



**Conference Call Transcript
Raízen
Q3 22'23 Results**

Hi everyone, It's a pleasure to present the Raízen's results for the third quarter of 22'23 crop year.

With me today is Ricardo Mussa, our CEO, and Carlos Moura, our CFO and IRO.

Let's start the presentation on slide 3, with the highlights and advances in our business.

In renewables, we once again demonstrated the quality of our ethanol portfolio, and our capacity to uniquely price our products to a new level.

We set an E2G production record at our pilot plant of production of over 25 million liters in the year to date. We foresee reaching 30 million liters this crop year.

In power, we expanded by over 30% the number of consumer units connected to 24 thousand. We continue to expand investing in solutions for commercializing of green renewable power.

In sugar, the more positive cycle for the commodity created an opportunity to expand our sugar sales volume on our trading platform, while also advancing in sales directly to final destinations. In Marketing & Services, we advanced in optimizing our product mix and value proposition for our resellers and consumers. We surpassed the mark of 8,000 Shell service stations in our Brazil and LatAm operations, and reached the highest level of customer satisfaction, demonstrating our focus on an increasingly solid relationship with Shell network.

We successfully concluded the 50-day scheduled turnover of the refinery in Argentina, which is the largest ever carried out.

Other initiatives, such as Shell Box and Grupo Nós, continue to deliver growth, reinforcing reliance in our future.

This quarter was also marked by Raízen's inclusion in two indexes that make us proud: the ISE, B3's corporate sustainability index, and the Teva Index of Women in Leadership, the first in Brazil with companies that have the highest representation of women in governance.

Let's turn to slide 4, which shows highlights of our consolidated results.

The higher business volume supported net revenue growth in the third quarter, to R\$60 billion.

Adjusted EBITDA in Q3 topped R\$3 billion, 12% lower on year over year comparison. In the crop year to date, we registered growth of 5%.

CAPEX, which came to R\$3.1 billion, included projects to expand our business, especially in the Agricultural Productivity, E2G, Power and Biogas, in addition to expenditures in Argentina with Refinery stoppage for maintenance and adequacy of product quality.

Let's go to slide 5, which shows our cash flow and leverage.



As you can see, cash consumption this quarter was R\$445 million. We have dedicated special efforts to cash management, aligned with our commitments and guidelines for capital allocation to navigate business dynamics.

In operating cash flow, the main effects on working capital in the quarter were related to:

- (i) inventories, which followed the seasonality typical of this period of the crop year, with the carryover of sugar and ethanol for future sale with greater profitability;
- (ii) accounts receivable was aligned with the dynamics of the term for direct sales of sugar and ethanol, with higher implied profitability; and
- (iii) suppliers and accounts payable, to match the consolidated financial cycle.

Meanwhile, cash flow from investments reflects the acceleration in investments for recovering agricultural yields and for construction of the E2G and Biogas plants.

Cash flow from financing incorporates a higher level of amortizations in the period, focusing on our liability management strategy to lengthen our average debt term.

These effects also explain the seasonal increase in net debt, as you can see in the chart at the bottom, which temporarily increased to 2.5 times the ratio of Net Debt to EBITDA in the last 12 months. Remember that we have a target of reaching a leverage ratio of around 1.6 times by the end of the crop year.

Before moving on to our business segments, the next slide provides an update on the pillars to support our consolidated results, in line with what we presented.

These are the 6 main items guiding our results for the year. We made progress on various of these topics, as shown by the green marks. We monitor 19 control points and are aligned in 16 of them. Here I should mention 3 main factors:

- i. First is the business environment in Marketing & Services Brazil, which has been adjusting to the changes in fuel taxation, bringing higher volatility to prices.
- ii. The second and third points refer to the 5th topic: despite the expansion in business volume and revenue, we had a lower sugarcane crush, than we estimated - due to weather conditions - which reduced our efficiency in agroindustrial operations.
- iii. The third and final point also refers to the 5th topic, which is optimizing logistics assets, given the pressures from diesel prices and inflation.

Let's move on a more detailed discussion of each of our business segments, starting with Renewables and Sugar and operations at the Bioenergy Parks on slide 7.

The third quarter marked the end of the main period for crushing, with volume down 3% on last crop year. The effects from drier weather and the smaller area harvest this year, which reflects our voluntary decision to accelerate the renewal of our cane fields, had a direct impact on cane availability. However, year to date cane yield was in line with the same period last year.



As we presented in our earnings release, our journey to recover yields continues to produce good results. Our first-cut cane performance remains above the average for the Center-South region. For second-cut cane, we obtained a sharp increase in yield and closed the gap with the Center-South region average. The challenge remains the portion of older cane, third-cut and so on, but which is gradually being resolved. Today our portfolio includes certain regions where yields are structurally better and works have been well executed, such as the cluster in Ribeirão Preto, where we operate 5 Bioenergy Parks. Raízen's yield in this cluster already surpasses the average for the region and the Center-South, as you can see on the slide. And there are other clusters already in more advanced stages of productivity. And I'll repeat here what I said in previous quarters: we know what to do and how to do it. Our focus now is on maintaining our execution plan and continuing to reap the rewards of this journey.

To finalize the Agroindustrial section, we present an analysis of the main adverse impacts on costs this crop year. The main components, without a doubt, are (i) the effect from the lower dilution of fixed costs, given the drop in availability of cane, as well as (ii) inflationary pressures, which led to higher material prices, and (iii) agricultural inputs in general.

