

Operator:

Good morning, and welcome to the conference call of Group Vamos to discuss the earnings regarding the 4Q22.

In today's call, we have Mr. Gustavo Couto, Vamos' CEO; and Gustavo Moscatelli, CFO, and IR Officer of Vamos.

Right now, all participants are in listen-only mode. Later on, we are going to start the Q&A session, when further instructions will be provided. Should any of you need 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 simultaneously 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 outlook projections, operating and financial goals are based on the beliefs and assumptions of Vamos' management 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 materially differ from those said in the forward-looking statements.

Now I am going to turn the call to Mr. Gustavo Couto. Please, Mr. Couto, you may go on.

Gustavo Couto:

Good morning, everyone, and thanks for joining us in this conference call to discuss the earnings of the 4Q of Vamos and also the full year of 2022.

We had a quarter of very relevant results that I am going to comment on. We had growth in all segments in which we operate, with improvements in the main performance indicators such as net revenue, EBITDA, EBIT, net income and return on invested capital. We would like to thank our customers for their trust and our people for commitment and capacity of execution for us to reach our results in a consistent, recurrent and sustainable manner.

We also thank the OEM service providers, suppliers who are extremely essential to the business for us to be able to continue to grow and serve our customers, our reason for being. In particular, we thank our investors, shareholders and financial institutions for their support on our path for growth that we believe is just beginning.

Going to slide 4, we show the main highlights of Vamos' results this quarter, which showed growth in all segments of operation. In the pillar of financial results, I highlight our net revenue that grew more than 72% in the quarter, almost R\$1.4 billion in the period. EBITDA was R\$567 million in the quarter, growth of almost 89% compared to the same period last year.

Consolidating our solid performance of financial indicators, net income grew 116% in a total of R\$254 million in the quarter. In Rental, we had very relevant results. Moscatelli will talk about them further on, but we had important growth in the amount of contracted CAPEX in the quarter in a total of R\$1 billion, 66% over the 4Q21, really making us exceed the whole of the guidance for 2022. Deployed CAPEX was the highlight in the project growth of more than 190%, almost R\$1.5 billion, a record for the Company, reinforcing the capacity of execution of our people and focus on offering services of excellence to our customers.

Our backlog reached R\$13.7 billion in December 2022, up 97.9% compared to the same period 2021, ensuring a strong growth for the coming years with a customer portfolio that is increased, diversified in different sectors of operation and national coverage. By the end of 2022, we had more than 100,000 customers with an average of 2.2 contracts per client. We closed 2022 with a fleet of 43,800 assets, 65% higher than the 4Q21.

In dealerships, I would like to highlight that the continuous growth of this segment by consolidating strong results, a consequence of the structural transformation we had in our operations. Net revenue grew 41.2% in a total of R\$676 million in the quarter and a bit of R\$65 million.

We closed the year with more than 40 stores 5 brands. We have a portfolio comprising brands that are a leader in regions with huge opportunities for growth, particularly in agribusiness, heavy machineries and trucks. Our used asset stores have grown and transformed in serving the closing of the cycle of our assets. All these results in the quarter led to a return on invested capital of 19% and return on equity of 23%, an important expansion compared to the same period last year. And we had important market recognition in ESG. We are now in B3's ISE portfolio, corporate sustainability industry with companies that are public and are compared in sustainability based on financial performance and investments.

We also joined the CDP score, and the ICO2 indices, showing that we are focusing on an economy of low carbon. And with that, our CDP score was upgraded to B, reflecting a score above the average for the sector in which the Company operates in Latin America.

Now, I am going to turn to Moscatelli, who is going to talk about our financial results, and at the end of the conference, I will be back for our final considerations and for our Q&A session.

Gustavo Moscatelli:

Thank you, Gustavo Couto. Good morning, everyone who joined our conference call today. Carrying on with the presentation, I would like to give a bit more color to our results of the 4Q22 and year 2022.

On slide 5, I talk about the Company's consolidated results for 4Q22 and year 2022. As you can see, we continue to deliver strong results with accelerated growth in all our indicators. Consolidated net revenue reached R\$1.391 billion, growth of 72.4% compared to 4Q21. For the year 2022, we had a total of R\$4.913 billion in net revenue, a pace of growth that is up 74% compared to the previous year.

Our EBIT in the quarter also had a strong evolution with R\$465 million, growth of 97.1% compared to the quarter last year, because of the organic growth in Rental and the change of scale in our dealerships. With that, we closed 2022 with R\$1.6 billion, 113% growth compared to the year of 2021. Our EBITDA also had growth of 88.7% in the quarter reaching R\$566 million. And for the year, we closed with an EBITDA of R\$1,933 million, growth of 84.2% compared to the year 2022.

