

Grupo Raízen

Consolidated and condensed combined
interim financial information
at September 30, 2020.

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A free translation from Portuguese into English of independent auditor’s review report on combined and condensed interim financial information prepared in Brazilian currency in accordance with accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRS)

Independent auditor’s review report on combined and condensed interim financial information

To
Board of Directors, Shareholders and Management of
Raízen Group

Introduction

We have reviewed the combined statement of financial position of Raízen Group (the “Group”) as of September 30, 2020, and the combined and condensed statements of profit or loss and comprehensive income (loss) for three and six-month periods then ended and statements of changes in equity and of cash flows for the six-month period then ended, and notes to the interim financial information.

Management is responsible for the preparation of the combined and condensed interim financial information in accordance with NBC TG 21 – Interim Financial Reporting, and international standard IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB). Our responsibility is to express a conclusion on this combined and condensed interim financial information based on our review.

Scope of review

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

Conclusion on the combined and condensed interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the combined and condensed interim financial information referred to above is not prepared, in all material respects, in accordance with NBC TG 21 and IAS 34.



Emphasis of matter

Basis of preparation and presentation of the combined and condensed interim financial information and restriction on distribution or use

We draw attention to Note 2.2 to the interim financial information, which describes the basis of preparation and presentation of the combined and condensed interim financial information. The combined and condensed interim financial information has been prepared for the purpose of allowing the shareholders and management of Raízen Group to assess the combined financial position of the Group as of September 30, 2020, and its combined financial performance for the period then ended. Consequently, the combined and condensed interim financial information may not be suitable for another purpose. Our conclusion is not qualified in respect of this matter.

Other matters

Correspondent figures

The Company's combined financial statements for the year ended March 31, 2020 and the combined and condensed interim financial information for the period ended September 30, 2019, were audited and reviewed under the responsibility of other independent auditor, who issued reports, on June 5, 2020 and November 11, 2019, with an unmodified opinion and conclusion over the combined financial statements and the combined and condensed interim financial information, respectively.

São Paulo, November 13, 2020.

ERNST & YOUNG
Auditores Independentes S.S.
CRC-2SP034519/O-6

Original report in Portuguese signed by
Uilian Dias Castro de Oliveira
Accountant CRC-1SP223185/O-3

Raízen Group
Combined consolidated statements of financial position
September 30 and March 31, 2020
In thousands of Reais – R\$

	Note	09.30.2020	03.31.2020
Assets			
Current assets			
Cash and cash equivalents	3	2,822,782	8,601,660
Marketable securities	4	39,514	39,145
Restricted cash	5	571,421	211,070
Derivative financial instruments	27	2,872,094	5,016,307
Trade accounts receivable	6	3,456,601	2,950,341
Inventories	7	9,859,558	5,435,170
Biological assets	8	1,002,925	897,315
Income and social contribution taxes recoverable	19.b	607,579	778,694
Taxes recoverable	9	2,699,788	2,334,998
Other financial assets	10	348,609	314,273
Related parties	11	778,038	787,819
Assets from contracts with customers	12	469,010	475,305
Other receivables		714,436	472,953
Total current assets		26,242,355	28,315,050
Noncurrent assets			
Trade accounts receivable	6	383,907	346,996
Derivative financial instruments	27	3,969,266	3,128,089
Other financial assets	10	224,191	258,768
Income and social contribution taxes recoverable	19.b	493,727	541,797
Taxes recoverable	9	1,056,841	967,419
Related parties	11	1,342,077	1,264,924
Deferred income and social contribution taxes	19.d	1,901,231	1,279,947
Judicial deposits	20	516,102	471,753
Assets from contracts with customers	12	2,178,956	2,091,860
Other receivables		422,585	371,982
Investments	13	1,271,460	1,325,210
Property, plant and equipment	14	16,572,157	17,160,022
Intangible assets	15	2,939,012	2,976,155
Right of use	17	4,991,483	5,099,396
Total noncurrent assets		38,262,995	37,284,318
Total assets		64,505,350	65,599,368

See accompanying notes.

Raízen Group

Combined consolidated statements of financial position September 30 and March 31, 2020

In thousands of reais - R\$

(Continued)

	Note	09.30.2020	03.31.2020
Liabilities			
Current liabilities			
Trade accounts payable	16	9,437,511	10,227,015
Lease liabilities	17	921,094	1,174,750
Loans and financing	18	3,124,845	5,334,083
Related parties	11	1,332,788	1,494,946
Derivative financial instruments	27	2,517,882	3,640,357
Wages and salaries payable		603,280	627,503
Income and social contribution taxes payable	19.c	129,091	229,094
Taxes payable		473,781	444,895
Dividends and interest on equity payable	22.b	156,250	95,542
Advances from customers	6	1,836,098	239,546
Other obligations		462,995	1,844,487
Total current liabilities		<u>20,995,615</u>	<u>25,352,218</u>
Noncurrent liabilities			
Lease liabilities	17	3,652,037	3,236,998
Loans and financing	18	23,271,530	19,993,287
Related parties	11	1,163,794	1,040,355
Derivative financial instruments	27	213,975	108,123
Taxes payable		187,498	186,649
Provision for contingencies	20	1,599,077	1,558,883
Deferred income and social contribution taxes	19.d	1,806,522	1,903,225
Other obligations		496,114	489,527
Total noncurrent liabilities		<u>32,390,547</u>	<u>28,517,047</u>
Total liabilities		<u>53,386,162</u>	<u>53,869,265</u>
Equity	22		
Attributable to controlling interests		10,724,857	11,364,386
Noncontrolling interests		394,331	365,717
Total equity		<u>11,119,188</u>	<u>11,730,103</u>
Total liabilities and equity		<u><u>64,505,350</u></u>	<u><u>65,599,368</u></u>

See accompanying notes.

Raízen Group

Combined consolidated statements of profit or loss Three and six-month periods ended September 30, 2020 and 2019 In thousands of Reais – R\$

	Note	July- Sept/20	Apr-Sept/20	July- Sept/19	Apr-Sept/19
Net operating revenue	23	27,695,527	46,619,099	30,353,719	59,001,168
Cost of products sold and services rendered	24	<u>(25,573,977)</u>	<u>(43,853,494)</u>	<u>(28,729,526)</u>	<u>(55,831,952)</u>
Gross profit		<u>2,121,550</u>	<u>2,765,605</u>	<u>1,624,193</u>	<u>3,169,216</u>
Operating income (expenses)					
Selling expenses	24	(854,847)	(1,513,711)	(762,468)	(1,486,187)
General and administrative expenses	24	(310,349)	(612,076)	(331,972)	(628,223)
Other operating income, net	25	155,869	206,328	426,447	598,151
Equity pickup	13	<u>1,578</u>	<u>(80,662)</u>	<u>1,160</u>	<u>(7,771)</u>
		<u>(1,007,749)</u>	<u>(2,000,121)</u>	<u>(666,833)</u>	<u>(1,524,030)</u>
Income before finance income (costs) and income and social contribution taxes		<u>1,113,801</u>	<u>765,484</u>	<u>957,360</u>	<u>1,645,186</u>
Finance income (costs)	26				
Finance costs		(493,237)	(1,056,730)	(374,687)	(1,073,878)
Finance income		153,572	252,347	139,417	306,060
Foreign exchange differences, net		(497,825)	(1,236,458)	(1,099,986)	(923,969)
Net effect of derivatives		<u>413,912</u>	<u>1,386,138</u>	<u>983,471</u>	<u>972,368</u>
		<u>(423,578)</u>	<u>(654,703)</u>	<u>(351,785)</u>	<u>(719,419)</u>
Income before income and social contribution taxes		<u>690,223</u>	<u>110,781</u>	<u>605,575</u>	<u>925,767</u>
Income and social contribution taxes	19.a				
Current		(231,876)	(281,807)	(240,461)	(499,768)
Deferred	19.d	<u>73,622</u>	<u>290,564</u>	<u>23,114</u>	<u>174,948</u>
		<u>(158,254)</u>	<u>8,757</u>	<u>(217,347)</u>	<u>(324,820)</u>
Net income for the period		<u>531,969</u>	<u>119,538</u>	<u>388,228</u>	<u>600,947</u>
Attributable to:					
Group's controlling interests		498,490	83,720	345,080	529,808
Group's noncontrolling interests		<u>33,479</u>	<u>35,818</u>	<u>43,148</u>	<u>71,139</u>
		<u>531,969</u>	<u>119,538</u>	<u>388,228</u>	<u>600,947</u>

See accompanying notes.

Raízen Group

Combined consolidated statements of comprehensive income Three and six-month periods ended September 30, 2020 and 2019 (In thousands of Reais - R\$)

	<u>July- Sept/20</u>	<u>Apr- Sept/20</u>	<u>July- Sept/19</u>	<u>Apr- Sept/19</u>
Net income for the period	531,969	119,538	388,228	600,947
Comprehensive income (loss)				
Items that are or may be reclassified to profit or loss				
Gains (losses) on financial instruments designated as hedge accounting (Note 27.e)	(578,391)	(1,415,474)	(277,679)	(196,055)
Gains (losses) on hedge of net investment in entity abroad	-	-	(20,375)	(17,277)
Deferred taxes on hedge (Note 19.d)	196,653	481,262	101,338	72,532
Foreign currency translation effects	81,176	284,582	222,519	178,041
	<u>(300,562)</u>	<u>(649,630)</u>	<u>25,803</u>	<u>37,241</u>
Other components of comprehensive income for the period	<u>(300,562)</u>	<u>(649,630)</u>	<u>25,803</u>	<u>37,241</u>
Total comprehensive income for the period	<u>231,407</u>	<u>(530,092)</u>	<u>414,031</u>	<u>638,188</u>
Attributable to:				
Group's controlling interests	197,928	(565,910)	370,883	567,049
Group's noncontrolling interests	33,479	35,818	43,148	71,139
	<u>231,407</u>	<u>(530,092)</u>	<u>414,031</u>	<u>638,188</u>

See accompanying notes.

Raízen Group

Combined consolidated statements of comprehensive income Three and six-month periods ended September 30, 2020 and 2019 (In thousands of Reais - R\$)

	Attributable to the Group shareholders	Noncontrolling interests	Total equity (*)
Balances at March 31, 2020	11,364,386	365,717	11,730,103
Comprehensive income for the period			
Net income for the period	83,720	35,818	119,538
Net loss on financial instruments designated as hedge accounting	(934,212)	-	(934,212)
Foreign currency translation effects	284,582	-	284,582
Total comprehensive income for the period (Note 22.c)	(565,910)	35,818	(530,092)
Distributions to the Group's shareholders, net			
Dividends and interest on equity ("IOE") (Note 22.b)	(74,239)	(7,204)	(81,443)
Other	620	-	620
Total distributions to the Group shareholders, net	(73,619)	(7,204)	(80,823)
Balances at September 30, 2020	10,724,857	394,331	11,119,188

(*) As disclosed in Note 1.d, the combined consolidated companies are not operated as a single legal entity.

See accompanying notes.

Raízen Group

Combined consolidated statements of comprehensive income Three and six-month periods ended September 30, 2020 and 2019 (In thousands of Reais - R\$)

	Attributable to the Group shareholders	Noncontrolling interests	Total equity (*)
Balances at March 31, 2019	11,115,876	276,128	11,392,004
Comprehensive income for the period			
Net income for the period	529,808	71,139	600,947
Net loss on financial instruments designated as hedge accounting	(129,397)	-	(129,397)
Gain (losses) on hedge of net investment in entity abroad	(11,403)	-	(11,403)
Foreign currency translation effects	178,041	-	178,041
Total comprehensive income for the period (Note 22.c)	<u>37,241</u>	<u>-</u>	<u>37,241</u>
Distributions to the Group's shareholders			
Dividends and IOE	(1,308,823)	(20,015)	(1,328,838)
Other	(15,170)	-	(15,170)
Total distributions to the Group shareholders	<u>(1,323,993)</u>	<u>(20,015)</u>	<u>(1,344,008)</u>
Balances at September 30, 2019	<u>10,358,932</u>	<u>327,252</u>	<u>10,686,184</u>

(*) As disclosed in Note 1.d, the combined consolidated companies are not operated as a single legal entity.

See accompanying notes.

Raízen Group

Combined consolidated statements of cash flows – Indirect method Six-month periods ended September 30, 2020 and 2019 In thousands of Reals – R\$

	<u>Apr- Sept/20</u>	<u>Apr- Sept/19</u>
Cash flow from operating activities		
Income before income and social contribution taxes	110,781	925,767
Adjustments to:		
Depreciation and amortization (Note 24)	2,060,048	1,645,073
Amortization of assets from contracts with customers (Notes 12 and 23)	233,226	252,246
Changes in the fair value and amortization of gain or loss of biological assets (Nota 24)	(269,745)	19,547
Equity pickup (Note 13)	80,662	7,771
Gains on disposal of property, plant and equipment (Note 25)	(34,095)	(52,654)
Interest and monetary and exchange differences, net	1,898,499	1,255,516
Changes in fair value of financial instruments payable (Notes 18 and 26)	218,018	238,783
Gains on derivative instruments, net	(834,580)	(1,233,898)
Changes in fair value of inventories - fair value hedge (Notes 7 and 27.e)	(209,048)	35,085
Recognition of previously unused tax credits, net	(142,727)	(436,446)
Other	31,702	40,657
Changes in assets and liabilities		
Trade accounts receivable and advances from customers	1,231,949	1,087,833
Inventories	(2,799,320)	(2,844,569)
Restricted cash	(385,111)	31,895
Payment of assets from contracts with customers	(444,276)	(383,598)
Derivative financial instruments	(1,354,227)	87,679
Other financial assets	38,114	17,838
Related parties	(384,225)	500,171
Trade accounts payable and advances to suppliers	(1,168,747)	490,165
Taxes recoverable and payable, net	(324,297)	(447,012)
Wages and salaries payable	(28,383)	(18,781)
Other assets and liabilities, net	(402,662)	(317,028)
Payment of income and social contribution taxes on net income	(67,789)	(52,894)
Net cash (used in) from operating activities	<u>(2,946,233)</u>	<u>849,146</u>
Cash flow from investing activities		
Payments for business acquisitions	-	(517,365)
Additions to investment (Note 13.b)	(22,685)	(20,758)
Cash received upon disposal of equity interest	14,456	
Redemptions of (investments in) marketable securities, net	(369)	50,494
Additions to property, plant and equipment and intangible assets (Notes 14, 15 and 29)	(800,905)	(1,125,460)
Additions to biological assets (Notes 8 and 29)	(420,474)	(432,294)
Cash from disposal of property, plant and equipment	74,078	93,764
Net cash used in investing activities	<u>(1,155,899)</u>	<u>(1,951,619)</u>
Cash flow from financing activities		
Loans and financing raised from third parties	3,081,804	2,771,180
Repayment of principal of loans and financing from third parties	(3,754,054)	(424,738)
Amortizations of interest on loans and financing from third parties	(443,465)	(346,672)
Payment of lease liabilities from third parties	(747,028)	(552,064)
Payment lease liabilities intragroup	(79,909)	(69,126)
Redemption of short-term investments linked to financing, net	38,810	9,992
Payment of dividends and IOE	(10,284)	(1,458,285)
Related parties and other	4,237	415
Net cash used in financing activities	<u>(1,909,889)</u>	<u>(69,298)</u>
Decrease in cash and cash equivalents	(6,012,021)	(1,171,771)
Cash and cash equivalents at beginning of period (Note 3)	8,601,660	5,740,037
Foreign exchange effect on cash and cash equivalents	233,143	129,724
Cash and cash equivalents at end of period (Note 3)	<u><u>2,822,782</u></u>	<u><u>4,697,990</u></u>

Supplementary information on cash flow is stated in Note 29.

See accompanying notes.

