

Operator:

Good morning, and thank you for waiting. This is the teleconference for Estapar for the discussion of the results for the 3Q21. Today with us, Dr. André Iasi, CEO of Estapar, and Emilio Sanches, CFO and Director for Investor Relations of Estapar.

We would like to inform you that the session is being recorded and all participants are just listening to the presentation of the Company. Next, we are going to have a Q&A session where further instructions will be provided. If any of you require any assistance during the teleconference, please press *0.

This is being broadcast via webcast at the address ri.estapar.com.br. The selection of the slides is controlled by you. I would like to remind you that this is going to be available later. You will be able to ask questions on the website that will be answered after the conference by the Investor Relations area.

Any forecasts regarding the forecast projections, operational targets, are beliefs and premises of the Company and they are currently available information. Future operations are not a guarantee of future events, and they are things that may or not occur. Investors and analysts should understand that general conditions and other operational factors could affect the future results of Estapar and could lead to your goals that are materially different from those expressed in the forecast.

Now, I would like to call on André Iasi, CEO of Estapar, who is going to start the presentation. Mr. André, you can go on.

André Iasi:

Good morning, everyone. My name is André Iasi, I am CEO Forrest Papa, and together with Emilio Sanches, our CFO, I am going to talk about the earnings presentation for the 3Q21.

Going on to page three, we have our agenda for today. Initially, we are going to be talking about the quarterly highlights, then talk about the results of 3Q, acquisition of ZUL Digital, and then we will have the closing remarks and Q&A.

Now on page five, talking about the highlights for 3Q21, I would like to start talking about the major growth that we had in all the Company's figures. Our net revenues grew nearly 70%, coming to R\$228 million. Gross profit also grew, 152% in comparison to the same period of last year, coming to R\$45.5 million, and our cash gross margin reached 19.9%, the same levels as the pre-pandemic, which makes us sure that operational leveraging will be reached.

Adjusted EBITDA came to R\$60.6 million, a growth of 9%. I would also like to highlight the capital increase in the amount of R\$100 million, which shows the confidence and the trust of our stockholders in our business model and the recovery under way.

I would also like to emphasize the timing of ZUL Digital. This is a landmark in our digitalization strategy and the creation of the largest autotech in the Company.

Still talking about our digital strategy on page seven, we have successful transaction records. We are currently at more than 2.5 million registered users in our digital platforms. The transactions for Zona Azul in São Paulo came to 4.7 million in the quarter, and the transactions in online platforms reached 6.7 million. When we look at the percentage of revenue of online platforms over all revenue, we grew 3.6x, coming to 12.3% of our revenues, products, and services that are online.

On page nine, we can observe through the figures the recovery of the Company's earnings leveraged by vaccination. On the 3Q21, we reached 72.1% of percentage profit compared to 2019. In October, we have reached 81.4%, and we believe that this growth trend will continue. We are very confident

that with the vaccination at large, particularly in the bigger cities, our business will reach pre-covid levels soon.

Talking about reopening, now on page ten, let us about the resumption of the biggest company departments. If we compare on street, Zona Azul, if we compare to similar basis, we are going to come to 92%. Shopping malls In October of this year, we have reached 88% of the revenue when compared to the levels pre-covid, commercial buildings, 73%, and airports had a strong recovery, coming to levels of 73%, recovering to 73%, which shows that the reopening is leveraging our growth.

Now Emilio Sanches, our CFO, will talk about the earnings and the results for 2021.

Emilio Sanches:

Good morning. First of all, I would like to thank all of you for being present in our earnings call. We are in a strong recovery cycle, one of the best we have seen so far.

Let us talk about the results for the 3Q. A strong recovery of revenue and cash and other financial assets in our cash in September 30, 2021, looking at page 12, we closed the semester with 665 operations. Compared to the previous year, we grew the number of openings, even with the adjustments in operations that were negative in terms of profitability. We are keeping our focus on the operational side of our team to keep the quality of our providing of services. Our churn, the closing of operations in the period is at a historic low.

With the advancement of vaccinations, and the nearly complete opening of most Brazilian states, we are strongly recovering our net revenues in all segments for our business. We made over R\$228 million, with an expressive growth of 68.7% in comparison to the 3Q20. What we have earned now in now. In October makes us very optimistic for a good 2022.

On slide 14, cash gross profit pre IFRS 16, which is important to show our margin. Our growth doubled. We went from 18, and we talk about the strong recovery and efficient management of companies resources. We had 152% growth over the same period in 2020.

