



AGRO GALAXY

Overall adjustments made to the results **1Q22** and
LTM1Q22

May 2022

Adjusted EBITDA and Profit

What does impact each of our items? Examples

EBITDA

What actually affected our operating result

- A – IFRS 16
- B – Effective exchange variation (cash) purchase and sale protection

Items have a direct effect on operations, mainly cash impact and operational impact (revenue/cost)

What affected the accounting EBITDA and needs to be adjusted

- C – MTM commodities
- D – Non-recurring expenses – Exclude since they are “non-cash” or should not be incurred again

What affected the accounting profit

- E – Exchange variation MTM calculated and not settled (since there was no commercial transaction)
- F – Income Tax Difference for Investment Support

What may affect the future result

- G – Commodity exposure
- H – Dollar exposure

Sensitivity analysis helps to understand possible effects on each closure

Adjusted Income Statement

Adjusted Income Statement - Effects for better visualization – 1Q22

		A	B	C	D	D	E	
Summary Result for the period <i>In thousands of R\$</i>	Consolidated 1Q2022	IFRS 16	Variation Exchange	Fair Value Commodities	Expenses Unusual	Amortization Goodwill	IR/CS Effect Deferred	Adjusted 1Q2022
Net income for the period	3,145,293							3,145,293
(-) Cost of goods sold	-2,814,205		7,204	-14,276				-2,821,277
Gross profit for the period <i>Net revenue (%)</i>	331,088 <i>10,50%</i>	-	7,204	-14,276	-	-	-	324,016 <i>10.3%</i>
(-) Selling expenses	-104,415							-104,415
(-) Administrative expenses	-87,751	-10,798			4,989			-93,560
(-) Other operating revenues and expenses	4,248							4,248
(-) Depreciation and amortization	-26,451	5,960				4,566		-15,926
Total expenses (SG&A)	-214,369	-4,839	-	-	4,989	4,566	-	-209,653
Profit before financial result (a) <i>Net revenue (%)</i>	116,719 <i>3.7%</i>	-4,839	7,204	-14,276	4,989	4,566	-	114,363 <i>3.6%</i>
(-) Financial Result	-150,519	5,032	731	-7,535				-152,291
(-) Income tax and social contribution	-25,142						18,344	-6,798
(=) Net income (loss) for the period <i>Net revenue (%)</i>	-58,942 <i>-1.9%</i>	193	7,935	-21,811	4,989	4,566	18,344	-44,727 <i>-1.4%</i>
(+) Depreciation and amortization (b)	26,451	-5,960				-4,566		15,926
EBITDA (a) + (b) <i>Net revenue (%)</i>	143,170 <i>4.6%</i>							130,288 <i>4.1%</i>

Adjusted EBITDA

IFRS 16

A Why adjust?

IFRS 16 introduced a new accounting method for lease contracts, whereby:

- An asset is recorded (right of use);
- Counterpart to a liability (short and long term);
- The amount of cash paid reduces the liability;
- While in the result the interest accrued on the operation (liability) and the depreciation of the right of use (asset) is appropriated;

Previously the amounts were recognized directly in the result at the rental value (amount actually paid);

With this, the non-EBITDA effects of interest and depreciation do not impact the net cash generation that EBITDA is based on, therefore, such adjustment is performed as if in practice there was no change.

Where does it have an impact?

	Gross Margin	EBITDA	Profit
Rental paid		✓ 1Q22 (10.7)M	
Net effect between Returning interest + depreciation and reducing rent			✓ 1Q22 (4.8) M

Adjusted EBITDA


Exchange Variation

B Why adjust?

Exchange rate hedges, mainly NDFs, are used to lock the exposure value to the exchange rate, in the purchase and sale operations (mainly the latter referring to commodities).

The gains or losses generated, in the liquidation of these instruments, should reduce or revert to the gains of the operation itself (revenue and cost). Why settled = is the closest date to billing and indicates the effective EBITDA effect.

Where does it have an impact?

