**Localiza Rent a Car 2Q21 Results**
**July 30, 2021**

**[Anna Branco]:** Good afternoon, and welcome to the Localiza Rent a Car webinar referring to the results for the 2nd quarter of 2021. Today with us are Messrs. Rodrigo Tavares, CFO and Nora Lanari, Investor Relations Officer. For those who need translation, the tool is available in the platform. Please click “interpretation button” using the globe icon on the bottom of the screen and choose your language of preference. You may also choose to mute or unmute the original audio by clicking the “unmute original audio” button.

Please be advised that this webinar is being recorded and will be made available on ri.localiza.com/en, where the complete material of our Earnings Release is available. You can also download the presentation from the chat icon. For the Q&A session for analysts and investors, we advise you to signal your interest in participating, through the Q&A icon, on the bottom button of your screens, indicating your name, institution and language. When called, a request to activate your microphone will appear on the screen. For telephone participants, dial *9 (raise hand), once your question is announced, dial *6 to mute and then to unmute the audio. To send questions in writing via the Q&A icon, at the bottom of your screens, we advise you to make them by indicating your name and company before your question.

We inform you that the values of this presentation are in millions of Reais and in IFRS. We emphasize that the information contained in this presentation and any statements that may be made during the videoconference, regarding Localiza's business prospects, operating and financial projections and goals, constitute beliefs and assumptions of the Company's Management, as well as information currently available. Forward-looking considerations are not guarantees of performance. They involve risks, uncertainties and assumptions, as they refer to future events and, therefore, depend on circumstances that may or may not occur. Investors should understand that general economic conditions, market conditions and other operating factors may affect the Company's future performance and lead to results that differ materially from those expressed in such forward-looking statements.

Now, I will hand the floor over to Rodrigo, the Company's CFO, to begin the presentation.

**[Rodrigo Tavares]** Welcome everyone and good afternoon.

One year after the beginning of the pandemic, in retrospect, the crisis has expanded our learning. We accelerated our Technology internalization process, we expanded our telemetry skills and exceeded the mark of one hundred thousand monitored cars. These skills will pave the way for us to increase efficiency and launch new solutions.

We are advancing on the fronts of the subscription car and the car for app drivers. Localiza Meoo has already revealed a very mature process, delivering a great experience to our customers, and confirming the potential of this subscription cars market. In addition, the launch of ZARP puts us even closer to app drivers and makes us better prepared to meet their demands, enhancing the opportunities in the segment. We remain confident in the growth avenues of both our core business and its ecosystem.

In this quarter, we were able to maintain a high level of return on invested capital, despite the challenges posed by the second wave of the pandemic in our car rental volumes and by the low level of vehicle production in the country. During the quarter, we felt the gradual recovery in volumes, and we believe in the acceleration of the vaccination process as a potential catalyst for the car rental demand in all our segments for the coming quarters.

We are confident in the recovery, but we understand the short-term challenges and reinforce our commitment to austerity in capital allocation. The cars purchased in this cycle will have a relevant impact on the level of future return. Therefore, we have the discipline that the moment demands to guarantee the sustainability of our results. For this reason, we have been able to maintain depreciation levels at historical lows. In addition, the replacement cost and residual value of our assets remain below market benchmarks.

We are focused on optimizing the return per each kilometer driven. With the continued perspective of restriction in cars supply, we have been very cautious with the availability and mileage of our fleet and thus, being able to extend its useful life, allowing us to keep a lower replenish volume until supply is normalized. With the increasing mileage of our cars, there is additional care with their maintenance, so we are able to maintain the levels of safety and quality, aiming to minimize the impact on our customers' experience. The increase in maintenance costs has a temporary impact on rental margins. To compensate them, we have sought greater efficiency in sales, taking advantage of the high demand for cars.

We are aware of our short-term trade-offs and certain that we are making decisions with a long-term vision, seeking growth with value creation.

Following on our Webcast, on page 2, we can see the highlights of the quarter.

Considering the strong impact of the pandemic in the 2nd quarter of last year, we also bring the comparison based on 2Q19.

In 2Q21, we had grown 94.0% the car rental revenues compared to the same period of the previous year. When compared to 2Q19, the revenue was 24.3% higher, even with the 2nd wave impacting this quarter. In 2Q21, the utilization rate in the division reached 75.9% and the average daily rate reached R$82.5, reflecting our pricing strategy and mix of segments.

