# Copersucar S.A.

**Financial statements**
**March 31, 2020**

*(A free translation of the original report in Portuguese containing individual and consolidated financial statements prepared in accordance with the accounting practices adopted in Brazil and in accordance with International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board - IASB)*

KPDS 672749

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# Independent auditors' report on the individual and consolidated financial statements

*(A free translation of the original report in Portuguese containing individual and consolidated financial statements prepared in accordance with the accounting practices adopted in Brazil and in accordance with International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board - IASB)*

**To the Directors and Board Members of**

**Copersucar S.A.**

*São Paulo - SP*

## Opinion

We have examined the individual and consolidated financial statements of Copersucar S.A. ("Company"), identified as Parent Company and Consolidated, respectively, comprising the balance sheet as of March 31, 2020 and the related statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, as well as the corresponding notes, comprising the significant accounting policies and other clarifying information.

In our opinion, the aforementioned individual and consolidated financial statements present fairly, in all material respects, the individual and consolidated financial position of Copersucar S.A. as of March 31, 2020, the individual and consolidated performance of its operations and its individual and consolidated cash flows for the year then ended, in conformity with accounting practices adopted in Brazil and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

## Basis for opinion

Our audit was conducted in accordance with Brazilian and international standards on auditing. Our responsibilities, in conformity with these standards, are described in the following section denominated

“Auditor’s responsibilities for the audit of the individual and consolidated financial statements”. We are independent in relation to the Company and its subsidiaries, in accordance with the relevant ethical principles provided for in the Accountant’s Code of Professional Ethics and in professional standards issued by the Federal Accounting Council, and we comply with other ethical responsibilities according to these standards. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

## Other matters - Statement of added value

Individual and consolidated statement of added value (DVA) for the year ended March 31, 2020, prepared under responsibility of Company's management, whose presentation is not required for privately-held companies, were submitted to audit procedures carried out together with the audit of Company’s financial statements. In order to form our opinion, we evaluated whether these statements are reconciled with other financial statements and accounting records, as applicable, and whether their form and content are in accordance with the criteria defined in CPC 09 - Technical Pronouncement - Statement of Added Value. In our opinion, these statements of added value were prepared, in all material respects, in accordance with the criteria defined in this Technical Pronouncement and are consistent in relation to the individual and consolidated financial statements taken as a whole.

## Responsibilities of management for the individual and consolidated financial statements

The Management is responsible for the preparation and adequate presentation of the financial statements in accordance with the accounting practices adopted in Brazil, and the internal controls it deemed necessary to enable the preparation of individual and consolidated financial statements free of material misstatements, regardless of whether caused by fraud or error.

In the preparation of individual and consolidated financial statements, management is responsible for assessing the ability of the Company to continue as a going concern, disclosing, where applicable, the matters relating to its going concern and the use of this basis of accounting in preparing the financial statements, unless management intends to wind-up the Company and its subsidiaries or cease its operations, or has no realistic alternative to avoid the closure of operations.

## Auditors’ responsibilities for the audit of the individual and consolidated financial statements

Our purposes are to obtain reasonable assurance that the individual and consolidated financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error, and to issue audit report containing our opinion. Reasonable assurance means a high level of security, but not a guarantee that an audit conducted in accordance with Brazilian and international auditing standards always detects any existing material misstatements. Misstatements may be due to fraud or error and are considered material when, individually or taken as a whole, can influence, within a reasonable perspective, the economic decisions of users taken based on these financial statements.

As part of the audit conducted in accordance with Brazilian and international auditing standards, we exercise professional judgment and maintain our professional skepticism throughout the audit. In addition:

- We identified and assessed the risks of material misstatement in the individual and consolidated financial statements, whether caused by fraud or error, we planned and performed audit procedures in response to such risks, and we obtained proper and sufficient audit evidence to support our opinion. The risk of not detecting material misstatement resulting from fraud is higher than that arising from error, once the fraud may involve the act of dodging the internal controls, collusion, falsification, omission or false intentional representations.

- We obtained an understanding of the internal controls relevant to the audit to plan the audit procedures appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal controls of the Company and its subsidiaries.
- We assessed the adequacy of the accounting policies used and the reasonableness of the accounting estimates and the respective disclosures made by the management.
- We reached a conclusion as to the suitability of Management's use of the accounting basis for going concern and, based on the audit evidence obtained, as to whether there is a material uncertainty regarding events or conditions that could raise a significant doubt regarding the Company's and its subsidiaries' capacity for going concern. If we conclude that there is a material uncertainty, we must highlight the related disclosures in the individual and consolidated financial statements in our report, or include a modification in our opinion if disclosures are inadequate. Our conclusions are based on the audit evidences obtained until the date of our report. However, future events or conditions may cause the Company and its subsidiary to no longer continue as a going concern.
- We assessed the overall presentation, structure and content of financial statements, including disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner consistent with the objective of fair presentation.
- We obtained appropriate and sufficient audit evidence regarding the financial information of the entities or business activities of the group to express an opinion on the individual and consolidated financial statements. We are responsible for directing, supervising and carrying out the group's audit and, therefore, for the audit opinion.
- We communicated with the ones responsible for governance with respect to, among other aspects, the planned scope, time of the audit and significant audit findings, including possible material weaknesses in internal controls identified by us during our engagements.

São Paulo, May 22, 2020

KPMG Auditores Independentes
CRC 2SP027666/F

*Original signed in Portuguese*
Fenando Rogério Liani
CRC 1SP229193/O-2

## Copersucar S.A.

### Balance sheets at March 31, 2020 and 2019

*(In thousands of reais)*

| Assets | Note | Consolidated 2020 | Consolidated 2019 | Parent company 2020 | Parent company 2019 |
|---|---|---|---|---|---|
| **Current assets** | | | | | |
| Cash and cash equivalents | 7 | 2,730,745 | 1,975,453 | 1,956,204 | 1,664,633 |
| Trade accounts receivable | 8 | 1,478,554 | 1,360,827 | 603,288 | 551,589 |
| Inventories | 9 | 1,454,450 | 1,192,738 | 1,087,067 | 772,738 |
| Recoverable taxes and contributions | 10 | 178,211 | 173,162 | 168,370 | 161,221 |
| Recoverable income tax and social contribution | 10 | 132,723 | 76,002 | 124,913 | 73,383 |
| Advances to suppliers | | 383,212 | 60,561 | 8,992 | 9,106 |
| Stock exchange operations | 11 | 18,941 | 5,463 | 452 | 91 |
| Unrealized derivative financial instruments | 21 | 1,730,940 | 575,066 | 845,232 | 257,229 |
| Other accounts receivable | | 139,889 | 88,471 | 56,960 | 17,536 |
| Total current assets | | **8,247,665** | **5,507,743** | **4,851,478** | **3,507,526** |
| **Non-current assets** | | | | | |
| Deferred tax assets | 12 | 823,282 | 575,680 | 726,108 | 508,671 |
| Judicial deposits | 20 | 55,865 | 96,892 | 39,709 | 81,737 |
| Unrealized derivative financial instruments | 21 | 135,398 | 85,195 | 108,530 | 75,071 |
| Recoverable taxes and contributions | 10 | 9,242 | 9,235 | 9,242 | 9,235 |
| Loan operations | 23 | - | - | 5,913 | 5,520 |
| Other accounts receivable | | 20,509 | 13,152 | - | 10,233 |
| Investments | 13 | 1,669,242 | 1,358,402 | 2,568,236 | 2,338,016 |
| Property, plant and equipment | 14 | 849,251 | 679,506 | 6,716 | 4,047 |
| Intangible assets | 15 | 284,559 | 276,872 | 7,553 | 4,007 |
| Right-of-use in lease | 14 | 409,764 | - | 16,810 | - |
| Total non-current assets | | **4,257,112** | **3,094,934** | **3,488,817** | **3,036,537** |
| **Total assets** | | **12,504,777** | **8,602,677** | **8,340,295** | **6,544,063** |

| Liabilities | Note | Consolidated 2020 | Consolidated 2019 | Parent company 2020 | Parent company 2019 |
|---|---|---|---|---|---|
| **Current liabilities** | | | | | |
| Suppliers | 16 | 1,400,851 | 805,139 | 710,233 | 857,294 |
| Loans and financing | 17 | 1,186,867 | 547,375 | 842,624 | 296,784 |
| Lease liabilities | 17 | 77,652 | - | 1,304 | - |
| Labor payroll obligations | | 31,817 | 32,561 | 21,277 | 23,406 |
| Provision for income tax and social contribution | | 17,264 | 29,231 | - | 5,649 |
| Taxes and contributions payable | 18 | 46,069 | 54,332 | 25 | 25,565 |
| Stock exchange operations | 11 | 319,894 | 2,963 | 319,893 | 2,962 |
| Advances from clients | 19 | 834,492 | 777,608 | 24,617 | 623 |
| Unrealized derivative financial instruments | 21 | 1,121,333 | 478,349 | 511,683 | 201,565 |
| Other accounts payable | | 208,873 | 75,167 | 97,025 | 36,660 |
| Total current liabilities | | **5,245,112** | **2,802,725** | **2,528,681** | **1,450,508** |
| **Non-current liabilities** | | | | | |
| Loans and financing | 17 | 4,913,981 | 4,650,413 | 3,963,058 | 4,061,381 |
| Lease liabilities | 17 | 350,267 | - | 15,554 | - |
| Employee benefits | | 19,317 | 19,355 | - | - |
| Provisions for contingencies | 20 | 17,380 | 20,243 | 513 | 628 |
| Unrealized derivative financial instruments | 21 | 703,992 | 84,126 | 698,329 | 78,680 |
| Deferred tax liabilities | 12 | 245,670 | 146,449 | 111,950 | 60,726 |
| Other accounts payable | | 3,213 | 1,409 | 16,365 | 14,183 |
| Total non-current liabilities | | **6,253,820** | **4,921,995** | **4,805,769** | **4,215,598** |
| **Shareholders' equity** | | | | | |
| Capital | | 180,301 | 180,301 | 180,301 | 180,301 |
| Capital reserve | | 8,153 | 8,153 | 8,153 | 8,153 |
| Treasury shares | | (15,140) | (15,140) | (15,140) | (15,140) |
| Legal reserve | | 36,060 | 36,061 | 36,060 | 36,061 |
| Profit reserves | | - | 11,233 | - | 11,233 |
| Investment reserves | | 675,125 | 663,364 | 675,125 | 663,364 |
| Equity valuation adjustment | | 3,459 | (6,015) | 3,459 | (6,015) |
| Additional dividend proposed | | 117,887 | - | 117,887 | - |
| **Shareholders' equity attributable to controlling shareholders** | 24 | **1,005,845** | **877,957** | **1,005,845** | **877,957** |
| **Total liabilities** | | **11,498,932** | **7,724,720** | **7,334,450** | **5,666,106** |
| **Total liabilities and shareholders' equity** | | **12,504,777** | **8,602,677** | **8,340,295** | **6,544,063** |
| | | - | - | (0) | - |

See the accompanying notes to the financial statements.

## Copersucar S.A.

### Statements of income

**Years ended March 31, 2020 and 2019**

***(In thousands of reais)***

| | | Consolidated | | Parent company | |
|---|---|---|---|---|---|
| | **Note** | **2020** | **2019** | **2020** | **2019** |
| Net revenues | 25 | 29,907,421 | 29,116,924 | 10,524,763 | 8,322,833 |
| Unrealized derivative financial instruments | 21 | 202,971 | (450,399) | 92,463 | (17,657) |
| Cost of sales | 26 | (29,440,434) | (27,938,797) | (10,337,838) | (8,041,734) |
| **Gross income** | | **669,958** | **727,728** | **279,388** | **263,442** |
| Sales expenses | 26 | (50,281) | (131,608) | (30,903) | (25,643) |
| Administrative expenses | 26 | (253,917) | (245,476) | (97,993) | (122,204) |
| Other revenues | 27 | 48,145 | 123,145 | 5,142 | 117,240 |
| Other expenses | 28 | (116,169) | (39,859) | (13,332) | (9,151) |
| **Income before net financial** | | **297,736** | **433,930** | **142,302** | **223,684** |
| Financial revenues | 29 | 4,828,950 | 2,150,263 | 1,213,687 | 716,562 |
| Financial expenses | 29 | (5,054,632) | (2,427,298) | (1,384,940) | (1,076,767) |
| **Net financial** | 29 | **(225,682)** | **(277,035)** | **(171,253)** | **(360,205)** |
| Equity in net income of subsidiaries | 13 | 73,991 | 3,760 | 144,002 | 270,911 |
| **Income (loss) before taxes** | | **146,045** | **160,655** | **115,051** | **134,390** |
| Current income tax and social contribution | 30 | (5,484) | 2,095 | 5,649 | 27,255 |
| Deferred income tax and social contribution | 30 | (21,483) | 14,799 | (1,622) | 15,904 |
| **Total income tax and social contribution** | | **(26,967)** | **16,894** | **4,027** | **43,159** |
| **Net income for the year** | | **119,078** | **177,549** | **119,078** | **177,549** |
| **Income (loss) attributed to** | | | | | |
| Controlling shareholders | | 119,078 | 177,549 | 119,078 | 177,549 |
| **Net income for the year** | | **119,078** | **177,549** | **119,078** | **177,549** |

See the accompanying notes to the financial statements.

## Copersucar S.A.

### Statements of comprehensive income

**Years ended March 31, 2020 and 2019**

***(In thousands of reais)***

| | Consolidated | | Parent company | |
|---|---|---|---|---|
| | **2020** | **2019** | **2020** | **2019** |
| **Net income for the year** | 119,078 | 177,549 | 119,078 | 177,549 |
| Comprehensive income | | | | |
| Reflexive accumulated translation adjustment | (4,233) | (3,210) | (4,233) | (3,210) |
| Accumulated translation adjustment | 338,636 | 151,894 | 338,636 | 151,894 |
| *Non-Deliverable Forward* - Investment hedge | (503,735) | (243,176) | (503,735) | (243,176) |
| *Non-Deliverable Forward* - Cash flow hedge | 3,749 | (2,593) | 5,335 | - |
| Swap hedge accounting | 5,723 | 5,757 | 10,101 | 5,335 |
| Income tax and social contribution | 169,863 | 79,899 | 167,835 | 80,581 |
| **Total comprehensive income** | **129,081** | **166,120** | **133,018** | **168,973** |
| **Comprehensive income attributable to:** | | | | |
| Controlling shareholders | 129,081 | 166,120 | 133,018 | 168,973 |
| **Total comprehensive income** | **129,081** | **166,120** | **133,018** | **168,973** |

See the accompanying notes to the financial statements.

## Copersucar S.A.

### Statements of changes in shareholders' equity

**Years ended March 31, 2020 and 2019**

***(In thousands of reais)***

| | | Reserves | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Capital | Capital reserve | Treasury shares | Legal reserve | Profit retention | Reserve for investment | Equity valuation adjustment | Retained earnings | Additional dividend proposed | Shareholders' equity attributed to controlling shareholders |
| **2018** | **180,301** | **8,153** | **(15,140)** | **36,060** | **11,233** | **487,059** | **5,946** | **-** | **40,546** | **754,158** |
| | | | | | | | | | | - |
| Realization of deemed cost | - | - | - | - | - | - | (530) | 530 | - | - |
| Comprehensive income for the year: | | | | | | | | | | - |
| Reflexive accumulated translation adjustment | - | - | - | - | - | - | (3,208) | - | - | (3,208) |
| Hedge of a net investment in a foreign operation | - | - | - | - | - | - | (10,702) | - | - | (10,702) |
| Net cash flow hedge | - | - | - | - | - | - | (3,696) | - | - | (3,696) |
| Swap hedge accounting | - | - | - | - | - | - | 6,176 | - | - | 6,176 |
| Net income for the year | - | - | - | - | - | - | - | 177,549 | - | 177,549 |
| Legal reserve | - | - | - | - | - | - | - | - | - | - |
| Minimum mandatory dividends (R$ 0.00144 per share) | - | - | - | - | - | - | - | (1,776) | - | (1,776) |
| Additional dividends proposed | - | - | - | - | - | - | - | - | - | - |
| Profit retention - "Ad referendum" Annual Shareholders' Meeting | - | - | - | - | - | 176,303 | - | (176,303) | - | - |
| Payment of additional dividends proposed | - | - | - | - | - | - | - | - | (40,546) | (40,546) |
| **2019** | **180,301** | **8,153** | **(15,140)** | **36,060** | **11,233** | **663,362** | **(6,014)** | **-** | **-** | **877,955** |
| Realized deemed cost | - | - | - | - | - | - | (530) | 530 | - | - |
| Comprehensive income for the year: | | | | | | | | | | - |
| Reflexive accumulated translation adjustment | - | - | - | - | - | - | (4,492) | - | - | (4,492) |
| Hedge of a net investment in a foreign operation | - | - | - | - | - | - | 2,736 | - | - | 2,736 |
| Net cash flow hedge | - | - | - | - | - | - | 1,658 | - | - | 1,658 |
| Swap hedge accounting | - | - | - | - | - | - | 10,101 | - | - | 10,101 |
| Net income for the year | - | - | - | - | - | - | - | 119,078 | - | 119,078 |
| Distribution of income: | | | | | | | | | | |
| Minimum mandatory dividends (R$ 0.00093 per share) | - | - | - | - | - | - | - | (1,191) | - | (1,191) |
| Additional dividends proposed | - | - | - | - | - | - | - | (117,887) | 117,887 | - |
| Profit retention - "Ad referendum" Annual Shareholders' Meeting | - | - | - | - | (11,233) | 11,763 | | (530) | - | - |
| | | | | | | | | | | - |
| **In 2020** | **180,301** | **8,153** | **(15,140)** | **36,060** | **-** | **675,125** | **3,459** | **-** | **117,887** | **1,005,845** |

See the accompanying notes to the financial statements.

## Copersucar S.A.

### Statements of cash flows

**Years ended March 31, 2020 and 2019**

***(In thousands of reais)***

| | Consolidated | | Parent company | |
|---|---|---|---|---|
| | **2020** | **2019** | **2020** | **2019** |
| **Cash flow from operating activities** | | | | |
| **Net income for the year** | **119,078** | **177,549** | **119,078** | **177,549** |
| Adjusted by: | | | | |
| Equity in income of subsidiaries and associated companies | (73,991) | (3,760) | (144,002) | (270,911) |
| Subsidiary gains with exchange rate changes | (246,864) | (209,288) | - | - |
| Change in fair value of stock exchange | (64) | (218) | - | - |
| Depreciation and amortization | 77,245 | 67,742 | 3,160 | 4,612 |
| Deferred taxes | 21,483 | (14,799) | 1,622 | (15,904) |
| Interest and exchange rate on loans and financings | 934,365 | 640,828 | 602,706 | 449,173 |
| Net value of write-offs of fixed and intangible assets | 93,395 | 3,932 | 1,411 | 670 |
| Increase in provision for contingencies | (2,863) | 1,903 | (115) | (51) |
| Employee benefits | (38) | 2,951 | - | - |
| Change in inventories’ fair values | 176,563 | (188,275) | 88,826 | (51,374) |
| Change in fair value of derivative financial instruments | (433,451) | (67,530) | (181,289) | (254,518) |
| Gain on interest in investments in associated companies | - | (110,581) | - | (110,581) |
| Gains in bargain purchase | (25,444) | - | - | - |
| Lease expense | 13,978 | - | - | - |
| Estimated losses | 21,081 | 12,973 | 1,475 | - |
| **Changes in assets and liabilities** | | | | |
| (Increase) in trade accounts receivable | (130,454) | (403,630) | (53,174) | (119,504) |
| Decrease/(Increase) decrease in operations with related parties | 56,884 | (201,301) | 23,601 | 2,173 |
| (Increase) in inventories | (438,274) | 297,507 | (403,155) | 306,911 |
| (Increase) in recoverable taxes | (61,777) | (14,879) | (58,536) | (6,794) |
| (Increase) in prepaid expenses | 24,662 | - | 751 | - |
| (Increase) in other accounts receivable | (83,472) | (40,776) | (40,282) | (128) |
| (Increase)/Decrease in advance to supplier | (318,858) | 3,838 | 314 | 341 |
| Increase in stock exchange operations | 304,876 | 53,425 | 316,570 | 15,063 |
| Increase/(Decrease) in judicial deposits | 41,027 | (43,140) | 42,028 | (42,738) |
| (Decrease)/Increase in suppliers | 593,439 | 644,942 | (147,068) | 290,761 |
| (Decrease)/Increase in social and labor obligations | (744) | 2,200 | (2,129) | 1,862 |
| Increase in taxes and contributions payable | 13,429 | 4,670 | (22,430) | (8,278) |
| Increase in other accounts payable | 90,801 | 67,824 | 62,893 | 19,779 |
| Interest on loans and financing – paid | (380,248) | (282,117) | (321,599) | (223,120) |
| Income tax and social contribution | (33,658) | (25,197) | (8,920) | (3,098) |
| Dividends received | 60,898 | 10,336 | 263,582 | 160,336 |
| **Net cash flow generated in operating activities** | **413,004** | **387,129** | **145,318** | **322,231** |
| **Cash flows from investing activities** | | | | |
| Cash deriving from acquisition of subsidiary | - | - | 19,651 | - |
| Application of funds in investments | (23,363) | (24,960) | (23,362) | (24,960) |
| Application of funds in property, plant and equipment | (94,260) | (16,595) | (5,320) | (2,076) |
| Application of funds in intangible assets | (5,916) | (1,837) | (5,208) | - |
| **Net cash used in investment activities** | **(123,539)** | **(43,392)** | **(14,239)** | **(27,036)** |
| **Cash flows from financing activities** | | | | |
| Payment of lease liability | (8,072) | - | (211) | - |
| Dividends paid | (1,775) | (42,000) | (1,775) | (42,000) |
| (Loss)/Gain from financial instrument | (4,040) | 11,526 | (4,040) | 11,526 |
| Loans and financing obtained | 3,330,066 | 2,125,183 | 2,520,354 | 1,875,099 |
| Payments of loans and financing | (3,030,870) | (2,165,437) | (2,353,836) | (1,366,657) |
| **Net cash generated (consumed) in financing activities** | **285,309** | **(70,728)** | **160,492** | **477,968** |
| **Net increase in cash and cash equivalents** | **574,774** | **273,009** | **291,571** | **773,163** |
| **Statement of changes in cash and cash equivalents** | | | | |
| At the end of the year | 2,730,745 | 1,975,453 | 1,956,204 | 1,664,633 |
| Effect in exchange-rate change on cash and cash equivalents | 180,518 | 33,001 | - | - |
| At the beginning of the year | 1,975,453 | 1,669,443 | 1,664,633 | 891,470 |
| **Net increase in cash and cash equivalents** | **574,774** | **273,009** | **291,571** | **773,163** |

See the accompanying notes to the financial statements.

