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## Company information / Capital composition

| <b>Number of shares<br/>(units)</b> | <b>Current Quarter<br/>06/30/2020</b> |
|-------------------------------------|---------------------------------------|
| <b>Paid-up capital</b>              |                                       |
| Common shares                       | 190,595,000                           |
| Preferred shares                    | 0                                     |
| <b>Total</b>                        | <b>190,595,000</b>                    |
| <b>Treasury shares</b>              |                                       |
| Common shares                       | 3,312,972                             |
| Preferred shares                    | 0                                     |
| <b>Total</b>                        | <b>3,312,972</b>                      |

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**Company information/dividends**

| <b>Event</b>                 | <b>Date approved</b> | <b>Description</b> | <b>Initial date of payment</b> | <b>Type of share</b> | <b>Class of share</b> | <b>Amount per share (R\$/share)</b> |
|------------------------------|----------------------|--------------------|--------------------------------|----------------------|-----------------------|-------------------------------------|
| Board meeting Administration | 04/09/2020           | Dividends          | 05/14/2020                     | Common               |                       | 0.39389                             |
| Ordinary General Assembly    | 07/30/2020           | Dividends          | 08/13/2020                     | Common               |                       | 0.39377                             |

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**Individual financial statements / Balance sheet - Assets****(In thousands of Reais)**

| Code of account | Account description  | Accumulated of the current year | Accumulated of the previous year |
|-----------------|--|---------------------------------|----------------------------------|
|                 |  | 06/30/2020                      | 12/31/2019                       |
| 1               | Total assets   | 7,638,016                       | 7,064,518                        |
| 1.01            | Current assets   | 2,893,230                       | 2,538,852                        |
| 1.01.01         | Cash and cash equivalents                                  | 647,669                         | 649,548                          |
| 1.01.02         | Financial investments                                      | 21,706                          | 53,652                           |
| 1.01.02.01      | Financial Applications evaluated fair value through Result | 21,706                          | 53,652                           |
| 1.01.02.01.01   | Trading Securities   | 21,706                          | 53,652                           |
| 1.01.03         | Bills to receive   | 113,783                         | 178,695                          |
| 1.01.03.01      | Customers  | 26,062                          | 137,114                          |
| 1.01.03.02      | Other Accounts Receivable                                  | 87,721                          | 41,581                           |
| 1.01.03.02.01   | Advances to suppliers                                      | 3,015                           | 1,924                            |
| 1.01.03.02.02   | Derivative   | 81,117                          | 30,975                           |
| 1.01.03.02.03   | Credits Related Party                                      | 1,091                           | 1,040                            |
| 1.01.03.02.04   | Other Accounts Receivable                                  | 2,498                           | 7,642                            |
| 1.01.04         | Stocks   | 845,881                         | 941,957                          |
| 1.01.05         | Biological assets  | 1,208,228                       | 667,954                          |
| 1.01.06         | Taxes to recover   | 44,315                          | 33,970                           |
| 1.01.06.01      | Current taxes recoverable                                  | 44,315                          | 33,970                           |
| 1.01.07         | Prepaid expenses   | 11,507                          | 12,887                           |
| 1.01.08         | Other Current Assets                                       | 141                             | 189                              |
| 1.01.08.02      | Discontinued Operations Assets                             | 141                             | 189                              |
| 1.02            | Non-current assets   | 4,744,786                       | 4,525,666                        |
| 1.02.01         | Long-term assets   | 183,149                         | 124,503                          |
| 1.02.01.01      | Financial Applications evaluated fair value through Result | 658                             | 650                              |
| 1.02.01.08      | Prepaid expenses   | 154                             | 528                              |
| 1.02.01.09      | Credits Related Party                                      | 31,436                          | 31,050                           |
| 1.02.01.09.02   | Loans to subsidiaries                                      | 31,436                          | 31,050                           |
| 1.02.01.10      | Other Non-current Assets                                   | 150,901                         | 92,275                           |
| 1.02.01.10.03   | Taxes to recover   | 80,016                          | 73,432                           |
| 1.02.01.10.04   | Derivative   | 64,120                          | 10,492                           |
| 1.02.01.10.05   | Other Accounts Receivable                                  | 3,065                           | 3,059                            |
| 1.02.01.10.06   | Advances to suppliers                                      | 3,700                           | 5,292                            |
| 1.02.02         | Investments  | 2,234,563                       | 2,200,537                        |
| 1.02.02.01      | Equity   | 2,234,563                       | 2,200,537                        |
| 1.02.02.01.01   | Investments in Affiliates                                  | 2,234,563                       | 2,200,537                        |
| 1.02.03         | Immobilized  | 2,303,558                       | 2,185,335                        |
| 1.02.03.01      | Construction in Operation                                  | 824,706                         | 780,689                          |
| 1.02.03.02      | Right to Use in Rent                                       | 1,465,539                       | 1,388,969                        |
| 1.02.03.02.01   | Asset use rights   | 1,465,539                       | 1,388,969                        |
| 1.02.03.03      | Construction in Progress                                   | 13,313                          | 15,677                           |
| 1.02.04         | Intangible   | 23,516                          | 15,291                           |
| 1.02.04.01      | Intangibles  | 23,516                          | 15,291                           |
| 1.02.04.01.02   | New Systems Implementation                                 | 19,751                          | 12,379                           |
| 1.02.04.01.03   | Other (systems)  | 3,765                           | 2,912                            |

## Individual financial statements / Balance sheet – Liabilities

(In thousands of Reais)

| Code of account | Account description                                       | Accumulated of the current year<br>06/30/2020 | Accumulated of the previous year<br>12/31/2019 |
|-----------------|---|---|--|
| 2               | Total liabilities   | 7,638,016                                     | 7,064,518                                      |
| 2.01            | Current liabilities                                       | 1,908,616                                     | 1,867,588                                      |
| 2.01.01         | Payroll and Related Charges                               | 12,340  | 4,475  |
| 2.01.01.01      | Social obligations  | 11,607  | 3,666  |
| 2.01.01.02      | Labor obligations   | 733   | 809  |
| 2.01.02         | Providers   | 252,780                                       | 773,124  |
| 2.01.02.01      | National suppliers  | 252,780                                       | 773,124  |
| 2.01.02.01.01   | National suppliers  | 252,780                                       | 773,124  |
| 2.01.03         | Tax obligations   | 3,830   | 47,905   |
| 2.01.03.01      | Federal Taxes   | 2,322   | 47,000   |
| 2.01.03.01.01   | Income Tax and Social Contribution Payable                | 0   | 45,107   |
| 2.01.03.01.02   | Taxes and Contributions Several                           | 2,322   | 1,893  |
| 2.01.03.02      | State Taxes   | 1,192   | 592  |
| 2.01.03.03      | Municipal Taxes   | 316   | 313  |
| 2.01.04         | Loans and Financing                                       | 772,134                                       | 623,874  |
| 2.01.04.01      | Loans and Financing                                       | 772,134                                       | 623,874  |
| 2.01.04.01.01   | In Local Currency   | 772,134                                       | 623,874  |
| 2.01.05         | Other obligations   | 827,822                                       | 374,726  |
| 2.01.05.01      | Liabilities Related Party                                 | 7   | 2,763  |
| 2.01.05.01.02   | Debts with Subsidiaries                                   | 0   | 2,741  |
| 2.01.05.01.04   | Other Payables to Related Parties                         | 7   | 22   |
| 2.01.05.02      | Others  | 827,815                                       | 371,963  |
| 2.01.05.02.02   | Mandatory minimum dividend payable                        | 11  | 73,759   |
| 2.01.05.02.04   | Advances from Customers                                   | 217,838                                       | 28,907   |
| 2.01.05.02.05   | Operations with Derivatives                               | 365,505                                       | 47,839   |
| 2.01.05.02.06   | Lease payable   | 154   | 225  |
| 2.01.05.02.08   | Other debts   | 11,788  | 10,644   |
| 2.01.05.02.09   | lease liabilities with related parties                    | 108,223                                       | 104,591  |
| 2.01.05.02.10   | Liabilities third leasing                                 | 124,296                                       | 105,998  |
| 2.01.06         | Provisions  | 39,710  | 43,484   |
| 2.01.06.01      | Tax provisions Social Security Labor and Civil            | 39,380  | 43,154   |
| 2.01.06.01.02   | Social Security and Labor Provisions                      | 21,567  | 15,173   |
| 2.01.06.01.03   | Provisions for Employee Benefits                          | 14,237  | 24,503   |
| 2.01.06.01.04   | Civil provisions  | 1,993   | 2,003  |
| 2.01.06.01.05   | Labor Provisions for contingencies                        | 1,583   | 1,475  |
| 2.01.06.02      | Other Provisions  | 330   | 330  |
| 2.01.06.02.03   | Provisions for environmental liabilities and Deactivation | 330   | 330  |
| 2.02            | Non-current liabilities                                   | 2,869,571                                     | 2,412,253                                      |
| 2.02.01         | Loans and Financing                                       | 1,258,222                                     | 933,853  |
| 2.02.01.01      | Loans and Financing                                       | 1,258,222                                     | 933,853  |
| 2.02.01.01.01   | In Local Currency   | 1,258,222                                     | 933,853  |

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|               |   |           |           |
|---------------|---|-----------|-----------|
| 2.02.02       | Other obligations                           | 1,414,320 | 1,290,547 |
| 2.02.02.02    | Others                                      | 1,414,320 | 1,290,547 |
| 2.02.02.02.03 | Derivative                                  | 50,846    | 3,519     |
| 2.02.02.02.04 | Other debts                                 | 136       | 161       |
| 2.02.02.02.05 | lease liabilities with related parties      | 816,855   | 795,214   |
| 2.02.02.02.06 | Liabilities third leasing                   | 546,483   | 491,653   |
| 2.02.03       | Deferred taxes                              | 197,029   | 187,853   |
| 2.02.03.01    | Income Tax and Social Contribution Deferred | 197,029   | 187,853   |
| 2.03          | Equity                                      | 2,859,829 | 2,784,677 |
| 2.03.01       | Capital Stock                               | 947,522   | 947,522   |
| 2.03.02       | Capital reserves                            | 39,154    | 33,439    |
| 2.03.02.01    | Premium on issue of shares                  | 41,313    | 43,611    |
| 2.03.02.04    | Options Granted                             | 57,203    | 54,149    |
| 2.03.02.05    | Treasury shares                             | (59,362)  | (64,321)  |
| 2.03.04       | Profit Reserves                             | 680,719   | 680,719   |
| 2.03.04.01    | Legal reserve                               | 62,711    | 62,711    |
| 2.03.04.02    | Statutory reserve                           | 523,760   | 523,760   |
| 2.03.04.05    | Retained Earnings Reserve                   | 5,628     | 5,628     |
| 2.03.04.08    | Additional Dividend Proposed                | 73,749    | 73,749    |
| 2.03.04.10    | Investment incentivized reserve             | 14,871    | 14,871    |
| 2.03.05       | Profits / Losses                            | 330,694   | 0         |
| 2.03.08       | Other Comprehensive Income                  | 861,740   | 1,122,997 |

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**Individual financial statements / Statement of income****(In thousands of Reais)**

| Code of account | Account description                              | Accumulated              |                          | Same quarter previous year | Accumulated of the Previous year |
|-----------------|--|--------------------------|--------------------------|----------------------------|----------------------------------|
|                 |  | Current Quarter          | of the current year      |                            |                                  |
|                 |  | 04/01/2020 to 06/30/2020 | 01/01/2020 to 06/30/2020 | 04/01/2019 to 06/30/2019   | 01/01/2019 to 06/30/2019         |
| 3.01            | Sales revenue of Goods and / or Services         | 840,538                  | 1,616,652                | 697,474                    | 1,334,398                        |
| 3.01.01         | Operating Revenue of Products                    | 465,670                  | 1,006,484                | 334,632                    | 850,307                          |
| 3.01.02         | Change in fair value of biological assets        | 374,868                  | 610,168                  | 362,842                    | 484,091                          |
| 3.02            | Cost of Goods and / or Services Sold             | (505,754)                | (1,016,898)              | (343,161)                  | (788,540)                        |
| 3.02.01         | Cost of Products                                 | (341,401)                | (690,168)                | (239,096)                  | (546,882)                        |
| 3.02.02         | Realization of Fair Value of Biological Assets   | (164,353)                | (326,730)                | (104,065)                  | (241,658)                        |
| 3.03            | Gross income                                     | 334,784                  | 599,754                  | 354,313                    | 545,858                          |
| 3.04            | Operating Income / Expenses                      | (19,410)                 | (42,861)                 | (6,817)                    | (21,259)                         |
| 3.04.01         | Selling Expenses                                 | (32,714)                 | (68,554)                 | (20,300)                   | (49,614)                         |
| 3.04.02         | General and Administrative Expenses              | (24,286)                 | (51,936)                 | (21,444)                   | (50,081)                         |
| 3.04.02.01      | General and Administrative                       | (21,885)                 | (43,430)                 | (20,026)                   | (42,595)                         |
| 3.04.02.02      | Management's fees                                | (2,401)                  | (8,506)                  | (1,418)                    | (7,486)                          |
| 3.04.04         | Other Operating Income                           | 1,829                    | 5,482                    | 3,232                      | 11,028                           |
| 3.04.05         | Other Operating Expenses                         | (1,696)                  | (4,649)                  | (1,134)                    | (6,289)                          |
| 3.04.06         | Equity income                                    | 37,457                   | 76,796                   | 32,829                     | 73,697                           |
| 3.05            | Income before financial result and taxes         | 315,374                  | 556,893                  | 347,496                    | 524,599                          |
| 3.06            | Financial result                                 | (52,778)                 | (95,040)                 | (52,978)                   | (88,236)                         |
| 3.06.01         | Financial income                                 | 58,392                   | 195,218                  | 22,530                     | 64,753                           |
| 3.06.02         | Financial expenses                               | (111,170)                | (290,258)                | (75,508)                   | (152,989)                        |
| 3.07            | Income before Income Taxes                       | 262,596                  | 461,853                  | 294,518                    | 436,363                          |
| 3.08            | Income Tax and Social Contribution on Net Income | (76,901)                 | (132,633)                | (89,127)                   | (129,105)                        |
| 3.08.01         | Current  | 2                        | (507)                    | 409                        | (12,406)                         |
| 3.08.02         | Deferred   | (76,903)                 | (132,126)                | (89,536)                   | (116,699)                        |
| 3.09            | Net Income from Continuing Operations            | 185,695                  | 329,220                  | 205,391                    | 307,258                          |
| 3.11            | Profit / Loss for the Period                     | 185,695                  | 329,220                  | 205,391                    | 307,258                          |
| 3.99            | Earnings per share - (R \$ / Share)              |                          |                          |                            |                                  |
| 3.99.01         | Basic earnings per share                         |                          |                          |                            |                                  |
| 3.99.01.01      | ON   | 0.99228                  | 1.75922                  | 1.09724                    | 1.64143                          |
| 3.99.02         | Diluted earnings per share                       |                          |                          |                            |                                  |
| 3.99.02.01      | ON   | 0.99162                  | 1.75804                  | 1.08662                    | 1.62555                          |

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**Individual financial statements / Statement of Comprehensive Income****(In thousands of Reais)**

| Code of account | Account description                      | Accumulated              |                          | Same quarter previous year | Accumulated of the Previous year |
|-----------------|--|--------------------------|--------------------------|----------------------------|----------------------------------|
|                 |  | Current Quarter          | of the current year      |                            |                                  |
|                 |  | 04/01/2020 to 06/30/2020 | 01/01/2020 to 06/30/2020 | 04/01/2019 to 06/30/2019   | 01/01/2019 to 06/30/2019         |
| 4.01            | Net income for the period                | 185,695                  | 329,220                  | 205,391                    | 307,258                          |
| 4.02            | Other Comprehensive Income               | (31,376)                 | (259,783)                | 81,973                     | 85,850                           |
| 4.02.01         | Cash flow hedge derivatives              | (41,507)                 | (361,617)                | 116,860                    | 122,240                          |
| 4.02.02         | Cash flow hedge derivatives - Controlled | (4,003)                  | (21,116)                 | 4,845                      | 5,170                            |
| 4.02.03         | Income tax and social contribution       | 14,113                   | 122,950                  | (39,732)                   | (41,560)                         |
| 4.02.04         | Gain (loss) capital holding              | 21                       | 0                        | 0                          | 0                                |
| 4.03            | Results Comprehensive Period             | 154,319                  | 69,437                   | 287,364                    | 393,108                          |



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**Individual financial statements / Statement of cash flows - Indirect method****(In thousands of Reais)**

| <b>Code of account</b> | <b>Account description</b>                                       | <b>Accumulated of the current year<br/>01/01/2020 to<br/>06/30/2020</b> | <b>Accumulated of the previous quarter<br/>01/01/2019 to<br/>06/30/2019</b> |
|------------------------|--|---|---|
| 6.01                   | Net Cash Operating Activities                                    | (100,569)   | (30,555)  |
| 6.01.01                | Funds From Operations  | 386,003   | 313,755   |
| 6.01.01.01             | Net Income (loss) before income taxes                            | 461,853   | 436,363   |
| 6.01.01.02             | Depreciation and amortization - in search results                | 32,264  | 29,181  |
| 6.01.01.03             | Result in low of fixed assets                                    | 4,414   | 6,288   |
| 6.01.01.04             | Equity   | (76,796)  | (73,697)  |
| 6.01.01.05             | Interest, exchange and monetary variation                        | 119,056   | 72,810  |
| 6.01.01.06             | Stock-based compensation   | 3,054   | 2,626   |
| 6.01.01.07             | Variation of Biological Assets                                   | (283,438)   | (242,433)   |
| 6.01.01.08             | Provision (reversal) Partic. the results and labor contingencies | 13,499  | 12,643  |
| 6.01.01.09             | Provision (reversal) for Inventory Adjustment to market value    | 245   | 0   |
| 6.01.01.10             | APV - Liabilities rental   | 69,711  | 54,618  |
| 6.01.01.11             | Amortization of Right of Use                                     | 42,022  | 14,742  |
| 6.01.01.12             | Others   | 119   | 614   |
| 6.01.02                | Changes in Assets and Liabilities                                | (486,572)   | (344,310)   |
| 6.01.02.01             | Accounts receivable  | 111,052   | 85,289  |
| 6.01.02.02             | Inventories and biological assets                                | (114,041)   | (47,363)  |
| 6.01.02.03             | Taxes to recover   | (16,929)  | 11,310  |
| 6.01.02.04             | Financial investments  | 31,938  | 74,454  |
| 6.01.02.05             | Other accounts receivable  | 6,940   | (22,007)  |
| 6.01.02.06             | Providers  | (508,421)   | (419,891)   |
| 6.01.02.07             | Fiscal and social obligations                                    | (12,981)  | (31,604)  |
| 6.01.02.08             | Obligations with related parties                                 | (3,193)   | (49,454)  |
| 6.01.02.09             | Derivative transactions  | (100,394)   | (9,587)   |
| 6.01.02.10             | Advances from customers  | 188,931   | 64,378  |
| 6.01.02.11             | Rentals payable  | (71)  | (52,193)  |
| 6.01.02.12             | Other bills to pay   | (2,875)   | (10,849)  |
| 6.01.02.13             | Dividends Received   | 20,000  | 86,940  |
| 6.01.02.14             | Advance to suppliers   | 501   | 11,992  |
| 6.01.02.15             | Interest Paid  | (49,705)  | (25,575)  |
| 6.01.02.16             | Income tax and social contribution paid                          | (37,324)  | (10,150)  |
| 6.02                   | Net cash investing activities                                    | (113,064)   | (140,579)   |
| 6.02.02                | In fixed assets  | (101,978)   | (137,778)   |
| 6.02.03                | In intangible  | (11,086)  | (2,801)   |
| 6.03                   | Net cash from financing activities                               | 211,754   | 25,844  |
| 6.03.01                | Loans and financing  | 712,124   | 732,086   |
| 6.03.02                | Loans and financing paid   | (308,761)   | (443,212)   |
| 6.03.03                | Sale or repurchase of Shares                                     | 2,661   | (41,763)  |
| 6.03.04                | Paid leases  | (120,475)   | (44,953)  |
| 6.03.05                | Dividends paid   | (73,748)  | (176,314)   |
| 6.03.06                | Payment of Capital   | (47)  | 0   |
| 6.05                   | Increase (Decrease) in Cash                                      | (1,879)   | (145,290)   |
| 6.05.01                | Opening balance of cash and cash equivalents                     | 649,548   | 384,628   |
| 6.05.02                | Closing balance of cash and cash equivalents                     | 647,669   | 239,338   |

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**Individual financial statements / Statement of changes in shareholders' equity / DMPL - 01/01/2020 to 06/30/2020****(In thousands of Reais)**

| <b>Code of account</b> | <b>Account description</b>  | <b>Paid-up capital</b> | <b>Capital reserves, Options granted and Treasury shares</b> | <b>Profit reserves</b> | <b>Retained earnings (loss)</b> | <b>Other comprehensive income</b> | <b>Shareholders' equity</b> |
|------------------------|---|------------------------|--|------------------------|---------------------------------|-----------------------------------|-----------------------------|
| 5.01                   | Opening balances  | 947,522                | 33,439   | 680,719                | 0                               | 1,122,997                         | 2,784,677                   |
| 5.03                   | Initial Adjusted Balances   | 947,522                | 33,439   | 680,719                | 0                               | 1,122,997                         | 2,784,677                   |
| 5.04                   | Capital transactions with Partners  | 0                      | 5,715  | 0                      | 0                               | 0                                 | 5,715                       |
| 5.04.03                | Recognized Granted Options  | 0                      | 3,054  | 0                      | 0                               | 0                                 | 3,054                       |
| 5.04.05                | Treasury shares sold  | 0                      | 4,959  | 0                      | 0                               | 0                                 | 4,959                       |
| 5.04.08                | Goodwill on the delivery of shares  | 0                      | (2,298)  | 0                      | 0                               | 0                                 | (2,298)                     |
| 5.05                   | Total Comprehensive Income  | 0                      | 0  | 0                      | 330,694                         | (261,257)                         | 69,437                      |
| 5.05.01                | Net income for the period   | 0                      | 0  | 0                      | 329,220                         | 0                                 | 329,220                     |
| 5.05.02                | Other Comprehensive Income  | 0                      | 0  | 0                      | 1,474                           | (261,257)                         | (259,783)                   |
| 5.05.02.01             | Financial Instruments Adjustments   | 0                      | 0  | 0                      | 0                               | (361,617)                         | (361,617)                   |
| 5.05.02.02             | Taxes on Adjustments Financial Instruments                                    | 0                      | 0  | 0                      | 0                               | 122,950                           | 122,950                     |
| 5.05.02.03             | Equity in the comprehensive income of subsidiaries and affiliates             | 0                      | 0  | 0                      | 0                               | (21,116)                          | (21,116)                    |
| 5.05.02.06             | Realization of depreciation of the deemed cost a to fixed assets              | 0                      | 0  | 0                      | 1,344                           | (1,344)                           | 0                           |
| 5.05.02.07             | Realization of sales of the deemed cost a to fixed assets                     | 0                      | 0  | 0                      | 270                             | (270)                             | 0                           |
| 5.05.02.08             | Realization of depreciation of the deemed cost a to fixed assets-Subsidiaries | 0                      | 0  | 0                      | (140)                           | 140                               | 0                           |
| 5.07                   | Ending balances   | 947,522                | 39,154   | 680,719                | 330,694                         | 861,740                           | 2,859,829                   |

(A free translation of the original in Portuguese)

**Individual financial statements / Statement of changes in shareholders' equity / DMPL - 01/01/2019 to 06/30/2019****(In thousands of Reais)**

| Code of account | Account description   | Capital reserves, Options granted and |                 |                 |                          |                            |                      |
|-----------------|---|---------------------------------------|-----------------|-----------------|--------------------------|----------------------------|----------------------|
|                 |   | Paid-up capital                       | Treasury shares | Profit reserves | Retained earnings (loss) | Other comprehensive income | Shareholders' equity |
| 5.01            | Opening balances  | 947,522                               | 65,888          | 496,797         | 0                        | 1,087,961                  | 2,598,168            |
| 5.03            | Initial Adjusted Balances   | 947,522                               | 65,888          | 496,797         | 0                        | 1,087,961                  | 2,598,168            |
| 5.04            | Capital transactions with Partners  | 0                                     | (39,137)        | 0               | 0                        | 0                          | (39,137)             |
| 5.04.03         | Recognized Granted Options  | 0                                     | 2,626           | 0               | 0                        | 0                          | 2,626                |
| 5.04.04         | Treasury Shares Acquired  | 0                                     | (42,708)        | 0               | 0                        | 0                          | (42,708)             |
| 5.04.05         | Treasury shares sold  | 0                                     | (1,408)         | 0               | 0                        | 0                          | (1,408)              |
| 5.04.08         | Goodwill on the delivery of shares  | 0                                     | 2,353           | 0               | 0                        | 0                          | 2,353                |
| 5.05            | Total Comprehensive Income  | 0                                     | 0               | 0               | 309,825                  | 83,283                     | 393,108              |
| 5.05.01         | Net income for the period   | 0                                     | 0               | 0               | 307,258                  | 0                          | 307,258              |
| 5.05.02         | Other Comprehensive Income  | 0                                     | 0               | 0               | 2,567                    | 83,283                     | 85,850               |
| 5.05.02.01      | Financial Instruments Adjustments   | 0                                     | 0               | 0               | 0                        | 122,240                    | 122,240              |
| 5.05.02.02      | Taxes s / Adjustments Financial Instruments                                   | 0                                     | 0               | 0               | 0                        | (41,560)                   | (41,560)             |
| 5.05.02.03      | Equiv. Patrim. s / Result. Fuzzy. Subsidiaries and Affiliates                 | 0                                     | 0               | 0               | 0                        | 5,170                      | 5,170                |
| 5.05.02.06      | Realization of depreciation of the deemed cost a to fixed assets              | 0                                     | 0               | 0               | 1,491                    | (1,491)                    | 0                    |
| 5.05.02.07      | Realization of sales of the deemed cost a to fixed assets                     | 0                                     | 0               | 0               | 1,216                    | (1,216)                    | 0                    |
| 5.05.02.08      | Realization of depreciation of the deemed cost a to fixed assets-Subsidiaries | 0                                     | 0               | 0               | (140)                    | 140                        | 0                    |
| 5.06            | Internal Changes in Equity  | 0                                     | 0               | (88,156)        | 0                        | 0                          | (88,156)             |
| 5.06.04         | Proposed additional dividend  | 0                                     | 0               | (88,156)        | 0                        | 0                          | (88,156)             |
| 5.07            | Ending balances   | 947,522                               | 26,751          | 408,641         | 309,825                  | 1,171,244                  | 2,863,983            |

(A free translation of the original in Portuguese)

**Individual financial statements / Statement of added value****(In thousands of Reais)**

| Code of account | Account description                             | Accumulated of the current year | Accumulated of the previous year |
|-----------------|---|---------------------------------|----------------------------------|
|                 |   | 01/01/2020 to 06/30/2020        | 01/01/2019 to 06/30/2019         |
| 7.01            | Revenue   | 1,820,117                       | 1,475,886                        |
| 7.01.01         | Sales of Goods, Products and Services           | 1,185,445                       | 950,846                          |
| 7.01.02         | Other Revenues                                  | 612,325                         | 491,562                          |
| 7.01.02.01      | Other Revenues                                  | 2,157                           | 7,471                            |
| 7.01.02.02      | Change in fair value of assets Biologicos       | 610,168                         | 484,091                          |
| 7.01.03         | Refs revenue. the Construction of Own Assets    | 22,347                          | 33,478                           |
| 7.02            | Inputs Acquired from Third Parties              | (968,568)                       | (751,019)                        |
| 7.02.01         | Prods costs., Merchs. and Servs. sold           | (858)                           | (1,942)                          |
| 7.02.02         | Materials, Energy, Servs. Third Party and Other | (245,857)                       | (217,398)                        |
| 7.02.03         | Loss / Recovery Asset Values                    | (259)                           | 0                                |
| 7.02.04         | Others  | (721,594)                       | (531,679)                        |
| 7.02.04.01      | Raw materials consumed                          | (394,864)                       | (290,021)                        |
| 7.02.04.02      | Adjustment to fair value of assets Biologicos   | (326,730)                       | (241,658)                        |
| 7.03            | Gross Added Value                               | 851,549                         | 724,867                          |
| 7.04            | Retentions                                      | (74,286)                        | (43,923)                         |
| 7.04.01         | Depreciation, Amortization and Depletion        | (32,264)                        | (29,181)                         |
| 7.04.02         | Others  | (42,022)                        | (14,742)                         |
| 7.04.02.01      | Amortization of Right of Use                    | (42,022)                        | (14,742)                         |
| 7.05            | Value Added Net Produced                        | 777,263                         | 680,944                          |
| 7.06            | Vlr Added Received in Transfer                  | 274,263                         | 138,770                          |
| 7.06.01         | Equity income                                   | 76,796                          | 73,697                           |
| 7.06.02         | Financial income                                | 195,218                         | 64,753                           |
| 7.06.03         | Others  | 2,249                           | 320                              |
| 7.07            | Value Added Total Distributable                 | 1,051,526                       | 819,714                          |
| 7.08            | Distribution of Value Added                     | 1,051,526                       | 819,714                          |
| 7.08.01         | Folks   | 120,829                         | 113,550                          |
| 7.08.01.01      | Direct compensation                             | 70,283                          | 68,178                           |
| 7.08.01.02      | Benefits  | 42,501                          | 40,186                           |
| 7.08.01.03      | F.G.T.S.  | 8,045                           | 5,186                            |
| 7.08.02         | Taxes, fees and contributions                   | 149,265                         | 126,383                          |
| 7.08.02.01      | Federal   | 146,053                         | 126,063                          |
| 7.08.02.02      | State   | 2,989                           | 0                                |
| 7.08.02.03      | Municipal                                       | 223                             | 320                              |
| 7.08.03         | Third parties' assets                           | 452,212                         | 272,523                          |
| 7.08.03.01      | Interest  | 438,139                         | 224,258                          |
| 7.08.03.02      | Rents   | 14,073                          | 48,265                           |
| 7.08.04         | Equity Compensation                             | 329,220                         | 307,258                          |
| 7.08.04.03      | Retained Earnings / Loss for the Period         | 329,220                         | 307,258                          |

(A free translation of the original in Portuguese)

**Consolidated financial statements / Balance sheet - Assets****(In thousands of Reais)**

| Code of account | Account description  | Accumulated of the current year | Accumulated of the Previous Year |
|-----------------|--|---------------------------------|----------------------------------|
|                 |  | 06/30/2020                      | 12/31/2019                       |
| 1               | Total assets   | 7,660,637                       | 6,958,129                        |
| 1.01            | Current assets   | 3,542,660                       | 3,090,810                        |
| 1.01.01         | Cash and cash equivalents                                  | 869,482                         | 829,427                          |
| 1.01.01.01      | Cash and cash equivalents                                  | 869,482                         | 829,427                          |
| 1.01.02         | Financial investments                                      | 21,706                          | 55,342                           |
| 1.01.02.01      | Financial Applications evaluated fair value through Result | 21,706                          | 55,342                           |
| 1.01.02.01.01   | Trading Securities   | 21,706                          | 55,342                           |
| 1.01.03         | Bills to receive   | 215,345                         | 297,936                          |
| 1.01.03.01      | Customers  | 38,824                          | 178,405                          |
| 1.01.03.02      | Other Accounts Receivable                                  | 176,521                         | 119,531                          |
| 1.01.03.02.01   | Advances to suppliers                                      | 3,643                           | 2,443                            |
| 1.01.03.02.02   | Derivative   | 95,484                          | 34,008                           |
| 1.01.03.02.03   | Titles and credits receivable                              | 73,392                          | 71,657                           |
| 1.01.03.02.04   | Credits Related Party                                      | 0                               | 11                               |
| 1.01.03.02.05   | Other Accounts Receivable                                  | 4,002                           | 11,412                           |
| 1.01.04         | Stocks   | 989,883                         | 1,071,354                        |
| 1.01.05         | Biological assets  | 1,378,261                       | 780,589                          |
| 1.01.06         | Taxes to recover   | 55,201                          | 41,943                           |
| 1.01.06.01      | Current taxes recoverable                                  | 55,201                          | 41,943                           |
| 1.01.07         | Prepaid expenses   | 12,641                          | 14,030                           |
| 1.01.08         | Other Current Assets                                       | 141                             | 189                              |
| 1.01.08.02      | Discontinued Operations Assets                             | 141                             | 189                              |
| 1.02            | Non-current assets   | 4,117,977                       | 3,867,319                        |
| 1.02.01         | Long-term assets   | 291,887                         | 200,926                          |
| 1.02.01.01      | Financial Applications evaluated fair value through Result | 658                             | 650                              |
| 1.02.01.01.01   | Securities designated at fair value                        | 658                             | 650                              |
| 1.02.01.07      | Deferred taxes   | 22,964                          | 22,517                           |
| 1.02.01.07.01   | Income Tax and Social Contribution Deferred                | 22,964                          | 22,517                           |
| 1.02.01.08      | Prepaid expenses   | 154                             | 528                              |
| 1.02.01.10      | Other Non-current Assets                                   | 268,111                         | 177,231                          |
| 1.02.01.10.03   | Taxes to recover   | 131,304                         | 122,469                          |
| 1.02.01.10.04   | Derivative   | 87,553                          | 11,328                           |
| 1.02.01.10.05   | Other Accounts Receivable                                  | 17,946                          | 7,945                            |
| 1.02.01.10.06   | Advances to suppliers                                      | 28,649                          | 30,241                           |
| 1.02.01.10.07   | Titles and credits receivable                              | 2,659                           | 5,248                            |
| 1.02.02         | Investments  | 216,894                         | 217,010                          |
| 1.02.02.02      | Investment Property  | 216,894                         | 217,010                          |
| 1.02.03         | Immobilized  | 3,585,626                       | 3,434,020                        |
| 1.02.03.01      | Construction in Operation                                  | 2,900,970                       | 2,858,958                        |
| 1.02.03.02      | Right to Use in Rent                                       | 668,660                         | 555,031                          |
| 1.02.03.02.01   | Asset use rights   | 668,660                         | 555,031                          |
| 1.02.03.03      | Construction in Progress                                   | 15,996                          | 20,031                           |
| 1.02.04         | Intangible   | 23,570                          | 15,363                           |
| 1.02.04.01      | Intangibles  | 23,570                          | 15,363                           |
| 1.02.04.01.02   | New Systems Implementation                                 | 19,751                          | 12,379                           |
| 1.02.04.01.03   | Others (system)  | 3,819                           | 2,984                            |

## Consolidated financial statements / Balance sheet – Liabilities

(In thousands of Reais)

| Code of account | Account description                                       | Accumulated of the current year | Accumulated of the Previous Year |
|-----------------|---|---------------------------------|----------------------------------|
|                 |   | 06/30/2020                      | 12/31/2019                       |
| 2               | Total liabilities   | 7,660,637                       | 6,958,129                        |
| 2.01            | Current liabilities                                       | 2,201,557                       | 2,043,561                        |
| 2.01.01         | Payroll and Related Charges                               | 21,973                          | 9,652                            |
| 2.01.01.01      | Social obligations  | 21,085                          | 8,753                            |
| 2.01.01.02      | Labor obligations   | 888                             | 899                              |
| 2.01.02         | Providers   | 306,819                         | 922,000                          |
| 2.01.02.01      | National suppliers  | 306,819                         | 922,000                          |
| 2.01.02.01.01   | National suppliers  | 306,819                         | 922,000                          |
| 2.01.03         | Tax obligations   | 7,331                           | 57,510                           |
| 2.01.03.01      | Federal Taxes   | 5,745                           | 56,497                           |
| 2.01.03.01.01   | Income Tax and Social Contribution Payable                | 3,208                           | 54,290                           |
| 2.01.03.01.02   | Taxes and Contributions Several                           | 2,537                           | 2,207                            |
| 2.01.03.02      | State Taxes   | 1,241                           | 653                              |
| 2.01.03.03      | Municipal Taxes   | 345                             | 360                              |
| 2.01.04         | Loans and Financing                                       | 967,431                         | 699,515                          |
| 2.01.04.01      | Loans and Financing                                       | 967,431                         | 699,515                          |
| 2.01.04.01.01   | In Local Currency   | 967,431                         | 699,515                          |
| 2.01.05         | Other obligations   | 846,952                         | 305,843                          |
| 2.01.05.01      | Liabilities Related Party                                 | 108                             | 125                              |
| 2.01.05.01.04   | Other Payables to Related Parties                         | 108                             | 125                              |
| 2.01.05.02      | Others  | 846,844                         | 305,718                          |
| 2.01.05.02.02   | Mandatory minimum dividend payable                        | 11                              | 73,759                           |
| 2.01.05.02.04   | Advances from Customers                                   | 263,485                         | 33,289                           |
| 2.01.05.02.05   | Operations with Derivatives                               | 416,509                         | 55,230                           |
| 2.01.05.02.06   | Lease payable   | 154                             | 225                              |
| 2.01.05.02.07   | Titles to pay   | 12,273                          | 12,273                           |
| 2.01.05.02.08   | Other debts   | 19,936                          | 16,375                           |
| 2.01.05.02.10   | Liabilities third leasing                                 | 134,476                         | 114,567                          |
| 2.01.06         | Provisions  | 51,051                          | 49,041                           |
| 2.01.06.01      | Tax provisions Social Security Labor and Civil            | 50,721                          | 48,711                           |
| 2.01.06.01.01   | Tax provisions  | 6,187                           | 0                                |
| 2.01.06.01.02   | Social Security and Labor Provisions                      | 24,585                          | 17,236                           |
| 2.01.06.01.03   | Provisions for Employee Benefits                          | 16,111                          | 27,684                           |
| 2.01.06.01.04   | Civil provisions  | 1,993                           | 2,003                            |
| 2.01.06.01.05   | Labor Provisions for contingencies                        | 1,845                           | 1,788                            |
| 2.01.06.02      | Other Provisions  | 330                             | 330                              |
| 2.01.06.02.03   | Provisions for environmental liabilities and Deactivation | 330                             | 330                              |
| 2.02            | Non-current liabilities                                   | 2,395,519                       | 1,930,147                        |
| 2.02.01         | Loans and Financing                                       | 1,492,350                       | 1,160,251                        |
| 2.02.01.01      | Loans and Financing                                       | 1,492,350                       | 1,160,251                        |

(A free translation of the original in Portuguese)

|               |   |           |           |
|---------------|---|-----------|-----------|
| 2.02.01.01.01 | In Local Currency                           | 1,492,350 | 1,160,251 |
| 2.02.02       | Other obligations                           | 635,432   | 522,365   |
| 2.02.02.02    | Others                                      | 635,432   | 522,365   |
| 2.02.02.02.03 | Titles to pay                               | 706       | 1,412     |
| 2.02.02.02.04 | Derivative                                  | 59,494    | 5,643     |
| 2.02.02.02.05 | Other debts                                 | 136       | 161       |
| 2.02.02.02.06 | Liabilities third leasing                   | 575,096   | 515,149   |
| 2.02.03       | Deferred taxes                              | 267,737   | 247,531   |
| 2.02.03.01    | Income Tax and Social Contribution Deferred | 267,737   | 247,531   |
| 2.03          | Consolidated Shareholders' Equity           | 3,063,561 | 2,984,421 |
| 2.03.01       | Capital Stock                               | 947,522   | 947,522   |
| 2.03.02       | Capital reserves                            | 39,154    | 33,439    |
| 2.03.02.01    | Premium on issue of shares                  | 41,313    | 43,611    |
| 2.03.02.04    | Options Granted                             | 57,203    | 54,149    |
| 2.03.02.05    | Treasury shares                             | (59,362)  | (64,321)  |
| 2.03.04       | Profit Reserves                             | 680,719   | 680,719   |
| 2.03.04.01    | Legal reserve                               | 62,711    | 62,711    |
| 2.03.04.02    | Statutory reserve                           | 523,760   | 523,760   |
| 2.03.04.05    | Retained Earnings Reserve                   | 5,628     | 5,628     |
| 2.03.04.08    | Additional Dividend Proposed                | 73,749    | 73,749    |
| 2.03.04.10    | Investment incentivized reserve             | 14,871    | 14,871    |
| 2.03.05       | Profits / Losses                            | 330,694   | 0         |
| 2.03.08       | Other Comprehensive Income                  | 861,740   | 1,122,997 |
| 2.03.09       | Shareholders Non-controlling interest       | 203,732   | 199,744   |



(A free translation of the original in Portuguese)

**Consolidated financial statements / Statement of income****(In thousands of Reais)**

| <b>Code of account</b> | <b>Account description</b>                     | <b>Current Quarter<br/>04/01/2020 to<br/>06/30/2020</b> | <b>Accumulated of the<br/>current year<br/>01/01/2020 to<br/>06/30/2020</b> | <b>Same quarter<br/>previous year<br/>04/01/2019 to<br/>06/30/2019</b> | <b>Accumulated of the<br/>Previous year<br/>01/01/2019 to<br/>06/30/2019</b> |
|------------------------|--|---|---|--|--|
| 3.01                   | Sales revenue of Goods and / or Services       | 983,909   | 1,910,715   | 806,801  | 1,572,131  |
| 3.01.01                | Operating Revenue of Products                  | 562,629   | 1,195,261   | 413,058  | 1,031,891  |
| 3.01.02                | Change in fair value of biological assets      | 421,280   | 715,454   | 393,743  | 540,240  |
| 3.02                   | Cost of Goods and / or Services Sold           | (596,454)   | (1,195,712)   | (412,246)  | (925,805)  |
| 3.02.01                | Cost of Products                               | (400,933)   | (813,816)   | (286,509)  | (639,622)  |
| 3.02.02                | Realization of Fair Value of Biological Assets | (195,521)   | (381,896)   | (125,737)  | (286,183)  |
| 3.03                   | Gross income                                   | 387,455   | 715,003   | 394,555  | 646,326  |
| 3.04                   | Operating Income / Expenses                    | (63,408)  | (134,219)   | (45,765)   | (111,634)  |
| 3.04.01                | Selling Expenses                               | (36,850)  | (78,623)  | (24,523)   | (57,468)   |
| 3.04.02                | General and Administrative Expenses            | (26,748)  | (56,238)  | (24,050)   | (54,772)   |
| 3.04.02.01             | General and Administrative                     | (24,214)  | (47,354)  | (22,480)   | (46,655)   |
| 3.04.02.02             | Management's fees                              | (2,534)   | (8,884)   | (1,570)  | (8,117)  |
| 3.04.04                | Other Operating Income                         | 2,159   | 5,712   | 4,002  | 7,157  |
| 3.04.05                | Other Operating Expenses                       | (1,969)   | (5,070)   | (1,194)  | (6,551)  |
| 3.05                   | Income before financial result and taxes       | 324,047   | 580,784   | 348,790  | 534,692  |
| 3.06                   | Financial result                               | (34,739)  | (60,464)  | (36,918)   | (57,418)   |
| 3.06.01                | Financial income                               | 73,235  | 238,025   | 27,346   | 74,943   |
| 3.06.02                | Financial expenses                             | (107,974)   | (298,489)   | (64,264)   | (132,361)  |
| 3.07                   | Income before Income Taxes                     | 289,308   | 520,320   | 311,872  | 477,274  |
|                        | Income Tax and Social Contribution on Net      |   |   |  |  |
| 3.08                   | Income   | (93,218)  | (167,833)   | (99,920)   | (153,941)  |
| 3.08.01                | Current  | (2,945)   | (4,315)   | (8,805)  | (22,111)   |
| 3.08.02                | Deferred                                       | (90,273)  | (163,518)   | (91,115)   | (131,830)  |
| 3.09                   | Net Income from Continuing Operations          | 196,090   | 352,487   | 211,952  | 323,333  |
| 3.11                   | Profit / Loss Consolidated Period              | 196,090   | 352,487   | 211,952  | 323,333  |
| 3.11.01                | Assigned to Company Partners Company           | 185,695   | 329,220   | 205,391  | 307,258  |
| 3.11.02                | Assigned to non-controlling Partners           | 10,395  | 23,267  | 6,561  | 16,075   |
| 3.99                   | Earnings per share - (R \$ / Share)            |   |   |  |  |
| 3.99.01                | Basic earnings per share                       |   |   |  |  |
| 3.99.01.01             | ON   | 0.99228   | 1.75922   | 1.09724  | 1.64143  |
| 3.99.02                | Diluted earnings per share                     |   |   |  |  |
| 3.99.02.01             | ON   | 0.99162   | 1.75804   | 1.08662  | 1.62555  |



(A free translation of the original in Portuguese)

**Consolidated financial statements / Statement of Comprehensive Income****(In thousands of Reais)**

| Code of account | Account description                              | Current       | Accumulated   | Same quarter  | Accumulated |
|-----------------|--|---------------|---------------|---------------|-------------|
|                 |  | Quarter       | of the        | previous year | of the      |
|                 |  | 04/01/2020 to | current year  | 04/01/2019 to | Previous    |
|                 |  | 06/30/2020    | 01/01/2020 to | 06/30/2019    | year        |
|                 |  |               | 06/30/2020    |               | 06/30/2019  |
| 4.01            | Consolidated Net Income for the Period           | 196,090       | 352,487       | 211,952       | 323,333     |
| 4.02            | Other Comprehensive Income                       | (35,053)      | (279,062)     | 86,799        | 90,904      |
| 4.02.01         | Cash flow hedge derivatives                      | (53,111)      | (422,821)     | 131,515       | 137,759     |
| 4.02.02         | Income tax and social contribution               | 18,058        | 143,759       | (44,716)      | (46,855)    |
| 4.03            | Consolidated Comprehensive Income for the Period | 161,037       | 73,425        | 298,751       | 414,237     |
| 4.03.01         | Assigned to Company Partners Company             | 154,319       | 69,437        | 287,364       | 393,108     |
| 4.03.02         | Assigned to non-controlling Partners             | 6,718         | 3,988         | 11,387        | 21,129      |

