Lavoro Reports Fiscal First Quarter 2024 Earnings Results

- *Lavoro's revenue for FY1Q24 reached $483.1 million, an increase of +11% compared to the prior year period (+3% in constant currency terms), driven by market share gains.*
- *1Q24 gross profit was $59.5 million, a -34% decrease y/y, with gross margins contracting by -850 bps to 12.3% due primarily to the ongoing industry-wide deflationary pressures affecting crop protection and fertilizer distribution margins.*
- *Net loss was -$14.5 million, compared to net income of $15.1 million in the prior year period; adjusted net loss was -$8.9 million, compared to adjusted net income of $17.2 million in the prior year period.*
- *Adjusted EBITDA was $11.1 million, reflecting a -75% decline from the previous year, largely attributable to the same market headwinds.*
- *On November 30, 2023, Lavoro successfully completed the acquisition of Coram Comércio e Representações Agrícolas. Coram, with its team of 33 technical sales representatives, serves 1,200 farmers across the states of São Paulo, Minas Gerais, and Goiás, significantly bolstering Lavoro's retail presence in these key agricultural regions.*
- *Lavoro has taken a significant step towards enhancing its capital structure by securing a new multi-year R$420 million (US$86 million) credit facility with a four-year term. This strategic move enables the retirement of existing short-term loans, transitioning to more sustainable, long-term financing arrangements that supports Lavoro's long-term growth objectives.*
- *In light of a more challenging market environment than initially anticipated, Lavoro has updated its FY2024 guidance.*

SÃO PAULO, Brazil, Jan. 24, 2024 (GLOBE NEWSWIRE) -- **Lavoro Limited** (Nasdaq: LVRO; LVROW), the first U.S.-listed pure-play agricultural inputs distributor in Latin America, today announced its financial results for the fiscal first quarter 2024, ended on September 30, 2023.

Ruy Cunha, CEO of Lavoro, commented, "Since our last market update, severe drought conditions across Brazil's key agricultural states, attributed to El Niño, have adversely affected the soybean crop's growth. Furthermore, we are now forecasting planting delays and a reduction in acreage for the forthcoming safrinha corn crop, compared to previous expectations. Consequently, we have adjusted our expectations for the retail agricultural inputs market in Brazil, predicting a contraction of -25% for the 2023/2024 crop year (ending in June 2024), a downward revision from our previous estimate of a -20% decline.

"While we have seen a gradual improvement in our crop protection distribution margins, the rate of recovery has not met our initial projections, indicating that the industry-wide destocking of excess agrochemical inventories still has ways to go. Although our growth in volumes and market share gains has buffered these challenges at the top-line level-where our projections remain consistent-our margins will be affected, causing us to revise our Adjusted EBITDA guidance range. This is due to slower-than-anticipated recovery in our crop protection and fertilizer distribution margins, as well as a diminished contribution from our Crop Care segment, stemming from El Niño's impact on the safrinha crop.

With that said, we remain confident in our belief that the impact of ongoing market headwinds to our margins are temporary and will not impede our long-term growth trajectory and earnings potential. We are diligently implementing our strategic plans to capitalize on the environment to accelerate market share gains, including via the recruitment of experienced RTVs. Since the beginning of FY24, the RTVs we have added this year represent an approximate revenue potential of $120 million."

