



Market Overview

Earnings Release

1Q25

Videoconference

May 14th

10 a.m - Brasília
9 a.m - New York
2 p.m - London

Simultaneous translation to English
and Brazilian Sign Language



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Market Overview

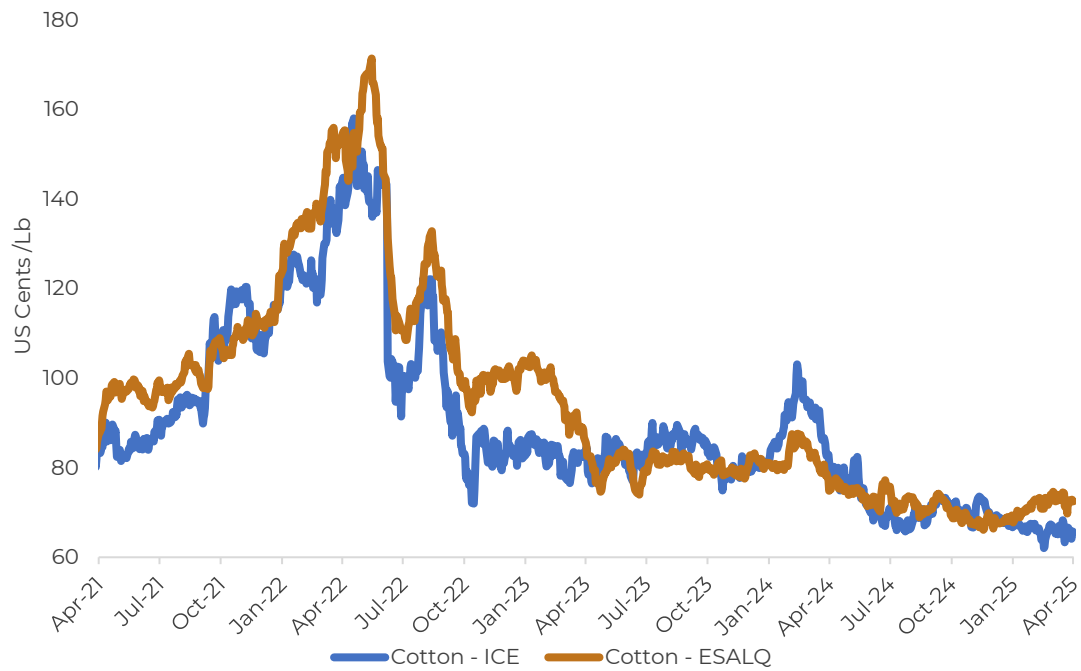
Figure 1 - Price Variations, Select Commodities, April 2021 to April 2025



Source: Bloomberg.

Cotton

Figure 2 - Cotton Prices in the International Market vs. Brazil

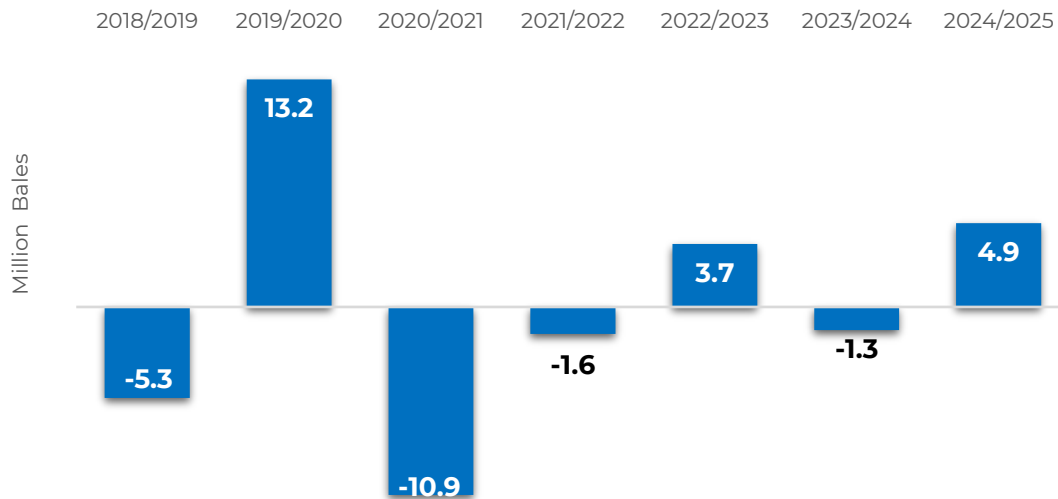


Source: Bloomberg.

