RESULTS CONFERENCE CALL 1Q25

Ian: Good afternoon to all. This is Ian Nunez speaking. I'm your manager of Tegma. Welcome to the conference call to discuss earnings concerning the first quarter of 2025. This conference call is being recorded, and the replay may be accessed in the company's IR website.

We inform that all participants will be in listen only mode during the presentation, after which we will have the Q&A session when further instructions to participate, will be provided. For those listening in English, we have in the chat the link to the presentation in English because we will be showing here only the version in Portuguese. I'd like to give the floor to Nivaldo Tuba, CEO of Tegma, who will begin the presentation. Nivaldo, you may proceed.

Nivaldo: Good afternoon to all. This is Nivaldo Tuba speaking, CEO of Tegma. On behalf of the entire company, I thank you once again for participating in our earnings conference call. With me here are Ramón Perez, our CFO and IRO, as well as Ian Nunez, our Investor Relations Executive Manager. As usual, we'll start our presentation on slide 2 where you can find a disclaimer regarding forward-looking statements. Moving on to slide 3, I will present the main data related to the market of new vehicles in Brazil.

As can be seen in the top graph, domestic sales in the first quarter of 2025 were up 7% year on year. This performance in line with the growth projections of the automakers' associations for the year 2025 is a consequence of the favorable conditions for buying vehicles in Brazil, such as low unemployment rate, rising incomes, and reforms that improve predictability for finance institutions that grant auto loans. On the bottom left, we showed that production grew by 8% in Q125. This increase was due to the performance of domestic sales as well as exports of vehicles from Brazil, which grew 39%, a consequence in turn of the depreciation of the Brazilian currency, BRL, and the growth of some markets, mainly Argentina. On slide four, we present the main operating indicators of the automotive logistics division.

The number of vehicles transported in the first quarter of 2025 totaled 145,000 units, up 3.2% in the yearly comparison. This increase is a reflection of the growth in exports as explained in the previous slide. Our market share contracted 1.9 percentage point year on year to 23.1% in the first quarter of 2025. This drop in market share compared to the previous year was due to the lower-than-average performance of the automakers market to which we have significant exposure. Lastly, the average distance traveled in Q125 was 3.3% lower year on year due to the slight reduction in the average distance of domestic trips and an increase in the share of trips for export activities, which entail a shorter distance.

After these highlights, I'll give the floor to our Chief Financial Officer, Ramón Perez, who will address our results, cash flow, and other indicators.

Ramón: Good afternoon, everyone. Moving on to slide 5, let's talk about the results of the automotive logistics division. We can see in the top graph that there was a 14% increase in the division's net revenue in the first quarter of 2025. Explained by the operational performance already explained, the transportation tariff adjustment in 2024 and 2025, in addition to an increase in revenues from logistics services and transfer of vehicles between yards and factories.

Below, we see that EBITDA in the first quarter was approximately 61 million BRLs with an

EBITDA margin of 15.3% or almost one percentage point higher year on year. The growth in EBITDA margin stems from the evolution of the company's gross margin combined with control of administrative expenses. It is worth noting that the division's expenses in Q125 were impacted by 1,5 million BRLs related to M&A activity expenses. On slide 6, we have the results of the integrated logistics division. We can see that the division's net revenue in the first quarter increased by 10% year on year.

The performance of bulk logistics, previously known as chemical operations, reflects the increase in number of ships carrying raw materials and the new contracts signed with existing clients for transportation and storage services. The performance of packaging logistics previously called household appliances operation it's the result of the positive evolution of product sales in the country and the higher turnover of a new client in this operation, which began at the end of last year. In Q125, EBITDA totaled 8,4 million BRLs with an EBITDA margin of 18.3% down from 20.1% in the year on year comparison as shown in the bottom chart. This performance is explained by the costs of ramping up a new operation and increased expenses, mainly related to the reinforcement of the commercial team's staff and the hiring of a new officer dedicated to this division. On slide 7, we show GDL's financial highlights.

We can see in the top graph that net revenue in the first quarter of 2025 grew by 29% year on year, totaling 67 million BRLs. This growth is the result of increased demand for bonded warehousing services and demand from distribution centers for the segment of automotive parts and heavy machinery. On the bottom charts, we show on the left the evolution of the joint ventures net income which stood at 13 million BRLs in Q125, practically the same compared to Q124. Despite increased revenue, the stable margins resulted from adjustment of GDL's main lease contracts and this happened in September of 2024. The adjustment included not only inflation based price corrections, but also rent increases to match regional market values.

