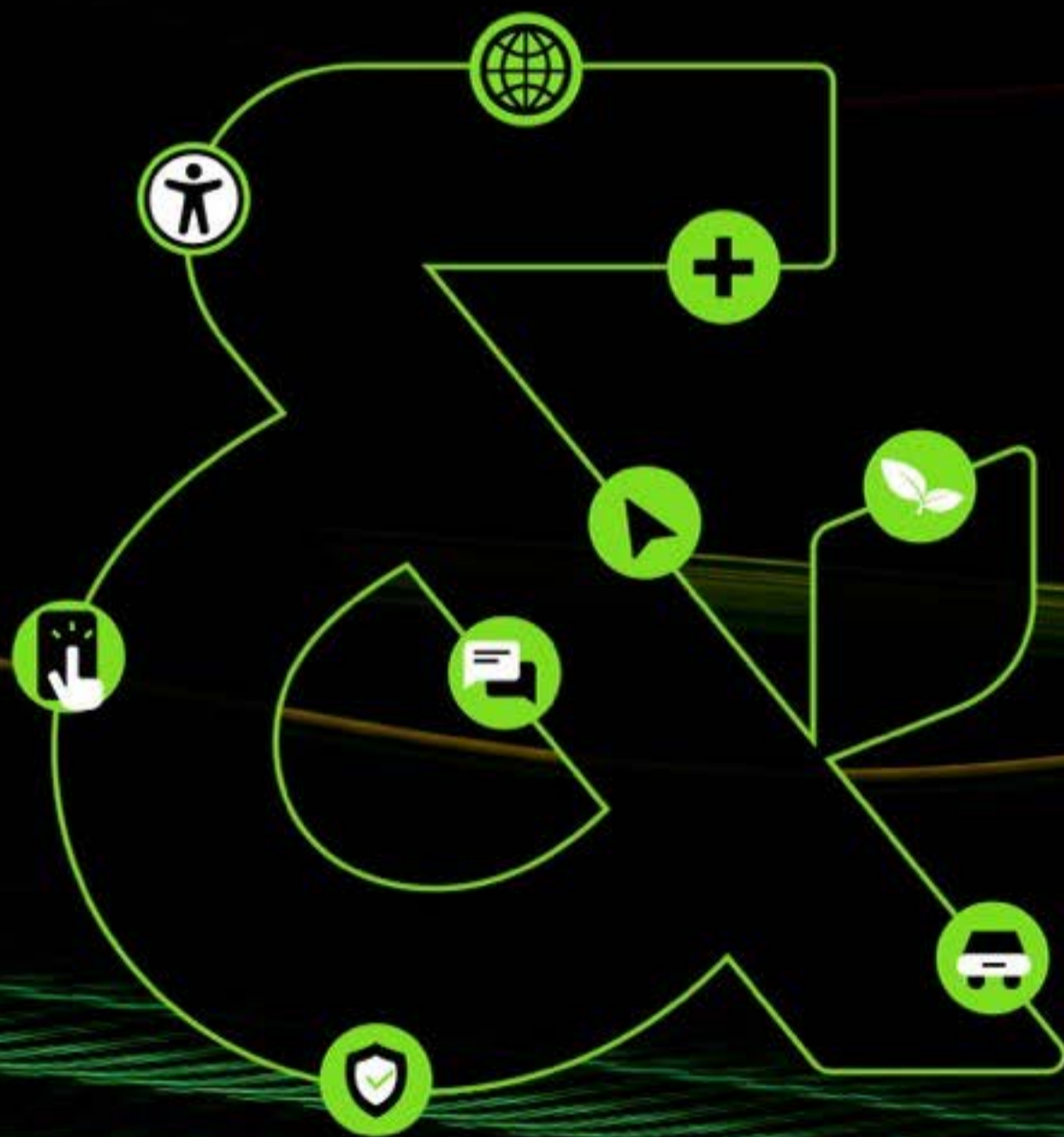


Financial Statements 2022



(A free translation of the original in Portuguese)

INDEX**Management report**

Message from the CEO	3
Macroeconomic scenario	6
Corporate values	6
The Company and business overview	7
Geographic distribution	8
COVID-19 pandemic	8
Corporate structure	9
Dividends and interest on equity	11
Analysis of consolidated financial statements	11
Taxation	18
Main awards received	18
Corporate governance	19
People management	25
Sustainability	26

Financial statements

Independent auditor's report on the individual and consolidated Financial Statements	30
Balance sheet – assets	38
Balance sheet – liabilities and equity	39
Statement of Income	40
Statement of comprehensive income	41
Statement of changes in equity	42
Statement of cash flows	43
Statement of value added	45
Notes to the financial statements:	
Operations	46
Basis of preparation, presentation of financial statements and summary of significant accounting policies	47
Recently issued accounting standards and interpretations	49
Financial instruments and risk management	51
Cash and cash equivalents	63
Financial Investments	63
Trade receivables	63
Recoverable taxes and other current and non-current assets	65
Investments	66
Related party transactions	72
Property and equipment and decommissioned cars for fleet renewal	74
Intangible assets	78
Trade payables	80
Payroll and related taxes	81
Assignment of credit rights	81
Borrowings and debt securities	81
Right-of-use lease liability	91
Other current and non-current liabilities	92

Provision for risks and escrow deposits	92
Taxes on income – Income tax and social contribution	97
Equity	100
Earnings per share	109
Segment information	110
Net revenue	112
Nature of operating costs and expenses	113
Financial income (expenses)	115
Supplementary pension plan	115
Supplementary information on cash flow	116
Subsequent event	116

Other information

Management’s statement on the financial statements	118
Management’s statement on the independent auditor’s report	119
Fiscal council’s report	120
Report of the meeting of the audit, risk and compliance management committee	121
Comments on the performance of business projections	122
Major 2022 corporate highlights	123

1 - MESSAGE FROM THE CEO

To our stakeholders

In 2022, we took big steps towards our purpose of building a future of sustainable mobility. The results achieved in the year, as a result of our long-term vision and efficient capital allocation, reinforce our DNA of growth with the creation of value and customer enchantment.

Continuing our transformation journey, we are ever better prepared to fly higher now that we have completed our merger with Locamerica. We managed carve out, in a mere three months (starting a company with qualified professionals, functional systems, 49,000 cars and 200 agencies) then this company and generating income for our shareholders.

Following the robust planning led by our Integration Office, we concluded with agility and excellence the integration of the teams, car rental agencies, Seminovos stores, sales and administrative teams; we continue advancing in the integration of systems, capture of synergies and goals for organizational culture and engagement. In addition, we made the accounting practices consistent with the necessary reclassifications. We are still moving forward with the integration, but believe that this business combination places Localiza&Co in a privileged competitive position, leveraging greater scale and being ideally positioned to capture profitable growth opportunities.

The combination was an opportunity to reassess our business portfolio in order to rationalize and optimize the allocation of capital and the use of resources, focusing on initiatives aligned with our strategy of growth with value creation. We launched Localiza+, with solutions aimed at those who own a car, such as overhaul and maintenance, which already has over 15,000 customers. We also prioritized the leasing of Heavy Vehicles, a new avenue with high growth potential, leveraging the Company's skills, know-how and customers.

In this vain, we decided to discontinue the buying and selling of used cars, through Acelero and Willz, taking advantage of technology and learning, but reducing investments and increasing our focus.

We have a world-class leadership team prepared for the challenges of our business, as well as an operational structure, technology park and portfolio of solutions built enabling us to delight our customers, with our innovation and leadership. Our team's engagement is reflected by having achieved the 4th place in the GPTW (Great Place to Work) and in the Company's climate, which reached P90, a select group of companies evaluated by the consultancy firm Korn Ferry as being high favorable. Our passion was also rewarded by our customers with the NPS Awards and Reclame Aqui awards, in the Car Rental, Seminovos and Subscription Car categories.

From an operational point of view, 1H22 saw low levels of production and direct sales of new cars. As of 2H22, there was a shift in the forces of supply, which allowed us to accelerate car purchases again, enabling the start of the fleet renewal process and the resumption of growth in car rental and sales volumes. With a favorable environment for car purchases, we negotiated volumes for 2023 under conditions and mix with estimated ROIC spread within our profitability targets. We placed early orders for a number of cars to 4Q22, with the purchase of 97 thousand vehicles, preserving the long-term partnership with automakers.

In 2022, the Car Rental division delivered proforma net revenue of BRL 7.4 billion, a growth of 28.2% compared to the previous year, even with the impact of the sale of 49 thousand cars as part of the carve-out in 4Q22. The Fleet Rental division accelerated the pace of growth in the leased fleet, generating proforma net revenue of BRL 4.4 billion, 48% higher than in 2021. With a greater entry of cars from the second half, Seminovos accelerated sales volume, reaching 141.2 thousand cars and net revenue of BRL 9.7 billion, 14.1% higher when compared to 2021 revenue. With the robust purchase of cars in 2H22, the net debt/EBITDA ratio reached 3.2x and should reduce as these investments begin to mature. The closing ROIC-spread was 6.7 percentage points, reflecting the Company's ability to generate value.

Vision for the Future

We are building our future based on a very clear strategic path: 1) accelerated growth with value creation in our core business; 2) transforming the customer experience; 3) and selective investments in associated businesses. We will achieve these goals with a high-performance team and a solid culture, investing ever more in innovation and technology, expanding our competitive edge. We also use our brand as a form of propulsion having gone through a recent rebranding to communicate in a clearer and more modern way the portfolio of solutions we offer our customers. We also launched our corporate brand, Localiza&Co, to improve our communication with our stakeholders, such as employees, investors and partners.

We are well on our way to completing the integration process and capturing synergies from the business combination. Our team remains focused on leveraging market opportunities, in an environment we believe to be challenging but at the same time very favorable for the Company's growth. We are supported by a strong culture, with values practiced by all our employees on a daily basis, which gives us the strength to build an increasingly cohesive and efficient Company.

In 2023, we have several value creation levers in place to offset the effects of the normalization of the Seminovos margins, the higher depreciation and the high interest rate environment with lower economic growth.

The former refers to investment in the fleet: For 2023, we managed to purchase cars with better commercial and mix conditions, which will allow the renewal of the fleet and consequent reduction in maintenance costs. In addition, we will begin to capture synergies from the combination of businesses for costs and expenses, as well as several efficiency and productivity initiatives, including advances in processes associated with telemetry. Finally, we have the opportunity to generate additional revenues from mix and segment management, in addition to the new solutions developed by the Company such as subscription car, rental for app drivers (Zarp Localiza) and Localiza+, among others.

These levers, adding to our diligence and discipline in the allocation of capital, will help us to keep the ROIC-spread in line with the objectives of value creation as outlined by Management. Consistently re-establishing and sustaining a level of return that generates EVA in an environment of high interest rates will not only allow for the continuation of the Company's transformation process, but will also enable investments in skills to expand our competitive advantages.

However, our value creation exceeds our operating and financial results. We have influenced and carried out several sustainability initiatives to contribute to the transformation of society and the environment. On our decarbonization journey, we published our greenhouse gas (GHG) inventory for the fourth time, covering Scope 3, being recognized with the Gold seal of the GHG Protocol. We have also fuel all our flex-fuel cars with ethanol and have changed internal policies encouraging our employees to do the same. In order to mitigate emissions from vehicles used by our customers, in 2022 we launched Neutraliza, an initiative that allows them to offset the emissions from the rental. We have also surpassed by 53% the renewable energy coverage index across the Company in 2022, advancing more than 12 p.p. compared to 2021.

We joined the "Abasteça Consciente" program, which motivates society to use ethanol in its vehicles, in partnership with other companies such as Volkswagen and Bosch. We sealed another very important partnership with Mobilize, Raízen, Uber and other companies in a program offering over 100 electric vehicles to our customers who drive Zarp Localiza apps.

In addition to the notable impact of Instituto Localiza on the lives of thousands of young people, we had other considerable gains in the social dimension arena. The Diversity and Inclusion Program achieved the highest score in the Equidade BR survey, conducted by the Human Rights Campaign, attesting that Localiza&Co is a great place for the LGBTI+ public to work. We also made significant progress on other fronts of the initiative, such as the launch of career acceleration programs for women, ELLas; and of Black and brown people, Pluraliza. These advances were recognized by Exame as Best of ESG; by Institutional Investor as Best Company in ESG; and by Sustainability on the "Top-Rated ESG Companies List".

We believe that 2022 was a historic year for Localiza&Co. We completed a business combination (still in the integration phase) that positions us as one of the largest and most complete mobility platforms in the world; we continued to grow through value generation providing high levels of return to our shareholders, despite a challenging market. Looking forward our ESG agenda will leave a legacy for future generations. In the coming years, we will reap the rewards of this year's investments and continue our journey of transformation, supported by our vision of a future, with great attention to care, discipline in capital allocation, and the passion of our customers.

Bruno Lasansky - CEO

2 - MACROECONOMIC CONDITIONS

The year of 2022 was marked by a gradual process of accommodation in the level of demand and reorganization of supply chains, which, although not yet fully reestablished, has already contributed substantially to the increase in our car purchase levels. As a result, throughout the year, Localiza has been able to resume the fleet renewal and growth process.

Regarding the macroeconomic aspect and political environment of the country, we saw an increase in uncertainties throughout the year on the part of companies and consumers, greatly influenced by a polarized election and low visibility on the fiscal perspectives, as well as by a global context of deceleration of the economic pace. This environment resulted in an increase in the country risk premium, which, combined with higher inflation, substantially raised the future yield curve. Despite this context, on the car and fleet rental side, we observed less impact and we were able to grow volume with price transfers necessary to readjust the level of return in a context of higher cost of capital. We attribute this resilience to the low penetration and attractiveness of rental versus vehicle ownership, which is leveraged in a context of high car prices, cost of capital and limited credit. This credit restriction also impacts the sale of vehicles, as it reflects in the contraction of the consumer's purchasing capacity. Despite this, we observed an increase in used car sales volumes throughout the year, due to the robustness of our network, the team's execution capacity and the effects of trade-down (new car customers migrating to used cars).

In this context of higher cost of capital, in addition to carrying out the necessary price transfers to readjust return levels, we were disciplined in capital allocation and cautious in cash and debt management. We maintained healthy leverage and liquidity indicators, carrying out active debt management in terms of duration and cost, with maintenance of the AAA rating by the main rating agencies. In addition, the Company still maintains its policy of protection via swaps of the interest risk associated with its long-term contracts in Fleet Rental, with the objective of protecting the expected profitability of these contracts, mitigating a risk that could be structural for the Company in times of high interest rate volatility. We understand that this cautious management of the capital structure left the Company prepared for the integration process with Locamerica and for the growth opportunities of the next cycle.


3 - CORPORATE PURPOSE AND VALUES

Localiza's values are based on three pillars: "The client are our passion", "People that inspire and transform" and "Extraordinary results drive us". Our work guided by trust and ethics directs us to become an admirable company.


Values we share



Client
are our **passion**



People
that **inspire and transform**



Extraordinary results
drive us

Attitudes that make this integration possible

Humbleness

We are curious, ask questions and are always learning

Trust

We work with transparency, empathy and open-mindedness

Collaboration

We built together with simplicity, combining what is best in everyone, having fun along the way

We are ethical in all our relations

Localiza&co

4 - OUR COMPANY AND AN OVERVIEW OF OUR BUSINESS

Founded in 1973 in Belo Horizonte, Minas Gerais, Localiza is a Brazilian corporation, publicly traded since May 2005, listed in the Novo Mercado of B3 S.A. – Brazil, Bolsa, Balcão (“B3”), the highest corporate governance level in the Brazilian capital market, being traded under the ticker symbol RENT3.

The core activities of Localiza and its subsidiaries are Car Rental and Fleet Rental, as described below:

Car Rental: Division responsible for renting cars, in agencies located in and outside airports, and for stipulating insurance and handling car claims for insurers. Rentals are contracted by legal entities and individuals, and in some cases through distribution channels. As a result of the need to renew the fleet, Localiza sells the decommissioned cars after 12 months of use. To reduce intermediation costs in the sale of decommissioned cars, around half of the cars are sold directly to final consumers. This way, the Company maximizes the recoverable amount of these assets, reducing the depreciation of cars and the net investment for fleet renewal, as the selling expense of the Company’s own stores is smaller than the discount required by resellers, as well as avoids full dependence on third parties for the sales.

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

Fleet Rental: Division responsible for managing fleets and long-term rentals, generally from 24 to 72 months, for individuals and companies. Localiza Meo offers a long-term subscription car solution, aimed at individuals and small and medium-sized companies. This Platform offers solutions for heavy vehicles, mainly aimed at the transportation, industry, commerce and services sectors, with strong growth potential. This Division’s vehicles are purchased after signing contracts, in accordance with the needs and requests of its customers; therefore, the fleet is more diversified in terms of models and brands. Decommissioned cars and heavy vehicles, with an average of 36 and 60 months of use, respectively, are sold at the end of signed contracts, directly to final consumers or resellers.

Competitive Advantages:



Raising capital:



Acquisition of cars:



Car rentals and fleet rental:



Sale of decommissioned cars for fleet renewal:

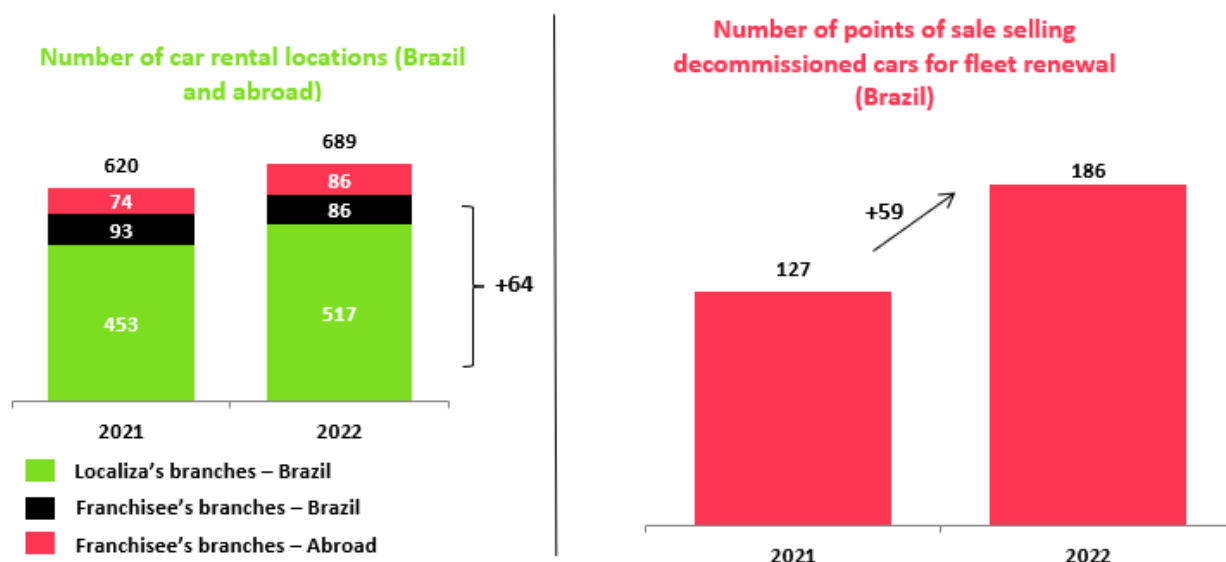


Innovation:

5 - GEOGRAPHIC DISTRIBUTION

Car rental and Fleet Rental businesses are highly pulverized. The Brazilian Association of Car Rental Companies – ABLA, in its 2022 Brazilian Yearbook of the Vehicle Rental Sector, indicates that there were about 13,903 vehicle rental companies, according to the Annual Social Information List (RAIS).

As of December 31, 2022, Localiza had 689 car rental agencies located in Brazil and in five other countries on the South American continent. The decommissioned owned vehicles are substantially sold to end consumers through 186 points of sale, located in 94 cities in Brazil.



6 - THE COVID-19 PANDEMIC

An effect of the COVID pandemic which started in 2020, and of geopolitical factors, such as the war in Ukraine has been a shortage of some supplies, notably semiconductors (chips). This affected the Brazilian automotive industry up to mid-2022, resulting in a reduction in the supply of new cars and an increase in prices. Another impact from the pandemic was an increase in inflation globally, including Brazil, and, as a response a rise in interest rates. The Company was largely affected by the limited purchase availability and higher prices, as well as by the increase in maintenance and costs of parts; the useful life of the fleet was adjusted.

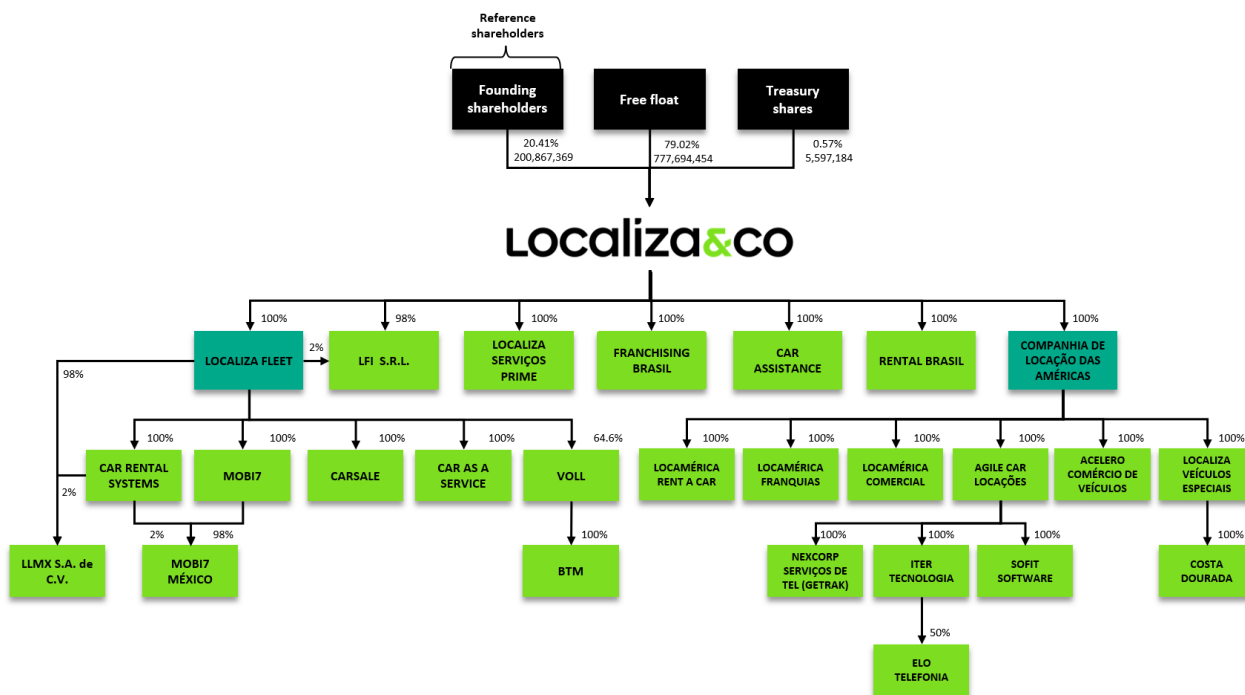
Since the end of the second quarter of 2022, vehicle production volume have gradual resumed, combined with the lower retail sale of new cars, this resulted in an increase in the volume of cars for direct sales, with a consequential improvement of the Company's car purchases. With the increase in the number of cars purchased, the Company began to gradually renew its fleet.

Management carried out analyses of the impacts of COVID-19 principally in 2021, notably impairment tests of non-current assets, expected credit losses on trade receivables, measurement of financial instruments, including derivative financial instruments, among others. The financial statements take into consideration the results of these analyses.

7 - OWNERSHIP STRUCTURE

According to the shareholding position on December 31, 2022, the organization chart of Plataforma Localiza is as follows:

Flowchart of 31/12/2022



Capital markets

In 2022, the average daily trading volume of RENT3 was BRL 420.1 million (BRL 365.0 million in 2021).

The Company participates in the Level I of the American Depositary Receipts (“ADR”) Program since its approval by CVM on May 22, 2012 and the beginning of trading on June 5, 2012. As of December 31, 2022, the Company’s position was 6,743,464 ADRs in the United States. Each ADR corresponds to 1 (one) Company’s share.

Investments in subsidiaries

The following chart shows the changes in Localiza investments in 2022:

	Localiza Fleet Consolidated	Locamerica Consolidated	Rental Brazil	Localiza Prime	Car Assistance	Franchising Brazil	LFI S.R.L.	Effect of the elimination of IFRS 16	Goodwill on acquisition of investments	Total
As of December 31, 2021	1,383.0	-	269.2	146.2	17.8	2.6	0.1	34.5	22.1	1,875.5
Acquisition of companies	-	4,247.9	-	-	-	-	-	-	-	4,247.9
Equity in earnings of investees	542.2	142.2	9.5	47.8	10.8	4.1	-	11.2	-	767.8
Capital increase (reduction)	100.0	1,900.0	(150.0)	100.0	-	-	-	-	-	1,750.0
Dividends from subsidiaries	(128.8)	(1,025.0)	(17.2)	(38.7)	(20.2)	3.1	-	-	-	(1,233.0)
Long-term incentive option plan - subsidiaries	-	4.4	-	-	-	-	-	-	-	4.4
Cash flow hedge from subsidiaries	11.3	(20.3)	-	-	-	-	-	-	-	(9.0)
Cumulative translation adjustment - investees abroad	(0.5)	-	-	-	-	-	-	-	-	(0.5)
Total investments in subsidiaries	1,907.2	5,249.2	111.5	55.3	8.4	3.6	0.1	45.7	22.1	7,403.1
Fair value increment on acquisition of investments	-	-	-	-	-	-	-	-	8,204.4	8,204.4
Fair value increment on property and equipment	-	434.1	-	-	-	-	-	-	-	434.1
Fair value increment on intangible assets	-	124.3	-	-	-	-	-	-	-	124.3
Fair value increment on assets held for sale	-	193.2	-	-	-	-	-	-	-	193.2
Fair value increment on contingencies	-	(389.1)	-	-	-	-	-	-	-	(389.1)
Realization of fair value increment on property and equipment	-	(213.0)	-	-	-	-	-	-	-	(213.0)
Realization of fair value increment on intangible assets	-	(16.0)	-	-	-	-	-	-	-	(16.0)
Realization of fair value increment on assets held for sale	-	(193.2)	-	-	-	-	-	-	-	(193.2)
Realization of fair value increment on contingencies	-	39.9	-	-	-	-	-	-	-	39.9
As of December 31, 2020	1,907.2	5,229.4	111.5	55.3	8.4	3.6	0.1	45.7	8,226.5	15,587.7
Non-controlling interest	11.4	-	-	-	-	-	-	-	-	11.4

Business Combination of Localiza and Locamerica

Pursuant to the Material Fact notice of September 22, 2020, Localiza and Companhia De Locação Das Américas (“Locamerica” and, jointly with Localiza, the “Companies”) entered into a Share Merger Agreement, setting the terms and conditions to implement the business combination of the Companies, through the merger of shares of Locamerica by Localiza (“Merger of Shares” or “Transaction”).

The completion of the Merger of Shares was approved by the Administrative Council for Economic Defense (“CADE”), as well as the completion of other conditions precedent typical for such operations.

The Merger of Shares Agreement entered into between Localiza and Locamerica became effective on July 1, 2022, upon consummation of the Merger of Shares by Localiza, pursuant to the terms of the Merger of Shares Agreement, as per the Material Fact notice disclosed on the same date.

8 - DIVIDENDS AND INTEREST ON EQUITY

The Company holds a General Shareholders' Meeting by the 30 of April each year, when an annual dividend may be declared. However, interim dividends may be declared by the Board of Directors “ad referendum” of the Shareholders' Meeting.

Paragraph 3 of article 26 of Localiza’s Bylaws determines that at least 25% of adjusted net income be distributed as mandatory dividend.

Interest on equity and dividends were calculated as follows:

	2022	2021
Net income for the year	1,844.3	2,043.7
Legal reserve (5%)	(92.2)	(102.2)
Net income for the year, basis for dividend proposition	1,752.1	1,941.5
Minimum dividends (25%)	438.0	485.4
Proposed/distributed dividends and interest on equity:		
Distributed interest on equity:	946.5	315.4
Withholding income tax on interest on equity	(115.0)	(36.2)
Distributed interest on equity, net	831.5	279.2
Mandatory minimum dividend	-	206.2
Total	831.5	485.4
Percentage on net income for the year, less legal reserve	47.5%	25.0%
Dividends and interest on gross equity per share, net of treasury shares at the end of the year (in BRL)	BRL 0.97	BRL 0.69

On December 31, 2022, Management proposed, for the approval of the Annual General Meeting, the non-payment of additional dividends to shareholders, as the amount distributed through interest on equity in 2022 exceeds the minimum mandatory dividend of 25% on base net income for dividend proposal.

The Annual Shareholders' Meeting, held on April 26, 2022, approved the payment of dividends complementing the mandatory minimum dividend already paid to shareholders in the amount of BRL 206.2 million.

9 - ANALYSIS OF THE CONSOLIDATED FINANCIAL STATEMENTS

INCOME OR LOSS

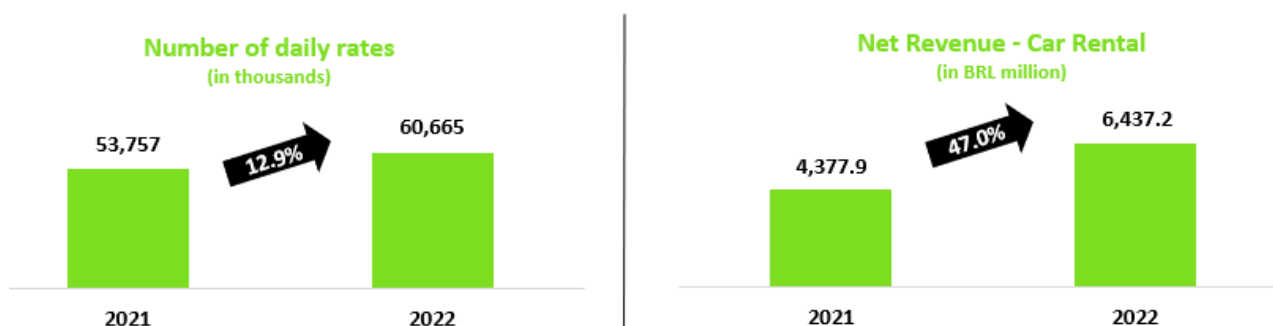
	2022		2021		Variation
	In BRL million	Net revenues %	In BRL million	Net revenues %	%
Net revenues:					
Car rent	12,498.7	70.3	8,803.5	80.8	42.0

Fleet Rental	5,284.9	29.7	2,097.8	19.2	151.9
Total net revenues	17,783.6	100.0	10,901.3	100.0	63.1
Total costs	(11,135.5)	(62.6)	(6,202.6)	(56.9)	79.5
Gross profit	6,648.1	37.4	4,698.7	43.1	41.5
Operating expenses:					
From sales	(1,292.5)	(7.3)	(1,084.1)	(9.9)	19.2
General, administrative and other expenses	(826.2)	(4.6)	(390.6)	(3.6)	111.5
Total operating expenses	(2,118.7)	(11.9)	(1,474.7)	(13.5)	43.7
Earnings before financial expenses	4,529.4	25.5	3,224.0	29.6	40.5
Net financial expenses	(2,110.5)	(11.9)	(320.9)	(2.9)	557.7
Profit before income tax and social contribution	2,418.9	13.6	2,903.1	26.7	(16.7)
Income tax and social contribution	(577.7)	(3.2)	(859.4)	(7.9)	(32.8)
Net income for the year	1,841.2	10.4	2,043.7	18.8	(9.9)

Net revenues: Consolidated net revenues increased 63.1% in 2022 compared to 2021 due to the 151.9% growth in Fleet Rental revenues and 42.0% in Car Rental coming mainly from the business combination with Locamerica. The main factors that contributed to the growth in net revenues were the following:

Car Rental: See below the car rental highlights for 2022 compared to 2021:

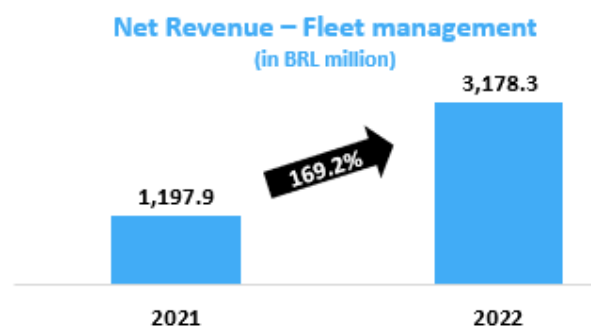
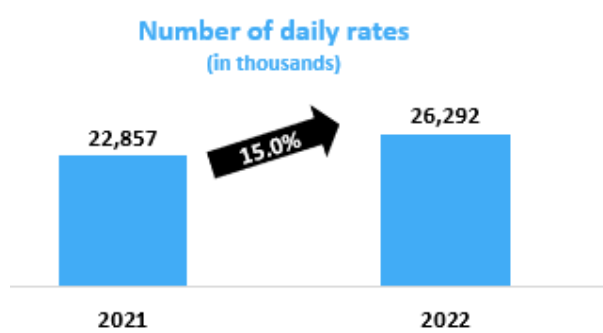
(i) Rental: a 47% increase in Car Rental revenues, which went from BRL 4,377.9 million in 2021 to BRL 6,437.2 million in 2022, due to the 12.9% increase in the volume of rental days. This scenario reflects the strong performance of the segment, regardless of the restrictions and difficulties faced by the industry during the year, highlighting the positive growth coming from the business combination; and



(ii) Seminovos: a 37.5% increase in net revenues from sales of decommissioned vehicles for fleet renewal, which went from BRL 4,408.1 million in 2021 to BRL 6,061.5 million in 2022. Even with a 1.7% reduction in the volume of vehicle decommissioning, the positive revenue was offset by a year of valuation of semi-new vehicles.

Fleet Rental Here are the highlights of 2022, compared to 2021, in Fleet Rental:

(i) Fleet Rental: Increase of 169.2% in net revenue from Fleet Rental, from BRL 1,197.9 million in 2021 to BRL 3,178.2 million in 2022, mainly due to the 15.0% growth in the volume of daily rates for this division, a positive effect arising from the business combination.

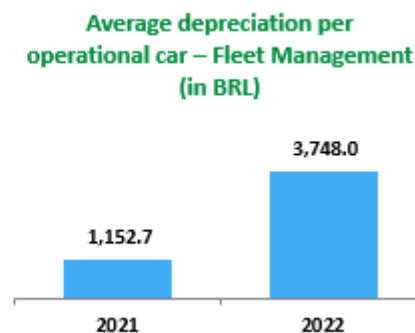
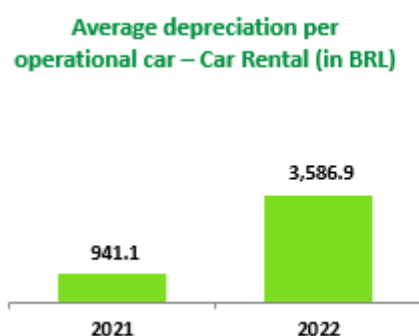


(ii) **Seminovos:** A significant increase of 134.1% in net revenue from sales of decommissioned vehicles for fleet renewal, which increased from BRL 900.0 million in 2021 to BRL 2,106.6 million in 2022, due to the 1.4% increase in volume of vehicles sold, in addition to the valuation of semi-new vehicles in the market.

Costs: The consolidated costs of the Company grew 79.5% in 2022 compared to 2021. With the percentage of consolidated net revenues, costs increased from 56.9% in 2021 to 62.6% in 2022.

The increase in costs in 2022 was due to:

- (i) Increase of 584.9% in depreciation costs, consistent with the entry of the new operational fleet during the business combination and new fleet renewal cycles;
- (ii) Increase of 65.1% in vehicle maintenance costs, impacted by a greater retention of the operational fleet in view of a market restricted to deliveries of new vehicles;
- (iii) Increase of 61.8% in the costs of third-party services, mainly related to the hiring of consultants and services required for the success of the business combination;



The average depreciation per car in 2022 in the Car Rental Division was BRL 3,586.9, an increase of 281.1% compared to the 2021 depreciation. In the Fleet Rental Division, the depreciation per car in 2022 was BRL 3,748.0, an increase of 225.1% compared to the depreciation of 2021.

Operating expenses: Operating expenses increased by 43.7% in 2022 compared to 2021, mainly due to: (i) the 412.4% increase in property rentals from car rental agencies and used car stores, given the expansion process with the business combination with Locamerica; (ii) growth in commission payments of around 70.6%; and (iii) hiring of a consultancy for the business combination process, bringing an increase in expenses with third-party services of 73.5%. As a percentage of consolidated net revenue, operating expenses decreased by 1.6 p.p., from 13.5% in 2021 to 11.9% in 2022.

Net financial expenses: Consolidated net financial expenses increased by 557.7% in 2022 compared to 2021, mainly due to: (i) the increase in debt arising from the business combination; and (ii) the increase in the Selic rate (the benchmark interest rate).

EBITDA and EBIT: The reconciliation of net income in millions of BRL with EBITDA and EBIT is as follows:

	2022	2021	Variation (%)
Net income	1,841.2	2,043.7	(9.9)
Net financial expenses:	2,110.5	320.9	557.7
Income tax and social contribution	577.7	859.4	(32.8)
EBIT	4,529.4	3,224.0	40.5
Depreciation of vehicles and others	2,063.6	473.5	335.8
EBITDA	6,593.0	3,697.5	78.3

BALANCE SHEET

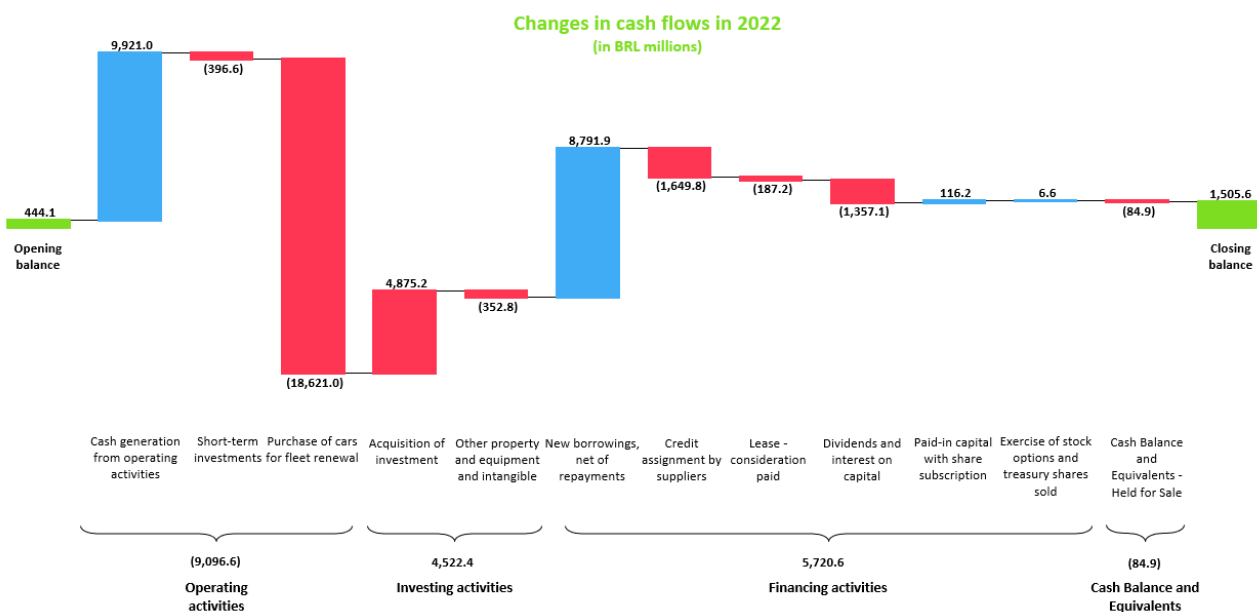
	12/31/2022		12/31/2021		Variation
	In BRL million	% of total assets	In BRL million	% of total assets	%
ASSETS					
Current Assets					
Cash and cash equivalents	1,505.6	2.3	444.0	1.8	239.1
Financial investments	4,053.8	6.2	4,565.4	18.0	(11.2)
Accounts Receivable	2,480.2	3.8	1,310.4	5.2	89.3
Decommissioned vehicles for fleet renewal	1,976.1	3.0	182.0	0.7	985.8
Other current assets	1,673.2	2.5	441.0	1.7	279.4
Total Current Assets	11,688.9	17.8	6,942.8	27.4	68.4
Current Assets					
Financial investments	926.9	1.4	3.0	-	30,796.7
Judicial deposits	220.6	0.3	121.8	0.5	81.1
Other non-current assets	1,030.6	1.6	807.6	3.2	27.6
Investments	35.0	0.1	-	-	100.0
Property and equipment	43,020.5	65.5	17,293.9	68.3	148.8
Intangible assets	8,734.1	13.3	143.0	0.6	6,007.8
Total non-current assets	53,967.7	82.2	18,369.3	72.6	193.8
Total Assets	65,656.6	100.0	25,312.1	100.0	159.4

	12/31/2022		12/31/2021		Variation
	In BRL million	Total liabilities	In BRL million	Total liabilities	%
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current Assets					
Suppliers	6,177.7	9.4	2,059.3	8.1	200.0
Social and labor obligations	333.7	0.5	276.1	1.1	20.9
Loans, financing, and debt securities	3,353.5	5.1	1,884.8	7.4	77.9
Dividends and interest on equity	320.4	0.5	288.8	1.1	10.9
Other current liabilities	1,051.5	1.6	475.5	2.0	121.1
Total current liabilities	11,236.8	17.1	4,984.5	19.7	125.4
Non-current liabilities					
Loans, financing, and debt securities	29,917.6	45.6	10,548.3	41.7	183.6
Deferred income and social contribution taxes	2,018.6	3.1	1,147.9	4.5	75.9
Other non-current liabilities	1,913.0	2.9	1,014.3	4.0	88.6
Total non-current liabilities	33,849.2	51.6	12,710.5	50.2	166.3
Owners' Equity	20,570.6	31.3	7,617.1	30.1	170.1
Total Liabilities and Owners' Equity	65,656.6	100.0	25,312.1	100.0	159.4

The analyzes of the main variations in the asset and liability accounts are described below:

Cash and cash equivalents and financial investments: Cash and cash equivalents and financial investments amounted to BRL 6,486.3 million on December 31, 2022, corresponding to 9.9% of total assets and showing an increase of 29.4% in relation to the balance of BRL 5,012.5 million as of December 31, 2021, which represented 19.8% of total assets in that year.

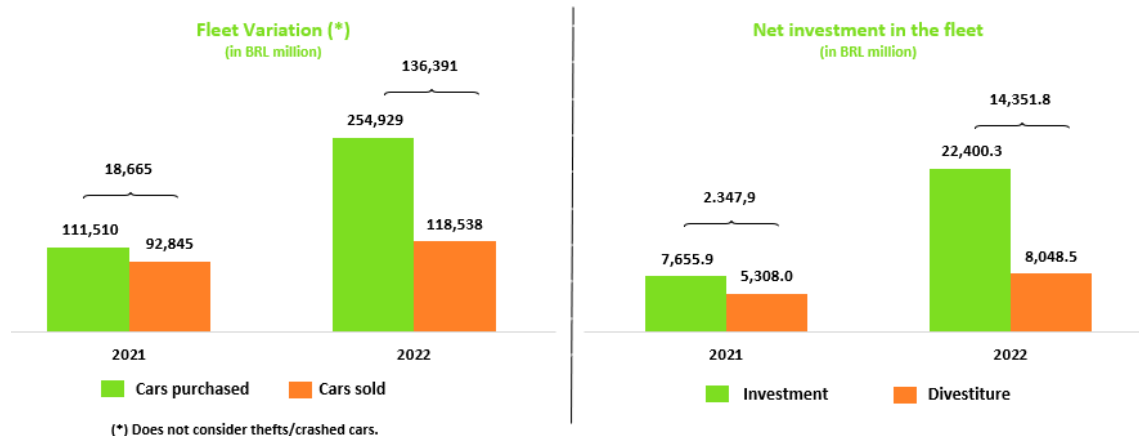
The Company's cash flow from operating, investing and financing activities is as follows:



Decommissioned vehicles for fleet renewal: Saw a 985.8% increase in the volume of vehicles decommissioned for fleet renewal, mainly due to the atypical effect in 2021 of the lack of fleet renewal with automakers, as a result the Company decommissioned fewer cars for its renovation. On the other hand, in 2022 we gradually resumed fleet renewal, which had already been dammed in previous years, in addition to the effect of the business combination.

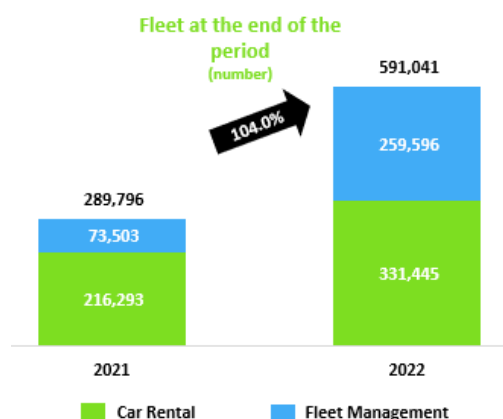
Other current and non-current assets: The 116.5% increase in the item other current and non-current assets, which went from BRL 1,248.6 million in 2021 to BRL 2,703.8 million in 2022, was mainly due to the increase of PIS and COFINS credits, levied on depreciation, due to the review of the tax useful life of certain vehicles in the fleet, carried out in the 2nd half of 2022, through technical reports issued by an entity duly qualified in light of the legislation. Additionally, this balance includes the amount of BRL 658.4 to be received for the disposal of investment (carve-out) that took place on October 1, 2022, as determined by CADE to carry out the business combination with Locamerica.

Property and Equipment - Vehicles:



The 148.8% increase in property and equipment is mainly related to the increase of 136,391 vehicles in the fleet in 2022 and a net investment of BRL 14,351.8 million, due to the completion of the business combination with Locamerica, as well as the purchase of new vehicles in the fiscal year.

Suppliers: The 200.0% increase in the supplier item, which went from BRL 2,059.3 million in 2021 to BRL 6,177.8 million in 2022, mainly refers to the 229.5% increase in the balance payable to automakers impacted by the 104.0% increase in the end-of-period fleet in 2022.

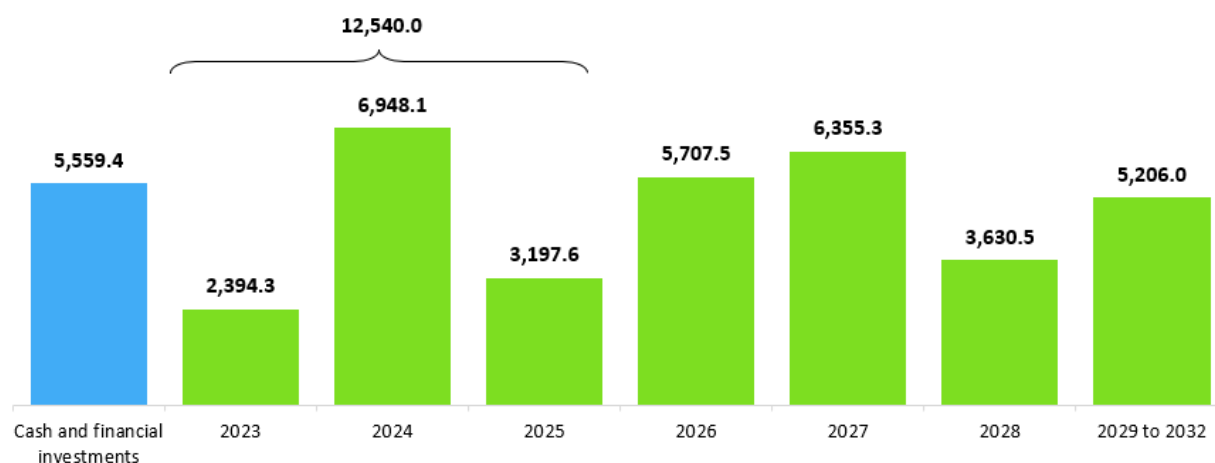


Loans, financing and debt securities: The 167.6% increase in this item is due to the main new acquisition of loans, financing and debt securities that took place in 2022, as shown below, and the incorporation of Locamerica's debt, due to the process of business combination:

Company	Issuance	Maturity Date	Financial Settlement
Localiza	19th issuance – 1st series	02/2027	1,250.00
Localiza	19th issuance – 2nd series	02/2029	1,250.00
Localiza	20th issuance (*)	06/2027	300.00
Localiza	21st issuance	07/2027	1,450.00
Localiza	22nd issuance	12/2028	2,450.00
Localiza	Commercial Notes - 1st Issuance (**)	03/2024	1,700.00
Locamerica	CRA 400	09/2028	167.2
Locamerica	CRA 400	09/2028	250.8
Localiza Fleet	10th issuance – 1st series	04/2027	725.0
Localiza Fleet	10th issuance – 2nd series	04/2028	725.0
Localiza Fleet	11th issuance – 2nd series	10/2027	1,000.0
Localiza Fleet	Funding in foreign currency	01/2024	284.5
			11,552.5

Management believes that the Company presents a comfortable debt profile, compatible with the business cycle and the macroeconomic environment.

Debt amortization profile as of 12/31/22 - Principal (BRL million)



Other current and non-current liabilities: The increase in other current liabilities of 121.1% was mainly influenced by a growth effect of the derivative financial instrument linked to the increase in interest rates, as well as the operation of assignment of credit rights carried out in 2022. Regarding the other non-current liabilities, the increase of 88.6% is mainly due to the higher provision for risks, resulting from the business combination and the long-term portion of the assignment of credit rights carried out in 2022.

Deferred income and social contribution taxes liabilities: Deferred income tax and social contribution liabilities increased by 75.9%, from BRL 1,147.9 million on December 31, 2021 to BRL 2,018.6 million on December 31, 2022, mainly due to the review of the useful tax life of fleet vehicles, accelerating tax depreciation and, consequently, generating deferred tax loss assets and a negative social contribution calculation base.

Shareholders' equity: On December 31, 2022, the Company held 984,159,007 shares, of which 5,597,184 were in treasury.

Repurchase of shares

During the years ended December 31, 2022 and 2021, the following share repurchase programs were in effect:

Share Repurchase Program	Approved by the Board of Directors	Deadline for repurchase	Maximum number authorized
12th	06/18/20	07/23/20 to 07/22/21	50,000,000
13th	06/24/21	07/23/21 to 07/22/22	50,000,000
14th	06/27/22	07/23/22 to 07/22/23	50,000,000

In the years ended December 31, 2022 and 2021, no shares issued by the Company were acquired.

The repurchase programs aim to maximize the generation of value for shareholders or liquidate the share purchase programs within the scope of the Company's long-term incentive plans.

Sales of treasury shares to those eligible under the Matching Program

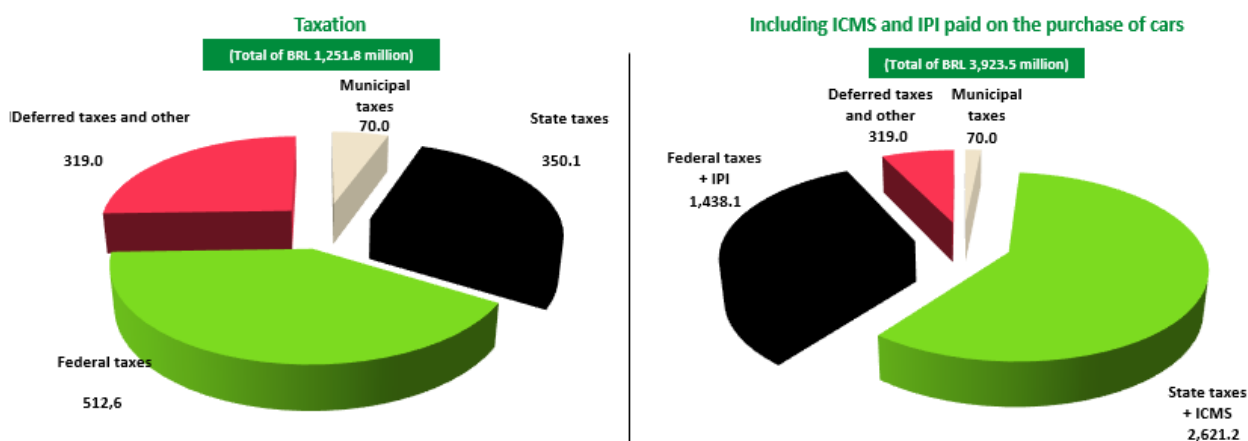
In 2022, 87,494 treasury shares were sold in the amount of BRL 2,175 (68,237 shares amounting to BRL 1,762 in 2021) to employees eligible to the 1st Stock Option Plan and Matching Shares, which was approved at the Extraordinary General Meeting held on July 12, 2017. The premium generated on the sale of these shares was BRL 2,457 in 2022 (BRL 2,614 in 2021).

Exercise of stock options with treasury shares

In 2022, 590,667 share options related to the Long-Term Incentive Programs were exercised, using treasury shares, in the amount of BRL 15.3 million.

10 - TAXATION

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



11 - MAJOR AWARDS RECEIVED

During 2022, the Company was granted several awards, and the highlights are:

Awards and recognitions	Category	Institution
25 Most Valuable Brazilian Brands	24th position	Interbrand
Most innovative companies in Brazil: Innovation Value Ranking	Top 5 most innovative companies in Brazil - Transportation and Logistics	Valor Econômico newspaper
Época 360º Yearbook	Outstanding in the Services sector	Época Negócios
Institutional Investor Ranking	Best CEO, CFO, IR Professional, IR Team, IR Program, ESG, Analyst Event and Crisis Management amid COVID-19	Institutional Investor
Reclame Aqui Award	Best service in the Car Rental, Car Dealership, and Subscription Vehicles categories	Reclame Aqui
Mobility Award	Best Rental Company and Best Subscription Vehicle Service	Estadão
Ecovadis Gold Seal	-	CSR Rating
Ranked 4th in Great Place to Work Greenhouse Gas Inventories	Brazil Ranking Gold Seal	Great Place to Work Brazil GHG Protocol Program
Best in ESG in Brazil	Transportation, Logistics, and Logistic Services	Exame
Amazing Places to Work	-	Uol and FIA
1st overall place in "The Best of Money"	-	IstoÉ Dinheiro
Best Mobility Solutions Leadership LATAM 2,022	-	CFI.co - Capital Finance International

The only one in the segment in The Most Valuable Brands in Brazil 2022	-	IstoÉ Dinheiro
One of the 100 Companies with the Greatest Corporate Reputation	-	Merco

12 - CORPORATE GOVERNANCE

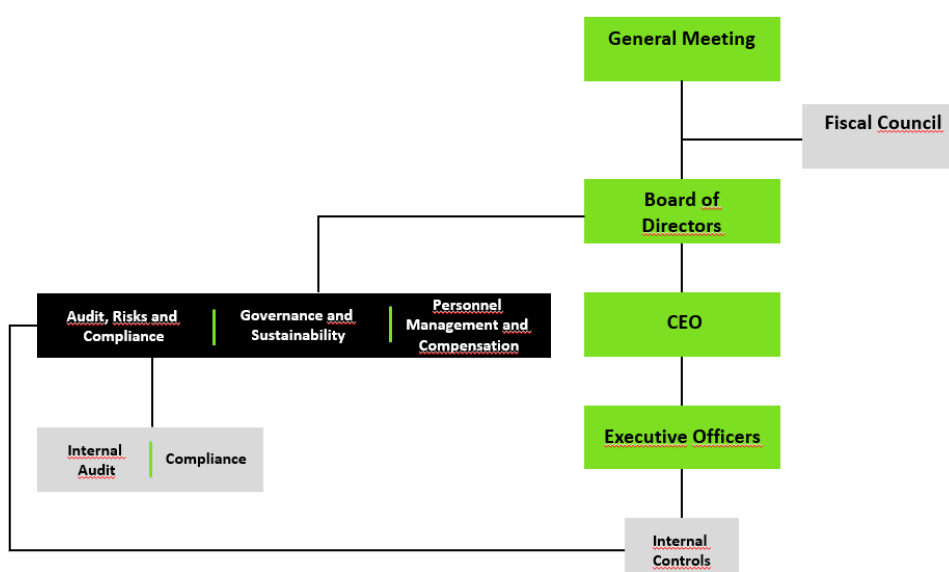
The Company seeks to implement the highest standard of corporate governance with regard to fairness, compliance, accountability and transparency, with the aim of adding value to shareholders and the market in general. Since going public, the Company has joined the Novo Mercado, B3's highest level of governance, granting 100% tag along rights to all its shares.

Arbitration Chamber: Pursuant to article 36 of its Bylaws, the Company, its shareholders, Managers and members of the Fiscal Council, effective and alternates, if any, are obliged to resolve, through arbitration, before the Chamber of Market Arbitration, in the form of its regulation, any dispute or controversy that may arise between them, related to or arising from their condition as issuer, shareholder, administrator and members of the Fiscal Council, in particular arising from the provisions contained in Law no. 6,385/76, Law 6,404/76, the Company's Bylaws, the rules issued by the National Monetary Council, the Central Bank of Brazil and the Securities and Exchange Commission, as well as other rules applicable to the functioning of the capital market in general, in addition to those contained in the Novo Mercado Rules, the other regulations of B3 and the Novo Mercado Participation Agreement.

ABRASCA Code of Self-Regulation and Good Practices: Localiza, in line with the best corporate governance practices, adheres to the ABRASCA Code of Self-Regulation and Good Practices for Listed Companies, adopting the Corporate Governance practices provided for in B3's Novo Mercado and seeks to meet the guidelines suggested by the Brazilian Institute of Corporate Governance ("IBGC").

Code of Conduct: Since 1995, the Company has adopted the Code of Conduct, intended for all Platform employees, regardless of their hierarchical position, members of the Board of Directors and other committees, partners, suppliers, third-party intermediaries and franchisees, in Brazil and abroad. Every employee, upon joining the Company, participates in training on the Code of Conduct and Training on the Anti-Bribery and Anti-Corruption Policy during their integration phase. All employees also take the Code of Conduct Refresher Training two years after the first training.