Finally, still on the slide, I would like to highlight our net income in that quarter showing a record number of R\$254 million in the quarter, growth of 116% compared to the net income of the 4Q21. The whole of the year, R\$668 million, growth of 66.2% compared to the year 2021. I would like to mention that in the 4Q, we had a positive effect in our net income due to the ICMS tax subsidy on the income tax calculation at the dealerships. This effect added up to R\$57 million in net income in the quarter, R\$15 million in the quarter itself.

Now we are going to the next slide and we are going to show the evolution of our return on invested capital and net income along the years. We continue to focus on our operational growth, but always considering the profitability of our businesses in which we invest. Thus, we are advancing in return on invested capital to 19% in 2022. And as you can see in the slide, the improvement has been

consistent along the years. The indicator benefits from the tax subsidy I mentioned. If we exclude the subsidy, we would have a ROIC of 17.3%.

Finally, net income along the years. You can see growth that is continuous and resilient regardless of the economic cycle in which we were inserted. That supports our business model with discipline in capital allocation.

Carrying on, we are going to slide 8 showing the results in the Rental segment. Rental continues with accelerated revenue and in our indicators. Net revenue grew 103.9% in the quarter, a total of R\$638.9 million. In the year, net revenue reached R\$1.957 billion, growth of 79.7% of which R\$1.6 billion in services.

In Rental, EBITDA reached R\$387 million in the quarter, growth of 95.9% compared to the 4Q21. In the year, R\$1.2 billion, growth of 115% compared to 2021. The better indicator in the period just shows our organic growth, the signing of new contracts, acceleration of deployed CAPEX, and gradual reduction of depreciation rates for trucks and machinery. EBITDA in Rental also had strong expansion, reaching R\$477 million in the quarter, 87.9% over 4Q21, and in the year, R\$1.5 billion, growth of 79% compared to 2021.

Moving on to slide 9, I would like to highlight the strong acceleration in contracted CAPEX in 2022, transforming the Company's level of scale. In 4Q, contracted CAPEX reached R\$1 billion, 66% higher than the 4Q21. With that, in the whole of the year, contracted CAPEX was R\$5.555 billion, exceeding the guidance for the year, which was R\$4.3 billion to R\$4.8 billion.

Our backlog expanded to R\$13.7 billion this quarter, an increase of 97.9% compared to 4Q21. It's important to mention that as you can see in the table below, we also had an evolution in the yield of new contracts for the 4Q, reaching 2.9% a month with discipline in capital execution and always trying to extract the maximum profitability of each contract.

Now we are going to slide 10 and, as you can see in the first chart in the slide, we reached a record volume for deployed sectors in the quarter of approximately R\$1.5 billion in deployed CAPEX, an increase of 191% compared to the quarter of 4Q21. In the year 2022, deployed CAPEX reached R\$4.8 billion approximately, an increase of 133% compared to the year of 2021.

The indicator is extremely important because it shows that the Company is operationally structured for the scale, which we are operating and accelerates recognition of revenues in our results. As for our total fleet, we closed the year of 2022 with 43,829 assets 65% higher than what we had in December 2021.

Carrying on. Going to slide 11, we show our strategic position in the market with inventory of new assets. We closed the month of December with R\$3.4 billion of new assets in inventory, of which R\$641 million already rented and under deployment at our customers. If we consider the market value estimated for this inventory, the appreciation is about 45% higher than the acquisition price, reflecting the higher profitability of new contracts with these assets.

We have projects on demand to our customers with low capital invested in inventory. About 81% of the inventory is being financed by the payment schedule with our suppliers. That position has brought operational improvement with reduced deployment time and acceleration of recognition of revenue and results. Thus, future contracted CAPEX does not depend on supplier availability.

Going to slide 13 now, we bring numbers from asset sales for the 4Q22. Net revenue for the 4Q in asset sales reached R\$127 million in trucks and machinery used with gross margin of 21%. For the year 2022, net revenue added to R\$321 million with gross margin of 26.9%.

Now we are going to slide 15, and I would like to briefly mention the results of our dealerships. In the 4Q, the segment of dealerships had growth of 41.2% in net revenue compared to 4Q21 in a total of

R\$676 million. For the year 2022, net revenue reached R\$2.8 billion, growth of 63.8% compared to the year 2021. Growth is the result of favorable market conditions in addition to the contribution of acquisitions made in recent years.

Both markets for trucks and farm machinery had huge demand and growth along the year of 2022. Thus, the EBITDA for Dealerships reached R\$70.6 million in the quarter, a growth of 53% compared to 4Q21. In the year, R\$365 million, growth of 93% compared to the year 2021. The results reinforce the opportunities that we have in the segment in the coming years.

