

## Y 2021 Earnings Call

### Company Participants

- Carlos Sarquis, Head of Rent-a-Car Division
- Luis Fernando Porto, Chief Executive Officer
- Marco Tulio Oliveira, Chief Financial and Investor Relations Officer
- Unidentified Speaker

### Other Participants

- Pedro Bruno, Analyst
- Regis Cardoso, Analyst
- Rogerio Araujo, Analyst
- Unidentified Participant
- Victor Mizusaki, Analyst

### Presentation

#### Operator

Good afternoon. Welcome to Unidas Conference Call where the Results for the Fourth Quarter of 2021 will be presented. (Operator Instructions) This conference has simultaneous translation into English and questions can be asked normally by participants connected abroad. Questions can also be asked over the Internet through the webcast platform.

I like to remember that this conference call is being recorded. The audio will be available on the company's website within 24 hours. If any of you do not have a copy of the Unidas earnings release, you can obtain it from the company's website at [ri.unidas.com.br/en](https://ri.unidas.com.br/en). This conference call is followed by the slide show, and is being transmitted simultaneously over the Internet and also accessed through the company's website.

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

Today, we have Mr. Luis Fernando Porto, CEO; Marco Tulio Oliveira, CFO and Investors Relation Officer; and Mr. Carlos Sarquis, Head of Rent-a-Car Division.

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

## **Luis Fernando Porto** {BIO 17590082 <GO>}

Good afternoon, everyone. Welcome to 4Q '21 and 2021 Unidas conference call. Today with me are Marco Tulio, our CFO and IRO and Carlos Sarquis, our Head of RAC.

Starting with Slide number 2, in this quarter, we acquired Sofit. Sofit is a technology company fleet management with more than 12 years in the market, a portfolio of 45,000 vehicles distributed in more than 500 cities and expertise in the management of heavy assets such as trucks and machinery. It has completely technology platform and are cumbered to further accelerate our technological innovation fronts. The company believes in a culture that seeks the eco-efficiency of its operation and is concerned with future generations.

In a pioneering and bold way, we were the first Brazilian company to be certified by EV100, a global initiative by the Climate Group that brings together forward thinking companies committed to accelerate the transition of their fleet to electric meaning and contribute to the infrastructure of charging points for employees and customers until 2030. We were the first car-rental company in the country to reach the mark of 400 electrified vehicles and we aim to acquire a total of 2,000 electrified vehicles, 1,600 of which are 100% electric.

In slide 3, I would like to celebrate with you two great achievements of the company in 2021. The first one is our total fleet that surpassed for the first time, the amount of 200,000 vehicles, a growth of 20% compared to the previous year as shown in the chart above. The second great achievement is the expansion of almost 33% of our fleet in the Fleet Management segment closing the year with more than 120,000 vehicles. In the chart below, we present the evolution of the average rented fleet for both segments with an expansion of 29.5% in the Fleet Management and 12.6% in the RAC segment.

In the next slide, we show our fleet investments made this quarter. We added 18.7 thousand cars, the highest net volume of cars added for a single quarter in the company's history.

Moving on to the fifth slide with Fleet Management we continue renewing records and its aspirations. In the first chart, we present the record of the global volume contracts, which more than doubled in the year and reached 3.8 billion with a higher fleet record of 42.5 thousand, an increase of 41.8% compared to 2020. Just looking at the fourth quarter, we note an expansion of 29.5% compared to the fourth quarter of 2020 reaching BRL1 billion any higher fleet of 6.3 thousand vehicles. We ended the year with a record volume of 83,000 vehicles in dispute for the next quarter as illustrated in the chart below reflecting the excellent moment for this Rental segment.

