



# Tegma

# Gestão Logística SA

**Earnings Release**

**2020 fourth quarter and full year**

**São Bernardo do Campo, March 9, 2021**

## **Results Conference Call**

Wednesday, March 10, 2021

15:00 (Brasília)

1:00 pm (US-ET)

[Portuguese with simultaneous translation to English]

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+55 11 3181-8565

+1 412 717-9627

[English Webcast](#)

+55 11 4210-1803

+1 844 204-8942

## Highlights

- ◆ In 4Q20 the quantity of **vehicles transported** was 185.8 thousand, a 19.0% decline in YoY comparison, but an 14.8% increase in comparison to the previous quarter. This evolution results in a 25.8% market share or a 2.8 p.p loss in YoY comparison. The quarter's **average distance** was 1,124 km, 4.8% higher in annual comparison.
- ◆ In 4Q20 **net revenue** decreased by 17.3% in the YoY comparison, due to the negative impact from the automotive market caused by the COVID-19 pandemic in vehicles transported, which although it recovered in comparison to 3Q20 (+8.2%), it is still below 4Q19.
- ◆ 4Q20 **adjusted EBITDA** was R\$ 58.3 million (R\$ 53.1 million of EBITDA), corresponding to a 18.6% margin, 0.1 p.p higher than the 4Q19 adjusted EBITDA, due to the good performance of the integrated logistics division despite the impacts suffered by the automotive market.
- ◆ 4Q20 **net income** was R\$ 28.8 million, 33.8% lower in the YoY comparison, due to the COVID-19 pandemic impacts in the automotive logistics division and to non-recurring costs in integrated logistics related to the demobilization of a warehouse in the city of Barueri (SP).
- ◆ In 4Q20, **free cash flow** was R\$ 32.7 million positive, considerably higher than the R\$ 3.4 million in 4Q19 due to the resumption of operational cash generation and by the tax credit offset.
- ◆ In 4Q20 **return on invested capital** was 16.2%, a 1.2 p.p drop of vs 3Q20, mainly due to the effects of the COVID-19 pandemic on the last 12 months results.
- ◆ In December 2020, the Company had a **net cash** of R\$ 66.6 million vs a R\$ 54.3 million cash to cash as of September, 2020.

Operational and financial highlights	4Q20	2020	Chg % vs		4Q19	2019
			4Q19	2019		
Net revenue (R\$ million)	313.0	1,012.0	-17.3%	-24.9%	378.3	1,347.3
Gross profit (R\$ million)	65.1	200.1	-24.0%	-30.2%	85.7	286.8
<i>Gross margin %</i>	<i>20.8%</i>	<i>19.8%</i>	<i>-1.9 p.p.</i>	<i>-1.5 p.p.</i>	<i>22.7%</i>	<i>21.3%</i>
EBITDA* (R\$ million)	53.1	154.0	-21.7%	-48.4%	67.8	298.2
Adjusted EBITDA* (R\$ million)	58.3	162.5	-16.8%	-35.0%	70.1	250.1
<i>Adjusted EBITDA* margin %</i>	<i>18.6%</i>	<i>15.2%</i>	<i>0.1 p.p.</i>	<i>-3.3 p.p.</i>	<i>18.5%</i>	<i>18.6%</i>
Net income (R\$ million)	28.8	73.6	-33.8%	-62.0%	43.4	194.0
<i>Net margin %</i>	<i>9.2%</i>	<i>7.3%</i>	<i>-2.3 p.p.</i>	<i>-7.1 p.p.</i>	<i>11.5%</i>	<i>14.4%</i>
Earnings per share (R\$)	0.4	1.1	-33.8%	-62.0%	0.7	2.9
Free cash flow (R\$ million)	32.7	155.5	873.5%	43.1%	3.4	108.7
CAPEX (R\$ million)	5.7	19.8	-47.0%	-45.1%	10.7	36.0
Vehicles transported (in thousand)	185.8	560.9	-19.0%	-31.7%	229.3	821.3
<i>Market Share %</i>	<i>25.8%</i>	<i>25.7%</i>	<i>-2.8 p.p.</i>	<i>-0.9 p.p.</i>	<i>28.6%</i>	<i>26.6%</i>
Average Km per vehicle transported	1,124	1,134	4.8%	5.7%	1,072	1,072

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](#).

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[Click here](#) for the Financial historic and explanatory notes in EXCEL.

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### 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.*

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## Management Comments

The year of 2020 ends as yet another year of big challenges for Tegma. The COVID-19 pandemic has shown and shows to be an important test of discipline in all areas of the corporate management. But despite of that, we have had good news.

First, we have to celebrate that, although some employees were infected by COVID-19, **none of them had serious adverse symptoms**. Our entire corporate area remains working remotely and all safety measures have been followed in the operations where in-person work is required.

This year, we also reaffirmed the resilience of our business model, based on a mutual benefit relationship between us and our clients. Throughout the year, we had healthy negotiations, which enables the continuity of our businesses' high operational performance, combined with commercial conditions, which meet suitable levels of the shareholders' capital returns. We believe that these conditions are fundamental for the **continuity of our business**, making the company attractive to clients who want a reliable logistics provider that has continuous financial capacity to invest and implement in processes improvements. As a result, this year we were **recognized globally as an important logistics supplier by large clients**, such as GM and Electrolux, as a reference in technology/innovation and operation excellence, respectively.

The impact of the pandemic was different in the company's divisions and we managed to close our results for the year with better performance than we had expected in the middle of the crisis. In the **Automotive Logistics Division**, this performance was due to our quick adaptation and resizing of our structures in order to contemplate lower volumes. In addition, our performance was due to the recovery of vehicle sales in Brazil in the second half of the year, reflecting the reopening of the dealers, the improvement of the credit conditions and the risks arising from the use of public transport during this period, encouraging people to buy or rent a car. The devaluation of Brazilian Real weighed against this trend, which lead to increase the vehicle prices and also the lack of parts impacted in significant reduction in the automobile factories production capacity. Thus, we were able to show margins close to those of the previous year at the end of the year, keeping service levels.

When we mention the **Integrated Logistics Division**, we have a different scenario. The sectors that work with products considered essential, such as cleaning products, in addition to the household appliance sector, were benefited from the social isolation, which made people spend more time at home. Thus, in this division, we had increase in revenues, despite all the problems arising from the pandemic, with margin expansion because of efficiency gains and service mix. The warehousing operation underwent a restructuring and continues to operate in this segment at a new address. The company starts to operate in smaller facilities, a modern logistics condominium in Itapevi city (SP) and has been presenting complete warehousing and distribution solutions to the market, as well as, the condominium allows the expansion of operations.

The operational result, combined with the company's business model, with the temporary reduction of our investments and with the maintenance of our working capital in terms of days allowed us to generate sufficient cash to close 2020 with **net cash (above the gross debt)**. Thus, we were also able to **resume the distribution of dividends** at the end of the year and propose complementation related to the year in our ASM in April 2021. Despite this positive performance, we were **raised R\$ 135 million of debt** (R\$ 56 million net of amortizations) due to the low visibility of the future in the worst months of the crisis.

The year was also marked by the creation of an internal cell to organize and manage the current **ESG** initiatives. In addition, we held another round with startups via our **tegUP accelerator**, despite the pandemic. We continue pursuing our goal to seek technologies and solutions with the purpose to improve our services.

The announcement of the **interruption of production by Ford in Brazil** at the beginning of 2021 was received with regret by Tegma, which has worked with the automaker for decades. However, Tegma is confident that the current industrial park in the country is capable of supplying any demand which will not be served by Ford anymore and that the diversification of Tegma's clients will dilute the impact of this decision for the Company.

The **second wave of COVID-19** that has desolated the country since the end of 2020 is a reason for concern for the administration. Contagion contention measures are again beginning to restrict circulation and, consequently, the operation of vehicle dealers across the country. In addition, restrictions in the supply of auto parts and semiconductors already cause the closing production interruption by automakers. The industry inventories closed the year at the lowest levels that had ever been recorded. At Tegma we are prepared to adapt to eventual changes in the scenario, both positive and negative that occur during the year 2021, as already demonstrated by the strong resilience of the Company.

## Quarter Highlights

### Proposed complementary distribution of dividends and interest on equity

In Proposal from the Administration sent on March 9, the administration proposed for approval in ASM distribution of R\$ 12.5 million in complementary dividends and interest on own capital (R\$ 9.4 million in dividends and R\$ 3.1 million in interest on equity) the cut-off date is scheduled for April 13 and for payment on April 24. Combined with the advance payment made in November 2020, the proposed distribution of Tagma's earnings for year 2020 amounts to R\$ 35.0 million (R\$ 0.53 per share, 63% payout on the 2020 net income and 2.5% dividend yield [considering the share price on March 8, 2020]) vs R\$ 75.3 million for 2019 (R\$ 1.14 per share, 43% payout and 3.67% dividend yield).

### Ford vehicle production stoppage in Brazil

In beginning of 2020, Ford Motors Company announced the decision to stop the vehicle production in Brazil and to concentrate its operations in South America in its manufacturing units in Argentina and Uruguay. Thus, the operation of the automobile factory in Brazil will be limited to the sale of imported vehicles.

Ford is a longtime client of Tagma, for which we provide logistics services for vehicles that were produced in the country, imported and exported. By now, we still have a contract in force with the automobile factory to transport the vehicles it sells in the country under the same conditions we currently have. In addition, we have a facility (vehicle yard) dedicated to Ford located in Camaçari (BA) and unfortunately, we had to make the decision to demobilize due to the abrupt stop of the production, with dismissal of employees.

The clients' diversification that we have in our portfolio, serving almost 100% of the automakers installed in the country, will reduce the impact of this decision by Ford as the demand for vehicles that were produced locally will be redistributed to other automakers.

### Merger of FCA and PSA creates the new group Stellantis

At the end of 2020, the merger between Fiat Chrysler Automotive (FCA) and Peugeot-Citröen (PSA) groups was announced. The company resulting from this merger is now called Stellantis, becoming the fourth largest vehicle manufacturer in the world, and the leader of the light vehicle market in Brazil.

