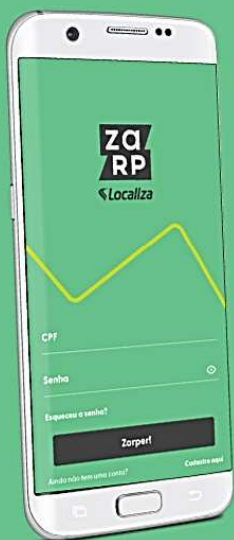


Interim Financial Information 06/30/21



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Company Information / Capital Structure

Number of Shares (Thousands)	Current Quarter 06/30/2021
Paid-In Capital	
Common Shares	758,467
Preferred Shares	0
Total	758,467
Treasury Shares	
Common Shares	6,275
Preferred Shares	0
Total	6,275

Individual Financial Statements / Balance Sheet – Assets**(In Thousands of Brazilian Reais)**

Code	Description	Current Quarter 06/30/2021	Prior Year 12/31/2020
1	Total Assets	18,231,801	17,179,331
1.01	Current Assets	4,338,887	4,080,560
1.01.01	Cash and Cash Equivalents	323,670	1,575,486
1.01.02	Financial Assets	2,657,193	1,040,917
1.01.02.01	Financial Assets at fair value through profit or loss	2,657,193	1,040,917
1.01.03	Accounts Receivable	960,336	974,296
1.01.06	Recoverable Taxes	14,522	23,438
1.01.07	Prepaid Expenses	71,609	18,728
1.01.08	Other Current Assets	311,557	447,695
1.01.08.01	Non-Current Assets Available for Sale	5,431	7,997
1.01.08.03	Other	306,126	439,698
1.01.08.03.01	Dividends Receivable	120,851	120,680
1.01.08.03.02	Derivative instruments	20,951	85,021
1.01.08.03.03	Other	164,324	233,997
1.02	Non-Current Assets	13,892,914	13,098,771
1.02.01	Long-Term Assets	536,824	405,044
1.02.01.10	Other Non-Current Assets	536,824	405,044
1.02.01.10.03	Escrow Deposits	81,595	79,376
1.02.01.10.04	Derivative instruments	455,229	325,585
1.02.01.10.05	Other	0	83
1.02.02	Investments	1,723,271	1,462,266
1.02.03	Property and Equipment	11,597,594	11,192,596
1.02.03.01	Property and Equipment in Use	10,663,720	10,293,097
1.02.03.02	Leased Right-of-use	900,802	864,111
1.02.03.02.02	Right-of-use	900,802	864,111
1.02.03.03	Constructions in Progress	33,072	35,388
1.02.04	Intangible Assets	35,225	38,865

Individual Financial Statements / Balance Sheet – Liabilities**(In Thousands of Brazilian Reais)**

Code	Description	Current Quarter 06/30/2021	Prior Year 12/31/2020
2	Total Liabilities	18,231,801	17,179,331
2.01	Current Liabilities	3,765,214	3,615,189
2.01.01	Payroll and Related Taxes	195,497	199,117
2.01.02	Trade Payables	909,172	1,458,302
2.01.02.01	Domestic Suppliers	908,907	1,458,302
2.01.02.02	Foreign Suppliers	265	0
2.01.03	Taxes Payable	12,500	91,423
2.01.04	Loans and Financing	2,144,037	1,286,564
2.01.04.01	Loans and Financing	1,151,544	1,272,367
2.01.04.01.01	In Local Currency	951,486	620,073
2.01.04.01.02	In Foreign Currency	200,058	652,294
2.01.04.02	Debentures	992,493	14,197
2.01.05	Other Payables	504,008	579,783
2.01.05.01	Payables to Related Parties	5,253	740
2.01.05.02	Other	498,755	579,043
2.01.05.02.01	Dividends and Interest on Capital Payable	64,322	72,433
2.01.05.02.04	Other Current Liabilities	259,644	359,636
2.01.05.02.05	Derivative instruments	17,818	0
2.01.05.02.06	Unearned Revenue	1,489	2,482
2.01.05.02.07	Right-of-use Lease Liability	155,482	144,492
2.02	Non-Current Liabilities	7,603,150	7,511,483
2.02.01	Loans and Financing	6,210,437	6,349,987
2.02.01.01	Loans and Financing	1,556,725	1,727,737
2.02.01.01.01	In Local Currency	296,346	605,414
2.02.01.01.02	In Foreign Currency	1,260,379	1,122,323
2.02.01.02	Debentures	4,653,712	4,622,250
2.02.02	Other Payables	873,417	791,329
2.02.02.02	Other	873,417	791,329
2.02.02.02.03	Other Non-Current Liabilities	16,626	8,165
2.02.02.02.04	Right-of-use Lease Liability	812,270	773,292
2.02.02.02.05	Derivative instruments	44,521	9,872
2.02.03	Deferred Taxes	396,815	235,159
2.02.03.01	Deferred Income Tax and Social Contribution	396,815	235,159
2.02.04	Provisions	119,522	131,338
2.02.04.01	Provision for Tax, Social Security, Labor and Civil Risks	119,522	131,338
2.02.06	Unearned Profit and Revenue	2,959	3,670
2.02.06.02	Unearned Revenue	2,959	3,670
2.03	Equity	6,863,437	6,052,659
2.03.01	Paid-In Capital	3,956,889	3,956,889
2.03.01.01	Capital	4,000,000	4,000,000
2.03.01.02	Expenses on the issuance of shares, net of tax effects	-43,111	-43,111
2.03.02	Capital Reserves	16,137	-578
2.03.02.05	Treasury Shares	-162,074	-175,526
2.03.02.07	Share Issuance Premium and Stock Options Granted	178,211	174,948
2.03.04	Earnings Reserves	2,096,348	2,096,348
2.03.04.01	Legal Reserve	272,974	272,974
2.03.04.02	Statutory Reserve	1,823,374	1,823,374
2.03.05	Retained Earnings (Accumulated Losses)	794,063	0

Individual Financial Statements / Statement of Income**(In Thousands of Brazilian Reais)**

Code	Description	Current Quarter	Accumulated for the	Equal Quarter for	Accumulated for the Prior
		04/01/2021 to 06/30/2021	Current Year 01/01/2021 to 06/30/2021	Prior Year 04/01/2020 to 06/30/2020	Year 01/01/2020 to 06/30/2020
3.01	Revenue from Sales and/or Services	2,152,452	4,449,820	1,127,563	3,391,133
3.02	Cost of Sales and/or Services	-1,448,136	-2,938,725	-997,973	-2,755,370
3.03	Gross Profit	704,316	1,511,095	129,590	635,763
3.04	Operating Income (Expenses)	-101,483	-259,786	-12,305	-182,229
3.04.01	Selling Expenses	-204,982	-452,386	-165,871	-368,851
3.04.02	General and Administrative Expenses	-71,290	-131,408	-56,619	-111,610
3.04.05	Other Operating Expenses	1,397	-1,553	103,586	89,256
3.04.06	Equity in the Earnings of Subsidiaries	173,392	325,561	106,599	208,976
3.05	Profit (Loss) Before Finance Income (Expenses) and Taxes	602,833	1,251,309	117,285	453,534
3.06	Finance Income (Expenses)	-54,654	-84,948	-74,766	-148,925
3.06.01	Finance Income	33,005	51,445	17,979	43,064
3.06.02	Finance Expenses	-87,659	-136,393	-92,745	-191,989
3.07	Net Income Before Income Taxes	548,179	1,166,361	42,519	304,609
3.08	Income Tax and Social Contribution on Profit	-100,277	-236,203	47,422	16,203
3.08.01	Current	-1,078	-74,547	857	-5,931
3.08.02	Deferred	-99,199	-161,656	46,565	22,134
3.09	Net Income from Continuing Operations	447,902	930,158	89,941	320,812
3.11	Net Income for the Period	447,902	930,158	89,941	320,812
3.99.01.01	Common Shares	0.5956	1.2372	0.1198	0.4262
3.99.02.01	Common Shares	0.5920	1.2298	0.1195	0.4252

Individual Financial Statements / Statement of Comprehensive Income**(In Thousands of Brazilian Reais)**

Code	Description	Current Quarter 04/01/2021 to 06/30/2021	Accumulated for the Current Year 01/01/2021 to 06/30/2021	Equal Quarter for Prior Year 04/01/2020 to 06/30/2020	Accumulated for the Prior Year 01/01/2020 to 06/30/2020
4.01	Net Income for the Period	447,902	930,158	89,941	320,812
4.03	Comprehensive Income for the Period	447,902	930,158	89,941	320,812

Individual Financial Statements / Statement of Cash Flows – Indirect Method**(In Thousands of Brazilian Reais)**

Code	Description	Accumulated for the	Accumulated for the
		Current Year 01/01/2021 to 06/30/2021	Prior Year 01/01/2020 to 06/30/2020
6.01	Net Cash Provided by Operating Activities	-1,737,841	-641,116
6.01.01	Cash Provided by Operations	3,259,258	2,540,675
6.01.01.01	Net Income for the Period	930,158	320,812
6.01.01.02	Depreciation and Amortization	159,902	342,522
6.01.01.03	Residual Value of Property and Equipment Written Off	2,139,490	1,979,832
6.01.01.04	Deferred Income Tax and Social Contribution	161,656	-22,134
6.01.01.05	Equity in the Earnings of Subsidiaries	-325,561	-208,976
6.01.01.06	Other	13,957	5,358
6.01.01.07	Provisions for contingencies	-11,816	-93,972
6.01.01.08	Interest on Loans, Financing, Debentures and Derivatives	94,849	148,430
6.01.01.09	Lease interest	41,389	41,672
6.01.01.10	Other provisions	21,277	3,621
6.01.01.11	Allowance for doubtful debts	33,957	23,510
6.01.02	Changes in Assets and Liabilities	-3,134,318	-3,078,115
6.01.02.01	Trade Receivables	-33,798	535,258
6.01.02.02	Acquisition of Cars, Net of Changes in Balances with Car Manufacturers	-3,128,117	-3,307,399
6.01.02.03	Escrow Deposits	-2,219	674
6.01.02.04	Recoverable Taxes	11,667	-24,372
6.01.02.05	Prepaid Expenses	-52,881	-63,539
6.01.02.06	Other Current and Non-Current Assets	71,315	10,866
6.01.02.07	Trade Payables (Except Car Manufacturers)	27,168	-46,383
6.01.02.08	Payroll and Related Taxes	-3,620	7,131
6.01.02.09	Income Tax and Social Contribution	74,547	5,931
6.01.02.11	Insurance Premiums	-57,561	-107,954
6.01.02.12	Other Current and Non-Current Liabilities	-40,819	-88,328
6.01.03	Other	-1,862,781	-103,676
6.01.03.01	Income Tax and Social Contribution Paid	-145,094	-18,802
6.01.03.02	Interest on Loans, Financing Debt and Derivatives Paid	-81,196	-132,881
6.01.03.03	Short-term financial assets	-1,616,276	64,194
6.01.03.04	Lease interest paid	-20,215	-16,187
6.02	Net Cash Provided by Investing Activities	9,789	-27,216
6.02.01	Purchase of Other Property and Equipment	-52,673	-23,206
6.02.02	Purchase of Intangible Assets	-1,903	-4,010
6.02.04	Dividends from Subsidiaries	64,365	0
6.03	Net Cash Provided by Financing Activities	476,236	797,598
6.03.01	Loans, Financing and debt securities - funding	1,602,865	1,250,312
6.03.02	Loans, Financing and debt securities - repayments/ buyback	-911,702	-129,682
6.03.05	Dividends	-18,126	0
6.03.06	Interest on Capital	-127,553	-71,783
6.03.09	Lease liability - funding	-1,348	-770
6.03.11	Capital increase – with subscription of shares	-72,276	-69,999
6.03.14	Amortização de mútuo - partes relacionadas	4,376	4,216
6.03.15	Ações em tesouraria adquiridas, líquidas	0	-184,696
6.05	Increase (Decrease) in Cash and Cash Equivalents	-1,251,816	129,266
6.05.01	Opening Balance of Cash and Cash Equivalents	1,575,486	1,622,676
6.05.02	Closing Balance of Cash and Cash Equivalents	323,670	1,751,942

Individual Financial Statements / Statement of Changes in Equity - 01/01/2021 to 06/30/2021**(In Thousands of Brazilian Reais)**

Code	Description	Paid-In Capital	Capital Reserves, Stock Options Granted and Treasury Share	Earnings Reserves	Retained Earnings (Accumulated Losses)	Other Comprehensive Income	Equity
5.01	Opening Balances	3,956,889	-578	2,096,348	0	0	6,052,659
5.03	Adjusted Opening Balances	3,956,889	-578	2,096,348	0	0	6,052,659
5.04	Capital Transactions with Shareholders	0	16,715	0	-136,095	0	-119,380
5.04.03	Stock Options Granted Recognized	0	13,687	0	0	0	13,687
5.04.05	Treasury shares sold	0	4,376	0	0	0	4,376
5.04.07	Interest on Capital	0	0	0	-136,095	0	-136,095
5.04.08	Exercise of stock options with treasury shares	0	-1,348	0	0	0	-1,348
5.05	Total Comprehensive Income	0	0	0	930,158	0	930,158
5.05.01	Net Income for the Period	0	0	0	930,158	0	930,158
5.07	Closing Balances	3,956,889	16,137	2,096,348	794,063	0	6,863,437

Individual Financial Statements / Statement of Changes in Equity - 01/01/2020 to 06/30/2020**(In Thousands of Brazilian Reais)**

Code	Description	Paid-In Capital	Capital Reserves, Stock Options Granted and Treasury Share	Earnings Reserves	Retained Earnings (Accumulated Losses)	Other Comprehensive Income	Equity
5.01	Opening Balances	3,956,889	163,206	1,327,437	0	0	5,447,532
5.03	Adjusted Opening Balances	3,956,889	163,206	1,327,437	0	0	5,447,532
5.04	Capital Transactions with Shareholders	0	-175,630	0	-131,718	0	-307,348
5.04.03	Stock Options Granted Recognized	0	5,620	0	0	0	5,620
5.04.04	Purchased Treasury Shares	0	-184,696	0	0	0	-184,696
5.04.05	Treasury shares sold	0	4,216	0	0	0	4,216
5.04.07	Interest on Capital	0	0	0	-131,718	0	-131,718
5.04.08	Exercise of stock options with treasury shares	0	-770	0	0	0	-770
5.05	Total Comprehensive Income	0	0	0	320,812	0	320,812
5.05.01	Net Income for the Period	0	0	0	320,812	0	320,812
5.07	Closing Balances	3,956,889	-12,424	1,327,437	189,094	0	5,460,996

Individual Financial Statements / Statement of Value Added**(In Thousands of Brazilian Reais)**

Code	Description	Accumulated for the	Accumulated for the Prior
		Current Year 01/01/2021 to 06/30/2021	Year 01/01/2020 to 06/30/2020
7.01	Revenues	4,633,099	3,520,109
7.01.01	Sales of Goods, Products and Services	4,645,963	3,531,074
7.01.03	Revenues Related to the Construction of Own Assets	21,093	12,545
7.01.04	Allowance for/Reversal of Doubtful Debts	-33,957	-23,510
7.02	Inputs Acquired from Third Parties	-2,853,863	-2,509,777
7.02.01	Cost of Products, Goods and Services Sold	-2,572,870	-2,268,270
7.02.02	Materials, Power, Third-Party Services and Other	-280,993	-241,507
7.03	Gross Value Added	1,779,236	1,010,332
7.04	Retentions	-159,902	-342,522
7.04.01	Depreciation, Amortization and Depletion	-159,902	-342,522
7.05	Net Wealth Created	1,619,334	667,810
7.06	Wealth Received in Transfer	377,006	252,040
7.06.01	Equity in the Earnings of Subsidiaries	325,561	208,976
7.06.02	Finance Income	51,445	43,064
7.07	Total Wealth for Distribution	1,996,340	919,850
7.08	Wealth Distributed	1,996,340	919,850
7.08.01	Personnel	450,287	342,963
7.08.01.01	Salaries and Wages	341,488	256,736
7.08.01.02	Benefits	72,051	58,621
7.08.01.03	Severance Pay Fund (FGTS)	23,061	21,986
7.08.01.04	Other	13,687	5,620
7.08.02	Taxes, Fees and Contributions	425,022	20,579
7.08.02.01	Federal	339,845	-77,177
7.08.02.02	State	71,245	85,460
7.08.02.03	Municipal	13,932	12,296
7.08.03	Lenders and Lessors	190,873	235,496
7.08.03.01	Interest	136,393	191,989
7.08.03.02	Rentals	36,624	29,832
7.08.03.03	Other	17,856	13,675
7.08.03.03.01	Other Rentals	17,856	13,675
7.08.04	Shareholders	930,158	320,812
7.08.04.01	Interest on Capital	136,095	131,718
7.08.04.03	Retained Earnings (Loss for the Period)	794,063	189,094

Consolidated Financial Statements / Balance Sheet – Assets**(In Thousands of Brazilian Reais)**

Code	Description	Current Quarter 06/30/2021	Prior Year 12/31/2020
1	Total Assets	21,426,566	20,441,134
1.01	Current Assets	5,623,180	5,569,622
1.01.01	Cash and Cash Equivalents	497,529	2,586,393
1.01.02	Financial Assets	3,602,384	1,380,211
1.01.02.01	Financial Assets at fair value through profit or loss	3,602,384	1,380,211
1.01.03	Accounts Receivable	1,109,440	1,107,467
1.01.06	Recoverable Taxes	20,520	29,348
1.01.07	Prepaid Expenses	89,869	19,614
1.01.08	Other Current Assets	303,438	446,589
1.01.08.01	Non-Current Assets Available for Sale	43,989	40,551
1.01.08.03	Other	259,449	406,038
1.01.08.03.02	Derivative instruments	71,606	154,305
1.01.08.03.03	Other	187,843	251,733
1.02	Non-Current Assets	15,803,386	14,871,512
1.02.01	Long-Term Assets	669,102	538,129
1.02.01.04	Accounts Receivable	1,806	1,982
1.02.01.07	Deferred Taxes	24,065	24,363
1.02.01.07.01	Deferred Income Tax and Social Contribution	24,065	24,363
1.02.01.10	Other Non-Current Assets	643,231	511,784
1.02.01.10.03	Escrow Deposits	115,066	113,720
1.02.01.10.04	Derivative instruments	482,669	353,022
1.02.01.10.05	Investments in restricted accounts	45,496	44,959
1.02.01.10.07	Other	0	83
1.02.03	Property and Equipment	14,987,099	14,181,295
1.02.03.01	Property and Equipment in Use	14,297,781	13,514,735
1.02.03.02	Right-of-use in Lease	644,211	624,513
1.02.03.02.02	Right-of-use	644,211	624,513
1.02.03.03	Constructions in Progress	45,107	42,047
1.02.04	Intangible Assets	147,185	152,088
1.02.04.01	Intangible Assets	147,185	152,088
1.02.04.01.02	Goodwill on Acquisition of Investments	105,437	105,437
1.02.04.01.05	Software	41,748	46,651

Consolidated Financial Statements / Balance Sheet – Liabilities**(In Thousands of Brazilian Reais)**

Code	Description	Current Quarter 06/30/2021	Prior Year 12/31/2020
2	Total Liabilities	21,426,566	20,441,134
2.01	Current Liabilities	4,400,134	4,296,388
2.01.01	Payroll and Related Taxes	215,583	218,451
2.01.02	Trade Payables	1,120,720	1,661,001
2.01.02.01	Domestic Suppliers	1,120,451	1,661,001
2.01.02.02	Foreign Suppliers	269	0
2.01.03	Taxes Payable	53,655	142,992
2.01.03.01	Federal Taxes Payable	49,069	136,864
2.01.03.01.01	Income Tax and Social Contribution Payable	37,986	117,579
2.01.03.01.02	Other Federal Taxes	11,083	19,285
2.01.03.03	Municipal Taxes Payable	4,586	6,128
2.01.04	Loans and Financing	2,459,203	1,615,037
2.01.04.01	Loans and Financing	1,448,883	1,588,144
2.01.04.01.01	In Local Currency	974,870	641,508
2.01.04.01.02	In Foreign Currency	474,013	946,636
2.01.04.02	Debentures	1,010,320	26,893
2.01.05	Other Payables	550,973	658,907
2.01.05.02	Other	550,973	658,907
2.01.05.02.01	Dividends and Interest on Capital Payable	64,322	72,433
2.01.05.02.04	Other Current Liabilities	286,396	384,756
2.01.05.02.05	Derivative instruments	56,933	66,365
2.01.05.02.06	Unearned Revenue	4,011	5,114
2.01.05.02.07	Right-of-use Lease Liability	139,311	130,239
2.02	Non-Current Liabilities	10,162,995	10,092,087
2.02.01	Loans and Financing	8,703,500	8,882,686
2.02.01.01	Loans and Financing	2,245,100	2,426,762
2.02.01.01.01	In Local Currency	831,025	1,142,920
2.02.01.01.02	In Foreign Currency	1,414,075	1,283,842
2.02.01.02	Debentures	6,458,400	6,455,924
2.02.02	Other Payables	664,695	630,529
2.02.02.02	Other	664,695	630,529
2.02.02.02.03	Other Non-Current Liabilities	20,233	15,373
2.02.02.02.04	Derivative instruments	45,962	37,184
2.02.02.02.05	Restricted obligations	45,947	45,435
2.02.02.02.06	Right-of-use Lease Liability	552,553	532,537
2.02.03	Deferred Taxes	642,356	412,089
2.02.03.01	Deferred Income Tax and Social Contribution	642,356	412,089
2.02.04	Provisions	145,837	158,587
2.02.04.01	Provision for Tax, Social Security, Labor and Civil Risks	145,837	158,587
2.02.06	Unearned Profit and Revenue	6,607	8,196
2.02.06.02	Unearned Revenue	6,607	8,196
2.03	Consolidated Equity	6,863,437	6,052,659
2.03.01	Paid-In Capital	3,956,889	3,956,889
2.03.01.01	Capital	4,000,000	4,000,000
2.03.01.02	Expenses on the issuance of shares, net of tax effects	-43,111	-43,111

Consolidated Financial Statements / Balance Sheet – Liabilities**(In Thousands of Brazilian Reais)**

Code	Description	Current Quarter 06/30/2021	Prior Year 12/31/2020
2.03.02	Capital Reserves	16,137	-578
2.03.02.05	Treasury Shares	-162,074	-175,526
2.03.02.07	Share Issuance Premium and Stock Options Granted	178,211	174,948
2.03.04	Earnings Reserves	2,096,348	2,096,348
2.03.04.01	Legal Reserve	272,974	272,974
2.03.04.02	Statutory Reserve	1,823,374	1,823,374
2.03.05	Retained Earnings (Accumulated Losses)	794,063	0

Consolidated Financial Statements / Statement of Income**(In Thousands of Brazilian Reais)**

Code	Description	Current Quarter	Accumulated for the	Equal Quarter for	Accumulated for the
		04/01/2021 to 06/30/2021	Current Year 01/01/2021 to 06/30/2021	Prior Year 04/01/2020 to 06/30/2020	Prior Year 01/01/2020 to 06/30/2020
3.01	Revenue from Sales and/or Services	2,695,708	5,492,830	1,570,102	4,364,734
3.02	Cost of Sales and/or Services	-1,696,191	-3,426,049	-1,222,821	-3,275,250
3.03	Gross Profit	999,517	2,066,781	347,281	1,089,484
3.04	Operating Income (Expenses)	-326,250	-685,178	-128,912	-436,753
3.04.01	Selling Expenses	-238,477	-516,904	-186,536	-413,180
3.04.02	General and Administrative Expenses	-88,713	-164,596	-63,966	-127,538
3.04.05	Other Operating Expenses	940	-3,678	121,590	103,965
3.05	Profit (Loss) Before Finance Income (Expenses) and Taxes	673,267	1,381,603	218,369	652,731
3.06	Finance Income (Expenses)	-45,882	-68,118	-127,258	-254,891
3.06.01	Finance Income	46,981	74,021	18,461	53,967
3.06.02	Finance Expenses	-92,863	-142,139	-145,719	-308,858
3.07	Net Income Before Income Taxes	627,385	1,313,485	91,111	397,840
3.08	Income Tax and Social Contribution on Profit	-179,483	-383,327	-1,170	-77,028
3.08.01	Current	-38,807	-152,762	-28,208	-85,366
3.08.02	Deferred	-140,676	-230,565	27,038	8,338
3.09	Net Income from Continuing Operations	447,902	930,158	89,941	320,812
3.11	Net Income for the Period	447,902	930,158	89,941	320,812
3.11.01	Attributable to the Company's Owners	447,902	930,158	89,941	320,812
3.99.01.01	Common Shares	0.5956	1.2372	0.1198	0.4262
3.99.02	Diluted Earnings per Share	0.0000	0.0000	0.0000	0.0000
3.99.02.01	Common Shares	0.5920	1.2298	0.1195	0.4252

Consolidated Financial Statements / Statement of Comprehensive Income**(In Thousands of Brazilian Reais)**

Code	Description	Current Quarter 04/01/2021 to 06/30/2021	Accumulated for the Current Year 01/01/2021 to 06/30/2021	Equal Quarter for Prior Year 04/01/2020 to 06/30/2020	Accumulated for the Prior Year 01/01/2020 to 06/30/2020
4.01	Net Income for the Period	447,902	930,158	89,941	320,812
4.03	Comprehensive Income for the Period	447,902	930,158	89,941	320,812
4.03.01	Attributable to the Company's Owners	447,902	930,158	89,941	320,812

Consolidated Financial Statements / Statement of Cash Flows – Indirect Method**(In Thousands of Brazilian Reais)**

Code	Description	Accumulated for the	Accumulated for the
		Current Year 01/01/2021 to 06/30/2021	Prior Year 01/01/2020 to 06/30/2020
6.01	Net Cash Provided by Operating Activities	-2,459,793	-214,811
6.01.01	Cash Provided by Operations	4,031,772	3,317,645
6.01.01.01	Net Income for the Period	930,158	320,812
6.01.01.02	Depreciation and Amortization	193,815	414,751
6.01.01.03	Residual Value of Property and Equipment Written Off	2,477,927	2,369,466
6.01.01.04	Deferred Income Tax and Social Contribution	230,565	-8,338
6.01.01.05	Other	13,998	4,576
6.01.01.06	Provisions for risks	-12,750	-117,953
6.01.01.07	Interest on Loans, Financing, Debentures and Derivatives	109,004	273,643
6.01.01.08	Lease interest	29,901	30,571
6.01.01.10	Other provisions	21,686	3,970
6.01.01.11	Allowance for doubtful debts	37,468	26,147
6.01.02	Changes in Assets and Liabilities	-3,872,221	-3,574,057
6.01.02.01	Trade Receivables	-53,526	546,729
6.01.02.02	Acquisition of Cars, Net of Changes in Balances with Car Manufacturers	-3,893,132	-3,893,074
6.01.02.03	Escrow Deposits	-1,346	1,918
6.01.02.04	Recoverable Taxes	12,911	-21,227
6.01.02.05	Prepaid Expenses	-70,219	-80,809
6.01.02.06	Other Current and Non-Current Assets	65,084	16,570
6.01.02.07	Trade Payables (Except Car Manufacturers)	22,634	-47,827
6.01.02.08	Payroll and Related Taxes	-2,868	-1,074
6.01.02.09	Income Tax and Social Contribution	152,762	85,366
6.01.02.11	Insurance Premiums	-57,882	-109,003
6.01.02.12	Other Current and Non-Current Liabilities	-46,639	-71,626
6.01.03	Other	-2,619,344	41,601
6.01.03.01	Income Tax and Social Contribution Paid	-232,368	-112,278
6.01.03.02	Interest on Loans, Financing Debt and Derivatives Paid	-144,532	-195,191
6.01.03.03	Short-term financial assets, net of swap	-2,222,173	365,306
6.01.03.04	Lease interest paid	-20,271	-16,236
6.02	Net Cash Provided by Investing Activities	-66,460	-50,642
6.02.01	Purchase of Other Property and Equipment	-60,943	-37,813
6.02.02	Purchase of Intangible Assets	-1,936	-4,953
6.02.04	Purchase of Investment, net of acquired cash	0	-7,876
6.02.05	Company acquisition payment	-3,581	0
6.03	Net Cash Provided by Financing Activities	437,389	925,647
6.03.01	Loans, Financing and debt securities - funding	1,602,865	2,238,894
6.03.02	Loans, Financing and debt securities - repayments/ buyback	-949,959	-989,668
6.03.05	Dividends	-18,126	0
6.03.06	Interest on Capital	-127,553	-71,783
6.03.08	Exercise of Stock Options with Treasury Shares, Net	-1,348	-770
6.03.10	Lease liability - repayments	-72,866	-70,546
6.03.13	Treasury shares sold	4,376	4,216
6.03.14	Purchased treasury shares	0	-184,696
6.05	Increase (Decrease) in Cash and Cash Equivalents	-2,088,864	660,194
6.05.01	Opening Balance of Cash and Cash Equivalents	2,586,393	2,220,102
6.05.02	Closing Balance of Cash and Cash Equivalents	497,529	2,880,296