(A free translation of the original in Portuguese)

**Consolidated financial statements / Statement of cash flows - Indirect method****(In thousands of Reais)**

| <b>Code of account</b> | <b>Account description</b>                                       | <b>Accumulated of the current year<br/>01/01/2020 to<br/>06/30/2020</b> | <b>Accumulated of the previous year<br/>01/01/2019 to<br/>06/30/2019</b> |
|------------------------|--|---|--|
| 6.01                   | Net Cash Operating Activities                                    | (155,892)   | (160,544)  |
| 6.01.01                | Funds From Operations  | 469,041   | 400,188  |
| 6.01.01.01             | Net Income (loss) before income taxes                            | 520,320   | 477,274  |
| 6.01.01.02             | Depreciation and amortization - in search results                | 49,491  | 42,134   |
| 6.01.01.03             | Result in low of fixed assets                                    | 4,830   | 6,551  |
| 6.01.01.04             | Interest, exchange and monetary variation                        | 154,970   | 80,891   |
| 6.01.01.05             | Stock-based compensation   | 3,054   | 2,626  |
| 6.01.01.06             | Variation of Biological Assets                                   | (333,558)   | (254,057)  |
| 6.01.01.07             | Provision (reversal) Partic. the results and labor contingencies | 14,861  | 14,238   |
| 6.01.01.08             | Provision (reversal) for Inventory Adjustment to market value    | 331   | 0  |
| 6.01.01.09             | APV - Liabilities rental   | 28,594  | 20,673   |
| 6.01.01.10             | Amortization of Right of Use                                     | 25,913  | 9,437  |
| 6.01.01.11             | Others   | 119   | 421  |
| 6.01.01.12             | Fair value of investment properties                              | 116   | 0  |
| 6.01.02                | Changes in Assets and Liabilities                                | (624,933)   | (560,732)  |
| 6.01.02.01             | Accounts receivable  | 139,581   | 77,090   |
| 6.01.02.02             | Inventories and biological assets                                | (144,958)   | (58,833)   |
| 6.01.02.03             | Taxes to recover   | (22,093)  | 8,247  |
| 6.01.02.04             | Financial investments  | 33,628  | 67,679   |
| 6.01.02.05             | Other accounts receivable  | (780)   | (24,360)   |
| 6.01.02.06             | Providers  | (601,097)   | (547,219)  |
| 6.01.02.08             | Fiscal and social obligations                                    | (10,647)  | (37,065)   |
| 6.01.02.09             | Obligations with related parties                                 | (6)   | 401  |
| 6.01.02.10             | Derivative transactions  | (145,392)   | (9,371)  |
| 6.01.02.11             | Advances from customers  | 230,196   | 65,925   |
| 6.01.02.12             | Rentals payable  | (71)  | (61,400)   |
| 6.01.02.13             | Other bills to pay   | 5,325   | (12,335)   |
| 6.01.02.15             | Advance to suppliers   | 392   | 11,737   |
| 6.01.02.16             | Interest Paid  | (61,821)  | (27,941)   |
| 6.01.02.17             | Income tax and social contribution paid                          | (46,484)  | (15,405)   |
| 6.01.02.18             | Titles to pay  | (706)   | 2,118  |
| 6.02                   | Net cash investing activities                                    | (130,344)   | (131,480)  |
| 6.02.01                | In fixed assets  | (119,213)   | (167,390)  |
| 6.02.02                | In intangible  | (11,131)  | (3,089)  |
| 6.02.03                | Proceeds from land sales   | 0   | 38,999   |
| 6.03                   | Net cash from financing activities                               | 326,291   | 109,649  |
| 6.03.01                | Loans and financing  | 858,124   | 839,086  |
| 6.03.02                | Loans and financing paid   | (352,012)   | (458,113)  |
| 6.03.03                | Sale or repurchase of Shares                                     | 2,661   | (41,763)   |
| 6.03.04                | Paid leases  | (108,734)   | (48,318)   |
| 6.03.05                | Dividends paid   | (73,748)  | (181,243)  |
| 6.05                   | Increase (Decrease) in Cash                                      | 40,055  | (182,375)  |
| 6.05.01                | Opening balance of cash and cash equivalents                     | 829,427   | 512,308  |
| 6.05.02                | Closing balance of cash and cash equivalents                     | 869,482   | 329,933  |

(A free translation of the original in Portuguese)

**Consolidated financial statements / Statement of changes in shareholders' equity / DMPL - 01/01/2020 to 06/30/2020****(In thousands of Reais)**

| Code of account | Account description  | Paid-up capital | Capital reserves, Options granted and Treasury shares | Profit reserves | Retained earnings (loss) | Other comprehensive income | Shareholders' equity | Interest of non-controlling shareholders | Consolidated shareholders' equity |
|-----------------|--|-----------------|---|-----------------|--------------------------|----------------------------|----------------------|--|-----------------------------------|
| 5.01            | Opening balances   | 947,522         | 33,439  | 680,719         | 0                        | 1,122,997                  | 2,784,677            | 199,744                                  | 2,984,421                         |
| 5.03            | Initial Adjusted Balances  | 947,522         | 33,439  | 680,719         | 0                        | 1,122,997                  | 2,784,677            | 199,744                                  | 2,984,421                         |
| 5.04            | Capital transactions with Partners                               | 0               | 5,715   | 0               | 0                        | 0                          | 5,715                | 0  | 5,715                             |
| 5.04.03         | Recognized Granted Options                                       | 0               | 3,054   | 0               | 0                        | 0                          | 3,054                | 0  | 3,054                             |
| 5.04.05         | Treasury shares sold   | 0               | 4,959   | 0               | 0                        | 0                          | 4,959                | 0  | 4,959                             |
| 5.04.08         | Goodwill on the delivery of shares                               | 0               | (2,298)   | 0               | 0                        | 0                          | (2,298)              | 0  | (2,298)                           |
| 5.05            | Total Comprehensive Income                                       | 0               | 0   | 0               | 330,694                  | (261,257)                  | 69,437               | 3,988                                    | 73,425                            |
| 5.05.01         | Net income for the period  | 0               | 0   | 0               | 329,220                  | 0                          | 329,220              | 23,267                                   | 352,487                           |
| 5.05.02         | Other Comprehensive Income                                       | 0               | 0   | 0               | 1,474                    | (261,257)                  | (259,783)            | (19,279)                                 | (279,062)                         |
| 5.05.02.01      | Financial Instruments Adjustments                                | 0               | 0   | 0               | 0                        | (393,611)                  | (393,611)            | (29,210)                                 | (422,821)                         |
| 5.05.02.02      | Taxes s / Adjustments Financial Instruments                      | 0               | 0   | 0               | 0                        | 133,828                    | 133,828              | 9,931                                    | 143,759                           |
| 5.05.02.06      | Realization of depreciation of the deemed cost a to fixed assets | 0               | 0   | 0               | 1,614                    | (1,614)                    | 0                    | 0  | 0                                 |
| 5.05.02.07      | Cost assigned fixed assets                                       | 0               | 0   | 0               | (140)                    | 140                        | 0                    | 0  | 0                                 |
| 5.07            | Ending balances  | 947,522         | 39,154  | 680,719         | 330,694                  | 861,740                    | 2,859,829            | 203,732                                  | 3,063,561                         |

(A free translation of the original in Portuguese)

**Consolidated financial statements / Statement of changes in shareholders' equity / DMPL - 01/01/2019 to 06/30/2019****(In thousands of Reais)**

| Code of account | Account description  | Paid-up capital | Capital reserves, Options granted and Treasury shares | Profit reserves | Retained earnings (loss) | Other comprehensive income | Shareholders' equity | Interest of non-controlling shareholders | Consolidated shareholders' equity |
|-----------------|--|-----------------|---|-----------------|--------------------------|----------------------------|----------------------|--|-----------------------------------|
| 5.01            | Opening balances   | 947,522         | 65,888  | 496,797         | 0                        | 1,087,961                  | 2,598,168            | 196,585                                  | 2,794,753                         |
| 5.03            | Initial Adjusted Balances  | 947,522         | 65,888  | 496,797         | 0                        | 1,087,961                  | 2,598,168            | 196,585                                  | 2,794,753                         |
| 5.04            | Capital transactions with Partners                               | 0               | (39,137)  | 0               | 0                        | 0                          | (39,137)             | 0  | (39,137)                          |
| 5.04.03         | Recognized Granted Options                                       | 0               | 2,626   | 0               | 0                        | 0                          | 2,626                | 0  | 2,626                             |
| 5.04.04         | Treasury Shares Acquired   | 0               | (42,708)  | 0               | 0                        | 0                          | (42,708)             | 0  | (42,708)                          |
| 5.04.05         | Treasury shares sold   | 0               | (1,408)   | 0               | 0                        | 0                          | (1,408)              | 0  | (1,408)                           |
| 5.04.08         | Goodwill on the delivery of shares                               | 0               | 2,353   | 0               | 0                        | 0                          | 2,353                | 0  | 2,353                             |
| 5.05            | Total Comprehensive Income                                       | 0               | 0   | 0               | 309,825                  | 83,283                     | 393,108              | 21,129                                   | 414,237                           |
| 5.05.01         | Net income for the period  | 0               | 0   | 0               | 307,258                  | 0                          | 307,258              | 16,075                                   | 323,333                           |
| 5.05.02         | Other Comprehensive Income                                       | 0               | 0   | 0               | 2,567                    | 83,283                     | 85,850               | 5,054                                    | 90,904                            |
| 5.05.02.01      | Financial Instruments Adjustments                                | 0               | 0   | 0               | 0                        | 130,074                    | 130,074              | 7,685                                    | 137,759                           |
| 5.05.02.02      | Taxes s / Adjustments Financial Instruments                      | 0               | 0   | 0               | 0                        | (44,224)                   | (44,224)             | (2,631)                                  | (46,855)                          |
| 5.05.02.06      | Realization of depreciation of the deemed cost a to fixed assets | 0               | 0   | 0               | 2,567                    | (2,567)                    | 0                    | 0  | 0                                 |
| 5.06            | Internal Changes in Equity                                       | 0               | 0   | (88,156)        | 0                        | 0                          | (88,156)             | (1,258)                                  | (89,414)                          |
| 5.06.04         | Proposed additional dividend                                     | 0               | 0   | (88,156)        | 0                        | 0                          | (88,156)             | (1,355)                                  | (89,511)                          |
| 5.06.05         | Non-value shareholders effect of IFR16 adjustments               | 0               | 0   | 0               | 0                        | 0                          | 0                    | 97                                       | 97                                |
| 5.07            | Ending balances  | 947,522         | 26,751  | 408,641         | 309,825                  | 1,171,244                  | 2,863,983            | 216,456                                  | 3,080,439                         |

(A free translation of the original in Portuguese)

**Consolidated financial statements / Statement of added value****(In thousands of Reais)**

| <b>Code of account</b> | <b>Account description</b>                      | <b>Accumulated of the current year<br/>01/01/2020 to<br/>06/30/2020</b> | <b>Accumulated of the previous year<br/>01/01/2019 to<br/>06/30/2019</b> |
|------------------------|---|---|--|
| 7.01                   | Revenue   | 2,143,387   | 1,724,929  |
| 7.01.01                | Sales of Goods, Products and Services           | 1,396,986   | 1,132,221  |
| 7.01.02                | Other Revenues                                  | 718,959   | 545,134  |
| 7.01.02.01             | Other Revenues                                  | 3,505   | 4,894  |
| 7.01.02.02             | Change in fair value of assets Biologicos       | 715,454   | 540,240  |
| 7.01.03                | Refs revenue. the Construction of Own Assets    | 27,442  | 47,574   |
| 7.02                   | Inputs Acquired from Third Parties              | (1,149,053)   | (915,250)  |
| 7.02.01                | Prods costs., Merchs. and Servs. sold           | (2,051)   | (3,514)  |
| 7.02.02                | Materials, Energy, Servs. Third Party and Other | (284,148)   | (264,153)  |
| 7.02.03                | Loss / Recovery Asset Values                    | (259)   | 0  |
| 7.02.04                | Others  | (862,595)   | (647,583)  |
| 7.02.04.01             | Raw materials consumed                          | (480,699)   | (361,400)  |
| 7.02.04.02             | Adjustment to fair value of assets Biologicos   | (381,896)   | (286,183)  |
| 7.03                   | Gross Added Value                               | 994,334   | 809,679  |
| 7.04                   | Retentions                                      | (75,404)  | (51,571)   |
| 7.04.01                | Depreciation, Amortization and Depletion        | (49,491)  | (42,134)   |
| 7.04.02                | Others  | (25,913)  | (9,437)  |
| 7.04.02.01             | Amortization of Right of Use                    | (25,913)  | (9,437)  |
| 7.05                   | Value Added Net Produced                        | 918,930   | 758,108  |
| 7.06                   | Vlr Added Received in Transfer                  | 253,113   | 83,313   |
| 7.06.02                | Financial income                                | 238,025   | 74,943   |
| 7.06.03                | Others  | 15,088  | 8,370  |
| 7.07                   | Value Added Total Distributable                 | 1,172,043   | 841,421  |
| 7.08                   | Distribution of Value Added                     | 1,172,043   | 841,421  |
| 7.08.01                | Folks   | 143,530   | 135,006  |
| 7.08.01.01             | Direct compensation                             | 85,536  | 82,353   |
| 7.08.01.02             | Benefits  | 49,076  | 46,528   |
| 7.08.01.03             | F.G.T.S.  | 8,918   | 6,125  |
| 7.08.02                | Taxes, fees and contributions                   | 190,302   | 151,795  |
| 7.08.02.01             | Federal   | 184,192   | 151,369  |
| 7.08.02.02             | State   | 5,887   | 105  |
| 7.08.02.03             | Municipal                                       | 223   | 321  |
| 7.08.03                | Third parties' assets                           | 485,724   | 231,287  |
| 7.08.03.01             | Interest  | 473,901   | 208,172  |
| 7.08.03.02             | Rents   | 11,823  | 23,115   |
| 7.08.04                | Equity Compensation                             | 352,487   | 323,333  |
| 7.08.04.03             | Retained Earnings / Loss for the Period         | 329,220   | 307,258  |
| 7.08.04.03             | Part. No controllers in Retained Earnings       | 23,267  | 16,075   |

## Message from Management

**Operations.** With the end of the soybean harvest, the final yield for the 2019/20 crop year was 3,900 kg/ha (compared to 3,840 kg/ha disclosed in March). The final yield was 8.1% higher than our initial estimate and 19.2% higher than the national average (July 2020 - CONAB estimate). Note that, for the third straight year, we set a new yield record for this crop, which is in line with our current strategy to focus on maximizing operating efficiency. In the case of cotton, with 54% of the area harvested (base date of July 30), the estimated yield, considering the weighting between the cotton 1<sup>st</sup> and 2<sup>nd</sup> crop, is 1,761kg/ha, down 2.4% from the initial forecast, which is explained by the low precipitation. However, this yield is 1.6% higher than the national average, also based on CONAB's estimates for July. Lastly, for corn 2<sup>nd</sup> crop, with 84% of the area harvested as of July 30, the estimated yield is slightly below the forecast, at 7,220 kg/ha, due to below-average precipitation in the states of Mato Grosso and Mato Grosso do Sul during the flowering and seed-filling phases. Even so, the result is 34.4% above the national average for corn 2<sup>nd</sup> crop published by CONAB.

**Financials.** Net Revenue grew 36.2% in 2Q20 compared to 2Q19, mainly due to the higher volume of soybean invoiced. In 1H20, Net Revenue advanced 15.8%, supported by the higher volume invoiced and the increase in invoiced unit price for all crops, except for cotton lint.

Adjusted EBITDA was R\$144.9 million in 2Q20, advancing 30.9% on 2Q19. Adjusted EBITDA margin ended the period at 25.7%. The variation in Adjusted EBITDA reflects the growth of R\$35.1 million in Gross Income (excluding variations in Biological Assets). Analyzing the contribution by crop, Gross Income growth in 2Q20 compared to 2Q19 was driven by the soybean crop, which registered higher invoiced volume with margin expansion. This higher Gross Income was partially offset by the increase in General and Administrative Expenses.

In 1H20, Adjusted EBITDA was R\$327.7 million, 3.3% higher than in 1H19, with adjusted EBITDA Margin of 27.4%.

Net income in 2Q20 was R\$196.1 million, decreasing 7.5% compared to 2Q19, mainly due to the accounting dynamics of Biological Assets, especially soybeans, given that, in 2020, most of the net income attributed to this crop was recognized in the first quarter, when compared to 2019. This is confirmed by an analysis of net income in the year to date, which grew by 9.0% on the prior-year period to R\$352.5 million. As we have been emphasizing in our communication materials, the accounting dynamics of Biological Assets could shift income recognition between quarters, which means that the analysis of the year-to-date result better reflects the expectations for a given crop year.

Free cash generation was positive in the quarter, at R\$56.5 million. However, given the payment of dividends of R\$73.7 million in May, net debt increased slightly from 1Q20, to R\$1,460 million in 2Q20. In 1H20, free cash generation was negative R\$413 million, which is expected due to the financial cycle of the business (payment for agricultural inputs for the 2019/20 season). This situation will be reversed in the second quarter with the combination of the higher operational cash generation resulting from the sale of cotton and corn from the 2019/20 crop year with the improvement in working capital indicators.

**Annual Shareholders Meeting held virtually and new payment of dividends.** The Annual Shareholders Meeting, which was held digitally on July 30, approved a new payment of dividends in the amount of R\$73.7 million, to be distributed on the date hereof (August 13), bringing the total amount of dividends paid in the year to R\$147.5 million.

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**Hedge Position.** In recent months, international cotton and soybean prices improved slightly, which, combined with the BRL/USD exchange rate remaining above R\$5.00, supported an increase in the hedge position of all crops, ensuring a significant increase in the prices in BRL hedged for 2020/21 crop year.

We also made progress in procuring inputs for the 2020/21 crop year. To date, we already have acquired practically all of the fertilizers and chemicals needed, with both negotiations registering a significant decline in the U.S. dollar amounts obtained compared to the 2019/20 crop year.

Considering the current scenario for USD costs and prices, as well as the level of the FX rate, our expectation is for the good yield level be maintained for 2020/21.

**ESG.** For the first time, we are including in our Earnings Release a new section dedicated to Environment, Social and Governance (ESG) aspects to increase the visibility of the objectives and actions being taken in these areas. In this first issue, we explain how ESG is part of the company's strategy and how it is managed.

In addition, in the Social Actions area, we highlight that, in the first half of 2020, a total of R\$1.6 million was donated to support measures to combat the novel coronavirus pandemic, demonstrating the effective actions adopted by the Company in its local communities.

### The Management

## Market Overview

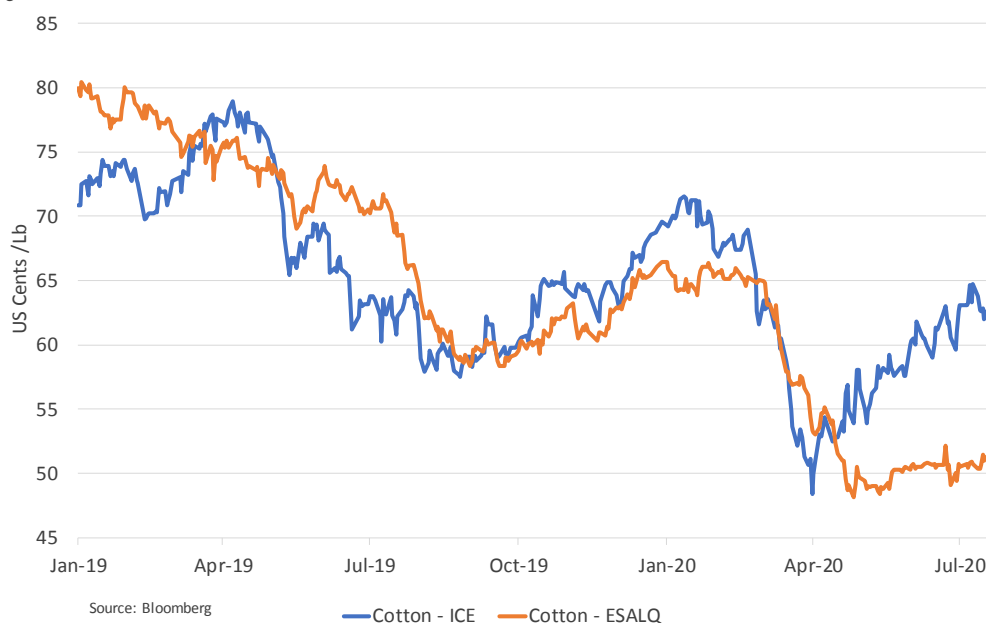
### Commodities

Figure 1 Price Variations, Select Commodities, Jan-19 to Jul-20



### Cotton

Figure 2 Cotton Prices in International Market vs Brazil



**COTTON.** "2Q20 registered a recovery in international cotton prices"

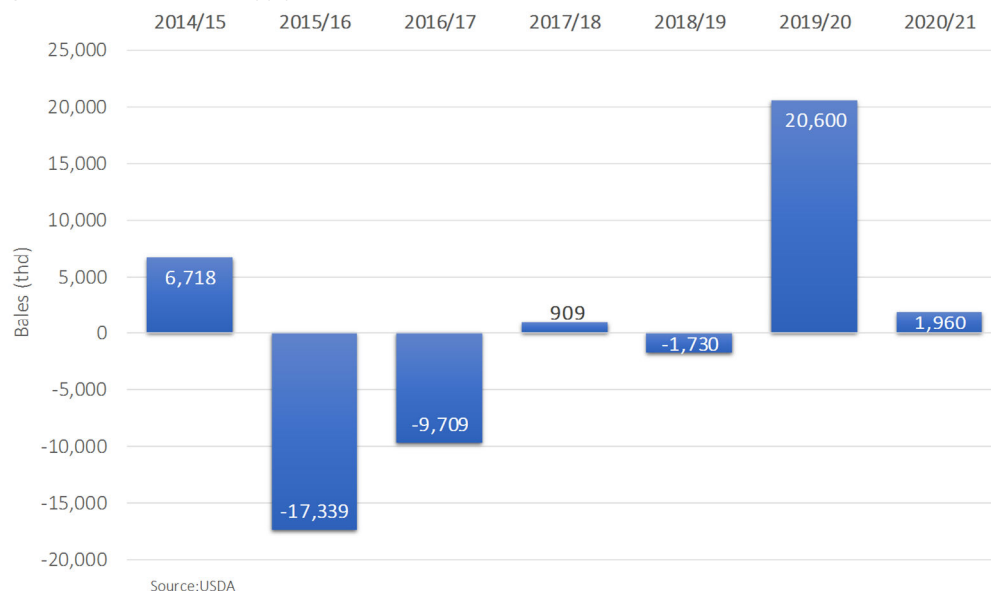
The second quarter of 2020 registered a recovery in international cotton prices. The economic uncertainties created by the pandemic, which severely affected markets in general, led to reductions of over 20% in cotton prices in USD.



(A free translation of the original in Portuguese)

The drop-in prices reflected the lower cotton demand from textile chain agents, which adopted a more conservative approach due to the difficulty with projecting product demand in a context of physical distancing, as well as when and to what extent things may return to normal. The price reduction effectively consolidated and increased the expectation of a surplus in the balance between production and consumption in the 2019/20 and 2020/21 crop years.

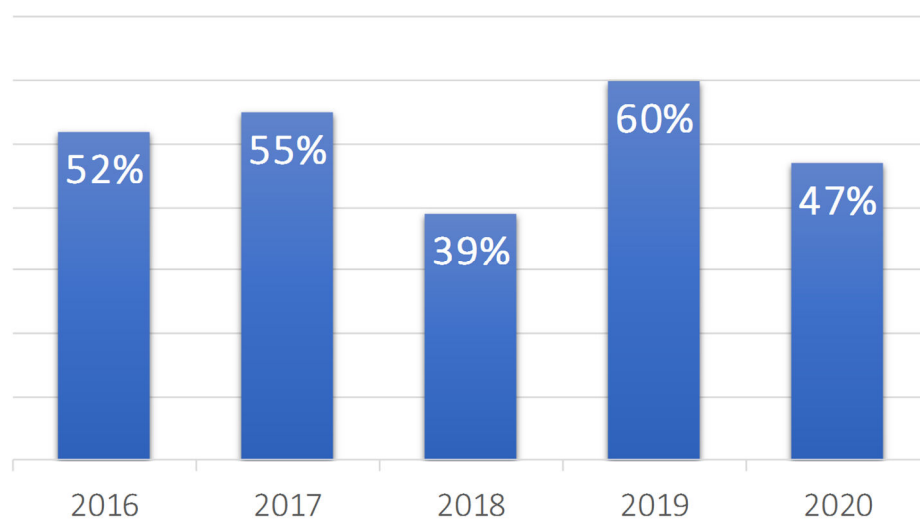
Figure 3 Cotton – Global Supply and Demand



However, the supply side (cotton producers) is currently responding to the lower prices. The decline in the commodity's prices during the year affected planting decisions in cotton-producing countries in the Northern Hemisphere (especially the United States).

According to data from the USDA, the global planted area in 2020/21 crop year should contract by 5.8% from the previous crop year. In addition to the smaller planted area, the world's main cotton exporter, the United States, is currently undergoing a scenario of less favorable weather for the development of planted areas in the country's main cotton-producing region, the state of Texas, which explains the below-average conditions of U.S. fields in recent years.

Figure 4 Brazil – Good and Excellent Field Conditions in the USA - July



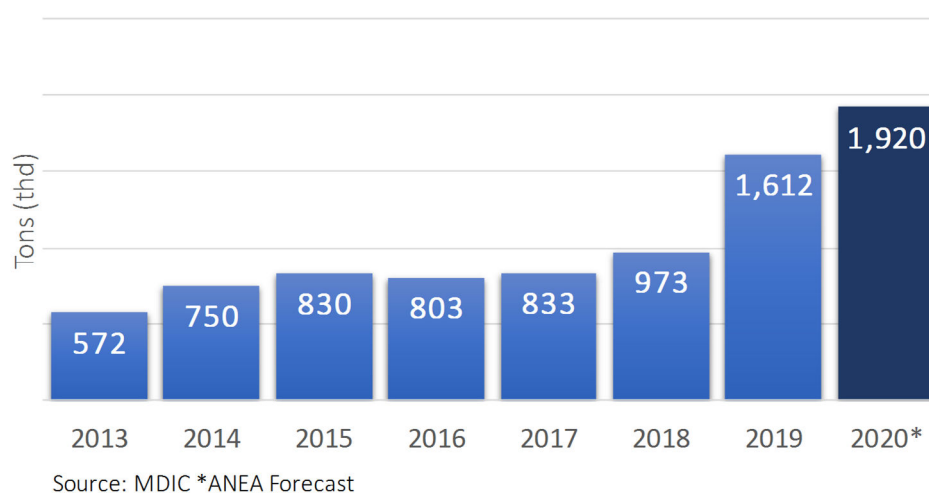
Source: USDA

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In Brazil, the effect from the lower prices in USD was significantly mitigated by the depreciation in the Brazilian real against the U.S. dollar.

In addition, taking advantage of the expansion in planted area in the 2018/19 crop year (harvested in mid-2019) and the stability in planted area in the 2019/20 crop year (currently being harvested), the ANEA estimates that in 2020 Brazil will export 1.9 million tons, in line with the growth trend observed in the last four years.

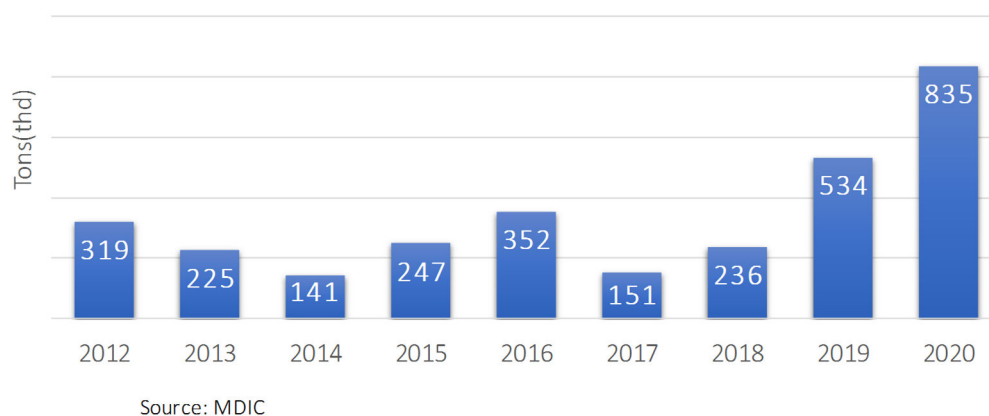
Figure 5 Brazil – Annual Cotton Exports



If achieved, this figure will be 20% higher than in 2019, in line with the country's growth trend in the segment and will ensure that Brazil maintains its position as the world's second largest cotton exporter, according to USDA data.

Brazil's export data for the first half of 2020 maintain the country's position as an important player in the global market, consolidating its competitiveness thanks to the maintenance of record-high shipments.

Figure 6 Brazil – Cotton Historic Exports

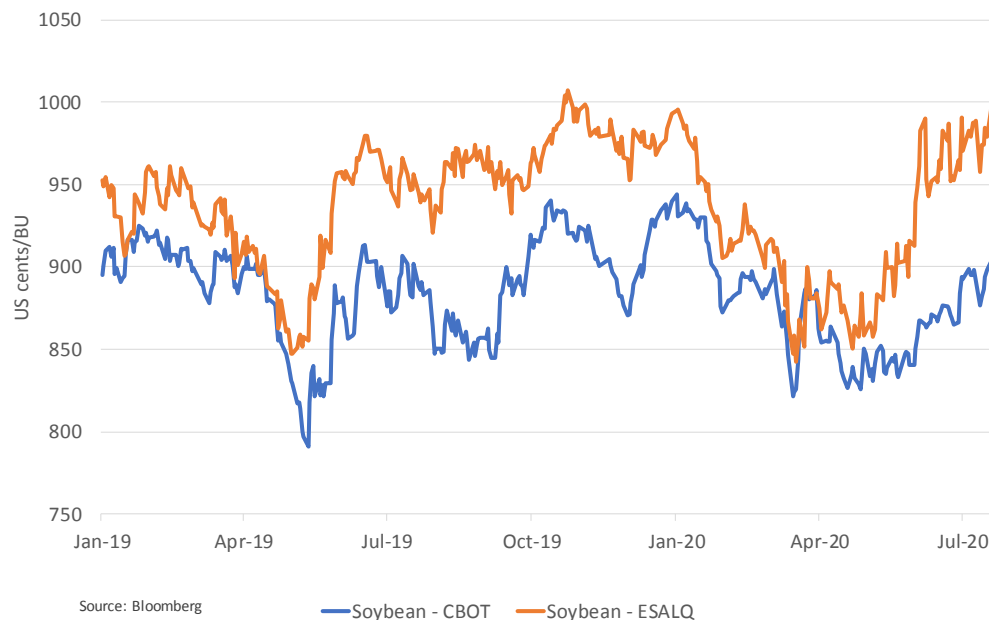


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## Soybean

Soybean spot prices on the Chicago Board of Trade (CBOT) and the prices paid for the grain based on the Paranaguá/CEPEA reference also staged recoveries during the second quarter of 2020.

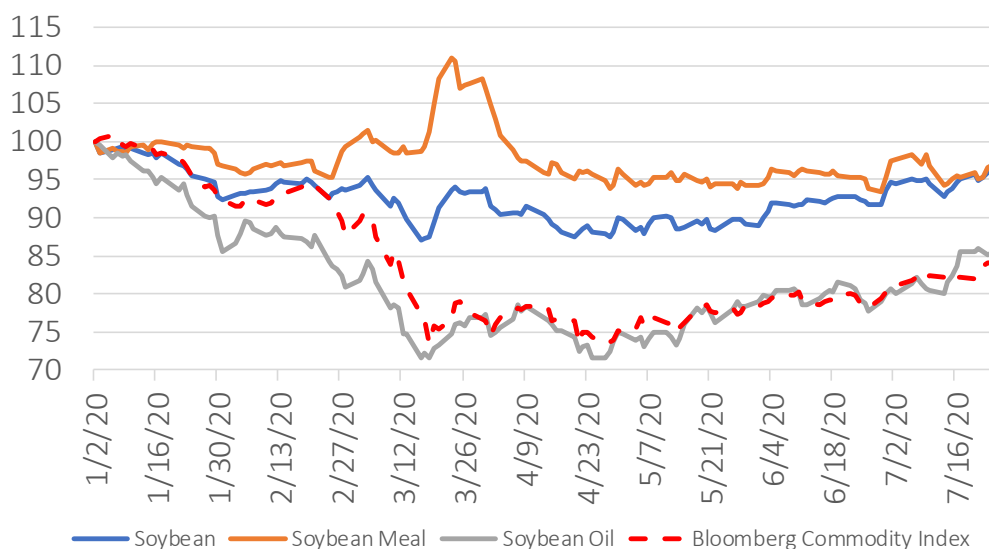
Figure 7 Soybean Prices in International Market vs. Brazil



The maintenance of the premiums paid and the local currency depreciation enabled soybean prices to reach levels higher than in same period last year and, more recently, resulted in quotes of over 115.00 R\$/SC, according to CEPEA data for Paranaguá.

In a quarter marked by risk aversion due to the economic slowdown, prices for the soy complex (Bean, Bran and Oil) in Chicago demonstrated resilience (especially Grain and Bran) in relation to the Bloomberg Commodities Index basket, which has registered a decline of approximately 15% in 2020.

Figura 8 Soybean – Soy Complex

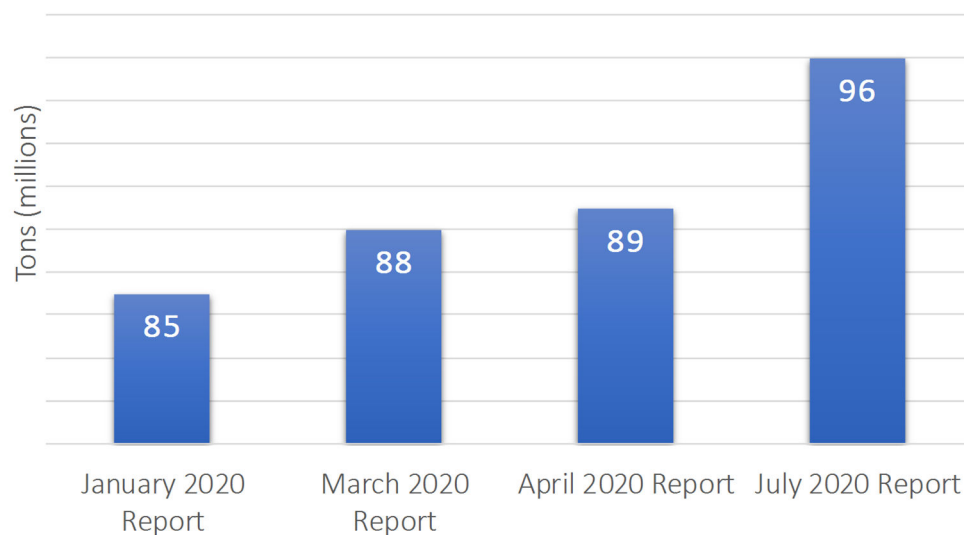


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The resumption of imports by China driven by expectations of a recovery in domestic demand in that country has been the main factor sustaining prices, especially after the past cycle marked by the U.S.-China trade war and African Swine Flu, which contributed to the scenario of depressed prices for the commodity in international markets.

During the year, the USDA revised upwards its expectations for soybean imports by China from the volumes initially estimated of 85 million tons to 96 million tons.

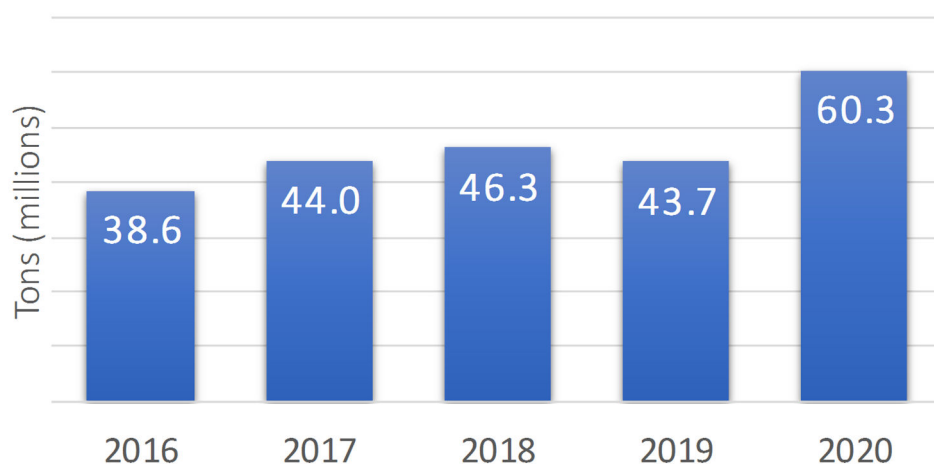
Figure 9 Soybean – Chinese Estimates of Soybean Imports



Source: USDA

Accompanying the recovery in Chinese imports, Brazilian soybean exports in 1H20 continued growing to reach record-high shipment volume of 60.3 million tons, consolidating Brazil as an important soybean supplier in the international market.

Figure 10 Soybean Exports 1Q



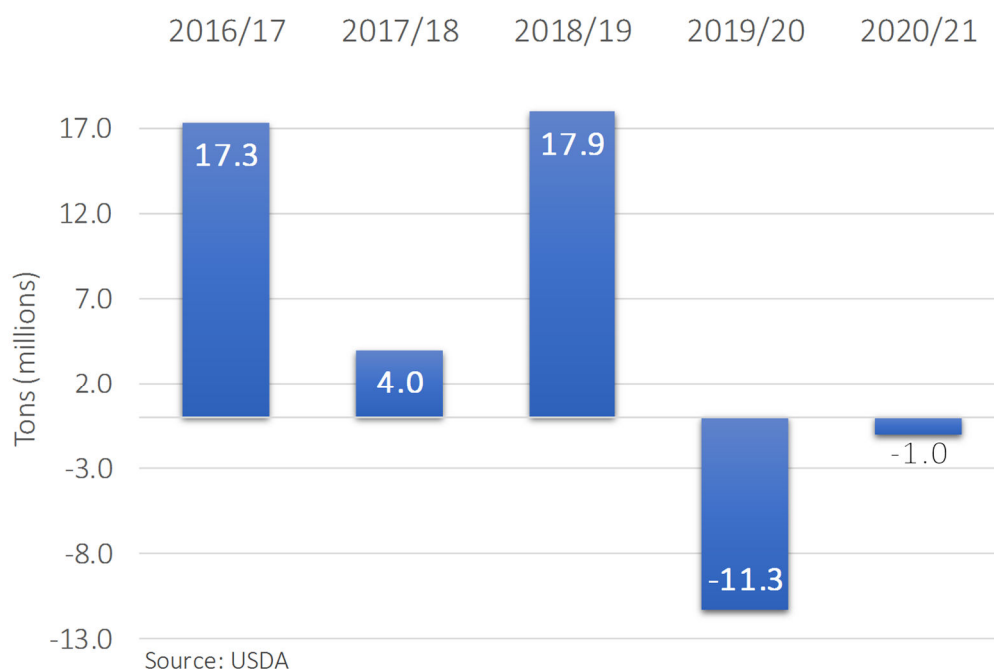
Source: MDIC

**"SOYBEAN. Record-high volumes: 60.3 million tons shipped, consolidating Brazil as an important soybean supplier in the international market."**

For the current crop year (2020/21), the supply-demand balance is registering a deficit for the second straight year, with demand expected to outstrip production by 1 million tons, following the deficit in the previous crop year of 11.3 million tons.

(A free translation of the original in Portuguese)

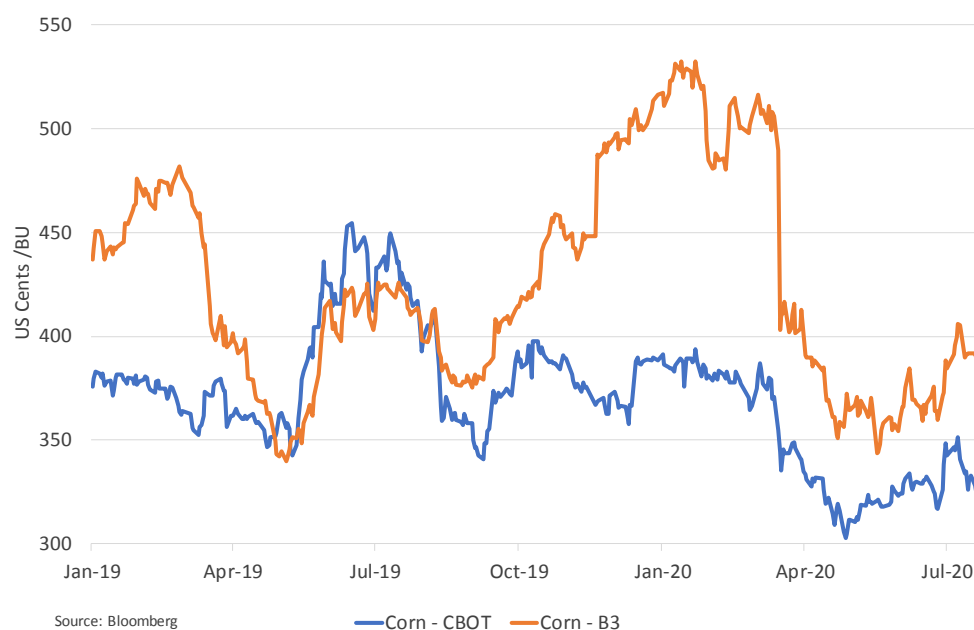
Figure 11 Soybean – Global Supply-Demand Balance



## Corn

CBOT spot prices for corn were highly volatile during the second quarter of 2020, in contrast to indicators on Brazil's B3 exchange, where spot prices for corn registered a recovery during the same period.

Figure 12 Corn Prices in International Market vs. Brazil



**CORN.** "In Brazil, the market was strong in the first half of the year due to demand from the animal protein industry and from export markets"

In the international scenario, corn prices are currently down from the same period last year, reflecting to a large extent the scenario of lower consumption in the United States, which is

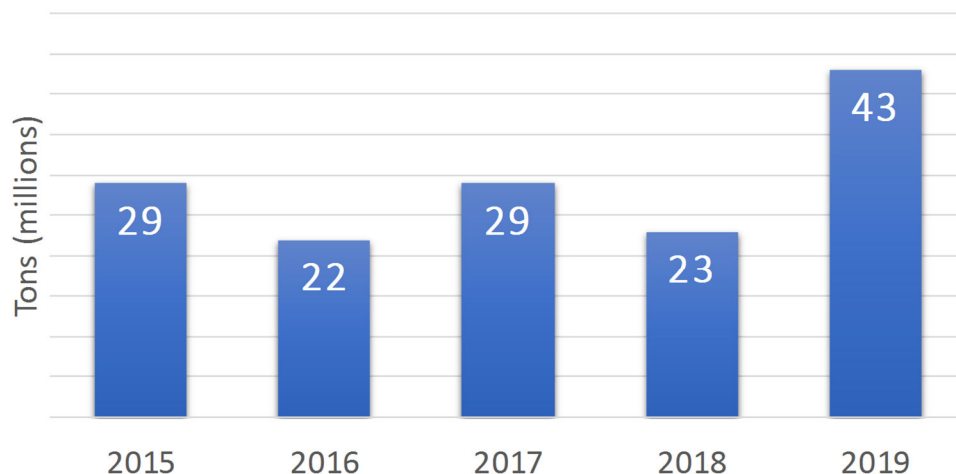
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basically due to the closure of corn ethanol production plants in the country and the resulting increase in estimated ending stocks.

In June and July, prices on the U.S. exchange showed signs of recovery, as the country's corn planted area reported figures below the initial estimates of the USDA. In this light, the final U.S. corn planted area should be 5% lower than the agency's initial estimates.

In Brazil, the market was strong in the first half of the year due to demand from the animal protein industry and from export markets.

Figure 13 Corn – Brazilian Exports



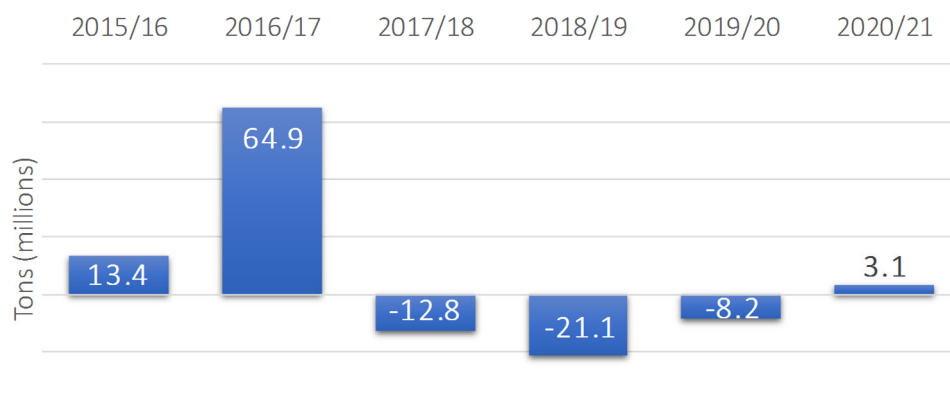
Source: MDIC

For Brazil's corn 2<sup>nd</sup> crop, which has a higher share of exports, the harvest should dictate the volumes to be distributed within the country.

The dry weather that predominated in certain regions of the country (especially the states of Mato Grosso do Sul and Paraná) and the relatively late harvest compared to the previous crop year could lead to a reduction in production potential and in supply in the domestic and international markets, which are factors to be monitored as the harvest progresses.

