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## MESSAGE FROM THE MANAGEMENT

From right to left: Fernando Antonio Simões Filho (Director); Augusto Marques da Cruz Filho (Independent Director); Alvaro Pereira Novis (Independent Director); Adalberto Calil (CEO) and Fernando Antonio Simões (Director).

# Message from the Management

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The year 2020 was a **transformational** one for SIMPAR and its subsidiaries. During the year, we completed our **corporate restructuring** and produced **growth with higher profitability**, even amid the context of the Covid-19 pandemic which tested and provided proof of the resilience and fundamentals of all our companies.

We emphasize that even amidst the challenges imposed by Covid-19, we put intensive work into **making strategic movements in order to generate sustainable value** for customers, shareholders, creditors, suppliers, employees and other stakeholders, while not losing focus of the quality of the services provided to our customers and the well-being of our employees and society.

In addition to being concerned about the physical and mental health of our employees, we turned our focus to the operations of our subsidiaries, mainly essential to the mobility and logistics of items that society requires. We also sought to **adapt rapidly to this new scenario**, which enabled us to push ahead with our business while preserving our employees' health and the efficient provision of the services for which we are recognized. After all, Devotion to Serving is part of our DNA.

Against this backdrop, we embarked on operational financial initiatives to ensure that we would reach the strategic objectives set out for the period. As a citizenship company committed to the United Nations Global Compact since 2014 and to generating social value, we also undertook **emergency initiatives and donations to fight Covid-19** – which resulted in the transfer of resources of around **R\$ 13.7 million**, benefiting around **5 million people**. This figure encompasses logistics actions by which we shipped food and inputs to the more distant and vulnerable municipalities of the state of São Paulo.

During the year, not only did we remain dedicated to the short-term operations and deliveries, but we also **concluded strategic projects** affecting the generation of sustainable value. Even in the midst of this extremely challenging scenario, in August 2020 we concluded the **corporate restructuring of the Group** to high standards of governance, delegating approval to the non-controlling shareholders, unanimously approved by the voting shareholders, evidencing the quality of the value proposal presented. In this way we embarked on a **new development cycle** with the **launch of SIMPAR**, which has taken on the mantle of the holding company for all its subsidiaries. Immediately thereafter, and **aligned**

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with our planning, we undertook the **IPO of JSL**, which was born as Brazil's largest highway logistics company.

**SIMP** (ticker: SIMH3), **as well as the subsidiaries Movid** (ticker: MOV13), **JSL** (ticker: JSLG3) and **Vamos** (ticker: VAMO3), is **listed on the Novo Mercado segment of B3**, the highest corporate governance level on the Brazilian Stock Exchange. The subsidiaries are **independently managed**, with their **own governance structures** – including sustainability committees– placing emphasis on the business and an agile transformation process that aims to create perennial value while operating according to economic, social and governance principles. SIMP's duties include **collaborating, supporting and accompanying the planning, execution and achievement of the strategic targets of all subsidiaries**. We are close enough to undertake actions that contribute to the results of the business, but sufficiently distant so as not to interfere on the individuality, the focus on the management and operational routines of each of the companies.

ESG principles are rooted in the culture of SIMP since its foundation, through the development of the regions where it operates, serving as a benchmark for all Group companies. In January 2020, **Movid** was awarded its **Company B certificate** and became the second publicly-quoted company in Brazil and the first in the global sector to obtain this category seal and global recognition. In September 2020, we enthusiastically received the news that **the shares of SIMP** had been admitted into the debut portfolio of the **S&P/B3 Brazil ESG Index**.

**SIMP** was also **the first company in the sector worldwide to issue a Sustainability-Linked Bond (SLB)**, in January 2021, raising US\$ 625 million maturing in 2031. Therefore, we have assumed the commitment to reduce by 15%, by 2030, the intensity of SIMP's Greenhouse Gas Emissions (GHG), which reiterates our commitment to positive environmental impacts for society. In February 2021, SIMP also concluded Brazil's **first SLB in Brazilian Reals, with settlement in dollars**. The transaction amounted to R\$ 450 million, maturing in 2028, and contributes to enhancing SIMP's capital structure.

We are also proud of having received **two upgrades from the MSCI ESG**, one of the most respected ESG ratings, rising to **AA** in January 2021 (from "BBB" in September 2018 and "A" in December 2019), which boosts our confidence in pursuing our path in a consistent manner and benchmarking with best market practices.

For the year, we recorded Gross Revenues of R\$ 10.9 billion and an Adjusted EBITDA of R\$ 2.3 billion, growth, respectively, of 1.3% and 9,6% over the previous year, with an EBITDA Margin of 33.4% on Net Revenue from Services. Our Adjusted Net Income was R\$ 522.1 million, 66.8% above the R\$ 313.0 million in 2019, with a Net Margin of 5.3%, while our leverage was 3.5 in the net debt/EBITDA ratio, a reduction in comparison with 3.6 times in 2019, even after having undertaken net investments for growth (Capex) of R\$ 2.9 billion in 2020.

The year 2020 and the start of 2021 saw a huge **transformation for all SIMP companies**:

**JSL** rolled out its **IPO** in September 2020, becoming a company exclusively dedicated to logistics, embarking on a **new growth cycle that includes acquisitions**. We are working so that the accelerated pace of growth will continue in the years ahead, with an appropriate capital structure for the consolidation of the logistics industry in Brazil, but always reflecting our culture and our values.

