



**zilor**











*Energia e Alimentos* ■

2Q21 | 6M21 Earnings Release

2020/21 Harvest

**São Paulo, November 30, 2020** - Zilor Group announces today the results for the second quarter (2Q21) and first half (6M21) of the 2020/21 Harvest. The financial and operational information is presented based on the combined numbers audited, in thousands of reais and compared to the second quarter (2Q20) and first half (6M20) of the 2019/20 Harvest, except when stated otherwise.

## Highlights

	<b>Grinding</b> reached 4.7 million tons in 2Q21, up by 0.4% when compared to 4.6 million tons of sugarcane processed in 2Q20. In 6M21, Grinding reached 8.7 million/ton, up by 2.0% vs. 6M20;
	In 2Q21 - <b>record in white sugar production</b> reaching 210,600/ton, up by 25.7% over 2Q20. Total sugar production totaled 322,700/ton.
	<b>Net revenue from sugar export grew 141.2% in 2Q21</b> vs. 2Q20, reaching R\$121.1 million, reflecting Copersucar's record export.
	<b>Consolidated Net Revenue</b> totaled R\$659.6 million in 2Q21, up by 26.3% over 2Q20, and R\$1,195.2 million in 6M21, up by 21.4% over 6M20;
	<b>Net Revenue from Biorigin unit</b> totaled R\$185.2 million in 2Q21, up by 47.4% over 2Q20, and R\$382.0 million in 6M21, up by 62.5% over 6M20;
	<b>Adjusted EBITDA</b> grew 3.8% compared to 2Q 2019/20 Harvest, totaling R\$259.4 million, with an Adjusted EBITDA Margin of 39.3% in 2Q 2020/21 Harvest; In the six-month period, grew 13.5% vs 6M20, totaling R\$473.8 million with a Margin of 39.6%;
	<b>Adjusted EBIT</b> totaled R\$129.9 million in 2Q 2020/21 Harvest with a Margin of 19.7%. In 6M 20/21 Harvest, Adjusted EBIT reached R\$234.0 and Adjusted EBIT Margin reached 19.6%;
	2Q21 <b>Net Income</b> totaled R\$260.9 million with a Net Margin of 39.6%; In 6M21, Net Income reached R\$266.1 million and Net Margin of 22.3%, due to the receipt of an installment of the court bond in 2Q21;
	<b>Net Debt/Adjusted EBITDA</b> closed Sep/20 at 2.6x compared to 4.1x in Sep/19;
	<b>264,100 tons of sugar fixed in the 2020/21 Harvest</b> and 237,500 tons in the 2021/22 Harvest, at average prices of R\$1,281/ton and R\$1,409/ton, respectively.

### Earnings Conference Call

Date: December 1, 2020

Time: 5:00 p.m. (Brasília Time)

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Webcast: [click here](#)



## Key Financial Indicators

Financial Indicators R\$ Million	2Q21	2Q20	Change	6M21	6M20	Change
Net Revenue	659.6	522.3	26.3%	1,195.2	984.5	21.4%
Gross Profit	195.4	189.3	3.2%	355.0	371.0	-4.3%
Gross Margin	29.6%	36.2%	-6.6 p.p.	29.7%	37.7%	-8.0 p.p.
Adjusted EBITDA	259.4	257.8	0.6%	473.8	417.3	13.5%
Adjusted EBITDA Margin	39.3%	49.4%	-20.3%	39.6%	42.4%	-6.5%
Adjusted EBIT	129.9	148.3	-12.4%	234.0	218.7	7.0%
Adjusted EBIT Margin	19.7%	28.4%	-8.7 p.p.	19.6%	22.2%	-2.6 p.p.
Net Income (loss)	260.9	-15.7	n/a	266.1	25.0	n/a
Net Margin	39.6%	-3.0%	42.6 p.p.	22.3%	2.5%	19.7 p.p.

Balance Sheet	9/30/2020	9/30/2019	Change
Total Assets	6,059.4	5,272.3	14.9%
Equity	1,056.7	652.1	62.1%
Cash and Cash Equivalents	1,103.1	622.6	77.2%
Gross Debt	2,777.0	2,699.3	2.9%
Net Debt	1,673.9	2,076.7	-19.4%
Net debt/Adjusted EBITDA (LTM)	2.6x	4.1x	-1.5x
Current Liquidity	1.3x	1.2x	0.1x

### About the Company

Zilor, a Brazilian multinational with 74 years of experience, is one of the main companies in the sugar-energy industry and diversifies its portfolio in two divisions: **agribusiness**, harvesting and processing sugarcane to produce sugar, ethanol and clean and renewable electricity; and **Natural Ingredients**, operating through the **Biorigin** unit, specialized in biotechnological processes to produce entirely natural ingredients for human food (Food) and animal nutrition (Feed).

The **agribusiness division** has three production units in Brazil located in the countryside of São Paulo, in the cities of Lençóis Paulista, Macatuba and Quatá. The **Biorigin division** has two production units, one in Brazil, in the state of São Paulo, and another in the United States. In addition, Biorigin has a Distribution Center in Belgium, which makes it possible to distribute natural ingredients to over 60 countries, thus operating in all continents.





# 1. Operational Performance

## 1.1 Sugarcane Grinding

('000 tons)	2Q21	2Q20	Change	6M21	6M20	Change
<b>Consolidated Information</b>						
<b>Total Grinding</b>	<b>4,666.9</b>	<b>4,647.1</b>	<b>0.4%</b>	<b>8,672.8</b>	<b>8,504.6</b>	<b>2.0%</b>
Own Grinding	1,147.5	851.7	34.7%	2,221.1	1,617.4	37.3%
Third-Party Grinding	3,519.4	3,795.5	-7.3%	6,451.7	6,887.1	-6.3%
<b>Information by Region</b>						
<b>Lençóis Paulista - SP</b>	<b>3,418.6</b>	<b>3,395.2</b>	<b>0.7%</b>	<b>6,357.1</b>	<b>6,154.6</b>	<b>3.3%</b>
<b>Quatá - SP</b>	<b>1,248.3</b>	<b>1,252.0</b>	<b>-0.3%</b>	<b>2,315.7</b>	<b>2,350.0</b>	<b>-1.5%</b>

Note.: Lençóis Paulista includes information from the Macatuba unit.

