



**AGRO GALAXY**  
Institutional Presentation

**2Q23**

August, 2023



## Disclaimer

This presentation may contain certain projections and trends that are neither realized financial results nor historical information.

These projections and trends are subject to risks and uncertainties, and future results may materially differ from said projections. Most of these risks and uncertainties are related to factors beyond AgroGalaxy's ability to control or estimate, such as market conditions, currency variations, the behavior of other market players, measures taken by regulatory bodies, the company's ability to continue obtaining financing, changes in the political and social spheres under which AgroGalaxy operates, or economic trends or conditions, including exchange rate variations, commodity prices, inflation and changes in consumer confidence on a global, Brazilian or regional scale.

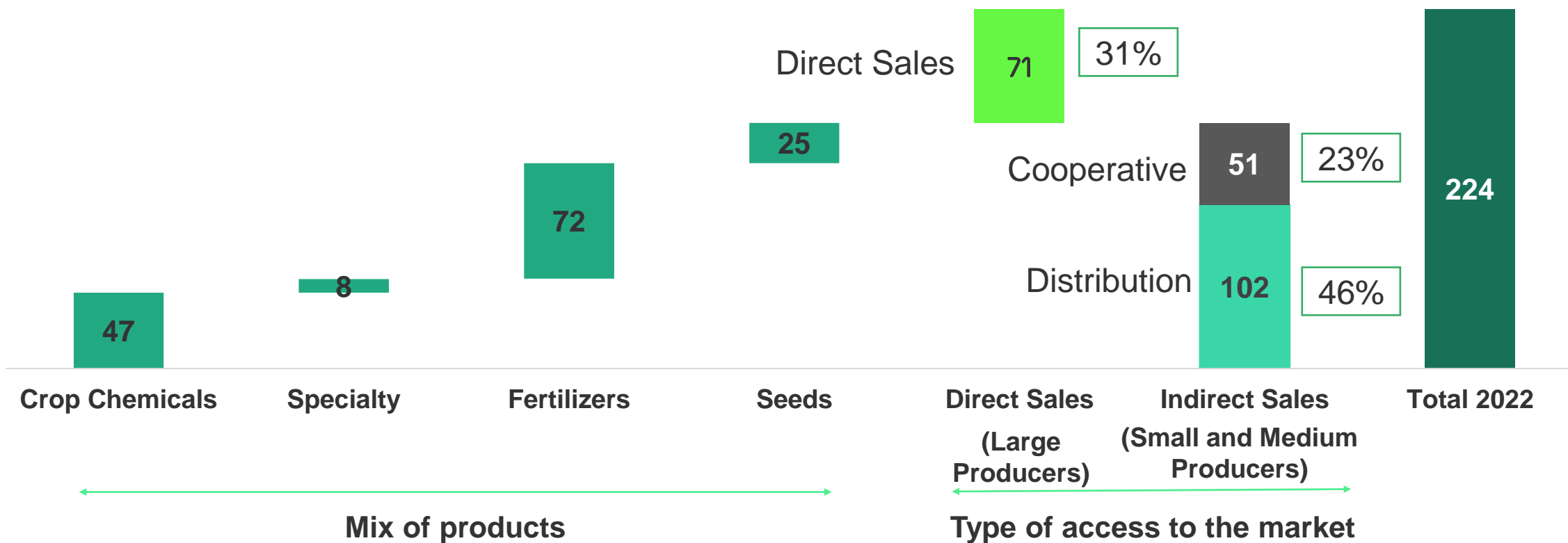
We advise readers not to fully rely on said projections and trends. AgroGalaxy is not obliged to publish any review of these projections and trends in light of new events or circumstances after the release of this presentation.



**AGRO** GALAXY  
**Sector**




# Brazilian Ag inputs market overview

Revenues of distribution and retail sector of agricultural inputs (2022/23) (in R\$ bn)



# Brazilian Farmer Overview

## Soybean profitability bags/ha

		Main statistics		Characteristics
		Total of farms ('000)	Arable Land (%)	
Large producer	 +10.000 Ha <sup>1</sup>	2.5	15%	<ul style="list-style-type: none"><li>● Independent</li><li>● Greater professionalism and infrastructure</li><li>● Direct access to agricultural input producers</li></ul>
Medium producer	 200 - 10.000 <sup>1</sup>	251	57%	<ul style="list-style-type: none"><li>● Access to diferente providers (distributors, cooperatives and producers of agricultural inputs)</li><li>● High technology adoption</li><li>● Requires grain handling support</li><li>● Largely dependent on funding</li></ul>
Small producer	 100 - 200 Ha <sup>1</sup>	219	8%	<ul style="list-style-type: none"><li>● Reduced access to technology</li><li>● Requires more technical support</li></ul>



Focus

Source: IBGE

Note: (1) The percentages do not reach 100% because farms with less than 100 Há of land have not been considered.

# Brazilian Farmer Overview

Medium and small farmer needs

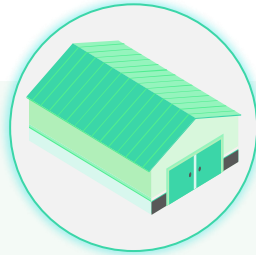
## Products



Ag inputs: crop chemicals, seeds and biotech, fertilizers, specialties



Technical support at every stage with unbiased advice



Logistics and grain handling

## Services



Diverse portfolio – different suppliers at one stop shop



Credit, Insurance and Financial Solutions



Precision agriculture



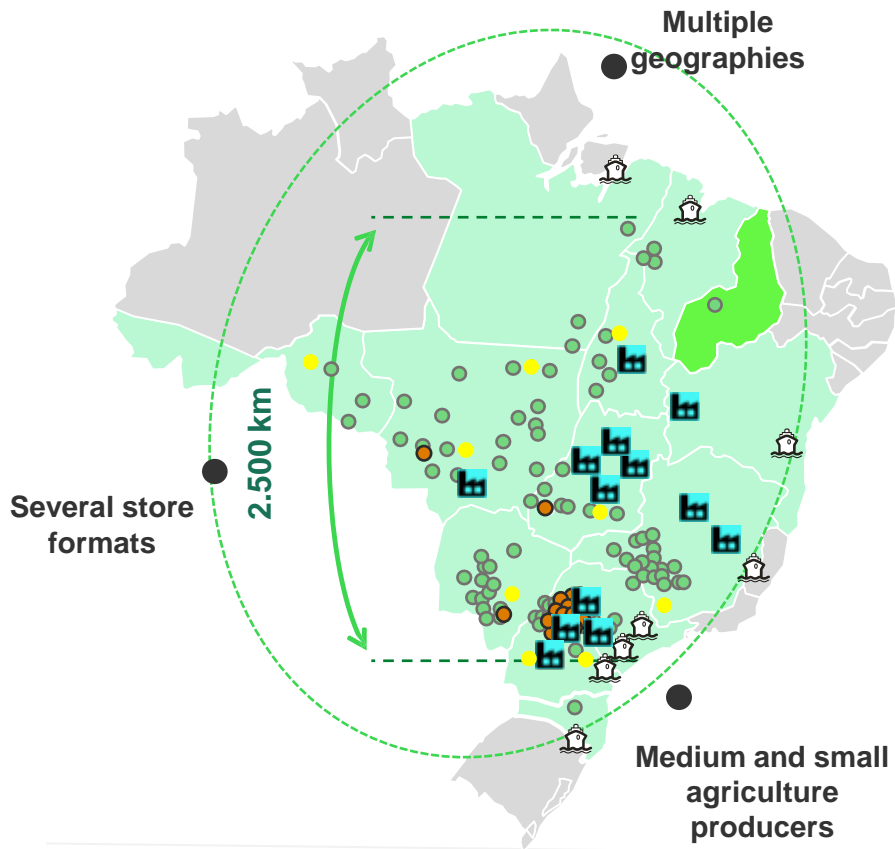
Full package offered by AgroGalaxy in B2B model



AGRO GALAXY

**Overview**

# Profile and Geographical Distribution



Agriculture inputs

Services

Origination of grains

169 stores

28 Silos

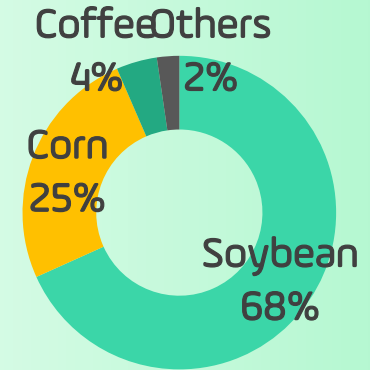
11 CTAs

13 Seeds units<sup>1</sup>

Active states   
 Stores   
 Silos   
 CTAs  
 Export port (third parties)   
 Seeds unit

Note: (1) 3 own and 10 tooling

% da receita de insumos em 2022



2023

+6 stores

+ 2 to 6 stores to be opened

+2 CTAs



- ✓ 30.198 clients
- ✓ Presence in 14 states
- ✓ 624 sales technical consultant
- ✓ 63 productivity specialists
- ✓ 11 CTAs

~ 1.000 covered cities  
 20 million ha covered (2020/21)  
 (~12% of all planted area in Brazil)

