

# Raízen Combustíveis S.A.

**Financial Statements as of March 31, 2021  
and Independent auditor's report**

# Contents

Management Report.....	1
Independent auditor's report on individual and consolidated financial statements .....	12
Statements of financial position .....	18
Statements of income.....	20
Statements of comprehensive income .....	21
Statements of changes in equity .....	22
Statements of cash flows - Indirect method.....	25
Statements of value added .....	27
Notes from management to the financial statements.....	29

## MANAGEMENT REPORT

In compliance with legal and statutory provisions, the Management of Raízen Combustíveis S.A. hereby presents the Management Report and the Consolidated Financial Statements, prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as well as with the accounting practices adopted in Brazil and rules of the Brazilian Securities and Exchange Commission (CVM). The Company adopted all the standards, reviews of standards, and interpretations issued by IASB and those which are in force for financial statements for the period ended March 31, 2021.

Raízen Group ("Group" or "Raízen"), when mentioned, represents all business presented jointly by Raízen Energia S.A. ("RESA") and its controlled companies and Raízen Combustíveis S.A and its controlled companies.

**Adoption of CPC 06 (R2) / IFRS 16 – Leases:** Since April 1st, 2019, the Company has applied CPC 06 (R2) / IFRS 16 - Leases, which concerns lease accounting principles, and replaces IAS 17 - Leases and its interpretations. Raízen chose the modified retrospective approach, without resubmitting the 2018/19 Consolidated Financial Statements

## OPERATIONAL PERFORMANCE

We present below the consolidated results of Raízen Combustíveis, mainly engaged in: (i) the operation of fuel distribution and proximity in Brazil and (ii) the refining operation, distribution and resale of fuel in Argentina. Raízen Combustíveis's fiscal year begins in April and ends in March of each year. This report addresses the results for the quarter beginning on January 1, 2021 and ending on March 31, 2021 (4Q'21), and for the year beginning on April 1, 2020 and ending on March 31, 2021 (2020/21 crop year).

### ***Financial Highlights – Combined and Consolidated***

**Marketing & Services:** The consolidated adjusted EBITDA came to R\$ 1.1 billion in 4Q'21, a 54% expansion compared to 4Q'20 and 16% above 3Q'21, benefited from gains arising from the and commercialization strategy during the quarter. In the crop year, adjusted EBITDA reached R\$ 2.7 billion (-21%). The result was impacted by the social distancing measures, especially in 1Q'21. In the Brazilian operation, adjusted EBITDA contributed with R\$ 734 million (+29%) in the quarter, due to the improved profitability in the period. Despite the worsening of the Covid-19 pandemic in the country, fuel sale volumes remained flat compared to 4Q'20. The highlight for the quarter was the volume of diesel sold (+14%), boosted by a strong demand from agribusiness and new B2B clients. Otto cycle sales were 3% lower due to more social distancing measures. Demand from the aviation segment, however, continues under pressure (-67%) by the reduced flight grid, even though it posted 13% recovery in volumes quarter-over-quarter. **During 4Q'21, 65 proximity stores were inaugurated (net additions):** 52 Shell Select stores and 13 OXXO – aligned with the expansion plan of Grupo NÓS. **In the crop year, the Brazilian operation reached an adjusted EBITDA of R\$ 2.0 billion (-25%). In Argentina, adjusted EBITDA totaled USD 63 million (R\$ 340 million) in the quarter**, 91% growth year-over-year. Demand recovery in retail and B2B segments, combined with gains in market share, resulted in 18% increase in gasoline sales and 9% for diesel. Aviation fuel sales grew 52% compared to 3Q'21, pointing to gradual recovery of the sector in the last few months. **Adjusted EBITDA reached USD 124 million (R\$ 662 million) in the crop year**, reduction of 26%, also strongly impacted in the first semester due to social distancing measures. In reais, the results were aligned with the previous year since the currency devaluation offset the reduction of volume sold due to the pandemic.

#### Definitions

**4Q'20:** quarter ended March 31, 2020.

**3Q'21:** quarter ended December 31, 2020.

**4Q'21:** quarter ended March 31, 2021.

**FY 2020:** period from April 1st, 2019 to March 31, 2020.

**FY 2021:** period from April 1st, 2020 to March 31, 2021.

## A. Marketing & Services

The results for "Marketing & Services", which encompasses a unique and synergistic value platform in the downstream, are presented in a combined manner, including (i) the operation of fuel distribution and proximity in Brazil and (ii) the refining operation, distribution and resale of fuel in Argentina.

Adjusted EBITDA (R\$ Mln)	4Q'21	4Q'20	Var %	3Q'21	Var %	FY 2021	FY 2020	Var %
<b>Marketing &amp; Services</b>	<b>1,074.1</b>	<b>698.4</b>	<b>53.8%</b>	<b>926.5</b>	<b>15.9%</b>	<b>2,695.1</b>	<b>3,390.9</b>	<b>-20.5%</b>
Fuel Distribution & Proximity Brazil	734.2	568.0	29.3%	621.9	18.1%	2,033.6	2,724.1	-25.3%
Downstream Argentina	339.9	130.4	>100%	304.6	11.6%	661.5	666.8	-0.8%

The business reached adjusted EBITDA of R\$ 1.1 billion in 4Q'21, an expansion of 54% compared to 4Q'20 and 16% higher than 3Q'20, benefited by gains from the supply and commercialization strategy. In the crop year, adjusted EBITDA totaled R\$ 2.7 billion (-21%), affected by the social distancing measures, with a higher impact in 1Q'21.

### A.1. Fuels Distribution and Proximity in Brazil

The first quarter of 2021 was marked by new restrictions to the circulation of people in order to combat the significant advance of the Covid-19 pandemic in Brazil. **Despite this scenario, fuel demand in the Brazilian market was in line with the same period in the previous year (ANP basis).** The Otto cycle sold volume dropped by only 3% whereas the demand for diesel in Brazil contributed positively to the stability of total volumes (+ 5% versus 4Q'20). Finally, the aviation segment continues to recover more slowly, expanding 1% compared to 3Q'21 (-38% vs 4Q'20).

**At Raízen**, fuel sales volumes were also stable in comparison with 4Q'20. It should be noted that the comparison base was affected by the initial impacts of the pandemic and by the cyber-attack suffered. The highlight of the period was the sale of diesel (+14%), driven mainly by the acceleration of the agricultural crop in the country and new B2B agreements, surpassing the market performance. The consumption of Otto cycle fell 3%, due to more restrictive measures of social isolation. The demand in the aviation segment continues to be impacted (-67%) by the reduction in the air network, although it has recovered 13% in volumes compared to 3Q'21. In the crop year, sales volumes reduced 10% impacted by the restrictive measures of social isolation already mentioned, that reduced consumption of aviation segment (-73%) and also Otto cycle (-12%), partially offset by higher sales in Diesel (+4%).

Indicators	4Q'21	4Q'20	Var %	3Q'21	Var %	FY 2021	FY 2020	Var %
<b>Sales volume ('000 cbm)</b>	<b>6,209</b>	<b>6,251</b>	<b>-1%</b>	<b>6,814</b>	<b>-9%</b>	<b>24,473</b>	<b>27,104</b>	<b>-10%</b>
Otto cycle (Gasoline + Ethanol)	2,667	2,755	-3%	3,202	-17%	10,627	12,065	-12%
Diesel	3,326	2,919	14%	3,425	-3%	13,114	12,592	4%
Aviation	175	532	-67%	155	13%	594	2,232	-73%
Others	41	45	-10%	32	28%	139	215	-35%
Gasoline Equivalent Volumes	2,394	2,481	-3%	2,891	-17%	9,602	10,848	-11%
<b>Financial</b>								
<b>Adjusted EBITDA (R\$ Mln)</b>	<b>700.6</b>	<b>479.6</b>	<b>46.1%</b>	<b>551.0</b>	<b>27.2%</b>	<b>1,909.6</b>	<b>3,730.4</b>	<b>-48.8%</b>
Sale of assets	(21.0)	(30.2)	-30.5%	(11.7)	79.5%	(38.3)	(97.2)	-60.6%
Assets from contracts with clients	120.1	118.7	1.2%	122.5	-2.0%	459.4	485.3	-5.3%
IFRS 16 effect	(15.5)	(9.1)	70.3%	(12.2)	27.0%	(54.7)	(33.7)	62.3%
Non-recurring effects	(50.0)	9.0	n/a	(27.7)	80.5%	(242.4)	(1,360.7)	-82.2%
<b>Adjusted EBITDA (R\$ Mln)</b>	<b>734.2</b>	<b>568.0</b>	<b>29.3%</b>	<b>621.9</b>	<b>18.1%</b>	<b>2,033.6</b>	<b>2,724.1</b>	<b>-25.3%</b>
<b>Adjusted EBITDA Margin (R\$/cbm)</b>	<b>118.3</b>	<b>90.9</b>	<b>30.2%</b>	<b>91.3</b>	<b>29.6%</b>	<b>83.1</b>	<b>100.5</b>	<b>-17.3%</b>
<b>Adjusted EBITDA Margin (R\$/cbm) exclud. RenovaBio*</b>	<b>118.3</b>	<b>90.9</b>	<b>30.2%</b>	<b>103.3</b>	<b>14.5%</b>	<b>n/d</b>	<b>n/d</b>	<b>n/d</b>
<b>Investments (R\$ Mln)</b>	<b>194.7</b>	<b>192.8</b>	<b>1.0%</b>	<b>189.7</b>	<b>2.6%</b>	<b>781.6</b>	<b>921.9</b>	<b>-15.2%</b>
<b>Convenience and Proximity stores (Unit)</b>	<b>1,187</b>	<b>1,070</b>	<b>10.9%</b>	<b>1,122</b>	<b>5.8%</b>	<b>1,187</b>	<b>1,070</b>	<b>10.9%</b>

\* Excludes costs with RenovaBio program accounted in 3Q'21 due to extemporaneous quarters. Includes expenses with CBIOs credits related to 3Q'21.

**Adjusted EBITDA reached R\$ 734 million (+29%)**, showing gains due to the maximization of the supply and commercialization strategy in the period and cost reductions with the capture of efficiencies. As a result, the EBITDA margin in the period reached R\$ 118/cbm (+30%), on a recurring basis. **In the crop year, adjusted EBITDA totaled R\$ 2.0 billion (-25%)**, impacted restrictive measures of social isolation, with a higher impact in 1Q'21.

**Investments totaled R\$ 195 million (+1%) in the quarter**, in line with the plan for the year. Shell network had 6,579 gas stations in Brazil by the end of 4Q'21.

**In Proximity, we ended the quarter with 1,187 stores. There was net addition of 65 stores**, of which 52 are Shell Select and 13 OXXO brand, according to the expansion plan of Grupo NÓS, Raízen's JV with FEMSA.

## A.2. Downstream Argentina

The functional currency of the downstream operation in Argentina is the US dollar and, for this reason, we will report all results in this currency.

**Fuel demand in Argentina's operation showed an important recovery** in the annual and quarterly comparison. Sales of petrol and diesel grew 18% and 9%, respectively, showing the gain in market share in the period, as well as increased consumption in the country. Aviation fuel demand continues to improve sequentially (+52% versus 3Q'21), although at a slower rate.

Indicators	4Q'21	4Q'20	Var %	3Q'21	Var %	FY 2021	FY 2020	Var %
<b>Sales volume ('000 cbm)</b>	<b>1,391</b>	<b>1,381</b>	<b>1%</b>	<b>1,314</b>	<b>6%</b>	<b>4,723</b>	<b>6,087</b>	<b>-22%</b>
Otto cycle (Gasoline+Ethanol)	523	443	18%	452	16%	1,542	1,871	-18%
Diesel	494	451	9%	492	0%	1,838	1,981	-7%
Aviation	48	120	-60%	32	52%	115	492	-77%
Others	326	367	-11%	339	-4%	1,228	1,743	-30%
<b>Financial</b>								
<b>EBITDA (US\$ Mln)</b>	<b>75.0</b>	<b>46.8</b>	<b>60.3%</b>	<b>71.1</b>	<b>5.5%</b>	<b>177.9</b>	<b>219.9</b>	<b>-19.1%</b>
IFRS 16 effect (US\$ Mln)	(12.5)	(14.0)	-10.7%	(14.1)	-11.3%	(54.1)	(53.6)	0.9%
<b>Adjusted EBITDA (US\$ Mln)</b>	<b>62.5</b>	<b>32.8</b>	<b>90.5%</b>	<b>57.0</b>	<b>9.6%</b>	<b>123.8</b>	<b>166.3</b>	<b>-25.6%</b>
<b>Adjusted EBITDA (R\$ Mln)</b>	<b>339.9</b>	<b>130.4</b>	<b>&gt;100</b>	<b>304.6</b>	<b>11.6%</b>	<b>661.6</b>	<b>666.8</b>	<b>-0.8%</b>
<b>Adjusted EBITDA Margin (R\$/cbm)</b>	<b>244.4</b>	<b>94.4</b>	<b>&gt;100</b>	<b>231.9</b>	<b>5.4%</b>	<b>140.1</b>	<b>109.5</b>	<b>27.9%</b>
<b>Investments (US\$ Mln)</b>	<b>26.8</b>	<b>20.6</b>	<b>30.1%</b>	<b>12.4</b>	<b>&gt;100</b>	<b>59.3</b>	<b>74.8</b>	<b>-20.7%</b>
<b>Investments (R\$ Mln)</b>	<b>148.7</b>	<b>94.3</b>	<b>57.7%</b>	<b>66.7</b>	<b>&gt;100</b>	<b>322.9</b>	<b>309.3</b>	<b>4.4%</b>

**Adjusted EBITDA for the quarter totaled USD 63 million (R\$ 340 million), 91% growth compared to 4Q'21**, benefited from the continued recovery in demand, the improved operating efficiency, and the maintenance of profitability at the pump. **In the crop year, adjusted EBITDA totaled USD 124 million (R\$ 662 million) reduction of 26%**, impacted mostly by first semester restrictive measures of social isolation. In Brazilian Reais, Argentina results were in-line for the year-over-year comparison, since currency devaluation offset lower sales volumes due to Covid-19 pandemic.

**Investments totaled USD 27 million in the period (+30%)**, expansion explained by the increased expenditures with maintenance and improvements made to the refinery, in line with the plan for 2021/22 crop year. At the end of March 2021, Shell network had 785 gas stations in Argentina, of which 42 are operated by Raízen.

## Reorganization of quarterly results report and statements about financial information

As from 3Q'21, we have presented Raízen Combustíveis results in order to show its products sold and services provided, with the aim of improving and amplifying the understanding on how Raízen captures value throughout the operational chain.

The table below shows the reconciliation of Raízen Combustíveis adjusted EBITDA from April 2020 to March 2021, based on the division by segment used through the 2Q'21 and the new proposal adopted as from the 3Q'21, as follows:

FY 2021			
EBITDA (Mln R\$)	Combustíveis Argentina	Combustíveis Brasil	Combustíveis Total
Marketing & Services	953.6	1,909.5	2,863.1
Adjustments and Eliminations	-	(1.9)	(1.9)
<b>Total EBITDA</b>	<b>953.6</b>	<b>1,907.6</b>	<b>2,861.2</b>
<b>Adjusted EBITDA (Mln R\$)</b>			
Marketing & Services	661.5	2,033.6	2,695.1
Adjustments and Eliminations	-	(1.9)	(1.9)
<b>Total Adjusted EBITDA</b>	<b>661.5</b>	<b>2,031.7</b>	<b>2,693.2</b>

### ***EBITDA Reconciliation (R\$ Mln) - Raízen Combustíveis including Raízen Argentina***

EBITDA Reconciliation (R\$ Mln)	4Q'21	4Q'20	Var %	3Q'21	Var %	FY 2021	FY 2020	Var %
<b>Net income - Owners of the Company</b>	<b>441.4</b>	<b>134.4</b>	<b>&gt;100%</b>	<b>398.8</b>	<b>10.7%</b>	<b>996.5</b>	<b>2,056.1</b>	<b>-51.5%</b>
Net income - Non-controlling Interest	14.3	(1.5)	n/a	9.7	47.4%	42.8	44.7	-4.3%
<b>Net income for the period</b>	<b>455.7</b>	<b>132.9</b>	<b>&gt;100%</b>	<b>408.5</b>	<b>11.6%</b>	<b>1,039.3</b>	<b>2,100.8</b>	<b>-50.5%</b>
Income tax and social security	235.7	106.7	>100%	206.0	14.4%	466.0	990.6	-53.0%
Financial result	170.8	212.6	-19.7%	65.6	>100%	368.4	702.6	-47.6%
Depreciation and amortization	245.6	220.0	11.6%	251.7	-2.4%	987.5	823.7	19.9%
<b>EBITDA</b>	<b>1,107.8</b>	<b>672.2</b>	<b>64.8%</b>	<b>931.8</b>	<b>18.9%</b>	<b>2,861.2</b>	<b>4,617.7</b>	<b>-38.0%</b>

## **POLICY ON DISTRIBUTION OF DIVIDENDS AND INTEREST ON OWN CAPITAL**

Raízen Combustíveis S.A. follows the Brazilian Corporation Law for the purpose of distributing dividends and its bylaws provide for the payment of mandatory dividend to common shares of 1% of adjusted net income for each year ended March 31. The amounts distributed and paid as dividends and interest on own capital are explicitly stated in the statements of cash flows, statements of changes in shareholders' equity and in the notes to the financial statements for the year ended March 31, 2021.

## **ESG MANAGEMENT AGENDA**

Raízen seeks to be the benchmark company in sustainability in the industries where it operates, through the incorporation of best environmental, social and governance practices in its business strategy, promoting shared value within the chain.

As an integrated energy company, Raízen is prepared for the dynamic scenario of the segments in which it operates. Thus, we have adopted Sustainability as a central element of our strategy. Throughout our 10 years of history we kept an active listening of our stakeholders through materiality process, which consist in a survey about most relevant themes about our business and interested parts, accordingly with the impacts, positive or negative, caused by the operations.

The process includes internal and external documents analysis, involvement of High Leadership and consultation to our related public – which are accessed by interviews or forms, prioritizing the first option whenever is possible. The diversity of stakeholders' categories consulted enrich the process, resulting in a variety of themes that reflects different perspectives of our business model.

Those themes are plotted in a Materiality Matrix, what allow us to identify the most relevant, considering our acting sectors and the context we are placed. Also integrates our Sustainable Strategic Plan, which orient goals and structure actions for every identified aspect.

Periodically reviewed, our Materiality Matrix of 2019 considered public documents of more than 30 companies, among clients and financial institutions, in order to map trends of sustainability for those public. In this stage, qualitative interviews were conducted with investment specialists of the sectors we operate. The identified themes were confronted, in a second stage, with the reality of each business, in order to identify strengths and possible gaps of sustainable practices. This process counted with an involvement of 12 departments and 18 managers.

In 2020, we amplified the listening, in a work that started by the political analysis, strategic guidelines, communication materials, certificates, among other internal documents, besides sectorial studies, releases, recent publication at press and ratings surveys and market indices. After, 240 consults were conducted to clients and partners, public authorities, communities, investors, employees, and High Administration members.

At the end of the process, seven materials themes were identified. It is been defined and/or updated the long-term ambitions, short-term plans as well as medium-term deadline and goals to be strategically structured and unfolded across the next crop years to the main related teams. The themes are: climate changes and energy transition; HSSE management; compliance and ethic governance; innovation, development and circular economy; relationship with communities; human rights, diversity and inclusion; financial performance and business expansion.

Our long-term strategy contemplates nine public compromises assumed in synchrony with 14 of 17 United Nations (UN) Sustainable Development Goals (SDGs) and directly correlated to materials themes. Those are a group of practices that always integrates our day by day – do more with less, reduce negative environmental impacts, valuing our team life quality, generating social positive impacts and also circular economy –, and gains even more relevance the “Decade of Action” – denomination, attributed by UN due to the deadline proximity to reach global compromises of Sustainable Development Agenda, in 2030.

Publicly assumed ESG Compromises<sup>1</sup>:

1. Reduce carbon footprint of ethanol and sugar by 10%
2. Reduce water collection from external sources by 10%
3. Raise GJ/ha indicator by 15%
4. Ensure a robust system to traceability of 100% of crushed sugarcane volume
5. Ensure sustainability programs internationally acknowledged to sugarcane sources
6. Keep all operating units certified by recognized standard certifications
7. Promote advances in Human Rights on our operations and supply chain
8. Influence in an active way our strategic partners and eliminate violation risks of our ethic and compliance values
9. 100% of surrounding<sup>2</sup> contemplated by *Fundação Raízen*

Aiming to improve the governance regarding this area, the company implemented the Sustainability Committee in 2019/2020, which includes representatives of the top leadership, such as the CEO and Vice-Presidents, who strategically discuss its Sustainability agenda.

Moreover, the Corporate Social Responsibility Committee (CSR) is part of this structure, where matters are discussed with representatives of the shareholders (Shell and Cosan), who address relevant issues to the Board of Directors.

Aiming to ensure a high level of transparency and engagement with its stakeholders, Raízen publishes its Annual Report annually (following the guidelines of the GRI - Global Reporting Initiative international standard), thus reaffirming the Company's commitment to dialogue with its strategic audiences. The report presents the performance in key indicators, in addition to the result of actions developed by Raízen during the crop year.

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<sup>1</sup> The compromises have reference to 2018/2019 crop year.

<sup>2</sup> Compromise applicable to surrounding with reception capacity of the model.

## **CLIMATE CHANGES AND EMISSION MANAGEMENT**

Since its creation, Raízen quantifies and manages Greenhouse Gas (GHG) emissions from its activities through the Annual Emissions Inventory. The inventory covers all the company's operations and is audited by an independent third party, thus making it a robust management tool.

The quality of information reported and used as an internal diagnosis is fundamental. Therefore, we invest in a software for data collection and automated calculation of emissions, in addition to having more than 80% of emissions coming from system integrations. This means that said data are not handled and, consequently, generate less uncertainty to the results.

Also aiming to better manage the GHG emissions from our processes, we carry out the Life Cycle Analysis (LCA) of our products annually, with a special focus on the carbon footprint. The knowledge obtained through the Inventory and the LCA allowed Raízen to commit to reducing its carbon footprint of ethanol produced by 10% by 2030. Said reduction will be achieved through the more efficient use of inputs and productivity gains in sugarcane fields, thus stressing our commitment to the low carbon economy and the efficient use of land.

With a view to business continuity, Raízen has been working on mapping and incorporating risks resulting from climate change into the risk matrices of the company's business throughout the last crops. These risks are the result of a study carried out in the 2017/2018 crop, using a consulting firm specialized in the subject, where reputational, operational, regulatory and market aspects were analyzed. The results obtained reinforced that Raízen is on the right track and that its businesses can take advantage of many opportunities, especially regarding regulatory and market aspects.

## **SUSTAINABLE SOURCE AND CERTIFICATIONS**

Raízen has 25 of its ethanol and sugar producing units certified according to the international Bonsucro standard – the only standard developed specifically for sugarcane production – which certifies that the units follow its highest sustainability requirements. The Bonsucro certification, a voluntary initiative, is recognized by the European Commission for complying with the criteria established by the European Renewable Energy Directive (Directive 2009/28/EC). With this certification, companies can sell their products to European Union (EU) countries and to other markets and clients with high standards of sustainability requirements.

Raízen also maintains other certifications that attest to the quality of its products and the excellence of its processes, such as ISO 9001 and FSSC 22000 (certifications that ensure the quality and safety of Raízen products, respectively), ISO 14001 and OSHAS 18001 (environmental management and occupational health and management systems, respectively) and Sedex Global (a platform that allows to store, share and communicate production and quality information with clients). Moreover, the company also meets the requirements for registration with the EPA (United States Environmental Protection Agency Program, mandatory for ethanol producers that sell biofuel in the North American market), as well as registration with CARB (California Air Resources Board), which ensures compliance with the fuel production and transportation rules provided for in the Low Carbon Fuel Standard.

Our certification strategy also extends to second generation ethanol (E2G) produced from sugarcane bagasse. This plant, whose operation started in 2014/2015, is integrated with the Costa Pinto unit in the city of Piracicaba (SP) and achieved a productivity index of 226 liters of E2G per ton of biomass on a dry basis. All E2G production meets the most stringent sustainability standards of Bonsucro and ISCC, in addition to the criteria for accessing the American and European Union markets.



In the continuous search for more sustainable production, Raízen developed the ELO Program in partnership with Imaflora and Solidaridad, two internationally recognized institutions operating in the sustainable development of agricultural commodity chains. This is an unprecedented initiative worldwide to promote sustainability in Raízen's sugarcane supply chain. The project allowed Raízen to expand its sustainable performance by providing knowledge, processes and resources to engage its sugarcane suppliers to adopt measures that guarantee adequate working conditions, best practices for preserving the environment and, consequently, an integrated management of processes and businesses. Currently, the ELO Program serves approximately 2,000 producers, accounting for 94% of the volume of sugarcane from third parties. In 2019, ELO Program was considered the Big Push for sustainability by Economic Commission for Latin America and Caribbean (Cepal) of United Nations.

Sugarcane suppliers are also supported by the "Cultivar" Program. Its main purpose is to help the producers in cost reduction, generate cash flow and increase productivity by offering financial, operational and educational services.

## **HEALTH AND SAFETY**

Safety is a priority topic for Raízen, that disseminates responsibility for safe attitudes among its employees and partners. Raízen has the challenge of attaining a zero accident rate in all its businesses, focusing on safe behavior as the key to achieving this goal, which has yielded significant improvements in its accident rates year after year, a scenario that also occurred in the 2020/2021 crop year.

Health and safety are two of the main pillars of the Company's operations, reflected in how the Integrated Operations Management System (SIGO) program is followed in daily operations. SIGO is an integrated platform that manages activities involving HSEE risks in all Raízen activities, focused on preventive behaviors and continuous improvement.

## **BEST ENVIRONMENTAL PRACTICES**

The Company's environmental performance is based on the recognition that, as one of the leading companies in the country's energy industry, it is responsible for preserving the environment and minimizing the impacts caused by its activities. For this purpose, the Company invests in the conscious use of its resources, always seeking the best practices.

Raízen has been a signatory to the Agro-Environmental Protocol for the Sugar and Alcohol Sector since 2007. This document, an agreement signed between the government of the State of São Paulo and the Union of the Sugarcane Industry (Unica) of São Paulo, lists principles and technical guidelines to be adopted by the industries in the sugarcane chain regarding environmental matters. Among these principles, we highlight the anticipation of the legal deadlines established for the elimination of burning practice during the sugarcane harvest. Aiming to achieve this goal, Raízen made significant investments in monitoring and responding to fire in the sugarcane fields, using high-definition, long-range cameras to identify fire outbreaks and responding rapidly to prevent spread.

It is known that burning sugarcane for harvesting acidifies the soil and the water and emits greenhouse gases. Raízen's harvesting is 99% mechanical, and the remaining part is manual in lands where the use of machinery is unfeasible. The company also adopts biological control to fight plagues, which limits the use of chemical pesticides, and maintains contracts with specialized companies for services in case of environmental emergencies.

## **RENEWABLE ENERGY**

Raízen operates in a circular economy system, taking advantage of all waste and inputs used in its processes to generate new forms of energy, thus directly contributing to the environment, generating less industrial waste and creating sustainable products that help cleaning the Brazilian energy matrix. To use waste as inputs in its process is a strategy to improve productivity and expand its portfolio.

As the biggest sugarcane ethanol producer in Brazil, Raízen commercializes different types (hydrous in various standards, anhydrous and neutral) to many markets nationally and globally. According to the Union of the Sugarcane Industry (Unica) of São Paulo, the company is one of the biggest individual producers in Brazil, with an annual volume of approximately 2,5 billion liters.

Considered one of the biggest producers of electric power using sugarcane bagasse and straw in the world, all its 23 operating production units are self-sufficient in energy consumption and 13 of them commercialize the surplus to the National Interconnected System (SIN).

Since 2019, Raízen is the only Company that produces Second Generation ethanol, produced by the waste generated from sugar and ethanol production of First Generation. In the next year, it initiated activities at one of the biggest Biogas plants of the world, in which, from residues of vinasse and cake filter, produces biogas that can be converted to electricity or biomethane gas – substitute of Diesel in heavy vehicles. Related to electricity generation, the plant has an installed capacity of 21 MW.

It also produces pellets that replace fossil fuels, such as coal. In order to go further, partnered with RWE to study the viability, in large scale, of the pellets for electric power generation in thermoelectric plants powered by coal converted to biomass.

Diversifying its portfolio of renewable products, the Company entered the Distributed Generation market with 3,800 solar panels (1.3 MWp of installed power) in the area that is most dedicated to this purpose in São Paulo State territory.

## **WATER RESOURCES**

The efficient use of natural resources in our operations is part of a responsible action. To produce one liter of sugarcane fuel, 1.4 thousand liters of water are needed. However, when Raízen identified the opportunity to use the water of the sugarcane, it created the ReduSa program. Until 20'21 crop year, the average withdrawal per production unit was reduced in 19.6% in comparison to 12'13 crop year, when it was created. The reduced water withdrawal reinforces the Company's resilience to water shortage. The initiative was awarded in Bonsucro Global Week 2019. Furthermore, the Plan for Monitoring the Quality of Superficial Waters and Liquid Effluents was created with the support of certified laboratories.

## **SOCIAL PERFORMANCE**

Raízen and its subsidiaries understand and recognize that its activities have a potential impact, positive or negative, on diverse stakeholders, including communities in areas of influence of its operations. From this perspective, the Company revised its Social Performance strategy and policy. In this process, we understood the power of social capital for Raízen's current and future strategy, formalizing the ambition to be a reference in positive social impact in the sectors in which the Company operates, to potentialize the company's business and culture, and to mobilize people and organizations for the future of renewable energy.

This ambition, reflected in the different acting fronts in social performance, points to positive results. Last year, Raízen's volunteer program – "VOAR - Voluntários em Ação Raízen" - was present in 37 cities, with 1,305 unique volunteers and 63 actions. There were about 5,800 volunteer hours that benefited more than 7 thousand people. Raízen's Private Social Investment reached more than 25 cities, R\$ 13.8 million of which was invested only in incentive projects. The Raízen Foundation, in its core dedicated to childhood, served 214 children, 135 educational activities carried out, 831 hours of classes and 23 tons of donated food. Besides working with children, the Raízen Foundation, which has been active in the education of children and young people in social vulnerability for 19 years, carries out engagement actions with families to they be the part of the development process of their students. Throughout the 20'21 crop year, actions were taken to diagnose the psychological health of young people, digital literacy and internet access. Partnerships were also made with the students' schools so that those who did not have access to the internet could take away the Foundation's activities in the school environment. More than 1,500 young people and children were served, with a total impact of more than 6 thousand benefited family members. In total, Raízen's Social Investment benefited more than 2.2 million people in the 2020/2021 crop year.

Raízen performs the mapping of socio-environmental aspects and impacts of the business, analysis of direct and indirect risks to communities and monitoring through Mitigation Plan for Negative Impacts on Communities, which considers, among other tools, the application of Risk Factor Matrix, the dissemination of direct communication channels, such as the Customer Service ("SAC") and the implementation of awareness and prevention campaigns.

When applying the Risk Factor Matrix, we weigh factors as probability and consequences of the identified impacts. The impacts classified as potentially relevant demands an action plan and are susceptible to control actions.

Based on the prior socioeconomic diagnosis of the localities, Raízen works to minimize the risks and negative impacts identified and potentialize the positive impacts, valuing local vocations and of people's protagonism. Socioeconomic diagnoses consider consultations with internal and external stakeholders, as well as mapping opportunities. We also listen to communities impacted by the company's operations, through the Customer Service (SAC), which is prepared to receive and address the most diverse manifestations, such as doubts, complaints, suggestions and praise from the communities neighboring the operations.

Raízen is signatory of agroenvironment – "Ethanol More Green", compromise renewed in 2018 that determines elimination of fire on sugarcane harvest in São Paulo State. In addition, Raízen is a member of "PAME", the Mutual External Assistance Plan, system of cooperation among companies in actions of big emergencies. The harvest of agricultural operation is 100% mechanized and does not practice any type of controlled burn.

One of the highlights of the 2020/2021 crop year was the release of a pilot project for a direct communication channel so that anyone can indicate where there are outbreaks of fires close to our operations. Institutionally, we have implemented a multidisciplinary Committee to ensure the management of the topic, which is of great concern to us, as it potentially exposes employees and neighbors to risk situations, besides to harming the environment and the supply chain production itself. We monitor our sugarcane fields daily to prevent and fight any fires of unknown or accidental origin, as is the case with those from bonfires and other sources - such as cigarettes, for example - in areas of great circulation, mainly close to cities and highways.

We invest in environmental education and sustainable development in the cities where we operate, raising awareness about ways of prevention and alerting about the risks of fire occurrences to the surrounding communities. In addition, in partnership with representatives of the Environmental Police and the Secretariat of Infrastructure and Environment of the State of São Paulo, the Company promoted an event on preventing and fighting fires in sugarcane fields. The event was attended by representatives of the sector, employees, journalists and secretaries working in areas of interest to Raízen and partners.

For the Prevention and Combat actions, we developed a Protocol with 39 security procedures, unprecedented in the sector, which aims at the safety of brigadiers, increasing efficiency in combat and action within the Law. More than 1,100 brigadiers were trained and as additional material resources, today we have 173 combat trucks with automated cannons, which significantly increases the safety of this operation.

## **HUMAN RESOURCES**

As of March 31, 2021, considering the employees of our companies, we had 29,350 employees (28,843 in March 2020). All our employees, including migrant and temporary rural workers, are directly hired by the Company under the Brazilian Labor Code (CLT) regime.

The Company maintains harmonious relationships with Workers' Unions that represent its employees. Collective bargaining agreements and conventions to which we are a party or directly negotiate have, in general, a term of 12 months. The Company is committed to complying with the applicable labor legislation and the conditions agreed in the collective bargaining instruments entered into with the unions, applying them equally to unionized and non-unionized employees.

We offer our employees, including our executives, a benefits package that includes balanced meals, health care, hospital and dental assistance, medication purchase allowance, food basket or food stamps, group life insurance, scholarships, among others, applicable to the different internal audiences of the Company. All of our employees are entitled to profit sharing programs, customized by area of activity and developed in accordance with applicable legislation, counting on the participation of workers' commissions and representatives of professional unions, whose remuneration is based on the achievement of goals and operational performance. The members of our Board of Directors are not entitled to these benefits.

The Company has been laying the groundwork for a solid career and succession plan of its employees, besides ensuring the continuity of the performance evaluation programs, based on the meritocracy model.

The "Raízen University", comes in constant evolution in driving the learning and development actions of all areas. Thus, the structure currently includes five units, strategically connected to the challenges of the markets in which we operate. However, there are some prerequisites for everyone: Health, Safety and Environment (HSE); "Nossa RAIZ"; and Ethics and Sustainability. There is also the Continuing Education Center, which fosters the continuous self-development of our team. Through training and experience, we will promote the exchange and integration between different areas of knowledge.

Diversity and Inclusion is also an agenda of big evolution in which we understand that makes many differences to reach unique results to our business. We have an ambitious goal of, until 2025, reach 30% of women in high leadership positions. Our committee of D&I is a lot active in promoting this agenda over the business, as of organic management groups. Important topics boost actions of gender, ethnic, and PWDs themes. A factor that, for us, have been leveraging that is the constant formation of our leaders to reduce the impact of biases and respect and individuality views.

## **CORPORATE GOVERNANCE**

The Company bases its relationship with its stakeholders on the principles of transparency, equity, quality of accountability and corporate responsibility.

Aiming to ensure management and business transparency, the Company has an information disclosure policy, with the purpose of ensuring that data for the market is presented in a broad, transparent, homogeneous and consistent manner.