Revenue from the Fleet Management Division has been accelerating sequentially and, year-over-year, grew by 13.1% versus 2Q20, due to the combined effect of volume and prices.

On page 3, we show the financial highlights for 2Q21.

In 2Q21, compared to the same period last year, net revenue grew 71.7%. When compared to 2Q19, we see a growth of 13.2%. EBITDA grew 77.0% year-over-year and 54.0% compared to 2Q19. EBIT, helped by lower depreciation, increased 208.3% compared to the same period in 2020 and 96.9% compared to 2Q19. Finally, we see an increase of 398.2% in net income for the quarter, and 135.6% compared to 2Q19.

To present the details of the 2nd quarter results, I would like to give the floor to our investor relations director, Nora Lanari.

**[Nora Lanari]:** Good afternoon, everyone.

Starting with the Car Rental division, as you can see on page 4, in the 2nd quarter the number of daily rentals increased by 26.3% and revenue grew by 94.0% compared to the same period of the previous year. The impact of the second wave was relevant in the volumes and prices of the 2nd quarter of last year, impacting the comparative base. When compared to 2Q19, the number of daily rates increased by 16.4% and revenue rose 24.3%. During this quarter, we saw volumes resume their growth trajectory and we are confident about the growth avenues.

On page 5, we show the result of the efficient management of prices and mix, which resulted in a utilization rate above 75% and an average daily rate of R$82.5, even in the context of the second wave. In addition, it is important to highlight that as of May, as usual in the market, we started to offer car protection coverage directly to our customers, with a positive impact on the average daily rate.

On page 6, we show that the network of own branches was expanded by 24, in the last 12 months, from 429 to 453. Eleven of those were in the last quarter, which reinforces our confidence in the growth opportunities. The Company has been preparing itself for the recovery and acceleration of volumes as the delivery of cars resumes more robust levels.

Moving on to page 7, in the Fleet Management division, we see the average rented fleet increased by 8.8% and net revenue increased by 13.1% year over year. In this comparison, daily rates have increased by 5.9%, reflecting the pricing of new contracts in a context of rising car prices.

We are excited about what we have seen in the demand and results of Localiza Meoo. The number of orders in the backlog continues to increase, but we are still being impacted by the scenario of restricted production and delivery of new cars.

Moving on to page 8, we show the balance of buying and selling cars. In the quarter, still with a restricted supply, we sold 26,643 cars and bought 28,653, an addition of about 2,000 cars and a net investment of R$ 329.2 million. Our average purchase price was 62.6 thousand Reais, compared to a sales price of 55.2 thousand Reais, resulting in a replacement effort of 7.5 thousand Reais per car, showing the importance of maintaining discipline when buying cars.

On page 9, we show the used car network. At the end of 2Q21, we had 132 points of sale and had 26,643 cars sold, an addition of 35% compared to the same period last year, which had been affected by the first wave of the pandemic and more severe restrictions on mobility. The average price charged was R$55.2 thousand, 31.3% higher than the prices charged in the same period of the previous year. These price increases reflect the context of a sharp increase in the price of the new car, which we were able to capture in our decommissioning.

On page 10 we show the fleet at the end of 2Q compared to 4Q last year. In Car Rental, we ended the quarter with a fleet of around 208.500 cars, a reduction of 3.6%. The drop in the fleet size at the end of the period reflects the lower number of cars being prepared and decommissioned, in addition to the smaller number of vehicles available for sale. In Fleet Management, we already see the sequential expansion of the fleet by 6.8%.

Moving on to page 11, we see that the consolidated net revenue for the quarter grew 71.7% year over year and 17.2% when compared to 2Q19. Compared to 2Q20, net rental revenues increased 65.5%, while Seminovos increased 77.2%, impacted by the sale price, which reflects the increases in the price of new cars.

Moving on to page 12, we can see that EBITDA reflects revenue growth and advances 77.0% in 2Q21 compared to the same period last year, but with a different composition. In the context of lower levels of deliveries of new cars and aging fleet, the car rental margin remains impacted. However, this impact is more than offset by the advance in used car margins. As a result, the consolidated EBITDA margin remains at a high level of 62.7%.

