

## Q1 2022 Earnings Call

### Company Participants

- Leonel Dias de Andrade Neto, Chief Executive Officer
- Marcelo Kopel, Chief Financial and Investor Relations Officer

### Other Participants

- Gabriel Leal, Analyst
- Joao Paulo Dias Andrade, Analyst
- Joseph Giordano, Analyst
- Unidentified Participant

### Presentation

#### Operator

Good afternoon and thank you for standing by. Welcome to the CVC Corp Conference Call to release results for the first quarter '22. With us today we have Mr. Leonel Andrade, the company's CEO; Marcelo Kopel, CFO and IRO; and Mr. Bruno Brasil, Director of Financial Planning and IR Director.

We would like to inform you that this event is being recorded and all participants will be in listen-only mode during the company presentation. Ensuing this, we will go on to the question and answer session when further instructions will be provided. (Operator Instructions) This event is also being broadcast simultaneously over Internet via webcast and can be accessed at [www.cvc.com.br/ir](http://www.cvc.com.br/ir).

And you will find the presentation there and also download the file. The replay of this event will be available shortly after its conclusion. Before proceeding, we would like you to bear in mind that the forward-looking statements made during the event relating to CVC Corp's business prospects, projections, operational and financial goals are current expectations and assumptions of the company's management.

Investors and analysts should understand that general conditions, sectoral conditions could impact the results of CVC Corp. And in the future, the company could present results that differ materially from those pointed out in the presentation.

Now all of this will depend on the risk and uncertainty environment within which CVC Corp operates the data and information presented are from the company and they refer to the economic scenario of the first quarter 2022 based on the news and projections available to the company.

With the conclusion of this legal notice, I would like to give the floor over to Mr. Leonel Andrade, who will begin the presentation. You may proceed, sir.

## **Leonel Dias de Andrade Neto** {BIO 17974731 <GO>}

Good afternoon. Thank you very much. And it's very good to have you here with us. I would like to thank all of you and I would like to highlight that once again we're quite enthusiastic. We had a quarter in our opinion that was quite positive and I would like to underscore with significant growth.

We began the year with Omicron. The month of January was filled with uncertainties as we had ended the year, but the recovery came very strongly. We ended the month of March, perhaps as the best month in the company since the pandemic, given the volumes and given the scenario.

I would like to invite you to begin the presentation with me on slide number four. I highlight our bookings and our consumed bookings with the movement of the company, a growth of more than 100% more than double than a year ago, showing you the very strong resumption in our case.

And we do have a commitment and a very conservative management, when it comes to credit and margins. I always say that margins are more important than the volume. Although the volume is fundamental. We're extremely proud of what we've done this quarter in terms of margins, the tourist margin, sorry the tourist market does not speak about margins, they refer to volumes, but both are very important.

We're also very conservative in terms of credit for individual person and B2B. We could have sold much more and we could have sped up, but we do want to be conservative well-balanced with good results. Now proof of this is our EBITDA which was positive. It is still a recovery EBITDA.

It's nothing that we can simply celebrate, but it does show that the company is evolving in a satisfactory way and under control. Of course, it has been a very good quarter. And what is good is that it is continuing on with this very good pace and for the first time we will have two consecutive quarters with growth.

Two very strong quarters since the beginning of the pandemic, if nothing happens, if we could go on to the next page, page number five, we are celebrated in May, a month of heavy investments in the company and 50 years of the company. This is our CVC top of mind and in a certain way we have made heavy investments. Now this is the right time to do this in the two years that I have been in the company, we held back investments and advertising precisely because of the pandemic.

But now it's definitely the right time. We have a very important campaign with Ivete Sangalo that will extend until the end of the year and the results of the first days of the campaign have been extremely positive and of course they will have an impact on our business in the coming weeks and months.

The company has the greatest margin, the greatest visibility. It finds itself in a very special moment and it has that seal of excellence in franchises and this will enable us to guarantee better margins, our exclusivity, our differential and because of this, we have invested ever more in exclusivity. We have more than 250,000 seats that are exclusive for us for sale in that coming 12 months.

And the resumption of business between Brazil and Argentina causes a great deal of enthusiasm. This has always been a priority for us. We dominate and have a relationship with all of the larger banks in Brazil and Argentina.

We have a recent partnership with Itau and Itau Bank begins to have ever more products with a very positive performance which means that this is just a beginning. But Itau Bank is very large in Latin America with credit cards and it has been growing very much.