The Company maintains robust internal control procedures, objectively adapting itself to the needs provided for by its Corporate Governance principles. In line with the best governance practices, the Company has committees to support the monitoring and deliberations of its Board of Directors, such as the Audit Committee, Financial Committee, Compensation Committee and Corporate Social Responsibility Committee.

## **STATEMENT OF THE EXECUTIVE OFFICERS ON THE FINANCIAL STATEMENTS**

In compliance with the provisions of article 25, paragraph one, item 6 of CVM Instruction No. 480/09, the Company's Directors declare that discussed, reviewed and agreed with the information in Company's financial statements for the fiscal year ended March 31, 2021.

## **STATEMENT OF THE EXECUTIVE OFFICERS ON THE INDEPENDENT AUDITORS' REPORT**

In compliance with the provisions of article 25, paragraph one, item 5 of CVM Instruction No. 480/09, the Company's Directors declare that discussed, reviewed and agreed with opinion expressed in Ernst & Young Auditores Independentes auditors' report issued on May 29, 2021 for the fiscal year ended March 31, 2021.

## **RELATIONSHIP WITH EXTERNAL AUDITORS**

The policy of the Company and its subsidiaries for contracting services other than external audit from independent auditors follows principles that preserve their independence. These principles comprise, in accordance with internationally accepted standards: (a) the auditor should not audit his own work; (b) the auditor should not exercise management role for the client, and (c) the auditor should not legally represent the interests of his clients.

Throughout the year, in compliance with CVM Instruction No. 381/03, we hereby inform that Ernst & Young Auditores Independentes exclusively provided audit services for the individual and consolidated financial statements for the year ended March 31, 2021, and its related parties provided tax compliance, assurance services on the sustainability report and greenhouse gases inventory for base year 2019. We understand that those services do not represent a conflict of interest, loss of independence or objectivity of our independent auditors.

**A free translation from Portuguese into English of independent auditor's report on individual and consolidated financial statements prepared in Brazilian currency in accordance with accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRS)**

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## **Independent auditor's report on individual and consolidated financial statements**

To the  
Board of Directors, Shareholders, and Officers of  
**Raízen Combustíveis S.A.**

### **Opinion**

We have audited the individual and consolidated financial statements of Raízen Combustíveis S.A. (the "Company"), identified as Individual and Consolidated, respectively, which comprise the statement of financial position as of March 31, 2021, and the statements of income, of comprehensive income, of changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the individual and consolidated financial position of Raízen Combustíveis S.A. as of March 31, 2021, and its individual and consolidated financial performance and cash flows for the year then ended in accordance with the accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

### **Basis for opinion**

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the individual and consolidated financial statements section of our report. We are independent of the Company and its subsidiaries in accordance with the relevant ethical principles set forth in the Code of Professional Ethics for Accountants, the professional standards issued by the Brazil's National Association of State Boards of Accountancy (CFC) and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter, including any commentary on the findings or outcome of our procedures, is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the individual and consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

### *Revenue recognition from the sale of products at the end of the year*

As mentioned in Notes 2.3 (a) and 20 to the individual and consolidated financial statements for the year ended March 31, 2021, the consolidated net operating revenue derives from the activities involving the distribution and sale of oil products and ethanol, other fluid hydrocarbons and by-products, and from the sale of natural gas, which are generally recognized after the invoices are issued and products leave the distributors' facilities, which involve a large volume of decentralized transactions for significant amounts.

The measurement of billed but undelivered sales at the end of the year involves judgment by the Company in determining the estimates of average delivery times and requires routines and internal controls to identify and measure sales billed but not delivered at the end of the year. Any control deficiency may impact the measurement of sales billed but not delivered at the end of the year, and, consequently, the amount recognized in the individual and consolidated financial statements, therefore, this was considered a key audit matter.

How our audit addressed this matter:

Our audit procedures included, but were not limited to, (a) understanding and assessing the internal control environment related to revenue recognition from the sale of products, and the design of the main internal controls related to the process of measuring sales billed but not delivered at the end of the year; (b) reviewing the average delivery time adopted by the Company to estimate the calculation of sales billed but not delivered at the end of the year, comparing it with the average sales time at the end of the year, on a sample basis; and (c) assessing the adequacy of the disclosures in the respective footnotes to the individual and consolidated financial statements as of March 31, 2021.

Based on the results of the audit procedures performed for revenue recognition from the sale of products at the end of the year, which are consistent with management's assessment, we considered that the criteria and assumptions adopted by management for revenue recognition from the sale of goods at the end of the year, as well as the related disclosures in Notes 2.3(a) and 20, are appropriate in the context of the individual and consolidated financial statements taken as a whole.

### *Goodwill impairment testing*

As of March 31, 2021, the balance of goodwill (Note 12) was recorded in the individual financial statements for R\$ 439,585 thousand, and in the consolidated financial statements for R\$ 780,019 thousand. The realization of these assets is supported by estimates of future profitability and cash generation prepared by management, based on its judgment and on the business plan and budget, as approved by the corporate governance bodies. Such estimates are internally prepared and reviewed in accordance with the Company's governance structure, since they involve a high degree of judgment. The Company annually assesses the assumptions and estimates of future profitability and cash generation for each Cash Generating Unit (CGU) to which goodwill is allocated, as well as the related growth rates, discount rates, cash flow projections, among others indicators, since there may be economic or regulatory changes in the markets in which they operate. Given that these estimates may be subject to changes that may have a material impact on the recoverable value of these assets and, consequently, on the individual and consolidated financial statements as a whole, this was considered a key audit matter.

How our audit addressed this matter:

Our audit procedures included, but were not limited to, (a) involving valuation experts to assist in the analysis and review of the methodologies and models used by management and in the assessment of assumptions that supported the projections that determined the business plan, budget, technical studies and analysis of the recoverable value of the Company's goodwill; (b) assessing the reasonableness and consistency of the data and assumptions used in the preparation of these documents, including growth rates, discount rates, country risk and cash flow projections, among others, as provided by the Company's management, and comparing them with available market inputs, as well as with the assumptions approved by management in the preparation of its business plan and other estimates made by the Company; (c) assessing potential effects of the current COVID-19 pandemic on the assumptions used; (d) checking the mathematical accuracy of the projections; (e) comparing the assertiveness of projections made in previous periods with the performance achieved by the Company in the year; (f) reviewing information that could refute the most significant assumptions and selected methodologies; (g) a sensitivity analysis of such assumptions, to assess the behavior of the recoverable amount, considering other scenarios and assumptions, based on market data; and (h) assessing the adequacy of the disclosures in the respective footnotes to the individual and consolidated financial statements as of March 31, 2021.

Based on the results of the audit procedures performed for goodwill impairment testing, which are consistent with management's assessment, we considered that the criteria and assumptions adopted by management for this recoverable amount, as well as the related disclosures in Note 12, are appropriate in the context of the financial statements taken as a whole.

*Valuation of financial instruments, including derivatives, and designation of hedge accounting*

As described in Note 25 to the individual and consolidated financial statements, the Company has some strategies in place to hedge its future cash flows from the impact of significant variables, such as fluctuations in exchange rates, interest rates and price volatility in the commodities market. These strategies consist of entering into specific derivative financial instruments for each type of risk (futures, swap, forward, among others). Some of these financial instruments are designated as hedged items underlying a specific documented risk, for the purpose of recognizing at the same time the result of the impacts of the (derivative and non-derivative) instrument and the item, which is known as hedge accounting.

Monitoring this matter was considered significant for our audit due to the complexity of the estimates and the high degree of judgment involved in measuring the fair value of financial instruments, including derivatives, as well as in determining a hedge relationship and its effectiveness, and the significant impacts of changes in the assumptions adopted for measuring financial instruments and hedge designations.



How our audit addressed this matter:

Our audit procedures included, but were not limited to, (a) understanding the main internal controls established and reviewing the models adopted by management for assessing the valuation of financial instruments, including derivatives and designation of hedge accounting; (b) submitting confirmation letters to financial institutions; (c) involving experts in financial instruments to assess the adequacy of the supporting documentation of hedge relationships, as well as the reasonableness of the main assumptions used to calculate the fair value of derivative financial instruments, using information on recent market transactions, the discount rate and credit risk of the Company and its counterparties; and (d) assessing the adequacy of the disclosures in the respective footnotes to the individual and consolidated financial statements as of March 31, 2021.

Based on the results of the audit procedures performed for the valuation of financial instruments, including derivatives and the designation of hedge accounting, which are consistent with management's assessment, we considered that the criteria and assumptions used to determine the valuation of financial instruments, including derivatives and designation of hedge accounting adopted by management, as well as the respective disclosures in the footnotes, are appropriate in the context of the individual and consolidated financial statements taken as a whole.

#### **Other matters**

##### *Financial statements of prior year examined by another independent auditor*

The audit of the individual and consolidated financial statements as of March 31, 2020, presented for comparison purposes, were performed under the responsibility of other independent auditor, who issued an unmodified audit report dated March 12, 2021.

##### *Statements of value added*

The individual and consolidated statements of value added (SVA) for year ended March 31, 2021, prepared under the responsibility of Company management, and presented as supplementary information for purposes of IFRS, were submitted to audit procedures conducted together with the audit of the Company's financial statements. To form our opinion, we evaluated if these statements are reconciled to the financial statements and accounting records, as applicable, and if their form and content comply with the criteria defined by NBC TG 09 – Statement of Value Added. In our opinion, these statements of value added were prepared fairly, in all material respects, in accordance with the criteria defined in abovementioned accounting pronouncement, and are consistent in relation to the overall individual and consolidated financial statements.

#### **Other information accompanying the individual and consolidated financial statements and the auditor's report**

Management is responsible for such other information, which comprise the Management Report.

Our opinion on the individual and consolidated financial statements does not cover the Management Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the individual and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the Management Report, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of management and those charged with governance for the individual and consolidated financial statements**

Management is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with the accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the individual and consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and its subsidiaries' financial reporting process.

### **Auditor's responsibilities for the audit of the individual and consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identified and assessed the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and its subsidiaries' internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluded on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the individual and consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the scope and timing of the planned audit procedures and significant audit findings, including deficiencies in internal control that we may have identified during our audit.

We also provided those charged with governance with a statement that we have complied with relevant ethical requirements, including applicable independence requirements, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

São Paulo, May 29, 2021.

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

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

# RAÍZEN COMBUSTÍVEIS S.A.

## Statements of financial position as of March 31

In thousands of Reais - R\$

		Individual			Consolidated		
	Note	2021	2020	2019	2021	2020	2019
Assets							
Current assets							
Cash and cash equivalents	3	1,988,154	635,968	1,585,508	2,604,779	2,167,058	2,818,591
Restricted cash	4	108,949	30,884	140,750	146,888	30,884	140,750
Derivative financial instruments	25	502,485	709,719	94,736	592,165	1,208,585	156,118
Trade accounts receivable	5	1,542,374	1,128,345	1,636,395	2,438,789	1,783,961	2,386,340
Inventories	6	1,998,116	1,642,697	1,468,748	4,403,077	4,125,088	3,290,088
Recoverable income tax and social contribution	16.b	198,642	166,769	169,879	265,956	583,191	600,639
Recoverable taxes	7	1,391,625	847,493	780,523	2,177,355	1,881,363	1,609,693
Dividends receivable		44,859	43,165	46,811	3,664	4,130	-
Related parties	8	664,212	532,874	591,088	1,095,381	898,192	720,754
Assets from contracts with clients	9	381,381	391,090	359,131	475,045	475,305	429,718
Other receivables		49,345	35,057	35,301	235,170	237,347	146,797
Total current assets		8,870,142	6,164,061	6,908,870	14,438,269	13,395,104	12,299,488
Noncurrent assets							
Trade accounts receivable	5	270,593	249,804	367,574	372,565	346,996	514,544
Derivative financial instruments	25	2,788,965	2,513,295	639,048	2,788,965	2,513,295	639,048
Recoverable taxes	7	486,284	340,986	169,936	950,411	664,224	384,709
Related parties	8	887,157	883,064	889,077	883,446	882,207	880,539
Assets from contracts with clients	9	1,888,687	1,770,211	1,694,322	2,255,452	2,091,860	2,000,061
Recoverable income tax and social contribution	16.b	-	-	-	44,900	52,070	27,568
Deferred income tax and social contribution	16.d	-	-	-	194,791	136,672	111,909
Judicial deposits	17	54,529	54,759	52,167	67,746	68,049	68,097
Other receivables		58,977	51,899	9,322	111,783	113,131	17,914
Investments	10	6,725,377	6,086,249	5,261,452	757,228	739,008	268
Property, plant and equipment	11	1,499,502	1,514,757	1,525,805	6,669,643	6,322,518	5,488,194
Intangible assets	12	592,847	648,105	646,352	1,345,218	1,145,267	1,126,518
Right of use	14.a	163,680	200,170	-	511,736	709,066	-
Total noncurrent assets		15,416,598	14,313,299	11,255,055	16,953,884	15,784,363	11,259,369
Total assets		24,286,740	20,477,360	18,163,925	31,392,153	29,179,467	23,558,857

See accompanying notes.

# RAÍZEN COMBUSTÍVEIS S.A.

## Statements of financial position as of March 31

In thousands of reais - R\$

(Continued)

	Note	2021	2020	Individual 2019	2021	2020	Consolidated 2019
Liabilities							
Current liabilities							
Suppliers	13	5,376,840	2,480,322	2,342,798	6,657,980	4,116,180	3,836,192
Lease liabilities	14.b	33,065	40,933	-	210,785	259,690	-
Loans and financing	15	439,464	1,204,829	23,951	441,435	1,736,408	416,565
Related parties	8	1,616,225	1,207,369	2,949,799	4,069,152	4,173,506	4,409,103
Derivative financial instruments	25	49,560	139,245	72,525	174,546	202,222	79,186
Payroll and related charges payable		86,596	105,637	93,873	177,753	181,125	144,346
Income tax and social contribution payable	16.c	-	-	-	81,425	175,705	76,927
Taxes payable		110,620	105,082	112,764	353,370	279,073	330,535
Dividends and interest on own capital payable	19.b	189,391	63,258	15,098	199,926	73,026	27,541
Unearned revenues		6,527	41,159	41,159	6,599	41,159	47,844
Bonuses payable		54,000	52,811	46,584	68,167	65,755	58,068
Other liabilities		272,170	319,003	250,818	469,684	677,054	605,242
Total current liabilities		8,234,458	5,759,648	5,949,369	12,910,822	11,980,903	10,031,549
Noncurrent liabilities							
Lease liabilities	14.b	44,937	64,408	-	276,094	414,396	-
Loans and financing	15	6,289,137	5,944,866	4,674,547	7,143,732	6,724,671	4,674,547
Related parties	8	2,810,161	3,211,701	3,062,031	2,711,178	3,122,112	3,062,036
Derivative financial instruments	25	-	-	9,438	-	-	9,438
Taxes payable		-	-	-	6,209	7,108	11,187
Provision for legal disputes	17	937,857	928,361	936,300	1,004,007	1,046,828	1,041,136
Deferred income tax and social contribution	16.d	451,344	501,227	504,670	1,370,818	1,395,408	1,303,423
Unearned revenues		-	46,860	88,019	-	46,860	88,019
Bonuses payable		169,397	106,991	99,462	200,527	134,419	118,089
Other liabilities		23,122	18,768	16,602	158,924	153,208	155,081
Total noncurrent liabilities		10,725,955	10,823,182	9,391,069	12,871,489	13,045,010	10,462,956
Total liabilities		18,960,413	16,582,830	15,340,438	25,782,311	25,025,913	20,494,505
Equity	19						
Attributable to controlling shareholders							
Capital		1,921,843	1,921,843	1,921,843	1,921,843	1,921,843	1,921,843
Capital reserves		510,941	510,941	519,666	510,941	510,941	519,666
Equity adjustments		1,302,428	714,536	(136,311)	1,302,428	714,536	(136,311)
Income reserves		1,591,115	747,210	518,289	1,591,115	747,210	518,289
		5,326,327	3,894,530	2,823,487	5,326,327	3,894,530	2,823,487
Interest of non-controlling shareholders		-	-	-	283,515	259,024	240,865
Total equity		5,326,327	3,894,530	2,823,487	5,609,842	4,153,554	3,064,352
Total liabilities and equity		24,286,740	20,477,360	18,163,925	31,392,153	29,179,467	23,558,857

See accompanying notes.

# RAÍZEN COMBUSTÍVEIS S.A.

## Statements of income Years ended March 31 In thousands of – R\$

		Individual					Consolidated
	Note	2021	2020	2019	2021	2020	2019
Net operating revenue	20	68,952,066	76,461,608	72,096,856	89,415,311	100,941,193	88,950,602
Cost of products sold and services provided	22	(66,287,858)	(73,346,164)	(69,137,067)	(85,083,966)	(96,101,622)	(84,801,549)
Gross income		2,664,208	3,115,444	2,959,789	4,331,345	4,839,571	4,149,053
Operating revenue(expenses)							
Selling	22	(1,092,257)	(1,175,849)	(1,062,577)	(2,172,294)	(2,252,046)	(1,678,676)
General and administrative	22	(404,120)	(420,380)	(441,770)	(645,098)	(612,683)	(558,556)
Other operating revenue, net	23	212,869	1,619,001	449,500	369,587	1,813,776	705,830
Equity accounting result	10	64,058	104,868	483,014	(9,778)	5,416	-
		(1,219,450)	127,640	(571,833)	(2,457,583)	(1,045,537)	(1,531,402)
Income before financial results and income tax and social contribution		1,444,758	3,243,084	2,387,956	1,873,762	3,794,034	2,617,651
Financial	24						
Financial expenses		(273,639)	(735,451)	(611,358)	(393,597)	(838,930)	(664,686)
Financial income		173,549	181,685	153,324	309,155	311,438	230,577
Net foreign exchange variation		(891,812)	(2,381,954)	(479,122)	(1,202,630)	(3,411,144)	(710,671)
Net effect of derivatives		911,302	2,522,256	698,227	918,637	3,236,076	743,415
		(80,600)	(413,464)	(238,929)	(368,435)	(702,560)	(401,365)
Income before income tax and social contribution		1,364,158	2,829,620	2,149,027	1,505,327	3,091,474	2,216,286
Income tax and social contribution	16.a						
Current		(428,692)	(805,289)	(206,331)	(735,434)	(1,080,555)	(401,361)
Deferred		61,020	31,761	(288,430)	269,451	89,965	(106,904)
		(367,672)	(773,528)	(494,761)	(465,983)	(990,590)	(508,265)
Net income for the year		996,486	2,056,092	1,654,266	1,039,344	2,100,884	1,708,021
Attributable to:							
Controlling shareholders		996,486	2,056,092	1,654,266	996,486	2,056,092	1,654,266
Noncontrolling shareholders		-	-	-	42,858	44,792	53,755
		996,486	2,056,092	1,654,266	1,039,344	2,100,884	1,708,021
Net income per common share (basic and diluted)	19.e				0.60	1.24	0.99

See accompanying notes.

## RAÍZEN COMBUSTÍVEIS S.A.

### Statements of comprehensive income

Years ended March 31

In thousands of reais - R\$

	2021	2020	Individual 2019	2021	2020	Consolidated 2019
Net income for the year	996,486	2,056,092	1,654,266	1,039,344	2,100,884	1,708,021
Comprehensive income						
Items that will not be reclassified to statement of income						
Actuarial gain (loss), net (effect from subsidiaries)	(745)	4,751	-	-	-	-
Actuarial gain (loss)	-	-	-	(993)	6,495	-
Deferred taxes on actuarial gain	-	-	-	248	(1,740)	-
	(745)	4,751	-	(745)	4,755	-
Items that are or may be reclassified to statements of income						
Income (loss) from financial instruments designated as hedge accounting (Note 25.e)	(30,187)	29,110	(6,412)	(30,187)	29,110	(6,412)
Income (loss) from net investment hedge in foreign entity	-	(15,071)	(54,235)	-	(15,071)	(54,235)
Deferred taxes on adjustments	10,264	(4,773)	20,619	10,264	(4,773)	20,619
Effect of foreign currency translation	608,560	836,830	(99,843)	608,560	836,830	(99,843)
	588,637	846,096	(139,871)	588,637	846,096	(139,871)
Total comprehensive income (loss) for the year	587,892	850,847	(139,871)	587,892	850,851	(139,871)
Comprehensive income for the year	1,584,378	2,906,939	1,514,395	1,627,236	2,951,735	1,568,150
Attributable to:						
Controlling shareholders	1,584,378	2,906,939	1,514,395	1,584,378	2,906,939	1,514,395
Noncontrolling shareholders	-	-	-	42,858	44,796	53,755
	1,584,378	2,906,939	1,514,395	1,627,236	2,951,735	1,568,150

See accompanying notes.

# RAÍZEN COMBUSTÍVEIS S.A.

## Statements of changes in equity

Years ended March 31

In thousands of reais - R\$

	Attributable to controlling interests								Interest of non-controlling shareholders	Total equity
	Capital reserve				Income reserve					
	Capital	Capital reserve	Special reserve - Law No. 8200/91	Equity adjustments	Legal	Retained profits	Retained earnings	Total		
At March 31, 2020	1,921,843	510,847	94	714,536	197,097	550,113	-	3,894,530	259,024	4,153,554
Comprehensive income (loss) for the year										
Net income for the year	-	-	-	-	-	-	996,486	996,486	42,858	1,039,344
Actuarial loss, net	-	-	-	(745)	-	-	-	(745)	-	(745)
Net loss with financial instruments designated as hedge accounting	-	-	-	(19,923)	-	-	-	(19,923)	-	(19,923)
Effect of foreign currency translation	-	-	-	608,560	-	-	-	608,560	-	608,560
Total comprehensive income for the year (Note 19.c)	-	-	-	587,892	-	-	996,486	1,584,378	42,858	1,627,236
Contributions (distributions) to shareholders										
Dividends and interest on own capital	-	-	-	-	-	(907)	(152,978)	(153,885)	(18,367)	(172,252)
Setting up of reserves and other	-	-	-	-	-	844,812	(843,508)	1,304	-	1,304
Total distributions to shareholders, net	-	-	-	-	-	843,905	(996,486)	(152,581)	(18,367)	(170,948)
At March 31, 2021	1,921,843	510,847	94	1,302,428	197,097	1,394,018	-	5,326,327	283,515	5,609,842

See accompanying notes.



# RAÍZEN COMBUSTÍVEIS S.A.

## Statements of changes in equity

Years ended March 31

In thousands of reais - R\$

(Continued)

	Attributable to controlling interests										
	Capital reserves				Income reserves					Interest of non-controlling shareholders	
	Capital	Capital reserve	Special reserve - Law No. 8200/91	Equity adjustments	Legal	Tax incentive reserve	Retained profits	Retained earnings	Total		Total equity
At March 31, 2019	1,921,843	519,572	94	(136,311)	197,097	41,568	279,624	-	2,823,487	240,865	3,064,352
Comprehensive income for the year											
Net income for the year	-	-	-	-	-	-	-	2,056,092	2,056,092	44,792	2,100,884
Actuarial gain, net	-	-	-	4,751	-	-	-	-	4,751	4	4,755
Net gain with financial instruments designated as hedge accounting	-	-	-	19,213	-	-	-	-	19,213	-	19,213
Loss from net investment hedge in foreign entity	-	-	-	(9,946)	-	-	-	-	(9,946)	-	(9,946)
Effect of foreign currency translation	-	-	-	836,829	-	-	-	-	836,829	-	836,829
Total comprehensive income for the year	-	-	-	850,847	-	-	-	2,056,092	2,906,939	44,796	2,951,735
Contribution (distributions) to shareholders											
Dividends and interest on own capital	-	-	-	-	-	(41,568)	(279,624)	(1,499,533)	(1,820,725)	(23,159)	(1,843,884)
Taxation on transactions between shareholders	-	-	-	-	-	-	-	(6,446)	(6,446)	-	(6,446)
Setting up of reserves and other	-	(8,725)	-	-	-	-	550,113	(550,113)	(8,725)	(3,478)	(12,203)
Total distributions to shareholders, net	-	(8,725)	-	-	-	(41,568)	270,489	(2,056,092)	(1,835,896)	(26,637)	(1,862,533)
At March 31, 2020	1,921,843	510,847	94	714,536	197,097	-	550,113	-	3,894,530	259,024	4,153,554

See accompanying notes.

# RAÍZEN COMBUSTÍVEIS S.A.

## Statements of changes in equity

Years ended March 31

In thousands of reais - R\$

	Attributable to controlling interests										
		Capital reserves				Income reserves					
	Capital	Capital reserve	Special reserve - Law No. 8200/91	Equity adjustments	Legal reserve	Tax incentive reserve	Retained profits	Retained earnings	Total	Noncontrolling interests	Total equity
At March 31, 2018	1,921,843	519,572	536	3,560	197,097	-	152,460	-	2,795,068	226,701	3,021,769
Initial adoption of IFRS 9	-	-	-	-	-	-	-	(2,478)	(2,478)	(41)	(2,519)
Adjusted balance at April 1, 2018	1,921,843	519,572	536	3,560	197,097	-	152,460	(2,478)	2,792,590	226,660	3,019,250
Comprehensive income (loss) for the year											
Net income for the year	-	-	-	-	-	-	-	1,654,266	1,654,266	53,755	1,708,021
Net loss on financial instruments designated as hedge accounting	-	-	-	(4,233)	-	-	-	-	(4,233)	-	(4,233)
Net loss on financial instruments in net investment in foreign entity	-	-	-	(35,795)	-	-	-	-	(35,795)	-	(35,795)
Effect of foreign currency translation	-	-	-	(99,843)	-	-	-	-	(99,843)	-	(99,843)
Total comprehensive income for the year	-	-	-	(139,871)	-	-	-	1,654,266	1,514,395	53,755	1,568,150
Contribution (distributions) to shareholders											
Dividends and interest on own capital	-	-	-	-	-	-	(153,000)	(1,330,498)	(1,483,498)	(39,550)	(1,523,048)
Partial realization of reserve	-	-	(442)	-	-	-	-	442	-	-	-
Recognition of reserves	-	-	-	-	-	41,568	280,164	(321,732)	-	-	-
Total distributions to shareholders, net	-	-	(442)	-	-	41,568	127,164	(1,651,788)	(1,483,498)	(39,550)	(1,523,048)
At March 31, 2019	1,921,843	519,572	94	(136,311)	197,097	41,568	279,624	-	2,823,487	240,865	3,064,352

See accompanying notes.

# RAÍZEN COMBUSTÍVEIS S.A.

## Statements of cash flows – Indirect method

Years ended March 31

In thousands of reais - R\$

	Individual			Consolidated		
	2021	2020	2019	2021	2020	2019
Cash flow from operating activities						
Income before income tax and social contribution	1,364,158	2,829,620	2,149,027	1,505,327	3,091,474	2,216,286
Adjustments to:						
Depreciation and amortization (Note 22)	217,396	203,833	165,739	987,575	823,748	343,777
Amortization of assets from contracts with clients (Notes 9 and 20)	384,876	413,637	383,417	502,468	505,769	452,503
Equity accounting result (Note 10)	(64,058)	(104,868)	(432,916)	9,778	(5,416)	-
Gain on write-off of property, plant and equipment (Note 23)	(15,408)	(71,075)	(33,675)	(67,698)	(108,339)	(116,193)
Gain on formation of joint venture (Note 10.c)	-	(1,078,714)	-	-	(1,078,714)	-
Loss on retirement of carbon credits ("CBIO") (Note 23)	149,250	-	-	180,007	-	-
Net interest, inflation adjustments and exchange variation	991,852	2,685,770	760,719	1,194,623	3,526,595	922,453
Gain with derivative financial instruments, net	(476,814)	(3,128,460)	(746,409)	(564,716)	(3,820,969)	(800,614)
Change in fair value of financial instruments (Notes 8, 15 and 24)	(66,230)	224,095	155,496	(66,230)	224,095	155,496
Recognition of tax credits and others, net	(190,002)	(391,118)	(177,991)	(219,723)	(412,624)	(215,720)
Change in inventories - fair value Hedge (Notes 6 and 25.e)	(244,942)	234,927	(20,937)	(244,942)	234,927	(20,937)
Reversal of provision for estimated loss on realization of taxes and rates	-	(5,781)	(81,157)	-	(5,825)	(87,730)
Other	(76,608)	29,272	(4,872)	(67,469)	(22,546)	32,111
Changes in assets and liabilities						
Trade accounts receivable and advances from clients	33,216	923,665	211,187	(63,771)	1,188,298	58,978
Inventories	(67,668)	(451,683)	19,464	177,507	(703,583)	38,308
Acquisition of CBIO	(130,384)	-	-	(154,646)	-	-
Restricted cash	(77,832)	113,486	(83,346)	(120,701)	113,486	(83,346)
Assets from contracts with clients	(766,205)	(715,434)	(588,735)	(978,498)	(837,878)	(698,240)
Derivative financial instruments	177,074	725,623	(56,007)	734,941	1,038,784	(51,393)
Related parties	(563,545)	445,507	(178,420)	(1,471,655)	756,225	1,309,755
Suppliers and advances to suppliers	2,899,552	125,734	1,337,893	2,376,615	18,625	1,037,229
Recoverable and payable taxes	(972,555)	(679,836)	(388,773)	(727,989)	(993,862)	(675,920)
Payroll and related charges payable	(19,042)	11,764	(17,763)	(8,521)	26,703	(12,587)
Other assets and liabilities, net	3,282	98,635	(72,661)	(147,596)	(78,314)	(11,612)
Payment of income tax and social contribution on net income	-	-	-	(32,438)	(31,698)	(42,465)
Net cash from operating activities	2,489,363	2,438,599	2,299,278	2,732,248	3,448,961	3,750,139
Cash flow from investment activities						
Payment for business combinations and investment additions (Note 10.c)	(9,203)	(2,072,890)	(1,935,853)	(9,203)	(2,072,524)	(1,577,003)
Cash received on disposal of equity interest (Note 10.c)	-	921,911	-	19,599	369,974	-
Additions to property, plant and equipment and intangible assets (Notes 11, 12 and 29.b)	(148,187)	(221,488)	(153,429)	(529,980)	(754,173)	(397,497)
Derecognition of cash in the formation of joint venture and in the disposal of subsidiary (Note 10.c)	-	-	-	-	(16,186)	-
Cash received upon disposal of property, plant and equipment	40,041	144,696	80,958	138,115	231,156	202,736
Dividends received from subsidiaries	73,386	264,536	287,992	-	-	-
Net cash used in investing activities	(43,963)	(963,235)	(1,720,332)	(381,469)	(2,241,753)	(1,771,764)

# RAÍZEN COMBUSTÍVEIS S.A.

## Statements of cash flows – Indirect method

Years ended March 31

In thousands of reais - R\$

(Continued)

	Individual			Consolidated		
	2021	2020	2019	2021	2020	2019
Cash flow from financing activities						
Funding from third-party loans and financing	269,000	884,137	1,592,501	476,069	1,976,459	2,183,364
Amortizations of principal of third-party loans and financing	(1,250,098)	(4,028)	(32,618)	(1,972,986)	(502,921)	(1,017,632)
Amortization of interest on third party loans and financing	(152,830)	(214,803)	(156,305)	(208,032)	(241,325)	(169,006)
Amortizations of third-party lease liabilities	(29,184)	(30,931)	-	(329,250)	(249,448)	-
Amortizations of intragroup lease liabilities	(16,010)	(16,269)	-	-	-	-
Payment of principal of intragroup pre-export financing	(125,160)	(1,126,624)	-	-	(1,126,624)	-
Interest paid on intragroup pre-export financing	-	(132,274)	(126,810)	(125,160)	(132,274)	(126,810)
Net redemption of financial investments subject to financing (restricted cash)	19,292	-	-	19,292	-	-
Payment of dividends, interest on own capital and preferred shares	(1,640)	(1,886,307)	(1,462,836)	(23,273)	(1,911,471)	(1,493,965)
Intragroup asset management, net and other	142,695	(40,784)	(15,489)	152,648	82,605	11,197
Net cash used in financing activities	(1,143,935)	(2,567,883)	(201,557)	(2,010,692)	(2,104,999)	(612,852)
Increase (decrease) in cash and cash equivalents	1,301,465	(1,092,519)	377,389	340,087	(897,791)	1,365,523
Cash and cash equivalents at beginning of year (Note 3)	635,968	1,585,508	1,176,505	2,167,058	2,818,591	1,420,336
Effect of exchange-rate change on cash and cash equivalents	50,721	142,979	31,614	97,634	246,258	32,732
Cash and cash equivalents at the end of the year (Note 3)	1,988,154	635,968	1,585,508	2,604,779	2,167,058	2,818,591

Supplementary information to the cash flow is shown in Note 29.

See accompanying notes.

# RAÍZEN COMBUSTÍVEIS S.A.

## Statements of value added

Years ended March 31

In thousands of reais - R\$

	<b>Individual</b>		<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Revenues				
Gross sales of products and services	71,803,552	80,189,959	75,726,485	97,999,427
Sales returns and cancellations, discounts and rebates	(710,309)	(853,376)	(771,883)	(885,587)
Amortization of assets from contracts with clients	(384,876)	(413,637)	(383,416)	(502,468)
Net reversal (set up) of allowance for expected credit losses	(11,944)	38,142	26,798	(8,558)
Other operating revenue, net	88,006	1,509,488	227,820	315,064
	70,784,429	80,470,576	74,825,804	96,917,878
Bought-in inputs				
Cost of sales and services	(66,555,265)	(73,083,625)	(69,143,372)	(84,774,312)
Changes in fair value of inventories - fair value Hedge	244,942	(234,927)	20,937	(234,927)
Materials, energy, third-party services and other	(876,540)	(1,023,155)	(936,369)	(1,605,712)
Other	25,242	(28,046)	76,058	77,214
	(67,161,621)	(74,369,753)	(69,982,746)	(86,057,868)
Gross value added	3,622,808	6,100,823	4,843,058	10,860,010
Depreciation and amortization	(217,396)	(203,833)	(165,739)	(987,575)
Net value added	3,405,412	5,896,990	4,677,319	9,872,435
Value added received in transfers				
Equity pickup	64,058	104,868	483,014	(9,778)
Finance income	173,549	181,685	153,324	309,155
Foreign exchange gain	654,432	321,198	346,863	667,608
Gain on derivative transactions	1,512,819	2,797,970	874,483	1,617,824
Other amounts received in transfer	122,087	109,950	130,988	55,012
	2,526,945	3,515,671	1,988,672	2,639,821
Value added to be distributed	5,932,357	9,412,661	6,665,991	12,512,256

See accompanying notes.

# RAÍZEN COMBUSTÍVEIS S.A.

## Statements of value added

Years ended March 31

In thousands of reais - R\$

(Continued)

	Individual			Consolidated		
	2021	2020	2019	2021	2020	2019
Distribution of value added						
Personnel						
Direct compensation	268,213	276,496	261,492	690,155	483,664	374,641
Benefits	53,089	57,766	59,953	77,487	64,537	67,190
Unemployment Compensation Fund (FGTS)	15,547	16,391	16,158	16,896	18,329	18,035
	336,849	350,653	337,603	784,538	566,530	459,866
Taxes, charges and contributions						
Federal and abroad	820,996	1,313,018	782,491	6,535,410	6,566,552	3,488,889
State	1,414,986	2,007,654	1,951,521	1,454,250	2,049,817	1,998,774
Local	2,660	2,688	3,447	5,143	2,901	3,639
Deferred taxes assets	(61,020)	(31,761)	288,430	(269,451)	(89,965)	106,904
	2,177,622	3,291,599	3,025,889	7,725,352	8,529,305	5,598,206
Debt remuneration						
Finance costs	273,639	735,451	611,358	393,597	838,930	664,686
Foreign exchange loss	1,546,244	2,703,152	825,985	1,870,238	3,857,341	989,934
Loss on derivative transactions	601,517	275,714	176,256	699,187	469,899	209,094
Other	-	-	34,634	-	-	49,240
	2,421,400	3,714,317	1,648,233	2,963,022	5,166,170	1,912,954
Equity remuneration						
Dividends and Interest on own capital	148,945	1,499,533	1,330,498	159,480	1,499,533	1,330,498
Retained profits for the year	847,541	556,559	323,768	847,541	556,559	323,768
Noncontrolling interests	-	-	-	32,323	44,792	53,755
	996,486	2,056,092	1,654,266	1,039,344	2,100,884	1,708,021
Value added distributed	5,932,357	9,412,661	6,665,991	12,512,256	16,362,889	9,679,047

See accompanying notes.