To give a little more detail, the RAC's EBITDA margin was 38.6% this quarter. As the 2Q margin of last year was positively impacted by the reversal of PIS/COFINS credits, which helped quarter’s margin by 21.7 percentage points, we also brought the sequential comparison. Compared to the 1Q of this year, the margin dropped 4.3 percentage points. There is a margin effect associated with the drop in volumes, resulting from the second wave of the pandemic, which has not yet been accompanied by a reduction in costs. The main lines impacted are Personnel and Maintenance. The first, explained by the expansion of 11 branches in the quarter, reinforcing our confidence with the resumption of growth, and the second, explained by the higher costs of cars’ preparation due to the greater number of cars purchased in this division and the continued aging of the fleet. In addition, by starting to offer car protection coverage directly by the Company to the client, we have a diluting effect on the margin, at least initially, by the increase in revenue, offsetting the costs associated with claims. As claims management will be carried out by the Company, we believe that we will have positive effects on profitability.

In the sequential comparison, the Fleet Management division had an increase of 2.3 percentage points in the margin, mainly due to a reduction in maintenance expenses due to lower fleet mobilization costs, and the dilutive effect of the growth in volumes and revenue on the costs associated with the structuring and launching of Meoo, as mentioned in the previous quarter.

Seminovos presented a margin of 14.6%, even higher than the one reported in the last quarter, even with the reduction in volumes sold which impacts on the dilution of fixed costs. With the sharp rise in the prices of new cars in recent quarters, it is natural to expect that this higher margin will continue until the cars purchased before the price hikes are decommissioned and sold.

On page 13 we see that in the RAC, the average annualized depreciation per car remained at low levels in the quarter, at R$603. In the Fleet Rental Division, the average annual depreciation per car was R$990, 29% lower than the depreciation in the previous quarter. The depreciation at low levels in the two business divisions is a result of the increase in new cars and the consequent impact on used car sales prices.

On page 14, we can see that the consolidated EBIT in 2Q21 reached R$ 673.3 million, representing an increase of 208.3% year over year, and 96.9% higher than the same period in 2019.

Here we will make a sequential comparison due to the weak comparison base in 2Q20. The EBIT margin of the Car Rental division was 49.1%, representing a reduction of 4.2 percentage points, compared to 1Q21, explained by the effects that impacted EBITDA, as car depreciation and the result of used vehicles remained practically stable in the quarterly comparison. In the Fleet Rental division, the EBIT margin was 73.2%, an increase of 6.7 percentage points compared to 1Q21, explained by the increase in EBITDA, added to the reduction in depreciation and higher margin on the sale of cars in this division.

Net income for the quarter, on page 15, grew 398.2% compared to 2Q20 and 135.6% when compared to 2Q19.

Compared to the 1Q of this year, the reduction of approximately R$34 million in profit is mainly explained by the effect of the second wave and the lower volume of car sales, in addition to higher financial expenses.

On page 16, we show a cash consumption of R$303.2 million in the semester, explained by the reduction of R$547.1 million in the automakers account.

As can be seen on page 17, net debt for the semester increased by R$484.1 million, mainly impacted by the reduction in accounts payable to automakers, ending the quarter at R$6.6 billion.

You can see on page 18 that we ended the quarter with a strong debt profile and strong cash position, including the issuance of R$1.2 billion in debentures, with a final maturity in 10 years and a rate of CDI+1.99%. As a result, we ended the quarter with R$4.1 billion in cash. Amount that gives us ammunition to finance growth over the next few quarters, as vehicle production begins to normalize.

On slide 19, we can see that the Net Debt / EBITDA ratio for the last twelve months at 2.2x. A level that gives us peace of mind to finance our short-term growth with third-party capital.

I would like to turn the floor over to Rodrigo to present our ROIC spread.

**[Rodrigo Tavares]:** Thank you Nora.

On page 20, we present the evolution of the ROIC spread versus cost of debt. In 2Q21, considering the last 12 months and despite the adversities, we see an increasing spread, which reached 11.7 p.p. We emphasize that, despite the high level of short-term returns, the current context highlights the importance of decision-making thinking about the complete rental cycle, from the funding, going through efficiently allocating capital, generating cash from rentals and the selling of the cars. Only from the proper combination of these steps, it is possible to generate value. That's why we maintain our austerity in capital allocation certain that we are making decisions with a long-term vision, seeking growth with value creation.