FY1Q24 Financial Highlights

- Consolidated revenue for Lavoro in 1Q24 increased by +11% to $483.1 million, compared to the same period in 2023. In constant currency terms, revenue saw a 3% increase. Inputs revenue rose by +5%, bolstered by robust unit volume growth and contributions from recent M&A activities, which more than compensated for pricing headwinds. Grains revenue resulting increased +109% off of an easy comparable, driven by a greater desire by our clients for entering into barter transactions.
- Brazil Ag Retail segment saw revenue increase by +15%, reflecting improved sales volumes of crop protection (+54%), fertilizer (+53%) and specialty (+33%) product categories. Additionally, the recent acquisition of Referencia contributed +2% to the segment's 1Q24 revenue. Crop Care segment revenue decreased -1% to $35.7 million, reflecting decline on sales of biologicals and post-patent chemicals and being partially offset by higher sales from specialty fertilizers. Revenue for the Latam Ag Retail segment declined by -1%, primarily due to the price decline in fertilizers and the challenges following the removal of a financially significant herbicide from a supplier's product lineup.
- Gross profit fell by -34% to $59.5 million, and gross margin contracted by -850 basis points to 12.3%. This compression in gross margin was primarily due to lower distribution margins for crop protection and fertilizer products in our Brazil Ag Retail segment, compounded by mix-related headwinds in our Crop Care segment.
- Adjusted EBITDA for 1Q24 stood at $11.1 million, a decrease of -$33 million from the previous year's quarter, with the Adjusted EBITDA margin shrinking by -790bps to 2.3%. This contraction was driven by the gross margin compression as detailed above. The SG&A (excluding D&A) to sales ratio remained steady at approximately 11.9%.
- Non-recurring expenses increased by +$5.4 million to $8.5 million in 1Q24, due to (i) M&A accounting and tax due diligence expenses ($3.4 million), (ii) the provision of the second half of the DeSPAC bonus to employees that will be paid in 3Q24 ($1.3 million) and (iii) related-party consultancy services expenses recognized as non-recurring in 1Q24 ($0.9million).
- Adjusted net income was -$8.9 million, a decline of -$26 million over the prior year quarter, driven by lower adjusted EBITDA, partially offset by lower financial expenses and an increased positive contribution from income tax.

Summary of 1Q24 Results[1]

Key Financial Metrics	1Q23	1Q24	Chg. %
(in millions of US dollars)			
Revenue by Segment	**436.8**	**483.1**	**11%**
Brazil Ag Retail	358.3	411.8	15%
Latam Ag Retail	66.7	66.3	-1%
Crop Care	36.0	35.7	-1%
Intercompany	(24.2)	(30.8)	
Revenue by Category	**436.8**	**483.1**	**11%**
Inputs revenue	414.6	436.6	5%
Grains revenue	22.3	46.5	109%
Gross Profit	**90.7**	**59.5**	**-34%**
Brazil Ag Retail	69.3	35.7	-49%
Latam Ag Retail	9.5	9.2	-4%
Crop Care	16.8	15.4	-8%
Intercompany	(4.9)	(0.7)	
Gross Margin	*20.8%*	*12.3%*	*-845 bps*
Gross Margin (% of Inputs)	*21.9%*	*13.6%*	*-825 bps*
Adjusted EBITDA	**44.4**	**11.1**	**(75)%**
Brazil Ag Retail	33.1	4.2	(87)%
Latam Ag Retail	4.4	3.1	(29)%
Crop Care	11.8	5.6	n.m.
Corporate / Intersegment[2]	(4.9)	(1.8)	n.m.
Adjusted EBITDA Margin	*10.2%*	*2.3%*	*-786 bps*
Adjusted EBITDA Margin (% of Inputs)	*10.7%*	*2.5%*	*-816 bps*
D&A	(8.1)	(8.6)	0.1%
Equity	-	(0.2)	n.a.
Finance income (costs)	(28.2)	(26.0)	-0.1%
Income taxes, current and deferred	10.2	17.7	0.7%
Net profit	**15.1**	**(14.5)**	**-196%**
(+) Non-recurring items	3.1	8.5	173%
(-) Tax deduction for non-recurring expenses	(1.1)	(2.9)	173%
Adjusted net profit	**17.2**	**(8.9)**	**-152%**

[1] USD/BRL monthly average period exchange rate used to translate our results to USD: 5.368 for July 2022, 5.143 for August 2022, 5.237 for September 2022, 4.801 for July 2023, 4.904 for August 2023, 4.937 for September 2023.

[2] Represents sales between Crop Care and Brazil Ag Retail.

Segment Results for 1Q24[3]

Brazil Ag Retail

Brazil Ag Retail saw revenue increased by 15%, reflecting improved sales volumes of crop protection, fertilizer and specialty product categories, which increased +54%, +53% and +33% respectively. This more than offset the impact from price declines in crop protection and fertilizers. Gross margin contracted by -1,070bps to 8.7%, driven by the same factors.

