



Earnings Release 2020

SLC *Agrícola*

Earnings Release 2Q20

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

NOTE: 2Q19 and 2Q20 refer to the cumulative three-month periods from April to June of the years 2019 and 2020, respectively. 1H19 and 1H20 refer to the cumulative six-month periods from January to June of the years 2019 and 2020, respectively. HA refers to the horizontal percentage variation between two periods and VA refers to the percentage representativeness of the account over a given total.

2Q20 Conference Call

Date: 8/14/2020

Friday

Portuguese

10:00 a.m. (Brasília)

9:00 a.m. (New York)

2:00 p.m. (London)

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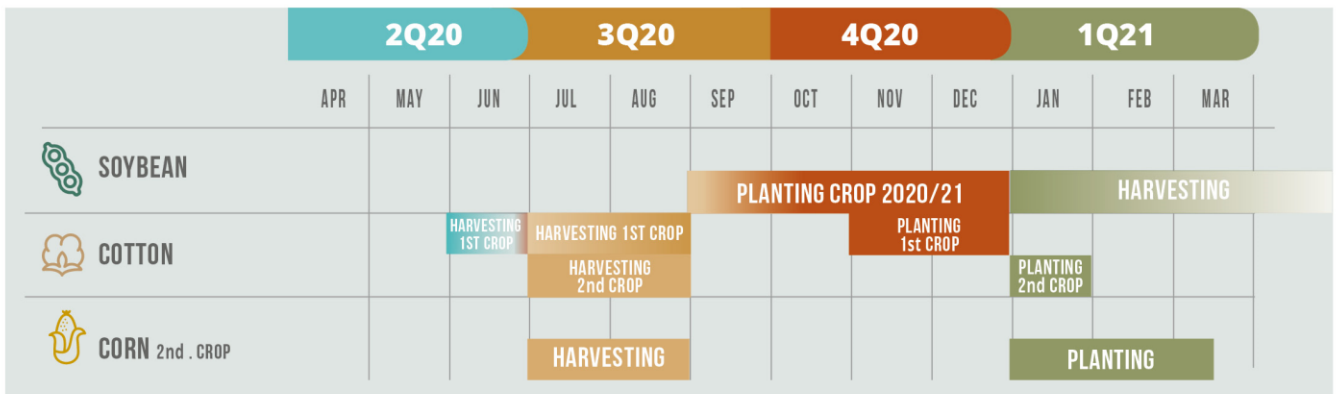
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DASHBOARD

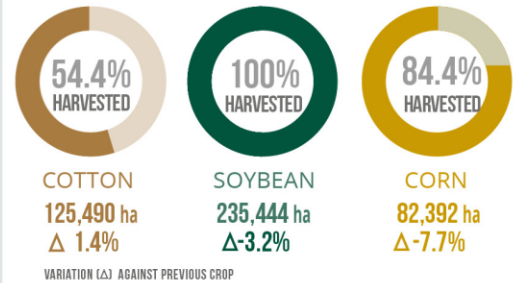
WHERE WE ARE IN THE CYCLE



MAIN OPERATING INDICATORS

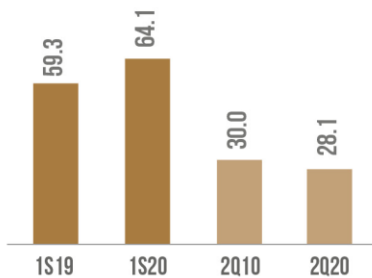
PRODUTIVIDADE (KG/ HA)	CROP 2018/19	CROP 2019/20	CROP 2019/20	Δ%	Δ%	Δ%
	ACHIEVED (A)	BUDGET (B)	FORECAST (C)	(C) X (A)	(B) X (A)	(C) X (B)
COTTON LINT 1st CROP	1,688	1,842	1,795	6.3%	9.1%	-2.6%
COTTON LINT 2nd CROP	1,613	1,749	1,714	6.3%	8.4%	-2.0%
COTTON SEED	2,090	2,261	2,031	-2.8%	8.2%	-10.2%
SOYBEAN	3,739	3,607	3,900	4.3%	-3.5%	8.1%
CORN 2nd CROP	7,121	7,385	7,220	1.4%	3.7%	-2.2%

HARVESTING STATUS CROP 2019/20

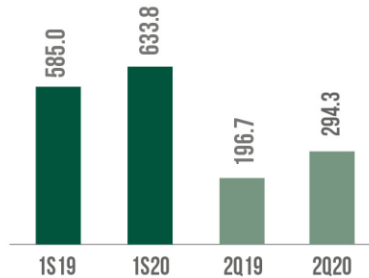


VOLUME INVOICED (Thd Tons)

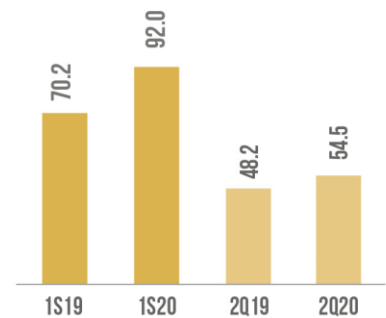
COTTON



SOYBEAN

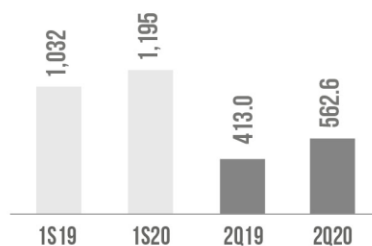


CORN

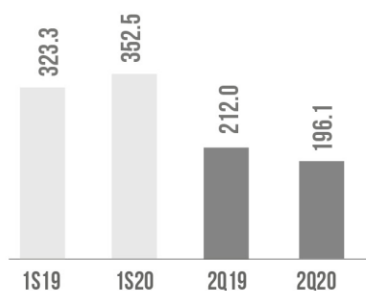


FINANCIALS (R\$ MM)

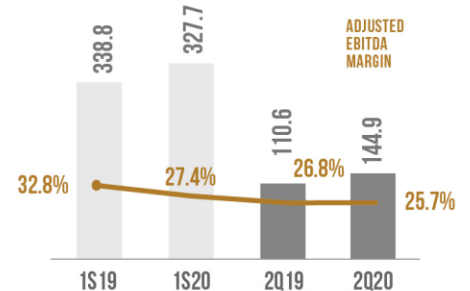
NET REVENUE



NET INCOME



ADJUSTED EBITDA



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 1st and 2nd 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 2nd 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 2nd 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.

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.

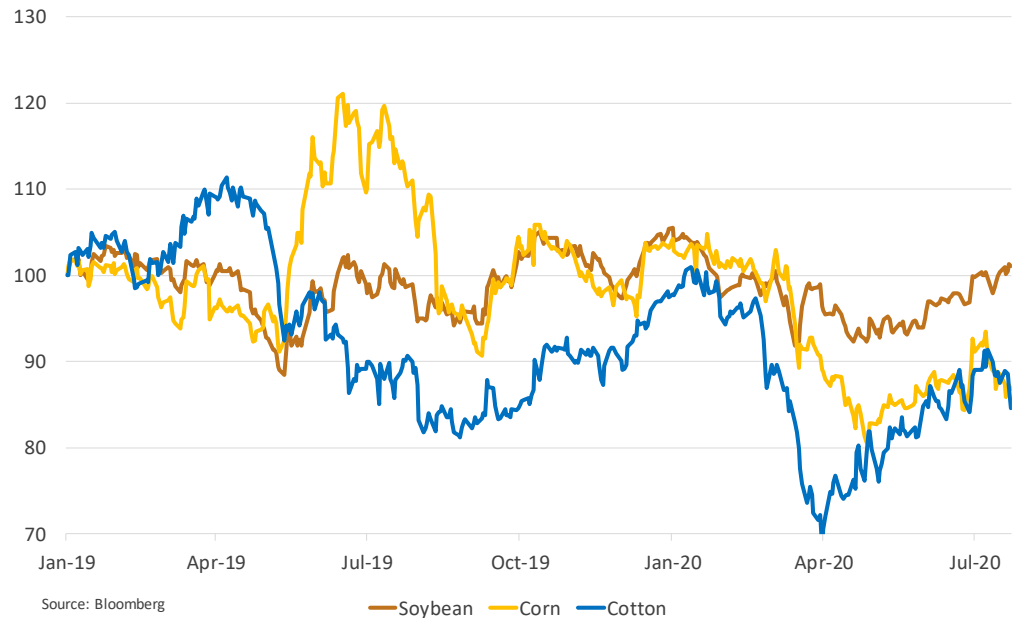
In addition, in the Social Actions area, we highlight that, in the first half of 2020, a total of R\$1.6 million was donated to support measures to combat the novel coronavirus pandemic, demonstrating the effective actions adopted by the Company in its local communities.

