

KEPLER DAY 2024

Luiz Felipe Leidens:

I'd like to thank everyone for joining us here at the Teatro B32 here in São Paulo for Kepler Day 2024, beginning today. And I would also like to express gratitude for those following us through the live broadcast, from every possible place imaginable. We here at Kepler feel honored and fortunate that you've shown interest in our Company.

I'm Luiz Felipe Leidens, from Kepler's Communications department, and I'm pleased to welcome you here in São Paulo for this day packed with information about Kepler, a company celebrating its 100th anniversary in 2025. We will be marking an historic landmark, a centennial milestone that very few companies ever get to achieve. And this is an opportunity for us to strengthen this relationship and to provide a bit more information about our investment strategy, as well as what Kepler has to offer the market.

I will quickly go over our agenda so that everyone can have a better idea of what we'll be presenting this morning. We will begin with a brief introduction by our Chairman of the Board of Directors, Luiz Tarquínio. Next, CEO Bernardo Nogueira will talk about this century-long journey and Kepler's vision for the future. This topic will be broken down into strategic pillars, which will be presented by directors Fabiano and Diego. This includes Murilo, the co-founder of Procer, which is a Company that is part of the Kepler group and is a partner in our digital transformation efforts.

Shifting to number four here, we'll have a special moment with invited executives, who we refer to as the 'Agricultural All-Star Team'. Airton Galinari, Pedro Palma, Frederico Logemann and Geraldo Berger are here from companies that operate throughout the agricultural chain — covering everything from planting, farms, logistics, cooperatives. You'll have the opportunity to learn a little about each stage of the process, and Kepler is involved in every part of that process. There will be a lot of lively interactions, and you'll also have the opportunity to ask some questions.

This panel will be moderated by Jean Oliveira, our Commercial Director, and there will be a subsequent section focused on financial indicators, which will be presented by Renato Arroyo, the Financial Director. We'll wrap it all up with a Q&A, so make sure to get your questions ready. You've all gathered here because you're interested in learning more about Kepler, and we are excited to have everyone here with us and those of you who are watching on the broadcast take part.

Finally, Bernardo, our CEO, will give his closing remarks at the end of the event. We're really looking forward to this day here, and it's great to welcome everyone here as well.

A note to those watching the live broadcast: the presentation is available in both English and Portuguese on our EI website, meaning you can download it and check out the content in detail.

Now, then, to open our event, I invite the President of the Board of Directors, Luiz Tarquínio.

Luiz Tarquínio:

Good morning everyone and thanks for attending. I always like to speak highly of Kepler. This is my first term as a member of the Board of Directors, and I like to tout how great the Company is.

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I'm going to touch a bit on a few things that I think most of you already know, but thanks to my tendency to praise the Company, I'm probably going to end up sounding somewhat redundant for you.

As mentioned before, we're talking about a company that's about to turn 100 years old. Resilient and strong, few companies are usually able to reach this point. And the first thing that always attracts attention about Kepler is its connections with agribusiness.

Kepler is part of the chain, as mentioned earlier, and has a notable association with logistics as well. The agricultural sector in Brazil, or even globally, is considered a standard when it comes to productivity, food security, and job creation. And it is, in fact, the lungs of the Brazilian economy. Brazil has a natural disposition to be successful, in this area, and this has been developed over time through improved productivity and competitiveness.

Some important points: Despite having a high level of competitiveness, there are still areas that could be improved to further benefit the business and the Brazilian economy. I will begin by talking about infrastructure and logistics.

It's no news to anyone that we have problems or deficiencies when it comes to roads, ports and railways. These are all things that could really help us out. And along with that, within a logistics system, storage systems and silos are our flagship.

Despite these challenges, the company is where it is, and is increasingly related to innovation and technology. Kepler is, so to speak, paving the way in the digital sector. It acquired a company called Procer, which supports remote sensing systems and has been incredibly helpful. It has supported creating an increasingly technological support path for its customers.

We also have, and are developing, greater strength in R&D. Our R&D efforts are aimed at benefiting the competitiveness of the client.

Another theme is cooperation and partnerships. This is part of our DNA. We have established ourselves as leaders in the market driven by the relationships that the Company has built throughout its history with its customers. It is important to note that these customers cover a range of sectors, from rural producers to agribusinesses, ports and so on.

We are also focusing on offering services such as supplying necessary products or parts and providing support to ensure their customers can maintain or improve their competitive edge in the market. This is another opportunity for growth.

Risk management is important, and I always like to talk about it, because our customers frequently have difficulties due to their inability to manage the risks they are exposed to.

I can mention aspects such as climate risks, financial risks, health or sanitation risks, and other situations that may be challenging for clients to manage. And we are a solution to facilitate this management. Kepler, its products and systems.

Another matter I'd like to bring up is that while the Board of Directors was an existing entity, additional efforts were made to enhance corporate governance. This is an important topic, because it ultimately drives the relationship with investors and the investment community. You're all here today, among other reasons, for this. This is our fourth Kepler Day.

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And corporate governance is developing. The Company entered a new market, where there are various requirements that we have to meet, and there is no turning back. This includes things like strengthening the Board of Directors itself, the Board of Directors, forming committees, in short, our concern with communication, transparency and strengthening our relationship with our customers.

Another thing is the consistent performance that the Company has been presenting for six years. Anyone who knows Kepler's history knows that Kepler has gone through some difficult times, but, for about six years now, the Company has been producing admirable results, even in situations where its customers face adversity.

So Kepler isn't just a company that is part of agribusiness. It's a company that has a connection with the logistics system. We're going to have a panel later today with some distinguished guests who work in different segments of what is referred to as agribusiness.

In closing, I often talk about Kepler and praise Kepler for the fact that it operates in various segments of agribusiness. But it's also a logistics company, in logistics systems, and it is a company that deserves a lot of attention from the investment community. It shares a significant portion of its financial results, has committed leadership, with a governance strategy that was designed and is being pursued. Many companies do not have, so to speak, this impetus to build this type of thing.

So, strategy, governance, monitoring, a desire to foster a closer relationship with all of you and the entities that you represent. Because I think we deserve it. Not that there's any kind of lack of due diligence on the part of all the entities, but we would like to get closer, to communicate and be transparent in order to increase interest from all of you and other investors. Not just the entities, but other investors who may not be so familiar with a company like ours, so well-structured and capable at what it does that we are celebrating our hundredth year.

So again, I thank you and I hope that you all have a pleasant morning with our team. I'm sure that we will leave happy, and I would like you to leave happy as well.

Anyway, thank you again, and I'll now hand over the floor to the group doing all the heavy work. I'm just making the introductions. They are the folks who will work to produce, in their creativity, everything I would like them to be able to produce. Thank you very much.

Luiz Felipe Leidens:

Thanks Tarquínio for the opening remarks. And a lot of these elements that Tarquínio just briefly described here will now be explained in greater detail by our team.

And now we're going to start talking about the course we've taken that spans nearly a century. There's not enough time to talk about this entire century, so we'll just touch on the important aspects, and also present Kepler's vision for the future. What does Kepler want for the next 100 years?

And to talk about this topic, I'd like to introduce CEO Bernardo Nogueira.

Bernardo Nogueira:

Good morning. I'm so happy to be here. We have a full house. There are about 500 people, or 500 people who range from being somewhat interested to being very passionate about the history of Kepler. I'm not going to ask the passionate people to

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stand up, but I know they're here. There's even Julia from Morgan Stanley, wearing an orange blouse, matching our event. So, let's go from very interested to passionate.

So the get things going this morning, we heavily relied on your feedback. This year, we've already had more than 100 conversations with analysts and investors. We've condensed our morning into three main topics, which again are mostly based on your feedback.

The first provides some background. How did this DNA—we say that we have orange blood—but how was this DNA get shaped over time? Let's go back a bit to get a better understanding. We'll also take a look at agribusiness. There's a panel that includes four experts in agribusiness, and I'll also bring up a bit of what's different. Why aren't we experiencing a downturn like in previous years? How are we breaking this cycle and showing resilience in the storage business as a whole and in Kepler's bottom line? Let's dig a little deeper to understand today's performance.

having firmly established these successful results over the past six years, we're now looking forward to the future. So, let's talk about the future too. We'll dedicate perhaps most of our day here to looking ahead and talking about the opportunities that lie ahead up to 2030. So, we're going to share our 2030 strategic plan with you.

Starting off with a bit of our history, Olga and Adolfo Kepler did not know each other in Germany, but both had the misfortune of losing a father in a Germany mired in crisis, which eventually led to the First World War. They came to Brazil in search of opportunity.

Dona Olga arrived in Rio de Janeiro and, soon after arriving in Brazil, she unfortunately lost her mother, sister and niece to yellow fever. Adolfo arrived in Santos, also losing his mother to yellow fever. Both eventually ended up in Porto Alegre, where there was a large concentration of German descendants. Adolfo, a blacksmith, and Dona Olga met at church. They began a relationship, got married and had their first son, Otto, who later became one of our founders.

It was a lot of resilience, a lot of work. Adolfo, a dreamer, decides he wants to be a farmer and hears that there is cheap land available in the countryside of Rio Grande do Sul, which used to be just forest and woods. He convinces Dona Olga, also a warrior, to move to what is now Panambi.

Adolfo tries to be a farmer, but is unsuccessful. They live in this house. You've received the book about the first 50 years. The story I'm telling here is told by Dona Olga in the first chapter of this book. This house had no walls for a year. It was made of wooden planks. It took a year for the wood to arrive. Just imagine, Dona Olga, a girl in her early 20s, a German woman, who arrived in Brazil and describes how afraid she was of the noises in the forest. So, this is sort of where it all began.

And then Adolfo, after more than a year of trying to be a farmer, is unsuccessful but a neighbor notices that he has excellent tools: a sickle, a machete, a hoe, and orders them for him. He says, "I'd like to place an order and buy some equipment." He melts it down, you'll see, he has this bed, an iron bed, and he melts the bed frame and makes the tools from them. Thus, he begins to be a blacksmith and starts a business.

And then, I just keep thinking about this woman, Dona Olga, I'd even go as far as make a bust or statue of her there in Kepler, because for her to be able to handle moving there and accept her husband melting the bed, she must have been an extraordinary woman. But an incredible story, which begins like this.

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And then, in 1925, we'll be commemorating the centennial in May, they bought the blacksmith shop and put Otto Kepler and Adolfo Kepler Jr. in charge, with the whole family working there. Incredible stories are in the book you received, which recounts the first 50 years.

And so, getting into this, 100 years is quite a lot, and we've attempted to divide it into three main phases. There's this first phase, which is the heart of our entrepreneurship, where what we call the 'orange blood' was born within Kepler. And you'll read in the stories the intense concern over quality right from the start. Adolfo Kepler's small wagon hauls five tons. He promised three, but it carries five. All the time, we hear the same things in the book from 70 years ago that we hear today, from Coamo, from Rumo. What Kepler promises, it does, and does it even better. So this commitment to quality has been with the Company for 100 years.

Another strong focus for the Company is its emphasis on caring for people. We have three directors here: Diego and Fabiano are second-generation Kepler employees—their parents worked at the Company—and we also have Marcos Schwartz, who represents the fourth generation at Kepler. So, Marcos' great-grandfather was in this photo, in 1925. His grandfather, his father and now Marcos have held a range of positions, he is now our Supply Chain Director. As such, this care for people means many of the organization's employees have been with us for a long time.

And then we moved on to a second phase of the Company, around 1980, when it was listed on the Stock Exchange. These were difficult years. There are many young people here, but there are also a few 'gray hairs'; those who were alive and experienced firsthand what hyperinflation was like. Brazilian agribusiness was nothing like it is today. Brazil was an importer of food. Those were different times. But even so, the Company, despite its challenges, continued to evolve.

And I think the thing to highlight here is the long-standing relationships. Airton was mentioning to us that he has a dryer there; weeks after the founding of Coamo, which is the largest cooperative in Latin America, the three or four founders drove a VW Beetle to Panamby and bought the dryer that is still there today. Coamo now has more than 120 units, the largest of which is a Kepler. So, these are long-standing relationships in terms of prices with the top players in Brazilian agribusiness.

And then we enter this third phase that we're in the midst of now. This is roughly defined by the years 2015, 2016, and what marks this third phase, without a shadow of a doubt, is efficiency. It's operational excellence.

On January 5, 2015, SAP was installed, followed by Lean Manufacturing. This transformed the process, and I now know more words in Japanese than in German, because there is a routine, the Lean philosophy became embedded in our routines. So, there was a lot of efficiency.

Maintaining a close relationship with the customer, diversification, opening of PDCs. In 2016, we opened the first Parts Distribution Center. Today, we have nine PDs and we enjoy closer relations with the customers.

And then there's the crown jewel, which we'll talk about a lot today, which was the merger with Procer. This IoT (Internet of Things) movement, this technology, is what keeps our units connected and generates a lot of value.

So, that's the story. And then, moving on to the second pillar of our conversation, many of you have asked me, even experienced investors who have been with Kepler for more

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than ten years have said, “Bernardo, why didn't it fall in 2023? Why aren't sales declining in 2024? What's going on?”

So, I've brought along some slides to explain. I'm going to expand the context a little bit, zoom out and put what's happening with Brazilian agribusiness today into perspective and, particularly, the storage business.

Everyone knows about this remarkable path of success for our agriculture. A 5.7% Compound Annual Growth Rate, rising from less than 100 million tons to 330 million. It's an incredible story, everyone knows these numbers.

But let's take a look at what's behind this. Let's remember those phases—phase two and phase three. In phase two, considering the history of the Company or even agribusiness itself, our agriculture was mostly concentrated in the South of Brazil. In the 1980s, 1990s, and up until the early 2000s, agriculture was concentrated in Rio Grande do Sul, Paraná, and Santa Catarina. All going well, a great evolution.

And what we saw throughout the 2000s, and especially in the second half of the 2000s, was a shift towards the savanna regions. So, there was a huge growth of COAMO itself in Mato Grosso do Sul, farmers who left Passo Fundo, in Rio Grande do Sul, and went to Sorriso. They left with 30 hectares, and went to cultivate and develop 3,000 hectares in Sorriso, in Maranhão, in Bahia, in Piauí. So, all agriculture moved to the North of Brazil.

And so, it's obvious what I'm going to say, but when you have this level of migration, it's like they were people migrating. You need to create schools, hospitals, roads, everything essential for development. When we go up to 163, Lucas, Sorriso, Nova Mutum, all the cities there are 30 years old. Everything is new, everything is being built now. So, you have this migratory effect and a need for logistics. I think Pedro will bring it up later, when he talks about Rumo and its evolution; Pedro and I went up there in Primavera two weeks ago. So, there's this progress.

And there's something else that's interesting. I had the opportunity to live and work in the American agribusiness industry for five years. I spent a lot of time in the Midwest, and if you go up to any farmer in Illinois, Nebraska, South Dakota, they'll all say with great pride, “We've been here on this farm for three generations. We've been growing corn and wheat here since my great-grandfather's time.”

This doesn't happen in Brazil. In the savannah regions, this doesn't happen. The people from Rio Grande do Sul, the people from Paraná who went up to Maranhão, are still there today. They are the first generation. It's a very young type of agriculture. This will explain a few things later on.

So, what do these young farmers want? They want to clear and buy land. The obsession of Brazilian farmers in the late 90s, early 2000s, was to buy and develop land. And everyone who does this knows that it's really expensive and takes a lot of time.

So, the farmer was in debt, and leveraging resources to expand. Again, imagine going from 30 hectares to 3,000? First of all, it doesn't happen overnight. It takes 20 years of work, and all the capital you have, to keep reinvesting in that development. And then, as you develop, you need equipment. You go from one tractor to ten, one harvester to ten, one sprayer, and so on.