Finally, on page 21, we talk about sustainability.

In 2Q21, driven by the evolution of the Company's purpose, which becomes "With you, building the future of sustainable mobility", we continued to advance in our ESG strategy. We released the third Sustainability Report in GRI format and with SASB indicators, launched the Localiza Institute to manage private social investment, accelerated our Diversity and Inclusion program with Adhesion to the UN Forum for Companies with Refugees and received the important highlight in the Money Times ESG ranking. In line with our business strategy and the expectations of our stakeholders, we updated our materiality matrix, which brings the central themes that will guide our actions in the short, medium and long term.

We are now available to answer your questions.

**Q&A**

**[Anna Branco]** We would like to remind you that for the Q&A session. We advise you to signaling your interest in participating to the Q&A icon on the button of your screen indicating your name company and language. When called a request to unmute your microphone will pop up on the screen for phone participants dial * 9 to raise your hand and once your question is announced dial *6 to mute and then unmute the audio. To send your questions in writing by the Q&A icon at the bottom of your screen to be advised to indicate your name and Company before your question.

**[Nora]** Our first question is in writing from Rogerio Araújo from UBS. Rogerio, thank you for your question. I'll read that. So, thank you for the call. What is the reason why Localiza has been receiving less cars compared to its peers in relative bases? Is that related to the price of cars? If the case, couldn't the company buy more expensive cars especially in the GPS segment, so, what are the expectations in terms of deliveries and magnitude coming back to normal?

**[Rodrigo Tavares]** Well, thank you Rogerio for your question. There are some different reasons I believe that the production volume and there's also buying more expensive cars really affects our perspectives in terms of future return. We've been mentioning that our commitment is sustainable return for upcoming years so transferring that the prices and in cases here the cars that wouldn't be feasible given the current conditions be it in Rent-a-Car or being it in Fleet Management. So, in the second quarter or second half of next year things should come back to normal completely.

**[Nora Lanari]** Thank you for your question, Rogerio. I'd like to add to Rodrigo's comment. We see very different price levels in cars that are also comparable and that also impacts the pricing and Fleets is a segment that's very competitive so we're very disciplined in capital allocation as Rodrigo mentioned.

**[Nora Lanari]** We have a question from Regis Cardoso, Credit Suisse. You can unmute and ask your question, Regis.

**[Régis]** Thank you Nora, thank you Rodrigo, thank you for the opportunity to answer questions here. I'd like to discuss - well, there's a fleet topic that was already touched upon in the previous question, in my question in relation to that is: how long do you believe it would take for the situation to come back to normal right so as from when do you believe that there is no longer going to be a limited growth I'd say based on car availability so what has to happen in that sense, and specifically in the second quarter were there any specific effects may that different from your peers. Another topic that I'd like to clarify with you is the second quarter was probably very favorable for Fleet Management, on the other hand RAC suffered more right given the second wave in the beginning of the quarter and I believe that Localiza is that is more exposed to the RAC segment then your peers. So could you comment about that, and you believe that the third quarter would be the opposite of that at the end of the quarter if you could comment on the results in July. Seems like it's much higher than average and rates and utilization rates.

**[Rodrigo Tavares]** Thank you, Regis. About the automakers, it's a global crisis, right? it's pretty much a result of the supply chain especially when we're talking about the semiconductors. So, the chains are not competing with each other but also chips for cell phones and other products. So, there's a restriction in supply, in the automaker's supply chain which is letting them to lower their volumes and allocate the semiconductors in a global manner. So today, in comparison, the profitability is made by the headquarters of the automaker headquarters and their manufacturing cars where they believe they'll get a higher return on that. So, I think that normalization is gradual, and, in the second quarter, some automakers suffered more than others. I won't mention any name, but in fact they did have a much higher drop in production, and it definitely affected our supply as well but for the second quarter was relatively better than the first quarter. In the third quarter we also should see a right gradual improvement that depends on the normalization. According to current information it's about the second quarter next year and second half of next year. That's where we expect normalization but that's also going to happen gradually. Rent-a-Car, in terms of your vision, is correct. We do have a higher exposure of Rent-a-Car, and the second wave had an impact on that, even lower than the first, with the gradual recovery in volumes and rates as well. So, the recovery continues. The demand is growing, the vaccination levels in rates have been helping so we see a gross and I'll step in that demand and those are the perspectives for the upcoming quarters.