	Gross Margin	EBITDA	Profit
Settled exchange variation	 1Q22 7.2 M	 1Q22 7.2 M	 1Q22 7.9 M

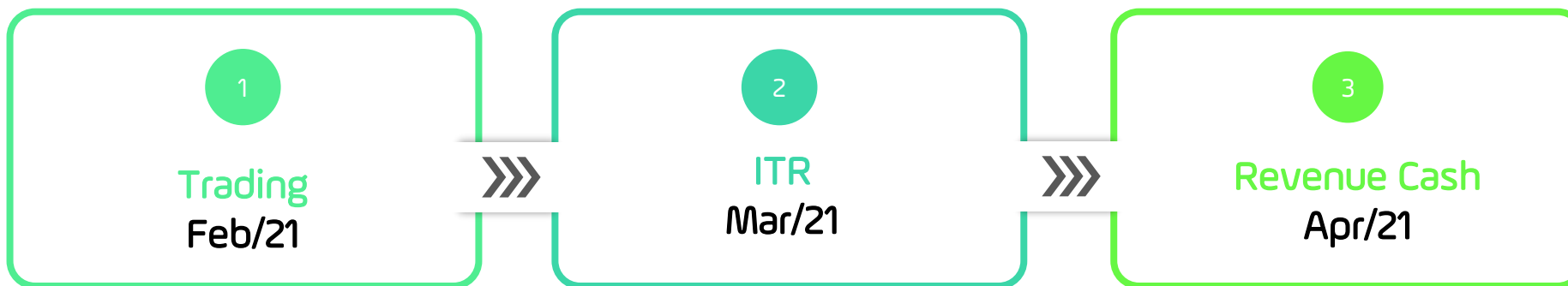
Adjusted EBITDA

Exchange Variation

B How is it calculated?

Timeline

Overview



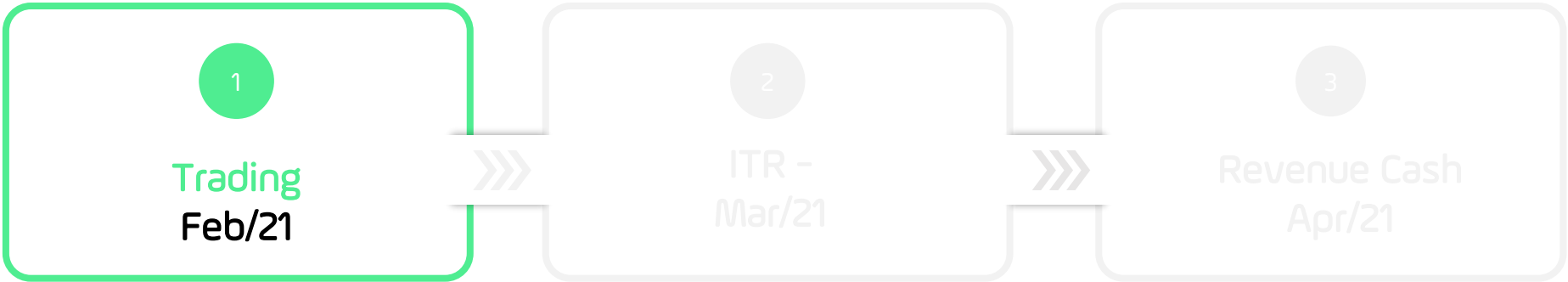
We will demonstrate a transaction started in Feb/21 and settled in Apr/21 and its effects over time and necessary adjustments to better visualize the result:

- 1 **Feb/21:** Transaction initiated through purchase and sale contracts
- 2 **Mar/21:** disclosure of results, possible effects on results;
- 3 **Apr/21:** revenue recognition and contract settlement.