So, you have an entire agribusiness that was focused on this expansion and this migration to the tropical savanna.

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And then, quickly, a personal story that was my father's story too. In 1985, when I was five years old, my father decided that he wanted to be a farmer. He worked at Vigor at the time. We spent every weekend traveling around, looking for farms in the regions of Goiás, Minas, São Paulo and Paraná. In 1988, he met a crazy guy who traded with him. He had a Monza, he gave the Monza plus the money for another Monza and bought 100 acres of land over there in Campo Alegre do Goiás, near the Pamplona farm, in Cristalina.

He bought the farm in 1988. He was able to start planting soybeans in 1994. So, let's talk a little bit about buying and developing. In 2004, ten years later, luckily for me, he built a Kepler silo. He installed a Kepler silo on the farm in 2004. Almost ten years later, he now has irrigation, and the farm is now irrigated and has storage.

We can see that there's been a recent shift of this young Brazilian farmer towards the savannah regions, and an analogy can be made with Maslow's Hierarchy of Needs. So, he had the basic needs, which were to buy the land, develop the land, and all the equipment for that. The moment he can breathe, he'll invest in logistics, in having his own truck, having storage, having irrigation. Growing inwards.

Brazil does not have a third major frontier. We may have had Mato Grosso, Matopiba, along with Goiás, and Pará today, but there is no other major new frontier. Farmers and agriculture are growing inwards, adding value to production. And we can see this very clearly with cooperatives as well. They are also growing inwards and adding value.

This mission of Coama, since its inception, and it now has an ethanol industry based on corn, adding value once again within its region. This is a bit of what we've seen in recent years of development.

And then there are these two factors: migration and young farmers looking to add value. And then, when they say, "Where am I going to add value?" And not just the farmer, but the entire chain. "Where do I prioritize my investment?"

I really like this chart because I've heard some of you experienced investors saying, "Oh, Bernardo, but the deficit has always existed." When we say that the deficit is putting pressure on and increasing demand for the storage business, "the deficit has always existed." And that's not quite the case. When we look back, something as recent as 2009, there was no deficit in Brazil. Static capacity met production. You have a bottleneck in one state or another that produced, but there was a sufficient supply of storage.

We noticed that a deficit started to be created in 2011, up to 2015. There was another crop shortfall in 2016, and Kepler also suffered that year. You've seen our history, you know it, but because the deficit was very small. And what we see in this "third phase" of the Company is a growing deficit that generates a lot of inefficiency. It creates stress in the logistics chain, has led to freight inflation, and resulted in negative premiums.

So, this deficit scenario, coupled with a farmer who is more capable of investing, a production chain that is more capable of making changes, makes this third phase of ours very favorable and positive.

And then, it's important that people who regularly invest tend to focus on looking forward, and another thing I sometimes hear is "if we double down, everyone starts producing more silos, there's the pendulum and everything else, looking here, what happens is that Brazil will continue to increase its production". In the panel presented here later, I don't know if Jean has already told you, but we're going to ask, "when will Brazil reach 500 million tons?" And then each person will say, 10 years, 15 years, 20 years, 5 years. Everyone will have a chance to vote.

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But Brazil is heading towards 500 million, 600 million tons. When I was in college, we produced less than 100 million. We've now reached 300 million. So, there is doubt, among those directly involved, that productivity and production will continue to grow and, along with that, the deficit.

So, looking forward, even if Kepler doubles and the entire market doubles its capacity, we will still be in the same situation of stress, need, and demand. The rope will still be really stretched, even in 10 or 20 years. That's what the numbers are showing.

And then, speaking of numbers, when we look here, perhaps one of the issues in agriculture is cyclical. Everything that is a commodity and agribusiness is a repeating cycle over time. And, at least here in Brazil, the biggest cyclical that affects us is how content the soybean producer is. You can put the price of soybeans here. We chose to put the profitability, the EBITDA of the soybean producer, and we can see a rather clear correlation with everything. You can put in Rio de Janeiro. In this case, we chose total machine sales. We took the Sector Chamber of the Brazilian Machinery Association and put the sum of all machine sales here.

And we noticed an interesting correlation, which is the same thing with Kepler's history. So, Kepler has always experienced these good and bad times alongside agribusiness. All the cycles.

And what's different now? We're seeing a downturn in agriculture. People in the city say "it's back to normal," but farmers say "no, it's worse than normal." From 2023 to 2024, at least for soybean producers in the savannah, margins were worse than the historic average. And what we noticed was a direct correlation with the sale of machinery.

So, notice here that we're talking about tractors, harvesters, sprayers. Sales fell, and then in 2019 they sprang back to R\$55 billion, R\$56 billion. As such, seasonality follows seasonality.

Looking back at historical conditions before the deficit, there are other situational factors that are different, we would also be in this place. We would also be going back to 2019 here in 2024. And we don't see that. We're seeing a Kepler that is growing versus 2023, a Kepler that has a production volume, invoiced volume and sales volume that's even higher than in 2020, 2021, 2022 and 2023. It's a very consistent demand for storage. There's a clear prioritization of storage.

And so, looking at the market, in short, this storage space has always been necessary. I learned the other day, from one of you here, that the word "silos" was a Greek word. There's always been a need to store. Human beings, since they began to produce, have needed to store things, but this has become a clear priority.

We see that the rope will remain tight. There is a demand that is there, and it's growing. So, we will continue to deal with these intense conditions. And we see a third very interesting market factor here, which will be explored more in the upcoming panel, which is the industrialization of agriculture.

I think many of you have seen a report by Itaú in Valor Econômico saying that there are R\$20 billion in investments in ethanol over the next few years. Of course, every time you produce ethane, you need to store the corn. Corn ethanol needs storage.

So, the market is ready. And the interesting thing here is that this market found Kepler well prepared. Kepler had been doing its homework. So, within this third phase, SAP,

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Lean Manufacturing, PDEK were implemented, which is essential. Diego's responsibility, which is the Kepler Contractors Development Plan, which delivers the finished work to our client, and this is very valuable in customer service. We'll touch more on this later.

Rio Grande do Sul, as you have seen, is the fastest growing segment in the Company, going from one to nine distribution centers for parts; the last one was opened in Luiz Eduardo Magalhães. And IoT with Procer. So, we have a favorable market and made sure Kepler was prepared.

This provides us with the reassurance to have a future mission. To sit down and collaborate along with the Board, to make sure the Board and the entire management are aligned with the direction to plan ahead.

With everything we've got, with all this opportunity that we have, with everything that's being done, where are we going? What's the plan for 2030? This plan is also divided into three major stages. The first strategy is to strengthen our leadership.

So, within our core, we need to do these tasks very well and efficiently. This is where we're talking about having top-notch intelligence and access to the market. So, basically staying ahead of the opportunities.

We talk a lot about research and development. Tarquínio said here that we've been investing more in R&D over the last few years, and we will continue to do so. Our customers' needs are changing, we have to be up to date and introducing things that make them more efficient. So, there's a lot of focus on R&D and having good products.

And finally, excellent service. Last but not least. Diego is doing an analysis here that we're going to leave for the next Kepler Day, but it clearly shows that the customer who has the highest NPS upon delivery of the work comes back faster. 70% of our sales are to existing customers. This means that it's really important to provide great service, to keep customers coming back satisfied, knowing well what the difference is between buying a Kepler or its competitor. So, the first strategy is to strengthen our leadership and grow by around a 1 p.p. share per year until 2030.

The second pillar of our strategy is to expand the size of the market in which we operate. We realize that Kepler has very strong leadership and relationships, including really strong brand awareness, and we know that there are business areas around ours that can be explored to boost the size of our market.

There was even an article in Valor two months ago that talked about seeds and coffee. We don't currently offer equipment for processing seeds and coffee. These are markets that we're looking at. Hence, the entry into new markets, with a mix of M&A and organic growth.

We have new business models, which provide innovative ways of adding value to our business and to our customers. Diego is going to present the topic of new business models with unit rentals.

And the third is the whole aspect of modernizing units. We know that Brazil has an installed fleet of 18,000 units and many of them need updating, either due to efficiency or safety. So, there is a whole market that might be worth exploring.

And last but certainly not least, this third point of the strategy, involving the connectivity of all this with the entire agribusiness. The challenge we face is somewhat proportionate to the size of the opportunity. Just to give a spoiler here.

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Kepler, perhaps even this merger with Procer is more or less like Volkswagen, which sold Parati, Gol, Kombi. It sold the car, but it wasn't connected to that car. We've got 50% of the units in Brazil, but we are not connected to those units.

Beginning with Procer, we now have 2,000 units that are connected to the Company. This is why we can understand what's happening, we can help our customers store grains better, we can help customers to better manage these units. A whole universe opens up. Murilo will go into more detail here, but we can talk to other players as well.

With data, respecting all data protection laws, we managed to add a bit more efficiency to agribusiness, connecting information that is essential to the strategy. For example, from Pedro here at Rumo, from Airton and from all the players in the chain.

So, there's a very large universe here, which we'll discuss in more detail later, but which is essentially about creating value with the data we now have. They go through our sensors—we say that Procer is the Apple Watch of silos—and approximately R\$120 billion passes through our Apple Watches.

Not only do we have direct interactions, but we're now directly engaging with financial institutions that are interested in offering hedging services to farmers who produce crops like soy and corn. Even though we're still in the middle of this story, we've still managed to extrapolate the data.

Today, Murilo, Procer, and Kepler know how much soybeans there are in Brazil, as well as in which region they're found, and we know how much corn there is in which region. We've got a tremendous amount of intelligence that can be returned to the chain and, once again, generate value and provide efficiency. It's an incredible universe, which will be detailed below.

So, what are we going to do next? Let's talk about one point in each of these strategies, starting with Fabiano discussing the entire R&D portion, then product development and everything that's being done there. Diego will provide info the rental of units. As such, there are new business models within the market expansion, and Diego will lead this part. Murilo will touch on the connectivity of the units.

So, I now invite my colleague Fabiano Schneider to take over the presentation.

Fabiano Schneider:

Good morning everyone. It's great to be here with you today to talk a bit about our strategy to enhance our market leadership. This is a strategy that basically has three pillars, three major elements that we've been working on.

The first of them, which Bernardo spoke some about, is intelligence and market coverage, which is also being developed extensively within our KW 2030 strategic plan. The second one is service and excellence in service, with the third being research, development and innovation in new products. This is what I'll discuss here to provide an overview of what Kepler's been doing and how we have been positioning ourselves in this sense.

And our entire product development is based on four major pillars that involve listening to the market, participating in events, looking at trends—these are able to guide our efforts within the Company, to be able to bring better products that will really make our customers' business profitable and improve it.

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The first one is optimizing the workforce. We've realized that whoever you talk to today, in any segment, the workforce is a tremendous challenge. And in the field, with our customers, it's no different. There's a significant need for automation and improving processes, because manpower is increasingly scarce.

The second pillar is increasing capacity. What do I mean by this? Bernardo spoke a little about increasing capacity here. You've seen how much the harvest has been rising over the last few years, especially with shorter harvest times. So, we need to have increasingly larger equipment to support this demand coming from the field and to be able to have products that can fulfill this.

The third point is energy efficiency, among other efficiencies that the product must offer. This involves having an increasingly better product, which also has an ESG footprint of lower consumption and lower CO₂ emissions. These are points that are also considered in our process.

And last but not least is operational safety. Products that have an increasingly higher level of automation and an enhanced level of safety, helping us operate the units and serve our customers in the best possible way.

And here, let me introduce two data points that corroborate a little with what I'm saying, which is how much the population employed in the primary sector has decreased here over the last 10 or 12 years, falling by nearly 20%. This supports the issue I mentioned about the difficulty of finding labor at the end of the line, which is overwhelming.

The second is the increasingly larger equipment. I have some data about one of the main pieces of equipment in a storage unit, grain dryers, and how much the sale of dryers above 200 tons per hour has been increasing. It has practically tripled over the last four or five years. This trend isn't just emerging, but has already become an established reality in the marketplace.

And what have we been doing here? Before we go into more detail, I'll show you an image of a typical storage unit so you can have a better understanding of the components.

How does a unit work in a simplified way? The truck arrives with bulk grains in the hopper and unloads them. The hopper is a type of tank where the grain is stored. It passes through a conveyor that takes it to the cleaning system. After cleaning, it goes through drying, and then, through vertical conveyors, which we call elevators, and horizontal conveyors, which are the conveyors, it goes to a silo where it is stored.

And one of the key components of a storage unit is the grain dryer. And do you know why I say this? Because when we're discussing unit automation, up to a few years ago, most units operated with conventional drying. And this conventional drying, in the vast majority of cases, involved an average of at least four people, working around that equipment to be able to meet the needs and operate the unit.

Kepler has been working really hard. Bernardo mentioned Lean Manufacturing a little while ago, and also, at the end of 2019 and towards the start of 2020, we implemented product development in our engineering department as well. And, based on that, we developed a series of new equipment that improves this performance and improves our client's efficiency and profitability.

And here I bring up the example of Biocav, this equipment that's further to your left, which is a biomass feeder for our dryer. Also, the heat generators, which also feed the dryer, and they provide added agility in supply, more complete combustion, combined with a

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new line of dryers that we introduced in 2021, which consumes up to 30% less heat consumption and around 25% less energy.

All of this, combined with automation, makes performing the same operation even more efficient with only one person. With all the controls we have today, together with the partnership with Procer, it's all in the palm of our customer's hand. So, this is the reality that is established today, and it's what we've been working on.

Along with this, not only is the harvest increasingly shorter and involving larger volumes, but product development also needs to be faster. It needs to respond more quickly to new developments and market changes, and we've been working very hard on this. And what has helped us a lot are the virtual prototypes, the simulations that we've been doing within our R&D, so that we can increasingly deliver our product faster and better, ensuring that the product is appropriately aligned with the real need.

And here, just to give you a better idea, this is a simulation of a new line of cleaning machines that we're developing and will release next year, which is its structure, how it scales and how it works. And, along with that, the entire air system inside the chamber that sucks up the dust particles.

And our R&D, to give you an idea, eight years ago—not really all that far off—we were doing 30 simulations of this type per year. We're now doing 200. In other words, practically one per day, seven times more than we were doing eight years ago. This acceleration has been needed in order to keep up with this entire process.

And, along with this, an increasingly rapid launch of new products. Today, Kepler is the company that holds the largest number of patents in the industry. We currently have 27 registered and two filed, making us the most experienced in the sector.

And here, I also bring up when we look at phase 2, phase 3 that Bernardo mentioned before, what were our launches? Up to the beginning of 2008 and 2009, we did, on average, one launch every four years of a new line of products or a new product.

Later, by implementing Lean Manufacturing, we reduced this time. So, at the beginning of 2015, 2016, 2017, we started making a product every two years, and now we're releasing products every year and a half and working to have a launch every year, so we can have a new product each year, something new for our customers, and better serve our customers.

So what kind of results has this had for the Company overall? We did a preliminary restructuring of the Company's R&D in 2019. From then on, we began working on Lean product development. And how has this been reflected in our performance? At the beginning, in 2020, only 7.4% of our revenue came from products introduced within five years. This process has been evolving and growing, and we finished this year with around 46% of new products coming from revenue over the last five years.

And along with that, over this five-year window, we developed 94 projects. I'd like to point out here a significant recovery and growth of new products: from 7% to 11% of our revenue. And when I say 'new products', I mean materials that we had not manufactured before or offer to customers, and now we are starting to. Along with that, this exponential growth in the last two years, from 18.6% of our revenue to 46% this year coming from these products.