In this next slide in the chart above, we present again another record-breaking in the volume of daily rentals such in the quarter that reached 9.1 million of daily rentals with growth of 29.5%, as in the full year that reached 33 billion of daily rentals, an expansion of

23.2% compared to the previous year. We also show the evolution of our average monthly rate that reached the record level in the quarter of 1,922 an expansion of 12.9% when compared to the previous year. If we compare this quarter's new contracts against the fourth quarter of last year, we noted, sorry of 2020, we note an expansion of 70% offsetting assets price increases and new interest curve. In the bottom left chart, the segment's occupancy rate in the fourth quarter of 2021 reached the level of 97.8%.

Finally, rental revenue from fleet management beating new record in the full year and the fourth quarter of 2021. In the year, we grew 39% and reached 1.8 billion and in one quarter we went 44.3% up, reaching 528.3 million. Such results do not take into account the backlog of 22,000 pending cars for the operation, demonstrating that these stronger growth could be even better in a scenario where car delivering by the supplier was normalized.

In Slide 7, we talk about used car markets in the quarter and in 2021. Especially in the last months of 2021, we noted an important comeback in the used car markets considering vehicles with age between one and three years. Besides, we have slowed down our sales base in 2021 due to the bottleneck of brand new cars offering and the need to keep rental operations supplied for by our clients. We understand that we have an enormous potential to capture this demand in a fast and profitable way through technology. The expertise of our sales team and the assertive offering of vehicles resulting in a niche, sorry, faster fleet renewal.

Going to the chart below, we present the record in vehicles average selling price, which went up 35.4% up compared to the previous year when we reached 64.4 thousand. The company continues to bet on the strategy to ensure the volume of car sales due to the scenario of scarcity on the receipt of new vehicles so that rental operations are not even more repressed.

On Page 8, Used Car sales net revenue totaled BRL3 billion in 2021 and BRL553.1 million in the fourth quarter of 2021. And the chart below, we present the change of our total stores in this year that ended with 91 stores, a reduction of 30 stores compared to the previous year. Part of store closures is related to the company's constant pursuit for efficiency and profitability and the low expectation of Used Cars normalization in the short-term.

I now turn over to Sarquis, our Head of Rent-a-Car division to present with more details the company's results for this segment.

### **Carlos Sarquis** {BIO 20060508 <GO>}

Thank you, Luis. Moving onto Slide 9, starting with the first chart, we show the growth of 16.1% of daily rentals in the year, reaching the record of BRL19.3 million in the full year. Looking at the result in the quarter, the growth was 13.9%, reaching 5.1 million of daily rentals. The growth rate in the daily rental volume was limited by the low offering of brand-new vehicles in this period. This invitation was partially offset by the strong growth of average daily rate, which reached the level of 92.8% in the quarter, 33% higher compared to the previous year as demonstrated in the bottom right.

FINAL

If we look at the average daily rental in the end of the quarter, it already surpasses three digits, demonstrating the high demand for this segment in all channels and the company's capacity to continue to pass on to prices. And in the chart above, we show the record of new revenue from RAC excluding franchises which reached 1.4 billion in 2021 and 428.1 million in the fourth quarter, growth of 44.6% and 50.4%, respectively, grounding an excellent year for the rental car operation.

In the bottom of Slide 10, in the last 12 months, we had a net expansion of 28 stores in our own customer service network and an increase of 10 stores in the total. We did not interrupt our growth strategy at any moment even when limited by the current lack of brand-new cars.

I turn over to Marco Tulio, our CFO and IRO.

### **Marco Tulio Oliveira** {BIO 20074241 <GO>}

Good afternoon, everyone, and thank you Sarquis. Passing to Slide 11, the company's EBITDA keeps renewing records. It reach the amount of BRL2.4 billion in 2021 and BRL722.5 million in the fourth quarter, a growth of 80.2% and 55.1%, respectively. These results had a positive impact in BRL84.4 million due to the increase of PIS/COFINS credit related to the change of the main life of the operating vehicles in the RAC segment. Going to the EBITDA of the RAC segment, we reached the record of BRL271.6 million in the quarter and BRL692.6 million in the year, more than doubling the result when compared to the previous year. In Fleet Management, EBITDA reached a record of BRL327.9 million in the quarter and BRL1.2 billion in the full year, an increase of almost 40% for both comparisons.