## Copersucar S.A.

### Statements of added value

**Years ended March 31, 2020 and 2019**

***(In thousands of reais)***

| | Consolidated | | Parent company | |
|---|---|---|---|---|
| | **2020** | **2019** | **2020** | **2019** |
| **Revenues** | | | | |
| Sale of goods, products and services | 31,317,682 | 30,119,050 | 11,806,910 | 9,436,611 |
| Other revenues | (85,497) | 157,130 | 29,374 | 30,892 |
| Change in fair value of financial instruments | 202,971 | (450,399) | 92,463 | (17,657) |
| Estimated allowance for doubtful accounts | (3,827) | 467 | (1,475) | 604 |
| | **31,431,329** | **29,826,248** | **11,927,272** | **9,450,450** |
| **Inputs acquired from third parties** | | | | |
| Cost of products, goods, and services sold | (29,561,917) | (28,055,225) | (10,697,622) | (8,331,378) |
| Materials, outsourced services and other | (211,849) | (266,807) | (49,418) | (46,107) |
| Other | (45,922) | (30,991) | (5,939) | (3,161) |
| | **(29,819,688)** | **(28,353,023)** | **(10,752,979)** | **(8,380,646)** |
| **Gross added value** | **1,611,641** | **1,473,225** | **1,174,293** | **1,069,804** |
| **Depreciation and amortization** | (163,270) | (67,339) | (3,264) | (4,656) |
| **Added value received as transfer** | | | | |
| Equity in net income of subsidiaries | 73,991 | 3,760 | 144,002 | 270,911 |
| Financial revenues | 4,828,950 | 2,150,263 | 1,213,687 | 716,562 |
| Other | 45,687 | 121,260 | 5,094 | 115,225 |
| | 4,948,628 | 2,275,283 | 1,362,783 | 1,102,698 |
| **Total added value payable** | **6,396,999** | **3,681,169** | **2,533,812** | **2,167,846** |
| **Distribution of added value** | **(6,396,999)** | **(3,681,169)** | **(2,533,812)** | **(2,167,846)** |
| **Personnel** | | | | |
| Direct remuneration | (135,657) | (152,756) | (31,591) | (41,936) |
| Benefits | (65,194) | (71,762) | (33,956) | (45,688) |
| FGTS | (8,667) | (10,175) | (2,872) | (3,512) |
| | (209,518) | (234,693) | (68,419) | (91,136) |
| **Taxes, duties and contributions** | | | | |
| Federal | (57,282) | (19,449) | 28,483 | 1,027 |
| State | (987,312) | (784,080) | (983,668) | (816,969) |
| Municipal | (10,313) | (11,406) | (842) | (954) |
| | (1,054,907) | (814,935) | (956,027) | (816,896) |
| **Third parties' capital remuneration** | | | | |
| Interest | (5,054,632) | (2,427,298) | (1,384,940) | (1,076,767) |
| Rentals | 41,136 | (26,694) | (5,348) | (5,498) |
| | (5,013,496) | (2,453,992) | (1,390,288) | (1,082,265) |
| **Remuneration of own capital** | | | | |
| (Income) for the year | (119,078) | (177,549) | (119,078) | (177,549) |
| | (119,078) | (177,549) | (119,078) | (177,549) |

See the accompanying notes to the financial statements.

# Notes to the financial statements

***(In thousands of reais)***

## 1. Operations

The Company, established as a privately-held corporation and domiciled in Brazil, is headquartered in the city of São Paulo (SP) at Nações Unidas Avenue, 14261, and is mainly engaged in: import, export, manufacture, store, load and unload sugar; for ethanol and by-products in the domestic and international markets; commercial representation of sugar, ethanol and derivatives, land (air, river, sea) logistics, cargo shipments, including hazardous and acting as operator of multimodal transport; provision of technical and consultancy services related to the aforementioned activities and interest in capital of other entities.

The individual and consolidated financial statements of the Company for the year ended March 31, 2020 comprise the parent company and its subsidiaries.

The Company and its subsidiaries' fiscal year ends on March 31 of each year.

**Impact of Coronavirus (COVID-19) on the financial statements**

The Covid-19 epidemic has brought significant volatility to the markets in general (financial, foreign exchange and commodities), directly reducing consumption and generating a climate of great uncertainty about the future.

Since the pandemic started in a more relevant way only in the second half of March 2020 in Brazil (last month of the crop), it had little effect on the Company's operations, which continued operating normally.

Moreover, several actions were taken immediately by the Company for a structured management of the business environment within this context.

A contingency committee was assembled and the Company enabled remote work for all (100%) its administrative employees. At the Santos, Ribeirão Preto and São José do Rio Preto terminals, the operating teams work to guarantee the continuity of operations, meeting strict measures established to preserve the health and well-being of all personnel. Among the measures taken, we highlight the following:

- Removal of employees belonging to the risk group;
- Removal of employees with flu-like symptoms;
- Improved communication related to preventive and hygiene actions, not only in the work environment, but in employees' homes;
- Delivery of hygiene kits for families;
- Implementation of online daily check-in of employees for screening and mapping the occupational health team;

- Body temperature measurement of all employees and service providers upon arrival at the Terminals;
- Alteration in the shift change process to avoid agglomerations;
- Implementation of a rotation system for the use of changing rooms and cafeterias, maintaining adequate physical distance;
- Mandatory use of face masks for all employees inside the terminals and guidance on the proper use and disposal of masks;
- Monitoring of symptoms through the Occupational Medicine team; and
- Advance of Flu Vaccination Campaign to all employees.

Among other actions, the Company also anticipated its financing process to form a robust liquidity cushion to face this scenario of great future uncertainty. Part of this process is already demonstrated in the cash position as of March 31, 2020, while part will be recorded in the beginning of the 20/21 crop.

Moreover, aiming at contributing to society at this difficult period, the Company carried out the following solidarity actions:

- Donation of over 50 thousand liters of 70% alcohol liquid;
- Donation of food baskets to students of a municipal school in Santos; and
- Distribution of snacks for truck drivers who continue handling loads.

The company's management closely monitors all events and developments related to COVID-19, taking the necessary measures to the appropriate management and minimization of potential business impacts.

## 2. Company's entities

| Entity | City/State: - Country | 2020 | Main Activities |
|---|---|---|---|
| **Subsidiaries - Direct:** | | | |
| Companhia Auxiliar de Armazéns Gerais S.A. | São Paulo/SP - Brazil | 100.00000% | Sale of food products and goods in general on the wholesale market, rent warehouses, provide storage facilities, export sugar and other products of vegetable origin and undertake port operating activities. |
| Copersucar Trading A.V.V. | Orangestad – Aruba | 100.00000% | Importing and exporting sugar and ethanol, which are purchased from Cooperativa de Produtores de Cana-de-Açúcar, Açúcar e Álcool do Estado de São Paulo (Cooperative). |
| Copersucar North America, LLC | Franklin/TN – USA | 100.00000% | To hold capital in other companies. |
| Copersucar Europe Espanha | Bilbao - Spain | 100.00000% | Originates, sell and operates in sugar and ethanol global trading. |
| **Subsidiary - Indirect:** | | | |
| Eco-Energy Global Biofuels LLC | Franklin/TN – USA | 100.00000% | Operates in an integrated manner in the biofuel supply chain, focusing on trade, logistics and marketing services. |
| Sugar Express Transportes S.A. | Ribeirão Preto/SP – Brazil | 100.00000% | Responsible for the road transport of sugar and ethanol. |
| Terminal de Combustíveis Paulínia | Paulínia/SP - Brazil | 50.00000% | Ethanol storage. |
| **Affiliates:** | | | |
| Centro de Tecnologia Canavieira S.A. | São Paulo/SP - Brazil | 16.93150% | Research and development of new technologies to be applied in the agricultural activities, logistics and manufacturing processes of the sugarcane and sugar and alcohol sectors; research and development of sugarcane varieties, especially the genetic improvement of sugarcane; control of diseases and pests, |

| | | | |
|---|---|---|---|
| | | | particularly for biological control purposes; and transfer of agricultural, industrial and laboratory technologies. |
| Uniduto Logística S.A. | São Paulo/SP - Brazil | 39.07370% | Develops, builds and operates pipelines to move liquids for marketing in domestic and foreign markets, intermodal terminals and port terminals for the export of such liquids; moreover, to participating in other companies whose business purpose is one or more activities listed in the previous items. |
| **Jointly controlled entities:** | | | |
| Logum Logística S.A. | Rio de Janeiro/RJ - Brazil | 30.00000% | Implements the construction and operates the intermodal and multimodal networks for the transport of ethanol, oil by-products and other biofuels to the domestic and international markets; explores activities directly or indirectly related to intermodal and multimodal transport of ethanol, oil by-products and other biofuels; participates in projects whose aim is to promote the development of intermodal and multimodal transport of ethanol, oil by-products and other biofuels; imports, exports, acquires, sells, distributes or leases all the machinery and equipment related to the aforementioned activities, and exploration and development of opportunities in business related to the installation of optic fiber cables in its rights of way. |
| Alvean Sugar Intermediação e Agenciamento Ltda. | São Paulo/SP - Brazil | 50.00000% | Agency and intermediation in trading of white and raw sugar. |
| Alvean Sugar, S.L. | Bilbao - Spain | 50.00000% | Originates, sells and acts in the global trading global of raw and white sugar. |

# 3. Preparation basis

**a.** Statement of compliance (in relation to IFRS standards and CPC standards)

The individual and consolidated financial statements were prepared in accordance with the International Financial Reporting System (IFRS) issued by the International Accounting Standards Board (IASB) and accounting practices adopted in Brazil (BR GAAP).

The issue of financial statements was approved by the Executive Board on May 22, 2020.

Details on the Group’s accounting policies are shown in Note 5.

All relevant information specific to the financial statements, and only such information, is evidenced, and corresponds to the information used by Management in its administration.

## b. Functional and presentation currency

These individual and consolidated financial statements are presented in Reais, which is the functional currency of the all the Company’s entities, except for Copersucar North America LLC and Eco-Energy Global Biofuels LLC determined by translation of balance sheet, whose functional currency is the USD. All financial information presented in BRL has been rounded to the nearest thousand value, except otherwise indicated.

## c. Use of estimates and judgments

The preparation of Company's individual and consolidated financial statements requires Management to make judgments, use estimates and adopt assumptions that affect the amounts presented for revenues, expenses, assets and liabilities, including contingent liabilities. However, uncertainty relating to these judgments, assumptions and estimates could lead to results that require a significant adjustment to the book value of certain assets and liabilities in future years.

Estimates and assumptions are reviewed on a continuous basis. Reviews of estimates are recognized on a prospective basis.

Main estimates, assumptions and significant accounting judgments: useful life of fixed assets (Note 5.j.iii), useful life of intangible assets (Note 5.i.iv), inventories (Note 9), deferred tax assets and liabilities and use of tax losses (Note 12), provisions for contingencies (note 20), financial instrument (Note 21) and operating leases (Note 32).

### d. Measurement of fair value

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. The Company uses observable market data, as much as possible and the fair values are classified on hierarchical basis, according to evaluation techniques as follows:

Level 1: prices quoted (not adjusted) in active markets for identical assets and liabilities.

Level 2: inputs, except for quoted prices, included in Level 1 which are observable for assets or liabilities, directly (prices) or indirectly (derived from prices).

For this fiscal year, there are no fair value evaluations made by the Company that fits into Level 3 defined by CPC 40 (item 27A.c.).

The Company recognizes transfers between fair value hierarchic levels at the end of the financial statements year in which changes occurred.

When applicable to fair values, additional information about the assumptions made in the determination is disclosed in the notes specific to that asset or liability.

## 4. Measuring basis

The individual and consolidated financial statements were prepared based on the historical cost, except for the following material items recognized in the balance sheets:

Derivative financial instruments measured at fair value;

Non-derivative financial instruments designated at fair value through profit or loss are measured at fair value;

Property, plant and equipment - measured at acquisition and deemed cost; and

Inventories – calculate at fair value less sales expenses, mark-to-market, except for Anhydrous compounds’ inventory, which is evaluate at average acquisition cost, not exceeding the net realizable value, as mentioned in Note 5 (g).

## 5. Significant accounting policies

The accounting practices described below are consistently applied to all the years presented in these individual and consolidated financial statements in accordance with IFRS and the accounting pronouncements issued by the Accounting Pronouncement Committee (CPC), unless otherwise stated.

## a. Changes in significant accounting policies

This is the first set of individual and consolidated financial statements of the Company in which CPC 06 (R2) - Leases have been applied. Changes in significant accounting policies are described in Note 5p.

### *(i) General aspects*

CPC 06 (R2) introduces a single model of accounting of leases in the balance sheet to lessees. A lessee recognizes an asset of right of use that represents its right to use the leased asset and a lease liability that represents its obligation to make the lease payments. Optional exemptions are available for short-term leases and low-value items. The lessor's accounting remains similar to the current standard, that is, lessors continue to classify leases as financial or operating leases.

CPC 06 (R2) replaced existing lease standards, including CPC 06 (R1) Leases and ICPC 03 Complementary Aspects of Leases and, for the Company, it will become effective as of April 1, 2019.

In light of such accounting standard, the most significant identified impact was that the Company recognized new assets and liabilities for its leases, previously recognized as operating, related to leases of the area located in Porto de Santos, lease of equipment to store and move for ethanol and storage and movement of ethanol, sugar and real estate. In addition, the nature of the expenses related to these leases was changed, as CPC 06 (R2) replaced the linear operating lease expense with right to use depreciation expenses and interest on lease liabilities.

### *(ii) Transition*

The Company initially adopted the CPC 06(R2)/IFRS 16 as of April 1, 2019.

The Company adopted the CPC 06 (R2)/ IFRS 16 using the modified approach on a retrospective basis with cumulative effect as appendix (C)(C5), items (b) and (C7) of the standard in which the cumulative effect of first-time adoption is recognized in the opening balance of retained earnings on April 1, 2019. Thus, the comparative information presented for 2018 has not been restated – that is, it is presented as previously reported according to CPC 06 (R1)/IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Moreover, the disclosure requirements of CPC 06 (R2)/IFRS 16 in general were not applied to comparative information.

Additionally, the following practical expedients were used for transition to the new lease accounting requirements: (a) application of CPC 06 (R2) to all contracts entered into before April 1, 2019 which were identified as leases in accordance with CPC 06 (R1) and related interpretations; (b) no contract with lease term is 12 months or less from the initial application of the standard or with indefinite term was recognized; (c) the options to extend or terminate the lease, when applicable, were considered, (d) contracts whose underlying asset was considered of low value were not recognized.

The impacts of adopting the standard are presented in the Balance Sheet and in notes 14 b) and 17 b), since there were no leases registered in the previous year.

### (i) Impact from transition

In the transition to CPC 06 (R2)/IFRS 16, the Company recognized additional right-of-use assets, including investment properties and additional lease liabilities. The impact on transition is summarized below:

| Consolidated | Previous balance 04/01/2019 | Adjustment of first-time adoption of CPC 06 (R2) | Balance after first-time adoption 04/01/2019 |
|---|---|---|---|
| Assets | | | |
| Current assets | 5,507,743 | - | 5,507,743 |
| **Total current assets** | **5,507,743** | **-** | **5,507,743** |
| Non-current assets | | | |
| Fixed assets (right-of-use) | - | 397,065 | 397,065 |
| Property, plant and equipment | 679,506 | - | 679,506 |
| Other assets | 2,415,428 | (1,402) | 2,414,026 |
| Total non-current assets | 3,094,934 | 395,664 | 3,490,598 |
| **Total assets** | **8,602,677** | **395,664** | **8,998,341** |
| | | | |
| Liabilities | | | |
| Current liabilities | | | |
| Lease liabilities | - | 79,522 | 79,522 |
| Other liabilities | 2,802,725 | - | 2,802,725 |
| **Total current liabilities** | **2,802,725** | **79,522** | **2,882,247** |
| Non-current liabilities | | | |
| Lease liabilities | - | 334,592 | 334,592 |
| Other liabilities | 4,921,995 | (6,679) | 4,915,316 |
| Total non-current liabilities | 4,921,995 | 327,913 | 5,249,908 |
| **Shareholders' equity** | **877,957** | **(11,772)** | **866,185** |
| **Total liabilities and shareholders' equity** | **8,602,677** | **395,664** | **8,998,341** |

The useful life of the property recorded with Copersucar S.A. is 9 years, the lease term for the port of Santos is 17 years and 3 years for the remaining equipment.

When measuring lease liabilities for leases classified as operating leases, the Group discounted payments using the incremental rate on loans following the same Duration of each agreement, whose weighted average rate is 8.37%.

## b. ICPC 22 - Uncertainty on Income Tax Treatments

The Company adopted the interpretation ICPC 22 - Uncertainty over Income Tax Treatments. The Interpretation addresses the calculation of income tax in the cases where the tax treatments involve uncertainties affecting the adoption of CPC 32. The entity shall determine whether it considers each tax treatment to be uncertain separately or together with one or more uncertain tax treatments. The approach that best addresses the resolution of said uncertainty must be followed. The Company did not identify impacts in its adoption.

## c. Basis of consolidation

### *(i) Subsidiaries*

The financial statements of the subsidiaries are included in the consolidated financial statements as from the date they start to be controlled by the Company until the date such control ceases.

The accounting policies of the subsidiaries are aligned with the policies adopted by the Company.

The individual financial statements of the parent company, financial information of subsidiaries are recognized under the equity method.

***(ii) Investments in jointly-controlled subsidiaries***

A joint venture is a contractual agreement that joins together two or more parties for the purpose of executing a particular business undertaking which is subject to joint control.

The individual financial statements of the parent company, financial information from joint ventures are recognized under the equity method.

***(iii) Investments in associated companies***

Associated companies are the entities in which the Company has, directly or indirectly, significant influence but not control on financial and operating policies. The significant influence is characterized by the Company holding, directly or indirectly, from 20% to 50% of the voting rights of the other entity.

In the parent company's individual financial statements, investments in associated companies are accounted for at the equity method and are initially recognized at cost. When the participation of the Company in the losses of an investee, whose shareholders' equity has been accounted for, exceeds its ownership interest in the investee recorded at the equity method, the book value of that ownership interest, including long-term investments, is reduced to zero and the recognition of additional losses is completed.

***(iv) Transactions eliminated in the consolidation***

Balances, transactions, revenues or expenses from intragroup transactions are eliminated in the preparation of consolidated financial statements. Unrealized gains arising from transactions with investees are eliminated against the investment. Unrealized losses are also eliminated, unless the transaction shall provide evidence of asset impairment.

***(v) Non-controlling interest***

The Group chose to measure an non-controlling interest in the acquiree at their proportion in identifiable net assets on the acquisition date. Changes to the Company’s interest in a subsidiary that do not result in loss of control are accounted for as transactions from shareholders’ equity.

## d. Operating revenue

***(i) Sugar and ethanol sales***

Operating revenue from sale of sugar and ethanol in the normal course of business is measured at the fair value of the consideration received or receivable, net of returns, commercial discounts and bonus. Operating revenue is recognized when: (a) the parties to the contract approve it (in writing, verbally or according to other usual business practices) and are committed to fulfill their respective obligations; (b) the Entity can identify the rights of each party related to the goods (or services) to be transferred; (c) the entity can identify the payment terms for the goods (or services) to be transferred; (d) the contract has commercial substance (that is, the risk, timing or amount of future cash flows of the entity are expected to change as a result of the contract); and (e) it is probable that the Entity will receive the consideration to which it will be entitled in exchange for the goods or services which will be transferred to the client. When evaluating if the likelihood of receiving the consideration amount is probable, the entity shall only consider the client capacity and intention to pay such amount when due. The consideration amount to which the Entity is entitled may be lower than the price established in the contract if the consideration is variable, because the Entity may offer to the client a price reduction.

Most of the Company's billing occurs Free on Board (FOB), which is not responsible for contracting freight and insurance. Moreover, the sale is recognized when the control is transferred. For sales in the Cost, Insurance and Freight (CIF) Incoterm modality, they are only recognized after delivery of the product at the destination.

For both products, the Company is classified as the operation's Principal, as it controls the specified asset before the asset is transferred to the client.

The subsidiary Copersucar Europe has a supply contract established with Alvean Sugar SL for 100% of sugar (according to Note 22). The Cooperative is responsible for storing this product until delivery in the Port of Santos. The sale modality is Free on Board (FOB) Incoterm and in this scenario the subsidiary is classified as Agent (intermediary) of the operation, since it does not control the product before the sale to the client. For Ethanol, it is necessary to analyze each contract separately.

The subsidiary Eco-Energy recognizes the revenue from ethanol and biofuels, natural gas and energy credits when the control is transferred. The transfer of control is determined considering the client's acceptance, including when clients have legal ownership and physical possession of the product.

### *(ii) Rendering of services*

Income (loss) from the rendering of storage, logistics services and loading of sugar and ethanol are recognized in the same way as the criteria above (items "a" to "e"); however, to the service category. The performance obligation occurs when the service is provided.

## e. Financial revenues and costs

Financial revenues substantially comprise revenue from interest earning bank deposits, Foreign exchange gain of financial items and positive changes in the fair value of financial instruments used to hedge currency and interest rate risks, as well as gains on the settlement of these instruments. Interest revenue is recognized in income (loss) using the effective interest method.