The first quarter of 2025 was marked by cotton prices in both the international and domestic markets nearing 65 ct/lb, reflecting the global supply-demand fundamentals.

Global cotton consumption is expected to reach 116 million bales, according to USDA data for the 2024/2025 crop year, as against estimated production of 120.9 million bales, with the current supply-demand cycle resulting in a surplus of 4.9 million bales, according to USDA.

Figure 3 - Cotton – World Supply and Demand



Source:USDA, april/2025

The current scenario reflects significant losses recorded in the U.S. crop year, whose production initially estimated at 17.0 million bales ended up being 14.4 million bales, due to the hot and dry weather in the U.S. territory, combined with additional losses caused by the atypical hurricane season in the country.

Regarding demand, it appears that the yarn industry has been operating strategically, maintaining stocks of raw materials and finished products below the historical average, thus reducing the future liquidity of the market and causing prices to decrease.

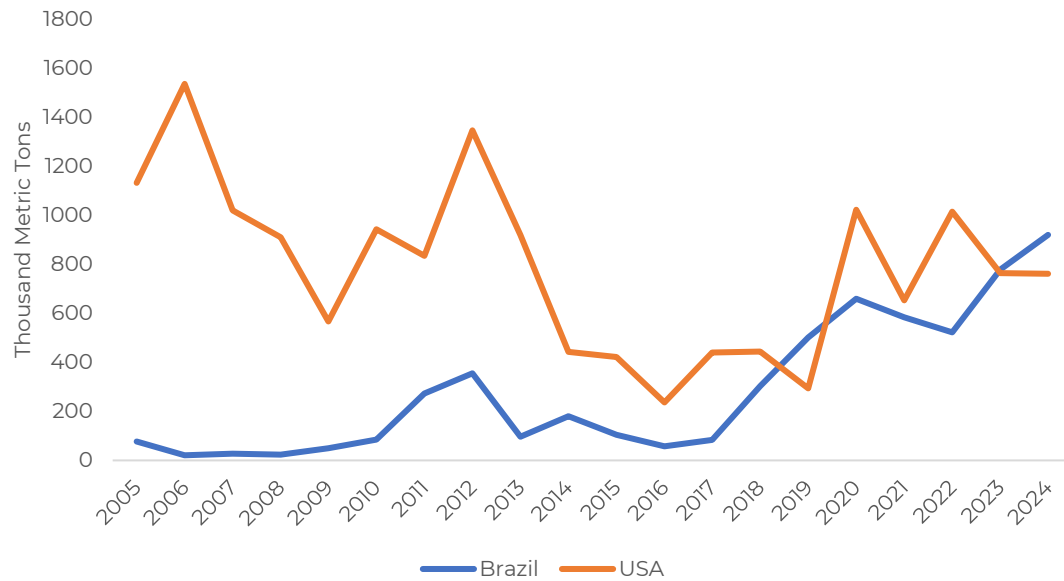
Such industry behavior has been caused by an increase in risk aversion, reflecting a more challenging global scenario with high interest rates, inflation and geopolitical tensions.

We believe that the stabilization of inflation and the reduction of interest rates in the United States and Europe, as major consumers of textile fiber products, are crucial steps towards improving the outlook for business leaders and consumers in the global context.

In addition, it is important to monitor shifts in bilateral trade relations and, consequently, in global trade, especially given the tariffs imposed by the U.S. president.

Over the past few years, particularly since 2018, Brazil has emerged as a consistent supplier to the Asian country, now holding the position of the leading fiber supplier.