I will now give the floor to Marcelo Kopel who will focus more on the figures on the novelties and at the end of course besides the questions I will be at your entire disposal. Kopel, please.

### **Marcelo Kopel** {BIO 16986304 <GO>}

Thank you, Leonel. Good afternoon to all of you. It is a pleasure to be with you today. I would like to go on to the next slide. On page number seven. Here we look at Brazil in greater detail and we see that the first quarter was truly very strong, a growth of 80% compared to the first quarter of '21 despite the effects of Omicron that impacted January and February, but March appeared very strongly. Now this growth is due to more flexible measures, the elimination of restrictions, traveling and of course the advance of vaccination throughout the month of March represented 40% of our sales during the period.

When we look at the graph to the right, we see the representivity of both domestic and international tourism vis-a-vis 2019. We see a progression of reservations that have grown 20%. When we look at the first quarter of '21 and the fourth quarter of '21. This of course because of the lifting of restrictions in the countries that are our greatest destinations and we see that this will continue through time. We look at April and April and March has proven to have an increase in reservations.

And we believe that this will continue on in May, as Leonel mentioned. Thanks to the promotional campaign for our fifth year anniversary besides all of the exclusive products that we are offering. This trend is positive. We go on to the next slide, slide number eight. Here we refer to the consumed bookings and you can observe that they also have a very strong pace, a growth of 117% especially for Brazil and Argentina.

Brazil growing 88% and Argentina growing more than fourfold year-on-year. We do have seasonality in the first quarter, the fourth quarter tends to be stronger because of the beginning of end of the year festivities and school holidays. Even with this, we have a very robust quarter. In Brazil, we see the take rate and the take rate has benefited from the offer of products.

We have a base of 11 million clients. Thanks to our work with CRM and we begin to be ever more assertive in the offers that we make to these clients. We have a dynamic pricing model and a more favorable mix where we begin to have a greater share in terms of the non-air products, land products.

Now basically all of this is B2C and in the quarter this had an increase with the take rate of 1.8 percentage points. B2B continues with a strong pace. This is what we normally expect in an operation that focuses more on air products and has very good growth.

We speak of B2B, the consumed bookings grew 139%, and the other is more than 100% year-on-year. We see Argentina with an evolution in take rate that went up from 6.4 in the fourth quarter to 8.1. This because we have increased the share of non-air products, land products, and the revenues of course reflect all of these factors that I have just shared with you.

And they are -- thanks to the focus that we have placed on the clients. And on the commercial sector with very healthy margins. We now go on to the next slide to speak about our financial performance. In the previous slides, we spoke about the evolution of reservations and revenue, the consumed bookings and the ability to benefit from the resumption of the tourism sector.

Now look at the operating leverage of CVC that is benefiting from its ability to distribution, the brand, and the products that focus on clients and the behavior and recurring operating expenses with a growth of 23% year-on-year. When we look at the net revenue we end up showing you once again gains and operating leverage.

Now adjusted EBITDA continues to be in recovery with positive results in the last two quarters and we ended the year with a positive result of BRL13 million in adjusted EBITDA. I would like to highlight a novel point, which is the introduction of Perse which is an emergency program for the resumption of events.

It has brought about some measures and the main measure is one that has eliminated federal taxes for the coming 60 months. When we speak of federal taxes, we are speaking of PIS and COFINS and social contribution. All of this allows us to reap an immediate benefit when it comes to PIS and COFINS.

And as soon as we go back to paying taxes, we will have the benefits of social contribution and income tax. Thanks to this change in the quarter and only in this quarter we had a reduction of BRL62 million of tax credits that would have been carried out and that is why they were written off. Now this is a one-time event. It will not be repeated and it is due to this taxation change and the benefits will extend throughout the coming quarters. That is why it had an impact and has led to a net loss of BRL167 million.

And many of these come from this readjustment due to the adoption of the Perse Law. We go on to slide number 10 where we speak about cash flow. In the first quarter of the year, it continues to reflect the efforts of the company with cash management and the investments with the digitization projects.

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The Board of the company on May 10th yesterday approved the six issuance of debenture to an amount of BRL995 million. Now this ambition basically brings about an increase in the average term of the debt and in the amortization profile. This will enable us to benefit from the market growth.

Now in this quarter, the working capital was benefited by the operation of receivables anticipation amounting to approximately BRL600 million. But it is important to underscore the issuance of debentures that was approved just yesterday. We go on to slide 11 to speak about our indebtedness.