In the second quarter of 2021 (2Q21), the Company processed 4,666,900 tons of sugarcane, up by 0.4% over the 2Q20 Harvest. In the six-month period of the 20/21 Harvest (6M21), Zilor processed 8,672,800 tons of sugarcane, up by 2.0% year-on-year. Own sugarcane grinding, which represents 24.6% of the total grinding of the 2Q21, grew 34.7% over 2Q20, reaching 1,147,500 tons processed. In the six-month period, grew 37.3%, processing 2,221,100 tons. Third-party crushing fell by 7.3% in the quarter and 6.3% in the half of the 2020/21 Harvest.

The improved performance in own grinding is due to (i) investments to increase agricultural productivity given the development of the technological package focused on improving the production environment, development of the crop treatments and varietal updating with crop rotation, resulting in a higher yield of Sugar per hectare; and, (ii) more availability of the entire agribusiness operating chain, with favored operational efficiency.

The third-party grinding fell by 6.3% YTD Harvest due to the favorable scenario in the past harvest, in which some plants in the Quatá region were not processing sugarcane and, this amount not processed by other plants, was extraordinarily processed by Zilor, a window of opportunity in that harvest, decreasing the grinding in the current harvest when comparing the periods.

## 1.2 Productivity

	2Q21	2Q20	Change	6M21	6M20	Change
<b>Consolidated Information</b>						
TCH (ton/ha)	70.4	75.1	-6.3%	77.7	80.0	-2.9%
TRS (kg/ton)	145.2	144.7	0.4%	139.1	134.9	3.1%
<b>Information by Region</b>						
<b>Lençóis Paulista - SP</b>						
TCH (ton/ha)	72.1	79.1	-8.7%	79.6	84.2	-5.5%
TRS (kg/ton)	146.1	143.8	1.6%	140.3	134.9	4.0%
<b>Quatá - SP</b>						
TCH (ton/ha)	64.5	63.3	1.9%	72.0	67.5	6.7%
TRS (kg/ton)	142.9	147.1	-2.9%	135.6	134.9	0.5%

TCH (Sugarcane Ton per Hectare) Productivity-Measure Indicator

TRS (Total Recoverable Sugar) Sugar Concentration and Sugarcane Quality



Total productivity, measured by TCH, fell by 6.3% in 2Q21 vs. 2Q20, reaching 70.4 TCH, whereas the sucrose concentration in sugarcane, measured by TRS, remained stable in the quarter with TRS reaching 145.2 kg per ton of sugarcane, with the weather remaining dry. In the six-month period, although productivity fell by 2.9% YoY, the sucrose concentration in sugarcane grew by 3.1%, with TRS reaching 139.1 kg/ton, mainly due to the sugar cane quality in the Lençóis Paulista region, which had the highest TRS in the period due to the drier weather. Investments to improve own sugarcane production also contributed to a better productivity in 20/21 Harvest.

In Quatá, TCH grew 1.9% in 2Q 2020/21 Harvest YoY, with TCH reaching 64.5 and TRS 142.9 kg/ton, down by 2.9% YoY. In the six-month period, productivity reached 72.0 TCH, up by 6.7%, and sucrose concentration increase by 0.5%, with TRS reaching 135.6 kg/ton.

### 1.2.1. Production - Agribusiness Division

The **Agribusiness** division includes cultivating and processing sugarcane used to produce sugar, ethanol and clean and renewable electricity, generated from biomass. In addition, the division produces fermentable sugar (FS), an input supplied to produce ingredients developed by Biorigin, taking advantage of all the properties of sugar cane.

Production	2Q21	2Q20	Change	6M21	6M20	Change
<b>Sugar ('000/ton)</b>	<b>322.7</b>	<b>277.3</b>	<b>16.4%</b>	<b>544.2</b>	<b>444.1</b>	<b>22.5%</b>
White	210.6	167.5	25.7%	266.1	254.3	4.6%
Gross	65.8	64.6	1.9%	199.4	109.5	82.1%
FS	46.2	45.1	2.4%	78.8	80.3	-1.9%
<b>Ethanol ('000/m<sup>3</sup>)</b>	<b>205.5</b>	<b>225.5</b>	<b>-8.9%</b>	<b>384.8</b>	<b>408.0</b>	<b>-5.7%</b>
Anhydrous	128.6	148.5	-13.4%	192.6	255.6	-24.6%
Hydrated	76.9	77.0	-0.1%	192.2	152.4	26.1%
<b>Exported Energy ('000 MWh)</b>	<b>191.5</b>	<b>195.9</b>	<b>-2.2%</b>	<b>367.3</b>	<b>350.2</b>	<b>4.9%</b>
Service Provider	190.2	176.6	7.7%	364.6	318.6	14.5%
Spot	1.3	19.3	-93.1%	2.7	31.6	-91.5%
<b>Ethanol vs Sugar Mix</b>	<b>50% - 50%</b>	<b>57% - 43%</b>		<b>53% - 47%</b>	<b>60% - 40%</b>	

FS: Fermentable Sugar, Biorigin Input

The Company reached a **record for white sugar production** in 2Q21, totaling 210,600/ton, up by 25.7% over 2Q20. Total sugar production reached **322,700/ton**, up by 16.4% YoY. In 6M 2020/21 Harvest, production grew by 22.5% year-on-year, reaching 544,200/ton of sugar produced.

In the 2020/21 Harvest Year, due to the pandemic scenario, the Company prioritized increasing the sugar production to seize better prices, therefore reducing ethanol production in the mix from 60% to 53%.

Electricity exported in 2Q21 reached 191,500 MWh, down by 2.2% over 2Q20. In 6M 2020/21 Harvest, electricity exported grew by 4.9%, reaching 367,300 MWh. The electricity produced from sugarcane bagasse supplies all production units and the surplus is sold to the market through auctions and contracts with electricity distributors, with 99% of the volume produced contracted at an average price of R\$217.7 (R\$/MWh) in 2Q21 and R\$206.6 (R\$/MWh) in 6M21.

### 1.2.2. BIORIGIN Production - Natural Ingredients Division

The Biorigin unit, **Natural Ingredients** division, specializes in biotechnological processes through fermentation and produces 100% natural ingredients for human food (Food) and animal nutrition (Feed). Biorigin is part of Zilor Group's diversification strategy with products with higher added value, bringing more growth and stability for its margins.



Biorigin develops ingredients that enhance flavor, reduce sodium content and extend the shelf life of food produced by its customers, besides investing in products that increase the animal feed's functionality, strengthening the health and performance of farm animals and pets.

