

Agriculture at its best

EARNINGS RELEASE 2Q23

VIDEOCONFERENCE

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SLC *Agrícola*

GENERAL INFORMATION

Porto Alegre, August 9th, 2023 - SLC AGRÍCOLA S.A. (B3: SLCE3; ADR: SLCJY; Bloomberg: SLCE3BZ; Reuters: SLCE3.SA) announces today its results for the second quarter of 2023. The following financial and operating information is presented in accordance with International Financial Reporting Standards (IFRS). The information was prepared on a consolidated basis and is presented in thousands of Brazilian real, except where stated otherwise.

In this Earnings Release, the terms below will have the following meaning:

"2Q22": means the data, based on the consolidated interim financial statements, that consider the operations of the Company and of its subsidiaries, for the second quarter of 2022 (April to June).

"2Q23": means the data, based on the consolidated interim financial statements, that consider the operations of the Company and of its subsidiaries, for the second quarter of 2023 (April to June).

"1S22": means the data, based on the consolidated interim financial statements, that consider the operations of the Company and of its subsidiaries for the first semester of 2022 (January to June).

"1S23": means the data, based on the consolidated interim financial statements, that consider the operations of the Company and of its subsidiaries for the first semester of 2023 (January to June).

"HA": HA refers to the horizontal percentage variation between two periods.

"VA": VA refers to the percentage representativeness of the account over a given total.

Disclaimer

We make statements concerning future events that are subject to risks and uncertainties. These statements are based on the beliefs and assumptions of our Management and on the information currently available to the Company. Forward-looking statements include information on our current plans, beliefs or expectations, as well as those of the Company's directors and officers. Forward-looking statements include information on potential or assumed operating results as well as statements that are preceded, followed by or include the words "believe," "may," "will," "continue," "expect," "project," "intend," "plan," "estimate" or similar expressions. Forward-looking statements and information provide no guarantee of performance. Because they refer to future events, they involve risks, uncertainties and assumptions and as such depend on circumstances that may or may not occur. The Company's future results and creation of value for shareholders may differ significantly from the figures expressed or suggested in the forward-looking statements. Many factors that will determine these results and values are beyond our capacity to control or predict.

QUARTER'S FINANCIAL HIGHLIGHTS

(R\$ thd)	1S22	1S23	HA	2Q22	2Q23	HA
Net Revenue	4,073,968	3,663,737	-10.1%	1,664,892	1,444,422	-13.2%
Variation in Fair Value of Biological Assets	1,810,419	1,540,641	-14.9%	723,691	685,770	-5.2%
Gross Income	2,407,043	1,900,766	-21.0%	928,366	732,980	-21.0%
Gross Margin	59.1%	51.9%	-7.2p.p.	55.8%	50.7%	-5.1p.p.
Operational Result	2,123,916	1,617,280	-23.9%	808,316	644,004	-20.3%
Operational Margin	52.1%	44.1%	8.0p.p.	48.6%	44.6%	-4.0p.p.
Net Income	1,282,645	923,694	-28.0%	485,585	348,719	-28.2%
Net Margin	31.5%	25.2%	-6.3p.p.	29.2%	24.1%	-5.1p.p.
Adjusted EBITDA	2,079,692	1,503,319	-27.7%	820,262	569,743	-30.5%
Adjusted EBITDA Margin	51.0%	41.0%	-10.0p.p.	49.3%	39.4%	-9.9p.p.
Cash Flow	(131,488)	(828,629)	530.2%	(580,767)	(386,073)	-33.5%

Invoiced Volume (tonnes)

Crops	2Q22	2Q23	Δ%
Cotton	49,180	51,252	4.2%
Cotton seed	11,166	18,170	62.7%
Soybean	388,785	356,755	-8.2%
Corn	51,475	31,468	-38.9%
Other Crops	12,809	7,991	-37.6%

Gross Income by Crop – R\$/tonnes

Crop	2Q22	2Q23	Δ%
Cotton	5,721	2,864	-49.9%
Cotton seed	1,034	522	-49.5%
Soybean	1,378	962	-30.2%
Corn	382	428	12.0%
Cattle ⁽¹⁾	125	(562)	n.m.

⁽¹⁾R\$/head

Hedge Position - FX – Material Fact 07.03.2023 x 08.07.2023 Position

CROPS	Material Fact 07.03.2023		08.07.2023		Variation	
SOYBEAN	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24
%	72.7	13.7	76.2	20.5	3.5	6.8
R\$/USD	5.48	5.79	5.46	5.49	-0.02	-0.30
Commitments%	1.7	49.1	1.7	36.9	-	-12.2
COTTON	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24
%	65.5	10.0	64.2	16.0	-1.3	6.0
R\$/USD	5.76	6.14	5.76	5.7	-	-0.44
Commitments %	0.1	27.0	0.1	21.1	-	-5.9
CORN	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24
%	72.3	19.5	75	31.6	2.7	12.1
R\$/USD	5.79	5.84	5.76	5.5	-0.03	-0.34
Commitments %	-	42.6	-	23.3	-	-19.3

Hedge Position - Commodity - Material Fact 07.03.2023 x 08.07.2023 Position

CROPS	Material Fact 07.03.2023		08.07.2023		Variation	
SOYBEAN	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24
%	76.8	27.6	78.9	37.7	2.1	10.1
USD/bu	14.47	12.60	14.45	12.72	-0.02	0.12
Commitments %	1.7	17.5	1.1	16.7	-0.6	-0.8
COTTON	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24
%	59.0	1.3	64.5	3.6	5.5	2.3
USD\$/lb	91.78	70.19	91.13	75.6	-0.65	5.41
Commitments %	-	-	-	-	-	-
CORN	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24
%	1.9	2.9	1.9	3	-	0.1
R\$/bag	69.67	45.00	69.67	45.00	-	-
%	62.2	20.2	68.7	28.7	6.5	8.5
USD/bag	10.13	8.01	9.99	8.17	-0.14	0.16
Commitments %	-	-	-	-	-	-

Inputs –2023/24 Crop Year - % acquired

Fertilizers/Crop Protection	1Q23	2Q23	Δ%
Nitrogen	41%	100%	59p.p.
Potassium chloride	50%	100%	50p.p.
Phosphates	68%	97%	29p.p.
Crop Protection	22%	87% ⁽¹⁾	65p.p.

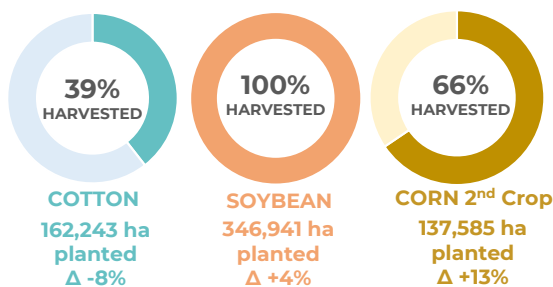
⁽¹⁾ This percentage refers to the total package of crop protection (100% of chemicals purchased and 13% of the biological package still to be purchased).

QUARTER'S OPERATIONS HIGHLIGHTS

Planted Area 2022/23 Crop Year (1Q23 x 2Q23)




Crops	1Q23	2Q23	Share %	Δ %
Cotton	162,274	162,243	24.1%	0.0%
1 st crop	85,854	85,823	12.7%	0.0%
2 nd crop	76,420	76,420	11.3%	0.0%
Soybean (commercial + seed)	346,941	346,941	51.4%	0.0%
Corn 2nd crop	137,823	137,585	20.4%	-0.2%
Other Crops	22,810	27,615	4.1%	21.1%
Total Area	669,848	674,384	100.0%	0.7%

2022/23 Crop Year Status



VARIAÇÃO (Δ) RESPECTO AO ANO ANTERIOR

Planting and Harvesting Schedule

	2Q23			3Q23			4Q23			1Q24		
	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR
 SOYBEAN												
						PLANTING CROP 2023/24				HARVESTING		
 COTTON			HARVESTING 1 st CROP	HARVESTING 1 st CROP				PLANTING 1 st CROP		PLANTING 2 nd CROP		
				HARVESTING 2 nd CROP								
 CORN 2nd CROP												
				HARVESTING							PLANTING	

Budget Yields for 2022/23 crop year

Crops	Budget	2Q23 Forecast	Δ%
Cotton 1 st crop	1,933	2,005	3.7%
Cotton 2 nd crop	1,838	2,072	12.7%
Cotton seed	2,381	2,465	3.5%
Soybean (commercial+seed)	3,923	3,910	-0.3%
Corn 2 nd crop	7,679	7,750	0.9%

Production Cost - R\$/hectare - 2022/23 crop year

Crops	Budget	2Q23 Forecast ⁽¹⁾	Δ%
Cotton 1 st crop	15,163	15,308	1.0%
Cotton 2 nd crop	13,677	13,448	-1.7%
Soybean (commercial+seed) ⁽²⁾	5,377	5,188	-3.5%
Corn 2 nd crop	4,867	4,857	-0.2%
Total Average Cost	7,547	7,436	-1.5%

⁽¹⁾ Figures may suffer changes by the end of cotton processing and the sale of grains. ⁽²⁾ Including seed production costs.

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MANAGEMENT'S LETTER TO OUR SHAREHOLDERS AND STAKEHOLDERS

The second quarter was marked by the consolidation of yields of our main crops. We ended the soybean harvesting a yield of 3,910 kg/ha, which was in line with the prior crop year, when yield set a record, and with our projected budget. The soybean yield also was 11.5% above the national average (CONAB estimate Jul/2023).

In terms of cotton, we advanced in the harvesting of first-crop cotton, which reached 39% of total area. Our yield estimate for cotton lint is 2,005 kg/ha, 3.7% above budget and 0.8% higher than the yield disclosed in the material fact notice of July 3rd. Meanwhile, for the harvest of second-crop cotton, we expect to surpass the projected yield by 12.7%, achieving 2,072 kg/ha of cotton lint. The cotton crops have been delivering good production performance, with good cotton lint yields.

In the case of second-crop corn, we already have harvested 66% of the total area. The crops have been presenting excellent performance and we expect to surpass the budget. Our corn yield estimate is 7,750 kg/ha, which is 0.9% above budget and 23% higher than the last crop year's yield. In short, all crops have been delivering good yields for the 2022/23 crop year!

Higher yields and the intensive use of new digital agriculture technologies had a positive impact on the unit cost per crop. Due to higher production and lower use of inputs, the unit cost of cotton first crop dropped 2.6% and that of second crop dropped 12.8%, while soybean fell 2.9% and corn second crop remained stable.

Net Revenue ended the first half of the year at R\$3.7 billion. Adjusted EBITDA in 1S23 was R\$1.5 billion, with an adjusted EBITDA margin of 41%. Net Income in 1S23 reached R\$923.7 million with a Net Margin of 25.2%, while in 2Q23 this result came to R\$348.8 million, with Net Margin of 24.1%.

