



## 1Q25 Earnings Call

### Operator:

Good morning, ladies and gentlemen. Welcome to JSL's conference call to discuss the results for the 1Q25.

This 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 is also available for download.

Please note that all participants will be in listen-only mode during the presentation. Afterwards, we will begin the Q&A session, when further instructions will be provided.

Before we begin, I would like to remind you that any forward-looking statements made during this call are based on JSL's management current belief and assumptions, as well as information available to the Company at this time. These statements may involve risk 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 macroeconomic conditions and developments in our industry may cause our actual results to differ materially from those in such forward-looking statements.

Joining us on today's call are Mr. Ramon Alcaraz, CEO of JSL; and Guilherme Sampaio, CFO and Investor Relations Officer.

I would like now to turn the call to Mr. Alcaraz to begin the presentation. You may go ahead.

### Ramon Alcaraz:

Good morning, ladies and gentlemen. We are pleased to be here today to present JSL's results for the 1Q25.

Let me start with a few highlights. Gross revenue reached R\$2.7 billion, up 12% year-over-year. This reflects the consistency of our organic growth base. Growth was slightly higher in asset light products, which grew 12%, while asset heavy grew 11%, both expanding.

Adjusted EBITDA came to R\$458 million with a margin of 20.6%, up 2.6 p.p. from the 4Q24, driven by a significant improvement in operating margins. We closed R\$1.8 billion in new contracts just in this 1Q, including our entry into a new sector, the airport segment, ensuring future revenue growth, not only in the sectors and industries where we already operate, but also new markets.

Free cash flow after growth came to R\$241.2 million this quarter. This cash generation will contribute to our deleveraging process. Later on, Guilherme will go over the financial data in more detail.

It's worth noting that we moved up 12 positions in B3 sustainability ranking, in which we have been included for the second year in a row. This demonstrates our solid commitment to sustainability as a whole.



On the next slide, 3, we bring our figures in the standard format. I have already mentioned revenue and EBITDA and now net profit, which reached R\$45 million in the quarter. Although slightly lower than 1Q24, it represents a 26.3% increase versus 4Q24, and return on invested capital stood at 14.3%. We have seen solid expansion in our operating margins, mainly due to the benefits of scale and strict cost management, contract repricing and price adjustments to offset cost inflation, as well as the rollout of new projects aligned with the new cost of capital.

On the next slide, slide 4, we bring how our revenue is diversified across sectors and segments along the entire logistic chain. 27% of our revenue does not involve trucks. It includes people and technology. These are warehouse, operations and intralogistics across several industries such as automotive, consumer goods, pulp and paper, ports, terminals, intermodal logistics and now airports. 66% of revenue comes from truck-related operations, both asset heavy and asset light, such as international transportation of refrigerated and frozen food, urban distribution of food, beverages and consumer goods and dedicated transportation for several industries, including forestry, automotive, chemical and others.

The remaining 6% comes from general cargo, operations that are 100% asset light, offering flexibility and agility to handle demand fluctuations. 94% of our revenue is concentrated in highly specialized mission-critical services in our clients' supply and sales chains.

Slide 5 illustrates how our management model works. Our strategy is based on client needs. The well-known JSL motto, 'understand to serve', is a cornerstone of our management culture. It's not marketing. We manage each contract individually. Projects are customized and developed alongside the client. Proper pricing, cost control and efficiency are what ensure contract sustainability, driving productivity gains for both sides.

Our team is organized by business unit, with directors, contract managers and business managers who have autonomy to make decisions. The team's experience enables fast and efficient rollout of our projects. The result is excellent service delivery, driving customer loyalty, and with that, cross-sell opportunities. This leads to sustainable growth with resilient margins and performance.

Slide 6 shows the scale of transformation and organic growth at JSL. You can see the organic CAGR of each company starting from the quarter of their acquisition. We have delivered organic CAGR of 16% since our IPO in 3Q20. On a consolidated basis, CAGR stands at 31%, representing growth of 233% since then.

