

(Convenience Translation into English from the
Original Previously Issued in Portuguese)

Biosev S.A.

Individual and Consolidated
Interim Financial Statements
For the Nine-month Period Ended
December 31, 2019

Interim Financial Statements

December 31, 2019

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INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM FINANCIAL INFORMATION

To the
Board of Directors and Shareholders
Biosev S.A.
São Paulo - SP

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of **Biosev S.A.** (the "Company"), contained in the Quarterly Information Form (ITR) for the quarter ended December 31, 2019, which comprises the statement of financial position as of December 31, 2019, and the respective statements of profit or loss and other comprehensive income for the three and nine-month periods then ended and changes in equity and cash flows for the nine-month period then ended, including the explanatory notes.

The Company's management is responsible for the preparation of the individual and consolidated interim financial information in accordance with Technical Pronouncement CPC 21 (R1) - Interim Financial Reporting and IAS 34 - Interim Financial Reporting, issued by International Accounting Standards Board (IASB), as well for the presentation of this information in accordance with standards issued by the Brazilian Securities and Exchange Commission, applicable to the preparation of Quarterly Information - ITR. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with the Brazilian and International standards on review engagements of interim financial information (NBC TR 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for the financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the audit standards and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the Quarterly Information referred to above has not been prepared, in all material respects, in accordance with Technical Pronouncement CPC 21 (R1) and IAS 34, issued by IASB, applicable to the preparation of Quarterly Information - ITR, and presented in accordance with standards issued by the Brazilian Securities and Exchange Commission.



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Emphasis of matter

Transactions with related parties

The Company and its subsidiaries have carried out significant transactions with related parties of the Louis Dreyfus Company Group. The effects on results of these transactions and the corresponding assets and liabilities are disclosed in note 20. Our opinion is not modified with respect to this matter.

Other matters

Statements of Value Added

The quarterly information referred to above includes the individual and consolidated statements of value added for the nine-month period ended December 31, 2019. These statements are the responsibility of the Company's management and are presented as supplementary information under IAS 34. These statements have been subjected to review procedures performed together with the review of the interim accounting information for the purpose of concluding whether they are reconciled with the interim accounting information and accounting records, as applicable, and if their form and content are in accordance with the criteria defined in the accounting standard CPC 09 - "Statement of Value Added". Based on our review, nothing has come to our attention that causes us to believe that these statements of value added have not been properly prepared, in all material respects, in accordance with the criteria established in this accounting standard, and consistent with the individual and consolidated interim accounting information taken as a whole.

The accompanying individual and consolidated interim financial information has been translated into English for the convenience of readers outside Brazil.

São Paulo, february 13, 2020.



BDO RCS Auditores Independentes SS
CRC 2 SP 013846/O-1

Francisco de Paula dos Reis Júnior
Accountant CRC 1 SP 139268/O-6

Biosev S.A.

(Convenience Translation into English from the Original Previously Issued in Portuguese)

BALANCE SHEET
AS AT DECEMBER 31, 2019
(In thousands of Brazilian reais - R\$)

| | | Company | | Consolidated | |
|---|------|------------------|------------------|-------------------|------------------|
| | Note | 12.31.19 | 03.31.19 | 12.31.19 | 03.31.19 |
| ASSETS | | | | | |
| CURRENT ASSETS | | | | | |
| Cash and cash equivalents | 3 | 80,068 | 577,523 | 202,859 | 1,189,112 |
| Short-term investments | 4 | 54,563 | 36,694 | 66,570 | 139,900 |
| Derivative financial instruments | 27 | 71,431 | 23,476 | 92,477 | 39,416 |
| Trade receivables | 5 | 142,056 | 90,533 | 178,643 | 117,591 |
| Inventories | 6 | 410,495 | 313,096 | 1,897,174 | 671,302 |
| Biological assets | 7 | 334,105 | 264,480 | 686,823 | 501,124 |
| Recoverable taxes | 8 | 35,512 | 80,872 | 117,515 | 180,947 |
| Other receivables | | 34,182 | 25,652 | 42,860 | 97,043 |
| | | <u>1,162,412</u> | <u>1,412,326</u> | <u>3,284,921</u> | <u>2,936,435</u> |
| Assets held for sale | 10 | 45,165 | 216,950 | 45,165 | 220,456 |
| | | <u>1,207,577</u> | <u>1,629,276</u> | <u>3,330,086</u> | <u>3,156,891</u> |
| NON-CURRENT ASSETS | | | | | |
| Long-term receivables | | | | | |
| Long-term investments | | 32,385 | 30,379 | 62,464 | 42,427 |
| Escrow deposits | 9 | 232,216 | 210,108 | 430,766 | 367,388 |
| Recoverable taxes | 8 | 28,507 | 16,023 | 120,418 | 63,573 |
| Deferred income tax and social contribution | 11.1 | 70,287 | 176,541 | 296,381 | 403,692 |
| Other receivables | | 246,664 | 71,751 | 269,098 | 77,100 |
| Right to use the assets from lease operations | 12 | 611,905 | - | 1,441,042 | - |
| Investments | 13 | 1,140,603 | 1,123,067 | 159,290 | 169,913 |
| Property, plant and equipment | 14 | 1,537,260 | 1,697,433 | 3,236,987 | 3,641,525 |
| Intangible assets | 15 | 12,865 | 9,126 | 923,077 | 919,660 |
| Total non-current assets | | <u>3,912,692</u> | <u>3,334,428</u> | <u>6,939,523</u> | <u>5,685,278</u> |
| TOTAL ASSETS | | <u>5,120,269</u> | <u>4,963,704</u> | <u>10,269,609</u> | <u>8,842,169</u> |

| | | Company | | Consolidated | |
|---|------|------------------|------------------|-------------------|------------------|
| | Note | 12.31.19 | 03.31.19 | 12.31.19 | 03.31.19 |
| LIABILITIES AND EQUITY | | | | | |
| CURRENT LIABILITIES | | | | | |
| Borrowings and financing | 16 | 119,189 | 185,445 | 482,732 | 542,971 |
| Lease liabilities | 12 | 197,790 | - | 493,348 | - |
| Advances from domestic customers | | 7,556 | 5,592 | 36,593 | 13,987 |
| Advances from foreign customers | | 149,226 | 193,006 | 1,393,188 | 357,345 |
| Trade payables | 17 | 236,969 | 330,617 | 476,977 | 653,684 |
| Accrued payroll and related taxes | | 45,407 | 48,853 | 88,525 | 92,000 |
| Taxes payable | 18 | 13,117 | 23,826 | 57,570 | 74,344 |
| Derivative financial instruments | 27 | 28,291 | 156,963 | 34,721 | 159,518 |
| Other payables | | 53,122 | 89,379 | 70,398 | 107,518 |
| Total current liabilities | | <u>850,667</u> | <u>1,033,681</u> | <u>3,134,052</u> | <u>2,001,367</u> |
| NON-CURRENT LIABILITIES | | | | | |
| Borrowings and financing | 16 | 2,231,888 | 2,322,731 | 5,423,423 | 5,436,357 |
| Lease liabilities | 12 | 436,098 | - | 1,010,070 | - |
| Advances from foreign customers | 20 | 622,205 | 601,520 | - | 452,176 |
| Trade payables | 17 | 5,645 | 408 | 5,861 | 612 |
| Deferred income tax and social contribution | 11.1 | - | - | 37,383 | 38,882 |
| Derivative financial instruments | 27 | - | - | 9,629 | 7,706 |
| Provision for tax, labor, civil and environmental contingencies | 19 | 108,424 | 138,079 | 286,481 | 287,237 |
| Taxes payable | 18 | 5,430 | 4,324 | 5,430 | 4,324 |
| Other payables | | 71,481 | 32,835 | 128,374 | 80,662 |
| Provision for investment loss | 13 | 565,605 | 303,560 | - | - |
| Total non-current liabilities | | <u>4,046,776</u> | <u>3,403,457</u> | <u>6,906,651</u> | <u>6,307,956</u> |
| EQUITY | | | | | |
| Capital | 21 | 6,077,674 | 6,077,674 | 6,077,674 | 6,077,674 |
| Capital reserve | 21 | 1,353,937 | 1,353,937 | 1,353,937 | 1,353,937 |
| Accumulated losses | | (7,086,337) | (6,617,139) | (7,086,337) | (6,617,139) |
| Other comprehensive loss | | (122,448) | (287,906) | (122,448) | (287,906) |
| Total equity attributable to the Company's owners | | <u>222,826</u> | <u>526,566</u> | <u>222,826</u> | <u>526,566</u> |
| Non-controlling interests | | - | - | 6,080 | 6,280 |
| Total equity | | <u>222,826</u> | <u>526,566</u> | <u>228,906</u> | <u>532,846</u> |
| TOTAL LIABILITIES AND EQUITY | | <u>5,120,269</u> | <u>4,963,704</u> | <u>10,269,609</u> | <u>8,842,169</u> |

The accompanying notes are an integral part of these interim financial statements.

Biosev S.A.

(Convenience Translation into English from the Original Previously Issued in Portuguese)

STATEMENT OF OPERATIONS FOR THE THREE- AND NINE-MONTH PERIODS ENDED DECEMBER 31, 2019

(In thousands of Brazilian reais - R\$)

| | Note | Company | | | | Consolidated | | | |
|--|-----------|--------------------------|------------------|-------------------------|------------------|--------------------------|------------------|-------------------------|--------------------|
| | | Three-month period ended | | Nine-month period ended | | Three-month period ended | | Nine-month period ended | |
| | | 12.31.19 | 12.31.18 | 12.31.19 | 12.31.18 | 12.31.19 | 12.31.18 | 12.31.19 | 12.31.18 |
| NET REVENUE | 22 | 657,388 | 874,177 | 2,478,884 | 2,737,677 | 1,389,546 | 1,559,926 | 4,660,369 | 4,959,069 |
| Cost of sales and services | 22 and 23 | (588,450) | (781,834) | (2,003,833) | (2,479,801) | (1,217,363) | (1,521,241) | (3,995,806) | (4,552,139) |
| GROSS PROFIT | | 68,938 | 92,343 | 475,051 | 257,876 | 172,183 | 38,685 | 664,563 | 406,930 |
| OPERATING INCOME (EXPENSES) | | (47,634) | (218,521) | (503,667) | (649,382) | (122,550) | (129,430) | (374,478) | (502,892) |
| General, administrative and selling expenses | 23 | (64,319) | (39,946) | (171,333) | (163,885) | (128,028) | (93,719) | (388,863) | (369,356) |
| Equity in subsidiaries | 13 | (10,922) | (166,864) | (394,203) | (430,993) | (3,412) | (4,098) | (10,054) | (10,769) |
| Other operating income | 25 | 7,098 | 45,642 | 88,657 | 63,212 | 14,621 | 63,283 | 187,254 | 85,389 |
| Other operating expenses | 25 | 20,509 | (57,353) | (26,788) | (117,716) | (5,731) | (94,896) | (162,815) | (208,156) |
| OPERATING INCOME (LOSS) BEFORE FINANCE INCOME (COSTS) | | 21,304 | (126,178) | (28,616) | (391,506) | 49,633 | (90,745) | 290,085 | (95,962) |
| Finance income | 24 | 7,276 | 5,749 | 20,557 | 17,132 | 10,302 | 12,419 | 32,000 | 50,011 |
| Finance costs | 24 | (68,318) | (56,430) | (281,328) | (205,209) | (143,179) | (108,681) | (519,203) | (389,975) |
| Derivatives | 24 | 38,814 | 23,516 | 20,620 | 24,629 | 1,403 | (13,776) | (47,420) | 54,708 |
| Exchange rate changes | 24 | 77,816 | 60,978 | (105,750) | (386,361) | 180,321 | 38,834 | (206,126) | (625,646) |
| INCOME (LOSS) BEFORE TAXATION | | 76,892 | (92,365) | (374,517) | (941,315) | 98,480 | (161,949) | (450,664) | (1,006,864) |
| INCOME TAX AND SOCIAL CONTRIBUTION | 11.2 | (73,935) | (138,076) | (95,600) | 49,114 | (95,623) | (68,603) | (19,708) | 114,283 |
| PROFIT (LOSS) FOR THE PERIOD | | 2,957 | (230,441) | (470,117) | (892,201) | 2,857 | (230,552) | (470,372) | (892,581) |
| Attributable to: | | | | | | | | | |
| Company's owners | 26 | 2,957 | (230,441) | (470,117) | (892,201) | 2,957 | (230,441) | (470,117) | (892,201) |
| Non-controlling interests | | - | - | - | - | (100) | (111) | (255) | (380) |
| LOSS PER SHARE - R\$ | | | | | | | | | |
| Basic | 26 | 0.06718 | (0.48508) | (1.08402) | (2.68943) | 0.06718 | (0.48508) | (1.08402) | (2.68943) |
| Diluted | 26 | 0.06718 | (0.48508) | (1.08402) | (2.68943) | 0.06718 | (0.48508) | (1.08402) | (2.68943) |

The accompanying notes are an integral part of these interim financial statements.

Biosev S.A.

(Convenience Translation into English from the Original Previously Issued in Portuguese)

STATEMENT OF COMPREHENSIVE INCOME (LOSS)
FOR THE THREE- AND NINE-MONTH PERIODS ENDED DECEMBER 31, 2019
(In thousands of Brazilian reais - R\$)

| | <u>Note</u> | Company | | | | Consolidated | | | |
|--|-------------|--------------------------|-------------------------|-------------------------|-------------------------|--------------------------|-------------------------|-------------------------|-------------------------|
| | | Three-month period ended | | Nine-month period ended | | Three-month period ended | | Nine-month period ended | |
| | | <u>12.31.19</u> | <u>12.31.18</u> | <u>12.31.19</u> | <u>12.31.18</u> | <u>12.31.19</u> | <u>12.31.18</u> | <u>12.31.19</u> | <u>12.31.18</u> |
| PROFIT (LOSS) FOR THE PERIOD | | <u>2.957</u> | <u>(230.441)</u> | <u>(470.117)</u> | <u>(892.201)</u> | <u>2.857</u> | <u>(230.552)</u> | <u>(470.372)</u> | <u>(892.581)</u> |
| OTHER COMPREHENSIVE INCOME (LOSS) | | | | | | | | | |
| Items subsequently reclassified to profit or loss: | | | | | | | | | |
| Financial instruments - hedge accounting of futures | 27 | (72.120) | (45.908) | (39.323) | (2.551) | (72.120) | (45.908) | (39.323) | (2.551) |
| Financial instruments - hedge accounting of Libor swap | 27 | 2.455 | (6.177) | (5.191) | 36 | 2.455 | (6.177) | (5.191) | 36 |
| Financial instruments - hedge accounting of Non-Deliverable Forward (NDF) | 27 | 50.420 | 96.978 | 29.844 | 29.187 | 50.420 | 96.978 | 29.844 | 29.187 |
| Financial instruments - hedge accounting of exchange differences | 27 | 32.764 | 190.965 | 266.201 | (151.511) | 32.764 | 190.965 | 266.201 | (151.511) |
| Deferred income tax and social contribution related to components of other comprehensive income (loss) | 11.3 | (4.597) | (80.192) | (85.521) | 42.445 | (4.597) | (80.192) | (85.521) | 42.445 |
| Equity in investees on other comprehensive income (loss) | | (552) | - | (552) | (112) | (552) | - | (552) | (112) |
| | | <u>8.370</u> | <u>155.666</u> | <u>165.458</u> | <u>(82.506)</u> | <u>8.370</u> | <u>155.666</u> | <u>165.458</u> | <u>(82.506)</u> |
| COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD | | <u>11.327</u> | <u>(74.775)</u> | <u>(304.659)</u> | <u>(974.707)</u> | <u>11.227</u> | <u>(74.886)</u> | <u>(304.914)</u> | <u>(975.087)</u> |
| Attributable to: | | | | | | | | | |
| Company's owners | | 11.327 | (74.775) | (304.659) | (974.707) | 11.327 | (74.775) | (304.660) | (974.707) |
| Non-controlling interests | | - | - | - | - | (100) | (111) | (255) | (380) |

The accompanying notes are an integral part of these interim financial statements.

Biosev S.A.



(Convenience Translation into English from the Original Previously Issued in Portuguese)

STATEMENT OF CHANGES IN EQUITY

FOR THE NINE-MONTH PERIOD ENDED DECEMBER 31, 2019

(In thousands of Brazilian reais - R\$)

| | Capital | Assessable capital stock | Capital reserve | Other comprehensive income (loss) | Accumulated losses | Total Company's equity | Non-controlling interests | Total consolidated equity |
|---|------------------|--------------------------|------------------|-----------------------------------|--------------------|------------------------|---------------------------|---------------------------|
| BALANCES AS AT MARCH 31, 2018 | 2,618,214 | 3,459,250 | 1,349,809 | (414,052) | (5,418,431) | 1,594,790 | 11,798 | 1,606,588 |
| Loss for the period | - | - | - | - | (892,201) | (892,201) | (380) | (892,581) |
| Other comprehensive income (loss) | - | - | - | - | - | - | - | - |
| Adjusted derivatives (hedge accounting), net of taxes | - | - | - | (82,506) | - | (82,506) | - | (82,506) |
| Comprehensive loss for the period | - | - | - | (82,506) | (892,201) | (974,707) | (380) | (975,087) |
| Shareholders' contributions | 3,459,460 | - | - | - | - | 3,459,460 | - | 3,459,460 |
| Advance for future capital increase | - | (3,459,250) | - | - | - | (3,459,250) | - | (3,459,250) |
| Acquisition of non-controlling interests | - | - | 4,128 | - | - | 4,128 | - | 4,128 |
| Non-controlling interests | - | - | - | - | - | - | (5,096) | (5,096) |
| BALANCES AS AT DECEMBER 31, 2018 | 6,077,674 | - | 1,353,937 | (496,558) | (6,310,632) | 624,421 | 6,322 | 630,743 |
| BALANCES AS AT MARCH 31, 2019 | 6,077,674 | - | 1,353,937 | (287,906) | (6,617,139) | 526,566 | 6,280 | 532,846 |
| Loss for the period | - | - | - | - | (470,117) | (470,117) | (255) | (470,372) |
| Other comprehensive income (loss): | - | - | - | - | - | - | - | - |
| Adjusted derivatives (hedge accounting), net of taxes | - | - | - | 165,458 | - | 165,458 | - | 165,458 |
| Comprehensive income (loss) for the period | - | - | - | 165,458 | (470,117) | (304,659) | (255) | (304,914) |
| Acquisition of non-controlling interests | - | - | - | - | - | - | 55 | 55 |
| Dissolution of indirect subsidiary | - | - | - | - | 919 | 919 | - | 919 |
| BALANCES AS AT DECEMBER 31, 2019 | 6,077,674 | - | 1,353,937 | (122,448) | (7,086,337) | 222,826 | 6,080 | 228,906 |

The accompanying notes are an integral part of these interim financial statements.

(Convenience Translation into English from the Original Previously Issued in Portuguese)

STATEMENT OF CASH FLOWS
FOR THE NINE-MONTH PERIOD ENDED DECEMBER 31, 2019
(In thousands of Brazilian reais - R\$)

| | | Company | | Consolidated | |
|--|-----------|-------------------------|------------------|-------------------------|--------------------|
| | | Nine-month period ended | | Nine-month period ended | |
| | Note | 12.31.19 | 12.31.18 | 12.31.19 | 12.31.18 |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | | |
| Loss for the period | | (470.117) | (892.201) | (470.372) | (892.581) |
| Non-cash transactions: | | | | | |
| Depreciation and amortization | 23 | 719.307 | 680.642 | 1.419.049 | 1.146.062 |
| Income (loss) from sale of property, plant and equipment | 25 | (407) | (19.135) | (6.436) | (12.151) |
| Income (loss) from investments sold | | 62.418 | - | 62.418 | - |
| Equity in subsidiaries | 13 | 393.651 | 430.881 | 9.502 | 10.657 |
| Interest, exchange rate changes and inflation adjustments, net | | 252.455 | 413.634 | 573.361 | 1.009.417 |
| Exchange, interest rate and commodities risk management | | 138.744 | 12.124 | 144.629 | 79.165 |
| Recognition of provision for tax, labor, civil and environmental contingencies | | (25.829) | 33.724 | 14.761 | 57.610 |
| Recognition (reversal) of estimated losses on doubtful accounts | 5 | 747 | 83 | 1.002 | (81) |
| Reversal of impairment loss | 14 | (555) | (11.729) | (1.976) | (11.857) |
| (Gain) loss on impairment of assets held for sale | 10 | (53.374) | 30.467 | (53.374) | 30.467 |
| Recognition of allowance for losses on other credits | 25 | 168 | - | 59.702 | - |
| Recognition (reversal) of allowance for negative margin and realization of storeroom inventories | 6 | (5.932) | (1.097) | (18.097) | 789 |
| Losses (gains) on changes in fair value less estimated costs to sell biological assets | 22 and 23 | (152.114) | 58.003 | (247.305) | 111.058 |
| Deferred income tax and social contribution | 11.2 | 95.600 | (39.360) | 20.291 | (120.420) |
| Hedge operations | | 176.664 | (89.022) | 251.531 | (124.839) |
| Change in equity interest in subsidiaries | | - | 4.128 | - | (968) |
| Result on the write-off of operating leases | | 5.898 | - | 6.908 | - |
| Dissolution of indirect control | | 919 | - | 974 | - |
| | | 1.138.243 | 611.142 | 1.766.568 | 1.282.328 |
| Decrease (increase) in assets: | | | | | |
| Trade receivables | 5 | (52.194) | 18.396 | (61.690) | 128.848 |
| Inventories | 6 | (15.016) | (112.390) | (1.011.400) | (223.638) |
| Derivative financial instruments | 27 | (47.955) | (38.027) | (53.061) | (105.057) |
| Escrow deposits | 9 | (22.108) | (26.648) | (63.378) | (36.216) |
| Recoverable taxes | 8 | 33.004 | 108.275 | 6.715 | 120.055 |
| Advances to suppliers | | (2.006) | (29.914) | (20.037) | (42.915) |
| Other receivables | | (24.343) | (3.738) | (38.248) | (18.818) |
| | | (130.618) | (84.046) | (1.241.099) | (177.741) |
| Increase (decrease) in liabilities: | | | | | |
| Trade payables | 17 | (88.411) | (66.097) | (171.458) | (196.181) |
| Advances from foreign customers | | (23.095) | (441.398) | 583.667 | (659.012) |
| Accrued payroll and related taxes | | (3.446) | (11.134) | (3.475) | (21.823) |
| Taxes payable | 18 | (9.603) | (70.933) | (15.668) | (88.989) |
| Advances from domestic customers | | 1.964 | (14.089) | 22.606 | (21.752) |
| Payments of labor, civil, tax and environmental contingencies | 19 | (3.826) | (13.529) | (15.517) | (35.011) |
| Derivative financial instruments | 27.1 | (267.416) | 81.761 | (267.503) | 13.674 |
| Other payables | | 2.389 | (125.219) | 10.592 | (143.133) |
| | | (391.444) | (660.638) | 143.244 | (1.152.227) |
| Cash provided by (used in) operating activities, net of interest | | 616.181 | (133.542) | 668.713 | (47.640) |
| Interest on borrowings and financing | | (130.362) | (127.493) | (293.838) | (265.752) |
| Cash provided by (used in) operating activities | | 485.819 | (261.035) | 374.875 | (313.392) |
| CASH FLOW FROM INVESTING ACTIVITIES | | | | | |
| Decrease in short- and long-term investments | 4 | (17.603) | 101.930 | 74.458 | 275.905 |
| Decrease (increase) in investments (provision for investment loss) | 13 | (149.694) | 65.499 | 569 | 115 |
| Additions to lease agreements | 12 | (765.422) | - | (1.814.492) | - |
| Increase in property, plant and equipment | 14 | (161.792) | (116.186) | (348.736) | (272.524) |
| Additions to biological assets | 7 | (218.502) | (239.801) | (376.651) | (396.974) |
| Additions to intangible assets | 15 | (8.829) | (1.167) | (9.836) | (1.240) |
| Advance for future capital increase in investees | 13 | - | (5.000) | - | - |
| Cash used in investing activities | | (1.321.842) | (194.725) | (2.474.688) | (394.718) |
| CASH FLOW FROM FINANCING ACTIVITIES | | | | | |
| Shareholders' contributions | 21 | - | 210 | - | 210 |
| Additions to lease operations | 12 | 766.207 | - | 1.815.411 | - |
| Payment of lease liabilities | 12 | (166.631) | - | (394.816) | - |
| Borrowings and financing | 16 | 809.392 | 1.234.160 | 2.176.427 | 2.729.661 |
| Payment of borrowings and financing | 16 | (1.070.400) | (1.102.150) | (2.483.462) | (2.831.887) |
| Cash provided by (used in) financing activities | | 338.568 | 132.220 | 1.113.560 | (102.016) |
| DECREASE IN CASH AND CASH EQUIVALENTS | | (497.455) | (323.540) | (986.253) | (810.126) |
| Cash and cash equivalents at the beginning of period | 3 | 577.523 | 520.322 | 1.189.112 | 1.530.092 |
| Cash and cash equivalents at the end of period | 3 | 80.068 | 196.782 | 202.859 | 719.966 |
| NON-CASH TRANSACTIONS | | | | | |
| Transfer from depreciation and amortization to inventories | | 5.533 | 114.125 | 177.966 | 217.638 |
| Transfer from assets and liabilities to held for sale - Usina Estivas | | (3.473) | 245.099 | (6.978) | 245.099 |
| Purchase of financed property, plant and equipment | | 24.271 | - | 51.235 | - |

The accompanying notes are an integral part of these interim financial statements.

(Convenience Translation into English from the Original Previously Issued in Portuguese)

STATEMENT OF VALUE ADDED

FOR THE NINE-MONTH PERIOD ENDED DECEMBER 31, 2019

(In thousands of Brazilian reais - R\$)

| | Note | Company | | Consolidated | |
|--|------|-------------------------|--------------------|-------------------------|--------------------|
| | | Nine-month period ended | | Nine-month period ended | |
| | | 12.31.19 | 12.31.18 | 12.31.19 | 12.31.18 |
| 1 - REVENUE | | 2,723,722 | 3,002,875 | 5,201,730 | 5,462,361 |
| 1.1) Sales | 22 | 2,635,812 | 2,939,746 | 5,015,478 | 5,376,891 |
| 1.2) Recognition of estimated losses on doubtful accounts | 25 | (747) | (83) | (1,002) | 81 |
| 1.3) Other operating income | 25 | 88,657 | 63,212 | 187,254 | 85,389 |
| 2 - INPUTS PURCHASED FROM THIRD PARTIES | | (1,114,710) | (1,572,092) | (2,366,554) | (3,011,312) |
| 2.1) Cost of sales and services | | (167,510) | (512,861) | (894,947) | (1,367,404) |
| 2.2) Materials, electric power, external services and other | | (1,099,313) | (1,001,228) | (1,718,911) | (1,532,850) |
| 2.3) Gains on changes in fair value of biological assets and other | | 152,113 | (58,003) | 247,304 | (111,058) |
| 3 - GROSS VALUE ADDED (1-2) | | 1,609,012 | 1,430,783 | 2,835,176 | 2,451,049 |
| 4 - DEPRECIATION AND AMORTIZATION | 23 | (719,307) | (680,642) | (1,419,049) | (1,146,062) |
| 5 - VALUE ADDED CREATED BY THE ENTITY (3-4) | | 889,705 | 750,141 | 1,416,127 | 1,304,987 |
| 6 - VALUE ADDED RECEIVED IN TRANSFER | | (373,646) | (389,232) | 21,946 | 93,950 |
| 6.1) Equity in subsidiaries | 13 | (394,203) | (430,993) | (10,054) | (10,769) |
| 6.2) Finance income | | 20,557 | 41,761 | 32,000 | 104,719 |
| 7 - VALUE ADDED FOR DISTRIBUTION (5+6) | | 516,059 | 360,909 | 1,438,073 | 1,398,937 |
| 8 - DISTRIBUTION OF VALUE ADDED | | 516,059 | 360,909 | 1,438,073 | 1,398,937 |
| 8.1) Personnel and payroll taxes | 23 | 220,743 | 285,939 | 450,951 | 533,290 |
| Direct compensation | | 158,165 | 206,535 | 311,051 | 363,198 |
| Benefits | | 43,993 | 53,532 | 99,939 | 119,004 |
| Severance pay fund (FGTS) | | 18,585 | 25,872 | 39,961 | 51,088 |
| 8.2) Taxes, rates and contributions | | 257,432 | 172,591 | 379,609 | 324,712 |
| Federal | | 151,988 | 10,198 | 192,535 | 72,078 |
| State | | 105,442 | 162,367 | 186,917 | 252,545 |
| Municipal | | 2 | 26 | 157 | 89 |
| 8.3) Third-party capital use | | 508,001 | 794,580 | 1,077,885 | 1,433,516 |
| Rentals | | 141,543 | 203,010 | 305,136 | 417,895 |
| Interest and exchange rate changes | | 366,458 | 591,570 | 772,749 | 1,015,621 |
| 8.4) Equity capital | | (470,117) | (892,201) | (470,372) | (892,581) |
| Loss for the period | | (470,117) | (892,201) | (470,372) | (892,581) |

The accompanying notes are an integral part of these interim financial statements.

Biosev S.A.

Notes to the Interim Financial Statements

For the Nine-month Period Ended December 31, 2019

(Amounts in thousands of Brazilian reais, unless otherwise stated)

1. GENERAL INFORMATION

Biosev S.A. ("Company"), headquartered at Avenida Brigadeiro Faria Lima, 1355, 11º andar, Pinheiros, São Paulo, SP, and its subsidiaries (collectively "Group") are mainly engaged in the production, processing and sale of agricultural products, primarily sugarcane and its by-products; the agricultural operations in Company-owned or third-party land; the export, import and sale of petroleum by-products, lubricants, fuel, grease and hydrated ethyl alcohol; the purchase, sale, import and export of agricultural products and its by-products; and the generation and sale of electricity and its by-products.

The Group comprises the activities of Biosev S.A. and Biosev Bioenergia S.A. ("Biosev Bioenergia"), based in Brazil, and Biosev Bioenergia International S.A. ("Biosev Bioenergia International"), based in Switzerland. Additionally, the Group consists of the subsidiaries of such companies, including Biosev Comercializadora S.A., a special-purpose entity established to generate and sell electric power and electric power cogeneration assets of the Passa Tempo unit, located in the State of Mato Grosso do Sul.

The Group is organized in industrial clusters, composed as follows, with their corresponding branches:

- North Ribeirão Preto Agri-Industrial Cluster: Vale do Rosário, MB (Morro Agudo), and Continental plants (located in the State of São Paulo);
- South Ribeirão Preto Agri-Industrial Cluster: Santa Elisa and Leme plants (located in the State of São Paulo);
- Mato Grosso do Sul Agri-Industrial Cluster: Passa Tempo and Rio Brilhante plants (located in the State of Mato Grosso do Sul);
- Lagoa da Prata Agri-Industrial Cluster: Lagoa da Prata plant (located in the State of Minas Gerais).

The Company is a subsidiary of the Louis Dreyfus Company Group, directly controlled by Hédera Investimentos e Participações Ltda., which holds 79.43% of its shares.

2. SUMMARY OF SIGNIFICANT ACCOUNTING PRACTICES

2.1 Statement of compliance and basis of preparation

The individual and consolidated interim financial statements were prepared in accordance with CPC 21 (R1) – Demonstrações Intermediárias and IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB).