It is important to reinforce that we have implemented various internal actions as well as actions with suppliers to optimize the cost-efficiency tradeoff to mitigate some of the inflationary pressures.

Let's move on now to Slide 8.

In Renewables, we expanded ethanol sales volume in the quarter with differentiated pricing, above the market reference.

In Power, the expansion in own volume with higher cogeneration was offset by the lower sales and trading volumes given the fewer opportunities and lower spot prices.

In Sugar, we expanded total sales volume, mainly by accelerating our trading operations. The average price is in line with the same period last year, but has registered a cumulative increase of 10% in the crop year to date.

As a result, Adjusted EBITDA from Renewables and Sugar declined in the quarter, with the higher sales volume offset by the cost pressures in the period. In the crop year to date, the higher sales of ethanol and sugar, with better prices, were the main factors supporting the improvement in results.

Let's turn to Slide 9, with an update on our Ethanol.

The graphic above shows the advance in our average Ethanol price, with a 7% expansion compared to the previous quarter and further expanded its premium over the hydrous ethanol sold in Brazil.

Naturally, the disparities that occurred in 2022 affect the reference price, but there is a clear evolution in our average price within this crop year.



As we noted in our last few conference calls, our capacity to produce and sell ethanol with higher added value continues to create more opportunities for maximizing value. We have a unique positioning in this industry given our integrated chain, scale, and product certification, which gives us a privileged position for capturing higher returns, especially in scenarios marked by depreciated local prices.

Moving on, the next slide, shows some of the advances in our Power agenda.

We are positioning ourselves assertively, capturing market opportunities, intensifying partnerships, and gaining scale. Our operations in the generation, commercialization and offering of solutions for the power sector are supported by a very important competitive advantage: customer centric approach.

There are 3 main levers for driving development of our power business over the coming years:

1. We have become a one-stop shop for energy solutions for our clients. In the free market we already are invoicing directly with clients, highlighting the savings achieved in the period, accessing 100% clean and renewable Power.
2. In commercialization, Raízen remained one of Brazil's 4 largest producers in terms of volume with rigid control and management of the operation's risks.
3. And the last lever is electromobility for offering solutions with high convenience and efficiency to our clients and partners.

Now let's go to Slide 11 for the latest on the Sugar market.

We are in a highly constructive cycle for sugar prices. Some factors supported our outlook, such as the indicator shown on this slide. The trend in the stock-to-use ratio, for which lower values indicate less supply of sugar worldwide, has remained low, at around 51% to 52%. We have moved forward in our hedging strategy observing the horizon of our Financial Risk Management Policy.

Bear in mind also that we already are shipping nearly 100% of own sugar sold without intermediaries, which corresponds to around 60% of Raízen's total trading book.

Moving to the next slide, let's cover the Marketing & Services results.

Starting with the operation in Brazil. We strengthened our focus on serving our Shell resellers, while reducing supply to markets that operate with high volumes with lower profitability, especially in Diesel. In Otto Cycle, measured in gasoline equivalent, we grew both sequentially and year over year, demonstrating adherence to the value proposition for our clients and resellers.

Meanwhile, aviation volumes increased, supported by stronger demand from executive aviation, and should gain even greater traction with the start of operations with Azul in January 2023.



However, the business environment this quarter has proven highly challenging, given the impacts on demand during the World Cup, the decline in gasoline and diesel prices in December, and the oversupply of fuel in the market.

Even so, we maintained a high level of gross margin, above the historical level, with an evolution in year to date.

Adjusted EBITDA from the Brazil operations staged a recovery sequentially, but was down year over year. If we normalize the effects from inventories, margin was R\$ 97/m3 in the quarter and R\$ 118/m3 in year to date.

Before moving on to the LatAm results, let's go over some elements of our business strategy.

1. First of all, we ended the quarter with 192 service stations added in the last 12 months, maintaining the solid pace of renewing and branding our new stations. We already have met the target for new volumes this year, with 1 billion liters added. We also have achieved 85% of the renewal target already in the first 9 months of the year.
2. We set a new record for new registrations for the Shell Integrated Value Offering, which is our reseller network loyalty program, which currently reaches 80% coverage. The relationship with resellers is and will always be the focus of our strategy.
3. We obtained the highest overall satisfaction index ever since the start of our activities based on a satisfaction survey called Index5, which is conducted monthly with over 400 clients served by fuel distribution and terminal cargo services: 96% of respondents are satisfied with our way of serving and doing business.
4. We were one of the first countries in the world to launch the new Shell V-Power, maintaining our leadership penetration in the premium market, with higher profitability for our clients and the Company.
5. And last is Shell Box, which already has over 4,900 accredited stations, with growth in both the number of users and in transaction volume.

Therefore, we will not pursue market share by sacrificing shareholder and resellers profitability, as well as limiting the expansion of the economic value of the market.

Let's go now to the next slide on our operations in Argentina and Paraguay.

In Marketing & Services LATAM, we delivered important achievements, even in a challenging macroeconomic scenario. We captured margin gains in our operation in Paraguay, after concluding the full branding of the network, and set a new market share record in Argentina, with significant margins expansion. It is important to remember that the business model in Argentina is different from that in Brazil, with practically all players branded and integrated, with no independent stations or high levels of informality. The result is a business environment that supports higher efficiency (with higher average sales per station) and with higher profitability than in Brazil.



Another highlight in the quarter was the successful conclusion of the scheduled stoppage of the Buenos Aires refinery, which was on time and on budget.