The Variation in Fair Value of Biological Assets for cotton lint and cotton seed increased 3.1% in 2Q23 vs. 2Q22, influenced by better yield estimates. In 1S23, mark-to-market adjustment came to R\$635.6 million, with 31,000 hectares (19%) still to be adjusted, since they were not ready for harvest as of the reporting date. For corn in 1S23, R\$86 million was registered, with 13,000 hectares (9%) still to be marked-to-market.

Adjusted cash generation in the quarter was negative R\$386 million, which is normal for this period when working capital needs are higher, mainly due to the crop year inputs payment and significant leasing payments. Despite the negative cash generation, the Net Debt/Adjusted EBITDA ratio ended the period at 1.61 times, which is a comfortable level for a period of high working capital needs.

Although the quarterly results were lower than in the same period last year, margins are healthy and in line with historical results. In the second half of 2023, we will have the sale/delivery of the cotton and corn crops, which are currently being harvested and whose costs have been mostly disbursed, effectively projecting a more positive scenario for cash and the net debt/ adjusted EBITDA ratio.

At the Annual and Extraordinary Shareholders Meeting, held on April 27th, 2023, shareholders approved the distribution of R\$602 million, equivalent to 50% of adjusted net income of the Parent Company (R\$71 million as interest on own capital, paid on January 13th, 2023, and R\$531 million as dividends, paid on May 18th, 2023). Based on the closing numbers of 2022, the dividend yield was 6.3% p.a., with dividends paid in the last five years totaling approximately R\$1.7 billion.

The Shareholders Meeting also approved bonus shares at the ratio of 10%, corresponding to one new share for ten common shares held on the base date of May 8th, 2023.

On April 19th, we concluded the Share Buyback Program for 4 million shares and, on May 15th, we approved a new program for 5 million shares, which will be held in treasury for sale and/or cancelation. Also on May 15th, the cancellation of 7 million shares held in treasury was approved.

In June, the independent consulting firm Deloitte Touche Tohmatsu Ltda. conducted an appraisal of the land owned by the Company. The properties were assessed at ten billion, nine hundred twenty-eight million, three hundred and forty thousand reais (R\$10,928,340,000.00), which represents price appreciation of 12% of the adjusted portfolio, up from nine billion, three hundred fifty-two million, four hundred and seventy thousand reais (R\$9,352,470,000.00). The current average price of arable hectare owned by the Company corresponds to fifty-two thousand, eight hundred ninety-five reais (R\$52,895.00).

On July 4th, we hosted the FARM DAY, an event organized by SLC Agrícola to present to shareholders, market analysts and other stakeholders the daily operations of a production unit. We welcomed 81 participants at the Pamplona Farm, in Cristalina, Goiás state. The immersion day at the farm covered agricultural production, sustainability, technology and innovation, and agricultural efficiency. Panel discussions were held on High Operational Efficiency, Agricultural Intelligence, Circular Economy and the Zero Carbon by 2030 Target. Stations were assembled to provide demonstrations of the cotton harvest, functioning of irrigation pivots, use of drones and high-tech agricultural machinery, cotton processing at the cotton ginning unit and cotton grading process at the Take-up room. In addition, a platform elaborating in the Metaverse environment where users could enjoy a virtual experience at the farm, create their avatar and stop by all stations to interact with the SLC team and watch the presentations recorded on the day of the event. We are also developing a platform in a Metaverse environment where the user can have a virtual experience of the farm, being able to create his avatar and go through all the stations, interacting with the SLC team and watching the presentations recorded on the day of the event, which will be announced shortly.

We advanced in the acquisition of inputs for the 2023/24 crop year and practically concluded the purchase of fertilizers. Moreover, we have already acquired 87% of the crop protection package (100% of chemicals purchased and 13% of the biological package still to be purchased). Based on these hedged inputs, we also advanced in the hedging of grains for the 2023/24 crop year, reaching 38% for soybean in addition to 17% in commitments and 32% for corn.

On the ESG front, we implemented the Circular Economy at Pamplona Farm, linked to our target of Zero Waste sent to Landfills by 2026. And we are implanting the same program at the Pioneira (Mato Grosso), Parnaguá (Piauí), Parceiro (Bahia) and Planalto (Mato Grosso do Sul) farms. The initiative seeks to increase the recycling rate of waste generated by the operations and to zero the amount of material sent to landfills. In addition, we received two important awards: 1) Exame Best in ESG Award, which recognizes the actions of companies in social responsibility, environment and governance. 2) Best companies in the agricultural industry to work for, according to the Great Place To Work (GPTW) consulting firm.

More recently, SLC Agrícola was once again featured in the 2023 ranking of U.S. magazine *Institutional Investor*, being recognized in the categories Small Caps and Agribusiness, in which we won Best CEO, Best Chief Financial Officer, Best IR Professionals, Best IR Team, Best IR Program, Best ESG, Best Event For Analysts/Investors and Best Board of Directors.

We appreciate the trust placed in us by our shareholders, employees and stakeholders and remain focused on doing more and better for Brazil's agricultural industry!

The Management.

MARKET OUTLOOK

[Click here to download the market outlook pdf](#)

OPERATIONAL PERFORMANCE 2022/23 CROP YEAR

The second quarter of 2023 was marked by the beginning of the cotton harvest (first and second crop) and corn (second crop).

Planted Area

The latest data on planted area for the 2022/23 crop year is presented in the following table. The line "Other crops" increased in the quarter due to the inclusion of the planting of 4,700 hectares of millet seed.

Table 1 - Planted Area by Crop 2021/22 vs. 2022/23 crop years

Crop Mix	Planted Area 2021/22 -----ha-----	Planted Area 2022/23 ⁽¹⁾	Share 2022/23 %	Δ%
Cotton	176,985	162,243	24.1%	-8.3%
Cotton 1 st crop	86,357	85,823	12.7%	-0.6%
Cotton 2 nd crop	90,628	76,420	11.3%	-15.7%
Soybean (Commercial + Seed)	334,891	346,941	51.4%	3.6%
Corn 2nd crop	121,633	137,585	20.4%	13.1%
Other Crops ⁽²⁾	38,437	27,615	4.1%	-28.2%
Total Area	671,946	674,384	100.0%	0.4%

(1) Weather factors may affect the planted area forecast.

(2) Other Crops (Brachiaria Seed 6,569.95 ha, Stylosanthes Seed 716.02 ha, Beans, 1,430.58 ha, Sesame 2,494.26 ha, Millet Seed 8,530.88 ha, Corn 1st crop 1,133.88 ha, Corn Seed 667.46 ha, Cattle Herd 3,962.42 ha, Sorghum 1,041.77 ha and Wheat 1,067.74 ha) total 27,614.96 ha.

Yields

Table 2 - Projected Yields 2022/23 crop year

Yield (kg/ha)	2021/22 Crop Year Achieved (a)	2022/23 Crop Year Budget (b)	2022/23 C. Year Forecast (c)	Δ% (c) x (a)	Δ% (c) x (b)
Cotton lint 1 st crop	1,682	1,933	2,005	19.2%	3.7%
Cotton lint 2 nd crop	1,305	1,838	2,072	58.8%	12.7%
Cotton seed	1,833	2,381	2,465	34.5%	3.5%
Soybean (Commercial + Seed)	3,974	3,923	3,910	-1.6%	-0.3%
Corn 2 nd crop	6,303	7,679	7,750	23.0%	0.9%

Soybean

The soybean harvest was concluded in late April, with yield of 3,910 kg/ha, 1.6% lower than the previous year, 0.3% below the initial budget and 11.5% above the national average (CONAB, Jul/23).

Soybean Seed

We maintained our sales estimate to third parties and internal consumption of 1,119,800 bags of soybean seed, with an average quality indicator above 90% germination (SLC Sementes Garante). Today, we produce soybean seed in five states (Mato Grosso, Goiás, Tocantins, Minas Gerais and Bahia) and remain fully focused on maintaining quality and meeting our clients' needs.

Cotton Seed

We maintained our sales estimate to third parties and internal consumption of 121,500 bags of cotton seed, with a minimum average quality indicator of 90% official germination (SLC Sementes Garante).

1st crop Cotton

As of August 04th, we had harvested 60% of the area of 85,800 hectares. The cotton crops have been delivering good production performance, with good cotton lint yields. We estimate a cotton lint yield of 2,005 kg/ha, 3.7% above the budget.

2nd crop Cotton

As of August 04th, we had harvested 16% of the 76,400 hectares cultivated by the Company. The crop cycle is being concluded with excellent development, and we estimate a cotton lint yield of 2,072 kg/ha, 12.7% above budget.

2nd crop Corn

As of August 04th, we had harvested 66% of the area of 137,585 hectares. The areas have been reaching excellent performance, and we expect to surpass the budgeted yield. Our cotton lint yield estimate is 7,750 kg/ha, which is 0.9% above budget and 23% higher than last crop year.

Table 3 - Budgeted Costs – 2022/23 Crop Year

%	Cotton	Soybean	Corn	Average 2022/23	Average 2021/22
Variable Costs	82.7	74.8	81.7	79.8	79.6
Seeds	8.6	11.6	17.7	11.1	12.7
Fertilizers	24.9	15.2	36.9	23.2	25.4
Chemicals	23.5	18.8	13.2	20.6	18.8
Air Spraying	1.7	1.5	1.2	1.6	1.3
Fuels and Lubricants	3.6	5.1	4.5	4.3	4.6
Labor	0.6	0.6	0.4	0.6	0.8
Ginning	9.1	3.7	2.4	6.3	4.8
Maintenance	4.4	3.8	2.9	4.0	4.1
Others	6.3	14.5	2.5	8.1	7.1
Fixed Costs	17.3	25.2	18.3	20.2	20.4
Labor	5.9	7.8	5.7	6.6	7.2
Depreciation and amortizations	3.6	5.5	3.9	4.4	4.4
Right-of-Use Amortization - Leasing	5.2	8.5	6.3	6.4	6.2
Others	2.6	3.4	2.4	2.8	2.6

Table 4 - Production Cost in R\$/hectare, 2022/23 Crop Year

Total (R\$/ha)	Budget 2022/23	Forecast 2022/23 ⁽¹⁾	Δ%
Cotton 1 st crop	15,163	15,308	1.0%
Cotton 2 nd crop	13,677	13,448	-1.7%
Soybean ⁽²⁾	5,377	5,188	-3.5%
Corn 2 nd crop	4,867	4,857	-0.2%
Total average cost	7,547⁽²⁾	7,436⁽²⁾	-1.5%

⁽¹⁾ Figures may suffer changes by the end of cotton processing and the sale of grains.