Moving on to slide 8, we present the company's consolidated results. Net revenue for the first quarter 2025 was 440 million BRLs, increasing 13% year on year. Below, we see that in the first quarter, EBITDA margin increased from 15% to 15.6% in the yearly comparison. And evolution sustained mainly by the performance of automotive logistics. And finally, net income for the first quarter 2025 stood at 44 million BRLs, up 17% year on year with net margin expanding by 0.3 percentage points.

This performance is driven by gains in the operating result and improved financial outcomes. Now, moving on to slide 9, the graph on the left shows the company's cash to cash cycle at the end of the quarter which was 42 days higher than the level of the past quarter but within the normal range of the last twelve months. We did not have any unusual payment delays. CapEx in the first quarter of 2025 totaled 10 million BRLs or 2.2% of net revenue. Among the most significant investments we highlight, software licenses, including of the new ERP system totaling 4,6 million BRLs and improvements made on the land located in Cabo De Santo Agostinho, state of Pernambuco near the Port of Suape.

These improvements aim to increase storage capacity for imported vehicles and amount to 900,000 BRLs. Lastly, on the right, we showed the free cash flow of the company, which in the Q125 was positive, 92 million BRLs. This cash generation is due to the company's recurring and positive results coupled with a sharp reduction in accounts receivable compared to December 2024. On slide 10, we present details of our capital structure. In the graph on the left, we can see the company's current cash of 339 million BRLs, which is significantly higher than the gross debt to be repaid in the following years.

In the first quarter, we raised 6 million BRLs in a loan from the NDS for the acquisition of semi trailers for the chemicals operation. We also amortized 1 million BRLs as part of a loan. In the table below, we can see that our net cash position in March 2025 was 229 million BRLs. Finally, on the top right, we present the history of our cost of debt which currently stands at CDI plus 1.6%. Below is information on our rating which was reaffirmed by Fitch in April of 2025 as a local with stable outlook.

Moving on to slide 11, we show the company's profitability indicators. Return on invested capital for the Q125 in gray was 39.6%, practically flat quarter on quarter. This is due to results growing proportionally with investments. Also, in the case of return on equity, the orange line, ROE was 30.2% similar to that of Q424 for similar reasons. In the graph in the bottom left, we can see that after a sequence of quarters when EVA was growing, EVA showed stability for reasons similar to the stability of ROIC and ROE.

On the right, we show the history of dividends and interest on capital paid by the company. On the last slide, we show our share performance, the orange line, compared to the IBOVESPA index in black and the small caps index in red using as a comparison last year's closing position. Tegma´s shares as shown in the top chart outperformed both indices from the beginning of February, due to the positive performance of the automotive market and the company's positive results.
Lastly, in the chart below, we present a history of the multiples at which Tegma´s shares have been trading. Despite the robust indicators and results, we can see that they continue to show multiples below their historical average.

But with that, I would like to thank everyone once again for your participation and interest in our company. And now let us begin the Q&A session. Thank you.

Ian: Thank you, Ramón. We are starting the Q&A session for investors and analysts.

If you would like to ask a question, please press the raise hand button. If your question was answered, you can leave the queue by clicking “put down your hand”. If you wish to ask a question in writing, please type your question into the Q&A field at the bottom of the screen. We already have one question from Gabriel Rezende with Itaú. So, let's enable Gabriel's microphone, please.

Gabriel: Hello, everyone. Good afternoon. Thank you for taking my question. Congrats on the results. Two points I'd like you to elaborate on.

First, has to do with the dynamic of sales of your clients. We saw a contraction of market share, and you spoke about this given the fluctuation of market share of your clients. So, in talking with these clients and considering the dynamic of the other OEMs, how do you see this market share evolving in the coming months? That's number one. Number two, if you could remind us of the freight dynamics of Tegma comparing with a different diesel dynamic. Diesel prices now being corrected downward. I guess that this could lead to a change in the freight prices of the sector. Thank you.

Nivaldo: Gabriel, this is Nivaldo speaking. Thank you for the questions.
To your first point, market share. I can explain what is happening, what we have been seeing

with GM and some of the other OEMs. Recently, GM announced an investment plan, which was very robust, about 7 billion in Brazil, to be executed between 2024 and 2028. This initiative of theirs aims to recover the competitiveness of their brand. So, with this plan, we expect to see a gradual recovery of GM sales in the country.

