

### 2Q21 Earnings Conference Call Transcript:

**Operator:** Good afternoon. Welcome to the UNIDAS conference call, where the results for the second quarter of 2021 will be presented.

At this moment, all participants are connected only as listeners and, later, the questions and answers session will be opened, when instructions will be given for you to participate.

If assistance from an operator is required during the conference call, simply press “star zero”.

This conference call has simultaneous translation into English, and questions can be asked normally by participants connected abroad. Questions can also be asked over the internet, through the webcast platform.

It is worth remembering that this conference call is being recorded. The audio will be available on the Company's website within 24 hours.

If any of you do not have a copy of the Unidas' earnings release, you can obtain it from the company's website: [ri.unidas.com.br/en/](http://ri.unidas.com.br/en/).

This conference call, accompanied by the slide show, is being transmitted simultaneously over the internet, also accessed through the Company's website.

Before proceeding, I would like to clarify that any statements that may be made during this conference call, regarding the prospects of the Company's business, as well as projections, operational and financial goals regarding its growth potential, are forecasts based on expectations Management in relation to Unidas' future. Such expectations depend on the performance of the sector, the general economic performance of the country, and the conditions of the national and international markets. Therefore, they are subject to change.

**Today we have Mr. Luis Fernando Porto – Chief Executive Officer, Mr. Marco Tulio Oliveira, Chief Financial and Investor Relations Officer and Mr. Carlos Sarquis, Head of Rent-a-Car Division.**

Now, I would like to give the floor to Mr. Luis Fernando Porto. Please, Mr. Luis, you can proceed.

### 2Q21 Results Conference Call – Executives Speech - English

**Luis Fernando:** Good afternoon everyone. Welcome to Unidas' 2Q21 results conference call. Today with me are Marco Tulio, our CFO and IRO and Carlos Sarquis, our Head of RAC.

## **Slide 2**

Before we get into the results, I would like to talk about an important milestone in the Company's history. We launched our "Unidas' Sustainability Day" to celebrate the achievements of social and environmental agendas that mobilized employees, customers and partners in favor of a more sustainable and balanced environment for the entire society.

The data was shown in the Sustainability Report and divided into environmental, social, employee recognition, volunteering, inclusion and diversity areas. And on that same day, the company launched the Unidas' Carbon Neutral Program, which aims to neutralize all greenhouse gas (GHG) emissions by 2028.

## **Slide 3**

On the next slide, Unidas held its Winter Clothing Campaign in which 2,000 individuals living in the streets were assisted with blankets, personal hygiene kits and snacks. Moreover, more than 15 thousand people were assisted with basic food basket, corresponding to more than 160 tons of food distributed.

Lastly, we added 14 institutions in our ELO program, totaling 31 institutions with more than 4 thousand people assisted. Meanwhile, our program "Unidas for a Better World" already assisted more than 21 thousand in 2021.

## **Slide 4**

On the fourth slide, we present Unidas' social balance in which, in the first part we point our social indicators and profile, both from the Company's general population and from our leaders.

Inclusion and diversity are equally important themes in our daily lives, where we have established as a goal to have 13% of employees over 50 in 2023 – currently 8%. The Company currently has 41% of women in leadership positions and intends to increase this indicator to 51% by 2023.

We continue to invest in our people. The total training hours that our leadership fulfilled in 2Q21 was of 10.7 thousand hours, being 7 times higher than the training hours observed in 2Q20 and 84.4% higher than the hours in 1Q21, as presented in the bottom of the slide.

## **Slide 5**

Now on slide 5, we will show our fleet profile at the end of the period that, besides reaching a record consolidated fleet of 178,608 vehicles, also reached a total of 105,1 thousand vehicles in

Fleet Management, being the first rental company in Brazil to surpass the historic mark of more than 100 thousand vehicles, as demonstrated in the chart above.

At the bottom, important highlight for the rented fleet in both rental segments at the end of the quarter, which presents an important growth compared to the rented fleet at the end of the of the first quarter.

### **Slide 6**

On the next slide, as an addition of the previous slide, 26.6 thousand cars were acquired in this quarter, a record net addition for one quarter of 12.2 thousand cars.

### **Slide 7**

Now on slide 7, we will talk about our excellent results from Fleet Management segment.

In the first chart, we show the record in the global volume of contracts that in 2021 already reached R\$1.9 billion and is equivalent to the entire year of 2020. Only in this quarter, 15.6 thousand cars were hired, more than 300% of growth compared to 2Q20 and 36.1% higher than the strong first quarter of 2021.

In 2021, 27.1 thousand cars were already hired for the fleet management segment and even with this record volume of contracts, we continue to dispute more than 73 thousand cars for the next quarter, as demonstrated in the chart below.

### **Slide 8**

Now on slide 8, in the chart above, we continue to be record breakers regarding the volume of daily rentals in this quarter, with growth of 21.8%, and record in the average monthly rate that reached R\$1,814 per vehicle, an expansion of 14.7% in comparison to the 1Q21.