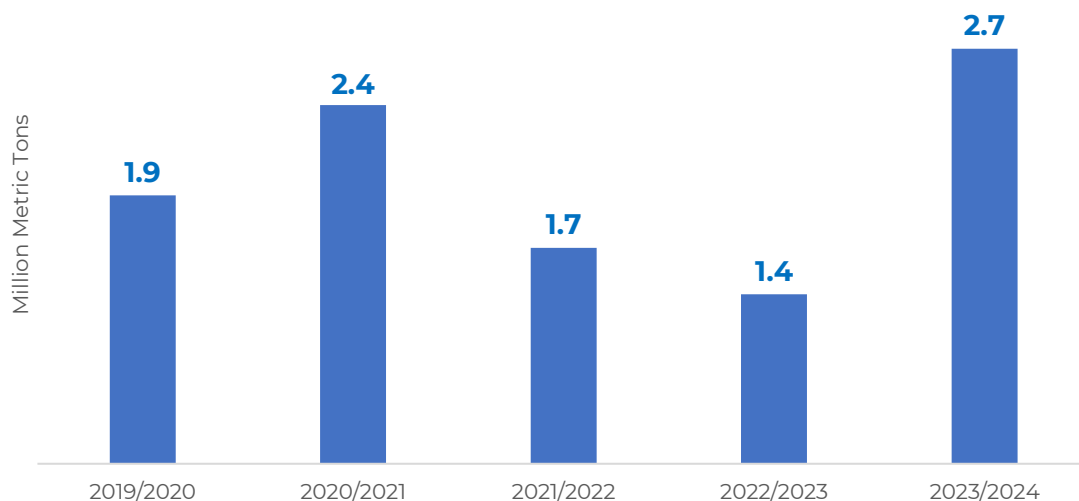
Figure 4: Brazil and U.S., Cotton Exports to China



Source: Comexstat e USDA

Regarding Brazilian cotton exports, for the international 2023/24 crop year, Brazil reached the record mark of 2.7 million metric tons shipped, thus becoming the world's largest global cotton exporter and achieving the highest mark for the country compared to previous cycles.

Figure 5 - Cotton - Brazilian Cotton Exports - Crop Year

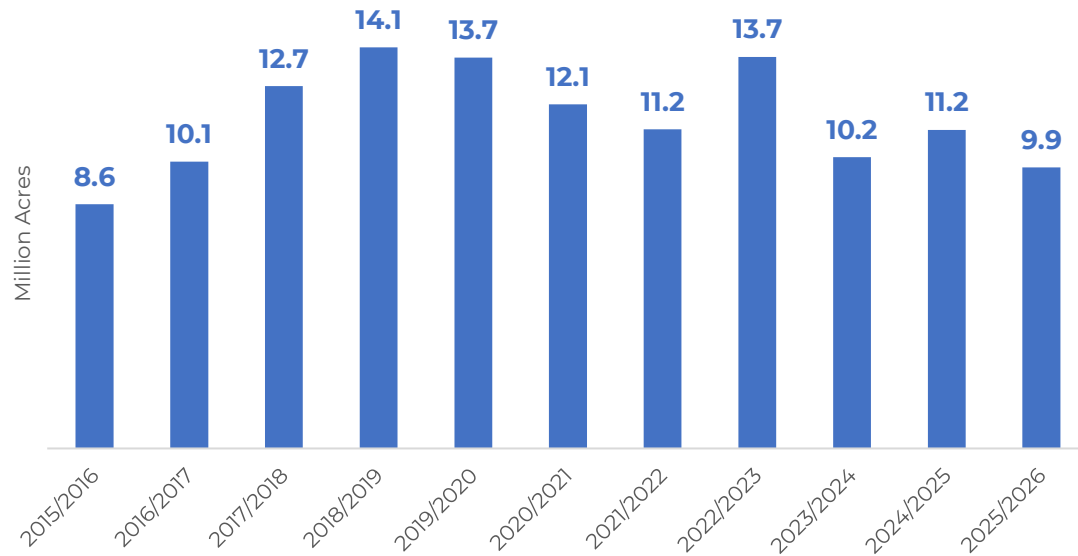


Source: COMEXSTAT.

As such, Brazil should continue to increase its market share, consolidating its position as an important global player.

In relation to the 2025/2026 cycle, the initial number released by the USDA in the planting intentions report indicates a reduction of 12% compared to the planted area in the previous cycle. The cotton planted area in the U.S. is estimated at 9.9 million, the smallest extent in the last 10 years.