Financial expenses substantially comprise interest expenses on loans, foreign exchange losses of financial items and negative changes in the fair value of financial instruments used to hedge currency and interest risks, as well as losses on the settlement of these instruments. Loan costs which are not directly attributable to the acquisition, construction, or production of a qualifying asset are accounted for in profit or loss using the effective interest rate method.

## f. Foreign currency

### *(i) Foreign currency transactions*

Foreign currency transactions are translated into Reais (Company's functional currency) at the exchange rates on the dates of the transactions. The balances of balance sheet accounts in foreign currency are translated at the exchange rates in effect on the closing date of financial statements and the gains or losses on changes in the exchange rates are recognized in financial income (loss).

### *(ii) Foreign group companies*

Regarding subsidiaries with Dollar as functional currency, assets and liabilities of foreign transactions are translated into Brazilian reais (parent company's functional currency) at the exchange rate prevailing on presentation date. Revenues and expenses from foreign transactions are converted into reais at the average exchange rates (sale PTAX) calculated in the year.

Regarding the subsidiaries with functional currency - reais, foreign currency differences generated in the translation to the currency presentation are recognized in the income (loss) for the year, since the functional currency of the operation abroad is the Real.

Theses exchange-rate changes are recognized in earnings or losses in the individual financial statements of the parent company or subsidiary.

For the translation of transactions in US dollar (Dollar) to the functional currency of the Company (Brazilian real), the following exchange rates were used for the Consolidated and Parent company:

| | **Average annual interest** | | **Spot closing rate** | |
|---|---|---|---|---|
| | **2020** | **2019** | **2020** | **2019** |
| R$/USD | 4.1170 | 3.7862 | 5.1987 | 3.8967 |

## g. Employee benefits

### *(i) Defined contribution plans*

The Company offers to its employees a Private Defined Contribution Pension Plan, aimed to ensure to the employee the possibility of accumulating funds in order to guarantee a monthly income in the future, for the employee to maintain a dignified life standard after retirement. The Company's pension plan is accessible to all the employees and administrators, on optional basis.

The employee who elects to join the plan may opt for two types: 1- Free Benefit Plan (PGBL) or 2- Free Benefit Life Insurance (VGBL). According to the approved rules of the plan, the employee may participate through basic or complementary contributions, and the Company contributes in parity with the basic contributions that the employee makes, up to the limit of 6% of the salary of contribution. In addition, the employee may make extraordinary contributions without compensation by the Company.

### *(ii) Profit sharing and bonuses*

The employees' participation in the profits and the variable remuneration of the executives are linked to the attainment of operating and financial goals. The Company recognizes liabilities and expenses allocated to the production cost and to general and administrative expenses, when these goals are attained (Note 31).

## h. Income tax and social contribution

The current and deferred income tax and social contribution charge is calculated based on enacted tax acts, at the balance sheet date of countries in which the Group's entities operate and generate taxable income. Management periodically evaluates the positions taken by he Group in the calculations of income tax with respect to situations in which applicable tax regulation is subject to interpretations; and forms provisions, when applicable, based on estimated values for payment to tax authorities.

Income tax is computed on taxable income at the rate of 15%, plus a 10% surtax for income exceeding R$ 240 in the 12-month year, whereas social contribution is computed at the rate of 9% on taxable income, recognized on the accrual basis. In addition, offset of tax loss carryforwards may be carried out, limited to 30% of annual taxable income.

Expense with income tax and social contribution comprises both current and deferred taxes. Current and deferred taxes are recognized in income (loss), except for items directly recognized in Shareholders' equity or in other comprehensive income.

Current tax assets and liabilities are offset only if certain criteria are met.

### *(i) Current tax*

Current tax is the tax payable or receivable on the taxable income or loss for the year and any adjustment to taxes payable of prior years, at abovementioned rates.

### *(ii) Deferred tax*

Deferred tax is calculated on tax losses and negative calculation basis of social contribution, as well as temporary differences between tax calculation basis of on assets and liabilities and book values of financial statements.

A deferred income tax and social contribution asset is recognized to the extent that it is probable that future taxable income will be available against which the unused tax losses and credits can be utilized.

Deferred income and social contribution tax assets are reviewed at each preparation date of financial statements and reduced when their realization is no longer probable.

### *(iii) Tax exposures*

When determining deferred and current income tax, the Company takes into consideration the impact of uncertainties related to tax positions taken. The Company believes that the provision for income tax recorded in liabilities is adequate for all outstanding tax years, based on its evaluation of several factors, including interpretations of tax laws and past experience. This evaluation is based on estimates and assumptions and may involve several judgments on future events. New information may be provided, making the Company change its judgment on the adequacy of existing provisions and as a result, impact income tax expenses for the year in which they are made.

## i. Inventories

The Company inventory is adjusted to market value (“mark to market”) less selling costs, except for Anhydrous compounds’ inventory for the Domestic Market, which is evaluated at average acquisition cost, not exceeding the net realizable value.  The net realizable amount is the sales price estimated for the normal course of the businesses, less estimated costs required to carry out the sale. In determining fair value, the Company uses as a reference the indices disclosed by public sources and related to the products and active markets where it operates. Changes in the fair value of these inventories are recognized in the income (loss) for the year.

## j. Property, plant and equipment

### *(i) Recognition and measurement*

Property, plant and equipment items are stated at historical acquisition or construction cost, net of depreciation and accumulated impairment losses, when applicable. Software acquired as an integral part of equipment functionalities are capitalized as part of the equipment.

The cost of property, plant and equipment includes expenditures that are directly attributable to the acquisition of an asset. The cost of assets built includes: materials and direct labor; any other costs directly attributable to bringing the assets to a working condition, dismantling and restoring the site on which they are located; and borrowing costs on qualifiable assets.

When parts of a property, plant and equipment item have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of a property, plant and equipment item are determined by comparing the proceeds from disposal with the book value of Property, plant and equipment and are recognized net within “Other operating revenues/expenses” in the income (loss).

### *(ii) Subsequent costs*

The replacement cost of a component of property, plant and equipment is recognized in the book value of the item when it is probable that the future economic benefits embodied in the component will flow to the Company and its cost can be reliably measured. Book value of the component that has been replaced by another component and maintenance cost are accounted for in surplus and losses for the year as incurred.

### *(iii) Depreciation*

Fixed asset items are depreciated from the date they are available for use, or, in the case of assets constructed by the Company, as of the date the construction is concluded and the asset is available for use. Depreciation is recognized in income (loss) under straight-line method in relation to estimated useful lives.

Depreciation is calculated on the depreciable values, which is the cost of an asset, or other amount that substitutes cost, less residual values.

The annual weighted average rates for the current and comparative year are as follow:

| **Annual weighted average rate:** | **2020 and 2019** | |
|---|---|---|
| | **Consolidated** | **Parent company** |
| Constructions and improvements | 1.90% | 1.90% |
| Machinery and equipment | 3.77% | 2.86% |
| Data processing equipment | 19.52% | 19.52% |
| Furniture and fixtures | 6.94% | 6.95% |
| Vehicles | 8.59% | 8.50% |
| Leasehold improvements | 4.92% | - |

The depreciation methods, useful lives and residual values are reviewed at each reporting date, and adjusted if appropriate.

## k. Intangible assets and goodwill

### *(i) Intangible assets with defined useful life*

Intangible assets acquired by the Company with finite useful lives are measured at cost, less accumulated amortization and accumulated impairment losses, when applicable.

### *(ii) Intangible assets with undefined useful life*

*Goodwill*

The goodwill calculated on the acquisition of Eco-Energy Global Biofuels, LLC shares is supported by expected future earnings. Every year and whenever there are indices of impairment loss, the Company assesses annually the likelihood of recovering the goodwill on these investments, to this end employing practices applied in the market regarding the subsidiary's cash flow.

### *(iii) Subsequent expenditures*

Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures, including expenditures on internally-generated goodwill and trademarks, are recognized in profit or loss as incurred. Book value of the intangible assets that has been replaced by another component is accounted for in the statement of income for the year in which replacement occurred. Costs of maintenance on PP&E are charged to the income statement as incurred.

### *(iv) Amortization*

Amortization Is calculated over the cost of the asset, or other amount substituted for cost, less its residual value.

Amortization is recognized in income (loss) under “Administrative expenses” on a straight-line basis over the estimated useful lives of the intangible assets, except goodwill, as of the date they are available for use. Software estimated useful life for current and comparative years is 5 years.

## l. Financial instruments

### *(i) Recognition and initial measurement*

Trade accounts receivable and loans and financing are initially recognized on the date that they were originated. All other financial assets and liabilities are initially recognized when the Company becomes a party to the instrument's contractual provisions.

A financial asset (unless trade accounts receivable without a component of significant financing) or financial liability is initially measured at fair value, plus, for an item not measured at fair value through profit or loss (FVTPL), transaction costs which are directly attributable to its acquisition or issue. Trade accounts receivable without a significant financing component is initially measured at the price of operation.

### *(ii) Subsequent classification and measurement*

In the initial recognition, a financial asset is classified as measured: at amortized cost, at fair value through other comprehensive income (FVTOCI) or at fair value through profit or loss (FVTPL).

Financial assets are not reclassified after initial recognition, unless the Company changes the business model for the management of financial assets, in which case all affected financial assets are reclassified on the first day of the reporting year subsequent to the change in the business model.

A financial asset is measured at amortized cost if it meets both conditions below:

- it is held within a business model whose purpose is to maintain financial assets to receive contractual cash flows; and

- its contractual terms generate, on specific dates, cash flows only related to the payment of principal and interest on outstanding principal value.

The Company's financial assets are measured at amortized cost since cash flows refer only to the payment of principal and interest.

A financial asset is measured at fair value through other comprehensive income (FVTOCI) if both conditions are not complied with:

- it is maintained within a business model whose purpose is achieved by both the receipt of contractual cash flows and the sale of financial assets; and

- its contractual terms generate, on specific dates, cash flows which are only payments of principal and interest on outstanding principal value.

In the initial recognition of an investment in an equity instrument not held for trading, the Company may irrevocably choose to present subsequent changes in the fair value through profit or loss (FVTPL) of the investment in other comprehensive income (FVTOCI). This choice is made on an investment basis.

All financial assets not classified as measured at amortized cost or at fair value through other comprehensive income (FVTOCI), as described above, are classified at fair value through profit or loss (FVTPL). It includes all derivative financial assets.

Financial liabilities were classified as measured as amortized cost or at fair value through profit or loss (FVTPL). A financial liability is classified as measured at fair value through profit or loss (FVTPL) if it is classified as held for trading, if it is a derivative or assigned as such in initial recognition. Financial liabilities measured at FVTPL are measured at fair value and net income (loss), plus interest, is recognized in income (loss). Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense, foreign exchange gains and losses are recognized in income (loss). Any gain or loss on derecognition is also recognized in income (loss).

### *(iii) Derecognition of a financial asset*

The Company derecognizes a financial asset when the contractual rights to the cash flow of the asset expire, or when the Company transfers the contractual rights to the reception of contractual cash flows over a financial asset in a transaction in which essentially all the risks and rewards of ownership of the financial asset are transferred or in which the Company nor transfers or maintains all ownership risks and rewards of the financial assets and also does not hold the control over the financial asset.

The Company carries out transactions in which it transfers assets recognized in the balance sheet, but retains all or substantially all risks and rewards of the assets transferred. In such cases, financial assets are not derecognized.

### *(iv) Derecognition of a financial liability*

The Company derecognizes a financial liability when its contractual obligation is settled, canceled or expires. The Company also derecognizes a financial liability when terms are modified, and the cash flows of the modified liability are substantially different if a new financial liability based on the terms changed is recognized at fair value.

In the derecognition of a financial liability, the difference between the extinct book value and the consideration paid (including assets transferred that do not pass through the cash or assumed liabilities) is recognized in income (loss).

### *(v) Derivative financial instruments*

The Company has derivative financial instruments: futures, swaps and NDFs (Non Deliverable Forward) to hedge against interest, exchange and commodity price risks.

The objective of transactions involving derivatives is always related to the operation of the Company and the reduction of its exposure to currency and market risks, duly identified by established policies and guidelines. Income (loss) obtained from such operations are consistent with the policies and strategies defined by Management of the Company and all the gains or losses from these transactions with derivative financial instruments are recognized at its fair value.

Gains/losses related to unrealized derivative financial instruments arising from commodity price hedging are recognized in gross profit. Effects of derivatives related to foreign exchange risks of realized financial items and interest are recognized in the financial income (loss).

Derivatives are initially recognized at their fair value, while the attributable transaction costs are recognized in profit or loss when incurred. After the initial recognition, they are measured at fair value and changes accounted for in profit or loss for the year.

### *(vi) Hedge of foreign investment, net*

The Company uses hedge accounting for foreign currency differences between the operation’s functional currency abroad of the investee and functional currency of the parent company (Brazilian Real).

Within the conditions related to hedge effectiveness, exchange differences arising from the conversion of a financial liability designated as hedge, of a net investment in a foreign operation are recognized in other comprehensive income, and accumulated in equity valuation adjustments in the shareholders' equity.

### *(vii) Cash flow hedge*

The Company uses hedge accounting for foreign currency differences and interest rates between the operation currency linked to Dollar and functional currency of the parent company (Brazilian Real).

Within the conditions related to hedge effectiveness, exchange differences arising from the conversion of a financial asset designated as hedge, of a net debt in a foreign operation are recognized in other comprehensive income, and accumulated in equity valuation adjustments in the shareholders' equity.

## m. Capital

Common and preferred shares are classified as shareholders' equity.

The minimum mandatory dividends, as established in the By-laws, are recognized as liabilities. Additional dividends proposed should be approved by the Board of Directors of the Company and recognized in the Shareholders' equity under this caption.

## n. Impairment

The Company reviews each reporting date in order to check for an indication of impairment loss and when there is objective evidence that a loss event has occurred after the initial recognition of the asset, and that such loss event has a negative effect on the projected future cash flows of that asset that can be reliably estimated. When it is possible to estimate the individual recoverable amount of an asset, the Company calculates the recoverable value of the cash generating unit to which the asset belongs.

When assessing impairment on an aggregate basis the Company makes use of historical trends of probability of default, the recovery term and the amounts of losses incurred, adjusted to reflect the Management's judgment regarding assumptions if the current economic and credit conditions are such that the actual losses will probably be higher or lower than those suggested by historical trends.

Provisions for estimated credit losses on receivables from the trade receivable portfolio are recognized in the income (loss) for the year under “Sales expenses" caption as Estimated credit losses on each year for evaluation of recoverable value, in accordance with CPC 48 – “Financial Instruments”.

The recoverable value of an asset or cash-generating unit is the greater of its value in use and its fair value less selling expenses. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market conditions as to the recoverability year of capital and the risks specific to the asset or CGU (Cash Generating Unit).

The Company's corporate assets do not generate separate cash inflows. If there is indication that a corporate asset is impaired, the recoverable amount is determined for the CGU or group of CGUs to which the corporate asset belongs in a reasonable and consistent manner.

An impairment loss is recognized when the carrying amount of an asset or its CGU exceeds its recoverable value. Impairment losses are recorded in the income (loss) for the year. Impairment losses recognized for CGUs are initially allocated to reduce the carrying amount of any goodwill attributed to the CGUs and then, if there was a remaining loss, to reduce the carrying amount of the other assets within the CGU or group of CGUS on a pro-rata basis.

On March 31, 2020, the Company did not identify traces that the amount of these assets is lower than the realization value.

## o. Provisions

A provision is recognized when the Company has a legal or constructive obligation as a result of a past event, which can be reliably estimated, and it is probable that an outflow of funds will be required to settle the obligation.

## p. Leases

The Company applied CPC 06(R2)/IFRS 16 using the modified retrospective approach; therefore, comparative information was not restated and continues to be reported pursuant to CPC 06(R1)/IAS 17 and ICPC 03/IFRIC 4. The details of the accounting policies in accordance with CPC 06(R1)/IAS 17 and ICPC 03/IFRIC 4 are disclosed separately.

**Accounting policies applicable as of April 1, 2019**

A contract is or contains a lease if it transfers the right to control the use of an identified asset for a period of time in exchange for consideration. The Company follows the definition of lease under CPC 06(R2)/IFRS 16 to assess whether an agreement transfer the right to control the use of an identified asset.

### *(i) Lessee*

At the inception or amendment of an agreement containing a lease component, the Company allocates the lease consideration to each lease and non-lease component based on its individual prices.

The Company recognizes a right-of-use asset and a lease liability on the lease inception date. The right-of-use asset is initially measured at cost, which comprises the value of initial measurement of the lease liability adjusted to any lease payments made to the initial date, plus any initial direct costs incurred by the lessee.

The right-of-use asset is subsequently depreciated using the straight-line method from the start date to the end of the lease term, unless the lease transfers ownership of underlying asset to the lessee at the end of lease term, or if the cost of the right-of-use asset reflects that the lessee will exercise the call option. In this case, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as that of fixed assets. Moreover, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the inception date, and discounted using the interest rate implied in the lease or, if that rate cannot be immediately determined, the incremental loan rate of the Company.

The Company sets its incremental rate on loans by obtaining interest rates from a number of external funding sources and making some adjustments to reflect the agreement terms and the type of leased asset.
Lease payments included in the measurement of lease liability are comprised by the following:

- fixed payments, including initial fixed payments; and
- variable lease payments based on an index or rate, initially measured based on the index or rate at the initial date.

### *(ii) Leases of low value assets*

The Company opted not to recognize the assets of right-of-use and the lease liabilities for low-value lease assets and short-term lease, including IT equipment. The Company recognizes payments of those leases as an straight-line method expense during the lease term.

### *(iii) Lessor*

The Group subleased some of its properties. Pursuant to CPC 06(R1)/IAS 17, lease and sublease agreements were classified as operating leases. In the transition to CPC 06 (R2)/IFRS 16, the right-of-use assets recognized from the leases are presented in investment properties and measured at fair value on said date. The Group assessed the classification of sublease agreements with reference to the right-of-use assets, and not the underlying assets, and concluded that they are operating leases in accordance with CPC 06 (R2)/IFRS 16. The Group also entered into a sublease during 2019, which was classified as a financial lease under CPC 06 (R2)/IFRS 16. The Group adopted CPC 47/IFRS 15 Revenue from Contracts with Customers to allocate the consideration in the agreement to each lease and non-lease component.

## q. Segment information

An operating segment is a component of the Company which engages in business activities from which it may earn revenues and incur expenses. Operating segments reflect the way the Company’s management reviews financial information for decision-making. Management defined the Group's operating areas based on reports employed to make decisions as follows: Trading of Sugar and Ethanol and Provision of Service.

## r. Statements of added value

The Company prepared individual and consolidated statements of added value in accordance with the terms of technical pronouncement CPC 09 - Statement of Added Value, which are presented as an integral part of the financial statements as accounting practices adopted in Brazil applicable to publicly-held companies, whereas under IFRS they represent supplementary financial information.

## s. New standards and interpretations not yet effective

Several new standards will become effective for the years started after April 1, 2020. The Group did not adopt these standards for preparation of these financial statements.

The following changed standards and interpretations should not have a significant impact on the Company’s financial statements:
- Changes in the references to the conceptual framework in IFRS standards.
- Definition of business (amendments to CPC 15/IFRS 3)
- Definition of materiality (amendments to CPC 26/IAS 1 and CPC 23/IAS 8).
- IFRS 17 - Insurance Contracts.

# 6. Operating segments

Management defined the Group's operating areas based on reports employed to make decisions as follows: Trading of Sugar and Ethanol and Provision of Service.

- Trading of Sugar and Ethanol – Purchase and sale in the domestic and international market of raw sugar, white sugar, anhydrous ethanol and hydrous ethanol.

- Rendering of services – Comprises the results from the provision of storage, logistics and loading services for sugar and ethanol.

The selected information on results by segment, measured based on the same accounting policies used in the preparation of the consolidated financial statements, are as follows:

| | 2020 | | | 2019 | | |
|---|---|---|---|---|---|---|
| | **Sugar/Ethanol** | **Services** | **Total** | **Sugar/Ethanol** | **Services** | **Total** |
| Net revenue (a) | 29,746,330 | 364,062 | 30,110,392 | 28,220,817 | 445,708 | 28,666,525 |
| Cost of sales | (29,169,589) | (270,845) | (29,440,434) | (27,642,861) | (295,936) | (27,938,797) |
| **Gross margin** | **576,741** | **93,217** | **669,958** | **577,956** | **149,772** | **727,728** |

(a) The amounts shown as net revenue include the Revenue from unrealized derivative financial instruments, separately disclosed in the statements of income.

Breakdown of consolidated net operating revenue per geographic area is as follows:

| **Region/Country** | **2020** | **2019** |
|---|---|---|
| United States | 16,052,413 | 16,534,603 |
| Brazil | 10,276,683 | 8,317,189 |
| Switzerland | 2,358,413 | 2,801,778 |
| Canada | 1,164,404 | 864,244 |
| Japan | 51,715 | 67,644 |
| Spain | 3,793 | - |
| United Arab Emirates | - | 251,860 |
| Seychelles Islands | - | 99,909 |
| Netherlands | - | 76,695 |
| Singapore | - | 66,317 |
| Great Britain | - | 36,685 |
| **Total** | **29,907,421** | **29,116,924** |

# 7. Cash and cash equivalents

| | Consolidated | | Parent company | |
|---|---|---|---|---|
| | **2020** | **2019** | **2020** | **2019** |
| Cash | 25 | 30 | 25 | 30 |
| Bank – Checking account | 1,226,503 | 323,040 | 536,077 | 102,174 |
| Investment fund | 376,917 | 391,215 | 376,917 | 391,215 |
| Interest earnings bank deposits | 1,127,300 | 1,261,168 | 1,043,185 | 1,171,214 |
| **Total** | **2,730,745** | **1,975,453** | **1,956,204** | **1,664,633** |

The balances of interest earning bank deposits are represented by fixed income securities (CDB), substantially remunerated at 101% of CDI-CETIP (Certificate of Interbank Deposit) changes. The balances of investment funds are remunerated by quotas, equivalent to 87% of CDI as of March 31, 2020 with daily liquidity and possibility of immediate redemption with no yield fine or loss.

