



AGRO GALAXY

Overall adjustments made to the results
4Q22 and 2022

March 2023

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 – 4Q22

		A	B	C	D	D	E	
Summary Result for the period <i>In thousands of R\$</i>	Consolidated 4Q2022	IFRS 16	Variation Exchange	Fair Value Commodities	Expenses Unusual	Amortization Goodwill	IR/CS Effect Deferred	Adjusted 4Q2022
Net income for the period	3,405,883							3,405,883
(-) Cost of goods sold	(2,860,452)	843	(19,532)	87,730	28,271	-	-	(2,763,140)
Gross profit for the period <i>Net revenue (%)</i>	545,431 16.0%	843	(19,532)	87,730	28,271	-	-	642,743 18.9%
(-) Selling expenses	(150,496)	-	-	-	-	-	-	(150,496)
(-) Administrative expenses	(117,740)	(13,533)	-	-	(17,277)	-	-	(148,550)
(-) Other operating revenues and expenses	15,527	-	-	-	(6,514)	-	-	9,013
(-) Depreciation and amortization	(9,357)	9,064	-	-	-	(13,097)	-	(13,389)
Total expenses (SG&A)	(262,067)	(4,468)	-	-	(23,791)	(13,097)	-	(303,423)
Profit before financial result (a) <i>Net revenue (%)</i>	283,364 8.3%	(3,626)	(19,532)	87,730	4,480	(13,097)	-	339,320 10.0%
(-) Financial Result	(113,354)	7,439	(3,918)	(29,936)	575	-	-	(139,194)
(-) Income tax and social contribution	42,513	-	-	-	-	-	(55,764)	(13,251)
(=) Net income (loss) for the period <i>Net revenue (%)</i>	212,523 6.2%	3,813	(23,449)	57,794	5,055	(13,097)	(55,764)	186,875 5.5%
(+) Depreciation and amortization (b)	9,357					13,097		
EBITDA (a) + (b) <i>Net revenue (%)</i>	292,721 8.6%	(12,690)	(19,532)	87,730	4,480	-	-	352,710 10.4%

Adjusted Income Statement

Adjusted Income Statement - Effects for better visualization – 2022

		A	B	C	D	D	E	
Summary Result for the period <i>In thousands of R\$</i>	2022	IFRS 16	Variation Exchange	Fair Value Commodities	Expenses Unusual	Amortization Goodwill	IR/CS Effect Deferred	Adjusted 2022
Net income for the period	11,592,510							11,592,510
(-) Cost of goods sold	(10,141,031)	(3,457)	(11,599)	100,525	21,757			(10,033,806)
Gross profit for the period <i>Net revenue (%)</i>	1,451,479 <i>12.5%</i>	(3,457)	(11,599)	100,525	21,757	-	-	1,558,704 <i>13.4%</i>
(-) Selling expenses	(464,977)							(464,977)
(-) Administrative expenses	(363,627)	(43,895)			4,413			(403,109)
(-) Other operating revenues and expenses	13,836							13,836
(-) Depreciation and amortization	(108,854)	30,602				18,922		(59,330)
Total expenses (SG&A)	(923,623)	(13,293)	-	-	4,413	18,922	-	(913,580)
Profit before financial result (a) <i>Net revenue (%)</i>	527,856 <i>4.6%</i>	(16,750)	(11,599)	100,525	26,170	18,922	-	645,124 <i>5.6%</i>
(-) Financial Result	(571,410)	22,753	1,860	(35,608)	575			(581,830)
(-) Income tax and social contribution	72,500						(81,853)	(9,353)
(=) Net income (loss) for the period <i>Net revenue (%)</i>	28,946 <i>0.2%</i>	6,003	(9,739)	64,916	26,745	18,922	(81,853)	53,940 <i>0.5%</i>
(+) Depreciation and amortization (b)	108,854	(30,602)				(18,922)		59,330
EBITDA (a) + (b) <i>Net revenue (%)</i>	636,710 <i>5.5%</i>	(47,352)	(11,599)	100,525	26,170	-	-	704,454 <i>6.1%</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		✓ 4Q22 (13,5)M	
Net effect between Returning interest + depreciation and reducing rent			✓ 4Q22 3,8M

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	 4Q22 (19,5) M	 4Q22 (19,5) M	 4Q22 (23,4) M

Adjusted EBITDA

Exchange Variation

B How is it calculated?

