

**International Conference Call
São Martinho (SMT03)
4Q25 Earnings Results
Crop 2024/2025
June 24th, 2025**

Operator: Good afternoon, ladies and gentlemen, and thank you for waiting. Welcome to the São Martinho S/A conference call to discuss the results for the 4Q of the 2024-25 crop year.

With us today are Mr. Fábio Venturelli, Director-President, Mr. Felipe Vicchiato, CFO and Head of IR, and the Investor Relations team of the Company.

The audio and slides of this conference call are being broadcast simultaneously over the web at www.saomartinho.com.br/ri. Participants will be able to choose which language they want to view the presentation in. Two tabs will appear at the top of the screen with the options available.

Please note that all participants will be in listen-only mode during the Company's presentation. We will then initiate the Q&A session for investors and analysts when further instructions will be provided.

Please be advised that certain information contained in this conference call may contain forward-looking statements, and such information is subject to known and unknown risks and uncertainties that may lead that such expectations not to be realized or to differ materially from what was anticipated.

Now I would like to turn the floor over to Mr. Felipe Vicchiato, who will initiate the conference call.

Felipe Vicchiato:

Good afternoon, everyone, and thank you for joining us at this conference call related to the 4Q of the crop year 24-25 of São Martinho.

We will initiate on page four with the main highlights for the quarter and the year. This 4Q we posted a lower sales volume when compared to the previous quarter of approximately 38%, mainly attributed to a more relevant sales of sugar and ethanol during the 2Q and 3Q, and mainly because of the fires. I think we mentioned the issue of the fires last quarter, and because of that, a great part of the March sugarcane volume was not produced due to the fires, and therefore, our sugar volume was lower than anticipated.

There was a 46% drop in sugar production on a quarter-on-quarter comparison, I mean 4.7% less in the case of ethanol. The volume was 33%, but the price was better by 33.2% with ethanol net income pretty much in line. So ethanol income has a carryover from March through April because of a strategic move to get better prices in April. We wanted sales to occur in the 1Q, so all of that carryover of ethanol inventory was already invoiced, and the cash was received in April and May.

So with that, with a drop in revenue, our EBITDA was down by 33%, EBIT is down by 45%, and our cash income 42%. I would like to mention as well that last year in the 4Q, we had Copersucar's secured warrants, which did not help us. Otherwise, the results would be much better.

Year-to-date, just as in the 4Q, there was also the impact of Copersucar's registered warrants, \$2 billion, net of taxes was about R\$500 million, and that was the major impact in our cash income. If you look at the registered warrant of the entire crop year, we are seeing that year-on-year net income was pretty much in line despite all of the impacts we had this crop year, especially attributed to the fires.

So next, we will talk about our ethanol and sugarcane cost and sugarcane-based ethanol. So we had an increase of 2%, getting close to R\$2,017/ton, and the margin goes down from 20.8 to 18.2. Basically, here we see stable prices at a slightly higher cost. There was a drop in March, but it was still quite healthy last year because of ethanol. There was a price increase year-to-date of 12.7% in the year, but cost was up by 12.1%.

Ethanol, in particular, there was the fire that had a significant impact because, I mean, the fire occurred at the end of August, early September. And so, it was from then on that all of the remaining cane we had to produce more ethanol and less sugar because we couldn't recover the sucrose to produce sugar. And there was lower yield, more impurities, therefore unit cost was inflated, and this jeopardized that ethanol cost.

For this year, we believe that both ethanol and sugar costs will be lower by 5% given the fact that there were lower costs of diesel oil for the coming years (we are noticing that now), lower dilution of fixed costs, and the effect of the fires that will not occur this year.

Next, we have an analysis of ethanol, sugarcane ethanol and corn ethanol in Goiás. This is just a cost comparison. In my last slide, I will refer to the last cycle of investments of the Company for 2025, which ends now. We focus on allowing the plants ready to produce sugar and hydrous ethanol, and then we will look at how we are looking at ethanol in São Paulo.

But this slide shows or conveys some important messages. When we look at corn ethanol at Boa Vista mill year-to-date, we start with a cash cost for corn ethanol, R\$2,789/m³, and then when we exclude all the benefits of corn ethanol, which is

DDGS and other by-products, including certainly other products, the break-even cost was R\$1.6/L, and this allowed the Company to post significant improvement in the corn ethanol cash generation.

When we look at the cash cost of cane ethanol at Boa Vista – and I am putting everything in the same basis of hydrous ethanol –, so cane ethanol, the cost is even lower than corn ethanol. Corn ethanol was 2,789 and 2,600, so we are more productive in terms of sugar ethanol vis-à-vis corn ethanol.

When we exclude byproducts in Boa Vista, we look at net revenue of yeast, so we have plants that can do yeast at Boa Vista at a significant level. There is cogeneration net income, and there is also the issue of saying that Boa Vista has a cost of R\$2,100/m³, whereas corn ethanol is 2,600.

Here, we also show competitiveness of cane ethanol at Boa Vista. Here, we also show that right now, it doesn't make sense for us to have one sugar cane mill at Boa Vista, given its competitiveness and also the benefits from the granted area and others, and we still have room to improve Boa Vista's cane costs, and this is what we are looking for this year.

Next, I will talk about the sugar cane market and the hedge of the Company. As you notice from yesterday, we decided not to give you a guidance for sugar or ethanol production today given the latest events from the last weeks. So today, we hedged 855,000 for sugar. This is the last base as of last Friday, this is an average price of R\$2,533/ton. And this average price when compared to last year's price is 3% lower when compared to what was realized last year. Therefore the impact in the base is not as relevant because we understand that there should be a reduction in cost in sugar production. But even then, prices are still ranging between 16 to 17 cents.

Today, with this screen price of sugar, it remunerates more than hydrous ethanol by only 11%, and this is leading some companies to, I mean, especially in the Center-South region of the country, Minas, Mato Grosso and Goiás, which are areas that are already migrating to produce more ethanol. And in addition to that, there is the possible announcement of E30 that should come in the next few days, and this will change the demand for ethanol.