The Management

Market Overview

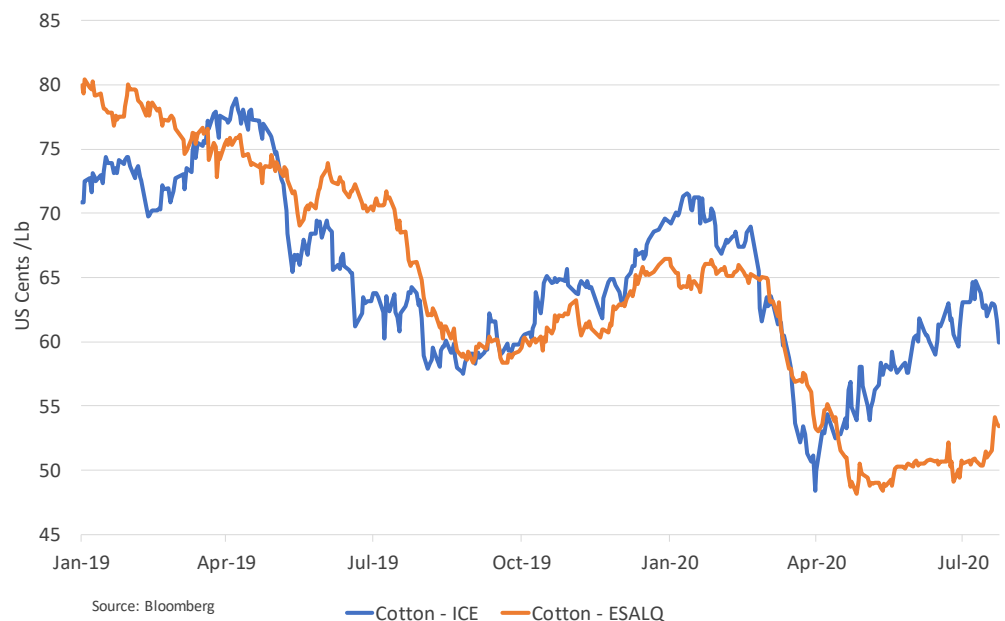
Commodities

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



Cotton

Figure 2 Cotton Prices in International Market vs Brazil

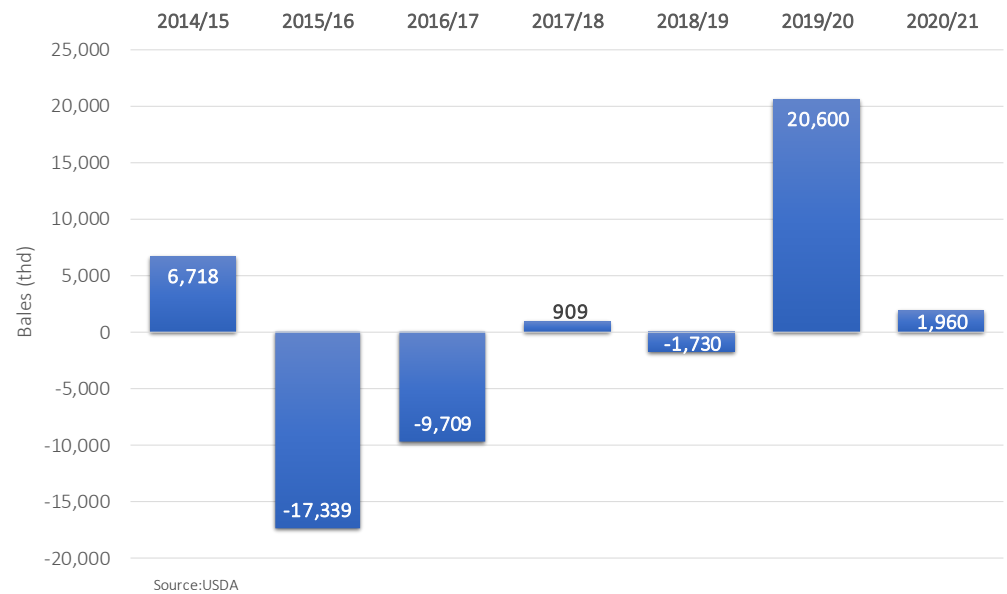


COTTON. “2Q20 registered a recovery in international cotton prices”

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.

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.

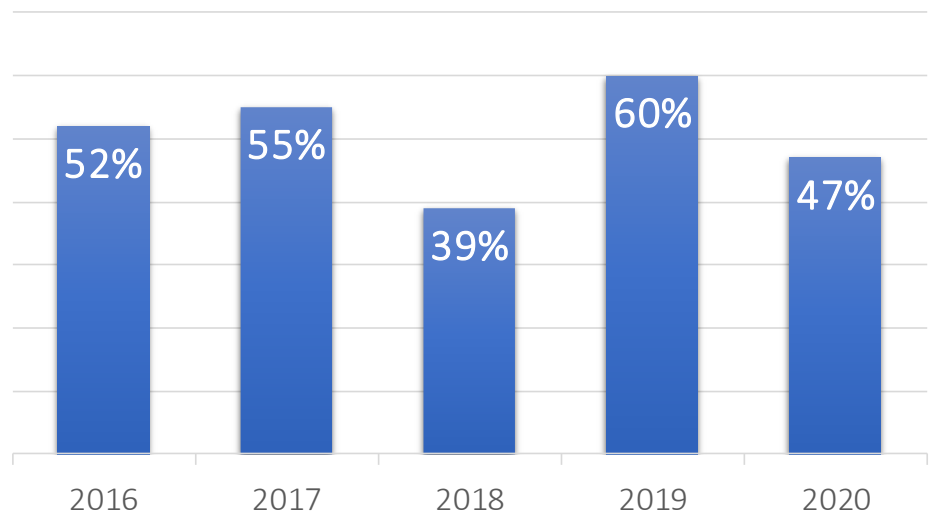
Figure 3 Cotton – Global Supply and Demand



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

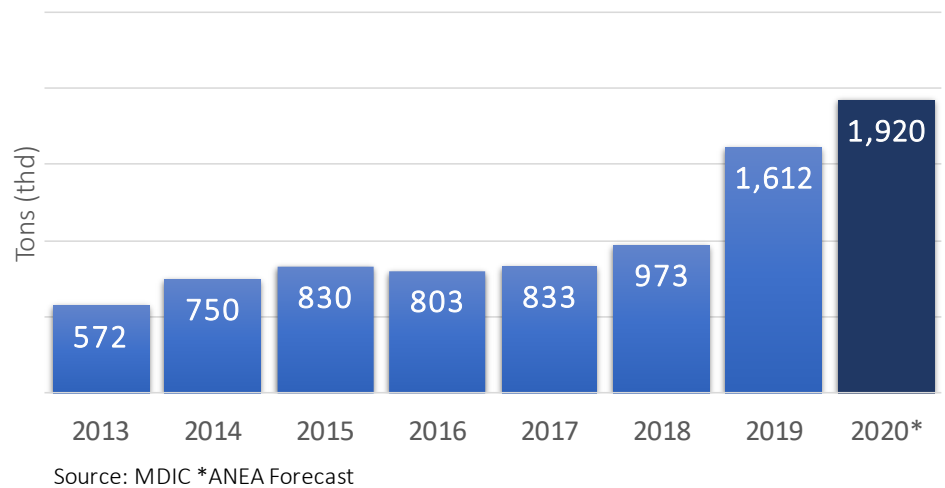


Source: USDA

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.

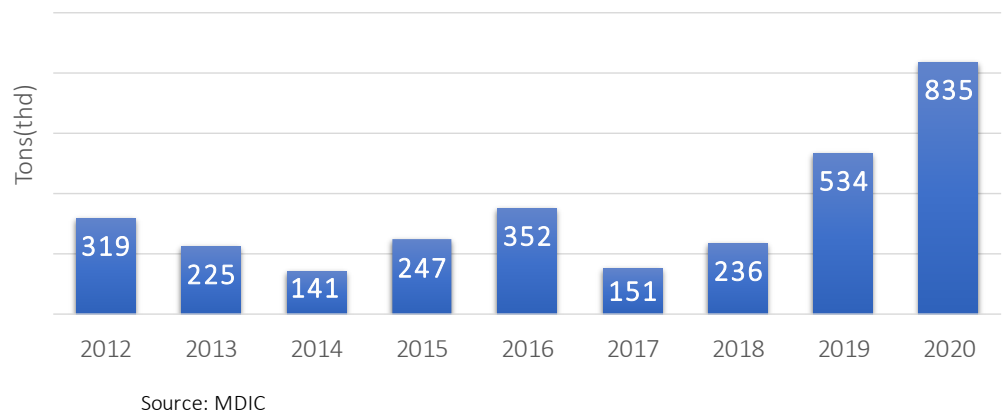
Figure 5 Brazil – Annual Cotton Exports



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.

