

Message from Management

Noteworthy and challenging, the year 2021 was marked by growth and record-high results! Our Big Dream, “To positively impact future generations and be the world leader in agricultural efficiency and respect for the planet,” guided us on a clear and well-defined strategy with a long-term vision, showing us who we are and where we aspire to go.

We navigated another year marked by the pandemic, but were better prepared and stronger, thanks to the lessons learned from the epidemic that forced the world to adapt to new ways of interrelating and communicating.

More than ever, interconnected value creation through human, natural, manufactured, financial, intellectual, social and relational capital are indispensable for the sustainability and longevity of businesses.

Our strategy is based on strong pillars to support the Company’s growth.

The first pillar is **Asset Light Growth**. In 2021, we carried out two important transactions: the business combination with Terra Santa Agro S.A. and the lease agreement with Agrícola Xingu S.A.

The business combination with Terra Santa Agro S.A. expanded the Company’s portfolio of leased planted areas by 145,000 hectares of mature areas in Mato Grosso, a key state in terms of Brazil’s agricultural production. The transaction was concluded in July with payment of net consideration of R\$193.0 million and goodwill of R\$47.4 million, and the lease agreement is long term (20 years). On November 1, 2021, the Extraordinary Shareholders Meeting approved the change in the corporate name of Terra Santa Agro S.A. to SLC Agrícola Centro-Oeste S.A. The transition of people and processes, which is critical in transactions of this size, was successful. We kept turnover within the projected rate and were able to maintain operational efficiency.

We entered into a lease agreement with Agrícola Xingú that expanded our total area by 39,034 hectares, divided between the municipalities of Correntina/BA (34,284 hectares) and Unai/MG (4,749 hectares), with potential planted area of 45,000 hectares. Already developed and permitted, the areas will be planted with grains and cotton. The term of the agreement is fifteen (15) years for the areas in Bahia and ten (10) years for the areas in Minas Gerais.

More recently, in February 2022, we also announced a partnership with Kothe Logística S.A. for the construction of a seed processing unit (“UBS”) and refrigerated storage in Mato Grosso. The Company sold 29 hectares of the Paiaguás Farm to Kothe on which the UBS will be built. Investments in construction are the responsibility of Kothe, whose relationship with the Company will consist of providing seed processing and storage services. The UBS will reach installed production capacity of 1 million bags of soybean within five years. This partnership will leverage our seed business, which has been delivering significant growth and creating value for our shareholders.

Our second pillar of **efficiency and expanding our lead in relation to the industry average** also was responsible for very positive deliveries. In 2021, we ended the 2020/21 crop cycle with a record soybean yield of 3,985 kg/ha, setting a new record for the fourth straight year and coming in 6.2% above our initial projection and 13.0% above the national average (CONAB, Feb/22). First and second crop cotton ended the crop year with an average yield of 1,848 kg/ha, or 0.3% below the initial es-

timate, but 5.3% higher than in the 2019/20 crop year and 7.4% above the national average. Meanwhile, second crop corn achieved a yield of 5,880 kg/ha, 22.5% below our initial estimate, but 45.2% above the national average (CONAB, Feb/22). Given the decline in the national average yield for corn, market prices increased and the Company’s corn crop achieved the expected financial result. The lower yield for corn is mainly due to the irregular distribution of precipitation in March and April, especially at the farms in Mato Grosso do Sul.

We started the 2021/22 crop year in September 2021 with growth of 45.8% in planted area. In addition, the second crop planted area expanded by 33.6%, which further confirms our strategy of using own and leased assets under our control, on mature and strategically located properties, to support high production potential and reduce exposure to weather risks.

