



**International Conference Call**  
**Ultrapar Participações S/A (UGPA3)**  
**2Q24 Earnings Results**  
**August 8, 2024**

**Operator:** Good morning, ladies and gentlemen and thank you for waiting. At this time, we would like to welcome everyone to Ultrapar's 2Q24 results conference call. There is also a simultaneous webcast that may be accessed through Ultrapar's website at [ri.ultra.com.br](http://ri.ultra.com.br) and MZiQ platform.

The presentation will be conducted by Mr. Rodrigo Pizzinatto, Ultrapar's Chief Financial and Investor Relations Officer, and in the Q&A session we will have the presence of Mr. Marcos Lutz, Ultrapar's CEO, the CEOs of Ultragaz and Ipiranga, Mr. Tabajara Bertelli and Mr. Leonardo Linden, and the CFO of Ultracargo, Mr. André Zaia.

We would like to inform you that this event is being recorded and all participants will be in listen-only mode during the Company's presentation. After Ultrapar's remarks are completed, there will be a question and answer session. At that time further instructions will be given. We remind you that questions, which will be answered during the Q&A session, may be posted in advance in the webcast. A replay of this call will be available for seven days.

Before proceeding, let me mention that forward-looking statements are being made under the Safe Harbor of the Securities litigation reform act of 1996. Forward-looking statements are based on the beliefs and assumptions of Ultrapar management, and on information currently available to the Company. They involve risks, uncertainties and assumptions because they relate to future events and therefore depend on circumstances that may or may not occur in the future. Investors should understand that general economic conditions, industry conditions and other operating factors could also affect the future results of Ultrapar and could cause results to differ materially from those expressed in such forward-looking statements.

Now, I'll turn the conference over to Mr. Rodrigo Pizzinatto. Mr. Rodrigo, you may now begin the conference.



**Rodrigo Pizzinatto:** Good morning, everyone! It is a pleasure to be here once more to talk about Ultrapar's results.

And before we begin, I want to draw your attention to the reporting criteria and standards presented on slide 2.

And moving on to slide number 3, as you can see in the chart in the upper left side, our recurring EBITDA totaled R\$ 1 billion 282 million in the second quarter of 2024, 37% higher than that of the 2Q of 2023, mainly due to the higher EBITDA of Ipiranga year-over-year. As you can also see, the accumulated EBITDA for 2024 is R\$ 2 billion and 588 million, 32% higher year-over-year.

Ultrapar's net income was R\$ 491 million, a growth of 106% year-over-year, due to the EBITDA growth I just mentioned and lower net financial expenses. I highlight that the share of profit of Hidrovias did not contribute to Ultrapar's net income in the 2Q of 2024, which will occur from the third quarter onwards, with a two-month lag. The accumulated net income for 2024 is R\$ 947 million, 85% higher than that of 2023.

Our Board of Directors, as we have already disclosed, approved the payment of R\$ 276 million in interim dividends for the first half of 2024, equivalent to 25 cents of Real per share.

Our investments totaled R\$ 479 million in the 2Q of 24, 24% above that of 2Q of 2023, mainly due to higher investments in Ultracargo and lower investments in Ipiranga. I highlight that these investments do not consider the acquisition of the significant equity stake in Hidrovias and receipts from divestments.

We had an operating cash generation of R\$ 1 billion 298 million in the 2Q of 2024, R\$ 400 million higher than that of the 2Q of 2023, mainly due to higher EBITDA, lower working capital investment, and higher draft discount in the 2Q of 2024.

Moving now to slide 4, to talk about our liability management.

We ended the second quarter with a net debt of R\$ 7 billion and 700 million, a reduction of R\$ 123 million compared to March 2024. The decrease in the net debt is mainly due to the operating cash generation of the period and the receipt of the last



installment of the Oxitenos sale of R\$ 755 million. These cash inflows were partially offset by the acquisition of a stake in Hidrovias for R\$ 1 billion and 293 million, reclassified to the "Investments" line.

Our leverage decreased from 1.3x in March 2024 to 1.2x in June 2024, due to higher EBITDA of the last 12 months and lower net debt, as I just mentioned. I point out that the figures of net debt for the 2Q of 24 still do not include the receipt of the last installment of the Extrafarma sale amounting to R\$ 222 million, which occurred in early August.

