

## 4Q23 Earnings Conference

### Slide 1

Ian Nunes: Good afternoon, everybody.

This is Ian Nunes.

Welcome to the conference for the discussion of the results, referring, with reference to the fourth quarter of 2023. This conference is being recorded and the replay can be accessed on the site of Investor Relations of the company.

We also inform that all of the participants will be listening to the conference during the presentation and after that we will start the question and answer session when instructions will be given to you.

For those listening to the conference in English, in the chat there is a link for the presentation in the English version.

Since we will be projecting only in Portuguese, I'd like to now pass the word to Nivaldo, CEO of Tegma, who will start our presentation. Please, Nivaldo.

Nivaldo: Good afternoon, everyone.

This is Nivaldo Tuba, CEO of Tegma and in the name of the Company, I want to thank you for your participation in our results call in the fourth quarter of 2023.

Together, I have Ramón Pérez, CFO and IRO, and Ian Nunes and Felipe Fogaça, of the area of IR.

### Slide 2

As is customary, our presentation will start with Slide 2, where the participants will see our disclaimer with relation to our prospective declarations.

### Slide 3

Going to slide three, we're going to talk about the highlights of the fourth quarter.

At the first point, we want to comment about the proposal for the payment of dividends and interest on capital with reference to the year 2023. We proposed for the approval in the Assembly, General Assembly which will be held on the 11th of April.

The payment of R\$ 47.5 million or R\$0.72 per share which together with the anticipations from August and November will correspond to 82% of the net profit adjusted by the constitution of legal reserves and fiscal incentives. Would like to mend these, if they're approved, will be paid on the 23rd of April, benefiting those

stockholders who are in the stockholder list on April 11th. The total amount paid is the highest registered in the company since the IPO.

As a second highlight, we're talking about an important project of the gooseneck trucks which were converted from diesel to a totally electric battery powered propulsion. The vehicle will have an autonomy of approximately 500 kilometers. It's an innovative initiative and will be utilized only in the transport of new cars to Paraguay in one of the routes that Tegma passes through the Mercosur. Initiatives like this and our firm commitment to continue to evolve projects that mitigate the environmental impact of our operations.

Our third highlight, we have a reformulation of the present institutional presentation in the area of Investor Relations. The new version has sought to bring more information with respect to other initiatives of Tegma beyond logistics for new vehicles, information about our joint venture GDL, our startup Rabbot and the operation of logistics of licensed vehicles, Fastline, also will bring more information about the Brazilian automotive market.

#### Slide 4

On slide four, we're going to talk about the principal data of the new vehicle market in Brazil.

As we can observe in the first graph, domestic sales in the 4Q23, we are 15% above the previous year. This performance comes from better economic conditions in the country, a lowering of unemployment, the improved income and as well as the improvement of the financing conditions for new vehicles in the country. Domestic sales in 2023 were 11% higher compared to the previous year.

This number much higher than those estimated by the market surprised, came from the improvement of the economy, national economy and the better financing conditions and a better international competition with the commerce with the entrance of Chinese players in the electric vehicles segment.

As far as the production, it presented a reduction of 4% in the fourth quarter of 2023 as we can see in the graph in the lower left. This fall off can be explained by a strategy of sales of the car builders who decided to sell off their stocks at that time, something like 20% they had, it caused an increase of 41% of the sale of imported vehicles in the country which resulted in a participation of 18% in domestic sales in the fourth quarter of 23. Another important impact on the production can be observed in the graph next to it, which shows the exportations of vehicles in Brazil, which retracted more than 30% in the fourth quarter of 23, this due to the reduction in the market of several countries in Latin America, beyond the competition of the Chinese vehicles in these markets.

#### Slide 5

In slide five, we show the principal indicators, operational indicators of the automotive logistics division.

The number of vehicles transported in the fourth quarter of 23 was 175,000 units, 6.3%

higher than the previous year, a reflection of the growth of domestic sales, as we explained in the previous slide.