Raízen Group

Notes to combined consolidated and condensed interim financial information at September 30, 2020

In thousands of reais – R\$, unless otherwise stated

1. Operations

The activities of Raízen Group (the “Group”) comprise substantially the following operations and companies:

(a) Raízen Energia S.A. and its subsidiaries (“Raízen Energia” or “RESA”):

RESA is a publicly-held corporation registered with the Brazilian Securities and Exchange Commission (“CVM”) in Category B, with head office at Avenida Brigadeiro Faria Lima, 4.100, 11^o floor, Part V, Itaim Bibi, in the city and state of São Paulo, Brazil. RESA is a subsidiary indirectly and jointly controlled by Royal Dutch Shell (“Shell”) and Cosan Limited (“Cosan”) and was incorporated on June 1, 2011.

RESA and its subsidiaries are primarily engaged in the production, trading and sale of sugar, ethanol and pellets, including abroad through subsidiaries Raízen Trading LLP and Raízen International Universal Corporation, and in the co-generation of power produced from sugarcane bagasse at its 26 mills located in Brazil’s Mid-South Region and electric power trading business.

The planting of sugarcane requires a period of 12 to 18 months for maturation and the harvest usually begins between April and May every year and ends between November and December, period when sugar and ethanol are produced. The sale of production takes place throughout the year and is not subject to changes due to seasonality, only changes in the regular market supply and demand. Due to its production cycle, the fiscal year of RESA, as well as that of Raízen Combustíveis S.A. and, consequently, of Raízen Group, begins on April 1 and ends on March 31 of each year.

(b) Raízen Combustíveis S.A. and its subsidiaries (“Raízen Combustíveis” or “RCSA”):

RCSA is a privately-held corporation headquartered at Avenida Almirante Barroso, 81, 36^o floor, suite 36A104, in the city and state of Rio de Janeiro, Brazil. RCSA is jointly controlled indirectly by Shell and Cosan.

RCSA’s main activities are: (i) distribution and sale of petroleum and ethanol by-products, and of other liquid hydrocarbons and their by-products, under the brand Shell; (ii) import and export of the abovementioned products; (iii) petroleum refining and manufacture and sale of automotive and industrial lubricants through its Argentine subsidiaries; and (iv) holding interest in other companies.

(c) Covid-19

As disclosed in the annual financial statements at March 31, 2020, the Group has implemented a contingency plan aimed at preserving the health and integrity of its employees, in addition to ensuring the Group’s safety and continuity, as its products and services are considered essential activities, since they are strategic inputs for hospitals and for the security, food and power segments.

During the six-month period ended September 30, 2020, mainly during April and May 2020, the Group had a reduction in the quantity sold in most of its products, as well as price reduction impacts, which generated in that period, gross profit was below those recorded in the preceding periods. The financial impacts arising from Covid-19 are reflected in the referred to financial statements. However, the extent to which the Covid-19 pandemic may still affect the Group’s operating income (loss), financial condition and cash flows will depend on future developments, which are highly uncertain and may not be predicted at the time of disclosure of this interim financial information.

Raízen Group

Notes to combined consolidated and condensed interim financial information at September 30, 2020

In thousands of reais – R\$, unless otherwise stated

(d) Other information

Currently, the synergy between RESA and RCSA gives the Raízen Group a unique position in the Brazilian market. The two companies complement each other, thus presenting the combined consolidated business is currently fundamental for the market to view Raízen Group as a whole.

Although they are not organized as a group under Article 265 of the Brazilian Corporation Law (“LSA”), the Raízen Group companies present this combined consolidated and condensed interim financial information in order to present information that best reflects the gross cash from its operating activities.

The combined consolidated interim financial information of Raízen Group are presented exclusively with the purpose of providing, through a single set of financial statements, information relating to all activities of Raízen Group, regardless of its corporate structure.

Therefore, this combined consolidated and condensed interim financial information does not represent the individual or consolidated financial statements of an entity and its subsidiaries and should not be considered for purposes of calculating dividends, taxes or for other corporate purposes, nor can it be used as an indication of the financial performance that could be obtained if the entities considered in the combination had operated as a single independent entity or as an indication of the profit or loss from these entities’ operations for any year in the future.

2. Presentation of combined consolidated and condensed interim financial information and significant accounting policies

2.1. Basis of preparation

The combined consolidated and condensed interim financial statements have been prepared in accordance with accounting pronouncement CPC 21 (R1) – Interim Financial Reporting and international standard IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB).

This combined consolidated and condensed interim financial information has been prepared following the basis of preparation and accounting policies consistent with those adopted in preparing the annual financial statements at March 31, 2020 and should be read in conjunction with those financial statements. Information in the Notes that was not significantly changed in comparison with March 31, 2020 is not fully disclosed in this combined consolidated and condensed interim financial information. Certain selected information has been included to explain significant events and transactions that have occurred to enable the understanding of changes in the Group’s financial position and financial performance since the publication of its annual financial statements at March 31, 2020.

This combined consolidated and condensed interim financial information is presented in Brazilian reais, the Group’s functional currency. The functional currency of subsidiaries operating in the international economic environment is the U.S. dollar. All balances were rounded to the nearest thousand, unless otherwise stated. The financial information of each subsidiary included in the Group’s consolidation, as well as that used as a basis for investments measured by the equity method, is prepared based on the functional currency of each entity.

Raízen Group

Notes to combined consolidated and condensed interim financial information at September 30, 2020

In thousands of reais – R\$, unless otherwise stated

In preparing this combined consolidated and condensed interim financial information, management used judgments and estimates and adopted assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from those estimates. These estimates and assumptions are reviewed on an ongoing basis and have not undergone material changes in the preparation of this combined consolidated and condensed interim financial information in relation to the annual financial statements at March 31, 2020, except for the biological assets assumptions review. For more details, see accompanying Note 8.

Group management confirms that all significant information specific to the quarterly information, and only such information, has been evidenced, and corresponds to that used by it in its management.

The issue of the combined consolidated and condensed interim financial information of Raízen Group was authorized by management on November 13, 2020.

2.2. Combination criteria

This combined consolidated and condensed interim financial information covers the following companies:

- Raízen Energia S.A. and its subsidiaries
- Raízen Combustíveis S.A. and its subsidiaries

In the combination, the balances receivable and payable, revenues, expenses and unrealized profits arising from transactions between those companies, where applicable, were eliminated.

The breakdown of assets and equity for the period ended September 30, 2020 and year ended March 31, 2020, and profit or loss and other comprehensive income of the companies for the six-month periods ended September 30, 2020 and 2019, which are part of the combined consolidated and condensed interim financial information and the respective consolidated combined balances, eliminating related-party transactions, are presented below:

	Total assets		Total equity	
	09.30.2020	03.31.2020	09.30.2020	03.31.2020
Raízen Energia S.A. and its subsidiaries	43,126,616	44,900,004	6,608,577	7,588,177
Raízen Combustíveis S.A. and its subsidiaries	28,647,902	29,179,467	4,515,537	4,153,554
	<u>71,774,518</u>	<u>74,079,471</u>	<u>11,124,114</u>	<u>11,741,731</u>
Elimination of sales transactions, unrealized profits and financial transactions	(7,269,168)	(8,480,103)	(4,926)	(11,628)
Combined consolidated balances	<u>64,505,350</u>	<u>65,599,368</u>	<u>11,119,188</u>	<u>11,730,103</u>
	Net income (loss)		Other comprehensive income	
	Apr- Sept/20	Apr- Sept/19	Apr- Sept/20	Apr- Sept/19
Raízen Energia S.A. and its subsidiaries	(70,700)	(19,751)	(979,600)	(125,912)
Raízen Combustíveis S.A. and its subsidiaries	175,207	580,695	442,802	760,995
	<u>104,507</u>	<u>560,944</u>	<u>(536,798)</u>	<u>635,083</u>
Elimination of sales transactions, unrealized profits and financial transactions	15,031	40,003	6,706	3,105
Combined consolidated profit or loss	<u>119,538</u>	<u>600,947</u>	<u>(530,092)</u>	<u>638,188</u>

Raízen Group

Notes to combined consolidated and condensed interim financial information at September 30, 2020

In thousands of reais – R\$, unless otherwise stated

The combined consolidated and condensed interim financial information is a single set of financial statements from two or more entities that are under common shared control. RESA and RCSA used the definition of control in line with CPC 36 and IFRS 10 – Consolidated Financial Statements, both for evaluation of the existence of common shared control and for the consolidation procedure.

2.3. Basis of consolidation

At September 30 and March 31, 2020, combined consolidated and condensed interim financial information includes information from RESA and its subsidiaries, RCSA and its subsidiaries and boutique investment funds. Direct subsidiaries of RCSA and RESA and the investment funds are listed below:

RESA's subsidiaries	Direct and indirect interest	
	09.30.2020	03.31.2020
Agrícola Ponte Alta Ltda.	100%	100%
Benálcool Açúcar e Álcool Ltda.	100%	100%
Bioenergia Araraquara Ltda.	100%	100%
Bioenergia Barra Ltda.	100%	100%
Bioenergia Caarapó Ltda.	100%	100%
Bioenergia Costa Pinto Ltda.	100%	100%
Bioenergia Gasa Ltda.	100%	100%
Bioenergia Jataí Ltda.	100%	100%
Bioenergia Maracáí Ltda.	100%	100%
Bioenergia Rafard Ltda.	100%	100%
Bioenergia Serra Ltda.	100%	100%
Bioenergia Tarumã Ltda.	100%	100%
Bioenergia Univalem Ltda.	100%	100%
Raízen Araraquara Açúcar e Álcool Ltda.	100%	100%
Raízen Ásia PT Ltd.	100%	100%
RZ Agrícola Caarapó Ltda.	100%	100%
Raízen Biogás SPE Ltda.	100%	100%
Raízen Biotecnologia S.A.	100%	100%
Raízen Biomassa S.A.	82%	82%
Raízen Caarapó Açúcar e Álcool Ltda.	100%	100%
Raízen Centroeste Açúcar e Álcool Ltda.	100%	100%
Raízen GD Ltda.	100%	100%
Raízen Energy Finance Ltd.	100%	100%
Raízen Fuels Finance S.A.	100%	100%
Raízen-Geo Biogás S.A.	85%	85%
Raízen International Universal Corp.	100%	100%
Raízen North América, Inc.	100%	100%
Raízen Paraguaiú Ltda.	100%	100%
Raízen Trading LLP.	100%	100%
Raízen Trading Colombia S.A.S.	100%	-
RWXE Participações S.A.	70%	70%
São Joaquim Arrendamentos Agrícolas Ltda.	100%	100%
Unimodal Ltda.	73%	73%
WX Energy Comercializadora de Energia Ltda.	70%	70%
RCSA's subsidiaries	Direct and indirect interest	
	09.30.2020	03.31.2020
Blueway Trading Importação e Exportação Ltda.	100%	100%
Petróleo Sabbá S.A.	80%	80%
Raízen Argentina S.A. (1)	100%	100%
Raízen Energina S.A. (1)	100%	100%
Deheza S.A. (1)	100%	100%
Estación Lima S.A. (1)	100%	100%
Raízen S.A.	100%	100%
Raízen Mime Combustíveis S.A.	76%	76%
Sabor Raíz Alimentação S.A.	69%	69%
Saturno Investimentos Imobiliários Ltda.	100%	100%

(1) Jointly called Raízen Argentina and subsidiaries, all based in Argentina.

Raízen Group

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In thousands of reais – R\$, unless otherwise stated

Boutique investment funds (“FI”)	Total interest	
	09.30.2020	03.31.2020
FI renda fixa crédito privado RJ – Banco Santander S.A.	100%	100%
FI renda fixa crédito privado RAÍZEN I – Banco BNP PARIBAS BRASIL S.A.	100%	100%

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In thousands of reais – R\$, unless otherwise stated

3. Cash and cash equivalents

	Index	Weighted average yield		09.30.2020	03.31.2020
		09.30.2020	03.31.2020		
Cash at banks and on hand				1,631,088	4,325,682
Foreign exchange contracts not yet closed				158,265	1,441,368
Short-term investments:					
Bank Deposit Certificates (CDB), repurchase agreements and others	CDI	98.5%	99.4%	1,033,429	2,834,610
				<u>1,033,429</u>	<u>2,834,610</u>
				<u>2,822,782</u>	<u>8,601,660</u>
In Brazil (local currency)				1,038,549	3,071,694
Abroad (foreign currency) (Note 27.d)				<u>1,784,233</u>	<u>5,529,966</u>
				<u>2,822,782</u>	<u>8,601,660</u>

4. Marketable securities

	Index	Weighted average yield		09.30.2020	03.31.2020
		09.30.2020	03.31.2020		
Financial treasury bill ("LFT")	Selic	100.0%	100.0%	39,514	39,145
				<u>39,514</u>	<u>39,145</u>

5. Restricted cash

	Index	Weighted average yield		09.30.2020	03.31.2020
		09.30.2020	03.31.2020		
Short-term investments linked to financing	CDI	100.0%	100.0%	12,464	50,460
Short-term investments linked to derivatives transactions (Note 27.g)	CDI	100.4%	101.0%	90,244	33,178
Margin of derivatives transactions (Note 27.g)				<u>468,713</u>	<u>127,432</u>
				<u>571,421</u>	<u>211,070</u>
In Brazil (local currency)				102,708	83,638
Abroad (foreign currency) (Note 27.d)				<u>468,713</u>	<u>127,432</u>
				<u>571,421</u>	<u>211,070</u>

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6. Trade accounts receivable

	<u>09.30.2020</u>	<u>03.31.2020</u>
In Brazil (local currency)	2,189,357	1,963,941
Abroad (foreign currency) (Note 27.d)	1,331,003	1,007,285
Other accounts receivable (i)	469,243	477,520
Allowance for expected credit losses	<u>(149,095)</u>	<u>(151,409)</u>
	3,840,508	3,297,337
Current	<u>(3,456,601)</u>	<u>(2,950,341)</u>
Noncurrent	<u>383,907</u>	<u>346,996</u>

- (i) Other accounts receivable refer, substantially, to installments of overdue debts and sales of real estate properties, with the main purpose of implementing or modernizing gas stations, through security interest, guarantees and collaterals.

The Group does not have notes given as collateral. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of trade accounts receivable.

The aging list of trade accounts receivable is as follows:

	<u>09.30.2020</u>	<u>03.31.2020</u>
Falling due	3,169,532	2,704,660
Overdue:		
Within 30 days	277,804	223,466
From 31 to 90 days	55,932	74,878
Over 90 days	<u>486,335</u>	<u>445,742</u>
	<u>3,989,603</u>	<u>3,448,746</u>

For long-overdue notes with no allowance for expected credit losses, the Group has security interest, such as mortgages and letters of credit.

The allowance for expected credit losses was calculated based on the credit risk analysis, which includes the history of losses, the individual situation of customers, the situation of the economic group to which the customers belong, the security interest for debts and, where applicable, the assessment of legal advisors.

The allowance for expected credit losses is considered sufficient by management to cover any losses on receivables. Changes in this allowance are as follows:

At March 31, 2020	<u>(151,409)</u>
Expected credit loss, net	2,609
Foreign currency translation effects	<u>(295)</u>
At September 30, 2020	<u>(149,095)</u>

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Notes to combined consolidated and condensed interim financial information at September 30, 2020

In thousands of reais – R\$, unless otherwise stated

At September 30, 2020, the Group had R\$ 1,836,098 (R\$ 239,546 at March 31, 2020) recorded in current liabilities, under Advances from customers, which refers substantially to amounts received from customers abroad for the purchase of sugar, as well as advance payments made by customers for the purchase of fuel. Where applicable, the balances of accounts receivable and advances from customers are presented net.