**[Regis]** Thank you, Rodrigo. If you allow me, I'd like to take this opportunity with two more specific questions on your bottom line. So, depreciation went up just a little in the peers if you can explain that well in the effect of insurance. If you can give us some flavor about how that changed in terms of margin and rates so we can eliminate that effect. Thank you.

**[Rodrigo Tavares]** Well that's the result of our absolute discipline in allocating our Capital. So, Localiza has always been a traditional company in terms of depreciation and having competitive depreciation, and now at this time I believe that quality that we have stands out even more. That's also related to lower renewal rates but also being stricter in the way we take advantage of that demand and growth. So, today there's a huge difference in supply, even though it's limited there's a huge difference in terms of conditions and we are fully aware in industry that's so capital intensive and as ours we are fully aware of the need to have that discipline even though it may impact in the short-term a little. So, maintenance cost for and since when you compare that to the impact of depreciation that trade-off is extremely positive. Nora, can you show address insurance, but what I can say about that is in terms of revenues and costs impact to the margin is not that material so the impact operation but in the margin it's not that material.

**[Nora Lanari]** Regis, the car insurance, will be explained that it's not actually insurance, okay? It was done through third parties and insurance, and ensured but, now based on a favorable decision we decided to offer that car protection directly to our customer, part of the market already does that. So, we estimate that the impact of that change to our average rate of about R$ 3,00 BRL in that will change in the middle of the quarter but we're still in a transition phase and we recognize the claims and losses giving that migration we believe that will be very positive as the company is going to manage the accidents. Did I answer your question?

**[Régis]** Yes, thank you, thank you.

**[Nora Lanari]** The following question is from Fernanda Recchia, BTG, you can unmute.

**[Fernanda]** Hi Nora, Rodrigo, thank you for taking my question. I'd like to go to margin again. You well explained why you have a weaker margin in RAC in this quarter, but looking forward, should we expect margin close to the high 30's [to RAC] next quarter or should we see, in the low margins, in the low 40's. So, I'd like to understand as well in July what your volume has been and utilization rate to see if you're recovering that to more normalized levels. Thank you.

**[Rodrigo Tavares]** Thank you Fernanda. About margin and just to clarify first of all there's an impact from the volume of rented cars there's an effect of the second wave even though the first wave is still clear in the second quarter revenues that we didn't have that was relevant and in maintenance as I had mentioned and the aging of the fleet impacts maintenance cost, because we want to guarantee a good experience for our customers. So, we cannot forget our values and give them a bad experience. Another relevant aspect is that the number of cars that were activated and rental cars compared to rented cars compared to the first quarter increased by 30%. So that's a one-off activation cost that we have, with a lower rented base of cars compared to activated cars also affects our cost and a one-off case. So, those are the main points. We also had an increase given the transition as not explained in insurance to protect the cars, so we had increased in thefts specifically in some fit cities and we also believe that that's a temporary effect. In terms of the future, what we believe is that the volume recovery is coming, the demand is coming, we're highly focusing on renting these cars in the segments that give the company a higher return and our focus which is even more than it did a margin is the ROIC for these cars and that guides our allocation in terms of segments and the short medium in long-term decisions.

**[Nora Lanari]** Next question question is from Josh Milberg, from Morgan Stanley. Josh, you can unmute.

**[Josh]** Hi Nora, hi Rodrigo. Can you hear me?

**[Nora Lanari]** Yes, we can hear you.

**[Josh]** Thank you. Okay great. My first question is can you review and give us some more detail of the scenario for app drivers and also the incentives for Uber drivers? We have an understanding that the prices for Uber haven't been going up enough to consider inflation and other costs. We'd love to hear your perspective on that and eventually what could be done in relation so that you can have more growth in the segment.

