

Earnings Call – FY24/25 Crop Year Results

Phillipe Casale:

Good morning, everyone, and thank you for joining Raízen's earnings presentation.

Let's begin with the key highlights of the 24/25 crop year, starting with our Sugar, Ethanol & Bioenergy segment.

This crop year was adversely affected by dry weather conditions that impacted sugarcane development and led to wildfires in the Center-South region of Brazil, ultimately reducing agricultural productivity. This scenario resulted in (i) lower product availability, (ii) a less sugar-focused production mix, and (iii) lower fixed-cost absorption.

In Sugar, our own-product prices remained elevated and consistent with our hedge levels. However, due to the production mix, own volumes sold declined. We maintain a constructive view on future prices, are advancing in hedge positions, and expect to preserve healthy margins in upcoming harvests.

In Ethanol, we saw volume growth driven by higher production and a disciplined commercial strategy. Prices increased as ethanol remained more competitive than gasoline, which helped offset a decline in exports this season.

On E2G, our Bonfim Plant (Plant 1) continues to ramp up capacity as expected. Two additional E2G plants are set to begin operations this crop year: Univalem, which is in the final commissioning phase and fully licensed, and Barra, currently in testing, pending only the final authorization from ANP. Two further plants are planned for the coming years, with construction paced to align with capital discipline and balance sheet management. Our focus remains on ensuring operational stability, process consistency, and safety.

In Bioenergy, lower biomass availability reduced cogeneration volumes. Prices were negatively impacted by a smaller share of energy sold under long-term contracts, increasing our exposure to spot market volatility.

Despite the operational headwinds, we kept cost inflation under control—costs increased just 4% year-over-year. This is particularly relevant in light of tighter cane availability, which drove raw material prices higher, in addition to inflationary pressures. These impacts were partially mitigated by a shorter harvest and lower Consecana benchmark prices.

As a result, the year-over-year decline in EAB adjusted EBITDA was mainly driven by:
(i) lower volumes produced,
(ii) cost pressure from reduced dilution and inflation, which compressed own-product margins, and
(iii) negative Power MTM effects.

It was also a challenging year for our Trading operations. In response, we've redefined the scope of our strategy, shifting focus to lower-risk, less capital-intensive transactions. This transition is reducing our exposure to volatility and working capital swings.

Moving on to Fuel Distribution:

Our operations in both Brazil and Argentina remain healthy. We continue to strengthen the Integrated Shell Offer, selectively expanding and renewing our retail network to sustain profitability.

In Brazil, we grew Normalized Adjusted EBITDA margins quarter-over-quarter despite a persistently informal and competitive environment. Year-over-year, the decline in quarterly and full-year results reflects the absence of last year's inventory gains, which had a material positive effect. This year also saw lower contributions from derivative supply operations and losses in fuel oil trading—non-core activities that have since been discontinued.

In Lubricants, we expanded market share, scale, and profitability.

In Argentina, we delivered consistent performance, expanding our network and increasing exposure to higher-margin segments. Effective supply and commercial execution preserved margins, ensuring resilience despite market volatility. Cash generation continues to support the final phase of mandatory investments to modernize the Buenos Aires refinery.

Turning now to our consolidated financial performance, starting with Cash Flow:

In Operating Cash Flow, key working capital drivers included:

- (i) lower inventory levels,
- (ii) a strategic reduction in supplier credit agreements,
- (iii) non-renewal of select customer prepayments, and
- (iv) improved receivables turnover, particularly in sugar trading.

Investing Cash Flow reflects disciplined capital allocation, aligned with capital structure optimization.

Financing Cash Flow is consistent with our capital structure strategy. We reinforced our cash position and liquidity by replacing short-term working capital lines with longer-term, more competitive debt—effectively extending the average maturity profile and smoothing amortization schedules.

As this crop year ends, we are entering a new cycle at Raízen. Our focus is clear:

- (i) deliver shareholder value,
- (ii) eliminate complexity,
- (iii) streamline our portfolio,
- (iv) reduce leverage, and
- (v) drive efficiency.

Thank you all for your time.

