

Webcast

2Q24



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Localiza&CO

SEND YOUR QUESTIONS FOR THE Q&A SESSION



Agenda

- OPENING
- DEPRECIATION
- 2Q24 RESULTS
- PRIORITIES
- Q&A

Q&A



Agenda

- OPENING
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Q&A



DEPRECIATION: calculated by the difference between the purchase price and the expected selling price, net of selling costs

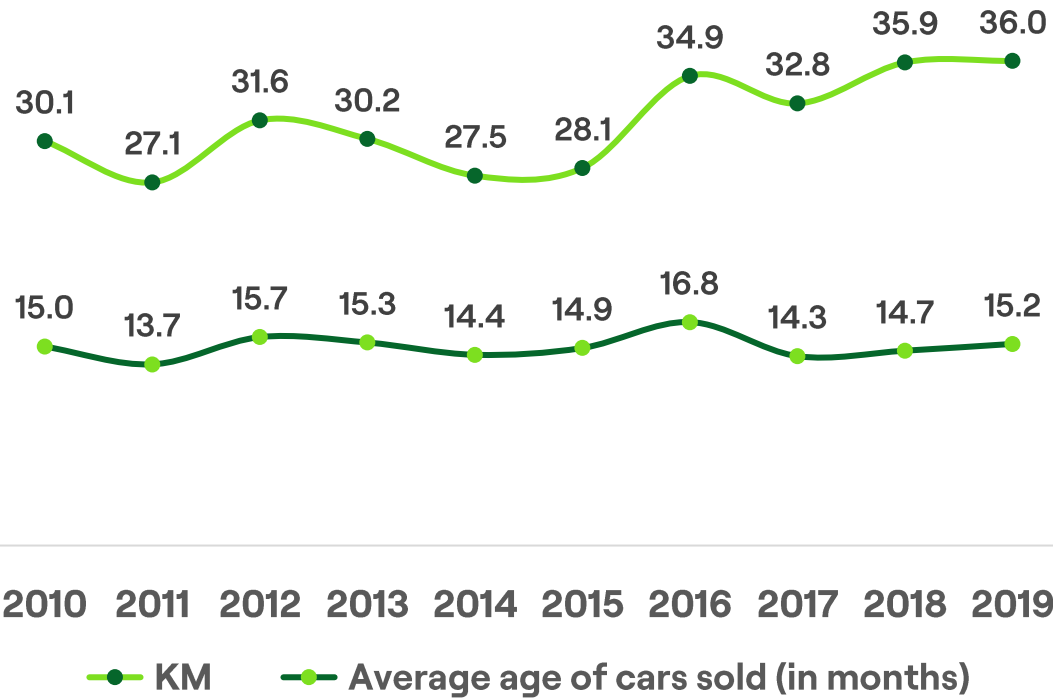
$$\text{Annualized depreciation} = \frac{\text{Purchase price} - (\text{selling price} - \text{selling costs})}{\text{Car useful life cycle (months)}} \times 12$$

Conceptual example: premises		Net selling price equal to the estimated price		Net selling price greater than the estimated price	
Purchase Price	100,000	Sales Revenue	96,000	Sales Revenue	97,440
Selling Price	96,000	Book Value	(91,000)	Book Value	(91,000)
SG&A	5,000	Gross Profit	5,000	Gross Profit	6,440
Cycle (Months)	18	SG&A	(5,000)	SG&A	(4,500)
EBITDA Margin	0%	EBITDA	0	EBITDA	1,940
		EBITDA Margin	0%	EBITDA Margin	2.0%
		Monthly depreciation	(500)	Monthly depreciation	(500)
		Total depreciation	(9,000)	Total depreciation	(9,000)
		Annualized depreciation	(6,000)	Annualized depreciation	(6,000)

CAR RENTAL UNTIL THE PANDEMIC: the rental cycle and the difference between the purchase and selling price used to be stable

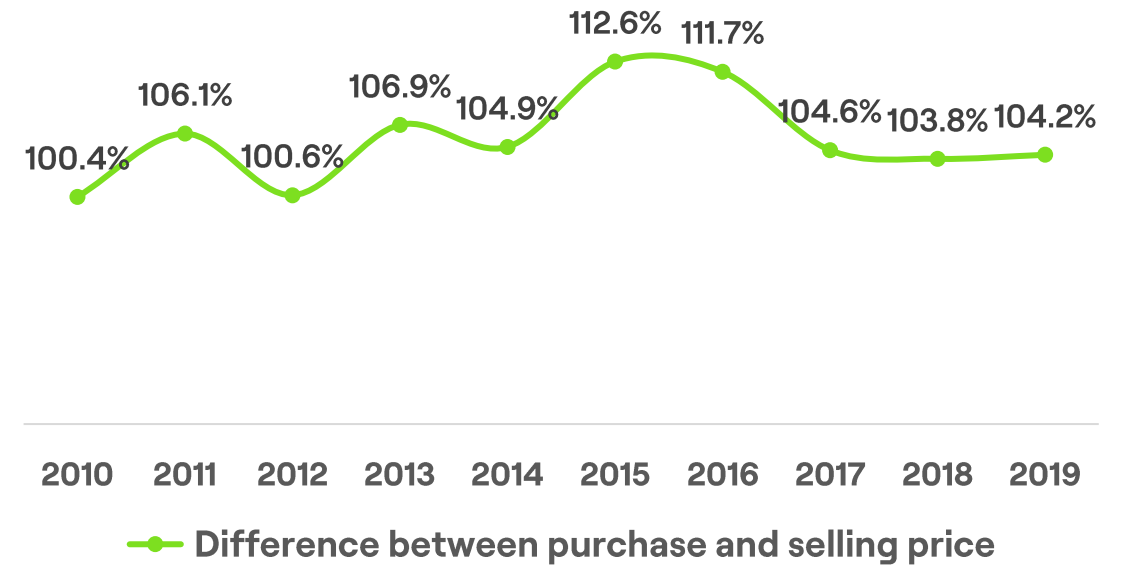
Sold fleet age and KM

RAC – KM (thousand) and age (months)



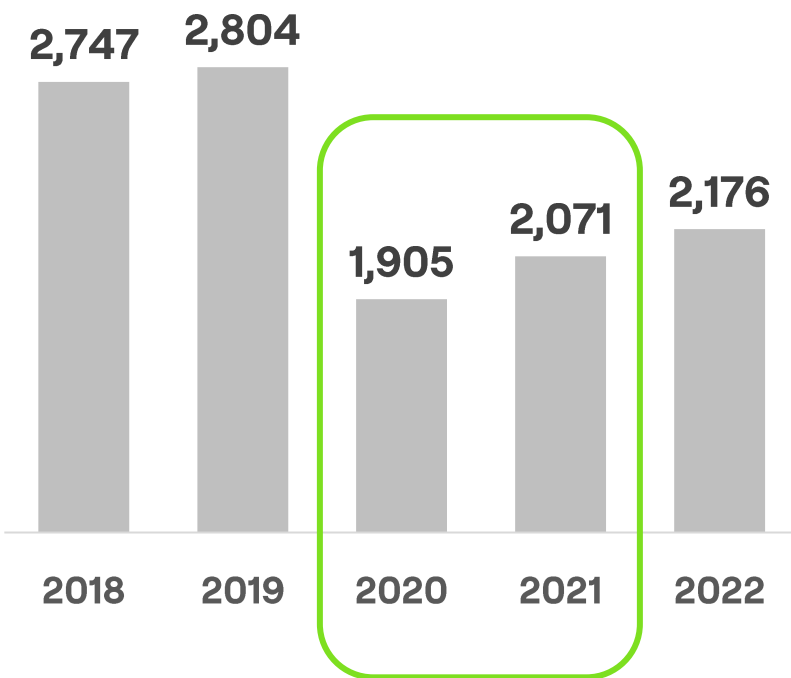
Average selling price / average purchase price

%

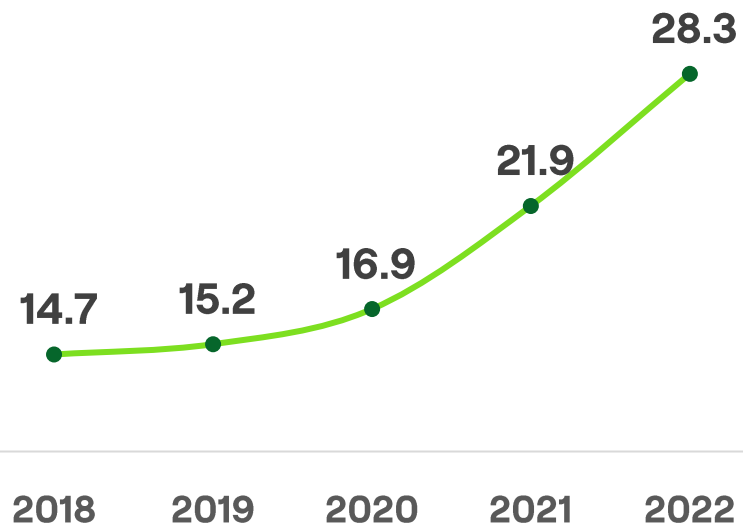


DURING THE PANDEMIC: the reduction in car production resulting from the lack of inputs led the Company to increase the car's life cycle; new car prices increased by 78%

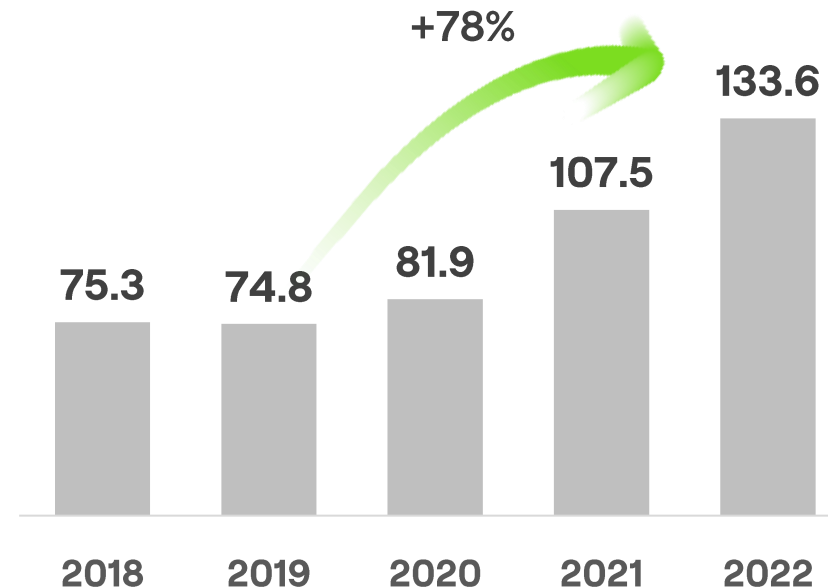
Car production
in thousands



Average age of car sold
RAC - months

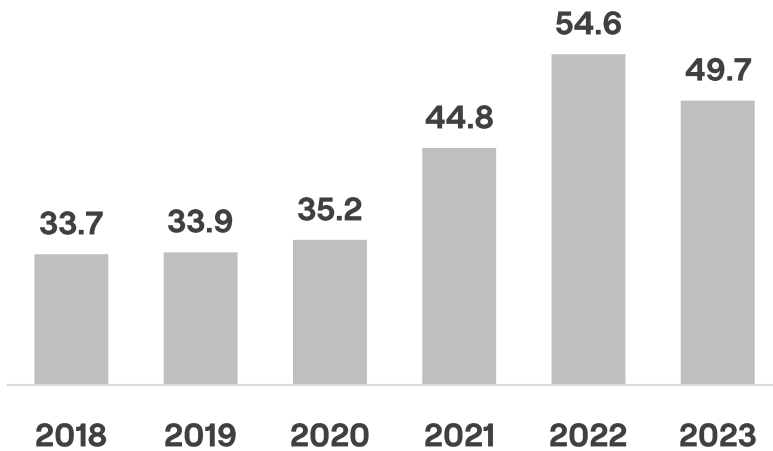


Average price of new cars (top 50 Fenabrave)
R\$ thousand

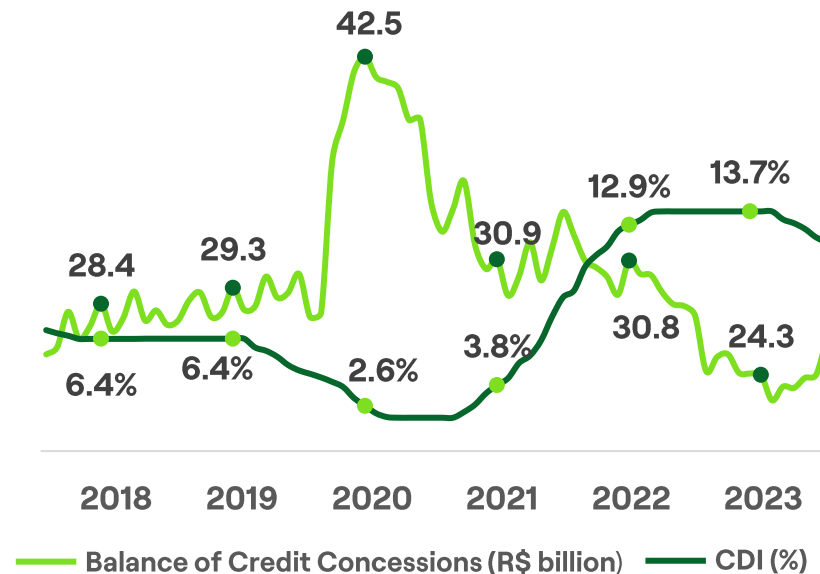


PROVISIONAL MEASURE: in a context of lower affordability and credit availability, in 2023 the government issued a Provisional Measure, temporarily reducing new car prices

Minimum wage x new cars price # (considering the entry-level car)



Balance of auto loans x CDI R\$ billion and %



Provisional Measure 1,175 (june/2023)

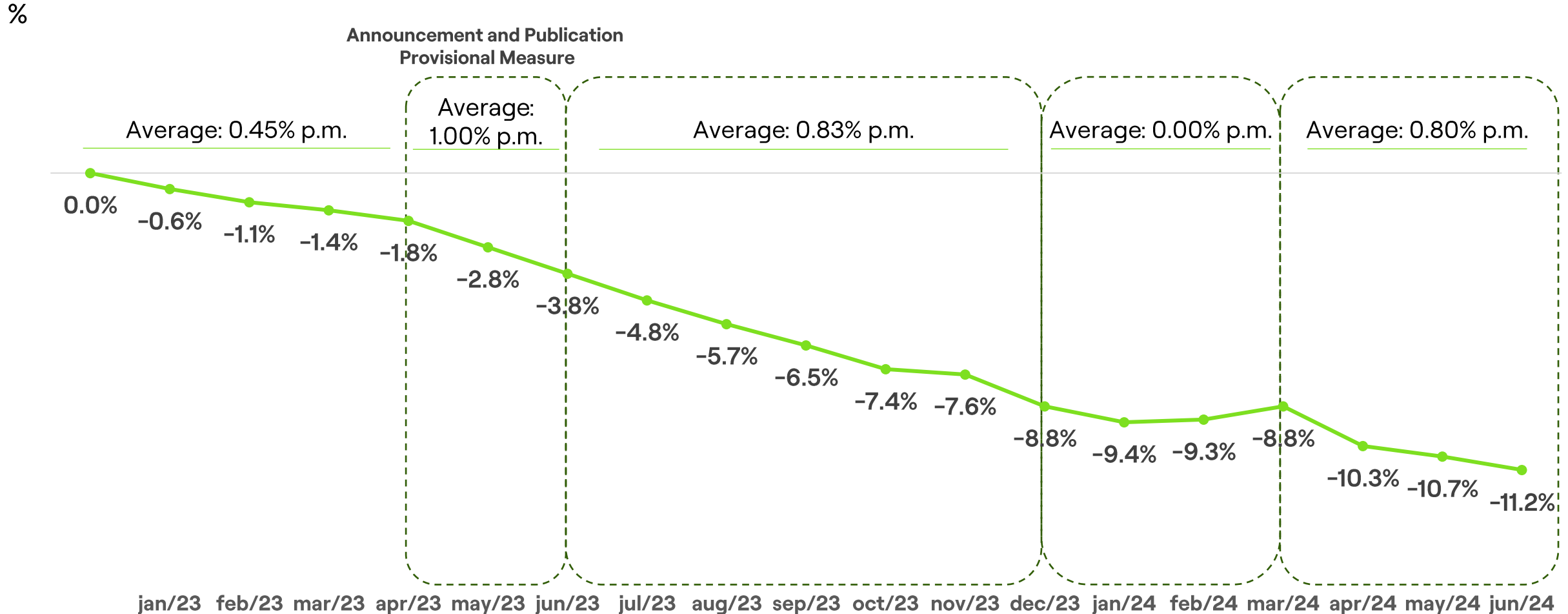
- Discounts from **R\$2 to 8 thousand** per car
- Cars up to R\$120 thousand

The Company accounted for R\$631 million in additional depreciation and adjustment to the recoverable value in part of the fleet in 2Q23, equivalent to 1.4% of the value of the fleet in that quarter.