⁽²⁾ Weighted by areas in the 2022/23 crop year to avoid impacts from changes in the product mix.

⁽³⁾ Including seed production costs.

Table 5 – Unitary Cost 2022/23 Crop Year

	Budget Yield (R\$/ha) 2022/23	Budget Cost (R\$/ha) 2022/23	Budget R\$/Kg (a) 2022/23	Yield Forecast (R\$/ha) 2022/23	Cost Forecast (R\$/ha) 2022/23	Forecast R\$/Kg (b) 2022/23	Δ% b x a
Cotton 1 st crop	1,933	15,163	7.84	2,005	15,308	7.64	-2.6%
Cotton 2 nd crop	1,838	13,677	7.44	2,072	13,448	6.49	-12.8%
Soybean ⁽¹⁾	3,923	5,377	1.37	3,910	5,188	1.33	-2.9%
Corn 2 nd crop	7,679	4,867	0.63	7,750	4,857	0.63	0.0

⁽¹⁾ Including seed production costs

The forecast of costs per hectare for the 2022/23 crop year registered an average decrease in Brazilian real of 1.5% compared to the budget, due to higher production and lower use of inputs, to the lower fuel prices, and lower Amortization of Right of Use of Leases, reflecting the decline in soybean prices. Additionally, higher yields and the intensive use of new digital agriculture technologies had a positive impact on the unit cost per crop. The unit cost of cotton first crop dropped 2.6% and that of second crop dropped 12.8%, while soybean fell 2.9% and corn second crop remained stable.

FINANCIAL PERFORMANCE

Net Revenue decreased in the quarter reflecting the lower invoiced volume for soybean and corn. In addition, invoiced unit prices decreased for all crops except corn. In 1S23, the main variation was the lower volume and unit prices invoiced for cotton lint, thanks to the lower carryover stock for 2021/22 crop year, when yield was lower than that of 2020/21 crop year.

Table 6 – Net Revenue

(R\$ thd)	1S22	1S23	HA	2Q22	2Q23	HA
Net Revenue	4,073,968	3,663,737	-10.1%	1,664,892	1,444,422	-13.2%
Cotton lint	1,645,682	880,662	-46.5%	628,597	449,196	-28.5%
Cotton seed	86,001	88,449	2.8%	16,924	21,873	29.2%
Soybean	2,238,552	2,294,191	2.5%	986,373	807,955	-18.1%
Corn	60,829	92,375	51.9%	46,660	26,496	-43.2%
Cattle Herd	52,169	35,657	-31.7%	25,727	20,839	-19.0%
Others	81,020	23,574	-70.9%	26,303	14,659	-44.3%
Hedge result	(90,285)	248,829	n.m.	(65,692)	103,404	n.m.

Table 7 – Invoiced Volume (tonnes)

(Tonnes)	1S22	1S23	HA	2Q22	2Q23	HA
Invoiced Volume	1,300,213	1,242,751	-4.4%	513,415	465,636	-9.3%
Cotton lint	143,050	100,894	-29.5%	49,180	51,252	4.2%
Cotton seed	60,028	71,627	19.3%	11,166	18,170	62.7%
Soybean	998,040	962,637	-3.5%	388,785	356,755	-8.2%
Corn	63,799	90,944	42.5%	51,475	31,468	-38.9%
Other	35,296	16,649	-52.8%	12,809	7,991	-37.6%

Table 8 – Invoiced Volume (heads)

(Heads)	1S22	1S23	HA	2Q22	2Q23	HA
Invoiced Volume	11,547	8,180	-29.2%	5,687	4,709	-17.2%
Cattle Herd	11,547	8,180	-29.2%	5,687	4,709	-17.2%

Table 9 – Variation in Fair Value of Biological Assets

(R\$ thd)	1S22	1S23	HA	2Q22	2Q23	HA
Variation in Fair Value of Biological Assets	1,810,419	1,540,641	-14.9%	723,691	685,770	-5.2%
Cotton lint	571,912	546,638	-4.4%	571,912	546,638	-4.4%
Cotton seed	44,740	88,988	98.9%	44,740	88,988	98.9%
Soybean	1,078,764	813,857	-24.6%	(3,604)	(31,188)	765.4%
Corn	113,076	86,170	-23.8%	108,576	84,047	-22.6%
Cattle Herd	4,010	4,988	24.4%	2,146	(2,715)	n.m.
Other	(2,083)	-	n.m.	(79)	-	n.m.

The calculation of Variation in Fair Value of Biological Assets ("VFVBA") reflects the estimated gross margin (sale price at farm/sales agreements less production costs) of crops undergoing significant biological transformation in the calculation period and of harvested crops. The variation in fair value pertaining to the sum of cotton lint and cotton seed crops increased 3.1% in 2Q23 vs. 2Q22, influenced by the estimate of higher yields. The soybean crop, whose harvest ended in 2Q23, delivered margins lower in 2022/23 vs. 2021/22 crop years, influenced by the higher costs. Corn margin decreased 22.6% in the quarter, due to estimates of lower margins in 2022/23 vs. 2021/22 crop years, reflecting lower corn prices.

Costs of Goods Sold

Table 10 – Costs of Goods Sold

(R\$ thd)	1S22	1S23	HA	2Q22	2Q23	HA
Cost of Goods Sold	(1,961,906)	(2,149,144)	9.5%	(840,964)	(925,782)	10.1%
Cotton lint	(782,504)	(726,051)	-7.2%	(273,678)	(366,836)	34.0%
Cotton seed	(25,894)	(42,632)	64.6%	(5,379)	(12,400)	130.5%
Soybean	(991,671)	(1,185,859)	19.6%	(458,862)	(498,947)	8.7%
Corn	(34,820)	(59,583)	71.1%	(27,324)	(16,870)	-38.3%
Cattle Herd	(55,298)	(41,094)	-25.7%	(24,260)	(24,133)	-0.5%
Other	(71,719)	(93,925)	31.0%	(51,461)	(6,596)	-87.2%

Cost of goods sold (COGS) increased in 2Q23 vs. 2Q22, due to the higher unit costs in 2022/23 vs. 2021/22. Cost per hectare in the 2022/23 crop year was pressured by higher prices for our main inputs, especially seeds, fertilizers and crop protection, which are in U.S. dollar denominated.

Table 11 – Realization of Fair Value of Biological Assets

(R\$ thd)	1S22	1S23	HA	2Q22	2Q23	HA
Realization of the Fair Value of Biological Assets	(1,515,438)	(1,154,468)	-23.8%	(619,253)	(471,430)	-23.9%
Cotton lint	(391,760)	(266,466)	-32.0%	(151,698)	(141,616)	-6.6%
Cotton seed	(17,345)	(13,496)	-22.2%	(3,161)	(3,459)	9.4%
Soybean	(1,080,584)	(853,209)	-21.0%	(445,752)	(321,988)	-27.8%
Corn	(17,559)	(16,797)	-4.3%	(14,338)	(1,042)	-92.7%
Cattle Herd	(8,190)	(4,500)	-45.1%	(4,304)	(3,325)	-22.7%

Realization of the Fair Value of Biological Assets (RFVBA) is the corresponding entry to Variation in Fair Value (calculated in the period between crop development and the point of harvest) and is recognized as the products are invoiced. RFVBA decreased 23.9% in 2Q23, mainly due to the lower invoiced volume of soybean and corn. In 1S23, RFVBA decreased 23.8%, due to the lower invoiced volume of cotton and soybean.

Gross Income by Crop

To contribute to a better understanding of margins by crop, in this section the gain (loss) from foreign exchange (FX) and commodity prices hedges are allocated to cotton, soybean, corn and cattle.

Cotton lint and Cotton seed

Table 12 – Gross Income – Cotton lint

Cotton lint		1S22	1S23	HA	2Q22	2Q23	HA
Invoiced Volume	Tonnes	143,050	100,894	-29.5%	49,180	51,252	4.2%
Net Revenue	R\$/thd	1,645,682	880,662	-46.5%	628,597	449,196	-28.5%
Result of currency hedge	R\$/thd	(190,730)	122,725	n.m.	(73,576)	64,410	n.m.
Net Rev. adj. for res. of cur. hedging	R\$/thd	1,454,952	1,003,387	-31.0%	555,021	513,606	-7.5%
Unit Price	R\$/ton	10,171	9,945	-2.2%	11,286	10,021	-11.2%
Total Cost	R\$/thd	(782,504)	(726,051)	-7.2%	(273,678)	(366,836)	34.0%
Unit Cost	R\$/ton	(5,470)	(7,196)	31.6%	(5,565)	(7,157)	28.6%
Unitary Gross Income	R\$/ton	4,701	2,749	-41.5%	5,721	2,864	-49.9%

In 2Q23 and 1S23, Unit Gross Income from cotton lint was affected by the higher production cost, due to higher costs of crop development, as well as a 19.4% decrease in yield, combined with the lower invoiced prices in the period, resulting in lower margins for the crop. The cotton invoiced in 2Q23 was produced in the 2021/22 crop year.

Table 13 – Gross Income – Cotton seed

Cotton seed		1S22	1S23	HA	2Q22	2Q23	HA
Invoiced Volume	Tonnes	60,028	71,627	19.3%	11,166	18,170	62.7%
Net Revenue	R\$/thd	86,001	88,449	2.8%	16,924	21,873	29.2%
Unit Price	R\$/ton	1,433	1,235	-13.8%	1,516	1,204	-20.6%
Total Cost	R\$/thd	(25,894)	(42,632)	64.6%	(5,379)	(12,400)	130.5%
Unit Cost	R\$/ton	(431)	(595)	38.1%	(482)	(682)	41.5%
Unitary Gross Income	R\$/ton	1,002	640	-36.1%	1,034	522	-49.5%

Cotton seed invoiced in the period is associated with the 2021/22 crop year. Invoiced prices for this crop were lower in 2Q23 and 1S23 compared to the same periods last year, and unit cost was higher, mainly due to the increase in production cost and decrease in yield in 2021/22 compared to 2020/21.