	2Q21	2Q20	Change	6M21	6M20	Change
<b>Biorigin ('000 tons)</b>	<b>11.1</b>	<b>11.7</b>	<b>-5.9%</b>	<b>21.1</b>	<b>22.4</b>	<b>-5.9%</b>
Feed - Animal Nutrition	5.9	6.6	-10.2%	10.6	12.4	-14.8%
Food - Human Food	5.1	5.2	-0.4%	10.5	10.0	5.2%

In 2Q21, Biorigin business unit's production reached 11,100 tons, between the Food and Feed segments, down by 5.9% YoY. 6M21 production reached 21,100 tons, down by 5.9% YoY. The lower production volume is due to adjustment in stocks of the Feed segment, which had an one-off increase in the previous harvest due to the drop in sales resulting from the African swine fever. In the 6M, the Food segment, for human consumption, had its production higher YoY to meet new demands from key customers, distributors and new customers. It should be noted that, although the unit had a drop in the production volume, the sales volume grew 12.9% in the quarter and 28.6% in 6M YoY.

Biorigin closed the six-month period of the Harvest Year launching 2 new products, 15 product lines in the Feed and Food segments and over 50 products in its portfolio. With over 500 customers in its portfolio, around 90% of Biorigin's products are exported, operating in over 60 countries.

## 2. Financial Performance

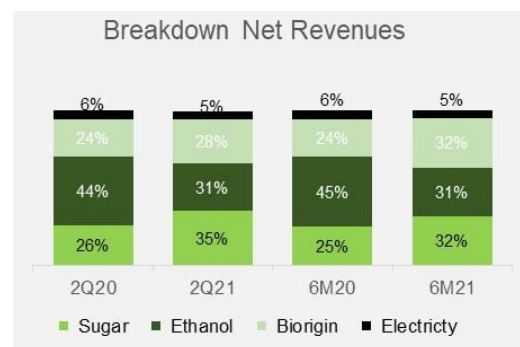
### Consolidated Net Revenues

R\$ million	2Q21	2Q20	Change	6M21	6M20	Change %
<b>Total Net Revenue</b>	<b>659.6</b>	<b>522.3</b>	<b>26.3%</b>	<b>1,195.2</b>	<b>984.5</b>	<b>21.4%</b>
<b>Agribusiness</b>	<b>474.4</b>	<b>396.7</b>	<b>19.6%</b>	<b>813.2</b>	<b>749.4</b>	<b>8.5%</b>
<b>Domestic market</b>	<b>337.7</b>	<b>330.5</b>	<b>2.2%</b>	<b>571.2</b>	<b>614.7</b>	<b>-7.1%</b>
Sugar	112.6	83.3	35.2%	174.1	147.4	18.2%
Ethanol	191.5	213.3	-10.2%	337.3	406.7	-17.1%
Electricity	33.3	33.7	-1.1%	59.3	60.2	-1.6%
Other	0.3	0.2	30.8%	0.5	0.4	29.7%
<b>Foreign Market</b>	<b>136.7</b>	<b>66.2</b>	<b>106.6%</b>	<b>242.1</b>	<b>134.7</b>	<b>79.7%</b>
Sugar	121.1	50.2	141.2%	212.1	102.6	106.7%
Ethanol	15.6	16.0	-2.0%	30.0	32.1	-6.6%
<b>Natural Ingredients - Biorigin</b>	<b>185.2</b>	<b>125.6</b>	<b>0.5</b>	<b>382.0</b>	<b>235.1</b>	<b>0.6</b>
Biorigin	185.2	125.6	47.4%	382.0	235.1	62.5%

In 2Q 2020/21 Harvest, consolidated net revenue totaled R\$659.6 million, up by 26.3% over 2Q20. In the YTD harvest (6M), net revenue reached R\$1,195.2 million, up by 21.4% YoY.



In the 2020/21 Harvest, sugar production was prioritized to seize better prices, thus leading to an increase in revenue from this commodity, up by 54% in total sugar revenue in 6M21, adding sales in the domestic and foreign markets. **The demand for sugar in the foreign market was a highlight in the current harvest, reaching a record for exports through Copersucar** - cooperative that trades sugar and ethanol production -, mainly to Asian countries, which are heavily replenishing their stocks. In the domestic market, despite the drop in sugar consumption due to bars and restaurants closing down in the pandemic, and the lower consumption of soft drinks, the YTD revenue grew 18.2% over 6M 19/20 Harvest, favored by the higher trading price.



Ethanol, in turn, had a sharp decrease in consumption resulting in a 9.7% drop in total net revenue (domestic and foreign markets) in 2Q21, partially offset by the higher price in the quarter. This drop totaled 16.3% in 6M21 over 6M20. The higher impact was observed in the domestic market. However, consumption is resuming since September and this is already noted.

Biorigin business unit's net revenue reached R\$185.2 million in 2Q21, up by 47.4% YoY. In 6M 20/21 Harvest, net revenue grew by 62.5% YoY, reaching R\$382.0 million. This increased revenue is due to the higher demand in the Food and Feed segments, driven by the better sales mix in the Feed segment and new business with customers, combined with the dollar appreciation.

Net revenue from electricity fell by 1.1% in the quarter, reaching R\$33.3 million, due to the lower volume of cogeneration exported. In 6M 2020/21 Harvest Year, net revenue totaled R\$59.3 million, down by 1.6%, impacted by the lower average price (R\$206.6 in 6M21 vs. R\$220.2 in 6M20), despite the higher volume of electricity exported.

## Sales Volume and Average Prices

(R\$ million)	2Q21	2Q20	Change	6M21	6M20	Change
<b>Sales Volume</b>						
Sugar ('000/tons)	173.6	125.3	38.5%	290.7	231.8	25.4%
Ethanol ('000/m <sup>3</sup> )	103.8	131.1	-20.9%	209.8	249.4	-15.9%
Biorigin (tons)	10.1	9.0	12.9%	20.8	16.2	28.6%
<b>Average Prices</b>						
Sugar (R\$/ton)	1,346.2	1,065.3	26.4%	1,328.5	1,078.7	23.2%
Ethanol (R\$/m <sup>3</sup> )	1,995.9	1,748.7	14.1%	1,750.2	1,759.3	-0.5%
Biorigin ('000 R\$/ton)	18.3	14.0	30.6%	18.4	14.5	26.4%

The average price of sugar grew from R\$1,065.6/ton in 2Q20 to R\$1,346.2/ton in 2Q21, up by 26.4%. Sales volume grew by 38.5% QoQ, with more demand, mainly from the foreign market. In 6 months, average price of sugar reached R\$1,328.5/ton, up by 23.2% over 6M20, and sales volume grew 25.4% over 6M20. The scenario of the best commodity price was a window of opportunity directing the industry towards sugar production and, thus, capturing better prices and volumes in the period.