Our market share remained practically stable when compared to the previous year at a level close to 24% and having been affected by the performance below normal of clients, of important clients of the company. Finally, we'd like to say that the average distance of the trips was 4.8% higher than the annual comparison due to the increase of participation of domestic trips and long distance in the total and also the growth of export trips via trucks to Mercosul countries.

Yeah, after these initial highlights, I'm going to pass it over to our financial Director, Ramón Pérez, who's going to talk about our results, our cash flow and other indicators, and we'll then open up for questions and answers.

## Slide 6

Ramón Pérez: Thank you, Nivaldo. Good afternoon to everyone.

Looking at slide number six, we're going to talk about the results for the division of automotive logistics. Looking at the graph above, you see there's a growth of 11% in net revenue in the division in the fourth quarter of 2023, which is explained principally by the increase of 6.3% and the number of and 4.8% in the average distance travelled by these cars. The growth of 18% observed in the end year of 2023 is principally due to the growth of the number of vehicles transported and to the readjustments of the tariffs for transport realized during the year.

It's also worth remembering that the large oscillation in the price of diesel in the last two years has caused both positive and negative changes in our prices. And finally we point out the goods performance of Fastline, our unit of used vehicles, which has had a very positive effect on our revenue.

Below, we see the evolution of the EBITDA in the fourth quarter of 23 and the annual comparison as well as the margins. We can see that the margin in the fourth quarter of 22 is adjusted by the event that a non-recurring event reduced in 5.5 million reais, our expenses of the division in that period. The reduction of the margin EBITDA in the fourth quarter of 23 of 16.5% to 15.1% reflects 3 factors. Commercial discounts conceded to clients related to a disconnection between the pass through of diesel prices from previous periods together added up to R\$ 3.5 million. Realignment of our prices in the division to current prices based on the current fuel prices as well as the increase in administrative expenses which has several causes which are detailed in our earnings release.

In the year of 2023, the EBITDA of the division reached 218,000,000 reais, with a margin of 15.3%, 0.7 percentage points below that of 2022. In the same way, the reduction on the margin of the EBITDA margin in the year comes from the commercial discounts mentioned in the fourth quarter together with what happened in the second quarter. The realignment of tariffs based on diesel prices and the increase of administrative expenses also detailed in our earnings release.

## Slide 7

On slide seven, we show the results on the division of integrated logistics. We can observe that the net revenue of the division in the fourth quarter of 23 increased 9% due to the growth of our operations of chemicals and electro electronics and the recovery of the volumes and a new contract.

As explained in the last quarter or the stability of net revenue came from the operational impact from the renewal of the fleet of trucks, of silo trucks, the consequently loss of volume of transport and storage.

In the graph below, we can see that the EBITDA margin was retracted in the fourth quarter of 23, impacted negatively by events which even though they had characteristics non recurring were not adjusted to the EBITDA, and added almost 2,000,000 reais in the fourth quarter of 2023. Altogether, these events are detailed in our earnings release.

I'm going to pass the word back to Nivaldo who's going to talk about our joint venture GDL.

## Slide 8

00:11:09

Nivaldo: Thank you, Ramón. Looking at Slide 8, where we show a general overview of our joint venture GDL. It was created in 2018 through the association with another important and traditional player in the market based in Espirito Santo, Silotec. GDL, the current logistic operator in that state with 1,000,000 square meters of storage area employing more than 500 people and attends a wide range of clients in different sectors. The principal services are movement, storage, general storage and customs warehousing and the diverse cargoes. The company also has two distribution centers offering services and management, patio management for vehicles and heavy machines as well as previous inspection to the delivery of those assets, the so-called PDI - pre delivery inspection.