As of March 31, 2020, the increase of R$ 755,292 in Cash and Cash Equivalents in the Consolidated is mainly due to the formation of the liquidity cushion due to the crisis (Covid-19), as mentioned in Operations.

For more information on the Company's exposure to interest, foreign currency and liquidity risks, see Note 21.

# 8. Trade accounts receivable

| | Note | Consolidated | | Parent company | |
|---|---|---|---|---|---|
| | | **2020** | **2019** | **2020** | **2019** |
| Domestic market clients | | 514,753 | 385,007 | 511,033 | 389,318 |
| Foreign market clients | | 904,059 | 929,872 | 185 | - |
| Estimated losses | | (21,081) | (12,973) | (1,475) | - |
| Related parties | 23 | 80,823 | 58,921 | 93,545 | 162,271 |
| **Total** | | **1,478,554** | **1,360,827** | **603,288** | **551,589** |

The Company's exposure to credit risks, as well as balances average age, currency risk and impairment losses related to trade accounts receivable are disclosed in note 21.

Trade accounts receivable are classified as receivables stated at amortized cost. The Company assessed the adjustment to present value, with the CDI – Interbank Deposit Certificate market rate, of its balances of accounts receivable as of March 31, 2020 and 2019, and concluded that the amounts substantially match the book values presented on the balance sheet.

The criteria for evaluation of the "expected credit losses" are disclosed in Note 5, item n.
In the crop, Estimated Losses of R$ 1,475 were recorded in the Parent Company, which refer to 0.3% of net overdue balances of Related Parties, and R$ 2,298 in the Subsidiary Companhia Auxiliar referring to overdue trade notes. The estimated losses of the indirect subsidiary, Eco – Energy, totaled R$ 17,307.

# 9. Inventories

| | Consolidated | | Parent company | |
|---|---|---|---|---|
| | **2020** | **2019** | **2020** | **2019** |
| Sugar | 354,105 | 370,514 | 354,105 | 370,514 |
| Ethanol | 1,005,693 | 767,282 | 732,427 | 392,713 |
| RIN / LCFS | 31,465 | 26,573 | - | - |
| Natural Gas | 50,835 | 10,069 | - | - |
| Stocks, packaging, and others | 12,352 | 18,300 | 535 | 9,511 |
| **Total** | **1,454,450** | **1,192,738** | **1,087,067** | **772,738** |

Sugar inventories aimed at the foreign market, in compliance with CPC 16 (R1) Inventories and CPC 47 Revenue from Contracts with Customers were not recognized, in the amounts of R$ 704,888 as of March 31, 2020 (R$ 772,176 as of March 31, 2019), respectively, due to the fact that the investee Trading Europe is an intermediary - agent of the transaction, since it does not control the product supplied by the other party (Cooperative – related party) before the asset is transferred to the final client. As a counterparty, there is an advance from clients in liability (prepayment) in the amount of R$ 809,754 on March 31, 2020 and R$ 776,858 on March 31, 2019, as Note 19, of the jointly-controlled subsidiary Alvean Sugar S.L.

The inventory volumes of Anhydrous Ethanol of the Company as of March 31, 2020 are in compliance with the requirements of ANP Resolution 67 of December 2011 (article 10), and are evaluated at average acquisition cost, not exceeding the net realizable value.

The inventories of tradable products – sugar, ethanol (except for anhydrous compounds), gasoline (and gasoline by-products), RINs and LCFS (Renewable Identification Numbers and Low Carbon Fuel Standard) are valued at fair value based on quoted market prices (mark to market) less costs to sell. On a monthly basis, the acquisition cost, without including freight and storage expenditures and recoverable taxes, is compared with the equivalent quoted market price as of the reporting date. Reference prices are available to the public and obtained from active markets, as follows:

- Prices of raw sugar contracts negotiated on the Intercontinental Exchange (ICE) (sugar contract *#11*) / NYBOT;

- Prices of domestic sugar contracts disclosed by the Center for Advanced Studies on Applied Economics (CEPEA) of the Luiz de Queiroz School of Agriculture from the University of São Paulo (USP);

- Prices of anhydrous and hydrated ethanol disclosed by the Center for Advanced Studies on Applied Economics (CEPEA) of the Luiz de Queiroz School of Agriculture from the University of São Paulo (USP);

- Prices of anhydrous ethanol over-the-counter contracts, based on *Ethanol (Platts) T2 FOB Rotterdam*, disclosed by CME Group;

- Prices of anhydrous ethanol over-the-counter contracts, based on *Chicago Ethanol (Platts) Swap Futures*, disclosed by CME Group.

- Prices of Renewable Identification Numbers (RINs)/ Low Carbon Fuel Standards (LCFs), with different expiry dates, as published by the Oil Price Information Service (OPIS)/ Heating Oil Bio Reference;

- Price of natural gas - Nymex henry hub gas futures, disclosed by the CME Group.

The adjustment amount is accounted for under "Selling costs" on the income statement for the year.

The reference prices used to determine the fair value of inventories each year are as follows - in reais (R$):

| Commodity | Market index | Unit | 2020 | 2019 |
|---|---|---|---|---|
| Raw sugar | Sugar #11 (ICE/NYBOT) | ¢lb | 10.66 | 12.76 |
| White sugar | Crystal Sugar (CEPEA/ESALQ) | R$/ton | 1,512.80 | 1,376.8 |
| Anhydrous ethanol | Anhydrous ethanol (CEPEA/ESALQ) | R$/m3 | 2,134.40 | 2,010.1 |
| Hydrous ethanol | Hydrous ethanol (CEPEA/ESALQ) | R$/m3 | 1,875.10 | 1,776.4 |
| Anhydrous ethanol (Europe) | Ethanol (Platts) T2 FOB Rotterdam (CME Group) | EUR/m3 | 497.25 | 592.35 |
| Anhydrous ethanol (USA) | Ethanol (Platts) Chicago Platts (CME Group) | USD/GL | 0.95 | 1.48 |
| RIN/LCFS | OPIS / Heating Oil Reference | US$/unit | 0.23 | 0.15 |
| Natural gas | Nymex henry hub gas futures | USD/mmbtu | 2.11 | 2.11 |

## 10. Recoverable taxes and contributions

| | Consolidated | | Parent company | |
|---|---|---|---|---|
| | **2020** | **2019** | **2020** | **2019** |
| ICMS | 85,975 | 101,336 | 85,975 | 101,336 |
| IPI | 9,242 | 9,235 | 9,242 | 9,235 |
| PIS | 31,041 | 23,296 | 22,352 | 11,383 |
| COFINS | 60,569 | 48,502 | 60,043 | 48,502 |
| Other | 626 | 28 | - | - |
| **Total recoverable taxes and contributions** | **187,453** | **182,397** | **177,612** | **170,456** |
| IRPJ | 123,355 | 69,169 | 116,946 | 67,244 |
| CSLL | 9,368 | 6,833 | 7,967 | 6,139 |
| **Total recoverable income tax and social contribution** | **132,723** | **76,002** | **124,913** | **73,383** |
| **Total** | **320,176** | **258,399** | **302,525** | **243,839** |
| **Current** | **310,934** | **249,164** | **293,283** | **234,604** |
| **Non-current** | 9,242 | 9,235 | 9,242 | 9,235 |

## 11. Stock exchange operations

Refer to the balances receivable and payable of deposited amounts related to the premiums and adjustments paid or received in transactions with derivative instruments not settled on the Stock Exchange.

# 12.Deferred tax assets and liabilities

Deferred tax assets and liabilities were allocated as follows:

| **Consolidated** | **Assets** | | **Liabilities** | | **Net** | |
|---|---|---|---|---|---|---|
| | **2020** | **2019** | **2020** | **2019** | **2020** | **2019** |
| Intangible assets | 14,974 | 14,974 | - | - | 14,974 | 14,974 |
| Deferred exchange-rate change | 73,737 | 97,254 | - | - | 73,737 | 97,254 |
| Provisions | 20,989 | 24,799 | (4,745) | - | 16,244 | 24,799 |
| Adjustment to fair value | 286 | 381 | (79,282) | (25,654) | (78,996) | (25,273) |
| Depreciation | - | - | (83,377) | (64,170) | (83,377) | (64,170) |
| Tax loss carryforwards | 279,802 | 197,130 | - | - | 279,802 | 197,130 |
| Fair value of inventories | 25,185 | - | - | (5,016) | 25,185 | (5,016) |
| Derivatives | - | - | (72,565) | (40,650) | (72,565) | (40,650) |
| Deemed cost | - | - | (5,701) | (10,959) | (5,701) | (10,959) |
| Hedge from foreign investment | 359,202 | 189,338 | - | - | 359,202 | 189,338 |
| Other | 49,107 | 51,804 | - | - | 49,107 | 51,804 |
| **Total** | 823,282 | 575,680 | (245,670) | (146,449) | 577,612 | 429,231 |

| **Parent company** | **Assets** | | **Liabilities** | | **Net** | |
|---|---|---|---|---|---|---|
| | **2020** | **2019** | **2020** | **2019** | **2020** | **2019** |
| Intangible assets | 14,974 | 14,974 | - | - | 14,974 | 14,974 |
| Deferred exchange-rate change | 60,428 | 95,486 | - | - | 60,428 | 95,486 |
| Provisions | 13,360 | 15,409 | - | - | 13,360 | 15,409 |
| Adjustment to fair value | - | - | (79,281) | (25,654) | (79,281) | (25,654) |
| Tax loss carryforwards | 215,417 | 153,910 | - | - | 215,417 | 153,910 |
| Fair value of inventories | 25,185 | - | - | (5,016) | 25,185 | (5,016) |
| Derivatives | - | - | (32,669) | (30,056) | (32,669) | (30,056) |
| Hedge from foreign investment | 357,009 | 189,173 | - | - | 357,009 | 189,173 |
| Other | 39,735 | 39,719 | - | - | 39,735 | 39,719 |
| **Total** | **726,108** | **508,671** | **(111,950)** | **(60,726)** | **614,158** | **447,945** |

Changes in temporary differences during the year:

| **Consolidated** | **2018** | **Recognized in income** | **Recognized in other comprehensive income** | **2019** | **Recognized in income** | **Recognized in other comprehensive income** | **2020** |
|---|---|---|---|---|---|---|---|
| Intangible assets | 14,974 | - | - | 14,974 | - | - | 14,974 |
| Deferred exchange-rate change | 42,436 | 54,818 | - | 97,254 | (23,517) | - | 73,737 |
| Provisions | 15,608 | 9,191 | - | 24,799 | (8,555) | - | 16,244 |
| Adjustment to fair value | (27,483) | 2,211 | - | (25,272) | (53,721) | - | (78,993) |
| Depreciation | (65,699) | 1,529 | - | (64,170) | (19,207) | - | (83,377) |
| Tax loss carryforwards | 201,054 | (3,924) | - | 197,130 | 82,672 | - | 279,802 |
| Fair value of inventories | 12,451 | (17,467) | - | (5,016) | 30,201 | - | 25,185 |
| Derivatives | (14,234) | (26,416) | - | (40,650) | (31,915) | - | (72,565) |
| Deemed cost | (10,544) | (416) | - | (10,960) | 5,258 | - | (5,702) |
| Hedge from foreign investment | 109,439 | - | 79,899 | 189,338 | - | 169,864 | 359,201 |
| Other | 56,531 | (4,727) | - | 51,804 | (2,698) | - | 49,106 |
| **Total** | **334,533** | **14,799** | **79,899** | **429,231** | **(21,483)** | **169,864** | **577,614** |

| Parent company | 2018 | Recognized in income (loss) | Recognized in other comprehensive income | 2019 | Recognized in income (loss) | Recognized in other comprehensive income | 2020 |
|---|---|---|---|---|---|---|---|
| Intangible assets | 14,974 | - | - | 14,974 | - | - | 14,974 |
| Deferred exchange-rate change | 41,390 | 54,096 | - | 95,486 | (35,058) | - | 60,428 |
| Provisions | 11,074 | 4,335 | - | 15,409 | (2,049) | - | 13,360 |
| Adjustment to fair value | (26,580) | 926 | - | (25,654) | (53,626) | - | (79,280) |
| Tax loss carryforwards | 164,006 | (10,096) | - | 153,910 | 61,507 | - | 215,417 |
| Fair value of inventories | 12,451 | (17,467) | - | (5,016) | 30,201 | - | 25,185 |
| Derivatives | (14,166) | (15,890) | - | (30,056) | (2,613) | - | (32,669) |
| Hedge from foreign investment | 108,592 | - | 80,581 | 189,173 | - | 167,835 | 357,008 |
| Other | 39,719 | - | - | 39,719 | 16 | - | 39,735 |
| **Total** | **351,460** | **15,904** | **80,581** | **447,945** | **(1,622)** | **167,835** | **614,158** |

Deferred tax assets were recognized, since Management analyzed its estimates of future earnings and considered it probable that future taxable earnings against which these expenses can be charged will be available.

# 13. Investments

The Company recorded a gain of R$ 144,002 in parent company and R$ 73,991 in consolidated as of March 31, 2020 (gain of R$ 270,911 in parent company and R$ 3,760 in consolidated as of March 31, 2019) arising from equity in net income of its associated companies, subsidiaries and joint ventures in individual financial statements.

The chart above presents a summary of the equity income of subsidiaries, associated companies and joint ventures.

| | % interest | Number of shares/quotas | Current assets | Non-current assets | Total assets | Current liabilities | Non-current liabilities | Total liabilities | Shareholders' equity | Revenues | Other income (losses) | Income or loss for the year | Equity in net income of subsidiaries | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **2020** | | | | | | | | | | | | | **Parent company** | **Consolidated** |
| Companhia Auxiliar de Armazéns Gerais **(a)** | 100.00000 | 2,019,843 | 126,306 | 363,945 | 490,251 | 101,342 | 287,124 | 388,466 | 101,785 | 208,138 | (181,421) | 26,717 | 26,717 | - |
| Copersucar Armazéns Gerais **(d)** | - | - | - | - | - | - | - | - | - | 747 | (432) | 315 | 315 | - |
| TCE Participações **(e)** | - | - | - | - | - | - | - | - | - | 3,396 | (3,189) | 207 | 104 | 104 |
| TCP – Terminal de Combustíveis Paulínia **(b)** | 50.00000 | 33,915,816 | 8,870 | 130,435 | 139,305 | 17,829 | 24,000 | 41,829 | 97,476 | 12,024 | (9,906) | 2,118 | 1,059 | 1,059 |
| Copersucar Europe Spain **(a)** | 100.00000 | 3,000 | 1,137,900 | 475,073 | 1,612,973 | 1,200,645 | 238,218 | 1,438,863 | 174,110 | 5,501,461 | (5,434,997) | 66,464 | 66,464 | - |
| Copersucar Trading A.V.V. **(a)** | 100.00000 | 24,253,702 | 399,784 | 6,068 | 405,852 | 41,720 | - | 41,720 | 364,132 | 1,009,736 | (1,010,096) | (360) | (360) | - |
| Copersucar North America LLC **(a)** | 100.00000 | 100 | 2,012,097 | 1,213,194 | 3,225,291 | 1,887,330 | 1,063,964 | 2,951,294 | 273,997 | 17,404,481 | (17,426,038) | (21,557) | (21,557) | - |
| CTC-Centro de Tecnologia Canavieira S.A**. (c)** | 16.93155 | 135,769 | 296,189 | 490,241 | 786,430 | 95,847 | 88,671 | 184,518 | 601,912 | 255,200 | (234,446) | 20,754 | 3,514 | 3,514 |
| Uniduto Logística S.A. **(c)** | 39.07370 | 310,238,406 | 36 | 103,183 | 103,219 | 8 | - | 8 | 103,211 | - | (8,536) | (8,536) | (3,335) | (3,335) |
| Logum Logística S.A. **(b)** | 30.00000 | 4,118,071,462 | 54,747 | 2,303,902 | 2,358,649 | 72,533 | 1,264,225 | 1,336,758 | 1,021,891 | 219,106 | (304,230) | (85,124) | (25,537) | (25,537) |
| Alvean Sugar Intermediação e Agenciamento Ltda. **(b)** | 50.00000 | 100,000 | 7,767 | 987 | 8,754 | 2,246 | 30 | 2,276 | 6,478 | 22,739 | (20,087) | 2,652 | 1,326 | 1,326 |
| Alvean Sugar, S.L. **(b)** | 50.00000 | 764,020 | 6,453,914 | 55,936 | 6,509,850 | 4,068,747 | 145,803 | 4,214,550 | 2,295,300 | 11,818,603 | (11,628,020) | 190,583 | 95,292 | 95,292 |
| Terminal de Richmond, VA **(b)** | 50.00000 | - | 3,691 | 12,555 | 16,246 | 780 | - | 780 | 15,466 | 3,137 | - | 3,137 | - | 1,568 |
| | | | | | | | | | | | | | 144,002 | 73,991 |
| **2019** | | | | | | | | | | | | | **Parent company** | **Consolidated** |
| Companhia Auxiliar de Armazéns Gerais **(a)** | 100.00000 | 2,019,843 | 120,183 | 320,621 | 440,804 | 59,000 | 100,114 | 159,114 | 281,690 | 168,704 | (125,171) | 43,533 | 43,533 | - |
| Copersucar Armazéns Gerais **(a)** | 100.00000 | 3,512,925 | 19,845 | - | 19,845 | 565 | - | 565 | 19,280 | 17,690 | (11,909) | 5,781 | 5,781 | - |
| TCE Participações **(b)** | 50.00000 | 50,847,531 | 9,329 | 130,956 | 140,285 | 30,894 | 14,241 | 45,135 | 95,150 | 6,141 | (11,693) | (5,552) | (2,776) | (2,776) |
| Copersucar Europe Spain **(a)** | 100.00000 | 3,000 | 994,051 | 9 | 994,060 | 887,852 | 48 | 887,900 | 106,160 | 2,716,098 | (2,609,435) | 106,663 | 106,663 | - |
| Copersucar Trading A.V.V. **(a)** | 100.00000 | 24,253,702 | 477,766 | 116,873 | 594,639 | 233,585 | - | 233,585 | 361,054 | 3,247,523 | (3,161,258) | 86,265 | 86,265 | - |
| Copersucar North America LLC **(a)** | 100.00000 | 100 | 1,493,140 | 664,266 | 2,157,406 | 1,382,381 | 541,168 | 1,923,549 | 233,857 | 16,675,290 | (16,649,119) | 26,171 | 26,171 | - |
| CTC-Centro de Tecnologia Canavieira S.A**. (c)** | 16.93155 | 135,769 | 283,778 | 492,707 | 776,485 | 87,147 | 109,718 | 196,865 | 579,620 | 268,619 | (244,980) | 23,639 | 3,995 | 3,995 |
| Uniduto Logística S.A. **(c)** | 39.07370 | 290,845,779 | 58 | 104,756 | 104,814 | 7 | - | 7 | 104,807 | 1 | (96,192) | (96,191) | (37,964) | (37,964) |
| Logum Logística S.A. **(b)** | 30.00000 | 3,859,696,462 | 115,539 | 2,041,568 | 2,157,107 | 48,648 | 1,070,344 | 1,118,992 | 1,038,115 | 224,331 | (331,630) | (107,299) | (20,720) | (20,720) |
| Alvean Sugar Intermediação e Agenciamento Ltda. **(b)** | 50.00000 | 100,000 | 5,931 | 604 | 6,535 | 2,692 | 16 | 2,708 | 3,827 | 22,177 | (18,658) | 3,519 | 1,760 | 1,760 |
| Alvean Sugar, S.L. **(b)** | 50.00000 | 764,020 | 2,985,712 | 41,216 | 3,026,928 | 1,288,830 | 56,479 | 1,345,309 | 1,681,619 | 11,645,169 | (11,528,763) | 116,406 | 58,203 | 58,203 |
| Terminal de Richmond, VA **(b)** | 50.00000 | - | 3,694 | 9,843 | 13,537 | 577 | - | 577 | 12,960 | 2,524 | - | 2,524 | - | 1,262 |
| | | | | | | | | | | | | | **270,911** | **3,760** |

**(a)** Subsidiary

**(b)** Joint control

**(c)** Associate

**(d)** Merged in December 2019

**(e)** Merged in October 2019

The table below presents the breakdown of investments:

| | **Consolidated** | | **Parent company** | |
|---|---|---|---|---|
| | **2020** | **2019** | **2020** | **2019** |
| Copersucar Armazéns Gerais S.A. | - | - | - | 19,280 |
| Companhia Auxiliar de Armazéns Gerais | - | - | 101,784 | 271,350 |
| Logum Logística S.A. | 306,567 | 311,435 | 306,567 | 311,435 |
| Uniduto Logística S.A. | 44,468 | 45,111 | 44,468 | 45,111 |
| CTC – Centro de Tecnologia Canavieira S.A. | 103,524 | 99,750 | 103,524 | 99,750 |
| Copersucar North America LLC | - | - | 273,997 | 233,855 |
| Copersucar Trading A.V.V. | - | - | 364,132 | 361,054 |
| TCE Participações S.A. | - | 47,575 | - | 47,575 |
| TCP-Terminal de Combustíveis Paulínia | 48,738 | - | 48,738 | - |
| Copersucar Europe Espanha | - | - | 174,111 | 105,750 |
| Alvean Sugar Intermediação e Agenciamento Ltda. | 3,239 | 1,913 | 3,239 | 1,913 |
| Alvean Sugar, S.L. | 1,147,649 | 840,810 | 1,147,649 | 840,810 |
| | **1,654,185** | **1,346,594** | **2,568,209** | **2,337,883** |
| **Other unconsolidated investments – valued at fair value:** | | | | |
| Other investments | 15,057 | 11,808 | 27 | 133 |
| | **15,057** | **11,808** | **27** | **133** |
| **Total investments** | **1,669,242** | **1,358,402** | **2,568,236** | **2,338,016** |

On October 31, 2019, TCP – Terminal de Combustível Paulínia merged TCE Participações S.A. in accordance with the provisions of Article 227 and following the Brazilian Corporation Law, with an increase of 33,405,816 new common shares, nominative and with no par value, at the unit value of R$ 2.8116, calculated on the base date of September 30, 2019, totaling R$ 93,924, of which R$ 72,131 was allocated to Capital and R$ 21,793 to Capital Reserve.