In the global scenario, the difference in supply and demand should result in a surplus of 3.1 million tons, revealing a shift in the scenario from the recent years marked by deficits.

Figure 14 Corn – Global Balance of Supply and Demand



Source: USDA

(A free translation of the original in Portuguese)

## Operational Performance – 2019/20 Crop Year

The second quarter of 2020 was marked by the end of the soybean harvest and the start of the harvest of the cotton crop and of the second-crop of other products, such as corn and cotton.

### Planted Area

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

Table 1 Planted Area by Crop 2018/19 x 2019/20

| Crop Mix                           | Planted Area<br>2018/19<br>----- ha ----- | Planted Area<br>2019/20 <sup>(1)</sup><br>----- | Share<br>2019/20<br>% | Δ%          |
|------------------------------------|---|---|-----------------------|-------------|
| <b>Cotton</b>                      | <b>123,727</b>                            | <b>125,462</b>                                  | <b>28.0</b>           | <b>1.4</b>  |
| Cotton lint 1 <sup>st</sup> crop   | 72,852                                    | 74,054  | 16.5                  | 1.7         |
| Cotton lint 2 <sup>nd</sup> crop   | 50,875                                    | 51,408  | 11.5                  | 1.0         |
| <b>Soybean (Commercial + Seed)</b> | <b>243,149</b>                            | <b>235,444</b>                                  | <b>52.5</b>           | <b>-3.2</b> |
| <b>Corn 2<sup>nd</sup> crop</b>    | <b>89,311</b>                             | <b>82,392</b>                                   | <b>18.4</b>           | <b>-7.7</b> |
| Other Crops <sup>(2)</sup>         | 1,912                                     | 5,270   | 1.1                   | 175.6       |
| <b>Total Area</b>                  | <b>458,099</b>                            | <b>448,568</b>                                  | <b>100.0</b>          | <b>-2.1</b> |

<sup>(1)</sup> Weather factors may affect the planted area forecast.

<sup>(2)</sup> Wheat, Corn 1st Crop, corn seed and brachiaria.

The planted area contracted by 2.1% from the previous crop year due to the delay in the start of rainy season in the state of Maranhão, which postponed the planting of soybean and consequently reduced the planting potential of second-crop corn.

Table 2 Yields 2019/20 Crop Year

| Yields (kg/ha)                   | 2018/19<br>Crop Year<br>Achieved (a) | 2019/20<br>Crop Year<br>Budget (b) | 2019/20<br>Crop Year<br>Forecast (c) | Δ%<br>(c) x (a) | Δ%<br>(b) x (a) | Δ%<br>(c) x (b) |
|----------------------------------|--------------------------------------|------------------------------------|--------------------------------------|-----------------|-----------------|-----------------|
| Cotton lint 1 <sup>st</sup> crop | 1,688                                | 1,842                              | 1,795                                | 6.3%            | 9.1%            | -2.6%           |
| Cotton lint 2 <sup>nd</sup> crop | 1,613                                | 1,749                              | 1,714                                | 6.3%            | 8.4%            | -2.0%           |
| Cotton seed                      | 2,090                                | 2,261                              | 2,031                                | -2.8%           | 8.2%            | -10.2%          |
| Soybean (Commercial&Seed)        | 3,739                                | 3,607                              | 3,900                                | 4.3%            | -3.5%           | 8.1%            |
| Corn 2 <sup>nd</sup> crop        | 7,121                                | 7,385                              | 7,220                                | 1.4%            | 3.7%            | -2.2%           |

### Commercial Soybean and Soybean Seed

For the third straight year we set a new yield record, which is in line the Company's current strategy of focusing on maximizing operating efficiency. The final yield was 8.1% higher than our initial estimate and 19.2% higher than the national average (July 2020 - CONAB estimate).

### First-crop cotton

Harvesting started on June 3 and, as of July 30, 58% of the area had been harvested. Our current cotton lint yield estimate is 1,795 kg/ha, which is 2.6% lower than the original forecast but 6.3% higher than the yield of the last crop year.

Despite the crop's good development, some areas in the states of Bahia and Maranhão suffered water scarcity, with the low humidity and high temperatures during crop installation slightly reducing production potential.

### Second-crop cotton

This crop year, harvesting started on June 27 and, as of July 30, 49% of the area had been harvested. To date, the estimated cotton lint yield is 1,714 kg/ha, 2.0% lower than the initial forecast of 1,749 kg/ha. Despite the decline in relation to the initial forecast, the current forecast is 6.3% higher than the yield in the 2018/19 crop year.

(A free translation of the original in Portuguese)

## Second-crop corn

On May 22 we began harvesting. As of July 30, we had harvested 84.4% of the total area. The crops are presenting yields slightly below our initial expectations.

In the states of Mato Grosso and Mato Grosso do Sul, where we plant most of the crop, during the most important crop phases (flowering and seed-filling), we observed precipitation below the historical average.

Our current estimate is to produce 7,220 kg/ha, which is 2.2% lower than the initial estimate of 7,385 kg/ha. However, this estimate is 1.4% higher than the performance achieved on the prior crop year, reflecting our good management practices and the right choices of materials made by our research team.

## Production Cost

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

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

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

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

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

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

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



(A free translation of the original in Portuguese)

## Financial Performance

### Income Statement Analysis

#### Adjusted EBITDA

Adjusted EBITDA was R\$144.9 million in 2Q20, advancing 30.9% on 2Q19. Adjusted EBITDA margin ended the period at 25.7%. The variation in Adjusted EBITDA reflects the growth of R\$35.1 million in Gross Income (excluding variations in Biological Assets). Analyzing the contribution by crop, Gross Income growth in 2Q20 compared to 2Q19 was driven by the soybean crop, which registered growth in invoiced volume accompanied by margin expansion. This higher Gross Income was partially offset by the increase in General and Administrative Expenses.

In 1H20, Adjusted EBITDA was R\$327.7 million, 3.3% higher than in 1H19, with adjusted EBITDA Margin of 27.4%.

Table 5 Adjusted EBITDA Reconciliation

| (R\$ mil)  | 1S19             | 1S20               | AH              | 2Q19             | 2Q20             | AH              |
|--|------------------|--------------------|-----------------|------------------|------------------|-----------------|
| <b>Net Revenue</b>                                   | <b>1,031,891</b> | <b>1,195,261</b>   | <b>15.8%</b>    | <b>413,058</b>   | <b>562,629</b>   | <b>36.2%</b>    |
| <b>Change in Fair Value of Biological Assets</b>     | <b>540,240</b>   | <b>715,454</b>     | <b>32.4%</b>    | <b>393,743</b>   | <b>421,280</b>   | <b>7.0%</b>     |
| <b>(-) Cost of Goods and/or Services Sold</b>        | <b>(925,805)</b> | <b>(1,195,712)</b> | <b>29.2%</b>    | <b>(412,246)</b> | <b>(596,453)</b> | <b>44.7%</b>    |
| Cost of Goods  | (639,622)        | (813,816)          | 27.2%           | (286,509)        | (400,933)        | 39.9%           |
| Realiz. of the Fair Value of Bio. Assets             | (286,183)        | (381,896)          | 33.4%           | (125,737)        | (195,520)        | 55.5%           |
| <b>Gross Income</b>                                  | <b>646,326</b>   | <b>715,003</b>     | <b>10.6%</b>    | <b>394,555</b>   | <b>387,456</b>   | <b>-1.8%</b>    |
| <b>(-) Sales Expenses</b>                            | <b>(57,468)</b>  | <b>(78,623)</b>    | <b>36.8%</b>    | <b>(24,523)</b>  | <b>(36,849)</b>  | <b>50.3%</b>    |
| <b>(-) General and administrative expenses</b>       | <b>(46,655)</b>  | <b>(47,354)</b>    | <b>1.5%</b>     | <b>(22,480)</b>  | <b>(24,216)</b>  | <b>7.7%</b>     |
| General and administrative                           | (32,504)         | (32,550)           | 0.1%            | (13,867)         | (16,258)         | 17.2%           |
| Participations Results                               | (14,151)         | (14,804)           | 4.6%            | (8,613)          | (7,958)          | -7.6%           |
| <b>(-) Administrative Fees</b>                       | <b>(8,117)</b>   | <b>(8,884)</b>     | <b>9.4%</b>     | <b>(1,570)</b>   | <b>(2,534)</b>   | <b>61.4%</b>    |
| <b>(-) Other operating revenues (loss)</b>           | <b>606</b>       | <b>642</b>         | <b>5.9%</b>     | <b>2,808</b>     | <b>189</b>       | <b>-93.3%</b>   |
| Other revenue  | 606              | 642                | 5.9%            | 2,808            | 189              | -93.3%          |
| <b>(=) Income from Activity</b>                      | <b>534,692</b>   | <b>580,784</b>     | <b>8.6%</b>     | <b>348,790</b>   | <b>324,046</b>   | <b>-7.1%</b>    |
| <b>(+) Depreciation and amortization</b>             | <b>42,134</b>    | <b>49,491</b>      | <b>17.5%</b>    | <b>21,798</b>    | <b>30,257</b>    | <b>38.8%</b>    |
| <b>EBITDA</b>  | <b>576,826</b>   | <b>630,275</b>     | <b>9.3%</b>     | <b>370,588</b>   | <b>354,303</b>   | <b>-4.4%</b>    |
| (-) Biological Assets on revenue <sup>(3)</sup>      | (540,240)        | (715,454)          | 32.4%           | (393,743)        | (421,280)        | 7.0%            |
| (+) Biological Assets on costs <sup>(4)</sup>        | 286,183          | 381,896            | 33.4%           | 125,737          | 195,520          | 55.5%           |
| (+) Low Fixed Assets                                 | 6,551            | 4,830              | -26.3%          | 1,194            | 1,920            | 60.8%           |
| (+) Other Trans. – Prop., Plant and Equip.           | -                | 239                | 100.0%          | -                | 48               | 100.0%          |
| (+) Amortization adjustment - IFRS 16 <sup>(5)</sup> | 9,437            | 25,913             | 174.6%          | 6,867            | 14,354           | 109.0%          |
| <b>Adjusted EBITDA <sup>(1)(2)</sup></b>             | <b>338,757</b>   | <b>327,699</b>     | <b>-3.3%</b>    | <b>110,643</b>   | <b>144,865</b>   | <b>30.9%</b>    |
| <b>Adjusted EBITDA Margin</b>                        | <b>32.8%</b>     | <b>27.4%</b>       | <b>-5.4p.p.</b> | <b>26.8%</b>     | <b>25.7%</b>     | <b>-1.1p.p.</b> |

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

<sup>(3)</sup> Variation of the fair value of biological assets (Note 26 of the quarterly financial information) <sup>(4)</sup> Realization of the fair value of Biological Assets (Note 25 of the quarterly financial information). <sup>(5)</sup> Adjustments stemming from the sale leaseback transaction that reflect the Right-of-use assets retained by the Company (equivalent to withheld profit) and amortization of Right-of-use assets – leasing.

#### Net Revenue

Table 6 Net Revenue

| (R\$ thd)          | 1S19             | 1S20             | AH           | 2Q19           | 2Q20           | AH           |
|--------------------|------------------|------------------|--------------|----------------|----------------|--------------|
| <b>Net Revenue</b> | <b>1,031,891</b> | <b>1,195,261</b> | <b>15.8%</b> | <b>413,058</b> | <b>562,629</b> | <b>36.2%</b> |
| Cotton lint        | 386,108          | 478,967          | 24.1%        | 200,890        | 232,274        | 15.6%        |
| Cotton seed        | 12,155           | 29,730           | 144.6%       | 2,919          | 8,829          | 202.5%       |
| Soybean            | 671,405          | 810,391          | 20.7%        | 231,626        | 403,357        | 74.1%        |
| Corn               | 29,947           | 48,675           | 62.5%        | 20,309         | 24,219         | 19.3%        |
| Others             | 7,560            | 3,892            | -48.5%       | 6,212          | 2,696          | -56.6%       |
| Hedge income       | (75,284)         | (176,394)        | 134.3%       | (48,898)       | (108,746)      | 122.4%       |

Table 7 Volume Invoiced (tons)

| (tons)                 | 1S19           | 1S20           | AH           | 2Q19           | 2Q20           | AH           |
|------------------------|----------------|----------------|--------------|----------------|----------------|--------------|
| <b>Volume Invoiced</b> | <b>770,926</b> | <b>857,649</b> | <b>11.2%</b> | <b>291,538</b> | <b>399,847</b> | <b>37.2%</b> |

(A free translation of the original in Portuguese)

|             |         |         |        |         |         |        |
|-------------|---------|---------|--------|---------|---------|--------|
| Cotton lint | 59,315  | 64,110  | 8.1%   | 30,033  | 28,112  | -6.4%  |
| Cotton seed | 35,462  | 57,553  | 62.3%  | 8,522   | 16,106  | 89.0%  |
| Soybean     | 585,001 | 633,799 | 8.3%   | 196,727 | 294,312 | 49.6%  |
| Corn        | 70,198  | 92,037  | 31.1%  | 48,211  | 54,503  | 13.1%  |
| Others      | 20,950  | 10,150  | -51.6% | 8,045   | 6,814   | -15.3% |

Net revenue grew 36.2% in 2Q20 compared to 2Q19, mainly due to the higher volume of soybean invoiced.

In 1H20, Net revenue advanced 15.8%, due to the 11.2% increase in invoiced volume combined with the higher invoiced unit prices for all crops, except cotton.

Table 8 Variation in Fair Value of Biological Assets

| (R\$ thd)   | 1S19           | 1S20           | AH           | 2Q19           | 2Q20           | AH          |
|---|----------------|----------------|--------------|----------------|----------------|-------------|
| <b>Effect of Biological Assets on Net Revenue</b> | <b>540,240</b> | <b>715,454</b> | <b>32.4%</b> | <b>393,743</b> | <b>421,280</b> | <b>7.0%</b> |
| Cotton lint                                       | 334,039        | 324,635        | -2.8%        | 334,039        | 324,635        | -2.8%       |
| Cotton seed                                       | 21,412         | 29,917         | 39.7%        | 21,412         | 29,917         | 39.7%       |
| Soybean   | 145,812        | 233,115        | 59.9%        | 9,958          | 1,527          | -84.7%      |
| Corn  | 24,189         | 60,948         | 152.0%       | 24,189         | 60,948         | 152.0%      |
| Others  | 14,788         | 66,839         | 352.0%       | 4,145          | 4,253          | 2.6%        |

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

In 2Q20, we began the apportionment of the VFVBA for cotton and corn crops. Cotton VFVBA decreased 2.8% on the prior period due to the mark-to-market adjustment of FVBA in 2Q19, whose assumptions adopted for the calculation were overestimated, since the crop yield decreased in the periods subsequent to the VFBA adjustment. As such, the comparison between periods was distorted, which should be normalized over the coming quarters and present the better expectations for margins for the cotton crop in the 2019/20 crop year compared to 2018/19 crop year.

For corn, VFVBA increased 152.0% between periods, due to the better expectations for the crop's yield and price compared to the previous year.

For soybean, in the year to date, VFVBA advanced 59.9% compared to 2019. As explained in the 1Q20 Earnings Release, the variation reflects the assumptions adopted for the calculation: in 2019, after calculating VFVBA for soybean from the 2018/19 crop year the crop's prices and yields improved, leading the VFVBA to underestimate the crop's result for that year. In practice, soybean margins for the 2019/20 crop year should be in line with that of last crop year.

## Cost of Goods Sold

Table 9 Cost of Goods Sold

| (R\$ thd)                 | 1S19             | 1S20             | AH           | 2Q19             | 2Q20             | AH           |
|---------------------------|------------------|------------------|--------------|------------------|------------------|--------------|
| <b>Cost of Goods Sold</b> | <b>(639,622)</b> | <b>(813,816)</b> | <b>27.2%</b> | <b>(286,509)</b> | <b>(400,933)</b> | <b>39.9%</b> |
| Cotton lint               | (179,616)        | (273,579)        | 52.3%        | (88,517)         | (118,295)        | 33.6%        |
| Cotton seed               | (9,255)          | (14,115)         | 52.5%        | (2,946)          | (3,766)          | 27.8%        |
| Soybean                   | (406,987)        | (472,262)        | 16.0%        | (167,483)        | (250,690)        | 49.7%        |
| Corn                      | (19,849)         | (26,965)         | 35.9%        | (13,592)         | (16,927)         | 24.5%        |
| Others                    | (23,915)         | (26,895)         | 12.5%        | (13,971)         | (11,255)         | -19.4%       |

Cost of Goods Sold increased 39.9% in the quarter, mainly due to the higher soybean volume invoiced in the period and the increases in the unit costs for the three main crops.

Cost of Goods Sold in 1H20 increased 27.2% compared to 1H19, led by cotton lint, given the higher unit cost. The cotton invoiced in 1H20 was produced in the 2018/19 crop year. The higher unit cost of cotton lint reflects the lower crop yield in the 2018/19 crop year (vs. the previous crop year) coupled with the higher costs per-hectare.

Table 10 Realization of Fair Value of Biological Assets

(A free translation of the original in Portuguese)

| (R\$ thd)   | 1S19             | 1S20             | AH           | 2Q19             | 2Q20             | AH           |
|---|------------------|------------------|--------------|------------------|------------------|--------------|
| <b>Realization of the Fair Value of Biological Assets</b> | <b>(286,183)</b> | <b>(381,896)</b> | <b>33.4%</b> | <b>(125,737)</b> | <b>(195,520)</b> | <b>55.5%</b> |
| Cotton lint   | (119,867)        | (73,229)         | -38.9%       | (63,614)         | (26,428)         | -58.5%       |
| Cotton seed   | (4,431)          | (3,359)          | -24.2%       | (1,348)          | (907)            | -32.7%       |
| Soybean   | (143,486)        | (237,770)        | 65.7%        | (45,958)         | (113,549)        | 147.1%       |
| Corn  | (4,553)          | (6,115)          | 34.3%        | (2,935)          | (4,742)          | 61.6%        |
| Others  | (13,846)         | (61,423)         | 343.6%       | (11,882)         | (49,894)         | 319.9%       |

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

The RFVBA was 55.5% and 33.4% higher than in 2Q19 and 1H19, respectively, with the main variation in the soybean crop, given the higher volume invoiced in the period.

## Gross Income by Crop

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

## Cotton Lint and Cotton Seed

Table 11 Gross Income – Cotton Lint

| <b>Cotton Lint</b>                        |         | 1S19      | 1S20      | AH     | 2Q19     | 2Q20      | AH     |
|---|---------|-----------|-----------|--------|----------|-----------|--------|
| Volume Invoiced                           | Ton     | 59,315    | 64,110    | 8.1%   | 30,033   | 28,112    | -6.4%  |
| Net Revenue                               | R\$/thd | 386,108   | 478,967   | 24.1%  | 200,890  | 232,274   | 15.6%  |
| Result of currency hedge                  | R\$/thd | (32,043)  | (110,259) | 244.1% | (29,320) | (91,436)  | 211.9% |
| Net inc. adj. for the result of cur. hed. | R\$/thd | 354,065   | 368,708   | 4.1%   | 171,570  | 140,838   | -17.9% |
| Unit Price                                | R\$/ton | 5,969     | 5,751     | -3.7%  | 5,713    | 5,010     | -12.3% |
| Cost Total                                | R\$/thd | (179,616) | (273,579) | 52.3%  | (88,517) | (118,295) | 33.6%  |
| Unit Cost                                 | R\$/ton | (3,028)   | (4,267)   | 40.9%  | (2,947)  | (4,208)   | 42.8%  |
| Unitary Gross Income                      | R\$/ton | 2,941     | 1,484     | -49.5% | 2,766    | 802       | -71.0% |

There was a decrease in the Gross Unit Result of cotton lint in both periods of analysis. In the 2018/19 crop, the average cotton yield fell in relation to the 2017/18 crop. Lower productivity and higher cost per hectare led to an increase in unit cost. There was also a drop in the unit price.

Table 12 Gross Income – Cotton Seed

| <b>Cotton Seed</b>   |         | 1S19    | 1S20     | AH     | 2Q19    | 2Q20    | AH     |
|----------------------|---------|---------|----------|--------|---------|---------|--------|
| Volume Invoiced      | Ton     | 35,462  | 57,553   | 62.3%  | 8,522   | 16,106  | 89.0%  |
| Net Revenue          | R\$/thd | 12,155  | 29,730   | 144.6% | 2,919   | 8,829   | 202.5% |
| Unit Price           | R\$/ton | 343     | 517      | 50.7%  | 343     | 548     | 60.0%  |
| Cost Total           | R\$/thd | (9,255) | (14,115) | 52.5%  | (2,946) | (3,766) | 27.8%  |
| Unit Cost            | R\$/ton | (261)   | (245)    | -6.0%  | (346)   | (234)   | -32.4% |
| Unitary Gross Income | R\$/ton | 82      | 272      | 231.7% | (3)     | 314     | n.m.   |

In 2Q20 and 1H20, cotton seed Unit Gross Income increased significantly. This performance was mainly due to unit prices, which increased 50.7% in 1H20 and 60.0% in 2Q20, reflecting domestic demand for animal food supplements and biodiesel production.

## Soybean

Table 13 Gross Income - Soybean

| <b>Soybean</b>                               |         | 1S19      | 1S20      | AH    | 2Q19      | 2Q20      | AH     |
|--|---------|-----------|-----------|-------|-----------|-----------|--------|
| Volume Invoiced                              | Ton     | 585,001   | 633,799   | 8.3%  | 196,727   | 294,312   | 49.6%  |
| Net Revenue                                  | R\$/thd | 671,405   | 810,391   | 20.7% | 231,626   | 403,357   | 74.1%  |
| Result of currency hedge                     | R\$/thd | (42,071)  | (62,105)  | 47.6% | (18,557)  | (13,280)  | -28.4% |
| Net inc. adj. for the result of cur. hedging | R\$/thd | 629,334   | 748,286   | 18.9% | 213,069   | 390,077   | 83.1%  |
| Unit Price                                   | R\$/ton | 1,076     | 1,181     | 9.7%  | 1,083     | 1,325     | 22.3%  |
| Cost Total                                   | R\$/thd | (406,987) | (472,262) | 16.0% | (167,483) | (250,690) | 49.7%  |
| Unit Cost                                    | R\$/ton | (696)     | (745)     | 7.1%  | (851)     | (852)     | 0.1%   |
| Unitary Gross Income                         | R\$/ton | 380       | 436       | 14.7% | 232       | 473       | 103.9% |

Soybean Unit Gross Income increased 103.9% in 2Q20 and 14.7% in 1H20.

(A free translation of the original in Portuguese)

Due to the mix of farms that invoiced the product, prices increased 22.3% in 2Q20 compared to 2Q19, while unit cost remained stable, leading to an increase of 103.9% in Unit Gross Income.

In the year to date, soybean gross income also grew, reflecting the 9.7% increase in unit price, which was partially offset by the 7.1% increase in unit cost, in line with the higher cost per hectare estimated for the crop year.

## Corn

Table 14 Gross Income - Corn

| Corn   |         | 1S19     | 1S20     | AH     | 2Q19     | 2Q20     | AH     |
|--|---------|----------|----------|--------|----------|----------|--------|
| Volume Invoiced                              | Ton     | 70,198   | 92,037   | 31.1%  | 48,211   | 54,503   | 13.1%  |
| Net Revenue                                  | R\$/thd | 29,947   | 48,675   | 62.5%  | 20,309   | 24,219   | 19.3%  |
| Result of currency hedge                     | R\$/thd | (1,170)  | (4,030)  | 244.4% | (1,021)  | (4,030)  | 294.7% |
| Net inc. adj. for the result of cur. hedging | R\$/thd | 28,777   | 44,645   | 55.1%  | 19,288   | 20,189   | 4.7%   |
| Unit Price                                   | R\$/ton | 410      | 485      | 18.3%  | 400      | 370      | -7.5%  |
| Cost Total                                   | R\$/thd | (19,849) | (26,965) | 35.9%  | (13,592) | (16,927) | 24.5%  |
| Unit Cost                                    | R\$/ton | (283)    | (293)    | 3.5%   | (280)    | (311)    | 10.3%  |
| Unitary Gross Income                         | R\$/ton | 127      | 192      | 51.2%  | 120      | 59       | -50.8% |

Corn Unit Gross Income decreased in the quarter, due to the mix of farms that invoiced the product in the period and also because corn, in 2Q20, corn invoiced was sold on an “at the farm gate” basis, i.e., with the freight cost deducted from the product price, which are variables that distorted the comparison in the period.

In 1H20, Corn Unit Gross Income increased by 51.2%, mainly due to the better prices, with this factor partially offset by the higher unit cost.

## Gross Income

Table 15 - Gross Income

| (R\$ thd)           | 1S19           | 1S20           | AH           | 2Q19           | 2Q20           | AH           |
|---------------------|----------------|----------------|--------------|----------------|----------------|--------------|
| <b>Gross Profit</b> | <b>646,326</b> | <b>715,003</b> | <b>10.6%</b> | <b>394,555</b> | <b>387,456</b> | <b>-1.8%</b> |
| Cotton lint         | 174,449        | 95,128         | -45.5%       | 83,053         | 22,543         | -72.9%       |
| Cotton seed         | 2,900          | 15,615         | 438.4%       | (27)           | 5,063          | n.m.         |
| Soybean             | 222,347        | 276,024        | 24.1%        | 45,586         | 139,388        | 205.8%       |
| Corn                | 8,928          | 17,680         | 98.0%        | 5,696          | 3,262          | -42.7%       |
| Others              | (16,355)       | (23,002)       | 40.6%        | (7,759)        | (8,561)        | 10.3%        |
| Biological Assets   | 254,057        | 333,558        | 31.3%        | 268,006        | 225,761        | -15.8%       |

Excluding the effects from Biological Assets (Variation and Realization of Fair Value) indicates the actual margins of the products invoiced.

Gross Income advanced 14.0% in 2Q20 and declined 2.8% in 1H20.

In the quarter, the variation was mainly due to the higher volume and higher invoiced prices of soybean. In the year to date, the soybean, corn and cotton seed crops combined contributed to an increase of R\$75.1 million in Gross Income, compared to a decrease in the gross income of the cotton crop due to the lower yield and higher costs in 2018/19 compared to 2017/18.

## Selling Expenses

Selling Expenses increased 50.3% in 2Q20 and 36.8% in 1H20 compared to 2Q19 and 1H19, respectively. The highest variation in the quarter and year to date can be observed in the line “Other Expenses,” under which are recognized expenses with royalties related to the soybean seed crop. Export Expenses also increased, mainly due to the depreciation in the Brazilian real against the U.S. dollar in the period, since the amounts are pegged to the dollar.

Table 16 – Selling Expenses

(A free translation of the original in Portuguese)

**Administrative Expenses**

| (R\$ thd)               | 1S19          | 1S20          | AH           | 2Q19          | 2Q20          | AH           |
|-------------------------|---------------|---------------|--------------|---------------|---------------|--------------|
| Freight                 | 19,106        | 22,026        | 15.3%        | 8,623         | 8,295         | -3.8%        |
| Storage                 | 17,157        | 20,770        | 21.1%        | 7,046         | 9,220         | 30.9%        |
| Commissions             | 8,100         | 8,463         | 4.5%         | 4,122         | 4,653         | 12.9%        |
| Classification of Goods | 288           | 458           | 59.0%        | -             | 98            | 100.0%       |
| Export Expenses         | 10,515        | 15,543        | 47.8%        | 4,620         | 4,747         | 2.7%         |
| Others                  | 2,302         | 11,363        | 393.6%       | 112           | 9,836         | n.m.         |
| <b>Total</b>            | <b>57,468</b> | <b>78,623</b> | <b>36.8%</b> | <b>24,523</b> | <b>36,849</b> | <b>50.3%</b> |
| % Net Revenue           | 5.6%          | 6.6%          | 1.0p.p       | 5.9%          | 6.5%          | 0.6p.p       |

Administrative Expenses (excluding amounts related to the Profit-Sharing Program) increased 17.2% in 2Q20 and remained practically stable in 1H20.

In the quarter, the main variations were:

- (i) increase in Personnel Expenses, mainly due to adjustments to the Information Technology team to support improvements in digital tools and process automation;
- (ii) increase in expenses with “Contributions and donations” due to the support given to health institutions and the investments in actions to combat COVID-19.

In the year to date, the main variations were:

- (i) increase in Personnel Expenses, mainly due to headcount adjustments, mainly in the Information Technology area, and severance payments;
- (ii) reduction in Contingencies due to the lower number of lawsuits classified as “probable” risk;
- (iii) increase in expenses with “Contributions and donations” due to the support given to health institutions and the investments in actions to combat COVID-19.

Table 17 Administrative Expenses

| (R\$ thd)                                  | 1S19          | 1S20          | AH          | 2Q19          | 2Q20          | AH           |
|--|---------------|---------------|-------------|---------------|---------------|--------------|
| Expenses with personnel                    | 15,658        | 18,315        | 17.0%       | 7,065         | 8,935         | 26.5%        |
| Fees                                       | 2,400         | 2,441         | 1.7%        | 1,212         | 1,466         | 21.0%        |
| Depreciations and amortizations            | 923           | 1,038         | 12.5%       | 542           | 536           | -1.1%        |
| Expenses with travels                      | 1,212         | 850           | -29.9%      | 756           | 255           | -66.3%       |
| Software maintenance                       | 2,943         | 2,337         | -20.6%      | 1,475         | 1,085         | -26.4%       |
| Marketing/Advertisement                    | 1,563         | 1,343         | -14.1%      | 370           | 358           | -3.2%        |
| Expenses with Communications               | 1,169         | 1,593         | 36.3%       | 637           | 823           | 29.2%        |
| Rentals                                    | 451           | 511           | 13.3%       | 160           | 257           | 60.6%        |
| Labor, Tax and Environmental Contingencies | 2,838         | 48            | -98.3%      | 87            | 16            | -81.6%       |
| Electricity                                | 106           | 99            | -6.6%       | 49            | 30            | -38.8%       |
| Taxes and other fees                       | 776           | 622           | -19.8%      | 263           | 247           | -6.1%        |
| Contributions and donations                | 995           | 1,632         | 64.0%       | 445           | 1,477         | 231.9%       |
| Other                                      | 1,470         | 1,721         | 17.1%       | 806           | 773           | -4.1%        |
| <b>Subtotal</b>                            | <b>32,504</b> | <b>32,550</b> | <b>0.1%</b> | <b>13,867</b> | <b>16,258</b> | <b>17.2%</b> |
| % Net Revenue                              | 3.1%          | 2.7%          | -0.4p.p     | 3.4%          | 2.9%          | -0.5p.p      |
| <b>Provision for profit share program</b>  | <b>14,151</b> | <b>14,804</b> | <b>4.6%</b> | <b>8,613</b>  | <b>7,958</b>  | <b>-7.6%</b> |
| <b>Total</b>                               | <b>46,655</b> | <b>47,354</b> | <b>1.5%</b> | <b>22,480</b> | <b>24,216</b> | <b>7.7%</b>  |

**Net Financial Income (Expense)**

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

(A free translation of the original in Portuguese)

Table 18 Adjusted Net Financial Income (Expense)

| (R\$ thd)                                     | 1S19            | 1S20            | AH              | 2Q19            | 2Q20            | AH             |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|----------------|
| Interest                                      | (44,979)        | (35,989)        | -20.0%          | (27,773)        | (18,227)        | -34.4%         |
| FX Variation                                  | 6,857           | 7,851           | 14.5%           | 1,289           | (863)           | n.m.           |
| Monetary Variation                            | 139             | -               | -100.0%         | -               | -               | -              |
| Adj. to pres. value of leas. contracts IFRS16 | (20,672)        | (28,594)        | 38.3%           | (12,086)        | (14,707)        | 21.7%          |
| Other financial revenues (expenses)           | 1,237           | (3,732)         | n.m.            | 1,652           | (945)           | n.m.           |
| <b>Total</b>                                  | <b>(57,418)</b> | <b>(60,464)</b> | <b>5.3%</b>     | <b>(36,918)</b> | <b>(34,742)</b> | <b>-5.9%</b>   |
| <b>% Net Revenue</b>                          | <b>5.6%</b>     | <b>5.1%</b>     | <b>-0.5p.p.</b> | <b>8.9%</b>     | <b>6.2%</b>     | <b>-2.8p.p</b> |

Adjusted Net Financial Income (Loss) decreased 5.9% in 2Q20 and increased 5.3% in 1H20.

In both periods, the main variations are related to interest expenses and the Adjustment to Present Value of lease agreements (IFRS 16). The increase in Adjustment to Present Value of Leases was due to the lengthening of the terms of certain agreements and to the increase in the price of the soybean bag in Brazilian real (the adjustment index in agreements).

Interest expenses decreased in both periods due to the decline in the CDI (Brazilian benchmark fixed-income rate). In addition, there was an increase in the line Other financial income (expenses) related to discount on the transfer of ICMS tax and the expenses with PIS/COFINS on financial income.

### Net Income (Loss)

Table 19 Net Income

| (R\$ thd)                                  | 1S19           | 1S20           | AH              | 2Q19           | 2Q20           | AH               |
|--|----------------|----------------|-----------------|----------------|----------------|------------------|
| <b>Income before taxes on profit</b>       | <b>477,274</b> | <b>520,320</b> | <b>9.0%</b>     | <b>311,872</b> | <b>287,304</b> | <b>-7.2%</b>     |
| Income Tax and Social Cont. on Profit      | (153,941)      | (167,833)      | 9.0%            | (99,920)       | (93,219)       | -6.7%            |
| <b>Consolid. Net Income for the Period</b> | <b>323,333</b> | <b>352,487</b> | <b>9.00%</b>    | <b>211,952</b> | <b>196,085</b> | <b>-7.5%</b>     |
| Assigned to parent company                 | 307,258        | 329,220        | 15.0%           | 205,391        | 185,695        | -9.6%            |
| Assigned to non-controlling members        | 16,075         | 23,267         | 45.0%           | 6,561          | 10,390         | 58.4%            |
| <b>Net Margin</b>                          | <b>31.3%</b>   | <b>29.5%</b>   | <b>-1.8p.p.</b> | <b>51.3%</b>   | <b>34.9%</b>   | <b>-16.5p.p.</b> |

Net Income in 2Q20 was R\$196.1 million, decreasing 7.5% compared to 2Q19, mainly due to the accounting dynamics of Biological Assets, especially soybeans, given that, in 2020, most of the net income attributed to this crop was recognized in the first quarter, when compared to 2019.

This is confirmed by an analysis of net income in the year to date, which grew by 9.0% on the prior-year period to R\$352.5 million. As we have been emphasizing in our communication materials, the accounting dynamics of Biological Assets can shift income recognition between quarters, which means that analysis of the year-to-date result better reflects the results expected for a given crop year.

### Statement of Cash Flow Analysis

Free cash generation was positive in the quarter, at R\$56.5 million. In 1H20, free cash flow was negative R\$428.6 million, which is explained by the cash conversion cycle due to the payments for agricultural inputs. This situation will be reversed in the second quarter, with the combination of higher operational cash generation, resulting from the sale of cotton and corn from 2019/20 crop year, and better working capital indicators.

(A free translation of the original in Portuguese)

Table 20 Summarized Cash Flow

| (R\$ thd)  | 1S19             | 1S20             | AH            | 2Q19             | 2Q20            | AH            |
|--|------------------|------------------|---------------|------------------|-----------------|---------------|
| <b>Cash generated in operations</b>                | <b>400,183</b>   | <b>469,041</b>   | <b>17.2%</b>  | <b>148,153</b>   | <b>190,836</b>  | <b>28.8%</b>  |
| <b>Changes in assets and liabilities</b>           | <b>(560,727)</b> | <b>(624,933)</b> | <b>11.5%</b>  | <b>(226,319)</b> | <b>17,438</b>   | <b>n.m.</b>   |
| <b>Net cash used in investment activities</b>      | <b>(131,480)</b> | <b>(130,344)</b> | <b>-0.9%</b>  | <b>(12,230)</b>  | <b>(40,839)</b> | <b>233.9%</b> |
| <i>In Fixed assets</i>                             | <i>(167,390)</i> | <i>(119,213)</i> | <i>-28.8%</i> | <i>(49,461)</i>  | <i>(36,639)</i> | <i>-25.9%</i> |
| <i>In Intangible assets</i>                        | <i>(3,089)</i>   | <i>(11,131)</i>  | <i>260.3%</i> | <i>(1,768)</i>   | <i>(4,200)</i>  | <i>137.5%</i> |
| <i>Receipt from sale of land</i>                   | <i>38,999</i>    | <i>-</i>         | <i>n.m.</i>   | <i>38,999</i>    | <i>-</i>        | <i>n.m.</i>   |
| <b>Net cash bef. cash used in inv. act.</b>        | <b>(292,024)</b> | <b>(286,236)</b> | <b>-2.0%</b>  | <b>(90,396)</b>  | <b>167,435</b>  | <b>n.m.</b>   |
| Net cash gen./.(cons.) in fin. act. <sup>(1)</sup> | (67,679)         | (33,628)         | -50.3%        | 6,579            | (15,630)        | n.m.          |
| Paid leases <sup>(2)</sup>                         | (48,318)         | (108,734)        | 125.0%        | (48,318)         | (95,323)        | 97.3%         |
| Payment of CRA Costs                               | (5,423)          | -                | -100.0%       | (5,295)          | -               | -100.0%       |
| <b>Adjusted Free Cash</b>                          | <b>(413,444)</b> | <b>(428,598)</b> | <b>3.7%</b>   | <b>(137,430)</b> | <b>56,482</b>   | <b>n.m.</b>   |

<sup>(1)</sup> The variations of said account are non-cash.<sup>(2)</sup> Due to the adoption of IFRS 16, the payment of leases is now accounted in the Statement of Cash Flows under Financing Activities. However, it should be considered as operating cash disbursement.

## Property, Plant and Equipment / CAPEX

Table 21 Capital Expenditure (R\$ '000)

| (R\$ thd)                               | 1S19           | 1S20           | AH            | 2Q19          | 2Q20          | AH            |
|---|----------------|----------------|---------------|---------------|---------------|---------------|
| Machinery, implements and equipment     | 90,923         | 69,950         | -23.1%        | 39,578        | 12,766        | -67.7%        |
| Land acquisition                        | 2,893          | 102            | -96.5%        | 70            | 102           | 45.7%         |
| Soil correction                         | 11,111         | 11,354         | 2.2%          | 8,519         | 8,771         | 3.0%          |
| Buildings and facilities                | 30,906         | 11,659         | -62.3%        | 22,327        | 5,170         | -76.8%        |
| Cotton ginning plant                    | 28,585         | 1,909          | -93.3%        | 4,894         | 1,266         | -74.1%        |
| Grains storage                          | 1,367          | 1,788          | 30.8%         | 19            | 1,055         | n.m.          |
| Soil cleaning                           | 1,680          | 4,274          | 154.4%        | 1,454         | 1,955         | 34.5%         |
| Vehicles                                | 3,020          | 219            | -92.7%        | 1,209         | 182           | -84.9%        |
| Aircraft                                | 7,542          | 21             | -99.7%        | 7,253         | 21            | -99.7%        |
| Software                                | 2,780          | 8,807          | 216.8%        | 1,567         | 4,297         | 174.2%        |
| Improvements in own properties          | 1,188          | -              | -100.0%       | 632           | -             | -100.0%       |
| Improvements in Third Party Real Estate | -              | 676            | 100.0%        | -             | 452           | 100.0%        |
| Buildings                               | -              | 106            | 100.0%        | -             | -             | -             |
| Others                                  | 4,078          | 5,016          | 23.0%         | 1,680         | 2,662         | 58.5%         |
| <b>Total</b>                            | <b>186,073</b> | <b>115,881</b> | <b>-37.7%</b> | <b>89,202</b> | <b>38,699</b> | <b>-56.6%</b> |

Investments decreased 56.6% in 2Q20 and 37.7% in 1H20 compared to the year-ago periods.

Due to the pandemic, as mentioned in more detail in the 1Q20 Earnings Release, the Company, conservatively, reduced its investments for 2020 to preserve its cash. This quarter, the largest investments were made in machinery, tools and equipment. In line with our strategy of investing in new technologies and seeking maximum efficiency, the Company acquired two sets of tools for the targeted application of chemicals in the Parnaíba and Pantanal farms. The equipment uses sensors in the sprayers to enable selective application, which involves identifying weeds in real time and applying chemicals only to them. As a result, the sprayers use the minimum amount of product with maximum efficiency, which reduces costs and minimizes environmental impacts.

## Debt

Adjusted Net Debt ended the second quarter of 2020 at R\$1.46 billion, representing an increase of R\$487 million from 4Q19. Net debt was affected mainly by the higher Working Capital Needs, which in turn were influenced by the higher payments for agricultural inputs for the 2019/20 crop year. Note that this increase in debt was expected for this period of the year, given the cash conversion cycle of the business, with the harvesting of cotton and corn for invoice in the second half of the year. Gross debt also increased in the period, reflecting the conservative strategy to maintain a comfortable cash position to protect the company from any scenarios of economic/financial stress caused by the pandemic. With the new interest rate scenario, the company carried out mainly long-term transactions indexed to the CDI rate, which led to a reduction in the cost of debt, with the annual average rate falling from 5.0% in 4Q19 to 3.2% in 1H20.



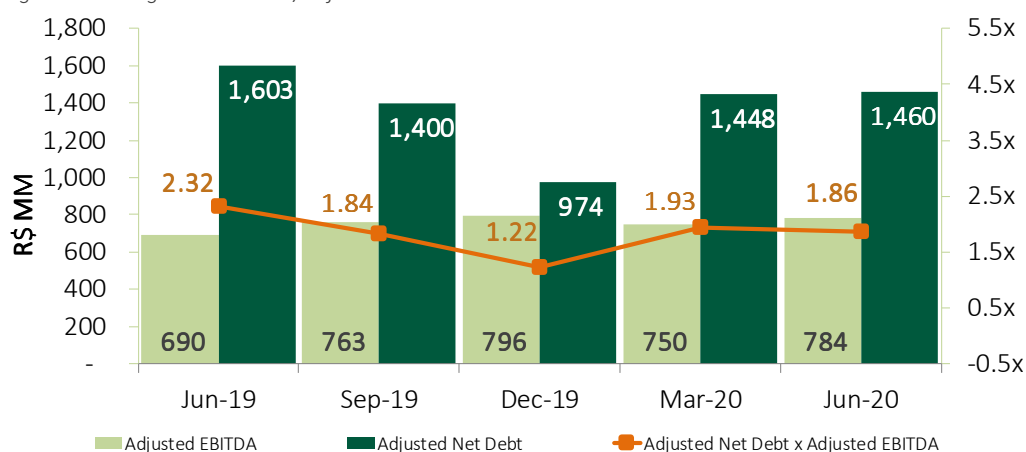
(A free translation of the original in Portuguese)

Table 22 Financial Net Debt

| Credit Line<br>(R\$ thd)  | Average rate (%)      |             | Consolidated     |                            |
|---|-----------------------|-------------|------------------|----------------------------|
|   | Indexr                | 2019        | 1520             | 2019 1520                  |
| <b>Applied in Fixed Assets</b>                                      |                       |             |                  |                            |
| Finame – BNDES  | Pref., Bask. of Curr. | 5.4%        | 5.4%             | 73,235 65,155              |
| <b>Applied in working Capital</b>                                   |                       |             | <b>1,792,631</b> | <b>2,399,499</b>           |
| Rural Credit  | Prefixed              | 6.0%        | 5.6%             | 108,483 39,148             |
| CRA   | CDI                   | 4.4%        | 2.1%             | 561,447 560,860            |
| Working Capital   | CDI <sup>(1)</sup>    | 5.1%        | 3.4%             | 413,490 710,039            |
| Export Loans  | Prefixed              | 6.5%        | -                | 111,422 -                  |
| Export Loans  | CDI <sup>(1)</sup>    | 5.1%        | 3.4%             | 597,789 1,089,452          |
| <b>Total Indebtedness<sup>(4)</sup></b>                             |                       | <b>5.0%</b> | <b>3.2%</b>      | <b>1,865,866 2,464,654</b> |
| (+/-) Gains and losses with deriv. connected with applic. and debts |                       |             | 6,691            | 112,462                    |
| <b>(=) Adjusted Debt</b>  |                       |             | <b>1,859,175</b> | <b>2,352,192</b>           |
| (-) Cash  |                       |             | 885,418          | 891,846                    |
| <b>(=) Adjusted Net Debt</b>  |                       |             | <b>973,757</b>   | <b>1,460,346</b>           |
| Adjusted EBITDA (last 12 months)                                    |                       |             | 795,521          | 784,456                    |
| <b>Adjusted Net Debt/Adjusted EBITDA</b>                            |                       |             | <b>1.22</b>      | <b>1.86</b>                |

<sup>(1)</sup> Final Interest Rate with swap; <sup>(2)</sup> Transactions with gains and losses from Derivatives (note 22 of the Quarterly Financial Information);<sup>(4)</sup> Total debt is different from the accounting position due to the costs of transactions with CRA, (see note 15 of the ITR).