These interim financial statements are presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of the Interim Financial Information (ITR).

The preparation of the individual and consolidated interim financial statements in accordance with CPC 21 (R1) and IAS 34 requires the adoption of certain accounting estimates by the Company's management. The interim financial statements have been prepared based on the historical cost, except for certain financial instruments, held-for-sale assets, and biological assets measured at their fair values. The historical cost is generally based on the fair value of the consideration paid in exchange for assets on the transaction date.

Management undertakes that all relevant information related to the interim financial statements, and only such information, is being highlighted and corresponds to the information used by management in its management.

2.1.1 Changes in the main accounting practices

Except as described below, the accounting practices adopted in these interim financial statements are those adopted in the financial statements as at March 31, 2019.

Biosev S.A.

Notes to the Interim Financial Statements

For the Nine-month Period Ended December 31, 2019

(Amounts in thousands of Brazilian reais, unless otherwise stated)

2.1.1.1 CPC 06 (R2)/IFRS 16 – Leases

On April 1, 2019, the Company adopted CPC 06 (R2)/IFRS 16 on a modified retrospective basis. The modified retrospective approach does not require the updating of the accounting information from prior periods. For the agreements in effect on the initial adoption date, the right to use the assets and the lease liability that represents the obligation to perform the payments relating to the underlying lease asset were recognized at the same amount measured at present value of future obligations set forth in such agreements.

The right to use the assets is subsequently depreciated on a straight-line basis from the initial date to the termination of the lease term.

The present value of lease liabilities was calculated based on the incremental interest rate, segregated by contractual term.

After the initial date, the lease liability of agricultural partnership and lease agreements subject to variation, will be recalculated to reflect the change in the lease payments. Such recalculation is recognized as adjustment to the right to use the assets.

The Company applied the exemption set forth in the standard for non-recognition of the right to use the assets and lease liabilities for low-value assets and agreements effective for less than 12 months, which will continue to be recognized by the Company as lease expenses on a straight-line basis.

The impacts from the adoption of this standard are described in Note 12.

2.1.1.2 ICPC 22/IFRIC 23 – Accounting of Uncertainties on Tax Treatments

This standard clarifies how to evaluate the accounting uncertainties of the taxes on income when applicable legislation is not clear.

The Company assessed the changes introduced by this new standard and, based on the studies performed, no significant changes were identified that would impact its financial statements.

2.1.2 New and revised standards and interpretations

There are no other new and revised standards and interpretations in effect on the date of the Company's interim financial statements.

3. CASH AND CASH EQUIVALENTS

| | Company | | Consolidated | |
|------------------------|---------------|----------------|----------------|------------------|
| | 12.31.19 | 03.31.19 | 12.31.19 | 03.31.19 |
| Cash and banks | 69,892 | 14,403 | 72,849 | 527,144 |
| Short-term investments | 3,060 | 97,136 | 41,988 | 124,009 |
| Debentures | 7,116 | 465,984 | 88,022 | 537,959 |
| | <u>80,068</u> | <u>577,523</u> | <u>202,859</u> | <u>1,189,112</u> |

Short- and long-term investments refer to floating rate Certificates of Bank Deposit (CDBs) and/or CDBs indexed at rates ranging from 95% to 96% of the Interbank Deposit Rate (CDI) as at December 31, 2019 (95% to 100% as at March 31, 2019). The CDBs investments are subject to repurchase commitments by the financial institutions issuers and/or custodians.

Debentures not subject to Tax on Financial Transactions (IOF) are issued from local prime financial institutions indexed at rates ranging from 50% to 80% of the CDI rate as at December 31, 2019 (73% to 99% as at March 31, 2019).

Biosev S.A.

Notes to the Interim Financial Statements

For the Nine-month Period Ended December 31, 2019

(Amounts in thousands of Brazilian reais, unless otherwise stated)

4. SHORT- AND LONG-TERM INVESTMENTS

| | Company | | Consolidated | |
|------------------------|---------------|---------------|---------------|----------------|
| | 12.31.19 | 03.31.19 | 12.31.19 | 03.31.19 |
| Short-term investments | 54,563 | 36,694 | 66,570 | 139,900 |
| Current assets | 54,563 | 36,694 | 66,570 | 139,900 |

Short- and long-term investments refer to restricted deposits and are operations represented by (i) floating rate Certificates of Bank Deposit (CDBs) and/or CDBs indexed at rates ranging from 95% to 96% of the Interbank Deposit Rate (CDI) as at December 31, 2019 (95% to 100% as at March 31, 2019); (ii) margin deposits in derivative transactions; and (iii) foreign currency-denominated deposits related to prepayments of exports performed by subsidiary Biosev Bioenergia Internacional S.A., indexed at average rate of 0.30% p.a. These restricted deposits may be considered, in conjunction with future agricultural production and sugar and alcohol inventories, for purposes of calculation of the indices set forth in the export prepayment agreements.

5. TRADE RECEIVABLES

| | Company | | Consolidated | |
|--|----------------|---------------|----------------|----------------|
| | 12.31.19 | 03.31.19 | 12.31.19 | 03.31.19 |
| Related parties (Note 20) | | | | |
| In Brazil | 18,542 | 8,236 | 16,030 | 72 |
| Abroad | 97,891 | 56,374 | 34,630 | 4,274 |
| | 116,433 | 64,610 | 50,660 | 4,346 |
| Third parties | | | | |
| In Brazil | 26,545 | 25,990 | 138,265 | 125,134 |
| Abroad | - | 108 | 4,115 | 1,506 |
| | 26,545 | 26,098 | 142,380 | 126,640 |
| | 142,978 | 90,708 | 193,040 | 130,986 |
| (-) Estimated loss for doubtful accounts | (922) | (175) | (14,397) | (13,395) |
| | 142,056 | 90,533 | 178,643 | 117,591 |

The aging list of overdue receivables is as follows:

| | Company | | Consolidated | |
|----------------|---------------|--------------|---------------|---------------|
| | 12.31.19 | 03.31.19 | 12.31.19 | 03.31.19 |
| Overdue | | | | |
| Up to 30 days | 24,033 | 4,656 | 4,273 | 5,448 |
| 31 to 60 days | 93 | 1,224 | (845) | 1,257 |
| 61 to 90 days | 250 | 94 | (1,943) | 308 |
| 91 to 180 days | 5,866 | 520 | 1,006 | 650 |
| Over 180 days | 16,505 | 45 | 15,546 | 16,302 |
| | 46,746 | 6,539 | 18,038 | 23,965 |

The change in the estimated loss for doubtful accounts is as follows:

| | Company | | Consolidated | |
|---|--------------|--------------|-----------------|-----------------|
| | 12.31.19 | 03.31.19 | 12.31.19 | 03.31.19 |
| Balance at the beginning of period/year | (175) | (118) | (13,395) | (13,467) |
| Reversal (recognition) of estimated allowance for doubtful accounts | (747) | (57) | (1,002) | 72 |
| | (922) | (175) | (14,397) | (13,395) |

Biosev S.A.

Notes to the Interim Financial Statements

For the Nine-month Period Ended December 31, 2019

(Amounts in thousands of Brazilian reais, unless otherwise stated)

6. INVENTORIES

| | Company | | Consolidated | |
|---|----------------|----------------|------------------|----------------|
| | 12.31.19 | 03.31.19 | 12.31.19 | 03.31.19 |
| Finished products | | | | |
| Sugar | 49,227 | 9,614 | 119,189 | 22,763 |
| Ethanol | 167,252 | 41,062 | 539,942 | 75,085 |
| Sugar syrup | 203 | 635 | 1,488 | 1,913 |
| Other | 172 | 47 | 2,615 | 96 |
| Allow ance for negative inventory margin | (1,463) | (7,410) | (6,824) | (25,793) |
| | 215,391 | 43,948 | 656,410 | 74,064 |
| Raw materials and packaging materials | | | | |
| Raw materials and packaging materials | 527 | 899 | 603 | 1,020 |
| Storeroom supplies | 49,241 | 38,480 | 101,681 | 75,885 |
| Allow ance for realization of storeroom inventories | (3,583) | (3,568) | (6,689) | (5,818) |
| Transfer to assets and liabilities available for sale | - | (4,767) | - | (4,767) |
| Advances to suppliers (*) | 148,919 | 238,104 | 1,145,169 | 530,918 |
| | 195,104 | 269,148 | 1,240,764 | 597,238 |
| | 410,495 | 313,096 | 1,897,174 | 671,302 |

(**) Out of the total amount as at December 31, 2019, R\$76,634, in Company, and R\$211,538 in Consolidated (R\$89,437 and R\$215,037 as at March 31, 2019, respectively), refer to advances to sugarcane suppliers that are adjusted on a monthly basis according to the specific conditions and indices set forth in the agreements, and R\$72,285, in Company, and R\$933,631 in Consolidated (R\$148,667, in Company, and R\$315,881, in Consolidated, as at March 31, 2019), refer to advances to export of commodities, as described in Note 20.

The changes in the allowance for negative inventory margin and realization of storeroom inventories are broken down as follows:

| | Company | | Consolidated | |
|---|----------------|----------------|----------------|-----------------|
| | 12.31.19 | 03.31.19 | 12.31.19 | 03.31.19 |
| Negative inventory margin | | | | |
| Opening balance | (7,410) | (5,836) | (25,793) | (18,344) |
| Additions | (1,463) | (7,410) | (6,824) | (25,793) |
| Reversals | 7,410 | 5,836 | 25,793 | 18,344 |
| | (1,463) | (7,410) | (6,824) | (25,793) |
| Realization of storeroom inventories | | | | |
| Opening balance | (3,568) | (3,702) | (5,818) | (5,663) |
| Additions | (3,583) | (3,568) | (6,689) | (5,818) |
| Reversals | 3,568 | 3,702 | 5,818 | 5,663 |
| | (3,583) | (3,568) | (6,689) | (5,818) |

The allowance for negative inventory margin is calculated by analyzing the average production cost of finished products as compared to their realizable value in the market, less costs to sell.

The allowance for realization of storeroom inventories, considering obsolete and slow-moving items, is recognized on a quarterly basis based on inventory management procedure of storeroom inventories duly approved by the Company.

Biosev S.A.

Notes to the Interim Financial Statements

For the Nine-month Period Ended December 31, 2019

(Amounts in thousands of Brazilian reais, unless otherwise stated)

7. BIOLOGICAL ASSETS

| | Company | | Consolidated | |
|--|----------------|----------------|------------------|------------------|
| | 12.31.19 | 03.31.19 | 12.31.19 | 03.31.19 |
| Opening balance | 264,480 | 291,845 | 501,124 | 521,948 |
| Increases arising from expenses on sugarcane crops and crop treatments | 368,308 | 496,445 | 794,774 | 924,291 |
| | 632,788 | 788,290 | 1,295,898 | 1,446,239 |
| Gains (losses) on changes in fair value less estimated costs to sell | 152,114 | 26,671 | 247,305 | (22,434) |
| Transfer to assets held for sale (*) | (13,682) | (56,291) | (13,682) | (56,291) |
| Sugarcane harvest at fair value in the period/year | (435,160) | (480,725) | (840,677) | (851,527) |
| Write-off | (1,955) | (13,465) | (2,021) | (14,863) |
| | 334,105 | 264,480 | 686,823 | 501,124 |

(*) Refer to Usina Estivas' biological assets, which was sold on August 30, 2019.

The following assumptions were used to determine the fair value:

| | Company | | Consolidated | |
|--|----------|----------|--------------|----------|
| | 12.31.19 | 03.31.19 | 12.31.19 | 03.31.19 |
| Estimated harvest area (in hectares) | 134,940 | 138,686 | 237,076 | 238,216 |
| Expected yields (in ton of sugarcane per hectare) | 82.99 | 81.89 | 86.03 | 82.74 |
| Total volume of recoverable sugar (in kilogram per ton of sugarcane) | 127.99 | 127.79 | 130.75 | 130.76 |
| Value of a kilogram of total recoverable sugar (in R\$) - CONSECANA | 0.68 | 0.62 | 0.68 | 0.62 |
| Discount rate | 10.21% | 11.02% | 10.21% | 11.02% |

As at December 31, 2019, the Company provided as guarantee for the export prepayment 158,608 hectares (153,279 hectares as at March 31, 2019), equivalent to approximately 13,644,927 tons of sugarcane (12,681,851 as at March 31, 2019), at fair value of R\$459,497 (R\$322,445 as at March 31, 2019). Such prepayment falls due between March 2023 and April 2023.

8. RECOVERABLE TAXES

| | Company | | Consolidated | |
|---|---------------|---------------|----------------|----------------|
| | 12.31.19 | 03.31.19 | 12.31.19 | 03.31.19 |
| State VAT (ICMS) | 37,926 | 40,148 | 57,228 | 61,809 |
| Taxes on revenue (PIS and COFINS) (a) | 20,893 | 7,448 | 88,472 | 36,276 |
| Withholding Income Tax (IRRF) on short-term investments and prepayments | 2,700 | 43,908 | 67,634 | 119,277 |
| Tax on manufactured products (IPI) and other taxes | 2,500 | 5,391 | 24,599 | 27,158 |
| | 64,019 | 96,895 | 237,933 | 244,520 |
| Current assets | 35,512 | 80,872 | 117,515 | 180,947 |
| Non-current assets | 28,507 | 16,023 | 120,418 | 63,573 |

- (a) Refers to Special Tax Reintegration Regime for Exporting Companies (REINTEGRA) credits – Law 13043/14; and (ii) untimely PIS and COFINS credits, in the amount of R\$18,110, in Company, and R\$65,101, in Consolidated, relating to the ICMS exclusion from PIS and COFINS calculation basis, according to decision RE 574.706 rendered by the Supreme Federal Court in March 2017, with general repercussion to all taxpayers. In addition, Biosev Bionergia S.A. received a favorable decision comprising the period beginning January 2011. For subsidiary Biosev S.A., the lawsuit is in progress, and the urgent relief was filed to advance the effects from the decision rendered by the Supreme Federal Court to recognize the effects from the exclusion beginning April 2017.

Biosev S.A.

Notes to the Interim Financial Statements

For the Nine-month Period Ended December 31, 2019

(Amounts in thousands of Brazilian reais, unless otherwise stated)

9. ESCROW DEPOSITS

| | Company | | Consolidated | |
|--|----------------|----------------|----------------|----------------|
| | 12.31.19 | 03.31.19 | 12.31.19 | 03.31.19 |
| Civil | 3,446 | 3,129 | 7,251 | 8,626 |
| Environmental | 2,404 | 1,914 | 7,430 | 7,023 |
| | 5,850 | 5,043 | 14,681 | 15,649 |
| Tax | | | | |
| Tax on manufactured products (IPI) | - | - | 18,480 | 10,323 |
| Income tax (IRPJ) and social contribution (CSLL) | 27,803 | 29,170 | 44,815 | 38,742 |
| ICMS, PIS and COFINS | 9,675 | 9,406 | 46,325 | 22,221 |
| Social security contributions | 21,592 | 20,695 | 27,243 | 26,651 |
| Other | - | - | 2,633 | 969 |
| | 59,070 | 59,271 | 139,496 | 98,906 |
| Tax | | | | |
| Labor appeals | 167,296 | 145,794 | 276,589 | 252,833 |
| | 167,296 | 145,794 | 276,589 | 252,833 |
| | 232,216 | 210,108 | 430,766 | 367,388 |

The changes in the Company's escrow deposits are as follows:

| | Company | | Consolidated | |
|---------------------|----------------|----------------|----------------|----------------|
| | 12.31.19 | 03.31.19 | 12.31.19 | 03.31.19 |
| Opening balance | 210,108 | 193,405 | 367,388 | 342,736 |
| Additions | 29,444 | 36,192 | 76,879 | 54,571 |
| Offsets/redemptions | (7,336) | (19,489) | (13,501) | (29,919) |
| | 232,216 | 210,108 | 430,766 | 367,388 |

10. HELD-FOR-SALE ASSETS AND LIABILITIES

| | Company | | Consolidated | |
|----------------------|---------------|----------------|---------------|----------------|
| | 12.31.19 | 03.31.19 | 12.31.19 | 03.31.19 |
| Assets held for sale | 45,165 | 216,950 | 45,165 | 220,456 |
| | 45,165 | 216,950 | 45,165 | 220,456 |

The breakdown of assets and liabilities classified as held for sale is as follows:

| Company | Note | Unity | | |
|------------------------------------|------|---------------|---------------|----------------|
| | | Maracaju | 12.31.19 | 03.31.19 |
| Assets | | | | |
| Inventories | | - | - | 4.767 |
| Biological assets | 7 | 904 | 904 | 44.695 |
| Property, plant and equipment | 14 | 119.466 | 119.466 | 295.012 |
| Other | | - | - | 1.055 |
| Impairment of assets held for sale | 14 | (75.205) | (75.205) | (128.579) |
| Total assets | | 45.165 | 45.165 | 216.950 |

Biosev S.A.

Notes to the Interim Financial Statements

For the Nine-month Period Ended December 31, 2019

(Amounts in thousands of Brazilian reais, unless otherwise stated)

| | | Unity | | |
|------------------------------------|------|----------|----------|-----------|
| Consolidated | Note | Maracaju | 12.31.19 | 03.31.19 |
| Assets | | | | |
| Inventories | | - | - | 4.767 |
| Biological assets | 7 | 904 | 904 | 44.695 |
| Property, plant and equipment | 14 | 119.466 | 119.466 | 298.518 |
| Other | | - | - | 1.055 |
| Impairment of assets held for sale | 14 | (75.205) | (75.205) | (128.579) |
| Total assets | | 45.165 | 45.165 | 220.456 |

11. CURRENT AND DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION

11.1 Deferred income tax and social contribution assets and liabilities disclosed in balance sheet

| | Company | | Consolidated | |
|---|---------------|----------------|----------------|----------------|
| | 12.31.19 | 03.31.19 | 12.31.19 | 03.31.19 |
| Deferred income tax and social contribution assets | 70,287 | 176,541 | 296,381 | 403,692 |
| Deferred income tax and social contribution liabilities | - | - | (37,383) | (38,882) |
| | 70,287 | 176,541 | 258,998 | 364,810 |

11.2 Income tax and social contribution recognized in profit or loss

| | Company | | | |
|---|--------------------------|------------------|-------------------------|---------------|
| | Three-month period ended | | Nine-month period ended | |
| | 12.31.19 | 12.31.18 | 12.31.19 | 12.31.18 |
| Income (loss) from current income tax and social contribution | - | 4,706 | - | 9,754 |
| Income (loss) from deferred income tax and social contribution related to the origin and reversal of temporary differences and tax loss | (73,935) | (142,782) | (95,600) | 39,360 |
| | (73,935) | (138,076) | (95,600) | 49,114 |

| | Consolidated | | | |
|---|--------------------------|-----------------|-------------------------|----------------|
| | Three-month period ended | | Nine-month period ended | |
| | 12.31.19 | 12.31.18 | 12.31.19 | 12.31.18 |
| Income (loss) from current income tax and social contribution | 602 | 4,448 | 583 | (6,137) |
| Income (loss) from deferred income tax and social contribution related to the origin and reversal of temporary differences and tax loss carryforwards | (96,225) | (73,051) | (20,291) | 120,420 |
| | (95,623) | (68,603) | (19,708) | 114,283 |

11.3 Income tax and social contribution recognized in other comprehensive income (loss)

| | Company | | | |
|---|--------------------------|-----------------|-------------------------|---------------|
| | Three-month period ended | | Nine-month period ended | |
| | 12.31.19 | 12.31.18 | 12.31.19 | 12.31.18 |
| Income (loss) from deferred income tax and social contribution recognized in other comprehensive income (loss): | | | | |
| Financial instruments - hedge accounting of futures | 16,416 | 15,608 | 14,709 | 867 |
| Financial instruments - hedge accounting of Non-Deliverable Forward (NDF) | (4,544) | (15,882) | (2,309) | (12,718) |
| Financial instruments - hedge accounting of exchange differences | (11,141) | (4,329) | (23,054) | 18,479 |
| | 731 | (4,603) | (10,654) | 6,628 |
| Effects on subsidiaries | (5,328) | (75,589) | (74,867) | 35,817 |
| | (4,597) | (80,192) | (85,521) | 42,445 |

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(Amounts in thousands of Brazilian reais, unless otherwise stated)

| | Consolidated | | | |
|---|--------------------------|-----------------|-------------------------|---------------|
| | Three-month period ended | | Nine-month period ended | |
| | 12.31.19 | 12.31.18 | 12.31.19 | 12.31.18 |
| Income (loss) from deferred income tax and social contribution recognized in other comprehensive income (loss): | | | | |
| Financial instruments - hedge accounting of futures | 24,521 | 15,607 | 13,370 | 866 |
| Financial instruments - hedge accounting of Swap Libor | (835) | 2,101 | 1,765 | (12) |
| Financial instruments - hedge accounting of Non-Deliverable Forward (NDF) | (17,143) | (32,972) | (10,147) | (9,923) |
| Financial instruments - hedge accounting of exchange differences | (11,140) | (64,928) | (90,509) | 51,514 |
| | (4,597) | (80,192) | (85,521) | 42,445 |

11.4 Reconciliation of income tax and social contribution expenses at statutory and effective rates

| | Company | | | |
|--|--------------------------|------------------|-------------------------|------------------|
| | Three-month period ended | | Nine-month period ended | |
| | 12.31.19 | 12.31.18 | 12.31.19 | 12.31.18 |
| Loss before taxation | 76.892 | (92.365) | (374.517) | (941.315) |
| Statutory rate | 34% | 34% | 34% | 34% |
| Income from income tax and social contribution at statutory rate | (26.143) | 31.404 | 127.336 | 320.047 |
| Equity in subsidiaries | (3.713) | (56.734) | (134.029) | (146.538) |
| Unrecognized deferred income tax and social contribution credits | (31.467) | (14.624) | (82.061) | (16.782) |
| Tax revenue (grants) | 4.990 | 44.267 | 25.058 | 47.191 |
| Accrued earnings - foreign subsidiary | (7.508) | (58.943) | (7.508) | (58.943) |
| Subcapitalization rules | (6.298) | (4.978) | (18.108) | (16.756) |
| Provision for deferred income tax and social contribution losses | - | (77.521) | - | (77.521) |
| Other | (3.796) | (947) | (6.288) | (1.584) |
| Income (loss) from income tax and social contribution at effective rate | (73.935) | (138.076) | (95.600) | 49.114 |
| Statutory rate | - | - | - | 5% |

| | Consolidated | | | |
|---|--------------------------|------------------|-------------------------|--------------------|
| | Three-month period ended | | Nine-month period ended | |
| | 12.31.19 | 12.31.18 | 12.31.19 | 12.31.18 |
| Loss before taxation | 98,480 | (161,949) | (450,664) | (1,006,864) |
| Statutory rate | 34% | 34% | 34% | 34% |
| Income from income tax and social contribution at statutory rate | (33,483) | 55,063 | 153,226 | 342,334 |
| Equity in subsidiaries | (1,160) | (1,393) | (3,418) | (3,661) |
| Goodwill amortization | - | 8,778 | - | 26,333 |
| Unrecognized deferred income tax and social contribution credits | (41,923) | (17,184) | (145,899) | (135,623) |
| Tax revenue (grants) | 4,990 | 44,267 | 25,058 | 47,191 |
| Rate difference - foreign subsidiary | 101 | (3,491) | 5,805 | 21,233 |
| Accrued earnings - foreign subsidiary | (7,508) | (58,943) | (7,508) | (58,943) |
| Subcapitalization rules | (11,846) | (14,066) | (39,801) | (43,634) |
| Provision for deferred income tax and social contribution losses | - | (77,521) | - | (77,521) |
| Other | (4,794) | (4,113) | (7,171) | (3,426) |
| Income from income tax and social contribution at effective rate | (95,623) | (68,603) | (19,708) | 114,283 |
| Statutory rate | - | - | - | 11% |

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(Amounts in thousands of Brazilian reais, unless otherwise stated)

11.5 Balances of deferred income tax and social contribution assets and liabilities

| <u>Company</u> | Opening balance as at 03.31.19 | Recognized in profit or loss for the period | Recognized in other comprehensive income (loss) | Closing balance as at 12.31.19 |
|---|--------------------------------------|--|--|--------------------------------------|
| Temporary differences: | | | | |
| Provision for tax, labor, civil and environmental contingencies | 47,227 | (10,083) | - | 37,144 |
| Adjustment at fair value of biological assets | (15,389) | (24,355) | - | (39,744) |
| Other receivables (AVP) | 1,795 | 17,136 | - | 18,931 |
| Hedge accounting of Libor swap, NDF and exchange rate changes | 7,817 | (9,176) | (10,654) | (12,013) |
| Unrealized exchange rate changes | 209,867 | (653) | - | 209,214 |
| Amortization of tax goodwill | (245,277) | - | - | (245,277) |
| Accelerated depreciation | (25,179) | (10,040) | - | (35,219) |
| Impairment of fixed assets | 65,746 | (266) | - | 65,480 |
| Mark-to-market of derivatives | (16,095) | (39,883) | - | (55,978) |
| Impairment of assets held for sale | 18,003 | (18,003) | - | - |
| Other | 26,074 | (277) | - | 25,797 |
| | 74,589 | (95,600) | (10,654) | (31,665) |
| Unutilized tax losses and credits | | | | |
| Tax loss carryforwards | 74,616 | - | - | 74,616 |
| Social contribution tax loss carryforwards | 27,336 | - | - | 27,336 |
| | 176,541 | (95,600) | (10,654) | 70,287 |

| <u>Company</u> | Opening balance as at 03.31.18 | Recognized in profit or loss for the period | Recognized in other comprehensive income (loss) | Closing balance as at 12.31.18 |
|---|--------------------------------------|--|--|--------------------------------------|
| Temporary differences: | | | | |
| Provision for tax, labor, civil and environmental contingencies | 43,160 | 6,866 | - | 50,026 |
| Adjustment at fair value of biological assets | (5,616) | 10,833 | - | 5,217 |
| Hedge accounting of Libor swap, NDF and exchange rate changes | 16,402 | 2,795 | 6,628 | 25,825 |
| Unrealized exchange rate changes | 111,907 | 103,149 | - | 215,056 |
| Amortization of tax goodwill | (245,277) | - | - | (245,277) |
| Accelerated depreciation | - | (13,936) | - | (13,936) |
| Impairment of fixed assets | 77,010 | (3,988) | - | 73,022 |
| Mark-to-market of derivatives | (57,568) | 9,692 | - | (47,876) |
| Impairment of assets held for sale | - | 10,359 | - | 10,359 |
| Other | 24,905 | (8,889) | - | 16,016 |
| | (35,077) | 116,881 | 6,628 | 88,432 |
| Unutilized tax losses and credits | | | | |
| Tax loss carryforwards | 131,615 | (56,999) | - | 74,616 |
| Social contribution tax loss carryforwards | 47,858 | (20,522) | - | 27,336 |
| | 144,396 | 39,360 | 6,628 | 190,384 |

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(Amounts in thousands of Brazilian reais, unless otherwise stated)

| | Opening balance as at 03.31.19 | Recognized in profit or loss for the period | Recognized in other comprehensive income (loss) | Closing balance as at 12.31.19 |
|---|--------------------------------------|--|--|--------------------------------------|
| Consolidated | | | | |
| Temporary differences: | | | | |
| Provision for tax, labor, civil and environmental contingencies | 97,941 | (257) | - | 97,684 |
| Adjustment at fair value of biological assets | (32,728) | (68,505) | - | (101,233) |
| Other receivables (AVP) | 1,795 | 17,913 | - | 19,708 |
| Hedge accounting of Libor swap, NDF and exchange rate changes | 165,790 | - | (85,521) | 80,269 |
| Unrealized exchange rate changes | 439,388 | (19,168) | - | 420,220 |
| Amortization of tax goodwill | (245,277) | - | - | (245,277) |
| Accelerated depreciation | (25,179) | (10,040) | - | (35,219) |
| Mark-to-market of derivatives | (82,228) | 25,395 | - | (56,833) |
| Impairment of fixed assets | 77,177 | (541) | - | 76,636 |
| Appreciation of acquired assets | (253,050) | 16,256 | - | (236,794) |
| Impairment of assets held for sale | 18,896 | (17,990) | - | 906 |
| Fair value of financial debts | 1,161 | - | - | 1,161 |
| Other | 50,545 | 36,646 | - | 87,191 |
| | 214,231 | (20,291) | (85,521) | 108,419 |
| Unutilized tax losses and credits | | | | |
| Tax loss carryforwards | 109,760 | - | - | 109,760 |
| Social contribution tax loss carryforwards | 40,819 | - | - | 40,819 |
| | 364,810 | (20,291) | (85,521) | 258,998 |

| | Opening balance as at 03.31.18 | Recognized in profit or loss for the period | Recognized in other comprehensive income (loss) | Closing balance as at 12.31.18 |
|---|--------------------------------------|--|--|--------------------------------------|
| Consolidated | | | | |
| Temporary differences: | | | | |
| Provision for tax, labor, civil and environmental contingencies | 104,410 | 7,684 | - | 112,094 |
| Adjustment at fair value of biological assets | (32,587) | 21,031 | - | (11,556) |
| Hedge accounting of Libor swap, NDF and exchange rate changes | 230,832 | - | 42,445 | 273,277 |
| Unrealized exchange rate changes | 260,046 | 203,869 | - | 463,915 |
| Amortization of tax goodwill | (245,277) | - | - | (245,277) |
| Accelerated depreciation | - | (13,936) | - | (13,936) |
| Mark-to-market of derivatives | (175,191) | (34,214) | - | (209,405) |
| Impairment of fixed assets | 88,596 | (4,011) | - | 84,585 |
| Appreciation of acquired assets | (274,672) | 17,860 | - | (256,812) |
| Impairment of assets held for sale | 893 | 10,359 | - | 11,252 |
| Fair value of financial debts | (1,211) | 2,373 | - | 1,162 |
| Other | 50,772 | (13,074) | - | 37,698 |
| | 6,611 | 197,941 | 42,445 | 246,997 |
| Unutilized tax losses and credits | | | | |
| Tax loss carryforwards | 166,759 | (56,999) | - | 109,760 |
| Social contribution tax loss carryforwards | 61,341 | (20,522) | - | 40,819 |
| | 234,711 | 120,420 | 42,445 | 397,576 |

As at December 31, 2019, the Company has tax loss carryforwards in the amount of R\$3,017,287, in Company, and R\$6,153,424 in Consolidated (R\$2,775,931 and R\$5,724,309 as at March 31, 2019, respectively) for which no deferred income tax and social contribution assets have been recognized.

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12. LEASE OPERATIONS

12.1 Right to use the assets from lease operations

On April 1, 2019, the Company adopted CPC 06(R2)/IFRS 16 and this line item recognizes the amounts corresponding to the right to use the assets under effective agreements, which amount is equivalent to the present value of the obligations assumed before counterparties. The balances of these agreements will be repaid according to the respective maturity dates (between 1 and 10 years).