# **RAÍZEN COMBUSTÍVEIS S.A.**

## **Notes to financial statements**

**March 31, 2021**

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

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### **1. Operations**

Raízen Combustíveis S.A. (the “Company”, “RCSA” or “Raízen Combustíveis”) is a publicly-held company enrolled in the Brazilian Securities and Exchange Commission (“CVM”) in Category A, whose registration request was granted on May 28, 2021, and headquartered at Avenida Almirante Barroso, 81, 36º floor, room 36A104, in the city of Rio de Janeiro (RJ), Brazil. RCSA is jointly controlled indirectly by Royal Dutch Shell (“Shell”) and Cosan Limited (“Cosan”).

Raízen Group (“Group” or “Raízen”), corresponds to the joint businesses of RCSA and its subsidiaries and of Raízen Energia S.A. (“RESA”) and its subsidiaries.

The Company is mainly engaged in: (i) distributing and marketing oil and ethanol by-products, and of other fluid hydrocarbons and their by-products, under the Shell; (ii) trade of natural gas; (iii) importing and exporting of the above-mentioned products; (iv) oil refining and production and sale of automotive and industrial lubricants through its Argentine subsidiaries; and (v) holding interest in other companies.

On November 1, 2019, RCSA and Femsas Comércio (“FEMCO”) received all the necessary approvals to form the joint venture called Rede Integrada de Lojas de Conveniências e Proximidade S.A. (“Rede”). The details of this operation are described in Note 10.c.

#### **Execution of the acquisition contract of Biosev S.A. (“Biosev”)**

On February 8, 2021, Raízen Group entered into an acquisition agreement with Biosev S.A. (“Biosev”) and Hédera Investimentos e Participações S.A. (“Hédera”), as the controlling shareholder of Biosev, among other parties, through which Raízen Group agreed to acquire up to 100% of the shares issued by Biosev, under the terms and conditions established in the referred to contract.

The acquisition involves exchange of shares, with issue of 3.5000% non-redeemable preferred shares without voting rights, 1.4999% of redeemable preferred shares at symbolic value and without voting rights, all issued by Raízen Group companies, amounting to R\$ 3,600,000 and paid in cash.

On March 18, 2021, the Brazilian Antitrust Council (CADE) definitively approved, without restrictions, the merger referring to the Raízen Group’s transaction with Biosev, after the 15-day period elapsed since its publication in the Federal Official Gazette, on March 2, 2021. As a result, the condition precedent related to CADE’s approval was obtained.

The acquisition remains subject to the satisfaction of certain conditions established in the acquisition contract. Among others, the main condition still not concluded is related to Biosev that will need to conduct a corporate and financial indebtedness restructure.

# **RAÍZEN COMBUSTÍVEIS S.A.**

## **Notes to financial statements**

**March 31, 2021**

**In thousands of reais - R\$, unless otherwise stated**

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### **1.1. Covid-19**

In March 2020, the World Health Organization (WHO) declared Covid-19 a pandemic. Government authorities of various countries, including Brazil, have imposed restrictions to contain the virus. The Company has implemented a contingency plan, aiming at preserving the health and integrity of its employees, in addition to ensuring the safety and continuity of its operations, since the sale and distribution of fuels are considered essential activities.

In this scenario, the Company has been monitoring the effects on its business and on the assessment of the significant critical accounting estimates and judgments, as well as on other balances with the potential to generate uncertainties and impacts on the financial statements. The most significant assessments and the main effects of the Covid-19 pandemic on the Company's operating income (loss) are shown below:

#### **(i) Going-concern assumption**

The Company's financial statements were prepared and are being disclosed considering the going-concern assumption of its significant businesses.

#### **(ii) Impairment of nonfinancial assets and tax credits**

The Company evaluated indications of impairment loss on nonfinancial assets and tax credits and concluded that, even with a potential reduction in cash flows and expected statement of income for the 2021/2022 crop, the value in use of the cash-generating units continues to be significantly higher than it is carrying amount, and, in the case of taxes, the expected tax base of significant taxes remains, in addition to the fact that most of the taxes has no maturity for offsetting.

#### **(iii) Allowance for expected credit losses**

The impairment losses associated with the credit risk on financial assets are calculated based on the future expected loss, considering the individual situation of the clients and of the economic group to which they belong. Considering that the Company operates mostly with security interest from its clients, it maintains a careful credit analysis and, when applicable, requires cash advances to ship products. There was no significant additional recognition due to the Covid-19 pandemic.

#### **(iv) Net realizable value of inventories**

The Company uses the estimated selling price in the ordinary course of business, net of selling expenses, as an assumption of the net realizable value. Therefore, the decline in prices, mainly for ethanol in Brazil and oil by-products in Argentina, impacted by the drop in consumption caused by social isolation, resulted in a consolidated amount of provision for estimated losses on realization of inventories of R\$ 21,690 on March 31, 2021.



# **RAÍZEN COMBUSTÍVEIS S.A.**

## **Notes to financial statements**

**March 31, 2021**

**In thousands of reais - R\$, unless otherwise stated**

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### **(v) Liquidity**

During the pandemic period, the Company adopted a conservative strategy of maintaining liquidity levels above those normally practiced. Also, in the year ended on March 31, 2021, the Company maintained access to various sources of financing, raised funds in the international and local securities markets, in addition to the usual sources from financial institutions, amounting to R\$ 476,069. In addition, the Group maintained revolving credit facilities that have not been used to date, amounting to US\$ 1 billion. In the year ended March 31, 2021, the Company received an upgrade in its credit rating by Moody's to an investment grade and maintaining them for S&P and Fitch, as disclosed in Note 25.k.

The Company ended the fiscal year ended on March 31, 2021 with consolidated cash of R\$ 2,604,779. Consolidated working capital (current assets less current liabilities) closed the same fiscal year with a positive balance of R\$ 1,527,447 and consolidated net profit of R\$ 1,039,344.

### **(vi) Capex**

The Company does not expect any reductions or significant impacts on its recurring and operating investments for the 2021/2022 crop, but rather to streamline expansion projects unrelated to the Raízen Group's operational activities that will be postponed for the next years.

### **(vii) Leases**

There were no changes in the amounts previously recorded as a right-of-use asset or a lease liability as a result of contractual modification in connection with the Covid-19 pandemic.

### **(viii) Commitments**

To date, there has been no execution either against or in favor of the Group on its contracts, whether via cancellation or legal practice of force majeure clauses.

## **2. Significant accounting policies**

### **2.1. Basis of preparation**

The individual and consolidated financial statements were prepared and are presented in accordance with the accounting practices adopted in Brazil, which comprise Brazil's Corporation Law, the rules issued by the Brazilian Securities and Exchange Commission (Brazilian SEC), the pronouncements issued by Brazil's Financial Accounting Standards Board - FASB ("CPC"), which are in compliance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and disclose all significant information of the financial statements themselves, and only such information, which is consistent with that used to manage the Company's operations.

## **RAÍZEN COMBUSTÍVEIS S.A.**

### **Notes to financial statements**

**March 31, 2021**

**In thousands of reais - R\$, unless otherwise stated**

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Management authorized the issue of these financial statements on May 29, 2021.

**(a) Basis of measurement**

The individual and consolidated financial statements were prepared under the historical cost as a value basis, except for certain assets and liabilities classified as short-term investments, inventories and financial instruments (including derivative instruments), and certain loans and financing, which are measured at fair value.

**(b) Functional and presentation currency**

These individual and consolidated financial statements are presented in Brazilian reais (R\$), which is the Company'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 statements of each subsidiary included in the Company's consolidation, as well as that used as a basis for investments measured by the equity method, are prepared based on the functional currency of each entity. For subsidiaries based abroad, their assets and liabilities were translated into Brazilian reais at the exchange rate at end of year and the profits or losses were calculated at the average monthly rate over the year. The translation effects are recorded in these subsidiaries' equity.

**(c) Statement of value added**

The presentation of the individual and consolidated Statement of Value Added (SVA) is required by Brazil's Corporation Law and by the accounting practices adopted in Brazil applicable to publicly held companies. The IFRS do not require SVA presentation. On March 31, 2021, the Company is presenting this statement as supplementary information, without prejudice to the set of financial statements. The statement of value added was prepared in accordance with the criteria defined in Accounting Pronouncement CPC 09 - Statement of Value Added.

**(d) Significant accounting judgments, estimates and assumptions**

The preparation of the Company's individual and consolidated financial statements requires management to make judgments and estimates and to adopt assumptions that affect the amounts presented referring to revenues, expenses, assets and liabilities at the financial statement reporting date.

Estimates and assumptions are reviewed on a continuous basis. Reviews of accounting estimates are recognized in the period estimates are reviewed and in any future periods affected.

If there is a significant change in the facts and circumstances on which the assumptions and estimates are based, there may be a material impact on profit or loss and financial position of the Company and its subsidiaries.

## **RAÍZEN COMBUSTÍVEIS S.A.**

### **Notes to financial statements**

**March 31, 2021**

**In thousands of reais - R\$, unless otherwise stated**

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Significant accounting estimates and assumptions are as follows:

#### **Income tax, social contribution and other taxes payable**

The Company is subject to income tax and social contribution in all countries in which it operates. Accordingly, significant judgment is required to determine the provision for taxes.

In certain operations, the final determination of the tax is uncertain. The Company also recognizes provisions for situations in which it is probable that additional tax amounts will be due. When the final outcome from these matters is different from the amounts initially estimated and recorded, these differences impact current and deferred tax assets and liabilities and the profit or loss or comprehensive income (loss) in the period in which the definitive amount is determined.

#### **Deferred income tax and social contribution**

Deferred income tax and social contribution assets are recognized for all unused tax losses to the extent that taxable income will likely be available to allow the use of such losses in the future. In addition, the Company recognizes deferred taxes based on temporary differences determined from the tax base and the carrying amount of certain assets and liabilities, using the rates in force. Management's significant judgment is required to determine the deferred income tax and social contribution asset amount that may be recognized, based on a reasonable term and future taxable income levels, in addition to future tax planning strategies. For additional information see Note 16.

#### **Property, plant and equipment and intangible assets, including goodwill**

The accounting treatment for property, plant and equipment and intangible assets includes the realization of estimates to determine the useful life period for depreciation and amortization purposes, in addition to the fair value on acquisition date, especially for assets acquired in business combinations.

The Company annually tests goodwill and intangible assets with indefinite useful lives for impairment. Property, plant and equipment and intangible assets with indefinite useful lives that are subject to depreciation and amortization are tested for impairment whenever events or changes in circumstances indicate that the carrying amount cannot be recovered. The determination of the recoverable amount of the cash-generating unit to which the goodwill was attributed also includes the use of estimates and requires a significant degree of judgment by management. For additional information see Note 12.

#### **Provision for legal disputes**

The Company and its subsidiaries recognize the provision for tax, civil, labor and environmental legal disputes. Determination of the likelihood of loss includes determination of available evidence, hierarchy of laws, jurisprudence available, more recent court decisions and relevance thereof in legal system, as well as evaluation of internal and external attorneys. Such provisions are reviewed and adjusted to take into account changes in circumstances, such as statute of limitations applicable, tax inspection conclusions or additional exposures identified based on new matters or court decisions. For additional information see Note 17.

# RAÍZEN COMBUSTÍVEIS S.A.

## Notes to financial statements

March 31, 2021

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

### Fair value of financial instruments

When the fair value of financial assets and liabilities in the statement of financial position cannot be obtained in active markets, it shall be determined through valuation techniques, including the discounted cash flow method. These methods use observable market data, whenever possible. However, when this is not feasible, a given judgment call is required in order to determine the fair value. Judgment includes considerations of the inputs used, such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors may affect the reported fair value of financial instruments. For additional information see Note 25.

### Right of use and lease liabilities

Management exercises significant judgments in determining the assumptions used to measure the right of use and lease liabilities, such as determining the term of the various lease agreements, of discount rates, determining the contracts that are within the scope of the standard and the impacts that any changes in the assumptions associated with the judgments and estimates adopted by the Company and its subsidiaries. For additional information see Note 14.

## 2.2. Basis of consolidation

The consolidated financial statements include the financial statements of RCSA and its direct and indirect subsidiaries for the years ended March 31, 2021, 2020 and 2019, as follows:

	2021	2020	2019
Blueway Trading Importação e Exportação S.A. ("Blueway")	100%	100%	100%
Petróleo Sabbá S.A. ("Sabbá")	80%	80%	80%
Raízen Argentina Holdings S.A.U (1 e 2) ("RAHSAU")	-	-	100%
Raízen Argentina S.A. ("RASA") (1)	100%	100%	100%
Raízen Energina S.A (1)	100%	100%	100%
Raízen Gas S.A. (1 e 5)	-	-	100%
Deheza S.A. (1)	100%	100%	100%
Estación Lima S.A. (1)	100%	100%	100%
Rede Integrada de Lojas de Conveniências e Proximidade S.A. (3 e 4)	-	-	100%
Raízen Sabbá Conveniências S.A. ("Conveniências Sabbá") (4)	-	-	96%
Raízen Mime Conveniências Ltda. ("Conveniências Mime") (4)	-	-	91%
Raízen Mime Combustíveis S.A. ("Mime")	76%	76%	76%
Raízen S.A.	100%	100%	100%
Sabor Raíz Alimentação S.A. ("Sabor Raíz")	69%	69%	69%
Saturno Investimentos Imobiliários Ltda. ("Saturno")	100%	100%	100%

(1) Jointly named Raízen Argentina and subsidiaries, all based in Argentina, acquired by RCSA on October 1, 2018;

(2) Merged into RASA in July 2019;

(3) Formerly named Raízen Conveniências Ltda.;

(4) The assets and liabilities of these companies were derecognized in the consolidated statement of financial position of RCSA as of the formation of the joint venture, on November 1, 2019. See Note 10.c.; and

(5) Disposed of in January 2020. See Note 10.c.

The subsidiaries are fully consolidated as from the control acquisition date and continue to be consolidated through the date on which such control ceases to exist. The financial statements of the subsidiaries are prepared for the same reporting period as RCSA, using consistent accounting policies. When necessary, adjustments are made to align the accounting policies with those adopted by the Company.

# **RAÍZEN COMBUSTÍVEIS S.A.**

## **Notes to financial statements**

**March 31, 2021**

**In thousands of reais - R\$, unless otherwise stated**

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Balances and transactions arising from operations between consolidated companies, such as revenues, expenses and unrealized income (loss), are fully eliminated.

### **2.3. Description of significant accounting policies**

The main accounting policies applied in the preparation of these financial statements are defined below. Those accounting policies have been applied consistently to all the years presented, unless otherwise stated.

#### **(a) Revenue recognition**

Revenues from sales of products (Note 20) are recognized on delivery to the customer. Delivery is considered to be the moment when the client accepts the products and the risks and benefits related to ownership are transferred. Revenue is recognized at this time as long as revenue and costs can be reliably measured, receipt of the consideration is likely and there is no continuous involvement of management with the products. Sales prices are established based on purchase orders or contracts.

Storage and lease income comprise rent of gas stations and storage of fuels at the RCSA and its subsidiaries' terminals and is recognized based on the effective rendering of services, under "Other operating revenue, net" (Note 23).

Revenue is shown net of taxes (State VAT ("ICMS"); Contribution Tax on Gross Revenue for Social Integration Program ("PIS"); Contribution Tax on Gross Revenue for Social Security Financing ("COFINS"), Social Contribution Tax for Intervention in the Economic Order ("CIDE"); Fuel Transfer Tax ("ITC"); Value Added Tax ("VAT"); and Tax on Gross Income ("IIB")), returns, rebates and discounts, amortization referring to exclusive supply rights, as well as eliminations of sales between group companies, in the case of the consolidated financial statements.

#### **(b) Transactions in foreign currency**

Transactions in foreign currency are initially recorded by the Company's entities at the functional currency prevailing at the transaction date or on the assessment dates, when the items are remeasured.

Monetary assets and liabilities denominated in foreign currency are translated into Brazilian real, using the exchange rate prevailing at the date of the related statement of financial position. Exchange gains and losses stemming from the settlement of these transactions and from translation at the exchange rates prevailing at year-end are recognized in the statement of profit or loss under Finance income (costs), except when classified as hedging accounting and, therefore, recognized in the statement of comprehensive income.

Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the initial transaction date. Nonmonetary items that are measured at fair value in a foreign currency, if any, are translated using the exchange rates prevailing at the date on which the fair value was determined.

## **RAÍZEN COMBUSTÍVEIS S.A.**

### **Notes to financial statements**

**March 31, 2021**

**In thousands of reais - R\$, unless otherwise stated**

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Goodwill and fair value adjustments arising from the acquisition of an entity abroad (entities with a functional currency different from the Parent Company) are treated as assets and liabilities of the entity abroad and converted at the closing rate, and the adjustments resulting from the conversion are also recognized in equity as accumulated translation adjustments.

#### **(c) Financial instruments - initial recognition and subsequent measurement**

##### **(i) Financial assets**

###### **Measurement**

Upon initial recognition, a financial asset is classified as measured: (i) at amortized cost; (ii) at fair value through other comprehensive income; or (iii) at fair value through profit or loss.

Reclassification between classes occurs when there is a change in the business model for the management of financial assets and liabilities. In this case, all instruments related to the change are reclassified at the time of the change.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as measured at fair value through profit or loss: (i) the objective is to maintain financial assets to receive contractual cash flow; and (ii) the contractual terms give rise, at specified dates, to cash flows that are related to payment of principal and interest on the principal amount outstanding.

A financial asset is measured at fair value through other comprehensive income if it meets both of the following conditions and is not designated as measured at fair value through profit or loss: (i) the objective is both the receipt of contractual cash flows and the sale of financial assets; and (ii) the contractual terms give rise, at specified dates, to cash flows that are Solely Payment of Principal and Interest (SPPI) on the principal amount outstanding.

All financial assets not classified as measured at amortized cost or at fair value through other comprehensive income, as described above, are classified as at fair value through profit or loss.

###### **Business model evaluation**

The Company carries out an assessment of the objective of the business model in which a financial asset is kept in the portfolio because it better reflects the way in which the business is managed, and the information is provided to management.

## **RAÍZEN COMBUSTÍVEIS S.A.**

### **Notes to financial statements**

**March 31, 2021**

**In thousands of reais - R\$, unless otherwise stated**

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Information includes: (i) the policies and objectives set for the portfolio and the practical operation of these policies. These include the question of whether management's strategy focuses on obtaining contractual interest income, maintaining a certain interest rate profile, the correspondence between the duration of financial assets and the duration of related liabilities or expected cash outflows, or the realization of cash flows through the sale of assets; (ii) how the portfolio's performance is assessed and reported to Company management; (iii) the risks that affect the performance of the business model (and the financial asset held in that business model) and the way those risks are managed; (iv) how business executives are compensated - for instance, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows obtained; and (v) the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales, in a manner consistent with the continuous recognition of the Company's assets.

Financial assets held for trading or managed with performance assessed based on fair value are measured at fair value through profit or loss.

### **Evaluation whether contractual cash flows are solely payments of principal and interest**

For the purposes of contractual cash flow assessment, 'principal' is defined as the fair value of the financial asset upon initial recognition. 'Interest' is mainly defined as a consideration for the time value of money and for the credit risk associated with the principal outstanding over a given period of time and for the other basic risks and basic borrowing costs (for example, liquidity risk and administrative costs), as well as a profit margin.

The Company considers the contractual terms of the instrument to assess whether contractual cash flows are solely payments of principal and interest. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows so that it would not meet this condition. In making this assessment, the Company considers: (i) contingent events that change the amount or timing of cash flows; (ii) terms that may adjust the contractual rate, including variable rates; (iii) prepayment and deadline extension; and (iv) the terms that limit the Company's access to cash flows from specific assets (for example, based on the performance of an asset).

### **Impairment of financial assets**

The Company apply the expected credit loss model to financial assets measured at amortized cost, contract assets and debt instruments measured at fair value through other comprehensive income; however, it is not applied to investments in equity instruments.

The expected credit loss matrix adopted by the Company considers the grouping of clients with similar characteristics of credit, by sales channel and rating (client risk rating internally measured).

## **RAÍZEN COMBUSTÍVEIS S.A.**

### **Notes to financial statements**

**March 31, 2021**

**In thousands of reais - R\$, unless otherwise stated**

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#### **(ii) Financial liabilities**

These are measured at amortized cost and fair value through profit or loss, comprising, in the case of the Company, loans and financing, balances payable to suppliers and related parties and derivative financial instruments.

Payments of interest on loans and financing are classified as cash flow from financing activities.

#### **(iii) Offsetting of financial instruments - net presentation**

Financial assets and liabilities are presented net in the statement of financial position only if there is a current enforceable legal right of offsetting the amounts recognized and if there is the intention to offset or realize the asset and settle the liability simultaneously.

#### **(iv) Derecognition (write-off)**

A financial asset is written off when: (i) the rights to receive cash flows of the asset expire; and (ii) the Company transfers its rights to receive cash flows of the asset or assumes an obligation to fully pay the cash flows received to a third party under a “pass-through” arrangement, and (a) the Company transfers substantially all risks and rewards of the asset, or (b) the Company neither transfers nor retains substantially all risks and rewards related to the asset, but transfers control over the asset.

A financial liability is written off when the obligation under the liability is extinguished, which means when the obligation specified in the contract is settled, canceled or expires. When an existing financial liability is replaced by another from the same lender in substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective book values is recognized in the statement of profit or loss.

#### **(v) Derivative financial instruments and hedge accounting**

The cash flow hedging relationships of highly probable future exports or imports are considered to be continuous hedging relationships and qualify for hedge accounting.

#### **Initial recognition and subsequent measurement**

The Company uses derivative financial instruments, such as Non-Deliverable Forwards (NDF), commodity forward contracts and swap contracts for hedge against the risk of changes in exchange rates and in commodities price. Derivative financial instruments designated in hedging transactions are initially recognized at fair value on the date when the instrument is executed, and it is subsequently reassessed also at fair value. They are stated as financial assets when the instrument's fair value is positive and as financial liabilities when fair value is negative.



## **RAÍZEN COMBUSTÍVEIS S.A.**

### **Notes to financial statements**

**March 31, 2021**

**In thousands of reais - R\$, unless otherwise stated**

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Any gains or losses from changes in fair value of derivatives over the year are recorded directly in the statement of profit or loss, except for instruments designated as hedge accounting, such as cash flow hedge, which are recognized directly under equity in other comprehensive income. The fair value of financial instruments not classified as hedge accounting is recognized in profit or loss for the period, in the case of instruments related to operating transactions, fair value is recognized in operating accounts (for example: revenue, cost, expenses) while in the case of instruments related to financial transactions, fair value is recognized in finance income (costs).

For hedge accounting purposes, there are the following classifications: (i) fair value hedge by providing hedge against exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment, or an identified part of such an asset, liability or firm commitment, which is attributable to a particular risk and may affect profit or loss; (ii) cash flow hedge by providing hedge against changes in cash flows that are attributable to a particular risk associated with a recognized asset or liability or a highly probable anticipated transaction that may affect profit or loss; or (iii) net investment hedge in a foreign operational unit.

Upon initial recognition of a hedging relationship, the Company classifies and formally documents the hedging relationship to which the Company wants to apply hedge accounting, as well as the management's objective and risk management strategy for hedge purposes, based on sound policies and practices exercised by management, which provide, among other, that there is no over hedge in relation to the underlying instruments.

The documentation includes mainly: (i) identification of the hedging instrument; (ii) the hedged item or hedged transaction; (iii) the nature of the hedged risk; (iv) the statement of the transaction according to management's policies and practices; and (v) the statement of the correlation of the hedging instrument for purpose of offsetting to the exposure to change in fair value of the hedged item or cash flows related to the hedged risk. The highly likely nature of the hedged probable transaction, as well as the expected periods of transfer of the gains or losses arising from equity hedging instruments to profit or loss, are also included in the documentation of the hedging relationship.

In practice, significant hedges that meet the criteria for hedge accounting are listed below:

#### **Cash flow hedge**

The effective portion of the hedging instrument gain or loss is recognized directly in equity, under other comprehensive income, while the ineffective portion of the hedge is immediately recognized in profit or loss for the year.

## **RAÍZEN COMBUSTÍVEIS S.A.**

### **Notes to financial statements**

**March 31, 2021**

**In thousands of reais - R\$, unless otherwise stated**

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The amounts recorded in other comprehensive income are transferred to the statement of profit or loss when the hedged transaction affects profit or loss, for example, when the hedged revenue or expense is recognized or when a probable sale occurs. When the hedged item is the cost of a nonfinancial asset or liability, the amounts recorded in equity are transferred at the initial carrying amount of the nonfinancial asset or liability. If the probable transaction or firm commitment is no longer expected, the amounts previously recognized in equity are transferred to the statement of profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its hedge classification is revoked, or gains or losses previously recognized in comprehensive income remain in equity until the probable transaction occurs or the firm commitment is fulfilled.

#### **Net investment hedge in foreign entity**

Hedge of net investment in foreign operations is accounted for similarly to cash flow hedge. Any gain or loss on the hedging instrument related to the effective hedge portion is recognized under equity, in "Equity adjustments". The gain or loss related to the ineffective portion is immediately recognized in profit or loss. Accumulated gains and losses in equity are included in profit or loss for the year, when the foreign investment is made or sold.

#### **Fair value hedge and fair value option of certain financial liabilities**

The Company designates certain debts related to pre-export financing with third parties and related parties and Agribusiness Receivables Certificate ("CRA") as liabilities measured at fair value through profit or loss, to eliminate or significantly reduce the inconsistency in the measurement that otherwise would result in the recognition of gains and losses on loans and derivatives in different bases. As a result, fluctuations in the fair value of loans are recognized under Finance income (costs), as Fair value of liability financial instruments, classified in the group of Finance costs.

#### **Fair value hedge**

The Company designates at fair value the inventory of by-products with pegged derivatives, whose details are described in Note 25.e.

#### **(d) Decarbonization credits ("CBIO")**

The Company is a fossil fuel distributor and has carbon credit retirement goals established by Brazil's National Petroleum Agency ("ANP") and the Ministry of Mines and Energy (MME) under the terms of the new Brazil's National Biofuels Policy. Carbon credit is an asset that must be converted into cash through a transaction carried out by B3.

The Company classifies the carbon credits as a financial asset measured at fair value through profit or loss. They are recognized under Other receivables, in current assets, and initially measured based on the carbon credit acquisition price. The goals established and published by the ANP remain in force until December of each year and are recorded by the Company as provision in Other liabilities, in current liabilities.

## **RAÍZEN COMBUSTÍVEIS S.A.**

### **Notes to financial statements**

**March 31, 2021**

**In thousands of reais - R\$, unless otherwise stated**

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**(e) Inventories**

In general, inventories are measured at the average acquisition cost, except for the inventory of by-products with pegged derivatives designated at fair value (Note 2.3.c), not exceeding the net realizable value. Cost is determined by the acquisition average cost method. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs to sell.

Provision for estimated losses on slow-moving or obsolete inventories are recorded when a product has no movement within a three-month period and is not considered a strategic product by the Company.

**(f) Related parties**

Raízen Group, in which the Company is inserted, has a fully integrated management of the cash flow of its companies and subsidiaries.

The main instruments used for cash management between the Raízen Group companies, which is applicable to the Company, are as follows:

**(i) Asset Management Agreement - Operation carried out between companies domiciled in Brazil**

RESA, as the centralizer of the corporate activities of Raízen Group, is responsible for cash management, based on the aforementioned agreement.

These operations are presented in the statement of cash flows, on a net basis, in cash flow from financing activities.

**(ii) Pre-export financing - Transaction carried out between companies domiciled in Brazil and companies domiciled abroad**

In certain situations, the Raízen Group companies domiciled abroad raise funds in the international financial market and subsequently transfer them to Group Raízen domiciled in Brazil, in the form of pre-exporting financing contracts. These contracts are formalized pegged to exported volumes of products sufficient to settle the contracts.

Such transactions are presented under cash flows from investing activities when granted (outflow of funds) and under cash flows from financing activities when received (inflow of funds).

Operational financial transactions with related parties are carried out on an arm's length basis, in line with those prevailing in the market or with conditions the Company would contract with third parties.

## **RAÍZEN COMBUSTÍVEIS S.A.**

### **Notes to financial statements**

**March 31, 2021**

**In thousands of reais - R\$, unless otherwise stated**

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**(g) Assets from contracts with clients**

The assets from contracts with clients correspond to the bonuses granted to RCSA clients 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 20).

**(h) Investment in subsidiaries (individual financial statements) and in associates and joint ventures**

Investments in entities over which the Company has significant influence or shared control are accounted for using the equity method, initially recorded in the statement of financial position at cost, plus changes after the acquisition of equity interest.

The statement of profit or loss reflects the portion of profit or loss from subsidiary's operations based on the equity method. When a change is directly recorded in equity of the subsidiary, associate or joint venture, the Company recognizes its portion in the changes occurred and discloses this fact, when applicable, in the statement of changes in equity.

After application of the equity method, the Company establishes whether an additional impairment loss on its investment in its subsidiary, associate and joint venture should be recorded. The Company determines, at each statement of financial position date, if there is objective evidence that the investment has been impaired. If that is the case, the Company calculates the impairment amount as the difference between the recoverable amount and the carrying amount of the subsidiary, associate and joint venture and records this amount in the statement of profit or loss.

The accounting policies of the associates and joint ventures are adjusted, when necessary, to ensure consistency with the policies adopted by the Company.

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

**(i) Property, plant and equipment**

Property, plant and equipment items are measured at historical acquisition or construction cost, less accumulated depreciation and impairment losses, as applicable.

Cost includes expenses directly attributable to the acquisition of an asset. The cost of assets built by the Company includes materials and direct labor, and any other cost to bring the asset to the location and condition necessary for it to operate as intended by management, as well as borrowing costs on qualifying assets. Borrowing costs related to funds raised for construction in progress are capitalized upon completion of these projects.

Expected expenses with removal of fuel storage tanks are estimated and recorded as part of the cost of property, plant and equipment, matched against the provision that will support such expenses, in current and noncurrent liabilities, depending on the term of the obligation.

## RAÍZEN COMBUSTÍVEIS S.A.

### Notes to financial statements

March 31, 2021

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

Repair and maintenance expenses are charged to profit or loss as incurred. The cost of any renewal that increases the useful life shall be recorded in assets and included in the asset's carrying amount if it is probable that the future economic benefits after the renewal will exceed the performance standard initially assessed for the existing asset and these benefits will flow to the Company. Major renovations are depreciated over the remaining useful life of the related asset.

Gains and losses on disposals are determined by comparing the sales amounts with the carrying amount and are recognized in "Other operating revenue, net" in the statement of profit or loss.

Land is not depreciated. On March 31, 2021, 2020 and 2019, the depreciation was calculated based on the redemption of the estimated useful life of each asset. Annual weighted average depreciation rates are as follows:

Class of Property, plant and equipment	2021	2020	2019
Buildings and improvements	3%	4%	4%
Machinery, equipment and facilities	5%	4%	4%
Vehicles	7%	9%	11%
Furniture, fixtures and IT equipment	15%	18%	18%

Residual values and useful lives of the assets are reviewed by competent technical members and adjusted, as appropriate, at each year end.

#### (j) Leases

With the adoption of IFRS 16 (CPC 06 (R2)) - Leases, in 2019 the Company started to recognize a right-of-use asset and a lease liability at the lease commencement date.

The lease liability is initially measured at the present value of the lease payments that were not paid on the transition date, discounted using the Raízen Group's incremental borrowing rate, a fixed nominal rate based on the Group's indebtedness, equivalent to approximately 100% of the CDI for recognized leases.

In the year ended March 31, 2021 and 2020, the discount rates applied in accordance with the contractual term were as follows:

Contractual terms (years)	Nominal		Actual	
	2021	2020	2021	2020
1 year	3.1%	5.0%	-0.5%	1.6%
2 years	4.5%	5.6%	0.7%	1.9%
3 years	5.6%	6.2%	1.5%	2.3%
4 years	6.3%	6.6%	2.1%	2.7%
5 years	6.8%	6.9%	2.5%	3.0%
6 years	7.2%	7.1%	2.9%	3.1%
7 years	7.6%	7.3%	3.1%	3.3%
8 years	7.8%	7.4%	3.3%	3.4%
9 years	8.0%	7.6%	3.5%	3.5%
More than 10 years	8.1%	7.7%	3.6%	3.6%

## RAÍZEN COMBUSTÍVEIS S.A.

### Notes to financial statements

March 31, 2021

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

The lease term is equivalent to the minimum non-cancellable term of the contracts and the Company does not add to the lease term, the periods covered by a renewal option, except in cases where the Company is reasonably certain that the renewal option will be exercised.

The right-of-use asset is initially measured at cost, comprising the value of the initial measurement of the lease liability and, when applicable, adjusted for any lease payments made in advance, initial direct costs incurred, cost estimates for dismantling and removal, and incentives received.

The right-of-use asset is subsequently depreciated using the same depreciation method applied to similar property, plant and equipment items and, if applicable, will also be reduced by impairment losses.

The Company remeasures the lease liability if there is a change in the lease term or if there is a change in future lease payments resulting from a change in the index or rate used to determine these payments, and the remeasurement of the lease liability is recognized as an adjustment to the right-of-use asset.

#### (k) Intangible assets

##### **Goodwill**

Goodwill is the positive difference between the amount paid for the acquisition of a business and the net fair value of the assets and liabilities of the acquiree, measured by the expected future profitability. Goodwill on acquisitions of subsidiaries is disclosed under Investments and Intangible assets, in the individual and consolidated financial statements, respectively.

Goodwill generated from acquisitions of Brazilian entities are recorded at cost and the goodwill resulting from the acquisition of an entity abroad (entities with a functional currency different from the Parent Company) is converted by the closing rate. The goodwill is reduced by impairment losses, when applicable, subjected to testing at least annually. For impairment test purposes, goodwill acquired in a business combination is, as of acquisition date, allocated to each cash generating unit of the Company expected to benefit from the business combination, regardless of other assets or liabilities of the acquiree being attributed to these units.

##### **Intangible assets with defined useful life**

Intangible assets with defined useful life is carried at cost, less accumulated amortization and impairment losses, when applicable.

On March 31, 2021, 2020 and 2019, the weighted average annual amortization rates are as follows:

<u>Class of intangible asset</u>	<u>Annual average rate</u>
Software license (1)	20%
Brands (2)	10%
Contractual relationships with clients (3)	7%
Other	10%

Residual values and useful lives of the assets are reviewed and adjusted, if applicable, at the end of each year.

## **RAÍZEN COMBUSTÍVEIS S.A.**

### **Notes to financial statements**

**March 31, 2021**

**In thousands of reais - R\$, unless otherwise stated**

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**(1) Software license**

Licenses acquired for computer programs are capitalized and amortized over their estimated useful life by the Company. Software maintenance costs are expensed as incurred. Expenses directly associated with software, controlled by RCSA, which are likely to generate economic benefits greater than costs for more than one year, are recognized as intangible assets.

**(2) Brands**

These correspond to the right to use the brand Shell, contributed to the formation of Raízen by shareholder Shell, recognized at historical cost. This brand is amortized on a straight-line basis over the contract term.

**(3) Contractual relations with clients**

These refer to the finite-lived intangible asset acquired in the business combination of Raízen Argentina and recognized at fair value at the acquisition date. Amortization is calculated using the straight-line method over the expected life of the contractual relation with the customer.