Timeline

Overview



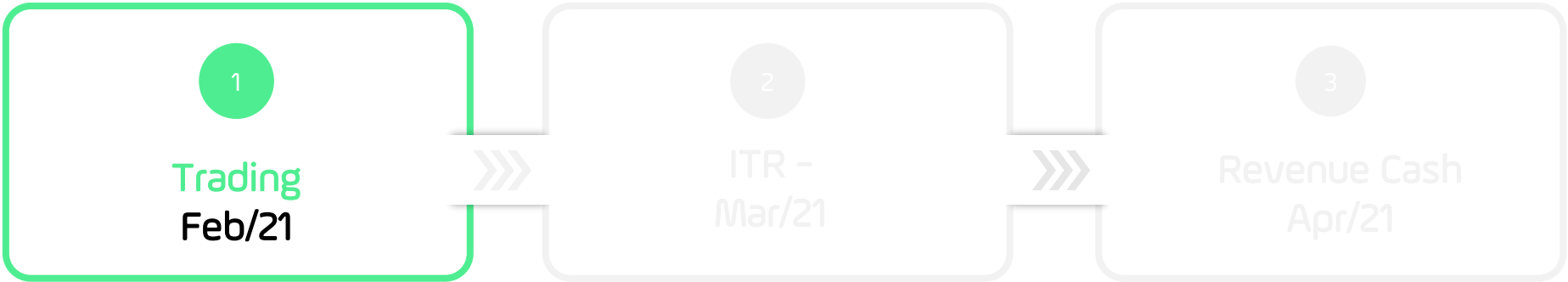
We will demonstrate a transaction started in Feb/21 and settled in Apr/21 and its effects over time and necessary adjustments to better visualize the result:

- 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



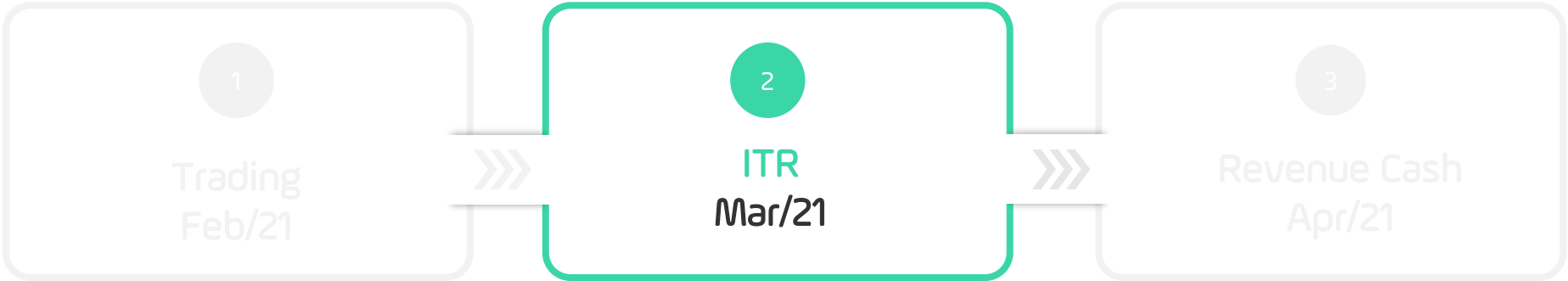
- Contractual Sale Trading on Feb/21 - 1,000 sacks at USD1.00 sack = USD1,000
 - spot dollar at R\$4.00 totaling a transaction in reais of R\$4,000.00
 - agreement maturity in Apr/21 on product delivery date;
 - purchase price in Reais of R\$4,000 equal to the sale price - zero margin.
- NDF contracted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

