



# Earnings Release 1Q20

**SLC** *Agrícola*

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**Porto Alegre, May 13, 2020** – SLC AGRÍCOLA S.A. (Bovespa: SLCE3; ADR: SLCJY; Bloomberg: SLCE3BZ; Reuters: SLCE3.SA), one of the world's largest producers of grains and fibers, announces today its results for the first quarter of 2020. The following financial and operating information is presented in accordance with International Financial Reporting Standards (IFRS). The information was prepared on a consolidated basis and is presented in thousands of Brazilian Real, except where stated otherwise.

**NOTE:** 1Q19 and 1Q20 refer to the cumulative three-month periods from January through March of the years 2019 and 2020, respectively. 2018 and 2019 refer to the cumulative 12-month periods from January through December of the years 2018 and 2019, respectively. HA refers to the horizontal percentage variation between two periods and VA refers to the percentage representativeness of the account over a given total.

## 1Q20 Conference Call

Date: 05/14/2020

Thursday

### Portuguese

10:00 a.m. (Brasília)

9:00 a.m. (New York)

2:00 p.m. (London)

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### English

12:00 p.m. (Brasília)

11:00 a.m. (New York)

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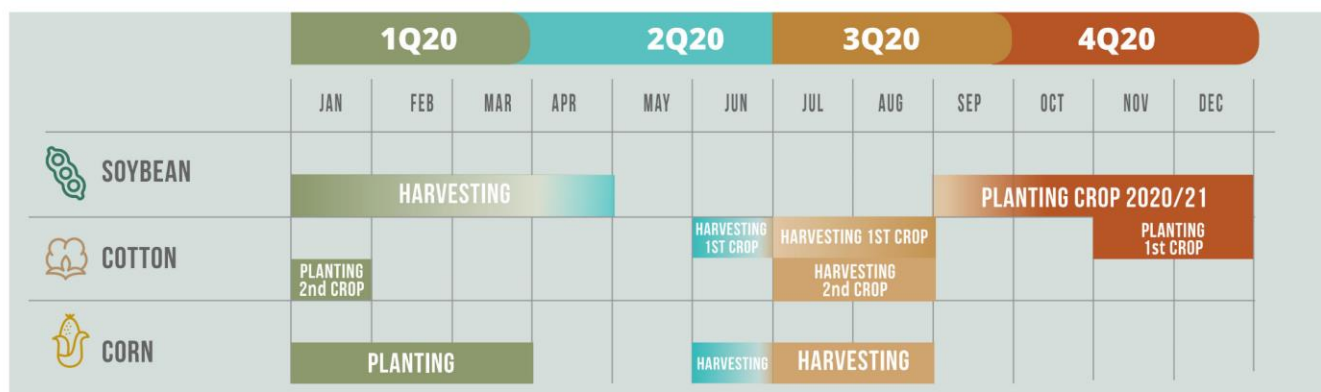
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## DASHBOARD

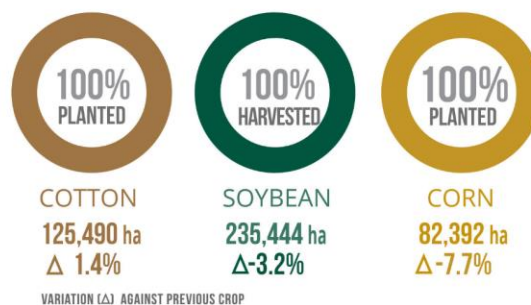
### WHERE WE ARE IN THE CYCLE



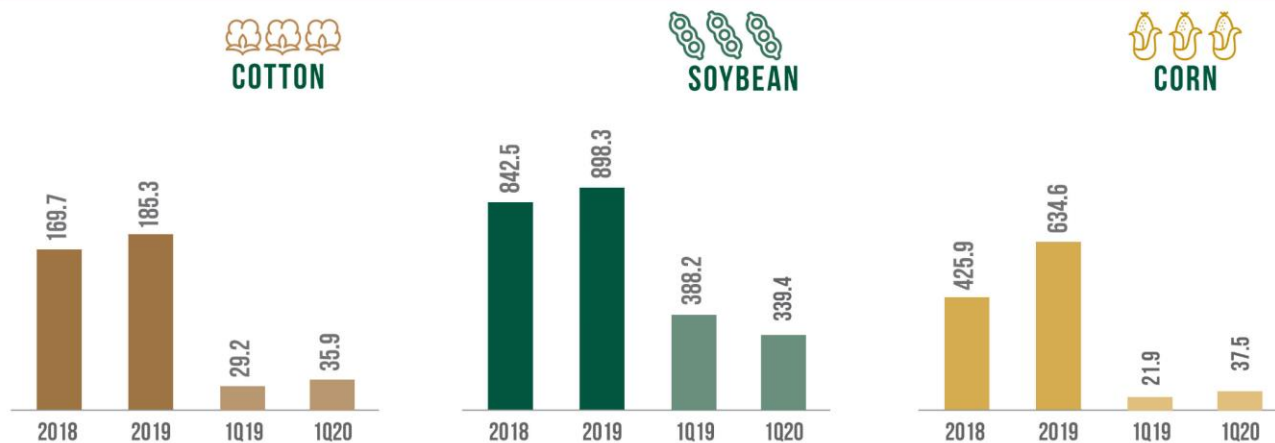
### MAIN OPERATING INDICATORS

YIELD (KG/ HA)	CROP 2018/19	CROP 2019/20	CROP 2019/20	Δ%	Δ%
	ACHIEVED (A)	BUDGET (B)	FORECAST (C)	(B) X ((A)	(C) X ((B)
COTTON LINT 1st CROP	1,685	1,858	1,858	10.3%	-
COTTON LINT 2nd CROP	1,611	1,731	1,731	7.4%	-
COTTON SEED	2,090	2,262	2,262	8.2%	-
SOYBEAN	3,739	3,607	3,900	-3.5%	8.1%
CORN 2nd CROP	7,095	7,220	7,324	1.8%	1.4%

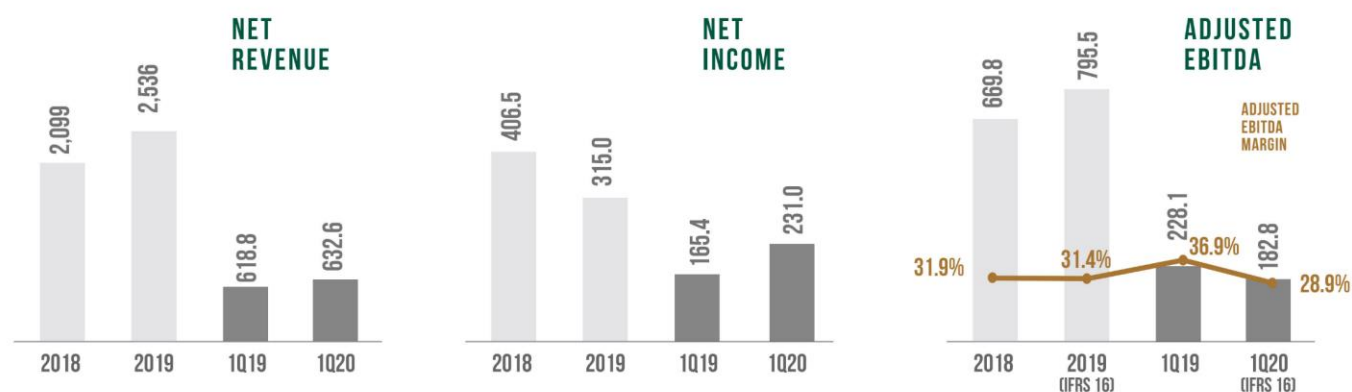
#### HARVESTING AND PLANTING STATUS CROP 2019/20



### VOLUME INVOICED (Thd Tons)



### FINANCIALS (R\$ MM)



## Message from Management

**Operations.** With the end of the soybean harvest, the final yield obtained for the 2019/20 crop year was 3,900 kg/ha (compared to 3,840 kg/ha reported in March). The final yield was 8.1% higher than our initial estimate and 17.6% higher than the national average (April 2020 estimate from CONAB). Note that, for the third straight year, we set a new yield record for this crop, which is in line with the Company's current strategy to focus on maximizing operating efficiency.

The cotton and corn crops are currently in the flowering and seed-filling phase, respectively, and are presenting high yield potential.

**Financials.** In 1Q20, net revenue advanced 2.2% from 1Q19, despite the 4.5% decline in volume invoiced. For cotton lint, our product with the highest added value, volume invoiced was 22.9% higher than in 1Q19. Except for soybean, all crops registered increases in unit price compared to the year-ago quarter.

In 1Q20, Adjusted EBITDA was R\$182.8 million, 19.9% lower than in 1Q19. The main factors contributing to this variation in Adjusted EBITDA were the lower soybean volume invoiced and the lower margin of cotton invoiced compared to prior quarters. The lower margin from cotton is explained by the crop's lower yield in the 2018/19 crop year than in the 2017/18 crop year and by the increase in cost per-hectare.

Net income, however, came to R\$156.4 million in 1Q20, growing 40.4% on the prior-year quarter. The main factor contributing to this growth was the variation in the fair value of biological assets for soybean, which increased by R\$147.7 million compared to 1Q19. The variation is explained by the assumptions used in the calculation. As commented in the 1Q19 Earnings Release, following the calculation of the Variation of the Fair Value of Biological Assets of soybean in the 2018/19 crop year, both the crop's price and yield improved, leading the Variation of Fair Value to underestimate the crop's result in that year.

Free Cash Flow was negative in 1Q20, which basically reflects the higher Working Capital Needs due to the payment of inputs for the 2019/20 crop year. Note that it is natural for working capital needs to increase during this period of the year.

As a result, the Company's Adjusted Net Debt ended 1Q20 at R\$1.4 billion, an increase of R\$475 million from the end of 4Q19, with a Net Debt/EBITDA ratio of 1.9 times.

**Hedge Position.** Despite the movements in the market, the Company made significant progress in its hedge position for the 2019/20 and 2020/21 crop years (advance of 14 percentage points and 30 percentage points in the soybean hedge for 19/20 and 20/21 crop years, respectively, and of 40 percentage points in corn for the 20/21 crop year), with the prices secured to date, already taking into account the combination of sales in U.S. dollar and currency hedging, higher than those achieved in the previous crop year (2018/19).

We also made progress in purchase inputs for the 2020/21 crop year. To date, we already have acquired more than two-thirds of the fertilizer needed and 50% of the estimated demand for chemicals, with both negotiations registering a significant drop in the U.S. dollar amounts obtained compared to the 2019/20 crop year.

Considering the current scenario for costs and prices in USD, as well as the current exchange rate, we expect the good level of profitability to be maintained in 2020/21.



**COVID-19**

We could be facing the most serious crisis of our century. A health crisis with a severe, direct and global economic impact. The two main questions that now arise are: *“When will we return to normal?”* and *“What will the new normal even be?”*. And it is in this context that SLC Agrícola is formulating its action plan amidst the pandemic.

The current moment is that of crisis management, and strategies were and are being formulated to enable us to weather the turbulence with minimal impact.

**Strategy and Execution of the Response Plan**

The Company responded quickly and prudently by forming a Crisis Committee, which was made responsible for preparing and continuously monitoring the “COVID-19 Contingency Plan” and the “COVID-19 Response Guide,” which are two important tools for identifying the risks and vulnerabilities and for establishing the protection, control and containment measures in the case of any spread of COVID-19 in our operations.

An action protocol for determining suspected cases of COVID-19 was created for evaluating employees who show symptoms related to the virus outbreak and for verifying other stakeholders who present predetermined characteristics, which established actions:

- i. *for suspected cases;*
- ii. *for employees who had travel scheduled;*
- iii. *for those returning from travel abroad from any of the countries/regions presenting contamination risk;*
- iv. *for clients, suppliers and other stakeholders from any high risk country/region who had visits to the Company scheduled;*
- v. *for the spread of the virus in indoor environments; and*
- vi. *for participants in recruiting processes who had just returned from a country/region with infection risk.*

For each risk and vulnerability, a chain of actions was established that defined the persons responsible and continuous monitoring. Even with all the contingency measures both in motion and established under the criteria set forth by the World Health Organization and the Brazilian Ministry of Health, the biggest concern always has been to mitigate the spread of the virus as much as possible if it becomes impossible to avoid completely, especially at our operating units, to ensure the health of our employees and to keep our operations running normally.

The actions formulated focused on:

- i. *Workplace nursing (e.g., wearing PPEs to protect against contact, holding Safety Dialogues – DDS in work sectors with personal hygiene measures to prevent the outbreak, instructing employees from the cleaning team on additional sanitation measures);*
- ii. *Testing for suspected cases (e.g., triage on farms - assessing general health with monitoring of employees/family members/contractors showing symptoms, registration of nursing care, creation of care history);*
- iii. *Monitoring any quarantine cases required; and*
- iv. *General measures (e.g., reinforcing the sanitizing of workplaces and buses for employees and family members, reducing frequency of departures to surrounding cities, reducing transport capacity to 50%, restricting access/visits to farms and social and operational areas, using masks during commutes, control and greater monitoring of outsourced truck drivers, remote work for all employees who, due to their duties at the Company, can perform their activities at home, with the least possible exposure to contagion risks).*



***Impacts on Operation***

The Company clarifies that, to date, it has not detected any case of COVID-19 among its employees and reiterates that its operations have not been affected and are operating normally.

Our business is part of an industry considered essential with regard to the continuity of its operations given that, of its three main products, two (soybean and corn) are used by the food and beverage industry as raw material.

The operating units are naturally isolated given that they are located in rural zones with a certain distance from the nearest (small) towns. In addition, the geographic distribution of the units also proves particularly useful for dealing with such a situation, since it reduces the risk of contagion and therefore the risk of any impacts on operations.

However, the operations are subject to any constraints in the supply and distribution chain that could be imposed due to the pandemic. Nonetheless, we note that that, to date, no restrictions have been imposed that could cause impacts on the normal functioning of our processes.

***Financial Impacts***

At times like these, concerns with cash and liquidity preservation, financial leverage and cost control efficiency are naturally heightened.

In this sense, it is pertinent to note that:

- (i) the Company started the current crisis with a very comfortable leverage situation (closing 1Q20 with a Net Debt/EBITDA ratio of 1.9 times)*
- (ii) the Company's debt is 100% denominated in Brazilian real*
- (iii) the 2019/20 crop year presents excellent results in terms of yield*
- (iv) the investment plan (CAPEX) could be revised to improve capital preservation*

In light of the restrictions currently in force on the movement and gathering of people, the Company's Board of Directors, upon recommendation of the Executive Board, in a meeting held on April 9, decided to postpone the date of the Annual Shareholders Meeting to July 29, 2020, which originally was convened for April 29, 2020.

Moreover, the Board of Directors approved the advance distribution of the mandatory annual dividend, based on the Company's adjusted net income for the fiscal year ended 12/31/2019, pursuant to Article 204 of Federal Law 6.404/76 and Article 37 of the Company's Bylaws, in the aggregate amount of R\$73.7 million.

