



## JSL S.A. Earnings Teleconference 4Q25

### Announcer

Good morning, everyone. Welcome to JSL's conference call to discuss the results for the 4th quarter, 2025. Last call is being recorded and a replay will be available on the company's website, [ri.jsl.com.br](http://ri.jsl.com.br). The presentation will also be available for download. Please note that all participants will be in listen-only mode during the company's presentation. Then we'll start the Q&A session when further instructions will be provided. Before we begin, I'd like to remind you that any forward-looking statements made during this call are based on JSL management's current beliefs and assumptions, and information available to the company. These statements may involve risks and uncertainties as they relate to future events, and therefore depend on circumstances that may or may not occur. Investors, analysts, and journalists should be aware that events related to the macroeconomic conditions and develops in our industry may cause our actual results to differ materially from those in the forward-looking statements. Joining us today's call are Guilherme Sampaio, CEO and Eduardo Cordeiro, now, Director of Investor Relations. Now, I'll turn the call over to Guilherme Sampaio, that will start the presentation. Mr. Sampaio.

### Guilherme Sampaio – CEO

Good morning, everyone. It is a pleasure to begin JSL's earnings call for the fourth quarter and full year of 25. Starting with the highlights on page one, we delivered operating margin expansion both for the quarter and for the full year 14,8, with an increase of 3.2 p.p in 4Q versus 4Q24. and 1.8 p.p for the full year. The performance reflects the price adjustments we discussed throughout the year and the discipline in pricing new contracts. Another very relevant point was the reduction in our leverage, down point 4x, driven by initial steps towards making the company increasingly asset light, combined with strong cash generation, which continues to be our strengths. Net CAPEX, aligned with this asset light strategy, closed the quarter at R\$ 15 million. Also demonstrating JSL's execution capacity, we signed over R\$ 800 million in new contracts in the quarter, to a total for the year to nearly R\$ 5 billion. And last but not least, the launch of Intralog, which completes the organization of our businesses into dedicated companies, each focused on management, serve our clientes and meet the specific needs in each market. Moving to slide 2, a summary of numbers. Net revenue declined in the fourth quarter, but grew 6.5% for the year, reaching R\$ 9.7 billion. Remember that throughout the year, we reduced our exposure to gain transportation and to a light fleet contract in mining. As this process is now largely complete, we resumed sequential revenue growth, driven by the onboarding of new contracts, EBITDA. Reached R\$ 2 billion, up 16% over year, and also 16% quarter over quarter, totaling R\$ 505 million. Net income for the year came in at R\$ 147 million and R\$ 30 million for the quarter. It's still pressured by financial expenses. Returns showed a slight improvement, reaching 14.8%, i2 p.p above 4Q24. We are now providing greater detail for



JSL dedicated services, separating revenue generating with our own fleet, even if least, from revenue generated through the subcontracting of third-party drivers. In JSL dedicated services, which accounts for 75% of our net revenue, services performed with our own fleet totally R\$ 1.3 billion in the quarter, with EBITDA of \$243 million and margin of 19%. In Dedicated Services, where we subcontract to third parties, revenue was 550 million and EBITDA 103 million, also with a 19% margin. In dedicated services, we include grain and mining contracts mentioned earlier. On the site, we bring Intralog, R\$ 500 million in revenue in the quarter, and R\$ 136 million EBITDA, almost 30% growth versus the fourth quarter 24. Further to the right, JSL Digital, reaching R\$ 133 million in the quarter, growth of 15%. Part of this revenue is already native of the digital model, while another portion reflects the migration of general cargo contracts with a more spot-oriented profile. EBITDA was R\$ 15 million, and we remind you that this business operates 100% through subcontracting. We provide more detail for each of these business segments. Dedicated services include transportation such as chemicals, vehicles, parts, milk runs, transfers, wood, mining, and others. These operations, whether using our own fleet or third parties, require high productivity, robust SLAs, and strong systems and operational integration with our clients. Expertise in pricing and operating those services is critical to project success. Examples include automotive, parts, milk runs, e-commerce, and other industries. Then we go on to the next slide and we break down dedicated services between own fleet and third parties. Operations such as such as chemicals, mining, some food and beverage contracts are typically performed with our own fleet, while operations with more volume volatility are handling through outsourcing of subcontracting. Some examples, automotive, milk run, vehicle transportation, e-commerce, and other industries. Our fleet operations generated R\$ 5.1 billion in 25, while Subcontracted operations totaled R\$ 2.1 billion in the year. Intralog shown on the next slide. Remember, it's the consolidation of JSL and TPC operations in warehousing and intro logistics. That is everything under the roof. Delivered R\$ 1.9 billion in revenue, serving sectors ranging from consumer goods to airport logistics with a three-year CAGR of 19%, EBITDA of \$500 million. This is a business with very high barriers to entry, highly critical to clients, long-term contracts, minimum five years, growing around 20% a year, and with an estimated ROIC of 25%. Today, we manage over 2.2 million square meters, making Intralog one of the largest warehousing and interlogistics operator in Brazil, with strong growth potential overhead. According to the ILUS estimates, total addressable market is R\$ 415 billion annually. Interesting data point of the R\$ 2 billion new contracts, 54% came from new clients, demonstrating the strength of our brand in 3PL and 4PL activities in the Brazilian market. Moving on, JSL Digital is our platform to serve the general cargo market in a light asset model, fully subcontracting drivers, and leveraging the strengths of the JSL brand to reduce empty miles and optimize transportation flows in Brazil, where we estimate 30% of the trips run empty. Digitalization brings scale to the business and more importantly, the ability to optimize flows. 25 was a year of R\$ 495 million in revenue for JSL Digital. R\$ 63 million, of which already comes from contractor generated in the digital model. We created a dedicated team to develop the product, attract new clients, and strengthen relationships with our base of 50,000 third-party drivers. The