Remember that this kind of stoppage of the refinery is carried out in 10-year cycles, and generates the need to import oil products to ensure supply to our clients, which changes the supply dynamics. For this reason, we have adjusted the effect on results to provide a better analyze of recurring EBITDA.

Now let's move to last slide to present a review of the classification of certain risks and opportunities that we discussed last quarter, on slide 14.

We have included some topics to make it clear the positive drivers of the results and the factors that did not evolve as expected.

The chart on the left shows the opportunities, highlighting the demand for biofuels, especially Ethanol for industrial applications and for our E2G. In Power, we are taking advantage of our commercialization capacity and accessing clients, aiming to become a one-stop shop for Power in Brazil, with 100% renewable energy.

Among the main challenges that impacted our business through this crop year, I point out the price volatility and tax changes in Brazil's fuel industry. Moreover, the weather of the last two years - the worst in most recent historical series - placed an important impact on sugarcane yields in the Center-South region. Finally, the economic and political scenario in Brazil and Argentina, the effects from higher interest rates and inflation on our costs and balance sheet, which has been generating a more significant effect on our business.

Even in this scenario, we are reaffirming the Guidance released for the year. Despite the impacts on our business, we will work hard on the business levers, to deliver the projected results.

Finally, I would like to inform that we prepared a slide on appendix about Raízen's Sustainability journey, as well as a detailed section in our Earnings Release. We have also prepared an update on E2G prices and on the construction of our plants. We are very proud of our achievements, positioning Raízen as a reference in sustainable energy transition.

Thank you for your attention. And now, we can start the Q&A session.

Thiago Duarte, BTG Pactual:

Thank you so much. Hello, Mussa, Carlos, Phillipe. Hello, everybody. I have a couple of points on the few distribution businesses in Brazil and one extra point on the sugar cane business.

The first one is related to the ROIC of the few distribution businesses, so more than the margin volatility, it looks like there was an incremental investment in working capital, if you look at the balance sheet for the few distribution business. Especially in inventory.

So I was wondering what drove that and if it was a strategy of carrying out a little bit bigger inventories in the turn of the year, perhaps hoping for the lifting of the tax exemption of use. I am just wondering if that was the case and if we could think of that business as a one-off in terms of your incremental working capital in the business.



The second point is related to market share. In your prepared remarks, you mentioned that you are not willing to sacrifice profitability to the market share. It looks like the market share loss was mostly focused on the diesel market. So, if you could just elaborate a little bit and comment more on how fierce the competition environment was in diesel and how you see that playing out into the 4Q of the crop year, that would be great as well.

Finally, on the sugarcane business. It looks like one of the reasons for lower sugar cane volumes this year, relative to your expectations, was the fact that the harvested area was smaller relative to the planted area.

I do not know if you are already in a position to help us with next year's crop, whether you expect to keep a bigger planted area and a smaller harvested area next year or if you think you should start to see an increase in the harvested area already. That should help on top obviously of the better sugarcane news that I think we are all expecting for the next year.

Those would be my three points. Thank you.

Ricardo Mussa:

Thank you, Thiago, great questions. I will add two points for you on the first question. First, of course, we had expectations of the return on taxes on the first of January. So, we did indeed increase our inventory levels prior to that. I think the entire market was also doing pretty much the same.

The other thing is that we are selling less white flags and more to our branded retail. That also changed a little bit. So that is explained. But I think nothing that would change the inventory levels should return to normal levels. We should not have this same effect moving forward.

Related to market share. You cannot see that in the numbers of ANP, but we are increasing market share on the branded and we are reducing the white flags market share that we have. So this is really not focused on the branded sites, the sites that we do not see much future moving ahead.

Really the major difference is that, internally, we are seeing a record renewal on brand, record new conversions of brand stations into Shell, record volumes of new volumes coming even above target. For us, that is the strategy: support our reseller, the guy who is with the Shell brand, and that is happening.

What explains the market share, if you look into the details, we are losing the market share that we do not like, the share of the market that does not have a great future and that is just volume for volume. So that is the strategy and support our retailers.

On the sugar cane side: you are right, we have a lot of areas that we prefer not to harvest and plant. So we reduce the harvest area this year and next year, projecting a little bit more than 8% increase, reaching 80 million tons of crushing for next year. We are very confident in doing that.

We are going to see that we have a great planting season, the weather is good so far. I think the risk of not getting the results of the productivity for next year is getting lower and lower, Thiago, for two reasons.



You see what is happening with the first and second cuts. The quality of our sugar cane is great, and also the weather is better. The combination of those two accents still has a tail, but a much smaller tail next year. Again, moving forward to 80 million quite on the safe side, in my point of view.

Thiago Duarte:

Great. Just a follow up: the 80 million that would imply an increase in the share of harvested area relative to planted area or that assumes these proportions remain somewhat flat relative to this year.

Ricardo Mussa:

Both of them are increasing: productivity and the planted area. I do not have it in front of me now, but I can give you later, Thiago, how much is the ratio between both. But we are increasing the planted area, increasing productivity, so both are increasing next year. But I can get the numbers and ask Casale to send you later.

Thiago Duarte:

That is great. Thank you so much.

Lucas Teixeira, JP Morgan:

Thank you for this place for questions. The first one is on the ethanol realized price, which was again strong in the quarter. My question is: how to think about your exposure to the international market in the coming quarters? Also, how to think about the way you are selling this ethanol in terms of your contract, what is this? What are these prices back to? Do you have some visibility on these prices, some sort of take or pay? Just so I understand how to forecast and how to think about your average realized ethanol prices going forward.