If we look at the EBITDA per operating car, we noticed an evolution related to the previous quarter. Despite the drop of Fleet Management's EBITDA margin of 3.5 pp in the quarter. EBITDA from rental operation is currently pressured by higher fleet costs given its aging. RAC average age reached its highest historical level with almost 12 months, meanwhile Fleet Management reached 18 months even with a growth of 32.6% of our fleet in this year. Finally, we had throughout the year non-recurring expenses with Sofit and Getrak acquisitions and with the merger with Localiza around BRL8 million, which also affected rental margins. Another highlight, our Used Car sales margin advanced 11.8 pp and 14.1 pp in the fourth quarter of '21 totaling a margin of 22.2% and 19.1% for each period.

In Slide 12, we present the evolution of our consolidated recurring EBIT. We reached the record of BRL1.9 billion in 2021 more than doubled the 2020 amounts. EBIT margin for each company's operating segment presented expressive expansions, and in Fleet Management, we reached a margin of 61.9% in 2021, an expansion of 17.8 percent points compared to the previous year for the Rent-a-Car segment, we reached 54.2%, a growth of 31.3 percentage points compared to the same period of last year. For the fourth quarter, there was an evolution of 9.3 percent points when reaching 59.1% of EBIT margin in Fleet Management, an evolution of 3.4 percentage points in RAC reaching a margin of 59.2%.

FINAL

In Slide 13, the net financial result went up 59.2 and 145% in the quarterly and annual comparisons given the increase of net debt of 113.7% and 17.1% in the year end quarter and the CDI that went to 61% and 272.6% in the same period, offset by the result of hedge in our Fleet Management contracts. In the chart below, we can see one of the greatest achievements of the company in the year with BRL1 billion reaching the amount of BRL1.16 billion in 2021.

In Slide 14, we present the ROIC of 14.4% in the accrued of 2021 an expansion of 0.5 percentage points. The spread between ROI and the cost of debt continues to present expressive values reaching 10.1 percentage points even in a scenario where the cost of debt is going up. Our current balance, cash balance almost covers the entire outstanding balances of the principal of our debt until the end of 2024 as shown in the lower left chart. And at last in the charts at the bottom right, we show the leverage levels.

And I now turn over to Luis.

### **Luis Fernando Porto** {BIO 17590082 <GO>}

Thanks Marco. Before we move onto our Q&A session, I'd like to give my final considerations. This year was build with challenges, learnings and victories. In Fleet Management, we surpassed the mark of 120,000 cars in the operation even with a pending backlog of 22,000 cars. We had a record hiring of 42.5 thousand cars and a Global Value of Contracts record of BRL3.8 billion, reflecting the commercial power of our team.

The company's expertise in its business segment and the capacity to offer several types of projects, we invested heavily in 2021, structurally new business unit, Unidas Trucks with an exclusive management and staff, which is specialized in the management of our heavy assets to be supported by the use of higher intelligence from the more than 12-year experience of Sofit company focused on the management of assets. We broke records in net revenue, number of daily rentals and average daily rate in RAC, despite the impact of COVID, and bottleneck in the car supply, demonstrating our strength in the segment.

And in Used Car sales, we broke the record of average selling price that 64.4 thousand per car. We reached impressive levels of gross margin that stayed above 25% for the year and entered the margin of around 20% even though we kept our strategy to give preference for rental customers restricting the volume of cars sold and preparing the operation for a normalization. Finally, we achieved the 25th position in the GPTW ranking, an evolution of 9 positions related to 2020, demonstrating our focus on being an even better company to work and the recognition of our team, which is of high performance and I truly thank you all for the efforts achieved.

Such results when combined contributed for records and consolidated net revenue of BRL6.3 billion in EBITDA and BRL2.4 billion in net profit of over BRL1 billion crowning the year of 2021 as the best year in the company's history, strengthening the base for the upcoming year. For such achievements, I dedicate my sincere thank you to the Unidas teams, our customers and partners that believed it as.