Consolidated Financial Statements / Statement of Changes in Equity - 01/01/2021 to 06/30/2021**(In Thousands of Brazilian Reais)**

Code	Description	Paid-In Capital	Capital Reserves, Stock Options Granted and Treasury Share	Earnings Reserves	Retained Earnings (Accumulated Losses)	Other Comprehensive Income	Equity	Noncontrolling Interests	Consolidated Equity
5.01	Opening Balances	3,956,889	-578	2,096,348	0	0	6,052,659	0	6,052,659
5.03	Adjusted Opening Balances	3,956,889	-578	2,096,348	0	0	6,052,659	0	6,052,659
5.04	Capital Transactions with Shareholders	0	16,715	0	-136,095	0	-119,380	0	-119,380
5.04.03	Stock Options Granted Recognized	0	13,687	0	0	0	13,687	0	13,687
5.04.05	Treasury shares sold	0	4,376	0	0	0	4,376	0	4,376
5.04.07	Interest on Capital	0	0	0	-136,095	0	-136,095	0	-136,095
5.04.08	Exercise of stock options with treasury shares	0	-1,348	0	0	0	-1,348	0	-1,348
5.05	Total Comprehensive Income	0	0	0	930,158	0	930,158	0	930,158
5.05.01	Net Income for the Period	0	0	0	930,158	0	930,158	0	930,158
5.07	Closing Balances	3,956,889	16,137	2,096,348	794,063	0	6,863,437	0	6,863,437

Consolidated Financial Statements / Statement of Changes in Equity - 01/01/2020 to 06/30/2020**(In Thousands of Brazilian Reais)**

Code	Description	Paid-In Capital	Capital Reserves, Stock Options Granted and Treasury Share	Earnings Reserves	Retained Earnings (Accumulated Losses)	Other Comprehensive Income	Equity	Noncontrolling Interests	Consolidated Equity
5.01	Opening Balances	3,956,889	163,206	1,327,437	0	0	5,447,532	0	5,447,532
5.03	Adjusted Opening Balances	3,956,889	163,206	1,327,437	0	0	5,447,532	0	5,447,532
5.04	Capital Transactions with Shareholders	0	-175,630	0	-131,718	0	-307,348	0	-307,348
5.04.03	Stock Options Granted Recognized	0	5,620	0	0	0	5,620	0	5,620
5.04.04	Purchased Treasury Shares	0	-184,696	0	0	0	-184,696	0	-184,696
5.04.05	Treasury shares sold	0	4,216	0	0	0	4,216	0	4,216
5.04.07	Interest on Capital	0	0	0	-131,718	0	-131,718	0	-131,718
5.04.08	Exercise of stock options with treasury shares	0	-770	0	0	0	-770	0	-770
5.05	Total Comprehensive Income	0	0	0	320,812	0	320,812	0	320,812
5.05.01	Net Income for the Period	0	0	0	320,812	0	320,812	0	320,812
5.07	Closing Balances	3,956,889	-12,424	1,327,437	189,094	0	5,460,996	0	5,460,996

Consolidated Financial Statements / Statement of Value Added**(In Thousands of Brazilian Reais)**

Code	Description	Accumulated for the	Accumulated for the Prior
		Current Year 01/01/2021 to 06/30/2021	Year 01/01/2020 to 06/30/2020
7.01	Revenues	5,741,138	4,554,294
7.01.01	Sales of Goods, Products and Services	5,756,811	4,567,832
7.01.03	Revenues Related to the Construction of Own Assets	21,795	12,609
7.01.04	Allowance for/Reversal of Doubtful Debts	-37,468	-26,147
7.02	Inputs Acquired from Third Parties	-3,333,044	-2,972,363
7.02.01	Cost of Products, Goods and Services Sold	-3,018,242	-2,715,122
7.02.02	Materials, Power, Third-Party Services and Other	-314,802	-257,241
7.03	Gross Value Added	2,408,094	1,581,931
7.04	Retentions	-193,815	-414,751
7.04.01	Depreciation, Amortization and Depletion	-193,815	-414,751
7.05	Net Wealth Created	2,214,279	1,167,180
7.06	Wealth Received in Transfer	74,021	53,967
7.06.02	Finance Income	74,021	53,967
7.07	Total Wealth for Distribution	2,288,300	1,221,147
7.08	Wealth Distributed	2,288,300	1,221,147
7.08.01	Personnel	526,927	393,900
7.08.01.01	Salaries and Wages	404,811	297,062
7.08.01.02	Benefits	81,536	65,973
7.08.01.03	Severance Pay Fund (FGTS)	26,893	25,245
7.08.01.04	Other	13,687	5,620
7.08.02	Taxes, Fees and Contributions	627,759	151,580
7.08.02.01	Federal	515,209	26,031
7.08.02.02	State	92,477	108,440
7.08.02.03	Municipal	20,073	17,109
7.08.03	Lenders and Lessors	203,456	354,855
7.08.03.01	Interest	142,139	308,858
7.08.03.02	Rentals	41,972	31,610
7.08.03.03	Other	19,345	14,387
7.08.03.03.01	Other Rentals	19,345	14,387
7.08.04	Shareholders	930,158	320,812
7.08.04.01	Interest on Capital	136,095	131,718
7.08.04.03	Retained Earnings (Loss for the Period)	794,063	189,094

Dear shareholders,

One year after the beginning of the pandemic, in retrospect, the crisis has expanded our learning and search for improvements, always prioritizing the customer and our employees in our decisions. We re-evaluate processes, became more efficient, whether in cars being prepared and decommissioned or in maintaining the fleet; and we were able to increase the utilization rate of our cars. We accelerated our Technology internalization process, with the expansion of Localiza Labs and the creation of another hub, now in Recife. We expanded our telemetry skills – exceed the mark of one hundred thousand monitored cars – Internet of Things, data science, performance marketing and competitive intelligence. Those skills will pave the way for us to increase efficiency, launch new solutions and improve the customer journey. We reinforced our culture and expanded our ability to attract and develop the team and the engagement of our employees reached a record level. We made progress on the three sustainability fronts: in Governance, we evolved in the Board’s engagement agenda with investors; in Social, in addition to the Diversity and Inclusion program, we created Localiza Institute and defined governance and key themes for action; and in Environmental, we completed the measurement of the scope 3 of the carbon emission inventory, with a robust methodology and auditing. As a result of the advances, we defined the relevant KPIs that are part of the Company’s C-level performance contract and that are deployed to the teams.

We are advancing on the fronts of the cars’ subscription and for app drivers. Localiza Meoo has already revealed a very mature process, delivering a great experience to our customers, and confirming the potential of this subscription market. In addition, the launch of ZARP puts us even closer to app drivers and makes us better prepared to meet their demands, enhancing the opportunities in the segment. We remain confident in the growth avenues of our core business, as well as of the mobility ecosystem. Thus, we continue to invest to build the future of sustainable mobility with you.

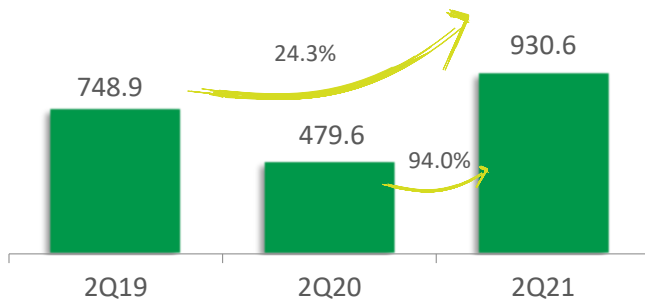
In this quarter, we were skillful to maintain a high level of return on invested capital, despite the challenges posed by the second wave of the pandemic in our car rental volumes and by the low level of vehicle production in the country. During the quarter, we felt the gradual recovery in volumes, and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

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

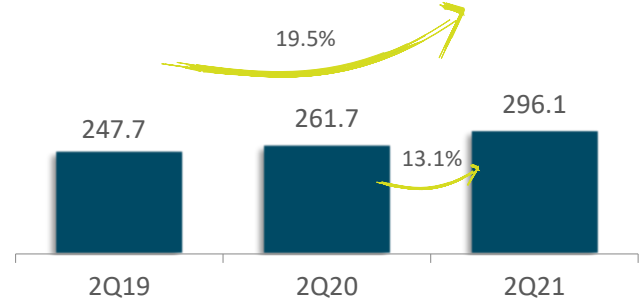
We are aware of our short-term trade-offs and are certain that we are making decisions with a long-term vision, seeking growth with value creation.

RENTAL HIGHLIGHTS

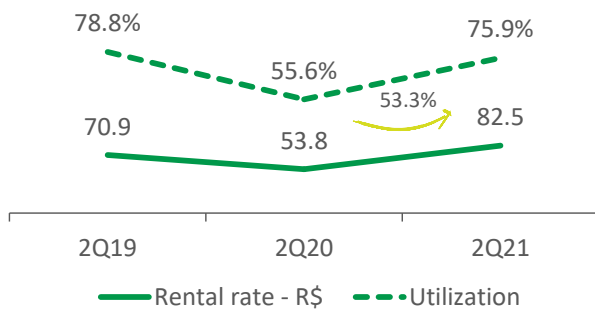
Revenue – Car Rental
R\$ million, including royalties



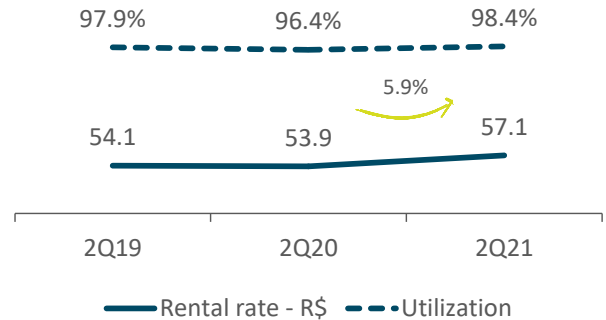
Revenue – Fleet Rental
R\$ million



Average rental rate (in R\$) and Utilization rate (%)
Car Rental

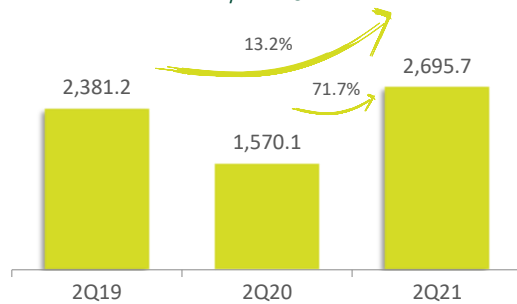


Average rental rate (in R\$) and Utilization rate (%)
Fleet Rental

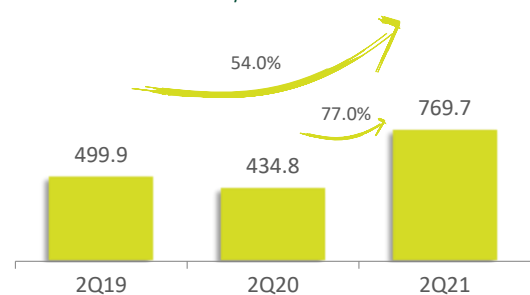


CONSOLIDATED FINANCIAL HIGHLIGHTS

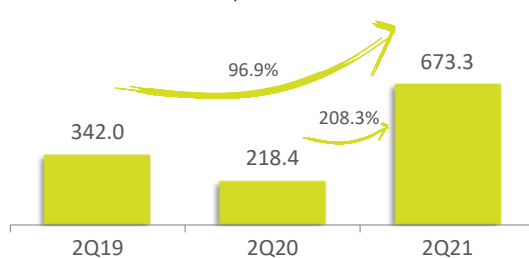
Net revenues
R\$ million



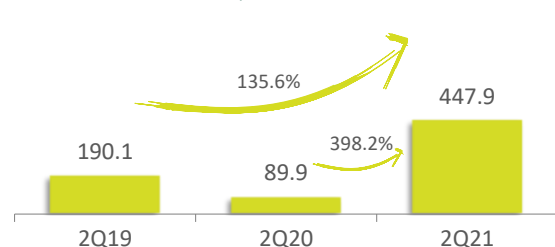
EBITDA
R\$ million



EBIT
R\$ million



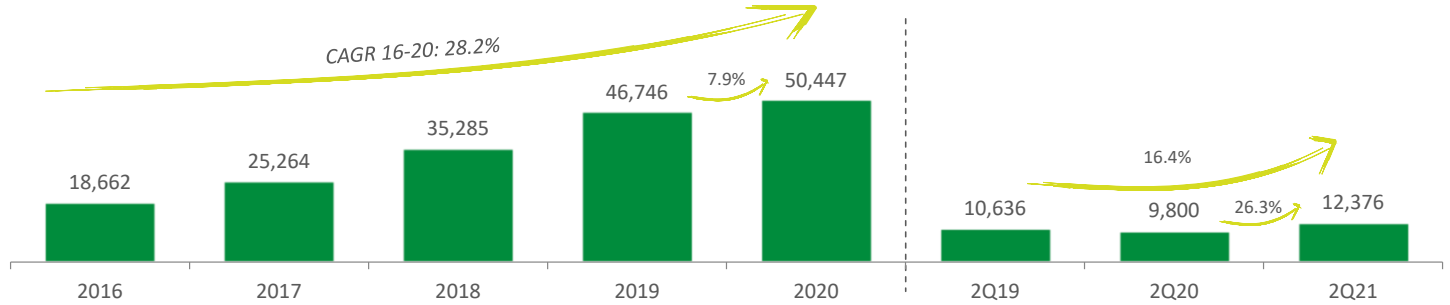
Net income
R\$ million



1 - Rent a Car

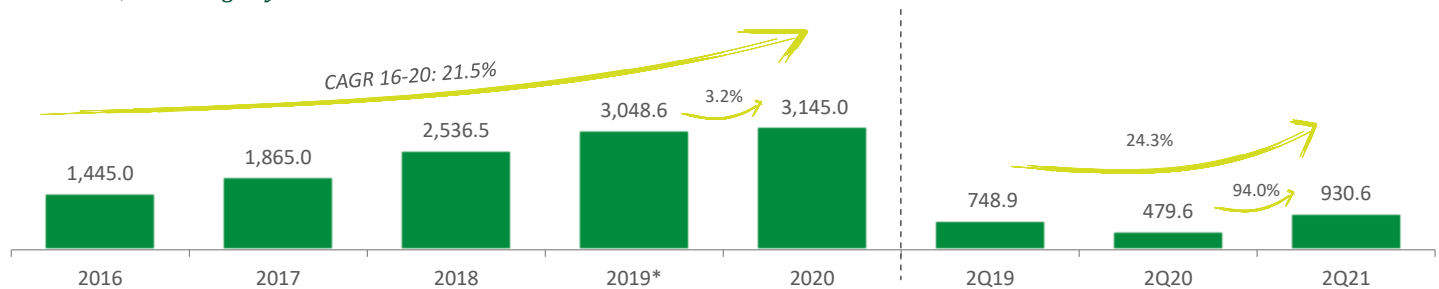
Number of rental days

in thousands



Net revenues

R\$ million, including royalties

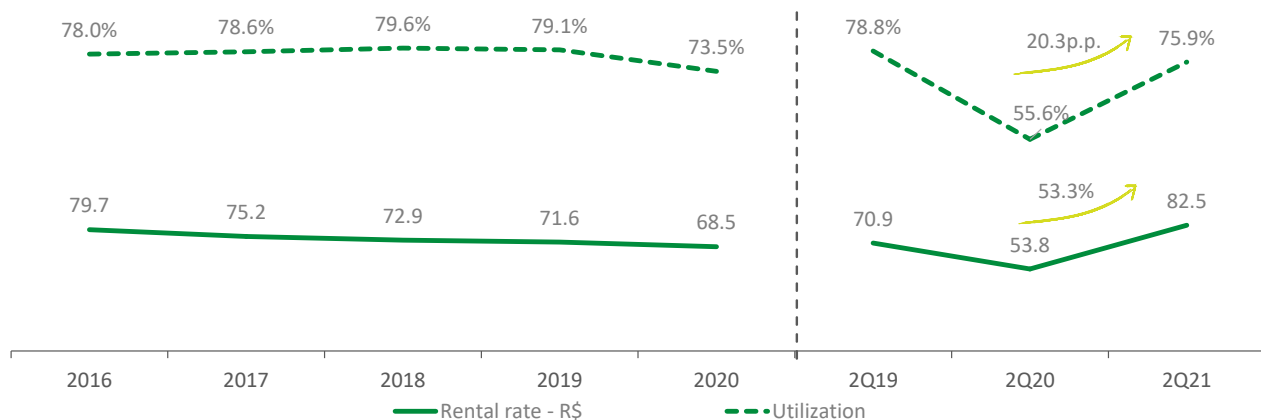


(*) From 2019 the Company began to record PIS and COFINS credits in SG&A. Before, those credits were recorded as a reduction of sales taxes.

In 2Q21, the **Car Rental** division's average rental days increased 26.3% versus 2Q20. Still in a pandemic context, we felt less impact on volumes and prices than in the same quarter of 2020. Utilization rate was kept above 75.0%, with rental rates 53.3% higher. As a result, on the same basis of comparison, **Car Rental** net revenues increased 94.0%.

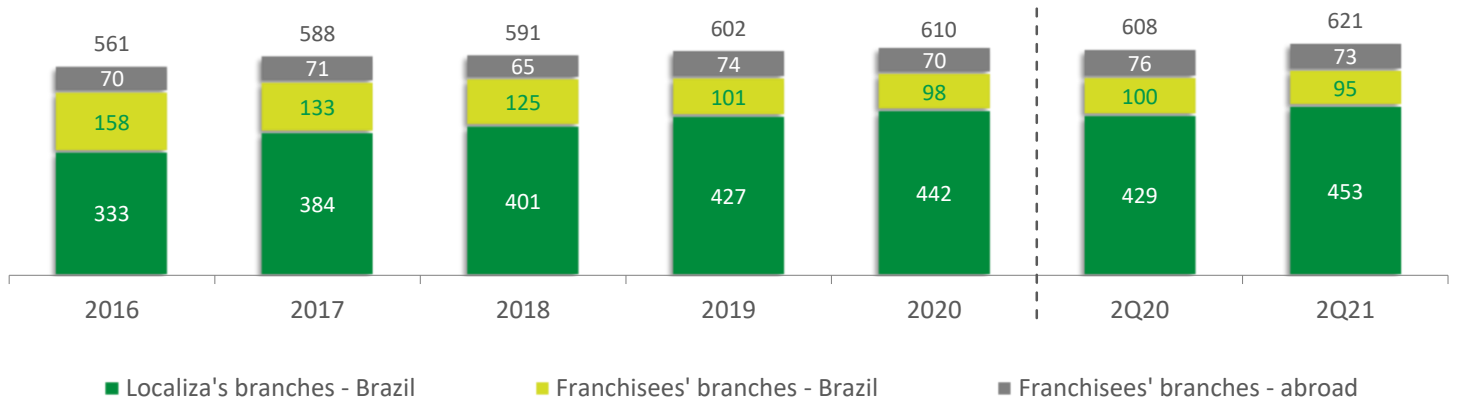
We emphasize that as of May 2021, in line with market practice, Localiza began offering auto protection coverage directly to its customers. The protection charge is recognized in revenue, impacting the average daily rate, while the cost associated with accidents affects the maintenance line. This level of average daily rate reflects an efficient management of pricing and mix between segments, seeking to optimize the use of our fleet at this time of car shortage.

Average rental rate (in R\$) and Utilization rate (%)



1.1 - Distribution network

Number of car rental locations - Brazil and abroad

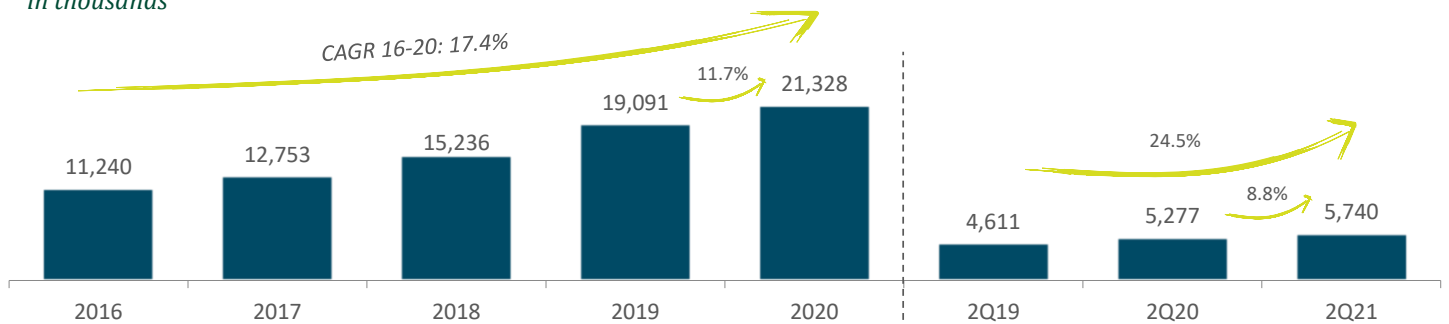


Localiza ended the quarter with 621 rental locations, being 548 in Brazil and 73 in 4 other South American countries. We resumed investing in the network and team expansion for the growth resumption in the post-crisis. When compared with the 2Q20, 24 new corporate locations were added to the network.

2 – Fleet Rental

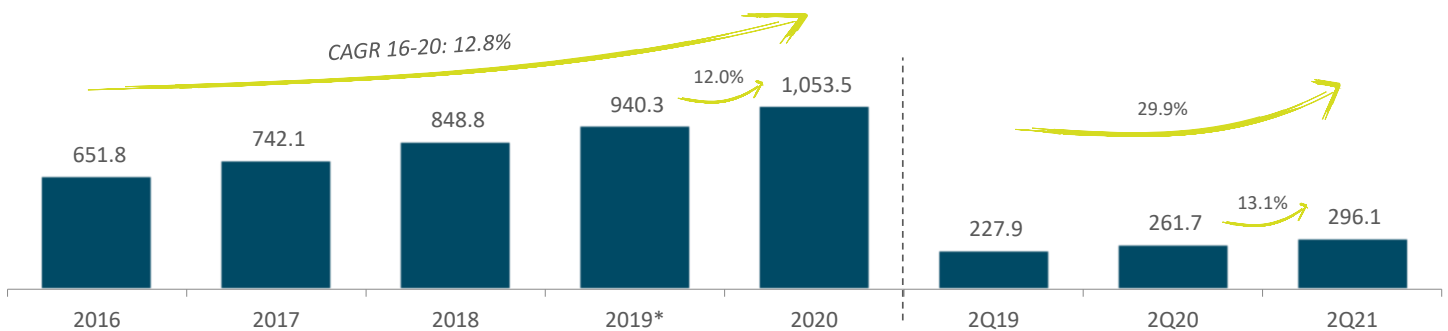
Number of rental days

in thousands



Net revenues

R\$ million



(*) From 2019 the Company began to record PIS and COFINS credits in SG&A. Before, those credits were recorded as a reduction of sales taxes.

In 2Q21, **Fleet Rental** division registered 8.8% increase in the number of rental days and 13.1% in net revenues, compared to the same period of the prior year, with the average rental rate 5.9% higher.

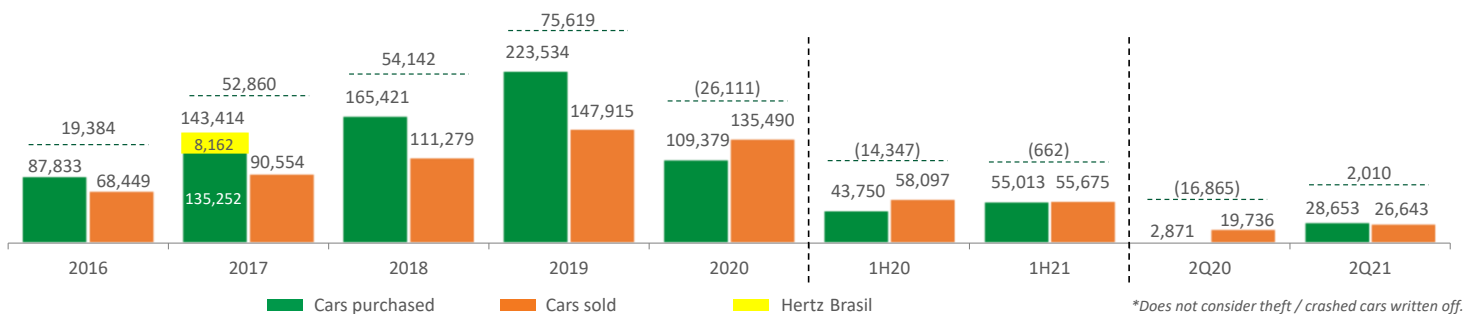
Even in the context of the pandemic, we noticed strong demand and an increase in backlogs. The average delivery time is above the historical level due to the lower pace of production of new cars, temporarily impacting growth rates.

3 - Fleet

3.1 – Net investment in the fleet

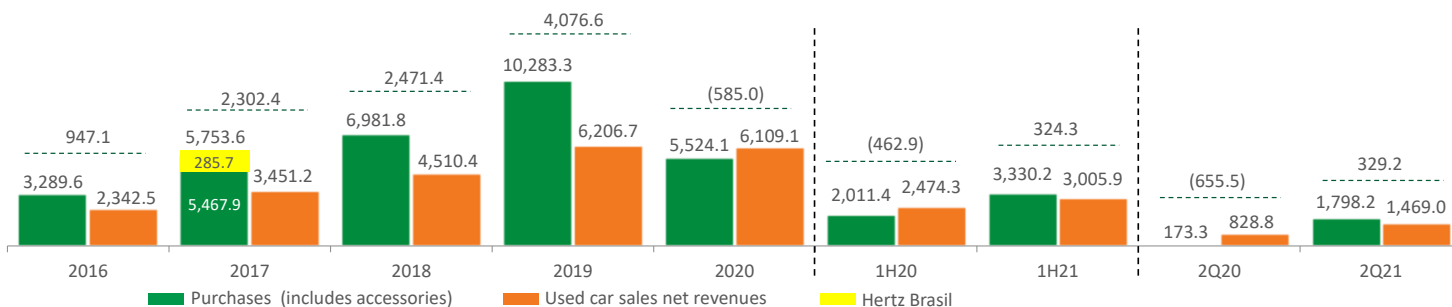
Car purchase and sales

quantity*



Net investment in fleet

R\$ million



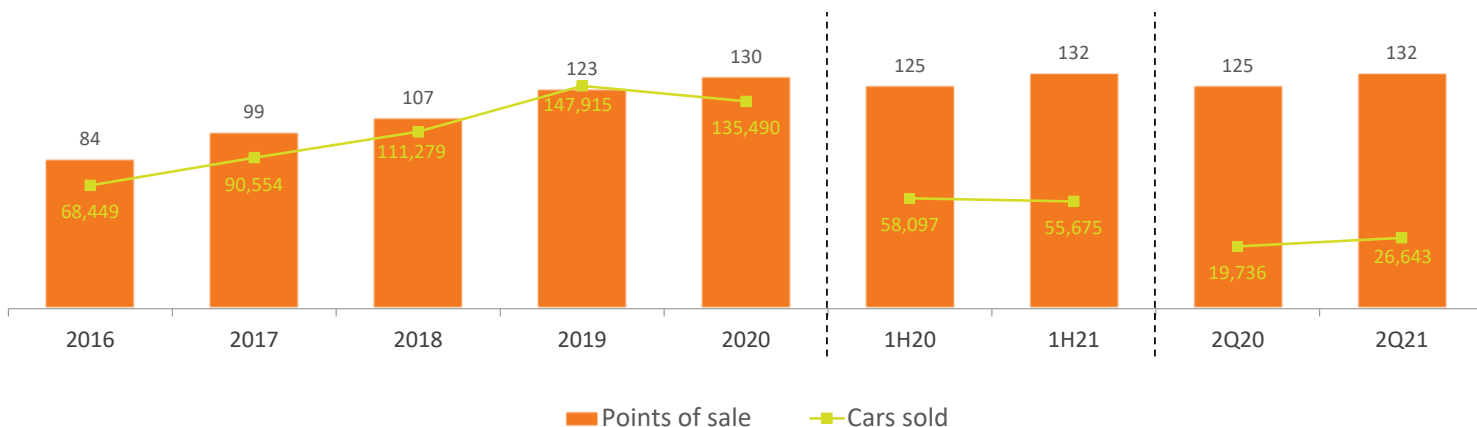
In 2Q21, still in the context of lower levels of new car production, we kept the strategy of postponing the decommissioning of the **Car Rental**, extending the life of our fleet, which resulted in a sale of **Seminovos** below our capacity. In 2Q21, 26,643 cars were sold and 28,653 were purchased, resulting in an increase of 2,010 cars in the fleet and a net investment of R\$329,2 million.