We highlight in this page an example of cross-selling between companies. This is a key client in our portfolio who wasn't even a client until the end of 2023 when we acquired FSJ. FSJ grew 15% with this client since the M&A, leveraging its know-how and JSL's new investment capacities. This opened the doors to contracts with JSL and Fadel in different segments with the same client, resulting in nearly 30% growth.

On slide 7, we highlight the new contracts closed in 1Q25 and compare them with contracts signed in previous quarters already disclosed. In this 1Q25, we had some notable differences compared to past periods, contracts that were already released, R\$1.8 billion in new contracts with 33% coming from cross-sell. In prior quarters, this ratio was typically around 80%. 57% of these new contracts were in new sectors, such as the airport segment, and 22% were in the automotive segment.



Another important point, 88% of these new contracts were asset light, that is, they require less CAPEX.

Another thing that I would like to highlight when we look at the last 4 quarters, that is in the last 12 months, is the diversity of sectors in which we are closing new contracts. In the 2Q24, we had concentration in food and beverages, 3Q24 in chemicals and retail, 4Q, again, chemicals and Pulp and Paper and now 57% in new segments. That shows our ability to sign new contracts and continue diversifying across sectors, which is a strong hedge against broad market fluctuations.

Now to give you more detail on the financials, I will turn it over to Guilherme Sampaio, JSL's CFO.

**Guilherme Sampaio:**

Thanks, Ramon. Good morning, everyone. Just to give you the numbers in the quarter, I think Ramon already gave an overview, but I would like to reinforce the work we have done around pricing adjustment, only possible by our contract-by-contract management model.

We started noticing cost inflation in 4Q24 and immediately worked up with clients to redesign project and mitigate the impact; when not possible, realigning tariffs. JSL has a culture of strict cost control, but we rolled out even strong initiatives to better leverage our internal scale and benchmarking. Another important point is that recent launched project are already aligned with current capital costs and are beginning to contribute to results.

Now on to the numbers. Net revenue grew 12% to R\$2.3 billion in the quarter, even though the 1Q is seasonally lower than the 3Q and 4Q. Of this revenue, 47% came from cargo transportation, 34% from dedicated operations, 12% from warehousing and 7% from urban distribution. By sector, 26% food and beverage, 16% pulp and paper, 13% automotive, 12% mining and steel and 8% from chemicals and e-commerce.

What's important is that on the one hand, we continue to diversify, and on the other side, some sectors slightly decrease in our revenue mix, although we grew normally in all industries. Food and beverage stayed at 26%, pulp and paper 15%, but sectors like chemicals and e-commerce started to gain ground now at 80% each.

Our operating margins returned to prior levels. EBIT reached R\$300 million with a 13.4% margin, up 1.5 p.p. from the 4Q24. EBITDA, R\$458 million with a margin of 20.6%, up 2.6 pp versus the 4Q24. It's important to say that we are still renegotiating some major contracts, and it's always important to remind you that we are still deploying the contracts signed this quarter, which temporarily increases our cost base.

We also posted this quarter a loss on asset sales, specifically related to pick-ups, which recently saw a steep market devaluation, which coincided with the end of a contract and the retirement of this fleet. Without this loss, the EBITDA margin would have been 30 bps higher at 20.9%.

Net profit, 2 points. CGI average rose 1.8 p.p., which increased our financial expense by 14% versus 4Q24, hurting obviously our bottom line. On the other hand, we recorded a tax benefit related to the exclusion of assumed ICM credits, a topic under discussion since the law change



in December 2023. This issue has now been settled. This benefit lowers our effective tax rate and will recur in future quarters. The retroactive gain was R\$14 million from 2024 and R\$4 million for the 1Q25. Adjusted net profit following our usual adjustments was R\$45 million in the quarter, and you can find the reconciliation in the earnings release.

Our running rate return on invested capital was 14.3%, while still impacted by growth, we believe there's room for expansion with initiatives focused on reducing working capital and reducing our base of operating assets, especially unsold inventory.