Tagma has a vehicle logistics contract with both groups, and until now, it has not been affected by any changes pursuant the merger.

### Consequences of the lack of parts in the automotive industry

In March 2021 the lack of auto parts became severe in the automotive supply chain, mainly in relation to semiconductors, essential for vehicles production. This difficulty in production caused automakers such as General Motors and Honda to stop production at some of their plants for a few days in March 2021.

In addition to the automotive logistics division's natural exposure to the sector, we have greater exposure to some automakers compared to others, making Tagma's market share variable as certain automakers gain or lose market share. Thus, the Company is aware of this atypical moment in the automotive market. Despite the great demand for vehicles, supply problems make production and, consequently, the volumes transported by the company unpredictable. As in March-April 2020, we have a series of options for resizing our operation to the expected volume, such as anticipating vacation for employees of the operation, returning yards and cutting costs related to the operation.

## Automotive Market

Despite the monthly growth along the second half of 2020, the performance of the **domestic vehicle sales** in 4Q20 still recorded 10.0% decrease in the annual comparison. This drop is a consequence of the COVID-19 pandemic, which still affects both the demand and the supply capacity of the automotive market. In chart 1 (beside), it is possible to see the month-to-month evolution of the vehicle sales in the domestic market, which reached the highest annual level in December, surpassing the pre-pandemic months and getting close to the quantity in 2019.

The resumption of sales is directly associated with the governmental programs to mitigate economic impacts caused by the COVID-19 pandemic, the improvement of consumers' confidence and the release of new models by several automobile factories, which stimulated the acquisition of new vehicles. Another important factor, which increased the demand for vehicles, was the preference for private instead of public transport for lower exposure to the pandemic.

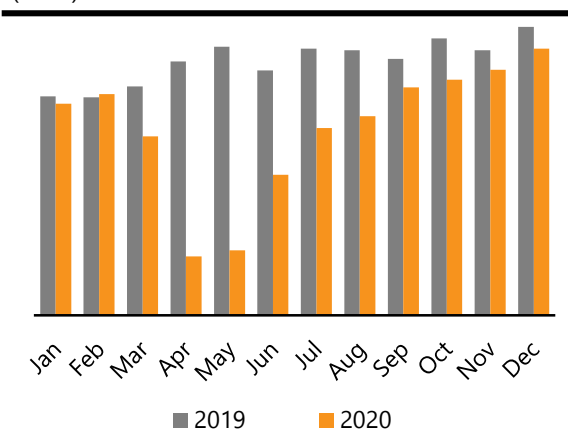
Some factors influenced the performance of the industry in the period negatively, such as the increase in the vehicle prices caused by the currency devaluation and the difficulty to supply parts, which impeded higher levels of production in several plants throughout the second half year.

**Exports** grew 31.0% in 4Q20 [-24.7% in 2020] in the annual comparison, due to the inventories replenishment in Latin America, the destination of the main Brazilian exports and the currency devaluation, which made the Brazilian vehicles more attractive to be exported.

**Inventories** in December 2020 were 96.8 thousand vehicles, 66.3% lower in the annual comparison. This low level is due to the OEM's strategy to optimize production to supply the demand without generating surpluses, the lack of auto parts and restrictions arising from the preventive measures of COVID 19. This level of inventories represents 20 days of sales, the lowest level in the recent history of the Brazilian automotive industry.

The 1.2% drop in **production** in 4Q20 [-32.1% in 2020] in the annual comparison is due to the OEM's production difficulties mentioned above, despite the not occurrence of collective vacations that traditionally take place in December. The **imports** decreased 24.9% in 4Q20 [-30.2% in 2020] in annual comparison, mainly due to the devaluation of the Brazilian Real against the US Dollar, which raised the price of imported vehicles and the movement of global production to normalize inventories.

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



Source: ANFAVEA

	4Q20	2020	Chg % vs		4Q19	2019
			4Q20	2019		
<b>Vehicles and light commercial vehicles sales</b>	<b>764.6</b>	<b>2,261.8</b>	<b>-5.7%</b>	<b>-26.4%</b>	<b>810.5</b>	<b>3,073.1</b>
Domestic	653.2	1,954.8	-10.0%	-26.7%	725.4	2,665.6
Exportations	111.4	307.0	31.0%	-24.7%	85.1	407.5
<b>Estimated wholesale sales</b>	<b>719.6</b>	<b>2,178.3</b>	<b>-10.2%</b>	<b>-29.4%</b>	<b>801.5</b>	<b>3,084.6</b>
(+) Production of vehicles and light commercial	646.6	1,904.7	-1.2%	-32.1%	654.6	2,803.8
(+) Importation of vehicles and light commercial*	58.8	207.7	-24.9%	-30.2%	78.3	297.7
(-) OEM's inventories change	(14.2)	(65.9)	N/A	N/A	(68.7)	16.9
Inventories (In OEM and dealers)	96.8	-	-66.3%	-	287.6	-
Inventories (In OEM and dealers in days)	20	-	-55.6%	-	45	-

Source: ANFAVEA and FENABRAVE

(in thousand)

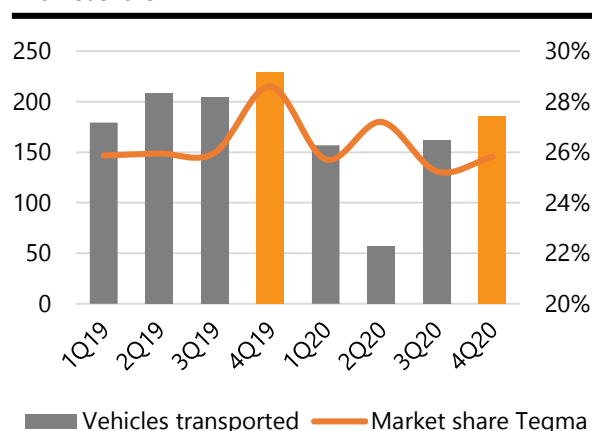
\* Due to the lack of update from Central Bank of the number of vehicles imported by Brazil since December 2018, we replaced this information by the number of imported vehicles sold.

## Operation highlights – Automotive logistics division

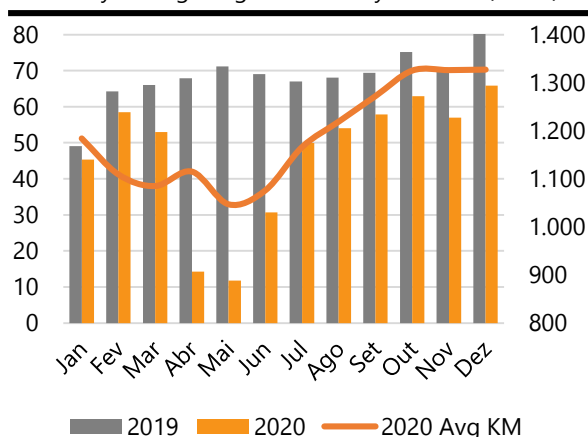
As explained in the previous session, domestic vehicle sales in 4Q20 was in a recovery process, despite yet remaining at lower levels than 2019. Due to the market performance and sales distribution of our clients regionally, the **number of vehicles transported** by Tegma in 4Q20 decreased 19.0% [31.7% in 2020] in the annual comparison. This amount results in a 2.8 p.p market share drop [-0.9 p.p in 2020] in the annual comparison, totaling 25.8% [25.7% in 2020], as shown in Chart 2.

In 4Q20, the **average distance of domestic travels** was 12.3% higher [+7.9% in 2020] in the annual comparison, due to the dynamics of vehicle sales across the country, with a loss of participation in the Southeast region and the other regions participation growth. **Average distance of exports** was 0.6% higher in 4Q20 [+1.7% in 2020] in the annual comparison. The **consolidated average distance** has increased 4.8% in 4Q20 [+5.9% in 2020] in the annual comparison due to the increase in the average domestic travels distance.

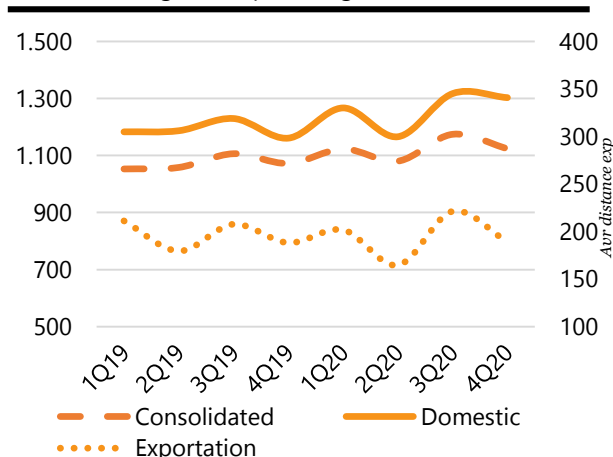
**Chart 2 - Wholesale sales (in thous) and Tegma market share**



**Chart 3 – Vehicles transported (in thous) and monthly average Tegma’s delivery distance (in km)**



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



	4Q20	2020	Chg % vs		4Q19	2019
			4Q20	2019		
<b>Vehicles transported (thousand)</b>	<b>185.8</b>	<b>560.9</b>	<b>-19.0%</b>	<b>-31.7%</b>	<b>229.3</b>	<b>821.3</b>
Domestic	155.8	483.7	-25.2%	-33.3%	208.4	725.0
Exportations	29.9	77.2	43.4%	-19.9%	20.9	96.3
Market share %*	25.8%	25.7%	-2.8 p.p.	-0.9 p.p.	28.6%	26.6%
<b>Average km per vehicle (km)</b>	<b>1,123.6</b>	<b>1,133.5</b>	<b>4.8%</b>	<b>5.7%</b>	<b>1,072.0</b>	<b>1,072.6</b>
Domestic	1,303.2	1,282.5	12.3%	7.9%	1,160.6	1,189.0
Exportations	189.2	199.9	0.6%	1.7%	188.1	196.5
<b>Total km (million km)</b>	<b>208.7</b>	<b>635.7</b>	<b>-15.1%</b>	<b>-27.8%</b>	<b>245.8</b>	<b>880.9</b>
Domestic total km	203.1	620.3	-16.0%	-28.0%	241.8	862.0
Exportations total km	5.7	15.4	44.2%	-18.5%	3.9	18.9

\* 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 continues to recover from the shock that occurred during the year. Despite the market recovery, the division's results still are below in the annual comparison.

