# 4Q25 Results Conference Call

**Nivaldo Tuba:** Let's start. Good afternoon, everyone. This is Nivaldo Tuba speaking, CEO of Tegma, and on behalf of the entire company, I thank you once again for participating in our earnings conference call. With me here are Ramon Pérez, our CFO and IRO, as well as Ian Nunes, our Investor Relations Executive Manager. As usual, we start our presentation on slide two, where you, ladies and gentlemen, can find our disclaimer regarding our forward-looking statements.

Moving on to slide three, here we have the market outlook. Firstly, domestic vehicle sales, which after two years of double-digit growth in 2023 and 2024, slowed down at the end of 2025, ending the year with growth of 2.6%. Although the outlook remains cautious, with the main associations forecasting growth of around 3% for 2026, daily sales in the first two months of the year were encouraging, growing by around 9%. It is worth noting that for 2026, the market will have around 70 new models. In other words, another important stimulus for fleet renewal. Another important issue at the end of 2025 was the incident at Toyota's engine factory, which caused the automaker's sales to fall 40% in the fourth quarter of 2025, vis-à-vis the previous year. The automaker has adapted its production in various ways, and its sales in the first two months of 2026 are already showing a rebound, they are regaining sixth place in the sales ranking. I would also like to point out that there are already 14 Chinese automakers operating in the country, whose sales growth has been exponential in just a few months, rising 45% between July and December. Chinese brands already account for 13% of licensing of vehicles in Brazil, and some of them have already started local production. All this movement has required many adjustments to our operation, as well as investments to deal with unusual complexities in this business.

Now, on slide four, let's look at the main indicators for the automotive market in 4Q25, such as domestic sales, which, as I mentioned, were affected by high interest rates and slowed growth to just 1%. Below, on the left, local production remained fairly stable at 662,000 units, down 1% year on year. For exports, exports are still very dependent on purchases from Argentina, so they suffered from reduced demand from that country and declined by 17%.

Slide five addresses the operating indicators for the automotive logistics division. It is worth noting that the number of vehicles transported both domestically and exported, fell by 6.6% in the quarter, reflecting a market share of 22.7%, i.e., 1.3% point lower. This performance is a consequence of the sharp drop in Toyota sales and the decline of other key customers. Fortunately, average distance traveled was 1,154 km, 6% higher due to sales growth in regions outside the South and Southeast regions. After these highlights, I will now give the floor to our CFO, Ramon Perez, who will talk about our results, cash flow, and other indicators. Ramon?

**Ramon Pérez:** Good afternoon, everyone. As can be seen in the top chart, net revenue for the fourth quarter of 2025 was 572 million BRLs, a 2% decrease compared to the same quarter of the previous year due to the reduction in number of vehicles transported, reduction in vehicle transfer services between yards, and less logistics services. In the bottom chart, the division's EBITDA margin in Q4 was 13.6%, down 7 percentage points. It was atypically affected by a number of factors, which we attempted to detail in our earnings release, including a drop in Toyota sales, an increase in ICMS tax collection, and one month-long halt in transportation at two branches, which led to idleness in one month and extra costs in the following month.

The Integrated Logistics Division posted net revenue of 38 million BRLs, down 6% year-on-year due to the partial loss of a major chemical transportation contract, as announced in 2Q25. But this has been partially offset by new contracts signed and the expansion of services to existing customers. Similarly, due to the reduction in revenue and lower dilution of fixed costs, EBITDA margin declined 5.2 percentage points to 8.8%. The division is collecting more ICMS, which is the state value of the tax, due to a change in the collection framework, and there were additional maintenance costs at the division's main chemicals warehouse.

With regard to GDL, net revenue for the quarter was 61 million BRLs, lower than in 4Q24, on account of the decline in the volume of bonded warehousing services. This reason, coupled with higher rental costs for new-leased areas, explains the 30% drop in net income and net margin, which was reduced to 14.3% in the quarter. As shown in the bottom left chart, GDL maintained its dividend payout history, distributing almost 75% of its net income for 2025, or 49 million BRLs.