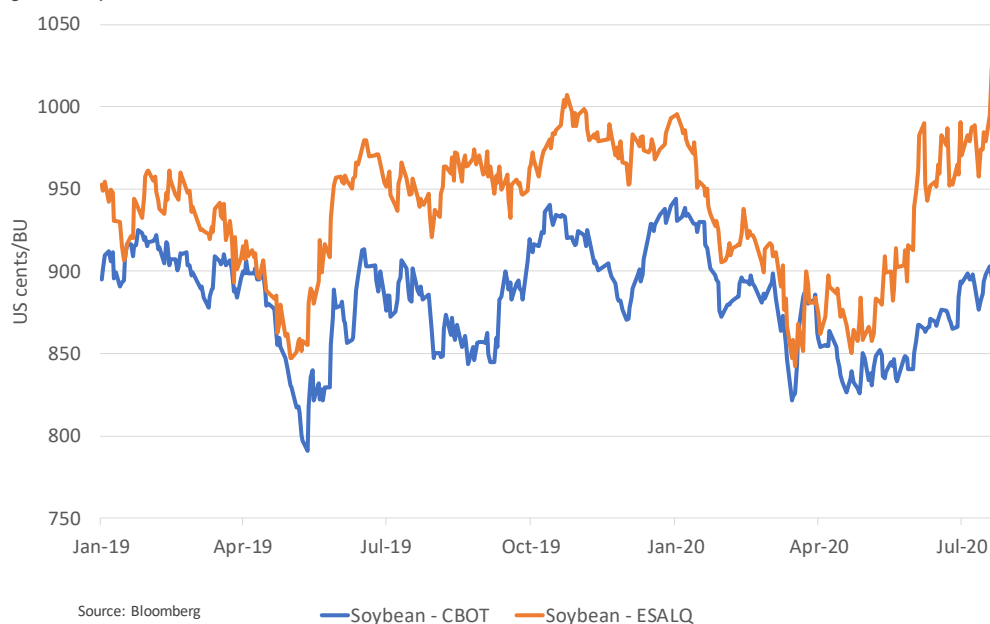
Figure 6 Brazil – Cotton Historic Exports



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.

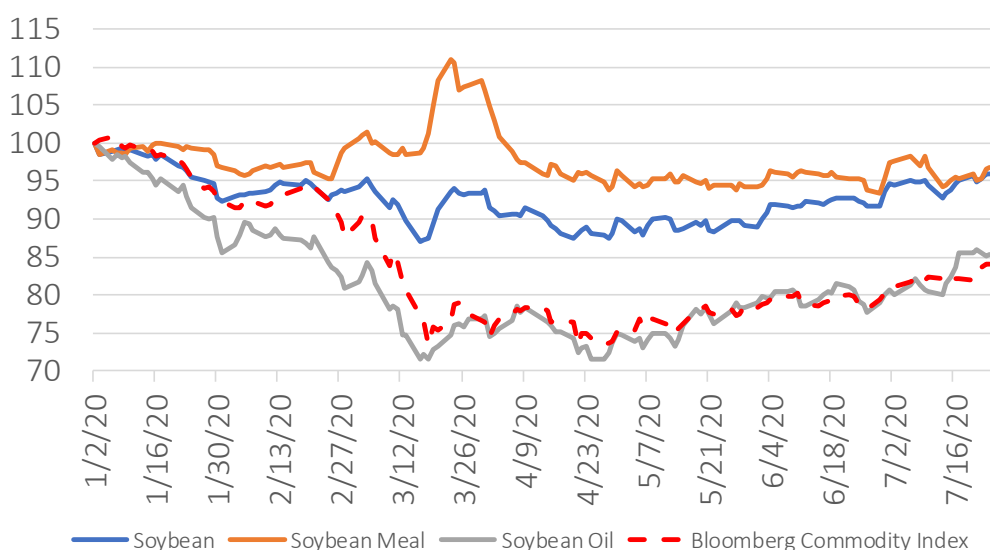
Figure 7 Soybean Prices in International Market vs. Brazil



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

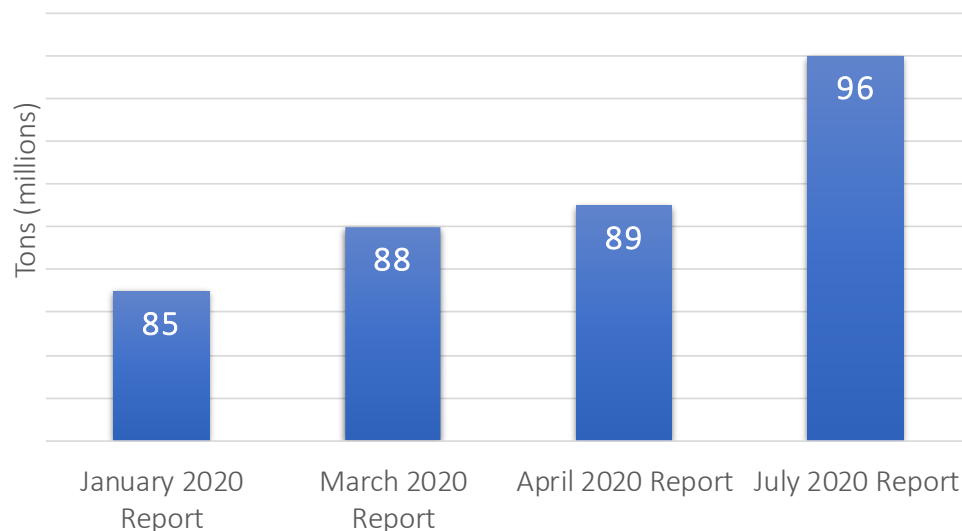


The resumption of imports by China driven by expectations of a recovery in domestic demand in that country has been the main factor sustaining prices, especially after the past cycle marked

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.

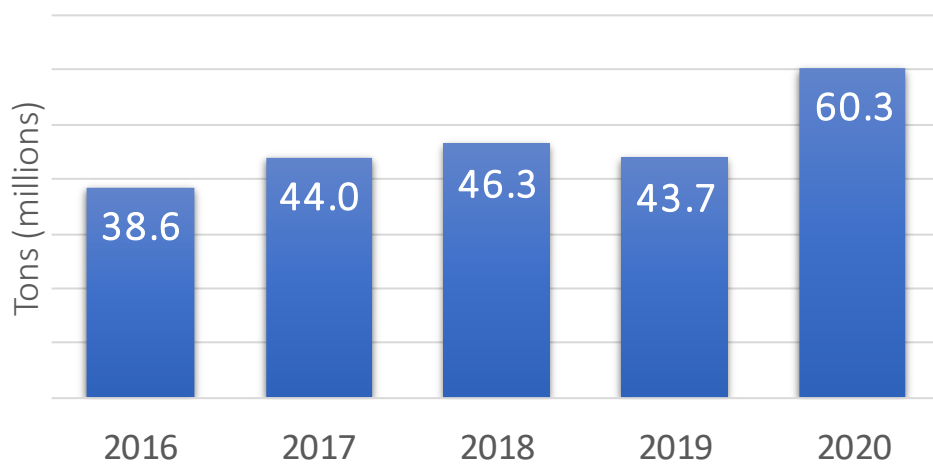
Figure 9 Soybean – Chinese Estimates of Soybean Imports