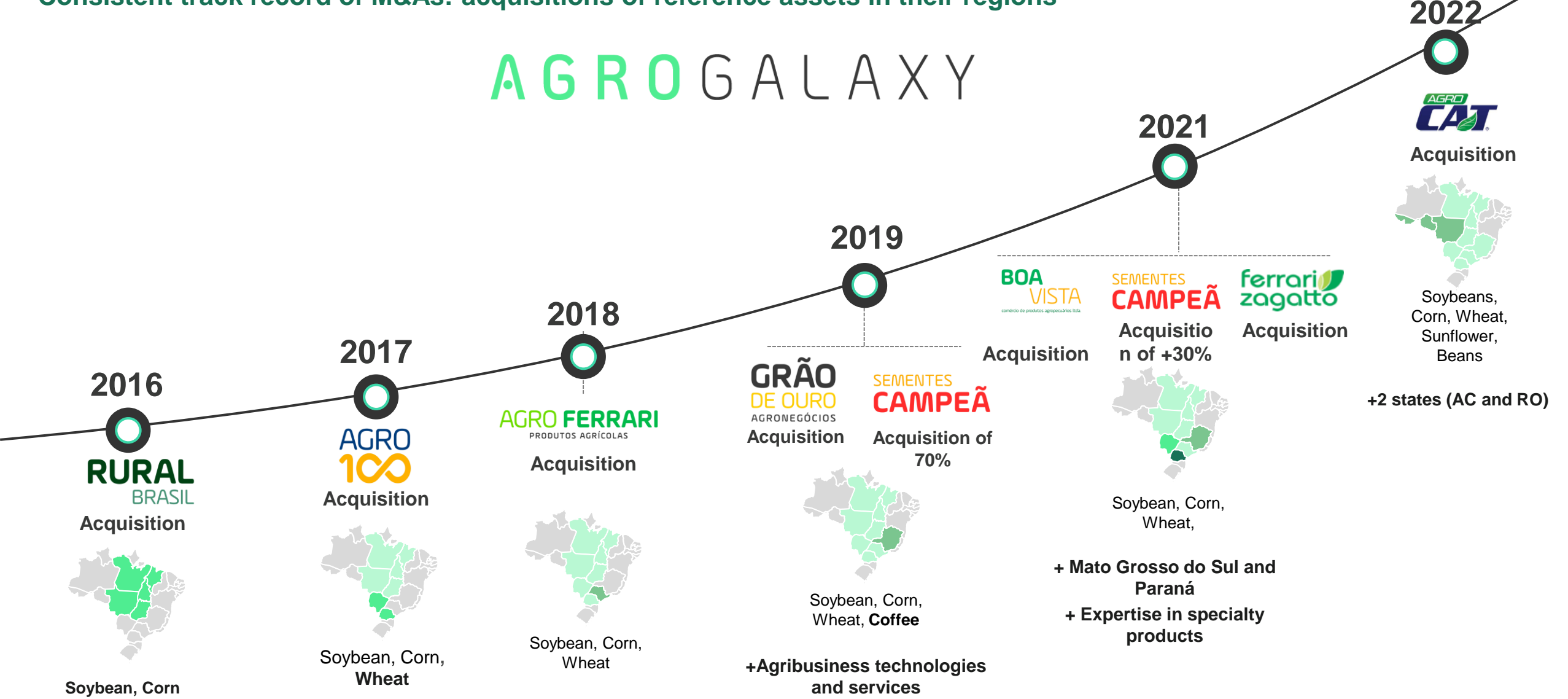
515 mil ton of static capacity  
 ~950 mil ton of soybean,  
 ~677 mil ton of crop and  
 ~25 mil ton of wheat originated (2022)



# Solid track record of acquisitions

Consistent track record of M&As: acquisitions of reference assets in their regions

## AGRO GALAXY



# New organizational structure



Welles Pascoal  
**CEO**



Sheilla Albuquerque  
Director w/o specific designation



Axel Labourt  
**Operations VP**

- People & Management
- Legal
- Agronomic Solutions and R&D seeds
- Customer Service
- Projects, Digital Business and Grains
- IT
- Operations
- Suppliers



Eron Martins  
**CFO & IRO**

- Treasury
- FP&A
- Controlling area
- Credit and Collection
- IR



Sergio Fraga\*  
**Director, South BU**



Hélio Romano\*  
**Director, North BU**

\* Temporarily reporting to the CEO.



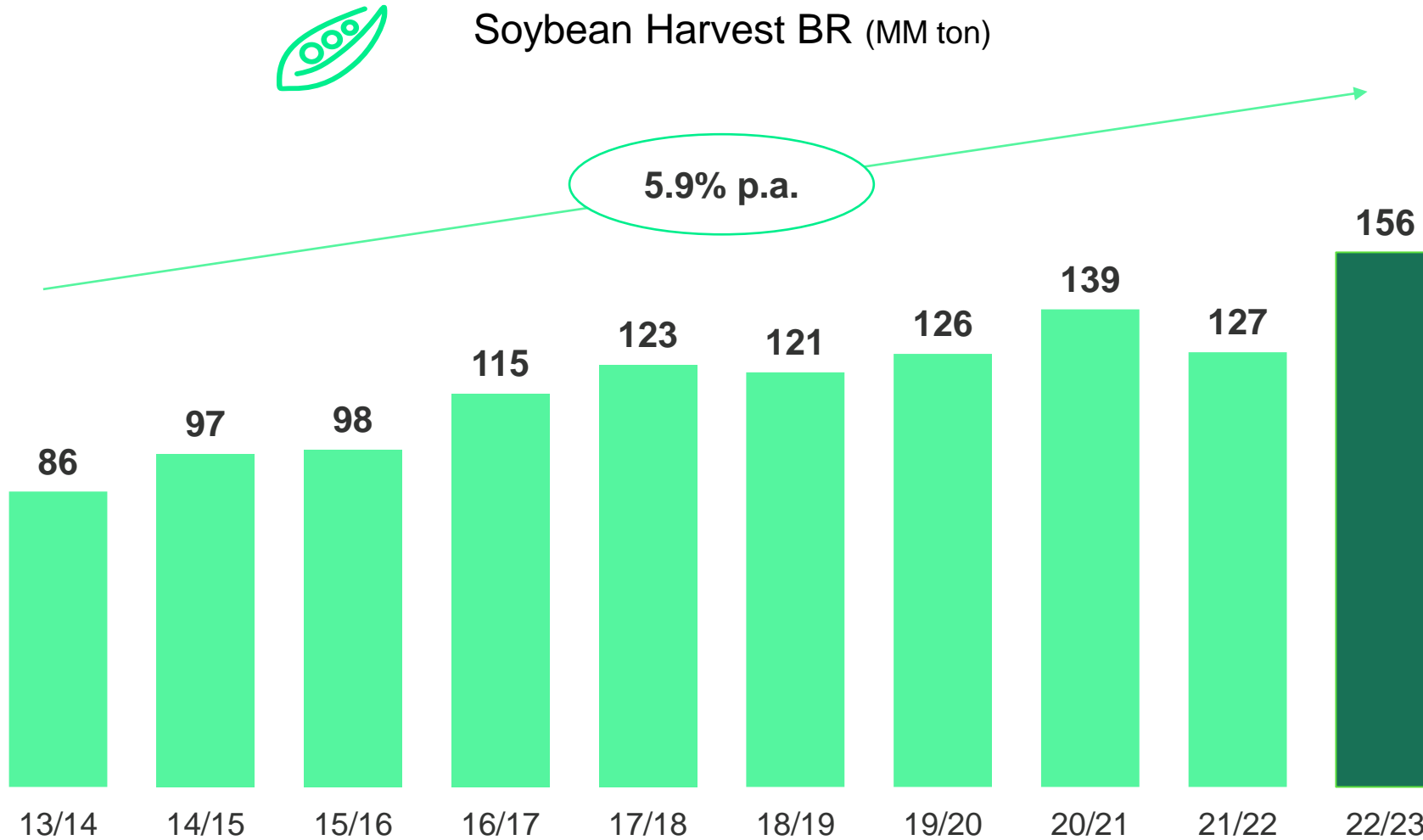
**AGRO** GALAXY  
**Market context**

# Market context

- **Record grain production in the 22/23 harvest: 320 million tons (+17.5%)**
  - **Soy: estimate of 154.6 million tons (+24%, or +30.2 million tons).**
  - **Corn: estimate of 130.0 million tons (+11%, or +12.6 million tons).**
- **Soybean and corn: price drop vs. 2022 and delayed soy trade in 4 years**
- **Producer exchange ratio: soybeans and corn at levels higher than 2021.**
- **Prices of chemical fertilizers and defensives: significant drop in prices in 1H23. Trend: stable/bullish.**
- **High stock in the sector: inventory of agricultural inputs of ~30% in the 22/23 harvest vs. ~15% on the average of previous crop seasons.**
- **Orders: producer making purchases “from hand to mouth”, with less anticipation of orders.**