On the next slide, we break down results between asset light and asset heavy. Asset light generated R\$1.2 billion in revenues, 52% of total with EBITDA margin of 19.4%, R\$223.7 million. Despite seasonality, we are seeing maturation of some products launched last year. Asset heavy closed at R\$1.1 billion in revenue, 48% of total, EBITDA of R\$230 million, a margin of 21.5%. Margins improved versus 4Q24, but we are still realigning several major contracts, as I mentioned in the consolidated result.

On the following slide, our capital structure. We closed the quarter at R\$7.4 billion gross debt, R\$5.7 billion net debt. We had basically the interest on equity and dividend payments which brought debt up, even with positive cash flow after growth. Cash generation and gross debt reduction will support our deleveraging process in the coming quarters. Cash and equivalents totaled R\$2.3 billion, 1.5x short-term obligations. And remember, CRA payment scheduled for May will improve our spread by 0.2 p.p. given the current cost of this debt.

Our ratings remain unchanged, AA+ on the local sale by Moody's, Fitch and S&P. And finally, leverage remained flat versus 4Q24, 3.04x net debt-to-EBITDA ratio and 2.59x net debt adjusted EBITDA, our covenant benchmark.

On slide 11, we bring to this call the official launch of JSL Digital. We actually launched it last week at the Intermodal trade show, and some of you have probably seen it in the media.

Let me share a few highlights, but we will discuss more about the project in the Q&A. First, this is a new business unit at JSL, aimed at increasing volume with current and new clients. Second, it's a platform that integrates the tool we acquired with Truckpad along with the TMS of Fadel and several other systems needed for transportation services, risk management, tracking, proof of delivery, monitoring and others. A key differentiator is that it's already multi-sector because customization happens at the TMS, where JSL has been investing for several years with each new client in industry.

Third, this platform will be the foundation for JSL Digital, which will operate 100% asset light using dependent drivers, low physical infrastructure and leveraging JSL's existing basis. But it will also improve our own processes, helping JSL stay competitive in the general cargo transportation in Brazil.

To sum up and turn it back to Ramon, it's a platform that digitalizes cargo transportation with the experience of a company that has mastered the complexity of Brazil's logistics for nearly 70 years.

Back to you, Ramon, and then we will talk more in the Q&A.

**Ramon Alcaraz:**



Thanks, Guilherme. Ladies and gentlemen, just to wrap up, I would like to emphasize a few key points. We have a resilient business model based on a multi-sector and multi-segment strategy.

We have been working to optimize capital allocation with a focus on improving our leverage profile, and we maintain a constant focus on cost reduction and operational efficiency.

With the launch of JSL Digital, we are initiating a new phase of scale through technology. We are more than 35,000 people who share the same culture and ensure high-quality efficient services.

Our track record proves that in market environments like the current one, we are well positioned to seize organic growth opportunities, thanks to our strong reputation, investment capacity and ability to implement complex projects with an unwavering commitment to quality, safety and reliability.

Thank you very much for your attention, and now Guilherme and myself are available for your questions.

**André Ferreira, Bradesco BBI:**

Good morning. Congratulations on your results. I have 2 questions. First, on margins. We can see a good improvement quarter-on-quarter, but I would like to know if there is a complete effect of negotiations, or if we should expect further improvement in the 2Q.

Then, you briefly talked about the new contract in the airport sector, if I am not mistaken, the first one in the sector. If you could talk about the size of the contract, what the operation itself is like and, how much do you see in terms of opportunity of cross-sell?

**Ramon Alcaraz:**

André, good morning. Thanks for your questions. First, we are going to talk about operating margin. Indeed, they are better, partially from what you talked about renegotiation with clients. There is something that is important in this quarter in terms of numbers, but there is some for the 2Q; there is the final negotiations this quarter, perhaps 70% to 30%.