Figure 15 Changes in Net Debt/Adjusted EBITDA Ratio



## Hedge Position

### Currency and agricultural commodity hedge

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

The hedge position for commodities (in relation to the estimated total volume invoiced) and currency (in relation to the total estimated revenue in U.S. Dollar) is shown below, broken down by commercial hedge and financial hedge and updated as of August 13:



(A free translation of the original in Portuguese)

Table 23 Hedge Position

| FX Hedge – Soybean         |         |         |         | Commercial Hedge - Soybean |         |         |         |
|----------------------------|---------|---------|---------|----------------------------|---------|---------|---------|
| Crop                       | 2018/19 | 2019/20 | 2020/21 | Crop                       | 2018/19 | 2019/20 | 2020/21 |
| %                          | 100.0%  | 98.8%   | 48.8%   | %                          | 100%    | 92.1%   | 61.9%   |
| R\$/USD                    | 3.7834  | 4.3879  | 4.8540  | USD/bu <sup>(2)</sup>      | 10.06   | 9.84    | 9.73    |
| Commitments <sup>(1)</sup> | -       | -       | 30.7%   | Commitments <sup>(1)</sup> | -       | -       | 7.7     |

| FX Hedge – Cotton          |         |         |         | Commercial Hedge – Cotton  |         |         |         |
|----------------------------|---------|---------|---------|----------------------------|---------|---------|---------|
| Crop                       | 2018/19 | 2019/20 | 2020/21 | Crop                       | 2018/19 | 2019/20 | 2020/21 |
| %                          | 98.0%   | 93.5%   | 39.7%   |                            | 99.2%   | 87.9%   | 59.8%   |
| R\$/USD                    | 3.8025  | 4.3517  | 5.1948  | US\$/lb <sup>(2)</sup>     | 72.58   | 69.08   | 65.30   |
| Commitments <sup>(1)</sup> | -       | -       | 39.3%   | Commitments <sup>(1)</sup> | -       | -       | -       |

| FX Hedge – Corn            |         |         |         | Commercial Hedge - Corn    |         |         |         |
|----------------------------|---------|---------|---------|----------------------------|---------|---------|---------|
| Crop                       | 2018/19 | 2019/20 | 2020/21 | Crop                       | 2018/19 | 2019/20 | 2020/21 |
| %                          | 100.0%  | 88.3%   | 50.1%   | %                          | 100.0%  | 69.2%   | 44.0%   |
| R\$/USD                    | 3.8560  | 4.1683  | 5.0710  | R\$/bag <sup>(3)</sup>     | 25.25   | 27.60   | 33.05   |
| Commitments <sup>(1)</sup> | -       | -       | 30.0%   | Commitments <sup>(1)</sup> | -       | -       | -       |

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

## ESG – Environment, Social and Governance

### Value created by the Company

Our ESG vision is aligned with Our Big Dream. It encompasses all our operations and is materialized through various initiatives, such as efficiency gains in input use driven by technology, the digital qualification and inclusion of our employees, the development of local communities and environmental preservation as a prerequisite for the future development of our activities.

The Company's value creation related to ESG fundamentals is based on six capitals: manufactured, intellectual, human, natural, social and financial. The goal is to keep our capital providers and other stakeholders informed on how we create and share value in sustainably.

Figure 16 Our Big Dream and Value Creation leveraged by the Capitals



(A free translation of the original in Portuguese)



## Strategic Goals

ESG aspects are incorporated into the Company's strategy, with three priority fronts of ESG initiatives that are aligned with the UN Sustainable Development Goals (SDG) and the Food and Agriculture Business Principles. Sustainability is incorporated into our strategic map as a key pillar for attaining production certifications and for product traceability, with the goal of increasing the number of farms certified and reducing the emissions of our operations.

Figure 17 Priority Fronts of ESG Initiatives



## Governance Structure

Environmental, Social and Governance (ESG) risk management is based on the Integrated Management System (IMS) and its certifications related to the environment (ISO 14001), occupational safety (OHSAS 18001), social responsibility (NBR 16001) and quality (ISO 9001). These standards set specific requirements for assessing critical aspects and impacts in each of these topics to ensure the identification of hazards and risks and the definition of the applicable control measures. The IMS also includes regular internal audits and external verifications to increase the number of farms certified. This management structure is supported by an IMS policy that incorporates the Company's key commitments related to these topics and critical-analysis meetings conducted by the Officers Committee and by a team of specialists in the topic that focus on the various Sustainability sub-systems.

Figure 18 Integrated Management System



(A free translation of the original in Portuguese)

## Sustainable Production

The grains and fibers we produce are sold to clients in the Brazilian and international markets, mostly through trading companies that maintain relations with producers of food, animal feed, textiles and various other products. The certifications of our operations and products that we have obtained represent important competitive advantages for our company, since they allow us to serve clients with rigorous requirements in Europe and Asia and add value to the production chain. In addition to the integrated certifications (IMS) that improve processes and risk management, our products hold internationally recognized certifications, including RTRS and Proterra for soybean products and ABR and BCI for cotton products.

**Roundtable on Responsible Soy (RTRS).** Establishes an international standard for soy production that is environmentally sound, socially equitable and economically feasible.

**ProTerra.** Standard that ensures compliance with environmental and social requirements for producing non-genetically modified (GMO) grains.

**Responsible Brazilian Cotton (ABR).** Promotes sustainable cotton production by encouraging the adoption of good environmental management practices, social responsibility and sustainability vision.

**Better Cotton Initiative (BCI).** Fosters awareness throughout the production chain on the importance of fair employment relationships and social and environmental responsibility in the field.

## Social Actions

The SLC Institute donated R\$1.6 million to hospitals and municipal health departments in 18 cities to help them acquire medical equipment. The municipalities in the region where our Company operates were benefited by the donation.

The company has a Contingency Plan for identifying risks and vulnerabilities, as well as control measures to help contain the spread of COVID-19 at our Units. The governance of this plan is supported by a Contingency Committee (COVID-19) to keep it aligned with our operations and strategies.

This group is formed by the Human Resources and Sustainability Officer, Financial and Investor Relations Officer, Information Technology Officer, Chief Operational Officer, Sustainability Manager, People Management and Corporate Communication Manager and Executive Supervisor of the SLC Foundation.

Actions targeting public health also are part of the Company's efforts, with support from the Social and Environmental Actions Group and the SLC Institute.

Figure 19 Emergency Care – Unit for Preventing and Combating the Coronavirus



(A free translation of the original in Portuguese)

## Return Indicators

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

Table 24 Return on Equity

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

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

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

<sup>(3)</sup> Adjusted for land price appreciation.

Table 25 Return on Net Assets

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

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

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

<sup>(3)</sup> Adjusted by land-price appreciation.

Table 26 Return on Invested Capital

| (R\$ million)                        | 2013         | 2014         | 2015         | 2016         | 2017         | 2018         | 2019         |
|--------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Operating Income <sup>(1)</sup>      | 150          | 190          | 285          | 110          | 513          | 657          | 536          |
| IRPJ Rate                            | 23.1%        | 21.3%        | 27.3%        | 0.0%         | 26.3%        | 30.5%        | 24.0%        |
| Adjusted IR                          | (35)         | (40)         | (78)         | 20           | (135)        | (200)        | (129)        |
| Adjusted Operating Income            | 115          | 150          | 207          | 130          | 378          | 457          | 407          |
| Net Land Appreciation <sup>(2)</sup> | 374          | 428          | 140          | 199          | 19           | 110          | 142          |
| <b>Operating results w/ land</b>     | <b>489</b>   | <b>578</b>   | <b>347</b>   | <b>329</b>   | <b>397</b>   | <b>567</b>   | <b>549</b>   |
| <b>Invested Capital</b>              | <b>3,864</b> | <b>4,731</b> | <b>5,005</b> | <b>5,255</b> | <b>5,104</b> | <b>5,584</b> | <b>5,947</b> |
| Gross Debt (ST and LT)               | 1,170        | 1,332        | 1,795        | 1,974        | 1,578        | 1,586        | 1,859        |
| Cash                                 | 393          | 372          | 701          | 1,065        | 749          | 643          | 885          |
| Net Debt                             | 777          | 960          | 1,094        | 909          | 829          | 943          | 974          |
| Shareholder's Equity <sup>(3)</sup>  | 3,087        | 3,771        | 3,911        | 4,346        | 4,275        | 4,641        | 4,973        |
| <b>Return on Working Capital</b>     | <b>12.7%</b> | <b>12.2%</b> | <b>6.9%</b>  | <b>6.3%</b>  | <b>7.8%</b>  | <b>10.2%</b> | <b>9.2%</b>  |

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

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

<sup>(3)</sup> Adjusted for land price appreciation.

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## Additional Information

### Planted Area – 2019/20 Crop Year

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

| Area Mix                            | Planted Area<br>2018/19<br>----- ha ----- | Planted Area<br>2019/20 <sup>(1)</sup><br>----- ha ----- | Share<br>2019/20<br>% | Δ%          |
|-------------------------------------|---|--|-----------------------|-------------|
| <b>1<sup>st</sup> crop Area</b>     | <b>316,159</b>                            | <b>313,458</b>   | <b>69.9</b>           | <b>-0.9</b> |
| Owned Area                          | 111,279                                   | 111,101  | 24.8                  | -0.2        |
| Leased Area                         | 130,669                                   | 129,946  | 29.0                  | -0.6        |
| Joint Ventures Areas <sup>(2)</sup> | 39,551                                    | 40,148   | 9.0                   | 1.5         |
| SLC LandCo Areas <sup>(3)</sup>     | 34,660                                    | 32,263   | 7.1                   | -6.9        |
| <b>2<sup>nd</sup> crop Area</b>     | <b>141,940</b>                            | <b>135,110</b>   | <b>30.1</b>           | <b>-4.8</b> |
| Owned Area                          | 62,000                                    | 54,156   | 12.1                  | -12.7       |
| Leased Area                         | 56,611                                    | 53,604   | 11.9                  | -5.3        |
| Joint Ventures Areas <sup>(2)</sup> | 8,516                                     | 9,876  | 2.2                   | 16.0        |
| SLC LandCo Areas <sup>(3)</sup>     | 14,813                                    | 17,474   | 3.9                   | 18.0        |
| <b>Total Area</b>                   | <b>458,099</b>                            | <b>448,568</b>   | <b>100.0</b>          | <b>-2.1</b> |

<sup>(1)</sup> Weather factors may affect the planted area forecast.<sup>(2)</sup> Areas owned by Grupo Roncador and Mitsui.<sup>(3)</sup> A SLC Agrícola holds an 81.23% interest in SLC LandCo.

### Property portfolio

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

Table 28 Property Portfolio

| Area 2019/20 Crop (ha)  |          | Owned <sup>(1)</sup> | SLC LandCo <sup>(2)</sup> | Leased         | Joint Ventures | Under Control  | Total Planted <sup>(3)</sup> |
|-------------------------|----------|----------------------|---------------------------|----------------|----------------|----------------|------------------------------|
| Farm                    | State    | ----- ha -----       |                           |                |                |                |                              |
| Pamplona                | GO       | 17,994               |                           | 3,857          |                | 21,851         | 20,034                       |
| Pantanal                | MS       |                      |                           | 25,726         |                | 25,726         | 42,883                       |
| Planalto                | MS       | 15,006               |                           | 1,635          |                | 16,641         | 22,154                       |
| Planorte                | MT       | 23,454               |                           |                |                | 23,454         | 30,912                       |
| Paiguás                 | MT       | 28,129               |                           | 16,502         |                | 44,631         | 63,403                       |
| Perdizes <sup>(5)</sup> | MT       | 28,893               | 13,288                    |                |                | 42,181         | 26,358                       |
| Pioneira <sup>(4)</sup> | MT       |                      |                           |                | 19,474         | 19,474         | 29,351                       |
| Panorama                | BA       |                      | 10,373                    | 14,253         |                | 24,626         | 21,751                       |
| Paladino <sup>(5)</sup> | BA       |                      |                           |                | 20,674         | 20,674         | 20,674                       |
| Piratini                | BA       |                      | 25,356                    |                |                | 25,356         | 5,499                        |
| Palmares                | BA       | 16,195               | 831                       | 14,816         |                | 31,842         | 23,139                       |
| Parnaíba                | MA       | 26,193               |                           | 11,270         |                | 37,463         | 37,786                       |
| Palmeira                | MA       |                      | 10,200                    | 14,480         |                | 24,680         | 20,943                       |
| Planeste                | MA       |                      | 22,785                    | 16,631         |                | 39,416         | 59,030                       |
| Parceiro                | BA       | 27,564               | 3,680                     | 10,776         |                | 42,020         | 14,351                       |
| Paineira <sup>(6)</sup> | PI       | 12,892               |                           |                |                | 12,892         | -                            |
| Parnaguá                | PI       | 21,933               |                           |                |                | 21,933         | 10,300                       |
| <b>Total</b>            | <b>-</b> | <b>218,253</b>       | <b>86,513</b>             | <b>129,946</b> | <b>40,148</b>  | <b>474,860</b> | <b>448,568</b>               |

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

(A free translation of the original in Portuguese)

## Landbank

The current position of our landbank is presented below:

Table 29 Landbank

| Hectares                | Under Transformation | Under Licensing |
|-------------------------|----------------------|-----------------|
| <b>SLC Agrícola</b>     |                      |                 |
| Parnaíba                | -                    | 1,464           |
| Parnaguá                | -                    | 3,426           |
| Parceiro                | 6,698                | -               |
| <b>Subtotal</b>         | <b>6,698</b>         | <b>4,890</b>    |
| <b>SLC LandCo</b>       |                      |                 |
| Palmeira <sup>(1)</sup> | 4,749                | -               |
| Piratini                | 9,993                | -               |
| Parceiro <sup>(1)</sup> | -                    | -               |
| <b>Subtotal</b>         | <b>14,742</b>        | <b>-</b>        |
| <b>Total</b>            | <b>21,440</b>        | <b>4,890</b>    |

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

## Machinery base and Storage capacity

Table 30 Machinery Base and Storage Capacity

|                             | 2018    | 2019    | 2Q20    |
|-----------------------------|---------|---------|---------|
| Machinery (quantity)        | 867     | 873     | 872     |
| Tractors                    | 216     | 212     | 208     |
| Grains Combiners            | 209     | 206     | 198     |
| Cotton Pickers              | 76      | 85      | 95      |
| Planters                    | 212     | 209     | 209     |
| Self propelled sprayers     | 154     | 161     | 162     |
| Storage capacity (tons)     |         |         |         |
| Grains                      | 764,000 | 764,000 | 764,000 |
| % Production <sup>(1)</sup> | 52%     | 87%     | 87%     |
| Cotton                      | 125,148 | 125,148 | 125,148 |
| % Production <sup>(1)</sup> | 60%     | 56%     | 56%     |

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

## Net Asset Value

Table 31 Net Asset Value – NAV

| (R\$ million)   | 2Q20         |
|---|--------------|
| SLC Agrícola Farms <sup>(1)</sup>                             | 2,604        |
| SLC LandCo Farms <sup>(1)</sup>                               | 754          |
| Infrastructure (excl. land)                                   | 1,086        |
| Accounts Receivable (excl. derivatives)                       | 32           |
| Inventories   | 912          |
| Biological Assets   | 1,278        |
| Cash  | 828          |
| <b>Subtotal</b>   | <b>7,494</b> |
| Suppliers   | 280          |
| Gross debt adjusted by results of operations with derivatives | 2,138        |
| Outstanding debt related to land acquisition                  | -            |
| <b>Subtotal</b>   | <b>2,418</b> |
| <b>Net asset value</b>  | <b>5,077</b> |
| <b>Net Asset value per share (190,595,000 shares)</b>         | <b>26.6</b>  |

<sup>(1)</sup> Based on the independent appraisal report (Deloitte, 2019), net of taxes.  
NOTE: All accounts are adjusted by SLC Agrícola's interests in subsidiaries/joint ventures.

## Debt

Figure 20 Change in Adjusted Gross Debt (R\$ '000)

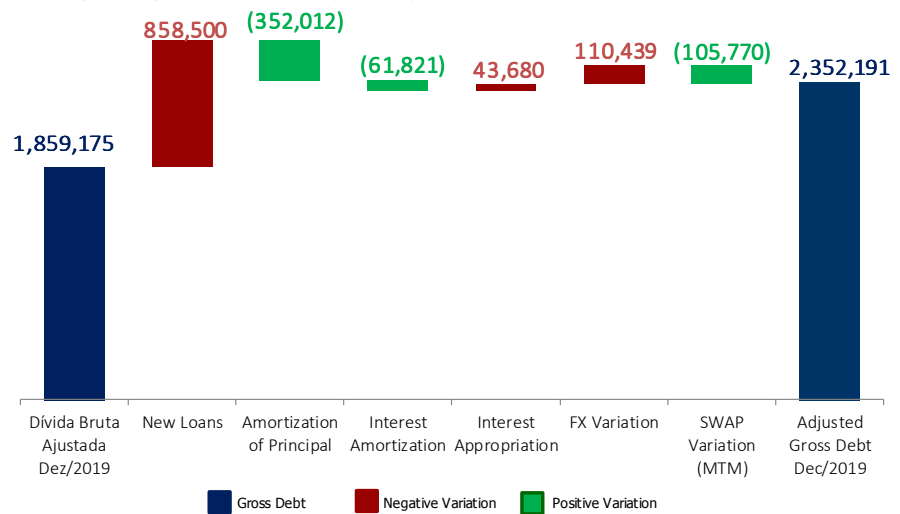


Figure 21 Gross Debt Amortization Schedule (R\$ '000)

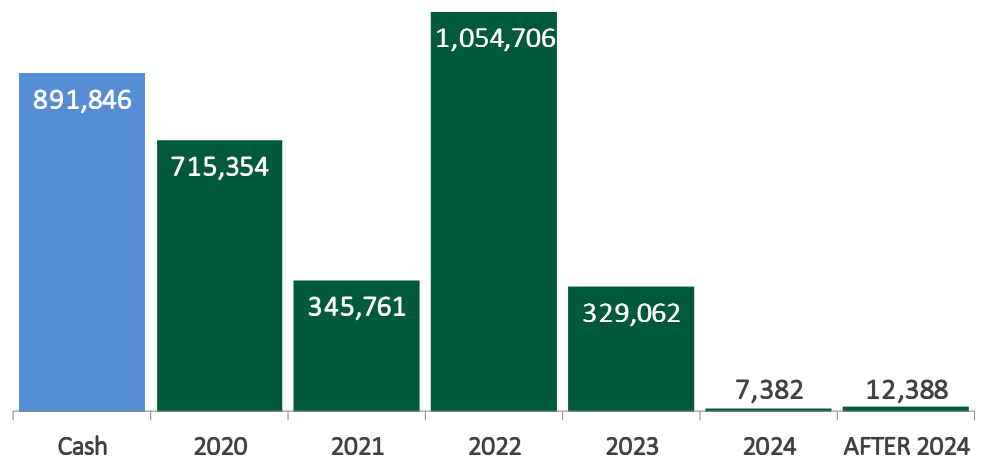


Figure 22 Gross Debt Profile

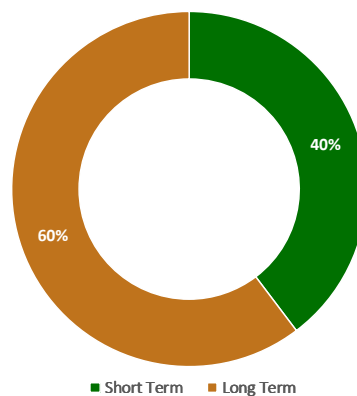
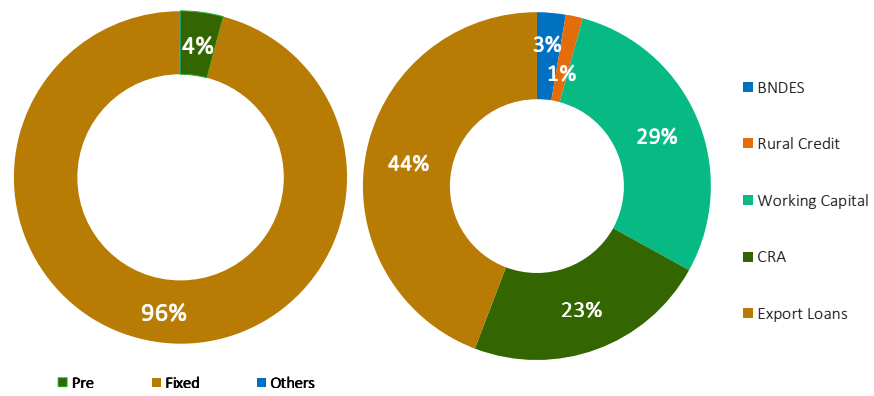
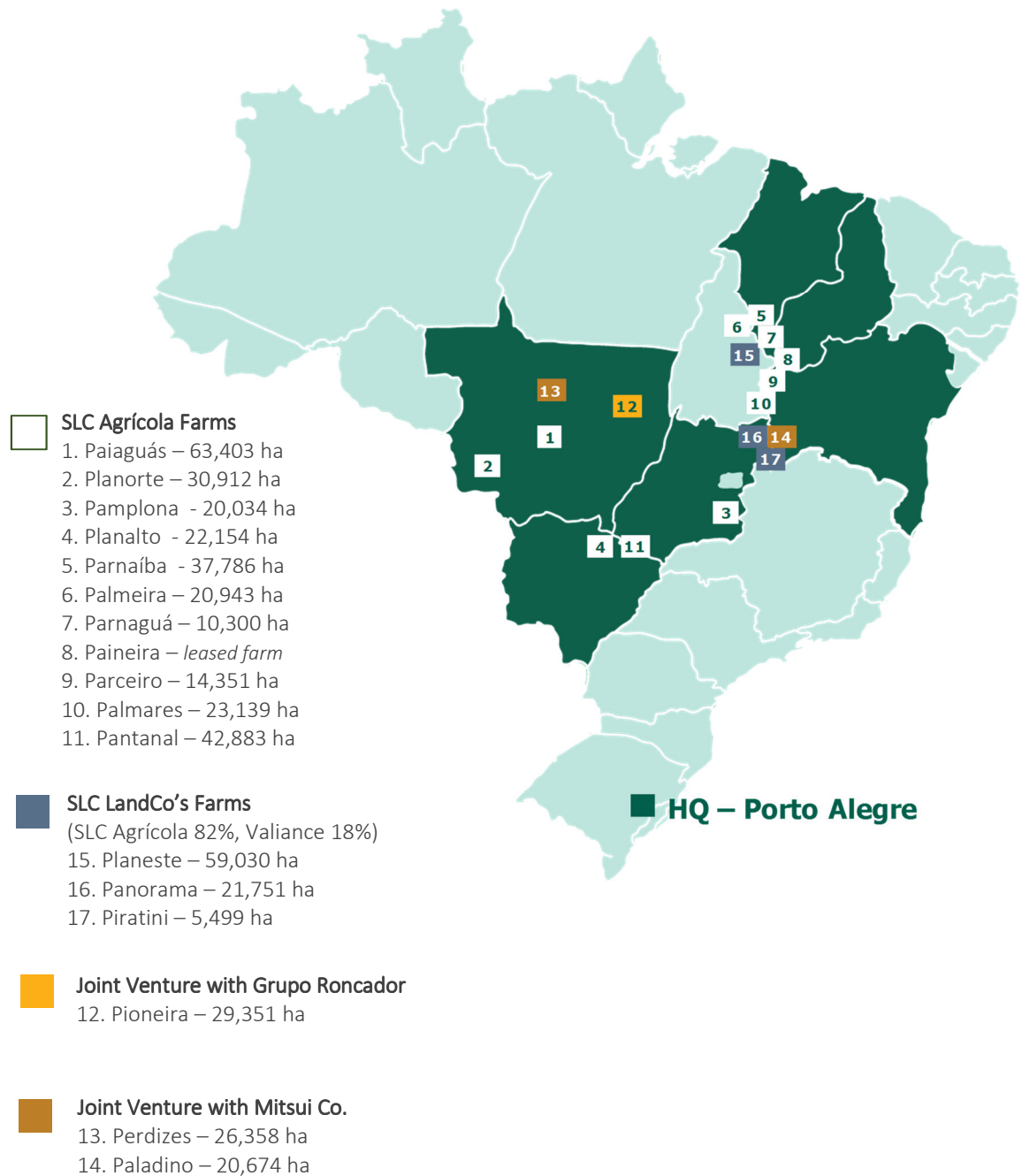


Figure 23 Gross Debt by Index and Instrument





## Location of Production Units and Headquarters



## SLC Agrícola S.A.

Notes to the quarterly information

June 30, 2020

(in thousands of Reais)

### 1 Operations

SLC Agrícola S.A., founded in 1977, hereinafter referred to as "Parent Company", "SLC" or "Company", and its subsidiaries (jointly referred to as "the Group" or "Consolidated"), has its headquarters located in the city of Porto Alegre, RS, Brazil and has as its corporate purpose the activities of agriculture and cattle raising; production and marketing of seeds and seedlings; processing and marketing of its products, being able to export and import goods for its own use and consumption; supply of primary agricultural goods and products and goods in general; reception, cleaning, drying and storage services of cereals for third parties; provision of services with agricultural machinery and implements for third parties; trade, import and export of agricultural products; agro-industrial activity of industrialization of sugar cane, alcohol and its derivatives; and participation in other companies; lease of own property.

On September 1, 2019, the Company and its subsidiaries began growing the 2019/20 crop, operating sixteen production units, with a total planted area of 448,6 thousand hectares, between own and leased areas of third parties and related parties, located in six Brazilian states: Mato Grosso, Mato Grosso do Sul, Goiás, Bahia, Piauí and Maranhão.

#### Effects of COVID-19 on the Financial Statements

In compliance with Circular Letter SNC / SEP 02/2020, which deals with guidance on the disclosure of the potential impacts of COVID-19 on the financial statements of publicly-held companies, carefully considering the main risks and uncertainties arising from this analysis and observing the accounting standards, Company worked, especially in the analysis of the following possible impacts:

- a) Actions taken by the Company as a result of COVID-19 and possible impacts on its internal controls;
- b) Increased risk of losses on financial assets (CPC 48 - Financial Instruments);
- c) Realizable value of inventories (CPC 16 - Inventories);
- d) Impairment of fixed and intangible assets (CPC 01 - Impairment of Assets);
- e) Measurement of the fair value of Biological assets and investment properties;
- f) Impacts on revenue for the period and margins;
- g) Analysis of the Company's operational continuity;
- h) Cash flow, impacts on access to credit for loans and financing and covenants.

The Company carried out a study of the items listed above and did not identify any relevant impacts on its individual and consolidated interim financial statements. In this sense, it is important to comment that the operations of the Company and its subsidiaries are being accompanied by a crisis management model and strategies are being set up so that the Company can cross this period with the least possible negative impact. The Company acted quickly and assertively in the creation of a Committee, which was responsible for the preparation and continuous monitoring of the COVID-19 Contingency Plan and the COVID-19 Coping Guide, two instruments that aim at the identification of risks and vulnerabilities, in addition to establishing protection, control and containment measures against eventual proliferation of COVID-19 within the scope of the Company and its subsidiaries.

## SLC Agrícola S.A.

Notes to the quarterly information  
June 30, 2020  
(in thousands of Reais)

### 1 Operations (Continued)

#### Effects of COVID-19 on the Financial Statements (Continued)

In relation to its business, it is worth mentioning that the Company is part of a sector considered essential, in relation to the maintenance of its productive activity, since, among its three main products, two are used by the food and beverage industry as material -cousin. Another factor that deserves mention and that directly involves the Company is the strong demand for exports, favored by the appreciation of the dollar. Regarding the logistics chain, it is worth noting that there were no significant disruptions in the operations and export logistics, as well as in the operations for receiving inputs, which are already largely acquired.

Regarding firm sales commitments to customers, the Company does not expect material changes in its composition, since its origin lies in a strong correlation with the way in which negotiations are carried out and the players chosen as commercial partners, having not been identified, to date, issues related to these commitments.

Additionally, at times like this, concerns about cash, financial leverage, cost efficiency and debts subject to exchange variation are accentuated and, in this sense, the Company is well positioned to overcome the effects arising from COVID-19, being possible to highlight also the risk management policy applied by the Company consistently in recent years. Short- and long-term liquidity are preserved and, even eventual changes in shipments and receipts, are sized so that they do not materially affect the Company's financial position. Accordingly, the Company has not identified any relevant risks in relation to its ability to continue operating.

Finally, there were no subsequent relevant events to be disclosed, related to facts that have become known after the base date of June 30, 2020.

### 2 Summary of significant accounting practices

#### a) Basis of preparation and presentation of the individual and consolidated quarterly information

The individual and consolidated interim financial information for the quarter ended June 30, 2020 was prepared in accordance with CPC 21 (R1) - Interim Financial Statements and IAS 34 - Interim Financial Reporting issued by the International Accounting Standards Board (IASB) and presented in accordance with the standards established by the Securities and Exchange Commission of Brazil (CVM) applicable to the preparation of the Quarterly Information (ITR).

The individual and consolidated quarterly information was prepared by the Company to update the users on the relevant information presented in the period and should be analyzed together with the complete financial statements for the year ended December 31, 2019.

## SLC Agrícola S.A.

Notes to the quarterly information  
June 30, 2020  
(in thousands of Reais)

### 2 Summary of significant accounting practices (Continued)

a) Basis of preparation and presentation of the individual and consolidated quarterly information (Continued)

The Company followed, in the preparation of these interim financial statements, the same accounting policies and calculation methods as applied in the individual and consolidated financial statements of December 31, 2019. The Company adopted all standards, revisions of standards and interpretations issued by the CPC, by the IASB and regulatory bodies that were in effect on June 30, 2020.

The Company's Management understands that all relevant information specific to the interim financial statements is being evidenced and corresponds to that used by it in its management, as provided for in OCPC 7 - Disclosure in the Disclosure of General Purpose Accounting and Financial Reports.

The issue of the individual and consolidated quarterly information was authorized by the Executive Board on August 13, 2020.

Seasonality

The Company's financial information is subject to seasonal variations resulting from the harvest period, which occurs at different times throughout the year, depending on the location of the farms and the cultivated products, as detailed in note 7. In addition, climatic factors and restrictions financial markets may alter the working capital requirement over the period, as well as directly impact current levels of inventories, customer advances, loans, suppliers and sales volume.

The Company's operations, in the judgment of its Management, are not impacted by these effects in a way that requires disclosures or additional information to the explanatory notes.

b) Presentation of the notes to the quarterly information

To avoid redundancy in the presentation of the Interim Financial Information and for the purposes of Article 29 of CVM Instruction 480/09, the Company indicates below the number of notes disclosed in the individual and consolidated financial statements as of December 31, 2019, and not repeated in full or part in this interim financial information: 3 - Accounting policies, 13 - Investment property, 24 - Profit-sharing program, 26 - Government subsidies and assistance and 26 - Insurance coverage.

## SLC Agrícola S.A.

Notes to the quarterly information  
June 30, 2020  
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### 2 Summary of significant accounting practices (Continued)

#### c) Basis of measurement

The preparation of this interim information in accordance with Technical Pronouncement CPC 21(R1) and with Accounting Standard IAS 34 requires the use of certain accounting estimates by the management of the Company.

The individual and consolidated Interim Information was prepared based on historical cost, except for the following material items recognized on the statements of financial position:

- Derivative instruments measured at fair value;
- Biological assets, not classified as carrier plants, measured at fair value, using the market approach, less sales expenses and costs from the point of harvest;
- Investment properties measured at fair value less selling expenses;
- Share-based payment transactions measured at fair value on grant date.

#### d) Functional and reporting currency

This individual and consolidated quarterly information is being presented in Brazilian real, which is the functional currency of the Company. All financial information presented in Brazilian real has been rounded to the nearest thousandth, except where stated otherwise.

#### e) New or revised standards

There are no other standards and interpretations issued and not yet adopted that may, in Management's opinion, have a significant impact on the results or shareholders' equity disclosed by the Company in the interim financial statements of June 30, 2020.

## SLC Agrícola S.A.

Notes to the quarterly information  
June 30, 2020  
(in thousands of Reais)

### 3 Consolidated financial statements

The consolidated financial statements include the operations of the Company and of the following subsidiaries, whose equity interest as of the reporting date is as follows:

| Main activity  | Companies  | Subsidiaries |             | Location (State)       |
|--|--|--------------|-------------|------------------------|
|  |  | Directs %    | Indirects % |                        |
| Culture of soybean, corn and herd.                                   | Fazenda Pioneira Empreendimentos Agrícolas S.A.  | 50.0         | -           | Mato Grosso – MT       |
| Culture of cotton and soybean.                                       | SLC-MIT Empreendimentos Agrícolas S.A.           | 52.2         | -           | Rio Grande do Sul - RS |
| Culture of soybean, corn and cotton.                                 | Fazenda Perdizes Empreendimentos Agrícolas Ltda. | -            | 50.1        | Mato Grosso - MT       |
| Investments in other companies or commercial ventures and leasing.   | SLC Investimentos Agrícolas Ltda.                | 100.0        | -           | Rio Grande do Sul - RS |
|  | Fazenda Parnaíba Empreendimentos Agrícolas Ltda. | 100.0        | -           | Maranhão - MA          |
|  | Fazenda Planorte Empreendimentos Agrícolas Ltda. | 100.0        | -           | Mato Grosso - MT       |
|  | Fazenda Pamplona Empreendimentos Agrícolas Ltda. | 100.0        | -           | Rio Grande do Sul - RS |
|  | Fazenda Planalto Empreendimentos Agrícolas Ltda. | 100.0        | -           | Rio Grande do Sul - RS |
|  | Fazenda Palmares Empreendimentos Agrícolas Ltda. | 100.0        | -           | Rio Grande do Sul - RS |
|  | Fazenda Parnaíba Empreendimentos Agrícolas Ltda. | 100.0        | -           | Rio Grande do Sul - RS |
|  | Fazenda Paqueta Empreendimentos Agrícolas S.A.   | 100.0        | -           | Rio Grande do Sul - RS |
|  | SLC Perdizes Empreendimentos Agrícolas S.A.      | 100.0        | -           | Rio Grande do Sul - RS |
|  | SLC LandCo Empreendimentos Agrícolas S.A.        | -            | 81.2        | Rio Grande do Sul - RS |
|  | Fazenda Planeste Empreendimentos Agrícolas Ltda. | -            | 81.2        | Rio Grande do Sul - RS |
|  | Fazenda Piratini Empreendimentos Agrícolas Ltda. | -            | 81.2        | Rio Grande do Sul - RS |
|  | Fazenda Panorama Empreendimentos Agrícolas Ltda. | -            | 81.2        | Rio Grande do Sul - RS |
|  | Fazenda Palmeira Empreendimentos Agrícolas Ltda. | -            | 81.2        | Rio Grande do Sul - RS |
|  | Fazenda Parceiro Empreendimentos Agrícolas Ltda. | -            | 100.0       | Rio Grande do Sul - RS |
|  | Fazenda Paineira Empreendimentos Agrícolas Ltda. | 6.1          | 93.9        | Rio Grande do Sul - RS |
|  |  |              |             |                        |
|  |  |              |             |                        |
| Purchasing and sale, lease, construction and managing of real estate |  |              |             |                        |
|  |  |              |             |                        |

The financial statements of the subsidiaries included in the consolidation are the same as those of the Parent Company and the accounting policies were applied uniformly in the consolidated companies and are consistent with those used in the previous year.

At the Extraordinary General Meeting held on March 10, 2020, of the subsidiary SLC-MIT Empreendimentos Agrícolas SA, the capital increase was approved in the amount of R\$ 47, being fully paid up by the Company, which now has the amount of 52.2% of the subsidiary's total capital. This exclusive subscription by SLC Agrícola S.A. was approved by the other shareholder, Mitsui & Co. Ltd.

## SLC Agrícola S.A.

Notes to the quarterly information  
June 30, 2020  
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### 4 Cash and cash equivalents and short-term interest earning bank deposits

| Description                                 | Yields          | Parent company |                | Consolidated   |                |
|---|-----------------|----------------|----------------|----------------|----------------|
|   |                 | 06/30/2020     | 12/31/2019     | 06/30/2020     | 12/31/2019     |
| Cash and cash equivalents in R\$            | -               | 115            | 84             | 147            | 105            |
| Forex exchange cash **                      | -               | 2,762          | 5,228          | 2,762          | 6,656          |
| CDB-DI                                      | 101.20% of CDI* | 666,498        | 645,154        | 887,964        | 820,891        |
| Repurchase and resale commitments           | -               | -              | 28,889         | -              | 32,360         |
| LAM   | 100,00% of CDI* | -              | 23,843         | 315            | 24,755         |
| Other investments                           | 70.58% of CDI*  | 658            | 652            | 658            | 652            |
|   |                 | <b>670,033</b> | <b>703,850</b> | <b>891,846</b> | <b>885,419</b> |
| Cash and cash equivalents                   |                 | 647,669        | 649,548        | 869,482        | 829,427        |
| Current interest earnings bank deposits     |                 | 21,706         | 53,652         | 21,706         | 55,342         |
| Non-current interest earnings bank deposits |                 | 658            | 650            | 658            | 650            |

(\*) Average yield on June 30, 2020.

(\*\*) Amounts in reais, converted by the dollar P-tax purchase on June 30, 2020.

The financial operations contracted by the Company are represented by investments in bank certificates of deposit and lease bills, at market prices and rates, updated by the income earned up to June 30, 2020, not exceeding the trading value.

Short-term investments consist of CDBs and lease bills with a maturity of more than 90 days and a grace period for redemption in June 2020, in addition to capitalization securities and CDBs with a redemption period of less than 365 days and linked to reciprocity in maintaining balances in return for the release of loans.

Among short and long-term financial investments, there are reciprocity transactions (financial investments used as guarantees for financial loans and collateralized operations), which represent, in current and non-current assets, respectively, the amount of R\$ 21,706 and R\$ 658 of the portfolio in the parent company and in the consolidated.

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 22.

The balance of cash and cash equivalents remained stable in the period, mainly due to the Company's strategy of maintaining a comfortable cash level in order to cover possible economic /financial stress scenarios arising from COVID-19.



## SLC Agrícola S.A.

Notes to the quarterly information  
June 30, 2020  
(in thousands of Reais)

### 5 Trade accounts receivable

|                 | Parent Company |            | Consolidated |            |
|-----------------|----------------|------------|--------------|------------|
|                 | 06/30/2020     | 12/31/2019 | 06/30/2020   | 12/31/2019 |
| Domestic market | 17,192         | 11,135     | 29,450       | 11,463     |
| Foreign market  | 8,870          | 125,979    | 9,374        | 166,942    |
| Total           | 26,062         | 137,114    | 38,824       | 178,405    |

The group's exposure to credit and currency risk related to trade accounts receivable is disclosed in note 22.

### 6 Inventories

|   | Parent company |            | Consolidated |            |
|---|----------------|------------|--------------|------------|
|   | 06/30/2020     | 12/31/2019 | 06/30/2020   | 12/31/2019 |
| Agricultural products                       | 475,965        | 431,819    | 559,554      | 476,433    |
| Seeds, composts, fertilizers and pesticides | 264,891        | 470,911    | 306,228      | 549,264    |
| Packages and containerization material      | 49,846         | 9,848      | 57,411       | 11,492     |
| Spare parts                                 | 9,231          | 8,364      | 10,996       | 10,145     |
| Other inventories                           | 37,740         | 19,296     | 44,692       | 22,264     |
| Advances to suppliers                       | 8,208          | 1,719      | 11,002       | 1,756      |
|   | 845,881        | 941,957    | 989,883      | 1,071,354  |

On June 30, 2020, a provision was set up for inventory adjustment to net realizable value in the amount of R\$ 258 in the Parent Company and R\$ 344 in the Consolidated. As of December 31, 2019, the Company did not have a provision for inventory adjustment recorded.

### 7 Biological assets

Below is the movement of the Company's biological assets:

|  | Parent Company |            | Consolidated |            |
|--|----------------|------------|--------------|------------|
|  | 06/30/2020     | 12/31/2019 | 06/30/2020   | 12/31/2019 |
| Biological assets - culture in formation | 1,193,698      | 666,930    | 1,355,053    | 779,543    |
| Biological assets – cattle raising       | 14,530         | 1,024      | 23,208       | 1,046      |
| Total                                    | 1,208,228      | 667,954    | 1,378,261    | 780,589    |

## SLC Agrícola S.A.

Notes to the quarterly information  
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### 7 Biological assets

#### a) Biological assets culture

The movement in fair value of biological assets during the year is as follows:

|  | Parent Company |                  |                |              |
|--|----------------|------------------|----------------|--------------|
|  | Soybean        | Cotton           | Corn           | Other crops  |
| Balances at december 31, 2019                | 370,603        | 217,205          | 42,837         | 36,285       |
| Expenditures with planting                   | 176,817        | 587,911          | 135,153        | 46,579       |
| Variation of the fair value(*)               | 183,556        | 314,363          | 58,135         | 52,170       |
| Harvesting - agricultural products           | (721,272)      | (118,579)        | (57,883)       | (130,182)    |
| <b>Balances at June 30, 2020</b>             | <b>9,704</b>   | <b>1,000,900</b> | <b>178,242</b> | <b>4,852</b> |
| Agricultural products – formation costs      | 9,704          | 720,408          | 135,267        | 4,852        |
| Biological assets – adjustment at fair value | -              | 280,492          | 42,975         | -            |

|  | Consolidated  |                  |                |              |
|--|---------------|------------------|----------------|--------------|
|  | Soybean       | Cotton           | Corn           | Other crops  |
| Balances at december 31, 2019                | 461,928       | 237,584          | 43,959         | 36,072       |
| Expenditures with planting                   | 222,784       | 698,132          | 162,753        | 53,046       |
| Variation of the fair value(*)               | 233,115       | 354,552          | 60,948         | 65,325       |
| Harvesting - agricultural products           | (902,100)     | (151,701)        | (71,812)       | (149,532)    |
| <b>Balances at June 30, 2020</b>             | <b>15,727</b> | <b>1,138,567</b> | <b>195,848</b> | <b>4,911</b> |
| Agricultural products – formation costs      | 15,727        | 822,653          | 150,617        | 4,911        |
| Biological assets – adjustment at fair value | -             | 315,914          | 45,231         | -            |

(\*) Effect of biological assets in the statement of income for the period.

## SLC Agrícola S.A.

Notes to the quarterly information  
June 30, 2020  
(in thousands of Reais)

### 7 Biological assets (Continued)

#### a) Biological assets culture (Continued)

Below we present the main assumptions used in determining the fair value of biological assets:

|   | Parent Company            |                            | Consolidated              |                            |
|---|---------------------------|----------------------------|---------------------------|----------------------------|
|   | 06/30/2020 <sup>(*)</sup> | 06/30/2019 <sup>(**)</sup> | 06/30/2020 <sup>(*)</sup> | 06/30/2019 <sup>(**)</sup> |
| <b>Soybean</b>                          |                           |                            |                           |                            |
| Harvested area (ha)                     | 164,833                   | 186,239                    | 205,508                   | 229,960                    |
| Productivity achieved (sc/ha)           | 63                        | 62                         | 64                        | 61                         |
| Average price (R\$/sc) <sup>(***)</sup> | R\$ 73.79                 | R\$ 64.85                  | R\$ 73.33                 | R\$ 64.43                  |
| <b>Corn</b>                             |                           |                            |                           |                            |
| Harvested area (ha)                     | 16,353                    | 14,177                     | 22,281                    | 20,776                     |
| Productivity achieved (sc/ha)           | 137                       | 147                        | 128                       | 133                        |
| Area at harvest point (ha)(****)        | 49,788                    | 52,963                     | 58,256                    | 59,686                     |
| Estimated Productivity (sc/ha)(*****)   | 123                       | 120                        | 120                       | 118                        |
| Average price (R\$/sc) <sup>(***)</sup> | R\$ 30.65                 | R\$ 24.38                  | R\$ 29.94                 | R\$ 23.82                  |
| <b>Cotton seed</b>                      |                           |                            |                           |                            |
| Harvested area (ha)                     | 12,321                    | 14,423                     | 14,416                    | 17,833                     |
| Productivity achieved (@/ha)            | 258                       | 257                        | 256                       | 246                        |
| Area at harvest point (ha)(****)        | 77,983                    | 76,653                     | 92,424                    | 90,251                     |
| Estimated Productivity (@/ha)(*****)    | 297                       | 298                        | 294                       | 294                        |
| Average price (R\$/@) <sup>(***)</sup>  | R\$ 41.17                 | R\$ 38.18                  | R\$ 41.25                 | R\$ 38.10                  |

(\*) Crop date 2019/20 on the calculation date

(\*\*) Crop date 2018/19 on the calculation date

(\*\*\*) Average prices at market value on the date of calculation

(\*\*\*\*) Area at the point of harvest on the date of calculation.

(\*\*\*\*\*) Estimated productivity for areas at the point of harvest on the calculation date.

## SLC Agrícola S.A.

Notes to the quarterly information  
June 30, 2020  
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### 7 Biological assets (Continued)

#### a) Biological assets culture (Continued)

Soybean, corn and cotton crops occur in the following periods:

| Unit          | Location                 | Crops                    |                          |                        |
|---------------|--------------------------|--------------------------|--------------------------|------------------------|
|               |                          | Soybean                  | Cotton                   | Corn                   |
| Pamplona Farm | Cristalina-GO            | September 25 to April 15 | November 05 to August 30 | January 20 to July 15  |
| Planalto Farm | Costa Rica-MS            | September 20 to March 25 | December 05 to August 30 | January 20 to July 10  |
| Planorte Farm | Sapezal-MT               | September 20 to March 15 | January 01 to August 30  | February 10 to July 10 |
| Paiguás Farm  | Diamantino-MT            | September 20 to March 15 | January 01 to August 30  | February 10 to July 15 |
| Perdizes Farm | Porto dos Gaúchos - MT   | September 20 to March 15 | December 20 to August 30 | February 01 to July 10 |
| Pioneira Farm | Querência - MT           | October 10 to March 25   | Does not plant           | January 20 to July 15  |
| Panorama Farm | Correntina-BA            | October 20 to April 30   | December 01 to August 30 | Does not plant         |
| Paladino Farm | São Desidério - BA       | November 01 to April 30  | December 01 to August 30 | Does not plant         |
| Piratini Farm | Jaborandi-BA             | November 01 to April 30  | Does not plant           | Does not plant         |
| Palmares Farm | Barreiras-BA             | October 20 to April 30   | December 01 to August 30 | Does not plant         |
| Parceiro Farm | Formosa do Rio Preto -BA | November 01 to April 30  | December 01 to August 30 | Does not plant         |
| Parnaíba Farm | Tasso Fragoso-MA         | October 20 to April 15   | December 10 to August 30 | January 25 to July 15  |
| Planeste Farm | Balsas-MA                | October 15 to April 15   | December 20 to August 30 | January 25 to July 15  |
| Parnaguá Farm | Santa Filomena-PI        | November 01 to April 15  | Does not plant           | December 01 to July 15 |
| Pantanal Farm | Chapadão do Sul - MS     | September 20 to March 25 | December 05 to August 30 | January 10 to July 10  |
| Palmeira Farm | Tasso Fragoso-MA         | October 10 to April 15   | December 10 to August 30 | February 01 to July 15 |

The following is an updated table of the planned area for crop year 2019/20 and a comparison with the previous crop year:

| Crops         | Area | Planted area 2019/20 | Planted area 2018/19 |
|---------------|------|----------------------|----------------------|
| Cotton        | ha   | 125,462              | 123,727              |
| Soybean       | ha   | 235,444              | 243,149              |
| Corn          | ha   | 82,392               | 89,311               |
| Other Crops * | ha   | 5,270                | 1,912                |
|               |      | <b>448,568</b>       | <b>458,099</b>       |

(\*) Other crops include corn seed, brachiaria and wheat.