**[Nora Lanari]** Thank you for your question, Josh. We launched **ZARP**, so in some cities and dedicated agencies we believe will have more operational efficiencies and that will contribute to profitability. It's worth mentioning that we're going to increase connectivity and more connected cars will lower our default rates in that segment, and what we've also been seeing, Josh, not only here but also in the US, for instance, there's not enough drivers and not only Uber but also Lift raised their tariffs to offset that in addition to the fuel prices affect that go up there's the car prices affect so we’ve seen an effect in the driver base and that dynamic careful probably affects that is well. We do have a lot of appetite for that segment and there's a relevant gross Avenue moving for it especially if you consider that with the increase of new car prices of approximately 30% or later over 30%. In the past 12 months rental is even better option for drivers so that they can test the work with the app drivers and, also maintenance depreciation and the time, so we believe that contacts can have a good opportunity in this segment. So, we're very optimistic with this **ZARP** launch.

**[Josh]** Perfect. And, at the end, do you see incentives, if that's getting in the way the demands coming out from the actual drivers.

[Nora Lanari] No, Josh we don't see that in the second quarter impacted by the lockdowns, but we do see an important demand from these app drivers.

**[Josh]** I have a second question, Nora. Could you comment on the Unidas management in their quarter indicating the plans to invest more in heavy rental? Have you talked about that to the market? So, the question is: do you see a possibility of working in that with Unidas or without them?

**[Rogério]** Well, the two companies are completely independent, they're sticking to their plans completely independently, there is no manifestation from the Brazilian antitrust agency, from CADE about the merger. So, we're not commenting on that strategy, about our strategy, we're always assessing in our plans up to the time being that wasn't one of the company's priorities.

**[Josh]** Okay, thank you.

**[Nora Lanari]** Josh, just to add to that. That could, obviously, be re-evaluated moving forward but we are working with the CADE, Brazilian agency for that analysis, for the company's plan is to continue growing the core business and supporting CADE in the decision-making in relation to the business that could be reassessed in the future.

**[Josh]** That makes sense, thank you.

**[Nora Lanari]** Our next question is from Rogerio Araújo. You can unmute your microphone.Thank you.

**[Rogério]** Hi Nora, how are you doing? I don't know what I did hear but you already answered my question. Thank you.

**[Nora Lanari]** Okay, okay. We have a question here from Joerce. "Good afternoon. Is the company considering splitting the shares?"

**[Nora Lanari]** Let me answer that. Obviously, the company monitors share prices and in the trading indicators we are analyzing a process to merge with Unidas with the Brazilian antitrust agency and, also in exchange rate has already been established so it's not a moment to consider a split, but we also always consider that depending on share prices of course. Thank you for your question.

**[Nora Lanari]** Next, Lucas Barbosa from Santander. You can unmute and ask your question.

**[Lucas]** Good afternoon. Can you hear me?

**[Nora Lanari]** Yes go ahead, Lucas.

**[Lucas]** Okay, thank you. Good afternoon Nora, Rodrigo and Guilherme. Congratulations on your results. So, first of all I have a question about digitization and internalizing technology at Localiza. When we reach your press release you talk a lot about that in the first paragraph in the opening remarks it seems like it to be one of the biggest priorities on the company agenda. So that's where my question comes from. Could you share some of the digital initiatives that you believe had made you, had set you apart from the competition or will set you apart. Could you comment on that?

**[Nora Lanari]** Lucas, thank you for your question. Well, you did touch on an important point and that's part of the message that we'd like to convey. In the past two years we've been going through the IT internalization process. Our ambition is to build one of the most relevant technology labs in the country without a doubt and we are really excited with the initiatives and all the different fronts that we can open up based on that internalization obvious capabilities. I'll mention some of them were, obviously, ones that you've already seen and try to give you a concept to make this more tangible for you. So, Lucas, even related to the Mobi7 purchase last year we have over 100,000 cars that are connected, we expanded the rollout of **Localiza Fecha**, and that's more cars and opening more doors for reservation and allocation that's completely digital. We launched

**Zarp** and **Localiza Meoo** and the data science capabilities are being forced and having more connectivity in Fleet that gives us a wide range of information for us to work, which is very important. So, I'd say that's 4th Avenue of growth, the Localiza echo system that will be available through the telemetry. So, but we also have relevant advantages and operating efficiencies that can be captured to inflate recovery and default and pricing and in the granularity of these movements. Obviously, that requires investment so there's a consideration in payroll at our headcount will be increased but it does place Localiza at another level. Thank you for your question.