As of December 31, 2022, the governance structure of the Platform was:



Board of Directors: The Board of Directors of the Company is responsible for determining the guidelines and general policies for the Company's business, determining, supervising and monitoring the activities of the Directors, appointing independent auditors and implementing and supervising internal audits. On December 31, 2022, the Board of Directors, the Fiscal Council and the Executive Board were composed as shown below:

LOCALIZA RENT A CAR S.A. (parent company):

BOARD OF DIRECTORS		FISCAL COUNCIL	
Name	Position	Name	Position
Eugênio Pacelli Mattar	President	Antônio de Pádua Soares Policarpo	Chairman
Luis Fernando Memoria Porto	Vice President	Carla Alessandra Trematore	Sitting Member
Oscar de Paula Bernardes Neto	Independent member	Luiz Carlos Naninni	Sitting Member
Irlau Machado Filho	Independent member	Fernando Antônio Lopes Matoso	Deputy member
Maria Letícia de Freitas Costa	Independent member	Juliano Lima Pinheiro	Deputy member
Paulo Antunes Veras	Independent member	Pierre Carvalho Magalhães	Deputy member
Pedro de Godoy Bueno	Independent member		
Sérgio Augusto Guerra de Resende	Independent member		

STATUTORY BOARD	
Name	Position
Bruno Sebastian Lasansky	CEO
Rodrigo Tavares Gonçalves de Sousa	CFO and Investor Relations Officer
André Luiz Lopes Petenussi	Chief Technology Officer
Daniel Guerra Linhares	Chief People Officer
Elvio Lupo Neto	Chief Car Rental Officer
Flávio Mergener Salles	Chief Seminovos Officer
João Hilário De Ávila Valgas Filho	Chief Operating Officer
Suzana Fagundes Ribeiro de Oliveira	Chief Legal and Institutional Relations Officer

SUBSIDIARIES

LOCALIZA FLEET S.A.	
Name	Position
Eugênio Pacelli Mattar	Chairman of the Board of Directors
Bruno Sebastian Lasansky	Member of the Board of Directors and Chief Executive Officer
João Hilário De Ávila Valgas Filho	Member of the Board of Directors
Breno Davis Campolina	CEO
Rodrigo Tavares Gonçalves de Sousa	Financial and Investor Relations Officer

COMPANHIA DE LOCAÇÃO DAS AMÉRICAS	
Name	Position
Luis Fernando Memoria Porto	Chairman of the Board of Directors and Chief Executive Officer
Dirley Pingnatti Ricci	Vice-Chairman of the Board of Directors
Carlos Horácio Sarquis	Member of the Board of Directors
Breno Davis Campolina	Vice-President Director
Marco Túlio de Carvalho Oliveira	Financial and Investor Relations Officer
Rodrigo Tavares Gonçalves de Sousa	CEO

LOCAMERICA RENT A CAR S.A.	
Name	Position
Luis Fernando Memoria Porto	Chairman of the Board of Directors and Chief Executive Officer
Dirley Pingnatti Ricci	Vice-Chairman of the Board of Directors
Carlos Horácio Sarquis	Member of the Board of Directors and CEO
Breno Davis Campolina	Vice-President Director
Marco Túlio de Carvalho Oliveira	Financial and Investor Relations Officer

ACELERO COMÉRCIO DE VEÍCULOS S.A.

Name	Position
Luis Fernando Memoria Porto	Chief Executive Officer
Marco Túlio de Carvalho Oliveira	Chief Financial Officer
Wagner Dias da Silva	Director without a specific designation

AGILE GESTÃO DE FROTAS E SERVIÇOS S.A.

Name	Position
Luis Fernando Memoria Porto	Chief Executive Officer
Breno Davis Campolina	Vice-President Director
Marco Túlio de Carvalho Oliveira	Chief Financial Officer
Carlos Horácio Sarquis	CEO

CAR AS A SERVICE LTDA.

Name	Position
André Pessoa Barbosa	Administrator
Leonardo Mota Freire	Administrator

CAR ASSISTANCE SERVIÇOS DE ADMINISTRAÇÃO DE SINISTROS S.A.

Name	Position
Bruno Sebastian Lasansky	Chief Executive Officer
Rodrigo Tavares Gonçalves de Sousa	Chief Financial Officer
João Hilário De Ávila Valgas Filho	CEO

CAR RENTAL SYSTEMS S.A.

Name	Position
Bruno Sebastian Lasansky	Chief Executive Officer
Rodrigo Tavares Gonçalves de Sousa	Chief Financial Officer
Breno Davis Campolina	CEO

CARSALE TECNOLOGIA E COMERCIO DE VEICULOS LTDA.

Name	Position
Rodrigo Gomez Sanchez	Chief Executive Officer
Fernando Constantino Barcelini	CEO

COSTA DOURADA VEÍCULOS LTDA.

Name	Position
Paulo Emilio Pimentel Uzêda	Administrator
Breno Davis Campolina	Administrator
Luis Fernando Memória Porto	Administrator

ELO TELEFONIA, SISTEMAS E EQUIPAMENTOS DE COMUNICACAO S.A.

Name	Position
Juliano Nápoles Drumond	Chief Administrative Officer
Marco Túlio de Carvalho Oliveira	Chief Financial Officer
Daniel Machado dos Santos	Product Director
Igor Boaventura Goes Campos	Technical director

GESTÃO E OPERAÇÃO DE VIAGENS S.A.

Name	Position
Luciano Henrique Brandão de Miranda	Chief Executive Officer
Eduardo Campos Vasconcellos	Director without a specific designation
Jordana Souza	Director without a specific designation
Luiz Alberto Ribeiro de Moura Filho	Director without a specific designation
Lucas Machado de Oliveira	Director without a specific designation

ITER TECNOLOGIA S.A.

Name	Position
Marco Túlio de Carvalho Oliveira	Chief Executive Officer
Breno Davis Campolina	CEO

Bruno Sebastian Lasansky CEO
 Frederico Menegatti de Arruda CEO

LOCALIZA FRANCHISING BRASIL S.A.

Name	Position
Bruno Sebastian Lasansky	Chief Executive Officer
Rodrigo Tavares Gonçalves de Sousa	Chief Financial Officer
Elvio Lupo Neto	CEO

LOCALIZA SERVIÇOS PRIME S.A.

Name	Position
Bruno Sebastian Lasansky	Chief Executive Officer
Rodrigo Tavares Gonçalves de Sousa	Chief Financial Officer
Flávio Mergener Salles	CEO

LOCALIZA VEÍCULOS ESPECIAIS S.A.

Name	Position
Paulo Emilio Pimentel Uzêda	Chief Executive Officer
Breno Davis Campolina	Director without a specific designation
Luis Fernando Memória Porto	Director without a specific designation

LOCAMERICA COMERCIAL S.A.

Name	Position
Luis Fernando Memoria Porto	Chief Executive Officer
Carlos Horácio Sarquis	Vice-President Director
Marco Túlio de Carvalho Oliveira	Chief Financial Officer

LOCAMERICA FRANQUIAS S.A.

Name	Position
Luis Fernando Memoria Porto	Chief Executive Officer
Carlos Horácio Sarquis	Vice-President Director
Marco Túlio de Carvalho Oliveira	Chief Financial Officer

LLMX SOCIEDAD ANÓNIMA DE CAPITAL VARIABLE

Name	Position
Eugênio Pacelli Mattar	Chairman
João Hilário De Ávila Valgas Filho	Member
Bruno Sebastian Lasansky	Member

MOB17 TECNOLOGIA EM MOBILIDADE S.A.

Name	Position
João Hilário De Ávila Valgas Filho	Chief Executive Officer
Rodrigo Tavares Gonçalves de Sousa	Chief Financial Officer
Ricardo Ferreira Novo	CEO

MOB17 SOCIEDAD ANÓNIMA DE CAPITAL VARIABLE

Name	Position
Carlos Horácio Sarquis	Chairman of the Board of Directors
Rodrigo Tavares Gonçalves de Sousa	Member of the Board of Directors
Dirley Pingnatti Ricci	Member of the Board of Directors
Vinícius Costa Ferreira	Managing Director
Ricardo Ferreira Novo	General Manager
Juliana Chrispin Gavinel	Commissioner

NEXCORP SERVIÇOS E TELECOMUNICAÇÕES S.A.

Name	Position
Frederico Menegatti de Arruda	CEO
André Saliba Nazar	Commercial Director
Marco Túlio de Carvalho Oliveira	Chief Financial Officer

Daniel Machado dos Santos Director without a specific designation

RENTAL BRASIL ADMINISTRAÇÃO E PARTICIPAÇÃO S.A.

Name	Position
Bruno Sebastian Lasansky	Chief Executive Officer
Rodrigo Tavares Gonçalves de Sousa	Chief Financial Officer
João Hilário De Ávila Valgas Filho	CEO

SOFIT SOFTWARE S.A.

Name	Position
Breno Davis Campolina	Chief Executive Officer
Rodrigo Tavares Gonçalves de Sousa	Chief Financial Officer
Giovani da Silva Amaral	CEO

VOLL SOLUÇÕES EM MOBILIDADE CORPORATIVA S.A.

Name	Position
Elvio Lupo Neto	Member of the Board of Directors
Rodrigo Tavares Gonçalves de Sousa	Member of the Board of Directors
Bruno Barros Marroig	Member of the Board of Directors
André Luiz Lopes Petenucci	Member of the Board of Directors
Eduardo Campos Vasconcellos	Member of the Board of Directors and; Director without specific designation
Luciano Henrique Brandão de Miranda	Chairman of the Board of Directors and Chief Executive Officer
Luiz Alberto Ribeiro de Moura Filho	Director without a specific designation
Jordana Souza	Director without a specific designation
Lucas Machado de Oliveira	Director without a specific designation

The Board of Directors of the Company (parent company) established the following advisory committees, made up mostly of advisors, with independent coordinators:

(i) Audit, Risks, and Compliance Committee: Composed of three independent members, the Audit, Risks and Compliance Committee is responsible for overseeing the work of the independent auditor, assessing options, evaluating the audit performance, receiving opinions and reports financial statements, assessing the accounting principles used and the design and effectiveness of the internal control structure.

(ii) People and Compensation Committee: The People and Compensation Committee is responsible for proposing to the Board of Directors the compensation policies, performance evaluation, profit sharing program and stock option program, in addition to the general policies for people management. The People Committee is composed of three members, two of whom are independent.

(iii) Governance and Sustainability Committee: Composed of three members, the Governance and Sustainability Committee is responsible for actively participating in the construction and development of the Succession Program for the Board of Directors and the Chief Executive Officer, periodically monitoring its evolution. In addition, it outlines the guidelines and indicators of ESG goals (environmental, social and governance) and monitors them, determining the most relevant topics considering the impacts on the business, so we can define the most important initiatives that will allow us to continue advancing consistently and strategically in our sustainability actions.

Additionally, the Company has the Integrity, Sustainability and Disclosure Committees, composed of directors and employees of the Company. The first two report to the Chief Executive Officer and the last to the Finance and Investor Relations Officer.

Internal controls area: The Internal Controls area reports hierarchically to the Finance and Investor Relations Director, and periodically reports to the Audit, Risks and Compliance Committee.

The process review plan led by the Internal Controls area is approved annually by the Audit, Risks and Compliance Committee, with periodic reports to the committee on the results achieved.

Internal Audit: The Company has an Internal Audit area with a dual reporting structure, where hierarchical reporting is made to the Legal Executive Board and functional reporting is made to the Audit, Risks and Compliance Committee.

As part of the Internal Audit activities, audits of the Company's processes are carried out with a view to assessing the efficiency and effectiveness of internal controls. Any weaknesses identified generate action plans for implementation by the responsible areas, which are periodically monitored for compliance.

Additionally, inventories of the entire fleet are carried out at car rental agencies and used car stores, assessing compliance with the branches' internal operating rules and procedures. Any identified non-conformities are reported for handling by the responsible board.

Compliance: Its main attributions are: (a) coordinate the stages of the Corruption and Bribery Risk management process; (b) support and guide the implementation of the rules, policies and procedures of the Anti-Corruption and Anti-Bribery Management System; (c) perform due diligence on suppliers and business partners; (d) track and monitor additional actions resulting from business continuity decisions for business partners whose Integrity due diligence result raised any point of attention; (e) carry out continuous improvement of the Anti-Bribery and Anti-Corruption Management System, ensuring compliance with the requirements established in the ABNT NBR ISO 37001 Standard; (f) execute and report to Management the main points and any violations of the Code of Conduct, Anti-Bribery and Anti-Corruption Policy and other policies and procedures related to the Integrity Program; (g) make the Communication Plan and Training Plan related to the Policies and Procedures of the Anti-Bribery and Anti-Corruption Management System; (h) promote and support process improvements and develop actions to improve the Integrity Program, also based on the results of investigations of reports in the Confidential Channel; (i) management of the Company's reporting channel; and (j) support and guide the implementation of the rules, policies and procedures for compliance with the Program for the Prevention of Money Laundering and Financing of Terrorism, in line with the applicable laws.

Localiza's Compliance area has a dual reporting structure, where administrative reporting is carried out to the Legal Board and functional reporting to the Audit, Risks and Compliance Committee.

The Company has an outsourced whistleblowing channel with the aim of receiving reports, anonymously or identified (voluntarily), of unethical and/or illegal situations that occurred in the companies on the Platform. The whistleblowing channel can be used by the entire Localiza team and other stakeholders related to the Company.

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

The reporting channel can be accessed by the telephone numbers 0800 979 2055, for calls originating in Brazil, and +55 (11) 3232 0786, for calls originating abroad; through the website: www.canalconfidencial.com.br/localiza; and by email: local@canalconfidencial.com.br.

Relationship with Independent Auditors: To ensure that extra-audit services are not contracted that could compromise the independence of its auditors, the Company has a normative document on Contracting Extra-Audit Services, reviewed and monitored by the Audit, Risks and Compliance Committee.

PricewaterhouseCoopers Auditores Independentes Ltda., responsible for auditing the Company's Individual and Consolidated financial statements, as well as reporting on the reasonable assurance of the pro forma consolidated statements of income, nonaudit billed fees for the year 2022 of BRL 505,000, being approximately 35.9% of total audit services fees. The auditors believe that these services did not cause a loss of independence related to the audit work.

13 - PEOPLE MANAGEMENT

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

Benefits and development: Localiza has always been dedicated to sustainable Human Resources practices, through the care and well-being of its employees, relevant diversity and inclusion actions and investment in training its entire staff. Promotions, internal use of employees and professional development are Localiza's values. In 2022, 2,027 employees were promoted, 1,130 were recognized by the Company's merit program and approximately BRL 9.176 million were invested in training.

With the objective of contributing to the attraction and retention of talents, salary studies are carried out periodically to assess the competitiveness of the remuneration in relation to the market and to update the policies that involve this issue.

Health, dental, life insurance and meal allowance benefits are currently offered. The Company also has a retirement benefit supplementation plan through a supplementary pension plan, established in the form of a "defined contribution" and managed by a large independent fund manager.

Localiza was one of the first companies in Brazil to have a structured profit sharing program, instituted in 1990. The profit sharing program is based on the achievement of individual and financial targets. In addition, a group of executives can choose to participate in two Long Term Incentive Programs (ILP) – Stock Purchase Option, Matching Shares and Deferred Shares. These programs align the interests of employees with the interests of shareholders, contribute to the retention of talent and a long-term vision in the decision-making process.

Additionally, a model composed of seven competencies was prepared (five for all employees and two exclusively for leaders), which determines the necessary behaviors to sustain the Company's future growth and the development of its employees.

In 2022, the Company's overall turnover was 16.3%, which demonstrates good stability in leadership levels. Talented employees, committed to the Company's values and adequately rewarded, based on meritocracy, are capable of delivering superior performance, which is essential for the Platform's continued growth.

Diversity and Inclusion Program: Since 2020, Localiza has started a robust Diversity and Inclusion Program with the aim of promoting a culture of equity and inclusion throughout the organization and contributing to a more egalitarian society, inspiring evolution beyond the company's boundaries. The initiative's mission is to engage leaders, sensitize teams, expand listening to groups, review processes, promote actions and projects, ensuring more diversity and inclusion in general. The program operates on five priority fronts, namely: gender equity, people with disabilities, migrants and people in refuge, race, and LGBTI+.

As part of our drive to advance diversity and inclusion, we are signatories to the UN Women Women's Empowerment Principles, the UNHCR Business with Refugee Forum, the Business Coalition for Racial and Gender Equity and the Business and Rights Forum. LGBTI+; series of external commitments that inspire us and bring the possibility of exchanging good practices. In addition, we evolved in even more structuring practices, such as the launch of programs to accelerate the development of female leaders and black talent: ELLas, and Pluraliza; review of policies and benefits in the light of diversity (such as joining the Empresa Cidadã program to extend parental leave); promotion of affirmative vacancies; training actions in favor of inclusion through e-books, training in the essential journey of new employees, lectures, workshops in specific areas, among others; and accessibility actions.

By the end of 2022, the program already had more than 700 volunteers who are part of affinity groups and bring diversity and inclusion to everyday life in their areas. In 2022, we were also recognized as the Best Place for the LGBTI+ Public to Work (HRC Equidade BR) and continue to be part of the ELAS11 index, traded on B3, which selects companies with the highest participation of women in governance bodies.

Flexible working hours: Since 2020, the Company has adopted flexible working hours at its headquarters. Employees now have the autonomy to choose the time to start and end their activities to achieve an ideal life-working balance. Over than 5,000 employees are impacted by this new work model that conveys confidence and well-being to Localiza's employees.

Remote work: Driven by the pandemic, since 2020 Localiza has also put into practice a new modality of work that was already implemented for employees at the headquarters and call centers, the home office. There are over 7,000 eligible employees who can work up to three times a week from home, optimizing commuting and increasing well-being and life balance. As a reflection of the new work model, monthly subsidies are offered to cover expenses with service bills and ergonomic assistance: money to guarantee employees an adequate work station in the comfort of their homes.

Sempre Bem: The “Sempre Bem” health policy was created with the aim of promoting healthy habits and ensuring the well-being of our employees, contributing to an awareness and consequent improvement in quality of life. Health care goes beyond the corporate environment and, therefore, we encourage care in a broad and continuous way through health programs and actions.

Through the management of the benefits offered and actions taken by the company, it is possible to continuously improve and update the pillars of Sempre Bem, following the development of all our employees.

Sempre Bem is divided into 5 pillars:

- Sempre Bem Saudável: focused on individual medical care and orientation;
- Sempre Bem Cuidando de Você: focused on prevention and awareness campaigns;
- Sempre Bem Com Você: promotes mental health, reinforcing its importance for overall well-being;
- Sempre Bem Todo Dia: Sempre Bem Todo Dia: involves the programs and actions that aim to improve healthy practices and habits during the day to day;
- Sempre Bem Com a Família: addresses family issues such as family well-being and quality of life.

Among the various actions implemented through Sempre Bem in 2022, the following are of note:

Clínica Sempre Bem: Clínica Sempre Bem's mission is to be an agent that promotes well-being for all employees, coordinating health actions and ensuring comprehensive and continuous care from the first contact, wherever the employee is. The clinic offers a regular source of care, creating strong bonds with patients who are treated and observed in a comprehensive manner with unified medical records and guaranteeing personalized care for each of our employees. The care offered is divided into 5 lines of action, namely:

- Chronic Ill Care Line – Health Promotion Program;
- Mental Health Care Line - Saudavelmente;
- Respiratory Health Care Line;
- Ergonomic Care Line;
- Healthy People Care Line;

14 - SUSTAINABILITY

We are driving force for the changes we seek for the world. It was in this spirit that we embarked on a journey towards the future of sustainable mobility. We know that the path is long and winding, but with our focus on responsibility and consistency, we ended 2022 with many learnings and advances:

Environmental: We published our greenhouse gas (GHG) inventory for the fourth time, which for the second consecutive year was verified by a third party, and received the Gold seal of the GHG Protocol.

We started making the Climate Risk Study, an important tool for understanding the impacts of climate change and possible opportunities in our operations.

We remained in the Carbon Efficient Index – ICO2 of B3, which brings together companies that adopt practices to combat climate change.

As a strategy to reduce emissions and considering that more than 90% of our fleet is bi-fuel, we encourage fueling with ethanol, which emits up to 90% less GHG than gasoline. We fuel all our flex-fuel vehicles with ethanol and have changed internal policies encouraging our employees to do the same. We joined the “Abasteça Consciente” program in partnership with other companies such as Volkswagen and Bosch. Seeking to create this awareness in our customers, through the “Green Life” Program, we use real-time driving data (telemetry), through our increasingly connected fleet and provide training for safer and more sustainable driving. Our fleet has gradually become electrified. In this sense, we made a partnership with Renault, Raízen and other companies and made 200 electric vehicles and benefits available to app drivers, Localiza Zarp customers.

Still on this decarbonization front, our clean and renewable energy coverage index in the branches surpassed 44% in the last quarter of the year, corresponding to an advance of more than 15 p.p. compared to the same period in 2021. Considering the annual bases and adding the consumption of the corporate building in Belo Horizonte, we surpassed 53% of the renewable energy coverage index in the Platform in 2022, advancing more than 12 p.p. compared to 2021.

To reduce emissions of the vehicles used by our customers and extend that to the entire value chain, we have launched Neutraliza, which allows our customers to neutralize rental emissions, consolidating itself as a low-carbon product allied to tackling climate change.

In line with the reduction in water consumption, we have continued to advance with the dry cleaning indicator, reaching a rate of 62.3% in 2022 (60.8% in 2021).

Our corporate building in Belo Horizonte received a LEED certification, in the “gold” category, attesting to the sustainability of its operation.

Social: We joined the B3 IGPTW ETF, which brings together the companies that most invest in a work environment with the best human resources practices, and the ELAS11 ETF, which brings together companies with more than 50% of women in leadership positions.

In its third year, the Diversity and Inclusion Program consolidates itself as a promoter of a culture of respect, creation of environments of psychological safety and equal opportunities. Having overcome the phases of adapting policies and benefits, improving employee journeys, training leaders, we focus on developing the careers of underrepresented groups, so that we have greater representation in leadership positions. This was the case with the launch of the eLLas and Pluraliza programs, aimed at women and Black people, respectively.

The Diversity and Inclusion Program achieved the highest score in the Equidade BR survey, conducted by the *Human Rights Campaign*, attesting that the Company is a great place for the LGBTI+ public to work.

The Company’s efforts to provide career and development opportunities for its employees, with care and professionalism, resulted in external recognition. We were elected the 4th Best Company to Work For in Brazil, in the category of companies with more than 10,000 employees, according to Great Place to Work.

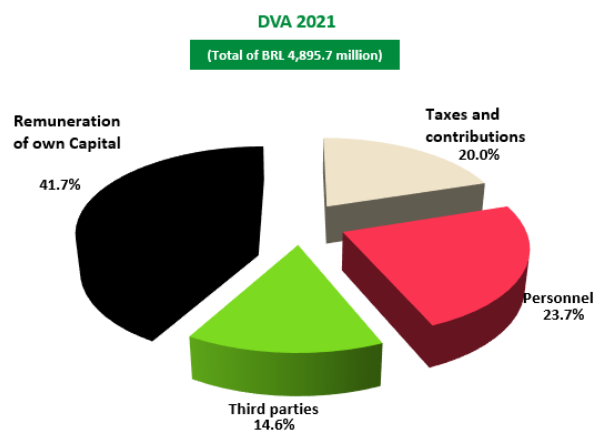
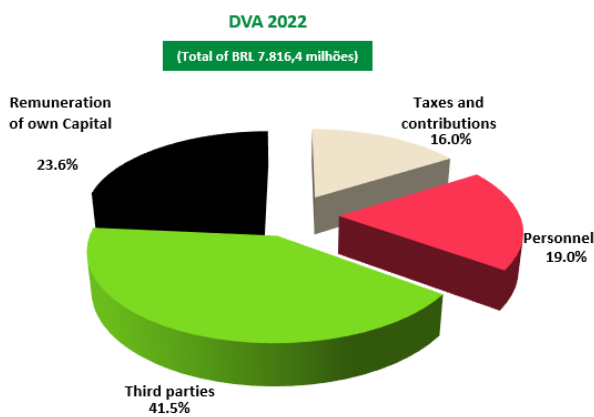
Instituto Localiza completed its first year of operation in September 2022, following its purpose of uniting people for social transformation, working primarily to increase the technical training of young people and with the connection to opportunities for productive inclusion. It has also monitored the execution of 49 social projects, impacting the lives of thousands of young people with training in the areas of technology, tourism, creative industries and the mobility chain, reaching all regions of the country. It also resulted in a partnership with 23 new social organizations that will develop, in 2023, technical training actions for young people in areas linked to the Platform’s ecosystem. More than BRL 3 million were donated to social projects. Through the connection of trained young people with the job market, more than 1,000 were inserted into productive opportunities. 59 young people had the opportunity to work with Localiza in the Apprenticeship Program or providing services to its Call Center. 30 people from the communities surrounding the Company’s headquarters in Belo Horizonte were trained in entrepreneurship and management of social projects to contribute to development actions in the region. We launched the Institute’s Volunteering policy, with more than 100 volunteers in mentoring actions for young people in social projects and campaigns. At Christmas, with the work of volunteers, we support more than 1,000 children from 2 communities neighboring the headquarters, in Belo Horizonte, and from 12 institutions in the country. We managed the Platform’s contribution via tax incentive laws (Fund for Children and Adolescents, Fund for the Elderly, Culture and Sport) to 11 projects, totaling BRL 1.6 million in the States of Minas Gerais, São Paulo and Pernambuco.

Governance: In December 2022, some 93% of employees were trained in the Code of Conduct, which guides the behavior of employees in internal relationships and with customers, franchisees, suppliers, partners, communities and other stakeholders.

We maintained our ISO 37001 certification, attesting to the quality of our work in combating bribery, based on a culture of integrity, transparency and compliance.

In 2021, we updated our materiality matrix based on active listening to our main stakeholders, including ESG specialists, with the objective of mapping the most relevant topics considering the risks and opportunities of our business and thus defining the priority initiatives and goals that passed to be part of the top management contract. We continue to advance consistently and strategically in generating a positive impact for people, the business and the planet.

Added Value Statement - AVS: This statement demonstrates the Company's contribution to society being responsible for generating wealth of BRL 7,816.4 million in 2022 (BRL 4,895.7 million in 2021), distributed as follows:



(A free translation of the original in Portuguese)

Localiza Rent a Car S.A.

***Parent company and consolidated
financial statements
at December 31, 2022
and independent auditor's report***



(A free translation of the original in Portuguese)

Independent auditor's report

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

Opinion

We have audited the accompanying parent company financial statements of Localiza Rent a Car S.A. ("Company"), which comprise the balance sheet as at December 31, 2022 and the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including significant accounting policies and other explanatory information.

We have also audited the accompanying consolidated financial statements of Localiza Rent a Car S.A. and its subsidiaries ("Consolidated"), which comprise the consolidated balance sheet as at December 31, 2022 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including significant accounting policies and other explanatory information.

Opinion on the parent company financial statements

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of Localiza Rent a Car S.A. as at December 31, 2022, and its financial performance and cash flows for the year then ended, in accordance with accounting practices adopted in Brazil.

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Localiza Rent a Car S.A. and its subsidiaries as at December 31, 2022, and their financial performance and their cash flows for the year then ended, in accordance with accounting practices adopted in Brazil and with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

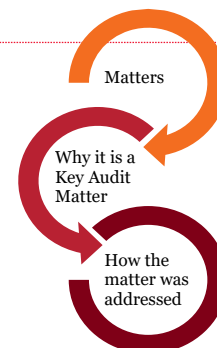
Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Parent Company and Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with the ethical requirements established in the Code of Professional Ethics and Professional Standards issued by the Brazilian Federal Accounting Council, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Localiza Rent a Car S.A.

Key audit matters

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



Why it is a Key Audit Matter	How the matter was addressed in the audit
<p>Acquisition of Companhia de Locação das Américas (Notes 1.1 and 9.2.1)</p> <p>On July 1, 2022, the Company completed the acquisition of all the shares of Companhia de Locação das Américas, initiated with the Merger of Shares Agreement entered into between the parties on September 22, 2020. Management was assisted in the allocation of the purchase price to identified assets and liabilities and the determination of goodwill by a specialized firm of appraisers.</p> <p>This required considerable judgment of management in making estimates, which increases the measurement risks and, ultimately, the allocation of the purchase price.</p> <p>This transaction was selected as a key audit matter due to the subjective nature of the process, especially the choice of assumptions used in the determination of the fair values of the net assets, the determination of acquisition price and recording the results of the business combination.</p>	<p>Our audit approach considered, among other procedures, reading the contract between the parties and inspecting the supporting documentation for the Company's capital increase for the assets contributed in the incorporation of shares transaction. We reviewed the mathematical accuracy of the calculation for the fair value of the consideration transferred, comparing it with the Company's share price on the acquisition date.</p> <p>For the determination and allocation of the fair value of assets acquired and liabilities assumed, we evaluated the methodologies employed and tested the main assumptions for the projections. The consistency of the projections were compared to available historical information and the main assumptions with observable market data for the segment.</p> <p>We tested the criteria used by management to allocate the excess purchase price to intangible assets and liabilities.</p> <p>We compared the information disclosed in the explanatory notes with the internal documentation supporting management's assessment.</p> <p>Our audit procedures demonstrated the judgments and assumptions used by management to be reasonable and the disclosures consistent with information obtained during our audit.</p>



Localiza Rent a Car S.A.

Why it is a Key Audit Matter

How the matter was addressed in the audit

Recoverable amount of goodwill (Note 12)

The consolidated financial statements at December 31, 2022 present intangible assets which include goodwill recorded based on expected future profitability arising from business combinations, in the amount of R\$ 8,337,404 thousand.

Management tested the recoverable amount of goodwill, using the value in use present value model of expected future cash flows for the assets in each of the cash-generating units (CGUs). This required management to apply assumptions, such as revenue growth rates, projected earnings and discount rates.

We selected this as a key audit matter due the significance of the balances and because of the sensitive nature of the critical estimates and judgments used for the assumptions and projections. Had management selected a different set of variables for estimating the future results of the CGUs, the amounts determined might have been significantly different with a consequential effect on the financial statements.

Our audit approach considered, among other procedures, understanding the relevant internal controls over the preparation of the discounted cash flows of the CGUs to which goodwill was allocated. We assessed the reasonableness and consistency of the calculation model used by management to prepare the forecasts, as well as the data and assumptions used for the projected cash flows, such as revenue growth rates and profitability estimates (comparing these with macroeconomic and industry forecasts) and discount rates. We considered the cost of capital of the Company and its subsidiaries and compared this to similar organizations for the purposes of the discount rate.

We tested the mathematical calculations and data used for the main assumptions for the cash flow projections. We performed an analysis to assess the sensitivity of projections to different possible scenarios.

Our read the disclosures in the financial statements.

Our audit procedures demonstrated the judgments and assumptions used by management to be consistent with the information obtained during our audit.

Determination of estimated vehicle residual values (Note 11)

The Company and its subsidiaries estimate the residual value of its fleet of vehicles based on the expected sale value of the vehicles at the end of their useful lives, less selling expenses and estimated wholesale and retail discounts.

This was selected as a key audit matter because of the inherently subjective nature of the estimation process relying on assumptions and management's judgment including for the market value of vehicles upon sale, estimated service life to the Company and the significance of the

Our audit approach considered, among other procedures, understanding and evaluating the design and effectiveness of the internal control environment relating to the selection of assumptions and criteria for determining the residual value of vehicles.

On a sample basis, we compare the systems input data for the residual value of vehicles with the documentation supporting the estimated residual values.



Localiza Rent a Car S.A.

Why it is a Key Audit Matter**How the matter was addressed in the audit**

balances. Any changes in these assumptions could have a material impact on the financial statements.

On a sample basis, we compared the estimated residual values with actual sales prices in the year and to listings disclosed by specialized external firms for vehicles selling prices.

We consider the assumptions used to be consistent with market data and with the information obtained during our audit.

Other matters

Statements of Value Added

The parent company and consolidated Statements of Value Added for the year ended December 31, 2022, prepared under the responsibility of the Company's management and presented as supplementary information for IFRS purposes, were submitted to audit procedures performed in conjunction with the audit of the Company's financial statements. For the purposes of forming our opinion, we evaluated whether these statements are reconciled with the financial statements and accounting records, as applicable, and if their form and content are in accordance with the criteria defined in Technical Pronouncement CPC 09 - "Statement of Value Added". In our opinion, these Statements of Value Added have been properly prepared in all material respects, in accordance with the criteria established in the Technical Pronouncement, and are consistent with the parent company and consolidated financial statements taken as a whole.

Prior year comparative balances

The audit of the financial statements as at and for the year ended December 31, 2021 was conducted by other independent auditors, who issued an unqualified audit report dated February 22, 2022.

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

The Company's management is responsible for this other information, which comprises the Management Report and the Earnings Release.

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

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

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



Localiza Rent a Car S.A.

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

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

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

Auditor's responsibilities for the audit of the parent company and consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the parent company and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and its subsidiaries.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based



Localiza Rent a Car S.A.

on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

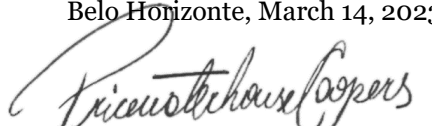
- Evaluate the overall presentation, structure and content of the parent company and consolidated financial statements, including the disclosures, and whether these financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the parent company and consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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 auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Belo Horizonte, March 14, 2023


PricewaterhouseCoopers
Auditores Independentes Ltda.
CRC 2SP000160/O-5

Guilherme Campos e Silva
Contador CRC 1SP218254/O-1

Social Statement

(in BRL thousand)

Localiza&Co		2022		2021		
Calculation basis of consolidated social indicators						
Net revenues ("NR")						
			17,783,568			10,901,336
Earnings before income tax and social contribution ("EBIT")			2,418,925			3,224,066
Gross payroll ("GP")			1,295,046			1,058,151
Internal Social Indicators	Amount	% on Gross Payroll	% on NR	Amount	% on Gross Payroll	% on NR
Meals	113,770	9%	1%	83,854	8%	1%
Compulsory payroll taxes	281,201	22%	2%	201,738	19%	2%
Health	92,963	7%	1%	72,087	7%	1%
Professional Training and Development	9,213	1%	0%	6,237	1%	0%
Daycare centers or childcare allowance	2,248	0%	0%	407	0%	0%
Profit Sharing	161,542	12%	1%	211,270	20%	2%
Other	41,991	3%	0%	18,942	2%	0%
Total Internal Social Indicators	702,928	54%	5%	594,535	57%	6%
External Social Indicators	Amount	% on EBIT	% on NR	Amount	% on EBIT	% on NR
Education	34	0%	0%	382	0%	0%
Culture	135	0%	0%	1,022	0%	0%
Other	9,824	0%	0%	9,762	0%	0%
Total contributions to society	9,993	0%	0%	11,166	0%	0%
Taxes (excluding payroll taxes) (*)	889,788	37%	5%	806,413	25%	7%
Total external social indicators	899,781	37%	5%	817,579	25%	7%
Staff indicators		31/12/22		31/12/21		
Number of employees at the end of the period		17,505		12,223		
Number of new hires during the period		7,282		3,946		
Number of third-party workers		829		637		
Number of interns		59		112		
Number of employees above 50 years old		923		579		
Number of female employees		7,758		5,717		
Percentage of lead positions held by female employees		46.92%		50.17%		
Number of disabled employees		722		426		

Note: The 2022 social statement of the Company includes data from the business combination with Locamerica as of July 1, 2022.

LOCALIZA RENT A CAR S.A.

BALANCE SHEET
(in BRL thousand)**ASSETS**

	Note	Individual		Consolidated	
		31/12/22	31/12/21	31/12/22	31/12/21
Current Assets					
Cash and cash equivalents	5	734,719	289,103	1,505,623	444,139
Short-term investments	6	2,718,619	3,642,455	4,053,777	4,565,393
Trade receivables	7	1,470,012	1,164,104	2,480,213	1,310,359
Dividends Receivable	9.3.1(b)	146,706	145,555	45	-
Decommissioned vehicles for fleet renewal	11(b)	1,118,903	148,188	1,976,087	181,999
Derivative financial instruments	4.1	111,456	89,625	283,047	89,625
Receivables for the sale of investments	9.2.1 (a)	-	-	658,388	-
Recoverable Taxes	8	145,993	136,666	315,072	146,010
Other current assets	8	193,893	183,710	416,658	205,340
Total current assets		6,640,301	5,799,406	11,688,910	6,942,865
Noncurrent assets					
Short-term investments	6	1,259,516	3,000	1,349,938	3,000
(-) Adjusted to present value	6	(423,008)	-	(423,008)	-
Trade receivables	7	-	-	9,791	2,666
Derivative financial instruments	4.1	89,884	365,088	365,599	448,085
Escrow deposits	19(a)	95,304	86,517	220,550	121,805
Deferred taxes	20(a)	-	-	22,965	24,291
Recoverable taxes	8	344,165	284,765	567,168	284,765
Other non-current assets	8	1,987	1,566	65,121	47,696
Total long-term assets:		1,367,848	740,936	2,178,124	932,308
Investments	9.3	15,587,759	1,875,512	34,952	-
Property and equipment	11(a)	20,843,949	13,005,443	43,020,498	17,293,854
Intangible assets	12	86,774	32,107	8,734,147	143,029
Total noncurrent assets		37,886,330	15,653,998	53,967,721	18,369,191
Total Assets		44,526,631	21,453,404	65,656,631	25,312,056

LOCALIZA RENT A CAR S.A.

BALANCE SHEET

(in BRL thousand)

LIABILITIES AND SHAREHOLDERS' EQUITY

	Note	Individual		Consolidated	
		31/12/22	31/12/21	31/12/22	31/12/21
Current Liabilities					
Suppliers	13	4,071,439	1,490,280	6,177,751	2,059,296
Social and labor obligations	14	220,488	250,533	333,671	276,128
Assignment of credit rights	15	-	-	141,797	-
Loans, financing, and debt securities	16	1,290,858	1,725,157	3,353,510	1,884,758
Derivative financial instruments	4.1	38,143	8,560	137,350	9,124
Lease liability	17	184,264	173,732	185,227	156,951
Payable income tax and social contribution		-	-	11,675	8,966
Dividends and interest on equity	21(e)	320,386	288,849	320,386	288,849
Other current liabilities	18	447,715	269,987	575,439	300,428
Total current liabilities		6,573,293	4,207,098	11,236,806	4,984,500
Noncurrent liabilities					
Assignment of credit rights	14	-	-	134,234	-
Loans, financing, and debt securities	16	15,333,989	7,633,064	29,917,603	10,548,337
Derivative financial instruments	4.1	86,549	134,677	260,133	134,677
Lease liability	17	968,594	891,502	727,272	635,177
Provisions for risks	19(a)	133,807	135,622	669,190	163,647
Deferred taxes	20(a)	832,227	808,299	2,018,657	1,147,902
Other noncurrent liabilities	18	38,976	26,052	122,131	80,726
Total noncurrent liabilities		17,394,142	9,629,216	33,849,220	12,710,466
Total liabilities		23,967,435	13,836,314	45,086,026	17,694,966
Shareholders' Equity					
	21				
Share capital		12,150,698	4,000,000	12,150,698	4,000,000
Share issuance expenses		(43,111)	(43,111)	(43,111)	(43,111)
Treasury shares		(144,557)	(162,074)	(144,557)	(162,074)
Capital reserves		4,089,082	202,964	4,089,082	202,964
Retained earnings		4,516,260	3,618,430	4,516,260	3,618,430
Equity valuation adjustment		(9,176)	881	(9,176)	881
		20,559,196	7,617,090	20,559,196	7,617,090
Participation of non-controlling shareholders		-	-	11,409	-
Total shareholders' equity		20,559,196	7,617,090	20,570,605	7,617,090
Total Liabilities and Shareholders' Equity		44,526,631	21,453,404	65,656,631	25,312,056

LOCALIZA RENT A CAR S.A.

STATEMENT OF INCOME

YEAR ENDED DECEMBER 31

(In BRL thousand, except net income per share)

	Note	Individual		Consolidated	
		2022	2021	2022	2021
Net revenues	24	11,227,247	8,769,380	17,783,568	10,901,336
Costs	25	(7,388,647)	(5,217,427)	(11,135,459)	(6,202,570)
Gross profit		3,838,600	3,551,953	6,648,109	4,698,766
Operating income (expenses):					
From sales	25	(875,841)	(923,259)	(1,292,483)	(1,084,106)
General, administrative, and other expenses	25	(408,997)	(307,911)	(826,287)	(390,594)
Equity in earnings of investees	9.3.1	385,491	623,337	86	-
		(899,347)	(607,833)	(2,118,684)	(1,474,700)
Profit before financial income and expenses		2,939,253	2,944,120	4,529,425	3,224,066
Financial expenses, net	26	(1,070,712)	(329,256)	(2,110,500)	(320,943)
Profits before income tax and social contribution		1,868,541	2,614,864	2,418,925	2,903,123
Income tax and social contribution:	20(b)				
Current		-	1,499	(92,846)	(124,015)
Deferred		(24,235)	(572,686)	(484,872)	(735,431)
		(24,235)	(571,187)	(577,718)	(859,446)
Net income for the year		1,844,306	2,043,677	1,841,207	2,043,677
Attributable to the shareholders of the Company		1,844,306	2,043,677	1,844,306	2,043,677
Attributable to non-controlling shareholders		-	-	(3,099)	-
Earnings per share (in BRL):	22				
Basic		-	-	2.13287	2.71758
Diluted		-	-	2,11768	2,70053

LOCALIZA RENT A CAR S.A.

STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED DECEMBER 31

(in BRL thousand)

	Individual		Consolidated	
	2022	2021	2022	2021
Net income for the period	1,844,306	2,043,677	1,841,207	2,043,677
Other comprehensive income				
Items that will not be subsequently reclassified to income				
Fair value gain on financial liabilities designated at fair value through profit or loss attributable to changes in credit risk	(903)	1,335	(903)	1,335
Variation in the exchange rate of investees abroad	-	-	(471)	-
Income tax and social contribution related to items that will not be subsequently reclassified to income	307	(454)	307	(454)
Items that will be subsequently reclassified to income				
Cash flow hedge	-	-	(13,621)	-
Share of comprehensive income of subsidiaries	(9,461)	-	-	-
Income tax and social contribution related to items that will be subsequently reclassified to income	-	-	4.631	-
Other comprehensive income (loss), net of taxes	(10,057)	881	(10,057)	881
Total comprehensive income for the period	1,834,249	2,044,558	1,831,150	2,044,558
Attributable to the shareholders of the Company:	1,834,249	2,044,558	1,834,249	2,044,558
Attributable to non-controlling shareholders	-	-	(3,099)	-

LOCALIZA RENT A CAR S.A.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

YEAR ENDED DECEMBER 31

(in BRL thousands, unless otherwise stated)

	Note	Share Capital			Capital reserves			Retained earnings				Non-controlling shareholders	Total shareholder's equity	
		Share Capital	Share issuance expenses	Treasury shares	Capital reserves	Stock options granted	Premium on share subscription	Legal reserve	Statutory reserve	Retained earnings	Other comprehensive income			Total
As of December 31, 2020		4,000,000	(43,111)	(175,526)		67,830	107,118	272,974	1,823,374	-	-	6,052,659	-	6,052,659
Comprehensive income for the period														
Net income for the year		-	-	-	-	-	-	-	-	2,043,677	-	2,043,677	-	2,043,677
Other comprehensive income		-	-	-	-	-	-	-	-	-	881	881	-	881
Shareholder contributions and distributions														
Stock options granted and recognized	21(c)	-	-	-	-	38,440	-	-	-	-	-	38,440	-	38,440
Long-term incentive programs – treasury shares	21(b)(c)	-	-	11,690	-	(16,806)	3,768	-	-	-	-	(1,348)	-	(1,348)
Treasury shares sold	21(b)	-	-	1,762	-	-	2,614	-	-	-	-	4,376	-	4,376
Allocation of profit for the period:														
Legal reserve	21(d)	-	-	-	-	-	-	102,183	-	(102,183)	-	-	-	-
Interest on equity (BRL 0.42 per share)	21(e)	-	-	-	-	-	-	-	-	(315,395)	-	(315,395)	-	(315,395)
Proposed dividend (BRL 0.27 per share)	21(e)	-	-	-	-	-	-	-	-	(206,200)	-	(206,200)	-	(206,200)
Statutory reserve	21(d)	-	-	-	-	-	-	-	1,419,899	(1,419,899)	-	-	-	-
As of December 31, 2021		4,000,000	(43,111)	(162,074)	-	89,464	113,500	375,157	3,243,273	-	881	7,617,090	-	7,617,090
Comprehensive income for the period														
Net income for the year		-	-	-	-	-	-	-	-	1,844,306	-	1,844,306	(3,099)	1,841,207
Cash flow hedge, net of taxes	9.3	-	-	-	-	-	-	-	-	-	(8,990)	(8,990)	-	(8,990)
Variation in the exchange rate of investees abroad	9.3	-	-	-	-	-	-	-	-	-	(471)	(471)	-	(471)
Other comprehensive income		-	-	-	-	-	-	-	-	-	(596)	(596)	-	(596)
Shareholder contributions and distributions														
Stock options granted and recognized	21(c)	-	-	-	-	53,996	-	-	-	-	-	53,996	-	53,996
Capital reserve related to the incorporation of shares	9.2.1	-	-	-	3,827,562	-	-	-	-	-	-	3,827,562	-	3,827,562
Long-term incentive programs – treasury shares	21(b)(c)	-	-	15,342	-	(13,038)	169	-	-	-	-	2,473	-	2,473
Long-term incentive program - shares		-	-	-	-	10,610	-	-	-	-	-	10,610	-	10,610
Long-term incentive option plan - subsidiaries	9.3	-	-	-	-	4,362	-	-	-	-	-	4,362	-	4,362
Treasury shares sold	21(b)(c)	-	-	2,175	-	-	2,457	-	-	-	-	4,632	-	4,632
Acquisition of shares in companies with non-controlling shareholders	9.2.2	-	-	-	-	-	-	-	-	-	-	-	14,508	14,508
Capital increase	21(a)	8,150,698	-	-	-	-	-	-	-	-	-	8,150,698	-	8,150,698
Allocation of profit for the period:														
Legal reserve	21(d)	-	-	-	-	-	-	92,215	-	(92,215)	-	-	-	-
Interest on equity (BRL 0.97 per share)	21(e)	-	-	-	-	-	-	-	-	(946,476)	-	(946,476)	-	(946,476)
Statutory reserve	21(d)	-	-	-	-	-	-	-	805,615	(805,615)	-	-	-	-
Balance as of December 31, 2022		12,150,698	(43,111)	(144,557)	3,827,562	145,394	116,126	467,372	4,048,888	-	(9,176)	20,559,196	11,409	20,570,605

Management's explanatory notes are an integral part of the financial statements.

LOCALIZA RENT A CAR S.A.

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31

(in BRL thousand)

	Note	Individual		Consolidated	
		2022	2021	2022	2021
Cash flow from operating activities:					
Net income for the period		1,844,306	2,043,677	1,841,207	2,043,677
Adjustments to reconcile to cash from operating activities:					
Depreciation and amortization	11 12 and 25	1,070,019	406,243	2,063,553	473,502
(Gain) on the sale or write-off of decommissioned vehicles		(966,673)	(671,884)	(1,748,261)	(961,951)
Deferred taxes	20(b)	24,235	572,686	484,872	735,431
Equity in earnings investees	9.3.1	(385,491)	(623,337)	(86)	-
Provisions for risks	19(a)	(1,815)	4,284	(20,730)	5,060
Accrued interest on Loans, Financing, Debentures and Derivatives	16 and 41	1,521,455	419,031	2,898,581	502,277
Accrued lease interest	17	95,824	85,785	76,349	61,784
Allowance for doubtful debts and expected losses	7	(16,921)	13,915	60,785	20,831
Other provisions		(22,895)	5,874	(21,795)	7,118
Other		(74,261)	40,757	549	40,845
Changes in assets and liabilities					
Trade receivables	7	(282,697)	(226,095)	(827,856)	(248,069)
Revenue from the sale of decommissioned vehicles, net of taxes	24	5,072,514	4,356,584	7,833,574	5,308,049
Purchase of vehicles	28(b)	(11,176,672)	(5,690,867)	(18,621,007)	(7,366,884)
Escrow deposits	19(a)	(8,787)	(7,141)	(6,843)	(8,121)
Recoverable taxes		(38,251)	(265,133)	(187,660)	(266,942)
Prepaid expenses	8	10,583	(10,394)	92,218	(11,641)
Other assets		(4,724)	87,997	(475,376)	85,097
Suppliers (except automakers)	13 and 17	147,102	92,084	230,859	109,291
Social and labor obligations	15	(30,045)	51,416	(17,996)	57,677
Income tax and social contribution	20(b)	-	(1,499)	92,846	124,015
Insurance premiums	18	49,919	(92,286)	50,851	(93,194)
Other liabilities		86,796	(69,749)	1,766	(71,347)
Cash used in operating activities		(3,086,479)	(3,834,636)	(6,199,600)	(4,761,544)
Income tax and social contribution payable		135	(144,402)	(83,447)	(307,075)
Interest on loans, financing, debt securities and derivatives paid	16 and 4.1	(1,135,802)	(288,976)	(2,349,308)	(372,915)
Payment of interest on credit granted by suppliers		-	-	(6,178)	-
Lease interest paid	17	(49,733)	(43,410)	(61,495)	(49,674)
Short-term investments	6	(332,680)	(2,604,538)	(396,616)	(3,188,182)
Net cash used in operating activities		(4,604,559)	(2,559,378)	(9,096,644)	(3,371,341)
Cash flow from investing activities:					
Dividends from subsidiaries	9.3.12(ii)	806,875	185,216	-	-
Purchase of other property and equipment	11(a)	(137,148)	(118,127)	(247,643)	(139,108)
Purchase of intangible assets	12	(65,711)	(4,165)	(105,212)	(4,329)
Purchase of vehicles for resale		-	-	(86,308)	-
Acquisition of subsidiary, net of cash acquired		-	-	(7,708)	-
Capital increase in subsidiaries	8(a)	(2,000,000)	-	-	-
Capital reduction in subsidiaries		250,000	-	-	-
Payment for the acquisition of companies	8(a)	-	-	(3,792)	(3,581)

Management's explanatory notes are an integral part of the financial statements.

LOCALIZA RENT A CAR S.A.

STATEMENT CASH FLOWS

YEAR ENDED DECEMBER 31

(in BRL thousand)

	Note	Individual		Consolidated	
		2022	2021	2022	2021
Cash received upon a business combination		-	-	1.752,503	-
Locamérica Rent a Car spin-off settled cash settled		-	-	3.220,526	-
Net cash generated by (used in) investing activities		(1,145,984)	62,924	4,522,366	(147,018)
Cash flow from financing activities:					
Loans, financing, and debt securities	16				
- Funding		8,331,416	3,097,979	10,340,537	3,596,103
- Amortization		(1,216,518)	(1,415,771)	(1,548,658)	(1,778,889)
Amortization of lease liabilities	17	(185,028)	(174,987)	(187,209)	(143,959)
Amortization of credit granted by suppliers	13	-	-	(1,649,783)	-
Treasury shares sold	21(b)	4,632	4,376	4,632	4,376
Exercise of stock options and treasury shares, net		2,472	(1,348)	2,472	(1,348)
Other comprehensive income		-	-	(471)	-
Interest on equity	21(e)	(650,838)	(282,050)	(725,928)	(282,050)
Dividends		(206,200)	(18,128)	(631,200)	(18,128)
Capital payment with share subscription		116,223	-	116,223	-
Net cash generated by financing activities		6,196,159	1,210,071	5,720,615	1,376,105
Increase (decrease) in cash and cash equivalents, net		445,616	(1,286,383)	1,146,337	(2,142,254)
Balance of cash and cash equivalents:	5				
At the beginning of the period		289,103	1,575,486	444,139	2,586,393
At the end of the period		734,719	289,103	1,505,623	444,139
Cash and cash equivalents - Assets held for sale (*)		-	-	84,853	-
Increase (decrease) in cash and cash equivalents, net		445,616	(1,286,383)	1,146,337	(2,142,254)

(**) Refers to the transfer of a balance of cash and cash equivalents to Assets held for sale, resulting from the partial spin-off of the subsidiary Locamérica Rent a Car, upon being assumed by Unidas Locadora S.A. (object of sale).

LOCALIZA RENT A CAR S.A.
 STATEMENT OF VALUE ADDED
 YEAR ENDED DECEMBER 31
 (in BRL thousand)

	Note	Individual		Consolidated	
		2022	2021	2022	2021
Revenues:					
Gross revenue net of discounts	24	11.853.027	9.220.018	18.840.501	11.490.561
Revenues from the construction of own assets and leasehold improvements		-	-	-	-
Gain on the sale of investments		128.210	39.659	152.559	39.822
Allowance for doubtful accounts	7	-	-	180.830	-
		16.921	(13,915)	(60,775)	(20,831)
Total revenues		11,998,158	9,245,762	19,113,115	11,509,552
Costs and expenses acquired from third parties:					
Materials, power, third-party services and other		(807,433)	(641,569)	(1,339,763)	(734,169)
Vehicle and fleet rental costs and residual value of written-off vehicles		(6,139,699)	(4,761,967)	(8,836,522)	(5,662,180)
Total costs and expenses acquired from third parties		(6,947,132)	(5,403,536)	(10,176,285)	(6,396,349)
Gross added value		5,051,026	3,842,226	8,936,830	5,113,203
Depreciation and amortization	25	(1,070,019)	(406,243)	(2,063,553)	(473,502)
Net value added generated		3,981,007	3,435,983	6,873,277	4,639,701
Value added received in transfer:					
Financial income		585.947	184.449	945.544	255.955
Equity in earnings of investees	9.3.1	385,491	623,337	86	-
Value added distribution		4,952,445	4,243,769	7,818,907	4,895,656
Value added distribution					
Taxes, fees, and contributions					
- Federal		93,789	423,250	832,324	765,193
- State		178,792	131,933	351,959	174,717
- Municipal		42,351	26,566	70,020	38,168
Personnel					
- Direct compensation		710,255	747,252	1,062,296	891,484
- Benefits		186,588	154,933	249,700	176,633
- FGTS		52,636	46,581	75,038	54,889
- Other		53,996	38,440	96,361	38,440
Remuneration of third-party capital					
- Interest		1,656,659	513,705	3,056,044	576,898
- Real estate lease	25	86,289	79,210	131,397	93,693
- Other leases		46,784	38,222	52,561	41,864
Return on equity					
- Interest on equity	21(e)	946,476	315,395	946,476	315,395
- Dividends	21(e)	-	206,200	-	206,200
- Retained earnings		897,830	1,522,082	897,830	1,522,082
- Attributable to non-controlling partners		-	-	(3,099)	-
Value added distributed and retained		4,952,445	4,243,769	7,818,907	4,895,656

Management's explanatory notes are an integral part of the financial statements.

LOCALIZA RENT A CAR S.A.

EXPLANATORY NOTES FROM MANAGEMENT TO THE FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2022

(in BRL thousands, unless otherwise stated)

1. OPERATIONS

Localiza Rent a Car S.A. (“Localiza”, “Company”, or “Parent Company”), with registered address at Avenida Bernardo de Vasconcelos, 377, Bairro Cachoeirinha, in Belo Horizonte, State of Minas Gerais, became a Brazilian publicly-held corporation in May 2005, listed on B3 S.A. - Brasil, Bolsa, Balcão (“B3”) Novo Mercado segment, the highest corporate governance level in the Brazilian capital market. Localiza’s shares are traded under ticker RENT3.

The main activities of Localiza and its subsidiaries (“Platform”) are car rental, which includes the granting of franchises, and Fleet Rental. To renew the fleet while maximizing cash generation, Localiza and its direct and indirect subsidiaries sell their decommissioned vehicles.

As of December 31, 2022, the Localiza Platform, including its franchisees in Brazil and abroad, was comprised of 689 car rental locations (not reviewed by the independent auditors), of which: (i) 608 locations in 364 cities in Brazil, 522 of which were operated by Localiza and 86 by franchisees; and (ii) 86 locations in 44 cities in five other South American countries, all operated by franchisees. The operations of Localiza in Uruguay were resumed in December 2022. In addition to this network, the Company had 186 points of sale located in 94 cities in Brazil for its own vehicles, which are decommissioned after being used for renting.

These individual and consolidated financial statements were approved and authorized for disclosure by the Executive Board on March 13, 2023 and by the Board of Directors on March 14, 2023.

1.1. Business Combination of Localiza and Locamérica

Localiza and Companhia de Locação das Américas (“Locamérica” and, in conjunction with Localiza, “Companies”) entered into a Merger of Shares Agreement on September 22, 2020, as well as the “Protocol and Justification of the Merger of Shares of Companhia de Locação das Américas by Localiza Rent a Car S.A.” on October 8, 2020, as amended (“Protocol and Justification”), which established the terms and conditions for the implementation of the business combination of the Companies, through the merger of Locamérica shares by the Company, pursuant to articles 224, 225, and 252 of Law 6,404/76 (“Merger of Shares” or “Transaction”), as approved at the Extraordinary General Meetings of the Companies held on November 12, 2020 and added at the Extraordinary General Meeting of Localiza held on April 26, 2022.

This transaction resulted in the union of shareholders that are a reference and have long experience in the industry, in the combination of talents to provide innovative solutions in mobility, in the creation of a player with global scale, committed with the highest levels of governance and with ambition to provide the best customer experience, increasing the access of the population and of companies to car rental. From an economic and financial point of view, the integration of the businesses should promote synergies and efficiency increases in the Companies resulting from the Merger of Shares.

On December 15, 2021, the implementation of the Merger of Shares was approved by the Brazilian Antitrust Agency (“CADE”), with structural and behavioral restrictions, under the terms of the Concentration Control Agreement (“CCA”) negotiated between the Companies and CADE, which included the approval by CADE of the buyer of the net assets to be divested.

