Tegma

Gestão Logística SA

Earnings Release
2021 first quarter

São Bernardo do Campo, May 3, 2021

Results Conference Call

Tuesday, May 4, 2021
15:00 (Brasília)
2:00 pm (US-ET)
[Portuguese with simultaneous translation to English]

Portuguese Webcast	English Webcast
+55 11 3181-8565	+55 11 4210-1803
+1 412 717-9627	+1 844 204-8942

Tegma posted results and cash flow reflecting its resilience in another adverse quarter for the automotive sector

In 1Q21 the **quantity of vehicles transported** was 137,300, a 12.4% decline in YoY comparison. This quantity results in a 22.8% market share or a 2.9 p.p loss in YoY comparison. The quarter´s average distance was 1,049 km, 6.6% lower in annual comparison.

Integrated logistics division had 15,800 travels in 1Q21, an 8.2% decline in the annual comparison. The volume transported, in turn, grew 3.1% vs 1Q20. The average volume stored by the chemical operation fell 9.5% in the annual comparison.

Net revenue in 1Q21 decreased by 16.4% in the YoY comparison, mainly due to the drop in the quantity of transported vehicles in the automotive logistics division.

1Q21 **EBITDA** was R$ 43.2 million, corresponding to a 18.5% margin, 2.7 p.p higher than the 1Q20 adjusted EBITDA, due to the better efficiency in managing costs and expenses and to positive extraordinary events in 1Q21.

1Q21 **net income** was R$20.2 million, a result 5.0% higher in the YoY comparison despite the reduction in revenue, mainly due to operational improvements in the period and to positive extraordinary events.

In 1Q21, **free cash flow** was R$44.2 million positive, due to the good operational performance, to the release of working capital and to positive extraordinary events.

In 1Q21, **return on invested capital** was 17.8%, a 1.6 p.p increase vs 4Q20, mainly due to the rebound of automotive sector in 2H20 and to the better efficiency level of the automotive division in the period.

In March 2021, the Company was R$ 110.3 million net cash, a result of the company's operational efficiency, to non-recurring events and to the postponement of spending amid the upsurge of the pandemic.

Tegma Gestão Logística S.A, one of the largest logistic providers for brand new vehicles in Brazil, hereby presents its Q1 2021 results:

Operational and financial highlights	1Q21	Chg % vs 1Q20	1Q20
Net revenue (R$ million)	233.9	-16.4%	279.7
Gross profit (R$ million)	42.6	-27.7%	58.9
Gross margin %	*18.2%*	*-2.8 p.p.*	*21.0%*
EBITDA* (R$ million)	43.2	5.6%	40.9
Adjusted EBITDA* (R$ million)	43.2	-2.3%	44.2
Adjusted EBITDA margin %*	*18.5%*	*2.7 p.p.*	*15.8%*
Net income (R$ million)	20.2	5.0%	19.3
Net margin %	*8.7%*	*1.8 p.p.*	*6.9%*
Earnings per share (R$)	0.3	5.0%	0.3
Free cash flow (R$ million)	44.2	-25.3%	59.2
CAPEX (R$ million)	6.5	20.3%	5.4
Vehicles transported (in thousand)	137.3	-12.4%	156.7
Market Share %	*22.8%*	*-2.9 p.p.*	*25.7%*
Average Km per vehicle transported	1,049	-6.6%	1,123

To access this spreadsheets in Excel, Click here.

** It is important to remark that EBITDA after IFRS-16 does not include the rental costs of the operation. For reconciliation, see Annex I.*

Summary

Click here for the Financial historic and explanatory notes in EXCEL.
Click here for this report's spreadsheets in EXCEL.

Evaluate our results release

We are always trying to improve the quality of our results. In this way, we make available a link to evaluate our materials.

Click here to access the survey.

Upcoming events

- **BTG Pactual CEO Conference Brasil 2021**

05/25/2021 -05/27/2021

- **Live XP Expert Talks Youtube (in Portuguese)**

05/13/2021 | 3 p.m BRT

Accomplished events

- **Bradesco BBI 7th Brazil Investment Forum**

04/06/2021

- **Live Condor Insider Youtube (in Portuguese)**

04/01/2021

Forward-looking statements

This communication contains forward-looking statements based on the current expectations and beliefs of Tegma's management. The ongoing COVID-19 pandemic imposes significant risks and uncertainties on the statements, including those discussed below. Unless indicated, Tegma is providing this information as of the date of this communication and does not undertake any obligation to update any forward-looking statements contained in this document as a result of new information, future events or otherwise.

No forward-looking statement can be guaranteed and actual results may differ materially from those we project.

Management's Discussion and Analysis

The quarter ends with **signs of recovery coming from the automotive market**, despite pandemic worsening and stoppage of automakers. In addition, as a confirmation of the good service provided by Tegma, integrated/industrial logistics operation managed to expand the scope of services for two clients, further improving our business profile and allowing for the division' growth.

The lack of auto parts and especially semiconductors has affected the Brazilian and global automotive industry. This restriction contrasts with the **dammed demand for vehicles** that can be currently seen, even in a scenario of pandemic upsurge in Brazil and still high unemployment rates levels. The vehicles domestic sales in March 2021, were 13.3% higher in the annual comparison due to the sharp drop in sales in the 4th and 5th weeks of March 2020 and to postponed licensing of purchases made in December 2020 and in January 2021. Despite all restrictions imposed in the worst month of the pandemic, the constant daily sales between 8 and 9 thousand during the month according to ANFAVEA reflects the dammed demand for vehicles. Added to all this, the sales effort of dealerships, which are more adapted to virtual dealerships and with a more proper safety protocol, justify part of this performance.

The increase in used vehicle sales post-2Q20 reflects the waiting list of up to 180 days for a new one, which is already causing a spike in used vehicles' prices. Rental companies, which have not been properly attended since April 2020, indicate the need to acquire approximately 450 thousand vehicles this year, with the purpose of adjusting the average age of the fleet, which reached almost 20 months in 2020, in accordance with the ABLA (Brazilian Car Rental Companies Association). The substantial increase in the balance of savings accounts since the beginning of the pandemic and greater availability of lower-interest credit vs the past (albeit still at high levels) are good macro and sectors indicators for the vehicle purchase. The increase in vehicle prices due to the exchange rate depreciation, the increase in taxes in the most representative state of the country and the more restrictive rules for acquiring vehicles in the PCD (person with disabilities) modality are, on the other hand, negative factors for these upward trend.

In this quarter **Integrated logistics** achieved **new logistical flows** with current clients in the **chemical industry**, which further expands the company's share in this business and improves the operations profile, diluting fixed costs and improving the Division's productivity. This achievement is the result of a constant search for operational improvements and unending commercial efforts.

Tegma has the asset light business model, the flexibility and liquidity to deal with a potential worsening of the current crisis in 2Q21, as was shown in 2Q20. The company is constantly seeking to diversify its business, with the responsibility of generating value to its shareholders.

Quarter Highlights

Expansion of Contracts in Industrial Logistics

As was announced in 3Q19, in 1Q21 Tegma managed to expand its scope of services for two clients in its industrial logistics operation.

These operations include services such as logistical planning, dockside transport, storage, handling, road transport of solid (sulfate and soda ash/sodium carbonate) and liquid bulk (sodium laureth sulfate, sulfonic acid, tallow and fat), as well as intralogistics activities in the factory of our clients (manufacturers of personal and home care products and glassware).

Tegma only operates the whole logistics for one client, connecting the supply chain links through all services. The challenge to broaden this range of services to other clients and, obviously, prospects for others is constant.

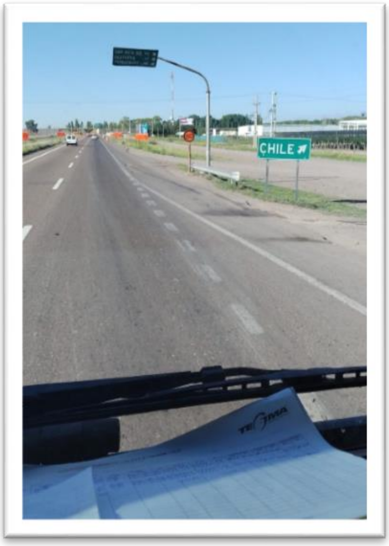
In 1Q21, Tegma **was able to expand the sodium sulfate road transport service until the factory of one of these clients, as well as execute a road transport agreement with another client, for which we initiated (pilot) tests in January and February**, signing a service proposal for March until December 2021.