**[Lucas]** Thank you Nora, that was very clear. My second question is about the growth Avenues, you mentioned that in the echo system. Can you talk about the opportunities in the ecosystem? Maybe a strategy of offering car protection is already one of those opportunities connected to the ecosystem? And you also mentioned that the claims management happening in the house, you mentioned that, right? About managing these claims in house, does that mean that you're going to verticalize?

**[Rodrigo Tavares]** Thank you Lucas. Will you look at our ecosystem today, internally we always like to say that where the companies that generate the most funding, that washes cars the most, that transportation and maintenance the most, that we do have a very rich ecosystem. So, we're looking at absolutely all the elements in our ecosystems. Be at the financial aspects associated with them or purchase and sale of cars, maintenance additional services that we can add for customers and the protection to give us a product that will meet our needs and the entire side of technology that we mentioned in monitoring vehicles and there's artificial intelligence related to that. So, we have that data of each of our customers that are connected so we assess that and our ecosystem in a robust ecosystem that we want to implement in the upcoming years.

**[Nora Lanari]** So, we think of the potential of that and the generating value of that adjacency, so we have the competencies to be an irrelevant player in that, as Rodrigo mentioned. The world of information that we will have access to could be relevant in partnerships and things that we could trade for the future.

**[Lucas]** Thank you, Rodrigo and Nora, good afternoon.

**[Nora Lanari]** We have a question from Ivan. I'm going to read that. “Good afternoon I'd like to understand the apparent favoring of fleet management versus RAC in car receipts, and what are the perspectives for each segment that motivated such allocation. Thank you.

**[Rodrigo Tavares]** Thank you Ivan. Well, RAC actually received more cars than fleet management. What determines that allocation today is that we have a very long line in orders in fleet management and we can't make our customers wait in that period. These cars are specific car models, so every time I get a car specific, and I have a specific order in fleet management for that car we have to focus on fleet management. So, we can service the customer that has already ordered that months ago. So we can maintain customer satisfaction. And in RAC, it's a group system so I don't effectively have to have a specific car model. That's what's been motivating allocation even more than any other segment. The perspectives in both segments are very positive be in **Localiza Meoo** or traditional fleet management for companies, and rent-a-car with the comeback, well with by speeding up vaccinations and the demand recovering in the entire segment be it in apps, or daily or monthly rental, we see a robust recovery in that demand.

**[Nora Lanari]** Ivan, just to add, RAC is more affected by the pandemic cycle so that highly impacted our fleet management available. So, fleet has a more resilient revenue streamline and many growth avenues in the future so the message that I have is that we see relevant opportunities in both segments and we're very careful in capital allocation during the supply effects restriction, but we believe that there's a lot of space to grow and in the upcoming quarters and after you get a more robust normalization of production give him the issues related to the semiconductor supply.

**[Nora Lanari]** So, now to Victor Mizusaki's question, he's from Bradesco. I'll read his question. So first of all, considering that new car delivery should come back to normal only in the second half of 2022 could we consider than upcoming 12 months will see less growth but a higher ROIC? Second question: analyzing the evolution of the end-of-period fleet it seems like there was an increase in claims fleet in RAC in the last 6 months, a bit stronger in 2Q21. Can you comment on these topics?

**[Nora Lanari]** Well, I'll start and Rodrigo can add. Victor even though we would have a full normalization as of the second half of 2022, we see issues related to the semiconductors and stop in the automakers. We already expect August and September more robust and in deliveries. So, we have a volume improvement expected especially for the fourth quarter and the first and second quarters of 2022, but your logic is correct. So, the maintenance and depreciation trade-off we are assessing a better use in allocation of our capital, so we can expect higher ROIC, because we have certain benefits in that tail effect of seminovos should blast for some more quarters. Not only in margin but also in depreciation which is going up slower given the price increases this year. The second question about the end of period fleet evolution: the difference between the purchase and sale balance and end-of-period fleets are related to the claims so is this related to that. So we have a higher exposure in the daily individual customers, so we have a higher risk in relation to fraud and claims, so that's why we increase the connectivity for fleet and I think we'll gain a lot with that in this specific segment but also in terms of the second half even with a quarter-over-quarter increase we had the car protection offered by the company and we've lowered that with our insurance partners that we had and that we manage protection in house and we believe that that's giving us a great potential in profitability as we're going to manage that internally.