So we understand that this sugar price is quite wrong, given the production expectation, the yield expectation that we have in Brazil today. The average, we are talking about a production expectation that should grow vis-à-vis last year's production, which was a large production. In addition, of course, to Thailand and India that are posting increases of 15 to 20% of a crop year that hasn't even begun. They will start in October. And there is expectation due to climate issues, there is an expectation that yields will increase due to climate issues.

But now just to shed some more color and to show you what happened last season in terms of crushing of sugarcane, and through these figures, if we want to get a

better understanding about what will happen in the next crop here, here I show you what São Martinho produced in terms of crushing and sugar production once we released the guidance back in June to the market, just slightly before the fires and after the fires.

I would like to remind you that the fires had a heavy impact in the region of Ribeirão Preto, and this impacted São Martinho more than other plants, other mills. We are saying not more than 20 million tons in total of the mills that were impacted. So initially in our guidance, we were thinking, back in June of last year, that we would be crushing 2.2 million tons, and now we crush about 1.5, 1.6 million. Back then, the industry expected crushing of around 2 and a sugar production of around 40 million tons.

Up to August, climate conditions helped us a lot. And São Martinho's expectation at that moment had improved by 400,000 tons of sugarcane, of processed sugarcane. And then, the industry as a whole also expected the same things but given the impact at the end of August and early September, our initial guidance was 22.6, and at the end, we only managed to process 21.5, given the damage that occurred in our sugarcane plantation.

We had no track record that would allow us to measure how much sugar and ethanol we would be able to extract from that plantation. But in fact, what happened is that we lost something close to 200,000 tons of sugarcane. I mean, the sector as a whole didn't have that impact. They even crushed a bit more. In fact, 620 million tons and 40 million tons of sugar, which was a record number if you look back five to six years.

The expectation today for the industry is that we will produce 107 million tons and then we will produce 40 million tons of sugar. What happens is that when you look at the very strong drought in the summer with a very low rainfall during the summer season, which was supposed to be a more rainy season. Today, on average, up to now, we see a shortfall of at least 10% in TCH, with a difficulty in crystallization in terms of increasing our sugar production. Therefore, we believe that this number of 42 million tons of sugar, which is forecasted by the different mills, is a bit challenging, not to say unlikely.

But market prices are still betting that this number is even higher than that 42 million tons. Therefore, we are closely monitoring the market, and we believe that in the next 15 to 30 days, we should have a bit more visibility, and we will be able to say whether this number will be confirmed or not. But for now, we'd rather not give you any guidance for sugar productions.

Fábio Venturelli:

I'd like to draw your attention to, when we look at what happened to São Martinho, the market is pointing at a price of 607 million tons and 42 million tons of sugar, and the market is kind of traumatized with what became known as the little surprise at

the end of the crop season last year. And São Martinho is a bit of an odd liar because of what Felipe explained, the fact that we were substantially impacted by the fires. But if we look at what was happening before the fires, we were seeing an increased yield, but we ran into difficulties in sugar production. We had an expectation of 602 million tons and 40 million of sugar, and the actual was 621 million and 40.2 for sugar. So that made it harder for the crystallization to operate crystallization at the same conversion efficiency that we expected with the 600 million tons.

So yield was increasing, but with sugarcane, we did not have sucrose at the same level to turn it into sugar, to handle the conversion. So that was the surprise that happened in the end of the last crop year. It was much due to the sugarcane volume and less related to sugar production.

And there's one detail, this quote-unquote surprise, although the market is pricing that it will happen in the last third of the crop year, it was actually built all along the crop season. If we stop and look to see what's happening today in the sugar cane plantations around Brazil, we see a yield loss of at least two digits, and a TRS loss. So this combination is very relevant in terms of our ability to produce sugar.

So the surprise in the end of the crop season, which was built all along the crop season, this year it has been operating in a deficit. So if the logic of a surprise in the last third were true, we would need to have an explosion of yield, something that is totally unprecedented, something that was never seen in these regions, and all of this would be converted into sugar.

At the same time, with the arrival of the E30, and with the expectations for ethanol in the end of the crop season, end of the crop year, I think a significant part of the mix should go to ethanol, and it is something that we will start seeing when we move forward in Q1 and Q2. So I believe that we have an out of context bet in terms of what the sugar production will actually be in the Brazilian market.

When we look at São Martinho, the fact that we publish our data and our forecasts and our expectations for the crop year, you will note that the guidance shows a net growth compared to the guidance of June last year, but please remember that we were very diligent in investing almost R\$100 million in those areas that were impacted by the wildfires. So this number of 22.6, which means growth, this number is very much favorably impacted by all of the actions that we took to eliminate any possible effect of the fires on the following crop year.

And it does not really represent what's happening in the neighboring areas, in our neighboring areas. We have seen companies in our region with 25% TRS shortfall compared to the number last year. So I just wanted to digress and explain this.

Felipe Vicchiato:

Excellent, and we can explore these points during this conference call.

Moving on to slide nine, we see our indebtedness. The debts of the Company ended March 25 at 4.9 billion, 1.4 times net debt over EBITDA, and we basically saw a debt growth on the back of compensation to shareholders based on dividends and share buybacks. In addition, we had the judicial deposits of the registered warrant that we received in April.

So the comparison basis affected R\$400 million less the debt, and this in and of itself related to the judicial deposits explains some of the difference, and then we have the remuneration of our shareholders given the good results that we posted last year. The expectation is that our debt will drop this year because we have a lower volume of investments as we posted in our guidance – I'll explain more about that.

Moving on to the guidance. Yesterday, we posted a crushing growing 3.7%, 21.8% to 22.6%. However, average TRS is 1.8%, only half of that, and this lower production is due to a lower TRS. The TRS of the past crop year was atypical given the weather conditions. The TRS is now becoming normalized. In corn, we are growing a little, 0.7% compared to actual, and we will grow total production by 2%. And this crushing recovery, as mentioned, is very much what we were imagining, given the low yield of last year, and it is far from our potential.

Implicit TCH is close to 84-85. Our TCH, potential TCH, when we look at the average of our four units, is a potential of about 90. So if we get these 5-6 tons per hectare and multiply by the number of hectares that we have, we are talking about close to 2.5 million more crushing. So if we had an agricultural crop more normalized with the current plantations I have, we would be crushing 2 million more, and 100% of that would go to our net income because the marginal cost would be related only to sugarcane transportation and industrialization, of course. So, doing a quick math, these 5 tons would have a relevant impact on our cash flow.

