Operator: Good afternoon, ladies and gentlemen and thank you for waiting. Welcome to the (São Martinho) [00:00:30] (inint) [00:00:30] Conference Call to discuss the results for the third quarter of the 23/24 (crop) [00:00:37] year. With us today are Mr. Felipe (Vicchiato) [00:00:40], CFO and investor relations officer. (Alessandro Soares) [00:00:46], head of new business external communications and IR and the investor relations team of (São Martinho) [00:00:53]. The audio implies that this conference call is being broadcast simultaneously over the web at www.saomartinho.com.br/ri [00:01:05]. Please note that all participants will only be in listen all mode during the company's presentation. They will then begin the Q&A session for investors and analysts, when further instructions will be provided. If anyone needs any assistance during this call, please ask for the operator for assistance by dialing star zero. Please be advised that shorten information contained in this conference call may contain forward looking statement. Such information is subject to known and unknown risks and also uncertainty that may cause such expectations not to be realized for (inint) [00:01:53] different materially from what was anticipated. Now I would like to turn the floor to (Mr. Felipe Vicchiato) [00:02:00] who will initiate this conference call. Thank you.

Felipe Vicchiato: Good afternoon, everyone. Thank you for joining us at at this conference call related to the third quarter of the crop year. I'll start with operating highlights on page three. We ended the crop in the midst of December in our three units with 15% crushing growth reaching 23 million of (inint) [00:02:33]. Our industry capacity is 24 million with equivalent growth both in our own cane and third-party cane. Yield was up to reaching 84.8 tons per hectare for the entire sugar cane crop under our management, there was a 2% drop of TRS due to the rainfall during the period and that's by the TRS growth per hectare was slightly below our 15% yield remaining at 12 to 13%. Our sugar production was almost 25% percent (per ton) [00:03:17], 21 above the results from last year and this stems from strategy of sugar ethanol mix given the fact that prices of sugar were much better than that of ethanol at a given point of the crop here the price of sugar vis-a-vis ethanol was very close to a hundred percent. Our sugar-based ethanol production should increase by roughly 5% and our ethanol, corn-based ethanol production up to now good at 132,000 cubic liters. We are still, you know, processing corn and by March that will be completed, and then in the midst of April we should have some more information for you concerning the processed corn. So basically, what helped productivity and yield were the heavy rainfall in July of last year, in addition to rains in April and May, which was quite good. So that was a climate normalization and we also started with new varieties of cane which are more resilient and growth better yield and with that our sugar and (ethanol) [00:04:35] production overall was improved. For the next crop year our sugar production should increase given some of the investments that we are doing to, you know, eliminate some bottlenecks from two of our milk. Therefore, our mix should focus more on sugar next year if all of the sugar premium is maintained as it is at the moment. Now moving to the next slide, here we have a summary of the results for the quarter. This quarter we had a very good sugar performance. In terms of volume, we sold 16% more than last year. There was increased production, average price was 23% higher. On the other hand, there was a drop in the average ethanol price which was quite significant, 23.6% below the figures from last year and the volume remained flat. And with that we see an EBITDA drop of 9%. EBIT drop was even higher around 30% given our operating leverage, which was relevant in what concerns price, ethanol was not able to compensate for sugar and in addition, in terms of the quarter and the year, we also have the impact of our corn plant, as we already mentioned in previous occasions. This year there was an issue where the price of corn was higher than expected. Also, that came coupled with worse ethanol prices. The ramp up of the plant took longer than anticipated and that's why... that's what affected Ebit and EBITDA. The cash net income is down going to about from 700 to 1 million in addition to EBITDA and Ebit, as I mentioned before, there is also an impact when we recognize the out of court (inint) [00:06:57] from corporate food cutting and the last period the credit was improved, so it came in later. Discounting for that, we would have a lower drop when compared to last year. So last year's number would be something close to 200 million (inint) [00:07:12]. Now moving to the next slide, here we have cash cost, here to date and you know, not accumulated nine months and LTM, we see in order to better explain the evolution of cost, what is sugar and ethanol (inint) [00:07:39] one price of sugar remains quite high throughout the season. So, in the last nine months our sugar cash cost was close to 2000 barrels per ton 1,990 and our ethanol cash cost was down by 