Brazil Ag Retail	1Q23	1Q24	Chg. %
(in millions of US dollars)			
Inputs revenue	341.3	371.6	9%
Grains revenue	17.0	40.2	136%
Revenue	**358.3**	**411.8**	**15%**
Gross Profit	**69.3**	**35.7**	**-49%**
Gross Margin	*19.4%*	*8.7%*	*-1069 bps*
Gross Margin (% of Inputs)	*20.3%*	*9.6%*	*-1072 bps*
Adjusted EBITDA	**33.1**	**4.2**	**-87%**
Adjusted EBITDA margin	*9.2%*	*1.0%*	*-823 bps*
Adjusted EBITDA margin (% of Inputs)	*9.7%*	*1.1%*	*-858 bps*

Latam Ag Retail

Latam Ag Retail reported revenue of $66.3 million, a 1% decrease from the prior year quarter, and a more pronounced 9% decline in Colombian peso terms. This decline was largely due to pricing headwinds to fertilizer sales and supply shortages of corn seeds from a key supplier which resulted in lost revenue opportunity amounting to ~$2 million for the quarter. Additionally, our Latam operations continue to be adversely affected by the discontinued supply of Paraquat, a leading herbicide in Colombia, from a key supplier. This issue contributed to a year-over-year revenue headwind of ~$2 million in the quarter.

Latam Ag Retail	1Q23	1Q24	Chg. %
(in millions of US dollars)			
Inputs revenue	61.4	60.1	-2%
Grains revenue	5.3	6.2	18%
Revenue	**66.7**	**66.3**	**-1%**
Gross Profit	**9.5**	**9.2**	**-4%**
Gross Margin	*14.3%*	*13.8%*	*-48 bps*
Gross Margin (% of Inputs)	*15.5%*	*15.2%*	*-27 bps*
Adjusted EBITDA	**4.4**	**3.1**	**-29%**
Adjusted EBITDA margin	*6.6%*	*4.7%*	*-188 bps*
Adjusted EBITDA margin (% of Inputs)	*7.2%*	*5.2%*	*-196 bps*

[3] USD/BRL average period exchange rate used to translate our results to USD throughout this document for illustration purposes: 5.368 for July 2022, 5.143 for August 2022, 5.237 for September 2022, 4.801 for July 2023, 4.904 for August 2023, 4.937 for September 2023.

Crop Care

Crop Care's revenue saw a slight decline of 1% to $35.7 million, primarily due to a significant drop in Perterra's revenue, a result of falling prices in agrochemicals. It's worth noting that Perterra, a subsidiary of Crop Care, specializes in importing off-patent agrochemicals from Asia, with Lavoro's Brazil Ag Retail being its main customer. Another contributing factor to this quarter's performance was Agrobiologica, which encountered delays in farmers' purchasing decisions, leading to deferred revenue. However, these year-over-year impacts were partially mitigated by the recent acquisition of Cromo Quimica, an adjuvant manufacturer acquired in 4Q23, and double-digit growth of Union Agro, our specialty fertilizers manufacturing subsidiary.

Crop Care	1Q23	1Q24	Chg. %
(in millions of US dollars)			
Revenue	**36.0**	**35.7**	**-1%**
Gross Profit	**16.8**	**15.4**	**22%**
Gross Margin	*46.6%*	*43.3%*	*-331 bps*
Adjusted EBITDA	**11.8**	**5.6**	**-53%**
Adjusted EBITDA margin	*32.6%*	*15.6%*	*-1,703 bps*

Full Fiscal Year 2024 Consolidated Outlook[4]

In light of a more challenging market environment than initially anticipated, Lavoro has updated its FY2024 guidance. The revised outlook for Adjusted EBITDA now stands at a range of $80 million to $110 million. This adjustment is due to a slower-than-expected recovery in distribution margins for crop protection and fertilizer products, and unanticipated headwinds facing the Crop Care segment, stemming from the effects of El Niño on the safrinha crop. Total revenue and input revenue projections remain unchanged, with ranges of $2.0 to $2.3 billion and $1.7 to $2.0 billion, respectively.

	Previous FY2024 Guidance		Revised FY2024 Guidance	
Consolidated Financials Outlook	Low	High	Low	High
(in millions of US dollars)				
Revenue	**2,000**	**2,300**	**2,000**	**2,300**
Inputs revenue	**1,700**	**2,000**	**1,700**	**2,000**
Adjusted EBITDA	**135**	**165**	**80**	**110**

Recent Business and Commercial Updates

<u>Organic Expansion to North and Northeast of Brazil</u>

In November, Lavoro expanded its retail footprint into the north and northeast states of Brazil, Pará (PA) and Maranhão (MA), respectively, with the opening of two retail locations. The new stores, increase the company's presence to 12 out of the 26 Brazilian states and further strengthen Lavoro's retail network in the northern region.