Figure 6 - Cotton – Planted Area in U.S.

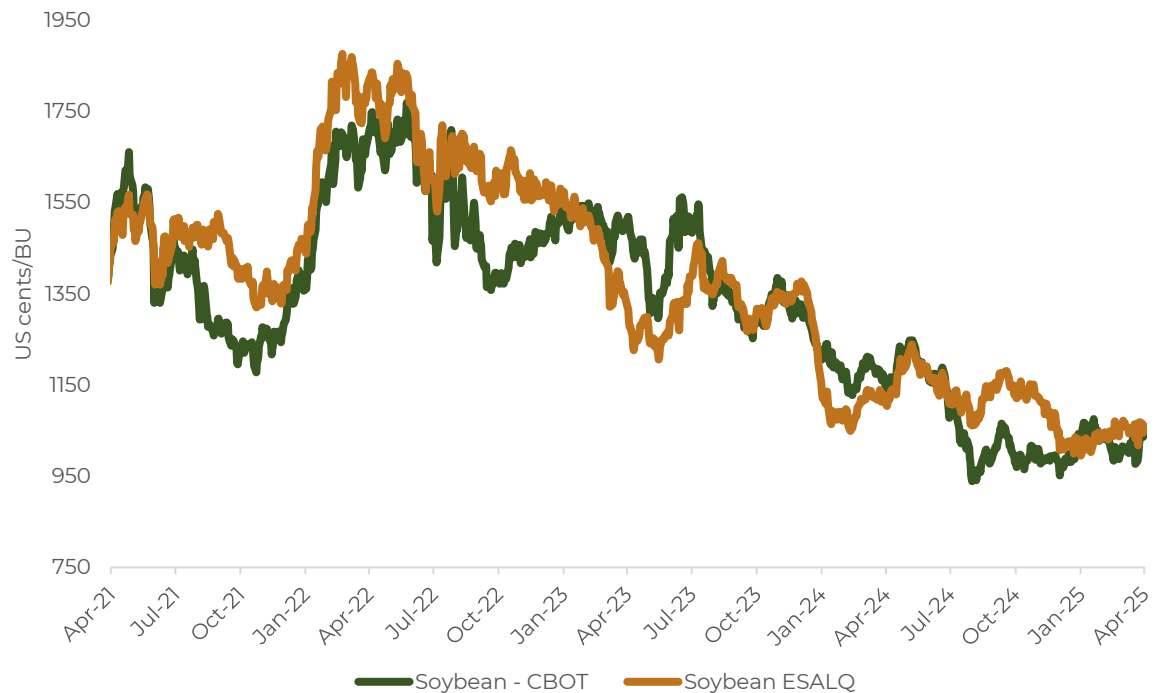


Source: USDA, April/2025

Soybean

Soybean spot prices quoted on the Chicago Board of Trade (CBOT) and the prices paid for the grain based on the Paranaguá/CEPEA reference were highly volatile in the first quarter of 2025.