The second question is a bit more specific on the sugar. It was a bit difficult for me to reconcile the EBITDA drop, specifically in this quarter, considering the prices that were kind of flattish, while I saw a good performance on the renewable.

I do not know if it was something related to the allocation between renewables and sugar, or something related to the trading of third party sales. If you can give us more details, so that I understand how to think about the profitability of sugar going forward in light of the guidance that you guys kept maintained this quarter. Thank you.

Ricardo Mussa:

Thank you, Lucas. On the ethanol side, we are seeing that we have been increasing more and more what we call industrial specialties in our portfolio, not only on the production side. We made a huge effort this year to produce more specialties in our bioenergy parks. Therefore, we are getting more and more production availability of that. But the trading desk is doing a great job on getting to the final destination and getting premium.

So if you look at what we have seen here, those premiums of course we have a great year so far. But the quality of the team, especially in Europe with what will happen with the crisis in Ukraine, we were able to get very good prices, fixed prices for longer term, we have longer contracts of



ethanol, one G, so with higher premiums.

The premiums are here to stay. I cannot comment on how much the premiums are going to be, but the performance of the trading team is fantastic and I do not see how they are going to reduce that performance. That is as much as I can share, Lucas.

On the sugar: you are right, it is difficult to understand. Carlos can help me with that, but I think that the bottom line here, we do not look at a quarterly basis personality, especially on the hedging side. So when you look into the entire year, we are sticking to our guidance. We are going to deliver. There is nothing here different. There is not a cost of location problem here.

We are not allocating more in sugar and less in ethanol. It is just how we are hedging. In my hedging committee, Lucas, I do not go and say how much we had per quarter, we look at annual basis. Of course, this quarter the hedges are lower compared to the rest of the year. But that is it. It is just purely seasonality. There is nothing here that changes from delivering the target on sugar. Carlos, I don't know if you want to add something.

Carlos Alberto Moura:

Good morning, Lucas and all. Just put some colors in this explanation. If you compare the adjusted EBIT from the 3Q21 and 3Q22 versus the actual quarter, something like R\$400 million is the effect that came from the hedging seasonality. But again, I would like to reinforce the point from Mussa.

Going forward, we have much better hedging effects in this quarter, and for the next quarter or the next year and the year ahead we have a very sustainable hedging position, boosting our results for next year.

Lucas Teixeira:

Excellent. Thank you very much, both of you.

Gabriel Barra, Citibank:

Hello, Mussa, Carlos, Casali. Thank you for taking my questions, I have two. The first one is regarding the guidance. I think I have discussed the results etc, but the company has affirmed and reaffirmed the guidance for this crop season. But taking a look into the year to date numbers in the low end of the guidance seems to be the results lower than expected, but there is some room here to reach this low end of the guidance.

My question is: what are the risks here, in your point of view, regarding this gap? And what is the main risk here that may lead the company to not reach the expected results? And mainly here on the sugar net tunnel business when you take a look at what you have at this point, close to 80% of its own TRS producers. So there remains close to 20% of the TRS for the end of this crop season. So what are the main points here to pay attention to?

The second point is on the leverage of the company. The company has reached close to 2.5 times this quarter, is this something that concerns your management or is it something that we were already expecting, because of these higher investments and this current investment base? So at this point, there is any room here to reveal the investment plan for E2G or bio gas because of this high leverage.



And two points here, correct me if I am wrong: you do not have covenants, right? The last one is: what is the leverage that you expect for the end of the crop season?

If I made the last one here, sorry, this is an additional one, but I think that it is an important point. You reported really interesting numbers on E2G, the pace of the CapEx etc. But taking a look at the cost up into Japan, you are producing all days this year, close to 25 millimeters and the capacity is close to 30 million liters. So the utilization ratio is close to 83%.

My question is if you should expect the same utilization ratio for the next plans or those who are expected to work at full capacity or what is the level that we should expect for the new plans. Thank you.

Ricardo Mussa:

Thank you, Gabriel. The first one: about the guidance, of course we have done a lot of analysis internally, we are getting closer to the end of our fiscal year, we have less than 45 days. We are very confident that we are going to deliver the guidance. We have really done a deep dive into some leverage that we have.

Of course there are risks. We have some price movements, tax movements now expected to happen at the end of February that can change that. But after a long internal review, we are keeping the guidance. We have been known as a Company that delivers and we are confident that we are going to deliver.

About the leverage, I will leave Carlos here to help. But of course you have the seasonality of our results and you have a lot of inventories of sugar and ethanol. Also, in this case, we had some inventories of fuels. We had the expectation of tax, as I said at the beginning of the call, that also increased our working capital in these days. We are forecasting to close the year at 1.6, nothing that is related to derail that situation even more than that.

Talking about the E2G, the construction, no, we are not changing the pace of investments. We are keeping the pace. We had a board meeting last week to approve the plan for next year, so we are keeping the investments on E2G.

The market is better. It is getting better and healthier, even the price. Remember that we had contracts with floor prices and we shared the upside? We are seeing the upside getting higher as we go.

About your point, I do not know if you have noticed, but the E2G does not run only during the harvest. It also runs during the off season. So we are going to beat the 30 million target. Yesterday I was at the E2G plant in Piracicaba, we are getting 29 million liters already. So we are going to easily beat the target that we had initially.

