,246,614**	**709,320**	**443,887**	**(351,060)**	**92,827**
Transrio - individual financial statements (ii) (iv)	244,157	152,920	231,211	(231,750)	(539)
Eliminations - consolidated financial statements (ii)	-	(152,920)	-	-	-
Eliminations between related parties	(1,025)	-	(342)	638	296
Total Transrio	**243,132**	**-**	**230,869**	**(231,112)**	**(243)**
Vamos Seminovos - individual financial statements	34,739	5,329	-	-	-
Vamos Máquinas - individual financial statements	408,127	84,008	-	-	-
Borgato Serviços - individual financial statements	61,341	16,662	-	-	-
Eliminations - consolidated financial statements (ii)	(14,750)	(105,999)	-	-	-
Total Borgato Companies (v)	**489,457**	**-**	**-**	**-**	**-**
Total combined carve-out	**1,979,203**	**709,320**	**674,756**	**(582,172)**	**92,584**

(i) The carve-out balances were measured based on the accounting records in cost centers related to the operations of lease of trucks, machinery and equipment in other companies related to the JSL Group. Accordingly, these included the property and equipment, depreciation expenses and financing linked to such property and equipment, the finance costs related to the financing, and the revenues and costs from the leasing of property and equipment. In addition, the carve-out income tax and social contribution were calculated on the same basis as mentioned in note 2.3 b;

(ii) These line items represent the eliminations arising from the consolidation of Vamos' subsidiaries, i.e., elimination of Vamos' investment against the net parent company investment of the subsidiaries and related results;

(iii) On October 31, 2017, Vamos became the parent company of Transrio and, as disclosed in item (v), on December 22, 2017, became the parent company of the Borgato Companies;

(iv) The loss of Transrio for the year ended December 31, 2017 was R$ 539 and during the period from November 1, 2017 to December 31, 2017, under the control of Vamos, the loss was R$ 1,852, according to the equity accounting of Vamos; and

(v) As disclosed in note 1.3.a, the Borgato Companies were acquired on December 22, 2017 and the profit or loss for the period from the acquisition date to December 31, 2017 was not considered material to be combined and presented in these financial statements.

The amounts arising from the carve-out of the operations of lease of trucks, machinery and equipment were included in the consolidated and combined carve-out financial statements in the following line items:

In thousands of Brazilian reais, unless otherwise stated

Assets	**12/31/2018 (combined carve-out)**	**12/31/2017 (combined carve-out)**
Trade receivables	11,665	21,849
Fixed assets available for sale	4,118	6,258
Deferred income tax and social contribution	15,829	12,599
Other assets	49	88
Property and equipment	36,382	60,919
Total assets	**68,043**	**101,713**
Liabilities		
Trade payables	71	730
Loans, financings and debentures	3,537	14,843
Finance leases payable	-	649
Tax liabilities	-	2,420
Other payables	2,954	2,083
Total liabilities	**6,562**	**20,725**
Parent company investment	61,481	80,988
Total liabilities and parent company investment	**68,043**	**101,713**

	12/31/2018 (combined carve-out)	**12/31/2017 (combined carve-out)**
Net revenue from sale, lease, rendering of services and sale of assets used in services rendered	**42,806**	**70,181**
Cost of sales, leases and services rendered	(7,063)	(6,529)
Cost of sales of decommissioned assets	(17,404)	(36,412)
(=) Total cost of sales, leases and services rendered and cost of sales of decommissioned assets	**(24,467)**	**(42,941)**
(=) Gross profit	**18,339**	**27,240**
Administrative expenses	(3,271)	(10,405)
Other operating income, net	-	531
(=) Operating profit before finance income and costs	**15,068**	**17,366**
Finance income	687	1,139
Finance costs	(290)	-
(=) Profit before income tax and social contribution	**15,465**	**18,505**
Income tax and social contribution - current	(8,314)	(14,721)
Income tax and social contribution - deferred	3,230	7,863
(=) Total income tax and social contribution	**(5,084)**	**(6,858)**
(=) Profit for the year	**10,381**	**11,647**

1.3 Changes in equity interests

Transactions during the year 2017

a) Acquisition of the Borgato Companies

On December 22, 2017, Vamos completed the purchase of the total capital of Vamos Máquinas (formerly Borgato Máquinas), Borgato Serviços, Vamos Seminovos (formerly Borgato Caminhões), together referred to as “Borgato Companies”. This acquisition is in line with the Vamos strategy to grow in their segment of lease and sale of trucks, machinery and equipment, with a view to obtaining a synergy with its current portfolio.

The transaction price was R$ 224,116, which was paid as follows:

	Amounts of the consideration
Escrow deposit (i)	20,000
Amount payable in installments (ii)	93,203
Amount paid with shares of the parent company (iii)	110,913
Total price (consideration), as per the agreement	**224,116**

In thousands of Brazilian reais, unless otherwise stated

(i) The amount of R$ 20,000 will be retained for five years as collateral for any contingencies ("Escrow") and is recorded in line item "payables for the acquisition of companies";

(ii) This amount is recorded in line item "payables for the acquisition of companies", payable in 58 installments until August 2022, and of the total to be paid, only R$ 50,000 shall be restated according to the variation of 100% of the CDI;

(iii) The fair value of the equity instruments issued (common shares) was assessed using the future profitability methodology, which is based on retrospective five year projection and discounted cash flows, which is supported by an appraisal report. For this amount, 31,937 thousand common shares were issued, as mentioned in note 26.1 (iv).

In accordance with CPC 15 / IFRS 3 – Business Combination, the fair value of the assets acquired and liabilities assumed for determination of the purchase price allocation is shown below:

Assets	**Carrying amount**	**Fair value adjustment**	**Fair value at the acquisition date**
Cash and cash equivalents	34,953	-	34,953
Trade receivables	49,264	-	49,264
Inventories	48,730	-	48,730
Property and equipment	280,264	4,171	284,435
Fixed assets available for sale	19,311	(1,513)	17,798
Client portfolio	-	25,900	25,900
Non-compete agreement	-	2,300	2,300
Trademark	-	4,300	4,300
Other assets	55,570	-	55,570
Total assets	**488,092**	**35,158**	**523,250**
Liabilities			
Trade payables	48,168	-	48,168
Loans, financings and debentures	292,949	-	292,949
Finance leases payable	9,282	-	9,282
Other liabilities	31,694	-	31,694
Total liabilities	**382,093**	**-**	**382,093**
Total net assets			**141,157**
Fair value of the consideration paid			**224,116**
Goodwill			**(82,959)**

The fair value adjustment in the amount of R$ 35,158 comprises R$ 2,658 relating to the fair value adjustment of property and equipment less fixed assets available for sale and R$ 32,500 to the net intangible assets identified and allocated as client portfolio, non-compete agreement and trademark. The goodwill arising on the acquisition is R$ 82,959.

Such business combinations did not contribute to the profit or loss of the Vamos Group for the year ended December 31, 2017, since, as mentioned above, the acquisition was completed on December 22, 2017. If the acquisition of the Borgato Companies had occurred on January 1, 2017, the consolidated and combined carve-out net revenues for that year would be increased by R$ 258,613 and the combined carve-out profit for the year would be increased by R$ 5,131.

(ii) Fair value measurement

The valuation techniques used to measure the fair value of the significant assets acquired were as follows:

In thousands of Brazilian reais, unless otherwise stated

Assets acquired	Valuation technique
Property and equipment	Market comparison technique and cost technique: the valuation model considers the market prices for similar items, when available, and the depreciated replacement cost, when appropriate. The depreciated replacement cost reflects the adjustments for physical depreciation, as well as functional and economic obsolescence.
Intangible assets	Relief-from-royalty method and multi-period excess earnings method: the relief-from-royalty method considers the discounted estimated royalty payments that should be avoided as a result of patents or trademarks acquired. The multi-period excess earnings method considers the present value of expected net cash flows from customer relationships, less any cash flows associated to contributory assets.
Fixed assets available for sale	Market comparison technique: the fair value is determined based on the estimated sale price in the normal course of business, less the estimated costs of completion and sale and a reasonable profit margin based on the effort required to complete and sell the decommissioned assets.
Amount paid with shares of the Parent company	Future profitability method, based on a five year projection (15.4% estimated average growth rate for EBITDA and 4% in perpetuity) and discounted (WACC of 13.6%) cash flows, which is supported by an appraisal report.

(ii) Cost of acquisition

Vamos incurred costs associated with the acquisition in the amount of R$ 434, related to attorney’s fees and due diligence costs. The attorney’s fees and due diligence costs were recorded as “Administrative expenses” in the statement of profit or loss.

<u>Transactions during the year 2018</u>

b) Capital reduction in Transrio

On March 9, 2018, approval was given in the minutes of shareholders' meeting for the capital reduction in its subsidiary Transrio by R$ 65,964. The minutes of meeting were published on May 19, 2018, and the reduction occurred on August 1, 2018, thus reducing the share capital of Transrio from R$ 1 81,885 to R$ 115,921.

c) Repurchase of shares of Borgato Companies

As mentioned in note 1.3.a above, on December 22, 2017, the Company completed the purchase of the total capital of Borgato Companies. The consideration for the acquired interest was composed by a portion to be paid in cash in installments, guaranteed in “Escrow” account, and another portion paid with a 9% stake in Vamos shares.

On June 8, 2018, the Company, together with JSL S.A., signed a purchase and sale agreement with the former shareholders of the Borgato Companies for repurchase of the shares representing their 9% interest in Vamos for R$ 115,000. The amount was paid as follows: (i) one installment of R$ 20,807 in which JSL S.A. delivered 3,037,500 shares and increased its interest in Vamos from 91% to 99.99%; and (ii) Vamos repurchased the remaining shares for R$ 94,193, recorded as treasury shares, paid in shares of Movida Participações S.A. in the amount of R$ 26,067, acquired from JSL S.A. and delivered to the former shareholders of the Borgato Companies, recognized in line item “related parties”, and R$ 68,126 (R$ 66,631 adjusted to present value) payable in annual installments, beginning in January 2019 through 2021, adjusted by the CDI rate, recorded in line item “payables for the acquisition of companies”.

In thousands of Brazilian reais, unless otherwise stated

Also as part of the deal, until June 11, 2018, the payables for the acquisition of companies of R$ 103,622 were settled (R$ 103,147 payable at December 31, 2017), related to the business combinations on December 22, 2017.

On September 5, 2019, R$ 29,129 was settled in advance, remaining a balance payable as at December 31, 2019 of R$ 8,828 (R$ 68,044 as at December 31, 2018), as mentioned in note 22.

d) Spin-off of JSL Holding

On December 31, 2018, the shareholders approved the partial spin-off of the Company with a reduction of capital in the amount of R$ 82,879 related to the accounting net assets comprised by the investment in JSL Holding. As a result, the Company's share capital decreased from R$ 565,696 to R$ 482,817. The JSL Holding's operations were managed by the parent company and were transferred to JSLF1 Participações Ltda. (directly controlled by JSL).

The purpose of this split was to focus on Vamos’ services and products portfolio in the lease and sale of trucks, machinery and equipment.

The effect of the disposal on Vamos' financial position as of December 31, 2018 and the consolidated balances of JSL Holding's operations as of December 31, 2017 that are not included in these consolidated and combined carve-out financial statements are as follows:

Assets	**12/31/2018** (combined carve-out)	**12/31/2017** (combined carve-out)
Cash and cash equivalents	21,921	33,737
Marketable securities and financial investments	77,144	17,036
Trade receivables	101,071	74,433
Deferred income tax and social contribution	94	1,708
Property and equipment	1,392	2,024
Intangible assets	3,746	3,744
Other assets	2,128	887
Total assets	**207,496**	**133,569**
Liabilities		
Credit cards payable	23,116	42,586
Lease bills	83,474	16,020
Tax liabilities	2.860	947
Deferred income tax and social contribution	-	825
Other payables	15,167	7,358
Total liabilities	**124,617**	**67,736**
Net parent company investment	82,879	65,833
Total liabilities and net parent company investment	**207,496**	**133,569**

2. Basis of preparation and presentation of the consolidated and combined carve-out financial statements and significant accounting policies

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

The consolidated and combined carve-out financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and in accordance with accounting practices adopted in Brazil (BR GAAP).

The issuance of financial statements was approved and authorized by the Board of Directors on January 31, 2020.

This is the first set of annual financial statements of the Group in which CPC 06 (R2) / IFRS 16 - Leases, CPC 47 / IFRS 15 – Revenue from Contracts with Customers and CPC 48 / IFRS 9 – Financial Instruments were applied. Changes in the main accounting policies are described in note 4.1.

These financial statements disclose all significant information, and only such information, which is consistent with that used by Management.

2.2 Statement of value added (“DVA”)

The presentation of the statement of value added is required by the Brazilian corporate legislation and the accounting practices adopted in Brazil applicable to listed companies.

The international financial reporting standards (“IFRS”) do not require the presentation of such statement. Accordingly, under the IFRS this statement is presented as supplementary information, and not as part of the set of consolidated and combined carve-out financial statements.

2.3 Basis of combination and consolidation

a) Business combinations

Business combinations are recorded using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as well the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Transaction costs are expensed as incurred.

b) Business combinations under common control

Business combinations involving entities or businesses under common control are business combinations in which the entities or businesses are controlled by the same party before and after the business combination, and its control is not transitory.

The Company chose to present the business combinations under common control by applying its equity value in the financial statements of the entity transferred on the recognition of the assets acquired and liabilities assumed.

As disclosed in note 1.2, the financial statements are presented as if the business combinations under common control had occurred on January 1, 2017 to reflect the profit for the year, other comprehensive income, changes in net parent company investment and cash flows of the Vamos Group, in order to provide, through a single set of financial statements, information on all the activities of the Vamos Group, regardless of its shareholding structure configuration.

All accounting policies related to combination of financial statements have been applied in the preparation of these financial statements, as disclosed in note 1.2, including, but not limited to, the elimination of the transactions between the combined entities.

c) Subsidiaries

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

d) Transactions eliminated on combination

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

2.4 Functional and presentation currency

Items included in the financial statements of each Vamos Group company are measured using the currency of the primary economic environment in which the Vamos Group operates ("functional currency").

These consolidated and combined carve-out financial statements are presented in Brazilian reais (R$), which is the Vamos Group's functional currency and also the functional currency of the other combined entities. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

2.5 Financial instruments

2.5.1. Financial assets

a) Recognition and measurement

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

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

b) Classification and subsequent measurement

Financial Instruments – Policy applicable from January 1, 2018

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

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

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortized cost as described above are measured at FVTPL. This includes all derivative financial assets as disclosed in note 4.2. On initial recognition, the Vamos Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net income, including any interest, are recognized in profit or loss. However, see note 7.3.2 for derivatives designated as hedge instruments.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Financial assets – Policy applicable before January 1, 2018

The Vamos Group classified its financial assets into the following categories:

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

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

c) Derecognition (write-off)

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

2.5.2 Financial liabilities – classification, subsequent measurement and gains and losses

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

a) Derecognition (write-off)

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

2.5.3 Offset

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

2.5.4 Derivative financial instruments and hedge accounting

Financial Instruments – Policy applicable from January 1, 2018

At inception of designated hedging relationships, the Vamos Group documents the risk management objective and strategy for the hedge instrument. The Vamos Group also documents the economic relationship between the hedged item and the hedge instrument, including whether the changes in cash flows of the hedged item and hedge instrument are expected to offset each other.

a) Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in Other Comprehensive Income (OCI) and accumulated in the hedge reserve. The effective portion of changes in the fair value of the derivative that is recognized in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss.

The Vamos Group designates only the changes in fair value of the spot element of forward exchange contracts as the hedge instrument in cash flow hedge relationships. The change in fair value of the forward element of forward exchange contracts (‘forward points’) is separately accounted for as a cost of hedge and recognized in costs of hedge reserve within equity.

The amount accumulated in the hedge reserve and the cost of hedge reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedge instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedge reserve remains in net parent company investment until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it its reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedge reserve and the cost of hedge reserve are immediately reclassified to profit or loss.

The Vamos Group had no derivative instruments and hedge accounting before January 1, 2018.

2.5.5 Impairment of financial assets

Policy applicable from January 1, 2018

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

The Vamos Group measures loss allowances at an amount equal to lifetime ECLs.

The Vamos Group uses a simplified “provision matrix” to calculate the expected losses on its trade receivables according to which the amount of expected credit losses is defined on an “ad hoc” basis. The provision matrix is based on the percentages of historical loss observed along the expected life of the receivables and is adjusted for specific customers according to future estimates and qualitative factors, such as debtor’s financial capacity, guarantees provided, renegotiations in progress, among other factors that are monitored. These qualitative factors are monitored monthly by a committee named Credit and Collection Committee. The percentages of historical loss and the changes in future estimates are reviewed at each reporting period or whenever a significant event occurs indicating that there may be a significant change in these percentages.

For ECLs associated to marketable securities and financial investments classified as at amortized cost, the methodology of impairment applied depends on the significant increase of the counterparty’s credit risk. Note 7.3.a provides details on how the Vamos Group determines if there was a significant increase in the credit risk.

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

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

Policy applicable before January 1, 2018

For financial assets measured at amortized cost, the Vamos Group assesses individually if there is clear evidence of impairment for each financial asset that is individually significant, or on a collective basis for financial assets that are not individually significant. If the Vamos Group concludes that there is no evidence of impairment for a financial asset individually assessed, either significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and is assessed jointly in relation to the impairment loss. Assets that are individually assessed for impairment and for which an impairment is or continues to be recognized, are not included in a collective assessment of impairment.

When there is clear evidence of impairment, the impairment amount is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding expected future credit losses not yet incurred). Evidence of impairment may include indicators that the borrowers are facing significant financial difficulty. The likelihood that they will undergo bankruptcy or any other type of financial reorganization, default or late payment in interest or principal payments can be evidenced by a measurable decrease in the estimated future cash flows, such as changes in maturity dates or economic condition related to defaults.

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

2.6 Fair value measurement

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

A number of the Group’s accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities (see note 4.2).

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

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

If an asset or a liability measured at fair value has a purchase price and a sale price, the Group measures assets based on purchase prices and liabilities based on selling prices.

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

2.7 Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is stated at average acquisition cost and includes costs incurred on the purchase of inventories and other costs incurred to bring them to their existing locations and conditions.

Net realizable value represents the estimated selling price in the normal course of business less all estimated costs of completion and costs necessary to make the sale.

The provision for slow-moving items is made based on the existing quantity in inventory, amount and average consumption of materials, according to the assumptions of the Group’s slow moving-items policy, which establishes the setting up of 100% on the amount of the item in inventory without movement for over 12 months.

2.8 Fixed assets available for sale (Fleet renewal)

To comply with its service agreements, the Vamos Group constantly renews its fleet. The vehicles, machinery and equipment available for replacement are reclassified from property and equipment to “Fixed assets available for sale”.

Amounts are presented at the lower of the residual value, which is the acquisition cost less accumulated depreciation until the date when assets were made available for sale, and their fair value less the estimated cost to sell the asset. These assets are available for immediate sale in their present condition and are thus very likely to be sold in one year or less.

According to the demand, such as in periods of high seasonality, vehicles, machinery and equipment may again be allocated for use in operations. When this occurs, the assets are returned to the base of property and equipment and their depreciation is recorded again.

2.9 Property and equipment

a) Recognition and measurement

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

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

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

b) Subsequent expenditure

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

c) Depreciation

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives. Thus, depreciation rates vary according to the date on which the asset was purchased, the type of the purchased asset, the amount paid, and the estimated sale date and price (method of depreciation for use and sale). The depreciation of vehicles is recorded as cost of services rendered and the depreciation of other property and equipment items is recorded as expense.

The average depreciation rates of assets for the years ended December 31, 2019, 2018 and 2017 are disclosed in note 14.

The Group adopts periodically reviews the estimates of the expected market value at the end of the accounting useful lives of its property and equipment and periodically reviews the estimates of their accounting useful lives used for the determination of the depreciation and amortization rates, and whenever necessary, assesses the recoverability of its assets.

2.10 Intangible assets

2.10.1 Goodwill

Goodwill represents the excess of the consideration paid and/or payable for business acquisition over the net fair value of the assets and liabilities of the acquired subsidiary, based on expected future profitability, associated to the Vamos Group’s business combination.

Goodwill on acquisitions of subsidiaries is recognized as “intangible assets” in the combined carve-out financial statements and measured at cost less accumulated impairment losses. The tests to identify impairment losses are performed annually and any losses identified are recognized in profit or loss for the year and can no longer be reversed. Gains and losses on the disposal of a business include the carrying amount of goodwill relating to the entity sold.

For impairment testing purposes, goodwill is allocated to the Cash Generating Units (“CGUs”) that will benefit from the business combination from which goodwill arose.

2.10.2 Software

Software licenses are capitalized based on the costs incurred for their purchase and implementation. These costs are amortized over the estimated useful life of the software.