10%, totaling 2,390 barrels per cubic meter. Part of this increase in sugar and ethanol cash cost is directly related to the planting schedule that was carried over from one season to the next, because as last summer was very rainy, we, you know, we delayed planting through to April and May and that, you know, affects your cash costs and there was this lower dilution is directly linked to our sales strategy for the season. As you could tell, if you read the release, out of the total volume produced by the company, we sold approximately 60% during the first nine months. So, we still have 40% of TRS to be sold in the second half or in the next coming months. This also, you know, affects our unit cost and our cash cost. Then when we look at TRS equivalent, that cost was up almost 9%. Now in terms of the last 12 months there was a drop close to 1%. Moving on our next slide, here we refer to the ethanol market. That was the main highlight this season. It was very positive the year before, I mean last year if we took a look at ethanol and sugar profitability, ethanol performed much better. Part of it was due to a good expert window. We had that in 2022. That did not happen in 2023. I think the ethanol margin in 22 was 30% and sugar 15%, I mean the Ebit margin, and this year the situation was totally reversed, despite the fact that we had an increase in the auto cycle. As you can tell by the chart, it went from 54 to 57 billion liters and the share of the auto cycle in hydras remained quite low, around 20%. Even though there is a (inint) [00:10:40], as you can tell by looking at the, the line in red that remains. This we have an interesting combination of the supply of ethanol is 150 million tons of crushed cane with corn-based ethanol arriving from the plant. I mean in production what's coming from those new plants, this was combined with a delay on the part of consumers to migrate from gasoline to ethanol, because in nominal terms, gas prices went down in 2023. So, there was a certain lag or delay until consumers begin to consume more ethanol than gas, simply modified by price. In the last month we realized that inertia decrease, so ethanol consumption is much better and the last 30 days, it was almost 3 million liters in sales, when we look at some channel. So, this is increasing inventories and that's why prices are recovering slightly, and this should help us to sell our inventories and by the same token this will probably lead to a more normalized season throughout the year. Maybe we can talk a little bit more about the top season, but this to initiate this conversation, we are expecting a lower crop season next year and ethanol supply will be more normalized. So, we don't think that the parity which is quite low will persist throughout the year. Before we open up for questions, (inint) [00:12:38] about the hedge of the company, we ended December 45% owned cane (inint) [00:12:46] for the year approximate price of 2000 euros per (ton) [00:12:52]. This is 15% above the average owned cane price that we had in the nine months of 24, which is during that (inint) [00:13:03] cost, next year we've expected to drop a little more. We should have a very good year for sugar. Today, well we have, we have evolved from December today we have evolved in the hedge we have about 55% hedge of our own cane and like to stress we're thinking about producing more sugar, which will help reduce sugar cane ethanol, increase sugar production and increase corn ethanol production that will come with the lowest cost given the price of corn and given the ramp up of the corn in operation, which is expected next year to operate at a hundred percent capacity daily, as has been the case in the last few days. Well, this is what we had for the initial remarks. We'll look in the Q&A session now, so we can continue our conversation.

Operator: Thank you. We'll now begin the Q&A session for industries and panelists, if you have a question, please dial star one, or you can use the chat located on the bottom right corner of our webcast platform. Please hold as we collect the question. Okay, question. From Ms. Isabella (inint) [00:14:33] with Bank of America, Ms. (Simonato) [00:14:37] (inint) [00:14:37].

Isabela Simonato: Thank you. Good afternoon and thank you for the call. I want to explore the (ethanol) [00:14:50] dynamic a little further... (inint) [00:14:51] a very important point about the supply and consumer behavior and looking forward and with the expectation of more corn ethanol in the market, considering low production and others, how do you see the ethanol market perhaps in the midterm? I think this is important for us to understand whether we can go back to thinking of a market that runs very close to a 70% (inint) [00:15:24], which have been the case, I think that this past year brought to life and dynamics that can be a little bit more hectic. That would be my first question and when we'll look at next year, I'm getting ahead of myself, but how are you thinking about CapEx? Do you have plans regarding biogas and other things because the corn, the corn ethanol plant is complete. So, if we have lower prices a scenario, lower prices can we expect a significant reduction in CapEx?