## Slide 9

On slide nine we show the highlights of GDL we can see in the first graph, the net revenue in the fourth quarter of 23 grew 55% in the annual comparison reaching 48 million reais, while in 2023 the net revenue was 160 million, a growth of 36% compared to 2022, maintaining the tendency of growth observed in most, in the most recent years. This performance of net revenue is principally the fruit of the growth and the service of logistics and imported vehicles. We should point out that the sale of imported vehicles in Brazil grew by 42% in the fourth quarter of 23 when compared year on year. It was impacted by the aggressive strategy of the Chinese car manufacturers coming into the market as well as the importation of electric vehicles starting in January of 2024.

On the graph below, we will show the evolution of the net revenue and the margin, Net margin of this joint venture. The growth of net profit which is 34 million, the increase of the Net margin both in the quarter as well as in the year reflects the growth of

revenue together with the efficiency, operational efficiency of costs and expenses. With that, together with the low need for investments, and the dividends distributed by GDL reached 29 million reais the highest since it was created. We also point out that the ROE maintained a a growing curve reaching 64% in 2023.

I'm going to send it back over to Ramón who will continue with the consolidated results.

## Slide 10

Ramón: Thank you, Nivaldo.

Looking at Slide 10, we look at the consolidated results. The net revenue in the fourth quarter of 23 was 454,000,000 reais, which represents a growth of 11% on the annual comparison, reflecting the growth of both divisions in that period. In this same tendency, the net revenue of 2023 presented growth for the second consecutive year, reaching 1.6 billion reais consequent principally of the recovery of the Brazilian recovery. We saw that in the fourth quarter of 23, the EBITDA margin retracted 1.6... 1.5 percentage points, reflecting commercial discounts given and the realignment of tariffs prices to the actual current price of diesel, both in the automotive division as well as events, non recurring events, negative non recurring events in integrated logistics area which were not adjusted to the EBITDA. EBITDA the for the year 2023 reached 265,000,000 reais corresponding to a margin of approximate of approximately 17%.

Finally, the net profit in the fourth quarter of 23 was 51,000,000, 10% below to the previous year, due to non recurring events which impacted positively the net profit of the fourth quarter of 22 of 8.2 million. If we don't consider that, the net profit of this quarter would be 5% above that, with a reduction of 0.6 points, percentage points, in the Net margin. This fall in that margin is due principally to the retraction of the operating margins as was mentioned previously, despite the very good financial result and the presence of our joint venture with GDL. In relation to our net profit of 2023 which was 182,000,000 reais, we can see a growth of 14% compared to 2022 and evolution in line with our revenue. Beyond the results, the operational results of the operators of the company, it's worth mentioning that the performance, the recent performance of our invested company GDL as was previously mentioned.

## Slide 11

Looking at Slide number 11, we present on this graph on the left, the cash cycle of December 23, which was 42 days, six days better than the cycle of September 23, but equivalent to a cash cycle of December of 22. We did not identify any factor in our cash cycle that would not be habitually observed in our business.

As far as Capex of the company, the total investments in the fourth quarter of 23 was 11,000,000 or 2.3% of net revenue, principally with the acquisition of silo trucks for the renewal of our fleet which total 4 million and the investment of 2 million which is part of the project for the implementation of the new ERP. Capex for the year of 2023, on its first part, total 33 million reais, an investment that was most stood out in a minute was the renewal of the fleet of silo trucks for the operation of chemicals and in the amount of 9 million reais.

Finally, on the right, we show the free cash flow of the company which in the fourth quarter of 23 was 2 million reais negative. This behavior close to 0, was principally due to the increase of our amount of accounts receivable from September to December of 23, fruit of the dynamics of the receipt at the end of each year of the car companies due to the final results of operational results of that. The free cash flow of 141,000,000 on 23 was slightly lower than 2022 has a component, a relevant component of the taking advantage of the tax credits in both periods. If they were expunged, the free cash flow in 2023 would be 127,000,000, 21% above 2022, reflecting principally the growth in the automotive market and the quantity of vehicles transported and the operational performance of both divisions.