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

The amortization rates of assets for the years ended December 31, 2019, 2018 and 2017 are disclosed in note 15.

2.10.3 Commercial rights

Commercial rights are amounts paid for the acquisition of territorial rights for the sale of trucks, machinery and equipment of the Valtra and MAN brands. These rights have indeterminate periods and, therefore, are not amortized and are tested for impairment annually, as described in note 15.

2.10.4 Non-compete agreement and client portfolio

When acquired in a business combination, they are recognized at fair value at the acquisition date. Clauses of customer relationship / client portfolio and non-compete agreements have finite useful lives and are measured at cost less accumulated amortization. Amortization is calculated under the straight-line method over the estimated useful life, as described in note 15.

2.10.5 Trademarks

Trademarks, when acquired in a business combination, are recognized as intangible assets at fair value at the acquisition date. As they have indefinite useful lives, these assets are not amortized and are tested for impairment annually.

2.10.6 Amortization and impairment testing

The useful life of the intangible asset can be finite or indefinite. When it has a finite useful life, the asset is amortized over its estimated useful life. The useful lives are disclosed in note 15.

Assets with no finite useful lives are not amortized, but are tested annually or more frequently when there is an indication that they may present a reduction in their impairment loss individually or at the level of the cash-generating unit, and any identified losses are recognized in profit or loss and can no longer be reversed.

The assumptions and methodologies for impairment testing of intangible assets with indefinite useful lives are disclosed in note 15.2.

2.11 Leases

The Group adopted CPC 06(R2)/IFRS 16 using the modified retrospective approach and, therefore, the comparative information is not being restated and continues to be presented in accordance with CPC 06(R1)/IAS 17 and ICPC 03/IFRIC 4. The details of the accounting policies in accordance with CPC 06(R1)/IAS 17 and ICPC 03/IFRIC 4 are disclosed separately, as mentioned in note 4.3.a.

a) Accounting policies applicable from January 1st, 2019

At inception of a contract, the Group determines whether the contract is, or contains, a lease.

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether the contract conveys a right to control the use of an identified asset, the Group uses the definition of lease in CPC 06(R2)/IFRS 16.

This policy applies to contracts entered into as of January 1, 2019.

(i) As lessee

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their stand-alone prices.

The Group recognizes a right-of-use asset and a lease liability at the date of inception of the lease. The right-of-use asset is initially measured at cost, which comprises the value at the initial measurement of the lease liability, adjusted for any lease payments made up to the date of inception, plus any initial direct costs incurred by the lessee and an estimate of the costs to be incurred by the lessee in the decommissioning and removal of the underlying asset, restoring the site in which it is located or restoring the asset to the condition required by the lease terms and conditions, less any lease incentives received.

The right-of-use asset is subsequently depreciated on a straight-line basis from the date of inception of the lease to the end of the lease term, unless the lease transfers ownership of the underlying asset to the lessee at the end of the lease term, or if the cost of the right-of-use asset reflects that the lessee will exercise the purchase option. In this case, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as the property and equipment items. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not made at the date of inception, discounted at the interest rate implicit in the lease or, if this rate cannot be readily determined, at the Group's incremental borrowing rate the Group uses its incremental borrowing rate as the discount rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external sources of financing and making certain adjustments to reflect the terms of the contract and the type of the leased asset.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate prevailing as at the commencement date;
- amounts expected to be payable by the lessee under residual value guarantees; and
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of fines for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments resulting from a change in an index or a rate, if there is a change in the amounts expected to be paid according to the residual value guarantee, if the Group changes its evaluation of whether it will exercise a purchase, extension or termination option or if there is a revised fixed payment in essence.

When the lease liability is remeasured in this manner, a corresponding adjustment is made to the carrying amount of the right-of-use asset or recognized in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has right-of-use assets and those that were previously classified as “finance lease payable”, which do not meet the definition of investment property in "property and equipment" and lease liabilities in "right-of-use leases" and “finance leases payable” in the statement of financial position..

Leases of low value assets

The Group has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including of IT equipment. The Group recognizes lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As lessor

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their stand-alone prices.

When the Group acts as lessor, it determines at the commencement of the lease whether each lease is a finance lease or an operating lease.

In order to classify each lease, the Group generally assessed whether the lease transferred substantially all the risks and rewards of ownership of the underlying asset. If this was the case, the lease was classified as a finance lease; if not, it was classified as an operating lease. To classify each lease, the Group makes a general assessment of whether the lease transfers substantially all risks and rewards incidental to ownership of the underlying asset. If so, the lease is a finance lease; otherwise, it is an operating lease. As part of this assessment, the Group considers certain indicators, such as whether the lease term is equivalent to most of the economic life of the underlying asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and in the sublease separately. It evaluates the sublease classification based on the right-of-use asset resulting from the head lease rather than based on the underlying asset. If the head lease is a short-term lease that the Group, as lessee, accounts for by applying the exemption described above, it classifies the sublease as an operating lease.

If a contract contains lease and non-lease components, the Group will apply CPC 47/IFRS 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements of CPC 48/IFRS 9 to the net investment in the lease (see note 2.5.5). The Group also regularly reviews the estimated unguaranteed residual values used in the calculation of the gross investment in the lease.

The Group recognizes lease receipts arising from operating leases as revenue under the straight-line method over the lease term, as part of its operating income.

In general, the accounting policies applicable to the Group as lessor in the comparative period do not differ from those of CPC 06(R2)/IFRS 16.

b) Accounting policies applicable before January 1st, 2019

For contracts entered into prior to January 1st, 2019, the Group determined whether the contract was or contained a lease based on an assessment of whether:

- compliance with the contract depended on the use of an asset or specific assets; and
- the contract had granted the right to use the asset. A contract transferred the right to use the asset if one of the following items were met:
- the buyer had the ability or right to operate the asset while obtaining or controlling a value that was not immaterial in the production or other use of the asset;
- the buyer had the ability or right to control the physical access to the asset while obtaining or controlling a value that was not immaterial in the production or other use of the asset; or
- facts and circumstances indicate that it is rare for one or more parties, excepting the buyer, to obtain a value that is not immaterial in the production or other use of the asset that will be produced or generated by the asset over the term of the contract, and the price the buyer paid for the production is not contractually fixed per unit of production, nor is it equivalent to the current market price per unit of production at the time of production delivery.

(i) As lessee

In the comparative period, as lessee, the Group classified leases that substantially transferred all risks and rewards incidental to ownership as finance leases. When this was the case, leased assets were initially measured at the lower of their fair value and the present value of minimum lease payments. Minimum lease payments were payments during the lease term that the lessee was required to make, excluding any contingent leases. After initial recognition, the assets were accounted for in accordance with the accounting policy applicable to this asset.

Assets held under other leases were classified as operating and were not recognized in the Group's statement of financial position. Payments made under operating leases were recognized in the statement of profit or loss on a straight-line basis over the lease term.

(ii) As lessor

When the Group acted as a lessor, at inception of the lease, it determined whether each lease was a finance lease or an operating lease.

In order to classify each lease, the Group generally assessed whether the lease transferred substantially all the risks and rewards of ownership of the underlying asset. If this was the case, the lease was classified as a finance lease; if not, it was classified as an operating lease. As part of this assessment, the Group took into consideration certain indicators, such as whether the lease term represented the largest portion of the economic useful life of the asset.

2.12 Current and deferred income tax and social contribution

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

The income tax and social contribution charge, current and deferred, is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates the positions taken by the Vamos Group in income tax returns with respect to situations in which the applicable tax regulations are subject to interpretation and establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

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

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

A deferred tax asset is recognized against unused tax losses and deductible temporary differences, to the extent that it is probable that future taxable profits will be available, against which it can be utilized. Future taxable profits are determined based on the reversal of material taxable temporary differences. If the amount of the taxable temporary differences is insufficient to fully recognize a deferred tax asset, the future taxable profits will be considered, adjusted for reversals of existing temporary differences, based on the Group’s business plans.

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

Current and deferred income tax and social contribution are calculated based on the rates of 15%, plus a 10% surcharge on the taxable profit exceeding R$ 240 annually for income tax and 9% on the taxable profit for the social contribution on net income, and take into account the offset of income tax and social contribution tax losses, limited to 30% of the actual profit for the year.

In business combinations, the tax legislation permits the deductibility of the goodwill and of the fair value of the net asset generated at the acquisition date when a non-substantial action is taken after the acquisition, for example, the Vamos Group carries out a merger or spin-off of the businesses acquired and, therefore, the tax and accounting bases of the net assets acquired are the same as those at the acquisition date. Therefore, as the Vamos Group considers that it will merge the acquiree and there will be deductibility of the amortization and depreciation of the assets acquired, no deferred income tax is recognized in the consolidated and combined carve-out financial statements at the acquisition date.

2.13 Provisions

2.13.1 General

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

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The effects of derecognition of the discount on the passage of time are recognized in profit or loss as finance cost.
When the Vamos Group expects the amount of a provision to be reimbursed, in whole or in part, for example, due to an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is almost certain.

The expenses related to any provision are recognized in the statement of profit or loss, net of any reimbursement.

2.13.2 Provision for judicial and administrative litigation

The Vamos Group is a party to several judicial and administrative proceedings. A provision is established for all contingencies referring to proceedings for which it is probable that an outflow of funds will be required to settle the contingency/obligation, and where a reasonable estimate of this outflow can be made. The assessment of the likelihood of loss includes the assessment of available evidence, hierarchy of laws, available case laws, recent court decisions and their relevance in the legal system, as well as the assessment made by outside counselors. The provision is reviewed and adjusted to account for changes in circumstances, such as applicable limitation period, completion of tax inspections, or additional exposure identified on the basis of new matters or court decisions.

2.14 Revenue from contracts with customers

Revenue is measured based on the consideration specified in the contract with the customer. The Vamos Group recognizes revenues when it transfers control over the product or service to the customer.

Information on the nature and timing of performance of customer performance obligations is described below:

Revenue from sale of vehicles and parts

a) Nature and timing of performance of customer performance obligations, including significant payment conditions

The customers get control of new and used vehicles, parts and accessories when the products are delivered. The invoices are issued at that time and are settled by debit in account, bank slip and credit card.

b) Recognition of revenue according to CPC 47 / IFRS 15 (applicable from January 1, 2018)

Revenue from new vehicles, parts and accessories is recognized when the products are delivered and accepted by the customer.

The contracts for the sale of new vehicles must include a guarantee of engine and gearbox for 3 months subsequent to the sale. For contracts that have a motor and gearbox guarantee, revenue is recognized to the extent that it is highly probable that a significant reversal in the amount of revenue will not occur. Therefore, the amount of recognized revenue is adjusted for the expected returns when applicable.

The right to recover the products to be returned is measured at the original carrying amount of the inventory, less the expected recovery costs and the returned products are included in inventory.

c) Recognition of revenue according to CPC 30 / IAS 18 (applicable before January 1, 2018)

The operating revenue from sale of vehicles and parts was recognized when there was convincing evidence that the most significant risks and rewards of ownership of the assets were transferred to the buyer, it was probable that economic benefits would flow to the entity, the associated costs and the possible return of the goods could be reliably estimated, and there was no continuing involvement with the goods sold.

The appropriate timing for transfer of risks and rewards could occur in two ways depending on the individual terms and conditions of each sale agreement: 1) for sales of inventories, the transfer normally would occur when the goods were delivered to the customer; or 2) when they were withdrawn by the customer from the Vamos Group's facilities, after signing the delivery checklist.

2.14.1 Revenue from leasing and services rendered

a) Nature and timing of performance of customer performance obligations, including significant payment conditions

The Vamos Group leases fleet of trucks for the transport of load (light and heavy), agricultural machinery and equipment. The Vamos Group provides technical assistance services for new and used vehicles sold.

Leasing invoices are issued in the subsequent month of services rendered and invoices for technical assistance are issued upon completion of services rendered.

b) Recognition of revenue according to CPC 47 / IFRS 15 (applicable from January 1, 2018)

Revenue is recognized over time according to the use of the truck, machine and / or equipment or service rendered. The amount of revenue to be recognized is assessed based on the time the customer uses the asset or how services are rendered.

c) Recognition of revenue according to CPC 30 / IAS 18 (applicable before January 1, 2018)

The operating revenue from lease of trucks, machinery and equipment was recognized in profit or loss based on the proportion of the services rendered until the end of the reporting period.

The operating revenue from services rendered was recognized based on the stage of completion of the services rendered in the respective service agreements signed between the parties or upon the completion of the services. When it was not possible to measure reliably the profit or loss of the contract, revenue was recognized only to the extent that incurred expenses could be recovered.

2.14.2 Revenue from sale of decommissioned assets

a) Nature and timing of performance of customer performance obligations, including significant payment conditions

After the termination of the lease agreement with its customers, the Vamos Group decommissions and sells the vehicles, machinery and equipment through the used stores and dealership network of the Vamos Group.

Customers obtain control of decommissioned vehicles when products are delivered. The invoices are issued at that time and are settled by debit in account, bank slip and credit card.

b) Recognition of revenue according to CPC 47 / IFRS 15 (applicable from January 1, 2018)

Revenue from decommissioned vehicles, machinery and equipment is recognized when the products are delivered and accepted by the customer.

c) Recognition of revenue according to CPC 30 / IAS 18 (applicable before January 1, 2018)

Revenue from sales was recognized when the significant risks and rewards of ownership of the asset were transferred to the buyers, which usually could occur upon delivery.

2.15 Employee benefits

2.15.1 Short-term benefits

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

2.15.2 Share-based payment

The grant-date fair value of share-based payment arrangements granted to employees is recognized as personnel expenses, with a corresponding increase in net parent company investment, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and performance conditions at the vesting date.

2.16 Distribution of dividends and interest on capital

The distribution of dividends and interest on capital to the Company's shareholders is recognized as a liability in the Company's financial statements at the end of the reporting period based on the Company's bylaws. Any amount that exceeds the minimum required is only provided on the date it is approved by the shareholders at the Board of Directors', Annual or Extraordinary General Meetings.

The tax benefit of interest on capital accounts is recognized in the statement of profit or loss.

2.17 Share capital

Additional costs directly attributable to the issuance of shares and stock options are recognized as a reduction to equity. Effects of taxes related to the cost of these transactions are accounted for in accordance with CPC 32 / IAS 12 – Income Taxes.

2.17.1 Repurchase of shares (treasury shares)

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

3. Use of estimates and judgments

In preparing these financial statements, Management has made judgments and estimates that affect the application of the Group’s accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

3.1. Judgments

The information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the following notes:

a) Combination and carve-out: determination of which companies and activities represent the totality of the activities of the Vamos Group, regardless of its corporate structure - note 1.2;

b) Revenue from contracts with customers: if revenue from leasing and from rendered services is recognized over time or at a specific time – note 2.14.b

3.2. Assumptions and estimation uncertainties

The information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the year ending December 31, 2020 is included in the following notes:

a) Deferred income tax and social contribution – recognition of deferred tax assets: availability of future taxable profit against which the deductible temporary differences and tax losses can be used – note 23.
b) Property and equipment (assumptions related to definition of residual value and useful life) - note 14;
c) Fixed assets available for sale – determination of the fair value less costs to sell of the group of assets held for sale – note 12;
d) Impairment losses of intangible assets – impairment test of intangible assets and goodwill: key assumptions underlying recoverable amounts – note 15.2;
e) Expected credit losses of trade receivables: measurement of expected credit losses of trade receivables and contractual assets: key assumptions in the determination of the weighted average rate of loss - note 10;
f) Provision for judicial and administrative litigation - recognition and measurement of provisions and contingencies: key assumptions underlying the likelihood and materiality of resource outflows – note 24.2.

4. Changes in significant accounting policies

In preparing these consolidated and combined carve-out financial statements, the Group's Management considered, where applicable, new revisions and interpretations of the IFRS and the technical pronouncements issued by IASB and CPC, respectively, which became effective on January 1, 2018.

4.1 CPC 47/IFRS 15 - Revenue from Contracts with Customers

CPC 47 / IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized, and how much that revenue is measured. It replaces CPC 30 / IAS 18 - Revenues and related interpretations.

The Vamos Group adopted CPC 47 / IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognized at the date of initial application (i.e. January 1, 2018). The adoption of CPC 47 / IFRS 15 - Revenue from Contracts with Customers did not generate significant impacts on the statement of financial position and on the statement of profit or loss of the Vamos Group.

According to CPC 47 / IFRS 15, revenue is recognized when a customer obtains control of goods or services. Determining the timing of the transfer of control - at a specific point in time or over time - requires judgment. The adoption of this standard resulted in the following change in accounting policy:

In thousands of Brazilian reais, unless otherwise stated

Item	Nature, performance satisfaction and significant payment conditions	Nature of change in accounting policy
Capitalization of incremental costs of obtaining a contract.	The Vamos Group has sales commission costs deriving from contracts with customers. Currently, the Vamos Group has a policy of recognizing the costs of obtaining a contract as they are incurred.	CPC 47 / IFRS 15 defines incremental costs as those costs that an entity incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained, which should be capitalized if the entity expects to recover those costs, directly or indirectly. Therefore, the Group will recognize these costs as a contractual asset, since it expects to recover the costs. The capitalized balance will be amortized over the period the goods and services are transferred to the customer. Similarly, certain costs to fulfill the contract, which were recorded as incurred, will be capitalized and deferred to the extent they relate to performance obligations that are satisfied over time.

4.2 CPC 48 / IFRS 9 – Financial instruments

CPC 48 / IFRS 9 establishes requirements to recognize and measure financial assets, financial liabilities and some contracts for purchase or sale of nonfinancial items. This standard supersedes CPC 38 / IAS 39 Financial Instruments: Recognition and Measurement.

On January 1, 2018, the Vamos Group adopted for the first-time the accounting standard CPC 48 / IFRS 9 - Financial Instruments. The changes in accounting policies from the first-time adoption were made prospectively (effects presented in net parent company investment).

CPC 48 / IFRS 9 retains most of the requirements set forth by CPC 38 / IAS 39 for the classification and measurement of financial liabilities and derivative financial instruments. However, it eliminates some categories of CPC 38 / IAS 39 for financial assets: held to maturity, loans and receivables, and available for sale.

The adoption of CPC 48 / IFRS 9 did not have a significant effect on the Group's accounting policies related to financial liabilities.

The accounting policies applicable to the recognition, measurement and derecognition of financial assets and liabilities, and hedge accounting are disclosed in note 2.5.4.

Reclassification of financial instruments

The Group assessed in detail the business models used for managing financial assets and the characteristics of contractual cash flows at the first-time adoption date and classified its financial instruments according to the appropriate category of CPC 48 / IFRS 9 - Financial Instruments. The following table and the explanatory notes below explain the original categories of measurement in CPC 38 / IAS 39 and the new measurement categories of CPC 48 / IFRS 9 for each class of the Group's financial assets as at January 1, 2018. There was no change in the category of 'other financial liabilities' for the financial liabilities of the Vamos Group.

In thousands of Brazilian reais, unless otherwise stated

	December 31, 2017 – CPC 38 / IAS 39 (combined carve-out)				**January 1, 2018 – CPC 48 / IFRS 9 (combined carve-out)**		
	Asset at fair value through profit or loss (i)	**Held to maturity (iii)**	**Loans and receivables (ii)**	**Total**	**Asset at fair value through profit or loss (i)**	**Amortized cost**	**Total**
Financial assets							
Cash and cash equivalents	79,698	-	3,613	83,311	79,698	3,613	83,311
Marketable securities and financial investments	87,042	4,378	-	91,420	87,042	4,378	91,420
Trade receivables	-	-	174,966	174,966	-	174,966	174,966
Fund for capitalization of authorized dealerships	-	-	19,935	19,935	-	19,935	19,935
Other credits	-	-	8,084	8,084	-	8,084	8,084
Total	**166,740**	**4,378**	**206,598**	**377,716**	**166,740**	**210,976**	**377,716**

(i) Maintenance in the category of asset at fair value through profit or loss (FVTPL)

Investments in investment funds allocated in cash and cash equivalents, marketable securities and financial investments which were classified as assets at fair value through profit or loss remain in this category. These financial instruments were designated as measured at FVTPL because they were managed based on their fair value and their performance was monitored on that basis. These assets were compulsorily classified as measured at FVTPL in accordance with CPC 48 / IFRS 9.

(ii) Reclassification of loans and receivables to amortized cost

The balances of cash and cash equivalents, trade receivables, related parties, fund for capitalization of authorized dealerships and other credits that were previously classified as financial instruments “loans and receivables”, and consequently, the carrying amount was measured at the effective interest rate, were assessed according to IFRS 9 / CPC 48, and were classified as amortized cost.

(iii) Reclassification of held to maturity to amortized cost

Other financial investments that were previously classified as held to maturity are now classified at amortized cost. The Group intends to hold the assets to maturity to receive contractual cash flows and these cash flows consist only of payments of principal and interest on the outstanding amount.

