

**International Conference Call
Jalles Machado (JALL03)
4Q Earnings Results and Crop Year 22/23
June 29th, 2023**

Coordinator: Good morning, everyone, welcome to Jalles earnings call in which we'll be presenting results for Q4 and the 12-month period for crop year 2022-2023 ending on March 31st, 2023.

This is being recorded and it's being simultaneously interpreted into English. Both recordings are available at [ri.Jalles.com](https://ri.jalles.com). All participants are in a listen-only mode and at the end of the presentation we'll have a Q&A session. Further instructions will be given then.

The company's presentations and the release for Q4 results and 12-month period are also available at the company's website.

I would like to say that forward-looking statements made during this presentation regarding business perspectives, forecasts, operational and financial goals related to the potential for growth are based on assumptions of the company's management as to the company's future. These projections depend on foreign and domestic markets and the economic scenario, both domestically and abroad, and are therefore subject to change.

We have Mr. Otávio Lage de Siqueira Filho, CEO, and Mr. Rodrigo Penna, CFO and IR Director are here with us today.

I'll turn over the floor to Mr. Siqueira. You may have the floor now, Sir.

Otávio Lage Filho: Good morning, everyone. I would like to thank you for attending this call, I would also like to thank our team, Rodrigo Penna, our CFO and IR Director, I would like to thank the entire team that helped us put together all these reports.

We, of course, want to be as transparent as possible and provide all the necessary information about our business. I'll be here just for this opening remarks and I would like to highlight the following important events, such as the acquisition of Santa Vitória, now we're going to be producing sugar because it was called Santa Vitória Sugar and Alcohol in the past, but it only produced alcohol, we now have approved the investments to start the production of sugar, so that investment was important so that we can have better results with sugar based on current sugar prices. We're also fixing prices for the future and there are some highlights that are worth mentioning the rainfall in April of last year, it's very important in Goianésia so that will determine our yields and we had a little rainfall in April. Our expectations were a little higher.

Another highlight was the fact that shipments of organic sugar are now back on track on track because of the disruptions in logistics, a shortage of containers that have been restored. There are some SG&A highlights as well, on the social front we have been awarded in that conference due to the participation of women, we

have been awarded for that number of women in our staff that makes us very proud, we have been supportive to women to work in every area of our company, tractor, harvester operators. IGPTW also for the fourth or fifth time in a row we have been ranked 7th in the Brazilian Midwest among large corporations; that's an indication that employees are satisfied, that is a customer satisfaction survey.

Let me point out a couple of highlights that are in our sustainability report. Our Renova Bio score was 21.5% above national average for anhydrous ethanol, and 21.25% above in the case of hydrous ethanol, that's again an indication that we do have good practices as far as the environment goes.

We are also starting the production of biogas at Otávio Lage unit, it's expected to start this year, that's a partnership that we have put together to generate that thermal electric energy with Albioma, a public company from France, the results are very promising. We have been able to reduce water consumption and that was a 33% reduction for both our agricultural and industrial activities. We have an increase of 72% more native trees, this is a work we have been doing from the very start of operations recovering riverheads, and we have planted over 5 million trees. This also makes us feel very proud.

We have 43,683 hectares of native forests, one of them is in Cavalcante, so we do have carbon inventory of over 16 million tons, so that is an indication that the environment is part of our DNA.

On the social front, on top of having 23% of women in leadership positions and 24% overall, so these are very substantial numbers and we've been awarded for that, and as far as governance goes, we have established our compliance department and it's now part of sustainability. We have consolidated risk management policies; this is based on an internal audit. And as far as efficiency goes, let me point out that we have increased our crushing capacity, after the acquisition of Santa Vitória our goal is to reach 9 million tons of sugar cane, and also, an increase in our production of electricity, we do have a very modern thermoelectric power plant and we can increase our energy generation by over 24%.

We have invested and we'll keep on doing so, especially in Santa Vitória, to increase our capacity of sugar cane production and also our yields that are already 18.8% above national average. So, we have been recovering the soil, we're changing the fertilizing strategy so that we can boost our yields, we have been investing in new varieties, in partnerships and IAC, Ridesa, CTC, that makes a huge difference. Our varietal profile is very good. These are new varieties that are giving excellent results, so we expect that we can have yield gains and more efficiency on the agricultural side.

