

International Conference Call
Jalles Machado (JALL03)
1Q Earnings Results and Crop Year 2023/24
August 10th, 2023

Operator: Good afternoon, ladies and gentlemen, and welcome to Jalles conference call to discuss the results of the first quarter of crop year 2023/24.

This conference is being recorded and has simultaneous translation into English. The replay will be available in both languages at the company's website: ri.Jalles.com. All participants will be in a listen-only mode during the presentation. After the presentation, we will hold the Q&A session, when further instructions will be provided.

As we have limited time in this conference, any questions that are not addressed during the call will be answered later by the company's Investor Relations team. The earnings release and the presentation on the first quarter of crop year 23/24 can also be accessed on the company's IR website and also at the CVM's website.

Before proceeding, I would like to mention that any statements that may be made during the conference related to the company's business prospects, forecasts, operating and financial targets related to its growth potential are based on the company's management's expectations about the future of the company. Such expectations are highly dependent on domestic and foreign market conditions, and other factors.

Today with us is Mr. Rodrigo Penna, CFO and IRO.

I would like to turn the floor over to Mr. Penna. You may proceed, Sir.

Rodrigo Penna: Good afternoon. Thank you very much, Paulo, for the introduction. I would like to thank all participants for joining our conference call today where we'll discuss the first quarter of crop year 23/24.

It is an honor to have you here with us today, and it was also an honor to have you here at our Jalles Day event. And for those who couldn't be here with us, next year I am sure that we will have another chance to get together.

So, let me move to the first slide and cover the presentation and then we can move to the Q&A session well.

Well, we finished the first quarter at a different level than what we had in the first quarter last year. We reached 3 million tons of crushing in the quarter, and we crushed a little bit less sugar cane this year in comparison with last year because April was drier. Now, TCH considering the pro forma numbers, TCH was higher than last year, and you can see that there was a variation of 2.3% considering Santa Vitória this year and last year.

There is an important point that I would like to mention here, there was an increase of about 6% in productivity at the Jalles unit, a 6% improvement at the Santa Vitória unit, and at the Otávio Lage unit our production was a little bit lower in terms of TCH than last year.

As you can see here at the bottom right-hand corner of the slide, you can see that our average age at Otávio Lage is 3.9 years in comparison with 3.3 years last year. Why did it happen in the first quarter of this crop year? It happened because we brought forward some renewal in some areas, we decided to do that to open room for the sugar cane that we are going to plant this year to harvest last year. We are going to do that to have higher crushing next year. So, that's what we did. We decided to bring forward part of the areas that were supposed to be renewed later. So, that led to our TCH to grow less this quarter than we expected in the yearly comparison.

Our TRS was lower because April had a higher rainfall than last year, so that drove our TRS down, and the production mix we finished the quarter at 35.5-36% including Santa Vitória against 27% last year. And we should remember the last year we started the crop year trying to produce more ethanol than sugar in April, May and June, but this year it was different, we tried to produce more sugar all the time. And we believe that that is going to be the case for the rest of the crop year, we have been putting all of our efforts to producing as much sugar as possible.

Now sales highlights, there was an increase in the price of sugar, which was expected. Sugar prices improved a little bit. Ethanol dropped significantly, last year the average price was R\$3,92 and now it dropped to R\$2.99, a 24% drop in the price of ethanol. Now CBIOS, we had stopped selling CBIOS and we resumed when we reached the level of R\$130, so towards the end of the first quarter we started selling some CBIOS and we continued with that strategy throughout the entire quarter, and we're going to continue to do the same throughout the crop year.

1Q 24 started with higher rainfall, and since we are just considering three months of crushing, our TRS was a little bit lower, as we said. Our yield was supposed to be higher, but because of the detail that I mentioned about bringing forward the renewal of some areas, we had the impact that we are showing here and that is going to be adjusted throughout the crop year. It's important to mention.

And the other point is that differently from last year, in which we started the crop season with exceptional ethanol prices, last year we decided to sell as much ethanol as possible, so we sold 74% of everything that we produced in the quarter. This year, this number dropped to 52.8%, precisely because we did not have that strength of ethanol, as it happened last year.

Our sugar inventories are in line with last year and the ethanol inventories, precisely because we did not accelerate the sales of ethanol last year and that was uncommon, last year we sold faster than we usually do to take advantage of the prices, the good prices of ethanol last year. So, that's why we have higher ethanol inventories this quarter in comparison with last year.