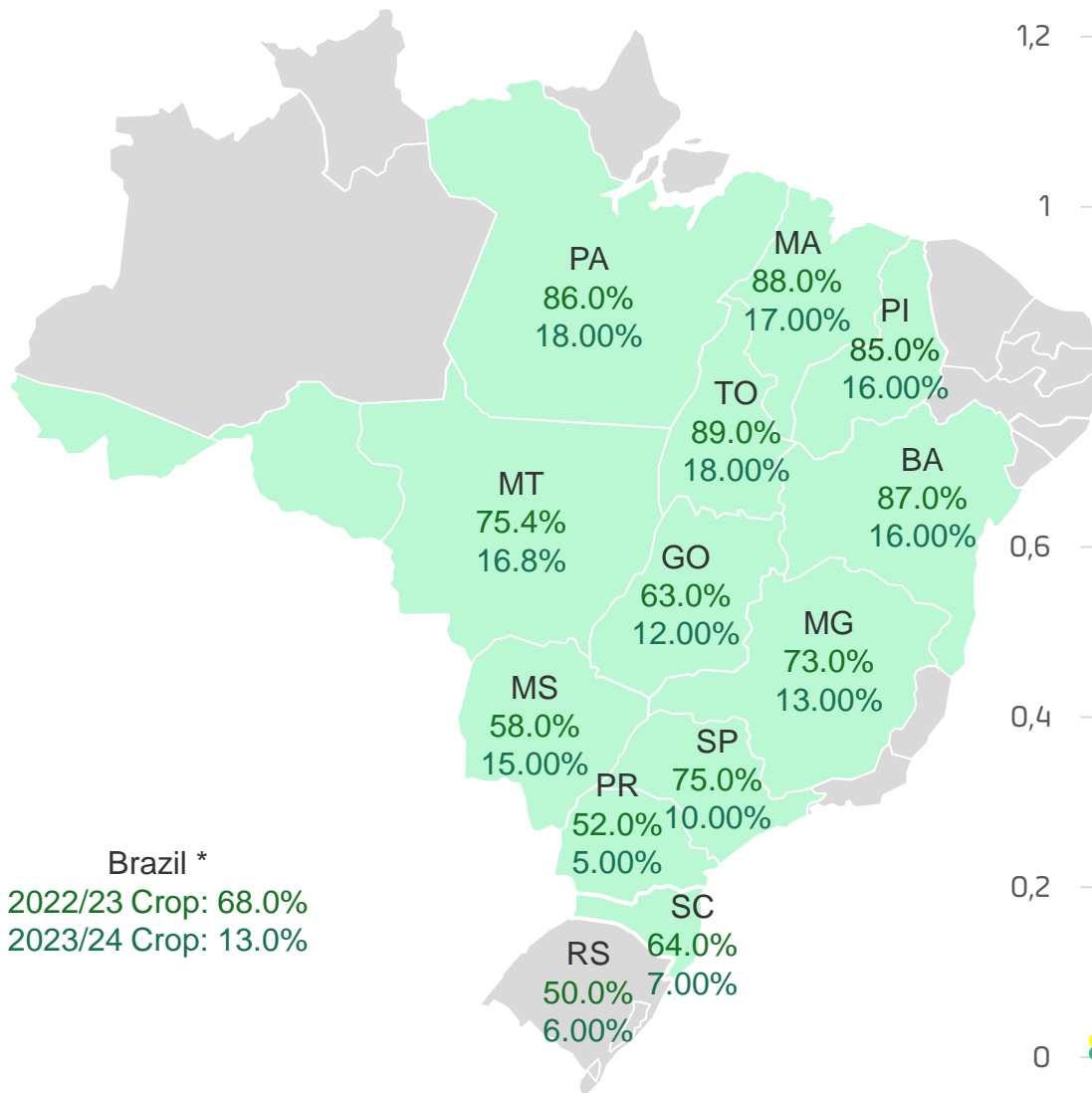
# Crops seasonality

Soybean production has a clear upward trend but is subject to the natural volatility of business between harvests.



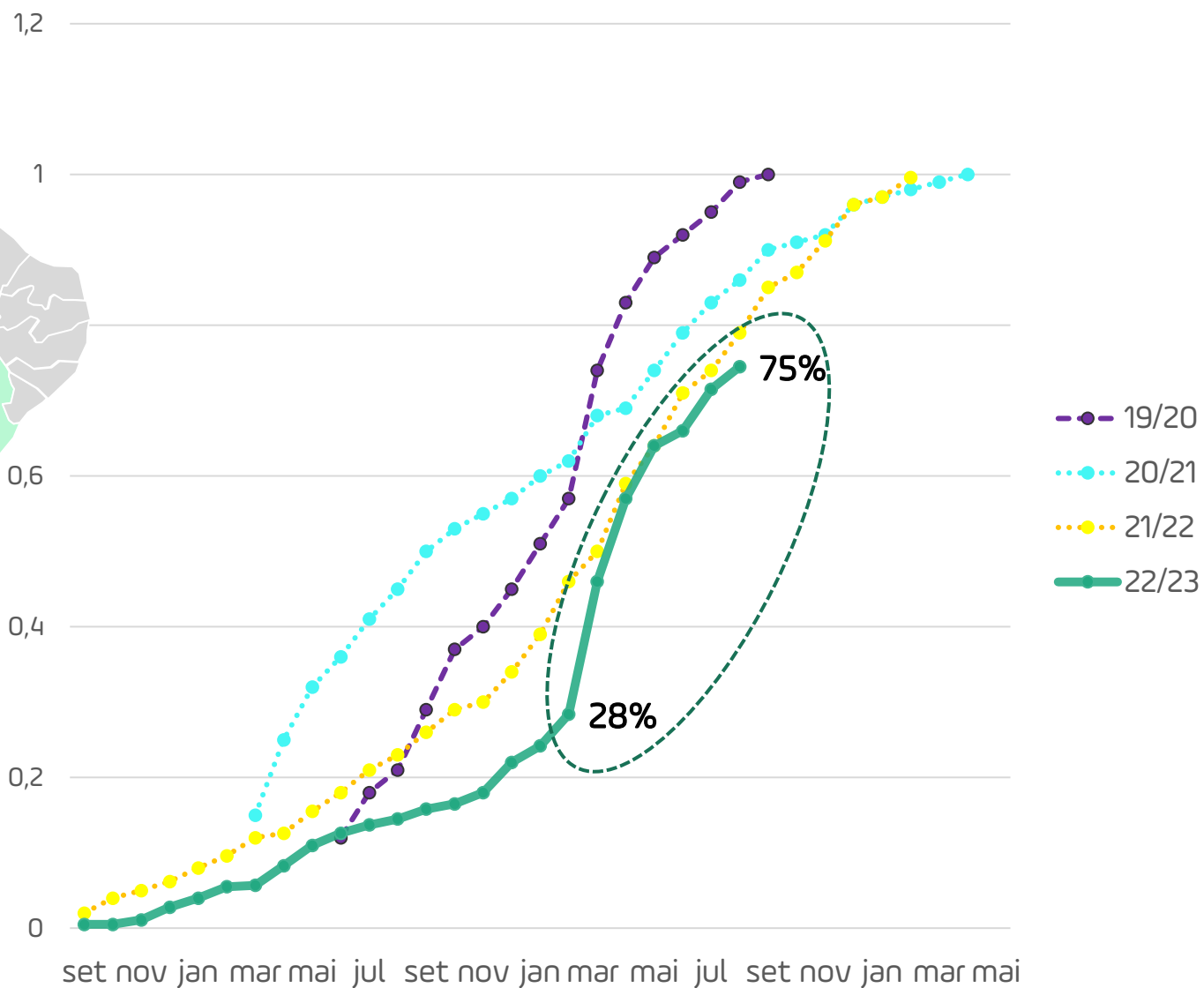
# Soybean trade in the 22/23 harvest

Slowdown in trading, with acceleration from June/23.



Brazil \*  
2022/23 Crop: 68.0%  
2023/24 Crop: 13.0%

\* Brazil = weighted average of states displayed on the map





**AGRO GALAXY**  
**Operational Highlights**



## 2Q23 vs. 2Q22 Operational Highlights



### CTAs

Promoting better recommendations:  
**more than 200** approved protocols



### Specialties

**9.4% of the mix of inputs (+4.3 p.p.)**  
**Bioinputs:**  
**R\$ 27 mi (+5.7%)**



### Grains

Receipt of **17.8 mi bags (+19%) accumulated in 1H23**, confirming producer confidence



