TEGMA GESTÃO LOGÍSTICA S.A.

Independent auditor's report

Individual and consolidated financial statements
As at December 31, 2019

TEGMA GESTÃO LOGÍSTICA S.A.

Individual and consolidated financial statements
As at December 31, 2019

Contents

Independent auditor's report on the individual and consolidated financial statements

Individual and consolidated statements of financial position

Individual and consolidated statements of income

Individual and consolidated statements of comprehensive income

Individual and consolidated statements of changes in equity

Individual and consolidated statements of cash flows – indirect method

Individual and consolidated statements of value added – supplementary information

Notes to the individual and consolidated financial statements

Tel.: +55 11 3848 5880
Fax: + 55 11 3045 7363
www.bdobrazil.com.br

Rua Major Quedinho 90
Consolação – São Paulo, SP - Brasil
01050-030

INDEPENDENT AUDITOR'S REPORT ON THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS

To the
Shareholders, Board Members and Management of
Tegma Gestão Logística S.A.
São Bernardo do Campo - SP

Opinion

We have audited the individual and consolidated financial statements of Tegma Gestão Logística S.A. ("Company"), identified as Parent company and Consolidated, respectively, which comprise the individual and consolidated statement of financial position as at December 31, 2019 and the respective individual and consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, as well as the corresponding notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements referred to above present fairly, in all material respects, the individual and consolidated financial position of Tegma Gestão Logística S.A. as at December 31, 2019, the results of its individual and consolidated operations and its cash flows for the year then ended, in conformity with Brazilian accounting practices and with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Individual and Consolidated Financial Statements" section of our report. We are independent of the Company and its controlled companies in accordance with the relevant ethical principles established in the Code of Ethics for Professional Accountants and in the professional standards issued by the Brazilian Federal Association of Accountants (CFC), and we have fulfilled our other ethical responsibilities in accordance with these standards. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters (PAA) are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We determined that the matters described below are the key audit matters to be communicated in our report:

Revenue recognition

As mentioned in Note 19, revenue recognition involves controls intended to guarantee the integrity of the records of transactions, conditioned to the proper timing in which services are rendered and are recognized by the client. Considering the Company's volume of transactions involved, portfolio of transport, management, logistics and storage, geographic situation of logistics and client services, revenue recognition involves high dependence on the proper operation of internal controls established by the Company and its controlled companies. Accordingly, based on the relevance of such dependence and operation of the mentioned controls, and on the impact that a possible failure of such controls would cause to the individual and consolidated financial statements, we considered this to be a key audit matter.

Audit response

Our audit procedures included, among others:

- Evaluation of the internal controls of significant cycles related to the recognition of revenues, including: basis of contracts with customers in relation to the service to be provided and price negotiated; management of related freight and services provided; accounting records checks;
- Document testing, on a sample basis, of the checking of tax document for shipping and transportation and services rendered;
- Data integrity tests of revenue database with accounting records;
- Tests of manual entries made;
- Analytical procedures on revenue, considering: analysis of key business indicators, average term for receiving sales, alignment of expectations developed with what has been achieved; and
- Evaluation of the proper disclosure of information on the notes to the individual and consolidated financial statements.

Based on the audit procedures followed regarding the processes of revenue recognition of the Company, and its controlled companies, and on the audit evidences obtained to support our tests, including our analyses and understanding, we consider that the revenue recognition of the Company, as well as the respective disclosures in Notes are acceptable, in the context of the individual and consolidated financial statements taken as a whole.

Impairment test of fixed and intangible assets, especially those with indefinite useful lives	Audit response
As disclosed in Notes 10 and 11 to the consolidated financial statements, the Company has fixed and intangible assets, in the amounts of R$ 209,033 thousand and R$ 171,446 thousand, respectively, on December 31, 2019. Most of the assets and rights involved are related to their UGCs (cash-generating units) trading operations and include goodwill paid for expected future profitability, the recoverable amount of which must be evaluated annually, as required by Technical Pronouncement CPC 01 (R1) / IAS36 - Impairment of Assets. The other assets are tested only in the case of signs of impairment. As mentioned in the notes, the Company and its controlled companies conduct impairment tests, which involve a high level of judgment of estimates from Management, based on the discounted cash flow method, which considers several assumptions, such as: discount rate, inflation projections, economic growth, and others. Accordingly, the matter was considered by the audit as a risk area due to uncertainties inherent to the process of determining the estimates and judgments involved in the preparation of future cash flows discounted at present value, such as projections of market demand, operating margins and discount rates that may significantly change the expected realization of the mentioned assets.	Our audit procedures included, among others: ▪ Evaluation of internal or external indications of impairment of assets; ▪ Use of our internal experts to assist the review of the impairment testing of assets, evaluating the assumptions and methodology used by the Company's and its controlled companies along with its external experts hired to prepare the analysis reports; ▪ Continuous challenge to the assumptions used by Management, aiming to corroborate if there are assumptions that are not consistent and / or that should be revised, such as: growth in revenues, costs and expenses, and several other inflation and price indicators; and ▪ Analysis on the appropriateness of disclosures required in the individual and consolidated financial statements. Based on the procedures followed, we consider reasonable the assumptions and methodologies used by the Company to evaluate the recoverable value of the mentioned assets, being therefore appropriate the information presented in the individual and consolidated financial statements, in the context of the financial statements taken as a whole.

Ongoing independent investigation	Audit response
As described in Note 1, to the individual and consolidated financial statements, on October 17, 2019, the Company was the subject of a search warrant and seizure of data and documents authorized by the Judge of the 1st Criminal Court of São Bernardo do Campo, due to an investigation that, until then, was not known to the Company, and which was initiated by a "Partial Leniency Agreement" signed by one of the Company's competing companies in the zero kilometer vehicle transport market. The investigation aims at verifying alleged concerted action in the transport of imported zero-kilometer vehicles for a Company client, from the port of Vitória to the Aduaneira do Interior Station, an operation that was closed by the company in 2015, and which at that time represented a immaterial part of the volume for the Company. The search and seizure in no way affected the Company's operations. The Board of Directors, determined at a meeting on November 1, 2019, the constitution of an Independent Committee, composed of three members and advised by specialized offices, to conduct an independent investigation to ascertain the facts that linked the Company to that investigation. Due to the risks and uncertainties involved in this type of process, in addition to the ongoing investigations that may possibly impact the financial statements, including in the aspect of disclosures, as well as for their relevance in relation to the financial statements; this matter directed our attention and our audit efforts and we therefore conclude that it is the main audit subject.	Our audit procedures included, among others: ▪ Updating the understanding of the Company's compliance policies in order to ascertain, among other aspects related to governance, whether they are actually in operation and also whether they are in accordance and consistent with laws and regulations; ▪ Meeting and evaluating the main investigative actions of the Company conducted by the independent law firm and respective forensic specialists; ▪ Conducting with meetings and discussions with the Company's external legal advisors in order to understand whether or not there are other impacts and/or risks; ▪ Evaluating the information and disclosures presented in the individual and consolidated financial statements regarding the current status of the investigation process in which the Company is involved; ▪ Involving our specialists in forensic practices to assist us in assessing the scope and range of the investigation, in the critical assessment of the procedures and methodologies used by independent investigators to the date of these investigations, including regarding the procedures for collecting and analyzing documents and/or critical information and assessment of the need to carry out additional procedures and follow up of relevant information by the media. Based on the evidence obtained through the abovementioned procedures, we consider that the conduct adopted in the ongoing investigation and the related disclosures are appropriate in the context of the individual and consolidated financial statements taken as a whole for the year ended December 31 of 2019.

Other matters

Statements of value added

The individual and consolidated statements of value added, prepared under the responsibility of the Company's Management for the year ended December 31, 2019, and presented as supplemental information for IFRS purposes, were submitted to the same audit procedures followed for the audit of the individual and consolidated financial statements. In order to form an opinion, we have checked whether these statements are reconciled with the financial statements and accounting records, as applicable, and whether its form and contents meet the criteria established in Accounting Pronouncement CPC 09 - Statement of Value Added. In our opinion, the statements of value added were properly prepared, in all material respects, in accordance with the criteria established in that Technical Pronouncement and are consistent with the individual and consolidated financial statements taken as a whole.

Audit of corresponding amounts

The amounts corresponding to the financial statements for the year ended December 31, 2018, presented for comparison purposes, were audited by other independent auditors whose report thereon, dated March 19, 2019, was unmodified.

Other information accompanying the individual and consolidated financial statements and auditor's report

The Company's and its controlled companies' management is responsible for this other information that comprises the Management Report.

Our opinion on the individual and consolidated financial statements does not cover the Management Report and we do not express any form of audit conclusion thereon.

In connection with our audit of the individual and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether the report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Management Report, we are required to report that fact.

Responsibilities of Management and those charged with governance for the individual and consolidated financial statements

Management is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with Brazilian accounting practices and with the IFRS, issued by IASB, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the individual and consolidated financial statements, Management is responsible for assessing the Company's and its controlled companies' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company and its controlled companies or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and its controlled companies' financial reporting process.

Auditor's responsibilities for the audit of the individual and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing (ISAs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian standards and ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls;

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and its controlled companies' internal controls;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and disclosures made by Management;
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and its controlled companies' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its controlled companies to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

São Paulo, March 31, 2020.

BDO RCS Auditores Independentes SS
CRC 2 SP 013846/O-1

Jairo da Rocha Soares
Accountant CRC 1 SP 120458/O-6

Tegma Gestão Logística S.A.

Balance sheets

on December 31st, 2019 and 2018

In thousands BRL

Asset	**Note**	**Parent Company 2019**	**Parent Company 2018**	**Consolidated 2019**	**Consolidated 2018**
Cash and cash equivalents	5	36,764	75,713	67,332	83,542
Accounts receivable from customers	6	220,464	195,543	261,173	226,227
Inventories (warehouse)		-	-	75	173
Income tax and social contribution		-	-	1,130	3,342
Taxes and contributions recoverable	8	104,325	10,477	106,280	12,007
Other accounts receivable	7	4,613	5,329	6,687	6,775
Related parties	24	884	4,182	684	4,126
Derivative financial instruments	4	3,739	-	3,739	-
Expenses paid in advance		1,491	828	1,972	1,319
Total current assets		**372,280**	**292,072**	**449,072**	**337,511**
Other accounts receivable	7	527	465	1,832	5,970
Taxes and contributions recoverable	8	6,384	6,153	9,689	9,417
Related parties	24	1,115	15,626	1,115	15,626
Bond and securities		-	-	2,600	700
Derivative financial instruments	4	-	1,614	-	1,614
Deferred tax asset	15	-	-	16,910	16,129
Judicial deposits	14	11,486	8,702	14,452	11,902
Total of long-term realizable		**19,512**	**32,560**	**46,598**	**61,358**
Investments	9	250,900	197,728	38,343	35,944
Property	10	85,403	99,309	209,033	202,166
Intangible	11	164,402	165,022	171,446	172,454
Right of use	26	53,758	-	70,929	-
Total non-current assets		**573,975**	**494,619**	**536,349**	**471,922**
Total of assets		**946,255**	**786,691**	**985,421**	**809,433**

The explanatory notes of the Management are an integral part of the financial statements.

Tegma Gestão Logística S.A.

Balance sheets

on December 31st, 2019 and 2018

In thousands BRL

Liabilities and net equity	Note	Parent Company 2019	Parent Company 2018	Consolidated 2019	Consolidated 2018
Loans and financing	12	61,022	6,703	61,022	6,703
Debentures	12	25,130	48,073	25,130	48,073
Commercial leasing	26	14,910	-	28,867	-
Suppliers		1,981	2,534	2,499	5,165
Freights payable		31,471	30,240	33,813	31,733
Taxes payable		16,946	12,945	19,414	15,095
Salaries and social charges	13	23,256	21,240	26,263	24,261
Other accounts payable	16	23,585	21,994	29,637	30,863
Related parties	24	148	7,869	72	2,311
Income tax and social contribution	15	41,006	6,327	41,998	6,438
Total current liabilities		**239,455**	**157,925**	**268,715**	**170,642**
Loans and financing	12	30,000	55,414	30,000	55,414
Debentures	12	25,005	50,010	25,005	50,010
Commercial leasing	26	42,809	-	48,055	-
Related parties	24	542	1,958	542	1,958
Deferred tax liabilities	15	2,759	2,593	2,759	2,593
Provisions for lawsuits	14	30,606	34,419	35,266	44,444
Total non-current liabilities		**131,721**	**144,394**	**141,627**	**154,419**
Share capital		144,469	144,469	144,469	144,469
Treasury stock		(342)	(342)	(342)	(342)
Capital reserves		174,055	174,055	174,055	174,055
Retained earnings		256,903	138,195	256,903	138,195
Adjustment of asset evaluation		(6)	(311)	(6)	(311)
Additional proposed dividends		-	28,306	-	28,306
Total owners' equity	17	**575,079**	**484,372**	**575,079**	**484,372**
Total liabilities and owners' equity		**946,255**	**786,691**	**985,421**	**809,433**

The explanatory notes of the Management are an integral part of the financial statements.

Tegma Gestão Logística S.A.

Results statements

For the fiscal years ended on December 31st, 2019 and 2018

In thousands BRL

	Note	Parent Company 2019	Parent Company 2018	Consolidated 2019	Consolidated 2018
Net revenue from services provided	19	1,181,902	1,136,165	1,347,320	1,253,779
Costs of services provided	20	(920,319)	(888,886)	(1,060,475)	(995,805)
Gross profit		**261,583**	**247,279**	**286,845**	**257,974**
General and administrative expenses	20	(83,190)	(72,347)	(84,959)	(74,010)
Commercial expenses	20	(478)	(503)	(478)	(2,410)
(Gain) loss through impairment of accounts receivable		(96)	32	2,109	(1,096)
Other net revenues (expenses)	21	38,903	(25,307)	36,098	(27,413)
Operating income		**216,722**	**149,154**	**239,615**	**153,045**
Result of equity pickup	**9**	**21,005**	**4,408**	**2,986**	**371**
Financial income	22	44,982	7,953	46,530	11,398
Financial expenses	22	(21,365)	(17,766)	(23,833)	(20,518)
Net financial revenue (expenses)		**23,617**	**(9,813)**	**22,697**	**(9,120)**
Profit before tax		**261,344**	**143,749**	**265,298**	**144,296**
Income tax and social contribution					
Current	15	(67,364)	(39,375)	(72,099)	(42,697)
Deferred	15	(8)	3,875	773	6,650
Net profit for the financial year		**193,972**	**108,249**	**193,972**	**108,249**
Net earnings per share:					
Earnings per share - basic (in BRL)	23			2,94	1,64
Earnings per share - diluted (in BRL)	23			2,94	1,64

The explanatory notes of the Management are an integral part of the financial statements.

Tegma Gestão Logística S.A.

Statements of comprehensive income

For the fiscal years ended on December 31st, 2019 and 2018

In thousands BRL

	Parent Company		Consolidated	
	2019	**2018**	**2019**	**2018**
Net profit for the financial year	193,972	108,249	193,972	108,249
Income from financial instruments designated as *hedge accounting*	463	(472)	463	(472)
Deferred taxes on *hedge accounting*	(158)	161	(158)	161
Other components of comprehensive income during the fiscal year	305	(311)	305	(311)
Total comprehensive income	**194,277**	**107,938**	**194,277**	**107,938**

The explanatory notes of the Management are an integral part of the financial statements.

Tegma Gestão Logística S.A.

Statements of changes in equity

on December 31st, 2019 and 2018

In thousands BRL

			Capital reserves	**Retained earnings**						
	Share capital	**Treasury stock**	**Goodwill on subscription of shares**	**Legal reserve**	**Tax incentive reserve**	**Profit retention**	**Accumulated profits**	**Other comprehensive results**	**Additional proposed dividends**	**Total owners' equity**
Balances as of January 1, 2018	**144,469**	**(342)**	**174,055**	**28,894**	**11,960**	**54,042**	**-**	**-**	**35,728**	**448,806**
Net profit for the financial year	-	-	-	-	-	-	108,249	-	-	**108,249**
Other comprehensive income:										
Income from financial instruments designated as *hedge accounting*	-	-	-	-	-	-	-	(472)	-	**(472)**
Deferred taxes on *hedge accounting*	-	-	-	-	-	-	-	161	-	**161**
Tax incentives	-	-	-	-	14,006	-	(14,006)	-	-	-
Destination:										
Constituting of reserves	-	-	-	-	-	94,243	(94,243)	-	-	-
Dividends and interest on the stockholders' equity	-	-	-	-	-	(64,950)	-	-	(7,422)	**(72,372)**
Balances on December 31st, 2018	**144,469**	**(342)**	**174,055**	**28,894**	**25,966**	**83,335**	**-**	**(311)**	**28,306**	**484,372**
Net profit for the financial year	-	-	-	-	-	-	193,972	-	-	**193,972**
Other comprehensive income:										
Income from financial instruments designated as *hedge accounting*	-	-	-	-	-	-	-	463	-	**463**
Deferred taxes on *hedge accounting*	-	-	-	-	-	-	-	(158)	-	**(158)**
Tax incentives	-	-	-	-	17,739	-	(17,739)	-	-	-
Destination:										
Constituting of reserves	-	-	-	-	-	176,233	(176,233)	-	-	-
Dividends and interest on the stockholders' equity	-	-	-	-	-	(75,264)	-	-	(28,306)	**(103,570)**
Balances on December 31st, 2019	**144,469**	**(342)**	**174,055**	**28,894**	**43,705**	**184,304**	**-**	**(6)**	**-**	**575,079**

The explanatory notes of the Management are an integral part of the financial statements.

Tegma Gestão Logística S.A.