7. Inventories

	<u>09.30.2020</u>	<u>03.31.2020</u>
Finished products:		
Ethanol	3,125,624	1,110,969
Sugar	2,203,710	132,233
Diesel (2)	1,607,762	1,164,450
Gasoline (2)	1,382,118	1,313,208
Jet fuel (Jet A-1) (2)	120,090	170,112
Petroleum by-products (1)	196,463	206,585
Petroleum (crude oil) (2)	352,700	411,534
Work-in-process	191,481	266,702
Storeroom items and others	<u>679,610</u>	<u>659,377</u>
	<u>9,859,558</u>	<u>5,435,170</u>

- (1) Refers substantially to inventories of fuel oil, lubricants and asphalt.
- (2) RCSA designates at fair value the inventory and highly probable purchases of oil by-products with linked derivatives. Risk management (Note 27.e) is primarily intended for recognizing inventory at a floating price, as RCSA's sales revenue will be upon sale of products to its customers. At September 30, 2020, such inventories include fair value measurement, level 2 hierarchy, as follows:

	<u>Cost value</u>		<u>Fair value</u>		<u>Profit or loss</u>	
	<u>09.30.2020</u>	<u>03.31.2020</u>	<u>09.30.2020</u>	<u>03.31.2020</u>	<u>Apr-Sept/20</u>	<u>Apr-Sept/19</u>
Finished products:						
Diesel	1,607,247	1,279,831	1,607,762	1,164,450	115,896	(13,943)
Gasoline	1,375,558	1,394,990	1,382,118	1,313,208	88,342	(21,142)
Jet (i)	<u>115,280</u>	<u>-</u>	<u>120,090</u>	<u>-</u>	<u>4,810</u>	<u>-</u>
	<u>3,098,085</u>	<u>2,674,821</u>	<u>3,109,970</u>	<u>2,477,658</u>	<u>209,048</u>	<u>(35,085)</u>

- (i) As of April 1, 2020, RCSA designates Jet inventory as fair value hedge.

At September 30, 2020, inventories are stated net of estimated loss with realization, and slow-moving and/or obsolete inventories, amounting R\$ 25,895 (R\$ 123,978 at March 31, 2020). Changes in the referred to losses are shown below and were recognized in the statement of profit or loss under Costs of products sold and services rendered:

At March 31, 2020	<u>(123,978)</u>
Estimated loss	(2,230)
Reversal and write-off	102,916
Foreign currency translation effects	(2,603)
At September 30, 2020	<u>(25,895)</u>

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In the six-month period ended September 30, 2020, the reversal of the referred to estimated losses is due to the increase in fuel prices and to the measures to ease Covid-19-related social distancing restrictions from June 2020.

8. Biological assets

The Group's biological assets comprise unharvested cane cultivated in sugarcane crops, which will be used as a raw material source in the production of sugar, ethanol and bioenergy upon harvesting. The fair value measurement method is the cash flow discounted to present value. The valuation model considers the present value of expected cash flows to be generated, including projections of up to two years, considering the estimates of the effective date for cutting the unharvested cane.

Planted areas represent only sugarcane crops, not considering the land where the crops are located, which are recognized under Property, plant and equipment.

The following significant assumptions were used in determining the fair value:

	<u>09.30.2020</u>	<u>03.31.2020</u>
Estimated harvest area (hectare)	468,837	436,663
Number of TRS per hectare	9.84	10.38
Projected average TRS price per kg (R\$/kg)	0.72	0.61

At September 30, 2020, cash flows were discounted at 5.39% (5.30% at March 31, 2020) which is the WACC (Weighted Average Cost of Capital) of the Group.

During the period ended on September 30, 2020, the Company reviewed the assumptions used to calculate the biological asset, the main impact was the increase in the price of the average ATR, influenced by the price of ethanol, in line with what has been observed in last months as well as new dollar projections.

Changes in biological assets (sugarcane) are as follows:

At March 31, 2020	<u>897,315</u>
Additions of sugarcane tracts	434,583
Absorption of harvested sugarcane costs	(597,702)
Change in fair value	277,313
Fair value realization	(7,568)
Other	<u>(1,016)</u>
At September 30, 2020	<u><u>1,002,925</u></u>

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In thousands of reais – R\$, unless otherwise stated

9. Taxes recoverable

	<u>09.30.2020</u>	<u>03.31.2020</u>
State Value-Added Tax (ICMS)	1,470,916	1,301,528
Contribution Taxes on Gross Revenue for Social Integration Program (PIS) and for Social Security Financing (COFINS)	1,587,135	1,156,003
Value-added tax	546,479	653,262
Other	181,097	220,622
Estimated loss on realization of taxes	<u>(28,998)</u>	<u>(28,998)</u>
	3,756,629	3,302,417
Current	<u>(2,699,788)</u>	<u>(2,334,998)</u>
Noncurrent	<u>1,056,841</u>	<u>967,419</u>

10. Other financial assets

	<u>09.30.2020</u>	<u>03.31.2020</u>
Credits from claims for damages – refundable	101,047	97,852
Credits from claims for damages – own	141,156	177,629
National Treasury Notes (CTN)	330,596	297,459
Other	<u>1</u>	<u>101</u>
	572,800	573,041
Current	<u>(348,609)</u>	<u>(314,273)</u>
Noncurrent	<u>224,191</u>	<u>258,768</u>

The characteristics of other financial assets are the same as those disclosed in the annual financial statements at March 31, 2020 (Note 10). There were no changes in the procedures for recognition, measurement and accounting records, as well as no significant changes in the credit risk of counterparties involved in the balances.

Raízen Group

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In thousands of reais – R\$, unless otherwise stated

11. Related parties

(a) Summary of balances with related parties

	<u>09.30.2020</u>	<u>03.31.2020</u>
Assets		
Assets classified by currency:		
In Brazil (local currency)	2,009,482	1,867,202
Abroad (foreign currency) (Note 27.d)	<u>110,633</u>	<u>185,541</u>
	<u>2,120,115</u>	<u>2,052,743</u>
Framework agreement (1)		
Shell Brazil Holding B.V.	943,846	895,150
Cosan S.A.	687,083	637,517
Shell Brasil Petróleo Ltda.	66,590	63,607
Other	<u>13,241</u>	<u>11,042</u>
	1,710,760	1,607,316
Commercial and administrative transactions (2)		
Rumo Group	143,402	112,529
Shell Group	88,442	213,040
Agroterenas S.A.	45,884	36,210
Nova América Agrícola Ltda	32,794	9,000
Agricopel Group	16,255	12,715
Comgás - Companhia de Gás de São Paulo	17,859	18,213
Cosan S.A.	17,706	16,126
Other	<u>47,013</u>	<u>27,594</u>
	409,355	445,427
	<u>2,120,115</u>	<u>2,052,743</u>
Current assets	<u>(778,038)</u>	<u>(787,819)</u>
Noncurrent assets	<u>1,342,077</u>	<u>1,264,924</u>

Raízen Group

Notes to combined consolidated and condensed interim financial information at September 30, 2020

In thousands of reais – R\$, unless otherwise stated

	<u>09.30.2020</u>	<u>03.31.2020</u>
Liabilities		
Liabilities classified by currency:		
In Brazil (local currency)	2,048,314	1,777,582
Abroad (foreign currency) (Note 27.d)	<u>448,268</u>	<u>757,719</u>
	<u>2,496,582</u>	<u>2,535,301</u>
Framework agreement (1)		
Cosan S.A.	575,745	530,472
Shell Brasil Petróleo Ltda.	148,024	137,269
Shell Brazil Holding B.V.	59,540	58,922
Other	<u>27,187</u>	<u>13,759</u>
	810,496	740,422
Financial operations		
Shell Finance (Netherlands) B.V.	2,290	3,354
Cosan S.A.	1,947	2,851
Sapore S.A.	<u>6</u>	<u>5</u>
	4,243	6,210
Commercial and administrative transactions (2)		
Shell Group (1)	295,986	745,279
Agroterenas S.A.	120,416	34,217
Nova América Agrícola Ltda.	49,030	14,789
Rumo Group	50,525	40,399
Other	<u>198,298</u>	<u>43,347</u>
	714,255	878,031
Preferred shares (3)		
Shell Brazil Holding B.V.	167,619	166,329
Cosan S.A.	<u>3,745</u>	<u>3,745</u>
	171,364	170,074
Lease liabilities (4)		
Radar Propriedades Agrícolas S.A.	149,593	146,736
Aguassanta Agrícola S.A.	129,215	143,546
Nova Agrícola Ponte Alta S.A.	108,094	108,040
Nova Amaralina S/A Propriedades Agrícolas	55,714	55,805
Jatobá Propriedades Agrícolas Ltda.	65,830	65,563
Terrainvest Propriedades Agrícolas S.A.	51,480	52,932
Other	<u>236,298</u>	<u>167,942</u>
	<u>796,224</u>	<u>740,564</u>
	<u>2,496,582</u>	<u>2,535,301</u>
Current liabilities	<u>(1,332,788)</u>	<u>(1,494,946)</u>
Noncurrent liabilities	<u>1,163,794</u>	<u>1,040,355</u>

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Notes to combined consolidated and condensed interim financial information at September 30, 2020

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(1) **Framework agreement**

The amounts recorded in assets and liabilities refer to recoverable or refundable balances of Raízen's shareholders as they relate to the period prior to the organization of Raízen.

(2) **Commercial and administrative transactions**

At September 30, 2020, the amount recorded in assets refers to operations involving sale of products, such as gasoline, diesel, Jet, sugar and ethanol.

At September 30, 2020, the amount recorded in liabilities refers substantially to operations involving purchase of products and provision of services (freight and storage).

(3) **Preferred shares**

These arise substantially from tax benefits to be reimbursed to Shell and Cosan, when effectively used by the Group, determined by the balances of income and social contribution tax losses ("NOL") and tax benefit on amortization of goodwill ("GW") arising from years prior to the organization of the Raízen Group. Payment will be made through the distribution of exclusive dividends and/or capital reduction to holders of class B and E preferred shares (financial instrument payable).

(4) **Lease liabilities**

At September 30, 2020, changes in lease liabilities are as follows:

Balances at March 31, 2020	740,564
Additions	2,293
Payments	(79,910)
Interest	32,226
Remeasurements	101,051
Balances at September 30, 2020	<u>796,224</u>
Current	<u>(152,819)</u>
Noncurrent	<u>643,405</u>

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In thousands of reais – R\$, unless otherwise stated

(b) Summary of transactions with related parties (12)

	July- Sept/20	Apr- Sept/20	July- Sept/19	Apr- Sept/19
Sale of products				
Raízen and Wilmar Sugar Pte. Ltd.	-	-	-	135,834
Rumo Group (6)	320,054	570,568	338,839	638,857
Agricopel Group (10)	179,238	325,994	201,898	411,650
Shell Group (11)	343,105	567,476	878,944	1,320,670
Other	30,867	50,867	28,758	48,591
	<u>873,264</u>	<u>1,514,905</u>	<u>1,448,439</u>	<u>2,555,602</u>
Purchase of goods and services (5)				
Shell Group (11)	(306,124)	(1,069,931)	(1,232,036)	(2,280,729)
Rumo Group (6)	(153,455)	(232,703)	(104,621)	(210,765)
Agroterenas S.A.	(138,249)	(247,685)	(122,283)	(208,272)
Nova América Agrícola Ltda.	(66,526)	(110,358)	(61,064)	(97,228)
Nova América Agrícola Caarapó Ltda.	-	-	(67,958)	(105,413)
Agricopel Group (10)	(21,092)	(55,608)	(28,195)	(52,194)
Other	(487,203)	(525,497)	(35,731)	(146,949)
	<u>(1,172,649)</u>	<u>(2,241,782)</u>	<u>(1,651,888)</u>	<u>(3,101,550)</u>
Collection of shared expenses (1)				
Comgás - Companhia de Gás de São Paulo	9,727	18,753	7,319	14,518
Rumo Group (6)	7,486	15,832	8,533	16,408
Cosan Lubrificantes e Especialidades S.A.	1,848	3,731	1,644	3,420
Other	2,854	5,227	1,639	3,635
	<u>21,915</u>	<u>43,543</u>	<u>19,135</u>	<u>37,981</u>
				-
Finance income (costs) (2)				
Cosan S.A.	(1,281)	(3,227)	(1,556)	22,791
Shell Group (11)	(137)	7,678	5,676	(10,721)
SOI and DPM	(396)	(596)	(35,307)	(51,566)
Aguassanta Group (9)	(3,638)	(7,436)	(7,468)	(7,468)
Radar Group (7)	(8,114)	(16,233)	(16,192)	(16,192)
Janus Brasil Part S.A.	(2,593)	(5,286)	(5,161)	(5,161)
Tellus Brasil Participações SA (8)	(1,971)	(3,259)	(3,413)	(3,413)
Other	2,060	2,171	18,386	3,844
	<u>(16,070)</u>	<u>(26,188)</u>	<u>(45,035)</u>	<u>(67,886)</u>
Service revenue (3)				
Shell Group (11)	1,900	1,900	1,238	1,959
Agricopel Group (10)	52	84	720	1,485
Other	-	2	3	4
	<u>1,952</u>	<u>1,986</u>	<u>1,961</u>	<u>3,448</u>
Service expenses (4)				
Shell Group (11)	(4,547)	(12,273)	(7,353)	(14,528)
Other	(104)	(140)	-	-
	<u>(4,651)</u>	<u>(12,413)</u>	<u>(7,353)</u>	<u>(14,528)</u>

- (1) Refer to expenses with shared corporate, management and operating costs reimbursed by related parties.
- (2) Refer substantially to expenses with commissions on lines of credit available and restatement of balances of advances granted to finance sugarcane crops, as well as the exchange difference of commercial operations resulting from import and sale of fuel and interest, exchange difference and adjustment to present value on the balance payable to SOI and DPM for acquisition of Raízen Argentina.
- (3) Refer substantially to the lubricant sales commission to Shell and expenses with the sharing of corporate, management and operating costs reimbursed by its subsidiaries.
- (4) Refer to expenses with technical support, maintenance of the billing and collection process, commissions on the sale of jet and seconddees to Shell.
- (5) The Group's purchase transactions with Shell Trading US Company are represented substantially by import of ethanol and by-products in the foreign market.
- (6) "Rumo Group" refers to the railway and port operations represented by the following companies: Rumo S.A., Elevações Portuárias S.A., Logisport Armazéns Gerais S.A., Rumo Malha Sul S.A., Rumo Malha Oeste S.A., Rumo Malha Paulista S.A., Rumo Malha Norte S.A., Rumo Malha central S.A., ALL América Latina Logística Rail Management, Portofer Transporte Ferroviário Ltda., and Brado Logística S.A.

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In thousands of reais – R\$, unless otherwise stated

- (7) “Radar Group” refers to the purchase, sale and lease of own properties, represented mainly by the following companies: Radar Propriedades Agrícolas S.A., Nova Agrícola Ponte Alta S.A., Nova Amaralina S.A., Bioinvestments Negócios e Participações S.A., and Proud Participações S.A.
- (8) “Tellus Group” refers to the purchase, sale and lease of own properties, represented mainly by the following companies: Tellus Brasil Participações S.A., Terrainvest Propriedades Agrícolas S.A., and Agrobio Investimentos e Participações S.A.
- (9) “Aguassanta Group” refers to the purchase, sale and lease of own properties, represented mainly by the following companies: Aguassanta Participações S.A., Santa Bárbara Agrícola S.A., Aguassanta Agrícola Ltda., Aguapar Agrícola Ltda., and Palermo Agrícola S.A.
- (10) “Agricopel Group” refers to sales of fuel, represented mainly by the following companies: Agricopel Comércio de Derivados de Petróleo Ltda., Posto Agricopel Ltda., Agricopel Diesel Paraná Ltda, Blue Adm Administração de Bens Ltda., a related party through FIX Investimentos Ltda., which is a noncontrolling shareholder of Mime.
- (11) “Shell Group” refers mainly to the commercial transactions conducted by Shell Aviation Limited and Shell Trading US Company.
- (12) Transactions with related parties are entered into under reasonable and cumulative conditions, in line with those prevailing in the market or that the Group would take out from third parties.