On June 22, 2022, CADE approved that an investment fund would be the buyer of the assets to be segregated from the Car Rental and Seminovos operations, including approximately 49,000 vehicles of Locamérica’s subsidiary.

The business combination between the Companies was executed on July 1, 2022 (“Closing Date”), and as confirmed by their respective Boards of Directors on that same date. The effects of this Transaction are detailed in Note 9.2.1.

These financial statements include the consolidation of Locamérica’s financial information as of July 1, 2022.

1.2. Macroeconomic Scenario

An effect of the COVID pandemic which started in 2020, and of geopolitical factors, such as the war in Ukraine has been a shortage of some supplies, notably semiconductors (chips). This affected the Brazilian automotive industry up to mid-2022, resulting in a reduction in the supply of new cars and an increase in prices. Another impact from the pandemic was an increase in inflation globally, including Brazil, and, as a response a rise in interest rates. The Company was largely affected by the limited purchase availability and higher prices, as well as by the increase in maintenance and costs of parts; the useful life of the fleet was adjusted.

Since the end of the second quarter of 2022, vehicle production volume gradual resumed, combined with the lower retail sale of new cars, this resulted in an increase in the volume of cars for direct sales, with a consequential improvement of the Company's car purchases. With the increase in the number of cars purchased, the Company began to gradually renew its fleet.

Management carried out analyses of the impacts of COVID-19 principally in 2021, notably impairment tests of non-current assets, expected credit losses on trade receivables, measurement of financial instruments, including derivative financial instruments, among others. The financial statements take into consideration the results of these analyses.

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

2.1. Basis of preparation

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

The financial statements were prepared based on historical cost as a value basis, generally based on the fair value of consideration paid in exchange for goods or services, except for certain financial assets and liabilities (including derivative financial instruments) that are measured at fair value.

2.2. Bases for consolidation and investment in subsidiaries

The Company consolidates all the companies over which it has control. The consolidated financial statements include the individual financial statements of the parent company, Localiza, and the subsidiaries headquartered in Brazil and abroad. The individual financial statements show the assessment of investments in subsidiaries using the equity method.

Upon consolidation, the parent company's interest in the shareholders' equity of subsidiaries was eliminated, as well as the balances of assets and liabilities, revenues, costs and expenses arising from transactions carried out between the companies. The classification of the consolidated accounting accounts follows the parent Company's format.

Selected information on the Company's direct and indirect subsidiaries are summarized in Note 9.1.

The accounting practices applied in the preparation of these financial statements are described in note 2.6 and in the other explanatory notes.

2.3. Main accounting judgments and sources of uncertainty in estimates

The preparation of financial statements requires Management to make judgments and prepare estimates and assumptions based on past experience and other factors that affect the reported amounts of assets, liabilities, as well

as revenues, costs and expenses. Settlement of transactions involving these estimates may result in amounts different from those recorded in the financial statements.

The main judgments and estimates made by Management refer to (i) evaluation of the fair value of derivative financial instruments (note 4 (c)); (ii) allowance for impairment of trade receivables (provision for expected losses and doubtful debts (note 7); (iii) measurement of the fair value of assets acquired and liabilities assumed in business combinations (note 9.2)); (iv) definition of the useful life and residual value of property, plant and equipment (note 11); (v) evaluation of the recoverability of goodwill generated by the expectation of future profitability (note 12); (vi) provisions for risks (note 19); (vii) calculation of income tax and social contribution (note 20); and (viii) measuring the costs of long-term incentive plans (note 21(c)(i)).

The Company reviews its estimates and assumptions whenever necessary, in order to reflect changes that may occur during the period, which are recognized on an accrual basis.

2.4. Functional and presentation currency

The Brazilian Real/ Reais (R\$ or BRL) is the functional currency of the Company and the reporting currency of the individual and consolidated financial statements. Financial information is presented in thousands of Brazilian Reais, unless otherwise indicated, and is rounded to the nearest thousand. Subsidiaries headquartered abroad had their financial statements converted into reais, as follows: (i) assets and liabilities are converted at the closing rate on the balance sheet date; (ii) revenues and expenses are converted using average exchange rates; (iii) the resulting exchange differences are recognized as equity valuation adjustments.

2.5. Statement of Value Added

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

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

2.6. Summary of major accounting practices

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

2.6.1. Adjustment to present value – Monetary assets and liabilities are adjusted to their present value only when the effect is considered relevant in relation to the transactions entered into. For accounting purposes and materiality determination, the adjustment to present value is calculated taking into account contractual cash flows and the effective average cost of the Company's debt, except for the right-of-use and lease liability whose present value is calculated based on the expectation of the risk-free rate disclosed by the Central Bank of Brazil plus the Company's funding spread and the present value of any related Bank Deposit Certificates (Note 5). As of December 31, 2022 and 2021, the Company concluded that its assets and liabilities, other than for lease accounting, do not require to be adjusted to present value.

2.6.2. Impairment of non-financial assets – For non-financial assets subject to amortization or depreciation, the Company assesses, at the end of each year, whether there are any indicators of impairment. If there is such an indication, an impairment loss is recognized if the carrying amount of the asset exceeds its recoverable amount, which represents the higher of an asset’s fair value less costs to sell and its value in use.

Non-financial assets with an indefinite useful life, such as goodwill on the acquisition of an investment, are submitted annually to impairment tests or, more frequently, when there is an indication that it may present impairment (Note 12).

2.6.3. Assets and liabilities subject to Accruals and exchange rate fluctuation – Assets and liabilities in Reais and subject to contractual, legal, or exchange indexation are include accruals to the balance sheet dates by applying the corresponding index (except for lease liabilities). Gains and losses arising from indexation and exchange fluctuations are recognized in income for the year on an accrual basis.

2.6.4. Indemnities and claims – Localiza offers its customers, through an insurance company, the option of contracting insurance for leased vehicles, third parties, and an extended warranty for decommissioned vehicles sold for fleet renewal. Premiums received are recorded in liabilities under “other current liabilities”. When the policies are issued by the insurance company, the premiums received are reclassified to “suppliers” and, subsequently, transferred to the insurance company, which assumes the risk arising from any potential claims. The expenses incurred by Localiza on claims and indemnities, as well as any losses from stolen cars, are accounted for in assets under “Other current assets” until effectively received from the insurance company. From of May 2021, the Company began offering protection for the cars bodyworks directly to its customers when contracting the rental, with the expenses incurred with claims and theft recorded in the statement of income and classified as “costs”.

3. RECENTLY ISSUED ACCOUNTING STANDARDS AND INTERPRETATIONS

3.1. Accounting standards and interpretations adopted for the first time for the year started on January 1, 2022:

- **Amendment to IAS 37/CPC 25 “Provision, Contingent Liabilities, and Contingent Assets”:** In May 2020, the IASB issued this amendment to clarify that, for the purposes of assessing whether a contract is onerous, the cost of fulfilling the contract includes the incremental costs of contract fulfillment and an allocation of other costs that directly relate to its fulfillment.
- **Amendment to IFRS 3/CPC 15 “Business Combinations”:** issued in May 2020, with the aim of replacing references from the former version of the conceptual framework with the latest version.
- **Annual improvements – 2018-2020 cycle:** in May 2020, IASB issued the following changes as part of annual improvement process:
 - (i) IFRS 9/CPC 48 - “Financial Instruments” – clarifies which duties should be included in the test of 10% for write downs of financial liabilities.
 - (ii) IFRS 16/CPC 06 - “Leases” – change on example 13 in order to exclude the example of lessor payments related to improvements to the property.
 - (iii) IFRS 1/CPC 37 “First-time Adoption of International Financial Reporting Standards” – simplifies the application of this standard by a subsidiary that adopts IFRS for the first time after its parent company, in relation to the measurement of the cumulative amount of exchange rate variations.

These changes did not have a material impact on the Company's financial statements.

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

The following IFRS were issued by IASB, but has not yet entered into force in the year ended December 31, 2022. The early adoption of the Standards, though encouraged by the IASB, is not permitted under the CPC in Brazil.

- **Amendment to IAS 1 “Presentation of Financial Statements”:** in accordance with IAS 1 – “*Presentation of financial statements*”, for an entity to classify liabilities as non-current in its financial statements, it must have the right to avoid settling the liabilities for at least twelve months from the balance sheet date. In January 2020, the IASB issued amendment to IAS 1 “*Classification of liabilities as current or non-current*”, whose application date was for fiscal years starting from January 1, 2023, which determined that the entity would not have the right to avoid the settlement of a liability for at least twelve months, if, on the balance sheet date, it had not complied with indices provided for in restrictive clauses (e.g.: covenants), even if the contractual measurement of the covenant was only required after the balance sheet date within twelve months.

Subsequently, in October 2022, a new amendment was issued to clarify that liabilities that contain restrictive contractual clauses requiring the achievement of indexes under covenants only after the balance sheet date, do not affect the classification as current or non-current. Only covenants with which the entity is required to comply by the balance sheet date affect the classification of the liability, even if measurement only takes place after that date.

The 2022 amendment introduces additional disclosure requirements that allow users of financial statements to understand the risk of the liability being settled within twelve months after the balance sheet date. The 2022 amendment changed the effective date of the 2020 amendment. Accordingly, both amendments apply for fiscal years beginning on or after January 1, 2024.

- **Amendment to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies:** in February 2021, the IASB issued a new amendment to IAS 1 on disclosures about “material” rather than “significant” accounting policies. The amendments define what is “material accounting policy information” and explain how to identify it. It also clarifies that immaterial accounting policy information does not need to be disclosed, but if it is, that it should not obscure material accounting information. To support this change, the IASB has also amended “IFRS Practice Statement 2 Making Materiality Judgements” to provide guidance on how to apply the concept of materiality to accounting policy disclosures. This amendment is effective from January 1st, 2023.
- **Amendments to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors:** the amendment issued in February 2021 clarifies how entities should make a distinction between changes in accounting policies and changes in accounting estimates, since changes in accounting estimates are applied prospectively to future transactions and other future events, and changes in accounting policies are generally applied retrospectively to past transactions and other past events, as well as to the current period. This amendment is effective from January 1, 2023.
- **Amendment to IAS 12 – Income Taxes: the amendment issued in May 2021 requires entities** to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. This typically applies to lease transactions (right-of-use assets and lease liabilities) and decommissioning and restoration obligations, as an example, and will require the recognition of additional deferred tax assets and liabilities. This amendment is effective from January 1, 2023.

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial assets

Financial assets are classified upon initial recognition as follows: (i) at fair value through profit or loss; (ii) at fair value through other comprehensive income; or (iii) at amortized cost. The Company considered two factors to define the classification of financial assets – the business model in which the financial asset is managed and its characteristics of contractual cash flows.

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

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

Financial liabilities

Financial liabilities are classified upon initial recognition as follows: (i) at amortized cost; (ii) at fair value through other profit or loss.

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

Financial liabilities classified as at fair value through profit or loss are presented at fair value, and any profit or loss arising from the fluctuation of fair value are recognized in profit or loss, as they are not part of the designated hedge (see hedge accounting policy – Note 4.1). The net gain or loss recognized in profit or loss incorporates any interest paid on financial liabilities and is included under “financial result” in profit or loss.

In the event of financial liabilities designated at fair value through profit or loss, the amount of changes in the fair value of the financial liability attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in credit risk of the liability in other comprehensive income would result in or increase the accounting mismatch in profit or loss. The remaining amount of the change in fair value of the liability is recognized in profit or loss. Changes in fair value attributable to the credit risk of the financial liability recognized in other comprehensive income are not subsequently reclassified to profit or loss; they are transferred to retained earnings when the financial liability is written off.

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

	Individual		Consolidated	
	31/12/22	31/12/21	31/12/22	31/12/21
Financial assets				
<u>Financial assets at amortized cost</u>				
Cash and cash equivalents (Note 5)	352,147	243,884	897,140	369,359
Short-term investments (Note 6)	833,508	-	838,953	-
Trade receivables (Note 7)	1,470,012	1,164,104	2,490,004	1,313,025
Receivables from insurance company (Note 8)	133,876	100,022	135,589	100,539
Receivables for the sale of investments (Note 9.2.1(a))	-	-	658,388	-
Other receivables from related parties (Note 8)	11,784	19,234	-	-
Investments in restricted accounts (Note 8)	-	-	51,444	46,130
Escrow deposits (Note 19)	95,304	86,517	220,550	121,805
<u>Financial assets at fair value through profit or loss</u>				
Cash and cash equivalents (Note 5)	382,572	45,219	608,483	74,780
Short-term investments (Note 6)	2,721,619	3,645,455	4,141,754	4,568,393
Derivative financial instruments (Note 4.1)	201,340	454,713	484,427	537,710
<u>Financial assets at fair value through other comprehensive income</u>				
Derivative financial instruments (Note 4.1)	-	-	164,219	-
Financial liabilities				
<u>Financial liabilities at amortized cost</u>				
Suppliers (Note 13)	(4,071,439)	(1,490,280)	(6,177,751)	(2,059,296)
Assignment of credit rights (Note 15)	-	-	(276,031)	-
Dividends and interest on equity payable (Note 21)	(320,386)	(288,849)	(320,386)	(288,849)
Loans, financing, and debt securities (Note 16)	(15,078,415)	(7,775,571)	(29,391,819)	(10,850,445)
Lease liability (Note 17)	(1,152,858)	(1,065,234)	(912,499)	(792,128)
Payables to related parties (Note 18)	(2,797)	(233)	-	-
Insurance premiums for transfer (Note 18)	(103,030)	(53,111)	(104,372)	(53,521)
Restricted obligations (Note 18)	-	-	(52,086)	(47,003)
Amounts payable for the acquisition of companies (Note 18)	-	-	(26,513)	(7,440)
<u>Financial liabilities at fair value through profit or loss</u>				
Loans, financing, and debt securities (Note 16)	(1,546,432)	(1,582,650)	(3,879,294)	(1,582,650)
Derivative financial instruments (Note 4.1)	(124,692)	(143,237)	(343,325)	(143,801)
<u>Financial liabilities at fair value through other comprehensive income</u>				
Derivative financial instruments (Note 4.1)	-	-	(54,158)	-

(a) Risk management

In the normal course of operations, the Company is exposed to the following risks related to its financial instruments:

(i) market risk; (ii) credit risk; and (iii) liquidity risk.

The risk identification, analysis, and monitoring process are monitored by the Company's Board of Directors, which has the power to make decisions about the strategies to be adopted, with the support of the Audit, Risk, and Compliance departments.

(i) Market risk

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

The Company contracts derivative financial instruments to manage its exposure to market risks (interest and exchange rates).

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

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

As a strategy to manage interest rate risk, Management continuously monitors the CDI in order to, if necessary, adjust car rental fees to mitigate such fluctuations. For Fleet Rental, the Company takes out loans and financing at floating rates and does swap interest rate by changing the floating rate to the fixed rate, eliminating the risk of basic rate fluctuations (Note 4(b)). Additionally, the entire balance of cash equivalents and short-term investments of the Company is also indexed to CDI, the same index used for floating-rate debts.

As of September 1, 2022, Localiza adopted the initial designation of accounting using the hedge accounting method (CPC 48/IFRS 9) for Localiza Fleet's DI x pre derivative operations (cash flow hedge), including for contracts in force on that date. Hedge accounting was already being adopted by the subsidiary Locamérica, consolidated from July 1, 2022 (Note 4.1).

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

At December 31, 2022, the Company's consolidated net debt amounted to BRL 26,110,612. Of this total, BRL 8,692,571, bearing fixed cost remuneration at an average rate of 11.17% p.a., was excluded, as it is related to the transactions contracted at a fixed rate and amounts corresponding to the hedge from the swap transactions, changing the rates indexed to CDI for fixed rates. Thus, the net debt subject to the CDI fluctuation amounts to BRL 17,418,041 on December 31, 2022.

The probable base scenario for the next 12 months was estimated, according to information in the Focus Bulletin issued by the Central Bank of Brazil, based on an average CDI rate of 13.42% against the effective annual rate of 12.43% in 2022.

Description	Consolidated		
	Base scenario	Scenario I – 25% deterioration	Scenario II - 50% deterioration
Net debt on December 31, 2022 (Note 4(b))	26,110,612	26,110,612	26,110,612
Debts at a fixed rate and amounts hedged with swap to a fixed rate	(8,692,571)	(8,692,571)	(8,692,571)
Net debt subject to the CDI fluctuation	17,418,041	17,418,041	17,418,041
Effective average annual CDI rate for the period ended December 31, 2022	12.43%	12.43%	12.43%
Estimated average annual CDI rate, according to stress scenarios	13.42%	16.78%	20.13%
Effect on finance costs subject to the CDI rate fluctuation:			
- As per effective rate	(2,165,062)	(2,165,062)	(2,165,062)
- As per foreseen scenarios	(2,337,501)	(2,922,747)	(3,506,252)
Estimated increase in financial expenses for the next twelve months	(172,439)	(757,685)	(1,341,190)

- **Foreign currency risk** – The Company has loans and financing in foreign currency. To protect itself from exchange rate fluctuation, the Company contracts derivative transactions for hedging purposes in accordance with its policies on Indebtedness, Derivatives, Market Risk Coverage Strategy and the Granting of Guarantees, Sureties and Guarantees approved by the Board of Directors.

As the contracted derivative financial instruments have the same characteristics as the respective loans and financing, the effect of an exchange rate increase on the debt is fully offset by the exchange rate increase on the derivative asset. The operations are substantially hedged against the risk of inflation; for the operation that is not covered by hedge, the effect on December 31, 2022 is BRL 129,574, referring to the second series of the 12th issuance of debentures by Locamérica RAC (Note 16).

(ii) Credit Risk

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

The maximum exposure to the Company's credit risk, based on the net carrying amount of the respective financial assets, is as follows:

	Individual		Consolidated	
	31/12/22	31/12/21	31/12/22	31/12/21
Cash and cash equivalents				
At least Aa3 on Moody's scale or the equivalent in other rating agencies	734,719	289,103	1,505,623	444,139
Total cash and cash equivalents (Note 5)	734,719	289,103	1,505,623	444,139
Short-term investments:				
At least Aa3 on Moody's scale or the equivalent in other rating agencies	3,555,127	3,645,455	4,980,707	4,568,393
Total short-term investments (Note 6)	3,555,127	3,645,455	4,980,707	4,568,393
Trade receivables:				
Trade receivables – customers	955,025	602,688	1,917,064	726,230
Trade receivables – credit cards:				
Aaa on Moody's scale	115,740	45,503	117,349	46,070
Sundry	399,247	515,913	455,591	540,725
Total trade receivables (Note 7)	1,470,012	1,164,104	2,490,004	1,313,025
Derivative financial instruments (assets):				
At least Aa3 on Moody's scale or the equivalent in other rating agencies	201,340	454,713	484,427	537,710
Total derivative financial instruments (assets)	201,340	454,713	484,427	537,710
Receivables for the sale of investments (Note 4)	-	-	658,388	-
Escrow deposits (Note 19(a))	95,304	86,517	220,550	121,805
Receivables from insurance company (Note 8)	133,876	100,022	135,589	100,539
Total other financial assets	229,180	186,539	1,014,527	222,344
Total	6,190,378	5,739,914	10,475,288	7,085,611

- **Cash and cash equivalents and short-term investments** – The credit risk of balances with banks and financial institutions is managed by the Company's Financial Department, in accordance with policies established by the Board of Directors, aiming at minimizing the concentration of risks and, therefore, reducing financial losses in the event of bankruptcy of a counterparty.

As established by the Board of Directors, the maximum allocation of funds, on a consolidated basis, is carried out only with financial institutions with ratings equal to or greater than AA by Standard & Poor's, Moody's or Fitch, and follow certain criteria regarding the rating, maximum limit, and shareholders' equity per institution.

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

Credit risk concentration is limited because the customer base is broad. All significant operations and customers are located in Brazil, with no customers that individually represent more than 10% of the Company's revenues.

The Company reduces its credit risk as it operates mostly with credit cards in car rental, combined with a risk analysis of the means of payment, mainly with individuals through short-term contracts. For car rental operations with legal entities, as well as in Fleet Rental, this risk is reduced through a policy over granting credit limits, carried out based on the analysis of the financial position and past experience with these customers and the position of overdue securities. The financial situation of customers is continuously monitored, with the aim of evaluating and adjusting, if necessary,

the credit limit that has been previously granted. The credit risk in the sale of decommissioned vehicles is reduced through the use of finance and/or leasing companies that have recognized financial capacity and liquidity. The vehicles are released after confirming the credits of amounts paid in cash.

Credit risk management also includes the analysis of the recoverability of credits receivable, in which the need to set up an allowance for doubtful debts and expected losses is assessed, with the aim of adjusting them to their probable payable amounts. This analysis, which aims to assign a certain risk rating to the customer according to the internal criteria defined by management, takes into account the current financial situation of the customer, any past experiences, the position of overdue debts and historical credit loss. (Note 7).

- **Derivative Financial Instruments** – The credit risk in operations with derivative financial instruments with banks, in which there is a balance receivable by the Company, is managed by the Company's Financial Board, in accordance with the Indebtedness, Derivatives, Strategy for Hedging Market Risks and Granting Guarantees, Sureties and Guarantees Policy, established by the Board of Directors, that lists banks with which the Company can carry out operations.

(iii) Liquidity risk

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

Additionally, Management considers that the access to third-party credit is facilitated by the corporate credit rating of Localiza according to the main rating agencies.

The Company and its subsidiaries manage liquidity and their cash flows periodically to ensure that operating cash generation and previous funding, when necessary, are sufficient to maintain their commitments. The analysis of the maturities of undiscounted consolidated contractual cash flows of liability Financial instruments, based on the interest rate contracted for each transaction and a CDI rate of 13.65% (according to B3¹), on December 31, 2022, is as follows:

¹ https://www.b3.com.br/pt_br/market-data-e-indices/servicos-de-dados/market-data/consultas/mercado-de-derivativos/precos-referenciais/taxas-referenciais-bm-fbovespa/

	Individual						
	2023	2024	2025	2026	2027	2028 to 2032	Total
Suppliers	4,071,439	-	-	-	-	-	4,071,439
Interest on equity payable	320,386	-	-	-	-	-	320,386
Debentures	2,033,488	3,050,190	2,402,453	3,799,482	3,397,835	7,761,296	22,444,744
Commercial note (*)	246,075	1,950,159	-	-	-	-	2,196,234
Working capital	320,285	114,378	-	-	-	-	434,663
Real estate Receivables Certificate ("CRI")	42,496	43,023	42,848	42,322	320,811	-	491,500
Consortium	1,036	952	799	46	8	3	2,844
Loans in foreign currency	531,464	424,334	309,207	-	-	-	1,265,005
Derivative financial instruments	38,143	57,640	-	-	-	28,909	124,692
Lease liability	249,102	230,355	213,738	186,976	158,486	886,893	1,925,550
Other financial liabilities	105,827	-	-	-	-	-	105,827
Total	7,959,741	5,871,031	2,969,045	4,028,826	3,877,140	8,677,101	33,382,884

	Consolidated						
	2023	2024	2025	2026	2027	2028 to 2032	Total
Suppliers	6,177,751	-	-	-	-	-	6,177,751
Assignment of credit rights	151,697	105,472	52,284	16,537	77	-	326,067
Interest on equity payable	320,386	-	-	-	-	-	320,386
Debentures	5,223,733	7,330,993	5,704,135	8,064,117	7,733,858	12,141,202	46,198,038
Commercial note (*)	234,951	850,159	-	-	-	-	1,085,110
Working capital	474,509	329,982	279,147	245,288	230	685	1,329,841
Real estate Receivables Certificate ("CRI")	99,235	101,354	104,090	105,372	385,875	319,612	1,115,538
Certificate of Agribusiness Receivables ("CRA")	56,197	59,168	60,937	62,943	64,512	883,683	1,187,440
Consortium	1,555	952	799	46	8	2	3,362
Loans in foreign currency	713,079	1,114,662	309,207	-	-	-	2,136,948
Derivative financial instruments	137,350	91,574	-	-	-	168,559	397,483
Lease liability	216,599	216,499	188,415	154,811	123,557	444,086	1,343,967
Other financial liabilities	104,372	4,519	61,158	-	-	12,922	182,971
Total	13,911,414	10,205,334	6,760,172	8,649,114	8,308,117	13,970,751	61,804,902

(*) On November 28, 2022, the Board of Directors approved the 1st issuance of commercial notes by Localiza in the amount of BRL 1,700,000 (Note 10). Part of the commercial notes issued by the Company were acquired by its subsidiary Locamérica in the amount of BRL 1,100,000.

(b) Capital management

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

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

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

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

The table presents the Company's debt equity ratios:

	Consolidated	
	31/12/22	31/12/21
Short and long-term debt (Note 16)	33,271,113	12,433,095
Derivative financial instruments (Note 4.1)	(251,163)	(393,909)
Cash and cash equivalents (Note 5)	(1,505,623)	(444,139)
Short-term investments (Note 6)	(5,403,715)	(4,568,393)
Net debt	26,110,612	7,026,654
Shareholders' equity (Note 21)	20,570,605	7,617,090
Debt ratio (net debt/equity)	1.27	0.92
Fleet value (Note 11) (**)	43,230,196	16,024,852
Net debt/fleet value	0.60	0.44

(*) It does not consider the adjustment to present value (Note 6), since Management understands that the net debt is better represented considering the par value of the investment, its redemption value, which will always be by the maturity curve.

(**) Property and equipment - vehicles and vehicles being decommissioned for fleet renewal.

(c) Fair value of financial instruments

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

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

- Level 1 information refers to quoted prices (unadjusted) in active markets for identical assets or liabilities to which the entity may have access on the measurement date;
- Level 2 information refers to information directly or indirectly observable for an asset or liability, other than quoted prices included in Level 1; and
- Level 3 information refers to information non-observable for an asset or liability

The fair values of derivative financial instruments are classified under Level 2 and are presented in note 4.1.

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

Financial instruments recognized in the financial statements at their carrying amount are substantially similar to amounts measured at fair value. The fair values of financial liabilities recognized at amortized cost in the Company's balance sheet are as follows:

	Individual			
	Carrying amount		Fair value	
	31/12/22	31/12/21	31/12/22	31/12/21
Loans, financing, and debt securities				
Debentures	11,841,157	5,889,866	11,107,388	5,620,314
Commercial note	1,711,202	-	1,676,993	-
Working capital	398,721	733,680	399,226	736,555
CRI	296,707	-	270,467	-
Consortium	2,844	3,667	2,844	3,667
Loan in foreign currency	827,784	1,148,358	827,784	1,148,358
Total	15,078,415	7,775,571	14,284,702	7,508,894
	Consolidated			
	Carrying amount		Fair value	
	31/12/22	31/12/21	31/12/22	31/12/21
Loans, financing, and debt securities				
Debentures	24,728,304	8,246,618	23,477,580	7,882,141
Commercial note	1,429,795	-	1,409,022	-
Working capital	1,087,147	935,965	1,078,787	937,114
CRI	624,860	334,645	497,999	226,388
CRA	253,475	-	220,021	-
Consortium	3,362	11,069	3,362	11,069
Loan in foreign currency	1,264,876	1,322,148	1,264,876	1,322,148
Total	29,391,819	10,850,445	27,951,647	10,378,860

4.1. Derivative financial instruments and hedge activities

Derivatives are initially recognized at fair value on the date their contract is entered into and are subsequently remeasured at fair value. Changes in the fair value of derivative financial instruments are recognized in profit or loss for the year, except for the gain arising from changes in credit risk recorded in "Other comprehensive income". The method for recognizing the resulting gain or loss depends on whether or not the derivative is designated as a hedge instrument when hedge accounting is adopted. If this is the case, the method depends on the nature of the item being protected by hedge. The Company has adopted hedge accounting and designates certain derivatives as hedge for a specific risk associated with a recognized asset or liability or a highly probable transaction (cash flow hedge).

The movements in hedge amounts classified as "Equity valuation adjustments" in shareholders' equity are presented in the statement of changes in equity.

As of September 1, 2022, Localiza adopted the initial designation of accounting using the hedge accounting method (CPC 48/IFRS 9) for Localiza Fleet's DI x pre derivative operations (cash flow hedge), including for contracts in force on that date. Hedge accounting was already being adopted by the subsidiary Locamérica, consolidated from July 1, 2022.

The balance of derivative financial instruments are as follows:

	Individual		Consolidated	
	31/12/22	31/12/21	31/12/22	31/12/21
Foreign currency x BRL (a)	84,178	328,033	118,159	376,972
CDI x Prefixed Rate (b)	52,600	28,061	244,549	61,555
IPCA x CDI (c)	(60,130)	(44,618)	(111,545)	(44,618)
Total, net	76,648	311,476	251,163	393,909
Current Assets	111,456	89,625	283,047	89,625
Non-current assets	89,884	365,088	365,599	448,085
Current liabilities	(38,143)	(8,560)	(137,350)	(9,124)
Non-current liabilities	(86,549)	(134,677)	(260,133)	(134,677)

Changes in derivative financial instruments balances were as follows:

	Individual		Consolidated	
	31/12/22	31/12/21	31/12/22	31/12/21
Balance at the beginning of the year	311,476	400,734	393,909	403,778
Opening balance of acquired companies	-	-	172,172	-
Adjustment to fair value - profit or loss	(391,324)	20,948	(483,105)	94,352
Adjustment to fair value – other comprehensive income	(903)	1,335	(14,524)	1,335
Amortization of principal	-	(148,470)	(31,623)	(133,384)
Interest amortization	157,399	36,929	214,334	27,828
Balance at the end of the year	76,648	311,476	251,163	393,909

(a) Foreign currency x BRL

On December 31, 2022, the Company and its subsidiaries had current hedge operations with an exclusive character of protection against exchange rate fluctuation for loans in foreign currency contracted with large financial institutions. The specific characteristics of these hedge operations are the following:

Swap transactions

Company	Maturity date	Consolidated									
		Index		Reference value	Curve value			Market value (carrying amount)			Gain (loss)
		Long position	Short position	Notional	Long position	Short position	Gain (loss)	Long position	Short position	Gain (loss)	Curve x MTM
Localiza	03/01/2023	1.0941%	CDI + 1.00%	EUR 55,394	308,800	254,556	54,244	307,973	254,556	53,417	(827)
Localiza	22/05/2023	LIBOR + 0.47%	108.0% of CDI	USD 40,000	210,039	152,333	57,706	210,528	152,489	58,039	333
Localiza	03/01/2025	1.5588%	CDI + 1.20%	EUR 55,394	308,983	254,622	54,361	290,548	254,690	35,858	(18,503)
Localiza	26/02/2024	USD + 1.9371%%	CDI + 1.35%	USD 80,000	418,135	460,916	(42,781)	397,679	460,815	(63,136)	(20,355)
Localiza Fleet	22/08/2023 and 22/02/2024	SOFR + 1.88	CDI + 0.92	USD 25,000	131,277	131,996	(719)	131,829	132,101	(272)	447
Localiza Fleet	10/01/2024	USD + 2.1882%	CDI + 1.18%	USD 50,000	263,612	303,972	(40,360)	253,503	304,215	(50,712)	(10,352)
Locamérica Rent a Car	26/07/2024	VC + (Libor 3 months +0.40%)	109.7% of CDI	USD 50,000	263,970	193,284	70,686	178,127	170,068	8,059	(62,627)
Locamérica Rent a Car	19/03/2024	VC + (Libor 3 months +0.40%)	CDI + 0.82%	USD 50,000	173,881	169,140	4,741	273,410	196,504	76,906	72,165
					2,078,697	1,920,819	157,878	2,043,597	1,925,438	118,159	(39,719)

(b) DI x Pre

Funding at floating interest rates is hedged against the risk of fluctuations in cash flow due to fluctuations in the benchmark rate ("CDI"), which leads to exposure to cash flow risk due to terms and cash flow amounts defined.

As of September 1, 2022, Localiza adopted the initial designation of accounting using the hedge accounting method (CPC 48/IFRS 9) of Localiza Fleet's DI x pre derivative operations (cash flow hedge), including for contracts in force on that date. Hedge accounting was already being adopted by the subsidiary Locamérica, consolidated from July 1, 2022 (Note 1.1).

On December 31, 2022, the specific characteristics of the contracted operations are as follows:

Company	Maturity ranges	Consolidated									
		Weighted average rates		Reference value	Curve value			Market value (carrying amount)			Gain (Loss)
		Long position	Short position	Notional	Long position	Short position	Gain (loss)	Long position	Short position	Gain (loss)	Curve x MTM
Localiza Fleet	02/01/23 to 02/01/25	100.58% CDI	10.90% p.a.	3,785,000	4,114,334	4,062,361	51,973	4,114,432	4,004,956	109,476	57,503
Locamerica	05/10/22 to 05/07/27	100% to 119% CDI	4.08% to 14.08% p.a.	4,289,952	4,378,143	4,363,410	14,733	4,380,044	4,296,727	83,317	68,584
Locamérica Rent a Car	10/10/22 to 05/06/26	100% to 117.5% CDI	4.08% to 14.08% p.a.	162,825	166,758	165,778	980	161,884	162,728	(844)	(1,824)
					8,659,235	8,591,549	67,686	8,656,360	8,464,411	191,949	124,263

Agreement between Localiza and Locamérica

As part of the Merger of Shares Agreement signed between Localiza and Locamérica, as described in note 1.1, Localiza offered to all of Locamérica shareholders that have an interest and are registered as shareholders of Locamérica at the time of the completion of the Merger of Shares, a credit facility for financing with one or more Brazilian financial institutions chosen by it. The credit facility covers up to 20% of the total amount of Localiza's shares attributed to Locamérica's shareholders. With the objective of fixing the cost of the resources that will be used to grant the financing, the Board of Directors of Localiza approved in a meeting held on November 23, 2020, and ratified on December 10, 2020, the contracting by the Company of swaps up to BRL 800,000, maturing up to January 2027. The effect of these operations was taken into consideration in the calculation of the acquisition price, as per note 9.

On December 31, 2022, the specific characteristics of the contracted operations are as follows:

Maturity date	Weighted average rates		Reference value	Yield curve			Market value (carrying amount)		
	Long position	Short position	Notional	Long position	Short position	Gain (loss)	Long position	Short position	Gain (loss)
January 2027	100% % CDI	8.07%	200,000	224,512	215,875	8,637	224,608	183,127	41,481
January 2027	100%	7.71%	50,000	56,128	53,794	2,334	56,152	45,033	11,119
				280,640	269,669	10,971	280,760	228,160	52,600

(c) IPCA x CDI

On March 24, 2021, the Platform contracted derivatives in order to swap the remuneration of the issue of debentures indexed to the IPCA to floating CDI, which is the reference index used by the Company.

On December 31, 2022, the specific characteristics of the contracted operations are as follows:

		Consolidated									
Company	Maturity ranges	Weighted average rates		Reference value	Yield curve			Market value (carrying amount)			Gain (Loss)
		Long position	Short position	Notional	Long position	Short position	Gain (loss)	Long position	Short position	Gain (loss)	Curve x MTM
		% CDI/CDI +									
Localiza	15/03/2031	IPCA + 5.4702%	CDI + 1.99% pa	400,000	462,742	417,491	45,251	398,075	418,117	(20,042)	(65,293)
Localiza	15/03/2031	IPCA + 5.4702%	CDI + 1.99% pa	300,000	347,056	313,118	33,938	298,556	313,589	(15,033)	(48,971)
Localiza	15/03/2031	IPCA + 5.4702%	CDI + 1.99% pa	300,000	347,056	313,118	33,938	298,556	313,589	(15,033)	(48,971)
Localiza	15/03/2031	IPCA + 5.4702%	CDI + 1.99% pa	200,000	231,371	208,746	22,625	199,037	209,059	(10,022)	(32,647)
Locamerica	14/07/2031	IPCA + 4.825%	CDI + 1.42% pa	200,000	227,786	213,574	14,212	197,565	213,581	(16,016)	(30,228)
Locamerica	16/04/2029	IPCA + 7.2101%	CDI + 2.01% p.a.	515,000	530,131	530,955	(824)	517,675	530,955	(13,280)	(12,456)
Locamerica	15/09/2031	IPCA + 6.5119%	CDI + 2.239% p.a.	1,100,000	1,225,290	1,148,885	76,405	1,130,052	1,148,885	(18,833)	(95,238)
Locamerica	14/09/2028	IPCA + 6.6018%	CDI + 1.06% pa	167,200	171,726	173,281	(1,555)	169,995	173,281	(3,286)	(1,731)
					3,543,158	3,319,168	223,990	3,209,511	3,321,056	(111,545)	(335,535)

5. CASH AND CASH EQUIVALENTS

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

Cash and cash equivalents were as follows:

	Individual		Consolidated	
	31/12/22	31/12/21	31/12/22	31/12/21
Cash and banks	36,001	17,132	52,615	18,809
Bank Certificates of Deposit ("CDB")	316,146	226,752	936,413	350,550
Fixed-income investment fund units	382,572	45,219	516,595	74,780
Total	734,719	289,103	1,505,623	444,139

On December 31, 2022, financial investments in CDBs and fixed-income investment fund units had an annual weighted average yield of 102.6% of the Interbank Deposit Certificates ("CDI") rate (110.2% as of December 31, 2021).

6. FINANCIAL INVESTMENTS

The Company considers short-term investments to be bank deposits and other short- and long-term liquidity investments that do not meet all the criteria to be classified as cash equivalents. Pursuant to CPC 03 (R2) – Statement of Cash Flows.

Short-term investments were as follows:

	Individual		Consolidated	
	31/12/22	31/12/21	31/12/22	31/12/21
Bank Certificates of Deposit ("CDB")	312	2,131,514	91,575	2,287,494
Fixed-income investment fund units	2,721,307	1,360,935	4,055,624	2,106,796
Investments in financial bills	-	153,006	-	174,103
Restricted bank deposit certificates (Note 9.2.1)	1,256,516	-	1,256,516	-
(-) Adjustment to present value (Note 9.2.1)	(423,008)	-	(423,008)	-
Total	3,555,127	3,645,455	4,980,707	4,568,393
Current	2,718,619	3,642,455	4,053,777	4,565,393
Non-current	836,508	3,000	926,930	3,000

On December 31, 2022, short-term investments had an annual weighted average yield of 107% of the Interbank Deposit Certificates ("CDI") rate (117.9% on December 31, 2021).

7. TRADE RECEIVABLES

Trade receivables corresponds substantially to amounts receivable from customers for renting cars, which include franchising, Fleet Rental, telemetry, development and licensing of customizable computer programs, and for the sale of decommissioned vehicles for fleet renewal in the normal course of Platform activities.

For contracts that are in progress and will be billed after the end of the year, the amount is calculated based on the days incurred and recorded as revenue to be billed until the moment when all contractual obligations are satisfied.

At the end of each period, the Company assesses the need to set up a provision for expected losses, with the aim of adjusting them to their probable payable amounts. This analysis, which aims to assign a certain risk rating to the customer according to the internal criteria defined by Management, takes into account the current financial situation of the customer, any past experiences, the position of overdue debts and historical credit loss.

The expected losses on balances of trade receivables not yet due were calculated based on the actual experience of credit loss in the last year. The Company performed the calculation of the loss rates separately for each activity category, using the percentage of default observed in the period between 90 and 180 days after maturity, since, after this period,

the effectiveness of the collection processes is no longer representative. Positions within each activity category were segregated based on common credit risk characteristics, such as credit risk classification, type of product purchased, form of payment and level of default.

Trade receivables are as follows:

	Individual		Consolidated	
	31/12/22	31/12/21	31/12/22	31/12/21
Car rental	904,446	904,794	987,071	910,398
Fleet Rental	-	-	770,510	129,413
Unbilled revenues	401,891	263,223	631,261	265,862
Sale of decommissioned cars	290,930	140,263	369,320	183,828
Resale of cars	-	-	8,726	-
Sale of equipment and telemetry	-	-	25,935	-
	1,597,267	1,308,280	2,792,823	1,489,501
Allowance for doubtful debts and expected losses	(127,255)	(144,176)	(302,819)	(176,476)
Total	1,470,012	1,164,104	2,490,004	1,313,025
Current	1,470,012	1,164,104	2,480,213	1,310,359
Non-current	-	-	9,791	2,666

The aging list of trade receivables is as follows:

	Individual		Consolidated	
	31/12/22	31/12/21	31/12/22	31/12/21
Current	1,375,232	1,098,517	2,234,454	1,222,214
Up to 30 days past due	77,417	44,026	196,364	64,252
31 to 60 days past due	18,706	17,268	48,597	20,743
61 to 90 days past due	11,907	18,714	32,770	21,304
91 to 180 days past due	19,912	41,296	77,706	44,177
Over 181 days past due	94,093	88,459	202,932	116,811
Total	1,597,267	1,308,280	2,792,823	1,489,501

The allowance for doubtful debts and expected losses by maturity is as follows:

	Individual		Consolidated	
	31/12/22	31/12/21	31/12/22	31/12/21
Current	(11,788)	(9,948)	(25,313)	(11,654)
Up to 30 days past due	(3,170)	(3,857)	(5,302)	(4,441)
31 to 60 days past due	(2,078)	(3,370)	(3,073)	(3,664)
61 to 90 days past due	(1,637)	(4,499)	(2,901)	(4,833)
91 to 180 days past due	(19,159)	(39,246)	(69,085)	(40,801)
Over 181 days past due	(89,423)	(83,256)	(197,145)	(111,083)
Total	(127,255)	(144,176)	(302,819)	(176,476)

The allowance for doubtful debts and expected losses is as follows:

	<u>Individual</u>	<u>Consolidated</u>
As of December 31, 2020	(130,261)	(155,645)
Recognition	(75,130)	(89,506)
Reversal	61,215	68,675
Balance as of December 31, 2021	(144,176)	(176,476)
Opening balance of acquired companies	-	(102,890)
Recognition	(44,586)	(209,521)
Reversal	61,507	179,868
Transfer to assets held for sale	-	6,200
Balance as of December 31, 2022	(127,255)	(302,819)

8. RECOVERABLE TAXES AND OTHER CURRENT AND NON-CURRENT ASSETS

The balance of other current and non-current assets is as follows:

	<u>Individual</u>		<u>Consolidated</u>	
	<u>31/12/22</u>	<u>31/12/21</u>	<u>31/12/22</u>	<u>31/12/21</u>
Recoverable Taxes	145,993	136,666	315,072	146,010
Prepaid expenses	16,552	27,556	26,505	29,725
Receivables from insurance company (*)	133,876	100,022	135,589	100,539
Other receivables from related parties (Note 10(a))	11,784	19,234	-	-
Other current assets	31,681	36,898	254,564	75,076
Total recoverable taxes and other current assets	339,886	320,376	731,730	351,350
Recoverable Taxes (a)	344,165	284,765	567,168	284,765
Investments in restricted accounts (Note 18)	-	-	51,444	46,130
Prepaid expenses	1,987	1,566	11,448	1,566
Other non-current assets	-	-	2,229	-
Total recoverable taxes and other non-current assets	346,152	286,331	632,289	332,461

(*) Expenses incurred on claims, cost of stolen cars, and receivables from insurance companies related to insurance contracted by customers when renting cars from the Company. As of May 2021, the Company began offering auto protection coverage directly to its customers, with expenses incurred with claims and theft being recorded in the statement of income and classified as "Costs" (Note 2.6.4).

(a) Recoverable taxes

In the second half of 2022, Localiza and its subsidiaries completed a review on the useful lives of certain cars of their fleet, in accordance with Article 320 of the Income Tax Regulation (Decree 9,580/18). As a result of this review, a technical report was issued by an entity duly qualified by law, changing the average useful life for tax purposes of certain cars to 26.3 months. As a result of the increase in depreciation, income tax and social contribution tax loss, there was a retroactive recognition on January 1, 2022 of the amounts in the Individual and Consolidated, respectively, of (i) BRL 58,645 and BRL 175,007 related to PIS/COFINS credits (before income tax and social contribution), and (ii) BRL 243,911 related to deferred income tax and social contribution assets and liabilities, in the amounts of BRL 649,918 and BRL 693,792 respectively in the Consolidated. The scope of this same situation for the other cars in the fleet depends on obtaining new technical reports.

As of September 30, 2022, the consolidated balances of PIS/COFINS credits and deferred assets and liabilities of income tax and social contribution, net of offset and realization of the period, are BRL 344,165, BRL 1,795,141 e BRL 2,627,368 in the Individual and BRL 567,168, BRL 2,872,702 and BRL 4,868,394 in the Consolidated (Note 20(a)).

9. INVESTMENTS

9.1. Direct and indirect investments

The Company holds direct or indirect interests in controlled companies, as follows:

Name	Headquarters	% participation in share/voting capital		Activity
		31/12/2022	31/12/2021	
Direct subsidiaries				
Car Assistance Serviços de Administração de Sinistros S.A.	Belo Horizonte - MG	100	100	Manages claims for insurance companies
Companhia de Locação das Américas S.A.	Belo Horizonte - MG	100	-	Fleet Rental
Localiza Fleet S.A.	Belo Horizonte - MG	100	100	Fleet Rental
Localiza Franchising Brasil S.A.	Belo Horizonte - MG	100	100	Franchise business
Localiza Franchising International S.R.L.	Argentina	98	98	In process of closing (Note 29)
Localiza Serviços Prime S.A.	Belo Horizonte - MG	100	100	Intermediation in the sale of decommissioned cars from the Platform
Rental Brasil Administração e Participação S.A.	Belo Horizonte - MG	100	100	Purchase, sale, and rental of properties for the Platform
Indirect subsidiaries				
Acelero Comércio de Veículos S.A.	Belo Horizonte - MG	100	-	Sells used cars
Agile Gestão de Frotas e Serviços S.A.	Belo Horizonte - MG	100	-	Fleet rental and Intermediation in the sale of decommissioned cars from the Platform
Car as a Service Ltda.	Belo Horizonte - MG	100	100	Sundry automotive services
Car Rental Systems S.A.	Belo Horizonte - MG	100	100	Car rental and Fleet Rental
CarSale Tecnologia e Comércio de Veículos Ltda.	Belo Horizonte - MG	100	100	Sells used cars
Costa Dourada Veículos Ltda.	Maceió - AL	100	-	Fleet Rental
Gestão e Operação de Viagens Ltda.	Belo Horizonte - MG	64.6	-	Travel and tourism agency services
Iter Tecnologia S.A.	São José - SC	100	-	Solutions for tracking and telemetry
Localiza Veículos Especiais S.A.	São Paulo - SP	100	-	Fleet Rental
Locamérica Comercial S.A.	São Paulo - SP	100	-	Sells used cars
Locamérica Franquias S.A.	São Paulo - SP	100	-	Franchise business
Locamérica Rent a Car S.A.	Belo Horizonte - MG	100	-	Car rental and Fleet Rental
MOBI7 Sociedad de Responsabilidad Limitada de Capital Variable	Mexico	100	100	Solutions for tracking and telemetry
MOBI7 Tecnologia em Mobilidade S.A.	Curitiba - PR	100	100	Solutions for tracking and telemetry
LLMX Sociedad Anónima de Capital Variable	Mexico	100	-	Car rental and Fleet Rental
Nexcorp Servicios e Telecomunicações S.A.	Belo Horizonte - MG	100	-	Solutions for tracking and telemetry
Sofit Software S.A.	Joinville - SC	100	100	Online systems for fleet rental
Voll Soluções em Mobilidade Corporativa S.A.	Belo Horizonte - MG	64.6	-	Travel and tourism agency services
Affiliate				
Elo Telefonía, Sistemas e Equipamentos de Comunicação S.A. (*)	Belo Horizonte - MG	50	-	Solutions for tracking and telemetry

(*) In the Company's consolidated result, BRL 86 refers to the 50% investment in Elo Telefonía, Sistemas e Equipamentos de Comunicação S.A. in Iter Tecnologia. Iter is an indirect subsidiary of Companhia de Locação das Américas.

9.2. Business Combination

9.2.1. Locamérica

On July 1, 2022, as a result of the consummation and effectiveness of the Merger of Shares (Note 1.1) and considering the adjustments foreseen and authorized under the terms of the Protocol and Justification, the exchange ratio was set at 0.43884446 shares of the Company for each common share of Locamérica, with the issuance of 222,699,337 new common shares of Localiza, all registered and without par value, fully subscribed and paid up by the managers of Locamérica in favor of its shareholders, for the total subscription price of BRL 11,827,562, corresponding to the economic value attributed to the shares of Locamérica merged into Localiza, supported by an appraisal report issued by a specialized company at the time of approval of the transaction at the Meeting. Of this total amount, R\$8,000,000 were allocated to the capital stock account and the remainder, corresponding to the fair value of the consideration on the closing date, in the amount of R\$3,827,562, to the Company's share premium capital reserve account. The new shares confer to their holders the same rights as held by the other common shares issued by the Company.

Identifiable assets acquired and liabilities assumed, preliminary

The amounts of identifiable assets acquired and liabilities assumed at the Closing Date, preliminarily measured at fair value, are being evaluated by a specialized appraisal firm. Once this appraisal is concluded, the corresponding adjustments will be made to the preliminary amounts recognized in the accounting books and to the goodwill based on expected future profitability, as follows.

Preliminary fair value on 01/07/12

Fair value of the consideration	11,827,562
Issuance of Localiza shares (number of shares)	222,699,337
Value per share (in BRL)	53.11
Adjusted for Locamérica's dividend distribution	425,000
Fair value of financing to Locamérica's shareholders	551,709
Long-term incentives	10,610
Total consideration (a)	12,814,881
Book value of Locamérica's equity (b)	4,965,669
Adjustments to fair value:	
Existing goodwill from prior business combinations	(717,741)
Vehicles	(i) 434,038
Intangible assets (customer relationship)	(ii) 124,351
Contingencies	(iii) (389,082)
Goodwill on assets held for sale (carve out)	(iv) 193,236
Total adjustments to fair value (c)	(355,198)
Total preliminary goodwill (a) – (b) – (c)	8,204,410

Total consideration

The total consideration was estimated based on the terms of the transaction, considering:

- the number of shares issued by Localiza based on the exchange ratio of Locamérica shares.
- the closing price of Localiza's shares on the Closing Date.
- distribution of dividends by Locamérica of BRL 425,000 to its shareholders base prior to the transaction.
- fair value of the financing to Locamérica's shareholders who have expressed an interest in contracting it. The credit facility covers up to 20% of the total amount of Localiza's shares attributed to its shareholders. As of December 31, 2022, the balance of the financial investment linked to this financing was BRL 1,256,516 and the adjustment to present value was BRL 423.008, net of the amortization occurred in the period.
- Fair value of long-term incentive plans.

Adjustments to fair value

(i) Vehicles: The fair value of these assets was determined based on market research of specific publications of the sector ("FIPE"), considering the history of vehicles sales in relation to the FIPE table.

(ii) Intangible assets (customer relationship): The fair value of intangible assets arising from customer relationships was determined using "MPEEM" (Multi Period Earning Excess Method);

(iii) Contingencies: The fair value of contingent liabilities was determined supported by estimates made by legal counsel.

(iv) Goodwill on assets held for sale (carve out): The fair value of assets, which are part of the conditions of the CCA referred to as "Carve Out", was estimated based on the difference between their book values and agreed sale values.

There is no deferred income tax amount arising from the fair value allocations of assets and liabilities in the preliminary balance sheet, as Localiza has a viable tax plan that it intends to implement, allowing the tax and accounting basis to be the same after the acquisition.

Impact of the acquisition on consolidated results

The business combination contributed with revenues of BRL 4,306,182 and net income of BRL 142,236 for the Company in the period from July 1, 2022 to December 31, 2022. Had this combination been effective on January 1, 2022, pro forma revenue and profit would have been BRL 21,588,767 and BRL 1,976,289, respectively, for the period ended December 31, 2022. The Company's management believes that these pro forma estimates represent an approximate measure of the performance of the company. The costs incurred in the business combination were approximately R\$187 million (appropriated in income for the year, notably under "Third-Party Services").

a) Partial spin-off of an indirect subsidiary and sale of assets

At the Extraordinary General Meeting of Locamérica, held on August 1, 2022, the partial spin-off of subsidiary Locamérica Rent a Car S.A. was approved. The assets, liabilities and equity spun off by Locamérica Rent a Car S.A. and assumed by Unidas Locadora S.A. (object of the sale) amount to BRL 3,852,056, BRL 620,312 and BRL 3,231,744, respectively.

On June 13, 2022, Locamérica disclosed a Material Fact informing the market of the signing of the Agreement for the Purchase and Sale of Shares, Corporate Reorganization and Other Agreements, through which they established the terms and conditions for the sale to an investment fund managed by affiliates of Brookfield Asset Management, of certain assets to be segregated from the car rental and related used cars operation, including approximately 49,000 cars and 202 locations of the car rental and related used cars operations. On June 22, 2022 CADE approved the purchaser of the net asset for the divestment in compliance with the CCA.

On October 1, 2022, a transaction was executed for the sale, by Locamérica and Agile Gestão de Frotas e Serviços S.A., of the segregated assets of the car rental operation and corresponding used cars from Locamérica Rent a Car to Cedar Locações e Investimentos, a company controlled by an investment fund managed by affiliates of Brookfield Asset Management, pursuant to the Agreement for the Purchase and Sale of Shares, Corporate Reorganization and Other Agreements entered into on June 13, 2022. The sale price was BRL 3,878,914 – BRL 3,220,526 was received in cash in October and the amount of BRL 658,388, according to contractual conditions, is expected to be received in up to twelve months. The latter is recorded in the balance sheet under “amount receivable for the sale of investment”, in current assets.

9.2.2. Voll

At the Extraordinary General Meeting of Localiza Fleet, held on April 7, 2022, the acquisition of 64.6% of the total and voting capital stock of Voll Soluções em Mobilidade Corporativa was approved, under the terms established in the Agreement for the Purchase and Sale of Shares and other Agreements. Voll offers digital solutions in mobility, travel, and expense management for the corporate sector and is headquartered in Belo Horizonte.

Identified assets acquired and liabilities assumed and non-controlling interest in acquired company, preliminary

The identified assets acquired, liabilities assumed and non-controlling interest in the acquired company recognized at the base date of the acquisition balance sheet, were preliminarily measured at fair value by Management, as demonstrated below.

Once these technical studies are concluded, the corresponding adjustments will be made to the preliminary amounts recognized in the accounting books and to the goodwill based on expected future profitability.

Preliminary fair value on 03/05/22	
Consideration transferred for capital payment (item (i))	41,499
Consideration transferred (item (ii))	8,708
Consideration to be transferred (item (iii))	3,830
Total consideration (a)	54,037
Recognized amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	39,648
Property and equipment	1,960
Other assets	3,837
Goodwill	
Brand	6,927
Software	5,411
Relationship with suppliers	4,099
IR/CS deferred on goodwill	(3,233)
Loans and financing	(2,892)
Suppliers	(1,147)
Other accounts payable	(11,515)
Other liabilities	(2,107)
Total identifiable net assets (b)	40,988
Non-controlling interest (c)	(14,508)
Preliminary goodwill generated in the operation (a - b - c)	27,557

- (i) Localiza Fleet contributed to the capital of Voll, with subscription and payment of 1,533,595 common shares, the amount of BRL 11,499 and made an advance of BRL 30,000 for future capital increase;
- (ii) payment of BRL 8,708 on the date of acquisition;
- (iii) estimated installment in the amount of BRL 3,830, to be paid in 2025 (BRL 3,979 monetarily adjusted), indexed to the change in the market price of Localiza's shares.

On December 31, 2022, the balances payable arising from this acquisition are presented under "other current and non-current liabilities" (Note 18).

The Company believes that the acquisition will generate value to the business, increasing its presence in the mobility market, expanding the range of solutions offered to its corporate customers and broadening its relationships. These benefits are not recognized separately from goodwill because they do not meet the criteria for recognition of identifiable intangible assets in accordance with CPC 04 (R1)/IAS 38.

The intangible assets identified refer to the "Voll" trademark, software and supplier relationships. In the financial statements they are classified as "Investments" and, in the Consolidated, they were reclassified to "intangible assets". These assets will be realized through amortization over the useful life defined in the technical study, except for the trademark that is not amortized.

Net cash outflow on acquisition of Voll

<u>Voll</u>	<u>Fair value on 03/05/22</u>
Consideration transferred in cash	50,207
(-) Loan settlement	(2,851)
(-) Balances of cash and cash equivalents acquired	<u>(39,648)</u>
Effects of the acquisition on the Statement Cash Flows	<u>7.708</u>

Impact of the acquisition on consolidated results

The consolidated statement of income for the year ended December 31, 2022, of the Company includes revenues in the amount of BRL 22,196 and loss of BRL 8,763 attributable to the additional businesses generated by Voll from the acquisition date. Had this combination been effective on January 1, 2022, pro forma revenue and loss would have been BRL 32,977 e BRL 13,019, respectively, for the period ended December 31, 2022. The Company's management believes that these pro forma estimates represent an approximate measure of the performance of the Company.