**[Nora Lanari]** Next question is from Rodrigo Faria, Sul América. Good afternoon Rodrigo and Nora. With price raise in parts and maintenance overall you are discussing to do that more expensive maintenance in seminovos or not incurring that and having a lower price in seminovos given this good moment they're going into?

**[Rodrigo Tavares]** Well, having these costs is still worth it especially if this vehicle is going to an end-user and not a reseller. The seminovos where they use cards market is on a high right now and we can't deliver a car that's not worth it for them. So, it's worth it given that the demand in used cars is very heated at this time for consumers.

**[Nora Lanari]** Next question is from Marília Ônix. First the low sequential growth in terms of volume in fleet plus 4% was that given the limitation of fleet and if you can comment on **Localiza Meoo**. The second question is how have you seen the competition in RAC rates given the competition with new cars? Do you expect relevant increases for the upcoming quarters?

**[Nora Lanari]** Well, your first answer for your first question. We're talking about light commercial vehicles and automobiles; I don't know if you're talking about these special ones that are such a specific niche that we do not operate them. We see an increase in volume and demands but especially an increase in the backlog so it is because of a fleet limitation we already have these orders, and we should receive them at the end of the third quarter and beginning of the fourth quarter. So, we imagine that growth will increase across the upcoming quarters and towards the end of the year. We're very optimistic not only with **Localiza Meoo** but also with normalized fleet management there's an important backlog there. So, the increase in new car prices could bring some customers to outsourcing. The second question: how have you seen the competition in RAC rates given the increase of new car prices do you expect of other relevant increases for that coming quarters? Well, Marília in that case we're going to stress the discipline in capital allocation again. We've been very careful and obviously in car purchases and in decommissioning and managing the kilometers available for customers and you can already see that the average rate has evolved in the last quarters on our side. Obviously, the segment is very competitive, and the company intends to absorb all the operating efficiencies in order to maintain the competitiveness level towards the market in maintain a strong level of growth moving forward as the delivery levels come back to stronger levels.

[Rodrigo Tavares] I'd like to add, Norah, it's not clear to me if she's asking about the new car prices increases or the rental price increases. If you're talking about a new car price increase, it's increased close to 30% since the beginning of the pandemic. There are still cost pressures that should be added to that, but there's a limit of course. So, we expect that new car prices will increase higher than inflation, but not historical levels than what we've seen in the past 12 months.

**[Nora Lanari]** And that Rodrigo does favor detail in seminovos in the used cars because it enables us to maintain higher margins until we sell the cars that were sold before the price increases.

**[Nora Lanari]** Bruno de Oliveira’s question. “Could you talk about the specific demands for fleet management clients for vehicle models? Do they want more SUVs? The second question is how Localiza handles the Fleet Management backlog.

[Nora Lanari] Well I'm going to split fleet management into two right. I'm going to call them traditional B2B, large companies that outsource their fleet, and also **Localiza Meoo** that's our subscription car product that would focus on SMEs and individuals. In the second one, yes, we see a demand for SUVs more executive like cars so that has been one of the demands for that new product line new segment that is in Fleet Management. So, it took a purchase for the company. It's a good sale for automakers and I'd say that the price is competitive for our customers. Specifically in fleet management we see demands consistent with the past. So SUVs is mainly connected to **Localiza Meoo** that's why I split the question into two and how Localiza handles the backlog. In Fleet Management we're very careful with our customers' perception and we want to start a relationship on the right foot. So, if we don't have an expectation to deliver we'd rather not sell, but we are trying to meet our customers’ expectations in the deliveries and we do have the issue with the automaker's in semiconductors. So, the backlog is growing we're being very transparent with the deliveries, and we believe will start to deliver more robust growth as of the fourth quarter and as some automakers will recover their production the ones that had a more significant down time this year.

**[Anna Branco]** To ask a question use the Q&A button on the bottom of your screen

**[Rodrigo Tavares]** Thank you everyone for your present. Our IR team is available for any further clarification. Have a great day.