Cash flow statement - Indirect method

For the fiscal years ended on December 31st, 2019 and 2018

In thousands BRL

		Parent Company		Consolidated	
	Note	**2019**	**2018**	**2019**	**2018**
Profit before tax		261,344	143,749	265,298	144,296
Adjustments for:					
Depreciation and amortization	10 and 11	18,507	22,348	25,810	29,290
Amortization right of use	26	20,007	-	32,794	-
Loss on sale of goods	21	961	366	2,888	1,226
Right of use/lease write-off	21	(66)	-	(115)	-
Provision for lawsuits	14	18,574	24,546	21,100	32,483
Loss on goodwill write-off	21	-	2,527	-	2,527
Fair value on investment transfer	21	-	(1,842)	-	(1,842)
(Gain) loss through impairment of accounts receivable	6	96	(32)	(2,109)	1,096
Allowance for losses on sales of subsidiaries	20	-		-	1,907
Equity pickup	9	(21,005)	(4,408)	(2,986)	(371)
Result of the *swap* operation	22	(1,662)	(1,701)	(1,662)	(1,701)
Interest, monetary and exchange variations on loans and debentures	12	11,824	14,306	11,824	14,476
Interest on lease	26	4,339	-	6,440	-
Extemporaneous tax credits	8	(92,136)	(9,705)	(92,136)	(10,599)
		220,783	**190,154**	**267,146**	**212,788**
Variations in assets and liabilities					
Accounts receivable		(25,017)	(49,459)	(32,837)	(59,372)
Recoverable taxes		(2,866)	15,420	(1,388)	17,603
Judicial deposits		(3,708)	(1,031)	(3,736)	(1,930)
Other assets		1,814	(2,443)	4,733	(9,246)
Suppliers and freight payable		1,129	3,241	2,317	3,061
Salaries and social charges		2,016	963	2,002	897
Related parties		8,672	444	14,298	189
Other obligations and taxes payable		3,470	2,584	971	5,828
Cash provided by operating activities		**206,293**	**159,873**	**253,506**	**169,818**
Interest paid on loans and funding	12	(1,829)	(3,927)	(1,829)	(4,073)
Interest paid on debentures	12	(5,695)	(11,657)	(5,695)	(11,657)
Interest paid on commercial leasing	26	(4,225)	-	(6,094)	-
Paid lawsuits	14	(19,341)	(20,597)	(26,970)	(22,931)
Paid income tax and social contributions		(31,762)	(24,886)	(35,348)	(26,267)
Net cash generated from operating activities		**143,441**	**98,806**	**177,570**	**104,890**

The explanatory notes of the Management are an integral part of the financial statements.

Tegma Gestão Logística S.A.

Cash flow statements - indirect method

on December 31st, 2019 and 2018

In thousands BRL

		Parent Company		Consolidated	
	Note	**2019**	**2018**	**2019**	**2018**
Cash flows from investment activities					
Capital reduction in subsidiaries	9	320	75,991	320	491
Acquisition/Capital increase in subsidiaries	9	(18,680)	(23,801)	-	-
Cash and cash equivalents - Tegma Logística Integrada S.A.	2	-	-	-	(655)
Dividends received	9	267	24,243	267	244
Acquisition of intangible		(4,209)	(5,288)	(4,385)	(5,300)
Acquisition of property assets		(16,232)	(8,386)	(34,523)	(27,933)
Receipt for the sale of goods		974	299	1,448	378
Net cash used in (from) investment activities		**(37,560)**	**63,058**	**(36,873)**	**(32,775)**
Cash flows from financing activities					
Dividends and interest on paid equity	17.e	(103,570)	(75,500)	(103,570)	(75,500)
Borrowing and financing	12	30,000	50,000	30,000	50,000
Payment of debentures	12	(46,676)	(66,666)	(46,676)	(66,666)
Payment of loans and financing	12	(6,667)	(40,134)	(6,667)	(44,754)
Payment of commercial leasing	26	(17,917)	-	(29,994)	-
Derivative financial instruments		-	(385)	-	(385)
Net cash used in the activities of financing		**(144,830)**	**(132,685)**	**(156,907)**	**(137,305)**
Increase (Decrease) in cash and cash equivalents		**(38,949)**	**29,179**	**(16,210)**	**(65,190)**
Cash and cash equivalents on January 1		75,713	46,534	83,542	148,732
Cash and cash equivalents on December 31		36,764	75,713	67,332	83,542

The explanatory notes of the Management are an integral part of the financial statements.

Tegma Gestão Logística S.A.

Statements of added value - supplementary information

on December 31st, 2019 and 2018

In thousands BRL

	Note	Parent Company 2019	Parent Company 2018	Consolidated 2019	Consolidated 2018
Revenue					
Gross sales of services, net of discounts	19	1,379,610	1,312,008	1,570,624	1,456,381
Other revenues		58,838	2,628	60,796	8,898
Gain (loss) through impairment of accounts receivable	6	(96)	32	2,109	(1,096)
		1,438,252	**1,314,668**	**1,633,529**	**1,464,183**
Supplies acquired from third parties					
Costs of services provided		(786,809)	(773,096)	(851,993)	(803,079)
Materials, energy, third-party services, and other operations		(119,639)	(117,022)	(162,053)	(162,043)
		(906,448)	**(890,118)**	**(1,014,046)**	**(965,122)**
Gross added value		**531,804**	**424,550**	**619,483**	**499,061**
Depreciation and amortization	10 and 11	(18,507)	(22,348)	(25,810)	(29,290)
Amortization right of use	26	(20,007)	-	(32,789)	-
Net added value produced by the Company		**493,290**	**402,202**	**560,884**	**469,771**
Value added received in transfer					
Result of equity pickup	9	21,005	4,408	2,986	371
Financial income	22	44,982	7,953	46,530	11,398
Total added value to be distributed		**559,277**	**414,563**	**610,400**	**481,540**
Added value distribution					
Personnel and expenses					
Direct remuneration		101,759	91,789	118,453	109,020
Benefits		23,950	20,490	29,091	25,881
FGTS (Government Severance Indemnity Fund for Employees)		6,431	4,001	7,797	5,184
Taxes, fees and contributions					
Federal		127,306	85,031	142,445	95,807
State		74,112	61,489	80,454	72,779
Municipal		3,294	2,418	5,698	5,630
Remuneration of third-party capital/Financiers					
Interest and exchange variations		21,365	17,766	23,833	20,518
Rentals		7,088	23,330	8,657	38,472
Remuneration on equity capital					
Dividends and interest on the stockholders' equity		75,264	64,950	75,264	64,950
Retained earnings		118,708	43,299	118,708	43,299
Value added to be distributed		**559,277**	**414,563**	**610,400**	**481,540**

The explanatory notes of the Management are an integral part of the financial statements.

Explanatory notes to the individual and consolidated financial statements
For the fiscal years ended on December 31st, 2019 and 2018
In thousands of Reais, except when otherwise indicated

1 Operational context

Among its main objectives, Tegma Gestão Logística S.A. ("Company") and its Subsidiaries ("Company and its Subsidiaries") provide services with a focus on the areas of logistics management, transport and storage in various sectors of the economy, such as: automotive, consumer goods, chemicals and household appliances.

The Company is a publicly held corporation, headquartered in São Bernardo do Campo, State of São Paulo, registered in the special segment of the B3 stock market, called Novo Mercado, under the trading code TGMA3, and is linked to arbitration at the Market Arbitration Chamber, according to the arbitration clause contained in its Bylaws.

The Company is composed of two divisions: automotive logistics and integrated logistics.

The Company's services in the automotive logistics division include:

Road transport - transfer and distribution of zero-kilometer and used vehicles, port transfers, inventory management and vehicle manufacturers' yards and vehicle preparation services for sale;

The Company's services in the integrated logistics division include:

Road transport - *milk run* (system of scheduled collections of materials, which uses a single transport equipment from the logistics operator, to carry out the collections at one or more suppliers and deliver the materials at the final destination, always at pre-established times); *full truck load* (is the type of homogeneous load, usually with enough volume to completely fill a bucket or the trunk of a truck), transfer of solid/liquid bulk and parts between the plants of customers or suppliers;

General and customs warehousing - including storage and management of parts and components, *cross docking* (distribution system in which the goods received, in a warehouse or Distribution Center, are not stored but immediately prepared for loading the delivery), *picking* or separation and preparation of orders (in the warehouse collection of certain products, which may be different in category and quantities, at the request of a customer, in order to satisfy the same), handling and preparation, storage of liquid and solid chemical bulk, storage *in-house* (in the client's structure), vehicle storage and bonded storage within structures suitable to the legislation of customs warehouses;

Logistics management - involving inventory control, supply of *just in time* production line, management of returnable packaging, management of parts and components, management of vehicle yards, management of stock of national and imported goods and reverse logistics.

Search and seizure - Operation Pact

On October 17, 2019, the Company was the subject of a search warrant and seizure of data and documents authorized by the Court of 1st Criminal Court of São Bernardo do Campo, due to an investigation that, until then, was not known to the Company, and that was initiated by a "Partial Leniency Agreement" signed by one of the Company's competing companies in the zero kilometer vehicle transport market. The investigation aims at investigating alleged concerted action in the transport of zero kilometer vehicles imported for a Company client, from the port of Vitória to the Aduaneira do Interior station, an operation that was closed by the company in 2015, and which at that time represented an immaterial volume compared to revenues for the Company. The search and seizure did not affect the Company's operations.

Due to the events described and, (i) despite the firm belief that the Company operates within the strictest Compliance rules and market rules, (ii) that the origin of the allegations that supported the search and seizure request is based on commercial disputes and (iii) even in view of the several successes in previous processes that imputed to the Company the same practices of violation of the economic order; the Board of Directors, following the best market practices and, striving for transparency and impartiality, determined in a meeting on November 1, 2019, the constitution of an Independent Committee, composed of three members and advised by specialized offices, to conduct a thorough and meticulous investigation of the facts attributed to the Company, object of the documentation contained in the Leniency Agreement that gave rise to the aforementioned search and seizure. The work is being conducted independently and by qualified, experienced and exempt professionals. The Independent Committee reports directly to the Board of Directors.

As of the date of issue of these financial statements, there has been no manifestation by the Court of the 1st Criminal Court of São Bernardo do Campo. Regarding the work of the Independent Committee, they are still ongoing.

2 List of subsidiaries

The Group is constituted as follows:

Direct and indirect controlled companies	**Participation (%) 2019**	**Participation (%) 2018**	**Relationship**
Tegma Cargas Especiais Ltda. ("TCE")	100.00	100.00	Subsidiary
Tegma Logística de Armazéns Ltda. ("TLA")	100.00	100.00	Subsidiary
Tegmax Comércio e Serviços Automotivos Ltda. ("Tegmax")	100.00	100.00	Subsidiary
Tegma Logística de Veículos Ltda. ("TLV")	100.00	100.00	Subsidiary
Niyati Empreendimentos e Participações Ltda. ("Niyati")	100.00	100.00	Subsidiary
TegUp Inovação e Tecnologia Ltda. ("Tegup") (i)	100.00	100.00	Subsidiary
Tech Cargo Plataforma de Transportes Ltda. ("Tech Cargo") (ii)	100.00	-	Subsidiary
Catlog Logística de Transportes S.A. ("Catlog")	49.00	49.00	Jointly controlled venture
GDL Gestão de Desenvolvimento em Logística Participações S.A. ("GDL") (iii)	50.00	50.00	Jointly controlled venture

(i) TegUp, a direct subsidiary of the Company, aims to bring innovation in logistics, acting as an accelerator for startups. An acceleration program cycle is carried out annually to prospect for manufacturing companies that offer products, services and innovation related to the universe of digital logistics and transport. The companies Frete Rápido Desenvolvimento de Tecnologia Logística S.A. and Rabbot Serviços de Tecnologia S.A., received investments from subsidiary TegUp to accelerate and contribute to their growth.

a. On August 23, 2018, an investment was approved in the company Frete Rápido, a technology company in the initial stage of operation that develops a solution based on a web platform for hiring freight. The investment authorized by the Board of Directors was 1,400 BRL, subject to the achievement of economic and financial goals. Every investment has already been made.

b. On August 1, 2019, an investment was approved in the company Rabbot, a technology company in the initial stage of operation that develops a mobility automation solution, organization and optimization of fleet management processes. The authorized investment was 3,200 BRL, subject to the achievement of economic and financial goals. Of the mentioned amount, 1,200 BRL has already been realized.

(ii) Tech Cargo, a direct subsidiary of the Company, was created for the purpose of intermediating services and businesses related to transportation in general using its own software or that of third parties, among other activities.

(iii) Shareholding reconstruction

On February 8, 2018, Tegma Logística Integrada S.A., the former subsidiary of the Company, was the subject of the Association Agreement between the Company and, BCDF e JR Participações S.A. ("Holding Silotec") for the creation of the *joint venture* GDL Gestão de Desenvolvimento in Logística Participações S.A. ("GDL"), which combined the activities of storage and movement of goods developed in Cariacica-ES, by Tegma Logística Integrada S.A. ("TLI") former subsidiary of the Company, and by Companhia de Transportes e Armazéns Gerais ("Silotec "), Wholly owned subsidiary of Holding Silotec.

Accordingly, GDL holds 100% of the shareholdings in TLI and Silotec, and its capital is equally divided between Tegma Gestão Logística S.A. and Holding Silotec, becoming a jointly controlled venture.

The Company disregarded Tegma Logística Integrada S.A. in its consolidation and started recording the results of GDL Gestão de Desenvolvimento em Logística Participações S.A. (GDL) using the equity method as of February 2018.

The balances of January 31, 2018 contributed by the Company for the formation of the *joint venture* are as follows:

Asset		**Liabilities and net equity**	
Cash and cash equivalents	655	Suppliers	606
Accounts receivable from customers	3,229	Taxes payable	790
Inventories (warehouse)	40	Salaries and social charges	1,280
Taxes and contributions recoverable	3,127	Other accounts payable	681
Other accounts receivable	96	Related parties	250
Related parties	967		
Expenses paid in advance	335	**Total current liabilities**	**3,607**
Total current assets	**8,449**	Provisions for lawsuits	1,482
		Total non-current liabilities	**1,482**
Taxes and contributions recoverable	14,847		
Deferred tax asset	17,172	Share capital	49,122
Judicial deposits	1,064	Retained earnings	143
		Accrued losses	(338)
Total of long-term realizable	**33,083**		
		Total owners' equity	**48,927**
Property	11,449		
Intangible	1,035		
Total non-current assets	**45,567**		
Total of assets	**54,016**	**Total liabilities and owners' equity**	**54,016**

Equity at fair net value totaled 50,770 BRL, generating a gain of 1,842 BRL (see explanatory note No. 21). The exchange of 100% interest in Tegma Logística Integrada S.A. for 50% interest in GDL Gestão de Desenvolvimento em Logística Participações S.A. (GDL) generated goodwill in the amount of 16,693 BRL calculated at fair value, according to explanatory note No. 9.

3 Basis for preparation and significant accounting policies

a. Declaration of conformity (in relation to IFRS and CPC standards)

The financial individual and consolidated statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the *International Accounting Standards Board* (IASB) and also in accordance with accounting practices adopted in Brazil (BR GAAP).

The issuance of the financial statements was authorized by the Board of Directors on March 31, 2020.

This is the first set of annual financial statements of the Company and its subsidiaries in which CPC 06 (R2) / IFRS 16 - Leases were applied. The changes related to the main accounting policies are described in Explanatory Note No. 3.1 (a).

All relevant information specific to the financial statements, and only them, are being evidenced, and correspond to those used by the Management in its management.

b. Functional currency and presentation currency

These financial statements are presented in Reais, which is the Company's functional currency. All balances are rounded to the nearest thousand, except when otherwise indicated.

c. Use of estimates and judgments

When preparing these financial statements, the Management used judgments, estimates and assumptions that affect the application of Company's and its subsidiaries' accounting policies and the reported amounts of assets, liabilities, revenue and expenses.

Estimates and assumptions are continuously revised. The revisions of the estimates are recognized prospectively.

Such estimates and assumptions that have a significant risk, with a probability of causing a material adjustment to assets and liabilities book values for the next financial year are addressed below.

Explanatory note No. 6 - recognition and measurement of estimated credit losses;

Explanatory Note No. 9 and 11 - impairment test of intangible assets and goodwill;

Explanatory Note No. 10 and 11 - definition of the useful life of the fixed and intangible assets;

Explanatory Note No. 15 - recognition of deferred tax assets;

Explanatory Note No. 14 - recognition and measurement of provisions for legal claims;

Explanatory Note No. 26 - recognition and measurement of leasing;

d. Measurement of fair value

Several policies and accounting disclosures from the Company and its subsidiaries require the determination of the fair value for both financial and non-financial assets and liabilities.

The Company and its Subsidiaries have established a control structure related to the measurement of fair value. An assessment team has a responsibility to review all significant fair value measurements, including Level 3 fair values. The assessment team regularly reviews significant unobservable data and assessment adjustments. If a third parties information, such as broker quotes or pricing services, is used to measure fair values, the valuation team reviews the evidence obtained from third parties to support the conclusion that such valuations meet CPC/IFRS requirements, including the level in the fair value hierarchy in which such valuations are to be classified.

The method of calculating the fair value used by the Company and its Subsidiaries consists of making the projection at future value based on the contracted conditions and subsequently calculating the present value discounting the curves established in each contract.

For further details on the fair value measurement levels, see Explanatory Note No. 4 (g).

3.1 Main accounting policies

The significant accounting policies adopted by the Company and its Subsidiaries are described in the specific notes, related to the items presented. Those related to different aspects of the financial statements are described below.

Such policies have been consistently applied to the years presented, unless otherwise stated. It should be noted that accounting policies for immaterial transactions were not included in the financial statements.

Changes in the main accounting policies

The main accounting policies, as well as the measurement of estimates, have not changed, except for items related to *IFRS 16 / CPC 6 (R2) - Leasing Operations* as described below:

a New standards and interpretations to be adopted

For the pronouncements and interpretations that came into effect as of January 1, 2019, the Company and its Subsidiaries adopted it as mentioned below:

IFRS 16/CPC 6 (R2) - Leasing operations

As of January 1, 2019, IFRS 16 / CPC 06 (R2) Leasing Operations entered into force, which established a new methodology for evaluating leases, replacing IAS 17 / CPC 06 (R1). Accounting for lessors remained similar to the previous standard, but a new model was established for tenants.

A lease is identified if there is a transfer of the right to control the use of a certain asset for a period of time, in exchange for a consideration.

Based on this finding, the lessees must measure and record the lease agreement in their balance sheet, the lease liability being recognized at the present value of their payments at a discount rate and the right to use asset in an amount equivalent to that liability.

Accordingly, the right-to-use asset is now amortized on a straight-line basis in accordance with the guidelines of CPC 27 - Property, plant and equipment and liabilities, increased by interest expense and reduced by the payment of installments.

The standard provides for exemptions in the applicability for short-term leases and low value assets involved in the operation.

The impacts on the adoption of this standard are described in Explanatory Note No. 26 - Leasing and the method adopted was the modified retrospective.

IFRIC 23 / ICPC 22 Uncertainty about Treatment of Taxes on Profit.

It is an interpretation that clarifies how to apply the recognition and measurement requirements of IAS 12 / CPC 32 Taxes on Profit (income tax and social contribution) and the treatment to be considered for fiscal uncertainties that may generate questions by tax authorities.