But not only because of that. It's very important to highlight that margins also improved because we are working with efficiency, reducing costs. We never bet on price adjustments only, quite the opposite. We invest a lot more on our cost reduction plans, operational efficiency, et cetera, because these are much more constant.

As for your second question, the contract with the airport sector, I have some things to highlight. First, it was a contract that was deployed relatively fast because of the need of the customers, more than 700 people, a very complex project. That shows our capacity to deploy fast. We already had some spot services for this client, which brought reliability to change suppliers.

This is a contract to manage the cargo warehouse of the airport. This is something new for us because it's in the airport segment, but it's not a new business to us. We manage warehouses



even more complex and larger than this one in other segments, like consumer goods, automotive and so on.

Another thing that I would like to highlight is that we also manage intermodal terminals, roads, highways, railways, ports. Now we are going to airport, which enables us to establish partnerships with the ports of Simpar itself. You know that Simpar was awarded the concession of 30 years in Bahia. And when these ports start operating, we can offer logistics services.

**Guilherme Sampaio:**

Just a comment based on what Ramon mentioned. This last point, expanding services based on this airport contract is the same thing he mentioned about ports. Today, the contract is inbound operations of the cargo warehouse. And consequently, we have the opportunity of also taking these goods to end consumers.

So when we deliver something in the warehouse, we can also have the road transportation beyond inbound operations inside the warehouse. Obviously, contracts are directly signed with the end clients.

**Filipe Nielsen, Citi:**

Thanks for taking my question. I have 2 questions, more related to the turnover of assets. The first question refers to the impact of the pick-ups on asset sales. You did mention what margin would be like without the pick-up effect, 30 bps higher. But I would like to explore for how long we should feel this impact. That is, what is the inventory of pickups that you still have to sell? And what kind of sales terms you are having with other asset? I understand that you are working together with Vamos to sell these assets in their operations. So I would like to know how this is moving on.

The second question is about your CAPEX. You are very much focusing on asset light operations, but we did see lower CAPEX because of a preference for leasing trucks instead of buying your own trucks. So I would like to understand how much we could see in terms of benefits in CAPEX for the initiative of leasing trucks, and also what kind of impact we should see in margins. I do not know exactly how you account for that, I do not know if it's cost, but I would like to understand these 2 points a bit better. Thank you very much.

**Ramon Alcaraz:**

Filipe, good morning, and thank you for the questions. I will answer the first, and I will leave the second to Guilherme. Asset sales. We have recurring asset sales of very different assets, trucks, cars, machinery and pick-ups. The pick-ups are very specific, the pick-up trucks, because that was a batch that we leased for a mining customer. It was a large batch of pick-up trucks, very specific models. And when you are retiring these assets, you bring to the market a specific item, large volumes. And again, they were used in mining operation, et cetera.

We were a bit unlucky because we bought them right after the pandemic, and at sale, we know that the market is not so open. So that generates negative margin. Because it's a big batch, we should be affected for another 1 or 2 quarters to be able to sell the whole batch. But it is a





one-off operation. We cannot get everything right. And in the other assets, we continue to be profitable. That's what it is. That's part of the process.

As for CAPEX, Guilherme?

**Guilherme Sampaio:**

Hi, Filipe. Just to give you a bit of context, I do not know who was in the last call, so let's try to have sequence of information. We have been announcing that we are open for the possibility of evaluating contract-by-contract, remember, very specific, the possibility of leasing some assets. So this quarter, we were able to lease and it made sense financially speaking. And whatever we could not get to the right price, then we decided to buy.

So I cannot give you a specific number for the year because, again, this is going to be a contract-by-contract assessment. So I do not know when it's going to financially make sense. The thing is we continue due diligent. The price of lease has to be beneficial for the Company or for the specific project in which it's applied. In this quarter, we closed with R\$650 million gross CAPEX, but we will continue to assess numbers quarter-on-quarter.

In terms of margin, it depends on the contract profile. If it's long-term, which is most of our leases, then you have IFRS 16, and then you have, so to speak, a maintenance of margin profile. You are not going to see a shift on the margin profile of the Company. And that's it. If you have any special questions, I can give you more color later on.