business is growing, its native digital revenue by around 25% per quarter, and has an estimated return on invested capital above 20%. Moving on to the next slide, I'd like to talk about our people that make things happen every day in each one of our countries. Almost 35,000 people, 300 managers, with an average tenure of nine years, bringing our service culture to every corner of our operations. Given that we are talking about results, I'd like to bring you some numbers. At Universidad JSL, we trained more than 19,000 employees, more than 900,000 hours of training. We also run three key programs that make us very proud to bring new people to the business. The first, Connecting Borders, focus on training and identifying refugees in Brazil, to integrate to our operations. More than 30 already provided service. Second, Driver's School, in its third edition, with nearly 60 participants to our operation and over 21,000 hour training others before they become a fixed employee. And then the Women in Driving that want to train women drivers or forklift operators. We are now in the 17th edition with more than 300 women hired and 80,000 hours of training delivered. In addition to impacting society, remember that these programs are performed in several regions of the country, they expand our hiring capacity and strengthen engagement across our workforce, our team, our class of customers, and those that make it happen, our drivers and forklift operators. To close the first part of my presentation, I'd like to highlight new contracts, R\$ 4.9 billion in 25, R\$830 million in the fourth quarter, of this, 71% from cross-selling that is within existing customers and 29% from new clients which reinforces what we have been saying. Numbers reflect the focus on new businesses and long-term relationships. Understanding our clients is key to serving them. It's a different JSL to each client. With that, I'll turn it over to Eduardo. They'll give you more color on the numbers of the quarter and then I'll come back for my closing remarks.

### **Eduardo Nauck -DIR**

Thanks, Guilherme. Good morning, everyone. Before going into the results, I would like to once again highlight our diversification across services and sectors. This ensures strong revenue resilience and allows us to sustain margins that are appropriate for each operation and the capital invested. In addition, no single client accounts for more than 10% of our revenue, and no individual contract represents more than 1%. In 4Q, net revenue declined slightly by 1.5%, reflecting the demobilization of lower margin operations as previous discussed. For the full year, net revenue reached R\$ 9.6 billion, up 6.5%, also impacted by demobilizations. Excluding the effect, growth would have been 10%. I'd like to highlight some sectors that gain momentum this year with new contract implementation, such as e-commerce, capital goods, and certain chemical operations. We also delivered strong revenue performance in food and beverage and automotive, two of our core sectors. On operating margins, we saw year-over-year improvement in both EBITDA and EBIT. As mentioned in our 4Q24 release, at that time we were impacted by inflation in key inputs and services, such as tires, parts and maintenance. Once again, we were very fast to correct imbalances, either through efficiency initiatives or price renegotiations, restoring margins to the right levels in the beginning of 25. As a result, We ended the year with EBITDA of R\$ 2 billion, up 16% and margin of 20.5%. EBIT was R\$ 1.2 billion,