Establishment of a R$420 million secured credit facility

On December 27, 2023, Lavoro announced the establishment of a new R$420 million (equivalent to around $86 million USD,) secured credit facility with a 4-year term. With this new facility, Lavoro retires existing short-term borrowings, providing more sustainable and longer term financing options for working capital needs and other growth initiatives to enhance the company's capital structure.

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[4] USD/BRL average period exchange rate used to translate our results to USD: 4.88 for FY1Q24, and 5.02 for FY2Q24 to FY4Q24

Recent M&As Updates

Closed agreements

Coram Comércio e Representações Agrícolas

On November 30, Lavoro successfully completed the acquisition of a controlling interest in Coram Comércio e Representações Agrícolas. Founded in 1973, Coram has ten retail locations and more than 50 employees, including 33 RTVs, serving approximately 1,200 customers in three states of Brazil.

Conference Call Details

The Company will host a conference call and webcast to review its fiscal first quarter 2024 results on January 24, 2024, at 5 pm ET / 7 pm BRT.

Participant Numbers: 1-877-407-9716 (U.S.), 1-201-493-6779 (International)

The live audio webcast will be accessible in the Events section on the Company's Investor Relations website at https://ir.lavoroagro.com/disclosure-and-documents/events/.

Non-IFRS Financial Measures

This press release contains certain non-IFRS financial measures, including Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Net Profit/Loss and Adjusted Net Profit/Loss Margin. A non-IFRS financial measure is generally defined as a numerical measure of historical or future financial performance, financial position, or cash flow that purports to measure financial performance but excludes or includes amounts that would not be so adjusted in the most comparable IFRS measure. The Company believes these non-IFRS financial measures provide meaningful supplemental information as they are used by the Company's management to evaluate the Company's performance, and provide additional information about trends in our operating performance prior to considering the impact of capital structure, depreciation, amortization and taxation on our results, as well as the effects of certain items or events that vary widely among similar companies, and therefore may hamper comparability across periods, although these measures are not explicitly defined under IFRS. Management believes that these measures enhance a reader's understanding of the operating and financial performance of the Company and facilitate a better comparison between fiscal periods. Adjusted EBITDA is defined as profit (loss) for the year, adjusted for finance income (costs), net, income taxes, depreciation and amortization and excluding the impact of certain revenues, expenses and costs that we believe are isolated in nature incurred as part of our expansion, namely: (i) fair value on inventories sold from acquired companies, (ii) M&A adjustments that in management's judgment do not necessarily occur on a regular basis, (iii) listing and other expenses recognized in connection with the Business Combination, (iv) share-based compensation expenses, (v) bonuses paid out to our employees as a result of the closing of the Business Combination, (vi) expenses paid to Patria in connection with management consultancy services, (vii) depreciation and amortization recognize on cost of goods sold and (viii) losses/gains on the fair value of commodity forward contracts. Adjusted EBITDA Margin is calculated as Adjusted EBITDA as a percentage of revenue for the period/year. Adjusted Net Profit/Loss is defined as Net Profit/Loss excluding the impact of certain revenues, expenses and costs that we believe are isolated in nature incurred as part of our expansion, namely: (i) fair value on inventories sold from acquired companies, (ii) M&A adjustments that in management's judgment do not necessarily occur on a regular basis, (iii) listing and other expenses recognized in connection with the Business Combination, (iv) share-based compensation expenses, (v) bonuses paid out to our employees as a result of the closing of the Business Combination, (vi) expenses paid to Patria in connection with management consultancy services, (vii) depreciation and amortization recognize on cost of goods sold and (viii) losses/gains on the fair value of commodity forward contracts. Adjusted Net Profit/Loss Margin is calculated as Adjusted Net Profit/Loss as a percentage of revenue for the period/year.

The Company does not intend for the non-IFRS financial measures contained in this release to be a substitute for any IFRS financial information. Readers of this press release should use these non-IFRS financial measures only in conjunction with comparable IFRS financial measures. Reconciliations of the non-IFRS financial measures Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Net Profit/Loss and Adjusted Net Profit/Loss Margin, to their most comparable IFRS measures, are provided in the table below.