Impairment of financial assets

CPC 48 / IFRS 9 replaces the ‘incurred loss’ model in CPC 38 / IAS 39 with an ‘expected credit loss’ (ECL) model. The new impairment model applies to financial assets measured at amortized cost. In accordance with CPC 48 / IFRS 9, credit losses are recognized earlier than in accordance with CPC 38 / IAS 39.

The new impairment model has two approaches, in which the provision is measured in accordance with expected losses for 12 months or lifetime expected losses for the financial asset. The provision basis will depend on the analysis of the credit risk on initial recognition.

For trade receivables and contractual assets arising from transactions within the scope of CPC 47 / IFRS 15 and that do not have a significant financing component, CPC 48 / IFRS 9 allows as practical expedient the application of a simplified model, in which the expected losses are recognized for the lifetime of the financial asset.

The accounting policies applicable to the impairment of non-derivative financial assets are disclosed in note 2.5.5.

4.3 CPC 06 (R2) / IFRS 16 – Leases

The Group adopted CPC 06(R2)/IFRS 16 using the modified retrospective approach, in which the cumulative effect of the initial application is recognized in the opening balance of retained earnings at January 1, 2019. As a result, the information presented for 2018 is not being restated – that is, it is presented as previously reported in accordance with CPC 06(R1)/IAS 17 and related interpretations. The details of the changes in accounting policies are presented below. In addition, the disclosure requirements of CPC 06(R2)/IFRS 16 in general were not applied to the comparative information,

a) Definition of lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under ICPC 03 / IFRIC 4 Determining whether an Arrangement Contains a Lease. The Group now assesses whether a contract is or contains a lease based on the definition of a lease, as described in note 2.11.

On transition to CPC 06 (R2) / IFRS 16, the Group elected to apply the practical expedient of maintaining the evaluation of which transactions are leases. The Group adopted CPC 06 (R2)/IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases in accordance with CPC 06 (R1) / IAS 17 and ICPC 03 / IFRIC 4 were not revalued for the existence of a lease in accordance with CPC 06 (R2) / IFRS 16. Accordingly, the new lease definition in accordance with CPC 06 (R2) / IFRS 16 was adopted only to contracts entered into or amended on or after January 1, 2019.

i) As lessee

As lessee, the Group leases real properties, machinery, equipment, trucks and several other assets. Previously, the Group classified a lease as a finance or operating lease based on its assessment as to whether the lease substantially transferred all the risks and rewards of ownership of the underlying asset to the Group. According to CPC 06(R2)/IFRS 16, the Group recognizes right-of-use assets and lease liabilities for most of these leases; i.e., such leases are recorded in the statement of financial position.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their stand-alone prices.

However, for leases of properties, the Group has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

b) Lease classified as operating lease in accordance with CPC 06 (R1) / IAS 17

Previously, the Group classified property leases as operating leases in accordance with CPC 06 (R1)/ IAS 17. On transition to these leases, the lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate on January 1, 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any advanced or accumulated lease receipts: the Group applied this approach to all leases.

The Group did not identify indications that the right-of-use assets might be impaired.

The Group used a number of practical expedients in applying CPC 06 (R2) / IFRS 16 to leases previously classified as operating leases in accordance with CPC 06 (R1) / IAS, such as:

− did not recognize right-of-use assets and liabilities for leases whose lease term expires within 12 months from the initial application date;
− did not recognize right-of-use assets and liabilities for leases of low value assets (e.g. IT equipment);
− excluded initial direct costs for the measurement of the right-of-use asset at the initial application date; and
− used it retrospectively in determining the lease term.

c) Lease classified as finance lease in accordance with CPC 06 (R1) / IAS 17

The Group leases several assets, such as trucks, machinery and equipment. These leases were classified as finance leases in accordance with CPC 06 (R1) / IAS 17. For these finance leases, the carrying amount of the right-of-use asset and the lease liability at January 1, 2019 was determined by the carrying amount of the lease asset and the lease liability in accordance with CPC 06 (R1) / IAS 17 immediately prior to that date.

i) Vamos Group as lessor

The Group leases its assets, trucks, machinery and equipment, which were classified as operating leases.

The Group is not required to make any adjustments in the transition to CPC 06(R2)/IFRS 16 for leases in which it acts as a lessor, with the exception of sub-leases.

The accounting policies applicable to the Group as lessor do not differ from those under CPC 06 (R1)/ IAS 17.

The Group adopted CPC 47 / IFRS 15 - Revenue from Contracts with Customers to allocate the consideration in the contract to each lease and non-lease component.

d) Impact on the financial statements on the transition

The effects of the adoption of CPC 06 (R2)/IFRS 16 - Leases with impacts on the opening statement of financial position, on January 1, 2019, are presented below:

In thousands of Brazilian reais, unless otherwise stated

	Published 12/31/2018 (combined carve-out)	Adjustments from adoption of CPC 06 (R2) / IFRS 16	Adjusted amount at 1/1/2019
Assets			
Total current assets	**450,198**	**-**	**450,198**
Property and equipment	1,349,441	56,120	1,405,561
Other noncurrent assets	223,793	-	223,793
Total noncurrent assets	**1,573,234**	**56,120**	**1,629,354**
Total assets	**2,023,432**	**56,120**	**2,079,552**
Liabilities			
Leases payable	15,201	-	15,201
Right-of-use lease	-	8,737	8,737
Other current liabilities	508,995	-	508,995
Total current liabilities	**524,196**	**8,737**	**532,933**
Leases payable	29,734	-	29,734
Right-of-use lease	-	47,383	47,383
Other current and noncurrent liabilities	888,019	-	888,019
Total noncurrent liabilities	**917,753**	**47,383**	**965,136**
Total net parent company investment	**581,483**	**-**	**581,483**
Total liabilities and net parent company investment	**2,023,432**	**56,120**	**2,079,552**

For the impact of CPC 06(R2)/IFRS 16 on profit or loss for the year, see notes 14 (depreciation of right-of-use), 20 (interest). For details on the accounting policies in accordance with CPC 06(R2)/IFRS 16 and CPC 06(R1)/IAS 17, see note 2.11.

In the twelve-month period ended December 31, 2019, the Vamos Group recognized the amount of R$ 11,923 referring to expenses related to payment of variable, low-value and short-term leases, see note 29.

4.4. Presentation of the calculated effects related to the application of the new pronouncements

The adoption of CPC 47 / IFRS 15 – Revenue from Contracts with Customers did not generate significant impacts on the statement of financial position and on the statement of profit or loss of the Vamos Group since the effect of adoption of CPC 48 / IFRS 9 – Financial Instruments as from January 1, 2018, with impacts on the opening statement of financial position as at January 1, 2018, are as follows:

In thousands of Brazilian reais, unless otherwise stated

	Published 12/31/2017 (combined carve-out)	Adjustment under CPC 48 / IFRS 9	Amount at 01/01/2018 (combined carve-out)
Assets			
Trade receivables	213,328	-	213,328
(-) Expected credit losses of trade receivables	(59,248)	(4,081)	(63,329)
Prepaid expenses	3.878	-	3.878
Other current assets	327,762	-	327,762
Total current assets	**485.720**	**(4,081)**	**481,639**
Trade receivables	20,886	-	20,886
Other noncurrent assets	1,472,597	-	1,472,597
Total noncurrent assets	**1,493,483**	**-**	**1,493,483**
Total assets	**1,979,203**	**(4,081)**	**1,975,122**
Liabilities			
Other current liabilities	501,735	-	501,735
Total current liabilities	**501,735**	**-**	**501,735**
Deferred income tax and social contribution	104,337	(1,387)	102,950
Other noncurrent liabilities	663,811	-	663,811
Total noncurrent liabilities	**768,148**	**(1,387)**	**766,761**
Net parent company investment			
Share capital	499,864	-	499,864
Capital reserve	23,639	-	23,639
Earnings reserve	104,829	(2,694)	102,135
Subsidiary investment	80,988	-	80,988
Total net parent company investment	**709,320**	**(2,694)**	**706,626**
Total liabilities and net parent company investment	**1,979,203**	**(4,081)**	**1,975,122**

4.5 ICPC 22 / IFRIC 23 – Uncertainty over income tax treatments

This interpretation clarifies how to apply the recognition and measurement requirements of CPC 32 / IAS 12 - Income Taxes when there is uncertainty over income tax treatments. Under the interpretation, companies shall measure and recognize its current or deferred tax asset or liability applying the requirements of CPC 32 / IAS 12 based on taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, determined based on such interpretation. The interpretation has been effective since January 1, 2019 and no material impacts related to such interpretation that were not being disclosed in the Company's financial statements have been identified.

5. New standards not yet effective

A number of new standards are effective for annual periods beginning after January 1, 2019. The Group did not adopt those standards in preparing these financial statements. The following amended standards and interpretations are not expected to have a significant impact on the Group's consolidated and combined carve-out financial statements:

- Amendments to references to the conceptual framework in IFRS standards;

- Definition of a business (amendment to CPC 15 / IFRS 3);
- Definition of materiality (amendments to CPC 26 / IAS 1 and CPC 23 / IAS 8);
- IFRS 17 Insurance Contracts.

There are no other IFRS standards or IFRIC interpretations that are not yet effective that could have a material impact on the Vamos Group's financial statements.

6. Segment information

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

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

The Vamos Group businesses were divided into two operating segments: Trucks, machinery and equipment dealerships, and lease of trucks, machinery and equipment. The activities of these segments consist basically in:

a) Truck, machinery and equipment dealerships: sale of trucks, resale of used trucks, machinery and equipment, parts, machinery and accessories, mechanic and auto body repair and paint services; and

b) Lease of trucks, machinery and equipment: lease of trucks, machinery and equipment and fleet management.

No customer accounted for more than 10% of the net operating revenue for the years ended December 31, 2019, 2018 and 2017.

The business segment information attributed to the Vamos Group for the years ended December 31, 2019, 2018 and 2017 is as follows:

In thousands of Brazilian reais, unless otherwise stated

				December 31, 2019 (consolidated)
	Truck, heavy machinery and equipment dealerships	**Lease of trucks, heavy machinery and equipment**	**Eliminations**	**Consolidated**
Net revenue from sale, lease, rendering of services and sale of assets used in services rendered (i)	**436,723**	**780,619**	**(5,834)**	**1,211,508**
(-) Cost of sales, leases and services rendered	(339,036)	(258,082)	3,344	(593,774)
Cost of sales of decommissioned assets	(564)	(206,559)	2,490	(204,633)
(=) Gross profit	**97,123**	**315,978**	**-**	**413,101**
Selling expenses	(32,714)	(20,093)	-	(52,807)
Administrative expenses	(46,438)	(33,978)	-	(80,416)
Expected credit losses of trade receivables	(5,826)	(198)	-	(6,024)
Other operating income (expenses), net	10,292	8,507	-	18,799
Operating profit before finance income and costs and taxes	**22,437**	**270,216**		**292,653**
Finance income				16,670
Finance costs				(110,158)
Profit before income tax and social contribution				**199,165**
Income tax and social contribution				(57,383)
Profit for the year from continued operations				**141,782**
Profit for the year from discontinued operations				-
Profit for the year				**141,782**
Total assets per segment	**619,756**	**2,820,327**	**(386,234)**	**3,053,849**
Total liabilities per segment	**272,912**	**2,317,446**	**(27,263)**	**2,563,095**
Depreciation and amortization	**(11,957)**	**(223,014)**	**-**	**(234,971)**

				December 31, 2018 (combined carve-out)
	Truck, heavy machinery and equipment dealerships	**Lease of trucks, heavy machinery and equipment**	**Eliminations**	**Combined and carve-out**
				(Reclassified)
Net revenue from sale, lease, rendering of services and sale of assets used in services rendered (i)	**391,327**	**624,020**	**(32,057)**	**983,290**
(-) Cost of sales, leases and services rendered	(308,474)	(270,590)	26,183	(552,881)
Cost of sales of decommissioned assets	(1,100)	(102,548)	5,874	(97,774)
(=) Gross profit	**81,753**	**250,882**	**-**	**332,635**
Selling expenses	(8,875)	(13,658)	-	(22,533)
Administrative expenses	(71,309)	(14,496)	-	(85,805)
Expected credit losses of trade receivables	-	(9,133)	-	(9,133)
Other operating income (expenses), net	12,705	5,844	-	18,549
(=) Operating profit before finance income and costs and taxes	**14,274**	**219,439**	**-**	**233,713**
Finance income				17,871
Finance costs				(84,494)
(=) Net finance costs				**(66,623)**
(=) Profit before income tax and social contribution				**167,090**
Income tax and social contribution				(50,816)
Profit for the year				**116,274**
Total assets per segment	**472,479**	**2,005,231**	**(386,234)**	**2,091,476**
Total liabilities per segment	**278,967**	**1,196,808**	**(27,263)**	**1,448,512**
Depreciation and amortization	**(5,630)**	**(212,832)**	**-**	**(218,462)**

In thousands of Brazilian reais, unless otherwise stated

				December 31, 2017 (combined carve-out)
	Truck, heavy machinery and equipment dealerships	**Lease of trucks, heavy machinery and equipment**	**Eliminations**	**Combined and carve-out**
Net revenue from sale, lease, rendering of services and sale of assets used in services rendered (i)	**231,211**	**444,525**	**(980)**	**674,756**
(-) Cost of sales, leases and services rendered	(179,826)	(148,268)	980	(327,114)
Cost of sales of decommissioned assets	(639)	(67,264)	-	(67,903)
(=) Gross profit	**50,746**	**228,993**	**-**	**279,739**
Selling expenses	(12,886)	(3,065)	-	(15,951)
Administrative expenses	(48,028)	(17,113)	-	(65,141)
Expected credit losses of trade receivables	-	(25,470)	-	(25,470)
Other operating income (expenses), net	7,266	507	-	7,773
(=) Operating profit before finance income and costs and taxes	**(2,902)**	**183,852**	**-**	**180,950**
Finance income				12,032
Finance costs				(57,253)
(=) Net finance costs				**(45,221)**
(=) Profit before income tax and social contribution				**135,729**
Income tax and social contribution				(43,145)
Profit for the year				**92,584**
Total assets per segment	**484,766**	**1,843,170**	**(348,733)**	**1,979,203**
Total liabilities per segment	**281,456**	**1,012,408**	**(23,981)**	**1,269,883**
Depreciation and amortization	**(2,488)**	**(121,555)**	**-**	**(124,043)**

(i) The transfers between segments represent less than 10% of the net revenue from all operating segments.

7. Financial instruments and risk management

Financial instruments used by the Vamos Group are restricted to cash and cash equivalents, marketable securities and financial investments, trade receivables, fund for capitalization of authorized dealerships, derivative financial instruments, other credits, trade payables, floor plan, suppliers financing – truck manufacturers, loans, financings and debentures, finance leases payable, right-of-use leases, assignment of receivables, payables for the acquisition of companies, other payables, credits from and debts to related parties. These instruments are managed pursuant to operating strategies aiming at liquidity, profitability and risk minimization.

7.1 Financial instruments by category

The financial instruments are presented in the following accounting classifications:

In thousands of Brazilian reais, unless otherwise stated

				12/31/2019 (consolidated)
Assets, as per the statement of financial position	**Assets at fair value through profit or loss**	**Fair value of hedge instruments**	**Amortized cost**	**Total**
Cash and cash equivalents	317,108	-	5,722	322,830
Marketable securities and financial investments	176.427	-	655	177,082
Derivative financial instruments	-	16,048	-	16,048
Trade receivables	-	-	227,726	227,726
Fund for capitalization of authorized dealerships	-	-	27,002	27,002
Other credits	-	-	9,279	9,279
	493,535	**16,048**	**270,384**	**779,967**

Liabilities, as per the statement of financial position	**Amortized cost**	**Total**
Trade payables	112,998	112,998
Floor plan	64,916	64,916
Loans, financings and debentures	2,070,840	2,070,840
Finance leases payable	26,783	26,783
Right-of-use lease	40,949	40,949
Assignment of receivables	18,128	18,128
Payables for the acquisition of companies	8,828	8,828
Other payables	4,877	4,877
	2,348,319	2,348,319

				12/31/2018 (combined carve-out)
Assets, as per the statement of financial position	**Assets at fair value through profit or loss**	**Fair value of hedge instruments**	**Amortized cost**	**Total**
Cash and cash equivalents	57,086	-	1,519	58,605
Marketable securities and financial investments	7,253	-	794	8,047
Derivative financial instruments	-	4,880	-	4,880
Trade receivables	-	-	181,011	181,011
Fund for capitalization of authorized dealerships	-	-	23,477	23,477
Other credits	-	-	17,635	17,635
	64,339	**4,880**	**224,436**	**293,655**

Liabilities, as per the statement of financial position	**Amortized cost**	**Total**
Trade payables	83,032	83,032
Floor plan	53,413	53,413
Loans, financings and debentures	889,986	889,986
Finance leases payable	44,936	44,936
Related parties	26,067	26,067
Assignment of receivables	24,171	24,171
Payables for the acquisition of companies	68,044	68,044
Other payables	3,470	3,470
	1,193,119	**1,193,119**

In thousands of Brazilian reais, unless otherwise stated

				12/31/2017
Assets, as per the statement of financial position	**Assets at fair value through profit or loss**	**Held to maturity**	**Loans and receivables**	**Total**
Cash and cash equivalents	79,698	-	3,613	83.311
Marketable securities and financial investments	87.042	4,378	-	91,420
Trade receivables	-	-	174,966	174,966
Fund for capitalization of authorized dealerships	-	-	19,935	19,935
Other credits	-	-	8,084	8,084
	166,740	**4,378**	**206,598**	**377,716**

Liabilities, as per the statement of financial position	**Other financial liabilities**	**Total**
Trade payables	103,764	103,764
Floor plan	38,333	38,333
Suppliers financing – truck manufacturers	2,860	2,860
Loans, financings and debentures	798,775	798,775
Finance leases payable	29,204	29,204
Related parties	43	43
Assignment of receivables	30,214	30,214
Payables for the acquisition of companies	103,147	103,147
Other payables	422	422
	1,106,762	**1,106,762**

7.2 Fair value of financial assets and liabilities

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

	12/31/2019 (consolidated)		**12/31/2018** (combined carve-out)		**12/31/2017** (combined carve-out)	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Financial assets						
Cash and cash equivalents	322,830	322,830	58,605	58,605	83.311	83.311
Marketable securities and financial investments	177,082	177,082	8,047	8,047	91,420	91,420
Derivative financial instruments	16,048	16,048	4,880	4,880	-	-
Trade receivables	227,726	227,726	181,011	181,011	174,966	174,966
Fund for capitalization of authorized dealerships	27,002	27,002	23,477	23,477	19,935	19,935
Other credits	9,279	9,279	17,635	17,635	8,084	8,084
Total	**779,967**	**779,967**	**293,655**	**293,655**	**377,716**	**377,716**
Financial liabilities						
Trade payables	112,998	112,998	83,032	83,032	103,764	103,764
Suppliers financing – truck manufacturers	-	-	-	-	2,860	2,860
Floor plan	64,916	64,916	53,413	53,413	38,333	38,333
Loans, financings and debentures	2,070,840	2,144,014	889,986	929,543	798,775	804,063
Finance leases payable	26,783	26,881	44,936	44,940	29,204	29,206
Right-of-use lease	40,949	45,290	-	-	-	-
Related parties	-	-	26,067	26,067	43	43
Assignment of receivables	18,128	18,128	24,171	24,171	30,214	30,214
Payables for the acquisition of companies	8,828	8,828	68,044	68,044	103,147	103,147
Other payables	4,877	4,877	3,470	3,470	422	422
Total	**2,348,319**	**2,425,932**	**1,193,119**	**1,232,680**	**1,106,762**	**1,112,052**

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

In thousands of Brazilian reais, unless otherwise stated

Level 1 - Quoted prices (unadjusted) in active markets for identical assets and liabilities. This category includes investments allocated in investment funds, such as Financial Treasury Bills ("LFT") and National Treasury Bills ("LTN");

Level 2 - Quoted prices in active markets for similar instruments, observable prices for identical or similar instruments in non-active markets and valuation models for unobservable inputs. This level includes bank deposit certificates ("CDB"), repurchase operations and other investments; and

Level 3 - Instruments with unobservable significant inputs. The Vamos Group does not have instruments classified in this category.