***Impacts on Markets***

To date, the impact of COVID-19 on demand (and consequently prices) for the main commodities produced by the Company has been distinct and should consider the characteristics of each market. The Market Overview section below provides in-depth comments on the topic.

Considering this assessment, two factors that could cause concern emerge: (i) the logistics chain; and (ii) the fulfillment of agreements. In both cases, the risks presented are significant, but have not yet occurred in practice. To date, there have been no significant disruptions in the export logistics or operations, despite the threats reported during this period. Contractual compliance has in its origins the strong correlation between the way negotiations are conducted and the players chosen as commercial partners. To date, no contracts have been affected.

***Social Actions***

The SLC Institute, the social arm of the SLC Group, whose purpose is to support local communities, plays an important role in combatting the crisis. As its first action, given the public health context and the need to join forces with organizations across the country in the battle against COVID-19, the SLC Institute donated R\$1.6 million to hospitals and municipal health

departments in 18 Brazilian cities to help them acquire medical equipment. The amount was divided among institutions in Porto Alegre, Horizontina, Cruz Alta and Passo Fundo, in the state of Rio Grande do Sul; Luiz Eduardo Magalhães and Formosa do Rio Preto, in Bahia; Luziânia, Posse and São Domingos, in Goiás; Balsas, in Maranhão; Costa Rica and Chapadão do Sul, in Mato Grosso do Sul; Tangará da Serra, Sapezal, Querência, Sinop and Diamantino, in Mato Grosso; and Santa Filomena, in Piauí. A commitment to the community always has been a part of the history of the SLC Group.

During crises, companies tend to focus their efforts on contingency measures and on managing risks and vulnerabilities, while often dedicating less attention to other matters. SLC Agrícola, however, is equally concerned with planning for its future and already is undertaking initiatives to respond to this issue, but without forgetting local communities.

Given that any crisis also brings lessons and new ways to confront problems, we can say that we now are taking advantage of all the connectivity and digitalization that has been implemented over the last few years (which allows, for example, to monitor remotely more and more details of the operation), as we discover new ways to explore the possibilities that technology offers, especially on the farms.

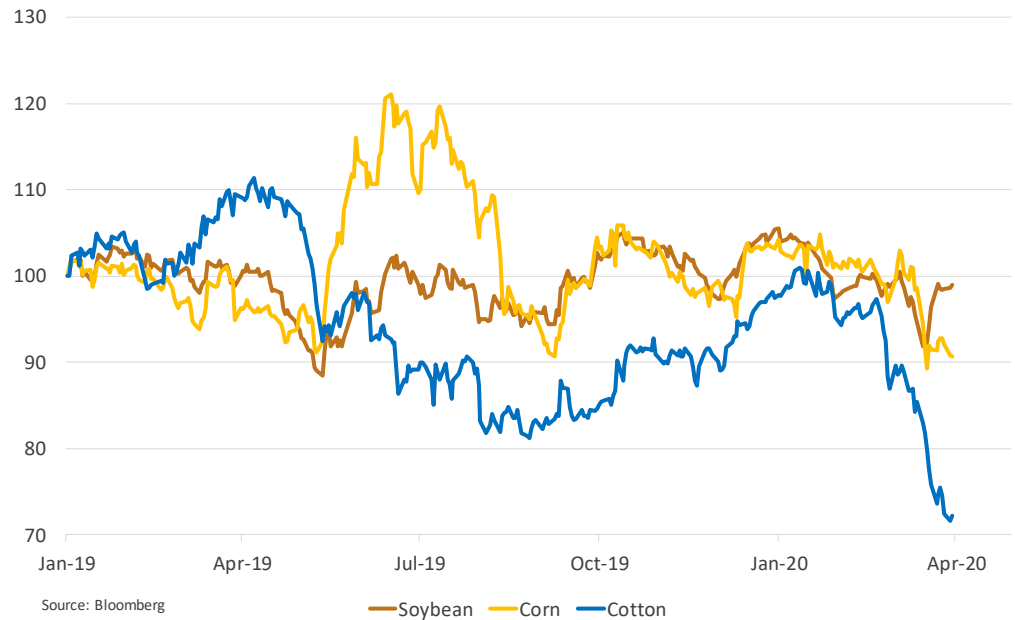
We are confident that Brazilian agribusiness, and especially SLC Agrícola, will emerge stronger from the COVID-19 pandemic.

#### **The Management**

## Market Overview

### Commodities

Figure 1 Price Variations, Select Commodities, Mar/2019 to Apr/2020



### Cotton

Figure 2 Cotton Prices in International Markets vs. Brazil.

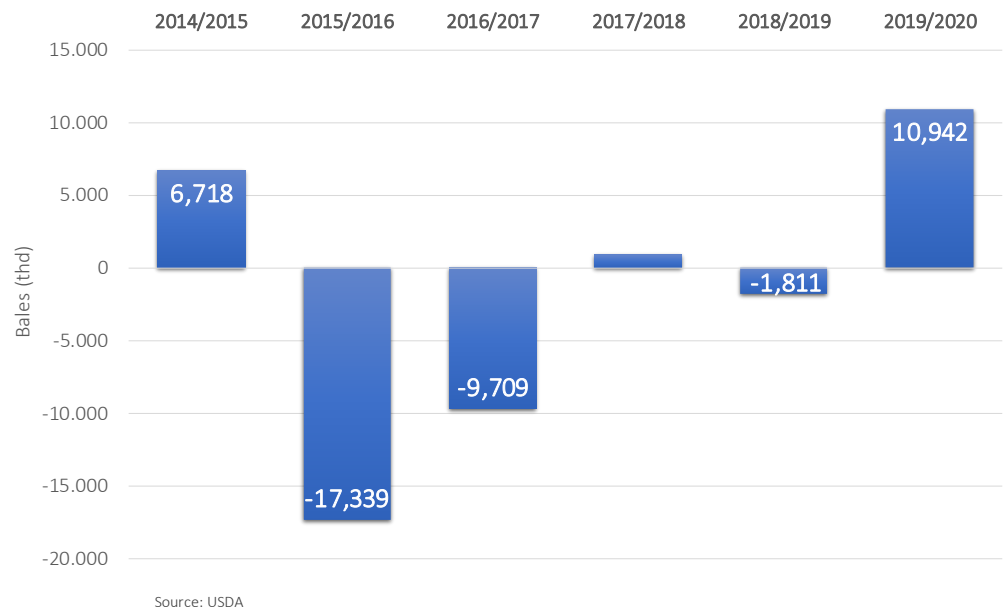


The first quarter of 2020 registered sharp volatility in international cotton prices. The economic uncertainties generated by the pandemic, which have heavily affected markets in general, led to declines of over 20% in the USD prices of the fiber compared to those at the start of the year. However, prices recovered over the course of April and currently are down by around 16.1% from January (based on quotes on April 30).

The drop in prices reflected the weaker appetite for the fiber by agents in the textile chain, who adopted a more cautious posture given the difficulty in projecting product demand in the scenario of physical distancing and, particularly, of when and with what intensity will the return

to normality occur. The move effectively consolidated and expanded the expectation of a surplus in the balance between production and consumption in the 2019/20 crop year.

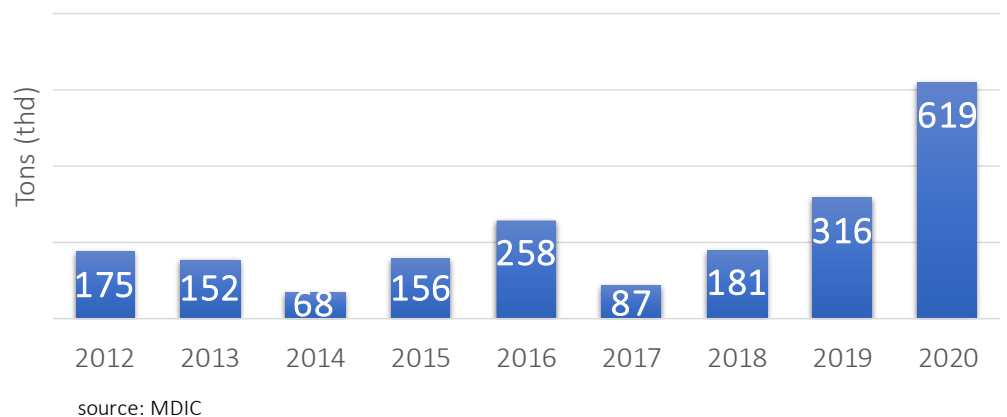
Figure 3 Cotton – Global Supply and Demand



However, the supply side (cotton producers) will certainly respond to the lower prices. The drop in the commodity's price over the course of the year will impact decision-making for planting in producer countries in the northern hemisphere (notably the United States), which currently are in the early phase of sowing. According to the National Cotton Association, the cotton planted area in the 2020/21 crop year is expected to contract by 5.5% compared to the previous crop year, to 13 million acres.

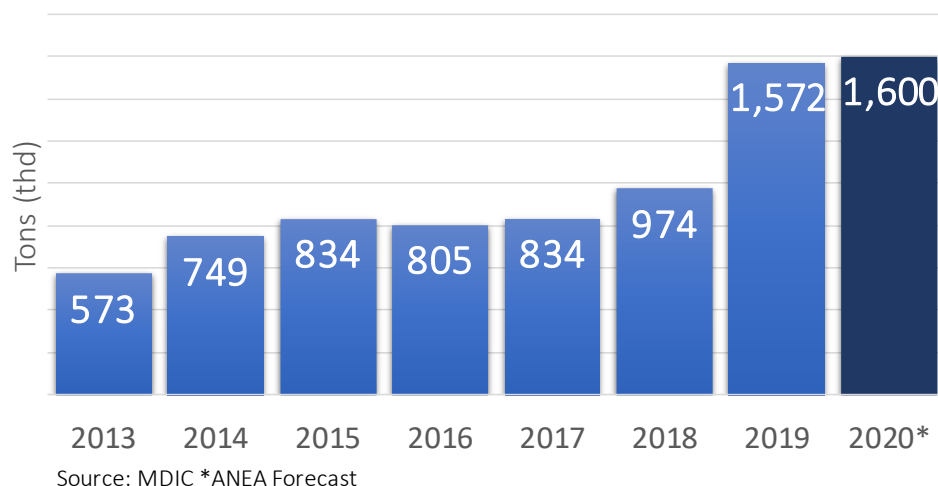
In Brazil, the effect from the lower prices in USD is significantly mitigated by the depreciation in the Brazilian real against the U.S. dollar. In addition, taking advantage of the expansion in planted area in the 2018/19 crop year (harvested in mid-2019) and the stability in planted area in the 2019/20 crop year (to be harvested as from June), the ANEA estimates that in 2020 Brazil will export 1.6 million tons, maintaining the high level reached in 2019.

Figure 4 Cotton Historic Exports



That mark, if achieved, will be slightly higher than the record mark set in 2019 and remains in line with the country's growth trend in this segment and maintains its position as the world's second largest exporter, according to USDA data.

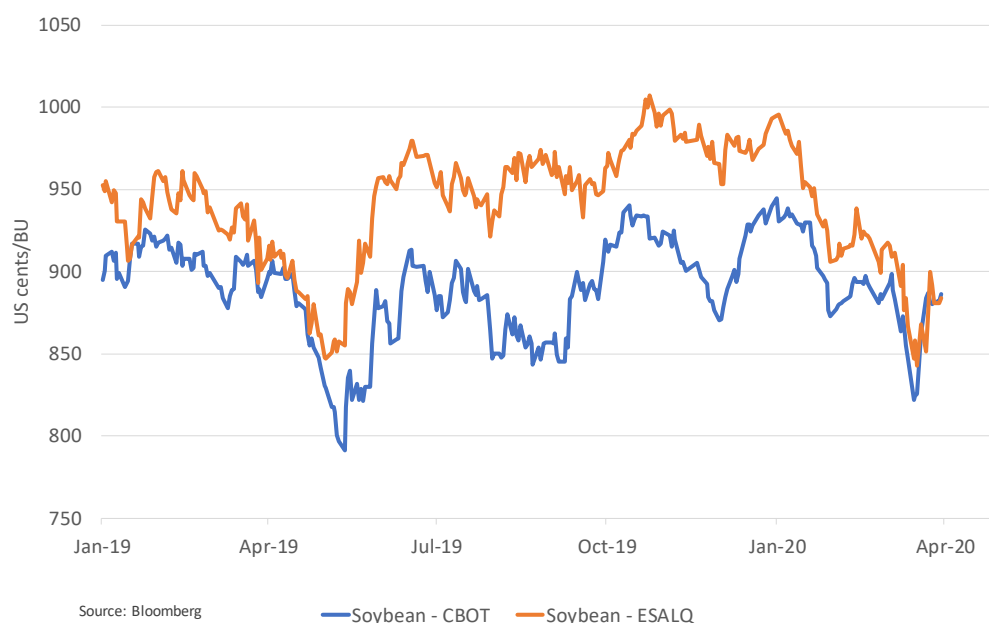
Figure 5 Brazil - Annual Cotton Exports



## Soybean

Soybean spot prices on the Chicago Board of Trade (CBOT) and the prices paid for the grain based on the Paranaguá/CEPEA reference maintained divergent trends during the first quarter of 2020.

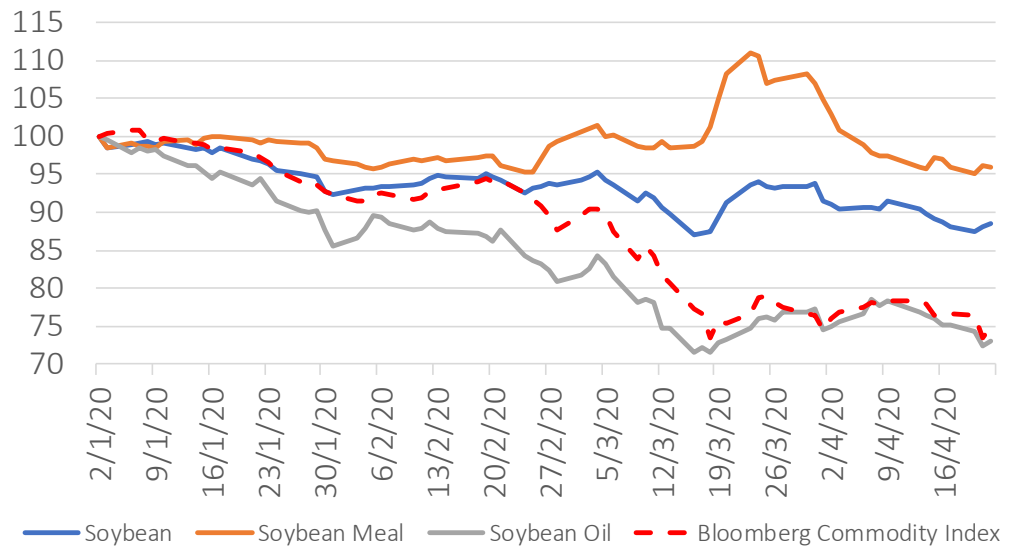
Figure 6 Soybean Price in International Market vs. Brazil



The maintenance of the premiums paid and the local currency depreciation enabled soybean prices to reach levels higher than in same period last year and, more recently, resulted in quotes of over 100.00 R\$/SC, according to CEPEA data.