Reconciliation of Adjusted EBITDA	1Q23	1Q24
(in millions of US dollars)		
Net Profit/Loss for the Period	**15.1**	**(14.5)**
(+) Finance income (costs)	28.2	26.0
(+) Equity	-	0.2
(+) Income taxes, current and deferred	(10.2)	(17.7)
(+) Depreciation and amortization	8.1	8.6
(+) Fair value of inventories sold from acquired companies	0.3	1.7
(+) M&A expenses	0.5	3.4
(+) Stock-based compensation	1.7	1.2
(+) DeSPAC related bonus	-	1.3
(+) Related party consultancy services	0.6	0.9
Adjusted EBITDA	**44.4**	**11.1**
(/) Revenue	436.8	483.1
Adjusted EBITDA margin	10.2%	2.3%

Reconciliation of Adjusted Net Profit (Loss)	1Q23	1Q24
(in millions of US dollars)		
Profit/Loss for the Period	**15.1**	**(14.5)**
(+) Fair value of inventories sold from acquired companies	0.3	1.7
(+) M&A expenses	0.5	3.4
(+) Stock Option Plan	1.7	1.2
(+) DeSPAC related bonus	-	1.3
(+) Related party consultancy services	0.6	0.9
(-) Tax deduction for non-recurring expenses	(1.1)	(2.9)
Adjusted Net Profit/Loss	**17.2**	**(8.9)**
(/) Revenue	436.8	483.1
Adjusted Net Profit/Loss margin	3.9%	-1.8

About Lavoro

Lavoro is Brazil's largest agricultural inputs retailer and a leading producer of agricultural biological products. Lavoro's shares and warrants are listed on the Nasdaq stock exchange under the tickers "LVRO" and "LVROW." Through its comprehensive portfolio of products and services, the company empowers small and medium-size farmers to adopt the latest emerging agricultural technologies and enhance their productivity. Since its founding in 2017, Lavoro has broadened its reach across Latin America, serving 72,000 customers in Brazil, Colombia, and Uruguay, via its team of over 1,000 technical sales representatives (RTVs), its network of over 210 retail locations, and its digital marketplace and solutions. Lavoro's RTVs are local trusted advisors to farmers, regularly meeting them to provide agronomic recommendations throughout the crop cycle to drive optimized outcomes. Learn more about Lavoro at ir.lavoroagro.com.

Reportable Segments

Lavoro's reportable segments are the following:

Brazil Cluster (Brazil Ag Retail): comprises companies dedicated to the distribution of agricultural inputs such as crop protection, seeds, fertilizers, and specialty products, in Brazil.

LatAm Cluster (Latam Ag Retail): includes companies dedicated to the distribution of agricultural inputs outside Brazil (currently primarily in Colombia).

Crop Care Cluster (Crop Care): includes companies that produce and import our own portfolio of private label products including specialty products (e.g., biologicals and specialty fertilizers) and off-patent crop protection.

Lavoro's Fiscal Year

Lavoro follows the crop year, which means that its fiscal year comprises July 1st of each year, until June 30 of the following year. Given this, Lavoro's quarters have the following format:

1Q - quarter starting on July 1 and ending on September 30.
2Q - quarter starting on October 1 and ending on December 31.
3Q - quarter starting on January 1 and ending on March 31.
4Q - quarter starting on April 1 and ending on June 30.

Definitions

RTVs: refer to Lavoro's technical sales representatives (Representante Técnico de Vendas), who are linked to its retail stores, and who develop commercial relationships with farmers.

Forward-Looking Statements

The contents of any website mentioned or hyperlinked in this press release are for informational purposes and the contents thereof are not part of or incorporated into this press release.

Certain statements made in this press release are "forward-looking statements" within the meaning of the "safe harbor" provisions of the United States Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by the use of words such as "aims," "estimate," "plan," "project," "forecast," "intend," "will," "expect," "anticipate," "believe," "seek," "target" or other similar expressions that predict or indicate future events or trends or that are not statements of historical matters. These forward-looking statements include, but are not limited to, statements regarding the expectations regarding the growth of Lavoro's business and its ability to realize expected results, grow revenue from existing customers, and consummate acquisitions; opportunities, trends, and developments in the agricultural input industry, including with respect to future financial performance in the industry. These forward-looking statements are provided for illustrative purposes only and are not intended to serve as and must not be relied on by any investor as, a guarantee, an assurance, a prediction, or a definitive statement of fact or probability. Actual events and circumstances are difficult or impossible to predict and will differ from assumptions. Many actual events and circumstances are beyond the control of Lavoro.