1Q21 and Scheduled Vehicle Production Downtimes

As mentioned in 4Q20 results release, the lack of auto parts and semiconductors and the second wave of the COVID-19 pandemic in Brazil were imposing important challenges in the production scale of automakers in 1Q21. The automakers shutdowns lasted from 5 days to two weeks, and did not affect all automakers evenly.

Given the aggravation of the pandemic in Brazil and the persisting unavailability of auto parts (particularly semiconductors), it is expected that, throughout the 2Q21, there will be more production shutdowns. These production halts, coupled with the industry's average vehicle inventory of just 13 days at the end of March, can impair the vehicles transport flow from certain automakers. General Motors has been the automaker most impacted by this recent problem, imposed to interrupt production of the country's best-selling vehicle (Chevrolet Onix) for 20 days in March/21, with plans for maintain the production halt in April and May, only returning in June/21.

Vehicle Deliveries by Road to Chile



In 1Q21 **Tegma expanded a high-complexity vehicle delivery operation to Chile via the Andes**. In the quarter, the vehicle logistics operation had 55 trips departing from three Brazilian states and covering an average distance of over 6 thousand kilometers. This operation is not constant and minimum volumes for this operation cannot be guaranteed.

This operation has a very complex supporting structure due to the fact that it crosses two to three borders and passes through roads that are not so favorable to equipment as extensive as the auto hauler truck.

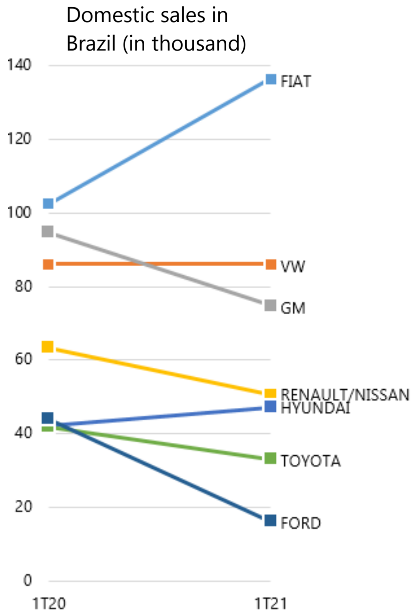
This new initiative expands the options of production shipment of automakers to Latin America at a time of increasing Brazilian exports, which become less dependent of bottlenecks in ports and of the limitation/unavailability of Ro-Ro ships.

The renewal of Tegma's own fleet that has been carried out since 2019 is critical for these long-distance export trips, which are favored by the moment of a devalued exchange rate and commercial agreements that expand the volumes directed for export. In this quarter, trips to Bolivia were also confirmed.

Despite the little revenue representativeness of these operations on account of the volume, these operations are added to the hall of services that Tegma provides to automakers (domestic transport, yard management, and storage).

Substantial Change in Market Shares – Automotive Industry

Over the course of the last 12 months, the automotive market in Brazil showed significant changes in its domestic sales pattern. The change in purchase profile (from Hatches to SUVs), the reduction in the share of rent a car companies (from 23% in 2019 to 21% in 2020), the good performance of Brazil's agribusiness, which demands vehicles such as pick-ups and small pick-ups, as well as new models that gain more or less public preference, have highlighted the performance of a few brands.



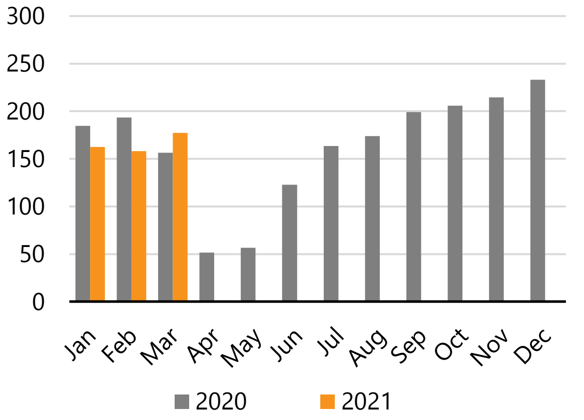
The chart to the right shows the evolution of domestic sales in Brazil in 1Q21 in the annual comparison of the 7 largest brands in terms of sales. Even at a time of worsening of the current crisis, in which domestic sales had a 7% drop in the quarter in the annual comparison, the Fiat/Jeep/Stellantis brand posted a 33% growth in sales because of a diversified portfolio, contemplating all categories described above and it is already representing almost 1/3 of national sales. The other brands, except for Hyundai which had a slight growth, showed either stability or a decrease in sales, still reflecting the country's high unemployment rate, less disposable income, sales strategies directed to fleet owners and rental companies, the market positioning as explained above, and/or production shutdowns due to the lack of parts. GM was greatly impacted by the latter factor, as it interrupted the production of its best-selling vehicle in Brazil throughout the month of March.

Automotive Market

As mentioned in the quarter's highlights, the automotive industry has been suffering from the lack of auto parts, which affected the production capacity of the industry, causing production shutdowns in some automakers throughout the first quarter. Additionally, since the second half of January, Ford Motors ended its vehicle production in the country, reducing the sector's capacity to meet the market demand for new vehicles. Despite these negative factors, the 0.7% increase in **production** in 1Q21 in the annual comparison reflects the resilience of automakers in Brazil that, despite production difficulties, managed to maintain sufficient production to maintain the current level of inventories.

Despite this difficult scenario, it was possible to observe a lower than expected impact for the first quarter, with a 6.8% drop in **domestic vehicle sales** in the annual comparison. The chart 1 on the side shows the growth in vehicles sales in March compared to the first two months of the year, even though it is the month most affected by the intensification of the automakers' production stoppage.

Chart 1 – Sales of vehicles on the domestic market (in mi)



Source: ANFAVEA

Exports grew 4.1% in 1Q21 in the annual comparison, due to the good performance of vehicle sales in Latin America, the destination of the main Brazilian exports. The currency devaluation, also contributed to this performance.

Inventories in March 2021 were 101.1 thousand vehicles, 62.1% lower in the annual comparison. The low level of inventories is due to the difficulty of production of automakers and restrictions arising from the preventive measures of COVID 19. This level of inventories represents 16 days of sales, one of the lowest in the history of the Brazilian automotive industry.

The **imported vehicles sales**, in turn, fell 23.1% in 1Q21 in the annual comparison, due to the devaluation of the national currency devaluation, which raised the price of imported vehicles and the global production that focuses on normalizing inventory levels in their countries.

	1Q21	Chg % vs 1Q20	1Q20
Vehicles and light commercial vehicles sales	**586.7**	**-5.3%**	**619.5**
Domestic	497.9	-6.8%	534.3
Exportations	88.8	4.1%	85.2
Estimated wholesale sales	**601.2**	**-1.4%**	**609.5**
(+) Production of vehicles and light commercial	559.1	0.7%	555.2
(+) Importation of vehicles and light commercial*	45.9	-23.1%	59.6
(-) OEM's inventories change	3.8	N/A	5.4
Inventories (In OEM and dealers)	101.1	-62.1%	266.6
Inventories (In OEM and dealers in days)	16	-	-[1]

Source: ANFAVEA and FENABRAVE *(in thousand)*

** Due to the lack of update from Central Bank of the number of vehicles imported by Brazil since December 2018, we replaced this information by the number of imported vehicles sold.*

[1] due to industry uncertainties in March 2020, it was not possible to assess industry inventories in terms of days

Operation highlights – Automotive logistics division

As explained in the previous session, domestic vehicle sales in 1Q21 have been affected due to production difficulties in the automotive industry, with some automakers being more affected than others.

Due to the difficulty of production of one of our main client and the substantial change in market share among the automakers, the **number of vehicles transported** by Tegma in 1Q21 decreased 12.4% in the annual comparison. This amount results in a 2.9 p.p market share in the annual comparison, totaling 22.8%, as shown in Chart 2 and the table below.