Accordingly, that interpretation provides clarifications in relation to IAS 12 / CPC 32 Taxes on Profit and does not bring new accounting requirements.

The Company and its Subsidiaries did not determine any impact on the applicability of this interpretation, since based on the assessment of the Company and its subsidiaries supported by its legal advisors, the main treatments in determining income tax and social contribution are likely to be admitted in eventual legal support.

b New standards and interpretations not yet effective

A number of new standards or amendments to standards and interpretations are effective for fiscal years beginning after January 1, 2020. The Company and its subsidiaries did not adopt these changes in the preparation of these financial statements.

The amended rules and interpretations mentioned below, should not have a significant impact on the financial statements of the Company and its Subsidiaries.

- Changes in references to the conceptual framework in IFRS standards.
- Definition of a business (changes to CPC 15 / IFRS 3).
- Definition of materiality (amendments to CPC 26 / IAS 1 and CPC 23 / IAS 8).

c Basis for consolidation

(i) Subsidiaries and investments in entities accounted for using the equity method

The consolidated financial statements include the financial statements of the Company and subsidiaries. Control is obtained when the Company has the power to control financial and operating policies and to appoint or dismiss the majority of the members of the executive board or board of directors of an entity to obtain benefits from its activities.

The Company's management, based on the bylaws and shareholders' agreements, controls the companies listed in explanatory note no.2 - List of controlled entities - and therefore performs the full consolidation of these companies, with the exception of Catlog Logística de Transportes S.A. (“Catlog ”) And GDL Gestão de Desenvolvimento em Logística Participações S.A. (“ GDL ”) considered as jointly controlled enterprises, whose result is considered in the consolidated financial statements based on the equity method.

In the Company's individual financial statements, the financial statements of subsidiaries and jointly-controlled subsidiaries are recognized using the equity method. Investments in subsidiaries and joint ventures are presented in explanatory note no. 9 - Investments.

(ii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income or expenses arising from intra-group transactions, are eliminated. Unrealized gains arising from transactions with investees recorded under the equity method are eliminated against the investment in proportion to the Group's interest in the investee. Unrealized losses are eliminated in the same way as the gains are eliminated, but only to the extent that there is no evidence of impairment.

d Foreign currency

(i) Transactions in foreign currency

Foreign currency transactions are translated into the functional currency (Real) using the exchange rates prevailing on the transaction or valuation dates, in which the items are remeasured. Foreign exchange gains and losses resulting from the settlement of these transactions and from the conversion at year-end exchange rates of monetary assets and liabilities in foreign currencies are recognized in the income statement. Exchange gains and losses related to loans, cash and cash equivalents are presented in the statement of income as financial revenue or expense.

e Financial instruments

(i) Recognition and initial measurement

Trade accounts receivable and debt securities issued are initially recognized on the date they originated. All other financial assets and liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not measured at fair value through profit or loss (VJR), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Subsequent classification and measurement

Upon initial recognition, a financial asset is classified as measured: at amortized cost; at fair value through other comprehensive income (VJORA) - debt instrument; VJORA - equity instrument; or at fair value through profit or loss (VJR).

Financial assets are not reclassified after initial recognition, unless the Company and its subsidiaries change its business model for the management of financial assets, in which case all affected financial assets are reclassified on the first day of the presentation period following the change in business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as measured at fair value through profit or loss:

- it is maintained within a business model aimed at maintaining financial assets to receive contractual cash flows; and

- its contractual terms generate, on specific dates, cash flows that are related to the payment of principal and interest on the outstanding principal value.

A debt instrument is measured at VJORA if it meets both of the following conditions and is not designated as measured at VJR:

- it is maintained within a business model whose objective is achieved by both receiving contractual cash flows and selling financial assets; and

- its contractual terms generate, on specific dates, cash flows that are solely payments of principal and interest on the outstanding principal value.

Upon initial recognition of an investment in an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the fair value of the investment in Other comprehensive profits and losses. This choice is made investment by investment.

Upon initial recognition, the Company and its Subsidiaries may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or VJORA as well as VJR if this eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets - Business model assessment

The Company and its Subsidiaries carry out an assessment of the objective of the business model in which a financial asset is kept in the portfolio because this better reflects the way in which the business is managed and the information is provided to Management. Information considered includes:

- the policies and objectives set for the portfolio and the practical operation of these policies. These include whether management's strategy focuses on obtaining contractual interest income, maintaining a particular interest rate profile, matching the duration of financial assets to the duration of related liabilities or expected cash outflows, or realization of cash flows through the sale of assets;

- how the portfolio's performance is assessed and reported to the Company's Management;

- the risks that affect business model performance (and the financial asset maintained in that business model) and the way those risks are managed;

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and their expectations for future sales.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales, in a manner consistent with the continuous recognition of the assets of the Company and its Subsidiaries.

Financial assets held for trading or managed with performance measured at fair value are measured at fair value through profit or loss.

Financial assets - assessment of whether contractual cash flows are only principal and interest payments

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset upon initial recognition. 'Interest' is defined as a consideration for the value of money over time and the credit risk associated with the outstanding principal over a given period of time and for other basic borrowing risks and costs (e.g. liquidity risk and costs), as well as a profit margin.

The Company and its Subsidiaries consider the contractual terms of the instrument to assess whether the contractual cash flows are only payments of principal and interest. This includes assessing whether the financial asset contains a contractual term that could change the timing or value of contractual cash flows so that it would not meet this condition. In making this assessment, the Company and its Subsidiaries consider:

- contingent events that change the amount or timing of cash flows;

- terms that can adjust the contractual rate, including variable rates;

- prepayment and extension of the term; and

- terms that limit the Company's access to cash flows from specific assets (for example, based on the performance of an asset).

Prepayment is consistent with the principal and interest payment criteria if the prepayment amount mostly represents unpaid principal and interest on the outstanding principal amount - which may include additional compensation reasonable for early termination of the contract. In addition, with respect to a financial asset acquired for a value less than or greater than the nominal value of the contract, the permission or requirement for prepayment for an amount that represents the nominal value of the contract plus contractual interest (which also may include reasonable additional compensation for early termination of the contract) accumulated (but not paid) are treated as consistent with this criterion if the fair value of the prepayment is insignificant upon initial recognition.

Financial assets - Subsequent measurement and profit and loss

Financial assets at fair value through profit or loss (VJR)	These assets are subsequently measured at fair value. Net income, including interest or dividend income, is recognized in income. However, see the note for derivatives designated as *hedge* instruments.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in income. Any gain or loss on derecognition is recognized in the income.
Debt instruments at fair value through other comprehensive income (VJORA)	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in income. Other net results are recognized in ORA. In derecognition, the accumulated result in ORA is reclassified to the result.
Debt instruments at fair value through other comprehensive income (VJORA)	These assets are subsequently measured at fair value. Dividends are recognized as a gain in profit or loss, unless the dividend represents a clear recovery of part of the cost of the investment. Other net profit or loss are recognized in ORA and never reclassified to profit or loss.

Financial liabilities - classification, subsequent measurement and profit and loss

Financial liabilities were classified as measured at amortized cost or VJR. A financial liability is classified as measured at fair value by means of the result if it is classified as held for trading, is a derivative or is designated as such upon initial recognition. Financial liabilities measured at VJR are measured at fair value and net income, including interest, is recognized in the result. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense, foreign exchange gains and losses are recognized in the result. Any gain or loss on derecognition is also recognized in the result.

(iii) Derecognition

Financial assets

The Company and its Subsidiaries derecognize a financial asset when the contractual rights to the cash flows of the asset expire, or when the Company and its Subsidiaries transfer the contractual rights to receive the contractual cash flows on a financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor substantially maintains all the risks and rewards of ownership of the financial asset nor retains control over the financial asset.

The Company and its Subsidiaries performs transactions in which it transfers assets recognized in the balance sheet, but retains all or substantially all risks and rewards of the assets transferred. In such cases, financial assets are not derecognized.

Financial liabilities

The Company and its Subsidiaries derecognizes a financial liability when its contractual obligation is withdrawn, canceled or expired. The Company and its Subsidiaries also derecognize a financial liability when the terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the extinct book value and the consideration paid (including non-cash transferred assets or liabilities assumed) is recognized in the result.

(iv) Compensation

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when, and only when, the Company and its Subsidiaries have a legal right to offset the amounts and intends to settle on a net basis or pay the asset and settle the liability simultaneously.

(v) Derivative financial instruments

The Company maintains a financial *hedge* derivative financial instrument to hedge the exchange rate risk exposure. This derivative financial instrument is initially recognized at fair value on the date of the contract and, subsequently, remeasured at fair value periodically, with the *hedge* object and the derivative financial instrument being recorded separately. These contracts have the same terms.

At the beginning of the operation, the *hedge* object and the derivative financial instrument are documented as follows:

(a) objective and description of the *hedge*;

(b) the identification of the *hedge* object and the nature of the protected risks;

(c) identification of the financial instrument;

(d) coverage ratio;

(e) demonstration of prospective effectiveness.

In this way, they are categorized and recorded according to the *hedge* accounting criteria. The Company has a single operation with a derivative financial instrument and falls under the cash flow hedge classification, so its fair value is recorded in other comprehensive income (shareholders' equity).

f Provisions

A provision is recognized, on the basis of a past event, if the Company and its Subsidiaries have a legal or constructive obligation that can be estimated reliably, and it is probable that an economic resource will be required to settle the obligation.

g Statements of value added

The Company and its Subsidiaries prepared statements of added value (DVA) under the terms of technical pronouncement CPC 09 - Statement of Added Value, which are presented as an integral part of the financial statements in accordance with BR GAAP applicable to publicly-held companies, while for IFRS they represent information supplementary financial assistance.

4 Financial risk management

Risk management is carried out by the Company's central treasury, and protection strategies against possible financial risks are evaluated and defined in cooperation with the operating units of the Company and its Subsidiaries. Management establishes principles, for the global risk management, as well as for specific areas, such as foreign exchange risk, interest rate risk, credit risk, derivative and non-derivative financial instruments use and investments of cash surplus.

a Market risk - Exchange rate

In August 2018, the Company obtained a credit line granted under the benefits of Law No. 4.131 referenced in US dollars, as described in note 12. In order to protect itself against currency fluctuations, the Company contracted a derivative financial instrument (*swap*) with the same notional amount and maturities.

This financial instrument, designated as cash flow *swap* , consists of exchanging the exchange variation plus a fixed rate of 4.89% per year, for percentages related to the variation of the Interbank Deposit Certificate - CDI plus fixed rate of 0.89% per year.

On December 31, 2019, the Company presents the following net exposure to exchange rate variations, denominated in US dollars (amounts below denominated in reais):

	Parent Company and Consolidated
Loans and financing raised in foreign currency (explanatory note No. 12)	57,220
Derivative financial instruments - active swap (i)	(57,220)
Net exchange exposure	-

(i) It does not include the fair value of the *swap.*

The Company and its Subsidiaries do not operate with derivative financial instruments for speculation purposes.

b Market risk - Basic interest rate

The interest rate risk of the Company and its Subsidiaries arises from short- and long-term loans. Loans issued at variable rates expose the Company and its Subsidiaries to cash flow interest rate risk. Loans issued at fixed rates expose the Company and its Subsidiaries to the fair value risk associated with the interest rate.

Loans that were issued and referenced in US dollars, but that were contracted with a derivative instrument to protect against exchange rate fluctuations, also started to be exposed to local interest rates.

The interest rate risk of the Company and its Subsidiaries is represented by exposure to the CDI variation. The following shows the exposure to interest risk of operations linked to these variations:

	Parent Company		**Consolidated**	
	2019	**2018**	**2019**	**2018**
Loans and financing raised - foreign currency (explanatory note No. 12)	(57,220)	(52,102)	(57,220)	(52,102)
Loans and financing raised - local currency (explanatory note No. 12)	(33,802)	(10,015)	(33,802)	(10,015)
Derivative financial instruments	3,748	2,086	3,748	2,086
Derivative financial instruments - fair value	(9)	(472)	(9)	(472)
Debentures (explanatory note No. 12)	(50,135)	(98,083)	(50,135)	(98,083)
Cash equivalents (explanatory note No. 5)	35,694	74,400	65,963	82,206
Net exposure	**(101,724)**	**(84,186)**	**(71,455)**	**(76,380)**

c Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks, as well as customer credit exposures, including accounts receivable. For banks and financial institutions, only securities from independent entities classified with a minimum "A *“rating* on the *Standard & Poor's* scale, or the equivalent at other risk agencies, are accepted. The credit analysis area assesses the customer's credit quality, taking into account their financial position, past experience and other factors. Individual customer risk limits are determined based on internal ratings. Credit risk management practices including methods and assumptions are described in explanatory note No. 6. The use of credit limits is regularly monitored.

The Company's exposure is shown below:

	Parent Company		**Consolidated**	
	2019	**2018**	**2019**	**2018**
Cash equivalents (explanatory note No. 5)	36,764	75,713	67,332	83,542
Accounts receivable from customers (explanatory note No. 6)	220,464	195,543	261,173	226,227
Total	**257,228**	**271,256**	**328,505**	**309,769**

d Liquidity risk

The cash flow forecast is made at the operating entities of the Company and its Subsidiaries and consolidated by the treasury.

Through this forecast, the treasury monitors the availability of cash to meet the operational and financial needs of the Company and its Subsidiaries, maintaining and contracting credit lines available at appropriate levels.

The excess cash is invested in conservative financial operations and with very short-term liquidity to meet the above-mentioned forecasts.

The following table illustrates the financial liabilities and derivative transactions of the Company and its Subsidiaries, by maturity, corresponding to the period remaining on the balance sheet until the contractual maturity date. These amounts are undiscounted cash flows and include contractual interest payments and exclude the impact of clearing agreements:

					Parent Company
	Book value	**Cash flow**	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 6 years**
Loans and financing (explanatory note No. 12)	91,022	99,014	64,886	1,654	32,474
Debentures (explanatory note No. 12)	50,135	53,574	27,583	25,991	-
Suppliers and freight payable	33,452	33,452	33,452	-	-
Other accounts payable (explanatory note No. 16)	23,585	23,585	23,585	-	-
Derivative financial instruments	(3,739)	(3,739)	(3,739)	-	-
Related parties (explanatory note No. 24)	690	690	148	542	-
on December 31, 2019	**195,145**	**206,576**	**145,915**	**28,187**	**32,474**

					Consolidated
	Book value	**Cash flow**	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 6 years**
Loans and financing (explanatory note No. 12)	91,022	99,014	64,886	1,654	32,474
Debentures (explanatory note No. 12)	50,135	53,574	27,583	25,991	-
Suppliers and freight payable	36,312	36,312	36,312	-	-
Other accounts payable (explanatory note No. 16)	29,637	29,637	29,637	-	-
Derivative financial instruments	(3,739)	(3,739)	(3,739)	-	-
Related parties (explanatory note No. 24)	614	614	72	542	-
on December 31, 2019	**203,981**	**215,412**	**154,751**	**28,187**	**32,474**

e Sensitivity analysis

Below is a table showing the sensitivity analysis of financial instruments, which describes the risks that may cause material losses for the Company and its Subsidiaries. Considering that the amount invested and all the Company's debts (Loans and Financing and Debentures) are linked to the CDI (4.40% per year in December 2019), this index would be the only existing risk variable. According to the assessment made by Management, the most likely scenario (Scenario I) presents the impacts over the horizon of one year considering the maintenance of the CDI.

Additionally, under the terms determined by the CVM, through Instruction No. 475/08, two other scenarios are demonstrated in order to present the impacts of a 25% and 50% increase in the risk variable considered. They are Scenarios II and III respectively.

The following table shows the possible impacts on the result and on the shareholders' equity based on the CDI (4.4% per year in December 2019) in the hypothesis of the respective scenarios presented:

	Parent Company			Consolidated		
	Possible Scenario (I)	**Possible Scenario (II) 25%**	**Remote Scenario (III) 50%**	**Possible Scenario (I)**	**Possible Scenario (II) 25%**	**Remote Scenario (III) 50%**
Financial Investments	1,574	1,967	2,360	2,892	3,615	4,338
Revenue	**1,574**	**1,967**	**2,360**	**2,892**	**3,615**	**4,338**
NCE Safra	(236)	(272)	(309)	(236)	(272)	(309)
NCE Bradesco	(1,688)	(2,023)	(2,358)	(1,688)	(2,023)	(2,358)
4131 Itaú	(2,829)	(3,417)	(4,005)	(2,829)	(3,417)	(4,005)
Debentures II	(3,209)	(3,760)	(4,312)	(3,209)	(3,760)	(4,312)
Expenses	**(7,962)**	**(9,472)**	**(10,984)**	**(7,962)**	**(9,472)**	**(10,984)**
Net effect on income / Shareholders' equity	**(6,388)**	**(7,505)**	**(8,624)**	**(5,070)**	**(5,857)**	**(6,646)**

f Capital management

The Company and its Subsidiaries monitor capital based on the financial leverage ratio that corresponds to the net debt divided by the total capital. Net debt corresponds to total loans (including short and long-term loans, as shown in the balance sheet), less the amount of cash and cash equivalents, short-term investments and added to or subtracted from the *swap* balance. Total capital is determined by adding net equity, as demonstrated in the consolidated balance sheet, to net debt.

	Parent Company		Consolidated	
	2019	**2018**	**2019**	**2018**
Loans and financing - explanatory note No. 12	91,022	62,117	91,022	62,117
Debentures - explanatory note No. 12	50,135	98,083	50,135	98,083
Derivative financial instruments	(3,739)	(1,614)	(3,739)	(1,614)
Cash equivalents - explanatory note No. 5	(36,764)	(75,713)	(67,332)	(83,542)
Net debt	100,654	(82.873)	70,086	75,044
Total owners’ equity	575,079	484,372	575,079	484,372
Total capital	675,733	567,245	645,165	559,416
Financial leverage index	15%	15%	11%	13%

g Classification of financial instruments

CPC 40 (R1) (IFRS 7) defines fair value as the exchange price that would be received for an asset or the price paid to transfer a liability (exit price) in the main market, or in the most advantageous market for the asset or liability, in a normal transaction between market participants on the measurement date, as well as establishing a three-level hierarchy to be used to measure fair value, namely:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Other information, except that included in level 1, whereby quoted prices (unadjusted) are for similar assets and liabilities, (directly as prices or indirectly as derivatives of prices), in non-active markets, or other information that are available or that can be corroborated by the information observed in the market.

Level 3 - Information unavailable due to small or no market activity and which are significant for the definition of the fair value of assets and liabilities.