### 30,198 clients

**+ 31.4%**  
vs. 2Q22



### ESG

Commitment 1  
**Sustainable offer:**  
Highlights to goals  
**1 and 2**



### Management

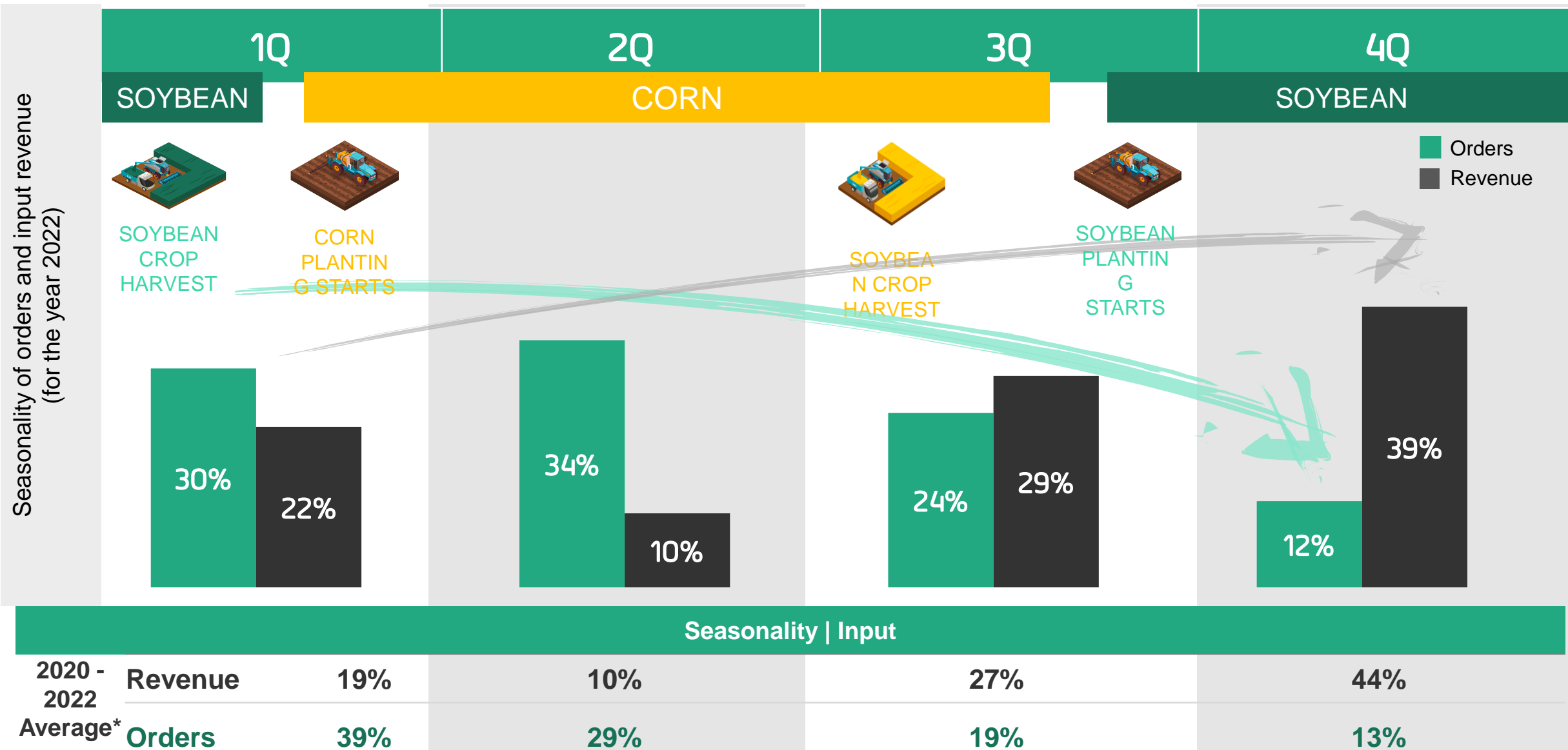
**New organizational structure**



An aerial photograph of a vast agricultural field, likely a cornfield, with two large harvesters working in the distance. The sky is filled with dramatic, dark clouds. The image has a dark teal overlay. A large, semi-transparent number '1' is visible on the left side of the image.

**AGRO** GALAXY  
**2Q23 | 1H23 Results**

# Business Seasonality



An aerial photograph of a vast agricultural field, likely a cornfield, with two large harvesters working in the distance. The sky is filled with dramatic, dark clouds. The image has a dark teal overlay. A large, semi-transparent number '1' is visible on the left side of the image.

**AGRO** GALAXY  
**2Q23 | 1H23 Results**

# Eron Martins

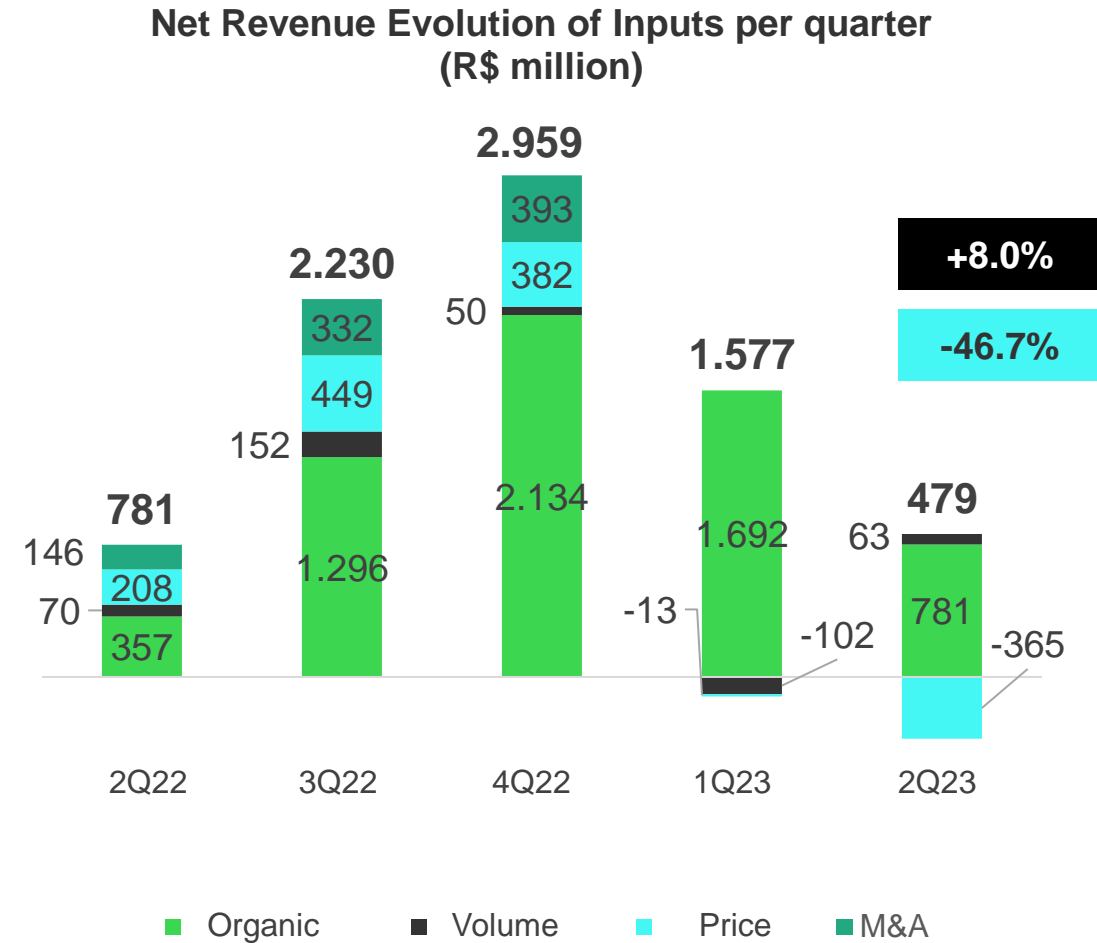
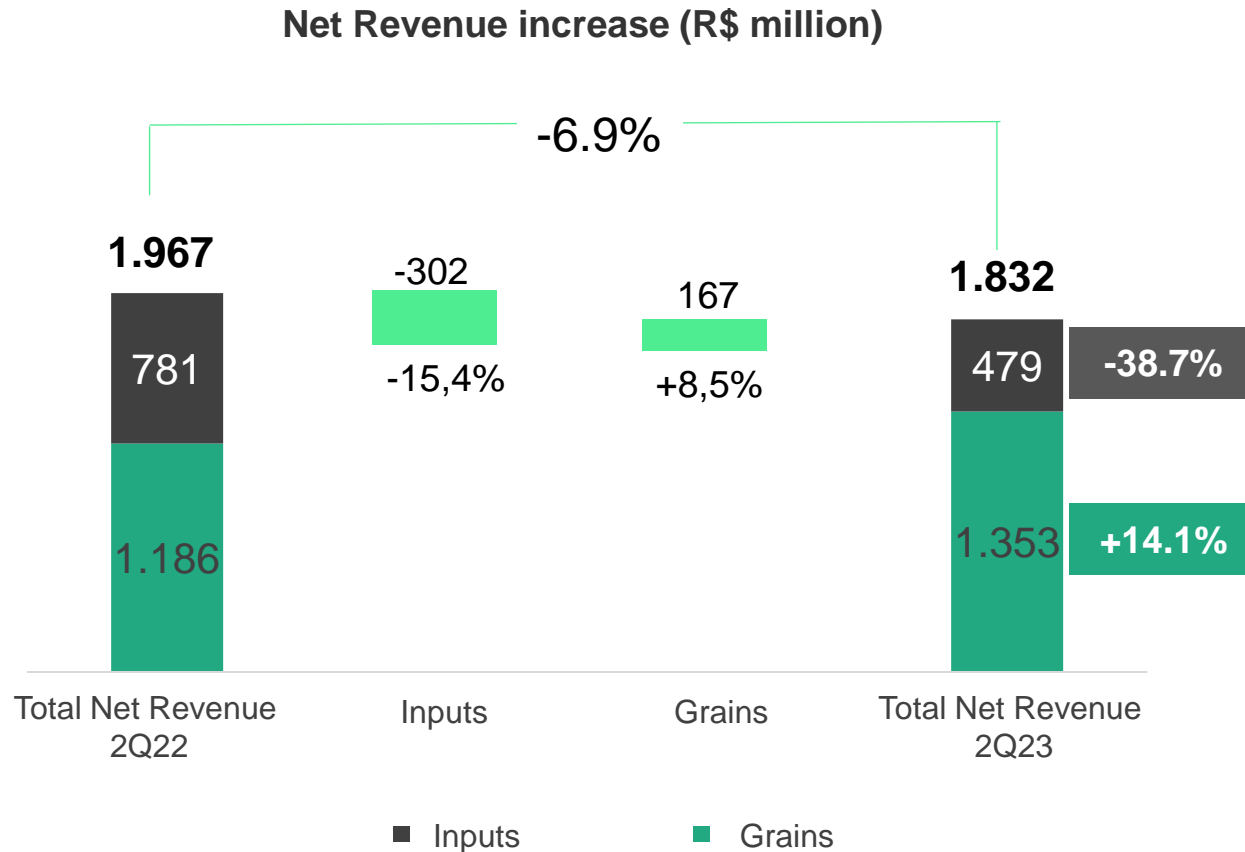


Eron Martins  
CFO & IRO

Mr. Eron Martins holds a degree in Mathematics and Business Administration from Universidade Barra Mansa (RJ), a postgraduate degree in Information Systems from Universidade Estácio de Sá (SP), an MBA in Taxation and Tax Advisory from the Centro de Estudos Financeiros de Madrid and Professional Masters in People Management from FGV/SP. He has 28 years of experience in the financial and information technology areas in agribusiness and in the glass and metallurgical industry. He was CFO at Nadir Figueiredo from 2020 to 2023, having previously served as CFO at Lavoro Agro, Adama and AGREX. He worked for the Saint-Gobain Group for 22 years, having held the position of CFO LATAM for the glass packaging operation.