This amount assumed that the impact of the measure on car prices would be temporary, considering the previous similar measures.

CAR PRICES: after the PM, price of used cars continued to decline throughout the 2H23 and 2Q24, resulting in the revision of the residual value estimates

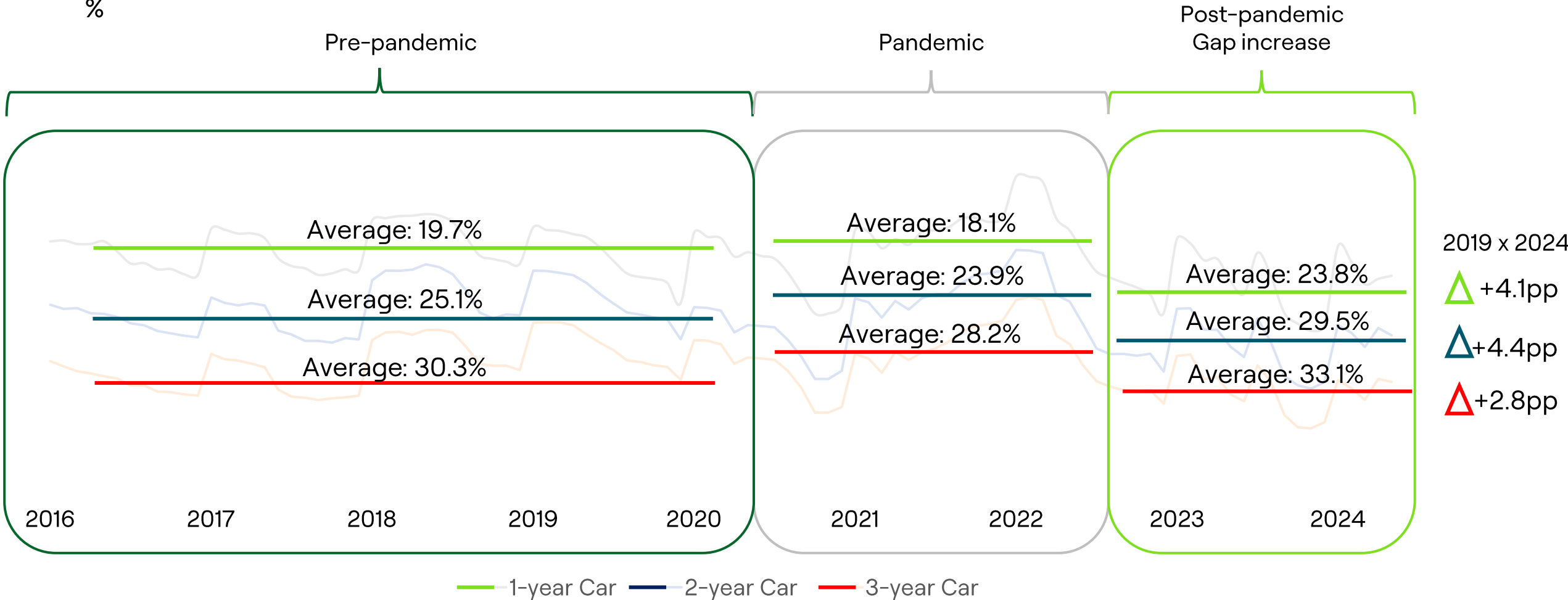
Evolution of car prices for 1, 2 and 3 years - FIPE table (mix of Localiza groups)



Source: FIPE table weighted by Localiza's mix group profile

CAR PRICES: the difference in the price of 1, 2 and 3-year-old cars compared to new cars is greater than the historical average

Difference in the price of the basic 1, 2 and 3-year-old cars to the new car %



CAR CYCLE: in addition to the sale price review, the fleet renewal process reduced the depreciable life of the car from 18 to 15 months in the Car Rental division

Conceptual example of the effect of reducing the cycle from 18 to 15 months - RAC

Conceptual Example	Car in the beginning of the cycle			9 month old cars			12 month old cars		
	18 Months	15 Months	Δ	18 Months	15 Months	Δ	18 Months	15 Months	Δ
Purchase Price (R\$)	85,000	85,000	0%	85,000	85,000	0%	85,000	85,000	0%
Net selling price (R\$)	74,800	76,500	2%	74,800	74,800	0%	74,800	74,800	0%
Depreciation (R\$)	-10,200	-8,500	-17%	-10,200	-10,200	0%	-10,200	-10,200	0%
Age (Months)	0	0	0	9	9	0	12	12	0
Full Cycle (Months)	18	15	3	18	15	3	18	15	3
Remaining time (Months)	18	15	3	9	6	3	6	3	3
Booked Depreciation (R\$)	0	0	0	-5,100	-5,100	0	-6,800	-6,800	0
Remaining Depreciation (R\$)	-10,200	-8,500	-1,700	-5,100	-5,100	0	-3,400	-3,400	0
Monthly depreciation (R\$)	-567	-567	0%	-567	-850	50%	-567	-1,133	100%
Annualized Depreciation (R\$)	-6,800	-6,800	0%	-6,800	-10,200	50%	-6,800	-13,600	100%

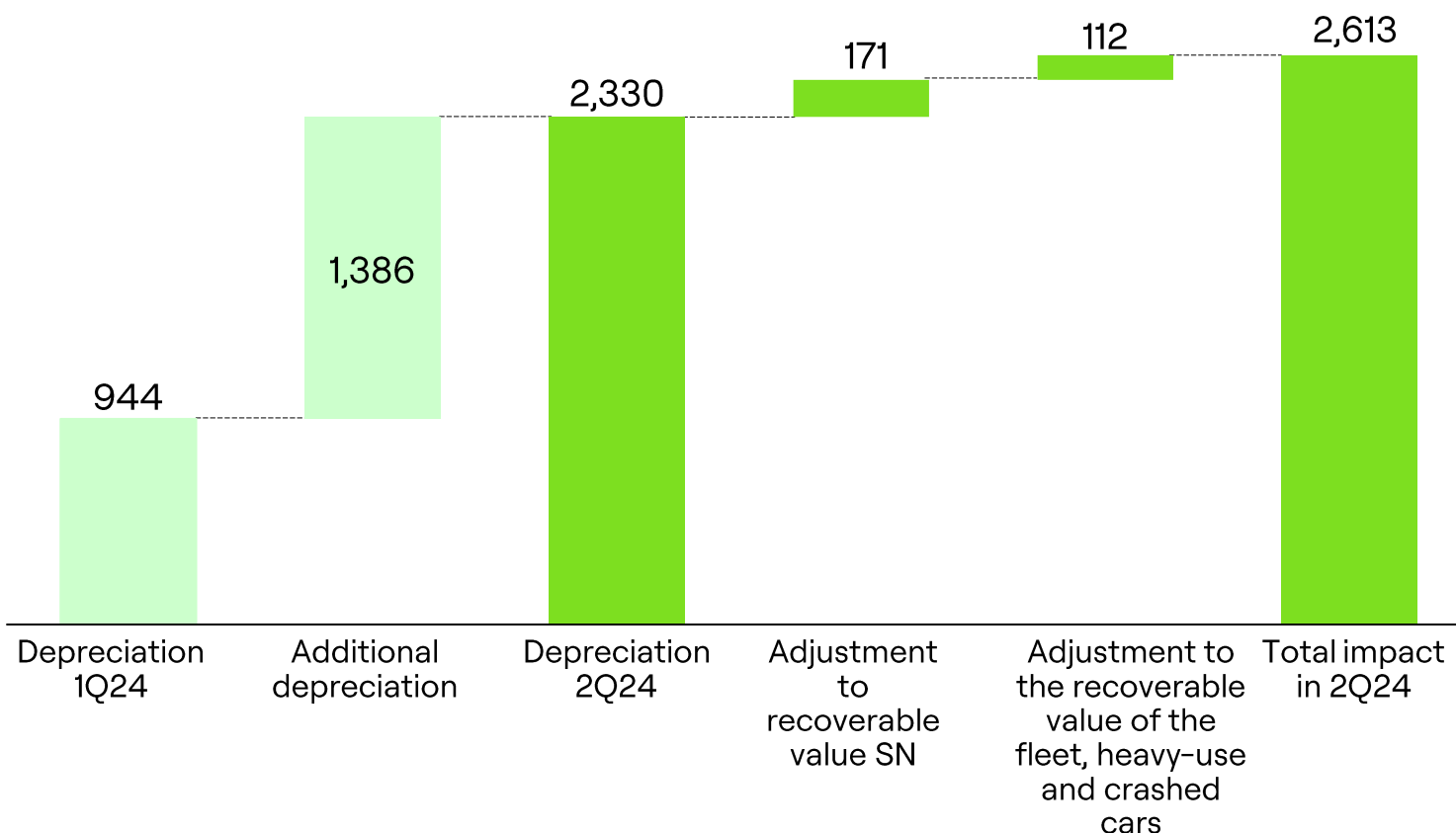
Cars at the end of their cycle have the depreciation impacted the most due to lower remaining depreciable life

Note: (1) The exercise considered an increase of 0.4% per month to adjust the car's sales price from 18 to 15 months
 Net selling price = selling price net of the selling costs

DEPRECIATION: the adjustment in the expectation of the net selling price and the shortening of the depreciable cycle totaled R\$1.669 billion when compared to 1Q24

Impacts on Depreciation and Provision for Adjustment in Recoverable Value 2Q24

R\$ Million



Impacts on Depreciation (no change in accounting practice)

- Reduction in the price of pre-owned cars in 2Q24
- Widening of the price difference between used and new cars, due to market dynamics and new entrants in the automotive industry
- Reduction of the depreciable useful life cycle in the Car Rental division from 18 to 15 months, due to the renewal process of Localiza's fleet
- Reduction in the expected net selling price of heavy-use vehicles
- Normalization of margins on the sale of seminovos cars

DEPRECIATION: we expect a gradual reduction in depreciation, still impacted in the coming quarters by the effect of the reduction in the depreciable cycle

Annual depreciation quota per car
R\$

Division	Annualized gross depreciation		Expectation range for gross depreciation		
	1Q24	2Q24	3Q24E	4Q24E	1Q25E
RAC	6,022	19,977	6,700 – 7,700	6,500 – 7,500	6,300 – 7,300
Fleet Rental – Light vehicles	5,941	11,780	7,500 – 8,500	7,200 – 8,200	6,800 – 7,800

The expected range for gross depreciation assumes:

- **Reduction of the depreciable useful life cycle in the Car Rental division from 18 to 15 months**
- **Widening of the price difference between pre-owned and new cars**
- **Normalization of margins in the sale of Seminovos cars**

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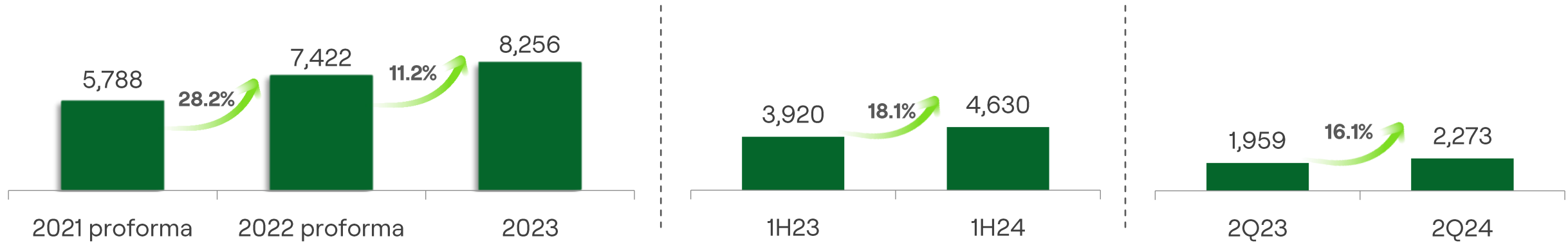
Q&A



CAR RENTAL: growth of 16.1% in net revenue in 2Q24

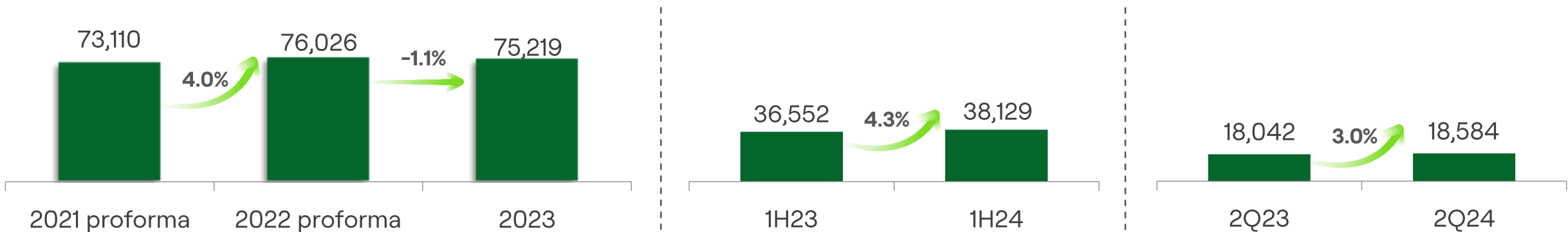
Net Revenue - Brazil

R\$ million, including royalties



Rental days - Brazil

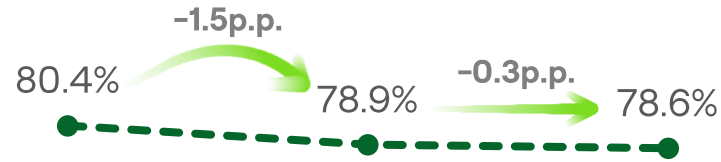
In thousands



CAR RENTAL : growth of 12.9% in the average daily rate, with an increase in the utilization rate

