



Conference Call Transcript

3Q21 Earnings Results

November 16, 2021

Good morning everyone and thank you for joining Cosan's third quarter of 2021 earnings conference call. For the Q&A session, are also present Luis Henrique, our CEO, Marcelo Martins, our CFO & IRO, Paula Kovarsky, head of IR and ESG, and João Arthur, finance director. Since this is the last public conference of the year, we have a full house here.

I'll start my presentation going over the financial and operating highlights per business, beginning with Raízen. Last Friday the Company already hosted its own conference call with the market, thus I will briefly go over the main topics of the quarter. Raízen posted record results in a proforma basis, i.e., considering Biosev's figures from April 1st 2021, and also adjusting previous quarters, for a fair comparison.

Slide 4 – Raízen – Renewables

First, Renewables, on slide 4. Once again, we posted significant EBITDA growth, driven by an improved pricing environment, especially for ethanol. We offer a unique ethanol portfolio of diverse applications, therefore addressing different markets and sustaining competitive advantages.

Lower sales volumes of own products, however, reflect our sales strategy for the crop as well as the drop in production, following the relevant crop setback at the Center South region in Brazil, impacted by the intense draught, besides fires and frosts.

Nonetheless, Raízen's efficiency journey continues steadily on track, represented by a higher agro-industrial performance compared to the market, partially offsetting the climate issues.

In addition, the atypical volatility of PLD spot prices has contributed to our improved results in bioelectricity.

Slide 5 – Raízen – Sugar

Now let's move on to Sugar, on slide 5.

The segment faced similar effects in the quarter compared to Renewables, posting lower volumes sold yet with improved prices. Most of sugar production



this year will be shipped along the second half of the crop year, according to our sales strategy, leveraging on our infrastructure and efficient pricing to maximize profitability and protect cash flows.

On the bottom hand side of the slide 5 we present consolidated CAPEX of Raízen's agro-industrial operation. The expansion was driven mostly by higher inflation on costs of inputs, on top of additional investments targeting productivity recovery.

Slide 6 – Raízen – Marketing & Services

Now let's go into Marketing & Services, on slide 6.

Higher sales volume year-on-year and quarter-on-quarter reflect a stronger recovery in demand, reaching pre-pandemic levels.

Adjusted EBITDA was aligned to previous year, implying decent profitability. The slight drop compared to previous quarter is due to lower gains from our supply strategy, affected by atypical price movements in the period.

Regarding the other important pieces of our Marketing & Services integrated platform, here are some updates:

In **Proximity**, we continue to accelerate the pace of openings, adding 138 new stores to our network in the last 12 months.

In **Shell Box**, numbers keep skyrocketing up to almost 4 million transactions in September.

And as already announced, we closed the acquisition of **Paraguay's leading** fuel station network, so we will start to consolidate it beginning on next quarter.

Slide 7 – Compass

Continuing this presentation with Compass, on slide 7.

EBITDA was positively driven by economic activity, boosting Comgás' natural gas demand. The pass-through of inflation last May also contributed to record results in the quarter.

Once again Comgás posted impressive distributed volume growth across all segments. Besides the macro scenario boosting performance, the commercial segment benefited from the lower restrictions. And residential consumption was leveraged by lower average temperature plus consistent customer base expansion.



In terms of CAPEX, the increase is mostly due to the startup of the Regas Terminal construction in São Paulo, in line with guidance.

Before moving to the next slide, I'd like to highlight the relevant milestones achieved by Compass during the quarter.

First, Comgás and the State of São Paulo signed the extension of Comgás' concession until 2049, as provided for by the concession contract. This will allow us to continue making investments to ensure gas supply, competitiveness, safe operations, and customer satisfaction. Second, in line with the Gaspetro's acquisition strategy, we have acquired 51% of Sulgás equity, taking all of our experience to Rio Grande do Sul. And not necessarily in this order, aiming to ensure the right capital structure and enable Compass' expansion, we've placed a second round of private investments.

Slide 8 – Moove

Now moving on to **slide 8**, to present **Moove** results.

We had yet another great quarter at our lubricants business, posting decent EBITDA. The drop between quarters, however, implies a strong comparison basis, once it captured additional demand from initial lockdown period.

Even though, the business continues on track to deliver above expectations, capturing benefits from the commercial and supply strategy, influencing the company to review its guidance, increasing again the EBITDA forecast for the year.

Slide 9 – Rumo

Moving on to **slide 9**, to talk about **Rumo**.

Since Rumo hosted their conference call with the Market as well, I'll quickly recap the main effects of the quarter.

EBITDA was harshly hit by the corn crop setback.

The lower demand for grain freights reduced transported volumes on both North and South Operations. This also pressures margins, due to its lower weight in sales mix.

Even in this challenging scenario, Rumo gained 17 bips of market share in the Port of Santos (SP) in the period, reflecting the commercial efforts to maximize the utilization of its operational capacity.



Although average tariffs expanded year-on-year, it wasn't enough to offset variable cost increase (i.e.: diesel) and lower dilution of fixed costs.

Investments were lower in third quarter, evidencing capital discipline during the though short-term environment.