margin of 13%. Net income declined compared to 24, mainly due to higher debt service costs driven by a higher average CDI during the period, partially offset by continued reduction in our debt spreads. To conclude, our profitability measured return on invested capital reached 14.8%, reflecting disciplined capital allocation, contract pricing discipline also, and more importantly, strong operational execution. On the next slide, I will talk about the performance of our three business units. JSL Dedicated Services accounts for 75% of our revenue, concentrating the demobilizations I mentioned before. Excluding the effect, the R\$ 7.2 billion net revenue in 25 would represent growth of 8% compared to 24 with highlights in food and beverage, chemicals and consumer goods. EBITDA for the unit reached R\$ 1.4 billion for this company with a margin of 19.5%. Starting this quarter, we are introducing ROIC disclosure per business unit for capital allocation purposes. We used the proportion of assets and working capital allocated to each unit. Based on these assumptions, dedicated services closed the year with a ROIC of 13%. We see significant potential for improvement in this metric. Just to mention one thing, numbers of 25 still include lower margin operations that were terminated during the year. Intralog, which represents 20% of our revenue, closed the year with 1.9 billion in net revenue, up 17% compared to 24. Highlights here includes new contracts in airport logistics, consumer goods, and automotive. EBITDA reached 500 million in the year, margin of 25%. And ROIC, 25%, confirming the high profitability potential of this business, supported by a low capital intensity model. JSL Digital, accounting for 5% of our revenue, closed the year with net revenue of \$495 million, up 14% year over year. As a reminder, we migrated all general cargo operations to this unit. Considering only contracts originated within JSL Digital, growth reached 150% year over year. EBITDA, totaled R\$ 65 million, margin of 13%. This business operates with lower margins compared to the other two, as it relies primarily on subcontracted independent drivers, meaning the asset compensation is embedded in freight payments. Accordingly, ROIC reached 24% in 25 for JSL digital, reflecting the low capital allocation required, similar to Intralog. On the next slide, we present our leverage indicators. The first point to highlight is reduction in both gross and net debt compared to 3Q25. That results in a more efficient capital structure in terms of cost of debt and reinforces our ability to generate cash and continue deleveraging the company. Regarding covenants, leverage measured as net debt over adjusted EBITDA ratio stood at 2.4x versus an upper limit of 3.5x. Interest coverage measured as adjusted EBITDA over financial expenses was 2.6x versus a minimum in this case threshold of two times. We also bring in the bottom left chart the leverage in history based on traditional EBITDA. We observed a consistent decline over the past year, reaching 2.9x at the end of 25. 1.4x lower than the prior year-end. As we have been talking to you along the year, we are increasingly deploying contracts that require assets using leasing structures instead of CAPEX. Therefore, we included in this graph the evolution of comprehensive leverage, which considers the right-of-use lease liability. And the trend is exactly the same, with a reduction also of 0.4x versus the end of 24. Cash at year end totaled R\$ 1.5 billion, and when combined with committed lines of R\$ 300 million, we reached liquidity of R\$ 1.8 billion, sufficient to cover debt maturities through mid-27. The average maturity of our debt is currently four years. On slide 12, we bring our cash flow analysis



for 25, highlighting strong operating cash generation sufficient to fund investments and debt service. Cash flow after investments, interest, and lease payments reached almost R\$ 400 million in the year, resulting in a free cash flow yield of 20%. based on the company's market value at the close of last Monday's trading session. Given this additional indication of how discounted JSL's valuation appears, we included a comparison with listed logistic peers on the next slide. First, I'd like to emphasize that all data presented comes from public sources. None of the information was produced by the company, and this is intended solely as an analytical reference. It is not company endorsements to each of these numbers. Here, we compare five-year CAGR, 2025 growth, EBITDA margin, and ROIC for JSL against four listed logistic players in the U.S. You see that JSL outperforms these peers across nearly all metrics, yet trades at a significant discounting valuation at multiple such as EBIT/EBITDA and price to earnings. The average EBIT/EBITDA discount is approximately 75%. We use those 25 figures to avoid projections or estimates, but if you look at consensus estimates for 26, the conclusion remains the same, with similar discount levels of JSL compared to other players. With that, I'll turn it back to Guilherme for closing remarks. Thank you.