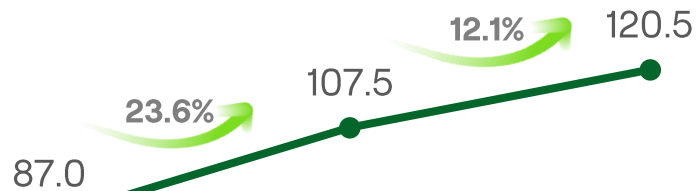
Utilization Rate - Brazil

%



Rental Rate - Brazil

R\$



2021 proforma 2022 proforma 2023



1H23 1H24



2Q23 2Q24

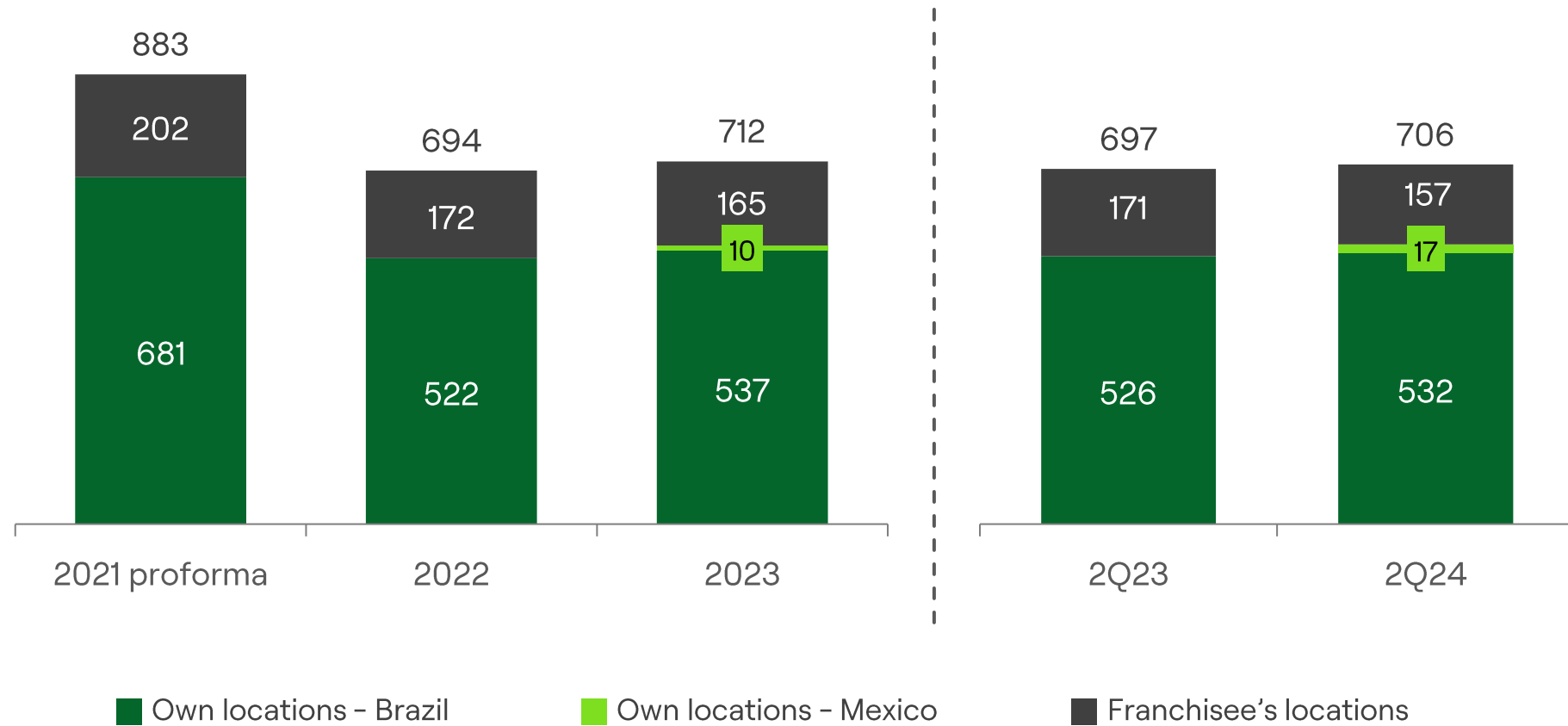


—●— Rental Rate - R\$ - - -●- - Utilization - %

CAR RENTAL : 706 branches in Brazil and Latin America

Rental branches

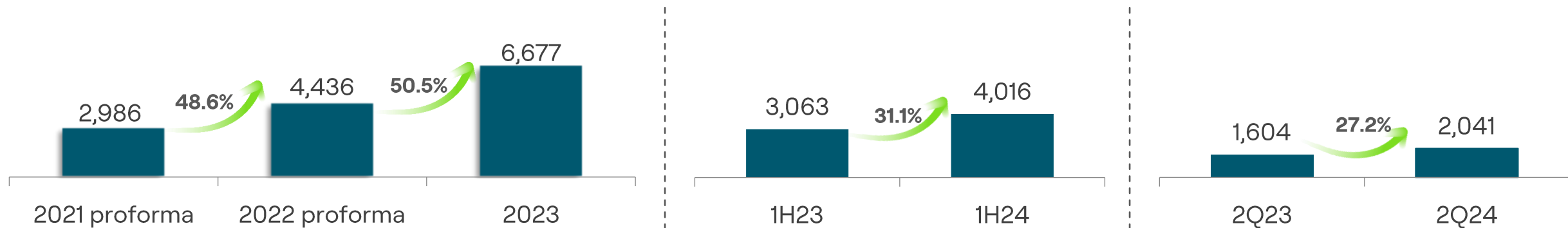
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FLEET RENTAL: 27.2% growth in net revenue, even with the rationalization of the contracts' portfolio

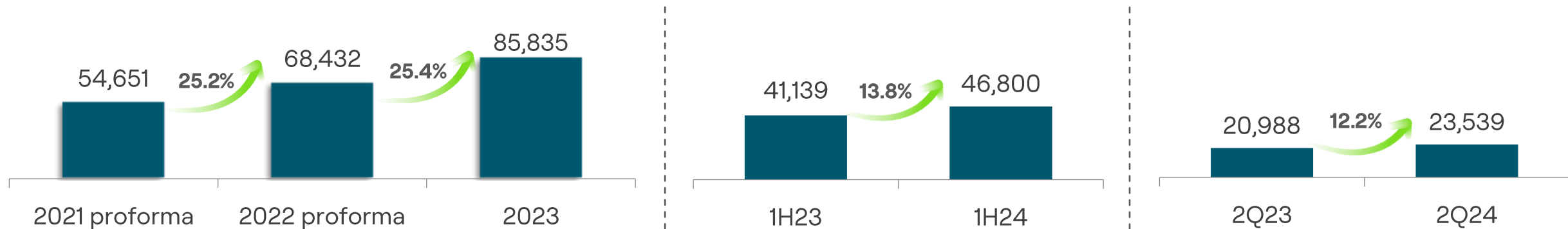
Net Revenue

R\$ million, including telematics and corporate travel management



Rental Days

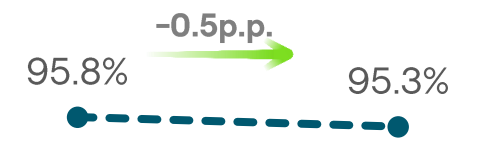
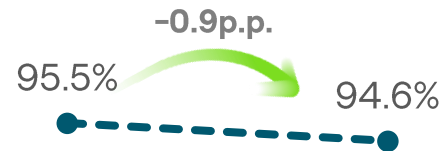
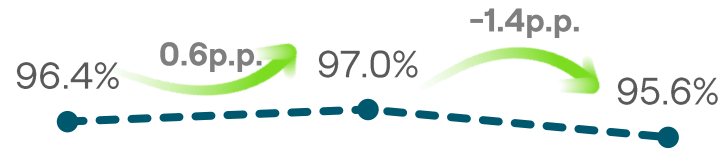
In thousands



FLEET RENTAL: increase of 13.4% in the average daily rate for the quarter

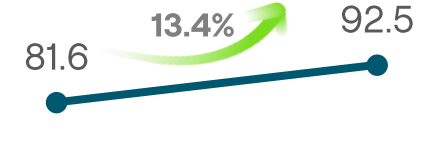
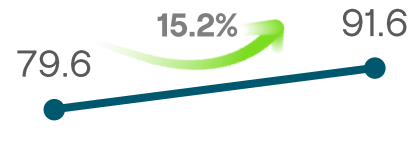
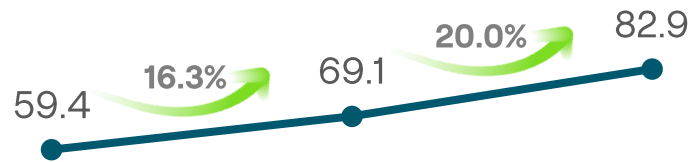
Utilization Rate

%



Rental Rate

R\$

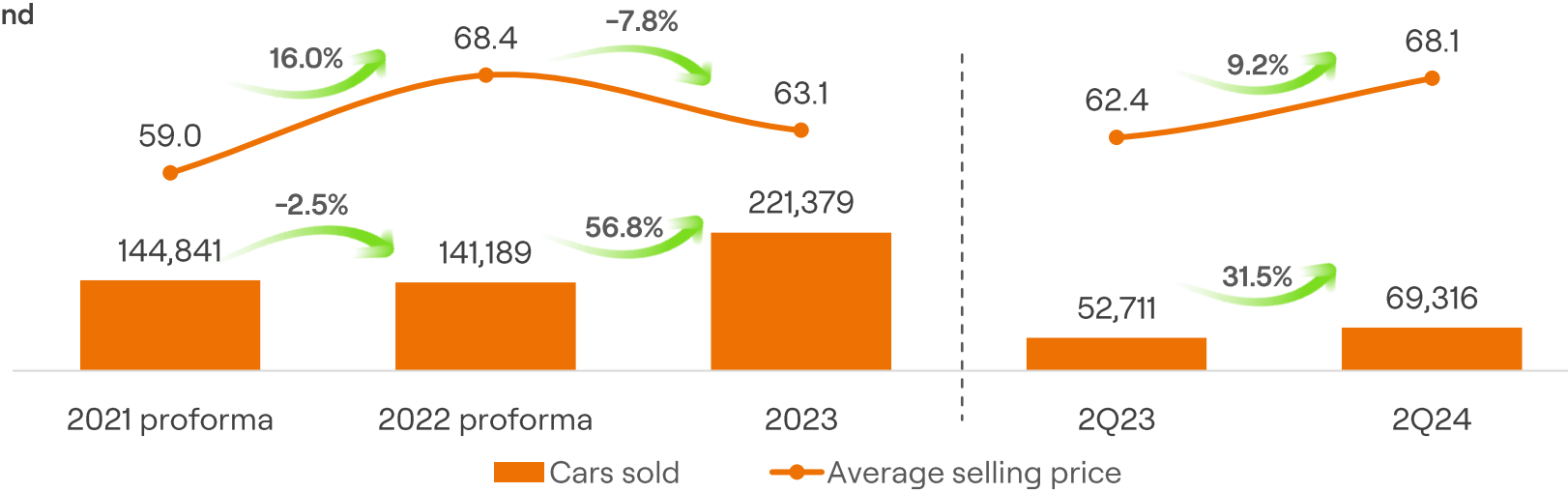


—●— Rental Rate – R\$ - - -●- - Utilization - %

SEMINOVOS: optimization of the Seminovos network; increase in the average selling price

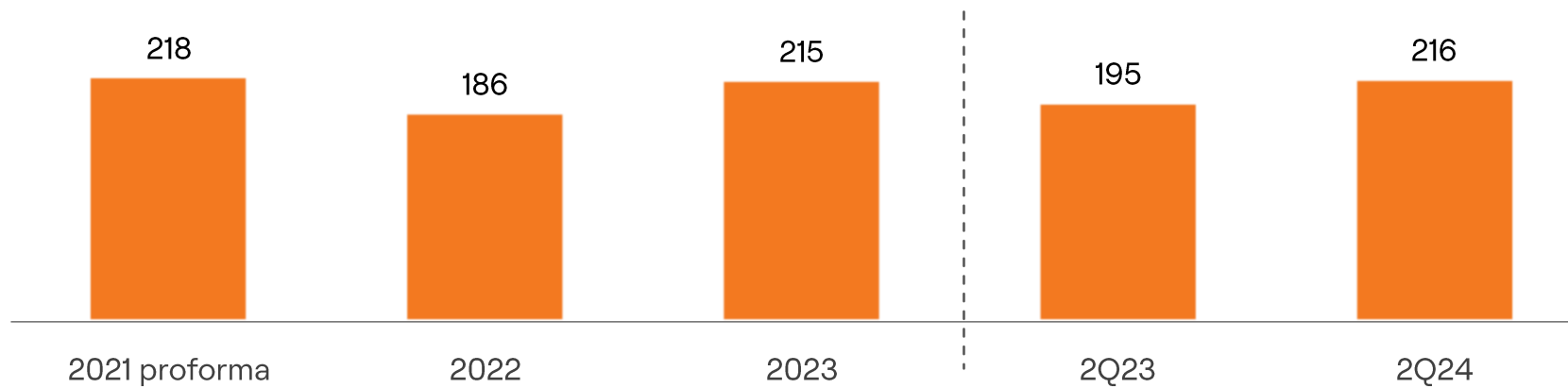
Average price and volume of cars sold

Quantity and R\$ thousand



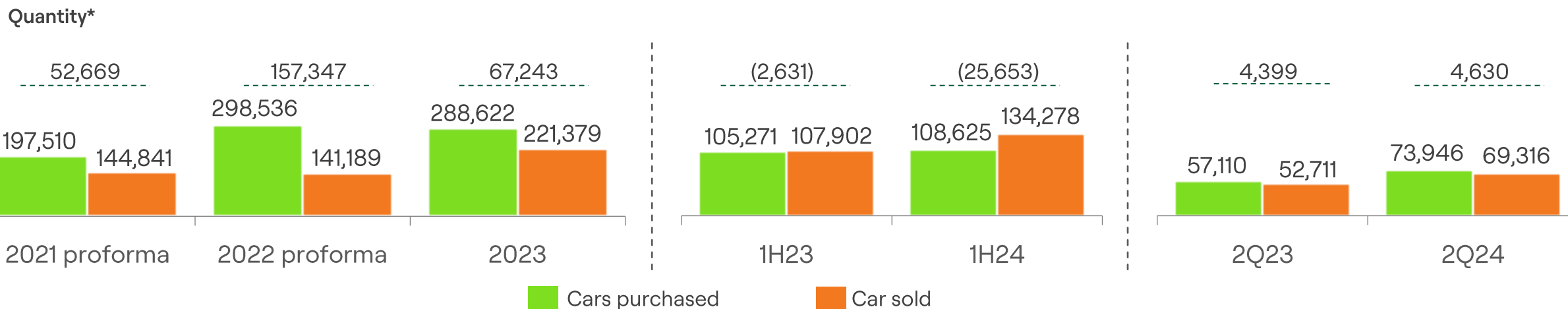
Stores

#

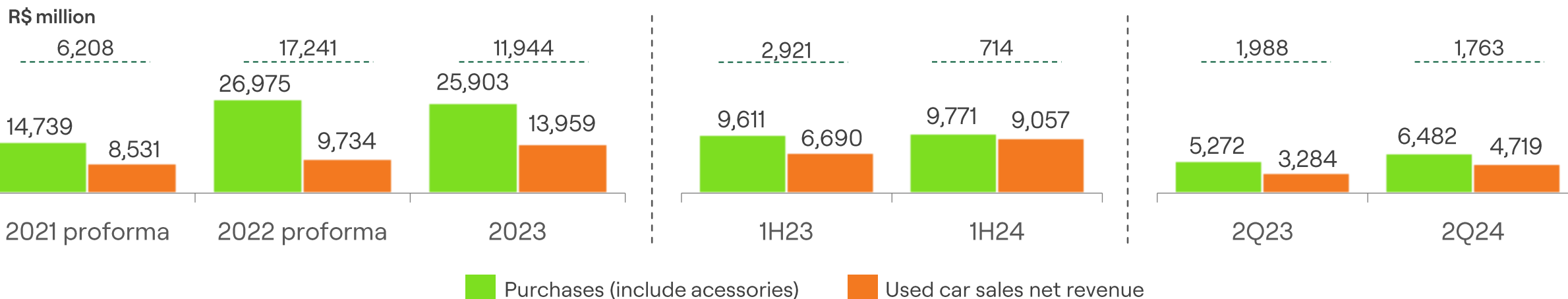


NET INVESTMENT: 73,946 cars were purchased and 69,316 sold, totaling a net investment of R\$1.763 billion