Looking to the long-term, we are confident that the business' strategy is on track. We have taken an important step by signing the contract to build Brazil's first state railway with the State of Mato Grosso, thereby connecting us to Cuiabá and Lucas do Rio Verde, providing further support to the flow of agribusiness exports.

Slide 10 – Cosan Pro forma

Let's go to **slide 10**, where we present consolidated figures for **Cosan**, on a pro forma basis.

Even though our portfolio faced many challenges related to climate issues on Brazilian agribusiness and macro volatility, we kept our consistent track record to deliver above market average and posted record high EBITDA in the quarter. The levers were the structural recovery of economic activity, a more favorable scenario for renewables and sugar prices, the consolidation of Biosev, adding to our ability to generate sustainable returns.

Besides, the extraordinary effects related to Raízen's IPO boosted net income for the period, reaching the highest mark on Cosan's history.

Slide 11– Cosan Pro forma – Financial Highlights

Moving on to **slide 11**, to discuss the financial highlights for the group.

Regarding debt, we did liability management across the board, with important issuances mainly at Cosan Corporate, Rumo and Compass.

Leverage reduced to 2.1x net debt to EBITDA, within ideal levels for the group, driven by greater EBITDA on the last twelve months.

On cash flows, the better net operational performance of the businesses was offset by the buildup of inventories and working capital pressure at Raízen, reducing operating cash flows on the quarter.

Investing cash flows includes the payment of Biosev's acquisition and a higher spending aligned with subsidiaries' investment plans.



Financing cash flows, however, recorded significant expansion boosted mostly by the proceeds from Raízen's IPO and Compass' private placements, supporting a free cash flow to the equity at Cosan north of R\$ 8 billion.

Those were the main topics from last months for our permanent portfolio. We achieved important milestones, besides posting consistent results.

Slide 12 – Corporate Structure

Going to **slide 12**.

At the holding, the main highlight is the creation of Cosan Investimentos, a new vehicle for the sustainable capital allocation process of the group. The goal is to invest in new business models that can be scaled up by our ecosystem, focused on sectors where we have competitive advantages, track record, and opportunities that connect with digital and innovation.

To lead this new initiative, we designated Leonardo Pontes, former Raízen's VP for Marketing & Services.

Among the contributions from Cosan Investimentos, we announced to the market the Mining JV; the purchase of an additional stake at Radar; the investment in the Climate Tech Fund; and more recently we entered into mobility, with the Mobitech JV, partnering with Porto Seguro.

Slide 13 – EESG Highlights

Last but not least, before concluding my presentation, I will just go over the recent developments on our **EESG Agenda**, on **slide number 13**.

Cosan, represented by our CEO, along with over 100 other entrepreneurs, has joined the "Business Manifesto for Climate Action", an initiative led by the CEBDS to position Brazil as a true green power.

Also, as I mentioned earlier, we contributed through Cosan Investimentos to the Climate Tech Fund, a fund managed by Fifth Wall, one of the largest venture capital managers specializing in technological innovation. This fund invests in companies that promote technology and solutions to tackle climate change. This allows us to partner with entrepreneurs, startups and investors who, like Cosan, are committed to decarbonizing the economy.

Rumo issued another Sustainability-Linked bond, strengthening its commitment to reduce GHG emissions, with ambitious targets as classified by Sustainalytics.



On the financial perspective, this issuance had the lowest yield ever for Rumo, reducing the cost of capital for the company.

And finally, Raízen made great progress on the development of its Renewables agenda, further expanding its portfolio of cleaner energy. I hope you were able to watch Formula 1 during the weekend, where we launched a Ferrari running on Second Generation Ethanol. Over the past months, Raízen signed an agreement to supply Biomethane to Yara, in a pioneer long-term contract. We also won an auction to sell bioelectricity for the next 20 years. We announced a JV with Grupo Gera to enlarge and accelerate our portfolio of Distributed Generation.

Raízen also established a key partnership with Volkswagen and Shell, that contemplates initiatives that targets to reduce GHG emissions, mainly by encouraging the use of ethanol, among others.

EESG principles are indeed the strategic guidelines for Cosan Group. Our actions reiterate our commitment to the decarbonization of the value chains where we operate, and to the sustainable development of Brazil.

With that I conclude my presentation. I would like to hand over the call to our CEO Luis Henrique, for his opening remarks. After that, we may start the **Q&A session**. Thank you.

Luis Henrique Guimarães:

Good morning, everyone. Thank you very much for being with us. It's great to be with you to look at our 3Q results.

Ana covered many topics. I just would like to point out some of the topics. First, we have gone forward in the group restructuring that we have been talking to you for a while. Now with Raízen IPO, the private placing of Compass and several activities that were carried out that are part of our long-term view. We started at Sulgas, the extension of the north grid of Rumo and established Cosan Investments and several other investments and initiatives in our group. So, it's very important to have a structured portfolio with the management focused, ensuring funding, analyzing and having in focus our long-term activity. That was an important step.

Also important to highlight that we announced three major actions for Cosan Investments. As planned, we are bringing in Leo Pontes to be the head of that area to structure all these projects. That's very important to focus on the dedicated execution of these three projects that were announced. That's an important topic in our agenda.