So it was a record year. We beated all the records on daily production, monthly production, up time of the plant. Therefore, we are very confident that the new plans are a modular approach. If you remember, Gabriel, that we are building new plans based on this one. So, the results of the Costa Pinto plan this year gives me even more confidence that the risk of the new plans not achieving the same is very low right now, because we are delivering more than we expected for this year.



Carlos Alberto Moura:

Good morning, Barra. This is Carlos. Regarding the covenants, just to mention to you that we have a specific note in our financial statements, the note 16 B, in which we declare that we do not have any covenants in our contracts.

The other point is related to the attention of the capital structure. It is something that we discuss every month here in the executive committee since the raising day. We are talking about the attention to the cash, the attention of the adequate leverage with a favorable duration for the Company, taking advantage of its bankability and the fact that we have reaffirmed investment grade recently.

Naturally, due to the specific scenario in Brazil, we have our concerns, but again we have a strong bankability in the Company. It is important to note also in the same note 16, the evolution of debt.

We had a reason for the turnaround of our refinery in Argentina that we had to raise an important portion of working capital to attempt the supply in that market. But you can see in the 16A the maturity of this working capital debt that will mature in this first semester of the calendar year.

Gabriel Barra:

Thank you, Carlos and Mussa.

Christian Audi, Santander:

Thank you so much. Hi, Mussa, Carlos and Phillipe. My two questions follow in sugar and ethanol. Can you talk a little bit about the outlook for exports? You had a good year, but how much visibility do you have as to how much you can export ethanol into the 23/24 year?

And on the cost front, you talked about productivity increasing in sugar and ethanol. Can you talk about your expectations about costs? Will they be flat? Will they be higher or lower on 23/24 versus the past year?

The second question was just related to a few distributions as you mentioned, it was quite a noisy quarter. But as you look at the beginning of this year, can you please comment a little bit about market dynamics and conditions that you have seen so far in January and February? Thank you.

Ricardo Mussa:

Thank you, Christian, for the questions. About your first point on costs, I missed a little bit of the initial part of the question, but the costs related, we are not seeing an increasing cost for next crop season. We are seeing some flat or a little reduction. If you take fertilizer costs, diesel costs, the announcement of the government that they are going to keep the tax on diesel law and the forecast that we are seeing on diesel prices.

So we are seeing costs that would be a little bit lower than what we are having this crop season. Of course, because our productivity is much higher, we are going to dilute our costs more, and that is going to reflect even better in our results. That is why we are looking very optimistically for the next crop season.

The fuels market is still having these distortions that we are seeing, because of waiting or not



waiting for a tax increase and what is happening. We had a very rainy January, so there were some delays on the harvesting of the soybean and corn in Mato Grosso, for instance, that was affected.

But we are not seeing any big trend, to be honest here, Christian. There are still a lot of expectations about what is going to happen on tax and how Petrobras is going to perform. We had some good news on Petrobras when they adjusted prices once. So, it looks like they are still following the international market price.

But I would say there are still expectations to see how this government is going to proceed and we are waiting to see that, but no big movements other than a rainy season. It looks like Brazil is going to have a phenomenal crop, not only on the soybean and corn, but also on the sugarcane side. That is good for the fuel consumption in Brazil.

Christian Audi:

Great. Thank you, Mussa. The initial question was just with respect to the potential for you to export ethanol. In other words, if ethanol prices in Brazil are kind of lackluster your ability or visibility if you can export ethanol into the next year place versus this year.

Ricardo Mussa:

I understood the question. Great question. That has been a focus to us, it is really the special products moving away from commodities. So we have expectations to have similar higher numbers to export next year. Of course our production is going to be higher and we are focusing much more on the international market than the domestic market.

Industrial grade ethanol for us, Christian, has been growing year by year, and next year we expect the growth also on the share of industrial rate in our portfolio and the share of exports. We already have a lot of contracts signs of a great part of our ethanol sales already locked in for next year's, for the export segment. So I see that growing, Christian.

Christian Audi:

Great, thank you.

Luiz Carvalho, UBS:

Good morning, everyone. Thank you for the opportunity. Hi, Mussa, Carlos, Casale. Let me try to start here with a top down question. Since the IPO has not performed well - it is clear that it has been down, and some targets have been changed - we still see an optimistic outlook ahead when we look at the Company guidance, right?

And leverage, as it was mentioned in the previous question, ended at 2.5 times, sometimes with a sort of seasonal impact. But looking over the next probably two years, we are not seeing strong cash generation as well.

So my question is more on the capital location strategy. What would be the priorities here? Would it make sense to maybe postpone some investments to perform additional buybacks on the back of what we already announced that last year or on the back of also dividends? Because of the potential controlling shareholder needs. I am trying to understand a bit better the capital location



priorities here.

I would like to come back with the second one. Maybe if I come back on the few distribution sides on the market share point. We have been constantly meeting resellers and industry players, and over the past couple of months we started to see some of our recurrent feedback about an adjustment on the company approach, as Mussa probably mentioned a question ago. And we somehow saw a 5% drop on diesel volumes of the year over year.

So the question is: what would be your interpretation on the market share behavior? On the back of the potential adjustment, on the commercial approach and also the constant facing changes that we are seeing in the industry, like the *PIS/Cofins* import, CBOs and so on and so forth. Thank you.

Ricardo Mussa:

Thank you for the great questions, Luiz. On the capital location side, if you look at our priorities, they remain pretty much the same. What we are talking about IPO is a real recovery of what we have on productivity for sugar cane. That is clearly a priority, it delivers a lot of cash flow to us.