In the chart below to the left, the occupancy rate of the segment in the 2Q21 reached a level of 97.7%

On the side, we present the record in the net revenue from Fleet Management, which was R\$435.5 million this quarter, an expressive annual growth of 40.0% and 10.2% up compared to the 1Q21's strong result. This growth does not consider yet the record of backlog volume of more than 24 thousand vehicles.

Such results, in addition of demonstrating the strength and resilience of the business segment, make us comfortable to continue delivering revenue growth in the current levels.

### **Slide 9**

On slide 9, we will talk about Used Cars Sales market in this quarter.

The chart above shows that the market of used cars up to 3 years of usage presented an annual growth of 70.3% in 2Q21. The used cars market totaled 6 million of cars sold in the first half of the year and we believe that this scenario will continue to be favorable for the Company's Used Cars Sales segment given the short-term supply shortage of 0km cars.

Going to the chart below, we posted record for the average vehicles selling price, an expansion of 53.3% in comparison to the previous year. Sales continue to benefit from strong demand for used cars as a result of continued price increases for the 0km car introduced so far in 2021.

### **Slide 10**

Now on page 10, net revenue from Used Car Sales totaled R\$843.5 million this quarter, almost two times higher than the R\$425.6 million in 2Q20.

The chart below shows our portfolio of stores, which this quarter included the opening of a new wholesale store and the closing of 6 retail stores, 4 of which under the franchise model.

I now hand over to Sarquis, Head of Rent a Car Division, to present with more detail the Company's results in this segment.

### **Slide 11**

Thanks, Luis.

We now go to slide 11.

The Rent a Car segment presented a rapid recovery in the quarter in relation to the lockdowns that took place between March and April to the point that at the end of June the number of rented cars was 12.7% higher compared to the last day of the first quarter, as shown on slide 5.

In the first chart, we show the annual growth of 25.2% in the volume of daily rentals, reaching the volume of 4.5 million in 2Q21, in which an even higher growth could be observed if we had received more vehicles throughout the quarter. The Company continues to work with excellence in the management of its fleet and, as presented in the lower left chart, we posted record for the occupancy rate level of 86.0%, 24.3 percentage points above in relation to 2Q20 and 3.4 percentage points compared to 82.6% presented in the first quarter of the year. In the lower right

chart, we present the average daily rates that grew in comparison to the previous year and reached R\$73.2, a positive variation of 45.3% in relation to 2Q20.

### **Slide 12**

Going to slide 12, in the first chart we show the growth of net revenue from Rent a Car excluding franchises that totaled an amount of R\$299.9 million this quarter, an expansion of 81.3% compared to the same period of 2020.

In the second chart, we demonstrate that in the last 12 months 59 stores were opened in our own customer service network, considering the incorporation of some franchisees, which represents a net addition of 43 stores in our consolidated network. We remain strong in the execution of our long-term growth strategy in order to be each more closer to our customers and ready to capture all the repressed demand by the pandemic, mainly once the 0km car delivery is normalized.

Lastly, I would like to highlight the growth of 5.7% of our total fleet in this quarter compared to 1Q21, which represents a net addition of 3.4 thousand cars, giving us the certainty that we will start with a much greater growth inertia in the next quarter.

I'll hand over to Marco, our CFO and IRO, to comment our financial results.

**Marco:** Good afternoon everyone! Thank you, Sarquis.

### **Slide 13**

Going to slide 13, I have the pleasure to highlight that we remain breaking records in EBITDA and margin.

2Q21's Recurring Consolidated EBITDA reached a new record of R\$557.2 million with a growth of more than two and half times the 2Q20 and a quarter over quarter growth of 5.5% in relation to the EBITDA of this year's first quarter. The consolidated EBITDA margin breaks a new record of 75.4%, an expansion of 32.0 percentage points compared to the previous years.

Highlight for Used Cars Sales that presented a record EBITDA margin of 19.3%, increase of 17.3 percentage points compared to 2Q20 and a sequential growth of 5 percentage points compared to 1Q21.

### **Slide 14**

In slide 14, we remain posting record for the consolidated EBIT that totaled an amount of

R\$419.2 million, almost 6 times 2Q20's EBIT. Looking for the first half of 2021, the consolidated EBIT totaled R\$831.1 million, an amount higher than the R\$809.2 million of the entire year of 2020. The EBIT margin in 2Q21 showed an expansion of 44.1 percentage points to 56.7% benefited by the EBIT margin from both segments, in Rent a Car with an expansion of 80.1 percentage points and reaching 51.9% and in Fleet Management that presented an EBIT Margin of 60.1%, expansion of 25.2 percentage points.

### **Slide 15**

Now on slide 15, in the first chart we show recurring net financial expenses that totaled R\$78.8 million this quarter, an annual growth of 10.2%, meanwhile its representativeness in relation to net revenue dropped 4.2 percentage points and reached 10.7%.

