

Operator:

Good morning, and welcome to the conference call for Grupo Vamos to discuss the earnings regarding the 1Q22. Today with us we have Mr. Gustavo Couto, Vamos CEO, and Gustavo Moscatelli, CFO and Investor Relations Officer for Vamos.

Right now, all participants, are in a listen-only mode. Later on, we are going to start the Q&A session when further instructions will be provided. Should you need any assistance during the conference call, please reach the operator by pressing *0.

We would like to inform you that this conference call is being recorded and sign the channels with translated into English.

Before moving on, we would like to let you know that any statements made during this conference call, relative to the Company's business outlooks, projections, operating and financial goals are based on Vamos' management's beliefs and assumptions, and rely on information currently available to the Company. Forward-looking statements are not a guarantee of performance. They involve risks, uncertainties and assumptions since they refer to future events and therefore depend on circumstances that may or may not occur.

General economic conditions, industry conditions and other operating factors may affect the Company's future results and lead to results that will be materially different from those stated in the forward looking statements.

We will now turn to for to Mr. Gustavo Couto. Please, Mr. Couto, you may go on.

Gustavo Couto:

Good morning, everyone. Thank you for joining us for yet another earnings call for Vamos, the first of 2022.

Once again, we showed our capacity to grow with profitability. We started the year of 2022 with new records in our main indicators, operational and financial, and a business model that is just starting in the country.

We are very happy with the release of our results because we were able to anticipate to the needs of our clients by means of strategic moves and consolidate more and more as a competitive alternative that is convenient for our customers to renew or expand their fleets of trucks, agricultural machines, forklifts and heavy equipment.

By means of a unique positioning, and accessible to companies of different size and segments in Brazil, we work hard in an integrated manner to offer our rental services used cars stores, dealerships and distributors to an even larger number of clients. Each day, our business model becomes more known and innovative, an actual option for those that want to expand or renew their fleets.

We expedited our pace of growth into different segments of business, growing net revenues, net income and EBITDA, showing that we are on the right track, but with the certainty that we still have a lot to do, and we are just starting our cycle of development.

We thank for the work of our people and for the trust of our consumers, financial institutions, investors, and particularly the alliance of our clients that enabled us to continue to grow with profitability in the 1Q22.

Even with uncertainties at the global scenario that are concerning for us, Vamos is stronger and prepared to follow our journey in a consistent manner. Our assets continue to be appreciated, and

we did more. We have a strategic inventory of the trucks and equipment at the right time to expedite our pace of growth in the different business segments, expanding the rented fleet, increasing rental contracts, diversifying our client portfolio.

We improved the profitability of dealerships, growing net revenues, net income, and EBITDA, reinforcing our positioning with a business model in all the ecosystem of trucks and machinery, with an integrated network of alternatives to our clients. The concept of buying, selling, exchanging and renting is more solid than ever. This growth gifts as even better prospects for the new quarters to come.

On slide three, we closed the 1Q22 with growth in all operational results EBITDA. had growth of 125% compared to the 1Q21. Future contracted revenue, backlog, grew significantly to almost R\$9 billion at the end of the 1Q, growth of more than 110% year on year, which already assures us strong growth for 2022, and also for the coming years.

In the dealership segment, we have excellent performance in the 1Q, with growth of 108% in net revenues compared to when 1Q21, and EBITDA growth of 154%. ROIC grew 14.3% and ROI, 2021.6%.

On slide four, we show important accomplishments of the Company. By the end of March, our solid cash position and investments added up to more than R\$3 billion, which is enough to cover up debt up to 2026. We reached the record's mark up R\$1.6 billion in contracted CAPEX for the 1Q, which is basically 58.4% over the 1Q21, and 158% higher than that of the last quarter of 2021. That ensures growth with positive reflects on our results still for 2022. We also had the record implemented CAPEX of R\$846 million in a single quarter, up by 75% over 1Q21.

That shows that we expanded our capacity of execution, delivery of assets for our clients. In addition, we have the statistic positioning with an inventory of new assets of R\$1.3 billion, and two competitive advantages for customers, ready to deliver and improve profitability in the contracts that we have in the Company.

We grew 85% in the total assets of our fleet compared to 1Q21, reaching almost 30,000 assets. Again, considering 2,800 equipment, with the completion of the acquisition of HM Empilhadeiras, which we announced. In addition to that, we also acquired Truckvan, which is specialized in the customization and production of road equipment for heavy vehicles. That shows that Vamos is a platform for trucks, machinery and equipment, aligned with the Company's strategic plan.

We continue to focus on growing our business with long term views and profitability. Our efforts aim at implementing new systems, digital platforms that can drive our business scalability and further strengthen our operational and control basis, increasing our base of rental clients, and creating new opportunities for sustainable development of the Brazilian fleet, contributing to safe, efficient, robust businesses.