Thank you all that attended this conference call and please count on me, the Unidas Investors Relations team.

## Questions And Answers

### Operator

(Operator Instructions). Our first question comes from Pedro Bruno, XP Investments. Our first question is from Regis Cardoso, Credit Suisse. Please proceed.

#### Q - Regis Cardoso {BIO 20098524 <GO>}

Can you hear me?

#### A - Unidentified Speaker

Just a minute, Regis.

#### Q - Regis Cardoso {BIO 20098524 <GO>}

I have two questions. One of them is about to the acknowledgment of PIS/COFINS credits. It seems to me that the amount in the fourth quarter was a little bit higher than it would be normally in the recurring basis, so I wanted to know if you have an estimate of what the recurring amount will be per quarter and I think that -- it has to do with the reduction from 16 to 24 months? And the other question is regarding the margins, I think that the recent dynamics with the rentals we had some diverging margins and I wanted to better understand if you believe that these normalized margins has to do with the convergence or do you believe that the second as a whole or I wanted to know if you could give me an idea about that?

#### A - Marco Tulio Oliveira {BIO 20074241 <GO>}

Thank you for your question, Regis. First of all, regarding the impact of PIS/COFINS, the reduction of the main lines was through 24. And then the size of the operation of flight, we are talking of something between BRL20 million and at that level of operational, tied to that is perhaps, what we call, the recurring effect for the quarter.

Now regarding the margins and maybe Luis and Sarquis can complement, but in general, and as I mentioned, regarding our EBITDA. Right now we have some cost pressure, which give us lower margins than expected. The mean age of the flight, it is much higher than normal, and this has a pressure on maintenance costs also the car sold are also older and that leads to a need to better prepare the vehicles for the market and with that we have more expenses, but in addition to that, we have other non-recurring expenses throughout the quarter and the year lower when we talked about the acquisition of companies, Localiza. So that had an impact this quarter, and also at the closing of the year, we have also differences in price. So when we look at this together, we can see that as we renew we won't be at such pressure.

FINAL

Now looking ahead, our expectation is that we'll have operational leverage in the next the quarters. And this is the result of more availability of delivery of new cars by (inaudible). In 2021, we had to think about to the mid- and long-term, we increased the numbers of rent-a-car stores. Throughout the year, we made relevant investments in structure, we carried a bigger structure than necessary because we were looking at this leverage within higher number of cars for both businesses and consequently a larger number of vehicles to be renewed and sold in the market share.

In the case of Unidas adding everything that had already been mentioned as an expense, I would also take into account operational leverage. So we do expect to have better margins in both rental segments in the upcoming periods.

**Q - Regis Cardoso** {BIO 20098524 <GO>}

Okay, I understand. Thank you very much and congratulations for your results.

**Operator**

Our next question is from Pedro Bruno, XP investment.

**Q - Pedro Bruno** {BIO 19082978 <GO>}

Good afternoon. Can you hear me now?

**Operator**

We can hear you well, Pedro. Thank you for your participation.

**Q - Pedro Bruno** {BIO 19082978 <GO>}

Well, I thank you for the opportunity. My question was about the relevant reduction in the stores of used cars. What called our attention was the stronger acceleration in the fourth quarter with a reduction of 10 stores throughout the year and 20 other in the fourth quarter and we didn't observe that in this sector in other companies, and so I wanted to know what your strategy is? And this goes a little bit against what we has just commented, he talked about operational leverage, but I wanted to understand this dynamic of used cars? Thank you.