We had a record EBITDA as you have seen and we still have some important topics to watch. A positive perspective for crops next year has a positive effect in Rumo and Raízen's business; as we are back in mobility, with the advancements



in vaccination, which are also very important for our business, both for Compass, Moove and Raízen. Our increasingly stronger carbon agenda, and the importance of the energetic transition, that is increasingly stronger in the companies and the government's agenda. We see that's a very important topic.

And we have also changed some people at Raízen, consolidating our internal pipeline, and we have opportunity for people to grow focusing on the importance and the commercial area and also supply chain areas. So it's important to hear your questions and we are here, me, Marcelo and Paula, with Ana and we are available to take your questions now.

Q&A Session

Operator:

Thank you very much. So now we will start the Q&A session. We would like to ask you to ask at the most two questions each. You can click on the "Raise hand" icon available on the bottom part of your screen to ask a question and then a request to open your microphone will be showing up in the screen and your must unmute your microphone. So if you are connecting via the phone, please press star 9 to join the queue and if your question is accepted, please press *6. To send a text question, please type it on the Q&A icon, on the bottom of the screen icon.

Isabela Simonatto, BofA:

Good morning, everyone. Can you hear me?

Luis Henrique Guimarães:

Yes, we can hear you very well. Good morning.

Isabela Simonatto, BofA:

Good morning, Luis, good morning Marcelo. How are you? Thank you for the call. My question is about capital allocation and Luis, it's important that you've mentioned about the pace of Cosan Investments, that now we'll probably see a pause there. And out of the investments that you were announcing, maybe they have different CAPEX times, and at the same time with a growing business and improving cash generation and EBITDA.

I understand that the leverage of Cosan probably is not going to be too far from what we have seen now, or maybe even going down with an EBITDA increase. Considering that and, once again, based on the fact that we will not see an accelerated pace on Cosan Investments, how are you looking at shares? We see Cosan apparently with a holding discount, what are you thinking in terms of capital allocation within the group?

Marcelo Martins:



Hello, Isabella, this is Marcelo. Well, Luis quickly talked about our investment strategy by Cosan Investments. I just would like to have a quick recap. Cosan Investments, this vertical investment that we call non perennial assets, that is something that we had discussed with the market. For a while, we've been discussing investments opportunities that have been carried out, and what happened is that, when we believe that this progress would happen, we would be ready to announce Cosan Investments.

Remember, this is another step in the improvement of the group simplification, which started with the corporate restructuring at CZZ. So we are in fact, at a moment where we have announced the most relevant transactions that were ongoing. So the market should expect a deceleration; right now, we did not expect to continue that level of announcements, that just to make it very clear.

Secondly, we always want to focus on capital structure. This is a group's priority. Our main priority here is risk and exposure management; that is for the holding, the main objective, and the creation of Cosan Investments involves that. We have an objective which is not having this company too leveraged. We are at a comfort level at 2.0-2.5 times; reaching 2.5x we begin to feel uncomfortable. Around 2.0x is structurally ideal for us because we are then at a more efficient capital allocation level and that is not going to change. We will be buying back. Now we see the price of the shares that's much lower than what we believe is reasonable and the consequence of that will be an acceleration of shares buyback.

For a few reasons we had to stop. We were at a stage where we were preparing announcements and results, but now we want to focus in the risk structure of the group, exposure, capital structure, leverage and buyback. As the financial management of the holding, these are our main objectives as of now.

Isabela Simonatto, BofA:

That's very clear. Marcelo. Thank you.

Tiago Duarte, BTG Pactual:

Good morning, Luis, Marcelo, Paula, and the whole team.

Luis Henrique Guimarães:

Good morning, Tiago.

Tiago Duarte, BTG Pactual:

I have two questions. First focused in one of the recent announcements, which was the increase in stake at Radar. I would like to know what changes in Radar, between the Radar you are reacquiring, or acquiring again a significant position, and the Radar that you divested in the past, especially in terms of capital needs. Radar is, or was, a real estate company, tapping into the real estate gains from rural areas or agricultural areas. I would like to understand what it should be from



now on and how that is driving your needs or dividends payment, or how that is going to behave from now on compared to what it was in the past for Cosan?

And a second question. That's a broader discussion in your presentation. You talked about value capture in the ecosystem. When we look at it, we can think about different combinations or communications among the different businesses, and we can think about Payly or Mobitech or a number of consumers that, you know, companies such as Compass and Raízen has access on a daily basis. We can think about a lot of possibilities. Also most of these assets are not only held by Cosan; you have a number of partners in the different businesses. So when you think about that in an ecosystem, it's not as trivial as we imagine. We have each one of these areas as independent and separated.

So if you can comment on how can we think about that in terms of ecosystem and the benefits of having an integrated ecosystem in terms of synergy, sharing, best practices etc. Thank you.

Luis Henrique Guimarães:

Thank you very much, Tiago. Let me talk about the ecosystem and then Marcelo will talk about Radar and he'll explain funds and so on.

So first, I think the idea of our group, Tiago, and you well know it, we have business independence with focus in management and governance. We started building in the last periods, a process of interdependence where it makes sense to work together.

So, I'll give you a few examples that not necessarily involve monetization, but they have to do with best practices. For instance, information security, and this is a very dear topic for all companies in Brazil and in the world, where we have made a huge revolution in the structure and the process since we had that attack last year. We had a robust structure in our opinion, but we did learn that we needed to improve, and we've put a lot of efforts into that. That was a joint effort, where all the companies in the group benefited in the process that had the necessary scale, with the best professionals, and the necessary focus in each business.