9.3. Investee information

At the Extraordinary General Meeting of the subsidiary Localiza Fleet, held on February 24, 2022, the increase in its capital stock in the amount of BRL 100,000 was approved, with the issuance of 17,213,392

	Localiza Fleet Consolidated	Locamérica Consolidated (Note 9.2.1)	Rental Brasil	Localiza Prime	Car Assistance	Franchising Brasil	LFI S.R.L.	Effect of the elimination of IFRS 16	Goodwill on acquisition of investments	Total
As of December 31, 2020	981,225	-	268,516	139,259	26,385	1,979	136	22,689	22,077	1,462,266
Equity in earnings of investees	526,797	-	20,965	37,572	23,423	2,727	-	11,853	-	623,337
Dividends from subsidiaries	(125,114)	-	(20,310)	(30,608)	(32,002)	(2,057)	-	-	-	(210,091)
Balance as of December 31, 2021	1,382,908	-	269,171	146,223	17,806	2,649	136	34,542	22,077	1,875,512
Acquisition of companies	-	4,247,928	-	-	-	-	-	-	-	4,247,928
Equity in earnings of investees	542,173	142,232	9,507	47,753	10,911	4,059	-	11,161	-	767,796
Capital increase (reduction)	100,000	1,900,000	(150,000)	(100,000)	-	-	-	-	-	1,750,000
Dividends from subsidiaries	(128,766)	(1,025,000)	(17,196)	(38,709)	(20,295)	(3,060)	-	-	-	(1,233,026)
Long-term incentive option plan - subsidiaries	-	4,362	-	-	-	-	-	-	-	4,362
Cash flow hedge from subsidiaries	11,270	(20,260)	-	-	-	-	-	-	-	(8,990)
Variation in the exchange rate of investees abroad	(471)	-	-	-	-	-	-	-	-	(471)
Total investments in subsidiaries	1,907,114	5,249,262	111,482	55,267	8,422	3,648	136	45,703	22,077	7,403,111
Fair value increment on acquisition of investments	-	-	-	-	-	-	-	-	8,204,410	8,204,410
Fair value increment on property and equipment	-	434,038	-	-	-	-	-	-	-	434,038
Fair value increment on intangible assets	-	124,351	-	-	-	-	-	-	-	124,351
Fair value increment on assets held for sale	-	193,236	-	-	-	-	-	-	-	193,236
Fair value increment on contingencies	-	(389,082)	-	-	-	-	-	-	-	(389,082)
Realization of fair value increment on property and equipment	-	(212,989)	-	-	-	-	-	-	-	(212,989)
Realization of fair value increment on intangible assets	-	(16,027)	-	-	-	-	-	-	-	(16,027)
Realization of fair value increment on assets held for sale	-	(193,236)	-	-	-	-	-	-	-	(193,236)
Realization of fair value increment on contingencies	-	39,947	-	-	-	-	-	-	-	39,947
Balance as of December 31, 2022	1,907,114	5,229,500	111,482	55,267	8,422	3,648	136	45,703	8,226,487	15,587,759
Non-controlling interest	11,409	-	-	-	-	-	-	-	-	11,409

common shares at an issue price of BRL 5.81, pursuant to Article 170 of Law 6,404/76, increasing capital from BRL 600,000 to BRL 700,000.

On July 25, 2022, Localiza's Board of Directors approved, in progress with the business combination between Localiza and Locamérica, a capital stock increase of up to BRL 1,500,000, through one or more capitalization of Advances for Future Capital Increase - AFAC, to be paid up in Locamérica and which may have part distributed by the latter to any of its subsidiaries.

On July 25, 2022, Localiza's Board of Directors approved, in progress with the business combination between Localiza and Locamérica, a capital stock increase of up to BRL 1,500,000, through one or more capitalization of Advances for Future Capital Increase - AFAC, to be paid up in Locamérica and which may have part distributed by the latter to any of its subsidiaries. On September 23, 2022, the Board of Directors approved the Advances for Future Capital Increase, by the Company to Locamérica, in the amount of up to BRL 800,000. In the period ended December 31, 2022, the amount of BRL 1,900,000 was paid in.

On August 11, 2022, the Board of Directors approved the reduction of the capital stock of the Company's wholly-owned subsidiaries in the following terms: (i) Rental Brasil: from BRL 250,000 to BRL 100,000, with cancellation of 9,000,000 shares; and (ii) Prime: from BRL 114,600 to BRL 14,600, with cancellation of 13,089 shares.

9.3.1. Selected financial information of Localiza's investees

(a) Balance sheet and statement of income

	31/12/2022				31/12/2021			
	Assets	Liabilities	Shareholders' equity	Income	Assets	Liabilities	Shareholders' equity	Income
Localiza Fleet (*)	10,047,503	8,128,980	1,918,523	539,074	5,431,619	4,048,711	1,382,908	526,797
Locamerica (*)	19,319,268	14,070,006	5,249,262	142,232	-	-	-	-
Rental Brasil	464,377	352,895	111,482	9,507	631,645	362,474	269,171	20,965
Localiza Prime	86,573	31,306	55,267	47,753	172,273	26,050	146,223	37,572
Car Assistance	13,104	4,682	8,422	10,911	25,204	7,398	17,806	23,423
Franchising Brasil	26,495	22,847	3,648	4,059	19,367	16,718	2,649	2,727
LFI S.R.L.	225	86	139	-	225	86	139	-

(*) In Localiza Fleet, BRL 11,409 was considered in Shareholders' Equity and BRL 3,099 of loss for the year, referring to non-controlling interests. In Locamérica, goodwill was written off from previous business combinations in the amount of BRL 717,741 (Note 9.2.1).

(b) Dividends

2022	Localiza Fleet	Locamérica	Rental Brasil	Localiza Prime	Car Assistance	Franchising Brasil	Total
Dividends for 2021 (mandatory minimum)	125,114	-	4,980	8,923	5,857	681	145,555
Supplementary dividends to the mandatory minimum of 2021	-	-	14,937	26,770	17,567	2,046	61,320
Extraordinary dividends	-	600,000	-	-	-	-	600,000
Minimum mandatory dividends proposed for 2022	128,766	-	2,259	11,939	2,728	1,014	146,706
Dividends on the incorporation of shares	-	425,000	-	-	-	-	425,000
Total proposed approved dividends	253,880	1,025,000	22,176	47,632	26,152	3,741	1,378,581

2021	Localiza Fleet	Rental Brasil	Localiza Prime	Car Assistance	Franchising Brasil	Total
Mandatory minimum dividends for 2020	99,166	5,110	7,229	8,716	459	120,680
Supplementary dividends to the mandatory minimum for 2020	-	15,330	21,685	26,145	1,376	64,536
Minimum mandatory dividends proposed for 2021	125,114	4,980	8,923	5,857	681	145,555
Total proposed approved dividends	224,280	25,420	37,837	40,718	2,516	330,771

Dividends from subsidiaries are classified as investing activities in the Statement Cash Flows.

10. RELATED PARTY TRANSACTIONS

(a) Balances and transactions with subsidiaries

In the normal course of business, operations are carried out among the companies on the Platform, the main ones are car rental between companies to serve their customers, use of the administrative structure, and use of Localiza's corporate headquarters.

The sale of decommissioned cars for fleet renewal is carried out through a prepurchase financing pool, with the purpose of, but not limited to, capturing the synergy of the use of the same physical structure, sharing know-how and qualified units.

Balances and transactions made under conditions negotiated between the Company and its subsidiaries are as follows:

	Localiza Fleet		Locamérica Consolidated		Other subsidiaries		Total	
	31/12/22	31/12/21	31/12/22	31/12/21	31/12/22	31/12/21	31/12/22	31/12/21
Transactions:								
Trade receivables	23,968	25,292	8,366	-	-	-	32,334	25,292
Dividends Receivable	128,766	125,114	-	-	17,940	20,441	146,706	145,555
Other trade receivables (Note 8)	6,319	18,458	2,876	-	2,589	776	11,784	19,234
Suppliers	(3,185)	(2,244)	(109,975)	-	(5,597)	(5,328)	(118,757)	(7,572)
Debt securities (Note 16)	-	-	(1,111,124)	-	-	-	(1,111,124)	-
Other accounts payable (Note 18)	-	-	-	-	(2,797)	(233)	(2,797)	(233)

	Localiza Fleet		Locamérica Consolidated		Other subsidiaries		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Transactions:								
Revenues	71,439	52,007	5,554	-	-	-	76,993	52,007
Costs and expenses	(72,794)	(39,211)	(322,055)	-	(72,116)	(49,489)	(466,965)	(88,700)
Financial Expenses	-	-	(11,124)	-	-	-	(11,124)	-
Recovery of costs and expenses	199,426	153,980	44,132	-	10,114	9,823	253,672	163,803

On July 28, 2022, subsidiary Locamerica Rent a Car signed a vehicle lease agreement with the Company, for an indefinite period, where the vehicles may be freely sublet to third parties, without prior authorization or notification to Locamerica Rent a Car. The payment conditions in the contract are met monthly and measured.

On November 28, 2022, the Board of Directors approved the 1st issuance of commercial notes by Localiza in the amount of BRL 1,700,000 (Note 16). Part of the commercial notes issued by the Company were acquired by its subsidiary Locamérica in the amount of BRL 1,100,000 and the financial expenses recognized in the year were BRL 11,124.

In fundraising operations and/or obligations carried out by Localiza and its subsidiaries, guarantees are granted to Platform companies. On December 31, 2022 and 2021, there were guarantees referring to loans, financing, and debt securities, as shown below:

Guarantor	Target	31/12/22	31/12/21
Localiza Fleet	Localiza	12,524,815	6,362,210
Localiza	Localiza Fleet	5,555,669	2,701,274
Localiza	Rental Brasil	328,154	342,779
Locamérica Rent a Car	Locamerica	8,588,836	-
Locamerica	Locamérica Rent a Car	2,405,298	-

As of December 31, 2022, sureties in the contracting of bank guarantees and insurance for lawsuits were also granted in the amount of BRL 470,071 (BRL 351,718 as of December 31, 2021).

(b) Balances and transactions with other related parties

As of December 31, 2022 and 2021, the Company had contracted warranty insurance with several insurance companies, among them Pottencial Seguradora, whose founding partners are those of Localiza, Salim Mattar and Eugênio Mattar, jointly owning 32.50% of its capital. The transactions were carried out with Pottencial Seguradora, under normal market conditions, in the amount of BRL 1,108 (BRL 964 in 2021), recorded as warranty insurance expense, and the corresponding current insured amount of BRL 425.106 (BRL 324.135 as of December 31, 2021).

The Company has other 73 transactions with related parties in the normal course of its business, which are carried out under market conditions:

Name	Relationship	Transaction
Enterprise Holdings Brazil LLC	Shareholder	Shareholder
Armal Empreendimentos e Participação Ltda	Related party	Property leasing
Guerra Empreendimentos e Participações Eireli	Related party	Property leasing
Locapar Participações e Administração Ltda.	Related party	Support in lawsuits when going public
Via Jap Comércio de Veículos Ltda.	Related party	Purchase and sale of used vehicles
Via Trucks Comércio de Caminhões Ltda.	Related party	Purchase and sale of used vehicles
Vanguard Car Rental System USA LLC.	Related party	Lease partnership. The balance payable refers to commissions related to these operations and the balance receivable refers to the transfer of lease receivables paid by customers directly to Vanguard.

	31/12/22	
	Trade receivables	Accounts payable
Balances:		
Vanguard Car Rental System USA LLC	1,280	-
Via Jap Comércio de Veículos Ltda.	390	-
Via Trucks Comércio de Caminhões Ltda.	1,541	-
Alienantes Nexcorp (*)	-	(5,444)

(*) Amount retained from the transaction for the acquisition of subsidiary Nexcorp Serviços e Telecomunicações SA ("Getrak"), in order to guarantee the payment of any indemnity owed by the sellers of the acquired company, which is released gradually pursuant to the terms of the agreement.

	31/12/22	
	Revenue from car rental, Fleet Rental, and used cars	Costs, operating expenses, and cost recoveries
Transactions:		
Vanguard Car Rental System USA LLC	-	(8,493)
Via Trucks Comércio de Caminhões Ltda.	7,620	(20)
Via Jap Comércio de Veículos Ltda.	(167)	(389)
Armal Empreendimentos e Participação Ltda	-	(13)
Guerra Empreendimentos e Participações Eireli	-	(13)
	7,453	(8,928)

10.1. Compensation of key management personnel

	Individual		Consolidated	
	2022	2021	2022	2021
Short-term benefits	51,751	50,479	83,510	53,533
Post-employment benefits	547	983	603	1,044
Share-based compensation	51,433	40,131	66,918	40,131
Total	103,731	91,593	151,031	94,708

11. PROPERTY AND EQUIPMENT AND DECOMMISSIONED CARS FOR FLEET RENEWAL

(a) Property and equipment

Stated at cost less any accumulated depreciation and accumulated impairment losses, where applicable. Subsequent costs are included in the carrying amount of the asset or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with these costs will flow and can be reliably measured.

Cars in operation, either in car rental or fleet rental activities, are classified in property and equipment, while decommissioned cars, after being used in these activities, are presented as “decommissioned cars for fleet renewal” in current assets (Note 11 (b)).

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

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

The useful life depreciation for property and equipment in years is as follows:

	<u>2022</u>	<u>2021</u>
Vehicles:		
Car rental division	from 2 to 3	from 2 to 3
Fleet Rental division	from 1 to 5 (*)	from 1 to 5
Other property and equipment:		
Property	80	80
Furniture and fixtures	10	10
Trackers	5	5
Other	from 5 to 25	from 5 to 25

(*) It includes special and heavy vehicles.

The useful life of leasehold improvements and Right-of-use takes into consideration the respective contractual lease terms.

The depreciation expense of property and equipment is allocated to “Costs”, “Selling expenses”, and “General, administrative and other expenses” in the statement of income, according to their nature and allocation.

Vehicle depreciation

The estimated depreciation of cars is calculated as the difference between the acquisition cost of the car and the estimated value of sale at the end of the estimated useful life, less estimated trade discounts and selling expenses, being recognized so that the amount to be depreciated is fully recognized until the end of the estimated useful life, following the straight-line method. The Company periodically reassesses the adherence to depreciation methods to better reflect the equalization of maintenance and depreciation costs over the lifetime of the cars.

In addition to the residual value estimate, other estimates could affect depreciation, such as:

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

Depreciation of other property and equipment

Constructions, buildings, leasehold improvements and right-of-use assets are depreciated over rental terms, including renewal or sale when Management intends to exercise. Land and construction in progress are not depreciated.

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

	Individual							Total
	Vehicles	Fixtures	Right-of-use	Property	Leasehold improvements	Furniture and fixtures	Other	
Costs								
As of December 31, 2020	10,443,020	12,899	1,118,007	1,913	166.230	109.323	124.652	11.976.044
Additions	5,625,128	8,670	286,208	-	-	11,304	98,153	6,029,463
Write-offs/transfers (*)	(3,986,522)	49,757	(37,791)	-	44,879	(232)	(101,733)	(4,031,642)
As of December 31, 2021	12,081,626	71,326	1,366,424	1,913	211,109	120,395	121,072	13,973,865
Additions	13,604,977	35,520	236,185	-	-	13,019	88,609	13,978,310
Write-offs/transfers (*)	(5,299,153)	(1,821)	(72,653)	-	36,919	(24,610)	(87,756)	(5,449,074)
As of December 31, 2022	20,387,450	105,025	1,529,956	1,913	248.028	108,804	121,925	22,503,101
Accumulated depreciation								
As of December 31, 2020	(325,149)	(210)	(253,896)	(1,296)	(95,800)	(47,937)	(59,160)	(783,448)
Additions	(183,735)	(6,904)	(164,670)	(82)	(20,105)	(9,561)	(10,263)	(395,320)
Write-offs/transfers (*)	168,061	40	37,808	-	2,372	195	1,870	210,346
As of December 31, 2021	(340,823)	(7,074)	(380,758)	(1,378)	(113,533)	(57,303)	(67,553)	(968,422)
Additions	(822,627)	(16,821)	(175,016)	(82)	(23,140)	(10,118)	(11,171)	(1,058,975)
Write-offs/transfers (*)	222,778	636	72,653	-	16	24,601	47,561	368,245
As of December 31, 2022	(940,672)	(23,259)	(483,121)	(1,460)	(136,657)	(42,820)	(31,163)	(1,659,152)
Net carrying amount								
As of December 31, 2021	11,740,803	64,252	985,666	535	97,576	63,092	53,519	13,005,443
As of December 31, 2022	19,446,778	81,766	1,046,835	453	111,371	65,984	90,762	20,843,949

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

	Consolidated							
	Vehicles	Fixtures	Right-of-use	Property	Leasehold improvements	Furniture and fixtures	Other	Total
Costs								
As of December 31, 2020	13,607,962	20,704	853,213	378,695	169,888	109,245	167,257	15,306,964
Additions	7,655,888	8,712	261,709	-	-	11,439	118,957	8,056,705
Write-offs/transfers (*)	(4,767,920)	62,035	(38,971)	-	44,879	(219)	(114,203)	(4,814,399)
As of December 31, 2021	16,495,930	91,451	1,075,951	378,695	214,767	120,465	172,011	18,549,270
Opening balance of acquired companies	12,883,331	96,702	186,937	1,000	30,920	21,158	58,772	13,278,820
Additions	22,538,963	92,350	235,124	-	8,197	15,165	131,931	23,021,730
Write-offs/transfers (*)	(7,759,922)	(2,557)	(88,471)	-	28,588	(25,745)	(106,529)	(7,954,636)
Transfer to classified asset held for sale	(529,477)	275	(28,241)	-	(10,826)	(5,672)	(10,043)	(583,984)
As of December 31, 2022	43,628,825	278,221	1,381,300	379,695	271,646	125,371	246,142	46,311,200
Accumulated depreciation								
As of December 31, 2020	(684,723)	(1848)	(228,700)	(6,656)	(96,166)	(47,825)	(59,751)	(1,125,669)
Additions	(255,158)	(9,150)	(150,212)	(5,208)	(20,288)	(9,576)	(10,522)	(460,114)
Write-offs/transfers (*)	286,804	139	38,987	-	2,372	195	1,870	330,367
As of December 31, 2021	(653,077)	(10,859)	(339,925)	(11,864)	(114,082)	(57,206)	(68,403)	(1,255,416)
Opening balance of acquired companies	(557,656)	(55,066)	(118,705)	-	(19,287)	(8,584)	(20,749)	(780,047)
Additions	(1,747,520)	(30,718)	(175,891)	(5,389)	(29,564)	(10,847)	(16,328)	(2,016,257)
Write-offs/transfers (*)	604,677	1,075	84,052	-	3,483	24,806	50,341	768,434
Transfer to classified asset held for sale	(21,140)	(204)	3,842	-	4,346	1,747	3,993	(7,416)
As of December 31, 2022	(2,374,716)	(95,772)	(546,627)	(17,253)	(155,104)	(50,084)	(51,146)	(3,290,702)
Net carrying amount								
As of December 31, 2021	15,842,853	80,592	736,026	366,831	100,685	63,259	103,608	17,293,854
As of December 31, 2022	41,254,109	182,449	834,673	362,442	116,542	75,287	194,996	43,020,498

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

(b) Decommissioned vehicles for fleet renewal

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

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

The carrying amount of vehicles decommissioned for fleet renewal is BRL 1,118,903 in the Individual and BRL 1,976,087 in the Consolidated (BRL 148,188 in the Individual and BRL 181,999 in the Consolidated on December 31, 2021). The variation compared to the previous year is mainly due to the increase in the volume of decommissioned vehicles in the car rental division, considering the resumption of vehicle purchases from the third quarter of 2022.

There are no assets related to vehicles decommissioned for fleet renewal or for resale held as collateral.

12. INTANGIBLE ASSETS

The accounting practice adopted by the Company is to record intangible assets with finite useful lives and acquired separately at cost, less accumulated amortization and impairment, when applicable. Amortization is recorded on the straight-line basis over the estimated useful life of 5 years (except for the SAP software of which the useful life was evaluated by internal experts at 10 years), the expense being allocated to the “costs”, “selling expenses” and “general, administrative and other expenses” items in the statement of profit or loss, according to their nature and allocation.

The estimated useful life and the depreciation method are reviewed yearly and the effect of any changes in estimates is accounted for prospectively.

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

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

	Individual		Consolidated				Total
	Software	Software	Customer portfolio	Brands and patents	Goodwill on acquisition of investments	Other	
Cost:							
As of December 31, 2020	127,779	148,064	-	-	105,437	-	253,501
Additions	4,165	4,329	-	-	-	-	4,329
As of December 31, 2021	131,944	152,393	-	-	105,437	-	257,830
Opening balance of acquired companies	-	197,005	52,917	7,128	95,431	5,385	357,866
Additions	65,711	110,424	124,352	6,927	8,231,967	4,298	8,477,968
Write-offs	-	(6,881)	-	(7,124)	-	(5,186)	(19,191)
Transfer to classified asset held for sale	-	(4,059)	-	-	(95,431)	(375)	(99,865)
As of December 31, 2022	197,655	448,882	177,269	6,931	8,337,404	4,122	8,974,608
Accumulated amortization							
As of December 31, 2020	(88,914)	(101,413)	-	-	-	-	(101,413)
Additions	(10,923)	(13,388)	-	-	-	-	(13,388)
As of December 31, 2021	(99,837)	(114,801)	-	-	-	-	(114,801)
Opening balance of acquired companies	-	(51,041)	(29,177)	(4,593)	-	(3,645)	(88,456)
Additions	(11,044)	(25,291)	(20,224)	(238)	-	(1,543)	(47,296)
Write-offs	-	1,128	-	4,831	-	4,072	10,031
Transfer to classified asset held for sale	-	44	-	-	-	17	61
As of December 31, 2022	(110,881)	(189,961)	(49,401)	-	-	(1,099)	(240,461)
Net carrying amount:							
As of December 31, 2021	32,107	37,592	-	-	105,437	-	143,029
As of December 31, 2022	86,774	258,921	127,868	6,931	8,337,404	3,023	8,734,147

Impairment tests for goodwill

Assets with an indefinite useful life, such as goodwill, are not subject to amortization and are tested annually to identify any need for impairment. In assessing the recoverable amount of the other assets, assets are grouped them at the lowest levels for which there is separately identifiable cash flow generation (cash-generating units - CGUs), according to the analysis used by Management. Using the discounted cash flow method, it was concluded that the recoverable amount of assets is greater than the historical carrying amount, including goodwill, as of December 31, 2022. Therefore, we have not recorded a provision for impairment of allocated goodwill to any of the cash-generating units.

The recoverable amount of a cash-generating unit is determined based on value-in-use calculations. Cash flow projections were used to calculate these projections, based on a budget approved by the Board of Directors, for a period of 10 years, before income tax and social contribution, and a perpetuity growth rate was applied.

As of December 31, 2022 and 2021, the Company has goodwill of BRL 8,337,404 and BRL 105,437, respectively, allocated to Cash Generating Units identified below according to the operating segment.

	<u>31/12/22 (*)</u>	<u>31/12/21</u>
Car rental	1,577,424	89,986
Fleet Rental	6,423,536	-
Travel and tourism agency	27,557	-
Telemetry	308,887	15,451
	<u>8,337,404</u>	<u>105,437</u>

(*) Preliminary goodwill allocations for acquisitions made in the year ended December 31, 2022, (Notes 9.2.1 and 9.2.2).

The main assumptions used in estimating the fair value of each UGC include: (i) revenue and profitability growth rates and (ii) discount rate. These calculations were made using the approved budget and estimated growth rates below:

	<u>Car rental</u>	<u>Fleet Rental</u>	<u>Travel and tourism agency</u>	<u>Telemetry</u>
Average revenue growth rate	11.72%	11.73%	21.67%	7.49%
Average discount rate	11.58%	12.10%	14.28%	13.29%
Average growth rate in perpetuity	3.18%	3.10%	3.15%	3.00%

Sensitivity test

We performed sensitivity tests on the discount and growth rates considering an increase or decrease between 0.15% and 0.50%. In all sensitivity scenarios, no need for impairment was identified.

13. TRADE PAYABLES

The balance of trade payables is as follows:

	<u>Individual</u>		<u>Consolidated</u>	
	<u>31/12/22</u>	<u>31/12/21</u>	<u>31/12/22</u>	<u>31/12/21</u>
Vehicles (*)	3,610,250	1,181,945	5,625,318	1,707,362
Maintenance and spare parts	88,385	67,927	174,360	98,195
Information technology services	19,672	44,027	28,757	46,647
Leases	29,893	25,699	32,871	26,115
Other	323,239	170,682	316,445	180,977
Total	<u>4,071,439</u>	<u>1,490,280</u>	<u>6,177,751</u>	<u>2,059,296</u>

(*) The balance payable from automakers refers to vehicles purchased with an average payment period of 72 days (61 days on December 31, 2021).

The Company has, with its suppliers, contracts for the purchase of products or provision of services with installment payments, to be carried out on their respective due dates. In this context, in December 2022, the Company signed an agreement regarding the management of payment orders to its suppliers, who may be interested in anticipating

amounts receivable through credit assignment transactions with a financial institution; the latter may also be interested in acquiring them at its sole discretion. This transaction does not require the Company's acceptance and does not change the terms, prices, and conditions previously established with suppliers; therefore, the Company maintains the classification under "suppliers". On December 31, 2022, the payable balance negotiated by suppliers, in the context of this agreement, amounted to BRL 155,281 in Individual and Consolidated.

Credit assignment by suppliers – Locamérica

On December 31, 2022, there was no outstanding balance related to credit assignment operations carried out by suppliers of subsidiary Locamérica. Settlements of these operations are classified as financing activities in the Statement of cash flows.

14. PAYROLL AND RELATED TAXES

The balance of payroll and related taxes is as follows:

	Individual		Consolidated	
	31/12/22	31/12/21	31/12/22	31/12/21
Provision for vacation pay	86,003	71,848	116,100	79,211
Provision for profit sharing (*)	88,508	147,750	117,270	163,100
INSS	18,443	13,858	30,812	14,653
FGTS	5,613	4,371	9,199	5,298
Provision of long-term incentives	1,658	-	11,727	-
Social charges of long-term incentives	2,068	524	16,820	524
Other	18,195	12,182	31,743	13,342
Total	220,488	250,533	333,671	276,128

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

15. ASSIGNMENT OF CREDIT RIGHTS

On December 29, 2022, Localiza Fleet, a wholly-owned subsidiary of the Company, carried out an operation for the assignment of credit rights arising from contracts with customers of the Fleet Rental division, on a definitive basis and without any co-obligation in the event of default by customers, in the amount of BRL 327,007 and costs related to the operation in the amount of BRL 50,976, which will be appropriated as a financial expense in the statement of income for the period of the agreement, within 43 months.

On December 31, 2022, the balance of assignment of credit rights was BRL 276,031.

16. BORROWINGS AND DEBT SECURITIES

The balance for loans, financing, and debt securities is as follows:

	Individual		Consolidated	
	31/12/22	31/12/21	31/12/22	31/12/21
In local currency				
Debentures	12,989,910	7,027,652	27,470,468	9,384,404
Commercial note	1,711,202	-	1,429,795	-
Working capital	398,721	733,680	1,087,147	935,965
Real estate Receivables Certificate ("CRI")	296,707	-	624,860	334,645
Certificate of Agribusiness Receivables ("CRA")		-	607,593	-
Consortium	2,844	3,667	3,362	11,069
In foreign currency				
Loan in foreign currency	1,225,463	1,593,222	2,047,888	1.767.012

	Individual		Consolidated	
	31/12/22	31/12/21	31/12/22	31/12/21
Total	16,624,847	9,358,221	33,271,113	12,433,095
Current	1,290,858	1,725,157	3,353,510	1,884,758
Non-current	15,333,989	7,633,064	29,917,603	10,548,337

The balance for loans, financing, and debt securities is as follows:

	Individual		Consolidated	
	2022	2021	2022	2021
Balance at the beginning of the period	9,358,221	7,636,551	12,433,095	10,497,723
Opening balance of acquired companies	-	-	11,797,260	-
Funding	8,331,416	3,097,979	10,340,537	3,596,103
Repurchase of debentures	-	(352,479)	-	(383,086)
Interests, charges, and exchange rate variation	1,130,131	439,979	2,415,476	596,629
Amortization of principal	(1,216,518)	(1,211,762)	(1,580,281)	(1,529,187)
Interest amortization	(978,403)	(252,047)	(2,134,974)	(345,087)
Balance at the end of the period	16,624,847	9,358,221	33,271,113	12,433,095

On December 31, 2022 and 2021, loans, financing, and debt securities recorded in liabilities, net of funding costs, were as follows, by maturity year:

	Individual		Consolidated	
	2022	2021	2022	2021
2022	-	1,725,157	-	1,884,758
2023	1,290,858	944,044	3,353,510	1,547,723
2024	3,880,923	1,952,423	6,089,799	2,832,005
2025	1,201,938	1,257,535	3,219,837	1,911,648
2026 to 2031	10,251,128	3,479,062	20,607,967	4,256,961
	16,624,847	9,358,221	33,271,113	12,433,095

During the years ended December 31, 2022 and 2021, the following debenture repurchase programs were in effect:

Debenture repurchase program	Approved by the Board of Directors	Repurchase period	Maximum authorized	Amount repurchased in 2021
1º - Localiza	18 and 27/06/20	19/06/20 to 18/06/21	1,300,000	343,961
1º - Localiza Fleet	27/10/20	27/10/20 to 18/06/21	200,000	10,200
2º - Localiza	24/06/21	24/06/21 to 24/06/22	600,000	8,518
2º - Localiza Fleet	24/06/21	24/06/21 to 24/06/22	300,000	20,407

There was no repurchase of debentures in the year ended December 31, 2022.

(a) Debt securities

On December 31, 2022 and 2021, the Company had debt securities under the terms of CVM Instruction 160/22. The characteristics of each issuance of debt securities, approved at the Board of Directors' meetings, are described below:

Company	Issuance	Maturity Date	Contract rate (p.a.)	Financial Settlement	Annual amortization	Surety/Guarantee	Individual		Consolidated	
							31/12/22	31/12/21	31/12/22	31/12/21
Debentures										
Localiza	Debentures - 11th issuance	01/2022	111.50% of CDI	500,000	2022	Localiza Fleet	-	411,016	-	411,016
Localiza	Debentures - 12th issuance	05/2024	107.25% of CDI	700,000	2024	Localiza Fleet	684,784	684,634	684,784	684,634
Localiza	Debentures - 13th issuance (1st series)	02/2023	109.35% of CDI	868,910	2022 and 2023	Localiza Fleet	329,836	821,384	329,836	821,384
Localiza	Debentures - 13th issuance (2nd series)	02/2025	111.30% of CDI	216,110	2024 and 2025	Localiza Fleet	189,243	-	189,243	-
Localiza	Debentures - 14th issuance (1st series)	01/2024	107.90% of CDI	200,000	2024	Localiza Fleet	207,479	656,416	207,479	656,416
Localiza	Debentures - 14th issuance (2nd series)	09/2026	112.32% of CDI	800,000	2024, 2025, and 2026	Localiza Fleet	461,511	-	461,511	-
Localiza	Debentures - 15th issuance	04/2026	107.25% of CDI	1,000,000	2025 and 2026	Localiza Fleet	774,036	764,565	774,036	764,565
Localiza	Debentures - 16th issuance	01/2026	CDI + 1.05%	1,000,000	2024, 2025, and 2026	None	1,057,064	1,025,876	1,057,064	1,025,876
Localiza	Debentures - 17th issuance (*)	03/2031	IPCA + 5.47% (*)	1,200,000	2030 and 2031	Localiza Fleet	1,148,753	1,137,785	1,148,753	1,137,785
Localiza	Debentures - 18th issuance	10/2026	CDI + 1.15%	1,500,000	2026	Localiza Fleet	1,546,012	1,525,976	1,546,012	1,525,976
Localiza	Debentures - 19th issuance (1st series)	02/2027	CDI + 1.6%	950,000	2027	Localiza Fleet	993,487	-	993,487	-
Localiza	Debentures - 19th issuance (2nd series)	02/2029	CDI + 2%	1,550,000	2029	Localiza Fleet	1,623,163	-	1,623,163	-
Localiza	Debentures - 21st issuance	07/2027	CDI + 1.6%	1,450,000	2027	Localiza Fleet	1,525,977	-	1,525,977	-
Localiza	Debentures - 22th issuance	12/2028	CDI + 1.87%	2,450,000	2028	Localiza Fleet	2,448,565	-	2,448,565	-
Locamerica	Debentures - 14th issuance (*)	11/2024	109.72% of the CDI	200,000	2022, 2023	Locamérica Rent a Car	-	-	162,257	-
Locamerica	Debentures - 16th issuance (**)	11/2027	CDI + 1.80%	850,000	2026, 2027	Locamérica Rent a Car	-	-	851,251	-
Locamerica	Debentures 16th Issuance	04/2024	119% of CDI	350,000	2022, 2023, 2024	None	-	-	238,301	-
Locamerica	Debentures 17th Issuance	09/2023	113% of CDI	400,000	2022, 2023	None	-	-	206,910	-
Locamerica	Debentures 18th Issuance	09/2024	108% of CDI	200,000	2024	Locamérica Rent a Car	-	-	207,328	-
Locamerica	Debentures 19th Issuance	01/2026	CDI + 2.40%	1,500,000	2025, 2026	Locamérica Rent a Car	-	-	1,602,636	-
Locamerica	Debentures 20th Issuance (1st series)	05/2028	CDI + 2.00%	350,000	2027, 2028	Locamérica Rent a Car	-	-	355,078	-
Locamerica	Debentures 20th Issuance (2nd series)	05/2031	CDI + 2.40%	400,000	2029, 2030, 2031	Locamérica Rent a Car	-	-	404,280	-
Locamerica	Debentures 21st Issuance (***)	09/2031	IPCA + 6.51%	1,100,000	2029, 2030, 2031	Locamérica Rent a Car	-	-	1,094,843	-
Locamerica	Debentures 22nd Issuance	11/2026	CDI + 1.15%	1,000,000	2026	Locamérica Rent a Car	-	-	1,014,529	-
Locamerica	Debentures 23rd Issuance (1st series)	04/2027	CDI + 1.85%	685,000	2027	Locamérica Rent a Car	-	-	691,857	-

Company	Issuance	Maturity Date	Contract rate (p.a.)	Financial Settlement	Annual amortization	Surety/Guarantee	Individual		Consolidated	
							31/12/22	31/12/21	31/12/22	31/12/21
Locamerica	Debentures 23rd Issuance (2nd series) (****)	04/2029	IPCA + 7.60%	515,000	2029	Locamérica Rent a Car	-	-	498,569	-
Locamerica	Debentures 24th Issuance	05/2027	CDI + 1.85%	265,500	2027	Locamérica Rent a Car	-	-	268,898	-
Locamérica Rent a Car	Debentures 11th Issuance	03/2023	117.5% of CDI	500,000	2022, 2023	Locamerica	-	-	259,190	-
Locamérica Rent a Car	Debentures 12th Issuance (1st series)	09/2023	110.6% of the CDI	150,000	2022, 2023	Locamerica	-	-	77,853	-
Locamérica Rent a Car	Debentures 12th Issue (2nd series)	09/2025	IPCA + 7.30%	100,000	2024, 2025	Locamerica	-	-	129,574	-
Locamérica Rent a Car	Debentures 13th Issuance (1st series)	04/2024	107.9% of the CDI	527,400	2024	Locamerica	-	-	543,121	-
Locamérica Rent a Car	Debentures 13th Issuance (2nd series)	04/2027	110.5% of CDI	372,600	2025, 2026, 2027	Locamerica	-	-	383,517	-
Locamérica Rent a Car	Debentures 13th Issuance (3rd series)	04/2029	112.0% of CDI	100,000	2028, 2029	Locamerica	-	-	102,927	-
Locamérica Rent a Car	Debentures 15th Issuance	02/2026	CDI + 2.25%	450,000	2025, 2026	Locamerica	-	-	472,026	-
Localiza Fleet	Debentures - 5th issuance	07/2025	112.00% of CDI	300,000	2025	Localiza	-	-	215,425	208,085
Localiza Fleet	Debentures - 6th issuance	02/2024	110.40% of the CDI	400,000	2024	Localiza	-	-	310,814	309,676
Localiza Fleet	Debentures - 7th issuance	07/2025	109.00% of CDI	300,000	2023, 2024, and 2025	Localiza	-	-	317,607	308,357
Localiza Fleet	Debentures - 8th issuance	02/2025	CDI + 1.00%	1,000,000	2023, 2024, and 2025	Localiza	-	-	1,049,154	1,022,475
Localiza Fleet	Debentures - 9th issuance	10/2026	CDI + 1.30%	500,000	2026	Localiza	-	-	515,327	508,159
Localiza Fleet	Debentures - 10th issuance (1st series)	04/2027	CDI + 1.6%	950,000	2027	Localiza	-	-	974,252	-
Localiza Fleet	Debentures - 10th issuance (2nd series)	04/2028	CDI + 1.75%	500,000	2028	Localiza	-	-	512,943	-
Localiza Fleet	Debentures - 11th issuance	10/2027	CDI + 1.6%	1,000,000	2027	Localiza	-	-	1,020,091	-
							12,989,910	7,027,652	27,470,468	9,384,404
Commercial notes										
Localiza	Commercial note	12/2024	CDI + 1.3%	1,700,000	2024	None	1,711,202	-	600,078	-
Locamerica	Commercial Note 1st Issuance	03/2024	CDI + 1.35%	800,000	2024	Locamérica Rent a Car	-	-	829,717	-
							1,711,202	-	1,429,795	-
							14,701,112	7,027,652	28,900,263	9,384,404

(*) On March 24, 2021, the Company entered into derivatives to exchange the remuneration of the 17th debenture issue in IPCA (Broad Consumer Price Index) for its equivalent in Interbank Deposit Certificates (“CDI”) rate, which is the reference index used by the Company. The Company opted for the designation of this debt operation as measured at fair value, having contracted derivative financial instruments (swap) for its protection. The fair value option aims to eliminate or reduce the volatility of measurement or recognition of certain liabilities. Thus, both swaps and the respective debts are measured at fair value. This option is irrevocable and must be exercised only upon initial recognition of the transaction.

(**) On June 30 and July 15, 2022, the General Meeting approved the assumption of the 16th and 14th issuance of debentures by subsidiary Locamérica Rent a Car S.A. On the same date, the capital increase at Locamérica Rent a Car S.A. was approved in the same amount.

(***) In 2021, the Company entered into derivatives to exchange the remuneration of the 21st debenture issuance of Locamérica in IPCA (Broad Consumer Price Index) for its equivalent in Interbank Deposit Certificates (“CDI”) rate, which is the reference index used by the Company. The Company opted for the designation of this debt operation as measured at fair value, having contracted derivative financial instruments (swap) for its protection. The fair value option

("Hedge Accounting Fair Value") aims to eliminate or reduce the volatility of measurement or recognition of certain liabilities. Thus, both swaps and the respective debts are measured at fair value. This option is irrevocable and must be exercised only upon initial recognition of the transaction.

(****) In 2022, the Company entered into derivatives to exchange the remuneration of the 22nd debenture issuance of Locamérica, 2nd series, in IPCA (Broad Consumer Price Index) for its equivalent in Interbank Deposit Certificates ("CDI") rate, which is the reference index used by the Company. The Company opted for the designation of this debt operation as measured at fair value, having contracted derivative financial instruments (swap) for its protection. The fair value option aims to eliminate or reduce the volatility of measurement or recognition of certain liabilities. Thus, both swaps and the respective debts are measured at fair value. This option is irrevocable and must be exercised only upon initial recognition of the transaction.

The average effective interest rate on debt securities issued ranges from 107.25% of CDI to CDI + 2.40% p.a. (108.9% of CDI to CDI + 2.65% p.a. on December 31, 2021).

On December 31, 2021, the amount of issuance costs with debt securities to be recognized was BRL 253,881 (BRL 82,532 as of December 31, 2021), being presented net in the respective security.

Funding in the period

In 2022, the following funding was approved:

<u>Company</u>	<u>Issuance</u>	<u>Maturity Date</u>	<u>Contract rate (p.a.)</u>	<u>Financial Settlement</u>	<u>Surety/Guarantee</u>
Localiza	19th issuance – 1st series	02/2027	CDI+1.60%	1,250,000	Localiza Fleet
Localiza	19th issuance – 2nd series	02/2029	CDI+2.00%	1,250,000	
Localiza	20th issuance (*)	06/2027	CDI+0.95%	300,000	Localiza Fleet
Localiza	21st issuance	07/2027	CDI+1.60%	1,450,000	Localiza Fleet
Localiza	22nd issuance	12/2028	CDI+1.87%	2,450,000	Localiza Fleet
Localiza	Commercial Notes - 1st Issuance (**)	03/2024	CDI+1.35%	1,700,000	Locamérica Rent a Car
Locamerica	CRA 400	09/2028	IPCA + 6.618% p.a. - 1st Series CDI + 1.00% p.a.	167,200	Locamérica Rent a Car
Locamerica	CRA 400	09/2028	CDI + 1.00% p.a. - 2nd Series CDI + 1.00% p.a.	250,800	Locamérica Rent a Car
Localiza Fleet	10th issuance – 1st series	04/2027	CDI+1.60%	725,000	Localiza
Localiza Fleet	10th issuance – 2nd series	04/2028	CDI+1.75%	725,000	
Localiza Fleet	11th issuance – 2nd series	10/2027	CDI+1.60%	1,000,000	Localiza Rent a Car
Localiza Fleet	Funding in foreign currency	01/2024	CDI + 1.18%	284,500	
				11,552,500	

(*) The 20th issuance of Localiza is linked to a securitization operation of real estate receivables so that the real estate credits are tied as backing for the issuance of real estate receivables certificates, of the Unique Series of the 22nd issuance of Virgo Companhia de Securitização.

(**) On November 28, 2022, the Board of Directors approved the 1st issuance of commercial notes by Localiza in the amount of BRL 1,700,000 (Note 10). Part of the commercial notes issued by the Company were acquired by its subsidiary Locamérica in the amount of BRL 1,100,000.

The amount of expenses with the issuance of debt securities in the year was BRL 111,963, being presented net in the respective security.

Restrictive Contractual Clauses – Financial Covenants

Loans and financing have hypotheses of early maturity such as, but not limited to: (i) requesting or filing for bankruptcy by the issuer or third parties that is not duly remedied within the legal term; (ii) issues related to default, not cured within the expected period, in an individual or aggregate amount equal to or greater than 3% of the average consolidated shareholders' equity calculated in the last three quarters; (iii) Localiza's capital reduction and/or repurchase of its own shares for cancellation, except if previously authorized by the debenture holders; (iv) the incorporation, merger or spin-off of Localiza, unless, under the terms of Article 231 of Law No. 6,404/76, the spun-off party or the company resulting from the operation remains within the current controlling group of the issuer, or the object of the spin-off represents less than 30% of the last annual consolidated billing; (v) non-maintenance of quarterly financial ratios, based on the Company's consolidated financial information; and (vi) downgrade of the rating of the Company in two or more notches in relation to the AAA rating (BR, triple A) by Fitch Ratings or Standard & Poor's due to any change in the corporate structure that may result in the loss, transfer or sale of the issuer's controlling power by

the current controllers.

The national scale corporate credit ratings in effect as of December 31, 2022 were: *Standard & Poor's* (AAA(bra)/stable), *Moody's* (Aaa.br/WR) and *Fitch Ratings* (AAA(bra)/stable).

As demonstrated below, the financial covenants were met on December 31, 2022 and 2021:

Index	Limits	12 months ended on	
		31/12/22	31/12/21
Net Debt / Adjusted EBITDA (*)	Below 4.00	3.78	1.88
Net debt discounted from credit card balance (**) / adjusted EBITDA	Below 4.00	3.70	1.72
Adjusted EBITDA / Net financial expenses	Above 1.50	3.27	11.64

(*) EBITDA corresponds to profit or loss, on a consolidated basis, relating to the 12 last months, plus: (i) finance income; (ii) income tax and social contribution; and (iii) depreciation and amortization expenses. For all issuances, EBITDA is also adjusted by the costs on stock options, non-recurring expenses and impairment.

(**) From the 14th debenture issued and the 7th commercial note issued by Localiza and the debenture issues of Localiza Fleet include in the definition of net debt the discount of the balance of credit card receivables at the amount of BRL 596,353 on December 31, 2022.

Additionally, certain financial indices are prerequisites for not accelerating the maturity of the debentures issued by Locamérica and its subsidiaries, are as follows:

(i) Contract covenants for the 16th issuance of debentures by Locamerica

Index	Limits	31/12/22
Net Debt / EBITDA LTM	Equal to or below 3.50	3.08
EBITDA LTM / net financial income	Equal to or greater than 1.75	2.57
Net Debt / Shareholders' Equity	Equal to or below 3.50	1.68

(ii) Contract covenants for the 17th issuance of debentures by Locamérica

Index	Limits	31/12/22
Net Debt / EBITDA LTM	Equal to or below 3.50	3.08
EBITDA LTM / net financial income	Equal to or greater than 1.75	2.57
Net Debt / Equity	Equal to or below 3.50	1.68
Net debt / carrying amount of vehicles	Equal to or lower than 80%	65.98%

(iii) Covenants of the contracts for the 14th, 16th, 18th, 19th, 20th, 21st, 22nd, 23rd and 24th issuance of debentures, CRA 157 and CRA 104 and CCB 122020

Index	Limits	31/12/22
Net Debt / EBITDA LTM	Equal to or below 3.50	3.08
EBITDA LTM / net financial income	Equal to or greater than 1.75	2.57

(iv) Covenants of contracts for the 11th, 12th issuance of debentures and contracts of 4131 - Working capital Locamérica Rent a Car

Index	Limits	31/12/22
Net Debt / EBITDA LTM	Equal to or below 3.50	2.49
EBITDA LTM / net financial income	Equal to or greater than 1.75	2.58
Net Debt / Shareholders' Equity	Equal to or below 3.50	2.82

(v) Contract covenants for the 15th issuance of debentures by Locamérica Rent a Car.

Index	Limit	31/12/22
Net Debt / EBITDA LTM	Equal to or below 3.50	2.49
EBITDA LTM / net financial income	Equal to or greater than 1.75	2.58

Additionally, the Company has loans that also include certain accelerated maturity events under conditions similar to those applicable to debt securities. On December 31, 2021, these restrictive covenants were being met.

(b) Working capital

The consolidated balance of working capital loans refers to the following agreements:

Company	Maturity date	Interest rate (p.a.)	Contracted amount	Surety/ guarantee	Individual		Consolidated	
					31/12/22	31/12/21	31/12/22	31/12/21
Localiza	23/09/2024	CDI + 1.38%	100,000	2024	103,458	102,013	103,458	102,013
Localiza	31/03/2022	CDI + 3.6%	300,000	2022	-	338,915	-	338,915
Localiza	23/03/2023	CDI + 1.88%	295,000	2023	295,263	292,752	295,263	292,752
Localiza Fleet	16/02/2024	112.5% of the CDI	200,000	2023 and 2024	-	-	203,739	202,285
Locamerica	15/01/2026	CDI + 2.40%	450,000	2025 and 2026	-	-	482,430	-
Sofit	04/05/2023	3.75%	64	2023	-	-	11	-
Sofit	02/06/2023	3.75%	64	2023	-	-	14	-
Sofit	02/10/2023	3.75%	66	2023	-	-	23	-
Voll	01/08/2024	11.62%	356	2020 to 2024	-	-	157	-
Voll	15/12/2025	9.39%	1019	2021 to 2025	-	-	782	-
BTM	02/10/2024	11.35%	600	2021 to 2024	-	-	365	-
BTM	25/11/2030	IPCA + 0.75%	962	2020 to 2030	-	-	905	-
					398,721	733,680	1,087,147	935,965

On December 31, 2021, the amount of issuance costs with working capital loans to be recognized was BRL 1,468 (BRL 3,198 on December 31, 2021), being presented net in the respective contract.

(c) Real estate Receivables Certificate ("CRI")

On February 2018, the Company concluded the issuance of CRI in the amount of BRL 370,000, issued by RB Capital Companhia de Securitização, backed by real estate receivables from property rental contracts with Rental Brasil. The bonds mature on November 21, 2032, with the redemption option by the certificate holders on November 21, 2024 and yield of 99% of CDI p.a.

In June 2022, the Company completed the CRI offer in the total amount of BRL 300,000, issued by Virgo Companhia de Securitização, which is backed by the reimbursement of expenses, costs, and real estate expenses incurred in the 24 months prior to the closing date of the Offer as well as expenditures, costs, and expenses on civil works directly related to the construction and/or renovation of back-up ventures to be carried out directly by the Issuer. The bonds mature on June 7, 2027, and their yield is CDI + 0.95%.

On December 31, 2022, the outstanding balance of real estate certificates was BRL 296,707 in the Individual and BRL 624,860 in the Consolidated.

(d) Certificate of Agribusiness Receivables ("CRA")

On July 27, 2022, the Board of Directors of Locamérica approved the issuance of a Certificate of Agribusiness Credit Rights (CDCA) on behalf of Eco Securitizadora de Direitos Creditórios do Agronegócio, in the total amount of BRL 418,000. The net proceeds obtained by the issuer from all operations carried out were used in the normal course of business.

The balance of Certificate of Agribusiness Receivables refers to the following contracts:

<u>Company</u>	<u>Maturity date</u>	<u>Contract rate (p.a.)</u>	<u>Financial Settlement</u>	<u>Annual amortization</u>	<u>Surety/Guarantee</u>	<u>31/12/2022</u>
Locamerica	07/2031	IPCA + 4.825% pa	BRL 200,000	2029, 2030, 2031	Locamérica Rent a Car	190,529
Locamerica	09/2028	IPCA + 6.618% pa - 1st Series	BRL 167,200	2028	Locamérica Rent a Car	163,589
Locamerica	09/2028	CDI + 1.00% pa - 2nd Series	BRL 250,800	2028	Locamérica Rent a Car	253,475
						<u><u>607,593</u></u>

(e) Loans in foreign currency

Seeking to reduce its funding costs and lengthen amortization terms, the Company contracted loans in foreign currency and their main characteristics are:

Company	Maturity date	Rate (p.a.)	Contracted amount	Designation	Individual		Consolidated	
					31/12/2022	31/12/2021	31/12/2022	31/12/2021
Localiza (*)	03/01/2023	1.09%	EUR 55,394	none	308,714	350,669	308,714	350,669
Localiza	22/05/2023	LIBOR + 0.47%	USD 80,000	none	210,209	446,798	210,209	446,798
Localiza	03/01/2025	1.33%	EUR 55,394	none	308,861	350,891	308,861	350,891
Localiza	26/02/2024	1.94%	USD 80,000	Fair Value Option	397,679	444,864	397,679	444,864
Localiza Fleet	10/01/2024	CDI + 1.18%	USD 50,000	Fair Value Option	-	-	253,504	-
Localiza Fleet (**)	22/08/22 and 23/01/23	LIBOR + 1.66%	USD 31,081	none	-	-	131,829	173,790
Localiza Fleet (**)	22/08/23 and 22/02/24	SOFR + 1.88%	USD 25,000	Fair Value Option	-	-	-	-
Locamérica Rent a Car	26/07/2024	LIBOR + 0.40%	USD 50,000	Hedge Accounting Cash Flow	-	-	263,244	-
Locamérica Rent a Car	19/03/2024	LIBOR + 0.87%	USD 50,000	Hedge Accounting Cash Flow	-	-	173,848	-
Total					1,225,463	1,593,222	2,047,888	1,767,012

(*) The loan in foreign currency was settled on its maturity date.

(**) The Company opted for the designation of this debt operation as measured at fair value, having contracted derivative financial instruments (swap) for its protection. The fair value option aims to eliminate or reduce the volatility of measurement or recognition of certain liabilities. Thus, both swaps and the respective debts are measured at fair value. This option is irrevocable and must be exercised only upon initial recognition of the transaction. In 2022, the net financial result of this transaction was a debit of BRL 63,136 (BRL 22,484 in 2021).

As a strategy to manage foreign exchange risk, simultaneously with these transactions, in accordance with the Indebtedness, Derivatives, Strategy to Cover Market Risks and Guarantees and Sureties Granting Policy, hedge operations were contracted exclusively for protection purposes.

17. RIGHT-OF-USE LEASE LIABILITY

The Company recognizes the leases as a right-of-use asset (Note 11) with a corresponding lease liability on the date that the leased asset becomes available for use. Each lease payment is allocated between the liability and the finance costs. Finance costs are charged to profit or loss over the lease period.

Assets and liabilities arising from leases are initially measured at present value.

Lease payments are discounted at the lessee's incremental loan rate on the initial application date and, if necessary, the carrying amount is remeasured to reflect any revaluation or changes in the lease.

The Company applies a discount rate calculated based on the expectation of the risk-free rate disclosed by the Central Bank of Brazil, for the weighted term of its agreements, adjusted to reality of the Company (credit spread). The discount rate used is reviewed annually, or when necessary, and applied to new or amended lease agreements as provided by the standard. The Company applied the average discount rate of 9.35% in 2022 (7.53% in 2021).

The Company has short-term leases and certain office equipment (such as laptops, printers and copiers) that are considered to be low-value assets, for which it adopts the recognition exemptions proposed by the accounting standard.

Changes in the right-of-use lease liability are as follows:

	Individual		Consolidated	
	2022	2021	2022	2021
Balance at the beginning of the year	1,065,234	917,784	792,128	662,776
Opening balance of acquired companies		-	69,454	-
Addition/remeasurement	236,185	286,208	235,124	261,709
Write-offs	(3,872)	(513)	(8,784)	(508)
Consideration paid	(234,761)	(218,397)	(237,199)	(193,633)
Consideration payable	(5,752)	(5,633)	-	-
Interest (Note 26)	95,824	85,785	76,349	61,784
Transfer to liabilities associated with assets classified as held for sale	-	-	(14,573)	-
Balance at the end of the year	1,152,858	1,065,234	912,499	792,128
Current	184,264	173,732	185,227	156,951
Non-current	968,594	891,502	727,272	635,177

Changes in the right-of-use asset balance are shown in note 11(a).

The Company and its subsidiaries have property rental contracts for its car rental locations in airports and off-airports (downtown locations), stores, headquarters and parking lots. The minimum amounts payable, considering undiscounted considerations, for the remaining lease term contracted up to December 31, 2021 and classified as leases are as follows:

	Individual	Consolidated
2023	244,514	211,888
2024	225,778	211,794
2025	209,083	183,627
2026	182,300	149,997
2027	154,260	119,331
2028	134,428	96,916
2029 and after	722,204	316,909
Total	1,872,567	1,290,462
Embedded interest	(719,709)	(377,963)
Balance of lease liability (current and non-current)	1,152,858	912,499

The estimated amount of PIS and COFINS credit embedded in the undiscounted lease considerations totals BRL 91,209 in the Individual and BRL 69,267 in the Consolidated (BRL 82,438 in the Individual and BRL 57,173 in the Consolidated, in the Consolidated on December 31, 2021).

The Company, in measuring and remeasuring its lease liability and right-of-use asset, uses the discounted cash flow model without considering future projected inflation in the flows, as required by the criteria established by CPC 06 (R2). Pursuant to Circular Letter CVM/SNC/SEP/02/2019, the comparative balances using real x nominal interest rates for the lease liability, right-of-use asset, finance cost and depreciation expense for the year ended December 31, 2022 are:

	31/12/22					
	Individual			Consolidated		
	IFRS 16	Projected inflation	%	IFRS 16	Projected inflation	%
Right-of-use asset, net	1,046,835	1,258,509	20.2%	834,673	969,059	16.1%
Lease liability	1,152,858	1,329,526	15.3%	912,499	1,029,560	12.8%

The Company applied the practical expedient of CPC 06 (R2) - Leases, according to which the lessee may choose not to assess whether a benefit related to COVID-19 granted in a lease agreement, for payments originally due on or before 30 June 2022, is an amendment to the contract and, therefore, account for the resulting changes in lease payments in profit or loss for the year. In the first half of 2022, the Company and its subsidiaries recognized in the income the amount for the year BRL 21 in Individual and Consolidated (BRL 1,751 in Individual and Consolidated in 2021) (Note 25).

18. OTHER CURRENT AND NON-CURRENT LIABILITIES

The balance of other current and non-current liabilities is as follows:

	Individual		Consolidated	
	31/12/22	31/12/21	31/12/22	31/12/21
Revenue to be appropriated	1,612	1,454	8,217	4,718
Payables to related parties (Note 10(a))	2,797	233	-	-
Federal taxes from third parties	5,853	3,187	13,321	4,968
State tax liabilities	-	-	332	-
Municipal tax obligations	6,117	3,229	13,985	4,572
Advances from customers for renting and selling vehicles	305,385	192,309	380,134	207,674
Insurance premiums for transfer (*)	103,030	53,111	104,372	53,521
Amounts payable for the acquisition of companies (**)	-	-	4,519	3,720
Other	22,921	16,464	50,559	21,255
Total other current liabilities	447,715	269,987	575,439	300,428
Revenue to be appropriated	1882	2,277	10,885	6,220
Restricted obligations (***)	-	-	52,086	47,003
Amounts payable for the acquisition of companies (**)	-	-	21,994	3,720
Other	37,094	23,775	37,166	23,783
Total other non-current liabilities	38,976	26,052	122,131	80,726

(*) Premiums received from customers that took out insurance for rented cars, and extended warranty for the decommissioned cars sold which will be transferred by Localiza to the insurance company. As of May 2021, Localiza began offering auto protection coverage directly to its customers, with expenses incurred with claims and theft being recorded in the statement of income. (Note 2.6.4)

(**) Amounts payable in the: (i) short term: referring to the acquisition of Mobi7, Getrak and Voll, of BRL 4,168, BRL 248, and BRL 103, respectively, and (ii) long term: referring to the acquisition of Getrak and from Voll, of BRL 5,196 and BRL 16,798, respectively, with the latter maturing in 2025. Voll's amounts payable, totaling BRL 16,900, are restated according to the percentage change in the Company's common share price and refer to installments of BRL 3,979 (Note 9.2.2) and BRL 12,921; the latter is subject to the permanence of non-controlling shareholders.

(***) The restricted obligations refer to the amounts retained from the purchase price owed to Car Rental Systems' sellers (escrow), which shall be made available to them after compliance with specific provisions under the share purchase agreement. These obligations are secured by short-term investments in escrow accounts held by the Company, with restricted use and release, after negotiations with the sellers, less the indemnifiable amounts (Note 8), in the consolidated amounts of BRL 51,444 and BRL 46,130, on December 31 of 2022 and 2021, respectively. The consolidated balances of these linked obligations, net of investments, are BRL 642 and BRL 873, in 2022 and 2021, respectively.

19. PROVISIONS FOR RISKS AND ESCROW DEPOSITS

The Company and its subsidiaries adopt the practice of recognizing provisions for present obligations as a result of past events, when the amount of the obligation can be reliably estimated and its settlement is probable, or arising from the legal obligation to pay. Provisions are measured at present value and represent the best estimate of the disbursements that must be required to settle the obligation at the end of each year, considering the risks and uncertainties related to the obligation. Actual results could differ from those estimated that were presented in the financial statements. The increase in the provision due to the time elapsed is recognized as financial expense.