**A - Unidentified Speaker**

Excellent question, Pedro. For us, the last quarter was very important. We had and expect an expectation just as the rest of the market did that in 2021 especially in the last quarter, we would start having new deliveries of car. Unfortunately, it didn't happen and the car assemblers indicated that they would not be able to deliver as expected and that the first quarter of 2022 would also not be the moment for that they postponed deliveries and at that planning time we had different information, in addition to that we carried out a study with a change in the cars and also where these cars were rented and so we reorganized our structures of stores for used cars and of course if you have a store in a neighborhood where the type of cars sold no longer makes sense with our car mix and the stores is no

longer performing well and then we had a period of nine additional months without the number of cars we expected to be sold.

The fourth and then the first and second quarter this year, we made a decision thinking about profitability we closed some stores and we will have to open them again in 2022. When we calculated everything, we made the option to reallocate the physical structure of our market.

In the fourth quarter, as you indicated so on one hand, we were informed that that we would not have cars available for sales and then on the other hand, change in the areas in the car mix and a concentration of cars. So all of these actions combined land to our decision thinking about profitability.

**Q - Pedro Bruno** {BIO 19082978 <GO>}

This was actually it. Thank you very much.

**A - Unidentified Speaker**

Well, I thank you Pedro.

**Operator**

Our next question comes from Bradesco BBI, Victor.

**Q - Victor Mizusaki** {BIO 4087162 <GO>}

Good afternoon. Congratulations for your results. I have two questions. The first one has to do with RAC fees we noticed an expensive growth in the fourth quarter, but that also has an impact of the segment and I would like you to talk a little bit about this and how much the RAC fees would be? The second question regarding the new Unidas product. I would like to know if we've already had an impact of the fourth quarter or whether we will see the impact of this new product in 2022?

**A - Carlos Sarquis** {BIO 20060508 <GO>}

This is Sarquis, Victor. Regarding the Rent-a car fees, we don't open it for each segment, but as I commented during the presentation in the last month, the ticket was higher than three digits. So it's been increasing -- it's been improving month by month. The revenue percentage of the physical person segment and throughout the year we didn't want to close that channel because we thought there would be a risk if we didn't meet the needs of these clients, but because we didn't have enough cars we had to consider the size of our operational fleet take into account physical person so we ended up reserving some cars at the end of the year, but it was only for that period. So the fees have been evolving and I think that they will continue doing so, with this demand by physical persons, it will increase as the pandemic winds down.

**A - Unidentified Speaker**



FINAL

Well, Victor. Regarding the second question, you and the market as a whole already have a vision, we're always looking for innovation at Unidas especially of new markets and products. This is a characteristic of our company. When we understand that clients needs must be met and here we have two impacts that are very important and should be highlighted. Number one, our commitment with the reduction of emissions. This is part of our emissions program, and a second aspect, which is not less important, with the higher prices, we understand that some clients cannot Rent-a-car or a longer contract with the current fees. Therefore, with this new product, we are looking for our clients which are not part of the target with these higher ticket. So we wanted to reinforce our commitment with reduced emissions. The product was just launched, we are adapting. So the impact has not been very relevant on the results for 2021.

**Q - Victor Mizusaki** {BIO 4087162 <GO>}

Thank you.

**A - Unidentified Speaker**

I thank you.

**Operator**

Our next question is from Felipe (inaudible), Citibank.

**Q - Unidentified Participant**

Good afternoon. And I thank you for the opportunity to ask a question. I have two questions, the first one has to do with the supply chain. We've heard for a while now that car supply has problems the expectation is that it was improving in the second half of the year or in 2023 and I would like to know if you have any expectations of improvements in the receipt of new cars, especially because of the conflicts that we're going through and all of the inflation issues and commodities. So I wanted to know what the impact is on car supply and then when you talk about this, I will move on to my second question.

**A - Unidentified Speaker**

Well, thank you very much for the question. We do not have any expectations of changes. Really, we had some reports in the media saying that some essential components or parts were coming from Ukraine. And that is true, but also we expect the Russian car market to be very low or close to zero. And so, according to the conversations we've had with our partners this is more than enough for us to be able to meet the supply agreements we have here in Brazil.