To carry on with the presentation of our results, I am going to turn to our CFO, Moscatelli.

Gustavo Moscatelli:

Good morning. I am going to start with slide number five, talking about the highlights in terms of our financials. In the 1Q, the Company continued with the accelerated growth of our results, in a consistent, sustainable manner. Net revenue consolidated reached R\$945 million, an increase of 81.6% compared to the 1Q21, and net revenue from services grew by 88.2% compared to the previous quarter, a significant growth in the main business segments.

As for operational profit, that is EBIT, we also moved forward to closing the quarter with R\$295 million, growth of 125.3% year on year, due to the organic growth in rentals, dealerships with gains of scale, productivity and gradually reducing the depreciation rate of trucks and machinery due to

the significant depreciation in the market. EBITDA also moved forward to R\$361 million in the 1Q, growth of 77% compared to the previous year.

Net income was also a highlight, we reached the record number of R\$121.9 million in the 1Q, growth of 66.4% compared to the net income recorded in the 1Q21.

These results are a change of level in all indicators, with gains of profitability, which results from strong growth, organic growth in main business segments, and focus on discipline and execution.

Now we are going to break down our results for our business segment. Going on to the next slide, we have rental results. In the 1Q, we had strong growth in the recognition of results of rental, with growth in net revenue from services of 53.7% year on year. That proves an acceleration of results for the coming periods.

In addition, we kept our focus on generating value to our clients, signing contracts with maintenance services and reaching a net revenue from services of R\$82.6 million, growth of 30.7% compared to the 1Q21. EBIT, with R\$222 million, 117% higher year on year, which happened because of the organic growth and the signing of new long-term contracts, and also the gradual reduction of trucks depreciation rates due to the significant depreciation in the market. EBITDA reached R\$286.8 million, growth of 64% compared to the previous year.

Now going to slide number seven, other highlights of rental. In the 1Q22, we had the strongest excellent acceleration of contracted CAPEX, at the record of R\$1.6 billion in new contracts, a new level for the Company scale. Growth was up 158% compared to the 4Q21.

The volume of contracted investments already accounts for 1/3 of the midpoint of our guidance for 2022. Contracted backlog is at the R\$8.9 billion, increase of 111% compared to the 1Q21, with a growth of revenues and profit for the coming years.

We also had an important advance in the price of our contracts, going to 2.5% in the 1Q22, as you can see in the table below. In addition, the average term grew by 5.7%, also increasing profitability compared to previous years, and again, facing the new interest rate reality.

It is important to say that the 1Q is a time to close large contracts in the sugar-ethanol business, which in a way distorts comparisons to other quarters.

On page eight, we have a record deployed CAPEX for 2022, with R\$846 million for the 1Q, growth of 74% compared to the 1Q21, and 67% above that of the 4Q21. This is a very important indicator because it is by deploying CAPEX that we know how contracts are going to perform. It is important to show how the Company can make this operational without the complexity of heavy assets. Our total fleet reached 29,669 assets, already considering the acquisition of HM.

Now, on slide nine, we show our strategic positioning in the market with an inventory of new assets. We were able to anticipate ourselves and made purchases to support Company's growth, even as a challenging scenario with OEMs. We closed the quarter with R\$1.3 billion of rented assets to be implemented, and they have important characteristics.

First, the market value of this inventory is 36.5% the acquisition value, which improves the profitability of new contracts that use those assets. And also, inventory has been the competitive edge in the market, because we can offer trucks ready to deliver for our clients to start working. And third, based on the contracted CAPEX of the 1Q, this amount is just 2.6 months of new contracts. And also, it is inventory with low capital allocation, since we know that we are still in the term of payment to OEMs.

On slide ten, we have the results of sales of assets. In the 1Q, we sold R\$46.3 million in used assets, with a margin of 34.2%, way above the margin of the 1Q21, which was 19.6%. Our inventory closed at R\$55 million, which is three months of sales.

On slide 11, we do an exercise to show the generation of value due to the appreciation of fixed assets. Today, our machinery and trucks add up to R\$6.1 billion. If we consider the gross margin of the 1Q, 34% approximately, we would have R\$2.1 billion in generation of additional value due to depreciation of our assets.

In addition to the inflation rates of the period, we are also going to have Euro 6 in force as of 2023, bringing new embedded technology in trucks and therefore generating a new cycle of price increases.

On slide 12, we talk about our dealership segment. In the 1Q, the dealership segment continued with strong growth and margin gains. Net revenue grew 107.7% in the 1Q compared to the same period in 2020, with a record number of R\$578 million vehicles net revenue. Both markets, trucks and machinery, have high demand and strong growth.