Going to the next slide, slide 17, we are going to talk about our debt balance sheet and net debt. We closed at R\$5.9 billion in net debt, with net debt EBITDA ratio of 3.07x, showing that we still have a solid balance prepared for growth. With this, we are in a very favorable position in the lens of our leverage indicators, as you can see in the right bottom part of the slide, which gives us comfort to continue growing along the coming years.

Now on slide 18, I show our indebtedness position in the close of the year 2022. We closed the year with a cash position and financial investments of R\$1.7 billion, enough to cover our debt until mid-2025, in addition to having revolving credit lines of R\$645 million undrawn. In the beginning of the year, we also raised R\$650 million by the issuance of credit and showing our capacity to raise credit to finance our growth. The average term was kept at 6.2, with average cost of 11.8% a year.

We continue with our hedge policy to ensure the profitability of our contracts. In the close of the year, we had R\$1.5 billion hedge in derivatives to protect the yield curve with an average cap of 12.38% in addition to 1.3 in prefixed rates.

In addition, we have the annual readjustment based on IPCA or IGPM in most of our contracts, which helps reducing the impacts of higher interest rates and for the high appreciation of our assets.

Now I am going to turn back to Gustavo Couto for his final remarks.

Gustavo Couto:

Thanks, Gustavo. Now the next slide, I would like to reinforce with you some highlights for our ESG strategy along the quarter and the whole of the year 2022. We reaffirmed our commitment to mitigate emissions, installing and solar planners and reclaim water in most of our units and dealership stores. Along the year of 2022, we had more than 300 hours of corporate volunteer work as a goal proposed in the 2021 integrated report.

Today, we are proud to say that if we do not have the largest, we have one of the largest electric forklifts in Brazil using the state-of-the-art equipment.

And finally, as I mentioned at the beginning of this conference call, we have important recognition in the market. We are now in the ISE portfolio of B3 and also the efficient carbon rate of B3 as well, showing transparency with emissions and also the evolution of our low-carbon economy.

We also had an upgrade of our CDP score to B as we are improving our practices. And to close our presentation, going to the last slide, I would like to reinforce some important messages. We ended 2022, once again, with a strong cycle of growth, sustainable and continuous, increasing profitability in all business segments, which also shows very positive prospects for the coming quarters.

Our historical relationship with OEMs, with scale that contribute to the negotiation for the purchase of trucks and machines in very favorable conditions, a competitive advantage for Vamos that generates value for the Company and our customers.

Every day, we talk about our competitive advantages that enable us to continue our strategic plans with sustainable growth through a unique business model that buys, sells, exchanges and rents, and

also works with used assets and new assets. We continue to develop digital platforms, which is a very important sales channel that shows our growth and capillarity. We focus on growing with the discipline in the allocation of capital, creating new pathways for development.

We have a unique position in the market and a business model that is innovative and integrated, that is more and more known and supported by our customers. You see the quality of our operations, commitment with excellence and service, scale and capillarity that we have accomplished in the segment. That creates a relevant differential that is second to none in the market. That's still very little exports. We are a solution for customers to renew and monetize their fleet.

We believe with enthusiasm and responsibility and opportunities to continue our growth sustainably and help to develop our customers and our country. We are very much focused on our expansion plan with discipline in the allocation of capital. We have discretionary growth, and we plan and comfort, we are going to continue to grow. We are still small and are just beginning.

Finally, as you know, my main twin, Gustavo Moscatelli, will take a new position in our group. It's time for my name twin contribute to the development of Vamos that is also controlled by SIMPAR, but is going to be close as a friend and a professional that made the difference in this company. He's going to be part of Vamos' financial committee that was recently created. And soon, he is going to just send a position to Adriano Ortega, who has huge experience and who has taken different positions in treasury, financial planning in other companies. Adriano, you are most welcome. And my name twin, I wish you all a lot of success. And thank you very much.

We are now closing the presentation, and now I am going to turn back to the operator for us to start our Q&A session.

Pedro Bruno, XP:

Good morning, and thanks for taking my question. I have 2 questions. First, I would like to talk about liquidity and there are 2 sides for this question. First, in the prospect of cash management and short-term commitments vis-a-vis availability, you have a supplier at the line that grew in this quarter to almost R\$3 billion, R\$2.7 billion approximately. Then you have short-term debt and you have some other lines for short-term needs, right dividends to be paid that imply in an amount close to R\$4 billion. And when you take a look at your cash availability that went to a little less than R\$2 billion, you have some options that you mentioned.

But certainly, I would like to understand the management of this cash. Just to have a bit more color for you to be able to meet your short-term obligations. In our math, perhaps you are going to take new credit. So I would like to hear a bit from you, if everything is okay. We do not see a problem there. And if the number R\$4 billion is correct for your short-term needs.

And then connected to that thinking of leverage for the coming years. You were at 3.1x, your covenants are 3.75x, but you said that you do not want to be too close to the 3.5x. And so at an accelerated pace of growth, we always say it's good news, we joke around, but we would like to note the next steps for the next quarters, what are you expecting in terms of leverage and any possible raising of funds for the future?