As I mentioned before, there's also the footprint, in addition to energy and thermal efficiencies. We look at this a lot, this issue also involves reducing CO2 emissions from

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our new family of dryers, which now represents almost 13 million tons, and the forecast based on what we sell is that next year this will turn into 27 million tons of emissions no longer being emitted into the environment.

And, along with this, we've not only been working on developing better products, but also considering opportunities for innovation. Up until then, Kepler was primarily focused on improving its existing practices and enhancing its understanding of the market within our KW 2030. And our ambition for the upcoming years is to divide this up a little better and work on 80, 15, 5, with the goal of having this revenue target from the latest products developed in the last five years that can reach 55%. That is what we're working on.

In addition, we're also preparing our manufacturing units to accommodate everything we have shown here and these new developments. Our Campo Grande unit currently has 33,000 m², of which approximately 20% to 25% are still available for growth and to introduce new products, which is this red area over here.

These days, it's putting out three major products: dryers, piping and all the safety-related products, yellow items, as we call them, with seven products planned by 2030. Biocav is a product that we introduced this year and is already being produced there, and three other major families of products that we're working on will also be made at this unit.

Panambi will also be expanded, focusing primarily on the segments of replacement parts and services, which will be addressed more in the following discussion. This is our Distribution Center (DC), with services enhanced in a way that makes them more effective for the customers. So, we are preparing the factory to also grow in this sector.

And the other really important segment that we talked about, another part of our history, is ports and terminals. This involves equipment that is capable of accommodating large volumes of cargo, in short, logistics terminals.

We're preparing our units so that they can actually accommodate these products and serve our customers well. So, overall, Panambi still has an area that is primed for expansion, as does Campo Grande, which will have the unit built there and be used in its entirety.

So, that's everything on R&D., I'll now hand over to Diego, who will talk a little about the second strategy.

Diego Wenningkamp:

Thank you, Fabiano. Good morning, everyone. It's a great pleasure. I'd like to thank everyone for coming. It's great to have the opportunity to share with you a little of what we've been doing, especially in strategy 2, to increase the market we already have.

Bernardo has given you some of the info. We've been working hard on several issues. We have a significant pipeline of opportunities to expand the market, new businesses, a list of M&As, and analysis. But today we're going to focus on one of the cases that we really like, which is a business model related to renting units, to share with you a little bit about what we're considering and how we're working on this opportunity.

The goal is very simple. The strategy is to build storage units in strategic locations in order to rent these units to customers without the Company's capital contribution. This is an important point. We understand that for this strategy to be scalable, it would need support from third parties. So, this is an important first point.

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There are several motivators, and we have picked out the three of the main ones here. The first driving factor is Kepler's central role. If this model is able to stand on its own two feet, we understand that Kepler has to take a leadership position in this new solution, and this model ends up creating demand and also increasing the market. We understand that the units developed in this model might not be built in the traditional model. This pushes us to pursue this.

The second motivator is to capitalize on the Company's unique position in the market. Let me explain: we're a century-old Company, with built-up know-how. We want to take advantage of all this to make this model run on its own.

And the third is a source of recurring revenue, which is something we talked about a lot throughout the conversation with many of you, something we pursue a lot, and that's a framework to achieve this outcome.

When we talk about a unique position at Kepler, what exactly does that mean? Let's take a look at two quick slides here. We believe, perhaps like no one else, that Kepler understands every stage of building a unit. This experience of nearly 100 years of history gives us the confidence to leverage this know-how to also make the rental model successful p.

So, from the location where the unit can be installed, this access to customers that we have, the construction, engineering, design, implementation of the work, all the way to the operational part, it is something that we have mastered, we have a lot of knowledge about. So, it's about taking advantage of this know-how in this rental business model as well.

What exactly does each of them mean? When we talk about defining the location, what's being defined as know-how? We have a very large intelligence area with a lot of information about where the production drives are, the storage shortcomings, the logistical issues. We can know exactly where the businesses are being created at all times. We have this information. We believe that this knowledge also helps greatly in defining where the best places are to have units for rent. And this also provides the investor with security that the units will be in locations with liquidity. We also have this premise, to place units that have liquidity. This is the first point.

The second, when discussing customers, we are also referring to access. Perhaps like no other, Kepler has a tremendous commercial reach. There are more than 100 people in Kepler's sales team supporting the entire market. More than 1,000 businesses are created per year.

We can rely on this coverage, this access to customers, perhaps like no one else. And, using this, we can seize the best opportunities in this rental model as well.

We have a very strong relationship with customers, and we often reiterate that 70% of customers are recurring. So, this access to this customer base has also helped us to build this framework, and I will show some of this to you next.

When we talk about design, which we call assertiveness here, we rely significantly on our skilled engineering team. And this is our day-to-day routine, structuring the best design for all customers. In this model, it also makes a lot of sense. I'll talk a little more about it later, but we've already learned in this business model that the total cost of building the unit has to be rather efficient for the model to stand on its own.

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So, it makes perfect sense that our engineering department is helping to develop the best solution. We have an engineering team of over 100 engineers, and we invest heavily in technology. Here is an image of BIM, which is an engineering system that we have been implementing and that helps a lot, providing different aspects of the overall project.

Here we also have the implementation part, which we call capacity. What does that mean? It's also part of our daily routine. It's an element of our know-how to implement construction works in the field. So, that's what we've been doing. Our daily routine is to manage more than 250; at the moment, we have 294 simultaneous projects underway being managed. This is part of our routine.

This gives us great confidence. In 2021, we built a model called Delivery 360, where Kepler delivers the entire unit, covering all aspects. This involves staking out the land, conducting civil engineering, constructing the unit, and delivering the finished product. We were also already equipped and prepared to build the unit from scratch in this rental model. So, this is another point that makes us really believe in the idea.

And finally, there's an element we refer internally to as "presence", which is nothing more than all this support and maintenance. We're poised to take advantage of this presence with nine distribution centers, the entire after-sales team to monitor the leased units, as well as with Procer's technology also having this control and monitoring of all units in this business model.

This is what we call a unique position, and it's almost a waste not to take advantage of it in a new business model, which is what we are building for leasing.

So, what does this mean in practice? What are we playing around with, trying to make the impossible possible like getting an egg to stand? The structure is extremely simple. If you look at it like this, it's really simple. The complexity lies in the balance. How are we going to balance the three parts so that the model stands upright? And that's our job. I'll show you some of the process in a little while. We've been working and talking about this for two years now, and we're getting close now.

But what's the model? It's about structuring and connecting stakeholders. Basically, there are three parties: Kepler doing this, the investor and the customer. So, let me explain a little bit about what we're thinking.

Kepler is in the middle because, with all this know-how, we realize we have the capacity to build units, hire and manage the construction, as well as receive a percentage of the return from this operation. So, that's why Kepler is in the middle, connecting all the parties.

On one side, we have the investor. We believe, and we're working hard on this, that through a fund, through another mechanism, the financial market can finance these operations. Because we often talk about ways to manage or invest resources in agribusiness. We hear a lot about interest in agribusiness, so this will be another opportunity, a source to invest money in an agribusiness venture. And also, the investor who makes the investment receives the compensation for the rent.

And on the other side, there's the customer, who is the one who will use the unit without having to invest resources, without having to put the asset on their balance sheet, which is another thing we've learned. And with all the clients we have spoken to, everyone finds it appealing and thinks that the model makes sense for their business.

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And the trade-off is always this: it has to stand on its own financially. So, that's what we're basically working on. Because everyone believes in the model. The challenge is having it stand on its own.

And what does 'standing on its own mean? It's good for everyone. That's why we have been building this model collaboratively, with Kepler coordinating and managing it, but also in conjunction with many investment houses that we've spoken to and with many customers.

That's why I said before that the cost of the unit has to be efficient, because the rent is defined through the total cost of the unit. The customer pays rent based on the cost of the unit. That's what we're learning.

Basically, for this model to stand, it has to be good for everyone. For those looking for a satisfactory return on investment, Kepler will receive a percentage for making these connections, and the customer's side needs to be stable. The amount they pay for rent, making calculations for the unit's operation, also has to be a good deal.

So basically, we're connecting these pieces, learning a lot and adjusting the model. You'll soon see that we believe we're almost there.

Next are a few observations. This model, as I said, is simple. The complexity lies in making it viable and balancing the stakeholders. And the model also brings about other indirect benefits to all three parties. I have included Kepler's here, which, in addition to this percentage of return, for each unit that is constructed, the sale of the equipment is included.

So, each unit that is built also means more revenue from the equipment. The intention is also to form maintenance contracts for these units, because the units will be leased and will belong to a fund or some other financial mechanism. So, maintaining the units is important. This will also create an opportunity for maintenance contracts for us.

Since this is a business strategy, we are focusing heavily on top-tier customers, significant players whose strategy is basically not to allocate new assets to the balance sheet. This is one of their interests, or even a way to accelerate their strategies. The vast majority of our customers also have strategic planning up to 2030. So, we are able to accelerate using this model, and this is what we are hearing from some customers. That it will be possible to accelerate strategic planning that has been planned for several years. Maybe it will be possible to do it faster.

And finally, we'd like to share with you what we call a journey. Like an entrepreneur, we learn, we think about the business, we build, and we make adjustments.

We started talking about this idea last year. First, we had this vision of the business, and we started benchmarking with other companies that had nothing to do with it—irrigation companies, tractors, materials that follow this rental model—to better understand the concept.

We then began to structure our strategy, our business model. We began to engage with partners, forging partnerships with construction companies and understanding the model, and this was part of the learning process.

And this year, having learned lessons from last year—what worked and what didn't—we soon realized that we would have to go a little bit in the other direction, so we adjusted this model. We started talking to customers, now with a different model; we also

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approached some investment houses to see if it made sense, and it began to make a lot of sense for the three interested parties. Our enthusiasm has increased somewhat, and now we're getting closer.

So, we have finalized this structure in 2H, the three parts, and now in November we even presented a proposal for a unit in Mato Grosso. It's confirmed in this strategy, will be the first in this model.

Based on this pilot, we understand that the first step is always the hardest. Let's open the business. The first step is the hardest, and then we have a very high expectation that the model is scalable, and that's what we're going to be working towards.

As such, the intention here was to show that we're really optimistic, that there is one step left to reach the ideal model, and we're working with this opportunity here and with the customer there in Mato Grosso.

In a nutshell, it's a strategy that we intend to build without any financial input from Kepler, and it is a model that we're trying to put into practice to increase the market, increase this demand and be able to deliver more products to the market. It's the third one, and we're optimistic that it will work. I hope that in a few weeks we'll have some news to share with you as well.

Thank you very much. I will now turn the floor to Murilo Schneider to discuss the Digital aspects.

Murilo Schneider:

Good morning, everyone. I'm delighted to be able to participate in this event with Kepler and to be able to share some information on the strategy. Bernardo has provided some insights into some of Kepler's strategies, and to have this privilege of sharing this vision of the entire agribusiness, this very thriving market is truly a great honor.

Before talking specifically about revenue generation through data, I'd like to give you some background on who Procer is, because I believe many of you are not aware of its history. Procer was founded in 2011 by me, Tarcísio and Eduardo, who are also here with me. When we started to get involved with the post-harvest of grains, the storage area, and comparing it a little with other cultures that we had known about, such as tobacco, air conditioning for poultry farms, which already had all the embedded sensing technology, technology and knowledge of automation controls, and then we looked at the post-harvest of grains and saw that, really, once the steps that Bernardo mentioned earlier were completed, of increasing productivity in the field, the issue of machinery, and once this harvest, all these results reached the silos, we often lost, we no longer had a vision of the quality and quantity of the stored product.

And when we saw this scenario, we realized, wow, we're emerging together with technology 4.0, which is a concept that also came out of Germany, so we can then develop something at this level.

We introduced the digital sensor for grain storage, which allows us to see the stored product a lot more accurately. It's an automation system that we can access from anywhere in the world, see the condition of the grain storage and implement automation systems there.

And a rather powerful element that we've identified since the emergence of Procer is the issue of the know-how of the workforce. If we were to limit ourselves to providing

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technology, we wouldn't really be aware of what rice, soybeans, or corn need in their environment to maintain quality until they're ready to be used.

So, from the first silo that Procer installed for its first customer, we've built what we call customer success. We work in tandem with each one, seeking this knowledge to help in decision-making and in identifying any type of risk situation.

And Procer, has this really strong element, aligned with pillar three that Bernardo mentioned. And as a result of this entry into the market, a disruption in terms of solutions and strategy. As a result, we began to connect the silos, to have this information available to us and to the customer in real time, which was a great achievement involving the solutions we've developed.

And year after year—we're from Criciúma, Santa Catarina—we have been expanding our operations, both in business matters and in the technical part as well. Today we are operational with over 1,500 active clients, more than 12,000 storage units, and more than 9,000 silos. And what currently circulates on our platform is around 60 million tons of product, and the equivalent of R\$120 billion in value.

So, that's really been a journey of resilience as well. Kepler is about to mark its 100th anniversary, and Procer is 13 years old. And something interesting to share with you is that in 2011, as you can see on the previous slide, grain production was around 163 million tons. We have doubled that since then. Agriculture is really booming, and Procer is also very disruptive.

And it's important to point out that this customer base we have are all top-tier. We're very pleased to have SLC, Coamo, and Rumo here, as they are our customers. We truly have an active presence with the major players in the agricultural sector.

And one of the ways I think it's be really nice to share with you is where does this growth, this increase in spread, connectivity, post-harvest come from? It has a lot to do with performance. So, comparing the situation of our customers before having Procer, and making the comparison after having Procer, with the technology and the provision of services, we've been able to reach these spectacular levels.

So, in terms of reducing losses that occurred in the post-harvest period, we now have a level of approximately R\$1.5 billion that we have avoided losing in the post-harvest of grains.

If we translate this into planted areas that were previously lost during the storage process, it comes to 200,000 hectares that we've managed to preserve. We did a spectacular job in the field, productivity, machinery, and many times this amount was lost. So now, with this solution, we can prevent losing grain storage in the storage units. And it also has a huge impact on saving electricity.

So, referring to what Fabiano mentioned earlier in terms of development, significant progress we've been making, this is a way that we can translate that this whole issue of technology, of Industry 4.0, has been having major impacts in the post-harvest period, and Procer has been a leader in this field. This is where we are really engaged in providing even more benefits to our customers, and expanding this connected base.

And also, despite all these achievements over the years, Procer is not simply resting on its laurels. In fact, we'd like to discuss some innovations we've had this year. We introduced a new software platform that we call the Orion 2.0 series. It was completely

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rebuilt so that we can include all this connectivity and volume of data. It's a benefit that we launched for the customer.

The issue of apps. You can have alerts and notifications on your cell phone, along with a rather broad overview of the management of your units. This includes a 3D volume meter, which is a tool that provides even more speed and accuracy to the monitored stocks.

And another platform we've introduced is unit management. It was designed mainly for major customers, like our colleagues here. It allows us to see three elements of the operation on a single screen and on a single dashboard.

The first point is the operational issue. This involves identifying what risks and opportunities for improvement we can find there. It's a significant parameter for product quality, including in decision-making. Which silo should I ship to first? Which one should I keep stored for longer because it's better quality?

And a third aspect, one we see a lot of potential, is the financial view. The customer can also identify and check how much product they have stored by cross-referencing market data. This module also provides information on how much it is worth investing in technology, comparing the reality before and after. And, also in this module, there is an overview of how much it is worth having a grain storage unit, making comparisons if the customer did not have one. This module is already available to the market, especially for major players.

And now getting to the main point of what we want to share with you, this year we also had some success with the construction of what we call a "data warehouse", where we consolidate all the storage data we have, fed in real time, and also cross-referencing it with other market, statistical, climate and monetary value data for products.