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

			12/31/2019 (consolidated)			12/31/2018 (combined carve-out)			12/31/2017 (combined carve-out)
	Level 1	Level 2	Total	Level 1	Level 2	Total	Level 1	Level 2	Total
Assets at fair value through profit or loss									
Cash and cash equivalents									
Bank deposit certificates ("CDB")	-	282,108	282,108	-	6,852	6,852	-	37,890	37,890
Repurchase agreements	-	32,902	32,902	-	49,538	49,538	-	41,808	41,808
Units of other funds	-	1,667	1,667	-	-	-	-	-	-
Other investments	-	431	431		696	696	-	-	-
Marketable securities and financial investments									
Financial Treasury Bills ("LFT")	140,163	-	140,163	3,304	-	3,304	33,207	-	33,207
National Treasury Bills ("LTN")	36,264	-	36,264	3,949	-	3,949	53,835	-	53,835
Other investments	-	655	655	-	-	-	-	-	-
Fair value of hedge instruments									
Swap agreement	-	14,950	14,950	-	4,880	4,880	-	-	-
IDI call option	-	1,098	1,098	-	-	-	-	-	-
	176.427	**333,811**	**510,238**	**7,253**	**61,966**	**69,219**	**87.042**	**79,698**	**166,740**
Financial liabilities not measured at fair value - with difference between carrying amount and fair value									
Loans, financings and debentures	-	2,070,840	2,070,840	-	889,986	889,986	-	798,775	798,775
Finance leases payable	-	26,783	26,783	-	44,936	44,936	-	29,204	29,204
Right-of-use lease	-	40,949	40,949	-	-	-	-	-	-
	-	**2,138,572**	**2,138,572**	**-**	**934,922**	**934,922**	**-**	**827,979**	**827,979**

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

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

(ii) Analysis of discounted cash flows.

The curve used in the calculation of the fair value of the agreements indexed to the CDI at December 31, 2019 is as follows:

In thousands of Brazilian reais, unless otherwise stated

Interest curve - Brazil							
Vertex	1M	6M	1Y	2Y	3Y	5Y	10Y
Rate (p.a.) - % - %	4.41	4.33	4.56	5.26	5.77	6.41	7.00

Source: B3 S.A. - Brasil, Bolsa, Balcão ("B3"), 12/31/2019.

7.3 Financial risk management

The main financial liabilities of the Vamos Group are trade payables, floor plan, suppliers financing – truck manufacturers, loans, financings and debentures, finance leases payable, right-of-use leases, assignment of receivables, related parties, payables for the acquisition of companies, and other payables. The primary purpose underlying these financial liabilities is to foster the operations. The Vamos Group has in its assets trade receivables, fund for capitalization of authorized dealerships, other credits, demand and short-term deposits that directly result from its operations. The Group is exposed to market, credit, and liquidity risk.

The management oversees the management of these risks with the support of a Financial Committee, which advises in the assessment of the financial risks according a governance structure appropriate for the Vamos Group. Management, supported by the Financial Committee, recommends actions to the Board of Directors so that the activities that result in financial risks to the Vamos Group are governed by appropriate practices and procedures.

It is the responsibility of the Board of Directors to authorize transactions involving any type of financial instrument, which is defined as any agreements that generate financial assets and liabilities, regardless of the market in which they are traded or listed, the amounts of which are subject to fluctuations.

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

a) Credit risk

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

The ratings resulting from the local ("Br") and global rating scale were taken from the rating agencies, and for presentation the nomenclature standard was considered as follows:

Nomenclature:	**Quality**
AAA	Prime
AA+, AA, AA-	High Investment Grade
A+, A, A-	High Average Investment Grade
BBB+, BBB, BBB-	Low Average Investment Grade
BB+, BB, BB-	Non-Speculative Investment Grade
B+, B, B-	Non-highly Speculative Investment Grade
CCC	Extremely Speculative Non-Investment Grade
DDD, DD, D	Non-Speculative Moratorium Investment Grade

i) <u>Trade receivables</u>

The Group uses a simplified "provision matrix" to calculate the expected credit losses on its trade receivables. The Group uses its experience of historical credit losses to estimate the expected credit losses on financial assets when appropriate. The provision matrix used by the Group specifies fixed rates for the provision depending on the number of days in which the receivables are overdue and is adjusted for specific customers according to future estimates and qualitative factors observed by the Credit and Collection Committee.

In thousands of Brazilian reais, unless otherwise stated

The Group writes off its financial assets when there is no reasonable expectation of recovery and write-off of receivables after 12 or 24 months in arrears, according to the recoverability study of each Group company. The receivables written off by the Group continue in the collection process to recover the receivable amount. When there are recoveries, these are recognized as credit recovery proceeds in the income for the year.

ii) (ii) Cash equivalents, marketable securities and financial investments

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

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

Credit losses are measured at present value based on all cash insufficiencies (i.e. the difference between the cash flows due to the Group under the contract and the cash flows that the Group expects to receive).

The Group's cash quality and maximum credit risk exposure to cash and cash equivalents and marketable securities on a national scale ("Br") are as follows:

	12/31/2019 (consolidated)
Demand and short-term deposits	**5,722**
Deposits in financial investments	
Br AAA	316,101
Br AA+	396
Br AA	600
Br AA-	11
Total financial investments	**317,108**
Total cash and cash equivalents	**322,830**

	12/31/2019 (consolidated)
Marketable securities and financial investments	
Deposits in financial investments	
Br AAA	177,082
Total marketable securities and financial investments	**177,082**

b) Market risk

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

The Vamos Group uses derivatives to manage market risks. All these transactions are conducted under the guidelines set forth by the Board of Directors. Generally, the Group seeks to apply the hedge accounting to manage the volatility of profit or loss.

In thousands of Brazilian reais, unless otherwise stated

The Group's financial instruments affected by market risk include cash and cash equivalents, marketable securities and financial investments, loans, financings and debentures, finance leases payable and payables for the acquisition of companies, and are basically subject to interest rate risk.

(i) Interest rate risk

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

The Group has exposure to interest rate variations. To mitigate these exposures, it has contracted options on the "Average One-Day Interbank Deposit Rate (IDI) Index" listed on B3. These options act as limiters, ensuring an upper limit of interest rate variation. To protect exposures against rising interest rates, the Company has acquired Call Options over IDI (Caps), and to protect exposures against falling interest rates, it may purchase Put Options over IDI (Floor). IDI options are used as a kind of insurance, where the option premium resembles an insurance premium where the Company buys rights only. Limiters are contracted for the sole and exclusive purpose of asset protection. The sensitivity analysis is presented in item 7.3.1.

(ii) Foreign exchange currency risk

The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which loans are denominated and the respective Group's functional currency. Loans are generally denominated in Reais, but also in U.S. Dollar ("dollar"). The Group's loans were hedged against exchange rate changes by a swap instrument, which exchanges the indexation of foreign currency by CDI, limiting the exposure to possible losses due to exchange rate changes.

c) Liquidity risk

The Group monitors risks associated with funding shortages on an ongoing basis through a current liquidity planning tool.

The Group's purpose is to maintain in its assets balance of cash and highly-liquid investments and maintain flexibility through the use of bank loans and the ability to raise funds through capital markets, in order to ensure its liquidity and operational continuity. The average indebtedness term is monitored in order to provide short-term liquidity, analyzing installments, charges and cash flows.

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

					12/31/2019 (consolidated)
	Carrying	Contractual flow	Up to 1 year	Up to 2 years	3 to 8 years
Financial liabilities					
Trade payables	112,998	112,998	112,998	-	-
Floor plan	64,916	64,916	64,916	-	-
Loans, financings and debentures	2,070,840	2,498,145	502,661	516,461	1,479,023
Finance leases payable	26,783	29,040	12,086	16,799	155
Right-of-use lease	40,949	41,046	7.029	15,669	18,348
Assignment of receivables	18,128	25,808	7,030	7,031	11,747
Payables for the acquisition of companies	8,828	9,402	-	6,837	2,565
Other payables	4,877	4,877	4,877	-	-
Total	**2,348,319**	**2,786,232**	**711,597**	**562,797**	**1,511,838**

7.3.1 Sensitivity analysis

The Group's Management conducted a study of the potential impact of variations in interest rates on the amounts of marketable securities and financial investments, leases payable, right-of-use lease, and impacts of variations in interest rate and exchange rate changes on loans, financings and debentures. The debt was divided into parts: debts subject to CDI, debts subject to Long-Term Interest Rate - TLP, debts subject to SELIC and debts subject to dollar, which could be subject to different changes according to the inherent rate.

Management's study considers at December 31, 2019 the following probable rates, proportionally impacting the Group's debts, marketable securities and financial investments: CDI at 4.55% p.a., based on the future yield curve (source: B3 – Brasil, Bolsa e Balcão); SELIC of 4.50% p.a. source: Bacen) and U.S. dollar ("dollar") rate of R$ 4.10 (source: B3).

The following sensitivity analysis of financial instruments was prepared to show the balances of the main financial assets and liabilities, taking into consideration a probable scenario (Scenario I), with increase of 25% (Scenario II) and 50% (Scenario III):

						Consolidated
Operation	**Exposure**	**Risk**	**Probable rate**	**Scenario I probable**	**Scenario II + depreciation of 25%**	**Scenario III + depreciation of 50%**
Derivatives designated as hedge instruments						
Swap – Notional amount (in thousands of dollars)	40,000	USD decrease	4.10	164,000	205,000	246,000
International credit (object) (in thousands of dollars)	(40,000)	USD increase	4.10	(164,000)	(205,000)	(246,000)
IDI call option (Position purchased in call option "Call" - liability)	(378,739)	FIXED RATE	7.27%	(27,534)	(27,534)	(27,534)
IDI call option (Position purchased in call option "Call" - asset)	378,739	CDI increase	7.27%	27,534	34,418	41,301
Net effect of exposure	**-**			**-**	**6,884**	**13,767**
Net exchange rate exposure						
Loans and financings (International credit)	(162,042)	FIXED RATE	5.05%	(8,183)	(8,183)	(8,183)
Swap - notional amount (assets)	162,042	FIXED RATE	5.05%	8,183	8,183	8,183
Swap - notional amount (liabilities)	(154,606)	CDI increase	4.55%	(7,035)	(8,794)	(10,553)
Net effect of exposure	**(154,606)**			**(7,035)**	**(8,794)**	**(10,553)**
Net effect of hedge accounting operations	**(154,606)**			**(7,035)**	**(1,910)**	**3,214**
Other operations - floating rate						
Cash and cash equivalents – short-term investments	317,108	CDI increase	4.55%	14,428	18,035	21,642
Marketable securities and financial investments - LFT	140,163	SELIC increase	4.50%	6.307	7.884	9.461
Marketable securities and financial investments - LTN	36,264	SELIC increase	4.50%	1.632	2.040	2.448
Other investments (marketable securities)	655	CDI increase	4.55%	30	38	45
Payables for the acquisition of companies	(8,828)	CDI increase	4.55%	(402)	(503)	(603)
Loans and financings – CRA	(274,534)	CDI increase	5.45%	(14,962)	(18,703)	(22,443)
Loans and financings – CCB	(422,062)	CDI increase	5.28%	(22,285)	(27,856)	(33,428)
Loans and financings – Debentures	(804,950)	CDI increase	6.36%	(51,195)	(63,994)	(76,793)
Loans and financings – CDCA	(65,769)	CDI increase	6.57%	(4,321)	(5,401)	(6,482)
Finance leases payable	(26,783)	CDI increase	4.55%	(1,219)	(1,524)	(1,829)
Net exposure and impact on finance costs - floating rate	**(1,108,736)**			**(71,987)**	**(89,984)**	**(107,982)**
Other operations - fixed rate						
Loans and financings - Finame	(90,958)	FIXED RATE	4.95%	(4,502)	(4,502)	(4,502)
Loans and financings – CDC	(23,668)	FIXED RATE	8.04%	(1,903)	(1,903)	(1,903)
Loans and financings – CCB	(286)	FIXED RATE	8.50%	(24)	(24)	(24)
Loans and financings – CRA	(215,967)	FIXED RATE	7.82%	(16,889)	(16,889)	(16,889)
Loans and financings – Consortiums	(10,557)	FIXED RATE	6.10%	(644)	(644)	(644)
Net exposure and impact on finance costs - fixed rate	**(341,436)**			**(23,962)**	**(23,962)**	**(23,962)**
Net exposure and total impact of finance costs on the statement of profit or loss	**(1,601,861)**			**(102,984)**	**(115,856)**	**(128,730)**

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

7.3.2 Derivative financial instruments

The Group uses derivative financial instruments solely with the purpose of hedge against market risks. In accordance with the Group's policy, the operations that may adversely affect the Group's statement of profit or loss or cash flows will be hedged, due to the risks involved. When the Group carries out transactions that contain unwanted exposures, the Management will evaluate the need to contract financial instruments with the purpose of hedge and mitigate the risks to which it is exposing itself.

In thousands of Brazilian reais, unless otherwise stated

At December 31, 2019 and 2018, Vamos had derivative financial instruments (swap agreements and the IDI call option on the average rate index of interbank deposits - “IDI call option”). Both the swap agreements and the IDI call options were classified as cash flow hedge by applying the hedge accounting. The cash flow hedge consists in providing a hedge against variations in cash flows attributable to a specific risk associated to a recognized asset or liability or a highly probable forecast transaction that may affect the profit or loss. The IDI call option agreement ensures a maximum threshold for loss in a scenario where the company contracts loans at a floating rate. The index is correctly daily by the average rate of one-day interbank deposits (DI) and, when purchasing a call option on this index (IDI), with a future date, the Company manages to limit the financial expense for the same period over the notional contracted.

The relationship between the hedge instrument and the hedged item, as well as the risk management policies and objectives, were documented at the beginning of the transaction. The effectiveness tests are also properly documented, confirming that the designated derivatives are effective in offsetting the changes in the fair value of the hedged items.

The effective portion of the changes in the fair value of derivatives designated and qualifying as cash flow hedge is recognized as a component of OCI, net of taxes. At December 31, 2019, a positive variation in the amount net of taxes of R$ 890 was determined (a positive variation in the amount net of taxes of R$ 709 at December 31, 2018). Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss. During the years ended December 31, 2019 and 2018, no gain or loss on the ineffective portion was recognized.

The amounts accumulated in OCI, net of taxes, are reclassified to the statement of profit or loss for the periods when the hedged item affects profit or loss (for example, when the settlement of the hedged item occurs).

The outstanding contracts at December 31, 2019 are the following:

							Balance of the hedged debt on 12/31/2019 (consolidated)	
Instrument	**Type of derivative financial instrument**	**Operation**	**Notional amount**	**Maturity**	**Hedge index**	**Average contracted rate p.a.**	**At amortized cost**	**At fair value**
Swap agreement	Cash flow hedge	Swap USD X CDI	USD 40,000	05/2021	Fixed rate + Exchange rate	130.15% of CDI	162,042	169,556

Description	**Counterparty**	**Index**	**Initial date**	**Maturity**	**Quantity**	**Notional amount**	**Index**	**Contracted rate p.a.**	**Exercise price**	**Market value**
Purchase of IDI call option	B3	FIXED RATE	2/25/2019	1/3/2022	525	R$ 139,799	FIXED RATE	7.7%	329	262
Purchase of IDI call option	B3	FIXED RATE	8/28/2019	1/2/2023	870	R$ 238,940	FIXED RATE	7.1%	358	638
Purchase of IDI call option	B3	FIXED RATE	12/19/2019	1/3/2022	870	R$ 513,628	FIXED RATE	6.51%	970	689
						892,367			1,657	1,589

In thousands of Brazilian reais, unless otherwise stated

The outstanding balances are as follows:

	At December 31, 2019 (consolidated)			At December 31, 2018 (combined carve-out)		
Operation	**Notional amount**	**Assets**	**Liabilities**	**Notional amount**	**Assets**	**Liabilities**
IDI call option	R$ 892,367	1,098	-	-	-	-
Swap USD X CDI	USD 40,000	14,950	-	USD 40,000	4,880	-
Noncurrent		**16,048**	**-**		**4,880**	**-**

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

		At December 31, 2019 (consolidated) Expected cash flow			
	Carrying amount	**Total**	**1-6 months**	**6-12 months**	**Over 1 year**
Cash flow swap					
Asset	169,556	175,746	4,866	4,813	166,067
Liability	(154,606)	(164,698)	(4,218)	(4,452)	(156,028)
	14,950	**11,048**	**648**	**361**	**10,039**

8. Cash and cash equivalents

	12/31/2019 (consolidated)	**12/31/2018** (combined carve-out)	**12/31/2017** (combined carve-out)
Cash	133	132	87
Banks	5,589	1,387	3,526
Total cash and banks	**5,722**	**1,519**	**3,613**
Bank deposit certificates (“CDB”)	282,108	6,852	37,890
Repurchase agreements	32,902	49,538	41,808
Units of other funds	1,667	-	-
Other investments	431	696	-
Total financial investments	**317,108**	**57,086**	**79,698**
Total cash and cash equivalents	**322,830**	**58,605**	**83,311**

During the year ended December 31, 2019, the average income from these investments was 5.91% p.a. linked to 99.60% of the CDI (at December 31, 2018 the average income was 6.42% p.a. linked to 99.48% of the CDI and at December 31, 2017 the average income was 10.03% p.a. linked to 100.8% of the CDI).

9. Marketable securities and financial investments

	12/31/2019 (consolidated)	**12/31/2018** (combined carve-out)	**12/31/2017** (combined carve-out)
Financial Treasury Bills (“LFT”)	140,163	3,304	33,207
National Treasury Bills (“LTN”)	36,264	3,949	53,835
Other investments	655	794	4,378
	177,082	**8,047**	**91,420**
Current assets	176.427	7,253	87.042
Noncurrent assets	655	794	4,378
Total	**177,082**	**8,047**	**91,420**

The average income from government securities allocated to exclusive funds is defined at fixed and floating rates (fixed rate LTN and LFT SELIC). During the year ended December 31, 2019, the average income from these investments was 5.91% p.a. (6.42% p.a. for the year ended December 31, 2018 and 10.03% p.a. for the year ended December 31, 2017). The average income disclosed is net of fund management fee and commission.

In thousands of Brazilian reais, unless otherwise stated

10. Trade receivables

	12/31/2019 (consolidated)	12/31/2018 (combined carve-out)	12/31/2017 (combined carve-out)
Receivables from services and leasing	214,856	167,736	178,105
Leases receivable (i)	12,809	27,732	25,959
Receivables from sale of vehicles and parts	15,208	20,491	15,152
Receivables from related parties (note 21.1)	5,414	23,704	1,386
Unbilled revenue (ii)	29,180	11,470	8,838
Receivables from credit cards	1,331	1,200	764
Guarantees receivable	-	-	4,153
Other payables	2,666	1,140	775
(-) Present value adjustment	-	-	(918)
(-) Expected credit losses of trade receivables	(53,738)	(72,462)	(59,248)
Total	**227,726**	**181,011**	**174,966**
Current assets	223,481	166,822	154,080
Noncurrent assets	4,245	14,189	20,886
Total	**227,726**	**181,011**	**174,966**

(i) Refer to lease of property and equipment items to third parties, conducted by the companies resulting from the acquisition of the Borgato Companies;

(ii) Unbilled revenue refers to vehicle leasing agreements where the provision of service is in progress at the end of the month and will be invoiced in the subsequent period, when the cars are returned and the agreements are terminated. In these cases, unbilled revenue is measured in proportion to the days of leasing;

10.1. Aging list and expected credit losses of trade receivables

	12/31/2019 (consolidated)	12/31/2018 (combined carve-out)	12/31/2017 (combined carve-out)
Total current (not past due)	**202,010**	**153,860**	**142,188**
1-30 days past due	9,220	9,838	14,807
31-90 days past due	8,867	9,254	9,681
91-180 days past due	6,120	9,890	22,062
181-365 days past due	5,917	7,282	15,760
More than 365 days past due	49,330	63,349	29,716
Total past due	**79,454**	**99,613**	**92,026**
(-) Expected credit losses of trade receivables	(53,738)	(72,462)	(59,248)
Total	**227,726**	**181,011**	**174,966**

The movement in the expected credit losses of trade receivables during the years ended December 31, 2019, 2018 and 2017 was as follows:

At December 31, 2016	**(33,778)**
(-) Additions	(28,245)
(+) Reversals	2,775
Balance as of December 31, 2017 (combined carve-out)	**(59,248)**
Remeasurement (CPC 48 / IFRS 9)	(4,081)
Balance as of January 1, 2018	**(63,329)**
(-) Additions	(25,351)
(+) Reversals	16,218
Balance as of December 31, 2018 (combined carve-out)	**(72,462)**
(-) Additions	(26,934)
(+) Reversals	45,658
Balance as of December 31, 2019 (consolidated)	**(53,738)**

In thousands of Brazilian reais, unless otherwise stated

11. Inventories

Description	**12/31/2019** (consolidated)	**12/31/2018** (combined carve-out)	**12/31/2017** (combined carve-out)
New vehicles	80,903	59,628	51,498
Parts for resale (i)	38,051	35,061	27,064
Used vehicles	21,381	10,331	7,412
Others	3,711	108	16
(-) Allowance for impairment of inventories (ii)	(3,774)	(3,198)	(860)
Total	**140,272**	**101,930**	**85,130**

(i) Refers to balances of parts and equipment allocated to the truck, machinery and equipment dealerships.