Felipe Vicchiato: Thank you. Hello, Isabela, thank you for the question. Okay, how do we see the supply of corn ethanol in the project announced? We have approximately 2.5 billion (inint) [00:16:31] of corn ethanol coming to market in the coming years. These have been effectively announced with volume and expected yield. We believe that in the short term, assuming that sugar cane ethanol production will remain at the same level of last year, because this is an important assumption, we would have one or two years of corn supply of ethanol, because of this project in the past year in this 23 crop year ending in March had an increase in good ethanol production, corn met ethanol production. Lower demand is the domestic market and no export. Maybe from this supply in assuming the volume that will be coming, you should have (one or two years) [00:17:36] with no supply of corn ethanol. However, what we see for next year is that production sugar cane production in Brazil, considering the weather as it is, it was really bad in December and in January, particularly the west region of the state of São Paulo coupled with some investments announced by several companies in crystallization sugar. In other words, increasing the mix. Next year we would have an ethanol supply scenario or a supply that is smaller than last year and does a more balanced size, going back to parity, this is our expectation, we'll have to wait and see that's kind of the gain for next year. Our cane ethanol production will be reduced. We will have the corn operation, so the ramp up there, but from what we are hearing with the (inint) [00:18:38], with the, with the weather as it is, the sugar cane ethanol production will be reduced. It's not (inint) [00:18:45] when you think about it, likely longer window is not a huge problem considering the current ethanol prices, kind of tighter to make a decision to build a new corn operation and new corn (inint) [00:19:05]. I mean, not everyone is conservative as they should be, but you know, people should be more careful about it, in our case to have the possibility of doubling our (corn production) [00:19:22] with the current condition with the (inint) [00:19:25] 50 (inint) [00:19:29] per bag and more expensive loan DDGS price is dropping because of soybean DDGS competes for soy. So, for this new plant should not materialize, because the mass doesn't work. We would have to assume a much cheaper corn price or a much higher ethanol price to make that decision. In a nutshell, I think that in addition to two proprietary billion liter of ethanol announced, I do think that a lot more will be announced in the coming months. So, I think that has addressed your first question. If, if you have a follow up question let me know. Second question was regarding CapEx. The only growth CapEx we have next year is the biomethane CapEx that we announced. Total CapEx 250 million euros, of which approximately 200 million will be in the next season, crop season and this is it, no additional projects, but we are thinking of investing in (inint) [00:20:43].

Operator: Thank you. Thank you for the question. Next question from Mateus with (UDS) [00:20:56]. Go ahead, sir.

Mateus: Good afternoon, everyone. How can we reconciliate the sugar price this quarter? This sound is very muffled, very practically impossible to listen. If there are any impacts and any additional discounts that we are not seeing... second question would be what is the 2024, 2025 crop year expectation? I think you mentioned you have an expectation of for (inint) [00:21:50] crushing in total, but how are you looking at this? What can we expect regarding (inint) [00:22:07] crushing? That was a general idea of the question, because it sound was very muffled and practically impossible to understand.