Nelson Gomes:

Good morning, everyone. Thank you for joining us on this earnings presentation. Before the Q&A session, I would just like to make a few comments. As we saw during Casale's presentation, the last quarter of the 2024/2025 crop year and, as a consequence, the full crop year, clearly have shown results below our expectations, which were severely affected by externalities as well as internal factors.

All of these impacts, both one-offs and recurring impacts, only confirm that we have made the right decision to implement significant profound changes to the Company at

the end of the last crop year, given the impact of these changes within the crop year that is being concluded at this quarter.

A few examples that I would like to mention to you are: the reduction and optimization of our corporate structure and back office, so that we can have a more efficient operation; a change in the Company's leadership especially, but not limited to our business leaders. We have redefined our cultural behavior, our strategy and especially our focus as of this crop.

And speaking of focus, I have said in other interactions with the market that we are, again, focusing on our core business, which is to produce sugar, ethanol and bioenergy as well as to distribute fuels.

To speak a bit more of them, ethanol, sugar and bioenergy, we need to separate what comes from circumstances outside our control like weather conditions and wildfires, from the opportunities that we have to build a smaller portfolio that is more efficient and with much more synergy.

Giovanni's leadership, which has come from the market to lead our ESB business will rely on his vast experience to do our homework.

In fuels, we are very good at operating that business. There are challenges, but we have healthy margins. And despite that, we have plenty of opportunities when it comes to fighting the informality in this industry as well as improving our relationship with resellers and in implementing our integrated value offer at Shell stations.

In the past few months, we have also devoted part of our time to redefining our area of operation in trading. We are now focusing on operations that create more value for our own operation. We have decreased complexities. We have reduced our exposure to operations which are less profitable, for instance, the international white sugar market, which is highly capitalized, as well as bunker operations that have already been mentioned in the last quarter.

In the last few months, we have also recycled some of our assets in our portfolio. Last quarter, for instance, we concluded EAB. We have also announced the sale of a mill in the São Paulo countryside, Leme. We are also continuing with the sale of power assets, distributed generation, and that deal should be concluded during this crop.

All these assets that we are selling and recycling our portfolio that will be ongoing have 2 main objectives, the main one of which is to reduce our debt, but also to simplify our business management.

So I will now conclude my opening remarks, so we can move on to the Q&A session. Thank you.

Q&A

Pedro Fonseca, XP:

Good morning. Thank you for taking my question. I have 2. The first is about the restructuring. We have had one more quarter with some one-offs that have affected results, especially in the trading operation. So looking forward, should we expect more of these negative effects, material one-off effects like we saw this quarter? So that's my first question.

The second question is about the crushing guidance, volumes sold. The top of the guidance could almost be flat year-on-year. So could you give us more granularity in terms of what you expect in the variability of productivity indicators? And more broadly speaking, how are you seeing the Brazilian crop, especially in the Center-South in 2025/2026.

Rafael Bergman:

Pedro, good morning. Thanks for the questions. I will start with the first one. As Nelson mentioned during his opening remarks, this quarter had a lot of effects stemming from losses from operations where we decided to discontinue them because they are not in line with the Company's strategy. In other words, they do not add value to our core business, they are not part of the Company's strategy, and they did not have the correct execution.

So they did have an impact. And we also accounted for the discontinuation of these operations, which had a negative impact. So there are certain contracts that will be discontinued. So what I can say is that we do not expect to have any material impact relating to what has been discontinued or losses relating to that discontinuation.

Phillipe Casale:

Good morning. Thank you for your question. I will answer your question about the guidance. Let's not forget the starting point. It was a very tough crop. Weather conditions were very dry, there were wildfires affecting a large part of the Center-South region, and we had to make additional investments worth about R\$70 million to deal with areas impacted by the wildfire, but recovery in certain areas did not happen as we expected.

So there was a period during which we had to replant it. And depending on the sugarcane, if it's an 18-month or 12-month sugarcane, it takes longer for the recovery to take place in certain areas, especially those that were affected by the wildfires.

So we were highly affected by the weather conditions at the starting point, and in the Center-South, there should be a drop in crushing that will be similar to what we are seeing. So the crop will practically be flat year-on-year, but there are upsides and downsides. And as we move forward in the crop, we will be monitoring how crushing will take place. That's why we are talking about R\$72 million to R\$75 million in crushing, to absorb potential upsides or downsides as the crop moves forward.