## SLC Agrícola S.A.

Notes to the quarterly information

June 30, 2020

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### 7 Biological assets (Continued)

#### b) Biological assets – cattle raising

The Pioneira, Perdizes, Planorte, Paiaguás, Planalto, Pantanal and Planest farms compose the Company's Livestock Integration Project - ILP. This system aims to optimize land use, in places where it is only possible to carry out a crop (soybean), using the herd as a second crop. The ILP project is characterized as fattening activity.

The fair value of cattle raising is calculated using the market value, due to the existence of an active market. The gain or loss in the variation in the fair value of biological assets is recognized in the income statement in the period in which it occurs.

The Company considered the prices practiced in the cattle market in the regions considering the main market, and through the metrics used in the market. In this way the measurement is based on the at sign and age group.

|  | <b>Parent company</b> | <b>Consolidated</b> |
|--|-----------------------|---------------------|
| Balances at December 31, 2019                | 1,024                 | 1,046               |
| Purchase cost                                | <b>11,866</b>         | <b>20,952</b>       |
| Variation in fair value adjustment(*)        | <b>1,944</b>          | <b>1,514</b>        |
| Low por sale                                 | <b>(304)</b>          | <b>(304)</b>        |
| <b>Balances at June 30, 2020</b>             | <b>14,530</b>         | <b>23,208</b>       |
| Biological assets - cattle raising           | <b>12,586</b>         | <b>21,694</b>       |
| Biological assets – adjustment at fair value | <b>1,944</b>          | <b>1,514</b>        |

(\*) Effect of biological assets in the statement of income for the period.

## SLC Agrícola S.A.

Notes to the quarterly information  
June 30, 2020  
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### 8 Recoverable taxes

|  | Parent Company |                | Consolidated   |                |
|--|----------------|----------------|----------------|----------------|
|  | 06/30/2020     | 12/31/2019     | 06/30/2020     | 12/31/2019     |
| Income tax                               | 5,082          | 2,570          | 6,042          | 3,027          |
| Social contribution                      | 964            | 85             | 976            | 128            |
| ICMS                                     | 92,328         | 87,005         | 128,055        | 119,633        |
| COFINS                                   | 18,946         | 9,861          | 39,603         | 28,795         |
| PIS                                      | 4,139          | 2,120          | 8,360          | 6,080          |
| IRRF recoverable                         | 2,505          | 4,815          | 3,038          | 5,580          |
| Other                                    | 367            | 946            | 431            | 1,169          |
|  | <b>124,331</b> | <b>107,402</b> | <b>186,505</b> | <b>164,412</b> |
| Portion classified in current assets     | 44,315         | 33,970         | 55,201         | 41,943         |
| Portion classified in non-current assets | 80,016         | 73,432         | 131,304        | 122,469        |

#### Income and social contribution taxes

It corresponds to the prepayments of Income and social contribution taxes, which will be offset with taxes of the same nature, in addition to the negative balance of IRPJ and CSLL, which will be offset with federal taxes and contributions.

#### Recoverable IRRF

Corresponds to withholding income tax on financial investments. Throughout the year they are offset against the IRPJ debt, after closure, these credits are realizable by offsetting with federal taxes and contributions.

#### ICMS, PIS and COFINS to be offset/recovered

These refer to credits generated in normal operations of the Company and its subsidiaries and may be offset with taxes of the same nature.

The estimated realization of ICMS, PIS and COFINS sales taxes is evaluated by management based on estimated projections of sales of agricultural products, commercialization of ICMS tax credits and on compensation or offsetting of PIS and COFINS with other taxes generated by the Group's operation. The estimated terms of realization of these assets are described below. The Company does not expect losses due to the non-realization of recoverable taxes.

| Deadline     | Parent Company |               |              | Consolidated   |               |              |
|--------------|----------------|---------------|--------------|----------------|---------------|--------------|
|              | ICMS           | COFINS        | PIS          | ICMS           | COFINS        | PIS          |
| up to 1 year | 15,674         | 16,186        | 3,537        | 17,100         | 22,782        | 4,830        |
| 1 to 2 years | 25,256         | 45            | 9            | 27,007         | 5,720         | 1,307        |
| 2 to 3 years | 8,447          | -             | -            | 17,691         | -             | -            |
| over 3 years | 42,951         | 2,715         | 593          | 66,257         | 11,101        | 2,223        |
|              | <b>92,328</b>  | <b>18,946</b> | <b>4,139</b> | <b>128,055</b> | <b>39,603</b> | <b>8,360</b> |

## SLC Agrícola S.A.

Notes to the quarterly information  
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### 9 Securities and credits receivable

At June 30, 2020, the consolidated balance of securities receivable is comprised of an amount of R\$ 76,051 (R\$ 76,905 at December 31, 2019) as follows:

|  | <b>Consolidated</b> |
|--|---------------------|
| Balance at December 31, 2019             | <b>76,905</b>       |
| Others*                                  | <b>(1,701)</b>      |
| Monetary variation                       | <b>1,296</b>        |
| Withholding income tax                   | <b>(449)</b>        |
| <b>Balance at June 30, 2020</b>          | <b>76,051</b>       |
| Portion classified in current assets     | <b>73,392</b>       |
| Portion classified in non-current assets | <b>2,659</b>        |

(\*) Amount settled without cash effect.

#### *Sale of land in the subsidiaries Fazenda Paiaguás and Fazenda Parceiro*

The subsidiaries Fazenda Paiaguás Empreendimentos Agrícolas Ltda. and Fazenda Parceiro Empreendimentos Agrícolas Ltda. In February 2018, the buyer sold 11,604 hectares of land to third parties in 2017, in the total amount of R\$ 176,654, of which R\$ 52,996 was received in that year, and the rest was deposited by the buyer, in February 2018, in a guaranteed account ("Escrow Account"), being invested in securities backed by an Interbank Deposit Certificate (CDI). The contract provided that some documental formalizations such as transfer of reserves, registration with the real estate registry with the unfolding of their registration and release of mortgages, in addition to the transfer of the funds to the Company itself, should be completed within 12 months of signing the contract, which occurred on December 20, 2017. The contract was postponed, in November 2018, in order to postpone the deadline for some documental formalizations, such as transfer of reserves, registration in real estate registries with the unfolding of their registration and release of mortgages, in addition to agreeing on the transfer of the funds to the Company itself, in relation to the previous conditions already met, in the amount of R\$ 63,789.

In April 2019 the amount of R\$ 38,999 was released from the escrow account due to the bookkeeping of the last glebe of Fazenda Paiaguás for the buyer, totaling R\$ 102,787 of the original amount, in favor of the Company.

In December 2019 there was a new amendment to the contract, with the replacement of an area of the Partner Farm with another area in the same unit, as provided for in the initial pact as a possibility. In view of the need to dismember this replaced area, the new deadline for complying with the remaining precedent conditions was agreed for June 20, 2020, which may be extended for a period to be adjusted between the parties.

With the advent of the pandemic and the difficulties resulting from the event, the dismemberment of the replaced area was hampered in relation to the term, making it understood by the need to postpone the dismemberment date.

As of June 30, 2020, the balance of receivables related to this transaction is R\$ 29,217 (R\$ 29,193 as of December 31, 2019).

## SLC Agrícola S.A.

Notes to the quarterly information  
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### 9 Securities and credits receivable (Continued)

#### Sale of land in the subsidiary Fazenda Parnaíba

On November 12, 2019, the subsidiary Fazenda Parnaíba Empreendimentos Agrícolas Ltda. sold 5,205 hectares of land to third parties, in the total amount of R\$ 83,245. The payment for the acquisition of the land was divided into two installments, the first of which, in the amount of R\$ 41,623, corresponding to 50% of the total amount and received on November 28, 2019. The remaining balance, in the amount of R\$ 41,622, was deposited in a guaranteed account ("Escrow Account"), which will remain invested in securities backed by an Interbank Certificate of Deposit (CDI) and released when some documentary formalizations such as transferring reserves, registering in real estate with the splits of their registrations and releasing mortgages are fully met. The deadline for fulfilling the remaining precedent conditions will end on November 12, 2020.

As of June 30, 2020, the balance of receivables related to this transaction is R\$ 42,472 (R\$ 41,751 as of December 31, 2019).

Complements the item "securities receivable" balances of other amounts receivable in the amount of R\$ 4,362 on June 30, 2020 (R\$ 5,961 on December 31, 2019).

### 10 Investments (Parent company)

Total investments at June 30, 2020 and December 31, 2019 are comprised of the following:

|                            | 06/30/2020       | 12/31/2019       |
|----------------------------|------------------|------------------|
| Investments parent company | 2,234,563        | 2,200,537        |
|                            | <u>2,234,563</u> | <u>2,200,537</u> |



## SLC Agrícola S.A.

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### 10 Investments (Parent company) (Continued)

The relevant investments in subsidiaries, valued by the equity method, are shown in the table below:

| Investment                       | Capital stock | Shareholders' equity | Unrealized gain in equity | Adjustments to IFRS 16 / CPC 06 (R2) in shareholders' equity | Net income for the period | Unrealized profit for the period income | Adjustments to IFRS 16 / CPC 06 (R2) for the period | Percentage of interest | Equity in income of subsidiaries and associated companies | Equity participation |
|----------------------------------|---------------|----------------------|---------------------------|--|---------------------------|---|---|------------------------|---|----------------------|
| Fazenda Parnaíba Emp. Agr. Ltda. | 21,053        | 246,607              | (112)                     | (25,413)   | 9,157                     | 7,759                                   | (4,600)   | 100.00%                | 12,316  | 221,082              |
| Fazenda Planorte Emp. Agr. Ltda. | 57,099        | 244,916              | (112)                     | (4,946)  | 10,534                    | 1,214                                   | (3,101)   | 100.00%                | 8,647   | 239,858              |
| Fazenda Pioneira Emp. Agr. S.A.  | 91,672        | 85,513               | -                         | -  | 13,044                    | -                                       | -   | 50.00%                 | 6,522   | 42,759               |
| SLC-MIT Emp. Agr. S.A.           | 109,981       | 116,489              | -                         | (1,228)  | 31,482                    | -                                       | (636)   | 52.20%                 | 15,957  | 57,368               |
| SLC Invest. Agrícolas Ltda.      | 279,405       | 711,496              | (113)                     | 1,070  | 10,426                    | (5,324)                                 | 789   | 100.00%                | 5,891   | 712,453              |
| Fazenda Pamplona Emp. Agr. Ltda. | 31,766        | 171,431              | (14)                      | (4,401)  | 6,226                     | 224                                     | (3,168)   | 100.00%                | 3,282   | 167,016              |
| Fazenda Planalto Emp. Agr. Ltda. | 9,137         | 243,498              | (27)                      | (6,643)  | 10,906                    | (162)                                   | (5,349)   | 100.00%                | 5,395   | 236,828              |
| Fazenda Palmares Emp. Agr. Ltda. | 109,800       | 182,565              | (42)                      | (4,019)  | 7,694                     | 50                                      | (3,588)   | 100.00%                | 4,156   | 178,504              |
| Fazenda Parnaguá Emp. Agr. Ltda. | 34,291        | 50,403               | -                         | 1,293  | 1,687                     | 2                                       | 1,067   | 100.00%                | 2,756   | 51,696               |
| Fazenda Paineira Emp. Agr. Ltda. | 73,985        | 144,059              | -                         | -  | 1,388                     | -                                       | -   | 6.082%                 | 85  | 8,755                |
| Fazenda Paiaguás Emp. Agr. Ltda. | 20,347        | 222,194              | (497)                     | (5,196)  | 10,572                    | 543                                     | (2,874)   | 100.00%                | 8,241   | 216,501              |
| SLC Perdizes Emp. Agr. Ltda.     | 77,163        | 103,786              | (159)                     | (1,884)  | 2,834                     | 465                                     | 249   | 100.00%                | 3,548   | 101,743              |
|                                  |               |                      |                           |  |                           |   |   |                        | <b>76,796</b>   | <b>2,234,563</b>     |

The main movements in investments in direct permanent equity interests, as at June 30, 2020, are as follows:

| Investment                                   | Balance on 12/31/2019 | Capital integralization | Distributed dividends or interest on capital own <sup>2</sup> | Equity accounting | Unrealized gain/(loss) with hedge instruments | Balance on 06/30/2020 |
|--|-----------------------|-------------------------|---|-------------------|---|-----------------------|
| Fazenda Parnaíba Emp. Agr. Ltda.             | 228,766               | -                       | (20,000)  | 12,316            | -   | 221,082               |
| Fazenda Planorte Emp. Agr. Ltda.             | 231,211               | -                       | -   | 8,647             | -   | 239,858               |
| Fazenda Pioneira Emp. Agr. S.A. <sup>1</sup> | 38,124                | -                       | -   | 6,522             | (1,887)                                       | 42,759                |
| SLC-MIT Emp. Agr. S.A. <sup>1</sup>          | 60,593                | 47                      | -   | 15,957            | (19,229)                                      | 57,368                |
| SLC Invest. Agrícolas Ltda.                  | 706,562               | -                       | -   | 5,891             | -   | 712,453               |
| Fazenda Pamplona Emp. Agr. Ltda.             | 163,734               | -                       | -   | 3,282             | -   | 167,016               |
| Fazenda Planalto Emp. Agr. Ltda.             | 231,433               | -                       | -   | 5,395             | -   | 236,828               |
| Fazenda Palmares Emp. Agr. Ltda.             | 174,348               | -                       | -   | 4,156             | -   | 178,504               |
| Fazenda Parnaguá Emp. Agr. Ltda.             | 50,641                | -                       | (1,701)   | 2,756             | -   | 51,696                |
| Fazenda Paineira Emp. Agr. Ltda.             | 8,670                 | -                       | -   | 85                | -   | 8,755                 |
| Fazenda Paiaguás Emp. Agr. Ltda.             | 208,260               | -                       | -   | 8,241             | -   | 216,501               |
| SLC Perdizes Emp. Agr. Ltda.                 | 98,195                | -                       | -   | 3,548             | -   | 101,743               |
| <b>Total</b>                                 | <b>2,200,537</b>      | <b>47</b>               | <b>(21,701)</b>   | <b>76,796</b>     | <b>(21,116)</b>                               | <b>2,234,563</b>      |

<sup>1</sup> The Company controls Fazenda Pioneira Empreendimentos Agrícolas S.A. and SLC-MIT Empreendimentos Agrícolas S.A. because it is responsible for managing the relevant activities of these companies and is exposed to variable returns on investment due to its influence over them.

<sup>2</sup> The dividend received from the company Fazenda Parnaguá Emp. Agr. Ltda, in the amount of R\$ 1,701 without cash effect.

## SLC Agrícola S.A.

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### 10 Investments (Parent company) (Continued)

The following is the main information on investments in permanent equity investments as of June 30, 2020:

| Investments                       | Directly and indirectly controlled |                    |                     |                         | Equity  | Income  | Expenses |
|-----------------------------------|------------------------------------|--------------------|---------------------|-------------------------|---------|---------|----------|
|                                   | Current Assets                     | Non-current Assets | Current Liabilities | Non-current Liabilities |         |         |          |
| Fazenda Parnaíba Emp. Agr. Ltda.  | 54,459                             | 206,423            | 2,223               | 12,052                  | 246,607 | 13,086  | 3,929    |
| Fazenda Planorte Emp. Agr. Ltda.  | 6,712                              | 246,517            | 693                 | 7,620                   | 244,916 | 12,902  | 2,368    |
| Fazenda Pioneira Emp. Agr. S.A.   | 117,639                            | 119,912            | 109,127             | 42,911                  | 85,513  | 115,699 | 102,655  |
| SLC-MIT Emp. Agr. S.A.            | 380,048                            | 324,743            | 282,083             | 306,219                 | 116,489 | 230,682 | 199,200  |
| SLC Investimentos Agrícolas Ltda  | 384                                | 729,398            | 17,755              | 531                     | 711,496 | 10,472  | 46       |
| Fazenda Pamplona Emp. Agr. Ltda   | 3,256                              | 174,822            | 398                 | 6,249                   | 171,431 | 7,487   | 1,261    |
| Fazenda Planalto Emp. Agr. Ltda.  | 3,199                              | 250,559            | 682                 | 9,578                   | 243,498 | 12,984  | 2,078    |
| Fazenda Palmares Emp. Agr. Ltda   | 5,233                              | 182,898            | 1,932               | 3,634                   | 182,565 | 9,083   | 1,389    |
| Fazenda Parnaguá Emp. Agr. Ltda.  | 1,918                              | 49,308             | 114                 | 709                     | 50,403  | 2,035   | 348      |
| Fazenda Paineira Emp. Agr. Ltda.  | 8,673                              | 138,109            | 679                 | 2,044                   | 144,059 | 1,773   | 385      |
| Fazenda Paiguás Emp. Agr. Ltda.   | 20,441                             | 211,873            | 1,104               | 9,016                   | 222,194 | 12,658  | 2,085    |
| SLC Perdizes Emp. Agrícolas Ltda. | 5,249                              | 128,984            | 30,010              | 437                     | 103,786 | 5,622   | 2,788    |
| SLC LandCo Emp. Agrícolas S.A.    | 8,441                              | 541,698            | 616                 | -                       | 549,523 | 10,875  | 994      |
| Fazenda Planeste Emp. Agr. Ltda.  | 20,360                             | 132,019            | 3,234               | 3,361                   | 145,784 | 5,258   | 956      |
| Fazenda Piratini Emp. Agr. Ltda   | 9,257                              | 114,876            | 1,366               | 2,037                   | 120,730 | 2,203   | 415      |
| Fazenda Panorama Emp. Agr. Ltda.  | 17,810                             | 111,808            | 2,336               | 1,813                   | 125,469 | 3,764   | 889      |
| Fazenda Palmeira Emp. Agr. Ltda.  | 297                                | 3,677              | 64                  | 1,000                   | 2,910   | 114     | 19       |
| Fazenda Parceiro Emp. Agr. Ltda.  | 30,504                             | 90,348             | 711                 | 736                     | 119,405 | 1,539   | 402      |

### 11 Leasing operations

The movement of the right-of-use assets in the period ended June 30, 2020 is shown below:

|  | Parent company   | Consolidated    |
|--|------------------|-----------------|
| <b>Balance at 12/31/2019</b>                       | 1,388,969        | 555,031         |
| Remeasurement                                      | 137,247          | 147,872         |
| Additions of new contracts                         | 13,722           | 13,931          |
| (-) Amortization of the right to use asset         | (74,399)         | (48,174)        |
| <b>Balance at 06/30/2020</b>                       | <b>1,465,539</b> | <b>668,660</b>  |
| Cotton rental                                      | 15,480           | 20,969          |
| Culture lands                                      | 1,433,277        | 630,908         |
| Leasing of buildings                               | 721              | 722             |
| Machinery  | 16,061           | 16,061          |
|  | <b>1,465,539</b> | <b>668,660</b>  |
| <b>Amortization of right of use in the period:</b> |                  |                 |
| Cotton rental                                      | (720)            | (1,150)         |
| Culture lands                                      | (72,072)         | (45,417)        |
| Leasing of buildings                               | (280)            | (280)           |
| Machinery  | (1,327)          | (1,327)         |
| <b>Total period</b>                                | <b>(74,399)</b>  | <b>(48,174)</b> |

## SLC Agrícola S.A.

Notes to the quarterly information  
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### 11 Leasing operations (Continued)

The change in lease liabilities in the period ended June 30, 2020 is shown below:

|  | Parent company   | Consolidated     |
|--|------------------|------------------|
| <b>Balance at 12/31/2019</b>                                 | 1,497,456        | 629,716          |
| Additions of new contracts and remeasurement lease liability | <b>150,866</b>   | <b>161,697</b>   |
| Realization of the APV on lease liabilities                  | <b>69,711</b>    | <b>28,594</b>    |
| (-) Payments *   | <b>(122,176)</b> | <b>(110,435)</b> |
| <b>Balance at 06/30/2020</b>                                 | <b>1,595,857</b> | <b>709,572</b>   |
| <b>Liabilities current</b>                                   | <b>232,519</b>   | <b>134,476</b>   |
| Intercompany (note 13.a)                                     | <b>108,223</b>   | -                |
| Third-party  | <b>124,296</b>   | <b>134,476</b>   |
| <b>Liabilities non-current</b>                               | <b>1,363,338</b> | <b>575,096</b>   |
| Intercompany (note 13.a)                                     | <b>816,855</b>   | -                |
| Third-party  | <b>546,483</b>   | <b>575,096</b>   |

(\*) The amount of R\$ 1,701 as payment for leases was without cash effect.

Of the contracts that were included in IFRS 16/ CPC 06(R2), the Company's management considered as a leasing component only the fixed minimum amount for the measurement of the lease liability. The measurement of the lease liability corresponds to the total of future rent and lease payments, net of tax effects, adjusted to present value, considering the nominal discount rate.

The incremental rate of funding used by the Company for discount is composed by the "CDI / Pre weighted curve", added to the Company's credit risk and to a risk spread of the underlying asset.

It should be noted that the land leasing contracts are indexed by the price of the soybean sack in the region of each production unit, and the values of the right of use and lease liabilities are converted into Reais using the quotation of the soybean in each region. The amounts of the payments may suffer significant variation until the moment of payment, due to the change in the value of the soybean market in each region.

#### ***Impacts on income for the period***

With the implementation of IFRS 16 / CPC 06 (R2), all leases were accounted for under a single model, similar to the accounting of financial leases, bringing a new financial component, which reduced the cost of production, due to the effect of recording the adjustment to present value in the financial result. The amount recorded in the financial result for the period represents R\$ 69,711 in the parent company and R\$ 28,594 in the consolidated.

The expense for the period related to variable lease payments not included in the measurement of lease liabilities was R\$ 6,447.

**11 Leasing operations (Continued)**

The Company has land lease agreements with its subsidiaries, as described in note 13. The adoption of said rule caused differences between the results of the parent company and the consolidated, which were adjusted in the calculation of equity of the parent company, so that the results of the parent company's period and the consolidated result attributed to the controlling shareholders were equal, based on ICPC 09 (R2) - Individual Financial Statements, Separate Statements, Consolidated Statements and Application of the Equity Method. The calculation of the equity method is shown in note 10.

***Sub-lease of right of use asset***

On December 27, 2019, a rural lease agreement was signed between SLC Agrícola S.A with SLC Landco Empreendimentos Agrícolas S.A, for a minimum period of 7 years. Concomitant with the signing of this rural lease, SLC Agrícola S.A entered into a sublease agreement with Fazenda Perdizes Empreendimentos Agrícolas S.A., for the same lease period.

The Parent Company's revenue in the period, resulting from the subleasing of rights-of-use assets, was R\$ 2,033.

***Additional information***

The Company, in full compliance with IFRS 16 / CPC 06 (R2), in measuring and remeasuring its lease liabilities and the right to use, proceeded to use the discounted cash flow technique without considering the projected future inflation in the flows to be discounted, according to the prohibition imposed by IFRS 16 / CPC 06 (R2).

As of June 30, 2020, the gross contractual flow of lease contracts entitled to PIS / COFINS credit is R\$ 2,681,120 in the parent company and R\$ 1,028,571 in the consolidated (R\$ 2,489,415 in the parent company and R\$ 839,494 in the consolidated, in December 31, 2019). The potential PIS and COFINS credit on the gross contractual flow, brought to present value, is R\$ 168,178 in the parent company and R\$ 67,495 in the consolidated (R\$ 156,092 in the parent company and R\$ 55,326 in the consolidated, as of December 31, 2019).

In compliance with the guidance of CVM's technical areas, as required in circular letter CVM / SNC / SEP / nº 02/2019 in order to provide additional information to users, the comparative balances of the lease liability, the asset are presented below rights of use, adjustment to present value and amortization of the right of use considering the projection of future inflation in the flows to be discounted.

When remeasuring lease liabilities, the Company projected cash flow with future inflation, incorporating the inflation obtained through the quotation of future contracts available at B3 SA - Brasil, Bolsa and Balcão, discounted at the same rate identified in the initial measurement, presenting the impacts as below:

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## 11 Leasing operations (Continued)

### Additional information (Continued)

| Parent company  |   |  |
|---|---|--|
|   | Considerations without inflation <sup>(1)</sup> | Considerations with inflation <sup>(2)</sup> |
| Right of use asset                                      | 1,465,539                                       | 1,910,732                                    |
| Liabilities leasing - current                           | 232,519   | 263,153                                      |
| Liabilities leasing - non current                       | 1,363,338                                       | 1,884,092                                    |
| Amortization of the right to use period                 | 42,022  | 52,052                                       |
| Adjustment to present value (APV) – about leases period | 69,711  | 92,096                                       |
| Consolidated  |   |  |
|   | Considerations with inflation <sup>(1)</sup>    | Considerations with inflation <sup>(2)</sup> |
| Right of use asset                                      | 668,660   | 839,437                                      |
| Liabilities leasing - current                           | 134,476   | 154,722                                      |
| Liabilities leasing - non current                       | 575,096   | 763,456                                      |
| Amortization of the right to use period                 | 25,913  | 30,479                                       |
| Adjustment to present value (APV) – about leases period | 28,594  | 35,434                                       |

(1) Discounted cash flow without considering projected future inflation

(2) Discounted cash flow without considering projected future inflation

*Below is the gross contractual flow:*

|              | Parent company                                  |  | Consolidated                                 |  |
|--------------|---|--|--|--|
|              | Considerations without inflation <sup>(1)</sup> | Considerations with inflation <sup>(2)</sup> | Considerations with inflation <sup>(1)</sup> | Considerations with inflation <sup>(2)</sup> |
| up to year   | 244,063   | 275,762                                      | 143,547                                      | 164,642                                      |
| 1 to 2 years | 233,595   | 264,012                                      | 128,164                                      | 145,902                                      |
| 2 to 3 years | 226,483   | 266,648                                      | 124,670                                      | 147,737                                      |
| 3 to 4 years | 205,738   | 252,547                                      | 103,047                                      | 127,511                                      |
| 4 to 5 years | 199,430   | 255,557                                      | 86,015                                       | 111,103                                      |
| over 5 years | 1,610,787                                       | 2,607,762                                    | 482,105                                      | 748,623                                      |
|              | 2,720,096                                       | 3,922,288                                    | 1,067,548                                    | 1,445,518                                    |

(1) Discounted cash flow without considering projected future inflation

(2) Discounted cash flow without considering projected future inflation

CVM Resolution 859, of July 7, 2020, approved the document for revision of Technical Pronouncements no. 16, referring to Technical Pronouncement IFRS 16 / CPC 06 (R2) Leases, issued by the Accounting Pronouncements Committee - CPC, bringing the practical procedures described below in its wording.

A lessee may choose not to assess whether a lease concession related to COVID-19 is a lease modification. The lessee who makes this option must account for any change in lease payments resulting from the lease concession related to COVID-19 in the same way that it would account for the change that applies IFRS 16 (CPC 06 (R2)) if the change were not a modification of the lease.

## **SLC Agrícola S.A.**

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### **11 Leasing operations (Continued)**

The practical expedient applies only to rental concessions that occur as a direct consequence of COVID-19 and only if all of the following conditions are met:

- The change in lease payments results in a revised consideration for the lease that is substantially the same or less than the consideration for the lease immediately prior to the change;
- Any reduction in rental payments affects only payments originally due on or before June 30, 2021 (a rental concession would meet this condition if it results in reduced rental payments on or before June 30, 2021 and increased rental payments that extend beyond June 30, 2021); and
- There are no substantial changes to other lease terms and conditions.

During the period ended June 30, 2020, there was no change in the Company's lease contracts related to COVID-19, which would result in remeasurement of the lease liability

## SLC Agrícola S.A.

Notes to the quarterly information

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### 12 Property, plant and equipment

#### a) Composition of fixed assets

| <b>Cost of the gross fixed assets</b>            | <b>Parent company</b>        |                  |                   |                  | <b>Balance on 06/30/2020</b> |
|--|------------------------------|------------------|-------------------|------------------|------------------------------|
|  | <b>Balance on 12/31/2019</b> | <b>Additions</b> | <b>Write-offs</b> | <b>Transfers</b> |                              |
| Soil correction and development                  | 419,286                      | 9,999            | -                 | -                | 429,285                      |
| Buildings and improvements                       | 269,823                      | 375              | (73)              | 13,541           | 283,666                      |
| Agricultural equipment and industrial facilities | 785,385                      | 65,072           | (17,144)          | 756              | 834,069                      |
| Vehicles   | 57,644                       | 240              | (971)             | -                | 56,913                       |
| Furniture and fixtures                           | 13,765                       | 1,503            | (187)             | 80               | 15,161                       |
| Equipment and facilities of the office           | 21,022                       | 2,617            | (198)             | (18)             | 23,423                       |
| Other  | 3,336                        | 515              | (26)              | 19               | 3,844                        |
| Works in progress                                | 15,677                       | 12,014           | -                 | (14,378)         | 13,313                       |
| Plants carrier                                   | 4,239                        | -                | -                 | -                | 4,239                        |
| <b>Total</b>                                     | <b>1,590,177</b>             | <b>92,335</b>    | <b>(18,599)</b>   | <b>-</b>         | <b>1,663,913</b>             |

| <b>Depreciation</b>                              | <b>Balance on 12/31/2019</b> | <b>Depreciation</b> | <b>Write-offs</b> | <b>Reclassification</b> | <b>Balance on 06/30/2020</b> |
|--|------------------------------|---------------------|-------------------|-------------------------|------------------------------|
| Soil correction and development                  | (293,772)                    | (9,682)             | -                 | -                       | (303,454)                    |
| Buildings and improvements                       | (44,144)                     | (4,963)             | 18                | -                       | (49,089)                     |
| Agricultural equipment and industrial facilities | (413,067)                    | (26,966)            | 13,303            | 5                       | (426,725)                    |
| Vehicles   | (20,654)                     | (2,721)             | 537               | -                       | (22,838)                     |
| Furniture and fixtures                           | (7,017)                      | (559)               | 154               | -                       | (7,422)                      |
| Equipment and facilities of the office           | (10,880)                     | (1,378)             | 173               | -                       | (12,085)                     |
| Others   | (38)                         | (4)                 | -                 | -                       | (42)                         |
| Plants carrier                                   | (4,239)                      | -                   | -                 | -                       | (4,239)                      |
| <b>Total</b>                                     | <b>(793,811)</b>             | <b>(46,273)</b>     | <b>14,185</b>     | <b>5</b>                | <b>(825,894)</b>             |

| <b>Net residual value</b>                        | <b>12/31/2019</b> | <b>06/30/2020</b> |
|--|-------------------|-------------------|
| Soil correction and development                  | 125,514           | 125,831           |
| Buildings and improvements                       | 225,679           | 234,577           |
| Agricultural equipment and industrial facilities | 372,318           | 407,344           |
| Vehicles   | 36,990            | 34,075            |
| Furniture and fixtures                           | 6,748             | 7,739             |
| Equipment and facilities of the office           | 10,142            | 11,338            |
| Other  | 3,298             | 3,802             |
| Works in progress                                | 15,677            | 13,313            |
| <b>Total</b>                                     | <b>796,366</b>    | <b>838,019</b>    |

## SLC Agrícola S.A.

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### 12 Property, plant and equipment (Continued)

#### a) Composition of fixed assets (Continued)

| <b>Cost of the gross fixed assets</b>            | <b>Consolidated</b>          |                  |                   |                  | <b>Balance on 06/30/2020</b> |
|--|------------------------------|------------------|-------------------|------------------|------------------------------|
|  | <b>Balance on 12/31/2019</b> | <b>Additions</b> | <b>Write-offs</b> | <b>Transfers</b> |                              |
| Crop lands                                       | 1,719,924                    | 102              | -                 | -                | 1,720,026                    |
| Soil correction and development                  | 644,369                      | 15,629           | -                 | -                | 659,998                      |
| Buildings and improvements                       | 478,602                      | 782              | (81)              | 18,271           | 497,574                      |
| Agricultural equipment and industrial facilities | 923,512                      | 70,594           | (17,965)          | 781              | 976,922                      |
| Vehicles   | 65,261                       | 240              | (1,082)           | (28)             | 64,391                       |
| Furniture and fixtures                           | 16,235                       | 1,624            | (206)             | 80               | 17,733                       |
| Equipment and facilities of the office           | 27,600                       | 2,781            | (207)             | (18)             | 30,156                       |
| Other  | 7,177                        | 619              | (26)              | 31               | 7,801                        |
| Works in progress                                | 20,031                       | 15,082           | -                 | (19,117)         | 15,996                       |
| Plants carrier                                   | 4,239                        | -                | -                 | -                | 4,239                        |
| <b>Total</b>                                     | <b>3,906,950</b>             | <b>107,453</b>   | <b>(19,567)</b>   | <b>-</b>         | <b>3,994,836</b>             |

| <b>Depreciation</b>                              | <b>Balance on 12/31/2019</b> | <b>Depreciation</b> | <b>Write-offs</b> | <b>Reclassification</b> | <b>Balance on 06/30/2020</b> |
|--|------------------------------|---------------------|-------------------|-------------------------|------------------------------|
| Soil correction and development                  | (420,391)                    | (15,739)            | -                 | -                       | (436,130)                    |
| Buildings and improvements                       | (101,918)                    | (10,025)            | 21                | -                       | (111,922)                    |
| Agricultural equipment and industrial facilities | (456,196)                    | (33,629)            | 13,773            | 18                      | (476,034)                    |
| Vehicles   | (24,218)                     | (3,022)             | 595               | -                       | (26,645)                     |
| Furniture and fixtures                           | (7,809)                      | (675)               | 166               | -                       | (8,318)                      |
| Equipment and facilities of the office           | (12,844)                     | (1,570)             | 182               | -                       | (14,232)                     |
| Other  | (346)                        | (4)                 | -                 | -                       | (350)                        |
| Plants carrier                                   | (4,239)                      | -                   | -                 | -                       | (4,239)                      |
| <b>Total</b>                                     | <b>(1,027,961)</b>           | <b>(64,664)</b>     | <b>14,737</b>     | <b>18</b>               | <b>(1,077,870)</b>           |

| <b>Net residual value</b>                        | <b>12/31/2019</b> | <b>06/30/2020</b> |
|--|-------------------|-------------------|
| Crop lands                                       | 1,719,924         | 1,720,026         |
| Soil correction and development                  | 223,978           | 223,868           |
| Buildings and improvements                       | 376,684           | 385,652           |
| Agricultural equipment and industrial facilities | 467,316           | 500,888           |
| Vehicles   | 41,043            | 37,746            |
| Furniture and fixtures                           | 8,426             | 9,415             |
| Equipment and facilities of the office           | 14,756            | 15,924            |
| Other  | 6,831             | 7,451             |
| Works in progress                                | 20,031            | 15,996            |
| <b>Total</b>                                     | <b>2,878,989</b>  | <b>2,916,966</b>  |



## SLC Agrícola S.A.

Notes to the quarterly information  
June 30, 2020  
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### 12 Property, plant and equipment (Continued)

#### b) Construction in progress

As of June 30, 2020, the consolidated balance of works in progress was substantially represented by cotton works in the amount of R\$ 4,146, accommodation in the amount of R\$ 1,447, a project to prevent and combat fires in the amount of R\$ 2,184, construction of warehouses, sheds and deposits totaling R\$ 1,911, drilling of artesian wells R\$ 842 and other improvements in the amount of R\$ 5,466.

The amount of interest that was capitalized for works in progress in the period ended June 30, 2020 was R\$ 366 (R\$ 2,274 as of December 31, 2019). The capitalization rate used to determine the amount of borrowing costs eligible for capitalization was approximately 4.73% y.y.

#### c) Guarantees

At June 30, 2020 and December 31, 2019, property, plant and equipment were pledged as collateral for mortgages, bank loans and lawsuits, as shown below:

| Assets under secure         | Parent company |            | Consolidated |            |
|-----------------------------|----------------|------------|--------------|------------|
|                             | 06/30/2020     | 12/31/2019 | 06/30/2020   | 12/31/2019 |
| Hypothec                    | -              | -          | 307,066      | 349,860    |
| Pledge of financing         | 12,186         | 14,071     | 20,532       | 24,425     |
| Assets in legal proceedings | 14,232         | 14,232     | 14,232       | 14,232     |
|                             | 26,418         | 28,303     | 341,830      | 388,517    |

## SLC Agrícola S.A.

Notes to the quarterly information  
June 30, 2020  
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### 13 Balances and transactions with related parties

At June 30, 2020 and December 31, 2019, the Parent Company's balances and transactions with related parties are as follows:

#### a) Related-party balances

*Balances receivable from related parties:*

|  | Parent company            |               | Consolidated              |
|--|---------------------------|---------------|---------------------------|
|  | Other accounts receivable |               | Other accounts receivable |
|  | 06/30/2020                | 12/31/2019    | 12/31/2019                |
| <b>Direct subsidiaries</b>               |                           |               |                           |
| Fazenda Perdizes Empr. Agr. Ltda         | 3,547                     | 1,631         | -                         |
| Fazenda Pioneira Empr. Agr. S.A          | 177                       | 242           | -                         |
| SLC Perdizes Empr. Agr. Ltda             | 28,308                    | 29,954        | -                         |
| <b>Indirect subsidiaries</b>             |                           |               |                           |
| SLC - MIT Empr. Agr. S.A                 | 495                       | 251           | -                         |
| <b>Parent company</b>                    |                           |               |                           |
| SLC Participações S.A.                   | -                         | 3             | 3                         |
| <b>Other related parties</b>             | -                         | 9             | 8                         |
|  | <b>32,527</b>             | <b>32,090</b> | <b>11</b>                 |
| <b>Portion classified as current</b>     | <b>1,091</b>              | <b>1,040</b>  | <b>11</b>                 |
| <b>Portion classified as non-current</b> | <b>31,436</b>             | <b>31,050</b> | <b>-</b>                  |

*Balances payable to related parties:*

|                                  | Parent company |                |                        |              |                |                | Consolidated           |            |
|----------------------------------|----------------|----------------|------------------------|--------------|----------------|----------------|------------------------|------------|
|                                  | Leases payable |                | Other accounts payable |              | Total payable  |                | Other accounts payable |            |
|                                  | 06/30/2020     | 12/31/2019     | 06/30/2020             | 12/31/2019   | 06/30/2020     | 12/31/2019     | 06/30/2020             | 12/31/2019 |
| <b>Direct subsidiaries</b>       |                |                |                        |              |                |                |                        |            |
| Fazenda Parnaíba Empr. Agr. Ltda | 107,968        | 103,020        | -                      | -            | 107,968        | 103,020        | -                      | -          |
| Fazenda Planorte Empr. Agr. Ltda | 144,008        | 137,389        | -                      | -            | 144,008        | 137,389        | -                      | -          |
| Fazenda Pamplona Empr. Agr. Ltda | 82,291         | 78,535         | -                      | -            | 82,291         | 78,535         | -                      | -          |
| Fazenda Planalto Empr. Agr. Ltda | 139,201        | 132,846        | -                      | -            | 139,201        | 132,846        | -                      | -          |
| Fazenda Palmares Empr. Agr. Ltda | 84,219         | 80,375         | -                      | -            | 84,219         | 80,375         | -                      | -          |
| Fazenda Parnagua Empr. Agr. Ltda | 36,937         | 35,244         | -                      | -            | 36,937         | 35,244         | -                      | -          |
| Fazenda Parceiro Empr. Agr. Ltda | 17,110         | 16,329         | -                      | -            | 17,110         | 16,329         | -                      | -          |
| Fazenda Paiguas Empr. Agr. Ltda  | 137,581        | 131,278        | -                      | -            | 137,581        | 131,278        | -                      | -          |
| <b>Indirect subsidiaries</b>     |                |                |                        |              |                |                |                        |            |
| Fazenda Planeste Empr. Agr. Ltda | 70,583         | 76,181         | -                      | -            | 70,583         | 76,181         | -                      | -          |
| Fazenda Panorama Empr. Agr. Ltda | 49,746         | 52,700         | -                      | -            | 49,746         | 52,700         | -                      | -          |
| Fazenda Piratini Empr. Agr. Ltda | 29,418         | 31,076         | -                      | -            | 29,418         | 31,076         | -                      | -          |
| Fazenda Perdizes Empr. Agr. Ltda | -              | -              | -                      | 968          | -              | 968            | -                      | -          |
| SLC - MIT Empr. Agr. S.A         | -              | -              | -                      | 63           | -              | 63             | -                      | -          |
| Fazenda Palmeira Empr. Agr. Ltda | 1,647          | 1,716          | -                      | -            | 1,647          | 1,716          | -                      | -          |
| SLC Landco Empr. Agr. Ltda       | 24,369         | 23,116         | -                      | 1,710        | 24,369         | 24,826         | -                      | -          |
| <b>Subsidiaries</b>              |                |                |                        |              |                |                |                        |            |
| SLC Participações S.A.           | -              | -              | 7                      | 22           | 7              | 22             | 7                      | 22         |
| <b>Other related parties</b>     | -              | -              | -                      | -            | -              | -              | 101                    | 103        |
|                                  | <b>925,078</b> | <b>899,805</b> | <b>7</b>               | <b>2,763</b> | <b>925,085</b> | <b>902,568</b> | <b>108</b>             | <b>125</b> |
| <b>Liabilities corrente</b>      | <b>108,223</b> | <b>104,591</b> | <b>7</b>               | <b>2,763</b> | <b>108,230</b> | <b>107,354</b> | <b>108</b>             | <b>125</b> |
| <b>Liabilities non-currente</b>  | <b>816,855</b> | <b>795,214</b> | <b>-</b>               | <b>-</b>     | <b>816,855</b> | <b>795,214</b> | <b>-</b>               | <b>-</b>   |

## SLC Agrícola S.A.

Notes to the quarterly information

June 30, 2020

(in thousands of Reais)

### 13 Balances and transactions with related parties (Continued)

#### a) Related-party balances (Continued)

SLC Participações S.A. is the final Parent Company of the Company. There are no relevant transactions with the Parent Company, except dividend payments.

#### b) Transactions with related parties

|                                  | Amortization of the right to use<br>IFRS 16 (CPC 06(R2)) |              | APV-Liabilities Rental<br>IFRS16 (CPC 06(R2)) |               |
|----------------------------------|--|--------------|---|---------------|
|                                  | 06/30/2020   | 06/30/2019   | 06/30/2020                                    | 06/30/2019    |
| <b>Direct subsidiaries</b>       |  |              |   |               |
| Fazenda Parnaíba Empr. Agr. Ltda | 2,351  | 775          | 4,948   | 5,040         |
| Fazenda Planorte Empr. Agr. Ltda | 3,091  | 929          | 6,620   | 5,490         |
| Fazenda Pamplona Empr. Agr. Ltda | 1,139  | 205          | 3,756   | 2,995         |
| Fazenda Planalto Empr. Agr. Ltda | 1,226  | 372          | 6,354   | 5,078         |
| Fazenda Palmares Empr. Agr. Ltda | 413  | 307          | 3,995   | 3,182         |
| Fazenda Parnagua Empr. Agr. Ltda | 1,300  | 377          | 1,693   | 610           |
| Fazenda Parceiro Empr. Agr. Ltda | 505  | 185          | 781   | 331           |
| Fazenda Paiaguás Emp. Agr. Ltda. | 3,145  | 1,104        | 6,305   | 5,116         |
| <b>Indirect subsidiaries</b>     |  |              |   |               |
| Fazenda Planeste Empr. Agr. Ltda | 2,350  | 953          | 3,526   | 3,363         |
| Fazenda Panorama Empr. Agr. Ltda | 733  | 424          | 2,446   | 2,326         |
| Fazenda Piratini Empr. Agr. Ltda | 13   | 340          | 1,443   | 1,372         |
| Fazenda Palmeira Emp. Agr. Ltda. | 38   | 123          | 81  | 76            |
| SLC Landco Empr. Agr. S.A.       | 1,380  | -            | 658   | 118           |
| <b>Subsidiaries</b>              |  |              |   |               |
| SLC Participações S.A.           | 67   | -            | 7   | -             |
|                                  | <b>17,751</b>  | <b>6,094</b> | <b>42,613</b>                                 | <b>35,097</b> |

|                                  | Sales of<br>goods/products/<br>property, plant and<br>equipment |              | Purchases of<br>goods/products/<br>Corporate IT |              | Financial expenses -<br>Warranty Fee |            |
|----------------------------------|---|--------------|---|--------------|--------------------------------------|------------|
|                                  | 06/30/2020  | 06/30/2019   | 06/30/2020                                      | 06/30/2019   | 06/30/2020                           | 06/30/2019 |
| <b>Direct subsidiaries</b>       |   |              |   |              |                                      |            |
| Fazenda Pioneira Empr. Agr. Ltda | 1,058   | 1,284        | -   | -            | -                                    | -          |
| <b>Indirect subsidiaries</b>     |   |              |   |              |                                      |            |
| Fazenda Perdizes Empr. Agr. Ltda | 1,500   | 1,238        | -   | -            | -                                    | -          |
| SLC MIT Empr. Agr. S.A           | 2,445   | 2,083        | 4,535   | -            | -                                    | -          |
| <b>Subsidiaries</b>              |   |              |   |              |                                      |            |
| SLC Participações S.A.           | -   | -            | 67  | 1,117        | 7                                    | 428        |
|                                  | <b>5,003</b>  | <b>4,605</b> | <b>4,602</b>                                    | <b>1,117</b> | <b>7</b>                             | <b>428</b> |

## SLC Agrícola S.A.

Notes to the quarterly information  
June 30, 2020  
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### 13 Balances and transactions with related parties (Continued)

#### c) Rental contracts payable

The purpose of the rural lease agreement is for the lessor to make the land, facilities and other goods available for the lessee to exploit the agricultural activity through the cultivation of cotton, soybeans, corn and other crops in return for a rental price.