As you can also see in the table at the bottom of this slide, the net debt in June 2024, added to draft discount, vendor, and receivables from the Extrafarma divestment is R\$ 9 billion and 256 million, R\$ 476 million higher than that of 2023.

Moving on to the next slide, slide number 5, to talk about Ultragaz.

The volume of LPG sold in the second quarter was 1% lower year-over-year, due to a 2% reduction in bottled LPG, mainly reflecting the continued competitive environment, as well as a milder winter compared to the previous year. Bulk LPG remained stable, also affected by the milder winter.

Ultragaz's SG&A in the 2Q of 2024 was 4% lower than in the 2Q of 2023, due to initiatives to increase operational efficiency and lower expenses with sales commissions and personnel.

Ultragaz's EBITDA was R\$ 414 million in the 2Q of 2024, which includes a non-recurring effect of R\$ 17 million related to the reduction of the earnout payable from the acquisition of Stella, due to the exit of a partner. The recurring EBITDA totaled R\$ 397 million in the quarter, 2% lower than that of the 2Q of 2023. This decrease is explained by the lower sales volume and a more competitive environment in the bottled segment.

For the third quarter, we expect a seasonally stronger volume compared to the second quarter, with EBITDA at a similar level to that of the 3Q of 2023.

Moving now to slide 6, to talk about another good result of Ultracargo.



The company's average installed capacity of 1 million and 67 thousand cubic meters is 12% above that of the 2Q of 2023, due to Opla, Vila do Conde, and Rondonópolis.

The cubic meter sold grew 19% year-over-year, mainly due to the start of operations at Opla and Rondonópolis and greater fuel handling at Vila do Conde, attenuated by lower spot fuel handling at Santos and Itaquí.

Ultracargo's net revenues were R\$ 264 million in the 2Q of 2024, 2% higher than that of the 2Q of 2023, as a result of the higher cubic meter sold, despite lower spot sales.

Combined costs and expenses were 1% above that of the 2Q of 2023, due to higher depreciation costs, in line with capacity additions, partially offset by lower personnel expenses.

Ultracargo's EBITDA totaled R\$ 165 million in the quarter, a 3% growth year-over-year, due to greater capacity occupancy with profitability gains, lower expenses, and productivity and efficiency gains, despite lower spot sales and the R\$ 8 million gains from the sale of Ultracargo's stake of União Vopak in the 2Q of 2023.

EBITDA margin was 63% in the 2Q of 2024, in line with that of the 2Q of 2023.

For the third quarter, we expect Ultracargo to continue its good results, with EBITDA levels similar to those seen in recent quarters.

And to conclude this presentation, moving now to slide 7, let's talk about Ipiranga's results.

The volume sold by Ipiranga in this second quarter grew 4% over the 2Q of 2023, with a 5% growth in diesel and a 3% growth in the Otto cycle, driven by greater share of ethanol over gasoline in the product mix.

We ended the 2Q of 2024 with a network of 5,876 service stations, 5 less than in March 2024. We added 79 service stations and closed 84 throughout the quarter. This level of closures reflects stricter contract compliance. I remind you that the number of stations is not the main driver for volume growth, as observed in recent quarters. Furthermore, we ended the quarter with 1,506 AmPm stores, with same store sales growth of 7%.

Ipiranga's SG&A increased by 30% compared to the 2Q of 2023, due to higher personnel expenses, mainly a larger headcount and collective bargaining



agreement, depreciation, freight costs due to higher sales volume, and one-off expenses with the office relocation in Rio de Janeiro and São Paulo.

The line of other operating results totaled a negative R\$ 109 million in the quarter, an improvement of R\$ 100 million year-over-year, as a result of lower expenses with carbon tax credits. The line of result from disposal of assets totaled R\$ 36 million, as a consequence of the sale of real estate assets, especially the São Cristóvão building in Rio de Janeiro.

Ipiranga's EBITDA was R\$ 817 million in the quarter. Recurring EBITDA totaled R\$ 781 million, 80% higher year-over-year. The higher EBITDA reflects better margins, mainly due to competition environment normalization and inventory gains in the 2Q of 2024, despite higher expenses and irregularities in the market. These irregularities are mainly due to tax benefits in the state of Amapá, which were revoked in April, and increased naphtha imports, which enter the country as a raw material for the chemical industry, with a lower tax burden, but end up also being used to produce gasoline without full tax collection.