## Slide 12

On slide 12 for our capital structure and the first graph, we can see the current cash of 232,000,000 million reais, which is above the payments on our debt, gross payments on our debt for the following years. In the fourth quarter 23, we hired, we contracted 5 million reais in a credit line of the FINAME, the acquisition of silo trucks aimed at the transport of chemical products. You can see on the graph next to it, the average cost of the debt was CDI plus 1.6% in December of 23. On the table below, we can see that our cash, our net cash position in December of 23 was 131,000,000 million reais, a reduction compared to September due to the increase in the cash cycle versus September of 23.

Finally on the right, our rating attributed by Fitch in 2023 is A local, stable perspective.

## Slide 13

Looking at Slide 13, we can see the indicators for profitability of the company.

Return on capital invested in the fourth quarter of 23 in grey was 27.2% compared to 28.7% in the previous quarter, again in the case of ROE on the orange line, we saw a decrease in the return calculated. These variations were due principally to the readequation of the operating margins of pigment when compared annually and what has been seen since the previous quarter. On the graph below, we see the EVA in the fourth quarter of 2023. It's also reduced compared to the level of the previous quarter basically due to the same factors which impacted negatively the ROE. On the right, we show the history of dividends and interest on capital paid by Tegma. On the Gray line, we indicate the payout for distributions considering the proposal of payment of dividends and JCP to be approved in the AGM at 11th of April in 2024. Tegma will distribute 121 million reais referring to 2023, which represents 82% of the net profit without considering the constitution of a reserve for fiscal incentives, neither or the legal reserves. On the orange line, the dividend yield for the distributions with reference to 2023 corresponds to 7.6%.

## Slide 14

Finally, on the last slide we show the performance of our stock and compared with the Bovespa index, the shares of Tegma as we saw in the first graph had a very good, very close performance, very close to that of the Stock Exchange during 2024. This was impacted positively by the operational resilience of the company and the tendency for the recovery of the automotive market and negatively by the reduction of liquidity of our stock. As was seen on the graph below, the Tegma shares, as it occurs with many companies, listed companies in Brazil are traded at multiples slightly below their historic average, influenced principally by macroeconomic questions.

With that, I thank you all for your attention and open for the question of... the session of questions and answers.

## Q&A Session

Ian Nunes: OK, so now we will start up the questions and answer session for investors and analysts. If you would like to make a question please press the raise your hand button and if your question has already been answered you please leave the line by clicking on lower your hands. If you have any written question, please write your question in the Q&A field in the lower section of your screen.

The first question that we have received is...comes from ValcÍrio Volpato.

ValcÍrio, I believe you're muted.

ValcÍrio Volpato: OK, OK.

Ian Nunes: OK, we can hear you now, ValcÍrio, go ahead and ask.

ValcÍrio: this 3,500,000 that you said was a not regular in the fourth quarter. Is it an amount that would have been received in previous quarters and then that was compensated in this quarter, is that what you were saying?

Ramón: Good afternoon, ValcÍrio, this is Ramón speaking.

In a certain way, yes this, these commercial discounts can be considered as sort of a trigger which is for the adjustments of the diesel price, adjustment of diesel prices which varies up and down., and we have to make these adjustments in our tariffs due to those prices practiced in previous quarters months, previous months based on the price of the diesel. So in a certain way, yes, it's the amount that had been received previously and the, the prices were then readjusted, our prices were then adjusted based on that.

Ian Nunes: We have a question in the Q&A from Eduardo Pileggi.

Eduardo: A question about the distribution of dividends, the decision to have a pay to increase the payout of 70 to 82% in 2023, does that reflect the cooling for the growth of inorganic growth?

