



MANAGEMENT REPORT – CARAMURU ALIMENTOS SA

ABOUT CARAMURU

Caramuru is one of the main Brazilian companies in the processing of soy, corn, sunflower and canola, dedicated to the industrialization of grains (differentiated commodities), extraction and refining of oils, export of soy in grain, oil bran, lecithin, Soy Protein Concentrate (SPC) and in the production of biodiesel and refined glycerin. It also stands out for its product and grain handling logistics, with strong investments in the Port of Santos (SP), Tubarão (ES) and Santana (AP), in railways and in the Tietê-Paraná Waterway and in the Tapajós-Amazonas Waterway, favoring the use of multimodal transport and the reduction of operating costs.

The company has facilities in the states of Amapá, Goiás, Mato Grosso, Pará, Paraná and São Paulo, and operates in the Brazilian market through the consumer brand “Sinhá”, with more than 40 years of history, consolidated in products traditionally present in the Brazilians’ homes, such as olive oils, oils, farinaceous, popcorn, farofa, condiments, cereals and textured soy proteins. In the industrial segment, Caramuru provides raw material for manufacturers of pasta, biscuits, *snacks*, *corn flakes* and other segments, such as breweries, mining and the feed industry.

Caramuru, with a strong industrial vocation, is one of the most prominent companies in the agribusiness sector in the country. To support its growth, it implemented a program based on five pillars that differentiate it in the market for its high value-adding capacity and unique positioning in grain processing, which are; (i) the origination (ii) logistics, (iii) differentiated commodities (iv) biodiesel and (v) consumer products.

MESSAGE FROM MANAGEMENT

Despite the challenges presented by the Covid-19 pandemic during this year, Caramuru further strengthened the emergency measures in order to coordinate the actions and internal measures to prevent the pandemic. We kept our protocols firm, reaching the beginning of the last quarter of the year without reporting any case of Covid-19 among our employees. However, we remain watchful in our fight, aiming to preserve the health and life of our employees in the operational and administrative areas.

In the first nine months of the year, Caramuru managed to execute its grain origination plan as planned. Despite the slight delay in the beginning of the harvest of the soybean crop in the first quarter, the company presented a strong growth in its Revenue, Adjusted EBITDA and Net Income, compared to the same period in 2020. Volumes were 19.1% lower than in 9M20, however high sales prices and the appreciation of the dollar against the real contributed positively to the results. Nevertheless, the results, in terms of profitability for the company, were the best.

In 9M20, Caramuru also optimized and expanded the range of products in the Sorriso factory: soy lecithin, made from soy molasses, increasing value added at the factory; soy ethanol, in the final stage of implementation.



Investments in logistics are being consolidated with the inauguration, in the first half of the year, of the São Simão Terminal (TSS); and as well, the new shiploader, already in operation at the Port of Santos; and with the concession of the area in the Port of Santana for another 25 years. This concession was won through a competitive bidding process, which is very strategic for the transportation of non-transgenic SPC, our product with the highest added value, aimed mainly at our Scandinavian customers.

We also highlight the beginning of a project to deepen the ESG issues, with the involvement of the Executive Directors and the Board of Directors, an advance that will culminate in definitions of ambitions and goals by the company, as well as in a sustainability report in the GRI standard, comparable to our main peers in the agribusiness sector.

Another important step in the company's governance was the registration as a publicly held companies registered with the CVM, following similar standard of disclosure comparable information to companies with shares listed on the stock exchange.

Finally, management is fully convinced that Caramuru is already reaping in 2021 the results of its expansion and diversification strategy into higher value-added products; continues to make progress on ESG initiatives; always aiming at a better capital and indebtedness structure, with longer terms and lower rates. Below are our main operating and financial highlights.