Gustavo Moscatelli:

Pedro, thanks for your questions. I am going to start with cash availability. We closed the year with R\$1.740 billion in our cash and standby lines of R\$640 million that we can draw at any point in time. In addition, you did see a public operation that we had in the raising of funds in February of R\$650 million.

So the cash is quite strong and it is enough to meet all the commitments that we have in the short term, including the debt itself. If you take a look in the year, we have maturity of R\$58 million. And

in the line of suppliers, as you mentioned, we finished at R\$2.7 billion, R\$300 million of which refeed to the dealerships.

So as soon as we sell the assets that we have to be sold, we can pay the OEMs. With that, we have R\$2.4 billion to R\$370 million to be more precise, that is spread along the year, about R\$1.5 billion in the 1Q and the remainder in the 2Q. So we are comfortable with regards to liquidity. We have added R\$1.5 billion of fundraisings that we should collect in the next 45 days. They are advanced in negotiations, but we do not have a concern for the year in this regard. Quite the opposite. We have had very precise management in our cash for us not to carry too much cash also.

So this is also part of the financial division. As for leverage, you are going to see our leverage going up in the first and 2Qs because of the payment of this inventory that we created. Remember that the negotiations have payment schedules from 120 to 180 days. So much of the inventory created in the second half of 2022 is to be paid in the first half of 2023. We have the payout of dividends in the 2Q. But we are going to have a lot more cash because of the investments made last year.

So as of the 3Q, our leverage is going to go from 3.3x, 3.4x that we should finish the first half of the year and going back to the 3x level at the end of the year.

Pedro Bruno:

Great. Makes sense. Moscatelli, I just have a follow-on. With regards to the yield, we saw the marginal yield that you are reporting going up, which was a relevant challenge because we thought that it became still. It was already a pricing effort given the appreciation of assets, but it's going up. In our math, it is going up as the interest rates go up, which shows that it makes sense. But what I would like to understand, when you take a look at your portfolio yields, considering your asset base of the rent adjusted by non-rented assets, this is going down, which makes sense. It's a much more elongated profile. But I would like to know if you have any expectations for this number to go up in the short term and do you have an expected time for this number to converge to closer to the marginal yields, which I think in time is what's going to happen.

Gustavo Moscatelli:

Pedro, we do have the expectation of our yield based on our fixed assets going close to our marginal yield because you said it very well in the last 4 quarters, we are increasing marginal yields quarter-on-quarter. So this will necessarily reflect in the Company's reported revenue and in the gross fixed assets prices as you are doing the math, and we see that already.

The R\$600 million that we already disclosed under deployment, most with this yield of R\$2.9 million that should reflect in the coming months, and you are probably going to see that in the close of the 1Q.

Pedro Bruno:

Thank you very much for your answers.

Victor Mizusaki, Bradesco BBI:

Good morning. Congratulations on your results. Moscatelli, I wish you success. And also, I wish success to Ortega. I have 2 questions. One is first the tax subsidy and the calculation over the income tax base. My first question is, if you think this effective rate, if you get the rate for 2022, if it makes sense that this effective rate of 14%, 15% should be maintained for the coming years? And if you have any risk of the Supreme Court change its opinions about this decision?

And the second question about the new dealer stores. You mentioned in your presentation that you went to over 13 new dealer stores along 2023. Could you give us a bit more color on brands and regions that you plan to grow?

Gustavo Moscatelli:

Victor, thanks for your question. Well, tax brackets for the year 2023, we should have a tax bracket of 15% to 20% and it goes up compared to 2022 because all the tax subsidies take place at the dealership level. But because you have a huge growth in Rental that should be diluted compared to the concentration we had in 2022. But still a tax bracket is much lower than what we had in 2021 and before that.

As for store expansion, the plans, and we already have most of it under execution for 13 stores, most of them in Midwest Brazil. This is fruit of the regions in which we got concessions for farm machinery and a bit of heavy machinery, but more concentrated on farm machinery as we mentioned in previous quarters. The stores are about to be ready, and we should open most of them in the first half of this year.

Gustavo Couto:

This is Gustavo Couto speaking. Just to add to Moscatelli's answers. When we talk about dealerships, Rental is our main brand. And when you stop and think this is a new entrant in the country is a growth leader that got to Brazil in 2020 and has been growing consistently. With that, we need more coverage in a region that should double its sustainable management and growing of soy, cotton and the other cultivations. And that's why we are increasing our stores.

We are expanding together with the OEM. So certainly, you are going to see lots of expansion in this area because this is a leading brand that is coming in Brazil through us, their main dealers, and therefore, with the need for new stores.

Victor Mizusaki:

Thank you very much.