Soybean

Table 14 – Gross Income – Soybean

Soybean		1S22	1S23	HA	2Q22	2Q23	HA
Invoiced Volume	Tonnes	998,040	962,637	-3.5%	388,785	356,755	-8.2%
Net Revenue	R\$/thd	2,238,552	2,294,191	2.5%	986,373	807,955	-18.1%
Result of currency hedge	R\$/thd	100,356	118,323	17.9%	8,323	34,501	314.5%
Net Rev. adj. for res. of cur. hedging	R\$/thd	2,338,908	2,412,514	3.1%	994,696	842,456	-15.3%
Unit Price	R\$/ton	2,344	2,506	6.9%	2,558	2,361	-7.7%
Total Cost	R\$/thd	(991,671)	(1,185,859)	19.6%	(458,862)	(498,947)	8.7%
Unit Cost	R\$/ton	(994)	(1,232)	23.9%	(1,180)	(1,399)	18.6%
Unitary Gross Income	R\$/ton	1,350	1,274	-5.6%	1,378	962	-30.2%

Unit Gross Income from soybean fell in 2Q23 and 1S23, due to the increase in production cost in 2022/23 vs. 2021/22 and reduction in invoiced prices in the 2022/23 crop year. The prices invoiced in the period are affected by the seasonality of shipments between farms and do not reflect the overall average prices hedged by the Company.

Corn

Table 15 – Gross Income – Corn

Corn		1S22	1S23	HA	2Q22	2Q23	HA
Invoiced Volume	Tonnes	63,799	90,944	42.5%	51,475	31,468	-38.9%
Net Revenue	R\$/thd	60,829	92,375	51.9%	46,660	26,496	-43.2%
Result of currency hedge	R\$/thd	317	6,926	n.m.	317	3,847	n.m.
Net Rev. adj. for res. of cur. hedging	R\$/thd	61,146	99,301	62.4%	46,977	30,343	-35.4%
Unit Price	R\$/ton	958	1,092	14.0%	913	964	5.6%
Total Cost	R\$/thd	(34,820)	(59,583)	71.1%	(27,324)	(16,870)	-38.3%
Unit Cost	R\$/ton	(546)	(655)	20.0%	(531)	(536)	0.9%
Unitary Gross Income	R\$/ton	412	437	6.1%	382	428	12.0%

Unit Gross Income from corn increased in 2Q23 and 1S23 compared to the same periods last year, mainly due to the higher invoiced prices, which was partially offset by the higher unit cost. Costs decreased due to the mix of farms that invoiced the product in the period, as well as higher yield in the 2022/23 vs. 2021/22 crop years.

Cattle Herd

Table 16 – Gross Income – Cattle Herd

Cattle Herd		1S22	1S23	HA	2Q22	2Q23	HA
Invoiced Volume	Heads	11,547	8,180	-29.2%	5,687	4,709	-17.2%
Net Revenue	R\$/thd	52,169	35,657	-31.7%	25,727	20,839	-19.0%
Result of currency hedge	R\$/thd	(228)	855	n.m.	(756)	646	n.m.
Net Rev. adj. for res. of cur. hedging	R\$/thd	51,941	36,512	-29.7%	24,971	21,485	-14.0%
Unit Price	R\$/Head	4,498	4,464	-0.8%	4,391	4,563	3.9%
Total Cost	R\$/thd	(55,298)	(41,094)	-25.7%	(24,260)	(24,133)	-0.5%
Unit Cost	R\$/Head	(4,789)	(5,024)	4.9%	(4,266)	(5,125)	20.1%
Unitary Gross Income	R\$/Head	(291)	(560)	92.4%	125	(562)	n.m.

Unit Gross Income from cattle decreased in 2Q23 and 1S23 vs. 2Q22 and 1S22, due to the higher costs with acquisition and fattening, while invoiced prices did not accompany the cost increase.

Gross Income

Table 17 – Gross Income

(R\$ thd)	1S22	1S23	HA	2Q22	2Q23	HA
Gross Income	2,407,043	1,900,766	-21.0%	928,366	732,980	-21.0%
Cotton lint	672,448	277,336	-58.8%	281,343	146,770	-47.8%
Cotton seed	60,107	45,817	-23.8%	11,545	9,473	-17.9%
Soybean	1,347,237	1,226,655	-9.0%	535,834	343,509	-35.9%
Corn	26,326	39,718	50.9%	19,653	13,473	-31.4%
Cattle Herd	(3,357)	(4,582)	36.5%	711	(2,648)	n.m.
Others	9,301	(70,351)	n.m.	(25,158)	8,063	n.m.
Biological Assets	294,981	386,173	30.9%	104,438	214,340	105.2%

Excluding the effects from Biological Assets (Variation and Realization of Fair Value) indicates the actual margins of the products invoiced. In this analysis, Gross Income decreased 31.1% in the quarter, mainly due to the lower soybean invoiced volume in the period. In the first half of the year, Gross Income decreased 28.3%, due to the lower invoiced volume for cotton and soybean. Margins decreased in both periods due to the lower price and higher unit cost.

Tabela 18 - Gross Income - Other Crops

(R\$ thd)	1S22	1S23	HA	2Q22	2Q23	HA
Other crops	9,301	(70,351)	n.m.	(25,158)	8,063	n.m.
Other Crops	7,909	(30,261)	n.m.	(25,158)	(8,227)	-67.3%
⁽¹⁾ NPV Cotton	-	44,438	n.m.	-	105,232	n.m.
⁽¹⁾ NPV Soybean	326	(84,528)	n.m.	-	(88,942)	n.m.
⁽¹⁾ NPV Corn	1,066	-	n.m.	-	-	n.m.

⁽¹⁾NPV: Net Present Value

Other crops in 2Q23 and 1S23 delivered a Gross Expense, due to the production costs of cover crops, such as Brachiaria and Stylosanthes. Cover crops are sources of nutrients and help structure the soil, with improved moisture retention, facilitating the penetration of water and air.

In addition, Gross Income was affected by the apportionment of the provision for Net Present Value in both periods. Such provision complies with CPC 16 (IAS 2 – IASB), which determines the assessment of the cost of inventories of agricultural products at the end of each period, as well as its subsequent recognition as expense, including any net present value loss. The accounting of net present value is recorded in an inventory reduction account, with a corresponding entry to the cost of product. The assessment considers the existing inventory amounts and their costs, the amounts and prices of products sold under sales agreements and market prices, using level 3 of fair value hierarchy, in line with the methodology adopted for calculating fair value of biological assets.

Selling Expenses

Selling Expenses decreased in 2Q23 and 1S23. In the quarter, the lines Commissions and Export Expenses decreased reflecting the lower cotton invoiced volume. In addition, Other Expenses decreased due to royalties of cotton seed in 1Q23. In the first six months of the year, expenses with freight, commissions and exports decreased sharply, reflecting the lower cotton invoiced volume in the period.

Table 19 – Selling Expenses

(R\$ thd)	1S22	1S23	HA	2Q22	2Q23	HA
Freight	(54,706)	(42,992)	-21.4%	(21,066)	(20,731)	-1.6%
Storage	(34,419)	(33,762)	-1.9%	(14,497)	(13,092)	-9.7%
Commissions	(18,225)	(14,918)	-18.1%	(14,058)	(6,010)	-57.2%
Classification of Goods	(180)	(368)	104.4%	(59)	(6)	-89.8%
Export Expenses	(27,595)	(18,197)	-34.1%	(13,149)	(8,235)	-37.4%
Others	(36,341)	(38,919)	7.1%	(31,573)	(3,414)	-89.2%
Total	(171,466)	(149,156)	-13.0%	(94,402)	(51,488)	-45.5%
% Net Revenue	4.2%	4.1%	-0.1p.p	5.7%	3.6%	-2.1p.p

Administrative Expenses

Table 20 – Administrative Expenses

(R\$ thd)	1S22	1S23	HA	2Q22	2Q23	HA
Personnel Expenses	(35,287)	(43,230)	22.5%	(19,727)	(23,722)	20.3%
Fees	(14,850)	(12,113)	-18.4%	(9,084)	(5,827)	-35.9%
Depreciations and amortizations	(8,177)	(11,267)	37.8%	(4,094)	(5,649)	38.0%
Expenses with travels	(1,435)	(2,318)	61.5%	(1,286)	(1,240)	-3.6%
Software maintenance	(3,455)	(11,368)	229.0%	(2,043)	(3,799)	86.0%
Marketing/Advertisement	(2,113)	(3,235)	53.1%	(1,536)	(2,484)	61.7%
Communications Expenses	(3,256)	(3,682)	13.1%	(1,471)	(1,735)	17.9%
Rentals	(2,054)	(1,780)	-13.3%	25	(1,083)	n.m.
Labor, Tax and Environmental Contingencies	(18)	335	n.m.	(327)	143	n.m.
Electricity	(123)	(104)	-15.4%	(38)	(85)	123.7%
Taxes and other fees	(920)	(1,445)	57.1%	(508)	(471)	-7.3%
Contributions and donations	(4,567)	(4,108)	-10.1%	(974)	(1,738)	78.4%
Other	(5,562)	(3,787)	-31.9%	(3,117)	(1,161)	-62.8%
Subtotal	(81,817)	(98,102)	19.9%	(44,180)	(48,851)	10.6%
% Net Revenue	2.0%	2.7%	0.7p.p.	2.7%	3.4%	0.7p.p.
Provision for profit share program	(49,193)	(55,877)	13.6%	(23,902)	(22,540)	-5.7%
Total	(131,010)	(153,979)	17.5%	(68,082)	(71,391)	4.9%

Administrative Expenses (excluding amounts related to the Profit Sharing Program) increased 10.6% in 2Q23 and 19.9% in 1S23 vs. 2Q22 and 1S22. The main variations were:

- (i) Personnel Expenses: Higher expenses with the Stock Option/Restricted Share Program and adjustments to headcount;
- (ii) Third-party fees: Lower expenses with software maintenance consulting;
- (iii) Depreciation and amortization: Increase due to the implementation/acquisition of software systems used by the Company;
- (iv) Software maintenance: Higher expenses with software use licenses activated in 2022, when the new ERP software became operational, and recognized in 2023's results.

Adjusted EBITDA

In the quarter, Adjusted EBITDA was R\$569.8 million, decreasing 30.5% from 2Q22, driven by the reduction in Gross Income. Adjusted EBITDA margin was 39.4%, contracting 9.9 p.p. on 2Q22. In 1S23, Adjusted EBITDA was R\$1.5 billion, with margin of 41.0%, 27.7% lower than in 1S22 due to the lower gross income from soybean and cotton. Note that cotton invoiced in the period is associated with 2021/22 crop year, whose yield was lower than in 2020/21 crop year.