The division's **gross revenue** fell 18.6% [-28.2% in 2020], in annual comparison and such variation is explained by: i) the 19.0% drop in the number of vehicles transported in 4Q20 [-31.7% in 2020] in yearly comparison, ii) the 4.8% growth in the average km per vehicle in 4Q20 [+5.7% in 2020] in yearly comparison and iii) partly due to the price readjustment held throughout the second semester of 2020. Due to the lower vehicles inventories levels, as explained on page 6, and to the reduction in the acquisition of vehicles by rent a car companies, the revenue from the company's logistical services, such as yard management and PDI (Pre-Delivery-Inspection) are practically on the same level as the worst moment of the crisis, a significant reduction compared to 2019.

The revenue drop in the yearly comparison impacted the 4Q20 division's **gross margin** was 21.6% [19.3% in 2020], a 1.7 p.p loss vs 4Q19 [-2.6 p.p in 2020]. The margin loss is a result of the drop in the division volumes, impacting the dilution of fixed costs and consequently the gross margin.

The division's **EBITDA margin\*** was 15.9% [11.8% in 2020], a 1.2 p.p loss vs 4Q19 [-4.9 p.p in 2020] in the annual comparison, mainly due to the reduction in the division's revenue, although this scenario is mitigated by costs and expenses reductions measures taken during the pandemic. The 4.9 p.p drop in the 2020 margin in the annual comparison mainly reflects the result of 2Q20's negative results due to the COVID-19 pandemic.

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

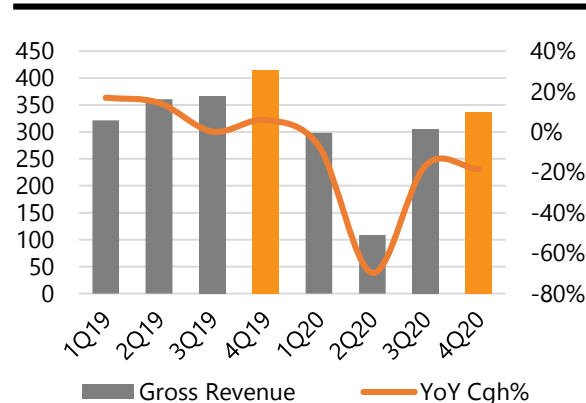
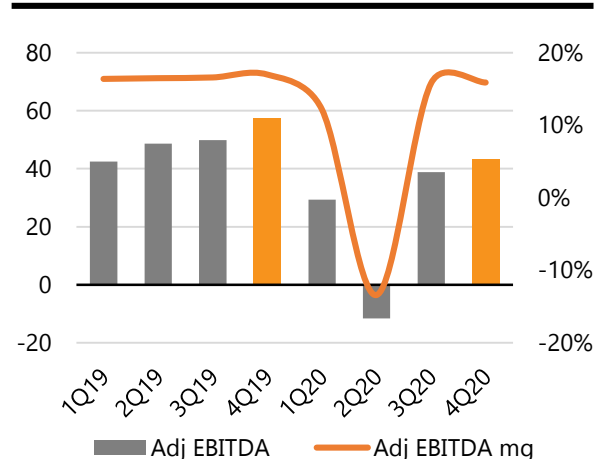


Chart 6 – Automotive Div Adj EBITDA\* (in R\$ mi)



Automotive logistics division	4Q20	2020	Chg % vs		4Q19	2019
			4Q20	2019		
<b>Gross revenue</b>	<b>337.6</b>	<b>1,050.4</b>	<b>-18.6%</b>	<b>-28.2%</b>	<b>414.8</b>	<b>1,463.8</b>
Taxes and deductions	(65.0)	(204.7)	-16.1%	-25.2%	(77.5)	(273.7)
<b>Net revenue</b>	<b>272.6</b>	<b>845.7</b>	<b>-19.2%</b>	<b>-28.9%</b>	<b>337.3</b>	<b>1,190.1</b>
Cost of services	(213.6)	(682.2)	-17.4%	-26.5%	(258.7)	(928.8)
<b>Gross profit</b>	<b>59.0</b>	<b>163.5</b>	<b>-25.0%</b>	<b>-37.5%</b>	<b>78.6</b>	<b>261.4</b>
<i>Gross margin%</i>	<i>21.6%</i>	<i>19.3%</i>	<i>-1.7 p.p.</i>	<i>-2.6 p.p.</i>	<i>23.3%</i>	<i>22.0%</i>
Expenses	(23.0)	(97.3)	-26.9%	100.4%	(31.4)	(48.6)
<b>Operating income</b>	<b>36.0</b>	<b>66.2</b>	<b>-23.8%</b>	<b>-68.9%</b>	<b>47.2</b>	<b>212.8</b>
(-) Depreciation and amortization	(7.3)	(30.2)	-9.5%	-6.2%	(8.0)	(32.2)
<b>EBITDA*</b>	<b>43.2</b>	<b>96.3</b>	<b>-21.7%</b>	<b>-60.7%</b>	<b>55.2</b>	<b>245.0</b>
(+) Non-recurring	-	3.3	-	-	2.3	(46.5)
<b>Adjusted EBITDA*</b>	<b>43.2</b>	<b>99.7</b>	<b>-24.8%</b>	<b>-49.8%</b>	<b>57.5</b>	<b>198.5</b>
<i>Adjusted EBITDA* Margin %</i>	<i>15.9%</i>	<i>11.8%</i>	<i>-1.2 p.p.</i>	<i>-4.9 p.p.</i>	<i>17.0%</i>	<i>16.7%</i>

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.



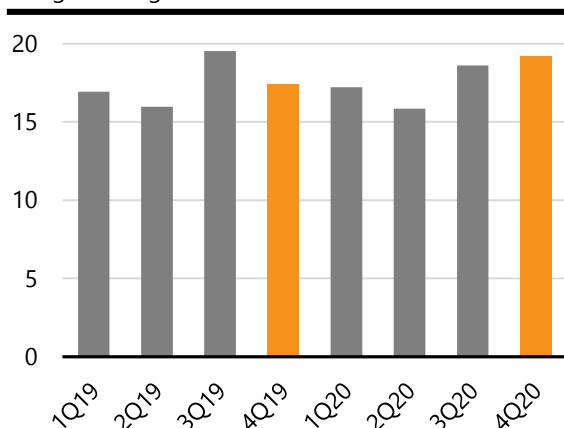
## Operational highlights – Integrated logistics division

Even with the impact on the economy caused by the COVID-19 pandemic, the integrated logistics division (except the warehousing operation) performed resiliently, similar to that reported in the pre-pandemic period. This good performance in the midst of the crisis is due to the fact that a significant part of the operations consists of providing services for essential products and consumer goods, resulting in an increase in sales during the second half of 2020.

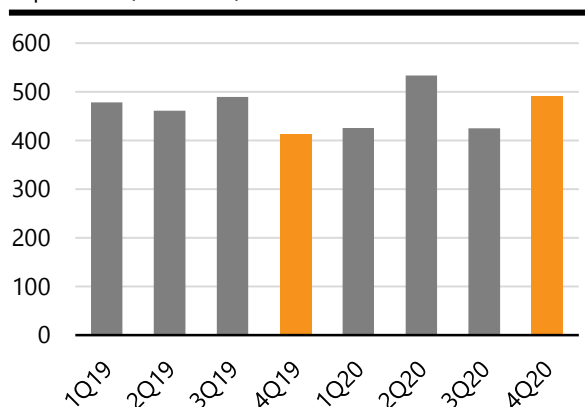
The 4Q20 **quantity of travels** ran by Tegma was 10.5% higher [1.6% in 2020] in the annual comparison. This growth is due to an above the average volume in the home appliances operation, due to the increase of sales during second half of 2020, due to Covid-19 social isolation, which made people spend more time at home, increasing the demand for more modern appliances.

The amount of **tons transported** by the chemical operation increased 19.0% in 4Q20 [1.8% in 2020] in the annual comparison. The **average tons stored** by the chemical division increased 7.6% in 4Q20 [30.9% in 2020] in the annual comparison.

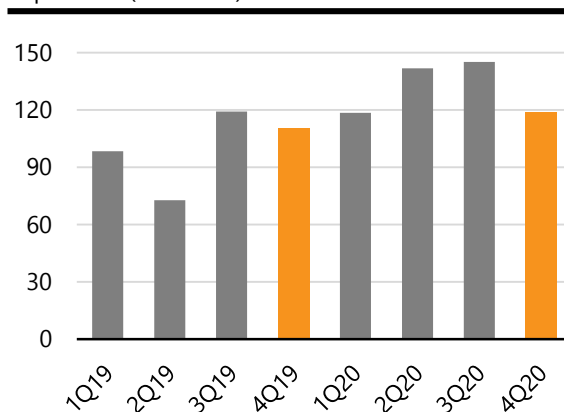
**Chart 7** – Consolidated # of travels by the integrated logistics division



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



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



Operational highlights	4Q20	2020	Chg % vs		4Q19	2019
			4Q20	2019		
Consolidated # travels	19.2	70.9	10.5%	1.6%	17.4	69.8
Tons transported by the chemical operation (thousand)	490.7	1,875.9	19.0%	1.8%	412.3	1,842.0
Average tons stored by chemical operation (thousand)	118.5	130.9	7.6%	30.9%	110.2	100.1

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

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## Results – Integrated logistics division

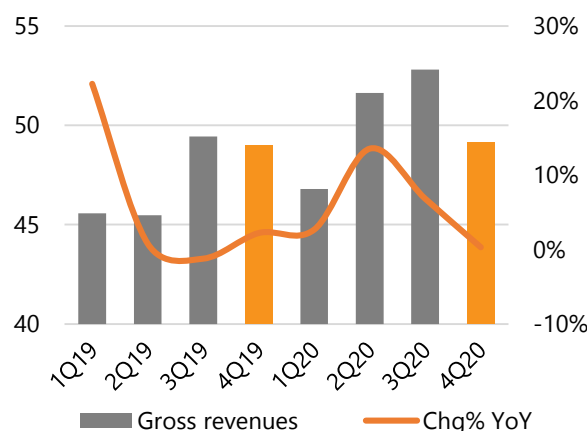
The integrated logistics division reported a growth in a year of pandemic, due to the growth in the volume of current clients and the expansion of the range of offered services. As a result of this performance, the division delivered in 2020 another year of record profitability.