**Pedro Tineo, Itaú BBA:**

Good morning. Thank you for taking my question. I have 2. I would like to start exploring JSL Digital, just to try to understand what you are expecting and what is your plan for ramp-up, both in terms of revenues and expenses? How can we think about it a long time contributing to your final results?

And second point, I would like to hear more about capital allocation, what your mindset is in terms of CAPEX for the remainder of the year, and also the sectors in which you are operating, which one do you believe is going to have the higher positive contributions for 2025. Thank you.

**Ramon Alcaraz:**

Pedro, good morning. Thanks for your question. Let's talk about JSL Digital first. This is a child that was born. We have been working on it for 2 years now. We have mentioned that in previous calls, and it worked out now.

We have been working with a beta version since last year, more than 1,000 test trips, and now in the beginning of the quarter, we officially launched at Intermodal Trade Show, the largest trade show in logistics.

Our expectation is to grow in a very competitive market, which is general cargo. And it is competitive because when you are talking about commodities, cargo, you do not need complexity in terms of loading, risk standards or anything. And therefore, you have a very low bar, and therefore, lots of carriers competing for the same business.



That made JSL decrease its volumes in its business. JSL, 70 years ago, started in this segment, and if you compare it in the last years, we have reduced the volume of business by half because of price wars.

JSL Digital is an attempt to compete in the market, much lower cost because it's digital. We don't want to have any human operation from the posting of the freight by the client to loading, unloading, final delivery and et cetera.

Of course, it's a ramp-up, not even the market is prepared 100% for that. But we are starting the initiative. We have reasonable revenues already. We expect this to ramp up gradually. But the greatest advantage of the business is that it's highly scalable. Perhaps out of our businesses, the one that is most scalable at a very marginal fixed cost. That's our expectation because the market is huge. So this is what we are betting on.

It's not a silver bullet. We are betting on several businesses. This is one more way to explore the market with its specific characteristics.

As for lease and CAPEX, I am going to turn to Guilherme. But in the last part of your question, when you asked about the markets that we most believe in, see, we are in several segments. Curiously, in this quarter, different from expectations in economy last year, some segment are doing very well. In fact, we do not have any segment that is really doing poorly.

And we really believe in warehousing inbound operations, and this has to do with the airport services that we are providing, but in several other segments. And why do we like it? Because you have less players in this segment. We have more and more technology. It's asset light. It depends on technology and a few machines, so we grew a lot last year, and we believe we will do so this year as well.

We also like dedicated operations. We grew a lot in chemicals last year. We believe that this year, we also have good opportunities. So this is where we are going.

Guilherme?

**Guilherme Sampaio:**

Pedro, can you repeat your question about CAPEX allocation? I am sorry. I missed a bit of it.

**Pedro Tineo**

I just wanted to know your mindset in terms of magnitude and also asset light, asset heavy ratio, even for this year and also compared to last year.

**Guilherme Sampaio:**

We will consider lease in all cases. This is important. And I would like to lease as much as possible to deleverage the Company. This is a priority. We talked a lot about that in the end of last year. This is a year to deleverage JSL. We want to do that.





Even growth would show deleveraging year-over-year, but we want to accelerate the process with things that are under our control. So be more intentional in working capital, in asset sales, and also in the possibility of leasing vis-à-vis a bank.

Again, I did mention that in the question to Filipe. We will analyze contract-by-contract because it has to make sense in terms of returns and the contract financially itself. So I do not have a number, I just have a range, because this is something that we have to analyze when we close the contract. You have several possibilities and then you decide for one or the other. But we will try and consider it whenever possible.

**Pedro Bruno, XP:**

Good morning. Thanks for taking my questions. I have 2. The first is a follow-up about margins. I think it's clear that you still have something to add because of contract renegotiations, and also the continuity of your efficiency process. I think Ramon made it very clear. But in addition to that, we saw large number of new contracts, R\$1.8 billion closed this quarter. So I would like to understand, and if I am correct to understand that this new contract should bring better margins, or contribute to the margin evolution that we have been following in terms of growth. So this is the first point, if I am understanding it correctly and if there's anything in addition to what I mentioned.