So I will use some technical language here. We have CISOs and BISOs, the chief Information officers and the business information officers with security officers in each business, with the common back-office areas, and with defense teams also come and also operation monitoring team that was in common. So, obviously everyone shared their knowledge how benefit and also accessibility cost.

If I turn to the other side, when we are looking at how to explore our client base, we have to follow some control conditions. One is the Data Protection Law, that needs to be observed, and another is that there's always a shared benefit with all the companies. So transactions are made, like if they were internal contracts, where part of the results are allocated to the companies that are part of this



initiative. It is a lot of work, of course, but we also have discipline and make sure that we have value in each one of these operations.

So we are looking at it as a whole. We are making interfaces with all the companies, so that we respect governance and participation of other partners. And I think this is a characteristic that we developed over the years - huge respect and transparency with all our partners, whether them being private partners, or partners like you, the market.

So I think you will see that more and more we have initiatives in these areas, always reassuring that the companies that are participating are benefiting from the process. Another example that seems small but with a great potential is our joint purchases. This is a huge advancement that we have made in this last year, where services, materials etc, can be contracted jointly; all of that has been coordinated among the companies without the need of additional structure.

This independence with interdependence is generating important results, both in the bottom line and in the top line, generating more revenue results and bringing us cost reduction; and we already have results delivered in the last 12 months. Marcelo.

Marcelo Martins:

Hello Tiago. Well, when we announced Cosan Investments, our idea was to make it clear to the market that, first, that portfolio would be separated from the perennial portfolio in the group, which are the business verticals that are relevant, already established and that have become incumbent players in each one of its respective sector. What we also wanted was to reach the ability of raising capital and have flexibility in the financing of these opportunities, without diluting Cosan's shareholders values. It was important for us that Cosan didn't become just a source of funding to invest in new businesses.

The way that we established Cosan Investments we have two things: first, the ability of raising funds and financing businesses, independently; and second the possibility of having a spin-off of these businesses separately or collectively, to the extent that we believe that we are in a certain maturity level and it makes sense for the businesses to be out of our permanent portfolio if that's the case.

We always said this is an opportunistic view, whenever we believe there is a leverage opportunity for synergies within the group, and without generating conflict, and that we have the capacity of investing where we believe that we can make a contribution, we'll do that by using that vertical.

And that separates the portfolio because it allows us to be more flexible in terms of governance. We can be more flexible in terms of funding and also of our working capital. And, you know, that in the permanent portfolio, we have a long-



term approach and therefore long-term interest in maintaining those businesses. Radar was a great opportunity. You remember that when we sold the stake in the company if I'm not mistaken, five years ago, the price that we had compared to the price that we've paid now, specifically if we analyze in dollars now, it is a great investment opportunity.

We like the sector and what is important to remember is that this portfolio investment was done by us. The decision of buying all these assets was ours. We are not actually going into a business that we don't know the profile of the assets, they are there because of our decision, our choice and our selection of investments, and very little has happened in terms of investments at Radar from when we sold our stake.

You know that we have a relevant stake at the company's control, and what we are doing now is increasing our economic share, or stake, so that we can continue managing that portfolio as we have done until the moment when we sold it in the past. So I think it was a great opportunity. We discussed that extensively.

We had a price target and if that hadn't been fulfilled, we wouldn't have closed the deal, because as you know we have a strict discipline in terms of the return over our investments; and that because, once again, our understanding in terms of opportunity cost is very clear. We have our businesses that are all self-sufficient in terms of their growth and opportunities for development, and we have other opportunities that recurrently come up; and this was the way of seizing an opportunity without generating an impact for Cosan's shareholders.

I agree with you that if we do not make it clear, and if the market does not understand the objective that we have when we make those investments, we might be adding complexity. But I want to make it clear that we will have all flexibility, not only in terms of funding but also in terms of repositioning this business, even out of the portfolio, if that's the case. We'll do that, in the extent that we believe each one of these Investments reach their own maturity levels.

Luis Henrique Guimarães:

And Marcelo, I think it's important to add that these are dedicated funds and therefore allow us to bring specific shareholders within each one of the opportunities.

Marcelo Martins:

Yes. Every one of the investments is in a different investment fund.

Luis Henrique Guimarães:

Tiago, did we answer your questions?

Tiago Duarte:

Yes. Thank you very much.



Luis Henrique Guimarães:

Thank you.

Luiz Carvalho, UBS:

Hello everyone. This is Luiz. Thank you all for taking my question. I have three different lines of businesses here that I would like to tackle. I think you have already talked about capital allocation, but I would like to go a little deeper, first over the mining business that you went into recently, and to understand what you have done in terms of developments and progress in these last weeks, given the deal in the port; I think that was very interesting to see that right after the signing, you were able to solve the logistics of it. I think that is already a great step, but if you can give us a little bit more information it would be great.

Second, still on Compass business. If you can share a little bit more about the rationale regarding the bid at Sulgas. It seems to be one of the important states, but I would like to understand what you are thinking about in terms of privatizations in the states that are following that direction, and how that could or not, in your opinion, have any impact or any reaction from the antitrust agency (CADE).