The methodology applied to calculate the fair value is to take the future value using the CDI curve considering the percentage of the contracted index and then bring it to present value discounting by 100% of the CDI curve, already in foreign currency, taking it to the future value at the pre-contracted rate and we bring it to present value discounting by the Used Foreign Exchange Coupon curve converting by D-1 PTAX from the calculation date.

The classification of financial instruments is shown in the table below, and there are no instruments classified in categories other than those reported.

	Parent Company			Consolidated		
	Book value	**Fair value**	**Hierarchy at fair value**	**Book value**	**Fair value**	**Hierarchy at fair value**
On December 31st, 2019						
Assets						
Fair value through profit and income						
Financial investments - explanatory note No. 5	35,694	35,694	Level 2	65,963	65,963	Level 2
Financial instrument designated for hedge						
Derivative financial instruments (i)	3,739	3,739	Level 2	3,739	3,739	Level 2
Assets at amortized cost						
Cash equivalents - explanatory note No. 5	1,070	1,070	Level 1	1,369	1,369	Level 1
Accounts receivable from customers - explanatory note No. 6	220,464	220,464	Level 2	261,173	261,173	Level 2
Related parties - explanatory note No. 24	1,999	1,999	Level 2	4,399	4,399	Level 2
Other accounts receivable (ii) - explanatory note No. 7	1,210	1,210	Level 2	2,769	2,769	Level 2
	264,176	**264,176**		**339,412**	**339,412**	
Liabilities						
Liabilities at amortized cost						
Debentures - explanatory note No. 12	50,135	51,190	Level 2	50,135	51,190	Level 2
Loans and financing - explanatory note No. 12	91,022	92,358	Level 2	91,022	92,358	Level 2
Suppliers and freight payable	33,452	33,452	Level 2	36,312	36,312	Level 2
Other accounts payable - explanatory note No. 16	23,585	23,585	Level 2	29,637	29,637	Level 2
Related parties - explanatory note No. 24	690	690	Level 2	614	614	Level 2
	198,884	**201,275**		**207,720**	**210,111**	

(i) The Company maintains derivative financial instruments to hedge its exposure to exchange rate variations, resulting from the 4131 loan agreement.

(ii) They do not include amounts referring to advances to employees and suppliers.

	Parent Company			Consolidated		
	Book value	**Fair value**	**Hierarchy at fair value**	**Book value**	**Fair value**	**Hierarchy at fair value**
In December 31st, 2018						
Assets						
Fair value through profit and income						
Financial investments - explanatory note No. 5	74,400	74,400	Level 2	82,206	82,206	Level 2
Financial instrument designated for hedge						
Derivative financial instruments (i)	1,614	1,614	Level 2	1,614	1,614	Level 2
Assets at amortized cost						
Cash equivalents - explanatory note No. 5	1,313	1,313	Level 1	1,336	1,336	Level 1
Accounts receivable from customers - explanatory note No. 6	195,543	195,543	Level 2	226,227	226,227	Level 2
Related parties - explanatory note No. 24	19,808	19,808	Level 2	19,752	19,752	Level 2
Other accounts receivable (ii) - explanatory note No. 7	542	542	Level 2	6,747	6,747	Level 2
	293,220	**293,220**		**337,882**	**337,882**	
Liabilities						
Liabilities at amortized cost						
Debentures - explanatory note No. 12	98,083	100,159	Level 2	98,083	100,159	Level 2
Loans and financing - explanatory note No. 12	62,117	61,395	Level 2	62,117	61,395	Level 2
Suppliers and freight payable	32,774	32,774	Level 2	36,898	36,898	Level 2
Other accounts payable - explanatory note No. 16	21,994	21,994	Level 2	30,863	30,863	Level 2
Related parties - explanatory note No. 24	9,827	9,827	Level 2	4,269	4,269	Level 2
	224,795	**226,149**		**232,230**	**233,584**	

(i) The Company maintains derivative financial instruments to hedge its exposure to exchange rate variations, resulting from the 4131 loan agreement.

(ii) They do not include amounts referring to advances to employees and suppliers.

h *Hedge accounting*

The Company's *hedge* operation aims to protect cash flows referenced in US dollars arising from the loan in foreign currency (according to explanatory note No. 12) since practically the entire operation of the Company is referenced to the local currency.

Accordingly, the transaction falls under the cash flow *hedge* classification, applying accounting in accordance with CPC 48 - Financial instruments.

The purpose of *hedge accounting (*as understood as the *hedge* accounting policy adopted*)* is to affect the Company's results only by the local interest rates to which it is exposed, considering only the net effect of the contracted *hedge* .

The contract in effect on December 31, 2019 is as follows:

Instrument	**Type of financial instrument**	**Operation**	**Notional amount**	**Expiry date**	**Protection index**	**Contracted rate**
Swap contract	*Cash flow hedge*	*Swap* USD X CDI	USD 13,441	08/2020	Exchange variation + 4.89%	CDI +0.89%

The outstanding balances are shown below:

	Principal value (notional)	**Curve value**	**Fair value**	**Fair value gain (loss)**
Description				
Swap contract				
Asset position:				
Long position dollar	50,000	57,220	57,472	252
Liability position:				
Short position in the CDI	(50,000)	(53,472)	(53,733)	(261)
Total net financial instrument	**-**	**3,748**	**3,739**	**(9)**

In accordance with applicable accounting practices, the adjustment to the fair value calculated for the financial instrument was 9 BRL (6 BRL, net of tax effect) and is recorded in other comprehensive income (shareholders' equity). It is worth mentioning that the current *hedge* operation is totally linked, including contractually, to the loan contracted under the 4131 resolution modality, and cannot be undone individually.

5 Cash and cash equivalents

Accounting policy

Cash and cash equivalents are maintained for the purpose of meeting the commitments of the Company and its Subsidiaries, and are not an investment aimed at earning gains.

They include cash, bank deposits and other highly liquid short-term investments.

	Parent Company		**Consolidated**	
	2019	**2018**	**2019**	**2018**
Bank and cash resources	1,070	1,313	1,369	1,336
Financial investments	35,694	74,400	65,963	82,206
Total	**36,764**	**75,713**	**67,332**	**83,542**

Financial investments are usually short-term, high-liquidity, easily convertible to a recognizable cash amount and are subject to very low risk of change in value.

Financial investments are represented by operations with immediate liquidity, with remuneration agreed between 96.5% to 101.0% for the terms established in December 2019 (96.5% to 100.8% in December 2018) of the index variation of the Interbank Deposit Certificate (CDI).

The Company adopts centralized cash management at the Parent Company, despite the consolidated cash being distributed among its Subsidiaries.

The exposure of the Company and its Subsidiaries to risk and the sensitivity analysis are disclosed in explanatory note No. 4.

6 Accounts receivable from customers

Accounting policy

Accounts receivable from customers correspond to amounts arising from the provision of services in the normal course of the activities of the Company and its Subsidiaries. Accounts receivable from customers are initially recognized at the fair value of the services, less estimated losses when required.

The Company and its Subsidiaries assess at the end of each period whether there is evidence that the credit quality of the financial asset is considered impaired.

The Company and its Subsidiaries consider in their assessments the approach of expected losses over a lifetime in accounts receivable from customers for constituting an estimated loss, based on the history of losses incurred and the expectation of continuity of their customers.

Expected losses are recognized based on accounts receivable in arrears (*aging*) taking into account Tegma's loss history. As a general rule, securities overdue for more than 180 days are fully provisioned. This assessment excludes customers who have no history of losses. These customers refer mainly to the automotive sector.

If the amount originally provisioned is received, the Company reverses the estimated loss.

When there is no expectation of receiving the amounts, the Company recognizes the effective loss of the securities, also reversing the provision made.

	Parent Company		Consolidated	
	2019	**2018**	**2019**	**2018**
Accounts receivable from sale of services:				
In Brazil	220,639	195,622	261,395	229,165
Accounts receivable in Brazil	**220,639**	**195,622**	**261,395**	**229,165**
Estimated loss	(175)	(79)	(222)	(2,938)
Total	**220,464**	**195,543**	**261,173**	**226,227**

On December 31, 2019, the average collection period is approximately 49 days for the Parent Company and 51 days for the Consolidated (44 days for the Parent Company and 46 days for the Consolidated in December 2018).

The maturity analysis of these accounts receivable is shown below:

	Parent Company		Consolidated	
	2019	**2018**	**2019**	**2018**
Unmatured bonds	205,527	175,971	244,762	205,673
Bonds due up to 30 days	13,585	18,512	14,770	19,440
Matured bonds from 31 to 90 days	699	419	988	452
Matured bonds from 91 to 180 days	113	293	113	838
Matured bonds for more than 181 days	715	427	762	2,762
Total	**220,639**	**195,622**	**261,395**	**229,165**

The change in the estimated loss of the Company and its Subsidiaries is shown as follows:

	Parent Company		Consolidated	
	2019	**2018**	**2019**	**2018**
Opening balance	**(79)**	**(111)**	**(2,938)**	**(1,968)**
Additions	(340)	(162)	(402)	(2,238)
Reversals	244	194	2,511	1,142
Corporate restructuring - JV formation effect (i)	-	-	-	126
Other (ii)	-	-	607	-
Final balance	**(175)**	**(79)**	**(222)**	**(2,938)**

(i) Balance on January 31, 2018 belonging to Tegma Logística Integrada S.A., which was the subject of the formation of a *joint venture* in February 2018, as described in note 2 item (iii).

(ii) Refers to the reclassification of accounts receivable according to negotiations with the client.

The maximum exposure to credit risk is the book value of each class of accounts receivable mentioned above. The Company and its Subsidiaries do not hold any security as collateral.

7 Other accounts receivable

	Parent Company		Consolidated	
	2019	**2018**	**2019**	**2018**
Indemnity assets (i)	527	465	1,832	5,970
Advances to suppliers	2,099	3,072	3,719	4.330
Advances to employees	1,831	2,180	2,031	2,368
Recovery of expenses receivable	39	-	39	-
Claims to be recovered	4	77	105	77
Other credits	640	-	793	-
	5,140	**5,794**	**8,519**	**12,745**
Current	4,613	5,329	6,687	6,775
Non-current	527	465	1,832	5,970
Total	**5,140**	**5,794**	**8,519**	**12,745**

(i) This is a provision for reimbursement of civil contingencies, in addition we recorded a “provision for lawsuits” in the same amount, having no effect on the result. In August 2019, the amount of 5,074 BRL was received, therefore, its provision was reversed.

8 Taxes and contributions recoverable

	Parent Company		Consolidated	
	2019	**2018**	**2019**	**2018**
PIS (Social Integration Program) and COFINS (Contribution for the Financing of Social Security) (i)	103,993	9,993	105,685	11,333
Recoverable INSS	6,639	6,413	10,104	9,826
Income tax on financial investments	44	51	124	91
Others	33	173	56	174
	110,709	**16,630**	**115,969**	**21,424**
Current	104,325	10,477	106,280	12,007
Non-current	6,384	6,153	9,689	9,417
Total	**110,709**	**16,630**	**115,969**	**21,424**

(i) On July 15, 2019, the final and unappealable decision of Tegma Gestão Logística was recognized, which recognized the Company's right to exclude ICMS from the PIS and COFINS calculation base, retroacting to August 2003. Through a survey of documents and calculations based on the finding of unappealable transit, the Parent Company obtained a credit of 103,406 (referring to the period from August 2003 to November 2018) due to the exclusion of ICMS in its calculations of PIS and COFINS, already updated by SELIC. Credits for the period from March 2017 to November 2018 had already been recognized in December 2018. In September 2019, the Parent Company recorded the remaining balance, that is, the credits for the period from August 2003 to February 2017. The amount of this credit in December 2019 is 92,136 BRL, 56,475 BRL of which is principal and 35,661 BRL of monetary restatement. The Parent Company qualified the credits with the Federal Revenue of Brazil for the purpose of having the right to offset these amounts with federal taxes due and the order was granted in December 2019. It is worth mentioning that, since December 2018, the Company started to exclude ICMS from the PIS and COFINS calculation base of its calculation.

The recoverable tax amounts were generated by the operation of the Company and its Subsidiaries and will be offset against future debts of the same nature; therefore, the amounts are presented at realizable values.

9 Investments

Subsidiaries and jointly controlled companies

Parent Company

	2019			2018		
	Initial	**Net goodwill**	**Total**	**Initial**	**Net goodwill**	**Total**
Controlled companies						
Tegma Cargas Especiais Ltda. (TCE)	53,257	6,364	**59,621**	33,533	6,364	**39,897**
Tegma Logística de Armazéns Ltda. (TLA)	23,423	-	**23,423**	26,099	-	**26,099**
Niyati Empreendimentos e Participações Ltda. (Niyati)	107,579	-	**107,579**	76,452	-	**76,452**
Tech Cargo Plataforma de Transportes Ltda (Tech Cargo)	1	-	**1**	-	-	**-**
Tegmax Comércio e Serviços Automotivos Ltda. (Tegmax)	2,664	-	**2,664**	2,640	-	**2,640**
Tegma Logística de Veículos Ltda. (TLV)	14,752	-	**14,752**	15,248	-	**15,248**
Tegup Inovação e Tecnologia Ltda. ("Tegup")	4,517	-	**4,517**	1,448	-	**1,448**
	206,193	**6,364**	**212,557**	**155,420**	**6,364**	**161,784**
Jointly controlled ventures						
Catlog Logística de Transportes S.A. (Catlog)	493	-	**493**	1,413	-	**1,413**
GDL Gestão de Desenvolvimento em Logística Participações S.A. ("GDL")	21,157	16,693	**37,850**	17,838	16,693	**34,531**
	21,650	**16,693**	**38,343**	**19,251**	**16,693**	**35,944**
Total controlling investment	**227,843**	**23,057**	**250,900**	**174,671**	**23,057**	**197,728**

Consolidated

	2019			2018		
	Initial	**Net goodwill**	**Total**	**Initial**	**Net goodwill**	**Total**
Jointly controlled ventures						
Catlog Logística de Transportes S.A. (Catlog)	493	-	493	1,413	-	1,413
GDL Gestão de Desenvolvimento em Logística Participações S.A. ("GDL")	21,157	16,693	37,850	17,838	16,693	34,531
	21,650	**16,693**	**38,343**	**19,251**	**16,693**	**35,944**

Changes in Investments

											Parent Company
	TCE	**TLI**	**Tech Cargo**	**TLA**	**Niyati**	**Tegmax**	**TLV**	**Tegup**	**Catlog (i)**	**GDL**	**Total**
On January 1, 2018	**115,250**	**45,993**	-	**22,236**	**64,203**	**8,319**	**22,864**	-	**1,978**	-	**280,843**
Equity pickup	5,219	(338)	-	(1,388)	1,979	134	(1,616)	47	170	201	**4,408**
Increase (reduction) of share capital	(64,000)	5,800	-	5,251	11,349	(5,500)	(6,000)	1,400	(491)	-	**(52,191)**
Constitution of subsidiary	-	-	-	-	-	-	-	1	-	-	**1**
Shareholding reconstruction (ii)	-	(48,927)	-	-	-	-	-	-	-	17,637	**(31,290)**
Dividends	(16,572)	-	-	-	(1,079)	(313)	-	-	(244)	-	**(18,208)**
Constitution/low goodwill (GDL-TLI) (ii)	-	(2,528)	-	-	-	-	-	-	-	16,693	**14,165**
On December 31st, 2018	**39,897**	-	-	**26,099**	**76,452**	**2,640**	**15,248**	**1,448**	**1,413**	**34,531**	**197,728**
Equity pickup	18,704	-	-	(2,676)	2,596	24	(496)	(133)	(333)	3,319	**21,005**
Increase (reduction) of share capital (iii)	1,020	-	-	-	28,531	-	-	3,202	(320)	-	**32,433**
Constitution of subsidiary	-	-	1	-	-	-	-	-	-	-	**1**
Dividends (iv)	-	-	-	-	-	-	-	-	(267)	-	**(267)**
on December 31, 2019	**59,621**	**-**	**1**	**23,423**	**107,579**	**2,664**	**14,752**	**4,517**	**493**	**37,850**	**250,900**

(i) Since January 2015, the investee Catlog has remained operationally inactive. The resumption of activities can be reconsidered if deemed convenient by the Company.

(ii) Recognition of the shareholding and goodwill of GDL Gestão de Desenvolvimento em Logística Participações S.A. (GDL) and write-off of interest and goodwill in the former subsidiary Tegma Logística Integrada S.A. (TLI), as described in explanatory note No. 2, item (iii).

(iii) Includes amount of 14,074 BRL paid in the subsidiary Niyati Empreendimentos e Participações Ltda. through assets, according to explanatory note No. 10.

(iv) The dividends received are being presented in the Cash Flow Statement in the investment activity.

	Consolidated		
	Catlog	**GDL**	**Total**
On January 1, 2018	1,978	-	1,978
Equity pickup	170	201	371
Ownership interest	-	17,637	17,637
Dividends	(244)	-	(244)
Capital reduction	(491)	-	(491)
On December 31st, 2018	**1,413**	**17,838**	**19,251**
On January 1, 2019	1,413	17,838	19,251
Equity pickup	(333)	3,319	2,986
Dividends	(267)	-	(267)
Capital reduction	(320)	-	(320)
on December 31, 2019	**493**	**21,157**	**21,650**

Company participation in the results of direct subsidiaries, all private or limited companies, as well as in the total of its assets and liabilities:

	TCE	TLI	TLA	Niyati	Tegmax	TLV	Tegup	Tech cargo
Balances on December 31st, 2019								
Asset	75,911	-	39,365	107,807	2,827	23,956	4,525	1
Liability	22,654	-	15,942	228	163	9,204	8	-
Net equity	53,257	-	23,423	107,579	2,664	14,752	4,517	1
Net revenue	83,993	-	32,165	4,776	-	49,416	25	-
Profit/ (Loss)	18,704	-	(2,676)	2,596	24	(496)	(133)	-
Balances on December 31st, 2018								
Asset	53,384	-	32,552	78,440	2,731	16,967	1451	-
Liability	19,851	-	6,453	1,988	91	1,719	3	-
Net equity	33,533	-	26,099	76,452	2,640	15,248	1448	-
Net revenue	75,975	2,333	39,318	3,606	77	-	47	-
Profit/ (Loss)	5,219	(338)	(1,388)	1,979	134	(1,616)	47	-

The following are the total balances of the balance sheet and income accounts (100%) of the companies under common control:

	Catlog		GDL	
	2019	**2018**	**2019**	**2018**
Asset				
Current	1,263	3,282	32,348	19,439
Non-current	654	615	20,290	37,156
Property	-	-	9,274	14,028
Intangible	-	-	1,154	1,939
Right of use	-	-	40	-
	1,917	**3,897**	**63,106**	**72,562**
Liabilities and net equity				
Current	18	236	10,626	16,339
Non-current	893	777	10,166	20,546
Net equity	1,006	2,884	42,314	35,677
	1,917	**3,897**	**63,106**	**72,562**

	Catlog		GDL	
	2019	**2018**	**2019**	**2018**
Income for the year				
Net revenue	-	-	71,738	52,126
Costs of services provided	-	-	(57,260)	(45,907)
General and administrative expenses	(279)	(311)	(8,698)	(5,340)
Net financial revenue (expenses)	130	284	1,692	706
Other net revenues (expenses)	(527)	374	5,932	(1,393)
Income tax and social contribution	(4)	-	(3,382)	210
Profit (loss) at year-end	(680)	347	6,638	402

10 Property

Accounting policy

Property, plant and equipment items are presented at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The historical cost also includes, when applicable, financing costs related to the construction of qualified assets. Subsequent costs are included in the book value of the asset or recognized as a separate asset, as appropriate, only when it was probable that future economic benefits associated with the item flow and the cost of the item can be securely measured.