In the chart below, I highlight once again, the record for the highest net income for one quarter ever presented. We reached an amount of R\$241.2 million this quarter, a quarter of quarter increase of 4.2% over R\$231.4 million in 1Q21.

### **Slide 16**

Going to slide 16, the Company continues to deliver important growths without waive to the return over investments already done. ROIC reached a level of 14.4% this quarter, allowing reaching 10.7 percentage points spread, which resulted in an annualized ROE of 25.0%, demonstrating the consistency of our operations even in challenging scenarios.

In the chart below, we ended the quarter with a comfortable cash position, already considering the R\$200 million issued in July, of R\$1.9 billion. Equivalent to 121.2% of debt for the next three years.

We continue to work and invest to be ready to capture all the potential growth of our rental operations and we are at comfortable levels of capital structure. In this quarter, we reached a leverage measured by Net Debt over Annualized Recurring EBITDA of 2.30 times.

I now pass to Luis.

**Luis Fernando:** Thank you, Marco. Before we start our Q&A session, I would like to give my final remarks.

We ended another quarter with the satisfaction of delivering excellent results and with the certainty that we are on the right path to be even better. This is in Unidas' ADN, we are passionate about what we do, we do it intelligently, in an innovative way and we seek to be ever

closer to our customers, delivering comfort and satisfaction.

The short-term scenario is still challenging, but anyway, we are convinced that the next half of year will be even better than the first one.

Lastly, I would like to thank our team for the intense and exemplary work, which constantly demonstrates its strength and surpasses itself quarter after quarter, allowing us to achieve even better results. You can always count on me and the entire Investor Relations team.

### Question and Answer Session

**Operator:** Ladies and gentlemen, we will now start the Q&A session with investment analysts and investors. To ask a question, please type asterisk (\*) one (1). To remove your question from the list, type asterisk (\*) two (2).

Our first question comes from Mr. Lucas Barbosa from Santander.

**Lucas Barbosa:** Hi, good afternoon, Luis, Marco and Sarquis. Congratulations on the results, thanks for taking my question, I have 2 questions actually. Could you give a little more detail about the backlog of 24,000 cars you have to deliver, if these contracts are related mainly to fleet management companies or if there is already a large share of demand for car subscription and also if you could give a little color of how much of this backlog has contracts renewal, so I imagine you can't share all sides, but anything you can give about this backlog helps a lot. Then I ask my second question, thank you.

**Luis Fernando:** Well, these are cars that we already have signed contracts for, these 4,500 were already in the process of being implemented with us, so are they going to start operating in the short term or should they have already started today? We don't have an opening here by product where they come from, but what I can tell you is that all our channels have sales records so a movement in the sector as a whole there is a very strong demand coming from all sizes of customers and in all products in line with the largest product platform in Brazil.

Unidas today undoubtedly has a complete solution for both individual and corporate clients in the fleet management business, including trucks also offering to clients, thus aligning these two contexts with our product platform, our commercial strength with a very strong demand, there is an explosion in sales as you have seen in recent quarters. And there is no highlight here to say whether it is a subscription car or a small business or a truck is a general movement. We are growing very strongly in this fleet management business, which is an old DNA of Unidas.

**Lucas Barbosa:** Yes Luis, it was super clear thanks for the answer. If you allow me a second question about used cars, we can see that the average price per car rose around 53% year on year, but in the quarter against quarter that caught my attention with the average price going up by 7%, I just wanted to understand if this is explained because used cars have a car mix effect happening in this quarter.

**Luis Fernando:** Thanks for the question again Lucas, well used cars is a mix of the two, you have a bit of a mix, but the car mix representation and you also have the channel mix because the representation of the retail channel has grown in relation to the wholesale especially at this time of car shortage, we prioritize wholesale sales, which have a higher ticket, and all that too there is one more item, which is the strong increase in the price of the 0 km car, which ends up dragging

the used car with it, so you have a real or nominal increase in the car, you have a car or product mix, let's put it like this, more expensive cars being sold more volume of them than the popular ones due to the supply of the factories and a third one sells more in retail than in wholesale so you have three very important factors. that we are living in the used car business lasts longer than we expected our conviction is simple you already have a 2018, 2019 and 2020 cycle with vehicle sales 0 km is below market expectations. And this will generate less supply of used cars in the coming years because the average of used cars in Brazil they start to go on sale in the second, third and fourth year and some even in the fifth year, so for sure when will we live this year too a year of few sales, especially because of the delivery conditions of the automakers, we hope to have at least one or two more years, maybe even a little longer to go beyond 3 years in a scenario like today, because even if the zero car is resumed or used car in our perception will have a long period now of low supply especially in vehicles from zero to 3 years old which is what we work with, so I answered your question and took advantage of it and already gave a longer view on used cars that we have an expectation. Today I will tell you that it is a conviction that we are going to live this scenario for longer than we expected.