At the Extraordinary General Meeting held on December 17, 2019, the merger of Copersucar Armazéns Gerais S.A. was approved according to the provisions of Article 227, following the Brazilian Corporation Law, on the base date of November 30, 2019, totaling R$ 19,595 in net assets to be transferred and merged into the Company.

At the Extraordinary General Meeting held on March 11, 2020, the distribution of interim dividends from the subsidiary Companhia Auxiliar Armazéns Gerais S.A. to the Company was approved, in the total amount of R$ 186,000, deducted from the Profit Reserve account, under the terms provided for in Article 18 of the Bylaws, as referred to in the last annual balance sheet of the subsidiary, dated March 31, 2019.

On August 5, 2019, the jointly-controlled subsidiary, Alvean Sugar, distributed dividends in the amount of R$ 60,897.

The share subscriptions carried out at the jointly-controlled subsidiary Logum and approved at the Board of Directors' Meeting were as follows:

- On April 17, 2019, 104,625,000 shares were subscribed, in the amount of R$ 8,370;

- On June 5, 2019, 120,000,000 shares were subscribed, in the amount of R$ 9,600; and

- On February 14, 2020, 33,750,000 shares were subscribed, in the amount of R$ 2,700;

The share subscriptions carried out at the jointly-controlled subsidiary Uniduto and approved at the Board of Directors' Meeting were as follows:

On April 25, 2019, 7,710,285 common shares were subscribed, in the amount of R$ 1,090;

- On June 18, 2019, 9,032,586 common shares were subscribed, in the amount of R$ 1,250; and

- On February 19, 2020, 2,649,856 common shares were subscribed, in the amount of R$ 352.

# 14.Property, plant and equipment and right-of-use in lease

## a) Property, plant and equipment

| **Consolidated** | **Land** | **Constructions and improvements** | **Machinery and equipment** | **Data processing equipment** | **Furniture and fixtures** | **Vehicles** | **Backing of products** | **Leasehold improvements** | **Construction in progress (i)** | **Total** |
|---|---|---|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | | | | |
| **2018** | **15,471** | **67,180** | **380,684** | **2,956** | **11,203** | **41,809** | **1,459** | **318,319** | **53,888** | **892,969** |
| Exchange-rate change | 1,730 | 8,837 | 38,430 | | 1,393 | 6,777 | - | 10,502 | 7,188 | 74,857 |
| Additions | - | - | 831 | 374 | 248 | 1,172 | - | - | 13,971 | 16,596 |
| Write-offs | - | - | (747) | (121) | (19) | (3,152) | (1,459) | (105) | (710) | (6,313) |
| Transfers | - | 757 | 6,632 | - | - | - | - | 2,406 | (9,795) | - |
| **2019** | **17,201** | **76,774** | **425,830** | **3,209** | **12,825** | **46,606** | **-** | **331,122** | **64,542** | **978,109** |
| Exchange-rate change | 3,934 | 20,090 | 87,010 | - | 3,287 | 5,705 | - | 23,872 | 36,136 | 180,034 |
| Additions | - | 33 | 1,491 | 160 | 609 | 1,446 | - | 54 | 90,466 | 94,260 |
| Write-offs | - | - | (2,578) | (1,674) | (2,298) | (26,165) | - | - | (270) | (32,985) |
| Transfers | 5,580 | 71,015 | 19,313 | 290 | 1,048 | 322 | - | 4,381 | (77,293) | 24,656 |
| **2020** | **26,715** | **167,912** | **531,066** | **1,985** | **15,471** | **27,914** | **-** | **359,429** | **113,581** | **1,244,073** |
| **Depreciation** | | | | | | | | | | |
| **2018** | **-** | **(9,846)** | **(128,692)** | **(2,040)** | **(7,232)** | **(11,715)** | **-** | **(70,417)** | **-** | **(229,942)** |
| Exchange-rate change | - | (1,785) | (10,331) | - | (967) | (1,965) | - | (1,585) | - | (16,633) |
| Depreciation for the year | - | (5,448) | (27,862) | (731) | (1,226) | (3,959) | - | (15,184) | - | (54,410) |
| Write-offs | - | 20 | 261 | 91 | - | 1,957 | - | 53 | - | 2,382 |
| **2019** | **-** | **(17,059)** | **(166,624)** | **(2,680)** | **(9,425)** | **(15,682)** | **-** | **(87,133)** | **-** | **(298,603)** |
| Exchange-rate change | - | (6,504) | (34,734) | - | (2,745) | (2,431) | - | (6,132) | - | (52,546) |
| Depreciation for the year | - | (6,883) | (31,165) | (302) | (1,309) | (3,028) | - | (16,046) | - | (58,733) |
| Write-offs | - | - | 2,621 | 1,342 | 1,763 | 9,316 | - | 18 | - | 15,060 |
| **2020** | **-** | **(30,446)** | **(229,902)** | **(1,640)** | **(11,716)** | **(11,825)** | **-** | **(109,293)** | **-** | **(394,822)** |
| **Net book value** | | | | | | | | | | |
| **In 2019** | **17,201** | **59,715** | **259,206** | **529** | **3,400** | **30,924** | **-** | **243,989** | **64,542** | **679,506** |
| **In 2020** | **26,715** | **137,466** | **301,164** | **345** | **3,755** | **16,089** | **-** | **250,136** | **113,581** | **849,251** |

(i) Construction in progress refers to:
(a) For Copersucar S.A. refers to expansion of projects of systemic functionalities;
(b) For Companhia Auxiliar de Armazéns Gerais refers to constructions and acquisitions for improvement in operations and security of Santos, Ribeirão Preto, and São José do Rio Preto terminals;
(c) At Eco Energy, the balance refers to the new terminals Phoenix and Stockton, which are expected to be completed in September 2020 and July 2021, respectively.

| **Parent company** | **Machinery and equipment** | **Data processing equipment** | **Furniture and fixtures** | **Vehicles** | **Leasehold improvements** | **Fixed assets under construction** | **Total** |
|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | |
| **2018** | **512** | **2,382** | **2,640** | **1,304** | **-** | **267** | **7,105** |
| Additions | 2 | 343 | - | 644 | - | 1,088 | 2,077 |
| Write-offs | - | (113) | - | (658) | - | (131) | (902) |
| **2019** | **514** | **2,612** | **2,640** | **1,290** | **-** | **1,224** | **8,280** |
| Additions | - | 33 | - | 669 | - | 4,618 | 5,320 |
| Write-offs | (741) | (1,675) | (2,298) | (163) | - | (40) | (4,917) |
| Transfers | 227 | 290 | 1,048 | - | 2,556 | (4,910) | (789) |
| **2020** | **0** | **1,260** | **1,390** | **1,796** | **2,556** | **892** | **7,894** |
| **Depreciation** | | | | | | | |
| **2018** | **(427)** | **(1,680)** | **(1,607)** | **(236)** | **-** | **-** | **(3,950)** |
| Depreciation for the year | (58) | (147) | (184) | (125) | - | - | (514) |
| Write-offs | - | 84 | - | 147 | - | - | 231 |
| **2019** | **(485)** | **(1,743)** | **(1,791)** | **(214)** | **-** | **-** | **(4,233)** |
| Depreciation for the year | (51) | (198) | (162) | (159) | - | - | (570) |
| Write-offs | 536 | 1,342 | 1,743 | 4 | - | - | 3,625 |
| **2020** | **-** | **(599)** | **(210)** | **(369)** | **-** | **-** | **(1,178)** |
| **Net book value** | | | | | | | |
| **In 2019** | **29** | **869** | **849** | **1,076** | **-** | **1,224** | **4,047** |
| **In 2020** | **-** | **661** | **1,180** | **1,427** | **2,556** | **892** | **6,716** |

## b) Right-of-use in lease

The Company recognized right-of-use assets in the transition to CPC 06 (R2)/IFRS 16, as the table with changes:

| Parent company | **Leasehold improvements** |
|---|---|
| **Cost** | |
| First-time adoption at 04/01/2019 | - |
| Additions | 16,961 |
| **In 2020** | **16,961** |
| **Accumulated depreciation** | |
| Additions | (151) |
| **In 2020** | **(151)** |
| **Total right-of-use in 2020** | **16,810** |

| Consolidated | **Leasehold improvements** | **Real estate and land** | **Vehicles and wagons** | **Warehouses** | **Machinery and equipment** | **Total** |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| First-time adoption at 04/01/2019 | - | 103,440 | 147,735 | 133,514 | 9,793 | 394,482 |
| Additions | 16,962 | 4,273 | 16,335 | 47,907 | 15,563 | 101,039 |
| **In 2020** | **16,962** | **107,713** | **164,070** | **181,421** | **25,356** | **495,521** |
| **Accumulated depreciation** | | | | | | |
| Additions | (151) | (8,683) | (34,722) | (31,839) | (10,362) | (85,757) |
| **In 2020** | **(151)** | **(8,683)** | **(34,722)** | **(31,839)** | **(10,362)** | **(85,757)** |
| **Total right-of-use in 2020** | **16,810** | **99,030** | **129,348** | **149,582** | **14,994** | **409,764** |

# 15. Intangible assets

| Consolidated | Software | Brands | Goodwill | Relationship with customers and other parties | Total |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| **2018** | **58,532** | **7,006** | **205,744** | **52,675** | **323,957** |
| Exchange-rate change | 3,275 | 1,257 | 35,463 | 9,714 | 49,709 |
| Additions | 1,837 | - | - | - | 1,837 |
| **2019** | **63,644** | **8,263** | **241,207** | **62,389** | **375,503** |
| Exchange-rate change | 8,146 | 2,856 | 80,594 | 22,078 | 113,674 |
| Additions | 5,915 | - | - | - | 5,915 |
| Write-offs | (768) | - | (75,349) | - | (76,117) |
| Transfers | 789 | - | - | - | 789 |
| **2020** | **77,726** | **11,119** | **246,452** | **84,467** | **419,763** |
| **Amortizations** | | | | | |
| **2018** | **(46,029)** | **(3,445)** | - | **(26,970)** | **(76,444)** |
| Exchange-rate change | (2,743) | (685) | - | (5,427) | (8,855) |
| Amortization for the year | (6,278) | (838) | - | (6,216) | (13,332) |
| **2019** | **(55,050)** | **(4,968)** | - | **(38,613)** | **(98,631)** |
| Exchange-rate change | (7,162) | (2,027) | - | (15,817) | (25,006) |
| Write-offs | 755 | - | - | - | 755 |
| Amortization for the year | (4,606) | (917) | - | (6,800) | (12,323) |
| **2020** | **(66,063)** | **(7,912)** | - | **(61,230)** | **(135,205)** |
| **Net book value** | | | | | |
| **In 2019** | **8,594** | **3,295** | **241,207** | **23,776** | **276,872** |
| **In 2020** | **11,663** | **3,207** | **246,452** | **23,237** | **284,559** |

The recoverable value of an asset or cash-generating unit is the greater of its value in use and its fair value less sales expenses. The subsidiary Eco-Energy performed the impairment test after the annual forecast at the cash generating units "*Ethanol Marketing & Trading*" and "*Terminals & Trucking*". As of March 31, 2020, an impairment loss of R$ 55,750 was recognized in the "*Ethanol Marketing & Trading*" unit.
The fair value of this reporting unit was estimated using a combination of discounted cash flows and market approaches. The impairment was the result of a drop in historical results of negotiations, due to the low volatility in an ethanol market with excess supply in the last 2 years. Furthermore, operating income and cash flow were lower than expected when compared to the previous year.

After the acquisition of Eco-Energy, through Copersucar North America in the 12/13 crop, it added some cash generating units in its business, such as natural gas, logistics and terminals.

| Parent company | Software | Brands | Total |
|---|---|---|---|
| **Cost** | | | |
| **2018** | **38,873** | **137** | **39,010** |
| **2019** | **38,873** | **137** | **39,010** |
| Additions | 5,207 | - | 5,207 |
| Write-offs | (745) | - | (745) |
| Transfers | 788 | - | 788 |
| **2020** | **44,123** | **137** | **44,260** |
| **Amortizations** | | | |
| **2018** | **(30,905)** | **-** | **(30,905)** |
| Amortization for the year | (4,098) | - | (4,098) |
| **2019** | **(35,003)** | **-** | **(35,003)** |
| Write-offs | 735 | - | 735 |
| Amortization for the year | (2,439) | - | (2,439) |
| **2020** | **(36,707)** | **-** | **(36,707)** |
| **Net book value** | | | |
| **In 2019** | **3,870** | **137** | **4,007** |
| **In 2020** | **7,416** | **137** | **7,553** |

# 16.Suppliers

| | Note | Consolidated | | Parent company | |
|---|---|---|---|---|---|
| | | **2020** | **2019** | **2020** | **2019** |
| Suppliers | | 802,560 | 761,361 | 33,250 | 38,331 |
| Related parties | 23 | 598,291 | 43,778 | 676,983 | 818,963 |
| **Total** | | **1,400,851** | **805,139** | **710,233** | **857,294** |

The balances of suppliers and related parties mainly correspond to the item “Accounts payable for ethanol and sugar purchases".

The exposure of the Company to liquidity risks related to accounts payable to suppliers and other accounts payable, is disclosed in Note 21.

# 17.Loans and financing and lease liabilities

## a) Loans and financing

This note provides information on contract terms of loans bearing interest, which are measured at the amortized cost. For more information on the Company's exposure to interest, foreign currency and liquidity risks, see Note 21.

| Description | Currency | Index | Average annual interest rate | Year of maturity | Consolidated 2020 | Consolidated 2019 | Parent company 2020 | Parent company 2019 |
|---|---|---|---|---|---|---|---|---|
| NCE - Export Credit Note | R$ | Fixed rate/CDI | 10.05%* | 2019–2021 | - | 402,049 | - | 402,049 |
| CRA - Certificate of Agribusiness receivables | R$ | CDI | 6.39%* | 2020 | 351,855 | 350,230 | 351,855 | 350,230 |
| CCB - Bank Credit Bill | R$ | CDI | 6.92%* | 2020 | 252,406 | 252,282 | 252,406 | 252,282 |
| Direct External Borrowing | US$ | Pre-fixed rate/Libor | 2.36% | 2020–2022 | 629,483 | 687,942 | 629,483 | 687,942 |
| Working capital | US$ | Pre-fixed rate/Libor | 3.54% | 2020–2022 | 999,953 | 748,301 | - | - |
| NCE - Export Credit Note | R$ | CDI | 8.68%* | 2020–2022 | 333,416 | 314,690 | 333,416 | 314,690 |
| BNDES-FINEN | R$ | Prefixed rate | 2.50% | 2020–2022 | 1,514 | 1,893 | - | - |
| CDCA - Agribusiness credit receivables certificate | R$ | Prefixed rate | 6.49%* | 2020–2023 | 142,121 | - | 142,121 | - |
| NCE - Export Credit Note | US$ | Pre-fixed rate/Libor | 2.03% | 2020–2024 | 208,224 | - | - | - |
| BNDES-FINEN | R$ | Pre-fixed rate/TJLP | 8.21% | 2020–2024 | 44,547 | 58,294 | - | - |
| BNDES-FINEN | R$ | TJLP | 6.35% | 2020–2024 | 174 | 217 | - | - |
| CDCA - Agribusiness credit receivables certificate | R$ | Fixed rate/CDI | 6.39%* | 2020–2025 | 2,253,673 | 1,830,330 | 2,253,673 | 1,830,330 |
| Direct External Borrowing | EUR | Prefixed rate | 0.90% | 2021–2023 | 363,612 | 81,886 | 322,858 | 50,968 |
| Direct External Borrowing | US$ | Prefixed rate | 2.37% | 2022–2023 | 519,870 | 469,674 | 519,870 | 469,674 |
| **Total loans and financing** | | | | | **6,100,848** | **5,197,788** | **4,805,681** | **4,358,165** |
| **Current liabilities** | | | | | **1,186,867** | **547,375** | **842,624** | **296,784** |
| **Non-current liabilities** | | | | | **4,913,981** | **4,650,413** | **3,963,058** | **4,061,381** |

(*) Including operating costs.

## Terms and schedule of debt amortization

Terms and conditions of outstanding loans are as follows:

| **Consolidated** | **2020** | | **2019** | |
|---|---|---|---|---|
| | **Book value** | **Fair value** | **Book value** | **Fair value** |
| Export credit note (in US$) | 208,224 | 192,997 | - | - |
| Direct External Borrowing | 1,512,965 | 1,450,085 | 1,239,502 | 1,239,524 |
| Working capital (in US$) | 999,953 | 999,952 | 748,301 | 760,806 |
| CRA - Certificate of Agribusiness receivables | 351,855 | 351,634 | 350,230 | 352,462 |
| BNDES-FINEN | 46,235 | 46,235 | 60,404 | 60,404 |
| CDCA - Agribusiness credit receivables certificate | 2,395,794 | 2,399,467 | 1,830,330 | 1,874,280 |
| CCB - Bank Credit Bill | 252,406 | 252,104 | 252,282 | 255,715 |
| Export credit note | 333,416 | 341,605 | 716,739 | 721,319 |
| **Total** | **6,100,848** | **6,034,079** | **5,197,788** | **5,264,510** |

| **Parent company** | **2020** | | **2019** | |
|---|---|---|---|---|
| | **Book value** | **Fair value** | **Book value** | **Fair value** |
| Direct External Borrowing | 1,472,211 | 1,417,712 | 1,208,584 | 1,208,584 |
| CRA - Certificate of Agribusiness receivables | 351,855 | 351,634 | 350,230 | 352,462 |
| CDCA - Agribusiness credit receivables certificate | 2,395,794 | 2,399,467 | 1,830,330 | 1,874,280 |
| CCB - Bank Credit Bill | 252,406 | 252,104 | 252,282 | 255,715 |
| Export credit note | 333,416 | 341,605 | 716,739 | 721,319 |
| **Total** | **4,805,682** | **4,762,522** | **4,358,165** | **4,412,360** |

### *Maturities of the principal and interest of loans and financing as of March 31, 2020*

| | **Consolidated** | **Parent company** |
|---|---|---|
| **months:** | | |
| Up to 6 | 429,292 | 420,374 |
| 06–12 | 757,575 | 422,250 |
| 12–24 | 1,061,055 | 1,046,923 |
| 24–60 | 3,852,926 | 2,916,135 |
| **Total** | **6,100,848** | **4,805,682** |

The Company and its subsidiaries have non-financial covenants in loan and financing agreements in effect which were complied with. There are no agreements in force with restrictive clauses (covenants) related to financial indicators.

### *Guarantees*

Guarantees are provided on contracting of bank credit facilities needed to maintain parent company and subsidiaries' cash balance, however, there are guarantees received and granted to the related party. Of the amount presented above,
R$ 5,135,717 is guaranteed by the related party - Cooperative (refer to Note 23).

(i) Reconciliation of equity changes with cash flows from financing activities:

| **Consolidated** | **Assets** | **Liabilities** | | **Shareholders' equity** | | **Total** |
|---|---|---|---|---|---|---|
| | **Net financial instrument** | **Bank loans** | **Lease liability** | **Profit reserve** | **Additional dividend** | |
| In **2018** | **274,969** | **4,831,062** | **-** | **11,233** | **40,546** | **5,157,810** |
| Loans and financing obtained | - | 2,125,183 | - | - | - | 2,125,183 |
| Payments of loans and financing | - | (2,165,437) | - | - | - | (2,165,437) |
| Gain from financial instrument | 11,526 | - | - | - | - | 11,526 |
| Dividends paid | - | - | - | (1,454) | (40,546) | (42,000) |
| **Total changes in financing cash flows** | **11,526** | **(40,254)** | **-** | **(1,454)** | **(40,546)** | **(70,728)** |
| **Other changes** | | | | | | |
| Interest and exchange rate on loans and financings | - | 640,828 | - | - | - | 640,828 |
| Interest paid on loans and financing | - | (282,117) | - | - | - | (282,117) |
| Other changes | (188,709) | 48,269 | - | 1,454 | - | (138,986) |
| **Other change total** | **(188,709)** | **406,980** | | **1,454** | **-** | **219,725** |
| **In 2019** | **97,786** | **5,197,788** | **-** | **11,233** | **-** | **5,306,807** |
| Loans and financing obtained | - | 3,330,066 | - | - | - | 3,330,066 |
| Payments of loans and financing | - | (3,030,870) | - | - | - | (3,030,870) |
| Financial instrument loss | (4,040) | - | - | - | - | (4,040) |
| Payment of lease liability | - | - | (8,072) | - | - | (8,072) |
| Dividends paid | - | - | | (1,775) | - | (1,775) |
| **Total changes in financing cash flows** | **(4,040)** | **299,196** | **(8,072)** | **(1,775)** | **-** | **285,309** |
| **Other changes** | | | | | | |
| Interest and exchange rate on loans and financings | - | 934,365 | - | - | - | 934,365 |
| Interest paid on loans and financing/lease | - | (325,180) | 2,989 | - | - | (322,191) |
| Other changes | (52,733) | (5,323) | 433,002 | (9,458) | - | 365,490 |
| **Other change total** | **(52,733)** | **603,864** | **435,991** | **(9,458)** | **-** | **977,664** |
| **In 2020** | **41,013** | **6,100,848** | **427,919** | **-** | **-** | **6,569,780** |

| **Parent company** | **Assets** | **Liabilities** | | **Shareholders' equity** | |
|---|---|---|---|---|---|
| | **Net financial instrument** | **Bank loans** | **Lease liability** | **Profit reserve** | **Total** |
| **In 2018** | **46,064** | **3,623,670** | **-** | **11,233** | **3,680,967** |
| Loans and financing obtained | - | 1,875,099 | - | - | 1,875,099 |
| Payments of loans and financing | - | (1,366,657) | - | - | (1,366,657) |
| Gain from financial instrument | 11,526 | - | - | - | 11,526 |
| Dividends paid | - | - | - | (42,000) | (42,000) |
| **Total changes in financing cash flows** | **11,526** | **508,442** | **-** | **(42,000)** | **477,968** |
| **Other changes** | | | | | |
| Interest and exchange rate on loans and financings | - | 449,173 | - | - | 449,173 |
| Interest paid on loans and financing/lease | - | (223,120) | - | - | (223,120) |
| Other changes | (5,535) | - | - | 42,000 | 36,465 |
| **Other change total** | **(5,535)** | **226,053** | **-** | **42,000** | **262,518** |
| **In 2019** | **52,055** | **4,358,165** | **-** | **11,233** | **4,421,453** |
| Loans and financing obtained | - | 2,520,354 | - | - | 2,520,354 |
| Payments of loans and financing | - | (2,353,836) | - | - | (2,353,836) |
| Financial instrument loss | (4,040) | - | - | - | (4,040) |
| Payment of lease liability | - | - | (211) | - | (211) |
| Dividends paid | - | - | - | (1,775) | (1,775) |
| **Total changes in financing cash flows** | **(4,040)** | **166,518** | **(211)** | **(1,775)** | **160,492** |
| **Other changes** | | | | | |
| Interest and exchange rate on loans and financings | - | 602,706 | - | - | **602,706** |
| Interest paid on loans and financing/lease | - | (321,599) | - | - | (321,599) |
| Other changes | (200,155) | (108) | 17,069 | (9,458) | (192,652) |
| **Other change total** | (200,155) | **280,999** | **17,069** | **(9,458)** | **88,455** |
| **In 2020** | **(256,250)** | **4,805,682** | **16,858** | **-** | **4,566,290** |

## b) Lease liabilities

The Company leases the following assets:

The area located in Santos Port of approximately 50,392 square meters is used to store and export bulk goods, where its facilities are built by means of a concession contract up to 2036.