In 1Q21, the **average distance of domestic travels** was 5.4% lower in the annual comparison, mainly due to the closure of Ford's production in Brazil, which owned one of the most distant factories from the south and southeast regions. **Average distance of exports** was 43.6% higher in 1Q21 in the annual comparison, due to the increase in the participation of road transport of vehicles to Mercosur. The **consolidated average distance** has decreased 6.6% in 1Q21 in the annual comparison mainly due to the reduction in the average domestic distance and the increase in the share of export volumes in transport.

Chart 2 – Number of vehicles transported by Tegma (in thous) and Tegma market share

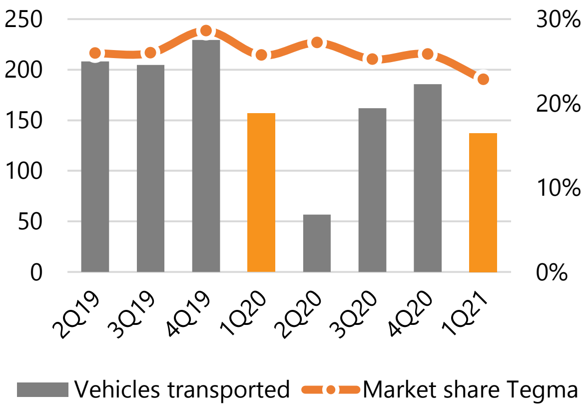


Chart 3 – Vehicles transported (in thous)

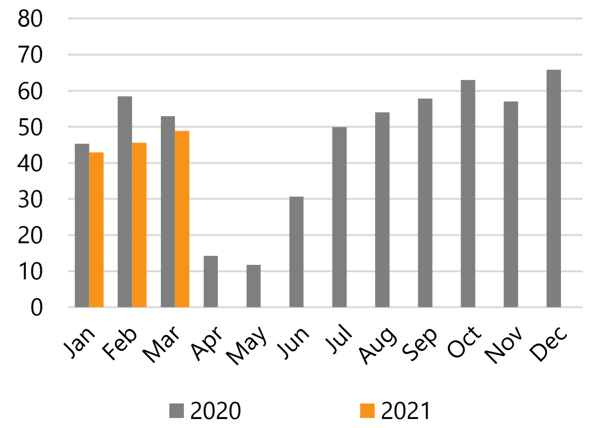
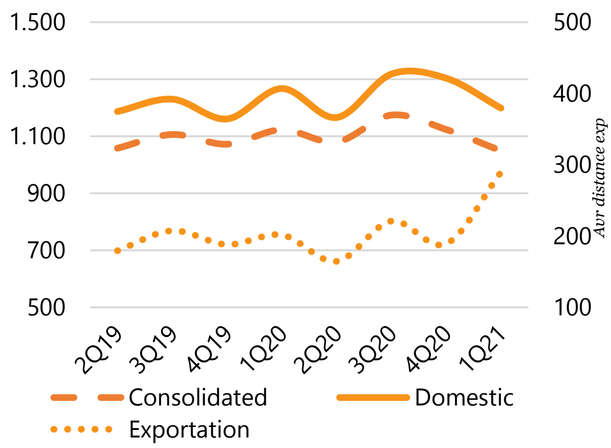


Chart 4 – Tegma´s trips average distance (in km)



	1Q21	Chg % vs 1Q20	1Q20
Vehicles transported (thousand)	**137.3**	**-12.4%**	**156.7**
Domestic	114.7	-15.4%	135.5
Exportations	22.6	6.7%	21.2
*Market share %**	*22.8%*	*-2.9 p.p.*	*25.7%*
Average km per vehicle (km)	**1,048.6**	**-6.6%**	**1,122.6**
Domestic	1,198.5	-5.4%	1,267.0
Exportations	289.6	43.6%	201.7
Total km (million km)	**144.0**	**-18.2%**	**175.9**
Domestic total km	137.4	-19.9%	171.6
Exportations total km	6.6	53.1%	4.3

** Considering the denominator the wholesale sales on the previous page*

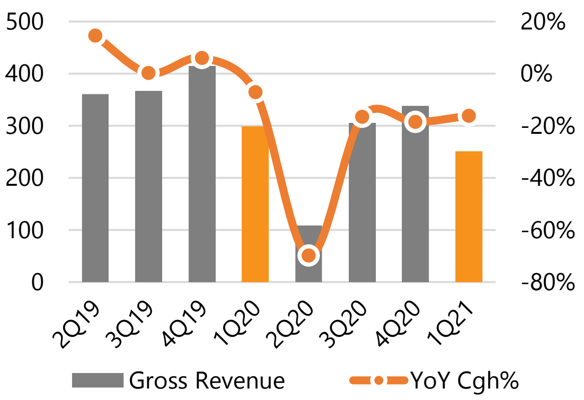
in thousand, except average km and total km in million)

Results – Automotive logistics division

As explained in the previous section, the automotive market has been impacted by difficulties in supplying parts and in 2021 first quarter this difficulty was aggravated in some automakers. Despite the sharp drop in Tegma's market share in 1Q21 and, consequently, in revenue, the resilience of the results reflects all efforts to control costs and expenses.

The division's **gross revenue** fell 16.3%, in annual comparison and such variation is explained: i) negatively by the 12.4% drop in the number of vehicles transported in 1Q21 in yearly comparison, ii) negatively by the 4.8% decrease in the average km per vehicle in 1Q21 in yearly comparison and iii) positively partly due to the price readjustment held throughout 2020. Revenue from logistics services is significantly reduced compared to 1Q20 due to the reduction in inventories in the industry.

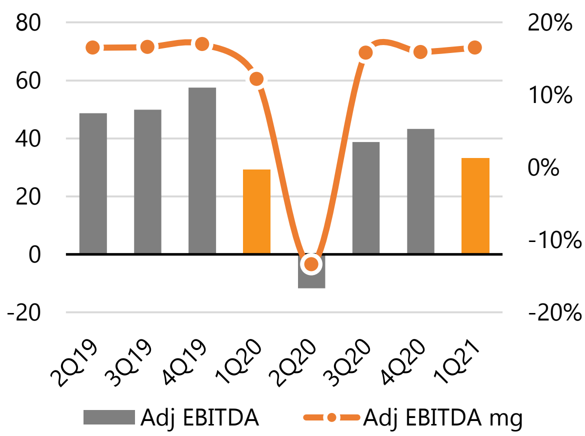
Chart 5 – Automotive Div. gross revenue (in R$ mi)



The revenue drop in the yearly comparison impacted the 1Q21 division's **gross margin**, that was 18.5%, a 2.3 p.p loss vs 1Q20. The margin loss is a result of lower revenues, impacting the dilution of fixed costs despite the fixed costs reduction made along 2020 and 2021.

The division's **EBITDA margin*** was 16.5%, a 4.3 p.p gain vs 1Q20 in the annual comparison. This margin expansion, despite the drop in revenue in the period, results from two non-recurring events that positively impacted the result of automotive logistics in 1Q21: i) the receipt of an amount related to the right to manage the payroll of employees and ii) the reimbursement due to a commercial contract conditions change. Both impacts amounted positive R$ 6.7 million. In addition, for better comparability, it is necessary to consider that non-recurring expenses impacted 1Q20, totaling R$ 8.4 million negative. Although event ii of 1Q21 was the result of an entire one-year operation in a quarter, if these non-recurring events are disregarded from both quarters, the division's EBITDA in 1Q21 would have been R$ 26.4 million, 29.9% lower in the annual comparison, an EBITDA margin of 13.2%, 2.5 p.p lower compared to 1Q20.