(ii) The allowance for impairment of inventories refers to materials for use and consumption and parts for resale. The movement in the allowance for impairment of inventories during the years ended December 31, 2019, 2018 and 2017 was as follows:

Balance as of December 31, 2016	**(946)**
(-) Additions	(1,033)
(+) Reversals	1,119
Balance as of December 31, 2017 (combined carve-out)	**(860)**
(-) Additions	(3,294)
(+) Reversals	956
Balance as of December 31, 2018 (combined carve-out)	**(3,198)**
(-) Additions	(2,707)
(+) Reversals	2,131
Balance as of December 31, 2019 (consolidated)	**(3,774)**

In thousands of Brazilian reais, unless otherwise stated

12. Fixed assets available for sale

The movement during the years ended December 31, 2019, 2018 and 2017 was as follows:

	Vehicles	Machinery and equipment	Total
Cost:			
At December 31, 2016	**31,356**	**22,216**	**53,572**
Assets transferred from property and equipment	57,913	34,623	92,536
Additions due to business combinations (note 1.3.a)	323	17,475	17,798
Assets written off due to sale	(70,909)	(23,929)	(94,838)
At December 31, 2017 **(combined carve-out)**	**18,683**	**50,385**	**69,068**
Assets transferred from property and equipment	119,428	74,826	194,254
Assets written off due to sale	(70,825)	(67,321)	(138,146)
At December 31, 2018 **(combined carve-out)**	**67,286**	**57,890**	**125,176**
Assets transferred from property and equipment	265,873	129,631	395,504
Assets written off due to sale	(215,849)	(128,897)	(344,746)
At December 31, 2019 **(consolidated)**	**117,310**	**58,624**	**175,934**
Accumulated depreciation:			
At December 31, 2016	**(11,879)**	**(20,234)**	**(32,113)**
Assets transferred from property and equipment	(7,012)	(21,559)	(28,571)
Assets written off due to sale	12,954	13,981	26,935
At December 31, 2017(combined carve-out)	**(5,937)**	**(27,812)**	**(33,749)**
Assets transferred from property and equipment	(43,392)	(26,435)	(69,827)
Assets written off due to sale	27,543	12,829	40,372
At December 31, 2018 **(combined carve-out)**	**(21,786)**	**(41,418)**	**(63,204)**
Assets transferred from property and equipment	(93,665)	(84,596)	(178,261)
Assets written off due to sale	62,603	77,510	140,113
At December 31, 2019 **(consolidated)**	**(52,848)**	**(48,504)**	**(101,352)**
Net residual value:			
Balance as of December 31, 2017 **(combined carve-out)**	**12,746**	**22,573**	**35,319**
Balance as of December 31, 2018 **(combined carve-out)out)**	**45,500**	**16,472**	**61,972**
Balance as of December 31, 2019 **(consolidated)**	**64,462**	**10,120**	**74.582**

13. Fund for capitalization of authorized dealerships

The fund for capitalization of authorized dealerships refers to payments made by subsidiaries of the Vamos Group which operate truck, machinery and equipment dealerships to the Credit Guarantee Fund with truck manufacturers. These are percentage values of the cost of acquiring vehicles retained by truck manufacturers, deposited in funds managed by financial institutions linked to them, on behalf of subsidiaries. These funds are used as guarantees of vehicle credit lines and the contribution amounts exceeding the contribution targets established on an annual basis can be withdrawn. The balance at December 31, 2019 is R$ 27,002 (R$ 23,447 at December 31, 2018 and R$ 19,935 at December 31, 2017).

In thousands of Brazilian reais, unless otherwise stated

14. Property and equipment

The movement during the years ended December 31, 2019, 2018 and 2017 is as follows:

	Vehicles	Machinery and equipment	Improvements	Furniture and fixtures	Land	Buildings	Right-of-use (ii)	Others (i)	Total
Cost:									
At December 31, 2016	**961,308**	**217,292**	**15,426**	**2,923**	**13,800**	**13,073**	**-**	**3,200**	**1,227,022**
Additions	153,712	92,145	695	69	-	360	-	2,342	249,323
Additions due to business combinations (note 1.3.a)	145,579	125,964	1,460	1,181	2,117	3,470	-	4,664	284,435
Transfer to assets available for sale	(57,913)	(34,623)	-	-	-	-	-	-	(92,536)
Write-offs	(2,014)	(1,407)	(1,103)	(140)	-	-	-	(3,304)	(7,968)
At December 31, 2017 **(combined carve-out)**	**1,200,672**	**399,371**	**16,478**	**4,033**	**15,917**	**16,903**	**-**	**6,902**	**1,660,276**
Additions	310,463	168,618	129	182	-	12	-	2,766	482,170
Transfers to assets available for sale	(119,428)	(74,826)	-	-	-	-	-	-	(194,254)
Transfers	(18,138)	17,665	(3,752)	(1,464)	-	4,377	-	1,312	-
Write-offs	(4,506)	(264)	-	-	-	-	-	(8,651)	(13,421)
At December 31, 2018 **(combined carve-out)**	**1,369,063**	**510,564**	**12,855**	**2,751**	**15,917**	**21,292**	**-**	**2,329**	**1,934,771**
Initial adoption of CPC 06 (R2)/IFRS 16 (ii)	-	-	-	-	-	-	56,120	-	56,120
At January 1, 2019	**1,369,063**	**510,564**	**12,855**	**2,751**	**15,917**	**21,292**	**56,120**	**2,329**	**1,990,891**
Additions	700,942	165,844	153	1,574	-	-	2,674	5,131	876,318
Transfers to assets available for sale	(265,873)	(129,631)	-	-	-	-	-	-	(395,504)
Transfers	(6,640)	6,640	-	-	-	-	-	-	-
Write-offs (iii)	(234,087)	(91,082)	-	(67)	-	(14)	(10,599)	(1,035)	(336,884)
At December 31, 2019 **(consolidated)**	**1,563,405**	**462,335**	**13,008**	**4,258**	**15,917**	**21,278**	**48,195**	**6,425**	**2,134,821**
Accumulated depreciation:									
At December 31, 2016	**(216,495)**	**(93,704)**	**(2,215)**	**(1,404)**	**-**	**(1,737)**	**-**	**(1,268)**	**(316,823)**
Depreciation expense for the year	(86,710)	(35,403)	(657)	(284)	-	(684)	-	(240)	(123,978)
Transfers	(39)	(733)	50	-	-	(8)	-	730	-
Transfer to assets available for sale	7,012	21,559	-	-	-	-	-	-	28,571
Write-offs	367	1,377	-	109	-	-	-	480	2,333
At December 31, 2017 **(combined carve-out)**	**(295,865)**	**(106,904)**	**(2,822)**	**(1,579)**	**-**	**(2,429)**	**-**	**(298)**	**(409,897)**
Depreciation expense for the year	(136,634)	(72,878)	(1,845)	(475)	-	(773)	-	(520)	(213,125)
Transfers	57	2,712	700	676	-	(907)	-	(3,238)	-
Transfer to assets available for sale	43,392	26,435	-	-	-	-	-	-	69,827
Write-offs	600	185	-	-	-	-	-	3,461	4,246
At December 31, 2018 **(combined carve-out)**	**(388,450)**	**(150,450)**	**(3,967)**	**(1,378)**	**-**	**(4,109)**	**-**	**(595)**	**(548,949)**
Depreciation expense for the year	(139,686)	(77,389)	(740)	(583)	-	(768)	(8,974)	(992)	(229,132)
Transfers	184	(184)	-	-	-	-	-	-	-
Transfer to assets available for sale	93,665	84,596	-	-	-	-	-	-	178,261
Write-offs (iii)	190,719	92,438	1	16	-	84	94	1,262	284,614
At December 31, 2019 **(consolidated)**	**(243,568)**	**(50,989)**	**(4,706)**	**(1,945)**	**-**	**(4,793)**	**(8,880)**	**(325)**	**(315,206)**
Net residual value:									
Balance as of December 31, 2017(combined carve-out)	**904,807**	**292,467**	**13,656**	**2,454**	**15,917**	**14,474**	**-**	**6,604**	**1,250,379**
Balance as of December 31, 2018 (combined carve-out)	**980,613**	**360,114**	**8,888**	**1,373**	**15,917**	**17,183**	**-**	**1,734**	**1,385,822**
Balance as of December 31, 2019 (consolidated)	**1,319,837**	**411,346**	**8,302**	**2,313**	**15,917**	**16,485**	**39,315**	**6,100**	**1,819,615**
Average depreciation rates (%) - for the period 2019 (consolidated)	**11%**	**12%**	**4%**	**10%**	**-**	**4%**	**-**	**5%**	
Average depreciation rates (%) - for the period 2018 (combined carve-out)	**8%**	**10%**	**2%**	**10%**	**-**	**4%**	**-**	**5%**	
Average depreciation rates (%) - for the period 2017 (combined carve-out)	**8%**	**10%**	**2%**	**10%**	**-**	**4%**	**-**	**5%**	

In thousands of Brazilian reais, unless otherwise stated

(i) The column Others comprises basically construction in progress and hardware; and

(ii) Refers to initial adoption of CPC 6 (R2)/IFRS 16 – Leases (note 4.3d). Such right-of-use refers entirely to property lease agreements; and

(iii) The write-off of the residual value of R$ 10,505 refers to the cancellation of leases of stores of dealerships.

In March 2018, based on the revised estimates of expected residual value at the end of the economic useful lives of property and equipment, the depreciation rates of Vamos Locação were changed by 2% in the weighted average.

At December 31, 2018, an impairment test was conducted and no provision for impairment was required. For 2019, the Group did not identify any evidence that the assets could be impaired.

14.1. Lease of property and equipment items

Part of the assets were acquired by the Vamos Group under finance leases, and substantially include vehicles, machinery and equipment. The balances are part of the property and equipment, as shown below:

	Vehicles	**Machinery and equipment**	**Total**
Net value:			
Balance at December 31, 2017 **(combined carve-out)**	17,613	1,721	19,334
Balance at December 31, 2018 **(combined carve-out)**	44,128	3,939	48,067
Balance at December 31, 2019 **(consolidated)**	31,171	470	31,641
Debt amount:			
Balance at December 31, 2017 (note 19) **(combined carve-out)**	21,959	7,245	29,204
Balance at December 31, 2018 (note 19) **(combined carve-out)**	41,863	3,073	44,936
Balance at December 31, 2019 (note 19) **(consolidated)**	26,348	435	26,783

In thousands of Brazilian reais, unless otherwise stated

15. Intangible assets

The movement during the years ended December 31, 2019, 2018 and 2017 was as follows:

	Software	Commercial rights (i)	Goodwill (15.1) (ii)	Non-compete agreement and client portfolio (iii)	Others	Total
Cost:						
At December 31, 2016	**293**	**30,814**	**3,918**	**7,204**	**16**	**42,245**
Additions due to business combinations (note 1.3 (a))	-	10,800	82,959	28,200	4,300	126,259
Additions	52	-	-	-	50	102
At December 31, 2017 **(combined carve-out)**	**345**	**41,614**	**86,877**	**35,404**	**4,366**	**168,606**
Additions	1,893	-	-	-	74	1,967
At December 31, 2018 **(combined carve-out)**	**2,238**	**41,614**	**86,877**	**35,404**	**4,440**	**170,573**
Additions	902	-	-	-	3	905
Write-offs	(2,091)	-	-	-	-	(2,091)
At December 31, 2019 **(consolidated)**	**1,049**	**41,614**	**86,877**	**35,404**	**4,443**	**169,387**
Accumulated amortization:						
At December 31, 2016	**(34)**	**-**	**-**	**-**	**-**	**(34)**
Amortization expense for the year	(65)	-	-	-	-	(65)
At December 31, 2017 **(combined carve-out)**	**(99)**	**-**	**-**	**-**	**-**	**(99)**
Amortization expense for the year	(167)	-	-	(5,170)	-	(5,337)
At December 31, 2018 **(combined carve-out)**	**(266)**	**-**	**-**	**(5,170)**	**-**	**(5,436)**
Amortization expense for the year	(199)	-	-	(5,640)	-	(5,839)
Write-offs	58	-	-	-	-	58
At December 31, 2019 **(consolidated)**	**(407)**	**-**	**-**	**(10,810)**	**-**	**(11,217)**
Net value:						
Balance as of December 31, 2017 (combined carve-out)	**246**	**41,614**	**86,877**	**35,404**	**4,366**	**168,507**
Balance as of December 31, 2018 (combined carve-out)	**1,972**	**41,614**	**86,877**	**30,234**	**4,440**	**165,137**
Balance as of December 31, 2019 (consolidated)	**642**	**41,614**	**86,877**	**24,594**	**4,443**	**158,170**
Average amortization rates (%) - for the period:						
2017 **(combined carve-out)**	**11.40%**	**-**	**-**	**20.00%**	**-**	
2018 **(combined carve-out)**	**11.40%**	**-**	**-**	**20.00%**	**-**	
2019 - **(consolidated)**	**11.40%**	**-**	**-**	**20.00%**	**-**	

(i) Commercial rights refer to the right of concession and exploration of the MAN brand by Transrio on the acquisition of the Rio de Janeiro and Sergipe branches in the total amount of R$ 30,814, and the rights for image use and sale of machinery and agricultural implements of the Valtra brand in the total amount of R$ 10,800. These assets are allocated to the groups of stores and territories exploited, considered as the cash-generating units in the truck, machinery and equipment dealerships;

(ii) The goodwill refers to the acquisition of Transrio in the amount of R$ 3,918 and the acquisition of Borgato Companies in the amount of R$ 82,959;

(iii) The amount of R$ 28,200 refers to the business combinations arising from the acquisition of the Borgato Companies and the remaining amount of R$ 7,204 refers to non-compete agreements of the subsidiary Transrio.

15.1 Goodwill on business combinations

The goodwill on business combinations is represented by the positive difference between the amount paid and/or payable for the acquisition of a business and the net amount of the fair value of the assets and liabilities of the acquired subsidiary. Goodwill is annually tested for impairment based on a study carried out. Goodwill is recorded at cost less any accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.
The goodwill is allocated to cash-generating units (CGUs) for impairment testing purposes. The allocation is made to the CGUs or groups of CGUs that are expected to benefit from the business combinations from which the goodwill arose and that are identified in accordance with the business segment.

In thousands of Brazilian reais, unless otherwise stated

The goodwill recognized refers to the acquisition of Transrio, attributed to the truck, machinery and equipment dealership segment, and also to the acquisition of the Borgato Companies, attributed to the segment of lease of trucks, machinery and equipment.

The summary of the allocation of goodwill net of impairment, by CGU level, is shown below:

Goodwill arising on business combinations by CGU	12/31/2019 (consolidated) Balance	12/31/2018 (combined carve-out) Balance	12/31/2017 (combined carve-out) Balance
Lease of trucks, machinery and equipment	82,959	82,959	82,959
Truck, machinery and equipment dealerships (“Transrio)	3,918	3,918	3,918
Total	**86,877**	**86,877**	**86,877**

15.2 Impairment testing

The recoverable amount of a Cash-Generating Unit is determined based on calculations of the value in use. These calculations use post-income tax and social contribution cash flow projections based on financial budgets for a five-year period and perpetuity.

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

The main assumptions used to calculate the value in use (cash flows for the five-year period) at December 31, 2019 are presented below:

Cash generating units	Lease of trucks, machinery and equipment	Truck, machinery and equipment dealerships - Valtra	Truck, machinery and equipment dealerships - Transrio
Discount rates (WACC)	9.17%	10.13%	9.17%
Growth rate in perpetuity	3.55%	3.55%	3.55%
Estimated growth rate for EBITDA (average for the following five years)	6.0%	13.7%	8.6%

- Utilization of the Weighted Average Cost of Capital (WACC) as appropriate parameter to determine the discount rate to be applied to the free cash flows;

- Cash flows projections prepared by Management, which comprise a 5-year projection period, from January 2020 to December 2024;

- All projections were made on a nominal basis, that is, considering the effect of inflation and taxes;

- The residual value after December 2024 was calculated based on the cash flows perpetuity, considering the assumption of continuity of operations for an indefinite period (perpetuity), growth of 3.95% (inflation); and

- The cash flows were discounted considering the mid period convention, assuming that the cash flows are generated throughout the year.

In thousands of Brazilian reais, unless otherwise stated

During the year ended December 31, 2019, the Vamos Group conducted the annual impairment testing for its CGUs described above and did not determine any losses on the recorded amounts.

The estimated recoverable amounts for the CGUs Lease of trucks, machinery and equipment, Valtra and Transrio exceeded their carrying amounts by 639,620, R$ 3,975 and R$ 268,507, respectively. Management identified the key assumption for which reasonable possible changes may cause impairment. The table below presents the amount by which individual changes in this basic assumption could result in the recoverable amount of the CGU to be equal to the carrying amount:

Change required for the recoverable amount to equal the carrying amount			
In percentage points (%)	**Lease of trucks, machinery and equipment**	**Truck, machinery and equipment dealerships**	**Truck, machinery and equipment dealerships (“Transrio)**
Discount rate (WACC)	4.19	0.28	3.93

16. Trade payables

	12/31/2019 (consolidated)	**12/31/2018** (combined carve-out)	**12/31/2017** (combined carve-out)
Trade payables - vehicles, machinery and equipment for leasing	60,292	8,703	12,212
Trade payables - vehicles, machinery and equipment for inventories	27,538	17,602	40,907
Trade payables - vehicles, machinery and equipment for leasing - related parties (note 21.1)	20,618	52,402	38,706
Truck manufacturers	-	-	1,786
Others	5,044	4,325	11,215
(-) Present value adjustment	(494)	-	(1,062)
Total	**112,998**	**83,032**	**103,764**
Current liabilities	112,998	83,032	99,439
Noncurrent liabilities	-	-	4,325
Total	**112,998**	**83,032**	**103,764**

17. Floor plan

Part of the purchases of new vehicles for the segment of truck, machinery and equipment dealerships are paid with extended term under the program to finance the inventory of new and used vehicles and automobile parts floor plan, with revolving credit facilities made available by financial institutions, and with the agreement of truck manufacturers. These programs generally have an initial period during which they are interest-free until the invoice issuance and with maturities ranging from 150 to 180 days after the invoice issuance, subject to interest of up to 100% of the CDI plus interest of up to 0.5% p.m. after the grace period, which is usually of 180 days. The balance at December 31, 2019 is R$ 64,916 (R$ 53,413 at December 31, 2018 and R$ 38,333 at December 31, 2017).