**Lucas Barbosa:** Thank you so much Luis for the reply, thank you for giving a little more body shape about the future. Good afternoon to you all.

**Luis Fernando:** Thank you Lucas.

**Operator:** Our next question comes from Mr. Rogério Araújo from UBS.

**Rogério Araújo:** Good afternoon guys, congratulations on the results. I have two here, one of them is regarding the automakers, we have seen several news, some saying that the situation should get worse before the normalization of production improves, others are more optimistic saying of maybe a full recovery in the first half of 22, I would like to if you could talk a little bit about your expectations of when it gets back to normal and this quarter you received a little more cars, I think that our expectations and that the market had too. And think about the expected vehicle receipt in the coming quarters and if you could also talk a little bit about how you are deciding how many cars will go to the Rent-a-Car, how many cars will Fleet of those that are managing to receive,

**Luis Fernando:** Thanks Rogério, good automakers, I think you opened up putting the reality, you have very different scenarios in each of them and very different expectations in each of them, you also put it well, we received more cars than the market expected, but no we received more cars than we expected, we were convinced of these numbers as we've talked about here a few times, but it's always good to remember we don't work with spot purchases with automakers, we have long-term deals, usually annual with them, and they are obviously in the current condition, fulfilling these agreements, some due to plant shutdowns have already warned us that they will not be able to deliver all the cars this year.

And this obviously we have already balanced things in here so that we do not have great effects and we, in this sense of distribution, are clearly favoring the rental business and there is no clear definition of what the Rent-a-car will take or what the Fleet will obviously take care of what helps us to regulate this issue are the occupancy rates, that is, if the Rent-a-car does not have a high occupancy rate, we will switch to Fleet if the occupancy rate is very high we put more cars on Rent-a-car, but of course here the definition in first place is the rental customers and why we are doing this is because they are our core customers, the semi-new ones, not that we don't be interested but everyone knows we do the active demobilization in the end we are having to be creative, so the cars will stay longer than we would like and will have a higher mileage in the Rent-a-Car business than we would like and this effectively allows us to serve more customers at this time, despite having a more expensive maintenance cost .

So, the expectations for the next quarters is to continue receiving a satisfactory volume of cars,

of course, as you saw in our previous answer, if today we had 24,000 more cars here, we would be using these cars or renewing the fleet or adding a new rental fleet, which part of this is also a new lease, not to mention a retracted demand in Rent-a-car so we have here a large number of cars that we would need at this moment is far from the solution, we as expectation work with what the automakers tell us and the expectation is that things should normalize more for the second quarter of next year than for the end of this year, therefore we work with these expectations which does not mean that from now on we will not receive cars, we will have something in the sense of paralyzing our growth, no and I think this quarter was very important, these 26,000 cars for maybe the market as a whole to understand that the scenario that sometimes appears in the media or the scenario of a company or an area is different from the other and we here at Unidas have, as I said, contracts and we have long-term agreements with the automakers, our expectation for a second semester of car receipts is the same or a little better a little worse than me than the first semester.000 cars for perhaps the market as a whole to understand that the scenario that sometimes appears in the media or the scenario of a company or an area is different from the other and we here at Unidas have, as I said, contracts and long-term agreements with the automakers, our expectation for a second half of receiving cars is the same or a little better, a little worse than what I did in the first half.000 cars for perhaps the market as a whole to understand that the scenario that sometimes appears in the media or the scenario of a company or an area is different from the other and we here at Unidas have, as I said, contracts and long-term agreements with the automakers, our expectation for a second half of receiving cars is the same or a little better, a little worse than what I did in the first half.

With this, we are able to meet all our financial growth goals that we have today with our investors and customers, so we are in a delicate moment without a doubt, but with good expectations, they are keeping all investments so that they effectively resolve and come. more cars so that we can print even stronger growth and then gain operational leverage and maintain this profitability in the 3 pillars of the outsourcing business, rent and used cars for a long period, which is what interests us because we have never had such high profitability and we have never had profitable growth at these levels in the industry and our goal here at Unidas is 100% focus to maintain this for a long time. term and we think that this is possible, the more so with the signs I said about used cars maintaining this profitability scenario for a long time, so we are living in a very unique moment in terms of car delivery and our expectation is the one I have already Rogério said to you distribution between Fleet and RAC we don't have anything formatted in here, but among the businesses, we privilege the rental business over the used car business because that's what will effectively bring us longevity in the business and when we have a car we sell a lot more people could be selling here 2 times or 2.5 times the number of cars if we had availability of used vehicles and when there is no market, it will be there, we understand that this market is solid and long-term.

**Rogério Araújo:** Perfect is crystal clear, thank you. My second question regarding the need to increase rates, how is this increase in car prices and also with the increase in interest, we have already seen there is a relevant increase versus pre-Covid there in Fleet rental and we are seeing the average So if you could talk a little bit about the margin, how much do you have closed the rates or the variation of how much higher rates have been today versus pre-Covid on the same vehicle. And also your expectation of the rate in the RAC, there was already one almost with a pre-Covid recovery, if you could talk about whether it is expected to increase more due to these necessary transfers and when do you expect this to happen? Thanks.