Table 21 - Adjusted EBITDA Reconciliation

(R\$ thd)	1S22	1S23	HA	2Q22	2Q23	HA
Net Revenue	4,073,968	3,663,737	-10.1%	1,664,892	1,444,422	-13.2%
Variation in Fair Value of Biological Assets⁽³⁾	1,810,419	1,540,641	-14.9%	723,691	685,770	-5.2%
(-) Cost of Goods and/or Services Sold	(3,477,344)	(3,303,612)	-5.0%	(1,460,217)	(1,397,212)	-4.3%
Cost of Goods	(1,961,906)	(2,149,144)	9.5%	(840,964)	(925,782)	10.1%
Realization of the Fair Value of Biological Assets ⁽⁴⁾	(1,515,438)	(1,154,468)	-23.8%	(619,253)	(471,430)	-23.9%
Gross Income	2,407,043	1,900,766	-21.0%	928,366	732,980	-21.0%
(-) Sales Expenses	(171,466)	(149,156)	-13.0%	(94,402)	(51,488)	-45.5%
(-) General and administrative expenses	(131,010)	(153,979)	17.5%	(68,082)	(71,391)	4.9%
General and administrative	(81,817)	(98,102)	19.9%	(44,180)	(48,851)	10.6%
Profit share program	(49,193)	(55,877)	13.6%	(23,902)	(22,540)	-5.7%
Administrative Fees	(15,506)	(14,635)	-5.6%	(3,685)	(4,163)	13.0%
(-) Other operating revenues (loss)	34,855	34,284	-1.6%	46,119	38,066	-17.5%
(=) Operational Result	2,123,916	1,617,280	-23.9%	808,316	644,004	-20.3%
(+) Depreciation and amortization	89,377	100,187	12.1%	38,850	51,904	33.6%
EBITDA	2,213,293	1,717,467	-22.4%	847,166	695,908	-17.9%
(-)Variation in Fair Value of Biological Assets ⁽³⁾	(1,810,419)	(1,540,641)	-14.9%	(723,691)	(685,770)	-5.2%
(+)Realization of Fair Value of Biological Assets ⁽⁴⁾	1,515,438	1,154,468	-23.8%	619,253	471,430	-23.9%
(+)Other Trans. Property, Plant & Equipment ⁽²⁾	19,237	38,068	97.9%	11,556	27,728	139.9%
(+)Amortization adjustment - IFRS 16 ⁽⁵⁾	142,143	133,957	-5.8%	65,978	60,447	-8.4%
Adjusted EBITDA^(1,2,5)	2,079,692	1,503,319	-27.7%	820,262	569,743	-30.5%
Adjusted EBITDA Margin^(1,2,5)	51.0%	41.0%	-10.0p.p.	49.3%	39.4%	-9.9p.p.

⁽¹⁾Excludes the effects from Biological Assets, since they are noncash. ⁽²⁾ Excludes Write-offs of Property, Plant and Equipment and Other Property, Plant and Equipment Transactions, which are noncash. ⁽³⁾ Variation in the fair value of Biological Assets (Note 28 of the Quarterly Financial Information-ITR). ⁽⁴⁾ Realization of the fair value of Biological Assets (Note 27 of the Quarterly Financial Information-ITR). ⁽⁵⁾ Amortization of right-of-use assets - leases.

Net Financial Income

Since a portion of the Company's debt in USD was swapped to BRL (in line with the Market Risk Management and Hedge Policy), the exchange variation on dollar-denominated debt does not affect Financial Result when analyzing aggregate figures, since any gains and losses on such liabilities in USD from exchange variation are offset by gains/losses in an equal proportion to the respective swap.

Table 22 – Adjusted Net Financial Income (with the swap effect)

(R\$ thd)	1S22	1S23	HA	2Q22	2Q23	HA
Interest	(165,925)	(209,700)	26.4%	(102,760)	(118,771)	15.6%
FX Variation	39,927	40,972	2.6%	56,218	17,321	-69.2%
Monetary Variation	(66)	4,215	n.m.	(66)	4,132	n.m.
APV-Liability Lease. (IFRS16) ⁽¹⁾	(141,873)	(138,416)	-2.4%	(68,207)	(63,750)	-6.5%
APV Securities payable	-	(11,490)	n.m.	-	(8,670)	n.m.
Other financial revenue (expenses)	(15,638)	(5,943)	-62.0%	(16,710)	(2,870)	-82.8%
Total	(283,575)	(320,362)	13.0%	(131,525)	(172,608)	31.2%
% Net Revenue	7.0%	8.7%	1.7p.p.	7.9%	11.9%	4.0p.p.

⁽¹⁾ APV: Adjustment to Present Value – Lease liabilities (IFRS16).

In the quarter and six-month period, the Adjusted Net Financial Expense increased 31.2% and 13.0%, respectively, in relation to the same periods last year. Such increase was driven by the growth in the average debt balance in 2Q23. The exchange variation reflects mainly the local currency appreciation, which impacted amounts payable to suppliers in U.S. dollar.

Net Income

Table 23 – Net Income

(R\$ thd)	1S22	1S23	HA	2Q22	2Q23	HA
Income before taxes on profit	1,840,342	1,296,918	-29.5%	676,722	471,395	-30.3%
Income Tax and Social Contribution on Profit	(557,697)	(373,224)	-33.1%	(191,137)	(122,676)	-35.8%
Consolidated Net Income for the Period	1,282,645	923,694	-28.0%	485,585	348,719	-28.2%
Attributed to the partners of SLC Agrícola S.A.	1,219,043	873,101	-28.4%	473,920	334,197	-29.5%
Attributed to the partners of Joint-Ventures/Partnerships	63,602	50,593	-20.5%	11,665	14,522	24.5%
% Net Revenue	31.5%	25.2%	-6.3p.p.	29.2%	24.1%	-5.1p.p.

In 2Q23, net income amounted to R\$348.8 million, decreasing 28.2% from 2Q22, with Net Margin of 24.1%, mainly due to the lower Gross Income in the period. In addition, the Financial Result decreased by R\$41 million, partially offset by the sum of General and Administrative Expenses, Management Compensation, Other Operating Income (Expense), and Selling Expenses, which made a positive contribution of R\$31 million. Net Income in 1S23 decreased 28.0% from 1S22, affected by the lower Gross Income from soybean and cotton, combined with the R\$37 million decrease in the financial result.

Statement of Cash Flow Analysis

Free cash flow was negative in both periods, which is a normal variation in the first six months of the year, when working capital needs are higher. The negative variations are explained by lease payments in 2Q23 and by payments to suppliers of crop inputs in 1S23.

Table 24 – Summarized Cash Flow

R\$ (thd)	1S22	1S23	HA	2Q22	2Q23	HA
Cash generated from operations	2,038,211	1,566,010	-23.2%	928,805	516,076	-44.4%
Changes in Assets and Liabilities	(1,303,475)	(1,310,486)	0.5%	(870,481)	(265,993)	-69.4%
Net Cash Investing Activities	(388,471)	(524,208)	34.9%	(172,840)	(103,421)	-40.2%
In fixed assets	(362,346)	(344,436)	-4.9%	(152,617)	(105,395)	-30.9%
In intangible	(27,093)	(3,124)	-88.5%	(20,157)	(1,378)	-93.2%
Receipt for the sale of land	1,643	-	-100.0%	(58)	-	-100.0%
Land return payment	-	(180,000)	n.m.	-	-	n.m.
Receipt for Land Return	-	3,352	n.m.	-	3,352	n.m.
Other Investments	(675)	-	-100.0%	(8)	-	-100.0%
Net Cash Before Financing Activities	346,265	(268,684)	n.m.	(114,516)	146,662	n.m.
Change in financial investments account ⁽¹⁾	28	297	960.7%	15	279	n.m.
Paid Leases ⁽²⁾	(477,781)	(560,242)	17.3%	(466,266)	(533,014)	14.3%
Adjusted Free Cash	(131,488)	(828,629)	530.2%	(580,767)	(386,073)	-33.5%

⁽¹⁾ The variations of said account are non-cash.

⁽²⁾ Due to the adoption of IFRS 16, the payment of leases is now accounted in the Statement of Cash Flows under Financing Activities. However, it should be considered as operating cash disbursement.

Property, Plant & Equipment /CAPEX

Table 25 – Capital Expenditures (CAPEX)⁽¹⁾

(R\$ thd)	1S22	1S23	HA	2Q22	2Q23	HA
Machinery, implements and equipment	155,243	128,386	-17.3%	51,840	11,108	-78.6%
Land acquisition	185	365,855	n.m.	185	150	-18.9%
Soil correction	52,601	78,884	50.0%	43,948	58,356	32.8%
Buildings and facilities	51,769	46,185	-10.8%	29,817	21,575	-27.6%
Cotton ginning plant	813	8,067	892.3%	585	7,184	n.m.
Grains storage	3,393	9,571	182.1%	1,572	5,391	242.9%
Soil cleaning	15,511	8,346	-46.2%	13,713	7,156	-47.8%
Vehicles	1,446	72,088	n.m.	592	699	18.1%
Software	16,277	5,878	-63.9%	6,671	4,133	-38.0%
Improvements in own properties	96	1,208	n.m.	26	-	-100.0%
Improvements in Third Party Real Estate	2	281	n.m.	2	41	n.m.
Buildings	-	32,907	n.m.	-	-	n.m.
Others	9,178	10,381	13.1%	6,235	6,275	0.6%
Total	306,514	768,037	150.6%	155,186	122,068	-21.3%

⁽¹⁾ See Explanatory Notes 13 and 14 of the Quarterly Earnings Report

Investments came to R\$122 million in 2Q23, down 21.3% from 2Q22. The largest reduction was in the line machinery, tools and equipment, with the most relevant acquisitions made in the first quarter to support operations, while investments in the prior year were higher due to modernization of the machinery base at the farms of SLC Centro-Oeste. In addition, the Company points out that it is advancing more and more in the Asset Light model, also in the leasing of machinery and equipment. In 1S23, investments amounted to R\$768 million, 150.6% higher than in 1S22, with the main increase related to the acquisition of land and buildings at the Paysandu Farm.

Debt

Adjusted Net Debt ended the second quarter of 2023 at R\$3,976 billion, representing an increase of R\$1,638 billion from the end of 2022, mainly reflecting the payment of agricultural inputs for 2022/23 crop year and land lease payment. Note that an increase in debt in this period of the year is expected, given the cash conversion cycle of the business.

The Net Debt/Adjusted EBITDA ratio increased from 0.77x at end-2022 to 1.61x at the end of the second quarter of 2023, driven mainly by the increase in net debt in the period.