The price of cars sold grew 31.3% in 2Q21 compared to 2Q20, reflecting the increase in the price of new cars.

	2016	2017	2018	2019	2020	Var. %	1H20	1H21	Var. %	2Q20	2Q21	Var. %
Average price of cars sold (R\$ thousand)	34.3	38.2	40.6	42.1	45.2	7.4%	42.7	54.0	26.7%	42.0	55.2	31.3%

4 – Seminovos – Number of points of sale

Number of points of sale and used cars

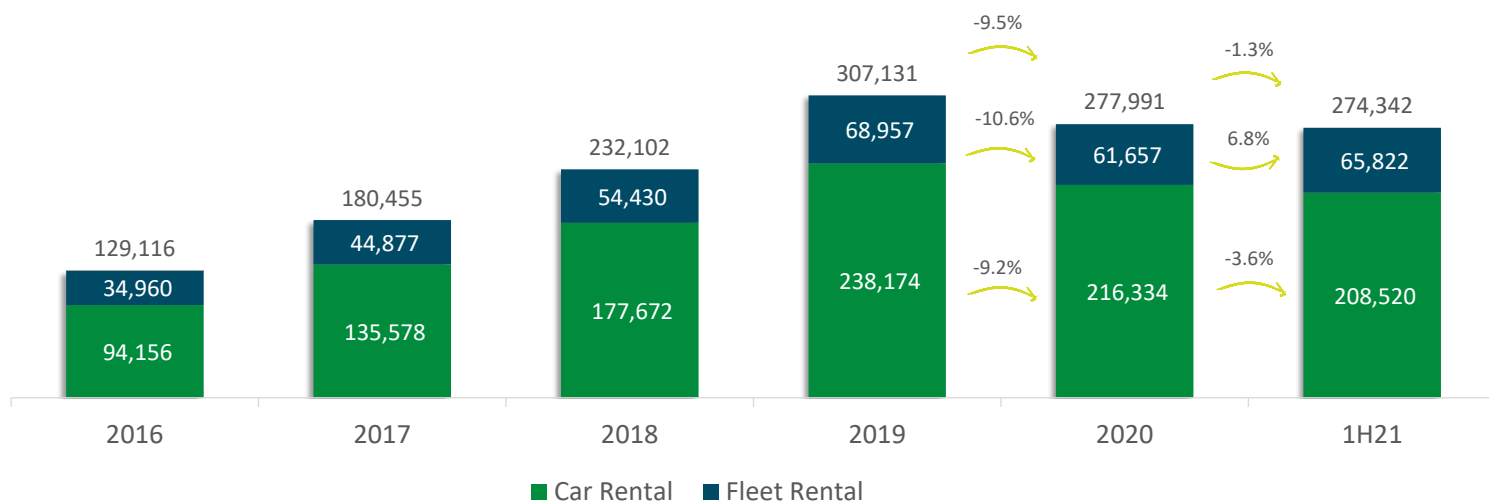


We ended 2Q21 with 132 **Seminovos** stores, in 90 cities in Brazil. Over the last 12 months, 7 **Seminovos** stores were opened.

5 – End of period fleet

Car purchase and sales

quantity

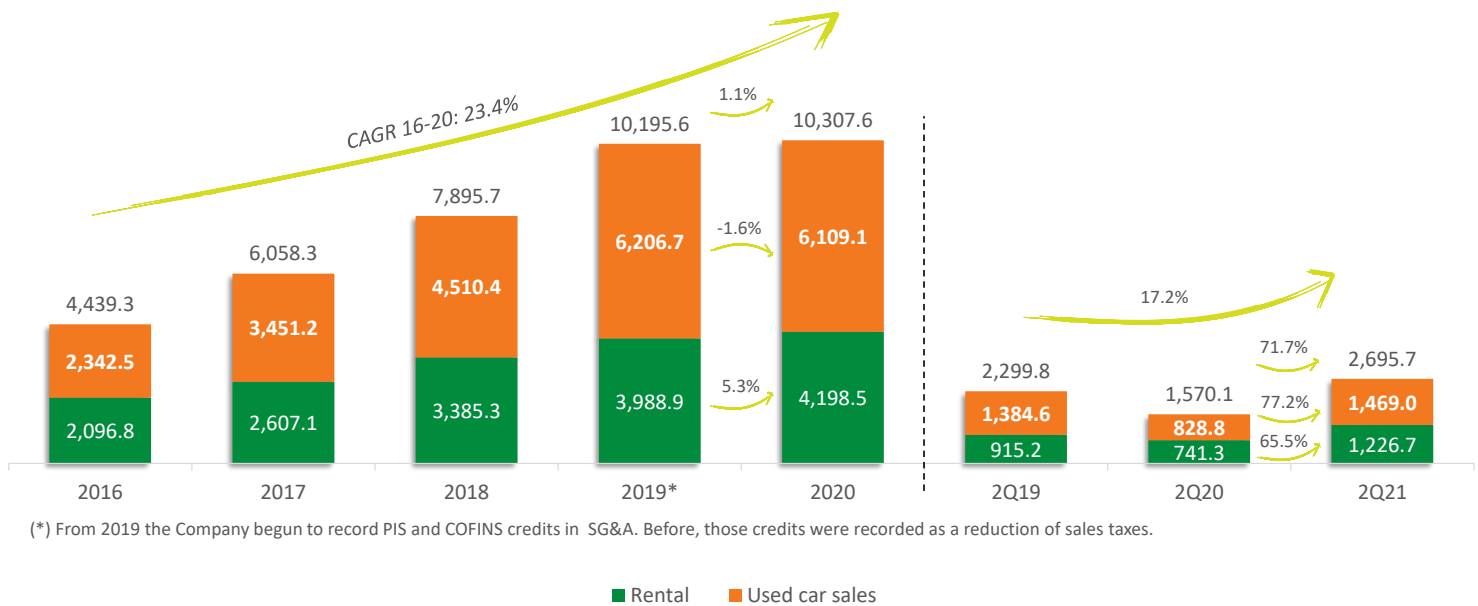


In 1H21, the fleet was reduced by 1.3% versus the end of 2020, due to the persistence of lower level of cars' supply, partially offset by a reduction in the number of cars available for sale.

6 – Consolidated net revenues

Consolidated net revenues

R\$ million



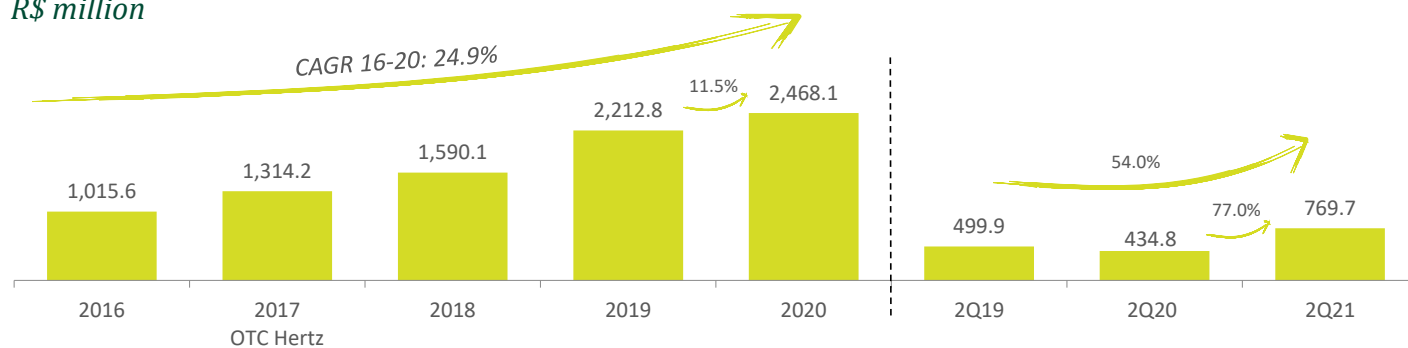
In 2Q21, consolidated net revenues increased by 71.7%.

Compared to 2Q20, net rental revenues increased 65.5%, being 94.0% in **Car Rental** division and 13.1% in **Fleet Rental** division. While **Seminovos** net revenues increased 77.2% due to the 35.0% growth in the volume of cars sold combined with the 31.3% increase in the sale price.

7 - EBITDA

Consolidated EBITDA

R\$ million



EBITDA margin:	2016	2017*	2018	2019**	2020	2Q19	2Q20	1Q21	2Q21
Car Rental and Franchising	32.4%	34.9%	35.9%	45.7%	45.3%	43.9%	53.1%	42.9%	38.6%
Fleet Rental	64.5%	61.9%	64.0%	67.7%	72.4%	65.2%	81.4%	63.6%	65.9%
Rental Consolidated	42.3%	42.6%	43.0%	50.9%	52.1%	49.3%	63.1%	47.5%	45.2%
Used Car Sales	5.5%	5.9%	3.0%	3.0%	4.6%	3.5%	-4.0%	13.5%	14.6%
Consolidated (on rental revenue)	48.4%	50.4%	47.0%	55.5%	58.8%	50.2%	58.7%	63.9%	62.7%

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

(**) From 2019, EBITDA margin calculated based on the GAAP number including the reclassification of PIS and COFINS credits for the period, in the Car Rental and Fleet Rental divisions

In 2Q21, consolidated EBITDA totaled R\$769.7 million, 77.0% higher than the same period of the prior year.

In the **Car Rental** division, the EBITDA margin was 38.6% in 2Q21, a reduction of 14.6 p.p. compared to 2Q20, which was positively impacted by the reversal of 103.4 million PIS/Cofins credits' provision that contributed to an increase of 21.7 p.p. in the 2Q20 margin, as explained at the time. Excluding the impact of the reversal, the margin in 2Q21 would be 7.1 p.p. higher than in the same period of the previous year, the most affected by the pandemic.

In a quarter over quarter analysis, compared to 1Q21, there is a margin effect associated with the drop in volumes, resulted from the second wave of the pandemic, not yet followed by a reduction in costs. The continuance of fleet aging still results in higher maintenance levels. In addition, margin was affected by higher mobilization costs due to a greater purchase of cars in this Division, this quarter; personnel costs and opening of 11 branches in the quarter.

The **Fleet Rental** division had a margin of 65.9%, a decrease of 15.5 p.p. compared to the same period of the previous year. The reversal of PIS/COFINS credits had a positive impact of R\$21.0 million on the 2Q20 margin. Excluding this effect, the margin for this quarter was 6.7 p.p. lower than the same period last year. The margin reduction is mainly due to the increase in maintenance costs, due to the fleet aging. In addition, there was an increase in expenses related to IT, team structuring and advertising for Localiza Meoo, which will be diluted as the cars ordered are delivered to customers and start to generate revenue.

Compared to 1Q21, the **Fleet Rental** division's EBITDA margin increased by 2.3 p.p., due to revenue growth and lower maintenance costs, especially due to the reduction in expenses with fleet mobilization in the quarter.

In **Seminovos**, the increase in the price of new cars continues to be reflected in the cars sold prices, positively impacting its EBITDA margin, which reached 14.6% in 2Q21, 18.6 p.p. higher than in the same period last year and tends to sustain a higher level in the coming quarters.

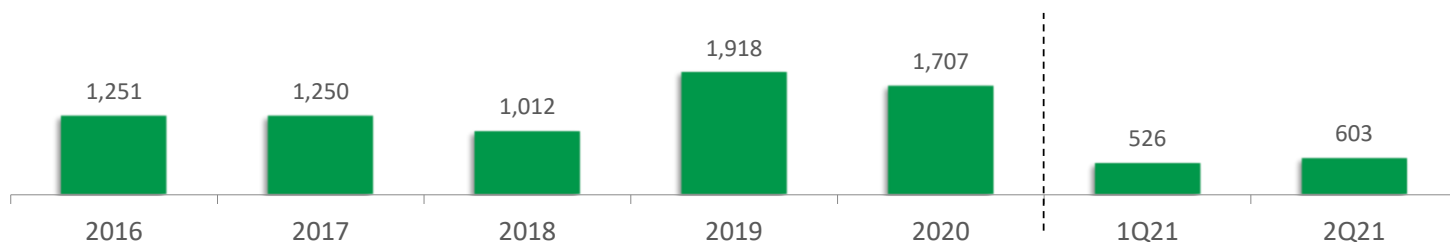
Compared to 1Q21, **Seminovos'** EBITDA margin presents an increase of 1.1 p.p. by the improvement in the sale prices and the reduction in expenses, despite the drop in sales volume.

All in, in 2Q21 consolidated EBITDA margin over rental revenues reached 62.7%, an expansion of 4.0 p.p. compared to 2Q20, but reducing 1.2 p.p. compared to 1Q21.

8 - Depreciation

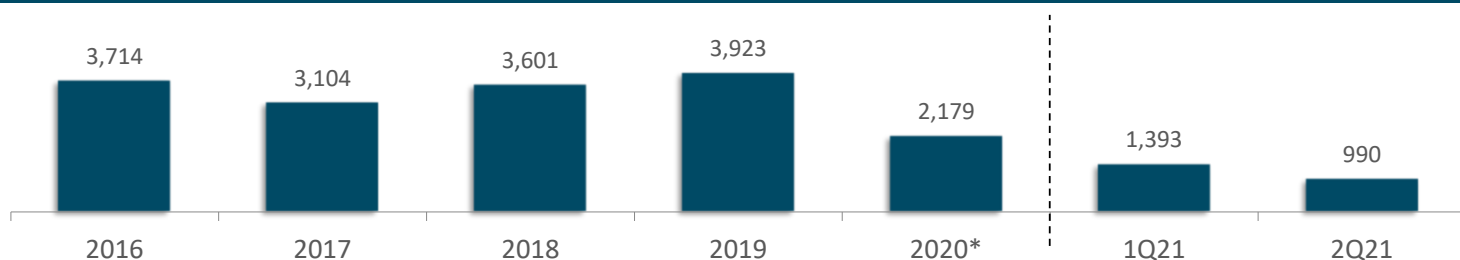
Depreciation is calculated using the straight-line method, considering the difference between the purchase price of the car and the estimated selling price at the end of its useful life, net of estimated costs and expenses to sell it. The estimated selling price is reassessed quarterly, so the book value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

8.1 – Average annualized depreciation per car (R\$) - Rent a Car



In this quarter, the increase in prices for new cars trend continued, resulting in an increase of 26.7% in average prices in 1H21, compared to 1H20, and 31.3% in the annual comparison of 2Q21 in relation to 2Q20. In addition, the increase in the useful life of cars and in selling prices result in reduction in the average depreciation per car. Average depreciation per car will trend up as purchasing volumes return to higher levels and the fully-depreciated cars are sold.

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

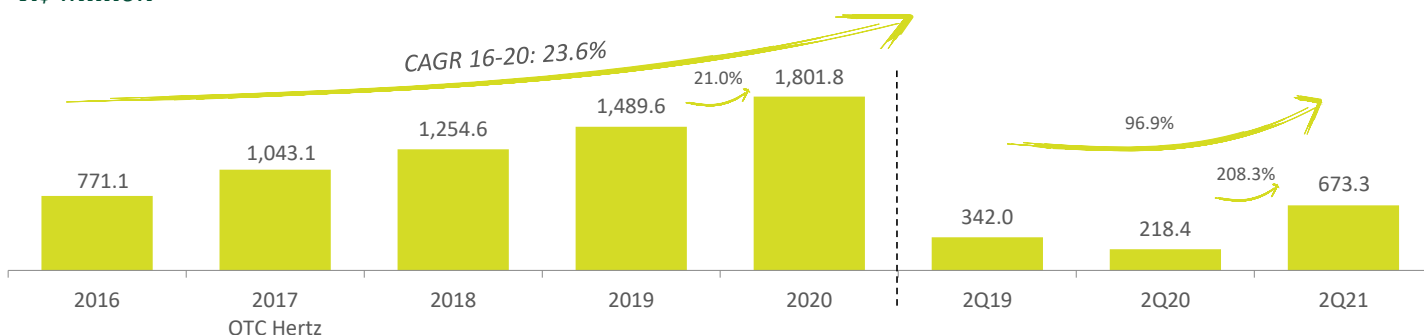


*Since 2020, the Company began depreciating the Fleet Rental cars using the linear method opposed to the SOYD (Sum-of-the-years' digits)

In the **Fleet Rental** division, the average depreciation per car in 2Q21 was R\$990, reflecting increase in the cars sale price.

Consolidated EBIT

R\$ million



EBIT margins include **Seminovos** and is calculated over the rental revenues:

	2016	2017*	2018	2019**	2020	2Q19	2Q20	1Q21	2Q21
Car Rental and Franchising	30.2%	35.2%	33.2%	33.7%	35.1%	34.3%	8.5%	53.3%	49.1%
Fleet Rental	51.2%	51.4%	48.6%	49.1%	66.4%	46.4%	67.9%	66.5%	73.2%
Consolidated	36.8%	40.0%	37.1%	37.3%	42.9%	37.4%	29.5%	56.2%	54.9%

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

(**) From 2019, EBITDA margin calculated based on the GAAP number including the reclassification of PIS and COFINS credits for the period, in the Car Rental and Fleet Rental divisions

Consolidated EBIT in 2Q21 totaled R\$673.3 million, representing an increase of 208.3% compared to 2Q20.

In 2Q21, the EBIT margin of the **Car Rental** division, was 49.1%, representing an increase of 40.6 p.p. compared to 2Q20. In the **Fleet Rental** division, the EBIT margin totaled 73.2%, an increase of 5.3 p.p. compared to the same period last year.

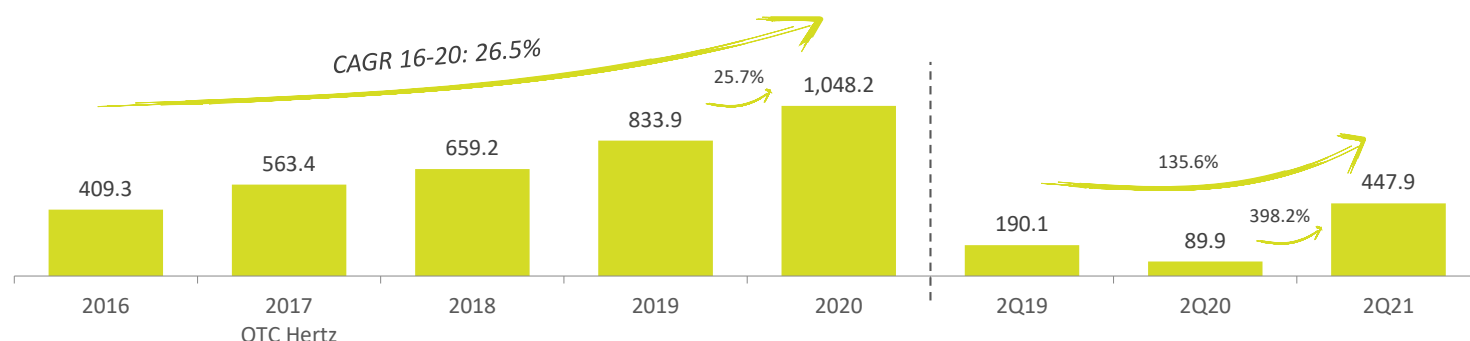
Compared to 1Q21, the EBIT margin in the **Car Rental** division decreased by 4.2 p.p.. While in the **Fleet Rental** division, the EBIT margin increased by 6.7 p.p. on the same basis of comparison.

As the fleet renewal cycle returns to normal levels, we expect an increase in depreciation and a reduction in the **Seminovos** EBITDA margin, which should be offset by the dilutive effect on fixed costs, arising from the resumption of the pace of growth.

10 - Consolidated net income

Consolidated net income

R\$ million



EBITDA x Net income reconciliation	2016	2017*	2018	2019	2020	Var. R\$	Var. %	2Q19	2Q20	2Q21	Var. R\$	Var. %
Consolidated EBITDA	1,015.6	1,314.2	1,590.1	2,212.8	2,468.1	255.3	11.5%	499.9	434.8	769.7	334.9	77.0%
Cars depreciation	(206.3)	(232.0)	(291.6)	(551.5)	(473.0)	78.5	-14.2%	(118.0)	(167.5)	(44.1)	123.4	-73.7%
Other property depreciation and amortization	(38.2)	(39.1)	(43.9)	(171.7)	(193.4)	(21.7)	12.6%	(39.9)	(48.9)	(52.3)	(3.4)	7.0%
EBIT	771.1	1,043.1	1,254.6	1,489.6	1,801.7	312.1	21.0%	342.0	218.4	673.3	454.9	208.3%
Financial expenses, net	(243.5)	(315.0)	(368.9)	(409.8)	(374.4)	35.4	-8.6%	(97.9)	(127.3)	(45.9)	81.4	-63.9%
Income tax and social contribution	(118.3)	(164.7)	(226.5)	(245.9)	(379.1)	(133.2)	54.2%	(54.0)	(1.2)	(179.5)	(178.3)	14,858.3%
Net income of the period	409.3	563.4	659.2	833.9	1,048.2	214.3	25.7%	190.1	89.9	447.9	358.0	398.2%

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

Net income in 2Q21 was R\$447.9 million, representing an increase of 398.2% over 2Q20, resulting from:

(+) R\$334.9 million increase in EBITDA,

(+) R\$120.0 million reduction in depreciation,

(+) R\$81.4 million lower net financial expenses, mainly due to lower carrying cost and the positive mark-to-market of pre-swap contracts. The strategy of protecting the ROIC spread through swap contracts, in **Fleet Rental**, proved to be adequate in the context of interest rate volatility; and

(-) R\$178.3 million increase in income tax and social contribution, due to the higher taxable profit and higher average effective rate.

11 – Free cash flow (FCF)

Free cash flow (R\$ million)		2016	2017	2018	2019	2020	1H21
Operations	EBITDA	1,015.7	1,314.2 *	1,590.1	2,212.8	2,468.1	1,575.4
	Used car sale revenue, net of taxes	(2,342.6)	(3,451.2)	(4,510.4)	(6,206.7)	(6,109.1)	(3,005.9)
	Net book value of vehicles written-off	2,102.5	3,106.6	4,198.5	5,863.6	5,599.9	2,477.9
	(-) Income tax and social contribution	(93.3)	(108.3)	(131.2)	(146.1)	(250.1)	(232.4)
	Change in working capital	(40.8)	(47.9)	(117.4)	(268.9)	103.5	(157.3)
Cash generated by rental operations		641.5	813.4	1,029.6	1,454.7	1,812.3	657.7
Capex - renewal	Used car sale revenue, net from taxes – fleet renewal	2,342.6	3,451.2	4,510.4	6,206.7	4,886.9	2,967.7
	Fleet renewal investment	(2,563.6)	(3,660.9)	(4,696.7)	(6,804.6)	(5,524.1)	(3,330.2)
	Change in accounts payable to car suppliers for fleet renewal	219.8	227.6	250.1	468.7	235.1	(547.1)
	Net investment for fleet renewal	(1.2)	17.9	63.8	(129.2)	(402.1)	(909.6)
Fleet renewal – quantity		68,449	90,554	111,279	147,915	109,379	55,013
Investment, property and intangible		(40.9)	(28.8)	(42.8)	(70.0)	(108.0)	(62.7)
Free cash flow from operations, before fleet increase or reduction		599.4	802.5	1,050.6	1,255.5	1,302.2	(314.6)
Capex - Growth	(Investment) / Divestment in cars for fleet growth	(726.0)	(1,807.0)	(2,285.1)	(3,478.7)	1,222.2	38.2
	Change in accounts payable to car suppliers for fleet growth	26.8	168.7	509.4	23.6	(943.4)	-
	Acquisition of Hertz and franchisees (fleet value)	-	(285.7)	-	(105.5)	0.0	-
	Net investment for fleet growth	(699.2)	(1,924.0)	(1,775.7)	(3,560.6)	278.8	38.2
Fleet increase / (reduction) – quantity		19,384	52,860	54,142	75,619	(26,111)	(662)
Free cash flow after growth		(99.8)	(1,121.5)	(725.1)	(2,305.0)	1,581.0	(276.4)
Capex - non-recurring	Acquisitions and franchisees acquisition- except fleet value	-	(121.5)	-	(18.2)	(7.9)	(3.6)
	New headquarters construction and furniture	(85.7)	(146.2)	-	-	-	-
Free cash generated before the cash effects of discounts and anticipation of payables to		(185.5)	(1,389.2)	(725.1)	(2,323.2)	1,573.1	(280.0)
Cash effects of receivables and anticipation of payables to suppliers (**)		98.0	88.3	(113.2)	(131.8)	(293.1)	(23.2)
Free cash flow before interest		(87.5)	(1,300.9)	(838.3)	(2,455.0)	1,280.0	(303.2)

In the free cash flow, short-term financial assets were considered as cash.

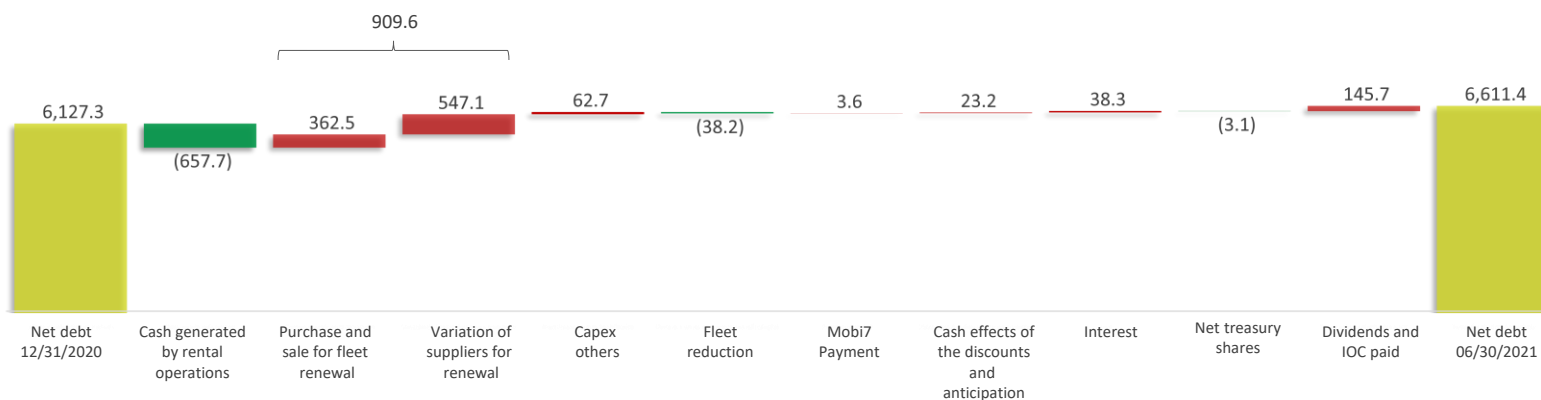
(*) 2017 adjusted by one-time costs incurred - Hertz Brasil acquisition and franchisees incorporation.

(**) Discount of credit card receivables and anticipation of accounts payable were demonstrated in a different line so that the Free Cash Flow From Operations considered only the contractual terms, reflecting the Company's operation.

In 1H21, the Company had a cash consumption of R\$303.2 million, mainly explained by the reduction of R\$547.1 million in the automakers account.

12 – Net debt

12.1 – Change in net debt – R\$ million



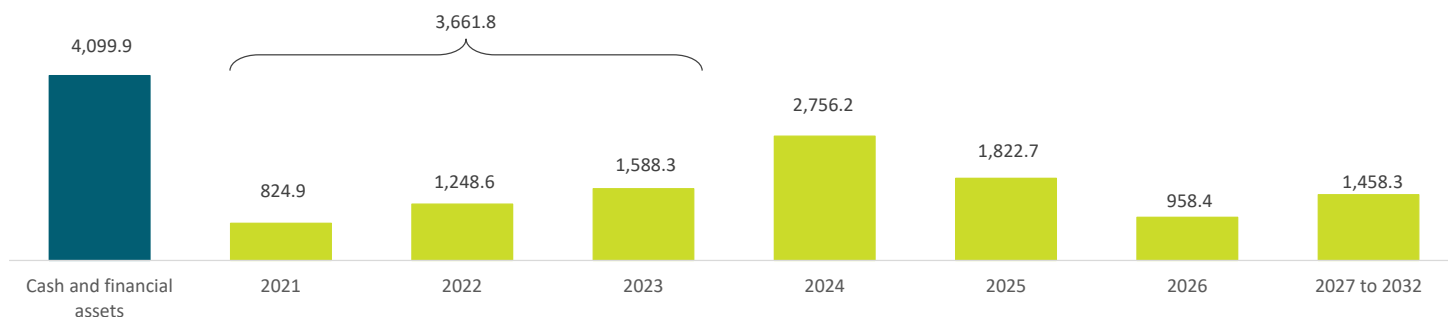
On 06/30/2021, net debt totaled R\$6,611.4 million, an increase of 7.9%, or R\$484.1 million compared to 12/31/2020.