Figure 7 - Soybean Price in International Market vs. Brazil

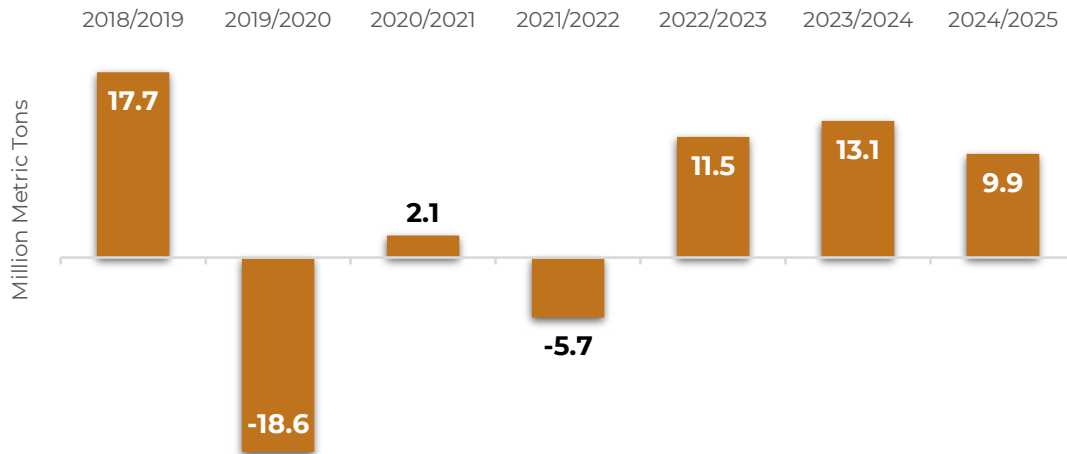


Source: Bloomberg.

The 2024/2025 cycle is nearing completion as harvest operations wrap up across South America. Due to the dry weather, the Argentine crops suffered localized losses and are estimated at 48.6 million metric tons by the Buenos Aires Grain Exchange. In Brazil, the climate was favorable for development in the main production regions, resulting in record soybean production, which is estimated at 169 million metric tons.

Global supply-demand balance should register a surplus, with production outstripping consumption by about 10 million metric tons.

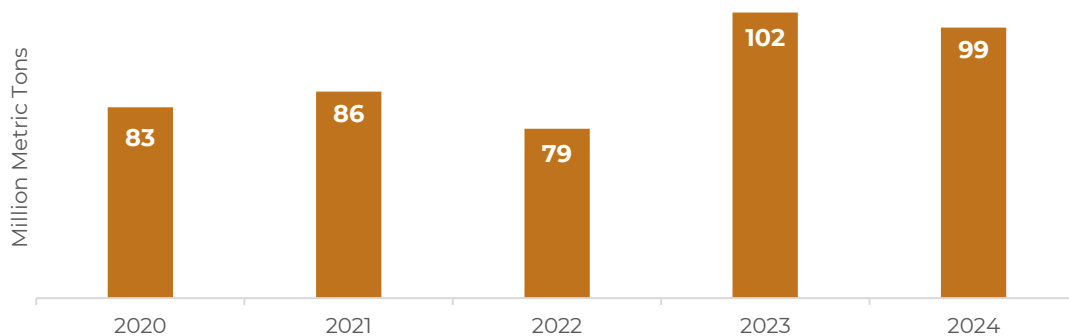
Figura 8 - World Soybean Supply and Demand



Source: USDA, April/2025

Regarding demand for the Brazilian soybean, the country's balance of trade registered the important mark of export volumes reaching 99.0 million metric tons in the comparable period from January to December, attesting to the strong global demand and the competitiveness of the Brazilian soybean in the international market.