Chart 6 – Automotive Div Adj EBITDA* (in R$ mi)



Automotive logistics division	1Q21	Chg % vs 1Q20	1Q20
Gross revenue	**250.1**	**-16.3%**	**298.7**
Taxes and deductions	(49.3)	-14.9%	(57.9)
Net revenue	**200.8**	**-16.6%**	**240.8**
Cost of services	(163.7)	-14.1%	(190.6)
Gross profit	**37.1**	**-26.0%**	**50.2**
Gross margin%	*18.5%*	*-2.3 p.p.*	*20.8%*
Expenses	(12.3)	-61.7%	(32.0)
Operating income	**24.9**	**36.6%**	**18.2**
(-) Depreciation and amortization	(8.2)	6.3%	(7.7)
EBITDA*	**33.1**	**27.6%**	**26.0**
(+) Non-recurring	-	-	3.3
Adjusted EBITDA*	**33.1**	**13.1%**	**29.3**
Adjusted EBITDA Margin %*	*16.5%*	*4.3 p.p.*	*12.2%*

To access this spreadsheets in Excel, Click here.
** It is important to remark that EBITDA after IFRS-16 does not include the rental costs of the operation.*

TEGMA GESTÃO LOGÍSTICA S A | EARNINGS RELEASE | 1Q21 | IN R$ MILLION

Operational highlights – Integrated logistics division

Even with the impact of the second wave of COVID-19 in Brazil, the integrated logistics division focused on industrial logistics continues to maintain its operations. The division's performance remains similar to pre-pandemic levels, despite showing a slight reduction in the quarterly comparison.

The 1Q21 **quantity of travels** ran by Tegma was 8.2% lower in the annual comparison. This reduction was mainly due to the decrease of imported inputs managed by the chemical operation due to the inventories surged along the 2H20, which impacted in this quarter the number of trips from the port to the warehouse.

The amount of **tons transported** by the chemical operation increased 3.1% in 1Q21, indicating a maintenance of the volume consumed by our clients, despite the reduction in imports. Due to continued consumption and reduced import of inputs, the **average tons stored** by the chemical division fell 9.5% in 1Q21.

Chart 7 – Consolidated # of travels by the integrated logistics division

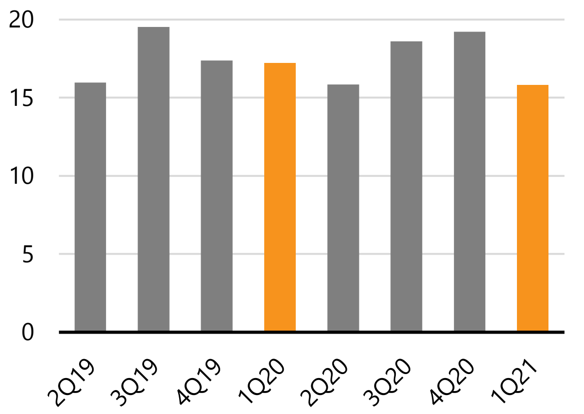


Chart 8 – Average tons stored by chemical operation (thousand)

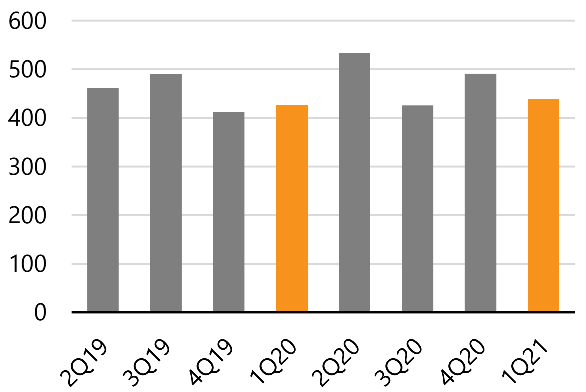
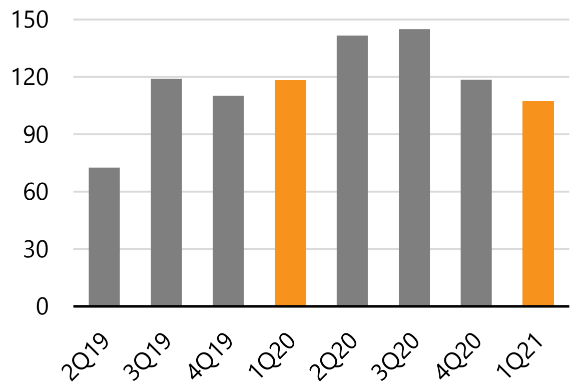


Chart 9 – Tons transported by the chemical operation (thousand)



Operational highlights	1Q21	Chg % vs 1Q20	1Q20
Consolidated # travels	15.8	-8.2%	17.2
Tons transported by the chemical operation (thousand	439.2	3.1%	426.1
Average tons stored by chemical operation (thousand	107.2	-9.5%	118.4

To access this spreadsheets in Excel, Click here.

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Results – Integrated logistics division

As reported in the previous quarter's earnings release, the integrated logistics division discontinued a relevant contract of the warehousing operation that represented around 85% of its revenue, which impacted negatively the division's gross revenue performance.

Industrial logistics' **Gross revenue** in 1Q21 grew 3.1% in the annual comparison due to the good performance in **chemicals operation**, that supplies home 'n personal care and glassware factories. This operation maintained recurrent levels also due to to the **home appliance operation**, which returned to normal levels, after a surge in production during the second half of 2020. In turn, revenues from the **warehousing operation** in 1Q21 were 84.2% lower in the annual comparison, due to the discontinuation of operations for a relevant client, as mentioned above.

The division's **gross margin** in 1Q21 was 16.4%, 5.9 p.p lower in the annual comparison due to the drop in revenue from the warehousing operation, which was not accompanied by a proportional reduction in the operation costs and also to the reduction in the occupation of the chemical operation warehouse, which affected the operation fixed costs dilution.

The division's **EBITDA margin*** in 1Q21 was 30.4%, 7.9 p.p. lower in the annual comparison due to the same reasons explained by the contraction of the gross margin above. However, due to the EBITDA under IFRS-16, it does not include rental costs, which are being amortized, and does not capture the reduction in rental costs impact in the period. **The EBITDA margin (ex IFRS-16) would be 23.8%, 2.6 p.p lower than 1Q20. The difference in this variation in the EBITDA margin vs the official margin is due to the reduction in the division's rental costs in the period.**

Chart 10 - Gross Revenue Integr. Logistics (in R$ mi)

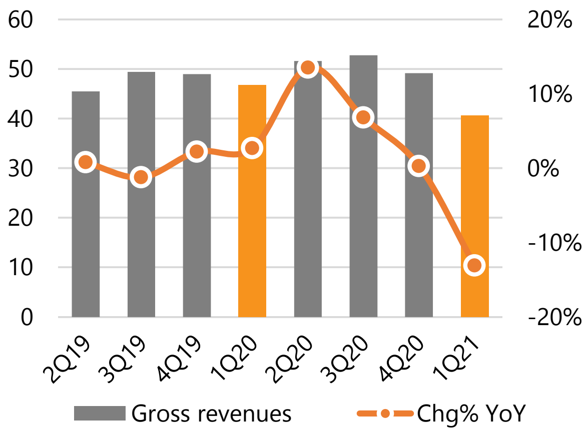
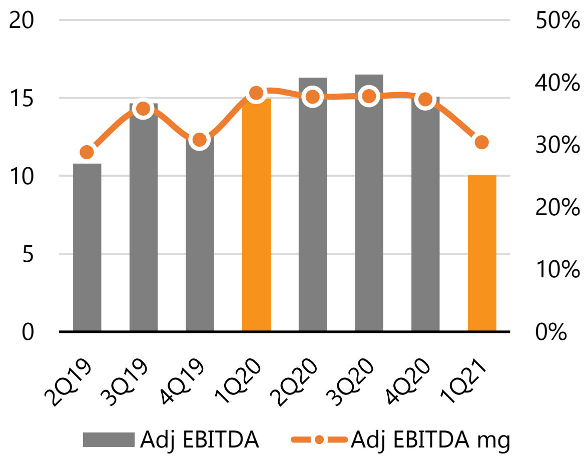


Chart 11 - Integrated Logistics EBITDA* (in R$ mi)



Integrated logistics division	1Q21	Chg % vs 1Q20	1Q20
Gross revenue	**40.7**	**-13.1%**	**46.8**
Warehouse	1.4	-84.2%	8.7
Industrial logistics	39.3	3.1%	38.1
Gross revenue deductions	(7.6)	-2.7%	(7.8)
Net revenue	**33.1**	**-15.1%**	**39.0**
Cost of services	(27.7)	-8.7%	(30.3)
Gross profit	**5.4**	**-37.5%**	**8.7**
Gross margin %	*16.4%*	*-5.9 p.p.*	*22.2%*
Expenses	(0.1)	-41.6%	(0.2)
Operating income	**5.3**	**-37.4%**	**8.5**
(-) Depreciation and amortization	(4.7)	-26.2%	(6.4)
EBITDA*	**10.1**	**-32.6%**	**14.9**
(+) Non-recurring	-	-	-
Adjusted EBITDA*	**10.1**	**-32.6%**	**14.9**
Adjusted EBITDA Margin %*	*30.4%*	*-7.9 p.p.*	*38.3%*

To access this spreadsheets in Excel, Click here.