Lastly, we'll speak about the CAPEX guidance. Last year we had R\$2.7 billion worth of CAPEX. Our initial estimate was close to 2.8, so R\$67 million less, and the R\$67 less is due to schedule of the CAPEX, mainly related to the biomethane plant. This has been done now, biomethane will start operating in August. Our maintenance CAPEX was 1% below last year, absorbing 100% of inflation and a little more.

Modernization, well, it increased a bit because we needed to replace some trucks that have come to the end of their useful life. They started impairing the operation. And lastly, improvement CAPEX 200 million. That would be sorted out to two groups: R\$67 million CAPEX that was carried over from one year to the next, so we ended up with 133; and 133 is basically the CAPEX for irrigation, which is complete now, some two-row harvesters arriving and some investments for the yeast plant to improve productivity and efficiency of the yeast unit, because this brings us income of about 50, a profit of 50 to R\$60 million, and that is recurring.

And just to end the presentation so we can open for questions, we ended the investment cycle for the Company, that we approved at the Board, and we had two

main fronts: The first front was to optimize the portfolio, where my plants in São Paulo, Santa Cruz, Iracema and São Martinho currently have an ability to produce up to 70% sugar and just 30% ethanol. And of ethanol, I can produce 100% of anhydrous ethanol which is certified. If there is an export market, I can export it. And this ethanol this year we should be exporting close to 80,000/m³. That's special ethanol with a better margin than the ethanol we use in the domestic market. So this is the part to optimize the industrial portfolio.

In addition, we made a lot of investments in agriculture, notably irrigation and improvements in our varieties, our traits, so that we can have a more resilient variety, more resilient to the weather, because the weather has been impacting our industry and also São Martinho. So we have a potential TCH of 90 average for the four plants, and we can get between 23, 24 million tons of cane, depending on the weather.

And lastly, we completed two major projects that diversify our business: The first is corn. This year, it did really well, corn helped us a lot, helped the group a lot, given that we had a good result, given the shortfall in sugarcane. I mentioned that we were thinking of R\$350 million less in terms of result, but corn helped us offset that a little bit, delivering cash generation of almost R\$300 million; and biomethane. The revenue hasn't come yet; it will start coming as of August. This is a project with the support of BNDES and FINEP with a good rate of return. We haven't got the numbers yet, we just have them in the CAPEX and in the debt, but it's very adequate debt in terms of terms and conditions.

And another significant CAPEX we tend to forget is something we invested in two years ago, which is a high-pressure boiler at São Martinho plant. That boiler arrived last year, but the auction was posted just this year, so we have 85% of the 210,000 MW/h sold, and we have a contract which is a 20-year contract adjusted by inflation bringing us revenue and recurring EBITDA less subject to sugar and ethanol price volatility.

Well, I think this is it. We are coming to the end of the presentation. Fábio, myself and the whole team are available to answer your questions. Thank you.

Question and Answer Session

Operator: Thank you. We will now start the Q&A session. As a reminder, for written questions, please send them via the Q&A icon at the bottom of your screen. If you want to ask live questions, please click on the Raise Hand button at the bottom of your screen. By default, in this case your name will be announced so that you can ask your question live. At this point, a prompt to activate your microphone will appear on your screen.

Matheus Enfeldt, UBS: Hello, good afternoon, Fábio, Felipe, the whole São Martinho team. I'd like to focus on capital allocation. First, I'd like to get an update

on the corn ethanol plant expansion, a project that we talked a lot about in recent conference calls.

We had an expectation that it would be announced in Q1 this year, but we didn't have any more updates around that. So what are you thinking about this? Was the project approved, refused? Is there a timeline until when it makes sense given the market and other plans being built? So I'd like to get your opinion about this project and the decision making.

My second question is what about the rest of capital allocation? I understand that this is a year of tight prices with an expectation of improved prices, as you said. But how should we think about capital allocation in the coming two years? We saw a lot of mobilization in biogas, given the biogas mandate, also with very high prices. Is that still a possibility?

We have also seen a lot of deals in mills and sugarcane being sold. I think that you have a better operation than the average. So I just would like to get a sense of other possible capital allocations. Also, I'd like to understand the decision-making process regarding the ethanol mill.

Felipe Vicchiato: Thank you, Matheus. As regards to the corn ethanol plant, we haven't made a decision yet. In fact, part of the CAPEX guidance includes a corn ethanol project, which is included in this guidance. We should be making a decision in the beginning of the 2H of the year so that the plant will be ready by mid-2027, most likely between April and May of 2027.

So what are the challenges here? We considered the project, and we saw the possibility that the project would not be a project of 500,000 tons and we could get to 585,000 tons of corn. So we want to improve the current corn ethanol plant at Boa Vista, and this would allow us to do maintenance, shorter maintenance downtime, and this would improve the project. And because of that we ended up taking a little longer to decide but the team is working on the project description.

And another important point is the corn storage, the warehousing. The warehousing prices have increased a lot since last time we looked at the project, so we are trying to simplify things and perhaps consider the possibility of not building a corn warehouse and rather rent it out so that we can have a better CAPEX and a better return, even if we have to pay a little higher price for the corn. So that's for the corn ethanol plant.

The decision should be made during the 2H of the year. And just like the biomethane example, the corn ethanol plant will also count on funding and support from FINEP and BNDES as soon as the project is equalized and then we'll make the announcement.

In addition to these projects, and of the corn ethanol project, which is a major project, in addition to requiring financial resources of the Company, it takes up an important asset, namely time. So we normally tend to focus on two projects at a time and not too many projects or else we end up not doing anything well. So we should have one or two good projects at a time.

The next one will be the corn ethanol project. We are completing the biomethane project and after that if the corn ethanol project is approved by the Board, we'll go through with it. And there was a bidding process by Petrobras with higher prices, but in the end, it didn't make sense to us to bid. And now since the sugar prices are increasing, well, actually the prices are lower, the cycle is a little worse when we look at the next quarter, the idea is to focus only on the corn ethanol project for now.

Matheus Enfeldt: Excellent. And what about plants? Are you considering buying other mills?