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

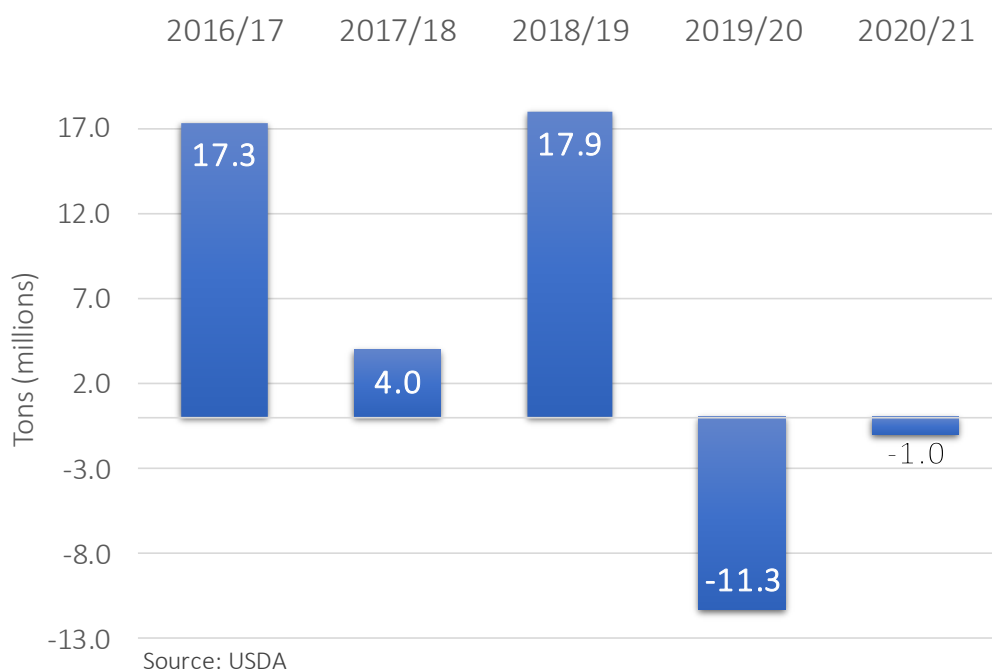


Source: MDIC

“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.

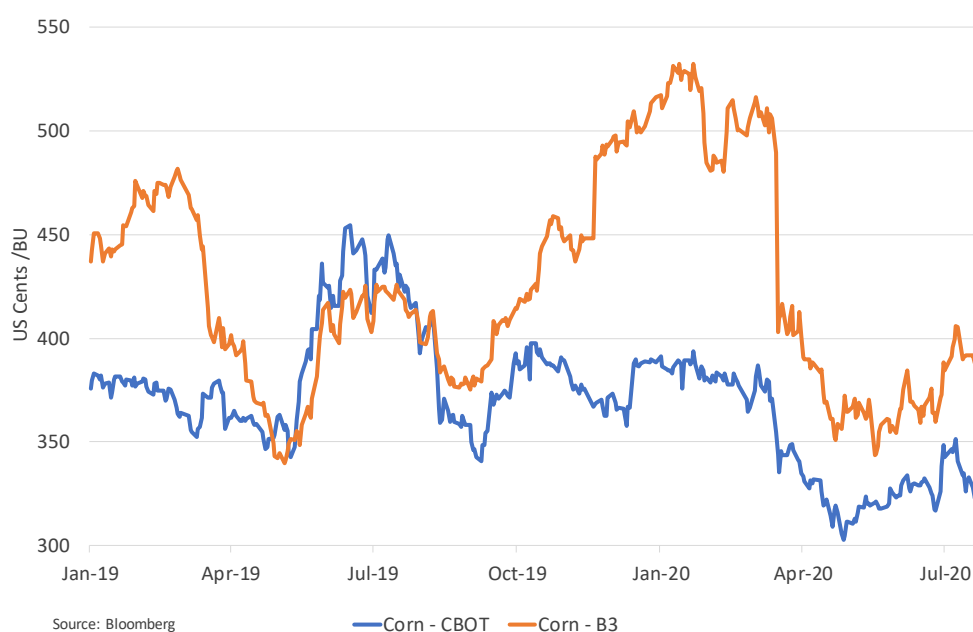
Figure 11 Soybean – Global Supply-Demand Balance



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



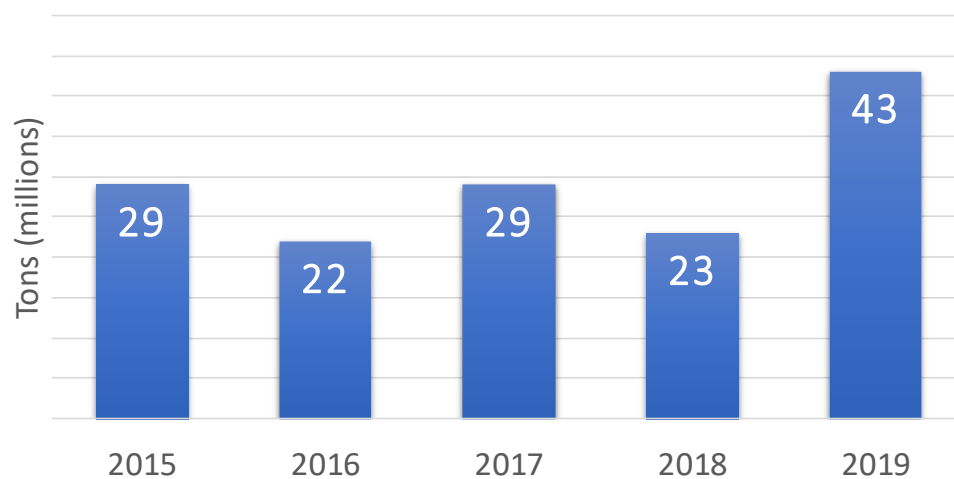
CORN. "In Brazil, the market was strong in the first half of the year due to demand from the animal protein industry and from export markets"

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 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



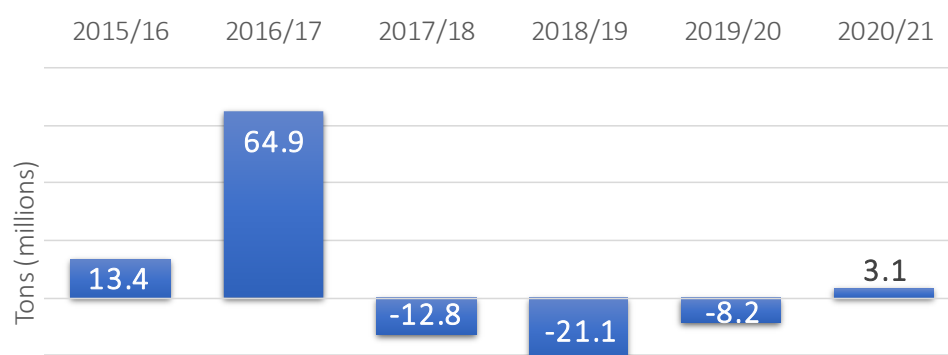
Source: MDIC

For Brazil's corn 2nd 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

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

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

⁽²⁾ 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 Crop Year Achieved (a)	2019/20 Crop Year Budget (b)	2019/20 Crop Year Forecast (c)	Δ% (c) x (a)	Δ% (b) x (a)	Δ% (c) x (b)
Cotton lint 1 st crop	1,688	1,842	1,795	6.3%	9.1%	-2.6%
Cotton lint 2 nd 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 nd 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.

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
Variable Costs	80.8	74.6	79.0	78.6	79.5
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
Fixed Costs	19.1	25.5	21.0	21.5	20.6
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 ⁽¹⁾	Budget 2019/20	Δ%
Cotton 1 st crop	8,187	8,304	8,397	1.1%
Cotton 2 nd crop	7,475	7,385	7,727	4.6%
Soybean	2,697	2,643	2,901	9.8%
Corn 2 nd crop	2,119	2,152	2,410	12.0%
Total average cost	4,139	4,130⁽²⁾	4,368	5.8%

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

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

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

Financial Performance

Income Statement Analysis

Adjusted EBITDA

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
Net Revenue	1,031,891	1,195,261	15.8%	413,058	562,629	36.2%
Change in Fair Value of Biological Assets	540,240	715,454	32.4%	393,743	421,280	7.0%
(-) Cost of Goods and/or Services Sold	(925,805)	(1,195,712)	29.2%	(412,246)	(596,453)	44.7%
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%
Gross Income	646,326	715,003	10.6%	394,555	387,456	-1.8%
(-) Sales Expenses	(57,468)	(78,623)	36.8%	(24,523)	(36,849)	50.3%
(-) General and administrative expenses	(46,655)	(47,354)	1.5%	(22,480)	(24,216)	7.7%
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%
(-) Administrative Fees	(8,117)	(8,884)	9.4%	(1,570)	(2,534)	61.4%
(-) Other operating revenues (loss)	606	642	5.9%	2,808	189	-93.3%
Other revenue	606	642	5.9%	2,808	189	-93.3%
(=) Income from Activity	534,692	580,784	8.6%	348,790	324,046	-7.1%
(+) Depreciation and amortization	42,134	49,491	17.5%	21,798	30,257	38.8%
EBITDA	576,826	630,275	9.3%	370,588	354,303	-4.4%
(-) Biological Assets on revenue ⁽³⁾	(540,240)	(715,454)	32.4%	(393,743)	(421,280)	7.0%
(+) Biological Assets on costs ⁽⁴⁾	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 ⁽⁵⁾	9,437	25,913	174.6%	6,867	14,354	109.0%
Adjusted EBITDA ⁽¹⁾⁽²⁾	338,757	327,699	-3.3%	110,643	144,865	30.9%
Adjusted EBITDA Margin	32.8%	27.4%	-5.4p.p.	26.8%	25.7%	-1.1p.p.