And next, we have the construction of this new vertical. Up to now, Procer has established itself in our strategy with the vertical of expertise in hardware, equipment, and software in the field of unit automation, and now we celebrate this fourth technical vertical—that of technology—which is based on data.

And it's particularly intriguing to share with you that we have, on the left side, connected in real time, these 60 million tons, R\$120 billion of products, and applying statistics—and obviously respecting the confidentiality of the data of all our clients—we are able to have an overview of the entire agribusiness.

In fact, to give you some insight, we were able to see that the peak of soybean storage this year in Brazil was in April, and the previous year it was in March. The opposite occurred for corn. The peak of storage this year was in September, and last year it was October. So, we've had two fewer months between storage peaks, which places a lot more pressure on logistics and the entire export issue, for the industry.

So, this is one of our ambitious plans, and this connectivity is rare and unique information that we have, where the main objective, above all, is to provide even more results and solutions that lead to added value for our customers, the owners of the storage units and the silos. But we also see a great opportunity here for Procer to be a link of connectivity between the field and the other players that are related to agribusiness, which I will discuss in the next and last slide.

I'm sharing with here some opportunities for generating revenue. On the one hand, we remain very strong, focused on grain quality, where we have some significant

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development in relation to the application of artificial intelligence. This year, we have been implementing some artificial intelligence solutions that help greatly in the management process of the units.

The product classification also means that the issue of product quality will increasingly be clearer. And the advancements in monitoring are also applied to issues like product quality and the flow of units in a system.

The unit management module, where we have this comprehensive overview, works with data intelligence to perform unified management of the units, and pays close attention to this issue of optimizing the safety of the units. This includes the matter of labor, which, increasingly, as my colleagues have mentioned here, is a major challenge. But we also see an opportunity here to significantly optimize operations for customers.

And here we are talking about new avenues. Back in October I was visiting a number of companies with Bernardo, and here we saw new avenues of monetization where we could really connect the field with intelligence companies, market companies and trading companies, providing statistical data, information on stocks and movements of product, along with making historical analyses and projections for the future.

So here, we really see some potential that we've been focusing on. Discussions are already taking place, and these discussions are immediate and involve NDAs. Another very promising vertical involves safety companies, where there are some products that used to exist but have since exited the market, such as spontaneous fermentation.

This is due to the insecurity of the operation in relation to having a historical analysis, a control of the grain inside the silo. So, this was a product that had been available on the market and ended up being withdrawn. However Procer, providing this security of the operation and the quality of the product, and being a digital link between the client and the companies, sees this as enormous potential, including the insurance of assets, silos and dryers as well, which operations, when not well executed, are rife with risk. But with technology and with all these developments that we have shared, the drying operation is also increasingly safer. And, also, the possibility of dynamic pricing in relation to the stored product and the storage conditions.

Another avenue with extraordinary potential is with the banks themselves. Here, we can act as a business channel, connecting producers, cooperatives and financial institutions, providing the possibility of dynamic stocks, much more assertive credit risk management, where the guarantee of the stored product can be a lot more reliable if there were no counterpart from the customer. This way, we can offer much more optimized and intriguing product lines for customers, and be a path of security and technology for banks.

And finally, there's also logistics companies, where we were able to provide some insights into the efficiency of the operation, the share of these companies in relation to their area of operation and the volume stored, the volumes of grains shipped, and in the issue of route optimization.

So, we take these new opportunities very quickly here. And what our journey has been. One important thing to mention is that Kepler has been talking about digitalization and technology in recent years. At Kepler Day 2022, it positioned itself in relation to this strategy with the announcement of the acquisition of Procer, and now here we are sharing all these developments and how technology has made a really big difference, has provided a significant impact on post-harvest.

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Just as we've seen some maturity in the field, we also believe that we've been at the forefront of this digital transformation of post-harvest as well, and we are quite confident in this process.

Thank you very much.

Luiz Felipe Leidens:

Thank you, Murilo. Thank you also to Diego, Fabiano and Bernardo. So, now we're going to discuss Kepler's progress, vision for the future and the details of the three strategies, and I will kindly ask the people here to transition to our next activity. This is where we invite people who are considered leaders in various sectors of the agricultural chain, and we call this event the Giants of Agriculture Panel. You'll have the opportunity to see in practice many of the aspects that were explained by our executives in discussing strategic issues, both through the use of data, which Murilo just brought up, as well as logistics issues. This matter will be discussed in depth now.

First, the guests will interact here with our moderator, who I will announce soon, and then all of you here will also have the opportunity to ask questions directly to them, including those of you watching the online broadcast.

Thank you very much. If you could please bring some water so that our guests can feel comfortable. So, let's go. First, I invite Jean Oliveira, who is our Commercial Director and will be the moderator of this panel. Let's welcome Jean with a round of applause.

And now our guests, who have kindly accepted the invitation to be here with us. So, please, Geraldo Berger, VP for Latin America at Bayer, please take this chair. I would now like to invite Frederico Logemann, who is Head of Innovation and Strategy at SLC Agrícola. Airton Galinari, who is the executive director of Coamo. Please, Airton. And finally, Pedro Palma, who is the CEO of Rumo, please.

All of you please make yourself comfortable and have a seat. And now, the chat. The floor is yours, Jean.

Jean Oliveira:

Thank you, Luiz. Good morning. It's great to be here with this group. We were talking before and mentioning that if we had to choose a team, we'd have four all-stars from Brazilian agribusiness. And we're really happy that you accepted our invitation and came to participate.

The goal of being here now is to provide broader knowledge. To go beyond production and technology, to innovations, modernizations, production in cooperatives, how I can streamline operations and how I move this grain. In other words, having an idea of the entire chain. That is the primary goal.

And to begin our conversation, I'm going to ask Geraldo a question that is deeply rooted in what we ended up looking at here this morning, which is what our executives presented about the amazing growth in production in recent years. I wanted to ask you, Geraldo, what factors have played a role in driving this increase in our productivity? For example, approximately how many varieties of soybeans and corn are introduced each year?

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Geraldo Berger:

First of all, thank you very much for the kind invitation to be here and take part in this event. For us, it is a privilege to participate and see the strength and energy that Kepler has in providing solutions to our farmers who are dealing with this issue. They are producing more and need to store this product in an increasingly efficient and high-quality manner.

For me, it is also a privilege. If you look at the color of my hair, it will tell you a lot about what I've seen in agriculture, but it really stood out in the graph that Bernardo showed of the growth of Brazilian production over the years. But there was one missing piece of information, Bernardo. I'll even suggest it for next time: in addition to production, include the increase in area. In other words, in these almost 25 years, taking the year 2000 as a base, we have seen an increase in production of four or five times, and the area has only doubled.

This demonstrates the importance of innovation in agriculture. My career has always been in the area of research and development, in the area of genetics and biotechnology. So, I've had the privilege of seeing, and some of you will remember, when the high productivity of soybeans was 100 bags for ever unit of land. Now, we have producers who are reaching 100 bags per hectare. So, the increase in productivity over the years through the use of innovation, technology and the adoption of Brazilian producers is what has driven this efficiency.

There are some aspects that are relevant and should be emphasized. In the mid-1990s, Brazil chose and established some legal frameworks that were fundamental for investment in research and innovation, which were the frameworks for Patents, the Cultivar Protection Law, Biosafety and Seeds. These four pillars guided investment in research in Brazil.

Before that time, we had practically only official institutions, such as Embrapa, which was always very important, but there was no real participation from the private sector in innovation involving genetics and breeding. And this led to our gains in productivity.

After the introduction of biotechnology in Brazil, for example, another clear example is corn cultivation. We had an average of 2,000 kg per hectare in Brazil, the national average. Today, our productivity has risen to nearly 6 tons per hectare, in a very short period, over the last ten years. This is the effect of innovation. This is the effect of the increase in productivity, which is leading to a situation where there is a deficit, as indicated by Bernardo. There's almost 100 million tons that need storage, and that we don't have. This is the result of innovation. It's the product of the increase in productivity.

Specifically in your question, just for illustrative purposes, in the last five years more than 1,000 soybean varieties and approximately 800 corn hybrids have been introduced here in the country. This demonstrates the strength of the both public and private companies involved in investing in research.

The adoption of biotechnology in our key crops, which are soybeans, corn and cotton, is close to 100%, meaning that every hectare that we plant in Brazil, in any of these three crops, includes biotechnology. And this is a fundamental factor for the productivity gains that we have seen in soybeans, corn and cotton.

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Jean Oliveira:

Thank you, Geraldo. Now I'm going to expand on your answer and relate it to the farm. Frederico, how do we view this technological advancement, and how do we integrate it into the process of modernizing farms? What are the opportunities we currently have in this regard?

Frederick Logemann:

Thank you for the invitation as well, representing SLC here. It's a pleasure to be with you here on the panel. One way we like to explain what's been changing on the farm is that we at SLC, which is a large-scale production, have always had economies of scale, and we have always had difficulties with scale, too.

To manage a farm that will be able to handle 50,000 or 60,000 hectares, we've frequently had difficulty monitoring everything that was happening on this farm, covering 50 kilometers from one end to the other. How do I control everything that's happening on this farm? Digitalization, modernization and technology have helped us. It's a way of summarizing, controlling and visualizing—seeing what's happening on the farm.

So, just as Murilo was showing us about the silos, which we're monitoring today, we're also seeing what's going on inside the silo. We're also able to see our operation through machine telemetry, through digital rain gauges, through satellite images. We are able to create new indicators to view our operations.

I think there's a feature of this digital aspect that is a little more difficult to quickly share the information with all producers. I think it could be said that SLC, the larger producers are so far ahead in adopting some of these technologies, and we see a huge effort from some startups to bring this solution to the mainstream to make sure it reaches everyone.

I think biotechnology is a rather efficient way to spread technology, because it is integrated directly into the seed itself. So, the producer only has to keep planting a seed and will enjoy a benefit.

In the case of digitalization, there is an educational factor that needs to be added to help the producer take full advantage of the technology. So, one of the things we had to do at SLC, following that foundational concept, people, processes and technology, has to be in that order, people, processes and technology. So, to handle this new layer of software and hardware that we are coordinating today in our operation, we were required to talk to people to create the processes, to take advantage of the technology.

For example, we have a digital agriculture management system today that we didn't have in the past, which is taking care of this new layer of hardware and software, and these were things we didn't consume ten years ago, or even eight years ago.

So you have this issue where the producer is gradually paying for the cost of production, buying seeds, fertilizers, pesticides, fuel, but is also paying for digital services. This slowly becomes part of the production cost, and of course the benefit is usually a reduction in the use of inputs or some increase in productivity.

And another fundamental element, to wrap up this intro, is connectivity. Without connectivity, there is no digital agriculture. So, another thing we had to do, which is now complete, was to get all of our crops connected to the internet. As such, today, in any corner of an SLC farms, you'll get a cell phone signal, and then you can enjoy a series

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of things that we are gradually exploring and 'squeezing the orange' (extracting the maximum benefit), as we say.

That's it to start.

Jean Oliveira:

Thank you, Frederico. It's impressive, because we have a farm in Maranhão, in Xingu, and we're currently working with you on a project in Querência. So, having a technologically advanced farm in these places might be more difficult in terms of infrastructure to get there.

Airton, following up on Frederico's answer, connected farms, connected producers, with seed technology as the basis. And then we also look at a cooperative. We know the importance of the cooperative, and the strength that Coamo has in this context, how fundamental the work that you do there is, and how does the cooperative work to leverage the growth of farmers, of cooperative members? How does it add value to this production?

Airton Galinari:

Good morning, everyone. Thank you for the invitation. Congratulations on the event. Unlike large companies, where they concentrate this entire area under a single management unit, the cooperative is exactly the opposite. For example, Coamo has 32,000 members, and 70% of them are small and mini farmers. By 'small and mini', I mean those producers with less than 50 hectares.

They are scattered across 75 municipalities, where the infrastructure is somewhat precarious, or could be precarious, and it would be very difficult for anyone to go there and invest enough to make this activity viable, because in many of these cases the activity is in fact unviable. It is unfeasible to plant soybeans in Nova Tebas. Does anyone know Nova Tebas? It's impractical to plant soybeans in Altamira do Paraná, because it's a hilly region, with low area utilization, and the producer won't be able to buy inputs at a competitive price, won't have a place to sell the grain competitively, won't have the logistical structure to accommodate this production. So, there's nothing. It is an activity that really becomes unfeasible.

The cooperative provides all of this, and it will leverage and make this activity viable by first giving technical assistance, then knowledge, and I think knowledge is the best raw material it can provide to the producer, and that is what it does. We have various technology dissemination programs with partners. Bayer is here, they're one of Coamo's main partners, and one of the oldest, along with Kepler Weber.

Bringing infrastructure, then, bringing these facilities, these units. The part of receiving grains, of storage. Just so you know, the producer takes the crops he has produced and stores them with the cooperative and has, in the case of Coamo, the benefit of one year of free storage. The producer decides at any time when he will sell.

When delivering the production to the cooperative, the cooperative does not own the goods, nor does it sell in advance, nor does it sell to speculate on the product. The producer decides when to sell, and from the moment he decides to sell, the cooperative markets it. In other words, he sells. The cooperative isn't selling it; he sells through the cooperative. He does not sell to the cooperative. It's a different concept.

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The same goes when the producer purchases inputs. He doesn't buy from the cooperative, he buys through the cooperative. So, he brings together this group of 32,000 and the negotiating power for the cooperative to do good business with suppliers and pass on this benefit to him. So, it's a great way to make this viable.

Another important way is vertical integration. With industrialization, for example, we now have 12 industries; we industrialize coffee, we industrialize soybeans, three soybean industries, we make refined oil, margarines, vegetable fats; we have two wheat mills, so we process, we make flours of various types, cake dough, bread dough. In short, there's a wide diversity, cotton spinning, seed production, feed production, and now we are going to enter the corn ethanol processing plant as well. The first corn ethanol factory is already under construction.

These are all businesses that a producer does not have access to. So, the producer, no matter how big he is—not at the level of SLC, but large producers—the largest cooperative producer of Coamo plants 35,000 hectares. But he does not have the volume to establish a soybean oil factory. For a soybean oil industry, he has to have at least 600,000 or 700,000 tons of soybeans to crush, and that is difficult for him as a producer to have.

So, he's able to gather all these people together through the cooperative, and there is a quantity. In the case of Coamo, we receive 6 million tons of soybeans, and with three plants, we haven't even processed half of it yet. Now, with the expansions we are doing, it will be a little over half.

This makes new businesses viable. Instead of selling grains, he becomes a seller of oil, margarine, vegetable fats, and occasionally biodiesel. In the case of wheat flour, the same is true. He is not a seller of wheat; he is a seller of flour. Through his cooperative, he is able to gain access to markets that he would not be able to reach individually, and he benefits from these results.

Because when we set the daily price, the standard price that we pay to the producer, all these businesses are included in the calculation. This year, for example, the financial returns from the grain market were almost 10% lower than the returns for soybean crushing. And this is crucial for a commodity business, where margins are much lower than the ones I'm talking about.

There is also a concern related to ensuring that the family can retain control and continue managing the property effectively. This concern is compounded by the risk that small properties may become economically unviable, alongside the social programs that the cooperative carries out to support these families.

So, cooperatives have a different approach to business. It's not just commercial, but also social. I think that's what brings so many tremendous benefits to them, which ends up leveraging and enabling them to remain in the activity.

Jean Oliveira:

Thank you. The work that Coamo does in these municipalities, and municipalities that also lack investment, is impressive. So, it ends up having a social impact on the entire region.