Adjusted EBITDA

Exchange Variation

B Trading: Purchase and sale contract



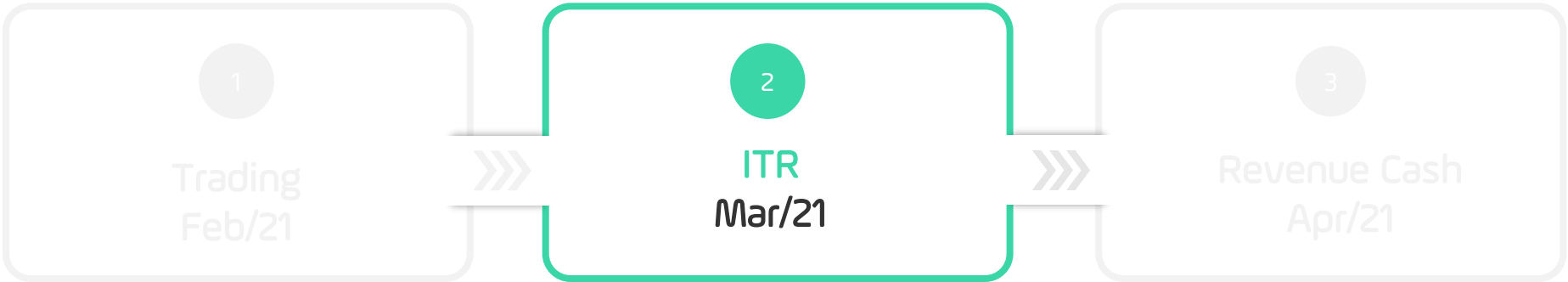
- Contractual Sale Trading on Feb/21 - 1,000 sacks at USD1.00 sack = USD1,000
 - spot dollar at R\$4.00 totaling a transaction in reais of R\$4,000.00
 - agreement maturity in Apr/21 on product delivery date;
 - purchase price in Reais of R\$4,000 equal to the sale price - zero margin.
- NDF contracted in Feb/21 of USD 1,000, daily dollar R\$4.00, due Apr/21;
- Zero exposure on the date.

Effects	Accounting / Adjusted
Gross Margin	0
EBITDA	0
Financial	0
Profit	0

Adjusted EBITDA

Exchange Variation

B ITR disclosure in March/21



ITR for march/2021

Accounting effects on the financial statement

We will consider that there is no variation of the MTM of the commodities contracts

- MTM/accrual of exchange variation recognized in the financial result
 - Closing Dollar - R\$ 4,50;
 - Recognition of the variation (loss) of R\$0.50 per dollar R\$500.

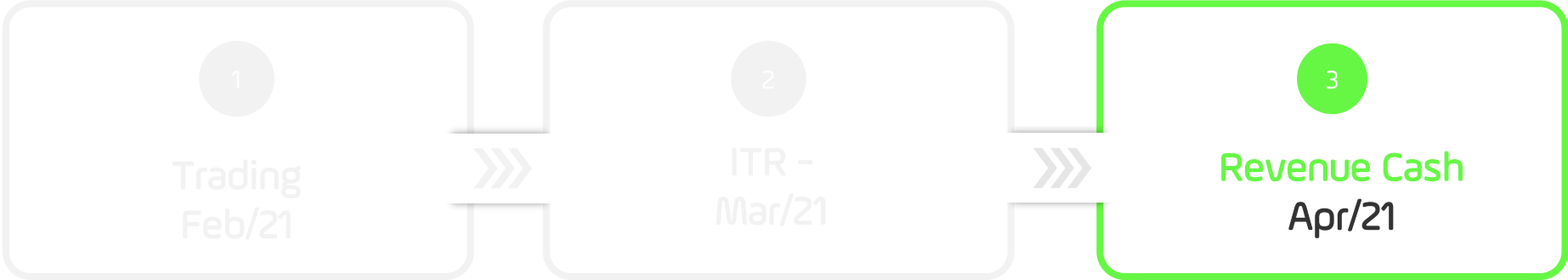
Note: this effect was not adjusted in the adjusted accounting profit.

Effects	Accounting	Adjusted
Gross Margin	0	0
EBITDA	0	0
Financial	(500)	(500)
Profit	(500)	(500)

Adjusted EBITDA

Exchange Variation

B ITR disclosure in March/21



April

Accounting effects upon billing (revenue recognition) and receipt

- Revenue recognition: closing dollar at R\$5.00 = R\$5,000
 - Cost recognition at purchase value at R\$4,000
 - Transaction’s gross margin = R\$1,000
- Recognition of the NDF dollar loss when liquidating at R\$5.00, totaling a loss of R\$1.00 (R\$0.50 in Mar/21 and R\$0.50 in Apr/21) = financial expense of R\$500 (totaling R\$1,000 accumulated, which was paid on this date);
- Adjust the financial result for EBITDA to show original trading margin = ZERO.