And the second question is new segments. You did mention some on your speech. Airports, for instance, you talked it's a new segment, but it's not a new service because it's something that you already provide to other clients and other segments. So anything else, any new segments that you would consider because it's a truly new segment, or a truly new service? When we think about sourcing, more broadly speaking, it could be a relevant avenue for potential new market for JSL, given the possibility of cross-sell that you have with all the operations you already have. Is it part of your strategic dynamics? And would it bring you a shifting focus? Just to try and understand those 2 points. Thank you.

**Ramon Alcaraz:**

Pedro, thanks for your question. Yes, you are right. Whenever we close new contracts, we learn where we made mistakes in previous contracts, and we improve operational assumptions. That's number one.

Number two, you have the opportunity of pricing at the current interest rate, and this is a reality in Brazil. So we always have expectations that new contracts will yield better margins. Of course, sometimes things do not happen as planned. So a slight margin oscillation up or down, it's kind of natural in our business. But yes, the expectation is always, whenever you are renewing a contract or signing a new contract, to have better margins.

As for your question about new segment, JSL is in the entire logistics chain. So I do not recall a logistics service that we do not provide in some way or another. The difference is that in some services, we are not very relevant. E-commerce, for instance, we just started with Fadel, but we are still small, and it is a huge business and it's growing. So we have a giant opportunity to grow in the segment.

Even in intralogistics, internal logistics, inbound operations and warehousing, we believe we have giant opportunities. We did focus on that last year. We had relevant growth, and we



continue to grow. So we are betting a lot on that. And we did mention in previous calls that we were not present in the pharmaceutical market, which is huge in Brazil. And we just closed a contract in this segment, not so big, but it is an entry. And I could remember so many other sectors in the economy that we are so not present.

Another important thing, going to the opposite side of the chain, mining. We have been present from a long time, but we believe we still explore little, most of the industries. We hired recently a commercial director just to operate in this area. So we believe that we are just starting.

We say that all the time, but it's true. Although we are big, although we are very happy of tripling revenue in the last 4 years since the IPO, we have so many opportunities that we could be here for hours just talking about them, which is very good.

**Guilherme Mendes, JPMorgan:**

Good morning. Thanks for taking my question. I have 2 follow-ups. First, capital allocation. We saw growing cash generation, very strong in the quarter, although partially offset by the increase in financial expenses. But thinking of capital allocation, Guilherme, you did talk about your focus on deleveraging. So just to check that, any eventual cash generation will work to accelerate deleveraging, or should we consider alternative allocations? You probably have your buyback program. Last year you did that, perhaps a new M&A.

And then, Ramon, you did talk about technology when competition is not so aggressive. Could you talk about the competitive environment as a whole in other segments? That would be really helpful. Thank you very much.

**Guilherme Sampaio:**

Guilherme, good morning. I will start with the first question, capital allocation, and then Ramon is going to talk about the competitive environment and technology. Yes, we did have free cash flow after growth that was positive and contributed to the deleveraging process. However, we see that working capital specifically could be better. So we believe there is room for us to work, especially in client receivables.

This quarter, despite all the negotiations that we had to do, billing and receiving with customers was a bit longer than we expected. It's one-off. It happened because we were in the renegotiation process that should go back to normal in the coming quarters. So undoubtedly, free cash flow after growth should help us deleverage for the coming quarters.

Talking about M&A and buyback, on buyback, we obviously believe that the price of our stock is at the lowest multiple in history. Okay, there is a market scenario, but we believe there is room to grow. It's not our priority. We know liquidity is an important issue in our stock, so it's not priority, but we have an open program even due to internal governance. We always keep these programs open.