Pedro, once again, thank you for being with us here. We started with production, went through the farm, spoke about the industry and, in some cases, we all talked about the need for proper and efficient logistics. And, in recent years, we have seen the progress

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of this logistics, mainly looking at how to make Brazil competitive from the time production leaves the farm, how we arrived in the same way there.

Looking at this horizon, what's the future outlook to continue this evolution of logistics? How do we move in this direction? Is there room for further modernization? Is it technology? How do we see this side, Pedro?

Pedro Palma:

First, thank you, Jean, for the invitation. Bernardo, all of my colleagues at Kepler, and my colleagues here on the panel as well. It's always a pleasure to talk about Brazilian agribusiness and Rumo, and Rumo's role in this process of boosting logistics.

On the practical side, I think that, deep down, everyone looks at it with almost the same numbers. The growth trend in Brazilian agribusiness is unstoppable. Deep down, we can joke around here, Bernardo, about whether we will reach 500 million tons, whether it will be 2035, 2040, but it will undoubtedly be within a time frame in which we're going to see this volume.

On the practical side, there is no way that this significant portion of the world, especially Asia and the Middle East, with population growth, with growth in the income bracket that demands protein, demands food, and you look, who in the world has this capacity? The technology, daily commitment, the resilience to be able to move forward? It's impressive to see the story of the founders of Kepler, when you see the sacrifices that are made—and this is very important for all links in the agribusiness chain—this increase in production that is needed will come here from the Brazilian Midwest.

It will come from regions that are not necessarily close to the port. We already have very strong agricultural production regions, such as the one in western Paraná, and Airton can obviously speak much better than I can about the agricultural potential and what we have to advance in this process. However in some regions, we're focusing a lot more on the modernization of production, including its transformation and industrialization. And there is another area where you still have this real increase in volume.

And the increase in volume in the commodity segments in regions that are 700, 800, 1,500, 2,000, 2,500 or 3,000 km away from a port will require logistics. There is no escape from this process.

And, over time, I can obviously speak more accurately about what we, as Rumo, have been doing. We've been putting a rather robust investment program into place since our "birth". And here, just to make a brief aside, next year we're going to celebrate ten years of our rebirth, or of Rumo in its current format as a railway operator. I think Airton got to know us during this resurgence, we got to know each other during this process. We took over railway operations in 2015, March to April of 2015. So, it's going to be ten years next year. And I sincerely hope that we will commemorate 100 years, just like Kepler is also celebrating soon.

But the journey over these last ten years has been one of significant investment. And let me provide an example focused on Mato Grosso, just to show the power of transformation and what still needs to be done. When we took over the Company the previous year, the former operator had moved approximately 12 to 13 million tons of grain from Mato Grosso to Santos. If you look at what we've been doing now in the last 12 months, I may be off a bit, but I'm talking about approximately 25 million tons.

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So, in a period of just under ten years, we've more than doubled the transportation capacity. And I'm just giving you an easy example here, the Mato Grosso-Santos route.

Did this happen by magic? No, it took a lot of investment. Throughout this process, we invested approximately R\$30 billion in the restoration of the railway infrastructure, in the acquisition of rolling stock, locomotives, in the increase of port capacity, in the increase of the operating capacity of Serra de Paranaguá, of the Port of Paranaguá, in an increase of this production capacity along the entire route. And we did this because agribusiness needs it, because the demand is there, and we truly positioned ourselves as a logistics provider to support this growth.

And the problem, when I mentioned Mato Grosso, is that this growth from 12 million, 13 million to 25 million, so we grew 12 million tons in this period, but if I take what IMEA projects for growth in the coming years in Mato Grosso – and, again, I'm just giving the example of Mato Grosso, I could give any other state, but just to illustrate this process – Mato Grosso should go from a corn production this year of approximately 50 million tons to, in 2034, 80 million tons. So, I'm talking about 30 million tons more in corn alone.

With soybeans, you're talking about going from a level of 45 million, 47 million tons to 65 million in this time horizon in the next ten years. Basically, 20 tons more. I am just giving the example here of Mato Grosso, with 50 million tons more in the ten-year horizon. Imagine the logistics capacity that you need to put in place, the number of silos that Bernardo and Jean need to sell and the railroad capacity that we need to implement to absorb this growth.

So, it's not that Brazilian logistics hasn't grown. It has grown, but the need for it is also growing rapidly, and we have to catch up and work harder to achieve this.

This is one of the reasons we have, for example, the New Railway project in Mato Grosso, which is 700 kilometers of new railway that we are currently building. Today, while we are here, there are almost 5,000 people working on the construction of this railway. So, we have projects that are actually happening in practice to increase this logistical efficiency.

And a lot of this logistical efficiency, I believe, is not just about the physical infrastructure. I think it has a lot to do with the issue of technology, a lot to do with the issue of data use. I think we have made a lot of progress in this, because a lot of the process is about being able to do things better with the assets you have.

And I also think it's great to take part in these meetings with industry players because we're basically an integrated chain, and the more integrated we are, the more knowledge we have about each other's weak points and opportunities, the stronger we'll be.

Let no one be fooled. Brazil's competition is not between us here. It is not between me and other logistics providers. It is not between Coamo and SLC in production, or Kepler and another supplier of storage products. Our competition is with the global trade. Our competition is how are we more competitive than the American market, how are we more competitive than the Argentine market? How do we take on the situation with strength, quality, efficiency, and a strong, robust and united sector to win this battle of global trade?

Because, at the end of the day, agribusiness is not an individual game. It's not an internal market game. It is a game where we increasingly have to be very connected, we have to maintain close contact so that we can keep this wheel of growth running and not stop any link in the chain.

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Because producing without transportation, without storage, without a facility to process these products locally, will be detrimental to all of us over the long term. And the opposite is true: the more united, the more integrated, the more coordinated we are, the better the future will be for all our companies here.

Jean Oliveira:

Perfect. I think the discussion is currently open for the audience and viewers to take advantage of the opportunity to ask more questions to the team.

And I wanted to take advantage of that thing you brought up before about productivity. Bernardo had even joked, "Jean will ask you here at some point": Geraldo, looking with the knowledge you saw happen, how long did it take us to reach 500 million tons as Brazil?

Geraldo Berger:

Let's take the round numbers here using Bernardo's graph. Back in 2000 we had, roughly speaking, 100 million tons. It took 20 years to produce another 100 million, to reach 200 million. It took less than 10 years to produce another 100 million tons.

So, I believe that from now on, by adopting new technology, with the productive efficiency of the farmer, with the use of digital agriculture, all helping the farmer to make the best decisions, I don't see it taking another ten years for us to gain another 100 million tons, which will reach close to 500 million.

Jean Oliveira:

What do you think, Frederico?

Frederico Logemann:

I was also looking at the numbers and the projections from 2015, of when we would be producing grains in 2025. We ended up reaching that forecast four years earlier. So, I think that if we look at ten years from now, we're going to reach 500 million tons according to the official projections. But I also believe that we're going to see positive surprises. I think that in about six, seven years, we'll reach that.

Jean Oliveira:

Airton, we were talking about Grupo Grão last week and Edenilson brought up some data stating that the cooperative is now investing in expanding storage from 5 million to 7 million tons. Let's take a look at that. What is your view on this situation?

Airton Galinari:

You have to consider a few things. We can't just be arithmetic when we talk about production, because we have to have a market. You have to think that someone has to consume it at the same speed.

We experienced this tremendous growth and all of this opportunity because, beginning in 2000, China started to consume. Until then, we didn't have any. No one sold soybeans to China and China wasn't a market player. And when they entered the market over those first 20 years, the growth was exponential.

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Since 2019, China has stopped increasing its imports. It is the same volume that it has been importing since 2019. It imports 98 million, 100 million, 102 million tons of soybeans. And the population has not increased.

China's per capita protein consumption is higher than Brazil's. The Chinese eat more animal protein than Brazilians. And this is an important factor, because we don't have a new player. We have India, which has a large population, but does not consume animal protein. There may be a change in habits, but this is a cultural shift that does not happen overnight.

So, is there anyone new that can absorb all this production speed that we have? Over the medium term, there isn't. That doesn't exist. So, if you say, "I'm going to double the capacity. I'm going to increase it, I'm going to put another 100 million tons of grains on the market," it may not be that easy.

Is there capacity, or even potential for this? Everyone says that there are at least 40 to 45 million hectares of degraded pastures that can be replaced. It's not the best lands either, and the cost has to be worked on a lot. It's been said here that it's not cheap to open this up. So, there has to be viability.

If you don't have a market that is as eager to buy or that grows at the speed we've seen, you have a restriction, which is a demand restriction. I believe we have to be careful when analyzing the data, which is not simply the potential. There is potential, but we had a market where we could sell.

Fortunately, we were doing well. There is no other place in the world that that has the potential to make 40 million hectares available. Not one. Even Africa, but with all the problems of Africa. Besides that, the United States hasn't changed its area for a long time, Argentina hasn't changed, sometimes it's more soy, less soy, more corn, less corn. And that's it.

The potential is ours. Are we able to do it? We are able to do it. There is biofuel, another important solution for agriculture today—biodiesel, corn ethanol. I think this should be a path. Perhaps growth will come a lot more from biofuel than from food itself. I think this is an relevant path that is being followed, and Brazil is the one that is able to do it.

The United States does, but by taking a product off the market, it will have purely organic growth, and organic productivity growth is 1% to 1.5% per year. That's what we see.

So, there needs to be an expansion of the area, but I think we have to be a little bit more sensible in analyzing where it's going. I think the most expressive transition is the biofuel movement. The United States is building various factories exclusively for oil, targeting oil, and this is shifting the market slightly, reducing their supply of soybeans to China and increasing the supply of bran on the market.

I mean, a restructuring of the market is expected to occur. In Brazil, there are opportunities for growth when it comes to crushing, but without a market there is no growth.

So, I think we have to be somewhat careful with this. It may take a little longer for this to happen because of this market, but I have no doubt that it will happen. This major expansion will happen here in Brazil, and we will surely reach 500 million. We have the capacity to achieve that.

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But I think we need to look at this a little more carefully. We have some challenges to overcome on a global level, to ensure that this production can grow and be maintained, so that there is truly a level of consumption that can pay for all this production.

Jean Oliveira:

We're already seeing some challenges with production at the size it is.

Airton Galinari:

Exactly.

Pedro Palma:

Building on what our colleagues have already mentioned, we look at the same data. Considering what Airton just said, in terms of our numbers, you really do see stability, for example, in China's population growth.

On the other hand, when considering the projections for 2050, by the end of this ramp-up period, the world population is expected to increase from our current 8 billion people to approximately 10 billion. So, you have China stabilizing, even falling, despite still having economic growth that should indeed drive greater consumption, and you also have other regions of the world in Asia, the Middle East or North Africa, that will demand more agricultural products within this process.

So, there's still this process of necessity. And that's why I also mentioned, building on Airton's point, the perspective that we have to be more competitive than the rest of the world. Because in market disputes, in the process, you also need to ensure that you're the first-choice supplier.

When you talk here like Kepler does about market position and leadership, if the market falls and you're the best supplier, you lose less volume. If the market grows, you expand more.

I have to guarantee the same thing as Rumo. That's what Brazil needs to ensure with its agriculture, the same thing. Because there will be a demand for food around the world. We have to be more competitive. It's not just about literally relying on the benefits of geography. It's a lot of work, a lot of innovation, a lot of effort to ensure that we are the most competitive player, so that we enter the markets that are necessary to ensure that we maximize our opportunities.

And, again, I'm also enthusiastic about the industrialization process. Just to give an example, corn ethanol is something that, if we were to go back seven years, maybe even less, nobody would have given a damn about this business. And look at how strong it is now. The incentive it gave producers to increase their area of operation, their production, the incentive it provided all the players to make investments to serve this market.

This is a market where I don't need to depend on exports, and there's a thriving internal ecosystem here, a really great one, which allows for some relevant value generation for various players and a number of links in the chain. Who knows, maybe in the future we won't actually be exporting ethanol for SAF production, for supplying biofuel around the world.

This natural capacity that Brazil possesses can only be taken advantage of with a lot of work. But I have no doubt that Brazil is the place to be when you talk about agribusiness,

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when you refer to mining capacity. And, in the specific case, in the capacity to create logistical infrastructure to absorb this potential for growth.

Geraldo Berger:

Jean, I'm going to break protocol and say perhaps that, in this dynamic of biofuel, ethanol, biodiesel, there will be a surplus, an availability of bran, of vegetable protein that will be processed into animal protein.

So the demand may not only be for grain exports, but also for us to become... and we are already very efficient in exporting animal protein, which I believe will evolve, especially because Airton is right. I think China has a certain stability in the future, but other Asian countries are not at this standard yet. And I believe this is a huge opportunity for Brazil.

Airton Galinari:

Breaking protocol as well, I think the issue we're going to have, which today is a problem for us, a more media-related problem—I would say, there are already those who are preparing for this, and I'm sure that SLC, Maggi and yes, even us too—is the issue of sustainability.

Nobody has soybeans with as good a carbon footprint as the Brazilian ones. It's just a matter of companies getting organized to prove it. Just a few days ago, we saw the extension of the UGR, the European rule requiring no deforestation of origin, and this was terrible for us. We were fully prepared to prove it and profit from it, selling at a premium on this product.

So, Brazil, Brazilian agriculture has a tremendous opportunity not only in the carbon credit market, but also in the overall market for proving traceability.

So, I think there are some factors that are issues today that will certainly be great advantages for Brazilian agriculture in the market in terms of competing with others. That's the point.

Jean Oliveira:

Perfect. I think we have enough to talk about, and if we continue here we'll have questions for quite some time. I'd like to let you each make your final considerations, and we'll let people ask a few questions if they have any.

Geraldo, do you have anything you'd like to add?

Geraldo Berger:

Bayer is a company that thrives on innovation. Our focus is on science for a better life. Our purpose is to continue investing in research and innovation in the specific fields we're involved with.

So I'm really optimistic that our production will become increasingly efficient. There is a new component of regenerative agriculture, which will make Brazil once again a global player. So, I see that this combination of efficient production, with high productivity and regenerating our soils, including our production in a sustainable manner, will undoubtedly be an increasingly important differentiator for Brazil.

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Jean Oliveira:

Thank you, Geraldo. Frederico, thank you again for accepting the invitation. SLC and I have had a long-standing relationship with you. So, please share your thoughts, and thank you once again.

Frederico Logemann:

It's a pleasure. Following up on what Geraldo said, there's also the issue of the biological revolution, which we are tracking, and which also connects into the theme of regenerative agriculture. It's impressive what's coming up. More than 15% of our crop protection products (pesticides) now come from biologicals, which fits into the theme of regenerative agriculture.

We're also really excited about the possibilities from the carbon market, of selling carbon credits and having the methodologies to do this, and exploring all these economies of scale that I was mentioning before. There is a question of succession in agriculture, in the tropical savanna region, which we end up growing a lot on top of. When there is no successor on a farm of 20,000 or 30,000 hectares, we end up taking over, becoming bigger and exploring these economies of scale in agriculture.

So, we're quite optimistic about the future, and we will try to contribute to reaching those 500 million tons with our share.

Jean Oliveira:

Thank you. Airton, I think we talked a lot about production and growth, but in your comments, I would also like to hear a little about the current situation at Coamo.

Airton Galinari:

The cooperative will be 54 years old the day after tomorrow. In those 54 years, it has always been growing, primarily due to its purpose of serving its members. It has a mission, which is to generate income for its members. If the cooperative does not create income for its members, it makes no sense. By generating income, it initiates all its actions.