We continue with the net indebtedness that is stable. Our debt is of course influenced because of the variations of the CDI, but thanks to our receivables from credit cards. We have been able to offset this. We have been monitoring and managing this very closely. And this is what will happen because of our average debt and the increase of amortization and it has allowed us to grow and initiate this resumption.

With this I would like to conclude my part and I return the floor to Leonel so that he can continue on with his remarks.

### **Leonel Dias de Andrade Neto** {BIO 17974731 <GO>}

Thank you, Kopel. I am on page 13. Simply to offer you a summary. We have had a booking acceleration. I don't need to dwell on the details. We have been fully benefited and we have made the most of it. We were benefited by the pent-up demand, but we're also selling with top quality and quite a bit of conservatism in terms of credit and this will aid and abet the sustainability of the business.

Now the resumption of events has also helped us. We have had a growth in our B2B segment. And we have exclusive products for example Rock in Rio festival where CVC will be the official agency. All of these generate quite a bit of movement. We continue on with our strategy with strong investments. We're presently investing heavily in publicity. Our fidelity program is about to come out. It is being developed and we will have a highly robust program that consider all of our tourism potential with the help of partners.

It won't be only points that have to be redeemed, we will have several other modalities to offer the clients and our stores have a new layout and they have proven to have a very strong productivity. Every week, we have a new store. So this is truly expanding our network and our debt that has been restructured will enable us to have a great deal of confidence in our growth and the feasibility of growth and to be able to grow in a sustainable way.

I would now like to open the floor for questions. And at the end of course I will make additional remarks. Thank you again for your attention.

### **Questions And Answers**

## Operator

Ladies and gentlemen, we will now go on to the question-and-answer session. (Operator Instructions) Our first question is from Eric Wong [ph] from Santander Bank.

## Q - Unidentified Participant

Hey, good afternoon, thank you for taking our questions. We have two questions. The first question refers to the competitive environment. You have a greater or lesser competitors and of course there is an environment of strong resumption and the second question refers to the price of the debt and the medium-term. Thank you very much.

## Operator

Please hold. Mr. Wong, if you could please repeat your question?

## Q - Unidentified Participant

Yes, of course, thank you for taking my questions. We have two questions on our side. First of all, we would like to understand the competitive environment and which are the main players that are appearing at this moment of resumption. And in terms of calculations, what can we expect in terms of take rate. Argentina has had a significant evolution compared to the fourth quarter '21 as well as Brazil. And finally, your debt profile, which is a medium term of your debt, which is the card of debt, simply so that we can understand your capital structure at this moment of the resumption. Thank you.

## Operator

You may proceed. Your microphone is active. You may proceed, sir.

## A - Leonel Dias de Andrade Neto {BIO 17974731 <GO>}

I seem to have a technical problem. Now let us go back to the issue of the take rate. We have had several activities, not only in products and dynamic pricing and mainly in our assertive work with clients influence and all of the commercial policy and incentive, incentives to all employees that are not only based on revenues, but also on quality which means that we can all make the most in terms of margin and I do not see any risk for the take rate in the coming quarters. Now the answer I'm going to give you is the same as that of the past quarter. When I look ahead four quarters, I think we will be able to maintain the present day levels. Well, in the fourth quarter '21, the take rate was very good. Thanks to our B2C performance that has had excellent quality. Therefore I do not foresee any short-term risk. We should be able to maintain the present day volumes and the present day magnitude.

## Q - Unidentified Participant

Thank you, Leonel.

## A - Marcelo Kopel {BIO 16986304 <GO>}

Thank you, Eric, for the question. Now what we're talking about here, if I understood your question about the medium-term. We're lengthening the debt which means that we're changing amortization. Amortization will only take place at the end of 2023 instead of happening now during the first semester of 2022 and the last payment will be in the first half of the year 2025. Well, with this, the fact is that this lengthening will enable us to lengthen the debt to have everything happening at the end of 2023 with the lengthening up to the year 2025 instead of having to pay everything next semester.

### **Q - Unidentified Participant**

Thank you, Kopel.

### **A - Marcelo Kopel {BIO 16986304 <GO>}**

Only the first question. We only heard part of the take rate, but we did not hear anything about the competitive environment.

### **Q - Unidentified Participant**

I don't know if you perhaps did not hear my question fully.