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

(a) Changes in provisions and escrow deposits

During 2022, there were changes in the balance of provisions as shown below:

	Individual				Total
	Tax	Social security	Labor	Civil	
As of December 31, 2021	53,064	14,698	41,309	26,551	135,622
Recognition	-	-	13,679	23,490	37,169
Reversal	-	-	(22,010)	(1,708)	(23,718)
Transfer for payment	(16,730)	-	-	-	(16,730)
Accruals, net of reversals	132	1,191	-	141	1,464
As of December 31, 2022	36,466	15,889	32,978	48,474	133,807

	Consolidated				Total
	Tax	Social security	Labor	Civil	
As of December 31, 2021	61,854	16,436	49,229	36,128	163,647
Opening balance of acquired companies	100,352	100	15,149	22,419	138,020
Recognition	42,730	756	22,525	43,447	109,458
Reversal	(27,973)	(45)	(30,310)	(11,972)	(70,300)
Transfer for payment	(16,730)	-	(2,781)	(1,796)	(21,307)
Accruals, net of reversals	139	1,335	-	141	1,615
Goodwill recognition	265,385	-	24,080	99,617	389,082
Goodwill amortization	(14,626)	-	(14,970)	(11,429)	(41,025)
As of December 31, 2022	411,131	18,582	62,922	176,555	669,190

Localiza and its subsidiaries maintain escrow deposits linked to contingent lawsuits, segregated by nature, as follows:

	Individual				Total
	Tax	Social security	Labor	Civil	
As of December 31, 2021	41,702	8,306	17,198	19,311	86,517
Deposits	309	689	11,245	7,305	19,548
Write-offs	(1,617)	-	(9,067)	(4,640)	(15,324)
Accruals, net	2,577	1,230	385	371	4,563
As of December 31, 2022	42,971	10,225	19,761	22,347	95,304

	Consolidated				Total
	Tax	Social security	Labor	Civil	
As of December 31, 2021	69,914	8,306	22,642	20,943	121,805
Acquired companies	68,395	1,408	18,952	4,524	93,279
Deposits	7,897	767	14,116	8,540	31,320
Write-offs	(2,686)	-	(23,633)	(5,718)	(32,037)
Accruals, net	4,191	1,230	392	370	6,183
As of December 31, 2022	147,711	11,711	32,469	28,659	220,550

(b) Accrued contingent liabilities in progress

The summary of the main administrative and legal proceedings of Localiza and its subsidiaries, at several stages, on December 31, 2022 and 2021, is as follows:

	Individual							
	31/12/22				31/12/21			
	Number of lawsuits	Provision	Escrow deposit	Bank guarantee / warranty insurance	Number of lawsuits	Provision	Escrow deposit	Bank guarantee / warranty insurance
Tax	13	36,466	3,280	-	8	53,064	821	24,474
Social security	6	15,889	1,601	-	5	14,698	145	3,064
Labor	384	32,978	18,068	20,208	353	41,309	5,351	11,649
Civil	1,674	48,474	22,343	-	1,510	26,551	19,311	30,719
Total	2,077	133,807	45,292	20,208	1,876	135,622	25,628	69,906

	Consolidated							
	31/12/22				31/12/21			
	Number of lawsuits	Provision	Escrow deposit	Bank guarantee / warranty insurance	Number of lawsuits	Provision	Escrow deposit	Bank guarantee / warranty insurance
Tax	48	411,131	56,539	-	18	61,854	13,592	24,474
Social security	16	18,582	2,234	3,909	7	16,436	145	3,064
Labor	635	62,922	30,516	24,714	426	49,229	8,352	13,953
Civil	2,989	176,555	28,659	-	1,650	36,128	20,943	33,855
Total	3,688	669,190	117,948	28,623	2,101	163,647	43,032	75,346

- **Tax**

Localiza and its subsidiaries are parties to tax lawsuits for:

(i) the Tax on the Circulation of Goods and Services (“ICMS”) on the sale of fixed assets and (ii) the incidence of the contribution to PIS and COFINS on the billing of car rental companies for the period prior to the edition of Constitutional Amendment No. 20 and the effectiveness of Law No. 9,718/98.

ICMS:

The Company and its subsidiaries have lawsuits related to ICMS that refer to the tax on the sale of fixed assets (vehicles decommissioned for fleet renewal).

On July 7, 2006, CONFAZ published the Agreement 64, providing for the levy of ICMS on the sale of vehicles in a period of less than 12 months, counting from their acquisition. This Agreement was ratified by the States of the Federation, except for São Paulo, which edited Decision CAT nº 02/06, with the same regulation.

The Federal Supreme Court, in the judgment of Extraordinary Appeal 1025986 under the general repercussion system, considered to be constitutional the incidence of ICMS on the operation, carried out by a car rental company, related to car sale in less than 12 months after its acquisition from the automaker.

In 2020, based on this judgment, the Company’s legal advisors classified the chance of loss of the lawsuits in which the ICMS requirement on sales with less than 12 months is considered probable, with a provision that, on December 31, 2022, reaches BRL 33,483 (BRL 50,213, on December 31, 2021) in Individual and, in Consolidated, BRL 51,671 (BRL 53,284, on December 31, 2021) (Notes 25 and 26).

PIS and COFINS:

There are decisions handed down by the STJ that consider that revenues earned from leasing operations of movable property, under Complementary Law No. 70/91, are considered billing for purposes of PIS and COFINS incidence. In September 2010, the Federal Government filed a Tax Foreclosure to implement the collection of amounts based on the

aforementioned discussion, against the subsidiary Locamerica Rent a Car SA, whereby, with the aim of suspending the enforceability of credits and enabling the opposition of embargoes, escrow deposits were made. The Company highlights that, due to the jurisprudential scenario involving the discussion of the aforementioned thesis and decisions issued during the course of the process, it classifies the claim as a probable loss, with a provision in the amount of BRL 24,285 on December 31, 2022 in Consolidated.

• **Social security**

Localiza and its subsidiaries are parties to several social security lawsuits, which are mainly related to: (i) indemnity amounts; (ii) Social Transport Service (“SEST”) and National Transport Learning Service (“SENAT”); (iii) education allowance and INCRA on remuneration of self-employed workers and labor claims; (iv) social security charges on profit sharing; and (v) Occupational Environmental Risk (“RAT”). The part of discussions classified as a probable loss by the Company’s legal advisors, on December 31, 2022, amounts to BRL 15,889 in Individual (BRL 14,698 on December 31, 2021) and BRL 18,582 (BRL 16,436 on December 31, 2021) in Consolidated.

• **Labor**

Localiza and its subsidiaries are parties to labor lawsuits mainly related to overtime payments, moral damages, and recognition of an employment relationship of self-employed service providers, contractors or similar. There is no uniformity in judge decisions on these matters.

• **Civil**

Localiza and its subsidiaries are parties to civil proceedings related to: (i) indemnity claims arising from damages caused to third parties in traffic accidents by customers driving cars rented from the Company (although it is not responsible for the accidents, the Company is often sued for being the owner of the car); and (ii) claims arising from the customer relationships.

Localiza and its subsidiaries record a provision for possible indemnities to third parties, resulting from accidents caused by rented cars, in amounts exceeding the limits contracted through the insurance company and based on the position of its legal counsel.

(c) Contingent liabilities in progress with a possible risk of loss – no provision recorded

	Individual							
	31/12/22				31/12/21			
	Number of lawsuits	Discussed amount	Escrow deposit	Bank guarantee / warranty insurance	Number of lawsuits	Discussed amount	Escrow deposit	Bank guarantee / warranty insurance
Federal and social security taxes	42	108,191	9,961	31,235	46	100,168	10,357	21.739
PIS and COFINS	2	227,313	-	-	1	113,437	-	-
ICMS	71	257,207	-	156,336	47	146,229	147	128,776
IPVA	85	66,719	34,428	37,678	482	63,333	36,234	59,700
Other taxes	123	102,245	3,927	113,473	77	79,947	186	80,555
Labor	466	78,035	1,693	2,300	469	76,538	107	781
Civil	1,678	127,743	3	-	664	85,393	-	-
Total	2,467	967,453	50,012	341,022	1,786	665.045	47,031	291.551

	Consolidated							
	31/12/22 (*)				31/12/21			
	Number of lawsuits	Discussed amount	Escrow deposit	Bank guarantee / warranty insurance	Number of lawsuits	Discussed amount	Escrow deposit	Bank guarantee / warranty insurance
Federal and social security taxes	64	265,056	25,797	31,235	66	110,207	13.595	22,482
PIS and COFINS	20	660,171	-	217	2	166,497	-	-

ICMS	107	299,872	817	166,970	49	150,002	147	132,831
IPVA	315	134,510	69.388	49,314	1,449	95.173	51,789	73,848
Other taxes	301	106,623	4,647	114,745	80	81,491	186	80,648
Labor	634	102,538	1953	2,330	484	78,509	745	794
Civil	4,926	321,572	-	-	759	100,087	6	-
Total	6,367	1,890,342	102,602	364,811	2,889	781,966	66,468	310,603

(*) the increase in possible provisions compared to the previous year is mainly due to the business combination with Locamérica, which impacted 2,940 lawsuits, with a challenged amount of BRL 959,603, escrow deposits of BRL 32,321 and bank guarantee / surety bond of BRL 723.

- **Federal and Social Security Taxes**

At the federal level, Localiza and/or its subsidiaries are parties to administrative and judicial lawsuits discussing supposed obligations related to: (i) PIS/COFINS credits in relation to the acquisition of goods and services used as input in its activity, pursuant to Article 3, II, of Laws No. 10,637/2002 and No. 10,833/2003; (ii) PIS/COFINS credit in relation to expenses with maintenance of software, taking out vehicle insurance, advertising, maintenance expenses, subleasing intercompany and commissions paid to agencies; (iii) IRPJ and CSLL related to the deductibility of certain expenses and the amortization of goodwill in the years between 2004 to 2007 and 2009, resulting from the operation carried out in August 2002 in which the company Novinela BV subscribed and paid in the capital stock of SAG do Brazil Ltda. upon verification of the shares it holds in URC Rent a Car do Brasil Ltda.; (iv) issues related to the incidence of social security contributions and charges on values of long-term incentive programs based on shares, profit sharing and indemnity amounts; (v) non-approval of Compensation Requests ("DCOMP's"). These lawsuits were not provisioned because the risks were classified Management under the advice of legal counsel as representing a possible risk of loss.

- **Social Integration Program (PIS)/Social Contribution on Revenues (COFINS)**

The Company and its subsidiaries discuss the right to calculate PIS and COFINS credits, related to the depreciation of its vehicles used for leasing, based on the permissive inserted in article 3, VI, and article 15 of Law 10,833/03, in the fraction of 1/48 per month, replacing the general rule of 1/60 per month and based on the totality of credits.

Taking into consideration the context of the lawsuits involving the subject and the jurisprudential scenario, the legal advisors assess the prognosis of loss of the lawsuits as possible. The Company and its subsidiaries estimate the restated value of the contingency on December 31, 2022 in Individual as BRL 136,414 (BRL 110,602, on December 31, 2021) and BRL 511,581 (BRL 135,021, on December 31, 2021) in Consolidated.

- **ICMS**

The following are under discussion by the Company and its subsidiaries: (i) collections made by a State in which the Company already has a final and unappealable decision deeming the ICMS requirement on sales with less than 12 months to be unconstitutional; (ii) charges related to sales older than 12 months; (iii) the calculation of the assessments, due to the disregard of the right to credit the tax paid on the acquisition of goods, as provided for in Agreement 64/06; (iv) mixed cases, in which the Company was unable to segregate sales carried out with more and less than 12 months; and (v) ICMS and fines whose discussion does not involve the sale of vehicles. Such discussions involve, on December 31, 2022, the amount of BRL 257,207 (BRL 146,229 on December 31, 2021) in the Individual and BRL 299,872 (BRL 150,002, on December 31, 2021), in the Consolidated, whose chances of loss remain classified as possible by the legal advisors, with no provisions to address these inquiries.

Vehicle Ownership Tax (IPVA)

The Company and its subsidiaries are parties to several administrative and judicial proceedings in which the IPVA requirement by the State of São Paulo is discussed, based on State Law No. 13.296/08, regarding the vehicles they own and which are eventually made available for lease in the federative entity.

The Company and its subsidiaries involved in such discussions have tax domicile in Belo Horizonte/MG, which is why they pay IPVA to the State of Minas Gerais, in line with the understanding of the STF signed in the judgment of Theme 708 of the General Repercussion.

No provision is set up address these issues due to the chance of loss classified as possible by the legal advisors, based on the legal and constitutional provisions that govern IPVA (articles 155, III and 158, III, of the CF/88 and articles 120 of the CTB, 75, IV and § 1 of the Civil Code, 110 and 127 of the CTN). The Company and its subsidiaries estimate the restated value of the contingency on December 31, 2022 in Individual as BRL 69,353 (BRL 63,333 on December 31, 2021) and BRL 139,239 (BRL 95,173, on December 31, 2021) in Consolidated.

20. TAXES ON INCOME - INCOME TAX AND SOCIAL CONTRIBUTION

(a) Deferred income tax and social contribution – assets and liabilities:

The Company and its subsidiaries adopt the accounting procedure of recording tax credit arising from deferred income tax and social contribution on temporary differences between the asset and liability balances in the financial statements and their corresponding tax bases, used to determine taxable income of each period, as well as on tax loss and social contribution carryforwards, when applicable. The recovery of the balance of deferred tax assets is reviewed at the end of each year and, when it is no longer likely that future taxable income will be available to allow the recovery of all or part of the asset, the balance of the asset is adjusted by the amount that is expected to be recovered.

Subsidiaries that calculate income tax and social contribution based on presumed profit do not constitute tax credits during the period in which they are taxed under this regime. For financial statement presentation purposes, assets and liabilities are presented net by company.

The breakdown of the deferred income tax and social contribution balance is as follows:

	Individual		Consolidated	
	31/12/22	31/12/21	31/12/22	31/12/21
Temporary differences in the deductibility of provisions:				
Judicial provisions and other	44,646	45,295	72,435	53,387
Allowance for doubtful debts	28,073	51,016	111,914	55,426
Provision for payment of services in progress and others	114,647	118,629	183,248	132,747
Tax loss and social contribution carryforwards	1,439,186	1,122,457	2,325,080	1,140,112
Fair value increment on property and equipment	72,416	-	72,416	-
Fair value increment on intangible assets	5,449	-	5,449	-
Fair value increment on assets held for sale	65,700	-	65,700	-
Derivative financial instruments	25,024	2,916	31,943	6,279
Lease of property and equipment	-	-	530	-
Other	-	-	3,987	-
Total deferred income tax and social contribution – non-current assets	1,795,141	1,340,313	2,872,702	1,387,951
Vehicle depreciation (*)	2,550,063	2,111,786	4,596,360	2,429,519
Derivative financial instruments	63,510	36,613	118,183	53,230
Goodwill tax amortization	-	-	52,007	-
Hedge accounting	-	-	22,206	-
Deferred taxes arising from the acquisition of businesses	-	-	15,663	-
Positive/negative goodwill on intangible assets	-	-	3,700	-
Fair value increment on contingencies	13,582	-	13,582	-
Lease of property and equipment	213	213	926	9,807
Other	-	-	45,767	19,006
Total deferred income tax and social contribution – non-current liabilities	2,627,368	2,148,612	4,868,394	2,511,562
Total deferred income tax and social contribution, net	832,227	808,299	1,995,692	1,123,611

	Individual		Consolidated	
	31/12/22	31/12/21	31/12/22	31/12/21
Non-current assets	-	-	(22,965)	(24,291)
Non-current liabilities	832,227	808,299	2,018,657	1,147,902

(*) Refers to the temporary difference arising from the calculation of accounting depreciation (Note 11) in relation to the tax base. Localiza and Localiza Fleet calculate, for tax purposes, car depreciation expenses based on the depreciation criteria used through December 31, 2007, as prescribed by Law 12,973/14, under the general rule of 1/60 months or in accordance with technical opinion, as mentioned in Note 8(a).

Below is the change in deferred tax in 2022 and 2021:

Assets and liabilities of deferred taxes:	Individual						Total
	Provisions	Tax loss and carryforwards	Fair value increment	Derivative instruments	Vehicle depreciation	Other	
On January 1, 2021	182,179	140,666	-	2,942	(560,733)	(213)	(235,159)
Credited (debited) to the statement of income	32,761	981,791	-	(36,185)	(1,551,053)	-	(572,686)
Credited (debited) to other comprehensive income	-	-	-	(454)	-	-	(454)
As of December 31, 2021	214,940	1,122,457	-	(33,697)	(2,111,786)	(213)	(808,299)
Credited (debited) to the statement of income	(27,574)	316,729	129,983	(5,096)	(438,277)	-	(24,235)
Credited (debited) to other comprehensive income	-	-	-	307	-	-	307
As of December 31, 2022	187,366	1,439,186	129,983	(38,486)	(2,550,063)	(213)	(832,227)

Assets and liabilities of deferred taxes:	Consolidated								Total
	Provisions	Tax loss and carryforwards	Fair value increment	Derivative instruments	Deferred taxes arising from the acquisition of businesses	Vehicle depreciation	Goodwill tax amortization	Other	
On January 1, 2021	203,166	159,394	-	41,419	-	(742,255)	-	(49,450)	(387,726)
Credited (debited) to the statement of income	38,394	980,718	-	(87,916)	-	(1,687,264)	-	20,637	(735,431)
Credited (debited) to other comprehensive income	-	-	-	(454)	-	-	-	-	(454)
As of December 31, 2021	241,560	1,140,112	-	(46,951)	-	(2,429,519)	-	(28,813)	(1,123,611)
Acquisition of subsidiary	78,229	458,523	(1,246)	(27,082)	(17,021)	(834,676)	(42,253)	58,880	(326,646)
Transfer of assets and liabilities classified as held for sale	-	-	-	-	-	(65,501)	-	-	(65,501)
Credited (debited) to the statement of income	46,095	727,331	127,529	(39,350)	1,358	(1,266,664)	(9,754)	(71,417)	(484,872)
Credited (debited) to other comprehensive income	-	-	-	4,938	-	-	-	-	4,938
As of December 31, 2022	365,884	2,325,966	126,283	(108,445)	(15,663)	(4,596,360)	(52,007)	(41,350)	(1,995,692)

As of December 31, 2022, the Company and its subsidiaries have a tax credit balance on tax losses and social contribution carryforwards of BRL 1,439,186 in Individual and BRL 2,325,080 in Consolidated (BRL 1,122,457 and BRL 1,140,112, respectively, on December 31, 2021), based on the expectation of generating future taxable income. Compensation for this tax credit does not have a statute of limitations and is limited to 30% of annual taxable income, pursuant to current legislation.

(b) Income tax and social contribution - conciliation of statutory and effective rates

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

The reconciliation between the statutory and effective rates for the years ended December 31, 2022 and 2021 is as follows:

	Individual		Consolidated	
	2022	2021	2022	2021
Profit before taxes	1,868,541	2,614,864	2,418,925	2,903,123
Statutory rate	34%	34%	34%	34%
Expense at statutory rate	(635,304)	(889,054)	(822,435)	(987,062)
Adjustments to expense at statutory rate:				
Equity equivalence (Note 9.3)	261,050	211,935	29	-
Effect of deduction of interest on capital	321,802	107,234	321,802	107,234
Write-off of tax loss and carryforwards	-	-	(105,083)	-
Income tax and social contribution owed by subsidiaries (deemed income)	-	-	10,811	12,308
Other, net	28,217	(1,302)	17,158	8,074
Expense at effective rate	(24,235)	(571,187)	(577,718)	(859,446)
Effective rate	1%	22%	24%	30%
Current income tax and social contribution	-	1,499	(92,846)	(124,015)
Deferred income tax and social contribution	(24,235)	(572,686)	(484,872)	(735,431)

21. EQUITY

(a) Capital

On December 31, 2021, the Company's capital was BRL 4,000,000, comprised of 758,466,670 common shares.

Following the Merger of Shares (Notes 1.1 and 9.2.1) on July 1, 2022, the capital of the Company increased from BRL 4,000,000 to BRL 12,000,000, comprised of 981,166,007 common shares, all nominative and with no par value.

On September 23, 2022, at a meeting of the Company's Board of Directors, a capital increase of at least BRL 33,004 and up to BRL 150,697 was approved, with the issuance of common, nominative, book-entry shares with no par value for private subscription, within the limit of the authorized capital ("Capital Increase"). At a meeting of the Board of Directors held on November 30, 2022, the total ratification of the Company's capital increase was approved, with the subscription and payment of 2,993,000 shares, representing 100% of the shares, object of the capital increase, at an issuance price of BRL 50.35 per share, totaling BRL 150,698.

The Company's capital increased from BRL 12,000,000, comprised of 981,166,007 shares, to BRL 12,150,698 on December 31, 2022, comprising 984,159,007 shares, whose statutory adjustment will be consolidated in due course, at the first Shareholders' Meeting to be held.

On December 16, 2022, at a meeting of the Company's Board of Directors, a capital increase of at least BRL 40,101 and up to BRL 180,700 was approved, through the issuance of common, nominative, book-entry shares with no par value for private subscription, within the authorized capital limit. The period for exercising the preemptive right to subscribe new shares is from December 22, 2022 to January 31, 2023 (Note 29(a)).

Pursuant to article 6 of the Bylaws, the Company is authorized to increase its capital up to the limit of 1,000,000,000 registered common shares, regardless of any amendment to the bylaws, so that additional 15,840,993 registered common shares can be issued.

The Company participates in the Level I of the American Depositary Receipts (“ADR”) Program since its approval by CVM on May 22, 2012 and the beginning of trading on June 5, 2012. The Company's position was 6,743,464 ADRs in the United States as of December 31, 2022 (6,213,975 ADRs as of December 31, 2021). Each ADR corresponds to 1 (one) share of the Company.

(b) Treasury shares

Treasury shares are own equity instruments repurchased by the Company and recorded at cost, net of equity. Transaction costs incurred in the purchase of shares issued by Localiza are added to the value of these shares. No gain or loss is recognized in the statement income on the purchase or sale of such shares. Shares are purchased to be held in treasury and for subsequent sale, without reducing capital, and/or to settle long-term incentive plans, when they are exercised.

Changes in treasury shares are shown below:

	Value	Number of shares	Average unit price (in BRL)
Balance on December 31, 2020	175,526	6,796,159	25.83
Exercise of long-term incentive programs (i)	(11,690)	(452,577)	25.83
Sale to employees under the Matching Program (ii)	(1,762)	(68,237)	25.82
Balance on December 31, 2021	162,074	6,275,345	25.83
Exercise of long-term incentive programs (i)	(15,342)	(590,667)	25.97
Sale to employees eligible to the Matching Program (ii)	(2,175)	(87,494)	24.86
Balance on December 31, 2022	144,557	5,597,184	25.83

On December 31, 2022, the market value of treasury shares was BRL 297,770 (quotation of BRL 53.20 per share).

(i) Exercise of long-term incentive programs

The treasury shares were provided to satisfy the exercise of Stock Option Programs are shown in Note 21(c)(ii).

(ii) Sale to employees eligible under the Matching Program

In 2022, 87,494 treasury shares were sold in the amount of BRL 2,175 (68,237 shares amounting to BRL 1,762 in 2021) to employees eligible to the 1st Stock Option Plan and Matching Shares, which was approved at the Extraordinary General Meeting held on July 12, 2017. The premium generated on the sale of these shares was BRL 2,457 in 2022 (BRL 2,614 in 2021).

(iii) Repurchase of shares

During the years ended December 31, 2022 and 2021, the following share repurchase programs were in effect:

Share repurchase program	Approved by the Board of Directors	Repurchase period	Maximum quantity authorized
12th	18/06/20	23/07/20 to 22/07/21	50,000,000
13th	24/06/21	23/07/21 to 22/07/22	50,000,000
14th	27/06/22	23/07/22 to 22/07/23	50,000,000

In the years ended December 31, 2022 and 2021, no shares issued by the Company were acquired.

The repurchase program aim to maximize the generation of value for shareholders or settle the share purchase programs within the scope of the Company's long-term incentive plans.

(c) Capital reserves

(i) Stock options granted recognized

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

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

- **3rd Stock Option Plan (“3rd Options Plan”, comprising the Programs from 2012 to 2016):** Approved at the Extraordinary General Meeting on April 25, 2011, the plan establishes, annually, for each program, the definition of the matching to the amount invested in options. Each program will have only one tranche as from the maturity date and the vesting period for the option is from 3 to 6 years. The options can be exercised at any time as from the right of acquisition date up to the exercise limit date.
- **4th Stock Option Plan (“4th Option Plan”, comprising the Programs from 2017 to 2022):** Approved at the Extraordinary General Meeting held on July 12, 2017, the plan establishes the general conditions of long-term incentive through the grant of stock options issued by the Company, pursuant to article 168, paragraph 3 of Law 6,404/76, to certain officers, at the discretion of the Board of Directors. Adhesion to it is voluntary. For each invested share, the Company shall grant to the Participant 3 options. The program will have three tranches annually from the due date and the vesting period for those eligible to acquire the right to exercise is 1/3 of the options every 1 year and, at the end of 3 years, 100% of the options will be available for exercise and those eligible will have another three years to exercise.
- **5th Stock Option Plan (“5th Option Plan”):** Approved at the Extraordinary General Meeting held on April 26, 2022 and amended at the Extraordinary General Meeting on June 27, 2022, the plan establishes the general conditions of the long-term incentive through the granting of options to purchase shares issued by the Company, pursuant to Article 168, paragraph 3 of Law 6,404/76, to certain executives, at the discretion of the Board of Directors, whose adhesion is voluntary. The plan is valid for 5 (five) years from the first grant. For each invested share, the Company shall grant to the Participant 4 (four) options. The total grace period is at least three (years), subject to all other conditions provided for in the plan, programs, and option contracts, and the options may become exercisable in stages over the grace period.
- **1st Stock Options and Matching Shares Plan (“1st Matching Plan”, comprising the Programs from 2017 to 2022):** Approved at the Extraordinary General Meeting held on July 12, 2017, the plan sets the general terms and conditions for the long-term incentive plan by means of the purchase of stocks and matching stocks to certain executives, who will voluntarily adhere to the plan. The term “Matching Share” means the onerous right to receive one share on a certain future date, strictly in accordance with the terms and conditions established in the plan. The Company will sell to the participant, who shall purchase from it, in a commercial purchase and sale transaction, using the treasury shares, the number of shares equivalent to the number of share baskets acquired, and, for each one share, the Company shall sell jointly to the participant two Matching Shares, if the requirements provided for in this plan are complied with. The program will have a single tranche from the due date, and the vesting period for the eligible person to acquire the right to exercise them is three years.
- **2nd Stock Purchase Plan Matching (“2nd Plan Matching”):** Approved at the Extraordinary General Meeting held on April 26, 2022 and amended at the Extraordinary General Meeting on June 27, 2022, the plan sets the general terms and conditions for the long-term incentive plan by means of the purchase of stocks and matching stocks to certain executives, who will voluntarily adhere to the plan. The plan is valid for five years from the first grant. The term “Matching Share” means the onerous right to receive one share on a certain future date, strictly in accordance with the terms and conditions established in the plan. The Company will sell to the participant, who shall purchase from it, in a commercial purchase and sale transaction, using the treasury shares, the number of shares equivalent to the number of share baskets acquired, and, for each one share, the Company shall sell jointly to the participant three Matching Shares, if the requirements provided for in this plan are complied with. The total grace period is at least three years from the grant date, during which the participant must remain a manager or employee of the Company, subject to all other conditions provided for in the plan, programs and contracts of option, with the possibility of settling the matching shares in a phased manner over the grace period.

- **1st Deferred Shares Bonus Plan (“1st Deferred Plan”, comprising the Programs from 2017 to 2022):** Approved at the Extraordinary General Meeting held on July 12, 2017, the plan sets the general terms and conditions for the long-term incentive plan by granting Deferred Shares issued by the Company to eligible employees. Each deferred share grants to its holder the right to receive 1 common share issued by the Company on a certain future date, strictly in accordance with the terms and conditions established in this plan, as a bonus (share bonus). The program will have a single tranche from the due date, and the vesting period for the eligible person to acquire the right to exercise them is three years.
- **2nd Deferred Shares Bonus Plan (“2nd Deferred Plan”):** Approved at the Extraordinary General Meeting held on April 26, 2022 and amended at the Extraordinary General Meeting on June 27, 2022, the plan sets the general terms and conditions for the long-term incentive plan by granting Deferred Shares issued by the Company to eligible employees. The plan is valid for five years from the first grant. Each deferred share grants to its holder the right to receive one common share issued by the Company on a certain future date, strictly in accordance with the terms and conditions established in this plan, as a bonus (share bonus). The total grace period is at least 3 (three) years from the grant date, during which the participant must remain a manager or employee of the Company, subject to all other conditions provided for in the plan, programs and contracts of option, with the possibility of settling the shares in a phased manner over the grace period.

Migration of Locamerica's long-term incentive plans: Considering the Company's obligation, provided for in the Merger of Shares Agreement entered into within the scope of the operation with Locamérica, the Board of Directors approved, at a meeting held on September 23, 2022: (a) the 1st Deferred Shares Bonus Program; (b) the Company's 2nd Deferred Shares Bonus Program; (c) the Company's 3rd Deferred Shares Bonus Program; and (d) the Cash Settlement Share-Based Payment Program – Virtual Shares of the Company. The approvals above occurred in the context of the merger of shares issued by Locamérica by the Company on July 1, 2022, so that the plans for granting restricted and matching shares of Locamérica was cancelled, which is why the participants of these plans now have their incentives replaced by economically equivalent incentives granted by the Company. The Programs above aim to preserve substantially the same economic parameters contained in the grants made in favor of their respective participants within the scope of the Canceled Plans of Locamérica.

- **Special Retention and Alignment Plan for the Creation of a Shareholder Reference Administrator:** At the Ordinary and Extraordinary Shareholders' Meeting held on April 27, 2021, the Special Retention and Alignment Plan for the Creation of a Reference Shareholder Administrator was approved. The plan provides for the granting of up to 2.5% of the total number of shares issued by the Company on December 31, 2020, corresponding to 18,961,666.75 shares. The plan is valid for 20 years, with the possibility of annual grants, to a select group of managers carefully selected and appointed by the Board of Directors as “Reference Shareholder Managers”. Those elected will represent the mindset of the Founders and investors and will be recognized within the Company and by the market as the long-term sustaining axis, leading the Company through important achievements and challenging situations, aiming to transform Localiza into their life project, just as the Founders did. The vesting period, to have the total availability of the shares granted, is 10 years of each grant.

The costs of the plans for the Company are measured at fair value on their grant date and estimated based on the Black & Scholes model applied to each of the tranches of each of the programs separately. The number of options granted is adjusted based on the expected turnover, since if the beneficiary leaves the Company or its subsidiaries before the vesting period, they lose the right to exercise the options. This expectation is revised to reflect changes that may occur during the term of the plans.

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

The long-term incentive plans outstanding on December 31, 2022, considering the bonuses/splits that occurred in previous years, have the following characteristics:

	Reference Shareholder Plan	2nd Deferred Plan	2022			2021			2020			2019			2018		2017
			1st Deferred Plan			1st Matching Plan			4th Options Plan								
Number of eligible participants	2	45	78	54	8	51	44	44	48	41	42	25	23	22			
Number of options granted	3,220,610	1,167,001	423,393	282,360	195,896	174,988	136,474	250,192	259,137	205,740	365,094	228,614	368,086	515,755			
Number of annual tranches	4	(**)	1	1	1	1	1	1	3	3	3	3	3	3			
Number of options by tranche	(*)	(***)	423,393	282,360	195,896	174,988	136,474	250,192	86,379	68,580	121,698	76,205	122,695	171,918			
Exercise year of 1st tranche	2024	2022	2025	2024	2023	2025	2024	2023	2025	2022	2021	2020	2019	2018			
Limit date for exercise of options	May/31	April/28	May/25	May/24	May/23	May/25	May/24	May/23	May/25	May/27	May/26	May/25	May/24	May/23			

(*) The shares will be exercised in four tranches, as follows: 10% after 3 years; 15% after 5 years; 20% after 7 years and 55% after 10 years.

(**) The second deferred plan is made up of three programs – the 1st deferred program has five annual tranches, the 2nd program has two tranches, the first for four years and the second after six years from the grant date, and the 3rd single tranche program has 4 years after the grant date.

(***) We maintained the original vesting of the long-term incentive plans of Locamérica, pursuant to the Merger of Shares Agreement.

Changes, in number of eligible shares, in long-term incentive plans and their respective programs were as follows:

Plan	Program	31/12/2021		Grants		Cancellations		Exercises		31/12/2022	
		Eligible	Options	Eligible	Options granted	Eligible	Options canceled	Eligible exercised 100%	Options exercised	Eligible	Existing options
3rd Options Plan	2016	2	35,776	-	-	-	-	(2)	(35,776)	-	-
4th Options Plan	2017	10	243,309	-	-	-	-	(2)	(198,634)	8	44,675
	2018	14	216,711	-	-	-	-	(4)	(130,150)	10	86,561
	2019	23	177,878	-	-	-	-	(5)	(8,385)	18	169,493
	2020	41	336,372	-	-	(3)	(2,602)	-	(21,101)	38	312,669
	2021	41	205,740	-	-	(4)	(11,709)	-	-	37	194,031
	2022	-	-	48	259,137	(5)	(27,777)	-	-	43	231,360
1st Matching Plan	2019	24	130,099	-	-	-	(35,767)	(24)	(94,332)	-	-
	2020	43	234,770	-	-	(3)	(5,458)	-	-	40	229,312
	2021	44	136,474	-	-	(4)	(7,624)	-	-	40	128,850
	2022	-	-	51	174,988	(4)	(15,754)	-	-	47	159,234
1st Deferred Plan	2019	3	114,765	-	-	-	(31,559)	(3)	(83,206)	-	-
	2020	8	195,896	-	-	(1)	(10,465)	-	-	7	185,431
	2021	54	282,360	-	-	(2)	(3,757)	-	-	52	278,603
	2022	-	-	78	423,393	(3)	(23,369)	-	-	75	400,024
Reference Shareholders	2021	2	3,220,610	-	-	-	-	-	-	2	3,220,610
2nd Deferred Plan (*)	2019	-	-	2	136,919	-	-	-	-	2	136,919
	2020	-	-	7	299,117	(2)	(64,742)	-	(2,928)	5	231,447
	2021	-	-	26	369,966	(1)	(44,739)	-	(16,155)	25	309,072
	2022	-	-	10	360,999	-	-	-	-	10	360,999
Total		309	5,530,760	222	2,024,519	(32)	(285,322)	(40)	(590,667)	459	6,679,290

(*) Grants made in 2022 referring to the migration of Locamérica's long-term incentive plans, as provided for in the Merger of Shares Agreement entered into within the scope of the transaction with Locamérica and approved by the Board of Directors at a meeting held on September 23, 2022.

Plan	Program	31/12/2020		Grants		Cancellations		Exercises		31/12/2021	
		Eligible	Options	Eligible	Options granted	Eligible	Options canceled	Eligible exercised 100%	Options exercised	Eligible	Existing options
3rd Options Plan	2015	2	102,875	-	-	-	-	(2)	(102,875)	-	-
	2016	3	97,008	-	-	-	-	(1)	(61,232)	2	35,776
4th Options Plan	2017	12	285,918	-	-	-	-	(2)	(42,609)	10	243,309
	2018	17	252,278	-	-	-	-	(3)	(35,567)	14	216,711
	2019	23	186,384	-	-	-	-	-	(8,506)	23	177,878
	2020	41	341,937	-	-	-	-	-	(5,565)	41	336,372
	2021	-	-	41	205,740	-	-	-	-	41	205,740
1st Matching Plan	2018	17	183,770	-	-	-	(50,514)	(17)	(133,256)	-	-
	2019	24	130,099	-	-	-	-	-	-	24	130,099
	2020	43	234,770	-	-	-	-	-	-	43	234,770
	2021	-	-	44	136,474	-	-	-	-	44	136,474
1st Deferred Plan	2018	1	86,851	-	-	-	(23,884)	(1)	(62,967)	-	-
	2019	3	114,765	-	-	-	-	-	-	3	114,765
	2020	8	195,896	-	-	-	-	-	-	8	195,896
	2021	-	-	54	282,360	-	-	-	-	54	282,360
Reference Shareholders	2021	-	-	2	3,220,610	-	-	-	-	2	3,220,610
Total		194	2,212,551	141	3,845,184	-	(74,398)	(26)	(452,577)	309	5,530,760

On December 31, 2021, the following weighted average assumptions, considering the effects of share bonus, were used to calculate (Black & Scholes model) the fair value of each of the tranches of the stock option program still outstanding:

	Reference Shareholder Plan	Programs												
		2022	2022	2021	2020	2022	2021	2020	2022	2021	2020	2019	2018	2017
	2nd Deferred Plan	1st Deferred Plan			1st Matching Plan			4th Options Plan						
Exercise price (*)	-	-	-	-	-	-	-	53.76	62.74	42.31	26.37	19.44	10.03	
Risk-free rate per tranche	-	7.40%	7.41%	7.41%	5.09%	7.41%	7.41%	5.09%	12.37%	6.57%	4.01%	7.18%	7.11%	4.59%
Expected annualized volatility (**)	52.68%	52.61%	52.43%	52.68%	33.27%	52.43%	52.68%	33.27%	52.43%	52.68%	33.27%	35.05%	35.13%	42.59%
Expected dividends	-	-	-	-	-	-	-	0.45%	0.46%	0.48%	0.49%	0.51%	0.42%	
Duration of the program (in years)	10.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.8
Option fair value on grant date (BRL/share)	62.74	61.09	51.47	62.74	35.20	51.47	62.74	35.20	17.83	19.29	7.84	13.25	7.70	7.13

(*) The value of the share to be acquired by participants by exercising the option was calculated based on the average price of RENT3 shares, weighted by the volume traded at the close of trading of the last 40 sessions on B3 prior to the profit sharing payment date.

(**) Volatility based on the share history of the last three years prior to the grant date.

In 2022, the consolidated cost arising from these Programs was BRL 53,996 (BRL 38,440 in 2021).

Considering the exercise of options existing on December 31, 2022, the dilution percentage would be 0.8% (0.7% on December 31, 2021).

(ii) Options exercised in 2022

The weighted average exercise value of shares exercised in 2022, as well as the weighted average market value of Localiza shares on the exercise date, including the effects of the bonus, were as follows:

Plan	Program	Number of options exercised	Fair value (in BRL)	Weighted average exercise price (in BRL)	Weighted average market price (in BRL)
3rd Options Plan	2016	35,776	3.87	8.99	54.54
	2017	198,634	7.13	10.03	63.52
4th Options Plan	2018	130,150	7.70	19.44	63.38
	2019	8,385	12.62	26.37	60.82
	2020	21,101	12.20	42.31	59.11
1st Matching Plan	2019	94,332	34.25	34.25	53.90
1st Deferred Plan	2019	83,206	34.25	34.25	53.96
2nd Deferred Plan	2020	2,928	61.09	61.09	54.42
	2021	16,155	61.09	61.09	60.44
Total		590,667			

All options were exercised using treasury shares in the amount of BRL 15,342 (BRL 11,690 in 2021). Therefore, there was no need to issue new shares. The premium generated for the options exercised was BRL 169 in 2022 (BRL 3,768 in 2021).

(iii) Premium on share subscription

Stock options were exercised using treasury shares, calculated at the average cost incurred to acquire them. The difference between the exercise amount by the eligible employee and the equity amount of the treasury shares is recorded in a share premium capital reserve.

The share premium reserve on the subscription of shares for the year ended December 31, 2022 and 2021 originates from:

	31/12/22	31/12/21
Share subscription	48,174	48,174
Exercise of long-term incentive programs – treasury shares	56,217	56,048
Sale of treasury shares	11,735	9,278
Total	116,126	113,500

(d) Earnings reserves

(i) Legal reserve

Reserve set up in accordance with corporate law, with the allocation of 5% of net income for the year, limited to 20% of paid-up capital. Pursuant to Article 193, paragraph 1 of Law 6,404/76, the Company may fail to constitute the legal reserve in the year in which the balance of this reserve, plus the amount of capital reserves referred to in paragraph 1 of Article 182 of Law 6,404 /76, exceed 30% of the share capital. The legal reserve aims to ensure the integrity of the share capital and can only be used to offset losses or increase capital.

On December 31, 2022 and 2021, BRL 92,215 and BRL 102,183, respectively, were recorded as legal reserve. The balance of this reserve on December 31, 2022 is BRL 467,372 (BRL 375,157 on December 31, 2021).

(ii) Statutory reserve

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

At the Annual General Meeting held on April 26, 2022, the creation of a statutory reserve of BRL 1,419,899 was approved referring to the remaining balance of net income for the year 2021.

On December 31, 2022, Management proposed, subject to approval at the Annual General Meeting, the allocation of 100% of the remaining profits for 2022, in the amount of BRL 805,615 to create this statutory reserve.

(e) Allocation of profit for the year

The Company adopts the procedure of recording interest credited to shareholders, calculated pursuant to Law 9249/95, as a debit to retained earnings, as it does with dividends. The amounts paid to shareholders as interest on equity, net of withholding income tax, are deducted from the minimum mandatory dividend, pursuant to Article 9, paragraph 7 of Law No. 9,249/95 and based on paragraph 5 of Article 26 of Localiza's Bylaws.

As defined in the Bylaws, the Company distributes mandatory minimum dividend equivalent to 25% of the profit for the year, reduced or increased by the following amounts: (i) amount destined to the recognition of the legal reserve; (ii) amount allocated to the creation of a reserve for contingencies and reversal of the same reserves created in previous years; and (iii) the amount arising from the reversal of the unrealized earnings reserve formed in previous years, pursuant to Article 202, item II of Law 6,404/76.

Interest on equity and dividends have been calculated as follows:

	Individual	
	2022	2021
Net income for the period	1,844,306	2,043,677
Legal reserve (5%)	(92,215)	(102,183)
Net income for the year, basis for dividend proposal	1,752,091	1,941,494
Minimum dividends (25%)	438,023	485,374
Proposed/distributed dividends and interest on equity:		
Distributed interest on equity:	946,476	315,395
Withholding income tax on interest on equity	(114,950)	(36,221)
Distributed interest on equity, net	831,526	279,174
Minimum mandatory dividend	-	206,200
Total	831,526	485,374
Percentage of net income for the year deducted from the legal reserve	47.5%	25.0%
Gross dividends and interest on equity per share, net of treasury shares at the end of the year (in BRL)	BRL 0.967	BRL 0.693

On December 31, 2022, Management proposes, for the approval of the Annual General Meeting, the non-payment of supplemental additional dividends to shareholders, as the amount distributed through interest on equity in 2022 exceeded the minimum mandatory dividend of 25%.

The Annual General Meeting held on April 26, 2022 approved the payment of additional dividends to the minimum mandatory dividend to shareholders in the amount of BRL 206,200.

At meetings of the Board of Directors a resolution was passed for payment of interest on equity as follows:

2022

Approval date	Total approved	Amount per share (in BRL)	Shareholding position date	Payment date
24/03/22	110,343	0.14669	29/03/22	20/05/22
27/06/22	131,608	0.17494	30/09/22	26/08/22
23/09/22	346,205	0.35489	28/09/22	09/11/22
16/12/22	358,320	0.36617	21/12/22	13/02/23
Total	946,476			

2021

Approval date	Total approved	Amount per share (in BRL)	Shareholding position date	Payment date
24/03/21	63,739	0.08479	29/03/21	21/05/21
24/06/21	72,356	0.09620	29/06/21	20/08/21
24/09/21	82,143	0.10920	29/09/21	22/11/21
14/12/21	97,157	0.12916	17/12/21	11/02/22
Total	315,395			

At the Annual General Meeting held on April 26, 2022, the payment of interest on equity in the amount of BRL 315,395 related to net income for the year 2021 was approved. Additionally, the payment of supplemental dividends over and above the mandatory minimum, in the amount of BRL 206,200, paid on May 20, 2022, was approved.

The liability balance of dividends and interest on equity comprises:

	Consolidated	
	31/12/22	31/12/21
Dividends over and above the mandatory minimum	-	206,200
Unclaimed interest on equity	5,296	-
Proposed interest on equity from profit for the 4th quarter	358,320	97,157
Provision for withholding income tax on interest on equity	(43,230)	(14,508)
Total dividends and interest on equity payable	320,386	288,849

22. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing net income for the year attributable to shareholders of the parent company by the weighted average of common shares outstanding during the year, excluding treasury shares.

Diluted earnings per share are calculated as basic earnings per share plus the weighted average number of common shares that would be issued assuming the stock options were exercised. For stock options, a calculation is made to determine the number of shares that could have been acquired at fair value (determined as the average annual market price of the Company's stock), based on the monetary value of the subscription rights linked to outstanding share call options. The number of shares thus calculated as described above is compared with the number of outstanding shares, assuming the exercise of the call options for the shares.

The table below shows net income and the number of shares used in the calculation of basic and diluted earnings per share for each of the reporting years of the statement of income:

	<u>2022</u>	<u>2021</u>
Net income for the year attributed to the Parent Company's shareholders	1,844,306	2,043,677
<u>Basic earnings per share:</u>		
Weighted average of common shares available (units)	864,706,988	752,019,912
Basic earnings per share (in BRL)	<u>2.13287</u>	<u>2.71758</u>
<u>Diluted earnings per share:</u>		
Weighted average of common shares available (units)	864,706,988	752,019,912
Dilutive effect of stock options (units)	<u>6,201,489</u>	<u>4,748,619</u>
Total shares subject to dilution (units)	<u>870,908,477</u>	<u>756,768,531</u>
Diluted earnings per share (in BRL)	<u>2.11768</u>	<u>2.70053</u>

23. SEGMENT INFORMATION

An operating segment is a component of an entity that engages in business activities: (i) which can earn revenues and incur expenses; (ii) the operating profit or loss of which are regularly reviewed by the chief operating decision maker regarding funds to be allocated to the segment and for performance evaluation; and (iii) for which individual financial information is available. The Board of Directors evaluates the performance of the operating segments based on return on invested capital (ROIC).

The Company has defined two reportable operating segments, which are managed separately, based on the reports used for strategic decision-making by the Board of Directors. The accounting practices of these operating segments are the same described in Note 2 or in the explanatory notes of these line items.

- **Car Rental:** Division responsible for renting cars, arranging car insurance, and handling car claims for insurers. Rentals are contracted by legal entities and individuals, in locations inside and outside airports, and in some cases through distribution channels. As a result of the need to renew the fleet, the Platform sells vehicles decommissioned after 12 months of use. To reduce sales intermediation costs, part of the decommissioned vehicles is sold directly to end consumers. In this way, the Company optimizes the recovery value of these assets, since the sales expense of the own network of stores is lower than the discount required by resellers, in addition to avoiding being totally dependent on third parties to carry out these sales.

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

Fleet Rental: This division is responsible for the management of fleets and long-term rentals for individuals and legal entities. Localiza Meoo offers a long-term subscription car solution, aimed at individuals and small and medium-sized companies. This Platform also offers solutions for heavy vehicles, mainly aimed at the transportation, industry, commerce and services sectors, with strong growth potential. This Division's vehicles are purchased after signing contracts, in accordance with the needs and requests of its customers; therefore, the fleet is more diversified in terms of models and brands. Decommissioned light and heavy vehicles are sold at the end of signed contracts, directly to end consumers or resellers.

(a) Operating segment financial reporting**(i) Consolidated assets and liabilities by operating segment**

31/12/22	Car rental	Fleet Rental	Unallocated balances	Eliminations/ Reclassifications	Consolidated
Assets					
Cash and cash equivalents	-	-	1,505,623	-	1,505,623
Short-term investments (*)	-	-	6,514,839	(1,111,124)	5,403,715
Trade receivables	1,622,129	1,022,593	-	(154,718)	2,490,004
Decommissioned vehicles for fleet renewal	1,418,488	557,599	-	-	1,976,087
Investments (**)	-	34,952	-	-	34,952
Property and equipment	23,385,347	19,714,744	64,517	(144,110)	43,020,498
Other assets	2,376,507	8,203,988	648,646	(3,389)	11,225,752
Total Assets	28,802,471	29,533,876	8,733,625	(1,413,341)	65,656,631
Liabilities					
Suppliers	4,236,412	2,096,057	-	(154,718)	6,177,751
Loans, financing, and debt securities	-	-	34,382,237	(1,111,124)	33,271,113
Other liabilities	3,398,711	2,086,303	397,483	(245,335)	5,637,162
Total liabilities	7,635,123	4,182,360	34,779,720	(1,511,177)	45,086,026
Shareholders' equity	-	-	20,570,605	-	20,570,605
Total liabilities and shareholders' equity	7,635,123	4,182,360	55,350,325	(1,511,177)	65,656,631

(*) The amount referring to the adjustment to present value (Note 9.2.1) is classified under "Other assets".

(**) 150% Investment in Elo Telefonía, Sistemas e Equipamentos de Comunicação S.A. in Iter Tecnologia. Iter is an indirect subsidiary of Companhia de Locação das Américas.

31/12/21	Car rental	Fleet Rental	Unallocated balances	Eliminations/ Reclassifications	Consolidated
Assets					
Cash and cash equivalents	-	-	444,139	-	444,139
Short-term investments	-	-	4,568,393	-	4,568,393
Trade receivables	1,177,205	170,956	-	(35,136)	1,313,025
Decommissioned vehicles for fleet renewal	148,188	33,811	-	-	181,999
Property and equipment	13,274,175	4,356,251	31,138	(367,710)	17,293,854
Other assets	903,131	186,519	537,711	(116,715)	1,510,646
Total Assets	15,502,699	4,747,537	5,581,381	(519,561)	25,312,056
Liabilities					
Suppliers	1,493,178	601,605	-	(35,487)	2,059,296
Loans, financing, and debt securities	-	-	12,433,095	-	12,433,095
Other liabilities	2,908,087	718,133	143,803	(567,448)	3,202,575
Total liabilities	4,401,265	1,319,738	12,576,898	(602,935)	17,694,966
Shareholders' equity	-	-	7,617,090	-	7,617,090
Total liabilities and shareholders' equity	4,401,265	1,319,738	20,193,988	(602,935)	25,312,056

(ii) Consolidated statements of income by operating segment

The performance of the operating segments is assessed based on EBIT and its conciliation with the accounting result is shown below:

2022	Car rental	Fleet Rental	Reclassification s	Consolidated
Net revenues	12,498,708	5,284,860	-	17,783,568
Costs	(7,994,366)	(3,137,063)	(4,030)	(11,135,459)
Gross profit	4,504,342	2,147,797	(4,030)	6,648,109
Operating expenses:				
From sales	(973,304)	(322,016)	2,837	(1,292,483)
General, administrative, and other expenses	(506,166)	(321,228)	1,193	(826,201)
Profit (loss) before finance costs, net (EBIT)	3,024,872	1,504,553	-	4,529,425

Finance costs, net				(2,110,500)
Profit before income tax and social contribution				2,418,925
Income tax and social contribution				(577,718)
Net income				1,841,207

2021	Car rental	Fleet Rental	Reclassification s	Consolidated
Net revenues	8,803,475	2,097,861	-	10,901,336
Costs	(5,140,685)	(1,053,639)	(8,246)	(6,202,570)
Gross profit	3,662,790	1,044,222	(8,246)	4,698,766
Operating expenses:				
From sales	(935,295)	(154,854)	6,043	(1,084,106)
General, administrative, and other expenses	(322,707)	(70,090)	2,203	(390,594)
Profit (loss) before finance costs, net (EBIT)	2,404,788	819,278	-	3,224,066
Finance costs, net				(320,943)
Profit before income tax and social contribution				2,903,123
Income tax and social contribution				(859,446)
Net income				2,043,677

(iii) *Consolidated depreciation and amortization expenses by operating segment*

	Consolidated	
	2022	2021
Car rental		
Car depreciation	946,694	183,735
Depreciation of other property and equipment and amortization of intangible assets	255,200	198,666
Fleet Rental		
Vehicle depreciation	800,826	71,423
Depreciation of other property and equipment and amortization of intangible assets	60,833	19,678
Total	2,063,553	473,502

24. NET REVENUE

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

- **Car Rental:** Car rental revenues are recognized on a daily basis in accordance with the rental agreements with customers. Proceeds from claims regulation, as well as proceeds from contracting insurance with the insurer, on account and option of the customers at the time of rental of the cars, are recognized on a monthly basis and are presented together under the line item "Car rental revenues", as they are ancillary revenues to car rental. The proceeds from the sale of decommissioned cars for fleet renewal are recognized at the time of cars delivery, that is, the moment when the transfer of ownership to the buyer occurs.
- **Fleet Rental:** Fleet Rental revenues are recognized on a monthly basis over the lease period, and include fleet and maintenance management services when the customer opts for the reimbursement model. The proceeds from the sale of decommissioned cars for fleet renewal are recognized at the time of cars delivery, that is, the moment when the transfer of ownership to the buyer occurs.

Reconciliation between gross operating revenue and net revenue presented in the statements of income is as follows:

	Individual		Consolidated	
	2022	2021	2022	2021
Gross revenues	11,860,291	9,231,762	18,938,902	11,525,900
Deductions:				
Discounts	(7,264)	(11,744)	(98,401)	(35,339)
Taxes (*)	(625,780)	(450,638)	(1,056,933)	(589,225)
Net revenues	11,227,247	8,769,380	17,783,568	10,901,336
Car rental	6,129,281	4,395,297	6,437,193	4,377,887
Fleet Rental	-	-	3,178,256	1,197,856
Cars sold for fleet renewal	5,072,514	4,356,584	7,833,574	5,308,049
Resale of cars	-	-	214,945	45
Royalties abroad	25,452	17,499	38,109	17,499
Products sold and services provided	-	-	81,491	-
Net revenues	11,227,247	8,769,380	17,783,568	10,901,336

(*) It refers substantially to: (i) ISSQN – Tax on Services of Any Nature; and (ii) PIS – Social Integration Program and COFINS – Contribution for Social Security Financing.

Minimum contracted revenue from Fleet Rental

As required by IFRS 15/CPC 47 “Customer Contract Revenue”, amounts that the Platform expects to recognize as revenue due to performance obligations that are unsatisfied on December 31, 2022 are:

Year	Revenues
2023	4,703,517
2024	3,101,943
2025	1,693,146
2026 and onwards	1,004,007
Total	10,502,613

Fleet Rental contracts may be terminated upon prior notice, under terms previously agreed between the parties, and the contractual fines are up to 50% of the rentals falling due.

25. NATURE OF OPERATING COSTS AND EXPENSES

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

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

	Individual					
	Cost of car rental and sale		Sale, general, administrative and other expenses		Total	
	2022	2021	2022	2021	2022	2021
Cost of cars sold	(3,989,875)	(3,303,802)	-	-	(3,989,875)	(3,303,802)
Car maintenance, IPVA and others	(1,638,090)	(1,319,575)	-	-	(1,638,090)	(1,319,575)
Salaries, payroll taxes, and benefits (a)	(549,343)	(502,250)	(506,494)	(436,243)	(1,055,837)	(938,493)
Profit sharing	(54,084)	(92,362)	(57,028)	(93,165)	(111,112)	(185,527)
Allowances and write-off of uncollectible amounts	-	-	(62,631)	(172,720)	(62,631)	(172,720)
Depreciation and amortization of other property and equipment and intangible assets	(176,445)	(146,517)	(70,947)	(75,991)	(247,392)	(222,508)
Vehicle depreciation	(822,627)	(183,735)	-	-	(822,627)	(183,735)
Commission	-	-	(113,665)	(82,437)	(113,665)	(82,437)
Real estate lease (b)	(98,650)	(88,333)	12,361	9,123	(86,289)	(79,210)
Advertising	-	-	(107,261)	(91,731)	(107,261)	(91,731)
Occupancy costs and expenses	(17,414)	(15,917)	(6,835)	(7,346)	(24,249)	(23,263)
Third-party services and travel	(298,953)	(221,311)	(298,906)	(205,620)	(597,859)	(426,931)
PIS and COFINS credits, net (c)	707,320	743,268	-	-	707,320	743,268
ICMS provision	-	-	(26,370)	(36,541)	(26,370)	(36,541)
Other	(450,486)	(86,893)	(47,062)	(38,499)	(497,548)	(125,392)
Total	(7,388,647)	(5,217,427)	(1,284,838)	(1,231,170)	(8,673,485)	(6,448,597)

	Consolidated					
	Cost of car rental and sale		Sale, general, administrative and other expenses		Total	
	2022	2021	2022	2021	2022	2021
Cost of cars sold	(6,085,313)	(3,944,772)	-	-	(6,085,313)	(3,944,772)
Resale cost of used cars	(172,129)	-	-	-	(172,129)	-
Cost of services/products sold	(28,776)	-	-	-	(28,776)	-
Car maintenance, IPVA and others	(2,586,759)	(1,610,387)	-	-	(2,586,759)	(1,610,387)
Salaries, payroll taxes, and benefits (a)	(731,682)	(563,425)	(818,509)	(534,510)	(1,550,191)	(1,097,935)
Profit sharing	(75,134)	(107,877)	(93,553)	(117,388)	(168,687)	(225,265)
ECLs and write-off of uncollectible amounts	-	-	(145,718)	(182,746)	(145,718)	(182,746)
Depreciation and amortization of other property and equipment and intangible assets	(211,960)	(140,754)	(104,073)	(77,590)	(316,033)	(218,344)
Vehicle depreciation	(1,747,520)	(255,158)	-	-	(1,747,520)	(255,158)
Commission	-	-	(144,415)	(84,652)	(144,415)	(84,652)
Real estate lease (b)	(118,572)	(91,190)	(12,825)	(2,503)	(131,397)	(93,693)
Advertising	-	-	(154,678)	(112,622)	(154,678)	(112,622)
Occupancy costs and expenses	(22,556)	(16,286)	(12,309)	(8,943)	(34,865)	(25,229)
Third-party services and travel	(417,419)	(253,936)	(463,713)	(254,530)	(881,132)	(508,466)
PIS and COFINS credits, net (c)	1,183,915	852,617	-	-	1,183,915	852,617
ICMS provision	-	-	(44,231)	(39,118)	(44,231)	(39,118)
Other	(121,554)	(71,402)	(124,746)	(60,098)	(246,300)	(131,500)
Total	(11,135,459)	(6,202,570)	(2,118,770)	(1,474,700)	(13,254,229)	(7,677,270)

(a) In 2022, the Company recognized costs and expenses of BRL 64,705 in Individual and BRL 109,752 in Consolidated, related to long-term incentive programs (BRL 48,190 in Individual and Consolidated in 2021).