Gabriel Rezende, Itaú BBA:

Good morning. Congratulations on your excellent results. Thanks for taking my questions. I have 2 questions. First, about prospects for CAPEX in the beginning of the year. So if you could talk a bit about the beginning of the year and customers' appetite? It seems that despite the truck sector and associations show a harder segment for the year, this is not affecting the Rental segment. So I would like to hear from you and also CAPEX for the year.

And second, if you could talk a bit more about your mix, explaining the drop in margins for used asset sales? How can we model this variable from now on? If it was a one-off situation, but you did reinforce in the beginning that the book value is much lower than market value. But because there is a concern in the market, I would like you to talk a bit about used sales margins.

Gustavo Couto:

Gabriel, thanks for your question. I am going to start with CAPEX. We are going to continue with our guidance of 100,000 assets by the end of 2025. So we should grow compared to last year in the volume of CAPEX to be bought and deployed. We are not disclosing an annual guidance, but if you have the projection with 100,000, which is our formal guidance, you are going to see that we are going to grow compared to the guidance of R\$4.8 billion and inside contracts, R\$5.5 billion, as Moscatelli showed in his presentation.

So there will be growth compared to the year of 2022, but I am not going to give you a number because we are not giving guidance for 2023 and we are keeping the guidance for 2025.

As for the sale of used assets, the margin continues strong, as you can see, and you know our business model. We had a very strong appreciation in our asset base. And with that, we are going to have a very positive cycle in the sale of used assets with margins above what we had in the past. This is going to continue happening in the coming quarters.

What happened in the end of last year was a batch of sales that had a slightly different mix and therefore, a slightly lower margin. But we see in January, very strong volumes, very strong margins for the segment of used assets. So you should consider that the 21% does not reflect a drop in prices for the assets. That does not happen, which perhaps is your concern. What happened was a change in mix. It happens every now and then in a quarter that led to a lower margin in the sale of used assets.

Gustavo Moscatelli:

And Gabriel, just to add to what Couto said. I think a good indicator is to take a look at depreciation rates for the Company. In this quarter, we further reduced our depreciation rates because trucks continue to be appreciated. So I think that contributes to the fact that the assets changed prices completely in recent years. And in the short term, we also had a price appreciation that's reflected in the secondary market. So it's just not a concern to us whatsoever.

Gabriel Rezende:

Thank you very much. Very clear answers. And Moscatelli, I wish you all the best for your new challenge, and I also welcome Ortega. Thank you very much, everyone.

Josh Milberg, Morgan Stanley:

Good morning, and congratulations on your results. My questions are about the competitive scenario. And if you could talk about how you see the evolution of your Rental business for Scania and other OEMs? And specifically, do you have visibility about the level of inventory that this OEMs still have in terms of Euro 5 trucks that they can use themselves to support the development of their own business of rental for the coming months?

And also I would like to ask about your expectations about when these competitors could grow in terms of volume of assets along 2023. And finally, about your growth this year. I know that you are not giving guidance about the year per se, but I would like to ask how much of growth should come from increased contracts with existing customers and how much from new customers.

Gustavo Couto:

Competitive environment. Well, we continue working very hard to expand the differentials that we have built along the history of the group, which was not 5 years. It was a 60-year history because remember that we started as a department of JSL, a unit of JSL. So these are the competencies that make us to have a unique positioning today with assets and people that are prepared and know what they are doing. I think it is very healthy to observe that new competitors will come. Vamos developments and returns have attracted the attention of new entrants, and we think this is healthy, not only for customers, but even for our own development and corporate growth because we do not want to be accommodative.

So we are very comfortable with the movement of other companies. We will have to learn and develop together with these companies that are very competent and that are going to themselves develop to get to a business model that is closer to ours. We still do not see that effectively happening now. We see small operations happening every now and then regionally, but not substantial. We do

not have anyone that is competing directly with us. We still do not have huge competition in the market right now.

So we are comfortable. Of course, not completely comfortable because we have to continue enhancing our services. As for 2023, at the end of the year, we did see some movement on what you are saying, but still very low compared to our volumes of purchases and rentals. Last year, we saw numbers that were still very incipient.

As for the Company growth, if you take a look, we have operated clockwork in recent years, almost growing, half with new customers and half with existing customers. If you take a look at that ratio, 2.2 contracts per customer. This is what we have maintained in the last 3, 4 years.

And based on this experience, we think that 2023 is going to be similar to that because today, we have 23% of penetration in existing customers. Three, four years ago, it was 20%. So the number is maintaining and growing. We think this is continuing to happen in 2023. We continue signing contracts with existing customers and we are expanding our sales channels and capillarity, which also helps us for investments. In 2021 to 2022, we doubled the number of customers in the Company. So I think this will continue to naturally happen in a ratio of 50-50.