JSL was born as the largest highway logistics company in Brazil, ready to take the lead in consolidating an extremely fragmented market, but one with huge growth opportunities, already having concluded the **acquisitions of Transmoreno and Fadel** in 2020. Those acquisitions are based on opportunities for cross-selling, synergies in complementarity of customer and services portfolios and, above all, they are aligned with the values of JSL, which considers people as its main competitive differential.

In January 2021, maintaining the accelerated pace of the inorganic growth agenda, the subsidiary **JSL announced it had acquired TPC**, adding new clients in segments like healthcare and telecommunications, bringing expertise in the management model and full-commerce technology to our portfolio of services and increasing its participation as the logistics operator of the last mile. The acquisition is conditional on meeting the obligations and conditions precedent common to this type of transaction.

In February 2021, **JSL announced its acquisition of Rodomeu**, enabling it to enter the compressed gas logistics market and adding greater sectorial diversification

## SIMPAR the world's first car rental company to issue a Sustainability-Linked Bond.

and synergies. In addition, this increases its market share as a highway haulage company of highly complex cargoes like chemical products, machines and equipment and inputs and finished goods of the mining and paper and pulp sectors, among others. The acquisition is conditional on meeting the obligations and conditions precedent common to this type of transaction.

**Movida** optimized its capital structure to **support further growth with profitability** by investing in digital transformation and in the customer's experience with its innovative products and services. The year was one of transformation and maturity for Movida, which showed **agility** in adapting to the pandemic scenario, adjusting its size to fit the demand and **resuming a growth trajectory** at the year's end in **readiness for even further acceleration** in the periods to come.

In January 2021, **Movida acquired VOX**, an MFO (Management and Fleet Outsourcing) company with around 1,800 cars, thereby boosting its position in specific market niches, as well as further enhancing its ability to attract customers. That same month, **Movida** issued US\$ 500 million in bonds, maturing in 2031, **the world's first car rental company to issue a Sustainability-Linked Bond**, embracing the commitment to a 30% reduction in GHG intensity by 2030.

**Vamos completed its IPO** in January 2021, in line with best market practices, the initial public offering raising R\$ 1.3 billion which has strengthened its capital structure and has readied it to operate in a market with high

growth potential. Vamos has created and implemented digital systems and platforms that **further strengthen its operational bases for scaling up the business**, affording agility in decision making, better management, control and security for accelerating its growth. Vamos has a unique rental platform in Brazil, whose highlights are the customized services for trucks, machines and equipment. Market leadership, scale and expertise allocate us the responsibility for developing market while also presenting us with huge opportunities.

**CS Brasil** has reviewed its portfolio of customers and services in recent years which, in 2020, resulted in the transformation of the profitability of its business. Over recent years, CS Brasil has been expanding its **focus on light vehicle MFO activities** whose Net Revenues showed **growth of 14.8%** in 2020, when compared with 2019, contributing **83% to the EBITDA in 2020**. CS now stands out in its segment, especially through **electronic bidding processes** that accounted for 91% of the total bidding processes in which it took part. CS **was awarded 53% of the fleet bidding processes in which it competed in 2020, having renewed 83% of its contract base**.

In line with the already existing focus on **long-term contracts** for providing services in operations with attractive returns and resilient revenues, CS Brasil was also victorious in two auctions for concessions of port terminal operations at Aratu-BA, **reflecting its strict capital management**. In December 2020, the National Waterway Transport Agency (Antaq) declared **as the winners the proposals submitted by CS Brasil** referring to the



concession for handling and storage services at two port terminals in the Aratu Port Complex, where the emphasis is on the imports and exports of the agribusiness and mining sectors. The concessions will run for 25 years and 15 years, with the possibility of extending the contracts until 2091, should the parties so agree.

**Original has rapidly adapted** to the new market conditions imposed by the pandemic, and posted record profitability in the second half of 2020.

**BBC** expanded its offering of leasing to group customers, **intensified the development of its digital platform and began providing credit to truck drivers** with the aim of becoming the leading method of payment of the cargo haulage ecosystem and applications in Brazil.

We are continually striving to perpetuate our development in a sustainable manner. To do so, we operate in segments in which we are the leaders, and which have huge growth potential, with one **important differential: our people**. Our come from different and complementary backgrounds, age groups and fields of knowledge, encouraging us to continue investing in training as diversity as competitive advantages. **Another intangible asset is our corporate culture, created over 64 years of dedication, and the commitment to our employees, customers, shareholders and society**. We are a company proud of our family origins, but which is wholly managed by professionals with strict ethical standards of governance, safety and efficiency.

Our people are initiating a new cycle much more mature, with the feeling of renewed constant care and solidarity. For that reason, we want to thank our employees for their work, dedication and commitment, and our customers, suppliers, shareholders and creditors for their trust, fundamental for achieving the results we are so proud of. We remain content with everything we have achieved and for being able to help those in need amid this challenging scenario.

**SIMPAR is ready to support a new development cycle of its subsidiaries**, with focus on the returns expected for their businesses, with strict control on capital based on a solid culture and people that embrace their values. We are ready to push ahead with our development in 2021, whatever the context, because we have the ability to adjust to different variables while perpetuating the values and culture that set us apart.

**Thank you very much**

**Adalberto Calil**

**Chairman of the Board of Directors of SIMPAR S.A.**

**Fernando Antonio Simões**

**Chief Executive Officer of SIMPAR S.A.**