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

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

Net Revenue

Table 6 Net Revenue

(R\$ thd)	1S19	1S20	AH	2Q19	2Q20	AH
Net Revenue	1,031,891	1,195,261	15.8%	413,058	562,629	36.2%
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
Volume Invoiced	770,926	857,649	11.2%	291,538	399,847	37.2%
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
Effect of Biological Assets on Net Revenue	540,240	715,454	32.4%	393,743	421,280	7.0%
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 (“VFBVA”) 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 VFBVA for cotton and corn crops. Cotton VFBVA decreased 2.8% on the prior period due to the mark-to-market adjustment of FBVA in 2Q19, whose assumptions adopted for the calculation were overestimated, since the crop yield decreased in the periods subsequent to the FBVA 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, VFBVA 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, VFBVA 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 VFBVA for soybean from the 2018/19 crop year the crop’s prices and yields improved, leading the VFBVA 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
Cost of Goods Sold	(639,622)	(813,816)	27.2%	(286,509)	(400,933)	39.9%
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

(R\$ thd)	1S19	1S20	AH	2Q19	2Q20	AH
Realization of the Fair Value of Biological Assets	(286,183)	(381,896)	33.4%	(125,737)	(195,520)	55.5%
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

Cotton Lint		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

Cotton Seed		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

Soybean		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.

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
Gross Profit	646,326	715,003	10.6%	394,555	387,456	-1.8%
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

(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.
Total	57,468	78,623	36.8%	24,523	36,849	50.3%
% Net Revenue	5.6%	6.6%	1.0p.p	5.9%	6.5%	0.6p.p

Administrative Expenses

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%
Subtotal	32,504	32,550	0.1%	13,867	16,258	17.2%
% Net Revenue	3.1%	2.7%	-0.4p.p.	3.4%	2.9%	-0.5p.p
Provision for profit share program	14,151	14,804	4.6%	8,613	7,958	-7.6%
Total	46,655	47,354	1.5%	22,480	24,216	7.7%

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.

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.
Total	(57,418)	(60,464)	5.3%	(36,918)	(34,742)	-5.9%
% Net Revenue	5.6%	5.1%	-0.5p.p.	8.9%	6.2%	-2.8p.p

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
Income before taxes on profit	477,274	520,320	9.0%	311,872	287,304	-7.2%
Income Tax and Social Cont. on Profit	(153,941)	(167,833)	9.0%	(99,920)	(93,219)	-6.7%
Consolid. Net Income for the Period	323,333	352,487	9.00%	211,952	196,085	-7.5%
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%
Net Margin	31.3%	29.5%	-1.8%p.p.	51.3%	34.9%	-16.5p.p.

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.

Table 20 Summarized Cash Flow

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

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

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

Property, Plant and Equipment / CAPEX

Table 21 Capital Expenditure (R\$ '000)

(R\$ thd)	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%
Total	186,073	115,881	-37.7%	89,202	38,699	-56.6%

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.

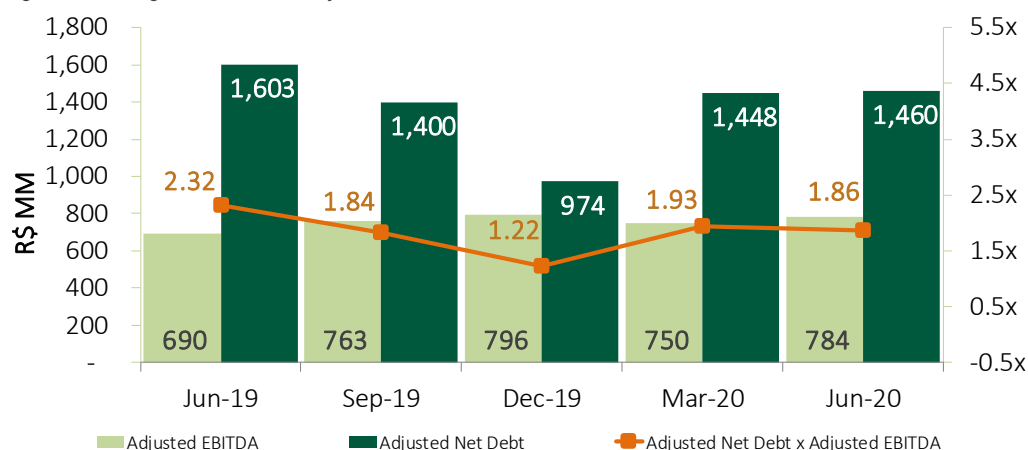
Table 22 Financial Net Debt

Credit Line	Average rate (%)			Consolidated	
(R\$ thd)	Indexr	2019	1S20	2019	1S20
Applied in Fixed Assets				73,235	65,155
Finame – BNDES	Pref., Bask. of Curr.	5.4%	5.4%	73,235	65,155
Applied in working Capital				1,792,631	2,399,499
Rural Credit	Prefixed	6.0%	5.6%	108,483	39,148
CRA	CDI	4.4%	2.1%	561,447	560,860
Working Capital	CDI ⁽¹⁾	5.1%	3.4%	413,490	710,039
Export Loans	Prefixed	6.5%	-	111,422	-
Export Loans	CDI ⁽¹⁾	5.1%	3.4%	597,789	1,089,452
Total Indebtedness ⁽⁴⁾		5.0%	3.2%	1,865,866	2,464,654
(+/-) Gains and losses with deriv. connected with applic. and debts				6,691	112,462
(=) Adjusted Debt				1,859,175	2,352,192
(-) Cash				885,418	891,846
(=) Adjusted Net Debt				973,757	1,460,346
Adjusted EBITDA (last 12 months)				795,521	784,456
Adjusted Net Debt/Adjusted EBITDA				1.22	1.86

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

⁽⁴⁾ 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:

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 ⁽²⁾	10.06	9.84	9.73
Commitments ⁽¹⁾	-	-	30.7%	Commitments ⁽¹⁾	-	-	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 ⁽²⁾	72.58	69.08	65.30
Commitments ⁽¹⁾	-	-	39.3%	Commitments ⁽¹⁾	-	-	-
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 ⁽³⁾	25.25	27.60	33.05
Commitments ⁽¹⁾	-	-	30.0%	Commitments ⁽¹⁾	-	-	-

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

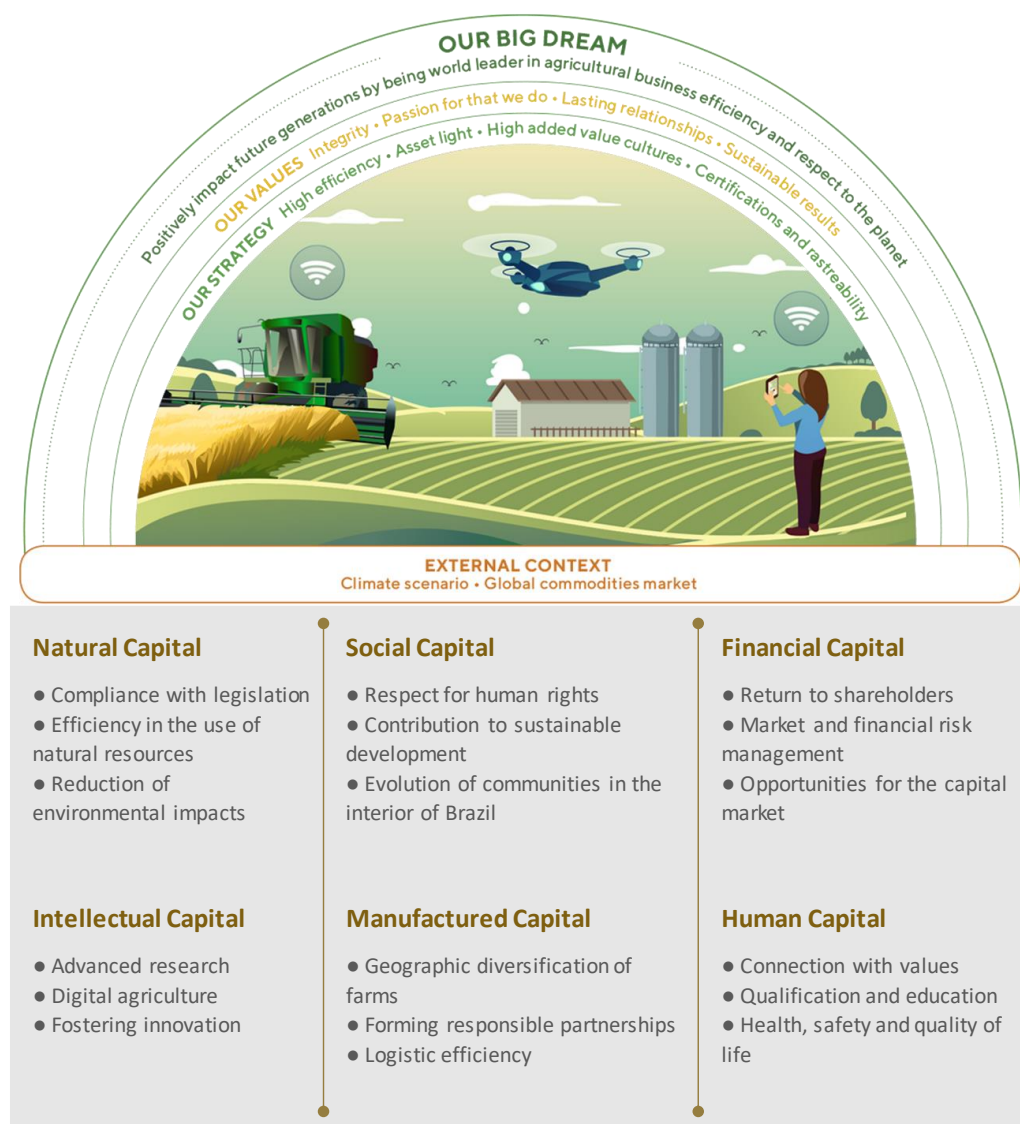
ESG – Environment, Social and Governance