**Gross revenue** of industrial logistics operation in 4Q20 grew 14.6% [8.2% in 2020] in the annual comparison due to the good performance in **chemicals operation**. This operation supplies home 'n personal care and glass factories, which had an increase in production during the pandemic and also to the **home appliance operation**, which have been operating in high demand due to the growth in sales during the second half of 2020. In turn, revenues from the **warehousing operation** in 4Q20 was 51.3% lower [-4.3% in 2020] in the annual comparison, due to the discontinuation of operations for a relevant client, as mentioned in the quarter highlights on page 4.

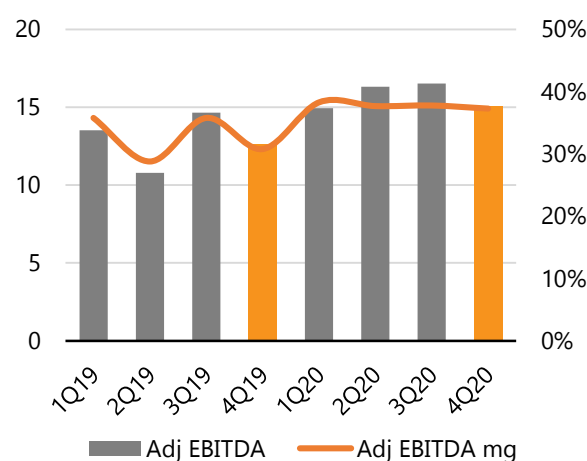
The division's **gross margin** in 4Q20 was 15.2%, 2.0 p.p lower in the annual comparison due to the revenue drop and non-recurring expenses from the warehousing operation, despite the good performance of the industrial logistics operation. Although this performance in 4Q20, the division reported significant improvements in the year, with a gross margin of 22.0% in 2020, 5.8 p.p higher than 2019 due to a better mix of services and better dilution of fixed costs with revenue growth.

The division's **Adjusted EBITDA margin\*** (adjusted by R\$ 5.2 million in costs related to the demobilization of a warehouse in the city of Barueri-SP - R\$ 2.3 million in expenses and R\$ 2.9 million in costs) in 4Q20 was 37.3% [37.8% in 2020], 6.5 p.p. [4.9 p.p in 2020] higher in the annual comparison due to the same reasons explained above.

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



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



Integrated logistics division	4Q20	2020	Chg % vs		4Q19	2019
			4Q19	2019		
<b>Gross revenue</b>	<b>49.2</b>	<b>200.4</b>	<b>0.3%</b>	<b>5.8%</b>	<b>49.0</b>	<b>189.5</b>
Warehousing	5.2	35.0	-51.3%	-4.3%	10.6	36.6
Industrial logistics	44.0	165.4	14.6%	8.2%	38.4	152.9
Gross revenue deductions	(8.8)	(34.0)	9.1%	5.3%	(8.0)	(32.3)
<b>Net revenue</b>	<b>40.4</b>	<b>166.4</b>	<b>-1.4%</b>	<b>5.9%</b>	<b>41.0</b>	<b>157.2</b>
Cost of services	(34.2)	(129.7)	1.0%	-1.5%	(33.9)	(131.7)
<b>Gross profit</b>	<b>6.2</b>	<b>36.7</b>	<b>-13.1%</b>	<b>44.0%</b>	<b>7.1</b>	<b>25.5</b>
Gross margin %	15.2%	22.0%	-2.0 p.p.	5.8 p.p.	17.3%	16.2%
Expenses	(1.9)	(2.9)	61.9%	-	(1.2)	1.3
<b>Operating income</b>	<b>4.3</b>	<b>33.8</b>	<b>-27.7%</b>	<b>26.1%</b>	<b>5.9</b>	<b>26.8</b>
(-) Depreciation and amortization	(5.6)	(23.9)	-16.6%	-9.7%	(6.7)	(26.4)
<b>EBITDA*</b>	<b>9.9</b>	<b>57.6</b>	<b>-21.8%</b>	<b>8.3%</b>	<b>12.6</b>	<b>53.2</b>
(+) Non-recurring	5.2	5.2	-	-	-	(1.6)
<b>Adjusted EBITDA*</b>	<b>15.1</b>	<b>62.9</b>	<b>19.5%</b>	<b>21.8%</b>	<b>12.6</b>	<b>51.6</b>
Adjusted EBITDA* Margin %	37.3%	37.8%	6.5 p.p.	4.9 p.p.	30.8%	32.8%

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.

## Results - Consolidated

The **consolidated gross revenue** in 4Q20 was negatively impacted by the decrease in the number of vehicles transported by automotive logistics division in annual comparison and by the loss of an important client from the warehousing operation in the integrated logistics division.

4Q20's **consolidated gross margin** was 20.8% [19.8% in 2020], a 1.9 p.p decrease [-1.5 p.p in 2020] vs. previous year, basically explained by the lower volumes in the automotive logistics division, that occurred despite the cost cuts made, reduced the dilution of fixed costs, and by the R\$ 5.2 million demobilization costs for a warehouse in the integrated logistics division in 4Q20.

4Q20's **expenses** were R\$ 24.9 million [R\$ 100.2 million in 2020], 23.8% below [112% above 2020, or -3,4% lower in the annual comparison, disregarding the R\$ 56.5 million tax credit positive impact in 4Q19] in annual comparison, mainly reflecting the corporative expense cutting measures during the second quarter of the year.

In 4Q20, **adjusted EBITDA margin\*** (adjusted by R\$ 5.2 million in costs related to the demobilization of a warehouse in the city of Barueri (SP) - R\$ 2.3 million in expenses and R\$ 2.9 million in costs) was positive by 18.6%, [16.1% in 2020], 0.1 p.p higher than 4Q19, due to the positive result in integrated logistics despite the difficulties imposed by the COVID-19 pandemic and the drop of the number of vehicles transported.

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

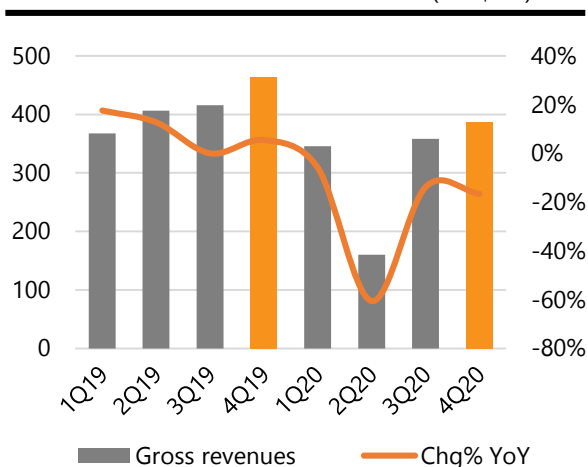
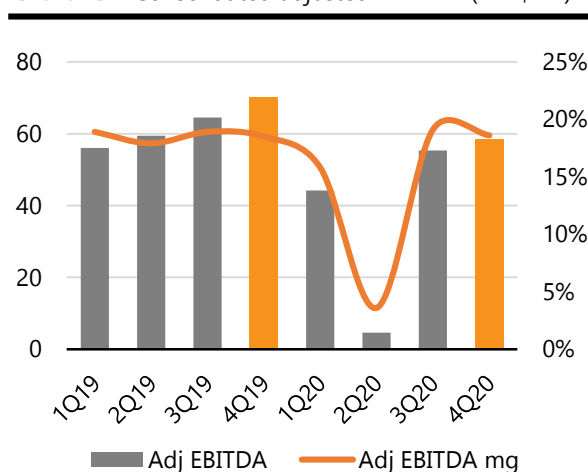


Chart 13 – Consolidated adjusted EBITDA\* (in R\$ mi)



Consolidated	4Q20	2020	Chg % vs		4Q19	2019
			4Q19	2019		
<b>Gross revenue</b>	<b>386.7</b>	<b>1,250.8</b>	<b>-16.6%</b>	<b>-24.3%</b>	<b>463.8</b>	<b>1,653.3</b>
Automotive Logistics	337.6	1,050.4	-18.6%	-28.2%	414.8	1,463.8
Integrated Logistics	49.2	200.4	0.3%	5.8%	49.0	189.5
Gross revenue deductions	(73.8)	(238.7)	-13.7%	-22.0%	(85.5)	(306.0)
<b>Net revenue</b>	<b>313.0</b>	<b>1,012.0</b>	<b>-17.3%</b>	<b>-24.9%</b>	<b>378.3</b>	<b>1,347.3</b>
Cost of services	(247.9)	(811.9)	-15.3%	-23.4%	(292.6)	(1,060.5)
<b>Gross profit</b>	<b>65.1</b>	<b>200.1</b>	<b>-24.0%</b>	<b>-30.2%</b>	<b>85.7</b>	<b>286.8</b>
Gross margin %	20.8%	19.8%	-1.9 p.p.	-1.5 p.p.	22.7%	21.3%
Expenses	(24.9)	(100.2)	-23.8%	112.1%	(32.6)	(47.2)
<b>Operating income</b>	<b>40.3</b>	<b>99.9</b>	<b>-24.2%</b>	<b>-58.3%</b>	<b>53.1</b>	<b>239.6</b>
(-) Depreciation and amortization	(12.9)	(54.1)	-12.7%	-7.8%	(14.7)	(58.6)
<b>EBITDA*</b>	<b>53.1</b>	<b>154.0</b>	<b>-21.7%</b>	<b>-48.4%</b>	<b>67.8</b>	<b>298.2</b>
(+) Non-recurring	5.2	8.5	131.6%	-	2.3	(48.1)
<b>Adjusted EBITDA*</b>	<b>58.3</b>	<b>162.5</b>	<b>-16.8%</b>	<b>-35.0%</b>	<b>70.1</b>	<b>250.1</b>
Adjusted EBITDA* Margin %	18.6%	16.1%	0.1 p.p.	-2.5 p.p.	18.5%	18.6%

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.