Now, financial highlights. Our operational gross revenue was 36% lower, precisely because of a lower sales of ethanol. Our adjusted EBIT was 80 million in comparison with 285 million year-on-year, and one thing that you're going to see on our release is that there was an effect of a fine that was imposed to us at Santa Vitória and we are working hard to revert that, and there was an impact from that in the amount of 10.5 million. But we have good chances of reverting that situation, but that amount had to be accounted for this quarter, so there was a direct impact on this quarter's EBIT.

And our EBITDA margin was 61% and EBITDA was 271.4 million in comparison with 501.4 million year-on-year. Our net income was 49.5 million, our cash earnings came to R\$3.6 million, it was lower, and our SG&A dropped significantly when we compare against the pro forma numbers because of lower selling expenses. And G&A was in line with the previous periods.

Now, our CapEx. If we do not consider the crop management practices, we had a 5.1% drop, but we planted more this year. We should remember that at Santa Vitória we planted in a larger area, so this is a sign that the price of imports is going down. We didn't have to spend so much in inputs because the prices are going down.

Now, crop management. It came to R\$104 million and there was an impact from sugar cane plant. And to give you more details about expansion, let's talk about the expansion CapEx at Otávio Lage and Jalles. The CapEx came to 31 million in comparison with 37.7. Now cash and cash equivalents, we finished the quarter with 877 million in our cash, 14% less year-on-year. We should remember we had that cash level last year because we were about to acquire Santa Vitória, that's why it was a higher level, but we still have a very comfortable cash, which is part of our policy.

Net debt came to 1.3 billion against 1.1 in 4Q 23, an increase of 12.3% because we have a higher inventory, we produced a lot during this crop year, and as we showed earlier, we only sold 52% of everything that we produced so far. Here you can see our average debt tenor, 5.1 years. Only 10% of that debt is short-term, 90% is long-term.

Now, to give you more details about our hedge position, the average price of sugar, DHP sugar, is R\$2,065, that's what we have from now until the end of the crop year. For the next crop year, we will have R\$2,419 as the average price, and this includes our hedge operations for the sugar that is going to be produced at Santa Vitória, and for 25/26 the average price is 2,335. We have hedged about 50% of our sugar for this crop year 25/26. So, you're going to see a significant increase in our conventional sugar price from this crop year to the next one.

Now, I would like to go over very briefly the investments that we have been making at the Otávio Lage and Jalles units. I would like to show you everything that we did and that we delivered over the course of the past quarter. Here you can see that we have already started the biogas project at the Otávio Lage unit in a partnership with Albioma, we are partners of that company, and we are going to produce energy in this plant. So, this is yet another investment that Jalles is

making in circular economy and sustainable energy production using vinasse to produce biogas.

We started already burning our flare, as we call it, as you can see in this part of the picture, we started that last week. We're going to open this unit next month. And this is a picture of the distribution center and warehouse of the Jalles and Otávio Lage units. This is the warehouse; we just built this larger part that I am showing on the screen. It was just delivered and that increased our warehouse capacity at the unit. And also, we expanded the third warehouse, we increased our capacity in over 24,000 tons and we use it for organic sugar. We are also going to add another 700 hectares of irrigated area and we're going to start using that area this quarter at the Jalles and Otávio Lage units.

And I know I was very brief in the presentation to leave more time for Q&A. Just one comment that I would like to add before we start the Q&A session, we are very happy about the company's decision to invest in a sugar factory at the Santa Vitória unit last year. We know that there is a 50% premium for sugar right now in comparison with ethanol, and with that investment we will be able to capture that opportunity, that premium, and therefore we wouldn't be so exposed to the ethanol market, which is now suffering due to public policies, especially with Petrobras, which completely abandoned the international parity.

So, I believe that we are going to move from 36 to 38% to over 50% in our production mix across the units, and we are going to have our prices hedged and guaranteed. And this year we are going to be more exposed to ethanol during this crop year because Santa Vitória is 100% ethanol. But since sugar prices are higher, it's going to be better than last year.

So, that's it. Now I would like to move to the Q&A session. Once again, thank you very much for being here with us. And I would also like to take this chance to thank our team, who put together such a great presentation with a lot of information for you.

Question and Answer Session

Operator: Ladies and gentlemen, we will now begin the Q&A session. To ask a question, please click the "Q&A" button at the bottom of your screen. If you wish to open your microphone to ask your question, please let us know in the Q&A field and your microphone will be activated when your name is called.