**Luis Fernando:** Thank you Rogério, I'll talk about outsourcing later. Sarquis talks about Rent-a-car but you also put the completely right view that it's the following. the scenario of interest rates that presents itself and the increase in cars will continue in the coming quarters, so it's a movement that can't be different because we've already mentioned it here, but it's always good to remember that Unidas will not give up profitability for any other strategy, our business is a

very good business if well managed and generating a lot of margin, a lot of cash, because it requires investment, it's a business that grows a lot, so it demands cash, so we are passing on to the fleet management fees all the increases that the industry is currently experiencing on the other side, which we try to do to mitigate and be competitive which is what we have to do is reduce our administrative and operating costs, being an intense and continuous work here, so that we can mitigate a little these highs that will undoubtedly happen in depreciation and interest, fighting as if we have administrative and operational control, but unfortunately when what we master and the reductions in these operational administrative pillars are not enough to fight the increases in interest rates, depreciation increases and this, in our perception, at least until the end of this year, you will be able to expect highs coming from the business. of fleet management about Rent-a-Car Sarquis is here can talk to you more.

**Carlos Sarquis:** Rogerio, thanks for the question. As for the good Rent-a-car, you are seeing an evolution in the rate, but the Rent-a-car rate is still reasonably impacted by the mix of customers that we have within the rate, so obviously long-term leasing has a lower rate than the short-term rate, or than the short-term lease if the Rent-a-car had a mix similar to what we had in the second quarter of 2019, a normalized year without COVID, this quarter's rate would have been between 7 and 10% higher and we believe that this mix will start to converge to a normalized one-year mix in a certain accelerated way, we think that in the second half there will be a very strong recovery in short-term leasing.

It is also worth remembering that in April we had some regions with a new lockdown or mobility restrictions, which forced us from Rent-a-car to also make some rate reductions at that time to keep the occupancy rate at acceptable levels, So this quarter was also impacted by a very bad month like April, so the tariff if you take segment by segment all tariffs are reasonably above what they were in the pre-COVID, which has impacted even more strongly is the issue of the month and I think we are at the beginning of this price evolution in some segments I think there is a lot of space there to see an evolution, especially in the point that Luís mentioned, we think that the issue of car supply should be normalized in the second half of next year, with fewer cars than we would like to have, clearly this will obviously impact the evolution of prices.

**Rogério Araújo:** Perfect, it makes sense, if I could talk about a follow-up, can you imagine that you have a return target greater than the historical one due to this limitation in the offer of vehicles. Can you look for even more return, increase the rate more than the transfer of the new car price increase and interest would be?

**Luis Fernando:** Without a doubt Rogério today our feeling here is the following, we are in a race where our car is the best, we are in a Ferrari and managing without being able to accelerate, so this is what we are doing and without a doubt if it is not possible to grow moreover, we are going to seek more profitability and we are going to manage the business very well. We are keeping all our investments and we believe in a long profitable and growing cycle in line with growth, so this is what we can do and it should happen in the next quarters at least.

**Carlos Sarquis:** Just to complement what Luis said, everyone here follows the news from the American rental market, they are seeing what is happening with the rates there, Brazil is already 9 months behind this effect, given the impact of slower vaccination and are related to combating COVID, but I believe that the trend will be very similar, I don't know if at the same levels, but for sure we will see a trend similar to what was seen in that market, especially here at the end of the second semester.

**Rogério Araújo:** Understood, thank you very much.

**Carlos Sarquis:** Imagine, thank you.

**Operator:** Our next question comes from Mr. Victor Mizusaki from Bradesco BBI.

**Victor Mizusaki:** Hi, good afternoon, congratulations on the results. I have two questions, the first is going back to the theme of automakers, I want to understand your side, how do you see Stellantis' strategy trying to push the French brands now that it is under the same umbrella, if it makes sense to increase it a little more disposition of these brands and if you are seeing the possibility of increasing exposure also with Chinese brands. And the second question is regarding depreciation, we saw an increase now in the second quarter, which was something you had mentioned in recent quarters, that this should happen, and what is the level that you think is ideal, if we You will suddenly continue to see this increase in the depreciation area over the second half of the year, as there is still this fleet renewal process, thank you.