The Company has lease agreements with its subsidiaries for a minimum term of 20 years, with renewal depending on the will of the parties, however the lessees have preference.

As of June 30, 2020, the lease liability with its subsidiaries can be demonstrated as follows:

| Farm                    | Localization              | Accounting value | up to 1 year   | 1 to 2 years  | 2 to 3 years  | 3 to 4 years  | 4 to 5 years  | over 5 years   |
|-------------------------|---------------------------|------------------|----------------|---------------|---------------|---------------|---------------|----------------|
| Parnaíba                | Tasso Fragoso - MA        | 107,968          | 12,463         | 3,042         | 3,342         | 3,672         | 4,010         | 81,439         |
| Planorte                | Sapezal - MT              | 144,008          | 16,237         | 3,590         | 3,946         | 4,338         | 4,734         | 111,163        |
| Pamplona                | Cristalina - GO           | 82,291           | 9,755          | 2,628         | 2,888         | 3,171         | 3,465         | 60,384         |
| Planalto                | Costa Rica - MS           | 139,201          | 16,500         | 4,449         | 4,884         | 5,364         | 5,862         | 102,142        |
| Palmares                | Barreiras - BA            | 88,069           | 10,440         | 2,814         | 3,090         | 3,394         | 3,708         | 64,623         |
| Parnaguá                | Santa Filomena - PI       | 36,937           | 2,423          | 185           | 47            | 32            | 62            | 34,188         |
| Parceiro                | Formosa do Rio Preto - BA | 17,110           | 1,033          | 401           | 309           | 447           | 505           | 14,415         |
| Paiguás                 | Diamantino - MT           | 137,581          | 15,882         | 3,877         | 4,259         | 4,679         | 5,110         | 103,774        |
| Planeste                | Balsas - MA               | 70,583           | 9,303          | 3,365         | 3,691         | 4,047         | 4,427         | 45,750         |
| Panorama                | Correntina - BA           | 49,746           | 6,557          | 2,372         | 2,602         | 2,852         | 3,120         | 32,243         |
| Piratini                | Jaborandi - BA            | 29,418           | 3,877          | 1,403         | 1,539         | 1,687         | 1,845         | 19,067         |
| Palmeira                | Alto Parnaíba - MA        | 1,647            | 195            | 53            | 58            | 63            | 69            | 1,209          |
| Matriz                  | Porto Alegre - RS         | 20,519           | 3,558          | 2,400         | 2,559         | 2,728         | 2,906         | 6,368          |
|                         |                           | <b>925,078</b>   | <b>108,223</b> | <b>30,579</b> | <b>33,214</b> | <b>36,474</b> | <b>39,823</b> | <b>676,765</b> |
| Liabilities current     |                           | <b>108,223</b>   |                |               |               |               |               |                |
| Liabilities non current |                           | <b>816,855</b>   |                |               |               |               |               |                |

The book value represents the lease liability with future payment flows adjusted to present value, considering the nominal discount rate. The Company has opted to use the practical expedient of using the single discount rate according to the respective terms for contracts with similar characteristics. For this reason, it presents a rate ranging from 6.38% to 9.75%.

## SLC Agrícola S.A.

Notes to the quarterly information  
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### 13 Balances and transactions with related parties (Continued)

#### c) Rental contracts payable (Continued)

The rural lease contract concluded for the Piratini, Planeste, Panorama and Palmeira Farms, for a minimum period of 20 years, provides for the price of the lease calculated on a rate of 3.25% of the property's valuation value. This in turn is calculated on the areas suitable for agriculture and their respective proportional legal reserve areas, including the value of their infrastructure. The appraiser with proof of excellence in the elaboration of rural property evaluations is chosen by the Board of Directors of SLC Agrícola S.A. and annually the evaluation is elaborated according to the rules and guidelines issued by the Brazilian Association of Technical Standards for Rural Property Evaluation.

For the other contracts, the price of the lease is paid annually in BRL, converted by the value of the over-the-counter quotation of each region's soybean bag on the day of payment, according to the contractual clause. The price of the soybean bag must be set by the lessor at least 15 days in advance, with no repricing foreseen.

#### d) Administration fees

The Company considers as key management personnel the unpaid Directors, the paid Independent Directors and the Directors (Statutory).

Administrators are remunerated in the form of pro-labore and salaries, paid via payroll. The total amount of directors' remuneration, including bonuses and other benefits, is shown under a specific heading in the income statement and is detailed below:

|                   | Parent company |                | Consolidated   |                |
|-------------------|----------------|----------------|----------------|----------------|
|                   | 06/30/2020     | 06/30/2019     | 06/30/2020     | 06/30/2019     |
| Directors fee     | (2,957)        | (2,633)        | (3,146)        | (2,886)        |
| Bonuses           | (2,972)        | (2,945)        | (3,083)        | (3,187)        |
| Charges           | (1,696)        | (1,119)        | (1,774)        | (1,255)        |
| Stock option plan | (857)          | (768)          | (857)          | (768)          |
| Other benefits    | (24)           | (21)           | (24)           | (21)           |
| <b>Total</b>      | <b>(8,506)</b> | <b>(7,486)</b> | <b>(8,884)</b> | <b>(8,117)</b> |

The Company does not offer post-employment benefits, termination benefits or other long-term benefits to its managers.

At the Annual Shareholders' Meeting, held on July 30, 2020, the global annual remuneration of the parent company's management was approved, in the amount of up to R\$ 15,910, with distribution to be made by the Board of Directors. It should be noted that the subsidiaries, which are public limited companies, also have approval of global annual amounts for their administrators independently.

## SLC Agrícola S.A.

Notes to the quarterly information  
June 30, 2020  
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### 14 Suppliers

|                      | Parent Company |            | Consolidated |            |
|----------------------|----------------|------------|--------------|------------|
|                      | 06/30/2020     | 12/31/2019 | 06/30/2020   | 12/31/2019 |
| Suppliers            | 165,276        | 549,699    | 203,366      | 646,442    |
| Suppliers risk drawn | 87,504         | 223,425    | 103,453      | 275,558    |
| Total                | 252,780        | 773,124    | 306,819      | 922,000    |

The balance of suppliers on June 30, 2020 is made up of R\$ 252,780 in the parent company and R\$ 306,819 in the consolidated, of which R\$ 87,504 in the parent company and R\$ 103,453 in the consolidated correspond to the risk operations drawn, due to the commercial negotiation resulting from the the need for advance payment by suppliers, noting that there were no changes in terms of payments and prices negotiated with suppliers as a result of this transaction.

### 15 Loans and financing

|  |                                    | Average annual interest rates (%) |            | Parent company |            | Consolidated |            |
|--|------------------------------------|-----------------------------------|------------|----------------|------------|--------------|------------|
|  | Index                              | 06/30/2020                        | 12/31/2019 | 06/30/2020     | 12/31/2019 | 06/30/2020   | 12/31/2019 |
| <u>Used in the property, plant and equipment</u> |                                    |                                   |            |                |            |              |            |
| Finame – BNDES                                   | Fixed and long-term interest rate* | 5.42%                             | 5.38%      | 40,600         | 45,537     | 65,155       | 73,235     |
|  |                                    |                                   |            | 40,600         | 45,537     | 65,155       | 73,235     |
| <u>Invested in working capital</u>               |                                    |                                   |            |                |            |              |            |
| Rural credit                                     | Pré                                | 5.58%                             | 6.00%      | 34,530         | 87,146     | 39,148       | 108,483    |
| Working capital (CRA)                            | CDI                                | 2.16%                             | 4.41%      | 560,860        | 561,447    | 560,860      | 561,447    |
| Working capital                                  | CDI                                | 3.79%                             | 5.21%      | 421,145        | 210,488    | 500,686      | 210,488    |
| Working capital                                  | Swap EUR/US\$/CDI, Pré             | 6.28%                             | 6.28%      | 209,354        | 203,002    | 209,354      | 203,002    |
| Export financing                                 | Pré                                | -                                 | 6.50%      | -              | 111,423    | -            | 111,423    |
| Export financing                                 | CDI                                | 3.54%                             | 5.16%      | 399,333        | 234,573    | 580,340      | 416,492    |
| Export financing                                 | Swap EUR/US\$/CDI, Pré             | 1.53%                             | 3.03%      | 369,407        | 110,212    | 509,111      | 181,297    |
|  |                                    |                                   |            | 1,994,629      | 1,518,291  | 2,399,499    | 1,792,632  |
| (-) Transaction cost working capital (CRA)       |                                    |                                   |            | (4,873)        | (6,101)    | (4,873)      | (6,101)    |
|  |                                    |                                   |            | 2,030,356      | 1,557,727  | 2,459,781    | 1,859,766  |
| Portion classified in current assets             |                                    |                                   |            | 772,134        | 623,874    | 967,431      | 699,515    |
| Installment classified in non-current            |                                    |                                   |            | 1,258,222      | 933,853    | 1,492,350    | 1,160,251  |

## SLC Agrícola S.A.

Notes to the quarterly information  
June 30, 2020  
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### 15 Loans and financing (Continued)

Finame - BNDES - Investment Lines of the National Development Bank (BNDES). They are guaranteed by fiduciary alienation or pledge of the financed assets and by guarantee of the Company and SLC Participações S.A. (Parent Company). Depreciation is carried out on a monthly, annual and half-yearly basis, after the grace period, and will take place between 07/15/2020 and 05/15/2032.

Rural Credit - Resources intended for the costing and marketing of crops, whose rules, purposes and conditions are established in the Rural Credit Manual (MCR) prepared by the Central Bank of Brazil. They are guaranteed by the Company, and, in some operations, by the pledge of the crop. The periodicity of their depreciation is annual, with maturities between 07/16/2020 and 09/03/2020.

Working Capital - Line for the purpose of meeting cash requirements, due on 07/23/2020 and 10/04/2022 backed in stock or production.

Export Financing - Financing of exports with short- and long-term lines raised in BRL or dollar indexed to Libor 6 months (London Interbank Offered Rate) plus prefixed rate or prefixed rate only: CCE (Export Credit Note), NCE (Export Credit Note) and PPE (Prepayment of Exports). The periodicity of their depreciation is annual, half-yearly or according to the term negotiated, with maturities between 07/02/2020 and 05/29/2023. They are guaranteed by the Company with a mortgage on land or a "clean" guarantee.

CRA - Certificate of Agribusiness Receivables - Fixed-income securities issued by the securitization company Cibrasec on behalf of SLC Agrícola, backed by receivables originated from business between rural producers, or their cooperatives, and third parties, covering financing or loans related to the production, marketing, processing or industrialization of products, agricultural inputs or machinery and implements used in agricultural production. The 1st issue is guaranteed by a mortgage on land and the 2nd issue with a "clean" guarantee. On the 1st issue the interest payment is half-yearly and the payment of the principal in full on the due date, 11/30/2020. In the 2nd issue the interest payment is semiannual and the payment of the principal in two installments, on 06/13/2022 and 06/13/2023. The costs of these transactions recorded under the loans and financing heading totaled R\$ 4,873 at June 30, 2020. The CRA agreements provide for compliance with certain commitments ("covenants") approved by the Company (Current Liquidity, Third Party Equity, Net Financial Debt on Ebitda and Cash Liquidity), as shown below.

## SLC Agrícola S.A.

Notes to the quarterly information  
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### 15 Loans and financing (Continued)

#### Contractual clauses for financial commitments (Covenants)

The CRA operations foresee the fulfillment of financial commitments (Covenants) on the base dates of each fiscal year applicable to the Company, as follows:

- i. Current liquidity ratio (CA/CL): current assets divided by the consolidated current liabilities, equal to or greater than 1.1x (one comma once);
- ii. Total consolidated liabilities/tangible shareholders' equity: total liabilities divided by shareholders' equity minus intangible assets, equal to or less than 2.0x (two times);
- iii. Consolidated net leverage (total consolidated net financial debt/EBITDA): total loans and financing, minus cash position, banks and "cash equivalents", minus financial investments plus or minus bound swaps, divided by operating income before financial income (expense), equity in subsidiaries, depreciation and amortization for the last 12 (twelve) months excluding the effects of biological assets, equal to or less than 4.0x (four times);

Failure to comply with the contractual clauses of financial commitments may result in early maturity of loans and financing. Considering that the contractual clauses refer to the indexes calculated on the annual financial statements, the Company is monitoring the indicators for the proper fulfillment of the commitments assumed for December 31, 2020.

On December 31, 2019, the date of the last annual measurement, the Company was in compliance with the financial commitment clauses.

The maturities of short- and long-term loans and financing are as follows:

| Years of maturity | Parent Company   |                  | Consolidated     |                  |
|-------------------|------------------|------------------|------------------|------------------|
|                   | 06/30/2020       | 12/31/2019       | 06/30/2020       | 12/31/2019       |
| 2020              | 580,272          | 623,874          | 713,903          | 699,515          |
| 2021              | 280,325          | 347,516          | 344,392          | 425,294          |
| 2022              | 848,440          | 447,794          | 1,053,337        | 584,556          |
| 2023              | 308,773          | 125,967          | 328,378          | 130,586          |
| 2024              | 4,056            | 4,086            | 7,382            | 7,426            |
| After 2024        | 8,490            | 8,490            | 12,389           | 12,389           |
|                   | <u>2,030,356</u> | <u>1,557,727</u> | <u>2,459,781</u> | <u>1,859,766</u> |

The Group's exposure to liquidity risk is disclosed in note 22.



## SLC Agrícola S.A.

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### 16 Provision for tax, environmental, labor and civil risks

The Company records provisions when the Management, based on the opinion of its legal advisors, understands that there are probabilities of probable losses and that they are sufficient to cover eventual losses with legal and administrative proceedings that arise in the normal course of its business.

The provisions are reviewed and adjusted to take into account changes in circumstances, such as applicable statute of limitations, tax inspection findings or additional exposures identified based on new matters or court decisions.

#### a) Provisions

The Company records provisions for civil, labor and environmental lawsuits classified as probable loss, which presented the following movement:

|                       | Parent Company |               |       |       |
|-----------------------|----------------|---------------|-------|-------|
|                       | Labor          | Environmental | Civil | Total |
| Balance in 12/31/2019 | 1,475          | 330           | 2,003 | 3,808 |
| Addition of provision | 109            | -             | -     | 109   |
| Reverse of provision  | (1)            | -             | (10)  | (11)  |
| Balance in 06/30/2020 | 1,583          | 330           | 1,993 | 3,906 |

|                       | Consolidated |               |       |       |        |
|-----------------------|--------------|---------------|-------|-------|--------|
|                       | Labor        | Environmental | Tax   | Civil | Total  |
| Balance in 12/31/2019 | 1,788        | 330           | -     | 2,003 | 4,121  |
| Addition of provision | 109          | -             | 6,187 | -     | 6,296  |
| Reverse of provision  | (52)         | -             | -     | (10)  | (62)   |
| Balance in 06/30/2020 | 1,845        | 330           | 6,187 | 1,993 | 10,355 |

#### b) Contingents liabilities

Based on the nature of the actions in which it is involved, and supported by the opinion of its legal advisors, the Company discloses its contingent liabilities for which it has an expectation of possible loss. For these actions, no provisions were set up for eventual losses, as established by CPC 25 of the Accounting Pronouncements Committee.

| Nature             | Parent Company |            | Consolidated |            |
|--------------------|----------------|------------|--------------|------------|
|                    | 06/30/2020     | 12/31/2019 | 06/30/2020   | 12/31/2019 |
| Labor (i)          | 832            | 981        | 832          | 1,065      |
| Environmental (ii) | 3,754          | 3,754      | 3,754        | 3,754      |
| Tax (iii)          | 17,897         | 33,284     | 44,164       | 47,350     |
| Civil (iv)         | 11,000         | 13,524     | 36,077       | 14,175     |
|                    | 33,483         | 51,543     | 84,827       | 66,344     |

## SLC Agrícola S.A.

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### 16 Provision for tax, environmental, labor and civil risks (Continued)

#### b) Contingents liabilities (Continued)

##### (i) *Labor lawsuits*

The labor lawsuits are related to complaints filed mainly by former employees of the Company and the Labor Ministry.

##### (ii) *Environmental actions*

The environmental actions are related to infraction notices issued by IBAMA - Brazilian Institute of Environment and Renewable Natural Resources.

##### (iii) *Tax*

The tax lawsuits are related to the federal and state level.

##### (iv) *Civil*

Civil actions relate to claims for damages from suppliers, damages caused to third parties and litigation in contractual matters.

## SLC Agrícola S.A.

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### 17 Deferred income and social contribution taxes

Deferred income and social contribution taxes are presented as follows:

| Description                                    | Parent Company |                     |           |            |                     |           |
|--|----------------|---------------------|-----------|------------|---------------------|-----------|
|  | 06/30/2020     |                     |           | 12/31/2019 |                     |           |
|  | Income tax     | Social contribution | Total     | Income tax | Social contribution | Total     |
| Assets:  |                |                     |           |            |                     |           |
| Temporary differences:                         |                |                     |           |            |                     |           |
| Provision for stock losses                     | 65             | 23                  | 88        | 3          | 1                   | 4         |
| Provision for profit-sharing                   | 3,559          | 1,281               | 4,840     | 6,126      | 2,206               | 8,332     |
| Operations with derivatives                    | 90,866         | 32,712              | 123,578   | 25,560     | 9,201               | 34,761    |
| Provision for Senar                            | 1,898          | 683                 | 2,581     | 1,876      | 675                 | 2,551     |
| APV - Lease liability                          | 8,779          | 3,160               | 11,939    | 11,051     | 3,978               | 15,029    |
| Others   | 3,052          | 1,099               | 4,151     | 2,467      | 888                 | 3,355     |
| Tax losses and negative basis                  | 13,926         | 5,339               | 19,265    | -          | -                   | -         |
|  | 122,145        | 44,297              | 166,442   | 47,083     | 16,949              | 64,032    |
| Liabilities:                                   |                |                     |           |            |                     |           |
| Incentivized depreciation from rural activity  | (142,326)      | (51,237)            | (193,563) | (130,526)  | (46,989)            | (177,515) |
| Bargain gain on acquisition of equity interest | (5,647)        | (2,033)             | (7,680)   | (5,647)    | (2,033)             | (7,680)   |
| Deemed cost from property, plant and equipment | (5,553)        | (1,999)             | (7,552)   | (6,164)    | (2,219)             | (8,383)   |
| Fair value of biological assets                | (113,732)      | (40,944)            | (154,676) | (42,873)   | (15,434)            | (58,307)  |
|  | (267,258)      | (96,213)            | (363,471) | (185,210)  | (66,675)            | (251,885) |
| Total net                                      | (145,113)      | (51,916)            | (197,029) | (138,127)  | (49,726)            | (187,853) |

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### 17 Deferred income and social contribution taxes (Continued)

| Description                                    | Consolidated |                     |           |            |                     |           |
|--|--------------|---------------------|-----------|------------|---------------------|-----------|
|  | 06/30/2020   |                     |           | 12/31/2019 |                     |           |
|  | Income tax   | Social contribution | Total     | Income tax | Social contribution | Total     |
| Assets:  |              |                     |           |            |                     |           |
| Temporary differences:                         |              |                     |           |            |                     |           |
| Provision for inventory adjustment             | 65           | 23                  | 88        | 3          | 1                   | 4         |
| Provision for profit-sharing                   | 4,029        | 1,450               | 5,479     | 6,922      | 2,492               | 9,414     |
| Provision to tax losses                        | 145          | 52                  | 197       | -          | -                   | -         |
| Operations with derivatives                    | 97,307       | 34,788              | 132,095   | 3,885      | 1,398               | 5,283     |
| Provision for Senar                            | 2,080        | 749                 | 2,829     | 2,055      | 740                 | 2,795     |
| APV - Lease liability                          | 6,987        | 2,515               | 9,502     | 11,077     | 3,987               | 15,064    |
| Others   | 4,819        | 1,736               | 6,555     | 27,627     | 9,666               | 37,293    |
| Tax losses and negative basis                  | 55,011       | 20,347              | 75,358    | 33,434     | 12,176              | 45,610    |
|  | 170,443      | 61,660              | 232,103   | 85,003     | 30,460              | 115,463   |
| Liabilities:                                   |              |                     |           |            |                     |           |
| Incentivized depreciation from rural activity  | (172,952)    | (62,140)            | (235,092) | (161,635)  | (58,065)            | (219,700) |
| Bargain gain on acquisition of equity interest | (5,539)      | (1,994)             | (7,533)   | (5,539)    | (1,994)             | (7,533)   |
| Deemed cost from property, plant and equipment | (27,335)     | (13,742)            | (41,077)  | (27,843)   | (13,926)            | (41,769)  |
| Fair value for investment property             | (1,844)      | (996)               | (2,840)   | (1,844)    | (996)               | (2,840)   |
| Fair value of biological assets                | (129,222)    | (46,520)            | (175,742) | (45,832)   | (16,499)            | (62,331)  |
| Others   | (10,545)     | (4,047)             | (14,592)  | (4,560)    | (1,744)             | (6,304)   |
|  | (347,437)    | (129,439)           | (476,876) | (247,253)  | (93,224)            | (340,477) |
| Net total                                      | (176,994)    | (67,779)            | (244,773) | (162,250)  | (62,764)            | (225,014) |
| Classified in non-current assets               | 16,885       | 6,079               | 22,964    | 16,612     | 5,905               | 22,517    |
| Classified in the non-current liabilities      | (193,879)    | (73,858)            | (267,737) | (178,862)  | (68,669)            | (247,531) |

The Company and its subsidiaries, based on the expectation of generating future taxable income, based on a technical study approved by management, recognized tax credits on tax losses, negative social contribution base and temporary differences, which have no statute of limitations. The book value of deferred charges is reviewed annually by the Company and the resulting adjustments have not been significant in relation to management's initial forecast. The technical study considers the investments and incentives that farms may be entitled to.

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### 17 Deferred income and social contribution taxes (Continued)

Based on this technical study to generate future taxable income, the Company estimates to recover these tax credits in the following years:

|      | Parent Company |               | Consolidated   |                |
|------|----------------|---------------|----------------|----------------|
|      | 06/30/2020     | 12/31/2019    | 06/30/2020     | 12/31/2019     |
| 2020 | 96,869         | 52,872        | 124,927        | 63,328         |
| 2021 | 53,208         | 9,859         | 86,198         | 18,193         |
| 2022 | 16,365         | 901           | 20,978         | 9,829          |
| 2023 | -              | 400           | -              | 9,110          |
| 2024 | -              | -             | -              | 7,962          |
| 2025 | -              | -             | -              | 3,690          |
| 2026 | -              | -             | -              | 3,351          |
|      | <b>166,442</b> | <b>64,032</b> | <b>232,103</b> | <b>115,463</b> |

Estimates of tax credit recovery were based on projections of taxable income taking into consideration various financial and business assumptions. Consequently, these estimates are subject to the uncertainties inherent in such forecasts not being realized in the future.

#### Reconciliation of tax expense with official rates

Income and social contribution taxes, calculated based on the nominal rates of these taxes, are reconciled to the amount recorded as Income and social contribution taxes expenses as follows:

|   | Parent Company |           |            |           |
|---|----------------|-----------|------------|-----------|
|   | 06/30/2020     |           | 06/30/2019 |           |
|   | IRPJ           | CSLL      | IRPJ       | CSLL      |
| Income before tax on profit   | 461,853        | 461,853   | 436,363    | 436,363   |
| Income and social contribution taxes at the nominal rate from 25% to 9%, respectively | (115,463)      | (41,567)  | (109,091)  | (39,273)  |
| Adjustments for calculation of effective rate   |                |           |            |           |
| Equity income   | 19,199         | 6,912     | 18,424     | 6,633     |
| Permanent additions   | (1,240)        | (121)     | (5,110)    | (1,516)   |
| Other   | (400)          | 47        | 746        | 82        |
| Value recorded in the income  | (97,904)       | (34,729)  | (95,031)   | (34,074)  |
| Total income and social contribution taxes  |                | (132,633) |            | (129,105) |
| Deferred taxes  |                | (132,126) |            | (116,699) |
| Current taxes   |                | (507)     |            | (12,406)  |
| Effective rate  |                | 28.72%    |            | 29.59%    |

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## 17 Deferred income and social contribution taxes (Continued)

### Reconciliation of tax expense with official rates (Continued)

|  | Consolidated |           |            |           |
|--|--------------|-----------|------------|-----------|
|  | 06/30/2020   |           | 06/30/2019 |           |
|  | IRPJ         | CSLL      | IRPJ       | CSLL      |
| Income before tax on profit  | 520,320      | 520,320   | 477,274    | 477,274   |
| Income and social contribution taxes at the nominal rate of 25% and 9%, respectively | (130,080)    | (46,829)  | (119,319)  | (42,955)  |
| Adjustments for calculation of effective rate  |              |           |            |           |
| Permanent additions and exclusions   | (3,897)      | (1,067)   | (5,171)    | (1,516)   |
| Tax incentives of subsidiaries   | 19           | 7         | 209        | 75        |
| Income and social contribution taxes in companies taxed by the deemed profit system  | 14,610       | 5,066     | 6,505      | 2,336     |
| Elimination Unrealized profit  | 1,339        | 482       | 7,674      | 2,763     |
| IFRS 16 effects  | (5,303)      | (1,909)   | (3,676)    | (1,323)   |
| Other  | (420)        | 149       | 498        | (41)      |
| Value recorded in the income   | (123,732)    | (44,101)  | (113,280)  | (40,661)  |
| Total income and social contribution taxes   |              | (167,833) |            | (153,941) |
| Deferred taxes   |              | (163,518) |            | (131,830) |
| Current taxes  |              | (4,315)   |            | (22,111)  |
| Effective rate   |              | 32.26%    |            | 32.25%    |

### Reconciliation of deferred Income and social contribution taxes variation

Income and social contribution taxes, recorded in asset and liability accounts in the parent company and in the consolidated accounts, are shown as follows:

| Description                                    | Parent Company        |                      |                                    |                       |
|--|-----------------------|----------------------|------------------------------------|-----------------------|
|  | Balance on 12/31/2019 | Recognized in income | Recognized in comprehensive income | Balance on 06/30/2020 |
| Provision for inventory adjustment             | 4                     | 84                   | -                                  | 88                    |
| Provision for profit-sharing                   | 8,332                 | (3,492)              | -                                  | 4,840                 |
| Operations with derivatives                    | 34,761                | (34,133)             | 122,950                            | 123,578               |
| Provision for Senar                            | 2,551                 | 30                   | -                                  | 2,581                 |
| Others   | 3,355                 | 796                  | -                                  | 4,151                 |
| Tax losses and negative basis                  | -                     | 19,265               | -                                  | 19,265                |
| Incentivized depreciation from rural activity  | (177,515)             | (16,048)             | -                                  | (193,563)             |
| Bargain gain on acquisition of equity interest | (7,680)               | -                    | -                                  | (7,680)               |
| Deemed cost from property, plant and equipment | (8,383)               | 831                  | -                                  | (7,552)               |
| Fair value of biological assets                | (58,307)              | (96,369)             | -                                  | (154,676)             |
| APV - lease liability                          | 15,029                | (3,090)              | -                                  | 11,939                |
| <b>Total</b>                                   | <b>(187,853)</b>      | <b>(132,126)</b>     | <b>122,950</b>                     | <b>(197,029)</b>      |

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### 17 Deferred income and social contribution taxes (Continued)

Reconciliation of deferred Income and social contribution taxes variation (Continued)

| Description                                    | Consolidated             |                         |  | Balance on<br>06/30/2020 |
|--|--------------------------|-------------------------|--|--------------------------|
|  | Balance on<br>12/31/2019 | Recognized<br>in income | Recognized in<br>comprehensive<br>income |                          |
| Provision for inventory adjustment             | 4                        | 84                      | -  | 88                       |
| Provision for profit-sharing                   | 9,414                    | (3,935)                 | -  | 5,479                    |
| Provision to tax losses                        | -                        | 197                     | -  | 197                      |
| Operations with derivatives                    | 5,283                    | (16,947)                | 143,759                                  | 132,095                  |
| Provision for Senar                            | 2,795                    | 34                      | -  | 2,829                    |
| Others   | 37,293                   | (30,738)                | -  | 6,555                    |
| Tax losses and negative basis                  | 45,610                   | 29,748                  | -  | 75,358                   |
| APV - Lease liability                          | 15,064                   | (5,562)                 | -  | 9,502                    |
| Incentivized depreciation from rural activity  | (219,700)                | (15,392)                | -  | (235,092)                |
| Bargain gain on acquisition of equity interest | (7,533)                  | -                       | -  | (7,533)                  |
| Deemed cost from property, plant and equipment | (41,769)                 | 692                     | -  | (41,077)                 |
| Fair value for investment property             | (2,840)                  | -                       | -  | (2,840)                  |
| Fair value of biological assets                | (62,331)                 | (113,411)               | -  | (175,742)                |
| Others   | (6,304)                  | (8,288)                 | -  | (14,592)                 |
| <b>Total</b>                                   | <b>(225,014)</b>         | <b>(163,518)</b>        | <b>143,759</b>                           | <b>(244,773)</b>         |
| <b>Non-current assets</b>                      | 22,517                   |                         |  | 22,964                   |
| <b>Non-current liabilities</b>                 | (247,531)                |                         |  | (267,737)                |

### 18 Securities payable (Consolidated)

The Company, through its subsidiaries, has contracts related to the purchase of land, for its use and exploration. The balance as of June 30, 2020 is shown as follows:

|                                 | <u>Fixed amount payable</u> |
|---------------------------------|-----------------------------|
| Balance at December 31, 2019    | 13,685                      |
| Payments                        | (706)                       |
| <b>Balance at June 30, 2020</b> | <b>12,979</b>               |
| <b>Current liabilities</b>      | <b>12,273</b>               |
| <b>Non-current liabilities</b>  | <b>706</b>                  |

## SLC Agrícola S.A.

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### 19 Equity

#### a) Capital stock

On June 30, 2020, the subscribed capital in the amount of R\$ 947,522 is represented by 190,595,000 common, nominative, book-entry shares with no par value.

The following is a distribution of the common shares among the shareholders:

| Shareholder                     | Quantity of shares |             |
|---------------------------------|--------------------|-------------|
|                                 | 06/30/2020         | 12/31/2019  |
| SLC Participações S.A.          | 100,974,342        | 100,969,142 |
| Management                      | 221,472            | 242,772     |
| Treasury shares                 | 3,312,972          | 3,590,152   |
| Other                           | 86,086,214         | 85,792,934  |
| Total shares of paid-in capital | 190,595,000        | 190,595,000 |
| (-) Treasury shares             | (3,312,972)        | (3,590,152) |
| Total shares - ex-treasury      | 187,282,028        | 187,004,848 |

#### b) Capital reserve – goodwill in the issue of shares

Represented by the goodwill received on the public share offerings held in June 2007 and June 2008 and by the goodwill on treasury stock sales made in connection with the stock option plans, less the costs of issuing these shares (commissions, fees and other expenses), net of tax effects in accordance with CPC 10 (R1) (IFRS 2).

#### c) Treasury shares

The balance of treasury shares at June 30, 2020 is R\$ 59,362 and consists of 3,312,972 shares (R\$ 64,321 at December 31, 2019, consisting of 3,590,152 shares). The movement in the number of treasury shares in the year was as follows:

|   | Treasury shares  |                 |
|---|------------------|-----------------|
|   | In nº shares     | In R\$          |
| Balance at December 31, 2019                  | 3,590,152        | (64,321)        |
| Shares exercised under the stock option plans | (277,180)        | 4,959           |
| <b>Balance at June 30, 2020</b>               | <b>3,312,972</b> | <b>(59,362)</b> |

The market value of treasury shares, calculated based on the last stock exchange quotation before the year-end date, was R\$ 78,186 (R\$ 23.60 per share) at June 30, 2020 and R\$ 89,036 (R\$ 24.80 per share at December 31, 2019).



## **19 Equity (Continued)**

d) Legal reserve

The legal reserve is established on the basis of 5% of the net profit for the year limited to 20% of the share capital. As provided for in the Bylaws in article 35, paragraph a, in the fiscal year in which the balance of the legal reserve plus the amounts of the capital reserves referred to in paragraph 1 of article 182 of Law 6,404/76 exceeds thirty percent (30%) of the capital stock, it shall not be mandatory to allocate part of the net profit of the fiscal year to the legal reserve.

e) Reserve for expansion

According to the provisions of Article 194 of Law 6,404/76 and Article 35 of the Company's Bylaws, a Reserve for Expansion shall be formed based on the remaining profit after the legal and statutory deductions, for the purpose of investing in operating assets or capital expenditures, this reserve may not exceed the amount of capital stock.

f) Profit retention reserve

The balance at June 30, 2020 and December 31, 2019 refers to the remaining balance of retained earnings for the year 2007, which was retained as a profit retention reserve for the realization of new investments, provided for in a capital budget approved by the Board of Directors, in accordance with article 196 of Law 6,404/76.

g) Incentive investment reserve

It corresponds to tax benefits granted by the states of Mato Grosso do Sul, Mato Grosso and Goiás for the reduction in the amount of ICMS to be collected from 70% to 75%, in the form of a presumed credit, for the operations of cotton, cotton seed and corn, classified as investment subsidy.

**19 Equity (Continued)**h) Dividends

According to the Bylaws, the minimum mandatory dividend is calculated on the basis of 25% of the net profit remaining for the year, after the reserves established by law have been constituted.

On July 30, 2019, at the Annual Shareholders' Meeting, the financial statement for the year ended December 31, 2019 was approved, including the allocation of the results for that year. Among them, the distribution of dividends was approved, referring to the year ended December 31, 2019, in the total amount of R\$ 147,502, equivalent to 50% of the adjusted net income, corresponding to R\$ 0.787546 for each common share, R\$ 77,749 as a minimum mandatory dividend and R\$ 77,753 as an additional dividend over the 2019 financial year, based on the total number of shares (187,282,028) minus the total number of treasury shares (3,312,972). The payment of mandatory dividends occurred on April 9, 2020, and the additional dividend will be paid on August 13, 2020.

i) Earning per share

In accordance with CPC 41 - Earnings per Share (IAS 33), the following table reconciles the net income for the period with the values used to calculate basic and diluted earnings per share.

The Company has a category of dilutive potential common shares that refer to stock option plans. For these stock option plans, a calculation is made to determine the number of shares that could have been acquired at fair value (determined as the average annual market price of the Company's stock) based on the monetary value of the subscription rights attached to the stock option plans.

The number of shares calculated as described above is compared with the number of shares issued, assuming the exercise of the stock option plans.

|  | 06/30/2020     | 06/30/2019  |
|--|----------------|-------------|
| <b><i>Numerator</i></b>  |                |             |
| Net income for the period (a)                                      | 329,220        | 307,258     |
| <b><i>Denominator</i></b>  |                |             |
| Weighted average of common shares (b)                              | 187,139,541    | 187,188,762 |
| Weighted average of common shares considering dilutive effects (c) | 187,264,958    | 189,018,100 |
| <b>Basic (loss) income per common share (a/b)</b>                  | <b>1.75922</b> | 1.64143     |
| <b>Diluted (loss) income per common share (a/c)</b>                | <b>1.75804</b> | 1.62555     |

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### 19 Equity (Continued)

#### j) Other comprehensive income

The other comprehensive income in shareholders' equity, net of tax effects, is composed as follows:

|  | 06/30/2020       | 12/31/2019 |
|--|------------------|------------|
| <i>Hedge accounting</i>  | <b>(317,847)</b> | (20,864)   |
| Cost assigned fixed assets and fair value adjustment related to property for investments | <b>1,153,678</b> | 1,117,952  |
| Gain in the variation of interest  | <b>25,909</b>    | 25,909     |
| Other comprehensive income   | <b>861,740</b>   | 1,122,997  |

### 20 Finance income (loss)

|  | Parent company   |            | Consolidated     |            |
|--|------------------|------------|------------------|------------|
|  | 06/30/2020       | 06/30/2019 | 06/30/2020       | 06/30/2019 |
| Financial expenses:                        |                  |            |                  |            |
| Interest paid                              | <b>(39,400)</b>  | (44,033)   | <b>(46,881)</b>  | (52,863)   |
| Foreign exchange                           | <b>(175,305)</b> | (38,196)   | <b>(216,344)</b> | (41,428)   |
| APV - Liabilities Lease                    | <b>(69,711)</b>  | (54,618)   | <b>(28,594)</b>  | (20,673)   |
| Losses with derivative operations          | <b>(2,474)</b>   | (14,845)   | <b>(2,474)</b>   | (15,253)   |
| Others                                     | <b>(3,368)</b>   | (1,297)    | <b>(4,196)</b>   | (2,144)    |
|  | <b>(290,258)</b> | (152,989)  | <b>(298,489)</b> | (132,361)  |
| Financial income:                          |                  |            |                  |            |
| Income from interest-earning bank deposits | <b>7,572</b>     | 8,649      | <b>11,238</b>    | 12,923     |
| Foreign exchange                           | <b>104,859</b>   | 40,421     | <b>115,356</b>   | 45,498     |
| Gains with derivative operations           | <b>82,340</b>    | 12,712     | <b>110,967</b>   | 13,002     |
| Others                                     | <b>447</b>       | 2,971      | <b>464</b>       | 3,520      |
|  | <b>195,218</b>   | 64,753     | <b>238,025</b>   | 74,943     |
| Financial income (loss)                    | <b>(95,040)</b>  | (88,236)   | <b>(60,464)</b>  | (57,418)   |

## SLC Agrícola S.A.

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### 21 Commitments

#### 21.1 Sales contracts for future delivery

The Company and its subsidiaries have sales contracts for future delivery with some customers, as shown below:

| Parent Company             |                 |           |            |      |              |
|----------------------------|-----------------|-----------|------------|------|--------------|
| Product                    | Delivery Date   | Quantity  | Agreements | Unit | Price        |
| <b><u>2018/19 crop</u></b> |                 |           |            |      |              |
| Cotton lint                | Jul/20 - Aug/20 | 5,497     | 11         | ton  | USD 1,402.49 |
| <b><u>2019/20 crop</u></b> |                 |           |            |      |              |
| Cotton lint                | Aug/20 - Jul/21 | 120,800   | 30         | ton  | USD 1,629.49 |
| Soybean                    | Jul/20 - Sep/20 | 26,666    | 1          | sc   | USD 19.00    |
| Soybean                    | Jul/20-Sep/20   | 1,060,242 | 15         | sc   | R\$ 97.20    |
| Corn                       | Jul/20-Sep/20   | 4,765,000 | 26         | sc   | R\$ 28.83    |
| <b><u>2020/21 crop</u></b> |                 |           |            |      |              |
| Cotton lint                | Aug/21- Dec/21  | 49,580    | 6          | ton  | USD 1,564.16 |
| Soybean                    | Jan/21-Apr/21   | 1,710,517 | 20         | sc   | US\$ 17.66   |
| Soybean                    | Jan/21-Apr/21   | 4,091,351 | 65         | sc   | R\$ 82.79    |
| Corn                       | Jun/21-Aug/21   | 4,725,000 | 20         | sc   | R\$ 32.87    |

| Consolidated               |                 |           |            |      |              |
|----------------------------|-----------------|-----------|------------|------|--------------|
| Product                    | Delivery Date   | Quantity  | Agreements | Unit | Price        |
| <b><u>2018/19 crop</u></b> |                 |           |            |      |              |
| Cotton lint                | Jul/20 - Aug/20 | 5,672     | 12         | ton  | USD 1,382.06 |
| <b><u>2019/20 crop</u></b> |                 |           |            |      |              |
| Cotton lint                | Aug/20 - Jul/21 | 132,800   | 33         | ton  | USD 1,621.04 |
| Soybean                    | Jul/20 - Sep/20 | 201,666   | 3          | sc   | USD 18.57    |
| Soybean                    | Jul/20 - Sep/20 | 1,185,242 | 17         | sc   | R\$ 97.26    |
| Corn                       | Jul/20-Sep/20   | 5,416,667 | 33         | sc   | R\$ 28.00    |
| <b><u>2020/21 crop</u></b> |                 |           |            |      |              |
| Cotton lint                | Aug/21- Dec/21  | 58,000    | 10         | ton  | USD 1,564.16 |
| Soybean                    | Jan/21-Apr/21   | 2,230,517 | 24         | sc   | US\$ 17.66   |
| Soybean                    | Jan/21-Apr/21   | 4,816,351 | 72         | sc   | R\$ 82.79    |
| Corn                       | Jun/21-Aug/21   | 5,590,000 | 25         | sc   | R\$ 32.87    |

**21 Commitments (Continued)****21.2 Third party lease agreements**

As of June 30, 2020, the Company and its subsidiaries have third-party lease agreements and building leases, thus distributed:

| Unit                           | Location                                       | Currency | Lease liability (IFRS 16/CPC 06(R2)scope) |                |
|--------------------------------|--|----------|---|----------------|
|                                |  |          | 06/30/2020                                | 12/31/2019     |
| Paiaguás                       | Diamantino - MT                                | R\$      | 58,115                                    | 37,669         |
| Paladino                       | São Desidério - BA                             | R\$      | 38,795                                    | 32,062         |
| Palmares                       | Barreiras - BA                                 | R\$      | 105,128                                   | 91,774         |
| Palmeira                       | Alto Parnaíba - MA                             | R\$      | 25,900                                    | 32,872         |
| Pamplona                       | Cristalina - GO                                | R\$      | 13,247                                    | 17,136         |
| Panorama                       | Correntina - BA                                | R\$      | 67,786                                    | 56,701         |
| Pantanal                       | Chapadão do Céu - GO e<br>Chapadão do Sul - MS | R\$      | 265,819                                   | 227,453        |
| Parceiro                       | Formosa do Rio Preto - BA                      | R\$      | 15,177                                    | 19,965         |
| Parnaíba                       | Tasso Fragoso - MA                             | R\$      | 43,213                                    | 48,765         |
| Planalto                       | Costa Rica - MS                                | R\$      | 8,268                                     | 6,436          |
| Planeste                       | Balsas - MA                                    | R\$      | 64,233                                    | 54,785         |
| Planorte                       | Sapezal - MT                                   | R\$      | 3,205                                     | 3,472          |
| Matriz                         | Porto Alegre - RS                              | R\$      | 686                                       | 626            |
|                                |  |          | <b>709,572</b>                            | <b>629,716</b> |
| <b>Liabilities current</b>     |  |          | <b>134,476</b>                            | <b>114,567</b> |
| <b>Liabilities non-current</b> |  |          | <b>575,096</b>                            | <b>515,149</b> |

The lease liabilities shown above have a discount rate ranging from 4.26% to 9.75%.

In relation to third party lease agreements we also inform you that: (i) there are no contingent payment clauses; (ii) there are no renewal terms or purchase options, except for the contract of Fazenda Planalto, related to 1,603 ha, which has annual renewal; (iii) the land lease contracts are indexed, in its majority, to the variation of the price of the soybean bag, and there are no other readjustment clauses; (iv) there are no restrictions imposed, such as those related to dividends and interest on equity, additional debt, or any other that requires additional disclosure.

In addition to leasing crop land, the Company has operational leasing contracts for a cotton processing unit at Fazenda Palmares (in Barreiras-BA, for R\$ 1,850 per year, until August 31, 2023), at Fazenda Paladino (in São Desidério-BA, for R\$ 1,000 per year until August 31, 2021) and at Fazenda Pantanal (Chapadão do Céu - GO, for R\$ 400 per year until August 31, 2030), equipment rents at Fazenda Planorte (in Sapezal-MT) and Fazenda Paiaguás (in Diamantino-MT), with decreasing values each year until April 30, 2026, and rents from its administrative headquarters in Porto Alegre-RS.

The statement of the maturity flows of lease and lease liabilities payable is presented in note 22.

## **22 Risk management and financial instruments**

The sales revenues of the Company and its subsidiaries are generated mainly from the commercialization of agricultural commodities such as cotton, soybeans and corn; products that are quoted in dollars on the Chicago Board of Trade - CBOT and Intercontinental Exchange Futures US - ICE international exchanges. Therefore, the volatility of the international price of the commodity and the exchange rate are market risks to which the Company and its subsidiaries are exposed.

In addition, the Company and its subsidiaries engage in financing operations in the financial market at pre-fixed or post-fixed rates. Therefore, the Company presents a risk to the variation of interest rates in the indebtedness contracted with post-fixed interest rates.

Fair values are determined based on market price quotations, where available, or, in the absence of these, on the present value of expected cash flows. The fair values of cash and cash equivalents, trade receivables, short-term debt and trade payables are equivalent to their book values. The fair values of other long-term assets and liabilities do not differ significantly from their book values.

The estimated fair value of the long-term loans of the parent company and consolidated at June 30, 2020 was R\$ 1,263,855, and R\$ 1,494,839, respectively, calculated at prevailing market rates, considering the nature, term and risks similar to those of the contracts recorded, and can be compared with the book value of R\$ 1,258,222 and R\$ 1,492,350.

The hierarchy of fair values of financial assets and liabilities recorded at fair value on a recurring basis was performed using the following criteria:

- Level 1 - Prices quoted (unadjusted) in active markets for assets and liabilities and identical
- Level 2 - Inputs, except quoted prices, included in Level 1 that are observable for the asset or liability, directly (prices) or indirectly (derived from prices)
- Level 3 - Assumptions, for assets or liabilities, that are not based on observable market data (unobservable inputs).