The average price of Ethanol went from R\$1,748.7/m<sup>3</sup> in 2Q20 to R\$1,995.9/m<sup>3</sup> in 2Q21, up by 14.1%, whereas sales volume fell by 20.9%. The average price reached R\$1,750.2 in 6M21, down by 0.5% over 6M20, with sales volume falling 15.9% YoY, reaching 209.8 m<sup>3</sup> sold. The Ethanol price was impacted by the Covid-19 crisis, mainly in the first two months of this Harvest. In the second quarter, it showed a rapid recovery, partially offsetting the sharp drop in the volume sold.



Biorigin unit recorded a 12.9% increase in sales volume in 2Q21 YoY. Following the same trend, the average price in 2Q21 increased significantly, up by 30.6% YoY. In the six-month period, sales volume grew 28.6% YoY, with a 26.4% increase in price. The price increase was due to the appreciation of the dollar against the real.

### Cost of Goods Sold (COGS)

In 2Q 2020/21 Harvest, the Company's total cost totaled R\$464.1 million, up by 39.4% YoY. The share of costs in relation to the Net Revenue reached 70.4%, compared to the 63.7% in the previous Harvest. In the six-month period of the 2020/21 Harvest, the total cost reached R\$840.2 million, up by 37.0% YoY, representing 70.3% of the Net Revenue versus 62.3% in 6M20. The cost was affected by the higher sales volume and appreciation of the dollar against real.

Excluding accounting effects, variation in the fair value of biological assets, costs in 2Q21 would reach R\$418.8 million, up by 23.6% over 2Q20, and in 6M21 would reach R\$811.00 million, up by 25.6% YoY. The increase in adjusted costs is in line with the growth in revenue. The share of adjusted costs in 2Q21 in relation to Net Revenue reached 63.5%, compared to 64.9% in the previous harvest. In 6M, adjusted costs represented 67.9% of Net Revenue, versus 65.6% YoY.

### Gross Profit

In 2Q21, the Company's gross profit totaled R\$195.4 million, down by 3.2% YoY, with a gross margin of 29.6%, a 6.6 p.p. decrease YoY. In 6M, gross profit reached R\$355.0 million and gross margin reached 29.7%.

As mentioned in the previous item, excluding accounting effects, the adjusted gross profit for 2Q 2020/21 Harvest would have been R\$240.8 million, up by 31.2% YoY, while the adjusted gross margin would have reached 36.5%, up by 1.4 p.p. The gross profit with the same adjustments would be R\$384.2 million and adjusted gross margin of 32.1%.

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

(R\$ million)	2Q21	2Q20	Change	6M21	6M20	Change
Selling Expenses	(37.9)	(34.5)	9.9%	(79.8)	(65.9)	21.0%
General and Administrative Expenses	(29.8)	(34.8)	-14.4%	(56.0)	(66.3)	-15.5%
<b>Total Expenses Ex-Other Revenues (Expenses)</b>	<b>(67.7)</b>	<b>(69.3)</b>	<b>-2.3%</b>	<b>(135.8)</b>	<b>(132.3)</b>	<b>2.7%</b>
Other Net Operating Income (Expenses)	318.2	(47.5)	-769.5%	324.0	(43.1)	-852.5%
<b>Total Expenses</b>	<b>250.5</b>	<b>(116.8)</b>	<b>-314.4%</b>	<b>188.2</b>	<b>(175.3)</b>	<b>-207.3%</b>

In 2Q 2021 Harvest, selling expenses grew 9.9% YoY, reaching R\$37.9 million, mainly reflecting the increase in sugar and ethanol sales, freight expenses and Biorigin commissions due to increased sales.

General and administrative expenses totaled R\$29.8 million in 2Q21, down by 14.4% over 2Q 2019/20, due to the steps taken by the company to manage the pandemic crisis, as well as cuts in perennial expenses, the result of optimizations. In 6M21, total expenses, excluding other operating revenues, totaled R\$135.8 million, up by 2.7% over 6M20 for the same reasons as the increase in the quarter.

In 2Q21, the receipt of R\$318.7 million of the installments of the court bonds, recorded in "other net operating income (expenses)" refers to a lawsuit against the Federal Government to indemnify the Cooperative for damages to its cooperative members resulting from the lagged prices in sugar and ethanol sales in the 1980s, therefore, insufficient to cover production costs.

More details in the item "Court Bond" below.





## EBITDA and Adjusted EBITDA

R\$ Million	2Q21	2Q20	Change	6M21	6M20	Change
<b>EBITDA</b>	<b>634.8</b>	<b>259.7</b>	<b>144.4%</b>	<b>899.1</b>	<b>510.5</b>	<b>76.1%</b>
<b>EBITDA Margin</b>	<b>96.2%</b>	<b>49.7%</b>	<b>46.5 p.p.</b>	<b>75.2%</b>	<b>51.9%</b>	<b>23.4 p.p.</b>
<i>Changes Biological Assets</i>	45.3	(5.9)	-873.5%	29.2	(32.3)	-190.5%
<i>Equity income (loss)</i>	(2.0)	4.3	-145.9%	3.0	8.8	-65.9%
<i>Other Operating Income (expenses)</i>	(318.2)	47.7	-767.7%	(324.0)	43.2	-850.2%
<i>Adjustments IFRS16</i>	(100.6)	(48.0)	109.7%	(133.5)	(112.9)	18.3%
<b>Adjusted EBITDA</b>	<b>259.4</b>	<b>257.8</b>	<b>0.6%</b>	<b>473.8</b>	<b>417.3</b>	<b>13.5%</b>
<b>Adjusted EBITDA Margin</b>	<b>39.3%</b>	<b>49.4%</b>	<b>-10.0 p.p.</b>	<b>39.6%</b>	<b>42.4%</b>	<b>-2.7 p.p.</b>

In 2Q 2020/21 Harvest, Adjusted EBITDA totaled R\$259.4 million, up by 0.6% compared to R\$257.8 million YoY, with an Adjusted EBITDA margin of 39.3% in 2Q21. In 6M21, adjusted EBITDA totaled R\$473.8 million, up by 13.5% over 6M20 and a margin of 39.6%.