The book value of replaced items or parts is written off. All other repairs and maintenance are recorded as a corresponding entry to income for the year when incurred.

Depreciation of assets is calculated using the straight-line method considering its costs and residual values over the estimated useful life, as follows:

	Year Average %
Buildings	4.00%
Computers and peripherals	20.00%
Facilities	10.00%
Vehicles	10.42%
Machines and equipment/tools	11.12%
Improvements on third-party property	5%
Furniture and fixtures and packaging and others	20.44%

Depreciation methods, useful lives and residual values will be reviewed at each balance sheet date and adjusted as appropriate.

Gains and losses on disposals are determined by comparing the results with the book value and are recognized in “Other net expenses” in the income statement.

Changes in Fixed Assets

Parent Company

	Lands	Buildings	Computers and peripherals	Facilities	Vehicles	Machines and equipment/tools	Improvements on third-party property	Furniture and fixtures and packaging and others (i)	Property in progress (ii)	Total
Net balances as of January 1, 2018	16,348	41,741	1,809	2,032	28,223	2,756	5,233	11,301	164	109,607
Movements										
Acquisitions	-	234	1,087	840	1,305	624	1,394	2,631	543	8,658
Divestitures	-	-	-	-	(744)	-	-	(12)	-	(756)
Depreciation	-	(3,926)	(871)	(303)	(4,745)	(662)	(2,849)	(4,844)	-	(18,200)
Net balances as of December 31, 2018	16,348	38,049	2,025	2,569	24,039	2,718	3,778	9,076	707	99,309
Balances on December 31, 2018										
Cost	16,348	49,434	12,920	4,765	61,488	10,634	51,545	25,923	707	233,764
Accumulated depreciation	-	(11,385)	(10,895)	(2,196)	(37,449)	(7,916)	(47,767)	(16,847)	-	(134,455)
Net balances as of December 31, 2018	16,348	38,049	2,025	2,569	24,039	2,718	3,778	9,076	707	99,309
Movements										
Acquisitions	-	37	988	1,167	6,590	824	1,383	4,707	116	15,812
Divestitures	-	-	-	(8)	(1,914)	-	-	(13)	-	(1,935)
Transfers	-	-	12	-	-	172	422	18	(624)	-
Depreciation	-	(1,928)	(886)	(416)	(3,931)	(684)	(1,879)	(3,985)	-	(13,709)
Write-off due to capital payment in a subsidiary (iii)	(4,919)	(9,155)	-	-	-	-	-	-	-	(14,074)
Net balances as of December 31, 2019	11,429	27,003	2,139	3,312	24,784	3,030	3,704	9,803	199	85,403
Balances on December 31st, 2019										
Cost	11,429	34,567	13,693	5,920	62,374	11,630	53,350	29,941	199	223,103
Accumulated depreciation	-	(7,564)	(11,554)	(2,608)	(37,590)	(8,600)	(49,646)	(20,138)	-	(137,700)
Net balances as of December 31, 2019 (iv)	11,429	27,003	2,139	3,312	24,784	3,030	3,704	9,803	199	85,403

(i) Additions in furniture, utensils, packaging and others in the year are substantially represented by packaging materials (industrial logistics division).

(ii) Property, plant and equipment in progress refers mainly to works and improvements in progress.

(iii) Amount related to the payment of capital in the subsidiary Niyati Empreendimentos e Participações Ltda through assets.

Consolidated

	Lands	Buildings	Computers and peripherals	Facilities	Vehicles	Machines and equipment/tools	Improvements on third-party property	Furniture and fixtures and packaging and others (i)	Property in progress (ii)	Total
Net balances as of January 1, 2018	50,607	67,792	3,860	11,213	40,501	6,914	15,812	12,860	541	210,100
Movements										
Acquisitions	9,466	231	1,218	2,493	2,186	941	2,552	2,691	8,060	29,838
Divestitures	-	-	-	(693)	(852)	(23)	(130)	(25)	-	(1,723)
Transfers	-	-	-	-	(2)	-	2	-	-	-
Depreciation	-	(5,026)	(1,543)	(1,403)	(5,610)	(1,211)	(4,738)	(5,069)	-	(24,600)
Others (iii)	-	-	(442)	(2,842)	(70)	(1,953)	(5,833)	(309)	-	(11,449)
Net balances as of December 31, 2018	60,073	62,997	3,093	8,768	36,153	4,668	7,665	10,148	8,601	202,166
Balances on December 31, 2018										
Cost	60,073	76,937	18,952	17,715	84,294	17,290	72,455	28,271	8,601	384,588
Accumulated depreciation	-	(13,940)	(15,859)	(8,947)	(48,141)	(12,622)	(64,790)	(18,123)	-	(182,422)
Net balances as of December 31, 2018	60,073	62,997	3,093	8,768	36,153	4,668	7,665	10,148	8,601	202,166
Movements										
Acquisitions	4,932	4,482	1,020	1,697	10,237	1,080	1,844	4,743	1,773	31,808
Divestitures	(656)	-	(27)	(1,417)	(1,988)	(92)	(24)	(111)	-	(4,315)
Transfers	-	7,656	12	1,395	55	177	418	23	(9,736)	-
Depreciation	-	(3,384)	(1,409)	(1,521)	(5,229)	(1,216)	(3,672)	(4,195)	-	(20,626)
Net balances as of December 31, 2019	64,349	71,751	2,689	8,922	39,228	4,617	6,231	10,608	638	209,033
Balances on December 31st, 2019										
Cost	64,349	83,325	19,267	15,310	88,693	18,046	72,075	32,071	638	393,774
Accumulated depreciation	-	(11,574)	(16,578)	(6,388)	(49,465)	(13,429)	(65,844)	(21,463)	-	(184,741)
Net balances as of December 31, 2019 (iv)	64,349	71,751	2,689	8,922	39,228	4,617	6,231	10,608	638	209,033

(i) Additions in furniture, utensils, packaging and others in the year are substantially represented by packaging materials (industrial logistics division).

(ii) Property, plant and equipment in progress refers mainly to works and improvements in progress.

(iii) Balance on January 31, 2018 belonging to Tegma Logística Integrada S.A., which was the subject of the formation of a *joint venture* in February 2018, as described in note 2 item (iii).

The depreciation and amortization amounts were recorded as follows:

	Parent Company		Consolidated	
	2019	**2018**	**2019**	**2018**
Depreciation	(13,709)	(18,200)	(20,626)	(24,600)
Amortization	(4,798)	(4,148)	(5,184)	(4,690)
Total	**(18,507)**	**(22,348)**	**(25,810)**	**(29,290)**

The depreciation and amortization amounts segregated between costs and expenses were recorded as follows:

	Parent Company		Consolidated	
	2019	**2018**	**2019**	**2018**
Costs of services provided	(14,924)	(19,201)	(22,012)	(25,873)
General and administrative expenses	(3,583)	(3,147)	(3,798)	(3,417)
Total	**(18,507)**	**(22,348)**	**(25,810)**	**(29,290)**

11 Intangible

Accounting policy

Recognition and Measurement

Goodwill

Goodwill is represented by the positive difference between the amount paid or payable and the net fair value of the acquired entity's assets and liabilities, being recorded as "Intangible assets" in the consolidated financial statements. Goodwill is tested annually for probable losses ("*impairment*") and recorded at cost less accumulated *impairment* losses, which are not reversed. Gains and losses on the disposal of an entity include the book value of the goodwill related to the entity sold. For *impairment* testing purposes, goodwill is allocated to Cash-Generating Units (UGCs) or to groups of Cash-Generating Units that must benefit from the business combination from which the goodwill originated, duly segregated, in accordance with operational segment.

Goodwill is measured at cost, less accumulated losses due to impairment.

Software licenses

The *software* licenses acquired are capitalized based on the costs incurred to acquire the *software* and make it ready for use. These costs are amortized over the estimated useful life of five years. The costs associated with maintaining *software* are recognized as an expense, as incurred. Development costs that are directly attributable to the design and testing of identifiable and exclusive *software* products, controlled by the Company and its Subsidiaries, are recognized as intangible assets when the recognition criteria are met. *Software* development costs recognized as assets are amortized over their estimated useful lives.

							Parent Company
	2017	**Addition**	**Amortization**	**2018**	**Addition**	**Amortization**	**2019**
Software	10,359	5,143	(4,148)	11,354	4,178	(4,798)	10,734
Goodwill paid on acquisition of investments							
Nortev	120,877	-	-	120,877	-	-	120,877
Boni Amazon	32,791	-	-	32,791	-	-	32,791
	164,027	**5,143**	**(4,148)**	**165,022**	**4,178**	**(4,798)**	**164,402**

									Consolidated
	2017	**Addition**	**Amortization**	**Others (i)**	**2018**	**Addition**	**Amortization**	**Write-down**	**2019**
Software	12,568	5,601	(4,690)	**(1,057)**	**12,422**	4,197	(5,184)	(21)	**11,414**
Goodwill paid on acquisition of investments									
Nortev	120,877	-	-	-	120,877	-	-	-	120,877
Boni Amazon	32,791	-	-	-	32,791	-	-	-	32,791
Tegma Logística Integrada S.A.	2.491	-	-	(2,491)	-	-	-	-	-
Tegma Cargas Especiais Ltda.	6,364	-	-	-	6,364	-	-	-	6,364
PDI comércio, Indústria e Serviços Ltda.	36	-	-	(36)	-	-	-	-	-
	162,559		**-**	**(2,527)**	**160,032**	**-**	**-**	**-**	**160,032**
Net	**175,127**	**22,294**	**(4,690)**	**(3,584)**	**172,454**	**4,197**	**(5,184)**	**(21)**	**171,446**

(i) Includes balance of 2,527 BRL of goodwill written off due to the corporate restructuring that took place at Tegma Logística Integrada S.A., and balance of 1,036 BRL of software contributed to the formation of a *joint venture* in February 2018, as described in note 2 item (iii).

Reduction to recoverable value tests (*impairment)*

Goodwill is allocated to Cash Generating Units (CGUs), identified according to the operating segment. Goodwill tests for *impairment* were performed for the following investments considered relevant:

	2019	**2018**
Nortev (automotive)	120,877	120,877
TCE/Boni Amazon (integrated logistics)	39,155	39,155
GDL Gestão de Desenvolvimento em Logística Participações S.A	16,693	16,693

The recoverable amount of a CGU is determined based on calculations of the value in use. These calculations use cash flow projections, based on financial budgets approved by Management. The main assumptions used in the calculation of the value in use on December 31, 2019 and 2018, are as follows:

	2019	**2018**
GDP (i)	2.50%	2.50%
Annual inflation (ii)	3.80%	3.90%
Perpetuity growth (iii)	2.50%	2.50%
Discount rate (iv)	10.05%	8.95%
Discount rate (v)	10.95%	12.18%

(i) Average projection of the growth of the Gross Domestic Product (GDP) for the next 10 years, according to information released by the Central Bank of Brazil;

(ii) Average projection of growth in the broad consumer price index (IPCA) for the next 10 years, according to projections released by the Central Bank of Brazil;

(iii) Growth rate based on the growth projections of the Gross Domestic Product (GDP);

(iv) Discount rate calculated according to the company's cost of capital assessment (Nortev and TCE/Boni).

(v) Discount rate calculated according to the company's cost of capital assessment (GDL).

The recoverable amount calculated based on the value in use, of the three CGUs, was higher than the book value, even considering the scenario with the discount rate increasing by 1 p.p. and the growth rate in perpetuity reducing 1 p.p. for the three CGUs. Accordingly, there was no need to recognize an *impairment* loss in 2019.

The Company reviews the goodwill tests annually.

12 Loans and financing

Accounting policy

Initially, loans and financing are recognized initially at fair value, net of costs incurred during the transaction and are subsequently carried at amortized cost. Any difference between the amounts received (net of transaction costs) and the redemption value is recognized in the income statement during the period in which the loans are in progress, using the effective interest rate method.

Loans and financing are classified as current liabilities unless the Company and its Subsidiaries have an unconditional right to defer the settlement of such liability for at least 12 months after balance sheet date.

	Parent Company and Consolidated	
	2019	**2018**
Loans and financing - local currency		
NCE - Export credit note (a.i.)	33,802	10,015
Loans and financing - foreign currency		
Resolution 4131 (a.ii)	57,220	(52,102)
Total loans and financing	**91,022**	**62,117**
(-) Current	61,022	6,703
Non-current	30,000	55,414
Debentures (b)		
Total debentures	**50,135**	**98,083**
(-) Current	25,130	48,073
Non-current	25,005	50,010
Loans and financing	**141,157**	**160,200**
Derivative financial instruments - *swap* (asset)	**(3,739)**	**(1,614)**
(-) Current (i)	(3,739)	-
Non-current	-	(1,614)
Loans and financing net of *swaps*	**137,418**	**158,586**

(i) Includes fair value on the *swap* in the amount of 9 BRL, according to explanatory note No. 4, item h.

a. Bank loans

(i) NCE - Export credit note

In June 2017, the Company entered into two NCE loan contracts without collateral. The first was signed with Banco do Brasil S.A. in the amount of 40,000 BRL, with the principal maturing in June 2019 and monthly interest amortization. The interest rate negotiated was CDI for the period plus 2% per year (with a *flat fee* of 1.15%, paid on the loan). In August 2018, this contract was paid in advance.

The second contract signed on that date was with Banco Safra S.A., in the amount of 10,000 BRL, with the maturity of the principal in 3 equal installments, the first maturing in June 2019, the second in December 2019 and the last installment will expire in June 2020. Interest payments are semiannual from December 2017. The interest rate negotiated was CDI for the period plus 2.65% per year (without *flat fee*). The interest rate for this contract in December 2019 is 7.05% per year (9.05% in December 2018).

In March 2019, the Company entered into a contract with Banco Bradesco S.A., also without collateral, in the amount of 30,000 BRL, with principal maturing in 3 equal installments (March 2022, March 2023 and April 2024) and payments interest rates starting in September 2019. The interest rate negotiated was CDI for the period plus 1.14% per year. The interest rate for this contract in December 2019 is 5.54% per year.

The Company does not have any restrictive clause (*covenants)* for the two NCEs still in force.

(ii) Resolution 4131

In August 2018, the Company entered into a loan agreement in US dollars in the amount of 13,441 USD, equivalent to 50,000 BRL, on the date of the transaction, with the financing agent Itaú BBA Internacional PLC, with no collateral attached, with payment of the principal in end of contract in August 2020 and interest in December 2018, February 2020 and August 2020.

To hedge the loan's exchange rate, the Company contracted a derivative financial instrument, cash flow *swap* , with Itaú Unibanco S.A. in the same amount and maturities, exchanging the exposure of the USD currency variation plus a 4.89% fixed rate per year, for the variation of the CDI plus 0.89% per year, and with this, assigning the credit rights of the *swap* operation as a guarantee to the lender of the loan in US dollars.

In December 2019, the interest rate on this contract is 5.29% per year (7.29% in December 2018). This operation is subject to early maturity if the following debt and interest coverage ratios are not maintained: (i) net debt/EBITDA [(1)] equal to or less than 2.50 and EBITDA/net financial expense greater than or equal to 1.50. As of December 31, 2019, the Company was in compliance with these clauses.

[(1)] EBITDA - net income for the year, plus taxes on profit, financial expenses net of financial income and depreciation, amortization and depletion.

b. Debentures

In 2013, the Company issued simple debentures, not convertible into shares, and of unsecured type. The net proceeds obtained are fully allocated to the Company's ordinary management businesses, such as payment of debts already incurred by the Company and reinforcement of cash.

The debentures feature semi-annual interest payments. In the 1st issue, interest was expected to be paid on February 15 and August 15 of each year. In the 2nd issue, the forecast was to pay interest on December 15th and June 15th of each year.

The nominal value of the 1st issue debentures, issued in two series, has already been fully amortized. In the first series, amortizations occurred on February 15, 2016 (33.33%), February 15, 2017 (33.33%) and February 15, 2018 (33.34%); in the second series, amortizations were on February 15, 2017 (33.33%), February 15, 2018 (33.33%) and February 15, 2019 (33.34%).

In the 2nd issue, also issued in two series, for both series the first amortization occurred on December 15, 2016 (33.33%) and the second amortization, originally scheduled for December 15, 2017, occurred in advance on 28 September 2017 (33.33%). With respect to the last installment originally scheduled for December 15, 2018, there was a renegotiation, and the amount corresponding to 33.34% of the issue, was extended by 50% to July 31, 2020 and 50% to July 31 2021, as approved by the general meeting of debenture holders held on September 25, 2017. The interest rate negotiated in this renegotiation was CDI for the period plus 2% per year. The interest rate for this contract in December 2019 is 6.4% per year (8.4% in December 2018).

Series	Type	Issuance value	Outstanding debentures	Date		Annual financial charges	Unit price	Parent Company and Consolidated	
				Issuance	Due Date			2019	2018
1st issue - 2nd series	Simple	140,000	14,000	02/15/2013	02/15/2019	DI + 0.97%	10	-	47,927
2nd issue - 1st series	Simple	80,000	8,000	12/15/2013	07/31/2021	DI + 2.00%	10	**26,739**	26,750
2nd issue - 2nd series	Simple	70,000	7,000	12/15/2013	07/31/2021	DI + 2.00%	10	**23,396**	23,406
							Current	**25,130**	48,073
							Non-current	**25,005**	50,010

Debenture issues are also subject to early maturity if the following debt and interest coverage ratios are not maintained: (i) net debt/EBITDA [1] equal to or less than 2.50 and EBITDA/net financial expense greater than or equal to 1.50. As of December 31, 2019, the Company was in compliance with these clauses.