Equipment for storage and handling of products (wheel loaders and tractors) used at the Transshipment Terminals in Ribeirão Preto-SP and São José do Rio Preto-SP, as well as at the Sugar Export Terminal in Santos-SP.

Waste cleaning and suction equipment (suction truck and sweeper truck) used in the Sugar Export Terminal in Santos-SP.

Property comprising two floors of the undertaking called Condomínio WT Morumbi in São Paulo-SP, with a total area of 3,059 square meters, intended for the Company's administrative activities, effective until 2029.

Through its indirect subsidiary Eco-Energy, the Company is the lessee of equipment for ethanol and gasoline storage and moving (tank-cars, trucks, railroad wagons, tanks and transshipment equipment), and office equipment; it also rents a property in the city of Franklin, TN, USA, for administrative purposes.

| Parent company | **Minimum future payments of leases** | **Interest** | **Present value of minimum lease payments** |
|---|---|---|---|
| **2020** | | | |
| < 1 year | 2,532 | 1,228 | 1,304 |
| 1–5 years | 12,661 | 4,420 | 8,241 |
| >5 years | 8,230 | 917 | 7,313 |
| **Total** | **23,423** | **6,565** | **16,858** |

| Consolidated | **Minimum future payments of leases** | **Interest** | **Present value of minimum lease payments** |
|---|---|---|---|
| **2020** | | | |
| < 1 year | 105,006 | 27,354 | 77,652 |
| 1–5 years | 282,046 | 73,156 | 208,890 |
| >5 years | 206,811 | 65,434 | 141,377 |
| **Total** | **593,863** | **165,944** | **427,919** |

# 18. Taxes and contributions payable

| | **Consolidated** | | **Parent company** | |
|---|---|---|---|---|
| | **2020** | **2019** | **2020** | **2019** |
| ICMS | 40,923 | 51,446 | - | 25,506 |
| ISS | 998 | 812 | 18 | 29 |
| Other | 4,148 | 2,074 | 7 | 30 |
| **Total Current** | **46,069** | **54,332** | **25** | **25,565** |
| **Total** | **46,069** | **54,332** | **25** | **25,565** |

**Special Installment Program - PEP**

The Special Installment Payment Program (PEP) reduced punitive and late fines, as well as fees for the settlement of ICMS-related tax debts with taxable events occurring up to May 31, 2019. The Company selected ICMS debts not provisioned for cash payment with a fine discount (75%) and interest (60%), as well as the monetary restatement of interest at the SELIC rate and reduced fees from the State Attorney General's Office (5%). The amount of R$ 30,160, after discounts, was reduced to R$ 6,599

## 19. Advances from clients

| | Note | Consolidated | | Parent company | |
|---|---|---|---|---|---|
| | | **2020** | **2019** | **2020** | **2019** |
| Customers domestic market | | 24,738 | 750 | 24,617 | 623 |
| Related parties | 23 | 809,754 | 776,858 | - | - |
| **Total** | | **834,492** | **777,608** | **24,617** | **623** |

The aforementioned advances of the related party Alvean Sugar S.L., in the amount of R$ 809,754 as of March 31, 2020, are prepayments of products not yet shipped by the Company (R$ 776,858 as of March 31, 2019).

## 20. Provision for contingencies

Management, based on information from its legal advisors, analyzed the outstanding legal proceedings, and in respect of tax and labor claims previous experience with regards to amounts claimed, recorded provisions for amounts considered sufficient to cover estimated losses from current lawsuits, as follows:

| | Consolidated | | | Parent company | |
|---|---|---|---|---|---|
| | **Tax** | **Labor** | **Total** | **Labor** | **Total** |
| **2018** | **15,905** | **2,435** | **18,340** | **679** | **679** |
| Provisions formed and restatements during the year | 312 | 3,693 | 4,005 | 1,461 | 1,461 |
| Provisions used during the year | - | (2,102) | (2,102) | (1,512) | (1,512) |
| **2019** | **16,217** | **4,026** | **20,243** | **628** | **628** |
| Provisions formed and restatements during the year | 40 | 1,154 | 1,194 | 65 | 65 |
| Provisions used during the year | (3,439) | (618) | (4,057) | (180) | (180) |
| **In 2020** | **12,818** | **4,562** | **17,380** | **513** | **513** |

In relation to the contingencies presented above, there are judicial deposits for the Consolidated and Parent Company totaling R$ 55,865 and R$ 39,709, respectively as of March 31, 2020 (R$ 96,892 and R$ 81,737 as of March 31, 2019).

The Company has other tax, civil and labor lawsuits and based on the evaluations carried out by legal advisors, they have a risk of possible loss and financial losses were measured in the amount of R$ 100,993 as of March 31, 2020 (R$ 128,272 as of March 31, 2019), less amounts included in Special Installment Payment Program - PEP.

# 21. Financial instruments

## a. Classification of financial instruments and fair value

During the years ended March 31, 2020 and 2019, no reclassification of financial instruments was performed.

### *Fair value vs. book value*

The fair values of the financial assets and liabilities, together with the book values presented in the balance sheet, are as follows:

| **Consolidated** | **Book value** | | **Fair value** | |
|---|---|---|---|---|
| | **2020** | **2019** | **2020** | **2019** |
| **Fair value (a)** | | | | |
| Cash and cash equivalents | 1,504,242 | 1,652,413 | 1,504,242 | 1,652,413 |
| Inventories | 1,454,450 | 1,964,914 | 1,454,450 | 1,964,914 |
| Stock exchange derivative - assets | 18,941 | 5,463 | 18,941 | 5,463 |
| Unrealized derivative financial instruments - assets | 1,866,338 | 653,435 | 1,866,338 | 653,435 |
| Stock exchange derivative - liabilities | 319,894 | 2,963 | 319,894 | 2,963 |
| Unrealized derivative financial instruments - liabilities | 1,825,325 | 562,475 | 1,825,325 | 562,475 |
| **Amortized cost** | | | | |
| Bank – checking account | 1,226,503 | 323,040 | 1,226,503 | 323,040 |
| Trade accounts receivable | 1,478,554 | 1,360,827 | 1,478,554 | 1,360,827 |
| Advances to suppliers | 383,212 | 60,561 | 383,212 | 60,561 |
| Other accounts receivable | 160,398 | 101,623 | 160,398 | 101,623 |
| Suppliers | 1,400,851 | 1,570,489 | 1,400,851 | 1,570,489 |
| Loans and financing | 6,100,848 | 5,197,788 | 6,034,079 | 5,264,510 |
| Advances from clients | 834,492 | 777,608 | 834,492 | 777,608 |
| Related parties | - | 1,001 | - | 1,001 |
| Other accounts payable | 212,086 | 76,576 | 212,086 | 76,576 |

| **Parent company** | **Book value** | | **Fair value** | |
|---|---|---|---|---|
| | **2020** | **2019** | **2020** | **2019** |
| **Fair value (a)** | | | | |
| Cash and cash equivalents | 1,420,127 | 1,562,459 | 1,420,127 | 1,562,459 |
| Inventories | 1,087,067 | 772,738 | 1,087,067 | 772,738 |
| Stock exchange derivative - assets | 452 | 91 | 452 | 91 |
| Unrealized derivative financial instruments - assets | 953,762 | 332,300 | 953,762 | 332,300 |
| Stock exchange operations - liabilities | 319,893 | 2,962 | 319,893 | 2,962 |
| Unrealized derivative financial instruments - liabilities | 1,210,012 | 280,245 | 1,210,012 | 280,245 |
| **Amortized cost** | | | | |
| Bank – checking account | 536,077 | 102,174 | 536,077 | 102,174 |
| Trade accounts receivable | 603,288 | 551,589 | 603,288 | 551,589 |
| Advances to suppliers | 8,992 | 9,106 | 8,992 | 9,106 |
| Other accounts receivable | 56,960 | 27,769 | 56,960 | 27,769 |
| Granted loans – related parties | 5,913 | 5,520 | 5,913 | 5,520 |
| Suppliers | 710,233 | 857,294 | 710,233 | 857,294 |
| Loans and financing | 4,805,681 | 4,358,165 | 4,762,522 | 4,412,360 |
| Advances from clients | 24,617 | 623 | 24,617 | 623 |
| Other accounts payable | 113,390 | 50,843 | 113,390 | 50,843 |

(a) the table above provides an analysis of financial instruments that are measured at fair value after first-time recognition, grouped in Level 2 based on the observable level of fair value. The descriptions of the hierarchies are shown in note 3 d.

Fair values are substantially equivalent to book values presented in the balance sheet.

## b. Risk management

Due to the nature of its operations, the Company is subject to risks which include changes in interest and foreign exchange rates, commodities prices, credit/counterparty risk, liquidity risk and operating risk. Currently, the risk management policy contains operating guidelines, identifying and establishing the rules for risk analysis and monitoring. Capital use limits, as well as risk limits, are approved by the Board of Directors; and all exposures are reported and measured with the appropriate frequency and set forth in the policy.

### *Risk management policy*

The risk management area calculates, monitors and reports the main risks incurred by Copersucar to the business areas, Executive Board and Audit Committee, Risk and Finance Management (Committee); provides for the necessary information for the definition of risk limits to the Committee and Board of Directors; and operates on a proactive basis with the business areas, conducting risk simulations, recommending actions, and supporting the development of business strategies. The Risk Management area reports directly to the CFO, as part of the Company's corporate government structure. The Committee reports regularly to the Board of Directors about its activities, which is responsible for establishing and supervising the Company's risk management structure.

The risk management policy is established from the identification and analysis of risks that the Company faces, to define capital limits, exposures and controls, and to monitor risks and adherence to the preestablished limits. The risk management policy and process are revised on an annual basis, or timely whenever necessary, aiming at reflecting changes in the market conditions and in the Company's activities that, by means of its training and management policies and procedures, aims at developing a disciplined and constructive control environment, through a risk culture.

### *Audit, Risk Management and Finance Committee*

The Audit, Risk and Finance Management Committee is composed of at least three (3) and at most six (6) members, all members of the Board of Directors and/or Advisory Board and/or appointed by them, elected by the Board of Directors for a term of office of two (2) years, and reelection is permitted.

The members meet with the frequency established by the Board of Directors, and there may be extraordinary calls whenever they are justifiable to monitor and discuss the strategies that are being implemented. Any change in the Risk Global Policy or in the Financial Policies (Financial and Indebtedness Policy of the Company) should be recommended by the Committee and approved by the Board of Directors.

The Committee aids Board of Directors playing an important role in Corporate Governance model adopted by the Company. Activities attributions are as follows:

Accompany the mapping of all risks existing in the Company's business;

Guarantee the adherence of risks incurred with the Risk Global Policy;

Recommend actions to internally disseminate the risk sensitiveness culture;

Report to the Chairman of the Board of Directors non-compliance with standards and regulations assessed as of high risk;

Discuss, together with the risk management area, the initial assumptions for establishing risk limits, considering the definition of risk appetite and business strategies established by the Board of Directors;

Define the risk limits and send, through the CFO, for resolution and approval of the Board of Directors;

Follow up and discuss internal controls, reports, pending items and issues referring to internal and external audit work; and

Define and follow-up with the internal audit the Company's internal audit plan.

Assess the proposal for the annual budgetary plan, recommending possible adjustments in view of the directives issued by the Board of Directors:

(a) Monitor the Company's investment evaluations, particularly regarding return terms;

(b) Evaluate the Company's capital structure regarding safety, optimization of costs and needs for financing of operations and investments;

(c) monitor the Company's indebtedness regarding risks involved and the directives established by the Board of Directors;

(d) monitor technical procedures that guide the Company's financial investments regarding depository institutions, profitability, liquidity and risks involved; and

(e) monitor technical procedures that guide the Company's financial investments regarding depository institutions, profitability, liquidity and risks involved.

The Internal Audit is responsible for evaluating deviations and potential threats to business based on the Company's risk assessment matrix, which is prepared together with the Internal Controls area. Corporate risk department is responsible for conducting analyses of financial, operating, strategic, transaction and compliance risks, in addition to presenting suggesting for improvements and following-up the respective action plans.

***Credit risk***

It is the risk of Company's financial loss if a client or a counterpart fails to fulfill its contractual obligations arising mainly from Company's trade accounts receivable.

In order to reduce this risk, Copersucar establishes a credit limit for term purchases and for such, adopts the practice of performing a detailed analysis of the equity and financial position of its clients, besides permanently following up their debt balance. The Company has a Credit Committee comprised by the Commercial, Financial and Risk Management that evaluate credit requests. The analyses are valid for up to one year and are basically composed of three parameters: (i) quantitative analysis that includes a careful evaluation of the economic and financial indexes, related to the balance sheets for the last three years; (ii) qualitative analysis that must contain consultations to tax bodies, consultation of restrictive information and payment behavior, client's relevance within the industry in which it operates, time in the market, commercial references; and (iii) analysis of guarantees, examined by Finance and Legal areas and requested under the criteria defined by Management.

### *(i) Trade accounts receivable*

Management seeks to mitigate credit risk by monitoring sales financing terms by business segment. The average collection period for the domestic market is 37 days for sugar clients and 19 days for ethanol clients.

Maximum credit risk exposure is substantially focused on financial instruments below:

| | **Consolidated** | | **Parent company** | |
|---|---|---|---|---|
| | **2020** | **2019** | **2020** | **2019** |
| Cash and cash equivalents | 1,504,242 | 1,652,413 | 1,420,127 | 1,562,459 |
| Bank – checking account | 1,226,503 | 323,040 | 536,077 | 102,174 |
| Trade accounts receivable | 1,478,554 | 1,360,827 | 603,288 | 551,589 |
| Advances to suppliers | 383,212 | 60,561 | 8,992 | 9,106 |
| Stock exchange operations | 18,941 | 5,463 | 452 | 91 |
| Unrealized derivative financial instruments - assets | 1,866,338 | 653,435 | 953,762 | 332,300 |
| Other accounts receivable | 160,398 | 101,623 | 56,960 | 27,769 |

The interest earning bank deposit operations follow rules established in the financial policy regarding maximum concentration and minimum rating of a financial institution (first line), being then dispersed in several financial institutions classified as investment grade by rating agencies.

### *Impairment losses*

Trade accounts rec mature as follows:

| **Consolidated** | **2020** | | **2019** | |
|---|---|---|---|---|
| | **Gross** | **Estimated losses** | **Gross** | **Estimated losses** |
| Not overdue | 1,406,085 | - | 1,271,053 | - |
| Overdue (days): | | | | |
| 0–30 | 54,795 | (15,010) | 93,470 | (12,973) |
| 31–120 | 23,866 | - | 2,155 | - |
| >120 | 10,293 | (1,475) | 7,122 | - |
| **Total** | **1,495,039** | **(16,485)** | **1,373,800** | **(12,973)** |

| **Parent company** | **2020** | | **2019** | |
|---|---|---|---|---|
| | **Gross** | **Estimated losses** | **Gross** | **Estimated losses** |
| Not overdue | 601,163 | - | 495,640 | - |
| Overdue (days): | | | | |
| 0–30 | - | - | 55,949 | - |
| 31–120 | - | - | - | - |
| >120 | 3,600 | (1,475) | - | - |
| **Total** | **604,763** | **(1,475)** | **551,589** | **-** |

The expense on the formation of estimated credit losses was recorded under “Sales expenses” caption in the statement of income. Whenever provisioned amounts is not expected to be recovered, the amount in this caption is realized against the definite write-off of the receivable, and this provision becomes tax deductible.

### *Liquidity risk*

Liquidity risk is the risk of the Company encountering difficulties in performing the obligations associated with its financial liabilities. The Company's approach in liquidity management is to guarantee that it always has sufficient liquidity to perform its obligations upon maturity, under normal and stress conditions, without causing unacceptable losses or with a risk of sullying the Company's reputation. To this end, the financial policy provides for the minimum cash conditions, instruments allowed for investment and liquidity of these instruments.

We present below the contractual maturities of financial liabilities including payment of estimated interest and excluding, the impact of the negotiation agreements of currencies by the net position.

| **Consolidated** | **Accounting cash flow** | **6 / <6 months** | **6–12 months** | **1–2 years** | **2–5 years** | **>5 years** |
|---|---|---|---|---|---|---|
| **2020** | | | | | | |
| Suppliers | 1,400,851 | 1,400,851 | - | - | - | - |
| Loans and financing | 6,100,848 | 429,293 | 757,574 | 1,061,055 | 3,852,926 | - |
| Lease liabilities | 427,919 | 40,611 | 37,041 | 73,908 | 134,981 | 141,378 |
| Advance from clients | 834,492 | 834,492 | - | - | - | - |
| Unrealized derivative financial instruments: | | | | | | |
| - NDF | 1,369,101 | 679,204 | - | 510,592 | 179,305 | - |
| - *Swap* | 298,263 | 289,831 | - | 8,432 | - | - |
| - Commodity future | 157,961 | 157,961 | - | - | - | - |
| Other accounts payable | 212,086 | 208,873 | - | 3,213 | - | - |
| **2019** | | | | | | |
| Suppliers | 1,570,489 | 1,570,489 | - | - | - | - |
| Loans and financing | 5,197,788 | 86,220 | 461,155 | 3,700,347 | 950,066 | - |
| Advance from clients | 777,608 | 777,608 | - | - | - | - |
| Unrealized derivative financial instruments: | | | | | | |
| - NDF | 311,444 | 11,994 | 223,200 | 10,495 | 65,755 | - |
| - *Swap* | 5,351 | - | 2,143 | 777 | 2,431 | - |
| - Commodity future | 245,680 | - | 245,680 | - | - | - |
| Other accounts payable | 76,576 | 75,167 | - | 1,409 | - | - |

| **Parent company** | **Accounting cash flow** | **6 / <6 months** | **6–12 months** | **1–2 years** | **2–5 years** | **>5 years** |
|---|---|---|---|---|---|---|
| **2020** | | | | | | |
| Suppliers | 710,233 | 710,233 | - | - | - | - |
| Loans and financing | 4,805,682 | 420,374 | 422,250 | 1,046,923 | 2,916,135 | - |
| Lease liabilities | 16,858 | 640 | 664 | 1,406 | 6,835 | 7,313 |
| Advance from clients | 24,617 | 24,617 | - | - | - | - |
| Unrealized derivative financial instruments: | | | | | | |
| - NDF | 1,048,781 | 358,884 | - | 510,592 | 179,305 | - |
| - *Swap* | 8,933 | 501 | - | 8,432 | - | - |
| - Commodity future | 152,298 | 152,298 | - | - | - | - |
| Other accounts payable | 113,390 | 97,025 | - | 16,365 | - | - |
| **2019** | | | | | | |
| Suppliers | 857,294 | 857,294 | - | - | - | - |
| Loans and financing | 4,358,165 | 78,960 | 217,824 | 3,150,831 | 910,550 | - |
| Advance from clients | 623 | 623 | - | - | - | - |
| Unrealized derivative financial instruments: | | | | | | |
| - NDF | 247,067 | 10,916 | 157,471 | 12,925 | 65,755 | - |
| - *Swap* | 3,208 | - | - | 777 | 2,431 | - |
| - Commodity future | 29,970 | - | 29,970 | - | - | - |
| Other accounts payable | 49,036 | 34,872 | - | 14,164 | - | - |

### *Market risk*

Market risk represents the likelihood of financial losses to which the Company is exposed, resulting from changes in prices and/or market rate, whether they are, volatility on commodities price, foreign exchange or interest rates (domestic or foreign). The purpose of market risk management is to control, monitor and/or mitigate all exposures to these risks so that they remain within acceptable parameters defined by the Board of Directors.

The Company purchases and sells derivatives to hedge its exposures, and meets is financial obligations to properly manage its market risks.  All these actions are conducted according to guidelines established in Company’s Global Risk Policy which is established by Audit and Risk Committee and approved by the Board of Directors.

*(i)* *Foreign exchange risk*

The Company is subject to foreign exchange risk deriving from differences in currency in which sales, purchases and loans and investments are denominated and the Company’s respective functional currency is real (R$).

The Company uses Over-the-counter Contracts to hedge its currency risk.  When necessary, these contracts are renewed on maturity.