### **A - Marcelo Kopel {BIO 16986304 <GO>}**

In terms of the competitive environment, just a minute. I once again apologize I do have a technical problem here with my device. I believe that the competitive environment in a certain way is aiding and abetting us. We see a greater concentration and a very strong fragility in terms of the small and medium size operators. A very strong resumption requires large amounts of cash, which means that we have a favorable position. The winds are blowing in our favor. What draws attention is that we prefer to be more conservative. We could be selling much more in B2B, B2C, but we're not going to put aside our margin or the health of our credit. I have seen too many people selling without carrying out these calculations. But this is something that will not last because at the end of the day what matters is margin and profitability. I do not foresee a great risk in the competitive environment. Of course we continue to be very competitive, very strong. Our brand is relevant as our products in all markets and we have a very good distribution, besides having a very focused team. So I believe we will continue to be successful in the coming quarters vis-a-vis our competitors.

### **Q - Unidentified Participant**

Thank you. That was very clear. Thank you very much.

### **Operator**

Our next question is from Juan Suarez [ph] from Citibank.

### **Q - Unidentified Participant**

Hey, good afternoon to everybody. Thank you for taking my question. Leonel, I have two questions. First, I would like to speak about your fidelity or loyalty program that began in

September. If you could speak about the economics of that, which is the reflection on volume and take rate. I think it is important to be able to model the potential of this loyalty program. The second question is more for Marcelo Kopel to speak about expenses. I know that this is a recurrent question, but when you speak about the integration of acquisitions we've done in the past in Brazil and Argentina. What can we expect in terms of efficiency gains and expenses as well? Thank you very much.

### **A - Leonel Dias de Andrade Neto** {BIO 17974731 <GO>}

Juan, thank you very much for your questions. When it comes to our loyalty program, the scenario that we're working presently. Well, the loyalty program will not increase the take rate. It's not our priority. It should bring us two benefits. The most obvious of the benefit is to have a loyal client that the rate of conversion, the rate of repurchase become significant and any well prepared loyalty program should help a bit. With this you reduce the cost of acquisition of new sales. Another fundamental point, which is our differential is that a well prepared loyalty program will bring your money upfront. It will bring resources to the company and reduce pressure on cash. The loyalty program accumulates money and the client afterwards wants to redeem this and of course this could represent a significant change for the company because our model presupposes that we have to have cash. And this has been helping us vis-a-vis the competitors. It's not something linear and the loyalty program should be differential, but to speak about figures, perhaps it's too early for this. We're concluding the program. We do have a guidance, but I can guarantee that it will not be a marketing program. This is a business program that will have to sustain itself. I will give the floor to Marcelo now.

### **Operator**

You may continue Mr. Kopel.

### **A - Marcelo Kopel** {BIO 16986304 <GO>}

Juan to speak a bit about expenses you mentioned (inaudible) the non-integrated acquisitions and what we foresee for the year is a scenario where the SG&A is more aligned with inflation and we see our revenues accompanying the growth of volumes. This is what we have observed this quarter and this is what we said in terms of the operating leverage. Now when it comes to gains, this year we're doing a great deal, but I think the gains will materialize the coming year. The gain this year is from having control expenses that are aligned and they will follow the pace of volume. So we have to continue the year with this gain and operating leverage that should continue on once everything is under control especially the SG&A. This is my comment regarding expenses. The integrations with Argentina and here in Brazil require a great deal of investments in automation. We are going to reap the benefits, but probably in the year 2023. This year we're going to see revenues growing ahead of the expenses.

### **Q - Unidentified Participant**

Thank you. That was very clear. Thank you for your responses.

### **Operator**



Our next question is from Joao Paulo Andrade from Bradesco BBI. You may proceed.

**A - Leonel Dias de Andrade Neto** {BIO 17974731 <GO>}

If you could ask him to please repeat the question. We did not hear it.

**Operator**

Mr. Andrade if you could please repeat your question. Can you hear us Mr. Joao Paulo Andrade. Can you hear us? We will continue on with the question-and-answer session. Our next question is from Mr. Joao Paulo Andrade from Bradesco BBI. Can you hear me now? Yes, you may proceed, sir.

**Q - Joao Paulo Dias Andrade** {BIO 21923301 <GO>}

My question refers to the mix of air traffic and land traffic. If you have a higher amount. If this is something structural, if this is something one time and what do you expect looking forward. And a follow-up on Argentina. How do you forecast the level of growth. Now the program has finished. So if you could speak about the perspective of Argentina that would be very useful for us. Thank you very much.