We ended the quarter with a recurring unit EBITDA for the last 12 months of R\$ 177/m<sup>3</sup>, 137% higher year-over-year, mainly driven by the results of the second half of 2023.

In this third quarter, we had fuel price increases in July, with consequent inventory gains. We are also seeing a normalization of inventory levels in the sector, which began at the end of the last quarter. Therefore, expect a profitability similar to that of the year 2023.

Very well, I now conclude my presentation. Let's now move on to the Q&A session to answer any questions you may have. Thank you for your attention!

### **Question-and-Answer Session**

**Operator:** The floor is now open for questions for investors and analysts only.



**Gabriel Barra, Citi:** Thank you for taking my questions. I am going to focus on Ipiranga, and I will try to understand your opinion on 3 points. First, analyzing the results, it seems there is an effect on SG&A, but a non-recurring effect in the quarter, the change of the office in Rio. I do not know to what extent you can share with us, but we would like to understand the impact of this non-recurring effect in the quarter, thinking about a margin and trying to exclude it, because it seems to be a relevant effect in the quarter. It's another point out that we have seen the industry focus on that. There are a number of negative effects in the quarter. Through time, it has improved, but still something that is hard and has to be done for the margins to get better and for the whole future of your business.

The second thing that I would like to understand from you is, to what extent you can quantify the impact, not only the issue in Amapá, but also naphtha, CBio, which has also been discussed, constant debtors. I would like to hear the impact about that in the quarter. And what can we expect for the next quarter?

And thirdly, Pizzinatto has somewhat addressed that the 2H24 seems to be much better for the industry. Do you share the same opinion? I would like to know to what extent really it's going to be better, and also the sustainability of the improvement that you expect coming. These are my 3 points. Thank you.

**Leonardo Linden:** Gabriel, good morning. Thank you for the questions. Concerning SG&A and the offices, yes, they had an impact this month. We had a plan for a while of changing the office in Rio. High cost of maintenance, some impacts on infrastructure. We have already had mapped the place to move in Rio, but we still have not had the opportunity to have the transaction as we wanted. We had the transaction with an entrepreneur, and we carried on with our plan to move our office in Rio.

At the same time, we had to have a rebuilding, just really streamlining the office. And the same has been done here for our office in São Paulo. We do not expect to have any relevant impact in the 3Q concerning that. But yes, expenses that were impacting the 2Q, R\$7 to R\$8 per m<sup>3</sup> of impact in our SG&A.



Concerning your second point, negative effect of the market, in the 2Q, we have observed the effects, and part of them because of the issues from Amapá. It was in the end of April. But that's not the only effect.

We are operating in a market that has a number of irregularities. There are distributors which do not meet the goals of CBio and there are orders against them. There is the issue of tax and non-specification of products, as Rodrigo pointed out, there are a number of market irregularities and we have been handling them the best as we can.

But we have seen in this quarter, some important actions. And even here, I have always been highly critical about it. As a society, we should take a stance. And at the end of the quarter, it was quite important to see and really making a number of actions towards that in attacking some distortion factors of good competitive environment, ICL, the media, I had the impression that the media has really embraced the topic and have been talking about it extensively. So these are all positive indications, something that really makes us feel somewhat more relaxed. It's far from being solved, of course, but it is something that at least gives us a better outlook.

These numbers have been known. They are part of different studies. As a society, there is R\$30 billion losses from such irregularities. And it's all with the government. Therefore, we should really keep on fighting the irregular market, so that we have healthier competitive markets. Healthier markets would also contribute to better businesses.

Concerning the 2H24, inventory levels of the market will probably be more normalized. It seems that we are not going to have the level of oversupply, especially for diesel. The market will be more balanced, I believe, which does not mean there is going to be a product shortage, just a well-balanced market, and we have a very positive perspective concerning the next quarter.

**Monique Greco, Itaú:** I have 2 questions from our side. I would like to ask Linden about Ipiranga. Thinking about the 2H, which was your last answer, can you share with us what you expect in terms of market share? We have been observing the data on a monthly basis, and we have seen in recent months some reduction of share in retail and B2B. Could you please share with us what you expect for the 2H24?