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



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



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



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 ⁽¹⁾	97	70	121	16	289	405	293
Net Land Appreciation ⁽²⁾	374	428	140	199	19	110	142
Subtotal	471	498	261	215	308	515	435
Shareholder's Equity ⁽³⁾	3,087	3,771	3,911	4,346	4,438	4,641	4,973
Return	15.3%	13.2%	6.7%	4.9%	6.9%	11.1%	8.7%

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

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

⁽³⁾ Adjusted for land price appreciation.

Table 25 Return on Net Assets

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

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

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

⁽³⁾ Adjusted by land-price appreciation.

Table 26 Return on Invested Capital

(R\$ million)	2013	2014	2015	2016	2017	2018	2019
Operating Income ⁽¹⁾	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 ⁽²⁾	374	428	140	199	19	110	142
Operating results w/ land	489	578	347	329	397	567	549
Invested Capital	3,864	4,731	5,005	5,255	5,104	5,584	5,947
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 ⁽³⁾	3,087	3,771	3,911	4,346	4,275	4,641	4,973
Return on Working Capital	12.7%	12.2%	6.9%	6.3%	7.8%	10.2%	9.2%

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

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

⁽³⁾ Adjusted for land price appreciation.

Additional Information

Planted Area – 2019/20 Crop Year

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

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

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

⁽²⁾ Areas owned by Grupo Roncador and Mitsui.

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

Property portfolio

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

Table 28 Property Portfolio

Area 2019/20 Crop (ha)	Owned ⁽¹⁾	SLC LandCo ⁽²⁾	Leased	Joint Ventures	Under Control	Total Planted ⁽³⁾
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 ⁽⁵⁾ MT	28,893	13,288			42,181	26,358
Pioneira ⁽⁴⁾ MT				19,474	19,474	29,351
Panorama BA		10,373	14,253		24,626	21,751
Paladino ⁽⁵⁾ 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 ⁽⁶⁾ PI	12,892				12,892	-
Parnaguá PI	21,933				21,933	10,300
Total	-	218,253	129,946	40,148	474,860	448,568

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

Landbank

The current position of our landbank is presented below:

Table 29 Landbank

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

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

Machinery base and Storage capacity

Table 30 Machinery Base and Storage Capacity

	2018	2019	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 ⁽¹⁾	52%	87%	87%
Cotton	125,148	125,148	125,148
% Production ⁽¹⁾	60%	56%	56%

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

Net Asset Value

Table 31 Net Asset Value – NAV

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

⁽¹⁾ 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)

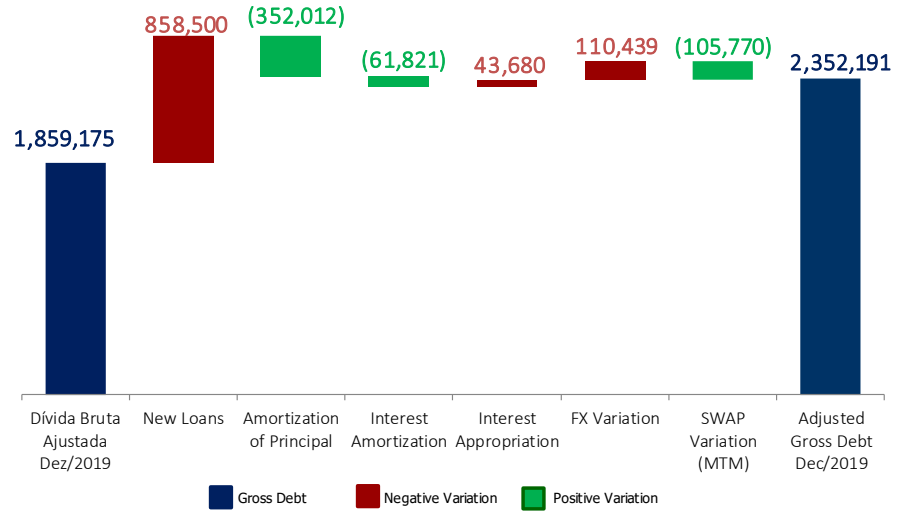


Figure 21 Gross Debt Amortization Schedule (R\$ '000)