Josh Milberg:

OK. Thank you very much for your detailed answers. It was very clear, and I wish you a good day.

Alberto Valerio, UBS:

Good morning. First of all, I want to wish you good luck, Moscatelli, for your next cycle, and count on us for our partnership. Congratulations on your results. And I have 2 questions. One, you talked about inventory about R\$600 million already contracted. So you built inventory for last year. So what are you at in February? So if you could give us a bit more color and when should we expect inventory to be normalized at 90% utilization hedge. And also hedge on interest rates, what should we expect for 2023? What was 2022, like? If I understood it okay, you did have some problems with the 3Q. So if you could give us just a bit more color on that.

Gustavo Couto:

Thanks for your question. I am going to take the first question and then turn the second question to Moscatelli. Inventory, well, this is also part of our plan. And if you analyze what we did in the last quarter of 2022, we would have about 5 to 6 months of inventory of Euro 5 trucks. This is what we had for last year. So that would be an estimate that is, I would say, very conservative or real if you consider the last quarter last year, which was a quarter in terms of demand and new contracts, slightly weaker than others because of seasonality, vacation period, we had World Cup as a onetime event and et cetera. So we could even have a lower quarter even if we continue to grow.

So those inventories should be fully rented in the 1Q. And naturally, we are going to do that with a lot of responsibility and diligence. We are not in a hurry. That was an important decision that we made that enables us to deliver assets at competitive conditions to our customers, but we have improved the yields and returns on new contracts because it is an asset that was highly appreciated. So we are not in a hurry. We are very comfortable, but we see the inventory completely rented in the first half of the year. Now my name twin is going to answer about the interest rates.

Gustavo Moscatelli:

Thanks for your question. We have a debt management policy to protect the profitability of our contracts. All that said, today, we have almost R\$3 billion with some kind of contracted hedge, an interest cap or prefixed rate at debt or the debt with IPCA +, which is a natural hedge. So most of

the debt is protected. And thus, we are going to continue doing from now on because this is a policy that was approved at the Board of Directors.

In the 4Q, I think that we have to talk about that because we did not have any maturity that deteriorated our results because of the hedge. So perhaps when you are reading, you have to match the assets and liabilities for us to see the real financial expenses of the quarter. But I call you offline, and we can give you a bit more color. But we had no material maturity, I am sorry, in the 4Q.

Yes, perhaps it was something that led to a negative result in the quarter for the maturity of the hedge. The next maturity of the hedge is going to be in the 1Q. Yes, we have a maturity this quarter. But remember, what is maturing now was something that we contracted 3 years ago when the Company was much smaller than today. So the volume is not significant, and we have a disclosure, you can see the amount that is maturing and how much of the options are worth today. So nothing that is really going to affect the result of the Company.

Alberto Valério:

Very clear. Thank you very much, Moscatelli and Couto.

Renata Cabral, Citibank:

Good morning, and thanks for taking my questions. Congratulations on your results. My question is a follow-up about CAPEX. I would like to know if you could give us a bit more color on the speed of new contracted CAPEX for 2023, not exactly amounts, but because you have an inventory of Euro 5 to be monetized, we are expecting the speed to be higher in the second half of the year. So I would like to understand that the rationale makes sense if you are thinking of anything different.

And in connection to that, we know that with the Euro 6 implementation, there is going to be an increased price for trucks. And also this year, we are expecting a drop in volumes of sold trucks by OEMs. So considering higher prices and a drop in sales, do you think you can get additional discounts being such a large buyer for Euro 6 trucks? So these are my questions.

Gustavo Couto:

Thanks for your questions. CAPEX 2023. As you have already noticed, today, we could comfortably and used the discretion of using the inventory that is already appreciated. That gives us the necessary assets to continue to grow at the same pace that we did in the second half of last year. So that gives us the comfort of making the decision whenever we think the best time is in terms of new purchases, which is what you are asking.

So we are very comfortable within our plans to negotiate with OEMs, our partners of many, many years, the best time for us to procure Euro 6 trucks. Remember that this is a process that is recurring, and it's part of business as usual for us. Historically, we sit down with OEMs, and we agree on the best times and conditions given our scale and our relevance in the sector.

So in a very transparent way, Renata, we are very comfortable as for the best time to sit down with our partners, OEMs and make decisions. And it's not just changing standards from Euro 5 to Euro 6. The change of standards brought a one-off appreciation in the price of these trucks, but this is recurrent.

This is something that has happened in the history of the Company for many years. So it really does not change anything in terms of next purchases and what we are going to discuss that is drive terms and conditions that are favorable, that gives stability to our customers and that enable us to have good contracts and good yield. So I am sure we are going to get good purchase terms, not only for Euro 6 trucks, but also forklifts, heavy machinery and also the future of the Company altogether. So it is business as usual, things really do not change. And this is how we see this business.