## Results – Consolidated ...continuation

The 51.2% growth in **interest expenses, net of revenue from financial investments** in 4Q20 [1.0% in 2020] in the annual comparison is mainly due to the significant increase in the average spread of debt contracted 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.

	4Q20	2020	Chg % vs		4Q19	2019
			4Q19	2019		
Revenue from financial investments	1.3	5.9	-11.7%	-10.2%	1.5	6.6
Interest expenses	(2.4)	(9.4)	8.9%	-6.4%	(2.2)	(10.0)
<b>Interest expenses, net of revenue from financial investments</b>	<b>(1.1)</b>	<b>(3.5)</b>	<b>51.2%</b>	<b>1.0%</b>	<b>(0.7)</b>	<b>(3.4)</b>
Interest on leasing	(1.1)	(5.5)	-37.4%	-15.4%	(1.8)	(6.4)
Monetary correction PIS COFINS tax credit	-	-	-	-	33.3	33.3
Other financial revenues (expenses)	0.0	(0.2)	-	-66.5%	(34.0)	(0.7)
<b>Financial result</b>	<b>(2.2)</b>	<b>(9.2)</b>	<b>-33.7%</b>	<b>-</b>	<b>(3.2)</b>	<b>22.7</b>

**Equity**<sup>1</sup>, showed in the last table below, was negative by R\$ 0.04 million in 4Q20. This result is basically coming from GDL, which we can see its income statement (100%) beside. The decline of revenue in 4Q20 in the annual comparison was due to the volume reduction of imported vehicles that are handled and stored by the company, resulting in a loss of R\$ 0.3 million. Additionally, non-recurring expenses related to the severance expense of a company executive member and the payment of a performance bonus for employees impacted 4Q20 results. Despite the weak result in the quarter, it is important to highlight the positive net income of R\$ 12.7 million in 2020 given the increase of vehicles handles and cost/expenses discipline.

GDL (100%)	4Q20	2020	Chg % vs		4Q19	2019
			4Q19	2019		
<b>Net Revenue</b>	<b>16.5</b>	<b>73.3</b>	<b>-18.9%</b>	<b>2.1%</b>	<b>20.4</b>	<b>71.7</b>
<b>Operating income</b>	<b>(0.2)</b>	<b>18.8</b>	<b>-</b>	<b>60.1%</b>	<b>6.9</b>	<b>11.7</b>
<i>Operating margin%</i>	<i>-1.5%</i>	<i>25.6%</i>	<i>-35.5 p.p.</i>	<i>9.3 p.p.</i>	<i>34.1%</i>	<i>16.3.1%</i>
<b>Net income</b>	<b>(0.3)</b>	<b>12.7</b>	<b>-</b>	<b>91.6%</b>	<b>4.8</b>	<b>6.6</b>
<i>Net margin %</i>	<i>-1.7%</i>	<i>17.4%</i>	<i>-25.1 p.p.</i>	<i>8.1 p.p.</i>	<i>23.4%</i>	<i>9.3%</i>

The **income tax rate** in 4Q20 was -24,4% [-24.2% in 2020] mainly due to the exclusion of ICMS tax credit from the income tax calculation base and to the payment of interest on equity in November. For the same reason, the 2020 rate was very close to this quarter.

	4Q20	2020	Chg % vs		4Q19	2019
			4Q20	2019		
<b>Income before tax</b>	<b>38.1</b>	<b>97.2</b>	<b>-27.1%</b>	<b>-63.4%</b>	<b>52.2</b>	<b>265.3</b>
<i>Real tax rate</i>	<i>-34.0%</i>	<i>-34.0%</i>	<i>-</i>	<i>-</i>	<i>-34%</i>	<i>-34%</i>
<b>Income tax and social contribution at the nominal rates</b>	<b>(12.9)</b>	<b>(33.0)</b>	<b>-27.1%</b>	<b>-63.4%</b>	<b>(17.8)</b>	<b>(90.2)</b>
Presumed ICMS tax credit	1.7	5.5	-6.5%	-16.3%	1.8	6.6
Interest on own capital	1.9	1.9	-50.9%	-78.3%	3.9	8.8
Permanent differences, equity and others	(0.1)	2.1	-	-41.4%	3.3	3.5
<b>Income tax</b>	<b>(9.3)</b>	<b>(23.5)</b>	<b>6.0%</b>	<b>-67.0%</b>	<b>(8.8)</b>	<b>(71.3)</b>
<i>Effective tax Rate</i>	<i>-24.4%</i>	<i>-24.2%</i>	<i>-7.6 p.p.</i>	<i>2.7 p.p.</i>	<i>-16.8%</i>	<i>-26.9%</i>

**Net income** in 4Q20 was R\$ 28.8 million [R\$ 73.6 million in 2020], representing a 33.8% drop [-62,0% in 2020] in the annual comparison due to the impacts of the crisis on volumes in automotive logistics and to the non-recurring impact on the integrated logistics division related to the demobilization of a warehouse.

Consolidated	4Q20	2020	Chg % vs		4Q19	2019
			4Q20	2019		
<b>Operating income</b>	<b>40.3</b>	<b>99.9</b>	<b>-24.2%</b>	<b>-58.3%</b>	<b>53.1</b>	<b>239.6</b>
Financial result	(2.2)	(9.2)	-33.7%	-	(3.2)	22.7
Equity	(0.0)	6.4	-	114.1%	2.3	3.0
<b>Income before tax</b>	<b>38.1</b>	<b>97.2</b>	<b>-27.1%</b>	<b>-63.4%</b>	<b>52.2</b>	<b>265.3</b>
Income tax	(9.3)	(23.5)	6.0%	-67.0%	(8.8)	(71.3)
<b>Net income</b>	<b>28.8</b>	<b>73.6</b>	<b>-33.8%</b>	<b>-62.0%</b>	<b>43.4</b>	<b>194.0</b>

<sup>1</sup> 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.

## Cash Flow

The Company's **free cash flow** in 4Q20 was R\$ 32.7 million, positively influenced by the continued good performance of the company's operations and by the control of the cash to cash cycle in the quarterly and annual comparison. Free cash flow in 4Q20 and 2020 were positively impacted by taking advantage of the PIS/COFINS tax credit compensation in the amount of R\$ 13.5 million [R\$ 73.6 million in 2020], this tax credit balance in December 2020 corresponds to R\$ 30.9 million. A considerable part of this balance will not be compensated until a favorable court decision.

The Company's **cash to cash cycle** in 4Q20 remained close to its recent normalized level of 38 days.

**CAPEX** in 4Q20 was R\$ 5.7 million [19.8 million in 2020], as shown in the table beside. The most relevant investment in the quarter was the acquisition of packages in the amount of R\$ 1.2 million due to the increase of industrial logistics operations for the home appliance sector and to the acquisition of equipment for the vehicle transport operation in the amount of R\$ 1.1 million. In 2020, the Company's CAPEX was R\$ 19.8 million, mainly due to the expansion of an automotive logistics operation yard in Sorocaba-SP, in the amount of R\$ 4.7 million, IT investments and the R\$ 5.7 million purchase of packages for the home appliance logistics operation.

	Consolidated CAPEX		4Q20	4Q19	2020	2019
Land improvements			0.3	6.1	4.7	11.5
New operations			-	0.0	-	0.4
Maintenance and general improvements			2.4	2.9	8.7	10.4
Transport equipment			1.1	-	1.1	5.4
IT			1.9	1.7	5.2	5.3
Contract renewal			-	-	-	3.2
<b>Total</b>			<b>5.7</b>	<b>10.7</b>	<b>19.8</b>	<b>36.0</b>

### Net cash generated by investing activities

in 4Q20 was R\$ 0.7 million negative due to the CAPEX explained above, to R\$ 2.0 million in dividends received from the Joint Venture GDL and to the receipt of R\$ 0.4 million from the sale of assets. In 2020, the line is mainly explained by the CAPEX "cash" of R\$ 19.0 million and by the receipt of R\$ 7.3 million in dividends from JV GDL.

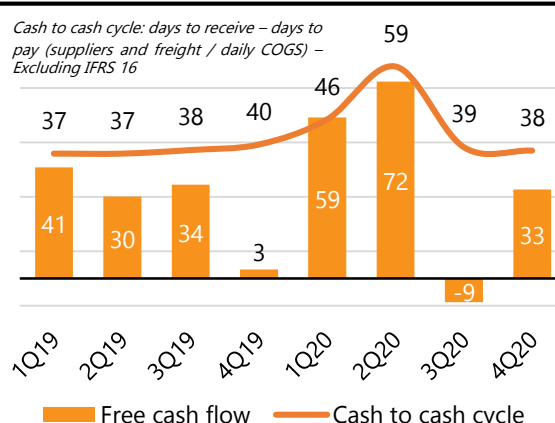
**Net cash from financing activities** in 4Q20 was negative by R\$ 30.3 million due to the payment of dividends and interest on equity referring to 9M20 in the amount of R\$ 22.4 million and to R\$ 7.8 million referring to the lease payment (IFRS-16). In 2020, the reduction of R\$ 59.3 million was due to a net debt raising of R\$ 53.3 million, to the payment of dividends and interest on own capital in the amount of R\$ 22.4 million and to R\$ 30,4 million related to lease payment (IFRS-16).