# Net revenue 2Q23 (R\$ million)

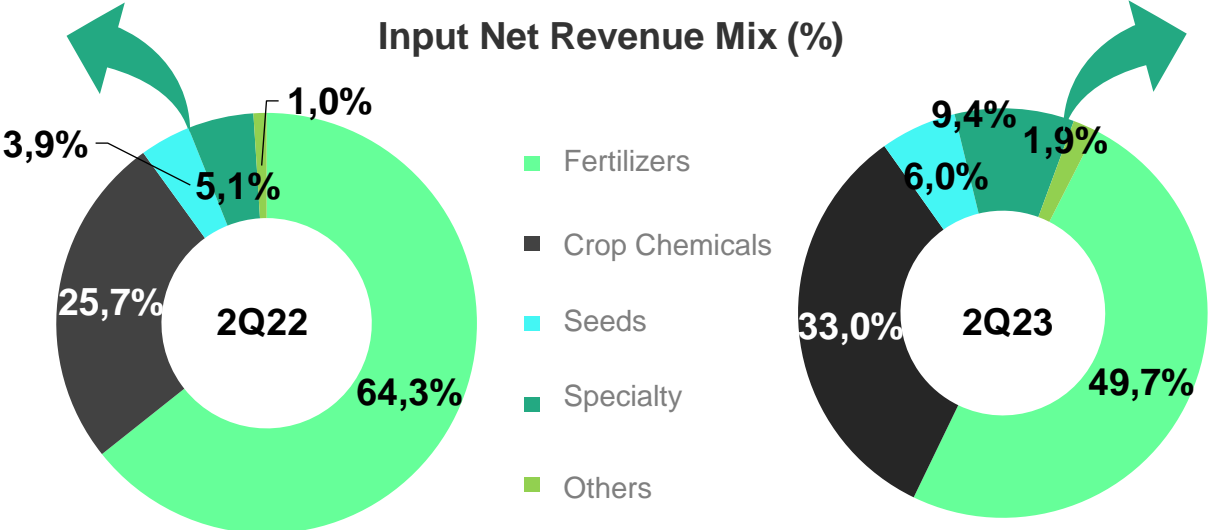
Inputs: -47% prices and +8% volume. Reductions in prices of fertilizers (-38%) e pesticides (-74%).



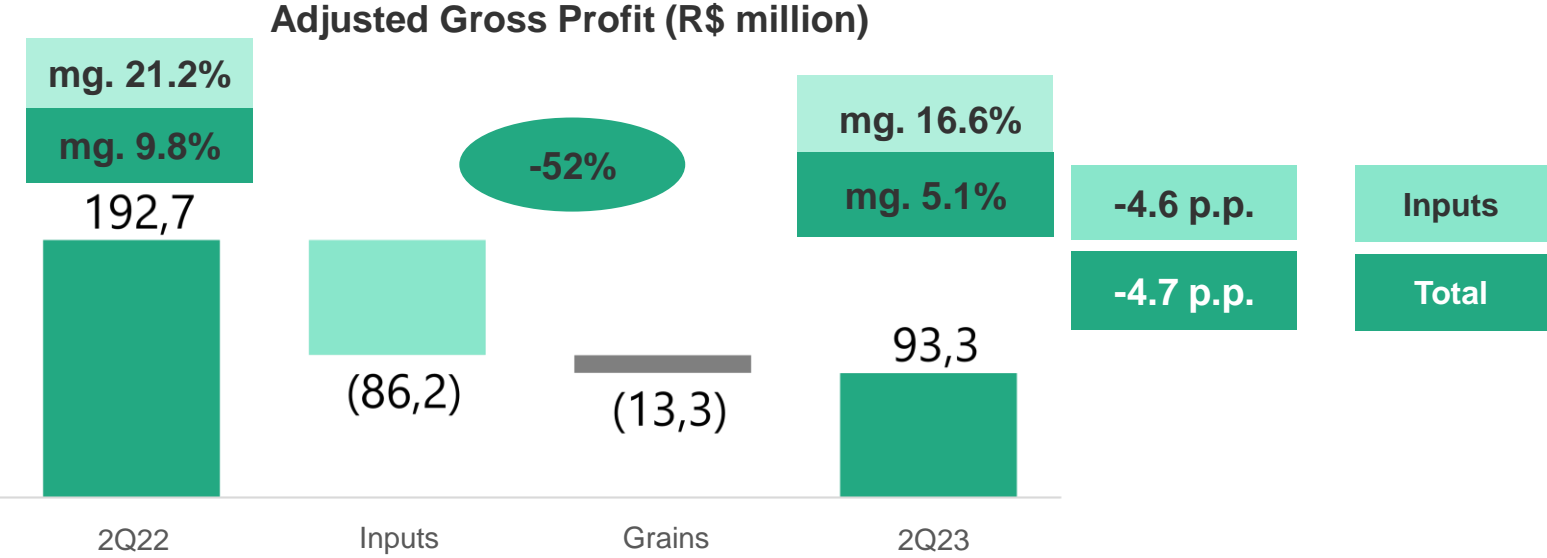
# Net Revenue Mix

AGXY is the largest bioinput platform in the Brazilian retail market. Mix of Specialties in 2Q23 (+3.4 p.p.).

2.3% bioinputs\*:  
R\$ 18.3 million in  
2Q22



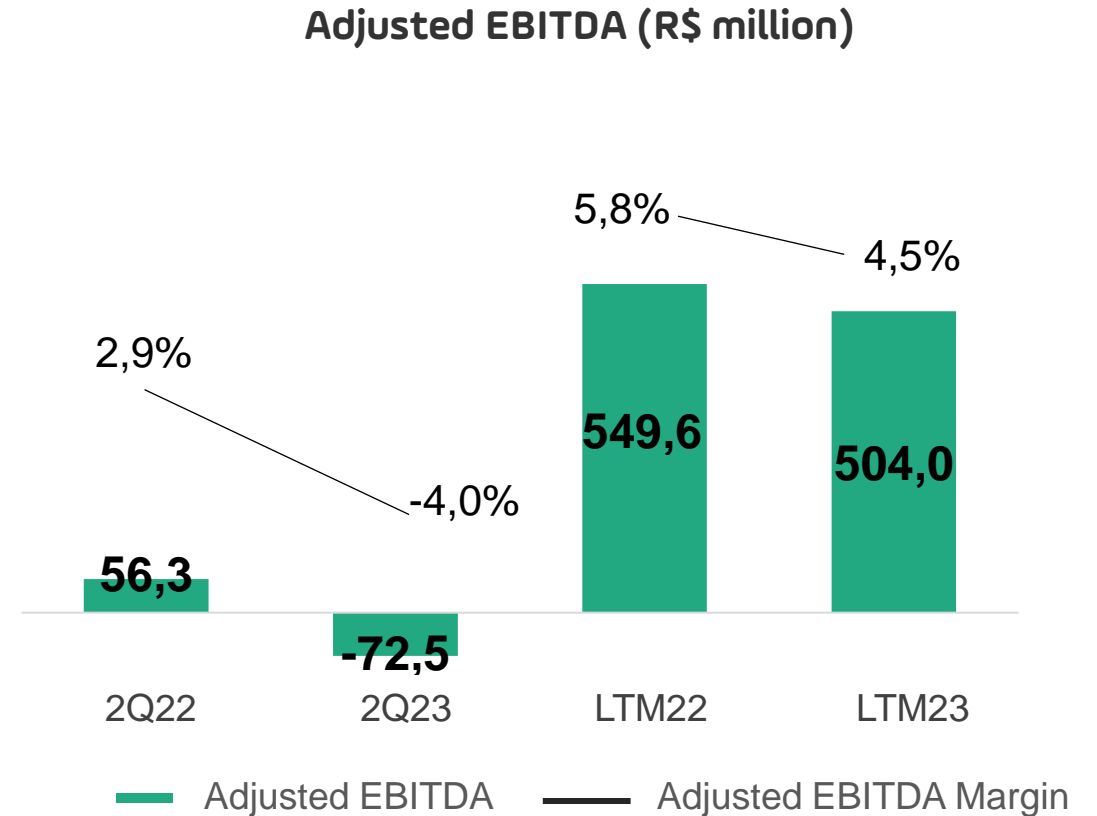
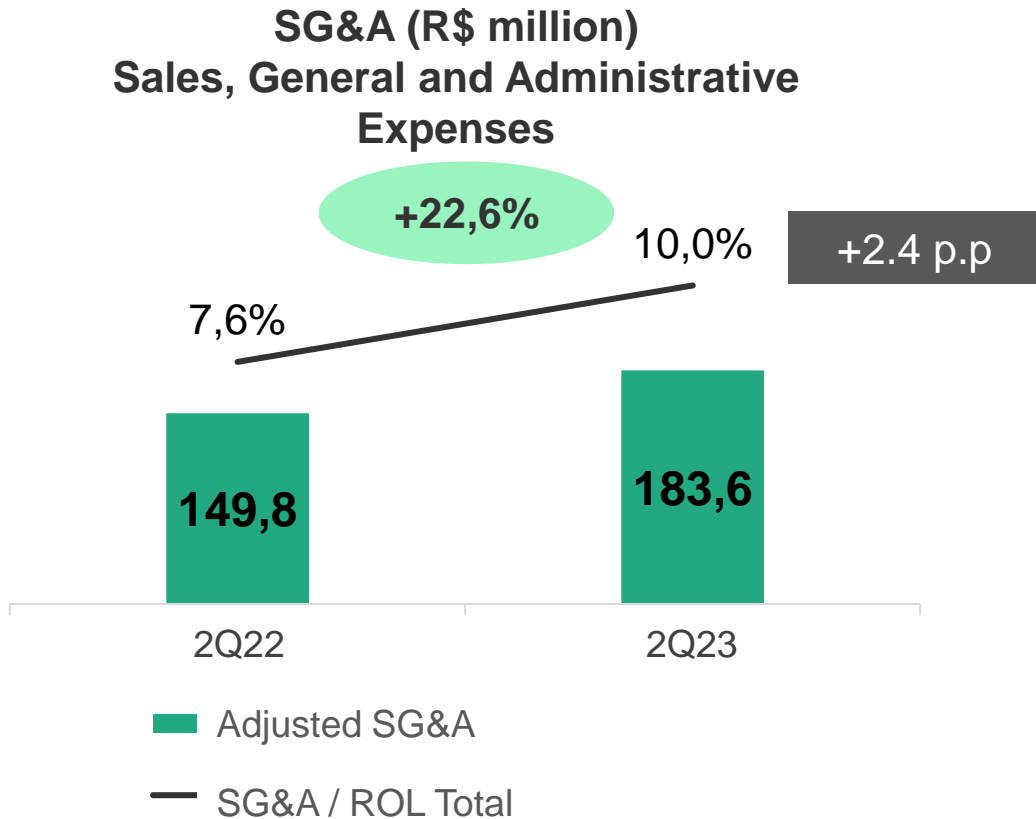
5.7% bioinputs\*:  
R\$ 27 million in  
2Q23