**(l) Impairment of nonfinancial assets**

The Company and its subsidiaries assess if there are indications of impairment loss on an asset. If indications are identified, the Company estimates the asset's recoverable amount. The recoverable amount of an asset item is the higher of: (a) its fair value less costs that would be incurred to sell it, and (b) its value in use. When necessary, the value in use is usually determined based on the discounted cash flow resulting from the continuous use of the asset until the end of its useful life.

Regardless of the existence of indications of impairment, goodwill, and intangible assets with an indefinite useful life, if any, are tested for impairment annually.

When the carrying amount of an asset exceeds its recoverable amount, the loss is recognized as an operating expense in the statement of income

**(m) Provisions**

Provisions are recognized when: (i) the Company has a present or constructive obligation as a result of past events, (ii) it is likely that an outflow of funds will be required to settle the obligation, and (iii) amount may be reliably estimated.

**(n) Employee benefits**

The Company has a supplementary pension plan composed of a defined contribution plan and a defined benefit portion, intended for all employees.

## **RAÍZEN COMBUSTÍVEIS S.A.**

### **Notes to financial statements**

**March 31, 2021**

**In thousands of reais - R\$, unless otherwise stated**

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For the defined contribution, the expense is recognized in P&L when it occurs, while, for the defined benefit, the Company recognizes a liability based on a methodology that considers a series of factors that are determined by actuarial calculations, which use certain assumptions to determine the cost (or revenue) for the pension plan.

Actuarial gains or losses arising from adjustments and changes in actuarial assumptions are recorded directly in equity as other comprehensive income, when incurred.

Past service costs are immediately recognized in the statement of income.

#### **(o) Income tax and social contribution**

Income and social contribution tax revenues (expenses) for the year comprise current and deferred taxes. Income taxes are recognized in statement of income, except to the extent they relate to items directly recognized in equity or comprehensive income. In this case, the taxes are also recognized in equity or comprehensive income.

Current and deferred income tax and social contribution are determined based on the tax legislation enacted or substantially enacted at the date of the statement of financial position in the countries where the Company entities operate and generate taxable profit. Management regularly assesses the positions assumed in the income tax calculations with respect to situations in which applicable tax regulations give rise to different interpretations, and records provisions, when appropriate, based on estimated amounts payable to tax authorities.

Income tax is calculated on taxable profit at a rate of 15%, plus surtax of 10% on profit exceeding R\$ 240 over 12 months, whereas social contribution tax is calculated at a rate of 9% on taxable profit, both recognized on an accrual basis. In other words, the Company is subject to a theoretical combined tax rate equivalent to 34%.

Deferred income tax and social contribution related to income and social contribution tax losses and temporary differences are stated net in the statement of financial position when there is a legal right and the intention to offset them when calculating current taxes, related to the same legal entity and the same tax authority.

Accordingly, deferred tax assets and liabilities in different entities or different countries are usually presented separately, and not on a net basis. Deferred taxes are calculated based on the rates established upon their realization and are reviewed annually.

Tax prepayments or current amounts subject to offsetting are stated under current or noncurrent assets, according to their estimated realization.

#### **(p) Capital and remuneration to shareholders**

Capital is comprised by common and preferred shares. Incremental expenses directly attributable to the issue of shares, when incurred, are presented as a deduction from equity, as additional capital contribution, net of tax effects.

Preferred shares are segregated into liability and equity components based on the contractual terms, if any.



## **RAÍZEN COMBUSTÍVEIS S.A.**

### **Notes to financial statements**

**March 31, 2021**

**In thousands of reais - R\$, unless otherwise stated**

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The only class A preferred share, as well as each common share, entitles to one vote in resolutions at the Company's general meetings, as well as fixed annual dividends of R\$0.01 (one cent).

Non-voting class D and E preferred shares entitle holders to the receipt of fixed annual dividend by shareholder Shell.

Distribution of profits to shareholders is made in the form of dividends and/or interest on equity based on the limits defined in the Company's bylaws and the laws in force, they are classified as cash flow from financing activities, when paid.

#### **(q) Business combinations**

The Company adopts the acquisition method to account for business combinations. The consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities assumed, and any equity instruments issued by the Company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement, where applicable. Acquisition-related costs are recorded in statement of income as incurred. Identifiable assets acquired and liabilities (including contingent) assumed in a business combination are initially measured at fair value on the acquisition date.

The Company recognizes the noncontrolling interest in the acquiree, both for its fair value and for the proportional portion of the noncontrolling interest in the fair value of the acquiree's net assets. Measurement of the noncontrolling interest is determined for each acquisition made.

The excess of the consideration transferred and of the fair value on the date of acquisition of any previous equity interest in the acquiree in relation to the fair value of the Company's interest in the net identifiable assets acquired is recorded as goodwill. When applicable, in acquisitions in which the Company attributes fair value to noncontrolling interests, the determination of goodwill also includes the value of any noncontrolling interest in the acquiree, and goodwill is determined considering the interest of the Company and of noncontrolling interests. When the consideration transferred is less than the fair value of the net assets of the acquiree, the difference is recognized directly in statement of income for the year as a bargain purchase.

#### **(r) Environmental issues**

The Company minimizes the risks associated with environmental issues through operating procedures and controls and investments in pollution control systems and equipment. The Company records a provision for loss on environmental expenses to the extent that it is necessary to carry out environmental remediation of the damage caused.

#### **(s) Segment reporting**

An operating segment is a component of the Company that carries out business activities from which revenues may be obtained and expenses incurred, including revenues and expenses related to transactions with other Company components. All operating income of the operating segments is frequently reviewed by the Company's CEO and by the Board of Directors for purposes of decisions concerning funds to be allocated to the segment and performance evaluation, and for which individual financial information is available.

## RAÍZEN COMBUSTÍVEIS S.A.

### Notes to financial statements

March 31, 2021

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

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The Company has a single business segment, which from 2021 it became known as “Marketing and services”, composed of two geographic areas: (1) Raízen Combustíveis Brasil (“RC Brasil”) and (2) Raízen Combustíveis Argentina (“RC Argentina”), as disclosed in Note 21.

#### 2.4. Impacts of the new CPC/IFRS and ICPC/IFRIC on the financial statements

The following amendments were adopted for the first time for the year beginning April 1<sup>st</sup>, 2020:

- Definition of material: amendments to IAS 1/CPC 26 - Presentation of financial statements and IAS 8/CPC 23 - Accounting Policies, Changes in Accounting Estimates and Errors;
- Definition of business: amendments to IFRS 3/CPC 15 - Business combination;
- IBOR reform: amendments to IFRS 9/CPC 48, IAS 39/CPC 38 and IFRS 7/CPC 40 - Financial instruments; and
- Revised Conceptual Framework for Financial Reporting.

The above amendments did not significantly impact the Company.

#### 2.5. New CPC/IFRS and ICPC/IFRIC (IFRS' Interpretations Committee) applicable to financial statements

The following amendments to standards have been issued by the IASB but are not yet effective as of March 31, 2021. Although encouraged by the IASB, early adoption of the standards in Brazil is not permitted by Brazil's FASB (“CPC”).

- **Amendments to IFRS 9/CPC 48, IAS 39/CPC 38 and IFRS 7/CPC 40 - Financial instruments, IFRS 4 - Insurance contracts and IFRS 16 - Leases:** the amendments provided for in Phase 2 of the IBOR reform address issues that may affect the financial statements during the reform of a benchmark interest rate, including the effects of changes in contractual cash flows or hedging relationships arising from the replacement of a rate with an alternative benchmark rate (replacement issues). The effective date of application of this amendment is January 1, 2021 and, in the case of the Company, April 1, 2021. The Company's contracts linked to the Euro Interbank Offered Rate (“EURIBOR”) and the London Interbank Offered Rate (“LIBOR”) are being reviewed between the parties and will be updated by the respective alternative rates disclosed, plus a spread. Management estimates that the updated cash flows will be economically equivalent to the original and does not expect significant impacts related to this replacement.
- **Amendment to IAS 16/CPC 27 - Property, plant and equipment:** in May 2020, the IASB issued an amendment that does not allow an entity to deduct from the cost of property, plant and equipment the amounts received from the sale of items produced while the asset is being prepared for its intended use. Such revenues and related costs must be recognized in statement of income for the year. The effective date of application of this amendment is January 1, 2022 and, in the case of the Company, April 1, 2022.
- **Amendment to IAS 37/CPC 25 - Provisions, contingent liabilities, and contingent assets:** in May 2020, the IASB issued this amendment to clarify that, for the purpose of assessing whether a contract is onerous, the cost of complying with the contract includes the incremental compliance costs of such contract and allocation of other costs directly related to compliance therewith. The effective date of application of this amendment is January 1, 2022 and, in the case of the Company, April 1, 2022.

# RAÍZEN COMBUSTÍVEIS S.A.

## Notes to financial statements

March 31, 2021

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

- **Amendment to IFRS 3/CPC 15 - Business combination:** issued in May 2020, this amendment aims to replace the references from the previous version of the conceptual framework with the most recent one. The effective date of application of this amendment is January 1, 2022 and, in the case of the Company, April 1, 2022.
- **Annual improvements - 2018-2020 cycle:** in May 2020, the IASB issued the following amendments as part of the annual improvement process, applicable as of January 1, 2022 and, in the case of the Company, April 1, 2022:
  - (i) IFRS 9/CPC 48 - Financial instruments: clarifies which rates should be included in the 10% test for the write-off of financial liabilities.
  - (ii) IFRS 16/CPC 06 (R2) - Leases: amendment to example 13 in order to exclude the example of lessor payments related to improvements in the leased property.
  - (iii) IFRS 1/CPC 37 (R1) - Initial adoption of International Financial Reporting Standards: simplifies the application of said standard by a subsidiary that adopts IFRS for the first time after its parent company, in relation to measurement of the accumulated amount of net foreign exchange variation.

There are no other IFRS/CPC standards or IFRIC/ICPC interpretations not yet effective that could have a significant impact on the Company's financial statements.

### 3. Cash and cash equivalents

Index	Average yield rate			Individual		
	2021	2020	2019	2021	2020	2019
Funds in banks and in cash				250,299	595,045	220,135
Interest earning bank deposits:						
Investment funds (1)	CDI	80.9%	98.1%	96.7%	1,024	1,008
Bank Deposit Certificates (CDB) and repurchase agreements (2)	CDI	99.1%	99.9%	97.3%	1,736,831	39,915
						1,218,990
Total short-term investments				1,737,855	40,923	1,365,373
				1,988,154	635,968	1,585,508
Domestic (local currency)				1,839,290	123,439	1,565,030
Abroad (foreign currency) (Note 25.d)				148,864	512,529	20,478
				1,988,154	635,968	1,585,508

# RAÍZEN COMBUSTÍVEIS S.A.

## Notes to financial statements

March 31, 2021

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

	Index	Weighted average yield			Consolidated		
		2021	2020	2019	2021	2020	2019
Cash at banks and on hand					485,400	1,298,499	785,752
Short-term investments:							
Investment funds (1)	CDI	67.3%	98.1%	96.7%	2,108	25,554	208,553
Bank Deposit Certificates (CDB) and repurchase agreements (2)	CDI	99.1%	99.9%	97.3%	2,117,271	843,005	1,824,286
					<u>2,119,379</u>	<u>868,559</u>	<u>2,032,839</u>
					<u>2,604,779</u>	<u>2,167,058</u>	<u>2,818,591</u>
In Brazil (local currency)					1,862,843	977,999	2,296,235
Abroad (foreign currency) (Note 25.d)					<u>741,936</u>	<u>1,189,059</u>	<u>522,356</u>
					<u>2,604,779</u>	<u>2,167,058</u>	<u>2,818,591</u>

(1) These correspond to investments in fixed income funds managed by leading financial institutions, which are managed by shares, at the sole discretion of the Company, with daily yield and liquidity.

(2) Refer to fixed income investments in first-class financial institutions, with daily yield earnings and liquidity.

## 4. Restricted cash

	Index	Average yield rate			Individual		
		2021	2020	2019	2021	2020	2019
Short-term investments linked to financing (1)	CDI	-	100.0%	100.0%	-	18,114	17,281
Short-term investments subject to derivative transactions (Note 25.g) (2)	CDI	100.4%	101.0%	101.3%	42,020	12,770	24,130
Margin on derivative transactions (Note 25.g) (3)					<u>66,929</u>	<u>-</u>	<u>99,339</u>
					<u>108,949</u>	<u>30,884</u>	<u>140,750</u>
In Brazil (local currency)					42,020	30,884	41,411
Abroad (foreign currency)					<u>66,929</u>	<u>-</u>	<u>99,339</u>
					<u>108,949</u>	<u>30,884</u>	<u>140,750</u>

# RAÍZEN COMBUSTÍVEIS S.A.

## Notes to financial statements

March 31, 2021

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

	Index	Average yield rate			Consolidated		
		2021	2020	2019	2021	2020	2019
Financial investments linked to financing (1)	CDI	-	100.0%	100.0%	-	18,114	17,281
Financial investments linked to derivative operations (Note 25.g) (2)	CDI	100.4%	101.0%	101.3%	42,020	12,770	24,130
Margin on derivative operations (Note 25.g) (3)					104,868	-	99,339
					146,888	30,884	140,750
Domestic (local currency)					42,020	30,884	41,411
Abroad (foreign currency)					104,868	-	99,339
					146,888	30,884	140,750

- (1) Financial investments of the LFT (Financial Treasury Bill) type, carried out with top-tier banks, held by virtue of financing with the National Bank for Economic and Social Development (“BNDES”), the redemption of which is subject to payment of certain installments of said financing.
- (2) It corresponds to financial investments in CDB and government securities abroad, carried out with top-tier banks, pledged as collateral for derivative instrument transactions.
- (3) Refers to margin deposits in derivative transactions referred to margin calls at a commodity exchange and were exposed to the dollar fluctuation in derivative transactions.

## 5. Trade accounts receivable

			Individual		Consolidated	
	2021	2020	2019	2021	2020	2019
Domestic (local currency)	1,539,865	1,115,058	1,683,942	1,825,123	1,429,552	2,088,617
Abroad (foreign currency) (Note 25.d)	610	936	2,833	584,503	347,725	345,819
Other accounts receivable (i)	383,409	361,128	454,309	533,429	477,520	636,756
Allowance for expected credit losses	(110,917)	(98,973)	(137,115)	(131,701)	(123,840)	(170,308)
	1,812,967	1,378,149	2,003,969	2,811,354	2,130,957	2,900,884
Current	(1,542,374)	(1,128,345)	(1,636,395)	(2,438,789)	(1,783,961)	(2,386,340)
Noncurrent	270,593	249,804	367,574	372,565	346,996	514,544

- (i) Other accounts receivable substantially refer 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 Company has no notes given as collateral. The maximum exposure to credit risk at the statement of financial position date is the carrying amount of each class of trade accounts receivable.

# RAÍZEN COMBUSTÍVEIS S.A.

## Notes to financial statements

March 31, 2021

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

The maturity of trade accounts receivable is as follows:

	<b>Individual</b>		<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Falling due	1,520,719	1,042,869	1,819,874	2,391,713
Overdue:				
Within 30 days	35,509	89,325	24,997	77,537
From 31 to 90 days	35,193	46,102	30,347	41,405
From 91 to 180 days	16,659	43,293	12,213	25,325
Over 180 days	315,804	255,533	253,653	407,075
	<u>1,923,884</u>	<u>1,477,122</u>	<u>2,141,084</u>	<u>2,254,797</u>
			<u>2,943,055</u>	<u>3,071,192</u>

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

The allowance for expected credit losses was calculated based on credit risk analysis, which comprise the history of loss, the clients individual situation, the situation of the economic group to which they belong, security interest for debts and assessment of legal advisors.

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

	<b>Individual</b>	<b>Consolidate</b>
At March 31, 2018	(160,868)	(186,093)
Initial adoption of IFRS 9 (CPC 48)	(3,045)	(3,636)
At April 1, 2018	(163,913)	(189,729)
Reversal of allowance for expected credit losses, net	26,798	19,267
Effect of foreign currency translation	-	154
At March 31, 2019	(137,115)	(170,308)
Reversal of allowance for expected credit losses, net	38,142	42,512
Derecognition upon formation of joint venture and disposal of subsidiary	-	5,648
Effect of foreign currency translation	-	(1,692)
At March 31, 2020	(98,973)	(123,840)
Setting up of allowance for expected credit losses, net	(11,944)	(8,558)
Effect of foreign currency translation	-	697
At March 31, 2021	<u>(110,917)</u>	<u>(131,701)</u>

# RAÍZEN COMBUSTÍVEIS S.A.

## Notes to financial statements

March 31, 2021

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

### 6. Inventories

			Individual			Consolidated
	2021	2020	2019	2021	2020	2019
Finished products:						
Diesel (2)	661,165	473,034	564,355	1,314,231	1,164,523	988,728
Gasoline (2)	758,903	767,073	620,780	1,409,901	1,327,047	1,129,639
Ethanol	369,587	190,791	159,611	381,054	197,514	165,143
Aviation fuel (Jet A-1)	119,931	129,079	98,119	170,354	170,112	127,967
Other petroleum by-products (1)	11,934	11,612	11,009	216,021	206,585	220,665
Oil (crude oil)	-	-	-	269,342	411,534	231,649
Products-in-process	-	-	-	257,528	266,703	204,611
Warehouse and others	76,596	71,108	14,874	384,646	381,070	221,686
	<u>1,998,116</u>	<u>1,642,697</u>	<u>1,468,748</u>	<u>4,403,077</u>	<u>4,125,088</u>	<u>3,290,088</u>

(1) This 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 pegged derivatives. Risk management (Note 25.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. On March 31, 2021, 2020 and 2019, such inventories include fair value measurement, level 2 hierarchy, as follows:

									Individual
			Cost value		Fair value				Income (loss)
	2021	2020	2019	2021	2020	2019	2021	2020	2019
Finished goods:									
Diesel	644,964	588,415	566,263	661,165	473,034	564,355	131,581	(113,473)	(19,349)
Gasoline	727,324	848,855	581,108	758,903	767,073	620,780	113,361	(121,454)	40,286
	<u>1,372,288</u>	<u>1,437,270</u>	<u>1,147,371</u>	<u>1,420,068</u>	<u>1,240,107</u>	<u>1,185,135</u>	<u>244,942</u>	<u>(234,927)</u>	<u>20,937</u>
			Cost value		Fair value				Consolidated
									Profit or loss
	2021	2020	2019	2021	2020	2019	2021	2020	2019
Finished goods:									
Diesel	1,298,030	1,279,904	990,636	1,314,231	1,164,523	988,728	131,581	(113,473)	(19,349)
Gasoline	1,378,322	1,408,829	1,089,967	1,409,901	1,327,047	1,129,639	113,361	(121,454)	40,286
	<u>2,676,352</u>	<u>2,688,733</u>	<u>2,080,603</u>	<u>2,724,132</u>	<u>2,491,570</u>	<u>2,118,367</u>	<u>244,942</u>	<u>(234,927)</u>	<u>20,937</u>

As of March 31, 2021, estimated losses on realization and on slow-moving and/or obsolete inventory were deducted from inventories, by R\$ 20,606 and R\$ 21,690 (R\$ 42,854 and R\$ 93,827 on March 31, 2020, and R\$ 15,245 and R\$ 16,504 in 2019), Individual and Consolidated, respectively. Changes in the referred to losses, as shown below, were recognized in the statement of profit or loss under Cost of sales and services:

## RAÍZEN COMBUSTÍVEIS S.A.

### Notes to financial statements

March 31, 2021

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

	Individual	Consolidated
March 31, 2018	(611)	(611)
Estimated loss	(15,245)	(15,289)
Reversal and write-off	611	5,102
Business combination	-	(6,196)
Effect of foreign currency translation	-	490
March 31, 2019	(15,245)	(16,504)
Estimated loss	(43,066)	(90,276)
Reversal and write-off	15,457	16,743
Effect of foreign currency translation	-	(3,790)
March 31, 2020	(42,854)	(93,827)
Estimated loss	(20,768)	(20,810)
Reversal and write-off	43,016	94,987
Effect of foreign currency translation	-	(2,040)
March 31, 2021	(20,606)	(21,690)

## 7. Recoverable taxes

	Individual			Consolidated		
	2021	2020	2019	2021	2020	2019
State VAT (ICMS) (i)	828,321	657,771	356,423	1,201,349	979,730	595,275
PIS and COFINS (ii)	1,066,908	552,458	616,073	1,486,050	861,616	848,722
IVA (iii)	-	-	-	384,101	653,262	425,781
Other	6,405	2,192	1,905	85,047	79,977	153,622
Estimated loss on realization of taxes (iv)	(23,725)	(23,942)	(23,942)	(28,781)	(28,998)	(28,998)
	1,877,909	1,188,479	950,459	3,127,766	2,545,587	1,994,402
Current	(1,391,625)	(847,493)	(780,523)	(2,177,355)	(1,881,363)	(1,609,693)
Noncurrent	486,284	340,986	169,936	950,411	664,224	384,709

### (i) State Value-Added Tax (ICMS)

It arises from interstate operations for the distribution of oil by-products, in which the tax burden of the receiving state is lower than that retained by the supplier, according to Agreement No. 110/07. The reimbursement takes place through formalization of a process with the States, whereby after the request is approved, the payment is made by the substitute taxpayer, in this case the refinery, by means of a credit in a bank checking account.

To use ICMS credit balances, the Company is internally reviewing certain activities, in particular the logistics of operations with changes in supply hubs. In addition, there are requests for special regimes from certain state tax authorities, requests for authorization to transfer balances between branches in the same state and analysis of credit sales to third parties.



## **RAÍZEN COMBUSTÍVEIS S.A.**

### **Notes to financial statements**

**March 31, 2021**

**In thousands of reais - R\$, unless otherwise stated**

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The ICMS recoverable balance presented in these financial statements reflects the amount that the Company expects to realize, less the provision for loss on credits, for which management has no expectation to realize them.

#### **(ii) ICMS on the PIS and COFINS tax bases**

On March 15, 2017, the Federal Supreme Court of Brazil (“STF”) completed the judgment of Extraordinary Appeal No. 574.706 and, under general resonance, established the thesis that the ICMS does not make up the PIS and COFINS tax base, since this amount does not represent the Company’s revenue/billing. In other words, taxpayers have the right to exclude the ICMS amount recorded in the invoice from the PIS and COFINS tax base. In 2018, the Company recognized credits referring to periods after March 2017, based on the decision handed down on that date by the STF. In addition, the amounts recognized, referring to prior periods, for the group companies that have been awarded favorable final decisions on the referred matter, that is, a res judicata decision, were calculated based on the accounting and tax systems, considering the ICMS amount recorded in invoices. The accuracy of amounts was tested by crosschecking the information with the relevant accessory obligations.

Since adoption of the PIS and COFINS noncumulative regime, RCSA has been pleading in court the right to exclude ICMS from the PIS and COFINS tax base. In the year ended March 31, 2021 and 2020, RCSA concluded that the necessary legal certainty for recognizing the referred to tax credits had been achieved. Therefore, RCSA recognized consolidated credits amounting to R\$ 22,772 and R\$ 211,265, respectively, under Recoverable taxes, arising from certain res judicata decisions handed down on lawsuits for the entire period after 5 years of the date of distribution of the lawsuits in court and, in the case of decisions not yet final, credits after October 2, 2017, prospectively, according to the conclusion of the leading case, granting the appeal to taxpayers. These consolidated credits were recognized in the statements of profit or loss for the years ended March 31, 2021 and 2020, in the amounts of R\$ 22,772 and R\$ 198,906, respectively.

On March 31, 2020, consolidated credits amounting to R\$ 12,359, whose triggering event preceded the formation of Raízen, within the scope of the formation process of Raízen by shareholders Cosan and Shell, were recognized in Related parties, in noncurrent liabilities, and should be refunded to them as they are used by RCSA.

#### **(iii) Value-Added Tax (“IVA”)**

This refers to the federal tax applicable in Argentina on commercial transactions with clients and suppliers, whose triggering event, determination and payment takes place on a monthly basis.

## RAÍZEN COMBUSTÍVEIS S.A.

### Notes to financial statements

March 31, 2021

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

#### (iv) Estimated loss on realization of taxes

Changes in the referred to loss are as follows:

	<u>Individual</u>	<u>Consolidated</u>
March 31, 2018	<u>(105,099)</u>	<u>(116,729)</u>
Reversal of expected loss, net	<u>81,157</u>	<u>87,731</u>
March 31, 2019	<u>(23,942)</u>	<u>(28,998)</u>
Reversal (setting up) of allowance for expected credit losses, net	<u>-</u>	<u>-</u>
March 31, 2020	<u>(23,942)</u>	<u>(28,998)</u>
Reversal of expected loss, net	<u>217</u>	<u>217</u>
March 31, 2021	<u>(23,725)</u>	<u>(28,781)</u>

In the year ended March 31, 2019, the reversal of the estimated loss, net substantially corresponded to ICMS balances in the States of Amazonas and Rondônia, as a result of res judicata decisions awarded in favor of RCSA, as well as the progress in the evaluation of the processes conducted by the governments of those States.

# RAÍZEN COMBUSTÍVEIS S.A.

## Notes to financial statements

March 31, 2021

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

## 8. Related parties

### (a) Summary of balances with related parties

			Individual			Consolidated
	2021	2020	2019	2021	2020	2019
<b>Assets</b>						
<b>Classification of assets by currency:</b>						
Domestic (local currency)	1,467,007	1,309,964	1,365,093	1,844,055	1,588,280	1,416,406
Abroad (foreign currency) (Note 25.d)	84,362	105,974	115,072	134,772	192,119	184,887
	<u>1,551,369</u>	<u>1,415,938</u>	<u>1,480,165</u>	<u>1,978,827</u>	<u>1,780,399</u>	<u>1,601,293</u>
<b>Asset management (1)</b>						
Raízen Energia S.A. and its subsidiaries	-	72,345	27,934	604,370	441,013	244,529
	-	72,345	27,934	604,370	441,013	244,529
<b>Commercial and administrative transactions (3)</b>						
Rumo Group	160,413	86,426	130,026	161,823	87,727	131,825
Agricopel Group	4,198	3,342	3,440	29,344	19,045	29,446
Raízen Energia S.A. and its subsidiaries	21,020	44,081	20,429	21,036	44,693	21,062
Shell Group	84,362	105,974	115,072	134,772	192,119	184,887
Raízen Mime Combustíveis S.A.	138,099	77,459	117,955	-	-	-
Petróleo Sabbá S.A.	114,725	35,573	72,132	-	-	-
Other	15,735	6,829	8,164	10,016	9,192	5,439
	538,552	359,684	467,218	356,991	352,776	372,659
<b>Framework agreement (4)</b>						
Shell Brazil Holding B.V.	921,935	894,621	895,491	921,935	894,621	895,491
Shell Brasil Petróleo Ltda.	71,861	63,607	63,465	71,861	63,607	63,465
Cosan S.A.	14,353	19,542	16,126	14,353	19,542	16,126
Other	-	-	-	9,317	8,840	9,023
	1,008,149	977,770	975,082	1,017,466	986,610	984,105
<b>Preferred shares (5)</b>						
Raízen Mime Combustíveis S.A.	4,668	6,139	9,931	-	-	-
	4,668	6,139	9,931	-	-	-
	<u>1,551,369</u>	<u>1,415,938</u>	<u>1,480,165</u>	<u>1,978,827</u>	<u>1,780,399</u>	<u>1,601,293</u>
<b>Current assets</b>	<u>(664,212)</u>	<u>(532,874)</u>	<u>(591,088)</u>	<u>(1,095,381)</u>	<u>(898,192)</u>	<u>(720,754)</u>
<b>Noncurrent assets</b>	<u>887,157</u>	<u>883,064</u>	<u>889,077</u>	<u>883,446</u>	<u>882,207</u>	<u>880,539</u>

# RAÍZEN COMBUSTÍVEIS S.A.

## Notes to financial statements

March 31, 2021

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

			Individual			Consolidated
	2021	2020	2019	2021	2020	2019
<b>Liabilities and equity</b>						
<b>Classification of liabilities by currency:</b>						
Domestic (local currency)	981,618	1,243,027	970,547	1,220,209	1,387,027	829,321
Abroad (foreign currency) (Note 25.d)	3,444,768	3,176,043	5,041,283	5,560,121	5,908,591	6,641,818
	<u>4,426,386</u>	<u>4,419,070</u>	<u>6,011,830</u>	<u>6,780,330</u>	<u>7,295,618</u>	<u>7,471,139</u>
<b>Asset management (1)</b>						
Raízen Energia S.A. and its subsidiaries	63,079	-	2,402	701,439	392,476	154,275
	<u>63,079</u>	<u>-</u>	<u>2,402</u>	<u>701,439</u>	<u>392,476</u>	<u>154,275</u>
<b>Financial transactions (2)</b>						
Raízen Fuels Finance S.A. ("Raízen Fuels")	3,423,635	3,116,405	3,059,942	3,423,635	3,116,405	3,059,942
Other	4,250	6,210	4,587	4,258	6,219	4,593
	<u>3,427,885</u>	<u>3,122,615</u>	<u>3,064,529</u>	<u>3,427,893</u>	<u>3,122,624</u>	<u>3,064,535</u>
<b>Commercial and administrative transactions (3)</b>						
Raízen Energia S.A. and its subsidiaries	93,329	240,116	214,340	1,714,422	2,998,446	1,730,353
Rumo Group	10,837	8,634	8,076	11,342	8,753	8,241
Petróleo Sabbá S.A.	44,915	23,275	66,757	-	-	-
Raízen Mime Combustíveis S.A.	34,098	42,069	70,716	-	-	-
Raízen Argentina and subsidiaries	8,113	6,050	-	-	-	-
Blueway Trading Importação e Exportação S.A.	215,706	480,958	172,176	-	-	-
Shell Group	7,358	1,690	1,533	511,027	385,187	100,603
Other	10,137	11,856	8,688	10,405	11,853	10,170
	<u>424,493</u>	<u>814,648</u>	<u>542,286</u>	<u>2,247,196</u>	<u>3,404,239</u>	<u>1,849,367</u>
<b>Framework agreement (4)</b>						
Shell Brasil Petróleo Ltda.	156,108	137,239	118,009	156,138	137,269	118,039
Shell Brazil Holding B.V.	62,380	58,802	32,770	62,380	58,922	32,891
Other	16,636	13,556	1,081	16,838	13,759	1,279
	<u>235,124</u>	<u>209,597</u>	<u>151,860</u>	<u>235,356</u>	<u>209,950</u>	<u>152,209</u>
<b>Preferred shares (5)</b>						
Shell Brazil Holding B.V.	168,446	166,329	290,808	168,446	166,329	290,808
	<u>168,446</u>	<u>166,329</u>	<u>290,808</u>	<u>168,446</u>	<u>166,329</u>	<u>290,808</u>
<b>Purchase of equity interest (6)</b>						
B. V. Dordtsche Petroleum Maatschappij ("DPM")	-	-	553,341	-	-	553,341
Shell Overseas Investments B.V. ("SOI")	-	-	1,406,604	-	-	1,406,604
	<u>-</u>	<u>-</u>	<u>1,959,945</u>	<u>-</u>	<u>-</u>	<u>1,959,945</u>
<b>Lease liabilities (7)</b>						
Saturno Investimentos Imobiliários Ltda.	107,359	105,881	-	-	-	-
	<u>107,359</u>	<u>105,881</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>4,426,386</u>	<u>4,419,070</u>	<u>6,011,830</u>	<u>6,780,330</u>	<u>7,295,618</u>	<u>7,471,139</u>
Current liabilities	<u>(1,616,225)</u>	<u>(1,207,369)</u>	<u>(2,949,799)</u>	<u>(4,069,152)</u>	<u>(4,173,506)</u>	<u>(4,409,103)</u>
Noncurrent liabilities	<u>2,810,161</u>	<u>3,211,701</u>	<u>3,062,031</u>	<u>2,711,178</u>	<u>3,122,112</u>	<u>3,062,036</u>

# RAÍZEN COMBUSTÍVEIS S.A.

## Notes to financial statements

March 31, 2021

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

### (1) Asset management

The amounts recorded in assets and liabilities refer to funds made available and received from RESA, respectively, as a way of managing financial resources. Regarding these operations, in the year ended March 31, 2021, the Company recorded net finance income amounting to R\$ 3,012 and R\$ 2,782 (net finance income amounting to R\$ 10,925 and R\$ 40,587 in 2020, and R\$ 4,457 and R\$ 5,620 in 2019) in the Individual and Consolidated financial statements, respectively, due to cash management.

### (2) Financial operations

On March 31, 2021, 2020 and 2019, the amount recorded in liabilities, in the Individual and Consolidated financial statements, refer primarily to pre-export financing contracts payable to Raízen Fuels, as follows:

Contract	Currency	Principal in foreign currency	Maturity	Index	2021	2020	2019
Pre-export financing (a)	US\$	219,000	04/27/2020	Libor	-	-	863,298
Pre-export Financing	US\$	350,000	01/20/2027	-	2,286,459	2,123,725	1,429,678
		569,000			2,286,459	2,123,725	2,292,976
Pre-export financing	€	66,000	10/15/2021	-	454,239	398,966	309,372
Pre-export financing	€	40,000	01/20/2022	Euribor	271,363	235,759	181,557
Pre-export financing	€	60,000	09/21/2022	Euribor	411,574	357,955	276,037
		166,000			1,137,176	992,680	766,966
					3,423,635	3,116,405	3,059,942
Current					(746,446)	(25,836)	(20,091)
Noncurrent					2,677,189	3,090,569	3,039,851

- (a) On March 20, 2020, the Company prepaid this contract for the amount of R\$ 1,126,624 and R\$ 132,274, principal and interest, respectively.

On March 31, 2021, the average effective annual interest rate of the referred to contracts is 4.27% (4.51% in 2020 and 4.40% in 2019).

On March 31, 2021, the installments due in the long term, have the following maturity schedule:

	Individual and Consolidated
13 to 24 months	411,397
From 61 months onwards	2,265,792
	2,677,189

# RAÍZEN COMBUSTÍVEIS S.A.

## Notes to financial statements

March 31, 2021

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

### Fair value (Consolidated)

Type	Classification	Amount raised, restated			Fair value (1)		Finance income (costs)	
		2021	2020	2019	2021	2020	2019	2020
Pre-export financing	Fair value through P&L	3,132,353	2,795,957	2,963,728	3,423,635	3,116,405	3,059,942	29,166
		(224,234)	(95,133)					
		<u>3,132,353</u>	<u>2,795,957</u>	<u>2,963,728</u>	<u>3,423,635</u>	<u>3,116,405</u>	<u>3,059,942</u>	<u>29,166</u>

- (1) On March 31, 2021, 2020 and 2019, this includes a fair value measurement balance amounting to R\$ 291,282, R\$ 320,448 and R\$ 96,214 respectively.

### (3) Commercial and administrative transactions

The amounts recorded in assets refer to commercial transactions involving sale of products, such as gasoline, diesel and jet.

The amounts recorded in liabilities refer to commercial transactions involving rendering of services and purchase of products such as ethanol, diesel, gasoline, road and rail freight, storage, as well as debt notes relating to reimbursement of shared expenses.

### (4) Framework agreement

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

### (5) Preferred shares

On March 31, 2021, 2020 and 2019, these refer to preferred shares receivable from Mime in connection with gains on certain divestments.

At the Special and Annual General Meeting held on July 12, 2019, the Mime's shareholders approved the allocation of class B preferred dividends to RCSA, in the amount of R\$ 1,978, fully received by the Company on July 15, 2019.

At the Special and Annual General Meeting held on September 4, 2020, the Mime's shareholders approved the allocation of class B preferred dividends to RCSA, in the amount of R\$ 1,814, fully received by the Company on September 9, 2020.

On March 31, 2021, class B preferred dividends were allocated to RCSA, in the amount of R\$ 1,471, to be approved in the next fiscal year.