## EBIT and Adjusted EBIT

R\$ Million	2Q21	2Q20	Change	6M21	6M20	Change
<b>Adjusted EBITDA</b>	<b>259.4</b>	<b>257.8</b>	<b>0.6%</b>	<b>473.8</b>	<b>417.3</b>	<b>13.5%</b>
<i>Depreciation and Amortization</i>	(159.5)	(174.2)	-8.4%	(321.1)	(299.8)	7.1%
<i>Breakdown of Biological Assets</i>	(27.4)	(17.3)	58.7%	(37.8)	(23.8)	58.9%
<i>IFRS 16 Depreciation</i>	57.4	81.9	-29.9%	119.1	125.0	-4.7%
<b>Adjusted EBIT</b>	<b>129.9</b>	<b>148.3</b>	<b>-12.4%</b>	<b>234.0</b>	<b>218.7</b>	<b>7.0%</b>
<b>Adjusted EBIT Margin</b>	<b>19.7%</b>	<b>28.4%</b>	<b>-8.7 p.p.</b>	<b>19.6%</b>	<b>22.2%</b>	<b>-2.6 p.p.</b>

Adjusted EBIT totaled R\$129.9 million in 2Q21, down by 12.4% YoY, which reached R\$148.3 million, with a margin of 19.7%. In 6M 2020/21 Harvest Year, Adjusted EBIT reached R\$234.0 million, up by 7.0% YoY, recording a margin of 19.6%. Adjusted EBIT disregards the effects of IFRS16, equity pickup, changes in biological assets and other operating revenues (expenses).

## Financial Result

R\$ Million	2Q21	2Q20	Change	6M21	6M20	Change
Financial Revenues	5.3	12.3	-57.0%	13.0	21.2	-38.5%
Financial Expenses	(45.2)	(64.4)	-29.8%	(93.1)	(121.0)	-23.1%
FX variation	(11.2)	(18.5)	-39.8%	(29.5)	(15.5)	90.1%
<b>Financial Result - Without Hedge and IFRS16</b>	<b>(51.1)</b>	<b>(70.6)</b>	<b>-27.7%</b>	<b>(109.5)</b>	<b>(115.3)</b>	<b>-5.0%</b>
Interest with IFRS16	(12.8)	(14.3)	-10.7%	(25.7)	(29.0)	-11.4%
Hedge/Swap Result	(16.9)	(5.2)	222.5%	(31.0)	0.6	n/a
<b>Total Financial Result</b>	<b>(80.8)</b>	<b>(90.2)</b>	<b>-10.5%</b>	<b>(166.3)</b>	<b>(143.7)</b>	<b>15.7%</b>



In 2Q 2021 Harvest, the financial result, excluding hedge and IFRS 16, totaled a negative R\$51.1 million, down by 27.7% YoY. In 6M 2021 Harvest, the financial result, excluding hedge and IFRS 16, was a negative R\$109.5 million, down by 5.0% YoY. These results reflect the following impacts:

- (i) drop in expenses with interest on loans and financing, reflecting the decreased CDI rate in the period;
- (ii) lower impact of exchange rate variation, mainly due to the impact on financing exchange rate variation due to less exposure and less devaluation of real against the dollar and euro in 2Q 2021 and YTD results YoY;

The total financial result in 2Q21 was negative by R\$80.8 million. In 6M 2020/21 Harvest Year, the total financial result was negative by R\$166.3 million. The financial results in 2Q and 6M were impacted by the negative hedge result in the periods, reflecting the devaluation of real, together with the items mentioned. The negative hedge result is offset by an increase in the Biorigin unit's revenue, since the unit exports around 90% of the revenue.

Analyzing only financial revenues and expenses, the result of these items would total R\$39.9 million in 2Q 2020/21 Harvest compared to R\$52.1 million YoY, down by 23.4%. This would total R\$80.1 million in 1H21 compared to R\$99.8 million in 1H20, down by 19.8%.

### Net Income (Loss)

Net income totaled R\$260.9 million in 2Q 2020/21 Harvest compared to a net loss of R\$15.7 million YoY, with a net margin of 39.6% in 2Q21. In 6M 2020/21 Harvest, net income reached R\$266.1 million and net margin reached 22.3%. The income was affected mainly by the court bond payment mentioned in the report.

### Court Bond

Copersucar Cooperative, in which Zilor is a cooperative member and shareholder, is an active party in the lawsuit against the Federal Government and Sugar and Alcohol Institute (IAA - *Instituto de Açúcar e do Alcool*). The Court convicted the Federal Government to indemnify the Cooperative for damages to its cooperative members resulting from the lagged prices in sugar and ethanol sales in the 1980s, therefore, insufficient to cover production costs.

Until September 2020, the Cooperative raised 3/6 installments of the 1<sup>st</sup> court bond and 2/6 installments of the 2<sup>nd</sup> court bond.

Zilor, as part of the Cooperative system, is entitled to these credits, which will be recognized as the Cooperative recognizes the onlending obligations with Zilor. The remaining balance receivable from the said court bonds is around R\$1.4 billion, excluding fees, as of September 30, 2020.



### 3. Indebtedness

R\$ Million	Sep-20	Mar-20	Sep-19	Change sept/20 x mar/20	Change sept/20 x sept/19
Loans and Financing ST	1,140.6	652.3	938.3	74.9%	21.6%
<b>% in Relation to the Total</b>	<b>41%</b>	<b>23%</b>	<b>35%</b>	<b>75.8%</b>	<b>18.2%</b>
Loans and Financing LT	1,636.4	2,139.8	1,761.0	-23.5%	-7.1%
<b>% in Relation to the Total</b>	<b>59%</b>	<b>77%</b>	<b>65%</b>	<b>-23.1%</b>	<b>-9.7%</b>
<b>Gross Debt</b>	<b>2,777.0</b>	<b>2,792.0</b>	<b>2,699.3</b>	<b>-0.5%</b>	<b>2.9%</b>
Cash and equivalents	1,103.1	1,000.6	622.6	10.2%	77.2%
<b>Net Debt</b>	<b>1,673.9</b>	<b>1,791.4</b>	<b>2,076.7</b>	<b>-6.6%</b>	<b>-19.4%</b>
Adjusted EBITDA	652.9	596.4	506.7	9.5%	28.8%
<b>Net Debt/Adjusted EBITDA</b>	<b>2.6x</b>	<b>3.0x</b>	<b>4.1x</b>	<b>-0.4x</b>	<b>-1.5x</b>