MAIN OPERATIONAL HIGHLIGHTS

In the first nine months of the year, the origination of grains (soybeans, corn and sunflower) reached 2.45 million tons in 2021 against 2.80 million tons in 2020, a decrease of 12.51% in volumes, due to the pandemic. In addition to the delay in the beginning of the soybean harvest, there was a break in the corn crop in the regions where Caramuru originates, but that did not affect our processing, as we also provide receiving and storage services for this commodity.

COMPARATIVE ORIGINATION - in t			
RAW MATERIAL	9M2021	9M2020	VAR. %
Soybeans	1.826.371	1.933.229	-5.5%
Sunflower in grains	23.475	29.476	-20.4%
Corn in grains	596.908	833.800	-28.4%
TOTAL	2.446.754	2.796.505	-12.51%

295.28 thousand tons of biodiesel were sold to Petrobrás, in line with the volume of 9M20, when we sold 298.59 thousand tons.



MAIN FINANCIAL HIGHLIGHTS

During the nine months of 2021, Caramuru reported record gross revenue of R\$5.68 billion, 21.12% growth compared to the same period in 2020. The result is a reflection of the excellent performance shown in the high prices of biodiesel and soy meal, in addition to the strong appreciation in the prices of soy and its derivatives in the international market and the depreciation of the real against the dollar.

Adjusted EBITDA reached R\$425.62 million, an increase of 57.8% compared to the R\$269.79 million reported in 9M20. We also presented a 180bps increase in the Adjusted EBITDA margin, of 7.71% in 9M21 versus 5.91% in 9M20.

Net income totaled R\$287 million, an increase of 224.3% compared to 2020, with a net margin of 5.19% in 9M21.

HIGHLIGHTS - R\$ MILLION	9M2021	9M2020	Var. %
Net Income	5.524	4.567	20.9%
Domestic market	3.446	2.269	51.9%
Exports	2.078	2.299	-9.6%
Gross Profit	732	1.250	-41.5%
Net Profit	287	88	224.4%
Adjusted EBITDA	426	270	57.8%
Adjusted EBITDA margin	7.71%	5.91%	30.4 %

DEBT

The Company also analyzes its indebtedness level using the Net Debt indicator, which comprises the sum of short and long-term loans and financing with financial institutions, less cash and cash equivalents balances. The Company understands that the Net Debt/Adjusted EBITDA ratio for the last 12 months better reflects its payment capacity and financial strength.

In 9M21, Caramuru's net debt was R\$1.94 billion versus R\$2.05 billion in the same period of 2020. Regarding the Net Debt/ 12M Adjusted EBITDA indicator, the company had a significant reduction to 3.4x in 9M21 versus 5.5x in 9M20.

period ended in		
(in BRL thousand, except %)	09/30/21	09/30/20
Loans and financing (current)	2.539.131	1.595.043
Loans and financing (non-current)	678.626	899.021
Gross Debt	3.217.757	2.494.064
(-) Cash and cash equivalents	(1.280.036)	(439.260)
Net Debt	1.937.721	2.054.804
Adjusted EBITDA	566.506	373.022
Net Debt / Adjusted EBITDA	3.4x	5.5x



In 2021, Caramuru started *Liability Management Program*, aiming to improve the structure and conditions of its indebtedness. At the beginning of 2021, the company raised R\$200 million in a conventional CRA and concluded, in October, a Green CRA (with Framework certification by a SPO), in the amount of R\$354.6 million, with a rate of NTB- 25 + 1.20%, with a swap for CDI + 0.77%. In the second issue, there was enough demand to exercise the additional lot, with a book of approximately three times the final value of the issuance. The company continues to analyze other opportunities to improve the term and structure of debt through capital market operations.

INVESTMENTS

In 9M21, the Company invested R\$66.13 million, which were mainly allocated to: (i) completion of the project to build the Lecithin and Soy Ethanol in the Sorriso facility, in the state of Mato Grosso; (ii) completion of improvements at the Biodiesel in the São Simão factory, in the state of Goiás, migrating from transesterification technology to enzymatic degumming; (iii) interconnection of the São Simão industrial plant to the North-South railroad through the São Simão Terminal (TSS); and, (iv) start of construction of the SPC Plant (Soy Protein Concentrate) in the city of Itumbiara-GO, an investment that suffered a slight delay and will be intensified in 2022.