**Luis Fernando:** Okay Victor, thank you. Let's talk first about the French brands with Stellantis, we have great admiration for the work that Fiat people have been doing in Brazil in recent years, I'm saying product development here, I'm saying here the way they manage the business, so much so that Fiat here in Brazil took over the French brands and elsewhere it was the opposite, I think they are doing a beautiful integration of the business and we are thinking that the French brands can be important players with the management of Stellantis a from now on. We've already bought some cars from them, betting on this concept, our vision is always a medium and long-term vision when we bet on vehicles, there's still a lot to do, but marketing on the brands increases,

Well about the French brands, sorry about the Chinese brands, in Brazil there isn't much brand left today, I mean we have there JAC that doesn't have products that are very aligned with ours and you have CAO A, which does a wonderful job in Brazil too . We still don't have a Chinese brand in our portfolio, but we are already talking about some conversations with the CAO A in this regard, but they don't have much volume for this moment, so Chinese we unfortunately have no options in Brazil and the French now about management at Stellantis we believe a lot in the evolution of these brands because the products have no problem, they are good what was missing I think was network management, a more marketing and business management vision and then Stellantis is putting on a show I think that everyone is seeing.

Well, about depreciation, we've always been very conservative about it, we've been working this way for 5 and 6 years, it's a cost that we only see when we sell the car, so it's not bad for the business and we think this is an important tool for us to extend this cycle of profitability in the business as a whole and in the used car business specifically, so we believe that we will live a longer cycle of rising depreciation, but it depends a lot on the dynamics of car arrivals, the price

of tariffs and also the profitability dynamics that we are going to imprint in the coming quarters, so I would say that we are going to be conservative in terms of depreciation and with that we are going to try to perpetuate as much as possible this cycle of profitability that we are experiencing.

**Victor Mizusaki:** It's great, thanks.

**Luis Fernando:** Thank you Victor.

**Operator:** Our next question comes from Mr. Regis Cardoso of Credit Suisse.

**Cardoso Regis:** Thanks guys sorry for the previous call I had a problem connecting. Good morning, Luis, Marco, Sarquis. I have two questions on my side, the first is a follow-up on this discussion of depreciation, I would like to understand a little about the dynamics between the segments, the depreciation of the fleet management rose much more than the RAC, whereas I would expect perhaps the opposite, the average lifespan of the car in the segment of the RAC. Its another topic that I would also like to discuss with you is the prospect of net addition of the fleet for the rest of the year, in other words, the issue is that this model of decreasing sales and increasing the average age could be exhausted and eventually this could become a limitation. of growth. I would like to make a third one as well, I would like to know specifically in the RAC segment if you could comment on the June data, sorry for July, that is, at the end of the quarter in terms of fleet, utilization, rates so that we can have an idea of the which is perhaps, so to speak, the level without the effects of the pandemic.

**Luis Fernando:** Thank you Regis, well what happens is the following RAC in depreciation, we are experiencing a moment, and then every quarter it has become clearer to us that it is an approximation of the price of cars from one to two years with vehicle 0 km, this gives us a lower depreciation, although we have a greater investment in cars at this time, the price of the zero car has gone up a lot, so you would automatically have an increase in depreciation but the sale discount between the one and two year car compared to zero he compressed a lot, why? Because the 0 km car is missing and the one- and two-year car is also missing, so this trend in itself gives us peace of mind that the RAC depreciation does not have an increase as strong as the fleet management, the outsourcing of fleet you already put for two, three,

The model of prioritizing the allocation of this sale is exhausted, we do not believe because this rationale is simple, it can only happen this exhaustion of the model, and then this is our concern too, because there is a limit, we have here 100 and few car sales stores, we have a car sales team here, so there is also a point that you can't not sell cars, you need to keep the machine powered. You have customers, we can't leave our customers without a car either, because

tomorrow or later when they come back they'll prioritize who took care of them, so we have to take care of the customer, we have to take care of our team, we have to take care of our stores and it also reaches a limit that the car gets very old in both Rent-a-car and fleet management which doesn't make sense to us either. Then,

Therefore, I understand that we are experiencing an explosion in demand, so I don't think this is momentary, I think it would be cultural and if it is cultural I believe that we will experience a very good cycle in this sense, I think the model it doesn't exhaust itself in the short period of six to nine months, and I think that when it gets back to normal we will experience brutal operating leverage combining strong growth with profitability for a long period and that is our expectation and what we are working tirelessly for here. deliver and on Rent-a-Car I pass to Sarquis.

**Carlos Sarquis:** Regis, in the Rent-a-Car, regarding the rate for the month of July, we will not give an exact number, but so the range for this rate should be between 7 and 10% higher than the rate for the month of July, compared to the second quarter rate, so take the first quarter rate and in July in particular it should be between 7 and 10% higher and here yes, it's also very impacted by the mix and impacted this month by the lack of cars, because the demand in July in particular, it was much higher than our car supply and in terms of car supply, we managed to grow a little less than this rate growth, a little less than this ranking I gave you, because the July fleet grew, the available fleet grew around 5%.

**Cardoso Regis:** It's cool, very clear, thanks guys for the answers and once again congratulations on the results.

**Luis Fernando:** Thank you Regis.

**Operator:** Our next question comes from Ms. Fernanda Recchia from BTG Pactual.

**Fernanda Recchia:** Hi guys, congratulations on the result, thank you for the opportunity. I would like to explore the theme of margin a little, year-over-year you had a very good expansion, but when we talk about quarter versus quarter, it suffered a little bit, mainly in the fleet management, I would like to understand what this is made of free Unidas and if there is a little more resistance, finally I would like to get a little more color and the second point is going a little deeper into the RAC if you can talk a little bit about the evolution by segments, if the airport has already started to come back with the recovery of the economy, what has been driving this 5% increase in volume that Sarquis has just mentioned, thank you.