And finally, I'm sorry, if I'm being very specific, although this is Cosan's call, but we see now strong reaction at Raízen, at least today, and talking to some distributors, at least what we have heard and I would like to hear from you, of course, is that in this last Petrobras review for orders for December apparently Raízen had 19.0% cut in Petrobras system, and maybe going back to Tiago's question, the more integrated business, maybe to diversify that supply considering that changing behavior in the company. I'm sorry to be very specific here to a business, but I think this is important. Thank you.

Luis Henrique Guimarães:

Good morning, Luiz. That's okay. No problem. You can ask us. So, let me start by the Raízen's question. Well, this cuts by Petrobras are in line with the market today, they are not privileging or discriminating any players. It has to do with the history and with the size of the supply capacity and the size of the order placed by each company.

So, I would like to say that this process is not going to bring any disadvantages or advantages for any players, except for those that did not purchase from Petrobras and those who do not have their order placed, and they will have more restrictions. And I'm not confirming that the number is 19, but whichever is the rumor in the market, I can state that this is fully consistent with what the market is going to take in terms of restrictions, compared to other players. What is important to say is that this might be a new paradigm, a new reality of the Brazilian market where Petrobras is not going to ensure supply at any price at any moment at any location.



And I think that's the good news that shows the maturity of the Brazilian market that, for many years, was anchored in this assumption that at a moment Petrobras is below the parity price, that is momentaneous because it is regulating the price by its frequency and price policies, and it will bring the product because no one is going to import it.

I think it has become clear for the last few weeks, and for this month specifically, that those that are not prepared with infrastructure, capacity and bringing the product, will allow their own clients to be dry because they won't have products. I think through Raízen's last 10 years, and with Esso's and Shell's traditions, we have this concern, first with the infrastructure, second with SNOP, that is the ability to predict the demand and manage the inventory to prepare for what lies ahead; third, contracting the network and being loyal to the network contract, relationship and long term view are also valuable; and the ability with the trading commercialization to be exposed to different product scenarios, whether in the Gulf of Mexico, Europe, and sometimes, even Asia, where the price is more competitive, depending on the market seasonality.

So, I actually see that as a great opportunity; a real opportunity for the market to work as it should, with each player taking in the responsibility for its own chain, risks and relationship with contracted clients ensuring that this market will be optimized, supplied in efficient and secure manner, with safety and supply guarantee, just like any other market.

So, I honestly see that already happening in November and it looks like this is going to be happening continually, with Petrobras taking orders every month, planning and eventually bringing in some gap because of their production, but not to complement the market gaps, especially in diesel and now also gasoline, particularly now that there is a drop in ethanol because we are in the in-between crop period, and that allows that the companies that have better structure and I repeat, that have a contract relationship, they do have, in my opinion, a competitive advantage at this moment.

Now turning to Compass, and I'm going backwards in your question here Luiz. Well, this is a very simple overview and I believe Nelson said it very well whenever he talked to you and that is the replication of Comgas model. In the last 9 years, I think we were able to prove that it is possible to do it differently in the gas distribution business, through a very commercial approach: market development, cost reduction, efficiency and the network development and mix efficiency to have residential, commercial, and industrial areas.

You can see that Comgás already has 50.0% of its margin on non-industrial segments, even a little bit more. And so, I believe this is the approach to be replicated in the South, where is colder than Sao Paulo in the winter. So, it is a market that demands even more gas to other applications. So, I would say, this is a very simple but very effective vision to be replicating the model with



experienced people, known suppliers and with the capacity to roll out in a market that has a lot to be developed.

If other opportunities arise, Luiz, and as we always say, any sectors that we are involved, we will look at it. Obviously, we are not saying that we are going to have a footprint all over Brazil because we do not have that capacity, but in certain markets, yes, they are very important and we are going to be looking at them. We will be concluding Comgas, and going forward with CADE about Gaspetro, which is another important piece in this huge strategy of being focused.

And it's always important to focus on the free market and I always say that. With all the markets we are at, we believe in the free market so we can really have the average and great consumers with freedom to buy from those that are more efficient and have consumption alternatives because the more competitive is the price of gas, the best is gas distribution. So, we are excited about that. We believe that we have a winning model and Comgas is an important matrix to be replicated.

About mining JV, this is a business long-term industry. We concentrated on that, on the last weeks we announced the deal when concluding the port. That was the first step of the 49.0% of the acquisition of the minority shareholder. We had the approval of CADE, the antitrust agency and now we are moving forward with a partner, and we always say that logistics is crucial in the progress of any project, any mining project.

Therefore, we are very happy about the quick progress we are having in the port. And on the other side, we are putting together the team with the key resources so that we can work with probing and implementing the pilot plant and so on. Like we said in the beginning, this is a long-term project, but we are taking important steps. Looking for low impact and the lower carbon footprint in the industry, aiming to be the reference supplier for green steel industry, and I think this is very important for our position in this market. Did I answer your questions, Luiz?

Luis Carvalho, UBS:

Very clear. Thank you very much, and I'm sorry for being so specific in this call. Thank you.

Regis Cardoso, Credit Suisse:

Good morning, Luis, Marcelo and Ana Paula. Can you hear me? Can I ask my question?