Felipe Vicchiato: We're you considering buying other mills, but we're not considering buying other mills, but we are always looking at the possibility of acquiring biological assets that make sense to us. But for now, there's no news.

Regarding biomethane, I think that the agenda of the state of São Paulo is very active. Depending on the price of biomethane, we have the possibility of unlocking projects at Boa Vista and at São Martinho too. But that depends on pricing, funding, etc. But the state is very active, and we are keeping an eye on what's happening. For now, in our pipeline, we have the corn ethanol project.

Matheus Enfeldt: Thank you.

Larissa Pérez, JP Morgan: Hello, Fábio, Felipe, John. Thank you for taking our questions. We have two questions. First, we would like to focus on the corn ethanol results. At what price you were buying corn in the margin of the year? And also, what could we expect in terms of cash generation and EBITDA for the next crop year?

Felipe said during the call that the plant alone in 2025 generated almost 300 million in cash. Could you please tell us about what we could expect for the next crop year? That will be great.

And my last question, I think Felipe started talking about the transfer of ethanol and the shortfall in the crop year. In terms of ethanol inventories, how much inventory you think you will carry over, if it will be less or more? Thank you.

Felipe Vicchiato: Hi Larissa, good afternoon and thank you for your question. Well, the corn ethanol plant, our inventory was 150,000 tons. This was the necessary inventory to kick off the plant, to ramp up the plant. The inventory, I think it was R\$55/bag. Today, there was an important corn crop in the region, so we are buying

corn at even a lower price than 54. The number was close to 45 and R\$48/bag. Therefore, we anticipate a better year in terms of cost for this ethanol plant.

Then, cash generation will certainly depend on the ethanol prices. Our ethanol prices today, I mean, with this coming and going of oil prices, we were looking at that this morning, throughout the month of June, I mean, today is the 23rd, in June, ethanol prices for São Paulo, which is the base price for our sales, was up by 1%.

Oil prices matter, I mean, it's important, but giving Petrobras' policy to adjust prices with a slightly bigger lag, the last adjustment was not very long ago, so oil prices do not really impact our dynamics in terms of ethanol prices month after month because, you know, the tax rate is different and there is ethanol that goes into the gasoline so that it helps in this impact that is not so big when it comes to ethanol prices.

So the corn ethanol plant will increase its production, cost of corn will be slightly lower and ethanol prices, you know, and so far, as we can see, will be slightly better than that of last year. What will happen this year, more likely, is that, as we mentioned during the presentation, is that we see that in the Mid-South, they will produce less cane. There were some investments in crystallization, therefore, so far, everyone is putting the mix more towards sugar. So if that is the case, we will see an even greater drop in sugarcane-based ethanol, more than the 2 billion liters that are coming from corn ethanol. Therefore, this ethanol price dynamics will certainly depend on the mix.

Today, the parity is 66%, meaning that is very competitive in Brazil as a whole. And then we think that this is a very positive scenario. I don't want to go over March with a lot of inventory. I mean, the decision will be made in March. But at first, we do not want to have a lot of corn ethanol in March. But this is an important detail that I failed to mention.

In the São Paulo mills more particularly, we are focusing not on anhydrous ethanol, but hydrous ethanol, even though the margins are slightly lower once you go through our P&L. But as I have an important volume in São Paulo still to activate, this issue about PIS and COFINS was something that occurred in May. So with that, I can expedite the monetization of ICMS that I have on my asset base, considering the interest rates, this asset is not highly impacted.

We do the same math when we make our decisions for corn. So if you see that I'm selling more hydrous and less anhydrous, and even though I have more hydrous than anhydrous, this is due to the monetization of these credits because it pays off to do that today.

Fábio Venturelli: I would just like to add another comment. When we look at a sugar cane scenario that is more in keeping with what we see in other regions of the country, meaning less cane, and then if you look at supply and demand for ethanol at the end of the crop year, it will be almost inevitable to see a change in the mix just

to favor ethanol a bit more. We need to have a healthy transfer inventory with what we have in terms of cane and plus corn ethanol production. If there is no change in the mix towards ethanol, that transfer might be difficult.

Our expectation, as Felipe mentioned, we're still very far from March, but the trend is to have no ethanol inventory come March. Even considering an ethanol production that will be higher; therefore we have to be very attentive with TRS and TCH at the end of the crop year and that change in mix that is already occurring in some regions the Center-South.

Larissa Pérez: So thank you very much, your answers were very complete.

Gabriel Barra, Citi: Hello, Fábio and Felipe, Thank you for taking my questions. I have two questions. Maybe some of my questions refer to something that Felipe said when he referred to hydrous ethanol and the credits. There was a significant increase on the asset part of your balance sheet related to credits. I just want to hear more about it. Can you please elaborate this a bit further?

You said that there was some monophasia, as expected, but I just want to understand how much more you would increase the mix of hydrous based on the credit? What is the credit that you have today? And due to that credit, could you tell me more about the mix, given the fact that there is a discrepancy now that should be adjusted, especially in regards to credit?

The second point is that we've been monitoring this for quite some time. And one of the things that came to my mind whenever we talked about São Martinho, there were several theses, we talked about many things, and we also mentioned about reaching 25 million tons of crushing. And during the presentation, you showed a very interesting chart showing the production history of the Company, and throughout the years, it's been difficult to beat that 24 million. I would like to hear more about that story.

And looking forward, what could we envision in terms of production increase or yield increases? There were some interesting changes because of the fires. You had some unexpected CAPEX, but I just want to hear more about the path to reach that 24 million, whether this is still the Company's target to reach 24 to 25, and how are you going to get there?

Felipe Vicchiato: Okay, let me start with your first point. As of taxes, in this past year, more so in the last two quarters, I would say, volume was R\$300 billion of PIS and COFINS due to some judicial decisions, and we had to get some credit for some inputs, something we didn't do in the past. If you look at the assets and the tax part, there was a significant increase from one year to the next.

In addition to that, there is the monophasia of hydrous. Today, the sale of hydrous after the monophasia, I mean, PIS and COFINS that used to be paid by distributors

and producers, now it's solely in the hands of growers, or producers. So when I sell hydrous, I have like R\$240/m³ that I pay to the federal government, and in the past, this was approximately half and half between distributors and producers, or farmers, or growers. But now in terms of cash, it is as though I was selling hydrous ethanol for a price higher than the market price. This is in the cash point of view.