I would also like to emphasize that the Zona Azul in São Paulo, as said in the last semester, left us with a good margin.

Going to page 15, we show our EBITDA, pre IFRS 16 and pre IFRIC 12. We are resuming levels pre-pandemic. We have a more favorable scenario. We were able to turn a page that was very hard for the Company. With the recovery and adjustment of the chip, we have a positive EBITDA of R\$14 million. There was a lot of negotiations and effort of all our professionals, and we are confident that from now on, our EBITDA will only grow with the recovery and resumption of the economy.

On page 16, we have our FFO and net loss for the period. We had a significant improvement in these indicators if compared to the previous year, but we are still impacted in our high financial leverage because of the loss. Even in spite of recovery in airports, this is still insufficient to pay amortization on the investments. We are sure that we will have a positive FFO in the short term.

We then talk about the cash flow. We had a positive operational cash flow of 12. Our working capital was positive, something beneficial for the Company. CAPEX investments totaled in the period R\$15.2 million, loans and interest payments totaled R\$46.2 million. We closed on September 30th with over R\$64 million in cash, maintaining the necessary investments and amortizing short term debt.

We had a capital increase of R\$100 million occurred in the month of October, which improved our capital structure and allowed for the resumption of investment in the next few months.

On page 18, we have net debt reduction if compared to June 2021 as a result of the growth in positive cash generation. It is important to highlight that this was a year to renew and amortize debt up until September 30. Now, we have only one significant debt in the amount of R\$150 million that will mature.

We are trusting, with the confidence of our stockholders and with the increase of capital, that we are coming into a new phase for the Company. With the end of the pandemic, this virtuous circle for Estapar will be back.

Thank you once again for everyone coming, and we would like to thank all of Estapar's staff for the excellent work. We are very confident in the total recovery of the Company.

André Iasi:

Thank you, Emilio. Now, let us talk about the signing for the acquisition of ZUL Digital, on page 20. This is a very important landmark in the digitization strategy for the autotech ambitions of the Company. ZUL has 2 million registered users, 3 million registered vehicles, and issues 35 million parking tickets. Also, ZUL has many digital products such as parking lots, payment tags, IPVA and licensing tax, traffic fines, auto insurance, the position to buy and sell, car equity, funding CRLV and fueling, all through one app.

There are also 2.7 million registered users in Estapar forms, and with that, we will have a huge autotech platform that will service most vehicles in the country. ZUL's clients will be able to have one single platform that will bring them all of these services, many of them exclusive, and many others that are being built, in such a way that our clients will have new benefits and the Company will create new revenue lines that will leverage Estapar's digital strategy, and also the Company revenue as a whole.

Now, let us go to closing remarks, starting with digitization of Estapar. The acquisition of ZUL Digital is an important milestone in our digitization strategy, with high potential for converting cross-selling, upselling, and opportunities for generation of new revenue streams strengthening our business.

Vaccination advances will boost the return of mobility in all regions countrywide, with positive impacts on our results in the coming quarters, as we said before.

Speaking of operational leverage, we can observe that the operational margin for the 3Q shows the success on the management of costs and expenses, in addition to a focus on improving in a sustainable way.

Still talking about capital structure, we will continue to reduce the short term debt in the coming quarters, and the R\$100 million capital increase announced in September 2021 and fully subscribed attests the confidence of the shareholders in Estapar's business model, accelerating our commerce strategy and enabling new investments.

So now we are going to open for questions and answers.

Rodrigo Figueiredo (via webcast):

How do you see the recovery of the main segments where you perform in the next quarters?

And the second question, congratulations on the transaction with ZUL. Can you give us more details about the next steps?

André Iasi:

Good morning, everyone. Regarding the first question, we have an expectation that in the next few quarters we should see our pre-covid levels, as I said. We have noticed since October, and particularly due to the results informed in this presentation, that we are having a strong comeback in our segments.

We had an emphasis on airports in the month of October. We had a strong increase in basically all airports, and talking to our clients and concessionaires in airports and airlines, there is good expectation for domestic aviation in the country, which will foment a segment that is so important for us.

Regarding commercial results, we start to see a comeback from home office. Most offices are resuming their operations, and there is an increase in parking and churn.

So concluding the first question, we are very positive that soon we are going to go back to the pre-covid levels of two years.