The soy ethanol processing plant, at the unit in Sorriso-MT, should start operating by the end of 2021. At the moment, in a negotiation with the National Agency of Petroleum, Natural Gas and Biofuels – ANP, to receive the certifications for the commercialization of ethanol. The integration into the plant process is part of the circular economy strategy and reuse to add value to soy molasses resulting from the production of SPC. The plant has the capacity to produce a total of 9.5 million liters/year of soy ethanol. In compliance with international standards, the ethanol produced can be reused in our production process and the surplus sold on the domestic market. This is a pioneering and innovative project financed by FINEP - Financier of Studies and Projects, linked to the Ministry of Science and Technology and Innovation. The plant is one of the first in the world to produce ethanol from soy on a commercial scale. In addition, it is extremely strategic for Brazilian agribusiness, as it adds value to the most important commodity for the country and also presents soy as a new raw material for the production of fuel, ethanol.

Additionally, in 2021, as a result of a partnership between Caramuru and Rumo Logística, the São Simão Road-Rail Terminal (TSS) was built, in which R\$92.0 million were invested, with Caramuru's interest in the project being 49%. The TSS has the capacity to handle more than 5.0 million tons of products per year, being considered a historic landmark for the state of Goiás, as it will integrate the Midwest to the Port of Santos through the North-South Railway and will boost exports of the region.

Also in 2021, at Terminal XXXIX in Santos, where the Company is also a partner of Rumo Logística, holding 50% of the investment, we advanced with the Terminal Expansion Project, with the construction of Berth 37, adding one *shiploader*, with a shipping capacity of 3,000t/hour, already in operation since the second quarter of 2021. Berth 37 and the *shiploader* is for exclusive use of Terminal XXXIX, which previously shared Berth 38 with other warehouses. In addition to the exclusive berth, Terminal XXXIX will increase its static



capacity from 135,000t to 250,000t, with the construction, in a 2nd phase, of 5 silos, which will allow the Terminal to handle more than 8 million tons per year.

On 8/13/21, in a public auction, held at B3 (the Brazilian Stock Exchange), Caramuru purchased the MCP02 area at the Port of Santana (AP), in the amount of R\$ 5.85 million, for a minimum period of 25 years, which may renew up to 70 years. Period that will start counting from the signing of the contract, which must occur within 180 days after the auction date.

The Company plans to end the year with investments of around R\$95.73 million, thus meeting its budget for CAPEX for the year 2021.

INVESTMENTS MADE AND FORECAST		
	in millions of BRL	
	9M2021	12M2021*
Completion of Soy Lecithin and Ethanol Plants in Sorriso-MT	17.75	27.80
Completion of the Improvement at the São Simão-GO Biodiesel Plant	7.19	7.19
Interconnection of the São Simão Plant to the TSS	7.18	11.50
TSS - São Simão Terminal	7.26	7.26
Start of Construction of the SPC Plant in Itumbiara-GO	4.15	10.51
Concession of the Port of Santana	-	1.46
Others	22.60	30.00
Total	66.13	95.73
Forecast		

Investments in the subsidiary Terminal XXXIX de Santos S/A totaled R\$30.71 million in 9M2021 and should reach R\$54.17 million by the end of fiscal year 2021.

INVESTMENTS MADE AND PLANNED IN SUBSIDIARIES		
	in millions of BRL	
	9M2021	12M2021*
Expansion of Terminal XXXIX in Santos - 50%	30.71	54.17



ESG PRACTICES

Caramuru Alimentos works according to its 2025 vision, highlighting ESG practices; “*Acting from principles of environmental, social and economic sustainability.*”

In relation to Governance, Caramuru adopts the highest standards of corporate governance. Since 1997, the company has been audited quarterly and has had SAP management system since 1999. The company has an established board with two independent members, and since 2018 the Company has had several advisory committees to the Board of Directors; (i) Economic and Financial Committee; (ii) Special Commodities, Soy and Derivatives and Logistics/Port Committee; (iii) Corn, Sunflower and Mix Committee and General Warehouses; and (iv) Statutory Audit Committee.