#### **Guilherme Sampaio – CEO**

Thank you, Edu. Okay. First, a quick comment. It's impressive when we look at the numbers Edu just walked us through and we see the value potential for JSL. Of course, we recognize the market is sovereign. We are not making any recommendations. But we do feel its responsibility to bring information as we see it, so that you can draw your own conclusions. We'll continue working to increase transparency, whether by providing more detailed disclosures or refining the way we communicate, as you can better understand our business with greater clarity and build confidence in JSL's role in the logistic market, as well as our fundamentals, model, and culture. On slide 14, I would like to highlight an example of initiatives that we believe reinforce our role in society. Safety is a core value at JSL, and it is a priority we continuously pursue by bringing the most advanced tools and practices into our operations. As part of this effort, we implemented new technologies from IoT to AI aimed at predicting, preventing, and also addressing cases of misconduct. These tools allow us to scale the reach of our actions, which is critical given our diverse operations across Brazil and eight other countries and more than 35.000 people working simultaneously. It's not only the tools, it was a broader effort that enabled us to reduce the number of accidents by 30% in 2025. This is an ongoing commitment and will not ease up. We remain focused on achieving zero accidents across our operations. To wrap up, let me give you a few key messages. First, we are very excited about this new phase, particularly with the creation of IntraLog. We will remain fully focused on productivity, leveraging technology to scale and optimize our operations while maintaining strong discipline on asset returns. Also, I'd like to reinforce our commitment to continue deleveraging the company. And also, as I mentioned before, we have reorganized and strengthened our commercial structure with greater sector focus to support growth both within our existing client base and across new sectors and new clients. Finally, last but not least, we are making significant



investments in developing our people to support the growth ahead. Our team is the foundation of our business, and we need to continue improving execution and delivering more value, and that requires a lot of knowledge. In closing, JSL is a leading company in Brazil logistics sector with a unique service portfolio and long-term relationship with clients. It's a privilege and an honor for me to be part of building the next chapter of this company. We will now open the floor for questions, Eduardo and myself. We'll be here to take your questions. Thank you very much.

### **Announcer**

We'll now start the Q&A session for investors and analysts. If you want to ask a question, please click on raise hand. And if your question is answered, you can leave the queue by clicking lower hand. If you prefer to submit your question in writing, please type in your question in the Q&A box, including your name and company. Please wait while we collect the questions. Our first question comes from Andre Ferreira from Bradesco BBI. Mr. Ferreira, your mic is clear.

### **Andre Ferreira | Bradesco BBI**

Hi, Guilherme. Edu. Congratulations on your results. Thanks for taking my questions. I have two. First, I would like to explore cash generation, which is very strong. So, I would like to ask your help for an exercise. What could your cash generation for 26. You're thinking of an EBITDA expansion of 8%. That for us, it seems even below historical levels of the company. And it seems that cash generation is going to start with R\$ 400 million. Is that what you think? What's the company level that the company is expecting for the coming years? And the second question about the passing through all prices of fuels. Thank you.

### **Eduardo Nauck – DIR**

Hi, Andre. Thanks for your questions. Okay, starting with cash generation. We do not have a guidance that is published, so I cannot say what we are projecting. But considering what we are doing in company, I think the members that we presented in the last quarter, and even better this quarter, are a clear trend. We are migrating indeed to an operational model in which you need less investments in the migration process cash generation is showing, which contributes to our results and to our deleveraging. And this is something that we expect to continue for the future. So obviously, we can benefit from things such as lower interest rates, but regardless of that, we see strong cash generation as we have been delivering in recent quarters.

### **Guilherme Sampaio – CEO**

Hi, Andre, this is Guilherme. Thanks for your question. Okay, I think There are two questions. One is the growth of revenue and the other pass-through of fuel prices. First question, we already see a return of companies' growth benefiting from new contracts that we were awarded. And with that, not so much need to reduce grain transportation operations, we did



throughout 25. And that had an impact on revenue. But we do not have this curve anymore. We are at the end of that. So we will see the company growing. So I see that historical organic growth of the company. Again, I'm not giving you any guidance. But I would say that our target is get to something very close to the last year's organic growth. At least this is what we are working for. We've reorganized our commercial structure. We are bringing volume and attention to the development of the relationship of our existing customers, but also bringing new customers. And with that, I think that we are going to get to our historical growth levels, obviously quarter after quarter. Fuel prices, diesel. In the end of the last quarter, we did see the spike in prices in some places up to 20%. So we have already started passing through prices. Remember, diesel, when it is a responsibility of JSL that we buy the diesel, we do have agreement triggers. So basically, we just have to let customers know and implement that. Of course, there is a delay. You'll have to see what is being reflected at the pump and the official indices. With that, we can prove to customers and they can also have that process of internal proofs. But we have a direct impact with truck drivers and then we have to negotiate and discuss with our customers. So the service, the work has already started. This is not something that we are doing for the first time, as you are aware. So most probably at these next weeks, we are going to have the results of the negotiations with our clients. I don't know if I answered your question, if you have a follow-up, but that's it.

**Andre Ferreira | Bradesco BBI**

No, very clear. Thank you very much.