(c) Officers and members of the Board of Directors

Fixed and variable compensation to key management personnel of the Group, including statutory officers and members of the Board of Directors, recognized in profit or loss for the six-month periods ended September 30, 2020 and 2019, is as follows:

	<u>Apr- Sept/20</u>	<u>Apr- Sept/19</u>
Regular compensation	(28,823)	(27,870)
Bonuses and other variable compensation	(23,141)	(22,478)
Total compensation	<u>(51,964)</u>	<u>(50,348)</u>

(d) Other significant information involving related parties

Revolving Credit Facility

The Group has a line of credit agreement totaling US\$700,000 thousand, which was not used until the closing of this combined consolidated and condensed interim financial information, as follows:

<u>Beneficiary</u>	<u>Institution</u>	<u>Amount in US\$</u>	<u>Maturity</u>
RCSA	Shell Finance (Netherlands) B.V. and Cosan S.A.	700,000	May/2025

12. Assets from contracts with customers

Assets from contracts with customers correspond to the bonuses granted to RCSA customers and are subject to deadlines and performance obligations, particularly the use of the quantities provided for in supply contracts. As the contractual conditions are met, bonuses are amortized and recognized in the statement of profit or loss, under Net operating revenue (Note 23).

Balances at March 31, 2020	<u>2,567,165</u>
Additions	308,080
Amortization	(233,226)
Foreign currency translation effects	<u>5,947</u>
Balances at September 30, 2020	<u>2,647,966</u>
Current	<u>(469,010)</u>
Noncurrent	<u>2,178,956</u>

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13. Investments

	Country	Business activity	Equity interest	Investments (1)		Equity pickup	
				09.30.2020	03.31.2020	Apr-Sept/20	Apr-Sept/19
<u>Carrying amount</u>							
Joint ventures							
Rede Integrada de Lojas de Conveniência e Proximidade S.A. ("JV Rede")	Brazil	Convenience and proximity stores	50.00%	202,570	194,413	8,158	-
Raízen and Wilmar Sugar Pte. Ltd.	Singapore	Trading	50.00%	52,250	47,924	361	5,522
Associates							
Centro de Tecnologia Canavieiras S.A.	Brazil	R&D	19.58%	123,829	123,556	487	1,957
Logum Logística S.A.	Brazil	Logistics	30.00%	257,943	309,550	(70,986)	(13,198)
Uniduto Logística S.A.	Brazil	Logistics	46.48%	39,997	47,550	(11,001)	(2,052)
Termap S.A.	Argentina	Sea terminal	3.50%	391	360	-	-
Latitude Logística Portuária S.A.	Brazil	Port operation	50.00%	4,384	4,384	-	-
Navegantes Logística Portuária S.A.	Brazil	Port operation	33.33%	8,548	8,548	-	-
Nordeste Logística I S.A.	Brazil	Port operation	33.33%	483	180	-	-
Nordeste Logística II S.A.	Brazil	Port operation	33.33%	2,433	2,433	-	-
Nordeste Logística III S.A.	Brazil	Port operation	33.33%	2,329	2,329	-	-
				695,157	741,227	(72,981)	(7,771)
<u>Surplus value of assets, net attributable to joint venture</u>							
JV Rede				518,681	526,361	(7,681)	-
<u>Goodwill on investment (2)</u>							
Uniduto Logística S.A.				5,676	5,676	-	-
Centro de Tecnologia Canavieira S.A.				51,946	51,946	-	-
				57,622	57,622	-	-
Total investment				1,271,460	1,325,210	(80,662)	(7,771)

- (1) Investments measured by the equity method; and
(2) Goodwill on acquisition of shares and transfer of shares.

Changes in investments in joint ventures and associates are as follows:

Balance at March 31, 2020	1,325,210
Equity pickup	(80,662)
Additions (Note 13.b)	22,685
Foreign currency translation effect and others	4,227
Balance at September 30, 2020	1,271,460

Dividends when received from investments in subsidiaries (individual financial statements), associates and joint ventures are classified as investing activities on cash flow.

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In thousands of reais – R\$, unless otherwise stated

(a) Summarized financial information of investments, considering equity pickup adjustments, where applicable

- September 30, 2020

	Logum Logística S.A. (1)/(2)	Uniduto Logística Ltda. (1)/(2)	Centro de Tecnologia Canavieira S.A. (2)/(4)	Iogen Energy Corporation (3)	Raízen and Wilmar Sugar PTE Ltd. (4)
Assets	2,604,703	86,009	799,423	47,431	113,514
Liabilities	(1,744,892)	(8)	(166,996)	(437,716)	(9,013)
Equity	<u>859,811</u>	<u>86,001</u>	<u>632,427</u>	<u>(390,285)</u>	<u>104,501</u>
Six-month period ended september 30, 2020					
Net operating revenue	74,737	-	117,473	-	16,225
Net income (loss)	(236,621)	(23,670)	348	(174)	554
Six-month period ended september 30, 2019					
Net operating revenue	82,617	-	93,212	-	68,562
Net income (loss)	(44,012)	(4,415)	9,993	(1,120)	10,274

- At March 31, 2020

	Logum Logística S.A. (1)/(2)	Uniduto Logística Ltda. (1)/(2)	Centro de Tecnologia Canavieira S.A. (2)/(4)	Iogen Energy Corporation (3)	Raízen and Wilmar Sugar PTE Ltd. (4)
Assets	2,355,141	103,219	811,416	59,421	542,186
Liabilities	(1,323,309)	(908)	(180,386)	(536,080)	(446,339)
Equity	<u>1,031,832</u>	<u>102,311</u>	<u>631,030</u>	<u>(476,659)</u>	<u>95,847</u>

- (1) The fiscal year of these investees ends at December 31.
- (2) Significant influence over these companies has been defined, mainly, based on the Group's right to elect key management personnel and to decide on their significant strategic and operational matters.
- (3) Jointly-controlled entity in which RESA holds 50% interest in common shares, whose fiscal year ends at August 31. RESA did not set up a provision for estimated loss on equity pickup, since it has no legal or constructive obligations to make payments on account of that company.
- (4) The fiscal year of these investees ends at March 31.

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(b) Investment transactions in associates for the six-month period ended September 30, 2020

(i) Additions to investments

Capital increases in Logum Logística S.A. (“Logum”) and Uniduto Logística S.A. (“Uniduto”)

In the six-month period ended September 30, 2020, these companies’ capital increases in the amounts of R\$64,600 and R\$6,460 (Logum and Uniduto, respectively) were resolved, approved and subscribed. The amounts subscribed by RESA totaled R\$22,382, fully paid in through a checking account.

There were no changes in the percentage of interest held in the capital of this investee, since all shareholders made capital contributions proportionally to their previously held interest.

(c) Selected information on joint venture Rede

The table below summarizes the financial information of joint venture Rede based on its financial statements, adjusted at fair value on the date the joint venture was organized and by differences in accounting policies, where applicable. The table also reconciles the summarized financial information to the carrying amount of RCSA’s equity interest in JV Rede.

	<u>09.30.2020</u>	<u>03.31.2020</u>
Current assets	429,672	417,264
Noncurrent assets	41,369	17,650
Current liabilities	(45,508)	(42,889)
Noncurrent liabilities	(17,831)	(1,431)
Consolidated equity	407,702	390,594
Attributed to non-controlling interests	(2,562)	(1,769)
Attributed to the JV controlling interests	405,140	388,825
RCSA’s equity interest	50.00%	50.00%
Interest held in equity	<u>202,570</u>	<u>194,413</u>
Gains and remeasurement at fair value	532,762	532,762
Accumulated amortization of gains	(14,081)	(6,401)
Gains and remeasurement, net	<u>518,681</u>	<u>526,361</u>
Carrying amount of equity interest held	<u>721,251</u>	<u>720,774</u>
	<u>Apr-Sept/20</u>	<u>Apr-Sept/19</u>
Net operating revenue	52,401	60,480
Net income for the consolidated period	17,109	31,324
Attributed to non-controlling interests	(793)	(853)
Attributed to the JV controlling interests	<u>16,316</u>	<u>30,471</u>
RCSA’s equity interest	<u>50.00%</u>	<u>99.99%</u>
Equity pickup	<u>8,158</u>	<u>30,471</u>

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14. Property, plant and equipment

	Land and rural properties	Buildings and improvements	Machinery, equipment and facilities	Aircraft, vessels and vehicles	Furniture, fixtures and IT equipment	Construction in progress	Frequently replaced parts and components	Sugarcane planting	Other	Total
Cost:										
At March 31, 2020	1,196,135	3,203,445	13,876,793	787,076	297,991	1,509,723	1,383,205	6,692,234	47,036	28,993,638
Additions	-	7,090	13,468	13	608	425,269	86,791	280,944	19,880	834,063
Write-offs	(5,143)	(16,880)	(82,203)	(33,125)	(18,598)	-	-	(2,743)	-	(158,692)
Reversal of estimated loss, net and other (Note 25)	-	-	5,522	901	933	-	-	-	-	7,356
Transfers (1)	2,599	77,316	136,477	6,684	7,565	(368,481)	-	-	(7,329)	(145,169)
Foreign currency translation effect and other	59,452	63,944	245,188	1,406	1,800	28,885	-	-	437	401,112
At September 30, 2020	1,253,043	3,334,915	14,195,245	762,955	290,299	1,595,396	1,469,996	6,970,435	60,024	29,932,308
Accumulated depreciation:										
At March 31, 2020	-	(680,184)	(5,197,802)	(406,070)	(187,527)	-	(691,829)	(4,633,551)	(36,653)	(11,833,616)
Depreciation for the period	-	(65,054)	(565,847)	(37,746)	(16,664)	-	(600,372)	(420,806)	(2,425)	(1,708,914)
Write-offs	-	8,343	64,899	27,662	17,805	-	-	-	-	118,709
Transfers (1)	-	14,720	77,972	22,270	4,642	-	-	-	-	119,604
Foreign currency translation effects	-	(7,720)	(47,842)	52	(424)	-	-	-	-	(55,934)
At September 30, 2020	-	(729,895)	(5,668,620)	(393,832)	(182,168)	-	(1,292,201)	(5,054,357)	(39,078)	(13,360,151)
Net residual value:										
At September 30, 2020	1,253,043	2,605,020	8,526,625	369,123	108,131	1,595,396	177,795	1,916,078	20,946	16,572,157
At March 31, 2020	1,196,135	2,523,261	8,678,991	381,006	110,464	1,509,723	691,376	2,058,683	10,383	17,160,022

(1) Amounts transferred to intangible assets (software).

(2) This refers substantially to net reversal of provision for estimated inventory losses recognized in profit or loss for the period under “Other operating income, net” (Note 25).

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Capitalization of borrowing costs

In the six-month period ended September 30, 2020, borrowing costs capitalized in the Group totaled R\$ 18,278 (R\$ 18,298 at September 30, 2019). The annual weighted average rates of financial charges for certain debts were 8.72% at September 30, 2020 (6.97% at September 30, 2019).

Property, plant and equipment given as guarantee

At September 30, 2020, loans and financing are guaranteed by land, buildings and machinery in the amount of R\$ 413,587 (R\$ 469,503 at March 31, 2020).

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15. Intangible assets

	Software license	Goodwill	Trademarks	Sharecropping agreements	Sugarcane supply agreements	Contractual relationships with customers	Technology	Granting rights and other	Total
Cost:									
At March 31, 2020	679,157	2,640,213	532,348	18,123	181,516	284,765	185,061	68,165	4,589,348
Additions	18,026	-	-	-	-	-	-	-	18,026
Transfers (1)	26,962	-	-	-	-	-	-	-	26,962
Foreign currency translation effect and others	1,250	-	-	-	-	-	-	1,046	2,296
At September 30, 2020	725,395	2,640,213	532,348	18,123	181,516	284,765	185,061	69,211	4,636,632
Accumulated amortization:									
At March 31, 2020	(421,955)	(431,380)	(475,459)	(17,856)	(109,393)	(32,489)	(90,850)	(33,811)	(1,613,193)
Amortization for the period	(29,349)	-	(26,245)	(266)	(5,985)	(11,118)	(9,177)	(523)	(82,663)
Transfers (1)	(1,397)	-	-	288	(288)	-	-	-	(1,397)
Foreign currency translation effects	(367)	-	-	-	-	-	-	-	(367)
At September 30, 2020	(453,068)	(431,380)	(501,704)	(17,834)	(115,666)	(43,607)	(100,027)	(34,334)	(1,697,620)
Net residual value:									
At September 30, 2020	272,327	2,208,833	30,644	289	65,850	241,158	85,034	34,877	2,939,012
At March 31, 2020	257,202	2,208,833	56,889	267	72,123	252,276	94,211	34,354	2,976,155

(1) Amounts transferred from property, plant and equipment.

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16. Trade accounts payable

	<u>09.30.2020</u>	<u>03.31.2020</u>
Trade accounts payable – agreement	4,920,802	5,837,811
Suppliers of materials and services	1,891,999	2,938,447
Suppliers of petroleum by-products	1,079,814	1,029,535
Suppliers of sugarcane	1,250,325	304,492
Suppliers of ethanol	294,571	116,730
	<u>9,437,511</u>	<u>10,227,015</u>
In Brazil (local currency)	6,626,337	4,087,542
Abroad (foreign currency) (Note 27.d)	2,811,174	6,139,473
	<u>9,437,511</u>	<u>10,227,015</u>

The characteristics of trade accounts payable are the same as those disclosed in the annual financial statements at March 31, 2020 (Note 16). There were no changes in the procedures for recognition, measurement and accounting records, nor significant changes in the credit risk of counterparties involved in the balances.

17. Leases

(a) Right of use

	<u>Land</u>	<u>Properties</u>	<u>Vehicles and ships</u>	<u>Machinery and equipment</u>	<u>Manufacturing facilities</u>	<u>Total</u>
Cost:						
At March 31, 2020	5,057,803	272,679	761,154	123,799	89,352	6,304,787
Additions	289,180	41,950	655	107,677	-	439,462
Write-offs	(65,668)	(16,976)	-	(6,197)	-	(88,841)
Remeasurements (1)	406,832	5,251	2,794	2,772	7,971	425,620
Foreign currency translation effect and others	19,766	6,355	44,286	-	-	70,407
At September 30, 2020	<u>5,707,913</u>	<u>309,259</u>	<u>808,889</u>	<u>228,051</u>	<u>97,323</u>	<u>7,151,435</u>
Accumulated amortization:						
At March 31, 2020	(827,819)	(99,297)	(228,916)	(43,527)	(5,832)	(1,205,391)
Amortization for the period	(710,236)	(57,543)	(126,123)	(37,146)	(3,784)	(934,832)
Write-offs	-	7,025	-	-	-	7,025
Foreign currency translation effects	(2,631)	(4,991)	(19,132)	-	-	(26,754)
At September 30, 2020	<u>(1,540,686)</u>	<u>(154,806)</u>	<u>(374,171)</u>	<u>(80,673)</u>	<u>(9,616)</u>	<u>(2,159,952)</u>
Net residual value:						
At September 30, 2020	4,167,227	154,453	434,718	147,378	87,707	4,991,483
At March 31, 2020	4,229,984	173,382	532,238	80,272	83,520	5,099,396

(1) Updating of the restatement index, substantially composed of the variation in the price of CONSECANA applied to lease and sharecropping agreements.

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(b) Lease liabilities

At September 30, 2020, lease liabilities are as follows:

At March 31, 2020	4,411,748
Additions	437,411
Write-offs	(84,303)
Payment	(747,028)
Interest	180,437
Transfers	10,744
Remeasurements (1)	324,576
Foreign currency translation effects	39,546
At September 30, 2020	<u>4,573,131</u>
In Brazil (local currency)	4,107,594
Abroad (foreign currency) (Note 27.d)	<u>465,537</u>
	<u>4,573,131</u>
Current	<u>(921,094)</u>
Noncurrent	<u>3,652,037</u>

- (2) Updating of the restatement index, substantially composed of the variation in the price of CONSECANA applied to lease and sharecropping agreements.

The weighted average incremental borrowing rate applied to the Group's lease liabilities at September 30, 2020 was 8.5% per annum.