	4Q20	4Q19	2020	2019
<b>A - Cash at beginning of period</b>	<b>247.8</b>	<b>112.1</b>	<b>67.3</b>	<b>83.5</b>
1- Net cash generated by operating activities	43.6	24.9	203.7	177.6
2 - Capital expenditures "cash"	(3.2)	(11.3)	(18.0)	(38.9)
3 - Payment of leasing	(7.9)	(10.2)	(30.4)	(30.0)
Free cash flow (1 + 2 + 3)	32.6	3.4	155.3	108.7
4 - Net cash generated by investing activities	(0.7)	(10.4)	(10.1)	(36.9)
5 - Net cash from financing activities	(30.3)	(59.3)	(0.6)	(156.9)
<b>(=) Cash at end of period (A + 1 + 4 + 5)</b>	<b>260.4</b>	<b>67.3</b>	<b>260.4</b>	<b>67.3</b>

(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](#)

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



## 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.

December 30, 2020 **net cash** was R\$ 66.6 million vs R\$ 54.4 million net cash as of September 30, 2020.

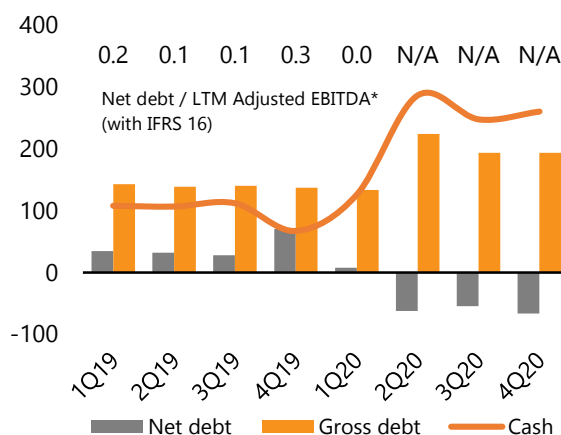
The 4Q20 and 3Q20 **net debt / LTM adjusted EBITDA\* index** was not applicable due to the net cash in both quarters. The 4Q20 coverage ratio (which is equivalent to **adjusted EBITDA\* / financial result**) was 17.7x. The Company's *covenants* are <2.5x and >1.5x, respectively.

The Company's gross debt average cost on December 30, 2020 was CDI + 2.92%, a stability vs. September 30, 2020.

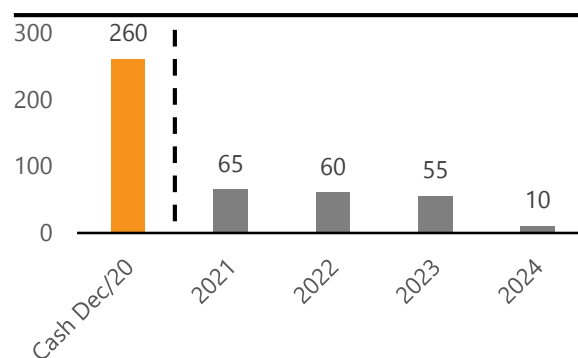
In April, the Company raised two debts: i) R\$ 50 million of Export Credit Notes with Banco Itaú for a period of two years at a CDI + 3.8% and ii) R\$ 40 million with Santander in the Res. 4131 for a period of one year at a rate of CDI + 4.0%. This is a 100% swap operation for R\$, without exchange risk.

In July, the Company also settled partially a debenture in the amount of R\$ 25.0 million, settled a loan in the Res. 4131 modality in the amount of R\$ 50.0 million and raised two loans, the first in the Res. 4131 modality in the amount of R\$ 40.0 million at cost of CDI + 2.66% p.y and the second in CCB modality amounting of R\$ 5.0 million at a CDI rate + 2.91% p.y. The balance of settlements and raising of principals during 2020 was positive by R\$ 56.7 million.

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



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



	1Q20	2Q20	3Q20	4Q20
Current debt	78.5	119.0	68.4	68.8
Non-current debt	55.0	105.0	125.0	125.0
<b>Gross debt</b>	<b>133.5</b>	<b>224.0</b>	<b>193.4</b>	<b>193.8</b>
(-) Cash	0.9	0.6	0.7	1.8
(-) Banking investments	125.0	285.9	247.1	258.5
<b>Net debt</b>	<b>7.6</b>	<b>(62.5)</b>	<b>(54.4)</b>	<b>(66.6)</b>
<b>Adjusted EBITDA* TTM</b>	<b>238.3</b>	<b>183.5</b>	<b>174.3</b>	<b>162.5</b>
<i>Net debt / Adjusted EBITDA* TTM</i>	<i>0.0</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
<b>Financial result TTM</b>	<b>22.6</b>	<b>23.1</b>	<b>(10.3)</b>	<b>(9.2)</b>
<i>Adjusted EBITDA TTM / Financial result TTM</i>	<i>N/A</i>	<i>N/A</i>	<i>17.0</i>	<i>17.7</i>

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

(consolidated)

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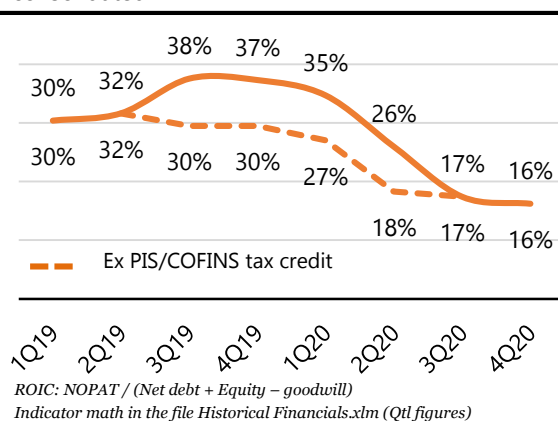
## Return on invested capital

The Company consider that **return on invested capital** (ROIC) is significant for investors, since it 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 previous four quarters months invested capital (shareholders' equity plus net debt minus acquisition goodwill).

Due to the impacts caused by the COVID-19 pandemic, the Company made changes to the ROIC calculation methodology, starting to consider the invested capital using the average of the last four quarters and not of 12 months ago as it was previously done.

ROIC in 4Q20 was 16.2%, a 1.2 p.p drop vs 17.4% ROIC reported in 3Q20 (ex PIS COFINS tax credit). The drop in ROIC is mainly due to the negative impact of COVID-19 pandemic in automotive logistic division.

**Chart 17** – Return on invested capital (ROIC) consolidated



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

(consolidated)

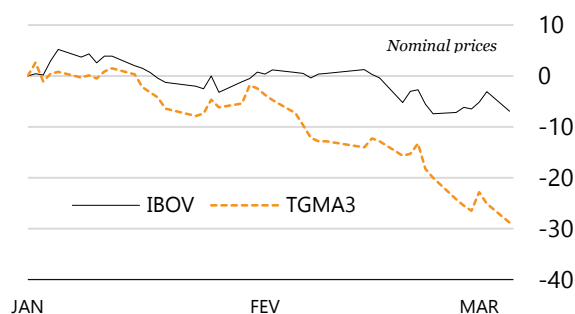
\*Due to the PIS COFINS credit that impacted NOPAT in 3Q19 in the amount of R \$ 50 million, the ROIC adjusted by NOPAT for these quarters were 33.0%, 33.8%, 31.4% and 21.5% respectively.

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## Capital Markets TGMA3

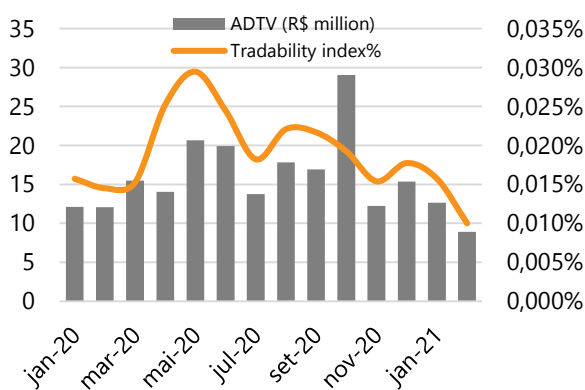
Tegma's shares (TGMA3) have suffered in the begin of 2021 from uncertainties related to the impacts of the COVID-19 pandemic in the automotive market. TGMA3 depreciated 29%, versus a drop of 8% in Ibovespa index. The Company's market cap is around R\$ 1.2 billion (R\$ 19 per share).

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



The ADTV of Tegma's shares in the last three months was around R\$ 11.6 million traded daily (USD 2.0 million). TGMA3's tradability index vs IBX-100 has been showing a reduction compared to the end of 2019.

**Chart 19 – TGMA3 Liquidity**



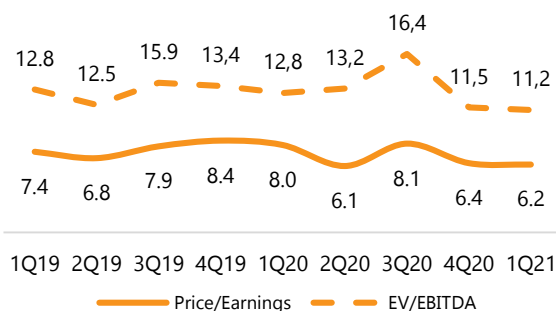
As mentioned in the quarter highlights, the Company announced the resumption the distribution of complementary dividends for the years of 2020, amounting R\$ 12.5 million in interim earnings or R\$ 0.19 per share. This amount added to the amount anticipated in November (R\$ 22.4 million) corresponds to 50% of the net income for 2020.

**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 1Q21 multiples, considering the estimates for subsequent years only for the analysts who updated their financial models were 11.5x EV/EBITDA and 6.4x P/E.

**Chart 20 – Multiples TGMA3**





## 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%
<a href="#">Coimex Empreendimentos e Participações Ltda.</a>	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%
<b>Controllers, administrators e treasury</b>	<b>33,996,036</b>	<b>51.5%</b>
<b>Free float</b>	<b>32,006,979</b>	<b>48.5%</b>
<b>Total stocks</b>	<b>66,002,915</b>	<b>100.0%</b>

## Services provided by the independent auditor

The financial statements of the Company and its subsidiaries for the year ended December 31, 2020 were audited by BDO RCS Auditores Independentes SS in reference to article 2 of CVM Instruction 381/03 and OFÍCIO-CIRCULAR / CVM / SEP / Nº01/2021, Tegma informs that it has not contracted the independent auditor or any related parties for any service that has not been an external audit.