GM is planning to launch six new models in Brazil, including Spin minivan, the new Captiva to fight with BYD and Great Wall that have similar models. They are also expecting to update some low income models, Onyx, Tracker, and S10. And another factor that will favorably collaborate to a possible sales increase and an increase in GM's market share in the countries that they are going to get the flex hybrid technology. Brazil will be the first market to get the technology. Parallel to that, GM accounts for a big share of our transportation mix.

On the other hand, we also see a share of other players that is helping fill out the gap that GM has. Your second question is about the effect of diesel. And in May, we have the month of tariff adjustments. The cost composition in which the price adjustments will be suggested to the automakers and to our suppliers, all take into account this diesel price of fluctuation. And all of our contracts include what we call a trigger. In other words, whenever there is a variation that is higher than 8 to 10% more or less, the cost of diesel and the tariff is adjusted. So, although diesel in the short term had three fluctuations, this has been taken into account in the new tariffs that will enter into force as of May 1. Okay, Gabriel?

Gabriel: Excellent, NIvaldo, this is very clear. Thank you very much.

Ian: We have another question by Cristian Oliveira, Levanti Corp. So, let's enable Cristian´s mic, please.

Cristian: Hello, everyone. Good afternoon. Thank you for taking my questions, and congratulations on your results. I would like you to elaborate on services mix, particularly what we have seen transfer of vehicles between units and factories. And this has been a positive surprise in recent quarters. Based on your content with the customers and tax benefits that lead clients to do that and also considering warehousing. How do you see this mix of services playing out looking forward? Thank you very much.

Nivaldo: Hello, Cristian. Thank you for the question. Indeed. The mix of services, this chain of services which is additional to transport is something that is volatile. It fluctuates. It adds to our revenue, to our turnover. And let me give you a practical example. GM has a high inventory of vehicles in their yards. This is public knowledge.

And they have a lower transportation volume because they're selling less. Consequently, our warehousing prices become relevant. Just like GDL, when the yards are full, the warehousing tariff becomes more relevant compared to other services and logistics services provided by GDL. So this is Tegma's virtue, if we can call it that. The fact that we can count on these services, that we can offer these additional services, inter yard transportation or transfer and storage in our own yards so that we can supply this low demand or possibly supply an additional need by the automakers.

So, this is a variable that has difficult predictability, but we are always attentive and we have the adequate structures to supply the market.

Ian: Thank you, Nivaldo. Cristian, any other questions?

Cristian: Well, if I can explore just one point, I'd like to get a follow-up regarding appetite for M&A activities. Because in the recent quarters, you increased your net cash position but you also reported expenses with M&A evaluations. So, if you could elaborate on that, it would be helpful.

Ramón: This is Ramón speaking. Good afternoon, Cristian. What I can tell you is that in several opportunities, we have been saying that we have been investing a lot of time and energy in that.

In a way, the increase in our administrative expenses is related to these additional M&A activities. So, this ratifies what we have been saying. So, it's not just paying lip service. We have indeed been investing a lot of time and energy in this. Well, these negotiations are complex. They take time. For quite a while now, we've been devoting to these negotiations. Until now, we have not been successful. On the other hand, I guess that this shows one of the company's characteristics, its capital discipline. We believe that we can use our ability for financial leverage to fund a possible operation. But, of course, we're only going to do that if that deal will surely bring value to all of the stakeholders and our shareholders. So, this is a strategic decision to be made by the company. We continue to invest in M&A assessments and as you said it yourself, the management of our capital structure is related to these projects and moving forward. So, I would like to highlight this to stress this because this is important.
We have not gotten any binding negotiation, any firm deal. Not yet. The moment that this happens, we will inform the market. Okay?

Ian: Thank you, Ramón. Cristian, are you okay? Yeah.

Cristian: This is what I have. Thank you very much. It's very clear.

Ian: Thank you, Cristian. Just one correction. I said your name. It's Cristian from Levante. We have a question in writing by Guilherme Avila with Tarpon Award, our GDL expectations for the year 2025. *"Do you see this drop in margins as a new level of profitability? "*

Nivaldo: Hello, Guilherme. Well, GDL expectations for 25', in our view, are quite good. You noticed a slight change in our profitability margin, and this is due mainly to an adjustment in the rent of our, of the land of our yards. With this great amount of imported vehicles, especially by BYD, we had to rent areas that are neighbor to GDL and also the full occupation of GDL's area.