The effect from the adoption of this standard by agreement type and the balances for the nine-month period ended December 31, 2019 are broken down as follows:

| | Company | | | | | Total |
|-----------------------------------|------------------------|---------------|--------------|--------------|---------------------------|------------------|
| | Agricultural equipment | Land | Buildings | Vehicles | Agricultural partnerships | |
| 03.31.19 | - | - | - | - | - | - |
| Initial adoption on April 1, 2019 | 142,669 | 112,768 | 2,554 | 4,845 | 393,697 | 656,533 |
| Additions | - | 6,532 | - | - | 102,357 | 108,889 |
| Write-off | (12,728) | - | - | - | - | (12,728) |
| Depreciation | (44,456) | (22,741) | (766) | (1,768) | (71,058) | (140,789) |
| 12.31.19 | 85,485 | 96,559 | 1,788 | 3,077 | 424,996 | 611,905 |

| | Consolidated | | | | | Total |
|-----------------------------------|------------------------|---------------|--------------|--------------|---------------------------|------------------|
| | Agricultural equipment | Land | Buildings | Vehicles | Agricultural partnerships | |
| 03.31.19 | - | - | - | - | - | - |
| Initial adoption on April 1, 2019 | 296,896 | 115,195 | 2,554 | 10,075 | 1,068,666 | 1,493,386 |
| Additions | 191 | 6,644 | - | - | 314,271 | 321,106 |
| Write-off | (17,358) | - | - | - | - | (17,358) |
| Depreciation | (98,998) | (23,752) | (766) | (3,676) | (228,900) | (356,092) |
| 12.31.19 | 180,731 | 98,087 | 1,788 | 6,399 | 1,154,037 | 1,441,042 |

12.2 Lease liabilities

On April 1, 2019, the Company adopted CPC 06(R2)/IFRS 16 and this line item recognizes the remaining amounts corresponding to the effective lease agreements stated at present value at the discount rates in effect on the adoption date, not considering the possible PIS and COFINS effects.

The incremental lease liability rate varies between 8.71% and 11.25% per year.

The effect from the adoption of this standard by agreement type and the balances for the nine-month period ended December 31, 2019 are broken down as follows:

| | Company | | Consolidated | |
|------------------------------|----------------|----------|------------------|----------|
| | 12.31.19 | 03.31.19 | 12.31.19 | 03.31.19 |
| Present value of liabilities | 633,888 | - | 1,503,418 | - |
| | 633,888 | - | 1,503,418 | - |
| Classification: | | | | |
| Current | 197,790 | - | 493,348 | - |
| Non-current | 436,098 | - | 1,010,070 | - |
| Total | 633,888 | - | 1,503,418 | - |

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| | Company | Consolidated |
|-----------------------------------|----------------|------------------|
| 03.31.19 | - | - |
| Initial adoption on April 1, 2019 | 656,533 | 1,493,386 |
| Additions | 109,674 | 322,025 |
| Write-offs | (4,068) | (6,065) |
| Payments | (166,631) | (394,816) |
| Recognition of financial charges | 38,380 | 88,888 |
| 12.31.19 | 633,888 | 1,503,418 |

The future payments are broken down as follows:

| | Company | Consolidated |
|---------------|----------------|------------------|
| | 12.31.19 | 12.31.19 |
| Up to 1 year | 197,790 | 493,348 |
| Up to 2 years | 143,450 | 329,277 |
| Up to 3 years | 93,355 | 228,356 |
| Up to 4 years | 69,189 | 170,304 |
| Up to 5 years | 61,329 | 146,371 |
| Above 5 years | 68,775 | 135,762 |
| | 633,888 | 1,503,418 |

13. INVESTMENTS (PROVISION FOR INVESTMENT LOSS)

| | Company | | Consolidated | |
|---|------------------|------------------|----------------|----------------|
| | 12.31.19 | 03.31.19 | 12.31.19 | 03.31.19 |
| Investments in subsidiaries and jointly-controlled subsidiaries | 1,138,101 | 1,120,565 | 156,788 | 167,411 |
| Other investments | 2,502 | 2,502 | 2,502 | 2,502 |
| Investments | 1,140,603 | 1,123,067 | 159,290 | 169,913 |
| Provision for investment loss | (565,605) | (303,560) | - | - |

a) Interest in subsidiaries and jointly-controlled entities

| | Company | | | Consolidated |
|--|------------------------------|-------------------------------------|---|----------------|
| | Biosev Bioenergia S.A. | Bioenergia International S.A. | Biosev Comercializa dora de Energia S.A. | TEAG |
| Capital | 2,985,044 | 175 | 14,365 | 44,701 |
| Profit (loss) for the period | (407,743) | 33,116 | (19,580) | (7,509) |
| Equity | (564,737) | 237,692 | (5,036) | 32,207 |
| Elimination of gains on the sale of property, plant and equipment with related parties | (872) | - | - | - |
| Shareholding interest | 100% | 100% | 100% | 50% |
| Value of investments in subsidiaries under equity method | (565,609) | 237,692 | (5,036) | 16,104 |
| Goodwill/realization of concession value, net | 494,079 | - | - | 140,684 |
| Elimination of gains on the sale of property, plant and equipment with related parties | 4 | - | - | - |
| Investments | - | 237,692 | (5,036) | 156,788 |
| Provision for investment loss | (565,605) | - | - | - |
| Equity pick up in subsidiaries | (407,739) | 33,116 | (19,580) | (3,755) |

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b) Changes in investments in subsidiaries, jointly-controlled entities and non-controlled entities

| | Company | | | | | | | |
|--|------------------------|--------------------------------------|---|---------------------|-----------|-------|-----------|-----------|
| | Goodwill | | | | | | 12.31.19 | 03.31.19 |
| | Biosev Bioenergia S.A. | Biosev Bioenergia International S.A. | Biosev Comercializadora de Energia S.A. | Tavares de Melo (*) | Ampla (*) | Other | | |
| | | | | | | | | |
| Opening balance | (303,560) | 204,576 | 10,544 | - | - | 2,502 | (85,938) | 490,220 |
| Capital increase | - | - | 4,000 | - | - | - | 4,000 | 5,000 |
| Advance for future capital increase | - | - | - | - | - | - | - | - |
| Equity pick up in subsidiaries | (407,739) | 33,116 | (19,580) | - | - | - | (394,203) | (700,435) |
| Other comprehensive income | 144,776 | - | - | - | - | - | 144,776 | 115,156 |
| Acquisition of non-controlling interest | - | - | - | - | - | - | - | 4,128 |
| Other | 918 | - | - | - | - | - | 918 | (7) |
| Value of investments in subsidiaries under equity method | (565,605) | 237,692 | (5,036) | - | - | 2,502 | (330,447) | (85,938) |
| Goodwill | 494,079 | - | - | 407,675 | 3,691 | - | 905,445 | 905,445 |
| Value of investments | 494,079 | 237,692 | (5,036) | 407,675 | 3,691 | 2,502 | 1,140,603 | 1,123,067 |
| Provision for investment loss | (565,605) | - | - | - | - | - | (565,605) | (303,560) |

(*) Companies merged in prior years.

| | Consolidated | | | |
|--------------------------------------|--------------|-------|----------|----------|
| | TEAG | Other | 12.31.19 | 03.31.19 |
| Opening balance | 167,411 | 2,502 | 169,913 | 183,530 |
| Dividends received | - | - | - | (2,128) |
| Equity in subsidiaries | (10,054) | - | (10,054) | (11,373) |
| Profit or loss | (3,755) | - | (3,755) | (2,974) |
| Realization of concession value, net | (6,299) | - | (6,299) | (8,399) |
| Other | (569) | - | (569) | (116) |
| Value of investments | 156,788 | 2,502 | 159,290 | 169,913 |
| Value of investments | 156,788 | 2,502 | 159,290 | 169,913 |

c) Investments in direct and indirect subsidiaries

• Biosev Comercializadora S.A. ("Biosev Comercializadora") – direct subsidiary

On April 16, 2019, the Biosev Comercializadora's Extraordinary Shareholders' Meeting approved, amongst other resolutions, the change of its corporate name to Biosev Comercializadora S.A., as well as its capital increase, in the amount of R\$4,000, and its subsequent payment. The Company paid R\$3,999 and Biosev Bioenergia S.A., Company's subsidiary, paid one real (R\$1), upon the issuance of 4,000 registered common shares, with no par value, which Biosev Comercializadora's capital totaled R\$10,000.

On July 31, 2019, the Biosev Comercializadora's Ordinary and Extraordinary Shareholders' Meeting approved, among other resolutions, the capital increase in the amount of R\$4,365, through contribution of profit for the year ended March 31, 2019 and accumulated net profit from previous years, with share bonuses, upon issuance of 10,000 registered common shares, with no par value; the Biosev Comercializadora's capital totaled R\$14,365.

• Usina Estivas Ltda. ("Usina Estivas") – direct subsidiary

On August 30, 2019, the sale of total capital of Usina Estivas, Company's subsidiary, to Pipa Agroindustrial Ltda., limited-liability company enrolled under CNPJ/ME under n.º 21.730.100/0001-43, controlled by an investment fund administered by Socopa Sociedade Corretora Paulista S.A., was concluded. The operation was concluded after the changes in the terms and conditions set forth in the Quota Purchase and Sale Agreement and Other Covenants, entered into on September 20, 2018, as disclosed by the Company in the material fact dated September 2, 2019.

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• Crystalsev International S.A. – indirect subsidiary

Crystalsev International S.A., a company based in Uruguay and an indirect subsidiary of the company, had its liquidation and closure confirmed by the *DGI (Direccion General Impositiva)* of Montevideo, Uruguay, according to the certificate issued on 1/16/2020.

d) Investments in jointly-controlled companies

The balances of the balance sheet and statement of operations of the company are broken down as follows:

| | TEAG | |
|---|----------------|---------------|
| | 12.31.19 | 03.31.19 |
| Balance sheet | | |
| Assets | | |
| Total current assets | 39,826 | 49,493 |
| Long-term receivables | 2,801 | 212 |
| Property, plant and equipment and intangible assets | 124,721 | 3,624 |
| Total non-current assets | 127,522 | 3,836 |
| Total assets | 167,348 | 53,329 |
| Liabilities | | |
| Total current liabilities | 16,404 | 9,158 |
| Total non-current liabilities | 118,737 | 3,317 |
| Equity | | |
| Total equity | 32,207 | 40,854 |
| Total liabilities and equity | 167,348 | 53,329 |

| | TEAG | |
|--|-----------------|----------------|
| | 12.31.19 | 12.31.18 |
| Statement of operations | | |
| Net revenue | 30,554 | 36,562 |
| Operating expenses | | |
| General, administrative and selling expenses | (40,470) | (51,655) |
| Other operating income (expenses) | 4,432 | 5,524 |
| Operating income (loss) before finance income (costs) | (5,484) | (9,569) |
| Finance income, net | (5,914) | 2,055 |
| Loss before taxation | (11,398) | (7,514) |
| Income tax and social contribution | 3,889 | (1,424) |
| Loss for the period | (7,509) | (8,938) |

14. PROPERTY, PLANT AND EQUIPMENT

| | Company | | | | | |
|--|------------------|--------------------------|------------------|------------------|--------------------------|------------------|
| | 12.31.19 | | | 03.31.19 | | |
| | Cost | Accumulated depreciation | Net | Cost | Accumulated depreciation | Net |
| Land | 15.095 | - | 15.461 | 15.095 | - | 15.095 |
| Buildings | 259.400 | (91.332) | 186.103 | 258.627 | (89.687) | 168.940 |
| Improvements | 25.586 | (13.278) | 17.477 | 25.586 | (12.606) | 12.980 |
| Facilities | 347.805 | (205.217) | 154.624 | 336.505 | (196.456) | 140.049 |
| Furniture and fixtures | 12.205 | (8.065) | 4.518 | 11.956 | (7.610) | 4.346 |
| IT equipment | 30.884 | (28.396) | 2.927 | 30.534 | (27.644) | 2.890 |
| Machinery and equipment (*) | 2.173.897 | (1.380.949) | 756.265 | 2.041.549 | (1.212.827) | 828.722 |
| Vehicles | 11.338 | (9.150) | 2.447 | 11.586 | (8.885) | 2.701 |
| Agricultural machinery and implements (**) | 922.080 | (798.662) | 123.418 | 780.502 | (626.006) | 154.496 |
| Bearer plant | 1.619.232 | (1.359.718) | 259.515 | 1.460.946 | (1.151.778) | 309.168 |
| | 5.417.522 | (3.894.767) | 1.522.755 | 4.972.886 | (3.333.499) | 1.639.387 |
| Construction in progress (Note 14.1) | 14.505 | - | 14.505 | 58.046 | - | 58.046 |
| | 5.432.027 | (3.894.767) | 1.537.260 | 5.030.932 | (3.333.499) | 1.697.433 |

Biosev S.A.

Notes to the Interim Financial Statements

For the Nine-month Period Ended December 31, 2019

(Amounts in thousands of Brazilian reais, unless otherwise stated)

(*) Includes deferred manufacturing costs.

(**) Includes deferred agricultural costs.

| | Consolidated | | | | | |
|--|-------------------|--------------------------|------------------|-------------------|--------------------------|------------------|
| | 12.31.19 | | | 03.31.19 | | |
| | Cost | Accumulated depreciation | Net | Cost | Accumulated depreciation | Net |
| Land | 21.084 | - | 21.450 | 17.651 | - | 17.651 |
| Buildings | 475.059 | (182.240) | 310.853 | 472.041 | (176.454) | 295.587 |
| Improvements | 128.672 | (59.089) | 74.754 | 128.606 | (55.984) | 72.622 |
| Facilities | 539.048 | (315.266) | 235.818 | 524.217 | (297.960) | 226.257 |
| Furniture and fixtures | 20.724 | (14.243) | 6.859 | 20.399 | (13.570) | 6.829 |
| IT equipment | 60.428 | (52.222) | 8.645 | 58.523 | (49.819) | 8.704 |
| Machinery and equipment (*) | 5.426.049 | (3.641.217) | 1.748.149 | 5.198.616 | (3.258.867) | 1.939.749 |
| Vehicles | 37.129 | (35.447) | 1.941 | 40.625 | (37.651) | 2.974 |
| Agricultural machinery and implements (**) | 1.654.474 | (1.416.930) | 237.544 | 1.450.107 | (1.129.105) | 321.002 |
| Bearer plant | 2.948.802 | (2.417.035) | 531.767 | 2.704.909 | (2.119.488) | 585.421 |
| | 11.311.469 | (8.133.689) | 3.177.780 | 10.615.694 | (7.138.898) | 3.476.796 |
| Construction in progress (Note 14.1) | 59.207 | - | 59.207 | 164.729 | - | 164.729 |
| | 11.370.676 | (8.133.689) | 3.236.987 | 10.780.423 | (7.138.898) | 3.641.525 |

(*) Includes deferred manufacturing costs.

(**) Includes deferred agricultural costs.

The changes in the net value of property, plant and equipment are as follows:

| | Company | | Consolidated | |
|---|------------------|------------------|------------------|------------------|
| | 12.31.19 | 03.31.19 | 12.31.19 | 03.31.19 |
| Opening balance | 1,697,433 | 2,093,787 | 3,641,525 | 4,079,573 |
| Acquisitions and additions | 228,468 | 407,434 | 446,723 | 783,152 |
| Residual value of write-offs | (46,415) | (47,034) | (49,816) | (57,809) |
| Transfer to assets and liabilities available for sale (*) | 18,960 | (358,056) | 22,466 | (358,056) |
| (**) | 555 | 108,636 | 1,976 | 112,057 |
| Depreciation for the period/year | (361,741) | (507,334) | (825,887) | (917,392) |
| | 1,537,260 | 1,697,433 | 3,236,987 | 3,641,525 |

(*) Refer to Usina Estivas' assets and liabilities, which was sold on August 30, 2019.

(**) See Note 14.3.

14.1 Construction in progress

Construction in progress is broken down by plant as follows:

| Plant | Company | | Consolidated | |
|-----------------|---------------|---------------|---------------|----------------|
| | 12.31.19 | 03.31.19 | 12.31.19 | 03.31.19 |
| Leme | 3,097 | 2,110 | 3,097 | 2,110 |
| Passatempo | 4,821 | 20,931 | 4,821 | 20,931 |
| Lagoa da Prata | 1,464 | 7,501 | 1,464 | 7,501 |
| Rio Brilhante | 4,665 | 26,142 | 4,665 | 26,142 |
| Santa Elisa | - | - | 21,279 | 36,540 |
| Vale do Rosário | - | - | 15,084 | 55,389 |
| MB | - | - | 2,513 | 13,107 |
| Continental | - | - | 5,825 | 1,647 |
| Corporativo | 458 | 1,362 | 459 | 1,362 |
| | 14,505 | 58,046 | 59,207 | 164,729 |

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The balance of construction in progress refers basically to the adaptation of industrial facilities, increase in sugar production and refurbishment of administrative facilities.

14.2 Fixed assets given in guarantee and commitments for acquisition of fixed assets

As at December 31, 2019, the Company had agreements with suppliers for acquisition of fixed assets, amounting to R\$68,434 (R\$37,875 as at March 31, 2019), and total fixed assets given in guarantee in the amount of R\$671,357 (R\$780,279 as at March 31, 2019).

14.3 Impairment – Property, Plant and Equipment

As at December 31, 2019, the impairment was reversed in the amount of R\$555, in Company, and R\$1,976, in Consolidated (R\$108,636, in Company, and R\$112,057, in Consolidated, as at March 31, 2019) due the sales and/or transfers of assets between industrial clusters of the Group.

As at December 31, 2019, the accumulated balance of impairment is R\$61,642, in Company, and R\$186,944, in Consolidated (R\$62,197 and R\$188,920 as at March 31, 2019, respectively).

The main impaired assets comprise land, buildings, furniture and fixtures, computers, machinery and equipment, vehicles, and agricultural machinery and implements.

15. INTANGIBLE ASSETS

| | Company | | Consolidated | |
|------------------------|---------------|--------------|----------------|----------------|
| | 12.31.19 | 03.31.19 | 12.31.19 | 03.31.19 |
| Goodwill | | - | | |
| Biosev Bioenergia | - | - | 494,079 | 494,079 |
| Usinas Tavares de Melo | - | - | 407,675 | 407,675 |
| Ampla | - | - | 3,691 | 3,691 |
| | - | - | 905,445 | 905,445 |
| Software | | | | |
| Licenses | 12,865 | 9,126 | 13,669 | 9,726 |
| | 12,865 | 9,126 | 13,669 | 9,726 |
| Other | - | - | 3,963 | 4,489 |
| | - | - | 3,963 | 4,489 |
| | 12,865 | 9,126 | 923,077 | 919,660 |

The changes in intangible assets are as follows:

| Company | | | | |
|-----------------|--------------|--------------|----------------|---------------|
| | 03.31.19 | Additions | Amortization | 12.31.19 |
| Software | | | | |
| Licenses | 9,126 | 8,829 | (5,090) | 12,865 |
| | 9,126 | 8,829 | (5,090) | 12,865 |

| Company | | | | |
|-----------------|---------------|--------------|----------------|--------------|
| | 03.31.18 | Additions | Amortization | 12.31.18 |
| Software | | | | |
| Licenses | 12,841 | 1,167 | (4,145) | 9,863 |
| | 12,841 | 1,167 | (4,145) | 9,863 |

Biosev S.A.

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(Amounts in thousands of Brazilian reais, unless otherwise stated)

| | Consolidated | | | |
|------------------------|----------------|--------------|----------------|----------------|
| | 03.31.19 | Additions | Amortization | 12.31.19 |
| Goodwill | | | | |
| Biosev Bioenergia | 494,079 | - | - | 494,079 |
| Usinas Tavares de Melo | 407,675 | - | - | 407,675 |
| Ampla | 3,691 | - | - | 3,691 |
| Software | | | | |
| Licenses | 9,726 | 9,836 | (5,893) | 13,669 |
| Other | | | | |
| Other | 4,489 | - | (526) | 3,963 |
| | 919,660 | 9,836 | (6,419) | 923,077 |

| | Consolidated | | | |
|------------------------|----------------|--------------|----------------|----------------|
| | 03.31.18 | Additions | Amortization | 12.31.18 |
| Goodwill | | | | |
| Biosev Bioenergia | 494,079 | - | - | 494,079 |
| Usinas Tavares de Melo | 407,675 | - | - | 407,675 |
| Ampla | 3,691 | - | - | 3,691 |
| Software | | | | |
| Licenses | 14,029 | 1,240 | (4,945) | 10,324 |
| Other | | | | |
| Other | 5,724 | - | (926) | 4,798 |
| | 925,198 | 1,240 | (5,871) | 920,567 |

16. BORROWINGS AND FINANCING

| Description | Currency | Weighted average financial charges | Maturity (*) | Collaterals | Company | |
|--|----------|--|---------------------------|---|------------------|------------------|
| | | | | | 12.31.19 | 03.31.19 |
| Advance on Foreign Exchange Contract (ACC) (a) | US\$ | Exchange rate change plus average interest rate of 6.69% p.a. | As at 03.31.23 | Guarantee and promissory note | 1,184,334 | 1,290,198 |
| Export Prepayment - PPE (a) | US\$ | Exchange rate change plus Libor plus average interest rate of 4.07% p.a. | As at 03.25.03.23 | Promissory note, receivables and collateral | 536,838 | 574,477 |
| Constitutional Fund to Finance the the Midwest - FCO | R\$ | Interest of 10% p.a. | As at 12.01.23 | Guarantee, conditional sale and receivables | 55,326 | 65,717 |
| Finame | R\$ | Average interest rate of 9.59% p.a. | From 11.15.19 to 04.15.25 | Conditional sale, guarantee and promissory note | 37,524 | 17,270 |
| Export Credit Note and Bill - NCE | R\$ | CDI plus average interest rate of 2% | As at 04.29.22 | Guarantee, promissory note and collateral | 181,181 | 180,484 |
| Offshore Loan (a) | US\$ | Exchange rate change plus Libor plus average interest rate of 4.07% p.a. | As at 10.15.27 | Mortgage, credit rights and collateral | 216,255 | 240,141 |
| Bank Credit Note - CCB | R\$ | CDI plus average interest rate of 2% | As at 03.30.23 | Collection and assignment of receivables | 139,620 | 139,889 |
| | | | | | 2,351,077 | 2,508,176 |
| | | | | Current liabilities | 119,189 | 185,445 |
| | | | | Non-current liabilities | 2,231,888 | 2,322,731 |

(*) Refers to the last maturity date of the agreements.

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(Amounts in thousands of Brazilian reais, unless otherwise stated)

| Description | Currency | Weighted average financial charges | Maturity (*) | Collaterals | Consolidated | |
|--|----------|--|---------------------------|--|------------------|------------------|
| | | | | | 12.31.19 | 03.31.19 |
| Restructured debt (ex-Debentures) - R\$ | R\$ | CDI plus 1.72% p.a. | As at 07.10.24 | Guarantee, receivables, mortgage and shares | 100,484 | 131,368 |
| Restructured debt - US\$ | US\$ | Exchange rate change plus Libor plus average interest rate of 2.47% p.a. | As at 07.10.23 | Guarantee, receivables, mortgage and shares | 572,484 | 726,450 |
| Restructured debt (debenture) - R\$ (a) | R\$ | CDI plus 1.72% p.a. | As at 07.10.24 | Guarantee, receivables, mortgage and shares | 140,158 | 176,271 |
| Advance on Foreign Exchange Contract - ACC (a) | US\$ | Exchange rate change plus average interest rate of 6.64% p.a. | As at 03.31.23 | Guarantee and promissory note | 2,896,048 | 2,853,525 |
| Export Prepayment - PFE (a)/(b) | US\$ | Exchange rate change plus Libor plus average interest rate of 4.46% p.a. | From 09.30.19 to 04.30.23 | Guarantee, promissory note, receivables and collateral | 1,529,497 | 1,432,213 |
| Constitutional Fund to Finance the Midwest - FCO | R\$ | Interest of 10% p.a. | As at 12.01.23 | Guarantee, conditional sale and receivables | 55,326 | 65,717 |
| Finame | R\$ | Average interest rate of 9.53% p.a. | From 11.15.19 to 04.15.25 | Conditional sale, guarantee and promissory note | 75,102 | 32,521 |
| Rural Securitization Program (PESA) | R\$ | IGP-M plus 4% p.a. | As at 08.01.19 | Guarantee, promissory note, mortgage and National Treasury Certificate (CTN) | - | 749 |
| Export Credit Note and Bill - NCE | R\$ | CDI plus average interest rate of 2% p.a. | As at 04.29.22 | Guarantee, promissory note and collateral | 181,181 | 180,484 |
| Offshore Loan (a) | US\$ | Exchange rate change plus Libor plus average interest rate of 5.72% p.a. | As at 10.15.27 | Mortgage, credit rights and collateral | 216,255 | 240,141 |
| Bank Credit Note - CCB | R\$ | CDI plus average interest rate of 2% p.a. | As at 03.30.23 | Collection and assignment of receivables | 139,620 | 139,889 |
| | | | | | <u>5,906,155</u> | <u>5,979,328</u> |
| | | | | Current liabilities | <u>482,732</u> | <u>542,971</u> |
| | | | | Non-current liabilities | <u>5,423,423</u> | <u>5,436,357</u> |

(*) Refers to the last maturity date of the agreements.

(a) Net of commission costs and deferred expenses, in the amount of R\$1,928, in Company, and R\$6,504, in Consolidated, as at December 31, 2019 (R\$4,799, in Company, and R\$16,676, in Consolidated, as at March 31, 2019), monthly recorded in profit or loss through the maturity of such transaction.

(b) Include export prepayments, contracted on January 9, 2015, by subsidiary Biosev Bioenergia International S.A. with the trade union of foreign financial institutions, in the amount of R\$892,749 as at December 31, 2019 (R\$857,737 as at March 31, 2019). These operations are collateralized by a set of assets for settlement. As at December 31, 2019, the foreign currency-denominated deposits comprise, together with the agricultural production (sugarcane) of specific units and sugar and ethanol inventories, the ratio of 137.90% of the obligations.

Non-current liabilities mature as follows (crop year):

| | Company | Consolidated |
|----------------------------|------------------|------------------|
| | 12.31.19 | 12.31.19 |
| January 2021 to March 2021 | 3,393 | 2,641 |
| April 2021 to March 2022 | 997,123 | 2,503,367 |
| April 2022 to March 2023 | 1,073,003 | 2,495,858 |
| April 2023 to March 2024 | 43,426 | 296,570 |
| April 2024 to March 2028 | 114,943 | 124,987 |
| | <u>2,231,888</u> | <u>5,423,423</u> |

Some of the financing agreements entered into by the Company contain restrictive covenants, including the debt restructuring agreement of Biosev Bioenergia S.A., as set out in the Obligation Acknowledgment Master Agreement and Other Covenants entered into on October 26, 2009, and the related agreements, as part of the acquisition process of Biosev Bioenergia S.A.

These restrictive covenants, applicable beginning 2010 (inclusive), require compliance with a minimum current liquidity ratio, net debt-to-EBITDA (earnings before interest, taxes, depreciation and amortization) ratio, as defined in the terms of contracts, and EBITDA-to-net financial expenses ratio.

The verification of compliance with the restrictive covenants occurs annually, at the close of Company's year. As at March 31, 2019, the Company was compliant with the contractual provisions of its borrowings and financing.

Biosev S.A.

Notes to the Interim Financial Statements

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16.1 Changes in borrowings and financing

| | Company | | Consolidated | |
|---|------------------|------------------|------------------|------------------|
| | 12.31.19 | 03.31.19 | 12.31.19 | 03.31.19 |
| Opening balance | 2,508,176 | 2,069,315 | 5,979,328 | 5,302,337 |
| Borrowings | 833,663 | 1,515,554 | 2,227,662 | 3,463,361 |
| Payment of principal | (1,074,817) | (1,380,417) | (2,492,962) | (3,554,564) |
| Interest, exchange rate changes, adjustment for inflation, adjustment to fair value of loans, net | 212,435 | 472,895 | 481,116 | 1,146,058 |
| Payment of interest | (128,380) | (169,171) | (288,989) | (377,864) |
| Closing balance | 2,351,077 | 2,508,176 | 5,906,155 | 5,979,328 |

17. TRADE PAYABLES

| | Company | | Consolidated | |
|--------------------------------|----------------|----------------|----------------|----------------|
| | 12.31.19 | 03.31.19 | 12.31.19 | 03.31.19 |
| Related parties (Note 20) | | | | |
| In Brazil | 3,571 | 4,612 | 10,522 | 20,225 |
| Abroad | 69,630 | 69,645 | 201 | 3,123 |
| | 73,201 | 74,257 | 10,723 | 23,348 |
| Third parties | | | | |
| In Brazil | 166,799 | 256,768 | 466,306 | 617,716 |
| Abroad | 2,614 | - | 5,809 | 13,232 |
| | 169,413 | 256,768 | 472,115 | 630,948 |
| | 242,614 | 331,025 | 482,838 | 654,296 |
| Current liabilities | 236,969 | 330,617 | 476,977 | 653,684 |
| Non-current liabilities | 5,645 | 408 | 5,861 | 612 |

18. TAXES PAYABLE

| | Company | | Consolidated | |
|--|---------------|---------------|---------------|---------------|
| | 12.31.19 | 03.31.19 | 12.31.19 | 03.31.19 |
| Payment in installments | 296 | 410 | 2,303 | 2,387 |
| Tax on manufactured products (IPI) | - | 600 | 486 | 1,066 |
| State VAT (ICMS) | 2,524 | 10,755 | 13,867 | 23,423 |
| Taxes on revenue (PIS and COFINS) | 3,272 | 212 | 6,574 | 978 |
| Social Security Tax (INSS) | 3,984 | 8,539 | 7,921 | 16,631 |
| Income tax (IRPJ) and social contribution (CSLL) | 155 | 122 | 23,731 | 25,797 |
| Other | 8,316 | 7,512 | 8,118 | 8,386 |
| | 18,547 | 28,150 | 63,000 | 78,668 |
| Current liabilities | 13,117 | 23,826 | 57,570 | 74,344 |
| Non-current liabilities | 5,430 | 4,324 | 5,430 | 4,324 |

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19. PROVISION FOR TAX, LABOR, CIVIL AND ENVIRONMENTAL CONTINGENCIES

The Company is a party to various ongoing lawsuits involving tax, labor, civil and environmental matters arising in the normal course of business.

| | Company | | | | | |
|--|----------------|----------------------|---------------|-----------------------|----------------------|----------------|
| | 03.31.19 | Inflation adjustment | Additions | Written-off reversals | Written-off payments | 12.31.19 |
| Tax | | | | | | |
| Income tax (IRPJ) and social contribution (CSLL) | 76 | 2 | - | - | - | 78 |
| | 76 | 2 | - | - | - | 78 |
| Labor | 128,197 | (6,165) | 32,771 | (66,896) | (3,826) | 84,081 |
| Environmental | 1,468 | 257 | 3 | (73) | - | 1,655 |
| Civil | 8,338 | 5,021 | 9,510 | (560) | - | 22,309 |
| Criminal | - | 99 | 202 | - | - | 301 |
| | 138,003 | (788) | 42,486 | (67,529) | (3,826) | 108,346 |
| | 138,079 | (786) | 42,486 | (67,529) | (3,826) | 108,424 |

| | Company | | | | | |
|--|----------------|----------------------|---------------|-----------------------|----------------------|----------------|
| | 03.31.18 | Inflation adjustment | Additions | Written-off reversals | Written-off payments | 12.31.18 |
| Tax | | | | | | |
| Income tax (IRPJ) and social contribution (CSLL) | 74 | 2 | - | - | - | 76 |
| | 74 | 2 | - | - | - | 76 |
| Labor | 109,114 | (475) | 42,811 | (12,553) | (12,572) | 126,325 |
| Environmental | 10,239 | 463 | 782 | (436) | (11) | 11,037 |
| Civil | 6,690 | 486 | 3,078 | (434) | (946) | 8,874 |
| | 126,043 | 474 | 46,671 | (13,423) | (13,529) | 146,236 |
| | 126,117 | 476 | 46,671 | (13,423) | (13,529) | 146,312 |

| | Consolidated | | | | | |
|--|----------------|----------------------|----------------|-----------------------|----------------------|----------------|
| | 03.31.19 | Inflation adjustment | Additions | Written-off reversals | Written-off payments | 12.31.19 |
| Tax | | | | | | |
| IPJ levied on sugar sales | 17,584 | 162 | - | - | - | 17,746 |
| PIS and COFINS | 3,406 | - | - | - | - | 3,406 |
| Income tax (IRPJ) and social contribution (CSLL) | 2,850 | 2 | - | - | - | 2,852 |
| Other | 16 | - | - | - | - | 16 |
| | 23,856 | 164 | - | - | - | 24,020 |
| Labor | 236,368 | (1,706) | 90,867 | (91,076) | (15,517) | 218,936 |
| Environmental | 7,611 | 2,584 | 1,367 | (474) | - | 11,088 |
| Civil | 19,402 | 3,850 | 10,426 | (1,542) | - | 32,136 |
| Criminal | - | 99 | 202 | - | - | 301 |
| | 263,381 | 4,827 | 102,862 | (93,092) | (15,517) | 262,461 |
| | 287,237 | 4,991 | 102,862 | (93,092) | (15,517) | 286,481 |

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| | Consolidated | | | | | 12.31.18 |
|--|----------------|----------------------|---------------|-----------------------|----------------------|----------------|
| | 03.31.18 | Inflation adjustment | Additions | Written-off reversals | Written-off payments | |
| Tax | | | | | | |
| IPI levied on sugar sales | 17,354 | 174 | - | - | - | 17,528 |
| PIS and COFINS | 3,406 | - | - | - | - | 3,406 |
| Income tax (IRPJ) and social contribution (CSLL) | 2,848 | 2 | - | - | - | 2,850 |
| Other | 16 | - | - | - | - | 16 |
| | 23,624 | 176 | - | - | - | 23,800 |
| Labor | 200,112 | (2,627) | 75,721 | (16,755) | (30,439) | 226,012 |
| Environmental | 50,776 | 2,425 | 3,009 | (2,436) | (97) | 53,677 |
| Civil | 31,751 | (2,707) | 4,608 | (3,804) | (4,475) | 25,373 |
| | 282,639 | (2,909) | 83,338 | (22,995) | (35,011) | 305,062 |
| | 306,263 | (2,733) | 83,338 | (22,995) | (35,011) | 328,862 |

Contingencies - court or out-of-court claims classified as possible losses and not accrued

Tax

The tax claims (court and out-of-court) as at December 31, 2019, with an acknowledged possible likelihood of loss and not accrued are shown in the table below:

| | Company | | Consolidated | |
|-----|----------------|----------------|------------------|------------------|
| | 12.31.19 | 03.31.19 | 12.31.19 | 03.31.19 |
| Tax | 740,747 | 672,347 | 1,618,216 | 1,422,944 |
| | 740,747 | 672,347 | 1,618,216 | 1,422,944 |

Among the contingencies for which a provision has not been recognized and that have been assessed as possible loss is the collection of ICMS due to an alleged difference identified in inventories. Additionally, there is a discussion also involving ICMS on the reasonableness in levying ICMS on export of semi-finished products.

