

# Financial Performance Copersucar

Crop Year 23 | 24



## MESSAGE FROM THE BOARD

By combining productivity, efficiency, technology and one of the cleanest energy matrices in the world, Brazil is advancing as a benchmark in the sustainable production of food, renewable energy and biofuels.

At a time when the world is increasingly recognizing the need to use all available clean sources and leverage local solutions and competencies, the country's unique conditions to further expand its supply of sustainable products place us at the forefront of a just and viable energy transition.

In this context, the 23/24 harvest year was marked by important advances, such as: (1) The announcement of the Global Biofuels Alliance at the G20 summit in New Delhi, led by Brazil, the United States and India, bringing together more than 16 countries and 12 international organizations, in a collective effort to consolidate the global energy transition process based on increased production and consumption of biofuels; (2) The approval by the House of Representatives of the Fuel for the Future Bill, which is now being discussed in the Senate, and which creates a set of initiatives to reduce greenhouse gas emissions; (3) The proposal for Green Mobility and Innovation (Mover) program, which expands sustainability requirements and encourages the production of new technologies for mobility and logistics. (4) The creation of the Energy Transition Acceleration Program (Paten) to encourage sustainable development projects, also approved by the House of Representatives and now being processed in the Senate.

Also noteworthy during this period was the Low Carbon Mobility Cooperation Agreement (MBCB), a significant coalition of representatives from the country's entire mobility chain, which accounts for around 4% of the country's GDP, to raise awareness and support the development of public policies aiming at the reduction of carbon emissions from both light and heavy vehicles' entire mobility chain, aggregating around 4% of the country's GDP, to raise awareness and support for the development of public policies that promote the reduction of carbon emissions from light and heavy vehicles through the use of all clean sources. One of its initial endeavors was the publication of an in-depth study on the pathways toward decarbonizing mobility in Brazil. This study provided evidence linking the efficient utilization of hybrid vehicles in conjunction with biofuels to the nation's economic and social advancement.

These initiatives, whose fundamental pillars are technological neutrality and the measurement of emissions throughout the vehicle's life cycle, further reinforce Brazil's great role as an innovative benchmark and transformative contributor to the global energy transition.

Positioned as a distinctive and innovative business ecosystem, Copersucar stands as a leader in the markets it serves and a genuine representative of the Brazilian producer. Not only does Copersucar actively contribute to building this future, but it also directs its operating model towards this purpose.

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We promote scalable renewable energy and natural food solutions that drive the energy transition and contribute to global food security.

In the 23/24 harvest, we handled 13 million tons of sugar and 17 billion liters of ethanol.

We serve customers in over 70 countries, feeding around 525 million people. We generate 8.000 GWh of renewable electricity, equivalent to the consumption of a city the size of Paris. Through the ethanol traded (BR+USA), we contribute to avoiding the emission of approximately 36.7 million tons of CO2 per year, which is equivalent to the emissions of 18 million gasoline-powered vehicles.

This scale means that the Copersucar ecosystem is present in 337 municipalities in Brazil, generating more than 190,000 direct and indirect jobs.

Continuously evolving, we aim to expand our business portfolio further. In this harvest, we celebrated Copersucar's entry into the renewable electricity market by announcing a *Joint Venture* with Comerc Participações S.A. in Newcom, a company focused on the free energy market.

We have also certified Copersucar S.A. and Evolua Etanol for the sale of ethanol for the production of sustainable aviation fuel (SAF), presenting promising business opportunities ahead. This, coupled with the potential of the sugar-energy sector to produce biogas and biomethane, not only strengthens Copersucar's business model but also paves the way for new and significant avenues of growth.

Mindful of our role in contributing to and committing to the energy transition and global food security, we are celebrating 65 years as the São Paulo State Producers' Cooperative of Sugar Cane, Sugar, and Alcohol, and 15 years as Copersucar S.A. in this 23/24 cycle. It's a genuine story of entrepreneurial collaboration and strategic consistency, which was undoubtedly only possible with the invaluable support of our shareholders, employees, clients, and partners. We work tirelessly with them in our mission to generate more and more value for the society as a whole.

**Luís Roberto Pogetti**

Chairman of the Board of Directors

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## OPERATIONAL PERFORMANCE

The 23/24 harvest was marked by a business environment that was difficult to predict, with significant effects on the supply of products from Brazil and great price volatility.

Favorable weather conditions, effective crop management in the previous year, and high industrial production efficiency contributed to a sugarcane crush in the Center-South region of Brazil of 655 million tons in the 23/24 harvest, compared to 549 million tons in the same period last year—an increase of 19.3%.

This resulted in total sugarcane ethanol production being 11.5% higher at 27.3 million m<sup>3</sup>. Combined with corn ethanol production, this represented a total supply of 33.6 million m<sup>3</sup> of product.

In sugar, the most profitable crop for producers, the production was also optimized with a mix of 48.9% (compared to 45.9% the previous year), reaching an all-time high of 42 million tons—an increase of 8.7 million tons compared to the previous year, which, when combined with very favorable climatic conditions for export, exceeded market expectations.

In this environment, Copersucar's partner mills once again demonstrated the efficiency of their operations, outperforming the average growth of the sector with a record crushing of 110 million tons of sugarcane and growth of 23% over the previous harvest.