So, these new areas were rented at normal market price, routine price, and GDL's own land according to a contract, a provision, suffered a value adjustment. So, yes, there was an increase. On the other hand, we had two ships that were carrying vehicles that were delayed. So, the volume of handling in March was reduced to compare to what we had budgeted, but that was offset. It was a simple delay.

And now leaving side vehicles and talking about general warehousing and bonded warehousing services. We have good expectations, and we're hopeful that we'll have good results posted in GDL in 2025.

Ian: Okay. A question now by Caio Baroni with Moat Capital: *"The company showed a strong evolution in year on year cash generation in Q125, in addition to the normal cycle of receivables at the beginning of the year and a slightly lower level of CapEx, what other* *factors"*…(Sorry, I lost the chat box.) *"So what other factors could explain this strong increase in cash generation?"* Ramón?

Ramón: Well, in this quarter, in addition to the operational result, which was really very good, we didn't have any, nonrecurring event. The point that we highlighted in our earnings was that given the seasonal nature of the sector, we have an accounts receivable which is very high in December, and it was very high in the fourth quarter 2024 because that's the strongest quarter in the year for us. And then there was a drop, which is seasonal. In Q1, we got paid a good amount that was billed in the end of the year, and that contributed to our free cash flow. If we had had an even stronger first quarter, we would not have felt this impact because part of the funds would be spent in working capital. So, this is the normal movement that happens in every first quarter in terms of generation cash flow. But in terms of our cash position itself, although we have had a payout way above our policy around 66% in 2024.
This also contributed to the retention of part of these resources in line with investments we have. And that explains the robustness of our capital structure and balance sheet.

Ian: Thank you, Ramón. We have another question in the chat by Tiago Duarte with Avarus. He writes*: "Good afternoon. Congratulations on the results. BYD plans to produce 400,000 cars at the assembly plant in Kamasari. Is your plan to capture the transportation of all BYD's production? Thank you."*

Nivaldo: Hello, Tiago. Well, these 400,000 will be manufactured over a certain period of time. It is estimated that BYD will start producing cars in the beginning of 2026. Today, Tegma already handles a part of the imported vehicle's transportation. And regarding these vehicles to be produced in Salvador, I guess that they are going to have a bid. It's their usual habit to have two or three logistics suppliers or logistics providers.

Ian: Thank you, Nivaldo. We have another question by Andre Prachis, an individual investor. He writes: *"Can you talk about how Tegma has been dealing with artificial intelligence in its business. Are there any CapEx plans in this area?"*
Andre, this is a super interesting topic, which is always present in our discussions, in our leadership meetings, and in our IT organization meetings and the strategic part of the meeting. This is something we addressed in our Investor Day. If you're interested, you can listen to our Investor Day. And a little of what was said during our Investor Day, Andre, was related to initiatives to deploy AI in structuring data. You see, transportation is a sector that involves a lot of unstructured data, sometimes physical documents, and artificial intelligence has a potential to improve the processing of these unstructured data and information. Another point that we have been developing in our operation is the recognition of damage.

As you know, we transported 700,000 cars last year. The amount of movement in the cars, it's a lot more because there are cars that come from the automaker. They unload, then we have to reload them to deliver them to their final destination. And, of course, there's a small percentage of damage, but that happens. And today, we have our inspectors paying attention to this kind of damage and one of the initiatives for this is to use AI to improve damage to the bodywork of the vehicles. It's important because sometimes the cars get to the dealers and nd there's some damage there that we overlooked. With AI, we'll improve the accuracy of information, and they will improve the process of recognizing these damages so we can notify the insurance company or the dealer. There are other initiatives that we had in our Investor Day and you're invited to visit our Investor Day.

Ian: Well, as a reminder, if you have any questions, this is the moment or else I will turn the floor to Nivaldo for his closing statements. Nivaldo, over to you.

Nivaldo: Alright. Well, thank you all for participating, for listening to us, for giving us an opportunity to discuss our Q125 results, speak about Tegma, how we see the future of. And I would like to stress our conviction in continuing to post good results for Tegma and for GDL throughout the year of 2025. Thank you very much.
Have a great rest of day.