The noncurrent installments due, have the following schedule of maturities of loans and financing:

	Parent Company and Consolidated	
	2019	**2018**
13 to 24 months	25,005	80,419
25 to 36 months	10,000	25,005
37 to 48 months	10,000	-
49 to 60 months	10,000	-
Total	**55,005**	**105,424**

The movement for the 2019 and 2018 financial year follows:

	Parent Company and Consolidated
Loans and financing	
Balance on January 1, 2019	**62,117**
Funding	30,000
Appropriate interest	4,762
Payment of principal	(6,667)
Interest paid	(1,829)
Exchange Rate Variations	2,639
Balance on December 31, 2019	**91,022**
Debentures	
Balance on January 1, 2019	**98,083**
Appropriate interest	4,423
Payment of principal	(46,676)
Interest paid	(5,695)
Balance on December 31, 2019	**50,135**
Total	**141,157**

	Parent Company and Consolidated
Loans and financing	
Balance on January 1, 2018	**50,151**
Funding	50,000
Appropriate interest	3,888
Payment of principal	(40,134)
Interest paid	(3,927)
Exchange Rate Variations	2,139
Balance on December 31, 2018	**62,117**
Debentures	
Balance on January 1, 2018	**168,127**
Appropriate interest	8,279
Payment of principal	(66,666)
Interest paid	(11,657)
Balance on December 31, 2018	**98,083**
Total	**160,200**

13 Salaries and social charges

Accounting policy

(i) Short-term employee benefits

Short-term employee benefit obligations are recognized as personnel expenses according to the service is provided. The liability is recognized at the amount of the expected payment if the Group has a present legal or constructive obligation to pay this amount due to past service provided by the employee and the obligation can be estimated reliably. The Company and its Subsidiaries have a benefit plan for officers and employees, in the form of profit sharing and bonus plans.

(ii) Post-employment benefits

The Company and its Subsidiaries do not maintain private pension plans or any retirement plan for their employees and officers.

Law 9.656/98 provides that dismissed and/or retired employees who contribute to the cost of the private health plan have the right to use the same conditions of assistance coverage granted by the Company and its Subsidiaries in accordance with the legal provisions. According to a report prepared by an independent actuary, there is no actuarial risk for the Company and its Subsidiaries.

The expectation is that the profit sharing and bonus plans will be settled in up to twelve months and are presented at the amount expected to be paid.

	Parent Company		**Consolidated**	
	2019	**2018**	**2019**	**2018**
Payable vacation	10,778	10,138	12,672	12,004
INSS	2,457	2,224	2,925	2,695
Gratuities and profit sharing payable	8,386	7,402	8,814	7,888
FGTS (Government Severance Indemnity Fund for Employees)	696	645	766	765
Others	939	831	1,086	909
Total	**23,256**	**21,240**	**26,263**	**24,261**

14 Judicial deposits and provision for legal claims

Accounting policy

Provisions are recognized when the Company and its Subsidiaries have a present obligation as a consequence of a past event, it is probable that economic benefits are required to settle the obligation and a reliable estimate of the value of the obligation can be made. The assessment of the likelihood of loss includes the assessment of the available evidence, the hierarchy of laws, the existing jurisprudence, the most recent court decisions and their relevance in the legal order, as well as the evaluation of the external lawyers. Provisions are reviewed and adjusted to take into account changes in circumstances, such as applicable prescription periods, conclusions of tax inspections or additional exposures identified based on new matters or court decisions. The same system applies to attorneys' fees on administrative or judicial discussions on said obligations, that is, when the Company's success in a certain dispute is certain, the amounts to be paid as attorneys' fees are subject to provision. The expense relating to any provision is presented in the income statement, net from any reimbursement.

When the Company and its Subsidiaries expect the value of a provision to be reimbursed, in whole or in part, for example under an insurance contract, the reimbursement is recognized as a separate value, but only when the reimbursement is virtually certain. Judicial deposits are classified in noncurrent assets and are not offset against these provisions.

The Company and its subsidiaries are parties to labor, civil, tax and other lawsuits in progress that totaled, on December 31, 2019, 640,391 BRL (573,739 BRL on December 31, 2018) Parent company and 659,433 (598,870 BRL as of December 31, 2018) Consolidated, and is discussing these issues, both at the administrative and judicial levels, which, when applicable, are supported by judicial deposits. These values include all processes classified as probable, possible and remote. Provisions for possible probable losses arising from these lawsuits are estimated and updated by Management as there is an expectation of future disbursement, supported by the opinion of its external legal advisors.

The values mentioned above are divided as follows:

	Parent Company		**Consolidated**	
	2019	**2018**	**2019**	**2018**
Probable	30,606	34,419	35,266	44,444
Possible	88,672	92,363	97,237	99,760
Remotes	521,113	446,957	526,930	454,666
Total	**640,391**	**573,739**	**659,433**	**598,870**

Provisions made based on probable losses

The provisions set up and corresponding judicial deposits, when applicable, are shown below:

				Parent Company
	Judicial deposits		**Provisions for lawsuits**	
	2019	**2018**	**2019**	**2018**
Labor and social security	7,211	7,001	11,451	11,826
Tax	1,608	1,608	-	-
Civil (i) (ii)	2,667	93	19,155	22,593
Total	**11,486**	**8,702**	**30,606**	**34,419**

				Consolidated
	Judicial deposits		**Provisions for lawsuits**	
	2019	**2018**	**2019**	**2018**
Labor and social security	9,968	10,104	15,206	16,335
Taxes	1,608	1,608	1	-
Civil (i) (ii)	2,876	190	20,059	28,109
Total	**14,452**	**11,902**	**35,266**	**44,444**

(i) Includes judicial deposit on civil contingency related to legal claim against a service provider in the "Benefits" area. Additionally, we recognize the obligation under the same nature in note 16 item (ii).

(ii) It contains a provision arising from the business combination, as detailed below:

The purchase and sale contract of Direct Express, signed between the Company and 8M Participações provides that the Company will only be obliged to indemnify 8M Participações for possible legal claims corresponding to facts prior to the date of purchase, which exceed in its aggregate value 40,000 BRL. On the other hand, 8M Participações is obliged to indemnify the Company for eventual legal demands corresponding to facts after the date of purchase. In 2017, the amount of obligations paid by 8M Participações for which the Company is indemnified exceeded the aggregate value. In December 2019, the balance of these provisions totals 18,611 BRL (22,098 BRL in December 2018).

Below is the change in the provision for the year 2019 and 2018:

	Parent Company	**Consolidated**
Balance on January 1, 2019	**34,419**	**44,444**
Constitution	18,156	20,682
INSS FAP Constitution	418	418
Legal claims to pay	(2,122)	(2,122)
Retirement by judicial deposit	(924)	(1,186)
Payment	(19,341)	(26,970)
Balance on December 31, 2019	**30,606**	**35,266**

	Parent Company	Consolidated
Balance on January 1, 2018	**30,926**	**38,983**
Constitution	24,397	32,334
INSS FAP Constitution	149	149
Shareholding reconstruction	-	(1,482)
Legal claims to pay	(336)	(1,168)
Retirement by judicial deposit	(1,032)	(2,535)
Payment	(19,685)	(21,837)
Balance on December 31, 2018	**34,419**	**44,444**

Possible losses, not provisioned in the balance sheet

The Company and its Subsidiaries have tax, civil and labor claims that are not provisioned, as they involve a possible risk of loss classified by Management and its legal advisors, as shown in the amounts below:

	Parent Company		Consolidated	
	2019	**2018**	**2019**	**2018**
Labor and social security	38,703	45,769	40,235	48,512
Taxes	28,869	25,703	35,636	30,135
Civil	21,100	20,891	21,366	21,113
Total	**88,672**	**92,363**	**97,237**	**99,760**

a Labor and social security

They mainly refer to cases related to discontinued operations, as well as cases in which the Company and its subsidiaries respond jointly to third party service providers.

b Taxes

The main types of tax disputes are: (i) questions related to possible non-payment of ISS and ICMS; and (ii) questions regarding the origin of IRPJ, CSLL, PIS and COFINS credits used to offset tax debts.

The main demand arises from part of a charge made by the ISS inspection in the municipality of Mauá/SP through infraction notices issued between December 2017 and January 2018. As of December 31, 2019, the updated amount of this portion of the claim is 7,127 BRL (6,460 BRL as of December 31, 2018). This amount is based only on the revenue earned by the subsidiary of Mauá/SP and not the revenue mistakenly arbitrated by the inspection.

c Civil

The main indemnity actions correspond to material, moral and pension damages due to traffic accidents, involving carriers subcontracted by the Company and its subsidiaries.

Remote losses not provisioned in the balance sheet

Tax, civil and labor claims that are not provisioned, as they involve remote risk of loss classified by Management and its legal advisors on December 31, 2019 total of 521,113 BRL in the Parent Company (446,957 BRL on December 31, 2018) and 526,930 BRL in Consolidated (454,666 BRL on December 31, 2018).

a. The main demand in the tax sphere occurs in part of a charge made by the ISS inspection in the municipality of Mauá/SP as mentioned above, with a total amount of 444,080 BRL (402,958 BRL in December 2018), in which the municipality considered mistakenly the total gross revenue earned by the Company, and not only that of the subsidiary of Mauá/SP, which should be the basis for the respective inspection. In this context, based on the opinion of the lawyers, the Company considers the amount of 436,953 BRL to be a remote loss (396,498 BRL in December 2018, the variation in the balance refers to the update using the IPCA index plus 1% per month). In February 2018, the Company's defense was presented at the administrative level and all additional supporting documentation was made available to the municipality. On July 4, 2019, the municipality's Finance Secretariat requested additional information, which was made available on August 15, 2019. Since then, there has been no demonstration by the finance department of the municipality of Mauá and we are awaiting judgment at the first administrative level.

b. In December 2017, the Company identified, with the support of independent experts, tax opportunities related to PIS and COFINS credits on expenses incurred in subcontracting transportation companies and property, plant and equipment items in the last 5 years of operations. The Company rectified its Declarations of Debts and Credits of Federal Taxes - DCTFs in order to allocate these amounts of PIS and COFINS credits. During 2018, the Company and its subsidiary Tegma Cargas Especiais (TCE) received decision orders from the Federal Revenue of Brazil regarding the non-approval of the offsetting of tax debts of the respective credits. It is important to mention that there was no question of the merits of the credit origin, but rather a discrepancy between the crossing of accessory obligations. The Company presented manifestations of non-compliance at the administrative level during the year of 2018. The Company's advisors classified the chances of loss as "remote". The amount in the parent company is 38,486 BRL and in the consolidated 41,300 BRL.

15 Income tax and social contribution

Accounting policy

Current income tax and social contribution

Current income tax and social contribution assets or liabilities are measured at the estimated amount to be offset or paid to the tax authorities. The tax rates and laws adopted for calculating the tax are those in effect on the balance sheet dates. The offsetting of tax losses and negative social contribution basis is limited to 30% of the taxable income for the year.

Deferred income tax and social contribution

Deferred income tax and social contribution are calculated on tax losses of income tax, the negative basis of social contribution and the corresponding temporary differences between the calculation basis of assets and liabilities and the book values of financial statements. The tax rates of those taxes, currently defined for determination of the deferred taxes, are 25% for income tax and 9% for social contribution.

Deferred taxes receivable are recognized to the extent that future taxable profit is likely to be available to be used to offset temporary differences, based on forecasts of future results prepared and based on internal assumptions and on future economic scenarios that might change. Deferred income tax assets are recognized for tax losses in proportion to the likelihood of realization of the respective tax benefit through future taxable income.

The carrying amount of deferred income tax and social contribution assets is reviewed on the date of each balance sheet and reduced, when applicable, by provision, to the extent that it is no longer probable that there will be sufficient future taxable profits to allow for its realization.

Income tax and social contribution expenses comprise current and deferred income and social contribution taxes. Current and deferred taxes are recognized in the income statement unless they are related to the business combination, or to items directly recognized in equity or other comprehensive income.

The reconciliation of the expense calculated by applying the combined nominal tax rates and the income tax and social contribution expense recorded in the result is shown below:

	Parent Company		Consolidated	
	2019	**2018**	**2019**	**2018**
Profit before income tax and social contribution	**261,344**	**143,749**	**265,298**	**144,296**
Combined nominal tax rate on income and social contribution	34%	34%	34%	34%
Income tax and social contribution at nominal rate	**(88,857)**	**(48,875)**	**(90,201)**	**(49,061)**
Effect of IRPJ and CSLL on permanent differences				
Result of equity pickup	7,142	1,499	1,015	126
Permanent differences (i)	(628)	(632)	(5,702)	(896)
Tax incentives	6,031	4,774	6,551	5,697
Interest on net equity	8,804	7,022	8,804	7,022
Others	136	712	8,207	1,065
Income tax and social contribution in the income	**(67,372)**	**(35,500)**	**(71,326)**	**(36,047)**
Current (ii)	(67,364)	(39,375)	(72,099)	(42,697)
Deferred	(8)	3,875	773	6,650
Effective rate	**25.8%**	**24.7%**	**26.9 %**	**25.0%**

(i) Includes amount related to the reversal of loss of amounts from accounts receivable from a Subsidiary.

(ii) In 2019, it includes the amount of 38,381 BRL in the Parent Company referring to Income Tax and Social Contribution on the recognition of the amounts of PIS and COFINS credits arising from the unappealable decision of the lawsuit that recognized the right to exclude ICMS from the respective calculation bases of contributions from August 2003 to December 2018, as mentioned in explanatory note No. 8.

The composition of the deferred income tax and social contribution balances as of December 31, 2019 and 2018 is as follows:

	Parent Company		Consolidated	
	2019	**2018**	**2019**	**2018**
Income tax loss to be settled	-	-	10,298	10,286
Negative basis of social contribution	-	-	3,820	3,816
Temporary differences				
PLR and bonus provisions	2,851	2,517	2,997	2,682
Estimated loss for doubtful accounts	60	27	75	999
Provisions for lawsuits	10,406	11,702	11,990	15,111
Provisions for freight payable	1,211	882	1,211	882
Provision of tolls payable	676	813	859	919
Cut-off provision	1,790	3,518	1,790	3,518
Loss provision with former subsidiary	-	-	-	4,546
Others	6,676	6,078	8,980	7,910
Subtotal	**23,670**	**25,537**	**42,020**	**50,669**
Amortization of tax goodwill (i)	(20,459)	(20,459)	(20,459)	(20,459)
Difference in depreciation rate (ii)	(5,970)	(7,671)	(7,410)	(14,925)
Others	-	-	-	(1,749)
Subtotal	**(26,429)**	**(28,130)**	**(27,869)**	**(37,133)**
Total	**(2,759)**	**(2,593)**	**14,151**	**13,536**

(i) Refers to deferred income tax and social contribution calculated on the amortization for tax purposes of the goodwill calculated on the acquisition of subsidiaries.

(ii) Refers to deferred income tax and social contribution calculated on the difference in depreciation of property, plant and equipment by applying different depreciation rates for tax and accounting purposes.

The segregation of deferred income tax and social contribution between assets and liabilities by company is shown below:

				Consolidated
			2019	
	Asset	**Liability**	**Net assets**	**Net liabilities**
Tegma Gestão Logística S.A.	23,670	(26,429)	-	(2,759)
Tegma Logistica de Armazéns Ltda.	3,013	-	3,013	-
Tegmax Comércio e Serviços Automotivos Ltda.	55	-	55	-
Tegma Logística de Veículos Ltda	3,529	-	3,529	-
Tegma Cargas Especiais Ltda.	11,753	(1,440)	10,313	-
Total	**42,020**	**(27,869)**	**16,910**	**(2,759)**

				Consolidated
			2018	
	Asset	**Liability**	**Net assets**	**Net liabilities**
Tegma Gestão Logística S.A.	25,537	(28,130)	-	(2,593)
Tegma Logística de Armazéns Ltda.	1,820	-	1,820	-
Tegmax Comércio e Serviços Automotivos Ltda.	26	-	26	-
Tegma Logística de Veículos Ltda.	8,699	-	8,699	-
Tegma Cargas Especiais Ltda.	14,587	(9,003)	5,584	-
Total	**50,669**	**(37,133)**	**16,129**	**(2,593)**

The change in net deferred income tax and social contribution for the years 2019 and 2018 is as follows:

	Parent Company	Consolidated
Balance on January 1, 2019	**(2,593)**	**13,536**
Constitution - result effect	(8)	773
Deferred taxes on *hedge accounting*	(158)	(158)
Balance on December 31, 2019	**(2,759)**	**14,151**

	Parent Company	Consolidated
Balance on January 1, 2018	**(6,629)**	**29,931**
Constitution - result effect	3,875	6,650
Assignment of tax credits	-	(5,307)
Shareholding reconstruction	-	(17,172)
Use of tax loss and negative basis of social contribution (PERT)	-	(720)
Deferred taxes on *hedge accounting*	161	161
Others		(7)
Balance on December 31, 2018	**(2,593)**	**13,536**

The asset values at December 31, 2019 have the following realization expectations:

Year	Parent Company	Consolidated
2019	4,734	11,002
2020	4,734	8,776
2021	4,734	7,825
2022	4,734	8,054
After 2023	4,734	6,363
	23,670	**42,020**

The Company and its Subsidiaries do not have deferred assets to be recognized.

16 Other accounts payable

	Parent Company		Consolidated	
	2019	**2018**	**2019**	**2018**
Insurances	5,751	5,391	6,052	5,700
Toll	1,994	2,395	2,532	2,736
Benefits (i)	5,752	3,193	7,403	3,729
Vehicle and cargo handling	917	1,308	2,500	2,043
Rental	1,043	1,648	1,098	3,227
Consulting services	2,333	1,393	2,449	1,470
Surveillance	2,050	2,251	2,591	2,554
Miscellaneous maintenance	873	1,542	1,119	1,884
Others	2,872	2,873	3,893	7,520
Total	**23,585**	**21,994**	**29,637**	**30,863**

(i) Includes amount made available through judicial deposit, as mentioned in explanatory note No. 14 item (i).

17 Net equity

Accounting policy

Common shares are classified as stockholders' equity Incremental costs directly attributable to the issue of new shares or options are shown in equity in a capital reducing account, net of taxes.