So, these are the highlights. Once again thank you once again for being partners and the confidence, and we are still hoping for better days, and they'll surely come eventually.

So, thank you so much. Over to you, Rodrigo.

Rodrigo Penna: Good morning, everyone. Thank you, Otavinho, thank you for your opening remarks and thank you for the hard work of the entire team and all directors, of course.

Let me just share my screen with you. Can you see my screen in presentation mode? Yes, yes, we can. Alright, great. Well, once again, thank you for attending yet another earnings call.

As we expected, this quarter would bring less revenue given the advanced sales we had to benefit from the opportunities for both Jalles, you can see that in pro forma results. However, it was a year filled with challenges, tax changes, the impact of weather-related events. However, results for the entire year were very positive and with good news as far as the future is concerned.

I'll be talking about the sugar production in Santa Vitória and the growth that Otavinho has just mentioned, our journey to boost our yields in agriculture and integration with that company that have given us excellent results.

Well, let me start with the highlights. We had an 11.1% revenue growth when compared to the previous crop year – these are consolidated numbers –, organic sugar shipments are now back on track, so it's a fourth quarter in a row of growing or increasing shipments, a little below what we expected for the year, but we had those shortages of containers in the past, but anyway, this is an upward trend. Adjusted EBIT was 34% compared to 48% last year, in absolute numbers in the pro forma we have very similar numbers. Adjusted EBITDA was 12% above that of last year in consolidated numbers.

We announced this pro forma number, we don't like them in general, but for this specific year and for the next, because there's the consolidation with Santa Vitória, it was part of results when the transaction was concluded as of April 22, that was part and parcel of it, so it's key so that we can have a more comprehensive view taking into account Santa Vitória, especially because we have benefited from better prices earlier and that did not show in the consolidated report.

Anyway, pro forma revenue was 2.341 billion when you include Santa Vitória numbers, adjusted EBIT as I said was 34%, and in pro forma included Santa Vitória was 32.5% for the year. Net income was 692 million impacted by those R\$428 million related to that advantageous purchase, when you have the pro forma profit and removing that effect, numbers are 325 million combining Santa Vitória and Jalles' operations, below last year's numbers, but still a substantial number as far as results are concerned.

Our cash earnings 321 pro forma, 283 million are they consolidated results. In cash earnings we exclude a couple of items that are very clearly detailed. As far as cogs are concerned, numbers were up and one of the drivers was the fact that biological assets were positive and this year there were negative, so that increased cogs and decrease cogs last year, and we have higher costs for inputs and fuels. That's the breakdown of our cogs so that you can clearly see the main elements or the main items, and I would like to point out that labor used to be the largest contributor and now that we have a spike in recent years or in the last

year, inputs are now accounting for more than labor, and also, fuel and lubricants are at the same level of the cost of labor.

As far as CapEx is concerned, when we exclude Santa Vitória, CapEx was up not including agricultural practices that was 12%, when you include Santa Vitória numbers, including the maintenance, planting all the other activities, that was a 51% increase. Agricultural practices now, despite not including Santa Vitória numbers, the increase was 40% excluding Santa Vitória numbers, and we have 104% that was caused by higher input costs, especially fertilizers and fuels, and even that partnership that ended up impacting those numbers.

We have maintained our hedging policy for the 23/24 crop year ended March with 210.00 tons fixed average price was 1.165, the average price today is a little over 2.000, 2020-2.030 for the 23/24 crop year, 24/25 we had a remainder there to sell, average prices were up and now we're starting to hedge for 25/26 crop year.

I would like to remind you that these prices are well above historical levels, which are 1.800, that's why we have maintained the policy to benefit from this moment in time and maintain our hedging policy, and I'll be talking a little bit about Santa Vitória strategies.