Civil, environmental and labor

The civil, environmental and labor claims (court and out-of-court) as at December 31, 2019, with an acknowledged possible likelihood of loss and not provided for are shown in the table below:

| | Company | | Consolidated | |
|---------------|----------------|----------------|----------------|----------------|
| | 12.31.19 | 03.31.19 | 12.31.19 | 03.31.19 |
| Civil | 98,020 | 90,521 | 142,178 | 130,236 |
| Environmental | 11,823 | 11,059 | 72,725 | 70,973 |
| Labor | 74,276 | 25,665 | 117,640 | 155,228 |
| | 184,119 | 127,245 | 332,543 | 356,437 |

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As at December 31, 2019, the Group was a party to labor, environmental and civil lawsuits whose likelihood of loss is considered possible based on the opinion of Group's legal counsel.

Labor claims are substantially related to (i) working hours; (ii) time in transit; (iii) additional premiums; (iv) refund of deductions, such as trade union fees; (v) contractual exclusivity; (vi) jointly-liability with service providers; (vii) occupational accidents and/or hazards/diseases; (viii) organizational climate; (ix) validity of the collective bargaining agreement, and (x) compensation costs in relation to the items mentioned above.

Civil lawsuits basically refer to discussions involving contractual issues and occupational and/or traffic accidents, collection, possession issues and general indemnities.

Environmental lawsuits are substantially related to: (i) burn of sugarcane straw; and (ii) alleged non-authorized intervention or damages in an area considered by environmental authorities as a permanent preservation area.

20. RELATED PARTIES

The information on related-party transactions was not significantly changed compared to that disclosed in the financial statements as at March 31, 2019.

The related-parties transactions presented in the tables below, basically refer to: (i) product sales in the domestic and foreign markets by price agreed between the parties, based on the market prices; (ii) loans; (iii) cost-sharing related to sharing structures; (iv) provision of services related to brokerage services related to derivative transactions; (v) commodity export performance operations; and (vi) lifting services and sugar storage.

The table below shows the balances and transactions as at December 31, 2019 between the Company and its subsidiaries, which are consolidated in its balance sheet:

| Subsidiaries | Company | | |
|---|---------------|---------------|----------------|
| | Assets | | |
| | Trade | | |
| | receivables | Loan | Total |
| Biosev Bioenergia Internacional S.A. | 85,790 | - | 85,790 |
| Biosev Bioenergia S.A. | 3,892 | - | 3,892 |
| Biosev Comercializadora de Energia S.A. | 290 | 19,299 | 19,589 |
| 12.31.19 | 89,972 | 19,299 | 109,271 |
| Subsidiaries | | | |
| Biosev Bioenergia Internacional S.A. | 56,374 | - | 56,374 |
| Biosev Bioenergia S.A. | 8,227 | 611 | 8,838 |
| Biosev Comercializadora de Energia S.A. | - | 3,087 | 3,087 |
| 03.31.19 | 64,601 | 3,698 | 68,299 |

Biosev S.A.

Notes to the Interim Financial Statements

For the Nine-month Period Ended December 31, 2019

(Amounts in thousands of Brazilian reais, unless otherwise stated)

| | Company | | | |
|--|--------------------|------------------------------|---------------|----------------|
| | Liabilities | | | |
| | Trade payables (*) | Advances from customers (**) | Loan | Total |
| Subsidiaries | | | | |
| Biosev Bioenergia Internacional S.A. | 72,004 | 663,194 | 2,374 | 737,572 |
| Biosev Bioenergia S.A. | 1,977 | - | 23,480 | 25,457 |
| Sociedade Operadora Portuária de São Paulo Ltda. | - | - | 13,988 | 13,988 |
| 12.31.19 | 73,981 | 663,194 | 39,842 | 777,017 |
| Subsidiaries | | | | |
| Biosev Bioenergia Internacional S.A. | 71,940 | 646,451 | - | 718,391 |
| Biosev Bioenergia S.A. | 3,029 | - | - | 3,029 |
| Sociedade Operadora Portuária de São Paulo Ltda. | - | - | 12,698 | 12,698 |
| 03.31.19 | 74,969 | 646,451 | 12,698 | 734,118 |

(*) As at December 31, 2019, the amount of R\$2,374 (R\$2,295 as at March 31, 2019) was recorded in current liabilities, in line item "Other payables".

(**) As at December 31, 2019, the amounts of R\$40,989 (R\$44,931 as at March 31, 2019) and R\$622,205 (R\$601,520 as at March 31, 2019) were recorded in current liabilities and non-current liabilities, respectively.

| | Company | | | | | |
|--|----------------|--------------|----------------|----------------|------------------|------------------|
| | Profit or loss | | | | | |
| | Income | | | Expenses | | Total |
| Subsidiaries | Sales | Interest | Total income | Purchases | Interest | expenses |
| Biosev Bioenergia Internacional S.A. | 145,642 | - | 145,642 | (325) | (50,151) | (50,476) |
| Biosev Bioenergia S.A. | 13,447 | 2,243 | 15,690 | (732) | - | (732) |
| Biosev Comercializadora de Energia S.A. | 31,879 | 275 | 32,154 | (907) | - | (907) |
| Sociedade Operadora Portuária de São Paulo Ltda. | - | - | - | - | (556) | (556) |
| 12.31.19 | 190,968 | 2,518 | 193,486 | (1,964) | (50,707) | (52,671) |
| Subsidiaries | | | | | | |
| Biosev Bioenergia Internacional S.A. | 370,052 | - | 370,052 | (116) | (99,322) | (99,438) |
| Biosev Bioenergia S.A. | 3,603 | 166 | 3,769 | (919) | (481) | (1,400) |
| Biosev Comercializadora de Energia S.A. | 50 | 5 | 55 | - | - | - |
| Sociedade Operadora Portuária de São Paulo Ltda. | - | - | - | - | (592) | (592) |
| 12.31.18 | 373,705 | 171 | 373,876 | (1,035) | (100,395) | (101,430) |

The table below shows the balances and transactions as at December 31, 2019 between the Company and other related parties:

| | Company | | | |
|---------------------------------------|-----------------|-------------------|-------------------------|----------------|
| | Assets | | | |
| | Derivatives (*) | Trade receivables | Advances from customers | Total |
| Companies under common control | | | | |
| Louis Dreyfus Company Brasil S.A. | - | 122 | 77,158 | 77,280 |
| Louis Dreyfus Company Suisse S.A. | - | 11,986 | - | 11,986 |
| Term Commodities Inc. | 40,297 | - | - | 40,297 |
| 12.31.19 | 40,297 | 12,108 | 77,158 | 129,563 |
| Companies under common control | | | | |
| Louis Dreyfus Company Brasil S.A. | - | 9 | 148,667 | 148,676 |
| Term Commodities Inc. | 22,214 | - | - | 22,214 |
| 03.31.19 | 22,214 | 9 | 148,667 | 170,890 |

(*) Amount recognized in line item "Short-term investments", relating to margin deposits in derivative transactions.

Biosev S.A.

Notes to the Interim Financial Statements

For the Nine-month Period Ended December 31, 2019

(Amounts in thousands of Brazilian reais, unless otherwise stated)

| Consolidated | | | | |
|---|-----------------|-------------------|-------------------------|------------------|
| Assets | | | | |
| | Derivatives (*) | Trade receivables | Advances from customers | Total |
| Companies under common control | | | | |
| Louis Dreyfus Company Ethanol Merchandising LLC | - | 70 | - | 70 |
| Louis Dreyfus Company Brasil S.A. | - | 122 | 938,498 | 938,620 |
| Louis Dreyfus Company Suisse S.A. | - | 32,978 | 6 | 32,984 |
| Term Commodities Inc. | 40,297 | 274 | - | 40,571 |
| | 40,297 | 33,444 | 938,504 | 1,012,245 |
| 12.31.19 | 40,297 | 33,444 | 938,504 | 1,012,245 |
| Jointly-controlled entities | | | | |
| Louis Dreyfus Company Brasil S.A. | - | 9 | 315,881 | 315,890 |
| Louis Dreyfus Company Ethanol Merchandising LLC | - | 68 | - | 68 |
| Louis Dreyfus Company Suisse S.A. | 1,341 | 4,003 | - | 5,344 |
| Term Commodities Inc. | 22,214 | 203 | - | 22,417 |
| | 23,555 | 4,283 | 315,881 | 343,719 |
| Companies under common control | | | | |
| Teag-Terminal Exp. Açúcar Guarujá Ltda. | - | 63 | - | 63 |
| | - | 63 | - | 63 |
| 03.31.19 | 23,555 | 4,346 | 315,881 | 343,782 |

(*) As at December 31, 2019, out of the amount of R\$40,297, R\$39,253 (R\$22,214 as at March 31, 2019) was recorded in line item "Short-term investments", relating to margin deposits in derivative transactions.

| Company | | | | |
|---|-------------|----------------|-------------------------|----------------|
| Liabilities | | | | |
| | Derivatives | Trade payables | Advances from customers | Total |
| Companies under common control | | | | |
| Louis Dreyfus Company Brasil S.A. | - | 186 | - | 186 |
| Louis Dreyfus Company Suisse S.A. | - | - | 80,651 | 80,651 |
| Term Commodities Inc. | 700 | - | - | 700 |
| | 700 | 186 | 80,651 | 81,537 |
| Jointly-controlled entity | | | | |
| TEAG - Terminal Exp. Açúcar Guarujá Ltda. | - | 1,408 | - | 1,408 |
| 12.31.19 | 700 | 1,594 | 80,651 | 82,945 |
| Companies under common control | | | | |
| Louis Dreyfus Company Brasil S.A. | - | 175 | - | 175 |
| Louis Dreyfus Company Suisse S.A. | - | - | 148,075 | 148,075 |
| Macrofertil Indústria e Comércio de Fertilizantes Ltda. | - | 87 | - | 87 |
| Term Commodities Inc. | 149 | - | - | 149 |
| | 149 | 262 | 148,075 | 148,486 |
| Jointly-controlled entity | | | | |
| TEAG - Terminal Exp. Açúcar Guarujá Ltda. | - | 1,309 | - | 1,309 |
| | - | 1,309 | - | 1,309 |
| Board member | | | | |
| Philippe Delleur | - | 12 | - | 12 |
| | - | 12 | - | 12 |
| 03.31.19 | 149 | 1,583 | 148,075 | 149,807 |

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Notes to the Interim Financial Statements

For the Nine-month Period Ended December 31, 2019

(Amounts in thousands of Brazilian reais, unless otherwise stated)

| | Consolidated | | | |
|---|--------------|----------------|-------------------------|----------------|
| | Liabilities | | | |
| | Derivatives | Trade payables | Advances from customers | Total |
| Companies under common control | | | | |
| Louis Dreyfus Company Brasil S.A. | - | 311 | - | 311 |
| Louis Dreyfus Company Suisse S.A. | 564 | 107 | 933,905 | 934,576 |
| LDC Trading and Services Co. S.A. | - | 94 | - | 94 |
| Term Commodities Inc. | 700 | - | - | 700 |
| | <u>1,264</u> | <u>512</u> | <u>933,905</u> | <u>935,681</u> |
| Jointly-controlled entity | | | | |
| TEAG - Terminal Exp. Açúcar Guarujá Ltda. | - | 10,211 | - | 10,211 |
| | - | 10,211 | - | 10,211 |
| 12.31.19 | <u>1,264</u> | <u>10,723</u> | <u>933,905</u> | <u>945,892</u> |
| Companies under common control | | | | |
| Louis Dreyfus Company Brasil S.A. | - | 175 | - | 175 |
| Louis Dreyfus Company Suisse S.A. | - | 2,887 | 315,938 | 318,825 |
| LDC Trading and Services Co. S.A. | - | 91 | - | 91 |
| Macrofertil Indústria e Comércio de Fertilizantes Ltda. | - | 493 | - | 493 |
| Term Commodities Inc. | 149 | 145 | - | 294 |
| | <u>149</u> | <u>3,791</u> | <u>315,938</u> | <u>319,878</u> |
| Jointly-controlled entity | | | | |
| TEAG - Terminal Exp. Açúcar Guarujá Ltda. | - | 9,602 | - | 9,602 |
| | - | 9,602 | - | 9,602 |
| Board member | | | | |
| Philippe Delleur | - | 12 | - | 12 |
| | - | 12 | - | 12 |
| 03.31.19 | <u>149</u> | <u>13,405</u> | <u>315,938</u> | <u>329,492</u> |

| | Company | | | | | |
|---|------------------|------------------------------------|------------------|--------------------|------------------------------------|--------------------|
| | Profit or loss | | | | | |
| | Income | | | Expenses | | |
| | Sales | Interest and exchange rate changes | Total income | Purchases | Interest and exchange rate changes | Total expenses |
| Companies under common control | | | | | | |
| Louis Dreyfus Company Brasil S.A. | 3,009 | 7,769 | 10,778 | (1,003,279) | - | (1,003,279) |
| Louis Dreyfus Company Suisse S.A. | 1,025,424 | - | 1,025,424 | - | (7,103) | (7,103) |
| Term Commodities Inc. | - | - | - | (7,023) | - | (7,023) |
| | <u>1,028,433</u> | <u>7,769</u> | <u>1,036,202</u> | <u>(1,010,302)</u> | <u>(7,103)</u> | <u>(1,017,405)</u> |
| Jointly-controlled entity | | | | | | |
| Teag-Terminal Exp. Açúcar Guarujá Ltda. | - | - | - | (1,914) | - | (1,914) |
| | - | - | - | (1,914) | - | (1,914) |
| 12.31.19 | <u>1,028,433</u> | <u>7,769</u> | <u>1,036,202</u> | <u>(1,012,216)</u> | <u>(7,103)</u> | <u>(1,019,319)</u> |
| Companies under common control | | | | | | |
| Louis Dreyfus Company Brasil S.A. | - | - | - | (887,405) | - | (887,405) |
| Louis Dreyfus Company Suisse S.A. | 891,590 | - | 891,590 | - | - | - |
| Louis Dreyfus Company North Latam Holdings BV | - | - | - | - | (38,572) | (38,572) |
| Sugar Netherlands Finance BV | - | - | - | - | (42,507) | (42,507) |
| Term Commodities Inc. | - | 473 | 473 | (16,642) | - | (16,642) |
| 12.31.18 | <u>891,590</u> | <u>473</u> | <u>892,063</u> | <u>(904,047)</u> | <u>(81,079)</u> | <u>(985,126)</u> |

Biosev S.A.

Notes to the Interim Financial Statements

For the Nine-month Period Ended December 31, 2019

(Amounts in thousands of Brazilian reais, unless otherwise stated)

| | Consolidated | | | | | |
|--|----------------------------|---------|--------------|----------------------------|----------|----------------|
| | Profit or loss | | | | | |
| | Income | | | Expenses | | |
| | Interest and exchange rate | | Total income | Interest and exchange rate | | Total expenses |
| | Sales | changes | | Purchases | changes | |
| Companies under common control | | | | | | |
| Louis Dreyfus Company Ethanol Merchandising LLC | - | 3 | 3 | - | - | - |
| LDC Trading and Services Co.S.A. | - | 9 | 9 | (564) | - | (564) |
| Louis Dreyfus Company Brasil S.A. | 3,405 | 46,903 | 50,308 | (1,177,190) | - | (1,177,190) |
| Louis Dreyfus Company Suisse S.A. | 1,859,470 | - | 1,859,470 | (31,085) | (46,382) | (77,467) |
| Macrofertil Indústria e Comércio de Fertilizantes Ltda. | - | - | - | (674) | - | (674) |
| Term Commodities Inc. | - | 1 | 1 | (7,414) | - | (7,414) |
| | 1,862,875 | 46,916 | 1,909,791 | (1,216,927) | (46,382) | (1,263,309) |
| Jointly-controlled entity | | | | | | |
| Teag-Terminal Exp. Açúcar Guarujá Ltda. | - | 8 | 8 | (17,235) | - | (17,235) |
| | - | 8 | 8 | (17,235) | - | (17,235) |
| 12.31.19 | 1,862,875 | 46,924 | 1,909,799 | (1,234,162) | (46,382) | (1,280,544) |
| Companies under common control | | | | | | |
| LDC Trading and Services Co.S.A. | - | 5 | 5 | (800) | - | (800) |
| Louis Dreyfus Commodities Agroindustrial S.A. | - | - | - | (148) | - | (148) |
| Louis Dreyfus Company North Latam Holdings BV | - | - | - | - | (38,572) | (38,572) |
| Louis Dreyfus Company Brasil S.A. | - | - | - | (1,056,517) | - | (1,056,517) |
| Louis Dreyfus Company Suisse S.A. | 1,743,109 | 8,342 | 1,751,451 | (10,321) | - | (10,321) |
| Macrofertil Indústria e Comércio de Fertilizantes Ltda. | - | - | - | (215) | - | (215) |
| Sugar Netherlands Finance BV | - | - | - | - | (42,507) | (42,507) |
| Term Commodities Inc. | - | 473 | 473 | (18,874) | - | (18,874) |
| | 1,743,109 | 8,820 | 1,751,929 | (1,086,875) | (81,079) | (1,167,954) |
| Jointly-controlled entity | | | | | | |
| Teag-Terminal Exp. Açúcar Guarujá Ltda. | - | - | - | (23,936) | (1,674) | (25,610) |
| | - | - | - | (23,936) | (1,674) | (25,610) |
| Companies controlled by a relative of a Company's key management member | | | | | | |
| Alebisa Empreendimento e Participações Ltda. | - | - | - | (1,266) | - | (1,266) |
| Anbisa Agricultura Ltda. | - | - | - | (1,705) | - | (1,705) |
| B5 Participações Ltda. | - | - | - | (1,257) | - | (1,257) |
| Beabisa Agricultura Ltda. | - | - | - | (1,522) | - | (1,522) |
| Beabisa Agro Comercial e Empreendimentos Ltda. | - | - | - | (80) | - | (80) |
| Carbisa Agricultura Ltda. | - | - | - | (2,991) | - | (2,991) |
| Edimasa Agricultura Ltda. | - | - | - | (1,504) | - | (1,504) |
| Elbel Comércio e Participações Ltda. | - | - | - | (9,954) | - | (9,954) |
| Panorama Agricultura Ltda. | - | - | - | (1,592) | - | (1,592) |
| Santa Elisa Participações S.A. | - | - | - | (482) | - | (482) |
| Usina Santa Elisa S.A. | - | - | - | (607) | - | (607) |
| | - | - | - | (22,960) | - | (22,960) |
| Relatives of a Company's key management member | | | | | | |
| Beatriz Biagi Becker | - | - | - | (128) | - | (128) |
| Edilah Faria Lacerda Biagi | - | - | - | (714) | - | (714) |
| | - | - | - | (842) | - | (842) |
| 12.31.18 | 1,743,109 | 8,820 | 1,751,929 | (1,134,613) | (82,753) | (1,217,366) |

a) Compensation of key management personnel

The compensation of officers and other key management personnel for the period is as follows:

| | Company and Consolidated | | | |
|---------------------|-----------------------------|--------------|----------------------------|--------------|
| | Three-month period ended | | Nine-month period ended | |
| | 12.31.19 | 12.31.18 | 12.31.19 | 12.31.18 |
| Short-term benefits | 1,902 | 1,408 | 9,464 | 8,769 |
| Long-term benefits | - | - | 1,458 | 1,152 |
| | <u>1,902</u> | <u>1,408</u> | <u>10,922</u> | <u>9,921</u> |

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Notes to the Interim Financial Statements

For the Nine-month Period Ended December 31, 2019

(Amounts in thousands of Brazilian reais, unless otherwise stated)

Short-term benefits of the key management personnel consist of salaries, social security and pension plan contributions, payroll taxes, profit sharing, and short-term performance bonuses. Long-term benefits include performance bonus and deferred benefits that expired in each financial statements.

21. EQUITY

Capital

The changes in capital are as follows:

| | Common | In thousands of Brazilian reais - R\$ | |
|----------|---------------|---------------------------------------|-----------------|
| | shares | Capital | Capital reserve |
| 03.31.19 | 1,020,429,426 | 6,077,674 | 1,353,937 |
| 12.31.19 | 1,020,429,426 | 6,077,674 | 1,353,937 |

22. NET REVENUE AND COST OF SALES AND SERVICES

| | Company | | | | Consolidated | | | |
|---|--------------------------|------------------|-------------------------|--------------------|--------------------------|--------------------|-------------------------|--------------------|
| | Three-month period ended | | Nine-month period ended | | Three-month period ended | | Nine-month period ended | |
| | 12.31.19 | 12.31.18 | 12.31.19 | 12.31.18 | 12.31.19 | 12.31.18 | 12.31.19 | 12.31.18 |
| Gross revenue | | | | | | | | |
| Domestic market | | | | | | | | |
| Sugar | 12,475 | 111,323 | 68,344 | 212,334 | 30,943 | 134,681 | 131,211 | 273,948 |
| Ethanol | 293,265 | 524,603 | 1,139,980 | 1,221,972 | 605,429 | 891,799 | 1,992,677 | 2,215,681 |
| Energy | 31,643 | 39,940 | 151,751 | 190,096 | 79,674 | 127,927 | 308,804 | 390,443 |
| Other | 4,513 | 14,688 | 10,154 | 22,136 | 12,452 | 17,175 | 39,402 | 49,311 |
| | <u>341,896</u> | <u>690,554</u> | <u>1,370,229</u> | <u>1,646,538</u> | <u>728,498</u> | <u>1,171,582</u> | <u>2,472,094</u> | <u>2,929,383</u> |
| Foreign market | | | | | | | | |
| Sugar | 99,166 | 86,006 | 228,378 | 407,924 | 426,477 | 210,096 | 1,093,006 | 1,231,866 |
| Ethanol | - | - | 1,128 | - | 11,200 | 65 | 244,611 | 150,639 |
| Other (a) | 259,441 | 175,738 | 1,037,869 | 891,592 | 336,818 | 343,220 | 1,209,025 | 1,081,516 |
| | <u>358,607</u> | <u>261,744</u> | <u>1,267,375</u> | <u>1,299,516</u> | <u>774,495</u> | <u>553,381</u> | <u>2,546,642</u> | <u>2,464,021</u> |
| | <u>700,503</u> | <u>952,298</u> | <u>2,637,604</u> | <u>2,946,054</u> | <u>1,502,993</u> | <u>1,724,963</u> | <u>5,018,736</u> | <u>5,393,404</u> |
| Taxes (b) | (42,648) | (74,444) | (156,928) | (202,069) | (112,452) | (153,503) | (355,109) | (417,822) |
| Sales rebates | (467) | (3,677) | (1,792) | (6,308) | (995) | (11,534) | (3,258) | (16,513) |
| Net revenue | <u>657,388</u> | <u>874,177</u> | <u>2,478,884</u> | <u>2,737,677</u> | <u>1,389,546</u> | <u>1,559,926</u> | <u>4,660,369</u> | <u>4,959,069</u> |
| Cost of sales and services (c) | | | | | | | | |
| Domestic market | | | | | | | | |
| Sugar | (14,380) | (98,187) | (62,041) | (211,412) | (29,311) | (115,842) | (97,864) | (255,970) |
| Ethanol | (187,073) | (356,307) | (788,854) | (954,147) | (405,774) | (627,747) | (1,373,244) | (1,701,251) |
| Energy | (11,492) | (15,674) | (40,948) | (54,203) | (52,206) | (93,027) | (161,439) | (202,798) |
| Other | (7,622) | (7,505) | (9,224) | (20,372) | (14,683) | (9,332) | (33,200) | (40,699) |
| | <u>(220,567)</u> | <u>(477,673)</u> | <u>(901,067)</u> | <u>(1,240,134)</u> | <u>(501,974)</u> | <u>(845,948)</u> | <u>(1,665,747)</u> | <u>(2,200,718)</u> |
| Foreign market | | | | | | | | |
| Sugar (d) | (111,414) | (64,179) | (208,787) | (303,158) | (421,289) | (237,455) | (1,091,418) | (1,034,740) |
| Ethanol (d) | - | - | (3,576) | (186) | (6,976) | (392) | (269,363) | (139,592) |
| Other (a) | (258,737) | (172,722) | (1,042,517) | (878,320) | (339,067) | (338,168) | (1,216,583) | (1,066,031) |
| | <u>(370,151)</u> | <u>(236,901)</u> | <u>(1,254,880)</u> | <u>(1,181,664)</u> | <u>(767,332)</u> | <u>(576,015)</u> | <u>(2,577,364)</u> | <u>(2,240,363)</u> |
| Gains (losses) on changes in fair value less estimated costs to sell biological assets | | | | | | | | |
| Sugar | 912 | (21,055) | 29,909 | (17,468) | 26,006 | (35,690) | 79,487 | (36,827) |
| Ethanol | 1,356 | (46,205) | 122,205 | (40,535) | 25,937 | (63,588) | 167,818 | (74,231) |
| | <u>2,268</u> | <u>(67,260)</u> | <u>152,114</u> | <u>(58,003)</u> | <u>51,943</u> | <u>(99,278)</u> | <u>247,305</u> | <u>(111,058)</u> |
| | <u>(588,450)</u> | <u>(781,834)</u> | <u>(2,003,833)</u> | <u>(2,479,801)</u> | <u>(1,217,363)</u> | <u>(1,521,241)</u> | <u>(3,995,806)</u> | <u>(4,552,139)</u> |

(a) Amounts relating to the export of commodities.

(b) Include government grants, which reduced the taxable base on sales by R\$73,699, in Company, in the period ended December 31, 2019 (R\$109,835 as at December 31, 2018).

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- (c) Include PIS and COFINS credits in the amount of R\$12,552, in Company, and R\$22,765, in Consolidated, in the period ended December 31, 2019 (R\$7,304 and R\$12,581, as at December 31, 2018, respectively), as prescribed by article 3, of Law 10637/02, which addresses the non-cumulativeness of PIS/PASEP; and article 3, of Law 10833/03, which addresses the non-cumulativeness of COFINS.
- (d) Include REINTEGRA credits, in the amount of R\$2,516, in Company, and R\$3,535, in Consolidated, in the period ended December 31, 2019 (R\$4,779 and R\$22,720, as at December 31, 2018, respectively), as set forth in article 21, of Law 13043, of November 13, 2014, which addresses the REINTEGRA reintroducing.

23. EXPENSES BY NATURE

The information on the nature of cost of sales and services and general, administrative and selling expenses is as follows:

| | Company | | | | Consolidated | | | |
|--|--------------------------|------------------|-------------------------|--------------------|--------------------------|--------------------|-------------------------|--------------------|
| | Three-month period ended | | Nine-month period ended | | Three-month period ended | | Nine-month period ended | |
| | 12.31.19 | 12.31.18 | 12.31.19 | 12.31.18 | 12.31.19 | 12.31.18 | 12.31.19 | 12.31.18 |
| Cost of sales and services | | | | | | | | |
| Personnel (*) | (48,250) | (82,781) | (169,105) | (243,135) | (122,123) | (148,398) | (357,314) | (453,977) |
| Depreciation and amortization (**) | (201,726) | (213,672) | (710,420) | (672,751) | (422,078) | (369,102) | (1,401,291) | (1,128,908) |
| Raw materials and inputs, net of taxes: | | | | | | | | |
| Raw materials | (62,681) | (203,570) | (177,109) | (504,684) | (222,739) | (444,048) | (765,595) | (1,325,346) |
| Inputs and services | (6,023) | (24,422) | (17,263) | (66,981) | (22,584) | (58,068) | (81,314) | (145,025) |
| Products for resale | (272,038) | (190,129) | (1,082,050) | (934,247) | (479,782) | (402,347) | (1,637,597) | (1,387,825) |
| | <u>(340,742)</u> | <u>(418,121)</u> | <u>(1,276,422)</u> | <u>(1,505,912)</u> | <u>(725,105)</u> | <u>(904,463)</u> | <u>(2,484,506)</u> | <u>(2,858,196)</u> |
| Gains (losses) on changes in fair value less estimated costs to sell biological assets | 2,268 | (67,260) | 152,114 | (58,003) | 51,943 | (99,278) | 247,305 | (111,058) |
| | <u>(588,450)</u> | <u>(781,834)</u> | <u>(2,003,833)</u> | <u>(2,479,801)</u> | <u>(1,217,363)</u> | <u>(1,521,241)</u> | <u>(3,995,806)</u> | <u>(4,552,139)</u> |
| General, administrative and selling expenses | | | | | | | | |
| Personnel (*) | (15,304) | (14,660) | (57,801) | (51,208) | (30,245) | (27,961) | (106,337) | (95,081) |
| Depreciation | (3,110) | (2,606) | (8,887) | (7,891) | (5,935) | (5,677) | (17,758) | (17,154) |
| Freight | (9,175) | (6,443) | (28,080) | (50,266) | (30,858) | (23,323) | (115,217) | (131,508) |
| Services | (28,386) | (7,548) | (54,845) | (27,157) | (41,381) | (15,083) | (88,825) | (52,224) |
| Shipping expenses | (363) | (1,904) | (2,775) | (6,389) | (8,771) | (11,282) | (29,944) | (40,738) |
| Other | (7,981) | (6,785) | (18,945) | (20,974) | (10,838) | (10,393) | (30,782) | (32,651) |
| | <u>(64,319)</u> | <u>(39,946)</u> | <u>(171,333)</u> | <u>(163,885)</u> | <u>(128,028)</u> | <u>(93,719)</u> | <u>(388,863)</u> | <u>(369,356)</u> |

(*) As at December 31, 2019, personnel expenses, in Company and Consolidated, amount to R\$226,906 and R\$463,651, respectively (R\$294,343 and R\$549,058 as at September 31, 2018); and R\$6,163, in Company, and R\$12,700 in Consolidated (R\$8,404 and R\$15,768 as at December 31, 2018) relating to INSS contribution, respectively.