With a record supply of products, an intense flow of exports and a significant competition for assets and logistics capacities in the market, Copersucar's integrated logistics system has played a prominent role, representing a crucial competitive advantage for the company. To support the movement of products, Copersucar operates an extremely efficient logistics system, which includes:

- Large static storage capacity in mills
- Own lifting port terminal in Santos
- Multimodal transshipment terminals
- Large-scale rail access
- Specialized road freight desk
- Control and management of ship appointments
- Access to pipeline systems
- Own storage and distribution terminals in the USA

Volumes	Consolidated (Million)		
	23/24	22/23	Var. [%]
<b>Sugar (tons)</b>			
Domestic sales	2.1	2.0	5.0%
Foreign market sales	11.2	9.5	17.9%
<b>Ethanol (m³)</b>			
Sales from Brazil*	9.5	5.2	82.7%
Sales from the United States	7.7	6.9	11.6%
<b>Natural Gas - USA (mm btu)</b>	607	703	(13.7%)
<b>Logistics</b>			
Port lifting in Brazil (m tons)	8.3	7.8	6.4%
Sugar transportation in Brazil	5.4	4.1	31.7%

\* Evolua Ethanol operationalized in august/22 with ramp-up volumes. The 23/24 harvest considers 100% of the commercialization.

## FINANCIAL PERFORMANCE

FINANCIAL HIGHLIGHTS	Consolidated (R\$ Million)		
	23/24	22/23	Var. [%]
<b>Revenue</b>	<b>54.1</b>	<b>70.3</b>	<b>(22.9%)</b>
Net Financial Result	(428)	(379)	12.9%
Equity equivalence	(60)	(22)	172.7%
<b>Net Profit</b>	<b>281</b>	<b>679</b>	<b>(58.6%)</b>
<b>Adjusted EBITDA</b>	<b>1.118</b>	<b>1.411</b>	<b>(20.8%)</b>
<b>Adjusted Net Debt*</b>	<b>(136)</b>	<b>(356)</b>	<b>(61.8%)</b>

\*Net of Inventories, Working Capital and Derivatives.

### Consolidated Revenue

Revenues for the period fell by 22.9% compared to the 22/23 harvest. This decline is primarily attributed to a 59.8% reduction in U.S. natural gas prices, driven by the stabilization of geopolitical conflicts in Europe and climatic events in the United States.

However, it is important to highlight that Eco-Energy's margins are determined by the price differential between locations rather than the absolute price of gas. As a result, this reduction has not significantly impacted margins. Eco-Energy continues to grow in this market, remaining a standout product in our portfolio.

Although Copersucar S.A. has experienced robust growth in revenues since its incorporation in 2008, rising from R\$3.9 billion in the 09/10 harvest to R\$75.1 billion in 21/22, the evolution of its business model into a holding company with specialized operations increasingly requires investments, which are reflected in the financial statements through equity equivalence.

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## Net Financial Result

The higher-than-expected availability of products from the Brazilian South-Center, combined with high working capital requirements, a high-interest-rate environment, and inverted futures markets, impacted the financial costs of carrying this production throughout the harvest by 12.9% compared to the 22/23 harvest.

In sugar, the first half of the harvest was marked by rising prices, which resulted in significant margin calls in hedge operations. Meanwhile, in ethanol, low competitiveness compared to gasoline following the tax changes from the previous year, and consumer behavior falling well below expectations, pressured prices which remained inverted from the beginning to the end of the harvest. These movements posed a challenge for sales volumes and the need to carry the product for a longer period in this high-interest-rate environment.

## Equity equivalence

Investments in associates and subsidiaries are accounted for using the equity method, which in this harvest showed a loss of R\$60 million compared to a loss of R\$22 million in the 22/23 harvest. The main factor contributing to this negative variation was ethanol sales, as explained above, which impacted Evolua Ethanol's results.

## Net Profit

This period saw both the biggest drop in international sugar prices in 13 years and an unprecedented decline in domestic ethanol prices over the course of the harvest. Combined with the effects explained under the *Net Financial Result* heading, this resulted in a Net Profit of R\$281 million.

Although this amount is lower than that recorded in recent years, it is the fifth highest net profit in Copersucar S.A.'s 15-year history, demonstrating the resilience of our business portfolio.

## Adjusted EBITDA

EBITDA reached R\$1.1 billion during the 23/24 harvest, marking the third consecutive harvest in which the company has recorded an amount in excess of R\$1 billion. Despite the volatility of commodity prices and exchange rates throughout the harvest, Copersucar's model of acquiring and selling products at market prices, combined with progress in structural businesses and rigorous risk management, has brought stability to operating results.

The main difference compared to the net profit for the period can be explained by the impact of the net financial result indicated in the previous paragraphs.

## Indebtedness

Copersucar S.A. ended the 23/24 harvest once again with a robust cash position, low exposure to short-term maturities and a deleveraging path (reduction in net debt) due to the general scenario of still high interest rates.

As a marketer of high liquidity finished products, the vast majority of which are traded on the stock exchange and working capital transactions with short-term payment and receipt deadlines, the Company practices and primarily uses Net Debt of Inventories and Working Capital as its main liquidity indicator, whose final result for the harvest was once again positive. Consequently, the realization of inventories is more than sufficient to settle all net debt.



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## ADDITIONAL HARVEST HIGHLIGHTS

### Expanding access to production

During the period, Eco-Energy showed a 55% growth in ethanol supply through exclusive long-term contracts in the United States.

### Portfolio evolution

In July 2023, the Administrative Council for the Defense of Competition (Cade) approved the sale of 50% of Opla Logística (Copersucar S.A.'s stake) to the Ultra Group.

In March 2024, we signed another *Joint Venture* to sell renewable electricity on the free energy market through Newcom, one of the companies in the Comerc Group.

These initiatives are aimed at rebalancing and optimizing our business portfolio.

### New business

In November 2023, reaffirming its commitment to sustainability and its contribution to enabling large-scale solutions for decarbonization, Copersucar S.A., Evolua Etanol and two associated mills completed certification for the sale of ethanol for the manufacture of sustainable aviation fuels (SAF).

Also in November 2023, Eco-Energy began construction of a renewable diesel terminal in the United States.