At September 30, 2020, the aging list of lease liabilities of third parties and related parties (Note 11.a.5) is as follows:

<u>Periods:</u>	<u>Present value</u>	<u>Future value</u>
1 to 12 months	1,073,913	1,495,039
13 to 24 months	1,174,170	1,273,111
25 to 36 months	748,329	1,032,775
37 to 48 months	592,225	820,160
49 to 60 months	426,952	603,381
61 to 72 months	332,167	477,113
73 to 84 months	262,042	348,466
85 to 96 months	186,016	243,705
97 to 120 months	138,694	179,763
From 121 months onwards	<u>434,847</u>	<u>635,395</u>
	<u>5,369,355</u>	<u>7,108,908</u>

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18. Loans and financing

Purpose	Final maturity	Index	Average annual effective interest rate (1)		Total	
			09.30.2020	03.31.2020	09.30.2020	03.31.2020
Debt classification per currency:						
Denominated in Brazilian Real (R\$)					9,968,195	9,624,179
Denominated in US Dollar and Euro (Note 27.d)					16,495,065	15,736,428
					26,463,260	25,360,607
Debt type (2):						
National Bank for Economic and Social Development (BNDES)	March/24	URTJLP	5.97%	6.25%	7,253	10,536
BNDES	December/30	Fixed rate	3.59%	3.59%	322,251	384,006
BNDES	April/24	UMBND	6.67%	6.67%	34,963	37,684
BNDES	December/38	IPCA	6.56%	7.36%	145,542	128,956
Working capital	-	CDI	-	4.41%	-	33,458
Working capital	September/20	FED	0.84%	0.83%	14,725	16,645
Pre-export financing and other	October/25	Dolar (US\$) + Libor	1.59%	2.93%	8,897,698	8,723,426
Pre-export Financing	-	Dolar (US\$) + Fixed rate	-	3.74%	-	1,051,686
Term Loan Agreement	April/24	Dolar (US\$) + Libor	1.28%	2.95%	1,129,706	1,051,523
Debentures	June/30	IPCA + interest	6.52%	7.06%	1,360,690	1,115,357
Senior Notes Due 2027	January/27	Dolar (US\$)	5.30%	5.30%	4,645,558	2,965,837
Resolution 2471 (PESA)	April/23	IGP-M	20.50%	7.53%	346,682	328,965
Resolution 2471 (PESA)	October/25	Fixed rate	3.00%	3.00%	46	46
Credit notes	October/20	CDI	2.03%	3.91%	84,198	84,941
Finame/Lease	January/25	Fixed rate	6.64%	6.64%	49,114	57,571
Finame/Lease	March/21	URTJLP	8.11%	8.29%	22	45
Agribusiness Receivables Certificate ("CRA")	July/29	CDI	1.86%	3.57%	2,929,458	2,947,187
CRA	June/30	IPCA	6.99%	7.33%	3,607,400	2,389,708
Study and Project Financing Institution ("Finep")	November/22	Dolar (US\$) + Fixed rate	5.00%	5.00%	71,716	88,278
Loan 4131	December/20	Dolar (US\$) + Fixed rate	4.47%	4.34%	14,735	54,778
Schuldschein	October/21	Euro (€) + Fixed rate	2.88%	2.88%	448,494	382,920
Schuldschein	September/22	Euribor	1.70%	1.79%	688,835	609,190
Rural financial product note ("CPR-F")	November/29	CDI	2.17%	4.35%	1,008,860	2,017,441
Advances on Exchange Contracts ("ACC")	April/21	Dolar (US\$) + Fixed rate	1.90%	1.71%	655,314	880,423
					26,463,260	25,360,607
Expenses with placement of securities:						
CRA					(42,625)	(15,590)
CPR-F					(11,784)	(12,426)
Senior Notes Due 2027					(5,297)	(2,074)
Debentures					(4,925)	(180)
Other					(2,254)	(2,967)
					(66,885)	(33,237)
					26,396,375	25,327,370
Current					(3,124,845)	(5,334,083)
Noncurrent					23,271,530	19,993,287

- The effective annual interest rate corresponds to the contract fee plus Libor (London InterBank Offered Rate), Euribor (European Interbank Offered Rate), URTJLP, IGP-M, UMBND, IPCA and CDI, where applicable. Payments of interest on loans and financing are classified as cash flow from financing activities.
- Loans and financing are generally guaranteed by promissory notes from the Group. In certain cases, they also have security interest, such as: i) credit rights arising from energy trading contracts (BNDES); ii) CTN (Note 10) and land mortgage (PESA); iii) property, plant and equipment; and, iv) fiduciary sale of financed assets (Finame/PESA).

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The installments due in the long term, less amortization of expenses with placement of securities, have the following maturity schedule:

<u>Periods:</u>	<u>09.30.2020</u>
13 to 24 months	2,381,930
25 to 36 months	3,914,857
37 to 48 months	4,394,748
49 to 60 months	2,837,902
61 to 72 months	777,146
73 to 84 months	5,557,019
85 to 96 months	1,215,734
From 97 months onwards	2,192,194
	<u>23,271,530</u>

Working capital

On April 17, 2020, Raízen Argentina took out a new loan amounting to R\$ 206,735, equivalent to AR\$ 2,600,000 thousand, fully repaid in July 2020.

Pre-export Financing

On June 2, 2020, RCSA took out a new loan amounting to R\$ 269,000, equivalent to US\$ 50,000, maturing in June 2022.

Debentures

In June 2020, the CVM granted RESA registration for its fifth (5th) Public Issue of Unsecured Debentures through which 169,518 non-privileged nonconvertible debentures were issued, in a single series, with a nominal value of R\$ 1,000.00 (one thousand reais), totaling R\$ 169,518.

	<u>Index / rate</u>	<u>Principal</u>	<u>Receipt Date</u>	<u>Maturity</u>
5th	IPCA	169.518	15/06/2020	06/15/2030

CRA

<u>Taken out in</u>	<u>Issuer</u>	<u>Issue</u>	<u>Serie</u>	<u>Maturity</u>	<u>Principal</u>
Jun-20	True Securitizadora SA	8th	2nd	Jun-27	352,426
Jun-20	True Securitizadora SA	8th	2nd	Jun-30	728,056
					<u>1,080,482</u>

Senior Notes Due 2027

<u>Taken out in</u>	<u>Issuer</u>	<u>Maturity</u>	<u>Principal</u>
Jul-20	Capitals market	Jan-27	225,000

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PESA

In the six-month period ended September 30, 2020, RESA offset the PESA contracts amounting to R\$ 19,239 through redemptions of CTN.

ACC

On September 2020, the ACC was extended to March, 2021 in the amount of R\$ 424,521.

Covenants

The Group is not subject to compliance with financial ratios, but to certain restrictive clauses in the loan and financing agreements, such as cross-default and negative pledge, which are being met in accordance with contractual requirements.

Fair value

At September 30 and March 31, 2020, the carrying amount and fair value of loans are as follows:

Type	Amount raised, as adjusted		Fair value (1)		Finance income (costs)	
	09.30.2020	03.31.2020	09.30.2020	03.31.2020	09.30.2020	09.30.2019
Pre-export Financing	7,882,600	8,417,336	7,911,031	8,473,101	27,334	(2,389)
Term Loan Agreement	1,128,626	1,088,770	1,139,446	1,099,825	235	(22,497)
Senior Notes Due 2027	4,179,006	2,754,881	4,637,170	3,094,581	(118,463)	(100,521)
<i>Schuldschein</i>	1,111,564	992,495	1,138,084	1,028,186	9,170	(3,173)
CRA	2,343,409	2,324,909	2,496,483	2,383,604	(94,378)	(110,203)
Debentures	948,985	930,273	954,655	893,415	(42,527)	-
Loan 4131	14,657	56,666	14,734	57,356	611	-
	<u>17,608,847</u>	<u>16,565,330</u>	<u>18,291,603</u>	<u>17,030,068</u>	<u>(218,018)</u>	<u>(238,783)</u>

- (1) Includes a fair value measurement balance at September 30 and March 31, 2020, amounting to R\$ 682,756 and R\$ 464,738, respectively.

Other loans and financing have no quoted value, but the fair value substantially approximates their carrying amount, due to exposure to variable interest rates and the irrelevant variation of the Group's credit risk, which can be obtained by comparing quoted papers as demonstrated above.

Other information

Revolving Credit Facility

Raízen Fuels, a wholly-owned subsidiary of Raízen Energia, has a revolving credit facility in the total amount of US\$ 300,000 thousand, not used until the end of these combined consolidated financial statements, as follows:

<u>Beneficiary</u>	<u>Institution</u>	<u>Amount in US\$</u>	<u>Maturity</u>
Raízen Fuels	Syndicate of banks	300,000	April 2024

In addition, the Group has a revolving credit facility called Revolving Credit Facility with its shareholders, in the amount of US\$ 700,000 (Note 11.d), totaling US\$ 1,000,000 thousand.

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In thousands of reais – R\$, unless otherwise stated

19. Income and social contribution taxes

(a) Reconciliation of income and social contribution tax credit (expenses):

	<u>July- Sept/20</u>	<u>Apr- Sept/20</u>	<u>July- Sept/19</u>	<u>Apr- Sept/19</u>
Income before income and social contribution taxes	690,223	110,781	605,575	925,767
Income and social contribution taxes at nominal rate (34%)	(234,676)	(37,666)	(205,896)	(314,761)
Adjustments to calculate the effective rate:				
IOE	12,661	25,241	12,886	26,486
Equity pickup, except capital gains amortizations (Note 13)	1,842	(24,814)	395	(2,644)
Foreign exchange difference on assets and liabilities	10,177	5,762	(18,426)	(4,453)
Rate difference between the taxable profit based on a percentage of gross revenue and the taxable profit based on accounting records taxation regimes	14,379	24,070	16,133	25,514
Permanent differences on divestments	-	-	-	(31,602)
Other	37,363	16,164	(22,439)	(23,360)
Income and social contribution taxes credit (expense)	<u>(158,254)</u>	<u>8,757</u>	<u>(217,347)</u>	<u>(324,820)</u>
Effective rate	22.9%	-7.9%	35.9%	35.1%

(b) Income and social contribution taxes recoverable (current and noncurrent):

	<u>09.30.2020</u>	<u>03.31.2020</u>
Corporate income tax (IRPJ)	817,740	750,114
Social contribution tax on net profit (CSLL)	241,390	235,473
Entity's tax credit abroad	42,176	334,904
	<u>1,101,306</u>	<u>1,320,491</u>
Current assets	(607,579)	(778,694)
Noncurrent assets	<u>493,727</u>	<u>541,797</u>

(c) Income and social contribution taxes payable (current)

	<u>09.30.2020</u>	<u>03.31.2020</u>
IRPJ	101,148	50,723
CSLL	26,172	11,569
Entity's tax debt abroad	1,771	166,802
	<u>129,091</u>	<u>229,094</u>

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Notes to combined consolidated and condensed interim financial information at September 30, 2020

In thousands of reais – R\$, unless otherwise stated

(d) Deferred income and social contribution tax assets and liabilities:

<u>Assets (liabilities)</u>				<u>09.30.2020</u>	<u>03.31.2020</u>
	<u>Base</u>	<u>IRPJ 25%</u>	<u>CSLL 9%</u>	<u>Total</u>	<u>Total</u>
Income tax losses	5,429,980	1,357,495	-	1,357,495	872,736
Social contribution tax losses	5,202,722	-	468,245	468,245	303,358
Tax losses of foreign operation	39,868	9,967	-	9,967	-
Temporary differences:					
Foreign exchange differences	4,977,538	1,244,385	447,978	1,692,363	1,529,331
Estimated loss on write-off of goodwill	166,656	41,664	14,999	56,663	56,663
Compensation and benefits to employees	198,218	49,555	17,840	67,395	117,486
Lease liability and right of use	376,944	94,236	33,925	128,161	76,521
Fair value of inventories	-	-	-	-	67,035
Provisions for contingencies	1,007,403	251,851	90,666	342,517	308,565
Provisions and other temporary differences	1,304,162	326,041	117,743	443,784	363,703
Total deferred tax assets		<u>3,375,194</u>	<u>1,191,396</u>	<u>4,566,590</u>	<u>3,695,398</u>
Amortized tax goodwill	(1,955,112)	(488,778)	(175,960)	(664,738)	(651,092)
ICMS tax reimbursement	(268,321)	(67,080)	(24,149)	(91,229)	(85,235)
Unrealized income (loss) from derivatives	(4,319,879)	(1,079,970)	(388,789)	(1,468,759)	(1,442,972)
Review of useful lives of property, plant and equipment	(2,170,391)	(542,598)	(195,335)	(737,933)	(710,497)
Fair value of inventories	(11,885)	(2,971)	(1,070)	(4,041)	-
Revaluation of property, plant and equipment	(2,102,241)	(525,560)	(189,202)	(714,762)	(700,591)
Fair value of assets of customer contracts	(202,800)	(50,700)	(18,252)	(68,952)	(72,086)
Fair value of property, plant and equipment items, intangible assets and others	(916,662)	(229,165)	(82,500)	(311,665)	(339,199)
Fair value upon organization of joint venture	(518,681)	(129,670)	(46,681)	(176,351)	(178,963)
Capitalized borrowing costs	(266,126)	(66,531)	(23,952)	(90,483)	(93,376)
Biological assets	(420,494)	(105,124)	(37,844)	(142,968)	(44,665)
Total deferred tax liabilities		<u>(3,288,147)</u>	<u>(1,183,734)</u>	<u>(4,471,881)</u>	<u>(4,318,676)</u>
Total deferred taxes		<u>87,047</u>	<u>7,662</u>	<u>94,709</u>	<u>(623,278)</u>
Deferred taxes- Assets, net				1,901,231	1,279,947
Deferred taxes- Liabilities, net				<u>(1,806,522)</u>	<u>(1,903,225)</u>
Total deferred taxes				<u>94,709</u>	<u>(623,278)</u>

(d.1) Changes in deferred taxes, net:

At March 31, 2020	(623,278)
Credit in profit or loss	290,564
Deferred taxes on other comprehensive income	481,262
Foreign currency translation effect and others	<u>(53,839)</u>
At September 30, 2020	<u>94,709</u>

(d.2) Realization of deferred income and social contribution taxes:

As mentioned in Note 19 to the financial statements at March 31, 2020, the Group expects to realize deferred tax assets, including IRPJ and CSLL tax loss carryforwards and temporary differences. In the six-month period ended September 30, 2020, there were no significant changes related to the expected realization of deferred income and social contribution taxes.

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In thousands of reais – R\$, unless otherwise stated

20. Provision for contingencies and judicial deposits

Breakdown of lawsuits assessed as probable loss

At September 30 and March 31, 2020, the balances of the claims to be reimbursed and the non-refundable claims to shareholders, within the scope of the Group's organization process (Note 11.a) are as follows:

	<u>09.30.2020</u>	<u>03.31.2020</u>
Tax	873,664	850,656
Civil	235,871	240,096
Labor	411,247	398,498
Environmental	78,295	69,633
	<u>1,599,077</u>	<u>1,558,883</u>
Non-reimbursable lawsuits	454,754	428,374
Reimbursable lawsuits	<u>1,144,323</u>	<u>1,130,509</u>
	<u>1,599,077</u>	<u>1,558,883</u>

In the process of organizing the Group, it was agreed that Cosan and Shell shall reimburse to the Group the amount of legal claims dated prior to its organization, and in turn, that the Group shall refund Cosan and Shell for the amount of judicial deposits made with base date prior to the Group organization.

At September 30 and March 31, 2020, the balances of deposits refundable and non-refundable to shareholders, within the scope of the Group's organization process (Note 11.a), are as follows:

	<u>09.30.2020</u>	<u>03.31.2020</u>
Tax	323,934	314,570
Civil	69,767	35,273
Labor	122,401	121,910
	<u>516,102</u>	<u>471,753</u>
Own judicial deposits	234,223	226,040
Refundable judicial deposits	<u>281,879</u>	<u>245,713</u>
	<u>516,102</u>	<u>471,753</u>

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In thousands of reais – R\$, unless otherwise stated

(i) Non-reimbursable lawsuits

	<u>Tax</u>	<u>Civil</u>	<u>Labor</u>	<u>Environmental</u>	<u>Total</u>
At March 31, 2020	60,123	20,429	307,393	40,429	428,374
	-		-		
Provisions for the period (a)	3,989	7,105	59,223	814	71,131
Write-offs/reversals (a) / (b)	(3,068)	(2,906)	(42,729)	(22)	(48,725)
Payments	(11)	(1,519)	(24,849)	(2,437)	(28,816)
Monetary and exchange adjustments (b)	2,669	4,689	21,504	25	28,887
Foreign currency translation effect and others	(71)	423	358	3,193	3,903
At September 30, 2020	<u>63,631</u>	<u>28,221</u>	<u>320,900</u>	<u>42,002</u>	<u>454,754</u>

a) Recognized in the statement of profit or loss for the period under Sales taxes, General and administrative expenses and Other operating expenses, except for the monetary restatement reversals, recognized in Finance income (costs).

b) Recorded in profit or loss for the period under Finance income (costs).