Secondly, it's a question to Tabajara about Ultragaz. Could you please share with us the integration with SHV? Anything to share with us? How long would it take to have the full integration and then start benefiting from synergies?

**Leonardo Linden:** Monique, thank you for the question. Concerning market share, the market has somewhat different characteristics from what it used to be, and we can see more volatility in the share than we used to see in the past, because the spot market is much more volatile, especially for a company such as Ipiranga.

What we anticipate for the 3Q and the 2H, I would see a share in our branded network, which in a contracted area will be really stable, because we have constant volume. And I think the 3Q will have probably a lower volatility because of fewer irregularities, so we hope, in the spot market.

But the spot market will always be a business of opportunity for those selling and those buying, if you have the right condition at the right time, we just benefit from it. If not, it's not end of the world. Our priority will always be our own network. We do not see any different perspective in the branded network, and we always work to capture good businesses that would impact our share in the spot market as well.

**Tabajara Bertelli:** Thank you for the question. On the operational consortium with SHV, we have planned a very important part of the integration, Phase 1 of the integration, quite relevant in the total context of the project.

We have met what we had planned with the expected moves and changes. It has all been implemented, that it's a very relevant portion of the project. In the quarter, we have not had any significant capture because it's the process of implementation as planned. For the 3Q and 4Q, we are going to have some marginal capture, as we have explained in the past.

And then, going to the next steps, it will take a couple of months complementing full implementation of the consortium in 2025, very much aligned with our strategic plan of improving operating efficiency. There was the challenge of implementation. But fortunately, we have covered this step, and it's all fully implemented. We are doggedly moving ahead very satisfactorily.





**Luiz Carvalho, UBS:** Thank you for taking my question. Great results. Kudos for you. I have 2 questions, and then I will go back to a point that I always emphasize, capital allocation. You have a leverage, which is very comfortable, close to 1x even after acquisition of Hidrovias. What can we expect in terms of priorities and capital allocation? Anything of acquisition ahead, expansion of your CAPEX plan? Any perspective of sharing extraordinary dividend, speeding up buyback, et cetera?

Despite the fact that your 3 businesses are equally important to the Company, part of Ultrapar's thesis is based on capital allocation strategy, and you have made very important action involving Hidrovias. Can you please tell us more about this investment? Because I would like to know about your first impressions. What are the opportunities you had? Now you have nearly 40% of the Company ownership. What can we expect in terms of Ultrapar's action in Hidrovias as its main shareholder?

**Marcos Lutz:** Luiz, thank you for the question. I am going to repeat what we have been saying. Capital allocation is a result of discipline. This is what we do. This is something that we always will have as our mantra.

In terms of Hidrovias, it's a publicly traded company, which will have its own conference call for earnings release, and I cannot anticipate any privileged information before the Company shares its own results.

But we see the business as an opportunity. We hold 40% shares. We can see a number of interesting opportunities, and we really think that as shareholders, we will bring some long-term logics, which will be very beneficial to the Company. We would not be able to say anything more than that, because it's a publicly traded company. And of course, Rodrigo and I, Marcos, we are Board members, and of course, we cannot share any other information.

**Rodrigo Pizzinatto:** Building up on that, we are going to have on September 6, our Ultra Day, Investors Day, and Hidrovias is going to be there. That's going to help us align the expectations for the year.



**Rodolfo Angele, J.P. Morgan:** Good morning. Thank you for taking my question. I have 2 quick questions. Concerning Ipiranga, it's clear that we are talking about a 2H which has the expectation of being quite good to the Company. In terms of management agenda, it seems that you were running smoothly. You have closed some service stations. So what are the next steps from a strategic perspective? What would we expect? What is in the management's agenda for the future?

I would also like to hear you about Ultragaz. There was a minor decrease concerning margins, EBITDA per ton. What is your outlook? How are you anticipating the business environment for Ultragaz in the next half year, and also looking ahead into next year? Thank you.

**Leonardo Linden:** Rodolfo, thank you for the question. In terms of agenda, we do not have anything different from what I have been constantly repeating to you as our priorities. We always focused on the capacity to generate products, to operate competitively, to understand the best positions.

Within the scope of what we do in trade and supply, there is an important topic of logistics, which is one of the most important priorities of the Company, because of the potential value to unlock in this business, which is going to impact SG&A.