(**) Includes biological asset and agricultural produce.

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24. FINANCE INCOME (EXPENSES)

| | Company | | | | Consolidated | | | |
|---|--------------------------|-----------------|-------------------------|------------------|--------------------------|------------------|-------------------------|------------------|
| | Three-month period ended | | Nine-month period ended | | Three-month period ended | | Nine-month period ended | |
| | 12.31.19 | 12.31.18 | 12.31.19 | 12.31.18 | 12.31.19 | 12.31.18 | 12.31.19 | 12.31.18 |
| Finance income | | | | | | | | |
| Discounts obtained | 22 | 684 | 373 | 1,022 | 50 | 922 | 987 | 1,368 |
| Revenue from fixed income short-term investments | 570 | 1,753 | 4,157 | 6,583 | 1,700 | 5,333 | 9,635 | 28,875 |
| Interest | 6,631 | 2,431 | 15,054 | 6,527 | 7,708 | 3,811 | 17,557 | 11,428 |
| Other | 53 | 881 | 973 | 3,000 | 844 | 2,353 | 3,821 | 8,340 |
| | 7,276 | 5,749 | 20,557 | 17,132 | 10,302 | 12,419 | 32,000 | 50,011 |
| Finance costs | | | | | | | | |
| Interest | (67,073) | (55,196) | (278,465) | (193,275) | (140,674) | (105,402) | (506,458) | (362,408) |
| Discounts granted | 1 | - | (36) | (114) | 1 | (1) | (36) | (128) |
| Tax on Financial Transactions (IOF) | (468) | (546) | (1,235) | (8,785) | (1,119) | (2,076) | (4,714) | (21,654) |
| Tax on Financial Transactions (IOF) - loan | - | (22) | (64) | (458) | (479) | (30) | (2,731) | (655) |
| Other | (485) | (480) | (730) | (1,368) | (436) | (778) | (3,822) | (2,174) |
| Taxes on revenue (PIS and COFINS) on finance income | (293) | (186) | (798) | (1,209) | (472) | (394) | (1,442) | (2,956) |
| | (68,318) | (56,430) | (281,328) | (205,209) | (143,179) | (108,681) | (519,203) | (389,975) |
| Derivatives | | | | | | | | |
| Commodities derivatives - Commercial transactions | 52,544 | 24,939 | 75,302 | (98,611) | 15,491 | (12,331) | 8,292 | (64,161) |
| Commodities derivatives - Financial transactions | (13,730) | (1,423) | (54,682) | 123,240 | (13,730) | (1,423) | (54,682) | 123,240 |
| Interest rate derivatives - Libor sw ap | - | - | - | - | (358) | (22) | (1,030) | (4,371) |
| | 38,814 | 23,516 | 20,620 | 24,629 | 1,403 | (13,776) | (47,420) | 54,708 |
| Exchange rate changes | 77,816 | 60,978 | (105,750) | (386,361) | 180,321 | 38,834 | (206,126) | (625,646) |
| Finance costs | 55,588 | 33,813 | (345,901) | (549,809) | 48,847 | (71,204) | (740,749) | (910,902) |

25. OTHER OPERATING INCOME (EXPENSES)

| | Company | | | | Consolidated | | | |
|---|--------------------------|-----------------|-------------------------|------------------|--------------------------|-----------------|-------------------------|------------------|
| | Three-month period ended | | Nine-month period ended | | Three-month period ended | | Nine-month period ended | |
| | 12.31.19 | 12.31.18 | 12.31.19 | 12.31.18 | 12.31.19 | 12.31.18 | 12.31.19 | 12.31.18 |
| Reversal (recognition) of provision for tax, labor, civil and environmental contingencies | 31,205 | (783) | 28,869 | (19,719) | 25,775 | (5,491) | 5,747 | (25,332) |
| Contratual fines and indemnities | (6,612) | (18,738) | (25,825) | (41,045) | (19,936) | (29,159) | (66,587) | (104,852) |
| Tax expenses | (3,673) | (2,716) | (6,696) | (6,612) | (5,885) | (2,762) | (11,636) | (8,727) |
| Reversal of impairment of fixed assets | - | 12 | 555 | 11,729 | - | 12 | 1,976 | 11,857 |
| Gains on sale of property, plant and equipment | 2 | 20,606 | 407 | 19,135 | 2 | 14,263 | 6,436 | 12,151 |
| Losses on sale of investments | - | - | (3,767) | - | - | - | (3,767) | - |
| Impairment of assets held for sale | 104 | (17,240) | 53,374 | (30,467) | 103 | (17,240) | 53,374 | (30,467) |
| Reversal (recognition) of estimated losses on doubtful accounts | (488) | (85) | (747) | (83) | (545) | (85) | (1,002) | 81 |
| Law suit against Instituto do Acucar e do Alcool - IAA | - | - | (1,438) | - | - | - | 31,660 | - |
| Recognition of provision for losses on other credits | (42) | 127 | (168) | - | 1,890 | 770 | (59,702) | - |
| Untimely PIS and Cofins credits (*) | - | - | 18,110 | - | - | - | 65,101 | - |
| Other operating income (expenses), net | 7,111 | 7,106 | (806) | 12,558 | 7,486 | 8,079 | 2,839 | 22,522 |
| Total other operating income (expenses), net | 27,607 | (11,711) | 61,869 | (54,504) | 8,890 | (31,613) | 24,439 | (122,767) |
| Total other operating income | 7,098 | 45,642 | 88,657 | 63,212 | 14,621 | 63,283 | 187,254 | 85,389 |
| Total other operating expenses | 20,509 | (57,353) | (26,788) | (117,716) | (5,731) | (94,896) | (162,815) | (208,156) |

(*) Untimely PIS and COFINS credits, see Note 8.

26. LOSS PER SHARE

The basic and diluted loss per share was calculated based on the loss attributable to the Biosev's owners divided by the weighted average number of outstanding common shares in the period.

| | Company | | Consolidated | |
|--|-------------------------|------------------|-------------------------|------------------|
| | Nine-month period ended | | Nine-month period ended | |
| | 12.31.19 | 12.31.18 | 12.31.19 | 12.31.18 |
| Loss for the period attributable to the Company's owners | (470,117) | (892,201) | (470,117) | (892,201) |
| Weighted average number of shares used to calculate basic and diluted earnings per share | 433,678,306 | 331,743,914 | 433,678,306 | 331,743,914 |
| Total basic and diluted loss per share | (1.08402) | (2.68943) | (1.08402) | (2.68943) |

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27. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

I - Risk management

The Company is exposed to risks arising from its operations and considers market, credit, liquidity, and capital risks as the most significant risks to which it is exposed.

The objective of the Company's risk management program is to hedge its results against fluctuations in sugar, ethanol and electric power prices, foreign exchange and interest rates. These risks are managed using hedging financial instruments available in the financial market, such as: swaps and interest rate futures; currency forwards, futures and options; and commodity forwards, swaps, futures and options. Transactions carried out in the over-the-counter market are contracted through low-risk domestic and foreign banks. Transactions contracted on the stock exchange market are mainly traded in futures and options markets at the New York Commodities Exchange (NYSE: ICE), Chicago Commodities Exchange (NYSE: CME) and Brasil Bolsa Balcão (B3).

The use of these instruments is guided by the Financial and Risk Management Policy approved and reviewed by the Board of Directors on January 13, 2020. Additionally, the Company does not carry out transactions with any type of leverage, as well as does not have transactions with exotic derivatives.

The risk management policies, practices and instruments are oversight by the Executive Committee and the Strategic Committee (the body that supports the Company's Board of Directors).

The Executive Committee has the following responsibilities before the Board of Directors: (i) monitor the compliance with the policy and report eventual non-compliances; (ii) inform about the indebtedness of the Company and its subsidiaries, as well as the related debt instruments; (iii) inform about the burdens on the assets of the Company and its subsidiaries; and (iv) monitor the risk management instruments of the Company and its subsidiaries.

The Risk Management Department is subject to the Chief Financial Officer and is responsible for the calculation, measurement, analysis and monitoring of the exposure, by issuing daily reports based on which the necessary corrective measures are taken. It is also responsible for monitoring the compliance with the risk management policies.

27.1 Market risk

The Company is mainly exposed to risks related to foreign exchange, interest rate and agricultural commodity price fluctuations. In order to hedge against these market risks, the Company uses various derivative financial instruments, including:

- Foreign exchange forwards, options and futures to hedge fair value and cash flow items against exchange rate changes;
- Interest rate futures to supplement the hedging of such items;
- Interest rate swaps to mitigate LIBOR fluctuation risk;
- Commodity forwards, swaps, futures and options to hedge inventory and future agricultural commodity delivery transactions.

The parameters used to manage these risks are based on hedging strategy monitoring tools, such as sensitivity analysis, stress tests, and a hedging scale, aimed at securing the future amount of sugar and ethanol sales, including the effects from foreign exchange rate, as well as interest rate exposure.

As at December 31, 2019, the assets and liabilities relating to the derivative transactions are broken down as follows:

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| | Company | | Consolidated | |
|--|-----------------|------------------|-----------------|------------------|
| | 12.31.19 | 03.31.19 | 12.31.19 | 03.31.19 |
| Foreign exchange management (Note 27.1.1) | 42,822 | (132,471) | 42,822 | (132,471) |
| Interest rate risk management (Note 27.1.2) | - | - | (15,496) | (10,261) |
| Agricultural commodities risk management (Note 27.1.3) | 318 | (1,016) | 20,801 | 14,924 |
| | 43,140 | (133,487) | 48,127 | (127,808) |
| Current assets | 71,431 | 23,476 | 92,477 | 39,416 |
| Current liabilities | (28,291) | (156,963) | (34,721) | (159,518) |
| Non-current liabilities | - | - | (9,629) | (7,706) |

a) Foreign exchange risk management

Because the Company's functional currency is the Brazilian real (R\$), the foreign currency-denominated operations are exposed to the foreign exchange risk. Foreign exchange positions are managed based on the Financial and Risk Management Policy, approved by the Company's Board of Directors on January 13, 2020. The Company carries out transactions with currency derivatives in order to reduce variability in its profit or loss due to the existence of US dollar denominated net cash flows from exports, costs and debts.

The Company may also contract derivative financial instruments to hedge against exchange rate changes that could impact assets and liabilities, as set forth in the policy.

The Company carries out transactions with interest rate derivatives traded on the B3 (one-day DI futures) in order to supplement foreign exchange rate hedges contracted under foreign exchange contracts traded on said exchange – future dollar financial instruments (DOL) and exchange coupon futures (DDI). The consolidated use of such future contracts aims at having effects similar to those of one single DOL futures contract. This strategy is adopted by the Company without leverage. This is necessary because an individually traded DOL future contract does not have significant liquidity for terms above three months and, therefore, could not meet the Company's foreign exchange hedging requirements.

This practice is regulated by the B3 and has been widely disseminated among future market participants in Brazil for over a decade.

The table below shows the Company's NDF, DOL, DI and DDI forward currency sale instruments, used for purposes of hedging foreign exchange risk and respective results:

| Company and Consolidated | | | | | | | | |
|--|-----------------------|----------|------------------|-----------|-----------------------|-------------|------------|-----------|
| Notional value | | | | | | | | |
| | Average exchange rate | | Foreign currency | | Domestic currency (*) | | Fair value | |
| | 12.31.19 | 03.31.19 | 12.31.19 | 03.31.19 | 12.31.19 | 03.31.19 | 12.31.19 | 03.31.19 |
| | | | (Sale) purchase | | (Sale) purchase | | | |
| <u>Outstanding forward contracts – NDF US Dollar</u> | | | | | | | | |
| Hedge Accounting - Cash Flow | | | | | | | | |
| Sale | 4.2118 | 3.4410 | (308,747) | (110,500) | (1,300,377) | (380,349) | 48,874 | 14,632 |
| | | | (308,747) | (110,500) | (1,300,377) | (380,349) | 48,874 | 14,632 |
| Non- Hedge Accounting | | | | | | | | |
| Sale | 4.0668 | 3.7905 | (246,253) | (526,500) | (1,001,470) | (1,995,713) | 9,519 | (135,417) |
| Purchase | 4.1141 | 3.9409 | 185,000 | 275,000 | 761,105 | 1,083,753 | (15,037) | (9,778) |
| | | | (61,253) | (251,500) | (240,365) | (911,960) | (5,518) | (145,195) |
| <u>Futures B3 - Non-hedge Accounting</u> | | | | | | | | |
| DOL - dollar futures | 4.0307 | 3.8967 | (81,750) | (107,250) | (329,510) | (417,921) | 726 | (1,639) |
| DDI - future exchange coupon | | | 79,371 | 100,247 | 319,921 | 390,630 | (1,351) | (2,352) |
| DI - 1 day: | | | (91,863) | (35,919) | (370,273) | (139,963) | 91 | (34) |
| | | | (94,242) | (42,922) | (379,862) | (167,254) | (534) | (4,025) |
| <u>Options B3 - Non-hedge Accounting</u> | | | | | | | | |
| Options - US dollar | | | - | 200,000 | - | 779,340 | - | 2,117 |
| | | | - | 200,000 | - | 779,340 | - | 2,117 |
| | | | | | | | 42,822 | (132,471) |

(*) Convenience conversion.

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b) Interest rate risk management

The Company uses Libor derivatives to hedge against interest rate fluctuations. These derivatives are traded on the Brazilian over-the-counter market with low-risk banks as counterparties, and are registered with CETIP S.A. - Balcão Organizado de Ativos e Derivativos (Brazilian organized OTC market), as required by prevailing legislation.

The table below shows the Company's Libor swap instruments with receipt of Libor interest and payment of fixed rates and presents the derivatives used for purposes of hedging Libor interest risk and respective results:

| Consolidated | | | | | | | | |
|-------------------------------------|------------------------|----------|------------------|----------------|-----------------------|----------------|-----------------|-----------------|
| Notional value | | | | | | | | |
| | Fixed average rate - % | | Foreign currency | | Domestic currency (*) | | Fair value | |
| | 12.31.19 | 03.31.19 | 12.31.19 | 03.31.19 | 12.31.19 | 03.31.19 | 12.31.19 | 03.31.19 |
| Hedge Accounting - Cash Flow | | | | | | | | |
| Outstanding position: | | | | | | | | |
| Less than 1 year | 3.1467% | 3.1467% | 39,967 | 39,967 | 161,094 | 155,738 | (5,867) | (2,555) |
| 1 to 2 years | 3.1467% | 3.1467% | 39,967 | 39,967 | 161,094 | 155,738 | (5,628) | (3,707) |
| 2 to 5 years | 3.1467% | 3.1467% | 56,002 | 95,968 | 225,726 | 373,960 | (4,001) | (3,999) |
| | | | 135,935 | 175,902 | 547,913 | 685,436 | (15,496) | (10,261) |

(*) Convenience conversion.

c) Agricultural commodity risk management

The Company carries out transactions with commodity derivatives (sugar and ethanol) in order to reduce the impact of the changes in the market prices considering that these changes may significantly affect the Company's future sales value. These risks are managed according to the Company's Financial and Risk Management Policy and the hedge strategy monitoring tool which determines the hedge volume and timeframe.

The Company's swaps, forwards, futures and options in the period used for commodity risk hedging and the related results are as follows:

| Company | | | | | | |
|-------------------------------|------------------|-----------------|-----------------------|------------------|--------------|----------------|
| Notional value | | | | | | |
| | Foreign currency | | Domestic currency (*) | | Fair value | |
| | 12.31.19 | 03.31.19 | 12.31.19 | 03.31.19 | 12.31.19 | 03.31.19 |
| Sugar futures - ICE | | | | | | |
| Hedge Accounting - Cash Flow | (216,328) | (165,903) | (871,952) | (646,472) | 5,193 | (1,664) |
| Hedge Accounting - Fair Value | 99,486 | 137,273 | 400,998 | 534,912 | 1,600 | 1,872 |
| Non-hedge Accounting | 16,575 | (37,671) | 66,807 | (146,793) | (5,749) | (357) |
| | (100,267) | (66,301) | (404,147) | (258,353) | 1,044 | (149) |
| Sugar options - ICE | | | | | | |
| Non-hedge Accounting | (174) | - | (700) | - | (700) | - |
| | (174) | - | (700) | - | (700) | - |
| Sugar options - OTC | | | | | | |
| Non-hedge Accounting | (10,545) | - | (42,672) | - | (837) | - |
| | (10,545) | - | (42,672) | - | (837) | - |
| NDF sugar - OTC | | | | | | |
| Non-hedge Accounting | (12,668) | (8,228) | (51,062) | (32,062) | 1,037 | (813) |
| | (12,668) | (8,228) | (51,062) | (32,062) | 1,037 | (813) |
| Ethanol futures - B3 | | | | | | |
| Non-hedge Accounting | (19,506) | 737 | (78,624) | 2,873 | (226) | (54) |
| | (19,506) | 737 | (78,624) | 2,873 | (226) | (54) |
| | | | | | 318 | (1,016) |

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| | Consolidated | | | | | |
|-------------------------------|------------------|------------------|-----------------------|------------------|----------------|---------------|
| | Notional value | | | | Fair value | |
| | Foreign currency | | Domestic currency (*) | | | |
| | 12.31.19 | 03.31.19 | 12.31.19 | 03.31.19 | 12.31.19 | 03.31.19 |
| <u>Sugar futures - ICE</u> | | | | | | |
| Hedge Accounting - Cash Flow | (216,328) | (165,903) | (871,952) | (646,472) | 5,192 | (1,664) |
| Hedge Accounting - Fair Value | 99,486 | 137,273 | 400,998 | 534,912 | 1,600 | 1,872 |
| Non-hedge Accounting | 16,575 | (37,671) | 66,807 | (146,793) | (5,749) | (357) |
| | <u>(100,267)</u> | <u>(66,301)</u> | <u>(404,147)</u> | <u>(258,353)</u> | <u>1,043</u> | <u>(149)</u> |
| <u>Sugar Sales Agreements</u> | | | | | | |
| Hedge Accounting - Fair Value | (99,486) | (137,273) | (400,998) | (534,912) | 21,046 | 14,599 |
| | <u>(99,486)</u> | <u>(137,273)</u> | <u>(400,998)</u> | <u>(534,912)</u> | <u>21,046</u> | <u>14,599</u> |
| <u>Sugar options - ICE</u> | | | | | | |
| Non-hedge Accounting | (174) | - | (700) | - | (700) | - |
| | <u>(174)</u> | <u>-</u> | <u>(700)</u> | <u>-</u> | <u>(700)</u> | <u>-</u> |
| <u>Sugar options - OTC</u> | | | | | | |
| Non-hedge Accounting | (13,546) | (29,792) | (54,768) | (116,090) | (1,400) | 1,341 |
| | <u>(13,546)</u> | <u>(29,792)</u> | <u>(54,768)</u> | <u>(116,090)</u> | <u>(1,400)</u> | <u>1,341</u> |
| <u>NDF sugar - OTC</u> | | | | | | |
| Non-hedge Accounting | (12,668) | (8,228) | (51,062) | (32,062) | 1,037 | (813) |
| | <u>(12,668)</u> | <u>(8,228)</u> | <u>(51,062)</u> | <u>(32,062)</u> | <u>1,037</u> | <u>(813)</u> |
| <u>Ethanol futures - B3</u> | | | | | | |
| Non-hedge Accounting | (19,506) | 737 | (78,624) | 2,873 | (225) | (54) |
| | <u>(19,506)</u> | <u>737</u> | <u>(78,624)</u> | <u>2,873</u> | <u>(225)</u> | <u>(54)</u> |
| | | | | | 20,801 | 14,924 |

(*) Convenience conversion.

27.2 Credit risk

The credit risk is managed through the careful analysis of the customer portfolio, the definition of credit limits, and the ongoing control of outstanding positions. In conformity with the Company's credit policy, using a risk assessment methodology, the Company adopted balanced scorecard techniques. The Company adopts hedging instruments, such as collaterals, pledges and guarantees, to mitigate potential credit exposures. Historically, the Company does not record significant losses in trade receivables.

27.3 Liquidity risk

The Company operates with a liquidity level considered sufficient for its operations and uses a number of sources of funds to finance its activities. In order to cover possible liquidity deficiencies or mismatches between cash and cash equivalents with short-term maturities, the Company has good relationship with first-class banks, in Brazil or abroad, as well as a credit line with its parent. Moreover, the products manufactured by the Company are highly liquid and can be easily sold to generate cash or also be provided as a guarantee for financial transactions. In addition, part of the investments, especially those related to sugarcane plantation treatments, is supported by short-term financing and will be realized in the following harvest campaign.

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a) Liquidity and interest rate tables

The tables below show in detail the expected maturity of the Group's financial liabilities:

| | Company | | | |
|-----------------------------------|------------------|------------------|----------------|------------------|
| | Less than 1 year | 1 to 5 years | Over 5 years | Total |
| As at December 31, 2019 | | | | |
| Borrowings and financing | 119,189 | 2,116,945 | 114,943 | 2,351,077 |
| Lease liability | 197,790 | 367,323 | 68,775 | 633,888 |
| Derivative financial instruments | 28,291 | - | - | 28,291 |
| Trade payables | 236,969 | 5,645 | - | 242,614 |
| Accrued payroll and related taxes | 45,407 | - | - | 45,407 |
| Taxes payable | 13,117 | 5,430 | - | 18,547 |
| Other payables | 53,122 | 71,481 | - | 124,603 |
| | 693,885 | 2,566,824 | 183,718 | 3,444,427 |
| As at March 31, 2019 | | | | |
| Borrowings and financing | 185,445 | 2,217,350 | 105,381 | 2,508,176 |
| Derivative financial instruments | 156,963 | - | - | 156,963 |
| Trade payables | 330,617 | 408 | - | 331,025 |
| Accrued payroll and related taxes | 48,853 | - | - | 48,853 |
| Taxes payable | 23,826 | 4,324 | - | 28,150 |
| Other payables | 89,379 | 32,835 | - | 122,214 |
| | 835,083 | 2,254,917 | 105,381 | 3,195,381 |

| | Consolidated | | | |
|-----------------------------------|------------------|------------------|----------------|------------------|
| | Less than 1 year | 1 to 5 years | Over 5 years | Total |
| As at December 31, 2019 | | | | |
| Borrowings and financing | 482,732 | 5,298,436 | 124,987 | 5,906,155 |
| Lease liability | 493,348 | 874,308 | 135,762 | 1,503,418 |
| Derivative financial instruments | 34,721 | 9,629 | - | 44,350 |
| Trade payables | 476,977 | 5,861 | - | 482,838 |
| Accrued payroll and related taxes | 88,525 | - | - | 88,525 |
| Taxes payable | 57,570 | 5,430 | - | 63,000 |
| Other payables | 70,398 | 128,374 | - | 198,772 |
| | 1,704,271 | 6,322,038 | 260,749 | 8,287,058 |
| As at March 31, 2019 | | | | |
| Borrowings and financing | 542,971 | 5,327,802 | 108,555 | 5,979,328 |
| Derivative financial instruments | 159,518 | 7,706 | - | 167,224 |
| Trade payables | 653,684 | 612 | - | 654,296 |
| Accrued payroll and related taxes | 92,000 | - | - | 92,000 |
| Taxes payable | 74,344 | 4,324 | - | 78,668 |
| Other payables | 107,518 | 44,905 | 35,757 | 188,180 |
| | 1,630,035 | 5,385,349 | 144,312 | 7,159,696 |

27.4 Capital risk

The Company manages its capital structure in order to safeguard a continuous return to the Company's shareholders. Company monitors capital through financial leverage index analysis; these indexes include adjusted net debt to adjusted EBITDA ratio. In turn, the net debt corresponds to total borrowings and financing (including short- and long-term borrowings and financing), less cash, cash equivalents, short-term investments and highly liquid inventory (ethanol, sugar and allowance for negative inventory margin).

The Company allocates the Libor swap contracts designated as hedge accounting (see Note 27.1.2) to the adjusted net debt for capital risk analysis purposes.

The Company may change its capital structure, in conformity with economic and financial conditions, aiming at optimizing its financial leverage and/or debt management.

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27.5 Margin calls

Derivative transactions in commodity exchanges (ICE and B3) require an initial margin call in guarantee.

To trade on the ICE, as at December 31, 2019, the Company has R\$38,272 (R\$21,539 as at March 31, 2019), fully deposited by the Company's in cash, through fiduciary agent Term Commodities Inc., a company under common control.

To trade on the B3, the margin call required, as at December 31, 2019, is R\$16,201 (R\$2,244 as at March 31, 2019), deposited as Bank Deposit Certificate (CDB), in the amount of R\$1,000 and R\$15,201, in current account.

As at December 31, 2019, the Company's transactions in the over-the-counter market did not require an initial margin call in guarantee.

27.6 Categories of financial instruments

The financial instruments recorded in the balance sheet, such as cash and cash equivalents and borrowings and financing, are stated at contractual values, which approximate their fair values due to their short terms and/or characteristics.

The fair value of financial instruments not traded in active markets (for example, over-the-counter derivatives) is determined using valuation techniques. The Company uses several methods and makes assumptions that are based on existing market conditions at the end of the interim financial statements. The fair value of foreign exchange forwards is determined based on forward exchange rates quoted at the end of the interim financial statements.

The use of different market inputs and/or valuation techniques might result in amounts different from the recognized realizable value of financial instruments.

| | Classification | Company | | Consolidated | |
|---|-----------------|-----------|-----------|--------------|-----------|
| | CPC 48 / IFRS 9 | 12.31.19 | 03.31.19 | 12.31.19 | 03.31.19 |
| Financial assets: | | | | | |
| Derivatives designated as cash flow hedge (Note 27) | VJORA | 54,065 | 23,476 | 54,065 | 24,818 |
| Derivatives designated as fair value hedge or not (Note 27) | VJR | 17,366 | - | 38,412 | 14,598 |
| Short-term investments and debentures (Note 4) | Amortized cost | 54,563 | 36,694 | 66,570 | 139,900 |
| Cash and cash equivalents (Note 3) | Amortized cost | 80,068 | 577,523 | 202,859 | 1,189,112 |
| Trade receivables (Note 5) | Amortized cost | 142,978 | 90,708 | 193,040 | 130,986 |
| Other financial assets | Amortized cost | 513,062 | 307,511 | 742,724 | 541,531 |
| Financial liabilities: | | | | | |
| Derivatives designated as cash flow hedge (Note 27) | VJORA | | 7,294 | 15,496 | 17,555 |
| Derivatives designated as fair value hedge or not | VJR | 28,291 | 149,669 | 28,854 | 149,669 |
| Borrowings and financing (Note 16) | Amortized cost | 2,351,077 | 2,508,176 | 5,906,155 | 5,979,328 |
| Lease liability (Note 12) | Amortized cost | 633,888 | - | 1,503,418 | - |
| Trade payables (Note 17) | Amortized cost | 242,614 | 331,025 | 482,838 | 654,296 |
| Other financial liabilities | Amortized cost | 188,557 | 199,217 | 350,297 | 358,848 |

27.7 Measurement at fair value recognized in balance sheet

CPC 40 (R1) – Instrumentos Financeiros: Evidenciação/IFRS 7 - Financial Instruments: Disclosure defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the primary or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. CPC 40 (R1)/IFRS 7 also establishes a three-level fair value hierarchy, which prioritizes inputs for fair value measurement by an entity in order to maximize the use of observable data and minimize the use of unobservable data. CPC 40 (R1)/IFRS 7 describes the three levels of inputs that should be used to measure fair value, which are the following:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2 – Inputs other than the data included in Level 1, where prices are quoted (unadjusted).

Fair value measurements of Level 2 are obtained based on other variables besides quoted prices included in Level 1, which are directly or indirectly observable for an asset or liability.

- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs) because market activity is insignificant or does not exist.

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The Company's financial assets and liabilities measured at fair value on a recurring basis and subject to disclosure as required by CPC 40 (R1)/IFRS 7, as at December 31, 2019, are as follows:

| | Company | | | Consolidated | | |
|---|----------------|-----------------|-----------------|----------------|-----------------|-----------------|
| | Level 1 | Level 2 | Total | Level 1 | Level 2 | Total |
| Financial assets at fair value through profit or loss | | | | | | |
| Derivative financial assets | 3,363 | 68,068 | 71,431 | 3,363 | 89,114 | 92,477 |
| | <u>3,363</u> | <u>68,068</u> | <u>71,431</u> | <u>3,363</u> | <u>89,114</u> | <u>92,477</u> |
| Financial liabilities at fair value through profit or loss | | | | | | |
| Derivative financial liabilities | (4,821) | (23,470) | (28,291) | (4,820) | (39,530) | (44,350) |
| | <u>(4,821)</u> | <u>(23,470)</u> | <u>(28,291)</u> | <u>(4,820)</u> | <u>(39,530)</u> | <u>(44,350)</u> |

| | Company | | | Consolidated | | |
|---|----------------|------------------|------------------|----------------|------------------|------------------|
| | Level 1 | Level 2 | Total | Level 1 | Level 2 | Total |
| Financial assets at fair value through profit or loss | | | | | | |
| Derivative financial assets | 3,179 | 20,297 | 23,476 | 3,179 | 36,237 | 39,416 |
| | <u>3,179</u> | <u>20,297</u> | <u>23,476</u> | <u>3,179</u> | <u>36,237</u> | <u>39,416</u> |
| Financial liabilities at fair value through profit or loss | | | | | | |
| Derivative financial liabilities | (5,288) | (151,675) | (156,963) | (5,288) | (161,936) | (167,224) |
| | <u>(5,288)</u> | <u>(151,675)</u> | <u>(156,963)</u> | <u>(5,288)</u> | <u>(161,936)</u> | <u>(167,224)</u> |

27.8 Derivative and non-derivative financial instruments with the application of hedge accounting

In accordance with accounting practices adopted in Brazil, derivative financial instruments are accounted for at fair value through profit or loss, unless a derivative is designated for hedge accounting. A derivative only qualifies for hedge accounting when all the conditions set out by CPC 48/IFRS 9 are met. The adoption of hedge accounting is optional and aims at recognizing gains or losses on derivatives only when the hedged item is realized on an accrual basis and, therefore, reducing the volatility of gains or losses from the mark-to-market of derivatives.