Figure 9 - Soybean - Exports from January to December

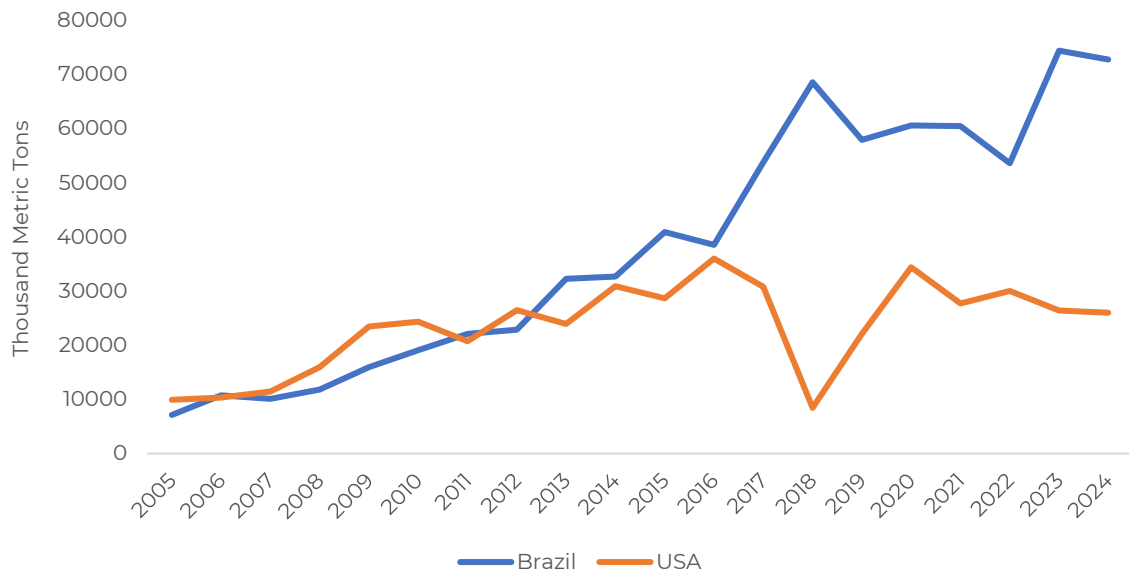


Source: Comexstat.

It is important to monitor any tariff changes imposed by the U.S. on trade partners, similar to the scenario that occurred with China during Donald Trump's first presidential term, where Brazilian soybean exports to the Asian country were benefited compared to U.S. soybean exports.

Over the past few years, particularly since 2018, Brazil has emerged as a consistent supplier to the Asian country.

Figure 10: Brazil and U.S., Soybean Exports to China

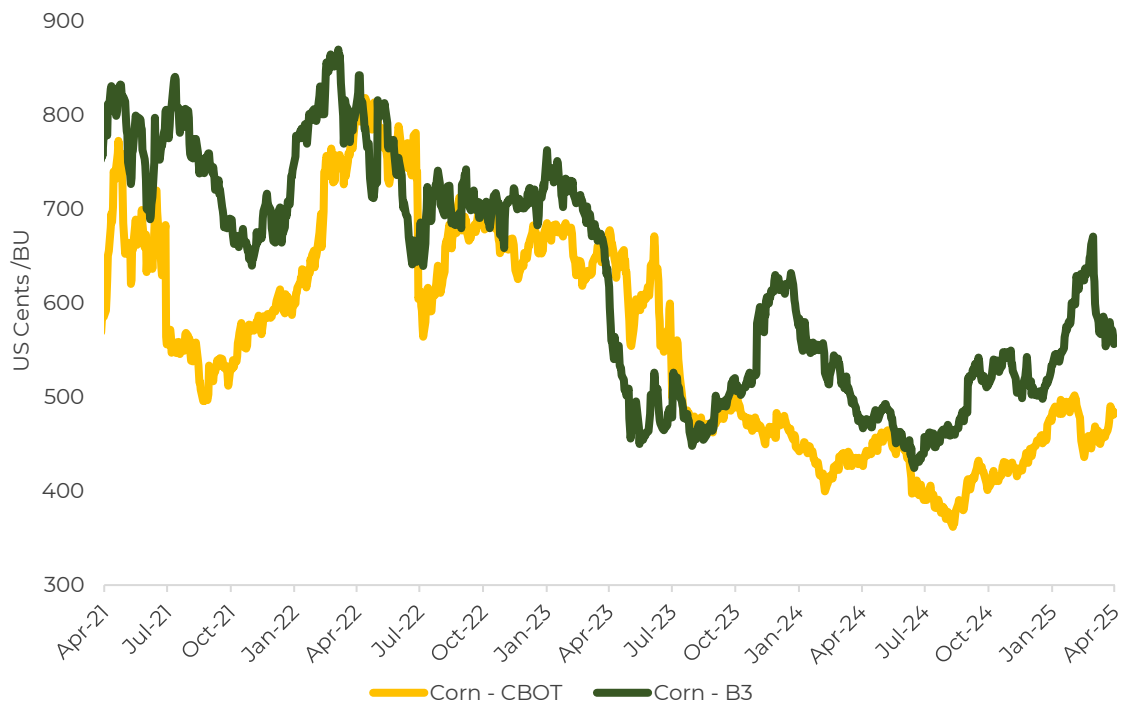


Source: Comexstat.

Corn

Corn prices for spot contracts on the CBOT and in Brazil's domestic market increased in the first quarter of 2025.