You can also submit your question in writing. To do so, please type your question in the Q&A field. If you're using a dial in connection, please press * 9 on your phone to ask questions. After your name is called, you'll hear instructions to press * 6 to activate your microphone. Please, make sure to press * 6 only once.

The first question comes from Mr. Pedro Fonseca, with XP.

Pedro Fonseca: Good afternoon, Rodrigo. Thank you for taking my question. I would like to talk about two subjects. The first one is ethanol. I would like to know your perspectives and your expectations for ethanol prices. And also, how do you think the inventory sales will progress throughout the crop year? I think that in the

release and in your presentation, you clearly mentioned the reasons why TCH was lower at the Otávio Lage unit, but I would like to know what can we expect in terms of yields for the next quarters? Would it make sense for us to expect a strong growth for the next quarter?

Rodrigo Penna: Thank you, Pedro. Those are great questions and thank you very much for participating. Well, to address your question about the ethanol market going forward, well, our sales this year, this crop year, will continue to be as the first quarter was throughout the crop year. Last year we wanted to sell everything that we produced, and we had demand to do that. So, it is going to be more proportional across the next quarters I believe throughout the crop year.

Now, you asked also about prices. Well, it is difficult for us to give you a precise answer because it all depends on what Petrobras is going to do and how it is going to address gasoline prices. According to the data and reports that we have seen, we believe that there should be an increase in the gasoline prices from R\$0,30 to R\$0,50. So, if gasoline prices are not adjusted, if we look at the gross prices and if you look at the futures market, the prices are around 2,90, and today prices are about 2,60 in São Paulo.

And we should also mention that parity is going down, parity is at 63 to 64%, at least in the main states, in São Paulo it is 63%, and it has been decreasing, in some places it reached 60% this week. So, that is going to increase consumption and we have ethanol to be consumed throughout the year. Since parity between gasoline and ethanol used to be above 70%, at 74% in the beginning of the crop year, that drove consumption down, and the share of ethanol was below 25%, it was 16%. And now with the lower parity, of course, there is a lag because consumers got used to using gasoline and how they have to get back to ethanol, so there is a little bit of a delay for that to happen, and also, for prices to get to the gas stations.

And I believe that in the next report from Unica, for example, we are going to see changes in ethanol prices and that is going to drive ethanol share in total sales upwards. And if the government adjusts the price of gasoline, I believe that the entire scenario will be more positive for us. The numbers that I mentioned to you are the ones that we get from the futures market, from the Stock Exchange.

And you also asked the question about yields, right?

Pedro Fonseca: Yes, should we expect yields to increase over the coming quarters to reach the guidance?

Rodrigo Penna: Well, our guidance continues to be exactly what we publish to the market. And our yields are in line with our guidance, we had that issue that we explained at all Otávio Lage bringing forward some renewals in some areas, and if you look at it, you can see that the performance there was different from Santa Vitória and from the Jalles Machado units.

What we can also notice is that that difference, that gap in comparison with last year has been increasing throughout the crop year. Since the end of the first quarter, we can see that the gap has increased, but the guidance remains the

same. It is still the same that we published to the market, and that's what we want to achieve to reach the production level that we announced, and everything is moving according to plan to reach those numbers.

Operator: The next question comes from Mr. Gabriel Barra, with Citi.

Gabriel Barra: Hello, Rodrigo. Can you hear me?

Rodrigo Penna: Yes, I can.

Gabriel Barra: Good afternoon. I have two questions. The first one is about investments. I believe that the biggest investment that the company has made is the sugar production unit at Santa Vitória, as you mentioned. And I think that you also mentioned at Jalles day that there are some low hanging fruits, and your investment is one example of that. And Cerradinho announced an investment of the same type.

So, my question for you is: what do you think the industry is going to do in relation to that? Do you think there is more capacity for sugar production considering the premium that you mentioned in the price of sugar in comparison with ethanol? And also, do you think there is any other action that you could take in terms of sugar production to seize the opportunities coming from that sugar price premium? Is there any other investment that you are going to make to seize interesting returns?

And the second question is: one of the things that we said in the beginning of the crop period – and we talked about that at Jalles Day too –, we were talking about the cost of production and if TRS goes up maybe costs could be diluted across the crop year. So, I would like to know from you what do you think about that for this crop year and how are you doing the math at the company? What can we expect in terms of unit prices? We are talking about, for example, what the unit price is going to be in March 2024.