12.2 – Debt maturity profile – R\$ million

Debt	Issuance	Contract rate	2021	2022	2023	2024	2025	2026	2027 to 2032	Total
Debentures 11th Issuance	12/12/2016	111,5% CDI	-	410.7	-	-	-	-	-	410.7
Debentures 12th Issuance	5/15/2017	107,25% CDI	-	-	-	678.5	-	-	-	678.5
Debentures 13th Issuance - 1st serie	12/15/2017	109,35% CDI	-	306.2	306.2	-	-	-	-	612.4
Debentures 13th Issuance - 2nd serie	12/15/2017	111,30% CDI	-	-	-	94.1	94.1	-	-	188.2
Debentures 14th Issuance - 1st serie	9/18/2018	107,9% CDI	-	-	-	200.0	-	-	-	200.0
Debentures 14th Issuance - 2nd serie	9/18/2018	112,32% CDI	-	-	-	111.2	111.2	222.5	-	444.9
Debentures 15th Issuance	4/15/2019	107,25% CDI	-	-	-	-	377.4	377.4	-	754.8
Debentures 16th Issuance	11/29/2019	CDI + 1,05%	-	-	-	333.3	333.3	333.3	-	999.9
Debentures 17th Issuance	4/7/2021	IPCA + 5,47%	-	-	-	-	-	-	1,200.0	1,200.0
Debentures 5th Issuance of Localiza Fleet	7/31/2018	112,0% CDI	-	-	-	-	202.4	-	-	202.4
Debentures 6th Issuance of Localiza Fleet	12/21/2018	110,4% CDI	-	-	-	310.1	-	-	-	310.1
Debentures 7th Issuance of Localiza Fleet	7/29/2019	109,0% CDI	-	-	100.0	100.0	100.0	-	-	300.0
Debentures 8th Issuance of Localiza Fleet	-	CDI + 1,0%	-	-	333.3	333.3	333.3	-	-	999.9
Promissory Notes - 7th Issuance	9/24/2019	108,0% CDI	500.0	-	-	-	-	-	-	500.0
Foreign currency loan with swap	-	Several	210.6	215.0	465.0	454.8	250.0	-	-	1,595.4
Real State Receivables Certificate (CRI)	2/26/2018	99% CDI	5.6	9.0	12.3	15.0	20.1	25.1	258.3	345.4
Working Capital / Others	-	Several	108.6	307.8	371.5	126.0	0.8	-	-	914.7
Interest accrued	-	-	54.0	-	-	-	-	-	-	54.0
Cash and cash equivalents on 06/30/2021	-	-	(4,099.9)	-	-	-	-	-	-	(4,099.9)
Net debt	-	-	(3,221.1)	1,248.7	1,588.3	2,756.3	1,822.6	958.3	1,458.3	6,611.4

12.3 – Debt profile – R\$ million

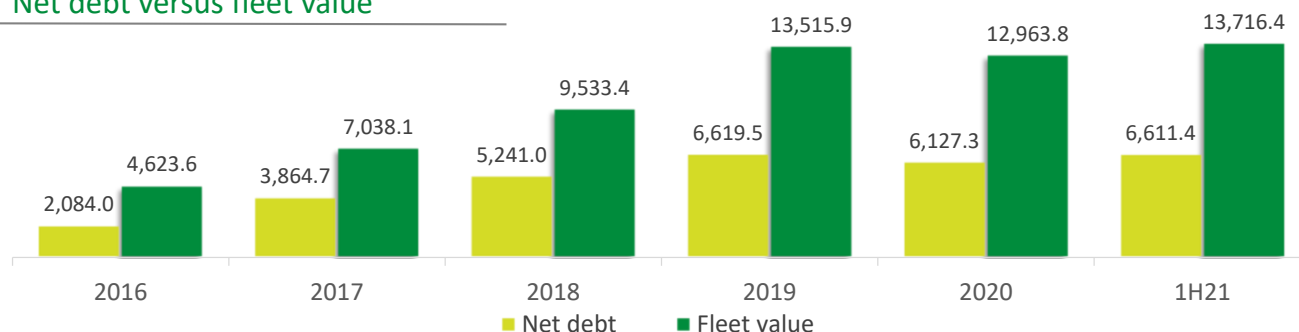
As of June 30, 2021



The Company ended the quarter with a cash balance of R\$4,099.9 million. In April of this year, the Company concluded the issuance of R\$1,200 million in 10-year debentures, with a swapped cost of CDI + 1.99%. This issuance further strengthens the Company's cash position to support growth.

12.4 – Debt ratios – R\$ million

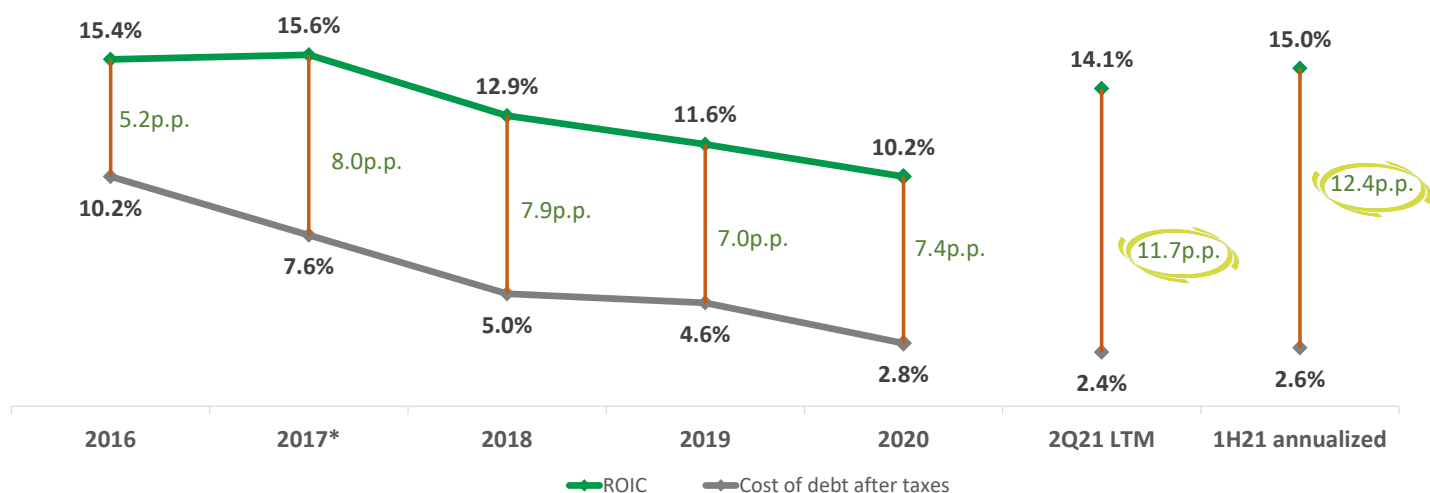
Net debt versus fleet value



BALANCE AT THE END OF PERIOD	2016	2017	2018	2019	2020	1H21 LTM
Net debt/Fleet value (book value)	45%	55%	55%	49%	47%	48%
Net debt/annualized EBITDA	2.1x	2.9x	3.3x	3.0x	2.5x	2.2x
Net debt/Equity	0.9x	1.5x	1.7x	1.2x	1.0x	1.0x
EBITDA/Net financial expenses	4.2x	4.2x	4.3x	5.4x	6.6x	15.9x

The Company presents comfortable debt ratios, which located it for the growth resumption.

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



ROIC considered each year's effective income tax and social contribution rate

ROE considered quarterly net income divided by the average Equity of the period

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

STRONG VALUE GENERATION, EVEN IN AN EXTREMELY ADVERSE SCENARIO, WITH LTM ROE OF 26.9%

14 – Dividends and interest on capital (IOC)

2020 interest on capital were approved as follow:

Nature	Reference period	Approval date	Shareholding position date	Payment date	Gross amount (R\$ million)	Gross amount per Share(*) (R\$)
IOC	2020	03/10/2020	03/13/2020	09/15/2020	67.0	0.089006
IOC	2020	06/18/2020	06/23/2020	10/15/2020	64.8	0.086217
IOC	2020	09/04/2020	09/10/2020	11/05/2020	65.6	0.087345
IOC	2020	12/10/2020	12/15/2020	02/05/2021	63.8	0.084906
Dividends	2020	04/27/2021	04/30/2021	05/21/2021	18.1	0.024111
Total					279.3	

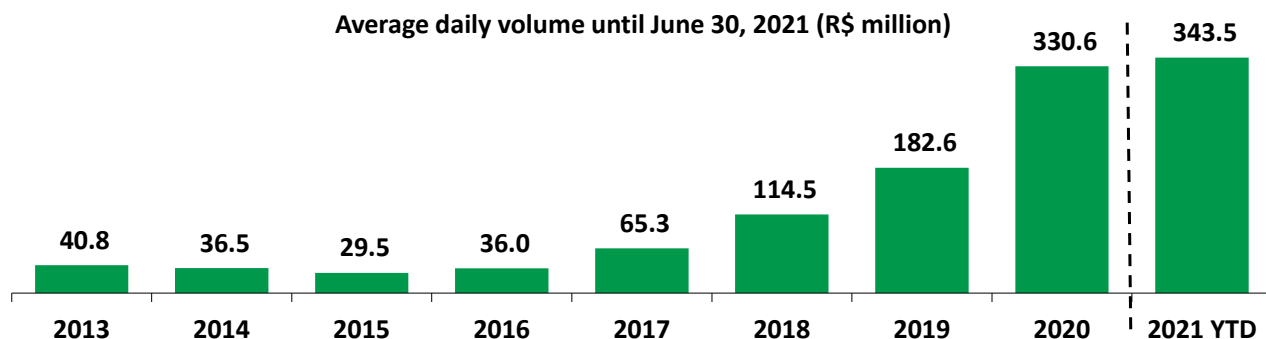
2021 interest on capital were approved as follow:

Nature	Reference period	Approval date	Shareholding position date	Payment date	Gross amount (R\$ million)	Gross amount per Share (R\$)
IOC	2021	03/24/2021	03/29/2021	05/21/2021	63.7	0.084795
IOC	2021	06/24/2021	06/29/2021	08/20/2021	72.4	0.096195
Total					136.1	

15 – RENT3

Up to June 30, 2021, RENT3 average daily traded volume was R\$343.5 million, 3.9% higher than the average volume traded in 2020.

Under the ADR level I program, the Company had 5,352,934 ADRs as of June 30,2021.



In 2021, driven by the evolution of the Company's purpose, "Building the future of sustainable mobility with you", we continued to advance in our ESG strategy. We released the third Sustainability Report in GRI format and with SASB indicators, launched Localiza Institute to manage the Company's private social investment, accelerated our Diversity and Inclusion program with accession to the UN Forum for Companies with Refugees and received the important highlight in the Money Times ESG ranking. In line with our business strategy and the expectations of our stakeholders, we updated our materiality matrix, which includes the central themes that guide our actions in the short, medium and long term.

The materiality matrix was updated based on a listening process that involved more than 2,000 interlocutors, internal discussions and validation with the leadership and governance committee. The work also involved an analysis of correlation with the UN Sustainable Development Goals, expressed in the Global Compact, to which Localiza is signatory since 2017. As a result, we prioritized 10 themes, which were organized into three pillars:



In some of these themes we have very advanced projects and initiatives, composing the C-level and responsible teams' goals panel. Among these goals, we highlight the carbon neutralization of scopes 1 and 2, and definition of the strategy for scope 3; favorability index in the eNPS and diversity and inclusion indicators; and ISO 37001 certification.

18 – Table 4 – Operating data

SELECTED OPERATING DATA	2016	2017	2018	2019	2020	Var.	1H20	1H21	Var.	2Q20	2Q21	Var.
Average operating fleet:												
Car Rental	70,185	94,194	130,058	173,649	200,742	15.6%	208,221	193,931	-6.9%	204,931	190,882	-6.9%
Fleet Rental	31,908	36,804	44,404	55,726	59,801	7.3%	61,439	60,478	-1.6%	61,686	61,832	0.2%
Total	102,093	130,998	174,462	229,375	260,543	13.6%	269,660	254,409	-5.7%	266,617	252,714	-5.2%
Average rented fleet:												
Car Rental	51,515	69,762	97,245	128,718	140,151	8.9%	132,464	146,921	10.9%	108,307	140,375	29.6%
Fleet Rental	31,222	35,424	42,321	53,029	59,244	11.7%	58,594	62,500	6.7%	58,632	63,774	8.8%
Total	82,737	105,186	139,566	181,747	199,395	9.7%	191,058	209,421	9.6%	166,939	204,149	22.3%
Average age of operating fleet (months)												
Car Rental	7.9	6.5	7.2	7.0	10.0	42.9%	8.6	13.0	51.2%	9.5	13.4	41.1%
Fleet Rental	18.0	18.1	15.1	15.1	17.4	15.2%	16.1	19.8	23.0%	16.8	20.0	19.0%
Average age of total operating fleet	11.0	9.8	9.3	9.0	11.7	30.0%	10.3	14.7	42.4%	11.2	15.1	34.8%
Fleet at end of period:												
Car Rental	94,156	135,578	177,672	238,174	216,334	-9.2%	225,870	208,520	-7.7%	225,870	208,520	-7.7%
Fleet Rental	34,960	44,877	54,430	68,957	61,657	-10.6%	65,585	65,822	0.4%	65,585	65,822	0.4%
Total	129,116	180,455	232,102	307,131	277,991	-9.5%	291,455	274,342	-5.9%	291,455	274,342	-5.9%
Managed fleet at end period - Fleet Rental	145	94	57	32	105	228.1%	27	84	211.1%	27	84	211.1%
Fleet investment (R\$ million) (does not include accessories)												
Car Rental	2,782.2	4,581.8	5,785.2	8,802.1	4,541.9	-48.4%	1,590.6	2,536.7	59.5%	57.4	1,481.6	2481.2%
Fleet Rental	503.4	861.5	1,189.2	1,472.6	975.7	-33.7%	417.3	788.7	89.0%	114.4	314.0	174.5%
Total	3,285.6	5,463.3	6,974.4	10,274.7	5,517.6	-46.3%	2,007.9	3,325.4	65.6%	171.8	1,795.6	945.2%
Number of rental days (In thousands):												
Car Rental - Total	18,864.8	25,494.0	35,514.6	47,029.0	51,286.4	9.1%	24,097.5	26,572.7	10.3%	9,851.8	12,773.4	29.7%
Rental days for Fleet Rental replacement service	(202.4)	(230.4)	(230.1)	(283.0)	(839.9)	196.7%	(130.5)	(800.3)	513.3%	(52.4)	(397.0)	657.6%
Car Rental - Net	18,662.4	25,263.6	35,284.5	46,745.9	50,446.5	7.9%	23,967.0	25,772.4	7.5%	9,799.4	12,376.4	26.3%
Fleet Rental	11,240.0	12,752.7	15,235.7	19,090.5	21,328.0	11.7%	10,546.9	11,249.9	6.7%	5,276.8	5,739.6	8.8%
Total	29,902.4	38,016.3	50,520.2	65,836.5	71,774.5	9.0%	34,513.9	37,022.3	7.3%	15,076.2	18,116.0	20.2%
Annualized average depreciation per car (R\$)												
Car Rental	1,251.2	1,250.1	1,012.4	1,917.6	1,706.8	-11.0%	2,417.9	564.7	-76.6%	2,640.2	603.0	-77.2%
Fleet Rental	3,714.0	3,104.3	3,601.1	3,923.4	2,178.9	-44.5%	2,244.1	1,187.0	-47.1%	2,092.4	989.9	-52.7%
Total	2,020.9	1,771.0	1,671.2	2,405.2	1,815.2	-24.5%	2,378.3	713.5	-70.0%	2,513.5	697.6	-72.2%
Average annual gross revenues per operating car (R\$ thousand)												
Car Rental	21.2	20.2	19.8	19.3	17.3	-10.2%	14.7	21.8	48.3%	10.4	19.4	86.5%
Fleet Rental	20.5	20.4	19.1	18.5	19.2	3.9%	18.6	21.1	13.4%	18.7	19.2	2.7%
Average daily rental (R\$)												
Car Rental (*)	79.67	75.16	72.86	71.57	68.52	-4.3%	62.93	81.36	29.3%	53.84	82.53	53.3%
Fleet Rental	58.23	58.77	55.62	53.92	53.81	-0.2%	53.51	56.09	4.8%	53.84	57.05	6.0%
Utilization rate (does not include cars in preparation and decommissioning):												
Car Rental	78.0%	78.6%	79.6%	79.1%	73.5%	-5.6 p.p.	66.9%	78.1%	11.2 p.p.	55.6%	75.9%	20.3 p.p.
Fleet Rental	98.9%	98.2%	96.8%	96.6%	97.4%	0.8 p.p.	96.6%	98.5%	1.9 p.p.	96.4%	98.4%	2.0 p.p.
Number of cars purchased - consolidated (**)	87,833	135,252	165,421	223,534	109,379	-51.1%	43,750	55,013	25.7%	2,871	28,653	898.0%
Average price of cars purchased (R\$ thsd) - consolidated	37.41	40.39	42.16	45.96	50.45	9.8%	45.90	60.45	31.7%	59.84	62.67	4.7%
Numbers of cars sold - consolidated	68,449	90,554	111,279	147,915	135,490	-8.4%	58,097	55,675	-4.2%	19,736	26,643	35.0%
Average price of cars sold (R\$ thsd) (***) - consolidated	31.23	35.38	37.86	39.80	42.46	6.7%	39.73	50.15	26.2%	38.56	51.47	33.5%

(*) Not included the rentals for Fleet Rental Division.

(**) Does not include cars from Hertz Brazil in 2017

(***) Net of SG&A expenses related to the sale of cars decommissioned for fleet renewal.

19 – Consolidated financial statements – IFRS – R\$ million

ASSETS	2016	2017	2018	2019 without IFRS 16	2019	2020	1H21
CURRENT ASSETS:							
Cash and cash equivalents	1,692.3	1,338.2	2,175.3	2,220.1	2,220.1	2,586.4	497.5
Financial assets	-	1,275.7	267.5	610.8	610.8	1,380.2	3,602.4
Trade accounts receivable	424.5	585.1	1,016.5	1,274.7	1,274.7	1,107.5	1,109.4
Derivative financial instruments - swap	2.2	-	-	-	-	154.3	71.6
Other current assets	115.0	128.6	182.7	246.8	246.8	300.7	298.3
Decommissioning cars to fleet renewal	8.8	103.4	51.8	141.7	141.7	40.5	44.0
Total current assets	2,242.8	3,431.0	3,693.8	4,494.1	4,494.1	5,569.6	5,623.2
NON CURRENT ASSETS:							
Long-term assets:							
Marketable securities	-	-	-	-	-	-	-
Derivative financial instruments - swap	7.4	16.7	2.8	18.2	18.2	353.0	482.7
Trade accounts receivable	3.2	4.7	3.8	1.8	1.8	2.0	1.8
Escrow deposit	60.1	83.1	96.3	114.6	114.6	113.7	115.1
Deferred income tax and social contribution	-	42.0	42.2	32.4	32.4	24.4	24.0
Investments in restricted accounts	-	40.6	43.0	22.3	22.3	44.9	45.5
Other non current assets	0.1	0.7	0.1	0.1	0.1	0.1	-
Total long-term assets	70.8	187.8	188.2	189.4	189.4	538.1	669.1
Property and equipment							
Cars	4,614.8	6,934.7	9,481.6	13,374.1	13,374.1	12,923.3	13,672.4
Right of use	-	-	-	-	625.0	624.5	644.2
Other	405.8	549.3	550.3	570.5	570.5	633.5	670.5
Intangible:							
Software and others	61.1	52.8	47.8	49.9	49.9	46.7	41.8
Goodwill on acquisition of investments	22.0	30.6	30.7	90.0	90.0	105.4	105.4
Total non current assets	5,174.5	7,755.2	10,298.6	14,273.9	14,898.9	14,871.5	15,803.4
TOTAL ASSETS	7,417.3	11,186.2	13,992.4	18,768.0	19,393.0	20,441.1	21,426.6

LIABILITIES AND SHAREHOLDERS' EQUITY	2016	2017	2018	2019 without IFRS 16	2019	2020	1H21
CURRENT LIABILITIES:							
Trade accounts payable	910.9	1,331.7	2,202.6	2,565.4	2,565.4	1,661.0	1,120.7
Social and labor obligations	95.0	109.2	135.0	161.8	161.8	218.5	215.6
Loans, financing and debentures	654.6	537.2	616.6	144.3	144.3	1,615.0	2,459.2
Lease liability	-	-	-	-	116.0	130.2	139.3
Derivative financial instruments - swap	-	6.8	18.7	26.8	26.8	66.4	56.9
Income tax and social contribution	23.0	31.3	41.1	58.7	54.6	117.6	38.0
Dividends and interest on own capital	39.7	36.4	42.6	63.4	63.4	72.4	64.3
Other current liabilities	118.5	181.5	282.8	390.0	390.0	415.3	306.2
Total current liabilities	1,841.7	2,234.1	3,339.4	3,410.4	3,522.3	4,296.4	4,400.2
NON CURRENT LIABILITIES:							
Loans, financing and debentures	3,131.3	5,940.5	7,029.4	9,235.1	9,235.1	8,882.7	8,703.5
Lease liability	-	-	-	-	526.8	532.5	552.6
Derivative financial instruments - swap	-	10.8	21.9	62.3	62.3	37.2	46.0
Provisions	63.1	126.5	148.8	207.2	207.2	158.6	145.8
Deferred income tax and social contribution	171.9	219.7	297.3	352.7	352.7	412.1	642.4
Restricted Obligations	-	40.6	43.1	22.5	22.5	45.4	45.9
Other non current liabilities	12.3	13.3	18.0	16.6	16.6	23.6	26.8
Total non current liabilities	3,378.6	6,351.4	7,558.5	9,896.4	10,423.2	10,092.1	10,163.0
Total liabilities	5,220.3	8,585.5	10,897.9	13,306.8	13,945.5	14,388.5	14,563.2
SHAREHOLDERS' EQUITY:							
Capital	976.7	1,500.0	1,500.0	4,000.0	4,000.0	4,000.0	4,000.0
Expenses with share issues	-	-	-	(43.1)	(43.1)	(43.1)	(43.1)
Treasury Shares	-	-	-	-	-	(175.5)	(162.1)
Capital Reserves	34.0	94.9	125.0	163.2	163.2	174.9	178.2
Earnings Reserves	1,186.3	1,005.8	1,469.5	1,341.1	1,327.4	2,096.3	2,890.4
Total shareholders' equity	2,197.0	2,600.7	3,094.5	5,461.2	5,447.5	6,052.6	6,863.4
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	7,417.3	11,186.2	13,992.4	18,768.0	19,393.0	20,441.1	21,426.6

20 – Consolidated financial statements – Income statements - R\$ million

STATEMENT OF INCOME	2016	2017	2017 adjusted	2018	2019 without IFRS 16 and without reclassification of PIS/COFINS credits	2019	2020	1H21
Total net revenues	4,439.3	6,058.3	6,058.3	7,895.7	10,553.5	10,195.6	10,307.6	5,492.8
COSTS AND EXPENSES:								
Direct costs	(2,917.7)	(4,151.0)	(4,095.0)	(5,502.0)	(7,479.3)	(7,020.4)	(6,807.5)	(3,266.1)
Selling, general, administrative and other expenses	(506.0)	(667.1)	(649.1)	(803.6)	(1,018.4)	(962.4)	(1,032.0)	(651.2)
Cars depreciation	(206.3)	(232.0)	(232.0)	(291.6)	(551.5)	(551.5)	(473.0)	(90.7)
Other assets depreciation and amortization	(38.2)	(39.1)	(39.1)	(43.9)	(46.3)	(171.7)	(193.4)	(103.1)
Total costs and expenses	(3,668.2)	(5,089.2)	(5,015.2)	(6,641.1)	(9,095.5)	(8,706.0)	(8,505.9)	(4,111.1)
Income before financial results and taxes (EBIT)	771.1	969.1	1,043.1	1,254.6	1,458.0	1,489.6	1,801.7	1,381.7
FINANCIAL EXPENSES, NET								
	(243.5)	(315.0)	(315.0)	(368.9)	(360.6)	(409.8)	(374.4)	(68.2)
Income before taxes	527.6	654.1	728.1	885.7	1,097.4	1,079.8	1,427.3	1,313.5
INCOME TAX AND SOCIAL CONTRIBUTION								
Current	(88.0)	(119.4)	(135.7)	(139.8)	(183.7)	(180.7)	(311.7)	(152.8)
Deferred	(30.3)	(29.0)	(29.0)	(86.7)	(66.2)	(65.2)	(67.4)	(230.5)
	(118.3)	(148.4)	(164.7)	(226.5)	(249.9)	(245.9)	(379.1)	(383.3)
Net income	409.3	505.7	563.4	659.2	847.5	833.9	1,048.2	930.2

21 – Statements of Cash Flows – R\$ million

CONSOLIDATED CASH FLOW	2016	2017	2017 adjusted	2018	2019 without IFRS 16	2019	2020	1H21
CASH FLOWS FROM OPERATING ACTIVITIES:								
Net income	409.3	505.7	563.4	659.2	847.5	833.9	1,048.2	930.2
Adjustments to reconcile net income and cash and cash equivalents provided by operating activities:								
Depreciation and amortization	244.5	271.1	271.1	335.5	597.9	723.1	666.4	193.8
Net book value of vehicles written off	2,102.5	3,106.6	3,106.6	4,198.5	5,863.6	5,863.6	5,599.9	2,477.9
Deferred income tax and social contribution	30.3	29.1	29.1	86.7	65.2	65.2	67.4	230.5
Interest on loans, financing, debentures and swaps of fixed rates	438.1	476.2	476.2	529.8	552.9	552.9	423.3	109.0
Lease interest	-	-	-	-	-	49.0	59.60	29.90
Other	26.9	81.7	81.7	87.8	103.6	103.6	9.3	60.4
(Increase) decrease in assets:								
Trade receivable	56.8	(151.8)	(151.8)	(489.0)	(275.9)	(275.9)	118.8	(53.5)
Purchases of cars (see supplemental disclosure below)	(3,098.9)	(5,052.4)	(5,052.4)	(6,113.7)	(9,941.4)	(9,941.4)	(6,513.3)	(3,893.1)
Escrow deposits	(7.2)	(17.5)	(17.5)	(13.1)	(17.9)	(17.9)	0.9	(1.3)
Taxes recoverable	(6.0)	2.6	2.6	3.4	(1.6)	(1.6)	11.5	12.9
Prepaid expenses	0.0	2.7	2.7	1.3	(4.9)	(4.9)	(7.9)	(70.2)
Other assets	(3.6)	(8.8)	(8.8)	(71.9)	(44.7)	(44.7)	(44.7)	65.0
Increase (decrease) in liabilities:								
Accounts payable (except car manufacturers)	29.6	(4.8)	(4.8)	3.1	21.0	21.0	84.2	22.6
Social and labor obligations	9.4	7.5	7.5	25.8	26.8	26.8	56.5	(2.9)
Income tax and social contribution	88.0	119.4	135.7	139.8	184.7	180.7	311.7	152.8
Insurance premium	8.6	19.3	19.3	37.0	23.2	23.2	20.8	(57.9)
Other liabilities	(19.5)	40.1	40.1	60.1	52.0	52.0	13.4	(46.5)
Cash provided by (used in) operating activities	308.8	(573.3)	(499.3)	(519.7)	(1,948.0)	(1,791.0)	1,926.4	159.6
Income tax and social contribution paid	(93.3)	(108.3)	(108.3)	(131.2)	(146.1)	(146.1)	(250.1)	(232.4)
Interest on loans, financing and debentures paid	(442.3)	(485.7)	(485.7)	(424.7)	(562.2)	(562.2)	(366.9)	(144.5)
Lease interest paid	-	-	-	-	-	(53.5)	(56.8)	(20.3)
Financial assets	-	(1,275.8)	(1,275.8)	1,008.2	(343.4)	(343.4)	(769.4)	(2,222.2)
Net cash provided by (used in) operating activities	(226.8)	(2,443.1)	(2,369.1)	(67.4)	(2,999.7)	(2,896.2)	483.2	(2,459.8)
CASH FLOWS FROM INVESTING ACTIVITIES:								
Acquisition of investment, goodwill and fair value surplus	-	(333.2)	(333.2)	-	(123.7)	(123.7)	(7.9)	(3.6)
Purchases of other property and equipment and addition of intangible assets	(126.6)	(175.0)	(175.0)	(42.8)	(70.0)	(70.0)	(108.0)	(62.9)
Net cash provided by (used in) investing activities	(126.6)	(508.2)	(508.2)	(42.8)	(193.7)	(193.7)	(115.9)	(66.5)
CASH FLOWS FROM FINANCING ACTIVITIES:								
Loans and financings:								
Proceeds	266.3	950.1	950.1	742.8	1,351.5	1,351.5	1,250.2	1,602.9
Repayment	(297.9)	(510.1)	(510.1)	(518.5)	(930.2)	(930.2)	(15.0)	(569.9)
Debentures								
Proceeds	943.4	2,626.9	2,626.9	1,690.7	2,283.7	2,283.7	988.6	-
Repayment	(105.0)	(355.0)	(355.0)	(815.0)	(975.0)	(975.0)	(1,660.8)	(380.1)
Lease liability:								
Repayment	-	-	-	-	-	(103.5)	(119.2)	(72.9)
Capital Increase	-	-	-	-	1,821.6	1,821.6	-	-
Treasury shares (acquired)/ sold	(25.0)	2.1	2.1	3.20	2.6	2.6	(180.5)	4.4
Expenses with issuance of shares.	-	-	-	-	(65.3)	(65.3)	-	-
Exercise of stock options with treasury shares, net	18.2	50.1	50.1	16.4	25.1	25.1	4.80	(1.3)
Dividends paid	(1.0)	-	-	-	(7.2)	(7.2)	-	(18.1)
Interest on own capital	(138.4)	(166.9)	(166.9)	(172.3)	(268.6)	(268.6)	(269.1)	(127.6)
Net cash provided by (used in) financing activities	660.6	2,597.2	2,597.2	947.3	3,238.2	3,134.7	(1.0)	437.4
NET CASH FLOW PROVIDED (USED) IN THE YEAR	307.2	(354.1)	(280.1)	837.1	44.8	44.8	366.3	(2,088.9)
Cash flow without incurred one-time costs Hertz and franchisees	-	-	(74.0)	-	-	-	-	-
NET CASH FLOW PROVIDED (USED) IN THE YEAR AFTER ONE TIME COSTS	307.2	(354.1)	(354.1)	837.1	44.8	44.8	366.3	(2,088.9)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,385.1	1,692.3	1,692.3	1,338.2	2,175.3	2,175.3	2,220.1	2,586.4
CASH AND CASH EQUIVALENTS AT END OF YEAR	1,692.3	1,338.2	1,338.2	2,175.3	2,220.1	2,220.1	2,586.4	497.5
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	307.2	(354.1)	(354.1)	837.1	44.8	44.8	366.3	(2,088.9)
Supplemental disclosure of cash flow information:								
Cash paid during the period for cars acquisition								
Cars acquisition in the year/period - renewal	(2,563.6)	(3,660.9)	(3,660.9)	(4,696.7)	(6,804.6)	(6,804.6)	(5,524.1)	(3,330.2)
Cars acquisition in the year/period - growth	(726.0)	(1,807.0)	(1,807.0)	(2,285.1)	(3,478.7)	(3,478.7)	-	-
Suppliers - automakers:								
Balance at the end of the year	782.0	1,197.5	1,197.5	2,065.6	2,407.5	2,407.5	1,418.3	855.4
Balance at the beginning of the year	(591.3)	(782.0)	(782.0)	(1,197.5)	(2,065.6)	(2,065.6)	(2,407.5)	(1,418.3)
Cash paid for cars purchased	(3,098.9)	(5,052.4)	(5,052.4)	(6,113.7)	(9,941.4)	(9,941.4)	(6,513.3)	(3,893.1)