In a quarter marked by risk aversion due to the economic downturn, prices for the soybean complex (Grain, Bran or Oil) in Chicago proved resilient in relation to the basket of the Bloomberg Commodities Index, which fell by approximately 25%.

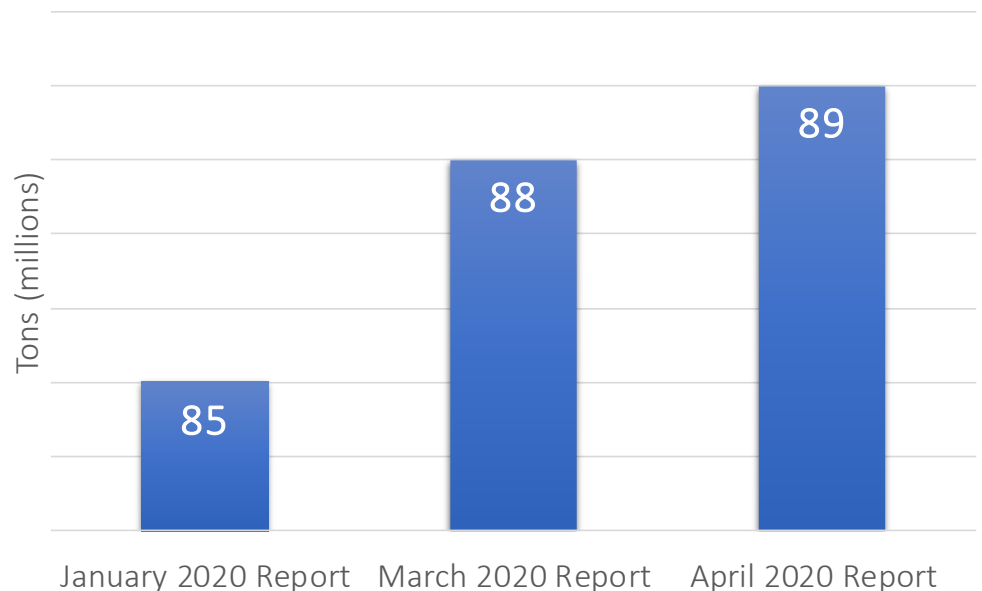
Figure 7 Soybean - Soy Complex



The recovery in Chinese imports driven by expectations of a rebuilding in the pig herd has been the main factor supporting prices, especially after the past cycle marked by the U.S.-China trade war, which contributed to the scenario of depressed commodity prices in international markets.

Following the USDA supply and demand reports released in the first few months of the year, the agency revised upwards its expectations for Chinese soybean imports by approximately 5% from the initial estimate of 85 million tons to 89 million tons.

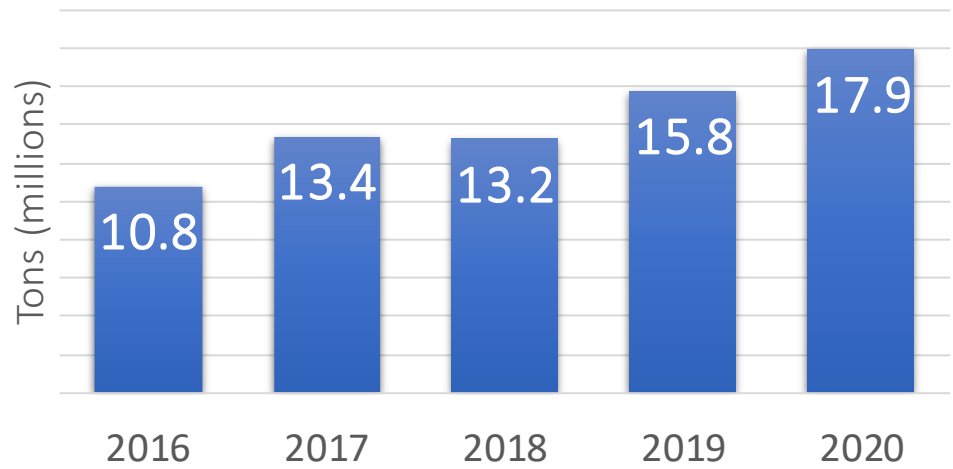
Figure 8 - Chinese Estimates of Soybean imports



Source: USDA

And in the same direction of China's growing import market, Brazilian soybean exports in the first quarter maintained the upward trend of recent years to post record volumes of 17.9 million tons.

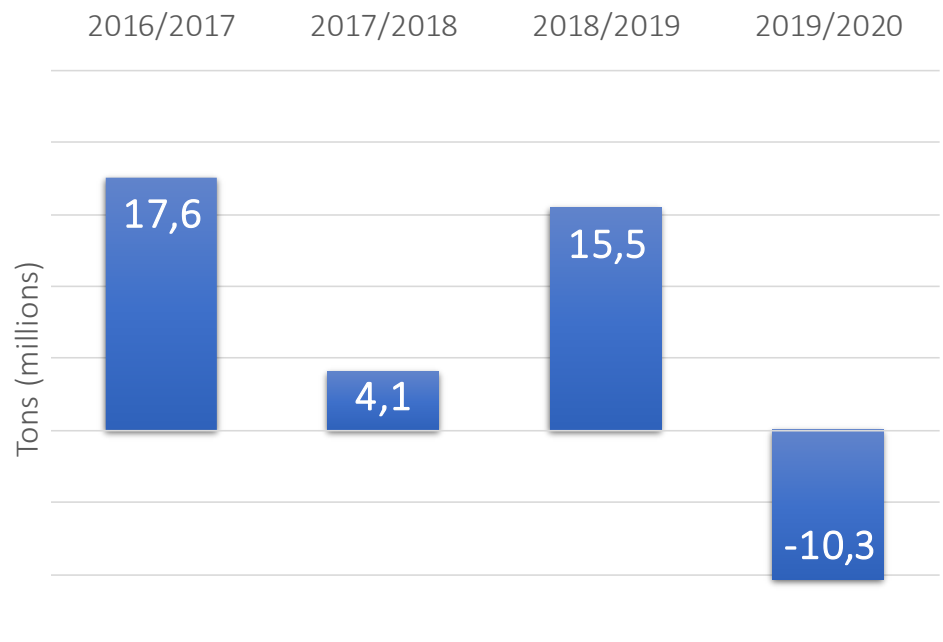
Figure 9 - Soybean Exports Q1



Source: MDIC

For the current cycle (2019/20 crop year), the supply-demand balance, estimated by the USDA at a shortfall of 10.3 million tons, should support soybean prices.

Figure 10 - Soybean Global Supply-Demand Balance



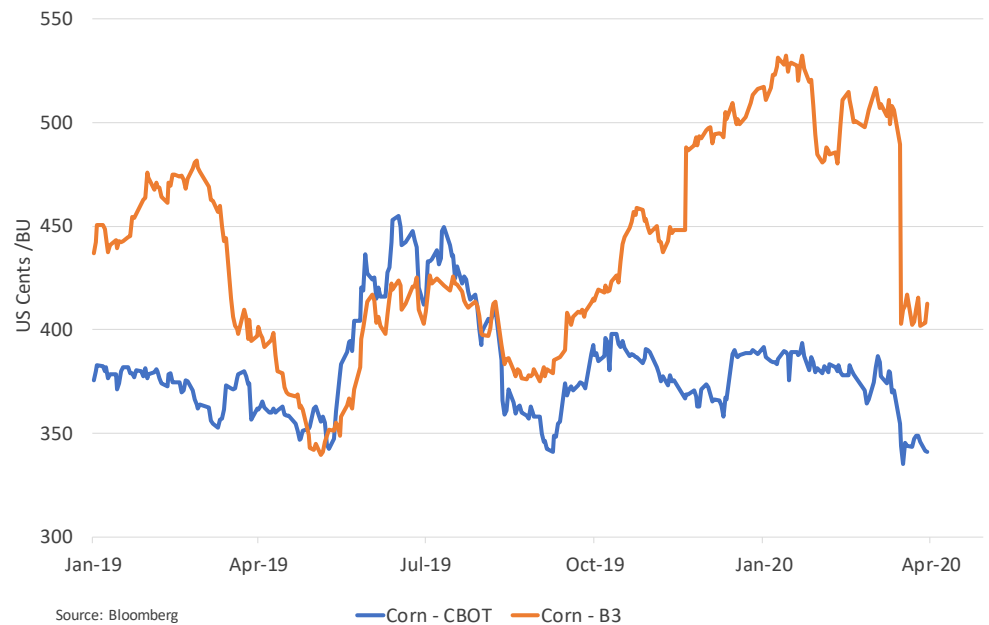
Source: USDA



## Corn

The spot corn price on the Chicago Board of Trade (CBOT) registered a downward trend throughout 1Q20, deviating over time from the prices quoted in the Brazilian market as measured by indexes of the B3, the local stock exchange.

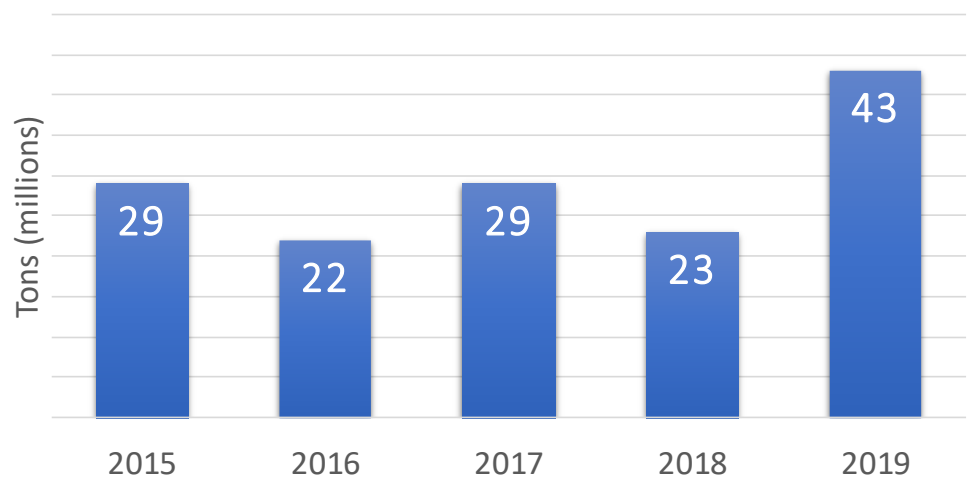
Figure 11 - Corn Prices in International Market vs. Brazil



In the international scenario, the drop in corn prices of approximately 15% compared to the first days of the year reflected in large part the expectations for weaker consumption in the United States, notably because of the shutdown of corn-based ethanol plants and the resulting increase in the country's estimated ending stocks.

In the Brazilian context, the market proved robust throughout the first quarter due to demand from the animal protein sector and from export markets.

Figure 12 Corn - Brazilian Exports

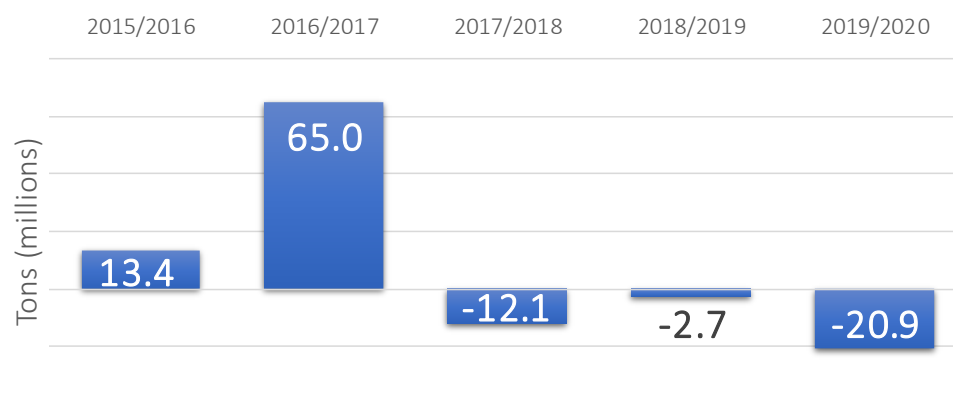


Source: MDIC

Regarding the current cycle, the development of the second corn crop, whose market mix has a higher share of exports, will determine the volumes to be exported by the country. The drier weather that prevailed in certain regions of the country could contribute to losses in production potential and consequently to reducing supply in the domestic and export scenario.

In the global scenario, for the third straight year, according to USDA data, the global supply and demand ratio is expected to show corn consumption outstripping production, with volume of around 21 million tons, which would be the biggest difference of the last 5 years. Therefore, with consumption outstripping supply, the downward trend in global ending corn stocks should continue over the coming cycles.

Figure 13 Corn - Global Balance of Supply and Demand



Source: USDA

In the scenario of domestic consumption, the exports and development of Brazil's corn crop, given the uncertainties inherent to agricultural commodities with regard to the development and yield potential of certain second-crop regions, should be monitored to determine the pace of price changes in the local market.

## 2019/20 Crop Year

In the first quarter, we concluded the harvest of soybeans and the planting of second-crop areas, such as for corn and cotton.

### Planted Area

The following table presents the latest data on planted area for the 2019/20 crop year and a comparison with the previous crop year. For more details, see the Additional Information section of this document.

Table 1 Planted Area by Crop, 2018/19 vs. 2019/20

Crop Mix	Planted Area 2018/19 ----- ha	Planted Area 2019/20 <sup>(1)</sup> -----	Share 2019/20 %	Δ%
<b>Cotton</b>	<b>123,727</b>	<b>125,490</b>	<b>28.0</b>	<b>1.4</b>
Cotton 1 <sup>st</sup> crop	72,852	74,083	16.5	1.7
Cotton 2 <sup>nd</sup> crop	50,875	51,408	11.5	1.0
<b>Soybean (Commercial + Seed)</b>	<b>243,149</b>	<b>235,444</b>	<b>52.5</b>	<b>-3.2</b>
<b>Corn 2<sup>nd</sup> crop</b>	<b>89,311</b>	<b>82,392</b>	<b>18.4</b>	<b>-7.7</b>
Other Crops <sup>(2)</sup>	1,912	5,270	1.2	175.6
<b>Área Total</b>	<b>458,099</b>	<b>448,596</b>	<b>100.0</b>	<b>-2.1</b>

(1) Weather factors may affect the planted area forecast.

(2) Wheat, Corn 1st Crop, corn seed and Bachiaria.

The planted area contracted by 2.1% from the previous crop year, due to the delay in the start of rains in the state of Maranhão, which postponed the planting of soybean, thereby reducing the planting potential of second-crop corn.