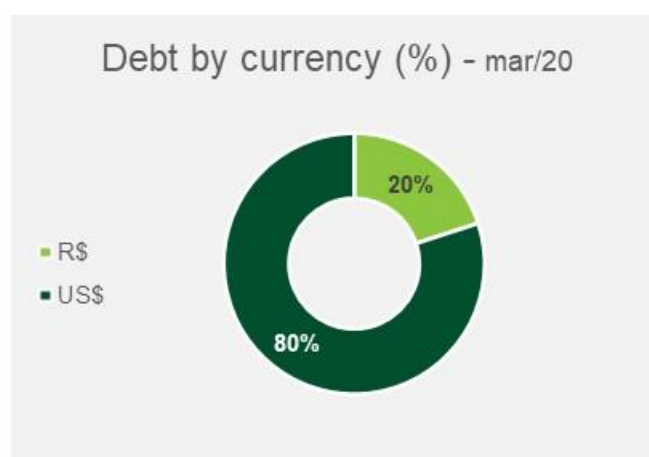
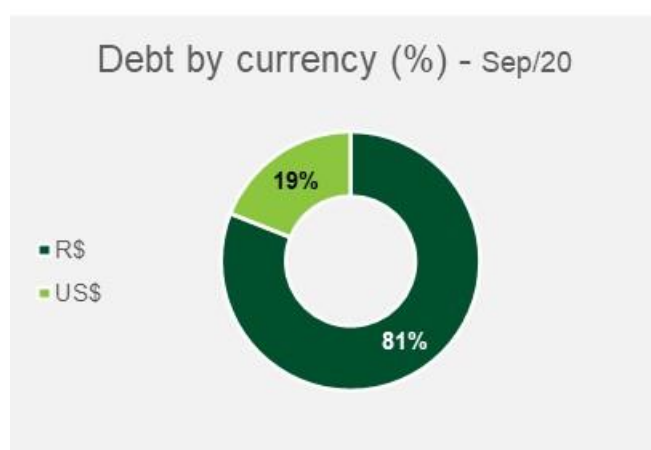
Note For the purposes of calculating leverage (Net Debt/Adjusted EBITDA indicator), Adjusted EBITDA is considered the sum of the last four quarters.



The Company's leverage, measured by Net Debt/Adjusted EBITDA, fell by 0.4x, reaching 2.6x compared to 3.0x in March 2020. Leverage had a significant drop YoY, compared to the 4.1x ratio in September 2019.

The net debt reached R\$1,673.9 million on September 30, 2020, down by 6.6% compared to R\$1,791.4 million on March 31, 2020 and 19.4% LTM, totaling R\$2,076.7 million.

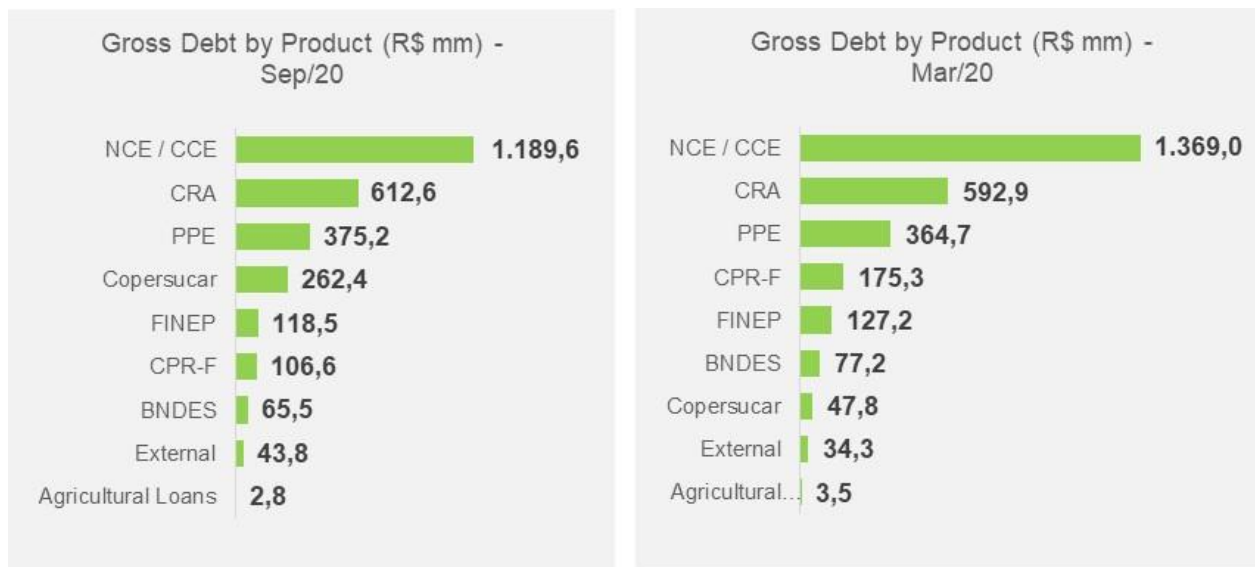
#### Gross Debt by Currency



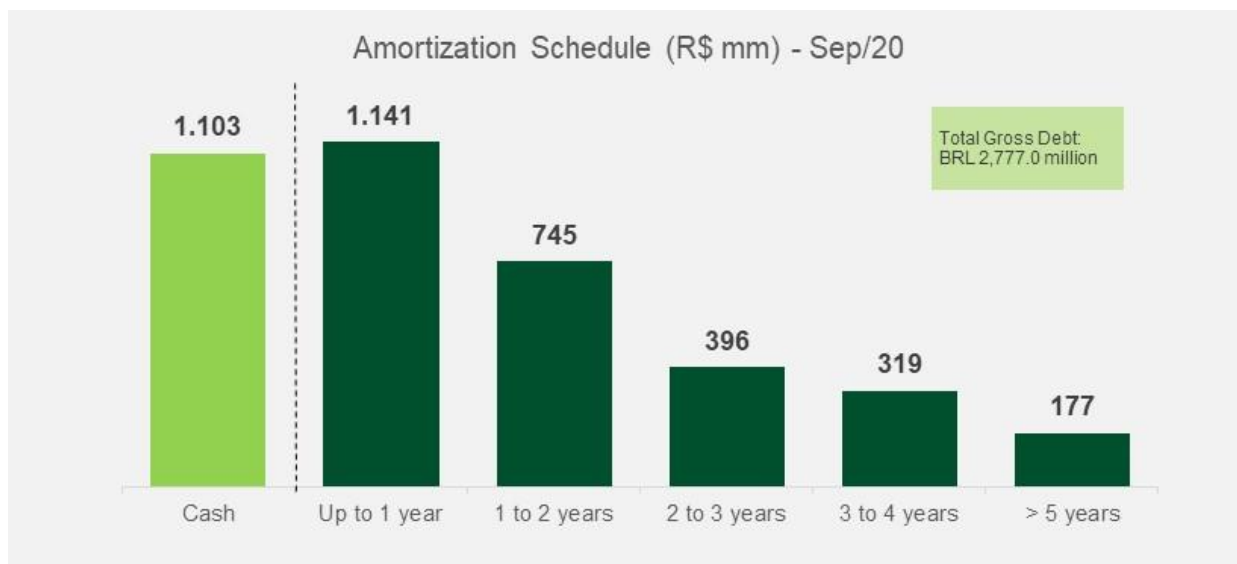
The currency devaluation occurred mainly in the quarter, increased the debt balance in foreign currency by R\$53.2 million. On the other hand, since this part of the debt has a natural hedge in Biorigin's exports, the business will have a net benefit with the appreciated dollar.