If you look ahead, the sustainable prices of sugar moving ahead gives us clarity that we are going to get much better bottom line results from the renewable space. For us, that is a huge priority to allocate CapEx to renewing and improving the treatment of the sugar cane. You have seen that.

On the E2G, we have not changed the plan. The plan is pretty much the same that we have since the IPO. We are discussing how to find ways to anticipate, if possible, because the premiums are still higher.

The only thing that I disagree with what you are talking about here, Luiz, is that when you look into our cash flow generation for the next two crop seasons, they are very strong ones. If you look into 80 million crushing with slightly low cost and better prices of sugar, it is a much better cash flow generation coming from the renewables business. Right?

We are very happy with the CapEx that we are getting from E2G, the timing is under control. I think the risk of the project is getting lower and lower every single day, because we concluded almost 80% of the plan, we are moving ahead of plants, the productivity rates are higher. So the confidence level is increasing and the risk, in my point of view, is getting lower and lower everyday.

For me, if you look at my capital framework, when we see the Company, even if we see the next property's leverage, we are very confident in what we have in our hands. We have very few doubts about what is going to happen.

On the fuel side, if you look in the market shares - it is similar to what I talked about with Thiago - of course you do not have access to the details of that. What we can see in turn is that our branded market share is increasing. So we are supporting our reseller more and more and the retail business of raising is very strong. We have the highest index from them.

So they love the relationship. We are getting great feedback from our team and from our partners, and these are growing. What we are losing market share is white flags, TRR. The market share that, even sometimes, competes with our own network. So that is what I call bad market share, we have to focus on that..



My KPI internal, Luiz, is branded market share and clients. That is what we are looking for. If you look into all the numbers, all the KPIs that measure how our relationship is with our partners, show that it has never been better. They are very profitable, as they should be, and we are going to support their profitability moving forward.

So there is no change in our commercial approach other than: we are supporting more our network and less the white flags. I think that is the major change in our approach, and I think it is the right thing to do. Also, we are dreaming much more about getting profitability from our partners and they being more profitable, just purely getting volume from white flags and increasing our volume. If there is a change, that is it.

Luiz Carvalho:

Okay. If I may, a quick follow up on the first one. So the plan is to keep the 20 E2G plans to 2030-31 and the 39 of biogas, right? That is still the plan in terms of investment, right?

Ricardo Mussa:

That is the plan. Of course we are not going to have, if I am not wrong, Thiago, all the plans operational in 2030. I think it is going to be 16 or 17 operations. There is a plan.

Luiz, the discussion we are going to have is that we are going to be - my view here: if you look into our capital framework in two years ahead, we are going to have space to even speed up the E2G plants. Today, that is the plan.

But, depending on what happens in the market, we might have room to speed up the plan. I do not see how we are going to reduce it. We already have nine plans fully sold and already either under construction on the projects. We have not announced the other five just because we want to negotiate with the mayors and everything else, all the settlements to make sure we have the best tax on those locations.

But of course, internally, we already know where it is going to be and how the construction is. About the plan of E2G, Luiz: I think if there is anything happening to the plan is to anticipate the construction, not postpone it.

Carlos Alberto Moura:

And if you allow me. Good morning, Luiz, it is a pleasure to talk to you. We also have very strong counterparts in the E2G program, and this allows us to make some financial arrangements too, as Mussa mentioned, to speed up the program if necessary.

The quality of the counterparts, in our case, is another competitive advantage that will help us to scale up our program and if possible accelerate. But again, we have a strong commitment with our financial discipline and our capital structure based on commandments that we disclosed in the last quarter in order to maintain the investment rate indicators in our balance sheet.

Ricardo Mussa:

And here, Luiz, if you look into our base case of E2G, there is no upside for instance. We are discussing, with the volume that we have right now, to put the local production of enzymes. This is not in our business plan. For instance, we put in our business plan the floor prices of the contract



with no upside.

If I look at how the premiums are today, the returns are much better than we have already anticipated. That is what I said. I think the construction risk is getting lower, the production risk with the numbers that we are getting from the plant of Costa Pinto is also getting lower, and the premiums are getting better.

If the returns are increasing, we have a discussion in Raízen: how can we do more? So that is, for me, the fundamental plan. It is better than better. That is why every day that we move along, we are getting closer to these cash flows to arrive. I know that it takes time.

We are in a growth mode, increasing the CapEx. But once those plants are concluded, then you have a business that has a very sustainable and very low volatility on the cash flow. And the cash conversion of those plants are phenomenal, very lower OpEx and great cash flow returns on each one of them. So there is a great future ahead.

Luiz Carvalho:

Okay, thank you very much. It is clear.

Daniel Sasson, Itaú BBA:

Hi. Thank you. Thank you, Mussa, Carlos and Casale, for taking my question. My first question is actually a quick follow up on the E2G program. If you could give us an update on the development or diversification of your suppliers of equipment that you have mentioned in the past, that I think is crucial for you guys to be able to accelerate the process of building more plants, as you just mentioned.

And if there are any updates related to the potential costs or CapEx for each of the E2G plants, given the cost inflation that has been a key topic for different industries.

Also, if you could comment a bit - another follow up - on your guidance for the 2023 crop year, which you have just reiterated between R\$13 and 14 billion of EBITDA. If you could give us more details on your strategy in regards to your inventory levels of both sugar and ethanol, right?

Because I believe that you are gonna need to maybe reduce those levels in the fourth core, given that you are not gonna have your creation sugarcane volumes coming from your field. Right? So if you could comment a bit on your expected price realization in the last quarter of the year, that would be great. Thank you.