The Company applies hedge accounting to account for part of its derivative and non-derivative financial instruments.

27.8.1 Cash flow hedge

The cash flow hedge is characterized by the protection of a recognized liability (debt) and highly probable transactions (exports of sugar and ethanol expressed in US dollars) under CPC 48/IFRS 9, items 6.3.3/9.6.2.2. The hedge instruments are described below:

- Recognized liability hedge: swap contracts subject to the Libor interest rate contracted to mitigate the effects from interest rate changes of the long-term debts, in which case the respective exposure is subject to a fixed interest rate; and
- Highly probable transaction hedge: i) sugar futures contracts for purposes of price risk hedge; and ii) currency forward contracts (NDF) and US dollar-denominated debts (Natural HACC), both contracted to protect against exchange rate changes in the revenue from exports.

27.8.2 Fair value hedge

Such hedge comprises the use of "sugar futures" derivative instruments to protect against changes in fair value in connection with a sugar sales agreement.

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27.8.3 Discontinued hedge accounting

As at March 31, 2019, the Company discontinued the revenue hedge accounting program (Natural HACC) with respect to the debts already designated. Such discontinuity resulted from the change in the Company's foreign exchange risk management, which aimed to offset the exchange rate changes of the debts against equity, which will be directly recorded in the finance income (costs) to be offset against the long positions expressed in foreign currency using derivative financial instruments – also recognized in finance income (costs) (CPC 48, items B6.5.26 (a) and B6.5.28 (b)).

The gains and losses recorded in equity, in line item "Other comprehensive income (loss)", will be maintained in this reserve until the expected transaction is concluded, in which case the amounts will be reclassified to operating income (expenses). In the event such transaction (revenue) is not concluded, the accumulated amounts will be fully reclassified to finance income (costs) under CPC 48.

As at December 31, 2019, the annual expected realization of accumulated derivatives recorded in equity is as follows:

| | | Company | | | | | |
|--|------------------------|----------------|----------------|----------------|----------------|----------------|-----------------|
| Hedge | Impact | 2019/2020 | 2020/2021 | 2021/2022 | 2022/2023 | 2023 to 2028 | Total |
| Exchange rate changes on future interest flows (*) | Finance income (costs) | (3,329) | (5,480) | (3,854) | (2,367) | (2,718) | (17,748) |
| | | <u>(3,329)</u> | <u>(5,480)</u> | <u>(3,854)</u> | <u>(2,367)</u> | <u>(2,718)</u> | <u>(17,748)</u> |

| | | Consolidated | | | | | |
|--|-----------------------------|----------------|-----------------|-----------------|-----------------|-----------------|------------------|
| Hedge | Impact | 2019/2020 | 2020/2021 | 2021/2022 | 2022/2023 | 2023 to 2028 | Total |
| Exchange rate changes on future interest flows (*) | Finance income (costs) | (1,655) | (5,480) | (3,854) | (2,367) | (2,718) | (16,074) |
| Natural HACC | Operating income (expenses) | - | (79,173) | (79,173) | (79,173) | (25,544) | (263,064) |
| | | <u>(1,655)</u> | <u>(84,653)</u> | <u>(83,027)</u> | <u>(81,540)</u> | <u>(28,262)</u> | <u>(279,138)</u> |

(*) Program discontinued in prior years.

27.8.4 Sensitivity analysis

The table below shows the Company's sensitivity to the presented risk factor, based on changes in the risk factor considered reasonably possible by management (probable scenario).

The probable scenario is obtained based on future dollar, sugar, ethanol and oil market curves (as at December 31, 2019) and the Group's expectations for each one of the variables indicated, over a twelve-month period.

As required by CVM Instruction 475/2008, the sensitivity analysis is also presented to changes in the fair value of financial instruments for another two scenarios, in which market conditions are stressed by 25% and 50%.

The derivative financial instruments are provided to hedge against risks from future cash flows. The non-derivative financial instruments must not be considered as the Company's net exchange exposure because the table below does not consider the biological asset, as it is not a financial instrument, but it is used in the production of sugar and ethanol for future exports. See Notes 7 and 27.8.

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| Company | | | | | |
|--|-----------------------------------|------------------|-------------------|------------|------------|
| Effects on fair value | | | | | |
| | Notional value - foreign currency | Risk factor | Probable scenario | 25% stress | 50% stress |
| Effects on profit or loss | | | | | |
| Exchange risk | | | | | |
| Non-derivatives | | | | | |
| Cash and cash equivalents | 14.125 | Decrease in US\$ | (6.267) | (14.233) | (28.467) |
| Short-term investments | 9.495 | Decrease in US\$ | (4.213) | (9.568) | (19.136) |
| Trade receivables | 24.286 | Decrease in US\$ | (10.776) | (24.473) | (48.945) |
| Advances to suppliers | 19.143 | Decrease in US\$ | (8.494) | (19.289) | (38.579) |
| Trade payables | (17.923) | Increase in US\$ | (7.953) | (18.061) | (36.122) |
| Advances from foreign customers | (191.389) | Increase in US\$ | (84.919) | (192.858) | (385.715) |
| Short- and long-term borrowings and financing | (480.568) | Increase in US\$ | (213.228) | (484.257) | (968.513) |
| Derivatives | | | | | |
| Foreign currency futures and forward contracts (DOL+DDH+NDF) | (63.632) | Increase in US\$ | (24.178) | (54.910) | (109.819) |
| Price risk | | | | | |
| Derivatives | | | | | |
| Sugar futures and options contracts (purchase) | 102.341 | Decrease in US\$ | (134.523) | (137.001) | (277.793) |
| BMF ethanol futures contracts (sale) | (30.045) | Increase in US\$ | (4.931) | (11.198) | (22.395) |
| Effects on equity | | | | | |
| Exchange risk | | | | | |
| Derivatives | | | | | |
| NDF Hedge Accounting | (308.747) | Increase in US\$ | (137.726) | (312.786) | (625.573) |
| Price risk | | | | | |
| Derivatives | | | | | |
| Sugar Hedge Accounting | (216.328) | Increase in US\$ | (220.358) | (224.306) | (448.611) |

| Consolidated | | | | | |
|--|-----------------------------------|------------------|-------------------|-------------|-------------|
| Impacts on fair value | | | | | |
| | Notional value - foreign currency | Risk factor | Probable scenario | 25% stress | 50% stress |
| Effects on profit or loss | | | | | |
| Exchange risk | | | | | |
| Non-derivatives | | | | | |
| Cash and cash equivalents | 14.184 | Decrease in US\$ | (6.294) | (14.293) | (28.586) |
| Short-term investments | 9.495 | Decrease in US\$ | (4.213) | (9.568) | (19.136) |
| Trade receivables | 205.034 | Decrease in US\$ | (90.974) | (206.608) | (413.215) |
| Advances from suppliers | 570.296 | Decrease in US\$ | (253.040) | (574.673) | (1.149.345) |
| Trade payables | (196.321) | Increase in US\$ | (87.108) | (197.828) | (395.656) |
| Advances from foreign customers | (698.908) | Increase in US\$ | (310.105) | (704.272) | (1.408.545) |
| Short- and long-term borrowings and financing | (1.293.492) | Increase in US\$ | (573.922) | (1.303.420) | (2.606.840) |
| Derivatives | | | | | |
| Foreign currency futures and forward contracts (DOL+DDH+NDF) | (63.632) | Increase in US\$ | (24.178) | (54.910) | (109.819) |
| Price risk | | | | | |
| Derivatives | | | | | |
| Sugar futures, forward and options contracts (sale) | (27.190) | Increase in US\$ | (221.378) | (231.572) | (465.928) |
| BMF ethanol futures contracts (sale) | (30.045) | Increase in US\$ | (4.931) | (11.198) | (22.395) |
| Effects on equity | | | | | |
| Exchange risk | | | | | |
| Derivatives | | | | | |
| NDF Hedge Accounting | (308.747) | Increase in US\$ | (137.726) | (312.786) | (625.573) |
| Interest rate risk | | | | | |
| Derivatives | | | | | |
| Swap Libor Hedge Accounting | 135.935 | Decrease in US\$ | (2.020) | (8.094) | (8.094) |
| Price risk | | | | | |
| Derivatives | | | | | |
| Sugar Hedge Accounting | (216.328) | Increase in US\$ | (220.358) | (224.306) | (448.611) |

As at December 31, 2019, the probable scenario considers the CDI rate projected for 12 months – disclosed by B3 (reference DI x PRÉ swap rates) and Libor rate for 12 months disclosed by Bloomberg. These rates were applied to the Company's exposure volume, composed of: borrowings and financing, advances from customers, cash and cash equivalents and short-term investments.

In relation to the exposure in probable scenario, an increase of 25% and 50% was applied considering the worst case scenarios in order to determine the effects on the Company's finance income (costs).

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The consolidated sensitivity results are broken down below:

| Company | | | | |
|-----------------------------|--|----------------------|-----------------|-----------------|
| | Notional value - domestic currency | Probable scenario | 25% stress | 50% stress |
| Operations indexed to CDI | (240,649) | (10,699) | (24,072) | (26,747) |
| Operations indexed to Libor | (698,693) | (13,360) | (30,060) | (33,400) |
| Total | (939,341) | (24,059) | (54,132) | (60,146) |

| Consolidated | | | | |
|-----------------------------|--|----------------------|------------------|------------------|
| | Notional value - domestic currency | Probable scenario | 25% stress | 50% stress |
| Operations indexed to CDI | (360,303) | (27,081) | (60,932) | (67,703) |
| Operations indexed to Libor | (2,266,615) | (43,173) | (97,139) | (107,932) |
| Total | (2,626,917) | (70,254) | (158,071) | (175,635) |

28. COMMITMENTS

a) Selling

The Group has several arrangements in the sugar and ethanol market under which it commits to sell volumes of these products in future crops. As at December 31, 2019, the volumes of these commitments total 1,146,637 tons of sugar (1,099,374 tons of sugar as at March 31, 2019), 307,925 cubic meters of ethanol (225,755 cubic meters as at March 31, 2019), and electricity supply commitments, assumed in power auctions and free market, which total 7,304 GWh to be supplied by 2035 (7,614 GWh as at March 31, 2019).

b) Purchases

The Group has several commitments for the purchase of sugarcane from third parties to ensure part of its production in future crops. The volume of sugarcane to be purchased is estimated based on the expected productivity of the areas where the sugarcane plantations are located. The amount to be paid by the Group is determined at the end of each harvest campaign according to the price published by CONSECANA, plus or less other applicable contractual terms.

As at December 31, 2019, estimated purchase commitments by crop are as follows:

| Consolidated | | | |
|--------------|------------------|-------------------|------------------|
| | Estimated | | |
| Crop | Area in hectares | sugarcane (ton) | Estimated value |
| 2020/2021 | 101.127 | 7.441.337 | 572.254 |
| 2021/2022 | 69.234 | 4.806.640 | 369.641 |
| 2022/2023 | 44.941 | 3.063.805 | 235.613 |
| 2023/2024 | 31.800 | 2.021.618 | 155.467 |
| After 2024 | 37.248 | 2.424.120 | 186.420 |
| | 284.351 | 19.757.520 | 1.519.394 |

The Group has commitments for the purchase of sugarcane from third parties. As at December 31, 2019, the volume of these commitments is 28,000 tons of sugar (10,161 tons of sugar as at March 31, 2019), 10,000 cubic meters of ethanol, in addition to the commitment to purchase electric energy in the amount of 565 GWh (343 GWh as at March 31, 2019). The price of these contracts is negotiated on a bilateral basis by the agents that sell electric energy in the Free-traded Market (ACL).

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c) Terminal de Exportação de Açúcar do Guarujá Limitada - TEAG

TEAG is a party to an agreement for the lease of a port terminal with Companhia Docas do Estado de São Paulo ("CODESP"), which provides for the payment by TEAG, as lease, of a fixed monthly installment of R\$3,1137/m² calculated on a minimum area of 74,206.410 m² equivalent to R\$231.06 per month or R\$2,773 per year, plus a guaranteed variable minimum installment equivalent to R\$5,328 per year payable to CODESP, corresponding to R\$2,840/ton calculated on a minimum handling of one million and five hundred thousand tons of cargo. TEAG operates under the concession agreement entered into with Companhia Docas do Estado de São Paulo (CODESP), falling due on July 6, 2038.

d) Lawsuits against Instituto do Açúcar e do Alcool - IAA

The Company is a plaintiff in lawsuits seeking a compensation from the Federal Government for losses arising from pricing differences incurred in the period in which sugar and ethanol prices were frozen. In some cases, in the event of effective receipt of the indemnities, a portion of the amount received will be transferred to third parties by virtue of the contractual obligations.

The supplementary court-ordered debt payment in connection with the difference of adjustment for inflation (TR vs IPCA-E) under the execution action No. 29368.11.1999.4.01.3400, in the amount of R\$33,100, was issued on behalf of the Company, recognized in line item "Other income (expenses)" as at September 30, 2019.

e) Bank guarantees and collateral insurance

As at December 31, 2019, the balances of (i) bank guarantee is R\$140,812 in Consolidated (R\$135,160 in Consolidated as at March 31, 2019); and (ii) collateral insurance relating to lawsuits of R\$277,249, in Company, and R\$497,426 in Consolidated (R\$251,089 and R\$347,466 as at March 31, 2019, respectively).

29. EMPLOYEES' BENEFIT

The consolidated amount invested by the Company in the pension plan was R\$1,040 in the period ended December 31, 2019 (R\$1,976 as at March 31, 2019), recognized in line item "General, administrative and selling expenses". Due to the features and design of the pension plan, the Company does not incur any future postemployment or actuarial obligations.

As at December 31, 2019, the Company booked a liability related to the deferred variable compensation that will be paid to some eligible employees, according to the policy, in the amount of R\$25,106 (R\$10,288 as at March 31, 2019). Additionally, the Company has recorded a liability related to PPR (Profit Sharing Program), as set forth in the Collective Labor Agreement, in the amount of R\$29,106 (R\$27,256 as at March 31, 2019).

30. SEGMENT INFORMATION

Information by product margin, and geographic areas, used by the key decision makers is as follows:

| | Consolidated | | | | |
|---------------------------------------|--------------------------|-----------|----------|-----------|-------------|
| | Three-month period ended | | | | |
| | 12.31.19 | | | | |
| Consolidated profit (loss) by product | Sugar | Ethanol | Energy | Other | Total |
| Net revenue | 451,943 | 520,497 | 68,978 | 348,128 | 1,389,546 |
| Cost of sales and services | (424,594) | (386,813) | (52,206) | (353,750) | (1,217,363) |
| Gross profit (loss) | 27,349 | 133,684 | 16,772 | (5,622) | 172,183 |
| Gross margin | 6% | 26% | 24% | -2% | 12% |
| Selling expenses | (37,934) | (2,128) | (2,026) | (194) | (42,282) |
| Operating margin | (10,585) | 131,556 | 14,746 | (5,816) | 129,901 |

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| | Consolidated | | | | |
|--------------------------|--------------------------|---------|--------|---------|-----------|
| | Three-month period ended | | | | |
| | 12.31.19 | | | | |
| Sales by geographic area | Sugar | Ethanol | Energy | Other | Total |
| Asia | 386,370 | 1,163 | - | 297,311 | 684,844 |
| North America | 6,598 | 10,037 | - | - | 16,635 |
| South America | 9,413 | - | - | - | 9,413 |
| Africa | 23,700 | - | - | 1,816 | 25,516 |
| Europe | 396 | - | - | 37,691 | 38,087 |
| Foreign market | 426,477 | 11,200 | - | 336,818 | 774,495 |
| Domestic market | 25,466 | 509,297 | 68,978 | 11,310 | 615,051 |
| TOTAL | 451,943 | 520,497 | 68,978 | 348,128 | 1,389,546 |

| | Consolidated | | | | |
|---------------------------------------|--------------------------|-----------|----------|-----------|-------------|
| | Three-month period ended | | | | |
| | 12.31.18 | | | | |
| Consolidated profit (loss) by product | Sugar | Ethanol | Energy | Other | Total |
| Net revenue | 332,731 | 754,217 | 113,719 | 359,259 | 1,559,926 |
| Cost of sales and services | (388,987) | (691,727) | (93,027) | (347,500) | (1,521,241) |
| Gross profit (loss) | (56,256) | 62,490 | 20,692 | 11,759 | 38,685 |
| Gross margin | -17% | 8% | 18% | 3% | 2% |
| Selling expenses | (30,668) | (4,764) | (2,069) | (188) | (37,689) |
| Operating margin | (86,924) | 57,726 | 18,623 | 11,571 | 996 |

| | Consolidated | | | | |
|--------------------------|--------------------------|---------|---------|---------|-----------|
| | Three-month period ended | | | | |
| | 12.31.18 | | | | |
| Sales by geographic area | Sugar | Ethanol | Energy | Other | Total |
| Asia | 98,100 | - | - | 286,636 | 384,736 |
| North America | - | 65 | - | - | 65 |
| Africa | 52,450 | - | - | - | 52,450 |
| Europe | 59,546 | - | - | 56,584 | 116,130 |
| Foreign market | 210,096 | 65 | - | 343,220 | 553,381 |
| Domestic market | 122,635 | 754,152 | 113,719 | 16,039 | 1,006,545 |
| TOTAL | 332,731 | 754,217 | 113,719 | 359,259 | 1,559,926 |

| | Consolidated | | | | |
|---------------------------------------|-------------------------|-------------|-----------|-------------|-------------|
| | Nine-month period ended | | | | |
| | 12.31.19 | | | | |
| Consolidated profit (loss) by product | Sugar | Ethanol | Energy | Other | Total |
| Net revenue | 1,204,825 | 1,939,982 | 270,343 | 1,245,219 | 4,660,369 |
| Cost of sales and services | (1,109,795) | (1,474,789) | (161,439) | (1,249,783) | (3,995,806) |
| Gross profit (loss) | 95,030 | 465,193 | 108,904 | (4,564) | 664,563 |
| Gross margin | 8% | 24% | 40% | 0% | 14% |
| Selling expenses | (122,296) | (24,422) | (7,145) | (323) | (154,186) |
| Operating margin | (27,266) | 440,771 | 101,759 | (4,887) | 510,377 |

Biosev S.A.

Notes to the Interim Financial Statements

For the Nine-month Period Ended December 31, 2019

(Amounts in thousands of Brazilian reais, unless otherwise stated)

| Consolidated | | | | | |
|----------------------------------|------------------|------------------|----------------|------------------|------------------|
| Nine-month period ended 12.31.19 | | | | | |
| Sales by geographic area | Sugar | Ethanol | Energy | Other | Total |
| Asia | 814,573 | 11,983 | - | 1,018,773 | 1,845,329 |
| North America | 121,581 | 232,628 | - | - | 354,209 |
| South America | 26,026 | - | - | - | 26,026 |
| Africa | 95,105 | - | - | 12,266 | 107,371 |
| Europe | 35,721 | - | - | 177,986 | 213,707 |
| Foreign market | 1,093,006 | 244,611 | - | 1,209,025 | 2,546,642 |
| Domestic market | 111,819 | 1,695,371 | 270,343 | 36,194 | 2,113,727 |
| TOTAL | 1,204,825 | 1,939,982 | 270,343 | 1,245,219 | 4,660,369 |

| Consolidated | | | | | |
|---------------------------------------|----------------|---------------|----------------|---------------|----------------|
| Nine-month period ended 12.31.18 | | | | | |
| Consolidated profit (loss) by product | Sugar | Ethanol | Energy | Other | Total |
| Net revenue | 1,477,290 | 2,010,502 | 344,487 | 1,126,790 | 4,959,069 |
| Cost of sales and services | (1,327,537) | (1,915,074) | (202,798) | (1,106,730) | (4,552,139) |
| Gross profit | 149,753 | 95,428 | 141,689 | 20,060 | 406,930 |
| Gross margin | 10% | 5% | 41% | 2% | 8% |
| Selling expenses | (144,556) | (29,921) | (6,896) | (528) | (181,901) |
| Operating margin | 5,197 | 65,507 | 134,793 | 19,532 | 225,029 |

| Consolidated | | | | | |
|----------------------------------|------------------|------------------|----------------|------------------|------------------|
| Nine-month period ended 12.31.18 | | | | | |
| Sales by geographic area | Sugar | Ethanol | Energy | Other | Total |
| Asia | 708,212 | 146,440 | - | 932,153 | 1,786,805 |
| North America | 42,137 | 3,834 | - | - | 45,971 |
| South America | 8,669 | 365 | - | 40,953 | 49,987 |
| Africa | 400,591 | - | - | - | 400,591 |
| Europe | 72,257 | - | - | 108,409 | 180,666 |
| Foreign market | 1,231,866 | 150,639 | - | 1,081,515 | 2,464,020 |
| Domestic market | 245,424 | 1,859,863 | 344,487 | 45,275 | 2,495,049 |
| TOTAL | 1,477,290 | 2,010,502 | 344,487 | 1,126,790 | 4,959,069 |

The Company's key decision makers use the operating margin as a tool to measure the recurring operating cash generation capacity and it also allows comparisons with other companies.

| | Consolidated | | Consolidated | |
|-------------------------------------|--------------------------|------------------|-------------------------|------------------|
| | Three-month period ended | | Nine-month period ended | |
| | 12.31.19 | 12.31.18 | 12.31.19 | 12.31.18 |
| Operating margin | 129,901 | 996 | 510,377 | 225,029 |
| Other operating expenses | (80,268) | (91,741) | (220,292) | (320,991) |
| Finance costs | 48,847 | (71,204) | (740,749) | (910,902) |
| Income tax and social contribution | (95,623) | (68,603) | (19,708) | 114,283 |
| Profit (loss) for the period | 2,857 | (230,552) | (470,372) | (892,581) |

Information on key customers

In the period ended December 31, 2019, the Group has one customer, its related party Louis Dreyfus Company Suisse S.A., under common control, that accounts for 40% of the Group's consolidated revenue.

Biosev S.A.

Notes to the Interim Financial Statements

For the Nine-month Period Ended December 31, 2019

(Amounts in thousands of Brazilian reais, unless otherwise stated)

31. APPROVAL OF INTERIM FINANCIAL STATEMENTS

The interim financial statements were approved by the Company's management and authorized for issue on February 13, 2020.

Biosev S.A.

Notes to the Interim Financial Statements

For the Nine-month Period Ended December 31, 2019

(Amounts in thousands of Brazilian reais, unless otherwise stated)

NON-STATUTORY AUDIT COMMITTEE OPINION

The non-statutory Audit Committee of Biosev S.A. ("Company"), jointly with representatives of the Company and of BDO RCS Auditores Independentes, independent auditors of the Company, examined the interim financial statements of the Company related to the period ended on December 31st, 2019. Based in the analysis performed and considering the draft of the audit report, without remarks, prepared by BDO RCS Auditores Independentes, the non-statutory Audit Committee of the Company recommended to the Board of Directors of the Company, unanimously and without remarks, the approval of the referred interim financial statements.

São Paulo, February 13th, 2020

FEDERICO ADRIAN CERISOLI

PATRICK JULIEN TREUER

ADRIAN LIMA DA HORA

Biosev S.A.

Notes to the Interim Financial Statements

For the Nine-month Period Ended December 31, 2019

(Amounts in thousands of Brazilian reais, unless otherwise stated)

OPINIONS AND STATEMENTS

As Executive Officers of Biosev SA, we declare under, Article 25, Paragraph 1st, Item V and VI, CVM Instruction 480 of December 7, 2009, as amended, that we reviewed, discussed and agreed with the interim financial statements and the terms of the external auditors report on the interim financial statements related to the period ended on December 31st, 2019.

São Paulo, February 13th, 2020

Juan Jose Blanchard

Chief Executive Officer

Leonardo Oliveira D'Elia

Chief Financial and Investor Relations Officer

Ricardo Lopes da Silva

Chief Operating Officer



EBITDA GROWS 9.4%, EBITDA MARGIN EXPANDS 7.2 P.P. AND PER-UNIT EBITDA INCREASES 18.2%

São Paulo, February 13, 2020 – Biosev, one of the world's largest sugarcane processor, announces its results for the third quarter and first nine months of the 2019/20 crop year.

9M20 HIGHLIGHTS

- ✓ Adjusted EBITDA ex-resale/HACC/IFRS16 increased 9.4% to R\$1.4 billion, with EBITDA Margin expanding 7.2 p.p. to 41.7% p.p. and EBITDA per unit advancing 18.2% to R\$53.0 per ton, compared to 9M19;
- ✓ Cash COGS ex-resale/IFRS 16 decreased 15.9% and Cash COGS per unit declined 2.0%;
- ✓ The share of ethanol in the production mix reached 64.6% given the product's higher profitability in relation to sugar, in line with 9M19;
- ✓ Crushing volume reached 25.9 million tons, in line with 9M19;
- ✓ Consolidated agricultural yield (TCH) improved 2.1% to 80.1 ton/ha;
- ✓ Industrial efficiency (Product TRS/Cane TRS) increased 0.9% to 1.011 in 9M20.

B3: BSEV3

Stock price on February 12, 2020: **R\$5.89** | No. of shares: **1,020,429,426** | Market cap: **R\$ 6.0 billion**

Conference Call in Portuguese with translation into English: February 14, 2020

12 p.m. (Brasília - BRT) | 10 a.m. (NY - EST) | 3 p.m. (London - GMT)

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Investor Relations

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IFRS16

The standard IFRS 16/CPC 06 (R2) Leases, adopted as of April 1, 2019, changed the accounting procedure for lease agreements and agricultural partnerships, which are now treated similarly to financing transactions related to the acquisition of 'right of use assets,' and whose payments, previously recorded as operating costs and expenses, are now recognized as depreciation or amortization and financial expense.

| Income Statement (R\$ Thousand) | Before IFRS16 | IFRS16 effects | After IFRS16 | Before IFRS16 | IFRS16 effects | After IFRS16 |
|--|------------------|-----------------|------------------|------------------|-----------------|------------------|
| | 3Q20 | | | 9M20 | | |
| Gross Revenue | 1,502,993 | - | 1,502,993 | 5,018,736 | - | 5,018,736 |
| Taxes and Sales Deductions | (113,447) | - | (113,447) | (358,367) | - | (358,367) |
| Net Revenue | 1,389,546 | - | 1,389,546 | 4,660,369 | - | 4,660,369 |
| COGS | (1,227,828) | 10,465 | (1,217,363) | (4,050,231) | 54,425 | (3,995,806) |
| Depreciation and Amortization | (302,314) | (119,764) | (422,078) | (1,042,380) | (358,911) | (1,401,291) |
| Raw Materials | (351,614) | 128,875 | (222,739) | (1,174,794) | 409,199 | (765,595) |
| Inputs | (23,939) | 1,355 | (22,584) | (85,451) | 4,137 | (81,314) |
| GROSS PROFIT | 161,718 | 10,465 | 172,183 | 610,138 | 54,425 | 664,563 |
| OPERATING INCOME (EXPENSES) | (122,617) | 67 | (122,550) | (374,663) | 185 | (374,478) |
| SG&A | (128,095) | 67 | (128,028) | (389,048) | 185 | (388,863) |
| Depreciation and Amortization | (5,426) | (509) | (5,935) | (16,192) | (1,566) | (17,758) |
| Others | (8,760) | 575 | (8,185) | (23,508) | 1,751 | (21,757) |
| Equity income/(loss) in subsidiaries | (3,412) | - | (3,412) | (10,054) | - | (10,054) |
| Other operating income (expenses) | 8,890 | - | 8,890 | 24,439 | - | 24,439 |
| PROFIT (LOSS) BEFORE FINANCIAL RESULT | 39,101 | 10,532 | 49,633 | 235,475 | 54,610 | 290,085 |
| Financial Result, net | 89,413 | (40,566) | 48,847 | (623,763) | (116,986) | (740,749) |
| Interest Expenses | (100,108) | (40,566) | (140,674) | (389,472) | (116,986) | (506,458) |
| PROFIT (LOSS) BEFORE TAXES ON INCOME | 128,514 | (30,034) | 98,480 | (388,288) | (62,376) | (450,664) |
| Income Tax and Social Contribution | (105,835) | 10,212 | (95,623) | (40,916) | 21,208 | (19,708) |
| NET INCOME (LOSS) | 22,679 | (19,822) | 2,857 | (429,204) | (41,168) | (470,372) |



1. OPERATING PERFORMANCE

The following table presents key indicators for operating efficiency, productivity and production volumes, which are analyzed in this section:

| Efficiency and Productivity ¹ | 3Q20 | 3Q19 | % | 9M20 | 9M19 | % |
|---|--------------|-------|--------|---------------|--------|-------|
| Crushing ('000 tons) | 3,197 | 3,799 | -15.8% | 25,902 | 25,906 | 0.0% |
| TCH - Agricultural yield (ton/ha) ² | 68.2 | 72.7 | -6.1% | 80.1 | 78.4 | 2.1% |
| Cane TRS (kg/ton) | 140.3 | 127.2 | 10.3% | 129.1 | 131.9 | -2.1% |
| TSH (Kg/ha) ³ | 9.6 | 9.2 | 3.6% | 10.3 | 10.3 | 0.0% |
| Industrial Efficiency (Prod. TRS/Cane TRS) | 1.004 | 1.004 | 0.0% | 1.011 | 1.002 | 0.9% |

¹ 3Q19 and 9M19: ex-NE Cluster for comparison purposes. ² Considers only own cane. ³ Tons of sugar per hectare. Calculated by multiplying TCH by Cane TRS.

| Production ¹ | 3Q20 | 3Q19 | % | 9M20 | 9M19 | % |
|---|--------------|-------|-----------|--------------|-------|-----------|
| Sugar Mix (%) | 28.5% | 20.1% | 8,4 p.p. | 35.4% | 35.3% | 0,1 p.p. |
| Ethanol Mix (%) | 71.5% | 79.9% | -8,4 p.p. | 64.6% | 64.7% | -0,1 p.p. |
| Anhydrous Mix (%) | 27.5% | 23.5% | 4 p.p. | 29.2% | 21.1% | 8,1 p.p. |
| Production ('000 tons of Product TRS) ² | 470 | 490 | -4.0% | 3,397 | 3,421 | -0.7% |
| Sugar ('000 tons) | 128 | 94 | 36.4% | 1,150 | 1,154 | -0.4% |
| Ethanol ('000 m ³) | 198 | 231 | -14.3% | 1,293 | 1,309 | -1.3% |
| Cogeneration (GWh) | 124.0 | 158.5 | -21.8% | 781.1 | 823.5 | -5.1% |

¹ 3Q19 and 9M19: ex-NE Cluster for comparison purposes. ² Considers the ratios of conversion of sugar and ethanol in the state of São Paulo, as disclosed in the Consecana Manual.

1.1 Crushing

The following table shows crushing volume on a consolidated basis and by cluster:

| Efficiency ¹ | 3Q20 | 3Q19 | % | 9M20 | 9M19 | % |
|-------------------------------------|--------------|-------|--------|---------------|--------|--------|
| Crushing ('000 tons) | 3,197 | 3,799 | -15.8% | 25,902 | 25,906 | 0.0% |
| Own | 2,273 | 3,188 | -28.7% | 15,768 | 16,533 | -4.6% |
| Third Parties | 924 | 611 | 51.2% | 10,134 | 9,373 | 8.1% |
| Ribeirão Preto Norte Cluster | 1,766 | 1,021 | 73.0% | 10,234 | 9,497 | 7.8% |
| Ribeirão Preto Sul Cluster | 784 | 865 | -9.4% | 6,756 | 6,708 | 0.7% |
| Mato Grosso do Sul Cluster | 186 | 1,498 | -87.6% | 6,357 | 7,237 | -12.2% |
| Lagoa da Prata Cluster | 461 | 414 | 11.3% | 2,556 | 2,464 | 3.7% |

¹ 3Q19 and 9M19: ex-NE Cluster for comparison purposes.