\* Disregards organo-mineral fertilizers according to the 2023 ESG goals/metrics.

# SG&A and Adjusted EBITDA

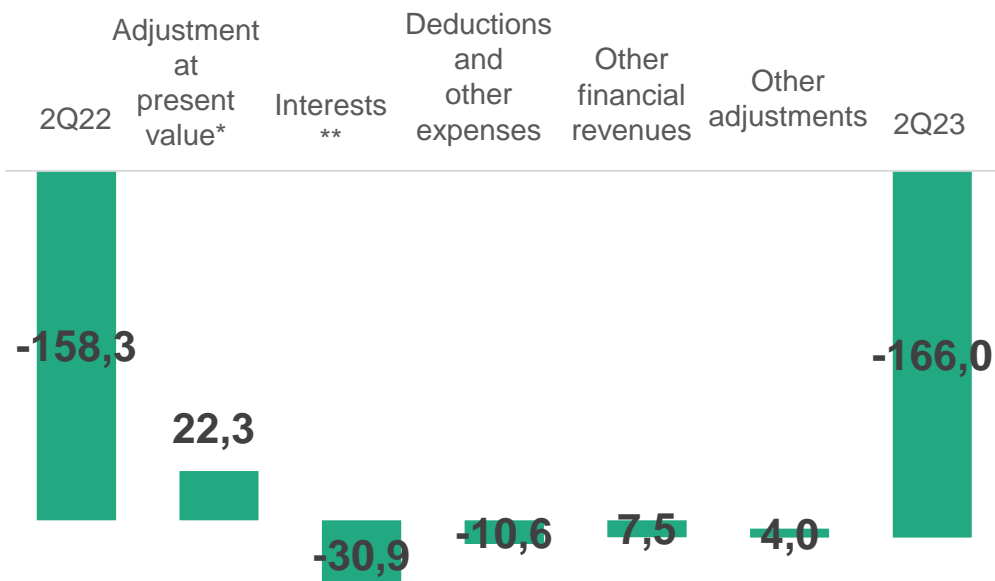
SG&A reflects store openings and an increase in CTVs. Adjusted EBITDA decline: lower net revenue from inputs (-39% vs. 2Q22) and lower margin from fertilizers and herbicides. Focus on ramping up 60 stores



# Financial results (R\$ million)

Impact of the increase in the average Selic rate from 12.5% p.a. in 2Q22 to 13.7% p.a. in 2Q23; reduction in expenses with AVP by transferring the financial cost to the client.

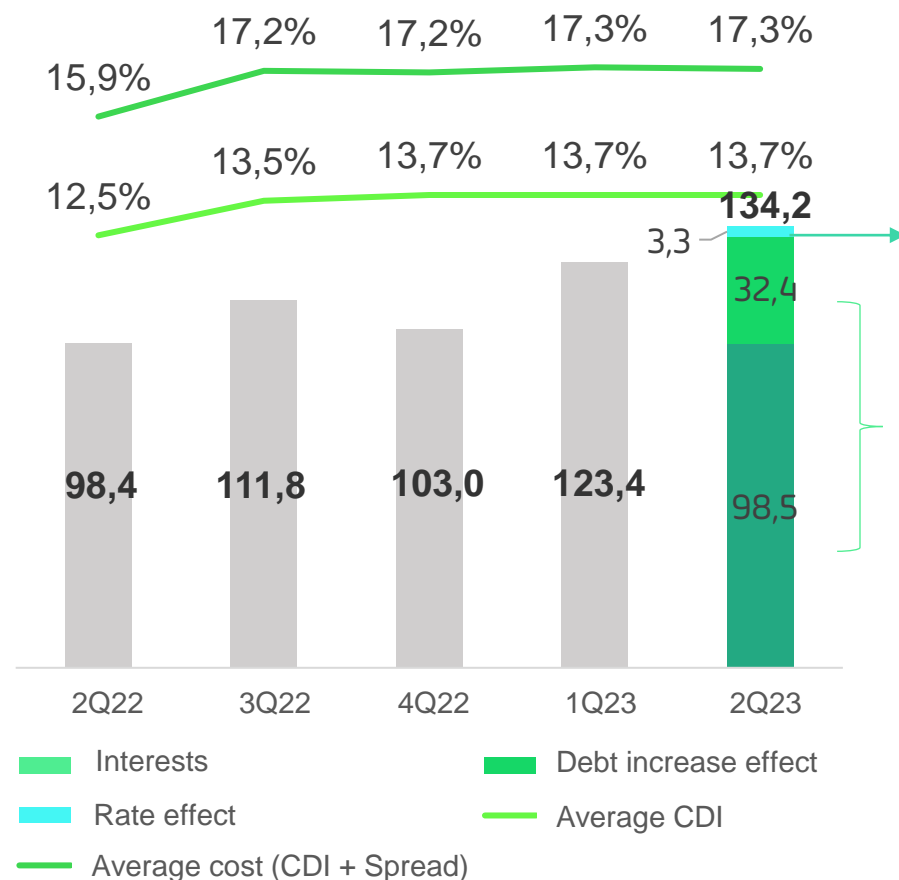
### Financial Results (R\$ million)



\* Expense

\*\* Interest on loans and financing + Interest on liabilities (CRA (Agribusiness Receivables Certificate), renegotiation or delay interest)

### Interest on loans and CRA (R\$ million)



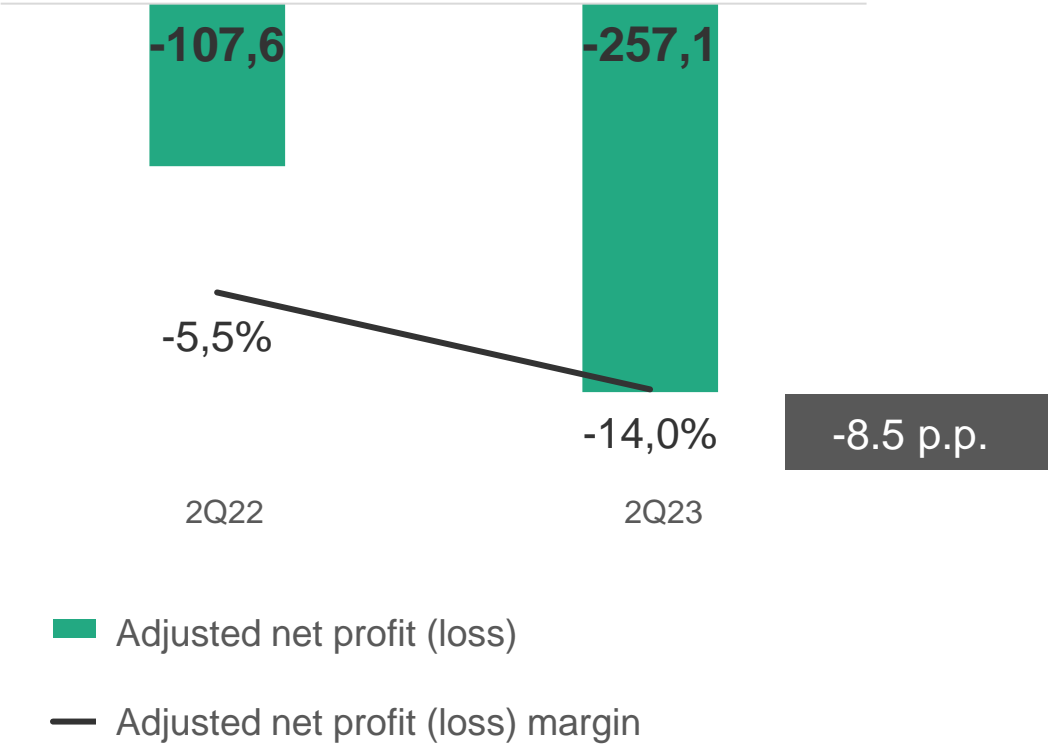
CDI 12.5% (2Q22) x 13.7% (2Q23)

Debt Increase = R\$ 130.9 million



# Adjusted Net Result (R\$ million)

Adjusted Net Profit (Loss) (R\$ million)



- Decline in Input gross margin
- Higher expenses with new ramp up stores (+24) and CTVs (+15%)
- Selic rate increase