Financial solidity and creating value for shareholders is the third pillar of our strategy, and we ended 2021 with new records in all our key financial indicators. Adjusted

We made progress in the four pillars of our strategy. Important contracts for the growth of operations, advances in crop productivity, record financial results and achievements that strengthen our ESG positioning internally and for the market stand out

EBITDA came to R\$1.685 billion, advancing 57.0% on 2020, with adjusted EBITDA margin expanding 8.0 p.p. to 38.6%. Net Income also set a new record and surpassed the mark of R\$1.1 billion, to R\$1.131 billion, increasing 153.3% on 2020, with net margin expanding 13.2 p.p. to 25.9%. Free cash generation in the year was not positive, due to the investments in the acquisition of Terra Santa Agro S.A. and Agrícola Xingu S.A. However, the Company remains adequately deleveraged, ending the period with a Net Debt/Adjusted EBITDA ratio of 1.42x. The Company's comfortable debt level leaves it well positioned to continue executing its growth strategy focused on new projects and investment opportunities.

Another important investment made by the Company was allocating capital to buyback shares. In September, the Board of Directors approved a new Share Buyback Program for the repurchase of two million shares. The program is already functioning, and the shares purchased will be held in treasury for subsequent sale or cancellation.

We distributed R\$232.0 million in dividends and interest on equity, which corresponds to 50% of adjusted net income attributable to the parent company, of which R\$32.3 million was paid in November 2020 as interest on equity and R\$199.7 million was paid in 2021. The dividend yield was

3.3%. Over the last five years, the dividend yield has averaged 5.7%.

Seeking to increase the trading liquidity of SLCE3 shares without any cash disbursements and to create value for our shareholders, our Extraordinary Shareholders Meeting held on December 30, 2021 approved a share capital increase of R\$500 million, through the incorporation of part of the balance of the Statutory Reserves account, with a share bonus in the proportion of 10%, corresponding to the issue of 19,311,145 new common shares, with unit cost attributed to the bonus shares of R\$25.89.

In 2021, we released the new valuation of SLC Agrícola's land portfolio, which indicated a total value of R\$6.941 billion, an increase of 75.2% compared to 2020. The average value of arable hectare is currently at R\$35,693, which increases the Company's Net Asset Value (NAV) to R\$8.8 billion (position 4Q21), corresponding to NAV per share of R\$41.31.

The last pillar of our strategy is **Leadership in ESG**, and in 2021, various actions were carried out to support this key pillar.

We concluded our new materiality matrix based on a broad survey of our stakeholders, which identified 10 material topics that compose our new Materiality Matrix. These topics were grouped into the three

pillars of the ESG agenda and guided the prioritization of GRI (Global Reporting Initiative), SASB (Sustainability Accounting Standards Board) and TCFD (Task Force on Climate-Related Financial Disclosures) content for preparing the report that is being published today.

In the 2020/21 harvest (Aug/21), we ended our expansion cycle based on the transformation of raw land, thus enabling the dissemination of our commitment not to open new areas with native vegetation for agricultural production. In line with this commitment, 2,872 hectares will not be opened, even with the granting of an environmental permit. The Company will allocate this area to the remaining native vegetation land bank. With this addition, the Company currently has 118 thousand hectares of land dedicated to the Legal Reserves, Permanent Preservation and Remaining Vegetation.

We invested in training and Compliance Policies, which included 8 training sessions for 2,804 people* involving various important issues, such as our new code of ethics and conduct, the reporting channel and other Compliance policies. We maintained our accident frequency rate (lost-time accidents for every 1 million hours worked) and our turnover rate under control at 1.9

and 15%, respectively, even with the acquisitions. In addition, we achieved an employee satisfaction rate of 84% in our internal organizational climate survey.

On the social front, the Company made donations through the SLC Institute in the amount of R\$2.2 million, which included R\$1 million to the campaign against hunger, generating 180 tons of food that will contribute to improve the reality of thousands of Brazilians. One of the benefited institutions was the Food Bank of Rio Grande do Sul. In all, associations, organizations and families in over 30 municipalities in seven Brazilian states received basic food baskets. In addition, R\$1.2 million was allocated to various projects, such as: *Projeto Educando pela Vida*, *Projeto de Capacitação em Educação Infantil em Contexto Híbrido*, *Programa Creche para Todas as Crianças*, *Inclusão Digital na Escola*, *Programa Na Mão Certa*.