M&A is not a strategy in itself. That is, we are very careful and very judicious in analyzing each deal given the economic scenario, the performance of companies we are looking into. It may happen specifically for some companies that we believe will contribute to our portfolio or the start of operations in a new segment.



But again, the financials of the negotiation matter. We have much tighter multiples in the market as a whole. And of course, we have to be very diligent for the acquisition to be positive for the Company's return as a whole. So it may happen, but our focus, the day-to-day work of myself and Ramon is organic growth and execution of what we propose to deliver and our commitment before you. It is something that may happen, but in parallel.

Ramon, the competitive environment?

**Ramon Alcaraz:**

That's a good question. Our sector, we say logistics, but logistics is a broad sector. It starts with simpler or more immediate things, which is transportation. Why more immediate? Because you see it on the street. Our trucks are running, JSL is very much on highways and people think that this is logistics. It's not. Transportation has a large volume, but it is the simplest part of logistics. And whatever is simpler, you have more competition. And when you have more competition, you have tighter margins and more of a price war.

When you go to logistics sectors in which you bring more complexity, and also that are more essential, that is if you stop your client stops, then you start to add value to the business. That it's not only price, but the capacity of the supplier providing good services because there is no higher cost that a plant stopping, an airport stopping because of poor services. You saw what happened to the airport because of a logistic problem a few months ago.

And then technology. Technology is a major ally. Brazil is still a country that is not very technological in logistic. And why? It's not that we do not have the technology, but we still have poor labor compared to Europe and U.S. So when you do the math, technology versus labor, labor sometimes makes sense. That's why environments are less technological. And technology is more expensive to us than in first world countries, but that's changing and fast.

So technology can make a difference. And we have been testing things. For example, we have a software in a large warehouse in Extrema, and we can reduce 200, 300 people. Simple things. We have an autonomous washer for a warehouse. And in addition to less people working, we are also reducing costs with detergents, and we are reducing the number of accident.

So these are the things in which we want to grow, where we can make a difference and add value to our business, and always considering this equation: more complex businesses that are essential to our clients and which technology can make a difference.

**Lorenzo Lima, Evolve Capital (via webcast):**

How the recent drop in diesel prices impact contract adjustments ongoing?

And second, how to expect the evolution of working capital that has pressured cash generation in recent quarters?

**Guilherme Sampaio:**

I will answer the second one, Lorenzo. I did mention that when I talked to Guilherme, but again, we are expecting better working capital. We believe that working capital this quarter was not



optimal, and we are going to work to go back to previous quarters, or even improve what we did have in recent quarters. And that will certainly contribute to deleveraging of the Company.

I am going to let Ramon answer about diesel prices.

**Ramon Alcaraz:**

Diesel, when it goes down, it has the same effect of when it goes up. It generates negotiation and increases the difference of balance. When it goes up, it is us, stronger the customer, when it goes down, it's client against us.

Now, the drop has been very low. And whenever it's a low drop, 2% to 4%, what we see in the headlines is not what really gets to gas stations. This is reflected in the national oil agency, and that can activate the trigger in our contracts or not.

But because this happens systematically, perhaps this is the easiest input in the relationship between us and our clients, because it's standardized, it is in the contract. So it really causes very little noise.

**Rodrigo Ribeiro, Atlas (via webcast):**

Could you give us details about what caused an increase in expenses with independent and third-party drivers in asset heavy operations in the 1Q25?

**Guilherme Sampaio:**

I did mention that during the call when I was breaking you the numbers. When you have an increase of inputs, we do sit down with clients to try to redesign contract assumptions or model. What happened is that in contracts in the forestry segment or chemicals, when we are able to change part of the operation, part of the fleet or a model of the transaction by third-parties or independent drivers, we do so because we change fixed cost into variable costs, and that changes the profitability of the process. So what do we want here? We try and remove inefficiencies that we have in a contract that was signed 2, 3 years ago.

What happened is that in the contracts that are asset heavy and continue to be asset heavy because we have a large fleet, we have been using independent and third-party drivers. That is, we pay freight for some of the operations. And then when you go into the entry, you have an increase, which was not traditional.