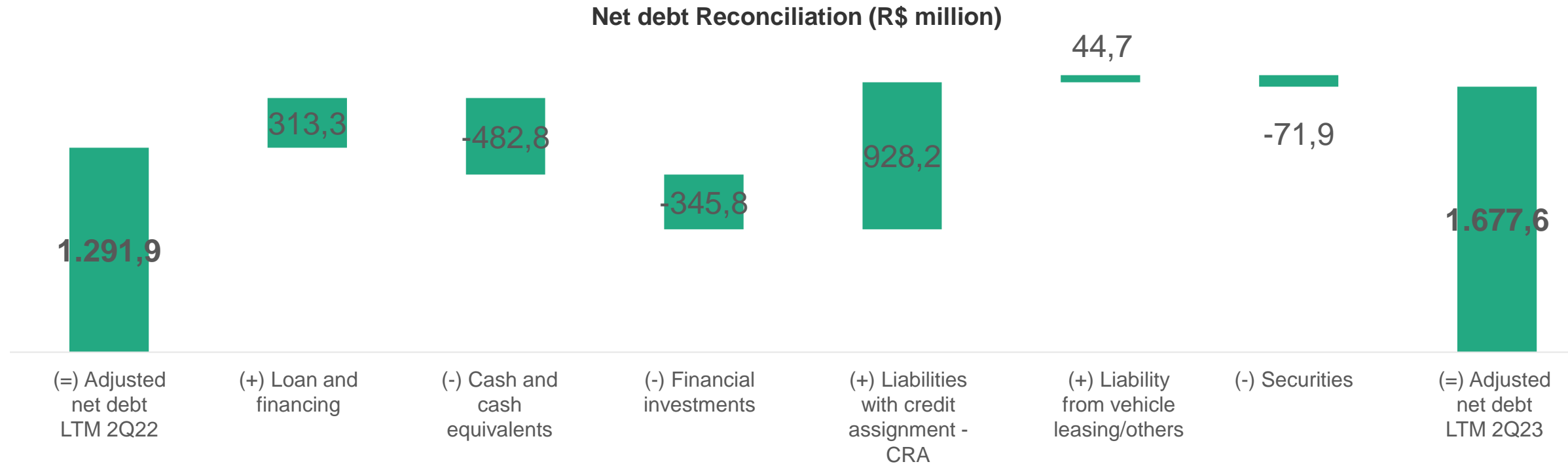
# Debt profile

Debt terms extension. Net debt increase: decrease in the adjusted EBITDA and increase in the average collection period.



# Net debt reconciliation

Increase in funding in the periods



# Generation of operating cash and working capital days

Average term of working capital improved: longer term with suppliers, reduction of inventory and receipt period increased

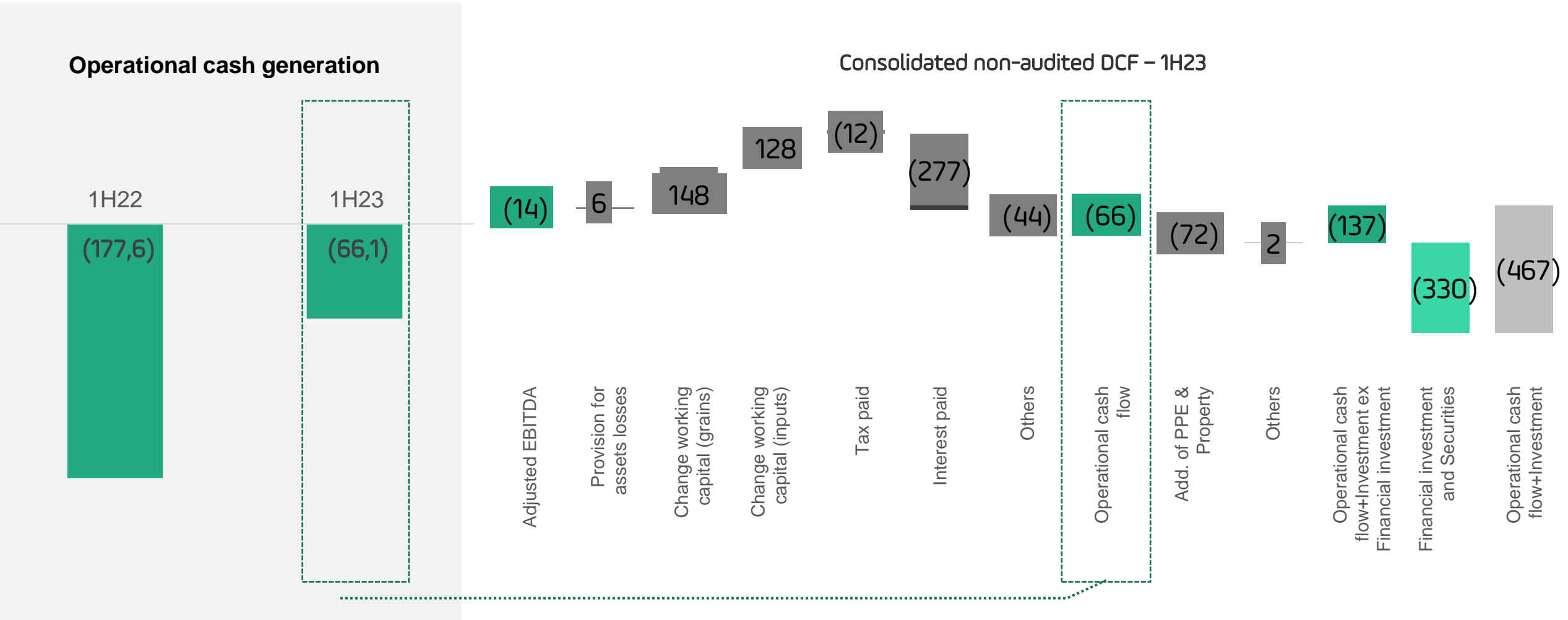
Change in working capital (days)	LTM 2Q23	LTM 2Q22	Δ
<b>Active</b>			
Average Receipt Period	142	82	-60
Average Storage Period	75	87	12
Operating Cycle	217	169	-48
<b>Liabilities</b>			
Average Payment Period	147	116	31
<b>Working Capital Days</b>	<b>70</b>	<b>53</b>	<b>-17</b>

Increase of 17 days in working capital due to the reduction in the average collection period, as follows:

- (i) increase in the average payment period with suppliers, mainly for fertilizers and pesticides;
- (ii) reduction of new purchases in 2023, focusing on the sale of chemicals and specialties in stock.

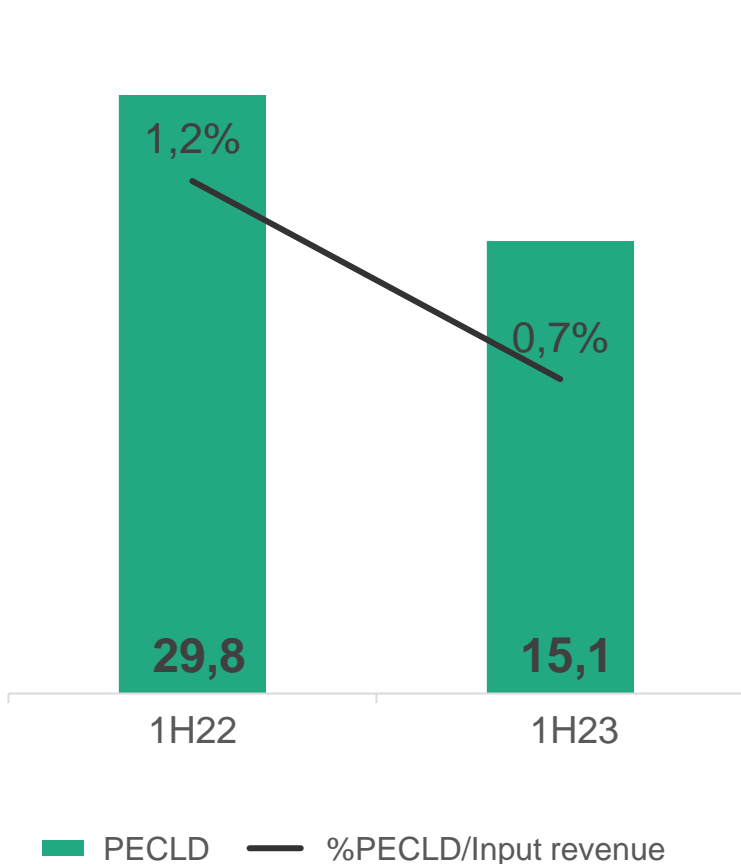
# Cash Generation (R\$ million)

Reduction of the negative impact of operating cash generation at the end of June 2023.



# PECLD and Aging

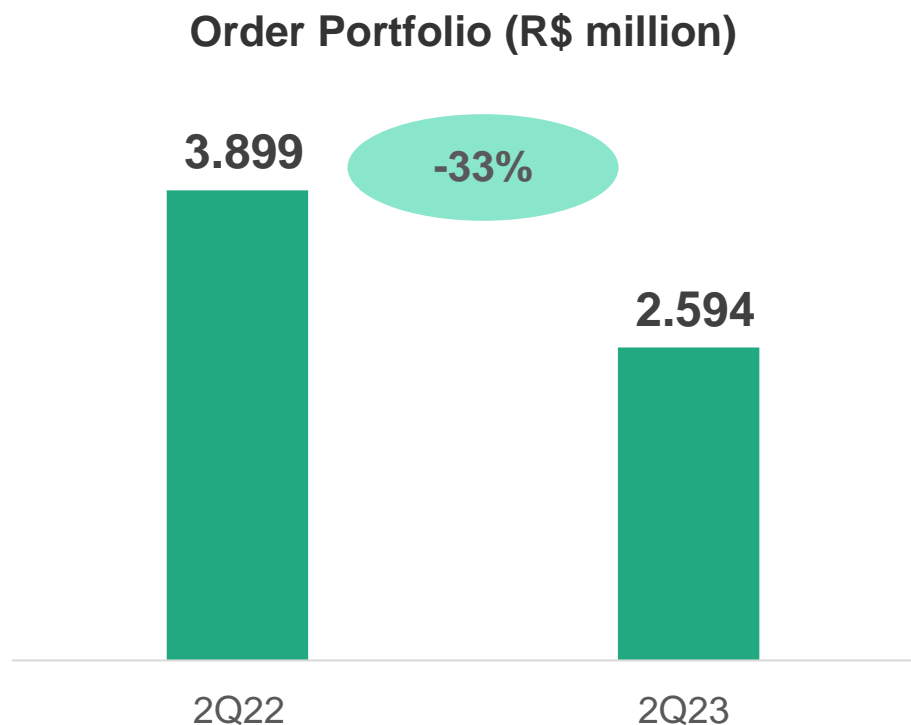
The increase in overdue bills in the quarter reflects the delay in receiving payments from producers due to the slowdown in soybean sales.