**Announcer**

Our next question comes from Miss Julia Orsi from JP Morgan. Julia.

**Julia Orsi | JP Morgan**

Hi, Guilherme. Eduardo, I have two questions. The first is thinking of demand. You have a good diversification of revenue, but given a more adverse global macroeconomic scenario, are you seeing any impact on demand in some industries or perhaps customers getting a bit more conservative? And the second point, when you see the breakdown of the three sectors, I know that you do not give us guidance, but in terms of magnitude, what could we expect in terms of growth in revenue for the three divisions and also margins for this year? Thank you very much.

**Guilherme Sampaio – CEO**

Hi, Julia. Thanks for your question. Good morning. Okay, demand. One of the things that have surprised us is Brazilian activity, even at high levels, which is a positive surprise. And when we think at this specific point in time, we do see logistics operators being more contacted when they are more structured. When you see that because of diesel and everything that is going on in the world, when there is greater risk, clients want suppliers, providers, operators that can



ensure deliveries, that their cargo is going to be transported and delivery. So, we do see a higher movement of people really searching for quality and we are having additional demand because of this point in time. Of course, we have to be structured to do this, keeping the quality of deliveries. Now, when you think of growth, if you think of the three business units, of course, they have different dynamics. And I'm going to take some time with the sensor just to make a thorough answer. JSL Digital is the smallest. It accounts for 5% of our revenues. But when you think of its native contracts, that is, contracts that started on the digital tool, with contracting of 100% of the driver's base, it grows 25% on the quarter. At least it was like this for last year. And I see the level of growth should continue at this pace. At least this is what we are expecting and what we are preparing to do. When you go to Intralog, well, this is a company that is just arriving with a new president, a new leadership for this company. We obviously organized our structure to really have a focus on our clients and improve the services we provide, our capacity to understand the needs of each one of our clients and obviously offer new things. So the fine objective is to have more clients, more growth in the business. It's growing 20% a year, which I think it is a level that is honest for us to continue considering in terms of company growth, at least for the coming years. And then you have dedicated services for the unit with 75% of revenues, and that operates in several industries from charter services, commodities, different industries, dedicated contract agreements. This company had a CAGR in last year, if I'm not mistaken, 13%. So I think because of the size and the higher base, we are going to have a profile of growth below our historical levels, not because of our commercial activities, but because of its size already, and it is a bigger base. So putting together your question and Andre's in the previous question, we want to go back to our consolidated historical growth levels. And because of the base, because of the numbers, we see more growth at Intralog and JSL Digital, and then in dedicated services with a different profile of growth, given the size of the company and the fact that it represents 75% of revenues.

**Julia Orsi | JP Morgan**

Very clear. Thank you very much.

**Eduardo Nauck – DIR**

Thank you.

**Announcer**

Our next question comes from Felipe Nielsen from Citi. Mr. Nielsen.

**Felipe Nielsen | Citi**

Hi, everyone. Good morning. Thanks for taking my questions. I'd like to understand your ROIC dynamics. You disclosed ROIC of dedicated services around 13%, other units closer to 25%. So growth, as you mentioned, is going to be more focused on digital and intra-log divisions. Does



this ROIC tend to walk towards the 20%? What would be the ROIC of each one of those units in the long term? And how does it connect to the leasing strategy of your assets? And how do you see this ROIC developing as you transition into leased assets? And then the second point is your leasing contracts. Could you give us a bit more color about the terms, leasing terms, contract conditions, any contract demand in terms of asset returns. So a bit more color on the kind of contracts that you're closing. Thank you very much.

### **Eduardo Nauck – DIR**

Hi, Felipe. Good morning. Thanks for your question. I'm going to start with return on invested capital. We did the exercise of separating ROIC per business unit, and I did mention that in our presentation. And then we allocated JSL's capital structure, the consolidated JSL, both net equity, net debt, to each one of the three business units. And basically, we considered the proportion of assets allocated to each one of them and the working capital that would be needed for each one of these businesses. And based on that, we got to these results. That is 13% ROIC in Dedicated Services, 25 in Intralog and 24% in Digital. Now, when you look at Intralog, you're talking about a business with very low needs of investments, very intensive in labor and technology, logistics, intelligence, so this is naturally a business that will have a higher level of profitability because operating margins are above the average. When you go to JSL Digital, it also has a ROIC above the companies because of the low need of investment. Here you'll have working capital, which is basically the only necessary investment for the business. And here we do see some potential of expansion with the gains of scale in digital. And in the case of dedicated services with a ROIC of 13%, this is where I see that we see major steps of evolution. The number of 13% is a number of profitability for 25. In 25 remember that we terminated some operations because they were not very profitable and that impacted the profitability of the segment in the year. So given this alone, we should have an improvement for the coming period. And also, ongoing work. This is the largest unit where we see the most possibility to improve productivity and operational excellence. And connecting to Julia's answer before, we see also a possibility for an improvement in operating margins. We can improve the margins. So, all that together should lead to a ROIC that is higher for this business unit, which is the largest and therefore has an important impact on our consolidated ROIC, which is today approximately 14.8%. I'm going to leave Guilherme to answer the next question.