**A - Leonel Dias de Andrade Neto** {BIO 17974731 <GO>}

Once again I do apologize. Due to these technical problems. Argentina has had a very strong performance. We have very consolidated work and of course we've benefited from having a strong local management. I believe that they will continue to perform at that level. And the main focus has been an improvement in their take rate,

**Q - Joao Paulo Dias Andrade** {BIO 21923301 <GO>}

An improvement in the take rate for Argentina is that what was said.

**Operator**

Mr. Leonel, you may proceed please with your answer.

**A - Leonel Dias de Andrade Neto** {BIO 17974731 <GO>}

Yeah, but the idea is to have a better take rate. Now when it comes to the product mix in Brazil, it's not only a market issue. We're fulfilling the integration of the company with the platforms and these companies are responsible for the land products for the B2B part. We're going to have a mix of B2B growing compared to the land products and this will favor the take rate. Now B2B has an exemplary performance not better of course because we have preferred to be conservative. Now the performance has been a true example and through the distribution, we will make the take rate grow. Thanks to the mix of our products and beginning in July, I have no doubt whatsoever that this will happen. The platforms will be better integrated and the products will be integrated for sale. Altogether I believe that we will continue to have a very strong performance in terms of take rate.

**Q - Joao Paulo Dias Andrade** {BIO 21923301 <GO>}

Thank you very much.

**A - Leonel Dias de Andrade Neto** {BIO 17974731 <GO>}

Another question I think you referred to B2C, but we were not able to hear your comments. If you could repeat them please?

**Operator**

Mr. Andrade? Please hold. Can you hear us? You may proceed. We were not able to hear the last question. If you could repeat it please or do you have any additional questions. Can you hear me now? Yes, we can hear you.

**Q - Joao Paulo Dias Andrade** {BIO 21923301 <GO>}

The question was about B2C. I don't know if Leonel remarked on this if it is something structural or a one-off event. We were not able to hear that.

**A - Leonel Dias de Andrade Neto** {BIO 17974731 <GO>}

If you go back to the B2C, we do expect continuity at the levels and new products. Now the B2C has had a significant growth in the international part. We have land packages air packages, which allow us to think we will have a sustainable take rate this quarter, it was exceptional. It was 15%. We always want to have a take rate above 13% and I see no risk for this in the coming quarters. I'm speaking of the three and fourth coming quarters. Now, the challenge is to grow, and this is happening in a very healthy way at present in B2C. In B2B a lesser growth of volumes and a better take rate. This is what we expect going forward.

**Q - Joao Paulo Dias Andrade** {BIO 21923301 <GO>}

Thank you, Leonel. That was very clear.

**Operator**

Our next question from Joseph Giordano from JPMorgan.

**Q - Joseph Giordano** {BIO 17751061 <GO>}

Hey, good day to all of you. Thank you, Leonel, and thank you for taking my questions. Should the take rate structurally be above 13% in B2C, which is a higher level that we saw in the past. We have seen great changes in the company. First which is the effect of a more dynamic pricing and the impact on the take rate and from the viewpoint of conversion. How do you compare this with the past. And the second point refers to the packages where CVC take some risks. Now this is a factor that you inherited from the take rate of the first quarter. Now in the past you had very little yield. Have you noticed the difference. Thanks to the dynamic pricing of this type of product and which has been the impact on your profitability? Thank you.

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## **A - Leonel Dias de Andrade Neto** {BIO 17974731 <GO>}

Joseph, thank you for the question. Now the good news here is that pricing is evolving, but it hasn't had a significant influence on the total figures of take rate. The pricing is already dynamic and very consistent for all of the exclusive products, especially for air transportation what we use to call charter exclusive charter. It's also very strong with hotels. But we can say that this is just the beginning. From the viewpoint of take rate, we do have a set of factors. The dynamic pricing. Yes, new products, not only buying well, but knowing through the use of pricing and the use of CRM to allocate the right products in each origin or destination. Obviously what you have called packages is what we call exclusive products, and this contributes a great deal. And of course the air tickets are terribly expensive, everybody knows that for the consumer and as we have exclusive flights or charter flights, we can offer better conditions and this will enhance client your loyalty. Another fundamental point in take rate that we have implemented in the last two years is our influence to be stronger to know how to offer the right product to the right person. And at the junction of the CRM and our platforms, we have become ever more competitive. We are the company that knows most about tourism in Brazil. We also know tourist very well. And at this moment what is truly fundamental is to offer the right incentives not only culturally, but through commercial incentives and to truly look at this with the attention. No executive, no employee makes money and the company simply because of sales volume. And this has become more important. Now when we have a significant increase in our financial costs, the management of the take rate financial management have become ever more important because of the growth of interest rate and we still have that culture of paying an instalment with interest rates in Brazil. The company that does not look at that will not have a good performance and Joseph perhaps this means when I said above 13%. It means that we have the ability to maintain this. Looking at the coming quarters, we're not going to sell it any price or without quality that I can assure you of. I don't know if that response was sufficient.