22 – Glossary and other information

- **Adjusted:** Financials have been recalculated to exclude the impact of incurred one-time costs related with the acquisition of Hertz Brazil and the integration of 20 franchised branches in 2017.
- **Average Rented Fleet:** In the car rental division it is the number of daily rentals in the period divided by the number of days in the period. In the Fleet Rental is the actual number of cars rented.
- **CAGR:** Compounded annual growth rate.
- **CAPEX:** Capital expenditure.
- **Carrying Cost of Cash:** Consists of the cost to maintain minimum cash position. This is the difference between the average rate of fundraising and the average rate of investment.
- **Car depreciation:** Depreciation is calculated based on the expectation of the future sale price net of the selling expenses. The amount to be depreciated is the positive difference between the acquisition price of the vehicle and its estimated residual value. Depreciation is calculated as long as the assets' estimated residual value does not exceed its accounting value. Depreciation is recognized during the estimated life cycle of each asset. In the Car Rental 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 527/12.
- **EBITDA Margin:** EBITDA divided by the net revenues.
- **EBIT:** is the net income of the period added by the income tax and net financial expenses.
- **EBIT Margin:** EBIT divided by the rental net revenues.
- **IFRS 16:** As of January 1, 2019, all companies had to adapt to the new rules of IFRS 16. Lessees now have to recognize the assets of the rights over leased assets and the liabilities of future payments for medium or long-term leases, including operating leases. The major impact we had was on the real estate lease agreements of our locations and stores.
- **Operating Fleet:** Includes the cars in the fleet from the licensing until they become available for sale.
- **Net debt:** Short and long-term debts +/- the results from the swap operations, net of the cash, cash equivalents and short-term financial investments. The "net debt" term is a Company's measure and cannot be compared with similar terms used by other companies.
- **Net Investment in cars:** Capital investment in cars acquisition, net of the revenues from selling decommissioned cars.
- **One-time costs (OTC):** Non-recurring costs and expenses related to the acquisition of Hertz Brazil's operations and the integration of 20 franchised branches.
- **Reclassification of PIS and COFINS credits:** To better reflect the nature of its operating costs, Localiza performed the reclassification of PIS and COFINS credits for the years ended December 31, 2019. The credits were reclassified in the income statement by division and consolidated, from the income tax heading to the cost heading.
- **ROIC:** Return on invested capital.
- **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.

LOCALIZA RENT A CAR S.A.

NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE PERIOD ENDED JUNE 30, 2021

(In thousands of Brazilian reais – R\$, unless otherwise stated)

1. GENERAL INFORMATION

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

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

As of June 30, 2021, the Localiza Platform, including its franchisees in Brazil and abroad, was comprised of 621 car rental locations (not reviewed by the independent auditors), of which: (i) 548 locations in 369 cities in Brazil, 453 of which were operated by Localiza and 95 by franchisees; and (ii) 73 locations in 37 cities in 4 other South American countries, all operated by franchisees. In addition to its network of locations, the Company owned 132 points of sale of the decommissioned cars after its use, located in 90 cities throughout Brazil. Approximately half of the decommissioned cars are sold to final consumers.

This individual and consolidated interim financial information was approved and authorized for issue by the Executive Board on July 28, 2021 and by the Board of Directors on July 29, 2021.

1.1. Covid-19 Pandemic

In view of the spread of the Coronavirus (Covid-19) in Brazil, as from the second half of March 2020, all Localiza Seminovos (“Seminovos”) stores and several car rental locations were closed to the public. Car rental locations and stores started reopening at the end of April 2020, after an analysis of the laws applicable to each location, the demand and implementation of protection measures for employees and customers. The car rental activity was considered an essential activity by several municipalities, states and the federal government, since its clients provide essential services or need private transportation in the pandemic scenario.

After consistent resumption of volumes of car rental and sale of decommissioned cars for fleet renewal, we again felt the impacts of the COVID-19 pandemic due to the emergence of new, more contagious variants and the recurrence of cases after March 2021. With a lower impact than those noted in first stage, car rental demand started to show a gradual recovery of volumes in April 2021. The Company was again affected by the lower volume of car purchases due to the fact that automakers had not resumed production levels, as well as the increase in the allowance for doubtful debts and in the car maintenance costs, which were impacted by the aging of the fleet and an increase in the cost of spare parts.

The Company's Management performed various analyses of the impacts of Covid-19, which involved mainly the assessment of indicators of impairment of non-current assets, expected credit losses on trade receivables, measurement of financial instruments, including derivative financial instruments, among others. This interim financial information considers the impacts arising from these analyses.

1.2. Termination of the partnership with Hertz

According to the Material Fact disclosed on August 19, 2020, Localiza signed with The Hertz Corporation (parent company of Hertz Group) and Hertz System Inc., on that date, the termination of Brand Cooperation Agreement and the Referral Agreements established in 2017, which stipulates a transition plan of at least six months. Such termination does not provide for any fine or encumbrance for the parties. On September 8, 2020, that instrument was approved by the U.S. Court responsible for the in-court reorganization process of Hertz. In December 2020, the parties agreed to extend the Referral Agreements signed between the parties for up to six months from March 2021, and, in June 2021,

the parties defined a new extension for up to more 6 months from September 2021. Up to June 30, 2021, the Company incurred costs associated with the removal of the Hertz brand from its network of car rental locations, totaling approximately R\$17 million, of which R\$15 million were incurred during 2020.

1.3. Combination of Localiza and Unidas businesses

According to the Material Fact dated September 22, 2020, Localiza and Companhia de Locação das Américas (“Unidas” and, in conjunction with Localiza, “Companies”) entered into a “Merger of Shares Agreement” through which the terms and conditions for the implementation of the business combination of the Companies, through the merger of shares of Unidas into Localiza (“Merger of Shares” or “Transaction”), were established.

The transaction will result 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 on a 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 companies to car rental. From the economic and financial point of view, the business integration should promote synergies and increases in efficiency in the combined company resulting from the Merger of Shares.

This transaction was approved by the shareholders of the Companies at their respective general shareholders’ meetings held on November 12, 2020. Nonetheless, the completion of the Merger of Shares depends on the approval by the Brazilian Antitrust Agency (“CADE”) without restrictions or with restrictions that, according to the terms of the agreement, are acceptable by the parties, as well as the verification of other certain usual conditions precedent for operations of this nature.

On February 17, 2021, the notice for Concentration Act 08700.000149/2021-46, referring to the proposed Merger of Shares, was published on CADE’s website. Under the terms of art. 88, Paragraphs 2 and 9, of Law 12,529 / 11, CADE will have 240 days, which may be extended for up to 90 additional days, starting from the protocol of February 8, 2021, to analyze this proposal.

Up to its conclusion, the Companies will continue to operate in an independent manner.

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

The Company’s interim financial information comprises individual and consolidated interim financial information, identified as “Individual” and “Consolidated”, and is prepared and presented in accordance with technical pronouncement CPC 21 (R1) – Interim Financial Reporting, issued by the Accounting Pronouncements Committee (“CPC”) and approved by the Brazilian Securities and Exchange Commission (“CVM”), and in accordance with international standard IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (“IASB”), and discloses all relevant information that should be reported in the interim financial information, and only such information, which is consistent with the information used by Management in the performance of its duties.

The individual interim financial information presents investments in subsidiaries accounted for under the equity method of accounting, in accordance with the accounting practices adopted in Brazil and the IFRS.

The information on the basis of preparation and presentation of the interim financial information and summary of significant accounting policies has not changed significantly when compared with the information disclosed in note 2 and in other notes to the annual financial statements for the year ended December 31, 2020 (hereinafter referred to as “financial statements for the year ended December 31, 2020”), published on February 25, 2021 through the websites www.gov.br/cvm, www.b3.com.br and www.localiza.com/ri and published on March 4, 2021 in the “Diário do Comércio de Minas Gerais” and “Diário Oficial de Minas Gerais” (Minas Gerais State Register) newspapers.

3. RECENTLY ISSUED ACCOUNTING STANDARDS AND INTERPRETATIONS

3.1. Recently issued accounting pronouncements and interpretations adopted by the Company in the current period

- **Revision of Technical Pronouncement CPC 06 (R2) – Leases**

In May 2020, IASB issued amendments to IFRS 16 – Leases referring to benefits related to Covid-19 granted to lessees under lease contracts. On July 7, 2020, CVM issued its Decision 859/20 and approved the amendments to Technical Pronouncement CPC 06 (R2) – Leases, which is equivalent to the mentioned IFRS. This Decision applies to the years beginning on or after January 1, 2020 and affects only payments originally due on or before June 30, 2021 and increased lease payments that extend after June 30, 2021. As practical expedient, the lessee may elect not to assess if a benefit granted under a lease contract, related to Covid-19, is a modification of the lease contract and, thus, account for the resulting changes in lease payments in profit or loss for the period.

On March 31, 2021, IASB issued new amendments to IFRS 16, extending for one year the practical expedient for benefits granted that occur as a result of the Covid-19 pandemic, thus affecting payments due on or until June 30, 2022. The lessee may apply the amendments to financial information beginning on or after April 1, 2021, with early adoption permitted, including for periods ended March 31, 2021.

The Company and its subsidiaries apply this practical expedient to all benefits granted under lease contracts in accordance with the requirements of Decision 859/20 (note 15) and follow CVM's decisions on this subject.

- **Interest Rate Benchmark Reform – Phase 2 (Amendments to CPC48/IFRS 9, CPC 38/IAS 39, CPC 40/IFRS 7, CPC 11/IFRS 4 and CPC 06/IFRS 16)**

In September 2020, the IASB published the second phase of the Interest Rate Benchmark Reform, which establishes amendments to the following accounting pronouncements:

- CPC 06 (R2) - IFRS 16: Leases
- CPC 11 - IFRS 4: Insurance Contracts
- CPC 38 - IAS 39: Financial Instruments: Recognition and Measurement
- CPC 40 (R1) - IFRS 7: Financial Instruments: Disclosure
- CPC 48 - IFRS 9: Financial Instruments:

The amendments address issues that may affect the financial statements as a result of the interest rate benchmark reform, including the effects of changes in contractual cash flows of financial assets and liabilities and lease liabilities, or hedge relationships arising from the replacement of the benchmark interest rate with an alternative benchmark rate.

On February 11, 2021, through Resolution 18/21, CVM approved the Document of Revision of Technical Pronouncements 17 issued by the Accounting Pronouncements Committee - CPC, which is equivalent to the mentioned amendments. This Decision applies to the years beginning on or after January 1, 2021.

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

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

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

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are broken down as follows:

	Individual		Consolidated	
	6/30/2021	12/31/2020	6/30/2021	12/31/2020
Cash and banks	16,109	14,512	59,396	16,238
Bank Certificates of Deposit ("CDB")	284,782	896,555	364,615	1,333,006
Fixed-income investment fund units	22,779	664,419	73,518	1,237,149
Total	323,670	1,575,486	497,529	2,586,393

As at June 30, 2021, financial investments in CDBs and fixed-income investment fund units had an annual weighted average yield of 102.5% of the Interbank Deposit Certificates ("CDI") rate variation (92.4% as at December 31, 2020).

The Company considers as cash and cash equivalents the resources held for the purpose of meeting short-term commitments, among other characteristics. In the context of the Covid-19 pandemic (note 1.1), with the lower volume of car purchases, due to the automakers not having resumed their normal production level, part of these resources was allocated to short-term investments.

5. SHORT-TERM INVESTMENTS

Short-term investments are broken down as follows:

	Individual		Consolidated	
	6/30/2021	12/31/2020	6/30/2021	12/31/2020
Bank Certificates of Deposit ("CDB")	1,989,075	552,226	2,410,105	806,130
Fixed-income investment fund units	415,442	65,903	866,937	85,038
Investments in financial bills	252,676	422,788	325,342	489,043
Total	2,657,193	1,040,917	3,602,384	1,380,211

As at June 30, 2021, short-term investments had an annual weighted average yield of 120.3% of the Interbank Deposit Certificates ("CDI") rate variation (104.6% as at December 31, 2020).

6. TRADE RECEIVABLES

Trade receivables are broken down as follows:

	Individual		Consolidated	
	6/30/2021	12/31/2020	6/30/2021	12/31/2020
Car rental	743,132	674,468	745,961	678,540
Fleet rental	-	-	128,843	112,517
Unbilled revenue	179,318	218,632	181,890	221,514
Sale of decommissioned cars	202,104	211,457	247,665	252,523
	1,124,554	1,104,557	1,304,359	1,265,094
Allowance for doubtful debts/ expected losses	(164,218)	(130,261)	(193,113)	(155,645)
Total	960,336	974,296	1,111,246	1,109,449
Current	960,336	974,296	1,109,440	1,107,467
Noncurrent	-	-	1,806	1,982

The aging list of trade receivables is as follows:

	Individual		Consolidated	
	6/30/2021	12/31/2020	6/30/2021	12/31/2020
Current	874,714	890,609	998,783	1,005,522
Up to 30 days past due	39,917	55,876	53,591	72,531
31 to 60 days past due	33,741	32,463	40,084	35,380
61 to 90 days past due	37,782	24,856	43,230	26,803
91 to 180 days past due	69,848	53,050	75,864	56,186
Over 181 days past due	68,552	47,703	92,807	68,672
Total	1,124,554	1,104,557	1,304,359	1,265,094

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

	Individual		Consolidated	
	6/30/2021	12/31/2020	6/30/2021	12/31/2020
Current	(8,532)	(8,885)	(10,423)	(10,533)
Up to 30 days past due	(7,913)	(11,710)	(8,177)	(12,054)
31 to 60 days past due	(9,424)	(10,822)	(9,998)	(11,134)
61 to 90 days past due	(11,656)	(8,203)	(12,479)	(8,568)
91 to 180 days past due	(62,058)	(44,179)	(64,253)	(45,849)
Over 181 days past due	(64,635)	(46,462)	(87,783)	(67,507)
Total	(164,218)	(130,261)	(193,113)	(155,645)

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

	Individual		Consolidated	
	1H21	1H20	1H21	1H20
Balance at the beginning of the period	(130,261)	(84,519)	(155,645)	(108,907)
Recognition	(93,582)	(59,985)	(103,823)	(67,192)
Reversal	59,625	36,475	66,355	41,045
Balance at the end of the period	(164,218)	(108,029)	(193,113)	(135,054)

Other information related to trade receivables (Individual and Consolidated) did not undergo significant changes compared to the information disclosed in note 6 to the financial statements for the year ended December 31, 2020.

7. OTHER CURRENT AND NONCURRENT ASSETS

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

	Individual		Consolidated	
	6/30/2021	12/31/2020	6/30/2021	12/31/2020
Balances stated separately in current assets:				
Recoverable taxes	14,522	23,438	20,520	29,348
Prepaid expenses (*)	71,609	18,728	89,869	19,614
	86,131	42,166	110,389	48,962
Other current assets:				
Receivables from insurance company (**)	143,750	192,307	145,905	194,835
Other receivables – subsidiaries (note 8(c)(i))	4,627	5,765	-	-
Other current assets	15,947	35,925	41,938	56,898
	164,324	233,997	187,843	251,733
Total other current assets	250,455	276,163	298,232	300,695
Balances stated separately in noncurrent assets:				
Investments in restricted accounts (note 16)	-	-	45,496	44,959
Other noncurrent assets	-	83	-	83
Total other noncurrent assets	-	83	45,496	45,042
Total other current and noncurrent assets	250,455	276,246	343,728	345,737

(*) Mainly refers to prepaid expenses on Vehicle Ownership Tax (“IPVA”) paid at the beginning of the year for fleet cars in use and monthly paid according to car purchases during the year, amortized within the year between the months of payment and December 2021, or when the sale is made.

(**) Expenses incurred on claims, cost of stolen cars and receivables from insurance company for stipulation services when contracting an insurance by the customers when they rent cars from the Company (note 2.7.4 to the financial statements for the year ended December 31, 2020). 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 income statement.

8. INVESTMENTS IN SUBSIDIARIES AND RELATED-PARTY TRANSACTIONS

The car rental business, which includes franchises in Brazil and abroad, and fleet rental are conducted by Localiza or its direct and indirect subsidiaries, whose main operations are summarized below:

- **Localiza Fleet S.A. (“Localiza Fleet”)**: Publicly-held company engaged in fleet rental business.
- **Rental Brasil Administração e Participação S.A. (“Rental Brasil”)**: Privately-held company mainly engaged in acquiring, selling and renting own properties for Localiza and its subsidiaries.
- **Localiza Serviços Prime S.A. (“Localiza Prime”)**: Privately-held company mainly engaged in the intermediation of sales of decommissioned cars previously used by Localiza, Localiza Fleet and Car Rental Systems.
- **Car Assistance Serviços de Administração de Sinistros S.A. (“Car Assistance”)**: Privately-held company engaged in managing car-related claims for insurance companies, accrediting and negotiating with garages and other suppliers, regulating claims, approving budgets and services performed, managing information and supporting documentation on claims and managing indemnities.
- **Localiza Franchising Brasil S.A. (“Franchising Brasil”)**: Privately-held company engaged in conducting the franchise business of "Localiza" brand in Brazil.
- **Localiza Franchising International S.R.L. (“LFI S.R.L.”)**: Limited liability company, headquartered in Argentina. It is currently dormant and in the process of shut-down.
- **Car Rental Systems S.A. (“Car Rental Systems”)**: Subsidiary of Localiza Fleet, mainly engaged in car rental and fleet rental.
- **MOBI7 Tecnologia em Mobilidade S.A. (“MOBI7”)**: Subsidiary of Localiza Fleet whose main activities are monitoring and tracking of electronic security systems, installation, maintenance and repair of automotive vehicle monitoring and tracking, and IT consulting.
- **MOBI7 Sociedad de Responsabilidad Limitada de Capital Variable (“MOBI7 Mexico”)**: Subsidiary of MOBI7, headquartered in Mexico, whose main activities are monitoring and tracking of electronic security systems, installation, maintenance and repair of automotive vehicle monitoring and tracking, and IT consulting.

At the Extraordinary General Meeting of Car Rental Systems, held on January 31, 2020, the merger of Localiza RP Aluguel de Carros Ltda. (“Localiza RP”) into Car Rental Systems was approved, with transfer of the net assets in the amount of R\$73,305, appraisal by a specialized company, on the same date, including all of its assets and liabilities. This merger aimed to follow the strategic guidelines of Car Rental Systems for operational, administrative and financial streamlining and rationalization, making the operation unique, aiming at increasing managerial efficiency.

At the Extraordinary General Meeting of the subsidiary Localiza Fleet, held on June 29, 2021, the increase of its capital stock was approved, without issuing new common shares, through the capitalization of part of the balance of the profit reserve, under the terms of Article 169 of Law No. 6.404/76, in the amount of R\$200,000, changing its capital stock from R\$400,000 to R\$600,000.

(a) Business combination

At the Board of Directors' Meeting of Localiza Fleet held on March 12, 2020, the acquisition of all shares of MOBI7 was approved. The Purchase and Sale Agreement was signed on that date.

In the consolidated financial statements, the acquisition of MOBI7 was accounted for at the fair value of the assets acquired and liabilities assumed on the acquisition date, and the excess over the consideration is recorded as goodwill, which may be deductible for Income Tax and Social Contribution purposes, upon its realization, either through sale or merger.

The goodwill on the acquisition of MOBI7 is based on the strategic purpose of maintaining the synergy between the car rental and fleet rental activity with the activity of monitoring and tracking of automotive vehicle electronic system.

• Net assets and liabilities assumed in the operation

The acquisition price of 100% of the ownership interest in MOBI7 was R\$18,500. This amount is comprised of an installment of R\$7,999 paid on March 12, 2020, the second installment of R\$3,581 paid on March 12, 2021, and two successive annual installments updated by CDI, the last installment due on March 13, 2023. According to contractual clauses, Localiza Fleet had 60 days from the acquisition date to confirm the amount of the estimated net debt of MOBI7 in the initial calculation of the purchase price. In May 2020, a complementary difference to the initial price in the amount of R\$34 was determined, which was paid in the following month, resulting in a final purchase price of R\$18,534. The outstanding amounts are recorded under "other current and noncurrent liabilities" (note 16).

Assets and liabilities acquired were reviewed by a specialized company and are as follows:

	MOBI7		Fair value
	Carrying amount	Surplus value	
Assets			
Current	995	-	995
Noncurrent			
Long-term assets	36	-	36
Investments	15	-	15
Property and equipment	3,972	228	4,200
Intangible assets	328	3,792	4,120
Total	5,346	4,020	9,366
Liabilities			
Current	3,708	-	3,708
Noncurrent	2,575	-	2,575
Equity	(937)	4,020	3,083
Total	5,346	4,020	9,366

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

MOBI7	Fair value at 3/12/2020
Consideration to be transferred	10,501
Consideration transferred	8,033
Net amount of identifiable assets and liabilities assumed	937
Surplus value of property and equipment and intangible assets, net of loss	(4,020)
Goodwill on acquisition	15,451

The goodwill generated considers the benefits of the expected synergies, revenue growth, better monitoring of the fleet, future development of the markets and specialized workforce. These benefits are not recognized separately from the goodwill because they do not meet the criteria for the recognition of identifiable intangible assets in accordance with CPC 04 (R1) – Intangible assets. That goodwill has an indefinite useful life and is tested annually to identify any

need for impairment which, if any, is measured by comparing the carrying amount with its recoverable amount and recognized directly in profit or loss.

In the individual balance sheet of Localiza Fleet, the surplus value of property and equipment and intangible assets, net of loss, was classified in noncurrent assets as “investments” and, in the consolidated, it was allocated to the accounts that originated them, classified as “property and equipment” and “intangible assets”, being depreciated/amortized over the useful lives of the corresponding assets or written off to profit or loss for the year in the event of sale.

• **Net cash outflow on acquisition of subsidiary**

MOBI7	Fair value at 3/12/2020
Consideration transferred in cash	8,033
(-) Balance of cash and cash equivalents acquired	(157)
Effects of acquisition presented in the statement of cash flows	7,876

(b) Information on subsidiaries

The variation in the investments balance was as follows:

	Individual			Balance as at 6/30/2021
	Balance as at 12/31/2020	Equity in the earnings of subsidiaries	Dividends from subsidiaries	
Localiza Fleet S.A. Consolidated	981,225	267,239	-	1,248,464
Rental Brasil	268,516	10,688	(15,330)	263,874
Localiza Prime	139,259	20,403	(21,685)	137,977
Car Assistance	26,385	20,246	(26,145)	20,486
Franchising Brasil	1,979	1,261	(1,376)	1,864
Effect of the elimination of IFRS 16 in subsidiary	22,689	5,724	-	28,413
	1,440,053	325,561	(64,536)	1,701,078
LFI S.R.L.	136	(20)	-	116
Total investments in subsidiaries	1,440,189	325,541	(64,536)	1,701,194
Goodwill on acquisition of investments	22,077	-	-	22,077
Total investments	1,462,266	325,541	(64,536)	1,723,271

	Individual			Balance as at 6/30/2021
	Balance as at 12/31/2019	Equity in the earnings of subsidiaries	Dividends from subsidiaries	
Localiza Fleet Consolidated	683,725	162,819	-	846,544
Rental Brasil	264,745	9,896	(12,636)	262,005
Localiza Prime	131,493	11,941	(15,440)	127,994
Car Assistance	21,712	17,945	(21,472)	18,185
Franchising Brasil	5,659	873	(5,055)	1,477
LFI S.R.L.	128	45	-	173
Effect of the elimination of IFRS 16 in subsidiary	11,504	5,457	-	16,961
	1,118,966	208,976	(54,603)	1,273,339
Goodwill on acquisition of investments	22,077	-	-	22,077
Total investments	1,141,043	208,976	(54,603)	1,295,416

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

Subsidiary	Parent company/Associate	Number of shares		Capital (%)	
		6/30/2021	12/31/2020	6/30/2021	12/31/2020
Localiza Fleet	Localiza	103,280,354	103,280,354	100.0	100.0
Rental Brasil	Localiza	15,000,000	15,000,000	100.0	100.0
Localiza Prime	Localiza	15,000	15,000	100.0	100.0
Car Assistance	Localiza	200,000	200,000	100.0	100.0

Subsidiary	Parent company/Associate	Number of shares		Capital (%)	
		6/30/2021	12/31/2020	6/30/2021	12/31/2020
Franchising Brasil	Localiza	399,069	399,069	100.0	100.0
LFI S.R.L.	Localiza	131,078	131,078	98.0	98.0
LFI S.R.L.	Localiza Fleet	2,160	2,160	2.0	2.0
Car Rental Systems	Localiza Fleet	603,876,785	603,876,785	100.0	100.0
MOBI7 (*)	Localiza Fleet	75,731,069	5,890,000	100.0	100.0
MOBI7 Mexico	MOBI7	9,800	9,800	98.0	98.0
MOBI7 Mexico	Car Rental Systems	200	200	2.0	2.0

(*) At the General Meeting of MOBI7 held on March 26, 2021, an increase in its capital was approved through the capitalization of advances for future capital increase made by Localiza Fleet in the total amount of R\$69,841. With the approval, MOBI7's capital now comprises 75,731,069 common shares.