Table 2 Yields in 2019/20 Crop Year

Yield (kg/ha)	Crop 2018/19 Achieved (a)	Crop 2019/20 Budget (b)	Crop 2019/20 Forecast (c)	Δ% (b) x ((a)	Δ% (c) x ((b)
Cotton lint 1 <sup>st</sup> crop	1,685	1,858	1,858	10.3%	-
Cotton lint 2 <sup>nd</sup> crop	1,611	1,731	1,731	7.4%	-
Cotton seed	2,090	2,262	2,262	8.2%	-
Soybean +Soybean Seed	3,739	3,607	3,900	-3.5%	8.1%
Corn 2 <sup>nd</sup> crop	7,095	7,220	7,324	1.8%	1.4%

## Soybean and Soybean Seed

With the conclusion of the harvest, we once again are revising upwards the yield for this crop, now to 3,900 kg/ha (from the revision to 3,840 kg/ha made in March). Note that for the third straight year we set a new yield record, which is in line the Company's current strategy of focusing on maximizing operating efficiency. This yield was 8.1% higher than our initial estimate and 17.6% higher than the national average (April 2020 estimate from CONAB).

## First-crop cotton

The current situation of the first-crop cotton fields shows good development, with high yield potential, supporting the maintenance of our initial estimate of achieving 1,858 kg/ha of cotton lint.

The areas currently are advancing from the flowering to the cotton-boll development phase.

## Second-crop cotton

The second-crop cotton, planted after the soybean harvest, is presenting good crop conditions. We currently estimate that we will meet the initial projection, with a cotton lint yield of 1,731 kg/ha.

Most of the fields are currently in the flowering phase and presenting high yield potential.

## Second-crop corn

Corn planting was completed within the ideal crop planting window, i.e. first half of March, which is in line with our projection of a yield of 7,324 kg/ha.

The crop has entered the seed-filling phase.

## Production Cost

Table 3 Breakdown of Production Costs by Crop (R\$/ha)

%	Cotton	Soybean	Corn	Average 2019/20	Average 2018/19
<b>Variable Costs</b>	<b>80.8</b>	<b>74.6</b>	<b>79.0</b>	<b>78.6</b>	<b>79.5</b>
Seeds	8.7	16.0	16.2	11.9	11.6
Fertilizers	22.7	20.1	35.8	23.4	21.6
Chemicals	25.4	21.1	12.9	22.6	24.3
Air Spraying	1.8	1.1	1.6	1.5	1.6
Fuels and Lubricants	3.8	4.2	4.1	4.0	4.1
Labor	1.0	0.7	0.6	0.8	0.9
Ginning	8.3	2.3	2.6	5.7	6.3
Maintenance	3.8	4.9	3.8	4.2	4.6
Others	5.3	4.2	1.4	4.5	4.5
<b>Fixed Costs</b>	<b>19.1</b>	<b>25.5</b>	<b>21.0</b>	<b>21.5</b>	<b>20.6</b>
Labor	8.0	10.0	8.2	8.7	8.8
Depreciation and amortizations	4.6	6.6	4.5	5.3	4.6
Right-of-Use Amortization - Leasing	4.5	6.4	6.2	5.3	4.7
Others	2.0	2.5	2.1	2.2	2.5

Table 4 Production Cost in R\$/hectare, 2019/20 Crop Year

Total (R\$/ha)	Budget 2018/19	Achieved 2018/19 <sup>(1)</sup>	Budget 2019/20	Δ%
Cotton 1 <sup>st</sup> crop	8,187	8,304	8,397	1.1%
Cotton 2 <sup>nd</sup> crop	7,475	7,385	7,727	4.6%
Soybean	2,697	2,643	2,901	9.8%
Corn 2 <sup>nd</sup> crop	2,119	2,152	2,410	12.0%
<b>Total average cost</b>	<b>4,139</b>	<b>4,130<sup>(2)</sup></b>	<b>4,368</b>	<b>5.8%</b>

(1) Figures may suffer changes by the end of cotton processing and the sale of grains.

(2) Weighted by areas in the 2019/20 crop year to avoid impacts from changes in the product mix.

The costs per hectare estimated for the 2019/20 crop year registered an average increase in Brazilian real of 5.8% compared to the actual costs in 2018/19 crop year, basically due to the currency's depreciation against the U.S. dollar in the period, since approximately 63% of costs are denominated in dollar.

## Financial Performance

### Income Statement Analysis

#### Adjusted EBITDA

In 1Q20, Adjusted EBITDA was R\$182.8 million, 19.9% lower than in 1Q19. Adjusted EBITDA margin ended the period at 28.9%. The main factors contributing to this variation in Adjusted EBITDA were the lower margin of the cotton invoiced in 1Q20 and the lower soybean volume invoiced. The lower gross income from cotton is explained by the crop's lower yield in the 2018/19 crop year than in the 2017/18 crop year and by the increase in cost per-hectare. Regarding soybean shipments, it is important to note that in 2019 the soybean harvest occurred earlier than the historic average, which resulted in a higher volume of shipments in the first quarter.

Table 5 Adjusted EBITDA Reconciliation

(R\$ thd)	2018	2019	AH	1Q19	1Q20	AH
<b>Net revenue</b>	<b>2,099,177</b>	<b>2,535,905</b>	<b>20.8%</b>	<b>618,833</b>	<b>632,632</b>	<b>2.2%</b>
<b>Change in Fair Value of Biological Assets</b>	<b>724,291</b>	<b>504,751</b>	<b>-30.3%</b>	<b>146,497</b>	<b>294,174</b>	<b>100.8%</b>
<b>(-) Cost of Goods and/or Services Sold</b>	<b>(1,977,510)</b>	<b>(2,257,472)</b>	<b>14.2%</b>	<b>(513,559)</b>	<b>(599,258)</b>	<b>16.7%</b>
Cost of Goods	(1,358,234)	(1,733,206)	27.6%	(353,113)	(412,883)	16.9%
Realiz. of the Fair Value of Bio. Assets	(619,276)	(524,266)	-15.3%	(160,446)	(186,375)	16.2%
<b>Gross Income</b>	<b>845,958</b>	<b>783,184</b>	<b>-7.4%</b>	<b>251,771</b>	<b>327,548</b>	<b>30.1%</b>
<b>(-) Sales Expenses</b>	<b>(118,674)</b>	<b>(152,972)</b>	<b>28.9%</b>	<b>(32,945)</b>	<b>(41,773)</b>	<b>26.8%</b>
<b>(-) General and administrative expenses</b>	<b>(87,533)</b>	<b>(89,324)</b>	<b>2.0%</b>	<b>(24,175)</b>	<b>(23,140)</b>	<b>-4.3%</b>
General and administrative	(51,573)	(63,236)	22.6%	(18,637)	(16,293)	-12.6%
Participations Results	(35,960)	(26,088)	-27.5%	(5,538)	(6,847)	23.6%
<b>(-) Administrative Fees</b>	<b>(13,981)</b>	<b>(13,827)</b>	<b>-1.1%</b>	<b>(6,547)</b>	<b>(6,350)</b>	<b>-3.0%</b>
<b>(-) Other operating revenues (loss)</b>	<b>31,987</b>	<b>31,651</b>	<b>-1.1%</b>	<b>(2,202)</b>	<b>452</b>	<b>n.m.</b>
Land Sale Revenue	1,165	24,712	n.m.	-	-	-
Other revenue	30,822	6,939	-77.5%	(2,202)	452	n.m.
<b>(=) Income from Activity</b>	<b>657,757</b>	<b>558,712</b>	<b>-15.1%</b>	<b>185,902</b>	<b>256,737</b>	<b>38.1%</b>
<b>(+) Depreciation and amortization</b>	<b>111,231</b>	<b>105,810</b>	<b>-4.9%</b>	<b>20,336</b>	<b>19,234</b>	<b>-5.4%</b>
<b>EBITDA</b>	<b>768,988</b>	<b>664,522</b>	<b>-13.6%</b>	<b>206,238</b>	<b>275,971</b>	<b>33.8%</b>
<b>(-) Biological Assets on revenue <sup>(3)</sup></b>	<b>(724,291)</b>	<b>(504,751)</b>	<b>-30.3%</b>	<b>(146,497)</b>	<b>(294,174)</b>	<b>100.8%</b>
<b>(+) Biological Assets on costs <sup>(4)</sup></b>	<b>619,276</b>	<b>524,266</b>	<b>-15.3%</b>	<b>160,446</b>	<b>186,375</b>	<b>16.2%</b>
<b>(+) Low Fixed Assets</b>	<b>5,783</b>	<b>12,228</b>	<b>111.4%</b>	<b>5,357</b>	<b>2,910</b>	<b>-45.7%</b>
<b>(+) Other Trans. – Prop., Plant and Equip.</b>	<b>-</b>	<b>425</b>	<b>100.0%</b>	<b>-</b>	<b>191</b>	<b>100.0%</b>
<b>(+) Land sale cost</b>	<b>-</b>	<b>36,029</b>	<b>100.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>(+) Adjust. IFRS 16   Retained earnings <sup>(5)</sup></b>	<b>-</b>	<b>19,466</b>	<b>100.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>(+) Amortization adjustment - IFRS 16 <sup>(5)</sup></b>	<b>-</b>	<b>43,336</b>	<b>100.0%</b>	<b>2,570</b>	<b>11,559</b>	<b>349.8%</b>
<b>Adjusted EBITDA <sup>(1)(2)</sup></b>	<b>669,756</b>	<b>795,521</b>	<b>18.8%</b>	<b>228,114</b>	<b>182,832</b>	<b>-19.9%</b>
<b>(farming operation + sale of land)</b>	<b>669,756</b>	<b>795,521</b>	<b>18.8%</b>	<b>228,114</b>	<b>182,832</b>	<b>-19.9%</b>
<b>Adjusted EBITDA Margin</b>	<b>31.9%</b>	<b>31.4%</b>	<b>-0.5p.p.</b>	<b>36.9%</b>	<b>28.9%</b>	<b>-8.0p.p.</b>
<b>(farming operation + sale of land)</b>	<b>31.9%</b>	<b>31.4%</b>	<b>-0.5p.p.</b>	<b>36.9%</b>	<b>28.9%</b>	<b>-8.0p.p.</b>
<b>Adjusted EBITDA</b>	<b>668,591</b>	<b>715,314</b>	<b>7.0%</b>	<b>228,114</b>	<b>182,832</b>	<b>-19.9%</b>
<b>(farming operation)</b>	<b>668,591</b>	<b>715,314</b>	<b>7.0%</b>	<b>228,114</b>	<b>182,832</b>	<b>-19.9%</b>
<b>Adjusted EBITDA Margin</b>	<b>31.9%</b>	<b>28.2%</b>	<b>-3.7p.p.</b>	<b>36.9%</b>	<b>28.9%</b>	<b>-8.0p.p.</b>
<b>(farming operation)</b>	<b>31.9%</b>	<b>28.2%</b>	<b>-3.7p.p.</b>	<b>36.9%</b>	<b>28.9%</b>	<b>-8.0p.p.</b>

(1) Excludes the effects from Biological Assets, since they are noncash. (2) Excluding Write-offs of Property, Plant and Equipment and IFRS 16 adjustments

(3) Variation of the fair value of biological assets (Note 26 of the quarterly financial information) (4) Realization of the fair value of Biological Assets (Note 25 of the quarterly financial information).

(5) Adjustments stemming from the sale leaseback transaction that reflect the Right-of-use assets retained by the Company (equivalent to withheld profit) and amortization of Right-of-use assets – leaseings.

## Net Revenue

Table 6 Net Revenue

(R\$ thd)	2018	2019	AH	1Q19	1Q20	AH
<b>Net Revenue</b>	<b>2,099,177</b>	<b>2,535,905</b>	<b>20.8%</b>	<b>618,833</b>	<b>632,632</b>	<b>2.2%</b>
Cotton lint	1,088,621	1,212,573	11.4%	185,218	246,693	33.2%
Cotton seed	80,496	77,154	-4.2%	9,236	20,901	126.3%
Soybean	875,235	1,036,218	18.4%	439,779	407,034	-7.4%
Corn	146,151	253,376	73.4%	9,638	24,457	153.8%
Others (invoiced)	39,483	72,874	84.6%	1,348	1,196	-11.3%
Hedge income	(130,809)	(116,290)	-11.1%	(26,386)	(67,649)	156.4%

Table 7 Volume Invoiced (tons)

(tons)	2018	2019	AH	1Q19	1Q20	AH
<b>Volume Invoiced</b>	<b>1,741,441</b>	<b>2,004,703</b>	<b>15.1%</b>	<b>479,388</b>	<b>457,802</b>	<b>-4.5%</b>
Cotton lint	169,673	185,374	9.3%	29,282	35,998	22.9%
Cotton seed	218,186	234,986	7.7%	26,940	41,447	53.8%
Soybean	842,481	898,368	6.6%	388,274	339,487	-12.6%
Corn	425,900	634,644	49.0%	21,987	37,534	70.7%
Others	85,201	51,331	-39.8%	12,905	3,336	-74.1%

Net revenue advanced 2.2%, despite the 4.5% decline in volume invoiced. For cotton lint, the product with the highest added value, volume invoiced was 22.9% higher than in 1Q19. Except for soybean, all crops registered increases in unit price compared to the year-ago quarter.

In terms of the volume invoiced, soybean registered a decline of 12.6% from 1Q19. However, shipments in early 2019 were particularly high for the period due to the early harvest that year.

Table 8 Variation in Fair Value of Biological Assets

(R\$ thd)	2018	2019	AH	1Q19	1Q20	AH
<b>Effect of Biol. Asset on Net Revenue</b>	<b>724,291</b>	<b>504,751</b>	<b>-30.3%</b>	<b>146,497</b>	<b>294,174</b>	<b>100.8%</b>
Cotton lint	346,989	224,433	-35.3%	-	-	-
Cotton seed	23,563	15,411	-34.6%	-	-	-
Soybean + Soybean Seed	353,485	247,005	-30.1%	146,487	294,210	100.8%
Corn	216	17,933	n.m.	-	-	-
Others	38	(31)	n.m.	10	(36)	n.m.

The calculation of Variation in Fair Value of Biological Assets reflects the estimated gross margin (sale price at farm less unit costs incurred) of crops presenting significant biological transformation in the calculation period.

Variation of the Fair Value of Biological Assets was 100.8% higher in 1Q20 compared to 1Q19. In the year's first quarter, Variation of the Fair Value refers to the soybean crop. The variation is explained by the assumptions used in the calculation. As commented in the 1Q19 Earnings Release, following the calculation of the Variation of the Fair Value of Biological Assets of soybean in the 2018/19 crop year, both the crop's price and yield improved, leading Variation of Fair Value to underestimate the crop's result in that year.

## Cost of Goods Sold

Table 9 Cost of Goods Sold

(R\$ thd)	2018	2019	AH	1Q19	1Q20	AH
<b>Cost of Goods Sold</b>	<b>(1,358,234)</b>	<b>(1,733,206)</b>	<b>27.6%</b>	<b>(353,113)</b>	<b>(412,883)</b>	<b>16.9%</b>
Cotton lint	(567,966)	(762,874)	34.3%	(91,099)	(155,284)	70.5%
Cotton seed	(52,980)	(61,257)	15.6%	(6,309)	(10,349)	64.0%
Soybean	(567,844)	(644,331)	13.5%	(239,504)	(221,572)	-7.5%
Corn	(133,109)	(198,182)	48.9%	(6,257)	(10,038)	60.4%
Others	(36,335)	(66,562)	83.2%	(9,944)	(15,640)	57.3%

Cost of Goods Sold in 1Q20 rose 16.9%, especially in cotton lint and cotton seed, reflecting not only the higher volumes invoiced, but also the higher unit cost, especially for cotton lint. The higher unit cost of cotton lint reflects the lower crop yield in the 2018/19 crop year (vs. the previous crop year) coupled with the higher costs per-hectare.