Car purchase and sales - Brazil



Net investment in fleet - Brazil

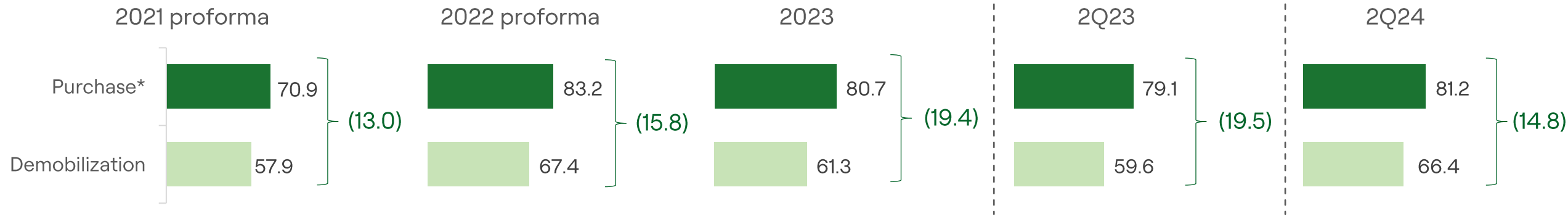


* Does not consider theft / crashed cars written off

REPLENISHMENT CAPEX: reduction in capex in both business divisions

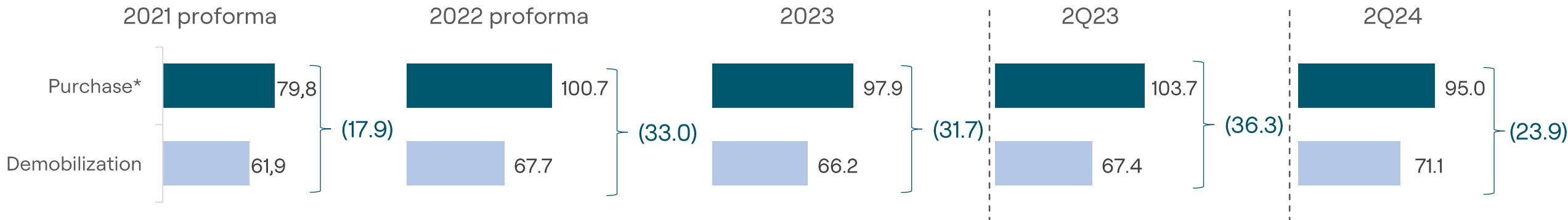
Average price of purchase and demobilization - Car Rental

R\$ thousand



Average price of purchase and demobilization - Fleet Rental

R\$ thousand

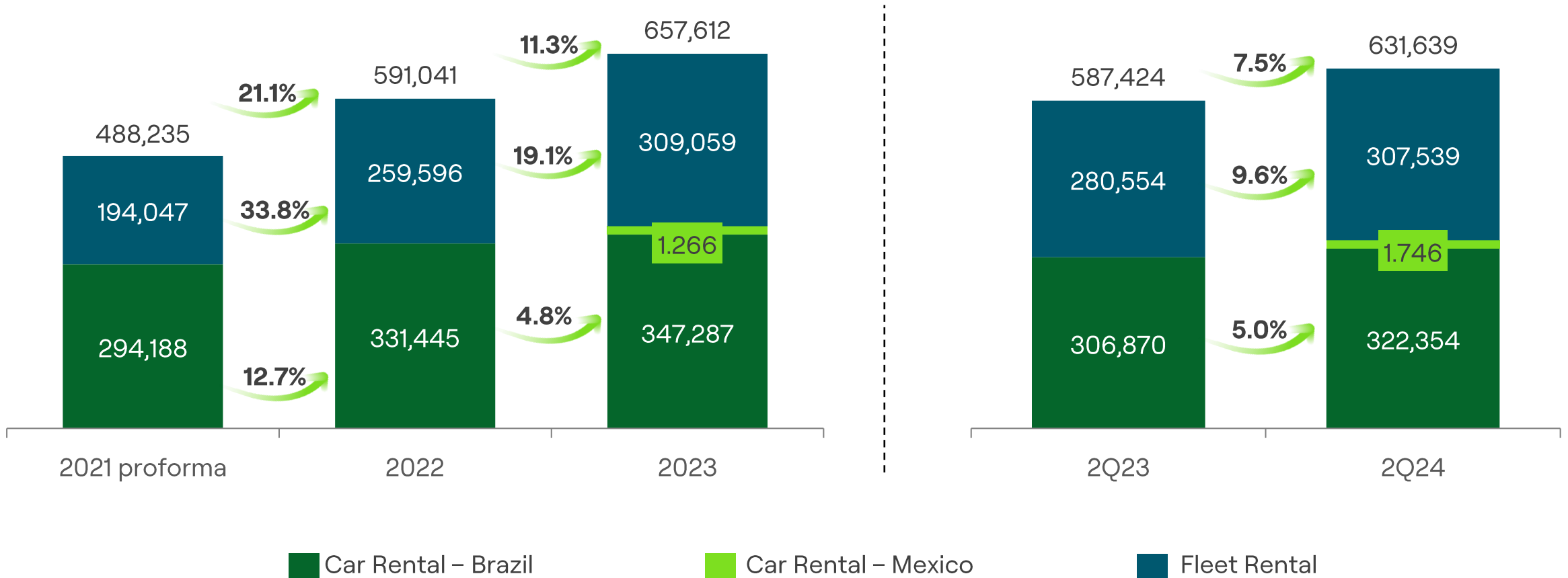


*Does not include accessories

END OF PERIOD FLEET: 631 thousand cars in the fleet, an increase of 7.5% in the annual comparison

End of period fleet

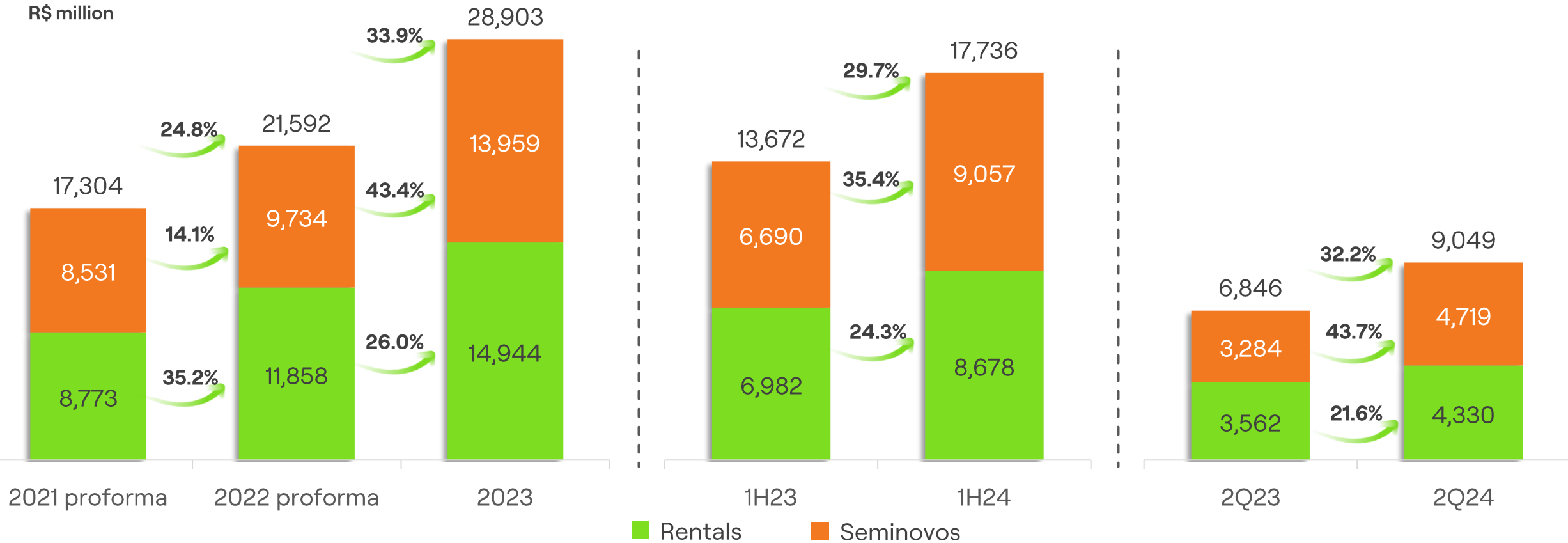
Quantity



CONSOLIDATED NET REVENUE: surpassed R\$9.0 billion, increasing 32.2% in the annual comparison, being 21.6% in rentals and 43.7% in Seminovos

Net revenue

R\$ million



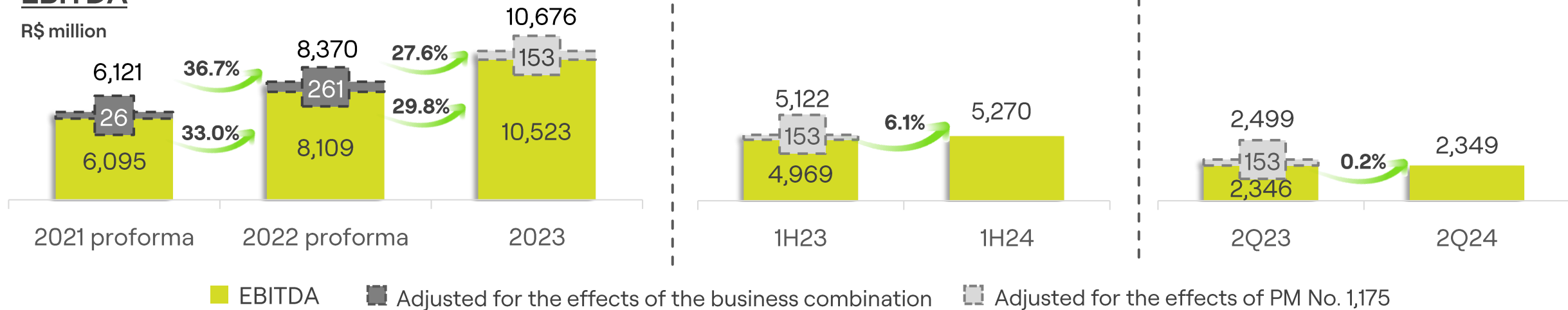
IMPACTS ON 2Q24 RESULTS

Impacts on the result (R\$ million)	2T24
Provision for adjustment to recoverable value of assets and impairment – fleet, heavy-use and crashed cars	112
Provision for adjustment to recoverable value of assets – SN	171
Additional depreciation (compared to 1Q24)	1,386
Total provision for adjustment to recoverable value, impairment and additional depreciation	1,669
Rio Grande do Sul impact	103
Total impact	1,772

EBITDA: stable in the annual comparison, impacted by the effects of the floods in Rio Grande do Sul and adjustment to the recoverable value of the fleet

EBITDA

R\$ million



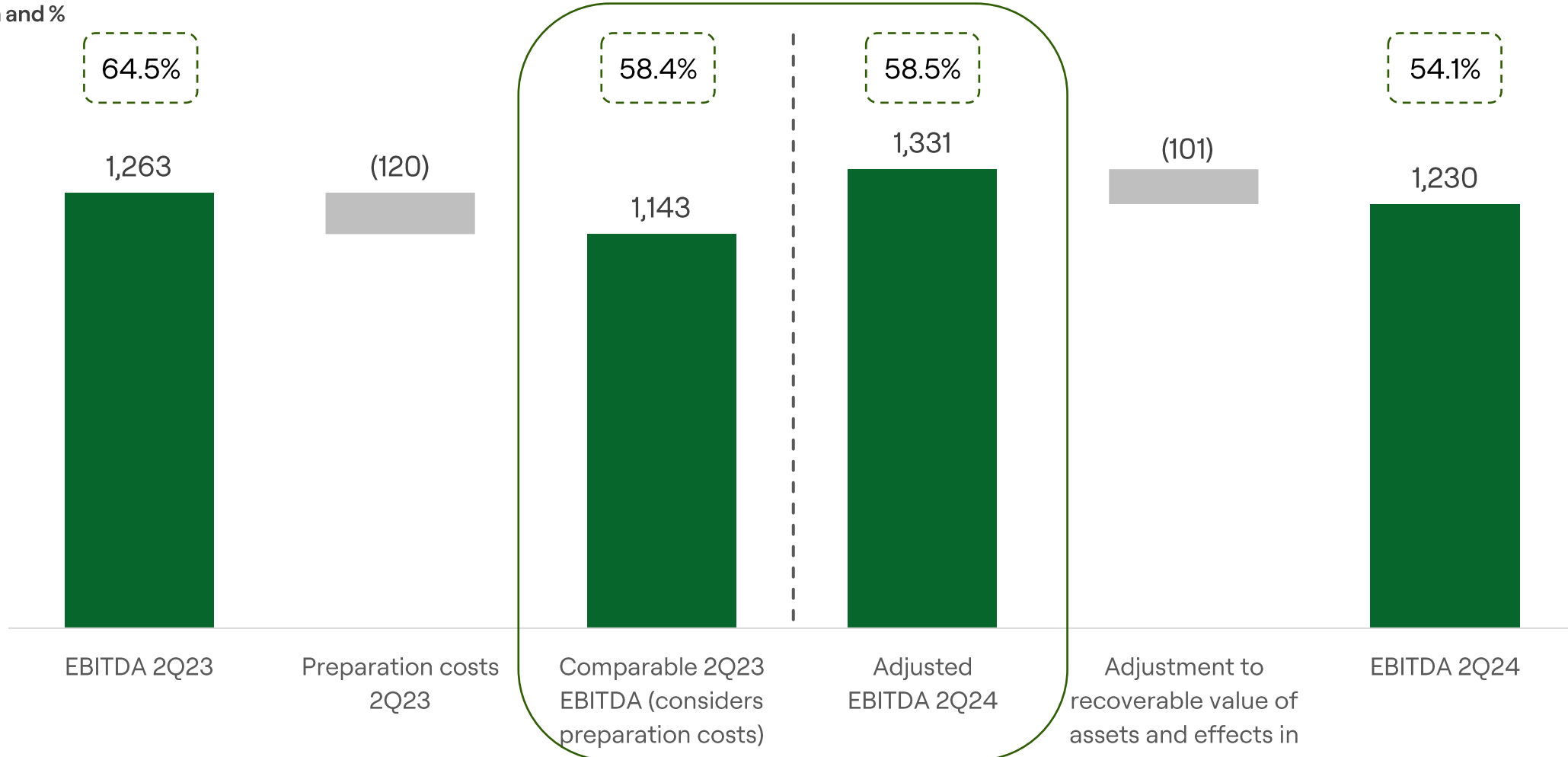
Margem EBITDA:	2021 proforma*	2022 proforma*	2023*	1H23*	1H24	2Q23*	2Q24
Car Rental Brazil and Franchising	49.6%	57.6%	64.4%	65.3%	58.8%	64.5%	54.1%
Fleet Rental	65.7%	67.9%	72.6%	72.7%	63.6%	69.5%	58.2%
Rental Consolidated	55.1%	61.5%	68.1%	68.5%	61.0%	66.8%	56.0%
Rental Consolidated + Mexico	55.1%	61.5%	67.8%	68.5%	60.2%	66.8%	55.2%
Seminovos	15.1%	11.2%	4.0%	5.0%	0.5%	3.7%	-0.8%
Consolidated (on rental income)	69.8%	70.6%	71.4%	73.4%	60.7%	70.1%	54.3%

* Adjusted for One-offs related to integration expenses and the effect of PM n° 1,175/23.