Now talking about TEGMA's consolidated results, we recorded net revenue of 610 million BRLs in 4Q25, down 2% year-on-year. Despite this, in 2025, this indicator closed at 2.2 billion BRLs, up 6% compared to 2024, by virtue of a positive dynamics observed in the first half of the year. In consolidated EBITDA, Tegma showed a decline, both in nominal terms and in terms of margin, in the quarter and in the full year, due to the worst operating result that I previously described. Considering also the reduction in equity income, we posted a 39% decline in net income, which closed at 52 million. Net income for the full year reached 243 million, and despite the reduction compared to 2024, still represented a double-digit net margin of 11%.

Moving on to slide 10. The chart on the left shows the cash-to-cash cycle at the end of 4Q, which was 41 days, remaining flat with 4Q24. CAPEX for the quarter was 73 million. The amount of R$40 million. Improvements to land totaling R$ 17 million and the acquisition of semi-trucks with the logistics operation of newly registered vehicles in the amount of R$ 7 Million. CAPEX Portfolio 2025 totaled R$ 112 Million, mainly due to the acquisition of a plot of land and improvements to yards to handle the increase in imports of vehicles from China. Due to the reduction in the company's operating income and the significant CAPEX mentioned just now, free cash flow for the fourth quarter of 2025 was a negative R$ 21 Million. In the full year 25, however, free cash flow was positive of R$ 128 million down from R$ 170 million in 2024.

With regard to capital structure, Tegma distributed a record amount of dividends and interest on equity in 2025, totaling R$ 292 million. As a reminder, this was an atypical distribution and we cannot promise the same level of distribution in the coming years. Even after dividends paid in the significant CAPEX invested, the company continues to have a virtually deleveraged capital structure with net debt standing at only R$ 12 million in December 25. As for gross debt, the company's gross debt reached R$126 million at an average cost of CDI plus 1.34%.

As for the profitability indicators, on the back of all the effects mentioned before, both the companies ROIC and ROE will lower in the fourth quarter of 2025 with return on invested capital for Q4 at 31.2% and return on equity of 25.5%. On the right, we show the history of dividends and interest on equity paid. As we mentioned, 2025 was a record year resulting in a payout of 110% on an accrual basis. Dividend yield on distributions for the last 12 months was 12.5%.

On the last slide, as shown in the top chart, we see our share performance compared to the IBOVESPA index and to the small caps index, taking last year's closing prices by zero. We believe that we can explain this under performance because these two indexes include stocks linked to sectors and industries that are more attractive to foreign investors and these have recorded above average performance in the beginning of this year. With this, I would like to thank everyone once again for your participation and interest in the company and I will now begin the Q&A session.

**Ian Nunes:** Thank you, Ramon. We will now start 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 has been answered, you can leave the queue by clicking lower hand. If you would like to ask a question in writing, please type your question in the Q&A field at the bottom of the screen. We have a question from Victor Blasques with Prumo Capital. I think that Victor sent a written question, which I will read. “Good afternoon, Nivaldo, Ramon, Yan, and the whole team. If you can comment on how you assess the performance of vehicles sale in the first two months of 2026?” Nivaldo, please.

**Nivaldo Tuba:** Thank you, Victor. Let me try to explain. Speaking about the first two months of 2026, sales performed better, up 9% in daily sales, which is the expectation we had for 2026, which was a 3%. So higher than what we expected for 2026. This is an expectation by all regulatory bodies of the automotive industry. We can say that the biggest losers of market share in the yearly comparison were GM, Nissan, and Toyota. To explain Toyota, well, it was because that problem that they had in their engine factory due to a storm. And the groups that gained more market share were BYD, Volkswagen, and Great Wall. BYD and Great Wall, two Chinese automakers, the two biggest operating in Brazil. Another highlight would be other Chinese entrants, Geely, Omoda, Leapmotor, and GAC and they account for 2 to 2.3% market share. One important point is that exports posted a decline. In this period, they dropped 28%, a substantial number, primarily because of Argentina. With this reduction in exports, consolidated production in the first two months also posted a drop of approximately 8%.