Ramón: Again, this is Ramon. I'm going to answer your question, Eduardo. Thank you for your question, thank you for joining us in our call. In truth, no, this decision was made to increase our pay was more connected to the capacity of the company to

generate cash, operational cash in a consistent way and the recognition that our capital structure is quite unleveraged, has been quite deleveraged, as you all know. This, we think that this increase of the payout will have an effect, a marginal effect on our capacity to on our leverage capacity. Remembering that as we presented in our FSs, we closed the year with 130,000,000 reais in cash, net cash above our net debt and EBITDA close to 265,000,000 reais, just to show our capacity to accept financing to confront any inorganic growth that may appear. And I also would like to repeat that in the name of the administration that we maintain our direction, our strategic direction of seeking out this growth through M&A operations. And we believe that this flexibility, necessary for the obtaining resources, is a competitive advantage that we have. But all this needs to be done with the discipline, necessary discipline which is a trademark of Tegma, that disciplined in our with use of capital.

Ian Nunes: Let's have a question here from Guilherme Avila from Tarpon.

Congratulations on the results. How do you evaluate the the performance of the automotive market in the first half of the year, the first two months of the year?

Nivaldo: Thank you. Yes, it was a very good two-month period. We registered growth of domestic sales of close to 23% due to the productive on the productive side. We had a reaction in February and the production grew by 7% in this two-month period, the sale of imported vehicles even with the return of part of the import tax which happened in January this year, grew by 70%. On the other hand, the exports remain with their tendencies to fall at 28%. In the second quarter of February, we had a slight reaction in the second-half of February. I believe also that we've had lots of good news related to the investments were announced by the automotive manufacturers in Brazil. We're talking about investments of approximately 100 billion reais in the in the (inaudível) industry by 2030. And this is also accompanied by the predictability of the MOVER program which was set up by the federal government. Still, as a positive aspect, we can say that the automotive credit, there is data there which is very positive in January of 24, where we saw growth of 40% of the concessions, fall off in non payment and a lowering of interest rates, average interest rates. So, adding it all together, our evaluation by the administration of Tegma in this period was positive.

Ian Nunes: Thank you Nivaldo. We're going to open the microphone now for Pedro who has a question for us.

Pedro: Can you hear me?

OIan Nunes: Yes, go ahead.

Pedro: Congratulations on your results. I wanted to come back to the question of the discounts, but to understand if these negotiations have been finalized or if there are still negotiations to be done, which can be done in the first quarter. That's the first question. And the second thing is to understand in the, in the question of GDL where we saw strong growth this year, you commented that it was caused by the part of imported vehicles. But what would be the other areas of growth for GDL for the next, for the coming years? What would be the area growth areas for GDL?

Ramón Pérez: Thank you Pedro, this is Ramón. I'm going to answer your first question



and I'm going to pass it to Nivaldo to answer your second one. In relation to the discounts, the commercial discounts, these occurred due to the volatility in the price of diesel in the recent quarters. Currently there is no other, no other commercial discount of this type on the horizon. Obviously it's a variable that we do not control. We cannot say with 100% of certainty that this won't happen because we don't control that. But I would mention that diesel prices has presented much less volatility and that's what I can say about that subject. And there's nothing, we don't see any big changes in diesel prices for this quarter. I'm going to pass it over to Nivaldo now to answer your question about GDL.

Nivaldo: Yes, basically the vehicles GDL was, was the main lever of the evolution of GDL in 2023. And as far as the drivers for future growth, without doubt vehicles continue to be their biggest driver and we have perspectives of short term and medium term, at least until the beginning of 26 with very strong sales of vehicles.

Not only when we talk about chinese vehicles which are coming into the market, but also multi brand vehicles, imported vehicles which continue to use the Vitoria Port as their principal entry point in Brazil and will consequently utilize the logistics operations of GDL. Of course before this boom of vehicles in 2023, we had the registration of growth of GDL with other logistics operations where we saw clients, multi product clients and we dedicated to the operations of clients with high added value and products which had the need for storage, for special storage, and either it's refrigerated or air conditioned storage. And these are the drivers which GDL bets on. We have a very good portfolio of clients which is quite pulverized, and even though there is a reduction in the vehicle market, something that we do not really foresee for the next 24 or 30 months, we still have and the rest of our products in the integrated logistics, of these other products, sustainability of our corporation in Espirito Santo.