### **Guilherme Sampaio – CEO**

The next question, just to remind everyone, are leased assets and what kind of dynamics do we have in leasing contracts? Well, basically, we bind leasing contracts to customer demands and customer contracts. That is, if I have a five-year contract, and if the asset can be used for five years, I'm going to have a lease agreement that will match this contract. So, I think this is the first key point I would say of this relation. The second is that regardless of amounts, and it would be very difficult to give you an amount, because it depends a lot on the time of contract, that is, if it's a three-year contract, if it's a five-year contract, if it's an eight-year contract, and also the



type of equipment and how it is used. For instance, the use of equipment for wood transportation off road is a lot more severe than road transportation. So, all that obviously has to be considered for us and for those that are leasing the equipment to us. So, I cannot give you a number because it's a basket of several contracts aligned with each customer agreement. I'm sorry I'm not being able to give you a number, but it's very specific to give you a generic number.

**Felipe Nielsen | Citi**

It's very clear. And if you allow me a follow-up, would you just talk a bit more about asset returns, those clauses of use and return, how are they put together in the contract? These details got confusing.

**Guilherme Sampaio – CEO**

Yes, yes, I understand your question. What we try to do is exactly the same I said before. That is, if I have a penalty when returning the asset to the person that is leasing the asset to me, I am going to incorporate the same penalty if the customer returns the equipment to me in advance. So, in recent years, particularly in the last year where we started a higher volume of releases, I had not a situation in which the client terminates a contract in the middle. Sometimes we don't renew the contract because of price or because of a new BID but that's always at the end of the cycle and beginning of a new cycle. We hardly ever have a breaking contract along the way. I do not recall going through that recently with JSL, and consequently, we haven't had to return assets to those that leases them to us.

**Felipe Nielsen | Citi**

Very clear. Thank you very much. Thank you.

**Announcer**

Our next question comes from Gabriel Rezende from Itaú BBA. Mr. Rezende, you may go on.

**Gabriel Rezende | Itaú BBA**

Hello, everyone. Thanks for taking my question. I would like to have a follow-up on the inflation of fuel prices. I understand everything is changing every day, high volatility. But if you could please tell me how much are you noticed in terms of price increase. If you could give us a base year over year, what is the raising prices for fuels that you have? I think it's very important for understanding JSL, but also the full year. And second, in terms of level of profitability, the company talked about closing contracts in chemicals because you had a more pressured profitability. When do you see this process that we have seen been seen some quarters completed? What should we expect for this process? Thank you very much.



### **Guilherme Sampaio – CEO**

Hi, Gabriel. How are you? Okay. I'm going to answer the question on diesel prices and then we go back to contracts. Okay. That will depend on the region. I cannot give you a full number because you know volatility is very high at the front end. So I'll give you a comparison with numbers of February. So compared to February, we saw situations in which we had a raise of up to 20%. On average, if you think of pump numbers today, you're talking about an increase of 8%. But there were situations, days and regions that we got up to 20%. So, I cannot tell you, it is a number for you to use in the model or us to use in the model, because again, the price dynamics is very volatile. So, I would wait a bit for things to happen the coming weeks and try to define a level of diesel price increases and then incorporate that to the model to consider the whole of the year. We believe it is too early to incorporate that into our model. And as I answer, it's to Andre in the first questions. On the other hand, we are already contacting our clients. We are negotiating pass-throughs. And certainly, we are going to bring that to our revenues in the coming weeks and months because some negotiations take longer then, you know, a straightforward pass-through when it is in contract. That's point number 1. And 2, the closing of contracts, terminations. Contracts that had problems, I would say that we have completed 75% of those. We have one to be terminated or demobilized until June. So lower impact on revenue. So the most volume has already happened. And the highest volume to reduce revenues was grain transportation. And in that area, I think that we got to the minimum that we could. We stayed with contracts that are stable, operations with good productivity, and that are positive to us. So these contracts will not need to leave. So we will not zero our share in grain transportation, but will certainly be a lot smaller than when we acquired IC in 23.