In the case of corn, costs rose due to the increase in volume invoiced between periods, given that unit cost declined compared to 1Q19.

Table 10 Realization of Fair Value of Biological Assets

(R\$ thd)	2018	2019	AH	1Q19	1Q20	AH
<b>Realization of the Fair Value of Biological Assets</b>	<b>(619,276)</b>	<b>(524,266)</b>	<b>-15.3%</b>	<b>(160,446)</b>	<b>(186,375)</b>	<b>16.2%</b>
Cotton lint	(293,885)	(254,413)	-13.4%	(56,253)	(46,801)	-16.8%
Cotton seed	(24,428)	(15,898)	-34.9%	(3,083)	(2,451)	-20.5%
Soybean +Soybean Seed	(302,934)	(234,362)	-22.6%	(99,492)	(135,749)	36.4%
Corn	1,971	(19,593)	n.m.	(1,618)	(1,374)	-15.1%

The Realization of Fair Value of Biological Assets is the corresponding entry to Variation in Fair Value (calculated upon harvest) and is recognized as the products are invoiced.

Realization of Fair Value of Biological Assets increased 16.2% from 1Q19, especially in soybean, for which the Variation of Fair Value calculation, as explained above, was significantly higher than in 1Q19, given the expectation of better margins.

## Gross Income by Crop

To contribute to a better understanding of margins by crop, in this section, the gain (loss) from currency hedge is allocated among cotton, soybean and corn.

## Cotton Lint and Cotton Seed

Table 11 Gross Income - Cotton Lint

<b>Cotton Lint</b>		2018	2019	AH	1Q19	1Q20	AH
Volume Invoiced	Ton	169,673	185,374	9.3%	29,282	35,998	22.9%
Net Revenue	R\$/thd	1,088,621	1,212,573	11.4%	185,218	246,693	33.2%
Result of currency hedge	R\$/thd	(111,011)	(61,699)	-44.4%	(2,723)	(18,823)	591.3%
<i>Net inc. adj. for the result of cur. hedging</i>	R\$/thd	<i>977,610</i>	<i>1,150,874</i>	<i>17.7%</i>	<i>182,495</i>	<i>227,870</i>	<i>24.9%</i>
Unit Price	R\$/ton	5,762	6,208	7.7%	6,232	6,330	1.6%
Cost Total	R\$/thd	(567,966)	(762,874)	34.3%	(91,099)	(155,284)	70.5%
Unit Cost	R\$/ton	(3,347)	(4,115)	22.9%	(3,111)	(4,314)	38.7%
Unitary Gross Income	R\$/ton	2,415	2,093	-13.3%	3,121	2,016	-35.4%

The cotton invoiced in 1Q20 was produced in the 2018/19 crop year. In 1Q20, cotton unit gross income fell 35.4% from 1Q19 despite the 1.6% increase in unit price. Unit cost increased by 38.7%, due to the lower yield and higher per-hectare production cost in relation to the previous crop year.

Table 12 Gross Income - Cotton Seed

<b>Cotton Seed</b>		2018	2019	AH	1Q19	1Q20	AH
Volume Invoiced	Ton	218,186	234,986	7.7%	26,940	41,447	53.8%
Net Revenue	R\$/thd	80,496	77,154	-4.2%	9,236	20,901	126.3%
Unit Price	R\$/ton	369	328	-11.1%	343	504	46.9%
Cost Total	R\$/thd	(52,980)	(61,257)	15.6%	(6,309)	(10,349)	64.0%
Unit Cost	R\$/ton	(243)	(261)	7.4%	(234)	(250)	6.8%
Unitary Gross Income	R\$/ton	126	67	-46.8%	109	255	133.0%

Cotton seed registered growth in gross income, of 133.0% compared to 1Q19, mainly due to the higher unit price, which was partially offset by the lower unit cost (higher per-hectare costs and lower yield in 2018/19 vs. 2017/18).

## Soybean

Table 13 Gross Income – Soybean

Soybean		2018	2019	AH	1Q19	1Q20	AH
Volume Invoiced	Ton	842,481	898,368	6.6%	388,274	339,487	-12.6%
Net Revenue	R\$/mil	875,235	1,036,218	18.4%	439,779	407,034	-7.4%
Result of currency hedge	R\$/mil	(11,041)	(46,758)	323.5%	(23,514)	(48,826)	107.6%
Net inc. adj. for the result of cur. hedging	R\$/mil	864,194	989,460	14.5%	416,265	358,208	-13.9%
Unit Price	R\$/ton	1,026	1,101	7.3%	1,072	1,055	-1.6%
Cost Total	R\$/mil	(567,844)	(644,331)	13.5%	(239,504)	(221,572)	-7.5%
Unit Cost	R\$/ton	(674)	(717)	6.4%	(617)	(653)	5.8%
Unitary Gross Income	R\$/ton	352	384	9.1%	455	402	-11.6%

In 1Q20, unit gross income decreased 11.6% from the same period last year, due to the combination of the 1.6% decline in unit price and the 5.8% increase in unit cost. Said result also reflected the mix of farms that invoiced the product this quarter, given that, as shown by the calculation of Variation of Fair Value of Biological Assets, the estimate calls for *higher* margins for the soybean crop in the 2019/20 crop years compared to the previous crop year, largely due to better yields.

## Corn

Table 14 Gross Income – Corn

Corn		2018	2019	AH	1Q19	1Q20	AH
Volume Invoiced	Ton	425,900	634,644	49.0%	21,987	37,534	70.7%
Net Revenue	R\$/thd	146,151	253,376	73.4%	9,638	24,457	153.8%
Result of currency hedge	R\$/thd	(8,757)	(7,833)	-10.6%	(149)	-	-100.0%
Net inc. adj. for the result of cur. hedging	R\$/thd	137,394	245,543	78.7%	9,489	24,457	157.7%
Unit Price	R\$/ton	323	387	19.8%	432	652	50.9%
Cost Total	R\$/thd	(133,109)	(198,182)	48.9%	(6,257)	(10,038)	60.4%
Unit Cost	R\$/ton	(313)	(312)	-0.1%	(285)	(267)	-6.3%
Unitary Gross Income	R\$/ton	10	75	650.0%	147	384	161.2%

The corn invoiced in 1Q20 was produced in the 2018/19 crop year. Corn unit gross margin rose by 161.2%, due to the 50.9% higher unit price and the drop-in unit cost, due to better yields in 2018/19 compared to 2017/18.

Note that the corn yield increased 24.2% from the previous crop year, to 7,099 kg per hectare.

## Gross Income

Table 15 – Gross Income

(R\$ thd)	2018	2019	AH	1Q19	1Q20	AH
<b>Gross Profit</b>	<b>845,958</b>	<b>783,184</b>	<b>-7.4%</b>	<b>251,771</b>	<b>327,548</b>	<b>30.1%</b>
Cotton lint	409,644	388,000	-5.3%	91,396	72,586	-20.6%
Cotton seed	27,516	15,897	-42.2%	2,927	10,552	260.5%
Soybean	296,350	345,129	16.5%	176,761	136,636	-22.7%
Corn	4,285	47,361	n.m.	3,232	14,419	346.1%
Others	3,148	6,312	100.5%	(8,596)	(14,444)	68.0%
Biological Assets	105,015	(19,515)	n.m.	(13,949)	107,799	n.m.

Excluding the effects from Biological Assets (Variation and Realization of Fair Value) indicates the actual margins of the products invoiced. In 1Q20, gross income decreased 17.3% from 1Q19, reflecting the period's lower soybean volume invoiced and the lower margins from the cotton crop.



## Selling Expenses

Selling expenses increased 26.8% from 1Q19, led by the lines Freight and Export Expenses, which registered increases due to the higher cotton volume invoiced in the period.

Table 16 - Selling Expenses

(R\$ thd)	2018	2019	AH	1Q19	1Q20	AH
Freight	52,561	58,191	10.7%	10,483	13,732	31.0%
Storage	25,862	32,458	25.5%	10,111	11,549	14.2%
Commissions	9,358	13,359	42.8%	3,978	3,809	-4.2%
Classification of Goods	1,950	2,070	6.2%	288	360	25.0%
Export Expenses	22,098	28,535	29.1%	5,895	10,796	83.1%
Others	6,845	18,359	168.2%	2,190	1,527	-30.3%
<b>Total</b>	<b>118,674</b>	<b>152,972</b>	<b>28.9%</b>	<b>32,945</b>	<b>41,773</b>	<b>26.8%</b>
<b>% Net Revenue</b>	<b>5.7%</b>	<b>6.0%</b>	<b>0.3%</b>	<b>5.3%</b>	<b>6.6%</b>	<b>1.3%</b>

## Administrative Expenses

Administrative Expenses (excluding amounts related to the Profit-Sharing Program) decreased 12.6% in 1Q20 compared to 1Q19. As a ratio of Net Revenue, these expenses remained virtually stable, with a slight decline of 0.4 p.p. The main variations are explained by:

- (i) the lower expenses with Contractors Fees and Services due to changes in the periods for contracting certain services;
- (ii) the reduction in Contingencies due to the lower number of lawsuits classified as “probable” risk;
- (iii) the lower expenses with contributions and donations in the quarter due to the change in the tax calculation criteria, which, in 2019, began to be conducted on a quarterly basis.

Table 17 – Administrative Expenses

(R\$ thd)	2018	2019	AH	1Q19	1Q20	AH
Expenses with personnel	26,580	31,952	20.2%	8,593	9,380	9.2%
Fees	4,623	5,058	9.4%	1,503	975	-35.1%
Depreciations and amortizations	1,631	1,897	16.3%	381	502	31.8%
Expenses with travels	2,103	2,694	28.1%	456	595	30.5%
Software maintenance	4,756	6,161	29.5%	1,468	1,252	-14.7%
Marketing/Advertisement	2,046	2,674	30.7%	1,193	985	-17.4%
Expenses with Communications	2,414	2,707	12.1%	532	771	44.9%
Rentals	816	904	10.8%	226	254	12.4%
Labor, Tax and Environmental Contingencies	(51)	1,734	n.m.	2,751	32	-98.8%
Electricity	169	193	14.2%	57	69	21.1%
Taxes and other fees	786	1,275	62.2%	513	375	-26.9%
Contributions and donations	2,448	2,322	-5.1%	550	155	-71.8%
Other	3,252	3,665	12.7%	414	948	129.0%
<b>Subtotal</b>	<b>51,573</b>	<b>63,236</b>	<b>22.6%</b>	<b>18,637</b>	<b>16,293</b>	<b>-12.6%</b>
<b>% Net Revenue</b>	<b>2.5%</b>	<b>2.5%</b>	<b>-</b>	<b>3.0%</b>	<b>2.6%</b>	<b>-0.4p.p.</b>
Provision for profit share program	35,960	26,088	-27.5%	5,538	6,847	23.6%
<b>Total</b>	<b>87,533</b>	<b>89,324</b>	<b>2.0%</b>	<b>24,175</b>	<b>23,140</b>	<b>-4.3%</b>

## Net Financial Income (Expense)

Since a portion of the Company's debt in USD was swapped to BRL (in line with the Risk Management Policy), the exchange variation on dollar-denominated debt does not affect Financial Income (Loss) when we analyze aggregate figures, since any gains and losses on such debt from exchange variation are offset by gains/losses in equal proportion to the respective swap.

Table 18 - Adjusted Net Financial Income (Expense)

(R\$ thd)	2018	2019	AH	1Q19	1Q20	AH
Interest	(77,661)	(101,197)	30.3%	(18,347)	(17,763)	-3.2%
FX Variation	9,810	5,940	-39.4%	6,710	8,714	29.9%
Monetary Variation	(14)	139	n.m.	-	-	-
Ad. to pres. value of leas. contracts (IFRS16)	-	(47,607)	-100.0%	(8,586)	(13,888)	61.8%
Other financial revenues (expenses)	(4,811)	(1,325)	-72.5%	(277)	(2,787)	906.1%
<b>Total</b>	<b>(72,676)</b>	<b>(144,050)</b>	<b>-98.2%</b>	<b>(20,500)</b>	<b>(25,724)</b>	<b>25.5%</b>
<b>% Net Revenue</b>	<b>3.5%</b>	<b>5.7%</b>	<b>2.2p.p.</b>	<b>3.3%</b>	<b>4.1%</b>	<b>0.8p.p.</b>

In 1Q20, Adjusted Net Financial income increased 25.5% compared to the same period last year. The main impact came from the increase in the line Adjustment to Present Value from Leases, which was mainly due to the lengthening of certain agreements and to the increase in the soybean bag price in Brazilian real (indexer of agreements).

We also registered an increase in the line other financial income (expenses) related to the negative goodwill on the transfer of ICMS tax and to the expenses with PIS/COFINS taxes on financial income.

Interest expenses fell 3.2% from 1Q19, with the key factor the reduction in the CDI overnight rate in the period.

## Net Income (Loss)

Table 19 - Net Income

(R\$ thd)	2018	2019	AH	1Q19	1Q20	AH
<b>Income before taxes on profit</b>	<b>585,081</b>	<b>414,662</b>	<b>(29.1%)</b>	<b>165,402</b>	<b>231,012</b>	<b>39.7%</b>
Income Tax and Social Contrib. on Profit	(178,580)	(99,621)	(44.2%)	(54,021)	(74,615)	38.1%
<b>Consolidated Net Income for the Period</b>	<b>406,501</b>	<b>315,041</b>	<b>(22.5%)</b>	<b>111,381</b>	<b>156,397</b>	<b>40.4%</b>
Assigned to parent company	381,250	311,514	(18.3%)	101,867	143,525	40.9%
Assigned to non-controlling comp. members	25,251	3,527	(86.0%)	9,514	12,872	35.3%
<b>% Net Revenue</b>	<b>19.4%</b>	<b>12.4%</b>	<b>-7.0p.p.</b>	<b>18.0%</b>	<b>24.7%</b>	<b>6.7p.p.</b>
<b>Net Income Farming Operation</b>	<b>405,373</b>	<b>292,893</b>	<b>(27.7%)</b>	<b>111,381</b>	<b>156,397</b>	<b>40.4%</b>
<b>Net Margin Farming Operation</b>	<b>19.3%</b>	<b>11.5%</b>	<b>-7.8p.p.</b>	<b>18.0%</b>	<b>24.7%</b>	<b>6.7p.p.</b>
<b>Net Profit Sale of Land</b>	<b>1,128</b>	<b>22,148</b>	<b>n.m.</b>	<b>-</b>	<b>-</b>	<b>-</b>

Net Income amounted to R\$156.4 million, advancing 40.4% on 1Q19, with net margin of 24.7%.

