



Encompasses the resources invested by the shareholders, investor capital, revenues generated by the subsidiary companies, financial services (BBC Leasing & Conta Digital) and the allocation of value to investments linked to long-term contracts

9.

FINANCIAL CAPITAL

Financial capital

50%

Record Gross Revenues of
R\$ 10.9 billion

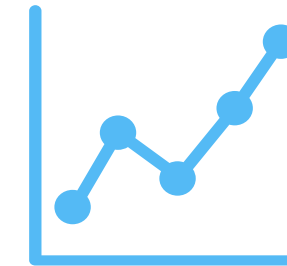
Gross investment of
R\$ 5.8 billion, of which
R\$ 3.4 billion in expansion and **R\$ 2.4 billion in renovation**

Record Adjusted net income of R\$ 522.1 million

Record Adjusted EBITDA of R\$ 2.3 billion

Financial capital

GRI 103-1 | 103-2 | 103-3 - Financial equilibrium, capital allocation and business expansion



Focused on the **sustainable generation of value and predicting a dynamic**, constantly changing business **environment**, in 2020 SIMPAR continued to focus on the development of its subsidiaries operating in sectors with huge growth opportunities. The company has the expertise for defining investments and dividend policies for the entire portfolio, always in compliance with the applicable laws and regulations.

The year began with a positive scenario following a slight acceleration of the Brazilian economy in 2019, but in the first semester, the global economic scenario was marked by uncertainties following the evolution and dissemination of Covid-19. Even in this environment, **the company posted record Adjusted Ebitda of R\$ 2,319.6 million and record Adjusted Net Result of R\$ 522.1 million, growing, respectively by 9.6% and 66.8% over the previous year.**

SIMPAR Results - Consolidated

(R\$ millions)	2019	2020	Y/Y
Gross revenue	10,734.4	10,874.9	1.3%
Deductions	(1,048.1)	(1,067.8)	1.9%
Net revenue	9,686.2	9,807.1	1.2%
Net revenue from services	7,082.9	6,945.5	-1.9%
Net revenue from asset sales	2,603.3	2,861.5	9.9%
Costs	(7,626.8)	(7,787.0)	2.1%
Costs of services	(5,102.6)	(5,168.9)	1.3%
Costs of asset sales	(2,524.2)	(2,618.1)	3.7%
Gross Profit	2,059.4	2,020.1	-1.9%
Gross Margin	21.3%	20.1%	-1.2 p.p.
Expenses	(860.2)	(990.1)	15.1%
EBIT	1,199.2	1,030.0	-14.1%
Margin (% NOR from services)	16.9%	14.8%	-1 p.p.
Financial income	(768.0)	(374.8)	-51.2%
Taxes	(112.5)	(229.2)	103.7%
Loss from discontinued operations	(5.7)	(28.5)	-
Net Income	313.0	397.5	27.0%
Margin (% NOR)	3.2%	4.1%	+0.9 p.p.
EBITDA	2,115.9	2,14.9	1.2%
Margin (% NOR)	21.8%	21.8%	+0.0 p.p.

1 Encompasses the consolidation of Vamos, JSL, CS Brasil, Original Concessionárias, BBC and Movidia, already taking into account the elimination of intercompany business.

Net Revenue

Net Revenues amounted to **R\$ 9.8 billion, 1.2% over 2019**, proving the resilience of the business model against the challenging scenario imposed by the Covid-19 pandemic. SIMPAR remains well positioned, with the subsidiaries operating in sectors with high growth potential in Brazil, offering opportunities for expansion and diversification of the business with different customers and sectors of the economy.

Gross Profit

In 2020, **the company's total costs amounted to R\$ 7.8 billion**, 2.1% up on the previous year. Total Gross Profit for the year stood at R\$ 2.0 billion, down by 1.9% in relation to 2019, with a gross margin of 20.1%, which means an increase of 1.2 p.p. year-on-year.

Operating Expenses

Operating Expenses amounted to R\$ 990.1 million, an increase of 15.1% year-on-year. The increase is primarily due to the impacts of the pandemic on the operations of JSL in the automotive industry, and those of Movida in the RAC, which showed lower volumes and, consequently, less dilution of operating expenses.

EBITDA

Adjusted EBITDA amounted to R\$ 2.3 billion, an increase of 9.6% in relation to 2019, while book EBITDA stood at R\$ 2.1 billion in 2020, growth of 1.2% in relation to 2019. The EBITDA Margin was 21.8%, the same as the previous year, showing stability even in the challenging scenarios imposed by the Covid-19 pandemic.

Net Financial Income

Net Financial Expenses amounted to R\$ 374.8 million, a reduction of 51.2% in relation to R\$ 768.0 million recorded in 2019. The reduction is explained by the decline in interest rates (average CDI), as well as liabilities management, and the booking of revenue of R\$ 277.5 million from the early settlement of swaps of the bonds issued by JSL Europe (currently SIMPAR Europe) in the second quarter of 2020, due to the reorganization process and the allocation of obligations between JSL and SIMPAR. **The company liquidated six swap instruments in advance**, and the respective subject debt instruments of the hedge, which were liquidated on the same day and replaced by new instruments on the same conditions as before, therefore continuing hedged against exchange rate variances (principal and interest).