Of course, each company has a different supply chain and it varies case by case, but in the case of Unidas with the agreements we have to this moment, we've been guaranteed this return and so we do not have any signs of worsening caused by the war or anything else in the short term. So everything is guaranteed for us to continue evolving this year.

## Q - Unidentified Participant

Well, thank you for your answer. I have another question regarding your results. You had an improvement in your EBITDA [ph] and in the profits. We can see that you're keeping the growth strategy. But I wanted to understand, how that fits in with Localiza and I wanted to know whether you discussed repricing with them based on things that were not taken into account or have you aligned with them how this is going to work?

## A - Unidentified Speaker

Well, thank you for another question, Felipe. As you noticed, we have maintained our stronger growth strategy with better profitability and better margins. This is the concept here at Unidas that we've used for a while now and for the time being, we have not discussed it with Localiza especially because of the process we're going through. We still do not have the final automation, so that we can work together and therefore Unidas' strategy to this moment, and what we're talking about here has to do with Unidas' strategy and not of the new company that will result from this merger. And actually, we cannot arrange any type of strategy until we had a final decision by CADE. So you can expect Unidas to keep this strategy throughout the year. We think that we still have a lot of opportunity to grow in the two rental channels and also in the new cars channel with brand-new cars.

We are not going to give up on this growth because of profitability. We -- there are many opportunities in different products and channels that we have available and others that will come.

## Q - Unidentified Participant

Perfect. So I understand that this growth was already taken into account when you closed it for last year.

## A - Unidentified Speaker

Yes, definitely.

## Q - Unidentified Participant

Well, thank you for your answer.

## A - Unidentified Speaker

Well, I thank you.

## Operator

Our next question is from Rogerio Araujo, UBS BB

## Q - Rogerio Araujo {BIO 17308156 <GO>}

Thank you for the opportunity, good afternoon, everyone. I have two questions, the first one has to do with the PIS/COFINS credit. You mentioned a recurring effect of about 15

million, which would be 3.5% of the margin at RAC, so we calculated a percentage of up to 7%, but that would depend on changing PIS/COFINS or use -- are deducted from other federal credits, so that you could use more credits. So my question is the following. Are you taking into account a level where you zero PIS/COFINS and do not use any other questions, you do not take them off from any other federal credits or could it be higher than this level if you acknowledge more revenue or find a way to deduct it.

But is there any potential for this to increase? Can you take into account the whole RAC fight as two years of depreciation and use it all as credit, this is question number one. I will ask the other one later.

### **A - Unidentified Speaker**

Well, thank you, Rogerio for your question.

Basically, I think as we mentioned, we talk about 15 million to 20 million. And when we look at the other bright and the fourth quarter, it could be a little bit higher if you have it in recurring basis for the whole freight throughout the quarter. So car, so which were already available for sales, they do not have this increment for this quarter. But as you work with the freight, you have a potential of being a little bit higher and it could be compared to the total freight. As you asked. And then we are evaluating this year, we want to bring this whole potential and the upcoming quarters, we will analyze how we can use this additional credit. In summary, we have a potential for it to be a little bit higher regarding our total freight.

### **Q - Rogerio Araujo** {BIO 17308156 <GO>}

Perfect. It was very clear, thank you very much. The second question is regarding PTD [ph], we've seen an increase of 6.7 million to 17 million when compared to the fourth part of 2020. So could you tell us whether this is a recurring effect and where it comes from?

### **A - Unidentified Speaker**

Wonderful. Once again, thank you for the question. When we compare this with the fourth quarter of 2020, PTD is something that we work with constantly. We discuss the impact of default. We have evaluated credit and how you can have more business and also the comparison with the fourth quarter of last year because of the levels when we compare revenues in terms of provisions because if we look at 2020, we provisioned too much in the second quarter, especially in the beginning of the pandemic.

And then the third and fourth quarters had some reversions on the things that did not happen when compared to our expectations in the beginning of the pandemic, when we didn't really have a good visibility of what would have happen. So at the end of the year, 9 months into the pandemic, we had some reversals. And now, we have a more normalized scenario.