On to the debt, we had very interesting loans, we had an incentivized debenture earlier in 2022 and another one during the crop year 23/24, 450 and 350 million, a total of R\$800 million, all of them with maturity profile between 7 to 10 years. So, our debt profile is very elongated. The average maturity is 5.1 years, we were prepared to have that robust cash, so our cash position is very good to pay for the acquisition of Santa Vitória, even after the acquisition and the CapEx our cash position is 1.020 billion in March 2023. Leverage is very comfortable, 0.95 considering consolidated EBITDA, and 0.69 when you include all the EBITDA for that pro forma year of Santa Vitória, 0.7 that's our debt ratio.

Most of it, 58%, with the capital markets, 26% are basically multilateral, FCO, The Brazilian Development Bank, a smaller portion of working capital with bilateral banks, only 9% is denominated in dollars, and still we are protected, we have that hedging so that we're not exposed to foreign exchange fluctuations.

I'm going to go over operational highlights because we discussed that at length during the previous call. Let me just give you an update as far as rainfall is concerned. Otávio Lage and Santa Vitória, the last rainy season rain rainfall was satisfactory with the equivalent to the historical distribution, which is good for this crop year, but since April of last year and we had a very dry month, the ratoons harvested in April and May are still recovery from that stress we had last year, a lot less rainfall than the average in the region, but the rainfall was satisfactory as I said in this last rainy season.

For the year, the average sugar prices were a little above those of last year and ethanol the average prices were below, at 3.26. CBIO prices were at average prices, were R\$132 and we benefited from that higher prices in the previous crop year, and then prices came down to R\$80-90, we withheld the sale of CBIOs and now we resumed it for the 23/24 crop year, so we stopped selling for some time when prices were down. Today prices are between R\$130-140.

Ok, on to the sugar mill in Santa Vitória, ever since the M&A we've been discussing and negotiating with the market. Despite the many qualities, we have been able to extract from that acquisition, but the point is they only produced ethanol back then, so the investment wouldn't justify the investments in sugar because of historical prices between sugar and ethanol, so there were many advantages in that deal and we are getting more and more excited because of that acquisition, because the industry is well-built, a lot of water in the surrounding areas, the expansions are going smoothly, new partnerships, there's a very large area, so a lot of areas being offered for agricultural partnerships way above our need to reach that 2.700, we've signed deals with the area we need, so this has been going well and we are very excited with the team and the level of engagement of the Santa Vitória staff with the integration and that growth project.

But the downside is we don't have sugar, this is something we experienced at the Otávio Lage unit, so whenever sugar prices pay that premium better than that of ethanol, we decided to make the investment to be more flexible because we did not need that investment up until we reached 2.7 million tons to produce ethanol 100%.

As far as the process goes, of course you have the boiler, crushing, we would have to make adjustments, I mean, not adjustments, but investments per se, but as the molasses that is ready to produce either ethanol or sugar, we have increased that capacity in almost 4 million tons, an additional capacity to both produce ethanol and sugar once the molasses are ready so we would have to make investments in preparing, crushing, boilers, but that portion is already there available and that will increase our flexibility, we'll be able to have a mix of 52% sugar, investments are estimated conservatively speaking, there's several efficiency gains we can capture in that investment, but it's 170 million we can have or process 150,000 tons per crop year.

So, the mix goes up from 36 to 51% of sugar, we can export more further mitigating the risks inherent to the business, we can benefit from that ethanol premium, or rather the sugar premium, that's interesting for investments, so it's a very viable investment and at the same time we'll mitigate risks in having sugar accounting for more of our production and compared to that of ethanol.

On to brownfield, this is the current status of the Jalles and Otávio Lage units, that's organic growth. Of those 517 million that we announced between agriculture industry and irrigation, we have executed 300 million, 160 million in 21/22 and a little over 140 million for 22/23, so would still be short or still 216 million to use. So, there were some delays as of crushing for the year because of those problems we had last year, we're now recovering part of it this year already, and that's the reason why we haven't seen more revenues now, greater crushing numbers for this crop year, this will happen for 24/25 and 25/26 crop years.

These are just pictures, biogas is also part the investment in our boiler and Albioma is making that investment in biogas to generate energy, so it's almost ready. These are pictures taken in late March, we are adding those reservoirs to produce biogas, it's being filled with vinasse. We're expanding the storage capacity for sugar, the boiler that was just fantastic, and we're also expanding the

sugar capacity in Otávio Lage to enable us to make more sugar in the mix than what we had before.