Renata Cabral:

Thank you, Couto. Very clear. I would like also to wish Ortega good luck. Congratulations, Moscatelli, and good luck for you too.

Rogério Araújo, Bank of America:

Good morning. Thanks for taking my question. We have 2 questions on our side. First, I would like to explore this inventory makeup, the coming and going of trucks. We estimate about 7,000 trucks available for Rental. Does the number make sense? And also if you are still receiving Euro 5 trucks in January, we saw strong sales but low production, showing that OEMs still had trucks inventory. So are you still receiving Euro 5? Or was it mostly in the 4Q?

And you talked about negotiations with OEMs. Could you give us a bit of timing in terms of when you are receiving these trucks? In the first half, are we going to see new trucks coming in? This is my first question. I am going to ask the second question later on.

Gustavo Couto:

Rogério, thanks for the question. Well, undoubtedly, the huge volume of purchases in 2022, Euro 5 was delivered in 2022. Of course, there is something here and there, which is natural to have a carry on that could be for January. But the huge volume, the invoice that was built at the end of the year was for last year. So most of the volume was for last year.

Now as for timing, okay, from what we see, and we talk to OEMs, most OEMs, some stopped for vacations in January and also for the setup of machinery for Euro 6 manufacturing. And to what we understood, both that had still Euro 5 product had an effort for the end of the year and really sold that. So there are some brands of Euro 5, but a very little representative volume. And the OEMs have a legal deadline that is March 2023. So as of March, they cannot sell Euro 5 any longer.

So any leftovers that you are going to have for this month in January, but ending in March? As for manufacturing, we talk to OEMs and they say the 1Q should be a relatively low volume of production. Remember, they had to set up the manufacturing line for a new product, which changes the production process, parts and et cetera. So it is a significant change. So the 1Q should have a slightly lower production, which is something that matches our plans.

We made decisions particularly not to be pressured by time to buy and knowing that the production would have a ramp-up for the first half of the year. So we are quite okay. We think that OEMs volume should start growing in the 2Q this year.

Rogério Araújo:

Okay. The follow-up that I have about this point. This trucks that you have in inventory, are they being depreciated? Or is depreciation 0? And a follow-up question on that as well. The tax subsidy, ICMS tax, can you give us an estimate of how much that should reduce the income rate tax of dealerships on average? And if you expect the industry to pass this on to prices with further discounts or not, if you are going to keep the benefit? Thank you very much.

Gustavo Moscatelli:

Rogério, on subsidy, we should have an effective bracket of income tax for 2023 of almost 0 at the dealerships, as it was for 2022. So we should not have any change about that, given the recognition made in the 4Q. So the effective rate should be close to 0.

If you could repeat the first part of your question, I am sorry, I missed it.

Rogério Araújo:

I just asked whether the inventory of trucks available for Rental is being depreciated.

Gustavo Moscatelli:

No, it's not being depreciated, but we have monthly checkups of market values of inventory vis-a-vis the rented amounts, but they are not being depreciated.

Rogério Araújo:

OK. Very clear, thank you very much. Moscatelli, Ortega, congratulations to you both, and I wish you the best of luck in your new challenges.

Guilherme Mendes, JPMorgan:

Good morning, and thanks for the questions. I have 2 quick follow-ups. The first is about yield and the marginal increase that you had quarter-on-quarter. Do you have anything that is relevant in terms of mix? Should it be closer to 3% for the coming quarters than 2.5%, 2.7%? And second, about your guidance for 2025. You said that you continue with the guidance. My question is, given the structure that you have today, do you still need some relevant adjustment of commercial internal structure? Of course, there are things that are to happen. But in terms of company structure, do you still have any significant change to make?

Gustavo Moscatelli:

Guilherme, we observed in the 4Q. The market already pricing Euro 6, just to do the math. And because of that, we started to increase the price of new contracts, and we did get to 2.9% as you saw in the report. We believe that this is a sustainable level for the first and 2Qs, which is when we are going to use the inventory of Euro 5 with the possibility of even increasing 2.9%. But I am not committing to that because 2.9% deliver an IRR already close to 25%. So we are talking about a lot of value generation.

Gustavo Couto:

It's important to mention that in the 1Q, we have the seasonality of the sugar alcohol business with longer contract time and lower yield. And this is something that we are going to explain exactly what we are having for the whole of inventory compared to this particular sector.

As for the guidance of 2025 for 100,000 assets, remember that in 2020, we started this project, 100K and the idea was to get to 100,000 assets by 2025 and lots of transformations have been made in the Company since then. The Company that Moscatelli helped build 6 years ago, and I have been for 4 years, is completely different. So we digitalized lots of processes. We automated lots of things. We created the POS, which is Vamos' digital platform. It is a platform of management that has the main tools that are integrated to SAP, which enables us to have good processes and controls. And that has developed naturally under our project of the 100,000 assets.