Summary of the main financial information of Localiza's subsidiaries is as follows:

(i) Balance sheets

6/30/2021	Localiza Fleet Consolidated	Rental Brasil	Localiza Prime	Car Assistance	Franchising Brasil	LFI S.R.L.
Assets						
Current	1,040,829	216,740	172,212	23,634	8,388	197
Noncurrent	3,563,476	408,743	9,653	-	8,360	-
Total	4,604,305	625,483	181,865	23,634	16,748	197
Liabilities						
Current	778,038	12,366	38,002	3,147	6,116	71
Noncurrent	2,577,803	349,243	5,886	1	8,768	7
Equity	1,248,464	263,874	137,977	20,486	1,864	119
Total	4,604,305	625,483	181,865	23,634	16,748	197
12/31/2020	Localiza Fleet Consolidated	Rental Brasil	Localiza Prime	Car Assistance	Franchising Brasil	LFI S.R.L.
Assets						
Current	1,205,630	219,805	163,634	37,820	10,086	233
Noncurrent	3,137,766	409,500	10,773	-	8,629	-
Total	4,343,396	629,305	174,407	37,820	18,715	233
Liabilities						
Current	791,787	13,547	27,882	11,432	7,176	85
Noncurrent	2,570,384	347,242	7,266	3	9,560	9
Equity	981,225	268,516	139,259	26,385	1,979	139
Total	4,343,396	629,305	174,407	37,820	18,715	233

(ii) Statement of profit or loss

1H21	Localiza Fleet Consolidated	Rental Brasil	Localiza Prime	Car Assistance	Franchising Brasil	LFI S.R.L.
Net revenue	1,019,710	20,356	28,921	23,771	4,830	-
Gross profit	493,820	19,153	28,921	23,361	1,854	-
Profit (loss) before income tax and social contribution	400,872	16,177	24,698	23,349	1,868	(20)
Profit for the period	267,239	10,688	20,403	20,246	1,261	(20)

1H20	Localiza Fleet Consolidated	Rental Brasil	Localiza Prime	Car Assistance	Franchising Brasil Consolidated	LFI S.R.L.
Net revenue	961,688	18,884	24,286	21,483	4,726	-
Gross profit	398,711	19,129	24,286	21,153	1,492	-
Profit (loss) before income tax and social contribution	241,630	14,977	18,022	20,543	1,533	45
Profit for the period	162,819	9,896	11,941	17,945	873	45

2Q21	Localiza Fleet Consolidated	Rental Brasil	Localiza Prime	Car Assistance	Franchising Brasil	LFI S.R.L.
Net revenue	530,851	10,370	14,034	12,857	2,337	-
Gross profit	263,937	9,772	14,034	12,637	631	-
Profit (loss) before income tax and social contribution	215,306	8,369	12,665	12,722	645	(21)
Profit for the period	143,323	5,528	10,365	10,942	340	(21)

2Q20	Localiza Fleet Consolidated	Rental Brasil	Localiza Prime	Car Assistance	Franchising Brasil Consolidated	LFI S.R.L.
Net revenue	441,960	9,225	5,123	9,648	2,144	-
Gross profit	198,639	9,347	5,123	9,505	275	-
Profit (loss) before income tax and social contribution	134,790	7,279	1,153	8,850	226	(7)
Profit for the period	90,545	4,810	773	7,670	(92)	(7)

(iii) Dividends from subsidiaries

1H21	Localiza Fleet	Rental Brasil	Localiza Prime	Car Assistance	Franchising Brasil	Total
2020 Dividends (minimum required)	99,166	5,110	7,229	8,716	459	120,680
Dividends complementary to the mandatory minimum of 2020	-	15,330	21,685	26,145	1,376	64,536
Total dividends approved	99,166	20,440	28,914	34,861	1,835	185,216

1H20	Localiza Fleet	Rental Brasil	Localiza Prime	Car Assistance	Franchising Brasil	Total
2019 Dividends (minimum required)	54,012	4,212	5,147	7,156	1,685	72,212
Dividends complementary to the mandatory minimum of 2019	-	12,636	15,440	21,472	5,055	54,603
Total dividends approved	54,012	16,848	20,587	28,628	6,740	126,815

(c) Balances and transactions with related parties

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

	Localiza Fleet		Other subsidiaries		Total	
	6/30/2021	12/31/2020	6/30/2021	12/31/2020	6/30/2021	12/31/2020
Balances:						
Trade receivables	14,226	13,057	-	-	14,226	13,057
Dividends receivable	99,166	99,166	21,685	21,514	120,851	120,680
Other receivables (note 7)	4,440	5,003	187	762	4,627	5,765
Trade payables	(1,821)	(830)	(20,526)	(4,768)	(22,347)	(5,598)
Other payables (note 16)	-	-	(5,253)	(740)	(5,253)	(740)

	Localiza Fleet		Other subsidiaries		Total	
	1H21	1H20	1H21	1H20	1H21	1H20
Transactions:						
Revenues	25,115	14,420	-	-	25,115	14,420
Costs and expenses	(21,230)	(13,371)	(22,362)	(36,548)	(43,592)	(49,919)
Recoverable costs and expenses	62,667	32,395	4,180	1,890	66,847	34,285
	Localiza Fleet		Other subsidiaries		Total	
	2Q21	2Q20	2Q21	2Q20	2Q21	2Q20
Transactions:						
Revenues	12,230	7,361	-	-	12,230	7,361
Costs and expenses	(9,573)	(5,341)	(11,345)	(9,910)	(20,918)	(15,251)
Recoverable costs and expenses	34,362	14,160	2,182	355	36,544	14,515

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

Additionally, as at June 30, 2021, there were collateral guarantees for borrowings and debt securities amounting to: (i) R\$5,231,820 issued by Localiza Fleet to Localiza (R\$3,939,848 as at December 31, 2020); (ii) R\$2,390,676 issued by Localiza to Localiza Fleet (R\$2,410,156 as at December 31, 2020); and (iii) R\$350,257 issued by Localiza to Rental Brasil (R\$345,972 as at December 31, 2020). There was also collateral between companies when bank guarantees and guarantees insurances were issued for lawsuits totaling R\$206,542 (R\$201,280 as at December 31, 2020).

The Company has guarantee insurance with the following insurance companies: Austral Seguradora, Berkley International, Chubb Seguros, Junto Seguros e Pottencial Seguradora. The latter being a company in which Salim Mattar and Eugênio Mattar, founding partners of Localiza, jointly held 32.49% of its capital at June 30, 2021. In transactions with Pottencial Seguradora, made under normal market conditions, the amount accounted for as expense in 1H21 related to guarantee insurance was R\$274 (R\$846 in 1H20) and the insured amount is R\$206,542 as at June 30, 2021 (R\$201,280 as at December 31, 2020).

(ii) Key management compensation

	Individual		Consolidated	
	1H21	1H20	1H21	1H20
Short-term benefits	21,610	25,046	22,815	26,039
Post-employment benefits	699	361	728	374
Share-based compensation	14,318	4,038	14,318	4,038
Total	36,627	29,445	37,861	30,451
	Individual		Consolidated	
	2Q21	2Q20	2Q21	2Q20
Short-term benefits	10,104	8,929	10,731	9,423
Post-employment benefits	346	-	363	-
Share-based compensation	8,439	2,150	8,439	2,150
Total	18,889	11,079	19,533	11,573

Other information related to investments in subsidiaries and related-party transactions did not undergo significant changes compared to the information disclosed in note 8 to the financial statements for the year ended December 31, 2020.

9. PROPERTY AND EQUIPMENT AND DECOMMISSIONED CARS FOR FLEET RENEWAL

(a) Property and equipment

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

	Individual									
	Cars	Right-of-use	Property	Leasehold improvements	Furniture and fixtures	Constructions in progress	Land	IT equipment	Others	Total
Cost										
As at December 31, 2020	10,443,020	1,118,007	1,913	166,230	109,323	35,388	681	55,785	45,697	11,976,044
Additions	2,536,728	116,268	-	-	4,599	37,862	-	7,328	2,884	2,705,669
Write-offs/transfers (*)	(2,240,851)	(4,069)	-	23,992	(3)	(40,178)	-	467	14,070	(2,246,572)
As at June 30, 2021	10,738,897	1,230,206	1,913	190,222	113,919	33,072	681	63,580	62,651	12,435,141
Accumulated depreciation:										
As at December 31, 2020	(325,149)	(253,896)	(1,296)	(95,800)	(47,937)	-	-	(40,177)	(19,193)	(783,448)
Additions	(54,757)	(79,761)	(41)	(9,373)	(4,650)	-	-	(3,421)	(2,356)	(154,359)
Write-offs/transfers (*)	94,891	4,253	-	679	3	-	-	279	155	100,260
As at June 30, 2021	(285,015)	(329,404)	(1,337)	(104,494)	(52,584)	-	-	(43,319)	(21,394)	(837,547)
Net carrying amount										
As at December 31, 2020	10,117,871	864,111	617	70,430	61,386	35,388	681	15,608	26,504	11,192,596
As at June 30, 2021	10,453,882	900,802	576	85,728	61,335	33,072	681	20,261	41,257	11,597,594

	Individual									
	Cars	Right-of-use	Property	Leasehold improvements	Furniture and fixtures	Constructions in progress	Land	IT equipment	Others	Total
Cost										
As at December 31, 2019	10,864,521	1,000,604	1,913	138,455	96,193	20,800	681	53,712	30,101	12,206,980
Additions	1,590,641	65,897	-	-	8,748	12,545	-	719	1,194	1,679,744
Write-offs/transfers (*)	(2,095,209)	(7,641)	-	19,548	(54)	(19,548)	-	-	-	(2,102,904)
As at June 30, 2020	10,359,953	1,058,860	1,913	158,003	104,887	13,797	681	54,431	31,295	11,783,820
Accumulated depreciation:										
As at December 31, 2019	(256,341)	(136,458)	(1,214)	(78,218)	(39,016)	-	-	(33,290)	(16,475)	(561,012)
Additions	(244,999)	(73,072)	(41)	(8,151)	(4,410)	-	-	(3,442)	(1,256)	(335,371)
Write-offs/transfers (*)	106,385	7,606	-	-	16	-	-	-	-	114,007
As at June 30, 2020	(394,955)	(201,924)	(1,255)	(86,369)	(43,410)	-	-	(36,732)	(17,731)	(782,376)
Net carrying amount										
As at December 31, 2019	10,608,180	864,146	699	60,237	57,177	20,800	681	20,422	13,626	11,645,968
As at June 30, 2020	9,964,998	856,936	658	71,634	61,477	13,797	681	17,699	13,564	11,001,444

Consolidated

	<u>Cars</u>	<u>Right-of-use</u>	<u>Property</u>	<u>Leasehold improvements</u>	<u>Furniture and fixtures</u>	<u>Constructions in progress</u>	<u>Land</u>	<u>IT equipment</u>	<u>Others</u>	<u>Total</u>
Cost										
As at December 31, 2020	13,607,962	853,213	378,695	169,888	109,245	42,047	35,111	56,354	54,449	15,306,964
Additions	3,330,217	92,431	-	-	4,699	45,885	-	8,190	2,169	3,483,591
Write-offs/transfers (*)	(2,646,690)	(4,069)	-	23,992	11	(42,825)	-	(291)	17,303	(2,652,569)
As at June 30, 2021	14,291,489	941,575	378,695	193,880	113,955	45,107	35,111	64,253	73,921	16,137,986
Accumulated depreciation:										
As at December 31, 2020	(684,723)	(228,700)	(6,656)	(96,166)	(47,825)	-	-	(40,537)	(21,062)	(1,125,669)
Additions	(90,653)	(72,917)	(2,583)	(9,464)	(4,655)	-	-	(3,459)	(3,245)	(186,976)
Write-offs/transfers (*)	156,289	4,253	-	679	3	-	-	283	251	161,758
As at June 30, 2021	(619,087)	(297,364)	(9,239)	(104,951)	(52,477)	-	-	(43,713)	(24,056)	(1,150,887)
Net carrying amount										
As at December 31, 2020	12,923,239	624,513	372,039	73,722	61,420	42,047	35,111	15,817	33,387	14,181,295
As at June 30, 2021	13,672,402	644,211	369,456	88,929	61,478	45,107	35,111	20,540	49,865	14,987,099

Consolidated

	<u>Cars</u>	<u>Right-of-use</u>	<u>Property</u>	<u>Leasehold improvements</u>	<u>Furniture and fixtures</u>	<u>Constructions in progress</u>	<u>Land</u>	<u>IT equipment</u>	<u>Others</u>	<u>Total</u>
Cost										
As at December 31, 2019	14,016,574	749,297	369,935	142,113	96,195	20,800	29,342	54,042	30,525	15,508,823
Opening balance MOBI7	-	266	-	-	-	-	-	-	4,187	4,453
Additions	2,011,363	68,868	8,760	-	8,748	12,609	2,545	836	4,315	2,118,044
Write-offs/transfers (*)	(2,593,156)	(7,850)	-	19,548	(93)	(19,548)	-	-	-	(2,601,099)
As at June 30, 2020	13,434,781	810,581	378,695	161,661	104,850	13,861	31,887	54,878	39,027	15,030,221
Accumulated depreciation:										
As at December 31, 2019	(642,436)	(124,300)	(4,846)	(78,401)	(39,018)	-	-	(33,611)	(16,640)	(939,252)
Opening balance MOBI7	-	(11)	-	-	-	-	-	-	(460)	(471)
Additions	(320,667)	(67,230)	(861)	(8,242)	(4,372)	-	-	(3,442)	(1,714)	(406,528)
Write-offs/transfers (*)	189,844	7,859	-	-	16	-	-	-	-	197,719
As at June 30, 2020	(773,259)	(183,682)	(5,707)	(86,643)	(43,374)	-	-	(37,053)	(18,814)	(1,148,532)
Net carrying amount										
As at December 31, 2019	13,374,138	624,997	365,089	63,712	57,177	20,800	29,342	20,431	13,885	14,569,571
As at June 30, 2020	12,661,522	626,899	372,988	75,018	61,476	13,861	31,887	17,825	20,213	13,881,689

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

(b) Decommissioned cars for fleet renewal

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

	Individual		Consolidated	
	6/30/2021	12/31/2020	6/30/2021	12/31/2020
Cost	5,639	8,368	49,764	47,449
Accumulated depreciation	(208)	(371)	(5,775)	(6,898)
Net carrying amount	5,431	7,997	43,989	40,551

Other information on property and equipment (Individual and Consolidated) has not changed significantly when compared to the information disclosed in note 9 to the financial statements for the year ended December 31, 2020.

10. INTANGIBLE ASSETS

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

	Individual		Consolidated	
	Software	Software	Goodwill on acquisition of investments	Total
Cost:				
As at December 31, 2020	127,779	148,064	105,437	253,501
Additions	1,903	1,936	-	1,936
As at June 30, 2021	<u>129,682</u>	<u>150,000</u>	<u>105,437</u>	<u>255,437</u>
Accumulated amortization				
As at December 31, 2020	(88,914)	(101,413)	-	(101,413)
Additions	(5,543)	(6,839)	-	(6,839)
As at June 30, 2021	<u>(94,457)</u>	<u>(108,252)</u>	<u>-</u>	<u>(108,252)</u>
Residual value:				
As at December 31, 2020	38,865	46,651	105,437	152,088
As at June 30, 2021	35,225	41,748	105,437	147,185

	Individual		Consolidated	
	Software	Software	Goodwill on acquisition of investments	Total
Cost:				
As at December 31, 2019	119,518	134,645	89,986	224,631
Opening balance MOBI7	-	328	-	328
Additions	4,010	4,953	19,471	24,424
As at June 30, 2020	<u>123,528</u>	<u>139,926</u>	<u>109,457</u>	<u>249,383</u>
Accumulated amortization				
As at December 31, 2019	(74,803)	(84,687)	-	(84,687)
Additions	(7,151)	(8,223)	-	(8,223)
As at June 30, 2020	<u>(81,954)</u>	<u>(92,910)</u>	<u>-</u>	<u>(92,910)</u>
Residual value:				
As at December 31, 2019	44,715	49,958	89,986	139,944
As at June 30, 2020	41,574	47,016	109,457	156,473

Other information on intangible assets (Individual and Consolidated) has not changed significantly when compared to the information disclosed in note 10 to the financial statements for the year ended December 31, 2020.

11. TRADE PAYABLES

Trade payables are broken down as follows:

	Individual		Consolidated	
	6/30/2021	12/31/2020	6/30/2021	12/31/2020
Car manufacturers (*)	656,295	1,247,684	855,443	1,418,358
Maintenance services and parts	52,614	46,802	74,491	68,361
Rentals	25,418	28,763	26,044	29,274
Others	174,845	135,053	164,742	145,008
Total	909,172	1,458,302	1,120,720	1,661,001

(*) The balance payable to car manufacturers refers to cars acquired with average payment term of approximately 61 days (60 days as at December 31, 2020). The lower volume of car purchases was due to the fact that automakers did not resume production levels in the context of the Covid-19 pandemic (note 1.1).

12. PAYROLL AND RELATED TAXES

Payroll and related taxes are broken down as follows:

	Individual		Consolidated	
	6/30/2021	12/31/2020	6/30/2021	12/31/2020
Accrued vacation pay	63,745	57,877	69,934	63,241
Accrued profit sharing (*)	81,140	114,788	90,136	126,631
Accrued 13 th salary	24,689	-	27,056	-
Social security contribution (INSS)	12,923	11,903	13,635	12,445
Government Severance Indemnity Fund for Employees (FGTS)	4,714	4,557	5,616	5,436
Others	8,286	9,992	9,206	10,698
Total	195,497	199,117	215,583	218,451

(*) 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 profit or loss, based on function exercised by the respective employees.

13. BORROWINGS AND DEBT SECURITIES

Borrowings and debt securities are broken down as follows:

	Individual		Consolidated	
	6/30/2021	12/31/2020	6/30/2021	12/31/2020
In local currency				
Debt securities	6,174,734	5,157,814	7,997,249	7,004,184
Working capital	715,175	704,120	915,954	904,384
Certificates of Real Estate Receivables ("CRI")	-	-	341,752	337,095
Prepurchase financing pool	4,128	-	19,660	21,582
In foreign currency				
Foreign currency borrowings	1,460,437	1,774,617	1,888,088	2,230,478
Total	8,354,474	7,636,551	11,162,703	10,497,723
Current	2,144,037	1,286,564	2,459,203	1,615,037
Noncurrent	6,210,437	6,349,987	8,703,500	8,882,686

On June 18, 2020, the Board of Directors of Localiza approved the Company's 1st debenture repurchase program with the limit of R\$200,000, subsequently increased to R\$500,000 in the meeting held on July 27, 2020. This limit was increased again to R\$1,300,000 at a meeting held on October 27, 2020.

On October 27, 2020, the Board of Directors of Localiza Fleet approved the Company's 1st Debenture Repurchase Program with the limit of R\$200,000.

On June 24, 2021, the Boards of Directors of Localiza and Localiza Fleet approved the 2nd Debenture Repurchase Program of the Company and Localiza Fleet, within the limits of R\$600,000 and R\$300,000, respectively.

Variations in borrowings and debt securities are as follows:

	Individual		Consolidated	
	1H21	1H20	1H21	1H20
Balance at the beginning of the period	7,636,551	6,629,067	10,497,723	9,379,459
Opening balance of subsidiaries acquired	-	-	-	2,250
Funding	1,602,865	1,250,312	1,602,865	2,238,894
Repurchase of debentures	(349,580)	(129,682)	(380,080)	(129,682)
Interest and finance charges	248,976	564,265	264,508	737,193
Repayment of principal	(710,592)	-	(718,349)	(859,986)
Interest amortization	(73,746)	(132,881)	(103,964)	(182,055)
Balance at the end of the period	8,354,474	8,181,081	11,162,703	11,186,073

On February 26, 2021 Localiza signed a borrowing agreement in the amount of USD80,000 thousand (R\$454,752) with maturity of the principal on February 26, 2024. Simultaneously, a swap transaction was contracted in order to mitigate the risk of exposure in foreign currency, exchanging the foreign exchange variation plus fixed rate for CDI + 1.35%. There were no expenses incurred with the fundraising.

At the Meeting of Localiza's Board of Directors held on March 3, 2021, the 17th issue of debentures, non-convertible into shares, unsecured, with additional personal guarantee and in a single series, in the amount of R\$1,200,000, issued in March 15, 2021, yielding IPCA + 5.4702%, maturing on March 15, 2031 and financially settled on April 7, 2021. On March 24, 2021, the Company contracted derivatives to change the remuneration from the 17th issue of debentures in IPCA to their equivalence in CDI, which is the reference index used by the Company.

The Company chose the formal designation of both new debt transactions above-mentioned, for which it has derivative financial instruments, as measured at fair value. The "Fair Value Option" is intended to eliminate or reduce the volatility of measurement or recognition of certain liabilities, in which it would otherwise arise. Thus, both swaps and the related debt are now measured at fair value and this option is irrevocable and should be made only on the initial recognition of the transaction. In 1H21, the net finance result of those transactions was a credit of R\$617 and R\$11,192, respectively.

The financial covenants for borrowings and debt securities were met as shown below:

Ratio	Limits	12-month period ended	
		6/30/2021	12/31/2020
Net debt / Adjusted EBITDA (*)	Below 4.00	2.21	2.47
Net debt deducted from credit card balance (**)/ Adjusted EBITDA	Below 4.00	2.06	2.29
Adjusted EBITDA / Finance costs, net	Above 1.50	15.97	6.62

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

(**) The 14th, 15th, 16th and 17th issuance of debentures and the 7th issuance of promissory notes from Localiza and the issuance of debentures from Localiza Fleet include in the definition of net debt the discount of the receivables from credit card balance.

Other information on borrowings and debt securities (Individual and Consolidated) has not changed significantly when compared to the information disclosed in note 13 to the financial statements for the year ended December 31, 2020.

14. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are broken down as follows:

	Individual		Consolidated	
	6/30/2021	12/31/2020	6/30/2021	12/31/2020
Derivative financial instruments				
Foreign currency x Real	213,716	410,606	291,252	506,778
CDI vs Fixed Rate	8,616	(9,872)	(31,381)	(103,000)
IPCA x CDI	191,509	-	191,509	-
Total derivative financial instruments assets / (liabilities), net	413,841	400,734	451,380	403,778
Current assets	20,951	85,021	71,606	154,305
Noncurrent assets	455,229	325,585	482,669	353,022
Current liabilities	(17,818)	-	(56,933)	(66,365)
Noncurrent assets	(44,521)	(9,872)	(45,962)	(37,184)
Total derivative financial instruments assets / (liabilities), net	413,841	400,734	451,380	403,778

Change in derivative instruments are as follows:

	Individual			Consolidated		
	Assets	Liabilities	Net total	Assets	Liabilities	Net total
Balance as of December 31, 2020	410,606	(9,872)	400,734	507,327	(103,549)	403,778
Fair value adjustment	223,694	(69,567)	154,127	205,908	(50,404)	155,504
Amortization - principal	(148,470)	-	(148,470)	(148,470)	-	(148,470)
Interest amortization	-	7,450	7,450	(840)	41,408	40,568
Asset vs. liability transfer	(9,650)	9,650	-	(9,650)	9,650	-
Balance as of June 30, 2021	476,180	(62,339)	413,841	554,275	(102,895)	451,380

	Individual			Consolidated		
	Assets	Liabilities	Net total	Assets	Liabilities	Net total
Balance as of December 31, 2019	18,198	(4,456)	13,742	18,198	(89,099)	(70,901)
Fair value adjustment	423,982	(8,147)	415,835	424,146	39,404	463,550
Interest amortization	-	-	-	-	13,136	13,136
Asset vs. liability transfer	(12,603)	12,603	-	72,030	(72,030)	-
Balance as of June 30, 2020	429,577	-	429,577	514,374	(108,589)	405,785

(a) Foreign currency x Reais

As at June 30, 2021, the Company had current hedge transactions with an exclusive foreign exchange hedge for the respective foreign currency borrowings contracted with large financial institutions. The specific characteristics of these hedge transactions are as follows:

Swap transactions

Financial institution	Range of maturity dates	Index		Amount of reference <i>Notional</i>	Value of curve			Market value (carrying amount)			Variation – Gain (loss)
		Long position	Short position		Long position	Short position	Gain (loss)	Long position	Short position	Gain (loss)	Curve x MTM
Localiza	1/3/2023	0.93%	CDI + 1.00%	EUR 55,394 thousand	328,844	251,533	77,311	333,574	255,189	78,385	1,074
Localiza	5/22/2023	LIBOR + 0.47%	108.0% of CDI	USD 80,000 thousand	395,897	301,228	94,669	399,569	303,406	96,163	1,494
Localiza	1/3/2025	1.33%	CDI + 1.20%	EUR 55,394 thousand	329,052	251,601	77,451	346,191	261,047	85,144	7,693
Localiza	2/26/2024	USD + 1.8229% USD + 1.9371%	CDI + 1.35%	USD 80,000 thousand	396,301	456,921	(60,620)	406,643	452,619	(45,976)	14,644
Localiza Fleet	8/22/22 e 1/25/23	LIBOR + 1.66%	6.51%	USD 31,081 thousand	153,982	130,845	23,137	155,138	128,257	26,881	3,744
					1,604,076	1,392,128	211,948	1,641,115	1,400,518	240,597	28,649

Non Deliverable Forward (NDF) transactions

Financial institution	Range of maturity dates	Amount of reference <i>Notional</i>	Forward/ Strike	Value of curve			Market value (carrying amount)			Variation – Gains (loss)
				Long position	Short position	Gain (loss)	Long position	Short position	Gain (loss)	Curve x MTM
Localiza Fleet	12/13/2021	AUD 73,249 thousand	AUD 3.12 (*)	275,004	226,779	48,225	276,221	225,566	50,655	2,430

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

(b) CDI vs Fixed rate

Fleet Rental Contracts

Mostly fleet rental contracts of Fleet Rental Division vary from 24 to 36 months and include an annual adjustment clause based on the inflation index. As the rental contracts cannot be adjusted based on the benchmark interest rates, Localiza Fleet enters into swap transactions by swapping the CDI fluctuation for a fixed rate in order to hedge against the risk of loss of profit on rental contracts. The specific characteristics of these transactions as at June 30, 2021 are as follows:

Financial institution	Range of maturity dates	Weighted average rates		Amount of reference	Value of curve			Market value (carrying amount)			Variation (loss)
		Long position	Short position	Notional	Long position	Short position	Gain (loss)	Long position	Short position	Gain (loss)	Curve x MTM
		% CDI / CDI +									
Institution A	July 2021 to October 2022	108.4% / 2.5%	6.14%	420,000	444,179	462,494	(18,315)	447,063	461,668	(14,605)	3,710
Institution B	July 2021 to April 2022	106.7%	5.57%	75,000	79,265	82,556	(3,291)	79,267	82,037	(2,770)	521
Institution C	October 2021 to January 2023	107.5% / 2.5%	5.90%	350,000	366,391	376,775	(10,384)	371,274	373,821	(2,547)	7,837
Institution D	July 2021 to January 2023	107.8%	7.33%	220,000	238,036	257,219	(19,183)	238,383	256,143	(17,760)	1,423
Institution E	July 2021 to April 2022	110.0% / 1.0%	5.97%	45,000	47,688	49,648	(1,960)	47,790	49,790	(2,000)	(40)
Institution F	July 2022	110.0%	5.90%	25,000	26,068	27,206	(1,138)	26,237	27,053	(816)	322
Institution G	January 2022	2.5%	5.64%	25,000	26,156	26,374	(218)	26,491	26,377	114	332
Institution H	April 2022	2.5%	5.63%	25,000	26,039	26,231	(192)	26,529	26,142	387	579
					1,253,822	1,308,503	(54,681)	1,263,034	1,303,031	(39,997)	14,684

Agreement between Localiza and Unidas

As part of the Merger of Shares Agreement signed between Localiza and Unidas (note 1.3), still subject to CADE's approval and, consequently, the completion of the Merger of Shares, Localiza will make available to all holders of Unidas shares that have an interest and are registered as shareholders of Unidas 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 amount of the credit facility will be up to 20% of the total amount of Localiza's shares attributed to Unidas' shareholders.

With the objective of pre-fixing the cost of the resources that will be used to grant the referred 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 up to R\$800,000 in swaps, maturing up to January 2027.

At June 30, 2021, the specific characteristics of the contracted operations are as follows:

Financial institution	Range of maturity dates	Weighted average rates		Amount of reference	Market value (carrying amount)		
		Long position	Short position	Notional	Long position	Short position	Gain (loss)
		% CDI					
Institution A	January 2027	100.0%	8.07%	200,000	194,322	188,044	6,278
Institution B	January 2027	100.0%	7.71%	50,000	50,000	47,662	2,338
					244,322	235,706	8,616

(c) IPCA vs CDI

On March 24, 2021, the Company contracted derivatives in order to exchange the remuneration of the 17th issue of debentures in IPCA for its equivalence in CDI, which is the reference index used by the Company.