**Luis Fernando:** So life is not easy to operate either and also imagine if we could put this backlog to run it would dilute a very important cost because when you deploy the car in the first three or four months you don't spend anything on operation, so a growing company like ours and not

being able to bill cars from the backlog, it generates an understanding, it is momentary in the margins, but it is momentary and we do not expect a reduction in margins going forward, on the contrary, we expect the maintenance or improvement of margins throughout the next quarters. Then the other RAC questions Sarquis talks to you. but it is a momentary thing and we do not expect a reduction in margins going forward, on the contrary, we expect margins to be maintained or improved over the next few quarters. Then the other RAC questions Sarquis talks to you. but it is a momentary thing and we do not expect a reduction in margins going forward, on the contrary, we expect margins to be maintained or improved over the next few quarters. Then the other RAC questions Sarquis talks to you.

**Carlos Sarquis:** Fernanda Thank you, the segment that is recovering faster is the leisure segment and the short-term corporate travel segment. it did not return to pre-COVID levels, but the individual segment is clearly growing very strongly, another segment that is growing very strongly is also the monthly legal entity market and also the monthly individual market in the case of legal entities, very in line with What Luiz said, we are seeing a very large force in the fleet operation presented at Unidas as a whole and the market is certainly evolving very well in this segment, a call for a secular trend increasingly in the corporate segment, leaving the possession for lease, this not only favors the Fleet business, it also favors the Rent-a-car market in these long-term contracts, which are contracts of less than a year and I think that this recovery of individuals is frankly only at the beginning, I think the In the second half of the year, it should be extremely strong in this segment, with a lot of pent-up demand, in short, the lack of a car is also going to push the price up. the brand, opening more stores, we invested a lot in technology and we are very happy there with our evolutions in the level of service, which also attracts more customers, so we think we are entering a virtuous cycle of Rent-a-car after a year and little quite tough there with all this pandemic. I think that the second half should be extremely in this segment, a lot of repressed demand, in short, the lack of a car will also drive the price up, I think this demand and it has everything to continue in a very robust way as well and really the efforts to strengthen the brand, open more stores, we invested a lot in technology and we are very happy there with our evolutions in the level of service that also attracts more customers, so we think we are entering a virtuous cycle of Rent-a- after a year and a little hard there with all this pandemic. I think that the second half should be extremely in this segment, a lot of repressed demand, in short, the lack of a car will also drive the price up, I think this demand and it has everything to continue in a very robust way as well and really the efforts to strengthen the brand, open more stores, we invested a lot in technology and we are very happy there with our evolutions in the level of service that also attracts more customers, so we think we are entering a virtuous cycle of Rent-a- after a year and a little hard there with all this pandemic. We invested

a lot in technology and we are very happy with our evolutions in the level of service, which also attracts more customers, so we think we are entering a virtuous cycle of Rent-a-car after a year and a little hard with this whole pandemic. We have invested a lot in technology and we are very happy with our evolutions in the level of service, which also attracts more customers, so we think we are entering a virtuous cycle of Rent-a-car after a year and a little hard with this whole pandemic.

**Fernanda Recchia:** It's clear, thank you guys.

**Luis Fernando:** Thank you Fernanda.

**Operator:** Our next question comes from Mr. Fernando Abdalla of JP Morgan.

**Fernando Abdalla:** Hi, good afternoon guys, it's actually a follow-up question for Sarquis on this RAC margin issue, for me it wasn't very clear Sarquis, why there was this drop somewhat expressive in the quarter versus quarter, I understand that there is the issue of seasonality and mix, but in the first quarter its margin was 43% and in this quarter it was 38.7%. If we look at your average rate increased a little, right, your daily volume dropped a little bit, the rental revenue in the RAC was very similar, but the margin dropped almost 5 points, and I was even noticing that if we look at your fleet at the end of the period, it grew by almost 4,000 cars and the daily volume was lower in the quarter versus the quarter, I don't know if this has to do with the fact that you weren't able to capture all the revenue from the cars that arrived, so I just wanted to understand, I would imagine that this maintenance issue that Luis mentioned in fleet as well, but if there is any other factor that led to a much smaller margin in the RAC and if it recovers for these here to around 43%, 45% over the second half? Thanks.