Matheus Enfeldt, UBS:

Good morning. Thinking about the potential cash generation of this crop and the next, and I am not asking you to give me an EBITDA guidance, but adjusting last crops results, we are thinking about R\$12 billion to R\$13 billion EBITDA for the year, minus R\$9 billion of CAPEX, minus R\$4 billion interest rates. I think for 2025 or 2026, we are talking about burning cash this crop once again, obviously, not considering all the assets that you are selling. I know it's hard to extrapolate, but looking forward, it looks like 2026-2027 it should be flat or marginally positive. Does that make sense?

And thinking about Raízen in the next 3, 4, 5, 6 years, obviously, there's some deleveraging time to be taken into consideration. It will be slow given the size of the debt and the difficulty generating cash in the very short term. But what kind of a timeline would you say is reasonable to get to where you want Raízen to be? Let's say 2x leverage 3 to 4 years from now, or maybe paying out more dividends 5 years from now? I am trying to

get a longer-term view from you. When do you think you will be reaching the optimal point for Raízen? Thank you.

Rafael Bergman:

Matheus, thanks for the question. Broadly speaking, considering the 2024-2025 crop, we kept our cash under control and looking at company management, there were some discretionary initiatives, especially the certain agreements and client payment advances. We decided to optimize costs and to manage our liability. That's what we did. And we have longer-term operations as well to extend the debt duration.

In 2024-2025, we invested over R\$4 billion. There was a considerable investment increase. And the CAPEX volume is growing, but it's substantially lower now. So we begin to see opportunities for less pressure on the cash and better operational results since we have more constructive perspective for this year.

But we should see progress. But for this crop year, things are going on the other hand from the operational results. That's the time for the Company's financial expenses, which are still having a considerable impact. And not considering the effect of the divestments, when we have the right operation at the right value. So we should be consuming cash in 2025-2026.

Looking forward, there are things that are under our control and other things that are not under our control. We are going to continue to improve Company results. We do not expect margins to stay at that level. We should improve efficiency. We will sell the assets, and our CAPEX should be lower than this year's because our CAPEX will be towards continuing to build the 2 E2G plants and the last phase of investments in the refinery in Argentina.

So we should converge towards a recurring CAPEX. So we have an opportunity to have lower investment levels, and we will go into a period where operational results will lead to a surplus compared to the CAPEX. And after this year, interest rates should not impact the Company's results as much.

But it's not a short-term journey. So what you say is true. We are at a high leverage level at the start of this journey. So we are focusing on reducing the debt through divestments, and there can be a nonlinear contribution, but it will contribute towards decreasing the debt, and it will take a little bit of time for these initiatives to converge towards a healthier level, which historically before this higher investment cycle is the level at which Raízen had been operating.

Isabella Simonato, Bank of America:

Good morning. Thank you for this opportunity. Could we discuss your opinion on fuel margins, both in Argentina and Brazil for 2026? You mentioned flatter margins year-on-year. I know that there are some challenges to do with diesel in Brazil and the volatility of oil prices. But if you could put things into context, what is the basis for that outlook? I think that will help us read what you are saying and what might be better or worse than expected. Thank you.

Rafael Bergman:

Let's separate both business and start with Argentina, because I think Argentina has had a more consistent performance over the last few years, and we want to keep the same focus on business management in Argentina to have the right operation of the refinery

and to focus on premium segments. We work with other markets in Argentina, that can also improve operational margin.

In Brazil, we do expect some volume increase between 2% and 3% when compared to 2024-2025, and this is owing to our consistent process. You have been seeing that we are implementing an integrated offer. We are growing in line with an increase in profitability and bringing more competitiveness to our network by implementing V-power premium products or lubricants that have helped to increase our average margin. So we are growing with profitability.

And the market will also evolve more consistently now. There should be a reduction across all kinds of informality. I am sure you have been seeing in the last few years there have been events that have been taking place in the tax sphere or in operations, for instance, not mixing biodiesel, reinforcement and more frequent and recurrent inspections to make sure that products are not blended so that everybody can compete in a level playing field.