Table 26 – Financial Net Debt

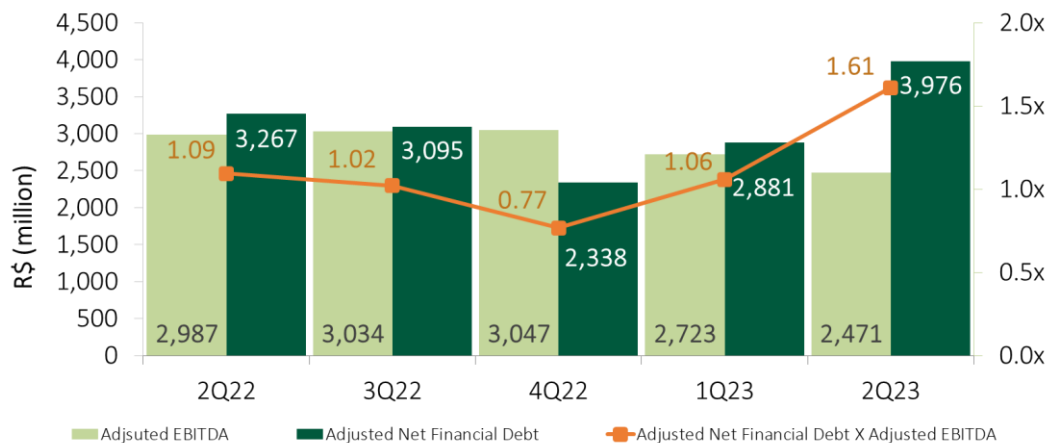
Credit Line (R\$ thd)	Indexer	Average Interest Rate (%)		Consolidated	
		4Q22	2Q23	4Q22	2Q23
Applied in Fixed Assets				40,986	35,895
Finame – BNDES	Prefixed	6.1%	6.3%	40,986	35,895
Applied in Working Capital				3,413,285	4,889,246
Rural Credit	Prefixed	12.0%	12.0%	15,283	6,480
Rural Credit	CDI ⁽¹⁾	14.7%	14.8%	631,199	1,047,380
Constitutional Funds	Prefixed	-	9.6%	-	60,199
Working Capital	CDI ⁽¹⁾	14.8%	14.7%	1,181,891	2,150,590
Export Loans	Prefixed	-	14.0%	-	51,679
Export Loans	CDI ⁽¹⁾	14.9%	14.6%	1,584,912	1,572,918
Total Indebtedness⁽³⁾		14.7%	14.6%	3,454,271	4,925,141
(+/-)Gains and losses with deriv. connected with applications and debt ⁽²⁾				(120,262)	(213,005)
(=) Adjusted Gross Debt				3,574,533	5,138,146
(-) Cash				1,236,522	1,161,829
(=) Adjusted Net Debt				2,338,011	3,976,317
Adjusted EBITDA (Last 12 months)				3,047,078	2,470,702
Adjusted Net Debt/EBITDA				0.77x	1.61x

⁽¹⁾ Final interest rate with swap

⁽²⁾ Transactions with gains and losses from Derivatives (note 24 letter "e" of the Quarterly Financial Information-ITR)

⁽³⁾ Total debt is different from the accounting position due to the costs of CRA transactions (see note 17 of the Quarterly Financial Information-ITR).

Figure 1 – Change in Net Debt/Adjusted EBITDA Ratio



Debt

Figure 2 – Change in Adjusted Gross Debt (R\$ thd)

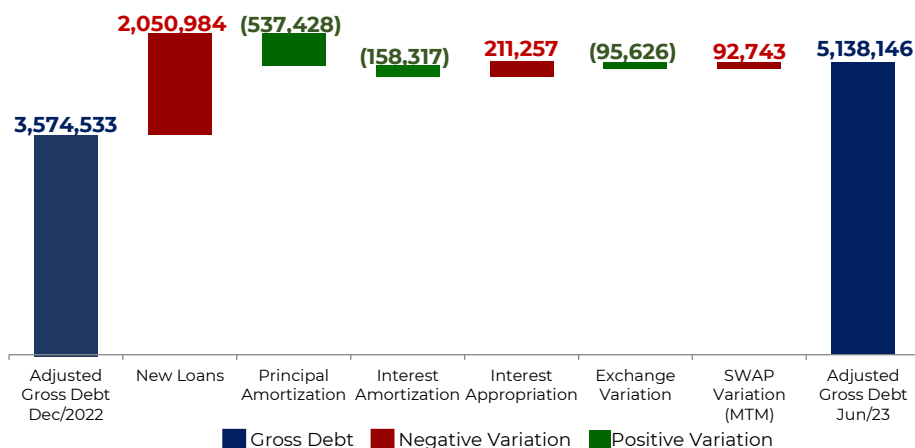


Figure 3 – Adjusted Gross Debt Amortization Schedule (R\$ thd)

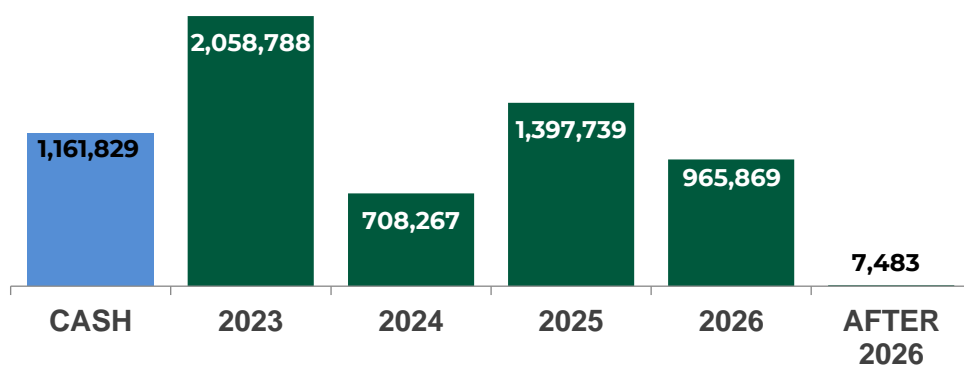


Figure 4 – Adjusted Gross Debt Profile

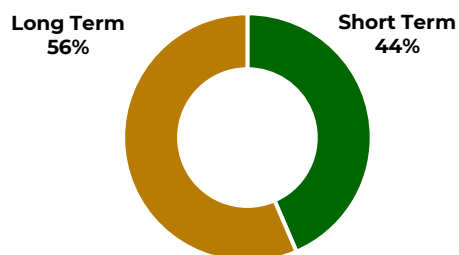
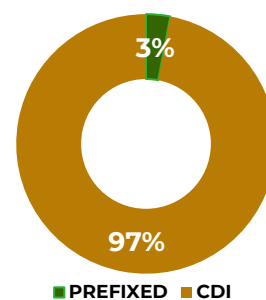
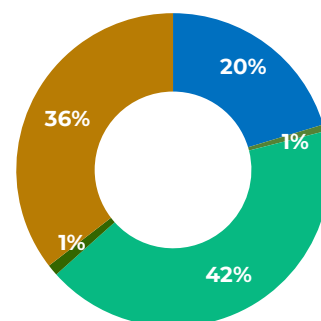


Figure 5 – Gross Debt by Index and Instrument



- Rural Credit
- BNDES
- Working Capital
- Constitutional Funds
- Export Financing



Hedge Position

Currency and agricultural commodity hedge

The Company's sales revenues are generated mainly by the trading of agricultural commodities such as cotton, soybean and corn, which are quoted in U.S. dollar on international exchanges, such as the Chicago Board of Trade (CBOT) and the Intercontinental Exchange Futures US (ICE).

Therefore, we are actively exposed to variations in foreign exchange rates and in the prices of these commodities. To protect from currency variation we use derivative instruments, with the portfolio of these instruments basically comprising non-deliverable forwards (NDFs).

In line with the Company's Risk Management Policy, whose purpose is to obtain a pre-established operating margin with a combination of factors such as Price, Exchange Rate and Cost, most of the instruments for protecting against commodity price variation are accomplished through advanced sales directly with our clients (forward contracts). We also use futures and options contracts negotiated on the exchange and swap and option transactions contracted with financial institutions.

The hedge position for commodities (in relation to the estimated total invoiced volume) and currency (in relation to the total estimated revenue in U.S. dollar) is shown below, broken down by commercial hedge and financial hedge and updated **as of August 04th**:

Table 27 – Hedge Position

FX Hedge – Soybean		
Crop Year	2022/23	2023/24
%	76.2	20.5
R\$/USD	5.46	5.49
Commitments % ⁽¹⁾	1.7	36.9

FX Hedge – Cotton		
Crop Year	2022/23	2023/24
%	64.2	16.0
R\$/USD	5.76	5.70
Commitments % ⁽¹⁾	0.1	21.1

FX Hedge – Corn		
Crop Year	2022/23	2023/24
-	-	-
-	-	-
%	75.0	31.6
R\$/USD	5.76	5.50
Commitments	-	23.3

Commercial Hedge– Soybean		
Crop Year	2022/23	2023/24
%	78.9	37.7
USD/bu ⁽²⁾	14.45	12.72
Commitments % ⁽¹⁾	1.1	16.7

Commercial Hedge – Cotton		
Crop Year	2022/23	2023/24
%	64.5	3.6
US¢/lb ⁽²⁾	91.13	75.60
Commitments % ⁽¹⁾	-	-

Commercial Hedge – Corn		
Crop Year	2022/23	2023/24
%	1.9	3.0
R\$/bag ⁽³⁾	69.67	45.00
%	68.7	28.7
USD/bag ⁽³⁾	9.99	8.17
Commitments % ⁽¹⁾	-	-

⁽¹⁾ Commitments with payments for fixed-rate securities in U.S. dollar, natural hedge with payments related to land acquisitions and lease agreements based on soybean bags. ⁽²⁾ Based on FOB Port - prices at our production units also are influenced by transport expenses and any discounts for quality. ⁽³⁾ Farm price.

ESG COMMUNICATION WITH STAKEHOLDERS

SLC Agrícola receives “Best in ESG” Award from Exame magazine for second time

On June 13th, SLC received, for the second straight time, important recognition for its ESG practices. SLC received accolades in the Exame's Best in ESG Awards 2023, which recognizes the actions of companies in social responsibility, environment and governance, figuring among the winners in the Agribusiness, Food and Beverages category.

The recognition was created in 2000, with the Exame's Guide in Good Corporate Citizenship. The name was later changed to the Exame's Sustainability Guide and, most recently, to the Best in ESG Guide. Today, it is one of Brazil's leading guides on corporate responsibility. The award recognizes organizations that are industry references and make a significant contribution to sustainable development and to a more responsible market in Brazil.

SLC Agrícola expands circular economy

In the second quarter, we implemented the Circular Economy, linked to our target of Zero Waste sent to Landfills by 2026, at the Pioneira (Mato Grosso), Parnaguá (Piauí), Parceiro (Bahia) and Planalto (Mato Grosso do Sul) farms. The initiative seeks to increase the recycling rate of waste generated at the operations and to zero the amount of materials sent to landfills. Through this project, we aim to achieve a recycling rate of up to 99.8%, which represents a significant increase from the average of 30% registered before the project's implementation. The result was achieved through measures such as sending waste for composting (Ecofábrica project), which later can be used as biofertilizers on crops. One of SLC Agrícola's targets is to send Zero Waste to Landfills by 2026.