The main factor contributing to this growth was the variation in the fair value of biological assets for soybean, which increased by R\$147.7 million compared to 1Q19. The variation is explained by the assumptions used in the calculation. As commented in the 1Q19 Earnings Release, following the calculation of the Variation of the Fair Value of Biological Assets of soybean in the 2018/19 crop year, both the crop's prices and yield improved, leading Variation of Fair Value to underestimate the crop's result in that year.

## Statement of Cash Flow Analysis

Free Cash Flow was negative in 1Q20, which basically reflects the higher Working Capital needs due to the payment of inputs for the 2019/20 crop year.

Table 20 Summarized Cash Flow

(R\$ thd)	2018	2019	AH	1Q19	1Q20	AH
Cash generated in operations	787,403	<b>778,746</b>	-1.1%	243,444	<b>278,199</b>	14.3%
Changes in assets and liabilities	(379,894)	<b>(246,585)</b>	-35.1%	(325,822)	<b>(642,366)</b>	97.2%
Net cash used in investment activities	(191,781)	<b>(160,300)</b>	-16.4%	(119,250)	<b>(89,505)</b>	-24.9%
<i>In Fixed assets</i>	<i>(248,166)</i>	<i><b>(235,175)</b></i>	5.2%	<i>(117,929)</i>	<i><b>(82,574)</b></i>	-30.0%
<i>In Intangible assets</i>	<i>(7,404)</i>	<i><b>(5,746)</b></i>	-22.4%	<i>(1,321)</i>	<i><b>(6,931)</b></i>	424.7%
<i>Receipt from sale of land</i>	<i>63,789</i>	<i><b>80,621</b></i>	26.4%	-	-	-
Net cash bef. cash used in inv. act.	215,728	<b>371,861</b>	72.4%	(201,628)	<b>(453,672)</b>	125.0%
Net cash gen./(cons.) in fin. act. <sup>(1)</sup>	(7,361)	<b>(74,436)</b>	n.m.	(74,258)	<b>(17,998)</b>	-75.8%
Paid leases <sup>(2)</sup>	-	(78,929)	100.0%	-	(13,411)	100.0%
Payment of CRA Costs	-	(5,423)	100.0%	-	-	-
Adjusted Free Cash	208,367	<b>213,073</b>	2.3%	(275,886)	<b>(485,081)</b>	75.8%

(1) The variations of said account are non-cash.

(2) Due to the adoption of IFRS 16, the payment of leases is now accounted in the Statement of Cash Flows under Financing Activities. However, it should be considered as operating cash disbursement.

## Property, Plant and Equipment / CAPEX

Table 21 Capital Expenditure (R\$ '000)

(R\$ thd)	2019	AV	1Q19	1Q20	AH	AV
Machinery, implements and equipment	109,101	39.5%	51,345	57,184	11.4%	74.1%
Land acquisition	3,072	1.1%	2,823	-	-100.0%	0%
Soil correction	42,772	15.5%	2,592	2,583	-0.3%	3.3%
Buildings and facilities	49,575	17.9%	8,578	6,489	-24.4%	8.4%
Cotton ginning plant	33,710	12.2%	23,692	643	-97.3%	0.8%
Grains storage	1,763	0.6%	1,347	734	-45.5%	1.0%
Soil cleaning	3,630	1.3%	225	2,319	930.7%	3.0%
Vehicles	4,029	1.5%	1,811	38	-97.9%	0%
Aircraft	7,542	2.7%	289	-	-100.0%	0%
Software	9,798	3.5%	1,213	4,510	271.8%	5.8%
Improvements in own properties	2	0.0%	556	-	-100.0%	0%
Improvements in Third Party Real Estate	1,917	0.7%	-	225	100.0%	0.3%
Buildings	9,620	3.5%	-	106	100.0%	0.1%
Others	-	-	2,400	2,354	-1.9%	3.0%
<b>Total</b>	<b>276,531</b>	<b>100.0%</b>	<b>96,871</b>	<b>77,185</b>	<b>-20.3%</b>	<b>100%</b>

In 1Q20, the main investments, of R\$57.1 million, were used allocated to machinery and equipment, specifically at the Paiaguás (grain harvesters), Planorte and Planeste farms (cotton harvesters).

## Debt

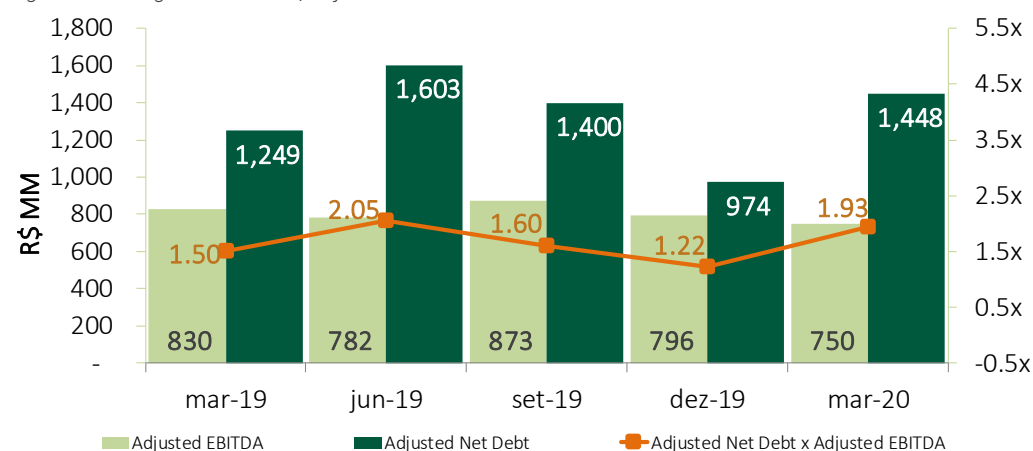
The Company's adjusted net debt ended 1Q20 at R\$1.4 billion, an increase of R\$475 million from the end of 4Q19. Net debt was affected mainly by the higher Working Capital Needs, which in turn were influenced by the higher payments for agricultural inputs for the 2019/20 crop year. Note that the growth in debt during the period was expected, considering the company's cash conversion cycle.

Table 22 Financial Net Debt

Credit Line (R\$ thd)	Index	Average Rate (%)		Consolidated	
		4Q19	(R\$ thd)	Index	4Q19
<b>Applied in Fixed Assets</b>				<b>73,235</b>	<b>70,029</b>
Finame – BNDES	Pref, Bask. of Curr.	5.4%	5.4%	73,235	70,029
<b>Applied in Fixed Assets</b>			<b>1,792,631</b>	<b>2,237,850</b>	<b>1,792,631</b>
Rural Credit	Prefixed	6.0%	5.6%	108,483	44,837
CRA	CDI	4.4%	3.7%	561,447	567,176
Working Capital	CDI	5.1%	4.9%	413,490	658,072
Export Loans	Prefifex	6.5%	6.5%	111,422	113,186
Export Loans	CDI	5.1%	4.6%	597,789	854,580
<b>Total Indebtedness</b>		<b>5.0%</b>	<b>4.6%</b>	<b>1,865,866</b>	<b>2,307,879</b>
(+/-) Gains and losses with deriv. connected with applic. and debts				6,691	85,107
<b>(=) Adjusted Debt</b>				<b>1,859,175</b>	<b>2,222,772</b>
(-) Caixa				885,418	774,435
<b>(=) Adjusted Net Debt</b>				<b>973,757</b>	<b>1,448,337</b>
Adjusted EBITDA (last 12 months)				795,521	749,569
<b>Adjusted Net Debt/Adjusted EBITDA</b>				<b>1.22</b>	<b>1.93</b>

(1) Final Interest Rate with swap; (2) Transactions with gains and losses from Derivatives (note 22e of the Quarterly Financial Information);

Figure 14 Changes in Net Debt/Adjusted EBITDA Ratio



## Hedge Position

### Currency and agricultural commodity hedge

The Company's sales revenues are generated mainly by the trading of agricultural commodities such as cotton, soybean and corn, which are quoted in U.S. dollar on international exchanges, such as the Chicago Board of Trade (CBOT) and the Intercontinental Exchange Futures US (ICE). Therefore, we are actively exposed to variations in foreign exchange rates and in the prices of these commodities. To protect from currency variation we use derivative instruments, with the portfolio of these instruments basically comprising non-deliverable forwards (NDFs). In line with the Company's Risk Management Policy, whose purpose is to obtain a pre-established Adjusted EBITDA margin with a combination of factors such as Price, Foreign Exchange and Cost, most of the instruments for protecting against commodity price variation are accomplished through advanced sales directly with our clients (forward contracts). We also use futures and options contracts negotiated on the exchange and swap and option transactions contracted with financial institutions. The mark-to-market adjustments of future, swap and option transactions are recorded under financial income (expense).

The hedge position for commodities (in relation to the estimated total volume invoiced) and currency (in relation to the total estimated revenue in USD) is shown below broken down by commercial hedge and financial hedge (updated as of April 30):

Table 23 Hedge Position

FX Hedge – Soybean				Commercial Hedge - Soybean			
Crop	2018/19	Crop	Crop	Crop	2018/19	2019/20	2020/21
%	99.8%	93.9%	42.0%	%	100%	80.1%	60.0%
R\$/USD	3.7834	4.2963	4.7436	USD/bu <sup>(2)</sup>	10.06	9.72	9.74
Commitments <sup>(1)</sup>	-	2.5%	37.6%	Commitments <sup>(1)</sup>	-	-	-
FX Hedge – Cotton				Commercial Hedge - Cotton			
Crop	2018/19	2019/20	2020/21	Crop	2018/19	2019/20	2020/21
%	97.7%	84.3%	24.7%		98.2%	74.0%	35.0%
R\$/USD	3.7978	4.2776	4.9215	US\$/lb <sup>(2)</sup>	72.98	71.10	68.39
Commitments <sup>(1)</sup>	-	2.6%	40.7%	Commitments <sup>(1)</sup>	-	-	-
FX Hedge – Corn				Commercial Hedge - Corn			
Crop	2018/19	2019/20	2020/21	Crop	2018/19	2019/20	2020/21
%	100.0%	85.7%	45.1%	%	100.0%	64.7%	39.9%
R\$/USD	3.8560	4.1571	5.0221	R\$/bag <sup>(3)</sup>	25.25	27.30	33.10
Commitments <sup>(1)</sup>	-	0.9%	27.7%	Commitments <sup>(1)</sup>	-	-	-

(1) Commitments with fixed-rate security payments in U.S. dollar, natural hedge with payments related to land acquisitions and leasing agreements in soybean bags. (2) Based on FOB Port - prices at our production units are also influenced by transport expenses and possible quality discounts. (3) Farm price.

## Return Indicators

The Company believes that the calculation of Return on Equity, Return on Net Assets and Return on Invested Capital should consider, in addition to operating income in the period, the net annual appreciation (based on the report of an independent auditor prepared every year) in the value of its land.

Table 24 Return on Equity

(R\$ million)	2013	2014	2015	2016	2017	2018	2019
Net Profit <sup>(1)</sup>	97	70	121	16	289	405	293
Net Land Appreciation <sup>(2)</sup>	374	428	140	199	19	110	142
<b>Subtotal</b>	<b>471</b>	<b>498</b>	<b>261</b>	<b>215</b>	<b>308</b>	<b>515</b>	<b>435</b>
Shareholder's Equity <sup>(3)</sup>	3,087	3,771	3,911	4,346	4,438	4,641	4,973
<b>Return</b>	<b>15.3%</b>	<b>13.2%</b>	<b>6.7%</b>	<b>4.9%</b>	<b>6.9%</b>	<b>11.1%</b>	<b>8.7%</b>

(1) Even in periods that encompass net income from the land sales, in this analysis only the profit of the "agricultural operation" is considered, since the gains from appreciation of land are being considered in a specific item.

(2) Based on the independent appraisal report (Deloitte), net of taxes, updated in July 2019.

(3) Adjusted for land price appreciation.

Table 25 Return on Net Assets

(R\$ million)	2013	2014	2015	2016	2017	2018	2019
Net Profit <sup>(1)</sup>	97	70	121	16	289	405	293
Net Land Appreciation <sup>(2)</sup>	374	428	140	199	19	110	142
<b>Subtotal</b>	<b>471</b>	<b>498</b>	<b>261</b>	<b>215</b>	<b>308</b>	<b>515</b>	<b>435</b>
<b>Net Assets</b>	<b>4,276</b>	<b>4,859</b>	<b>5,005</b>	<b>5,026</b>	<b>5,097</b>	<b>5,443</b>	<b>6,551</b>
Working Capital	641	733	739	561	613	603	912
Fixed Assets <sup>(3)</sup>	3,635	4,126	4,266	4,465	4,484	4,840	5,639
<b>Return</b>	<b>11.0%</b>	<b>10.2%</b>	<b>5.2%</b>	<b>4.3%</b>	<b>6.0%</b>	<b>9.5%</b>	<b>6.6%</b>

(1) Even in periods that encompass net income from the land sales, in this analysis only the profit of the "agricultural operation" is considered, since the gains from appreciation of land are being considered in a specific item.

(2) Based on the independent appraisal report (Deloitte), net of taxes, updated in July 2019.

(3) Adjusted by land-price appreciation.

Table 26 Return on Invested Capital

(R\$ million)	2013	2014	2015	2016	2017	2018	2019
Operating Income <sup>(1)</sup>	150	190	285	110	513	657	536
IRPJ Rate	23.1%	21.3%	27.3%	0.0%	26.3%	30.5%	24.0%
Adjusted IR	(35)	(40)	(78)	20	(135)	(200)	(129)
Adjusted Operating Income	116	150	207	130	378	457	407
Net Land Appreciation <sup>(2)</sup>	374	428	140	199	19	110	142
<b>Operating results w/ land</b>	<b>490</b>	<b>578</b>	<b>347</b>	<b>329</b>	<b>397</b>	<b>567</b>	<b>549</b>
<b>Invested Capital</b>	<b>3,864</b>	<b>4,731</b>	<b>5,005</b>	<b>5,255</b>	<b>5,104</b>	<b>5,584</b>	<b>5,947</b>
Gross Debt (CP and LP)	1,170	1,332	1,795	1,974	1,578	1,586	1,859
Cash	393	372	701	1,065	749	643	885
Net Debt	777	960	1,094	909	829	943	974
Shareholder's Equity <sup>(3)</sup>	3,087	3,771	3,911	4,346	4,275	4,641	4,973
<b>Return on Working Capital</b>	<b>12.7%</b>	<b>12.2%</b>	<b>6.9%</b>	<b>6.3%</b>	<b>7.8%</b>	<b>10.2%</b>	<b>9.2%</b>

(1) Even in periods that encompass operational results from the land sales, in this analysis only the results of the "agricultural operation" is considered, since the gains from appreciation of land are being considered in a specific item.

(2) Based on the independent appraisal report (Deloitte), net of taxes, updated in July 2019.

(3) Adjusted for land price appreciation.