Felipe Vicchiato: Well, we (couldn't) [00:22:15] hear all of your question (inint) [00:22:19] I'll try to answer if I left, if I need anything else, let me know. Regarding (inint) [00:22:25] sugar price against the hedge price. It really depends on how you look at this, because when we disclose the company's hedging, we give you an average. Depending on the quarter, perhaps I'll have a screen price to be realized which is higher in the last quarter. Let me give you an example. Next quarter you probably saw in the release in the earning three have 385,000 tons of sugar head said 2,600 barrels per ton. That's kind of the average price that will be reported in the next quarter. But when we look at the average for the year, it should be similar to (inint) [00:23:23] hedge. It's important to mention when that we report hedge per ton, this is a hedge per ton which is what does not discount an elevation cost. We have an elevation cost of x dollars per ton and this cost is not something that we (disclose) [00:23:45] because this is commercially strategic, but when we'll look at the revenue, the revenues mess up this elevation cost so that might be a difference. Second question was regarding harvest projection. We have when got a guidance to give you, normally we give a guidance towards mid-June, but considering rainfall we've had so far in areas we renewed last year, we mentioned that we would be growing production in the season close to 24,000 tons. But given the weather issues so far and what we are looking forward for February and March that impact sugar cane more towards mid to the end of the crop season, our crushing is expected to remain flat. Of course, that might change depending on rainfall until June. We still have a long way to go to a justice number, but the best information we have regarding our crop, the flood crushing, crushing up 20 for (inint) [00:25:03] the margin expected, it's kind of worse, but for the industry as a whole, the estimate by serious people who monitor the sector up close, they're talking about crushing of about 590 which would be a 50 million less sugar cane crush year on year. We think that this is really (impossible) [00:25:27] (inint) [00:25:28] visiting the sugar cane (inint) [00:25:32] São Paulo, the regions are very different. If we look at our mill itself, you think about Boa Vista and (inint) [00:25:38] São Martinho mill, we had a lot of rain and quiet (inint) [00:25:44] farm rainfall and that will increase productivity in the road. But in Santa Cruz and some other regions, the rainfall has not been uniform, so on average I think will remain the same, but there's a lot of disparity among region, so that is not doing that well and it's a region that should be impacted in terms of crushing. But at the end of the day I think that this is healthy (inint) [00:26:13] pricing, particularly the price of ethanol, because in these we had a year with good yields et cetera, not seeing, seeing I the results and having worse earning, because there's a one time off oversupply and price drops in this order of magnitude then it's complicated, but these are expectations and let's see how and if this will materialize and the next two to three months this will become a lot clearer.

Mateus: Perfect, thank you.

Operator: Our next question is with (Gabriel Barra) [00:26:57] with Citibank. (You might proceed, sir) [00:26:59].

Gabriel Barra: Thank you. Thank you for taking my question. I have two questions. The first, I think you said something about capital allocation in ethanol and today it doesn't make a lot of sense given the outlook for production going forward, but I think it's interesting if you could tell us a little bit more about the project and the company ideas in terms of other projects in the other units, whether this is just a first step or it would take a little longer for us to see there or maybe we could see there in other mill. Can you tell us a little bit more about capital allocation? And the second question is about ethanol, corn base ethanol more specifically, there is a good amount of corn base ethanol for the next crop season at a high price. What is the profitability level and what do you expect going forward in terms of corn base ethanol plant in terms of degeneration, margin and returns based on what was expected at the beginning of the project? Because I know that there were some drastic changes related to some issues that you didn't mention, but going forward I just want to know whether the mix is according to plan. Thank you.

Felipe Vicchiato: Let me start with your second question. Maybe starting with your second question will help me give you a little bit more color. I mean in fact that ethanol, I mean that plant was really frustrating, because things are very far from what we originally planned. There were three items that impacted. One was DBG price, ethanol price, and then production. Production, not only I produced less when compared to what was anticipated, but the DBG quality of what I had at the beginning of the, the season was lower, and I had to sell it at a lower price. So not only prices were down, but the quality of the product was worse and so I had to sell it at a lower price. So, at the end of the day, what I am delivering in terms of results cannot be used as a, as a (reference) [00:29:44] for anything. Okay, having said that, let's turn the page and look at next year the corn base ethanol plan is already operating at full capacity, and we hope that this will be the case while the entire next, next season we will crush, we will process about 490 to 500,000 tons of corn. The cost of corn I bought corn at about 60 to 70 barrels per bag this year and next year prices range between 50 to 55. So, there was a 20% drop in the cost of corn and that is, I mean corn accounts for 85% of the cost of ethanol of corn based ethanol and then you have DBGS and in this case productivity will be higher and the quality will be very good. The issue is, or maybe the only thing that we should look at, is the price of DDGS because of soybean prices. Because if you compared to soybean mill, if soybean prices are very low, DDGS prices will not stand at, you know, 1200 as we expected at the beginning of the project. But I think with all of that we will be able to have a return of a hundred to 150 million barrels, even though ethanol prices are a bit more under pressure. And your first question about future expenses of bio (methane) [00:31:21]. This bio (methane) [00:31:22] plan, we, it was part of our innovation plan. We got funding from (inint) [00:31:31] and DNDS. (inint) [00:31:34] is funding almost the entirety of the project. This is a very competitive and the cost, the cost of the funding is very competitive because without that, I mean with the current bio (methane) [00:31:48] prices today, return wouldn't be feasible because it will be much below the cost of capital. Before I could tell you that without that funding the project would not be feasible. But this is is an innovation fund and this plant is very innovative. But if I tail that further, then I would have to go to market to get additional funding and that at first, wouldn't be feasible, because I wouldn't be able to have other plants in other units. The potential is there, but their return considering sane (bio methane) [00:32:22] prices doesn't pay off. Maybe what could change in the whole scheme of things is that let's say from today up to a year, some years from now, if there is greater adoption of high-power engines using bio (methane) [00:32:41] in replacement to diesel, just as a reminder, consumption would be approximately 500 million barrels a year of diesel equivalent. How many, many millions of liters that will be? About 16 million liters. That's the number that John just gave me. This is my detailed cost and I think this is the highest cost after a sugar cane. Therefore, if we, we have a detailed engine technology for heavy trucks and if this technology evolves and evolves into (bio methane) [00:33:21], then 90% of our need will be supplied through our own plant. So that is it. That's it. But for now, we do not have any (bio methane) [00:33:34] project under the current condition.