In 2018, the Company's Integrity Program was also implemented, including policies and regulations, with revision of the Code of Ethics and Conduct and the creation of the Compliance area. Furthermore, in that same year, the Internal Audit committee started to contemplate Compliance, renamed to the Internal Audit and Integrity Committee.

In 2021, Caramuru made further progress on the issue of corporate governance. It elected an independent chairman of the Board of Directors, Dr. Gustavo Loyola Laboissière. The shareholder, Mr. Alberto Borges de Souza, left the presidency of the Board, being elected Coordinator of the Strategy Committee to advise the Board of Directors.

In the environmental area, Caramuru guarantees sustainable products with traceability, which meet global demands, following strict control processes, enabled by the most demanding national and international certifications. In 2015, the company launched the *Sustentar Program* to assist in the technical development and training of farmers with ESG issues. The methodology of the *Sustentar Program* complies with the T4SD guidelines (Trade for Sustainable Development); meets the FEFAC Standard - European Feed Manufacturer's Federation and complies with the UN's ODS – Sustainable Development Goals. Finally, it is worth noting that Caramuru has fully complied with the *Soy Moratorium*, since 2008, and in August 2020, it also assumed a public commitment not to originate soy in deforested areas in the Cerrado biome.

In the social area, as of September 30, 2021, Caramuru had 2,385 employees on its staff, 1,072 of which in Itumbiara, Goiás, its headquarters. Taking care of people, whether internal or external, is one of Caramuru's main values. This commitment leads our company to develop numerous projects and actions aimed at the well-being of the community where it operates, its partners and employees.

The Company also works on different fronts with affirmative action in the community. Since 1998, it has had partnerships with municipal and state schools through the *Aprendendo com Você* program, directly serving around 500 students aged between 4 and 18, with a family income of one to two minimum wages. The Company also supports the programs of the *Junior Achievement*, an international non-governmental organization, which aims, through voluntary work, to train young people in both primary and secondary education. As well as, since 2012, it has assisted in the *Reciclar Project*, which consists of selective

collection carried out in Itumbiara, and which, in addition, aims to generate employment and a fixed monthly income for members.



EXTERNAL AUDIT

The Company hired Deloitte Touche Tohmatsu Auditores Independentes Ltda to provide external audit services for its interim financial statements for the fiscal year ended September 30, 2021. The hiring of external audit services by the Company and its subsidiaries is based on internationally accepted principles, which preserve the independence of work of this nature and consist of the following practices: (i) the auditor cannot perform executive and managerial functions in the Company or in the controlled; (ii) the auditor cannot perform operational activities at the Company and its subsidiaries that may compromise the effectiveness of the audit work; and (iii) the auditor must maintain impartiality – avoiding the existence of conflicts of interest and loss of independence – and objectivity in its opinions and on the financial statements. During the first quarter ended September 30, 2021, the independent auditors and related parties did not provide other services not related to the external audit.

DECLARATION FROM THE BOARD OF DIRECTORS

The Executive Board declares that it has reviewed, discussed and agreed with the opinions expressed in the opinion of the independent auditors and with the financial statements for the fiscal year ended September 30, 2021.



ACKNOWLEDGMENTS

Caramuru's Management would like to thank the shareholders, customers, suppliers, financial institutions and partners, for their support and trust, and to the employees for their dedication and effort to the Company. It also reinforces our conviction and commitment to continue together on the path of management based on mutual respect and trust.

Itumbiara (GO), November 12, 2021.

Júlio César da Costa
CEO

MARCUS ERICH THIEME
Investor Relations Director