Effects	Accounting	Adjusted
Gross Margin	1,000	0
EBITDA	1,000	0
Financial	(1,000)	0
Profit	0	0

Adjusted EBITDA

MTM commodities (physical and contracts)

C Why adjust?

MTM does not reflect cash generation or the result of actual revenue and cost recognition and receipt and payment.

- Example 1:** if there was only physical grain stock 100% paid for at R\$100.00 and the market on the date is R\$150.00 and no trading has occurred from it, the generated gain of \$50.00 does not exist, until there is sale.
- Example 2:** if there was a purchase and sale contract of 1,000 sacks at R\$98.00 and R\$ 100.00 respectively (R\$2.00 per sack), and the market was at R\$150.00 for sale and R\$145.00 for purchase, it would generate a loss of R\$3.00 per sack since the delta would be R\$5.00, which will not effectively happen, since it is already negotiated with a margin of R\$2.00)

Note: very similar to what happens with the biological assets in other companies (non-cash gain or loss).

Where does it have an impact?

	Gross Margin	EBITDA	Profit
Physical (Inventory and suppliers) - Origination	✓ 1Q22 (14.2) M	✓ 1Q22 (14.2) M	✓ 1Q22 (14.2) M
Futures contracts (purchase and sale, including barter)			✓ 1Q22 (7.5) M
			1Q22 = (21.8) M

Adjusted EBITDA

MTM commodities (physical and contracts)

C How is it impacted?

	Price increase	Price Reduction	Other Impacts	
 Inventory	Gain	Loss	<ul style="list-style-type: none">Volume increase	<ul style="list-style-type: none">Depends on the purchase price
 Trade accounts to be fixed	Loss	Gain	<ul style="list-style-type: none">Position Increase to be Fixed	<ul style="list-style-type: none">Depends on the position note price to be fixed (purchase)
 Purchase Contracts	Gain	Loss	<ul style="list-style-type: none">Contract volume YoY	<ul style="list-style-type: none">Higher volume higher gain when it increases (e.g.)
 Sales Contracts	Loss	Gain	<ul style="list-style-type: none">Contract volume YoYDelta between purchase and sales price vs. effective (commercial) margin	<ul style="list-style-type: none">Higher volume higher loss when it increases (e.g.)

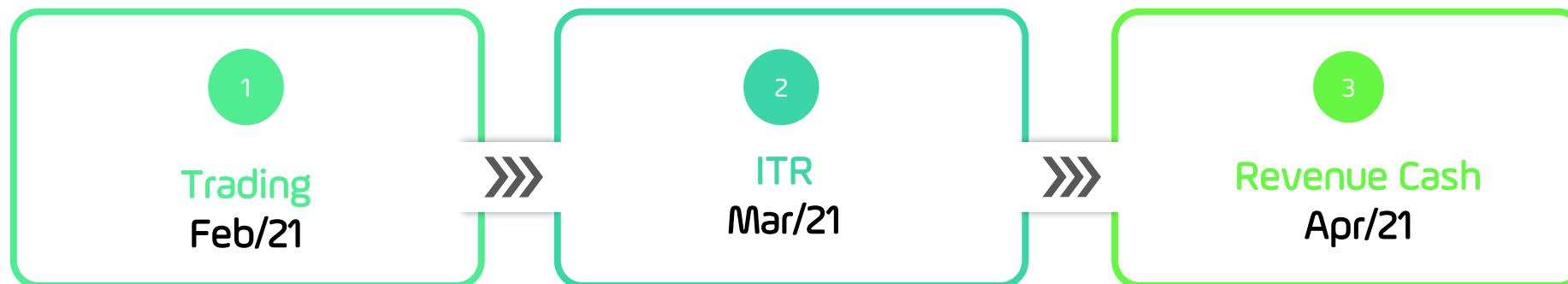
Adjusted EBITDA

MTM commodities (physical and contracts)

C How is it calculated?