So the more that is done, the more effectively that is enforced, the better the market for the players who play by the rules of the game. So we need to make sure we continue to fight for legal fuels, to help the regulatory agencies fight against informality, and that will improve the competitive environment. And also to focus on implementing the best offer to meet our client needs.

So we will continue with the growth pace, we will strengthen our network, our relationship with resellers to expand our contracted base and to fight informality. Those are the main factors that can lead to a potential upside for future results.

Thiago Duarte, BTG Pactual:

Good morning. I have a few questions, the first is about the ESB business, ethanol, sugar and bioenergy. We have talked a lot about E2G whenever we have talked about investments. But the Company has put significant effort into renewing the sugarcane fields to improve the biological assets. And looking at the last few crops, especially this quarter, which obviously has been severely affected by the dry weather conditions, the wildfires, but there's still a poor performance when it comes to cost and the translation of what we would have expected to be a healthier sugar cane field into yield and lower unit costs.

And now that Giovanni has joined you to lead that division of the Company. I would like to hear from you, in terms of the quality of the sugarcane field and considering the guidance, what will be the biomass availability for the year? So that's my first question.

The second question about is the fuel guidance for Brazil. It's curious because historically, you did not use to disclose a volume increase guidance. You only disclosed an EBITDA guidance for this division. And you have announced a somewhat tight growth range from 2% to 3%. What are the assumptions behind that growth perspective? Have you included market share gains, I believe so? Or do you think there's still more growth to happen this year in the market? What have been the assumptions that led you to believe that there will be a pickup in volume increase again this year?

And my third question, which is my last question, is about your growth CAPEX to R\$2.3 billion. If I am not mistaken, during the last call, you were talking about a remaining CAPEX to conclude the E2G mills that was around R\$1.6 billion. Does that have anything to do with the R\$2.3 billion, so R\$1.6 billion in E2G and the other investments in the refinery in Argentina and GD? So those are my 2 questions. Thank you.

Phillipe Casale:

Thank you, Thiago. I will start, Nelson and Rafael can jump in, and I will come back at the end. Our expansion CAPEX, as you can see, there's been a considerable decrease because in this rationalization of expenses and investments, we are prioritizing some projects, the first of which is E2G and the 2 plants that are missing, Vale do Rosário and Gasa. Those plants will require about R\$1.1 billion, so close to half of the projected expansion CAPEX. And the other half is the division that's part of the projects we mentioned.

And I could talk about Argentina. We will conclude the additional CAPEX, which is focusing on the efficiency of the refinery and to reduce emissions. So there's a bias of that compulsory CAPEX that will be concluded this crop, and there will be some investments made to conclude the distributed solar which were part of our divestment initiatives.

So this year, as we deliver those projects, as we connect them to the network, we should be receiving the proceeds referring to those projects. And we are talking about roughly R\$1 billion for 2025-2026. That will be coming in from these projects that have already been announced. So that's the CAPEX breakdown.

To your second question on market share and mobility volumes and fuel distribution in Brazil, we wanted to put things into context so you would understand all the movements that we are doing in operations.

In fuel distribution in Brazil, our plan is to renew the contracts that we go over every year. So we will be expanding in strategic areas where we can implement our integrated offer to make sure that it's more relevant, and that will give us more logistic efficiency considering our terminals and basis.

So that growth will partly come from this continuous process to expand the network, to renew contracts. And by doing that, through this market growth, we should have a 2% to 3% expansion. So that estimate is based on our expansion plan for fuel distribution in Brazil.

When it comes to the sugarcane fields, which was your first question, first, let's not forget the foundation. The foundation of this crop was terrible because of the dry weather conditions and the wildfires. We have already talked a lot about that.

So when you look at this crop year and the effects are still taking place from this dry weather on the 2025-2026 crop year, there will still be some impacts. So there will not be a full recovery as we saw in previous years after crop failure. I think the recovery will take place, but it will depend on the weather as well.

But we are preserving investments to make sure that we can maintain the sugarcane fields efficiently. So we are monitoring the health of the sugarcane crops continuously to make sure we make any required adjustments to the sugarcane crop management, planting at the right time.

It's important to remember that the Company operates across clusters in different regions. We are not concentrated in one single region. It would be much easier to monitor it and to compare yields. So of course, that hinders the assessment when you compare with specific regions.