## Gross Debt by Product

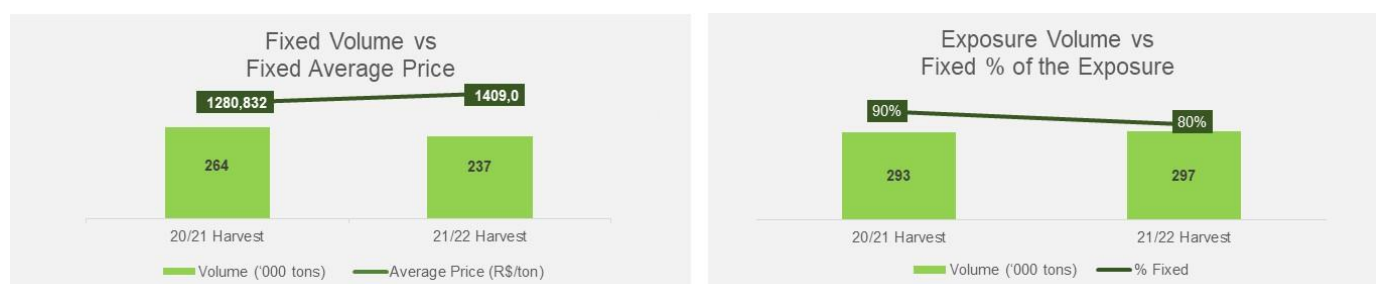


## Amortization Schedule





## 4. Hedge Sugar



Our fixed Sugar price to be billed for the 2020/21 harvest totaled 264,100 tons at an average price of R\$1,281/ton, representing 90% of our exposure for the period. For the 2021/22 Harvest, our fixed Sugar price totaled 297,000 tons at an average price of R\$1,409/ton, representing 80% of our exposure for the period.

## 5. CAPEX

R\$ million	2Q21	2Q20	Change	6M21	6M20	Change
<b>Maintenance Capex</b>	<b>60.1</b>	<b>38.8</b>	<b>54.6%</b>	<b>117.5</b>	<b>97.0</b>	<b>21.2%</b>
Sugarcane Planting	21.7	16.7	30.3%	59.4	52.3	13.5%
Crop Treatments	25.9	18.5	40.4%	41.3	28.4	45.1%
Off-Season Maintenance	0.0	0.0	-	0.0	6.6	-100.0%
Industrial / Agricultural	12.4	3.7	235.2%	16.9	9.7	75.1%
<b>Modernization / Mechanization / Expansion</b>	<b>7.8</b>	<b>13.6</b>	<b>-42.7%</b>	<b>24.5</b>	<b>36.2</b>	<b>-32.2%</b>
Industrial / Agricultural / Intangible Assets	7.8	13.6	-42.7%	24.5	36.2	-32.2%
<b>Total</b>	<b>67.8</b>	<b>52.4</b>	<b>29.4%</b>	<b>142.1</b>	<b>133.2</b>	<b>6.7%</b>

Total Capex in 2Q 2020/21 Harvest totaled R\$67.8 million, up by 29.4% YoY. In 6M 2020/21 Harvest, investments reached R\$142.1 million, up by 6.7% over 6M20.

Except for biological assets, some investments were postponed in 1Q 2020/21 Harvest, keeping a more conservative position due to the Covid-19 uncertainties. The scenario was reevaluated in 2Q with larger investments authorized when compared to the previous quarter.

## 6. SOCIAL AND ENVIRONMENTAL

Committed to sustainable growth throughout its production chain, in the social and environmental scopes, Zilor continuously invests in increasing the efficiency of its processes, while preserving natural resources and respecting the entire society. In this sense, below we have some highlights of 6M 2020/21 Harvest.

### Generation of Waste/Sewage

The waste generated in the production units are all treated in an environmentally correct manner. More than 98% are reused in the production (bagasse to generate electricity, filter cake and vinasse as fertilizers). The remaining waste is destined to qualified suppliers.

One of the highlights of this harvest is the sewage treatment station implemented in the Biorigin unit, which, after starting its operation, will significantly reduce water consumption and should bring the sewage generation to zero.



## Certifications

Zilor had its certification renewed with the Agro-Environmental Protocol of the State of São Paulo and was recertified by BONSUCRO in all units, with an increase in certified production (50,000 ha), in addition to Biorigin's custody chain. BONSUCRO is the main international certification focused on sustainability in the sugar-electricity industry, by complying with high economic, environmental and social requirements in the entire process of sugarcane cultivation and production of byproducts.

Biorigin's greenhouse gas emissions were certified in the GHG Protocol Program, obtaining a gold seal.



**Disclaimer**

*The statements in this document related to the prospects for the business, forecasts on operating and financial results and those related to the growth prospects of Zilor Group are merely estimates and, as such, are based exclusively on the expectations of the executive board regarding the future of the business. These expectations substantially depend on changes in market conditions, the performance of the Brazilian economy, as well as the sector and the international markets, and are thus subject to changes without prior notice.*



## 7. Exhibits

### 7.1. Income Statement

Consolidated Income Statement	2Q21	2Q20	Change %	1H21	1H20	Change %
<b>(In millions of Reais, except percentages)</b>						
Net Operating Revenue	659.6	522.3	26.3%	1,195.2	984.5	21.4%
Change in the Fair Value of Biological Assets	-45.3	5.9	-873.5%	-29.2	32.3	-190.5%
Cost of goods sold	-418.8	-338.8	23.6%	-811.0	-645.7	25.6%
Gross profit	195.4	189.3	3.2%	355.0	371.0	-4.3%
Selling Expenses	-37.9	-34.5	9.9%	-79.8	-65.9	21.0%
General and administrative expenses	-29.8	-34.8	-14.4%	-56.0	-66.3	-15.5%
Other operating income net	318.2	-47.5	-769.5%	324.0	-43.1	-852.5%
Operating Result before Equity Pick-up	445.9	72.5	515.0%	543.2	195.7	177.6%
Financial Revenues	49.0	36.1	35.7%	71.0	57.5	23.6%
Financial Expenses	-118.6	-107.8	10.1%	-207.8	-185.6	12.0%
Exchange variations net	-11.2	-18.5	-39.8%	-29.5	-15.5	90.1%
Net Financial Result	-80.8	-90.2	-10.5%	-166.3	-143.7	15.7%
Equity income (loss)	2.0	-4.3	-145.9%	-3.0	-8.8	-65.9%
Result before taxes	367.1	-21.9	-1772.9%	373.9	43.2	765.0%
Income and social contribution taxes	-106.2	6.2	-1800.7%	-107.9	-18.3	490.7%
Net income (loss) for the year	260.9	-15.7	-1761.9%	266.1	25.0	965.5%