Timeline

Overview



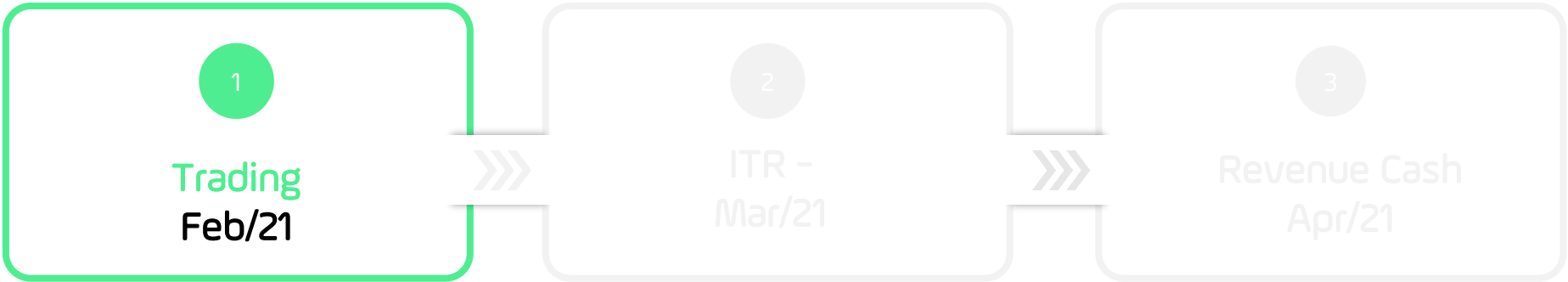
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- 1 **Feb/21:** Transaction initiated through purchase and sale contracts
- 2 **Mar/21:** Disclosure of results, possible effects on results;
- 3 **Abr/21:** Revenue recognition (revenue and cost effect)

Adjusted EBITDA

MTM commodities (physical and contracts)

C Trading: Purchase and sale contract



- Futures purchase agreement in Feb/21 - 1,000 sacks at R\$1.00 sack = R\$1,000
- Futures sale agreement in Feb/21 - 1,000 sacks at R\$1.15 sack = R\$1,150

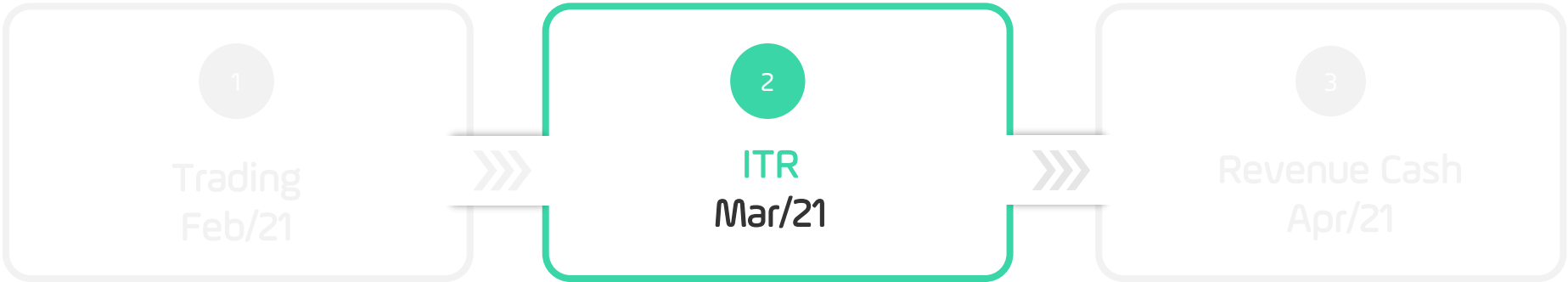
Zero exposure on the date

Effects	Accounting	Adjusted
Gross Margin	0	0
EBITDA	0	0
Financial	0	0
Profit	0	0

Adjusted EBITDA

MTM commodities (physical and contracts)