	June 30, 2023	June 30, 2022	March 31, 2023
<b>To be due</b>	<b>2.678.381</b>	<b>2.140.142</b>	<b>5.579.829</b>
Between 1 and 60 days	172.530	248.508	534.713
Overdue by 61 to 180 days	554.647	574.546	39.000
Between 181 days and 365 days	44.826	66.711	69.715
Above 365 days	235.767	114.228	192.573
(-) PECLD (Provisions for Bad Accounts)	-300.917	-186.844	-290.374
<b>Overdue</b>	<b>706.853</b>	<b>817.149</b>	<b>545.627</b>
<b>Balance</b>	<b>3.385.234</b>	<b>2.957.291</b>	<b>6.125.456</b>

# Order Portfolio

Impact of the drop of input prices and commodity price trends on order dynamics. Recovery in 2Q23 vs.1Q23.



Drop in orders: (i) **decrease in prices of fertilizers and pesticides** and (ii) postponement of orders from producers due to the **downward trend in prices** in some segments of inputs

**Acceleration trend**  
(1Q23 vs. 1Q22 = -41%)

# New Operational Model



Integration of operations and creation of the base to leverage the scale of AgroGalaxy;



Better management tools and maximum potential extracted from the commercial team;



Construction of the technological base for digital transformation;



Greater customer orientation (creation of Customer Service);



Greater agility and operational efficiency including Order to Cash and Procure to Pay processes;



Building the foundation for AgroGalaxy's next wave of growth;



Pilot was implemented in August 2022;



Improvements in AgroFerrari's ERP.

AGRO FERRARI  
PRODUTOS AGRÍCOLAS



**Go-Live UN1**

**Aug 2022**

**Implementation of new core systems  
(SAP and Salesforce)**

**Roll-out to the remaining BUs**



A photograph of a person's hands holding a corn cob, set against a background of a cornfield. The image is overlaid with a teal color scheme and a thick teal line that curves from the top left towards the bottom left. The text 'AGRO GALAXY' is centered in the upper half, and '2H23 Game Plan' is centered below it. On the right side, there are large, semi-transparent teal shapes, including a large 'A' and a smaller circle.

# AGRO GALAXY

**2H23 Game Plan**

# Priorities

1

## Delinquency reduction

- (i) Grain appreciation campaign (10% appreciation; Vol 2.5 million bags);
- (ii) More than 500 delinquent customers negatively affected; and
- (iii) Enforcement of guarantees

2

## Inventory Equalization

3

## Focus on profitability - test CTAs, efficiency in people and processes

4

## Ramp up stores open

5

## Working capital allocation: reduction in store openings and SG&A synergies

# Stock (R\$ billion)

Actions to equalize stock situation: returns, novations and sales campaigns



A photograph of a person's hands holding a corn cob, set against a background of a cornfield. The image is overlaid with a teal color scheme and a thick teal line that curves from the top left towards the bottom left. The text 'AGRO GALAXY' is centered in the middle of the image, with 'AGRO' in a bright teal color and 'GALAXY' in white. Below it, the word 'Annexes' is written in white. On the right side, there are large, semi-transparent teal shapes, including a large 'A' and a smaller circle.

AGRO GALAXY

Annexes

# CTAs and tests results

Increased productivity in tested protocols.

**(CTA)**  
**TECHNOLOGICAL CENTERS**  
Validate and develop products and services, bringing security to the recommendations and Innovation to PTAs



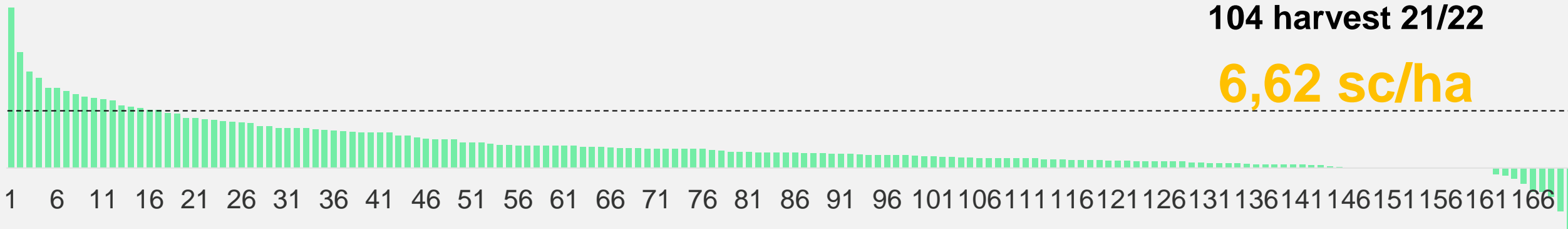
**(PTA)**  
**TECHNICAL PROTOCOLS**  
Technical treatments and placements aligned with AgroGalaxy strategy: Biological Fit, Productivity, Sustainability and ROI



**63**  
productivity specialists

**170 areas Polo vs. 104 harvest 21/22**

**6,62 sc/ha**



# Organic stores ramp-up

In 1H23, stores opened since 2019 (60 stores) contributed with 22% of total inputs revenue. In the whole period they represented 19%.

Opened stores ramp-up R\$ million	Billing 2019	Billing 2020	Billing 2021	Billing 2022	Billing 1H23	TOTAL (2019 to 2022)
Opened in 2019 (+10 stores)	153	363	578	858	149	2.102
Opened in 2020 (+9 stores)	-	61	112	139	54	365
Opened in 2021 (+21 stores)	-	-	150	428	140	718
Opened in 2022 (+18 stores)	-	-	-	264	120	384
<b>Total</b>	<b>153</b>	<b>424</b>	<b>840</b>	<b>1.689</b>	<b>463</b>	<b>3.569</b>
<i>% of total input revenue</i>	<i>7%</i>	<i>15%</i>	<i>19%</i>	<i>22%</i>	<i>22%</i>	<i>19%</i>

**R\$ 3.6 billion,**  
or **19%** of total input revenue from 2019 to 2022

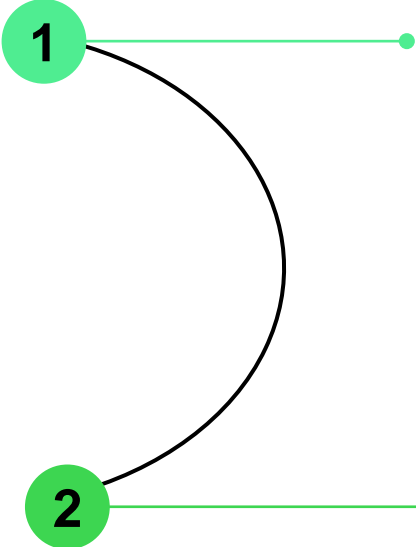
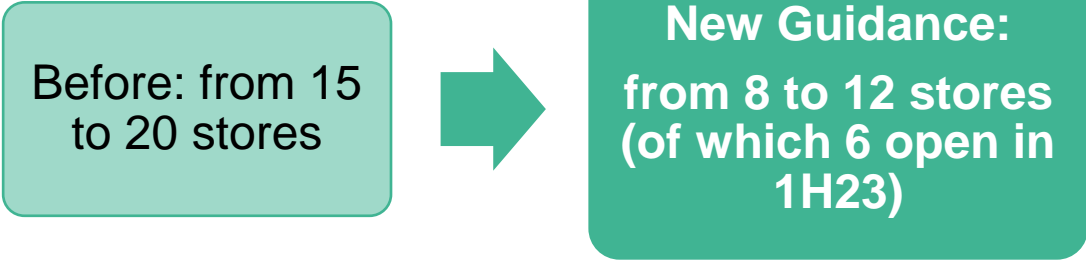


# Working capital maintenance: reduction to stores opening guidance

Focus on ramping up 60 stores opened since 2019.

## Review of guidance for new stores

## Rationale for 2023:



**Keep opening planned stores that already had a team and orders in their backlog**

**Rational use of capital: capex reduction, synergies in SG&A**

# Business Seasonality - Harvest

**Summer crop (soybean)**  
planting and revenue

2022

2023

2Q

3Q

4Q

1Q



SOYBEAN



INITIAL SOYBEAN PLANTING

SOYBEAN CROP HARVEST

Fertilizers



Seeds



Crop Chemicals



Specialty Products





# Business Seasonality - Safrinha (Interim Harvest)

**Winter crop (corn) -**  
Planting and revenue

**2022**

4Q

**2023**

1Q

2Q

3Q



**INITIAL CORN PLANTING**

**CORN CROP HARVEST**

Fertilizers



Seeds



Crop Chemicals



Specialty Products