Class E preferred shares payable refer to tax credits arising from overpayment by Shell of Corporate Income Tax ("IRPJ") and Social Contribution Tax on Net Profit ("CSLL"), in 2010 and 2011, to be reimbursed to Shell as RCSA uses such credits. These credits are restated by reference to the Brazil's Central Bank benchmark rate (SELIC).

At the Special General Meeting held on September 5, 2019, the Company's shareholders approved the redemption of class E preferred shares, in the amount of R\$ 129,412. See Note 19.a.

## RAÍZEN COMBUSTÍVEIS S.A.

### Notes to financial statements

March 31, 2021

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

#### (6) Purchase of equity interest

In the year ended March 31, 2020, the Company fully paid the remaining amounts due to SOI and DPM, amounting to R\$ 2,054,650 (R\$ 1,829,161 in 2019), for the acquisition of the downstream business ("DS") of Shell Group in Argentina.

As of March 1, 2019, RCSA designated part of this balance payable as hedge of net investment in a foreign entity. In the year ended March 31, 2020, RCSA classified foreign exchange variation to equity, up to the date of effective settlement, under Equity adjustments, amounting to R\$ 15,071 (R\$ 54,235 in 2019), both referring to foreign exchange loss. On March 31, 2021, the balance in equity amounts to R\$ 69,306 (R\$ 69,306 in 2020 and R\$ 54,235 in 2019).

#### (7) Lease liabilities

Changes in lease liabilities in the years ended March 31, 2021 and 2020 are as follows:

	2021	2020
Balance at beginning of year	105,881	-
Adoption of IFRS 16 (CPC 06 (R2)) (Note 2.3.j)	-	112,412
Adjusted balance	105,881	112,412
Payments	(16,010)	(16,269)
Interest	8,597	9,738
Remeasurement of agreements and other	8,891	-
Balance at end of year	107,359	105,881
Current	(8,370)	(16,287)
Noncurrent	98,989	89,594

On March 31, 2021, the aging list of consolidated lease liabilities is as follows:

Years	Present value	Future value
1 to 12 months	8,370	17,712
13 to 24 months	9,347	17,712
25 to 36 months	10,144	17,712
37 to 48 months	11,085	17,712
49 to 60 months	12,111	17,712
61 to 72 months	13,235	17,712
73 to 84 months	14,461	17,712
85 to 96 months	15,801	17,712
97 to 120 months	12,805	13,284
Gross amount	107,359	154,980
Potential right of PIS and COFINS recoverable (1)	(9,931)	(14,336)
Net value	97,428	140,644

- (1) This refers to the potential right of PIS and COFINS credits on payments of lease calculated based on the theoretical rate of 9.25%. This disclosure aims to comply with CVM/SNC/SEP Circular Memorandum No. 02/2019 and represents an estimate only. Therefore, it does not constitute effectively credits that may be used by RESA in the future, and when such event occurs, referred to credits may be materially different due to the possibility of the effective rate being different from the theoretical rate or the payment is not subject to the use of credit, for instance, due to subsequent changes in tax legislation.

# RAÍZEN COMBUSTÍVEIS S.A.

## Notes to financial statements

March 31, 2021

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

### (b) Transactions with related parties (8)

	<b>Individual</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>Sale of products</b>			
Rumo Group (4)	1,182,218	1,207,833	1,223,766
Shell Group (7)	557,420	1,137,058	943,075
Agricopel Group (5)	128,984	97,752	90,637
Raízen Energia S.A. and its subsidiaries	545,730	610,615	606,647
Petróleo Sabbá S.A.	1,771,259	490,678	557,429
Raízen Mime Combustíveis S.A.	1,590,680	1,400,848	1,381,038
Other	2,875	53,558	61,597
	<u>5,779,166</u>	<u>4,998,342</u>	<u>4,864,189</u>
<b>Purchase of goods and services</b>			
Raízen Energia S.A. and its subsidiaries (6)	(1,331,612)	(1,641,065)	(1,610,051)
Shell Group (7)	(828)	(6,514)	(12,539)
Rumo Group (4)	(144,770)	(166,858)	(159,719)
Agricopel Group (5)	(42,637)	(49,251)	(40,535)
Blueway Trading Importação e Exportação S.A. (6)	(4,260,095)	(9,289,993)	(6,564,473)
Petróleo Sabbá S.A. (6)	(816,280)	(1,100,135)	(1,269,878)
Raízen Mime Combustíveis S.A.	(459,536)	(538,093)	(636,945)
Other	(10,002)	(15,981)	(18,189)
	<u>(7,065,760)</u>	<u>(12,807,890)</u>	<u>(10,312,329)</u>
<b>Finance costs, net (1)</b>			
Raízen Energia S.A. and its subsidiaries	(414,314)	(1,318,508)	(616,132)
SOI and DPM	-	(81,038)	73,147
Other	(958)	26,621	22,485
	<u>(415,272)</u>	<u>(1,372,925)</u>	<u>(520,500)</u>
<b>Service revenues and other (2)</b>			
Petróleo Sabbá S.A.	7,330	8,473	8,096
Raízen Argentina S.A.	10,195	-	-
Raízen Mime Combustíveis S.A.	4,275	6,773	6,997
Agricopel Group	514	73	31
Shell Aviation Limited	1,688	3,454	2,095
Shell Brazil Holding B.V.	513	2,116	12,031
Raízen Energia S.A. and its subsidiaries	1,184	2,178	1,319
Shell Brasil Petróleo Ltda.	-	1,231	400
Other	679	2,077	3,348
	<u>26,378</u>	<u>26,375</u>	<u>34,317</u>
<b>Service expenses (3)</b>			
Raízen Energia S.A. and its subsidiaries	(136,524)	(117,254)	(116,581)
Saturno Investimentos Imobiliários Ltda.	-	-	(25,299)
Shell Brasil Petróleo Ltda.	(17,917)	(19,682)	(18,358)
Shell International Petroleum	(1,660)	(4,429)	(5,349)
Shell Aviation Limited	(426)	(1,883)	(686)
Shell Brazil Holding B.V.	(2,071)	(903)	(10)
Other	(466)	(4,859)	(4,627)
	<u>(159,064)</u>	<u>(149,010)</u>	<u>(170,910)</u>



# RAÍZEN COMBUSTÍVEIS S.A.

## Notes to financial statements

March 31, 2021

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

	Consolidated		
	2021	2020	2019
<b>Sale of products</b>			
Rumo Group (4)	1,186,537	1,213,317	1,231,065
Shell Group (7)	696,177	1,582,073	1,307,460
Agricopel Group (5)	780,365	851,755	841,983
Raízen Energia S.A. and its subsidiaries	560,359	610,615	606,647
Other	59,498	74,657	64,817
	<u>3,282,936</u>	<u>4,332,417</u>	<u>4,051,972</u>
<b>Purchase of goods and services</b>			
Raízen Energia S.A. and its subsidiaries (6)	(6,497,076)	(10,709,804)	(7,133,545)
Shell Group (7)	(152,571)	(663,229)	(1,013,443)
Rumo Group (4)	(150,045)	(172,650)	(165,345)
Agricopel Group (5)	(84,683)	(94,464)	(89,499)
Other	(52,261)	(70,478)	(66,672)
	<u>(6,936,636)</u>	<u>(11,710,625)</u>	<u>(8,468,504)</u>
<b>Finance costs, net (1)</b>			
Raízen Energia S.A. and its subsidiaries	(604,950)	(2,087,407)	(695,150)
SOI and DPM	-	(81,038)	73,147
Other	9,852	27,238	6,302
	<u>(595,098)</u>	<u>(2,141,207)</u>	<u>(615,701)</u>
<b>Service revenues and other (2)</b>			
Agricopel Group	617	2,373	177
Shell Aviation Limited	1,688	3,454	2,095
Shell Brazil Holding B.V.	1,374	2,120	12,031
Raízen Energia S.A. and its subsidiaries	1,184	2,178	1,319
Shell Brasil Petróleo Ltda.	-	1,231	400
Other	35	1,353	9
	<u>4,898</u>	<u>12,709</u>	<u>16,031</u>
<b>Service expenses (3)</b>			
Raízen Energia S.A. and its subsidiaries	(152,624)	(133,265)	(131,492)
Shell Brasil Petróleo Ltda.	(17,917)	(19,682)	(18,358)
Shell International Petroleum	(6,954)	(4,430)	(5,350)
Shell Aviation Limited	(426)	(1,883)	(686)
Shell Brazil Holding B.V.	(2,071)	(903)	(10)
Other	(466)	(8)	(1)
	<u>(180,458)</u>	<u>(160,171)</u>	<u>(155,897)</u>

- (1) Finance costs correspond to: (i) interest and foreign exchange difference on pre-export financing taken out from Raízen Fuels, a subsidiary of RESA; (ii) profit or loss arising from the asset management agreement between the companies; (iii) interest and foreign exchange variation on the balance payable to SOI and DPM for the acquisition of Raízen Argentina; and (iv) commercial foreign exchange difference.
- (2) These refer to: (i) commission on sales of lubricants to Shell; and (ii) expenses on sharing of corporate, management and operating costs reimbursed by its subsidiaries.
- (3) These refer to: (i) expenses on sharing of corporate, management and operating costs with RESA; and (ii) expenses on technical support, maintenance of the billing and collection process, commissions on the sale of Jet and secondaries to Shell.
- (4) "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., Portofer Transporte Ferroviário Ltda., ALL Armazéns Gerais Ltda., Terminal São Simão S.A. and Brado Logística S.A.

## RAÍZEN COMBUSTÍVEIS S.A.

### Notes to financial statements

March 31, 2021

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

- (5) “Agricopel Group” mainly refers to sales of fuel, represented by the following companies: Agricopel Comércio de Derivados de Petróleo Ltda., Posto Agricopel Ltda., Agricopel Diesel Paraná Ltda., Blue Administração de Bens Ltda., a related party through FIX Investimentos Ltda., which is a noncontrolling shareholder of Mime.
- (6) Purchases made by the Company from subsidiaries Blueway, Sabbá, Mime and from Agrícola Ponte Alta Ltda. and Raízen Trading LLP, RESA’s subsidiaries, are represented mainly by import of ethanol and by-products in the foreign market.
- (7) “Shell Group” refers mainly to the commercial transactions conducted by Shell Aviation Limited and Shell Trading US Company.
- (8) Transactions with related parties are entered into under reasonable conditions on an arm’s length basis, in line with those prevailing in the market or under which the Company would take out with third parties.

### (c) Officers and members of the Board of Directors

Fixed and variable compensation to key management personnel of Raízen Group, including statutory officers and members of the Board of Directors, recognized in profit or loss for the years ended March 31, 2021, 2020 and 2019, is as follows:

	2021	2020	2019
Regular remuneration	(58,074)	(56,911)	(55,341)
Bonuses and other variable remuneration	(41,973)	(50,760)	(35,521)
Total remuneration	<u>(100,047)</u>	<u>(107,671)</u>	<u>(90,862)</u>

The Company shares the corporate, managerial and operational structures and costs with its related party RESA. Key management personnel comprise mainly RESA’s employees and the costs are transferred to the Company through a debt note. In the year ended March 31, 2021, the Company reimbursed RESA the amount of R\$ 52,636 (R\$ 44,992 in 2020 and R\$ 51,275 in 2019) for these expenses that encompass the entire corporate structure.

### (d) Other significant information involving related parties

#### Guarantees

Considering that Raízen Group operates a centralized corporate treasury, the Company is the guarantor of certain debts of its related party RESA.

#### *Revolving Credit Facility*

Raízen Combustíveis has a credit facility totaling US\$ 700,000 thousand, which was not used until the closing date of these financial statements, as follows:

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

On February 5, 2021, as controlling shareholders of Raízen Group, Cosan and Shell entered into a Subscription Agreement, establishing the procedures and circumstances in which Raízen Group may notify its controlling shareholders (Cosan and Shell), requesting a capital contribution of up to US\$ 700,000 thousand, total amount for both shareholders. In accordance with the terms of the Subscription Agreement, if Raízen Group reaches certain financial leverage ratios, a Board of Directors’ Meeting shall be called to determine the total amount of the capital contribution that will be required. Worth highlighting that Raízen Group is classified as Investment Grade, supported by a strong capital discipline.

## RAÍZEN COMBUSTÍVEIS S.A.

### Notes to financial statements

March 31, 2021

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

#### 9. Assets from contracts with clients

	<u>Individual</u>	<u>Consolidated</u>
Balances at March 31, 2018	-	-
Initial adoption of IFRS 15 (CPC 47)	1,896,903	2,205,778
Balances at April 1, 2018	1,896,903	2,205,778
Additions	539,966	676,504
Amortization (Note 20)	(383,416)	(452,503)
Balance at March 31, 2019	2,053,453	2,429,779
Additions	521,485	627,888
Amortization	(413,637)	(505,769)
Effect of foreign currency translation	-	15,267
Balance at March 31, 2020	2,161,301	2,567,165
Additions	493,643	656,713
Amortization	(384,876)	(502,468)
Effect of foreign currency translation	-	9,087
Balance at March 31, 2021	2,270,068	2,730,497
Current	(381,381)	(475,045)
Noncurrent	1,888,687	2,255,452

# RAÍZEN COMBUSTÍVEIS S.A.

## Notes to financial statements

March 31, 2021

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

## 10. Investments

### (a) Individual

	Country	Business activity	Equity interest	2021	2020	Investments		Equity pickup	
						2019	2021	2020	2019
Book Value									
Subsidiaries									
Raízen Argentina and subsidiaries	Argentina	Fuel refining and sale	100.00%	3,714,269	3,364,765	3,204,571	16,486	(8,885)	102,495
Petróleo Sabbá S.A.	Brazil	Sale of fuel	80.00%	915,504	826,026	729,874	121,463	125,645	147,810
Raízen Mime Combustíveis S.A.	Brazil	Sale of fuel	76.00%	163,615	156,662	165,325	39,798	35,050	46,980
Blueway Trading Importação e Exportação S.A.	Brazil	Import and export	99.99%	149,515	212,459	248,778	(62,944)	(36,317)	48,868
Sabor Raiz Alimentação S.A.	Brazil	Food stuff	69.35%	326	322	306	5	14	(365)
Saturno Investimentos Imobiliário Ltda.	Brazil	Real estate investments	99.99%	214,759	205,187	244,960	24,320	17,260	97,528
				5,157,988	4,765,421	4,593,814	139,128	132,767	443,316
Joint controlled subsidiary									
Rede Integrada de Lojas de Conveniências e Proximidade S.A. (ii)	Brazil	Convenience and proximity stores	50.00%	202,593	194,413	51,567	7,715	50,395	68,594
Associated companies									
Navegantes Logística Portuária S.A.	Brazil	Port operation	33.33%	21,080	8,548	-	(1,218)	-	-
Nordeste Logística I S.A.	Brazil	Port operation	33.33%	787	180	-	(197)	-	-
Nordeste Logística II S.A.	Brazil	Port operation	33.33%	7,637	2,433	-	(190)	-	-
Nordeste Logística III S.A.	Brazil	Port operation	33.33%	9,663	2,329	-	(216)	-	-
				39,167	13,490	-	(1,821)	-	-
				5,399,748	4,973,324	4,645,381	145,022	183,162	511,910
<u>Appreciation of assets, net assigned</u>									
Raízen Argentina and subsidiaries (i)				509,229	356,744	402,545	(62,949)	(69,243)	(26,195)
Raízen Mime Combustíveis S.A.				5,268	7,922	10,572	(2,654)	(2,650)	(2,701)
Rede Integrada de Lojas de Conveniências e Proximidade S.A. (Note 10.c)				511,000	526,361	-	(15,361)	(6,401)	-
				1,025,497	891,027	413,117	(80,964)	(78,294)	(28,896)
Investment goodwill									
Raízen Argentina and subsidiaries (Note 28)				300,132	221,898	202,954	-	-	-
Total investments				6,725,377	6,086,249	5,261,452	64,058	104,868	483,014

(i) On March 31, 2021, the referred to goodwill and surplus values are stated net of deferred tax liability effects amounting R\$ 302,632 (R\$ 183,777 in 2020 and R\$ 207,375 in 2019). In the year ended March 31, 2021, the impact of these taxes on realization of surplus values totaled R\$ 21,403 (R\$ 23,546 in 2020 and R\$ 8,904 in 2019) and was recognized in profit or loss for the period under Deferred income tax and social contribution. In addition, due to the final purchase price allocation of Raízen Argentina for the year ended on March 31, 2020, the deferred tax liability effect was reduced by R\$ 53 (Note 28).

(ii) The equity pickup of JV Rede for the years ended March 31, 2020 and 2019 was calculated based on the 99.99% equity interest held by RCSCA until the formation of the joint venture on November 1, 2019.

# RAÍZEN COMBUSTÍVEIS S.A.

## Notes to financial statements

March 31, 2021

In thousands of - R\$, unless otherwise stated

### (b) Consolidated

	Country	Business activity	Equity interest	Consolidated			Equity pickup		
				2021	2020	2019	2021	2020	2019
Carrying amount									
Joint controlled subsidiary									
Rede Integrada de Lojas de Conveniências e Proximidade S.A.	Brazil	Convenience and proximity stores	50.00%	202,593	194,413	-	7,715	11,817	-
Associates									
Termap S.A.	Argentina	Sea terminal	3.50%	390	360	268	-	-	-
Latitude Logística Portuária S.A.	Brazil	Port operation	50.00%	4,078	4,384	-	(311)	-	-
Navegantes Logística Portuária S.A.	Brazil	Port operation	33.33%	21,080	8,548	-	(1,218)	-	-
Nordeste Logística I S.A.	Brazil	Port operation	33.33%	787	180	-	(197)	-	-
Nordeste Logística II S.A.	Brazil	Port operation	33.33%	7,637	2,433	-	(190)	-	-
Nordeste Logística III S.A.	Brazil	Port operation	33.33%	9,663	2,329	-	(216)	-	-
				43,635	18,234	268	(2,132)	-	-
Surplus value of assets, net attributable to subsidiaries and jointly controlled subsidiary									
Rede Integrada de Lojas de Conveniências e Proximidade S.A. (Note 10.c)				511,000	526,361	-	(15,361)	(6,401)	-
Total investments				757,228	739,008	268	(9,778)	5,416	-

# RAÍZEN COMBUSTÍVEIS S.A.

## Notes to financial statements

March 31, 2021

In thousands of - R\$, unless otherwise stated

### (c) Changes in investments

	<u>Individual</u>	<u>Consolidated</u>
March 31, 2018	1,272,905	-
Initial adoption of IFRS 9 (CPC 48)	(467)	-
April 1, 2018	1,272,438	-
Equity income (loss)	483,014	-
Additions (1) / (2)	106,693	-
Business combination (Note 28)	3,808,018	274
Dividends	(317,772)	-
Effect of foreign currency translation and others	(90,939)	(6)
March 31, 2019	5,261,452	268
Equity income (loss)	104,868	5,416
Additions (Note 3)	18,240	17,874
Write-offs (4)	(685,952)	-
Gain on formation of joint venture	773,291	719,488
Business combination (Note 28)	18,841	-
Dividends	(260,891)	(4,130)
Effect of foreign currency translation and others	856,400	92
March 31, 2020	6,086,249	739,008
Equity income (loss)	64,058	(9,778)
Additions (Note 5)	27,497	27,497
Dividends	(82,557)	466
Effect foreign currency translation and others	630,130	35
March 31, 2021	6,725,377	757,228

- (1) This referred to capital increases at RAHSAU, in the amounts of R\$ 185,404, R\$ 15,873, resolved and approved on September 28, 2018 and March 29, 2019, respectively. Part of the capital increase carried out by RCSA at RAHSAU, in the amount of R\$ 184,585, was used to pay the acquisition of DS business in Argentina.
- (2) Capital increase in Blueway, in the amount of R\$ 90,000, resolved and approved on October 8, 2018.
- (3) This referred to a new capital increase in RAHSAU carried out by RCSA, in the amount of R\$ 4,750, resolved and approved on June 25, 2019 and subscription of shares in new entities in the amount of R\$ 13,490 and R\$ 17,874, in the Individual and Consolidated financial statements, respectively, fully paid up in the year ended March 31, 2020.
- (4) This referred to the partial sale of RCSA's equity interest in direct subsidiary RASA, equivalent to 13.89% of its capital, to direct subsidiary RAHSAU, for the amount of R\$ 585,045. As a result of this transaction, RCSA's equity interest in RASA was diluted from 95% to 81.11% while RAHSAU's equity interest increased from 5% to 18.89%, without change in direct control by RCSA in RASA and without effect on profit or loss for the year due to transactions between partners. In addition, in the formation process of the joint venture, RCSA sold shares of Raízen Conveniences (currently named JV Rede) to FEMCO, as follows.
- (5) This refers to capital increases of companies comprising the port operation business activity, amounting to R\$ 27,497, resolved and approved on September 16, 2020, through transfers of grants (intangible assets) and cash, in the amounts of R\$ 18,294 and R\$ 9,203, respectively. There were no changes in the equity interest percentage held in the capital of these companies, since all shareholders made capital contributions proportionally to their previously held interest.

# **RAÍZEN COMBUSTÍVEIS S.A.**

## **Notes to financial statements**

**March 31, 2021**

**In thousands of - R\$, unless otherwise stated**

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### **Organization of joint venture Rede (“JV Rede”)**

#### **Description**

On August 6, 2019, RCSA and Raízen Conveniências entered into a Share Purchase and Sale and Investment Agreement with FEMCO, which established the terms and conditions for the acquisition of equity interest in Raízen Conveniências by FEMCO, as well as the organization of a joint venture, aiming at expanding the convenience store franchise business at gas stations under brand “Shell Select” and developing the proximity store business outside gas stations under brand “OXXO”.

This transaction was completed on November 1, 2019, when RCSA and FEMCO became shareholders of Raízen Conveniências, currently named Rede, in the proportion of 50/50 of capital.

#### **Economic and financial evaluation**

The Enterprise Value considered was R\$ 1,438,976, based on the assumption of the acquisition of equity interest in a company free of any debts or cash as well as the capital increase, approved in the AGM held on October 31, 2019, by FEMCO, in the amount of R\$ 323,928.

#### **Accounting effects**

As a result of this transaction, RCSA recognized R\$ 406,330 referring to the receipt, in cash, of R\$ 39,627 paid by FEMCO, R\$ 316,012 referring to the amounts due by FEMCO where Raízen sold the receivable irrevocably and irreversibly, and without right of resource to financial institutions (cash effect of R\$ 297,239), and R\$ 50,691 related to the portion falling due in 2022, which is recorded under the Other receivables. In addition, RCSA recognized in P&L for the year, under Other operating revenue, net (Note 23), gains related to the dilution of equity interest, the sale of shares and the fair value in the formation of JV Rede, in the amounts of R\$ 240,529, R\$ 305,423 and R\$ 532,762, respectively.

Considering the lack of specific guidelines on how to account for assets contributed to the formation of a joint venture that meet the business definition established under IFRS 3/CPC 15, the Company’s accounting policy is to recognize the assets contributed at their fair value on the joint venture formation date.

In the year ended March 31, 2020, the Company completed the allocation of fair value of formation of the referred to joint venture, as follows:

## RAÍZEN COMBUSTÍVEIS S.A.

### Notes to financial statements

March 31, 2021

In thousands of - R\$, unless otherwise stated

Changes	Annual amortization rate	Amount
Enterprise value of JV Rede		1,438,976
Recognition of interest retained by RCSA		719,488
Write-off of book value due to loss of control		(186,726)
Gain on remeasurement of investment at fair value		532,762
Allocation of fair value in the proportion of 50%		
Relationship with vendors	3.9%	173,353
Relationship with franchisees	5.7%	140,034
Relationship with licensees	15.6%	3,216
		316,603
Unallocated fair value		216,159
Surplus values attributed and fair value of JV Rede		532,762

The derecognized assets and liabilities of former subsidiary Rede due to the loss of control over RCSA, in the consolidated statement of financial position on March 31, 2020, were as follows:

Accounts	Amount
Cash and cash equivalents	340,154
Accounts receivable	50,929
Deferred taxes (Note 16.d)	1,164
Right of use (Note 14.a)	522
Property, plant and equipment (Note 11)	1,637
Intangible assets (Note 12)	10,928
Lease liabilities (Note 14.b)	(645)
Payroll and related charges payable	(4,259)
Income tax and social contribution payable	(6,480)
Taxes payable	(3,888)
Provision for legal disputes (Note 17)	(350)
Other liabilities, net	(15,203)
Net effect of derecognition of assets and liabilities	374,509
Effect of derecognition of cash in operation:	
Cash and cash equivalents	340,154
FEMCO's capital increase was carried out on October 31, 2019	(323,928)
Total derecognition of cash	16,226

A summary of financial information of JV Rede based on its financial statements, adjusted by the recorded fair value adjustments on the JV Rede formation date and by differences in accounting policies, are described below. The reconciliation of the summarized financial information to the carrying amount of RCSA's equity interest in JV Rede in the referred to years is also presented.



# RAÍZEN COMBUSTÍVEIS S.A.

## Notes to financial statements

March 31, 2021

In thousands of - R\$, unless otherwise stated

	2021	2020	2019
Current assets	414,452	417,266	76,776
Noncurrent assets	117,080	17,651	15,574
Current liabilities	(75,506)	(42,889)	(38,713)
Noncurrent liabilities	(47,418)	(1,433)	(346)
Consolidated equity	408,608	390,595	53,291
Attributed to noncontrolling interests	(3,423)	(1,769)	(1,724)
Attributed to joint controlling interests	405,185	388,826	51,567
RCSA's interest	50.00%	50.00%	99.99%
Interest in equity	202,593	194,413	51,567
Surplus values and revaluation at fair value	532,762	532,762	-
Accumulated amortization of surplus values	(21,762)	(6,401)	-
Surplus values and revaluation, net	511,000	526,361	-
Carrying amount of interest in JV Rede	713,593	720,774	51,567
	2021	2020	2019
Net operating revenue	114,100	125,290	115,061
Net income for the period - consolidated	17,100	66,651	70,835
Attributed to noncontrolling interests	(1,671)	(2,021)	(2,241)
Attributed to joint controlling interests	15,429	64,630	68,594
RCSA's equity interest	50.00%	50.00%	99.99%
Equity accounting result (1)	7,715	50,395	68,594

(1) Equity interest of 99.99% considered in the equity pickup calculation until October 31, 2019.

### **Sale of indirect subsidiary Raízen Gas S.A. ("Raízen Gas") to Italgas S.A. ("Italgas")**

On January 31, 2020, Raízen Argentina concluded the sale of all shares representing the capital of Raízen Gas to Italgas, for US\$ 23,000 thousand, equivalent to R\$ 95,186, whose net asset value is US\$ 20,186 thousand, equivalent to R\$ 83,539. As a result of this transaction, RCSA recognized, in statement of income for the year ended March 31, 2020, a gain on disposal of shares of that subsidiary, in the amount of R\$ 6,455, net of general expenses associated with the sale, which were paid in the year. In the year ended March 31, 2021, RCSA recognized an additional gain as a result of the transaction price adjustment in the amount of R\$ 1,096.

On March 31, 2021, the amount received from this sale was R\$ 19,599, equivalent to US\$ 3,786 thousand, (R\$ 33,108, equivalent to US\$ 8,000 thousand in 2020), and the remaining balance of R\$ 65,163, equivalent to US\$ 11,438 thousand (R\$ 77,981, equivalent to US\$ 15,000 thousand in 2020), will be repaid in semiannual installments, with final maturity in June 2023.

Raízen Gas is a company based in Argentina, as well as Italgas, which sells liquefied petroleum gas (LPG).

## RAÍZEN COMBUSTÍVEIS S.A.

### Notes to financial statements

March 31, 2021

In thousands of - R\$, unless otherwise stated

Accounts	Amount
Cash and cash equivalents (secured account)	(40)
Accounts receivable	4,096
Inventories	1,243
Property, plant and equipment (Note 11)	113,231
Suppliers	(2,188)
Payroll and related charges payable	(724)
Income tax and social contribution payable	(9,372)
Provision for legal disputes (Note 17)	(127)
Deferred income tax and social contribution liabilities (Note 16.d)	(22,931)
Other assets, net	351
Effect of derecognition of Raízen Gas' net assets	83,539

# RAÍZEN COMBUSTÍVEIS S.A.

## Notes to financial statements

March 31, 2021

In thousands of - R\$, unless otherwise stated

## 11. Property, Plant and Equipment (PPE)

								Individual
	Land	Buildings and improvements	Machinery, equipment, and facilities	Vehicles	Furniture, fixtures, and IT equipment	Construction in progress	Other	Total
Cost or valuation								
March 31, 2018	411,422	360,809	1,165,547	114,610	36,239	187,245	17,049	2,292,921
Additions	-	-	-	-	-	108,768	-	108,768
Write-offs	(14,204)	(8,016)	(136,141)	(6,495)	(20,945)	(584)	-	(186,385)
Reversal of provision for expected loss, net	-	944	5,208	12	1,365	-	-	7,529
Transfers	5,788	24,426	113,137	3,635	5,555	(143,818)	-	8,723
March 31, 2019	403,006	378,163	1,147,751	111,762	22,214	151,611	17,049	2,231,556
Additions	-	-	-	-	-	145,240	-	145,240
Write-offs	(46,882)	(12,523)	(44,155)	(1,520)	(2,952)	-	-	(108,032)
Setting up of provision for expected loss, net	-	1	(439)	-	1	-	-	(437)
Transfers	-	7,980	36,076	8,041	1,560	(53,640)	-	17
March 31, 2020	356,124	373,621	1,139,233	118,283	20,823	243,211	17,049	2,268,344
Additions	-	-	92	-	130	116,641	-	116,863
Write-offs	(1,850)	(4,930)	(59,047)	(2,531)	(573)	14	-	(68,917)
Reversal of provision for expected loss, net	-	-	2,776	-	1	-	-	2,777
Transfers (1)	506	38,436	81,685	11,370	7,186	(153,265)	-	(14,082)
March 31, 2021	354,780	407,127	1,164,739	127,122	27,567	206,601	17,049	2,304,985
Accumulated depreciation:								
March 31, 2018	-	(49,304)	(599,746)	(66,096)	(25,030)	-	(7,636)	(747,812)
Depreciation for the year	-	(8,719)	(73,598)	(4,779)	(4,985)	-	(4,960)	(97,041)
Write-offs	-	5,369	108,769	6,324	18,640	-	-	139,102
At March 31, 2019	-	(52,654)	(564,575)	(64,551)	(11,375)	-	(12,596)	(705,751)
Depreciation for the year	-	(8,173)	(68,618)	(8,098)	(4,748)	-	(1,143)	(90,780)
Write-offs	-	5,239	33,611	1,413	2,681	-	-	42,944
March 31, 2020	-	(55,588)	(599,582)	(71,236)	(13,442)	-	(13,739)	(753,587)
Depreciation for the year	-	(8,913)	(73,387)	(8,435)	(4,614)	-	(831)	(96,180)
Write-offs	-	3,169	38,360	2,283	472	-	-	44,284
March 31, 2021	-	(61,332)	(634,609)	(77,388)	(17,584)	-	(14,570)	(805,483)
Net residual value:								
March 31, 2021	354,780	345,795	530,130	49,734	9,983	206,601	2,479	1,499,502
March 31, 2020	356,124	318,033	539,651	47,047	7,381	243,211	3,310	1,514,757
March 31, 2019	403,006	325,509	583,176	47,211	10,839	151,611	4,453	1,525,805

(1) Net transfers, amounting to R\$ 14,082, refer to: (i) transfer to software cost, under Intangible assets, in the amount of R\$ 12,364; and, (ii) amounts transferred from Trade accounts receivable, amounting to R\$ 1,718.

# RAÍZEN COMBUSTÍVEIS S.A.

## Notes to financial statements

March 31, 2021

In thousands of - R\$, unless otherwise stated

	Consolidated							
	Land	Buildings and improvements	Machinery, equipment, and facilities	Vehicles	Furniture, fixtures, and IT equipment	Construction in progress	Other	Total
Cost or valuation:								
March 31, 2018	557,835	434,291	1,444,365	114,969	54,651	226,739	12,157	2,845,007
Additions	30,841	2,167	31,950	-	430	379,420	-	444,808
Business combination	498,005	666,688	2,122,247	13,148	7,930	308,293	-	3,616,311
Write-offs	(44,155)	(12,629)	(169,527)	(6,684)	(23,061)	(582)	(54)	(256,692)
Reversal of provision for expected loss, net	-	1,161	6,446	12	1,416	-	-	9,035
Transfers	38,794	68,290	269,900	15,008	13,286	(405,488)	-	(210)
Effect of foreign currency translation and other	(13,619)	(17,319)	(62,622)	(86)	17	(6,554)	-	(100,183)
March 31, 2019	1,067,701	1,142,649	3,642,759	136,367	54,669	501,828	12,103	6,558,076
Additions	-	30	7,325	555	751	543,077	29,352	581,090
Business combination (Note 28)	-	-	(186)	-	-	-	-	(186)
Write-offs	(99,121)	(28,557)	(63,932)	(2,461)	(4,693)	-	(1,880)	(200,644)
Write-off in the formation of joint venture (Note 10.c)	-	(197)	(1,231)	-	(766)	(70)	-	(2,264)
Write-off due to disposal of subsidiary (Note 10.c)	-	(32,907)	(115,323)	(17,825)	(1,873)	-	-	(167,928)
Setting up of provision for expected loss, net	-	1	(484)	-	1	-	-	(482)
Transfers	9,711	24,931	328,234	15,046	5,099	(405,424)	(23,619)	(46,022)
Effect of foreign currency translation and other	175,260	189,509	703,946	4,076	5,642	75,041	1,034	1,154,508
March 31, 2020	1,153,551	1,295,459	4,501,108	135,758	58,830	714,452	16,990	7,876,148
Additions	-	1,891	1,471	112	4,281	486,223	19,902	513,880
Write-offs	(22,141)	(24,664)	(82,977)	(3,463)	(2,934)	14	-	(136,165)
Reversal of provision for expected loss, net	-	-	2,821	-	(1)	-	-	2,820
Transfers (1)	3,094	105,241	187,644	13,076	8,200	(366,119)	(8,421)	(57,285)
Effect of foreign currency translation and other	94,643	102,369	397,664	2,177	3,080	51,683	1,765	653,381
March 31, 2021	1,229,147	1,480,296	5,007,731	147,660	71,456	886,253	30,236	8,852,779
Accumulated depreciation:								
March 31, 2018	-	(74,639)	(789,577)	(66,013)	(37,152)	-	(5,232)	(972,613)
Depreciation for the year	-	(31,868)	(212,374)	(4,637)	(7,290)	-	(7,599)	(263,768)
Write-offs	-	7,493	135,953	6,514	20,253	-	(55)	170,158
Transfers	-	(490)	(3,063)	(55)	(51)	-	-	(3,659)
March 31, 2019	-	(99,504)	(869,061)	(64,191)	(24,240)	-	(12,886)	(1,069,882)
Depreciation for the year	-	(66,927)	(407,803)	(14,034)	(9,097)	-	(1,172)	(499,033)
Write-off in the formation of joint venture (Note 10.c)	-	3	351	-	273	-	-	627
Write-off due to disposal of subsidiary (Note 10.c)	-	3,652	40,181	9,164	1,700	-	-	54,697
Write-offs	-	19,852	51,972	2,076	3,932	-	-	77,832
Transfers	-	(12)	(205)	-	187	-	-	(30)
Effect of foreign currency translation and other	-	(16,681)	(100,169)	244	(1,235)	-	-	(117,841)
March 31, 2020	-	(159,617)	(1,284,734)	(66,741)	(28,480)	-	(14,058)	(1,553,630)
Depreciation for the year	-	(66,281)	(491,171)	(13,483)	(16,031)	-	(831)	(587,797)
Write-offs	-	11,160	49,212	3,063	2,313	-	-	65,748
Transfers (1)	-	(4,647)	136	-	1,382	-	-	(3,129)
Effect of foreign currency translation and other	-	(14,158)	(89,369)	-	(801)	-	-	(104,328)
March 31, 2021	-	(233,543)	(1,815,926)	(77,161)	(41,617)	-	(14,889)	(2,183,136)

# RAÍZEN COMBUSTÍVEIS S.A.

## Notes to financial statements

March 31, 2021

In thousands of - R\$, unless otherwise stated

	Consolidated							
	Land	Buildings and improvements	Machinery, equipment and facilities	Vehicles	Furniture, fixtures and IT equipment	Construction in progress	Other	Total
Net residual value:								
March 31, 2021	1,229,147	1,246,753	3,191,805	70,499	29,839	886,253	15,347	6,669,643
March 31, 2020	1,153,551	1,135,842	3,216,374	69,017	30,350	714,452	2,932	6,322,518
March 31, 2019	1,067,701	1,043,145	2,773,698	72,176	30,429	501,828	(783)	5,488,194

- (1) Net transfers, amounting to R\$ 60,414, refer to: (i) transfer to software cost, under Intangible assets, in the amount of R\$ 44,032; (ii) amounts transferred from Trade accounts receivable, amounting to R\$ 1,718; and (iii) amounts transferred to Other obligations, substantially corresponding to the reduction in the provision for removal of tanks, in the amount of R\$ 14,664.