So when you look at the Center-South, we are talking about an average that can be a bit more comparable when you look at Raízen's operations. In the last 10 years, we have been closing the productivity gap with suppliers. Suppliers are our partners, they are on our side. So we try to compare our performance with sugarcane suppliers in the same region. And we have shared this data in the past. We have been closing that gap continuously.

So we will be focusing on maintaining healthy sugarcane crops, and we will monitor it continuously so that we can continue to have adequate efficiency for the size of the Company.

Nelson Gomes:

I have a couple of comments. First, looking at our cost, we need to consider the whole crop, the number for the full year, and not at an isolated quarter because there may be distortions in specific quarters.

My second comment on cost as well is that Giovanni has joined us 2 months ago. He's been with us for 2 months and a bit. And during that time, we have already identified efficiency opportunities and opportunities to reduce costs in the ethanol, sugar and bioenergy business, and we will be implementing those over the next few months and quarters.

Gabriel Barra, Citi:

Thank you for taking my questions. I have a couple of questions about capital structure and capital reallocation. Two quick points, please. First, about indebtedness. Looking at your current debt from a different perspective, you are talking about R\$44 billion when you consider agreements, working capital. So that's one point. Do you think that's the way we should look at it? Managerially speaking, do you look at that figure or only at net debt? So how should we think about that? And what do you think will happen over the next couple of years after these past 5 months that we have been discussing the new management? What should that number come to, and how quickly should it get to that point? What would be feasible for the Company?

And you have been selling a lot of assets. You sold an asset this week. So I would like to hear from you about the pace. And I do not know if you have an internal number for your deleveraging. How much of your deleveraging will come from asset sales?

And your maintenance CAPEX is below what we had thought for recurring levels for the Company. Could you give us a breakdown of what's included in your CAPEX for sugar and ethanol? A previous question was about that, it was a slightly higher CAPEX. So you have caught up on renewals in the last few years. That will be helpful to understand where you have allocated that amount that you disclosed in your material fact last night. So those are my questions. Thank you.

Rafael Bergman:

Gabriel, I will take your questions. I will start with the recurring CAPEX. We are already putting an efficiency guidance assumption, and our recurring is also impacted by the organizational structure. There's labor, which also includes yield gains.

So I think we have to remember that this recurring CAPEX also includes investments that are made in bases and terminals. We had more investments in those assets in 2024 and 2025, and that will benefit the comparison basis. So there's been a reduction in

recurring CAPEX. So those are the main elements that explain our commitment to the recurring CAPEX that is lower than what we saw in 2024.

About the capital structure, let me repeat what I answered to Matheus. We do acknowledge that the starting point for this journey is a capital structure that is not suitable. And that's why Nelson talked about reducing that. That will happen gradually through the operational improvements that we are implementing by reducing the investment CAPEX through our investment program.

It's hard to give you an exact timeline for our investment pace. I can say that we do have a process, and the divestment program will help us reduce the Company's debt. But it is a gradual journey. This first year, excluding the asset sales, we will not have a deleveraging effect because we are still consuming cash. Obviously, EBITDA should increase, but in terms of leveraging, it will be a challenging year. That's why we are going through a divestment process.

Gustavo Sadka, Bradesco:

Good morning. My first question is about the discontinuation in the sugar and ethanol business. Can we consider that business to be clean now? And will results reflect the fundamentals of the ethanol and sugar commodities?

And my second question is about risk. Will you continue to discontinue this risk at Raízen Mobility? And are you considering the impact of that risk on the margin? Will it be proportionate to the volume, which I think is about R\$9 billion multiplied by the CDI? Will that be the impact of the risk if you put an end to the operation? Thank you.

Rafael Bergman:

Gustavo, I will take your 2 questions. I will start with the question about the operations. This strategy is based on cost and risk profile of our partners. So it will be a dynamic decision as we assess alternatives of liabilities that we have to manage in our business.

In 2024-2025, we made the decision to reduce the use of those instruments, and we also decided not to renew some client advanced operations. And obviously, that will have a direct impact on the reported banking net debt, because it's a choice we made on how to manage the Company. So we are focusing on cost and risk profile.