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### 22 Risk management and financial instruments (Continued)

The table below presents the hierarchy of fair values of financial assets and liabilities recorded at fair value on a recurring basis:

|   | Parent Company   |                  |                       |                       |
|---|------------------|------------------|-----------------------|-----------------------|
|   | Book Value       |                  | Fair Value            |                       |
|   | 06/30/2020       | 12/31/2019       | Level 2<br>06/30/2020 | Level 2<br>12/31/2019 |
| <b>Assets</b>                                   |                  |                  |                       |                       |
| <b><u>Fair value through profit or loss</u></b> |                  |                  |                       |                       |
| Cash and cash equivalents                       | 647,669          | 649,548          | 647,669               | 649,548               |
| Short term financial Investments                | 22,364           | 54,302           | 22,364                | 54,302                |
| <b>Subtotal</b>                                 | <b>670,033</b>   | <b>703,850</b>   | <b>670,033</b>        | <b>703,850</b>        |
| <b><u>Amortized cost</u></b>                    |                  |                  |                       |                       |
| Trade accounts receivable                       | 26,062           | 137,114          | 26,062                | 137,114               |
| Receivables from related parties                | 32,527           | 32,090           | 32,527                | 32,090                |
| <b>Subtotal</b>                                 | <b>58,589</b>    | <b>169,204</b>   | <b>58,589</b>         | <b>169,204</b>        |
| <b><u>Fair value of hedge instruments</u></b>   |                  |                  |                       |                       |
| Operations with Derivatives                     | 145,237          | 41,467           | 145,237               | 41,467                |
| <b>Subtotal</b>                                 | <b>145,237</b>   | <b>41,467</b>    | <b>145,237</b>        | <b>41,467</b>         |
| <b>Total assets</b>                             | <b>873,859</b>   | <b>914,521</b>   | <b>873,859</b>        | <b>914,521</b>        |
| <b>Liabilities</b>                              |                  |                  |                       |                       |
| <b><u>Liabilities at the amortized cost</u></b> |                  |                  |                       |                       |
| Loans and financing                             | 2,030,356        | 1,557,727        | 2,044,697             | 1,544,998             |
| Suppliers                                       | 252,780          | 773,124          | 252,780               | 773,124               |
| Payables to related parties                     | 7                | 2,763            | 7                     | 2,763                 |
| Liabilities - lease with related parties        | 925,078          | 899,805          | 925,078               | 899,805               |
| Third-party lease liability                     | 670,779          | 597,651          | 670,779               | 597,651               |
| Leases to pay                                   | 154              | 225              | 154                   | 225                   |
| Other accounts payable                          | 229,773          | 113,471          | 229,773               | 113,471               |
| <b>Subtotal</b>                                 | <b>4,108,927</b> | <b>3,944,766</b> | <b>4,123,268</b>      | <b>3,932,037</b>      |
| <b><u>Fair value of hedge instruments</u></b>   |                  |                  |                       |                       |
| Derivatives payable                             | 416,351          | 51,358           | 416,351               | 51,358                |
| <b>Subtotal</b>                                 | <b>416,351</b>   | <b>51,358</b>    | <b>416,351</b>        | <b>51,358</b>         |
| <b>Total liabilities</b>                        | <b>4,525,278</b> | <b>3,996,124</b> | <b>4,539,619</b>      | <b>3,983,395</b>      |

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### 22 Risk management and financial instruments (Continued)

|   | Consolidated     |                  |                       |                       |
|---|------------------|------------------|-----------------------|-----------------------|
|   | Book Value       |                  | Fair Value            |                       |
|   | 06/30/2020       | 12/31/2019       | Level 2<br>06/30/2020 | Level 2<br>12/31/2019 |
| <b>Assets</b>                                   |                  |                  |                       |                       |
| <b><u>Fair value through profit or loss</u></b> |                  |                  |                       |                       |
| Cash and cash equivalents                       | 869,482          | 829,427          | 869,482               | 829,427               |
| Short term financial Investments                | 22,364           | 55,992           | 22,364                | 55,992                |
| <b>Subtotal</b>                                 | <b>891,846</b>   | <b>885,419</b>   | <b>891,846</b>        | <b>885,419</b>        |
| <b><u>Amortized cost</u></b>                    |                  |                  |                       |                       |
| Trade accounts receivable                       | 38,824           | 178,405          | 38,824                | 178,405               |
| Receivables from related parties                | -                | 11               | -                     | 11                    |
| Other accounts receivable                       | 76,051           | 71,657           | 76,051                | 71,657                |
| <b>Subtotal</b>                                 | <b>114,875</b>   | <b>250,073</b>   | <b>114,875</b>        | <b>250,073</b>        |
| <b><u>Fair value of hedge instruments</u></b>   |                  |                  |                       |                       |
| Operations with Derivatives                     | 183,037          | 45,336           | 183,037               | 45,336                |
| <b>Subtotal</b>                                 | <b>183,037</b>   | <b>45,336</b>    | <b>183,037</b>        | <b>45,336</b>         |
| <b>Total assets</b>                             | <b>1,189,758</b> | <b>1,180,828</b> | <b>1,189,758</b>      | <b>1,180,828</b>      |
| <b>Liabilities</b>                              |                  |                  |                       |                       |
| <b><u>Liabilities at the amortized cost</u></b> |                  |                  |                       |                       |
| Loans and financing                             | 2,459,781        | 1,859,766        | 2,472,062             | 1,840,398             |
| Suppliers                                       | 306,819          | 922,000          | 306,819               | 922,000               |
| Payables to related parties                     | 108              | 125              | 108                   | 125                   |
| Other accounts payable                          | 283,568          | 123,584          | 283,568               | 123,584               |
| Third-party lease liability                     | 709,572          | 629,716          | 709,572               | 629,716               |
| Leases to pay                                   | 154              | 225              | 154                   | 225                   |
| Securities payable                              | 12,979           | 13,685           | 12,979                | 13,685                |
| <b>Subtotal</b>                                 | <b>3,772,981</b> | <b>3,549,101</b> | <b>3,785,262</b>      | <b>3,529,733</b>      |
| <b><u>Fair value of hedge instruments</u></b>   |                  |                  |                       |                       |
| Derivatives payable                             | 476,003          | 60,873           | 476,003               | 60,873                |
| <b>Subtotal</b>                                 | <b>476,003</b>   | <b>60,873</b>    | <b>476,003</b>        | <b>60,873</b>         |
| <b>Total liabilities</b>                        | <b>4,248,984</b> | <b>3,609,974</b> | <b>4,261,265</b>      | <b>3,590,606</b>      |



## **22 Management of risks and financial instruments (Continued)**

a) Policy of use, objectives and strategies

The objective of the use of financial derivative instruments by the Company and its subsidiaries is the protection of operating margins. The Company created an Executive Risk Management Committee in July 2008 and approved the Risk Management Policy at the meeting of the Board of Directors on October 29, 2008. The Risk Management Executive Committee is the liaison body between the Board of Directors and the Company's Executive Board. Its mission involves the daily support to the decisions of the Executive Board, the monitoring of compliance with the established risk limits and, when appropriate, the preliminary analysis and evaluation of proposals for adjustments or reformulation of policies or risk limits for subsequent submission to the Board of Directors for deliberation.

Derivative transactions are carried out with prime financial institutions (institutions in the country with "Rating" of at least "A" in at least one of the three main international rating agencies, namely: Moody's, S&P and/or Fitch), observing limits and exposures to the exchange, commodities and interest risks of its counterparties on a regular basis.

b) Gains (losses) from financial instruments under parent company and consolidated shareholders' equity

Forward contract (NDF) and commodity swap transactions (see note 22.h) are fixed to protect future sales exposure in dollars. In addition, debt swap operations aim to protect the future exchange rate variation of dollar loans. These operations are documented for registration through the hedge accounting methodology in accordance with CPC 48 and IFRS 9. The Company records in a specific shareholders' equity account the unrealized effects of these instruments contracted for its own operations or those contracted on a consolidated basis to cover future sales.

c) Currency risk

In order to protect the sales revenues of the Company and its subsidiaries, which are subject to exchange rate volatility, financial derivative instruments are used, whose portfolio basically consists of NDF (Non-Deliverable Forward) contracts.

These operations are carried out directly with financial institutions, in an over the counter environment, where there are no margin calls. The impact on the cash flow of the Company and its subsidiaries occurs only on the date of settlement of the contracts. However, it should be considered that the settlement of these financial transactions is associated with the receipt of sales, which are also associated with foreign exchange variation, thus offsetting any gains or losses in hedging derivative instruments due to exchange rate variations.

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### 22 Management of risks and financial instruments (Continued)

#### c) Currency risk (Continued)

The Business Plan is constantly updated for analysis of exchange rate risk exposure, considering the following premises: (I) projection of planted area; (II) expected productivity; (III) prices of commodities, which are quoted in the dollar currency, considering the volume weighted average of sales prices and market prices of the volume to be sold; and, (IV) distribution of sales in the analyzed periods. After the definition of the Business Plan and the measurement of the previously exposed items, the total exchange rate exposure is reached.

Based on the cost already formed with the purchase of the main inputs (fertilizers, defensives and seeds) and estimated fixed costs, the expected operating margin is determined. In this way, the risk management committee executes the parameters described in the risk management policy, with the objective of reducing the standard deviation of the operating margin defined as a target.

The table below shows the positions, of the Company and its subsidiaries, with the nominal and fair values of each instrument contracted, namely:

| Description                              | Reference value (notional) |                |                | Fair Value (MTM) |                  |              |
|--|----------------------------|----------------|----------------|------------------|------------------|--------------|
|  | Currency                   | 06/30/2020     | 12/31/2019     | Currency         | 06/30/2020       | 12/31/2019   |
| <b>Forward Contracts (NDF):</b>          |                            |                |                |                  |                  |              |
| <b>Foreign currency - Short position</b> |                            |                |                |                  |                  |              |
| Maturity in 2020                         | USD                        | 238,570        | 369,332        | R\$              | (247,254)        | (6,452)      |
| Maturity in 2021                         | USD                        | 267,910        | 68,450         | R\$              | (190,866)        | 7,911        |
| <b>TOTAL</b>                             | <b>USD</b>                 | <b>506,480</b> | <b>437,782</b> | <b>R\$</b>       | <b>(438,120)</b> | <b>1,459</b> |

The following details the maturity schedule of the derivative operations and deferred exchange variation, which are framed in the "hedge accounting" methodology:

| Maturity         | Currency   | Forward<br>Contracts (NDF) |
|------------------|------------|----------------------------|
| Up to 09/30/2020 | R\$        | (71,167)                   |
| Up to 12/31/2020 | R\$        | (176,088)                  |
| Up to 03/31/2021 | R\$        | (119,673)                  |
| Up to 06/30/2021 | R\$        | (29,592)                   |
| Up to 09/30/2021 | R\$        | (8,182)                    |
| Up to 12/31/2021 | R\$        | (33,418)                   |
| <b>TOTAL</b>     | <b>R\$</b> | <b>(438,120)</b>           |

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### 22 Management of risks and financial instruments (Continued)

#### c) Currency risk (Continued)

The table below shows the opening of foreign exchange derivatives by counterparty (of the Company and its subsidiaries):

| Description                        | Reference value (notional) |                |                | Fair Value |                  |              |
|------------------------------------|----------------------------|----------------|----------------|------------|------------------|--------------|
|                                    | Currency                   | 06/30/2020     | 12/31/2019     | Currency   | 06/30/2020       | 12/31/2019   |
| Banco Itaú BBA S/A                 | USD                        | 102,120        | 98,990         | R\$        | (109,647)        | 1,175        |
| XP Investimentos S.A.              | USD                        | 16,620         | 15,000         | R\$        | (390)            | (979)        |
| Banco Safra S.A.                   | USD                        | 38,370         | 7,475          | R\$        | (19,994)         | (58)         |
| Banco BNP Paribas Brasil S.A.      | USD                        | 20,500         | 5,700          | R\$        | (24,089)         | 1,197        |
| Banco Bradesco S/A                 | USD                        | 15,000         | 31,795         | R\$        | (12,498)         | (939)        |
| Banco Votorantim S/A               | USD                        | 26,980         | 70,460         | R\$        | (30,831)         | (3,524)      |
| Morgan Stanley S/A                 | USD                        | 64,870         | 72,100         | R\$        | (73,785)         | 4,433        |
| Banco J.P. Morgan S/A              | USD                        | 56,150         | 14,550         | R\$        | (59,046)         | 781          |
| Banco Santander Brasil S/A         | USD                        | 74,130         | 66,962         | R\$        | (68,154)         | 1,425        |
| Banco ABC Brasil S.A.              | USD                        | 27,120         | 16,760         | R\$        | (32,321)         | 2,035        |
| Rabobank International Brasil S.A. | USD                        | 17,120         | 29,990         | R\$        | (8,197)          | (2,988)      |
| Banco BTG Pactual S.A.             | USD                        | 47,500         | 8,000          | R\$        | 832              | (1,099)      |
| <b>Total</b>                       | <b>USD</b>                 | <b>506,480</b> | <b>437,782</b> | <b>R\$</b> | <b>(438,120)</b> | <b>1,459</b> |

The following criteria were used to determine the fair value of forward contract operations (NDF): future dollar curve published by B3 ([www.b3.com.br](http://www.b3.com.br)) at the end of each period. Based in this information, the adjustment projected in the maturity of each operation is discounted by the yield curve DI x Pre B3 ([www.b3.com.br](http://www.b3.com.br)) of closing each period.

#### *Risks of exchange rate variation*

The Company projected the potential impact of foreign exchange hedging operations and indebtedness in dollars in five scenarios for the years 2020, 2021 and 2022, as follows:

- Probable Scenario: Based on the FOCUS report (BACEN) released on June 30, 2020, we have defined the probable scenario with the dollar quotation of R\$ 5.2000 varying to the Ptax rate of R\$ 5.4416 on June 30, 2020.
- Exchange rate Decrease of 25%: in this scenario the operations would be settled at the rate of R\$ 3.9000, equivalent to 25% lower than the rate in the Probable Scenario.
- Decrease of 50% in the exchange rate: in this scenario the operations would be settled at the rate of R\$ 2.6000, equivalent to 50% less than the rate in the Probable Scenario.
- Increase of 25% in the exchange rate: in this scenario the operations would be settled at the rate of R\$ 6.5000, equivalent to 25% higher than the rate in the Probable Scenario.
- Increase of 50% in the exchange rate: in this scenario the operations would be settled at the rate of R\$ 7.8000, equivalent to 50% higher than the rate in the Probable Scenario.

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## 22 Management of risks and financial instruments (Continued)

### c) Currency risk (Continued)

The following is a summary of the consolidated impacts in each projected scenario:

| Description                                  | Parent Company                             |  |  |  |  |
|--|--|--|--|--|--|
|  | Remote scenario<br>Quotation R\$<br>2.6000 | Possible scenario<br>Quotation R\$<br>3.9000 | Probable scenario<br>Quotation R\$<br>5.4416 | Possible scenario<br>Quotation R\$<br>6.5000 | Remote scenario<br>Quotation R\$<br>7.8000 |
| <b>Year 2020</b>                             |  |  |  |  |  |
| Highly probable estimated revenue in USD (1) | (545,925)                                  | (272,962)                                    | 50,729                                       | 272,962                                      | 545,925                                    |
| Estimated commitments in USD (2)             | 264,290                                    | 132,145                                      | (24,559)                                     | (132,145)                                    | (264,290)                                  |
| Forward Contracts (NDF) (3)                  | 263,380                                    | 131,690                                      | (24,474)                                     | (131,690)                                    | (263,380)                                  |
| <b>Net exposure in USD (1)-(2)-(3)</b>       | <b>(18,255)</b>                            | <b>(9,127)</b>                               | <b>1,696</b>                                 | <b>9,127</b>                                 | <b>18,255</b>                              |
| <b>Year 2021</b>                             |  |  |  |  |  |
| Highly probable estimated revenue in USD (1) | (1,130,389)                                | (565,195)                                    | 105,039                                      | 565,195                                      | 1,130,389                                  |
| Estimated commitments in USD (2)             | 284,362                                    | 142,181                                      | (26,424)                                     | (142,181)                                    | (284,362)                                  |
| Forward Contracts (NDF) (3)                  | 316,030                                    | 158,015                                      | (29,366)                                     | (158,015)                                    | (316,030)                                  |
| <b>Net exposure in USD (1)-(2)-(3)</b>       | <b>(529,997)</b>                           | <b>(264,999)</b>                             | <b>49,249</b>                                | <b>264,999</b>                               | <b>529,997</b>                             |
| <b>Year 2022</b>                             |  |  |  |  |  |
| Highly probable estimated revenue in USD (1) | (405,538)                                  | (202,769)                                    | 37,684                                       | 202,769                                      | 405,538                                    |
| <b>Net exposure in USD (1)</b>               | <b>(405,538)</b>                           | <b>(202,769)</b>                             | <b>37,684</b>                                | <b>202,769</b>                               | <b>405,538</b>                             |
| <b>Total</b>                                 | <b>(953,790)</b>                           | <b>(476,895)</b>                             | <b>88,629</b>                                | <b>476,895</b>                               | <b>953,790</b>                             |

## SLC Agrícola S.A.

Notes to the quarterly information  
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### 22 Management of risks and financial instruments (Continued)

#### c) Currency risk (Continued)

##### *Risks of exchange rate variation (Continued)*

| Description                                  | Consolidated                     |                                    |                                       |                                    |                                  |
|--|----------------------------------|------------------------------------|---------------------------------------|------------------------------------|----------------------------------|
|  | Remote scenario<br>Quotation R\$ | Possible scenario<br>Quotation R\$ | scenario by year-end<br>Quotation R\$ | Possible scenario<br>Quotation R\$ | Remote scenario<br>Quotation R\$ |
|  | 2.6000                           | 3.9000                             | 5.4416                                | 6.5000                             | 7.8000                           |
| <b>Year 2019</b>                             |                                  |                                    |                                       |                                    |                                  |
| Highly probable estimated revenue in USD (1) | (722,899)                        | (361,449)                          | 67,174                                | 361,449                            | 722,899                          |
| Estimated commitments in USD (2)             | 326,768                          | 163,384                            | (30,364)                              | (163,384)                          | (326,768)                        |
| Forward Contracts (NDF) (3)                  | 293,514                          | 146,757                            | (27,274)                              | (146,757)                          | (293,514)                        |
| <b>Net exposure in USD (1)-(2)-(3)</b>       | <b>(102,617)</b>                 | <b>(51,308)</b>                    | <b>9,536</b>                          | <b>51,308</b>                      | <b>102,617</b>                   |
| <b>Year 2020</b>                             |                                  |                                    |                                       |                                    |                                  |
| Highly probable estimated revenue in USD (1) | (1,327,862)                      | (663,931)                          | 123,389                               | 663,931                            | 1,327,862                        |
| Estimated commitments in USD (2)             | 319,436                          | 159,718                            | (29,683)                              | (159,718)                          | (319,436)                        |
| Forward Contracts (NDF) (3)                  | 377,130                          | 188,565                            | (35,044)                              | (188,565)                          | (377,130)                        |
| <b>Net exposure in USD (1)-(2)-(3)</b>       | <b>(631,296)</b>                 | <b>(315,648)</b>                   | <b>58,662</b>                         | <b>315,648</b>                     | <b>631,296</b>                   |
| <b>Year 2021</b>                             |                                  |                                    |                                       |                                    |                                  |
| Highly probable estimated revenue in USD (1) | (465,015)                        | (232,508)                          | 43,211                                | 232,508                            | 465,015                          |
| <b>Net exposure in USD (1)</b>               | <b>(465,015)</b>                 | <b>(232,508)</b>                   | <b>43,211</b>                         | <b>232,508</b>                     | <b>465,015</b>                   |
| <b>Total</b>                                 | <b>(1,198,928)</b>               | <b>(599,464)</b>                   | <b>111,409</b>                        | <b>599,464</b>                     | <b>1,198,928</b>                 |

The following shows the net exposure to currency risk:

|   | Parent Company        |                         |                       |                         |
|---|-----------------------|-------------------------|-----------------------|-------------------------|
|   | 06/30/2020            |                         | 12/31/2019            |                         |
|   | Amount in Reais (R\$) | Amount in Dólares (USD) | Amount in Reais (R\$) | Amount in Dólares (USD) |
| Trade accounts receivable (note 5)              | 8,870                 | 1,630                   | 125,979               | 31,255                  |
| Suppliers                                       | (8,698)               | (1,581)                 | (138,313)             | (34,315)                |
| <b>Net exposure of the shareholders' equity</b> | <b>172</b>            | <b>49</b>               | <b>(12,334)</b>       | <b>(3,060)</b>          |

|   | Consolidated          |                         |                       |                         |
|---|-----------------------|-------------------------|-----------------------|-------------------------|
|   | 06/30/2020            |                         | 12/31/2019            |                         |
|   | Amount in Reais (R\$) | Amount in Dólares (USD) | Amount in Reais (R\$) | Amount in Dólares (USD) |
| Trade accounts receivable (note 5)              | 9,374                 | 1,723                   | 166,942               | 41,418                  |
| Suppliers                                       | (19,067)              | (3,486)                 | (167,891)             | (41,653)                |
| <b>Net exposure of the shareholders' equity</b> | <b>(9,693)</b>        | <b>(1,763)</b>          | <b>(949)</b>          | <b>(235)</b>            |

## SLC Agrícola S.A.

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### 22 Management of risks and financial instruments (Continued)

#### d) Price risk

Most of the protection against commodity price fluctuations is carried out through sales directly with our customers with physical future delivery (forward contracts). In addition, futures contracts, negotiated in an exchange environment, and financial transactions of *swap* contracts, with financial institutions in the over-the-counter market are also used. These operations are traded with reference to prices of commodities quoted in the futures market. All operations are related to the net exposure of the production of the Company and its subsidiaries, so that every operation has its ballast in physical product. Transactions carried out in an exchange environment require the availability of initial margins and adjustments are made daily, according to the variation in the reference price. On the other hand, operations with financial institutions do not require initial margins, since these operations are supported by a credit limit pre-approved by financial institutions.

The table below shows the derivative financial instruments contracted for protection against variation in the price of commodities, the effects of which are recorded in shareholders' equity as they are recorded in the form of hedge accounting.

| Description                     | Reference value (notional) |            |            | Fair value |            |            |
|---------------------------------|----------------------------|------------|------------|------------|------------|------------|
|                                 | Currency                   | 06/30/2020 | 12/31/2019 | Currency   | 06/30/2020 | 12/31/2019 |
| <b>Year of Maturity at 2020</b> |                            |            |            |            |            |            |
| <b>Financial operations</b>     |                            |            |            |            |            |            |
| Commodities - Cotton            | USD                        | 92,601     | 135,483    | R\$        | 35,187     | (19,444)   |
| Commodities – Ox fat            | USD                        | 11,883     | -          | R\$        | (1,233)    | -          |
| <b>Subtotal</b>                 | USD                        | 104,484    | 135,483    | R\$        | 33,954     | (19,444)   |
| <b>Year of Maturity at 2021</b> |                            |            |            |            |            |            |
| <b>Financial operations</b>     |                            |            |            |            |            |            |
| Commodities - Cotton            | USD                        | 84,587     | 17,656     | R\$        | (1,262)    | (4,245)    |
| <b>Subtotal</b>                 | USD                        | 84,587     | 17,656     | R\$        | (1,262)    | (4,245)    |
| <b>Total</b>                    | USD                        | 189,071    | 153,139    | R\$        | 32,692     | (23,689)   |

## SLC Agrícola S.A.

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### 22 Management of risks and financial instruments (Continued)

#### d) Price risk (Continued)

##### *Commodity price risk*

The Company has projected the potential impact of changes in soybean and cotton prices in 5 scenarios for the years 2020 and 2021, as follows:

- Probable Scenario: Based on the closing price on 06/30/2020 of the reference future contract on the stock exchange where production is priced.
- 25% drop in the price of the reference futures contract on the exchange where production is priced.
- 50% drop in the price of the reference futures contract on the exchange where production is priced.
- 25% increase in the price of the reference future contract on the stock exchange where production is priced.
- 50% increase in the price of the reference future contract on the stock exchange where production is priced.

The price sensitivity assessment considers as exposure the total estimated revenue (highly probable sales revenue) and the totality of hedge instruments contracted, generally represented by future sales of agricultural products, in relation to the exposure of the same items sold (hedged highly probable sales revenue).

The following is a summary of the impacts in each projected scenario converted into R\$ 5.4416 by the PTAX sale at the end of June 30, 2020:

## SLC Agrícola S.A.

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### 22 Management of risks and financial instruments (Continued)

#### d) Price risk (Continued)

##### *Commodity price risk (Continued)*

| Income variation highly to price scenarios |                            |                              |                      |                               |                            |
|--|----------------------------|------------------------------|----------------------|-------------------------------|----------------------------|
| Description                                | Remote<br>scenario<br>-50% | Possible<br>scenario<br>-25% | Probable<br>scenario | Possible<br>scenario<br>+ 25% | Remote<br>scenario<br>+50% |
| <b>Cotton - Year 2020</b>                  |                            |                              |                      |                               |                            |
| Highly probable income                     | 1,869,978                  | 1,869,978                    | 1,869,978            | 1,869,978                     | 1,869,978                  |
| Highly probable income protected           | 1,869,978                  | 1,869,978                    | 1,869,978            | 1,869,978                     | 1,869,978                  |
| Net exposure                               | -                          | -                            | -                    | -                             | -                          |
| Change in net exposure                     | -                          | -                            | -                    | -                             | -                          |
| <b>Soybean - Year 2020</b>                 |                            |                              |                      |                               |                            |
| Highly probable income                     | 1,296,077                  | 1,337,951                    | 1,379,825            | 1,421,699                     | 1,463,573                  |
| Highly probable income protected           | 1,212,329                  | 1,212,329                    | 1,212,329            | 1,212,329                     | 1,212,329                  |
| Net exposure                               | 83,748                     | 125,622                      | 167,496              | 209,370                       | 251,244                    |
| Change in net exposure                     | (83,748)                   | (41,874)                     | -                    | 41,874                        | 83,748                     |
| <b>Cotton - Year 2021</b>                  |                            |                              |                      |                               |                            |
| Highly probable income                     | 1,524,571                  | 1,616,472                    | 1,708,373            | 1,800,274                     | 1,892,175                  |
| Highly probable income protected           | 1,340,769                  | 1,340,769                    | 1,340,769            | 1,340,769                     | 1,340,769                  |
| Net exposure                               | 183,802                    | 275,703                      | 367,604              | 459,505                       | 551,406                    |
| Change in net exposure                     | (183,802)                  | (91,901)                     | -                    | 91,901                        | 183,802                    |
| <b>Soybean - Year 2021</b>                 |                            |                              |                      |                               |                            |
| Highly probable income                     | 863,473                    | 969,315                      | 1,075,157            | 1,180,999                     | 1,286,841                  |
| Highly probable income protected           | 651,789                    | 651,789                      | 651,789              | 651,789                       | 651,789                    |
| Net exposure                               | 211,684                    | 317,526                      | 423,368              | 529,210                       | 635,052                    |
| Change in net exposure                     | (211,684)                  | (105,842)                    | -                    | 105,842                       | 211,684                    |



## SLC Agrícola S.A.

Notes to the quarterly information  
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### 22 Management of risks and financial instruments (Continued)

#### e) Interest risk

A portion of the indebtedness related to the Company's export financing operations is linked to pre-fixed interest rates, which is the interest rate used in loans indexed to the US dollar or euro.

In order to hedge foreign exchange variation on loans, financings and suppliers, the Company carries out hedge operations through *swap* instruments with first-tier financial institutions. These operations consist of an exchange of exchange rate and pre-fixed interest rates for interest rate in CDI plus Pre-fixed Rate (passive position). The value of the principal (notional) and maturity of the swap transaction is identical to the debt flow, which is the object of the hedge. This eliminates the risk of exchange rate fluctuation.

The following is a breakdown of the currency and interest rate swap transaction:

| Counterparty | Hedge instrument                                      | Hedged object                                | MTM            | Financial Income | Shareholders' equity |
|--------------|---|--|----------------|------------------|----------------------|
| Itaú         | Swap de R\$ 50MM<br>(Assets VC / Liability CDI+Pré)   | Debit of USD 13.3MM<br>interest of 4.37% yy. | 24,069         | 22,679           | 1,390                |
| Itaú         | Swap de R\$ 150MM<br>(Assets VC / Liability CDI+Pré)  | Debit of EUR 31.7MM<br>interest of 0.95% yy. | 41,304         | 42,583           | (1,279)              |
| Rabobank     | Swap de R\$ 60MM<br>(Assets VC / Liability CDI+Pré)   | Debit of EUR 11MM<br>interest of 1.25% yy.   | 6,186          | 6,612            | (426)                |
| Rabobank     | Swap de R\$ 24,5MM<br>(Assets VC / Liability CDI+Pré) | Debit of EUR 4.3MM<br>interest of 1.55% yy.  | 1,343          | 1,518            | (175)                |
| Rabobank     | Swap de R\$ 8MM<br>(Assets VC / Liability CDI+Pré)    | Debit of EUR 1.3MM<br>interest of 2.05% yy.  | 102            | 123              | (21)                 |
| Bradesco     | Swap of R\$ 200MM<br>(Assets Pré / Liability CDI+Pré) | Debit of R\$ 200MM<br>interest of 6.28% yy.  | 12,044         | 2,620            | 9,424                |
| Rabobank     | Swap de R\$ 30MM<br>(Assets VC / Liability CDI+Pré)   | Debit of EUR 6,9MM<br>interest of 1.11% yy.  | 10,666         | 10,631           | 35                   |
| Rabobank     | Swap de R\$ 15MM<br>(Assets VC / Liability CDI+Pré)   | Debit of EUR 2,7MM<br>interest of 1.45% yy.  | 1,099          | 1,204            | (105)                |
| Itaú         | Swap de R\$ 23MM<br>(Assets VC / Liability CDI+Pré)   | Debit of EUR 4,3MM<br>interest of 0.65% yy.  | 3,293          | 3,324            | (31)                 |
| Rabobank     | Swap de R\$ 5MM<br>(Assets VC / Liability CDI+Pré)    | Debit of EUR 1.15MM<br>interest of 1.11% yy. | 1,778          | 1,772            | 6                    |
| Rabobank     | Swap de R\$ 17.5MM<br>(Assets VC / Liability CDI+Pré) | Debit of EUR 3.8MM<br>interest of 0.81% yy.  | 5,289          | 5,488            | (199)                |
| Rabobank     | Swap de R\$ 17.5MM<br>(Assets VC / Liability CDI+Pré) | Debit of EUR 3.8MM<br>interest of 0.81% yy.  | 5,289          | 5,488            | (199)                |
|              |   |  | <b>112,462</b> | <b>104,042</b>   | <b>8,420</b>         |

## SLC Agrícola S.A.

Notes to the quarterly information  
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### 22 Management of risks and financial instruments (Continued)

#### e) Interest risk

##### *Risk of variations in interest rates*

In order to verify the sensitivity of the indexes on the Company's debt, based on the position as of June 30, 2020, 5 different scenarios were defined. Based on the FOCUS report (Bacen) of June 30, 2020 we have defined the key figures for CDI and Foreign Exchange. Based on this information we defined the Probable Scenario for the analysis and from this we calculated the variations of 25% and 50%. For each scenario, the financial expense or gross financial revenue was considered, not considering the incidence of taxes and the flow of maturities of debts and redemptions of financial investments scheduled for 2020. The base date for the portfolio was June 30, 2020, projecting the indexes for one year and checking their sensitivity in each scenario.

The following is a summary of the impacts over the next 12 months in each scenario:

|  | Interest rate * | Balance on<br>06/30/2020 | Decrease<br>of 50% | Decrease<br>of 25% | Probable<br>Scenario | Increase<br>of 25% | Increase<br>of 50% |
|--|-----------------|--------------------------|--------------------|--------------------|----------------------|--------------------|--------------------|
| <b>Debt in Reais - Prefixed rate</b>   |                 |                          |                    |                    |                      |                    |                    |
| Rural credit                           | 5.58%           | 39,148                   | N/A                | N/A                | N/A                  | N/A                | N/A                |
| BNDDES                                 | 5.38%           | 62,486                   | N/A                | N/A                | N/A                  | N/A                | N/A                |
| <b>Debt in Reais – Post-fixed rate</b> |                 |                          |                    |                    |                      |                    |                    |
| BNDDES                                 | UMBNDDES        | 2,669                    | (116)              | (143)              | (170)                | (197)              | (224)              |
| Working Capital                        | 176.15%         | 500,686                  | (13,407)           | (16,098)           | (18,789)             | (21,480)           | (24,171)           |
| Export financing                       | 164.48%         | 580,340                  | (14,115)           | (17,234)           | (20,353)             | (23,472)           | (26,592)           |
| CRA                                    | 100.25%         | 560,860                  | (6,059)            | (9,073)            | (12,088)             | (15,103)           | (18,117)           |
| <b>Debits in Dólares</b>               |                 |                          |                    |                    |                      |                    |                    |
| NCE                                    | 4.17%           | 72,774                   | N/A                | N/A                | N/A                  | N/A                | N/A                |
| <b>Debits in Euro</b>                  |                 |                          |                    |                    |                      |                    |                    |
| CCE                                    | 0.95%           | 194,772                  | N/A                | N/A                | N/A                  | N/A                | N/A                |
| NCE                                    | 0.81%           | 23,422                   | N/A                | N/A                | N/A                  | N/A                | N/A                |
| NCE                                    | 0.81%           | 23,422                   | N/A                | N/A                | N/A                  | N/A                | N/A                |
| NCE                                    | 1.11%           | 7,127                    | N/A                | N/A                | N/A                  | N/A                | N/A                |
| NCE                                    | 1.11%           | 42,764                   | N/A                | N/A                | N/A                  | N/A                | N/A                |
| NCE                                    | 1.55%           | 26,317                   | N/A                | N/A                | N/A                  | N/A                | N/A                |
| NCE                                    | 2.05%           | 8,185                    | N/A                | N/A                | N/A                  | N/A                | N/A                |
| NCE                                    | 0.65%           | 26,580                   | N/A                | N/A                | N/A                  | N/A                | N/A                |
| NCE                                    | 1.25%           | 67,359                   | N/A                | N/A                | N/A                  | N/A                | N/A                |
| NCE                                    | 1.45%           | 16,389                   | N/A                | N/A                | N/A                  | N/A                | N/A                |
| <b>Debits in Dólares</b>               |                 |                          |                    |                    |                      |                    |                    |
| NCE                                    | 6.28%           | 209,354                  | N/A                | N/A                | N/A                  | N/A                | N/A                |

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### 22 Management of risks and financial instruments (Continued)

#### e) Interest risk (Continued)

##### *Risk of variations in interest rates (Continued)*

|  | Interest rate *                                   | Balance on<br>06/30/2020 | Decrease<br>of 50% | Decrease<br>of 25% | Probable<br>Scenario | Increase<br>of 25% | Increase<br>of 50% |
|--|---|--------------------------|--------------------|--------------------|----------------------|--------------------|--------------------|
| <b>Swaps - Debits in Dólares</b>       |   |                          |                    |                    |                      |                    |                    |
| Swap VC x CDI + PRÉ**                  | Assets: 0.81% y.y.<br>Liability: CDI + 0.85% y.y. | 5,289                    | (102)              | (130)              | (159)                | (187)              | (216)              |
| Swap VC x CDI + PRÉ**                  | Assets: 0.81% y.y.<br>Liability: CDI + 0.85% y.y. | 5,289                    | (102)              | (130)              | (159)                | (187)              | (216)              |
| Swap VC x CDI + PRÉ**                  | Assets: 1.11% y.y.<br>Liability: CDI + 0.75% y.y. | 1,778                    | (32)               | (42)               | (52)                 | (61)               | (71)               |
| Swap VC x CDI + PRÉ**                  | Assets: 1.11% y.y.<br>Liability: CDI + 0.75% y.y. | 10,666                   | (195)              | (252)              | (309)                | (367)              | (424)              |
| Swap VC x CDI + PRÉ**                  | Assets: 1.55% y.y.<br>Liability: CDI + 2.17% y.y. | 1,343                    | (44)               | (51)               | (58)                 | (65)               | (72)               |
| Swap VC x CDI + PRÉ**                  | Assets: 2.05% y.y.<br>Liability: CDI + 1.99% y.y. | 102                      | (3)                | (4)                | (4)                  | (5)                | (5)                |
| Swap VC x CDI + PRÉ**                  | Assets: 4.37% y.y.<br>Liability: CDI + 0.50% y.y. | 24,069                   | (379)              | (508)              | (638)                | (767)              | (897)              |
| Swap VC x CDI + PRÉ**                  | Assets: 0.95% y.y.<br>Liability: CDI + 1.07% y.y. | 41,304                   | (886)              | (1,108)            | (1,330)              | (1,552)            | (1,774)            |
| Swap VC x CDI + PRÉ**                  | Assets: 6.28% y.y.<br>Liability: CDI + 0.55% y.y. | 12,044                   | (196)              | (260)              | (325)                | (390)              | (455)              |
| Swap VC x CDI + PRÉ**                  | Assets: 0.65% y.y.<br>Liability: CDI + 0.80% y.y. | 3,293                    | (62)               | (79)               | (97)                 | (115)              | (133)              |
| Swap VC x CDI + PRÉ**                  | Assets: 1.25% y.y.<br>Liability: CDI + 1.90% y.y. | 6,186                    | (184)              | (217)              | (251)                | (284)              | (317)              |
| Swap VC x CDI + PRÉ**                  | Assets: 1.45% y.y.<br>Liability: CDI + 2.05% y.y. | 1,099                    | (34)               | (40)               | (46)                 | (52)               | (58)               |
| <b>Interest earnings bank deposits</b> |   |                          |                    |                    |                      |                    |                    |
| CDB and Debentures                     | 101.18% CDI                                       | 887,964                  | 9,668              | 14,503             | 19,337               | 24,171             | 29,005             |

(\*) Average annual rates.

(\*\*) Amounts refer to the calculation of the adjustment of the transaction on June 30, 2020.

## SLC Agrícola S.A.

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### 22 Management of risks and financial instruments (Continued)

#### f) Credit risk

A substantial portion of the sales of the Company and its subsidiaries is made to select and highly qualified clients: trading companies and weaving mills among others that usually acquire large volumes to guarantee local and international trading. Credit risk is managed by specific customer acceptance rules, credit analysis and setting exposure limits per customer. Historically, the Company and its subsidiaries have not recorded significant losses on trade accounts receivable.

Depending on the above, the credit risk assumed is not relevant. The Company considers the balance of accounts receivable from customers as exposed to this risk. At June 30, 2020, the balance is R\$ 26,062 in the Parent Company and R\$ 38,824 in the consolidated (R\$ 137,114 in the Parent Company and R\$ 178,405 in the consolidated at December 31, 2019).

#### g) Liquidity risk

The gross outflows, disclosed below, represent the contractual undiscounted cash flows related to derivative and non-derivative financial liabilities held for risk management purposes and that are not normally closed before the contractual maturity. The table presents net cash flows for cash derivatives settled by net exposure and gross cash outflows for derivatives that have simultaneous gross settlement.

|                              | Parent Company |                       |              |              |              |              |              |              |
|------------------------------|----------------|-----------------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                              | Book Value     | Contractual cash flow | up to 1 year | 1 to 2 years | 2 to 3 years | 3 to 4 years | 4 to 5 years | over 5 years |
| <b>June 30, 2020</b>         |                |                       |              |              |              |              |              |              |
| <b>Financial liabilities</b> |                |                       |              |              |              |              |              |              |
| <b>Non Derivatives</b>       |                |                       |              |              |              |              |              |              |
| Loans and financing          | 2,030,356      | 2,131,978             | 788,882      | 949,805      | 372,903      | 6,190        | 2,869        | 11,329       |
| Suppliers                    | 252,780        | 252,780               | 252,780      | -            | -            | -            | -            | -            |
| Lease liabilities            | 1,595,857      | 2,720,096             | 244,063      | 233,595      | 226,483      | 205,738      | 199,430      | 1,610,787    |
|                              | 3,878,993      | 5,104,854             | 1,285,725    | 1,183,400    | 599,386      | 211,928      | 202,299      | 1,622,116    |
| <b>Derivatives</b>           |                |                       |              |              |              |              |              |              |
| Operations with Derivatives  | 271,114        | (271,114)             | (284,388)    | (23,530)     | 36,804       | -            | -            | -            |
|                              | 271,114        | (271,114)             | (284,388)    | (23,530)     | 36,804       | -            | -            | -            |
|                              | 4,150,107      | 4,833,740             | 1,001,337    | 1,159,870    | 636,190      | 211,928      | 202,299      | 1,622,116    |

## SLC Agrícola S.A.

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### 22 Management of risks and financial instruments (Continued)

#### g) Liquidity risk (Continued)

| June 30, 2020                | Consolidated     |                       |                  |                  |                |                |               |                |
|------------------------------|------------------|-----------------------|------------------|------------------|----------------|----------------|---------------|----------------|
|                              | Book Value       | Contractual cash flow | up to 1 year     | 1 to 2 years     | 2 to 3 years   | 3 to 4 years   | 4 to 5 years  | over 5 years   |
| <b>Financial liabilities</b> |                  |                       |                  |                  |                |                |               |                |
| <b>Non Derivatives</b>       |                  |                       |                  |                  |                |                |               |                |
| Loans and financing          | 2,459,781        | 2,573,993             | 987,285          | 1,169,314        | 386,822        | 11,140         | 4,342         | 15,090         |
| Suppliers                    | 306,819          | 306,819               | 306,819          | -                | -              | -              | -             | -              |
| Securities payable           | 12,979           | 12,979                | 12,979           | -                | -              | -              | -             | -              |
| Lease liabilities            | 709,572          | 1,067,548             | 143,547          | 128,164          | 124,670        | 103,047        | 86,015        | 482,105        |
|                              | <b>3,489,151</b> | <b>3,961,339</b>      | <b>1,450,630</b> | <b>1,297,478</b> | <b>511,492</b> | <b>114,187</b> | <b>90,357</b> | <b>497,195</b> |
| <b>Derivatives</b>           |                  |                       |                  |                  |                |                |               |                |
| Operations with Derivatives  | 292,966          | (292,964)             | (321,024)        | (19,324)         | 47,384         | -              | -             | -              |
|                              | <b>292,966</b>   | <b>(292,964)</b>      | <b>(321,024)</b> | <b>(19,324)</b>  | <b>47,384</b>  | <b>-</b>       | <b>-</b>      | <b>-</b>       |
|                              | <b>3,782,117</b> | <b>3,668,375</b>      | <b>1,129,606</b> | <b>1,278,154</b> | <b>558,876</b> | <b>114,187</b> | <b>90,357</b> | <b>497,195</b> |

Cash flows included in the maturity analysis are not expected to occur significantly earlier or at different values.

On February 22, 2020, S&P Global Ratings published the Company's corporate rating, ranking it as br AA- on a national scale (Brazil).

## SLC Agrícola S.A.

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### 22 Management of risks and financial instruments (Continued)

#### h) Summary of outstanding derivative transactions

The following table presents the consolidated derivative instruments of the Company that are reflected under assets and liabilities:

| Description                          | Currency | Reference value<br>(notional) |            | Currency | Fair value recorded<br>in assets |            | Fair value recorded in<br>liabilities |            |
|--------------------------------------|----------|-------------------------------|------------|----------|----------------------------------|------------|---------------------------------------|------------|
|                                      |          | 06/30/2020                    | 12/31/2019 |          | 06/30/2020                       | 12/31/2019 | 06/30/2020                            | 12/31/2019 |
| Hedge operations for exchange rates  |          |                               |            |          |                                  |            |                                       |            |
| Non Deliverable Forwards - 22.c      | USD      | 506,480                       | 437,782    | R\$      | 9,389                            | 24,663     | 447,509                               | 23,204     |
| Subtotal                             | USD      | 506,480                       | 437,782    | R\$      | 9,389                            | 24,663     | 447,509                               | 23,204     |
| Hedge operations for products        |          |                               |            |          |                                  |            |                                       |            |
| Cotton - Financial operations 22.d   | USD      | 177,188                       | 153,139    | R\$      | 57,757                           | 12,721     | 23,833                                | 36,410     |
| Corn - Financial operations 22.d     | USD      | 11,883                        | -          | R\$      | -                                | -          | 1,232                                 | -          |
| Subtotal                             | USD      | 189,071                       | 153,139    | R\$      | 57,757                           | 12,721     | 25,065                                | 36,410     |
| Swap VC+Pré x Pré                    |          |                               |            |          |                                  |            |                                       |            |
| Swap VC+Pré x CDI+Pré                | USD      | 13,333                        | 26,666     | R\$      | 24,067                           | 6,915      | -                                     | -          |
| Subtotal                             | USD      | 13,333                        | 26,666     | R\$      | 24,067                           | 6,915      | -                                     | -          |
| Swap VC+Pré x Pré                    |          |                               |            |          |                                  |            |                                       |            |
| Swap VC+Pré x CDI+Pré                | USD      | 71,026                        | 15,671     | R\$      | 79,780                           | -          | 3,429                                 | 1,259      |
| Subtotal                             | USD      | 71,026                        | 15,671     | R\$      | 79,780                           | -          | 3,429                                 | 1,259      |
| Interest protection operations       |          |                               |            |          |                                  |            |                                       |            |
| Swap VC+Pré x Pré                    |          | 200,000                       | 200,000    | R\$      | 12,044                           | 1,037      | -                                     | -          |
| Subtotal                             | USD      | 200,000                       | 200,000    | R\$      | 12,044                           | 1,037      | -                                     | -          |
| Total                                | USD      |                               |            | R\$      | 183,037                          | 45,336     | 476,003                               | 60,873     |
| Portion classified in current assets |          |                               |            | R\$      | 95,484                           | 34,008     | 416,509                               | 55,230     |
| Portion in noncurrent liabilities    |          |                               |            | R\$      | 87,553                           | 11,328     | 59,494                                | 5,643      |

#### i) Gains/losses on derivative transactions

The following table presents the consolidated gains and losses on derivative transactions in the year, grouped by the main risk categories:

|                                   |          | Gains and Losses recorded in the income |            |                                      |            | Gains and Losses recorded in shareholders' equity |           |            |
|-----------------------------------|----------|---|------------|--------------------------------------|------------|---|-----------|------------|
| Description                       | Currency | Allocated in the gross income at        |            | Allocated in the financial income at |            | 06/30/2020  | Movement  | 12/31/2019 |
|                                   |          | 06/30/2020                              | 06/30/2019 | 06/30/2020                           | 06/30/2019 |   |           |            |
| Foreign exchange hedge operations |          |   |            |                                      |            |   |           |            |
| Non deliverable forwards          | R\$      | (186,115)                               | (57,068)   | -                                    | -          | (502,167)   | (495,353) | (6,814)    |
| Trade Finance Contracts           | R\$      | -                                       | (24,050)   | -                                    | -          | -   | -         | -          |
| Sub-total                         | R\$      | (186,115)                               | (81,118)   | -                                    | -          | (502,167)   | (495,353) | (6,814)    |
| Hedge operations for commodities  |          |   |            |                                      |            |   |           |            |
| Agricultural commodities swap     |          |   |            |                                      |            |   |           |            |
| Cotton                            | R\$      | 9,720                                   | 5,834      | 1                                    | -          | 39,315  | 64,410    | (25,095)   |
| Sub-total                         | R\$      | 9,720                                   | 5,834      | 1                                    | -          | 39,315  | 64,410    | (25,095)   |
| Interest Hedge Transactions       |          |   |            |                                      |            |   |           |            |
| Swap VC+Pré x CDI+Pré             | R\$      | -                                       | -          | 106,285                              | (2,251)    | (1,004)   | (678)     | (326)      |
| Sub-total                         | R\$      | -                                       | -          | 106,285                              | (2,251)    | (1,004)   | (678)     | (326)      |
| Interest Hedge Transactions       |          |   |            |                                      |            |   |           |            |
| Swap VC+Pré x CDI+Pré             | R\$      | -                                       | -          | 2,207                                | -          | 9,424   | 8,800     | 624        |
| Sub-total                         | R\$      | -                                       | -          | 2,207                                | -          | 9,424   | 8,800     | 624        |
| Total                             |          | (176,395)                               | (75,284)   | 108,493                              | (2,251)    | (454,432)   | (422,821) | (31,611)   |

## SLC Agrícola S.A.

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### 22 Management of risks and financial instruments (Continued)

#### j) Management of capital stock

The main objective of capital management is to ensure the continuity of the Company's business, maintaining a low leverage policy, thus protecting its capital from government economic policy fluctuations, maximizing shareholder value.

