

# MESSAGE FROM THE ADMINISTRATION

GRI 102-14 | 102-15

2020 was marked by our discipline in operations when we managed to implement all planned actions, with the necessary adjustments due to the Covid-19 pandemic. This reinforced the resilience of our business model in both favorable and recessive economic environments and led us to overcome the challenges in a positive and effective manner.

This contributed to the fact that throughout the year, we maintained a very strong spirit of unity among our leadership. We functioned as an unofficial crisis committee, with daily meetings, shared decisions, and a focus on people's health. Part of our team started to work remotely, and for those professionals whose activities did not allow this alternative, we offered resources and guidelines for their work in compliance with the adequate safety protocols.

When concerns about sales volume, inventories, default rates, and other operational aspects emerged, we started to monitor, on a daily basis, the performance of our business lines to make adjustments to this new reality.



José Geraldo Santana Franco Junior - Director; Gustavo Henrique Paganoto Moscatelli - CFO; Christian Hahn da Silva - Director and Gustavo Henrique Braga Couto - CEO.





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From a financial standpoint, we made quick decisions involving risk management, which prioritized cash preservation in the face of concerns about our customer's serious financial difficulties. This work was so successful that the default rate registered throughout 2020 was lower than in the same period of 2019, reaching its lowest historical level.

In addition to caring for people and being attentive to cash management, we also responded to the crisis, and proved the resilience of our business strategy, by making decisions based on longer horizons. Thus, we began analyzing purchases estimating future market needs in each of our business lines: agricultural, rental, dealerships, yellow line (which includes mining and construction machinery), etc. The change was instrumental for us to end 2020 with results that exceeded expectations. Our net revenue totaled R\$ 1.5 billion, up 25% over 2019, and EBITDA closed at R\$ 639 million, 21% higher than in 2019.

Operationally, three facts marked the year. In January, we entered into a partnership with Komatsu do Brasil, through which we started to distribute the products of this Japanese manufacturer in the states of Mato Grosso and Mato Grosso do Sul, expanding our portfolio of operations by offering new products and serving new sectors of the economy.

In August, given the scale that the company reached and the forecastability of our business model, we implemented purchase planning aimed at contract renewals, which considerably improved our working capital, meeting the needs our customers more efficiently

in the search for greater productivity, improved capital allocation, lower indebtedness, and cost reduction.

Another highlight of the year was our contract to be the dealer for Fendt, a German manufacturer of tractors and agricultural machinery, globally recognized for its quality and technology in high-precision agriculture. This agreement consolidated our position in the agribusiness sector, especially in the Brazilian Midwest, and that has synergy with the relationship we have with the Finnish company Valtra, which also belongs to the AGCO Group, a global leader focused on the development, manufacture, and distribution of agricultural equipment.

In addition to results, we advanced in aspects related to sustainability — which, for us, means the ability to repeat the cycles continuously — and became signatories to the United Nations Global Compact.

Our aim is to use natural resources consciously to ensure their availability in the future. Socially, this is expressed by maintaining a healthy relationship with communities so that they will wish to coexist with us for a long time. For this to happen, we must remain financially strong.

In the environmental, social, and governance (ESG) dimensions, we chose priorities expressed in projects that have specific objectives, indicators, goals, and deadlines, some of which are already ongoing. This is the case for the implementation of selective sorting and correct disposal of waste in the company's units; demanding that third-party workshops properly dispose of waste; and diagnosis to define the



**R\$ 1.5 billion**  
of net revenue  
in 2020.

requirements for obtaining the B Corporation certification, committed to making decisions that create value not only for shareholders, but also for other stakeholders and society at large.

In terms of governance, in addition to the maturing of the Board of Directors, we remain aligned with the best practices of the Novo Mercado, which was already happening even before we were officially listed on B3.

Our track record of achievement motivates us to dream big and set ambitious goals. We are convinced of our ability to face future challenges, especially as we have a committed and results-driven team, without which our growth would not be possible.

### **The Administration**