Ricardo Mussa:

Great question, Daniel. The E2G side, to a first point on the suppliers with the bottom neck that. So today we have enough suppliers of equipment to go up to seven plants per year. Today is no longer about the bottleneck. It used to be maybe 18 months ago, 12 months ago.

The bottleneck right now is our ability to build in parallel as many plans as we can and, of course, the financial framework of the Company to bear these huge CapEx.

On the CapEx side, the good news is that we are running the construction of those plants on budget. There is not one single number here, Daniel. The numbers depend on the plant. So for



instance, plants that have more utilities availability, you have lower Capex. So it can range between 1 billion, 1.1 or 1.2 billion, depending on the plants.

Of course, what we are doing is trying to select the plants that have more biomass availability, but the returns more than compensated the price increase of E2G, more than compensated the price inflation that we have on the cost of steel and labor to do that. We do not see that moving forward. We have seen a reduction in costs even though the CapEx is moving forward.

About your point on guidance: of course we normally have the sugar prices at the best prices is always the last quarter. March is the best, it always has the best price. What we try to do is to reduce our inventory levels in the less quarter when you have the best prices. Because then the harvest starts, normally there is a drop on ethanol price, a drop on sugar prices.

But it will not be much different than what we have had in the previous years. It is the same strategy of selling the sugar. Remember that we had more storage facilities this time, so we have more flexibility when we want to sell the sugar and ethanol. So we always try to sell when we see the best price, and the best prices normally are the last quarter. That is why we are confident in the guidance.

Daniel Sasson:

Perfect, thank you. It is very clear.

Gustavo Sadka, Bradesco BBI:

Thank you, Mussa, for taking my question. My first question is about guidance. I wonder if, in order for you to match the guidance, the restoring of the federal taxes at the end of February is confusing, I wonder if that is the case. I am probably going to see the appreciation of inventories impact on EBITDA for the last quarter of the harvest season. And I wonder if that is contingent on you to beat your guidance.

My second question is about inventories. We have seen a major impact in inventories in a fuse for hazing. Probably there is going to be a practice across the industry. And I wonder if you see risks of both ethanol and infusion of many players building inventories and then trying to distalk at the same time, and if that could be a risk for you coming into next quarter and also in the beginning of the next harvest season. Thank you.

Ricardo Mussa:

Thank you, Gustavo. On the guidance side, we have a lot of levers here to deliver the plan. Of course, this is one of them, you are right. But for me the return on tax of the gavening is more structural for the inventory gains and losses. I mean, it is really one off that you have in the results.

For me, looking as a producer of ethanol, it is very important to keep the competitiveness of ethanol compared to fossil fuels. So that is what I am looking at. So inventory gains and losses are very short term and one offs either way: as a again or as a loss.

Therefore, for me, that is not material in the sense that changed the future of the Company. For me, it is important that Brazil is one of the few countries globally that has no distinction right now between fossil fuels and renewable fuels.



I mean, that is something that the government will restore, not only because they need to get more taxes, but also because the right thing to do is to differentiate their externalities of renewable fuels, like ethanol to fossil fuels such as gasoline. And today there is no distinction. So, in my point of view, this is coming, and one of the givers to deliver their guidance. But there are many others, and that is why we are so confident. We are not relying just on one.

Inventories of use and how this is going to play: this happened so many years, so many times. This is market dynamics. Of course people look into that, they try to do those things. And again, those are very non-strategic, they are much more operational. And we have to do the operational part to differentiate great value. But that is not what changed the long term view of our Company.

But, having said that, of course any opportunities that we find to create value, including inventory loss, we are going to do it in the best possible way. And I think the entire market is going to do that, but it will not change the supply demand scenario for next year. That will establish the prices of ethanol and sugar and gather for next crop season. So I do not see that as material to change our view or any number for the next crop season.

Gustavo Sadka:

Thank you, that is very clear.

Regis Cardoso, Credit Suisse:

Hi, guys. Good morning. Thank you, Mussa, Carlos and Phillipe for the questions. There are a couple of topics I wanted to touch, mostly related to leverage. The first one is working capital. If we look at the evolution of the net debt over this crop year, it looks like the main culprit has been working capital. And just earlier in the call, you mentioned 1.6 times leverage at the end of the year, which seems to imply some R\$7 billion reduction in net debt. I wonder if that would come from working capital. Is this the correct way to look at it? If you can actually free up working capital to reduce leverage.

Then, still on the topic of leverage: when we look into next year, is it fair to assume that we should expect an increase in EBITDA, and therefore a reduction in the net debt to EBITDA leverage? And what would be the drivers for that increase? Is it increasing productivity? Do you think that prices would have a higher contribution? General question on what could give investors some confidence on leverage levels.

Lastly, I will pass through a question I have received from an investor, which is: what is the dividend policy for Raízen? She said she is concerned about the negative cash flow and then funding dividends from borrowings. So if you could comment, Mussa and Carlos, on those topics, please. Thank you.

Carlos Alberto Moura:

Good morning, Regis. Thank you for your questions. About leverage: again, we had the Argentine effect that we will decrease this leverage in this quarter and the next one, and this will help us to reduce the gross debt.

At the same time, the cash generation from Argentina will help us to adjust this indicator. Again, we have maintenance of a range of net debt/EBITDA ratio, between 1.6 to 1.8 times, extending the duration of the debt. And most of the changes in our debt, if you see the same note 16 in



detail, you watch the composition of all the debts that we arose in this last year, specifically to extend the duration of the debt, taking into consideration the investment cycle that we are doing in the Company.