# RAÍZEN COMBUSTÍVEIS S.A.

## Notes to financial statements

March 31, 2021

In thousands of - R\$, unless otherwise stated

### Construction in progress

The balances of construction in progress refer mainly to: (i) construction projects for new fuel distribution terminals and expansion, modernization and improvement of existing terminals; (ii) investment in gas stations under the brand Shell, such as replacement of fuel pumps, environmental adequacy and image revitalization; (iii) investments in large clients (B2B), such as acquisition and installation of equipment, installation of gas stations in these large consumer clients; and (iv) expansion, modernization and improvement at airports, such as the acquisition of supply vehicles, expansion of hydrant networks and supply points. In the year ended March 31, 2021, various projects of such nature were completed, totaling R\$ 366,119.

## 12. Intangible assets

							Individual
	Software license	Goodwill	Trademarks	Contractual relations with clients	Exclusive supply rights	Granting rights and other	Total
Cost or valuation:							
March 31, 2018	244,475	439,585	532,078	301,317	3,203,334	-	4,720,789
Initial adoption of IFRS 15 (CPC 47)	-	-	-	(301,317)	(3,203,334)	-	(3,504,651)
April 1, 2018	244,475	439,585	532,078	-	-	-	1,216,138
Additions	42,686	-	-	-	-	-	42,686
Write-offs	(1,667)	-	-	-	-	-	(1,667)
Transfers	2,629	-	-	-	-	-	2,629
March 31, 2019	288,123	439,585	532,078	-	-	-	1,259,786
Additions	55,534	-	-	-	-	18,294	73,828
Write-offs	(161)	-	-	-	-	-	(161)
Transfers	(368)	-	-	-	-	351	(17)
March 31, 2020	343,128	439,585	532,078	-	-	18,645	1,333,436
Additions	30,135	-	-	-	-	-	30,135
Capital contribution (Note 10.c)	-	-	-	-	-	(18,294)	(18,294)
Transfers (1)	12,364	-	-	-	-	-	12,364
March 31, 2021	385,627	439,585	532,078	-	-	351	1,357,641
Accumulated amortization:							
March 31, 2018	(176,210)	-	(370,191)	(80,789)	(1,526,959)	-	(2,154,149)
Initial adoption of IFRS 15 (CPC 47)	-	-	-	80,789	1,526,959	-	1,607,748
April 1, 2018	(176,210)	-	(370,191)	-	-	-	(546,401)
Amortization for the year	(16,195)	-	(52,505)	-	-	-	(68,700)
Write-offs	1,667	-	-	-	-	-	1,667
March 31, 2019	(190,738)	-	(422,696)	-	-	-	(613,434)
Amortization for the year	(19,553)	-	(52,505)	-	-	-	(72,058)
Write-offs	161	-	-	-	-	-	161
March 31, 2020	(210,130)	-	(475,201)	-	-	-	(685,331)
Amortization for the year	(26,959)	-	(52,504)	-	-	-	(79,463)
March 31, 2021	(237,089)	-	(527,705)	-	-	-	(764,794)
Net residual value:							
March 31, 2021	148,538	439,585	4,373	-	-	351	592,847
March 31, 2020	132,998	439,585	56,877	-	-	18,645	648,105
March 31, 2019	97,385	439,585	109,382	-	-	-	646,352

(1) These refer to amounts transferred from Property, plant, and equipment.

# RAÍZEN COMBUSTÍVEIS S.A.

## Notes to financial statements

March 31, 2021

In thousands of - R\$, unless otherwise stated

							Consolidated
	Software license	Goodwill	Trademarks	Contractual relations with clients	Exclusive supply rights	Granting rights and other	Total
Cost or valuation:							
March 31, 2018	247,807	439,585	532,348	362,834	3,727,500	-	5,310,074
Initial adoption of IFRS 15 (CPC 47)	-	-	-	(362,834)	(3,727,500)	-	(4,090,334)
April 1, 2018	247,807	439,585	532,348	-	-	-	1,219,740
Additions	46,662	-	-	-	-	-	46,662
Write-offs	(1,674)	-	-	-	-	-	(1,674)
Transfers	10,365	-	-	-	-	-	10,365
Business combination	3,570	202,954	-	268,539	-	-	475,063
Effect of foreign currency translation and other	(117)	-	-	-	-	-	(117)
March 31, 2019	306,613	642,539	532,348	268,539	-	-	1,750,039
Additions	56,431	18,944	-	-	-	18,652	94,027
Write-off due to the formation of joint venture (Note 10.c)	(11,758)	-	-	-	-	-	(11,758)
Transfers	2,680	-	-	-	-	26,003	28,683
Business combination (Note 28)	-	-	-	30	-	-	30
Effect of foreign currency translation and other	2,788	-	-	-	-	-	2,788
March 31, 2020	356,754	661,483	532,348	268,569	-	44,655	1,863,809
Additions	31,073	-	-	-	-	-	31,073
Capital contribution (Note 10.c)	-	-	-	-	-	(18,294)	(18,294)
Transfers (1)	45,429	-	-	-	-	-	45,429
Effect of foreign currency translation and other	2,230	118,536	-	143,466	-	-	264,232
March 31, 2021	435,486	780,019	532,348	412,035	-	26,361	2,186,249
Accumulated amortization:							
At March 31, 2018	(176,007)	-	(370,451)	(113,632)	(1,770,924)	-	(2,431,014)
Initial adoption of IFRS 15 (CPC 47)	-	-	-	113,632	1,770,924	-	1,884,556
April 1, 2018	(176,007)	-	(370,451)	-	-	-	(546,458)
Amortization for the year	(17,273)	-	(52,501)	(10,235)	-	-	(80,009)
Write-offs	1,667	-	-	-	-	-	1,667
Transfers	1,193	-	-	-	-	-	1,193
Effect of foreign currency translation and other	86	-	-	-	-	-	86
March 31, 2019	(190,334)	-	(422,952)	(10,235)	-	-	(623,521)
Amortization for the year	(22,561)	-	(52,500)	(20,487)	-	(65)	(95,613)
Write-off due to the formation of joint venture (Note 10.c)	830	-	-	-	-	-	830
Transfers	(3)	-	-	-	-	-	(3)
Effect of foreign currency translation and other	(235)	-	-	-	-	-	(235)
March 31, 2020	(212,303)	-	(475,452)	(30,722)	-	(65)	(718,542)
Amortization for the year	(30,716)	-	(52,504)	(20,471)	-	(1,155)	(104,846)
Transfers (1)	(1,397)	-	-	-	-	-	(1,397)
Effect of foreign currency translation and other	(643)	-	-	(15,603)	-	-	(16,246)
March 31, 2021	(245,059)	-	(527,956)	(66,796)	-	(1,220)	(841,031)
Net residual value:							
March 31, 2021	190,427	780,019	4,392	345,239	-	25,141	1,345,218
March 31, 2020	144,451	661,483	56,896	237,847	-	44,590	1,145,267
March 31, 2019	116,279	642,539	109,396	258,304	-	-	1,126,518

(1) These refer to amounts transferred from Property, plant, and equipment.

## RAÍZEN COMBUSTÍVEIS S.A.

### Notes to financial statements

March 31, 2021

In thousands of - R\$, unless otherwise stated

#### Goodwill

This refers to goodwill paid for expected future profitability. On March 31, 2021, 2020 and 2019, the balance of goodwill is as follows:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
In the business combination of Cosan Combustíveis Lubrificantes S.A.	348,103	348,103	348,103
In the acquisition of Latina	70,432	70,432	70,432
In the acquisition of Raízen Argentina	340,434	221,898	202,954
Other	<u>21,050</u>	<u>21,050</u>	<u>21,050</u>
	<u>780,019</u>	<u>661,483</u>	<u>642,539</u>

#### Impairment analysis for cash-generating units containing goodwill

The Company tests at least annually goodwill for impairment.

Management uses the value in use method to determine the recoverable amount, which is based on the projection of the discounted cash flows expected from the cash-generating units (CGU) determined by management based on the budgets that consider the assumptions related to the CGUs situated in Brasil and Argentina.

The discounted cash flows were prepared for a 5-year period and carried at perpetuity without considering the actual growth rate, based on past performance and expected market development. Cash flows arising from the continued use of related assets are adjusted for specific risks and use the post-tax discount rate, calculated at 5.39% per year (5.12% in 2020 and 7.90% in 2019).

Significant assumptions used were prices based on market expectation, estimated growth rates for the business sector and extrapolations of growth rates based on Argentina and Brazil Gross Domestic Product (GDP). The entire future cash flow was discounted at rates that reflect specific risks related to the relevant assets in each cash-generating unit.

As a result of the annual impairment tests, no significant losses were recognized in the years ended March 31, 2021, 2020 and 2019. The determination of the recoverability of assets depends on certain key assumptions as described above, which are influenced by the market, technological and economic conditions prevailing when such test is carried out and, therefore, it is not possible to determine whether impairment losses will occur in the future and, in the event, they occur, if they will be material.



# RAÍZEN COMBUSTÍVEIS S.A.

## Notes to financial statements

March 31, 2021

In thousands of - R\$, unless otherwise stated

### 13. Suppliers

	<b>Individual</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
Suppliers - Agreements (i)	4,762,285	2,267,143	1,617,397
Oil products suppliers (ii)	312,838	60,776	358,784
Ethanol suppliers (ii)	142,711	68,741	277,297
Materials and services suppliers (iii)	159,006	83,662	89,320
	<b>5,376,840</b>	<b>2,480,322</b>	<b>2,342,798</b>
Domestic (local currency)	5,376,668	2,476,683	2,338,648
Abroad (foreign currency) (Note 25.d)	172	3,639	4,150
	<b>5,376,840</b>	<b>2,480,322</b>	<b>2,342,798</b>
	<b>Consolidated</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
Trade accounts payable - Agreements (i)	4,955,105	2,473,521	2,015,762
Suppliers of oil and its by-products (ii)	893,039	1,029,535	1,203,637
Suppliers of ethanol (ii)	168,379	116,730	317,237
Suppliers of materials and services (iii)	641,457	496,394	299,556
	<b>6,657,980</b>	<b>4,116,180</b>	<b>3,836,192</b>
In Brazil (local currency)	5,646,523	2,753,435	2,559,481
Abroad (foreign currency) (Note 25.d)	1,011,457	1,362,745	1,276,711
	<b>6,657,980</b>	<b>4,116,180</b>	<b>3,836,192</b>

- (i) The Company has agreements related to payments with financial institutions (“Agreements”) through which certain suppliers may anticipate their receivables related to products and services provided to the Company, directly with financial institutions. Under such Agreements, the supplier elects whether to anticipate the receivables and the financial institutions decide whether or not to acquire said credits, without interference from the Company. The use of the Agreements does not imply any change in the notes issued by the suppliers, maintaining the conditions regarding the original amounts and average payment terms, which is between 60 and 90 days, within the Company’s recurring operational cycle.
- (i) The balances payable to suppliers of ethanol, oil and oil by-products refer to installment purchases made by RCSA and subsidiaries.
- (ii) Balance payable to suppliers of materials and services refers to acquisitions of machinery and equipment for distribution bases and own reseller gas stations, as well as various services contracted.

# RAÍZEN COMBUSTÍVEIS S.A.

## Notes to financial statements

March 31, 2021

In thousands of - R\$, unless otherwise stated

### 14. Leases

#### (a) Right of use

On March 31, 2021 and 2020, rights of use are presented by the following underlying assets:

				Individual
	Properties	Vehicles	Machinery and equipment	Total
Cost or valuation:				
March 31, 2019	-	-	-	-
Adoption of IFRS 16 (CPC 06 (R2)) (Note 2.3.j)	225,084	9,274	463	234,821
April 1, 2019	225,084	9,274	463	234,821
Additions	13,153	12,837	32	26,022
Write-offs	(23,016)	(4,757)	-	(27,773)
Remeasurements	2,792	5,203	-	7,995
March 31, 2020	218,013	22,557	495	241,065
Additions	6,371	-	-	6,371
Write-offs	(22,236)	(438)	-	(22,674)
Remeasurements	19,776	1,108	-	20,884
March 31, 2021	221,924	23,227	495	245,646
Accumulated depreciation:				
March 31, 2019	-	-	-	-
Write-offs	100	-	-	100
Depreciation for the year	(36,440)	(4,438)	(117)	(40,995)
March 31, 2020	(36,340)	(4,438)	(117)	(40,895)
Write-offs	682	-	-	682
Depreciation for the year	(37,252)	(4,383)	(118)	(41,753)
March 31, 2021	(72,910)	(8,821)	(235)	(81,966)
Net residual value:				
March 31, 2021	149,014	14,406	260	163,680
March 31, 2020	181,673	18,119	378	200,170

# RAÍZEN COMBUSTÍVEIS S.A.

## Notes to financial statements

March 31, 2021

In thousands of - R\$, unless otherwise stated

	Consolidated				
	Land	Properties	Vehicles and ships	Machinery and equipment	Total
Cost or valuation					
March 31, 2019	-	-	-	-	-
Adoption of IFRS 16 (CPC 06 (R2)) (Note 2.3.j)	58,960	162,570	307,784	463	529,777
April 1, 2019	58,960	162,570	307,784	463	529,777
Additions	99,493	51,119	106,146	30	256,788
Write-offs	-	(23,016)	(5,481)	-	(28,497)
Remeasurements	24,235	2,216	5,329	-	31,780
Write-off due to the formation of joint venture	-	-	(755)	-	(755)
Effect of foreign currency translation and other	50,778	16,425	133,188	-	200,391
March 31, 2020	233,466	209,314	546,211	493	989,484
Additions	-	65,182	1,178	589	66,949
Write-offs	-	(33,842)	(950)	-	(34,792)
Remeasurements	(520)	10,875	1,300	-	11,655
Effect of foreign currency translation and other	22,335	10,330	49,948	8	82,621
March 31, 2021	255,281	261,859	597,687	1,090	1,115,917
Accumulated depreciation:					
Write-offs	-	100	-	-	100
Depreciation for the year	(19,041)	(69,904)	(139,975)	(182)	(229,102)
Effect of foreign currency translation	(5,032)	(11,447)	(35,170)	-	(51,649)
Write-off due to the formation of joint venture	-	-	233	-	233
Transfers	-	(65)	-	65	-
March 31, 2020	(24,073)	(81,316)	(174,912)	(117)	(280,418)
Write-offs	-	7,721	47	-	7,768
Depreciation for the year	(20,182)	(109,209)	(165,274)	(267)	(294,932)
Effect of foreign currency translation	(3,462)	(7,790)	(25,342)	(5)	(36,599)
March 31, 2021	(47,717)	(190,594)	(365,481)	(389)	(604,181)
Net residual value:					
March 31, 2021	207,564	71,265	232,206	701	511,736
March 31, 2020	209,393	127,998	371,299	376	709,066

We present below the weighted average amortization rates by class of right of use on March 31, 2021 and 2020:

Class	2021	2020
Land	21	15
Properties	25	29
Vehicles and ships	26	38
Machinery and equipment	24	34

# RAÍZEN COMBUSTÍVEIS S.A.

## Notes to financial statements

March 31, 2021

In thousands of - R\$, unless otherwise stated

### (b) Lease liabilities

As of March 31, 2021 and 2020, lease liabilities are as follows:

	<b>Individual</b>	
	<b>2021</b>	<b>2020</b>
Balance at beginning of year	105,341	-
Adoption of IFRS 16 (CPC 06 (R2)) (Note 2.3.j)	-	121,943
Adjusted balance	105,341	121,943
Additions	6,371	26,022
Write-offs	(22,746)	(28,054)
Payments	(29,184)	(30,931)
Interest	6,237	8,366
Remeasurements	11,983	7,995
Balance at end of year	78,002	105,341
Domestic (local currency)	78,002	105,341
Abroad (foreign currency) (Note 25.d)	-	-
	78,002	105,341
Current	(33,065)	(40,933)
Noncurrent	44,937	64,408
	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
Balance at beginning of year	674,086	-
Adoption of IFRS 16 (CPC 06 (R2)) (Note 2.3.j)	-	523,323
Adjusted balance	674,086	523,323
Additions	66,885	234,544
Write-offs	(27,778)	(28,800)
Payments	(329,250)	(249,448)
Interest	50,649	48,565
Remeasurements	11,683	8,122
Write-off due to the formation of joint venture (Note 10)	-	(645)
Effect of foreign currency translation	40,604	138,425
Balance at end of year	486,879	674,086
Domestic (local currency)	95,630	145,492
Abroad (foreign currency) (Note 25.d)	391,249	528,594
	486,879	674,086
Current	(210,785)	(259,690)
Noncurrent	276,094	414,396

The weighted average incremental borrowing rate applied to the lease liability as of March 31, 2021 was 8.3% per year (7.5% in 2020).

## RAÍZEN COMBUSTÍVEIS S.A.

### Notes to financial statements

March 31, 2021

In thousands of - R\$, unless otherwise stated

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As of March 31, 2021, the aging list of consolidated lease liabilities is as follows:

Years	Present value	Future value
1 to 12 months	210,785	228,930
13 to 24 months	96,206	119,293
25 to 36 months	44,020	67,489
37 to 48 months	20,062	34,583
49 to 60 months	16,764	27,670
61 to 72 months	11,506	23,845
73 to 84 months	6,697	14,365
85 to 96 months	6,659	13,782
97 to 120 months	5,987	12,503
More than 121 months	68,193	127,525
Gross amount	<u>486,879</u>	<u>669,985</u>
Potential right of PIS and COFINS recoverable (1)	<u>(8,846)</u>	<u>(10,205)</u>
Net value	<u><u>478,033</u></u>	<u><u>659,780</u></u>

- (1) This refers to the potential right to PIS/COFINS credits on payments of lease calculated based on the theoretical rate of 9.25% applicable in Brazil. This disclosure complies with CVM/SNC/SEP Memorandum Circular No. 02/2019 and represents an estimate only. Therefore, these credits are not those that could effectively be used by RCSA and its subsidiaries located in Brazil in the future. In such event, the referred to credits may be materially different due to the possibility of the effective rate being different from the theoretical rate or the payment not being subject to the use of credit, for instance, due to subsequent changes in the Brazilian tax legislation.

# RAÍZEN COMBUSTÍVEIS S.A.

## Notes to financial statements

March 31, 2021

In thousands of - R\$, unless otherwise stated

## 15. Loans and financing

Type	Final maturity	Index	Annual effective average interest rate (1)			Individual			Consolidated		
			2021	2020	2019	2021	2020	2019	2021	2020	2019
Debt classification per currency:											
						754,406	748,712	738,700	754,407	748,712	738,700
						5,974,221	6,401,077	3,959,974	6,830,787	7,712,461	4,352,588
						<u>6,728,627</u>	<u>7,149,789</u>	<u>4,698,674</u>	<u>7,585,194</u>	<u>8,461,173</u>	<u>5,091,288</u>
Debt type (2):											
BNDES	December/21	URTJLP	4.4%	6.8%	9.0%	63	964	4,167	63	964	4,167
BNDES	December/20	Fixed rate	-	6.0%	6.0%	-	75	174	-	75	174
BNDES	July/21	UMBND	4.9%	6.5%	6.4%	209	1,145	1,649	209	1,145	1,649
CRA	December/23	CDI	2.6%	3.5%	6.2%	504,211	507,293	509,942	504,211	507,294	509,942
CRA	December/24	IPCA	9.8%	7.8%	8.8%	249,924	239,235	222,768	249,924	239,235	222,768
Pre-export financing	October/25	US dollar (US\$) + Libor	1.9%	3.0%	3.9%	5,974,221	6,401,077	3,959,974	6,830,787	7,712,460	4,352,588
						<u>6,728,628</u>	<u>7,149,789</u>	<u>4,698,674</u>	<u>7,585,194</u>	<u>8,461,173</u>	<u>5,091,288</u>
Expenses with placement of securities:											
BNDES						(27)	(94)	(176)	(27)	(94)	(176)
						(27)	(94)	(176)	(27)	(94)	(176)
						<u>6,728,601</u>	<u>7,149,695</u>	<u>4,698,498</u>	<u>7,585,167</u>	<u>8,461,079</u>	<u>5,091,112</u>
Current						<u>(439,464)</u>	<u>(1,204,829)</u>	<u>(23,951)</u>	<u>(441,435)</u>	<u>(1,736,408)</u>	<u>(416,565)</u>
Noncurrent						<u>6,289,137</u>	<u>5,944,866</u>	<u>4,674,547</u>	<u>7,143,732</u>	<u>6,724,671</u>	<u>4,674,547</u>

- (1) The annual effective interest rate corresponds to the contract rate plus LIBOR, URTJLP, UMBND, IPCA and CDI, where applicable. Payments of interest on loans and financing are classified as cash flow from financing activities.
- (2) Loans and financing from BNDES are guaranteed, as appropriate, by assets, property, plant and equipment items and/or collateral signatures by RESA.

## **RAÍZEN COMBUSTÍVEIS S.A.**

### **Notes to financial statements**

**March 31, 2021**

**In thousands of - R\$, unless otherwise stated**

On March 31, 2021, the aging list of installments falling due in the long term, less amortization of expenses with placement of securities, is as follows:

	<b>Individual</b>	<b>Consolidated</b>
13 to 24 months	1,989,161	1,989,161
25 to 36 months	1,642,146	1,642,146
37 to 48 months	1,828,343	2,682,938
49 to 60 months	829,487	829,487
	<u>6,289,137</u>	<u>7,143,732</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 paid in July 2020.

### **National Bank for Economic and Social Development (BNDES)**

These refer to funds raised by the Company, intended to finance greenfield and brownfield projects, substantially for investments in fuel terminals.

### **Agribusiness Receivables Certificate (CRA)**

In December 2017, RCSA issued debentures in connection with the Public Distribution of the 11<sup>th</sup> and 12<sup>th</sup> series of the 1<sup>st</sup> issue of CRAs of RB Capital Companhia de Securitização, in the amount of R\$ 705,513, of which R\$ 501,489 maturing in December 2023, restated at 97% of the CDI rate, and R\$ 204,024 maturing in December 2024, restated by reference to the Extended Consumer Price Index (IPCA) plus annual interest of 4.8%.

### **Pre-export Financing**

In 2015 and 2020, the Company and its subsidiaries entered into pre-exporting contracts with various financial institutions as financing for future export of products, including the full withdrawal made on April 29, 2019 of the remaining amount of US\$ 300,000 thousand, equivalent to R\$ 1,175,265 on that date, from the Committed Back-up Credit Facility that RCSA held with a syndicate of international banks. These contracts mature up to 2025.

During the year ended March 31, 2021, RCSA entered into a pre-export financing contract with a bank syndicate, whose credit facility limit is US\$ 380,000 thousand, with a withdrawal deadline on September 30, 2021. Until the annual financial statement date, the withdrawal had not been made.

Additionally, the Company has a Revolving Credit Facility with its shareholders, as described in Note 8.d.

# RAÍZEN COMBUSTÍVEIS S.A.

## Notes to financial statements

March 31, 2021

In thousands of - R\$, unless otherwise stated

### Covenants

The Company and its subsidiaries are not subject to compliance with financial ratios, being subject only to certain restrictive clauses in the loan and financing agreements, such as cross-default and negative pledge.

### Fair value (Consolidated)

Type	Classification	Amount raised, restated			Fair value (1)			Finance income (costs)		
		2021	2020	2019	2021	2020	2019	2021	2020	2019
Pre-export financing	Fair value through P&L	5,962,783	7,493,703	3,905,415	5,974,221	7,539,732	3,959,974	34,591	8,530	(55,071)
Agribusiness Receivables Certificate (CRA)	Fair value through P&L	238,714	225,552	217,476	249,924	239,235	222,768	2,473	(8,391)	(5,292)
		6,201,497	7,719,255	4,122,891	6,224,145	7,778,967	4,182,742	37,064	139	(60,363)

- (1) On March 31, 2021, 2020 and 2019, this includes a fair value measurement balance amounting to R\$ 22,648, R\$ 59,712 and reduction of R\$ 59,850, respectively.

Other loans and financing have no quoted value, but the fair value substantially approximates their book value, due to exposure to variable interest rates and the irrelevant variation of the Company's credit risk.

## 16. Income tax and social contribution

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

	Individual		
	2021	2020	2019
Income before income tax and social contribution	1,364,158	2,829,620	2,149,027
Income tax and social contribution at nominal rate (34%)	(463,814)	(962,071)	(730,669)
Adjustments to calculate the effective rate:			
Interest on own capital	50,055	51,498	65,416
Equity income, except amortization of surplus value	48,405	61,374	173,131
Capital gain on dilution of ownership interest (10.c)	-	81,780	-
Gifts, donations, trade association dues	(2,434)	(4,860)	(5,457)
Other	116	(1,249)	2,818
Income tax and social contribution expenses	(367,672)	(773,528)	(494,761)
Effective rate	27.0%	27.3%	23.0%



# RAÍZEN COMBUSTÍVEIS S.A.

## Notes to financial statements

March 31, 2021

In thousands of - R\$, unless otherwise stated

	2021	2020	Consolidated 2019
<b>Income before income tax and social contribution</b>	1,505,327	3,091,474	2,216,286
Income tax and social contribution at nominal rate (34%)	(511,811)	(1,051,101)	(753,537)
<b>Adjustments to calculate the effective rate:</b>			
Interest on own capital	50,055	51,498	65,416
Equity income, except amortization of surplus value	1,908	4,018	-
Capital gain on dilution of equity ownership (10.c)	-	81,780	-
Difference between deemed income and taxable income rates	833	(17,835)	41,228
Gifts, donations, trade association dues	(2,698)	(5,473)	(7,041)
Economic grants	-	-	85,224
Argentine special regime of asset revaluation	-	-	56,263
Other	(4,270)	(53,477)	4,182
Income and social contribution tax expenses	(465,983)	(990,590)	(508,265)
Effective rate	31.0%	32.0%	22.9%

**(b) Income tax and social contribution recoverable (current and noncurrent):**

	2021	2020	Individual 2019	2021	2020	Consolidated 2019
IRPJ	130,656	105,320	104,057	207,392	197,734	184,474
CSLL	67,986	61,449	65,822	97,464	102,623	111,001
Tax credits of entity abroad (1)	-	-	-	6,000	334,904	332,732
	<u>198,642</u>	<u>166,769</u>	<u>169,879</u>	<u>310,856</u>	<u>635,261</u>	<u>628,207</u>
Current assets	(198,642)	(166,769)	(169,879)	(265,956)	(583,191)	(600,639)
Noncurrent assets	-	-	-	44,900	52,070	27,568

- (1) Corresponds to Argentinean federal taxes paid in advance on net revenue and credits generated on imports to be offset against exports and/or other federal taxes.

**(c) Income tax and social contribution payable (current):**

	2021	2020	Consolidated 2019
IRPJ	996	6,580	4,133
CSLL	335	2,323	1,633
Tax debts of entity abroad (1)	80,094	166,802	71,161
	<u>81,425</u>	<u>175,705</u>	<u>76,927</u>

- (1) This refers to Argentinean federal taxes payable on income.

# RAÍZEN COMBUSTÍVEIS S.A.

## Notes to financial statements

March 31, 2021

In thousands of - R\$, unless otherwise stated

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

<u>Assets/(liabilities)</u>				<b>Individual</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>			
	<b>Basis</b>	<b>IRPJ 25%</b>	<b>CSLL 9%</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>
Temporary differences:						
Fair value of financial liabilities	313,930	78,483	28,255	106,738	129,252	53,062
Remuneration and employee benefits	102,821	25,706	9,253	34,959	33,658	30,311
Lease liability and right of use	19,312	4,828	1,738	6,566	3,335	-
Net exchange variation	2,987,750	746,938	268,898	1,015,836	830,285	38,010
Fair value of inventories	-	-	-	-	67,036	-
Provisions and other temporary differences	539,015	134,754	48,511	183,265	174,740	163,102
Total deferred tax assets		990,709	356,655	1,347,364	1,238,306	284,485
Amortized tax goodwill	(940,094)	(235,024)	(84,608)	(319,632)	(319,632)	(317,172)
Fair value of inventories	(47,779)	(11,945)	(4,300)	(16,245)	-	(12,840)
Fair value of property, plant and equipment items, intangible assets and others	(149,374)	(37,344)	(13,444)	(50,788)	(54,579)	(86,420)
Refund of ICMS	(152,935)	(38,234)	(13,764)	(51,998)	(49,572)	(47,812)
Property, plant and equipment assets' useful life review	(129,118)	(32,280)	(11,621)	(43,901)	(34,313)	(24,554)
Capitalized borrowing costs	(10,277)	(2,569)	(926)	(3,495)	(7,543)	(11,728)
Fair value in the formation of the joint venture	(511,000)	(127,750)	(45,990)	(173,740)	(178,963)	-
Result unrealized with derivatives	(3,168,132)	(792,033)	(285,132)	(1,077,165)	(1,028,810)	(218,124)
Contractual relations with customers	(181,600)	(45,400)	(16,344)	(61,744)	(66,121)	(70,505)
Total deferred tax liabilities		(1,322,579)	(476,129)	(1,798,708)	(1,739,533)	(789,155)
Total deferred taxes		(331,870)	(119,474)	(451,344)	(501,227)	(504,670)
Deferred taxes - Liabilities, net				(451,344)	(501,227)	(504,670)
Total deferred taxes				(451,344)	(501,227)	(504,670)

# RAÍZEN COMBUSTÍVEIS S.A.

## Notes to financial statements

March 31, 2021

In thousands of - R\$, unless otherwise stated

Assets/(liabilities)				Consolidated		
	Base	IRPJ 25%	CSLL 9%	2021 Total	2020 Total	2019 Total
Tax losses	467,728	116,932	-	116,932	103,297	78,233
Tax losses of foreign entities	44,228	11,057	-	11,057	-	-
Negative basis for social contribution	467,733	-	42,096	42,096	37,187	28,164
Temporary differences:						
Fair value of financial liabilities	313,930	78,483	28,255	106,738	129,252	53,062
Remuneration and employee benefits	105,832	26,458	9,525	35,983	34,931	31,881
Lease liability and right of use	11,597	2,899	1,044	3,943	3,324	-
Net exchange variation	3,057,685	764,421	275,192	1,039,613	964,789	51,053
Fair value of inventories	-	-	-	-	67,036	-
Provisions and other temporary differences	858,973	214,744	77,307	292,051	248,798	165,606
Total deferred tax assets		1,214,994	433,419	1,648,413	1,588,614	407,999
Amortized tax goodwill	(940,094)	(235,024)	(8,4608)	(319,632)	(319,632)	(317,172)
Fair value of inventories	(47,779)	(11,945)	(4,300)	(16,245)	-	(12,840)
Fair value of property, plant and equipment items, intangible assets and others	(1,089,606)	(272,401)	(98,065)	(370,466)	(266,214)	(300,732)
Refund of ICMS	(255,397)	(63,849)	(22,986)	(86,835)	(85,235)	(71,575)
Revaluation of property, plant and equipment	(1,960,712)	(490,178)	(176,464)	(666,642)	(700,591)	(546,633)
Property, plant and equipment assets' useful life review	(146,303)	(36,576)	(13,167)	(49,743)	(38,338)	(26,817)
Capitalized borrowing loans	(10,285)	(2,571)	(926)	(3,497)	(7,543)	(11,728)
Fair value in the formation of the joint venture	(511,000)	(127,750)	(45,990)	(173,740)	(178,963)	-
Result unrealized with derivatives	(3,152,421)	(788,105)	(283,718)	(1,071,823)	(1,178,748)	(233,666)
Contractual relations with customers	(193,579)	(48,395)	(17,422)	(65,817)	(72,086)	(78,350)
Total deferred tax liabilities		(2,076,794)	(747,646)	(2,824,440)	(2,847,350)	(1,599,513)
Total deferred taxes		(861,800)	(314,227)	(1,176,027)	(1,258,736)	(1,191,514)
Deferred taxes - Assets, net				194,791	136,672	111,909
Deferred taxes - Liabilities, net				(1,370,818)	(1,395,408)	(1,303,423)
Total deferred taxes				(1,176,027)	(1,258,736)	(1,191,514)

# RAÍZEN COMBUSTÍVEIS S.A.

## Notes to financial statements

March 31, 2021

In thousands of - R\$, unless otherwise stated

### Changes in deferred taxes, net:

	<u>Individual</u>	<u>Consolidated</u>
Balance at March 31, 2018	(228,987)	(165,475)
Adoption of IFRS 9 (CPC 48)	1,034	1,117
Balance at April 1, 2018	(227,953)	(164,358)
Debt in income (loss)	(288,430)	(106,904)
Deferred taxes on other comprehensive income	20,619	20,619
Business combination	-	(967,418)
Effect of foreign currency translation and other	(8,906)	26,547
Balance at March 31, 2019	(504,670)	(1,191,514)
Credit in income (loss)	31,761	89,965
Deferred taxes on other comprehensive income	(4,773)	(6,513)
Business combination (Note 28)	-	53
Derecognition upon formation of the joint venture (Note 10.c)	-	(1,164)
Write-off due to disposal of subsidiary (Note 10.c)	-	22,931
Effect of foreign currency translation and other	(23,545)	(172,494)
Balance at March 31, 2020	(501,227)	(1,258,736)
Credit in income (loss)	61,020	269,451
Deferred taxes on other comprehensive income	10,264	10,512
Effect of foreign currency translation and other	(21. 401)	(197,254)
Balance at March 31, 2021	(451,344)	(1,176,027)

### (e) Realization of deferred tax assets

In assessing the ability to recover deferred taxes, management takes into consideration projections of future taxable profit and changes in temporary differences. When it is probable that part or all of the taxes will not be realized, assets are not recognized. There is no expiration date for the use of the income and social contribution tax loss balances, however the use of prior years' accumulated losses is limited to 30% of annual taxable profits.