In the case of anhydrous, taxes are not paid by the farmers. They are paid by distributors once you do the blending with gasoline. And when I send hydrous, it is already tax-free. But when we look at the P&L, anhydrous, as it's a product that has less water when compared to hydrous, usually it ranges between 8 to 10% above the price of hydrous ethanol. If you have a contract, you get a better premium, but there is a higher cost which involves dehydrating because you spend more power, so the cost is about 5 to 6% higher.

Therefore, on our side, this year we will try to buy hydrous much more. We will try to do that as much as possible in our plant to monetize the credits, and so we believe that in two, three years we'll be able to monetize a great part of it.

Now, referring to the 24 million tons, the chart that I showed related to crushing is a chart where it's on slide eight. Here, we have a view of our crushing expectation last year, in our last year crop year. Before the fires, back in August, my crushing estimate was 22.8, and we would be able to get there because, I mean, rainfall was within the historical average, so we could manage to get that. But there was a difference about 1 or 1.2 million tons, at the most. And at the end, I delivered 20.8, for all the reasons I already mentioned.

We made all the investments, and obviously there was a relevant issue related to climate. Back in 2014, when we initiated the process with meiosis, we didn't have a lot of that in mind, we didn't think that it would be so different as the historical average of the last 30 years, so maybe we need more acreage to be certain that even with bad climate, we can reach top yield. Maybe we would need an additional 5,000 hectares, which is not so relevant because I already have 300,000 hectares.

But it's a journey. You know, if you look at the market itself, in general, we are always above market average.

Fábio Venturelli: If we hadn't been attacked, or maybe this was the most severe environmental crime that ever occurred in the state of São Paulo, that 22.8 was merely an estimate. And if you look at the evolution from 600 to 621, and if we were to follow that curve, maybe we could reach something close to 23 or 23 low figures, and almost maybe close to 24.

This is a very diligent work on our side. And today, the traits we have are extremely unique, they can deliver yields within our target and yields that are based on our production capacity in terms of turning atmospheric carbon because of sugarcane. So the 24 was something reachable. But then, I mean, we saw technological

advances in sugarcane, both in terms of changes in conventional varieties and there were also important advances related to those who work with sugarcane development, like CTC.

So the path towards 24 has never been so reachable. And when Felipe talks about a climate never seen before, so in fact, at the beginning of this journey, we had to face two years with frost and drought. And if you look at historical data, since the days when the Center-South used to plant sugarcane, this has never happened. I mean, a combination of two consecutive years of frost and drought. This climate challenge is what forced us to revisit some strategies, change some varieties, and therefore now we have what it takes to deliver that 24.

It has never been so close, we do have the potential to deliver that. The industry has been struggling, is suffering a lot. As you mentioned, many mills were closed or were acquired by others, and this certainly brings about opportunities for us to acquire more productive hectares. But there are some mills that we have today that already reached that level or an equivalent level close to that 24, and they're operating at a good degree of stability.

We are not analyzing the individual performance, I mean per mill, but we'll get there.

Gabriel Barra: Very clear, thank you. Thank you both.

Henrique Brustolin, Bradesco BBI: Good afternoon Fábio, Felipe, thank you for taking my questions. I also have two questions that I would like to explore. The first, I think it was interesting when you commented on yield in the Center-South dropping at least by 10%, two digits, but not looking so good for the sector. So I would like you to elaborate more on that, please.

Is there any comparison base effect in the beginning of the crop year? Perhaps it's not so representative of what we can expect for the whole year. And what do you think will be production and crushing in the Center-South? And of course, the impact on the supply of ethanol and sugar. This has been discussed, but more focused on the total production of the sector, because this will help us understand what to expect for the full year.

My second question is a follow-up. In the guidance for corn ethanol this year, there is an implicit gain in yield for ethanol and DDGS, about 1%. So I'd like to hear from the plant that is operational already what is the ramp-up stage of this plant?

And Felipe, you commented that perhaps a second phase could bring benefits for the plant that is already operational. What would be these upsides for this operational plant? Thank you.

Fábio Venturelli: So, I'll start with the first question. I think it's kind of difficult to affirm that the comparison base is impacting this loss that the mills are seeing. As

you saw, last year was a year where the surprise at the end of the crop year was something that was being built during the year. When we speak with agricultural people who are traveling around, looking at São Paulo, the several regions of the state of São Paulo, states of Minas, Goiás, Mato Grosso, we see companies reporting two-digit losses.

I must admit that some companies, when they reported this kind of loss, I was scared. I went there to see what was happening with my own eyes, and some of them, some mills are benchmarks in the state of São Paulo with an average yield of less than 70 million tons. So I think that to your point, whether the comparison base was too high in the beginning of the crop year last year, perhaps there's some distortion because then it looks like a bigger fall.

But if this were true, the deviation to the standard was not that significant last year. It was happening gradually. So this, we are starting from a lower starting point. Now the whole sugar market is betting that Brazil will repeat this end of crop year surprise, but this is becoming more and more unlikely because we are losing TCH at a moment where yield should be high, and when we look at the end of the crop year when yield is lower, for you to recover what you lost now, your growth percentage has to be obscene, or something totally unprecedented, never seen before.

And at the end of the day, when we visit the sugar mills, which are benchmarks of productivity and yield, they are experimenting a very challenging condition. So what we realize is: One, the situation is a fact; and two, in addition to low yield and a TRS way below the expected, it makes it almost impossible for us to offset that difference in the end of the crop year, because in the end of the crop year yield is expected to be lower.

So I would say that there is this super belief that the Center-South of Brazil will deliver a surprise, and this is fed by what happened in the end of the crop year last year, which was translated into 20 million more tons of sugarcane. That came from an expansion that was not identified. These were small areas in some regions. But this did not translate into an increased sugar production. So the sugarcane business is more complicated, there is less TRS, but the mills are now filling up with whatever they can get, and they are bringing in all productions that they can process.