There is a topic of competitiveness. It's something that we should never lose track of. It is a management, which is very close to what's going on in the market. And we also have our agenda of engagement of the brand in-house, outdoors and we have been doing that for a while.

For upcoming months, we will focus on improving logistics, some transformational changes to Ipiranga. We are going to keep on doing it. And also, our IT changes. It's a longer project, which requires our attention, another major opportunity to generate value. I guess that's it in a nutshell. Something that we have been doing and are working quite well.

**Tabajara Bertelli:** Rodolfo, building up on your question about Ultragaz. We are still focusing on operational excellence. We have just told you about the operational consortium, improving operational efficiency. It's a quarter that we have really evolved in our agenda with resellers, qualification of the resellers, sizing the volume of



network we want, we have been really developing our long-term agenda with our main purpose.

In the specific quarter, there were 2 effects which were highlighted. One, which resulted from the competitive market in some specific segments, still had a lower effect, and also the effect of the weather conditions, especially in the 2Q, which has really impacted the results of the quarter, but very similar to what had happened last year.

**Pedro Soares, BTG:** Good morning. I have 2 questions, follow-up questions actually. One for Ipiranga, I think Linden, and Pizzinatto emphasized the topic about inventory levels. But Linden, could you tell us more about the inventory? In the last call in May, we were all aware of the difficulties resulting from the volumes from Amapá, which ended up creating this oversupply. Anything that now in the end of the 2Q, the inventory levels were still not at the levels that you had anticipated as being the most appropriate ones for a good balance. Has there anything else that would be worth mentioning, something that has impacted your natural competitive dynamics, excluding, of course, artificial effects? If you could please tell us more about that, we would appreciate.

The second follow-up is about Ultragaz. Thinking about ROIC, levels are still very high and above historical levels, and it's clear that the strategy that you have adopted in recent years are going to be translated into marginal CAPEX, which would tend to be lower as you are at much higher levels than what we expect for cost of capital, integration. Do you still think the ROIC will increase? Or do you think that you are at a level that would make you get breakeven to some extent? Thank you.

**Leonardo Linden:** Thank you for the question, Pedro. Concerning inventory levels in the 2Q and the dynamic we have observed. 2Q was very volatile in terms of arbitration. Closed, open, open again in the import flow coming into Brazil.

If you stop and analyze the 2Q, we had the second highest level of imports for the past 2 years. It has maintained the market with full supply plus what had happened in the



1Q of high inventory levels to use the benefits of changing cost. So it's a quarter which was fully supplied.

From now on, we expect to have better balance with a reduction of 2 to 4 days or 2 to 3 day inventory in the market. It's nothing that's going to cause any shortage. But it's going to bring some normality to the market, and this is positive for the dynamics.

**Tabajara Bertelli:** Concerning your question to Ultragaz build up on what I have said in the previous question. We have an agenda of operational excellence of delivering greater value to clients, increasing capillarity with proportionally low associated cost, something that we have been noticing throughout the years.

We have a structuring agenda in the long-term, some recent projects are part of this planning. But this is a long-term view with some marginal changes from now on of focusing on expanding the offers to our clients with added value and bringing more synergies that we have developed. This is what we have designed. Of course, there is a challenge of keep on progressing, but this is what we anticipate.

**Bruno Montanari, Morgan Stanley:** Good morning. Thank you for taking my questions. I have some follow-ups. First, at Ultragaz. You have mentioned a more competitive market. How is the competition happening? Is it price? Is it volume? Payment terms?

Secondly, in Hidrovias, I understand you cannot talk much about strategy because it's a publicly listed company. But in terms of Ultra, in your business, where can you see potential synergies or complementarities with the existing portfolio?

And finally, in Ipiranga, we would like to hear about you once again, because things like the CBios, it seems that nobody is complying with them. There is a number of court orders, injunctions, the review number of CBios to be purchased. What is the Company's stake on the current mechanism and the sustainability in the short-term? And what would be a solution balancing the market in a fair way?

**Tabajara Bertelli:** Bruno, I will start answering about Ultragaz. These are short-term movements that seem to respond better to conditions, and we can see that no big news for all of us who have been in the market for a while, and they tend to be short lived, right, because they are not sustainable.