**Carlos Sarquis:** Okay, thanks there for the question. We have some effects, first we have a record average age in Rent-a-car I think it's more than 11 months and this obviously impacts the cost front a lot, I believe it's 11.1 months, this impacts the maintenance cost a lot and there was also a very high inflation in this tire market and the company was much more aligned there with the IGPM than the IPCA, so these were other factors and the month of April was a weak month for all rental companies due to the factor lockdown, they got in the way, and we lost a few million in revenue if this problem hadn't occurred, which recovered quite strongly, so our second quarter revenue was also impacted much more severely than in the first quarter due to issues related to COVID, the first quarter kind of passed unscathed, on average, obviously, there was in the north of Brazil, a little bit in the northeast as well, but the second half was more severe and this obviously impacted revenues and took the margins since the costs are there. In the third, it has a little to do with the strategy that we have been quite consistent, we continued

to expand the number of stores. We continued to invest in bringing the stores closer to the customer. of leases than we have today, whether Unidas Rent-a-Car would be able to have a very expressive growth in the volume of daily rentals without basically increasing the fixed cost. So if we were here prioritizing the short term, we would probably not have grown 50 or so stores, we would have grown zero stores,

**Fernando Abdalla:** Great, Sarquis was much clearer.

**Carlos Sarquis:** Thank you, it was a pleasure.

**Operator:** There being no more questions, we now move on to the questions and answers via webcast.

**Marco Tulio:** Well yeah, so let's go to some questions on the webcast I'll ask the questions some of them have already been answered so we'll just go to the ones that didn't have an answer, we have 2 questions here about Joaquin Villalobos's Rent-a-car from BCI: **“Good afternoon, Congratulations on the results. My question is related to RAC. The utilization rate of the tri was 86%, how sustainable is this level and what is the maximum level that they could show without affecting the good operation of the business. A second question, how much more can you add to the average age of the RAC? Is there any level I need to sell this car?”**

**Carlos Sarquis:** Thank you Joaquin for the questions, about the occupancy rate the answer is yes, we think it is sustainable, as you have a much older fleet like the one we have today this impacts the occupancy rate because this ends up increasing the percentage of cars that are in maintenance, when you have a new fleet this percentage is usually much lower, it ends up in our case here we do not open this number, but certainly the occupancy rate would be even better if the average rent-a- fleet car in terms of age were younger, here as a benchmark example, it is another market obviously you have to be careful when making this type of comparison but the Enterprise has been running with 91% or 92% occupancy rate for many years, the people are investing a lot here in the system to be able to run a high occupancy, eliminating the problems of a high occupancy, which is basically leaving you to capture business that are simpler to be captured, sometimes it is a service issue, we are investing a lot in systems to have greater assertiveness, also greater flexibility of systems to we can run with a high occupancy rate, minimizing the negative effects so the answer is yes, we think that this occupancy rate is sustainable and we think that there is even a way that can come from now on, which is the fleet getting younger, it makes it easier to have a pretty high comparison. Also greater flexibility of systems so that we can run with a high occupancy rate, minimizing the negative effects. So the answer is yes, we think that this occupancy rate is sustainable and we think there is even a way

that can come from now on, which is the fleet getting younger makes it easier to have a pretty high comparison. Also greater flexibility of systems so that we can run with a high occupancy rate, minimizing the negative effects. So the answer is yes, we think that this occupancy rate is sustainable and we think that there is even a way that can come from now on, which is the fleet getting younger makes it easier to have a pretty high comparison.

Regarding the average age of the fleet, yes you can stretch it more, obviously you can stretch it more, but our intention is to reduce this average age of the fleet not only to look for the optimal maintenance cost point, but also to provide the best possible service to our customers so we know here that, an idea that a car with 50,000 km or more versus a car with 10,000 km or less the difference in NPS is usually quite significant, in our surveys it is obviously not trivial to have an older fleet therefore we are not only a matter of costs, but also thinking about delivering the best possible service to our customers, we would not like to continue stretching maybe this is not for the very reason that Luis mentioned that this momentary problem in car supply ,but in normal situations we should run with a fleet age lower than what we are showing this quarter.

**Marco Tulio:** Thank you Sarquis, our next question comes from Lucas Ribeiro from Saga Capital: **"Can you talk a little bit about the heavy vehicles division? what is the volume you are already achieving? How has this evolved in the company, what is the ambition you are placing on this front? Thanks"**.

**Luis Fernando:** Lucas, thanks for the question. Well, today we should be close to 1,000 heavy vehicles between trucks and machines in the company, it is also no secret for the market that Unidas has been operating in this business for over 10 years, so we have already completed two complete cycles, we have already sold trucks, we have already sold machines and it is still a small business compared to other businesses, but I can announce firsthand that at the beginning of this month we have now hired our Head of the heavy goods area, Fernanda Guimaraes, he is an experienced executive in this area. business and our expectation is that in the coming quarters we can already start to disclose our data from the heavy area as a business unit,

**Marco Tulio:** Thank you very much to the participants for the questions. These were the questions we had on the webcast, the others we have already gone over and discussed, any other questions the company is available for.

**Luis Fernando:** Thank you guys, good afternoon.

**Operator:** There being no further questions, the Unidas Results conference call is closed. We appreciate your participation and have a good day.