CAR RENTAL: EBITDA margin excluding the effects of the adjustment to the recoverable value of the fleet and Rio Grande do Sul would be 58.5%, stable in relation to the comparable margin in 2Q23

EBITDA and EBITDA margin – Car rental Brazil

R\$ million and %

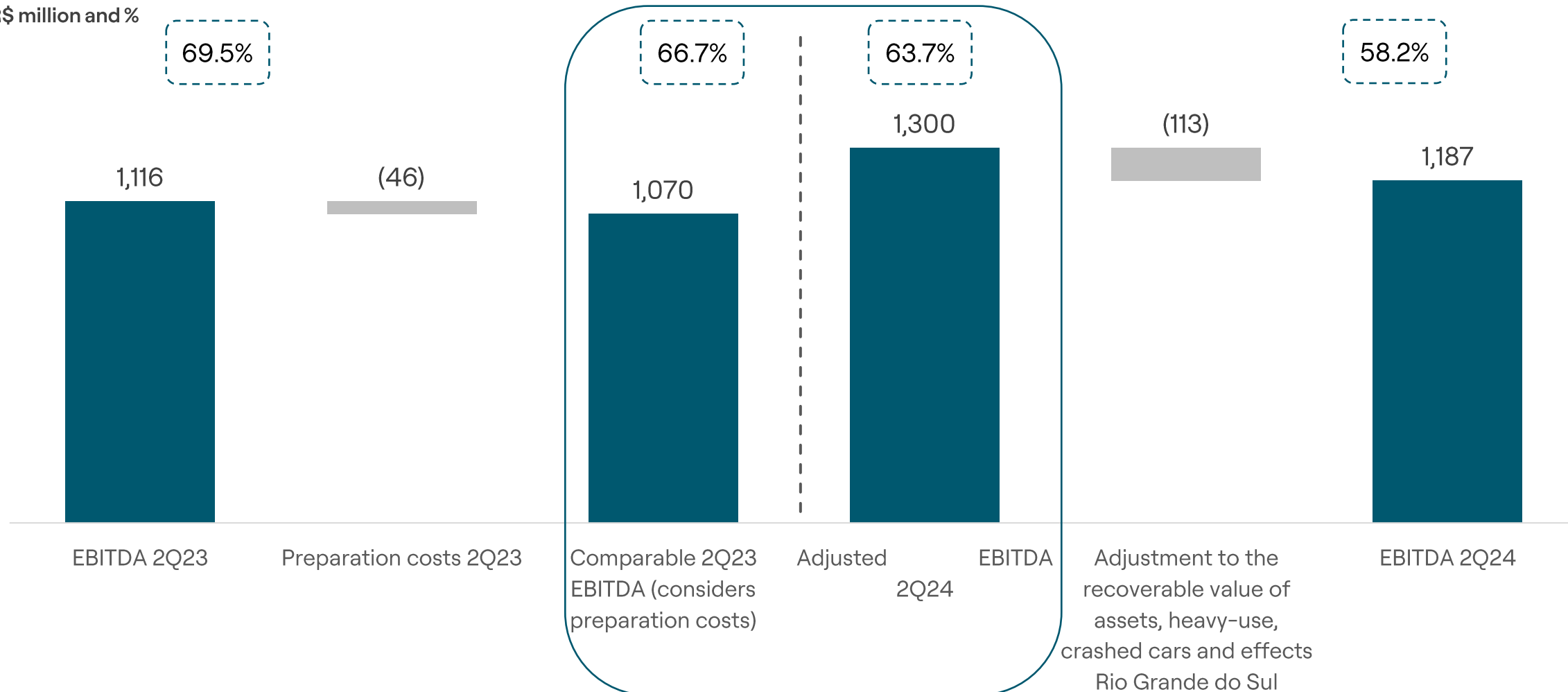


Car preparation costs affected Seminovos until 3Q23, after that they started to be accounted for in the business

FLEET RENTAL: EBITDA margin excluding the effects of the adjustment to the recoverable value of the fleet and Rio Grande do Sul was 63.7%, -3.0p.p. in relation to the comparable margin in 2Q23

EBITDA and EBITDA margin – Fleet Rental

R\$ million and %

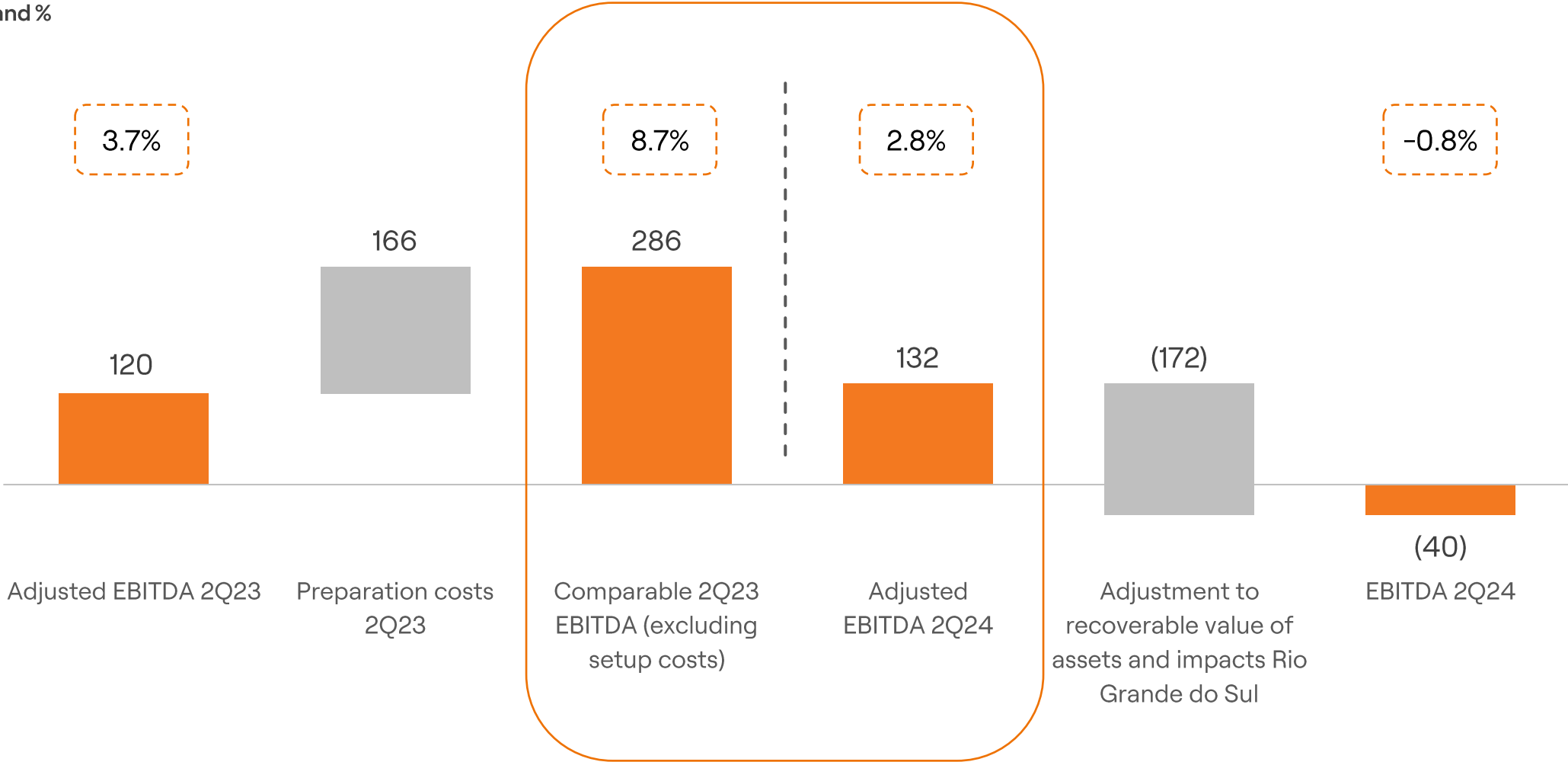


Car preparation costs affected Seminovos until 3Q23, after that they started to be accounted for in the business

SEMINOVOS: EBITDA margin excluding the effects of the adjustment to the recoverable value of the fleet and the floods in Rio Grande do Sul was 2.8%

EBITDA and EBITDA margin – Seminovos

R\$ million and %

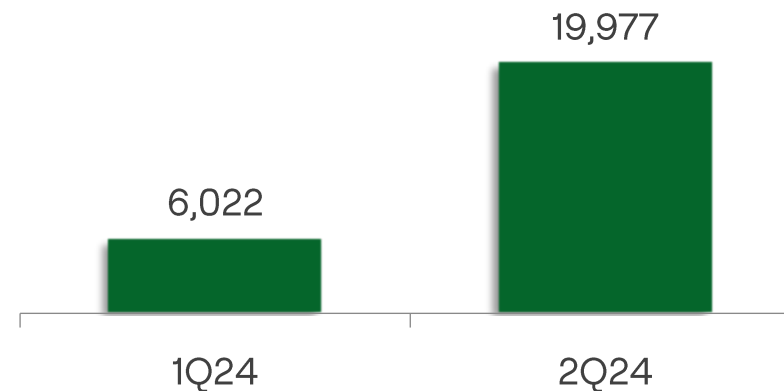
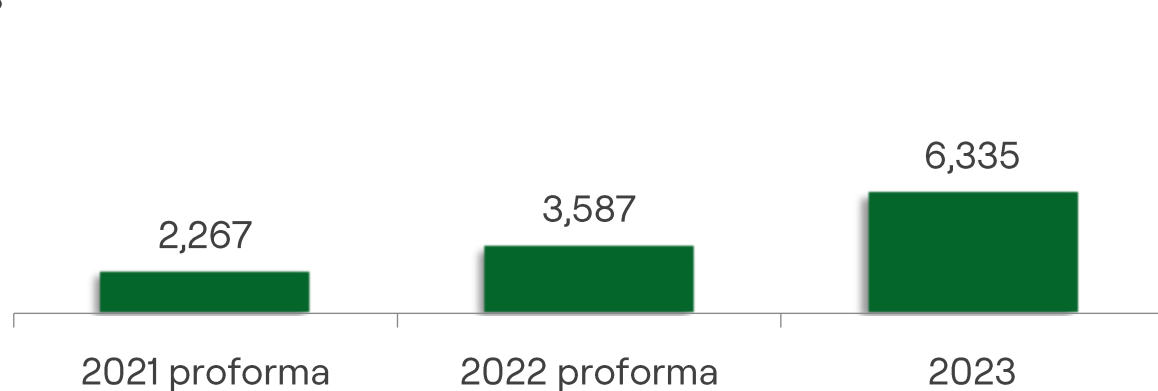


Car preparation costs affected Seminovos until 3Q23, after that they started to be accounted for in the business

DEPRECIATION: the review of net sales price assumptions and reduction of the depreciable life cycle impacted depreciation in 2Q24

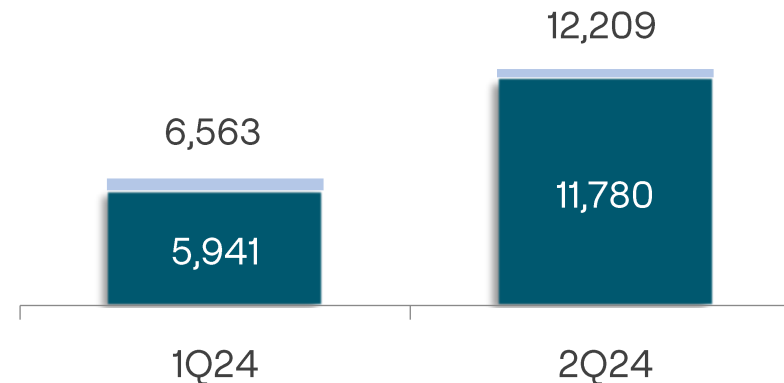
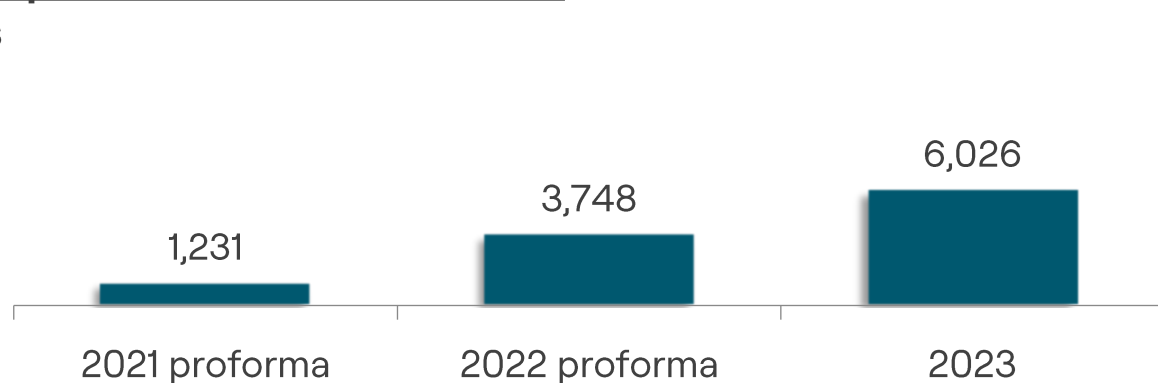
Depreciation – Car rental