(ii) Reimbursable lawsuits

	<u>Tax</u>	<u>Civil</u>	<u>Labor</u>	<u>Environmental</u>	<u>Total</u>
At March 31, 2020	790,533	219,667	91,105	29,204	1,130,509
Provisions for the period	10,963	18,845	6,584	9,290	45,682
Write-offs/reversals	(39,735)	(55,668)	(8,279)	(1,024)	(104,706)
Payments	-	(1,964)	(4,014)	(1,635)	(7,613)
Monetary and exchange adjustments	48,272	25,857	4,951	458	79,538
Foreign currency translation effect and others	-	913	-	-	913
At September 30, 2020	<u>810,033</u>	<u>207,650</u>	<u>90,347</u>	<u>36,293</u>	<u>1,144,323</u>

(iii) Total lawsuits

	<u>Tax</u>	<u>Civil</u>	<u>Labor</u>	<u>Environmental</u>	<u>Total</u>
At March 31, 2020	850,656	240,096	398,498	69,633	1,558,883
Provisions for the period	14,952	25,950	65,807	10,104	116,813
Write-offs/reversals	(42,803)	(58,574)	(51,008)	(1,046)	(153,431)
Payments	(11)	(3,483)	(28,863)	(4,072)	(36,429)
Monetary and exchange adjustments	50,941	30,546	26,455	483	108,425
Foreign currency translation effect and others	(71)	1,336	358	3,193	4,816
At September 30, 2020	<u>873,664</u>	<u>235,871</u>	<u>411,247</u>	<u>78,295</u>	<u>1,599,077</u>

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In thousands of reais – R\$, unless otherwise stated

(a) Tax

	<u>09.30.2020</u>	<u>03.31.2020</u>
Brazilian social security contribution tax (INSS)	5,431	5,315
ICMS	551,895	491,977
Federal value-added tax (IPI)	131,579	130,896
PIS and COFINS	58,868	58,589
Attorneys' fees	32,942	73,239
IRPJ and CSLL	78,941	78,352
Other	14,008	12,288
	<u>873,664</u>	<u>850,656</u>
Non-reimbursable lawsuits	63,631	60,123
Reimbursable lawsuits	810,033	790,533
	<u>873,664</u>	<u>850,656</u>

(b) Civil, labor and environmental claims

The Group is a party to several civil lawsuits related to (i) property and pain and suffering damages; (ii) contractual disputes; (iii) public interest suits to refrain from burning sugarcane straw; (iv) executions of an environmental nature; (v) remediating environmental damage caused by fuel leakage; and, (vi) contractual, real estate and credit recovery discussions, including discussions of contractual violations, possession of Group properties and recovery of amounts not paid by customers.

The Group is also party to several labor claims filed by former employees and employees of service providers who question, among others, the payment of overtime, night shift and risk exposure premiums, job reinstatement, refund of deductions made in payroll such as confederative association dues, union dues and others.

The main environmental claims are related to environmental remediation work to be carried out at filling stations, distribution bases, airports and customer distribution centers, which comprise removal of contaminated material, treatment of the area, laboratory analysis and post-remediation monitoring.

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Lawsuits deemed as possible losses and, consequently, with no provision for contingencies

(a) Tax

	<u>09.30.2020</u>	<u>03.31.2020</u>
ICMS	4,900,305	4,869,363
INSS	207,693	211,521
IPI	346,168	344,029
IRPJ and CSLL	3,843,456	3,561,628
PIS and COFINS	5,993,514	6,198,143
Offsetting against IPI credit – Revenue Procedure (IN) No. 67/98	137,799	136,871
Provisional Executive Order (MP) No. 470 - Debt installment payment	191,816	189,882
Other	1,228,743	1,062,653
	<u>16,849,494</u>	<u>16,574,090</u>
Non-reimbursable lawsuits	8,766,892	8,146,261
Reimbursable lawsuits	8,082,602	8,427,829
	<u>16,849,494</u>	<u>16,574,090</u>

(b) Civil, labor and environmental claims

	<u>09.30.2020</u>	<u>03.31.2020</u>
Civil	1,204,071	1,258,802
Labor	280,142	290,438
Environmental	101,481	53,794
	<u>1,585,694</u>	<u>1,603,034</u>
Non-reimbursable lawsuits	528,205	473,101
Reimbursable lawsuits	1,057,489	1,129,933
	<u>1,585,694</u>	<u>1,603,034</u>

Contingent Assets

RCSA, through its subsidiary Blueway, has tax indemnity actions related to the right to exclude ICMS from the PIS and COFINS calculation, the recoverability of which is still practically not certain and, therefore, represent contingent assets not recognized in this financial information. Intermediate. Based on that, it is not possible to estimate the possible future financial effects of these actions.

21. Commitments

As mentioned in Note 21 to the annual financial statements as of March 31, 2020, the Group has sales commitments, purchases of sugarcane, fuels and industrial equipment, electric power and steam, leases and sharecropping agreements, storage and transportation, and elevation of sugar services. In the six-month period ended September 30, 2020, there were no significant changes related to those commitments.

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In thousands of reais – R\$, unless otherwise stated

22. Equity

In the context of the combined consolidated interim financial information, the accounts comprising equity (capital, capital reserve, income reserve, equity adjustments, among others) usually are not significant. Therefore, the statements of changes in equity of this combined consolidated interim financial information include only two items named equity attributed to controlling interests and noncontrolling interests.

The information disclosed in this note derives from the individual and consolidated interim financial statements of RESA and RCSA. Accordingly, as stated in Note 1.d, these combined consolidated financial statements of the Group do not represent the individual and consolidated annual interim financial information of an entity and its subsidiaries.

(a) Capital

(a.1) RESA

At September 30 and March 31, 2020, RESA's capital amounts to R\$ 6,516,354. This item is deducted from the balance of redeemable preferred shares amounting to R\$ 3,745, totaling R\$ 6,512,609. The fully subscribed and paid-in capital into shares is represented as follows:

	Shareholders (shares in units)			
	Shell	CIP Cosan Investimentos e Participações S.A ("CIP") (1)	Cosan S.A.	Total
Common shares	3,621,641,599	3,621,641,599	-	7,243,283,198
Class A preferred shares	-	-	1	1
Class B preferred shares	-	-	133,242,457	133,242,457
Class D preferred shares	100,000	-	-	100,000
Total as at September 30 and March 31, 2020	<u>3,621,741,599</u>	<u>3,621,641,599</u>	<u>133,242,458</u>	<u>7,376,625,656</u>

(a.2) RCSA

At September 30 and March 31, 2020, RCSA's fully subscribed and paid-in capital amounts to R\$ 1,921,843. Shares are held as follows:

	Shareholders (shares in units)		
	Shell	CIP (1)	Total
Common shares	830,709,236	830,709,236	1,661,418,472
Class A preferred shares	1	-	1
Class D preferred shares	100,000	-	100,000
Class E preferred shares	81,897,057	-	81,897,057
Total as at September 30 and March 31, 2020	<u>912,706,294</u>	<u>830,709,236</u>	<u>1,743,415,530</u>

(1) In June 2014, Cosan S.A. contributed all its common shares issued by RESA and by RCSA to CIP.

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(b) Dividends and IOE

Changes in dividends and IOE are as follows:

	<u>RCSA</u>	<u>RESA</u>	<u>Total</u>
Balance at March 31, 2020	73,026	22,516	95,542
Dividends	(2,395)		(2,395)
IOE, net of Withholding Income Tax (IRRF)	63,103	-	63,103
Balance at September 30, 2020	<u>133,734</u>	<u>22,516</u>	<u>156,250</u>

(c) Equity adjustments

	<u>03.31.2020</u>	<u>Comprehensive income</u>	<u>09.30.2020</u>
Actuarial loss with defined benefit plan	(10,711)	-	(10,711)
Gains (losses) on net investment hedge of a foreign operation	(45,741)	-	(45,741)
Gains (losses) on financial instruments designated as hedge accounting	(723,708)	(934,212)	(1,657,920)
Foreign currency translation effects	897,970	284,582	1,182,552
Attributable to the Group's controlling interests	<u>117,810</u>	<u>(649,630)</u>	<u>(531,820)</u>
	<u>03.31.2019</u>	<u>Comprehensive income</u>	<u>09.30.2019</u>
Actuarial loss with defined benefit plan	(12,539)	-	(12,539)
Gains (losses) on net investment hedge of a foreign operation	(35,795)	(11,403)	(47,198)
Gains (losses) on financial instruments designated as hedge accounting	(269,669)	(129,397)	(399,066)
Foreign currency translation effects	(102,318)	178,041	75,723
	<u>(420,321)</u>	<u>37,241</u>	<u>(383,080)</u>
Attributed to:			
Group's controlling interests	(420,316)	37,241	(383,075)
Group's noncontrolling interests	(5)	-	(5)

23. Net operating revenue

The Group's gross revenue is broken down as follows:

	<u>July- Sept/20</u>	<u>Apr- Sept/20</u>	<u>July- Sept/19</u>	<u>Apr- Sept/19</u>
Domestic market	22,878,412	39,101,214	26,456,400	51,901,256
Foreign market	<u>7,293,556</u>	<u>11,817,235</u>	<u>6,421,163</u>	<u>12,180,803</u>
Gross revenue from products sold and services	30,171,968	50,918,449	32,877,563	64,082,059
Gains (losses) on financial instruments designated as hedge accounting	(170,205)	(152,789)	32,633	63,131
Gains (losses) on commodities-related financial instruments not designated as hedge accounting	9,266	(35,035)	95,281	149,019
Returns and cancellations	(33,568)	(177,798)	(152,543)	(318,009)
Sales taxes	(2,015,457)	(3,439,846)	(2,232,710)	(4,496,423)
Trade discounts	(137,303)	(224,388)	(105,906)	(183,039)
Amortization of exclusive supply rights (Note 12)	(121,545)	(233,226)	(136,420)	(252,246)
Other	<u>(7,629)</u>	<u>(36,268)</u>	<u>(24,179)</u>	<u>(43,324)</u>
Net operating revenue	<u>27,695,527</u>	<u>46,619,099</u>	<u>30,353,719</u>	<u>59,001,168</u>

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The breakdown of net operating revenue by product is as follows:

	<u>July- Sept/20</u>	<u>Apr- Sept/20</u>	<u>July- Sept/19</u>	<u>Apr- Sept/19</u>
Diesel	11,565,974	19,781,786	12,173,545	23,849,680
Gasoline	7,855,659	13,401,452	9,077,759	18,502,044
Ethanol	4,054,739	6,968,610	4,963,857	8,543,769
Jet A-1	321,330	557,987	1,664,780	3,287,748
Sugar	2,442,966	3,528,044	593,656	1,344,972
Energy	586,940	1,024,929	1,151,721	2,062,990
Other	867,919	1,356,291	728,401	1,409,965
	<u>27,695,527</u>	<u>46,619,099</u>	<u>30,353,719</u>	<u>59,001,168</u>

24. Costs and expenses by nature

Reconciliation of costs and expenses by nature

Costs and expenses are shown in profit or loss by function. The reconciliation of the Group's profit or loss by nature for the six-month periods ended September 30, 2020 and 2019 is detailed below:

Costs and expenses by nature

	<u>July- Sept/20</u>	<u>Apr- Sept/20</u>	<u>July- Sept/19</u>	<u>Apr- Sept/19</u>
Fuel for resale, raw material, costs of collections and transfers	(24,094,431)	(41,675,488)	(27,347,592)	(53,762,829)
Depreciation and amortization	(1,216,620)	(2,060,048)	(989,957)	(1,645,073)
Personnel expenses	(509,297)	(898,656)	(468,520)	(879,393)
Cutting, loading and transportation	(289,954)	(456,684)	(193,975)	(364,191)
Realization of the fair value of biological assets	(5,925)	(7,568)	18,879	22,099
Change in the fair value of biological assets	101,641	277,313	(124,932)	(41,646)
Maintenance materials	(103,020)	(160,023)	(81,950)	(146,852)
Selling expenses	(141,647)	(233,857)	(125,314)	(252,681)
Hired labor	(111,221)	(210,825)	(101,079)	(204,917)
Logistics expenses	(82,100)	(170,023)	(79,579)	(164,060)
Other	(286,599)	(383,422)	(329,947)	(506,819)
	<u>(26,739,173)</u>	<u>(45,979,281)</u>	<u>(29,823,966)</u>	<u>(57,946,362)</u>

Classified as:

	<u>July- Sept/20</u>	<u>Apr- Sept/20</u>	<u>July- Sept/19</u>	<u>Apr- Sept/19</u>
Cost of products sold and services rendered	(25,573,977)	(43,853,494)	(28,729,526)	(55,831,952)
Selling expenses	(854,847)	(1,513,711)	(762,468)	(1,486,187)
General and administrative expenses	(310,349)	(612,076)	(331,972)	(628,223)
	<u>(26,739,173)</u>	<u>(45,979,281)</u>	<u>(29,823,966)</u>	<u>(57,946,362)</u>

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25. Other operating income, net

	<u>July- Sept/20</u>	<u>Apr- Sept/20</u>	<u>July- Sept/19</u>	<u>Apr- Sept/19</u>
Recognition of tax credits, net and others (1)	121,309	142,727	340,711	385,909
Rental and lease income	17,641	43,323	32,927	66,170
Gain (loss) on commercial operations	(4,069)	(18,638)	11,067	28,130
Gain on sale of property, plant and equipment	32,011	34,095	19,003	52,654
Royalty income	9,485	10,573	16,240	40,800
Reversal (recognition) of estimated loss on property, plant and equipment, net	127	7,356	290	(117)
Other income (expenses), net	<u>(20,635)</u>	<u>(13,108)</u>	<u>6,209</u>	<u>24,605</u>
	<u>155,869</u>	<u>206,328</u>	<u>426,447</u>	<u>598,151</u>

- (1) Refers to the tax credit recovery related mainly to PIS, Cofins and ICMS arising from the Company's ordinary activities.

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26. Finance income (costs)

	July- Sept/20	Apr-Sept/20	July-Sept/19	Apr-Sept/19
<u>Finance costs</u>				
Interest	(358,864)	(729,176)	(371,455)	(745,422)
Monetary losses	(78,941)	(72,908)	(15,487)	(46,800)
PIS and COFINS on finance income	(13,375)	(30,898)	(11,737)	(21,210)
Other	(15,679)	(24,008)	(13,998)	(39,961)
	<u>(466,859)</u>	<u>(856,990)</u>	<u>(412,677)</u>	<u>(853,393)</u>
Fair value of financial instruments (Note 18)	(36,978)	(218,018)	27,843	(238,783)
Amounts capitalized on qualified assets (Note 14)	10,600	18,278	10,147	18,298
	<u>(493,237)</u>	<u>(1,056,730)</u>	<u>(374,687)</u>	<u>(1,073,878)</u>
<u>Finance income</u>				
Short-term investment income	28,106	43,496	45,166	104,567
Interest	97,111	172,799	89,925	188,338
Monetary gains and other	28,355	36,052	4,326	13,155
	<u>153,572</u>	<u>252,347</u>	<u>139,417</u>	<u>306,060</u>
<u>Foreign exchange differences, net</u>	<u>(497,825)</u>	<u>(1,236,458)</u>	<u>(1,099,986)</u>	<u>(923,969)</u>
<u>Net effect of derivatives</u>	<u>413,912</u>	<u>1,386,138</u>	<u>983,471</u>	<u>972,368</u>
	<u>(423,578)</u>	<u>(654,703)</u>	<u>(351,785)</u>	<u>(719,419)</u>

27. Financial instruments

(a) Overview

The Group is exposed to the following significant risks arising from its operations, which are equalized and managed through certain financial instruments: (i) Price risk; (ii) Currency risk; (iii) Interest rate risk; (iv) Credit risk; and (v) Liquidity risk.