Gabriel Barra: Okay, that's very clear. Thank you, Felipe. Thank you.

Operator: Our next question from Lucas Ferreira with JP Morgan. You may proceed, sir.

Lucas Ferreira: Hi, good afternoon. First of all, I would just like to clarify in your corn base ethanol plant, I mean DBG, is that something that you already got it right, but the prices are according to expected? Is there a premium? How is that evolving? And the other question is a bit more philosophical related to corn-based ethanol. I mean if you look back five years, there is a huge increase in corn base ethanol and there were projections that were quite different. Certainly, it depends on a series of things, but the question is, is whether this is purely related to capital allocation in different plants or whether you have surplus energy and that will probably make sense? What about origination, what kind of destination you would give to the corn? Should we expect to see accelerated growth of these plants when compared to sugar cane-based ethanol?

Felipe Vicchiato: Well, Lucas, thank you for your question. Your, your voice was not clear at all. If you, if you wanted to answer your question again, please let us know. Let me see if I understood what you said. In terms of corn bases now, we are seeing some announcements and, and that is 2.5, you know, the liter of ethanol that could come in the next few years, in fact, corn (inint) [00:36:02] ethanol today is, I mean, is cheaper than cane base ethanol considering corn at 55 barrels per bag. And so, if you look at my corn-based ethanol plant next year and the cost of that plant, the DBG as a cost, you know, deduction, it will cost 25% less than my cane base ethanol. So, in turn it is much more competitive when compared to sugar cane base ethanol, we know that, and we already saw that a few years back and that's why we decided to invest in this corn based ethanol plant. And now we are looking and maybe invest more in sugar (inint) [00:36:54], because I think we can make 500,000 tons of sugar, meaning you know, a large volume of sugar cane based ethanol and we will through that plant we will have larger exposure and then we would only have (inint) [00:37:15] for export if it makes sense in our (São Paulo) [00:37:17] plant. So, considering current corn prices, the cost is lower when compared to sugarcane based ethanol. There is also the logistic cost that maybe one day that we will be able to see and (inint) [00:37:34], but there is already a logistic cost, there is abundant corn in the region, in Goiás, in Mato Grosso, so competition will come. But all of that, just to say that in order to get a new project approved, CapEx according to our calculation is slightly higher. And there is also the volatility of corn-based ethanol, I mean, and in terms of DBG, the quality of our DBG was worth at the beginning of the corn season. Now that has been fixed and DBG already is already produced at high quality, and we are already selling at market price with no discounts.

Lucas Ferreira: Okay, thank you.

Operator: Next question from Sandro Fonseca with X (inint) [00:38:38]. Go ahead.