And if the scenario that is developing now in the ethanol market, and we know that inventories for hydrous ethanol is going up, and if we have stronger El Niño effects and higher rainfall towards December, I would like to know what you're going to do in your sales strategy. Maybe you are going to decrease inventory towards the end of the crop year, maybe you would carry some part of that inventory over to the next crop year? So, I would like to know what your perspectives are about that.

Rodrigo Penna: OK, so let's start with the first question about sugar mix. You asked if there is any other thing that we can do, right? Well, since the sugar mix at Santa Vitória is going to be 52% in the next crop year, maybe 51%, and Jalles would have 60% and Otávio Lage just below 50%, well, considering those figures, we believe that we would still have room at Otávio Lage and Santa Vitória to increase those percentages, we would have to do the math and see what can be done, and maybe drive that percentage to 60% at the Jalles unit.

But, of course, we need to assess the viability of that investment. The investment that made the most sense for this year was to do it in Santa Vitória since we were

not producing any sugar there. So, your question is: is there any more room for us to increase the share of sugar in our mix across the entire group? Well, we do have opportunities to do that, but of course, we need to assess the viability of those investments, and of course, that depends on how much of a premium we're going to have in the sugar price in comparison with the ethanol prices.

As for your second question, we are monitoring the prices of inputs, especially fertilizers and industrial inputs, and diesel. Those prices are now much lower than last year, and some third-party services are heavily impacted by the price of diesel. But this year we also have the amortization of crop management and also depreciation of the sugar that we planted last year. But in the costs for this year, we can already see a sharp reduction in the price of those inputs, and that decrease was even sharper for fertilizers.

In 1Q, we used the inputs that we bought in January. I would just like to give you some details of our policy for purchasing inputs. What we did was, we signed a deal, a purchasing deal, from January to June, and from June to March 2024. The first one for fertilizers and also crop protection products, we bought those products in April and May for the entire crop year and the prices were better than the prices that we had earlier this year. And I'm sure that you are monitoring prices as well, you know that they are going down, and we're going to take advantage of that situation, we're going to see the cost of those inputs going down in the coming quarters even more than the drop that we had in 1Q.

So, our cost per ton of sugar produced should go down. That's what we expect because of the reduction in the price of inputs and also because our yield is going to be better this year than last year.

And another important point that we should mention is that the center-south region has a very large difference in terms of use from last year to this year, and that gap is a little bit smaller in our case, but we should remember that last year there wasn't the crop failure that happened in the center-south region. We have mitigated that risk and now we are starting from a higher level than we had before and this year rainfall was very good, it was very well distributed and much higher than normal in the states of São Paulo and Mato Grosso do Sul, and they drove productivity up in those regions.

Here in the state of Goiás, things were pretty normal, not exceptional, and according to CTC data, until now there was an increase in TCH by 6% year-on-year in the units here in the state of Goiás.

Gabriel Barra: And when it comes to ethanol, Rodrigo, can you give us more details about your ethanol sales strategy?

Rodrigo Penna: Sure. Great question. We believe that sugar cane availability this year is going to exceed 610 and it can be even higher than that, 610 million tons. But we don't know if we will be able to crush it. That is the biggest question in the market right now and that makes it hard for us to define our strategies because we are going to see the effects of El Niño for sure, but we don't know how intense it is going to be.

Actually, we were talking about that at the Board level. El Niño heats up the waters of the Pacific Ocean and that creates abnormal weather in Brazil and other parts of the world. But this year, the Atlantic waters also heated up and that changes everything. So, there is a lot of uncertainty about what the effect of El Niño is going to be, certainly with a higher volume of sugar cane across all units – and that's not our case, I'm just commenting, but – we are not going to increase the volume of sugar cane across the units because we are at our capacity of 9 million tons. At Otávio Lage this year, we are not using our full capacity, but we are going to next year, so we are going to crush all sugar cane this year, so we are not going to have that issue at Santa Vitória, Jalles and Otávio Lage, but the center-south region will probably increase the volume of sugar cane, and depending on the effects of El Niño, that could happen even more.

But, as I said, we don't know how intense El Niño is going to be, but it is already happening for a fact. It is going to be here for the entire raining season, but we don't really know how intense it's going to be. So, there's an additional variable here with the waters in the Atlantic Ocean heating up. We don't know what the interaction between the heat in the waters of the two oceans, we don't know how they're going to interact.

Up until October, we would have rainfall exceeding normal levels, that is the forecast from an institute that works together with the company, a consultant showed it to us, and November and December rainfall is going to be lower than normal, but it's just a marginal variation, nothing that we should be concerned about. But October is very important, we need that rainfall for our sugar cane to grow.