(b) Risk management structure

The Group has specific treasury and trading policies that define how risk management should be carried out, never operating with derivatives which are beyond the notional total of underlying asset or liability.

To monitor activities and ensure compliance with policies, the Group has the following main committees: (i) Risk Committee that meets weekly to analyze the behavior of the commodities (sugar and oil by-products) and foreign exchange markets and deliberate on hedging positions and pricing strategy for exports or imports of products, so as to reduce the adverse effects of changes in commodity prices and exchange rates; and (ii) Ethanol and by-products Committee that meets monthly to assess the risks associated with the sale of ethanol and by-products and to adapt to the limits defined in the risk policies.

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The Group is exposed to the following significant market risks: (i) sugar, electric power, ethanol and by-products price volatility; (ii) exchange rate volatility; and (iii) interest rate volatility. The financial instruments for hedging purposes are taken out by analyzing the risk exposure to which management seeks coverage.

As at September 30 and March 31, 2020, the fair values related to transactions involving derivative financial instruments for hedging purposes were measured through observable inputs, such as prices quoted in active markets or discounted cash flows based on market curves, and are presented below:

	Notional amount		Fair value	
	09.30.2020	03.31.2020	09.30.2020	03.31.2020
Price risk				
Commodity derivatives				
Futures contracts	9,049,237	6,097,400	584,054	1,905,331
	9,049,237	6,097,400	584,054	1,905,331
Currency risk				
Exchange rate derivatives				
Futures contracts	(2,452,293)	181,955	9,855	(973)
Forward contracts	10,396,780	5,444,463	(139,748)	(742,773)
Locked-in exchange	286,992	-	(9,969)	-
Foreign exchange swap	(11,925,031)	(15,698,579)	3,314,484	3,039,373
	(3,693,552)	(10,072,161)	3,174,622	2,295,627
Interest rate risk				
Interest rate swap	(4,417,813)	(3,063,533)	350,827	194,958
	(4,417,813)	(3,063,533)	350,827	194,958
Total			4,109,503	4,395,916
Current assets			2,872,094	5,016,307
Noncurrent assets			3,969,266	3,128,089
Total assets			6,841,360	8,144,396
Current liabilities			(2,517,882)	(3,640,357)
Noncurrent liabilities			(213,975)	(108,123)
Total liabilities			(2,731,857)	(3,748,480)
Total			4,109,503	4,395,916

(c) **Price risk**

This arises from the possibility of fluctuating market prices for products traded by the Group, mainly VHP sugar, refined and white sugar, diesel (heating oil), gasoline, ethanol, electric power and crude oil. These price fluctuations may lead to material changes in sales revenues and costs. To mitigate this risk, the Group constantly monitors the market to anticipate price changes.

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Price risk: commodity derivatives outstanding as at September 30, 2020							
Derivatives	Long/ Short	Market	Contract	Maturity	Notional amount (units)	Notional amount (R\$ thousand)	Fair value (R\$ thousand)
Futures	Short	ICE	Sugar#11	Oct/20 to Feb/23	13,136,027 t	20,608,766	(655,190)
Futures	Short	NYSE LIFFE	Sugar#5	Oct/20 to Nov/20	122,300 t	241,983	(4,768)
Futures	Short	ICE	Sugar#11	Dec/20 to Sept/21	818,935 t	52,044	(31,782)
Futures	Short	ICE	Sugar#11	Apr/21	31,294 t	7,635	(9,113)
Options	Short	ICE	Sugar#11	Apr/21 to Feb/22	232,878 t	322,435	(61,751)
Options	Short	ICE	Sugar#11	Oct/20 to Mar/21	70,633 t	109	(7,211)
Subtotal - sugar futures – short position					14,412,067 t	21,232,972	(769,815)
Futures	Long	ICE	Sugar#16	Oct/20 to Sept/22	(8,487,049) t	(12,986,111)	844,506
Futures	Long	NYSE LIFFE	Sugar#5	Oct/20 to Nov/20	(88,900) t	(179,882)	(3,838)
Options	Long	ICE	Sugar#11	Dec/20 to Sept/22	(610,238) t	(43,313)	28,763
Futures	Long	ICE	Sugar#11	Oct/20 to Dec/22	(62,593) t	(100)	2,867
Subtotal - sugar futures – long position					(9,248,780) t	(13,209,406)	872,298
Subtotal – sugar futures					5,163,287 t	8,023,566	102,483
Futures	Short	B3	Ethanol		- m ³	-	-
Futures	Short	B3	Ethanol	Oct/20 to Jan/21	198,750 m ³	2,148,133	1,178
Futures	Short	CME	Ethanol	Oct/20 to Dec/21	794,455 m ³	2,295	(331,322)
Futures	Short	OTC	Ethanol	Oct/20 to Mar/21	1,313,713 m ³	1,109	(87,497)
Options	Short	OTC	Ethanol	Oct/20 to Dec/20	52,000 m ³	4	1,336
Subtotal – ethanol futures – short position					2,358,918 m ³	2,151,541	(416,305)
Futures	Long	B3	Ethanol	Oct/20 to Feb/21	(286,200) m ³	(3,130,156)	791
Futures	Long	OTC	Ethanol	Oct/20 to Dec/21	(609,355) m ³	(1,738)	225,287
Futures	Long	CME	Ethanol	Oct/20 to Mar/22	(1,197,107) m ³	(999)	93,234
Futures	Long	OTC	Ethanol	Oct/20 to Dec/20	(73,000) m ³	(5)	2,882
Subtotal – ethanol futures – long position					(2,165,662) m ³	(3,132,898)	322,194
Physical fixed	Short	CHGOETHNL	Ethanol	Oct/20 to Aug/21	355,686 m ³	698	(17,650)
Subtotal - physical fixed ethanol – short position					355,686 m ³	698	(17,650)
Physical fixed	Long	CHGOETHNL	Ethanol	Oct/20 to Dec/21	(379,901) m ³	(767)	15,508
Subtotal - physical fixed ethanol – long position					(379,901) m ³	(767)	15,508
Subtotal - Futures and physical fixed ethanol					169,041 m ³	(981,426)	(96,253)
Futures	Short	NYMEX	Gasoline	Nov/20 to Nov/21	760,974 m ³	1,593,641	215,308
Futures	Short	NYMEX	Gasoline	Oct/20 to Feb/21	400,521 m ³	723	29,492
Futures	Short	ICE	Gasoline	Oct/20 to Dec/21	68,578 m ³	120	16,874
Options	Short	CME	Gasoline	Oct/20 to Dec/20	143,580 m ³	1	625
Options	Short	NYMEX	Gasoline	Dec/20	89,358 m ³	20,361	(18,093)
Subtotal – gasoline futures – long position					1,463,011 m ³	1,614,846	244,206
Futures	Long	NYMEX	Gasoline	Nov/20 to Jun/21	(411,651) m ³	(691,103)	55,237
Futures	Long	NYMEX	Gasoline	Oct/20 to Mar/21	(400,521) m ³	(716)	(22,825)
Futures	Long	CME	Gasoline	Oct/20 to Mar/21	(289,835) m ³	(13)	460
Options	Long	ICE	Gasoline	Oct/20 to Dec/21	(68,370) m ³	(121)	(18,011)
Options	Long	NYMEX	Gasoline	Nov/20 to Jun/21	(346,461) m ³	(46,458)	56,961
Subtotal – gasoline futures – short position					(1,516,838) m ³	(738,411)	71,822
Subtotal – gasoline futures					(53,827) m ³	876,435	316,028
Physical fixed	Short	CCEE/OTC	Power	Oct/20 to Dec/32	17,865,263 mhw	3,518,677	47,205
Physical fixed	Long	CCEE/OTC	Power	Oct/20 to Dec/32	(17,865,263) mhw	(3,102,073)	249,922
Subtotal - physical fixed power futures					-	416,604	297,127
Futures	Long	NYMEX	Heating oil	Dec/20 to Mar/21	(12,243) m ³	(19,635)	2,220
Futures	Long	NYMEX	Heating oil	Oct/20 to Jun/21	(154,866) m ³	(234,647)	2,638
Futures	Long	NYMEX	Gasoline	Oct/20 to Nov/20	(89,199) m ³	(153,861)	3,084
Options	Long	NYMEX	Gasoline	Oct/20	(79,023) m ³	(2,853)	1,166
Subtotal - heating oil / gasoline futures - long					(335,331) m ³	(410,996)	9,108
Futures	Short	NYMEX	Heating oil	Dec/20 to Feb/21	5,565 m ³	9,207	(694)
Futures	Short	NYMEX	Heating oil	Oct/20 to Jun/21	412,923 m ³	681,417	(24,225)
Futures	Short	NYMEX	Gasoline	Oct/20 to Nov/20	235,638 m ³	395,977	(18,786)
Futures	Short	NYMEX	Jet	Mar/21	40,068 m ³	32,108	344
Futures	Short	BMF	Ethanol	Oct/20	2,850 m ³	5,415	(50)
Options	Short	NYMEX	Gasoline	Oct/20	24,963 m ³	930	(1,028)
Subtotal - heating oil / gasoline – short position					722,007 m ³	1,125,054	(44,439)
Subtotal - heating oil / gasoline					386,676 m ³	714,058	(35,331)

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Net exposure of commodity derivatives as at September 30, 2020	9,049,237	584,054
Net exposure of commodity derivatives as at March 31, 2020	6,097,400	1,905,331

(d) Currency risk

This derives from the possibility of fluctuations in exchange rates used by the Group for revenue from exports, imports, debt flows and other assets and liabilities in foreign currency. The Group uses derivative operations to manage cash flow risks denominated in US dollars, net of other cash and cash equivalent flows. The derivatives positions used to hedge against the currency risk are as follows:

Currency risk: foreign exchange derivatives outstanding as at September 30, 2020							
Derivatives	Long / Short	Market	Contract	Maturity	Notional amount (US\$ thousand)	Notional amount (R\$ thousand)	Fair value (R\$ thousand)
Futures	Short	B3	Commercial Dollar	Oct/20 to Nov/20	579,500	3,268,786	(1,263)
Subtotal – futures – short position					579,500	3,268,786	(1,263)
Futures	Long	B3	Commercial Dollar	Oct/20 to Nov/20	(942,500)	(5,316,359)	2,014
Futures	Long	B3	Commercial Dollar	Nov/20 to Apr/21	(71,750)	(404,720)	9,104
Subtotal – futures – long position					(1,014,250)	(5,721,079)	11,118
Subtotal – futures – long/short position					(434,750)	(2,452,293)	9,855
Forward contract	Short	OTC/Cetip	<i>NDF</i>	Oct/20 to Feb/21	5,324,544	30,034,155	(544,662)
Forward contract	Long	OTC/Cetip	<i>NDF</i>	Oct/20 to Jan/21	(3,481,372)	(19,637,375)	404,914
Subtotal – forward contract - long/short position					1,843,172	10,396,780	(139,748)
Foreign exchange swap	Short	OTC	Foreign exchange swap	Oct/21 to Jan/27	524,274	2,957,275	(1,549,841)
Foreign exchange swap	Long	OTC	Foreign exchange swap	Dec/20 to Jan/27	(2,638,379)	(14,882,306)	4,864,325
Subtotal - Foreign exchange swap					(2,114,105)	(11,925,031)	3,314,484
Locked-in exchange	Short	OTC	Locked-in exchange	Oct/21 to Jan/27	59,596	336,164	39,203
Locked-in exchange	Short	OTC	Locked-in exchange	Dec/20 to Jan/27	(8,717)	(49,172)	(49,172)
Subtotal - Locked-in exchange – short position					50,879	286,992	(9,969)
Net exposure of foreign exchange derivatives as at September 30, 2020					(654,804)	(3,693,552)	3,174,622
Net exposure of foreign exchange derivatives as at March 31, 2020					(1,937,439)	(10,072,161)	2,295,627

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At September 30, 2020, the summary of quantitative data on the Group's net exposure, considering the parity of all currencies to US\$, is presented below:

	09.30.2020	
	R\$	US\$ (in thousands)
Cash and cash equivalents (Note 3)	1,784,233	316,314
Restricted cash (Note 5)	468,713	83,095
Foreign trade accounts receivable (Note 6)	1,331,003	235,964
Related parties (Note 11.a)	(337,635)	(59,857)
Trade accounts payable (Note 16)	(2,811,174)	(498,373)
Loans and financing (Note 18)	(16,495,065)	(2,924,294)
Lease liabilities (Note 17)	(465,537)	(82,532)
Derivative financial instruments (Note 27.d) (1)		<u>654,804</u>
Currency exposure, net		<u>(2,274,879)</u>
Derivatives settled in the month following closing (2)		<u>(2,000)</u>
Net currency exposure at September 30, 2020 (3)		<u>(2,276,879)</u>
Net foreign exchange exposure at March 31, 2020		<u>(1,197,933)</u>

(1) Refers to the notional amount of foreign exchange derivative transactions.

(2) Maturity in October 2020, which was settled by reference to PTAX of the last day of the closing month.

(3) The adjusted net foreign exchange exposure will be substantially offset in the future with highly probable product export revenues and/or product import costs.

(e) Effects of hedge accounting

The Group formally designates its operations subject to hedge accounting for the purpose of hedging cash flows. The main hedges designated are sugar revenue, ethanol revenue, as applicable, cost of by-products and foreign currency debt.

Impacts recognized in the Group's equity and the estimated realization in profit or loss are as follows:

Instruments	Market	Risk	Periods of realization			09.30.2020	03.31.2020
			2020/21	2021/22	From 2022 onwards		
Futures	OTC / ICE	<i>Sugar#11</i>	296,559	(41,142)	(62,569)	192,848	862,063
Futures	B3 / NYMEX / OTC	Ethanol	258,945	1,396	-	260,341	303,960
Futures	NYMEX	Gasoline	(1,682)	-	-	(1,682)	-
Options	ICE	Sugar#11	34,192	(13,146)	-	21,046	135,346
Forward contract	OTC	Currency risk	(1,228,620)	(567,792)	10,597	(1,785,815)	(1,400,747)
Swap	Debt	Currency risk	-	-	(1,114,847)	(1,114,847)	(924,299)
Pre-export financing	Debt	Currency risk	-	-	(83,893)	(83,893)	(72,851)
			<u>(640,606)</u>	<u>(620,684)</u>	<u>(1,250,712)</u>	<u>(2,512,002)</u>	<u>(1,096,528)</u>
(-) Deferred taxes			<u>217,806</u>	<u>211,033</u>	<u>425,243</u>	<u>854,082</u>	<u>372,820</u>
Effect on equity			<u>(422,800)</u>	<u>(409,651)</u>	<u>(825,469)</u>	<u>(1,657,920)</u>	<u>(723,708)</u>

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Changes in balances in other comprehensive income for the six-month period ended September 30, 2020 are as follows:

Cash flow hedge

Balance at March 31, 2020	<u>(723,708)</u>
Changes for the period:	
Fair value of commodity futures designated as hedge accounting	(820,134)
Fair value of foreign exchange forward designated as hedge accounting	(540,691)
Foreign exchange differences on debt contracts designated as hedge accounting	(201,599)
Gains (losses) on commodities/foreign exchange reclassified to operating income (loss) and other	<u>146,950</u>
Total changes for the period (before deferred taxes)	(1,415,474)
Effect of deferred taxes on equity adjustments	<u>481,262</u>
	<u>(934,212)</u>
Balance at September 30, 2020	<u><u>(1,657,920)</u></u>

Fair value hedge

As mentioned in Note 6, fair value hedge of inventories is intended to minimize any type of mismatch in profit or loss, marking to market both derivatives and inventories at fair value, with changes in MTM recognized under Cost of sales and services, and with such MTM having a positive impact for the six-month period ended September 30, 2020 of R\$ 209,048 (negative impact of R\$ 35,085 at September 30, 2019). In the statement of financial position as at September 30, 2020, the balance of the fair value measurement of inventories is increased by R\$ 11,885 (decreased by R\$ 197,163 at March 31, 2020).