** It is important to remark that EBITDA after IFRS-16 does not include the rental costs of the operation.*

TEGMA GESTÃO LOGÍSTICA S A | EARNINGS RELEASE | 1Q21 | IN R$ MILLION

Results - Consolidated

The **consolidated gross revenue** in 1Q21 was negatively impacted in annual comparison mainly due to the decrease in the number of vehicles transported by automotive logistics division.

1Q21's **consolidated gross margin** was 18.2%, a 2.8 p.p decrease vs. previous year, mainly because the revenue decrease in automotive logistics division, which reduced the dilution of fixed costs despite the cost cuts made, as well a worst mix of services in the integrated logistics division.

1Q21's **expenses** were R$ 12.3 million, 61.6% below in annual comparison. This variation is, in part, a consequence of two non-recurring events that impacted positively 1Q21 expenses by R$ 6.7 million, such as: i) the receipt of an amount related to the right to manage the payroll of employees and ii) reimbursement due to a commercial contract conditions change in the automotive logistics division. In addition, 1Q20 expenses were impacted by a series of non-recurring events that totaled R$ 8.4 million. Disregarding these events, the Company's expenses in 1Q20 would have been R$ 19.0 million, 19.7% lower due to reductions implemented by the administration over the past year to handle the impact of the pandemic. These savings were incorporated in a perennial way.

In 1Q21, **EBITDA*** was R$ 43.2 million, an 18.5% margin, 2.7 p.p higher than 1Q21. **If the events mentioned above were disregarded, 1Q21's EBITDA would be R$ 36.5 million, 30.7% lower in the annual comparison, a 15.6% margin or 3.2 p.p lower vs. 1Q20 due to the drop in revenue from automotive logistics and the unfavorable service mix effect of industrial logistics.**

Chart 12 – Gross revenue consolidated (in R$ mi)

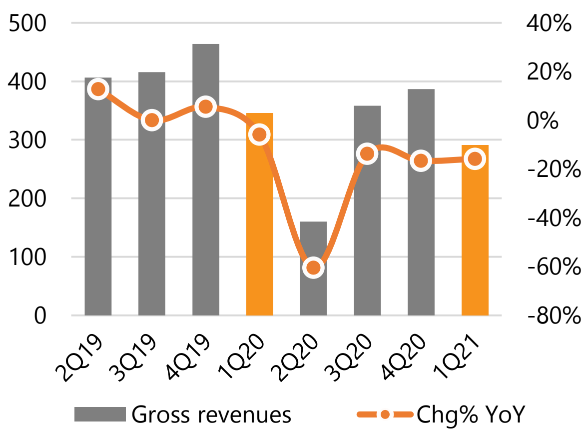
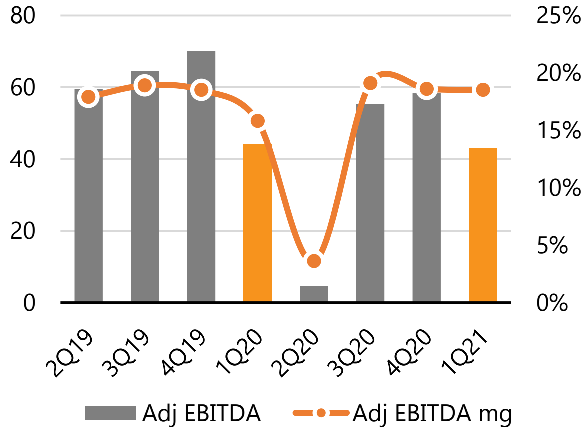


Chart 13 – Consolidated adjusted EBITDA* (in R$ mi)



Consolidated	1Q21	Chg % vs 1Q20	1Q20
Gross revenue	**290.8**	**-15.8%**	**345.5**
Automotive Logistics	250.1	-16.3%	298.7
Integrated Logistics	40.7	-13.1%	46.8
Gross revenue deductions	(56.9)	-13.5%	(65.7)
Net revenue	**233.9**	**-16.4%**	**279.7**
Cost of services	(191.3)	-13.4%	(220.9)
Gross profit	**42.6**	**-27.7%**	**58.9**
Gross margin %	18.2%	*-2.8 p.p.*	21.0%
Expenses	(12.3)	-61.6%	(32.1)
Operating income	**30.2**	**13.0%**	**26.8**
(-) Depreciation and amortization	(13.0)	-8.4%	(14.2)
EBITDA*	**43.2**	**5.6%**	**40.9**
(+) Non-recurring	-	-	3.3
Adjusted EBITDA*	**43.2**	**-2.3%**	**44.2**
Adjusted EBITDA Margin %*	*18.5%*	*2.7 p.p.*	*15.8%*

To access this spreadsheets in Excel, [Click here.](#)

** It is important to remark that EBITDA after IFRS-16 does not include the rental costs of the operation.*

TEGMA GESTÃO LOGÍSTICA S A | EARNINGS RELEASE | 1Q21 | IN R$ MILLION

Results – Consolidated *...continuation*

The 109.5% growth in **interest expenses, net of revenue from financial investments** in 1Q21 in the annual comparison is mainly due to the significant increase in the average spread of debts raised throughout 2020 in the midst of the COVID-19 pandemic crisis, despite the reduction in the basic interest rate and the reduction of net debt.

	1Q21	Chg % vs 1Q20	1Q20
Revenue from financial investments	1.4	6.6%	1.3
Interest expenses	(2.3)	34.2%	(1.7)
Interest expenses, net of revenue from financial investments	**(1.0)**	**109.5%**	**(0.5)**
Interest on leasing	(1.5)	-3.9%	(1.6)
Other financial revenues (expenses)	(0.4)	-	0.0
Financial result	**(2.9)**	44.2%	**(2.0)**

Equity[1], as shown in the last table, was positive by R$ 0.8 million in 1Q21. This result is basically coming from GDL, which we can see its income statement (100%) in the table beside. The comparison shows a 6.2% drop in **net revenue** from the Joint Venture in 1Q21 in the annual comparison due to the reduction in the number of imported vehicles that are handled and stored by the Company, which resulted in a R$ 1.6 million net income in 1Q21, a 44.1% reduction in the annual comparison, given the revenue reduction and the change in the mix of services, which resulted in a lower operating margin.

GDL (100%)	1Q21	Chg % vs 1Q20	1Q20
Net Revenue	**17.2**	**-6.2%**	**18.4**
Operating income	**2.0**	**-55.9%**	**4.5**
Operating margin%	*11.5%*	*-13.0 p.p.*	*24.5%*
Net income	**1.6**	**-44.1%**	**2.9**
Net margin %	*9.5%*	*-6.4 p.p.*	*15.9%*

The 1Q21 **income tax rate** was 28.4%. Among the factors that reduce the income tax rate, the most representative is the exclusion of the ICMS tax credit from the tax calculation base.

	1Q21	Chg % vs 1Q20	1Q20
Income before tax	**28.1**	**7.7%**	**26.1**
Real tax rate	-34.0%	-	-34%
Income tax and social contribution at the nominal rates	**(9.6)**	**7.7%**	**(8.9)**
Presumed ICMS tax credit	1.3	-11.2%	1.5
Permanent differences, equity equivalence and others	0.3	-49.0%	0.5
Income tax	**(8.0)**	**16.6%**	**(6.9)**
Effective tax Rate	*-28.4%*	*-2.2 p.p.*	*-26.2%*

Net income in 1Q21 was R$ 20.2 million, representing a 4.5% increase in the annual comparison due to the cost control carried out by the company during the pandemic and non-recurring events that added up to R$ 4.4 million, net of taxes, despite the adverse scenario in the automotive industry.