In June, which is Environment Month, we implemented awareness-raising actions targeting all employees, at both the headquarters and farms. One action was a lecture with Andrea Pampanelli, a sustainability expert from The Green Factory, who talked about SLC Agrícola's initiatives to achieve its Zero Waste to Landfills target. The lecture, which was held at the headquarters' auditorium and live streamed to all Units, was attended by Aurélio Pavinato, CEO of SLC Agrícola.

SLC Agrícola among best companies to work for in agribusiness

SLC Agrícola was once again elected one of the best companies to work for in the agricultural industry, according to the consulting firm Great Place To Work (GPTW). In the 2023 edition, the company was featured among the best large-sized companies in the Agribusiness category. The audit is carried out by GPTW in partnership with Globo Rural magazine, with support from the Brazilian Agribusiness Association (Abag). This year, 199 companies were assessed.

FINANCIAL TABLES

[Click here to download the financial, debt and return indicators in Excel](#)

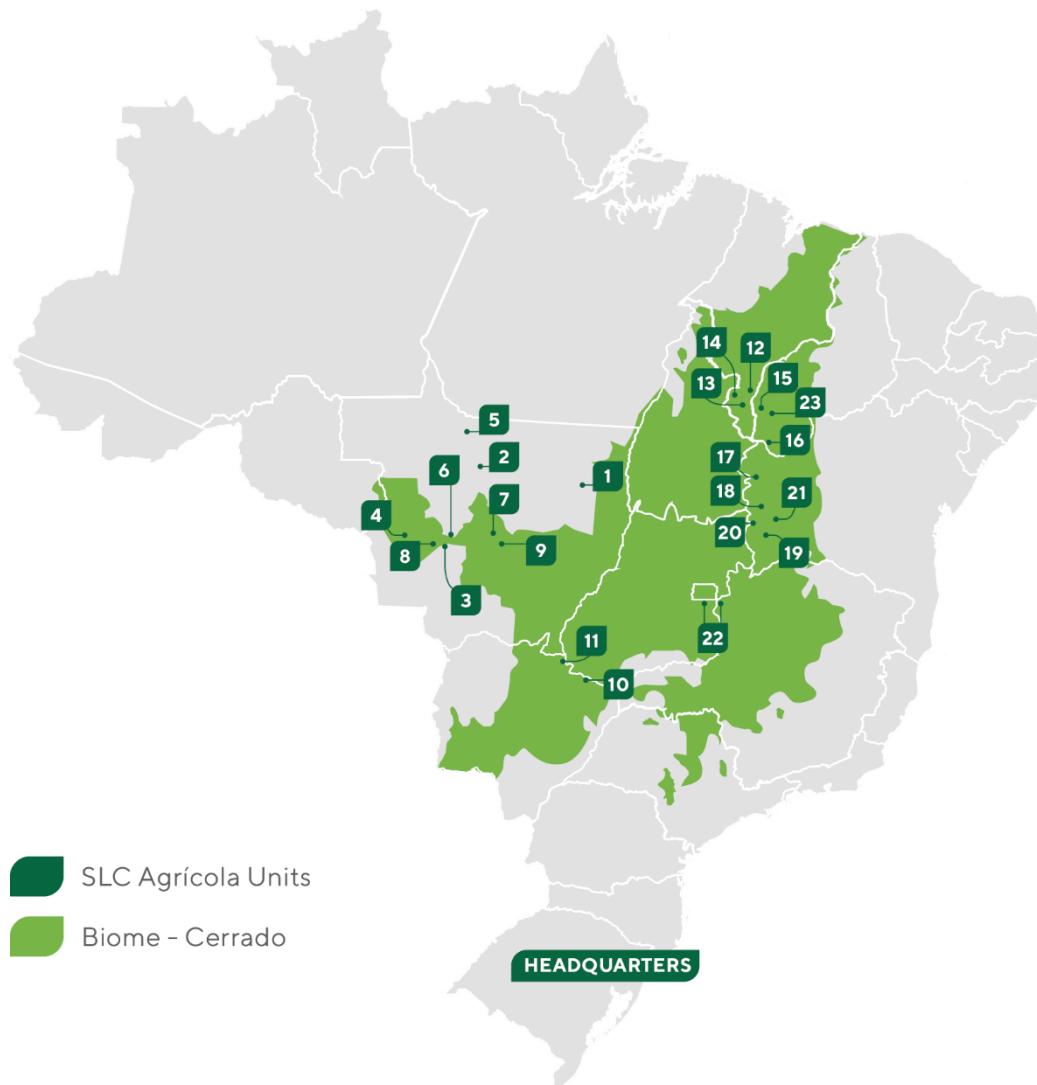
OPERATIONAL DATA

[Click here to download the operational data tables in Excel:](#)

LAND TABLES

[Click here to download the land tables in Excel:](#)

PRODUCTION UNITS AND HEADQUARTERS LOCATION



SLC Agrícola Farms (1st and 2nd crops)

- | | |
|-------------------------------|-----------------------------------|
| 1. Pioneira (MT) – 33,552 ha | 13. Palmeira (MA) – 33,496 ha |
| 2. Perdizes (MT) – 27,163 ha | 14. Planeste (MA) – 59,061 ha |
| 3. Paiguás (MT) – 63,572 ha | 15. Parnaguá (PI) – 10,706 ha |
| 4. Planorte (MT) – 31,685 ha | 16. Parceiro (BA) – 13,035 ha |
| 5. Próspera (MT) – 32,382 ha | 17. Palmares (BA) – 25,269 ha |
| 6. Pejucara (MT) – 14,787 ha | 18. Paladino (BA) – 21,866 ha |
| 7. Piracema (MT) – 18,729 ha | 19. Piratini (BA) – 20,984 ha |
| 8. Pampeira (MT) – 41,089 ha | 20. Panorama (BA) – 22,409 ha |
| 9. Pirapora (MT) – 21,650 ha | 21. Paysandu (BA) – 42,820 ha |
| 10. Pantanal (MS) – 44,772 ha | 22. Pamplona (GO e MG) -27,710 ha |
| 11. Planalto (MS) – 21,953 ha | 23. Paineira (PI) - Leased |
| 12. Parnaíba (MA) – 45,695 ha | |

[Click here and download the following Balance Sheets in Excel:](#)

EXHIBIT 1 – BALANCE SHEET – ASSETS

R\$ (thd)	12/31/2022	VA	06/30/2023	VA	HA
Current Assets	7,032,683	47.3%	7,689,956	49.5%	9.3%
Short-term interest earning bank deposits	1,235,775	8.3%	1,160,785	7.5%	-6.1%
Accounts receivable	174,291	1.2%	198,721	1.3%	14.0%
Advances to suppliers	14,924	0.1%	11,876	0.1%	-20.4%
Inventories	3,343,980	22.5%	2,610,390	16.8%	-21.9%
Biological assets	1,799,576	12.1%	2,999,606	19.3%	66.7%
Income tax and social contribution recoverable	1,195	0.0%	4,168	0.0%	248.8%
Recoverable taxes	138,622	0.9%	180,664	1.2%	30.3%
Securities and credits receivable	25,852	0.2%	26,533	0.2%	2.6%
Operations with derivatives	272,728	1.8%	419,646	2.7%	53.9%
Other accounts receivable	15,012	0.1%	8,103	0.1%	-46.0%
Prepaid expenses	10,183	0.1%	68,919	0.4%	576.8%
Assets held for sale	545	0.0%	545	0.0%	0.0%
Non-current assets	7,835,706	52.7%	7,855,088	50.5%	0.2%
Financial investments valued at fair value	747	0.0%	1,044	0.0%	39.8%
Income tax and social contribution recoverable	9,789	0.1%	10,288	0.1%	5.1%
Recoverable taxes	194,305	1.3%	189,542	1.2%	-2.5%
Deferred income and social contribution taxes	281,819	1.9%	223,447	1.4%	-20.7%
Operations with derivatives	61,677	0.4%	82,041	0.5%	33.0%
Securities and credits receivable	31,650	0.2%	-	0.0%	-100.0%
Advances to suppliers	79,805	0.5%	70,794	0.5%	-11.3%
Prepaid expenses	458	0.0%	1,271	0.0%	177.5%
Other credits	40,174	0.3%	41,271	0.3%	2.7%
	700,424	4.7%	619,698	4.0%	-11.5%
Investments	3,618	0.0%	3,618	0.0%	0.0%
Investment Property's	385,817	2.6%	430,889	2.8%	11.7%
Right of use asset	2,881,262	19.4%	2,347,135	15.1%	-18.5%
immobilized	3,733,112	25.1%	4,328,830	27.8%	16.0%
Intangible	131,473	0.9%	124,918	0.8%	-5.0%
	7,135,282	48.0%	7,235,390	46.5%	1.4%
TOTAL ASSETS	14,868,389	100.0%	15,545,044	100.0%	4.6%

EXHIBIT 2 – BALANCE SHEET – LIABILITIES

R\$ (thd)	12/31/2022	VA	03/31/2023	AV	HA
Liabilities	4,589,690	30.9%	3,856,777	24.8%	-16.0%
Suppliers	1,564,582	10.5%	646,894	4.2%	-58.7%
Loans and financing	1,281,537	8.6%	2,098,862	13.5%	63.8%
Income tax and social contribution payable	159,219	1.1%	22,474	0.1%	-85.9%
Taxes, rates and sundry contributions	48,469	0.3%	32,931	0.2%	-32.1%
Social charges and labor legislation obligations	149,756	1.0%	109,742	0.7%	-26.7%
Advances from clients	238,942	1.6%	292,816	1.9%	22.5%
Debts with realted parties	2,482	0.0%	3,206	0.0%	29.2%
Operations with derivatives	139,585	0.9%	210,635	1.4%	50.9%
Securities payable	86,102	0.6%	141,936	0.9%	64.8%
Provisions for tax, environmental and labor risks	38,257	0.3%	13,127	0.1%	-65.7%
Dividends payable	302,370	2.0%	8,925	0.1%	-97.0%
Leases payable	14,146	0.1%	1,134	0.0%	-92.0%
Third party lease liability	523,573	3.5%	244,888	1.6%	-53.2%
Others accounts payables	40,670	0.3%	29,207	0.2%	-28.2%
Non-current liabilities	5,382,267	36.2%	6,037,014	38.8%	12.2%
Loans and financing	2,172,734	14.6%	2,826,279	18.2%	30.1%
Deferred taxes	443,717	3.0%	730,367	4.7%	64.6%
Operations with derivatives	20,546	0.1%	40,871	0.3%	98.9%
Securities payable	14,276	0.1%	157,789	1.0%	n.m.
Other debits	520	0.0%	5,323	0.0%	923.7%
Third party lease liability	2,730,474	18.4%	2,276,385	14.6%	-16.6%
Shareholders' equity	4,896,432	32.9%	5,651,253	36.4%	15.4%
Capital	1,512,522	10.2%	2,012,522	12.9%	33.1%
Capital reserves	168,544	1.1%	170,751	1.1%	1.3%
(-) Treasury shares	(280,170)	-1.9%	(151,907)	-1.0%	-45.8%
Profit reserves	1,891,460	12.7%	872,843	5.6%	-53.9%
Retained Earnings/Losses	-	0.0%	873,907	5.6%	n.m.
Other comprehensive income	1,306,441	8.8%	1,520,763	9.8%	16.4%
Non-controlling shareholders in subsidiaries	297,635	2.0%	352,374	2.3%	18.4%
TOTAL LIABILITIES	14,868,389	100.0%	15,545,044	100.0%	4.6%