## **Q - Joseph Giordano** {BIO 17751061 <GO>}

Yes, it was. Thank you very much, Leonel.

## **Operator**

Our next question will be through the web from Maciel, Mogno.

## **Q - Unidentified Participant**

Congratulations for your results. Can you give me an idea of which will be the interest rates and which will be the bank's structuring your issuance?

## **A - Marcelo Kopel** {BIO 16986304 <GO>}

The offer is for BRL995 million CDI plus 7.2. These structuring bank is Citibank and simply to complement this information. I spoke about the lengthening of the debt. The average term of the debt will be approximately 2.5 years. I ended up not conveying this information to you. Thank you.

## **Operator**

Thank you. (Operator Instructions) Our next question is from Antonio.

### Q - Unidentified Participant

If you could speak a bit more about the six issuance of debentures. Do you have the guarantee of banks and is there a minimum amount for the issuance. Will there be any change in the company covenants at present?

### A - Leonel Dias de Andrade Neto {BIO 17974731 <GO>}

We're going to be speaking to the market in the coming days. We will begin doing this on Friday. We will go into a roadshow on Friday and Monday. And basically this is an issuance that is already anchored by a bank. And it has a characteristic of warranty and we will be speaking about the details of the debenture risks. But this is something that will enable us, as I mentioned, before to continue benefiting from the growth that we observed in the market. What is important for the market and which is very attractive for those participating in this debenture.

### Q - Unidentified Participant

Thank you.

### Operator

(Operator Instructions)

### Q - Unidentified Participant

How do you see the demand for the coming quarters. Has the demand impacted your volume?

### A - Marcelo Kopel {BIO 16986304 <GO>}

Thank you very much for the question. At this point, the price increase has not impacted the volumes because the airlines are with a very high occupation and all of their fleet has been put regard to disposal. What is happening not only in Brazil but elsewhere is that we're lacking airlines and because of the cost of oil this is no longer very feasible. So the airline companies are involved in a very difficult exercise of having the right network and as long as they have full airlines with the present day prices, they will continue on. And this is very healthy for the entire sector. Now if this will hamper or impact it's something that we will only see in the coming two months. Until July we should not have any significant impacts. The air tickets are expensive and the sales will continue to be high. Everybody has begun to travel. Everybody has met their family members after the pandemic and then we will go on into a different environment. An environment that could be highly impacted by the economic scenario, the economy, the unemployment, scarce dollar or a very high dollar rate. All of these macroeconomic factors could have an impact. So that as we see can navigate through this environment. We have invested heavily in products, in platforms, in models especially in influence, the knowledge of our clients, incentives and in payments and means of payment funding. Therefore I don't think that people will stop traveling simply because the trip is too expensive. If we're able to offer them the right

products and of course perhaps the period of the trip will be reduced. But what we foresee for the coming months is something very positive. And I think we will continue on at the present day pace. Thank you for the question.

## Q - Unidentified Participant

Thank you.

## Operator

Our next question is from Joseph Giordano from JPMorgan.

## Q - Joseph Giordano {BIO 17751061 <GO>}

Thank you for taking my follow-up question. In the last few months, we have spoken about new funding tools and we're moving away from the old model and now you have to price the interest rates and originate loans from banks and of course there is a financial cost for all of this. Now what has happened to these discussions at present and could you work with this along credit cards. I think it would be very relevant for the company.