We published the guidance yesterday, 7.3 million tons for three units, the TCH will be 84.4, the two units in Goiás will have an average a little over above 93 tons per hectare according to the guidance, and Santa Vitória at 67, so Santa Vitória brings the average down, something that was clearly explained ever since the acquisition took place, and the challenge is to keep on increasing that productivity with everything that is already going on, everything is going according to plan.

We have been able to make adjustments to increase that productivity year after year and we'll reach full capacity by 2026, 2.7 million tons. Well, the mix will be 33%, sugar 64, ethanol given the fact that Santa Vitória only has ethanol, and this is the guidance as far as investments go. We broke down by estimated investments in the brownfield, 1 million tons for Jalles and Otávio Lage units, we're expanding the agricultural activities in Santa Vitória so that we can have higher or larger areas for sugar cane plantation, and we're now announcing investments in the sugar plant, 127 million, 75% for this crop year. The plant will be operational for the next crop year, but there will always be some investments required that will be used when we start a new crop year. So, for this one is 127 and recurring planting renewals and maintenance in between crop years, 362. From 22/23 crop years, the guidance we had given referred to Jalles Machado and Otávio Lage units because we didn't have Santa Vitória then.

That's it. Once again, let me invite you to Jalles Day next week, on the 5th in Goiânia in the afternoon, and on the 6th in Goianésia, it's going to be a field day, we'd love to have you in those two events. Thank you once again for the partnership and for your interest in investing in Jalles Machado.

I once again would like to state that we are very excited with these new projects, that's the challenge to grow Santa Vitória to expand our agricultural areas and improve the sugar cane plants.

I didn't mention the hedging for sugar cane, we've seen a drop in prices ever since the announcement was made, sugar prices are going down, so we have just announced the plant, so was it because of our acquisition the prices changed so much? Of course, I was kidding, but let's move on to the Q&A session and then I'll be able to address the hedging. Thank you very much, the floor is yours for the Q&A session.

Question and Answer Session

Coordinator: Alright, let's start with our Q&A session. To pose a question, please use the Q&A button at the bottom part of your screen. If you want to want to ask a question over the microphone, just write that you would like to ask a question. You can submit your question in writing typing the Q&A box. If you are connecting over the phone, you can also ask a question, in that case press *9. Once your name is announced, you'll hear a message asking you to press star 6 and then your microphone will be unmuted. Do that just once.

All right, first question is Gabrielle Barra, from Citi, asks the first question over the microphone.

Gabriel Barra: Can you hear me? OK, good. I actually have two questions. You mentioned Santa Vitória, I'll take that as my first question. Could you, please, elaborate payback for the plan? The spread is very limited, and returns are very high for that kind of investment, can you give us more information about your take on these numbers? And along the same lines, we've been talking about these things for quite some time, I was under the impression returns were not as good as expected, so what has changed since then? Have there been any changes in the calculation of numbers that would justify these investments? That was my first question.

Now my second question is about hedging. When you looked at the charts that you put together, you may make more money or lose money when you hedge, but again, my question is about your hedging policy. Is it worth maintaining this policy or would it be positive to change that policy? And if you could please compare that to current prices, I think it would be beneficial for us to understand your hedging policy a little bit better.

Rodrigo Penna: All right, thank you, Gabriel. As to investing in the sugar plant of Santa Vitória – that was her first question, right? –, well, in actual fact, the rationale behind it that justified our decision to do it, we're not using the plant this year, it will be operational next year, but given the opportunity given by those crops in terms of price when comparing ethanol and sugar prices, that changed the ROI completely. And why? We don't need sugar to expand the industry, all the return of that CapEx will come from the delta we'll have between sugar and ethanol prices. That's the assumption we had, since that delta is greater for these two next crop years, we'll then be able to get interesting results, it won't cover for all the investments, but after these two crop years, we'll have been able to cover 50% of the investment, a little over 50.

Based on historical premiums, we have sugar of ethanol, we'll be able to cover the rest of the investment. That's the premise, the premium between sugar prices and ethanol price will cover, will bring that return on investments.