The distribution of dividends and interest on equity referring to the minimum mandatory amount, in accordance with the Company's bylaws, is recognized as a liability in the financial statements at the end of the year. Any amount above the mandatory minimum is only recognized in liabilities on the date it is approved by the shareholders, at the General Meeting, being highlighted in a specific account in shareholders' equity called "Proposed additional dividend". The tax benefit of interest on equity is recognized in the income statement. When resolved by the Board of Directors, interest on shareholders' equity is included in the dividends for the period.

The Company offers its executives a share-based compensation plan, settled with shares, according to which the entity receives the services of employees as consideration for the Company's equity instruments (options). The fair value of the options granted to the Company's executives is measured on the grant date and the expense is recognized in the income statement, during the period in which the right is acquired, after meeting certain specific conditions. On the balance sheet date, the Company reviews the estimates regarding the number of options, the rights of which must be acquired based on the conditions, and recognizes, when applicable, the effect resulting from the revision of these initial estimates in the income statement against equity.

a. Share capital

The Company's capital stock, fully paid up, is 144,469 BRL, divided into 66,002,915 common shares, registered and without nominal value.

The shareholding structure of the Company is constituted as follows:

Category	**Number of shares**	**Total %**
Mopia Participações e Empreendimentos Ltda.	15,396,481	23%
Coimex Empreendimentos e Participações Ltda.	13,207,034	20%
Cabana Empreendimentos e Participações Ltda.	4,817,704	7%
Other controlling shareholders (individual)	509,473	1%
Managers	101	0%
Treasury	65,143	0%
Controllers, administrators and treasury	**33,995,936**	**52%**
Free float shares	**32,006,879**	**48%**
Total Shares	**66,002,815**	**100%**

At the Annual and Extraordinary Shareholders' Meeting to be held on April 30, 2020, the Company's Management, with the objective of strengthening its Capital Stock and simplifying the structure of its Shareholders' Equity, will request the approval of the shareholders for the payment of 174,055 BRL through from the incorporation of its capital reserves - goodwill on the subscription of shares, without the issuance of new shares, with no dilution of the shareholders, the share capital will remain divided into 66,002,915 common shares, registered and without nominal value.

b. Capital reserve - goodwill on the subscription of shares

The Company's capital reserve originated as follows: (i) on April 27, 2007, the shareholders' meeting approved the constitution of the capital reserve - goodwill on the subscription of shares in the amount of 2,245 BRL and (ii) in June 28, 2007, the Company's Board of Directors approved the issue of 9,706,639 registered common shares, without nominal value, for the issue price of 26.00 BRL per share, in the context of the public offering of shares, being destined to the account of Social Capital the amount of 47,757 BRL and the amount of 204,616 BRL to the account "Capital reserve", in the form of the sole paragraph of article 14 of the Brazilian Corporation Law.

Due to the cancellation of 2,547,145 common shares issued by the Company held in treasury on December 16, 2008, in the amount of 32,806 BRL, the balance on December 31, 2019 and December 31, 2018 is 174,055 BRL.

c. Profit reserves

Legal Reserve

The legal reserve is constituted annually as the allocation of 5% of the net income for the year and may not exceed 20% of the capital stock. The legal reserve aims to ensure the integrity of capital stock and can only be used to offset the loss and/or increase capital.

Tax incentive reserve

The Company has a presumed ICMS credit in the amount of 20% over the amount of the tax debt, under the terms of the CONFAZ ICMS 106/1996 Agreement. In the year of 2019, the amount of the credit was 17,739 BRL (14,006 BRL in 2018). These amounts were recognized as an investment grant, through Complementary Law No. 160/2017 and intended for the reserve of tax incentives, pursuant to Article 195-A of Law 6.404/76.

Profit retained earnings

The profit retention reserve refers to the retention of the remainder balance of retained earnings in order to meet the business growth plan established in its investment plan and shareholder remunerations, according to the capital budget approved and proposed by the Company's managers, to be resolved at the General Shareholders' Meeting, in compliance with article 196 of the Brazilian Corporation Law.

d. Treasury stock

As of December 31, 2019, and December 31, 2018, the balance of treasury shares corresponds to 65,143 common shares, in the amount of 342 BRL.

e. Dividends and interest on the stockholders' equity

The net profit of each fiscal year, after the compensation and deductions provided for by law and according to the statutory provision, will have the following destination: (i) 5% for the legal reserve, until it reaches 20% of the paid-in capital and (ii) 25% of the balance, after appropriation of the legal reserve, will be used to pay the mandatory minimum dividend to all shareholders.

Dividends above this limit are highlighted in a specific account in shareholders' equity called "Additional proposed dividend". When resolved by the Board of Directors, interest on shareholders' equity is included in the dividends for the period.

At a meeting of the Board of Directors held on February 11, 2010, the adoption of the Company's indicative dividend distribution policy was approved, so that future dividend distributions, including interest on equity, are carried out at least in an amount equivalent to 50% (fifty percent) of the net profit for the year, calculated as provided for in articles 193 to 203 of Law No. 6.404/76, as amended, Brazilian accounting practices and the rules of the Brazilian Securities and Exchange Commission.

The calculation of dividends for the year 2019 is shown as follows:

	2019	**2018**
Net profit for the financial year	193,972	108,249
Tax incentive reserve	(17,739)	(14,006)
Calculation basis	176,233	94,243
Minimum compulsory dividend - 25%	44,058	23,561
Interim dividends paid	56,448	27,483
Interest on equity paid	18,816	9,161
Interest on equity proposed	-	7,077
Additional proposed dividends	-	21,229
	75,264	64,950
Percentage over the calculation base	43%	69%

At a meeting of the Board of Directors held on August 7, 2018, the distribution of interim dividends in the amount of 15,818 BRL and interim interest on equity in the amount of 5,272 BRL for the year of 2018 was approved, both paid in 22 August 2018.

At a meeting of the Board of Directors held on November 8, 2018, the distribution of interim dividends and interest on equity, in the amount of 11,665 BRL and interim interest on equity in the amount of 3,889 BRL, for the year of 2018 was approved, both paid on November 26, 2018.

At the Annual General Meeting held on April 24, 2019, Management's proposal for the allocation of net income for the year ended December 31, 2018 was approved, which resulted in the distribution of dividends and interest on complementary equity of 28,306 BRL, to the Company's shareholders, of which 21,229 BRL in dividends and 7,077 BRL in interest on equity, both paid on May 7, 2019.

At a meeting of the Board of Directors held on August 7, 2019, the distribution of interim dividends in the amount of 22,176 BRL and interim interest on equity in the amount of 7,392 BRL for the year of 2019 was approved, both paid in 16 September 2019.

At a meeting of the Board of Directors held on November 7, 2019, the distribution of interim dividends in the amount of 34,272 BRL and interim interest on equity in the amount of 11,424 BRL for the year of 2019 was approved, both paid on 26 November 2019.

At a meeting held on March 31, 2020, the members of the Company's Board of Directors expressed their favorable opinion on the proposal for the allocation of the results for the year that ended on December 31, 2019, and recommended their approval at the Company's General Meeting.

f. Calls on shares

At the Extraordinary Shareholders' Meeting held on December 15, 2011, the Company's Stock Option Plan was approved for Company executives. The shares that are the object of the Plan must come from: (i) the issuance of new common shares, within the limit of the Company's authorized capital, as determined by the Board of Directors; and/or (ii) common shares held in treasury.

There is currently no open call option program.

18 Operating segment information

Accounting policy

The Company classifies its business analyzes into: (i) automotive logistics, a division that transfers and distributes zero-kilometer and used vehicles, port transfers and inventory management and vehicle manufacturers' yards and vehicle preparation services for sale, composed by the Parent Company and its Subsidiaries Tegmax Comércio e Serviços Automotivos Ltda., Tech Cargo Plataforma de Transportes Ltda., Tegma Logística de Veículos Ltda. and Niyati Empreendimentos e Participações Ltda. and (ii) integrated logistics, a division that carries out transport, storage and inventory management operations for various market segments such as chemicals, household appliances and consumer goods, comprising its subsidiaries Tegma Cargas Especiais Ltda., Tegma Logística de Armazéns Ltda. and the Parent Company. In 2018, the Company inaugurated the start-up accelerator called TegUP (TegUp Inovação e Tecnologia Ltda.) for the purposes of disclosure we consider it to be in the integrated logistics division.

The Company ceased to consider Tegma Logística Integrada S.A. as of February 2018 as a direct investment, due to the creation of the *joint venture* "GDL" which aims to provide general and customs warehousing services in Cariacica-ES. As of that date, GDL started to have direct control of Tegma Logística Integrada S.A., therefore, the equity variation of GDL started to be accounted for under the equity method of the Company.

						Consolidated
	Automotive logistics		**Integrated logistics**		**Total**	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**
Net revenue from services provided	1,190,147	1,100,807	157,173	152,972	1,347,320	1,253,779
Costs	(900,966)	(843,660)	(105,515)	(126,272)	(1,006,481)	(969,932)
Operational expenses	(44,162)	(95,317)	1,542	(6,195)	(42,620)	(101,512)
Depreciation and amortization expenses (i)	15,441	(18,012)	(10,369)	(11,278)	(25,810)	(29,290)
Amortization right of use (ii)	(16,746)	-	(16,048)	-	(32,794)	-
Financial expenses	(21,154)	(17,776)	(2,679)	(2,742)	(23,833)	(20,518)
Financial income	44,127	8,331	2,403	3,067	46,530	11,398
Equity pickup	16,479	419	(13,493)	(48)	2,986	371
Income tax and social contribution	(67,939)	(35,984)	(3,387)	(63)	(71,326)	(36,047)
Net profit for the financial year	184,345	98,808	9,627	9,441	193,972	108,249

	Automotive logistics		Integrated logistics		Total	
	2019	2018	2019	2018	2019	2018
Current assets	396,409	295,821	52,663	41,690	449,072	337,511
Non-current assets	469,169	416,219	67,040	55,703	536,209	471,922
Total of assets	865,578	712,040	119,703	97,393	985,281	809,433
Current liabilities	242,596	159,528	26,119	11,114	268,715	170,642
Non-current liabilities	129,223	144,471	12,404	9,948	141,627	154,419
Total liabilities	371,819	303,999	38,523	21,062	410,342	325,061

(i) 22,012 BRL refers to the portion of depreciation attributed to the cost of services provided and 3,798 BRL attributed to general administrative expenses in December 2019 (14,139 BRL and 1,681 BRL, respectively, in December 2018), according to explanatory note No. 10.

(ii) 31,982 BRL refers to the portion of depreciation attributed to the cost of services provided and 812 BRL attributed to general administrative expenses in December 2019, according to explanatory note No. 26.

The revenues of the 4 largest customers represented approximately 70% of total revenues.

The services provided by the automotive logistics and integrated logistics segments are all for customers based in the national territory.

19 Net revenue from services provided

Accounting policy

The Company and its Subsidiaries provide services with a focus on the areas of logistics management, transport and storage in various sectors of the economy, such as: automotive, consumer goods, chemicals and household appliances. Transport revenue is recognized over time, based on the estimated duration of the journey, (in proportion to the evolution of travel). Storage revenue is recognized in the period in which the services are provided. Service prices are determined based on agreements or contracts. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each sale. Revenue is shown net of taxes, returns, rebates and discounts, as well as after eliminating sales between companies.

The reconciliation of gross revenue to net revenue from services provided is as follows:

	Parent Company		Consolidated	
	2019	2018	2019	2018
Logistic services	1,458,445	1,392,552	1,616,745	1,496,791
Warehousing services	-	-	36,565	41,929
Gross revenue from services	**1,458,445**	**1,392,552**	**1,653,310**	**1,538,720**
Discounts, insurance and toll	(78,835)	(80,544)	(82,686)	(82,339)
	1,379,610	**1,312,008**	**1,570,624**	**1,456,381**
Taxes applicable	(197,708)	(175,843)	(223,304)	(202,602)
Net service revenues	**1,181,902**	**1,136,165**	**1,347,320**	**1,253,779**

20 Expenses by nature

	Parent Company		Consolidated	
	2019	**2018**	**2019**	**2018**
Costs of services provided	(920,319)	(888,886)	(1,060,475)	(995,805)
General and administrative expenses	(70,976)	(60,837)	(72,745)	(62,500)
Management compensation	(12,214)	(11,510)	(12,214)	(11,510)
Commercial expenses	(478)	(503)	(478)	(2,410)
Total	**(1,003,987)**	**(961,736)**	**(1,145,912)**	**(1,072,225)**

	Parent Company		Consolidated	
	2019	**2018**	**2019**	**2018**
Freight services - aggregates	(786,806)	(773,095)	(851,992)	(803,079)
Salaries	(75,424)	(68,826)	(86,516)	(80,923)
Social charges	(40,800)	(37,869)	(47,884)	(45,319)
Outsourced services (i) (ii)	(49,488)	(36,106)	(56,256)	(42,165)
Rents and leasing (iii)	(7,088)	(23,330)	(8,657)	(38,472)
Depreciation and amortization	(18,507)	(22,348)	(25,810)	(29,290)
Amortization right of use	(20,007)	-	(32,794)	-
Employee benefits	(23,703)	(20,296)	(28,798)	(25,660)
Variable costs	(7,682)	(12,793)	(25,892)	(28,695)
Other general expenses	(9,935)	(8,450)	(12,911)	(11,989)
Maintenance	(13,792)	(12,874)	(18,927)	(17,745)
Fuels and lubricants	(8,657)	(8,555)	(9,408)	(9,375)
Utilities	(3,918)	(3,476)	(5,669)	(5,411)
Communication	(2,464)	(2,402)	(2,898)	(2,919)
Other personnel expenses	(7,555)	(3,642)	(9,447)	(5,208)
Termination costs	(2,503)	(2,418)	(3,379)	(2,889)
Materials	(2,767)	(2,007)	(4,164)	(3,389)
Travel expenses	(1,853)	(1,864)	(1,862)	(1,867)
Loss indemnity	(384)	(643)	(642)	(801)
Contributions and donations	(583)	(861)	(673)	(864)
Contractual fines	(2)	(476)	(244)	(476)
Allowance for losses on sales of subsidiaries	-	-	-	(1,907)
PIS/COFINS Credit	79,931	80,595	88,911	86,218
Total	**(1,003,987)**	**(961,736)**	**(1,145,912)**	**(1,072,225)**

(i) In 2019, it includes the amount of 6,084 BRL (4,015 BRL net of taxes) referring to attorney's fees on the action of the exclusion of ICMS in the PIS and COFINS calculations, as mentioned in explanatory note No. 8 item (i).

(ii) In 2019, it includes the amount of 2,254 BRL related to expenses with consulting and legal fees arising from the search and seizure process of data and documents authorized by the Court of 1st Criminal Court of São Bernardo do campo on October 17, 2019, as explanatory note No.

(iii) As of December 31, 2019, the amounts indicated refer only to contracts exempt from IFRS 16 applicability. The contracts subject to the new standard, as mentioned in explanatory note No. 26, would total an additional expense of 22,436 BRL in the Parent Company and 36,254 BRL in the Consolidated.

21 Other net revenues (expenses)

	Parent Company		Consolidated	
	2019	**2018**	**2019**	**2018**
Extemporaneous tax credits (i)	56,475	-	56,475	-
Expenses recovery (ii)	2,197	786	4,206	3,063
Inventory adjustments	-	-	(26)	(75)
Gain (Loss) on the sale of net property assets	(961)	(366)	(2,888)	(1,226)
Right of use/lease write-off	66	-	115	-
Constitution of provisions for lawsuits and indemnities paid	(18,574)	(24,546)	(21,100)	(32,483)
Loss on goodwill write-off (iii)	-	(2,527)	-	(2,527)
Fair value on investment transfer (iv)	-	1,842	-	1,842
Others	(300)	(496)	(684)	3,993
Other net revenues (expenses)	**38,903**	**(25,307)**	**36,098**	**(27,413)**

(i) Credit related to the exclusion of ICMS in PIS and COFINS calculations as mentioned in explanatory note No. 8 item (i).

(ii) Refer to transfers of fixed operating costs from sub-let areas to customers.

(iii) Goodwill balances recorded on the acquisition of the former subsidiary Tegma Logística Integrada S.A., which were written off due to the formation of a *joint venture* as described in explanatory note No. 2 item (iii).

(iv) Amount referring to the assessment made by independent consultants on the fair value of the assets of Tegma Logística Integrada S.A., which was the object of forming a *joint venture* as described in explanatory note No. 2 item (iii).

22 Net financial revenue (expenses)

	Parent Company		Consolidated	
	2019	**2018**	**2019**	**2018**
Financial income				
Positive result from *swap* operations	1,662	1,701	1,662	1,701
Active interest (i)	37,548	1,741	38,282	2,113
Financial investment income	5,772	4,511	6,586	7,584
Total	**44,982**	**7,953**	**46,530**	**11,398**
Financial expenses				
Interest on bank financing	(9,185)	(12,167)	(9,185)	(12,337)
Banking expenses	(1,709)	(1,730)	(1,754)	(1,758)
Exchange losses	(2,446)	(2,095)	(2,488)	(2,099)
Interest on commercial leasing	(4,339)	-	(6,440)	-
Interest liabilities	(1,531)	(557)	(1,669)	(2,906)
Other financial expenses	(2,155)	(1,217)	(2,297)	(1,418)
Total	**(21,365)**	**(17,766)**	**(23,833)**	**(20,518)**
Net financial revenue (expenses)	**23,617**	**(9,813)**	**22,697**	**(9,120)**

(i) In 2019, it includes an amount of 35,661 BRL arising from the monetary restatement of the credit principal related to the exclusion of ICMS in the PIS and COFINS calculations, as mentioned in explanatory note No. 8 item (i).

23 Income per share

a. Basic earnings per share

Basic earnings per share are calculated by dividing the net profit attributable to the Company's shareholders by the weighted average number of common shares outstanding during the year:

	2019	**2018**
Profit attributable to the company's shareholders	193,972	108,249
Weighted average number of common shares outstanding thousands	65,938	65,938
Basic earnings per share BRL	**2,94**	**1,64**

b. Basic diluted profit

Diluted earnings per share are calculated by adjusting the weighted average number of outstanding common shares to presume the conversion of all diluted potential common shares.

As of December 31, 2019, and December 31, 2018, the Company has no dilutive factor in relation to the basic. Accordingly, diluted earnings per share on December 31, 2019 and December 31, 2018 are equal to basic earnings per share, of 2.94 BRL and 1.64 BRL, respectively.

24 Related parties

The Company conducts, in the normal course of its business, transportation operations, property rental, delivery and pre-delivery inspection (Pre-Delivery Inspection - PDI) with parties related to prices, terms, financial charges and other conditions compatible with the conditions market share. The Company also apportioned operating costs and expenses.