## A - Leonel Dias de Andrade Neto {BIO 17974731 <GO>}

Now we are investing quite a bit to and what we call the credit marketplace. We have been running the pilot since November and we have been selecting new partners as of May and June. And the logic that we're working on here is to be able to offer products with a higher added-value with the higher average ticket with an increase in term where the client can buy in equal instalments. Our goal here is to make feasible this type of funding at competitive rates and we do want to make money with this marketplace. It will also facilitate the life of our clients. Now when it comes to the balance of all of this vis-a-vis the sales. These are exclusive different products that have a higher value and because of that they can be financed. We have a very small part where we have no credit risk because we do the financing through CVC and clients can embark. They have paid all of the open instalments they had with CVC. Now if there is a risk, the risk is immediately transferred to the financing company and the financing companies will now through the marketplace can begin to offer a different kind of financing, nobody will have exclusivity, the financing companies will be competing among themselves to have the right financing for each of the cards or clients that we sent to them. This is a way that we have found of generating competitiveness and better rates. Now these are the initiatives that we have besides the credit card. The credit card is a very important instrument for us. We have been incentivizing the issuance of a credit card and what we want to do is increase that means of payment and not restrict or eliminate anything. We want to give our clients several options. When it comes to means of payment we're not going to remove one mean of payment, one another comes in. We want to make sure that we have something differentiated and that will represent a greater advantage to the client. This is the logic.

## Q - Joseph Giordano {BIO 17751061 <GO>}

Thank you very much. Simply a follow-up. When we look at that credit marketplace, which is the dynamic of the working capital for CVC. Do you have an anticipation of receivables that you have to pay. How does it operate? It could be something transformational?

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**A - Leonel Dias de Andrade Neto** {BIO 17974731 <GO>}

Well the credit marketplace is financing with interest rate. And when you finance with interest rate all of the risk falls upon the financing company. The one that has a more competitive rate. The great advantage here is the leverage that you have, because the client does not use his credit card limit and is still available to travel and use the credit card as well. And the financing company has the financing as of the first moment. It's important for us, for the client, and for the financing company. It is a win-win situation because we are able to sell added services with a higher average ticket.

**Q - Joseph Giordano** {BIO 17751061 <GO>}

Thank you. Thank you very much.

**Operator**

Our next question is from Gabriel Leal from Itau.

**Q - Gabriel Leal** {BIO 21397072 <GO>}

Can you hear me?

**Operator**

Yes. You may proceed Mr. Leal

**Q - Gabriel Leal** {BIO 21397072 <GO>}

Part of the question has already been answered. I would like to understand your vision of the credit card as a bridge for better results for CVC Corp?

**A - Leonel Dias de Andrade Neto** {BIO 17974731 <GO>}

Thank you for the question, Gabriel. The credit card besides being an important means of payment also helps us in loyalty, the client connects using our credit card and they can obtain a series of advantage as we generate loyalty through this. And it is an instrument of generating P&L and generating relationship ensuring that the client is closer to us. As I mentioned in the previous response, the credit card is about one of the means and whenever there is a new and interesting alternative for our clients, we're going to add this to our means of payment. Now the credit card is not to generate P&L, it's more to generate convenience, loyalty, and recurrence with us.

**Q - Gabriel Leal** {BIO 21397072 <GO>}

Thank you. Thank you very much.

**Operator**

At this point we would like to conclude our question-and-answer session. We will return the floor to Mr. Leonel Andrade for his closing remarks. You may proceed, sir.

FINAL

## A - Leonel Dias de Andrade Neto {BIO 17974731 <GO>}

I would like to thank all of you and in very few words I would like to say that I am fulfilling two years as the management of the company and we have the best traveling team in the market we have hit records. We had -- we have a reduced net debt, a very strong leverage. This quarter it was also very strong. More than 25 million clients with high influence and management capacity and we have the wins in our favor and now they're ever more in our favor. I was speaking formally about a pent-up demand. Now that the pandemic is over. Everybody is traveling and seeking new destinations. To speak of pent-up demand, we do have an incentive program that is very important for us when it comes to taxation. And because of this new discussion of our debt, this will enable us to have a very great capacity, the wins that we're blowing in our favor have enhanced this. We're extremely committed and what I would like to say is that the shareholders at CVC were quite committed. They gave us all of their support for the future of the business and we're going to begin to materialize several short-term benefits and I have no doubt whatsoever that the coming months, the coming quarters will be even stronger. We have full capacity to continue on with this. We're going to do with this with quality with good margins and with a good quality and our credit continuing to be conservative. So that we can have a company that is viable and where the forecast will work. Thank you very much for your participation.

## Operator

The CVC Corp conference call ends here. We would like to thank all of you for your participation. Have a good afternoon and thank you for using Chorus Call.

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