We talked to you and then the market overall, so when we had to calculate return on investments before March, there was that mismatch, so it reached its peak in March in April with that price spike for sugar. As to the prefixed hedging, let me also address the sugar plant, we moved very swiftly after the announcement was made, especially for the 24/25 crop year because premiums are higher when compared to historical sugar prices and also ethanol prices, the price for ethanol next year when compared to sugar we are hedging it with room for price increases 25% of that and 75% with simple policies, and we have been able to discounts here and there, maybe weather-related events, we do that on the spot, but we've done almost 90% for 24/25, almost 90% of what we set out to do.

Our intention was to mitigate risks if prices go up substantially or if there were delays with the month. We are covered with that hedge to mitigate that risk.

OK, now on to our hedging policy, that was a good question, let me just point out, Gabriel, that that historical average prices in reais, numbers that are updated for sugar, is around 1.800-1.900, so they are well above historical prices and we're now defining investment now, we wouldn't like to take any risks, that's why we sped up the process even before the market prices went down. We didn't do that at the highest price, but still at reasonable prices as far as investments go. ROI for the project it's about 20%, but we are being very conservative in these projections.

On to margins, we have margin calls in our contracts, almost all of them is term contracts, it's a commodity NDF, we are not having problem there, therefore. Looking down the road, except for the 23/24 crop year, the current one, in which average prices is a little over 2.000, in March it was nine 1.965 and the market is 2.600-2.700 today, but for 24/25 and 26/27 crop years, we are right in the money on future hedging operations.

Did I answer your question, Gabriel?

Gabriel Barra: It's deleveraged 20% actual?

Rodrigo Penna: Yes, nominal, 20% nominal, with conservative premises because what actually gives the return is the different prices between sugar and ethanol that will depend on ethanol prices for future years when we compared to sugar prices that are fixed. So, our premise is 2 years' time frame, and then the historic prices I would believe it's going to be bigger, and it was not considered. Future growth for Santa Vitória we for sugar and ethanol production not including crushing facilities that would require more investments in the agricultural portion, but this is for the futures, this hasn't been included as a criterion for our return calculations.

Coordinator: Henrique Brustolin from BTG Pactual asks the next question.

Henrique Brustolin: Good morning, Rodrigo. I have two questions. One is about the crushing guidance. We see TCH growing up, but with less harvested area, I would like to understand how much is that result of the Santa Vitória operations, but also you said that you're reaching full capacity in 26 to Santa Vitória, but what is the ramp up, especially taking into account productivity gains? Is it 67 TCH for 23/24? How much recovery you will have in EBIT in years to come? Are you going to focus on management practices, or have you identified soil quality, sugar cane varieties or new machinery? That's my first question.

My second question is about productivity gains for the year. What's your production unit cost for 23/24 crop year? So, these are the two questions we would like to ask, Rodrigo.

Rodrigo Penna: Thank you, Brustolin, these are very good questions, as usual. On to Santa Vitória first, we have a lot of area under renovation, almost 5.000 hectares that is being renovated, those areas that were worse, that's why you be able to see a pickup next year. Planted area for the year is about 7.000 hectares, so there's also expansion, there's a large area for sugar cane next year at Santa

Vitória, and we are renovating or improving the worst areas, so that will be that effect, absolutely. Our harvested area will be marginally 500 hectares smaller than that of last year because we are setting aside a larger area for improvements.

The growth road map up until then, so we would like to invite you once again to Jalles Day, we'll be discussing these points very closely, our agricultural teams will be there available, Joel, the operational or director of operations rather, and we're bringing an expert in the industry, Marcos Landell, he knows his way around sugar cane management practices, and he'll be talking about those practices in further detail. We haven't announced any ramp-up numbers as to how we are reaching those numbers, but it's linear to a certain extent, that includes cultural traits or that would involve irrigation, fertilizers, we make some adjustments, adjustments that have been made with the Santa Vitória team, we are talking about salvation irrigation because they had the equipment, we're using organic compounds in areas in which they are important, sugar cane varieties we talked about that extensively, they had a variety that was very specific for that region and we're now replacing that variety with way more projective varieties and that will contribute to that productivity gains.