Figure 11 - Corn Prices in International Market vs. Brazil



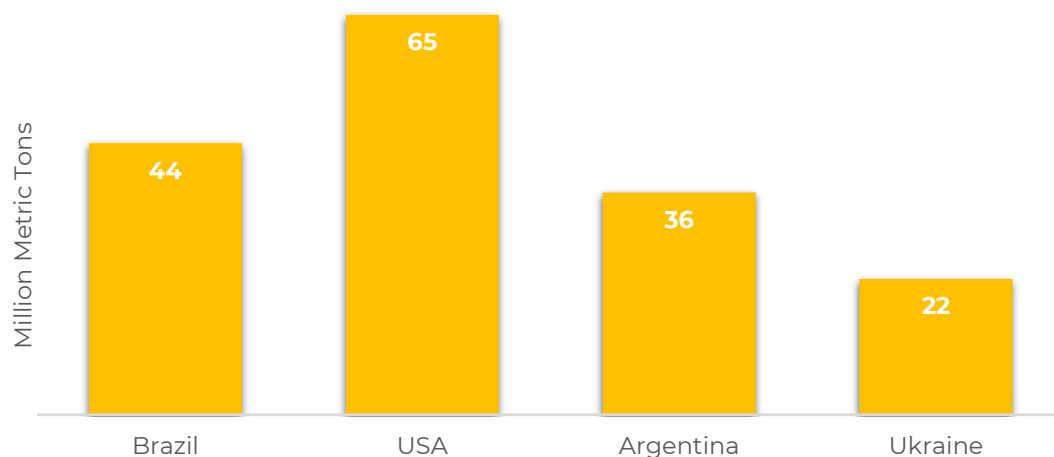
Source: Bloomberg

Following the significant losses suffered by Argentine farmers in the 2023/24 cycle, the country underwent a reduction in planted area in 2024/25 of approximately 16%, according to the Buenos Aires Grain Exchange, adding to the reduced production by Ukraine, where climate issues have ultimately reduced the productive potential and the country's production by 18% year-on-year.

Another important factor is the monitoring of the development of corn crops in the South of Brazil, where weather issues may bring uncertainty to the confirmation of local corn production.

Such events should be of utmost importance to adjust global corn exports, since Argentina, Brazil and Ukraine are, alongside the U.S., among the world's largest corn suppliers.

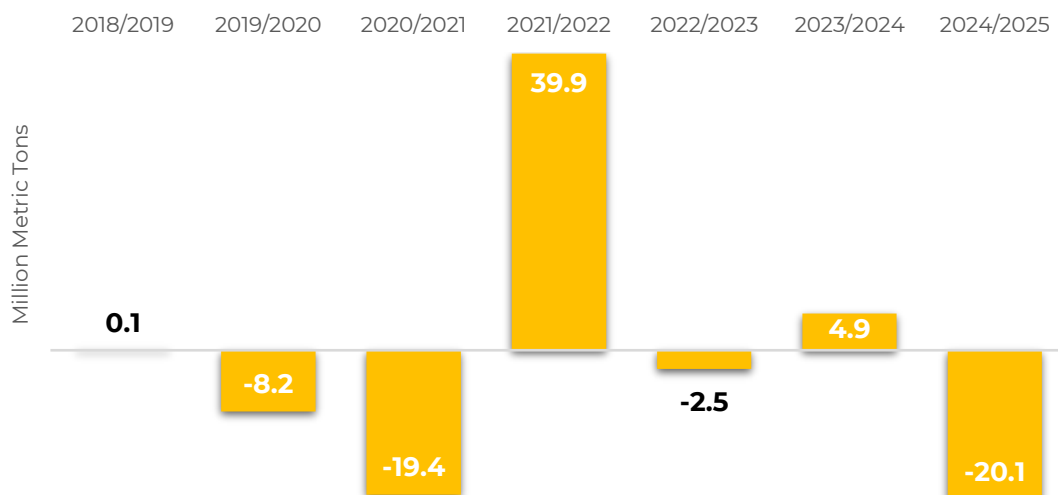
Figure 12 - Corn Global Exports in 2024/25, Main Global Exporters



Source: USDA, April/2025

Currently, the global supply-demand balance is expected to show consumption outstripping production by 20.1 million metric tons, marking the largest gap in the past four years.

Figure 13 - Corn – World Supply-Demand Balance



Source: USDA, april/2025

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