Looking forward, you can expect rationality. That's the best answer I can give you. We will always pursue the best way to fund the Company through long-term debt, more working capital, and naturally cost of debt. Working capital operations are intrinsic and will affect results as they are used at any given year.

There is a seasonality to the use of these instruments. The best way to look at the operational performance of our fuel distribution business is to look at the normalized results.

So going back to the trading point, we can be highly competitive in volume origination, whether in ethanol, we can originate that for our network or buying oil byproducts. That's all part of that segment. So that's the best way to look at it, in our opinion.

And to conclude about trading, we talked about fuel distribution. The trading results relating to fuel distribution should not be affected with the exception of fuel origination to supply to our new clients. It's simple. It's what everyone does, and that's part of the normalized margin. That's the simplest answer I can give you.

As for ESB, it's the same principle for ethanol, sugar and bioenergy. I think, the word 'trading' here has a bit of a stigma given our performance in 2024-2025. But we are talking about selling our own production the best way possible, in the different markets where we operate and considering the different risk profile of different markets. But what's no longer part of the trading scope is the substantial volume of origination for subsequent sale.

This year, we have contracts that we have had for a long time based on a strategic view considering arbitration windows. So we will be thinking about those and reflecting them on our reports. We will be showing Raízen's own prices for ethanol or sugar, and our own price needs to be consistent. So our sugar price for 2025-2026 is a bit more than 80% of our production that has already been fixed in BRL.

So there should be no surprises. I think the trading operations that we have been doing meant that there was a degree of volatility. And in the last year, it was negative, but not only because it was negative. We have also understood that it's not our focus. So we will be focusing on selling for the best price possible, as competitively as possible what we produce, and that's the best we can do for our business.

Bruno Montanari, Morgan Stanley:

Good morning. Thank you for taking my question. I have a follow-up question about divestments. That's an important lever for deleveraging. Considering the mid- to the long term, how willing would Raízen be to streamline? How small would the Company be willing to be in terms of volume, cash generation, EBITDA? How do you balance deleveraging within the record window in comparison to the need to generate cash in the mid to long term? Thank you.

Rafael Bergman:

Thanks for the question, Bruno. What we are doing for the Company is making it a better company. We are revisiting the scope of our operations and our portfolio when it comes to ESB.

We want to have as much synergy as possible in our portfolio, so that we can have an efficient and competitive business. So we are on a journey to simplify our business and find the ideal size of the portfolio with as much synergy as possible.

As Nelson said in his opening remarks, investments have 2 objectives: one, to reduce debt, yes, which is something that we have been discussing. But also, it also has the benefit, and that's the second objective, to simplify our portfolio so that we can have more benefit from the way we manage it.

So at the end of the day, we went through a period of high investments and some issues in the execution in what used to be the Company's strategy. So now we are focusing on going back to generating cash more efficiently, and that will happen based on what we are already doing, simplifying our portfolio, the investments we are still making; even though we have decreased investments, there are still some ongoing investments. And the sale of assets that will benefit our deleveraging when we receive the cash from these operations.

Operator:

This concludes the Q&A session. Questions in writing that have not been addressed during the earnings call will be answered by the Investor Relations team. We will now turn the floor over to the Company for their closing remarks.

Nelson Gomes:

Let me share our vision for the future. This quarter and the crop year have been very tough in terms of results and the external macro scenario when it comes to the economy, inflation rates, crop failure, uncertainty around commodity prices. This has by no means being an ideal or even stable year.

But considering that we have made all the changes we wanted to make in terms of people, culture, strategy, what will happen to Raízen this crop? If I can summarize it, I would say, it will focus on its core business, simplifying business, ESB and fuel distribution operations that are safe, secure and efficient, reducing expenses, rationalizing all of our investments, rationalizing CAPEX and, last but not least, reducing our debt. Those are the attributes that we will be pursuing at Raízen this crop year that is beginning now.

So that's it from us. Thank you once again for joining us on this results presentation, and we will see you next quarter.

Operator:

Raízen S.A.'s 4Q and 2024/2025 crop year conference call is now concluded. The Investor Relations department is available to answer any further questions. Thank you for joining us, and have a great day.

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