C ITR disclosure in March/21



ITR for march/2021

Accounting effects on the financial statement

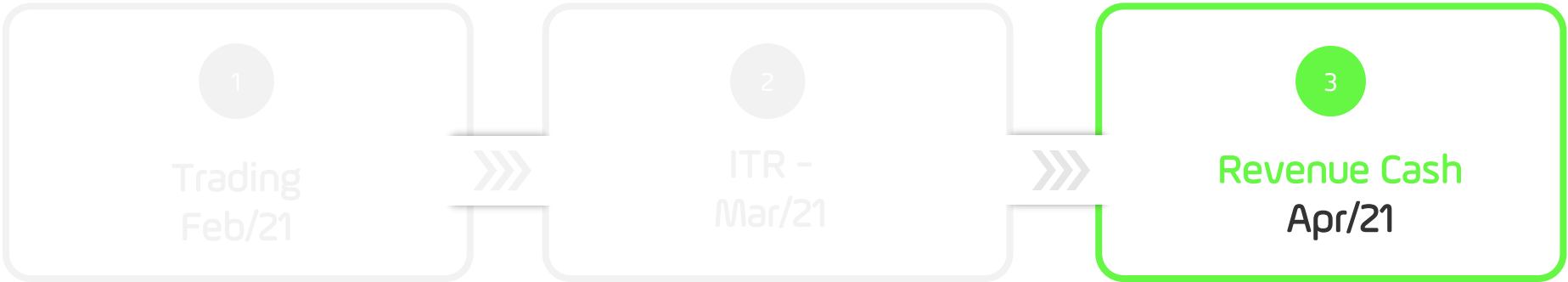
- Mar/21 effective purchase (inventory) of the purchase contract of 1,000 sacks at R\$1.00 totaling R\$1,000
- MTM of the inventory valuation of the sack closing price at R\$1.10 with a gain of R\$0.10 = R\$100 gain in the Cost (gross margin);
- MTM of the sales contract with closing price at R\$1.10 a gain of R\$0.05 = R\$50 gain in the financial result;

Effects	Accounting	Adjusted
Gross Margin	100	0
EBITDA	100	0
Financial	50	0
Profit	150	0

Adjusted EBITDA

MTM commodities (physical and contracts)

C ITR disclosure in March/21



April

Accounting effects when billing (revenue and cost recognition)

- Recognition of revenue and cost
 - Revenue as per contract = R\$1,150
 - Write-off of cost according to purchase = R\$1,000
- MTM grain is reversed in the cost R\$100 and in the financial result R\$50;
- The net income effect is the actual effect in April/21 of the purchase and sale transaction.

Effects	Accounting	Adjusted
Gross Margin	150	150
EBITDA	150	150
Financial	0	0
Profit	150	150

Adjusted EBITDA

MTM commodities (physical and contracts)

C Effect in recent years

In thousand of R\$	Cost	Financial result	Net in the result
Previous (16, 17)	6,057	18,423	24,479
2018	10,907	-8,449	2,458
2019	37,624	-27,527	10,097
2020	-81,425	34,578	-46,847
2021	-16,137	17,903 (49,226 ganho DF - 31,323 Boa Vista Incorporation loss in Apr)	1,776 -(Net gain of 26,836 on ITR)
1Q22	14,276	7,535	21,811
Total	-28,688	42,463	13,774

- Based on the higher volume of outstanding contracts, mainly in sales where the price moved more between the purchase price (Paranaguá base) there was a greater difference between MTM.
- Each contract is based on the sales price (Paranaguá, Goiás, MT, MS, PR interior, etc).

Market Price Example

	Base	Soybean
Purchase contract	PR Interior	157.50
Sales contract	Paranaguá exports	167.00
Delta		9.50

We work with an average spread of R\$3.00 to R\$4.00 per sack.

Adjusted EBITDA

Extraordinary Expenses and Amortization of Capital Gains

D Why adjust?

- **Extraordinary Expenses:** are expenses (one timer) that should no longer be incurred, given mainly:
 - extraordinary credit of Pis/Cofins, INSS and ICMS
 - restructuring consulting
 - shared expenses/consulting fees
 - M&A/public offering expenses
 - payment in shares of subsidiaries.
- **Amortization of Capital gain :** On 10.30.2020 the restructuring was executed with the mergers of the companies (share swap) at fair value, as determined by the accounting standard (CPC05/IFRS3), but without any cash outflow, so the amortization of the capital gain also does not generate any cash outflow.
- In December 2020, the amount of R\$22 million was amortized in the Cost group due to the fair value of the input inventories, allocation of the capital gain (Note 5 of the Financial Statements).


Adjusted Profit

Exchange Variation

E How is it calculated?