**Ian Nunes:** Thank you, Nivaldo. There's a second written question from Victor Demier from Vinci Compass. "Good afternoon, gentlemen. Congratulations on the results. The company acquired another plot of land in Camaçari, Bahia in this quarter. Can we expect more CAPEX for this operation? In addition, could you give us more color on the impact of these yards on the results?" Ramón.

**Ramon Pérez:** Good afternoon, thank you for the question. Indeed, we acquired this plot of land for R$ 40 million last year, and there was a new plot of land of approximately R$ 4 million. So we made this investment following a demand from an important customer. It was important for us to position ourselves, but they're a new plant. We don't expect any extra CAPEX, at least not of this magnitude. Not in the short to medium term, unless an opportunity arises, a new opportunity arises and the rationale for this acquisition was to be close to that automaker, like I said and this automaker is gaining more relevance in domestic sales. They informed us that they intend to produce 150,000 vehicles this year, and they intend to produce up to 600,000 vehicles by 2030. As regards the impact of these yards on the result, well, what I can tell you, we don't normally communicate and disclose the profitability of every project and every customer, but this is within the parameters of the company, ensuring return on the capital invested, the capital that we are investing. We expect healthy returns, as is the case of all projects that we approve.

**Ian Nunes:** Thank you, Ramon. Next question from Guilherme Avila from Tarpon. "Good afternoon, Nivaldo Ramon and Ian. What is the size of the factors that led to an increase in expenses in Automotive division? I think Ramon is going to speak a little about the consolidated expenses of the company, which would be non-recurring and impacting EBITDA". Ramon, over to you.

**Ramon Pérez:** I think you're referring to administrative expenses, consolidated number. I can comment on those. Well, they are apportioned for each one of the divisions, but the impact, well, there is an impact for automotive division, the same that we have in the consolidated. In our earnings release, we informed about this, but if I can explain in more detail why we mentioned that, we had an increase in consolidated expenses, an increase of around 22%, R$ 6.5 million approximately in the quarter. So what could be highlighted here? We had higher expenses with law firm fees linked to anti-competition lawsuits amounted to approximately R$ 1.6 million quarter on quarter and it's quite interesting because in the full year, we were within the standard, but in Q4 specifically, this explains part of the difference and what I'm going to tell you about the quarter was repeated throughout the year, higher expenses with the ERP, we had the deployment of our ERP system, and these expenses, well, most of them come from the amortization of this investment. And this also falls into administrative expenses and also adjustments in the infrastructure, which were necessary to readapt our processes so that they would be in line with the ERP employment. So that added about R$ 1.5 million and like I said, the main part, the major part was amortization.

In this quarter, we also had more labor claims and expenses with employee terminations, about R$1.4 million, R$ 1.5 million. What else to be highlighted? Well, then we started having smaller expenses. We had some spending with technology, IT, about R $700,000 . And this is linked to investments in data processing center, information security, so that we would be compliant with our needs. And lastly, in that order of magnitude worth highlighting, because I think that these account for about 80 and 90% of the 6.5 million, we had some increased administrative expenses themselves, linked to the fact that we acquired a company called Buskar.me, which is linked to Fastline activities, transportation of used vehicles and motorcycles. We didn't have that in Q4 2024, we didn't have it. Now we do, it's about 600,000 BRLs, and that drives up administrative expenses. So that would explain close to 90% of this variation and this is how we would break it down and thinking about what is recurring, what's non-recurring. Well, labor claims, expenses with employee terminations, these are non-recurring events, but of course in the day to day of any company, that happens eventually. So basically that's it.

**Ian Nunes:** Thank you, Ramon. Please hold as we collect more questions. Well, as we have no more questions, we will end the Q&A session. I'll turn the floor to Nivaldo for his final statements.

**Nivaldo Tuba:** Very well. Before we end, I would like to highlight that despite the low growth of the automotive industry expected for 2026, and this is the forecasting of sectoral agencies, the market in the first two months, well, the numbers are public knowledge, and they have shown to be very positive with an effective recovery of daily sales. As we mentioned, there was a growth of 9% vis-a-vis 3% of what was, which is the number that was expected. So this brings a slight optimism to the market. Over that, I would like to thank all of you who joined us today. Thank you to those who participated, and rest assured that we're working hard to have a Q1 2026 that will be very good. Thank you very much.