And in the meantime, we reinforce what we believe to be our strategy, which is to really have a special interaction with our clients to deal with all of that, always maintaining our long-term strategic agenda. And we always anticipate a better perspective in the future.

**Marcos Lutz:** Concerning Hidrovias, the main synergy is a synergy of knowledge. We really think that Hidrovias and the existing knowledge they have, plus the logistics of Ipiranga, the knowledge we have in the terminal operations of Ultracargo together, we can create a more efficient system in the medium, long-term to have logistics of agribusiness in the North of Brazil.

But it's very preliminary, of course. I understand you have to prepare your reports all the time and talk to your clients, but we were just part of one Board meetings. We have been with them for very little time. So strategies, long-term definition, it takes more time than 1 or 2 months.

In the next quarter, we will try to go more into concrete actions, something that would be announced by Hidrovias, and they are going to have their own communication as any publicly listed company. We are fully aligned with that. We think it was the right step to be taken. And thanks to the knowledge we have of our 3 business, in combination, we can really have very good knowledge and information to develop a unique plan for the market.

But the core of Hidrovias is to move grains, which is a market that we want to be more exposed to. Throughout time, we believe there's going to be an increase in demand and there will be the need of existing and additional infrastructure to meet the needs.

**Leonardo Linden:** Bruno, I always like to emphasize that Ipiranga supports the program of carbon credits, the carbon credit market, CBios. But if there are 150 distributors in the country, out of which 60 do not meet, some of them have never met their requirements, so it seems that the program needs adjustments in its own foundation.

It's not normal. 60 out of 150 have never met their requirements. But we want the market and the program to succeed. And this is why we constantly struggle for the program to be revisited, so that we can strike balance.



I am not speaking about court orders, I am talking about distributors who do not need their goals. We know it's hard for regulators to be efficient in punishing these distributors. You said that the normal is not complying. We disagree. Everyone should comply with it, everyone should follow requirements. Failing to comply is an abnormality that should be corrected.

This is our position, not only of Ipiranga. This is something that all companies that meet the requirements of the program and advocate it, really do not agree with that a way that things are doing. We want things to operate smoothly.

**Marcos Lutz:** In our opinion, unless it gets adjusted, the program will be extinct. This is a concern of ours in the short-term in terms of competitiveness. But in the long-term, unless things change, the program will come to an end. There will be a problem in which large distributors will stop doing it, because we need a rule that will be followed by everyone. If there is a rule in which you fail to comply and you have no punishment, well, it's doomed to end.

As Ipiranga and as Ultra, speaking as the CEO of Ultra, we really believe that, yes, there is a concern in the short-term, but we expect things to get better in the mid and long-term. We hope the program can be adjusted so that it can keep on having more people complying with the rules and having better fuel in the country.

**Leonardo Marcondes, Bank of America:** Good morning. Thanks for taking my questions. It's one question and two quick follow-ups. The first question is about Ultracargo. Results were somewhat affected by lower volumes in the spot market. Could you please tell us a bit more about the dynamics and what we can expect for the Company in the 2H24?

My first follow-up is about an answer that Linden gave to Barra. You said that the work of ANP, the gas agency has been important in fighting against irregularities. Do you see really the staff working and engaged to impact your businesses at Ipiranga and other business lines?



Capital allocation. Marcos has just said that the area of grains is something that you would like to be more exposed to. Do you think that would make sense to have Ultra acting in other areas in addition to logistics? That's it. Thank you.

**Andre Zaia:** Thank you for the question. On imports, as Linden pointed out, in the 2Q, arbitration varied a lot. There was great variability, and it generates an impact in the whole chain. At the same time, the demand for imports in Brazil is structural. It was a difficult quarter, and the turnover of terminals was impacted, but it was a one-off effect. As we expect a gradual normalization of inventory levels for the 2H, we expect to keep on having spot opportunities as we have had in previous quarters.

**Leonardo Linden:** Concerning the National Agency of Petroleum & Gas, you were probably referring to some investigations that are ongoing, and we have been reading in the media. I cannot say anything about that actually. But let me use your question to reinforce our support to the National Agency of Gas & Petroleum, ANP, dealing with cases internally or externally.