And this is important because, as we are going to maintain our investment grade indicators, it is important to connect this with the dividend policy. I mean, we will not offend our capital structure and surpass our limits of leverage with dividends, for any reasons. And this is a consensus amongst the shareholders and this guidance for the Company.

As we are disclosing in the last quarters, it is very important. I mean, there is a consistency between the dividend policy and dividend distribution of the Company and the investment rate indicators maintenance. Mussa, please.

Ricardo Mussa:

To your point on the guidance to increase EBITDA next year, Regis, great questions. Of course, I already talked about the first one, this productivity. So going from 73.5 to 80 million tons of crushing, brings more product. That is number one.

Second: you have looked into sugar price already hedged, you are going to see a much higher price. Of course, we also protect ourselves on the cost side and we are seeing costs flat or a little bit below this year.

If you look, we are not expecting to have any inventory losses this year. We are not expecting the government to cut any tax. So that is something that we are also expecting. There is a growth in power. You have a lot of projects in power that will come alive next year, also increasing that.

Also, if you take Argentina, it did a huge investment on the refinery in the turnaround of this year. So our asset there is going to have a higher productivity and a lower cost also to operate as well. Therefore, in all the lines we were seeing growth and with low risk of not achieving that.

Again, if you talked to me in December, I have a greater risk on weather, the weather has been fantastic so far. Our numbers, the first numbers that we are getting from the crop are very good. So the confidence level, I would say: what would be the risks here, Regis? It would be if you have terrible weather and you could affect productivity again.

Sugar is already hedged, we are not seeing any big change in our portfolio of ethanol, the export numbers are good. And the refinery in Argentina, after the maintenance, went really well. So all the liver that we have in place is great. I think Austin, another thing that is getting even, we are looking more detailed in Raízen to give some returns on the cost, but it is a growth for next year.

So we are very confident and the livers are that. If you add to that this EBITDA, and we are expecting a reduction on our leverage ratio for next year from what we have in place, keeping us, as Carlos said, the dividends policy that we have today.

Regis Cardoso:

Alright, very clear. Thank you so much.

Alejandro Demichelis, Nau:



Good morning, gentlemen. A couple of questions, please. First one: you talked about capital education, that has been very clear. We have seen a situation with Americanas recently. So the question is whether you could see potential to accelerate the growth in the group NÓS? Well that is organically or inorganically. That is the first question.

The second question is: We have seen your price increases in Argentina at the pump falling behind inflation levels. For example, yesterday you announced a 4% increase, inflation is running at 6%; so I am trying to understand how you see your margins in Argentina going forward.

Ricardo Mussa:

Good questions, Alejandro, thank you for them. About Grupo NÓS, of course, we look into the movements on the market, and Americanas is a competitor, but we are keeping the plan the same way we had before.

What I can tell you about that is that we are reaching more than 100 OXXO stores on the streets. The top line of the OXXO stores are great, so even the maturity level that we are reaching on each store is faster than we anticipated. So the business plan is very solid.

Our partner is very happy with the JV, we are very happy, and the plan of Grupo NÓS remains exactly the same, there is no change to it. I think that those movies on the market, Alejandro, time will tell. Of course we are having less competition and this is always better. But we have not seen any big movements so far. Okay? That is what I can share.

The price in Argentina, we were doing a very good job. If you look at what we did last year, I think we are keeping very high margins despite the very high inflation and pressure on the pump. It is difficult to explain, Alejandro, just looking into one week, as you just said, what happened yesterday, and it has been a sequence of price increases trying to follow it.

The fuse business in Argentina is very linked to US dollars. So that is why, even when we do the announcements on how we measure Argentina, we are looking at it in dollars, because that market is more linked to that. That has been the case for a long, long time.

So it is always a challenge, but the team has done a great job on keeping market share, keeping margin, sustaining prices and passing prices to the pumps accordingly. And you can imagine how difficult it is to handle Argentina. But if you look into overall numbers of Argentina, everything is great: market share, profitability, volumes going up, costs under control.

It is a successful story inside Raízen, and with a better asset right now. We are in a good position to have a better year next year.

Alejandro Demichelis:

So we are going to see those modules being flat until the end of the year?

Ricardo Mussa:

We do not see any big changes on those margins. What we are going to have, Alejandro, is a better cost approach in Argentina, after the updates on the refinery. But we are seeing good margins and good market share, good volumes - the volumes are growing -, but we do not see a huge increase in margin in Argentina. We are keeping the margins flat.



Alejandro Demichelis:

That is great, thank you.

Operator:

Alright. Thank you, Alejandro, for your question, and that brings our Q&A session to a close. We would like to turn the floor over to the Company's closing remarks. Mr Ricardo Mussa, please.

Ricardo Mussa:

Thank you. Thank you everyone for the questions. Great questions. Again, it has been a very volatile year on tax and on the weather, but the Company remains very focused on the long term. I think the major indicated EPIs of the Company are intact. We keep a very disciplined approach to our finance framework and we are very, very confident on delivering the guidance this year.

And next year is ready approaching, we approved the plan for next year. The team is ready and let's do it.

Thank you for the call and please, if you have any further questions, call our IR guys to talk. Thank you. Take care.

Operator:

The video conference results referring to the 3Q of the 2022-2023 crop year from Raízen is now closed. The investor relations department is available to answer other questions and concerns. Thank you so much to the participants and have a good afternoon, everyone. Thank you.