Net Income

SIMPAR recorded **Adjusted Net Income of R\$ 522,1 million in 2020, 66.8% higher than in 2019. The Book Net Result was R\$ 397.5 million in 2020, 27.0% higher than in 2019**. The growth of the results was supported, above all, by the better performance of the companies who, following the organizational restructuring, began operating independently.

27% Increase in Net Income

Indebtedness

Indebtedness (R\$ millions)	2019	2020	Y/Y
Cash and Money Market Investments	5,774.5	8,477.9	46,8%
Bank and Capital Market Debt - Short Term	2,007.7	2,008.4	0.0%
Drawee Risk	12.1	157.9	-
Bank and Capital Market Debt - Long Term	11,987.7	15,197.1	26.8%
Financial instruments and Derivatives	(670.6)	(415.0)	-38.1%
Total Gross Bank and Capital Market Debt	13,336.8	16,948.5	27.1%
Total Net Bank and Capital Market Debt	7,562.3	8,470.0	12.0%

Net indebtedness amounted to R\$ 8.5 billion

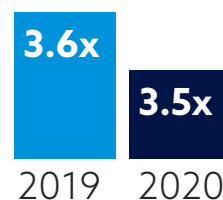
in December 2020, an increase of 12.0% when compared to December 2019. As a result of the company's liabilities management process, we stretched the net debt profile from 4.1 to 4.3 years. The post-tax average cost of the Net Debt fell by 260 basis points year-on-year, from 5.7% p.a. in 4Q19, to 3.1% p.a. in 4Q20, reflecting the decline in the average SELIC rate when compared to the previous period, and to the company's liabilities management.

Taking into account SIMPAR's consolidated cash position at the end of 2020, **there are sufficient resources to cover the amortization of the short-term debt by 3.0x**, due to the scenario of caution and the liquidity actions established in the face of the pandemic, which shows that the subsidiaries are ready to finance a new cycle of growth.

Net debt-to-EBITDA ratio stood at 3.5x in 2020,

a decline against 3.6x ratio at the end of 2019, notwithstanding net investment of R\$ 2.9 billion during the year, which will translate into growth over the following quarters. In turn, the ratio of net debt to A-EBITDA was 1.77x in December 2020, against 1.6x in December 2019.

Indebtedness (net debt/EBITDA)



INVESTMENTS

SIMPAR's gross investment was R\$ 5.8 billion, of which R\$ 3.4 billion in expansion and R\$ 2.4 billion in renovation. Thus, net investment, following the sale of assets, amounted to R\$ 2.9 billion, namely: Movida (R\$ 1.2 billion), CS Brasil (R\$ 424 million), Vamos (R\$ 967 million) and JSL (R\$ 154 million).



Reconciliation of the EBITDA (R\$ millions)	2019	2020	A/A
Book Net Income	313.0	397.5	24.8%
Loss from discontinued operations	5.7	28.5	-
Financial Income	768.0	374.8	-51.2%
Income and social contribution taxes	112.5	229.2	103.7%
Depreciation and amortization	813.8	982.4	20.7%
Amortization (IFRS 16)	102.9	129.5	25.9%
Book EBITDA	2,115.9	2,141.9	1.2%
Movida - Impairment of assets	-	145.2	-
Movida - Impairment of accounts receivable	-	32.4	-
Adjusted EBITDA	2,115.9	2,319.6	9.6%
(+) Cost of asset sales	2,524.2	2,618.1	3.7%
Adjusted A-EBITDA*	4,640.1	4,937.7	6.4%

*EBITDA-A se refere ao EBITDA Adicionado.

Reconciliação do Lucro Líquido (R\$ milhões)	2019	2020	A/A
Book Net Income	313.0	397.5	27.0%
Movida - Impairment of assets	-	145.2	-
Movida - Impairment of accounts receivable	-	32.4	-
WHT/CS on adjustments	-	(53.1)	-
Adjusted net earnings	313.0	522.1	66.8%

Statement of Value Added (in thousands of Reais) GRI 201-1

	31/12/2019	31/12/2020
Sale, rentals, services rendered, and sale of assets written down	10,734,355	10,874,860
Impairment of accounts receivable	(32,527)	(78,667)
Other operating revenues	108,944	98,396
10,810,772	10,894,589	
Inputs acquired from third parties		
Costs of sales and services rendered	(3,249,185)	(6,094,036)
Materials, energy, third-party services and other expenses	(2,968,632)	(198,726)
Impairment of non-financial assets	-	(145,249)
(6,217,817)	(6,233,737)	
Gross value added	4,592,955	4,456,578
Retentions		
Depreciation and amortization	(916,744)	(1,111,953)
Net value added produced by the Group	3,676,211	3,344,625
Value added received via transfers		
Result from the equity method from on-going operations	(1,201)	(515)
Result from the equity method from discontinued operations	(5,662)	(28,539)
Financial income	365,336	679,426
358,473	650,372	
Total value added to be distributed	4,034,684	3,994,997

Distribution of value added	31/12/2019	31/12/2020
Personnel and payroll charges	1,603,040	1,477,812
Federal	415,602	514,102
State	404,199	421,555
Municipal	93,303	82,144
Interest and bank expenses	1,133,375	1,054,202
Leases	72,202	47,682
Dividends and interest on own capital in the period	101,680	97,938
Retained earnings for the period	211,283	299,562
4,034,684	3,994,997	

Distribution of value added (%) GRI 201-1