So it gives us this false perception that everything is going really well, but to us, instead of moving to a positive, a favorable surprise in the end of the crop year, I think that we might be expecting a greater disappointment, especially in some mills in the Midwest switching to ethanol. That's an indication of that as well. So I get a little worried in terms of what we will get of sugar because there's this big bet on two crops that have not started yet.

We have a favorable weather, but the crops in Thailand and India have not actually started. So we have to keep an eye in this scenario. We have to follow the data that is published by CTC, for example, regarding yields in the different regions and the

reports by the companies that do report their yield. This chart here we included to show that we have an apparent growth, but this is very much impacted because we were doing exactly the opposite of what the market was doing because of what Felipe explained.

We were the Company that came to market and talked about how impacted we were in our sugar cane production. We crushed the burnt sugar cane for 49 days. I remember that after the devastation of the fires, one of the people I respect the most in our sector tapped me in the back and said: "This burnt sugar cane, you can process for 10 days. After that, forget it", and we processed it for 49 days. Of course, we didn't get sugar out of it. We got alcohol and ethanol. We lost a lot of weight. If you imagine perhaps these 2 million tons, when we processed in terms of effective weight, they were probably weighing one million, a million tons.

So this was a significant loss. Our number does not really reflect what happened given the size of the impact we felt, the size of the blow. But I think this is important for you to understand the effective dynamic of what's happening now. But now the comparison base of last year is not an explosive one, not at all, because we could only perceive this greater sugarcane production in the end of the crop year, because this is something that was built throughout the crop year. It is not an outlier comparison basis.

Felipe Vicchiato: And let me add to what Fábio said. When we look at the beginning of the crop year, one third of it is past, one third is gone. In the end of June, one third is gone. The second third is normally what Fábio mentioned, and I want to stress that's the second third when the plants are full and the mix is very low for sugar or ethanol, our crushing per day is the maximum, we use the maximum for sugar, the maximum for ethanol, unless we want to reduce the crushing and place a bet that it's not going to rain in the end of the year. That's a risk for the mill, but normally we crush everything that we can.

What gets things worse is when we have a higher share of sugar in the mix, as has been the market expectation.

Now moving to corn, we expect to have improved yield for corn and that's a combination of a learning curve for the industry. We have a reference for corn that has been operating for a while: Inpasa, a company with excellent yield, excellent productivity, they can extract 5-6 percentage points more than we can. We are trying to get there; that's the goal for our team. And this year, we will have improvements in the chemical inputs, so for ethanol, we are buying from another vendor, we want to improve productivity, some more days of crushing. So, it's a combination of actions to produce a little more.

And in the second phase, once we approve the second phase for corn, we'll include in the package an improvement in the first phase of the plant. And that will increase this crushing by seven or eight days. Normally, we have a downtime of almost 30

days for maintenance, but with seven, eight more days, we're talking about a greater production, and that should improve the return of the project as a whole. In this first phase, we removed a bottleneck, we used to crush about 500, and if we approve a second phase, 585.

I remember quite well, when we started Boa Vista, in 2007, the initial Boa Vista project was to crush maximum 3.4 million. And then we proved we were removing bottlenecks here and there, we had a straw separator here, over there, and today we are crushing 5.2 million with the same dumping pit, with the same boiler, just by removing some bottlenecks. Of course, I don't think that we're going to have the same order of magnitude with corn, but there is a learning curve and a good benchmark for us to pursue and to achieve better productivity in the future.

Henrique Brustolin: Excellent, Fábio Felipe.

Felipe Vicchiato: Well, thank you, Henrique, for the questions.

Pedro Fonseca, XP: Good afternoon, Fábio, Felipe. Thank you for taking our questions. I'd like to have some follow-up questions on themes that have already been discussed. First point about productivity, yield, you spoke about it in the presentation, and it helps us a lot in terms of the shortfalls you've had, and you've seen in the sector. But I would like to insist on the theme of crystallization.

We hear about the difficulties in crystallization, the fact that the weather conditions have impacted the regions differently last year. And that makes it more difficult for us to understand. So can you quantify what has been your frustration regarding crystallization? Can you quantify it? And also, with this scenario that seems to be improving in the coming months, what would be a price level that would be a trigger for the Company to advance hedge?

So that's my first point. My second point is about corn ethanol, another follow-up question, and please, correct me if I'm wrong, but I think that in mid last year, more towards the end of last year, we were talking about a corn ethanol EBITDA a little over 300 million. It came a little lower than that. So I would like to understand if this difference was because you had lower prices than expected or something related to a surprise cost? These are my questions. Thank you very much.

Felipe Vicchiato: Thank you for the questions. I'll start with the last. Actually, the corn ethanol was linked to the timetable. A good part of the passage, the carryover inventory from March to April was in hydrous ethanol inventory. We didn't build it, so it was not included in the EBITDA. Assuming that I'm going to sell all of the corn ethanol by the end of this crop year, plus the carryover inventories, the EBITDA should actually be higher, and higher than the production this year.

And as for the first question regarding crystallization, looking at the sector overall, it's a little more difficult to know the details about crystallization. What we can tell

you, what we are seeing in our mill and in the few mills that we can visit, there is an indicator which is what we can convert in terms of ethanol sugar, and this number is 67% lower than expected. So we are not able to convert so many sacks per ton.

A part of it is related to TRS. The TRS is lower than last year and a little lower than we had estimated. And a part of that is for other reasons, weather conditions, the pace of crushing, etc. So about 7-8%.

Fábio Venturelli: And we don't recover more, okay?

Pedro Fonseca: Okay, perfect. Thank you very much.

Werner Roger, Trígono Capital: Good afternoon, can you hear me?

Felipe Vicchiato: Yes.

Werner Roger: Congratulations, Fábio and Felipe for your results. I know that this was a very challenging year, especially due to the criminal fires. So the results were quite interesting. I have two questions. One on capital allocation, my first question. If you still have the repurchasing program ongoing, and this could also have other effects in the problem and the program and about dividends, whether the Board will discuss interest on equity.

And my second question is about the judicial deposits. And if you can tell us the status of that. What is the status of that debate? I don't think everybody understands the nature of that lawsuit, what's behind it.