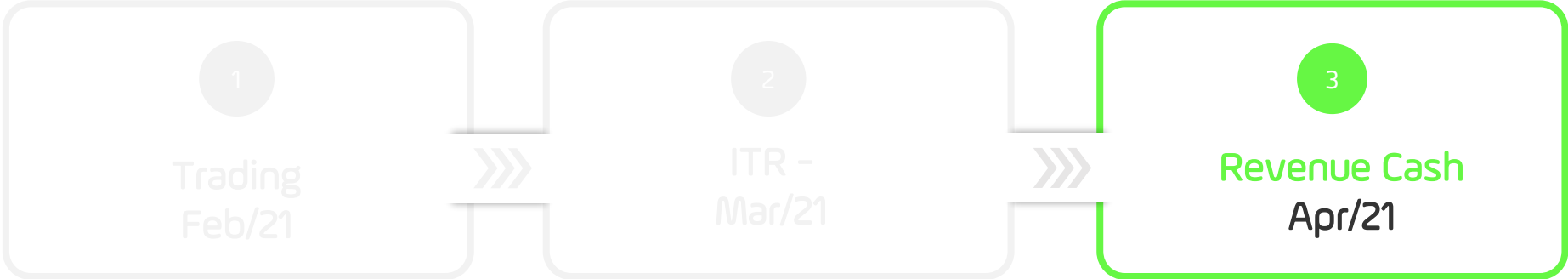
Note: this effect was not adjusted in the adjusted accounting profit.

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	✓ 4Q22 87,7 M	✓ 4Q22 87,7 M	✓ 4Q22 87,7 M
Futures contracts (purchase and sale, including barter)			✓ 4Q22 (29,9) 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 YoY• Delta between purchase and sales price vs. effective (commercial) margin	<ul style="list-style-type: none">• Higher volume higher loss when it increases (e.g.)

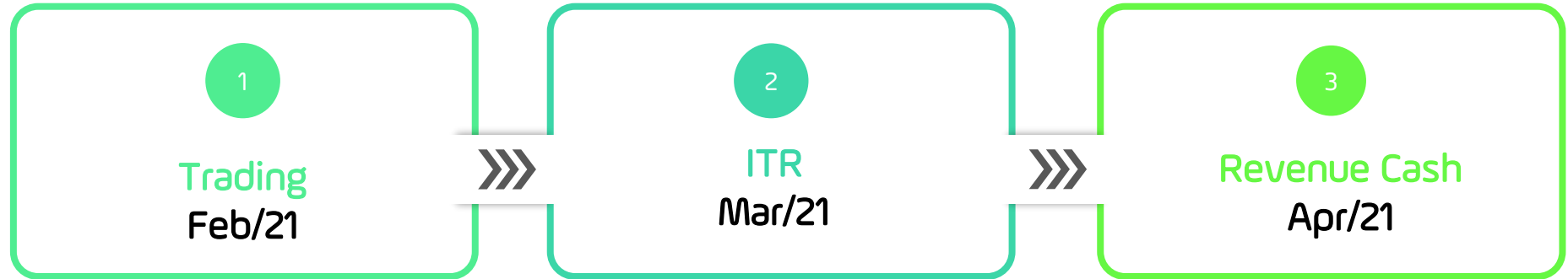
Adjusted EBITDA

MTM commodities (physical and contracts)

C How is it calculated?

Timeline

Overview



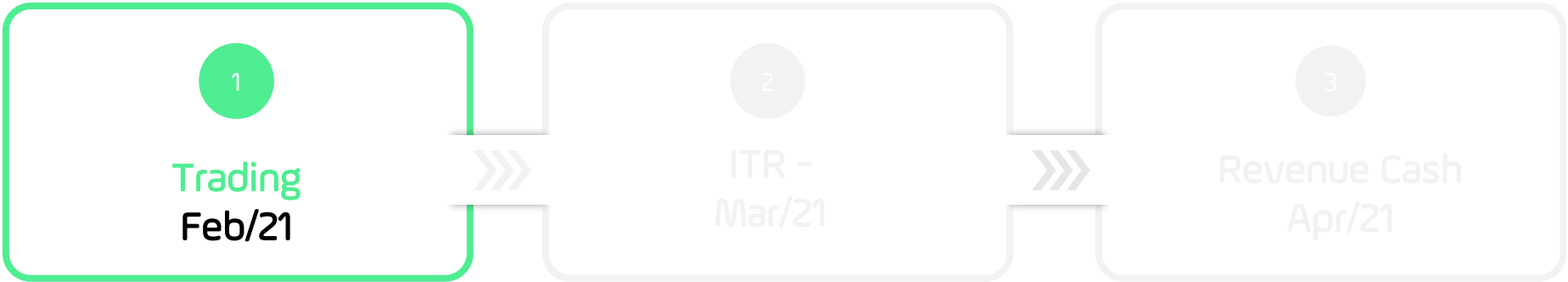
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- 3 **Apr/21:** Revenue recognition (revenue and cost effect)