## Additional Information

### Planted Area – 2019/20 Crop Year

Table 27 Planted area by type (own, leased, companies and partnerships)

Area Mix	Planted Area 2018/19 ----- ha -----	Planted Area 2019/20 <sup>(1)</sup> ----- ha -----	Share 2019/20 %	Δ%
<b>1<sup>st</sup> crop Area</b>	<b>316,159</b>	<b>313,486</b>	<b>69.9</b>	<b>-0.8</b>
Owned Area	111,279	111,065	24.8	-0.2
Leased Area	130,669	130,000	29.0	-0.5
Joint Ventures Areas <sup>(2)</sup>	39,551	40,158	9.0	1.5
SLC LandCo Areas <sup>(3)</sup>	34,660	32,263	7.2	-6.9
<b>2<sup>nd</sup> crop Area</b>	<b>141,940</b>	<b>135,110</b>	<b>30.1</b>	<b>-4.8</b>
Owned Area	62,000	54,156	12.1	-12.7
Leased Area	56,611	53,604	11.9	-5.3
Joint Ventures Areas <sup>(2)</sup>	8,516	9,876	2.2	16.0
SLC LandCo Areas <sup>(3)</sup>	14,813	17,474	3.9	18.0
<b>Total Area</b>	<b>458,099</b>	<b>448,596</b>	<b>100.0</b>	<b>-2.1%</b>

(1) Weather factors may affect the planted area forecast.

(2) Areas owned by Grupo Roncador and Mitsui.

(3) A SLC Agrícola holds an 81.23% interest in SLC LandCo.

### Property portfolio

The portfolio of properties under our management on **May 13, 2020** is presented below:

Table 28 Property Portfolio

Crop 2019/20 (ha)		Owned <sup>(1)</sup>	SLC LandCo <sup>(2)</sup>	Leased	Joint Ventures	Under Control	Total Planted <sup>(3)</sup>
Farm	State	----- ha -----					
Pamplona	GO	17,994		3,857		21,851	20,034
Pantanal	MS			25,726		25,726	42,883
Planalto	MS	15,006		1,635		16,641	22,154
Planorte	MT	23,454				23,454	30,912
Paiguás	MT	28,129		16,502		44,631	63,403
Perdizes <sup>(5)</sup>	MT	28,893	13,288			42,181	26,358
Pioneira <sup>(4)</sup>	MT				19.485	19,485	29,361
Panorama	BA		10,373	14.253		24,626	21,751
Paladino <sup>(5)</sup>	BA				20.673	20,673	20,673
Piratini	BA		25,356			25,356	5,499
Palmares	BA	16,195	831	14,816		31,842	23,139
Parnaíba	MA	26,193		11,270		37,463	37,786
Palmeira	MA		10,200	14,480		24,680	20,943
Planeste	MA		22,785	16,631		39,416	59,030
Parceiro	BA	27,565	3,680	10,830		42,075	14,370
Paineira <sup>(6)</sup>	PI	12,892				12,892	-
Parnaguá	PI	21,932				21,932	10,300
<b>Total</b>	<b>-</b>	<b>218,253</b>	<b>86,513</b>	<b>130,000</b>	<b>40,158</b>	<b>474,924</b>	<b>448,596</b>

(1) Own property, includes Legal Reserve. (2) SLC Agrícola currently holds an 81.23% interest in SLC LandCo, while the Valiance fund holds 18.77%. (3) Including the second crop. Weather factors could affect the planted area forecast. (4) The Pioneira Farm is part of the joint arrangement with Grupo Roncador. (5) The Perdizes and Paladino Farms are part of the joint arrangements with Mitsui in SLC-Mit. (6) Farm leased to third parties.



## Landbank

The current position of our landbank is presented below:

Table 29 Landbank

Hectares	Under Transformation	Under Licensing
<b>SLC Agrícola</b>		
Palmares	-	601
Parnaíba	-	1,464
Parnaguá	-	3,426
Parceiro	6,698	-
<b>Subtotal</b>	<b>6,698</b>	<b>5,491</b>
<b>SLC LandCo</b>		
Palmeira <sup>(1)</sup>	4,749	-
Piratini	9,993	-
Parceiro <sup>(1)</sup>	-	-
<b>Subtotal</b>	<b>14,742</b>	<b>-</b>
<b>Total</b>	<b>21,440</b>	<b>5,491</b>

(1) Areas acquired by SLC LandCo to be developed jointly with these farms.

## Machinery base and Storage capacity

Table 30 Machinery Base and Storage Capacity

	2018	2019	1Q20
Machinery (quantity)	867	873	873
Tractors	216	212	211
Grains Combiners	209	206	199
Cotton Pickers	76	85	96
Planters	212	209	209
Self propelled sprayers	154	161	162
Storage capacity (tons)			
Grains	764,000	764,000	764,000
% Production <sup>(1)</sup>	52%	87%	87%
Cotton	125,148	125,148	125,148
% Production <sup>(1)</sup>	60%	56%	56%

(1) Estimate based on the estimated planted area and yield for 2019/20.

## Net Asset Value

Table 31 Net Asset Value – NAV

<b>(R\$ million)</b>	<b>1Q20</b>
SLC Agrícola Farms <sup>(1)</sup>	2,604
SLC LandCo Farms <sup>(1)</sup>	754
Infrastructure (excl. land)	1,087
Accounts Receivable (excl. derivatives)	145
Inventories	973
Biological Assets	889
Cash	730
<b>Subtotal</b>	<b>7,182</b>
Suppliers	345
Gross debt adjusted by results of operations with derivatives	2,104
Outstanding debt related to land acquisition	-
<b>Subtotal</b>	<b>2,449</b>
<b>Net asset value</b>	<b>4,733</b>
<b>Net Asset value per share (190,595,000 shares)</b>	<b>24.8</b>

<sup>(1)</sup> Based on the independent appraisal report (Deloitte, 2019), net of taxes.

NOTE: All accounts are adjusted by SLC Agrícola's interests in subsidiaries/joint ventures.

## Debt

Figure 15 Change in Adjusted Gross Debt (R\$ '000)

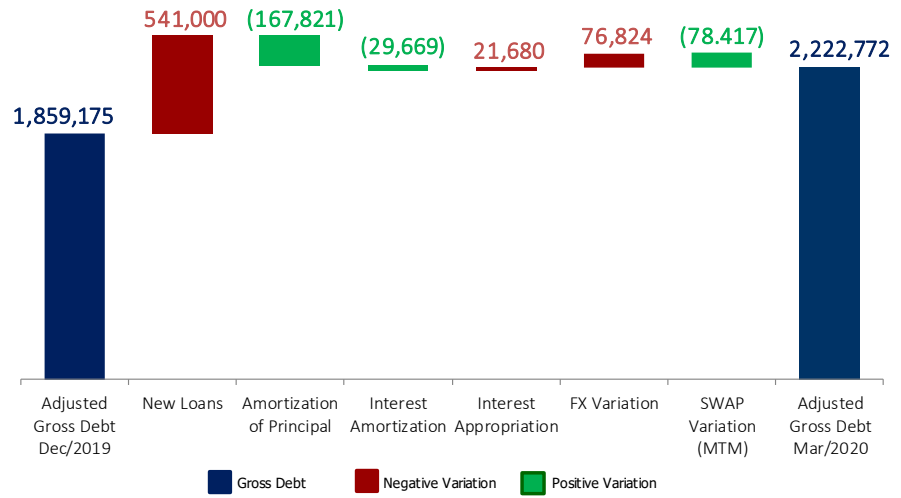


Figure 16 Gross Debt Amortization Schedule (R\$ '000)

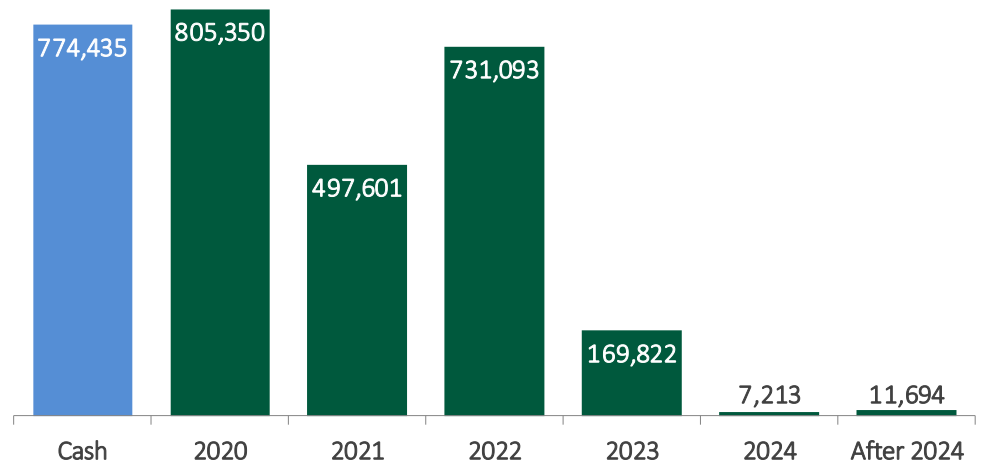


Figure 17 Gross Debt Profile

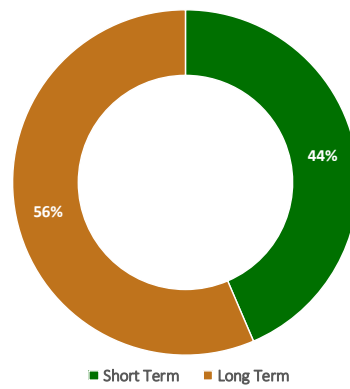
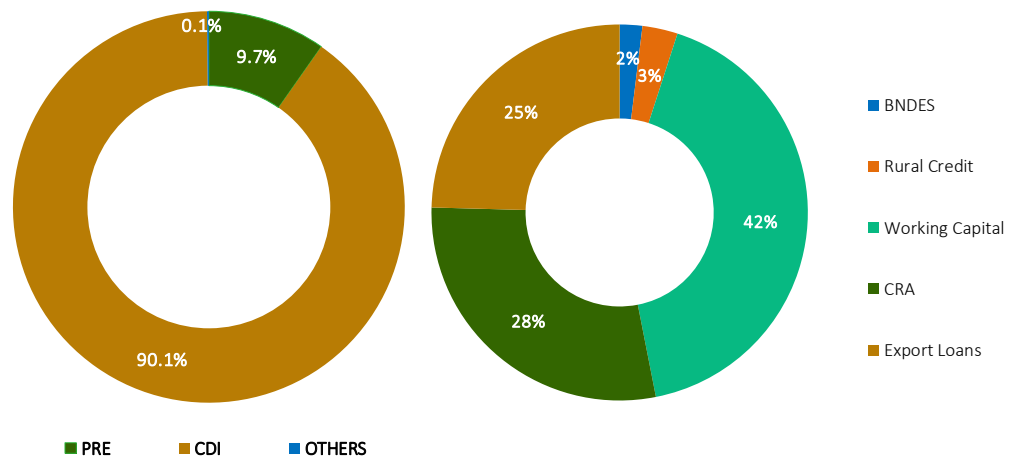
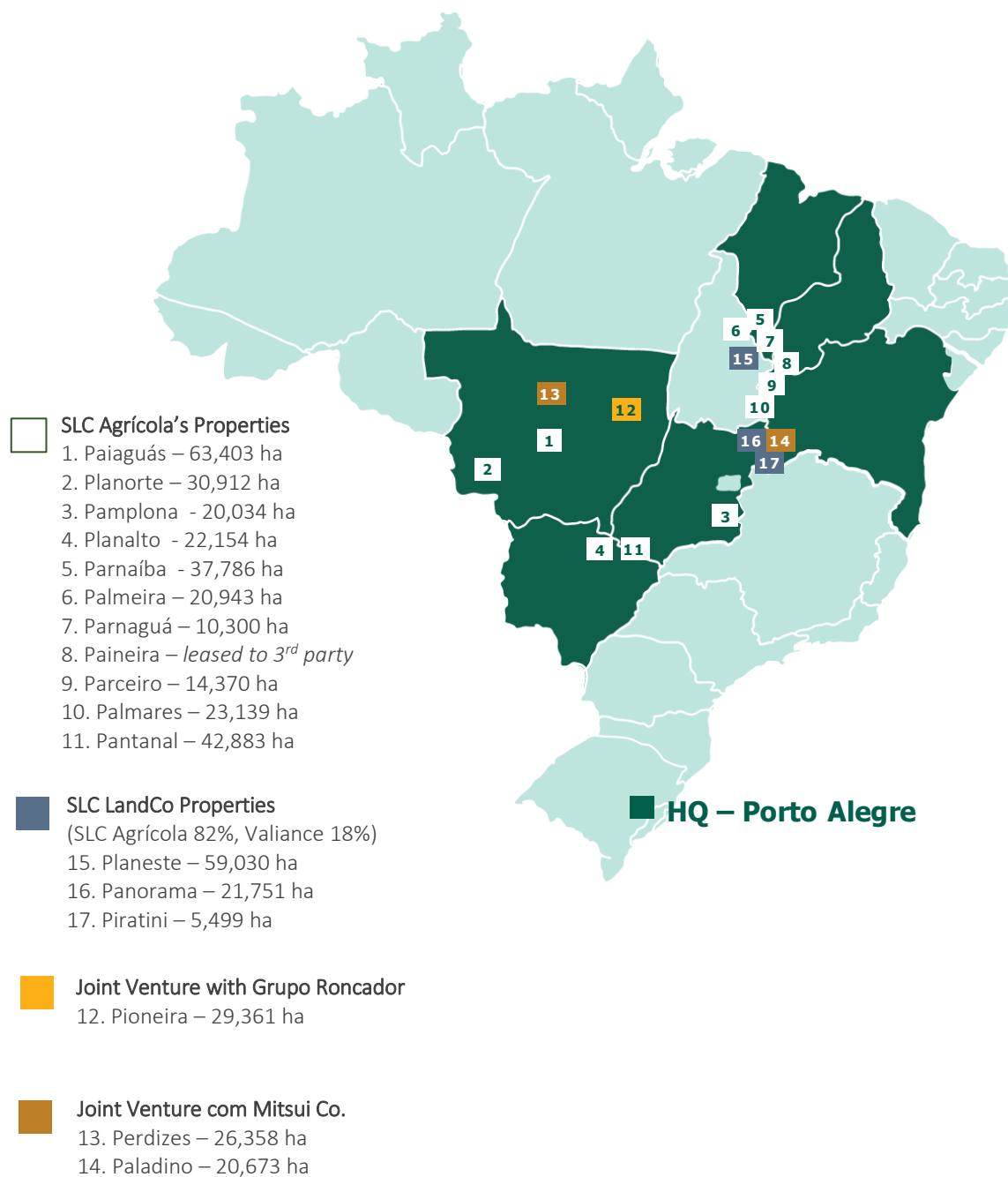