In thousands of Brazilian reais, unless otherwise stated

18. Loans, financings and debentures

Loans, financings and debentures are measured at amortized cost. The terms and conditions of the outstanding loans, financings and debentures are as follows:

				12/31/2019 (consolidated)			Variation					12/31/2018 (combined carve-out)		
Type	**Annual average rate (%)**	**Average rate structure (%)**	**Maturity**	**Current**	**Noncurrent**	**Total**	**New contracts**	**Amortization**	**Interest paid**	**Interest**	**Exchange rate changes**	**Current**	**Noncurrent**	**Total**
In local currency														
Finame (i)	4.95%	Fixed rate	Jan/25	25,338	65,620	90,958	39,143	(334,586)	(23,197)	21,447	-	77,933	310,218	388,151
Finame (i)	9.27%	TLP + 3.70%	May/21	-	-	-	-	(135,086)	(7,912)	7,419	-	59,156	76,423	135,579
Finame (i)	9.36%	SELIC + 4.86%	Apr/21	-	-	-	13,195	(103,663)	(2,703)	5,946	-	19,749	67,476	87,225
CDC (iii)	8.04%	Fixed rate	Apr/23	8,592	15,076	23,668	193,428	(202,536)	(2,713)	7,023	-	4,847	23,619	28,466
CCB (ii)	5.13%	CDI + 0.73%	Aug/25	258,941	163,121	422,062	400,000	(3,054)	(1,471)	7,137	-	2,802	16,648	19,450
CCB (ii)	8.50%	Fixed rate	Jan/23	101	185	286	-	(62)	(22)	25	-	74	271	345
CDCA (vii)	6.47%	CDI + 2.02%	Apr/23	37,829	27,940	65,769	25,000	(12,001)	(3,945)	4,467	-	12,248	40,000	52,248
Debentures (viii)	6.20%	CDI + 1.80%	Aug/26	13,180	791,770	804,950	789,942	-	-	15,008	-	-	-	-
CRA I (vi)	5.30%	CDI + 0.90%	Feb/24	65,314	209,220	274,534	291,934	(16,667)	(14,070)	13,337	-	-	-	-
CRA I (vi)	7.82%	Fixed rate	Nov/26	197	215,770	215,967	215,770	-	-	197	-	-	-	-
NCE	6.10%	CDI + 0.70%	Oct/19	-	-	-	162,600	(162,600)	(1,647)	1,647	-	-	-	-
Bank overdrafts				47	-	47	47	-	-	-	-	-	-	-
Consortium (iv)	6.10%	Fixed rate	Jul/25	4,593	5,964	10,557	-	(12,147)	-	-	-	11,474	11,230	22,704
				414,132	**1,494,666**	**1,908,798**	**2,131,059**	**(982,402)**	**(57,680)**	**83,653**	**-**	**188,283**	**545,885**	**734,168**
In foreign currency														
International credit (4131) – USD (v)	USD + 5.05%	USD + 5.05%	May/21	814	161,228	162,042	-	-	(8,446)	8,791	5,879	826	154,992	155,818
				414,946	**1,655,894**	**2,070,840**	**2,131,059**	**(982,402)**	**(66,126)**	**92,444**	**5,879**	**189,109**	**700,877**	**889,986**

In thousands of Brazilian reais, unless otherwise stated

				12/31/2018 (combined carve-out)			Variation					12/31/2017 (combined carve-out)		
Type	**Annual average rate (%)**	**Average rate structure (%)**	**Maturity**	**Current**	**Noncurrent**	**Total**	**New contracts**	**Amortization**	**Interest paid**	**Interest**	**Exchange rate changes**	**Current**	**Noncurrent**	**Total**
In local currency														
Finame (i)	6.86%	Fixed rate	Dec/28	77,933	310,218	388,151	209,260	(85,065)	(21,295)	22,746	-	76,764	185,741	262,505
Finame (i)	10.78%	TLP + 4.38%	Mar/23	59,156	76,423	135,579	20,988	(169,870)	(17,484)	18,744	-	82,816	200,385	283,201
Finame (i)	10.84%	SELIC + 4.34%	Dec/28	19,749	67,476	87,225	39,224	(47,442)	(3,152)	7,981	-	26,498	64,116	90,614
CCB (ii)	8.23%	CDI + 1.83%	Aug/25	15,050	56,648	71,698	-	(47,457)	(7,718)	8,029	-	28,864	89,980	118,844
CCB (ii)	10.00%	Fixed rate	Jan/23	74	271	345	408	(65)	(34)	36	-	-	-	-
CDC (iii)	11.77%	Fixed rate	May/22	4,847	23,619	28,466	28,295	(11,710)	(2,394)	3,102	-	3,026	8,147	11,173
Consortium (iv)	14.95%	Fixed rate	Dec/24	11,474	11,230	22,704	3,785	(13,519)	-	-	-	9,075	23,363	32,438
				188,283	**545,885**	**734,168**	**301,960**	**(375,128)**	**(52,077)**	**60,638**	**-**	**227,043**	**571,732**	**798,775**
In foreign currency														
International credit (4131) – USD (v)	USD + 5.05%	USD + 5.05%	May/21	826	154,992	155,818	150,800	-	(3,931)	4,757	4,192	-	-	-
				189,109	**700,877**	**889,986**	**452,760**	**(375,128)**	**(56,008)**	**65,395**	**4,192**	**227,043**	**571,732**	**798,775**

				12/31/2017 (combined carve-out)			Variation					12/31/2016		
Type	**Annual average rate (%)**	**Average rate structure (%)**	**Maturity**	**Current**	**Noncurrent**	**Total**	**New contracts due to business combinations**	**New contracts**	**Amortization**	**Interest paid**	**Interest**	**Current**	**Noncurrent**	**Total**
In local currency														
Finame (i)	5.04%	Fixed rate	Jan/25	76,764	185,741	262,505	67,925	-	(57,884)	(20,288)	19,828	53,254	199,670	252,924
Finame (i)	9.92%	TLP + 2.92%	Jul/23	82,816	200,385	283,201	86,529	87,212	(119,936)	(27,207)	23,670	49,045	183,888	232,933
Finame (i)	11.66%	SELIC + 4.66%	Jul/22	26,498	64,116	90,614	-	25,526	(23,463)	(5,564)	3,368	19,107	71,640	90,747
CDC (iii)	11.77%	Fixed rate	Jan/25	3,026	8,147	11,173	17,919	9,833	(40,880)	(2,560)	2,951	4,863	19,047	23,910
CCB (ii)	10.58%	Fixed rate	May/22	28,864	89,980	118,844	88,138	11,045	(5,848)	(4,822)	4,811	1,562	23,958	25,520
Consortium (iv)	14.95%	Fixed rate	Dec/24	9,075	23,363	32,438	32,438	-	-	-	-	-	-	-
				227,043	**571,732**	**798,775**	**292,949**	**133,616**	**(248,011)**	**(60,441)**	**54,628**	**127,831**	**498,203**	**626,034**

The loans, financings and debentures have the following characteristics:

(i) **FINAME** are financing for investments in trucks, machinery and equipment used in operations. New agreements are signed monthly, related to the purchase of new assets under the normal fleet expansion and renewal process. Finame agreements have a grace period ranging from six to twelve months according to the financed product, payments of interest and principal are monthly after the grace period. These financing agreements have no covenants;

(ii) **CCBs** are Bank Credit Bills raised with financial institutions for financing working capital and the purchase of trucks, machinery and equipment used in operations. These agreements have several maturities, either monthly, quarterly or semi-annually, for payments of interest and principal.

(iii) **Working capital (CDC)** refer to short-term transactions used to manage the Group's cash. CDC contracts have a grace period of six months, payments of interest and principal are monthly after the grace period;

(iv) **Consortium** refer to credit transactions with financial institutions for the acquisition of machinery and implements used in leasing operations, which comprise various groups and share units with varying maturities until December 2024;

(v) **International Credit (4131)** refers to loan transactions with foreign institutions, payment of interest is semi-annual and principal will be paid in one installment falling due in May 2021. This transaction has covenants, including the maintenance of certain financial ratio linked to the percentage of debt in relation to earnings before interest, taxes, depreciation and amortization, and cost of sales of decommissioned assets (EBITDA-A), measured annually based on the performance of JSL. This transaction is 100% hedged, through Swap contracts, as mentioned in note 7.3.2;

(vi) **CRAS** are Agribusiness Receivables Certificates issued for raising funds for the acquisition of trucks, machinery and equipment related to lease agreements entered with agribusiness clients. The first installment of principal and interest was paid in November 2019, with subsequent quarterly payments. These agreements have covenants, including the maintenance of certain financial ratios linked to the percentage of debt and net finance costs in relation to earnings before interest, taxes, depreciation and amortization and cost of sales of decommissioned assets (EBITDA-A), measured based on the Group's performance;

(vii) **CDCAs** are Agribusiness Credit Rights Certificates signed with financial institutions for the purpose of subsidizing working capital. These agreements have covenants, including the maintenance of certain financial ratios linked to the percentage of debt and finance costs in relation to earnings before interest, taxes, depreciation and amortization and cost of sales of decommissioned assets (EBITDA-A), measured annually based on the performance of JSL S.A.; and

(viii) **Debentures** are debt securities issued by corporations, issued based on CVM Instruction 476/2009. The funds raised are intended to subsidize working capital, investments and lengthening of debt profiles. This transaction has covenants including the maintenance of certain financial ratio linked to the percentage of debt in relation to earnings before interest, taxes, depreciation and amortization (EBITDA), measured quarterly based on the performance of the Group. The Company raised R$ 789,482 on September 20, 2019 related to the 2nd issue of simple, non-convertible unsecured debentures in two series, in public distribution with restricted distribution efforts, maturing on August 20, 2024 and August 20, 2026. The characteristics of the debentures are presented in the table below:

In thousands of Brazilian reais, unless otherwise stated

Issuer	**Vamos Locação de Caminhões, Máquinas e Equipamentos S.A.**
Description	**2nd issue**
Identification of process by nature	
Financial institution	**BTG Pactual**
1st series amount	86,349
2nd series amount	197,653
Financial institution	**BBI (Brasil Invest)**
1st series amount	64,486
2nd series amount	73,212
Financial institution	**Itaú**
1st series amount	200,000
2nd series amount	20,000
Financial institution	**Santander**
1st series amount	31,665
2nd series amount	126,635
Total amount	800,000
Total received in checking account	800,000
Issue	8/16/2019
Funding	9/20/2019
1st series maturity	8/20/2024
2nd series maturity	8/20/2026
Cash	Unsecured
Identification with B3	VAMO12, VAMO22
b. Transaction costs incurred	10,518
Effective interest rate (IRR) p.a. % %	
1st series	CDI + 1.60%
2nd series	CDI + 2.00%
d. Amount of costs and premiums to be apportioned until maturity	10,518

18.1 Amortization schedule

Amortization schedule is presented below, by year of maturity:

		12/31/2019 (consolidated)	
	Maturity of installments	**Total amount**	**%**
Current liabilities	2020	**414,946**	**20.0%**
	05/2021	422,022	20.4%
	2022	117,519	5.7%
	2023	333,635	16.1%
	2,024	433,730	20.9%
	2025	175,339	8.5%
	After 2026	173,649	8.4%
Noncurrent liabilities		**1,655,894**	**80.0%**
Total		**2,070,840**	**100.0%**

In thousands of Brazilian reais, unless otherwise stated

19. Finance leases payable

Finance lease agreements including Finame leases and finance leases for the acquisition of vehicles and assets of the Vamos Group operating activity which have annual fixed charges, and are distributed as follows:

			12/31/2019 (consolidated)			Variation				12/31/2018 (combined carve-out)		
Type	**Charges**	**Maturity**	**Current**	**Noncurrent**	**Total**	**New contracts**	**Amortization**	**Interest paid**	**Interest**	**Current**	**Noncurrent**	**Total**
In local currency												
Finance leases	7.31%	Nov/22	10,537	16,246	26,783	-	(20,017)	(1,052)	2,917	15,201	29,735	44,936
			10,537	**16,246**	**26,783**	**-**	**(20,017)**	**(1,052)**	**2,917**	**15,201**	**29,735**	**44,936**

			12/31/2018 (combined carve-out)			Variation				12/31/2017 (combined carve-out)		
Type	**Charges**	**Maturity**	**Current**	**Noncurrent**	**Total**	**New contracts**	**Amortization**	**Interest paid**	**Interest**	**Current**	**Noncurrent**	**Total**
In local currency												
Finance leases	9.34%	Nov/22	15,201	29,735	44,936	31,623	(17,828)	(1,101)	3,038	14,337	14,867	29,204
			15,201	**29,735**	**44,936**	**31,623**	**(17,828)**	**(1,101)**	**3,038**	**14,337**	**14,867**	**29,204**

			12/31/2017 (combined carve-out)			Variation					12/31/2016		
Type	**Charges**	**Maturity**	**Current**	**Noncurrent**	**Total**	**New contracts due to business combinations**	**New contracts**	**Amortization**	**Interest paid**	**Interest**	**Current**	**Noncurrent**	**Total**
In local currency													
Finance leases	13.16%	Nov/22	14,337	14,867	29,204	9,282	7,990	(9,787)	(600)	2,393	7,469	12,457	19,926
			14,337	**14,867**	**29,204**	**9,282**	**7,990**	**(9,787)**	**(600)**	**2,393**	**7,469**	**12,457**	**19,926**

In thousands of Brazilian reais, unless otherwise stated

19.1 Amortization schedule

Amortization schedule is presented below, by year of maturity:

		12/31/2019 (consolidated)	
	Maturity of installments	**Total amount**	**%**
Current liabilities	2020	**10,537**	**39.3%**
	05/2021	16,099	60.1%
	2022	147	0.6%
Noncurrent liabilities		**16,246**	**60.7%**
Total		**26,783**	**100.0%**

In the measurement and remeasurement of its finance leases and related assets, the Company's management used the discounted cash flow methodology without considering the projected inflation in the flows to be discounted. Had the Company considered the inflation (substantially IGP-M) in its cash flow, the effect on assets and finance leases would be an increase of approximately R$ 1,425.

19.2 Guarantees

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

20. Right-of-use lease

The Group substantially leases properties in which its dealerships operate, which have lease contracts with terms of six years. Lease contracts are adjusted annually, to reflect the market values and some leases provide additional lease payments, based on changes to the general price index. For certain leases, the Group is prevented from entering into any sub-lease contracts.

The Group, under specific circumstances, leases trucks, machinery and equipment, with contractual terms varying from one to three years. Such leases are short term and/or leases of low value assets. The Group elected to not recognize right-of-use assets and lease liabilities for such leases.

The company determined its discount rates based on the risk-free interest rates observed in the Brazilian market for the terms of its contracts, adjusted to the company's reality (credit spread). The spreads were obtained through surveys with potential investors of the company's debt securities. The table below shows the rates practiced x the contract terms, as required by CPC 12, §33:

Contracts by term and discount rate

Contract terms	Rate % p.a.
12	5.44%
24	6.55%
36	7.20%
60	7.95%
120	8.61%
180	9.04%
240	9.26%

Information on lease liabilities in which the Group is a lessee are presented below:

In thousands of Brazilian reais, unless otherwise stated

	12/31/2019 (consolidated)
Lease liabilities at 12/31/2018	**-**
Addition from adoption of CPC 06 (R2) / IFRS 16 (note 2.3)	56,120
Lease liabilities at 1/1/2019	**56,120**
Additions	2,674
Write-offs (i)	(12,146)
Payments	(9,970)
Interest	4,271
Lease liabilities at 12/31/2019 (consolidated)	**40,949**
Current	7,029
Noncurrent	33,920
Total	**40,949**

(i) The write-off of the right-of-use refers to the interruption of lease contracts of stores of dealerships.

Information regarding right-of-use assets is included in note 14.

20.1 Amortization schedule

Amortization schedules for the Parent Company and Consolidated are presented below, by year of maturity:

		12/31/2019 (consolidated)	
	Maturity of installments	**Total amount**	**%**
Total current liabilities	2020	**7,029**	**17.2%**
	05/2021	5,666	13.8%
	2022	5,489	13.4%
	2023	4,503	11.0%
	2,024	3,477	8.5%
	After 2025	14,785	36.1%
Total noncurrent liabilities		**33,920**	**82.8%**
Total		**40,949**	**100.0%**

Below we present a table indicating the potential right to recoverable PIS/COFINS included in the lease consideration, according to the periods set for payment. Undiscounted balances and balances discounted to present value:

Cash Flows	Nominal	Adjusted to Present Value
Lease consideration	60,361	40,949
Pis /Cofins	5,229	3,473

In the measurement and remeasurement of its lease liability and right of use, the Company's management used the discounted cash flow methodology without considering the projected inflation in the flows to be discounted. Had the Company considered the inflation (substantially IGP-M) in its cash flow, the effect on right of use and lease liability would be an increase of approximately R$ 4,846.

In thousands of Brazilian reais, unless otherwise stated

21. Related-party transactions

21.1 Related-party transactions recognized in assets and liabilities

Related-party transactions, considering the market conditions, are disclosed in the tables below:

Assets	Trade receivables (note 10)			Other credits		
	12/31/2019 (consolidated)	12/31/2018 (combined carve-out)	12/31/2017 (combined carve-out)	12/31/2019 (consolidated)	12/31/2018 (combined carve-out)	12/31/2017 (combined carve-out)
JSL S.A. (note 21.2.1)	2,041	3,154	57	1,347	181	-
CS Brasil	694	15,449	322	-	-	-
Movida Participações	4	3,352	1,005	8	-	-
Movida Locação	734	5	-	6	-	-
Original Veículos	587	3	-	-	35	-
(“JSL Leasing”)	979	1,739	-	-	-	-
Ponto Veículos	375	2	2	-	-	8
Borgato Family	-	-	-	-	6,000	6
Total	**5,414**	**23,704**	**1,386**	**1,361**	**6,216**	**14**

Liabilities	Related parties			Trade payables (note 16)		
	12/31/2019 (consolidated)	12/31/2018 (combined carve-out)	12/31/2017 (combined carve-out)	12/31/2019 (consolidated)	12/31/2018 (combined carve-out)	12/31/2017 (combined carve-out)
JSL S.A. (note 21.2.2)	-	26,067	-	14,610	51,511	35,231
Movida Locação	-	-	-	27	190	179
Movida Participações	-	-	41	454	-	42
CS Brasil	-	-	-	2,198	17	97
Ponto Veículos	-	-	2	-	3	2
Original Veículos	-	-	-	3,318	12	3,155
(“JSL Leasing”)	-	-	-	10	102	-
Avante	-	-	-	1	567	-
Borgato Family	-	-	-	-	-	-
Total	**-**	**26,067**	**43**	**20,618**	**52,402**	**38,706**

	Dividends payable (note 26.3.a)			Payables for acquisition of company (note 22)		
	12/31/2019 (consolidated)	12/31/2018 (combined carve-out)	12/31/2017 (combined carve-out)	12/31/2019 (consolidated)	12/31/2018 (combined carve-out)	12/31/2017 (combined carve-out)
JSL S.A. (note 21.2.2)	-	61,375	15,700	-	-	-
Movida Locação	-	-	-	-	-	-
Movida Participações	-	-	-	-	-	-
CS Brasil	-	-	-	-	-	-
Ponto Veículos	-	-	-	-	-	-
Original Veículos	-	-	-	-	-	-
JSL Leasing	-	-	-	-	-	-
Avante	-	-	-	-	-	-
Borgato Family	-	-	2,746	8,828	68,044	103,147
Total	**-**	**61,375**	**18,446**	**8,828**	**68,044**	**103,147**

21.2 Transactions with the parent company

21.2.1 Assets

Trade receivables

(i) As of December 31, 2019, the Vamos Group had R$ 2,041 (R$ 3,154 as of December 31, 2018 and R$ 57 as of December 31, 2017) related to leasing of vehicles, machinery and equipment.

In thousands of Brazilian reais, unless otherwise stated

21.2.2 Liabilities

Trade payables

(ii) As of December 31, 2019, the Vamos Group had a payable to the parent company amounting to R$ 14,610 (R$ 51,511 as of December 31, 2018 and R$ 35,231 as of December 31, 2017), and part of this amount refers to the purchase of vehicles, machinery and equipment at the beginning of the Vamos Group's operations, and the remaining balance refers to fleet renewal and/or expansion.

Related parties

(iii) On June 8, 2018, the Company acquired from the parent company shares of Movida Participações amounting to R$ 26,067, which were delivered to the former shareholders of the Borgato Companies, as mentioned in note 1.3.a. No interest is levied on this amount and there is no defined maturity.

21.3 Other related-party transactions

Assets	**Relationship**	**Specification**
CS Brasil	Related parties	Operating lease
Movida Participações	Related parties	Operating lease / Sale of vehicles
Movida Locação	Related parties	Operating lease / Sale of vehicles
Original Veículos	Related parties	Operating lease / Sale of vehicles
JSL Leasing	Related parties	Sale of vehicles
Ponto Veículos	Related parties	Operating lease / Sale of vehicles
Borgato Family	Related parties	Sale of aircraft

	Relationship	**Specification**
Liabilities		
Movida Locação	Related parties	Operating lease / Purchase of vehicles
Movida Participações	Related parties	Operating lease / Purchase of vehicles / Reimbursement of expenses
CS Brasil	Related parties	Operating lease / Administrative Services Center / Purchase of vehicles
Ponto Veículos	Related parties	Operating lease / Purchase of vehicles / Reimbursement of expenses
Original Veículos	Related parties	Purchase of vehicles
JSL Leasing	Related parties	Purchase of vehicles
Avante	Related parties	Purchase of vehicles
Borgato Family	Related parties	Acquisition of Borgato Companies / Dividends / Repurchase of own shares

All outstanding balances with these related parties are priced based on normal market conditions, except for reimbursement of expenses and Administrative Services Center ("CSA"- note 21.6), which are remunerated at cost price.