EBIT for dealerships reached R\$68.6 million in the 1Q, expressive growth of 155% compared to the same period last year. EBITDA reached R\$73 million results in the 1Q, 150% higher year on year, and EBITDA margin reached 12.6% compared to 10.5% in the 1Q21. We continue quite optimistic by growing organically and through acquisitions in the dealership segment.

On slide 13, we talk EBITDA about our net debt and leverage. In the 1Q22 net that closed at R\$3.2 billion and leverage at 2.69x, keeping a solid balance that is prepared for a new cycle of development. If we consider annualized EBITDA in the quarter, we would have leverage of 2.24x. And even with this leverage, we had contracted CAPEX in the quarter of R\$1.6 billion, R\$1.5 billion of which in expansion CAPEX.

On slide 14, we talk about our debt profile. In the 1Q, we closed at a very solid cash position and financial investments of R\$3 billion, which is enough to cover all debt until 2026. We also have available revolving credit lines of R\$645 million undrawn, with an average tenure of 7.6 years and costs to post taxes of 10.5%. We continue with our debt hedged policy to guarantee the profitability of our companies.

Today, our average contracted cap is 11.9% to the CDI, considering the cashflow exposure of our projects. We also have annual rate adjustments by IGP-M or IPCA indexes in our contracts to offset to the increase of CDI, in addition to the appreciation of our assets, as we already mentioned.

On slide 15, we have profitability indicators. We are very much focused, as you can see, on accelerating growth and value generation. We continue to improve our return on invested capital, even growing fast, which does not precisely show because we have long term contracts, but still we closed at 14.8, the best profitability of the last five years.

I will turn back to Mr. Couto now for his final remarks.

Gustavo Couto:

Thanks, Gustavo. Go into slide 16, it is very important to talk about our priorities for 2022. We are committed to continue accelerating growth by means of sales channels, scalability and the intensive use of technology, and really making an effort to expand our businesses, in line with ESG principles and recognizing the challenges of social, environmental governance themes.

In the 1Q22, we continue committed with the theme, establishing topics related to that looking to the short, medium and long term. In April, we released our second integrated report with all the initiatives and commitments in ESG.

Our efforts aim at implementing new digital systems and platforms that can drive business scalability and further strengthen our operational control basis, increasing our client base, and creating new opportunities to grow with safety, efficiency and whole businesses.

With discipline and responsibility, as we announced last year, we want to invest between R\$4.3 billion and R\$4.8 billion in equipment and trucks that are or will be rented in 2022. We are much closer to our objective of 100,000 assets in 2025.

Finally, we thank all those that relate to us for their trust. We are leaders and pioneers in the development of the rental for trucks, machinery and equipment in Brazil, and we want to further accelerate growth in this market with discipline and responsibility in capital allocation.

I close the presentation with this slide. We thank you very much for attending, and now we are going to open for your questions.

Gabriel Rezende, Itaú BBA:

Good morning. Congratulations on the results of the quarter, and thanks for taking my question. I have two questions about yields. Based on slide seven of your presentation, page six of your presentation, we got to a yield of 2.5% compared to 2.2% year on year, so an improvement year on year, but below the 2.7% that is annualized in the 4Q. I would like you to please talk about that. And what level do you think we should expect for the future? And if this calculation of yields is counting on any seasonality, that 2.5%.

And still about yields, I would like to know the monthly revenue amounts that you have in your table. We consider the backlog variation, added to the rental revenue divided by the average term, to get to your monthly revenue, and we get to R\$33 million, which is slightly below what you have in your table. So if you could share with us what other components are going into your calculation, so that we can know how you got to this number. Thank you very much.

Gustavo Couto:

Gabriel, thanks for your question. I am going to answer the first, and I am going to ask Moscatelli to answer the second. You are doing the calculation exactly now like ourselves, and that is what explains the improvement of 2.5%, the efforts in repricing our assets. Ending the 1Q22, there is this improvement compared to the 1Q21.

As for seasonality, this is very important, and we are going to make it clear for everyone. In the 1Q of every year, we have the crop harvest effect, which is when we close contracts with our clients from the sugar-ethanol business. As we mentioned before, it is a very important business volume with slightly lower yields. They are very long term contracts, but with lower yields.

And because of that, you naturally see that the 1Q has a slight drop compared to the 4Q, the immediate previous quarter. It did happen as well from 2020 to 2021. In the 4Q20, we have the yield of 2.7%, just like the 4Q21, but in the 1Q21, it went down to 2.2%. And now, 2.5%. So you can see in this quarter these new price levels, therefore increasing our yields.

So there is a seasonal effect for the 1Q, but you should expect a consistent yield improvement for the next quarters.

Moscatelli?

Gustavo Moscatelli:

To answer your second question here, and if you have any question about the first, you can ask me again, but you are doing the right calculation. The only thing that you are missing are two items for us to get to R\$38.7 million, which was reported. One is monetary correction, which was R\$16 million, and effects on the reduction of scope of some contracts that were signed in the 4Q21, and for some reason the client decreased the number of assets. So it was a correction in the backlog of R\$187 million. This is business as usual, and with those two items, you are going to R\$38.7 million, as you saw in the table.