So, it's a good time. Is it the best year ever? No, it's not the best year yet. We should even see some reduction in revenue due to the price reduction. To give you an idea, the average price for soybeans in the entire Coamo area last year was R\$135 per bag at the counter, and this year it's R\$115.

So, naturally there were some frustrations too, like the summer harvest being somewhat smaller. It was a very challenging year. Producers are experiencing some difficulties due to the two previous years, which really put them on the ropes financially, and they've had to sell off their stocks. We should start this year, this harvest, with the lowest carryover of stock in recent years.

So, it really needs to rain, it needs to be good for agriculture to recover and for producers to recover. But it's a good year, with positive performances for the cooperative. And we also believe, overall, that companies this year are doing better than they were last year.

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Producers dislike significant fluctuations. We went through two years where soybeans reached R\$200, then dropped to R\$100. Producers don't do well in this setting. They do better in a flat environment.

So, I think that now we are entering, we are already kind of in this environment of more stability, and I believe that both for the producer and for the companies, we will have better times from now on.

Jean Oliveira:

Thank you. Pedro, what considerations do you have for us?

Pedro Palma:

I think this is just reinforcing what we've already discussed here. Basically, like Rumo, we strongly believe in the growth of agriculture, we believe in the need to have an increasingly professional and competitive agriculture sector, and this comes with the use of technology. And you can count on Rumo to continue making investments in our fields of expertise, to continue forging close relations with those who are there and need our services, because we truly see ourselves as a small link in a gigantic chain, and we have to work together to ensure that we achieve this growth in a coordinated and collaborative manner.

So, in essence, the final message is that you can continue to trust Rumo, because we're here with a tremendous desire to continue making investments and doing our work.

Jean Oliveira:

And we'll be together. There's one more little piece.

Guys, the floor is now open for questions. If the audience has any questions here for our participants.

Werner Roger, Trígono:

Congratulations on the event, the organization and the guests. The event was truly exceptional. Pedro put it very well, we have several links in the chain here, and they're all very strong. So, all together, we know that the chain is not stronger than the weakest link. Perhaps there was a missing link here, which would be the financial aspect. There was no representative.

So, I wanted to know, in your opinion, which link is really the weakest link in the chain, and what can we do to perhaps, correct this link, reinforce it, or even make each link even stronger, so that Brazil can really be more competitive, especially in relation to Argentina and the United States?

And the market that Airton made a good point about, which is really not growing with China, but the amount of protein consumed by Asian and African countries is likely to grow over time. India, we don't know, but, really, we are already at a low, but maybe there is also potential in relation to India and other Asian countries. So, thank you very much.

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Geraldo Berger:

I can quickly provide a representative, the rural producer or the farmer. He is the weakest link. He is the fearless one. He is not brave, he is fearless because he cultivates in a tropical environment, where climate instability has increased. The pressure of pests, diseases, weeds is unparalleled when compared to the temperate environment.

The farmer really is the hero of this chain, because he has the courage to produce in this incredibly unstable environment. And he is also the most efficient producer of grain production in the entire world.

Airton Galinari:

I'll follow Geraldo's lead and congratulate him on his prompt response. There's really no other. He is the weakest link. He needs support. He needs financial support. No agricultural sector in the world can survive without assistance, without government support. I think the government has to help with insurance, with insurance subsidies, and with a robust agricultural plan, because the worst thing that can happen is that the producer is unable to harvest. That's the worst of all worlds, because then you won't have a product to sell.

It's one thing when you have a cheap product. If you don't have the product, that's the worst of all worlds. So, really, support is needed so that he can use technology and won't give up on it, so that he has this support.

And this detail of tropical agriculture is a weakness that has made us stronger, because the Brazilian farmer has learned to adapt to changes all times. He is forced to constantly evolve.

A pesticide today may not have any effect in two years. That's why research is needed. We recently had a problem with a bug known as the corn leafhopper. The corn leafhopper devastated the corn crop in one year; it appeared in two years, and in the third year, it almost wiped out the corn crop. It caused a disaster in the corn crop.

The following year, the problem was gone. The response to research into tolerant varieties and inputs that could really control this problem was incredibly fast. And this is Brazil.

So, Brazil has learned to conduct research every year, to come up with new things every year. And this is not a global fact, this isn't what it's like in the rest of the globe. We see a lot of traditionalism in the world.

So, I think this weak link really has to be supported. Everyone has to work for the farmer, because everyone here—logistics, the industry, the input—only depends on him. He is the only one. Without him, there will be nothing. This chain will be left without consumers.

So I really think this union is the union targeting that guy. And that's the guy.

Frederick Logemann:

But we had some strategies like this to mitigate these risks inherent in agriculture. It seems that everything is designed to go wrong. So we began by diversifying geographically, then diversifying into crops.

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But, in fact, the producer located in only one region, even more so with these climate scares that we've been experiencing, the last harvest was particularly frightening in terms of climate, and compared to the North American producer, for example, who strictly speaking, does not go bankrupt, has a very well-designed income protection system of financing, insurance, prevention plantings, things we don't have in Brazil. Werner knows SLC well. He's been following it for a while, and the sector, and speaking of innovation as well, which is that the area I work in, has and there are some interesting innovations coming from some startups.

Because credit and insurance need information and data. So, in this online world, working with data is gradually allowing credit to reach more producers and insurance, with this wave of parametric insurance now, can also become an economically viable insurance.

At SLC, we have never taken out crop insurance because it has always been very expensive. But we are currently assessing a parametric insurance alternative that seems to be somewhat intriguing for some higher-risk regions, such as Bahia.

So, there is this contribution from what we've been seeing in terms of technological innovations that will make the chain stronger, and of course the producers are the weakest element in the whole arrangement.

Attendee:

Congratulations to Kepler for the event. There has been excellent information and insights. I would like to know how you view the risks that lie ahead. Because we know that in the last 25 years, congratulations to agriculture, congratulations to industry, farmers have grown, the national competence of our group is absolute, considering the numbers, and we don't really have recognition of everything we produce and how we maintain this country from an agricultural point of view. There are still biases.

But, apart from this outdated issue, what are the main obstacles within your areas today to better balancing this issue of our recurring lack of storage or shipping capacity for our product, or the institutional issues so that we can make what we do even more recognized at a domestic and global level?

Pedro Palma:

I'll start here. The first point of international recognition, and the criticism that Brazilian agriculture sometimes receives, I believe that deep down they are the result of its success. Obviously, no one generally criticizes or attacks the weak, those who you understand will not be a threat.

I'll say it again, and I mentioned it a few times in the same panel, but our competition is global. It's not between us here. We're not going to lose sight of that. So, obviously, we're being attacked because we're that force. It's a reflection of that process.

Where I believe we've made a lot of mistakes, perhaps, is in some aspects of communication. This is something that we need to do better internally. The point I'm building on is something that Airton mentioned here about the issue of protocols, the issue of not harvesting soy from deforested areas. I still see in Brazil, and Airton put it perfectly, that this is bad for us. It's fine that you really can't harvest it. Brazil doesn't need to deforest anything else to increase agricultural production.

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But we still hear dissenting voices. We don't see positive coordination. And if our communication here in Brazil isn't good, obviously, those abroad will take advantage of us. So, there's no point in trying to fight with your competitor if you, domestically, haven't become organized. So, for me, this is our mission—to organize ourselves, communicate better and have a stronger voice on this issue.

And on the other hand, there are our growth challenges. I'll talk about logistics, a lot of what we've been doing is part of the normal challenge of making investments. It's not easy to build infrastructure. Just to give you another example, to go back to the example I provided earlier about construction in Mato Grosso. There are 5,000 people today, in a state that, given the strength of agribusiness, is good, because it has fulltime employment. So, basically, we had to gather people from almost all over Brazil to make the workflow operate efficiently with quality and safety.

So, it's a task that requires a significant amount of effort. Making progress on processes and education so that we can have a more qualified workforce that is more available to conduct these processes is extremely important, just to name one of the elements.

And the other thing, also building on the previous question, is that obviously a high-interest rate environment makes it difficult to make investments that are needed to absorb this growth in production.

As such, a double-digit interest rate, obviously, when looking at the entire chain, will end up delaying the execution of some investments. Investments that could be executed with cash generation capacity at an interest rate of 7% are obviously not viable at an interest rate of 10%, 11% or 12%.

This has been a bit of a challenge in Brazil's history. When I look at Brazil's infrastructure, it is even more deficient due to our decades-long history of structurally high interest rates. As a society, we have to work on this, reverse this process and actually achieve interest rates that are more consistent with the construction of long-term logistics.

I'm just mentioning two elements here that I see as relevant in the growth process.

Jean Oliveira:

Perfect, Pedro. I was just told to move on to the next phase, even though this conversation is going well, so let's go.

Once again, thank you. We're usually the ones who are there at your home, at your office. Whenever we can have you here, it's a pleasure and a joy for us to be able to make this event possible.

I'll call Bernardo and Tarquínio here to give them a souvenir.

Luiz Felipe Leidens:

We would like to once again thank our guests, who kindly shared with us a wealth of knowledge about agriculture, from the most diverse links in the chain, and you were certainly able to observe in practice many of the things that were previously brought up by our Kepler executives.

We are now moving towards the final part of our event, and we're now going to address the issue of financial indicators, which also translates the entire investment thesis into numbers, everything that has been covered so far at the event.

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And, to talk about this topic, I invite our financial and IR director, Renato Arroyo.

Renato Arroyo:

Thank you, Luiz. Good morning, everyone. First, it is a pleasure to have you all here—shareholders, analysts, our Kepler team, our Board of Directors. It's a pleasure to speak with all of you. And I confess it's my mission to make a meaningful contribution following such notable presentations. Jean mentioned the Brazilian National Team before, and I think Brazil is no longer the country of soccer, but it is the country of agriculture. And here we only have the star player. It is a pleasure to have you here at our event, too.

First of all, I'd like to introduce myself, since I joined the Company at the beginning of November. I've been with the Company for 25 days, but I have 25 years of experience in the financial area. I've worked in various sectors of the economy. For the last ten years, I have worked as a CFO and in Investor Relations. I have worked in private companies, publicly traded companies, both in Brazil and abroad, and it is a pleasure to join Kepler and the many positive aspects that the Company's executives have achieved and what we still have to do.

It is an environment that will provide a lot of growth, multiple avenues of growth for the Company. It is great to be part of this team, joining this very special time for the Company and to be able to participate in the first Kepler Day. It's a special event where we welcome all of you here.

Continuing with the presentation, I think the objective here is not to go into the numbers that most of you already know, but to give a little insight into the structure of the Company.

So, the diversification of the company makes the business more solid and stable and clearly improves management. In fact, today, the Company is divided between farms, agribusiness, replacement and services, ports and terminals, and international businesses. And most importantly, in addition to the details in managing various aspects of the business, we can manage all these areas more efficiently and effectively. We can see that all these businesses are actually growing at double-digit percentages, looking at the CAGR.

So, we see replacements and services, as one of our colleagues mentioned earlier, growing almost 40% when we consider the last five years. Agribusinesses and farms are growing around 25%.

Our business is structured in a way that provides us security, it gives us the consistency of being able, at some point, in the event of a bump in one of these businesses, for the others to supply it. Basically, it's a hedge in the construction of our business.

Furthermore, I think it is important to mention, and we will talk about it a little further on, that significant profit margins have been built in these sectors, relevant margins of around 30%, gross margins here.

So, I think this design demonstrates that diversification provides security, and perhaps this is one of the reasons why, even with the market challenges we've had to deal with this year, we have been able to withstand and get through these last two years rather well, even with the market challenges we are facing.

Moving ahead, we can see on the right the Company's net revenue. And when we effectively compare 2019 with 2024, looking at the last 12 months, the Company grew

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3x, basically going from R\$583 million to R\$1.649 billion, and this was greatly leveraged by everything we talked about in the previous chart—sustainable growth in all of the Company's businesses.

And when we mention and link to Bernardo's presentation, perhaps we should go back to a much lower level than what we're showing here, given that the factors that were considered important for Kepler's business, which are producer EBITDA, machinery sales, which is a consequence, grain prices, these factors have decreased in recent years. Despite this, Kepler has maintained its consistency, even in a year that should be challenging for the Company.

Over here, we see the Company's gross profit and margin. If we look at absolute data, the Company delivered R\$145 million in absolute terms in 2019. This year, in the last 12 months, it was R\$502 million.

We exclude the minimum and maximum points here, and we see a consistent gross margin of around 30%. This shows that the Company has been growing year after year, leveraged by all the Company's businesses, which have been growing very similarly.

Over here you can see the EBITDA, both in absolute values and percentage margin. We mentioned, and Tarquínio mentioned at the beginning of the presentation, that we have seen six consecutive years with positive margins, with a profitable Company that provides returns to shareholders. We also see that we had an increase in EBITDA coming in 2022, which was the golden year here at Kepler, using the words that Bernardo used, when we had a 30.2% EBITDA margin.

But even in more difficult years, we delivered the last 12 months with 22%, and our 3Q also concluded at 22%. Of course we have challenges, and we've overcome them, but we understand that the margin should remain around this historical phase that we are showing you.

Net profit and net margin, we see a small decrease here in the last 12 months compared to the last few years. And indeed, there is a tax issue here. The law meant that we could no longer deduct tax incentives and the net profit base. We saw a small drop in 2024, but we also saw a rather large increase in the net profits posted, with something like 15% of net profit when we look at the last few years.

It's important to note here that, from 2019 to 2024, the last 12 months, we almost multiplied Kepler's numbers by 9. So, I think this is an extremely important fact.

Another relevant point is that only the business can provide the liquidity and cash strength that we have. So, over the last six years, we have been a company with net cash and negative net debt. This has been growing over the years. If we notice, from 2022 to 2024, we have had a net cash position of around R\$170 million, even distributing dividends and interest on equity to shareholders.

Our debt breakdown by currency shows that 83% of our debts are in BRL, which means that we are not affected by the current devaluation of the BRL, and we have a very long timeline with an average debt term of around four years.

As such, the Company has been recording net cash over the years, which means we can look internally at improvements to be made within the Company and look at business opportunities to grow in other areas, and gives us comfort to make this look outward.

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In terms of CAPEX, if we were to draw a straight line, we have been investing around 2.5% to 3% of our net operating revenue. In 2024, we have invested R\$26.1 million in CAPEX. We should grow a little within our 4Q at this time.

I think one particular point to shed some light here on what we are doing in terms of CAPEX and the qualification of our CAPEX is to demonstrate that 35% of our CAPEX this year is in new products. This is very much in line with what Fabiano said a little while ago, that today, 46% of what we earn comes from products that were either adapted, or new products that have been launched.

So, effectively, this demonstrates the Company's concern in introducing new products, in placing new products in the market, given that 35% of our CAPEX is already in new products.

In addition, we invested in manufacturing capacity, IT and support. It should be pointed out that the investments made in IT, both in SAP and in servers, create relevant operational efficiency, which also brings about the results that were achieved. Lean, operational efficiency and better management are also bases and structural reforms that the Company has made in recent years to provide the results that were achieved.

Speaking a bit about the examples we have here of CAPEX, we see security, a very important point, which the Company always requires, both to serve its customers and to support our employees, who are our internal customers.

On the right side are the updates that are being made to the infrastructure. There is a new product, called Biocav, and the installation of a powder coating line in 2H23. This doesn't only help us have better production efficiency, but also has a relevant ESG footprint, preventing waste in our production chain.

Speaking from the point of view of increasing returns to shareholders, looking effectively at the last 12 months, the Companies distributed, between JCP and dividends, R\$195 million. We have a *yield* here of around 9% if we look at the last three years. So, it should be noted that the company has been distributing dividends to shareholders, given the Company's operational growth demonstrated by the growing EBITDAs and net income.