What the agency has been doing throughout the years is really important for our industry. And we really complement them on the work, and we hope the regulator can keep on working to maintain the balance of the area because this is not good to Ipiranga. This is good to the country and to the industry at large.

**Marcos Lutz:** In terms of capital allocation, we are always going to be rational. There is nothing in our pipeline evolving grains in the pure sense of it. But we have not mapped any opportunity either. It would be totally fine to analyze things like that, but always with discipline, always expecting to have a return rate on projects which are far from what we do today, right, which would require additional efforts.

**Leonardo Marcondes:** Linden, if I may, I was really alluding to a potential strike of the staff of the national agency, and whether you think it would impact Ipiranga, not only about the control over the quality of fuel.

**Leonardo Linden:** Not really. I do not anticipate anything along these lines.

**Regis Cardoso, XP:** Good morning. I have a specific question about results. We have seen in the cash flow part of tax credits, there was a buildup of credit tax. Could you



please tell us about the origin? Is it a credit of ICMS, PIS/COFINS? How well can you monetize that, et cetera?

Another question to Linden. I would like to understand your take on anticipated branding of the service stations or not, and what the market has preferred in terms of model? I do not know the differences among different players.

And finally, concerning imports and inventory levels, in the recent period, since last week, there had been a significant decrease in the price of Petrobras. Today, it seems to be more aligned, and it would open opportunities, especially for those who are importing it from Russia, especially diesel. So let me hear your initial impression about that. If oil and gas really maintains the levels that it has shown so far, do you think that it's going to impact the market or not?

**Rodrigo Pizzinatto:** I am going to talk about cash flow. In the quarter, there were fewer credits because of the reserve we had of the carbon credits. So there were fewer credits in this quarter. Not very different. Anything but that.

The credit that we have, we have expectations to monetize them within 5 years. All credits that we have launched in our balance, we expect it to be monetized within the next 5 years.

**Leonardo Linden:** Regis, concerning anticipated or postponed, the businesses differ. And there are different conditions, sometimes there are different lines of granting that makes sense. I like the model of not anticipating it. Doing it post, because it gives better alignment between distributor and reseller adjusting objectives, creating a commitment with results in the bottom line. But we have both options, and we decided on a case-to-case basis.

As to the supply and demand, this is the dynamic, we have been having since the import business got more relevant to us. International prices vary, windows open and close. We have to be prepared to really benefit from opportunities. The 2H24 will be a period of normalized inventory levels, and I do not expect drastic changes really.

**Gustavo Sadka, Bradesco:** Thank you for taking my questions. Two quick questions. First, a follow-up. You started saying that the margin for the 3Q would probably resume





levels as last year's. Do we expect it to be 150, 160, which was the recurring level of 2023?

Second question is about Ultragaz. Could you please tell us more about margins in the 2Q? We have heard other players in the industry that they had some difficulties to pass-through ICMS, the taxes, and it was equalized in the 2Q. Is it possible now to just pass-through to really increase somewhat the price because of the high prices of the molecule?

**Leonardo Linden:** I will be brief so that Tabajara can answer. First question, yes.

**Tabajara Bertelli:** Good. That was quick.

Concerning the trajectory of margins and prices and what you have talked about ICMS tax in February, and this was one of the factors in the market at that time; in our case, it's different. We can normally just adjust prices accordingly. I think the market has had time to absorb and get adapted to the levels that we currently have. This has been well adjusted, and this is why we have better perspectives for the 2H24.

**Gustavo Sadka:** Great. A quick follow-up about the comments of SG&A. I do not know whether the R\$7, R\$8 per m<sup>3</sup> was the negative impact of the quarter or whether we would really have that improvement with the change in office.

**Rodrigo Pizzinatto:** No, it was a negative impact. This was a provision that we made for expenses in future quarters. It was a one-off effect, non-recurring effect just in the 2Q.

**Operator:** If there are no further questions, I would like now to hand it over to Rodrigo Pizzinatto for his closing remarks. Mr. Pizzinatto, please.

**Rodrigo Pizzinatto:** Thank you all very much for your questions, for your interest. Questions who were sent through the webcast will be answered by our Investor Relations team. And on September 6, we are going to have Ultra Day. Hope to see you all there. Thank you all very much. Have a great day.

**Operator:** The conference call of earnings release of Ultrapar is completed now, closed. Thank you very much. Have a nice day.