I think we have answered your questions, but whatever extra questions you have, we are here for you.

Gabriel Rezende:

No, it is perfect. I understood it clearly. Thank you.

Pedro Bruno, XP Investimentos:

Good morning. Thanks for taking my question. I have two questions. First, I would like to have a follow up for the previous question. You explained the seasonality very well, especially the sugar-ethanol business. You talked about the volume of contracts, and that possible bargaining power of these clients over OEMs and with yourselves. But I would like to confirm if, besides that, there is any effect, because I believe most of these contracts are without maintenance, and perhaps in the remainder of portfolio, you have relevant contracts with maintenance, which would explain a lower yield for the former, which is not necessarily a difference in profitability. So this is the first follow up, if it really makes sense, and what is your consideration with regards to the profitability of your contracts, of sugar-ethanol contracts vis-à-vis the remainder of your portfolio.

And the second follow up is, if you could shed the relevance of this segment in the R\$1.6 billion of contracted CAPEX, which is an expensive number. How much does it represent of the sugar-ethanol business? So first question, these two follow ups. Thank you.

Gustavo Couto:

Pedro, You are right. It is true that sugar-ethanol contracts in their majority do not include maintenance, and consequently, they have lower yield. That is traditional. You do have some contracts with maintenance in the segment, but they are just a few. And it is true you have lower yields because you do not have maintenance services included.

In terms of profitability, it has to follow our historical standards. We take into consideration that we have to preserve the cost of capital and cost of debt. So it is a lower yield, but within the minimum profitability that we demand.

As for share, about 35% of the R\$1.6 billion, which is also business as usual. Last year we had more or less the same thing, 30% to 35%, and today, the sugar-ethanol business, out of the R\$1.6 billion contracted CAPEX, accounts for about 35%.

I do not know if we have answered all your points. Moscatelli, do you have anything to add?

Gustavo Moscatelli:

Yes. In the 1Q, all of the contracts signed in sugar-ethanol business were without maintenance services. Just to make it clear. As Couto mentioned, we do have some contracts with maintenance, but in this quarter particularly, no maintenance included.

Pedro Bruno:

Perfect. The two points are very clear to me. Thank you. So, one more follow up: out of the contracted CAPEX, which is a very high volume compared to your expectations for the year, you have our guidance of R\$4.5 billion approximately, and you are already at 1/3 of this CAPEX. We know that the 4Q has a negative seasonality as it happened in the last quarter reported, but even considering that, I would like to understand how you see commercial activity for the 2H22. I think it is clear that the year just going to recover, given the seasonality, but I would like to understand more terms of volumes, and how does that relate to your yearly guidance? Thank you.

Gustavo Couto:

Pedro, you are right. With the contracted CAPEX announced for the 1Q, we are at about 1/3 of our guidance, at least the midpoint of the guidance we announced last year. The guidance remains, and as we did in previous years, we tried to anticipate contracted clients as much as possible in the 1H of the year, because with that you advance implementation, and you bring results to within the year.

So that is a recurrent effort of ours. We are going to continue to do so. And have no doubt: if we do have the opportunity, and there is a real opportunity there, just to answer your question, because the 2Q has been doing very, very well, the volume of new contracts continues at an ascending trend, so we will try to anticipate and deliver the guidance as soon as possible in the year.

And if we can go over that, we are going to work with that, we do not have a problem. Quite the opposite, it is always our objective. And we have been doing that in previous years, and you know that, with focus, discipline, trying to get better profitability, but also anticipating growth, because it is a given opportunity, and we want to use this opportunity when customers are looking for alternatives to reduce costs, which, you know, is the case of rental.

So we will continue working strong, we will try to advance deliveries of investments as much as possible, and if there is an opportunity, and I personally believe that, I trust the opportunity, we will go past what we expect for the year, so that we can bring even further news for you all. That is our commitment, and that is our target.

Pedro Bruno:

Thanks for your answers. I have more questions, but I am going to give room for others. And if they are not asked, I will come back later. Thank you very much.

Lucas Barbosa, Santander:

Good morning. Thanks for the results, and thanks for taking my question. My question is from gross margin of asset sale. You delivered very strong results, and in previous quarters, you have been adjusting the fleet to depreciation, most probably even more so of those assets that are in contracts ready to mature. What are you thinking in terms of dynamics, deceleration of asset margins? When do you think the margin is going to go back to normal? And what I mean is no more appreciation of brand new trucks and machinery. When do you think we would normalize the margin for the sale of assets? Thank you very much.