The contracting of services not related to the external audit with its independent auditors is based on principles that preserve the independence of these professionals. These principles, which follow internationally accepted guidelines, consist of: (a) the auditor must not audit his own work, (b) the auditor must not exercise managerial functions in his client and (c) the auditor must not promote the interests of your client.

Pursuant to CVM Instruction 480/09, the management at a meeting held on March 9, 2021 declares that it discussed, reviewed and agreed with the information expressed in the independent auditors' audit report on the individual and consolidated financial statements of December 31, 2020.

a) the date of contracting, the duration, if more than one year, and an indication of the nature of each service provided:

Contracting date: 04/01/2020 for the audit period of the financial statements from 01/01/2020 to 12/31/2020. The extension of the audit contract for the current and future years is under negotiation of commercial details.

b) the total value of the contracted fees and its percentage in relation to the fees related to those of external audit services:

R\$ 700,000.00, net of taxes, with no additional contracted service from BDO

c) the policy or procedures adopted by the Company to avoid the existence of a conflict of interest, loss of independence or objectivity of its independent auditors:

Unrestricted access for independent auditors to the Company's facilities, its employees and all the information and documentation requested by them provided without any restrictions.

d) a summary of the justification presented by the auditor to the issuer's management on the reasons why he considered that the provision of other services did not affect the independence and objectivity necessary for the performance of the external audit services (Article 3 of the Instruction):

Without restriction verified by the Independent Auditor and which was manifested in his proposal at the time of hiring and his permanence, without conflicts, until the conclusion of the works.

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

Income statement	4Q20	2020	Chg % vs		4Q19	2019
			4Q19	2019		
<b>Gross revenue</b>	<b>386.7</b>	<b>1,250.8</b>	<b>-16.6%</b>	<b>-24.3%</b>	<b>463.8</b>	<b>1,653.3</b>
Taxes and deductions	(73.8)	(238.7)	-13.7%	-22.0%	(85.5)	(306.0)
<b>Net revenue</b>	<b>313.0</b>	<b>1,012.0</b>	<b>-17.3%</b>	<b>-24.9%</b>	<b>378.3</b>	<b>1,347.3</b>
(-) Cost of services	(247.9)	(811.9)	-15.3%	-23.4%	(292.6)	(1,060.5)
Personnel	(25.3)	(105.9)	-25.7%	-16.8%	(34.1)	(127.3)
Freight	(207.6)	(640.5)	-13.6%	-24.8%	(240.5)	(852.0)
Other costs	(35.8)	(132.0)	-16.4%	-22.4%	(42.9)	(170.0)
Taxes credit (PIS and COFINS)	21.0	66.5	-15.4%	-25.1%	24.8	88.8
<b>Gross profit</b>	<b>65.1</b>	<b>200.1</b>	<b>-24.0%</b>	<b>-30.2%</b>	<b>85.7</b>	<b>286.8</b>
General and administrative expenses	(21.4)	(84.2)	-9.6%	1.1%	(23.7)	(83.3)
Other expenses and revenues	(3.4)	(16.0)	-61.4%	-	(8.9)	36.1
<b>Operating income</b>	<b>40.3</b>	<b>99.9</b>	<b>-24.2%</b>	<b>-58.3%</b>	<b>53.1</b>	<b>239.6</b>
Financial result	(2.2)	(9.2)	50.8%	-	(3.2)	22.7
Equity	(0.0)	6.4	-	114.1%	2.3	3.0
<b>Income before tax</b>	<b>38.1</b>	<b>97.2</b>	<b>-27.1%</b>	<b>-63.4%</b>	<b>52.2</b>	<b>265.3</b>
Income tax	(9.3)	(23.5)	6.0%	-67.0%	(8.8)	(71.3)
<b>Net income</b>	<b>28.8</b>	<b>73.6</b>	<b>-33.8%</b>	<b>-62.0%</b>	<b>43.4</b>	<b>194.0</b>
<i>Net margin %</i>	<i>9.2%</i>	<i>7.3%</i>	<i>-2.3 p.p.</i>	<i>-7.1 p.p.</i>	<i>11.5%</i>	<i>14.4%</i>

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

	<b>Jun-20</b>	<b>Sep-20</b>	<b>Dec-20</b>
<b>Current assets</b>	<b>509.8</b>	<b>511.2</b>	<b>517.7</b>
Cash	0.6	0.7	1.8
Banking investments	285.9	247.1	258.5
Accounts receivable	127.4	199.7	212.1
Related parties	0.1	0.1	0.2
Inventories	0.1	0.1	0.1
Income tax and social contribution	0.8	0.8	0.8
Taxes to recover	57.3	50.7	34.0
Other receivables	9.4	9.0	8.3
Prepaid expenses	4.4	3.1	1.8
Derivative financial instruments	23.9	-	-
<b>Non-current assets</b>	<b>48.5</b>	<b>46.2</b>	<b>46.7</b>
Taxes to recover	9.8	9.8	9.5
Other receivables	1.9	2.3	2.3
Deferred taxes	17.0	14.3	14.7
Marketable securities	4.6	4.6	4.0
Related parties	1.1	1.1	1.1
Judicial deposits	14.1	14.1	15.1
<b>Long term Assets</b>	<b>485.6</b>	<b>474.0</b>	<b>462.5</b>
Investments	40.6	39.4	38.1
Property, plant and equipment	204.7	203.6	202.1
Intangible assets	171.7	171.3	170.8
Right of use assets	68.6	59.6	51.5
<b>Total assets</b>	<b>1,043.9</b>	<b>1,031.4</b>	<b>1,026.9</b>
	<b>Jun-20</b>	<b>Sep-20</b>	<b>Dec-20</b>
<b>Current liabilities</b>	<b>268.7</b>	<b>211.2</b>	<b>205.8</b>
Loans and financing	116.4	43.3	43.8
Bonds	26.5	25.2	25.0
Lease liabilities	31.7	29.6	27.0
Suppliers and freights payable	17.2	28.2	31.3
Taxes payable	16.8	17.6	16.4
Salaries and social charges	24.9	26.1	20.7
Other accounts payable	29.9	30.3	30.6
Related parties	0.0	0.0	0.1
Income tax	5.4	11.0	11.0
<b>Non-current liabilities</b>	<b>185.1</b>	<b>200.3</b>	<b>195.4</b>
Loans and financing	80.0	125.0	125.0
Related parties	0.7	0.6	0.6
Bonds	25.0	-	-
Lease liabilities	45.2	39.1	33.6
Deferred tax	-	-	-
Provision for contingencies	34.2	35.6	33.9
Actuarial liabilities	-	-	2.5
<b>Shareholders equity</b>	<b>590.1</b>	<b>619.9</b>	<b>624.7</b>
Capital stock	318.5	318.5	318.5
Capital reserve	-	-	-
Profit reserve	262.6	266.8	295.6
Retained earnings	9.3	34.9	-
Treasury shares	(0.3)	(0.3)	(0.3)
Assets valuation adjustment	0.1	-	(1.6)
Additional proposed dividend	-	-	12.5
<b>Non-controlling interest</b>	<b>-</b>	<b>-</b>	<b>1.0</b>
<b>Total liabilities and shareholders' equity</b>	<b>1,043.9</b>	<b>1,031.4</b>	<b>1,026.9</b>

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

	4Q20	4Q19	2020	2019
<b>Net income for the year</b>	<b>28.6</b>	<b>43.4</b>	<b>73.5</b>	<b>194.0</b>
Depreciation and amortization	5.5	6.3	23.4	25.8
Right of use assets amortization	7.3	8.4	30.6	32.8
Interest and exchange variation on unpaid loans and debentures	2.3	0.7	25.9	11.8
(Reversal of) provision for contingencies	1.8	6.0	15.3	21.1
Interest on leasing	1.1	1.8	5.5	6.4
Allowance for doubtful accounts	-	(0.7)	-	(92.1)
Swap result	-	1.5	(16.3)	(1.7)
Equity	0.2	(2.3)	(6.3)	(3.0)
Loss (gains) on disposal of assets	1.7	2.9	1.9	2.9
Allowance for (reversal of) doubtful accounts	(0.0)	(0.8)	0.1	(2.1)
FAJr value in investment transfer	-	-	-	-
Allowance for losses on sales of subsidiaries	-	-	-	-
Loss in goodwill withdraw	-	-	-	-
Deferred income and social contribution taxes	9.3	8.8	23.5	71.3
<b>Expenses (revenues) not affecting cash flows</b>	<b>29.2</b>	<b>32.5</b>	<b>103.7</b>	<b>73.3</b>
Accounts receivable	(12.4)	(37.6)	49.0	(32.8)
Taxes recoverable	10.8	(0.3)	32.1	(1.4)
Judicial deposits	(0.4)	(0.1)	(0.9)	(3.7)
Other assets	1.8	3.6	(2.6)	4.7
Suppliers and freight payable	1.7	6.6	(5.8)	2.3
Salaries and related charges	(5.4)	(1.9)	(5.5)	2.0
Increase (decrease) in related parties	(0.1)	(0.2)	0.5	14.3
Other liabilities	(0.9)	(0.2)	(2.3)	1.0
<b>Changes in assets and liabilities</b>	<b>(4.8)</b>	<b>(30.1)</b>	<b>64.6</b>	<b>(13.6)</b>
Interest on loans, financing and swap	(1.6)	(0.3)	(6.5)	(1.8)
Interest on debentures	(0.4)	(1.9)	(2.1)	(5.7)
Interest on leasing	(1.2)	(2.1)	(5.1)	(6.1)
Lawsuits paid	(4.1)	(6.3)	(16.2)	(27.0)
Income and social contribution taxes paid	(2.1)	(10.2)	(8.0)	(35.3)
<b>(A) Net cash generated by (used in) operating activities</b>	<b>43.6</b>	<b>25.0</b>	<b>203.8</b>	<b>177.7</b>
Dividends received	2.0	-	7.3	0.3
Acquisition of intangible assets	(0.7)	(1.1)	(4.0)	(4.4)
Acquisition of property and equipment and intangible assets	(2.5)	(10.2)	(13.9)	(34.5)
Proceeds from sale of assets	0.4	0.9	0.5	1.4
<b>(B) Net cash generated by (used in) investing activities</b>	<b>(0.7)</b>	<b>(10.4)</b>	<b>(10.1)</b>	<b>(36.9)</b>
Dividend pAJd	(22.4)	(45.7)	(22.4)	(103.6)
New loans	-	-	135.0	30.0
Payment of debentures	-	(3.3)	(99.7)	(53.3)
Derivative financial instruments	(7.9)	(10.2)	(30.4)	(30.0)
Payment of leasing	-	-	17.0	-
<b>(C) Net cash generated by (used in) financial activities</b>	<b>(30.3)</b>	<b>(59.3)</b>	<b>(0.6)</b>	<b>(156.9)</b>
<b>Changes in cash (A + B + C)</b>	<b>12.6</b>	<b>(44.7)</b>	<b>193.2</b>	<b>(16.1)</b>
Cash at beginning of period	247.8	112.1	67.3	83.5
Cash at end of year	260.4	67.3	260.4	67.3