Sandro Fonseca: Good afternoon. Thank you for taking my questions. I'd like to have a follow up question on corn-based ethanol. Perhaps a good reminder of the inventory I think have inventory so little over half a year. Does it make sense to accelerate purchases, or the company is expecting even lower prices? The second point is whether you could give us an update regarding maintenance and what we could see in terms of maintenance costs and CapEx cost. If you could give us an upgrade on what the company is discussing, that would be quite interesting for us. Thank you.

Felipe Vicchiato: Regarding corn-based ethanol, (inint) [00:39:52] here is the latest data. We had about one quarter of purchases or contracts already hatched with growers of the region at a price of close to 55, actually 52 barrels per bag and we should have an inventory of 20% with another just 50 barrels per bag approximately. So, in other words, we have between 50, 55% to be purchased still. The question now is this is the moment when we should have rainfall in the state of Goiás. The rainfall is expected to come on a regular basis for the planting of corn and we understand that we are going to have corn, abundant corn in the region even if the prices will not drop a lot, to the levels we saw last year in mid-May, June, where the corn prices dropped a lot in the region, because in massive grocery stage with the issue in the soybean crop, but also infected corn crops. So, things will be balancing out, but in terms of return of corn and cash generation, we should have next year between 50 and

55 euros a bag of corn. And you, you, you also ask an accounting question and this is quite interesting, you know, I'm getting old and I remember how things were, I joined (São Martinho) [00:41:47] in 2006, in the following year we had an accounting obligation and we had to change the accounting, the whole off season maintenance at the time 2007 and eight was posted as a cost and then there was an accounting it's wrong to put them at a cost. This is an off-season maintenance that you're going to use in the next crop year, you need to the (inint) [00:42:24] it said fine, okay, perfectly let's activate the, the spending and comparing the EBITDA, our EBITDA increased, but CapEx increased equally. At the end of the day, it's a matter of geography and now we have to topic in discussed again and in the topic, we have (inint) [00:42:49] understanding that we should go back to have off season maintenance posted at a cost and not as CapEx. The industry both with our (inint) [00:43:04] and so discussing this to see whether we perhaps cannot touch this for a while because this is, this is just a matter of accounting. If it's an (asset) [00:43:23] or if it's a cost, you know, doesn't really matter. But if, if we have a covenant of EBITDA that is very tight, we'll have to decision and renegotiate the covenant, which is our key. So, this is an accounting matter that can really get in the way of the company, but if it shouldn't be discussed, the matter has not evolved yet. We, we are compliant with the IFRS centers adopted in (inint) [00:43:57], but there's this topic they want to change it back and if they just change it back, we are going to have a tutorial we and all we the company how and then others to explain why this changed, what impact it is. Can you imagine a foreign investor buying from several companies brought and look at this and the EBITDA dropping and so explain to them that, well you see this

(inint) [00:44:22], you know, and it will be very labor intensive. But today this is still being discussed so we, we are fighting to not have this change so it won't affect the comparison in the market.

Sandro Fonseca: Thank you very much for the explanation. There's one point that came to mind. Could there be any tax benefit related to this?

Felipe Vicchiato: Can you say that again please?

Sandro Fonseca: This change, accounting change that has been discussed, could it bring any type of tax benefit?

Felipe Vicchiato: No, no text-wise nothing changes.

Sandro Fonseca: Alright, thank you very much (inint) [00:45:09].

Operator: Next question from Tiago (inint) [00:45:14] with BTG Pactual.

Tiago: Hello, good afternoon. Good afternoon to all. (I would like to go back) [00:45:26] to the discussion of the next crop year, that there's the weather between now and then. You suggested we should expect a flat year in terms of sugar cane availability. I'd like to (inint) [00:45:47]. Number one, this include any relevant grade of sugar cane having been sent over and if it makes sense, if we have a sugar cane production that is flat, should we think about CRS that it low because of the cane in the end of the crop year, could you expect growth in the CRS (inint) [00:46:26]?

Felipe Vicchiato: (inint) [00:46:29], Tiago. It includes about 200,000 of stand over sugar cane. There was (Boa Vista) [00:46:35], approximately that, so that sugar cane will become 250,000. It will send over 200,000 through it will become 250,000. If we assume that the weather is going to be drier and it looks like it, we should be recovering the (inint) [00:47:05] if it increases at least 2% they have a (inint) [00:47:10] scenario.