(b) The Company recognized property rental costs and expenses, as shown in the table below:

	Individual		Consolidated	
	2022	2021	2022	2021
Lease agreements measured by IFRS16	(22,314)	(39,256)	4,455	(39,918)
Lease agreements not included in the measurement of lease liabilities	(63,996)	(41,705)	(135,873)	(55,526)
Discounts obtained related to COVID-19 (Note 17)	21	1,751	21	1,751
Total	(86,289)	(79,210)	(131,397)	(93,693)

(c) In accordance with Article 320 of the Income Tax Regulation (Decree No. 9,580/18) and detailed in Note 8(a), the Platform completed, in the second half of 2021 and 2022, respectively, the review of the useful life of certain vehicles in the fleet of the Car Rental and Fleet Rental, recognizing PIS/COFINS credits on depreciation, gross income tax and social contribution, as follows: BRL 58,645 in Individual and BRL 171,623 in Consolidated in 2022 retroactively to January 1, 2022 (BRL 371,284 in Individual and Consolidated in 2021, retroactively to January 1).

26. FINANCIAL INCOME (EXPENSES)

Interest income/expenses from financial assets/liabilities are recognized based on the time and effective interest rate on the accrual basis.

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

	Individual		Consolidated	
	2022	2021	2022	2021
Interest on short-term investments	474,488	190,486	845,437	263,744
Adjustment to present value of short-term investments	128,701	-	128,701	-
PIS/COFINS on financial income	(22,063)	(9,051)	(38,801)	(11,846)
Repurchase of debentures	-	4,150	245	4,482
Other interest income	4,821	(1,217)	9,962	(559)
Total financial income	585,947	184,368	945,544	255,821
Interest expense on loans, financing, debt securities and derivative financial instruments	(1,513,426)	(455,299)	(2,807,356)	(636,383)
Lease interest expenses (Note 17)	(95,824)	(85,785)	(76,349)	(61,784)
Change in the fair value of derivative financial instruments, net	(8,029)	36,268	(91,225)	134,052
Interest on assignment of suppliers	-	-	(19,627)	-
Foreign exchange losses	(455)	246	(1,218)	347
Accruals on the provision for ICMS (Note 19(b))	(7,113)	(13,672)	(7,440)	(14,166)
Other interest expenses	(31,812)	4,618	(52,829)	1,170
Total financial expenses	(1,656,659)	(513,624)	(3,056,044)	(576,764)
Total financial income (expenses)	(1,070,712)	(329,256)	(2,110,500)	(320,943)

27. SUPPLEMENTARY PENSION PLAN

The company offers its employees a supplementary retirement benefit plan (complementary pension plan), established as a “defined contribution” and managed by a large independent management company.

For this plan, there are no actuarial and investment risks to the Company as a sponsor; therefore, actuarial valuations are not necessary and there is no actuarial gain or loss. Under the plan’s regulations, the cost is shared between the employer and the employees, where the Company matches the employee’s contribution, which varies according to a contribution scale based on salary ranges of 1% to 8% of the employee’s compensation.

In 2022, contributions made by the Company totaled BRL 4,833 in Individual and BRL 6,223 in Consolidated (BRL 3,890 in Individual and BRL 5,085 in Consolidated in 2021), allocated to line items “Cost”, “Selling expenses”, and “General and administrative expenses” in profit or loss, as applicable.

28. SUPPLEMENTARY CASH FLOW INFORMATION

a) Transactions that do not affect cash

	Individual		Consolidated	
	2022	2021	2022	2021
Changes in the balance of suppliers – automakers (Note 13)	(2,428,305)	(65,739)	(3,917,956)	289,004
Right-of-use leased assets (Note 17)	236,185	286,208	235,124	261,709
Lease liability (Note 17)	(234,761)	(5,633)	(237,199)	-
Balance payable for the acquisition of a subsidiary (Note 18)	-	-	(26,513)	-
Dividends and interest on equity payable (Note 21(e))	53,748	(288,849)	(320,386)	(288,849)
Capital increase from merger of shares	(8,034,475)	-	(8,034,475)	-
Other comprehensive income	(903)	-	(903)	-
Taxes on Adjustments to Financial Instruments	307	-	307	-
Hedge accounting	-	-	(13,621)	-
Taxes on hedge accounting	-	-	4.631	-

b) Supplementary disclosure to cash flow information

	Individual		Consolidated	
	2022	2021	2022	2021
Purchase of vehicles:				
for fleet renewal	(6,397,889)	(5,188,243)	(9,902,524)	(6,374,415)
For fleet expansion	(7,207,088)	(436,885)	(12,636,439)	(1,281,473)
Total purchases of vehicles (Note 10(a))	(13,604,977)	(5,625,128)	(22,538,963)	(7,655,888)
Suppliers – vehicles (Note 13):				
Balance at the end of the year	(3,610,250)	(1,181,945)	(5,625,318)	(1,707,362)
Balance at the beginning of the year	(1,181,945)	(1,247,684)	(1,707,362)	(1,418,358)
	2,428,305	(65,739)	3,917,956	289,004
Cash outflow for vehicle acquisition	(11,176,672)	(5,690,867)	(18,621,007)	(7,366,884)
Revenue from the sale of decommissioned vehicles, net of taxes (Note 24)	5,072,514	4,356,584	7,833,574	5,308,049
Trade receivables – from sale of decommissioned vehicles (Note 7):				
Balance at the end of the year	290,930	140,263	369,320	183,828
Balance at the beginning of the year	140,263	211,457	183,828	252,523
	(150,667)	71,194	(185,492)	68,695
Cash input from vehicle sales	4,921,847	4,427,778	7,648,082	5,376,744
Net investment in the fleet	(6,254,825)	(1,263,089)	(10,972,925)	(1,990,140)

29. SUBSEQUENT EVENTS

(a) Changes in capital

Increase in the Company's capital stock through the issuance of new shares for private subscription

At a meeting of the Board of Directors held on March 7, 2023, the capital increase was approved, with the subscription and payment of 4,276,923 shares, at an issuance price of BRL 42.25 per share, totaling BRL 180.700.

The Company's capital increased from BRL 12,150,698, comprised of 984,159,007 shares, to BRL 12,331,398 on December 31, 2022, comprised of 988,435,930 shares, the Bylaws will be amended in due course, at the first Shareholders' Meeting to be held.

Capital reduction of the Company's indirect subsidiary, Acelero Comércio de Veículos

At the Extraordinary General Meeting held on January 26, 2023, the capital reduction of the indirect subsidiary Acelero Comércio de Veículos SA was approved, pursuant to Article 173 of the Brazilian Corporate Law. As a result of the

reduction, the capital of Acelero reduced from BRL 238,428 to BRL 173,428, with the cancellation of 65,000 registered common shares owned by Locamérica.

(b) End of LFI operations

On February 28, 2023, the operations of Localiza Franchising International SRL ("LFI") were terminated, with the cancellation of its registration in Argentina, as approved by the Ministério de Justicia y Human Derechos on the same date.

(c) Funding

Loan in foreign currency by Localiza

On January 13, 2023, Localiza took out a loan in the amount of USD 100,000 (BRL 538,900) with the principal maturing on January 13, 2026. At the same time, a swap operation was contracted to eliminate the risk of exposure in foreign currency, exchanging exchange rate variation plus pre-fixed rate for CDI + 1.46% p.a. There were no expenses incurred. The debt and the correspondent swap were measured at fair value.

Working capital raising by Localiza

On February 12, 2023, Localiza contracted working capital in the amount of BRL 1,000,000 thousand, with the principal maturing on August 14, 2023. There were no expenses incurred.

23rd issuance of debentures by Localiza (CRI)

At a meeting of the Board of Directors, held on March 1, 2023, Localiza's 23rd issuance of debentures was approved. These debentures are simple, non-convertible into shares, unsecured, with an additional fiduciary guarantee from Localiza Fleet, in the amount of BRL 700,000, to be linked to a securitization operation of real estate receivables, so that real estate credits are linked as back up for the issuance of real estate receivables certificates, in up to two series, of the 89th issuance of Virgo Companhia de Securitização. The maturities of these debentures are approximately 5 years and 7 years for the first and second series, respectively.

12th issuance of debentures by Localiza Fleet

At a meeting of the Board of Directors, held on March 13, 2023, Localiza Fleet's 12th issuance of debentures was approved – simple, non-convertible into shares, unsecured, with an additional fiduciary guarantee from Localiza Rent a Car S.A., in the amount of BRL 1,500,000. The maturity of these debentures is two years.

(d) Provisions for risks

On February 13, 2023, CVM, through Circular Letter No. 1/2023/CVM/SNC/SEP, issued guidelines regarding relevant aspects to be observed when preparing and issuing financial statements for the fiscal year ended on December 31, 2022, in view of the decision taken by the Plenary of the Federal Supreme Court ("*Supremo Tribunal Federal*" – STF) on res judicata in tax matters.

Localiza and its subsidiaries, together with its legal counsel, analyzed the decision of the Plenary of the Federal Supreme Court ("STF") on res judicata in tax matters (STF Items 881 and 885), and no impact was identified.

MANAGEMENT'S STATEMENT ON THE FINANCIAL STATEMENTS

The CEO and the CFO and Investor Relations Officer of Localiza Rent a Car S.A. ("Localiza"), publicly-held company, headquartered at Avenida Bernardo de Vasconcelos, nº 377, Bairro Cachoeirinha, in Belo Horizonte, Minas Gerais State, enrolled as a corporate taxpayer's ID (CNPJ) 16.670.085/0001-55, for the purposes of the provisions of item VI of paragraph 1 of article 27 of CVM Instruction 80/22, declare that:

- I. They have reviewed, discussed and agreed with the financial statements of Localiza and consolidated for the year ended December 31, 2022.

Belo Horizonte, March 14, 2023.

Bruno Sebastian Lasansky
CEO

Rodrigo Tavares Gonçalves de Sousa
CFO and Investor Relations Officer

MANAGEMENT'S STATEMENT ON THE INDEPENDENT AUDITOR'S REPORT

The CEO and the CFO and Investor Relations Officer of Localiza Rent a Car S.A. ("Localiza"), publicly-held company, headquartered at Avenida Bernardo de Vasconcelos, nº 377, Bairro Cachoeirinha, in Belo Horizonte, Minas Gerais State, enrolled as a corporate taxpayer's ID (CNPJ) 16.670.085/0001-55, for the purposes of the provisions of item V of paragraph 1 of article 27 of CVM Instruction 80/22, declare that:

- I. They have reviewed, discussed and agreed with the opinions expressed in the audit report of PricewaterhouseCoopers Auditores Independentes Ltda. related to the financial statements of Localiza for the year ended December 31, 2022.

Belo Horizonte, March 14, 2023.

Bruno Sebastian Lasansky
CEO

Rodrigo Tavares Gonçalves de Sousa
CFO and Investor Relations Officer

FISCAL COUNCIL'S REPORT

The Fiscal Council of Localiza Rent a Car S.A. ("Company"), a publicly-held corporation, headquartered at Avenida Bernardo de Vasconcelos, nº377, Bairro Cachoeirinha, in Belo Horizonte, Minas Gerais, enrolled with the CNPJ under No. 16.670.085/0001-55, in the exercise of its legal and statutory attributions, has examined i) the Company's Individual and Consolidated Financial Statements and the Annual Management Report for the year ended December 31, 2022; and ii) the Proposal for Allocation of Net Income for the year ended December 31, 2022, with allocation of interest on own capital decided on March 24, 2022, June 27, 2022, September 22, 2022 and December 16, 2022 to the mandatory minimum dividend amount.

Based on the exams carried out, and also considering the report of the PricewaterhouseCoopers Auditores Independentes Ltda., issued on March 14, 2023, to be presented without qualifications, as well as the information and clarifications provided by the Company's Management during the year, the members of the Fiscal Council unanimously express their opinion that the referred documents and proposals are in conditions to be submitted to the Annual Shareholders' Meeting.

Belo Horizonte, March 14, 2023.

Antônio de Pádua Soares Policarpo
Chairman of the Fiscal Council

Carla Alessandra Trematore
Fiscal Councilor

Luiz Carlos Nannini
Fiscal Councilor

SUMMARY AUDIT, RISK, AND COMPLIANCE REPORT

Introduction

At a meeting of the Board of Directors held on May 3, 2021, the Internal Regulations of the Company's Advisory Committees was approved, which defines specific duties for the Committees, in addition to the provisions laid down in the Bylaws ("Bylaws"), Internal Regulations of the Board of Directors ("Board Regulations"), and the legislation in force. Among these committees is the Audit, Risks and Compliance Committee.

The Audit, Risk Management, and Compliance Committee ("Committee") is an advisory body to the Localiza's Board of Directors ("Board") and has operational independence and its own budget, which is approved by the Board of Directors.

Members

On December 31, 2022, the Audit, Risk Management, and Compliance Committee was comprised by three members who has been elected by the Board of Directors. All members are independent, have no decision-making or management power, and include two directors and one member with recognized experience in corporate accounting matters, pursuant to CVM Resolution 23/21.

Name	Position	Other positions/roles held
Maria Letícia de Freitas Costa	Committee Coordinator Sitting Member Specialist in Corporate Accounting	Independent Board Member -
Estela Maris Vieira de Souza	Sitting Member	
Oscar de Paula Bernardes Neto	Sitting Member	Independent Board Member

Responsibilities

The main responsibilities of the Audit, Risk Management, and Compliance Committee, according to the Internal Regulations, are:

- To recommend the hiring or dismissal of the company that provides independent auditing services and to give an opinion on the hiring of any other services to be provided by the independent auditor. To this end, the Committee must observe the normative document on Localiza's extra-audit services, as well as the exemption and independence of the auditors before the Management, to ensure that there is efficient work plan in place for each year and that the auditors report directly and in a timely manner to the Board;
- To monitor the effectiveness of the work carried out by the independent auditors, discussing and evaluating the annual work plan and presenting it to the Board for consideration;
- To express an opinion on the recommendation report of failures in internal controls of the independent audit;
- To supervise the implementation of annual plans and monitor the work of Internal Controls, Internal Audits, Risk Management and Compliance, as well as to check the effectiveness and sufficiency of their structures in the areas responsible for these matters;
- To analyze the treatment given to complaints received by the Reporting Channel, and check whether the protection, anonymity, and non-retaliation of any possible whistleblowers are ensured. The direct reporting of Internal Controls, Risk, Internal Audit and Compliance to the Board and Committee must also be observed;
- To assess periodically the Company's exposure to risks and the effectiveness of risk management, internal controls, and integrity system;
- To analyze the Management report, financial statements, quarterly information, and Earnings Release, making any recommendations that it deems necessary;
- Evaluate and monitor transactions with related parties carried out by the Company; and
- To reviews periodically the policies, regulations, and procedures that are relevant for the Committee, such as those that cover Compliance and Risks, Investments, Cash, Indebtedness and others;

Main topics discussed and recommendations

The main topics discussed, as well as the recommendations made to the Company's Board of Directors, were:

a) Financial Statements and Other Disclosures

2022 Financial Statements

The Audit, Risks and Compliance Committee, considering its legal responsibilities and attributions, examined the interim financial information as of March 31, June 30 and September 30, 2022, as well as the corresponding Independent Auditors' Report and Earnings Release, and the individual and consolidated financial statements for the year ended December 31, 2022, the independent auditors' report and the management report, expressing that it is in favor of their approval by the Board of Directors.

- Meetings with the finance department and the controller to analyze possible changes in the critical accounting policies and practices adopted, processes and internal controls related to the preparation of accounting estimates, and critical judgments used by management in the preparation of the financial statements and to monitor the improvement of the process of preparing accounting information.
- Appraisal of the main legal claims and management's judgment on the prognoses of the outcome, including the evaluation of the Company's legal advisors.

Manual on Ordinary and Extraordinary Shareholders' Meetings - 2022

The Audit, Risks and Compliance Committee recommended the approval by the Board of Directors of the Meeting Manual, including, without limitation, the call notice for meetings and the management proposal in relation to: (i) taking the accounts of the Directors and approving the Management Report and the Financial Statements of the Company for the year ended December 31, 2021, together with the Independent Auditors' Report; (ii) approving Management's proposals for the allocation of net income for the year ended December 31, 2021 and the distribution of dividends; (iii) establishing the amount of the annual global compensation of the Management for the fiscal year of 2022 and (iv) implementing the Audit Committee and establishing its compensation.

2022 Reference Form

The Audit, Risks Management, and Compliance Committee reviewed and recommended for approval by the Board of Directors the 2022 Reference Form.

"Practice or Explain" Governance Report

The Audit, Risks and Compliance Committee reviewed the Company's Brazilian Governance Report - 2022 and recommended the approval, by the Board of Directors.

b) Dividends and interest on equity

The Audit, Risks and Compliance Committee analyzed and recommended for approval by the Board of Directors, the proposed payments of interest on equity, imputed to the amount of mandatory dividends for the year 2022, according to article 9, paragraph 7 of Law 9.249/95 and based on article 27 of the Company's Bylaws, as disclosed in Note 21 (e) of the Company's Financial Statements.

c) Change in the capital of investees

On February 21, 2022, the Audit, Risk Management, and Compliance Committee recommended to the Board of Directors the approval of the proposed capital increase of the wholly-owned subsidiary Localiza Fleet S.A., in the amount of BRL 100,000, thus recommending the authorization of the Company to instruct the vote in the Extraordinary General

Meeting of this subsidiary, as well as to take the necessary measures for the implementation and dissemination of the approved amendment.

d) Review of Policies and Bylaws

In the year ended in 2022, the Committee reviewed and recommended to the Board of Directors the approval of the revision of the following policies:

- Investment Policy;
- Indebtedness, Derivatives, Strategy for Hedging Market Risks and Granting Guarantees and Sureties Policy;
- Authority Policy; and
- Information Disclosure and Securities Trading Policy

e) Independent auditors

The Committee monitored the process of hiring independent audit services and recommended to the Board of Directors, the proposals of: (i) hiring PricewaterhouseCoopers Auditores Independentes Ltda. as the Company's independent auditors.

- Appreciation of the planning and strategy of PricewaterhouseCoopers Auditores Independentes for the 2022 fiscal year;
- Maintenance of a regular communication channel with the independent auditors;
- Appreciation of the main conclusions presented by the auditor in its March 31, June 30 and September 30, 2022 quarterly review reports (ITRs);
- Appreciation of the conclusion presented and the Key Audit Matters included in its Report on the financial statements for the year ended December 31, 2022;
- Follow-up on the recommendations for improvement noted in the internal controls report.

f) Internal Controls, Risk Management and Compliance

- Monitoring of the methodology adopted for risk management, mapping of processes, monitoring of the effectiveness of internal controls and the Company's key indicators;
- Evaluation and discussion of the Company's priority risks, their impacts and probability of occurrence, accompanied by mitigation plans;
- Monitoring of actions to improve internal controls and general information technology controls.

g) Code of Ethics and Conduct and Denouncement Channel

- Monitoring of the complaints received through the channels, as well as the measures taken by the Management;
- Follow-up of the actions of disclosure and training in relation to the Code of Ethics and Conduct.

h) Internal Audit

- Appreciation of the Annual Internal Audit Plan;
- Analysis of the reports issued by the Internal Audit contemplating the observations identified and the corresponding remediation plans.

Conclusion

Taking into consideration all the analyses, studies, and discussions carried out during the meetings and the follow-up carried out by the Committee, in particular regarding the conclusion of the Financial Statements, the members of the Committee state that they found no objection to submitting these documents to the appreciation by the Board of Directors, with subsequent approval recommendation to the Shareholders at the Ordinary Meeting.

OPINION OF THE AUDIT, RISK MANAGEMENT, AND COMPLIANCE COMMITTEE

The Audit, Risk Management, and Compliance Committee of Localiza Rent a Car S.A. ("Company"), a publicly-held corporation headquartered at Avenida Bernardo de Vasconcelos, nº 377, Bairro Cachoeirinha, in the city of Belo Horizonte, state of Minas Gerais, enrolled with the Corporate Taxpayer's ID (CNPJ) No. 16.670.085/0001- 55, in the exercise of its legal and statutory duties, examined: i) the Company's Individual and Consolidated Financial Statements and the Annual Management Report, related to the year ended December 31, 2022; and ii) the Proposal for Allocation of Net Income for the year ended December 31, 2022, with allocation of interest on equity resolved on March 24, 2022, June 27, 2022, September 23, 2022, and September 16 December 2022 to the minimum mandatory dividend.

Based on these examinations, and also taking into consideration the report of independent auditor PricewaterhouseCoopers, dated March 14, 2023, to be presented without restrictions, as well as the information and clarifications provided by the Company's Management during the year, the members of the Audit, Risk Management, and Compliance Committee are unanimous in stating that these documents and proposals are in a position to be submitted to the appreciation of the Ordinary Shareholders' Meeting.

Belo Horizonte, March 13, 2023

Maria Letícia de Freitas Costa

Coordinator of Audit, Risks and Compliance Committee

Estela Maris Vieira de Souza

Member of the Audit, Risks and Compliance Committee

Oscar de Paula Bernardes Neto

Member of the Audit, Risks and Compliance Committee

Localiza&co

LOCALIZA RENT A CAR S.A.

PUBLICLY-HELD COMPANY

CNPJ 16.670.085/0001-55

NIRE: 3130001144-5

Excerpt from the Minutes of the Audit, Risk and Compliance Committee Meeting

held on March 13, 2023

Date, Time and Place: March 13, 2023, at 09:00 a.m., held pursuant to item 5 of the Internal Rules of the Advisory Committees of Localiza Rent a Car S.A., in a virtual hearing through the Microsoft Teams platform.

Attendance: Attendance by the members of the Audit, Risks and Compliance Committee ("Committee"): Maria Letícia de Freitas Costa, Oscar de Paula Bernardes and Estela Maris Vieira de Souza, as well as Messrs. Eugênio Pacelli Mattar, Luis Fernando Porto, Sérgio Resende, Rodrigo Tavares and Myrian Buenos Aires.

Bureau: Maria Letícia de Freitas Costa, as Coordinator, and Juliana Chrispin Gavinel, as Secretary.

Agenda: (1) Presentation of the Independent Audit on Closing of the Financial Statements for December 31, 2022; (2) Financial Statements, Management Report and Earnings Release 2022; and (3) Profit Distribution 2022.

Matters considered and Committee statement:

- (1) **Independent Auditing Presentation:** Mr. Guilherme Campos, representing PricewaterhouseCoopers, reported the conclusion of their audit work on the Company's December 31, 2022 financial statements, with Reports issued without qualification. In addition, he reported that he read the Management Report and Earnings Release, and did not identify any inconsistencies in relation to the financial statements taken as a whole.
- (2) **Financial Statements, Management Report and Earnings Release 2022:** The members of the Audit, Risks and Compliance Committee, in accordance with their duties established in its Internal Regulations, have reviewed and analyzed the Financial Statements for the year ended December 31, 2022, Explanatory Notes and the Company's Management Report, Individual and Consolidated, accompanied by the Independent Auditor's Preliminary Report on said Financial Statements, with no reservations, and considering the information provided by the Company's Management and by the partner from PricewaterhouseCoopers Auditores Independentes, recommend their approval by the Board of Directors. Additionally, they have reviewed the 2022 Earnings Release, also recommending its approval by the Board of Directors.
- (3) **Income allocation 2022:** The Company's management presented the proposal for allocation of the adjusted net income, in accordance with the Company's Bylaws and the corporate legislation, related to the fiscal year 2022 of no additional dividend distribution, considering that the interest on equity distributed to shareholders in 2022, in the amount of R\$ 831,526,425.83, net of income tax and corresponding to 47.5% of

the net income, was imputed to the mandatory dividend. After the necessary clarifications, the Members of the Committee recommended its approval by the Board of Directors, ad referendum by the Shareholders' Meeting, as follows:

Management's proposal for allocation of net income for 2022:

- (i) R\$92,215,393.82 for constitution of the Legal Reserve;
- (ii) R\$946,476,210.36 for remuneration to shareholders, distributed in advance as interest on equity attributed to the mandatory dividend, and
- (iii) R\$805,616,272.21 for the statutory reserve called Investment Reserve, according to article 26, §2, (f) of the Company's Bylaws.

The full minutes of the Audit, Risk and Compliance Committee meeting held on March 13, 2023 are on file at the Company's headquarters.

Juliana Chrispin Gavineli

Secretary of the Audit, Risk and Compliance Committee

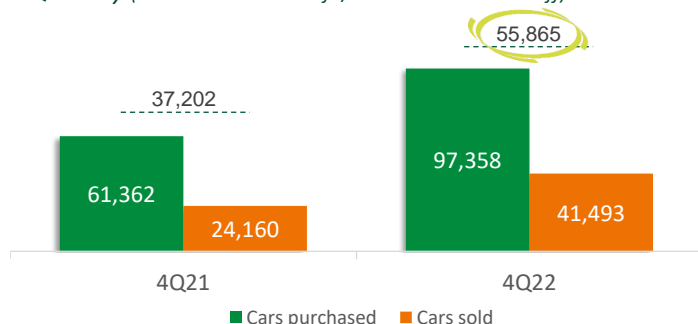
COMMENTS ON THE PERFORMANCE OF BUSINESS PROJECTIONS

The Company did not disclose any projections for 2023 and 2022.

OPERATIONAL HIGHLIGHTS

Car purchase and sales

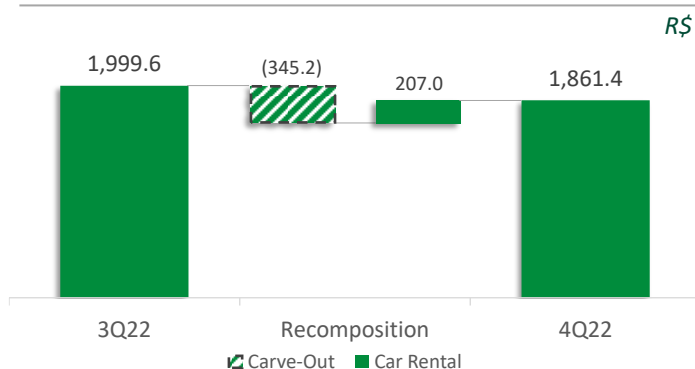
Quantity (Does not consider theft / crashed cars written off)



Scenario of greater availability of new cars, enabling the purchase with a more favorable mix and conditions, contributing to the strong growth and renewal of the fleet;

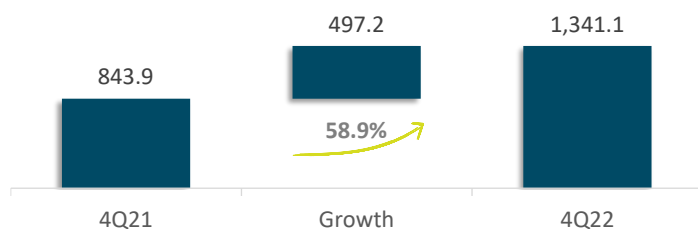
In the first 90 days after the divestment, the Company restored 60.0% of the rental revenue from the carve-out. As result of Localiza&Co's commercial and operational excellence;

Net Revenue – Car Rental



Net Revenue – Fleet Rental

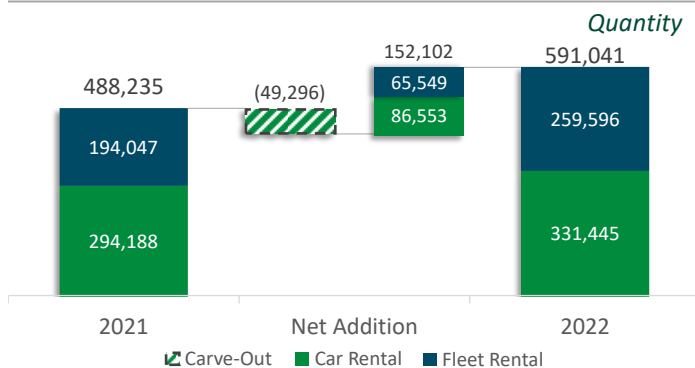
R\$ million, including telemetry and Localiza+ revenues



Fleet Rental displayed strong annual growth with a 58.9% increase in revenue due to portfolio optimization and strong commercial traction;

In 2022, 102.806 thousand cars were added to the fleet, reaching a record number of 591.0 thousand cars.

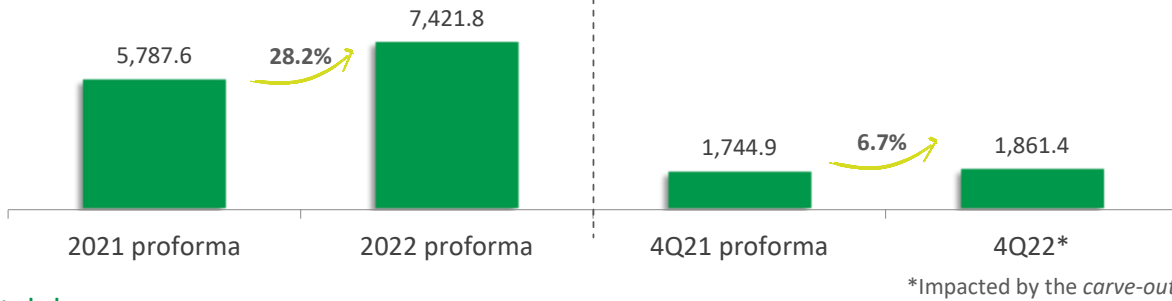
End of Period Fleet



1 – Car Rental

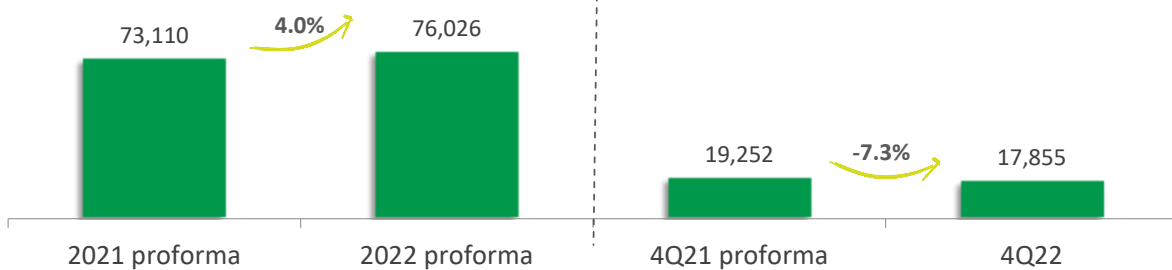
Net revenue

R\$ million, including royalties



Rental days

In thousands

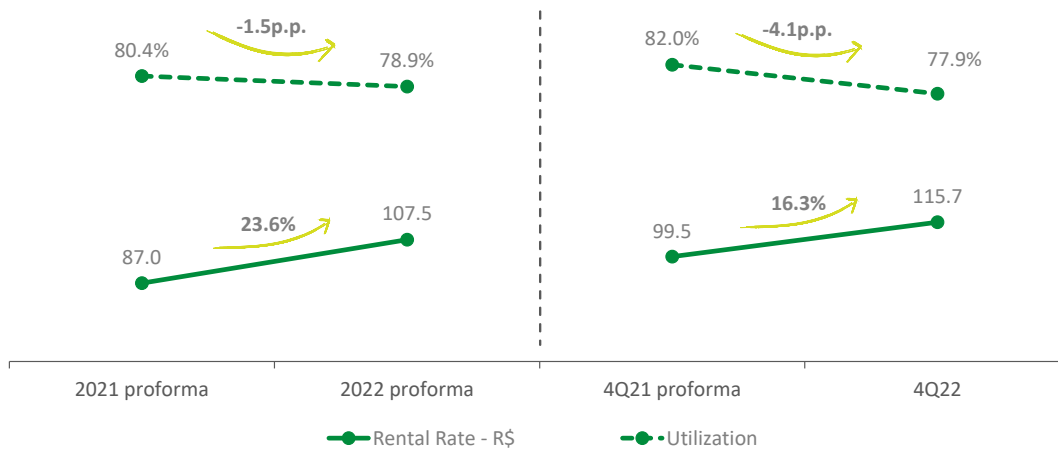


In 4Q22, as part of the business combination process, the Company carried out the sale of the carve-out, which included approximately 49 thousand cars, negatively impacting the number of daily rentals in the quarter.

As shown in the highlights section, in the first 90 days after the carve-out sale, Localiza recovered around 60.0% of the carve-out rental revenue in 3Q22, demonstrating the Company's strong capacity for growth and execution.

In 2022, net revenue totaled R\$7.4 billion, a 28.2% growth year over year, due to an increase of 4.0% in volume and 23.6% in the average daily price.

Rental rate (R\$) and utilization rate (%)

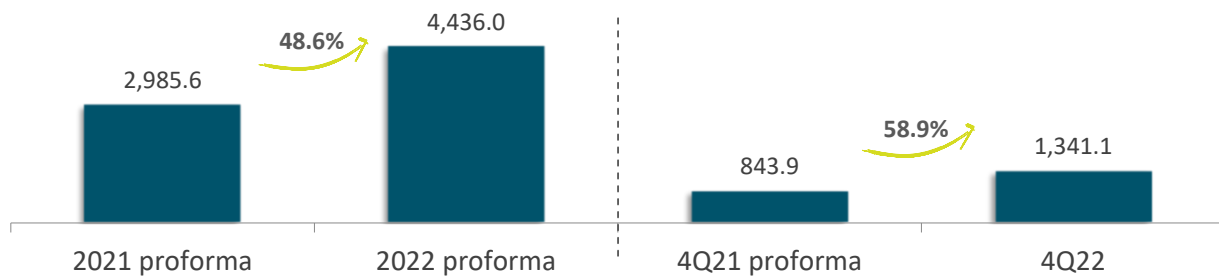


The average rental rate for the quarter was R\$115.7, reflecting price and mix management. We reached a utilization rate of 77.9%, even with the strong addition of 35 thousand cars in this division and the effects of productivity loss due to activating and decommissioning cars.

2 – Fleet Rental

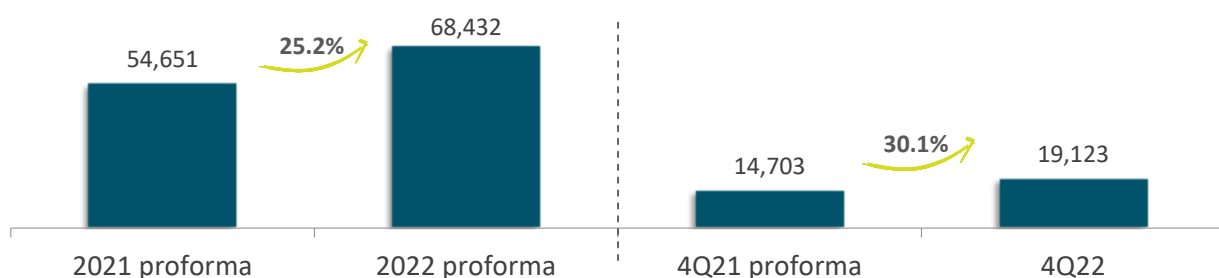
Net revenue

R\$ million, including telemetry and Localiza+ revenues



Rental days

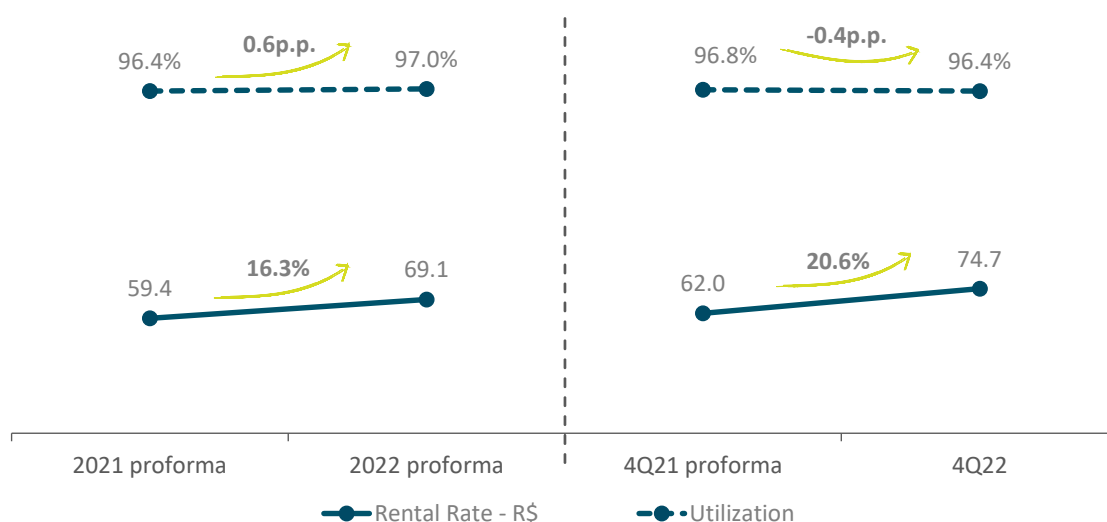
In thousands



In 4Q22, the **Fleet Rental** Division presented a net revenue 58.9% higher year over year in the proforma comparison, as a result of the 30.1% growth in volume and 20.6% in the average daily rate. In 2022, there was an increase of 48.6% in revenue and 25.2% in volume in this division, compared to the same period of last year.

The strong demand for fleet rental and subscription cars originates from the competitiveness of renting in relation to asset ownership, given the scenario of high interest rates and an increase in new cars prices. The Company maintained its commercial excellence during the integration process and is well-positioned to capture the long-term growth potential of the segments.

Rental rate (R\$) and utilization rate (%)

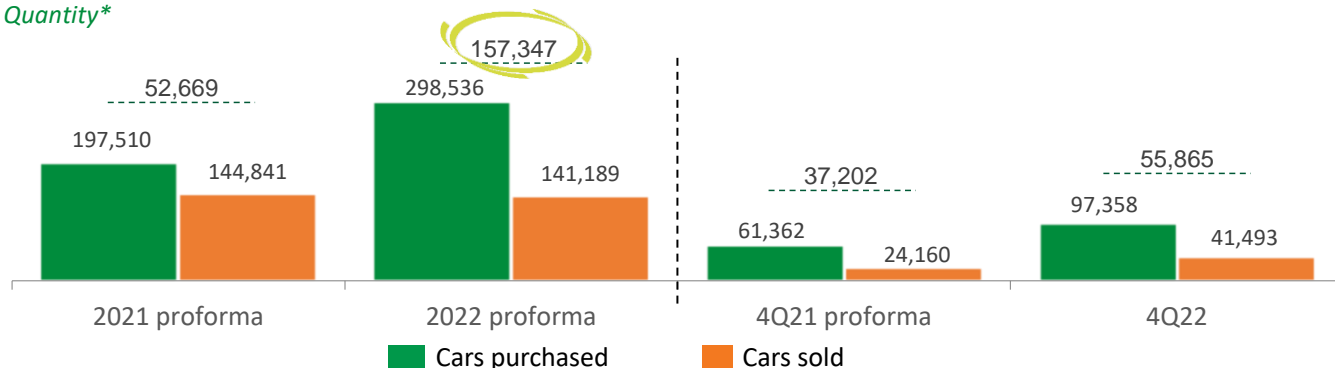


3 - Fleet

3.1 – Net investment in the fleet

Car purchase and sales

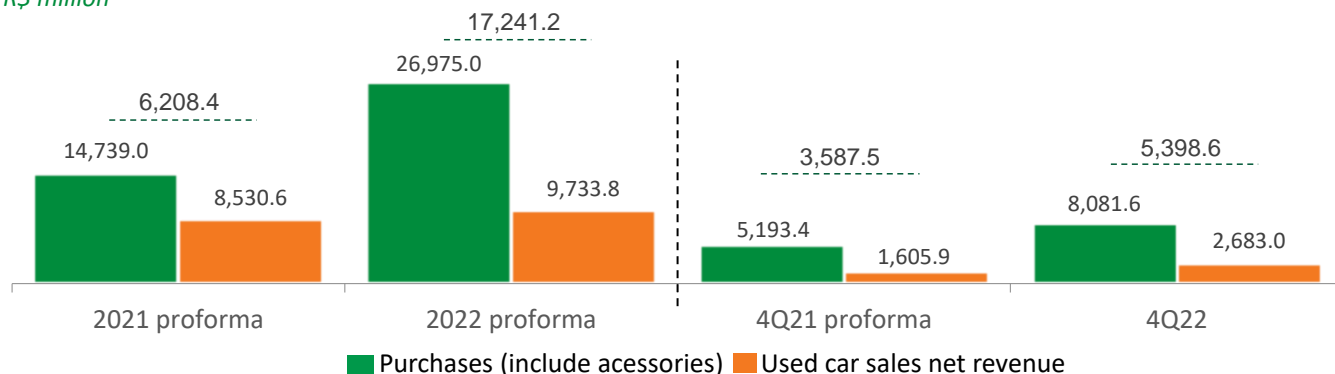
Quantity*



*Does not consider theft / crashed cars written off

Net investment in fleet

R\$ million



In 4Q22, direct sales (sales to fleet owners, including rental companies) continued to gain relevance and the Company increased its share of purchases, totaling 97,358 cars purchased and 41,493 sold. As a result, Localiza posted another quarter of strong additions of 55,865 cars to its fleet (disregarding the effects of the carve-out). In a resumption scenario of the availability of new cars, the purchase plans for 2023 were negotiated under conditions that allow return levels for these cars within their profitability objectives.

Car sales volumes in 4Q22 increased by 71.7% compared to the same period of the previous year, remaining at a level close to that of 3Q22, impacted by the integration process of 57 **Seminovos** stores, which involved rebranding, changing systems, and team training, in addition to the specific effects of the election and the World Cup. As of January 2023, we expanded sales volumes at **Seminovos**, ending the first two months of the year with around 35 thousand cars sold.

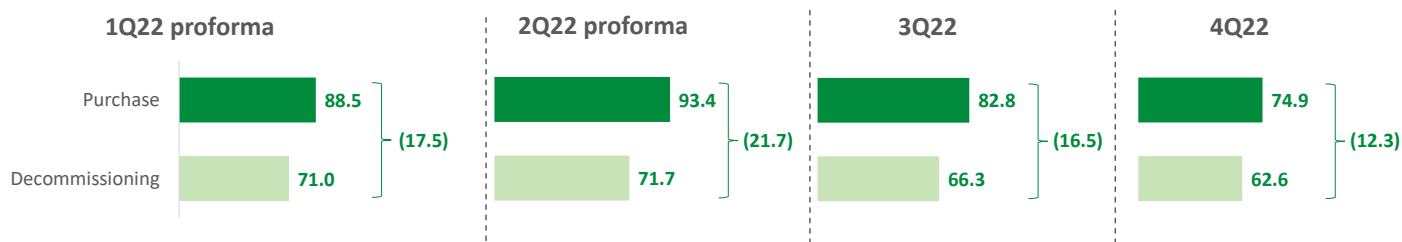
In the year, 298.5 thousand cars were purchased and 141.2 thousand sold, resulting in a strong fleet addition of 157.3 thousand cars with a net investment of R\$17.2 billion between fleet growth and renewal.

The Company has a robust plan to expand the **Seminovos** stores this year to support the need for sales growth in the next fleet renewal cycle.

3 - Fleet

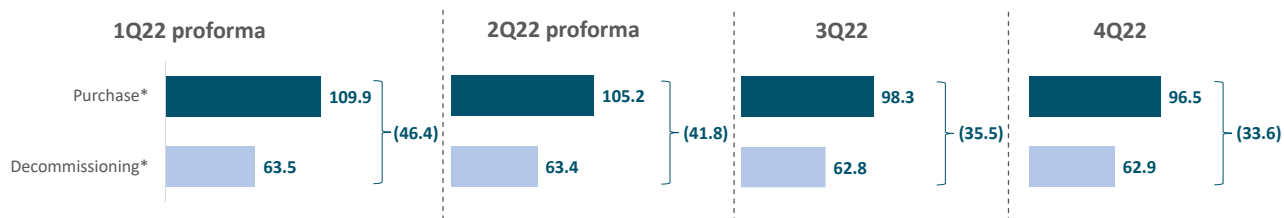
3.2 – Price of purchase and decommissioning

Average price of purchase and decommissioning – Car Rental



In the **Car Rental** division, the purchase mix with more entry-level cars and better commercial conditions in 4Q22, resulted in an average purchase price 9.5% lower than in 3Q, in addition to allowing decommissioning acceleration for the entry-level cars with the highest average mileage. Thus, we started the fleet renewal process in the division, which will contribute to the reduction of maintenance and preparation costs of the cars.

Average price of purchase and decommissioning – Fleet Rental



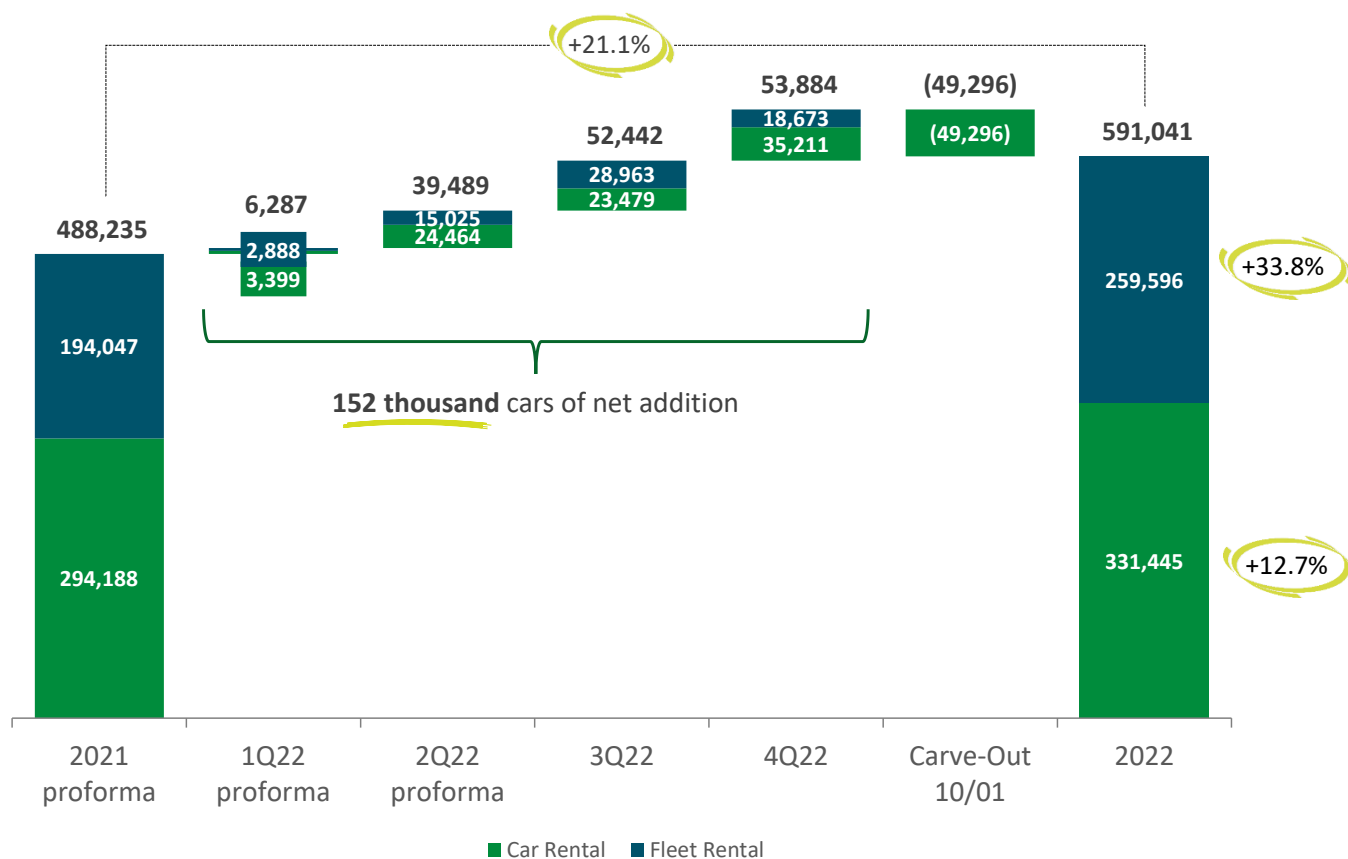
*Purchase and decommissioning prices do not consider car buying and selling initiatives (Acelero and Willz).

In **Fleet Rental**, the average price of purchase results from a mix which includes heavy and special vehicles, with the ROIC spread of new contracts aligned with the Company's profitability objectives. It is worth mentioning that the average selling price is composed almost exclusively of light vehicles.

3.3 – End of period fleet

End of period fleet

Quantity



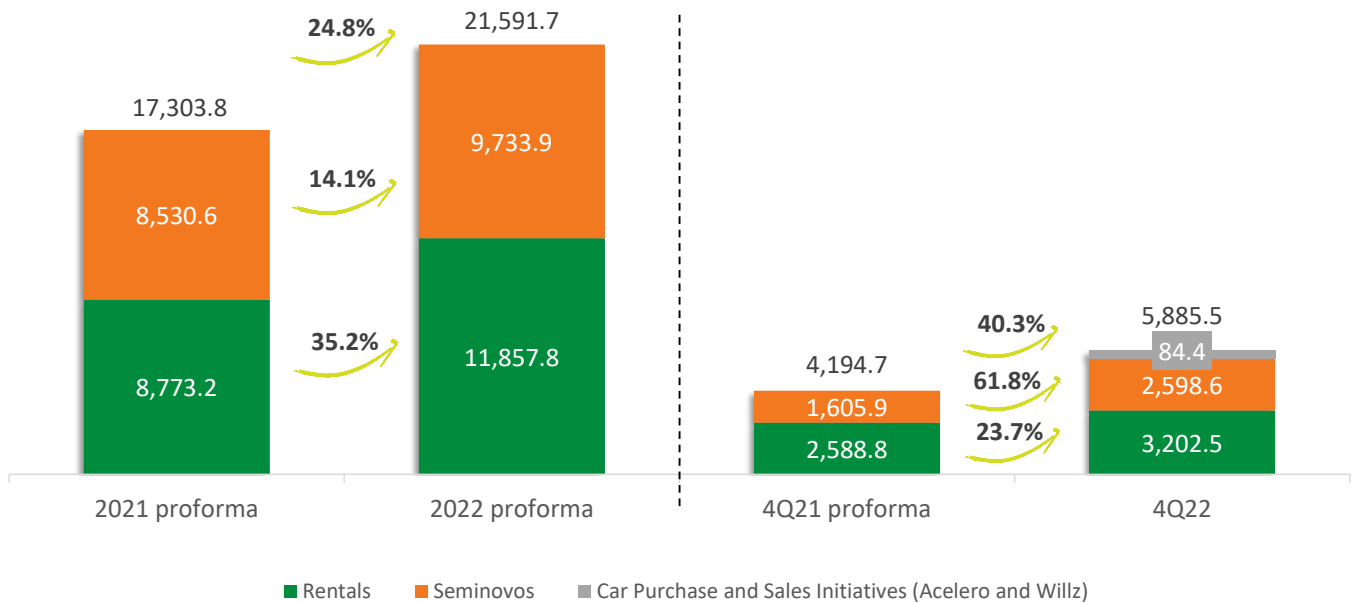
During the year the Company added 152 thousand cars to its fleet, net of the effect of theft and loss.

As part of the business combination process was required a divestment of 49 thousand cars, which were sold on October 1st. As a result, the Company ended the year with a fleet of 591 thousand cars, 103 thousand growth year over year.

4 – Consolidated net revenues

Consolidated net revenues

R\$ million



In 4Q22, consolidated net revenue increased by 40.3% year over year, in the proforma comparison. Net rental revenue grew by 23.7%, with 6.7% in the **Car Rental** division and 58.9% in the **Fleet Rental** division.

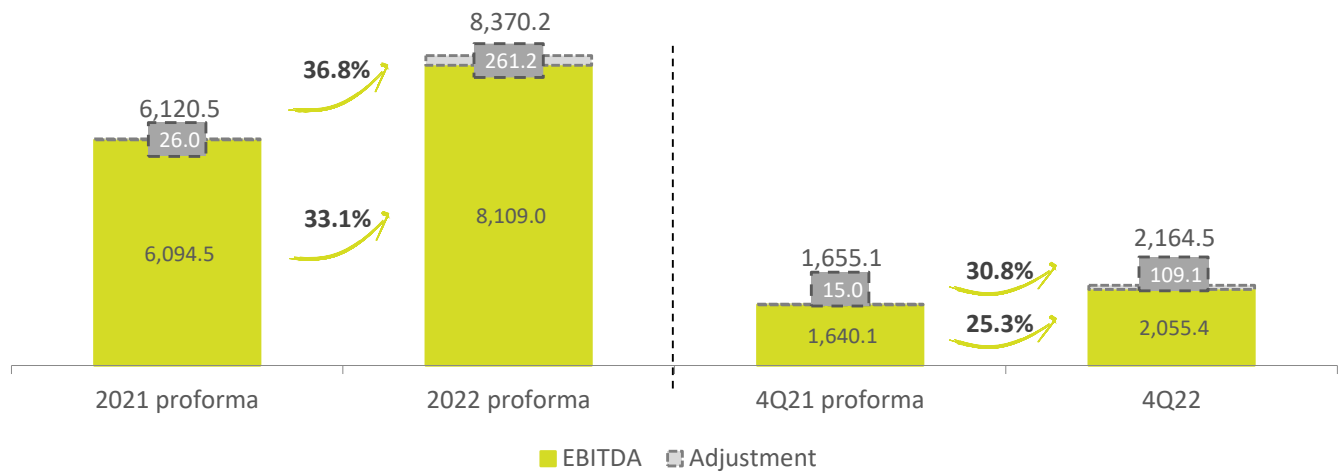
With the resumption of vehicle supply under favorable conditions, the Company accelerated growth in the **Fleet Rental** division and began the gradual fleet renewal process, prioritizing the decommissioning and selling of cars with the highest mileage in the **Car Rental** division.

Seminovos net revenue grew 61.8% in the quarter, result of a 71.7% rise in volumes, partially offset by a 5.8% lower average sales price, explained by an acceleration of the decommissioning of entry level cars with a higher mileage.

5 – EBITDA

Consolidated EBITDA, adjusted for the business combination one-offs

R\$ millions



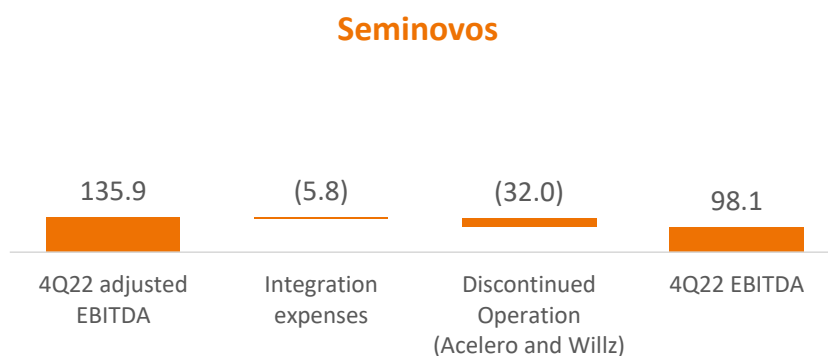
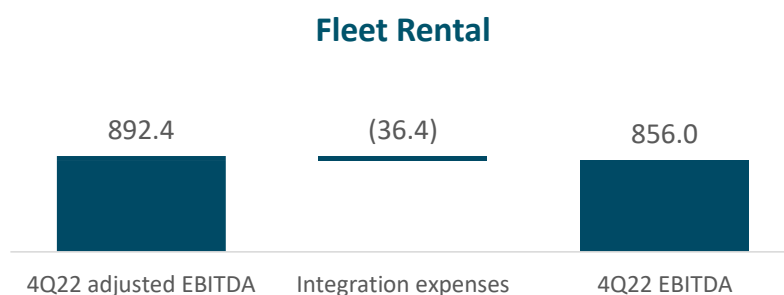
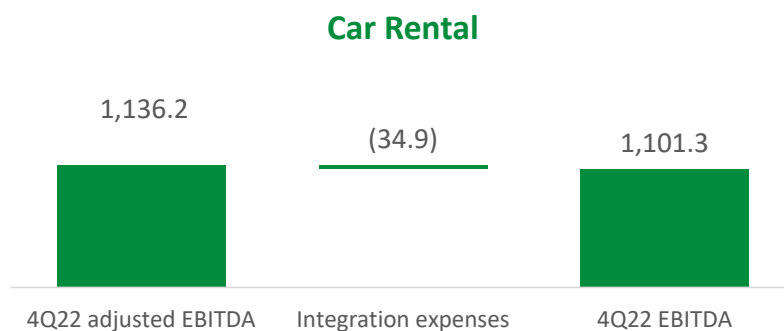
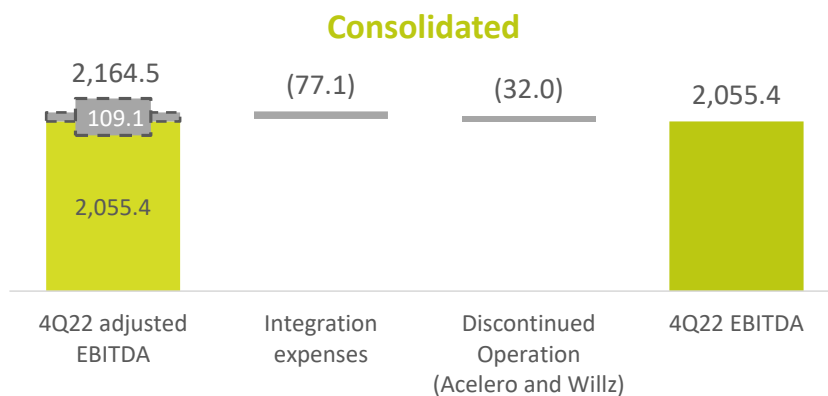
In 4Q22, consolidated EBITDA totaled R\$2,055.4 million, 25.3% higher when compared to proforma EBITDA in the same period of the previous year. Adjusted EBITDA for business combination expenses totaled R\$2,164.5 million in 4Q22, 30.8% higher than last year's proforma EBITDA, also adjusted for business combination one-offs.