The main transactions with related parties are:

(i) The Company has a contract for the provision of services for the storage, transportation, overhaul and delivery of vehicles, as well as for the pre-delivery inspection, delivery and inspection (Pre-Delivery Inspection - PDI) with some companies of the Itavema Group, which are related companies directly and/or indirectly with the Company, through its parent company Mopia Participações e Empreendimentos Ltda. (“Mopia”);

(ii) The Company maintained with Sinimbu Participações Societárias e Empreendimentos S.A. (“Sinimbu”), a company related to the Company's indirect controlling shareholders, and indirectly to the companies in the Company's control group, Mopia Participações e Empreendimentos Ltda. (“Mopia”) and Cabana Empreendimentos e Participações Ltda. (“Cabana”), lease agreement for commercial property located in São José dos Campos-S. in October 2019, this lease was fully transferred to the Company Savoy Imobiliária Construtora Ltda. due to the sale of this property. Accordingly, this contract falls under the new CPC 06 (R2) Commercial Leasing Operations and ceases to compose balances with related parties;

(iii) The Company has with Pactus Empreendimentos e Participações Ltda., a company under common control of the Company, a lease agreement for commercial properties located in São Bernardo do Campo-SP and Gravataí-RS, so this agreement is in line with the new CPC 06 (R2) Commercial Leasing Operations;

(iv) Due to the adhesion to the Tax Regularization Program - PERT in October 2017, and aiming at the settlement of its debts, in January 2018 the Company used part of the credits arising from tax losses and negative basis of the Social Contribution on Net Income (CSLL) of its subsidiary Tegma Logística de Veículos Ltda. (4,086 BRL), paid in 2019.

(v) Due to the adhesion to the Tax Regularization Program - PERT in October 2017, and aiming at the settlement of its debts, in January 2018 the Company used part of the credits arising from tax losses and negative basis of the Social Contribution on Net Income (CSLL) of its subsidiary Tegma Cargas Especiais Ltda. (501 BRL) paid in 2019.

(vi) As negotiated between the Company and Holding Silotec in the formation of the *joint venture*, part of the assets of the former subsidiary Tegma Logística Integrada S.A. should be reimbursed to Tegma Gestão Logística S.A. as it was realized. Likewise, part of the liabilities must be paid by Tegma Gestão Logística S.A., part of the amounts negotiated in the formation of the *joint venture* was received in May 2019.

(vii) The Company made funds available to the Fundação Otacilio Coser (FOCO) in 2019. FOCO has been active since 1999 in strengthening links between communities, schools and companies through programs for the development of Sustainable Communities, Rede Escolaí and Blend Program. The Foundation is maintained by COIMEXPAR, the holding company of the COIMEX Group (parent company of Tegma), and operates in communities in São Paulo and Espírito Santo.

The Company maintains with Renove Corretora de Seguros Ltda., a company related to the Company's indirect controlling shareholders, and indirectly to the company in the Company's control group, Mopia Participações e Empreendimentos Ltda. (“Mopia”), a provision of administrative services aimed at administrative assistance in the insurance area, this service is not paid by Tegma.

	Parent Company		**Consolidated**	
	2019	**2018**	**2019**	**2018**
Current Assets				
Grupo Itavema (i)	244	565	244	565
Cisa Trading S.A.	-	1	-	1
Coimex Empreendimentos e Participações Ltda.	-	-	34	34
Cia de Transportes e Armazéns Gerais	-	-	-	49
Tegma Logística Integrada S.A.	397	2,648	405	3,477
Tegma Cargas Especiais Ltda.	15	9	-	-
Tegma Logística de Armazéns Ltda.	56	7	-	-
Tegma Logística de Veículos Ltda	172	952	-	-
Frete Rápido Desenvolvimento de Tecnologia Logística S.A.	-	-	1	-
Total Current	**884**	**4,182**	**684#**	**4,126**
Non-Current Assets				
Tegma Logística Integrada S.A. (vi)	1,115	15,626	1,115	15,626
Bond and securities				
Frete Rápido Desenvolvimento de Tecnologia Logística S.A.	-	-	1,400	700
Rabbot Serviços de Tecnologia S.A.	-	-	1,200	-
Subtotal	**-**	**-**	**2,600**	**700**
Total of assets	**1,999**	**19,808**	**4,399**	**20,452**
Current liabilities				
Tegma Logística de Armazéns Ltda	88	77	-	-
Tegma Logística Integrada S.A. (vi)	57	1,064	70	1,865
Tegma Logística de Veículos Ltda (iv)	3	5,461	-	-
Tegma Cargas Especiais Ltda (v)	-	508	-	-
Niyati Empreendimentos e Participações Ltda	-	313	-	-
Pactus Empreendimentos e Participações Ltda. (iii)	-	360	-	360
Sinimbu Participações Societárias e Empreendimentos S.A. (ii)	-	86	-	86
Frete Rápido Desenvolvimento de Tecnologia Logística S.A.	-	-	2	-
Subtotal	**148**	**7,869**	**72**	**2,311**
Commercial Leasing				
Niyati Empreendimentos e Participações Ltda	1,189	-	-	-
Tegma Logística Integrada S.A.	333	-	333	-
Pactus Empreendimentos e Participações Ltda. (iii)	373	-	373	-
Subtotal	**1,895**	**-**	**706**	**-**
Total Current	**2,043**	**7,869**	**778**	**2,311**
		-		
Non-Current Liabilities				
Tegma Logística Integrada S.A. (vi)	542	1,958	542	1,958
Subtotal	**542**	**1,958**	**542**	**1,958**
Commercial Leasing				
Niyati Empreendimentos e Participações Ltda	2,660	-	-	-
Tegma Logística Integrada S.A.	1,040	-	1,040	-
Subtotal	**3,700**	**-**	**1,040**	**-**
Total liabilities	**6,285**	**9,827**	**2,360**	**4,269**

	Parent Company		Consolidated	
Results	**2019**	**2018**	**2019**	**2018**
Revenue from services rendered				
Grupo Itavema	1,394	1,452	1,394	1,452
Cisa Trading S.A.	-	973	-	1,925
Tegma Logística Integrada S/A	-	2	-	-
Frete Rápido Desenvolvimento de Tecnologia Logística S.A.	-	-	17	-
Other operational incomes				
Grupo Itavema	111	97	111	97
Tegma Logística Integrada S/A	255	352	438	327
Tegma Cargas Especiais Ltda.	172	71	-	-
Tegma Logística de Armazéns Ltda.	187	92	-	-
Tegma Logística de Veículos Ltda.	622	-	-	-
Tegmax Comércio e Serviços Automotivos Ltda.	-	1		
	2,741	**3,040**	**1,960**	**3,801**
General and administrative expenses				
Niyati Empreendimentos e Participações Ltda	(3,226)	(2,800)	-	-
Tegma Logística Integrada S/A	(1,538)	(2)	(1,589)	(820)
Tegma Cargas Especiais Ltda.	(37)	(3)	-	-
Tegma Logística de Armazéns Ltda	(568)	(458)	-	-
Tegma Logística de Veículos Ltda.	(427)	-	-	-
Pactus Empreendimentos e Participações Ltda. (iii)	(4,041)	(3,136)	(4,041)	(3,136)
Sinimbu Participações Societárias e Empreendimentos S.A. (ii)	(1,151)	(1,584)	(1,151)	(1,584)
Fundação Otacilio Coser (vii)	(185)	-	(185)	-
Coimex Empreendimentos e Participações Ltda.	-	-	-	(210)
Grupo Itavema	(17)	-	(17)	-
Frete Rápido Desenvolvimento de Tecnologia Logística S.A.	(14)	-	- (55)	-
Rabbot Serviços de Tecnologia S.A.	(83)	-	(83)	-
	(11,287)	**(7,983)**	**(7,121)**	**(5,750)**

Remuneration of key Management personnel

The key management personnel include the president, the directors, the statutory directors and any persons related to indirect controlling shareholders. The remuneration paid or payable for services as employees is shown below:

	Parent Company and Consolidated	
	2019	**2018**
Salaries and charges	(6,993)	(6,507)
Management fees (Directors)	(2,819)	(2,796)
Profit share	(2,402)	(2,207)
Total	**(12,214)**	**(11,510)**

At the Annual General Meeting (AGO) held on April 24, 2019, the annual compensation of the members of the Board of Directors, Fiscal Council and Executive Board of the Company was fixed in the amount of 10,251 BRL, including salary, benefits, variable compensation and contribution to social security.

25 Insurances

The Company and its Subsidiaries maintain insurance, with the coverage contracted, as indicated below, considered sufficient by Management to cover possible risks on its assets and/or liabilities:

(a) Cargo transportation - coverage varying, according to the nature and type of transportation, coverage of up to 1,700 BRL for general cargo and for vehicles according to the transported model, effective from June 30, 2019 until June 30, 2020.

(b) With the creation of the *joint venture*, mentioned in explanatory note No. 2 item i, it was necessary to change the coverage of the goods storage policy. This coverage, varying according to location and type of merchandise, was stipulated in the amount equivalent to 50,000 BRL, effective from April 22, 2019 until April 22, 2020.

(c) Civil liability against third-parties' material, bodily, moral and personal accidents - coverage up to 1,000 BRL, and in the case of a third-party's fleet the coverage is the same, effective from June 30, 2019 until June 30, 2020.

(d) Support fleet - hull collision, theft and fire - 100% of the market value FIPE table, effective from June 7, 2019 until June 7, 2020.

(e) Other property, plant and equipment, fire, lightning, explosion, theft, electrical damage and others - comprehensive corporate coverage of 65,120 BRL, effective from April 12, 2019 until April 12, 2020.

(f) Management civil liability - coverage of 63,000 BRL, effective from November 29, 2019 until November 29, 2020.

The Company's Management, considering the financial costs involved in contracting insurance for its fleet of trucks and semi-trailers, as well as the probability of the occurrence of claims and their eventual financial impacts on the operation, adopts the policy of not contracting this protection, maintaining, however, third party liability insurance, as mentioned above.

26 Commercial leasing

Accounting policy

Recognition and measurement of leased assets and liabilities are carried out in accordance with accounting pronouncement CPC 06 (R2) Commercial Leasing Operations.

The main leases related to the new rule identified by Management, as there is a right to control the use of assets for a certain period of time, these are third-party properties, vehicles and equipment linked to the operation and have varying terms, with the last due date in December 2024.

The Company and its Parent Companies used the exemptions provided for, short-term leases and contracts for low-value assets continue to be accounted for as "Rents and leasing" and can be seen in explanatory note No. 20.

The initial measurement of the lease agreements was recognized at the present value of its consideration at a discount rate and the right to use asset in an amount equivalent to that liability. The nominal rate used for the calculation includes the risk-free interest rate base observed in the Brazilian market and the Company's debt spread.

The remeasurement of the lease liability and the right to use asset is carried out for contracts that undergo changes and/or updates, and their remeasurement is recognized in the lease liability and the right to use asset in the same amount.

For contracts that are readjusted annually according to inflation rates and have not changed their contractual terms and scope, the initial rates are maintained. For new contracts, contractual renewals and/or changes in scope, the initial rate is reviewed and applied to each contract, considering the risk-free rate for the period of each contract, plus the Company's debt spread at the time of the change. . The table below shows the rates charged for new contracts and renewals, taking into account the contractual terms:

Contracts' Deadlines	**% per year rate**
from 0 to 12 months	7.65%
13 to 24 months	7.29%
25 to 36 months	7.92%
37 to 48 months	7.78%
49 to 60 months	8.38%
61 to 72 months	8.06%

When there are changes in the lease that reduce the scope of the contract, there is a remeasurement of the asset in use and the lease liability reflecting the partial or total extinction of the contract, with which the gain or loss is recognized in the income statement.

The table below shows the effects on the balance sheet of the adoption of the new standard on January 1 and December 31, 2019:

Effect of IFRS 16 on the Parent Company Balance Sheet

Asset	01/01/2019	12/31/2019	**Liability**	01/01/2019	12/31/2019
Current	-	-	Current		
			Commercial leasing	15,730	14,910
Non-current			Non-current		
Right of use	53,661	53,758	Commercial leasing	37,931	42,809
			Net equity		
			Accumulated results	-	(3,961)
Total	**53,661**	**53,758**	**Total**	**53,661**	**53,758**

Effect of IFRS 16 on the Consolidated Balance Sheet

Asset	01/01/2019	12/31/2019	**Liability**	01/01/2019	12/31/2019
Current	-	-	Current		
			Commercial leasing	28,179	28,867
Non-current			Non-current		
Right of use	84,809	70,929	Commercial leasing	56,630	48,055
			Net equity		
			Accumulated results	-	(5,993)
Total	**84,809**	**70,929**	**Total**	**84,809**	**70,929**

The following is the movement of the right-of-use asset:

				Parent Company
	Properties	**Vehicles**	**Machinery and equipment**	**Total**
Net balances as of December 31, 2018	-	-	-	-
Movements				
Initial adoption	50,524	2,378	759	53,661
Addition	21,990	375	112	22,477
Write-down	(749)	(19)	-	(768)
Amortization (i)	(19,988)	(1,315)	(309)	(21,612)
Net balances as of December 31, 2019	**51,777**	**1,419**	**562**	**53,758**

				Consolidated
	Properties	**Vehicles**	**Machinery and equipment**	**Total**
Net balances as of December 31, 2018	-		-	-
Movements				
Initial adoption	77,393	2,508	4,908	84,809
Addition	23,043	375	306	23,724
Write-off	(1,785)	(19)	(119)	(1,923)
Amortization (i)	(31,079)	(1,372)	(3,230)	(35,681)
Net balances as of December 31, 2019	**67,572**	**1,492**	**1,865**	**70,929**

(i) In accordance with CVM Instruction Circular 2/2019, the equity balances presented in the amortization of the right to use are gross of taxes (PIS and COFINS), being 21,612 BRL in the Parent Company and 35,681 BRL in the Consolidated, while the amounts recorded in the result is 20,007 BRL in the Parent Company and 32,794 BRL in the Consolidated.

The following is the movement of leasing liabilities for the year 2019:

	Parent Company	**Consolidated**
Balance on December 31, 2018	-	-
Initial adoption	53,661	84,809
Additions	22,477	23,724
Write-off	(834)	(2,038)
Appropriate interest (i)	4,557	6,515
Payment of principal	(17,917)	(29,994)
Payment of interest	(4,225)	(6,094)
Balance on December 31, 2019	**57,719**	**76,922**
Current	14,910	28,867
Non-current	42,809	48,055
	57,719	76,922
Balance with third parties	54,726	76,589
Balance with related parties	2,993	333
	57,719	76,922

(i) In accordance with CVM Instruction Circular Official Letter 2/2019, the equity balances presented in appropriate interest are gross of taxes (PIS and COFINS), being 4,557 BRL in the Parent Company and 6,515 BRL in the Consolidated, while the amounts recorded in the result are 4,339 BRL in the Parent Company and 6,440 BRL in the Consolidated.

The noncurrent installments due, have the following maturity schedule of the lease:

	Parent company (i)	**Consolidated**
13 to 24 months	12,672	19,323
25 to 36 months	13,071	12,676
37 to 48 months	11,321	10,392
49 to 60 months	5,448	5,367
61 to 72 months	297	297
	42,809	48,055

(ii) Includes 2,660 BRL related to leasing liabilities with Subsidiary Niyati Empreendimentos e Participações Ltda

The Company and its Subsidiaries recognize their lease liabilities at the present value of their gross installments, including potential tax credits that they will enjoy upon the settlement of each installment of the lease. Thus, the potential tax credit embedded in the lease liability and the right to use asset is:

Cash Flow	**Nominal**	**Adjusted Present Value**
Lease consideration	94,511	84,732
Potential PIS / Cofins (9.25%) (i)	7,342	6,614

(i) Vehicle and individual contracts do not have PIS and COFINS credits.

In accordance with CVM Instruction Circular Official Letter 2/2019, the Company and its Subsidiaries do not consider the projected future inflation in the present value of future payments for the measurement and remeasurement of their lease liabilities and right-of-use assets. Taking into account that the lease terms are for a maximum of 5 years, we do not estimate any relevant impacts on the balances presented due to the current interest rates in the Brazilian market.

27 Supplementary cash flow information

The preparation and presentation of the cash flow statements, using the indirect method, is carried out in accordance with accounting pronouncement CPC 03 (R2) - Cash flow statements.

Below is the additional information:

	Parent Company	**Consolidated**
Acquisition of fixed assets 2019 - unpaid	(895)	(961)
Acquisition of fixed assets from previous years paid - in installments	-	281
Acquisition of fixed assets 2018 - paid	1,315	3,395
Acquisition of intangible assets 2019 - unpaid	(265)	(265)
Acquisition of intangible assets 2018 - paid	296	453
Compensation of current income tax and social contribution	(923)	(1,191)
Deferred taxes on *hedge accounting*	158	158
Initial adoption IFRS 16	53,661	84,809
IFRS 16 additions	22,477	23,724
Increase in share capital through assets	14,074	-

28 Subsequent events

As per CVM guidance of March 10, 2020, through Circular Letter SNC/SEP/No. 02/2020, as well as in compliance with CPC 24 - Subsequent Event, Management has been following the expansion of the Covid-19 pandemic.

The pandemic gave rise to Legislative Decree 06, of 03/20/2020, at the federal level, recognizing national public calamity. Other Decrees of similar content were approved in the most diverse Brazilian states, causing several measures to restrict activities and promote social distancing. As a result, aiming to protect employees and third parties who work in vehicle logistics and, after a period of rapid deceleration, at the end of March our operations were practically interrupted.

This fact was communicated to customers and contingency plans discussed jointly, in order to mitigate the consequences of such a shutdown.

In addition to the impacts on vehicle logistics operations, the company's other businesses may also be affected in the coming days, either due to restrictions imposed by our suppliers, or due to unilateral decisions by our customers, such as collective vacations.

Depending on the context, Management did not propose for approval at the AGM of April 30, 2020 the distribution of complementary dividends for the year of 2019, nonetheless complying with the mandatory minimum dividends in its bylaws (25% of net income) distributing 43% of the even in order to preserve cash.

The Company has no significant exposure to the exchange rate, which has recently shown excessive volatility and the recent reduction in the basic interest rate may be favorable because of the debts being linked to it.

At this time, it is not possible to predict the extent and duration of the effects caused by Covid-19, given the dynamics of the pandemic's expansion and its effect in all economic areas, so the Company is not able to accurately estimate the impacts on its consequently in its financial statements.