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(f) Interest rate risk

The Group monitors fluctuations in variable interest rates related to certain debts, especially those linked to Libor and, when necessary, uses derivative instruments to minimize these risks. The positions of derivative financial instruments used to hedge against the interest rate risk are as follows:

Interest rate risk: Interest derivatives outstanding as at September 30, 2020							
Derivatives	Long/ Short	Market	Contract	Maturity	Notional amount (US\$ thousand)	Notional amount (R\$ thousand)	Fair value (R\$ thousand)
Interest rate swap	Long	OTC	Interest rate swap	Oct/20 to May/30	(783,203)	(4,417,813)	350,827
Subtotal interest swap					(783,203)	(4,417,813)	350,827
Net exposure of interest derivatives in September 2020					(783,203)	(4,417,813)	350,827
Net exposure of interest derivatives in March 2020					(589,288)	(3,063,533)	194,958

(g) Credit risk

A substantial part of the Group's sales is made to a select group of highly qualified counterparties.

Credit risk is managed by specific rules for customer acceptance, credit analysis and establishment of exposure limits per customer, including, where applicable, requirement of letter of credit from first-tier banks and taking security interest on loans granted. Management considers that the credit risk is substantially hedged by the allowance for expected credit losses.

Individual risk limits are established based on internal or external ratings, according to the limits determined by the Group management. The use of credit limits is regularly monitored. No credit limit was exceeded in the period, and management does not expect any loss arising from default of these counterparties in an amount that is higher than the allowance amount.

The Group operates commodity derivatives in the New York - NYBOT and NYMEX, Chicago - CBOT and CME and London - LIFFE commodity futures and options markets, as well as in the over-the-counter (OTC) market with selected counterparties. The Group operates commodity exchange rate derivatives and over-the-counter contracts registered with B3, mainly with major national and international banks considered Investment Grade by international rating agencies.

Guarantee margins (Restricted Cash, Note 5) – Derivative transactions on commodity exchanges (NYBOT, NYMEX, LIFFE and B3) require guarantee margins. The total combined consolidated margin deposited at September 30, 2020 amounts to R\$ 558,957 (R\$ 160,610 at March 31, 2020), of which R\$ 90,244 (R\$ 33,178 at March 31, 2020) in restricted short-term investments and R\$ 468,713 (R\$ 127,432 at March 31, 2020) in margin on derivative transactions.

The Group's derivative transactions over the counter do not require a guarantee margin.

Credit risk on cash and cash equivalents is mitigated through the conservative distribution of investment funds and CDBs that make up the item. The distribution follows strict criteria for allocation and exposure to counterparties, which are the main local and international banks considered, in their majority, as Investment Grade by the international rating agencies.

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(h) Liquidity risk

Liquidity risk is that in which the Group may encounter difficulties in honoring the obligations associated with its financial liabilities that are settled with cash payments or with another financial asset. The Group's liquidity management approach is to ensure, as much as possible, that there will always be sufficient liquidity to meet its obligations upon maturity, under normal or stress conditions, without experiencing unacceptable losses or damaging its reputation.

As part of the liquidity management process, management prepares business plans and monitors their execution, discussing the positive and negative cash flow risks and assessing the availability of financial resources to support its operations, investments and refinancing needs.

The table below shows the aging list of financial liabilities:

	<u>Up to 1 year</u>	<u>Up to 2 years</u>	<u>From 3 to 5 years</u>	<u>Above 5 years</u>	<u>Total</u>
Loans and financing (1)	3,238,298	2,558,031	12,817,399	12,734,371	31,348,099
Trade accounts payable (Note 16)	9,437,511	-	-	-	9,437,511
Lease liabilities from third parties and related parties (1)	1,495,039	1,273,111	2,456,316	1,884,442	7,108,908
Derivative financial instruments (Note 27.b)	2,517,882	162,476	35,323	16,176	2,731,857
Related parties (Notes 1 and 2)	1,179,969	-	-	520,389	1,700,358
	<u>17,868,699</u>	<u>3,993,618</u>	<u>15,309,038</u>	<u>15,155,378</u>	<u>52,326,733</u>

- (1) Undiscounted contractual cash flows.
(2) Except for lease liabilities with related parties.

(i) Fair value

The procedures for defining, measuring and recognizing the fair value of financial assets and liabilities remain the same as those disclosed in the annual financial statements as at March 31, 2020 (Note 27.i).

Fair value hierarchy

The Company uses the following hierarchy to determine and disclose the fair value of financial instruments using valuation techniques:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: techniques using inputs that have a significant effect on the fair value recorded that are not based on observable market data.

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Financial instruments measured at fair value at September 30, 2020	Level 1	Level 2	Total
Short-term investments (Note 3)	-	1,033,429	1,033,429
Marketable securities (Note 4)	-	39,514	39,514
Restricted short-term investments (Restricted cash) (Note 5)	-	102,708	102,708
Derivative financial assets (Note 27.b)	2,486,432	4,354,928	6,841,360
Loans and financing (Note 18)	-	(18,291,603)	(18,291,603)
Derivative financial liabilities (Note 27.b)	<u>(2,129,772)</u>	<u>(602,085)</u>	<u>(2,731,857)</u>
Total at September 30, 2020	<u>356,660</u>	<u>(13,363,109)</u>	<u>(13,006,449)</u>
Total at March 31, 2020	<u>1,597,447</u>	<u>(11,274,207)</u>	<u>(9,676,760)</u>

(j) **Sensitivity analysis**

The sensitivity analysis of the financial instruments' fair value, according to the types of risk considered significant by the Group, is presented below.

Assumptions for sensitivity analysis

The Group adopted three scenarios for its sensitivity analysis, one probable and two (possible and remote) that may have adverse effects on the fair value of its financial instruments. The probable scenario was defined based on the futures market curves for sugar, oil (heating oil), ethanol and the US dollar at September 30, 2020, corresponding to the balance of the derivatives' fair value on that date. Possible and remote adverse scenarios were defined considering adverse impacts of 25% and 50% on sugar price curves and US dollar, which were calculated based on the probable scenario.

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In thousands of reais – R\$, unless otherwise stated

Sensitivity table

(1) Changes in fair value of derivative financial instruments

	<u>Risk factor</u>	<u>Probable Scenario</u>	<u>Impact on profit or loss (*)</u>			
			<u>Possible scenario +25%</u>	<u>Fair value balance</u>	<u>Remote scenario +50%</u>	<u>Fair value balance</u>
<u>Price risk</u>						
Commodity derivatives						
Futures contracts and options:						
Purchase and sale commitments	Sugar price increase	102,483	(1,520,042)	(1,417,559)	(3,040,084)	(2,937,601)
Purchase and sale commitments	Gasoline price increase	317,553	(151,138)	166,415	(302,276)	15,278
Purchase and sale commitments	Ethanol price decrease	(96,253)	(143,143)	(239,396)	(286,286)	(382,539)
Purchase and sale commitments	Diesel and gasoline price increase	(36,856)	(140,360)	(177,216)	(280,720)	(317,576)
Purchase and sale commitments	Energy price increase	297,127	63,768	360,895	127,536	424,663
		584,054	(1,890,915)	(1,306,861)	(3,781,830)	(3,197,775)
<u>Currency risk</u>						
Exchange rate derivatives						
Futures:						
Purchase and sale commitments	R\$/US\$ exchange rate decrease	9,855	(15,136)	(5,281)	(30,271)	(20,416)
Forward and Locked-in exchange contracts:						
Purchase and sale commitments	R\$/US\$ exchange rate decrease	(142,709)	(2,872,546)	(3,015,255)	(5,745,091)	(5,887,801)
Purchase and sale commitments	AR\$/US\$ exchange rate decrease	(7,008)	(149,739)	(156,747)	(299,478)	(306,486)
FX swaps:						
Purchase and sale commitments	R\$/US\$ exchange rate decrease	3,314,484	(2,946,139)	368,345	(2,126,836)	1,187,648
		3,174,622	(5,983,560)	(2,808,938)	(8,201,676)	(5,027,055)
<u>Interest rate risk</u>						
Interest derivatives						
Swap, locked-in exchange contracts, DI and NDF	Interest rate decrease	350,827	5,137	355,964	23,059	373,886
		350,827	5,137	355,964	23,059	373,886
Total		4,109,503	(7,869,338)	(3,759,835)	(11,960,447)	(7,850,944)

(*) Profit or loss projected for up to 12 months from September 30, 2020.

(2) Currency exposure, net

The probable scenario considers the position at September 30, 2020. The effects of the possible and remote scenarios that would be posted to the combined consolidated statement of profit or loss as foreign exchange differences are as follows:

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Net currency exposure, adjusted at September 30, 2020	Asset/liability balances	Foreign exchange difference effect			
		Possible scenario	Remote scenario	Possible scenario	Remote scenario
		+25%	+50%	-25%	-50%
Cash and cash equivalents (Note 3)	1,784,233	446,058	892,116	(446,058)	(892,116)
Restricted cash (Note 5)	468,713	117,178	234,357	(117,178)	(234,357)
Foreign trade accounts receivable (Note 6)	1,331,003	332,751	665,502	(332,751)	(665,502)
Related parties (Note 11.a)	(337,635)	(84,409)	(168,818)	84,409	168,818
Trade accounts payable (Note 16)	(2,811,174)	(702,794)	(1,405,587)	702,794	1,405,587
Loans and financing (Note 18)	(16,495,065)	(4,123,766)	(8,247,533)	4,123,766	8,247,533
Lease liabilities (Note 19)	(465,537)	(116,384)	(232,769)	116,384	232,769
Impact on profit or loss for the period		(4,131,366)	(8,262,732)	4,131,366	8,262,732

(3) Interest rate sensitivity

At September 30, 2020, the probable scenario considers the weighted average floating interest rate of 3.68% p.a. on loans and financing, and for short-term investments and restricted cash, the CDI accumulated over the past 12 months of 3.54%. In both cases, simulations were performed considering an increase and decrease of 25% and 50%. The combined consolidated results of this sensitivity analysis are presented below:

	Interest rate sensitivity				
	Probable Scenario	Possible scenario	Remote scenario	Possible scenario	Remote scenario
		+25%	+50%	-25%	-50%
Short-term investments	35,915	8,979	17,958	(8,979)	(17,958)
Marketable securities	1,397	349	699	(349)	(699)
Short-term investments (restricted cash)	3,643	911	1,822	(911)	(1,822)
Loans and financing	(916,311)	(229,078)	(458,155)	229,078	458,155
Additional impact on profit or loss for the period	(875,356)	(218,839)	(437,676)	218,839	437,676

(k) Capital management

The Group's objective when managing its capital structure is to ensure the continuity of its operations and finance investment opportunities, maintaining a healthy credit profile and offering an adequate return to its shareholders.

The Group has a relationship with the main local and international rating agencies, as shown below:

Agency	Scale	Rating	Outlook	Date
Fitch	National	AAA (bra)	Stable	05/28/2020
	Global	BBB	Negative	05/28/2020
Moody's	National	Aaa.Br	Stable	06/28/2019
	Global	Ba1	Stable	06/28/2019
Standard & Poor's	National	brAAA	Stable	06/29/2020
	Global	BBB-	Stable	06/29/2020

Raízen Group monitors its capital through a combined treasury management of its business, using a leverage ratio represented by debt divided by equity.

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The Group's net debt is calculated as the total of loans and financing with the market, net of cash and cash equivalents, investments and trade notes held as collateral for debt items and derivative financial instruments taken out to hedge the indebtedness.

Financial leverage ratios at September 30 and March 31, 2020 were calculated as follows:

	<u>09.30.2020</u>	<u>03.31.2020</u>
Debt		
Loans and financing (Note 18)	26,396,375	25,327,370
(-) Cash and cash equivalents (Note 3)	(2,822,782)	(8,601,660)
(-) Marketable securities (Note 4)	(39,514)	(39,145)
(-) Short-term investments linked to financing (Note 5)	(12,464)	(50,460)
(-) National Treasury Certificates - CTN (Note 10)	(330,596)	(297,459)
(-) Exchange rate, interest rate and other derivative swaps (Note 27.b)	(3,665,311)	(3,369,934)
	<u>19,525,708</u>	<u>12,968,712</u>
Equity		
Equity		
Attributable to the Group's controlling interests	10,724,857	11,364,386
Noncontrolling interests	394,331	365,717
	<u>11,119,188</u>	<u>11,730,103</u>
Total equity and debt	<u>30,644,896</u>	<u>24,698,815</u>
Financial leverage ratio	<u>63.72%</u>	<u>52.51%</u>

28. Supplementary retirement plan and other employee benefits

(a) Pension fund

Defined contribution

In the six-month period ended September 30, 2020, the contribution amount recognized as an expense in the Group was R\$ 10,723 (R\$ 10,710 at September 30, 2019).

Pension and healthcare plan of Raízen Argentina

Raízen Argentina, subsidiary of RCSA, granted pension plans to non-union employees with defined and non-financed benefit. These plans are effective, but closed to new participants since the end of 2014. The healthcare coverage of retired employees is an inherited and frozen benefit, whose cost is equally apportioned between the Company and the former employees.

(b) Profit sharing

The Group recognizes a liability and an expense for profit sharing based on a methodology that considers previously defined goals for employees. The Group recognizes a provision when it is contractually bound or when there is a past practice that has created a constructive obligation.

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In thousands of reais – R\$, unless otherwise stated

29. Supplementary cash flow information

(a) Reconciliation of changes in assets and liabilities to cash flows from financing activities (FCF)

(Assets)/Liabilities	Short-term investments linked to financing (Note 5)	Loans and financing (Note 18) (2)	Lease liabilities	Related parties (1)	Dividends and IOE payable	Total
Balance at March 31, 2020	(50,460)	25,029,911	4,411,784	916,848	95,542	30,403,625
Transactions having an impact on FCF:						
Fundraising, net of expenses	-	3,081,804	-	-	-	3,081,804
Repayments of principal	-	(3,754,054)	-	-	-	(3,754,054)
Repayments of interest	-	(443,465)	-	-	-	(443,465)
Amortizations of lease liabilities	-	-	(747,028)	(79,909)	-	(826,937)
Payment of dividends and IOE	-	-	-	-	(10,284)	(10,284)
Redemption of short-term investments	38,810	-	-	-	-	38,810
Other	-	-	-	4,237	-	4,237
	38,810	(1,115,715)	(747,028)	(75,672)	(10,284)	(1,909,889)
Other non-FCF changes						
Interest, monetary and foreign exchange differences, net	(605)	1,839,484	180,435	32,226	-	2,051,540
Changes in fair value of financial instruments (Notes 18 and 26)	-	218,018	-	-	-	218,018
Allocation of dividends and IOE	-	-	-	-	82,130	82,130
Additions, write-offs and remeasurement of lease liabilities	-	-	688,430	103,347	-	791,777
Foreign currency translation effect and others	(209)	94,081	39,510	(4,918)	(11,138)	117,326
	(814)	2,151,583	908,375	130,655	70,992	3,260,791
Balance at September 30, 2020	(12,464)	26,065,779	4,573,131	971,831	156,250	31,754,527

(1) Comprised of financial transactions, preferred shares and lease liabilities (Note 11.a).

(2) Stated net of CTN.

(b) Non-cash transactions

	Apr- Sept/20	Apr- Sept/19
Non-cash investing transactions		
Installments receivable due to sale of shares and formation of a joint venture	123,439	-
Right of use	(826,919)	(861,510)
Depreciation and amortization of agricultural assets capitalized as property, plant and equipment	(29,932)	(37,816)
Interest capitalized on property, plant and equipment (Notes 14 and 26)	(18,278)	(18,140)
Additions to investments	-	(17,874)
Depreciation of agricultural assets capitalized as biological assets	(14,109)	(11,833)
Additions to property, plant and equipment and other, net	(2,974)	1,042
	(768,773)	(946,131)

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