In this quarter, expenses related to carve-out and integration totaled R\$77.1 million, of which 45.3% in the **Car Rental** division, 47.2% to **Fleet Rental**, and 7.5% to **Seminovos**. Such expenses include, among others, the rebranding of branches and stores, systems integration, and consulting projects. The Company does not expect relevant integration expenses in the coming quarters.

In 4Q22, we also had a negative effect of R\$32.0 million on consolidated EBITDA result of the initiatives of purchase and sale of cars (Acelero and Willz), which are being discontinued. Corporate travel management, auto workshops, and telemetry initiatives negatively impacted EBITDA by another R\$12.0 million.

5 – EBITDA

We highlight below the details of the adjustment related to the business combination one-offs, in the consolidated result and for each segment:



5 – EBITDA

For better comparability, we bring the proforma EBITDA margins for 4Q21, 2021, 2022. In addition, we bring the 4Q22 EBITDA margin adjusted for the one-off effects of the business

EBITDA Margin:	2021 proforma	2022 proforma	4Q21 proforma	4Q22 actual	4Q22 adjusted*
Car Rental and Franchising	49.3%	56.2%	50.7%	59.2%	61.0%
Fleet Rental	65.5%	65.6%	62.1%	63.8%	66.5%
Rental Consolidated	54.8%	59.7%	54.4%	61.1%	63.3%
Seminovos	15.1%	10.6%	14.4%	3.7%	5.2%
Consolidated (over rental revenues)	69.5%	68.4%	63.4%	64.2%	67.6%

*Adjusted for One-offs related to the integration expenses and the discontinuity of operations

In 4Q22, the **Car Rental** division's EBITDA margin was 61.0% excluding the one-off effects of the business combination. The actual EBITDA margin was 59.2%, displaying an 8.5p.p. increase compared to the 4Q21 proforma. The growth in the average daily rate and the start of the fleet renewal process contributed to the margin gains, even with higher mobilization costs due to the strong purchase of cars and the effects of the carve-out. In this quarter we had a negative impact of R\$25.3 million in the **Car Rental** division, equivalent to 1.4pp. of EBITDA as a result of equalizing the Companies' accounting practices, not included in the adjusted margin of 61.0%.

The **Fleet rental** division posted a margin of 63.8%. If adjusted for business combination expenses, the margin would total 66.5%. In this division, the margin was positively impacted by the increase in volume and the average daily rate, which offset the increase in fleet mobilization costs in the quarter. Expenses with new initiatives, not included in the adjustments, negatively impacted the margin by 0.9pp.

In **Seminovos**, the EBITDA margin was 3.7% in 4Q22. Excluding the integration one-offs and the effects of third-party car buying and selling initiatives (Acelero and Willz), which are being discontinued, the adjusted margin would be 5.2%.

Other unadjusted impacts:

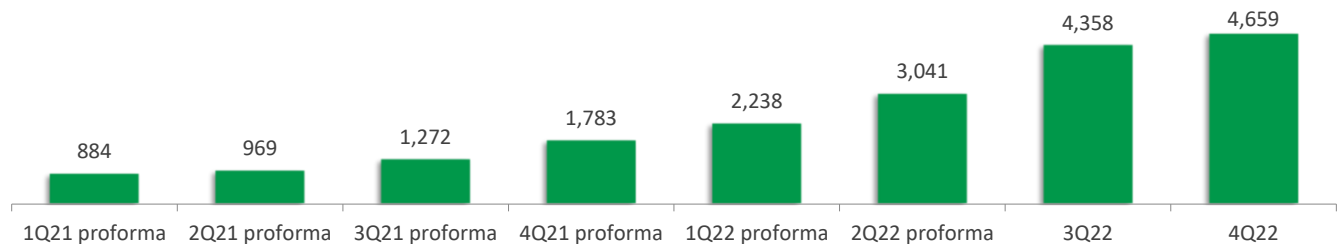
1. Due to the great availability of new cars in favorable condition, we accelerated the decommissioning of cars with higher mileage, anticipating preparation costs. Sales were stable compared to the previous quarter, impacted by the process of integrating systems, team training, store rebranding and process alignment. 61 thousand cars were decommissioned and 41 thousand were sold. This mismatch between decommissioning and sale impacted EBITDA by R\$42.0 million (1.6p.p. in the margin), of which R\$39.5 million in **Car Rental** and R\$2.5 million in **Fleet Rental**.
2. In addition, within the scope of the business combination, we had a one-off increase in the sale of **Seminovos** through the auction channel, with a total effect in the quarter of R\$52.8 million (2.1p.p. in the margin), of which R\$27.0 million were in **Car Rental** and R\$25.8 million in **Fleet Rental**, which will not repeat itself in 2023.

In 2023, we efficiently expanded sales volumes in the **Seminovos** division, ending the first two months of the year with 35,000 cars sold, with an EBITDA margin between 7% and 8%.

6 – Depreciation

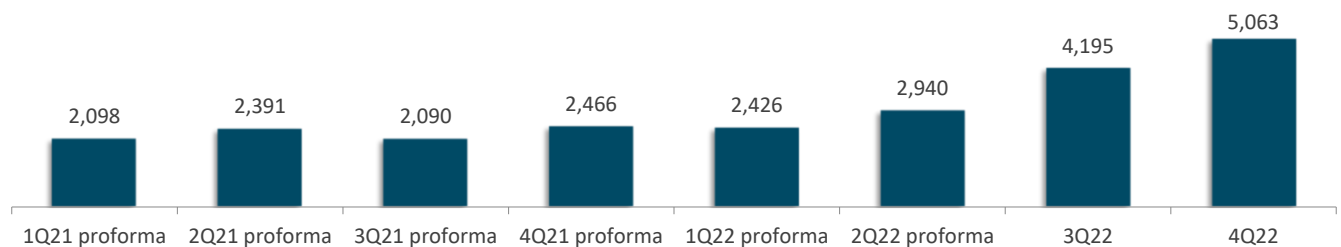
Depreciation is calculated using the straight-line method, considering the difference between the purchase price of the car and the estimated selling price at the end of its useful life, net of estimated costs and expenses to sell it. The estimated selling price is reassessed quarterly, so the book value of the cars aims to converge to market prices.

6.1 – Average annualized depreciation per car (R\$) – Car Rental



In 4Q22, the average annual depreciation amounted to R\$4,659 per car, following the upward trend and explained by: i) higher number of cars depreciating in the fleet due to the car purchases acceleration in this quarter and the increase in the sale of cars with zero depreciation; ii) effect of the purchase mix and commercial conditions of the last two years. As mentioned in the opening letter of this release, the rebalancing between production and demand allowed the contracting of a better purchase mix and commercial conditions for the current fleet cohort. Even so, we believe that the depreciation levels are structurally higher. For these new cars, we see a level of ROIC spread aligned with the Company's profitability objective.

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

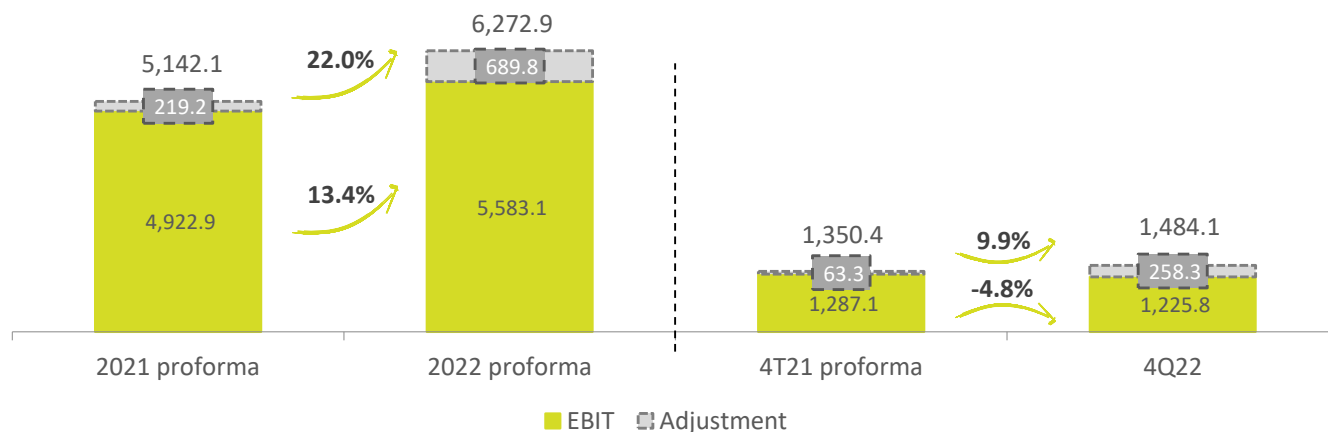


In the **Fleet Rental** division, in 4Q22 the average depreciation per car of R\$5,063 reflects the strong net addition of new cars with higher depreciation, the mix of special and heavy vehicles added in 2Q22 and 3Q22, in addition to the effect of selling cars with zero depreciation.

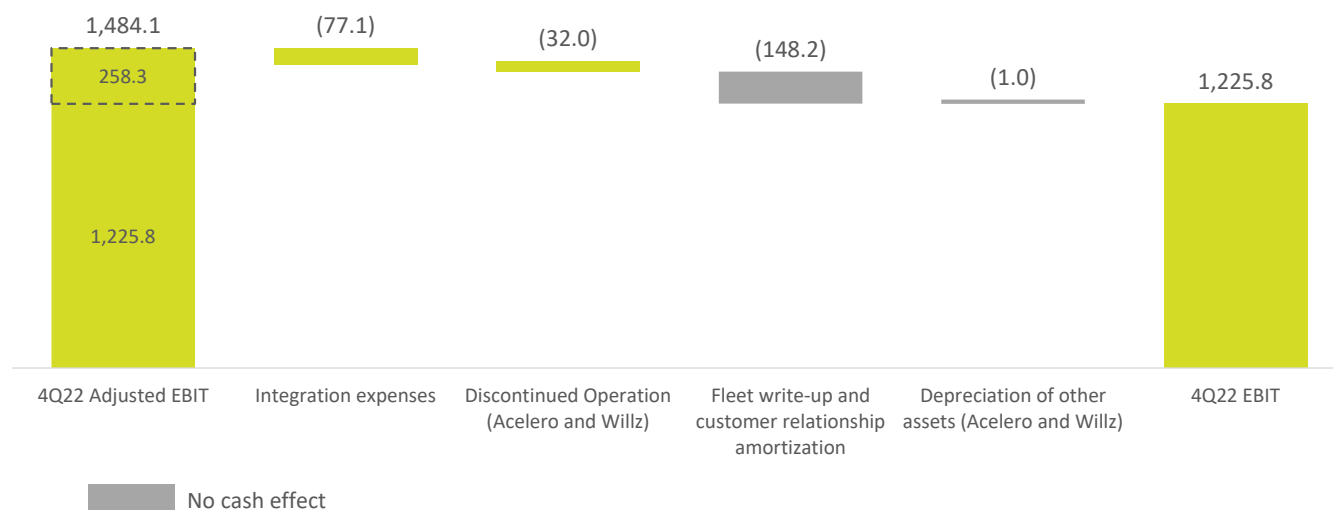
7 – EBIT

Consolidated EBIT, adjusted for the business combination one-offs

R\$ million



In 4Q22, EBIT totaled R\$1,225.8 million, representing a 4.8% decrease compared to 4Q21 proforma. Adjusted EBIT for business combination expenses totaled R\$1,484.1 million in the quarter, representing an increase of 9.9% compared to the 4Q21 proforma adjusted. As shown in the chart below, the adjustments made to EBIT are related to integration expenses, effects associated with discontinued operations, and non-cash costs related to amortizing fleet write-up and customer relationship.



It is worth mentioning that the amortization expenses of the fleet write-up and customer relationship **do not have a cash effect**, and these assets are directly associated with the accounting recognition of the customer relationship and the appreciation of the vehicles acquired in the transaction with Locamerica.

7 – EBIT

EBIT margin include **Seminovos** and is calculated over the rental revenues:

EBIT Margin:	2021 proforma	2022 proforma	4Q21 proforma	4Q22 actual	4Q22 adjusted*
Car Rental and Franchising	54.9%	46.7%	47.9%	41.9%	45.1%
Fleet Rental	58.5%	47.7%	53.4%	33.2%	48.0%
Consolidated (over rental revenues)	56.1%	47.1%	49.7%	38.3%	46.3%

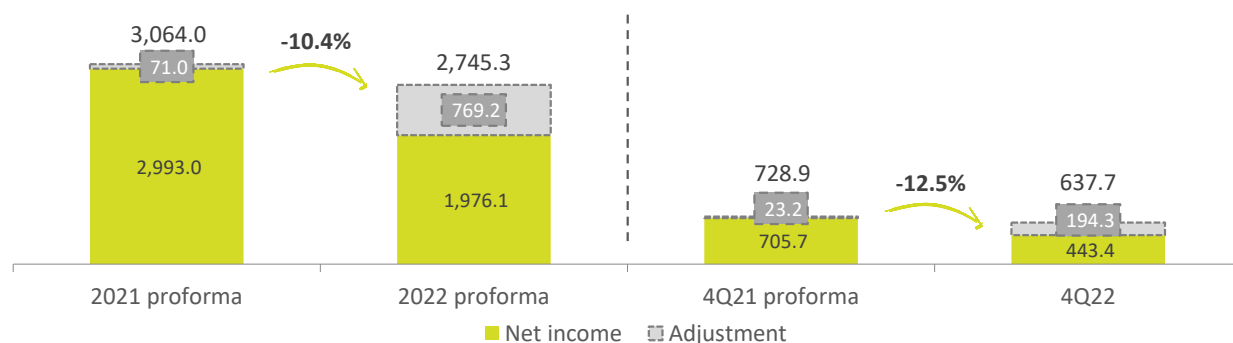
*Adjusted for One-offs related to the carve-out and integration expenses, discontinuity of operations, and fleet and customer relationship write-up amortization

In 4Q22, the adjusted EBIT margin in the **Car Rental** division was 45.1%, a decrease of 2.8p.p. compared to pro forma 4Q21. In the **Fleet Rental** division, the EBIT margin reached 48.0%, a reduction of 5.4p.p. compared to the same period of the previous year. The reduction in EBIT margins reflects the lower **Seminovos** results and the increase in car depreciation.

8 – Consolidated adjusted net income

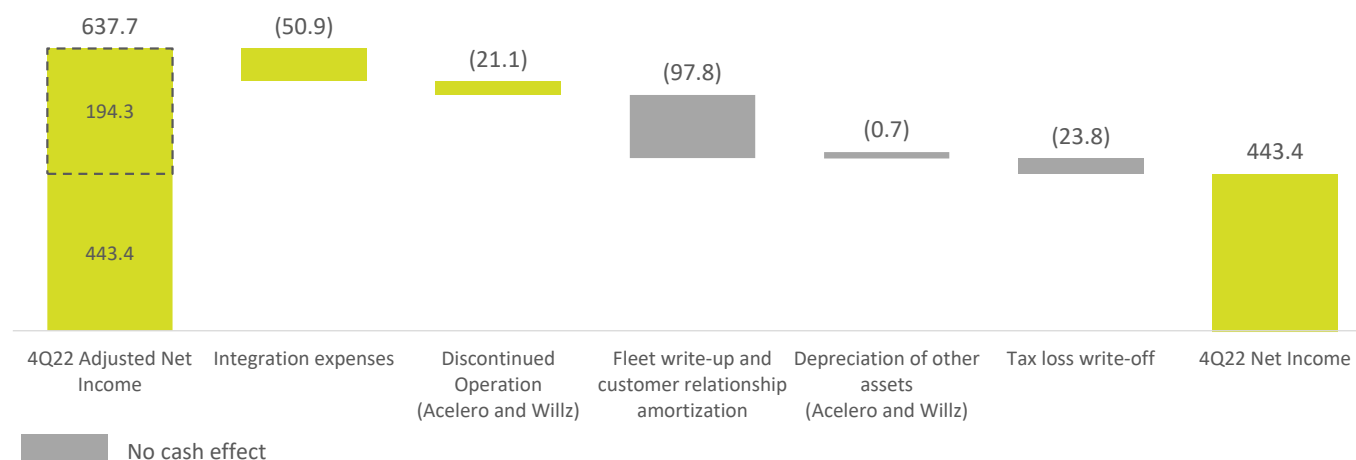
Consolidated Net Income, adjusted for the business combination one-offs

R\$ million



EBITDA x Net income reconciliation	2021 proforma	2022 proforma	Var. R\$	Var. %	4Q21 proforma	4Q22	Var. R\$	Var. %
Consolidated EBITDA	6,120.5	8,370.2	2,249.7	36.8%	1,655.1	2,164.5	509.4	30.8%
Cars depreciation	(672.6)	(1,762.0)	(1,089.4)	162.0%	(222.2)	(609.1)	(386.9)	174.1%
Other property depreciation and amortization	(305.8)	(335.3)	(29.5)	9.6%	(82.5)	(71.3)	11.2	-13.6%
Equity equivalence result	-	0.2	0.2	0.0%	-	-	-	-
EBIT	5,142.1	6,272.9	1,130.8	22.0%	1,350.4	1,484.1	133.7	9.9%
Financial expenses, net	(785.0)	(2,726.0)	(1,941.0)	247.3%	(325.1)	(748.0)	(422.9)	130.1%
Income tax and social contribution	(1,293.1)	(801.8)	491.3	-38.0%	(296.4)	(98.4)	198.0	-66.8%
Adjusted net income of the period	3,064.0	2,745.3	(318.7)	-10.4%	728.9	637.7	(91.2)	-12.5%

As mentioned before, in this quarter we still had expenses with the integration and carve-out, in addition to non-cash impacts on the result arising from the amortization of the fleet write-up and customer relationship which, added to the write-off of the tax loss, resulted in an accounting profit of R\$443.4 million and adjusted of R\$637.7 million:



Excluding these effects, adjusted net income reflects:

- (+) R\$509.4 million increase in EBITDA;
- (-) R\$375.7 million increase in cars depreciation and others;
- (-) R\$422.9 million addition in net financial expenses, mainly due to the increase in the average CDI rate in the period and the higher debt balance, partially offset by the MTM effects of swap contracts;
- (+) R\$198.0 million decrease in income tax and social contribution.

9 – Free Cash Flow (FCF)

Free cash flow (R\$ million)		2020 actual	2021 actual	1H22 actual	2022 actual
Operations	EBITDA	2,468.1	3,697.5	2,256.1	6,589.2
	Used car sale revenue, net of taxes	(6,109.1)	(5,308.0)	(2,388.6)	(7,833.6)
	Net book value of vehicles written-off	5,599.9	4,346.0	1,783.8	6,085.3
	(-) Income tax and social contribution	(250.1)	(307.1)	(39.9)	(83.4)
	Change in working capital	91.6	(568.3)	(434.0)	(1,284.3)
Cash generated by rental operations		1,800.4	1,860.1	1,177.4	3,473.2
Capex renewal	Used car sale revenue, net from taxes – fleet renewal	4,886.9	5,308.0	2,388.6	7,833.6
	Fleet renewal investment	(5,524.1)	(6,366.9)	(3,083.8)	(9,902.5)
	Change in accounts payable to car suppliers for fleet renewal	(466.6)	(282.6)	700.2	1,619.6
	Net investment for fleet renewal	(1,103.8)	(1,341.5)	5.0	(449.3)
Fleet renewal – quantity		109,379	92,845	33,411	118,538
Investment, property and intangible		(108.0)	(143.4)	(80.2)	(352.8)
Free cash flow from operations, before fleet increase or reduction		588.6	375.2	1,102.2	2,671.1
Capex Growth	(Investment) / Divestment in cars for fleet growth	1,222.2	(1,289.0)	(2,439.5)	(12,636.4)
	Change in accounts payable to car suppliers for fleet growth	(522.5)	571.6	226.4	2,298.3
	Net investment for fleet growth	699.7	(717.4)	(2,213.1)	(10,338.1)
Fleet increase / (reduction) – quantity		(26,111)	18,665	26,431	136,391
Free cash flow after growth		1,288.3	(342.2)	(1,110.9)	(7,667.0)
Other invest.	Acquisitions - except fleet value	(7.9)	(3.6)	(11.5)	(11.5)
Free cash generated (applied) before interest and others		1,280.4	(345.8)	(1,122.4)	(7,678.5)

For the FCF, short-term financial investments were considered cash

Accounting numbers, i.e. reflecting Localiza in the 1H22 and Localiza and Locamerica in the 2H22

In 2022, the rental operation generated R\$3.5 billion. R\$449.3 million was consumed with fleet renewal and another R\$10.3 billion for the growth of 136,391 cars (accounting numbers, i.e. reflecting Localiza in the 1H22 and Localiza and Locamerica in the 2H22), resulting in the consumption of R\$7.7 billion before interest.

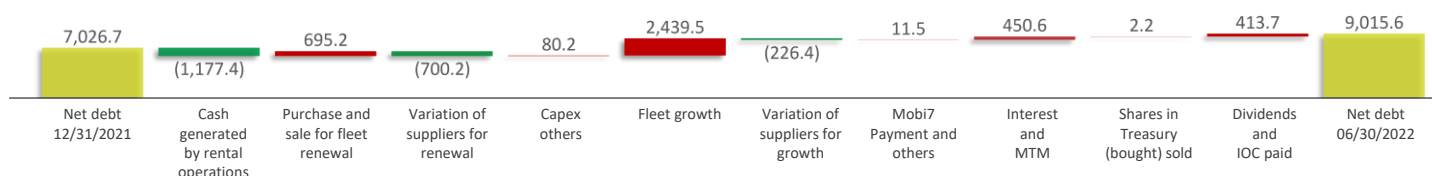
As of 2H22, the Company leveraged the environment of greater availability of cars to accelerate growth in commercial conditions and mix with replacement ROIC in line with the Company's profitability strategy.

10 – Net debt

10.1 – Change in net debt – R\$ million

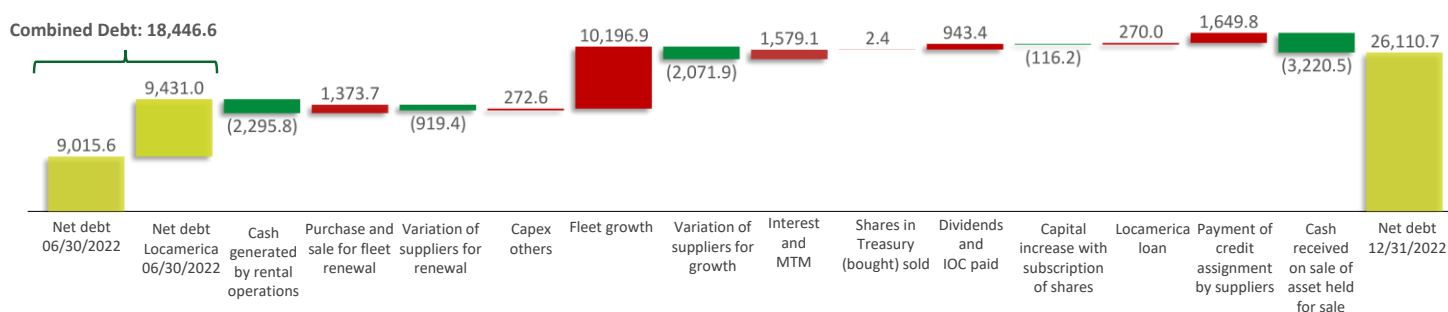
From 12/31/2021 to 06/30/2022 – Localiza before merger

R\$ million



From 06/30/2022 to 12/31/2022 – Localiza after merger

R\$ million

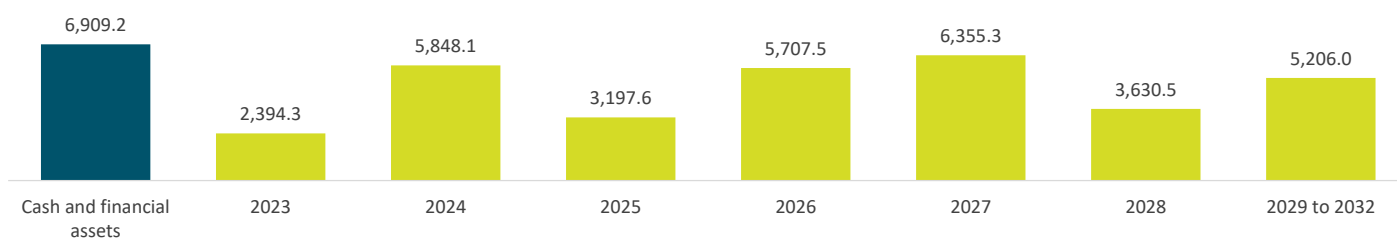


On December 31, 2022, net debt amounted to R\$26.1 billion. The growth of 41.5%, or R\$7.7 billion, in relation to the combined Company's initial debt is mainly explained by the fleet growth.

10.2 – Debt profile – R\$ million

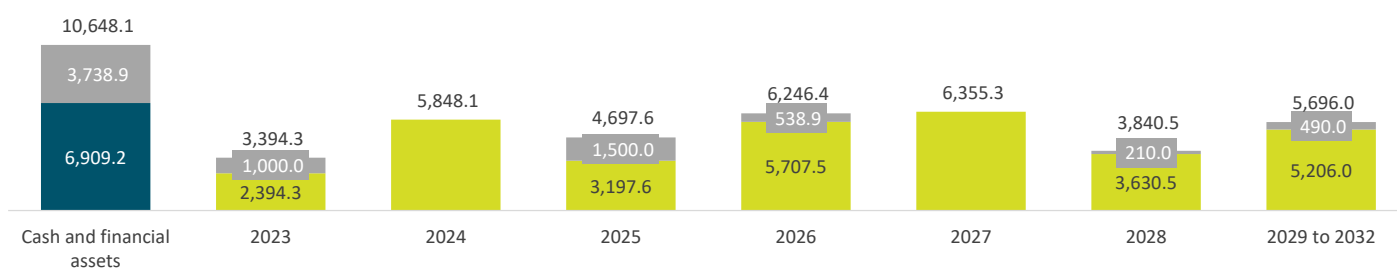
As of 12/31/2022

R\$ million



Proforma after jan/23 issuances

R\$ million



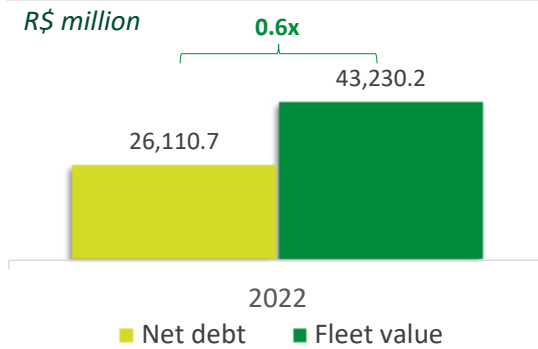
The Company ended the quarter with R\$6.9 billion in cash. Considering the issuances announced up to March 14, 2023, we would have a proforma cash position of R\$10.6 billion.

10.3 – Debt maturity profile – R\$ million

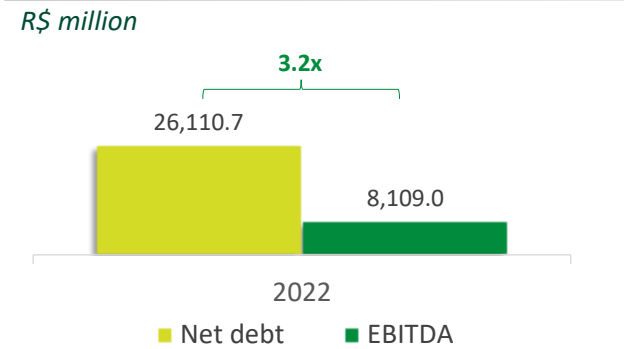
Debt	Issuance	Contract rate	2022	2023	2024	2025	2026	2027	2028	2029 a 2032	Total
Debentures 12th Issuance	15/05/2017	CDI + 1,35%	-	-	673.5	-	-	-	-	-	673.5
Debentures 13th Issuance - 1st serie	15/12/2017	109,35% CDI	-	306.2	-	-	-	-	-	-	306.2
Debentures 13th Issuance - 2nd serie	15/12/2017	111,30% CDI	-	-	94.1	94.1	-	-	-	-	188.2
Debentures 14th Issuance - 1st serie	18/09/2018	107,9% CDI	-	-	200.0	-	-	-	-	-	200.0
Debentures 14th Issuance - 2nd serie	18/09/2018	112,32% CDI	-	-	111.2	111.2	222.5	-	-	-	444.9
Debentures 15th Issuance	15/04/2019	107,25% CDI	-	-	-	377.4	377.4	-	-	-	754.8
Debentures 16th Issuance	29/11/2019	CDI + 1,05%	-	-	333.3	333.3	333.3	-	-	-	999.9
Debentures 17th Issuance	07/04/2021	IPCA + 5,4702%	-	-	-	-	-	-	-	1,200.0	1,200.0
Debentures 18th Issuance	05/10/2021	CDI + 1,15%	-	-	-	-	1,500.0	-	-	-	1,500.0
Debentures 19th Issuance - 1st serie	25/02/2022	CDI + 1,60%	-	-	-	-	-	950.0	-	-	950.0
Debentures 19th Issuance - 2nd serie	25/02/2022	CDI + 2,00%	-	-	-	-	-	-	-	1,550.0	1,550.0
Debentures 21st Issuance	15/07/2022	CDI + 1,60%	-	-	-	-	-	1,450.0	-	-	1,450.0
Debentures 22nd Issuance	05/10/2022	CDI + 1,87%	-	-	-	-	-	-	2,450.0	-	2,450.0
Commercial Note - Localiza	05/10/2022	CDI + 1,30%	-	-	600.0	-	-	-	-	-	600.0
Real State Receivables Certificate (CRI) Localiza	01/06/2022	CDI + 0,95%	-	-	-	-	-	300.0	-	-	300.0
Debentures 5th Issuance of Localiza Fleet	31/07/2018	112,0% CDI	-	-	-	202.4	-	-	-	-	202.4
Debentures 6th Issuance of Localiza Fleet	21/12/2018	110,4% CDI	-	-	310.1	-	-	-	-	-	310.1
Debentures 7th Issuance of Localiza Fleet	29/07/2019	109,0% CDI	-	100.0	100.0	100.0	-	-	-	-	300.0
Debentures 8th Issuance of Localiza Fleet	14/02/2020	CDI + 1,0%	-	333.3	333.3	333.3	-	-	-	-	999.9
Debentures 9th Issuance of Localiza Fleet	08/10/2021	CDI + 1,30%	-	-	-	-	500.0	-	-	-	500.0
Debentures 10th Issuance of Localiza Fleet - 1st serie	05/04/2022	CDI + 1,60%	-	-	-	-	-	950.0	-	-	950.0
Debentures 10th Issuance of Localiza Fleet - 2nd serie	06/04/2022	CDI + 1,75%	-	-	-	-	-	-	500.0	-	500.0
Debentures 11th Issuance of Localiza Fleet	05/10/2022	CDI + 1,60%	-	-	-	-	-	1,000.0	-	-	1,000.0
Foreign currency loan with swap	-	Several	-	465.0	804.3	250.0	-	-	-	-	1,519.3
Real State Receivables Certificate (CRI) Rental Brasil	26/02/2018	99% CDI	-	12.3	15.0	20.1	25.1	30.6	37.5	190.1	330.7
Debentures 16th Issuance of Locamerica	-	Several	-	371.6	226.5	1.6	-	-	-	0.9	600.6
Debentures 17th Issuance of Locamerica	27/04/2018	119% do CDI	-	116.7	116.7	-	-	-	-	-	233.4
Debentures 18th Issuance of Locamerica	27/09/2018	113% do CDI	-	200.0	-	-	-	-	-	-	200.0
Debentures 19th Issuance of Locamerica	20/09/2019	108% do CDI	-	-	200.0	-	-	-	-	-	200.0
Foreign currency loan Locamerica	15/12/2020	CDI + 2,40%	-	-	-	750.0	750.0	-	-	-	1,500.0
Debentures 20th Issuance of Locamerica - 1st serie	28/12/2020	CDI + 2,40%	-	-	-	225.0	225.0	-	-	-	450.0
Debentures 20th Issuance of Locamerica - 2nd serie	20/05/2021	CDI + 2,00%	-	-	-	-	-	175.0	175.0	-	350.0
Agro business Receivables Certificate - CRA 104 Locamerica	20/05/2021	CDI + 2,40%	-	-	-	-	-	-	-	400.0	400.0
Debentures 21st Issuance of Locamerica	23/07/2021	IPCA + 4,825%	-	-	-	-	-	-	-	200.0	200.0
Debentures 22nd Issuance of Locamerica	23/09/2021	IPCA + 6,5119%	-	-	-	-	-	-	-	1,100.0	1,100.0
1st Commercial Note - Locamerica	08/12/2021	CDI + 1,15%	-	-	-	-	1,000.0	-	-	-	1,000.0
Debentures 23rd Issuance of Locamerica - 1st serie	10/03/2022	CDI + 1,35%	-	-	800.0	-	-	-	-	-	800.0
Debentures 23rd Issuance of Locamerica - 2nd serie	15/04/2022	CDI + 1,85%	-	-	-	-	-	685.0	-	-	685.0
Debentures 24th Issuance of Locamerica	15/04/2022	IPCA + 7,2101%	-	-	-	-	-	-	-	515.0	515.0
Debentures 16th Issuance of Locamerica Rent a Car	10/05/2022	CDI + 1,85%	-	-	-	-	-	265.5	-	-	265.5
Debentures 15th Issuance of Locamerica Rent a Car	20/12/2021	CDI + 1,8%	-	-	-	-	425.0	425.0	-	-	850.0
Agro business Receivables Certificate - CRA 157 Locamerica -1st serie	26/02/2021	CDI + 2,25%	-	-	-	225.0	225.0	-	-	-	450.0
Agro business Receivables Certificate - CRA 157 Locamerica -2nd serie	23/07/2021	IPCA + 6,6018%	-	-	-	-	-	-	167.2	-	167.2
Debentures 11th Issuance of Locamerica Rent a Car - single series	23/09/2021	CDI + 1,00%	-	-	-	-	-	-	250.8	-	250.8
Debentures 12th Issuance of Locamerica Rent a Car - 1st serie	29/03/2018	117,5% do CDI	-	250.0	-	-	-	-	-	-	250.0
Debentures 12th Issuance of Locamerica Rent a Car - 2nd serie	15/09/2018	110,6% do CDI	-	75.0	-	-	-	-	-	-	75.0
Debentures 13th Issuance Locamerica Rent a Car - 1st serie	15/09/2018	IPCA + 7,30%	-	-	50.0	50.0	-	-	-	-	100.0
Debentures 13th Issuance of Locamerica Rent a Car - 2nd serie	10/04/2019	107,9% do CDI	-	-	527.4	-	-	-	-	-	527.4
Debentures 13th Issuance Locamerica Rent a Car - 3rd serie	10/04/2019	110,5% do CDI	-	-	-	124.2	124.2	124.2	-	-	372.6
Debentures 14th Issuance of Locamerica Rent a Car - single series	10/04/2019	112,0% do CDI	-	-	-	-	-	-	50.0	50.0	100.0
External Loan - 4131 -Locamerica Rent a Car	18/11/2019	109,72% CDI	-	80.0	80.0	-	-	-	-	-	160.0
External Loan - 4131 -Locamerica Rent a Car	26/07/2019	109,7% do CDI	-	-	188.5	-	-	-	-	-	188.5
Working Capital / Others	19/03/2020	CDI + 0,82%	-	84.2	84.2	-	-	-	-	-	168.4
Interest accrued			680.6	-	-	-	-	-	-	-	680.6
Cash and cash equivalents on 12/31/2022			(6,909.2)	-	-	-	-	-	-	-	(6,909.2)
Net debt			(6,228.6)	2,394.3	5,848.1	3,197.6	5,707.5	6,355.3	3,630.5	5,206.0	26,110.7

10.4 – Debt ratios – R\$ million

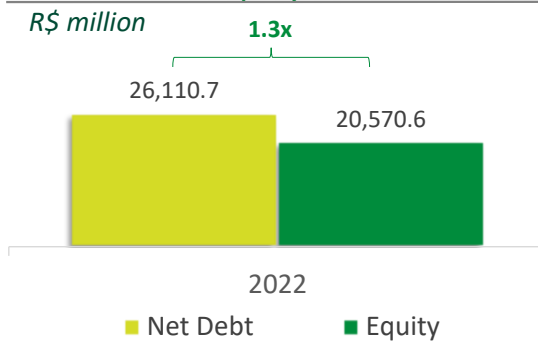
Net debt vs. Book value



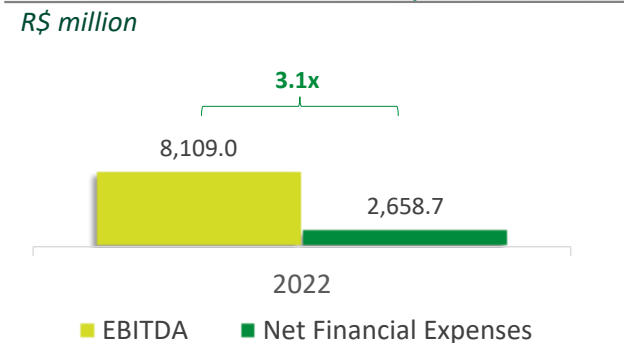
Net debt vs. EBITDA LTM



Net debt vs. Equity

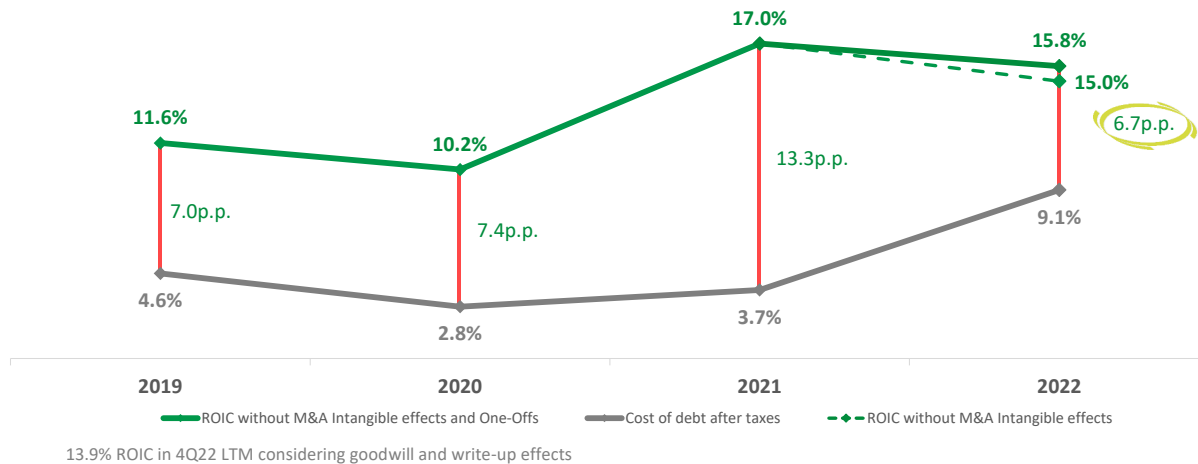


EBITDA vs. Net financial expenses LTM



The Company presented a net debt/EBITDA LTM ratio of 3.2x, explained by the strong purchase of cars. Throughout this year, we will reduce expenses with the business combination and begin to accelerate the capture of synergies and dilution of fixed costs. These effects should contribute to the reduction of leverage throughout 2H23.

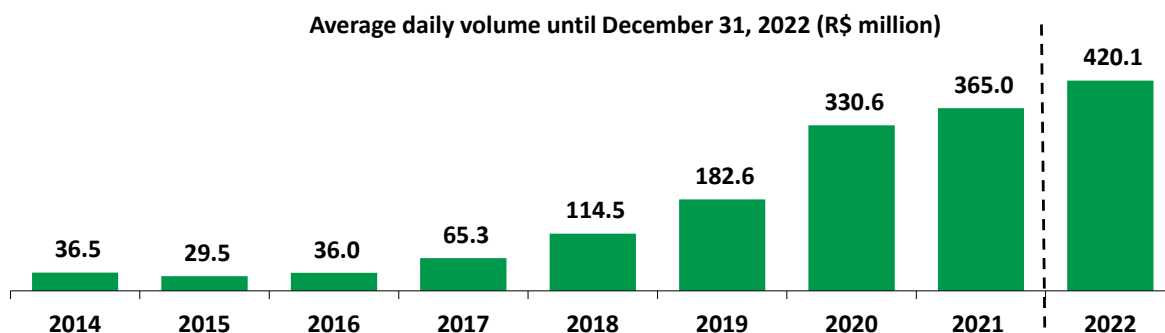
11 – Spread (ROIC minus Cost of debt after taxes)



The ROIC without the write-up, goodwill and one-offs effects indicates a consistent level of value creation with a 6.7p.p. spread over the cost of debt after taxes of the last twelve months, even with higher car depreciation and higher interest rates.

12 – RENT3

Up to December 31, 2022, RENT3 average daily traded volume was R\$420.1 million, 15.1% higher than the average volume traded in 2021. We ended the period with a market value of R\$52 billion. Under the ADR level I program, the Company had 6,743,464 ADRs at the end of the period.



BRASIL
BOLSA
BALÇÃO



Índice
Brasil 50
IBRX 50

Índice de
Ações com Tag Along
Diferenciado
ITAG

OTC QX

Índice
Carbono
Eficiente
ICO2

IGPTWB3

13 – ESG

We are part of the changes we seek for the world. And it was in this spirit that we embarked on this journey towards the future of sustainable mobility. We know that the path is long and winding, especially with responsibility and consistency, we ended the year 2022 with many learnings and advances:

Environmental

- We published our greenhouse gas (GHG) inventory for the fourth time, which for the second consecutive year was verified by a third party and received the Gold seal of the GHG Protocol. It is also worth highlighting that in the consolidation of the three scopes we had a 5% increase in emissions compared to the previous year. This increase can be explained by the growth of the Localiza&Co fleet, as well as the increase in its utilization rate.
- We started preparing the Climate Risk Study, an important tool for understanding the impacts of climate change and possible opportunities in our operations
- We remained in B3's Carbon Efficient Index – ICO2, which brings together companies that adopt practices to combat climate change.
- As a strategy to reduce emissions and considering that more than 90% of our fleet is bifuel, we encourage fueling with ethanol, which emits up to 90% less GHG than gasoline. We fueled 100% of our flex-fuel cars with ethanol and changed internal policies encouraging our employees to do the same. We joined the “Abastecida Consciente” program in partnership with other companies such as Volkswagen and Bosch. Seeking to create this awareness in our customers, through the “Verde Vida” Program, we use real-time driving data (telemetry), through our increasingly connected fleet and provide training for safer and more sustainable driving.

- In order to mitigate emissions from vehicles used by our customers and reach the entire value chain, in April/22 we launched Neutraliza, which allows our customers to neutralize emissions from renting, consolidating itself as a low-carbon product allied with facing changes weather.
- We have been evaluating fleet electrification initiatives, in this sense, we have entered into a partnership with Renault, Raízen and other companies and made 200 electric vehicles available and benefits to application drivers, Localiza Zarp customers.
- Still on this decarbonization front, our clean and renewable energy coverage index in the branches surpassed 44% in the last quarter of the year, corresponding to an advance of more than 15p.p x 4Q21. Considering the annual bases and adding building consumption Belo Horizonte - MG, we surpassed 53% renewable energy coverage index on the platform in 2022, advancing more than 12p.p x 2021.
- In line with the reduction in water consumption, we continued to advance with the dry-cleaning indicator, reaching a rate of 62.4% in 2022. The practice of dry cleaning in our branches reduces water consumption by more than 90% during fleet washing.
- Our corporate building in Belo Horizonte received LEED certification, in the “gold” category, attesting to the sustainability of its operation.

Social

- The company's efforts to provide development and career opportunities for its employees, with care and professionalism, resulted in external recognition. We were elected the 4th Best Company to Work for in Brazil, in the category of companies with more than 10,000 employees, according to Great Place to Work.
- In its third year, the Localiza&Co Diversity and Inclusion Program consolidates itself as a promoter of a culture of respect, creation of environments of psychological safety and equal opportunities. Having overcome the phases of adapting policies and benefits, improving employee journeys, training leaders, we focus on developing the careers of underrepresented groups, so that we have greater representation in leadership positions. This was the case with the launch of the eLLas and Pluraliza programs, aimed at women and black and brown people, respectively. As a result, the Diversity and Inclusion Program achieved the highest score in the Equidade BR survey, conducted by the Human Rights Campaign, attesting that Localiza&Co is a great place for the LGBTI+ people to work.
- We remained in the B3's IGPTW ETF, which brings together the companies that invest the most in a work environment with the best human resources practices, and in the ETF ELAS11, which brings together companies with more women in leadership positions.
- In September of 2022, Instituto Localiza completed its first year of operation, paving the way for uniting people towards social transformation. Working primarily to increase the technical training of young people and connecting to opportunities for productive inclusion, the Institute continued to monitor the execution of 49 social projects, which impacted the lives of more than 10,000 young people within the areas of technology, tourism, industries and mobility chain, reaching 16 states in Brazil, in addition to three other nationwide initiatives. In addition, the Institute partnered with 23 new social organizations that will develop, in 2023, technical training actions for young people from 20 Brazilian states in areas linked to the Localiza&Co ecosystem. We work to connect young people trained in the programs with the Reservations Central and Localiza Labs, with 50% of the graduates working as Young Apprentices and in the Central's service. Thirty community leaders, neighboring Localiza&Co's headquarters in Belo Horizonte were trained in entrepreneurship and project management to contribute to development actions in the region. We also launched the Institute's volunteering policy, with more than 100 volunteers mentoring actions for young people in social projects and campaigns.

Governance

- Localiza&Co was among the 50 most reputable companies and our founding partner and chairman of the board of directors, Eugênio Mattar, and our CEO, Bruno Lasansky, were among the 100 most reputable leaders, according to the Corporate Reputation Business Monitor (MERCOS).
- The company maintained its ISO 37001 certification, attesting to the quality of its work in combating bribery, based on a culture of integrity, transparency, and compliance.
- Our Sustainability Policy was updated, reflecting the update of our materiality matrix.

Finally, we had our performance recognized by Sustainalytics in the “2023 Top-Rated ESG Companies List” for our industry and also our region - Latin America

14 – Results per division

In the tables below, we report the results per division of the combined company and present the proforma from 1Q21 to 2Q22 for comparability purposes. In addition, we present the adjusted results for the business combination one-offs.

14. Results per division

14.1. Proforma Car Rental Result up to 2Q22 and adjusted for the one-off effects of the business combination: Revenue, Costs, Expenses, EBITDA, Depreciation, EBIT.

14.2. Proforma Fleet Rental Result up to 2Q22 and adjusted for the one-off effects of the business combination: Revenue, Costs, Expenses, EBITDA, Depreciation, EBIT.

14.3. Proforma consolidated results until 2Q22 and adjusted for one-off effects of the business combination: Revenue, Costs, Expenses, EBITDA, Depreciation, EBIT, Financial Expenses, Taxes, Net Income.

15. Proforma and adjusted operating data

16. Accounting results (Localiza stand-alone until 2Q22, including Locamerica's results from 3Q22)

16.1. Car Rental Result

16.2. Fleet Rental Result

16.3. Consolidated result

17. Operating data

18. Consolidated financial statements – IFRS

19. Consolidated financial statements – Income statements IFRS

14.1 – Table 1 – Adjusted Car Rental – R\$ million

RESULTADO PROFORMA DO ALUGUEL DE CARROS E FRANCHISING	PROFORMA CONSIDERANDO A TRANSAÇÃO EM 01/01/2021*								AJUSTADO DAS DESPESAS DA TRANSAÇÃO E DOS EFEITOS DO PPA**								
	1T21	2T21	3T21	4T21	1T22	2T22	3T22	4T22	1T21A	2T21A	3T21A	4T21A	1T22A	2T22A	3T22A	4T22A	4T21A x 4T22A
Receita bruta do aluguel de carros e franchising, deduzida dos descontos e cancelamentos	1.421,3	1.357,4	1.687,8	1.924,4	1.959,9	1.966,4	2.212,8	2.076,1	1.421,3	1.357,4	1.687,8	1.924,4	1.959,9	1.966,4	2.212,8	2.076,1	7,9%
Impostos sobre receita	(137,4)	(129,1)	(157,3)	(179,5)	(180,9)	(184,6)	(213,2)	(214,7)	(137,4)	(129,1)	(157,3)	(179,5)	(180,9)	(184,6)	(213,2)	(214,7)	19,6%
Receita líquida do aluguel de carros	1.283,9	1.228,3	1.530,5	1.744,9	1.779,0	1.781,8	1.999,6	1.861,4	1.283,9	1.228,3	1.530,5	1.744,9	1.779,0	1.781,8	1.999,6	1.861,4	6,7%
Custos do aluguel de carros e franchising	(465,4)	(501,3)	(305,2)	(543,1)	(541,5)	(558,3)	(585,9)	(461,0)	(465,4)	(501,3)	(305,2)	(543,1)	(541,5)	(558,3)	(585,9)	(461,0)	-15,1%
Lucro bruto	818,5	727,0	1.225,3	1.201,8	1.237,5	1.223,5	1.413,7	1.400,4	818,5	727,0	1.225,3	1.201,8	1.237,5	1.223,5	1.413,7	1.400,4	16,5%
Despesas operacionais (SG&A)	(262,7)	(246,1)	(290,4)	(318,0)	(271,5)	(253,0)	(283,3)	(299,1)	(261,5)	(243,5)	(288,0)	(309,0)	(258,5)	(240,5)	(236,6)	(264,2)	-14,5%
EBITDA	555,8	480,9	934,9	883,8	966,0	970,5	1.130,4	1.101,3	555,8	480,9	934,9	883,8	966,0	970,5	1.130,4	1.101,3	27,3%
Margem EBITDA	43,3%	39,2%	61,1%	50,7%	54,3%	54,5%	56,5%	59,2%	43,4%	39,4%	61,2%	51,2%	55,0%	55,2%	58,9%	61,0%	9,8 p.p.
Depreciação e amortização de outros imobilizados	(38,2)	(39,1)	(42,7)	(44,7)	(46,5)	(45,6)	(59,9)	(39,9)	(38,2)	(39,1)	(42,7)	(44,7)	(46,5)	(45,6)	(59,9)	(39,9)	-10,7%
Lucro operacional antes dos efeitos financeiros e IR (EBIT)	517,6	441,8	892,2	839,1	919,5	924,9	1.070,5	1.061,4	518,8	444,4	894,6	848,1	932,5	937,4	1.117,2	1.096,3	29,3%
RESULTADO PROFORMA DE SEMINOVOS	1T21	2T21	3T21	4T21	1T22	2T22	3T22	4T22	1T21A	2T21A	3T21A	4T21A	1T22A	2T22A	3T22A	4T22A	4T21A x 4T22A
Receita bruta, deduzida dos descontos e cancelamentos	1.930,2	1.758,7	1.393,6	1.010,9	1.121,9	1.581,5	2.180,9	1.891,9	1.930,2	1.758,7	1.393,6	1.010,9	1.121,9	1.581,5	2.180,9	1.891,9	87,2%
Impostos sobre receita	(2,4)	(2,4)	(2,2)	(1,4)	(1,6)	(1,9)	(2,2)	(1,9)	(2,4)	(2,4)	(2,2)	(1,4)	(1,6)	(1,9)	(2,2)	(1,9)	35,7%
Receita líquida	1.927,8	1.756,3	1.391,4	1.009,5	1.120,3	1.579,6	2.178,7	1.890,0	1.927,8	1.756,3	1.391,4	1.009,5	1.120,3	1.579,6	2.178,7	1.890,0	87,2%
Custo depreciado carros vendidos (book value) e preparação para venda	(1.542,1)	(1.394,7)	(1.038,3)	(775,1)	(878,6)	(1.267,3)	(1.823,9)	(1.673,1)	(1.542,1)	(1.394,7)	(1.038,3)	(775,1)	(878,6)	(1.267,3)	(1.823,9)	(1.673,1)	115,9%
Lucro bruto	385,7	361,6	353,1	234,4	241,7	312,3	354,8	216,9	385,7	361,6	353,1	234,4	241,7	312,3	354,8	216,9	-7,5%
Despesas operacionais (SG&A)	(141,3)	(109,9)	(109,8)	(102,8)	(83,1)	(123,5)	(140,2)	(139,9)	(141,1)	(109,5)	(109,6)	(101,5)	(81,4)	(121,9)	(134,1)	(134,9)	32,9%
EBITDA	244,4	251,7	243,3	131,6	158,6	188,8	214,6	77,0	244,4	251,7	243,3	131,6	158,6	188,8	214,6	77,0	-38,3%
Margem EBITDA	12,7%	14,3%	17,5%	13,0%	14,2%	12,0%	9,8%	4,1%	12,7%	14,4%	17,5%	13,2%	14,3%	12,1%	10,1%	4,3%	-8,9 p.p.
Depreciação de carros	(54,6)	(61,1)	(83,2)	(117,7)	(154,7)	(212,6)	(325,4)	(321,0)	(54,6)	(61,1)	(83,2)	(117,7)	(154,7)	(212,6)	(325,4)	(321,0)	172,7%
Depreciação e amortização de outros imobilizados	(18,2)	(18,2)	(17,0)	(16,9)	(16,4)	(16,5)	(18,6)	(17,5)	(18,2)	(18,2)	(17,0)	(16,9)	(16,4)	(16,5)	(18,6)	(17,5)	3,6%
Amortização de Mais Valia	0,3	0,3	0,3	0,3	0,3	0,1	(45,0)	(19,1)	-	-	-	-	-	-	-	-	-
Lucro (prejuízo) operacional antes dos efeitos financeiros e IR (EBIT)	171,9	172,7	143,4	(2,7)	(12,2)	(40,2)	(174,4)	(280,6)	171,8	172,8	143,3	(1,7)	(10,8)	(38,7)	(123,3)	(256,5)	14988,2%
TOTAL PROFORMA DO ALUGUEL DE CARROS E FRANCHISING	1T21	2T21	3T21	4T21	1T22	2T22	3T22	4T22	1T21A	2T21A	3T21A	4T21A	1T22A	2T22A	3T22A	4T22A	4T21A x 4T22A
Receita líquida	3.211,7	2.984,6	2.921,9	2.754,4	2.899,3	3.361,4	4.178,3	3.751,4	3.211,7	2.984,6	2.921,9	2.754,4	2.899,3	3.361,4	4.178,3	3.751,4	36,2%
Custos diretos	(2.007,5)	(1.896,0)	(1.343,5)	(1.318,2)	(1.420,1)	(1.825,6)	(2.409,8)	(2.134,1)	(2.007,5)	(1.896,0)	(1.343,5)	(1.318,2)	(1.420,1)	(1.825,6)	(2.409,8)	(2.134,1)	61,9%
Lucro bruto	1.204,2	1.088,6	1.578,4	1.436,2	1.479,2	1.535,8	1.768,5	1.617,3	1.204,2	1.088,6	1.578,4	1.436,2	1.479,2	1.535,8	1.768,5	1.617,3	12,6%
Despesas operacionais (SG&A)	(404,0)	(356,0)	(400,2)	(420,8)	(354,6)	(376,5)	(423,5)	(439,0)	(402,6)	(353,0)	(397,6)	(410,5)	(339,9)	(362,4)	(370,7)	(399,1)	-2,8%
EBITDA	800,2	732,6	1.178,2	1.015,4	1.124,6	1.159,3	1.345,0	1.178,3	801,6	735,6	1.180,8	1.025,7	1.139,3	1.173,4	1.397,8	1.218,2	18,8%
Margem EBITDA	24,9%	24,5%	40,3%	36,9%	38,8%	34,5%	32,2%	31,4%	25,0%	24,6%	40,4%	37,2%	39,3%	34,9%	33,5%	32,5%	-4,8 p.p.
Depreciação de carros	(54,6)	(61,1)	(83,2)	(117,7)	(154,7)	(212,6)	(325,4)	(321,0)	(54,6)	(61,1)	(83,2)	(117,7)	(154,7)	(212,6)	(325,4)	(321,0)	172,7%
Depreciação e amortização de outros imobilizados	(56,4)	(57,3)	(59,7)	(61,6)	(62,9)	(62,1)	(78,5)	(57,4)	(56,4)	(57,3)	(59,7)	(61,6)	(62,9)	(62,1)	(78,5)	(57,4)	-6,8%
Amortização de Mais Valia	0,3	0,3	0,3	0,3	0,3	0,1	(45,0)	(19,1)	-	-	-	-	-	-	-	-	-
Lucro (prejuízo) operacional antes dos efeitos financeiros e IR (EBIT)	689,5	614,5	1.035,6	836,4	907,3	884,7	896,1	780,8	690,6	617,2	1.037,9	846,4	921,7	898,7	993,9	839,8	-0,8%
DADOS OPERACIONAIS PROFORMA ALUGUEL DE CARROS	1T21	2T21	3T21	4T21	1T22	2T22	3T22	4T22									
Frota média operacional (***)	261.517	252.016	261.215	264.082	276.599	279.600	298.645	275.545									
Frota média atugada (***)	204.748	190.191	210.207	213.639	212.315	214.947	225.359	198.560									
Idade média da frota (em meses)	12,1	12,9	13,5	14,9	16,1	16,8	15,7	13,7									
Frota no final do período (***)	275.691	279.212	277.680	294.188	297.587	322.051	345.530	331.445									
Número de diárias - em milhares (líquido de sublocação)	18.009	16.910	18.939	19.252	18.702	19.136	20.333	17.855									
Diária média por carro (R\$)	78,48	79,88	88,67	99,46	104,21	102,23	108,24	115,70									
Depreciação média por carro anualizada (R\$)	884,0	969,3	1.272,3	1.782,5	2.237,8	3.041,2	4.357,7	4.659,4									
Taxa de utilização (não considera carros em ativação e desativação no cálculo)	80,2%	77,3%	82,1%	82,0%	78,1%	79,2%	80,2%	77,9%									
Número de carros comprados	23.183	35.816	22.953	33.449	19.678	47.084	57.225	67.508									
Número de carros vendidos	36.026	30.974	22.792	15.480	15.652	21.888	32.796	30.207									
Idade média dos carros vendidos (em meses)	18,7	20,6	23,0	24,5	26,2	27,1	28,0	29,4									
Frota média	277.616	274.182	278.918	285.802	295.027	308.588	336.297	323.290									
Valor médio da frota - R\$/milhões	13.464,1	13.828,6	14.684,9	15.848,6	17.049,5	18.891,6	22.080,7	20.962,9									
Valor médio por carro no período - R\$/mil	48,5	50,4	52,6	55,5	57,8	61,2	65,7	64,8									

(*) O resultado proforma traz o resultado assumindo a combinação de negócios com a LCAM desde 01/01/2021, refletindo reclassificações contábeis e efeitos de alocação do preço de compra.