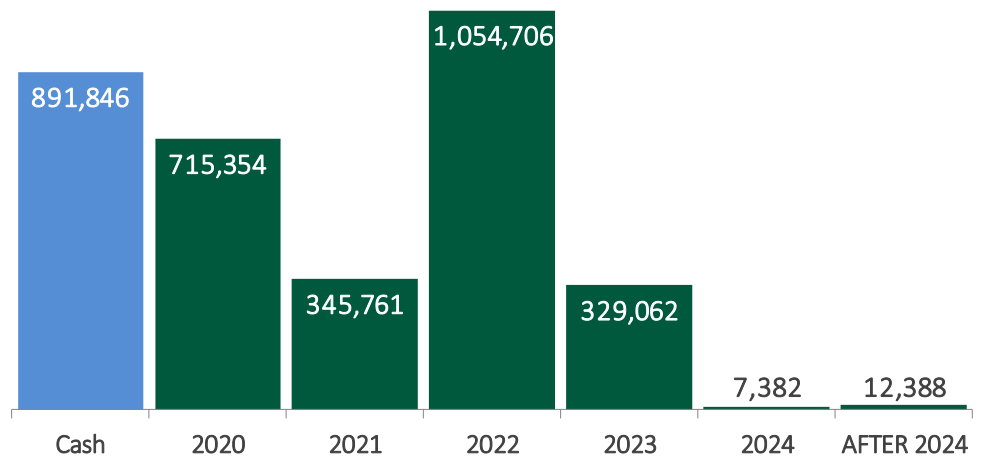


Figure 22 Gross Debt Profile

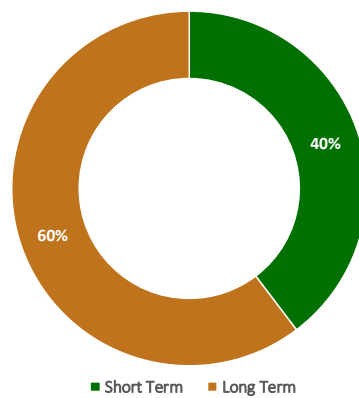
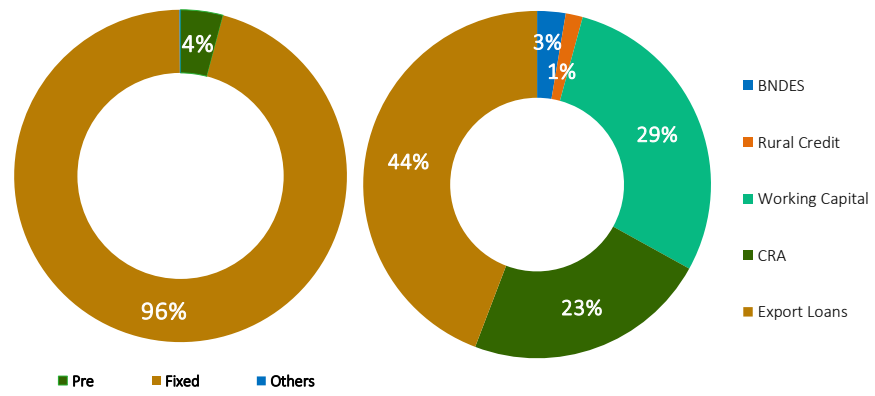
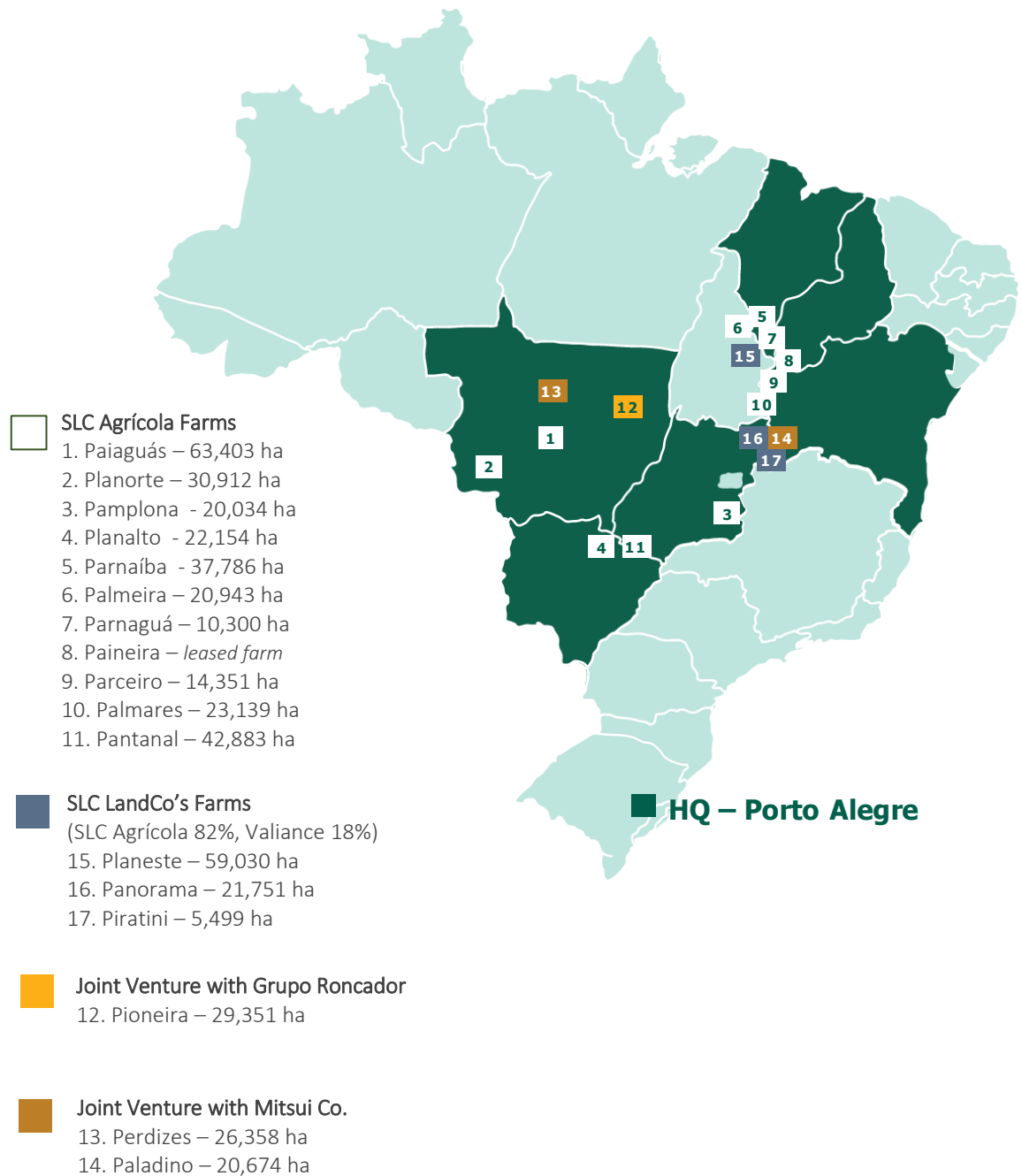


Figure 23 Gross Debt by Index and Instrument

Location of Production Units and Headquarters



Disclaimer

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

Exhibit 1 – Balance Sheet – Assets

R\$ (thd)	2019	AV	2Q20	AV	AH
Assets	3,090,810	44.4%	3,542,660	46.2%	14.6%
Cash and cash equivalents	829,427	11.9%	869,482	11.3%	4.8%
Short-term interest earnings bank deposits	55,342	0.8%	21,706	0.3%	-60.8%
Accounts receivable	178,405	2.6%	38,824	0.5%	-78.2%
Advances to suppliers	2,443	0.0%	3,643	0.0%	49.1%
Inventories	1,071,354	15.4%	989,883	12.9%	-7.6%
Biological assets	780,589	11.2%	1,378,261	18.0%	76.6%
Recoverable taxes	41,943	0.6%	55,201	0.7%	31.6%
Securities and credits receivable	71,657	1.0%	73,392	1.0%	2.4%
Operations with derivatives	34,008	0.5%	95,484	1.2%	180.8%
Intercompany transactions	11	0.0%	-	0.0%	-100.0%
Other accounts receivable	11,412	0.2%	4,002	0.1%	-64.9%
Prepaid expenses	14,030	0.2%	12,641	0.2%	-9.9%
Assets held for sale	189	0.0%	141	0.0%	-25.4%
Non-current assets	3,867,319	55.6%	4,117,977	53.8%	6.5%
Financial investments at fair value	650	0.0%	658	0.0%	1.2%
Recoverable taxes	122,469	1.8%	131,304	1.7%	7.2%
Deferred income and social contribution taxes	22,517	0.3%	22,964	0.3%	2.0%
Operations with derivatives	11,328	0.2%	87,553	1.1%	672.9%
Accounts receivable	5,248	0.1%	2,659	0.0%	-49.3%
Advances to suppliers	30,241	0.4%	28,649	0.4%	-5.3%
Prepaid expenses	528	0.0%	154	0.0%	-70.8%
Other credits	7,945	0.1%	17,946	0.2%	125.9%
	200,926	2.9%	291,887	3.8%	45.3%
Property, plant and equipment	217,010	3.1%	216,894	2.8%	-0.1%
Right of use asset	555,031	8.0%	668,660	8.7%	20.5%
Property, plant and equipment	2,878,989	41.4%	2,916,966	38.1%	1.3%
Intangible	15,363	0.2%	23,570	0.3%	53.4%
	3,666,393	52.7%	3,826,090	49.9%	4.4%
TOTAL ASSETS	6,958,129	100%	7,660,637	100%	10.1%

Exhibit 2 – Balance Sheet – Liabilities

R\$ (thd)	2019	AV	2Q20	AV	AH
Liabilities	2,043,561	29.4%	2,201,557	28.7%	7.7%
Suppliers	922,000	13.3%	306,819	4.0%	-66.7%
Loans and financing	699,515	10.1%	967,431	12.6%	38.3%
Taxes, rates and sundry contributions	57,510	0.8%	7,331	0.1%	-87.3%
Social charges and labor legislation obligations	54,572	0.8%	62,669	0.9%	26.2%
Advances from clients	33,289	0.5%	263,485	3.4%	691.5%
Debts with related parties	125	0.0%	108	0.0%	-13.6%
Operations with derivatives	55,230	0.8%	416,509	5.4%	654.1%
Securities payable	12,273	0.2%	12,273	0.2%	0.0%
Provisions for tax, environmental and labor risks	4,121	0.1%	10,355	0.1%	1.1%
Dividends payable	73,759	1.1%	11	0.0%	-100.0%
Leases payable	225	0.0%	154	0.0%	-31.6%
Third party lease liability	114,567	1.6%	134,476	1.8%	17.4%
Others accounts payables	16,375	0.2%	19,936	0.3%	21.7%
Non-current liabilities	1,930,147	27.7%	2,395,519	31.3%	24.1%
Loans and financing	1,160,251	16.7%	1,492,350	19.5%	28.6%
Deferred taxes	247,531	3.6%	267,737	3.5%	8.2%
Operations with derivatives	5,643	0.1%	59,494	0.8%	954.3%
Securities payable	1,412	0.0%	706	0.0%	-50.0%
Other debits	161	0.0%	136	0.0%	-15.5%
Third party lease liability	515,149	7.4%	575,096	7.5%	11.6%
Shareholder's Equity	2,984,421	42.9%	3,063,561	40.0%	2.7%
Capital	947,522	13.6%	947,522	12.4%	0.0%
Capital Reserves	97,760	1.4%	98,516	1.3%	0.8%
(-) Treasury shares	(64,321)	-0.9%	(59,362)	-0.8%	-7.7%
Profit reserves	680,719	9.8%	680,719	8.9%	0.0%
Retained Earnings/Losses	-	0.0%	330,694	4.3%	n.m.
Other comprehensive income	1,122,997	16.1%	861,740	11.2%	-23.3%
Non-controlling shareholders in subsidiaries	199,744	2.9%	203,732	2.7%	2.0%
TOTAL LIABILITIES	6,958,129	100%	7,660,637	100%	10.1%