## Balance Sheet

### 7.2.1 Assets

	Sep-20	AV%	Sep-19	AV%	Change %
<b>Assets</b>					
<b>Current</b>					
Cash and cash equivalents	1,103.1	18.2%	622.6	12.3%	77.2%
Customers and Other Accounts Receivable	158.8	2.6%	96.6	1.9%	64.4%
Derivative financial instruments	0.8	0.0%	3.0	0.1%	-71.7%
Accounts Receivable - Cooperative	116.1	1.9%	141.2	2.8%	-17.7%
Inventories	700.2	11.6%	653.6	12.9%	7.1%
Biological assets	170.6	2.8%	112.0	2.2%	52.3%
Advances to suppliers	6.3	0.1%	0.0	0.0%	n/a
Recoverable taxes	34.8	0.6%	28.7	0.6%	21.3%
Income tax and social contribution	16.5	0.3%	22.9	0.5%	n/a
Prepaid expenses	9.0	0.1%	6.7	0.1%	35.1%
<b>Total current assets</b>	<b>2,316.4</b>	<b>38.2%</b>	<b>1,709.6</b>	<b>33.8%</b>	<b>35.5%</b>
<b>Noncurrent</b>					
<b>Noncurrent assets</b>					
Short-term investments	26.1	0.4%	0.0	0.0%	n/a
Customers and Other Accounts Receivable	98.8	1.6%	35.8	0.7%	176.3%
Financial Loan	9.9	0.2%	9.9	0.2%	0.0%
Prepaid expenses	1.2	0.0%	1.2	0.0%	0.0%
Advances to suppliers	33.8	0.6%	19.4	0.4%	74.1%
Recoverable taxes	30.1	0.5%	49.1	1.0%	-38.9%
Deferred tax assets	122.1	2.0%	0.0	0.0%	-
<b>Total Long-Term receivables</b>	<b>321.9</b>	<b>5.3%</b>	<b>115.4</b>	<b>2%</b>	<b>179.0%</b>
Investments	117.1	1.9%	102.2	2.0%	14.6%
Other Investments	21.1	0.3%	21.1	0.4%	-0.1%
Right of use	1,105.9	18.3%	997.8	19.7%	10.8%
Property and Equipment	2,162.0	35.7%	2,101.0	41.5%	2.9%
Intangible assets	14.9	0.2%	15.8	0.3%	-5.4%
<b>Total non-current assets</b>	<b>3,743.0</b>	<b>61.8%</b>	<b>3,353.3</b>	<b>66.2%</b>	<b>11.6%</b>
<b>Total assets</b>	<b>6,059.4</b>	<b>100.0%</b>	<b>5,063.0</b>	<b>100.0%</b>	<b>19.7%</b>



## 7.2.2 Liabilities

	Sep-20	AV%	Sep-19	AV%	Change %
<b>Liabilities and Equity</b>					
<b>Current</b>					
Suppliers	346.4	5.7%	240.0	4.6%	44.3%
Loans and Financing	1,140.6	18.8%	938.3	17.8%	21.6%
Derivative financial instruments	24.9	0.4%	-	0.0%	n/a
Leasing liabilities	210.6	3.5%	168.5	3.2%	25.0%
Income Tax and Social Contribution to Collect	79.9	1.3%	6.2	0.1%	1189.4%
Current Tax Liability	-	0.0%	11.5	0.2%	-100.0%
Taxes payable in installments	18.5	0.3%	16.8	0.3%	10.2%
Obligations with the Cooperative	8.9	0.1%	10.6	0.2%	-15.8%
Salaries and social charges	64.0	1.1%	54.0	1.0%	18.7%
Dividends payable	3.6	0.1%	6.3	0.1%	-43.6%
Other accounts payable	20.5	0.3%	32.8	0.6%	-37.4%
<b>Total current liabilities</b>	<b>1,917.9</b>	<b>31.7%</b>	<b>1,484.9</b>	<b>28.2%</b>	<b>29.2%</b>
<b>Noncurrent</b>					
Loans and Financing	1,636.4	27.0%	1,761.0	33.4%	-7.1%
Leasing liabilities	836.8	13.8%	782.5	14.8%	6.9%
Taxes payable in installments	57.3	0.9%	71.7	1.4%	-20.2%
Obligations with the Cooperative	157.6	2.6%	169.0	3.2%	-6.8%
Dividends payable	19.2	0.3%	39.8	0.8%	-51.6%
Contingencies	-	0.0%	118.5	2.2%	n/a
Provisions	181.5	3.0%	-	0.0%	n/a
Deferred tax liability	196.0	3.2%	192.9	3.7%	1.6%
<b>Total non-current liabilities</b>	<b>3,084.7</b>	<b>50.9%</b>	<b>3,135.4</b>	<b>59.5%</b>	<b>-1.6%</b>
<b>Total liabilities</b>	<b>5,002.7</b>	<b>82.6%</b>	<b>4,620.3</b>	<b>87.6%</b>	<b>8.3%</b>
<b>Equity</b>					
Capital stock	420.7	6.9%	420.7	8.0%	0.0%
Equity valuation adjustments	583.5	9.6%	576.2	10.9%	1.3%
Accumulated losses	4.9	0.1%	-360.9	-6.8%	-101.4%
<b>Total Shareholders' Equity attributable to Controlling Shareholders</b>	<b>1,009.1</b>	<b>16.7%</b>	<b>636.0</b>	<b>12.1%</b>	<b>58.7%</b>
<b>Non-Controlling Shareholders</b>	<b>47.6</b>	<b>0.8%</b>	<b>16.1</b>	<b>0.3%</b>	<b>196.0%</b>
<b>Total shareholders' equity</b>	<b>1,056.7</b>	<b>17.4%</b>	<b>652.1</b>	<b>12.4%</b>	<b>62.1%</b>
<b>Total liabilities and equity</b>	<b>6,059.4</b>	<b>100.0%</b>	<b>5,272.3</b>	<b>100.0%</b>	<b>14.9%</b>