(**) Exclui os efeitos das despesas relacionadas à combinação de negócios e efeitos da amortização de intangíveis reconhecidos no contexto da transação.

(***) no 4T22 a Companhia efetivou a venda do carve-out, com redução de 49.296 carros na frota de final de período. Os números do 3T22 consideram estes carros.

14.2 – Table 2 – Adjusted Fleet Rental – R\$ million

FLEET RENTAL PROFORMA RESULTS	PROFORMA CONSIDERING THE TRANSACTION ON 01/01/2021*								ADJUSTED TRANSACTION EXPENSES AND PPA EFFECTS**								
	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q21A	2Q21A	3Q21A	4Q21A	1Q22A	2Q22A	3Q22A	4Q22A	4Q21Ax4Q22A
Fleet rental gross revenues, net of discounts and cancellations	738.1	791.1	842.1	933.4	1,018.7	1,121.9	1,287.2	1,479.4	738.1	791.1	842.1	933.4	1,018.7	1,121.9	1,287.2	1,479.4	58.5%
Taxes on revenues (*)	(72.8)	(75.3)	(81.5)	(89.5)	(98.6)	(107.4)	(126.9)	(138.3)	(72.8)	(75.3)	(81.5)	(89.5)	(98.6)	(107.4)	(126.9)	(138.3)	54.5%
Fleet rental net revenues	665.3	715.8	760.6	843.9	920.1	1,014.5	1,160.3	1,341.1	665.3	715.8	760.6	843.9	920.1	1,014.5	1,160.3	1,341.1	58.9%
Fleet rental costs	(146.1)	(156.2)	(174.5)	(219.1)	(217.1)	(251.5)	(190.1)	(146.1)	(156.2)	(174.5)	(219.1)	(217.1)	(251.5)	(190.1)	(146.1)	(156.2)	32.4%
Gross profit	519.2	559.6	586.1	624.8	703.0	763.0	970.2	1,051.0	519.2	559.6	586.1	624.8	703.0	763.0	970.2	1,051.0	68.2%
Operating expenses (SG&A)	(66.7)	(80.2)	(87.9)	(100.5)	(106.5)	(114.2)	(159.5)	(195.0)	(66.0)	(79.0)	(85.9)	(96.1)	(95.6)	(103.1)	(116.4)	(158.6)	65.0%
EBITDA	452.5	479.4	498.2	524.3	596.5	648.8	810.7	856.0	452.5	480.6	500.2	528.7	607.4	659.9	853.8	892.4	68.8%
EBITDA Margin	68.0%	67.0%	65.5%	62.1%	64.8%	64.0%	69.9%	63.8%	68.1%	67.1%	65.8%	62.6%	66.0%	65.0%	73.6%	66.5%	3.9 p.p.
Other assets depreciation and amortization	(10.7)	(10.7)	(10.4)	(15.6)	(12.0)	(10.6)	(12.3)	(7.9)	(10.7)	(10.7)	(10.4)	(15.6)	(12.0)	(10.6)	(12.3)	(7.9)	-49.4%
write up amortization	(5.5)	(5.5)	(5.5)	(5.5)	(5.5)	(5.5)	(6.6)	(9.4)	-	-	-	-	-	-	-	-	-
Operating profit before financial results and taxes (EBIT)	436.3	463.2	482.3	503.2	579.0	632.7	791.8	838.7	442.5	469.9	489.8	513.1	595.4	649.3	841.5	884.5	72.4%
USED CAR SALES PROFORMA RESULTS	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q21A	2Q21A	3Q21A	4Q21A	1Q22A	2Q22A	3Q22A	4Q22A	4Q21Ax4Q22A
Gross revenues, net of discounts and cancellations	542.6	605.7	703.2	597.1	664.9	710.5	801.2	795.4	542.6	605.7	703.2	597.1	664.9	710.5	801.2	795.4	18.8%
Taxes on revenues	(0.7)	(0.7)	(0.9)	(0.7)	(0.7)	(0.7)	(2.9)	(2.4)	(0.7)	(0.7)	(0.9)	(0.7)	(0.7)	(0.7)	(2.9)	(2.4)	42.9%
Net revenues	541.9	605.0	702.3	596.4	664.2	709.8	798.3	793.0	541.9	605.0	702.3	596.4	664.2	709.8	798.3	798.3	18.8%
Book value of cars sold and preparation for sale	(434.4)	(464.5)	(518.8)	(437.4)	(489.3)	(533.7)	(613.9)	(688.2)	(434.4)	(464.5)	(518.8)	(437.4)	(489.3)	(533.7)	(613.9)	(688.2)	36.7%
Gross profit	107.5	140.5	183.5	159.0	174.9	176.1	184.4	104.8	107.5	140.5	183.5	159.0	174.9	176.1	184.4	104.8	-30.4%
Operating expenses (SG&A)	(36.3)	(34.0)	(47.9)	(58.6)	(47.7)	(56.5)	(62.5)	(83.7)	(36.3)	(33.9)	(47.9)	(58.3)	(47.1)	(55.9)	(58.3)	(58.3)	2.7%
EBITDA	71.2	106.5	135.6	100.4	127.2	119.6	121.9	21.1	71.2	106.6	135.6	100.7	127.8	120.2	126.1	53.9	-46.5%
EBITDA Margin	13.1%	17.6%	19.3%	16.8%	19.2%	16.8%	15.3%	2.7%	13.1%	17.6%	19.3%	16.9%	19.2%	16.9%	15.8%	7.6%	-9.3 p.p.
Cars depreciation	(76.1)	(91.6)	(83.8)	(104.5)	(109.5)	(138.0)	(212.7)	(288.1)	(76.1)	(91.6)	(83.8)	(104.5)	(109.5)	(138.0)	(212.7)	(288.1)	175.7%
Other assets depreciation and amortization	(5.4)	(5.5)	(7.2)	(5.3)	(9.2)	(9.4)	(7.0)	(7.0)	(5.4)	(5.5)	(7.2)	(5.3)	(9.2)	(9.4)	(7.0)	(6.0)	13.2%
write up amortization	(43.1)	(43.1)	(43.1)	(43.1)	(43.1)	(43.1)	(131.0)	(119.7)	-	-	-	-	-	-	-	-	-
Operating profit (loss) before financial results and taxes (EBIT)	(53.4)	(33.7)	1.5	(52.5)	(34.6)	(70.9)	(228.8)	(393.7)	(10.3)	9.5	44.6	(9.1)	9.1	(27.2)	(93.6)	(240.2)	2539.6%
FLEET RENTAL PROFORMA RESULTS TOTAL	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q21A	2Q21A	3Q21A	4Q21A	1Q22A	2Q22A	3Q22A	4Q22A	4Q21Ax4Q22A
Net revenues	1,207.2	1,320.8	1,462.9	1,440.3	1,584.3	1,724.3	1,958.6	2,134.1	1,207.2	1,320.8	1,462.9	1,440.3	1,584.3	1,724.3	1,958.6	2,049.7	42.3%
Direct costs	(580.5)	(620.7)	(693.3)	(656.5)	(706.4)	(785.2)	(804.0)	(978.3)	(580.5)	(620.7)	(693.3)	(656.5)	(706.4)	(785.2)	(804.0)	(888.1)	35.3%
Gross profit	626.7	700.1	769.6	783.8	877.9	939.1	1,154.6	1,155.8	626.7	700.1	769.6	783.8	877.9	939.1	1,154.6	1,161.6	48.2%
Operating expenses (SG&A)	(103.0)	(114.2)	(135.8)	(159.1)	(154.2)	(170.7)	(222.0)	(278.7)	(102.3)	(112.9)	(133.8)	(154.4)	(142.7)	(159.0)	(174.7)	(215.3)	39.4%
EBITDA	523.7	585.9	633.8	624.7	723.7	768.4	932.6	877.1	524.4	587.2	635.8	629.4	735.2	780.1	979.9	946.3	50.3%
EBITDA margin	43.4%	44.4%	43.3%	43.4%	45.7%	44.6%	47.6%	41.1%	43.4%	44.5%	43.5%	43.7%	46.4%	45.2%	50.0%	46.2%	2.5 p.p.
Cars depreciation	(76.1)	(91.6)	(83.8)	(104.5)	(109.5)	(138.0)	(212.7)	(288.1)	(76.1)	(91.6)	(83.8)	(104.5)	(109.5)	(138.0)	(212.7)	(288.1)	175.7%
Other assets depreciation and amortization	(16.1)	(16.2)	(17.6)	(20.9)	(21.2)	(20.0)	(19.3)	(14.9)	(16.1)	(16.2)	(17.6)	(20.9)	(21.2)	(20.0)	(19.3)	(13.9)	-33.5%
write up amortization	(48.6)	(48.6)	(48.6)	(48.6)	(48.6)	(48.6)	(137.6)	(129.1)	-	-	-	-	-	-	-	-	-
Operating profit (loss) before financial results and taxes (EBIT)	382.9	429.5	483.8	450.7	544.4	561.8	563.0	445.0	432.2	479.4	534.4	504.0	604.5	622.1	747.9	644.3	27.8%
PROFORMA OPERATING DATA	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q21A	2Q21A	3Q21A	4Q21A	1Q22A	2Q22A	3Q22A	4Q22A	4Q21Ax4Q22A
Average operating fleet	145,037	153,169	160,722	169,465	180,509	187,771	203,971	227,593	145,037	153,169	160,722	169,465	180,509	187,771	203,971	227,593	-
Total Average rented fleet	143,928	151,866	158,362	166,518	176,633	183,283	196,618	214,786	143,928	151,866	158,362	166,518	176,633	183,283	196,618	214,786	-
Average rented fleet	140,391	148,416	155,064	163,364	173,546	180,343	193,988	212,479	140,391	148,416	155,064	163,364	173,546	180,343	193,988	212,479	-
Average rented fleet - Car Rental fleet replacement	3,537	3,450	3,298	3,154	3,087	2,940	2,630	2,307	3,537	3,450	3,298	3,154	3,087	2,940	2,630	2,307	-
Average operating fleet age (in months)	18.8	18.8	19.0	19.0	19.4	19.7	19.1	18.2	18.8	18.8	19.0	19.0	19.4	19.7	19.1	18.2	-
End of period fleet																	-
Rented Fleet	161,367	171,001	175,313	194,047	197,069	211,960	240,923	259,596	161,367	171,001	175,313	194,047	197,069	211,960	240,923	259,596	-
Managed Fleet	103	84	65	57	56	47	30	20	103	84	65	57	56	47	30	20	-
Number of rental days - in thousands	12,635	13,357	13,956	14,703	15,619	16,231	17,459	19,123	12,635	13,357	13,956	14,703	15,619	16,231	17,459	19,123	-
Average daily rental revenues per car (R\$) (do not consider new initiatives revenue)	57.51	58.26	59.59	61.95	63.14	66.55	70.67	74.69	57.51	58.26	59.59	61.95	63.14	66.55	70.67	74.69	-
Annualized average depreciation per car (R\$)	2,097.6	2,391.0	2,090.3	2,465.7	2,425.8	2,940.0	4,194.8	5,062.7	2,097.6	2,391.0	2,090.3	2,465.7	2,425.8	2,940.0	4,194.8	5,062.7	-
Utilization rate (Does not include cars in preparation and decommissioning)	96.0%	96.4%	96.4%	96.8%	97.5%	97.3%	96.9%	96.4%	96.0%	96.4%	96.4%	96.8%	97.5%	97.3%	96.9%	96.4%	-
Number of cars purchased	19,093	19,408	15,695	27,913	11,935	24,752	40,504	29,850	19,093	19,408	15,695	27,913	11,935	24,752	40,504	29,850	-
Number of cars sold	9,689	10,167	11,033	8,680	9,047	9,482	10,831	11,286	9,689	10,167	11,033	8,680	9,047	9,482	10,831	11,286	-
Average sold fleet age (in months)	30.1	31.0	32.7	33.4	34.1	36.3	37.2	36.6	30.1	31.0	32.7	33.4	34.1	36.3	37.2	36.6	-
Average total fleet	161,255	167,334	173,625	187,227	195,024	206,399	230,211	251,860	161,255	167,334	173,625	187,227	195,024	206,399	230,211	251,860	-
Average value of total fleet - R\$ million	8,126.1	8,791.1	9,764.6	11,354.7	12,473.6	14,152.3	16,991.6	19,298.9	8,126.1	8,791.1	9,764.6	11,354.7	12,473.6	14,152.3	16,991.6	19,298.9	-
Average value per car in the period - R\$ thsd	50.4	52.5	56.2	60.6	64.0	68.6	73.8	76.6	50.4	52.5	56.2	60.6	64.0	68.6	73.8	76.6	-

(*) The proforma result shows the result assuming the business combination with LCAM since 01/01/2021, reflecting accounting reclassifications and purchase price allocation effects.

(**) Exclusion of the effects of expenses related to the merger, as well as highlighting the results of other segments.

14.3 – Table 3 – Adjusted Consolidated Result – R\$ million

PROFORMA CONSOLIDATED RESULTS	PROFORMA CONSIDERING THE TRANSACTION ON 01/01/2021*								ADJUSTED TRANSACTION EXPENSES AND PPA EFFECTS**							4Q22A	4Q21Ax4Q22A
	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q21A	2Q21A	3Q21A	4Q21A	1Q22A	2Q22A	3Q22A		
Car and Fleet Rentals and Franchising total gross revenues	2,159.4	2,148.5	2,529.9	2,857.8	2,978.6	3,088.3	3,500.0	3,555.5	2,159.4	2,148.5	2,529.9	2,857.8	2,978.6	3,088.3	3,500.0	3,555.5	24.4%
Taxes on revenues	(210.2)	(204.4)	(238.8)	(269.0)	(279.5)	(292.0)	(340.1)	(353.0)	(210.2)	(204.4)	(238.8)	(269.0)	(279.5)	(292.0)	(340.1)	(353.0)	31.2%
Car and Fleet Rentals and Franchising net revenues	1,949.2	1,944.1	2,291.1	2,588.8	2,699.1	2,796.3	3,159.9	3,202.5	1,949.2	1,944.1	2,291.1	2,588.8	2,699.1	2,796.3	3,159.9	3,202.5	23.7%
Car sales for fleet renewal - net revenues	2,469.7	2,361.3	2,093.7	1,605.9	1,784.5	2,289.4	2,977.0	2,683.0	2,469.7	2,361.3	2,093.7	1,605.9	1,784.5	2,289.4	2,977.0	2,598.6	61.8%
Total net revenues	4,418.9	4,305.4	4,384.8	4,194.7	4,483.6	5,085.7	6,136.9	5,885.5	4,418.9	4,305.4	4,384.8	4,194.7	4,483.6	5,085.7	6,136.9	5,801.1	38.3%
Direct costs and expenses:																	
Car and Fleet Rentals and Franchising	(611.5)	(657.5)	(479.7)	(762.2)	(758.6)	(809.8)	(776.0)	(751.1)	(611.5)	(657.5)	(479.7)	(762.2)	(758.6)	(809.8)	(776.0)	(751.1)	-1.5%
Total Car sales for fleet renewal (book value) and preparation for sale	(1,976.5)	(1,859.2)	(1,557.1)	(1,212.5)	(1,367.9)	(1,801.0)	(2,437.8)	(2,361.3)	(1,976.5)	(1,859.2)	(1,557.1)	(1,212.5)	(1,367.9)	(1,801.0)	(2,437.8)	(2,271.1)	87.3%
Total costs	(2,588.0)	(2,516.7)	(2,036.8)	(1,974.7)	(2,126.5)	(2,610.8)	(3,213.8)	(3,112.4)	(2,588.0)	(2,516.7)	(2,036.8)	(1,974.7)	(2,126.5)	(2,610.8)	(3,213.8)	(3,022.2)	53.0%
Gross profit	1,830.9	1,788.7	2,348.0	2,220.0	2,357.1	2,474.9	2,923.3	2,773.1	1,830.9	1,788.7	2,348.0	2,220.0	2,357.1	2,474.9	2,923.1	2,778.9	25.2%
Operating expenses (SG&A)																	
Car and Fleet Rentals and Franchising	(329.4)	(326.3)	(378.3)	(418.5)	(378.0)	(367.2)	(442.8)	(494.1)	(327.5)	(322.5)	(373.9)	(405.1)	(354.1)	(343.6)	(353.0)	(422.8)	4.4%
Car sales	(177.6)	(143.9)	(157.7)	(161.4)	(130.8)	(180.0)	(202.7)	(223.6)	(177.4)	(143.4)	(157.5)	(159.8)	(128.5)	(177.8)	(192.4)	(191.6)	19.9%
Total Operating expenses	(507.0)	(470.2)	(536.0)	(579.9)	(508.8)	(547.2)	(645.5)	(717.7)	(504.9)	(465.9)	(531.4)	(564.9)	(482.6)	(521.4)	(545.4)	(614.4)	8.8%
EBITDA	1,323.9	1,318.5	1,812.0	1,640.1	1,848.3	1,927.7	2,277.6	2,055.4	1,326.0	1,322.8	1,816.6	1,655.1	1,874.5	1,953.5	2,377.7	2,164.5	30.8%
Cars depreciation expenses	(130.7)	(152.7)	(167.0)	(222.2)	(264.2)	(350.6)	(538.1)	(609.1)	(130.7)	(152.7)	(167.0)	(222.2)	(264.2)	(350.6)	(538.1)	(609.1)	
Other assets depreciation and amortization	(72.5)	(73.5)	(77.3)	(82.5)	(84.1)	(82.1)	(97.8)	(72.3)	(72.5)	(73.5)	(77.3)	(82.5)	(84.1)	(82.1)	(97.8)	(71.3)	-13.6%
Write up amortization	(48.3)	(48.3)	(48.3)	(48.3)	(48.3)	(48.5)	(182.6)	(148.2)	-	-	-	-	-	-	-	-	
Operating profit before financial results and taxes (EBIT)	1,072.4	1,044.0	1,519.4	1,287.1	1,451.7	1,446.5	1,459.1	1,225.8	1,122.8	1,096.6	1,572.3	1,350.4	1,526.2	1,520.8	1,741.8	1,484.1	9.9%
Equity equivalence result	0.1	(0.1)	-	-	0.1	-	0.1	-	0.1	(0.1)	-	-	0.1	-	0.1	-	
Financial (expenses) revenues, net	(91.0)	(99.6)	(185.9)	(296.9)	(462.3)	(579.1)	(869.3)	(748.0)	(118.6)	(127.4)	(213.9)	(325.1)	(490.7)	(604.1)	(883.2)	(748.0)	130.1%
Income before tax and social contribution	981.5	944.3	1,333.5	990.2	989.5	867.4	589.9	477.8	1,004.3	969.1	1,358.4	1,025.3	1,035.6	916.7	858.7	736.1	-28.2%
Income tax and social contribution	(293.3)	(270.6)	(408.1)	(284.5)	(273.9)	(473.9)	(166.3)	(34.4)	(301.1)	(279.0)	(416.6)	(296.4)	(289.6)	(237.3)	(176.6)	(98.4)	-66.8%
Net income for the period	688.2	673.7	925.4	705.7	715.6	393.5	423.6	443.4	703.2	690.1	941.8	728.9	746.0	679.4	682.1	637.7	-12.5%
Car and Fleet Rentals and Franchising EBITDA	1,008.3	960.3	1,433.1	1,408.1	1,562.5	1,619.3	1,941.1	1,957.3	1,010.2	964.1	1,437.5	1,421.5	1,586.4	1,642.9	2,030.9	2,028.6	42.7%
EBITDA Margin (calculated on rental net revenues)	51.7%	49.4%	62.6%	54.4%	57.9%	57.9%	61.4%	61.1%	51.8%	49.6%	62.7%	54.9%	58.8%	58.8%	64.3%	63.3%	8.4 p.p.
Used Car Sales (Seminovos) EBITDA	315.6	358.2	378.9	232.0	285.8	308.4	336.5	98.1	315.8	358.7	379.1	233.6	288.1	310.6	346.8	135.9	-41.8%
Seminovos EBITDA Margin	12.8%	15.2%	18.1%	14.4%	16.0%	13.5%	11.3%	3.7%	12.8%	15.2%	18.1%	14.5%	16.1%	13.6%	11.6%	5.2%	-9.3 p.p.

(*) The proforma result shows the result assuming the business combination with LCAM since 01/01/2021, reflecting accounting reclassifications and purchase price allocation effects.

(**) Exclusion of the effects of expenses related to the merger, as well as highlighting the results of other segments.

15 – Table 4 – Adjusted Operating Data

SELECTED OPERATING DATA	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	Var.
Average operating fleet:									
Car Rental (**)	261,517	252,016	261,215	264,082	276,599	279,600	298,645	275,545	4.3%
Fleet Rental	145,037	153,169	160,722	169,465	180,509	187,771	203,971	227,593	34.3%
Total	406,554	405,185	421,937	433,546	457,108	467,370	502,616	503,138	16.1%
Average rented fleet:									
Car Rental (**)	204,748	190,191	210,207	213,639	212,315	214,947	225,359	198,560	-7.1%
Fleet Rental	143,928	151,866	158,362	166,518	176,633	183,283	196,618	214,786	29.0%
Total	348,676	342,057	368,569	380,157	388,948	398,230	421,977	413,346	8.7%
Average age of operating fleet (months)									
Car Rental	12.1	12.9	13.5	14.9	16.1	16.8	15.7	13.7	-7.9%
Fleet Rental	18.8	18.8	19.0	19.0	19.4	19.7	19.1	18.2	-4.5%
Average age of total operating fleet	14.6	15.2	15.7	16.6	17.4	18.0	17.1	16.8	1.4%
Fleet at end of period:									
Car Rental (**)	275,691	279,212	277,680	294,188	297,587	322,051	345,530	331,445	12.7%
Fleet Rental	161,367	171,001	175,313	194,047	197,069	211,960	240,923	259,596	33.8%
Total	437,058	450,213	452,993	488,235	494,656	534,011	586,453	591,041	21.1%
Managed fleet at end period - Fleet Rental	103	84	65	57	56	47	30	20	-64.9%
Fleet investment (R\$ million) (include accessories)									
Car Rental	1,395.2	2,300.5	1,705.8	2,780.2	1,744.6	4,424.9	4,797.7	5,178.2	86.3%
Fleet Rental	1,253.0	1,412.2	1,478.9	2,413.2	1,315.8	2,612.7	3,997.7	2,903.4	20.3%
Total	2,648.2	3,712.7	3,184.7	5,193.4	3,060.4	7,037.6	8,795.4	8,081.6	55.6%
Number of rental days (In thousands):									
Car Rental - Total	18,412.5	17,306.7	19,337.1	19,654.6	19,109.2	19,559.4	20,727.7	18,270.5	-7.0%
Rental days for Fleet Rental replacement service	(403.3)	(397.0)	(398.3)	(402.8)	(407.3)	(423.7)	(394.3)	(415.1)	3.0%
Car Rental - Net	18,009.2	16,909.8	18,938.8	19,251.8	18,701.9	19,135.7	20,333.4	17,855.4	-7.3%
Fleet Rental	12,635.1	13,357.5	13,955.8	14,702.8	15,619.1	16,230.9	17,459.0	19,123.1	30.1%
Total	30,644.3	30,267.2	32,894.6	33,954.6	34,321.0	35,366.6	37,792.3	36,978.5	8.9%
Annualized average depreciation per car (R\$)									
Car Rental	884.0	969.3	1,272.3	1,782.5	2,237.8	3,041.2	4,357.7	4,659.4	161.4%
Fleet Rental	2,097.6	2,391.0	2,090.3	2,465.7	2,425.8	2,940.0	4,194.8	5,062.7	105.3%
Total	1,317.0	1,506.7	1,583.9	2,049.6	2,312.1	3,000.5	4,291.6	4,841.9	136.2%
Average annual gross revenues per operating car (R\$ thousand)									
Car Rental	21.9	21.7	26.1	29.4	28.6	28.4	29.9	30.4	3.2%
Fleet Rental	20.3	20.6	21.0	21.8	22.2	23.3	24.5	25.4	16.7%
Average daily rental (R\$)									
Car Rental (*)	78.48	79.88	88.67	99.46	104.21	102.23	108.24	115.70	16.3%
Fleet Rental	57.51	58.26	59.59	61.95	63.14	66.55	70.67	74.69	20.6%
Utilization rate (does not include cars in preparation and decommissioning):									
Car Rental	80.2%	77.3%	82.1%	82.0%	78.1%	79.2%	80.2%	77.9%	-4.1 p.p.
Fleet Rental	96.0%	96.4%	96.4%	96.8%	97.5%	97.3%	96.9%	96.4%	-0.4 p.p.
Number of cars purchased - consolidated	42,276	55,224	38,648	61,362	31,613	71,836	97,729	97,358	58.7%
Average price of cars purchased (R\$ thsd) - consolidated	62.64	67.23	82.40	84.64	96.81	97.97	90.00	83.01	-1.9%
Numbers of cars sold - consolidated	45,715	41,141	33,825	24,160	24,699	31,370	43,627	41,493	71.7%
Average price of cars sold (R\$ thsd) (***) - consolidated	49.71	52.87	55.35	58.12	64.00	64.53	61.27	57.94	-0.3%

(*) Not included the rentals for Fleet Rental Division.

(**) in 4Q22 the Company concluded the carve-out sale, with a reduction of 49,296 cars in the end of period fleet. The 3Q22 numbers account for these cars.

(***) Net of SG&A expenses related to the sale of cars decommissioned for fleet renewal.

16 – Accounting data – R\$ million (as disclosed, without proforma adjustments)

16.1 – Table 5 – Car Rental – R\$ million

CAR RENTAL RESULTS	2020	2021	2022	Var.	4Q21	4Q22	Var.
Car rental and franchising gross revenues, net of discounts and cancellations	3,475.2	4,851.3	7,211.5	48.7%	1,458.3	2,076.1	42.4%
Taxes on revenues	(330.2)	(455.9)	(701.3)	53.8%	(136.5)	(214.7)	57.3%
Car rental net revenues	3,145.0	4,395.4	6,510.2	48.1%	1,321.8	1,861.4	40.8%
Car rental and franchising costs	(1,124.3)	(1,406.9)	(1,840.4)	30.8%	(472.2)	(461.0)	-2.4%
Gross profit	2,020.7	2,988.5	4,669.8	56.3%	849.6	1,400.4	64.8%
Operating expenses (SG&A)	(595.4)	(832.6)	(950.7)	14.2%	(233.2)	(299.1)	28.3%
Other assets depreciation and amortization	(120.7)	(142.6)	(181.6)	27.3%	(38.9)	(39.9)	2.6%
Operating profit before financial results and taxes (EBIT)	1,304.6	2,013.3	3,537.5	75.7%	577.5	1,061.4	83.8%
EBITDA	1,425.3	2,155.9	3,719.1	72.5%	616.4	1,101.3	78.7%
EBITDA Margin	45.3%	49.0%	57.1%	8.1 p.p.	46.6%	59.2%	12.6 p.p.

USED CAR SALES RESULTS (SEMINOVOS)	2020	2021	2022	Var.	4Q21	4Q22	Var.
Gross revenues, net of discounts and cancellations	5,150.7	4,413.3	5,994.8	35.8%	799.8	1,891.9	136.5%
Taxes on revenues	(10.0)	(5.2)	(6.5)	25.0%	(1.0)	(1.9)	90.0%
Net revenues	5,140.7	4,408.1	5,988.3	35.8%	798.8	1,890.0	136.6%
Book value of cars sold and preparation for sale	(4,629.7)	(3,416.2)	(5,027.1)	47.2%	(612.8)	(1,673.1)	173.0%
Gross profit	511.0	991.9	961.2	-3.1%	186.0	216.9	16.6%
Operating expenses (SG&A)	(316.1)	(360.7)	(445.5)	23.5%	(86.0)	(139.9)	62.7%
Cars depreciation	(342.6)	(183.7)	(954.6)	419.7%	(83.0)	(340.1)	309.8%
Other assets depreciation and amortization	(54.3)	(56.1)	(61.4)	9.4%	(13.8)	(17.5)	26.8%
Operating profit (loss) before financial results and taxes (EBIT)	(202.0)	391.4	(500.3)	-227.8%	3.2	(280.6)	-886.8%
EBITDA	194.9	631.2	515.7	-18.3%	100.0	77.0	-23.0%
EBITDA Margin	3.8%	14.3%	8.6%	-5.7 p.p.	12.5%	4.1%	-8.4 p.p.

CAR RENTAL TOTAL FIGURES	2020	2021	2022	Var.	4Q21	4Q22	Var.
Car rental and franchising gross revenues, net of discounts and cancellations	3,475.2	4,851.3	7,211.5	48.7%	1,458.3	2,076.1	42.4%
Car sales for fleet renewal - gross revenues, net of discounts and cancellations	5,150.7	4,413.3	5,994.8	35.8%	799.8	1,891.9	136.5%
Total gross revenues	8,625.9	9,264.6	13,206.3	42.5%	2,258.1	3,968.0	75.7%
Taxes on revenues	(330.2)	(455.9)	(701.3)	53.8%	(136.5)	(214.7)	57.3%
Car rental and franchising	(330.2)	(455.9)	(701.3)	53.8%	(136.5)	(214.7)	57.3%
Car sales for fleet renewal	(10.0)	(5.2)	(6.5)	25.0%	(1.0)	(1.9)	90.0%
Car rental revenues - net revenues	3,145.0	4,395.4	6,510.2	48.1%	1,321.8	1,861.4	40.8%
Car sales for fleet renewal - net revenues	5,140.7	4,408.1	5,988.3	35.8%	798.8	1,890.0	136.6%
Total net revenues	8,285.7	8,803.5	12,498.5	42.0%	2,120.6	3,751.4	76.9%
Direct costs							
Car rental	(1,124.3)	(1,406.9)	(1,840.4)	30.8%	(472.2)	(461.0)	-2.4%
Car sales for fleet renewal	(4,629.7)	(3,416.2)	(5,027.1)	47.2%	(612.8)	(1,673.1)	173.0%
Gross profit	2,531.7	3,980.4	5,631.0	41.5%	1,035.6	1,617.3	56.2%
Operating expenses (SG&A)							
Car rental	(595.4)	(832.6)	(950.7)	14.2%	(233.2)	(299.1)	28.3%
Car sales for fleet renewal	(316.1)	(360.7)	(445.5)	23.5%	(86.0)	(139.9)	62.7%
Cars depreciation	(342.6)	(183.7)	(954.6)	419.7%	(83.0)	(340.1)	309.8%
Other assets depreciation and amortization							
Car rental	(120.7)	(142.6)	(181.6)	27.3%	(38.9)	(39.9)	2.6%
Car sales for fleet renewal	(54.3)	(56.1)	(61.4)	9.4%	(13.8)	(17.5)	26.8%
Operating profit before financial results and taxes (EBIT)	1,102.6	2,404.7	3,037.2	26.3%	580.7	780.8	34.5%
EBITDA	1,620.2	2,787.1	4,234.8	51.9%	716.4	1,178.3	64.5%
EBITDA margin	19.6%	31.7%	33.9%	2.2 p.p.	33.8%	31.4%	-2.4 p.p.

CAR RENTAL OPERATING DATA	2020	2021	2022	Var.	4Q21	4Q22	Var.
Average operating fleet (*)	200,742	195,242	246,922	26.5%	197,258	275,545	39.7%
Average rented fleet(**)	140,151	151,686	185,129	22.0%	157,844	198,560	25.8%
Average operating fleet age (in months)	10.0	13.9	15.9	14.4%	15.4	13.7	-10.7%
End of period fleet(*)	216,334	216,293	331,445	53.2%	216,293	331,445	53.2%
Number of rental days - in thousands (net of fleet replacement service)	50,446.5	53,756.6	76,026.4	41.4%	14,119.1	17,855.4	26.5%
Average daily rental revenues per car (R\$)	68.52	89.71	108.57	21.0%	102.69	115.70	12.7%
Annualized average depreciation per car (R\$)	1,706.8	941.1	3,586.9	281.1%	1,683.8	4,659.4	176.7%
Utilization rate (Does not include cars in preparation and decommissioning)	73.5%	79.8%	79.6%	-0.2 p.p.	81.5%	77.9%	-3.6 p.p.
Number of cars purchased	92,801	83,382	170,750	104.8%	22,937	67,508	194.3%
Number of cars sold	113,346	76,906	89,485	16.4%	12,319	30,207	145.2%
Average sold fleet age (in months)	16.9	21.9	28.3	29.2%	25.2	29.4	16.7%
Average total fleet	221,895	209,172	275,889	31.9%	212,410	323,290	52.2%
Average value of total fleet - R\$ million	9,951.6	10,592.7	17,199.0	62.4%	11,467.5	20,962.9	82.8%
Average value per car in the period - R\$ thsd	44.8	50.6	62.3	23.1%	54.0	64.8	20.0%

(*) In 4Q22, the Company sold the carve-out, with a reduction of 49,296 cars in the fleet at the end of the period. The 3Q22 figures consider these cars.

16.2 – Table 6 – Fleet Rental – R\$ million

FLEET RENTAL RESULTS	2020	2021	2022	Var.	4Q21	4Q22	Var.
Fleet rental gross revenues, net of discounts and cancellations	1,163.7	1,325.2	3,567.7	169.2%	352.2	1,479.4	320.0%
Taxes on revenues (*)	(110.2)	(127.3)	(343.0)	169.4%	(34.0)	(138.3)	306.8%
Fleet rental net revenues	1,053.5	1,197.9	3,224.7	169.2%	318.2	1,341.1	321.5%
Fleet rental costs	(221.5)	(315.6)	(678.6)	115.0%	(87.6)	(290.1)	231.2%
Gross profit	832.0	882.3	2,546.1	188.6%	230.6	1,051.0	355.8%
Operating expenses (SG&A)	(69.7)	(141.2)	(433.3)	206.9%	(47.3)	(195.0)	312.3%
Other assets depreciation and amortization	(8.4)	(8.3)	(40.7)	390.4%	(2.3)	(17.3)	652.2%
Operating profit before financial results and taxes (EBIT)	753.9	732.8	2,072.1	182.8%	181.0	838.7	363.4%
EBITDA	762.3	741.1	2,112.8	185.1%	183.3	856.0	367.0%
EBITDA Margin	72.4%	61.9%	65.5%	3.6 p.p.	57.6%	63.8%	6.2 p.p.

USED CAR SALES RESULTS (SEMINOVOS)	2020	2021	2022	Var.	4Q21	4Q22	Var.
Gross revenues, net of discounts and cancellations	969.2	900.7	2,066.0	129.4%	197.6	795.4	302.5%
Taxes on revenues	(0.8)	(0.8)	(5.8)	625.0%	(0.2)	(2.4)	1100.0%
Net revenues	968.4	899.9	2,060.2	128.9%	197.4	793.0	301.7%
Book value of cars sold and preparation for sale	(832.0)	(659.3)	(1,627.1)	146.8%	(137.8)	(688.2)	399.4%
Gross profit	136.4	240.6	433.1	80.0%	59.6	104.8	75.8%
Operating expenses (SG&A)	(50.8)	(71.2)	(191.6)	169.1%	(23.8)	(83.7)	251.7%
Cars depreciation	(130.4)	(71.4)	(799.7)	1020.0%	(20.4)	(407.8)	1899.0%
Other assets depreciation and amortization	(10.0)	(11.4)	(21.7)	90.4%	(3.4)	(7.0)	105.9%
Operating profit (loss) before financial results and taxes (EBIT)	(54.8)	86.6	(579.9)	-769.6%	12.0	(393.7)	-3380.8%
EBITDA	85.6	169.4	241.5	42.6%	35.8	21.1	-41.1%
EBITDA Margin	8.8%	18.8%	11.7%	-7.1 p.p.	18.1%	2.7%	-15.4 p.p.

FLEET RENTAL TOTAL FIGURES	2020	2021	2022	Var.	4Q21	4Q22	Var.
Fleet rental gross revenues, net of discounts and cancellations	1,163.7	1,325.2	3,567.7	169.2%	352.2	1,479.4	320.0%
Car sales for fleet renewal - gross revenues, net of discounts and cancellations	969.2	900.7	2,066.0	129.4%	197.6	795.4	302.5%
Total gross revenues	2,132.9	2,225.9	5,633.7	153.1%	549.8	2,274.8	313.8%
Taxes on revenues							
Fleet rental (*)	(110.2)	(127.3)	(343.0)	169.4%	(34.0)	(138.3)	306.8%
Car sales for fleet renewal	(0.8)	(0.8)	(5.8)	625.0%	(0.2)	(2.4)	1100.0%
Fleet rental - net revenues	1,053.5	1,197.9	3,224.7	169.2%	318.2	1,341.1	321.5%
Car sales for fleet renewal - net revenues	968.4	899.9	2,060.2	128.9%	197.4	793.0	301.7%
Total net revenues (**)	2,021.9	2,097.8	5,284.9	151.9%	515.6	2,134.1	313.9%
Direct costs							
Fleet rental	(221.5)	(315.6)	(678.6)	115.0%	(87.6)	(290.1)	231.2%
Car sales for fleet renewal	(832.0)	(659.3)	(1,627.1)	146.8%	(137.8)	(688.2)	399.4%
Gross profit	968.4	1,122.9	2,979.2	165.3%	290.2	1,155.8	298.3%
Operating expenses (SG&A)							
Fleet rental	(69.7)	(141.2)	(433.3)	206.9%	(47.3)	(195.0)	312.3%
Car sales for fleet renewal	(50.8)	(71.2)	(191.6)	169.1%	(23.8)	(83.7)	251.7%
Cars depreciation	(130.4)	(71.4)	(799.7)	1020.0%	(20.4)	(407.8)	1899.0%
Other assets depreciation and amortization							
Fleet rental	(8.4)	(8.3)	(40.7)	390.4%	(2.3)	(17.3)	652.2%
Car sales for fleet renewal	(10.0)	(11.4)	(21.7)	90.4%	(3.4)	(7.0)	105.9%
Operating profit before financial results and taxes (EBIT)	699.1	819.4	1,492.2	82.1%	193.0	445.0	130.6%
EBITDA	847.9	910.5	2,354.3	158.6%	219.1	877.1	300.3%
EBITDA margin	41.9%	43.4%	44.5%	1.1 p.p.	42.5%	41.1%	-1.4 p.p.

OPERATING DATA	2020	2021	2022	Var.	4Q21	4Q22	Var.
Average operating fleet	59,801	61,962	142,703	130.3%	64,750	227,593	251.5%
Total Average rented fleet	59,244	63,493	137,700	116.9%	65,295	214,786	228.9%
Average rented fleet	57,706	60,133	134,959	124.4%	62,141	212,479	241.9%
Average rented fleet - Car Rental fleet replacement	1,538	3,360	2,741	-18.4%	3,154	2,307	-26.9%
Average operating fleet age (in months)	17.4	20.3	19.9	-1.7%	20.6	18.2	-11.8%
End of period fleet							
Rented Fleet	61,657	73,503	259,596	253.2%	73,503	259,596	253.2%
Managed Fleet	105	57	30	-47.4%	57	20	-64.9%
Number of rental days - in thousands	21,328.0	22,857.3	48,585.1	112.6%	5,876.6	19,123.1	225.4%
Average daily rental revenues per car (R\$)	53.81	57.49	72.97	26.9%	59.94	74.69	24.6%
Annualized average depreciation per car (R\$)	2,178.9	1,152.7	3,748.0	225.1%	1,258.7	5,062.7	302.2%
Utilization rate (Does not include cars in preparation and decommissioning) (*)	97.4%	98.0%	96.7%	-1.3 p.p.	97.1%	96.4%	-0.7 p.p.
Number of cars purchased	16,578	28,128	84,179	199.3%	11,123	29,850	168.4%
Number of cars sold	22,144	15,939	29,053	82.3%	3,231	11,286	249.3%
Average sold fleet age (in months)	28.9	31.8	36.3	14.2%	34.5	36.6	6.1%
Average total fleet	63,919	66,451	158,386	138.4%	70,722	251,860	256.1%
Average value of total fleet - R\$ million	2,812.1	3,370.7	11,313.5	235.6%	3,902.3	19,298.9	394.6%
Average value per car in the period - R\$ thsd	44.0	50.7	71.4	40.8%	55.2	76.6	38.8%

(*) Does not include replacement service from Car Rental

16.3 – Table 8 – Consolidated Result – R\$ million

CONSOLIDATED RESULTS	2020	2021	2022	Var.	4Q21	4Q22	Var.
Car rental and franchising gross revenues, net of discounts and cancellations	3,475.2	4,851.3	7,211.5	48.7%	1,458.3	2,076.1	42.4%
Fleet Rental gross revenues, net of discounts and cancellations	1,163.7	1,325.2	3,567.7	169.2%	352.2	1,479.4	320.0%
Car and Fleet Rentals and Franchising total gross revenues	4,638.9	6,176.5	10,779.2	74.5%	1,810.5	3,555.5	96.4%
Taxes on revenues - Car and Fleet Rentals and Franchising	(440.4)	(583.2)	(1,044.3)	79.1%	(170.5)	(353.0)	107.0%
Car and Fleet Rentals and Franchising net revenues	4,198.5	5,593.3	9,734.9	74.0%	1,640.0	3,202.5	95.3%
Car sales gross revenues							
Car sales for fleet renewal - Car Rental, net of discounts and cancellations	5,150.7	4,413.3	5,994.8	35.8%	799.8	1,891.9	136.5%
Car sales for fleet renewal - Fleet Rental, net of discounts and cancellations	969.2	900.7	2,066.0	129.4%	197.6	795.4	302.5%
Car sales for fleet renewal - total gross revenues	6,119.9	5,314.0	8,060.8	51.7%	997.4	2,687.3	169.4%
Taxes on revenues - Car sales for fleet renewal	(10.8)	(6.0)	(12.3)	105.0%	(1.2)	(4.3)	258.3%
Car sales for fleet renewal - net revenues	6,109.1	5,308.0	8,048.5	51.6%	996.2	2,683.0	169.3%
Total net revenues	10,307.6	10,901.3	17,783.4	63.1%	2,636.2	5,885.5	123.3%
Direct costs and expenses:							
Car rental and franchising	(1,124.3)	(1,406.9)	(1,840.4)	30.8%	(472.2)	(461.0)	-2.4%
Fleet Rental	(221.5)	(315.6)	(678.6)	115.0%	(87.6)	(290.1)	231.2%
Total Car and Fleet Rentals and Franchising	(1,345.8)	(1,722.5)	(2,519.0)	46.2%	(559.8)	(751.1)	34.2%
Car sales for fleet renewal - Car rental	(4,629.7)	(3,416.2)	(5,027.1)	47.2%	(612.8)	(1,673.1)	173.0%
Car sales for fleet renewal - Fleet Rental	(832.0)	(659.3)	(1,627.1)	146.8%	(137.8)	(688.2)	399.4%
Total Car sales for fleet renewal (book value) and preparation for sale	(5,461.7)	(4,075.5)	(6,654.2)	63.3%	(750.6)	(2,361.3)	214.6%
Total costs	(6,807.5)	(5,798.0)	(9,173.2)	58.2%	(1,310.4)	(3,112.4)	137.5%
					0.0	0.0	0.0%
Gross profit	3,500.1	5,103.3	8,610.2	68.7%	1,325.8	2,773.1	109.2%
Total Operating expenses	(1,032.0)	(1,405.8)	(2,021.1)	43.8%	(390.4)	(717.7)	83.8%
Depreciation expenses:							
Cars depreciation:							
Car rental	(342.6)	(183.7)	(954.6)	419.7%	(83.0)	(340.1)	309.8%
Fleet Rental	(130.4)	(71.4)	(799.7)	1020.0%	(20.4)	(407.8)	1899.0%
Total cars depreciation expenses	(473.0)	(255.1)	(1,754.3)	587.7%	(103.4)	(747.9)	623.3%
Other assets depreciation and amortization	(193.4)	(218.4)	(305.4)	39.8%	(58.4)	(81.7)	39.9%
Total depreciation and amortization expenses	(666.4)	(473.5)	(2,059.7)	335.0%	(161.8)	(829.6)	412.7%
Operating profit before financial results and taxes (EBIT)	1,801.7	3,224.0	4,529.4	40.5%	773.6	1,225.8	58.5%
Equity equivalence result	-	-	-		0.0	0.0	
Financial (expenses) revenues, net	(374.4)	(320.9)	(2,110.6)	557.7%	(156.0)	(748.0)	379.5%
Income before tax and social contribution	1,427.3	2,903.1	2,418.9	-16.7%	617.6	477.8	-22.6%
Income tax and social contribution	(379.1)	(859.4)	(577.8)	-32.8%	(175.5)	(34.4)	-80.4%
Net income for the period	1,048.2	2,043.7	1,841.1	-9.9%	442.1	443.4	0.3%
EBITDA	2,468.1	3,697.5	6,589.2	78.2%	935.4	2,055.4	119.7%
EBIT	1,801.7	3,224.0	4,529.5	40.5%	773.6	1,225.8	58.5%
Consolidated EBIT Margin (calculated over rental revenues)	42.9%	57.6%	46.5%	-11.1 p.p.	47.2%	38.3%	-8.9 p.p.
Car and Fleet Rentals and Franchising EBITDA	2,187.6	2,897.0	5,831.9	101.3%	799.7	1,957.3	144.8%
EBITDA Margin	52.1%	51.8%	59.9%	8.1 p.p.	48.8%	61.1%	12.3 p.p.
Used Car Sales (Seminovos) EBITDA	280.5	800.6	757.4	-5.4%	135.8	98.3	-27.6%
EBITDA Margin	4.6%	15.1%	9.4%	-5.7 p.p.	13.6%	3.7%	-9.9 p.p.

17 – Table 9 – Operating Data

SELECTED OPERATING DATA	2020	2021	2022	Var.	4Q21	4Q22	Var.
Average operating fleet:							
Car Rental (**)	200,742	195,242	246,922	26.5%	197,258	275,545	39.7%
Fleet Rental	59,801	61,962	142,703	130.3%	64,750	227,593	251.5%
Total	260,543	257,204	389,625	51.5%	262,008	503,138	92.0%
Average rented fleet:							
Car Rental (**)	140,151	151,686	185,129	22.0%	157,844	198,560	25.8%
Fleet Rental	59,244	63,493	134,959	112.6%	65,295	212,479	225.4%
Total	199,395	215,179	320,087	48.8%	223,139	411,038	84.2%
Average age of operating fleet (months)							
Car Rental	10.0	13.9	15.9	14.4%	15.4	13.7	-10.7%
Fleet Rental	17.4	20.3	19.9	-1.7%	20.6	18.2	-11.8%
Average age of total operating fleet	11.7	15.5	17.4	12.1%	16.8	16.8	0.0%
Fleet at end of period:							
Car Rental (**)	216,334	216,293	331,445	53.2%	216,293	331,445	53.2%
Fleet Rental	61,657	73,503	259,596	253.2%	73,503	259,596	253.2%
Total	277,991	289,796	591,041	104.0%	289,796	591,041	104.0%
Managed fleet at end period - Fleet Rental	105	57	30	-47.4%	57	20	-64.9%
Fleet investment (R\$ million) (include accessories from 2022)							
Car Rental	4,541.9	5,625.1	14,305.9	154.3%	1,849.8	5,178.2	179.9%
Fleet Rental	975.7	2,022.1	8,094.4	300.3%	840.6	2,903.4	245.4%
Total	5,517.6	7,647.2	22,400.3	192.9%	2,690.5	8,081.6	200.4%
Number of rental days (In thousands):							
Car Rental - Total	51,286.4	55,358.0	77,666.8	40.3%	14,522.0	18,270.5	25.8%
Rental days for Fleet Rental replacement service	(839.9)	(1,601.4)	(1,640.4)	2.4%	(402.8)	(415.1)	3.1%
Car Rental - Net	50,446.5	53,756.6	76,026.4	41.4%	14,119.2	17,855.4	26.5%
Fleet Rental	21,328.0	22,857.3	48,585.1	112.6%	5,876.6	19,123.1	225.4%
Total	71,774.5	76,613.9	124,611.5	62.6%	19,995.8	36,978.5	84.9%
Annualized average depreciation per car (R\$)							
Car Rental	1,706.8	941.1	3,586.9	281.1%	1,683.8	4,659.4	176.7%
Fleet Rental	2,178.9	1,152.7	3,748.0	225.1%	1,258.7	5,062.7	302.2%
Total	1,815.2	992.0	3,653.6	268.3%	1,578.7	4,841.9	206.7%
Average annual gross revenues per operating car (R\$ thousand)							
Car Rental	17.3	24.7	29.0	17.5%	27.0	30.4	12.4%
Fleet Rental	19.2	21.2	24.8	17.2%	19.5	25.4	30.4%
Average daily rental (R\$)							
Car Rental (*)	68.52	89.71	108.57	21.0%	102.69	115.50	12.5%
Fleet Rental	53.81	57.49	72.97	26.9%	59.94	74.69	24.6%
Utilization rate (does not include cars in preparation and decommissioning):							
Car Rental	73.5%	79.8%	79.6%	-0.2 p.p.	81.5%	77.9%	-3.6 p.p.
Fleet Rental	97.4%	98.0%	96.7%	-1.3 p.p.	97.1%	96.4%	-0.7 p.p.
Number of cars purchased - consolidated	109,379	111,510	254,929	128.6%	34,060	97,358	185.8%
Average price of cars purchased (R\$ thsd) - consolidated	50.45	68.58	87.87	28.1%	78.99	83.01	5.1%
Numbers of cars sold - consolidated	135,490	92,845	118,538	27.7%	15,550	41,493	166.8%
Average price of cars sold (R\$ thsd) (***) - consolidated	42.46	52.63	62.58	18.9%	57.35	59.23	3.3%

(*) Not included the rentals for Fleet Rental Division.

(**) in 4Q22 the Company concluded the carve-out sale, with a reduction of 49,296 cars in the end of period fleet. The 3Q22 numbers account for these cars.

(***) Net of SG&A expenses related to the sale of cars decommissioned for fleet renewal.

18 – Consolidated financial statements – IFRS – R\$ million

ASSETS	2020	2021	2022
CURRENT ASSETS:			
Cash and cash equivalents	2,586.4	444.1	1,505.6
Financial assets	1,380.2	4,565.4	4,053.8
Trade accounts receivable	1,107.5	1,310.4	2,480.2
Derivative financial instruments - swap	154.3	89.6	283.0
Other current assets	300.7	351.3	1,390.2
Decommissioning cars to fleet renewal	40.5	182.0	1,976.1
Total current assets	5,569.6	6,942.8	11,688.9
NON CURRENT ASSETS:			
Long-term assets:			
Financial assets	-	3.0	1,349.9
(-) Fair value adjustment of the deposit tied to linked account	-	-	(423.0)
Derivative financial instruments - swap	353.0	448.1	365.6
Trade accounts receivable	2.0	2.7	9.8
Escrow deposit	113.7	121.8	220.6
Deferred income tax and social contribution	24.4	24.3	23.0
Investments in restricted accounts	44.9	46.1	51.4
Other non current assets	0.1	286.3	580.8
Total long-term assets	538.1	932.3	2,178.1
Investments:	-	-	35.0
Property and equipment			
Cars	12,923.3	15,842.9	41,254.1
Right of use	624.5	736.0	834.7
Other	633.5	715.0	931.7
Intangible:			
Software and others	46.7	37.6	544.8
Goodwill on acquisition of investments	105.4	105.4	8,189.3
Total non current assets	14,871.5	18,369.2	53,967.7
TOTAL ASSETS	20,441.1	25,312.0	65,656.6

LIABILITIES AND SHAREHOLDERS' EQUITY	2020	2021	2022
CURRENT LIABILITIES:			
Trade accounts payable	1,661.0	2,059.3	6,177.8
Assignment of credit rights	-	-	141.8
Social and labor obligations	218.5	276.1	333.7
Loans, financing and debentures	1,615.0	1,884.8	3,353.5
Lease liability	130.2	157.0	185.2
Derivative financial instruments - swap	66.4	9.1	137.4
Income tax and social contribution	117.6	9.0	11.7
Dividends and interest on own capital	72.4	288.8	320.4
Other current liabilities	415.3	300.4	575.1
Total current liabilities	4,296.4	4,984.5	11,236.6
NON CURRENT LIABILITIES:			
Assignment of credit rights	-	-	134.2
Loans, financing and debentures	8,882.7	10,548.3	29,917.6
Lease liability	532.5	635.2	727.3
Derivative financial instruments - swap	37.2	134.7	260.1
Provisions	158.6	163.6	669.2
Deferred income tax and social contribution	412.1	1,147.9	2,018.7
Restricted Obligations	45.4	47.0	52.1
Other non current liabilities	23.6	33.7	70.0
Total non current liabilities	10,092.1	12,710.4	33,849.2
Total liabilities	14,388.5	17,694.9	45,085.8
SHAREHOLDERS' EQUITY:			
Capital	4,000.0	4,000.0	12,150.7
Expenses with share issues	(43.1)	(43.1)	(43.1)
Treasury Shares	(175.5)	(162.1)	(144.6)
Capital Reserves	174.9	203.0	4,089.2
Earnings Reserves	2,096.3	3,618.4	4,516.3
Equity Valuation Adjustment	-	0.9	(9.1)
Participation of non-controlling partners	-	-	11.4
Total shareholders' equity	6,052.6	7,617.1	20,570.8
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	20,441.1	25,312.0	65,656.6

19 – Consolidated Financial Statements – Income Statements – R\$ million

STATEMENT OF INCOME	2020	2021	2022
Total net revenues	10,307.6	10,901.3	17,783.4
COSTS AND EXPENSES:			
Direct costs	(6,807.5)	(5,798.0)	(9,173.2)
Selling, general, administrative and other expenses	(1,032.0)	(1,405.8)	(2,021.1)
Cars depreciation	(473.0)	(255.1)	(1,754.3)
Other assets depreciation and amortization	(193.4)	(218.4)	(305.4)
Total costs and expenses	(8,505.9)	(7,677.3)	(13,254.0)
Income before financial results and taxes (EBIT)	1,801.7	3,224.0	4,529.4
EQUITY EQUIVALENCE RESULT	-	-	0.1
FINANCIAL EXPENSES, NET	(374.4)	(320.9)	(2,110.6)
Income before taxes	1,427.3	2,903.1	2,418.9
INCOME TAX AND SOCIAL CONTRIBUTION	(379.1)	(859.4)	(577.8)
Net income	1,048.2	2,043.7	1,841.1

20 – Glossary and other information

- **Adjusted Results:** Refers to the adjusted result of expenses specifically related to the integration process with Locamerica and the carve-out of the Car Rental and Used Cars assets that were sold to Brookfield.
- **Average Rented Fleet:** In the car rental division it is the number of daily rentals in the period divided by the number of days in the period. In the Fleet Rental is the actual number of cars rented.
- **CAGR:** Compounded annual growth rate.
- **CAPEX:** Capital expenditure.
- **Carrying Cost of Cash:** Consists of the cost to maintain minimum cash position. This is the difference between the average rate of fundraising and the average rate of investment.
- **Car depreciation:** Depreciation is calculated based on the expectation of the future sale price net of the selling expenses. The amount to be depreciated is the positive difference between the acquisition price of the vehicle and its estimated residual value. Depreciation is calculated as long as the assets' estimated residual value does not exceed its accounting value. Depreciation is recognized during the estimated life cycle of each asset. In the Car Rental and Fleet Rental divisions, depreciation method used is linear. The residual value is the estimated sale price net of the estimated selling expense.
- **Depreciated cost of used cars sales (book value):** Consists of the acquisition value of vehicles, depreciated up to the date of sale.
- **EBITDA:** is the net income of the period, added by the income tax, net financial expenses, depreciation, amortization, and exhaustions, as defined by CVM instruction 156/22.
- **EBITDA Margin:** EBITDA divided by the net revenues.
- **EBIT:** is the net income of the period added by the income tax and net financial expense.
- **EBIT Margin:** EBIT divided by the rental net revenue.
- **IFRS 16:** As of January 1, 2019, all companies had to adapt to the new rules of IFRS 16. Lessees now have to recognize the assets of the rights over leased assets and the liabilities of future payments for medium or long-term leases, including operating leases. The major impact we had was on the real estate lease agreements of our locations and stores.
- **Business combination one-offs:** refers to expenses specifically related to the integration process with Locamerica and the carve-out of the Car Rental and Used Cars assets that were sold.
- **Net debt:** Short and long-term debts +/- the results from the swap operations, net of the cash, cash equivalents and short-term financial investments. The "net debt" term is a Company's measure and cannot be compared with similar terms used by other companies.
- **Net Investment in cars:** Capital investment in cars acquisition, net of the revenues from selling decommissioned cars. • **Operating Fleet:** Includes the cars in the fleet from the licensing until they become available for sale.
- **One-time costs (OTC):** non-recurring costs and expenses related to business combinations and acquisitions.
- **Proforma Results:** It refers to the historical result prepared in a proforma manner to simulate a scenario in which Localiza and Locamerica were already combined and reporting their results on a consolidated basis since 01/01/21, using the same accounting criteria.
- **ROIC:** Return on invested capital).
- **Royalties and integration fee:** Amount calculated on the amounts charged in the rental contracts, for the use of the brand and transfer of know-how, in addition to the fees related to the marketing campaigns conducted by Localiza Franchising; and amount paid by the franchisee shortly after signing the adhesion contract, corresponding to the concession to use the brand. • **Swap:** Financial transactions carried out to hedge exchange rate and interest rate risks.
- **Utilization Rate:** it is the number of rental days of the period divided by the fleet available for rental multiplied by the number of days of the period and therefore, it does not include cars being prepared or being decommissioned.