The specific characteristics of these transactions as at June 30, 2021 are as follows:

Financial institution	Rate of maturity dates	Weighted average rates		Amount of reference	Market value (carrying amount)		
		Long position	Short position	Notional	Long position	Short position	Gain (loss)
		IPCA +	CDI +				
Institution A	March 2031	5.5%	2.00%	400,000	465,550	401,713	63,837
Institution B	March 2031	5.5%	2.00%	300,000	349,162	301,285	47,877
Institution C	March 2031	5.5%	2.00%	300,000	349,162	301,285	47,877
Institution D	March 2031	5.5%	2.00%	200,000	232,775	200,857	31,918
					1,396,649	1,205,140	191,509

Other information on derivative instruments (Individual and Consolidated) has not changed significantly when compared to the information disclosed in note 14 to the financial statements for the year ended December 31, 2020.

15. RIGHT OF USE LEASE LIABILITY

Variations in right of use lease liability are as follows:

	Individual		Consolidated	
	1H21	1H20	1H21	1H20
Balance at the beginning of the period	917,784	889,595	662,776	642,733
Opening balance MOBI7	-	-	-	255
Addition/remeasurement of new agreements	116,268	65,897	92,431	68,868
Write-off	(107)	(334)	(107)	(339)
Consideration paid	(92,491)	(86,186)	(93,137)	(86,782)
Consideration payable	(15,091)	(13,808)	-	-
Interest (note 24)	41,389	41,672	29,901	30,571
Balance at the end of the period	967,752	896,836	691,864	655,306
Current	155,482	146,774	139,311	133,588
Noncurrent	812,270	750,062	552,553	521,718

Variations in the right-of-use asset balance are shown in note 9.

The Company and its subsidiaries have property rental contracts for their 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 June 30, 2021 and classified as leases are as follows:

	Individual							2027 and onwards	Total
	2021	2022	2023	2024	2025	2026			
Concessions in airports	16,290	29,507	26,837	23,486	18,919	10,323	33,787	159,149	
Properties	86,818	170,773	161,648	145,404	133,537	122,943	830,475	1,651,598	
Total	103,108	200,280	188,485	168,890	152,456	133,266	864,262	1,810,747	
Embedded interest								(842,995)	
Balance of lease liability (current and noncurrent)								967,752	

	Consolidated						2027 and onwards	Total
	2021	2022	2023	2024	2025	2026		
Concessions in airports	16,913	29,762	26,915	23,501	18,919	10,323	33,787	160,120
Properties	70,921	137,641	127,425	110,069	97,602	85,840	337,869	967,367
Total	87,834	167,403	154,340	133,570	116,521	96,163	371,656	1,127,487
Embedded interest								(435,623)
Balance of lease liability (current and noncurrent)								691,864

The estimated amount of PIS and COFINS credit embedded in the undiscounted lease consideration totals R\$145,448 in the Individual and R\$82,246 in the Consolidated (R\$75,296 in the Individual and R\$49,774 in the Consolidated, discounted to present value).

The Company adopted the practical expedient from CVM Decision 859/20, according to which the lessee may choose not to assess whether a benefit related to Covid-19, granted under a lease contract, is a contract modification and, thus, account for the resulting changes in lease payments in profit or loss for the period (note 3). In the six-month period ended June 30, 2021, the Company and its subsidiaries recognized in the income for the year the amount of R\$1,562 in Individual and Consolidated (R\$11,493 in Individual and R\$11,518 in Consolidated in 1H20) (note 23).

Other information on right of use lease liability (Individual and Consolidated) has not changed significantly when compared to the information disclosed in note 15 to the financial statements for the year ended December 31, 2020.

16. OTHER CURRENT AND NONCURRENT LIABILITIES

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

	Individual		Consolidated	
	6/30/2021	12/31/2020	6/30/2021	12/31/2020
Balances stated separately in current liabilities:				
Revenue to be appropriated (*)	1,489	2,482	4,011	5,114
Payables to related parties (note 8 (c) (i))	5,253	740	-	-
Federal taxes payable	8,359	16,128	11,083	19,285
Municipal taxes payable	3,054	3,663	4,586	6,128
	18,155	23,013	19,680	30,527
Other current liabilities:				
Advances from car rental and decommissioned sale customers	157,186	201,503	170,607	209,424
Insurance premiums for transfer (**)	87,836	145,397	88,833	146,715
Amounts payable for the acquisition of MOBI7	-	-	3,622	3,600
Others	14,622	12,736	23,334	25,017
	259,644	359,636	286,396	384,756
Total other current liabilities	277,799	382,649	306,076	415,283
Balances stated separately in noncurrent liabilities:				
Revenue to be appropriated (*)	2,959	3,670	6,607	8,196
Restricted obligations (***)	-	-	45,947	45,435
	2,959	3,670	52,554	53,631
Other noncurrent liabilities:				
Amounts payable for the acquisition of MOBI7	-	-	3,602	7,199
Others	16,626	8,165	16,631	8,174
	16,626	8,165	20,233	15,373
Total other noncurrent liabilities	19,585	11,835	72,787	69,004
Total other current and noncurrent liabilities	297,384	394,484	378,863	484,287

(*) Refers to the franchising integration fee and bank preference premium.

(**) Premiums received from customers that took out insurance for rented cars, and extended warranty for the decommissioned cars sold which will be transferred by Localiza to the insurance company (note 2.7.4 to the financial statements for the year ended December 31, 2020). 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 income statement.

(***) 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. Restricted obligations are guaranteed by short-term investments made by the Company, with restricted use, and shall be made available for withdrawal in 2023, less the indemnifiable amounts (note 7).

17. PROVISION FOR RISKS AND ESCROW DEPOSITS

(a) Legal provisions recognized

The balance of legal provisions is broken down as follows:

	Individual		Consolidated	
	6/30/2021	12/31/2020	6/30/2021	12/31/2020
Tax	54,261	67,668	63,008	76,713
Civil	27,273	26,709	36,255	35,007
Labor	23,569	22,654	30,447	30,871
Social security	14,419	14,307	16,127	15,996
Total	119,522	131,338	145,837	158,587

(b) Escrow deposits

The balance of escrow deposits is broken down as follows:

	Individual		Consolidated	
	6/30/2021	12/31/2020	6/30/2021	12/31/2020
Tax	41,748	43,150	69,295	70,574
Civil	17,469	14,967	19,154	16,608
Labor	15,486	16,162	19,725	21,441
Social security	6,892	5,097	6,892	5,097
Total	81,595	79,376	115,066	113,720

Other information on provisions and escrow deposits (Individual and Consolidated) has not changed significantly when compared to the information disclosed in note 17 to the financial statements for the year ended December 31, 2020.

18. TAXES ON INCOME – INCOME TAX AND SOCIAL CONTRIBUTION

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

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

	Individual		Consolidated	
	6/30/2021	12/31/2020	6/30/2021	12/31/2020
Temporary differences in the deductibility of provisions:				
Provision for risks and other provisions	39,828	43,849	47,786	51,333
Allowance for doubtful debts and expected losses and other allowances	70,552	55,959	74,339	59,161
Provision for payment of services in progress and others, profit sharing, loyalty program and others	82,310	82,371	91,463	92,672
Swap transaction with payment on a cash basis	-	2,942	17,181	41,419
Income tax and social contribution tax loss carryforwards	107,744	140,666	125,721	159,394
Total deferred income tax and social contribution assets	300,434	325,787	356,490	403,979
Car depreciation (*)	680,367	560,733	923,079	742,255
Lease in the purchase of property and equipment (**)	213	213	17,682	33,727
Swap operation with cash basis	16,669	-	16,669	-
Others	-	-	17,351	15,723
Total deferred income tax and social contribution liabilities	697,249	560,946	974,781	791,705
Total deferred income tax and social contribution, net	396,815	235,159	618,291	387,726

	Individual		Consolidated	
	6/30/2021	12/31/2020	6/30/2021	12/31/2020
Noncurrent assets	-	-	(24,065)	(24,363)
Noncurrent liabilities	396,815	235,159	642,356	412,089

(*) Refers to the temporary difference arising from the calculation of accounting depreciation 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.

(**) Refers to the temporary difference arising from the deduction of lease installments amortization on the acquisition of property and equipment items as a contra entry to the depreciation addition to the income tax and social contribution tax bases.

The Company and its subsidiaries have a balance, as at June 30, 2021, as tax credit on tax loss carryforwards of R\$107,744 in Individual and R\$125,721 in Consolidated (R\$140,666 and R\$159,394, respectively, as at December 31, 2020), based on expected future taxable profit generation, this tax credit can be carried forward indefinitely and its offset is limited to 30% of annual taxable profit, as determined by the current legislation

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

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

	Individual		Consolidated	
	6/30/2021	12/31/2020	6/30/2021	12/31/2020
2021	116,519	201,848	140,446	249,684
2022	129,092	65,811	140,958	75,457
2023	19,703	20,448	28,537	31,421
2024	7,255	6,618	11,625	10,077
2025	19,476	20,982	24,321	25,567
2026 onwards	8,389	10,080	10,603	11,773
Total deferred income tax and social contribution assets	300,434	325,787	356,490	403,979

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

The reconciliation between the statutory and effective rates for the periods ended June 30, 2021 and 2020 is as follows:

	Individual		Consolidated	
	1H21	1H20	1H21	1H20
Profit before taxes	1,166,361	304,609	1,313,485	397,840
Statutory rate	34%	34%	34%	34%
Expense at statutory rate	(396,563)	(103,567)	(446,585)	(135,266)
Adjustments to expense at statutory rate:				
Equity in the earnings of subsidiaries	110,691	71,052	-	-
Effect of deduction of interest on capital	46,272	44,784	46,272	44,784
Income tax and social contribution due by subsidiaries (deemed profit)	-	-	8,992	7,131
Others, net	3,397	3,934	7,994	6,323
Expense at effective rate	(236,203)	16,203	(383,327)	(77,028)
Current income tax and social contribution	(74,547)	(5,931)	(152,762)	(85,366)
Deferred income tax and social contribution	(161,656)	22,134	(230,565)	8,338

	Individual		Consolidated	
	2Q21	2Q20	2Q21	2Q20
Profit before taxes	548,179	42,519	627,385	91,111
Statutory rate	34%	34%	34%	34%
Expense at statutory rate	(186,381)	(14,456)	(213,311)	(30,978)
Adjustments to expense at statutory rate:				
Equity in the earnings of subsidiaries	58,954	36,244	-	-
Effect of deduction of interest on capital	24,601	22,020	24,601	22,020
Income tax and social contribution due by subsidiaries (deemed profit)	-	-	4,492	2,576
Others, net	2,549	3,614	4,735	5,212
Expense at effective rate	(100,277)	47,422	(179,483)	(1,170)
Current income tax and social contribution	(1,078)	857	(38,807)	(28,208)
Deferred income tax and social contribution	(99,199)	46,565	(140,676)	27,038

19. EQUITY

(a) Capital

As at June 30, 2021 and December 31, 2020, the Company's capital was R\$4,000,000, comprised of 758,466,670 common shares. The ownership of capital and the related reconciliation of the number of outstanding shares are as follows:

	Management				
	Founding partners	Board of Directors and Statutory Board	Treasury shares	Outstanding shares	Number of shares – ON
Number as at December 31, 2020	158,499,942	224,346	6,796,159	592,946,223	758,466,670
Acquisition (sale) of shares, net	(889,900)	(24,029)	-	913,929	-
Exercise of long-term incentive programs with treasury shares	57,972	111,044	(452,577)	283,561	-
Renting of shares	(305,425)	(5,950)	-	311,375	-
Sale of treasury shares	19,304	22,553	(68,237)	26,380	-
Number as at June 30, 2021	157,381,893	327,964	6,275,345	594,481,468	758,466,670

	Management				
	Founding partners	Board of Directors and Statutory Board	Treasury shares	Outstanding shares	Number of shares – ON
Number as at December 31, 2019	162,144,750	289,210	2,799,555	593,233,155	758,466,670
Bonus in shares	(1)	-	(1)	2	-
Acquisition (sale) of shares, net	(4,277,200)	52,944	-	4,224,256	-
Exercise of long-term incentive programs with treasury shares	106,076	135,552	(596,908)	355,280	-
Sale of treasury shares	44,755	40,682	(125,831)	40,394	-
Renting of shares	(2,243,546)	-	-	2,243,546	-
Repurchase of shares (note 19 (b) iii)	-	-	5,214,600	(5,214,600)	-
Number as at June 30, 2020	155,774,834	518,388	7,291,415	594,882,033	758,466,670

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

The Company participates in the Level I of the American Depositary Receipts (“ADR”) Program since its approval by CVM on May 22, 2012 and the beginning of trading on June 5, 2012. The Company's position, considering the effects of share bonus, comprised 5,352,934 ADRs issued in the United States as at June 30, 2021 and 6,796,767 as at December 31, 2020. Each ADR corresponds to one Company's share.

(b) Capital reserves, stock options granted and treasury shares

As at June 30, 2021 and 2020, the breakdown of capital reserves, options granted and treasury shares is as follows:

	Stock options granted recognized	Goodwill on share subscription	Treasury shares	Total
Balance as at December 31, 2020	67,830	107,118	(175,526)	(578)
Stock options granted recognized	13,687	-	-	13,687
Exercise of long-term incentive programs with treasury shares	(16,806)	3,768	11,690	(1,348)
Sale of treasury shares	-	2,614	1,762	4,376
Balance as at June 30, 2021	64,711	113,500	(162,074)	16,137

	Stock options granted recognized	Goodwill on share subscription	Treasury shares	Total
Balance as at December 31, 2019	71,736	113,758	(22,288)	163,206
Stock options granted recognized	5,620	-	-	5,620
Treasury shares acquired	-	-	(184,696)	(184,696)
Sale of treasury shares	-	966	3,250	4,216
Exercise of long-term incentive programs with treasury shares	(14,290)	(1,897)	15,417	(770)
Balance as at June 30, 2020	63,066	112,827	(188,317)	(12,424)

(i) Stock options granted in 1H21

At the Annual General Meeting held on April 27, 2021, the shareholders approved the Special Retention and Alignment Plan for the Creation of a Reference Managing Shareholder. The plan provides for the granting of up to 2.5% of the common shares issued by the Company on December 31, 2020, corresponding to 18,961,666.75 shares, over a period of 20 years, with the possibility of annual grants, to this restricted group of administrators carefully selected and appointed by the Board of Directors as Managing Shareholders Reference. Those elected will represent the mindset of Founders and investors and will be recognized within the Company and by the market as the axis of long-term support, leading the company in moments of important achievements and challenging situations, aiming at transforming Localiza into its life project, just as the Founders did. In order to have the total availability of the shares granted, the Reference Manager shall have a 10-year term for each grant. In 2Q21, 3,220,610 shares were granted at this plan.

(ii) Exercise of long-term incentive programs in 1Q21

In 1H21, 452,577 stock options and shares of the long-term incentive programs were exercised, in the amount calculated at fair value of R\$6,318, accounted for over the life of the programs. All options were exercised using treasury shares and, therefore, it was not necessary to issue new shares.

(iii) Treasury shares

The number of treasury shares as at June 30, 2021 was 6,275,345 shares (7,291,415 as at June 30, 2020), with fair value of R\$401,622 (quotation of R\$64.00 per share as at June 30, 2021).

At a meeting of the Company's Board of Directors on June 24, 2021, the Company was authorized to acquire up to 50,000,000 shares in the 13th Share Repurchase Program, with a term of 365 days from July 23, 2021 to July 22, 2022, and its objective is to maximize the generation of value for shareholders or to liquidate stock options under the Company's long-term incentive plans.

In March 2020, 5,214,600 shares issued by the Company were acquired under this program for R\$184,696. The cost of acquisition of the treasury shares, including trading costs, ranged between R\$26.86 and R\$40.02 per share.

(c) Statutory reserves

At the Annual General Meeting held on April 27, 2021, the shareholders approved the allocation of 100% of the remaining profit for 2020, in the amount of R\$716,502, to the creation of a statutory reserve called "investment reserve", which is intended to finance investments for renewal and expansion of the Company's and its subsidiaries' fleets.

(d) Interest on capital and dividends

The Board of Directors' meetings approved the payment of interest on capital as follows:

1H21				
Approval date	Total amount approved	Amount per share (R\$)	Shareholding position date	Payment date
3/24/2021	63,739	0.08479	3/29/2021	5/21/2021
6/24/2021	72,356	0.09620	6/29/2021	8/20/2021
Total	136,095			

1H20				
Approval date	Total amount approved	Amount per share (R\$)	Shareholding position date	Payment date
3/10/2020	66,954	0.08901	3/13/2020	9/15/2020
6/18/2020	64,764	0.08622	6/23/2020	10/15/2020
Total	131,718			

(*) At the Board of Directors' Meeting held on April 1, 2020, the payment date of interest on capital was postponed from May 5, 2020 to January 5, 2021, in view of the impacts of the Covid-19 pandemic on the Company's business and on the domestic economy in general. Therefore, and due to the change in the number of treasury shares, the estimated gross value per share of interest on capital payable was changed from R\$ 0.08860 to R\$ 0.08901. At the Board of Directors' Meeting held on September 4, 2020, considering the improvement in the scenario in comparison with the impacts previously expected, the date of the payment of interest on capital was advanced as follows: (i) the payment scheduled for January 5, 2021 occurred on September 15, 2020; and (ii) the payment scheduled for April 5, 2021 occurred on October 15, 2020.

At the Annual General Meeting held on April 27, 2021, the payment of interest on equity in the amount of R\$261,143 referring to the net income for 2020 was approved. Additionally, the payment to shareholders of dividends in addition to the mandatory minimum was approved, in the amount of R\$18,126.

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

	Consolidated	
	6/30/2021	12/31/2020
Dividends in addition to the mandatory minimum dividend	-	18,126
Proposed interest on capital on profit for the period	72,356	63,814
Provision for withholding income tax on interest on capital	(8,034)	(9,507)
Total dividends and interest on capital payable	64,322	72,433

Other information on equity has not changed significantly when compared to the information disclosed in note 19 to the financial statements for the year ended December 31, 2020.

20. EARNINGS PER SHARE

The methods used to calculate basic and diluted earnings per share are the same as those disclosed in note 20 to the financial statements for the year ended December 31, 2020.

The table below shows profit information 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 profit or loss:

	Individual and Consolidated		Individual and Consolidated	
	1H21	1H20	2Q21	2Q20
Profit for the period	930,158	320,812	447,902	89,941
Basic earnings per share:				
Weighted average number of outstanding common shares (units)	751,844,690	752,767,145	752,013,972	750,933,092
Basic earnings per share (R\$)	1,23717	0,42618	0,59560	0,11977
Diluted earnings per share:				
Weighted average number of outstanding common shares (units)	751,844,690	752,767,145	752,013,972	750,933,092
Dilutive effect of stock options (units)	4,535,824	1,675,838	4,535,824	1,675,838
Total shares subject to dilution (units)	756,380,514	754,442,983	756,549,796	752,608,930
Diluted earnings per share (R\$)	1,22975	0,42523	0,59203	0,11951

21. SEGMENT INFORMATION

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

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

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

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 the subsidiary Franchising Brasil in Brazil and by Localiza itself in other countries.

- **Fleet rental:** Division responsible for fleet rental and long-term rentals, usually from 24 to 36 months, to individuals and legal entities, through Localiza Fleet and Car Rental Systems. In September 2020, Localiza Meoo was launched, a long-term subscription car solution, aimed at individuals and small and medium-sized entities. The cars of this division are acquired after the signing of agreements according to the customers' needs. Therefore, the fleet is more diversified in terms of models and brands. Decommissioned cars are sold at the end of the agreements, on average within 30 months of use, directly to the end consumer or to dealers through the Company's own car dealer network.

(a) Operating division financial reporting

(i) Consolidated assets and liabilities by operating division

<u>6/30/2021</u>	<u>Car rental</u>	<u>Fleet rental</u>	<u>Unallocated balances</u>	<u>Eliminations/ Reclassifications</u>	<u>Consolidated</u>
Assets					
Cash and cash equivalents	-	-	497,529	-	497,529
Short-term investments	-	-	3,602,384	-	3,602,384
Trade receivables	987,378	169,502	-	(45,634)	1,111,246
Decommissioned cars for fleet renewal	5,716	38,273	-	-	43,989
Property and equipment	11,609,905	3,357,549	398,073	(*) (378,428)	14,987,099
Other assets	520,759	192,279	554,278	(82,997)	1,184,319
Total assets	13,123,758	3,757,603	5,052,264	(507,059)	21,426,566
Liabilities					
Trade payables	910,716	255,909	-	(45,905)	1,120,720
Borrowings and debt securities	-	-	11,162,703	-	11,162,703
Other liabilities	2,111,101	604,488	102,895	(538,778)	2,279,706
Total liabilities	3,021,817	860,397	11,265,598	(584,683)	14,563,129
Equity	-	-	6,863,437	-	6,863,437
Total liabilities and equity	3,021,817	860,397	18,129,035	(584,683)	21,426,566

<u>12/31/2020</u>	<u>Car rental</u>	<u>Fleet rental</u>	<u>Unallocated balances</u>	<u>Eliminations/ Reclassifications</u>	<u>Consolidated</u>
Assets					
Cash and cash equivalents	-	-	2,586,393	-	2,586,393
Short-term investments	-	-	1,380,211	-	1,380,211
Trade receivables	987,969	143,494	-	(22,014)	1,109,449
Decommissioned cars for fleet renewal	8,460	32,091	-	-	40,551
Property and equipment	11,208,013	2,928,158	398,823	(*) (353,699)	14,181,295
Other assets	974,118	297,210	-	(128,093)	1,143,235
Total assets	13,178,560	3,400,953	4,365,427	(503,806)	20,441,134
Liabilities					
Trade payables	1,460,297	223,548	-	(22,844)	1,661,001
Borrowings and debt securities	-	-	10,497,723	-	10,497,723
Other liabilities	2,105,780	627,615	-	(503,644)	2,229,751
Total liabilities	3,566,077	851,163	10,497,723	(526,488)	14,388,475
Equity	-	-	6,052,659	-	6,052,659
Total liabilities and equity	3,566,077	851,163	16,550,382	(526,488)	20,441,134

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

(ii) Consolidated statements of income per operating division

<u>1H21</u>	<u>Car rental</u>	<u>Fleet rental</u>	<u>Reclassifications</u>	<u>Consolidated</u>
Net revenue	4,481,151	1,011,679	-	5,492,830
Cost	(2,904,535)	(517,624)	(3,890)	(3,426,049)
Gross profit	1,576,616	494,055	(3,890)	2,066,781
Operating expenses:				
Selling expenses	(458,268)	(61,570)	2,934	(516,904)
General, administrative and other expenses	(140,268)	(28,962)	956	(168,274)
Profit (loss) before finance costs, net	978,080	403,523	-	1,381,603
Finance costs, net	-	-	-	(68,118)
Profit before income tax and social contribution	-	-	-	1,313,485
Income tax and social contribution	-	-	-	(383,327)
Profit for the period	-	-	-	930,158

1H20	Car rental	Fleet rental	Reclassifications	Consolidated
Net revenue	3,448,283	916,451	-	4,364,734
Cost	(2,740,913)	(530,552)	(3,785)	(3,275,250)
Gross profit	707,370	385,899	(3,785)	1,089,484
Operating expenses:				
Selling expenses	(369,296)	(45,580)	1,696	(413,180)
General, administrative and other expenses	(18,625)	(7,037)	2,089	(23,573)
Profit (loss) before finance costs, net	319,449	333,282	-	652,731
Finance costs, net				(254,891)
Profit before income tax and social contribution				397,840
Income tax and social contribution				(77,028)
Profit for the period				320,812

2Q21	Car rental	Fleet rental	Reclassifications	Consolidated
Net revenue	2,168,645	527,063	-	2,695,708
Cost	(1,430,782)	(263,373)	(2,036)	(1,696,191)
Gross profit	737,863	263,690	(2,036)	999,517
Operating expenses:				
Selling expenses	(207,972)	(32,027)	1,522	(238,477)
General, administrative and other expenses	(73,118)	(15,169)	514	(87,773)
Profit (loss) before finance costs, net	456,773	216,494	-	673,267
Finance costs, net				(45,882)
Profit before income tax and social contribution				627,385
Income tax and social contribution				(179,483)
Profit for the period				447,902

2Q20	Car rental	Fleet rental	Reclassifications	Consolidated
Net revenue	1,144,105	425,997	-	1,570,102
Cost	(987,013)	(233,987)	(1,821)	(1,222,821)
Gross profit	157,092	192,010	(1,821)	347,281
Operating expenses:				
Selling expenses	(165,768)	(21,643)	875	(186,536)
General, administrative and other expenses	49,323	7,355	946	57,624
Profit (loss) before finance costs, net	40,647	177,722	-	218,369
Finance costs, net				(127,258)
Profit before income tax and social contribution				91,111
Income tax and social contribution				(1,170)
Profit for the period				89,941

(iii) Consolidated depreciation and amortization expenses per operating division

	Consolidated		Consolidated	
	1H21	1H20	2Q21	2Q20
Car rental				
Car depreciation	54,757	251,726	28,777	135,266
Depreciation of other property and equipment and amortization of intangible assets	94,731	85,463	47,920	44,013
Fleet rental				
Car depreciation	35,896	68,941	15,301	32,269
Depreciation of other property and equipment and amortization of intangible assets	8,431	8,621	4,363	4,849
Total	193,815	414,751	96,361	216,397

22. NET REVENUE

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

	Individual		Consolidated	
	1H21	1H20	1H21	1H20
Gross revenue	4,651,247	3,538,277	5,772,298	4,584,988
Deductions:				
Discounts	(5,284)	(7,203)	(15,487)	(17,156)
Taxes (*)	(196,143)	(139,941)	(263,981)	(203,098)
Net revenue	4,449,820	3,391,133	5,492,830	4,364,734

	Individual		Consolidated	
	2Q21	2Q20	2Q21	2Q20
Gross revenue	2,249,609	1,182,846	2,833,241	1,660,909
Deductions:				
Discounts	(2,354)	(5,990)	(7,924)	(11,274)
Taxes (*)	(94,803)	(49,293)	(129,609)	(79,533)
Net revenue	2,152,452	1,127,563	2,695,708	1,570,102

(*) Refer substantially to: (i) Service Tax ("ISSQN") and (ii) taxes on revenue ("PIS" and "COFINS").