[Click here to download the following Income Statements in Excel:](#)

EXHIBIT 3 – INCOME STATEMENT

R\$ (thd)	1S22	1S23	HA	2Q22	2Q23	HA
Net Operating Revenue	4,073,968	3,663,737	-10.1%	1,664,892	1,444,422	-13.2%
Cotton lint	1,645,682	880,662	-46.5%	628,597	449,196	-28.5%
Cotton seed	86,001	88,449	2.8%	16,924	21,873	29.2%
Soybean	2,238,552	2,294,191	2.5%	986,373	807,955	-18.1%
Corn	60,829	92,375	51.9%	46,660	26,496	-43.2%
Cattle Herd	52,169	35,657	-31.7%	25,727	20,839	-19.0%
Others	81,020	23,574	-70.9%	26,303	14,659	-44.3%
Hedge revenue	(90,285)	248,829	n.m.	(65,692)	103,404	n.m.
Variation in the fair value of Biological assets	1,810,419	1,540,641	-14.9%	723,691	685,770	-5.2%
Cost of goods sold	(1,961,906)	(2,149,144)	9.5%	(840,964)	(925,782)	10.1%
Cotton lint	(782,504)	(726,051)	-7.2%	(273,678)	(366,836)	34.0%
Cotton seed	(25,894)	(42,632)	64.6%	(5,379)	(12,400)	130.5%
Soybean	(991,671)	(1,185,859)	19.6%	(458,862)	(498,947)	8.7%
Corn	(34,820)	(59,583)	71.1%	(27,324)	(16,870)	-38.3%
Cattle Herd	(55,298)	(41,094)	-25.7%	(24,260)	(24,133)	-0.5%
Others	(71,719)	(93,925)	31.0%	(51,461)	(6,596)	-87.2%
Realization of the Fair Value of Biological Assets	(1,515,438)	(1,154,468)	-23.8%	(619,253)	(471,430)	-23.9%
Gross Income	2,407,043	1,900,766	-21.0%	928,366	732,980	-21.0%
Operating expenses/income	(283,127)	(283,486)	0.1%	(120,050)	(88,976)	-25.9%
Sales expenses	(171,466)	(149,156)	-13.0%	(94,402)	(51,488)	-45.5%
General and administrative expenses	(131,010)	(153,979)	17.5%	(68,082)	(71,391)	4.9%
General and administrative	(81,817)	(98,102)	19.9%	(44,180)	(48,851)	10.6%
Provision for profit share program	(49,193)	(55,877)	13.6%	(23,902)	(22,540)	-5.7%
Management compensation	(15,506)	(14,635)	-5.6%	(3,685)	(4,163)	13.0%
Other operating income (expenses)	34,855	34,284	-1.6%	46,119	38,066	-17.5%
Income (loss) before financial income (loss) and taxes	2,123,916	1,617,280	-23.9%	808,316	644,004	-20.3%
Financial income	594,933	311,408	-47.7%	286,986	169,639	-40.9%
Financial expenses	(878,507)	(631,770)	-28.1%	(418,580)	(342,248)	-18.2%
Income (loss) before income tax	1,840,342	1,296,918	-29.5%	676,722	471,395	-30.3%
Income and social contribution taxes	(557,697)	(373,224)	-33.1%	(191,137)	(122,676)	-35.8%
Current	(375,098)	(144,972)	-61.4%	(58,227)	(25,309)	-56.5%
Deferred	(182,599)	(228,252)	25.0%	(132,910)	(97,367)	-26.7%
Net Income (loss) for the period	1,282,645	923,694	-28.0%	485,585	348,719	-28.2%
Attributed to the partners of SLC Agrícola S.A.	1,219,043	873,101	-28.4%	473,920	334,197	-29.5%
Attributed to the partners of Joint-Ventures/Partnerships	63,602	50,593	-20.5%	11,665	14,522	24.5%

[Click here to download the following Statement of Cash Flows in excel:](#)

EXHIBIT 4 – CASH FLOWS STATEMENT

R\$ (thd)	1S22	1S23	HA	2Q22	2Q23	HA
Net cash from operating activities	734,736	255,524	-65.2%	58,324	250,083	328.8%
Cash generated from operations	2,038,211	1,566,010	-23.2%	928,805	516,076	-44.4%
Net profit (loss) before IRPJ / CSLL	1,840,342	1,296,918	-29.5%	676,720	471,395	-30.3%
Depreciation and amortization	89,377	100,187	12.1%	38,850	51,904	33.6%
Result on write-off of fixed assets	4,269	40,832	856.5%	3,624	15,282	321.7%
Interest, FX and Monetary Correction	92,116	180,753	96.2%	188,688	105,575	-44.0%
Share-based compensation	7,611	9,459	24.3%	3,826	4,731	23.7%
Variation of Biological Assets	(294,981)	(386,173)	30.9%	(104,438)	(214,340)	105.2%
Inventory adjustment provision at market value	(1,392)	40,090	n.m.	-	(20,006)	n.m.
Provision part. Results and labor contingencies	49,237	54,703	11.1%	23,946	21,714	-9.3%
Provision for loss of recuperable taxes	8,797	1,435	-83.7%	3,938	190	-95.2%
Bad Debts Provision	-	10,995	n.m.	-	10,995	n.m.
Fair Value of Investment Properties	(52,549)	(59,135)	12.5%	(52,550)	(59,135)	12.5%
Others	11,368	3,574	-68.6%	12,016	3,574	-70.3%
AVP - Lease Liabilities	141,873	138,416	-2.4%	68,207	63,750	-6.5%
Amortization of Right of Use	142,143	133,956	-5.8%	65,978	60,447	-8.4%
Changes in Assets and Liabilities	(1,303,475)	(1,310,486)	0.5%	(870,481)	(265,993)	-69.4%
Accounts receivable from customers	41,918	(35,425)	n.m.	262,248	102,039	-61.1%
Stocks and biological assets	(218,486)	18,959	n.m.	(107,201)	126,254	n.m.
Taxes to recover	(110,253)	(42,186)	-61.7%	(81,298)	(27,141)	-66.6%
Financial investments	(28)	(297)	960.7%	(15)	(279)	n.m.
Other accounts receivable	(79,953)	(68,706)	-14.1%	34,368	(59,587)	n.m.
Advance to suppliers	9,983	17,324	73.5%	29,026	28,569	-1.6%
Suppliers	(445,158)	(912,249)	104.9%	(388,672)	(253,921)	-34.7%
Tax and social obligations	(90,814)	(77,359)	-14.8%	(40,164)	(14,373)	-64.2%
Obligations with controlled companies	41	724	n.m.	20	21,860	n.m.
Derivative transactions	191,126	138,415	-27.6%	(67,490)	31,734	n.m.
Securities payable	(15,227)	(3,819)	-74.9%	(6,221)	-	n.m.
Advances from customers	(217,369)	53,874	n.m.	(195,375)	(133,857)	-31.5%
Other bills to pay	6,702	(10,391)	n.m.	30,180	77,461	156.7%
Operational leasing to pay	(15,048)	(13,012)	n.m.	(15,048)	(13,012)	-13.5%
Income tax and social contribution paid	(310,034)	(218,021)	-29.7%	(296,671)	(89,393)	-69.9%
Interest on loans paid	(50,875)	(158,317)	211.2%	(28,168)	(62,347)	121.3%
Net Cash Investing Activities	(388,471)	(524,208)	34.9%	(172,840)	(103,421)	-40.2%
In fixed assets	(362,346)	(344,436)	-4.9%	(152,617)	(105,395)	-30.9%
In intangible	(27,093)	(3,124)	-88.5%	(20,157)	(1,378)	-93.2%
Receipt for the sale of land	1,643	-	-100.0%	(58)	-	n.m.
Receipt for Land Return	-	3,352	n.m.	-	3,352	n.m.
Land return payment	-	(180,000)	n.m.	-	-	n.m.
Other Investments	(675)	-	-100.0%	(8)	-	n.m.
Net Cash Before Financing Activities	346,265	(268,684)	n.m.	(114,516)	146,662	n.m.
Net Cash Financing Activities	154,792	193,694	25.1%	(361,804)	(247,397)	-31.6%
Sale and repurchase of shares	(5,298)	(96,643)	n.m.	(7,478)	(99,697)	n.m.
Loans and financing taken	1,462,608	2,050,984	40.2%	754,990	1,165,000	54.3%
Loans and financing paid	(228,659)	(537,427)	135.0%	(50,792)	(191,273)	276.6%
Derivatives Paid/Received	(26,392)	(70,387)	166.7%	(25,199)	(57,668)	128.9%
Credit Assignment	(38,972)	-	-100.0%	(38,972)	-	-100.0%
Dividends paid	(530,714)	(592,591)	11.7%	(528,087)	(530,745)	0.5%
Paid Leases	(477,781)	(560,242)	17.3%	(466,266)	(533,014)	14.3%
Increase (Decrease) in Cash and Cash Equivalents	501,057	(74,990)	n.m.	(476,320)	(100,735)	-78.9%
Opening Balance of Cash and Cash Equivalents	139,780	1,235,775	784.1%	1,117,157	1,261,520	12.9%
Final Balance of Cash and Cash Equivalents	640,837	1,160,785	81.1%	640,837	1,160,785	81.1%
Presented Free Cash	346,265	(268,684)	n.m.	(114,516)	146,662	n.m.
Change in financial investments account ⁽¹⁾	28	297	960.7%	15	279	n.m.
Paid Leases ⁽²⁾	(477,781)	(560,242)	17.3%	(466,266)	(533,014)	14.3%
Adjusted Free Cash	(131,488)	(828,629)	530.2%	(580,767)	(386,073)	-33.5%

⁽¹⁾ The variations of said account are non-cash. ⁽²⁾ Due to the adoption of IFRS 16, the payment of leases is now accounted in the Statement of Cash Flows under Financing Activities. However, it must be considered as an operating cash disbursement.

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