Consolidated	1Q21	Chg % vs 1Q20	1Q20
Operating income	**30.2**	**13.0%**	**26.8**
Financial result	(2.9)	44.1%	(2.0)
Equity	0.8	-41.8%	1.4
Income before tax	**28.1**	**7.7%**	**26.1**
Income tax	(8.0)	16.6%	(6.9)
Net income	**20.2**	**4.5%**	**19.3**

[1] 50% of the operation of the company GDL (customs and general storage of Espírito Santo), 49% of the non-operating company Catlog and 10% of the company Frete Rápido.

TEGMA GESTÃO LOGÍSTICA S A | EARNINGS RELEASE | 1Q21 | IN R$ MILLION

TEGMA GESTÃO LOGÍSTICA S A | EARNINGS RELEASE | 1Q21 | IN R$ MILLION

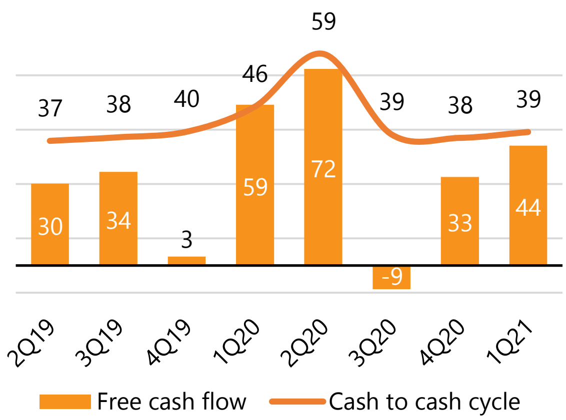
Cash Flow

The Company's **free cash flow** in 1Q21 was R$ 44.2 million, positively influenced by the continued good performance of the company's operations and by the cash-to-cash-cycle improvement in the yearly comparison, which generated a release of working capital due to the revenue reduction in 1Q21.

The Company's **cash-to-cash cycle** in 1Q21 remained at the recent recurring level of 39 days, totaling 7 days less than that recorded in 1Q20.

CAPEX in 1Q21 was R$ 6.5 million, as shown in the table beside. The most relevant investment in the quarter was the acquisition of packages in the amount of R$ 3.2 million, due to the prospect of increasing the volume of industrial logistics operations for the home appliance sector and the need for packaging with new specifications.

Chart 14 – Free cash flow (in R$ mi) and cash-to–cash cycle (in days) consolidated



Net cash generated by investing activities in 1Q21 was R$ 4.5 million negative due to the CAPEX "cash" disbursed of R$ 4.8 million and to the receipt of R$ 0.3 million from the sale of assets.

Net cash from financing activities in 1Q21 was negative by R$ 8.9 million due to the lease payment (IFRS-16).

Consolidated CAPEX	1Q21	1Q21
Logistic equipment purchases	-	2.4
Fixed asset improvements and maintenance	-	-
IT	1.4	1.4
Maintenance & General improvements	3.2	-
Land improvements and purchases	1.9	1.6
Total	**6.5**	**5.4**

	1Q21	4Q19
A - Cash at beginning of period	**260.4**	**67.3**
1- Net cash generated by operating activities	57.9	73.0
2 - Capital expenditures "cash"	(4.8)	(5.5)
3 - Payment of leasing	(8.9)	(8.3)
Free cash flow (1 + 2 + 3)	44.2	59.2
4 - Net cash generated by investing activities	(4.5)	(5.5)
5 - Net cash from financing activities	(8.9)	(8.9)
(=) Cash at end of period (A + 1 + 4 + 5)	**304.9**	**125.9**

(consolidated)

** It is important to remark that EBITDA after IFRS-16 does not include the rental costs of the operation. For reconciliation, see Annex I*

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Debt and cash

Tegma's capital structure has remained unleveraged due to the Company's operational cash generation and the low CAPEX to maintain its current operations. Since the second quarter of 2020, the Company report a cash levels above debt due to several factors, but mainly due to the release of working capital and to the recovery of operating income in subsequent quarters.

On March 31, 2021 **net cash** was R$110.3 million vs R$ 66.6 million net cash as of December 31, 2020.

The 1Q21 and 4Q20 **net debt / LTM adjusted EBITDA* index** were not applicable due to the net cash in both quarters. The 1Q21 coverage ratio (which is equivalent to **adjusted EBITDA* / financial result**) was 16.1x. The Company's *covenants* are <2.5x and >1.5x, respectively.

The Company's gross debt average cost on March 31, 2021 was CDI + 2.92%, stable vs. December 31, 2020.

Chart 15 – Debt and cash consolidated (in R$ mi)

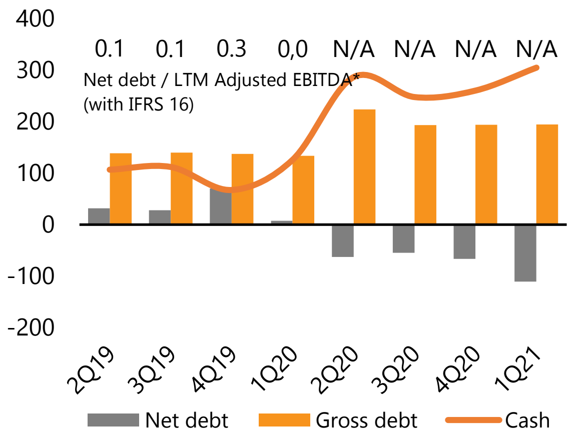
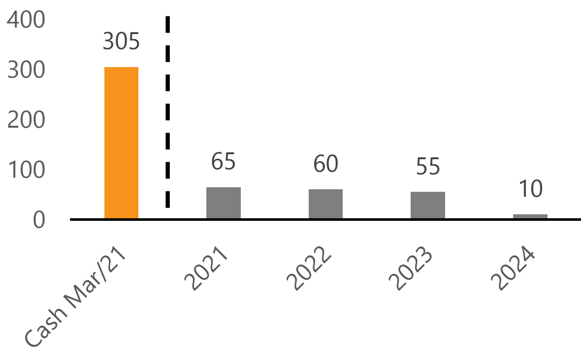


Chart 16 – Cash, and Principal debt schedule amortization (R$ mi)



	2Q20	3Q20	4Q20	1Q21
Current debt	119.0	68.4	68.8	69.6
Non-current debt	105.0	125.0	125.0	125.0
Gross debt	**224.0**	**193.4**	**193.8**	**194.6**
(-) Cash	0.6	0.7	1.8	1.5
(-) Banking investments	285.9	247.1	258.5	303.4
Net debt	**(62.5)**	**(54.4)**	**(66.6)**	**(110.3)**
Adjusted EBITDA* TTM	**183.5**	**174.3**	**162.5**	**161.5**
Net debt / Adjusted EBITDA TTM*	*N/A*	*N/A*	*N/A*	*N/A*
Financial result TTM	**23.1**	**(10.3)**	**(9.2)**	**(10.0)**
Adjusted EBITDA TTM / Financial result TTM	*N/A*	*17.0*	*17.7*	*16.1*

** It is important to remark that EBITDA after IFRS-16 does not include the rental costs of the operation.* *(consolidated)*

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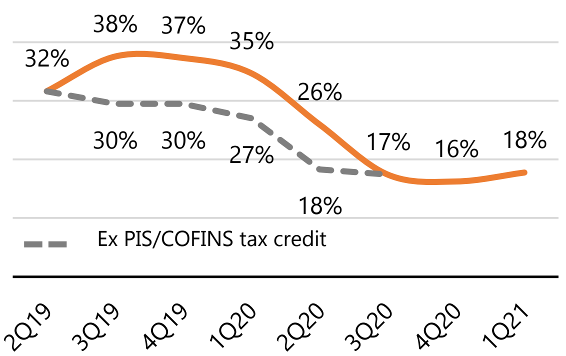
TEGMA GESTÃO LOGÍSTICA S A | EARNINGS RELEASE | 1Q21 | IN R$ MILLION

Return on invested capital

The Company consider that monitoring the **return on invested capital** (ROIC) is extremely relevant for investors, since this metric reflects the Company's value creation. ROIC is not a substitute for other accounting measures in accordance with IFRS and may not be comparable to similar measures used by other companies. The Company defines ROIC as the last 12 months operating profit (after-tax of 34%), divided by the average of the previous four quarters months invested capital (shareholders' equity plus net debt minus acquisition goodwill).