In thousands of Brazilian reais, unless otherwise stated

21.4 Related-party transactions with effects on the statement of profit or loss

The table below presents the results in the line items of revenues, purchases, deductions and other operating income/(expenses) related to transactions of the Vamos Group with its related parties:

	Services rendered			Contracted services			Sale of assets			Purchase of assets		
	12/31/2019 (consolidated)	12/31/2018 (combined carve-out)	12/31/2017 (combined carve-out)	12/31/2019 (consolidated)	12/31/2018 (combined carve-out)	12/31/2017 (combined carve-out)	12/31/2019 (consolidated)	12/31/2018 (combined carve-out)	12/31/2017 (combined carve-out)	12/31/2019 (consolidated)	12/31/2018 (combined carve-out)	12/31/2017 (combined carve-out)
Transactions with the parent company												
JSL S.A.	4,174	10,911	16,521	(2,134)	(26,677)	(27,160)	34,502	1,996	3,548	(33,287)	-	-
	4,174	**10,911**	**16,521**	**(2,134)**	**(26,677)**	**(27,160)**	**34,502**	**1,996**	**3,548**	**(33,287)**	**-**	**-**
Transactions eliminated in profit or loss												
Vamos Locação	2,197	-	638	(397)	(21,360)	(342)	1,557	-	-	(1,808)	(721)	-
Transrio	-	48	342	(1,141)	-	(638)	845	721	-	(1,557)	-	-
Borgato Serviços	397	3,297	-	-	(2,375)	-	-	-	-	-	-	-
Vamos Máquinas	-	22,838	-	(1,408)	(1,565)	-	963	5,153	-	(2)	-	-
Vamos Seminovos	352	-	-	-	(883)	-	2	-	-	-	(5,153)	-
	2,946	**26,183**	**980**	**(2,946)**	**(26,183)**	**(980)**	**3,367**	**5,874**	**-**	**(3,367)**	**(5,874)**	**-**
Related-party transactions												
CS Brasil	38,422	18,344	16,424	(373)	(7,786)	-	10,826	-	-	(36)	-	-
Quick Logística	-	246	478	-	-	(91)	-	-	-	-	-	-
Mogi Mobi	-	-	-	-	-	-	9,597	-	-	-	-	-
Movida Participações	5,546	12,260	11,267	(1,601)	-	(2,635)	-	-	1,594	-	-	(1,594)
Movida Locação	52	19	-	(19)	(25)	(24)	-	-	-	-	-	-
Avante Veículos	-	1	-	-	-	(3)	-	-	-	-	-	-
Original Veículos	-	36	4	(16)	-	(49)	-	-	-	-	-	-
Ribeira empreendimentos imobiliários Ltda.	-	-	-	(2,628)	(3,351)	(2,990)	-	-	-	-	-	-
Ponto Veículos	-	10	-	(29)	(2)	(5)	-	-	-	-	-	-
JSL Leasing	-	-	102	-	-	(102)	-	3,495	-	-	-	-
Others (i)	-	-	-	-	(121)	(336)	-	-	-	-	-	-
	44,020	**30,916**	**28,275**	**(4,666)**	**(11,285)**	**(6,235)**	**20,423**	**3,495**	**1,594**	**(36)**	**-**	**(1,594)**
Total	**51,140**	**68,010**	**45,776**	**(9,746)**	**(64,145)**	**(34,375)**	**58,292**	**11,365**	**5,142**	**(36,690)**	**(5,874)**	**(1,594)**

In thousands of Brazilian reais, unless otherwise stated

	Finance income			Finance costs			Administrative expenses		
	12/31/2019 (consolidated)	12/31/2018 (combined carve-out)	12/31/2017 (combined carve-out)	12/31/2019 (consolidated)	12/31/2018 (combined carve-out)	12/31/2017 (combined carve-out)	12/31/2019 (consolidated)	12/31/2018 (combined carve-out)	12/31/2017 (combined carve-out)
Transactions with the parent company									
JSL S.A.	-	-	-	-	(396)	(472)	(456)	(560)	-
	-	**-**	**-**	**-**	**(396)**	**(472)**	**(456)**	**(560)**	**-**
Transactions eliminated in profit or loss									
Vamos Locação	-	-	-	-	(9)	-			
Borgato Serviços	-	3	-	-	-	-			
Vamos Máquinas	-	6	-	-	-	-			
	-	**9**	**-**	**-**	**(9)**	**-**			
Total	**-**	**9**	**-**	**-**	**(405)**	**(472)**			

(i) Refers to tax consulting services provided by a law firm where one member of the Board of Directors of JSL S.A. is a partner.

In thousands of Brazilian reais, unless otherwise stated

21.5 Management compensation

The Group's management include the Board of Directors and the Board of Executive Officers. Expenses on compensation of the Company's directors and officers, including all benefits, were recognized in line item "Administrative expenses", and are summarized below:

	12/31/2019 (consolidated)	**12/31/2018** (combined carve-out)	**12/31/2017** (combined carve-out)
Fixed compensation	(3,699)	(2,935)	(1,923)
Variable compensation	(892)	(427)	(388)
Benefits	(114)	(28)	(19)
Share-based payments (note 26.2.a)	(456)	(560)	(679)
Total	**(5,161)**	**(3,950)**	**(3,009)**

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

21.6 Administrative services center

The JSL Group makes apportionments, based on criteria defined in appropriate technical studies about shared expenses within the same structure and Backoffice. During the year ended December 31, 2019, the amount of those expenses allocated from JSL to the Vamos Group was R$ 5,617 (R$ 6,491 as of December 31, 2018 and R$ 6,213 as of December 31, 2017). The administrative services center does not charge management fee nor applies profitability margin on the services rendered, passing on only the costs.

22. Payables for the acquisition of companies

As at December 31, 2019 the payables for the acquisition of companies recorded in noncurrent liabilities in the amount of R$ 8,828 (R$ 34,769 in current liabilities and R$ 33,275 in noncurrent liabilities, totaling R$ 68,044 as at December 31, 2018) refer to the repurchase of Vamos shares that had been delivered in the negotiation for the purchase of the Borgato Companies, as described in note 1.3.a. As at December 31, 2017, the amounts of R$ 57,314 and R$ 45,833, recorded in current and noncurrent liabilities, respectively, refer to the debt to the former shareholders of the Borgato Companies in connection with the business combination carried out on December 22, 2017 and fully settled, as mentioned in note 1.3 a.

In thousands of Brazilian reais, unless otherwise stated

23. Current and deferred income tax and social contribution asset (liability)

23.1 Deferred income tax and social contribution asset (liability)

	12/31/2019 (consolidated)	12/31/2018 (combined carve-out)	12/31/2017 (combined carve-out)
Tax asset			
Income tax and social contribution tax losses	3,865	8,953	9,191
Provision for judicial and administrative litigation	1,093	1,133	1,009
Expected credit losses of trade receivables	7,934	18,602	24,522
Other provisions	1,439	621	46
Exchange rate changes	2,867	-	-
Provision for present value adjustment	-	-	363
Provision for adjustment to market value and obsolescence	1,283	1,086	293
Subject to offsetting	(11,262)	-	-
Total tax asset - gross	**7,219**	**30,395**	**35,424**
Tax liability			
Difference between economic depreciation and tax rate	(132,286)	(122,980)	(103,906)
Property and equipment - finance leases	(28,009)	(18,325)	(11,313)
Other provisions	(919)	-	-
Fair value of cash flow hedge	(824)	(366)	-
Recognition of Income tax and social contribution on tax realization of goodwill	(589)	(589)	(589)
Subject to offsetting	11,262	-	-
Total tax liability - gross	**(151,365)**	**(142,260)**	**(115,808)**
Total tax liability - net	**(144,146)**	**(111,865)**	**(80,384)**
Deferred tax liabilities	(151,365)	(136,459)	(104,337)
Deferred tax assets	7,219	24,594	23,953
Total tax liability - net	**(144,146)**	**(111,865)**	**(80,384)**

The movement in deferred tax assets and liabilities was as follows:

Balance as of December 31, 2016	**(14,309)**
Deferred income tax and social contribution recognized in profit or loss	(21,954)
Deferred income tax and social contribution recognized on temporary differences of Borgato Companies	(43,141)
Deferred income tax and social contribution on other balances	(980)
Balance as of December 31, 2017 (combined carve-out)	**(80,384)**
Deferred income tax and social contribution recognized in profit or loss	(32,369)
Deferred income tax and social contribution recognized in the statement of other comprehensive income	(366)
Deferred income tax and social contribution on CPC 48/IFRS 9 initial recognition	1,387
Deferred income tax and social contribution on other balances	(133)
Balance as of December 31, 2018 (combined carve-out)	**(111,865)**
Deferred income tax and social contribution recognized in profit or loss	(16,197)
Deferred income tax and social contribution recognized in net parent company investment	(15,829)
Deferred income tax and social contribution recognized in the statement of other comprehensive income - swap agreement	(458)
Deferred income tax and social contribution on other balances	203
Balance as of December 31, 2019 (consolidated)	**(144,146)**

23.1.1 Estimated realization schedule

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

In thousands of Brazilian reais, unless otherwise stated

Consolidated tax losses do not expire and as at December 31, 2019, the deferred income tax and social contribution were recorded for companies with expected future profitability. The table below shows the balance of deferred income tax and social contribution recorded on tax loss and negative basis of social contribution by entity:

	12/31/2019 (consolidated)	**12/31/2018** (combined carve-out)	**12/31/2017** (combined carve-out)
Borgato Serviços (i)	1,030	1,655	2,188
Borgato Máquinas (i)	-	1,099	-
Transrio	2,835	6,199	7,003
Total	**3,865**	**8,953**	**9,191**

(i) Due to the expansion of the operations of lease of trucks, machinery and equipment in 2013 and 2014, of the Borgato Companies, there were relevant acquisitions of fixed assets. The difference between depreciation for tax purposes and depreciation based on the useful lives of property and equipment generated a deferred tax liability in the amount of R$ 132,286, being R$ 39,810 at Vamos Máquinas and R$ 12,343 at Borgato Serviços and R$ 80,133 at Vamos Locação, which the Group expects to offset against income tax and social contribution tax losses as from the end of the accelerated depreciation incentive.

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

Additionally, Vamos Seminovos has balances of tax losses and social contribution in the amount of R$ 19,921 at December 31, 2019 (R$ 18,787 at December 31, 2018 and R$ 18,792 at December 31, 2017), which deferred tax assets were not recorded since there is no history of use in latest years.

Based on the information discussed in the items above, the table below presents the realization of income tax and social contribution tax losses over time:

			2019
Consolidated amounts	**Up to 1 year**	**1 to 2 years**	**Total**
	3,458	407	**3,865**

23.2 Reconciliation of income tax and social contribution expense

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

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	12/31/2019 (consolidated)	**12/31/2018** (combined carve-out)	**12/31/2017** (combined carve-out)
Profit before income tax and social contribution	199,165	167,090	135,729
Statutory rates	34%	34%	34%
Income tax and social contribution calculated at statutory rates	**(67,716)**	**(56,811)**	**(46,148)**
Permanent (additions) deductions			
Tax incentives - Workers Meal Program ("PAT")	789	9	58
Deferred income tax on unrecognized tax loss	(911)	-	-
Interest on capital	11,780	6,800	4,333
Nondeductible expenses	(539)	(749)	(733)
Other (additions) deductions	(786)	(65)	(655)
Income tax and social contribution calculated	**(57,383)**	**(50,816)**	**(43,145)**
Current	(41,186)	(18,447)	(21,191)
Deferred	(16,197)	(32,369)	(21,954)
Income tax and social contribution in profit or loss	**(57,383)**	**(50,816)**	**(43,145)**
Effective rate	28.8%	30.4%	31.8%

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

24. Judicial deposits and provision for judicial and administrative litigation

The Vamos Group, in the normal course of its business, is subject to judicial deposits and civil, tax and labor litigation at the administrative and judicial levels, as well as judicial deposits and assets freezing as collateral in connection with such litigation.

24.1 Judicial deposits

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

	12/31/2019 (consolidated)	**12/31/2018** (combined carve-out)	**12/31/2017** (combined carve-out)
Labor	5,862	4,539	3,089
Tax	141	109	109
Total	**6,003**	**4,648**	**3,198**

24.2 Provision for judicial and administrative litigation

In the normal course of its business, the Vamos Group is involved in certain legal matters, which include civil, administrative, tax, social security and labor lawsuits.

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

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

	12/31/2019 (consolidated)	**12/31/2018** (combined carve-out)	**12/31/2017** (combined carve-out)
Labor	2,182	2,174	2,050
Civil	1,033	1,106	833
Total	**3,215**	**3,280**	**2,883**

The movement in the provision for judicial and administrative litigation during the years ended December 31, 2019, 2018 and 2017 was as follows:

Balance as of December 31, 2016	**1,272**
(+) Additions due to business combinations	501
(+) Additions	2,500
(-) Reversals	(1,390)
Balance as of December 31, 2017 (combined carve-out)	**2,883**
(+) Additions	817
(-) Reversals	(420)
Balance as of December 31, 2018 (combined carve-out)	**3,280**
(+) Additions	1,175
(-) Reversals	(1,240)
Balance as of December 31, 2019 (consolidated)	**3,215**

Labor

Labor claims against the Vamos Group are mainly related to requests for payment of overtime, differences in commissions, payment of bonuses for hazardous work conditions and lawsuits filed by outsourced workers due to subsidiary liability.

Civil

Civil claims refer mainly to indemnity claims against the Vamos Group companies, related to the sale of vehicles.

24.3 Possible losses, not provided for in the statement of financial position

The Vamos Group is a party to tax, civil and labor lawsuits in progress (judicial and administrative) with losses considered possible by Management and its legal counsel and for which no provision was set up. The amounts involved in the litigations are shown below:

	12/31/2019 (consolidated)	**12/31/2018** (combined carve-out)	**12/31/2017** (combined carve-out)
Labor (i)	918	700	712
Civil (ii)	10,247	8,269	7,102
Tax (iii)	6,989	2,923	333
Total	**18,154**	**11,892**	**8,147**

(i) Labor claims against the Vamos Group are mainly related to requests for payment of overtime, differences in commissions, payment of bonuses for hazardous work conditions and lawsuits filed by outsourced workers due to subsidiary liability;

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(ii) Civil claims refer mainly to indemnity claims against the Vamos Group companies, related to the sale of vehicles; and

(iii) Tax claims refer to administrative lawsuits filed by the Group in the challenge of tax assessments issued in the process of tax inspection, which the Group does not agree with, and other lawsuits filed to question the legitimacy of collection of certain taxes.

25. Assignment of receivables

In 2017, the Vamos Group assigned part of its receivables arising from leasing and related services. The assignment included agreements whose assets for leasing were delivered, with proper acknowledgment of the leasing and service rendered by the customer. The Vamos Group will be responsible for operating the collection of these receivables, however, there is no right of recovery or co-obligation for the receivables, and it will not be responsible for the solvency of the contracting customer. The future amount of the portfolio assigned was R$ 40,077, the amount received by the Vamos Group was R$ 30,214, and the interest paid will be recognized as finance costs over the agreement period. This transaction has a period of 60 months, with maturity in December 2022. The balances recorded at December 31, 2019, 2018 and 2017 are:

	12/31/2019 (consolidated)	**12/31/2018** (combined carve-out)	**12/31/2017** (combined carve-out)
Sale of receivables	25,412	33,428	40,077
Interest to be accrued	(7,284)	(9,257)	(9,863)
Total	**18,128**	**24,171**	**30,214**
Total current	6,043	7,410	6,043
Total noncurrent	12,085	16,761	24,171
Total	**18,128**	**24,171**	**30,214**

26. Net parent company investment

26.1 Share capital

Pursuant to the Annual and Extraordinary General Meeting ("AEGM") held on April 8, 2019, Vamos Locação approved the cancelation of 21,553,895 treasury shares equivalent to R$ 82,685, and the 3-for-1 reverse stock split, as mentioned in note 32. Accordingly, the Company's capital is now comprised of 96,817,831 registered common shares with no par value totaling R$ 482,817 (R$ 482,817 as of December 31, 2018, divided into 312,007,389 registered common shares with no par value and R$ 504,371 as of December 31, 2017, divided into 354,860,332 registered common shares with no par value).

	Transrio	**Vamos – Individual**	**Combined**
Balance as of December 31, 2016	**181,885**	**121,784**	**303,669**
Capital increase through capitalization of advance for future capital increase (i)	-	7,460	7,460
Capital increase with transfer of investments (ii)	-	157,811	157,811
Transfer of parent company investments (ii)	(181,885)	-	(181,885)
Re-ratification of corporate documents for capital increase (iii)	-	15,976	15,976
Capital increase with issuance of new shares (iv)	-	201,340	201,340
Transfer of investments - spin-off JSL Holding (v)	-	(4,507)	(4,507)
Balance as of December 31, 2017 (combined carve-out)		**499,864**	**499,864**
Spin-off of JSL Holding (v)	-	(17,047)	(17,047)
Balance as of December 31, 2018 (combined carve-out)	**-**	**482,817**	**482,817**
Balance as of December 31, 2019 (consolidated)	**-**	**482,817**	**482,817**

(i) During the year ended December 31, 2017, there was a capital increase through advance for future capital increase ("AFAC") from JSL to Vamos in the amount of R$ 7,460. The advance amount was recognized as equity instrument because it is irrevocable and irreversible and the capital increase represents an increase in shares with no indexation.

(ii) As the consolidated and combined carve-out financial statements are being presented as if the business combinations under common control (note 1. 1.2) had occurred on January 1, 2017, the reconciliation between the combined equity from January 1, 2017 to October 31, 2017 and the combined equity from October 31, 2017 to December 31, 2017 is presented in the line item of transfer of parent company investments, and the amounts involved in this transaction refer to the removal of equity components of Transrio, comprised of R$ 181,885 in share capital and R$ 24,074 in retained earnings, totaling R$ 157,811, which, at the time of the investment received, was recorded as capital contribution;

(iii) On October 31, 2017, the share capital of Vamos was increased by its parent company by R$ 15,976, relating to the re-ratification of corporate documents;

(iv) On December 21, 2017, an extraordinary shareholders' meeting approved a capital increase in the amount of R$ 113,201, through the issuance of 61,724 thousand common shares. On December 22, 2017, an extraordinary shareholders' meeting approved a capital increase, as a result of the merger of shares of the Borgato Companies, in the amount of R$ 88,139, through the issuance of 31,937 thousand common shares;

(v) On December 31, 2018, the shareholders approved the partial spin-off of JSL Holding, with a capital reduction of R$ 82,879 related to the net assets of Vamos' investment in JSL Holding. As described in note 1.2, for the purpose of preparing the consolidated and combined carve-out financial statements, as of December 31, 2017, the amount of R$ 65,833 related to Vamos' investment in JSL Holding and R$ 4,507 related to income for the year 2017 of JSL Holding was eliminated. As of December 31, 2018, the remaining balance of R$ 17,047 was eliminated, as well as the amount of R$ 7,045 referring to the income for the year of JSL Holding.

26.2 Capital reserves

a) Share-based payment

The Parent Company JSL S.A. granted share-based payment plans to Vamos Group's officers, considering the allocation of the respective amounts beginning on the date these officers became engaged in Vamos Group's operations, pursuant to ICPC 4 / IFRIC 8 – "Scope of CPC 10 / IFRS 2 Share-Based Payment" - Group and Treasury Share Transactions, and ICPC 5 / IFRIC 11 – Share-Based Payment.

These share-based payment plans are managed by the Board of Directors of JSL S.A. and are comprised as follows:

i. <u>Stock Option Plans:</u>

The established criteria are: (i) granting stock options to Management, employees in executive positions and individuals providing services to the JSL Group for each category of eligible professionals, defined freely based on the Election of the Stock Option Plan Beneficiaries; (ii) the number of shares to be acquired by each in the exercise of the options; and (iii) the condition for exercise is based on the maintenance of employment of the eligible professionals at the JSL Group during the vesting period.

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These plans are calculated based on the average quote of JSL S.A. shares at B3 (Brasil, Bolsa e Balcão), weighted by the trading volume over the past 30 trading sessions preceding the year of the date of grant, which shall be restated according to the variation of 100% of the CDI, from the grant date to the date on which the beneficiary pays the exercise price to the JSL Group.

The value of each option is estimated on the grant date, based on the Black & Scholes option pricing model, which considers the terms and conditions of the grant.

The options granted under the current plans may be exercised as long as the vesting and exercise periods defined in the grant agreements are complied with, and their features are indicated in the table below:

Plan	Year of grant	Number of options	Tranche	Exercise price	Option's fair value at the grant date	Volatility	Risk-free interest rate	Expected dividends	Option lifetime	Vesting period	Exercise period
VI	2016	48,983	1	8.36	4.98	45.7%	12.33%	0%	5.2 years	06/27/2016 to 04/01/2019	04/2019 to 06/2022
VI	2016	48,983	2	8.36	5.62	45.7%	12.21%	0%	5.2 years	06/27/2016 to 04/01/2020	04/2020 to 06/2022
VI	2016	97,967	3	8.36	6.17	45.7%	12.16%	0%	5.2 years	06/27/2016 to 04/01/2021	04/2021 to 06/2022
VII	2017	33,056	1	9.03	2.02	42.3%	11.02%	0%	5 years	04/01/2017 to 04/01/2020	04/2020 to 06/2022
VII	2017	33,056	2	9.03	2.55	42.3%	11.15%	0%	5 years	04/01/2017 to 04/01/2021	04/2021 to 06/2022
VII	2017	66,113	3	9.03	3.02	42.3%	11.30%	0%	5 years	04/01/2017 to 04/01/2022	04/2022 to 06/2022

Movement during the period

The following table presents the number and weighted average exercise price and the movement of stock options during the period:

	Number of stock options				
	Granted	Canceled	Exercised	Stock options outstanding	Average exercise price (R$)
Position as at December 31, 2018	**328,158**	**-**	**-**	**328,158**	**8.63**
Transfers to beneficiaries	(48,983)	-	-	(48,983)	8.63
Options granted in 2019	-	-	-	-	-
Position as at December 31, 2019	**279,175**	**-**	**-**	**279,175**	**8.63**

On April 1, 2019, the shares related to the compliance with the vesting period of the plan VI's first tranche were transferred to the beneficiaries.

ii. Restricted share plan and matching

On October 22, 2018, through the Extraordinary General Meeting, the shareholders approved the restricted share plan consisting of the delivery of shares of the parent company JSL S.A. (restricted shares) to Vamos Group employees consisting of up to 35% of the variable compensation amount of the beneficiaries as bonus, in annual installments for four years. In addition, employees may, at their sole discretion, opt to receive an additional portion of the variable compensation amount as a bonus in shares of JSL S.A., and in case the employee opts to receive shares, JSL S.A. will deliver to the employee 1 share of matching for each 1 share received by the employee, within the limits established in the program. The granting of the right to receive restricted shares and matching shares is done through the execution of a Grant Agreements between the JSL S.A. and the employee. Thus, the Plan seeks to (a) stimulate the expansion, success and achievement of the social objectives of JSL S.A. and its subsidiaries; (b) to align the interests of the shareholders of JSL S.A. and its subsidiaries with those of its employees; and (c) enable JSL S.A. and its subsidiaries to attract and retain the Beneficiaries.