Regarding the second question, I thank you for the congratulations on the deal with ZUL Digital. This is an important milestone for our Company. It is a pioneering innovation. We were the first company in Brazil, and maybe worldwide, to create a meter paying type of device, we now have a platform that pays all services. You can process call services offered by Estapar, monthly parking, parking, the meters, Zona Azul, fines and a lot of other things.

This is part of our DNA, and within the huge base of clients that we have, and with the strong recurrence of these clients using our monthly base, there was a huge opportunity to become an important autotech company, being able to offer to the drivers all services necessary that go from insurance, paying the car tax, maintenance, selling your car, financing your car and many other services.

ZUL is a very competent company led by André Brunetta, and that was a major opportunity for us to accelerate our ecosystem for autotech, and that is what we did with this transaction. We believe that from now on, Estapar's positioning is going to go beyond its core, with new revenue streams, with digital platforms with ZUL.

So we are very excited. There are some conditions that still need to be approved to close the deal, but we hope that in the next few months, we should be able to finalize the transaction.

This is a binding signing, and I believe we should not have any kind of surprises. Much on the contrary, I am very optimistic.

Thais Alonso, Citibank:

Good morning. This recovery results were positive. My question is in line with the others. Can you tell us a little bit about how would you be able to capitalize this connected car trend? Is that something that you are bringing in? Can you tell us a little bit about the recovery? Given the results of this semester, do you see better results for next year?

André Iasi:

Thais, thank you very much. It is always a pleasure to talk to you and Citibank. Regarding the first question, how do we see the strategy of ZUL and the connected car issue, it makes a lot of sense. Actually, considering the trends in the automotive industry, more and more cars will be connected. They will be electric cars, and perhaps in a little bit further future, they will be self-driving cars. We already have self-driving cars on roads, but within the cities, and particularly with Brazilian characteristics, which might take a while.

But connected cars will require this range of services that we now offer, and we will continue to offer with ZUL. That will allow a connected car to reserve a parking spot, or to schedule its oil change when it is needed.

So there is a number of issues with 5G that no doubt are going to be helped. We are working with an eye on that. Currently, Estapar already has its own app that is embedded in some brands in Brazil, like Volkswagen, but that should advance with the advent of 5G and the connected cars.

Regarding the growth aspect for next year, our expectations, I am going to ask Sanches to talk a little bit about that.

Emilio Sanches:

I am very excited with what has been happening with the report for this quarter that we just presented and the recovery that we have seen. It has been very strong on the Company, and the expectation in terms of the investments that we have made, recovery with malls and airports, for next year we have a very optimistic outlook.

Also due to the actions and transactions in the operational area, with insurance and our operational leveraging, which should be high, we have high hopes for the Company. And also considering this digital and technology area, and the ZUL transaction, we should have a very good next year and following years.

Next year, we are going to be resuming our projects from years ago. It is something very exciting, and it is a good outlook for the future.

Thais Alonso:

Thank you.

Marcio Toledo:

What is the current status and rebalancing of Zona Azul in São Paulo?

André Iasi:

Thank you for the question. As we have been reporting in the past conferences in the market, balancing out is something provided in contract, and many levels of government understand that covid on its own would be a force majeure type of event. And as a consequence, we understand that we have a good claim.

So as soon as this covid cycle goes away, we are going to rediscuss across the terms of this agreement and see what the best way for analysis will be. That is something that is provided in the agreement.

Operator:

Now we are closing the Q&A session. I would like to give it back to Mr. André Iasi for his final remarks.

André Iasi:

Once again, I would like to thank everyone for their participation. As Emilio said, we are very excited that the results of the last quarter, as well as with the results that we have been observing in the month of October and the first days of November. We see that this growth is showing as an actual real trend.

The state of São Paulo has 90% of its population vaccinated, and it is an important state for us, but other major states, such as Rio de Janeiro, Paraná and others, are also quite advanced in terms of vaccination, and that gives us the confidence to say that we probably will be back in terms of revenue to levels pre-covid.

This quarter, we were able to prove what we were defending and we believe, which was that we at a level of EBITDA and margin that is very similar to a pre-covid, with a revenue that is still 20% below. So when we resume the previous figures, we are going to have a major improvement in our margin. That is our belief.

And as I commented on ZUL Digital, that milestone for the Company. With that, we are taking a stand within our segment, capturing synergies and opportunities created within Estapar, and creating a new line of business, bringing in on board the ZUL team, which is going to be very important for our transition and our digital strategy. That continues with a team that is very capable of carrying that all within here, with the Estapar ecosystem.

Thank you, everyone, and have a good day.

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