Luis Henrique Guimarães:

Yes, we can hear you very well.

Regis Cardoso, Credit Suisse:

Thank you, Luis. Two questions here. First one, short-term thinking about this year. The guidance was more controversial in this earning season, starting with



the Raízen, the guidance was lower than our expectation and most of the market especially in renewables and that seems to us still conservative. But I would like to know if you can comment a little more, in addition to what Mussa already commented last week. But now in Cosan's guidance, Compass and Moove has a sequential reduction of EBITDA in the 4Q. So, Luis, can you tell us about the seasonal demand, what we can expect for the 4Q? It seems that the guidance is more conservative and maybe you were aiming at the top of the guidance. I would like to hear from you on that topic.

And my second question, Marcelo already started talking about it, it's about funding and capital allocation for Cosan Investments, because you went into some sectors that are capital intensive: real estate, mining, also car rental. All of those are capital intensive, so I want to know where funding is coming from, especially in a context where the main OpCos of Cosan didn't have a capital increase recently and they have their own expansion projects, which are bold. And I feel that maybe capital will be coming from debts in the holding, but maybe from shareholders and marginal fundings in this funding structure in the company. But I would like to hear from you and to know what is the decision variable involved and where are you going to have funding coming from?

Luis Henrique Guimarães:

Thank you Regis. Let me tell you quickly about the three guidances that you mentioned. We expect that all of them are going to be very close to the top of the guidance. The guidance is a range, we have not updated Compass and Moove's guidances, but we are very optimistic, and we know that companies are going to perform at the top of guidance and there is nothing in 4Q that is a reason to concern us.

I think we'll have good results in 4Q. Of course, December specifically for Compass and Moove tend to be a deceleration in volume because we have a stoppage in the industry. Let's see if that's going to happen. Some of the other industries are working at a very intense level to replenish inventory levels then, but that's not normal.

And in case of Moove there is a trend that the retail distributors might not want to have more inventories, but that's nothing that is not natural. And we are very confident about all the companies, Raízen, Compass and Moove will be delivering at the top of the guidance, concluding a strong 4Q, but with a seasonal characteristic that each one of the segments have.

Marcelo, do you want to talk about funding?

Marcelo Martins:

Yes. The structure as it was said is that we can create equity for each one of these businesses. So, the idea is not to fund all these investments with Cosan's



debt. Obviously Cosan will contribute because someone has to do it and it has done in the three of them. And that's going to be diluted as we bring in equity.

I would like to stress an important topic here. Cosan does not have a problem with being diluted from these investments. Like I mentioned, there is a size that we consider ideal, but the idea is that each one has their funding structure without diluting Cosan shareholder.

We knew that the growth of this business would depend on equity. If we did not develop this structure, the dilution would happen at Cosan level and that's not what we wanted. Yes, real estate can be capital intensive but in our scenario, it is not, remember the model, we are actually managers of real estate portfolio. The maintenance of the property and the operation of the property will be made by the sector's operators that are leasing that piece of land. So that is a yield business, obviously depending on the quality of the properties and that's why it's very sensitive for us the price that we pay for those business and we are aiming a very relevant yield and I believe we will reach it, considering that we paid a good price for that real estate.

Out of these three businesses I would say that this one will be the one that would have the least need of capital. I think that we quickly will be able to have funding so, that we can even increase that portfolio and invest in more real estate. So, funds would be used to invest in the portfolio and not necessarily to expand with CAPEX or OPEX. OPEX in this case to maintain the business. So that's about a real estate.

Now about mining. We started considering that having the expected quality of mines it is crucial that we had the logistic solution. The port was the most difficult part and the most strategic asset of the business. That's why we needed and we wanted to close the deal ASAP for the port. As we ensured the port, we have a number of hurdles to be overcome in the next operation so we can test the quality of the ore coming from this mine, then we can have the right expenditure. And this is an asset that we once again, we'll be bringing in capital at the right moment when we think it makes sense, but the horizon of this investment is longer, differently from the other businesses.

Mobitech is a huge opportunity to grow in a very consolidated market. We believe we have room to grow. This is a business that depending on the model might have a need to have a greater capital expenditure. But the way we believe that we are going to manage this business and grow this business, probably that is not going to require capital as if it were a green field. So, our vision is once again strategic because we believe these are sectors that we add value, but very sensitive to risk and to capital attraction.

And yes, we want to bring in third party capital in the level of these three companies as we mature, we manage our portfolio and maybe take it out of the



portfolio by selling it or by a spin-off, IPO, anything that makes sense, but at the right time, considering that asset is mature enough for the next steps.

Regis Cardoso, Credit Suisse:

And a quick follow-up, please, in that discussion of the capital increase in these companies because you could have the option to increase capital in the fund or in the investee. And now some of that control structure of 50/50, for instance, if I use the example of Mobitech, if you have capital increase, it brings equity to the fund, you would need your partner to maintain 50/50. They also would have to invest the same amount of money. And then maybe the alternative would be to directly increase in the company, at Mobitech, for instance. And then maintain the same control group with the same stakes. So in practice, I would like to understand when do you choose to raise capital in the structure of the investees?