Gustavo Moscatelli:

Lucas, thanks for your question. We do not see margins going down, at least for the next 24 months, because of all the appreciation we see in assets that are to be sold. And as I mentioned in the presentation, we have one more appreciation that is going to happen because of Euro 6 that is going to go into effect as of 2023.

And also, there is an important thing about the inventory of our used assets. We already know that we have an increase of 36% compared to the price list that we have in the market today. And we have trucks to be received until the end of the year at the same price.

So as we continue to receive trucks, we are going to have lower depreciation rates, and consequently, at the sale of those assets, even higher gross margins than what we have shown so far.

So, to be quite objective, for the next two years, we do not see a down in margins because of the situation. And after that, it will accommodate a bit, but still at higher levels than we had in our history.

Gustavo Couto:

Just to add, talking to OEMs and understanding the impact of Euro 6 as of January 2023, the price increase that is still to happen because of this change is quite substantial. So although we have had very strong increases in the past two years, the matter of the fact is that more increase is to come, and quite substantial ones.

I talked about between 15% to 20%, that is what was expected for next year. And talking to OEMs, I think it is going to be above that, 20% to 25% in some cases. That only proves what Moscatelli just mentioned, and in different ways. First, appreciation of our assets that are already rented that bring new opportunities for better margins, and also in the future to reduce our depreciation rates, since the trend is to be kept for a longer period due to Euro 6 certification.

Lucas Barbosa:

Very clear. If you allow me, I have two questions, still related to Euro 6. We will possibly see a period with anticipation of demand of Euro 6 for this year. Probably, OEMs are already thinking that perhaps the 1Q23 is going to be a bit weaker. Do you think you have an opportunity to close better deals for the 1Q23, compared to brand new prices at that time, given the slowdown of demand that OEMs will have?

Gustavo Couto:

Lucas, indeed, we are really convinced that the demand in the last two years is quite repressed. So we do have a repressed demand in the orders of those clients that still want to make purchases. So it is a repressed demand, and this is a fact now quite clear.

So our expectation, given all the problems that we are having in the production chain, is maintenance of the level of sales that we had. Last year, 140,000 trucks and tractors, and this year the estimate reviewed after all the problems of the OEMs is the same 130,000 to 140,000 trucks; Again, repressed demand.

So somehow, because you are going to raise prices in the beginning of the next year, we may have a drop in the volume of sales. OEMs are thinking of a 10% drop when we talk to them, around this number. And that is normal whenever there is a change in Euro specs.

But for next year, there is a question whether it is just going to be 10% or if it is going to be up to 10%. It can be lower than that. And why is that? Because demand has been depressed for two years.

So prices are stretched. They are going to increase even more, so there is the that the factor of elasticity, but the demand has been depressed for two years. So it may be a lower drop.

But rest assured, we are going to be close to OEMs, reinforcing our commitment with them, as we did in the pandemic. You know, the amounts went down, and we placed some orders with them, buying as usual. And if the things happen in the 1Q23, we will do the same to help OEMs, because we depend on them, they depend on us, and we have to walk hand-in-hand, together. And we are going to be there to buy any volumes that are placed as an opportunity. I have no doubts about that.

Lucas Barbosa:

Thank you, Couto, and have all a very nice day.

Victor Mizusaki, Bradesco BBI:

Congratulations on your results. I have two questions. Just going back to the yield of the 1Q, given the improvement year on year, and as you mentioned, when we compare quarter on quarter, you did have the effect of mix, could we say that if we had the same mix of the 4Q in the 1Q, you would be talking about something at the realm of 3%, considering that in the 4Q21, you were at 2.7?

And my second question, the consolidation of HM, which you closed the acquisition in the beginning of April, could you mention EBITDA how much of integration you were able to carry on, and what you can see in terms of potential client cross-selling?

Gustavo Moscatelli:

Victor, you are very right about your yield calculation. If you compare year on year, you will have an improvement of 0.3%. If we were to compare to the 4Q, excluding the seasonal effect, it would be up 3.1%. It is not a thorough analysis, of course, because we have to understand that the mix of contracts with and without maintenance, but I would say that a more approximate number would be 3.1% against 2.7%.

About HM, the antitrust agency approval came in the beginning of April, and now we are in the process of integrating the Company. Financially-wise and capital structure, I think we have R\$50 million in debt, and we already paid 95% of the debt, because the cost of capital was too much higher than ours. Some pre-established debt, we kept, but the prepaid was paid.

I am going to transfer to Couto to say more about HM.

Gustavo Couto:

We started that April 4, so we are obviously in due diligence. We had our teams, finance, operations, commercial working, and we are seeing major opportunities. The first, I would say about clients themselves. HM has excellent clients, with good opportunities for growth, and HM has a very good reputation at the market. Clients like the services of HM. But they did not have a higher share because they did not have a more solid balance sheet.