These forward-looking statements are subject to a number of risks and uncertainties, including but not limited to, the outcome of any legal proceedings that may be instituted against Lavoro related to the business combination agreement or the transaction; the ability to maintain the listing of Lavoro's securities on Nasdaq; the price of Lavoro's securities may be volatile due to a variety of factors, including changes in the competitive and regulated industries in which Lavoro operates, variations in operating performance across competitors, changes in laws and regulations affecting Lavoro's business; Lavoro's inability to meet or exceed its financial projections and changes in the consolidated capital structure; changes in general economic conditions, including as a result of the COVID-19 pandemic; the ability to implement business plans, forecasts, and other expectations, changes in domestic and foreign business, market, financial, political and legal conditions; the outcome of any potential litigation, government and regulatory proceedings, investigations and inquiries; costs related to the business combination and being a public company and other risks and uncertainties indicated from time to time in the proxy statement/prospectus filed by Lavoro relating to the business combination or in the future, including those under "Risk Factors" therein, and in TPB Acquisition Corp.'s or Lavoro's other filings with the SEC. If any of these risks materialize or our assumptions prove incorrect, actual results could differ materially from the results implied by these forward-looking statements. There may be additional risks that Lavoro currently believes are immaterial that could also cause actual results to differ from those contained in the forward-looking statements.

In addition, forward-looking statements reflect Lavoro's expectations, plans, or forecasts of future events and views as of the date of this press release. Lavoro anticipates that subsequent events and developments will cause Lavoro's assessments to change. However, while Lavoro may elect to update these forward-looking statements at some point in the future, Lavoro specifically disclaims any obligation to do so. These forward-looking statements should not be relied upon as representing Lavoro's assessments as of any date subsequent to the date of this press release. Accordingly, undue reliance should not be placed upon the forward-looking statements.

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Interim condensed consolidated statement of financial position
As of September 30, 2023
(In thousands of Brazilian reais - R$, except if otherwise indicated)

	September 30, 2023	June 30, 2023
Assets		
Current assets		
Cash equivalents	564,312	564,294
Trade receivables	3,070,618	2,667,057
Inventories	2,556,598	1,868,204
Taxes recoverable	73,781	57,001
Derivative financial instruments	39,145	40,410
Commodity forward contracts	92,779	114,861
Advances to suppliers	679,772	192,119
Other assets	27,783	32,701

Total current assets	**7,104,788**	**5,536,646**
Non-current assets		
Restricted cash	147,917	139,202
Trade receivables	31,559	41,483
Other assets	20,870	8,390
Judicial deposits	24,246	8,820
Right-of-use assets	171,332	173,679
Taxes recoverable	330,979	282,903
Deferred tax assets	382,383	329,082
Investments	2,376	-
Property, plant and equipment	203,395	196,588
Intangible assets	941,152	807,192
Total non-current assets	**2,256,209**	**1,987,339**
Total assets	**9,360,997**	**7,523,984**
Liabilities		
Current liabilities		
Trade payables	3,620,208	2,575,701
Trade payables - supplier finance	-	26,157
Lease liabilities	82,306	85,865
Borrowings	1,700,925	922,636
Obligations to FIAGRO quota holders	160,249	150,018
Payables for the acquisition of subsidiaries	236,783	221,509
Derivative financial instruments	46,281	44,008
Commodity forward contracts	82,538	207,067
Salaries and social charges	201,246	223,376
Taxes payable	49,381	37,105
Dividends payable	1,324	1,619
Warrant liabilities	37,866	36,446
Advances from customers	630,301	488,578
Other liabilities	90,788	34,388
Total current liabilities	**6,940,196**	**5,054,473**
Non-current liabilities		
Trade payables	333	2,547
Lease liabilities	100,616	98,554
Borrowings	37,484	42,839
Payables for the acquisition of subsidiaries	31,632	53,700
Provision for contingencies	12,729	8,845
Liability for FPA Shares	144,572	139,133
Other liabilities	181	223
Taxes payable	16,100	963
Deferred tax liabilities	18,499	12,351
Total non-current liabilities	**362,146**	**359,155**
Equity		
Share Capital	591	591
Additional Paid-in Capital	2,127,299	2,134,339
Capital reserve	20,497	14,533
Other comprehensive loss	(14,440)	(28,634)
Accumulated losses	(327,247)	(260,710)
Equity attributable to shareholders of the Parent Company	**1,806,700**	**1,860,119**
Non-controlling interests	251,955	250,238
Total equity	**2,058,655**	**2,110,357**
Total liabilities and equity	**9,360,997**	**7,523,984**

Interim condensed consolidated statement of profit or loss

(In thousands of Brazilian reais - R$, except if otherwise indicated)