The Company reached total crushing volume of 25.9 million tons in 9M20, in line with 9M19, mainly reflecting the higher average yield measured by TCH (2.1%), offset by the frost-mitigation strategy at the Mato Grosso do Sul Cluster.

At the RP North Cluster, crushing was 10.2 million tons, 7.8% higher than in 9M19, mainly due to the 13.1% increase in TCH.

At the RP South Cluster, crushing was 6.8 million tons, 0.7% higher than in 9M19, mainly due to the 6.0% increase in TCH.

At the Mato Grosso do Sul Cluster, crushing was 6.4 million tons, 12.2% lower than in 9M19, reflecting the Company's strategy to mitigate the effects of the frost that affected the region last quarter (accelerating harvest and crushing in the past quarter to avoid impacts on quality and sucrose



accumulation), which consequently reduced the cluster's TCH by 6.2%.

At the Lagoa da Prata Cluster, crushing was 2.6 million tons, 3.7% higher than in 9M19, mainly due to the 0.7% increase in TCH.

In 3Q20, consolidated crushing was 3.2 million tons, 15.8% lower than in 3Q19, mainly due to the lower average yield measured by TCH, reflecting the frost-mitigation strategy at the Mato Grosso do Sul Cluster.

1.2 Tons of Cane per Hectare (TCH)

The following table shows the evolution in TCH on a consolidated basis and by cluster:

| Productivity ¹ | 3Q20 | 3Q19 | % | 9M20 | 9M19 | % |
|---|-------------|------|--------|------|------|-------|
| TCH - Agricultural yield (ton/ha) ² | 68.2 | 72.7 | -6.1% | 80.1 | 78.4 | 2.1% |
| Ribeirão Preto Norte Cluster | 73.5 | 59.7 | 23.0% | 80.8 | 71.4 | 13.1% |
| Ribeirão Preto Sul Cluster | 71.2 | 63.8 | 11.6% | 79.8 | 75.3 | 6.0% |
| Mato Grosso do Sul Cluster | 53.6 | 85.8 | -37.5% | 78.9 | 84.0 | -6.2% |
| Lagoa da Prata Cluster | 66.6 | 72.7 | -8.4% | 82.1 | 81.5 | 0.7% |

¹ 3Q19 and 9M19: ex-NE Cluster for comparison purposes. ² Considers only own cane.

Average cane yield measured by consolidated TCH reached 80.1 ton/ha, 2.1% higher than in 9M19, which is basically explained by the favorable weather conditions during the plantation development period (January to March), especially at the RP Norte Cluster, partially offset by the frost that affected the Mato Grosso do Sul Cluster region. In 3Q20, average cane yield was 68.2 ton/ha, 6.1% lower than in 3Q19, mainly explained by the frost that affected the Mato Grosso do Sul Cluster region.

1.3 Cane Total Recoverable Sugar (TRS)

The following table shows the evolution in Cane TRS on a consolidated basis and by cluster:

| Productivity ¹ | 3Q20 | 3Q19 | % | 9M20 | 9M19 | % |
|-------------------------------------|--------------|-------|-------|--------------|-------|-------|
| Cane TRS (Kg/ton) | 140.3 | 127.2 | 10.3% | 129.1 | 131.9 | -2.1% |
| Ribeirão Preto Norte Cluster | 140.5 | 138.0 | 1.8% | 132.6 | 136.4 | -2.7% |
| Ribeirão Preto Sul Cluster | 146.2 | 133.9 | 9.2% | 130.5 | 134.4 | -2.8% |
| Mato Grosso do Sul Cluster | 108.6 | 115.2 | -5.8% | 120.3 | 121.8 | -1.2% |
| Lagoa da Prata Cluster | 142.5 | 130.0 | 9.7% | 133.0 | 137.7 | -3.4% |

¹ 3Q19 and 9M19: ex-NE Cluster for comparison purposes.

Consolidated Cane TRS was 129.1 kg/ton, 2.1% lower than in 9M19, reflecting the drought impacts in the last crop year, which favored the concentration of sugar content. In 3Q20, consolidated Cane TRS was 140.3 kg/ton, 10.3% higher than in 3Q19, explained by the drier weather in comparison with the previous crop year.

Consolidated Tons of Sugar per Hectare (TSH) stood at 10.3 ton/ha in 9M20, in line with 9M19. In 3Q20, TSH was 9.6 ton/ha, 3.6% higher than in 3Q19. The performance reflects the higher TCH, partially neutralized by the lower TRS, as explained above.

Industrial efficiency measured by Product TRS/Cane TRS reached 1.011 in 9M20, up 0.9% from 1.002 in 9M19. In 3Q20, industrial efficiency stood at 1.004, in line with 3Q19. The results demonstrate the efficiency in converting cane into the final products of sugar and ethanol as well as the reduction of losses in the production process. Industrial efficiency is calculated based on the quantity of TRS



produced by the mills.

Total production in terms of tons of Product TRS was 3,397 thousand tons, down 0.7% from 9M19. In 3Q20, Product TRS was 470 thousand tons, down 4.0% from 3Q19. The results are basically explained by the lower Cane TRS in the period.

The share of ethanol in the production mix stood at 64.6% due to the higher allocation of TRS to ethanol production, given the product's higher profitability compared to sugar, in line with 9M19.

Anhydrous ethanol as a share of total ethanol production was 29.2%, 8.1 p.p. higher than in 9M19, explained by the commercial strategy to focus on higher-value products.

1.4 Cogeneration

The following table presents productivity and cogeneration volume for sale:

| Production ¹ | 3Q20 | 3Q19 | % | 9M20 | 9M19 | % |
|--|--------------|-------|---------|--------------|-------|---------|
| Total Cogen (GWh) | 124.0 | 141.7 | -12.5% | 781.1 | 795.9 | -1.9% |
| Cogen for Sale (GWh) | 124.0 | 139.4 | -11.1% | 781.1 | 788.3 | -0.9% |
| Ribeirão Preto Norte Cluster | 25.3 | 20.8 | 22.0% | 159.2 | 165.8 | -4.0% |
| Ribeirão Preto Sul Cluster | 53.5 | 41.7 | 28.3% | 220.8 | 215.4 | 2.5% |
| Mato Grosso do Sul Cluster | 21.9 | 63.0 | -65.3% | 299.2 | 310.0 | -3.5% |
| Lagoa da Prata Cluster | 23.3 | 13.9 | 67.4% | 101.9 | 97.2 | 4.8% |
| Cogen for Sale - Outsourced Biomass (GWh) | 0.0 | 2.3 | -100.0% | 0.0 | 7.6 | -100.0% |
| Mato Grosso do Sul Cluster | 0.0 | 0.0 | 0.0% | 0.0 | 5.3 | -100.0% |
| Cogen for Sale/Crushing (kWh/ton) | 47.4 | 39.8 | 18.9% | 33.3 | 33.8 | -1.6% |
| Ribeirão Preto Norte Cluster | 21.4 | 22.8 | -6.4% | 20.5 | 22.2 | -7.8% |
| Ribeirão Preto Sul Cluster | 68.2 | 48.2 | 41.6% | 32.7 | 32.1 | 1.8% |
| Mato Grosso do Sul Cluster | 117.5 | 48.1 | 144.5% | 47.1 | 46.5 | 1.1% |
| Lagoa da Prata Cluster | 50.5 | 33.6 | 50.4% | 39.9 | 39.4 | 1.1% |

¹ 3Q19 and 9M19: ex-NE Cluster for comparison purposes.

The Company has cogeneration power plants at all eight of its industrial sites and is energy self-sufficient during the harvest period. Of these units, seven produce surplus electricity for sale.

Total cogeneration for sale in 9M20 was 781.1 GWh, 1.9% lower than in 9M19. In 3Q20, cogeneration for sale was 124.0 GWh, 11.1% lower than in 3Q19. These results are mainly explained by the variation in crushing volume between periods.

The productivity of cogeneration units measured in kWh of power sold per ton of cane crushed stood at 33.3 kWh/ton in the period, down 1.6% from 9M19. This decline in productivity reflects the Company's strategy to optimize sales by prioritizing the products and periods that generate the most added value. In 3Q20, productivity was 47.4 kWh/ton, 18.9% higher than in 3Q19, explained by improvements in the operational reliability of boilers and the higher efficiency of the cogeneration units.



2. ECONOMIC AND FINANCIAL PERFORMANCE

2.1 Net Revenue

Net revenue in 9M20, excluding the non-cash effects from the hedge accounting of foreign currency-denominated debt (HACC), amounted to R\$4.9 billion in the period, down 2.4% from 9M19. In 3Q20, net revenue amounted to R\$1.4 billion, down 12.7% from 3Q19. The results are mainly due to the lower sales volume, by the fact that last crop year's figures included revenues from the Nordeste Cluster, partially offset by the higher average sales prices of sugar and ethanol. Note that, excluding the revenue from the Nordeste Cluster when comparing with the current crop year, net revenue was 4.2% higher than in 9M19 and in line with 3Q19.

Excluding the effects from resale operations (of finished products, such as (i) sugar, ethanol and energy; and (ii) other commodities, which are required to comply with export performance contracts associated with obligations denominated in foreign currency), the Company's net revenue was R\$3.3 billion in 9M20, down 9.3% from 9M19. In 3Q20, this revenue amounted to R\$931.2 million, down 23.7% from 3Q19. The results are mainly due to the fact that the total amounts of revenue in 3Q19 and in 9M19 included Nordeste Cluster revenues. In addition, ethanol and cogeneration sales volumes declined, partially offset by the higher average sales prices of sugar and ethanol. Note that, excluding the revenue from the Nordeste Cluster when comparing with the current crop year, net revenue was in line with 9M19 and 8.6% lower than in 3Q19.

The following table presents a breakdown of net revenue ex-HACC:

| Net Revenue ex-HACC (R\$ Thousand) | 3Q20 | 3Q19 | % | 9M20 | 9M19 | % |
|------------------------------------|------------------|-----------|---------|------------------|-----------|--------|
| Sugar | 484,707 | 401,370 | 20.8% | 1,428,000 | 1,561,094 | -8.5% |
| Domestic Market | 25,466 | 122,635 | -79.2% | 111,819 | 245,424 | -54.4% |
| Export Market | 459,241 | 278,735 | 64.8% | 1,316,181 | 1,315,670 | 0.0% |
| Ethanol | 520,497 | 754,509 | -31.0% | 1,983,008 | 2,016,060 | -1.6% |
| Domestic Market | 509,297 | 754,152 | -32.5% | 1,695,371 | 1,859,863 | -8.8% |
| Export Market | 11,200 | 357 | 3037.3% | 287,637 | 156,197 | 84.1% |
| Energy | 68,978 | 113,719 | -39.3% | 270,343 | 344,487 | -21.5% |
| Total | 1,074,182 | 1,269,598 | -15.4% | 3,681,351 | 3,921,641 | -6.1% |
| Other Products | 348,128 | 359,259 | -3.1% | 1,245,219 | 1,126,790 | 10.5% |
| Bagasse, services and others | 11,310 | 16,041 | -29.5% | 36,194 | 45,276 | -20.1% |
| Export performance contracts | 336,818 | 343,218 | -1.9% | 1,209,025 | 1,081,514 | 11.8% |
| Total | 1,422,310 | 1,628,857 | -12.7% | 4,926,570 | 5,048,431 | -2.4% |

¹ 3Q19 and 9M19 include amounts from the Nordeste Cluster.

Revenue from resale operations is detailed in the following table:

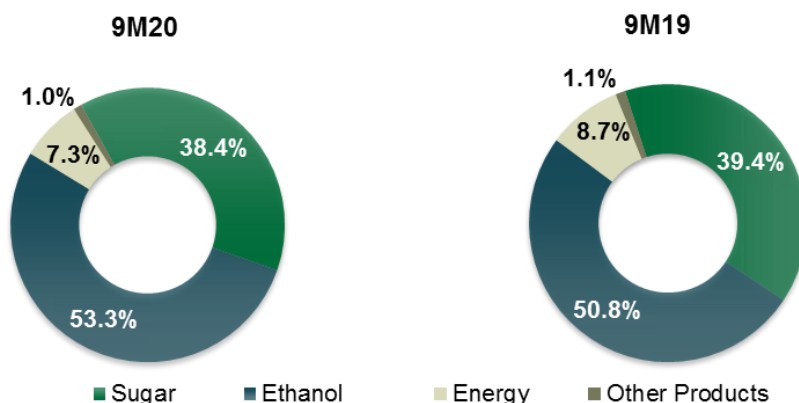
| Resale operations (R\$ Thousand) | 3Q20 | 3Q19 | % | 9M20 | 9M19 | % |
|--|----------------|---------|--------|------------------|-----------|-------|
| Sugar, ethanol and energy ¹ | 154,327 | 65,502 | 135.6% | 421,667 | 333,040 | 26.6% |
| Export performance contracts | 336,818 | 343,218 | -1.9% | 1,209,025 | 1,081,514 | 11.8% |
| Total | 491,145 | 408,720 | 20.2% | 1,630,692 | 1,414,554 | 15.3% |

¹ Revenue from resales of sugar, ethanol and energy are accounted for in the lines corresponding to the respective products in the table of Net Revenue ex-HACC.

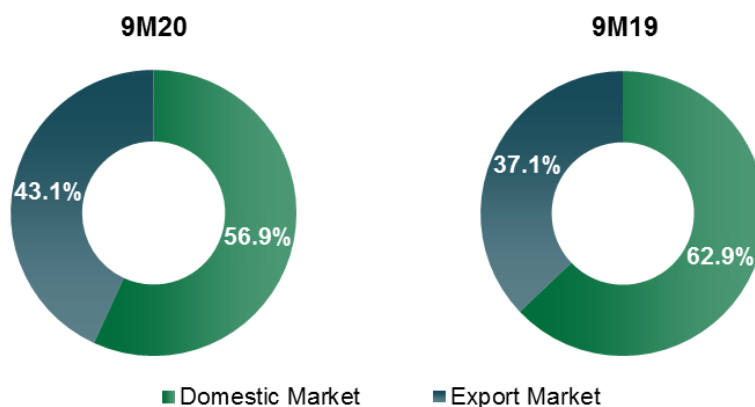
The following charts present a breakdown of net revenue ex-HACC, excluding the effects from hedge accounting and revenue from export performance contracts, by product and by market in the respective periods:



**Net Revenue ex-HACC/export performance (%)
by Product (%)**



**Net Revenue ex-HACC/export performance (%)
by Market (%)**



The following table presents the sugar and ethanol inventory position at the end of the respective periods:

| Inventories | 12/31/2019 | 09/30/2019 | 12/31/2018 |
|-------------------|------------|------------|------------|
| Sugar ('000 tons) | 120 | 332 | 80 |
| Ethanol ('000 m³) | 343 | 420 | 347 |

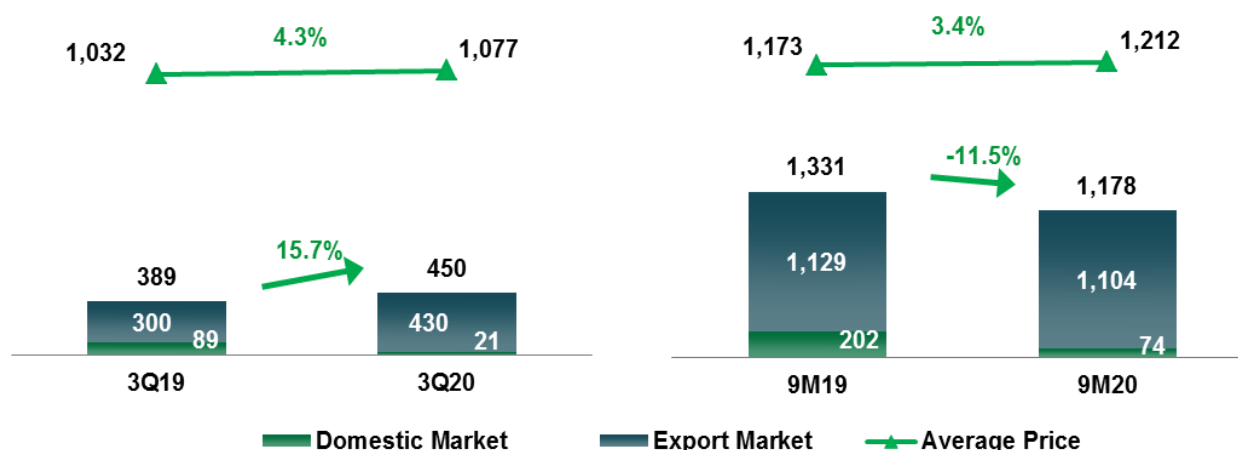


2.1.1 Sugar

Net revenue from sugar sales, excluding the non-cash effects from the hedge accounting of foreign currency-denominated debt (HACC), reached R\$1.4 billion, decreasing 8.5% from 9M19, reflecting the reduction in sales volume and the fact that 3Q19 and 9M19 revenues included the Nordeste Cluster revenues in the domestic market, partially offset by the higher average sales price. The lower sales volume is mainly explained by the production mix, which prioritized ethanol, given the product's higher profitability in the period compared to sugar, and by the Company's decision to start harvest operations in April to take advantage of the higher TRS per ton of cane. In 3Q20, this figure amounted to R\$484.7 million, 20.8% higher than in 3Q19. Note that, excluding the revenue from the Nordeste Cluster when comparing with the current crop year, net revenue was 1.8% higher than in 9M19 and 56.7% higher than in 3Q19.

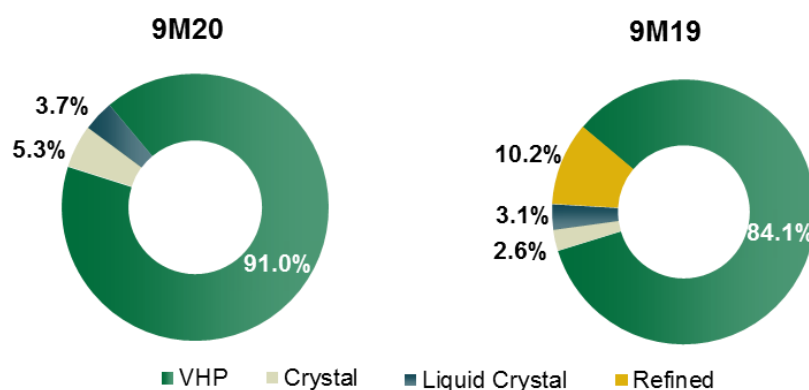
The following chart presents a comparison of sugar volumes and average prices, excluding the non-cash effects from the hedge accounting of foreign currency-denominated debt (HACC):

Volume ('000 tons) and Average Price (R\$/ton)



The following charts present a breakdown by type of sugar, excluding the non-cash effects from the hedge accounting of foreign currency-denominated debt (HACC):

**Net Revenue ex-HACC
by Sugar Type (%)**



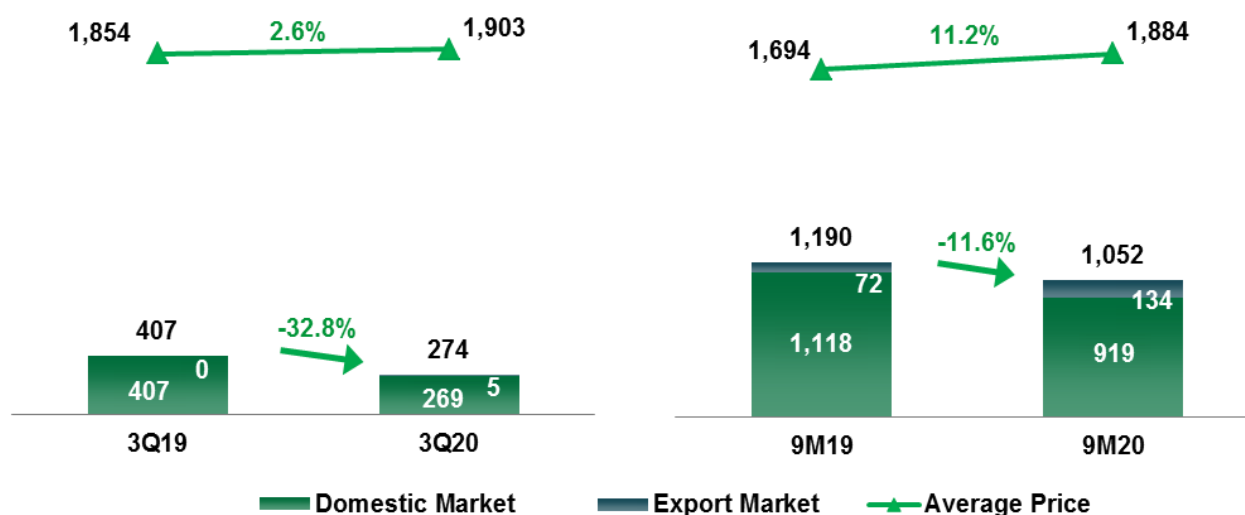


2.1.2 Ethanol

Net revenue from ethanol sales, excluding the non-cash effects from the hedge accounting of foreign currency-denominated debt (HACC), reached R\$2.0 billion, in line with 9M19. In 3Q20, this revenue was R\$520.5 million, 31.0% lower than in 3Q19. These variations are reflecting the Company's strategy to optimize sales by prioritizing products and periods that generate higher added value, partially offset by higher sales volume in the export market. Note that, excluding the revenue from the Nordeste Cluster when comparing with the current crop year, net revenue was 6.4% higher than in 9M19 and 19.8% lower than in 3Q19.

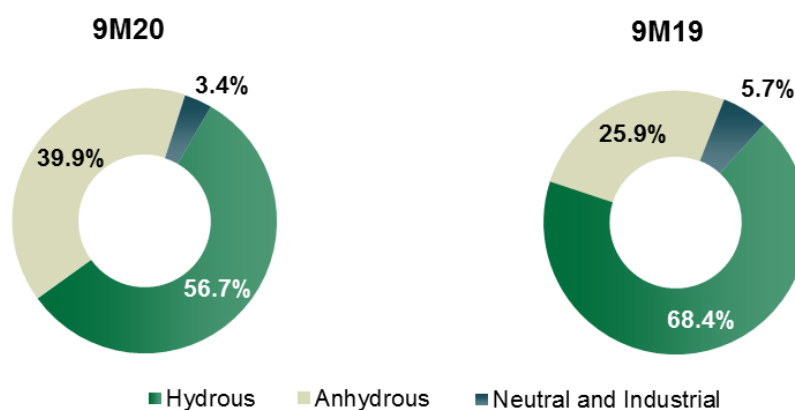
The following chart presents a comparison of ethanol sales volumes and average prices, excluding the non-cash effects from the hedge accounting of foreign currency-denominated debt (HACC):

Sales Volume ('000 m³) and Average Sales Price (R\$/m³)



The following charts present a breakdown of revenue by type of ethanol, excluding the non-cash effects from the hedge accounting of foreign currency-denominated debt (HACC):

**Net Revenue ex-HACC
by Ethanol Type (%)**



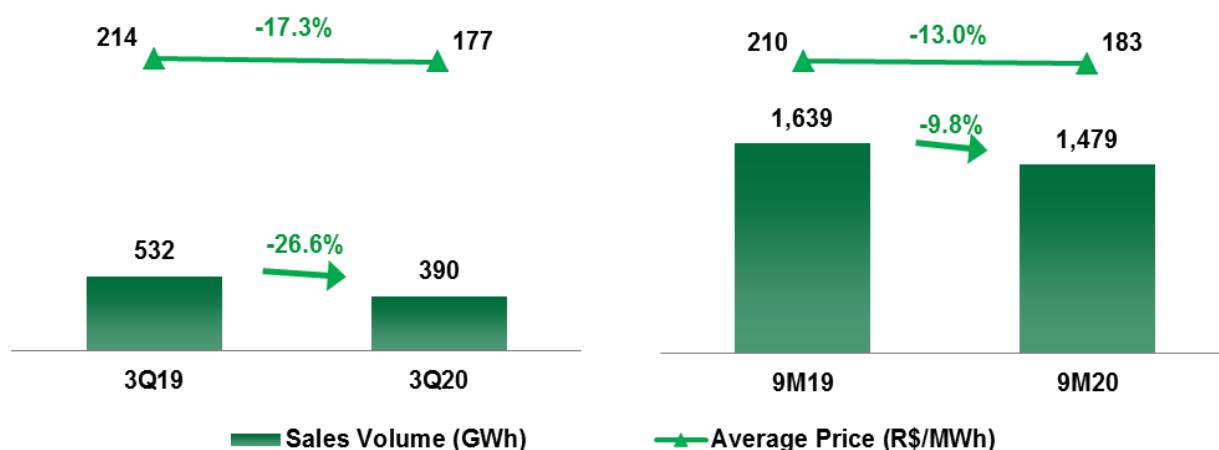


2.1.3 Cogeneration

Net revenue from cogeneration was R\$270.3 million, down 21.5% from 9M19. In 3Q20, this revenue was R\$69.0 million, down 39.3% from 3Q19. These variations are mainly due to the lower average sales price and lower sales volume in the period.

The following chart presents a comparison of cogeneration sales volume and average price.

Sales Volume (GWh) and Average Sales Price (R\$/MWh)



2.1.4 Other Products

The line Other Products records revenue from sales of raw bagasse, services and other items, in addition to revenue from the sale of commodities in the spot market to fulfill the performance of export contracts with the aim of settling obligations in foreign currency.

Revenue from the sale of Other Products was R\$1.2 billion in the period, 10.5% higher than in 9Q19, due to the higher volume of export performance contracts associated with the settlement of foreign currency-denominated debt. In 3Q20, this revenue was R\$348.1 million, down 3.1% from 3Q19.



2.2 Cost of Goods Sold (COGS)

The Company has continued to deliver cost reductions over time, while consolidating initiatives to adjust structures and become more resilient in an environment of still highly challenging pricing.

In nominal terms, cash COGS ex-resale/IFRS16 stood at R\$1.6 billion, down 15.9% from 9M19. In 3Q20, this revenue was R\$497.7 million, down 23.5% from 3Q19. The variations are explained by the reductions in operating costs under the ongoing process to streamline costs and structures, by the fact that the 3Q19 and 9M19 costs included the Nordeste Cluster costs and by the Company's strategy to optimize sales by prioritizing products and periods that generate higher added value.

The following table presents a breakdown of total COGS and cash COGS:

| COGS and Cash COGS (R\$ Thousand) ³ | 3Q20 | 3Q19 | % | 9M20 | 9M19 | % |
|---|--------------------|-------------|---------|--------------------|-------------|---------|
| Total COGS | (1,227,828) | (1,521,241) | -19.3% | (4,050,231) | (4,552,139) | -11.0% |
| Non-cash items | (250,371) | (468,380) | -46.5% | (795,075) | (1,239,966) | -35.9% |
| Depreciation and Amortization | (302,314) | (369,102) | -18.1% | (1,042,380) | (1,128,908) | -7.7% |
| Gains (losses) to sell Biological Assets ¹ | 51,943 | (99,278) | -152.3% | 247,305 | (111,058) | -322.7% |
| Cash COGS | (977,457) | (1,052,861) | -7.2% | (3,255,156) | (3,312,173) | -1.7% |
| Personnel | (122,123) | (148,398) | -17.7% | (357,314) | (453,977) | -21.3% |
| Raw Materials ² | (351,614) | (444,048) | -20.8% | (1,174,794) | (1,325,346) | -11.4% |
| Inputs | (23,939) | (58,068) | -58.8% | (85,451) | (145,025) | -41.1% |
| Resale goods | (479,782) | (402,347) | 19.2% | (1,637,597) | (1,387,825) | 18.0% |
| Sugar, ethanol and energy | (140,837) | (64,179) | 119.4% | (421,027) | (321,795) | 30.8% |
| Export performance contracts | (338,945) | (338,168) | 0.2% | (1,216,570) | (1,066,030) | 14.1% |
| Cash COGS ex-resale | (497,675) | (650,514) | -23.5% | (1,617,559) | (1,924,348) | -15.9% |

¹ Gains (losses) from the fair value adjustment less estimated cost of sales of biological assets. ² Sugarcane, lease and HLT. ³ Excluding the effect from IFRS16.

| Cash COGS ex-resale (R\$ Thousand) ¹ | 3Q20 | 3Q19 | % | 9M20 | 9M19 | % |
|---|------------------|-----------|--------|--------------------|-------------|--------|
| Agricultural | (428,830) | (542,891) | -21.0% | (1,405,188) | (1,627,449) | -13.7% |
| HLT (own + 3rd party cane) | (148,203) | (201,287) | -26.4% | (484,709) | (597,247) | -18.8% |
| Land lease | (104,291) | (126,685) | -17.7% | (307,024) | (355,796) | -13.7% |
| 3rd party cane | (176,336) | (214,919) | -18.0% | (613,455) | (674,406) | -9.0% |
| Industrial | (63,395) | (87,199) | -27.3% | (184,369) | (248,183) | -25.7% |
| Others | (5,451) | (20,424) | -73.3% | (28,002) | (48,716) | -42.5% |
| Cash COGS ex-resale | (497,675) | (650,514) | -23.5% | (1,617,559) | (1,924,348) | -15.9% |
| TRS Product sold ex-resale ('000 tons) | 840 | 1,082 | -22.4% | 2,776 | 3,235 | -14.2% |
| Cash COGS ex-resale (R\$/Ton) | (593) | (601) | -1.4% | (583) | (595) | -2.0% |

¹ Excluding the effect from IFRS16.



2.3 Selling, General and Administrative (SG&A) Expenses

SG&A expenses ex-IFRS16 amounted to R\$372.9 million, increasing 5.9% from 9M19. In 3Q20, this figure amounted to R\$122.7 million, 39.3% higher than in 3Q19.

Selling expenses were R\$154.2 million, decreasing 15.2% from 9M19. The main factor contributing to these variations was the shift in the composition of the sales mix between periods. In 3Q20, selling expenses were R\$42.3 million, 12.2% higher than in 3Q19, reflecting the higher sugar sales volume and consequent increase in shipping expenses for the product.

General and administrative expenses ex-IFRS16 were R\$218.7 million, 28.4% higher than in 9M19. In 3Q20, G&A expenses were R\$80.4 million, 59.6% higher than in 3Q19. The variations were mainly due to a reversal of the provision for bonuses that benefitted figures for 1Q19 and to the higher expenses with consulting services, partially offset by the effects from the ongoing process to streamline operating and organizational structures.

Depreciation expenses allocated as SG&A expenses amounted to R\$16.2 million in 9M20 and to R\$5.4 million in 3Q20, compared to R\$17.2 million in 9M19 million and R\$5.7 million in 3Q19, respectively.