Chart 17 – Return on invested capital (ROIC) consolidated



ROIC: NOPAT / (Net debt + Equity – goodwill)
Indicator math in the file Historical Financials.xlm (Qtl figures)

ROIC in 1Q21 was 17.8%, an 1.6 p.p increase vs 16.2% ROIC reported in 4Q20. The ROIC improvement is mainly due to the rebound of brand new vehicle sales along the 2S20, allied with the automotive logistic division operational improvements that allowed the division to post margins close to 2019's levels. Beyond that, it is noticeable the resilience of integrated logistics division along the COVID-19 pandemic.

	1Q19	2Q19	3Q19*	4Q19*	1Q20*	2Q20*	3Q20	4Q20	1Q21
ROIC (A / B)	**30.4%**	**31.6%**	**37.5%**	**37.3%**	**34.7%**	**25.9%**	**17.4%**	**16.2%**	**17.8%**
NOPAT (Oper inc *(1-34%) (A)	**112.9**	**119.3**	**155.2**	**158.1**	**149.0**	**112.7**	**74.4**	**66.0**	**68.3**
Operating income (TTM)	171.1	180.7	235.1	239.6	225.7	170.8	112.8	99.9	103.4
Capital employed (B) (previous 12 months)	**371.8**	**377.1**	**413.4**	**424.2**	**429.8**	**434.7**	**427.7**	**405.9**	**384.0**
(+) Net debt	57.0	50.6	42.4	41.2	34.4	10.8	(9.8)	(44.0)	(73.4)
(+) Equity	483.1	490.6	531.1	543.0	555.5	583.9	597.5	609.9	617.5
(-) Acquisitions goodwill	168.4	164.2	160.0	160.0	160.0	160.0	160.0	160.0	160.0

(consolidated)
Due to the PIS COFINS credit that impacted NOPAT in 3Q19 in the amount of R$ 50 million, the ROIC adjusted by NOPAT for these quarters were 33.0%, 33.8%, 31.4% and 21.5% respectively.

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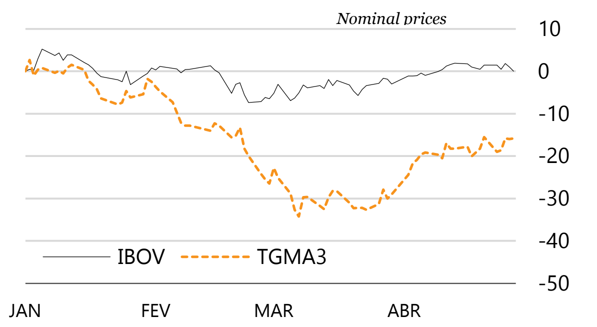
TEGMA GESTÃO LOGÍSTICA S A | EARNINGS RELEASE | 1Q21 | IN R$ MILLION

Capital Markets TGMA3

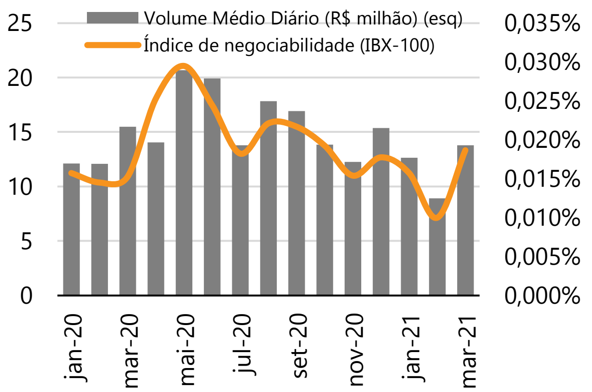
Tegma's shares (TGMA3) have suffered in the first months of 2021 from uncertainties related to the automotive market. TGMA3 depreciated 16%, versus a stability of Ibovespa index. The Company's market cap is around R$ 1.5 billion (R$ 22.65 per share).

Chart 18 – TGMA3 and IBOV Base zero (Jan/02/2021)



The ADTV of Tegma's shares in the last three months was around R$ 11.9 million traded daily (USD 2.2 million). TGMA3's tradability index vs IBX-100 has been showing a stability vs 1Q20.

Chart 19 – TGMA3 Liquidity



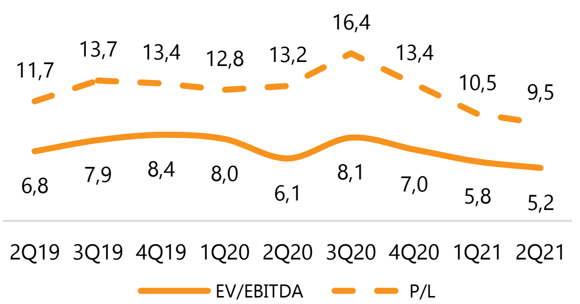
As mentioned in the 4Q20' quarter highlights, the Company announced the distribution of complementary dividends for the years of 2020, amounting R$ 12.5 million in interim earnings or R$ 0.19 per share. This amount added to the distribution made in November totals 0.53 earnings per share, representing a payout of 63% and a dividend yield of 2.4%.

Table 3 – Dividends and Payout

	Dividend per share (R$)	Payout %	Div Yld % LTM
2020	0.53	63%	2.5%
2019	1.14	43%	3.7%
2018	0.99	60%	4.3%
2017	0.93	60%	4.9%
2016	0.12	61%	1.0%
2015	0.08	53%	1.4%
2014	-	-	-
2013	0.71	100%	3.4%

The 2Q21 multiples, considering the estimates for subsequent years only for the analysts who updated their financial models were 9.5x EV/EBITDA and 5.2x P/E.

Chart 20 – Multiples TGMA3



TGMA B3 LISTED NM IBRA B3 SMLL B3 IGC B3 IGC-NM B3 IGCT B3 ITAG B3

TEGMA GESTÃO LOGÍSTICA S A | EARNINGS RELEASE | 1Q21 | IN R$ MILLION

Shareholder composition

Shareholder	# stocks TGMA3 ON	% Total
Mopia Participações e Empreendimentos Ltda.	15,396,481	23.3%
Cabana Empreendimentos e Participações Ltda.	4,817,704	7.3%
Coimex Empreendimentos e Participações Ltda.	13,207,034	20.0%
Other controlling shareholders (individuals)	509,473	0.8%
Directors and administration board	101	0.0%
Treasury	65,143	0.1%
Controllers, administrators e treasury	**33,996,036**	**51.5%**
Free float	**32,006,979**	**48.5%**
Total stocks	**66,002,915**	**100.0%**

Tegma Gestão Logística SA e subsidiaries
Income statement
(in R$ million)

Income statement	**1Q21**	**Chg % vs 1Q20**	**1Q20**
Gross revenue	**290.8**	**-15.8%**	**345.5**
Taxes and deductions	(56.9)	-13.5%	(65.7)
Net revenue	**233.9**	**-16.4%**	**279.7**
(-) Cost of services	(191.3)	-13.4%	(220.9)
Personnel	(23.8)	-21.1%	(30.2)
Freight	(153.2)	-12.3%	(174.7)
Other costs	(30.6)	-11.4%	(34.5)
Taxes credit (PIS and COFINS)	16.2	-12.5%	18.5
Gross profit	**42.6**	**-27.7%**	**58.9**
General and administrative expenses	(18.2)	-32.2%	(26.8)
Other expenses and revenues	5.9	-	(5.3)
Operating income	**30.2**	**13.0%**	**26.8**
Financial result	(2.9)	-30.6%	(2.0)
Equity	0.8	-41.8%	1.4
Income before tax	**28.1**	**7.7%**	**26.1**
Income tax	(8.0)	16.6%	(6.9)
Net income	**20.2**	**4.5%**	**19.3**
Net margin %	*8.6%*	*1.7 p.p.*	*6.9%*

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Tegma Gestão Logística SA e subsidiaries
Balance sheet
(in R$ million)

