

## MESSAGE FROM THE CEO

In the biennium between 2020 and 2022, we overcame major challenges and celebrated important achievements for Zilor. We completed 75 years in the 2021/2022 harvest year as a Company that is renewed every day to grow and generate value for all stakeholders, preserving the values of our Corporate Culture and the principles of ethics, respect for people and care for the environment, always present in our trajectory.

In the 2020/2021 and 2021/2022 harvests, we materialized several projects that generated operational and results improvements. In both cycles, total productivity, measured by the ton of cane per hectare (TCH), showed an increase in relation to previous harvests. Biorigin's production volumes of sugar, ethanol and natural ingredients also grew, as a result of the efficiency actions we have implemented in our industries.

As a result of these developments, we achieved growth in total net revenue in the two harvest years (R\$ 2.4 billion in the 2020/2021 harvest and R\$ 3.2 billion in the 2021/2022 harvest) and in adjusted EBITDA (R\$ 750 million and R\$ 1.1 billion, in the two periods, respectively). We also had a

significant increase of 65% in net income and a significant reduction in the Company's leverage over the last four years: the net debt/adjusted EBITDA ratio went from 5.00x in March 2019 to 1.26x in March 2022.

These achievements took place even in a very adverse external scenario for operations in the fields, with challenging weather conditions, such as frosts and droughts. The Covid-19 pandemic, since 2020, has generated instability in markets and logistics chains, in addition to having demanded even greater care to protect people's health while keeping our essential operations running. Thus, the discipline to fulfill all commitments, the engagement of employees and partners, better production planning and the strengthening of our management skills allowed us to take advantage of more favorable commodity prices.

Our remarkable performance is also the result of our business diversification strategy to reduce the impact of fluctuations in commodity prices and increase predictability in cash generation. Biorigin, which exports 90% of its production to more than 60 countries, is one of our main growth drivers.

**Fabiano Zillo**  
Zilor CEO





## We innovated in financing mechanisms, raising **R\$ 100 million** via BNDES RenovaBio and new modalities for purchasing sugarcane from Agricultural Partners

In the last biennium, the business unit was impacted by the effects of Covid-19, which affected the global logistics chain, in addition to geopolitical instabilities. To respond to this scenario, we implemented a series of actions aimed at better cost management and negotiations for fixing sea freight. On the other hand, changes in consumption habits and patterns in the same period increased the demand for healthy food and greater care for domestic animals, enhancing opportunities for Biorigin products, such as ingredients that source vitamins and proteins, which promote health and well-being and those that improve pet performance.

Another diversification lever is the renewable electricity export business. We won the right to sell and operate in auctions promoted by ANEEL and we will invest approximately R\$ 550 million to expand the cogeneration capacity in the São José units, starting in 2023, and Barra Grande, in 2024. The installation of additional turbines will increase the boiler efficiency, allowing the growth of energy generation with the same amount of biomass, in addition to the reduction in steam consumption in the plants.

Along with the evolution of all businesses, we led a transformation of our corporate governance and risk management model, adopting even better practices for conducting business and investments. Supported by internal control processes and efficient cost management, we made progress in optimizing the strategy for raising funds and allocating financial capital.

We raised, for example, R\$ 100 million through the BNDES RenovaBio financing line, linked to the achievement of carbon emission reduction targets. The funds will be used to improve our industries' energy and environmental efficiency. Funding, and issuance of securities in the 2020/2021 and 2021/2022 harvests totaled around R\$ 780 million. These operations contributed to strengthen the Company's cash position, which ended the 2021/2022 harvest at R\$ 1.8 billion.

We also created the Agricultural Partners Financing Program, an innovative way to encourage sugarcane producers who are part of Zilor's Agricultural Partnerships Program, with whom we have a long-term relationship and mutual trust. The program is made possible through a Credit Rights Investment Fund (FIDC), with the funding of R\$ 120 million.

We also structured the ATR (Total Recoverable Sugar) Future Price Fixing Program for Partners, a complement that aims to improve the ecosystem with Partners with a tool that mitigates the risks of market price fluctuations and provides more predictability to the flow of cash, contributing to strengthening the sustainability of Agricultural Partners.

We have also strengthened the ESG pillars that have been part of our values since the beginning of our activities and have been consistently maturing. With the support of a consultancy specializing in economic sustainability, we carry out a diagnosis of our practices and a benchmarking study with the best market practices. Thus, we identify priority themes for our management and disclosure of results and developments in a continuous and transparent manner, through quarterly reports aimed at the market.

To monitor this project, we created an internal multidisciplinary committee dedicated to addressing the issues and implementing improvements, which have been unfolding into programs with goals and which will be carried out in accordance with the Company's level of maturity.

In this sense, one of the most important issues on which we act is the safety of our employees, a non-negotiable value of our Company practiced in our daily lives through structured programs to mitigate risks and prevent accidents. During the most critical moments of Covid-19, we adopted strict safety protocols, adapted, and digitized our processes, supported communities in the municipalities where we operate and managed to navigate the most acute moments of the health crisis with determination.

In addition to our operations, we accelerated the consolidation of our private social investment strategy, focused on supporting education, culture and sport. We carried out our first selection process within the scope of the Aprender Sempre (Always Learn) Program to encourage projects supported by Income Tax, with the training of proponents from the communities based on the selection of

26 initiatives and a total contribution of R\$ 4.3 million. In the 2021/2022 harvest year, R\$ 5.2 million was invested, including owned and incentivized resources, primarily in education projects in the communities where we have industrial operations.

The advance of vaccination against the coronavirus, in the second half of 2021, allowed the resumption of productive activities, in a global socioeconomic context significantly oriented towards sustainable development. In this environment, renewable energies and the decarbonization of the economy are central themes to promote the fight against climate change.

On the other hand, the uncertainties in the global economy, especially in the China and Asia markets, continue to be a challenge for all businesses. Therefore, attention to cost management, efficiency and product quality are pillars that we must continually strengthen.

We arrived at the 75 Harvest as a result of the delivery capacity of a team focused on innovation, operational efficiency, and



## We made **progress on the ESG agenda** with an internal multidisciplinary committee and the identification of priority topics for management and accountability

sustainable growth. Our trajectory is marked by the entrepreneurship of our founders, by overcoming the challenges of our teams and by the desire to transform the world from clean and renewable energy and the food and natural ingredients we produce.

We continue together, with the conviction that we are the energy that takes us to the future and our activity contributes to three of the greatest challenges on the planet: food safety, energy safety and climate safety.

Thank you all!

**Fabiano Zillo**  
Zilor CEO