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;

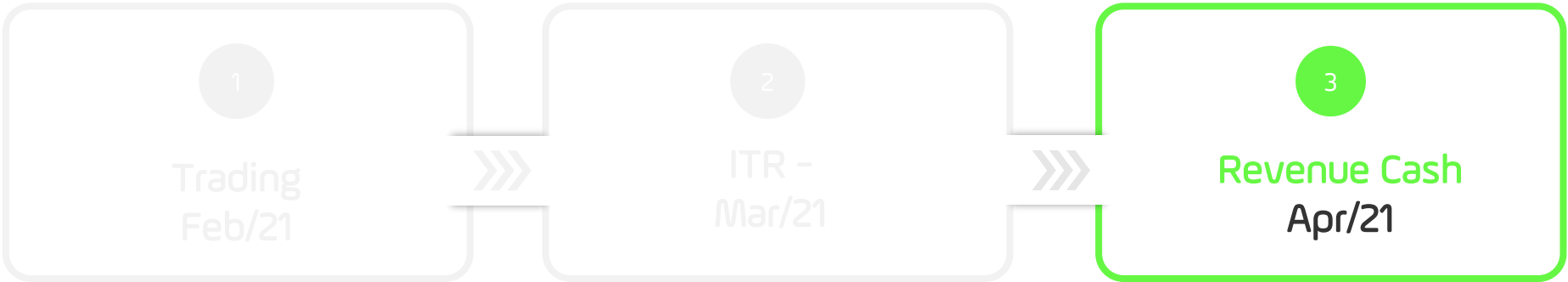
Effects	Accounting	Adjusted
Gross Margin	100	0
EBITDA	100	0
Financial	50	0
Profit	150	0

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	-16,127	17,903 (49,226 ganho DF - 31,323 Boa Vista Incorporation loss in Apr)	1,776 -(Net gain of 26,836 on ITR)
2022	-100,525	35,608	-64,916

- 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			 4Q22 23,4 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

Positions / Products (in thousands of tons)					Soybean		Corn		Wheat		Coffee
Net Balance					9,604		5,526		2,161		-46
Tons	Position	Current Risk	Current Market		+5% Increase		+25% Increase		+50% Increase		
Position			Price		Price	Effect	Price	Effect	Price	Effect	
Soybean	340.308	Purchased	1.043.612	184	193	-52.181	230	-260.903	276	-521.806	
Soybean	-330.704	Sold	-998.724	181	190	49.936	227	249.681	272	499.362	
Corn	324.853	Purchased	484.572	90	94	-24.229	112	-121.143	134	-242.286	
Corn	-319.327	Sold	-453.443	85	89	22.672	107	113.361	128	226.722	
Wheat	10.306	Purchased	17.624	103	108	-881	128	-4.406	154	-8.812	
Wheat	-8.145	Sold	-14.497	107	112	725	134	3.624	160	7.248	
Coffee	1.442	Purchased	30.670	1.276	1.340	-1.534	1.595	-7.668	1.914	-15.335	
Coffee	-1.488	Sold	-33.313	1.343	1.410	1.666	1.679	8.328	2.015	16.657	
Net exposure		76.501				-3.826		-19.126		-38.250	

H

	Risk	Nominal Balance	Closing Balance	Current Market	+5% Increase		+25% Increase		+50% Increase		
Position		"USD"	"R\$"	Price	Price	Effect	Price	Effect	Price	Effect	
Loans and financings	Exchange rate / USD	-138,617	629,100	5.22	5.48	-31,455	6.52	-157,275	7,83	-314,550	
Purchase Agreements in Dollar	Exchange rate / USD	-9,242	-48,216	5.22	5.48	2,411	6.52	12,054	7,83	24,108	
Exchange SWAP agreement	Exchange rate / USD	138,617	-629,100	5.22	5.48	31,455	6.52	157,275	7,83	314,550	
NDFs sales forward agreement	Exchange rate / USD	-202	-1,054	5.22	5.48	53	6.52	263	7,83	527	
Sale Agreements in Dollar	Exchange rate / USD	9,664	50,418	5.22	5.48	-2,521	6.52	-12,605	7,83	-25,209	
Net exposure		220	1,148			-57		-288		-574	