So, for now, things are pretty normal, and things are looking good.

Gabriel Barra: OK, thank you. Thank you very much.

Operator: The next question comes from Guilherme Palhares, with Bank of America.

Guilherme Palhares: Good afternoon, Rodrigo. How's it going?

Rodrigo Penna: Good afternoon. It's all great, thank you.

Guilherme Palhares: I have just one question. Considering sugar hedge, you showed a great chart showing the price evolution across crop years. Since you're going to have additional capacity at Santa Vitória for sugar production, I would like to know what your perspectives are in terms of hedging. Maybe you should be less hedged since you are going to produce more.

If you could give us more details about what you are thinking in terms of hedging sugar prices as you evolve in the construction of that production unit at Santa Vitória, that would be great.

Rodrigo Penna: Guilherme, thank you very much for your participation. Thank you for your question. Well, out of our total sugar production, let me just give you some details about what our policy is. We hedge the production of conventional

sugar. Organic is priced completely different, so we have annual contracts with our clients, so we don't include organic sugar in that package that is hedged. It's a different policy for organic sugar. So, we hedge a conventional sugar, and we discount the amount that we pay in Consecana.

So, out of the amount of sugar that can be hedged in the crop year 23/24, we have almost 100% of our volume hedged, and for 25/26 I believe that we are close to 90%, and for 25/26 we have hedged about 50%. For Santa Vitória, we hedged the entire production of 24/25, excluding Consecana. And we exclude 10% because we might have crop failures, for example, so exclude 10% that we don't hedge.

So, across all of our units, we have already hedged about 90% of the conventional sugar production for 23/24. And for 25/26 we are at 50% considering the three units, including Santa Vitória.

So, I believe that we are maintaining the same level of hedging going forward. And for crop Year 25/26, only 20% has been hedged. You should remember that in the third crop year we can only hedge our volume of sugar – I believe that I have explained this to you on another occasion –, we only hedge our sugar if our projected margin for the third crop year is above 20% of our EBIT. We can start hedging after we reach that threshold, and we are considering an inflation rate that is 2x the projected inflation. So, we considered 200% of the inflation rate that is projected from now to the third crop year, and we can only start hedging if we reach 20% of the projected EBIT. And when we reach 40%, we can hedge the entire crop year.

So, for the third crop year, we use that mechanism, and the third crop year now is part of 25/26 and 26/27. We're talking about the third crop year from now. I don't know if you understood my explanation.

Guilherme Palhares: Yes, it's very clear. Thank you.

Rodrigo Penna: And just to give you more details, Guilherme, I would like to take your question to add some comments. We made the decision of investing in a sugar production unit at Santa Vitória, and as soon as we defined that we were going to invest in that unit, we were very fast in our hedging deals, especially for 24/25, the next crop year, because prices were very attractive.

We're taking our time hedging the volume for 25/26, we have already hedged about 50% of that volume, but for 24/25, we have everything in place to capture that value. And we are going to pay a good percentage of the cost of building that unit precisely because of that premium of sugar prices in comparison with ethanol, so just by having that flexibility we can pay back a great part of our investment in the construction of that unit at Santa Vitória.

Guilherme Palhares: Thank you very much, Rodrigo.

Operator: The next question comes from Mr. Thiago Duarte, with BTG.

Thiago Duarte: Good afternoon, everybody. Good afternoon, Rodrigo. It's great to connect to you again. I would like to go back to ethanol. Rodrigo, first of all, if you could refresh our memories about your anhydrous ethanol production mix. And I would also like to ask if it wouldn't make sense – and of course, that depends on the previous answer – to invest in the production of anhydrous ethanol?

The reason why I asked that is that anhydrous ethanol now has a premium in comparison with hydrous ethanol. So, I would like to know your opinion about maybe increasing the share of anhydrous in your production mix. Maybe that premium could grow even further, and you could capture that advantage. So, I would like to know your opinion about that.

And also, that would be interesting to hear your opinion about that because that would give us an idea of what your perspectives of the anhydrous ethanol prices are going to be.

And I have a second question. I would like to know if we are including Santa Vitória when we talk about the assets of the company. Are we including Santa Vitória too? I just want to understand a little bit more what the comparison is when you talk about the unit prices.