Monetary assets and liabilities denominated in foreign currency are managed by their net exposure, through purchase and sale of foreign currency at demand or future rates (forwards), when necessary, substantially for short-term exposures.

Amounts of the Company’s main bank loans in USD are hedged using swap contracts, over-the-counter contracts or are offset against assets indexed at the same currency.

Exposure to this type of risk is continuously adjusted along with the Company's normal course of business. Therefore, management of this exposure is a dynamic process conducted through derivative contracts, aiming at carrying out hedge adjustments according to the new need. The use of these derivative contracts is defined every year, at the risk limit pre-established by the Board of Directors and monitored by Executives of the Company and Audit and Risk Committee.

The Company's Global Risk Policy determines that there must be no exposure to foreign exchange risks.

## a. Hedge accounting of foreign investment

The Company uses financial instruments (NDF - Non-Deliverable Forward) to hedge the exchange-rate change in investments in its Subsidiary Alvean (Spain) and Copersucar North America, whose functional currency is dollar.

## *b. Cash flow hedge*

The subsidiary Companhia Auxiliar de Armazéns Gerais has cash flow hedge to cover exposure to changes in the exchange rate of the agreement entered into with Alvean Sugar S.L.

Copersucar S.A. has NDF hedge account against exchange-rate changes with impact on assets and liabilities in foreign currency.

Copersucar S.A. has swap hedge accounting to hedge against its exposure of exchange-rate change in debts in dollar pegged to the Libor interest rate, prefixed (or not) plus exchange-rate change due to debts in CDI.

## Foreign exchange exposure

The Company's exposure to foreign currency is substantially linked to changes in the Dollar and Euro rate on the following basis dates:

| **Consolidated** | **2020** | **2019** |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents | 961,614 | 273,149 |
| Trade accounts receivable | 185,329 | 181,215 |
| Inventories | 68 | 932,924 |
| Advances to suppliers | 18,511 | 20,333 |
| Stock exchange operations | 495 | 32 |
| Recoverable taxes | 2,467 | - |
| Other accounts receivable | 308,592 | 5,017 |
| Investments | 1,421,646 | 1,074,665 |
| **Liabilities** | | |
| Suppliers | (21,874) | (9,557) |
| Loans and financing | (1,721,189) | (1,127,668) |
| Advance from clients | (977,112) | (875,172) |
| Social charges and labor legislation obligations | (39) | (35) |
| Taxes and contributions payable | (3,303) | (49) |
| Stock exchange operations | (319,894) | (1) |
| Other accounts payable | (21,302) | (9,823) |
| **Gross exposure of the shareholders' equity** | **(165,991)** | **465,030** |
| Notional derivatives contracted to hedge against the foreign exchange risk | **212,959** | **(754,457)** |
| **Net exposure** | **46,968** | **(289,427)** |

| **Parent company** | **2020** | **2019** |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents | 512,324 | - |
| Trade accounts receivable | - | 73,210 |
| Stock exchange operations | 452 | - |
| Inventories | - | 136,596 |
| Investments | 1,421,646 | 1,074,665 |
| Liabilities | | |
| Suppliers | (105,434) | (241,762) |

| | | |
|---|---|---|
| Loans and financing | (1,472,211) | (1,208,585) |
| Stock exchange operations | (319,893) | - |
| **Gross exposure of the shareholders' equity** | **36,884** | **(165,876)** |
| Notional derivatives contracted to hedge against the foreign exchange risk | **(31,737)** | **177,073** |
| **Net exposure** | **5,147** | **11,197** |

Amounts below comprise the Notional balance presented above:

| | | Consolidated | | Parent company | |
|---|---|---|---|---|---|
| **Description** | **Maturity** | **2020** | **2019** | **2020** | **2019** |
| Foreign Exchange NDF (Investment and Goods) | 2020–2022 | (1,504,906) | (1,964,374) | (1,501,231) | (1,003,295) |
| *Swap* Foreign exchange | 2021–2023 | 1,717,865 | 1,209,917 | 1,469,494 | 1,180,368 |
| **Total** | | **212,959** | **(754,457)** | **(31,737)** | **177,073** |
| **Exchange NDF (Signed contracts)** | | **(5,775,678)** | **(1,214,377)** | **(3,474,567)** | **(643)** |
| | | **(5,562,719)** | **(1,968,834)** | **(3,506,304)** | **176,430** |

### *Foreign exchange sensitivity analysis*

The Company adopted three scenarios for the sensitivity analysis, being one of them the probable scenario presented below, and two other scenarios that may present the impairment of the Company's financial instruments' fair values.

Probable scenario was internally defined by Market Intelligence area and represents the Company’s expectations on this indicator change over the following 12 months. Possible and Remote scenarios are those proposed by CPC.

Methodology used was the fair value recalculation with each scenario focused on market rate on March 31, 2020 less amounts already recognized, and calculation of income value by which the Company would be affected according to each scenario. The analysis considers that all the remaining variables, especially interest rates, are kept constant.

| **Consolidated** | **Scenarios** | | |
|---|---|---|---|
| **Foreign exchange risk** | **Probable** | **Possible** | **Remote** |
| Scenarios and price levels | **+2.78% (5.3432 BRL/USD)** | **25% (6.4984 BRL/USD)** | **50% (7.7981 BRL/USD)** |
| Assets | 81,105 | 729,499 | 1,458,997 |
| Liabilities | (85,185) | (766,193) | (1,532,386) |
| Derivatives | 5,919 | 53,241 | 106,481 |
| **Total effects** | **1,839** | **16,547** | **33,092** |

Brazilian Real appreciation against currencies above, on March 31, 2020, would have the same effect in the module, but with the opposite result on currencies presented above, considering that all other variables would remain constant.

### *(i) Commodity price risk*

The Company maintains commodity derivatives to minimize income fluctuation caused by recognition of assets and liabilities, and rights and obligations at fair value, evaluated according to commodities' quotation disclosed by Domestic and Foreign stock exchanges (BM&F, ICE/NYBOT, OPIS, PLATTS and LIFFE) and exchange and CEPEA/ESALQ indices.

Exposure to this type of risk is continuously adjusted along with the Company's normal course of business. Therefore, management of this exposure is a dynamic process conducted through derivative contracts, aiming at carrying out hedge adjustments according to the new need.

Sugar and ethanol are traded in domestic and foreign markets and sugar sale price is formed by *Sugar #11/ICE* sugar price of the New York Stock Exchange and ethanol price is formed by the CEPEA/ESALQ index. This turns them into the main portfolio risk factors. Net exposure of sugar purchases and sales is managed and hedged by means of *Sugar #11/ICE* derivative financial instruments (future or over-the-counter) referred to the same stock exchange. Regarding ethanol, due to the lack of net derivative financial instruments for hedge, its exposure is managed/monitored so as to limit is exposure to the price change risk.  Monitoring of exposure and risks is carried out through limits pre-established by the Board of Directors.

Gains or losses originated from these hedging instruments are recorded in income for the year.

To minimize the risk and volatility effects of the changes in commodity prices, particularly related to ethanol, natural gas and other commodities, the subsidiary Eco-Energy uses several derivative financial instruments, including futures traded in stock exchanges or over-the-counter, swaps and option contracts. Eco-Energy monitors and manages this exposure following its risk management global policy. As such, the Company seeks to reduce the potentially negative effects that the volatility of these markets may have on its operating income (loss).

## *Commodities risk*

| **Consolidated** | **Volume** | | **Notional** | |
|---|---|---|---|---|
| | **2020** | **2019** | **2020** | **2019** |
| **Forward contracts** | | | | |
| **Long position** | | | | |
| **Goods** | | | | |
| Sugar (tons) | 8,446,561 | 2,887,750 | 559,798 | 140,605 |
| Ethanol (m3) | 3,255,259 | 5,202,771 | 4,960,927 | 6,662,941 |
| Gasoline (m3) | - | 102,006 | - | 3,031 |
| Corn (bushel) | 194,503 | 94,207 | 919,070 | 98,994 |
| RIN/LCFS (credit unit/gallon per RIN) | 152,878 | 65,760 | 436,054 | 237,133 |
| Natural gas (mmbtu) | 220,902 | 217,000 | 1,269,332 | 1,383,014 |
| Derivatives - swap (m3) | - | 60,103 | - | 108,078 |
| **Total** | | | **8,145,181** | **8,633,796** |
| **Future contracts (Forward)** | | | | |
| **Short position** | | | | |
| **Goods** | | | | |
| Sugar (ton) | (8,377,393) | (2,803,271) | (597,126) | (138,085) |
| Ethanol (m3) | (3,499,571) | (5,477,627) | (5,930,640) | (7,030,895) |
| Gasoline (m3) | - | (76,142) | - | (29,975) |
| Corn (bushel) | (161,385) | (409,742) | (1,071,827) | (322,369) |
| RIN/LCFS (credit unit/gallon per RIN) | (159,876) | (75,930) | (619,612) | (316,463) |
| Natural gas (mmbtu) | (183,374) | (159,135) | (1,456,988) | (1,627,862) |
| Derivatives - swap (m3) | - | (65,115) | - | (108,452) |
| **Total** | | | **(9,676,193)** | **(9,574,101)** |

The Company uses basically two categories of price instruments to control commodities' exposure:

**a.** Futures derivative contracts negotiated directly by the Company in Stock Exchange (ICE/NYBOT) or over-the-counter with prime financial institutions, including NDF (*Non Deliverable Forward*). Although the policy permits to operate with other financial instruments, considering certain restrictions, currently the Company does not holder them in its portfolio.

**b.** Forward contracts traded directly with clients and suppliers.

Fair value of futures and options derivative contracts in stock exchange is equivalent to market value for reversal of such positions. Transactions conducted in stock exchange environment need to have initial margins available and adjustments are made on a daily basis.

For over-the-counter contracts, measurement at fair value is given by market values, through public information. This measurement follows usual market models and is monthly calculated both by the Company and by banks that intermediate transactions. For these contracts, margin calls are not needed. The impact on the Company's cash flow only occurs on the settlement date of the contracts.

Measurement at fair value of forward contracts with customers and suppliers is carried at the market price on basis date. To determine market prices, the same setting indicators are used, that is Sugar #11/ICE quotations for sugar contracts. For each future contract of AA (*Against Actuals*), SEO (*Seller Execution Order*) and BEO (*Buyer Execution Order*) types, there is a physical contract with the same price and volume variables.

Forward contracts include balances related to the Supply Agreement with the Cooperative (see note 22) as well as balances related to sales to the foreign and domestic market. These volumes represent contract portion whose price is already defined according to pricing methodology of the respective contract. The calculation also considers the assumptions of pure change in FOB prices (freight costs and increases), which are adjusted to the base price of the contract, aiming to leave it on the same basis as the market price to be used.

***Sensitivity analysis for commodities risk***

The Company adopted three scenarios for the sensitivity analysis, being one of them the probable scenario presented below, and two other scenarios that may present the impairment of the Company's financial instruments' fair values.

Probable scenario was internally defined by Market Intelligence area and represents the Company’s expectations on this indicator change over the following 12 months. The assumptions adopted is the percentage of sugar price for all commodities. The scenarios: Possible and Remote scenarios are those proposed by CVM Instruction 475.

Used methodology was to recalculate fair value with the change of each scenario on market rate as of March 31, 2020.

| | **Scenarios** | | |
|---|---|---|---|
| **Commodities price risk** | **Probable** | **Possible** | **Remote** |
| Scenarios and price levels | ***35%*** | ***-25.0%*** | ***-50.0%*** |
| Non-derivative | 1,118,299 | (794,390) | (1,583,244) |
| Derivatives | (914,639) | 647,455 | 1,294,910 |
| **Total effects** | **203,660** | **(146,935)** | **(288,334)** |

Due to this commodity (sugar) quotation behavior seasonality, this scenario is subject to changes during the year/crop.

*(ii)* *Interest rate risk*

The Company's debt is linked to fixed and floating rates, therefore, it is exposed to interest rate fluctuations. CDI exposure risk is partially offset by financial investments.

The purpose of managing the Company’s total financial cost is to make its financial costs be in line with those practiced in the market, considering entities of similar size.

***Fixed rate instruments***

The Company does not record any fixed interest rate financial assets or liabilities at fair value through profit or loss. Therefore, a change in the interest rates on the reporting date would not change income (loss).

### *Variable rate instruments*

| | Consolidated | | Parent company | |
|---|---|---|---|---|
| | **2020** | **2019** | **2020** | **2019** |
| Financial assets | 1,504,217 | 1,698,395 | 1,420,101 | 1,608,441 |
| Financial liabilities | 5,073,729 | 4,644,118 | 3,820,832 | 3,837,523 |

The Company does not perform sensitivity analysis for financial instruments linked to interest variable rates, as it considers that they are partially mitigated by financial assets.

### *Gains (losses) with unrealized derivative financial instruments*

Summary of gains (losses) recorded on March 31, 2020 and 2019 that affected balance sheet, and amounts that affected the Company’s accumulated income (loss) on those dates:

| **Consolidated** | **2020** | | | **2019** | | |
|---|---|---|---|---|---|---|
| | **Effects on the balance sheet** | | **Effects on income (loss)** | **Effects on the balance sheet** | | **Effects on income (loss)** |
| | **Assets** | **Liabilities** | | **Assets** | **Liabilities** | |
| *Commodities* | 854,950 | 157,961 | 202,971 | 400,162 | 245,680 | (457,225) |
| | 854,950 | 157,961 | 202,971 | 400,162 | 245,680 | (457,225) |
| *Non deliverable forwards* | 399,296 | 1,369,101 | 160,955 | 171,610 | 311,444 | 11,162 |
| *SWAP* | 612,092 | 298,263 | 24,095 | 81,663 | 5,351 | (47,839) |
| | 1,011,388 | 1,667,364 | 185,050 | 253,273 | 316,795 | (36,677) |
| **Total** | **1,866,338** | **1,825,325** | | **653,435** | **562,475** | |
| **Current** | **1,730,940** | **1,121,333** | | **568,240** | **478,349** | |
| **Non-current** | **135,398** | **703,992** | | **85,195** | **84,126** | |

| **Parent company** | **2020** | | | **2019** | | |
|---|---|---|---|---|---|---|
| | **Effects on the balance sheet** | | **Effects on income (loss)** | **Effects on the balance sheet** | | **Effects on income (loss)** |
| | **Assets** | **Liabilities** | | **Assets** | **Liabilities** | |
| *Commodities* | 845,038 | 152,298 | 92,463 | 80,573 | 29,970 | (17,657) |
| | 845,038 | 152,298 | 92,463 | 80,573 | 29,970 | (17,657) |
| *Non deliverable forwards* | 194 | 1,048,781 | 60,415 | 171,106 | 247,067 | 14,939 |
| *SWAP* | 108,530 | 8,933 | (12,082) | 80,621 | 3,208 | (47,180) |
| | 108,724 | 1,057,714 | 48,333 | 251,727 | 250,275 | (32,241) |
| **Total** | **953,762** | **1,210,012** | | **332,300** | **280,245** | |
| **Current** | **845,232** | **511,683** | | **257,229** | **201,565** | |
| **Non-current** | **108,530** | **698,329** | | **75,071** | **78,680** | |

### *Operating risk*

Non-financial operating risk is the risk of direct or indirect losses arising from different causes related to the Company's business processes, personnel, technology and infrastructure and external factors, as those arising from legal and regulatory requirements and from generally accepted corporate behavior standards.

The purpose of the Company is to monitor possible operating risks and mitigate financial losses and damages to reputation and business continuity, thus seeking cost effectiveness and avoiding non-effective control procedures.

***Capital management***

Management's policy is to maintain capital basis sufficient to maintain investor, creditor and market trust. The main objective is future development of business.

The Company operates with several financial instruments, as follows: interest earning bank deposits, receivables from clients, payables to suppliers and loans and financing. Transactions with derivative financial instruments contracted to hedge against market volatility, as well as forward merchandise purchase and sale transactions with Cooperative and clients, are also part of financial instruments' portfolio. The following hedging instruments are used for this purpose: Exchange swap, transactions with NDF - *Non-Deliverable Forwards*, futures and options of commodities and currency.

## 22. Contractual commitments

### Sales

Considering that the Company operates mainly in the commodities market, sales are substantially made at the sales date price. However, most contracts are short-term contracts. As of March 31, 2020, sugar contracted volume is 3,298 thousand tons (3,227 thousand tons on March 31, 2019) and ethanol contracted volume is 3,004 thousand $m^3$ as of March 31, 2020 (2,658 thousand $m^3$ on March 31, 2019).

### Purchasing

In accordance with the contract entered into by the Company and its related party - Cooperative, committed volumes on March 31, 2020 were 3,529 thousand tons of sugar (3,497 thousand tons as of March 31, 2019) and 4,987 thousand $m^3$ of ethanol (4,486 thousand $m^3$ as of March 31, 2019).

### Logistics

The Company has strategic partnerships for the provision of railroad transportation services with the following suppliers:

### *América Latina Logística - ALL*

Provision of sugar transportation services in wagons of ALL railroad to Santos Port terminal (São Paulo State - SP), maturing in 2028;

Ethanol transportation through ALL railroads with destination indicated by Copersucar. This contract effectiveness follows ALL railroad concessions.

### *Ferrovia Centro Atlântica - FCA*

Transportation of sugar from Ribeirão Preto (SP) terminal to Santos Port (SP) terminal, maturing in 2026.

## 23.Related parties

### Parent company and part of the final parent company

The Company's final controlling parties are the following groups:

| Shareholders – Group | EIN | Number of common shares | Quantity of preferred shares | Total shares | % Interest |
|---|---|---|---|---|---|
| Açucareira Quatá S.A. | 60.855.574/0001-73 | 151,017,581 | 3 | 151,017,584 | 12.2298% |
| Caçu Comércio e Indústria de Açúcar e Álcool Ltda. | 07.996.345/0001-96 | 26,298,496 | 1 | 26,298,497 | 2.1297% |
| COCAL - Comércio e Indústria Canaã Açúcar e Álcool Ltda. | 44.373.108/0001-03 | 111,481,189 | 1 | 111,481,190 | 9.0280% |
| Companhia Agrícola Usina Jacarezinho | 61.231.478/0001-17 | 30,202,994 | 1 | 30,202,995 | 2.4459% |
| Companhia Melhoramentos Norte do Paraná | 61.082.962/0001-21 | 36,967,440 | 2 | 36,967,442 | 2.9937% |
| Ferrari Agroindústria S.A. | 54.846.951/0001-05 | 44,500,198 | 1 | 44,500,199 | 3.6037% |
| Ipiranga Agroindustrial S.A. | 07.280.328/0001-58 | 88,518,269 | 2 | 88,518,271 | 7.1684% |
| Irmãos Toniello Ltda. | 71.321.566/0001-63 | 9,373,113 | 1 | 9,373,114 | 0.7591% |
| J. Pilon S.A. - Açúcar e Álcool | 47.254.396/0001-67 | 21,068,650 | 1 | 21,068,651 | 1.7062% |
| Pedra Agroindustrial S.A. | 71.304.687/0001-05 | 142,961,470 | 1 | 142,961,471 | 11.5774% |
| Pioneiros Bioenergia S.A. | 51.096.477/0001-53 | 22,287,371 | 1 | 22,287,372 | 1.8049% |
| Pitangueiras Açúcar e Álcool Ltda. | 44.870.939/0001-82 | 32,753,726 | 1 | 32,753,727 | 2.6525% |
| UMOE Bioenergy S.A. | 03.445.208/0001-02 | 30,933,464 | 1 | 30,933,465 | 2.5051% |
| Usina Açucareira Furlan S.A. | 56.723.257/0001-26 | 30,894,483 | 1 | 30,894,484 | 2.5019% |
| Usina Açucareira S. Manoel S.A. | 60.329.174/0001-24 | 55,900,455 | 1 | 55,900,456 | 4.5270% |
| Usina Cerradão Ltda. | 08.056.257/0001-77 | 38,726,057 | 1 | 38,726,058 | 3.1361% |
| Usina Rio Verde Ltda. | 02.043.917/0001-07 | 5,980,744 | 1 | 5,980,745 | 0.4843% |
| Usina Santa Adélia S.A. | 50.376.938/0001-89 | 65,493,715 | 1 | 65,493,716 | 5.3038% |
| Usina Santa Lúcia S.A. | 44.207.249/0001-48 | 18,350,995 | 1 | 18,350,996 | 1.4861% |
| Usina Santo Antônio S.A. | 71.324.784/0001-51 | 42,882,712 | 1 | 42,882,713 | 3.4727% |
| Usina São Francisco S.A. | 71.324.792/0001-06 | 9,742,252 | 1 | 9,742,253 | 0.7890% |
| Usina São José da Estiva S.A. - Açúcar e Álcool | 53.172.300/0001-14 | 46,119,353 | 1 | 46,119,354 | 3.7349% |
| Usina São Luiz S.A. | 53.408.860/0001-25 | 33,004,229 | 1 | 33,004,230 | 2.6728% |
| Usina Uberaba S.A. | 07.674.341/0001-91 | 24,500,262 | 1 | 24,500,263 | 1.9841% |
| Viralcool Açúcar e Álcool Ltda. | 53.811.006/0001-05 | 61,575,209 | 1 | 61,575,210 | 4.9865% |
| Treasury shares | 10.265.949/0001-77 | 53,300,056 | 8 | 53,300,064 | 4.3164% |
| | | **1,234,834,483** | **37** | **1,234,834,520** | **100.0000%** |

## Remuneration of key management staff

The Company's key personnel are the president of the Board of Directors, the Executive president and officers of the following areas: Operations, Financial, Controllership and Relations with Plants, Legal and Governance, Human Resources and Strategic Management and Ownership Interest.

Remuneration of key management personnel includes:

| | Consolidated | | Parent company | |
|---|---|---|---|---|
| | **2020** | **2019** | **2020** | **2019** |
| Short-term employee benefits (a) | 9,086 | 9,286 | 9,086 | 9,286 |
| Post-employment benefits | 2,282 | 2,136 | 2,282 | 2,136 |
| **Total** | **11,368** | **11,422** | **11,368** | **11,422** |

(a) Includes salaries, compensation, short- and long-term benefits and post-employment benefits.