R\$



Depreciation – Fleet Rental

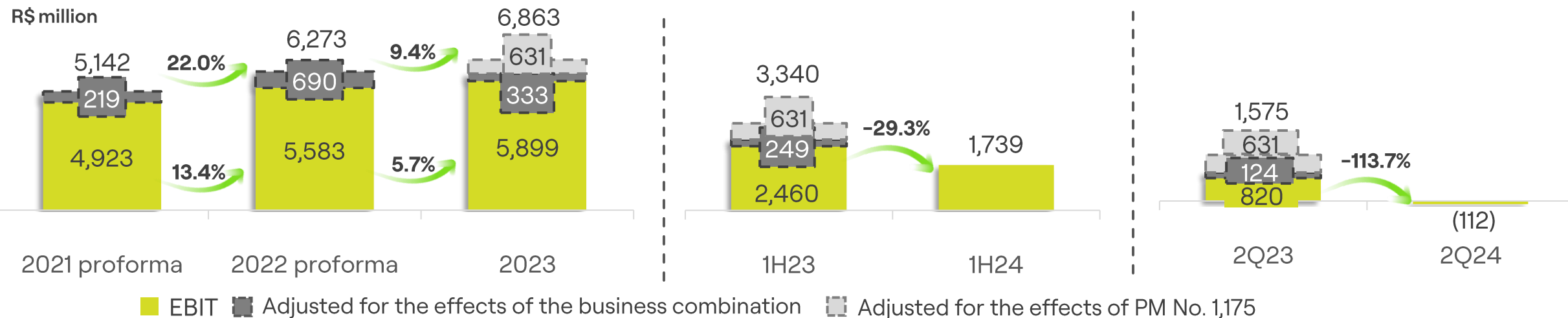
R\$



■ Light vehicles ■ Heavy-vehicle effect

EBIT: in the quarter, the operating result reflects the revised expectation of the net sales value of cars, as well as the impacts of the floods in Rio Grande do Sul

EBIT



The EBIT Margin includes the result from the **Seminovos**, but is calculated based on rental revenue:

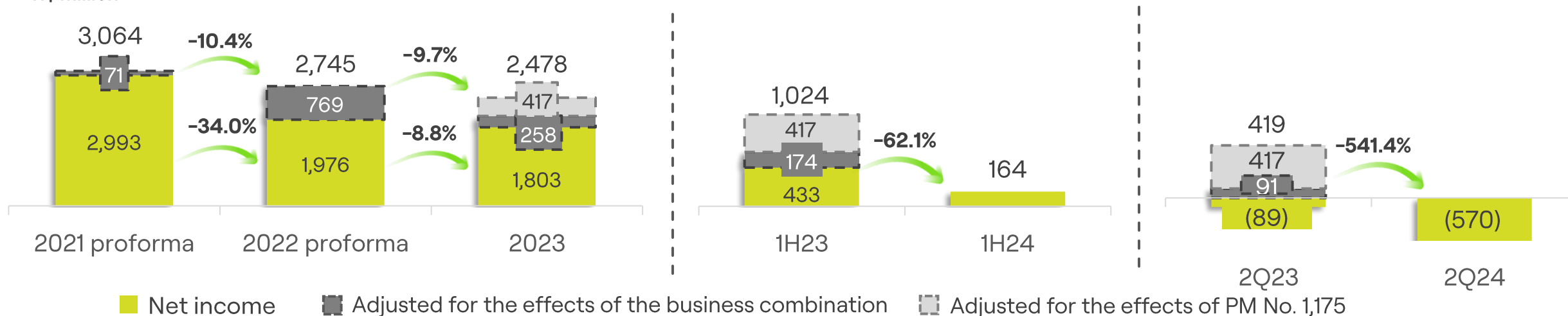
EBIT Margin:	2021 proforma*	2022 proforma*	2023 *	1H23*	1H24	2Q23*	2Q24
Car Rental and Franchising	55.2%	49.2%	40.7%	42.0%	13.4%	38.6%	-15.0%
Fleet Rental	65.3%	59.0%	53.4%	55.3%	30.1%	51.1%	13.9%
Consolidated Brazil (over rental revenue)	58.6%	52.9%	46.4%	47.8%	21.1%	44.2%	-1.4%
Consolidated + Mexico	58.6%	52.9%	45.9%	47.8%	20.0%	44.2%	-2.6%

*Adjusted for One-offs related to integration expenses, in addition to the amortization of write-up and effects of PM n° 1,175/23.

NET PROFIT: with the effects mentioned before, the result for the quarter was negative at R\$569.6 million

Net profit

R\$ million



EBITDA x Net income reconciliation	2021 proforma*	2022 proforma*	2023*	1H23	1H24	Var. R\$	Var. %	2Q23	2Q24	Var. R\$	Var. %
Consolidated EBITDA	6,121	8,370	10,676	4,969	5,270	301	6.1%	2,346	2,349	4	0.2%
Cars depreciation	(673)	(1,762)	(3,367)	(2,055)	(3,274)	(1,219)	59.3%	(1,292)	(2,330)	(1,038)	80.4%
Other PP&E depreciation and amortization	(306)	(335)	(447)	(454)	(256)	197	-43.5%	(234)	(131)	102	-43.8%
Equity equivalence result	-	-	-	-	-	-	-	(1)	-	1	-100.0%
EBIT	5,142	6,273	6,863	2,460	1,739	(721)	-29.3%	820	(112)	(932)	-113.7%
Financial expenses, net	(785)	(2,726)	(4,024)	(2,167)	(1,927)	240	-11.1%	(1,097)	(943)	155	-14.1%
Income tax and social contribution	(1,293)	(802)	(361)	140	352	212	151.5%	188	485	297	157.8%
Net income of the period	3,064	2,745	2,478	433	164	(269)	-62.1%	(89)	(570)	(481)	541.4%

*Adjusted for One-offs related to integration expenses, in addition to the amortization of write-up and effects of PM n° 1,175/23.

FREE CASH FLOW: the Company has been increasing its operating cash generation

FCF

R\$ million

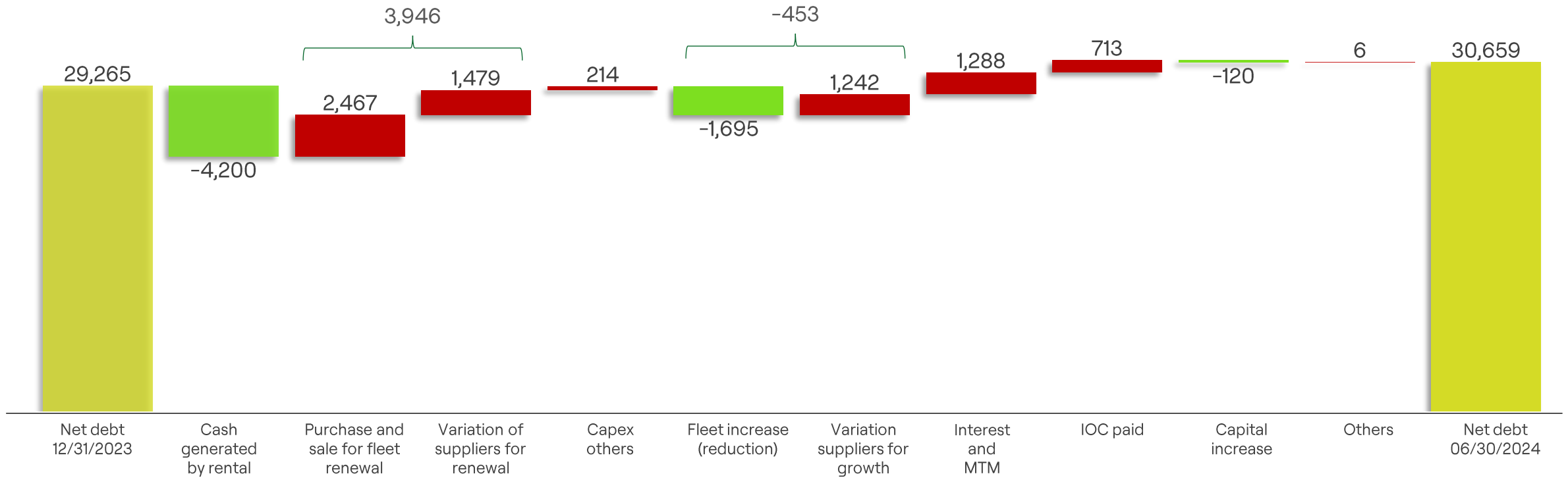
		Free cash flow (R\$ million)	2021	2022	2023	1H24
Operations	EBITDA		3,698	6,589	10,523	5,270
	Used car sale revenue, net of taxes		(5,308)	(7,834)	(13,876)	(9,054)
	Net book value of vehicles written-off		4,346	6,085	12,250	8,462
	(-) Income tax and social contribution		(307)	(83)	(130)	(173)
	Change in working capital		(568)	(1,284)	(1,783)	(305)
	Cash generated by rental operations		1,860	3,473	6,984	4,200
Capex renewal	Used car sale revenue, net from taxes – fleet renewal		5,308	7,834	13,876	7,359
	Fleet renewal investment		(6,367)	(9,903)	(19,818)	(9,826)
	Change in accounts payable to car suppliers for fleet renewal		(283)	1,620	2,969	(1,479)
	Net investment for fleet renewal		(1,341)	(449)	(2,973)	(3,946)
	Fleet renewal – quantity		92,845	118,538	221,379	134,404
	Investment, property and intangible		(143)	(353)	(387)	(214)
	Free cash flow from operations, before fleet increase or reduction		375	2,671	3,624	40
Capex Growth	(Investment) / Divestment in cars for fleet growth		(1,289)	(12,636)	(6,132)	1,695
	Change in accounts payable to car suppliers		572	2,298	(382)	(1,242)
	Net investment for fleet growth		(717)	(10,338)	(6,514)	452
	Fleet increase / (reduction) – quantity		18,665	136,391	68,505	(25,158)
	Free cash flow after growth		(342)	(7,667)	(2,890)	493
Other invest.	Acquisitions - except fleet value		(4)	(12)	(4)	(6)
	Free cash generated (applied) before interest and others		(346)	(7,679)	(2,895)	486