The Company manages the capital structure and adjusts it considering the changing economic conditions in the country. To maintain or adjust the capital structure, the Company may adjust the dividend payment policy to the shareholders.

There was no change in the dividend policy in the Company's capital management objectives, policies or processes in the period ended June 30, 2020.

|  | Parent Company |            | Consolidated |            |
|--|----------------|------------|--------------|------------|
|  | 06/30/2020     | 12/31/2019 | 06/30/2020   | 12/31/2019 |
| Short and long-term loans and financing                                      | 2,030,356      | 1,557,727  | 2,459,781    | 1,859,766  |
| (-) Cash and cash equivalents and short-term interest earnings bank deposits | (670,033)      | (703,850)  | (891,846)    | (885,419)  |
| Gains and losses on derivatives linked to investments and debt               | (66,784)       | (7,951)    | (112,462)    | (6,693)    |
| Net debt   | 1,293,539      | 845,926    | 1,455,473    | 967,654    |
| Shareholders' equity   | 2,859,829      | 2,784,677  | 3,063,561    | 2,984,421  |
| Financial leverage index   | 45.23%         | 30.38%     | 47.51%       | 32.42%     |

## SLC Agrícola S.A.

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### 23 Share-based payments

#### a) Stock option plan

In the Extraordinary Shareholders' Meeting held on May 23, 2007, the Company's shareholders approved a stock option plan to take effect on June 15, 2007, for the Company's officers and managers. The plan is managed by the Management Committee, which was created by the Board of Directors on May 23, 2007.

The stock option plan is limited to a maximum number of options that results in the dilution of 3% of the Company's capital stock on the creation date of each Annual Program. Dilution corresponds to the percentage represented by the number of shares underlying the options divided by the total number of shares issued by the Company.

The beneficiaries of the Stock Option Plan may exercise their options within 5 years as from the respective grant date. The vesting period is up to three years, with 30% vested as from the first anniversary, 60% as from second anniversary and 100% as from the third anniversary. The Company has 30 days to issue the shares as from the delivery date of the Declaration of Exercise of the Stock Option Plan.

In meetings of the Board of Directors the following grants were approved:

| Grant date | Plan <sup>(*)</sup> | Number of shres granted |
|------------|---------------------|-------------------------|
| 11/11/2015 | 2015                | 393,000                 |
| 11/08/2016 | 2016                | 363,500                 |
| 11/08/2017 | 2017                | 373,000                 |
| 11/13/2018 | 2018                | 195,893                 |
| 11/13/2019 | 2019                | 613,750                 |

(\*) The 2015 to 2018 plans have their number of shares granted before the capital split.

The movements of the shares granted in the 2015, 2016, 2017, 2018 and 2019 Annual Program and the respective Strike prices, in BRL, are presented as follows:

| Grant year | Strike price - R\$ <sup>(*)</sup> | Quantity of shares    |           | Balance in 06/30/2020 |
|------------|-----------------------------------|-----------------------|-----------|-----------------------|
|            |                                   | Balance in 12/31/2019 | Exercised |                       |
| 2015       | R\$ 13.79                         | 14,800                | -         | 14,800                |
| 2016       | R\$ 11.64                         | 139,100               | (64,300)  | 74,800                |
| 2017       | R\$ 18.02                         | 580,600               | (186,100) | 394,500               |
| 2018       | R\$ 46.25                         | 388,936               | (26,400)  | 362,536               |
| 2019       | R\$ 14.23                         | 613,750               | -         | 613,750               |
|            |                                   | 1,737,186             | (276,800) | 1,460,386             |

(\*) The 2015 to 2018 plans have the value of their shares before the capital split.



## SLC Agrícola S.A.

Notes to the quarterly information  
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### 23 Share-based payments (Continued)

#### a) Stock option plan (Continued)

The Strike price of the 2015, 2016, 2017, 2018 and 2019 annual programs were set based on the average of the 90 closing prices of the Company's shares at Bovespa, prior to the approval of the plan, with a 20% discount.

The grace periods from the date of granting are as follows:

| Grace periods beginning as of grant date | % of options released to be exercised | Maximum quantity of shares |
|--|---------------------------------------|----------------------------|
| As from– 11/08/2018                      | 4%                                    | 65,300                     |
| As from– 11/08/2019                      | 14%                                   | 204,000                    |
| As from– 11/13/2019                      | 20%                                   | 292,286                    |
| As from– 11/08/2020                      | 39%                                   | 572,386                    |
| As from– 11/12/2020                      | 60%                                   | 874,047                    |
| As from– 11/12/2021                      | 83%                                   | 1,214,886                  |
| As from– 11/12/2022                      | 100%                                  | 1,460,386                  |

The Company recognizes the cost of the option plan based on the fair value of the options granted, considering the fair value of the options at the date of grant. The model used for pricing the fair value of options is Black-Scholes for the 2015, 2017, 2018 and 2019 plans. The 2016 plan was priced using the Binomial model.

In determining the fair value of the options plans, the Company adopts the "Level 3" valuation technique.

The weighted average fair value, the premiums considered, and the economic assumptions used for the calculation in the model are presented below:

|                                    | 2015      | 2016      | 2017      | 2018      | 2019      |
|------------------------------------|-----------|-----------|-----------|-----------|-----------|
| Weighted average fair value        | R\$ 21.36 | R\$ 17.20 | R\$ 18.02 | R\$ 46.25 | R\$ 14.23 |
| Awards                             | R\$ 7.57  | R\$ 5.56  | R\$ 6.93  | R\$ 18.16 | R\$ 6.05  |
| Dividends                          | 1.00%     | 1.00%     | 1.00%     | 1.00%     | 3.50%     |
| Volatility of share price          | 33.44%    | 32.39%    | 32.39%    | 36.80%    | 41.45%    |
| Risk-free rate of return           |           |           |           |           |           |
| 1st maturity                       | 15.41%    | 12.27%    | 7.12%     | 6.95%     | 4.57%     |
| 2nd maturity                       | 15.72%    | 11.49%    | 8.30%     | 8.01%     | 5.14%     |
| 3rd maturity                       | 15.78%    | 11.27%    | 9.18%     | 8.86%     | 5.68%     |
| Period expected up to the maturity |           |           |           |           |           |
| 1st maturity                       | 365       | 366       | 365       | 365       | 365       |
| 2nd maturity                       | 731       | 731       | 730       | 730       | 730       |
| 3rd maturity                       | 1,096     | 1,096     | 1,095     | 1,095     | 1,095     |

(\*) Fair value calculated based on the share price on the grant date of each plan.

## SLC Agrícola S.A.

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### 23 Share-based payments (Continued)

#### a) Stock option plan (Continued)

##### *Reconciliation of outstanding stock options*

The number and weighted average share option prices under the share option program are as follows:

|                             | Weighted<br>average of the<br>exercise | Number of<br>options | Weighted<br>average of the<br>exercise | Number of<br>options |
|-----------------------------|--|----------------------|--|----------------------|
|                             | 06/30/2020                             | 06/30/2020           | 12/31/2019                             | 12/31/2019           |
| Outstanding at January 1    | R\$30.73                               | 1,737,186            | R\$ 39.51                              | 912,673              |
| Granted during the period   | -                                      | -                    | R\$ 14.23                              | 613,750              |
| Exercised during the period | R\$ 19.23                              | (276,800)            | R\$ 13.87                              | (699,130)            |
| Capital stock split         | -                                      | -                    | R\$ 20.10                              | 909,893              |
| Outstanding                 | R\$ 32.91                              | 1,460,386            | R\$ 30.73                              | 1,737,186            |
| Exercisable                 | R\$ 22.93                              | 292,286              | R\$ 22.45                              | 550,786              |

Options outstanding as of June 30, 2020 have a Strike price in the range of R\$ 19.23 to R\$ 46.82 (R\$ 13.68 to R\$ 39.51 as of December 31, 2019).

The weighted average stock price on the exercise date for stock options exercised in the period ended June 30, 2020 was R\$ 22.93 (R\$ 22.45 at December 31, 2019).

#### b) Restricted Share Plan

In an Extraordinary General Meeting held on April 29, 2015, the Company's shareholders approved a restricted share plan, to be effective as of November 11, 2015, for the Company's officers and managers. The plan is managed by the Management Committee, created by the Board of Directors on May 23, 2007.

The total number of Restricted Shares that may be granted annually under the Plan, in the sum of all active Programs, shall not exceed 1% (one percent) of the shares representing the total capital stock of the Company.

The beneficiaries of the Restricted Shares Plan shall acquire the rights to the Restricted Shares to the extent that they remain continuously bound as administrator or employee of the Company or other company under its control, for the period between the Granting Date and the specified dates. The vesting period is up to 3 years, with releases of 30% from the first anniversary, 60% from the second anniversary and 100% from the third anniversary.

## SLC Agrícola S.A.

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### 23 Share-based payments (Continued)

#### b) Restricted Share Plan (Continued)

Until the rights to the Restricted Shares are fully vested, according to the conditions set forth above, the beneficiary may not pledge, sell, assign, dispose or transfer, directly or indirectly, the Restricted Shares. Once the conditions established are met and provided that the applicable legal and regulatory requirements are complied with, including but not limited to obtaining authorization from the Brazilian Securities and Exchange Commission for private transfer of shares, the Company will transfer the respective Restricted Shares to the name of the beneficiary, by means of a term of transfer of the Company's registered shares in the system of the agent responsible for the bookkeeping of the shares issued by the Company, at no cost to the beneficiary.

At meetings of the Board of Directors held on November 08, 2017, November 13, 2018 and November 13, 2019, the Restricted Shares Award Programs for 2017, 2018 and 2019 were approved, with the granting of 93,375 (before the capital split), 48,973 (before the capital split) and 153,438 shares, respectively.

| Grant year | Strike price - R\$ <sup>(*)</sup> | Quantity of shares    |                       |
|------------|-----------------------------------|-----------------------|-----------------------|
|            |                                   | Balance on 12/31/2019 | Balance on 06/30/2020 |
| 2017       | R\$ 18.02                         | 69,100                | 69,100                |
| 2018       | R\$ 54.60                         | 67,564                | 67,564                |
| 2019       | R\$ 18.46                         | 153,438               | 153,438               |
|            |                                   | 290,102               | 290,102               |

(\*) The 2017 and 2018 plans have the value of their shares before the capital split.

In compliance with CPC 10 (R1), based on the grace periods presented, the amounts with restricted share plans were recognized in the statement of income according to the length of the *vesting* period, with a corresponding entry in shareholders' equity in a specific capital reserve account. In current liabilities, in a specific account for labor obligations, the amounts of INSS and FGTS (expenses), as presented below:

|              | Plan of restricted shares |       |            |       |
|--------------|---------------------------|-------|------------|-------|
|              | 06/30/2020                |       | 06/30/2019 |       |
| Expense      | R\$                       | 1,320 | R\$        | 1,110 |
| INSS Expense | R\$                       | 120   | R\$        | 22    |
| FGTS Expense | R\$                       | 109   | R\$        | 23    |

In compliance with CPC 10 (R1), based on the grace periods presented, the amounts with stock options plan and restricted stock plan were recognized in the statement of income, due to the expiration of the vesting period, with a corresponding entry in shareholders' equity in a specific capital reserve account, the amount of R\$ 3,054 (expense) at June 30, 2020 (R\$ 2,626 at June 30, 2019).

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### 24 Net sales revenue

We present below the gross operating revenue:

|                                     | Parent company   |            | Consolidated     |            |
|-------------------------------------|------------------|------------|------------------|------------|
|                                     | 06/30/2020       | 06/30/2019 | 06/30/2020       | 06/30/2019 |
| Gross operating income              | <b>1,038,423</b> | 879,926    | <b>1,235,429</b> | 1,065,486  |
| Sale of goods                       | <b>1,187,548</b> | 951,020    | <b>1,411,824</b> | 1,140,770  |
| Income (loss) from hedge operations | <b>(149,125)</b> | (71,094)   | <b>(176,395)</b> | (75,284)   |
| Deductions, taxes and contributions | <b>(31,939)</b>  | (29,619)   | <b>(40,168)</b>  | (33,595)   |
| Net operating income                | <b>1,006,484</b> | 850,307    | <b>1,195,261</b> | 1,031,891  |

### 25 Nature of expenses

The Company's income statements are presented by function. The following sets forth the breakdown of expenses by nature.

|                                       | Parent company     |            | Consolidated       |             |
|---------------------------------------|--------------------|------------|--------------------|-------------|
|                                       | 06/30/2020         | 06/30/2019 | 06/30/2020         | 06/30/2019  |
| <b>Expenses according to the role</b> |                    |            |                    |             |
| Cost of goods sold                    | <b>(1,016,898)</b> | (788,540)  | <b>(1,195,712)</b> | (925,805)   |
| Sales expenses                        | <b>(68,554)</b>    | (49,614)   | <b>(78,623)</b>    | (57,468)    |
| General and administrative expenses   | <b>(43,430)</b>    | (42,595)   | <b>(47,354)</b>    | (46,655)    |
| Other operating expenses              | <b>(858)</b>       | (1,942)    | <b>(1,707)</b>     | (2,941)     |
|                                       | <b>(1,129,740)</b> | (882,691)  | <b>(1,323,396)</b> | (1,032,869) |
| <b>Expenses per type</b>              |                    |            |                    |             |
| Depreciation and amortization         | <b>(32,264)</b>    | (29,181)   | <b>(49,491)</b>    | (42,134)    |
| Personnel expenses                    | <b>(116,148)</b>   | (109,101)  | <b>(139,290)</b>   | (126,285)   |
| Raw material and material             | <b>(577,408)</b>   | (420,421)  | <b>(690,906)</b>   | (523,094)   |
| Rents and leases                      | <b>(14,073)</b>    | (48,266)   | <b>(11,823)</b>    | (23,115)    |
| Amortization of right of use          | <b>(42,022)</b>    | (14,742)   | <b>(25,913)</b>    | (9,437)     |
| COGS biological asset variation       | <b>(326,730)</b>   | (241,658)  | <b>(381,896)</b>   | (286,183)   |
| Freight                               | <b>(20,237)</b>    | (17,380)   | <b>(22,026)</b>    | (19,106)    |
| Other expenses                        | <b>(858)</b>       | (1,942)    | <b>(2,051)</b>     | (3,515)     |
|                                       | <b>(1,129,740)</b> | (882,691)  | <b>(1,323,396)</b> | (1,032,869) |

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### 26 Reporting by segment

The Group has two reportable segments, as described below, which are the strategic business units of the Group. The strategic business units offer different products and services, for each of the strategic business units, Management reviews internal reporting at least once a quarter. The following summary describes the operations in each of the Group's reportable segments:

- Agricultural production segment: growing mainly cotton, soybean and corn crops.
- Land portfolio segment: acquisition and development of land for agriculture.

Information regarding the results of each reportable segment is included below. Performance is evaluated based on the segment's profit before income tax and social contribution, as included in the internal reports that are analyzed by the Group's Management. Segment profit is used to evaluate performance, as management believes that such information is more relevant in assessing segment results.

#### Information on reportable segments

|   | Agricultural Production |                  | Land           |                | Eliminations     |                 | Consolidated     |                  |
|---|-------------------------|------------------|----------------|----------------|------------------|-----------------|------------------|------------------|
|   | 06/30/2020              | 06/30/2019       | 06/30/2020     | 06/30/2019     | 06/30/2020       | 06/30/2019      | 06/30/2020       | 06/30/2019       |
| Net revenue                                     | 1,202,201               | 1,035,550        | 86,024         | 59,098         | (92,966)         | (62,757)        | 1,195,259        | 1,031,891        |
| Biologic assets                                 | 715,456                 | 540,240          | -              | -              | -                | -               | 715,456          | 540,240          |
| Products Costs                                  | (1,219,360)             | (960,806)        | (3,366)        | (2,937)        | 27,014           | 37,938          | (1,195,712)      | (925,805)        |
| <b>Gross income</b>                             | <b>698,297</b>          | <b>614,984</b>   | <b>82,658</b>  | <b>56,161</b>  | <b>(65,952)</b>  | <b>(24,819)</b> | <b>715,003</b>   | <b>646,326</b>   |
| <b>Operating expenses/ income</b>               | <b>(60,049)</b>         | <b>(109,227)</b> | <b>(1,308)</b> | <b>(6,349)</b> | <b>(72,862)</b>  | <b>3,942</b>    | <b>(134,219)</b> | <b>(111,634)</b> |
| Sales expenses                                  | (78,623)                | (57,468)         | -              | -              | -                | -               | (78,623)         | (57,468)         |
| General and administrative expenses             | (50,608)                | (49,780)         | (1,033)        | (1,000)        | 4,288            | 4,125           | (47,353)         | (46,655)         |
| Management compensation                         | (8,537)                 | (7,554)          | (348)          | (563)          | -                | -               | (8,885)          | (8,117)          |
| Other operating income (expenses)               | 77,719                  | 5,575            | 73             | (4,786)        | (77,150)         | (183)           | 642              | 606              |
| <b>Income before financial income and taxes</b> | <b>638,248</b>          | <b>505,757</b>   | <b>81,350</b>  | <b>49,812</b>  | <b>(138,814)</b> | <b>(20,877)</b> | <b>580,784</b>   | <b>534,692</b>   |
| Net financial income                            | (109,070)               | (96,853)         | 2,444          | 2,558          | 46,162           | 36,877          | (60,464)         | (57,418)         |
| <b>Income before income tax</b>                 | <b>529,178</b>          | <b>408,904</b>   | <b>83,794</b>  | <b>52,370</b>  | <b>(92,652)</b>  | <b>16,000</b>   | <b>520,320</b>   | <b>477,274</b>   |
| Income and social contribution taxes            | (155,431)               | (144,981)        | (11,819)       | (5,632)        | (583)            | (3,328)         | (167,833)        | (153,941)        |
| <b>Consolidated Income for the period</b>       | <b>373,747</b>          | <b>263,923</b>   | <b>71,975</b>  | <b>46,738</b>  | <b>(93,235)</b>  | <b>12,672</b>   | <b>352,487</b>   | <b>323,333</b>   |

## SLC Agrícola S.A.

Notes to the quarterly information  
June 30, 2020  
(in thousands of Reais)

### 26 Reporting by segment (Continued)

#### Information on reportable segments (Continued)

|   | <b>Agricultural Production</b> |                   | <b>Land</b>       |                   | <b>Eliminations</b> |                   | <b>Consolidated</b> |                   |
|---|--------------------------------|-------------------|-------------------|-------------------|---------------------|-------------------|---------------------|-------------------|
|   | <b>06/30/2020</b>              | <b>12/31/2019</b> | <b>06/30/2020</b> | <b>12/31/2019</b> | <b>06/30/2020</b>   | <b>12/31/2019</b> | <b>06/30/2020</b>   | <b>12/31/2019</b> |
| Current assets                                    | <b>3,390,733</b>               | 2,933,700         | <b>196,190</b>    | 193,964           | <b>(44,263)</b>     | (36,854)          | <b>3,542,660</b>    | 3,090,810         |
| Non-current assets                                | <b>5,189,621</b>               | 4,933,271         | <b>2,216,324</b>  | 2,151,136         | <b>(3,287,968)</b>  | (3,217,088)       | <b>4,117,977</b>    | 3,867,319         |
| <b>Total assets</b>                               | <b>8,580,354</b>               | 7,866,971         | <b>2,412,514</b>  | 2,345,100         | <b>(3,332,231)</b>  | (3,253,942)       | <b>7,660,637</b>    | 6,958,129         |
| Current liabilities                               | <b>2,294,609</b>               | 2,141,231         | <b>63,913</b>     | 53,909            | <b>(156,965)</b>    | (151,579)         | <b>2,201,557</b>    | 2,043,561         |
| Non-current liabilities                           | <b>3,223,914</b>               | 2,743,240         | <b>59,816</b>     | 52,680            | <b>(888,211)</b>    | (865,773)         | <b>2,395,519</b>    | 1,930,147         |
| Shareholders' equity                              | <b>3,061,831</b>               | 2,982,500         | <b>2,288,785</b>  | 2,238,512         | <b>(2,287,055)</b>  | (2,236,591)       | <b>3,063,561</b>    | 2,984,421         |
| <b>Total liabilities and shareholders' equity</b> | <b>8,580,354</b>               | 7,866,971         | <b>2,412,514</b>  | 2,345,101         | <b>(3,332,231)</b>  | (3,253,943)       | <b>7,660,637</b>    | 6,958,129         |

The Group sells its products to the domestic and foreign markets. In sales to the external market are considered the sales made directly, with the Group as operator, and indirectly, with sales to commercial exporters based in Brazil.

Consolidated domestic and foreign sales are thus represented:

|                                       | <b>06/30/2020</b> | <b>06/30/2019</b> |
|---------------------------------------|-------------------|-------------------|
| Domestic market                       | <b>226,526</b>    | 195,781           |
| Sale of goods                         | <b>226,526</b>    | 195,781           |
| Foreign market                        | <b>1,008,903</b>  | 869,705           |
| Sale of goods - indirect export       | <b>704,209</b>    | 575,215           |
| Income from hedge operations indirect | <b>(66,135)</b>   | (43,241)          |
| Sale of goods - direct export         | <b>481,088</b>    | 369,774           |
| Income from hedge operations direct   | <b>(110,259)</b>  | (32,043)          |
| Gross operating income                | <b>1,235,429</b>  | 1,065,486         |
| Deductions, taxes and contributions   | <b>(40,168)</b>   | (33,595)          |
| Net operating income                  | <b>1,195,261</b>  | 1,031,891         |

## SLC Agrícola S.A.

Notes to the quarterly information  
June 30, 2020  
(in thousands of Reais)

### 26 Reporting by segment (Continued)

#### Information on reportable segments (Continued)

Gross product sales information, by geographic segment, has been prepared from the country of origin of the revenue and can thus be presented:

| Country    | 06/30/2020     |                 | 06/30/2019     |                 |
|------------|----------------|-----------------|----------------|-----------------|
|            | Value          | % Participation | Value          | % Participation |
| Indonesia  | 160,150        | 33.29           | 147,088        | 39.78           |
| China      | 76,025         | 15.80           | 73,057         | 19.76           |
| Pakistan   | 45,287         | 9.41            | 11,974         | 3.24            |
| Vietnam    | 48,921         | 10.17           | 47,282         | 12.79           |
| Bangladesh | 84,692         | 17.60           | 33,659         | 9.10            |
| Malaysia   | 8,208          | 1.71            | 7,265          | 1.96            |
| Turkey     | 44,891         | 9.33            | 36,189         | 9.79            |
| Korea      | 8,225          | 1.71            | 12,007         | 3.25            |
| Thailand   | 2,022          | 0.42            | 754            | 0.20            |
| Taiwan     | 2,666          | 0.55            | -              | -               |
| Japan      | -              | -               | 172            | 0.05            |
| Others     | -              | -               | 327            | 0.09            |
|            | <b>481,088</b> | <b>100.00</b>   | <b>369,774</b> | <b>100.00</b>   |

The amount of revenue from major customers is thus represented:

| Customer                                | Agricultural Product |             |               |                | Total          | % on net revenue |
|---|----------------------|-------------|---------------|----------------|----------------|------------------|
|   | Feather cotton       | Cotton seed | Bulk corn     | Bulk soybeans  |                |                  |
| Cargill Agrícola S.A.                   | -                    | -           | 11,198        | 268,463        | 279,661        | 23.40            |
| Bunge Alimentos S.A.                    | -                    | 438         | 1,704         | 237,220        | 239,362        | 20.03            |
| Amaggi Loius Dreyfus Zen-Noh Graos S.A. | -                    | -           | 3,534         | 144,407        | 147,940        | 12.38            |
| Omnicoton, INC.                         | 126,460              | -           | -             | -              | 126,460        | 10.58            |
|   | <b>126,460</b>       | <b>438</b>  | <b>16,436</b> | <b>650,090</b> | <b>793,424</b> | <b>66.38</b>     |

(A free translation of the original in Portuguese)

## PROJECTIONS MAINTENANCE

The publicized change projections though Relevant Fact, in 2019, November 20, as you can see below:

### PLANTED AREA BY CROP (HECTARE)

| Crop Mix                           | Planted Area<br>2018/19<br>----- ha ----- | Planted Area<br>2019/20 <sup>(1)</sup> | Share<br>2019/20<br>% | Δ%          |
|------------------------------------|---|--|-----------------------|-------------|
| <b>Cotton</b>                      | <b>123,727</b>                            | <b>125,462</b>                         | <b>28.0</b>           | <b>1.4</b>  |
| Algodão 1ª safra                   | 72,852                                    | 74,054                                 | 16.5                  | 1.7         |
| Algodão 2ª safra                   | 50,875                                    | 51,408                                 | 11.5                  | 1.0         |
| <b>Soybean (Commercial + Seed)</b> | <b>243,149</b>                            | <b>235,444</b>                         | <b>52.5</b>           | <b>-3.2</b> |
| <b>Corn 2<sup>nd</sup> crop</b>    | <b>89,311</b>                             | <b>82,392</b>                          | <b>18.4</b>           | <b>-7.7</b> |
| Other Crops <sup>(2)</sup>         | 1,912                                     | 5,270                                  | 1.2                   | 175.6       |
| <b>Total Area</b>                  | <b>458,099</b>                            | <b>448,568</b>                         | <b>100.0</b>          | <b>-2.1</b> |

<sup>(1)</sup> Weather factors may affect the planted area forecast.

<sup>(2)</sup> Wheat, Corn 1st Crop, corn seed and Bachiaria.

### YIELDS (KG/HECTARE)

| Produtividade (kg/ha)            | Safra 2018/19<br>Achieved (a) | Safra 2019/20<br>Budget (b) | Safra 2019/20<br>Forecast (c) | Δ%<br>(c) x (a) | Δ%<br>(b) x (a) | Δ%<br>(c) x (b) |
|----------------------------------|-------------------------------|-----------------------------|-------------------------------|-----------------|-----------------|-----------------|
| Cotton lint 1 <sup>st</sup> crop | 1,688                         | 1,842                       | 1,795                         | 6.3%            | 9.1%            | -2.6%           |
| Cotton lint 2 <sup>nd</sup> crop | 1,613                         | 1,749                       | 1,714                         | 6.3%            | 8.4%            | -2.0%           |
| Cotton seed                      | 2,090                         | 2,261                       | 2,031                         | -2.8%           | 8.2%            | -10.2%          |
| Commercial Soybean               | 3,739                         | 3,607                       | 3,900                         | 4.3%            | -3.5%           | 8.1%            |
| Corn 2 <sup>nd</sup> crop        | 7,121                         | 7,385                       | 7,220                         | 1.4%            | 3.7%            | -2.2%           |

### PRODUCTION COST PER HECTARE

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

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

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

### CURRENCY AND AGRICULTURAL COMMODITY HEDGE

| FX Hedge – Soybean         |         |         |         |
|----------------------------|---------|---------|---------|
| Crop                       | 2018/19 | 2019/20 | 2020/21 |
| %                          | 100.0%  | 99.9%   | 48.8%   |
| R\$/USD                    | 3.7834  | 4.3873  | 4.8540  |
| Commitments <sup>(1)</sup> | -       | -       | 30.7%   |

| FX Hedge – Cotton          |         |         |         |
|----------------------------|---------|---------|---------|
| Crop                       | 2018/19 | 2019/20 | 2020/21 |
| %                          | 98.0%   | 87.3%   | 39.7%   |
| R\$/USD                    | 3.8017  | 4.2853  | 5.1948  |
| Commitments <sup>(1)</sup> | -       | -       | 39.3%   |

| FX Hedge – Corn            |         |         |         |
|----------------------------|---------|---------|---------|
| Crop                       | 2018/19 | 2019/20 | 2020/21 |
| %                          | 100.0%  | 88.2%   | 50.1%   |
| R\$/USD                    | 3.8560  | 4.1673  | 5.0710  |
| Commitments <sup>(1)</sup> | -       | -       | 30.0%   |

| Commercial Hedge - Soybean |         |         |         |
|----------------------------|---------|---------|---------|
| Crop                       | 2018/19 | 2019/20 | 2020/21 |
| %                          | 100%    | 86.8%   | 61.9%   |
| USD/bu <sup>(2)</sup>      | 10.06   | 9.75    | 9.73    |
| Commitments <sup>(1)</sup> | -       | -       | -       |

| Commercial Hedge - Cotton  |         |         |         |
|----------------------------|---------|---------|---------|
| Crop                       | 2018/19 | 2019/20 | 2020/21 |
| %                          | 99.2%   | 83.6%   | 55.0%   |
| USc/lb <sup>(2)</sup>      | 72.58   | 71.18   | 66.11   |
| Commitments <sup>(1)</sup> | -       | -       | -       |

| Commercial Hedge - Corn    |         |         |         |
|----------------------------|---------|---------|---------|
| Crop                       | 2018/19 | 2019/20 | 2020/21 |
| %                          | 100.0%  | 69.2%   | 44.0%   |
| R\$/bag <sup>(3)</sup>     | 25.25   | 27.60   | 33.05   |
| Commitments <sup>(1)</sup> | -       | -       | -       |

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



## Other Information the company deems to be relevant

| Ownership Breakdown<br>Balance on 06/30/2020 |                       |                |                          |   |                    |                |
|--|-----------------------|----------------|--------------------------|---|--------------------|----------------|
| Shareholders                                 | Common<br>Shares Unit | %              | Preferred<br>Shares Unit | % | Total Shares Unit  | %              |
| <b>Controllers</b>                           | <b>100.974.342</b>    | <b>52,98%</b>  | -                        | - | <b>100.974.342</b> | <b>52,98%</b>  |
| SLC Participações S.A.                       | 100.974.342           | 52,98%         | -                        | - | 100.974.342        | 52,98%         |
| <b>Board of Director</b>                     | <b>221.472</b>        | <b>0,12%</b>   | -                        | - | <b>221.472</b>     | <b>0,12%</b>   |
| Board  | 65.200                | 0,03%          | -                        | - | <b>65.200</b>      | 0,03%          |
| Directoror                                   | 156.272               | 0,08%          | -                        | - | 156.272            | 0,08%          |
| Fiscal Council                               | -                     | 0,00%          | -                        | - | -                  | 0,00%          |
| <b>Shareholders over 5%</b>                  | <b>18.473.292</b>     | <b>9,69%</b>   | -                        | - | <b>18.473.292</b>  | <b>9,69%</b>   |
| Odey Asset Management LLC                    | 18.473.292            | 9,69%          | -                        | - | 18.473.292         | 9,69%          |
| <b>Treasury Shares</b>                       | <b>3.312.972</b>      | <b>1,74%</b>   | -                        | - | <b>3.312.972</b>   | <b>1,74%</b>   |
| <b>Others Shareholders</b>                   | <b>67.612.922</b>     | <b>35,47%</b>  | -                        | - | <b>67.612.922</b>  | <b>35,47%</b>  |
| <b>Total</b>                                 | <b>190.595.000</b>    | <b>100,00%</b> | -                        | - | <b>190.595.000</b> | <b>100,00%</b> |
| <b>Free Float</b>                            | <b>86.086.214</b>     | <b>45,17%</b>  | -                        | - | <b>86.086.214</b>  | <b>45,17%</b>  |

| Ownership Breakdown<br>Balance on 03/31/2020 |                       |                |                          |   |                    |                |
|--|-----------------------|----------------|--------------------------|---|--------------------|----------------|
| Shareholders                                 | Common<br>Shares Unit | %              | Preferred<br>Shares Unit | % | Total Shares Unit  | %              |
| <b>Controllers</b>                           | <b>100.974.342</b>    | <b>52,98%</b>  | -                        | - | <b>100.974.342</b> | <b>52,98%</b>  |
| SLC Participações S.A.                       | 100.938.742           | 52,96%         | -                        | - | 100.938.742        | 52,96%         |
| <b>Board of Director</b>                     | <b>248.296</b>        | <b>0,13%</b>   | -                        | - | <b>248.296</b>     | <b>0,13%</b>   |
| Board  | 65.100                | 0,03%          | -                        | - | <b>65.100</b>      | 0,03%          |
| Directoror                                   | 183.196               | 0,10%          | -                        | - | 183.196            | 0,10%          |
| Fiscal Council                               | -                     | 0,00%          | -                        | - | -                  | 0,00%          |
| <b>Shareholders over 5%</b>                  | <b>18.473.292</b>     | <b>9,69%</b>   | -                        | - | <b>18.473.292</b>  | <b>9,69%</b>   |
| Odey Asset Management LLC                    | 18.473.292            | 9,69%          | -                        | - | 18.473.292         | 9,69%          |
| <b>Treasury Shares</b>                       | <b>3.486.012</b>      | <b>1,83%</b>   | -                        | - | <b>3.486.012</b>   | <b>1,83%</b>   |
| <b>Others Shareholders</b>                   | <b>67.413.058</b>     | <b>35,37%</b>  | -                        | - | <b>67.413.058</b>  | <b>35,37%</b>  |
| <b>Total</b>                                 | <b>190.595.000</b>    | <b>100,00%</b> | -                        | - | <b>190.595.000</b> | <b>100,00%</b> |
| <b>Free Float</b>                            | <b>85.886.350</b>     | <b>45,06%</b>  | -                        | - | <b>85.886.350</b>  | <b>45,06%</b>  |

| Ownership Breakdown<br>Balance on 31/12/2019 |                       |                |                          |   |                    |                |
|--|-----------------------|----------------|--------------------------|---|--------------------|----------------|
| Shareholders                                 | Common<br>Shares Unit | %              | Preferred<br>Shares Unit | % | Total Shares Unit  | %              |
| <b>Controllers</b>                           | <b>100.969.142</b>    | <b>52,98%</b>  | -                        | - | <b>100.969.142</b> | <b>52,98%</b>  |
| SLC Participações S.A.                       | 100.969.142           | 52,98%         | -                        | - | 100.969.142        | 52,98%         |
| <b>Board of Director</b>                     | <b>242.772</b>        | <b>0,13%</b>   | -                        | - | <b>242.772</b>     | <b>0,13%</b>   |
| Board  | 56.500                | 0,03%          | -                        | - | <b>56.500</b>      | 0,03%          |
| Directoror                                   | 186.272               | 0,10%          | -                        | - | 186.272            | 0,10%          |
| Fiscal Council                               | -                     | 0,00%          | -                        | - | -                  | 0,00%          |
| <b>Shareholders over 5%</b>                  | <b>18.473.292</b>     | <b>9,69%</b>   | -                        | - | <b>18.473.292</b>  | <b>9,69%</b>   |
| Odey Asset Management LLC                    | 18.473.292            | 9,69%          | -                        | - | 18.473.292         | 9,69%          |
| <b>Treasury Shares</b>                       | <b>3.590.152</b>      | <b>1,88%</b>   | -                        | - | <b>3.590.152</b>   | <b>1,88%</b>   |
| <b>Others Shareholders</b>                   | <b>67.319.642</b>     | <b>35,32%</b>  | -                        | - | <b>67.319.642</b>  | <b>35,32%</b>  |
| <b>Total</b>                                 | <b>190.595.000</b>    | <b>100,00%</b> | -                        | - | <b>190.595.000</b> | <b>100,00%</b> |
| <b>Free Float</b>                            | <b>85.792.934</b>     | <b>45,01%</b>  | -                        | - | <b>85.792.934</b>  | <b>45,01%</b>  |

| Ownership Breakdown<br>Balance on 09/30/2019 |                       |                |                          |   |                    |                |
|--|-----------------------|----------------|--------------------------|---|--------------------|----------------|
| Shareholders                                 | Common<br>Shares Unit | %              | Preferred<br>Shares Unit | % | Total Shares Unit  | %              |
| <b>Controllers</b>                           | <b>100.938.742</b>    | <b>52,96%</b>  | -                        | - | <b>100.938.742</b> | <b>52,96%</b>  |
| SLC Participações S.A.                       | 100.938.742           | 52,96%         | -                        | - | 100.938.742        | 52,96%         |
| <b>Board of Director</b>                     | <b>149.950</b>        | <b>0,08%</b>   | -                        | - | <b>149.950</b>     | <b>0,08%</b>   |
| Board  | 45.200                | 0,02%          | -                        | - | <b>45.200</b>      | 0,02%          |
| Directoror                                   | 104.750               | 0,05%          | -                        | - | 104.750            | 0,05%          |
| Fiscal Council                               | -                     | 0,00%          | -                        | - | -                  | 0,00%          |
| <b>Shareholders over 5%</b>                  | <b>0</b>              | <b>0,00%</b>   | -                        | - | <b>0</b>           | <b>0,00%</b>   |
|  |                       | 0,00%          |                          |   | 0                  | 0,00%          |
| <b>Treasury Shares</b>                       | <b>4.299.602</b>      | <b>2,26%</b>   | -                        | - | <b>4.299.602</b>   | <b>2,26%</b>   |
| <b>Others Shareholders</b>                   | <b>85.206.706</b>     | <b>44,71%</b>  | -                        | - | <b>85.206.706</b>  | <b>44,71%</b>  |
| <b>Total</b>                                 | <b>190.595.000</b>    | <b>100,00%</b> | -                        | - | <b>190.595.000</b> | <b>100,00%</b> |
| <b>Free Float</b>                            | <b>85.206.706</b>     | <b>44,71%</b>  | -                        | - | <b>85.206.706</b>  | <b>44,71%</b>  |

| Ownership Breakdown<br>Balance on 06/30/2019 |                       |                |                          |   |                    |                |
|--|-----------------------|----------------|--------------------------|---|--------------------|----------------|
| Shareholders                                 | Common<br>Shares Unit | %              | Preferred<br>Shares Unit | % | Total Shares Unit  | %              |
| <b>Controllers</b>                           | <b>100.938.742</b>    | <b>52,96%</b>  | -                        | - | <b>100.938.742</b> | <b>52,96%</b>  |
| SLC Participações S.A.                       | 100.938.742           | 52,96%         | -                        | - | 100.938.742        | 52,96%         |
| <b>Board of Director</b>                     | <b>154.950</b>        | <b>0,08%</b>   | -                        | - | <b>154.950</b>     | <b>0,08%</b>   |
| Board  | 45.200                | 0,02%          | -                        | - | <b>45.200</b>      | 0,02%          |
| Director                                     | 109.750               | 0,06%          | -                        | - | 109.750            | 0,06%          |
| Fiscal Council                               | -                     | 0,00%          | -                        | - | -                  | 0,00%          |
| <b>Shareholders over 5%</b>                  | <b>0</b>              | <b>0,00%</b>   | -                        | - | <b>0</b>           | <b>0,00%</b>   |
|  |                       | 0,00%          |                          |   | 0                  | 0,00%          |
| <b>Treasury Shares</b>                       | <b>4.302.502</b>      | <b>2,26%</b>   | -                        | - | <b>4.302.502</b>   | <b>2,26%</b>   |
| <b>Others Shareholders</b>                   | <b>85.198.806</b>     | <b>44,70%</b>  | -                        | - | <b>85.198.806</b>  | <b>44,70%</b>  |
| <b>Total</b>                                 | <b>190.595.000</b>    | <b>100,00%</b> | -                        | - | <b>190.595.000</b> | <b>100,00%</b> |
| <b>Free Float</b>                            | <b>85.198.806</b>     | <b>44,70%</b>  | -                        | - | <b>85.198.806</b>  | <b>44,70%</b>  |

## **INDEPENDENT AUDITOR'S REVIEW REPORT ON QUARTERLY INFORMATION**

The Shareholders, Board of Directors and Officers

**SLC Agrícola S.A.**

Porto Alegre – RS

### **Introduction**

We have reviewed the accompanying individual and consolidated interim financial information, contained in the Quarterly Information Form (ITR) of SLC Agrícola S.A. for the quarter ended June 30, 2020, comprising the statement of financial position as of June 30, 2020 and the related statements of profit or loss and of comprehensive income for the three and six-month periods then ended, and of changes in equity and of cash flows for the six-month period then ended, including the explanatory notes.

Management is responsible for preparation of the individual and consolidated interim financial information in accordance with Accounting Pronouncement NBC TG 21 – Interim Financial Reporting, and IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the fair presentation of this information in conformity with the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of the Quarterly Information Form (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

### **Scope of review**

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

### **Conclusion on the individual and consolidated interim financial information**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the quarterly information referred to above are not prepared, in all material respects, in accordance with NBC TG 21 and IAS 34 applicable to the preparation of Quarterly Information Form (ITR), and presented consistently with the rules issued by the Brazilian Securities and Exchange Commission (CVM).

## Other matters

### *Statements of value added*

The abovementioned quarterly information includes the individual and consolidated statements of value added (SVA) for the six-month period ended June 30, 2020, prepared under Company's Management responsibility and presented as supplementary information by IAS 34. These statements have been subject to review procedures performed together with the review of the quarterly information with the objective to conclude whether they are reconciled to the interim financial information and the accounting records, as applicable, and if its format and content are in accordance with the criteria set forth by NBC TG 09 – Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that they were not prepared, in all material respects, consistently with the overall individual and consolidated interim financial information.

Porto Alegre, August 13, 2020.

ERNST & YOUNG  
Auditores Independentes S.S.  
CRC-2SP15199/O-6

Guilherme Ghidini Neto  
Accountant CRC-RS 067795/O-5

## **Opinions and Statements / Opinion of the Fiscal Council or Equivalent Body**

The Fiscal Council of SLC Agrícola S.A., in compliance with the legal and statutory provisions, examined the Management Report and the individual and consolidated Financial Statements of SLC Agrícola S.A., all referring to the quarter ended on June 2020.

Porto Alegre, State of Rio Grande do Sul, August 12, 2020.

João Carlos Sfreddo  
Chairman of the Fiscal Council

Paulo Roberto Kruse  
Advisor

Mauricio Rocha Alves de Carvalho  
Advisor

## **Declarations Board of Executive Officers on the Financial Statements**

In compliance with the established in Article 25 of CVM Instruction No. 480/09 of 7 December 2009, the Board declares that reviewed, discussed and agreed with the Financial Statements (Parent Company and Consolidated) for the year ended June 30, 2020.

Porto Alegre, August 13, 2020.

Aurelio Pavinato  
Chief Executive Officer

Ivo Marcon Brum  
CFO and Investor Relations

Gustavo Macedo Lunardi  
Director of Production and Supplies

Aldo Roberto Tisott  
Director of Sales and New Business

Alvaro Luis Dilli  
Director of Human Resources and Sustainability

Angelo Mottim Castiglia  
Director Information Technology

## **Declarations Board of Executive Officers on the Report of Independent Auditors**

In compliance with the established in Article 25 of CVM Instruction No. 480/09 of 7 December 2009, the Board declares that reviewed, discussed and agreed with the opinion expressed in the Independent Auditors' Report, dated on August 13, 2020, on to the Financial Statements (Parent Company and Consolidated) for the year ended June 30, 2020.

Porto Alegre, August 13, 2020.

Aurelio Pavinato  
Chief Executive Officer

Ivo Marcon Brum  
CFO and Investor Relations

Gustavo Macedo Lunardi  
Director of Production and Supplies

Aldo Roberto Tisott  
Director of Sales and New Business

Alvaro Luis Dilli  
Director of Human Resources and Sustainability

Angelo Mottim Castiglia  
Director Information Technology