Working capital. When we look on the right-hand side here, we see fluctuations between the three main items: customers, inventories, suppliers. Huge fluctuations, which we can see visually. It can also be seen that, as of 2022, we have a slightly better equation for the Company's working capital. And, on the right-hand side, we see the picture of this in days of capital, which is somewhere between 40 and 50 days.

And why do we say that this equation is an equation that can indeed be optimized? The working capital always needs to be reviewed, and are we going to review it But this is an equation that has brought better service to customers, a smaller fluctuation in our CPV, and an increase in terms of customer recognition of this.

The customer has been giving us better ratings, and this, consequently, generates return customers, as Bernardo mentioned a little while ago. So, of course we will optimize and seek to optimize our working capital, but not at the expense of operational inefficiency or poor service to our customers.

Coming to the end of the presentation, I think one of the main goals of Kepler Day is to forge a closer relationship with our investors and shareholders. This is the fourth consecutive Kepler Day. This demonstrates our intention to be proactively closer to our investors and shareholders.

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We have arranged visits to our plants, both in Panambi and Campo Grande. We invite you to visit us in 2025, and we believe that it's important you do so. We would love to welcome you to our plants.

In recent years, we have held more than 140 national meetings or conferences, and we have grown our shareholder base from something like 3,700 shareholders in 2019 to 76,000 shareholders by the end of September 2024—the equivalent of a 20x increase.

In 2024, Bernardo, our CEO, was also in New York to give a presentation on the Company, talking to all these firms that, in combined funds, total R\$500 billion in assets under management. We have been approached by international firms. Our cap table has increased with foreign investments and foreign investors, and I think this is very important, and it may also be an effect of this greater international exposure. This event was organized by BTG.

So this is my invitation, first, for investors, people who want to cover the Company to visit us, want to understand a little about our theses, our investments, and to also visit our plants. It will be a pleasure for us. And I, from this point forward, make myself available to all of you.

Thank you very much. Let's continue the event with Luiz.

Luiz Felipe Leidens:

Thank you, Renato. Now, everyone, let's move on to the interactive part, the Q&A. I would like to kindly ask the team to position their chairs, because you will all have the opportunity to ask questions to the executives who presented the materials throughout the event.

So I would like to invite Bernardo, Diego, Fabiano, Murilo and Renato, who was here with us, to join me here. And also, please, Luiz Tarquínio, our Chairman of the Board of Directors.

And I invite anyone in the audience who has a question to please raise your hand. The staff in charge of the microphone, I believe someone already has their hand raised here. If anyone else wants to take the microphone and speak, there are already two colleagues, two participants here in front. Please, let's begin.

There is someone who asked for some time to ask a question in the other Q&A. If you would like to take advantage of this opportunity here, please feel free. The microphones are already positioned with the people who will be asking questions, please. And I will kindly ask you to state your name and the institution you are representing, just so that everyone can get to know you better.

Julia Rizzo, Morgan Stanley:

Thank you for the event, really top-notch. It's a pleasure to be here. I was the last question on the other panel, so I'll follow up and direct my question, which was actually for Bayer and Coamo. In keeping with the topic of investments, at what point in the cycle are we? And if you see the farmer today, and I'm going to exempt Frederico from this answer, because it's a publicly-held company and we know the Company's plans, if the farmer continues to invest, in this case both Coamo and Bayer, in technologies, investment in new businesses, expansion of area. I'd like to understand a little bit about at what point in the cycle you think we're at today.

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Geraldo Berger:

I can give you an idea of what we're seeing. Up to 2022, farmers were investing phenomenally in technology, equipment, modernization and technical training. And then, when the price of commodities shifted, they tightened their belts, so to speak. And today they have a liquidity issue. So, they've become more selective in their investment in technology.

It's not that producers are not investing, it's that they're being more selective and a little later. In this harvest, in particular, the farmer's decision is coming a bit later. They'd like to see how the market moves before making any investments, but that didn't stop them from buying certified seeds, and didn't stop them from buying the pesticides they need to ensure that production is positive.

So, for me it was more of a momentary market issue, but the farmer made the necessary investment to have a good harvest. Let's see if Saint Peter helps.

Airton Galinari:

I thought Geraldo's answer was perfect. That's it. There are two producers, actually. You have a producer who is a landowner, and he has a stable infrastructure, and then there is the producer, who is the one who is clearing land, who is the leaseholder, and he needs a lot of infrastructure. His strength is not investing in land, but in equipment. This is usually the one who has been investing more. The landowner producer, on the other hand, is the one who has the most capital. So, I would say, he has a flat investment curve. The other is the more variable, he is the one who comes in more and goes out a little more.

In terms of planting technology, for this summer season, the producer performed very well within our universe. We introduced input supply plans, and these plans have higher or lower investment levels, and more than 70% were high investments for the summer harvest.

For the corn harvest, we also finalized the input supply plan last week and sold – we supplied to our members, because we don't sell, we supply – 15% above expectations.

So, there's a bit of a market share due to this drop in funds, funds that had problems with judicial recovery. So, I think it migrated a little towards that, but the technology adopted by the producer is very good. So, we firmly believe that, with the help of Saint Peter, we will have an excellent harvest, both summer and second-crop corn. There is no reason not to believe that.

Fernanda, XP:

Good morning. Congratulations on the event, it's been great. I think that throughout the presentations, the strategy has been clear, both for developing new products and also for renting silos. My question would be regarding silo bags. You recently started offering this solution to your customers. I understand that this goes a little against the strategy of other metal silo companies. I would like to know if you could take this opportunity to comment a little on the strategy of this entry into the silo bag market, and also how this relates, from the commercial side, to potential new customers for the other divisions.

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Bernardo Nogueira:

Perfect, Fernanda, thanks for the question. I'm also very happy with this Kepler Day. Wow, what a lesson we had with the panel here! I'm overwhelmed. And regarding the silo bag, it's really interesting, because, of course, from the outside looking in, you might say, "but it competes with a fixed structure."

And what did we realize when we studied it a little more deeply? It's that none of our clients, whether it's Coamo, which uses silo bags – and if you want to talk about what it's like to use silo bags – or farmers, nobody likes silo bags. Silo bags are a necessary evil. I usually use the analogy that it's more or less like if you have a fever, you take a painkiller, and if the fever persists, you go to the doctor.

The silo bag is more or less like this. You had a slightly larger harvest than planned, you use the silo bag, but eventually you'll need to invest in a permanent unit, a Kepler unit.

And why did we decide to sell the silo bag within our network of CDs? There are two reasons. The smaller one is a cost dilution of that point of sale. So, we make more money there and optimize that asset, this is a smaller product. But the bigger point is precisely to be in contact with those who are taking the painkiller and will need a doctor.

So, we are there, increasing the number of known customers. We only took the second crop here, right, Jean, and we already have new customers who are not in our base, who came to buy the silo bag and now we are in contact with them. It's really more a strategy of reaching the potential customer first than making money and earning money with the silo bag.

Shin Lai, Trígono:

Congratulations on the event. I would like to congratulate you because last year we had talked about the issue of silo rental, and this year you brought it up almost as a strategic pillar.

My question is about the strategic environment, because it was reported in the media that there was a change of control concerning a competitor here in Brazil, which went to an American private equity fund. So, I would like to understand a little bit about how the competitive environment within the silo market has changed for you. Thank you.

Bernardo Nogueira:

Thanks for the question, Shin. Just getting back to the rental business, we used to joke around and say, 'put the egg upright,' but after seeing the rocket reversing, (basically stating how difficult the challenge is). We'll get to that.

Regarding the change in the GSI case, AGCO sold GSI's assets to a private equity firm. We follow them, obviously. GSI is between the second and third player in Brazil, they have a 10% to 12% share, more or less 1/3 of Kepler's size.

Shin, I was even with the private equity there in New York in this round, and they need to pay off this debt. They need to do a good job. What does 'a good job' mean? They need to sell and add value, sell with good margins. So, I prefer professional competitors like this than perhaps a smaller one, which comes in with a different aggressiveness. So, I don't see that the competitive environment will change because the corporate reason there has shifted.

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But we are paying attention, we are monitoring, and I think the main thing is what we have described here, which is to strengthen our leadership and focus on R&D, to bring new products faster and faster, new business models. I can guarantee that none of our competitors have the same IoT and unit connectivity. To get to where we are today, they are three to five years behind. So, when they get there, we will already be ahead. I think we are doing our homework here regarding the competition.

And just to add to this, to take away from this point, something that has really scared me in the last three years, especially in the last year, is the number of Chinese cars here in Brazil. Then you say, "Wow, if they are arriving in cars, they can end up anywhere, including in storage."

Reflecting a little on our business, I think we have a very high entry barrier here for a Chinese competitor that could really be disruptive. Today, we have 295 simultaneous projects in over 200 cities throughout Brazil, in inhospitable regions, border regions. We have a project in Tailândia, in Pará, and today we have 55 contractors trained within the PDEK, with over 1,500 employees.

I think Pedro used the expression well. It's a team sport that we play very well here in Brazil. So, for a competitor, a Chinese player, like what BYD is doing with cars, to do the same thing in our business is very difficult. This fills us with confidence and, again, pushes us to do the right thing.

André Mazini, Citi:

Thanks for the nice presentation. A few questions about the rental business. I imagine that to really scale this rental business it would be a Fiagro structure (an investment fund in Brazil designed to allow investors to allocate resources into the agricultural sector). The Fiagros, the fees Real estate investments are already widespread, but they have difficulty attracting capital with rising interest rates. So, if this business is really to gain momentum, interest rates need to at least stop rising, or even fall, otherwise it will remain something still embryonic, with interest rates remaining where they are.

About economics of the business, can you perhaps talk about the entry cap rate for the investor. What could the investor who invests money in a Fiagro for silo leasing expect? And for Kepler, if the gross margin of a sale to one of these Fiagros or to another leasing investor is better, similar to a conventional sale.

And finally, in the after-sales, what would Kepler's role be? If it would have any role, actually. Because, comparing it to the warehouse market, the shopping mall market has the role of the administrator of these assets. If Kepler had something like this type of fee income, recurring income after the sale for rent.

Bernardo Nogueira:

I'll let Diego answer, and then anything that's missing, we'll add with Renato and me.

And then, quickly, I just wanted to make a correction to Renato's presentation. He showed non-deal road show we did in New York, talked about BTG, but I also wanted to thank Citi and Morgan Stanley who helped organize some of the meetings.

Diego Wenningkamp:

Thank you for your question. I'll start here. If I forget anything, you can help me. The first one, as I said, is that we're trying to "get the egg upright", or reverse the rocket, and we're

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having a lot of conversations to get to the point we're at. There's Fiagro, which is one way, but we're tending to go for a real estate fund. The scheme isn't that complicated. It could be a real estate fund raising the investment to be able to make the investment.

We are already well ahead with some discussions, and the idea is to start small. Start with a smaller fundraising, with earmarked, more specific fundraising first, with few investors; maybe even a closed-end fund. That's a bit of what we're talking about. It's not definitive, but it's the path we're taking. And then, the expectation is that we can get this initial fundraising to do at least the first, second and third, and then the idea is to expand. So, there are several paths. The real estate fund is one of them, because the structure would be simple.

The second question is about Kepler's margin. The model, we foresee, and we are trying to work on this, that the sale to a fund or to a Fiagro is as if it were a sale to a producer. The idea is not to fit with a lower margin, because it has to be good for the business. So, within a normal reality, the idea is to practice similar margins, within the discount policy that may already be in place, but nothing much lower than that. So, this is the second point.

And the other question that comes to mind here is what happens after the units are sold, what is the role of after-sales? Basically, it's about maintaining the units. Think of it as a long-term contract. Imagine you've rented a unit for 10, 20 years. It's important that this unit is kept intact.

So, the idea of the model is that it provides preventive maintenance to maintain the asset, and that's where our after-sales area comes in, using DCs, using repairs and RS to keep these units intact. And the connected unit also gives us the possibility of managing it to see this unit, monitoring it remotely.

Renato Arroyo:

Just to sum up, there are three sources of revenue: the specific sale of equipment, which is a sale that's similar to what we do today. We will have a recurrence, a kind of rebate from the fund, because of the entire structure. We know the locations, we know who needs it, we have all the things that need to be known in this segment. And, in addition, we will provide a future recurrence of replacements and services.

As for the cap rate, we are talking about something between 8% and 10%, which is yet to be structured. So, this is a range, more or less, of what the fund would be working with.

Bernardo Nogueira:

And André, also responding, this 'putting the egg upright' is mainly a financial issue, of the return to the investor with what the farmer, the cooperative or the trading company wants to pay.

Part of this equation, and Diego brought this up in his presentation, is to make the unit with the best possible cost-benefit. This includes all aspects, including ours, but it also includes doing it in a shorter time frame. It's like building a house, you can spend 1 or 1.5, 5 or 7 to build practically the same house, depending on whether you know what you're doing and can do it well.

So, we believe that we know what we're doing and we will be able to do it at a cost that justifies this "egg standing upright" later.

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Julia Rizzo, Morgan Stanley:

Now, Bernardo, I have a question for you. From what we've seen here, farmers continue to invest and we should have a record harvest, if Saint Peter helps next year. And all the stakeholders in the chain remain optimistic about the future of Brazil. Could you tell us a little about what Kepler is seeing as well? I think you may be one of the first cycles in this chain in terms of order backlog. And for next year, do you have some kind of visibility, or would it be necessary to make some kind of significant investment in 2025 to meet this demand. Thank you very much.

Bernardo Nogueira:

Julia, some interesting things about Kepler. First, we are now selling practically for 2Q25. We have visibility, we are planning, Jean and Marcos are making an effort to include something for March despite challenges, but they are already talking about 2Q.

So, considering a company that has Lean Manufacturing, this gives us a huge advantage, because we will be able to predict any structural adjustments well in advance. I think that's one point.

What is our portfolio like today, and Jean's commitment to the Board is to have a turnaround portfolio, and we will have a turnaround portfolio in BRL that is quite similar to the one we started in 2024. So, we are not seeing a drop in business volume.

This was the attempt of half of my presentation, when I showed the market dynamics, to show that, from what we saw in 2023, 2024 and the pipeline we have, it seems that we are in a different cycle. We did not fall as much as agricultural machinery did, for example.

And I believe what we have is quite important, our goal here is always total transparency. We truly realize, and I think it was said by Berger himself and Airton, that it is a farmer, and an entire chain more stressed. Economical, but one that's prioritizing storage.

So, the volume is there. It's more competitive, everyone is trying to save a little here, a little there. So, it comes with margins that are perhaps a little tighter than the last three years, but within the history that Renato showed in the last six, five, for sure.

These are healthy margins that are appropriate for the current market environment. But, again, with favorable volume.

Werner Roger, Trígono:

Brazil has a number of different jabuticabas, and there is another one, which I think is very sweet. We have two harvests, and today, the famous safrinha is perhaps the 'safrona' (the second harvest). At the same time, we have approved the *Programa Mover Combustível do Futuro* project, the decarbonization of logistics through biofuels. So, I wanted to know from Kepler, and from other participants here in the panels, all involved in the issue of the second harvest, if this is an opportunity. You have two harvests, you barely harvested one, the other arrives. Where do the silos fit in? Are they really going to resolve this bottleneck? Basically, Rumo, with logistics, Coamo too, in a way absorbing this surplus harvest.

And how has Kepler viewed biofuels, corn ethanol, and biodiesel? We have seen 3tentos announcing investments in both segments as well. Biomethane, which is a protein derivative, which closes this entire link. Also the issue of vinasse, which will provide biomethane. So, there are several things happening. Where does Kepler fit into this?