### **Q - Rogerio Araujo** {BIO 17308156 <GO>}

It was very clear, thank you very much.

## Operator

(Operator Instructions). Our next question is from Rogerio Araujo, UBS BB.

### Q - Rogerio Araujo {BIO 17308156 <GO>}

It's me again. I wanted to ask another question. Could you talk a little bit about the next steps in the CADE process or now we have some time before CADE can approve it, could you give us a -- an expectation of the time it will take in and what might happen in the next months? Thank you once again.

### A - Unidentified Speaker

Thank you, Rogerio. Well the operation was approved by CADE in December. And then in the first quarter most -- more specifically last week, this was decided and now, the next steps will be to present a buyer for what was negotiated with CADE. This is a process that the company is working with. And then in the next months, we will present a buyer to CADE and then once we have done it, CADE will approve or rectifying this approval and then after that we can conclude the merger of Unidas with Localiza.

It's difficult to say when in terms of dates. But this is going to happen over the next weeks or months.

### Q - Rogerio Araujo {BIO 17308156 <GO>}

Perfect, thank you.

## Operator

I now turn over to the company for the Q&A sessions, with the webcast.

### A - Unidentified Speaker

Good afternoon, everyone. This is Francesco [ph]. We are now going to start with Pedro's company from XI Financial. Pedro greets everyone, congratulates us for the results and he ask, when we observed the results without fiscal themes, we can see a more new neutral [ph] results. He would like to know, first, how are cars going to be delivered in 2021? Are we going to have a higher sales volume. And can you tell us about the schedule of this credit based on the RAC main life.

Thank you, Pedro. In response to your first question, we have an expectation of higher sales volume consequently receiving a larger number of brand-new cars. And then especially at the end of the second quarter. As I mentioned before for the time being, the car assemblers nor our partners are confident that we're going to receive a better volume of car this year and consequently, we will have more cars and a better renewal of our freight, which is wonderful for our business. Regarding the second question, I will add it here and we had another one from BCI, asking what Unidas' strategy would be regarding the credits from PIS/COFINS?

FINAL

So in general, we can -- we expect in the next quarters to continue acknowledging this credit, which comes from this current freight, where we have an accelerated main life and then we can expand that to the total rent-a-car freight especially as new cars come in. So regardless of the process, you have it until you sell this asset and therefore, we're going to continue with this process in the next quarters. And this generates recurrences.

Furthermore, we started a study. We're working on it. We are evaluating the operations of freight outsourcing. This is something that we analyze use by use and there are results that we're not familiar with, but there is a potential for positive results, especially taking into account that all possible segments of the industry and the resilient market will be included, including a more intense use of this asset. So we continue working with that in the company.

We have three other questions, but they all have to do with the merger with Localiza.

I thank you for the question. In general, Luis talked about it, Unidas maintains its stand-alone strategy with growth and profitability of the business regardless of the potential merger that could take place in the near future. Also at the same time, we are working with other deadlines that we have to meet, so that we have the final authorization from CADE for the merger of these two companies.

## Operator

If we have no further questions, the Unidas result conference call is now closed. Thank you for your participation and have a good day. Thank you.

*This transcript may not be 100 percent accurate and may contain misspellings and other inaccuracies. This transcript is provided "as is", without express or implied warranties of any kind. Bloomberg retains all rights to this transcript and provides it solely for your personal, non-commercial use. Bloomberg, its suppliers and third-party agents shall have no liability for errors in this transcript or for lost profits, losses, or direct, indirect, incidental, consequential, special or punitive damages in connection with the furnishing, performance or use of such transcript. Neither the information nor any opinion expressed in this transcript constitutes a solicitation of the purchase or sale of securities or commodities. Any opinion expressed in the transcript does not necessarily reflect the views of Bloomberg LP. © COPYRIGHT 2022, BLOOMBERG LP. All rights reserved. Any reproduction, redistribution or retransmission is expressly prohibited.*