So there are things to be changed, but nothing really representative. We should expect reductions in fixed costs. We should expect internal platforms, POS, for example, that were thought for the Company's scalability for us to get to the 100,000 assets.

So the foundation for the Company has been built and has been clearly defined. Growth and development are just the natural development of those that go from 40,000 to 100,000 assets, but nothing that is really something that calls out. The foundation is given, and we are just developing the Company as planned.

Guilherme Mendes:

OK, Couto and Moscatelli. Thank you very much, and I want to wish Moscatelli and Ortega the best of luck. Good afternoon, everyone.

Lucas Barbosa, Santander:

Good afternoon. Moscatelli, best of luck in your new challenges. Thanks for taking my question. My question is about used assets. You talked about inventory. Location is about 45% above the fixed assets. I would like you to talk about the dynamics of used trucks compared to the FIPE table. That is how much discount you have compared to the FIPE price list?

And also the transition, Euro 5, Euro 6, that the increase of price would be from 15% to 25%. I would like to check if it still has the same expectation. And if any of the OEMs have decided to implement the price increase more gradually.

Gustavo Couto:

Lucas, thanks for your question. Price dynamics. We do not like to associate the price of sale of our used trucks to the FIPE table. It is a reference in the market, of course. But what we do is that we monitor the market price compared to our sales price. And then we are going to make adjustments if necessary. But the FIPE price list is not a perfect match because it varies from product to product. So we think it is not really appropriate to make any kind of standardization compared to the FIPE price list.

Historically, we always have prices slightly below the FIPE table. And that will depend on the type of truck, the region, the product, it varies a lot, a long time. And historically, we know that. So it's very hard to try to give you a match.

As for Euro 5 to Euro 6 transition, the variation was 15% to 25% higher for most OEMs. Of course, now we have to consider the purchase volumes to have more normalized prices, but the first announcement was closer to 20% to 25% than 15% higher.

Lucas Barbosa:

OK. Very clear. Thank you very much.

Operator:

Since there are no further questions, we are going to turn the call back to Mr. Gustavo Couto for his final remarks. Please, Mr. Couto?

Gustavo Couto:

I would first like to thank you all for joining us and for your support throughout the year of 2022, which was a transformational year. And we are very happy to share the results with you. More important than that is to look forward and see that 2023, 2024, 2025 are years that are very promising for the maturity of this unique ecosystem and the concept of buy, sell, rent, exchanges for new and used cars, which is our differential and that ensures the sustainability of this growth cycle with profitability that you are seeing.

I would like to use the opportunity to thank my friend, my colleague, that welcomed me in the Company 4 years ago, Gustavo Moscatelli. He has a fantastic challenge in Movida inside the group. He is going to continue close to us. He's just changing floors. So he will continue close to help us with the transition as he has been doing to Adriano Ortega.

And I would like to welcome Adriano. It's very good to be already interacting with him. We have started about a month ago. He's picking up things very fast. I am very encouraged by his contributions, and the fresh air that he is bringing from outside the group, and someone so seasoned in the financial area. He's 37 years old, he is very young, but already seasoned.

So thank you, my name twin, Gustavo, thank you very much for everything that you represented to Vamos. For the history, I am going to turn the floor to you, and Adriano, most welcome.

Gustavo Moscatelli:

I would like to thank you. Undoubtedly, it's a special time for me. I am leaving a company that I joined and helped to build from scratch. So I am very proud to see the Company that we have today, managed by the whole management.

And I am very happy with the work done. I thank the trust of the Board of Directors. I thank all our employees. My name twin and myself have been ahead of the Company, and I think that we were able to give growth and credibility with all stakeholders of the Company.

I am going to continue looking at Vamos. The Board of Directors, as you know, created the Financial Committee. I am in the committee to continue helping the Company in whatever it needs, close to Adriano that is just joining. I would like to say, welcome to Adriano. I am sure that he's going to add a lot to the day-to-day of the Company and help the group as a whole.

And finally, I would like to thank you, investors and the analysts that follow us, and at the end of the day, trust the Company management, trust our conversations. So thanks from the bottom of my heart, and I hope that I can count with you in the future.

Adriano Ortega:

Good morning, everyone. On my side, I thank for the opportunity and the support that we have had along the transition. I am also very excited to contribute to Vamos' journey of growth. I am sure that we are going to have loads of opportunities.

Moscatelli, thank you for all the hard work during the transition. Thanks for your trust, and I am there for you for whatever you need.

Gustavo Couto:

Okay. So with that, we are closing our call for our earnings release for 2022 and let's seize the opportunities that 2023 shall bring. Thank you.

Operator:

Vamos, conference call is now closed. We thank you very much for joining us and wish you a good afternoon.

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