## Other related party balances

| | | Consolidated | | Parent company | |
|---|---|---|---|---|---|
| | **Note** | **2020** | **2019** | **2020** | **2019** |
| **Current assets** | | | | | |
| **Accounts receivable** | | | | | |
| Arrepar Participações | | - | 76 | - | 76 |
| Imocop Empreendimentos e Participações S.A | | - | 86 | - | 86 |
| Coop. de Prod. de Cana de Açúcar, Açúcar e Álcool do Est. de SP | | 60,650 | 43,108 | 61,029 | 43,013 |
| Companhia Auxiliar de Armazéns Gerais | | - | - | 778 | 1,072 |
| Copersucar Trading A.V.V. | | - | - | - | 93,228 |
| Alvean Sugar Intermediação e Agenciamento Ltda. | | 193 | 234 | 193 | 234 |
| Alvean Sugar S.L. | | 19,763 | 15,281 | 6,686 | 1,770 |
| Terminal de Combustíveis Paulínia | | 217 | 136 | 217 | 136 |
| Copersucar Europe | | - | - | 24,642 | 22,656 |
| **Total** | **8** | **80,823** | **58,921** | **93,545** | **162,271** |
| **Dividends receivable** | | | | | |
| Companhia Auxiliar de Armazéns Gerais | | - | - | 6,336 | 11,259 |
| CTC Centro de Tecnologia Canavieira | | - | 920 | - | 920 |
| **Total** | | **-** | **920** | **6,636** | **12,179** |
| **Advance to suppliers** | | | | | |
| Coop. de Prod. de Cana de Açúcar, Açúcar e Álcool do Est. de SP | | 327,116 | - | - | - |
| **Total** | | **327,116** | **-** | **-** | **-** |
| **Non-current assets** | | | | | |
| **Granted loans and others** | | | | | |
| Sugar Express Transportes S.A. | | - | - | 5,913 | 5,520 |
| | | **-** | **-** | **5,913** | **5,520** |
| **Current liabilities** | | | | | |
| **Suppliers** | | | | | |
| Coop. de Prod. de Cana de Açúcar, Açúcar e Álcool do Est. de SP | | 595,986 | 41,923 | 595,987 | 602,237 |
| Copersucar Trading A.V.V. | | - | - | 80,312 | 216,599 |
| Terminal de Combustíveis Paulínia | | 450 | - | 450 | 127 |

| | Note | Consolidated 2020 | Consolidated 2019 | Parent company 2020 | Parent company 2019 |
|---|---|---|---|---|---|
| Companhia Auxiliar de Armazéns Gerais | | - | - | 234 | - |
| Alvean Sugar S.L. | | 1,855 | 1,855 | - | - |
| **Total** | **16** | **598,291** | **43,778** | **676,983** | **818,963** |
| **Advances from clients** | | | | | |
| Alvean Sugar S.L. | **19** | 809,754 | 776,858 | - | - |

## Other related party transactions

| | Consolidated 2020 | Consolidated 2019 | Parent company 2020 | Parent company 2019 |
|---|---|---|---|---|
| **Value of the transaction for the year** | | | | |
| **Sale of goods** | | | | |
| Copersucar Trading A.V.V. | - | - | - | 111,922 |
| Copersucar Europe | - | - | 321,752 | - |
| Alvean Sugar S.L. | 2,348,939 | 1,684,850 | - | - |
| **Total** | **2,348,939** | **1,684,850** | **321,752** | **111,922** |
| **Sale of services** | | | | |
| Coop. de Prod. de Cana de Açúcar, Açúcar e Álcool do Est. de SP | 2,301 | 6,290 | - | - |
| Alvean Sugar Intermediação e Agenciamento Ltda. | 4,126 | 2,284 | 4,126 | 2,284 |
| Alvean Sugar S.L. | 92,823 | 141,230 | 23,264 | 29,088 |
| **Total** | **99,250** | **149,804** | **27,390** | **31,372** |
| **Product acquisition** | | | | |
| Copersucar Trading A.V.V. | - | - | (51,523) | (167,908) |
| Coop. de Prod. de Cana de Açúcar, Açúcar e Álcool do Est. de SP | (12,100,923) | (11,259,607) | (10,264,533) | (8,391,967) |
| Companhia Auxiliar de Armazéns Gerais | - | - | - | - |
| Alvean Sugar S.L. | - | (351,538) | - | - |
| **Total** | **(12,100,923)** | **(11,611,145)** | **(10,316,056)** | **(8,559,875)** |
| **Acquisition of Services** | | | | |
| Copersucar Armazéns Gerais S.A. | - | - | - | (1,421) |
| Terminal de Combustíveis Paulínia | (1,992) | - | (1,992) | (4,769) |
| Companhia Auxiliar de Armazéns Gerais | - | - | (5,621) | - |
| **Total** | **(1,992)** | | **(7,613)** | **(6,190)** |
| **Financial – Interest receivable** | | | | |
| Sugar Express Transportes S.A. | - | - | 393 | 325 |
| **Total** | **-** | **-** | **393** | **325** |

Related-party transactions are transactions carried out between the Parent company and its direct and indirect subsidiaries or other related parties (Cooperative) and refer basically to:

Sale/Acquisition of assets and services – Products (sugar and ethanol) purchase and sale transactions and port services traded in accordance with contract entered into by the parties, at conditions similar to those agreed on with third parties, considering volumes, involved risks and corporate policies.

At the year-end, the subsidiary Companhia Auxiliar de Armazéns Gerais recorded accounts receivable in the amount of R$ 48,006 as "Take or Pay" with the client Alvean Sugar S.L., a contractual modality where we charge a penalty for non-compliance with the expected crop increase amount, since it provides an operational structure to meet the volumes contracted by clients.

Asset amounts - Sale of products and services; rent of properties; and transfer of shared expenses.

Liability amounts - Purchase of products and services.

### Supply contract with Cooperative

The Company has exclusivity agreements, a three-year term, being renewed each crop year.

Guarantee of products supply is linked to continuity of contract with Cooperativa. The contract also guarantees access to certain facilities that are essential to carry out the Company's business, such as those intended for storage of ethanol and sugar deriving from Cooperativa and associated plants. Prices practiced in this contract are related to CEPEA/ESALQ index.

Pursuant to the contract, guarantors of sugar and ethanol sale transactions are plants associated to Cooperativa.

### Sugar supply agreement for Alvean Sugar S.L.

The Company has a sugar supply agreement through its subsidiary Copersucar Europe with Alvean Sugar S.L., effective as from October 2014, with no established termination term.

The agreement aims at guaranteeing the supply of sugar from Copersucar Europe à Alvean Sugar S.L., where the parties agreed that Copersucar Europe undertakes to sell exclusively to Alvean, and it undertakes to purchase 100% of the production quota in each crop year. Prices practiced in this contract are related to CEPEA/ESALQ index (equivalents in USD).

### Contract for provision of services with Terminal de Combustíveis Paulínia S.A.

The Company has a contract for the provision of services, reception, storage and handling of liquid bulk in tanks with Terminal de Combustíveis Paulínia S.A. The products aimed at Terminal de Combustíveis de Paulínia are anhydrous and hydrated.

The Company's contract with Terminal de Combustíveis Paulínia has a 12-month term, effective as of May 1, 2019.

### Guarantees or collateral signatures received from related parties

Loans and financing listed below are collateralized by related party Cooperativa:

| Borrower | Type of financing | Maturity | 2020 | |
|---|---|---|---|---|
| Copersucar North America | Working capital (in US$) | 2020 | 287,228 | (2) |
| Cia.Auxiliar de Armazéns Gerais S.A. | Foreign direct loan (in EUR) | 2021 | 40,754 | (1) |
| Cia.Auxiliar de Armazéns Gerais S.A. | BNDES-FINEN | 2020–2024 | 46,235 | (1) |
| Cia.Auxiliar de Armazéns Gerais S.A. | NCE - Export Credit Note (In US$) | 2020–2024 | 208,224 | (2) |
| Copersucar S.A. | Foreign direct loan (in EUR) | 2021 | 67,760 | (1) |
| Copersucar S.A. | Foreign direct loan (in US$) | 2022–2023 | 519,870 | (1) |
| Copersucar S.A. | Foreign direct loan (in US$) | 2020–2022 | 629,483 | (2) |
| Copersucar S.A. | Foreign direct loan (in EUR) | 2022–2023 | 255,098 | (2) |
| Copersucar S.A. | NCE - Export Credit Note (In BRL) | 2020–2022 | 333,416 | (3) |
| Copersucar S.A. | Certificates of receivables - Agribusiness - in R$ | 2020 | 351,855 | (4) |
| Copersucar S.A. | CDCA - Agribusiness credit receivables certificate (In BRL) | 2020–2025 | 2,395,794 | (4) |
| **Total** | | | **5,135,717** | |

**(1)** Promissory Note (120%) and Cooperative as Guarantor

**(2)** Promissory Note (100%) and Cooperative as Guarantor

**(3)** Aval of Cooperative / Guarantee Sugar Pledge

**(4)** CPR (Rural Product Bill) issued by Cooperative as a guarantee

# 24. Shareholders' equity

The Company’s paid-in capital is R$ 180,301 on March 31, 2020, represented by 1,234,834,520 shares, and 1,234,834,483 are common shares and 37 preferred shares, all of them nominative, registered and with no par value.

The Company is authorized to increase its capital stock up to the limit of R$ 2,500,000, by resolution of Board of Directors, regardless of any amendment to its bylaws.

The Company’s management is proposing an increase in the Company’s capital within the authorized capital limit, from R$ 180,301 to R$ 949,381, of which (i) R$ 675,125 referring to the conversion of previously recorded Investment Reserve into capital, without the issuance of new shares, and (ii) R$ 93,955 with the issuance of new shares, referring to the additional capital contribution from Shareholders. Both will be submitted for approval at a board meeting to be held as of June 29, 2020.

## Legal reserve

It is set up at the rate of 5% of the net income determined in each financial year, pursuant to article 193 of Law 6404/76 up to the limit of 20% of the capital.

## Equity valuation adjustment

The reserve for equity valuation adjustments includes:

- adjustments for the adoption of deemed cost of fixed assets on the transition date;
- reflexive accumulated translation adjustment includes foreign currency differences deriving from the translation of financial statements of foreign operations;
- adjustment of hedge accounting of investment abroad, as described in Note 21 (item i a); and
- adjustment of the cash flow hedge as described in note 21 (item i b).

The amounts recorded in adjustments to asset valuation are reclassified to the result for the year wholly or partially, through asset impairment to which they refer.

***Proposal for allocation of income (loss) for the year 2020***

| | |
|---|---|
| **Net income for the year attributed to controlling parties** | **119,078** |
| - Minimum mandatory dividends (1%) | (1,191) |
| - Additional dividend proposed | (117,887) |
| **Summary of allocations** | |
| - Dividends | 119,078 |
| **Total** | **119,078** |

# 25. Operating revenue

## Revenue flows

The Company generates revenue mainly from sale of products (sugar and ethanol) and their delivery to client.

| | **Consolidated** | | **Parent company** | |
|---|---|---|---|---|
| | **2020** | **2019** | **2020** | **2019** |
| Sales of goods | 29,543,359 | 28,671,216 | 10,325,888 | 8,066,343 |
| Rendering of services | 364,062 | 445,708 | 198,875 | 256,490 |
| **Total** | **29,907,421** | **29,116,924** | **10,524,763** | **8,322,833** |

We present below the reconciliation between gross revenues and revenues presented in the statement of income for the year:

| | **Consolidated** | | **Parent company** | |
|---|---|---|---|---|
| | **2020** | **2019** | **2020** | **2019** |
| Tax gross revenue | 31,312,861 | 30,129,209 | 11,812,804 | 9,443,635 |
| **Less:** | | | | |
| Sales tax | (1,295,141) | (1,121,410) | (1,295,137) | (1,121,399) |
| Sales taxes | (29,624) | (37,846) | (16,384) | (23,271) |
| Returns/rebates | (6,723) | (6,574) | (6,721) | (6,574) |
| | **29,981,373** | **28,963,379** | **10,494,562** | **8,292,391** |
| Realized derivative financial instrument | (73,952) | 153,545 | 30,201 | 30,442 |
| **Total** | **29,907,421** | **29,116,924** | **10,524,763** | **8,322,833** |

**Breakdown of revenue from contracts with clients**
The following table presents the breakdown of revenue per category of products and services.

| | Consolidated | | Parent company | |
|---|---|---|---|---|
| | **2020** | **2019** | **2020** | **2019** |
| **Breakdown per category of products** | | | | |
| Ethanol | 19,821,606 | 17,949,589 | 8,165,493 | 6,498,731 |
| Natural gas | 5,062,285 | 6,027,261 | - | - |
| Sugar | 4,093,589 | 4,258,635 | 2,130,194 | 1,537,170 |
| RIN_LCFS (registration of renewable fuel) | 622,039 | 260,984 | - | - |
| Gasoline | 17,792 | 27,586 | - | - |
| Corn | - | (6,384) | - | - |
| Realized derivative financial instrument | (73,952) | 153,545 | 30,202 | 30,442 |
| **Total revenue from products** | **29,543,359** | **28,671,216** | **10,325,889** | **8,066,343** |
| **Breakdown per rendering of services** | | | | |
| Rendering of services | 364,062 | 445,708 | 198,874 | 256,490 |
| **Total revenue from services** | **364,062** | **445,708** | **198,874** | **256,490** |
| **Total** | **29,907,421** | **29,116,924** | **10,524,763** | **8,322,833** |

# 26.Expenses per type

| | Consolidated | | Parent company | |
|---|---|---|---|---|
| | **2020** | **2019** | **2020** | **2019** |
| Cost of products, except freights, transshipment and storage | (29,019,793) | (27,919,291) | (10,249,069) | (8,093,108) |
| Change in inventories' fair values | (176,563) | 188,275 | (88,826) | 51,374 |
| Depreciation and amortization | (161,902) | (55,596) | (3,255) | (4,651) |
| Personnel expenses | (209,518) | (234,693) | (68,420) | (91,135) |
| Freights, transshipment, warehousing and shipping expenses | (75,758) | (104,046) | (17,382) | (14,175) |
| Other expenses | (101,098) | (190,530) | (39,782) | (37,886) |
| **Total** | **(29,744,632)** | **(28,315,881)** | **(10,466,734)** | **(8,189,581)** |
| **Classified as:** | | | | |
| Cost of sales | (29,440,434) | (27,938,797) | (10,337,838) | (8,041,734) |
| - Administrative | (253,917) | (245,476) | (97,993) | (122,204) |
| - Sales | (50,281) | (131,608) | (30,903) | (25,643) |
| **Total** | **(29,744,632)** | **(28,315,881)** | **(10,466,734)** | **(8,189,581)** |

# 27. Other operating revenues

| | Consolidated | | Parent company | |
|---|---|---|---|---|
| | **2020** | **2019** | **2020** | **2019** |
| Purchase Gain – Stone Mountain | 30,632 | - | - | - |
| Legal provisions | 4,488 | 592 | 666 | 13 |
| Property Rental | 4,426 | 5,598 | 614 | 639 |
| Other | 4,350 | 5,507 | 317 | 6,007 |
| Other revenues from services | 3,279 | - | 3,279 | - |
| Sales of assets | 593 | 605 | 266 | - |
| Premium for shipment anticipation (Dispatch) | 259 | - | - | - |
| Gain from interest | 118 | 110,843 | - | 110,581 |
| **Total** | **48,145** | **123,145** | **5,142** | **117,240** |

On September 17, 2019, the subsidiary Eco Energy completed the acquisition of a natural gas collection system, a cryogenic processing plant and a liquid terminal known as Stone Mountain's asset. The Stone Mountain collection system includes a pipeline system that covers over 500 miles across Tennessee, Kentucky, West Virginia and Virginia. The residual purchase price was equivalent to R$ 30,632. The negative discount resulted in a gain recorded in the caption Other operating revenues.

# 28. Other operating expenses

| | Consolidated | | Parent company | |
|---|---|---|---|---|
| | **2020** | **2019** | **2020** | **2019** |
| Expenses with ship stay in port (Demurrage) | (26,800) | (16,702) | - | - |
| Brokerage/rates | (17,499) | (10,294) | (5,385) | (1,698) |
| Donations | (1,549) | (1,885) | (47) | (33) |
| Labor legal claim | (1,625) | (3,998) | (551) | (1,465) |
| PIS and COFINS on other revenues | (3,837) | (3,164) | (3,803) | (3,121) |
| Impairment (Note 15) | (55,751) | - | - | - |
| Other | (9,108) | (3,816) | (3,546) | (2,834) |
| **Total** | **(116,169)** | **(39,859)** | **(13,332)** | **(9,151)** |

# 29. Net financial income (loss)

| | Consolidated | | Parent company | |
|---|---|---|---|---|
| | **2020** | **2019** | **2020** | **2019** |
| **Financial revenues** | | | | |
| Transactions with derivative asset | 3,705,310 | 1,531,886 | 608,682 | 620,371 |
| Foreign-exchange income | 1,045,920 | 558,816 | 533,602 | 41,339 |
| Asset interest | 77,720 | 59,561 | 71,403 | 54,852 |
| | **4,828,950** | **2,150,263** | **1,213,687** | **716,562** |
| **Financial expenses** | | | | |
| Transactions with derivative liabilities | (3,212,899) | (1,218,852) | (244,163) | (531,534) |
| Foreign exchange costs | (1,485,012) | (818,818) | (864,552) | (211,473) |
| Liability interest | (309,720) | (335,463) | (262,600) | (285,931) |
| Financial charges on lease liability | (28,140) | - | (107) | - |
| Bank fees | (15,078) | (17,210) | (10,026) | (11,341) |
| Other financial expenses | (3,783) | (36,955) | (3,492) | (36,488) |
| | **(5,054,632)** | **(2,427,298)** | **(1,384,940)** | **(1,076,767)** |
| **Total net financial income** | **(225,682)** | **(277,035)** | **(171,253)** | **(360,205)** |

A substantial portion of the amounts presented in the captions foreign exchange gains and losses is related to the Company's hedge policies and respective hedged counterparties are presented in Net Sales and Cost of Sales following the accounting policies in force.

# 30. Expense with income tax and social contribution

The reconciliation between the tax expense as calculated by the combined statutory rates and the income tax and social contribution expense charged to net income is presented below:

| | Consolidated | | Parent company | |
|---|---|---|---|---|
| | **2020** | **2019** | **2020** | **2019** |
| Income before income tax and social contribution | 146,045 | 160,655 | 115,051 | 134,390 |
| Combined statutory rate | 34% | 34% | 34% | 34% |
| Income tax and social contribution: | | | | |
| Calculated at combined statutory rate | (49,655) | (54,632) | (39,118) | (45,693) |
| Permanent additions/exclusions: | | | | |
| Equity in net income of subsidiaries | 25,157 | 1,288 | 48,961 | 92,110 |
| Fines | (1,755) | (27) | (1,729) | (24) |
| Donations/Sponsorship | (238) | (351) | (136) | (212) |
| Change in interest | - | 37,598 | - | 37,598 |
| Other | (17,064) | 5,061 | (955) | (29) |
| Differential of tax rate Copersucar North America | 19,778 | 37,164 | - | - |
| Deferred in prior year | - | 2,668 | - | 948 |
| Overseas earnings | 1,388 | (8,871) | 1,511 | (38,201) |
| Long-term compensation | (4,836) | (3,453) | (4,406) | (3,114) |

| | Consolidated | | Parent company | |
|---|---|---|---|---|
| | **2020** | **2019** | **2020** | **2019** |
| IRPJ - PAT deductions and Sponsorship | 258 | 449 | (101) | (224) |
| Income tax and social contribution in income for the year | (28,477) | 55,095 | 2,517 | 81,360 |
| Income tax and social contribution on foreign income | 1,510 | (38,201) | 1,510 | (38,201) |
| **Effective rate** | **18%** | **-11%** | **-4%** | **-33%** |
| **Current taxes** | (5,484) | 2,095 | 5,649 | 27,255 |
| **Deferred taxes** | (21,483) | 14,799 | (1,622) | 15,904 |
| **Total** | **(26,967)** | **16,894** | **4,027** | **43,159** |

# 31.Employee benefits

## Other short and long-term benefits

Based on its benefit program, the Company recorded a provision for bonus that is effective for one year, for the following professionals:

| | **2020** | **2019** |
|---|---|---|
| Key personnel | 30,680 | 35,755 |
| Other executives | 7,670 | 8,938 |
| | **38,350** | **44,693** |

# 32.Operating leases

## Leases as lessor

Through its indirect subsidiary Eco-Energy, the Company sub-rents tank-cars.

Minimum future payments under non-cancelable leases are as follows:

| | Consolidated | | Parent company | |
|---|---|---|---|---|
| | **2020** | **2019** | **2020** | **2019** |
| **Years:** | | | | |
| Up to 1 | 49,491 | 41,257 | 673 | 689 |
| 1–5 | 111,438 | 96,435 | 2,314 | 412 |
| >5 | 12,032 | 15,413 | 5,322 | - |
| **Total** | **172,961** | **153,105** | **8,309** | **1,101** |

During the year ended March 31, 2020, the amount of R$ 55,597 was recognized as rent revenue in the Company's income (loss).

| | **2020** | **2019** |
|---|---|---|
| Revenue from operating lease | 55,597 | 45,048 |

# 33. Statement of added value - DVA

Statement of Added Value - According to the requirement of accounting practices adopted in Brazil, applicable to publicly-held companies, and as additional information for IFRS purposes, the Company prepared an individual and consolidated statement of added value.

This statement, supported by macro-economic concepts, is intended to present the Company's portion in Gross Domestic Product formation by determining values added by the Company and those received from other entities; distribution of these amounts to employees, government spheres, asset leases, loan, financing and debt security creditors, controlling and minority shareholders, and other remuneration that represents wealth transfer to third parties; said added value represents wealth created by the Company, in general, measured at revenues from sale of assets and from services provided less respective inputs acquired from third parties, including value added produced by third parties and transferred to the entity.