Marcelo Martins:

Well, investment fund is Cosan's vehicle, and our partners will invest there and we will be using this capital for the company, but always participating in Cosan. Cosan eventually dilutes at the level of the investment fund, depending on its capital allocation strategy, and it's going to be directed to investments. Investment fund's partners investors would be Cosan's partners bringing in capital together with Cosan's capital, that would be directed to the investees. That is the model for all the companies. So, if this investee company decides to have an IPO and the company will be listed, so this investor will be an investor of a listed company and other private company. But the idea is the investment fund is the channel to get the funding.

Luis Henrique Guimarães:

As a transparency to all our shareholders, we ensure them that the management will be done by Cosan, the management of this fund, the control and the management of this fund. As Marcelo said, we might have partners for this fund, of the investment fund, that are not partners of the company, but, you know, that is one of our characteristics, characteristics of our portfolio. Is that clear Regis?

Regis Cardoso, Credit Suisse:

Yes, clear. Thank you, thank you very much and congratulations on the results. Thank you.

Luis Henrique Guimarães:

Thank you.

Gabriel Barra, Citi:

Good morning, Luis, Marcelo, Paula, Joao, Ana. I have a few follow-ups. One about Compass. I think it's interesting to understand and thinking about the company's strategy about the new gas market. I think the many opportunities you



see ahead in this new segment, in this new environment, with the market opening is interesting. And one of my questions is about the synergies that you have, related to the new gas law. There are some separations among the businesses that you have to maintain in terms of the regulations, but it looks like there are synergies and I would like to better understand from you which are them. You have all the portfolio already designed, the natural gas regasification terminal, gas trader, Comgas, and now with the acquisition of Sulgas and potentially Gaspetro.

What do you see in terms of synergy and if does it make sense to think in terms of synergy for that kind of business? Or when you think about the regulated gas business, Gaspetro or Sulgas, you will be replicating the Comgas model in these two potentials new companies? This is my first topic on Compass.

Now, I know that you talked a lot about Cosan Investimentos, and I would like to understand Leo's role in this new, not new, but in this vertical of the company.

As you said, you were at a very aggressive pace, or quick pace in terms of new businesses, new opportunities, and now it is the moment of working on them. Now, looking ahead, what can we think in terms of that business? The idea is really to maintain the portfolio as it is? And to have possibility of new businesses and focus on new opportunities, but to have synergies with the perennial businesses of the company? Or could you have other types of businesses that, you know, only thinking about the opportunity and not synergy. Just to make it clearer. But these were the two questions I had. Thank you.

Luis Henrique Guimarães:

About Compass. Going back to what Nelson is talking about in the market. We have four verticals and all of them are related to gas and power businesses, but we see efficiencies as the main synergy driver, but each business has its own dynamic, so our distribution will be focused on bringing in clients, developing gas natural system, new applications.

Infrastructure business will create possibilities of having new molecules opportunities bringing in more competition to the market. Gas prices are very important to increase the greater challenge that we'll have in the market, which is a demand generating. We know that there is abundant supply, not only in Brazil but also in the world, but we have to make sure that we will meet a demand that Comgás and Sulgas are developing.

We also have the generation business that is going to look for opportunities of projects that have the right profitability in generation and monetization of gas. And also we have trading, which makes an important link, so that the molecule gets where it needs to get at competitive prices and costs with different contract portfolios with different indexes, different flexibilities. Sometimes people think gas molecules are all the same, but they have very important characteristics that need



to be taken into consideration. So, these are opportunities to be developed by Compass.

This is the portfolio we designed, it starts gaining density in each one of its verticals. Comgás and now Gaspetro and Sulgás, and the infrastructure of the terminal being developed. We have analyzed several projects, active commercialization and we are already discussing with the public hearing for distribution companies all over Brazil and also contracts with potential free clients here in São Paulo, so we are populating the density of each one of these verticals so they can reach the size and the power that they can have with advancement with gas in the energy matrix in Brazil.

The second question, Leo is going to be the CEO of this initiative, responsible for this portfolio that is already built and to put into practice Cosan's concept: capital allocation discipline, people development and everything that needs to be done so that these new undertakings are successful. And he will be screening our ecosystem. And this was Tiago's question for monetization opportunities. Always looking at digitization, this is a great opportunity that we have, value generation that might be hidden in our portfolio.

We have been seen that in several areas, financial transactions, insurance, information security, and several other topics that the company's CEOs are raising and moving forward. And so his role is to ensure these first three areas are successful and continuously analyze our portfolio in our ecosystem and generate value, with dedicated focus so that every area has an owner and has a responsibility to deliver results, capital allocation and discipline on how we control our businesses. Did I answer your question?

Gabriel Barra, Citi:

Yes, Luis. Thank you very much.

Luis Henrique Guimarães:

Hello, Christian?

Cristian Audi, Santander:

I have two questions. Yes. I can hear you. Two questions, please. First place, investors keep asking me how companies will deal with the Brazilian economy in 2022 in a more challenging economy. And my question is: can you comment on that? How do you see Cosan's companies prepared for more difficult scenario in terms of economic growth in 2022?

And my second question: Marcelo, going back to capital allocation, how do you make the decision of shares buyback and dividends payment? How do you work on that? It's just a matter of tax payments? And can you comment also on how companies in Cosan face the dividends payment topic? How they deal with that?