### **Gabriel Rezende | Itaú BBA**

Thank you very much, Guilherme.

### **Guilherme Sampaio – CEO**

Thank you.

### **Announcer**

Our next question comes from João Ramiro from XP. Mister Ramiro.

### **João Ramiro | XP Investments**

Good morning, Guilherme. Thanks for taking my question. I have one question. I think that we recently saw potential rumors about a truck driver strike. We had a major strike in 2018 showing not so much impact, just 6% EBITDA at the time. But I would like to understand potential impacts of a new truck driver strike. Today, you are more exposed to outsourced drivers, both in



dedicated services and digital. And do you have any strategy to eventually mitigate the impact?  
Thank you very much.

**Guilherme Sampaio – CEO**

Thanks, João. I was expecting the question. Okay. Strikes. We do not see a national strike coming. We do see one-time movements that is very much based on truckers. And I'll go back to my answer to Gabriel. When you have high diesel volatility, truck drivers do not know how much they're going to pay at the pump the next time they're going to fill up their tanks. And uncertainty brings huge pressure to their cost structure and therefore an uncertainty of how much they have to charge for freight to be able to pay for the next time they will fill up the tank. So we do see some movements happening in specific areas of Brazil. But when you take a look at the JSL truck drivers, because you mentioned yourself, we depend on this relationship. We are not seeing a strike movement. And if you ask me why, it's because JSL is almost like a protector against diesel volatility. Obviously, within our possibility, we try to bring those drivers to internal pumps, of course, there is something that we have to pass on to truck drivers that are those that are selling lunch to buy dinner. So we have to pass through prices to them immediately. And then we go and do our homework with our customers. So we are almost like a protector for this truck drivers. And it's very important for them. So I do not see a nationwide strike, but there is a pressure on truck driver's side to have more predictability and for them to have, you know, a capacity to work well. So it is a legitimate discussion to be able to fill their tanks and continue running. This is a category that wants to work. They depend on revenues to continue working, and they have to have the predictability to do that.

**João Ramiro | XP Investments**

Thank you very much.

**Guilherme Sampaio – CEO**

Thank you, João. Our next question comes from Andrei Radaic from Caixa Econômica Federal. Mr. Radaic. Mr. Radaic, your mic is clear. You can ask your question.

**Andrei Radaic | Caixa Econômica Federal**

Hi, good morning, everyone. Can you hear me? I'm sorry.

**Guilherme Sampaio – CEO**

Yes. We are, Andrei.

**Andrei Radaic | Caixa Econômica Federal**

My question is about leverage and capital structure. Leverage closes the fourth quarter at 2.9. And I would like to know what is the company's expectation of leverage for short, mid, and long



term? And you are going to decrease your leverage by organic deleveraging, or are you depending on the macroeconomic scenario?

**Eduardo Nauck – DIR**

Hi, Andrei. Thanks for your question. Well, first, I always say that JSL is a service company. So, it's not inherent to the business to have leverage at a specific point, especially three times, which is what we have today. So, we can run our business, even growing, with significantly lower leverage than what we have today. And we are deleveraging, as you very well put it, when you take a look at the recent quarters. Again, we do not give guidance, so I'm not going to give you a hard number. But again, it's not inherent to the business to have high leverage. So, I think we are on the right path to reduce to a level that is more or lower than this, and that will contribute to the bottom line, in that our operating results are converted into net profits. This movement may be accelerated by reducing the cost of debt, that is SELIC and CDI, but it does not need that to occur. So much so that in the last year, we did have an increase of interest rates with SELIC and the company deleveraged. So our operational cash generation, and we showed that, is enough to support growth and pay that so we can deleverage even without the headwinds of the interest rates. So this is a trend I believe that will continue from now on.

**Andrei Radaic | Caixa Econômica Federal**

Very clear. Thank you very much.

**Eduardo Nauck – DIR**

Thank you.

**Announcer**

We'll now start reading the questions in writing. Mr. Sampaio.

**Eduardo Nauck – DIR**

I'm going to read the the first questions that came from Wanderson Barros, and Guilherme will answer them. First, he says: "Looking at the transportation segment with third-party and subcontracted operations, are you being impacted by target regulation? What are the expected impacts on EBITDA?".