And that is our role, consolidating a stronger balance sheet, growing in multinational client, which HM did not have the opportunity to do that. And now they are going to be able to do so, since the clients like the services. So that is the first thing.

And we also have an excellent relationship. I have been talking very often with Toyota, and even reviewing the dealership operation. Now we are Toyota dealers, and we can even buy forklifts better, and that will add to volume to Vamos' portfolio as a whole.

So, lots of opportunities that we are coming across. We are just starting our due diligence, as I said, April 4. It was my pleasure to go there and get to the team in person. We have an integration team, we are working very hard, and in future quarters, I am going to bring you more details.

Victor Mizusaki:

Thank you very much.

Guilherme Mendes, JPMorgan:

Good morning. Thanks for taking my question. Moscatelli, first question: could you talk about your interest strategy? Is it for all contracts with no exception? And what is the term of your buy option? Is it during the whole of the contract, five years? And is it becoming more expensive because of the interest rates to have hedge in your contracts?

And second, about the purchase of trucks, you talked about this year. In 2023, how much you expect to grow, and how much is already contracted when we consider a more reasonable price point? Thank you.

Gustavo Moscatelli:

Guilherme, I am going to ask the first question, and then Couto is going to answer the second one. We do have, as a policy, to protect the profitability of our project by means of hedging strategies. And we go almost *pari passu* with the taking of debt. So we have better hedge to protect the profitability of the project.

So, as you said it well, we have a payback between 30, 36 months, and we generally hire hedge operations for the period. Today, we have almost R\$2 billion in contracted hedge, and if you saw the average cap, it went up because the new hedges for this quarter took into consideration the market reality, which is a much higher interest rate. So it is not that it is more expensive, but it is more similar to the new interest reality that we have today.

I am going to turn to Couto to compliment your question.

Gustavo Couto:

Guilherme, it is important to say that when we plan our purchases, we have to take a look at our growth plan and the reality of the market at that time. And that is why we started to advance our purchases as of 2020, in the beginning of the pandemic, when we realized we would not have trucks available in the market. And at that time, we decided to go into this strategy.

And we are still missing trucks. We had 25,000 trucks being licensed in the 1Q22, which is below the projection for 2022. And basically, because the industry is still very much affected in deliveries. But we do have the trucks because we moved faster.

So we have this strategic inventory that not only gives a ready to delivery capacity to our clients, but also brings other benefits in the appreciation of assets, as Moscatelli has mentioned, and better yields.

So we always buy considering the time of the market, and we see that constantly. When we think about 2023, it is no different. I am not going to tell you what we have bought and not bought for 2023 because this is a strategic move, and that we are always seeking opportunities not only to buy, but also considering the momentum with OEMs, because, as I mentioned, we want to ensure that they can have a continuity in their protection. So it is very strategic.

But what I can tell you is that, as Euro 6 starts in January 2023, all trucks sold by OEMs will be Euro 6, with an increase of 20%, 25%, as I mentioned, compared to current prices. I am talking about retail prices, not our prices. In retail prices, we are going to have a 20% to 25% increase in

prices. And we have a strategic inventory, and even signing contracts at a very strong pace, we bought enough to start 2023 with some strategic inventory of Euro 5 trucks.

So we are going to have Euro 5 trucks at very appealing, competitive conditions. And it is only us. We are the only ones that have the scale for inventory at a very competitive cost to meet a demand in the market that is still very much repressed.

So our acquisition strategy, and it can be before or after, will continue to be analyzed. They are in and out, we do it every day, what is the best moment for each business that we have. And rest assured, we are going into a very important time with the write entry, bought at unique conditions, and that does show our capacity and scale that is second to none, and that will bring even better results for the coming quarters.

So that is what we are considering in terms of the strategy. I hope I have answered your question.

Guilherme Mendes:

Yes, very clear. Thank you very much.

Renata Cabral, Citibank:

Good morning. Thanks for taking my question. I would like to ask about M&A, your M&A strategy for the future. You talked more recently about HM, and I would like you to go back to Truckvan. You did mention about it, but if you can give us a bit more color about the prospects for Truckvan for Vamos and vice-versa.

And finally, I would like to know what are you considering for the coming M&As, and also the speeds of your pace from now on? Thank you very much.

Gustavo Couto:

Thanks for your question. We have an M&A and area at Simpar part that leads many activities for the whole Simpar Group, as you know. And this is a very active area, and you have seen in recent years the volume of operations that we have had, not only with Vamos, but with other companies of the Group.

What I can tell you specifically about Vamos is that all the plans that we share with you are organic. It takes into consideration what we in operations, me and Moscatelli, focus on, the Company's organic growth. And then, opportunities as the case of Truckvan and others that you saw, are analyzed. And if the opportunities come, we are going to discuss them, and we are going to lead them inside Simpar's M&A area. So we do not have a specific strategy for that.