Felipe Vicchiato: Thank you, Werner. So I'll start with a second question on the judicial deposits. Basically, the volume is around R\$2.3 billion in judicial deposits. When you look at the P&L, you have ours and you have the one from the co-op. This judicial deposit comes from the registered warrants of the past five or six years. And we are challenging whether that is an indemnification or not, and if it is not, we wouldn't have to pay PIS and COFINS, and the total amount would be 2.3 billion, it is based on the SELIC rate, so my market cap would be about 30% or maybe slightly above that.

This is an ongoing debate. It is very slow. It's moving very slowly. This first judicial deposit was then six years ago when we received the first registered warrant. Therefore, the discussion started six years ago. Therefore, it's very difficult to tell you precisely in what court instance it is at the moment, but I know that this discussion has been going for six years. I mean, it is moving, but slowly but surely, but the asset is based on the SELIC rate, so there is not a problem.

So, in rough terms, 900 to 1 billion is PIS and COFINS, the rest is income tax and PIS-COFINS there are two collections: One is a collection made by the co-op of around R\$400 million; and there is another collection done by São Martinho. So

there is a duplicity in PIS/COFINS, and there is total income tax. So PIS/COFINS, we made the deposit because we don't want it to be, you know, sued, but it's still ongoing.

And now your first question was on capital allocation. Today I think there are 6 million shares for buyback. We do not anticipate buying anything back at this moment because now we are in the middle of the crop year. There are lots of payments to be done and we have to verify whether sugar prices will go back to levels that, in our view, would be more suitable and correct. I mean, we just have to respect the market, even though we understand that the Brazilian crop year could be worse, but there might be surprises that are not anticipated.

Therefore, we have to be very cautious when we allocate capital. That's why we will hold back on that buyback program. Also because we have a very interesting projects that will give us very interesting return on capital. We're very interested in that new project.

Now, as for dividends, we already paid an interest on equity last year, R\$300 million. Basically, that is 40% of our, you know, cash income and that is the minimum dividend that we usually pay. And I don't think there will be any additional dividend related to this year.

Werner Roger: I have another question. We are seeing a major evolution coming from new equipment, tractors and pumps and trucks using biomethane. Is the Company already testing that? What are the plans for the Company to use that? Because it would be very positive to use ethanol, and there is also the issuance of CBIOS, etc., and economically speaking, it's much more appropriate when compared to the price of diesel oil.

Are you thinking about new equipment, and what would be the scale of that? Do you think that the number of equipment in place is increasing or not?

Fábio Venturelli: That's a very good question. This is Fábio speaking. São Martinho, in the last crop year – I think this is something that we even published –, we talked about our first experiment with a harvester that runs on ethanol. It's a two-row harvester from Case. That harvester operated in a very specific acreage that allowed us to take measurements and make analysis, and the performance was extremely promising.

We are now looking at other issues like, you know, fueling, performance adjustments. The engine uses an Otto cycle, it's a European Fiat powertrain, it's an engine that with a minor adjustment can operate with ethanol within the power that we need to operate the harvesters. That was the first sugarcane plantation that was harvested using this Case harvester. And once again, I must say that we are very much committed to this new development, because as you said it yourself, this would have an interesting impact for us.

The operation with gas-ran trucks was something that started seven years ago. One of our units has a fueling station that's in Santa Cruz, the Santa Cruz mill, we will this year inaugurate the biomethane plant. The fact that this production occurs on top of the pipeline, and this was one of the strategic decisions because the first plant had to be in that location. That alone helped us to start working with gas-ran trucks six or seven years ago, and with that we have a better understanding of how they can be part of our fleet.

So, lower horsepower trucks, I would say that we are just a few years from having them used more effectively. Now, the trucks that are of higher horsepower will probably use liquefied gas. This is a different class of engine, but they would serve the purpose that we need. And all of that, as part of the development agenda of the state of São Paulo, it fits quite well because the agenda focuses on biomethane, and we are seeing great progress in this regard.

Probably this dream of the promised land where you would have greater generation of CBIO and a much more effective carbon savings, is much closer to becoming a reality, and costs are also more competitive because, you know, it's of no use to do that if the diesel technology remains the same and more competitive. Therefore, we are looking at that from different angles, and we are very proud to say that we are the first Company to harvest using that Case harvester.

This is one of our differentials. We are totally committed with this new technological agenda.

Werner Roger: Thank you. That's part of the Mover Program by the government. This will help companies to use a cleaner fuel. So I must congratulate São Martinho for this great initiative.

Fábio Venturelli: Thank you.

Isabella Simonato, Bank of America: Good afternoon, Fábio, Felipe. It's a pleasure to talk to you. Fábio, I'll take advantage of your presence in today's presentation to ask a more encompassing question, because you have a mutual long-term view for sugarcane and for the products that you make in Brazil. For everything you said earlier, I mean, São Martinho works quite well in this path towards increased yield and productivity, especially looking at ethanol. Ethanol is a more volatile market, and prices and margins are more compressed.

So thinking in terms of capital allocation, in addition to that short-term and the expansion of corn ethanol, how do you see the Company's exposure to the two major raw materials, sugarcane and corn? And how do you see the sugarcane market developing going forward? Do you think we will start seeing players that will not be able to navigate in this new environment? Particularly when we look at companies that are very much exposed to sugarcane ethanol, how do you see this balance of

sugarcane-based ethanol and corn ethanol, and what would be the position of the Company in the mid and long term?

Fábio Venturelli: Isabella, it's a pleasure talking to you and thank you for your question. That's an excellent question, by the way, and this is our most important responsibility. We have to prepare the Company for the future, and we are seeing a future that we started building in the past when we realized what had happened to corn competitiveness as the raw material for ethanol production.

When we look at the converter for atmospheric carbon to renewable carbon, it's difficult to escape the reality of sugar cane and the fact that it could be more efficient. You get like 80 tons per hectare when compared to a much lower production of corn per hectare. What happens – and that happened to sugarcane – is that sugarcane did not go through the technological development that corn went through. This boom of technology with corn, especially with the second crop in Brazil, brought about a new reality, and today we are very fortunate because we recognize that, we realized that in the past and we expanded our bet in this decarbonization agenda launching a new agricultural commodity.