In thousands of Brazilian reais, unless otherwise stated

For the calculation of the number of restricted shares to be delivered to the employee, the net amount earned by the employee will be divided by the average share price of JSL S.A. on B3 (Brasil, Bolsa e Balcão), weighted by the trading volume over the past 30 trading sessions preceding each vesting date related to the restricted shares.

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

Plan	Year of grant	Number of shares	Tranche	Exercise price	Fair value of the share on the grant date	Volatility	Risk-free interest rate	Expected dividends	Restricted stock plan life	Vesting period	Transfer date
I	2018	6,933	1	0.00	6.26	36.7%	6.38%	2.22%	5 years	04/23/2018 to 04/24/2019	04/24/2019
I	2018	6,933	2	0.00	6.13	36.7%	7.25%	2.22%	5 years	04/23/2018 to 04/24/2020	04/24/2020
I	2018	6,933	3	0.00	5.99	36.7%	8.19%	2.22%	5 years	04/23/2018 to0 4/24/2021	04/24/2021
I	2018	6,933	4	0.00	5.86	36.7%	8.89%	2.22%	5 years	04/23/2018 to 04/24/2022	04/24/2022
II	2019	20,002	1	0.00	9.30	41.2%	5.25%	2.22%	5 years	05/02/2019 to 05/01/2020	04/01/2020
II	2019	20,002	2	0.00	9.31	41.2%	5.04%	2.22%	5 years	05/02/2019 to 05/01/2021	04/01/2021
II	2019	20,002	3	0.00	9.29	41.2%	5.42%	2.22%	5 years	05/02/2019 to 05/01/2022	04/01/2022
II	2019	20,002	4	0.00	9.27	41.2%	5.82%	2.22%	5 years	05/02/2019 to 05/01/2023	04/01/2023

On May 9, 2019, the shares related to the compliance with the vesting period of the plan I’s first tranche were transferred to the beneficiaries.

Movement during the period

The following table presents the quantity and the movement of restricted shares during the period:

	Number of restricted shares			
	Granted	**Canceled**	**Exercised**	**Restricted shares outstanding**
Position as at December 31, 2017	**-**	**-**	**-**	**-**
Options granted in 2018	27,732	-	-	27,732
Position as at December 31, 2018	**27,732**	**-**	**-**	**27,732**
Transfers to beneficiaries	(6,933)	-	-	(6,933)
Options granted in 2019	80,008	-	-	80,008
Position as at December 31, 2019	**100,807**	**-**	**-**	**100,807**

As at December 31, 2019, the accumulated balance of the capital reserve account referring to “share-based payments” in equity was R$ 1,881 (R$ 1,425 at December 31, 2018 and R$ 865 at December 31, 2017) and R$ 456 at December 31, 2019 (R$ 560 at December 31, 2018 and R$ 679 at December 31, 2017) was recognized in line item “administrative expenses”.

In thousands of Brazilian reais, unless otherwise stated

b) Share subscription premium

As at December 31, 2018, the capital reserve balance was R$ 22,774, derived from the difference between the equity value of R$ 88,139 and the amount of R$ 110,913 contributed of shares on the acquisition of the Borgato Companies. This reserve was fully utilized with the cancellation and reverse split of treasury shares, as mentioned in note 26.1.

26.3 - Earnings reserve

a) Distribution of dividends

Pursuant to the Company's Bylaws, shareholders are entitled to annual mandatory dividend equal to or higher than 25% of the Company's annual profit, as adjusted by the following additions or deductions:

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

Vamos' Bylaws also allow for the distribution of interim dividends, which can be included in the mandatory annual dividend.

Interest on capital is calculated on equity accounts by applying the variation of the long-term interest rate (TLP) for the period. The payment is contingent on the existence of profits in the year before the deduction of interest on capital, or of retained earnings and earnings reserve.

For the years ended December 31, 2019, 2018 and 2017, the calculation and movement of dividends and interest on capital are as follows:

	Interest on capital	Dividends payable	Total
Balance as of December 31, 2017 (combined carve-out)	**10,831**	**7,615**	**18,446**
Interest on capital declared (i)	20,000	-	20,000
Dividends paid	-	(1,193)	(1,193)
Profit distribution (i)	-	27,122	27,122
Withholding Income Tax (IRRF)	(3,000)	-	(3,000)
At December 31, 2018 (note 21.1) (combined carve-out)	**27,831**	**33,544**	**61,375**
Interest on capital	34,646	-	34,646
Profit distribution (i)	-	150,000	150,000
Distribution of interim dividends	-	49,211	49,211
Interest on capital paid	(57,280)	-	(57,280)
Dividends paid	-	(232,755)	(232,755)
Withholding Income Tax (IRRF)	(5,197)	-	(5,197)
At December 31, 2019 (note 21.1) (consolidated)	**-**	**-**	**-**

(i) According to the Extraordinary General Meeting ("EGM") held on February 25, 2019, the distribution of dividends in the amount of R$ 197,122 was approved, referring to the result for the year ended December 31, 2018, and retained earnings from prior years. This distribution consists of the mandatory dividends and interest on capital declared in 2018 in the amounts of R$ 27,122 and R$ 20,000 respectively, plus additional dividends of R$ 150,000 recorded in 2019 that will be paid by December 27, 2019.

In thousands of Brazilian reais, unless otherwise stated

b) Legal reserve

The legal reserve is recognized annually as an allocation of 5% of the Company's profit for the year, limited to 20% of the share capital. Its purpose is to ensure the integrity of the share capital. It can be used only to offset losses and for capital increase. When the Group reports loss for the year, no legal reserve is recognized.

26.4 Treasury shares

On April 8, 2019, the Company cancelled 21,553,895 treasury shares represented by R$ 82,685, as mentioned in note 26.1. For this cancellation, Goodwill on the issuance of shares in the amount of R$ 22,774, Retention of earnings in the amount of R$ 8,269 and Retained earnings in the amount of R$ 51,642 were used.

As a result, the Company's own shares repurchased from the former owners of the Borgato Companies on June 8, 2018, together with its Parent company, are R$ 11,508 represented by 3,000,000 shares. As mentioned in note 26.1, there was a 3-for-1 reverse stock split, totaling 1,000,000 treasury shares.

26.5 Investment reserve

The investment reserve is intended to finance the expansion of the activities of the Company and/or its subsidiaries and associates, including through subscriptions of capital increases or creation of new enterprises, to which it may be allocated up to 100% of the net income remaining after the legal and statutory deductions and whose balance cannot exceed the amount equivalent to 80% of the Company subscribed capital.

27. Insurance coverage

The Group has insurance coverage at amounts deemed sufficient by Management to cover potential risks related to their assets and/or responsibilities. The insurance coverage can be summarized as follows:

a) Third-party property liability

The Group has a corporate insurance policy on behalf of JSL S.A., however, there is an internal process for apportionment of the premiums paid between the Group and JSL S.A.

Insured services	Effective period	JSL S.A. Coverage
Fire, lightning and explosion	12/2019 to 12/2020	16,103
Electrical damage	12/2019 to 12/2020	350
Broken glass	12/2019 to 12/2020	200
Landslides	12/2019 to 12/2020	200
Aggravated theft	12/2019 to 12/2020	300
Flooding	12/2019 to 12/2020	500
Stationery equipment	12/2019 to 12/2020	20
Employee loyalty	12/2019 to 12/2020	100
Expenses with recomposition of records and documents	12/2019 to 12/2020	8
Riots, strikes / lock-outs and willful acts	12/2019 to 12/2020	100
Resellers and dealerships RD	12/2019 to 12/2020	400
Civil liability of dealerships operations	12/2019 to 12/2020	400
Civil liability of dealerships operations – pain and suffering	12/2019 to 12/2020	500
Windstorm – smoke	12/2019 to 12/2020	500
Equipment on display and / or demonstration without transport	12/2019 to 12/2020	400
Total coverage		**20,081**

In thousands of Brazilian reais, unless otherwise stated

b) Fleet

The Group takes out insurance for its fleet as required by contract, however for the most part self-insures its fleet in view of the high cost and low claims history.

28. Net revenue from sale, lease, rendering of services and sale of assets used in services rendered

The effect of the adoption of CPC 47 / IFRS 15 - Revenue from Contracts with Customers is described in note 4.1. Due to the transition method used in applying CPC 47 / IFRS 15, the comparative information has not been restated to reflect the new requirements.

a) Revenue flows

The Vamos Group generates revenue mainly from the sale of new and used vehicles, parts, leasing and rendering of services and sale of decommissioned assets.

	12/31/2019 (consolidated)	12/31/2018 (combined carve-out)	12/31/2017 (combined carve-out)
Revenue from leasing and services rendered	613,289	524,393	432,927
Revenue from sale of vehicles and accessories	386,135	359,039	176,757
Revenue from sale of decommissioned assets	212,084	99,858	65,072
Total net revenue	**1,211,508**	**983,290**	**674,756**

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

	12/31/2019 (consolidated)	12/31/2018 (combined carve-out)	12/31/2017 (combined carve-out)
Gross revenue	1,321,741	1,100,543	762,050
(-) Taxes on sales	(89,104)	(90,251)	(66,491)
(-) Returns and rebates	(15,560)	(26,560)	(20,056)
(-) Discounts granted	(5,569)	(442)	(747)
Total net revenue	**1,211,508**	**983,290**	**674,756**

Taxes levied on sales consist primarily of ICMS (rates ranging from 7% to 19%), municipal tax on services (rates ranging from 2% to 5%), PIS (rates are either 0.65% or 1.65%) and COFINS (rates are either 3% or 7.65%).

In thousands of Brazilian reais, unless otherwise stated

b) Breakdown of revenue from contracts with customers

The following table presents the analytical composition of the revenue from contracts with customers of the main business lines and the timing of revenue recognition, including reconciliation of the analytical composition of revenue with the Group's reportable segments.

	Truck, machinery and equipment dealerships			Lease of trucks, machinery and equipment			Total		
Main products and services	**12/31/2019** (consolidated)	**12/31/2018** (combined carve-out)	**12/31/2017** (combined carve-out)	**12/31/2019** (consolidated)	**12/31/2018** (combined carve-out)	**12/31/2017** (combined carve-out)	**12/31/2019** (consolidated)	**12/31/2018** (combined carve-out)	**12/31/2017** (combined carve-out)
Revenue from leasing	-	-	-	565,490	494,028	378,575	565,490	494,028	378,575
Revenue from services rendered	47,799	30,365	18,487	-	-	-	47,799	30,365	18,487
Revenue from sale of decommissioned assets	857	1,923	102	211,227	97,935	64,970	212,084	99,858	65,072
Revenue from sale of parts and accessories	111,170	99,677	70,376	-	-	-	111,170	99,677	70,376
Revenue from sale of new vehicles	229,126	238,981	132,607	-	-	-	229,126	238,981	132,607
Revenue from sale of used vehicles	45,839	20,381	9,639	-	-	-	45,839	20,381	9,639
Total net revenue	**434,791**	**391,327**	**231,211**	**776,717**	**591,963**	**443,545**	**1,211,508**	**983,290**	**674,756**
Timing of revenue recognition									
Products transferred at a specific point in time	386,992	360,962	212,724	211,225	97,935	64,970	598,217	458,897	277,694
Products and services transferred over time	47,799	30,365	18,487	565,492	494,028	378,575	613,291	524,393	397,062
Total net revenue	**434,791**	**391,327**	**231,211**	**776,717**	**591,963**	**443,545**	**1,211,508**	**983,290**	**674,756**

In thousands of Brazilian reais, unless otherwise stated

29. Expenses by nature

The Vamos Group's statements of profit or loss are presented by function. Expenses by nature are as follows:

	12/31/2019 (consolidated) (i)	**12/31/2018** (combined carve-out) (i)	**12/31/2017** (combined carve-out)
Cost of sales of new vehicles	(194,883)	(190,248)	(114,651)
Cost of sales of used vehicles	(38,957)	(17,248)	(6,241)
Fleet costs / expenses	(16,793)	(13,219)	(22,864)
Cost of sales of decommissioned assets (note 14)	(204,633)	(97,774)	(67,903)
Cost of sales of parts	(80,295)	(75,874)	(48,380)
Personnel	(100,275)	(82,787)	(52,199)
Depreciation and amortization (notes 14 and 15)	(234,971)	(218,462)	(124,043)
Depreciation from intercompany transaction	(1,033)	-	-
Parts, tires and maintenance	(22,796)	(24,274)	(19,429)
Fuels and lubricants	(2,820)	(2,949)	(1,618)
(Provision) reversal of provision for impairment of inventories (note 11)	(576)	(2,338)	86
Provision for judicial and administrative litigation (note 24.2)	65	(397)	(1,110)
Advertising and publicity	(2,484)	(578)	(396)
Services provided by third parties	(25,062)	(17,174)	(9,875)
Expected credit losses of trade receivables (note 10)	(6,024)	(9,133)	(25,470)
Court-ordered indemnities	-	-	(27)
Electric power	(1,954)	(1,279)	(780)
Communication	(399)	(1,618)	(610)
Travel, meals and accommodation	(3,895)	(4,962)	(1,053)
Lease of properties, trucks, machinery and equipment (note 4.4.d)	(11,923)	(25,340)	(35,233)
Revenue from sale of damaged vehicles (ii)	1,176	327	436
Tax expenses	(1,128)	(1,174)	(762)
Recovery of PIS and COFINS (iii)	33,059	30,135	23,146
Extemporaneous tax credits (iv)	4,771	5,406	2,489
Other operating income (expenses), net	(7,025)	1,383	12,681
	(918,855)	**(749,577)**	**(493,806)**
Cost of sales, leases and services rendered	(593,774)	(552,881)	(327,114)
Cost of sales of decommissioned assets	(204,633)	(97,774)	(67,903)
Selling expenses	(52,807)	(22,533)	(15,951)
Administrative expenses	(80,416)	(85,805)	(65,141)
Expected credit losses of trade receivables	(6,024)	(9,133)	(25,470)
Other operating income	21,341	23,204	11,148
Other operating expenses	(2,542)	(4,655)	(3,375)
	(918,855)	**(749,577)**	**(493,806)**

(i) The amounts as of December 31, 2019 and 2018 reflect the impacts of the adoption of CPC 48 / IFRS 9 - Financial Instruments and CPC 47 / IFRS 15 - Revenue from Contracts with Customers, and the expenses by nature as at December 31, 2017 are not being restated. Note 2.19.3 presents the effects of the adoption of CPC 48 / IFRS 9 and CPC 47 / IFRS 15;

(ii) The amounts as of December 31, 2019 reflect the impacts of the adoption of CPC 06 (R2) / IFRS 16 – Leases, and the statement of profit or loss for the year ended December 31, 2018 is not being restated. Note 4.4.d presents the effects of the adoption of CPC 06 (R2) / IFRS 16.

(iii) Refers to the cost of damaged and casualty vehicles written off, net of the respective amount recovered through sale;

(iv) PIS and COFINS credits on purchase of inputs and depreciation charges as credits reducing cost of sales and services, in order to better reflect the nature of the respective credits and expenses; and

(v) Comprises INSS amounts related to matters with widely accepted jurisprudence at the administrative and judicial levels.

In thousands of Brazilian reais, unless otherwise stated

30. Finance result

	12/31/2019 (consolidated)	12/31/2018 (combined carve-out)	12/31/2017 (combined carve-out)
Finance costs			
Debt service costs			
Interest on loans, financings and debentures (note 18)	(92,444)	(65,395)	(54,628)
Interest and bank fees on finance leases (note 19)	(2,917)	(3,038)	(2,393)
Interest on suppliers financing – truck manufacturers	-	(1,744)	(127)
Interest on right of use	(1,973)	(606)	-
Interest on acquisition of companies	(798)	-	-
Exchange variation on loans	(5,879)	(4,192)	-
Charges on right-of-use property leases - IFRS 16	(4,271)	-	-
Net gain (loss) on swap agreements	2,368	3,805	-
Total debt service costs	**(105,914)**	**(71,170)**	**(57,148)**
Interest payable	(298)	(1,439)	-
Other finance costs	(3,946)	(11,885)	(105)
Total finance costs	**(110,158)**	**(84,494)**	**(57,253)**
Finance income			
Short-term investments	11,292	9,309	8,081
Monetary variation income	-	181	678
Other finance income	-	296	228
Present value adjustment - Finance income	-	1,578	-
Interest received	5,378	6,507	3,045
Total finance income	**16,670**	**17,871**	**12,032**
Net finance costs	**(93,488)**	**(66,623)**	**(45,221)**

31. Operating leases

31.1 Vamos Group as lessor

The Vamos Group has lease agreements of vehicles, machinery and equipment classified as operating leases, with maturities until 2030. These agreements usually have terms varying from one to ten years, with option for renewal after termination of such term. The lease receipts are remeasured by inflation indexes, to reflect the market values.

The following table presents an analysis of the maturities of lease payments, showing undiscounted lease payments that will be received after the reporting date.

Up to 1 year	1 to 2 years	3 to 4 years	5 to 6 years	Over 7 years	Total
616,828	968,405	455,202	95,234	25,015	**2,160,684**

32. Earnings per share

The calculation of basic and diluted earnings per share was based on the profit attributable to the holders of common shares and on the weighted average number of common shares outstanding.

	12/31/2019 (consolidated)
Numerator:	
Profit for the year	141,782
Denominator:	
Weighted average number of common shares outstanding	95,817,831
Basic and diluted earnings per share - R$	**1.47970**

In thousands of Brazilian reais, unless otherwise stated

Weighted average number of common sharesº

	12/31/2019 (consolidated)
Common shares - January 1	95,817,831
Weighted average number of common shares outstanding (i)	**95,817,831**

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

(i) Pursuant to the Annual and Extraordinary General Meeting ("AEGM") held on April 8, 2019, the Company approved the 3-for-1 reverse stock split.

33. Supplemental information to the statement of cash flows

The Group made acquisitions of vehicles for expansion of its fleet, and part of these vehicles did not affect cash because they are financed, or were transferred through merger. These acquisitions without cash outflow effect are as follows:

	12/31/2019 (consolidated)	12/31/2018 (combined carve-out)	12/31/2017 (combined carve-out)
Reconciliations between additions of property and equipment and additions to cash flows:			
Total additions to property and equipment	873,644	482,170	249,323
Raising of finance leases and Finame for the expansion and renewal of fleet	(52,338)	(301,095)	(120,728)
Changes in the balance of suppliers financing – truck manufacturers	-	4,604	(3,027)
Changes in the balance of trade payables for property and equipment and truck manufacturers	(19,805)	8,401	(19,418)
	801,501	**194,080**	**106,150**
Statements of cash flows			
Property and equipment for leasing	794,643	190,991	102,684
Property and equipment for investment	6,858	3,089	3,466
	801,501	**194,080**	**106,150**
Other non-cash transactions:			
Repurchase of shares (Treasury shares note 1.3.c)	(4,225)	(94,193)	-
	(4,225)	**(94,193)**	**-**

As mentioned in note 1.3.a, on December 22, 2017 Vamos completed the purchase of the total capital of the Borgato Companies, with the following impacts on cash flows:

	12/31/2017 (combined carve-out)
Total price (consideration), as per the agreement	224,116
(-) Contingency reserve	(20,000)
(-) Amount payable in installments	(83,147)
(-) Amount paid with shares of the parent company	(110,913)
Cash paid by the parent company	**10,056**
Cash assumed on the transaction, at the transaction closing date	34,953
Effective cash assumed in the operation	**24,897**

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