I myself, and according to our Board of Directors, I do not have any target for acquisition of companies. And that is how we work, and that is how we prefer to work, making it clear, so that Simpar's operational subsidiaries can focus on their operations.

Truckvan, which is a question that you ask, the approval of the antitrust agency was yesterday to today. So respecting the protocol, we cannot go into operation. So as of now, we are going to be able to analyze.

But Truckvan continues to be an independent company. The founders are still ahead of the Company. And as Moscatelli he mentioned, and I talked about HM, we are also going to make an assessment together with our partners, and we are going to look into the projects that were not implemented and see if we can support them to develop a market.

Truckvan is a reference in the customization of road equipment, and this is very important if you think of synergy. Truckvan is not a market leader in road equipment, but if you think of synergies, all trucks have some kind of equipment. It is very rare. Sometimes you can rent a tractor without a road equipment, but for the truck itself, you always have equipment.

So huge synergies, we are very optimistic. But it is important to say, Vamos is becoming more and more a business group. In our ecosystem, we have different businesses, the main one being, as you know, rental, dealerships, and now smaller businesses, but with a huge opportunity to develop, which is BMB and now Truckvan, after the antitrust approval.

So we are just starting, but as of now, we are going to be able to sit down with Alcides, Flavio and the team, looking to opportunities and giving our support. But remember, they have independence and autonomy to go on.

Renata Cabral:

Thank you very much. Very clear.

Rodrigo Faria, SulAmérica Investimentos (via webcast):

Couto and Moscatelli, thanks for the results, and congratulations. Your backlog, is this 100% the effect of sales, or is that something that is being carried out from other quarters? Are you being able to deliver on time? Is the backlog full in your income statement? And if not, when?

Gustavo Couto:

Rodrigo, thanks for your question. Good morning. You are always following us. It is very important. Our R\$9 billion backlog is year to date. So if there is anything that has not been implemented that was closed in the end of last year, naturally, you are going to have it inside the R\$9 billion.

Let me try to make it clear. We closed large contracts in the rental of forklifts last year, and these forklifts that are very specific are to be delivered in up to six months time. So it is not equipment that we have in inventory, not even OEMs. They are manufactured outside Brazil, and they are imported. And generally, they are delivered between three to six months.

So the contracts that were closed last year were still not implemented. We are probably going to be able to implement them in the 2Q when we want to receive those imported merchandise. So the R\$9 billion is an amount that can carry contracts closed to last year and that still have not been implemented.

But on average, you can consider that the volume that we closed in the quarter is going to be implemented in the next quarter, except for this very specific equipment in which we are having import times that are a bit more extended.

I do not know if Moscatelli wants to answer more.

Gustavo Moscatelli:

No, I am okay. Just to say that the implementation time has been reducing, and we have to have the assets. As we reduce implementation times, we are going to have the revenues showing more and more in our income statement.

Carlos Herrera, Condor Insider (via webcast):

With the current interest rate level for 2022, Is the Company going to focus on deleveraging? And does the level of the net that considers HM acquisition? If not, what are you going to get to before the closing? Are you going to have gains in synergies?

Gustavo Moscatelli:

Carlos, thanks for your question. We are not focused on deleveraging the Company. We are focused on growing the Company within healthy leverage. To develop all we have according to our guidance last year, the idea is to people average of 3x, which is very healthy, according to our cash flow.

As for March 31, we have not had any movement because CADE has not approved yet. It happened in April and we paid most of it, R\$75 million, and there is another R\$26 million that are going to pay it to be paid in 25 installments as of January 23. So the effect of leverage is marginal given the capital structure of the Company today.

I am going to turn to Gustavo Couto.

Gustavo Couto:

Just to reinforce what I said before, we are very much encouraged due to what I said before. A very good company, with opportunities to grow, and with our support, we can grow significantly. And we also see opportunities with our rental operations.

Remember that Vamos is also very strong in the rental of forklifts. We have teams, we have technicians. We can improve the quality of services provided to clients, reducing the cost in the purchase of these materials. So these are some of the opportunities that we see, and we are very much optimistic with what we have seen so far.

We were a company that had a very a family-owned management, and we believe that now we will be able to contribute to the team, a very good team. We will help them to develop with independence and autonomy, which is our mark. We always want companies to work with independence and autonomy, not to lose agility in the relationship of customers, time to respond. But we can really add to our clients with our balance sheet, and that is what we are going to have.

John (via webcast):

Good morning. Congratulations for your results. About the transfer of clients in terms of cost of capital and inputs, what is the average delay? Are prices adjusted just when contracts are renewed? What is the average time of renewals?

Gustavo Couto:

In most contracts, we have an annual adjustment clause, and that will be based on IPCA, IGP-M indexes or a basket of prices, which has been, in our experience, enough to make up for eventual price increases. And we know that they happened. This year, we had that increase of tires, parts, and therefore that was regularly passed through, not having any impact on our profitability.