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Indeed, to strengthen one of these links, which seems to be a weak link, which is precisely the logistics of this entire, very long chain.

Bernardo Nogueira:

Perfect, Werner. I'll start here, and then my colleagues can add more if they want. Of course, Werner, what's happening with biofuels is very beneficial to us. Pedro himself said that five or seven years ago, if you had said, "Brazil will have 25% or 50% of its ethanol produced from corn," it would have been a source of ridicule. It would be hard to believe what's happening, where we are now, and the investment plans.

As I mentioned before, an analysis by Itaú reported R\$20 billion in total investments. You can add that approximately R\$1.5 billion to R\$2 billion is equipment that interests us in all aspects of conditioning and storage of this corn, which will later be processed.

So we clearly see that there has been this expansion in production. I personally believe that we will continue to see demand for food in the next 20 years, and we will continue to grow.

And the second major growth driver for our business is the industrialization of Brazilian agribusiness. When you go from exporting corn one or two months after harvest to ethanol, you need to have that product stored for 12 months. So, the game completely changes in terms of storage.

And perhaps one of the most interesting thing is that the Brazilian jaboticaba, which has two crops, has had some side effects for all of us in the chain. One of them is abundant production. So, you have to have logistics, you have to have a well-profitable, competitive farmer; this is perhaps the second one. And the third point that we perceive very clearly, and we saw in the graph that Fabiano showed, is the speed at which things need to happen.

If you ask Airton, 15 years ago, farmers would wait in line. They would wait for the truck, wait for their turn, wait for an hour, two hours. Now, they can't wait any longer. Geraldo can speak better than me, but every day he delays the planting of corn because there's a bottleneck, shipping soybeans, means 1% less production. So, in one week, 7% of his profits quickly disappear.

This means he cannot delay the planting of the second crop, it needs to be done very quickly. And this created pressure on Coamo, and on all the cooperatives. It created pressure on the entire chain, and we also noticed this in a very clear modernization of existing infrastructure, and Fabiano's graphs showed this too.

Diego Wenningkamp:

Bernardo, to add to this, this industrialization process. At this stage we are in, the market is also gaining a Kepler that is quite prepared for this level of project, which is another complex project. Selling farms is a segment. That is why we even separate farms, agribusinesses, ports and terminals.

Port, terminal and industrial projects have a different complexity. Customers' demands are also high, which is another type of project. And I think the market welcomes Kepler, who is very well prepared to do it. So much so that we have built industries for Inpasa, 3tentos, which was mentioned here earlier, and we are doing it in Porto Alegre do Norte, a very remote region, where the entire region is transforming into this 3tentos industry, and we are doing it there. We are doing projects with Rumo.

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So, I think the market also sees Kepler as being very prepared to carry out this type of project, with much greater complexity and with high confidence that we are prepared to do it.

Eduardo Bezerra, Quantum Leap:

Good morning. Today, I see family succession in agribusiness as both a business opportunity and a threat. How does Kepler see the change in generational succession within companies that can leverage business? Thank you.

Bernardo Nogueira:

Eduardo, there is something very interesting about our business: succession. I'll digress a bit before coming back to answer your question, which is that when our client, whether it is the cooperative or the farmer, comes and decides to build a Kepler Weber, that will stay on the property. You will build the property for your children and grandchildren to use. It is not like a tractor, which you buy, don't like, then change brands and build another one. We have a very strong, almost sentimental relationship with our clients, who build units that will remain in operation for 30 or 50 years. So, there's this element.

What we've been trying to do, I don't know if you've noticed bit on Instagram or LinkedIn, are maybe two things. The first is communication, providing very active, very close communication. We didn't do Kepler-client messaging, we started in 2022, 2023, and today we post thousands of messages with short, explanatory videos and, we try to be engaged with this customer in a variety of ways.

And a very important step, and perhaps, Murilo, if you want to add, is to bring management to the palm of your hand. Today, with Procer, we can help this customer manage the unit on their cell phone, on the app, on the computer, which is something that connects you with the next generation.

Murilo Schneider:

Exactly. And, looking at technology, and that's what Procer does in post-harvest, this generational change means that we really find people who are much more open and familiar with the digital world, with this issue that Bernardo mentioned about having the unit connected to the cell phone.

In fact, in the early years of Procer, we needed to be very resilient in taking a new approach to technology and scientific knowledge. Then, as you start to receive a new audience that is already open to learning from this new scenario, we see that there will really be greater and greater adherence and attraction.

In terms of the issue of labor and these new generations also present in the unit, this brings about this ever-increasing demand. The cooperatives have faced enormous difficulties, including in the operational labor force, which will be there working in the silos, in the dryers, and people increasingly want to actually operate a supervisory system, an automation software, an application to manage instead of having to be involved in the manual aspect of the operations.

So we really see that it is a natural path, that we cannot control it, but that we are totally aligned and prepared for this new time.

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Antonio Heluany, Taruá Capital:

Bernardo, in your initial slide, when you were commenting on the growth of the storage market and also the deficit, you made an interesting point—that in 2023 and 2024 there is a question as to why demand is not falling along with the cycle. I have a challenging question to try to understand better. Looking two years before, up to 2021 and 2022, since the cycle was very positive, together with the slide of the EBITDA margin of the producers that you showed, up to double what it was in previous years, why did the demand at this moment not increase considerably, to the point that the deficit even reduced? To understand what the dynamics are like ahead.

Bernardo Nogueira:

Perfect, Antonio. Demand has exploded. Soybeans went from R\$70 to R\$180 in 2020 and remained there until 2022. So, demand has exploded. Our healthy lead time is around 70 to 90 days, and it was at one point 250 days.

So, we did everything we could. There's some room to adapt the level of capacity at Kepler and the entire market can put into a specific year. Piero even used the expression, it's not like making soap, where you press the button and a bunch of soap comes out. It's a little more complex. But the demand was huge. Kepler and the entire market worked full-time, sales in 2020, 2021 and 2022, and we maintained a very strong operational level.

When you see that there was a minor drop in revenue from 2022, which was the peak, we are higher in volume in 2024. In terms of the volume of units delivered, in terms of the volume of customers served, we continue to have a very high volume.

What happened is that we noticed a drop in the price of steel from the peak, which was in early 2022, December 2021, it has already fallen 50% to what it is today, more or less in line with soybeans as well. So, there was a drop in costs and a fight, competitors lowered the price based on cost and reduced the value a little, but the volume remains quite high.

So, I think we will only resolve the deficit issue when production stops growing. In the panel here, there was even a discussion about when it will stop growing, or when it will reach 500 million tons. But we still have, perhaps, a pessimistic outlook, 10 years of deficit, and an optimistic scenario, 20 years of deficit. There is still a way to go, for sure.

João Daronco, Suno Research:

First of all, I would like to thank everyone for their participation. I think all of your contributions have been very valuable. First, I would like to ask you about the Company's cash flow, which I think will be more specifically addressed to Renato. The Company is at its highest level of cash flow in history. When we looked at the last few years, we were seeing the Company carrying around R\$350 million in cash. Today, we are talking about R\$450 million.

What is behind this cash? Is there any significant M&A prospecting? Is the Company really in a position to preserve this capital for a possible longer cycle? How is the Company doing in terms of cash generation, etc.? Thank you.

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Renato Arroyo:

Thank you for the question. I think it is a pertinent question, given that in the last three years, if we look at it, we had a net cash position of around R\$170 million. So, we closed out the last quarter with R\$450 million in cash, and with a debt of around R\$270 million, R\$280 million. So, the question is relevant.

Of course, this gives us the comfort to look at business opportunities, and they were discussed here. We have invested a lot in CAPEX, we have invested in new products. This is the organic growth that we want to provide for the Company. But, of course, we look at opportunities outside the Company to grow beyond those interests that Bernardo demonstrated.

The primary market where we operate today is valued at R\$6 billion, and there is a market of R\$10 billion that, at some point, we have the comfort to look at this with a little more quality at this moment, given the cash that the Company has.

I can't provide details, say how much, when and how, but it's something we look at comfortably. I don't know if Bernardo wants to add anything.

Bernardo Nogueira:

It is very complete.

Guilherme Moura, Sertrading (via webcast):

Will silo rental be a type of leasing? In other words, at the end of the rental contract, will the customer be able to purchase the silo? Furthermore, will it be per harvest or for long periods or a rental contract?

Diego Wenningkamp:

Thank you. Good question. As I said, we've been studying this for two years. We are assessing the issue of leasing. In this project that I showed here today, initially there is no leasing, because with leasing, as the question states, you place it in the client's unit and then the client has the right to purchase it.

We evaluated this, but decided that, at this first stage, the idea is to build a unit from scratch as an independent asset, and the contract is for 10 to 20 years. So, these are rentals with long-term contracts.

This is the initial focus of the project, but we looked at the issue of leasing and did not completely rule it out, because I think it is a business model that can also stand on its own. We are now prioritizing the construction of independent units, with long-term contracts.

Isabela Ramiro, investor (via webcast):

What are Procer 's stake in Kepler's results, and what are the expectations for 2030?

Bernardo Nogueira:

Expectations are huge. We are in the budget period, in fact, and expectations are rising overall.

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Procer is a great case for us. Starting here, when we signed the MOU, Procer was a company that had revenues of around R\$50 million. This year, it will finish with R\$100 million. So, we doubled our revenue from 2022 to 2024. Today, there are more than 100, 120 people involved, promoting and selling Procer. We combined two very successful teams and exponentially increased our sales.

Another important foundation was everything we saw here about generating value with information. We just organized the data. Back in October, we had a series of meetings with each link in the Brazilian production chain, talking to banks, insurance companies, trading companies and logistics. Everyone showed interest, they were signing NDAs, doing a pilot. So, our high expectations for Procer have been justified, and the team is really good. There's not much more to say.

Murilo Schneider:

To add, Bernardo, a little bit of the business details, we have really invested in development to increase the ticket per silo as well. So, we are not limited to just talking about thermometry, but we have CO2 level sensors, flow sensors.

Investing in technology means we can sell the same silos again. This means that this connected base has the potential to create new revenue and solutions for the unit beyond the silos. The dryer vertical has enormous potential and we plan to grow significantly, as well as digitize the entire unit.

So, when we talk about an automated plant, it means that all the machines, all the flows in it are connected, digitalized, and this all reinforces this thesis that Procer itself has growth potential in the order that Bernardo mentioned, and this, within Kepler's business plan, will also play an important role not only for the present, but even more so for the future.

Rafael Araújo, Evolve Capital (via webcast):

How big is the CAPEX in the coming years to carry out KV 2030?

Fabiano Schneider:

We demonstrated a little bit of it here, and Renato also mentioned in the presentation, we have been rotating between 2.5% and 3% of our ROL with CAPEX. It will continue in this order for the next years when we look at organic growth. And this growth in share of also 1% that we will pursue here in KV 2030, it may grow a little in relation to M&As, which we discussed here, and some expansions that may be necessary for us to be able to grow in some specific segments, such as the ports and terminals we discussed here, and also replacement of parts and services.

So, if these two happen, it may go a little beyond this level, but in general, 2.5% to 3% of the ROL is healthy for our business.

Renato Arroyo:

Exactly. We do not see any abrupt growth in the percentage that Fabiano mentioned. We see that, in 2023, we will be slightly above this percentage, so there will not be any exacerbated growth in these percentages. We will always control, so that it is always close to this, excluding some inorganic growth, the acquisition of some M&A or a need for some extraordinary CAPEX.

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Gustavo Gushiken, investor (via webcast):

How is the plan to use Fiagro financing for Kepler customers to purchase post-harvest equipment?

Renato Arroyo:

I think everyone knows that the PCA is not being effectively implemented the way it should. There is a government plan that was recently released, but it is still not reaching the end as we hope.

So we see this as an upside, because we've maintained solid conditions and favorable sales conditions. When this comes to the end, it could be an upside for our sales.

Regarding our internal Fiagro, we have already completed sales of around R\$40 million for this product, and we expect to grow. Of course, when cheaper funding becomes available, we stand to benefit. Our Fiagro may however lose some relevance. But we have been working on this and on finding viable alternatives for the Company.

Luiz Felipe Leidens:

Perfect. So, before we move on to Bernardo to make his final remarks following the Q&A, we will close the event and place another QR Code here for the event satisfaction survey. It's really important for us that you respond.

And for the audience that is here, a gift from Kepler Weber will be raffled off for those who respond to our survey right after.

Bernardo, please, your remarks.

Bernardo Nogueira:

Great, Luiz. Thank you. I think one more thing to consider in this package is that we are running a campaign to help a school in Cruzeiro do Sul that was affected by the floods. We have put some items there, and the revenue generated from these items will be donated to the school library. So, if anyone wants to take home a Kepler keepsake, feel free to stop by. It's over here on the way out.

I started by saying that we had approximately 500 people gathered here, both in person and online, ranging from those who are very interested to those passionate about Kepler. And I hope that, after this morning, more people have been inspired to be passionate about the Organization and everything we are doing.

Everyone here and I, those in white in particular, we're biased when it comes to talking about it, of course. But I think we followed along here, and I had high expectations for the event, very high expectations for our panel, and both were far exceeded.

Listening to Pedro's point here, saying that Brazilian agribusiness is a team sport, our success depends on all the links, it greatly strengthens everything we believe in and are doing, and I can say with all the peace of mind in the world that I am exactly where I would like to be.

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I think all of us here share this feeling. We are in the food security industry. The world is hungry. The world's population is going to grow. There is still a way for the middle class to grow, so we will have a demand for food.

We are in Brazil, where the history here and everything we heard on the panel shows that it has already contributed a lot, taking on a global role in supplying food in a competitive and sustainable way.

In this agribusiness environment, storage and logistics, and of course, the farmer – apart from SLC – is certainly the weakest link in the chain. But the link we see here is in crises that we see where the priority is, and we can see that storage is, without a doubt, the top priority of the entire chain. Coamo is investing, Rumo is investing, farmers are investing. We see that.

And Kepler. We provided some background on its history, and you probably noticed that in the speeches of colleagues. It is an extraordinary company. Literally, an extraordinary company. With 100 years of leadership, 100 years of tradition, 100 years of evolution within our agribusiness. So, there is no better place to be.

And then, completing the centennial, there is also this injection of enthusiasm here, coming with a Procer that provides connectivity, which opens a whole new chapter of expansion for our Organization, for the relationship with our customers, to add value for our customers. It is a privileged place. We feel truly privileged.

It's not to say that it's going to be all blue skies and growth. Maybe not, there will be better times, more difficult times, but we are very well prepared. We really have something different here in our hands.

So, I wanted to make a round of thanks here. First, to the team that organized Kepler Day together with us, the entire RI, Sandra is here, the entire communications team led here by Luiz.

I think there is something important to mention. The investors here, Werner, we made a huge effort to have this cool place here, but to keep the costs low. In recent years, we hired Evandro Cini, from Jovem Pan, and this year we brought Luiz to debut and do the ceremony. It went very well, Luiz. Thank you. Congratulations, and we will continue with you for the next one, God willing.

And I couldn't forget to thank our panelists, who put on a great show. If nothing else works out, you can do this panel at other events and charge for it. You did a great job. It was excellent. Werner recommended it, we're going to bring a financial agent here to complement it. But thank you very much for coming here and honoring our event.

And then, a special thanks to the entire Kepler team. There are some here, but today we have 1,970 people who work very hard every day to make all the deliveries, conduct 294 simultaneous projects, serve more than 4,000 customers per year, load 45 trucks per day in Panambi, plus Campo Grande. It's an extremely committed team. The 'orange blood' is not theoretical, no. It's really a devoted and engaged team. So, here's our thanks.

And to all of you who stayed here until the end, a big thank you.