When calculating the FCL, short-term financial investments were considered cash

NET DEBT RECONCILIATION: ended the quarter with a net debt of R\$30,7 billion

As of 06/30/2024

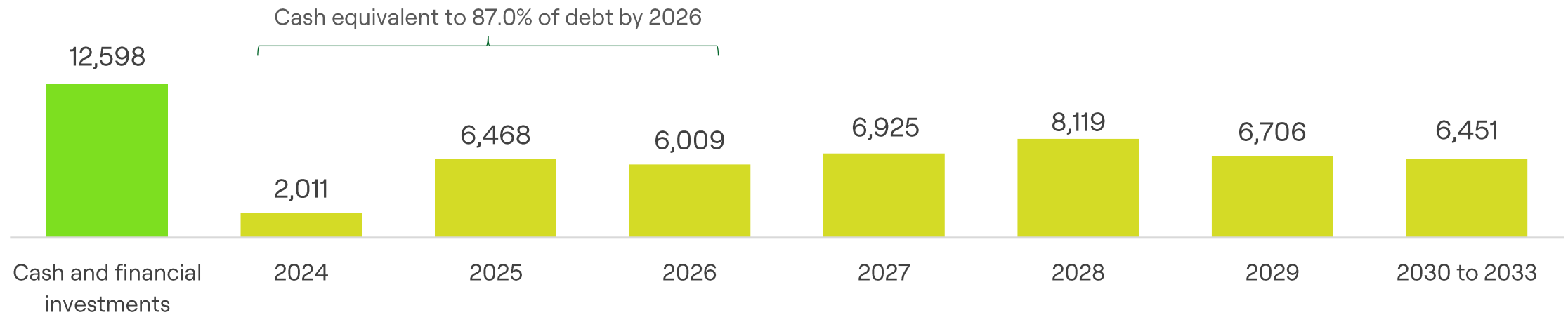
R\$ million



DEBT PROFILE: strong cash position and comfortable debt profile

As of 06/30/2024

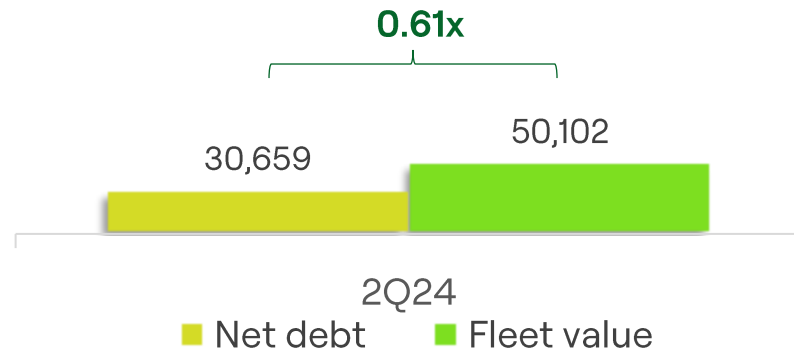
R\$ million



DEBT RATIOS: debt ratios remain solid

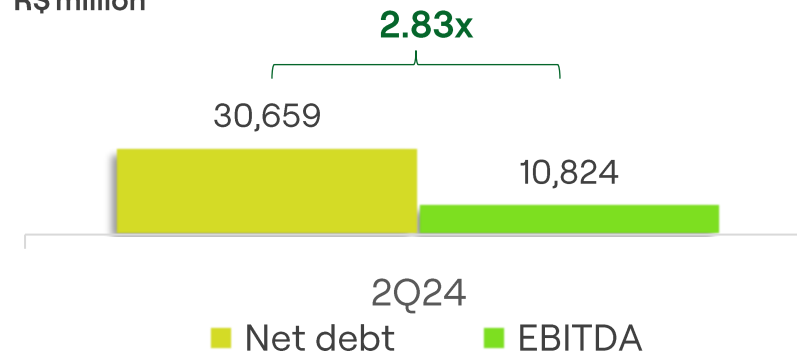
Net debt/Fleet value

R\$ million



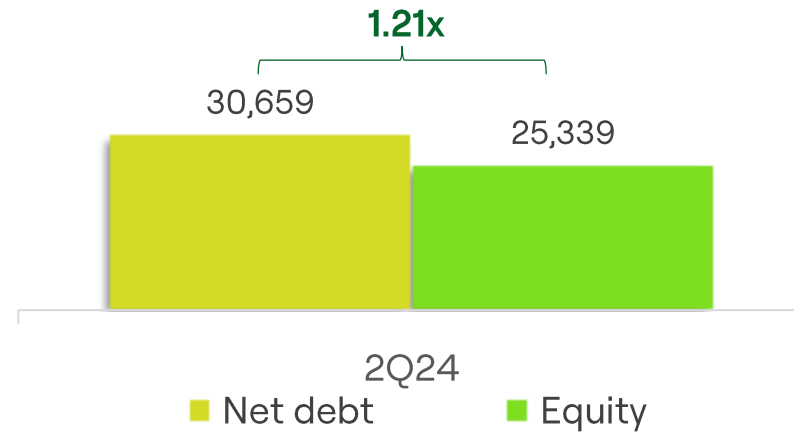
Net debt/ EBITDA LTM

R\$ million



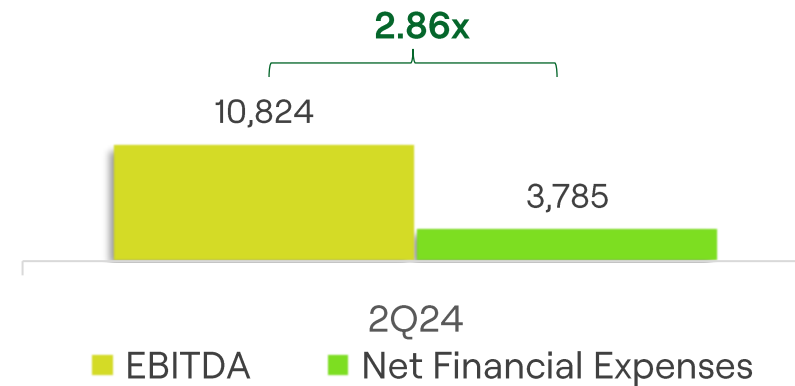
Net debt/Equity

R\$ million



EBITDA LTM / Net financial expenses LTM

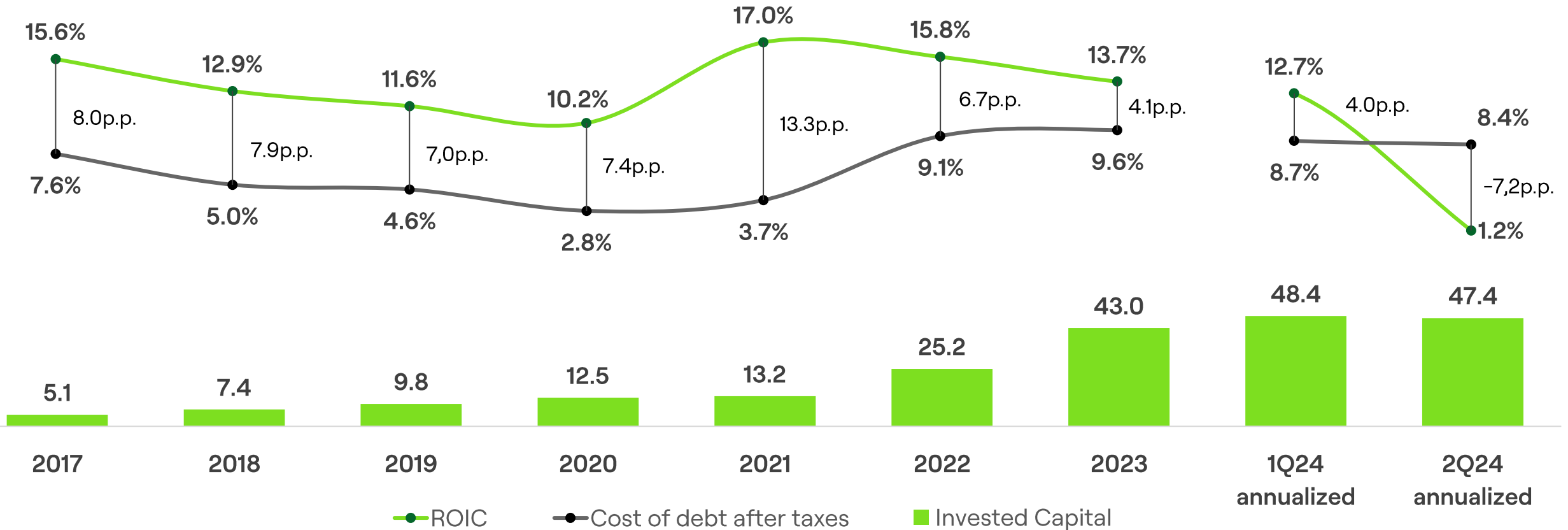
R\$ million



ROIC SPREAD AND INVESTED CAPITAL

Evolution of ROIC Spread and capital base

% and R\$ billion



NOPAT = EBIT X (1 – effective tax rate for the period); Capital base = Net debt + Equity – Goodwill;
 Invested capital of Localiza stand-alone until June 30th, 2022

Agenda

- ▶ OPENING
- ▶ DEPRECIATION
- ▶ 2Q24 RESULTS
- ▶ PRIORITIES
- ▶ Q&A

Q&A



PRIORITIES FOR RECOMPOSITION OF ROIC SPREAD



Expansion of Seminovos' sales capacity to rejuvenate the fleet



Rental pricing to restore return levels



Optimization of the segments' portfolio and discipline in capital allocation



Efficient fleet cost and productivity management



Innovation with the aim of further expanding the enchantment differential for our customers

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EXPANSION OF SEMINOVOS SALES CAPACITY: Localiza's share in the 0–4-year-old market is below 10%

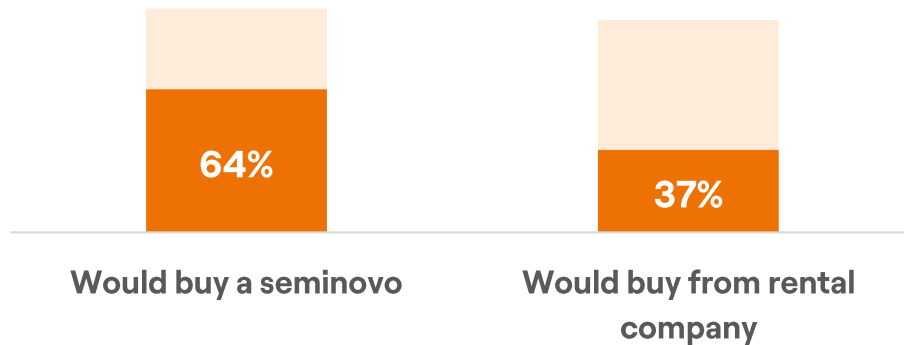
Total addressable market

Number of cars and light commercial vehicles – in thousands

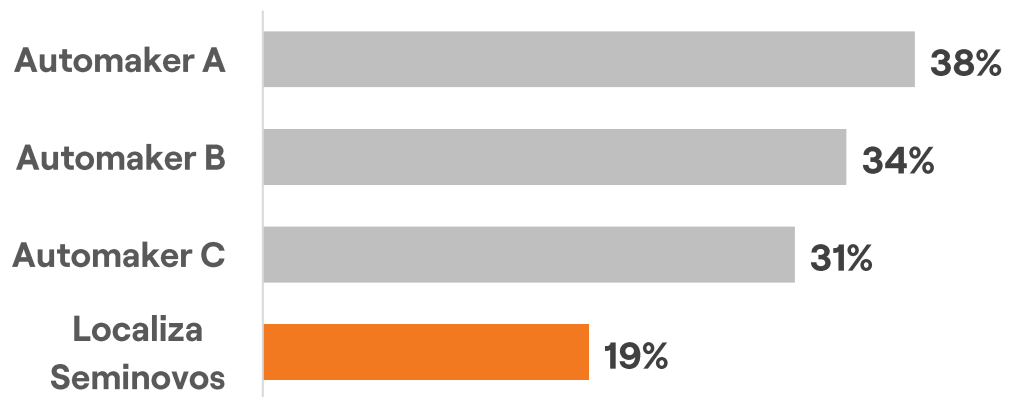
Sale/Period	2019	2020	2021	2022	2023	1H24
New Cars	2,659	1,951	1,974	1,958	2,179	1,077
Used Cars	10,976	9,454	11,404	10,182	10,672	5,402
Total	13,635	11,405	13,379	12,140	12,851	6,479
New Cars – (ex-Rental co.)	2,118	1,590	1,533	1,367	1,588	816
Used from 1 to 4 years	1,390	1,268	1,384	1,244	1,129	572
Total (0 to 4 years)	3,507	2,858	2,916	2,611	2,717	1,388
Localiza Seminovos	147.9	135.5	144.8*	141.2*	221.4	134.3
% Localiza – 0 to 4	4.2%	4.7%	5.0%	5.4%	8.1%	9.7%

EXPANSION OF SEMINOVOS SALES CAPACITY: top of mind brand, superior value proposition with +80 NPS; great potential for increasing brand awareness

Among customers intending to purchase a car in the next 12 months

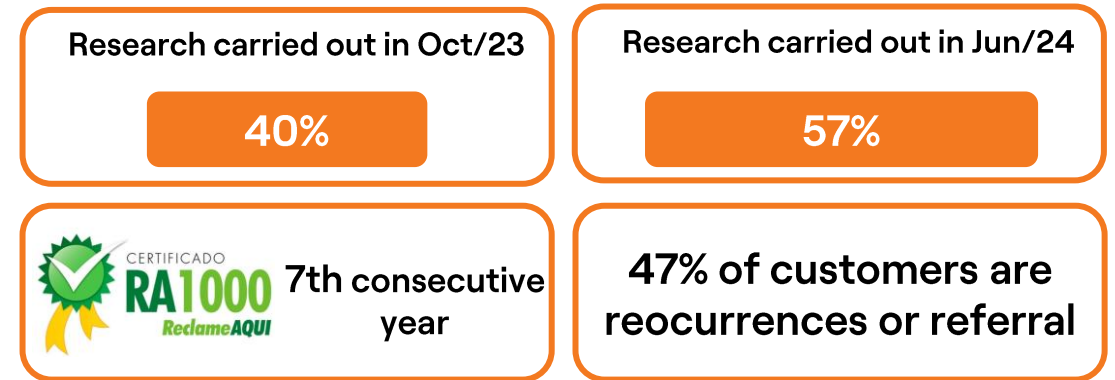


Spontaneous recall survey – 11/2023



Source: Research carried out by the Company

Brand awareness Seminovos (RAC Localiza customers who knows Seminovos)



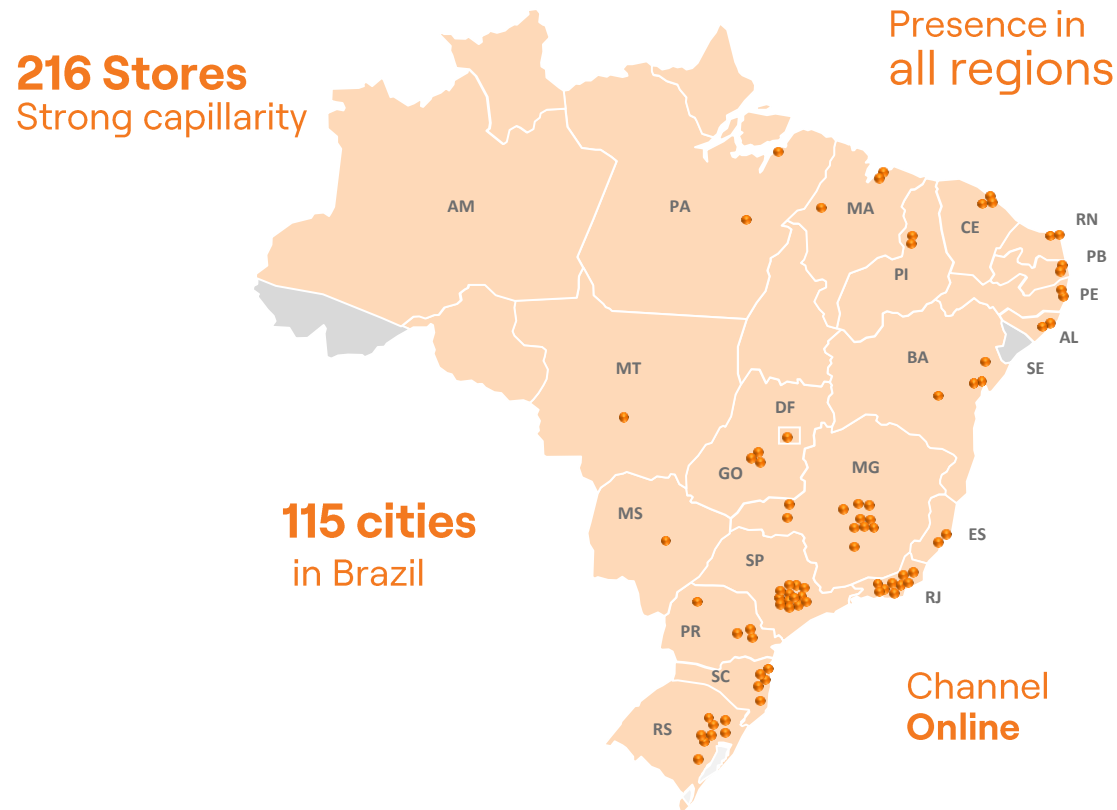
Drivers of choice



- Good condition of the cars
- Brand reputation
- Cost-benefit
- Model mix

EXPANSION OF SEMINOVOS SALES CAPACITY: Localiza Seminovos has a great opportunity to expand its network

Seminovos network 2Q24

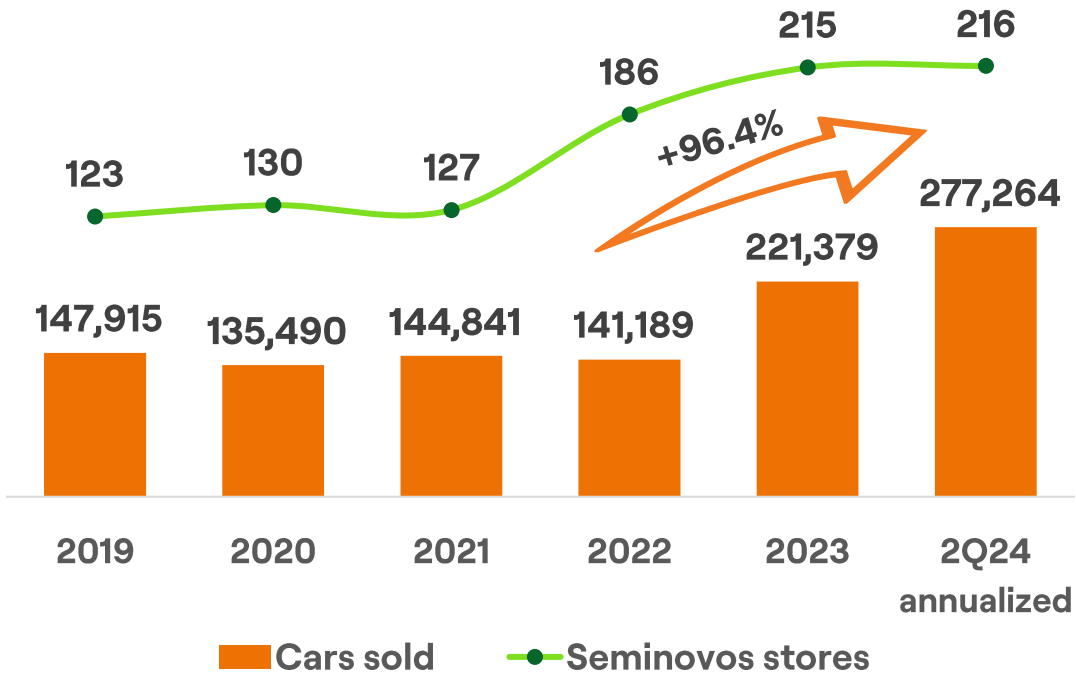


Growth drivers

- Increased same store sales through commercial excellence and sales force growth
- 92 municipalities with +150k inhabitants and relevant sales volume, without Localiza presence
- Densification: potential for ~50 new stores in 35 municipalities
- Piloting new sales channels and store format
- 15-20 stores to be opened in 2H24 and others in the expansion pipeline