	September 30, 2023	September 30, 2022
Revenue	2,365,956	2,285,964
Cost of goods sold	(2,072,671)	(1,811,756)
Gross profit	**293,285**	**474,208**
Operating expenses		
Sales, general and administrative expenses	(320,238)	(315,425)
Other operating (expenses) income, net	352	13,617
Share of profit of an associate	(967)	-
Operating profit	**(27,568)**	**172,400**
Finance Income (costs)		
Finance income	85,899	88,819
Finance costs	(235,987)	(227,420)
Other financial income (costs)	21,136	(9,219)
Profit (loss) before income taxes	**(156,520)**	**24,580**
Income taxes		
Current	38,493	16,232
Deferred	47,030	37,267
Profit (loss) for the year	**(70,997)**	**78,079**
Attributable to:		
Net investment of the parent/ Equity holders of the parent	(66,537)	59,615
Non-controlling interests	(4,460)	18,464
Earnings (loss) per share		
Basic, profit (loss) for the period attributable to net investment of the parent/ equity holders of the parent	(0.59)	0.52
Diluted, profit (loss) for the period attributable to net investment of the parent/ equity holders of the parent	(0.59)	0.52

Interim condensed consolidated statement of cash flows
For the three-month period ended September 30, 2023
(In thousands of Brazilian reais - R$, except if otherwise indicated)

	September 30, 2023	September 30, 2022
Operating activities:		
Profit (loss) before income taxes	(156,520)	24,580
Adjustments to reconcile profit (loss) for the period to net cash flow:		
Allowance for expected credit losses	26,496	12,061
Foreign exchange differences	4,862	11,889
Accrued interest expenses	80,143	53,265
Interest arising from revenue contracts	(65,647)	(65,129)
Interest on trade payables	142,360	148,911
Loss (gain) on derivatives	(26,281)	450
Interest from tax benefits	(10,465)	(7,407)
Fair value on commodity forward contracts	284	(3,121)
Gain on changes in fair value of warrants	1,420	-
Amortization of intangibles	18,376	24,350
Amortization of right-of-use assets	19,441	16,613
Depreciation	4,515	3,578
Losses and damages of inventories	1,565	4,209
Provisions for contingencies	3,884	8,313
Share-based payment expense	5,964	8,911
Share of profit of an associate	967	-
Changes in operating assets and liabilities:		
Assets		
Trade receivables	(446,075)	(715,626)
Inventories	(643,982)	(897,943)
Advances to suppliers	(480,712)	(499,853)
Derivative financial instruments	29,819	(1,106)
Taxes recoverable	(15,651)	(19,360)
Other receivables	(122,747)	13,987
Liabilities		
Trade payables	1,057,664	1,081,930
Advances from customers	138,212	473,146
Salaries and social charges	(23,781)	(25,143)
Taxes payable	23,719	36,057
Other payables	72,283	152,902
Interest paid on borrowings and FIAGRO quota holders	(84,501)	(45,644)
Interest paid on acquisitions of subsidiary	(4,461)	(2,652)
Interest paid on trade payables and lease liabilities	(234,048)	(307,574)
Interest received from revenue contracts	86,825	122,981
Income taxes paid/received	5,578	(40,004)
Net cash flows from (used in) operating activities	**(590,494)**	**(432,429)**
Investing activities:		
Acquisition of subsidiary, net of cash acquired	(109,724)	(91,773)
Additions to property, plant and equipment and intangible assets	(23,896)	(57,201)
Proceeds from the sale of property, plant and equipment	3,720	32
Net cash flows used in investing activities	**(129,900)**	**(148,942)**
Financing activities:		
Proceeds from borrowings	1,218,074	731,007
Repayment of borrowings	(481,957)	(156,751)
Payment of principal portion of lease liabilities	(18,787)	(15,171)
Proceeds from FIAGRO quota holders, net of transaction costs	137,496	141,645
Repayment of FIAGRO quota holders	(117,297)	(6,632)
Trade payables - Supplier finance	(26,157)	-
Acquisition of non-controlling interests	-	(31,500)
Dividend payments	(295)	-
Net cash flows provided by financing activities	**711,077**	**662,598**
Net increase (decrease) in cash equivalents	(9,317)	81,228
Net foreign exchange difference	9,335	-
Cash equivalents at beginning of year	564,294	254,413
Cash equivalents at end of year	**564,312**	**335,641**