And the work we do day in day out to keep on improving and doing the right thing at the right time as far as the agricultural operation is concerned, we had already been working a lot from the Geribá people, the people that took over right after that, Geribá folks that were there and work together with the team they already had. They had some projects under the way, and we are taking the Jalles' know-how as far as agriculture is concerned, we're transferring that over to Santa Vitória. The synergy has been very good and that will do better, so everyone is committed to the success of that integration.

As to the unit cost, we expect that that will go down. When we compared to our budget for the year, when we take the fact that input prices are way below those of last year and we're still getting some positive surprises. As to the prices, we're being able to negotiate these inputs, prices are coming down dramatically, fertilizers, chemicals, inputs, industrial inputs as well. Prices had gone through the roof, was an outrage, so they're coming down and they're coming down fast. So, unit cost is going to be lower, absolutely for the year.

Henrique Brustolin: Thank you, Rodrigo. A quick follow-up on your second answer. Unit cost thinking about growth in terms of... is it more crushing an 8% increase? Are you going to be diluting unit costs, would that make sense? Or is it because of lower input prices? Could that be a little bit better than 8% coming from more crushing volumes? I wanted to try to find out where that improvement will come from.

Rodrigo Penna: Yes, it does make sense. I think we'd rather be more conservative as far as that projection is concerned. Let's see what the future brings. We've seen substantial decreases for both agricultural inputs as I said and in fuel prices as well and they make an important contribution to our costs overall.

Coordinator: Pedro Fonseca from XP asks the next question.

Pedro Fonseca: Good morning, good morning, Rodrigo. Actually, I have two questions, one has to do with margins. When we look at the track record of the company, there's several moving parts, price spikes and then higher input prices and now Santa Vitória acquisition. What can we expect looking down the road? What would be EBIT and EBITDA margins, what would be the normalized margin considering Santa Vitória's M&A, and especially going through that ramp-up in productivity improvements?

My second question is a follow-up on organic sugar. What do you project as far as prices are concerned and the combination higher commodity prices, but also freight prices coming down? Can you give us more detail as to the contracts how you renegotiated prices? Thank you, Rodrigo.

Rodrigo Penna: Thank you for your questions, Pedro. As far as margins are concerned, we do not give any guidance in that regard, but historically speaking, even before that major improvement we had in 21/22 crop year, EBIT margin reached almost 50%, company's margins fluctuated between 20 odd and 30 odd, that was the EBITDA margin was about 30% in the past, but organic accounted for 20% of our revenues.

Let me give you some color in the organic looking into the past. When you have lower freight prices, that was important, we have seen some slight impact on prices, but above from prices of the last crop year. On Jalles Day, we'll also have our commercial people having the chance to explain in depth our expectations with experts for both ethanol, sugar, and they will also touch upon organic sugar projections as well. We're now signing contracts with prices that are above those of last year, about 10% higher when compared to last crop years' prices, this is what we've seen so far.

Pedro Fonseca: Perfect, thank you.

Coordinator: Use the Q&A icon at the bottom of your screen, you can submit the question in writing or just state that you would like to ask a question using the microphone. If you are using your cell phone, please press star 9.

Since we have no more questions, I would like to turn over the floor to Rodrigo for his closing remarks.

Rodrigo Penna: Once again, thank you all for attending the call, thank you for asking questions, thank you for the partnership. This is an important value to our company, we praise transparency and being close to the market analysts, once again, thank you so much.

Once again, I would like to invite all of you to attend our Jalles Day, we'll be presenting our sustainability report, it's been audited by the Bureau Veritas, so once again I would like to congratulate our colleagues in the environment department for their excellent work, so SG&A... or ESG rather, you'll have a chance to see what we do, well above market averages for both the social

aspects and environmental aspects and agriculture practices, we have the best scores in the market.

So, thank you, we hope to see you our Jalles Day and see you. Thank you so much, have a great day.

Coordinator: If you have any questions, please direct them to the IR. We have just received a question in writing, it will be answered by IR. So, this concludes Jalles earnings call. Thank you so much for attending, have a great day.