On March 31, 2021, the Company's expectation for realization of deferred tax assets is as follows:

	<u>Individual</u>	<u>Consolidated</u>
2022	304,155	426,133
2023	57,405	92,279
2024	275,532	314,124
2025	173,731	212,339
From 2025 onwards	536,541	603,538
<b>Total</b>	<b>1,347,364</b>	<b>1,648,413</b>

## RAÍZEN COMBUSTÍVEIS S.A.

### Notes to financial statements

March 31, 2021

In thousands of - R\$, unless otherwise stated

## 17. Legal disputes judicial deposits

### Breakdown of legal disputes considered as probable loss

In the Company's organization process, it was agreed that Shell shall reimburse the Company for the amount of claims with a base date prior to its establishment. On March 31, 2021, 2020 and 2019, the balance of reimbursable and non-reimbursable lawsuits are as follows:

	<b>Individual</b>			<b>Consolidated</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Tax	708,102	724,721	745,935	716,870	735,001	752,477
Civil	178,855	158,323	118,418	200,898	216,108	165,684
Labor	27,947	28,737	29,706	37,503	39,185	35,960
Environmental	22,953	16,580	42,241	48,736	56,534	87,015
	<u>937,857</u>	<u>928,361</u>	<u>936,300</u>	<u>1,004,007</u>	<u>1,046,828</u>	<u>1,041,136</u>
Non reimbursable legal disputes	49,461	47,669	35,452	113,735	111,650	135,368
Reimbursable legal disputes	<u>888,396</u>	<u>880,692</u>	<u>900,848</u>	<u>890,272</u>	<u>935,178</u>	<u>905,768</u>
	<u>937,857</u>	<u>928,361</u>	<u>936,300</u>	<u>1,004,007</u>	<u>1,046,828</u>	<u>1,041,136</u>

In the Company's organization process, it was also agreed that the Company shall refund Shell for the amount of judicial deposits made on a reporting date prior to the establishment of Raízen. On March 31, 2021, 2020 and 2019, the balances of refundable deposits and non-refundable deposits are as follows:

	<b>Individual</b>			<b>Consolidated</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Tax	26,442	26,036	26,622	27,439	27,015	27,560
Civil	14,951	15,302	13,201	26,772	26,814	27,605
Labor	13,136	13,421	12,344	13,535	14,220	12,932
	<u>54,529</u>	<u>54,759</u>	<u>52,167</u>	<u>67,746</u>	<u>68,049</u>	<u>68,097</u>
Own judicial deposits	35,381	36,219	33,420	47,836	48,708	45,057
Refundable judicial deposits	<u>19,148</u>	<u>18,540</u>	<u>18,747</u>	<u>19,910</u>	<u>19,341</u>	<u>23,040</u>
	<u>54,529</u>	<u>54,759</u>	<u>52,167</u>	<u>67,746</u>	<u>68,049</u>	<u>68,097</u>

# RAÍZEN COMBUSTÍVEIS S.A.

## Notes to financial statements

March 31, 2021

In thousands of - R\$, unless otherwise stated

### (i) Non reimbursable legal disputes

	Tax	Civil	Labor	Environmental	Individual Total
March 31, 2018	18,915	1,495	12,795	2,040	35,245
Accrued in the year (a)	3,411	26	9,558	100	13,095
Write-offs/reversals (a)	(2,330)	(956)	(7,919)	(307)	(11,512)
Payments	(1,170)	-	(3,497)	(179)	(4,846)
Monetary restatement (b)	96	117	3,257	-	3,470
March 31, 2019	18,922	682	14,194	1,654	35,452
Accrued in the year (a)	23,663	2,005	12,046	845	38,559
Write-offs/reversals (a)	(11,823)	(1,574)	(12,232)	(1,226)	(26,855)
Payments	(1,607)	(546)	(3,000)	(378)	(5,531)
Monetary restatement (b)	735	645	4,664	-	6,044
March 31, 2020	29,890	1,212	15,672	895	47,669
Accrued in the year (a)	3,187	314	5,659	879	10,039
Write-offs/reversals (a)	(1,775)	(447)	(6,464)	-	(8,686)
Payments	-	(216)	(1,694)	(602)	(2,512)
Monetary restatement (b)	171	280	2,500	-	2,951
March 31, 2021	31,473	1,143	15,673	1,172	49,461
	Tax	Civil	Labor	Environmental	Consolidated Total
March 31, 2018	20,721	2,047	14,263	2,145	39,176
Accrued in the year (a)	5,110	44,167	15,954	24,799	90,030
Write-offs/reversals (a)	(2,346)	(1,170)	(8,609)	(5,461)	(17,586)
Payments	(1,219)	(224)	(4,337)	(1,149)	(6,929)
Monetary restatement (b)	146	(256)	2,746	17	2,653
Business combination	-	-	-	26,293	26,293
Effect of foreign currency translation and other	65	1,732	194	(260)	1,731
March 31, 2019	22,477	46,296	20,211	46,384	135,368
Accrued in the year (a)	33,012	5,134	19,576	2,474	60,196
Write-offs/reversals (a)	(16,653)	(3,330)	(14,417)	(11,912)	(46,312)
Write-off due to the formation of joint venture (Note 10.c)	-	-	(350)	-	(350)
Write-off due to disposal of subsidiary (Note 10.c)	(99)	-	(28)	-	(127)
Payments	(2,103)	(837)	(3,994)	(7,561)	(14,495)
Monetary and foreign exchange adjustments (b)	826	(898)	3,015	-	2,943
Effect of foreign currency translation and other	(307)	(38,223)	1,862	11,095	(25,573)
March 31, 2020	37,153	8,142	25,875	40,480	111,650
Accrued in the year (a)	5,303	16,532	10,595	4,353	36,783
Write-offs/reversals (a)	(4,826)	(2,039)	(9,098)	(15,869)	(31,832)
Payments	(42)	(559)	(3,670)	(3,569)	(7,840)
Monetary and foreign exchange adjustments (b)	2,486	(1,465)	336	(5)	1,352
Effect of foreign currency translation and other	168	983	907	1,564	3,622
March 31, 2021	40,242	21,594	24,945	26,954	113,735

- (a) Recognized in profit or loss for the year under Sales taxes and General and administrative expenses, except for the monetary restatement reversals, if any, recognized in Finance income (costs).
- (b) Recorded in profit or loss for the year under Finance income (costs).

# RAÍZEN COMBUSTÍVEIS S.A.

## Notes to financial statements

March 31, 2021

In thousands of - R\$, unless otherwise stated

### (ii) Reimbursable lawsuits (1)

	Individual			
	Tax	Civil	Labor	Environmental
	Total			
March 31, 2018	677,249	137,459	16,548	44,104
Accrued in the year	18,000	2,287	1,637	20,159
Write-offs/reversals	(2,379)	(20,424)	(1,022)	(14,675)
Payments	(68)	(19,639)	(2,914)	(9,001)
Monetary restatement	34,210	18,053	1,263	-
March 31, 2019	727,012	117,736	15,512	40,587
Accrued in the year	38,480	41,387	2,219	3,742
Write-offs/reversals	(126,523)	(19,185)	(4,461)	466
Payments	(25,241)	(5,365)	(1,650)	(29,111)
Monetary restatement	81,104	22,539	1,444	-
March 31, 2020	694,832	157,112	13,064	15,684
Accrued in the year	12,206	4,596	2,692	9,739
Write-offs/reversals	(58,711)	(3,383)	(2,555)	(1,024)
Payments	-	-	(1,958)	(2,618)
Monetary restatement	28,302	19,387	1,031	-
March 31, 2021	676,629	177,712	12,274	21,781
	Consolidated			
	Tax	Civil	Labor	Environmental
	Total			
March 31, 2018	680,186	139,035	16,770	44,496
Accrued in the year	18,000	2,287	1,637	20,226
Write-offs/reversals	(2,382)	(20,454)	(1,022)	(14,675)
Payments	(68)	(19,639)	(2,914)	(9,416)
Monetary restatement	34,264	18,159	1,278	-
March 31, 2019	730,000	119,388	15,749	40,631
Accrued in the year	38,480	41,387	2,219	4,782
Write-offs/reversals	(126,523)	(22,452)	(4,461)	466
Payments	(25,994)	(5,365)	(1,650)	(29,111)
Monetary and foreign exchange adjustments	81,163	22,482	1,460	-
Effect of foreign currency translation and other	-	52,527	-	-
March 31, 2020	697,126	207,967	13,317	16,768
Accrued in the year	12,206	4,735	2,692	9,901
Write-offs/reversals	(58,772)	(52,862)	(2,554)	(1,024)
Payments	-	(964)	(1,958)	(3,863)
Monetary and foreign exchange adjustments	26,068	19,515	1,061	-
Effect of foreign currency translation and other	-	913	-	-
March 31, 2021	676,628	179,304	12,558	21,782

(1) The change does not and will never affects the profit or loss due to the Company's right to reimbursement.

# RAÍZEN COMBUSTÍVEIS S.A.

## Notes to financial statements

March 31, 2021

In thousands of - R\$, unless otherwise stated

### (iii) Total legal disputes

	Tax	Civil	Labor	Environmental	Individual Total
March 31, 2018	696,164	138,954	29,343	46,144	910,605
Accrued in the year	21,412	2,313	11,195	20,259	55,179
Write-offs/reversals	(4,709)	(21,380)	(8,941)	(14,982)	(50,012)
Payments	(1,238)	(19,639)	(6,411)	(9,180)	(36,468)
Monetary restatement	34,306	18,170	4,520	-	56,996
March 31, 2019	745,935	118,418	29,706	42,241	936,300
Accrued in the year	62,142	43,392	14,265	4,587	124,386
Write-offs/reversals	(138,346)	(20,759)	(16,693)	(760)	(176,558)
Payments	(26,848)	(5,911)	(4,650)	(29,489)	(66,898)
Monetary restatement	81,839	23,184	6,108	-	111,131
March 31, 2020	724,722	158,324	28,736	16,579	928,361
Accrued in the year	15,393	4,910	8,351	10,618	39,272
Write-offs/reversals	(60,486)	(3,830)	(9,019)	(1,024)	(74,359)
Payments	-	(216)	(3,652)	(3,220)	(7,088)
Monetary restatement	28,473	19,667	3,531	-	51,671
March 31, 2021	708,102	178,855	27,947	22,953	937,857

  

	Tax	Civil	Labor	Environmental	Consolidated Total
March 31, 2018	700,907	141,082	31,033	46,641	919,663
Accrued in the year	23,110	46,454	17,591	45,025	132,180
Write-offs/reversals	(4,728)	(21,624)	(9,631)	(20,136)	(56,119)
Payments	(1,287)	(19,863)	(7,251)	(10,565)	(38,966)
Monetary restatement	34,410	17,903	4,024	17	56,354
Business combination	-	-	-	26,293	26,293
Effect of foreign currency translation and other	65	1,732	194	(260)	1,731
March 31, 2019	752,477	165,684	35,960	87,015	1,041,136
Accrued in the year	71,492	46,521	21,795	7,256	147,064
Write-offs/reversals	(143,176)	(25,782)	(18,878)	(11,446)	(199,282)
Write-off due to the formation of <i>joint venture</i> (Note 10.c)	-	-	(350)	-	(350)
Write-off due to disposal of subsidiary (Note 10.c)	(99)	-	(28)	-	(127)
Payments	(28,097)	(6,202)	(5,644)	(36,672)	(76,615)
Monetary and foreign exchange adjustments	81,989	21,584	4,475	-	108,048
Effect of foreign currency translation and other	(307)	14,304	1,862	11,095	26,954
March 31, 2020	734,279	216,109	39,192	57,248	1,046,828
Accrued in the year	17,509	21,267	13,287	14,254	66,317
Write-offs/reversals	(63,598)	(54,901)	(11,652)	(16,893)	(147,044)
Payments	(42)	(1,523)	(5,628)	(7,432)	(14,625)
Monetary and foreign exchange adjustments	28,554	18,050	1,397	(5)	47,996
Effect of foreign currency translation and other	168	1,896	907	1,564	4,535
March 31, 2021	716,870	200,898	37,503	48,736	1,004,007



# RAÍZEN COMBUSTÍVEIS S.A.

## Notes to financial statements

March 31, 2021

In thousands of - R\$, unless otherwise stated

### (a) Tax

	Individual			Consolidated		
	2021	2020	2019	2021	2020	2019
IPI(i)	87,679	86,896	83,397	87,679	86,896	83,396
IRPJ and CSLL (ii)	79,277	78,283	77,040	79,277	78,283	77,040
Lawyers' fees (iii)	8,923	47,299	54,379	15,211	57,205	60,472
PIS and COFINS (iv)	58,693	58,247	57,239	58,693	58,247	57,239
ICMS (v)	469,874	450,323	469,086	470,015	450,498	469,136
CIDE and other (vi)	3,655	3,673	4,794	6,696	3,872	5,194
	<u>708,101</u>	<u>724,721</u>	<u>745,935</u>	<u>717,571</u>	<u>735,001</u>	<u>752,477</u>
Non reimbursable legal disputes	31,473	29,889	18,923	40,943	37,875	22,477
Reimbursable legal disputes	<u>676,628</u>	<u>694,832</u>	<u>727,012</u>	<u>676,628</u>	<u>697,126</u>	<u>730,000</u>
	<u>708,101</u>	<u>724,721</u>	<u>745,935</u>	<u>717,571</u>	<u>735,001</u>	<u>752,477</u>

### (i) IPI

The amount recorded as a provision for IPI credits is represented by: (a) tax assessment notice received referring to imported goods; and (b) offset of credits deriving from inputs used in exempt shipments.

### (ii) IRPJ and CSLL

These refer to interlocutory decisions related to different offsets carried out by PER/DCOMP (E-Requests for Federal Tax Recovery, Refund or Offset) related to IPI credits used to offset IRPJ and CSLL. Said offset stopped being approved because a tax assessment notice was issued to stop recognition of credits based on the fact that, in the period from January 2008 to September 2010: (a) RCSA did not record and pay IPI owed at the rate of 8% on certain transactions classified in TIPI (table of IPI levy); and (b) RCSA did not reverse IPI credits referring to inputs used in the industrialization of certain products classified in TIPI, considering that shipment of such products are not taxed.

In the first item, the dispute occurs due to difference about classification of products as oil by-products and, in the second item, it occurs because authorities do not recognize the right to maintain IPI credits on shipment transactions that are exempt or not taxed.

### (iii) Lawyers' fees

The Company engages law firms to defend it in civil, tax and labor lawsuits. Certain contracts provide for attorneys' fees as a percentage on successful lawsuit value. The Company records a provision for amounts payable to law firms referring to lawsuits whose likelihood of loss is assessed as remote or after legal decisions in lower court for lawsuits whose likelihood of loss is assessed as possible.

## **RAÍZEN COMBUSTÍVEIS S.A.**

### **Notes to financial statements**

**March 31, 2021**

**In thousands of - R\$, unless otherwise stated**

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#### **(iv) COFINS**

The amount recorded as a provision for PIS and COFINS credits is represented by: (a) contribution from 1997 to 1999 referring to merger of company; and (b) IPI credits used to offset PIS and COFINS deriving from inputs used in exempt shipments.

#### **(v) ICMS**

The amount recorded as a provision for ICMS credits is represented by: (a) tax assessments received that, despite being defended, are assessed as probable loss by the Company's legal advisors; (b) use of finance credits and charges in matters on which understanding of the Company management and tax advisors differ from tax authorities' interpretations, (c) questioning of the breach of accessory obligation (CAT Ordinance) in the period from January 2001 to December 2004, related to the methodology for calculating ICMS credits in the state of São Paulo, in the restated amount of R\$ 119,326 (R\$ 118,115 in 2020 and R\$ 115,514 in 2019); and (d) ICMS credits on interstate operations after Law No. 87/96 of the states of Minas Gerais and Amazonas, comprising the period from 1996 to 2012, and referring to fuels purchased from Petrobras and resold by means of interstate transactions (exempt from ICMS tax), for which a provision was recorded in the restated amount of R\$ 291,168 (R\$ 278,992 in 2020 and R\$ 267,792 in 2019), since Shell was awarded an unfavorable decision in the higher court.

#### **(vi) CIDE**

The Company provisioned CIDE on services rendered in oil and natural gas exploration and production activities carried out before the organization of Raízen, whose balance on March 31, 2021 totals R\$ 392,098 (R\$ 387,827 in 2020 and R\$ 378,171 in 2019). The amounts due were deposited in court, in the same amount, reason why there will be no financial disbursement by the Company. Accordingly, both balances are presented on a net basis in these financial statements.

#### **(b) Civil, labor, and environmental claims**

The major proceedings are related to: (a) remediating environmental damage caused by fuel leakage; and (b) contractual, real estate and credit recovery discussions, the last of which discussing contractual violations, possession of Company properties and recovery of amounts not paid by client.

The Company and its subsidiaries are also parties 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 client distribution centers, which comprise removal of contaminated material, treatment of the area, laboratory analysis and post-remediation monitoring.

## RAÍZEN COMBUSTÍVEIS S.A.

### Notes to financial statements

March 31, 2021

In thousands of - R\$, unless otherwise stated

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

##### (a) Tax

			Individual			Consolidated
	2021	2020	2019	2021	2020	2019
ICMS (i)	2,548,664	2,485,975	2,143,710	2,785,760	2,686,730	2,271,305
IRPJ and CSLL (ii)	1,945,688	1,994,794	1,706,745	2,115,626	2,162,120	1,780,215
PIS and COFINS (iii)	4,197,579	4,217,641	2,023,160	4,602,673	4,452,604	2,046,214
Other	626,194	546,661	559,167	988,277	761,043	562,827
	<u>9,318,125</u>	<u>9,245,071</u>	<u>6,432,782</u>	<u>10,492,336</u>	<u>10,062,497</u>	<u>6,660,561</u>
Non reimbursable legal disputes	4,488,743	4,117,011	1,047,137	5,526,333	4,796,416	1,140,549
Reimbursable legal disputes	4,829,382	5,128,060	5,385,645	4,966,003	5,266,081	5,520,012
	<u>9,318,125</u>	<u>9,245,071</u>	<u>6,432,782</u>	<u>10,492,336</u>	<u>10,062,497</u>	<u>6,660,561</u>

##### (i) ICMS

This substantially refers to various tax assessment notices about the following matters: (a) ICMS credits not reversed; (b) lack of full reversal of ICMS-ST credits for ICMS tax substitution (ICMS-ST); (c) ICMS-ST requirement in interstate sales to industrial customers; (d) noncompliance with accessory obligations; (e) undue use of credits from Controls for ICMS tax Credits on permanent assets ("CIAP"); (f) inventory difference; (g) alleged non-issue of invoices resulting from gains declared in SCANC system, which resulted non-payment of the ICMS-ST, such omissions are explained by the volumetric variation factor, regarding the application of the volume correction factor ("FCV").

##### (ii) IRPJCSLL

Significant contingencies refer to: (a) credit offsetting proceedings arising from the Semi-Annual PIS regime and offsets of federal taxes not approved by the Brazilian IRS (RFB); and (b) assessment notices for the collection of IRPJ and CSLL for the years 2011, 2012 and 2013, derived from the exclusion of income from amortization of goodwill on investments evaluated under the equity. This goodwill was contributed by Cosan Lubrificantes e Especialidades S.A., formerly named Cosan Combustíveis e Lubrificantes S.A., to the Company, whose assessment was filed against it, relating to years 2009 to 2011.

## RAÍZEN COMBUSTÍVEIS S.A.

### Notes to financial statements

March 31, 2021

In thousands of - R\$, unless otherwise stated

#### (iii) COFINS

Significant contingencies refer to: (i) disallowances of PIS and COFINS credits by the noncumulative system, provided for in Law No. 10637/2002 and Law No. 10833/2003. These disallowances stem, in summary, from the restrictive interpretation of the RFB regarding the concept of "inputs", as well as different interpretations of the said laws. These challenges are still at the administrative level; (b) requests for reimbursement of PIS and COFINS in connection with offsetting proceedings. After presentation of the Protest Letter, the DRJ (Judgment Office) maintained the interlocutory decisions and the Company filed Voluntary Appeals that are pending judgment; and (c) in the year ended March 31, 2020, the Brazilian IRS considered as "non-declared" the requests for reimbursement and/or offsetting of non-cumulative PIS and COFINS credits with different origins (Law No. 10637/02 and 10833/03) from 2014 to 2016, based on the argument that the credits are in connection with a lawsuit that challenges the exclusion of ICMS from the PIS and COFINS tax base. Because the understanding of the tax authorities is mistaken, the Company continues with the administrative discussion.

#### (iv) ISS

This refers to the collection of ISS by the cities in the state of Espírito Santo, on services rendered in sea waters (in the BC-10 block), as those cities understand that those services would have been provided within their territory and, therefore, the ISS should have been paid to those cities in that state.

#### (b) Civil, labor and environmental

	Individual			Consolidated		
	2021	2020	2019	2021	2020	2019
Civil (i)	449,576	500,308	510,454	496,456	524,963	535,490
Labor	64,641	93,466	87,264	96,304	97,878	108,805
Environmental	3,195	2,830	4,547	26,025	24,418	25,525
	<u>517,412</u>	<u>596,604</u>	<u>602,265</u>	<u>618,785</u>	<u>647,259</u>	<u>669,820</u>
Non reimbursable legal disputes	129,116	126,805	76,450	223,947	147,380	125,668
Reimbursable legal disputes	<u>388,296</u>	<u>469,799</u>	<u>525,815</u>	<u>394,838</u>	<u>499,879</u>	<u>544,152</u>
	517,412	596,604	602,265	618,785	647,259	669,820

- (i) These contingencies substantially refer to: (a) change in risk assessment in administrative proceeding before CADE filed against Shell; (b) reparation for emergent damages; (c) loss of profits; (d) compensation for pain and suffering damages; and (e) attorney's fees.

#### Contingent assets

RCSA, through its subsidiary Blueway, is involved in tax claims for damages related to the right to exclude the ICMS from the PIS and COFINS tax base, the realization of which is not virtually certain yet and, therefore, represent contingent assets not recognized in these annual financial statements. Accordingly, it is not yet possible to estimate the possible future financial effects of these claims.

## RAÍZEN COMBUSTÍVEIS S.A.

### Notes to financial statements

March 31, 2021

In thousands of - R\$, unless otherwise stated

## 18. Commitments (Consolidated)

The Company has fuel purchase agreements with third parties, aiming at ensuring part of its future sales, as well as contracts for rail, road and ferry transportation services, in order to transport fuels from the supply bases to resellers gas stations, whose amount payable is determined according to the contractually agreed price. In addition, the Company has fuel storage service agreements with third parties, in accordance with the fuel logistics and storage objectives in certain regions.

On March 31, 2021, the volumes related to purchase commitments and service agreements are as follows:

	Fuels (in cbm)	Petroleum (crude oil) (in cbm)	Transportation (in cbm)	Storage (in cbm)
2022	2,061,870	228,100	3,752,603	5,933,592
2023	-	-	1,077,803	3,025,410
2024	-	-	1,079,507	2,288,314
2025	-	-	954,309	1,941,290
From 2026 onwards	-	-	954,309	1,937,678
Total contracted volume	2,061,870	228,100	7,818,531	15,126,284
Total estimated payments (nominal value)	7,325,980	436,278	327,119	508,175

## 19. Equity

### (a) Capital and capital reserve

On March 31, 2021, 2020 and 2019, the Company's fully subscribed and paid-up capital amounts to R\$ 1,921,843, represented as follows:

		Shareholders (shares in units)			
		Cosan Investimentos e Participações			
	Shell	S.A. ("CIP") (1)	2021	2020	2019
Common shares	830,709,236	830,709,236	1,661,418,472	1,661,418,472	1,661,418,472
Class A preferred shares	1	-	1	1	1
Class D preferred shares	100,000	-	100,000	100,000	100,000
Class E preferred shares	81,897,057	-	81,897,057	81,897,057	163,329,417
Total	912,706,294	830,709,236	1,743,415,530	1,743,415,530	1,824,847,890

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

## RAÍZEN COMBUSTÍVEIS S.A.

### Notes to financial statements

March 31, 2021

In thousands of - R\$, unless otherwise stated

At the Special General Meeting held on September 5, 2019, the Company's shareholders approved the compensation to Shell through redemption of class E preferred shares, in the amount of R\$ 129,412, with the cancellation of 81,432,360 class E preferred shares.

#### (b) Changes in dividends and Interest on own capital (i)

In accordance with the Company's Articles of Incorporation and Brazil's Corporation Law, the amounts of the legal reserve and dividends, for the year ended March 31, 2021, 2020 and 2019, were determined as follows:

	2021	2020	2019
Net income (loss) for the year	996,486	2,056,092	1,654,266
Offset of losses, initial adoption of IFRS and other	(2,729)	(6,446)	(2,575)
Dividends to Class D preferred shareholders	(1,726)	(729)	(1,498)
Economic grants	-	-	(41,568)
Ordinary dividend distribution calculation basis	992,031	2,048,917	1,608,625
Common shares			
Minimum mandatory dividend - 1% (1)	(9,920)	(20,489)	(16,086)
(-) Interest on own capital (gross)	(147,219)	(151,463)	(192,400)
(-) Dividends paid in advance	-	(1,347,340)	(1,136,000)
Total provisioned dividends in the Parent Company	(1,726)	(729)	(1,498)
Remaining dividends and interest on own capital	(187,665)	(62,529)	(13,600)
Total at Parent Company	(189,391)	(63,258)	(15,098)
Dividends payable to non-controlling shareholders	(10,535)	(9,768)	(12,443)
Total in RCSA Consolidated	(199,926)	(73,026)	(27,541)

- (1) In the years ended March 31, 2021, 2020 and 2019, interest of own capital and prepaid dividends totaled R\$ 147,219, R\$ 1,498,803 and R\$ 1,329,000, respectively. Accordingly, there are no mandatory minimum common dividends provisioned since these repayments, related to income determined in referred to fiscal years, were higher than those determined on the percentage defined in the Articles of Incorporation.

# RAÍZEN COMBUSTÍVEIS S.A.

## Notes to financial statements

March 31, 2021

In thousands of - R\$, unless otherwise stated

Changes in dividends and interest on own capital payable are as follows:

	<b>Individual</b>			<b>Consolidated</b>		
	<b>Dividends</b>	<b>Interest on own capital</b>	<b>Total</b>	<b>Dividends</b>	<b>Interest on own capital</b>	<b>Total</b>
March 31, 2018	1,486	-	1,486	6,335	-	6,335
Prior years' dividends	153,000	-	153,000	171,413	-	171,413
Dividends for the year	1,136,600	-	1,136,600	1,157,737	-	1,157,737
Exclusive dividends	1,498	-	1,498	1,498	-	1,498
Interest on own capital, net of Withholding Income Tax (IRRF)	-	163,540	163,540	-	163,540	163,540
Payments	(1,291,086)	(149,940)	(1,441,026)	(1,322,215)	(149,940)	(1,472,155)
Other	-	-	-	(827)	-	(827)
March 31, 2019	1,498	13,600	15,098	13,941	13,600	27,541
Prior years' dividends	321,192	-	321,192	333,733	-	333,733
Dividends for the year	1,347,340	-	1,347,340	1,357,958	-	1,357,958
Exclusive dividends	729	-	729	729	-	729
Interest on own capital, net of Withholding Income Tax (IRRF)	-	128,744	128,744	-	128,744	128,744
Payments	(1,670,030)	(79,815)	(1,749,845)	(1,695,194)	(79,815)	(1,775,009)
Other	-	-	-	(670)	-	(670)
March 31, 2020	729	62,529	63,258	10,497	62,529	73,026
Prior years' dividends	907	-	907	12,767	-	12,767
Dividends for the year	-	-	-	10,535	-	10,535
Exclusive dividends	1,726	-	1,726	1,726	-	1,726
Interest on own capital, net of Withholding Income Tax (IRRF)	-	125,136	125,136	-	125,136	125,136
Payments	(1,640)	-	(1,640)	(23,273)	-	(23,273)
Other	4	-	4	9	-	9
March 31, 2021	1,726	187,665	189,391	12,261	187,665	199,926

### (c) **Equity valuation adjustments**

#### (i) **Income (loss) from financial instruments designated as hedge accounting**

These refer to changes in fair value resulting from cash flow hedge of fuel imports.

#### (ii) **Income (loss) from net investment hedge abroad**

These refer to the effective portion with the foreign exchange variation of the hedge of the Company's net investments in a foreign entity.

#### (iii) **Actuarial gain (loss)**

These arise from gains and losses from adjustment through experience and changes in actuarial assumptions about the defined benefit plan. This component is recognized in other comprehensive income and will never be reclassified to statement of income in subsequent years.

# RAÍZEN COMBUSTÍVEIS S.A.

## Notes to financial statements

March 31, 2021

In thousands of - R\$, unless otherwise stated

### (iv) Effect of foreign currency translation

Cumulative translation adjustments with foreign exchange variation resulting from the translation of the financial statements of foreign operations.

### (v) Changes in equity adjustments

	2020	Comprehensive income (loss)	2021
Actuarial gain (loss) on defined benefit plan, net	4,742	(745)	3,997
Income (loss) on financial instruments designated as hedge accounting	18,549	(19,923)	(1,374)
Income(loss) on hedge of net investment in a foreign entity	(45,741)	-	(45,741)
Effect of foreign currency translation	736,986	608,560	1,345,546
	<u>714,536</u>	<u>587,892</u>	<u>1,302,428</u>
Attributable to:			
Controlling shareholders	714,536	587,892	1,302,428
Noncontrolling shareholders	-	-	-
	<u>714,536</u>	<u>587,892</u>	<u>1,302,428</u>
	2019	Comprehensive income (loss)	2020
Actuarial gain (loss) on defined benefit plan, net	(13)	4,755	4,742
Income (loss) on financial instruments designated as hedge accounting	(664)	19,213	18,549
Income (loss) on hedge of net investment in a foreign entity	(35,795)	(9,946)	(45,741)
Effect of foreign currency translation	(99,843)	836,829	736,986
	<u>(136,315)</u>	<u>850,851</u>	<u>714,536</u>
Attributable to:			
Controlling shareholders	(136,311)	850,847	714,536
Noncontrolling shareholders	(4)	4	-
	<u>(136,315)</u>	<u>850,851</u>	<u>714,536</u>
	2018	Comprehensive income (loss)	2019
Actuarial loss on defined benefit plan, net	(13)	-	(13)
Income (loss) on financial instruments designated as hedge accounting	3,569	(4,233)	(664)
Income (losses) on hedge of net investment in a foreign entity	-	(35,795)	(35,795)
Effect foreign currency translation	-	(99,843)	(99,843)
	<u>3,556</u>	<u>(139,871)</u>	<u>(136,315)</u>
Attributable to:			
Controlling shareholders	3,560	(139,871)	(136,311)
Noncontrolling shareholders	(4)	-	(4)
	<u>3,556</u>	<u>(139,871)</u>	<u>(136,315)</u>



## RAÍZEN COMBUSTÍVEIS S.A.

### Notes to financial statements

March 31, 2021

In thousands of - R\$, unless otherwise stated

#### (d) Profit reserves

##### (i) Tax incentive reserve

The tax incentive reserve is credited with tax incentive benefits, which are recognized in the statement of profit or loss for the year and allocated from retained earnings to this reserve. These incentives refer to the economic grant given by the federal government in the diesel sales operations of subsidiary Blueway, which occurred in the year ended March 31, 2019.

At the Special General Meeting held on June 26, 2019, the Company's shareholders approved the allocation of dividends using the full balance of this reserve in subsidiary.

##### (ii) Legal reserve

On March 31, 2021, 2020 and 2019, as established in Brazil's Corporation Law, the Company did not allocate 5% of net income to the Legal reserve, due to the fact that the total balance of the legal and capital reserves has exceeded 30% of the capital amount.

##### (iii) Retained profits reserve

This refers to the remaining balance of net income for the year, after allocations for set-up of the legal reserve and provision of mandatory minimum dividends, which was allocated to Retained profits reserve until its final allocation is approved at the Annual General Meeting. The Company's Articles of Incorporation provide that up to 80% of income for the year can be allocated to this reserve, for its operations and new investments and projects, not exceeding 80% of the capital.

#### (e) Earnings per share

Basic and diluted earnings per share are calculated by dividing the income attributable to the Company's shareholders by the weighted average number of common shares issued over the year.

The table below presents information on profit or loss and shares used to calculate basic and diluted earnings per share for the years ended March 31, 2021, 2020 and 2019 (in thousands of reais, except for earnings per share):

#### Basic and diluted

	2021	2020	2019
<b>Numerator</b>			
Net income for the year	996,486	2,056,092	1,654,266
Profit available to preferred shareholders	(1,726)	(729)	(1,498)
Profit available to common shareholders	994,760	2,055,363	1,652,768
<b>Denominator</b>			
Weighted average number of common shares (in thousands)	1,661,418	1,661,418	1,661,418
<b>Basic and diluted earnings per common share (reais per share)</b>	<u>0.60</u>	<u>1.24</u>	<u>0.99</u>

## RAÍZEN COMBUSTÍVEIS S.A.

### Notes to financial statements

March 31, 2021

In thousands of - R\$, unless otherwise stated

The Company does not have outstanding common shares that may cause dilution or debt convertible into common shares. As such, the basic and diluted earnings per share are equivalent.

## 20. Net operating revenue

On March 31, 2021, 2020 and 2019, the Company's gross revenue is segregated as follows:

	Individual		
	2021	2020	2019
Domestic market	71,179,896	78,731,607	73,389,031
Foreign market	623,656	1,458,352	2,337,458
Gross revenue from sales of products and services	71,803,552	80,189,959	75,726,489
Returns and cancellations	(314,603)	(445,455)	(376,669)
Sales taxes	(1,756,301)	(2,453,551)	(2,475,042)
Trade discounts and other	(395,706)	(415,708)	(394,506)
Amortization of exclusive supply rights (Note 9)	(384,876)	(413,637)	(383,416)
Net operating revenue (Note 21)	68,952,066	76,461,608	72,096,856

  

	Consolidated		
	2021	2020	2019
Local market	81,433,493	91,195,268	84,162,664
Foreign market	16,565,934	18,911,084	11,225,489
Gross revenue from sales of products and services	97,999,427	110,106,352	95,388,153
Returns and cancellations	(339,601)	(730,261)	(517,091)
Sales taxes	(7,196,061)	(7,467,896)	(5,019,797)
Trade discounts and other	(545,986)	(461,233)	(448,160)
Amortization of exclusive supply rights (Note 9)	(502,468)	(505,769)	(452,503)
Net operating revenue (Note 21)	89,415,311	100,941,193	88,950,602

## 21. Segment reporting

RCSA management defined its operating segment, based on the reports used by the Company's CEO and the Board of Directors, which are the main operational and strategic decision makers, to evaluate the performance of its segment geographically, as follows:

### Raízen Combustíveis Brasil ("RC Brasil")

The RC Brazil segment covers the distribution and sale of fossil and renewable fuels, through a franchised network of service stations under the Shell brand nationwide.

## RAÍZEN COMBUSTÍVEIS S.A.

### Notes to financial statements

March 31, 2021

In thousands of - R\$, unless otherwise stated

#### Raízen Combustíveis Argentina ("RC Argentina")

The RC Argentina segment covers oil refining, fuel distribution and sale and manufacturing and sale of automotive and industrial lubricants throughout Argentina and abroad.

The RC Argentina segment started to be considered as of October 1, 2018, with the completion of the acquisition of DS business that took place on that same date.

The breakdown of assets, liabilities and equity for the years ended March 31, 2021, 2020 and 2019, and profit or loss of the segments in the same years, are presented below.