	Sep-20	Dec-20	Mar-21
Current assets	**511.2**	**517.7**	**520.3**
Cash	0.7	1.8	1.5
Banking investments	247.1	258.5	303.4
Accounts receivable	199.7	212.1	169.1
Related parties	0.1	0.2	0.2
Inventories	0.1	0.1	0.4
Income tax and social contribution	0.8	0.8	0.8
Taxes to recover	50.7	34.0	30.2
Other receivables	9.0	8.3	9.5
Prepaid expenses	3.1	1.8	5.0
Non-current assets	**46.2**	**46.7**	**45.8**
Taxes to recover	9.8	9.5	9.6
Other receivables	2.3	2.3	2.3
Deferred taxes	14.3	14.7	13.6
Marketable securities	4.6	4.0	4.0
Related parties	1.1	1.1	1.1
Judicial deposits	14.1	15.1	15.2
Long term Assets	**474.0**	**462.5**	**493.4**
Investments	39.4	38.1	38.9
Property, plant and equipment	203.6	202.1	202.1
Intangible assets	171.3	170.8	171.6
Right of use assets	59.6	51.5	80.8
Total assets	**1,031.4**	**1,026.9**	**1,059.5**

	Sep-20	Dec-20	Mar-21
Current liabilities	**211.2**	**205.8**	**201.9**
Loans and financing	43.3	43.8	54.3
Bonds	25.2	25.0	25.3
Lease liabilities	29.6	27.0	32.1
Suppliers and freights payable	28.2	31.3	27.4
Taxes payable	17.6	16.4	14.1
Salaries and social charges	26.1	20.7	18.0
Other accounts payable	30.3	30.6	25.5
Related parties	0.0	0.1	0.1
Income tax	11.0	11.0	5.2
Non-current liabilities	**200.3**	**195.4**	**211.7**
Loans and financing	125.0	125.0	115.0
Related parties	0.6	0.6	0.6
Lease liabilities	39.1	33.6	57.2
Deferred tax	-	-	3.4
Provision for contingencies	35.6	33.9	33.1
Actuarial liabilities	-	2.5	2.5
Shareholders equity	**619.9**	**624.7**	**644.9**
Capital stock	318.5	318.5	318.5
Capital reserve	-	-	-
Profit reserve	266.8	295.6	299.1
Retained earnings	34.9	-	16.7
Treasury shares	(0.3)	(0.3)	(0.3)
Assets valuation adjustment	-	(1.6)	(1.6)
Additional proposed dividend	-	12.5	12.5
	-	-	-
Non Controllers interest	**-**	**1.0**	**0.9**
Total liabilities and shareholders' equity	**1,031.4**	**1,026.9**	**1,059.5**

Tegma Gestão Logística SA e subsidiaries
Cash flow statement
(in R$ million)

	1Q21	1Q20
Net income for the period	**20.2**	**19.3**
Depreciation and amortization	5.4	6.3
Right of use assets amortization	7.5	7.9
Interest and exchange variation on unpaid loans and debentures	2.3	17.0
(Reversal of) provision for contingencies	1.1	5.8
Interest on leasing	1.5	1.6
Swap result	-	(15.2)
Equity	(0.8)	(1.4)
Loss (gains) on disposal of assets	(0.1)	(0.0)
Allowance for (reversal of) doubtful accounts	0.1	(0.1)
Deferred income and social contribution taxes	4.5	6.9
Expenses (revenues) not affecting cash flows	**21.7**	**28.8**
Accounts receivable	42.9	52.8
Taxes recoverable	2.4	10.9
Judicial deposits	(0.2)	(0.6)
Other assets	(4.7)	(3.4)
Suppliers and freight payable	(5.6)	(14.9)
Salaries and related charges	(2.7)	(4.3)
Increase (decrease) in related parties	(0.1)	0.2
Other liabilities	(4.0)	(5.4)
Changes in assets and liabilities	**28.0**	**35.3**
Interest on loans, financing and swap	(1.5)	(4.0)
Interest on leasing	(1.5)	(1.6)
Lawsuits paid	(1.6)	(3.8)
Income and social contribution taxes paid	(7.2)	(1.0)
(A) Net cash generated by (used in) operating activities	**57.9**	**73.0**
Acquisition of intangible assets	(1.5)	(1.7)
Acquisition of property and equipment and intangible assets	(3.3)	(3.8)
Proceeds from sale of assets	0.4	0.0
(B) Net cash generated by (used in) investing activities	**(4.5)**	**(5.5)**
Derivative financial instruments	-	(0.6)
Payment of leasing	(8.9)	(8.3)
(C) Net cash generated by (used in) financial activities	**(8.9)**	**(8.9)**
Changes in cash (A + B + C)	**44.5**	**58.6**
Cash at beginning of period	260.4	67.3
Cash at end of year	304.9	125.9

Tegma Gestão Logística SA e subsidiaries
Statements of change in equity
(in R$ million)

	Capital	Capital reserve	Legal reserve	Tax incentive reserve	Retained profit	Addicional dividend proposed	Treasury stock	Equity adjustment	Retained earnings (accumulated losses)	Non-controlling interest	Total equity
Balance on January 1, 2020	**144.5**	**174.1**	**28.9**	**43.7**	**184.3**	**-**	**(0.3)**	**(0.0)**	**-**	**-**	**575.1**
Net income for the period	-	-	-	-	-	-	-	-	19.3	-	19.3
Net result with financial instruments de signated as Hedge Accounting	-	-	-	-	-	-	-	0.8	-	-	0.8
Tax incentives	-	-	-	4.0	-	-	-	-	(4.0)	-	-
Balance on March 31, 2020	**144.5**	**174.1**	**28.9**	**47.7**	**184.3**	**-**	**(0.3)**	**0.8**	**15.2**	**-**	**595.1**
Balance on January 1, 2021	**318.5**	**-**	**32.6**	**58.2**	**204.7**	**12.5**	**(0.3)**	**(1.6)**	**-**	**1.0**	**625.6**
Net income for the period	-	-	-	-	-	-	-	-	20.2	-	20.2
Tax incentives	-	-	-	3.6	-	-	-	-	(3.6)	-	-
Non-controlling interest	-	-	-		-	-	-				
Balance on March 31, 2021	**318.5**	**-**	**32.6**	**61.8**	**204.7**	**12.5**	**(0.3)**	**(1.6)**	**16.7**	**1.0**	**645.8**

Tegma Gestão Logística SA e subsidiaries
Statements of change in value added
(in R$ million)

	1Q21	Var % vs 1Q20	1Q20
Gross sale of services	275.0	-16.2%	328.2
Other income	6.9	1,133.3%	0.6
(Reversal of) allowance for doubtful accounts	(0.1)	-	0.1
Income	**281.8**	**-14.3%**	**328.8**
Cost of services provided	(153.2)	-12.3%	(174.7)
Materials, energy, third-party services and other operating expenses	(25.2)	-32.6%	(37.3)
Input products acquired from third parties	**(178.3)**	**-15.9%**	**(212.0)**
Net value added produced by the Company	103.4	-11.5%	116.8
Depreciation and amortization	(5.4)	-13.2%	(6.3)
Right of use assets amortization	(7.5)	-4.7%	(7.9)
Gross value added	**90.5**	**-11.9%**	**102.7**
Equity pickup	0.8	-41.9%	1.4
Financial income	1.5	-91.1%	17.1
Total value added to be distributed	**92.8**	**-23.4%**	**121.1**
	-	-	-
Personnel and related charges	**30.3**	**-77.2%**	**38.5**
Direct compensation	22.7	-77.4%	29.6
Benefits	6.0	-75.2%	6.9
FGTS	1.6	-81.1%	2.0
Taxes, charges and contributions	**37.8**	**-75.0%**	**42.2**
Federal	20.1	-74.7%	22.5
State	16.6	-74.8%	18.0
Local	1.1	-81.0%	1.7
Financing agents	**24.8**	**-78.2%**	**40.5**
Interest and exchange variations	4.4	-86.7%	19.1
Rent	0.2	-97.4%	2.1
Dividends	-	-	-
Retained profits (losses)	20.2	-47.6%	19.3
Non-controlling interest	(0.1)	-23.1%	-
Value added distributed	**92.8**	**-76.6%**	**121.1**

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