But sugar cane is now going through a very interesting process as part of this technological evolution. Sugar cane is probably close to that big leap given by corn. It's very close to giving that leap, and we are working hard to promote that together with other entities that work with the development of different traits so that cane could benefit from this technological boost. I mean, it was more difficult for corn because sugar cane is predominantly a Brazilian crop. Brazil can produce in a very competitive way almost five seasons.

So if you think in terms of the capacity to convert atmospheric carbon to renewable carbon, sugarcane in the Brazilian soil works wonders. Our competitors just extract one or two seasons at the most from every planting. But in our case, our yield, our annual yield, makes sugarcane almost like a perennial crop. So that's an advantage for us. And I think that the area that we'll go through adjustments, I mean, and those who understand that this will need technology, and if you are, you know, dedicated to more competitive practices, you are now separating the good from the bad. You will see many mills shutting down because the costs did not retroact.

Today, we are faced with pricing challenges, even though we recognize the renewable fuel, which is linked to the gasoline prices, but if you look on the side of the cost structure, cost structure is not sophisticated enough. It didn't consider soil treatment and other elements. So those that did not search for competitive costs and the use of technologies, they will be left behind.

So when I look ahead, I see cane gaining competitiveness in a smaller acreage. This advance will allow good operators to reach their more objective crushing with much less acreage, because we are increasing efficiency. This adds additional competitiveness to both products, sugarcane and ethanol.

Well, thank God that now we have corn ethanol, otherwise today you would have a major problem in Brazil. The Otto cycle is growing year-on-year. It's okay, I mean, we want to be part of that growth. So today we have corn ethanol that is taking some space to allow for that additional production of sugar and ethanol that the world needs, the world is dangerously playing with prices that do not remunerate production, be it in Thailand or India. Apparently, their crop year will be fantastic. It hasn't even started, but apparently, they had very good rainfall, but at this price level, it's very difficult for prices to be stable because there are many mills in Brazil that are below their cash cost.

This will certainly lead to adjustments, and these adjustments are necessary. If we stop to think about it, we will be able to list some assets that are changing names or ceasing to exist. Therefore, looking forward, our corn ethanol will be very competitive because the Brazilian production capacity is large, we have to pay attention because the companies that bet on a large production, they will need to manage their forest business, eucalyptus production, because prices are quite challenging for those who need the wooden chips.

So, the production of corn ethanol will be very similar to ours, because our production initially was from sugarcane. I mean, the sugarcane bagasse is the energy source to convert corn into ethanol. And the corn people, the corn producers, they will have to operate in the forest industry and that involves agricultural expertise, which is quite different when compared to a standalone operation of buying corn and producing ethanol. And we will see this happening in Brazil, which this will probably increase prices of corn production to produce biomass. It will not be more expensive if they can produce wooden chips with the same price, but this requires a learning curve, and this will pose some challenges to those who produce and who need to buy wooden chips.

So, corn ethanol will have its place. I see Brazil as a major world provider of sugarcane, and this is growing with GDP. We can look at any statistic KPI and you will see that this growth is taking place. Strictly speaking, Brazil is one of the most competitive producers, and sugarcane ethanol will look for areas of competitiveness.

Felipe was showing cane ethanol from Boa Vista, and this is a very competitive ethanol. When we look at the entire thing, we tend to look at cane or corn ethanol in isolation, but this is a package around DDGS, which is a very important interaction. So cane ethanol is competitive, and it will continue to exist, it will work in integration with corn ethanol, and Brazil will continue to be a leader. It will continue to lead the sugar cane market. And this is a market that depends on sugar as a source of food.

We are not speaking of a product like we are used to looking at it, like a provider of a sweetener. In fact, sugar in the world is very important to the food market. So this is the future that I envision, and all of that focus on lower acreage, and that will help us to strike a balance where Brazil will maintain its competitive position and leadership position and we'll go on.

Isabella Simonato: Excellent Fábio. If I can have a quick follow-up. When you talk about a smaller or lower number of hectares, obviously some players would be forced out of the market. Are we talking about Brazil crushing less sugar cane over time or what you're thinking is a similar production but in the hands of fewer, more productive and more competitive players? I just want to understand how you see this dynamic.

Fábio Venturelli: Well, I'll try to simplify my answer. We have a cost per hectare, right? When we increase yield, we use our cost because we have more sugarcane per hectare, okay? When there is reduction in total area, I can achieve the crushing capacity of my assets with a smaller number of hectares, and that's how you can reduce costs.

And we already hear news of several units that are going through a consolidation, some that are closing down their doors, and some of them which are no longer operational. So, looking to the future we are going to see good industrial units, which are competitive, operating sugar cane plantations which are smaller but more productive. So we're going to produce the same 600 million tons. Let's get a round number in the Center-South of Brazil, but this is going to be produced in fewer hectares, and the mills that will continue to operate will be those which are more competitive in the industrial process.

Felipe Vicchiato: And Isa, let me add to that. Today when we think about sugarcane yield, there is sugarcane on several types of soil, from A to Z, and I think that type A and type E soil will be eliminated because soil type D and E very sandy, added to weather conditions that have been impacting the sector in a substantial way, particularly in the region of São Paulo state. If you look at a cycle, you cannot pay the bill.

If there is greater technological evolution with traits that are more responsive in better soil, we can get the same sugarcane production, avoiding more sandy, worse soils and use just types A, B and C soil. That will be the rationale.

Isabella Simonato: This is all super clear. Thank you, Fábio and Felipe.

Fábio Venturelli: Well, thank you for the question.

Operator: As a reminder, if you want to ask questions, click on the Raise Hand button at the bottom of your screen. Please hold until we check if we have more questions.

Well, there are no more questions, so I'd like to turn the floor to Mr. Felipe Vicchiato for his final statements.

Felipe Vicchiato: Well, folks, thank you very much for your time, your patience throughout this year.



Well, we're not very happy with the results of this year, so let's make this very clear, okay? Yes, there was an impact of the fires, but this result fell below our expectations. We had two years very much impacted by climate conditions. We are doing everything we can to adjust the operation. The CAPEX volume should not be a growing exception; it goes only to the c ethanol project.

We understand that all CAPEX invested so far is enough for us to have the crops and the crushing close to maximum capacity, and that's what we will be doing. And we remain available to have any further questions.

Operator: The São Martinho conference call is now closed. Thank you for your participation. Have a good afternoon!