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

	Individual			
	Car rental			
	1H21	1H20	2Q20	2Q20
Geographic markets				
Revenue in Brazil	4,427,973	3,373,168	2,144,371	1,124,508
Export revenue (*)	14,412	14,116	4,776	1,698
Royalties abroad	7,435	3,849	3,305	1,357
Net revenue	4,449,820	3,391,133	2,152,452	1,127,563
Revenue categories				
Car rental	1,908,048	1,363,492	928,402	476,538
Car sold for fleet renewal	2,541,772	2,027,641	1,224,050	651,025
Net revenue	4,449,820	3,391,133	2,152,452	1,127,563

	Consolidated					
	Car rental		Fleet rental		Total	
	1H21	1H20	1H21	1H20	1H21	1H20
Geographic markets						
Revenue in Brazil	4,459,304	3,430,318	1,011,679	916,451	5,470,983	4,346,769
Export revenue (*)	14,412	14,116	-	-	14,412	14,116
Royalties abroad	7,435	3,849	-	-	7,435	3,849
Net revenue	4,481,151	3,448,283	1,011,679	916,451	5,492,830	4,364,734
Revenue categories						
Car rental	1,909,966	1,372,474	-	-	1,909,966	1,372,474
Fleet rental	-	-	576,950	517,881	576,950	517,881
Car sold for fleet renewal	2,571,185	2,075,809	434,729	398,570	3,005,914	2,474,379
Net revenue	4,481,151	3,448,283	1,011,679	916,451	5,492,830	4,364,734

	Consolidated					
	Car rental		Fleet rental		Total	
	2Q21	2Q20	2Q21	2Q20	2Q21	2Q20
Geographic markets						
Revenue in Brazil	2,160,564	1,141,050	527,063	425,997	2,687,627	1,567,047
Export revenue (*)	4,776	1,698	-	-	4,776	1,698
Royalties abroad	3,305	1,357	-	-	3,305	1,357
Net revenue	2,168,645	1,144,105	527,063	425,997	2,695,708	1,570,102
Revenue categories						
Car rental	930,602	479,641	-	-	930,602	479,641
Fleet rental	-	-	296,058	261,715	296,058	261,715
Car sold for fleet renewal	1,238,043	664,464	231,005	164,282	1,469,048	828,746
Net revenue	2,168,645	1,144,105	527,063	425,997	2,695,708	1,570,102

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

23. NATURE OF OPERATING COSTS AND EXPENSES

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

	Individual					
	Costs		Selling, general, administrative and other expenses		Total	
	1H21	1H20	1H21	1H20	1H21	1H20
Cost of cars sold	(1,983,223)	(1,896,201)	-	-	(1,983,223)	(1,896,201)
Car maintenance, IPVA and others	(548,987)	(333,552)	-	-	(548,987)	(333,552)
Salaries, payroll taxes and benefits	(235,878)	(190,938)	(206,600)	(173,432)	(442,478)	(364,370)
Profit sharing	(37,595)	(18,184)	(38,323)	(15,919)	(75,918)	(34,103)
ECLs (**) and write-off of uncollectible amounts	-	-	(98,031)	(79,493)	(98,031)	(79,493)
Depreciation and amortization of other property and equipment and intangible assets	(68,073)	(63,049)	(37,072)	(34,474)	(105,145)	(97,523)
Car depreciation	(54,757)	(244,999)	-	-	(54,757)	(244,999)
Commissions	-	-	(35,564)	(32,081)	(35,564)	(32,081)
Property lease (*)	(39,547)	(29,181)	2,923	(651)	(36,624)	(29,832)
Advertising	-	-	(34,245)	(34,612)	(34,245)	(34,612)
Water, electricity and telephone	(7,891)	(6,946)	(4,020)	(3,859)	(11,911)	(10,805)
Travel	(3,146)	(6,594)	(693)	(2,813)	(3,839)	(9,407)
Third-party services	(90,375)	(82,693)	(89,026)	(76,368)	(179,401)	(159,061)
PIS and COFINS credits, net	167,431	167,755	(18)	-	167,413	167,755
Reversal of PIS and COFINS provision (***)	-	-	-	103,438	-	103,438
Others	(36,684)	(50,788)	(44,678)	(40,941)	(81,362)	(91,729)
Total	(2,938,725)	(2,755,370)	(585,347)	(391,205)	(3,524,072)	(3,146,575)

	Consolidated					
	Costs		Selling, general, administrative and other expenses		Total	
	1H21	1H20	1H21	1H20	1H21	1H20
Cost of cars sold	(2,309,479)	(2,269,427)	-	-	(2,309,479)	(2,269,427)
Car maintenance, IPVA and others	(683,770)	(442,499)	-	-	(683,770)	(442,499)
Salaries, payroll taxes and benefits	(264,238)	(208,606)	(251,234)	(210,676)	(515,472)	(419,282)
Profit sharing	(43,453)	(19,689)	(47,557)	(19,305)	(91,010)	(38,994)
ECLs (**) and write-off of uncollectible amounts	-	-	(103,232)	(83,340)	(103,232)	(83,340)
Depreciation and amortization of other property and equipment and intangible assets	(65,298)	(59,107)	(37,864)	(34,977)	(103,162)	(94,084)
Car depreciation	(90,653)	(320,667)	-	-	(90,653)	(320,667)
Commissions	-	-	(36,556)	(32,853)	(36,556)	(32,853)
Property lease (*)	(40,762)	(30,895)	(1,210)	(715)	(41,972)	(31,610)
Advertising	-	-	(38,452)	(36,191)	(38,452)	(36,191)
Water, electricity and telephone	(8,068)	(7,162)	(4,738)	(4,579)	(12,806)	(11,741)
Travel	(3,209)	(6,748)	(792)	(3,288)	(4,001)	(10,036)
Third-party services	(104,749)	(95,779)	(106,853)	(83,228)	(211,602)	(179,007)
PIS and COFINS credits, net	218,190	212,439	(20)	-	218,170	212,439
Reversal of PIS and COFINS provision (***)	-	-	-	126,365	-	126,365
Others	(30,560)	(27,110)	(56,670)	(53,966)	(87,230)	(81,076)
Total	<u>(3,426,049)</u>	<u>(3,275,250)</u>	<u>(685,178)</u>	<u>(436,753)</u>	<u>(4,111,227)</u>	<u>(3,712,003)</u>

(*) Allowance for doubtful debts and expected credit losses.

(**) Property rentals for the car rental locations have a fixed and a variable portion, the latter linked to the location's revenue. In 1H21, the Company recognized variable costs and expenses in the amount of R\$16,917 in the Individual and R\$17,169 in the Consolidated (R\$15,441 in the Individual and R\$15,370 in the Consolidated in 1H20), referring to the lease contracts measured as established by IFRS 16. As mentioned in note 15, in accordance with the requirements of Decision 859/20, the Company recognized in profit or loss for the period discounts obtained related to Covid-19, in the amounts of R\$1,562 in the Individual and Consolidated (R\$11,493 in the Individual and R\$11,518 in the Consolidated in 1H20). In addition, R\$21,269 and R\$26,365 were recognized in the Individual and Consolidated, respectively (R\$25,884 in the Individual and R\$27,758 in the Consolidated in 1H20) related to contracts to which IFRS 16 does not apply.

(***) Localiza and Localiza Fleet filed for a suit claiming their right to appropriate PIS and COFINS credits from depreciation of their rental vehicles, based on the justification inserted in Article 3, VI, and Article 15 of Law 10,833/03, at the fraction of 1/48 per month instead of the general rule of 1/60 per month. Since April 2017, based on favorable outcome, Localiza and Localiza Fleet begun to appropriate credits on a 1/48th basis per month and recognize the difference between said bases until new decisions about the discussion were issued. In 2020, considering that the scenario of the lawsuits changed with the issuance of the second favorable decision and the current context of the court decisions about the utilization of PIS/COFINS credits, the legal counselors changed the assessment of the likelihood of loss of lawsuits in this matter from probable to possible. Therefore, the respective provisions were reversed, in the updated amounts of R\$110,602 (Individual) and R\$135,021 (Consolidated) (note 24).

	Individual					
	Costs		Selling, general, administrative and other expenses		Total	
	2Q21	2Q20	2Q21	2Q20	2Q21	2Q20
Cost of cars sold	(953,431)	(619,015)	-	-	(953,431)	(619,015)
Car maintenance, IPVA and others	(291,120)	(130,381)	-	-	(291,120)	(130,381)
Salaries, payroll taxes and benefits	(120,855)	(91,018)	(108,230)	(77,533)	(229,085)	(168,551)
Profit sharing	(18,665)	(4,336)	(17,420)	(3,266)	(36,085)	(7,602)
ECLs (**) and write-off of uncollectible amounts	-	-	(40,695)	(46,235)	(40,695)	(46,235)
Depreciation and amortization of other property and equipment and intangible assets	(34,542)	(32,734)	(18,783)	(17,822)	(53,325)	(50,556)
Car depreciation	(28,777)	(133,353)	-	-	(28,777)	(133,353)
Commissions	-	-	(16,714)	(11,355)	(16,714)	(11,355)
Property lease (*)	(20,271)	(8,276)	2,201	1,573	(18,070)	(6,703)
Advertising	-	-	(15,752)	(12,294)	(15,752)	(12,294)
Water, electricity and telephone	(3,880)	(3,048)	(1,984)	(1,748)	(5,864)	(4,796)
Travel	(1,414)	(1,717)	(317)	(859)	(1,731)	(2,576)
Third-party services	(44,603)	(35,678)	(44,804)	(40,039)	(89,407)	(75,717)
PIS and COFINS credits, net	83,569	79,951	(1)	-	83,568	79,951
Reversal of PIS and COFINS provision (***)	-	-	-	103,438	-	103,438
Others	(14,147)	(18,368)	(12,376)	(12,764)	(26,523)	(31,132)
Total	<u>(1,448,136)</u>	<u>(997,973)</u>	<u>(274,875)</u>	<u>(118,904)</u>	<u>(1,723,011)</u>	<u>(1,116,877)</u>

	Consolidated					
	Selling, general, administrative and other					
	Costs		expenses		Total	
	2Q21	2Q20	2Q21	2Q20	2Q21	2Q20
Cost of cars sold	(1,124,989)	(773,745)	-	-	(1,124,989)	(773,745)
Car maintenance, IPVA and others	(357,251)	(180,125)	-	-	(357,251)	(180,125)
Salaries, payroll taxes and benefits	(135,946)	(100,187)	(131,935)	(95,717)	(267,881)	(195,904)
Profit sharing	(21,655)	(4,634)	(21,833)	(3,944)	(43,488)	(8,578)
ECLs (**) and write-off of uncollectible amounts	-	-	(43,137)	(48,038)	(43,137)	(48,038)
Depreciation and amortization of other property and equipment and intangible assets	(33,103)	(30,745)	(19,180)	(18,117)	(52,283)	(48,862)
Car depreciation	(44,078)	(167,535)	-	-	(44,078)	(167,535)
Commissions	-	-	(17,289)	(11,678)	(17,289)	(11,678)
Property lease (*)	(20,927)	(8,986)	(351)	1,857	(21,278)	(7,129)
Advertising	-	-	(17,732)	(12,996)	(17,732)	(12,996)
Water, electricity and telephone	(3,976)	(3,147)	(2,360)	(2,083)	(6,336)	(5,230)
Travel	(1,443)	(1,757)	(367)	(1,008)	(1,810)	(2,765)
Third-party services	(52,785)	(42,365)	(54,055)	(43,649)	(106,840)	(86,014)
PIS and COFINS credits, net	109,874	101,706	(1)	-	109,873	101,706
Reversal of PIS and COFINS provision (***)	-	-	-	126,365	-	126,365
Others	(9,912)	(11,301)	(18,010)	(19,904)	(27,922)	(31,205)
Total	(1,696,191)	(1,222,821)	(326,250)	(128,912)	(2,022,441)	(1,351,733)

(*) Allowance for doubtful debts and expected credit losses.

(**) Property rentals for the car rental locations have a fixed and a variable portion, the latter linked to the location's revenue. In 2Q21, the Company recognized variable costs and expenses in the amount of R\$8,970 in the Individual and R\$9,093 in the Consolidated (R\$4,392 in the Individual and R\$4,279 in the Consolidated in 2Q20), referring to the lease contracts measured as established by IFRS 16. As mentioned in note 15, in accordance with the requirements of Decision 859/20, the Company recognized in profit or loss for the period discounts obtained related to Covid-19, in the amounts of R\$881 in the Individual and Consolidated (R\$11,493 in the Individual and R\$11,518 in the Consolidated in 2Q20). In addition, R\$9,981 and R\$13,066 were recognized in the Individual and Consolidated, respectively (R\$13,804 in the Individual and R\$14,368 in the Consolidated in 2Q20) related to contracts to which IFRS 16 does not apply.

(***) Localiza and Localiza Fleet filed for a suit claiming their right to appropriate PIS and COFINS credits from depreciation of their rental vehicles, based on the justification inserted in Article 3, VI, and Article 15 of Law 10,833/03, at the fraction of 1/48 per month instead of the general rule of 1/60 per month. Since April 2017, based on favorable outcome, Localiza and Localiza Fleet began to appropriate credits on a 1/48th basis per month and recognize the difference between said bases until new decisions about the discussion were issued. In 2020, considering that the scenario of the lawsuits changed with the issuance of the second favorable decision and the current context of the court decisions about the utilization of PIS/COFINS credits, the legal counselors changed the assessment of the likelihood of loss of lawsuits in this matter from probable to possible. Therefore, the respective provisions were reversed, in the updated amounts of R\$110,602 (Individual) and R\$135,021 (Consolidated) (note 24).

24. FINANCE INCOME (COSTS)

Finance income (costs) recognized in the statement of profit or loss is as follows:

	Individual		Consolidated	
	1H21	1H20	1H21	1H20
Interest on short-term investments	51,715	34,385	74,788	45,362
PIS/COFINS on finance income	(2,598)	(2,299)	(3,483)	(3,165)
Repurchase of debentures	4,150	8,294	4,482	8,294
Other interest income	(1,822)	2,684	(1,766)	3,476
Total finance income	51,445	43,064	74,021	53,967
Interest expenses on borrowings, debt securities and derivative financial instruments	(94,849) (*)	(148,430)	(109,004) (*)	(273,643)
Interest expenses on leases (note 15)	(41,389)	(41,672)	(29,901)	(30,571)
Reversal of the updated PIS/COFINS credit provision (note 23)	-	7,164	-	8,656
Other interest expenses	(155)	(9,051)	(3,234)	(13,300)
Total finance costs	(136,393)	(191,989)	(142,139)	(308,858)
Total finance income (costs)	(84,948)	(148,925)	(68,118)	(254,891)

(*) In 1H21, the Company recognized a credit effect due to the change of fair value of the derivative financial instruments to hedge against the risk of loss of profit on rental contracts (see note 14 (b)), in the amount of R\$40,035 in the Individual and R\$98,848 in the Consolidated (R\$4,019 in the Individual and debit effect of R\$24,748 in the Consolidated in 1H20).

	Individual		Consolidated	
	2Q21	2Q20	2Q21	2Q20
Interest on short-term investments	35,960	11,092	50,146	11,553
PIS/COFINS on finance income	(1,739)	(1,215)	(2,276)	(1,608)
Repurchase of debentures	1,430	8,294	1,762	8,294
Other interest income	(2,646)	(192)	(2,651)	222
Total finance income	33,005	17,979	46,981	18,461
Interest expenses on borrowings, debt securities and derivative financial instruments	(67,305) (*)	(80,356)	(75,853) (*)	(138,480)
Interest expenses on leases (note 15)	(21,169)	(19,373)	(15,337)	(14,025)
Reversal of the updated PIS/COFINS credit provision (note 23)	-	7,164	-	8,656
Other interest expenses	815	(180)	(1,673)	(1,870)
Total finance costs	(87,659)	(92,745)	(92,863)	(145,719)
Total finance income (costs)	(54,654)	(74,766)	(45,882)	(127,258)

(*) In 2Q21, the Company recognized a credit effect due to the change of fair value of the derivative financial instruments to hedge against the risk of loss of profit on rental contracts (see note 14 (b)), in the amount of R\$16,960 in the Individual and R\$45,431 in the Consolidated (debit effect of R\$7,008 in the Individual and R\$20,694 in the Consolidated in 1H20).

25. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

	Individual		Consolidated	
	6/30/2021	12/31/2020	6/30/2021	12/31/2020
Financial assets				
<u>Amortized cost</u>				
Cash and cash equivalents (note 4)	300,891	911,067	424,011	1,349,244
Trade receivables (note 6)	960,336	974,296	1,111,246	1,109,449
Receivables from insurance company (note 7)	143,750	192,307	145,905	194,835
Other receivables – subsidiaries (note 7)	4,627	5,765	-	-
Investments in restricted accounts (note 7)	-	-	45,496	44,959
Escrow deposits (note 17)	81,595	79,376	115,066	113,720
<u>Financial assets at fair value through profit or loss</u>				
Cash and cash equivalents (note 4)	22,779	664,419	73,518	1,237,149
Short-term investments (note 5)	2,657,193	1,040,917	3,602,384	1,380,211
Derivative financial instruments (note 14)	476,180	410,606	554,275	507,327
Financial liabilities				
<u>Amortized cost</u>				
Trade payables (note 11)	(909,172)	(1,458,302)	(1,120,720)	(1,661,001)
Borrowings and debt securities (note 13)	(6,604,918)	(7,636,551)	(9,413,147)	(10,497,723)
Payables to related parties (note 16)	(5,253)	(740)	-	-
Insurance premiums for transfer (note 16)	(87,836)	(145,397)	(88,833)	(146,715)
Restricted obligations (note 16)	-	-	(45,947)	(45,435)
Amount payable for the acquisition of MOB17 (note 16)	-	-	(7,224)	(10,799)
<u>Financial liabilities at fair value through profit or loss</u>				
Borrowings and debt securities (note 13)	(1,749,556)	-	(1,749,556)	-
Derivative financial instruments (note 14)	(62,339)	(9,872)	(102,895)	(103,549)

(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.

(i) Market risk

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:

- As at June 30, 2021, the Company's net debt totaled R\$6,611,410. Of this total, R\$1,666,127, with fixed cost at an average rate of 6.27% 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 R\$4,945,283 as at June 30, 2021.
- The probable scenario for the next 12 months was estimated, according to information in the Focus Bulletin issued by the Central Bank of Brazil, based on an average CDI rate of 6.14% against the effective annual rate of 2.62% in the six-month period ended June 30, 2021.

Description	Consolidated		
	Probable scenario (*)	Scenario I – 25% deterioration	Scenario II – 50% deterioration
Net debt as at June 30, 2021	6,611,410	6,611,410	6,611,410
Debts at a fixed-rate and amounts hedged with swap to a fixed-rate	(1,666,127)	(1,666,127)	(1,666,127)
Net debt subject to the CDI fluctuation	4,945,283	4,945,283	4,945,283
Effective average annual CDI rate for the six-month period ended June 30, 2021	2,62%	2,62%	2,62%
Estimated average annual CDI rate, according to stress scenarios	6,14%	7,68%	9,21%
Effect on finance costs subject to the CDI rate fluctuation:			
- according to effective rate from January to June 2021	(129,566)	(129,566)	(129,566)
- according to scenarios	(303,640)	(379,798)	(455,461)
(Increase) decrease in finance costs for the next 12 months	(174,074)	(250,232)	(325,895)

(ii) Credit risk

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

	Individual		Consolidated	
	6/30/2021	12/31/2020	6/30/2021	12/31/2020
Cash and cash equivalents:				
At least Aa3 in the Moody's scale or equivalent in another rating agency	307,561	1,560,974	438,133	2,570,155
Cash and banks	16,109	14,512	59,396	16,238
Total cash and cash equivalents (note 4)	323,670	1,575,486	497,529	2,586,393
Short-term investments:				
At least Aa3 in the Moody's scale or equivalent in another rating agency	2,657,193	1,040,917	3,602,384	1,380,211
Total short-term investments (note 5)	2,657,193	1,040,917	3,602,384	1,380,211
Trade receivables – customers	532,069	551,005	659,959	666,861
Trade receivables – credit cards:				
Aaa in the Moody's scale	148,435	96,801	150,486	98,744
Sundry	279,832	326,490	300,801	343,844
Total trade receivables (note 6)	960,336	974,296	1,111,246	1,109,449
Total	3,941,199	3,590,699	5,211,159	5,076,053

(iii) **Liquidity risk**

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 meet their commitment schedules. The analysis of the maturities of undiscounted consolidated contractual cash flows of borrowings, debt securities and derivative financial instruments, based on the interest rate contracted for each transaction and a CDI rate of 4.15% as at June 30, 2021, is as follows:

	Individual							
	2021	2022	2023	2024	2025	2026	2027 to 2032	Total
Debentures - 11 th issuance	9,376	412,319	-	-	-	-	-	421,695
Debentures - 12 th issuance	14,488	29,914	29,794	693,097	-	-	-	767,293
Debentures - 13 th issuance	3,668	352,068	333,855	85,780	82,200	-	-	857,571
Debentures - 14 th issuance	12,953	29,308	29,190	334,701	126,651	232,747	-	765,550
Debentures - 15 th issuance	15,420	33,281	33,014	33,282	393,945	394,262	-	903,204
Debentures - 16 th issuance	19,691	51,558	51,558	359,216	368,860	350,599	-	1,201,482
Debentures - 17 th issuance	29,634	68,987	71,734	74,901	78,187	81,958	2,187,858	2,593,259
Promissory notes - 7 th issuance	535,171	-	-	-	-	-	-	535,171
Working capital	112,072	359,584	299,335	-	-	-	-	770,991
Prepurchase financing pool	486	972	972	901	748	49	-	4,128
Foreign currency borrowings	9,534	215,881	541,254	402,777	329,208	-	-	1,498,654
Total	762,493	1,553,872	1,390,706	1,984,655	1,379,799	1,059,615	2,187,858	10,318,998

	Consolidated							
	2021	2022	2023	2024	2025	2026	2027 to 2032	Total
Debentures - 11 th issuance	9,376	412,319	-	-	-	-	-	421,695
Debentures - 12 th issuance	14,488	29,914	29,794	693,097	-	-	-	767,293
Debentures - 13 th issuance	3,668	352,068	333,855	85,780	82,200	-	-	857,571
Debentures - 14 th issuance	12,953	29,308	29,190	334,701	126,651	232,747	-	765,550
Debentures - 15 th issuance	15,420	33,281	33,014	33,282	393,945	394,262	-	903,204
Debentures - 16 th issuance	19,691	51,558	51,558	359,216	368,860	350,599	-	1,201,482
Debentures - 17 th issuance	29,634	68,987	71,734	74,901	78,187	81,958	2,187,858	2,593,259
Promissory notes - 7 th issuance	535,171	-	-	-	-	-	-	535,171
Debentures of Localiza Fleet - 5 th issuance	3,172	9,286	9,286	9,286	211,734	-	-	242,764
Debentures of Localiza Fleet - 6 th issuance	7,095	14,078	14,021	312,309	-	-	-	347,503
Debentures of Localiza Fleet - 7 th issuance	4,758	13,382	13,329	13,221	313,383	-	-	358,073
Debentures of Localiza Fleet - 8 th issuance	20,473	51,258	359,168	367,380	350,779	-	-	1,149,058
Working capital	116,779	369,176	376,810	130,980	-	-	-	993,745
CRI	16,248	22,862	25,797	28,151	32,604	36,651	296,720	459,033
Prepurchase financing pool	8,638	7,800	1,524	901	748	39	10	19,660
Foreign currency borrowings	286,152	295,551	618,344	402,777	329,208	-	-	1,932,032
Total	1,103,716	1,760,828	1,967,424	2,845,982	2,288,299	1,096,256	2,484,588	13,547,093

(b) Capital management

The table below shows the Company's debt ratios:

	Consolidated	
	6/30/2021	12/31/2020
Short and long-term debts (note 13)	11,162,703	10,497,723
Derivative financial instruments (note 14)	(451,380)	(403,778)
Cash and cash equivalents (note 4)	(497,529)	(2,586,393)
Short-term investments (note 5)	(3,602,384)	(1,380,211)
Net debt	6,611,410	6,127,341
Equity	6,863,437	6,052,659
Debt ratio (net debt / equity)	0,96	1,01
Fleet value (*)	13,716,391	12,963,790
Net debt / fleet value	0,48	0,47

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

(c) Fair value of financial instruments

The fair value of financial liabilities recognized at amortized cost in the Company's balance sheet are:

	Individual			
	Carrying amount		Fair value	
	6/30/2021	12/31/2020	6/30/2021	12/31/2020
Financial liabilities – other financial liabilities:				
Borrowings and debt securities	(6,604,918)	(7,636,551)	(6,437,466)	(7,355,408)

	Consolidated			
	Carrying amount		Fair value	
	6/30/2021	12/31/2020	6/30/2021	12/31/2020
Financial liabilities – other financial liabilities:				
Borrowings and debt securities	(9,413,147)	(10,497,723)	(9,053,077)	(9,982,458)

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

Other information on financial instruments and risk management has not changed significantly when compared to the information disclosed in note 25 to the financial statements for the year ended December 31, 2020.

26. SUPPLEMENTARY PENSION PLAN

In 1H21, contributions made by the Company totaled R\$1,433 in the Individual and R\$1,928 in the Consolidated (R\$978 in the Individual and R\$1,224 in the Consolidated in 1H20), which were allocated to line items "cost", "selling expenses" and "general and administrative expenses" in profit or loss, as applicable

Other information on pension plan has not changed significantly as compared to the information disclosed in note 26 to the financial statements for the year ended December 31, 2020.

Comments on the Performance of Business Projections

The Company did not disclose any projections for 2021.

Other Information Considered Relevant by the Company

SOCIAL STATEMENT

The Company's Consolidated Social Statement (not reviewed by the auditors) for the three-month period ended June 30, 2021 and 2020 is as follows:

(In R\$ thousand)

	1H21			1H20		
Calculation basis of consolidated social indicators						
Net revenue ("NR")						
			5,492,830			4,364,734
Earnings before taxes ("EBT")			1,313,485			780,133
Gross payroll ("GP")			509,364			385,381
Internal social indicators	Amount	% on GP	% on NR	Amount	% on GP	% on NR
Meals	38,033	7%	1%	32,137	8%	1%
Compulsory payroll taxes	100,101	20%	2%	89,472	23%	2%
Health	38,196	7%	1%	33,555	9%	1%
Professional training and development	1,977	0%	0%	1,018	0%	0%
Daycare centers or childcare allowance	60	0%	0%	101	0%	0%
Profit sharing	91,010	18%	2%	38,994	10%	1%
Other	8,583	2%	0%	4,570	1%	0%
Total internal social indicators	277,960	54%	6%	199,847	51%	5%
External social indicators	Amount	% on EBT	% on NR	Amount	% on EBT	% on NR
Education	538	0%	0%	111	0%	0%
Culture	1,949	0%	0%	769	0%	0%
Other	6,371	0%	0%	192	0%	0%
Total contributions to society	8,858	0%	0%	1,072	0%	0%
Taxes (excluding payroll taxes) (*)	533,438	41%	10%	293,237	74%	7%
Total external social indicators	542,296	41%	10%	294,309	74%	7%
Staff indicators			3/31/21			3/31/20
Number of employees at the end of the period			11,676			9,457
Number of new hires during the period			680			113
Number of third-party workers			444			470
Number of interns			55			97
Number of employees above 50 years old			536			454
Number of female employees			5,363			4,279
Percentage of lead positions held by female employees			49.73%			49.68%
Number of disabled employees			341			395

Opinions and Representations / Report on Review of Interim Financial Information – Unqualified

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

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Management and Shareholders of
Localiza Rent a Car S.A.
Belo Horizonte - MG

We have reviewed the accompanying individual and consolidated interim financial information of Localiza Rent a Car S.A. ("Company"), included in the Interim Financial Information Form - ITR, for the quarter ended June 30, 2021, which comprises the individual and consolidated balance sheet as at June 30, 2021 and the related individual and consolidated statements of income, of comprehensive income for the three- and six-month periods then ended, of changes in equity and of cash flows for the six-month period then ended, including the explanatory notes.

Management is responsible for the preparation of the individual and consolidated interim financial information in accordance with technical pronouncement CPC 21 (R1) and international standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, as well as for the presentation of such information in accordance with the standards issued by the Brazilian Securities and Exchange Commission - CVM, applicable to the preparation of Interim Financial Information - ITR. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Standards on Review of Interim Financial Information (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the standards on auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the individual and consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the interim financial information referred to above was not prepared, in all material respects, in accordance with technical pronouncement CPC 21 (R1) and international standard IAS 34, applicable to the preparation of the Interim Financial Information - ITR, and presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission - CVM.

Opinions and Representations / Report on Review of Interim Financial Information – Unqualified**Other matters***Statements of value added*

The individual and consolidated interim financial information referred to above includes the individual and consolidated statements of value added - DVA for the six-month period ended June 30, 2021, prepared under the responsibility of the Company's Management and disclosed as supplemental information for purposes of the international standard IAS 34. These statements were subject to review procedures performed together with the review of the Interim Financial Information - ITR to reach a conclusion on whether they were reconciled with the interim financial information and accounting records, as applicable, and whether their form and content are in accordance with the criteria set out in technical pronouncement CPC 09 - Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that these statements of value added were not appropriately prepared, in all material respects, in accordance with the criteria set out in such technical pronouncement and consistently in relation to the individual and consolidated interim financial information taken as a whole.

The accompanying individual and consolidated interim financial information has been translated into English for the convenience of readers outside Brazil.

Belo Horizonte, July 29, 2021

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Daniel de Carvalho Primo
Engagement Partner

Opinions and Representations / Management's Statement on the Financial Statements**MANAGEMENT'S STATEMENT ON THE INTERIM FINANCIAL INFORMATION**

By this instrument, the CEO and CFO and Investor Relations Officer of Localiza Rent a Car S.A. ("Localiza"), a publicly-held company headquartered at Avenida Bernardo de Vasconcelos, 377, Bairro Cachoeirinha, in Belo Horizonte, Minas Gerais State, Corporate Taxpayer No. 16.670.085/0001-55, in conformity with subsection II, paragraph 1, article 29 of CVM Instruction 480/09, hereby declare that they have:

I. Reviewed, discussed and approved Localiza's and consolidated interim financial information for the six-month period ended June 30, 2021.

Belo Horizonte, July 29, 2021.

Bruno Sebastian Lasansky
CEO

Rodrigo Tavares Gonçalves de Sousa
CFO and Investor Relations Officer

Opinions and Representations / Management's Statement on the Independent Auditor's Report**MANAGEMENT'S STATEMENT ON THE INDEPENDENT AUDITOR'S REPORT**

By this instrument, the CEO and CFO and Investor Relations Officer of Localiza Rent a Car S.A. ("Localiza"), a publicly-held company headquartered at Avenida Bernardo de Vasconcelos, 377, Bairro Cachoeirinha, in Belo Horizonte, Minas Gerais State, Corporate Taxpayer No. 16.670.085/0001-55, in conformity with subsection II, paragraph 1, article 29 of CVM Instruction 480/09, hereby declare that they have:

I. Reviewed, discussed and agreed with the opinions expressed in the Independent Auditor's Report of Deloitte Touche Tohmatsu Auditores Independentes on Localiza's and consolidated interim financial information for the six-month period ended June 30, 2021.

Belo Horizonte, July 29, 2021.

Bruno Sebastian Lasansky
CEO

Rodrigo Tavares Gonçalves de Sousa
CFO and Investor Relations Officer