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

	Capital	Capital reserve	Legal reserve	Tax incentive reserve	Retained profit	Additional dividend proposed	Treasury stock	Equity adjustment	Retained earnings (accumulated losses)	Non-controlling interest	Total equity
<b>Balance on January 1, 2019</b>	<b>144.5</b>	<b>174.1</b>	<b>28.9</b>	<b>26.0</b>	<b>83.3</b>	<b>28.3</b>	<b>(0.3)</b>	<b>(0.3)</b>	-	-	<b>484.4</b>
Net income for the period	-	-	-	-	-	-	-	-	194.0	-	194.0
Net result with financial instruments designated as Hedge Accounting	-	-	-	-	-	-	-	0.3	-	-	0.3
Tax incentives	-	-	-	17.7	-	-	-	-	(17.7)	-	-
Non-controlling interest	-	-	-	-	-	-	-	-	-	-	-
Set up of reserves	-	-	-	-	176.2	-	-	-	(176.2)	-	-
Dividends and interest on capital	-	-	-	-	(75.3)	(28.3)	-	-	-	-	(103.6)
<b>Balance on December 30, 2019</b>	<b>144.5</b>	<b>174.1</b>	<b>28.9</b>	<b>43.7</b>	<b>184.3</b>	-	<b>(0.3)</b>	<b>(0.0)</b>	-	-	<b>575.1</b>
<b>Balance on October 1, 2019</b>	<b>144.5</b>	<b>174.1</b>	<b>28.9</b>	<b>38.7</b>	<b>83.3</b>	<b>(29.6)</b>	<b>(0.3)</b>	<b>1.1</b>	<b>137.8</b>	-	<b>578.4</b>
Net income for the period	-	-	-	-	-	-	-	-	43.4	-	43.4
Net result with financial instruments designated as Hedge Accounting	-	-	-	-	-	-	-	(1.1)	-	-	(1.1)
Tax incentives	-	-	-	5.0	-	-	-	-	(5.0)	-	-
Non-controlling interest	-	-	-	-	-	-	-	-	-	-	-
Set up of reserves	-	-	-	-	176.2	-	-	-	(176.2)	-	(0.0)
Dividends and interest on capital	-	-	-	-	(75.3)	29.6	-	-	-	-	(45.7)
<b>Balance on December 30, 2019</b>	<b>144.5</b>	<b>174.1</b>	<b>28.9</b>	<b>43.7</b>	<b>184.3</b>	-	<b>(0.3)</b>	<b>(0.0)</b>	-	-	<b>575.1</b>
<b>Balance on January 1, 2020</b>	<b>144.5</b>	<b>174.1</b>	<b>28.9</b>	<b>43.7</b>	<b>184.3</b>	-	<b>(0.3)</b>	<b>(0.0)</b>	-	-	<b>575.1</b>
Net income for the period	-	-	-	-	-	-	-	-	73.6	-	73.6
Payment of company capital	174.1	(174.1)	-	-	-	-	-	-	-	-	-
Net result with financial instruments designated as Hedge Accounting	-	-	-	-	-	-	-	0.0	-	-	0.0
Constitution of actuarial liabilities	-	-	-	-	-	-	-	(2.5)	-	-	(2.5)
Deferred taxes on actuarial liabilities	-	-	-	-	-	-	-	0.8	-	-	0.8
Tax incentives	-	-	-	14.5	-	-	-	-	(14.5)	-	-
Non-controlling interest	-	-	-	-	-	-	-	-	-	-	-
Set up of reserves	-	-	3.7	-	55.4	-	-	-	(59.1)	-	(0.0)
Dividends and interest on capital	-	-	-	-	(34.9)	12.5	-	-	-	-	(22.4)
<b>Balance on December 30, 2020</b>	<b>318.5</b>	-	<b>32.6</b>	<b>58.2</b>	<b>204.8</b>	<b>12.5</b>	<b>(0.3)</b>	<b>(1.6)</b>	-	-	<b>625.6</b>
<b>Balance on October 1, 2020</b>	<b>318.5</b>	-	<b>28.9</b>	<b>53.6</b>	<b>184.3</b>	-	<b>(0.3)</b>	-	<b>34.9</b>	-	<b>619.9</b>
Net income for the period	-	-	-	-	-	-	-	-	28.8	-	28.8
Payment of company capital	-	-	-	-	-	-	-	-	-	-	-
Net result with financial instruments designated as Hedge Accounting	-	-	-	-	-	-	-	(0.1)	-	-	(0.1)
Constitution of actuarial liabilities	-	-	-	-	-	-	-	(2.5)	-	-	(2.5)
Deferred taxes on actuarial liabilities	-	-	-	-	-	-	-	0.8	-	-	0.8
Tax incentives	-	-	-	4.6	-	-	-	-	(4.6)	-	-
Non-controlling interest	-	-	-	-	-	-	-	-	-	-	-
Set up of reserves	-	-	3.7	-	55.4	-	-	-	(59.1)	-	(0.0)
Dividends and interest on capital	-	-	-	-	(34.9)	12.5	-	-	-	-	(22.4)
<b>Balance on December 30, 2020</b>	<b>318.5</b>	-	<b>32.6</b>	<b>58.2</b>	<b>204.8</b>	<b>12.5</b>	<b>(0.3)</b>	<b>(1.7)</b>	<b>(0.0)</b>	-	<b>625.6</b>

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

			Var % vs			
	4Q20	2020	4Q19	2019	4Q19	2019
Gross sale of services	366.7	1,187.4	-16.7%	-24.4%	440.4	1,570.6
Other income	0.0	0.9	-96.3%	-52.4%	1.3	1.9
(Reversal of) allowance for doubtful accounts	0.0	(0.1)	-95.9%	-	0.8	2.1
<b>Income</b>	<b>366.8</b>	<b>1,188.2</b>	<b>-17.1%</b>	<b>-24.5%</b>	<b>442.5</b>	<b>1,574.6</b>
Cost of services provided	(207.6)	(640.5)	-13.6%	-24.8%	(240.5)	(852.0)
Materials, energy, third-party services and other operating expenses	(34.9)	(126.9)	-25.4%	-21.7%	(46.8)	(162.1)
<b>Input products acquired from third parties</b>	<b>(242.5)</b>	<b>(767.5)</b>	<b>-15.6%</b>	<b>-24.3%</b>	<b>(287.2)</b>	<b>(1,014.0)</b>
Net value added produced by the Company	124.2	420.8	-20.0%	-32.1%	155.3	619.5
Depreciation and amortization	(5.5)	(23.4)	-12.0%	-9.2%	(6.3)	(25.8)
Right of use assets amortization	(7.3)	(30.6)	-13.1%	-6.6%	(8.4)	(32.8)
<b>Gross value added</b>	<b>111.4</b>	<b>366.7</b>	<b>-20.8%</b>	<b>-34.6%</b>	<b>140.6</b>	<b>560.9</b>
Equity pickup	(0.2)	6.3	-	110.2%	2.3	3.0
Financial income	1.9	24.1	82.0%	-42.8%	1.0	42.1
<b>Total value added to be distributed</b>	<b>113.1</b>	<b>397.1</b>	<b>-21.5%</b>	<b>-34.5%</b>	<b>143.9</b>	<b>606.0</b>
	-	-	-	-	-	-
<b>Personnel and related charges</b>	<b>31.4</b>	<b>132.8</b>	<b>-76.4%</b>	<b>-73.1%</b>	<b>41.8</b>	<b>155.3</b>
Direct compensation	23.9	100.2	-76.1%	-72.8%	32.2	118.5
Benefits	5.9	24.2	-75.5%	-73.6%	7.7	29.1
FGTS	1.5	8.4	-82.5%	-74.5%	2.0	7.8
<b>Taxes, charges and contributions</b>	<b>47.0</b>	<b>150.8</b>	<b>-68.8%</b>	<b>-77.3%</b>	<b>52.0</b>	<b>228.6</b>
Federal	25.2	79.2	-68.2%	-80.4%	27.9	142.4
State	20.6	66.0	-68.9%	-72.1%	22.5	80.5
Local	1.2	5.6	-78.1%	-71.5%	1.6	5.7
<b>Financing agents</b>	<b>34.7</b>	<b>113.4</b>	<b>-69.4%</b>	<b>-77.4%</b>	<b>50.1</b>	<b>222.1</b>
Interest and exchange variations	4.0	33.2	-87.9%	-78.0%	4.3	19.4
Rent	2.0	6.7	-69.3%	-72.2%	2.4	8.7
Dividends	34.9	34.9	-	-39.3%	45.7	75.3
Retained profits (losses)	(6.2)	38.7	-	-	(2.3)	118.7
Non-controlling interest	(0.1)	(0.1)	-	-	-	-
<b>Value added distributed</b>	<b>113.1</b>	<b>397.1</b>	<b>-71.5%</b>	<b>-76.2%</b>	<b>143.9</b>	<b>606.0</b>

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