**Guilherme Sampaio – CEO**

Hi, Wanderson, Guilherme here. Thanks for your question. Okay. When we see regulation, is good because it puts everyone on the same page. The minimum freight cost, first, there is a large part of the business which is what we call fixed subcontracting, that is independent truck drivers that work with us all the time. So this is not subject to the minimum freight cost. But when you go to spot operations, a different relationship, they are subject to regulation. The



point is, a table cannot consider all the complexities that we have in roads transportation. So we have geographies, we have empty returns, if they are going up or down, that impacts the cost of fuel, the weight of the cargo that is being transformed. So it's basically impossible to have a reference table that captures all and any particularity of cargo road transportation, because we know it's very, very diverse. So today we do not see any significant impacts of our results, so much that 95% of our revenues is not subject to this regulation. But if we do have the need to sit down and talk to our clients to meet some regulation that is not coherent, we will do so and talk because it has to be for everyone and not only for us. So I do not see an impact on EBITDA. And now what we have to do is to understand what this regulation is going to be all about based on the provisional measure that was passed.

#### **Eduardo Nauck – DIR**

And Wanderson has another question. I think you already answered. Within JSL Dedicated contracts, is there any spec to impact on EBITDA given diesel price volatility, especially the last months of 20%.

#### **Guilherme Sampaio – CEO**

Just reiterating some things that I mentioned and something I didn't say. Most of our contracts, when we talk about Dedicated Services with fleet, diesel is provided by the customer. In most of the contracts, I'm sorry, when we talk about our own responsibility in buying diesel, then we do have triggers in our contracts. So we are obviously exercising this trigger, sometimes 5%, in general 5%. So we are already exercising that with our clients because we have already hit the mark through the official Brazilian index. And the secondary impact of diesel price raises is the price of freight. Because we have to see the impact on each freight table, each region, and talk to clients about the price that has to be charged. So we have already started, we have a group working on that since last week in conversations with clients and truck drivers to be able to have synchronicity in price adjustments.

#### **Eduardo Nauck – DIR**

And the next question comes from Renan: “Good morning. What is the ultimate deleveraging target after payment of extraordinary dividends?”. Okay, going back, we do not give guidance about the number that we want to reach, but the objective, the why we are deleveraging the company, is basically what I said by deleveraging the company, you increase business profitability, particularly business profitability into the eyes of shareholders. So, we convert more operational results into net profit. So, the goal of deleveraging the company is this, to increase the profitability of the business as a whole.

#### **Announcer**



Well, JSL's Q&A session is now closed. I'd like to let you know that questions in writing are going to be answered by e-mail, and the IR team remains available for your questions. I will turn now to Mr. Sampaio for his final closing remarks.

**Guilherme Sampaio – CEO**

Thank you, everyone. So, once again, all the questions that we got in writing will be answered by e-mail. So you will have your answers. So before closing the call, I'd like just to leave some important messages looking at the whole of the year. First, bring light to the birth of the reality of the announce we made in the third quarter of Intralog, a company that is going to have its own exclusive leadership to run the company on the day today. And I did mention that in the presentation. You're talking about R\$ 415 billion estimated market, and we are already starting as a leading company in the industry. So I'm very excited. I think we have everything to grow and grow fast and get into new segments. So a lot of good things for us to share in the coming quarters with you. Second, resuming growth, as I mentioned, and I did say that again, we are resuming growth quarter on quarter until we get to the historical growth level of the company. A CAGR close to 15%. A third item, and perhaps the most important, and that perhaps is more evident now, which is cash generation. JSL's capacity to generate cash, long-term, robust contracts with the right level of profitability. Of course, there are always opportunities to work on profitability and the scale of the company, but operational cash generation is strong. So with all strategy of deleveraging the company and making it lighter, we will certainly leave the company to a new level of profitability and certainly evaluation of the business. When we take a look at Dedicated and Digital JSL, lots of opportunity. Dedicated Services, we are going to work a lot on the profitability of the business, bring contracts to the right profitability, subcontracting, whenever possible, and we are going to bring you more news on Dedicated Services. So JSL is separating whatever is operated with our own fleet and with leased assets, and JSL Digital in its first year, and that was able to deliver very good results. So the idea is to scale and to have more volume in the business. And I couldn't fail to mention when you think of the moment Brazil is going through, we are very close to our clients and we are going to continue focus on that to maintain contract profitability, to do what we have to do but also to help clients go through these times and absorb any demands that might be needed to ensure the operational activity of our clients. This is our focus. This is what we are going to work on. And I think that very soon, because very soon we are going to have the release of the first quarter. We will talk to you. Thank you very much for joining us. And remember, we are always here for you if you have any questions about JSL. Have a good day, everyone.

**Announcer**

JSL's video conference is now finished. We thank you all for joining us and wish you a great day.