The accounting of exchange rate variations is made in the financial result, as adjusted in EBITDA, but a portion may not represent cash, being the accrual and MTM that have not impacted cash yet and are purchase and sale contract hedges (not recognized the revenue and cost because they did not meet the standards for revenue recognition).

What are the effects on the adjusted result?

	Gross Margin	EBITDA	Profit
Settled exchange variation			 1T22 7.9 M

Adjusted EBITDA

Exchange Variation

E Example used in item "B" - ITR Disclosure in March/21



February 2021

- Contractual Sale Trading on Feb/21 - 1,000 sacks at USD1.00 sack = USD1,000
 - spot dollar at R\$4.00 totaling a transaction in reais of R\$4,000.00
 - agreement maturity in Apr/21 on product delivery date
 - purchase price in Reais of R\$4,000 equal to the sale price - zero margin
- NDF contracted in Feb/21 of USD 1,000, daily dollar R\$4.00, due Apr/21.

March 2021

- MTM/accrual of exchange variation recognized in the financial result
 - Closing Dollar R\$4.50
 - Recognition of the variation (loss) of R\$0.50 per dollar R\$500.

Note: this effect was not adjusted in the adjusted accounting profit.

Effects	Accounting	Adjusted
Gross Margin	0	0
EBITDA	0	0
Financial	(500)	(500)
Profit	(500)	(500)

Future Results

Commodities and Currency

G

1Q22

Positions / Products	Soybean	Corn	Wheat	Coffee
Net Balance (Tons)	-2,156	-14,863	-1,523	56

	Tons	Position	Current Risk	Current Market	+5% Increase		+25% Increase		+50% Increase	
Position				Price	Price	Effect	Price	Effect	Price	Effect
Soybean	629,878	Purchase	1,921,128	183	192	-96,056	229	-480,282	275	-960,564
Soybean	-632,034	Sale	-1,980,372	188	197	99,019	235	495,093	282	990,186
Corn	279,634	Purchase	438,093	94	99	-21,905	118	-109,523	141	-219,047
Corn	-294,497	Sale	-481,013	98	103	24,051	123	120,253	147	240,506
Wheat	1,084	Purchase	2,114	117	123	-106	146	-529	176	-1,057
Wheat	-2,608	Sale	-5,320	122	129	266	153	1,330	184	2,660
Rice	2,025	Purchase	3,240	96	101	-162	120	-810	144	-1,620
Coffee	4,895	Purchase	101,571	1,245	1,307	-5,079	1,556	-25,393	1,868	-50,786
Coffee	-4,839	Sale	-100,409	1,245	1,307	5,020	1,556	25,102	1,868	50,205
Net exposure			-100,967			5,048		25,242		50,483

	Risk	Nominal Balance	Closing Balance	Current Market	+5% Increase		+25% Increase		+50% Increase	
Position		USD	BRL	Price	Price	Effect	Price	Effect	Price	Effect
Loans and financings	Exchange Rate / USD	-92,987	-440,526	4,74	4,97	22,026	5,92	110,131	7,11	220,263
Purchase Agreements in dollar	Exchange Rate / USD	-111,788	-529,597	4,74	4,97	26,480	5,92	132,399	7,11	264,799
Exchange SWAP agreement	Exchange Rate / USD	87,466	414,370	4,74	4,97	-20,719	5,92	-103,593	7,11	-207,185
NDFs purchase forward agreement	Exchange Rate / USD	36,958	175,086	4,74	4,97	-8,754	5,92	-43,772	7,11	-87,543
NDFs sales forward agreement	Exchange Rate / USD	-27,400	-129,808	4,74	4,97	6,490	5,92	32,452	7,11	64,904
Sales agreements in Dollars	Exchange Rate / USD	85,978	407,320	4,74	4,97	-20,366	5,92	-101,830	7,11	-203,660
Export Agreements	Exchange Rate / USD	18,080	85,654	4,74	4,97	-4,283	5,92	-21,414	7,11	-42,827
Early Exchange Agreement (ACC)	Exchange Rate / USD	-5,000	-23,688	4,74	4,97	1,184	5,92	5,922	7,11	11,844
Net exposure		-8,694	-41,188			2,059		10,297		20,594