

Employees at SIMPAR's administrative headquarters



# Financial Capital

# Economic-financial results

GRI 201-1

**SIMPAR** invests in building solid foundations so that its companies – present in resilient and diversified sectors – can develop and produce robust results. Thus, from the established structure, it recorded a net Capex of R\$ 7.0 billion in 2023, approximately half of the R\$ 13.5 billion in 2022. Additionally, of the total invested in 2023, R\$ 4.3 billion (or 60% of the total) were made in the fourth quarter of 2023, due to the closing of new contracts and fleet renewal opportunities, whose cash generation is expected to positively impact results significantly only in 2024.

Gross revenue was R\$35.5 billion, a growth of 34% compared to 2022. The combination of organic growth with acquisitions and the enhancement of companies further strengthened the business group, composed of independent businesses, present in resilient segments with high growth potential.

Adjusted EBITDA\* was R\$8.2 billion in 2023 – an increase of 20% compared to 2022, below the growth seen in revenue, which is explained by the strong expansion of **Automob**, which has lower margins, due to the normalization of the margin sale of assets at **Movida** and due to the adverse scenario faced by **VAMOS** agricultural concessionaires.

In the year, **SIMPAR** reported an adjusted net loss\* of R\$ 280 million, a result stemming from factors such as the carrying cost of a robust cash position, in line with the holding’s plans, providing security for the Group’s development, as well as increased financial expenses and cyclical events affecting some businesses, such as reduced sales in **VAMOS’** agricultural dealerships, adjustments at **Movida**, and the impact of currency depreciation in Argentina for **JSL**.

The execution of the strategic planning defined in recent years has given rise to the differentiators that the Company holds in each of its businesses and allows for continuous improvement of operational results. As a result of the solid foundations established, in just the last three years, **SIMPAR** has multiplied its operating profit (EBIT) by over four times. This shift in operational level leads the Company into a cycle of capturing the maximum results from everything that has been built, with higher profitability and consequently increased net profit.

Thus, in 2024 growth will be a consequence of everything that was built, the evolution of operational and financial efficiency and the Capex implemented in 2023, with only part of the revenue from these investments already being captured by the business. **SIMPAR** ended 2023 with net debt of R\$3.0 billion\*\*, as a result of building businesses with competitive advantages and barriers to entry in different sectors.

The consolidated leverage, measured by net debt/EBITDA, was 3.7x in 2023, stable throughout the year.

**SIMPAR** will continue to work intensely towards cost and expense optimization and continuous improvement in asset management and turnover. It will also maintain a strong focus on capturing synergies with acquired companies, implementing best practices, and benefiting from economies of scale. The cash generation resulting from these efficiency actions and investments made in recent years, together with possible strategic moves for deleveraging, will determine the pace of expansion into new businesses, focusing on increasing profitability and creating value, with an emphasis on strengthening long-term commercial alliances.

\*Numbers adjusted according to the reconciliation available in the 4Q23 results release.

\*\*Includes R\$1.0 billion in cash from the synthetic term as per the Market Communication on December 22, 2023.

**DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED (R\$ MILLION) GRI 201-1**

<b>Financial highlights (R\$ million)</b>	<b>2022</b>	<b>2023</b>	<b>▲ A / A</b>
<b>Gross revenue</b>	<b>26,513.5</b>	<b>35,513.4</b>	<b>+33.9%</b>
Deductions	(2,431.7)	(3,669.8)	+50.9%
<b>Net revenue</b>	<b>24,081.9</b>	<b>31,843.6</b>	<b>+32.2%</b>
Net revenue from services	18,831.8	25,600.6	+35.9%
Net revenue from the sale of assets	5,250.1	6,067.5	+15.6%
Net Construction Revenue	-	175.5	-
<b>Costs</b>	<b>(16,490.7)</b>	<b>(23,699.8)</b>	<b>+43.7%</b>
Cost of Services	(12,324.5)	(18,157.5)	+47.3%
Assets Selling Costs	(4,166.2)	(5,366.7)	+28.8%
Construction Cost	-	(175.5)	-
<b>Gross profit</b>	<b>7,591.2</b>	<b>8,143.9</b>	<b>+7.3%</b>
Gross Margin (% NOR)	31.5%	25.6%	-5.9 p.p.
Expenses	(2,474.4)	(3,279.2)	+32.5%
<b>EBIT</b>	<b>5,116.8</b>	<b>4,864.7</b>	<b>-4.9%</b>
Margin (% NOR of Services)	27.2%	19.0%	-8.2 p.p.
Financial result	(4,129.4)	(5,893.7)	+42.7%
Taxes	(46.7)	377.2	-907.7%
<b>Loss from discontinued operations</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net profit</b>	<b>940.7</b>	<b>(651.9)</b>	<b>-169.3%</b>
Margin (% NOR)	3.9%	-2.0%	-5.9 p.p.
<b>Net Profit of Controllers</b>	<b>482.1</b>	<b>(495.2)</b>	<b>-</b>
<b>MARGIN (% NOR)</b>	<b>2.0%</b>	<b>-1.6%</b>	<b>-3.6 P.P.</b>
<b>EBITDA</b>			
Gross Margin (% NOR)	7,003.1	7,968.6	+13.8%
<b>Adjusted EBIT</b>	<b>29.1%</b>	<b>25.0%</b>	<b>-4.1 p.p.</b>
Margin (% NOR of Services)			
<b>Adjusted EBITDA</b>	<b>4,958.7</b>	<b>5,247.8</b>	<b>+5.8%</b>
Margin (% NOR of Services)	26.3%	20.5%	-5.8 p.p.
<b>Adjusted Net Profit</b>	<b>6,809.0</b>	<b>8,177.4</b>	<b>+20.1%</b>
Margin (% NOR)	36.2%	31.9%	-4.3 p.p.
	836.3	(279.8)	-133.5%
	3.5%	-0.9%	-4.4 p.p.

For more details, access [Financial Statements](#) of SIMPAR Group.

# Tax management GRI 207-1 | 207-2 | 207-3

SIMPAR's tax strategy\* is formulated and monitored by a specific Tax Management area, which maintains controls to ensure compliance with tax laws and regulations. Approval of the strategy is the responsibility of the Controllership Director, the Vice-President of Finance and the Chief Executive Officer, with the support of a Tax Committee, made up of three external consultants.

Considering that the Group is a relevant tax payer (such as ISS, ICMS, IRPJ, CSLL, INSS, PIS and COFINS), a Tax Planning and Management Department is also maintained to align the tax practices adopted by the subsidiaries. Internal and external audits act to monitor the Group's regulatory compliance, and thus minimize risks in this area, while the Compliance and Internal Controls Department keeps mechanisms to prevent possible concerns regarding business conduct and the integrity of SIMPAR in relation to taxes.

Additionally, regulatory issues are monitored and there is participation in tax committee forums to monitor and discuss tax matters. There is also participation in external study groups, such as the Brazilian Association of Public Companies (Abrasca), always observing the legal security of the tax-taxpayer relationship, recognizing the importance of ethical and transparent affinity with stakeholders.

\*The strategy is not available to the public.

About the Integrated Annual Report

Message from the Management

SIMPAR Group

Highlights 2023

Intellectual and Reputational Capital

Human Capital

Social and Relationship Capital

Natural Capital

Financial Capital

Annexes

GRI Content Index