Marcelo Martins:

Yes. We actually do both. We pay dividends and we buy back shares. I think that in practice, the facts are similar and that should benefit shareholders specially at the moment where shares are at a lower price for reasons that I believe are very immediate and have more to do with the market, a situation that is not perennial. But we will do both: will be paying dividends, a record dividend payment era, if you analyze our results and will be buying back shares. I mentioned that in the beginning of the call, our objective is to restart the shares buyback and we'll do that starting today. This was always part of our objective and our strategy and it's not going to be different now. About our decisions for dividends payment, all companies have a very clear position. They are self-financed. They'll have to use their cash generation to finance their own businesses. In a strategic line, 100.0% defined with us with shareholders and all of them have to generate cash.

The ones that pay less dividends are at a moment of growth and dedication in its own business that is higher. That's why they demand more cash than others. The companies that are more mature, will pay more dividends. That's how it goes and Cosan, obviously, will continue pay dividends to its shareholders and I even mentioned because in investments we will not get in the way of that dynamic because our objective is to bring in third-party capital, even if that means some type of dilution.

Luis Henrique Guimarães:

About your first question about the GDP for 2022. Obviously, we are always analyzing and checking the scenarios, managing risk in the downside. But when we look at the scenario for the improvement of the water supply and the next crop, the next season for soybean, corn, and sugarcane, we see that as positive. So regardless the GDP, these businesses will have a positive effect.

I believe that we'll have mobility back next year. That's very important for our businesses that depend upon mobility. And so, we see the way that Brazilians reacted to vaccination. It's not a surprise and it's extremely positive. And obviously, we gained a lot of time, and we are working on costs, expenses and efficiencies. Therefore, we're even more resilient in that period.

So, of course that a greater GDP always helps us to drive businesses, but specifically in our businesses are exposed to agricultural commodities and movement of products that Brazil will keep on exporting irrelevantly. We see that positive. And with a positive approach, it was better than this year.

Also in mobility, we were very much affected in the beginning of the year in April, May both in Brazil, as well as other countries where we have a footprint and now that is resuming at a stronger pace and more perennial. And once again, we remain very disciplined in terms of funding and costs. And that's why it's so important to have that interdependence of the companies and all the homework



that we have been doing in the last eight months of joint purchases, joint renewals, and all the projects that we can run together that allow us to provide a strong pace for costs and funding. That's two facts that we will have in the future.

Cristian Audi, Santander:

Thank you. That's great.

Bruno Montanari, Morgan Stanley:

Thank you very much for taking my question. I have just one more question about Compass. Looking at what happened to LNG price in international market, I would like to understand your conversations with potential new clients, if they are afraid of a higher volatility in the molecule price. What is their mindset about this new niche that could emerge with the new gas market?

Luis Henrique Guimarães:

Yes. I think what is important to understand in all these analyses is the short term spot price in the long term. The gas market had a great shock considering the supply chain disruptions and recovery pace that the world had, surprising most producers and transporters which boosted, in this short term, that we already see a certain cooling down. Let's see how intense winter will be in the northern hemisphere, but that doesn't change, that even stresses the need of our industrial clients to have a portfolio of contracts suppliers with different times, with different flexibilities, different bases.

I think that it only stresses the need of risk mitigation and management of the alternatives, and this was not possible in Brazil when we only had one supplier, which was Petrobras. And obviously, on the other side, there is a responsibility and professionalism even greater both for clients and traders and that is good for us because we have been in the market for a long time. We have a great structure, great team. And we are exposed, not only to the Brazilian market but to the international market as well with all the work that Compass has carried out in the past few years. So, in my understanding and what we have seen with clients is that there is more and more interesting of looking for portfolio diversification, a better understanding of the options and basically to organize ourselves. So that the short-term doesn't change and that was seen in the electric energy market, in the transition between captive market and a free market where each client based on each pricing cycle, had to adjust their electric energy portfolio to the type of risk and contracting that they want to have.

That's part of the game, market is market. And in Brazil, this is the major challenge, how we can learn that the market is the best solution, and we can't be scared when prices go up. It goes up, goes down, goes sideways. And that's why we believe in our position in the several companies, which we are exposed in commercialization and portfolio is so important, and we are very confident about our position.



So, we now end our Q&A session. I think it was very comprehensive. I think Marcelo has addressed your questions, capital allocation, Cosan Investments and also our permanent portfolio providing the perspective of what lies ahead. We are very excited and optimistic not only about the short-term perspective but also the movements that we are doing for each one of the companies, contracting the future at Raízen, Moove, Compass and Rumo with structuring projects, unique projects, with important topics for our development and bringing in improvement and milestones ahead.

We are developing people, providing opportunities, all of that movement is very important because we are creating a robust pipeline considering each development of the group, so we have a greater concern that, you know me, Marcelo, Rita, all the CEOs and the HR teams, we are working to ensure, not only that all businesses are fluid, but also bringing in outside funds so that we can have a know how where we have additional skills, so that we can have the best teams in logistics, energy, and all the businesses we are involved.

Thank you very much for your questions and thank you for your participation and see you next call.

Operator:

Cosan's webinar has ended. Thank you very much for your participation. Have a nice day.