Ian Nunes: Thank you, Pedro.

Now pass to our next question, Marcelo from BTG will ask us. Marcelo, your microphone is open.

Marcelo: Hi everybody. Good afternoon. Thank you for this space.

I wanted to mention two questions on my side. The first one is about Fastline. We talked to some of the rentals that the used car market has some difficulties. How do you feel this on your end and also with reference to your market share, we saw in the second quarter of 23 that your market share was hitting 26% and this dynamic of fall has started with the second quarter, second-half of the year. How did that hit you and how do you see this number going forward?

Nivaldo: Thank you, Marcelo. Fastline, you have to compare results. We will see it growing quickly, quantitative growth. It's very much based on the rental market, the car rental market, growing market in Brazil. So we see that this is a very large horizon. We also see the motorcycle market, the transportation of motorcycles, smaller motorcycles from Manaus to São Paulo and other regions in the Southeast with a very high fast growing volume. So we see Fastline as a horizon for growth, which is quite interesting. And when you we talk about a reduction of the imported vehicles of this volume, it occurred however with this dynamism and road and high turnover and the

biggest facility of the purchase of new vehicles, the accompaniment of used cars will happen.

So, our expectations as far as fast line are still quite positive as well as I mentioned for as was the case of the first two months for new cars. Question of market share, we feel we've felt this reduction since it was a lower concentration in our transportation in some of the brands, some of the relevant brands in our share. So this also really did happen and we understand that was a one-time situation we should be reestablished and restabilized starting in at the end of the first half, the first quarter. We have those the Chinese entering our market who have been using our transportation as a growing movement and this will bring a rebalancing of our market share.

Marcelo: Thank you very much.

Ian Nunes: Thank you for the question, Marcelo. I have to read a next question which we received from Lucas Xavier. In 2023 there was an A significant increase in expenses. Do you expect a decrease or stabilization in 2024?

I'm going to pass that over to Ramon.

Ramón: We don't, we don't expect a reduction as we explained in our report, we made some adjustments in our headcount of the company and especially in the fourth quarter when the expenses they're not extraordinary but are non recurring expenses from the standpoint of legal fees for different fees, different contingencies which were sort of one time expenses and the tendency towards stability. But we always maintain a a very close control and are concerned with the discipline to keep our expenses at the right level in relation to our revenue.

Ian Nunes:

Final question is a doubt which is more of an accounting question more than economic from Gustavo: Congratulations for the results. The PIS/COFINS credit which in 22 was 92 reais and 106 in 23. Can you comment on that line and how long this credit should last and how much of it can still be applied to your results.

This was a decision made by the company long time ago to register this credit of PIS/COFINS on the on the line of costs instead of reduction of gross revenue. Some companies decide on this criteria. But this line comes from the proportion both of revenue as well as costs with freight. So this line if you can accompany in the long term it has a proportion, very constant proportion in relation to revenue and freight costs. This was the decision of the company to register this as a cost and it will remain as such till such a time as we decide to reallocate it to the line of deductions of net revenue, of gross revenue.

Ok, so I think that with that we've answered all the questions. And with that I'm going to pass the the microphone over to Nivaldo for his final comments.

Nivaldo: Guys, thank you very much for joining us, for your attention to our explanation and ratifying that we ended the year of 2023 complying with our mission, fulfilling our budget and attending the distribution of dividends, and we initiate 2024 with these series of challenges. The first two months we're very optimistic about the

first two months within that was imagined and the market in general, bringing to us and to logistics operators optimism for the automotive market.

So that optimism is not just Tagma, it's in our transport area, but it also covers our connected companies and especially fast line and GDL, where operations are going ahead very well. So thank you all very much. Have a great afternoon.