The Company draws on all resources required to ensure that its activities are sustainable and responsible and adopts best global practices to cause positive environmental and social impacts in its neighboring communities, supported by its low-carbon production model, which helps to minimize climate change, in line with its Big Dream.



Aurélio Pavinato
CEO from SLC Agrícola

* Refers to the amount of training sessions administered (number of participations) and not the number of persons trained.

Outlook 2021/22 Crop Year

Looking to the 2021/22 crop year, the 2022 calendar year, we already have some key assumptions well defined, such as the expansion of 45.8% in planted area, our current hedge position (see table 26) and the acquisition of inputs, which already has been finalized.

On the operational side, we completed our soybean planting within the ideal window, which supported excellent crop development. However, the above-average precipitation in Mato Grosso has been slightly affecting yields, but our final yield was above the initial projection for the region.

In the other regions, the yield potential is exceeding initial projections. As of Mar/03, we already had harvested 72.3% with an average yield of 66.57 bags, exceeding by 6.1% the initial projection and 29.2% above the national average (CONAB, Feb/22). The cotton and corn crops are 100% planted and presenting good development.

Regarding the hedge position, we achieved excellent levels of international prices for all our crops (cotton, soybean and corn), along with excellent strikes fixed for the exchange rate (see table 26 for more details), which allows us to estimate that 2022 margins will be equal to or greater than 2021.

Outlook 2022/23 Crop Year

Regarding purchases of inputs for the 2022/23 crop year, so far we have acquired 83% of our needs for potassium chloride, 49% for phosphates and 59% for pesticides. Nitrogen (N) has not been purchased and can be traded until the end of the second half of 2022.

The exchange ratio between the price of commodities and fertilizers is being monitored and the rest of the inputs will be negotiated at the best time. The hedge policy is well structured and aims to ensure good margins for the Company. Given the hedging of a portion of inputs, we increased our hedging for 2022/23 (see table 26) and obtained good prices for both commodities and exchange rates. As a result, our expectation is that the increase in costs will be offset by the increase in revenue through higher prices, maintaining margins at levels similar to recent years.

Innovation

In 2021, we consolidated and expanded the programs "Ideias&Resultados" (intrapreneurship) and AGroX (connecting with startups). During the year, we formed 39 squads, with a total of 48 people involved, performed 39 proofs of concept and completed 10 rollouts. This volume of initiatives led us to structure an Innovation Portfolio,

which has allowed the Company to visualize progress in a consolidated manner and to prioritize efforts to scale these initiatives.

People and Recognition

On February 14, we inaugurated our new headquarters located in the Iguatemi Business building, in Porto Alegre, Rio Grande do Sul. The new workplace is modern, well located and completely designed with the well-being of our employees in mind, and we are very pleased with the return to working onsite in our new home and under a new flexible work model.

During 2021, we received various awards and accolades in recognition of our work

and our employees, which included (see all on page 10):

- 5th Best Agribusiness Company to Work For, in the Large Company category, from GPTW Agro;
- The Pamplona Farm was National Champion in the Maximum Yield Challenge sponsored by the Soybean Strategic Committee Brazil (CESB), in the category Dry Farming, Midwest region, with yield of 100.33 bags/ha in the 2020/21 crop year;
- For the sixth straight time, we won the main categories in the Latin America Executive

Team Awards, which are sponsored by Institutional Investor magazine to measure the performance of organizations on various fronts, such as the performance of CEOs, CFOs and Investor Relations teams, as well as Environmental, Sustainability and Governance (ESG) practices.

In closing, the Company thanks all its stakeholders for our successful partnership to date, as well as our shareholders and employees for their trust and dedication. We are confident in the promising future of agribusiness in Brazil.

The Management