So we have very good contracts that ensure an annual pass through of inflation, ensuring the profitability of our contracts, and even giving us opportunities to have better profitability. So we are very comfortable with any pass through.

Pedro Pimenta, Eleven Financial (via webcast):

Congratulations on your results. The advance of CAPEX for the year, is it more because of opportunities in the market, or because you want to buy cheaper assets before Euro 6 is implemented?

Gustavo Couto:

Pedro, thanks for your question. I think that the contracted CAPEX, and this is very important to say, which was recorded, is CAPEX related to contracts already signed. It is a real demand. So the anticipation is not something that is considering opportunities to buy products before Euro 6. These are equipment that are being bought to support our growth plan for 2022. Those R\$1.6 billion of contracted cap matches the volume of assets that will be implemented in clients that have already closed contracts with us.

To answer the other side of your question, of course, we also make strategic purposes looking into the best opportunities, to buy well and to have availability. So the inventory that we have is strategic, and that is part of our business model, given the scale that we have.

And, with all the comfort, you know that we have a volume of business and a fleet of heavy equipment and a number of clients that enable us to make decisions and put together our inventory with comfort, quality, low cost, suitable to our current operations for possible renewals of our fleet that is already operating at our clients, and also with the objective of meeting a repress demand, as I mentioned about contracts that are coming.

As I said, the 2Q22 is very strong, and we are very much encouraged because 2022 and the guidance that we mentioned is, once again going to be a record year in terms of investments of new assets and contracts with our clients. So we continue working hard and we are very much happy with the prospects for 2022.

Operator:

We thank you for all your questions, and now we are going to turn the call to Gustavo Couto for his final considerations. Please, Mr. Couto, you may go on.

Gustavo Couto:

Thank you very much. I would like to make four comments that are very important. First, about the dealership business. We increased the EBITDA delivered by 2021 2.5x times, and we got to a record number. And this is a real transformation in the dealership segment, with EBITDA margin going up to 13%.

This is a new company. This is a true transformation, diversification of revenues and focus on regions and business segments that tend to grow enormously. Agribusiness is still not mature at our dealerships. Transrio is seeking diversification of revenues with the provision of services, aftersales, increasing margins consistently and in a sustainable manner.

Likewise, our heavy equipment dealerships that we have just started have not reached maturity yet. So we are very encouraged with the transformation, and I thank the whole team of our dealerships for our transformation in a sustainable manner.

The second aspect is that the volume, and here talking about rental, the volume of our business has been growing. As you can see, the yields of new contracts continue to grow. And then, this is a guarantee of sure return, as you can see in our recent history in Vamos.

Third, it is very important to understand strategic inventory. We sometimes share with you our strategy of purchases, and these are things that sometimes we prefer not to talk much about. But we think, because of the transparency that we have with you, that it was important to talk about our inventory, which was intentionally purchased for us to be at this point, in which we have Euro 5 products that were bought at a timely manner, and that will ensure our growth plan for 2022, as we have assured to you in previous talks with the market.

So, this strategic inventory, as Moscatelli mentioned, ensures three differentials: ready to deliver to our clients, no one has that. No one can have this kind of inventory or delivery as fast as we have been doing. Second, this inventory is already 35% appreciated compared to the amount paid. And third, the opportunities that this represents in terms of yield, of profitability, when we think of the contracts just signed. So once again, we made the decision carefully and responsibly to break down the information to you, given the transparency that we want to have with you always, and showing how assertive has been our strategy, looking at companies' movement.

And fourth, and to close I invite you all to watch, as of tomorrow, our first media campaign on TV and radio. We are going on TV for the first time. We prepared ourselves in the last two, three years to have the control and absorb even higher demands. We have commercial teams throughout Brazil and various channels prepared to support our time to go to the media.

So I invite you all to follow our media campaign that is going to be in the main media. Thank you very much for your trust, I thank our clients, suppliers, our team, our people, the real asset of Vamos, and we will see each other at the next conference call for sure. Thank you very much.

Operator:

Vamos conference call is now closed. We thank you very much for attending, and wish you a good day.

"This document is a transcript produced by MZ. MZ uses its best efforts to guarantee the quality (current, accurate and complete) of the transcript. However, it is not responsible for possible flaws, as outputs depend on the quality of the audio and on the clarity of speech of participants. Therefore, MZ is not responsible or liable, contingent or otherwise, for any injury or damages, arising in connection with the use, access, security, maintenance, distribution or transmission of this transcript. This document is a simple transcript and does not reflect any investment opinion of MZ. The entire content of this document is sole and total responsibility of the Company hosting this event, which was transcribed by MZ. Please, refer to the Company's Investor Relations (and/or institutional) website for further specific and important terms and conditions related to the usage of this transcript"