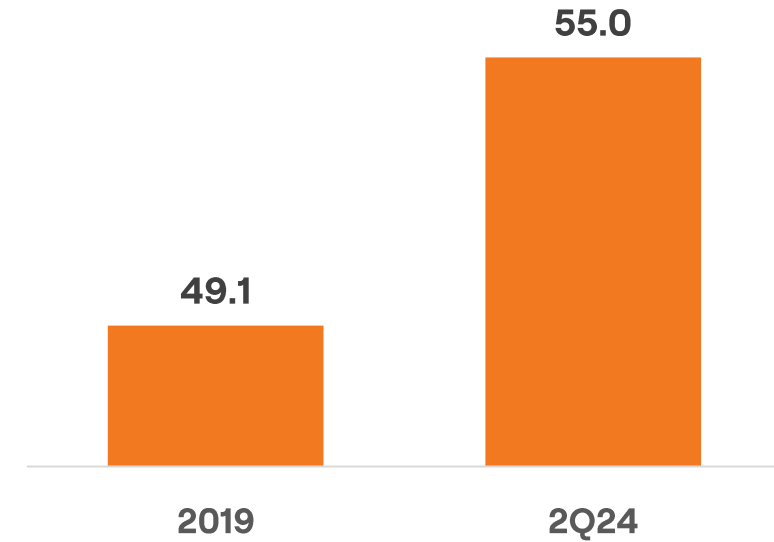
EXPANSION OF SEMINOVOS SALES CAPACITY: increase in same store sales

Stores and sales volume



Same Store Sales 19 x 24

sales/store/month – 112 stores in operation in 2019



Source: Company Data. Sale from 2019 to 2020 only considers Localiza
Same Store Sales considers the same 112 stores existing in 2019 until 2024

PRIORITIES FOR RECOMPOSITION OF ROIC SPREAD



Expansion of Seminovos' sales capacity to rejuvenate the fleet



Rental pricing to restore return levels



Optimization of the segments' portfolio and discipline in capital allocation



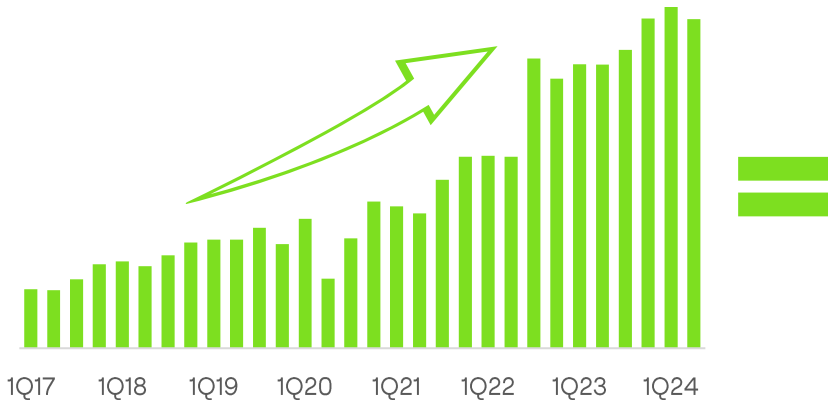
Efficient fleet cost and productivity management



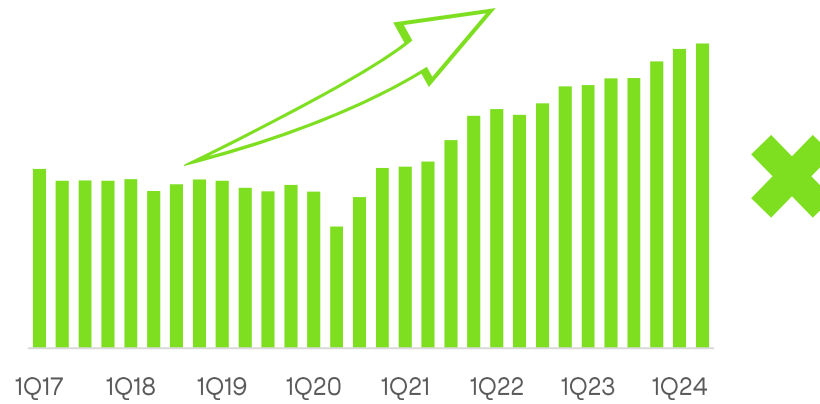
Innovation with the aim of further expanding the enchantment differential for our customers

RENTAL PRICING: the Company has demonstrated its ability to manage prices and volumes to increase revenue

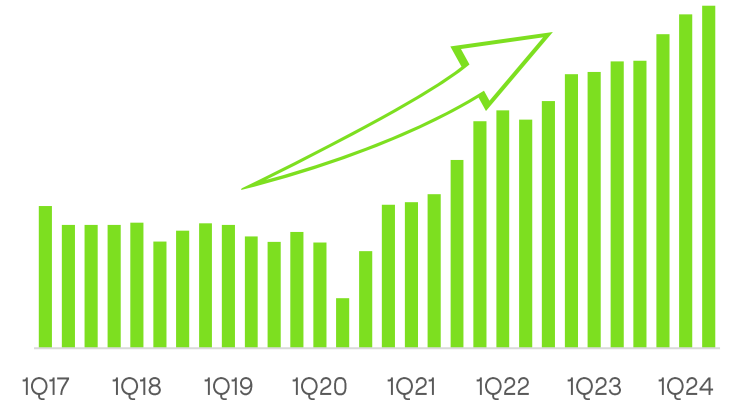
RAC Net Revenue



RAC Rental Volume



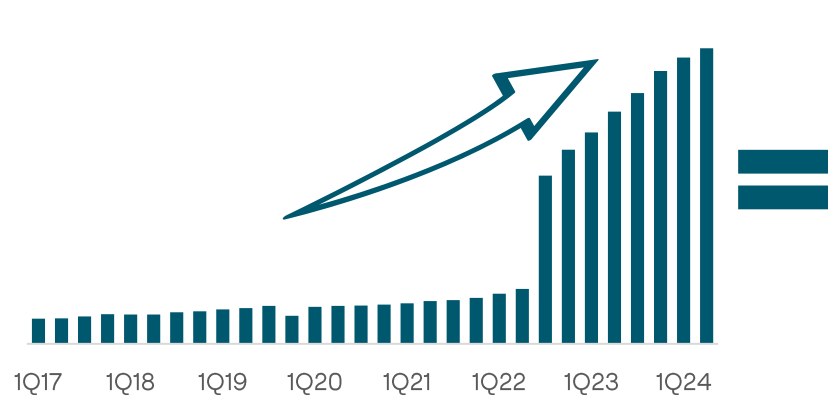
RAC Rental Rates



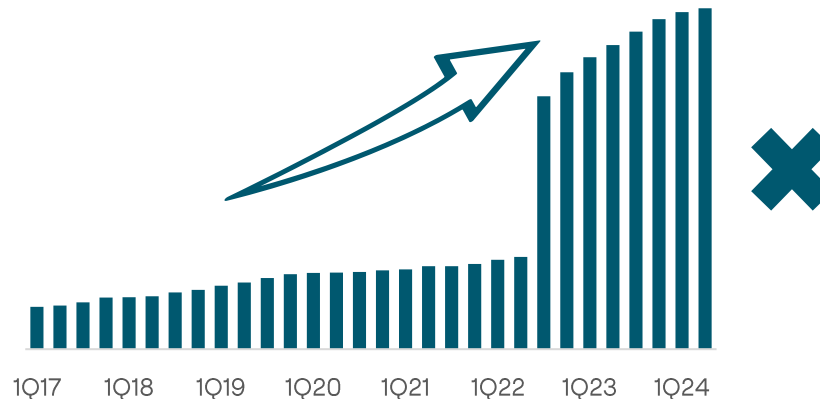
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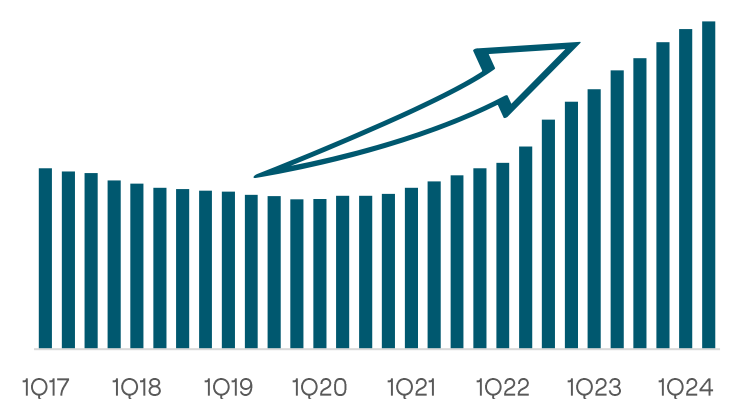
GF Net Revenues



GF Rental Volume



GF Rental Rates



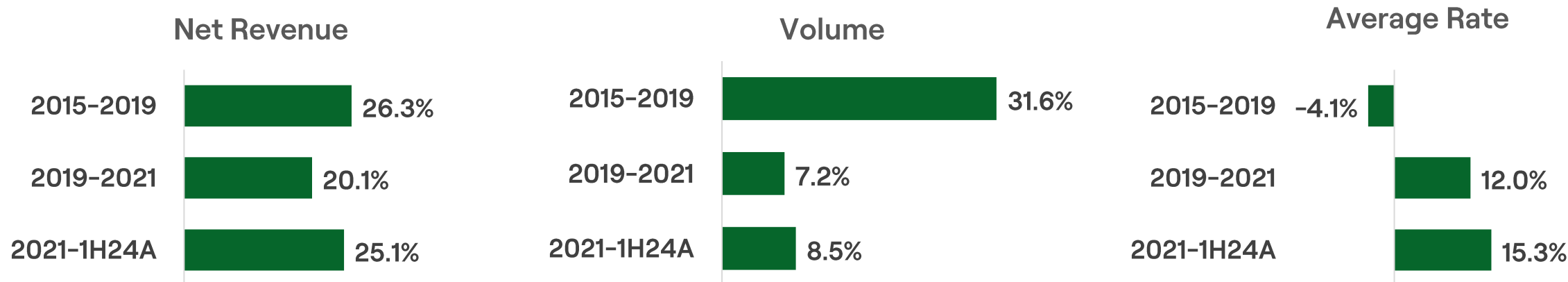
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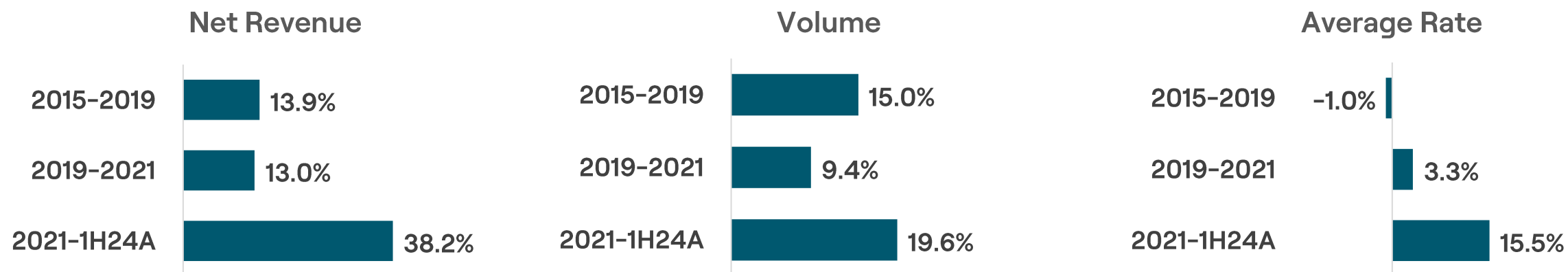
Source: Company data. Up to June 2022, data from Localiza. From July 22, it includes Locamerica

RENTAL PRICING: the Company has demonstrated its ability to manage prices and volumes to increase revenue

RAC - CAGR



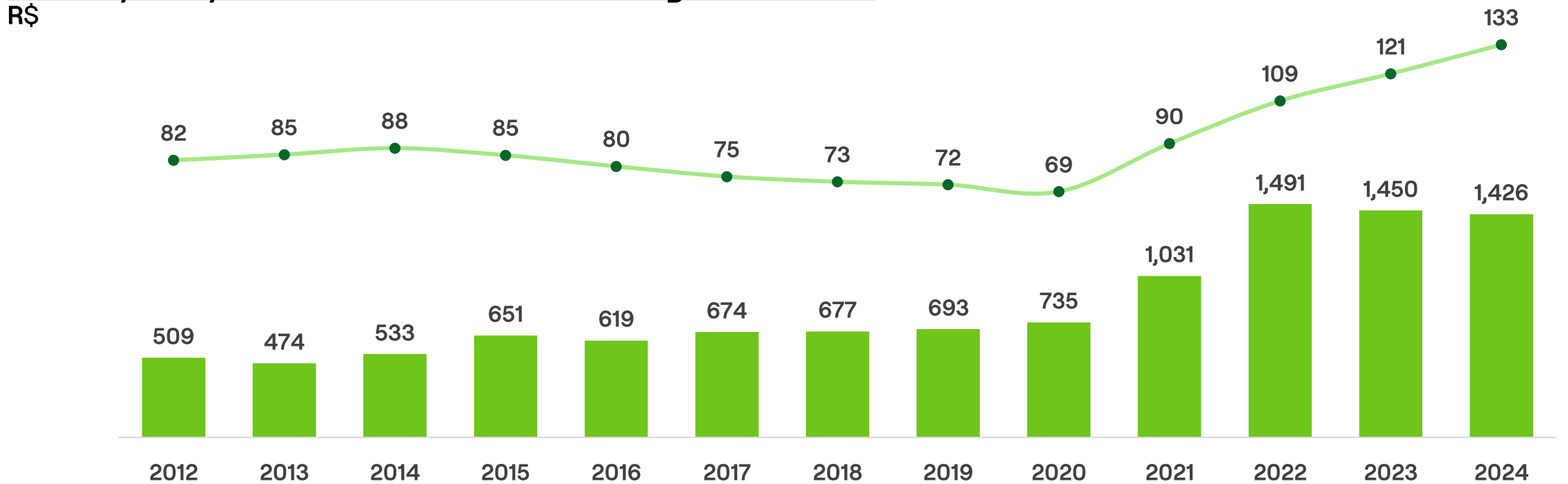
GF - CAGR



Source: Company data. Net revenues = number of rental days x rental rate x (1 - Pis and Cofins taxes)
 2015-2019 and 2019-2021 Localiza *stand-alone*, 2021-1H24 considers 2021 proforma net of the *carve-out*

RENTAL PRICING: even with the evolution of the average rate, the competitiveness of renting in comparison to the purchase of a new car remains at high levels

Monthly entry-level car installment x Average rental RAC



Rental rate/PMT	16.2%	17.9%	16.5%	13.0%	12.9%	11.2%	10.8%	10.3%	9.3%	8.7%	7.3%	8.3%	9.4%
Auto loan rate	22.4%	21.0%	24.0%	26.2%	27.2%	24.2%	21.2%	19.3%	17.7%	20.7%	25.9%	24.4%	21.9%

■ New car monthly installment ● RAC rental rate

Agenda

- OPENING
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- PRIORITIES
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Q&A



Q&A



Thank you!

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