Tiago: Thank you, it's clear. So, another discussion you had regarding the cost of this crop year. You mentioned (inint) [00:47:29] in April that impacts the cost of the crop year, you mentioned that you, you should be selling almost 40% and that will improve the unit cost. But thinking about the normalization in your calendar of 20 for next year in addition to a higher PS return (inint) [00:47:55], what you expect in terms of reduction of unit cost between 24/25?

Felipe Vicchiato: Look, (inint) [00:48:05] planting point because we, we are pointing now so we are probably not going to have to delay (inint) [00:48:14]. So that should bring the reduction of (inint) [00:48:19] x cost.

Tiago: Okay, (inint) [00:48:22], thank you very much.

Operator: Next question from Larissa Perez, from Itaú BBA. You may proceed, ma'am.

Larissa Perez: Good afternoon. Can you hear me?

Operator: Yes.

Larissa Perez: Thank you. Thank you to Felipe and John, thank you for taking my question. Well, still on that more philosophical note, it seems like all of the extreme climate events are becoming more recurrent and we spend a long time here talking about climate issue. I just want to understand what would be market the, the ideal market conditions that would lead you to invest more or whether there is a very specific area that will be the focus of your investment in your CapEx. And you also talk, talk more about a mix more inclined towards sugar and whether this would have an impact on (inint) [00:49:26] because it's freight. This, these are my questions.

Felipe Vicchiato: Larissa, every investment in irrigation, I mean there are economically feasible. We are already doing it. We have a plan for irrigation that involves about a hundred million barrels that will be spent I think this year. And this covers, I have to get the details, but it covers about 15, 10 to 15,000 hectares approximately. And this irrigation is, it's not that huge irrigation that requires a major infrastructure. We irrigate using the (inint) [00:50:22] channel. This has good results. I mean, the flip side of that is that we have to spend a little bit more detail, because the irrigation pumps utilize diesel, but our irrigation plan is underway, and we are doing whatever is feasible. There is also the issue of the water concessions, because you need to have a permit, et cetera. So, we are doing everything in our power that is feasible. That the whole industry is far from having an irrigation plan just to cover all the 300,000 hectares, because this would be totally unfeasible. Now in regard to the impact freight on (inint) [00:51:13] sales of ethanol in the domestic market does not incur in sales expenses, sugar production sales, I mean, we export more than 90% of our sugar, therefore freight only (inint) [00:51:32] it's only related to the distance to the port. And most of it is then using (inint) [00:51:38]. So, once I increase my sugar production, like a hundred thousand tons, so my sales expenses will increase. But when you calculate the mix, I mean whether I'm going to produce more ethanol or sugar, we have to take the freight into account. Okay, let's take sugar at, I mean 2,700 per ton. And then I have a hundred, 150 barrels of freight. So, the number goes to two 550 barrels per ton in the pocket. I mean, and if you compare it to ethanol, even if I, if I had C bio, et cetera, the remuneration is 80% less than that. I mean it will increase, but it's totally mitigated by a much better price with sugar rather than with ethanol.

Larissa Perez: That's very clear. Thank you.

Operator: In case there are any further questions, please press star one or use the check located in the right-hand side at the bottom of your web (inint) [00:52:48] platform. (inint) [00:53:00]. It concludes the Q&A session. I would like to turn the floor back to Mr. Felipe Vicchiato for his final remarks.

Felipe Vicchiato: Thank you all for joining us today. We are certainly available to answer any further questions. Thank you and have a very good holiday.

Operator:São Martinho Conference Call is now concluded. We would like to thank you for joining us and have a very good afternoon.

[00:53:24]

PARTICIPANTS
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Felipe Vicchiato
Isabela Simonato
Mateus
Gabriel Barra
Sandro Fonseca
Tiago
Larissa Perez

LEGEND
... → pausa ou interrupção.
(inint) [hh:mm:ss] → palavra ou trecho ininteligível.
(palavra) [hh:mm:ss] → incerteza da palavra transcrita / ouvida.