Exhibit 3 – Income Statement For The Fiscal Year

(R\$ thd)	1S19	1S20	AH	2Q19	2Q20	AH
Net Operating Revenue	1,031,891	1,195,261	15.8%	413,058	562,629	36.2%
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/Loss	(75,284)	(176.394)	134.3%	(48,898)	(108,746)	122.4%
Change of the Fair Value of Biological Assets	540,240	715.454	32.4%	393,743	421,280	7.0%
Custos dos Produtos	(639,622)	(813.816)	27.2%	(286,509)	(400,933)	39.9%
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%
Realization of the Fair Value of Biological Assets	(286,183)	(381.896)	33.4%	(125,737)	(195,520)	55.5%
Gross Income	646,326	715.003	10.6%	394,555	387,456	-1.8%
Operating expenses/income	(111,634)	(134.219)	20.2%	(45,765)	(63,410)	38.6%
Sales expenses	(57,468)	(78.623)	36.8%	(24,523)	(36,849)	50.3%
General and administrative expenses	(46,655)	(47.354)	1.5%	(22,480)	(24,216)	7.7%
General and administrative	(32,504)	(32.550)	0.1%	(13,867)	(16,258)	17.2%
Provision for profit share program	(14,151)	(14.804)	4.6%	(8,613)	(7,958)	-7.6%
Management compensation	(8,117)	(8.884)	9.4%	(1,570)	(2,534)	61.4%
Other operating income (expenses)	606	642	5.9%	2,808	189	-93.3%
Income (loss) before financial income (loss) and taxes	534,692	580.784	8.6%	348,790	324,046	-7.1%
Financial income	74,943	238.025	217.6%	27,346	73,235	167.8%
Financial expenses	(132,361)	(298.489)	125.5%	(64,264)	(107,977)	68.0%
Income (loss) before income tax	477,274	520.320	9.0%	311,872	289,304	-7.2%
Income and social contribution taxes	(153,941)	(167.833)	9.0%	(99,920)	(93,219)	-6.7%
Current	(22,111)	(4.315)	-80.5%	(8,805)	(2,947)	-66.5%
Deffered	(131,830)	(163.518)	24.0%	(91,115)	(90,272)	-0.9%
Net Income (loss) for the period	323,333	352.487	9.0%	211,952	196,085	-7.5%
Assigned to Members of the Parent Company	307,258	329.220	7.1%	205,391	185,695	-9.6%
Attributed to Non-Controlling Partners	16,075	23.267	44.7%	6,561	10,390	58.4%

Exhibit 4 – Statement of Cash Flows

(R\$ thd)	1S19	1S20	AH	2Q19	2Q20	AH
Net cash from operational activities	(160,544)	(155,892)	-2.9%	(78,166)	208,274	n.m.
Cash generated in operations	400,183	469,041	17.2%	148,153	190,836	28.8%
Net income (loss) before income and social contri. taxes	477,274	520,320	9.0%	311,866	289,304	-7.2%
Depreciation and amortization	42,134	49,491	17.5%	21,798	30,257	38.8%
Income from write-off of permanent assets	6,551	4,830	-26.3%	1,194	1,920	60.8%
Interest, foreign exch. variation and price-level restatement	80,891	154,970	91.6%	53,518	55,999	4.6%
Share-based compensation	2,626	3,054	16.3%	(10)	1,527	n.m.
Variation in biological assets	(254,057)	(333,558)	31.3%	(268,006)	(225,759)	-15.8%
Inventory adjustment provision at market value	-	331	100.0%	-	337	100.0%
Provision (reversal) of profit sharing and labor contingencies	14,238	14,861	4.4%	8,566	8,014	-6.4%
Fair Value of Investment Properties	-	116	100.0%	-	58	100.0%
Other ajuts	421	119	-71.7%	273	119	-56.4%
Avp - Lease Liability (IFRS 16)	20,673	28,594	38.3%	12,087	14,706	21.7%
Amortization of right of use (IFRS 16)	9,437	25,913	174.6%	6,867	14,354	109.0%
Changes in assets and liabilities	(560,727)	(624,933)	11.5%	(226,319)	17,438	n.m.
Trade accounts receivable	77,090	139,581	81.1%	87,822	130,616	48.7%
Inventories and biological assets	(58,833)	(144,958)	146.4%	(58,958)	(109,904)	86.4%
Recoverable taxes	8,247	(22,093)	n.m.	874	(20,187)	n.m.
Accounts receivable	67,679	33,628	-50.3%	(6,579)	15,630	n.m.
Interest earnings bank deposits-pledged	(24,360)	(780)	-96.8%	(6,664)	(2,375)	-64.4%
Other accounts receivable	11,737	392	-96.7%	930	(194)	n.m.
Advances to suppliers	(547,219)	(601,097)	9.8%	(167,110)	(59,972)	-64.1%
Suppliers	(37,065)	(10,647)	-71.3%	(36,345)	2,782	n.m.
Taxes and social payables	401	(6)	-101.5%	221	(8)	n.m.
Debts with related parties	(9,371)	(145,392)	n.m.	676	(17,398)	n.m.
Operations with derivatives	2,118	(706)	-133.3%	(705)	(706)	0.1%
Advances from clients	65,925	230,196	249.2%	19,984	95,125	376.0%
Lease	(61,400)	(71)	-99.9%	(52,570)	(1)	-100.0%
Other accounts payable	(12,335)	5,325	n.m.	11,323	18,442	62.9%
Income tax and social contribution paid	(15,405)	(46,484)	201.7%	(369)	(2,260)	512.5%
Loan interest paid	(27,941)	(61,821)	121.3%	(18,849)	(32,152)	70.6%
Net cash used in investment activities	(131,480)	(130,344)	-0.9%	(12,230)	(40,839)	233.9%
In Fixed assets	(167,390)	(119,213)	-28.8%	(49,461)	(36,639)	-25.9%
In Intangible assets	(3,089)	(11,131)	260.3%	(1,768)	(4,200)	137.6%
Receipt from sale of land	38,999	-	-100.0%	38,999	-	-100.0%
Net cash before cash used in investment activities	(292,024)	(286,236)	-2.0%	(90,396)	167,435	n.m.
Net cash generated/(consumed) in financing activities	109,649	326,291	197.6%	49,630	(34,394)	n.m.
Sale (repurchase) of shares	(41,763)	2,661	n.m.	(25,406)	1,744	n.m.
Loans and financing obtained	839,086	858,124	2.3%	647,086	317,124	-51.0%
Loans and financing paid	(458,113)	(352,012)	-23.2%	(342,494)	(184,191)	-46.2%
Dividends paid	(181,243)	(73,748)	-59.3%	(181,238)	(73,748)	-59.3%
Payd leases	(48,318)	(108,734)	125.0%	(48,318)	(95,323)	97.3%
Increase (decrease) in cash and cash equivalents	(182,375)	40,055	n.m.	(40,766)	133,041	n.m.
Opening balance of cash and cash equivalents	512,308	829,427	61.9%	370,699	736,441	98.7%
Closing balance of cash and cash equivalents	329,933	869,482	163.5%	329,933	869,482	163.5%
Presented Free Cash	(292,024)	(286,236)	-2.0%	(90,396)	167,435	n.m.
Change in financial investments account	(67,679)	(33,628)	-50.3%	6,579	(15,630)	n.m.
Paid Leases	(48,318)	(108,734)	125.0%	(48,318)	(95,323)	97.3%
Payment of CRA Costs	(5,423)	-	-100.0%	(5,295)	-	-100.0%
Adjusted Free Cash	(413,444)	(428,598)	3.7%	(137,430)	56,482	n.m.

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

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

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