Figure 18 Gross Debt by Index and Instrument



## Location of Production Units and Headquarters



## Disclaimer

*This release makes statements concerning future events that are subject to risks and uncertainties. These statements are based on the beliefs and assumptions of our Management and on the information currently available to the Company. Forward-looking statements include information on our current plans, beliefs or expectations, as well as those of the Company's directors and officers. Forward-looking statements include information on potential or assumed operating results as well as statements that are preceded, followed by or include the words "believe," "may," "will," "continue," "expect," "project," "intend," "plan," "estimate" or similar expressions. Forward-looking statements and information provide no guarantee of performance. Because they refer to future events, they involve risks, uncertainties and assumptions and as such depend on circumstances that may or may not occur. The Company's future results and creation of value for shareholders may differ significantly from the figures expressed or suggested in the forward-looking statements. Many factors that will determine these results and values are beyond our capacity to control or predict.*

## Exhibit 1 – Balance Sheet – Assets

(R\$ thd)	2019	1Q20	AH
<b>Assets</b>	<b>3,090,810</b>	<b>3,274,730</b>	<b>6.0%</b>
Cash and cash equivalents	829,427	736,441	-11.2%
Short-term interest earnings bank deposits	55,342	37,339	-32.5%
Accounts receivable	178,405	169,440	-5.0%
Advances to suppliers	2,443	3,482	42.5%
Inventories	1,071,354	1,052,208	-1.8%
Biological assets	780,589	967,767	24.0%
Recoverable taxes	41,943	39,187	-6.6%
Securities and credits receivable	71,657	72,170	0.7%
Operations with derivatives	34,008	174,495	413.1%
Intercompany transactions	11	-	-100.0%
Other accounts receivable	11,412	6,453	-43.5%
Prepaid expenses	14,030	15,607	11.2%
Assets held for sale	189	141	-25.4%
<b>Non-current assets</b>	<b>3,867,319</b>	<b>4,004,558</b>	<b>3.5%</b>
Financial investments at fair value	650	654	0.6%
Recoverable taxes	122,469	127,130	3.8%
Deferred income and social contribution taxes	22,517	28,565	26.9%
Operations with derivatives	11,328	73,921	552.6%
Accounts receivable	5,248	5,019	-4.4%
Advances to suppliers	30,241	28,616	-5.4%
Prepaid expenses	528	483	-8.5%
Other credits	7,945	9,827	23.7%
Property, plant and equipment	217,010	216,952	0.0%
Right of use asset	555,031	573,425	3.3%
Property, plant and equipment	2,878,989	2,920,371	1.4%
Intangible	15,363	19,595	27.5%
<b>TOTAL ASSETS</b>	<b>6,958,129</b>	<b>7,279,288</b>	<b>4.6%</b>

## Exhibit 2 – Balance Sheet – Liabilities

(R\$ thd)	2019	1Q20	AH
<b>Liabilities</b>	<b>2,043,561</b>	<b>2,254,261</b>	<b>10.3%</b>
Suppliers	922,000	372,334	-59.6%
Loans and financing	699,515	990,103	41.5%
Taxes, rates and sundry contributions	57,510	5,105	-91.1%
Social charges and labor legislation obligations	54,572	42,449	-22.2%
Advances from clients	33,289	168,360	405.8%
Debts with realted parties	125	116	-7.2%
Operations with derivatives	55,230	442,746	701.6%
Securities payable	12,273	12,273	0.0%
Provisions for tax, environmental and labor risks	4,121	4,152	0.8%
Dividends payable	73,759	73,759	0.0%
Leases payable	225	155	-31.1%
Third party lease liability	114,567	124,286	8.5%
Others accounts payables	16,375	18,423	12.5%
<b>Non-current liabilities</b>	<b>1,930,147</b>	<b>2,125,774</b>	<b>10.1%</b>
Loans and financing	1,160,251	1,312,427	13.1%
Deferred taxes	0	0	0.0%
Operations with derivatives	247,531	201,123	-18.7%
Securities payable	5,643	62,925	n.m.
Other debits	1,412	1,412	0.0%
Third party lease liability	161	147	-8.7%
Loans and financing	515,149	547,740	6.3%
<b>Shareholder's Equity</b>	<b>2,984,421</b>	<b>2,899,253</b>	<b>-2.9%</b>
Capital	947,522	947,522	0.0%
Capital Reserves	97,760	98,345	0.6%
(-) Treasury shares	(64,321)	(62,462)	-2.9%
Profit reserves	680,719	680,719	0.0%
Retained Earnings/Losses	0	144,323	100.0%
Other comprehensive income	1,122,997	893,792	-20.4%
Non-controlling shareholders in subsidiaries	199,744	197,014	-1.4%
<b>TOTAL LIABILITIES</b>	<b>6,958,129</b>	<b>7,279,288</b>	<b>4.6%</b>



## Exhibit 3 – Income Statement for the Fiscal Year

(R\$ thd)	2018	2019	AH	1Q19	1Q20	AH
<b>Net Operating Revenue</b>	<b>2,099,177</b>	<b>2,535,905</b>	<b>20.8%</b>	<b>618,833</b>	<b>632,632</b>	<b>2.2%</b>
Cotton lint	1,088,621	1,212,573	11.4%	185,218	246,693	33.2%
Cotton seed	80,496	77,154	-4.2%	9,236	20,901	126.3%
Soybean	875,235	1,036,218	18.4%	439,779	407,034	-7.4%
Corn	146,151	253,376	73.4%	9,638	24,457	153.8%
Others	39,483	72,874	84.6%	1,348	1,196	-11.3%
Hedge Income/Loss	(130,809)	(116,290)	-11.1%	(26,386)	(67,649)	156.4%
<b>Change of the Fair Value of Biological Assets</b>	<b>724,291</b>	<b>504,751</b>	<b>-30.3%</b>	<b>146,497</b>	<b>294,174</b>	<b>100.8%</b>
<b>Cost of goods sold</b>	<b>(1,358,234)</b>	<b>(1,733,206)</b>	<b>27.6%</b>	<b>(353,113)</b>	<b>(412,883)</b>	<b>16.9%</b>
Cotton lint	(567,966)	(762,874)	34.3%	(91,099)	(155,284)	70.5%
Cotton seed	(52,980)	(61,257)	15.6%	(6,309)	(10,349)	64.0%
Soybean	(567,844)	(644,331)	13.5%	(239,504)	(221,572)	-7.5%
Corn	(133,109)	(198,182)	48.9%	(6,257)	(10,038)	60.4%
Others	(36,335)	(66,562)	83.2%	(9,944)	(15,640)	57.3%
<b>Realization of the Fair Value of Biological Assets</b>	<b>(619,276)</b>	<b>(524,266)</b>	<b>-15.3%</b>	<b>(160,446)</b>	<b>(186,375)</b>	<b>16.2%</b>
<b>Gross Income</b>	<b>845,958</b>	<b>783,184</b>	<b>-7.4%</b>	<b>251,771</b>	<b>327,548</b>	<b>30.1%</b>
Operating expenses/income	(188,201)	(224,472)	19.3%	(65,869)	(70,811)	7.5%
Sales expenses	(118,674)	(152,972)	28.9%	(32,945)	(41,773)	26.8%
General and administrative expenses	(87,533)	(89,324)	2.0%	(24,175)	(23,140)	-4.3%
General and administrative	(51,573)	(63,236)	22.6%	(18,637)	(16,293)	-12.6%
Provision for profit share program	(35,960)	(26,088)	-27.5%	(5,538)	(6,847)	23.6%
Management compensation	(13,981)	(13,827)	-1.1%	(6,547)	(6,350)	-3.0%
Other operating income (expenses)	31,987	31,651	-1.1%	(2,202)	452	n.m.
<b>Income (loss) before financial income (loss) and taxes</b>	<b>657,757</b>	<b>558,712</b>	<b>-15.1%</b>	<b>185,902</b>	<b>256,737</b>	<b>38.1%</b>
Financial income	286,606	203,659	-28.9%	47,597	164,790	246.2%
Financial expenses	(359,282)	(347,709)	-3.2%	(68,097)	(190,515)	179.8%
<b>Income (loss) before income tax</b>	<b>585,081</b>	<b>414,662</b>	<b>-29.1%</b>	<b>165,402</b>	<b>231,012</b>	<b>39.7%</b>
Income and social contribution taxes	(178,580)	(99,621)	-44.2%	(54,021)	(74,615)	38.1%
Current	(97,023)	(90,856)	-6.4%	(13,306)	(1,369)	-89.7%
Deferred	(81,557)	(8,765)	-89.3%	(40,715)	(73,246)	79.9%
<b>Net Income (loss) for the period</b>	<b>406,501</b>	<b>315,041</b>	<b>-22.5%</b>	<b>111,381</b>	<b>156,397</b>	<b>40.4%</b>
Assigned to Members of the Parent Company	381,250	311,514	-18.3%	101,867	143,525	40.9%
Attributed to Non-Controlling Partners	25,251	3,527	-86.0%	9,514	12,872	35.3%

## Exhibit 4 – Statement of Cash Flows

(R\$ thd)	2018	2019	AH	1Q19	1Q20	AH
<b>Net cash from operational activities</b>	<b>407,509</b>	<b>532,161</b>	<b>30.6%</b>	<b>(82,378)</b>	<b>(364,167)</b>	<b>342.1%</b>
<b>Cash generated in operations</b>	<b>787,403</b>	<b>778,746</b>	<b>-1.1%</b>	<b>243,444</b>	<b>278,199</b>	<b>14.3%</b>
Net income (loss) before income and social contribution taxes	585,081	414,662	-29.1%	165,403	231,012	39.7%
Depreciation and amortization	111,231	105,810	-4.9%	20,336	19,233	-5.4%
Income from write-off of permanent assets	5,783	(17,811)	n.m.	5,357	2,910	-45.7%
Interest, foreign exchange variation and price-level restatement	147,944	143,595	-2.9%	27,373	98,971	261.6%
Share-based compensation	4,442	5,386	21.3%	2,636	1,527	-42.1%
Variation in biological assets	(105,015)	19,516	n.m.	13,949	(107,799)	n.m.
Inventory adjustment provision at market value	-	14	100.0%	-	(7)	100.0%
Provision (reversal) of profit sharing and labor contingencies	35,910	26,088	-27.4%	5,672	6,847	20.7%
Fair Value of Investment Properties	(7,051)	(7,928)	12.4%	-	58	100.0%
Other ajusts	9,078	(1,528)	n.m.	148	-	-100.0%
Avp - Lease Liability (IFRS 16)	-	47,607	100.0%	-	13,888	100.0%
Amortization of right of use (IFRS 16)	-	43,336	100.0%	2,570	11,559	349.8%
<b>Changes in assets and liabilities</b>	<b>(379,894)</b>	<b>(246,585)</b>	<b>-35.1%</b>	<b>(325,822)</b>	<b>(642,366)</b>	<b>97.2%</b>
Trade accounts receivable	36,582	(46,859)	n.m.	(10,732)	8,965	n.m.
Inventories and biological assets	(369,341)	(242,580)	-34.3%	125	(35,056)	n.m.
Recoverable taxes	(61,085)	5,426	n.m.	7,373	(1,905)	n.m.
Accounts receivable	7,361	74,436	911.2%	74,258	17,999	-75.8%
Interest earnings bank deposits-pledged	4,135	(4,003)	n.m.	(17,696)	1,593	n.m.
Other accounts receivable	12,085	22,012	82.1%	10,807	586	-94.6%
Advances to suppliers	267,231	187,493	-29.8%	(380,109)	(541,126)	42.4%
Suppliers	(68,710)	(53,658)	-21.9%	(720)	(13,431)	n.m.
Taxes and social payables	147	(33)	n.m.	180	2	-98.9%
Debts with related parties	(10,275)	(1,087)	-89.4%	(10,047)	(127,993)	n.m.
Operations with derivatives	(5,975)	(705)	-88.2%	2,823	-	-100.0%
Securities payable	(56,488)	(8,874)	-84.3%	45,941	135,071	194.0%
Advances from clients	21,254	(58,517)	n.m.	(244)	(70)	-71.3%
Lease	22,273	(945)	n.m.	(23,653)	(13,108)	-44.6%
Other accounts payable	(80,106)	(31,839)	-60.3%	(15,036)	(44,224)	194.1%
Income tax and social contribution paid	(98,982)	(86,852)	-12.3%	(9,092)	(29,669)	226.3%
<b>Net cash used in investment activities</b>	<b>(191,781)</b>	<b>(160,300)</b>	<b>-16.4%</b>	<b>(119,250)</b>	<b>(89,505)</b>	<b>-24.9%</b>
In Fixed assets	(248,166)	(235,175)	-5.2%	(117,929)	(82,574)	-30.0%
In Intangible assets	(7,404)	(5,746)	-22.4%	(1,321)	(6,931)	424.7%
Receipt from sale of land	63,789	80,621	26.4%	-	-	-
<b>Net cash before cash used in investment activities</b>	<b>215,728</b>	<b>371,863</b>	<b>72.4%</b>	<b>(201,628)</b>	<b>(453,672)</b>	<b>125.0%</b>
<b>Net cash generated/(consumed) in financing activities</b>	<b>(314,959)</b>	<b>(54,742)</b>	<b>-82.6%</b>	<b>60,019</b>	<b>360,686</b>	<b>501.0%</b>
Sale (repurchase) of shares	(75,391)	(37,835)	-49.8%	(16,357)	918	n.m.
Loans and financing obtained	1,037,225	1,512,923	45.9%	192,000	541,000	181.8%
Loans and financing paid	(1,065,697)	(1,269,659)	19.1%	(115,619)	(167,821)	45.2%
Dividends paid	(211,096)	(181,243)	-14.1%	(5)	-	-100.0%
Payd leases	-	(78,929)	100.0%	-	(13,411)	100.0%
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(99,231)</b>	<b>317,119</b>	<b>-419.6%</b>	<b>(141,609)</b>	<b>(92,986)</b>	<b>-34.3%</b>
<b>Opening balance of cash and cash equivalents</b>	<b>611,539</b>	<b>512,308</b>	<b>-16.2%</b>	<b>512,308</b>	<b>829,427</b>	<b>61.9%</b>
<b>Closing balance of cash and cash equivalents</b>	<b>512,308</b>	<b>829,427</b>	<b>61.9%</b>	<b>370,699</b>	<b>736,441</b>	<b>98.7%</b>
-	-	-	-	-	-	-
<b>Presented Free Cash</b>	<b>215,728</b>	<b>371,861</b>	<b>72.4%</b>	<b>(201,628)</b>	<b>(453,672)</b>	<b>125.0%</b>
Change in financial investments account	(7,361)	(74,436)	911.2%	(74,258)	(17,998)	-75.8%
Paid Leases	-	(78,929)	100.0%	-	(13,411)	100.0%
Payment of CRA Costs	-	(5,423)	100.0%	-	-	-
<b>Adjusted Free Cash</b>	<b>208,367</b>	<b>213,073</b>	<b>2.3%</b>	<b>(275,886)</b>	<b>(485,081)</b>	<b>75.8%</b>

(1) The variations of said account are non-cash.

(2) Due to the adoption of IFRS 16, the payment of leases is now accounted in the Statement of Cash Flows under Financing Activities. However, it should be considered as operating cash disbursement.

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