So we redesigned our assumptions together with the client, and we are working with a more flexible model when we understand that it's possible. That's it.

**Ramon Alcaraz:**

And just to add, we did not decrease margins when you compare what we get for the freight and what we pay for the freight; quite the opposite. We are improving margins. But remember, it's not our own driver. They are independent drivers, and therefore, this entry for independent drivers and third-parties go up.

**Alexandre Mendes (via webcast):**



The CAPEX this quarter was lower, but you did not decrease your leverage. You have been talking about leveraging, interest rates have been hurting you. What to expect from now on? Wouldn't it be better to have a follow-on to accelerate deleveraging?

**Guilherme Sampaio:**

I will start with the follow-on, and then I will go backward. I think I did mention in the answer that we are in the lowest multiple even considering the IPO itself in 2020. So follow-ons, because the Company generates cash and can keep this operation continue growing without need for capital, would not make sense. It would not even make sense for the current shareholders base or for the Company. So I think it's not the time because of pressured multiples.

What do we consider for the future? The financial result, of course, impacts cash generation. But one thing I did not mention, this quarter, in addition to working capital, we did have the payout of dividend. So with the payout of dividend, we had a compression of net debt, and therefore, we did not deliver deleveraging. It was flat compared to the 4Q.

I am not expecting to pay dividends in the coming quarters. The dividends for the year were paid in the 1Q. So as of now, we are talking about better working capital, and then continue with our deleveraging process quarter-on-quarter.

**Operator:**

JSL's Q&A session is now closed. We are going to turn back to Mr. Alcaraz for his final remark.

**Ramon Alcaraz:**

Ladies and gentlemen, again, thanks for the questions. The questions were very diverse. So you did solve much of what I had to say in the end.

I would just like to raise a few points we did not mention in the Q&A. One thing is a risk and an opportunity. There was this article on Estadão paper today talking about that we do not have enough drivers. Children of drivers do not want to be drivers. And why do I say it's a problem and an opportunity? Because that's a fact. According to the survey we had with Detran, in the last 10 years, we lost 20% of drivers. And if you get the age range of 25 to 30 years, we had a drop of 40%. This is a fact.

So what are we doing to solve that? We created the JSL University to train professionals. More than 300,000 hours of training last year, and we are continuing this year. So it is a risk for the competition, but it is an opportunity for JSL. And this is proven by our capacity to deploy operations that require labor fast.

The operation of Suzano in Cerrado was an example. We did not have drivers there. We had to train them. So that's our capacity because of our size, our history, because we have coverage in all states of Brazil. So this is an opportunity to us.

Another point that I would like to highlight is our capacity to renegotiate with clients whenever necessary. We did talk about that when we are talking about margin. And another point that



is very important and we did not mention much in the call is our organic growth. We continue to grow at double digits even without M&A.

And I did mention that before, M&A is not a strategy in itself. Our strategy is to grow. When there is an M&A, it is a way to accelerate the process, but it's not a strategy in itself. The strategy is to use our capacity to be in several segments and grow organically by gaining share in the markets where we are, or by going to markets that we are still not present, as we just mentioned, airports, pharmaceuticals, et cetera.

And not only our capacity to grow, but the capacity to deploy and become an important player in the business, which is not easy. You need people, technology and need equipment. And how can we do that without getting lost? Because of the way we manage our business. The way we manage the business contract by contract, independent companies, independent management makes us not get lost.

Remember, we started with R\$3 billion revenue in the IPO, and now we are close to R\$12 billion. We went from 15,000 employees to 35,000 employees, and we continue operating well, growing with existing customers with cross-sell, which shows our capacity to keep providing good services, which is our core business.

So this is what I had to say. I thank you so much for your questions. Thanks for attending. And let's move on because the 2Q is already on. Thank you very much.

**Operator:**

JSL's conference call is now closed. We thank you very much for attending, and wish you a very good day.

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