Rodrigo Penna: OK. To address your first question about the capacity of producing anhydrous ethanol at Jalles, well, two years ago, we invested in the molecular sieve here at Jalles and our capacity is to produce up to 150 million liters. That's our maximum capacity for ethanol. However, we would only do that and reach that capacity if we were leaning more towards ethanol in our production mix. This year at Jalles we are going to produce about 100 to 110 million liters. So, we have a higher capacity for sure but since we are not leaning towards ethanol, we're not going to reach that full capacity.

At Otávio Lage, we only have capacity to produce hydrous ethanol. We could produce anhydrous there and also in Santa Vitória in the future, it's possible for us to do that at those two units. I believe that two or three calls ago we said that even before sugar prices increased so much in comparison with ethanol – and I think it all started in late March/early April, you know when prices skyrocketed and that premium was created –, up until that point, the investment that would make the most sense for Santa Vitória was to produce anhydrous ethanol there, but we changed our strategy because the scenario changed too, because sugar is now providing greater value although it is more complex than producing anhydrous ethanol. But we decided to do that given the new opportunities in the market. That's why we decided to invest in sugar.

Well, you also asked about increasing the share of anhydrous ethanol in our production mix. Well, the sector has been considering that option. The Minister of Mines and Energy has given good indications that that is a possibility, but it's still under discussion. There is a study group that was created to assess whether or not there would be any issues in doing that, we know that wouldn't be the case, but we have to go through that process anyway. So, it is a possibility.

About unit prices, or unit costs rather, when we talk about unit costs that are going down, as we said earlier this year, we expect unit costs to become stable, but since productivity was going up, the unit costs would be diluted. We believe that there is a good chance that the total cost will be lower depending on what's going to happen throughout the crop year, especially because of fertilizers and crop protection products. The costs have been lower than our plan, which is great. So, yes, we are including Santa Vitória when we comment about unit costs.

What we should also consider in terms of Santa Vitória is that we are expanding our planted areas there. We are expanding our areas this year so that we can fill all units with a high volume of sugar cane, and at Santa Vitória we want to reach 2.7, and according to our guidance, we want to reach those numbers by 2026. But in 2025, we would be very close to that.

Thiago Duarte: OK. Thank you. If you allow me to ask another question.

Rodrigo Penna: Yes, for sure.

Thiago Duarte: I don't know if you could give us more information about your TCH guidance of 84.4 tons. I don't know if you could answer how much of that is Santa Vitória. Why am I asking that? I'm asking because if there is a crop failure, however small, we might have issues with reaching those numbers. As you mentioned, center-south suffered much more than Jalles did when it comes to rainfall scarcity, and we understood that Santa Vitória was part of that due to its location in the state of Minas Gerais.

So, I would like to know if you could give us more information about your expectations for Santa Vitória's TCH and if the crop failure should be expected.

Rodrigo Penna: Well, out of the 84.4 tons, we expect to have 67 tons coming from Santa Vitória. As a matter of fact, that's what we published in our material fact and the guidance that we published for the crop year as a whole. And for Jalles, the Jalles unit, let me take a look at the numbers here. Just a second... Please, bear with us for a second, let me just get the correct figures.

OK, so, as my team opens the documents here, we would have 67 from Santa Vitória, but the rainfall there was very good, was very positive, 91 at Jalles and 96 at Otávio Lage. So, that is the expected productivity for the three units this crop year.

Thiago Duarte: OK. Thank you. Thank you, Rodrigo.

Rodrigo Penna: Thank you, Duarte. It's a great pleasure to have you here in our call with us. Thank you very much for your question.

Operator: Excuse me as there are no more questions, I would like to turn it over to Mr. Penna for his closing remarks. Over to you, Mr. Penna.

Rodrigo Penna: Well, I would just like to once again thank the entire Investor Relations team, Lucas, our guys in the accounting department, and all of you, of course, thank you very much for participating once again.



I would also just like to mention that this year we have not so good news in terms of ethanol prices, which is partly offset by higher sugar prices, but we would just like to tell you how happy we are about the construction of our sugar facility. Everything is going according to plan; the operational team is very excited and fully committed in the construction of that unit. Of course, and next year we are going to see a significant increase in the share of sugar in our production mix. And as I said in the beginning, we believe that the company made the right decision when we decided to make that investment.

And if you have any additional questions, please feel free to reach out to us, we're here to answer any questions you might have. Thank you very much and see you next time. Have a good one. Bye-bye.

Operator: This concludes Jalles' 1Q 24 conference call for today. Thank you very much. Have a good day.