The following table presents a comparison of SG&A Cash expenses between periods:

| SG&A Cash (R\$ Thousand) ¹ | 3Q20 | 3Q19 | % | 9M20 | 9M19 | % |
|---------------------------------------|------------------|----------|--------|------------------|-----------|--------|
| Selling | (42,282) | (37,689) | 12.2% | (154,186) | (181,901) | -15.2% |
| Freight | (30,858) | (23,323) | 32.3% | (115,217) | (131,508) | -12.4% |
| Shipping Charges | (8,771) | (11,282) | -22.3% | (29,944) | (40,738) | -26.5% |
| Commissions, wharfage and other | (2,653) | (3,084) | -14.0% | (9,025) | (9,655) | -6.5% |
| G&A | (80,386) | (50,353) | 59.6% | (218,670) | (170,301) | 28.4% |
| Personnel | (30,245) | (27,961) | 8.2% | (106,337) | (95,081) | 11.8% |
| Services | (41,381) | (15,083) | 174.4% | (88,825) | (52,224) | 70.1% |
| Other | (8,760) | (7,309) | 19.9% | (23,508) | (22,996) | 2.2% |
| SG&A Cash | (122,668) | (88,042) | 39.3% | (372,856) | (352,202) | 5.9% |

¹ Excluding the effect from IFRS16.



2.4 EBITDA

The following table presents breakdowns of Adjusted EBITDA ex-resale/HACC/IFRS16:

| EBITDA Composition (R\$ Thousand) ⁴ | 3Q20 | 3Q19 | % | 9M20 | 9M19 | % |
|---|------------------|-------------|-----------|--------------------|-------------|-----------|
| Net Revenue | 1,389,546 | 1,559,926 | -10.9% | 4,660,369 | 4,959,069 | -6.0% |
| Cash COGS | (977,457) | (1,052,861) | -7.2% | (3,255,156) | (3,312,173) | -1.7% |
| Gross Profit (Cash) | 412,089 | 507,065 | -18.7% | 1,405,213 | 1,646,896 | -14.7% |
| SG&A (Cash) | (122,668) | (88,042) | 39.3% | (372,856) | (352,202) | 5.9% |
| TEAG Profit/(Loss) ¹ | (1,313) | (1,998) | -34.3% | (3,755) | (4,470) | -16.0% |
| Other Operating Revenue/Expenses | 8,890 | (31,613) | -128.1% | 24,439 | (122,767) | -119.9% |
| Non-recurring items | 15,943 | 23,651 | -32.6% | 46,720 | 25,092 | 86.2% |
| Adjusted EBITDA | 312,940 | 409,063 | -23.5% | 1,099,761 | 1,192,549 | -7.8% |
| Adjusted EBITDA Margin | 22.5% | 26.2% | -3,7 p.p. | 23.6% | 24.0% | -0,4 p.p. |
| Resale effect ² | (11,363) | (6,373) | 78.3% | 6,905 | (26,730) | -125.8% |
| HACC effect ³ | 32,764 | 68,931 | -52.5% | 266,201 | 89,362 | 197.9% |
| EBITDA ex-resale/HACC | 334,341 | 471,621 | -29.1% | 1,372,867 | 1,255,181 | 9.4% |
| EBITDA Margin ex-resale/HACC | 35.9% | 38.7% | -2,8 p.p. | 41.7% | 34.5% | 7,2 p.p. |
| Crushing ('000 tons) | 3,197 | 4,927 | -35.1% | 25,902 | 28,002 | -7.5% |
| Adjusted EBITDA per unit (R\$/ton) | 97.9 | 83.0 | 17.9% | 42.5 | 42.6 | -0.3% |
| EBITDA per unit ex-resale/HACC (R\$/ton) | 104.6 | 95.7 | 9.3% | 53.0 | 44.8 | 18.2% |

¹ Equivalent to the share of 50% held in the Guarujá Sugar Terminal (TEAG). ² Reverses the impacts of resale of sugar, ethanol, energy and export performance operations. ³ Reverses the non-cash effects from the hedge accounting of foreign currency-denominated debt. ⁴ Excluding the effect from IFRS16.

In 9M20, adjusted EBITDA ex-resale/HACC/IFRS16 (which excludes from the net revenue calculation the effects from resale operations, the non-cash hedge accounting of foreign currency-denominated debt and IFRS16) was R\$1.4 billion, with EBITDA margin of 41.7% and EBITDA per unit of R\$53.0 per ton, representing increases in relation to 9M19 of 9.4%, 7.2 p.p. and 18.2%, respectively. The results are mainly due to the reduction in Cash COGS ex-resale/IFRS16, as already commented. In 3Q20, this figure was R\$334.3 million, with EBITDA margin of 35.9%, representing decreases in relation to 3Q19 of 29.1% and 2.8 p.p. respectively. Also EBITDA per unit was R\$104.6 per ton, 9.3% higher than 3Q19. These results are mainly due to the Company's strategy to optimize sales by prioritizing products and periods that generate higher added value and the nonrecurring increase in Selling, General and Administrative expenses, partially neutralized by the reduction in Cash COGS ex-resale/IFRS16, as already commented.

The following table presents a reconciliation of Adjusted EBITDA with the Income Statement:

| EBITDA Reconciliation (R\$ Thousand) | 3Q20 | 3Q19 | % | 9M20 | 9M19 | % |
|--|----------------|-----------|-----------|------------------|-----------|-----------|
| NET INCOME (LOSS) | 2,857 | (230,552) | -101.2% | (470,372) | (892,581) | -47.3% |
| Income Tax and Social Contribution | 95,623 | 68,603 | 39.4% | 19,708 | (114,283) | -117.2% |
| Financial result | (48,847) | 71,204 | -168.6% | 740,749 | 910,902 | -18.7% |
| Depreciation and Amortization | 428,013 | 374,779 | 14.2% | 1,419,049 | 1,146,062 | 23.8% |
| EBITDA CVM 527 | 477,646 | 284,034 | 68.2% | 1,709,134 | 1,050,100 | 62.8% |
| Losses (gains) from selling Biological Assets ¹ | (51,943) | 99,278 | -152.3% | (247,305) | 111,058 | -322.7% |
| Amortization of Concession - TEAG | 2,099 | 2,100 | 0.0% | 6,299 | 6,299 | 0.0% |
| Non-recurring items | 15,943 | 23,651 | -32.6% | 46,720 | 25,092 | 86.2% |
| IFRS16 impacts | (130,805) | - | -100.0% | (415,087) | - | -100.0% |
| Adjusted EBITDA | 312,940 | 409,063 | -23.5% | 1,099,761 | 1,192,549 | -7.8% |
| Adjusted EBITDA Margin | 22.5% | 26.2% | -3,7 p.p. | 23.6% | 24.0% | -0,4 p.p. |

¹ Losses (gains) from the fair value adjustment less estimated cost of sales of biological assets.



2.5 Hedge

The following table shows the aggregate position of our hedged sugar volumes and prices via derivative commodity and foreign exchange contracts at December 31, 2019:

| Hedge on 12/31/2019 | 19/20 | 20/21 |
|--|--------|-------|
| Sugar (#NY11) | | |
| Volume ('000 tons) | 648 | 728 |
| Average Price (cUS\$/lb) | 13.87 | 13.51 |
| FX (US\$) | | |
| Amount (US\$ million) | 426 | 226 |
| Average Price (R\$/US\$) | 4.027 | 4.230 |
| Hedged Price (cR\$/lb) w/o Pol. | 55.85 | 57.15 |
| Hedged Price (cR\$/lb) w/ Pol. | 58.19 | 59.55 |
| Exposure Hedged (%) - Net Consecana | 100.0% | 80.0% |



2.6 Financial Result

Excluding the effects from exchange variation, the net financial result ex-IFRS16 in 9M20 was an expense of R\$417.6 million, compared to an expense of R\$285.3 million in 9M19. The results are mainly explained by the lower gains from the settlement and mark-to-market adjustment of derivatives and by the lower interest income from financial investments in the period. In 3Q20, the net financial expense was R\$90.9 million, compared to a net financial expense of R\$110.0 million in 3Q19. The results are mainly explained by the higher gains from the settlement and mark-to-market adjustment of derivatives, partially offset by the lower interest income from financial investments in the period.

Including exchange variation, the net financial result ex-IFRS16 in 9M20 was an expense of R\$623.8 million, compared to an expense of R\$910.9 million in 9M19. Exchange variation had a negative impact, mainly due to the 3.4% depreciation in the Brazilian real against the U.S. dollar in the period. In 3Q20, the Company recorded net financial income of R\$89.4 million, compared to a net financial expense of R\$71.2 million in 3Q19. Exchange variation benefitted the financial result, given the 3.2% appreciation in the Brazilian real against the U.S. dollar, as shown in the following tables:

| PTAX in the period | 3Q20 | 3Q19 | % |
|---------------------------|--------|--------|--------|
| Initial - on September 30 | 4.1644 | 4.0039 | 4.0% |
| Final - on December 31 | 4.0307 | 3.8748 | 4.0% |
| Variation % | -3.2% | -3.2% | 0 p.p. |

| PTAX in the period | 9M20 | 9M19 | % |
|------------------------|--------|--------|------------|
| Initial - on March 30 | 3.8967 | 3.3238 | 17.2% |
| Final - on December 31 | 4.0307 | 3.8748 | 4.0% |
| Variation % | 3.4% | 16.6% | -13.2 p.p. |

The following table shows the changes in the financial result between periods:

| Financial Result (R\$ Thousand) ¹ | 3Q20 | 3Q19 | % | 9M20 | 9M19 | % |
|--|-----------------|-----------|---------|------------------|-----------|---------|
| Financial Result, net | 89,413 | (71,204) | -225.6% | (623,763) | (910,902) | -31.5% |
| FX Variation | 180,321 | 38,834 | 364.3% | (206,126) | (625,646) | -67.1% |
| Financial Result before FX | (90,908) | (110,038) | -17.4% | (417,637) | (285,256) | 46.4% |
| Interest Expenses | (100,108) | (105,402) | -5.0% | (389,472) | (362,408) | 7.5% |
| Income from Short-term Investments | 1,700 | 5,333 | -68.1% | 9,635 | 28,875 | -66.6% |
| Derivative transactions | 1,403 | (13,776) | -110.2% | (47,420) | 54,708 | -186.7% |
| Other Revenues/(Expenses) | 6,097 | 3,807 | 60.2% | 9,620 | (6,431) | -249.6% |

¹ Excluding the effect from IFRS16.



2.7. Net Income (Loss)

The net loss ex-IFRS16 amounted to R\$429.2 million in 9M20, compared to the net loss of R\$892.6 million in 9M19. In 3Q20, the net income ex-IFRS16 amounted to R\$22.7 million, compared to the net loss of R\$230.6 million in 3Q19. In view of the aforementioned factors, these net results were mainly impacted by the effects from exchange variation, the Company's strategy to optimize sales by prioritizing products and periods that generate higher added value and the lower gains from the market-to-market adjustment and settlement of derivatives, partially offset by the lower costs and the higher average sales prices of sugar and ethanol.



3. INVESTMENTS

The Company invested R\$759.7 million in 9M20, 8.4% more than in 9M19. In 3Q20, the Company invested R\$306.1 million, 3.0% less than in 3Q19. The amounts reflect the higher expenditures associated with the strategy to capture productivity and profitability gains in the agroindustrial operations. The investments were concentrated in the agricultural operations and are in large part non-recurring on an annual basis, represented primarily by investments in planting to renew sugarcane fields and by the acquisition of new harvesters, partially offset by the lower investments in treatments and industrial maintenance.

| Capex (R\$ Thousand) | 3Q20 | 3Q19 | % | 9M20 | 9M19 | % |
|---------------------------------|----------------|---------|--------|----------------|---------|---------|
| Expansion | 3,352 | 1,691 | 98.2% | 7,262 | 11,590 | -37.3% |
| Operations | 180,867 | 169,615 | 6.6% | 574,647 | 503,816 | 14.1% |
| Industrial | 20,309 | 24,467 | -17.0% | 29,765 | 48,359 | -38.4% |
| Agriculture | 2,509 | 368 | 582.7% | 22,632 | 722 | 3034.9% |
| Planting | 47,148 | 17,624 | 167.5% | 193,805 | 74,131 | 161.4% |
| Treatment | 105,903 | 125,903 | -15.9% | 315,692 | 377,028 | -16.3% |
| Other | 4,999 | 1,253 | 298.8% | 12,753 | 3,576 | 256.6% |
| Intercrop deferred costs | 121,894 | 144,134 | -15.4% | 177,773 | 185,468 | -4.1% |
| Total CAPEX | 306,113 | 315,439 | -3.0% | 759,681 | 700,874 | 8.4% |

4. EBITDA LESS CAPEX

EBITDA less CAPEX is presented in the table below:

| (R\$ Thousand) ¹ | 3Q20 | 3Q19 | % | 9M20 | 9M19 | % |
|--|----------------|---------|--------|------------------|-----------|-------|
| EBITDA ex-resale/HACC | 334,341 | 471,621 | -29.1% | 1,372,867 | 1,255,181 | 9.4% |
| CAPEX | 306,113 | 315,439 | -3.0% | 759,681 | 700,874 | 8.4% |
| EBITDA ex-resale/HACC minus CAPEX | 28,228 | 156,182 | -81.9% | 613,186 | 554,307 | 10.6% |

¹ Excluding the effect from IFRS16.



5. DEBT

The Company's gross debt stood at R\$5.9 billion at December 31, 2019, down 2.8% from the balance at September 30, 2019, mainly due to the effect from the 3.2% appreciation in the Brazilian real against the U.S. dollar on the dollar-denominated portion of debt, partially offset by the payments of principal and interest in the period of R\$27.8 million and R\$69.2 million, respectively.

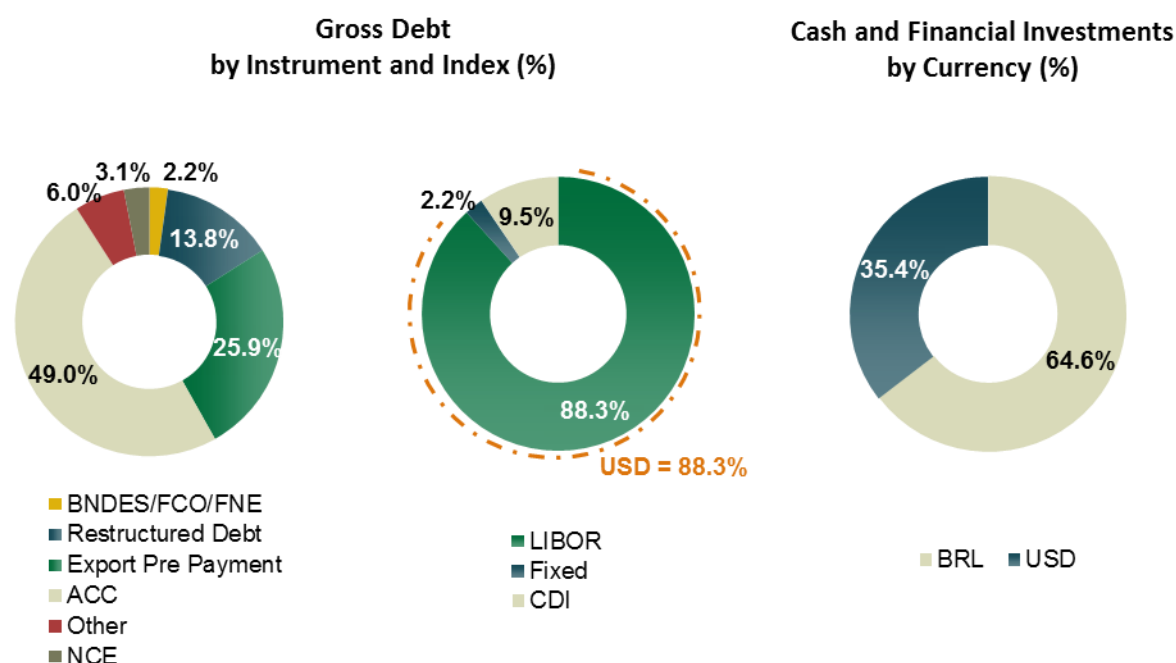
The balance of cash and short-term investments stood at R\$269 million, 35.4% of which was denominated in U.S. dollar. The variation in the balance of cash and short-term investments mainly reflects the payment of principal and interest in the period.

In view of the aforementioned factors, net debt stood at R\$5.6 billion, in line with the balance at the end of the previous quarter.

The following table presents a breakdown of the debt position:

| Debt (R\$ Million) | 12/31/2019 | 09/30/2019 | Var. % | 12/31/2018 | Var. % |
|--|----------------|------------|--------|------------|--------|
| Gross Debt | (5,906) | (6,073) | -2.8% | (5,946) | -0.7% |
| Short Term | (483) | (463) | 4.3% | (563) | -14.2% |
| Long Term | (5,423) | (5,610) | -3.3% | (5,383) | 0.8% |
| Cash and Short-term Investments | 269 | 458 | -41.2% | 904 | -70.2% |
| Net Debt | (5,637) | (5,615) | 0.4% | (5,042) | 11.8% |
| Adjusted EBITDA LTM | 1,849 | 1,814 | 1.9% | 1,671 | 10.6% |
| Net Debt/Adjusted EBITDA LTM | 3.05x | 3.10x | -1.5% | 3.02x | 1.1% |

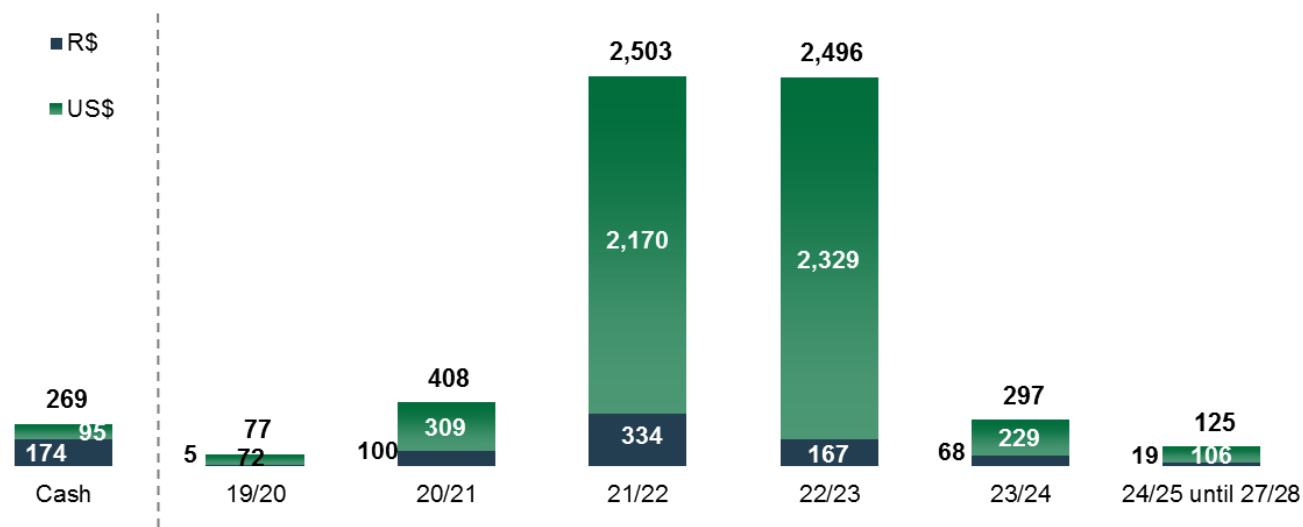
The following charts present a breakdown of debt by index and instrument at December 31, 2019, as well as the cash position by currency:





The following chart shows our cash position and debt amortization schedule:

Cash and Amortization Schedule (R\$ million)

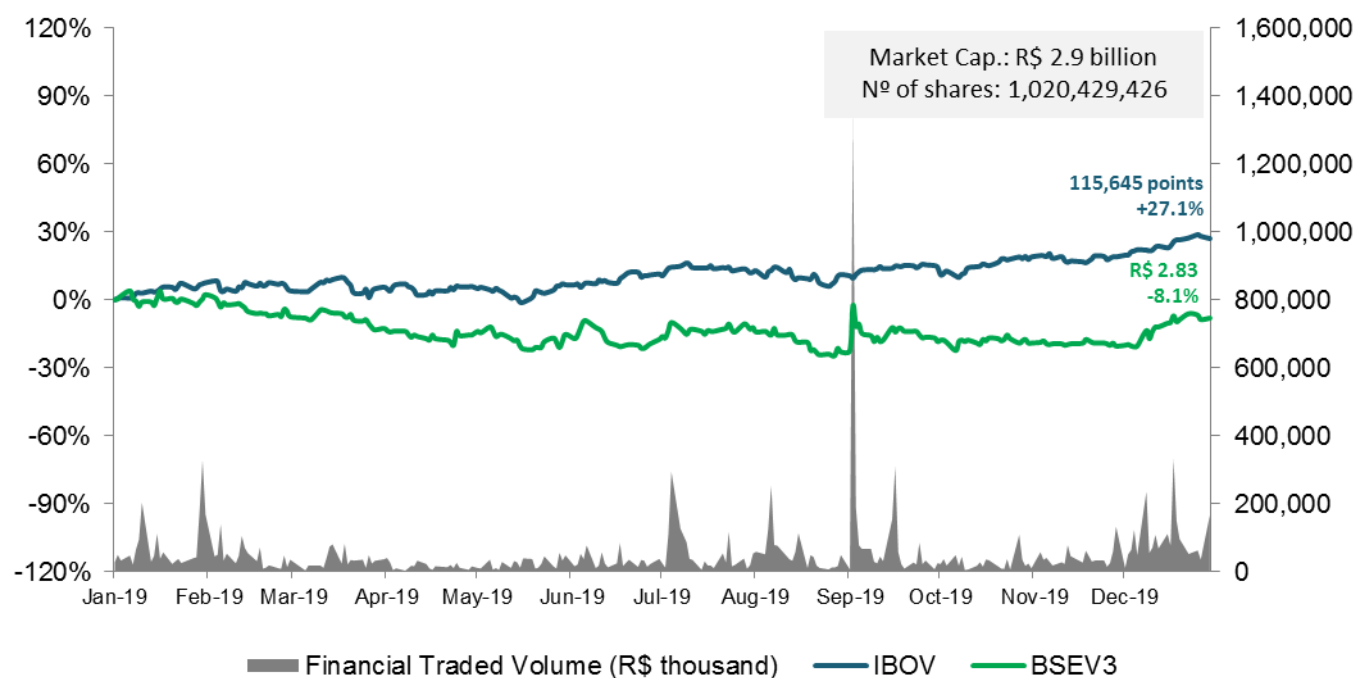




6. CAPITAL MARKETS

Biosev ended 3Q20 with market capitalization of R\$2.9 billion. Its stock performance in the last 12 months compared to the Bovespa Index is shown below:

Performance BSEV3 vs. IBOV



Source: Bloomberg, December 31, 2019



7. APPENDICES: SUMMARY FINANCIAL STATEMENTS

7.1 Income Statement in the Period/Fiscal Year

| Income Statement (R\$ Thousand) | 3Q20 | 3Q19 | % | 9M20 | 9M19 | % |
|--|------------------|------------------|----------------|------------------|--------------------|----------------|
| Gross Revenue | 1,502,993 | 1,724,963 | -12.9% | 5,018,736 | 5,393,404 | -6.9% |
| Taxes and Sales Deductions | (113,447) | (165,037) | -31.3% | (358,367) | (434,335) | -17.5% |
| Net Revenue | 1,389,546 | 1,559,926 | -10.9% | 4,660,369 | 4,959,069 | -6.0% |
| COGS | (1,217,363) | (1,521,241) | -20.0% | (3,995,806) | (4,552,139) | -12.2% |
| GROSS PROFIT | 172,183 | 38,685 | 345.1% | 664,563 | 406,930 | 63.3% |
| OPERATING INCOME (EXPENSES) | (122,550) | (129,430) | -5.3% | (374,478) | (502,892) | -25.5% |
| G&A | (85,746) | (56,030) | 53.0% | (234,677) | (187,455) | 25.2% |
| Selling | (42,282) | (37,689) | 12.2% | (154,186) | (181,901) | -15.2% |
| Equity income/(loss) in subsidiaries | (3,412) | (4,098) | -16.7% | (10,054) | (10,769) | -6.6% |
| Other operating income (expenses) | 8,890 | (31,613) | -128.1% | 24,439 | (122,767) | -119.9% |
| PROFIT (LOSS) BEFORE FINANCIAL RESULT | 49,633 | (90,745) | -154.7% | 290,085 | (95,962) | -402.3% |
| Financial Result, net | 48,847 | (71,204) | -168.6% | (740,749) | (910,902) | -18.7% |
| PROFIT (LOSS) BEFORE TAXES ON INCOME | 98,480 | (161,949) | -160.8% | (450,664) | (1,006,864) | -55.2% |
| Income Tax and Social Contribution | (95,623) | (68,603) | 39.4% | (19,708) | 114,283 | -117.2% |
| NET INCOME (LOSS) | 2,857 | (230,552) | -101.2% | (470,372) | (892,581) | -47.3% |



7.2. Balance Sheet – Assets

| ASSETS (R\$ Thousand) | 12/31/2019 | 03/31/2019 | % |
|---|-------------------|------------|--------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 202,859 | 1,189,112 | -82.9% |
| Short-term investments | 66,570 | 139,900 | -52.4% |
| Derivative financial instruments | 92,477 | 39,416 | 134.6% |
| Accounts receivables | 178,643 | 117,591 | 51.9% |
| Inventories | 1,897,174 | 671,302 | 182.6% |
| Biological Assets | 686,823 | 501,124 | 37.1% |
| Recoverable taxes | 117,515 | 180,947 | -35.1% |
| Other receivables | 42,860 | 97,043 | -55.8% |
| Assets held for sale | 45,165 | 220,456 | -79.5% |
| Total current assets | 3,330,086 | 3,156,891 | 5.5% |
| NON CURRENT ASSETS | | | |
| Advances to suppliers | 62,464 | 42,427 | 47.2% |
| Escrow deposits | 430,766 | 367,388 | 17.3% |
| Recoverable taxes | 120,418 | 63,573 | 89.4% |
| Deferred income tax and social contribution | 296,381 | 403,692 | -26.6% |
| Other receivables | 269,098 | 77,100 | 249.0% |
| Right to use leasehold assets | 1,441,042 | - | 100.0% |
| Investments | 159,290 | 169,913 | -6.3% |
| Property, plant and equipment | 3,236,987 | 3,641,525 | -11.1% |
| Intangible assets | 923,077 | 919,660 | 0.4% |
| Total non-current assets | 6,939,523 | 5,685,278 | 22.1% |
| TOTAL ASSETS | 10,269,609 | 8,842,169 | 16.1% |



7.3. Balance Sheet – Liabilities and Equity

| LIABILITIES AND SHAREHOLDERS' EQUITY (R\$ Thousand) | 12/31/2019 | 03/31/2019 | % |
|---|-------------------|------------------|---------------|
| CURRENT LIABILITIES | | | |
| Borrowings and financing | 482,732 | 542,971 | -11.1% |
| Liabilities from leasing operations | 493,348 | - | 100.0% |
| Advance from domestic customers | 36,593 | 13,987 | 161.6% |
| Advance from foreign customers | 1,393,188 | 357,345 | 289.9% |
| Accounts payables | 476,977 | 653,684 | -27.0% |
| Accrued payroll and related taxes | 88,525 | 92,000 | -3.8% |
| Taxes payable | 57,570 | 74,344 | -22.6% |
| Derivative financial instruments | 34,721 | 159,518 | -78.2% |
| Other payables | 70,398 | 107,518 | -34.5% |
| Total current liabilities | 3,134,052 | 2,001,367 | 56.6% |
| NON CURRENT LIABILITIES | | | |
| Borrowings and financing | 5,423,423 | 5,436,357 | -0.2% |
| Liabilities from leasing operations | 1,010,070 | - | 100.0% |
| Advance from foreign customers | - | 452,176 | -100.0% |
| Accounts payables | 5,861 | 612 | 857.7% |
| Deferred income tax and social contribution | 37,383 | 38,882 | -3.9% |
| Derivative financial instruments | 9,629 | 7,706 | 25.0% |
| Provision for tax, labor, civil and environmental contingencies | 286,481 | 287,237 | -0.3% |
| Taxes payable | 5,430 | 4,324 | 25.6% |
| Other payables | 128,374 | 80,662 | 59.2% |
| Total non-current liabilities | 6,906,651 | 6,307,956 | 9.5% |
| SHAREHOLDERS' EQUITY | | | |
| Paid-in Capital | 6,077,674 | 6,077,674 | 0.0% |
| Capital reserve | 1,353,937 | 1,353,937 | 0.0% |
| Accumulated losses | (7,086,337) | (6,617,139) | 7.1% |
| Other comprehensive income (loss) | (122,448) | (287,906) | -57.5% |
| Total equity attributable to shareholders | 222,826 | 526,566 | -57.7% |
| Non-controlling interest | 6,080 | 6,280 | -3.2% |
| Total equity | 228,906 | 532,846 | -57.0% |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 10,269,609 | 8,842,169 | 16.1% |



7.4. Cash Flow Statement

| Cash Flow (R\$ Thousand) | 12/31/2019 | 12/31/2018 | % |
|--|--------------------|------------------|-----------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| NET INCOME (LOSS) | (470,372) | (892,581) | -47.3% |
| Non-cash transactions | 2,236,940 | 2,174,909 | 2.9% |
| Depreciation and amortization | 1,419,049 | 1,146,062 | 23.8% |
| Exchange, interest rate and commodities risk management | 144,629 | 79,165 | 82.7% |
| Losses (gains) from selling Biological Assets ¹ | (247,305) | 111,058 | -322.7% |
| Interest, exchange rate changes and inflation adjustments, net | 573,361 | 1,009,417 | -43.2% |
| Losses/(gains) on hedge operations | 251,531 | (124,839) | -301.5% |
| Deferred Income tax and social contribution | 20,291 | (120,420) | -116.9% |
| Other non-cash transactions | 75,384 | 74,466 | 1.2% |
| Decrease/(Increase) in assets | (1,241,099) | (177,741) | 598.3% |
| Increase/(Decrease) in liabilities | 143,244 | (1,152,227) | -112.4% |
| Interest paid on borrowings and financing | (293,838) | (265,752) | 10.6% |
| Net cash provided by/(used in) operating activities | 374,875 | (313,392) | -219.6% |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Decrease (increase) in short- and long-term investments | 74,458 | 275,905 | -73.0% |
| Decrease/(Increase) in investments (provision for investment loss) | 569 | 115 | 394.8% |
| Additions to right of use assets | (1,814,492) | - | -100.0% |
| Increase in property, plant and equipment | (348,736) | (272,524) | 28.0% |
| Additions to biological assets | (376,651) | (396,974) | -5.1% |
| Increase in intangible assets | (9,836) | (1,240) | 693.2% |
| Net cash provided by/(used in) investing activities | (2,474,688) | (394,718) | 527.0% |
| CASH FLOW FROM FINANCING ACTIVITIES | | | |
| Shareholders' contributions | - | 210 | -100.0% |
| Additions to lease liabilities | 1,815,411 | - | 100.0% |
| Payment of lease liabilities | (394,816) | - | -100.0% |
| Borrowings and financing | 2,176,427 | 2,729,661 | -20.3% |
| Payment of borrowings and financing | (2,483,462) | (2,831,887) | -12.3% |
| Net cash provided by/(used in) financing activities | 1,113,560 | (102,016) | -1191.6% |
| INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | (986,253) | (810,126) | 21.7% |
| Cash and cash equivalents at the beginning of the period | 1,189,112 | 1,530,092 | -22.3% |
| Cash and cash equivalents at the end of the period | 202,859 | 719,966 | -71.8% |

¹ Losses (gains) from the fair value adjustment less estimated cost of sales of biological assets.