- Statements of financial position as of March 31, 2021, 2020 and 2019:

				March 31, 2021
	RC Brasil	RC Argentina	Eliminations and reclassifications (1)	Consolidated
Assets				
Current assets	11,028,660	3,430,129	(20,520)	14,438,269
Noncurrent assets				
Investments	5,280,468	390	(4,523,630)	757,228
Property, Plant and Equipment (PPE)	1,916,951	4,327,190	425,502	6,669,643
Intangible assets	618,487	40,241	686,490	1,345,218
Right of use	81,424	430,312	-	511,736
Other assets	7,523,336	146,723	-	7,670,059
	<u>15,420,666</u>	<u>4,944,856</u>	<u>(3,411,638)</u>	<u>16,953,884</u>
Total assets	<u>26,449,326</u>	<u>8,374,985</u>	<u>(3,432,158)</u>	<u>31,392,153</u>
Liabilities and equity				
Current assets	10,128,958	2,802,384	(20,520)	12,910,822
Noncurrent assets	10,710,526	1,858,332	302,631	12,871,489
Total liabilities	<u>20,839,484</u>	<u>4,660,716</u>	<u>282,111</u>	<u>25,782,311</u>
Total equity	<u>5,609,842</u>	<u>3,714,269</u>	<u>(3,714,269)</u>	<u>5,609,842</u>

# RAÍZEN COMBUSTÍVEIS S.A.

## Notes to financial statements

March 31, 2021

In thousands of - R\$, unless otherwise stated

	March 31, 2020			
	RC Brasil	RC Argentina	Eliminations and reclassifications (1)	Consolidated
Assets				
Current assets	9,286,687	4,108,417	-	13,395,104
Noncurrent assets				
Investments	4,682,055	356	(3,943,403)	739,008
Property, Plant and Equipment (PPE)	1,898,855	4,121,641	302,022	6,322,518
Intangible assets	674,063	10,808	460,396	1,145,267
Right of use	138,262	570,804	-	709,066
Other assets	6,725,814	142,690	-	6,868,504
	<u>14,119,049</u>	<u>4,846,299</u>	<u>(3,180,985)</u>	<u>15,784,363</u>
Total assets	<u>23,405,736</u>	<u>8,954,716</u>	<u>(3,180,985)</u>	<u>29,179,467</u>
Liabilities and equity				
Current liabilities	(8,413,026)	(3,567,877)	-	(11,980,903)
Noncurrent liabilities	<u>(10,839,156)</u>	<u>(2,022,078)</u>	<u>(183,776)</u>	<u>(13,045,010)</u>
Total liabilities	<u>(19,252,182)</u>	<u>(5,589,955)</u>	<u>(183,776)</u>	<u>(25,025,913)</u>
Total equity	<u>(4,153,554)</u>	<u>(3,364,761)</u>	<u>(3,364,761)</u>	<u>(4,153,554)</u>

	March 31, 2019			
	RC Brasil	RC Argentina	Eliminations and reclassifications (1)	Consolidated
Assets				
Current assets	9,284,376	3,015,112	-	12,299,488
Noncurrent assets				
Investments	3,810,069	268	(3,810,069)	268
Property, Plant and Equipment (PPE)	1,885,033	3,252,383	350,778	5,488,194
Intangible assets	654,759	9,664	462,095	1,126,518
Right of use	-	-	-	-
Other assets	4,587,844	56,545	-	4,644,389
	<u>10,937,705</u>	<u>3,318,860</u>	<u>(2,997,196)</u>	<u>11,259,369</u>
Total assets	<u>20,222,081</u>	<u>6,333,972</u>	<u>(2,997,196)</u>	<u>23,558,857</u>
Liabilities and equity				
Current liabilities	(7,703,493)	(2,328,056)	-	(10,031,549)
Noncurrent liabilities	<u>(9,454,236)</u>	<u>(801,345)</u>	<u>(207,375)</u>	<u>(10,462,956)</u>
Total liabilities	<u>(17,157,729)</u>	<u>(3,129,401)</u>	<u>(207,375)</u>	<u>(20,494,505)</u>
Total equity	<u>3,064,352</u>	<u>3,204,571</u>	<u>(3,204,571)</u>	<u>3,064,352</u>

# RAÍZEN COMBUSTÍVEIS S.A.

## Notes to financial statements

March 31, 2021

In thousands of - R\$, unless otherwise stated

- Statements of profit or loss for the years ended March 31, 2021, 2020 and 2019:

	2021			
	RC Brasil	RC Argentina	Eliminations and reclassifications (1)	Consolidated
Gross operating revenue				
Local market	81,433,493	15,630,572	(15,630,572)	81,433,493
Foreign market	623,658	311,704	15,630,572	16,565,934
	82,057,151	15,942,276	-	97,999,427
Taxes, returns and sales deductions	(3,197,971)	(5,386,145)	-	(8,584,116)
Net operating revenue	78,859,180	10,556,131	-	89,415,311
Gross profit	3,246,469	1,119,002	(34,126)	4,331,345
Income before finance income (costs) and income tax and social contribution	1,618,599	271,654	(16,491)	1,873,762
Income before income tax and social contribution	1,501,250	20,568	(16,491)	1,505,327
Net income (loss) for the year	1,039,344	16,491	(16,491)	1,039,344
Attributable to:				
Controlling interests	996,486	16,491	(16,491)	996,486
Noncontrolling interests	42,858	-	-	42,858
Other selected information:				
Depreciation and amortization (Note 22)	244,494	682,002	61,079	987,575

  

	2020			
	RC Brasil	RC Argentina	Eliminations and reclassifications (1)	Consolidated
Gross operating revenue				
Local market	91,195,268	16,948,164	(17,300,907)	90,842,525
Foreign market	1,458,352	504,568	17,300,907	19,263,827
	92,653,620	17,452,732	-	110,106,352
Taxes, returns and sales deductions	(4,138,677)	(5,026,482)	-	(9,165,159)
Net operating revenue	88,514,943	12,426,250	-	100,941,193
Gross profit	3,748,403	1,132,189	(41,021)	4,839,571
Income before finance income (costs) and income tax and social contribution taxes	3,445,610	339,539	8,885	3,794,034
Income before income tax and social contribution taxes	3,010,322	72,267	8,885	3,091,474
Net income (loss) for the year	2,100,884	(8,885)	8,885	2,100,884
Attributable to:				
Controlling interests	2,056,092	(8,885)	8,885	2,056,092
Noncontrolling interests	44,792	-	-	44,792
Other selected information:				
Depreciation and amortization (Note 22)	206,746	547,759	69,243	823,748

# RAÍZEN COMBUSTÍVEIS S.A.

## Notes to financial statements

March 31, 2021

In thousands of - R\$, unless otherwise stated

	2019			
	RC Brasil	RC Argentina	Eliminations and reclassifications (1)	Consolidated
Gross operating revenue				
Local market	84,162,660	8,160,571	(8,160,362)	84,162,869
Foreign market	2,337,460	727,459	8,160,362	11,225,281
	86,500,120	8,888,030	-	95,388,150
Taxes, returns and sales deductions	(3,921,577)	(2,515,971)	-	(6,437,548)
Net operating revenue	82,578,543	6,372,059	-	88,950,602
Gross profit	3,644,113	518,337	(13,397)	4,149,053
Income before finance income (costs) and income and social contribution taxes	2,544,196	175,950	(102,495)	2,617,651
Income before income and social contribution taxes	2,249,214	69,567	(102,495)	2,216,286
Net income for the year	1,708,021	102,495	(102,495)	1,708,021
Attributable to:				
Controlling interests	1,654,266	102,495	(102,495)	1,654,266
Noncontrolling interests	53,755	-	-	53,755
Other selected information:				
Depreciation and amortization (Note 22)	179,129	138,452	26,196	343,777

- (1) Substantially represented by eliminations and reclassifications of fair value balances in accordance with Raízen Argentina's purchase price allocation report, and amortization and depreciation of identified gains. In addition, revenues from Argentina were reclassified to foreign market in the Consolidated financial information.

- Net operating revenue for the years ended March 31, 2021, 2020 and 2019:

### Net operating revenue by product

	2021		
	RC Brasil	RC Argentina	Consolidated
Diesel	40,823,623	4,444,219	45,267,842
Gasoline	29,041,444	3,556,424	32,597,868
Ethanol	7,432,107	-	7,432,107
Jet	1,258,180	257,995	1,516,175
Fuel oil	152,504	1,037,767	1,190,271
Lubricants	-	540,076	540,076
Other	151,322	719,650	870,972
	78,859,180	10,556,131	89,415,311

  

	2020		
	RC Brasil	RC Argentina	Consolidated
Diesel	41,010,139	4,448,372	45,458,511
Gasoline	32,449,886	3,909,234	36,359,120
Ethanol	9,099,499	-	9,099,499
Jet	5,496,930	1,165,312	6,662,242
Fuel oil	244,439	1,429,402	1,673,841
Lubricants	-	445,010	445,010
Other	214,050	1,028,920	1,242,970
	88,514,943	12,426,250	100,941,193

## RAÍZEN COMBUSTÍVEIS S.A.

### Notes to financial statements

March 31, 2021

In thousands of - R\$, unless otherwise stated

	2019		
	RC Brasil	RC Argentina	Consolidated
Diesel	37,532,554	2,132,020	39,664,574
Gasoline	30,933,750	2,060,581	32,994,331
Ethanol	7,875,816	-	7,875,816
Jet	5,711,234	695,624	6,406,858
Fuel oil	307,647	722,219	1,029,866
Lubricants	-	215,300	215,300
Other	217,542	546,315	763,857
	<u>82,578,543</u>	<u>6,372,059</u>	<u>88,950,602</u>

### Net operating revenue by geographic area

	2021		
	RC Brasil	RC Argentina	Consolidated
Brazil	78,243,869	114	78,243,983
Argentina	-	10,247,656	10,247,656
South America, except Brazil and Argentina	-	40,787	40,787
Other	615,311	267,574	882,885
	<u>78,859,180</u>	<u>10,556,131</u>	<u>89,415,311</u>

	2020		
	RC Brasil	RC Argentina	Consolidated
Brazil	87,058,593	1,067	87,059,660
Argentina	-	11,675,244	11,675,244
South America, except Brazil and Argentina	-	132,326	132,326
Other	1,456,350	617,613	2,073,963
	<u>88,514,943</u>	<u>12,426,250</u>	<u>100,941,193</u>

	2019		
	RC Brasil	RC Argentina	Consolidated
Brazil	80,243,104	209	80,243,313
Argentina	-	5,713,849	5,713,849
South America, except Brazil and Argentina	-	88,836	88,836
Other	2,335,439	569,165	2,904,604
	<u>82,578,543</u>	<u>6,372,059</u>	<u>88,950,602</u>

### Major customers

No specific customer or group represented 10% or more of Net operating revenue in the reported years.

## RAÍZEN COMBUSTÍVEIS S.A.

### Notes to financial statements

March 31, 2021

In thousands of - R\$, unless otherwise stated

## 22. Costs and expenses by nature

### Reconciliation of costs and expenses by nature

Costs and expenses are shown in statement of income by function. The reconciliation of the Company's statement of income by nature for the years ended March 31, 2021, 2020 and 2019 is broken down as follows:

	<b>Individual</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
Interest on own capital	(66,287,858)	(73,346,164)	(69,137,067)
Personnel expenses	(474,486)	(500,488)	(473,315)
Freight	(298,545)	(338,785)	(311,853)
Depreciation and amortization	(217,396)	(203,833)	(165,739)
Logistic expenses	(183,644)	(174,355)	(142,557)
Commercial expenses	(105,850)	(153,144)	(133,554)
Outsourced labor	(93,781)	(102,010)	(108,830)
Other	(122,675)	(123,614)	(168,499)
	<u>(67,784,235)</u>	<u>(74,942,393)</u>	<u>(70,641,414)</u>

	<b>Consolidated</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
Interest on own capital	(84,457,864)	(95,613,985)	(84,671,252)
Personnel expenses	(803,298)	(731,622)	(611,079)
Depreciation and amortization	(987,575)	(823,748)	(343,777)
Freight	(541,895)	(567,154)	(429,700)
Logistic expenses	(325,994)	(350,348)	(302,857)
Commercial expenses	(254,185)	(323,644)	(187,953)
Outsourced labor	(212,470)	(209,575)	(174,641)
Other	(318,077)	(346,275)	(317,522)
	<u>(87,901,358)</u>	<u>(98,966,351)</u>	<u>(87,038,781)</u>

### **Classified as:**

	<b>Individual</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
Cost of products sold and services provided	(66,287,858)	(73,346,164)	(69,137,067)
Selling	(1,092,257)	(1,175,849)	(1,062,577)
General and administrative	(404,120)	(420,380)	(441,770)
	<u>(67,784,235)</u>	<u>(74,942,393)</u>	<u>(70,641,414)</u>

	<b>Consolidated</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
Cost of products sold and services provided	(85,083,966)	(96,101,622)	(84,801,549)
Selling	(2,172,294)	(2,252,046)	(1,678,676)
General and administrative	(645,098)	(612,683)	(558,556)
	<u>(87,901,358)</u>	<u>(98,966,351)</u>	<u>(87,038,781)</u>



# RAÍZEN COMBUSTÍVEIS S.A.

## Notes to financial statements

March 31, 2021

In thousands of - R\$, unless otherwise stated

### 23. Other operating revenue, net

	<b>Individual</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
Gain in the formation of the joint venture, net (Note 10.c)	-	1,073,459	-
Net Recognition of tax assets, net (1)	191,062	344,625	177,991
Commissions on sales of lubricants, cards and payment means	59,786	17,944	27,866
Revenues from rental and leases	55,358	83,016	92,551
Gain on write-off of property, plant, and equipment	15,408	71,075	33,675
Results with commercial operations (5)	10,773	9,195	(1,698)
Royalty income	6,062	7,371	9,100
Loss on retirement of carbon credits ("CBIO") (3)	(149,250)	-	-
Reversal (setting up) of provision for expected loss on realization of taxes and charges (4)	-	(14)	83,007
Other revenues, net	23,670	12,330	27,008
	<u>212,869</u>	<u>1,619,001</u>	<u>449,500</u>

  

	<b>Consolidated</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
Gain in the formation of the joint venture, net (Note 10.c)	-	1,073,459	-
Net recognition of tax assets, net (1)	219,723	365,353	215,720
Revenues from rentals and leases	81,211	138,730	106,873
Gain on write-off of property, plant, and equipment	67,698	108,339	116,193
Commissions on sales of lubricants, cards and payment means	63,307	21,410	29,729
Royalty income	14,144	54,226	67,294
Merchandising	12,403	54,460	67,708
Results with commercial operations (5)	12,116	4,055	(19,162)
Gain on disposal of subsidiary, net (2)	1,096	6,455	-
Loss on retirement of carbon credits ("CBIO") (3)	(180,007)	-	-
Reversal (setting up) of provision for expected loss on realization of taxes and charges (4)	-	(15)	91,136
Other revenues (expenses), net	77,896	(12,696)	30,339
	<u>369,587</u>	<u>1,813,776</u>	<u>705,830</u>

- (1) This refers to the tax recovery of tax credits related mainly to PIS, COFINS and ICMS arising from the Company's ordinary activities.
- (2) Sale of Raízen Gas.
- (3) This refers to the acquisition cost of carbon credits ("CBIO"), related to the legal obligations adopted by Brazil's National Biofuels Policy - RenovaBio (set forth by Law No. 13576/2017, with additional regulation set forth by Decree No. 9888/2019 and Government Directive No. 419 of November 20, 2019, of the Ministry of Mines and Energy) to achieve the carbon reduction goals of the industry for 2020 and 2021. The goals established are effective until December of each year and are published by Brazil's National Petroleum Agency ("ANP").
- (4) On March 31, 2019, it substantially referred to the reversal of the expected loss on the ICMS realization of certain States recorded in prior years.
- (5) Refers, substantially, to the result of the washout of certain commercial contracts, within the scope of the execution of the Company's commercial strategy in the ordinary course of its business.

# RAÍZEN COMBUSTÍVEIS S.A.

## Notes to financial statements

March 31, 2021

In thousands of - R\$, unless otherwise stated

### 24. Finance results

	<b>Individual</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
<u>Finance costs</u>			
Interest	(304,026)	(444,187)	(375,697)
PIS and COFINS on finance revenue	(11,249)	(20,007)	(12,343)
Holding loss	(13,084)	(8,307)	(9,112)
Other	(11,577)	(39,128)	(59,815)
	(339,936)	(511,629)	(456,967)
Fair value of financial instruments (Notes 8.a., 2.e. and 15)	66,230	(224,095)	(155,496)
Amounts capitalized on qualifying assets	67	273	1,105
	(273,639)	(735,451)	(611,358)
<u>Finance income</u>			
Interest	164,819	123,413	119,494
Yields from financial investments	8,290	57,416	33,690
Holding gain and others	440	856	140
	173,549	181,685	153,324
<u>Exchange-rate change, net</u>	(891,812)	(2,381,954)	(479,122)
<u>Net effect of the derivatives</u>	911,302	2,522,256	698,227
	(80,600)	(413,464)	(238,929)
	<b>Consolidated</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
<u>Finance costs</u>			
Interest	(409,385)	(535,466)	(423,214)
PIS and COFINS on finance revenue	(13,800)	(24,053)	(14,670)
Holding loss	(13,084)	(8,309)	(9,121)
Other	(23,625)	(47,280)	(63,290)
	(459,894)	(615,108)	(510,295)
Fair value of financial instruments (Notes 8.a., 2.e. and 15)	66,230	(224,095)	(155,496)
Amounts capitalized on qualifying assets	67	273	1,105
	(393,597)	(838,930)	(664,686)
<u>Finance income</u>			
Interest	231,741	206,783	181,191
Yields from financial investments	76,206	103,457	47,391
Holding gain and others	1,208	1,198	1,995
	309,155	311,438	230,577
<u>Exchange-rate change, net</u>	(1,202,630)	(3,411,144)	(710,671)
<u>Net effect of the derivatives</u>	918,637	3,236,076	743,415
	(368,435)	(702,560)	(401,365)

## **RAÍZEN COMBUSTÍVEIS S.A.**

### **Notes to financial statements**

**March 31, 2021**

**In thousands of - R\$, unless otherwise stated**

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## **25. Financial instruments**

### **(a) Overview**

The Company is exposed to the following risks arising from its operations, which are equalized and managed through certain financial instruments:

- Interest rate risk;
- Price risk;
- Currency risk;
- Credit risk; and
- Liquidity risk.

This note presents information on the Company's exposure to each of the aforementioned risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's capital management.

### **(b) Risk management structure**

The Company 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 Company has the following main committees: (i) Risk Committee that meets weekly to analyze the behavior of the foreign exchange market and deliberate on hedging positions and pricing strategy for exports and imports of products, so as to reduce the adverse effects of changes in exchange rate and prices of commodities; 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.

The Company and its subsidiaries are exposed to the following significant market risks: (i) ethanol, oil and its 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.

On March 31, 2021, 2020 and 2019, the fair values related to transactions involving derivative financial instruments for hedging purposes were measured through observable factors, such as prices quoted in active markets or discounted cash flows based on market curves and are presented below:

# RAÍZEN COMBUSTÍVEIS S.A.

## Notes to financial statements

March 31, 2021

In thousands of - R\$, unless otherwise stated

	Notional amount			Individual Fair value		
	2021	2020	2019	2021	2020	2019
Price risk						
Commodity derivatives						
Futures contracts	627,905	642,310	987,292	(24,258)	174,117	(48,075)
	627,905	642,310	987,292	(24,258)	174,117	(48,075)
Foreign exchange rate risk						
Foreign exchange rate derivatives						
Futures contracts	239,286	(98,775)	116,901	4,614	382	44
Foreign exchange forward	673,991	(1,384,934)	(3,376,880)	(3,831)	51,193	69,938
FX lock	-	-	194,835	-	-	304
FX swap	(9,250,885)	(9,284,878)	(5,396,930)	3,218,554	2,821,504	609,672
	(8,337,608)	(10,768,587)	(8,462,074)	3,219,337	2,873,079	679,958
Interest rate risk						
Interest rate swap	(204,024)	(204,024)	(204,024)	46,811	36,573	19,938
	(204,024)	(204,024)	(204,024)	46,811	36,573	19,938
Total				3,241,890	3,083,769	651,821
Current assets				502,485	709,719	94,736
Noncurrent assets				2,788,965	2,513,295	639,048
Total assets				3,291,450	3,223,014	733,784
Current liabilities				(49,560)	(139,245)	(72,525)
Noncurrent liabilities				-	-	(9,438)
Total liabilities				(49,560)	(139,245)	(81,963)
Total				3,241,890	3,083,769	651,821

# RAÍZEN COMBUSTÍVEIS S.A.

## Notes to financial statements

March 31, 2021

In thousands of - R\$, unless otherwise stated

	amount			Consolidated Fair value		
	2021	2020	2019	2021	2020	2019
Price risk						
Commodity derivatives						
Futures contracts	627,905	642,310	987,292	(24,258)	174,117	(48,075)
	627,905	642,310	987,292	(24,258)	174,117	(48,075)
Currency risk						
Exchange rate derivatives						
Futures contracts	239,286	(98,775)	116,901	4,614	382	44
Foreign exchange forward	(314,207)	(3,247,109)	(5,183,196)	(39,137)	487,082	124,659
Locked-in exchange	-	-	194,835	-	-	304
Exchange swap	(9,250,885)	(9,284,878)	(5,396,930)	3,218,554	2,821,504	609,672
	(9,325,806)	(12,630,762)	(10,268,390)	3,184,031	3,308,968	734,679
Interest rate risk						
Interest rate swap	(204,024)	(204,024)	(204,024)	46,811	36,573	19,938
	(204,024)	(204,024)	(204,024)	46,811	36,573	19,938
Total				3,206,584	3,519,658	706,542
Current assets				592,165	1,208,585	156,118
Noncurrent assets				2,788,965	2,513,295	639,048
Total assets				3,381,130	3,721,880	795,166
Current liabilities				(174,546)	(202,222)	(79,186)
Noncurrent liabilities				-	-	(9,438)
Total liabilities				(174,546)	(202,222)	(88,624)
Total				3,206,584	3,519,658	706,542

# RAÍZEN COMBUSTÍVEIS S.A.

## Notes to financial statements

March 31, 2021

In thousands of - R\$, unless otherwise stated

### (c) Price risk (Consolidated)

This risk arises from the possibility of oscillations in the market prices of products sold and produced by the Company and its subsidiaries, especially oil (*heating oil*), gasoline, crude oil and ethanol. These price oscillations may lead to material changes in sales revenues and costs. To mitigate this risk, the Company constantly monitors the market to anticipate price changes. The positions of derivative financial instruments used to hedge against the commodities price risk outstanding on March 31, 2021 are as follows:

					Price risk: commodity derivatives outstanding		
Derivatives	Long/ Short	Market	Contract	Maturity	Notional (units)	Notional (R\$ thousand)	Fair value (R\$ thousand)
Futures	Short	NYMEX	Gasoline	Apr/21 to Jun/21	337,137 cbm	660,207	(20,995)
Futures	Short	NYMEX	Heating Oil	Apr/21 to May/21	82,839 cbm	239,841	(4,427)
Futures	Short	B3	Ethanol	Apr/21	9,300 cbm	22,132	(379)
Subtotal – futures short position					429,276 cbm	922,180	(25,801)
Futures	Long	NYMEX	Gasoline	Apr/21 to June/21	(14,787) cbm	(42,801)	764
Futures	Long	NYMEX	Heating Oil	Apr/21 to May/21	(96,195) cbm	(244,778)	743
Futures	Long	NYMEX	Jet	Apr/21	(795) cbm	(2,151)	(33)
Futures	Long	B3	Ethanol	Apr/21 to May/21	(2,100) cbm	(4,545)	69
Subtotal - futures long position					(113,877) cbm	(294,275)	1,543
Subtotal - futures					315,399 cbm	627,905	(24,258)
Net exposure of commodity derivatives as of March 31, 2021						627,905	(24,258)
Net exposure of commodity derivatives as of March 31, 2020						642,310	174,117
Net exposure of commodity derivatives as of March 31, 2019						987,292	(48,075)

# RAÍZEN COMBUSTÍVEIS S.A.

## Notes to financial statements

March 31, 2021

In thousands of - R\$, unless otherwise stated

### (d) Exchange rate risk (Consolidated)

This derives from the possibility of oscillations in exchange rates used by the Company for exports, imports, debt flows and other assets and liabilities in foreign currency. The Company uses derivatives to manage cash flow risks arising from these transactions denominated in US dollars, net of other foreign currency denominated cash flows. The derivatives positions used to hedge against the exchange rate risk are as follows:

Exchange rate risk: foreign exchange derivatives outstanding							
Derivatives	Long/ Short	Market	Contract	Maturity	Notional amount (units)	Notional amount (R\$ thousand)	Fair value (R\$ thousand)
Futures	Short	B3	Commercial dollar	Apr/21 to May/21	82,500	470,027	6,596
Subtotal – futures short position					82,500	470,027	6,596
Futures	Long	B3	Commercial dollar	Apr/21	(40,500)	(230,741)	(1,982)
Subtotal - futures long position					(40,500)	(230,741)	(1,982)
Subtotal - futures					42,000	239,286	4,614
Forward	Short	OTC/Cetip	Non-Deliverable Forwards (NDF)	Apr/21 to June/21	515,400	2,936,388	(102,192)
Subtotal - forward sold					515,400	2,936,388	(102,192)
Forward	Long	OTC/Cetip	NDF	Apr/21 to Nov/21	(570,550)	(3,250,595)	63,055
Subtotal - forward purchased					(570,550)	(3,250,595)	63,055
Subtotal - forward					(55,150)	(314,207)	(39,137)
Exchange swap	Long	OTC	Exchange swap	Oct/21 to Jan/27	(1,623,731)	(9,250,885)	3,218,554
Subtotal - foreign exchange swap purchased					(1,623,731)	(9,250,885)	3,218,554
Net exposure of foreign exchange derivatives on March 31, 2021					(1,636,881)	(9,325,806)	3,184,031
Net exposure of foreign exchange derivatives on March 31, 2020					(2,429,600)	(12,630,762)	3,308,968
Net exposure of foreign exchange derivatives on March 31, 2019					(2,605,150)	(10,268,390)	734,679

## RAÍZEN COMBUSTÍVEIS S.A.

### Notes to financial statements

March 31, 2021

In thousands of - R\$, unless otherwise stated

On March 31, 2021, the consolidated summary of quantitative data on the Company's net exposure, considering the parity of all currencies to US\$, is presented below:

	R\$	US\$ (in thousands)
Cash and cash equivalents (Note 3)	741,936	130,226
Restricted cash (Note 4)	104,868	18,410
Interest rate swap (Note 5)	584,503	102,593
Related parties (Note 8.a)	(5,425,349)	(952,267)
Suppliers (Note 13)	(1,011,457)	(177,533)
Loans and financing (Note 15)	(6,830,787)	(1,198,952)
Lease liabilities (Note 14.b)	(391,249)	(68,673)
Derivative financial instruments (1)		1,636,881
Net foreign exchange exposure		(509,315)
Derivatives settled in the month following closing (2)		127,000
Net foreign exchange exposure, adjusted on March 31, 2021 (3)		(382,315)
Net foreign exchange exposure, adjusted on March 31, 2020 (3)		(561,530)
Net foreign exchange exposure, adjusted on March 31, 2019 (3)		(141,656)

- (1) This refers to the notional foreign exchange derivative operations.
- (2) Maturity in April 2021, whose settlement was given by PTAX on the last closing day of the month, quoted at R\$ 5.70.
- (3) The net foreign exchange exposure, this will be substantially offset by probable future revenues of export products and/or import products

#### (e) Hedge accounting effect

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

On March 31, 2021, the impacts recognized in the Consolidated equity and the estimated realization in statement of income are as follows:

Derivatives	Market	Risk	Realization years	2021	2020	2019
			2020/2021			
Futures	NYMEX	Heating Oil	(889)	(889)	-	-
Forward	OTC / ICE	Foreign exchange	(1,192)	(1,192)	28,106	(1,004)
			(2,081)	(2,081)	28,106	(1,004)
(-) Deferred taxes			707	707	(9,557)	340
Effect on equity			(1,374)	(1,374)	18,549	(664)



# RAÍZEN COMBUSTÍVEIS S.A.

## Notes to financial statements

March 31, 2021

In thousands of - R\$, unless otherwise stated

Changes in consolidated balances in other comprehensive income for the year ended March 31, 2021 are as follows:

### Cash flow hedge

	2021	2020	2019
Beginning balance	18,549	(664)	3,569
Movements occurred in the year:			
Fair value of commodity futures designated as hedge accounting	(911)	36,299	-
Fair value loss on forward exchange contracts designated as hedge accounting	15,452	69,879	16,047
Income (loss) from commodities reclassified to costs of products sold and services rendered and other operating revenue, net	(44,728)	(77,068)	(22,459)
Total movements occurred during the year (before deferred taxes)	(30,187)	29,110	(6,412)
Effect of deferred taxes on equity valuation adjustments	10,264	(9,897)	2,179
	(19,923)	19,213	(4,233)
Balance at end of year	(1,374)	18,549	(664)

### Fair value hedge

RCSA designates at fair value the inventory and highly probable purchases of oil by-products with pegged derivatives. Risk management is primarily intended for recognizing inventory at a floating price, as RCSA's sales revenue will be upon sale of products to its clients. Hedge accounting aims to minimize any type of mismatching in statement of income for the year, causing both the derivatives and the inventory to be recorded at fair value, with the change being recognized under Cost of products sold and services rendered, whose positive impact in the year ended March 31, 2021 was R\$ 244,942 (negative impact of R\$ 234,927 in 2020 and positive impact of R\$ 20,937 in 2019). On March 31, 2021, in the statement of financial position, the fair value measurement balance of inventories is increased by R\$ 47,779 (decreased by R\$ 197,163 in 2020 and increased by R\$ 37,764 in 2019).

### (f) Interest rate risk (Consolidated)

The Company 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 derivatives positions used to hedge against the interest rate risk are as follows:

					Interest rate risk: Interest derivatives outstanding		
Derivatives	Long/ Short	Market	Contract	Maturity	Notional (units)	Notional (R\$ thousand)	Fair value (R\$ thousand)
Interest rate swap	Long	OTC	Interest rate swap	Dec/24	(35,811)	(204,024)	46,811
Total - interest Swap					(35,811)	(204,024)	46,811
Net exposure of interest derivatives as of March 31, 2021						(204,024)	46,811
Net exposure of interest derivatives as of March 31, 2020						(204,024)	36,573
Net exposure of interest derivatives as of March 31, 2019						(204,024)	19,938

## RAÍZEN COMBUSTÍVEIS S.A.

### Notes to financial statements

March 31, 2021

In thousands of - R\$, unless otherwise stated

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#### (g) **Credit risk (Consolidated)**

A substantial part of the Company's and its subsidiaries sales is made to a select group of highly qualified counterparties.

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

Individual risk limits are established based on internal or external ratings, according to the limits determined by Company management. The use of credit limits is regularly monitored. No credit limits were exceeded during the year, and management does not expect any losses from non-performance by the counterparties at an amount higher than that already provisioned.

The Company operates commodity derivatives in NYMEX futures markets, as well as in the over the counter (OTC) market with selected counterparties. The Company operates commodity exchange rate derivatives and over-the-counter contracts registered with B3, mainly with the main national and international banks considered Investment Grade by international rating agencies.

**Guarantee margins** (Restricted Cash, Note 4) - Derivative transactions on commodity exchanges (NYMEX and B3) require guarantee margins. The total consolidated margin deposited on March 31, 2021 amounts to R\$ 146,888 (R\$ 12,770 in 2020 and R\$ 123,469 in 2019), of which R\$ 42,020 (R\$ 12,770 in 2020 and R\$ 24,130 in 2019) in restricted short-term investments and R\$ 104,868 (R\$0 in 2020 and R\$ 99,339 in 2019) in derivative transaction margin.

The Company'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.

#### (h) **Liquidity risk (Consolidated)**

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

## RAÍZEN COMBUSTÍVEIS S.A.

### Notes to financial statements

March 31, 2021

In thousands of - R\$, unless otherwise stated

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 states the main financial liabilities contracted by maturity:

					2021	2020	2019
	Up to 1 year	Up to 2 years	From 3 to 5 years	Above 5 years	Total	Total	Total
Loans and financing (1)	449,758	2,064,874	5,538,548	-	8,053,180	9,493,424	6,061,359
Suppliers (Note 13)	6,657,980	-	-	-	6,657,980	4,116,180	3,836,192
Lease liabilities (Note 14.b) (1)	228,930	119,293	129,742	192,020	669,985	885,739	-
Derivative financial instruments (Note 25.b)	174,546	-	-	-	174,546	202,222	88,624
Related parties (1)	4,104,393	422,182	-	3,096,993	7,623,568	8,279,916	8,426,920
	<u>11,615,607</u>	<u>2,606,349</u>	<u>5,668,290</u>	<u>3,289,013</u>	<u>23,179,259</u>	<u>22,977,481</u>	<u>18,413,095</u>

(1) Undiscounted contractual cash flows.

#### (i) Fair value

The fair value of financial assets and liabilities is the amount for which a financial instrument may be exchanged in a current transaction between willing parties, other than a forced sale or settlement. The fair value of cash and cash equivalents, trade accounts receivable, other financial assets, suppliers, related parties and other short-term obligations approximates the respective carrying amount. The fair value of long-term assets and liabilities does not differ significantly from their carrying amount.

The fair value of loans and financing substantially approximates the amounts recorded in the financial statements as these financial instruments were substantially subject to variable interest rates (Note 15).

Derivatives evaluated by using observable market data mainly refer to currency forwards and swap contracts. The most frequently applied valuation techniques include forwards and swap pricing models, using present value calculation. The models include various inputs, including in connection with the creditworthiness of the counterparties, spot and forward foreign exchange rates, interest rate curves and forward rate curves of the hedged item.

# RAÍZEN COMBUSTÍVEIS S.A.

## Notes to financial statements

March 31, 2021

In thousands of - R\$, unless otherwise stated

The consolidated financial instruments are classified into the following categories:

		Book value			Market value		
	Classification	2021	2020	2019	2021	2020	2019
Financial assets							
Cash and cash equivalents, except investments (Note 3)	Amortized cost	485,400	1,298,499	785,752	485,400	1,298,499	785,752
Interest earnings bank deposits (Note 3)	Fair value through profit or loss	2,119,379	868,559	2,032,839	2,119,379	868,559	2,032,839
Restricted cash, except restricted financial investments (Note 4)	Amortized cost	104,868	-	99,339	104,868	-	99,339
Restricted financial investments (restricted cash) (Note 4)	Fair value through profit or loss	42,020	30,884	41,141	42,020	30,884	41,141
Trade accounts receivable (Note 5)	Amortized cost	2,811,354	2,130,957	2,900,884	2,811,354	2,130,957	2,900,884
Derivative financial instruments (Note 25.b)	Fair value through profit or loss	3,381,130	3,721,880	795,166	3,381,130	3,721,880	795,166
Related parties (Note 8)	Amortized cost	1,978,827	1,780,399	1,601,293	1,978,827	1,780,399	1,601,293
		10,922,978	9,831,178	8,256,414	10,922,978	9,831,178	8,256,414
Financial liabilities							
Loans and financing (Note 15)	Amortized cost	(1,361,049)	(682,112)	(1,191,811)	(1,361,049)	(682,112)	(1,191,811)
Loans and financing (Note 15)	Fair value through profit or loss	(6,201,497)	(7,778,967)	(4,094,418)	(6,224,145)	(7,778,967)	(4,094,418)
Derivative financial instruments (Note 25.b)	Fair value through profit or loss	(174,546)	(202,222)	(88,624)	(174,546)	(202,222)	(88,624)
Suppliers (Note 13)	Amortized cost	(6,657,980)	(4,116,180)	(3,836,192)	(6,657,980)	(4,116,180)	(3,836,192)
Related parties (Note 8)	Amortized cost	(3,691,652)	(4,179,213)	(3,116,638)	(3,691,652)	(4,206,940)	(3,116,638)
	Fair value through other comprehensive income	-	-	(1,294,559)	-	-	(1,294,559)
Related parties	Fair value through profit or loss	(3,088,678)	(3,116,405)	(3,059,942)	(3,088,678)	(3,116,405)	(3,059,942)
Related parties (Note 8.a.2)		(21,175,402)	(20,075,099)	(16,682,184)	(21,198,050)	(20,102,826)	(16,682,184)

## 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.

Financial instruments measured at fair value	Level 1	Level 2	Total
Interest earnings bank deposits (Note 3)	-	2,119,379	2,119,379
Derivative financial assets (Note 25.b)	22,082	3,359,048	3,381,130
Loans and financing (Note 15)	-	(6,224,145)	(6,224,145)
Derivative financial liabilities (Note 25.b)	(41,724)	(132,825)	(174,546)
Related parties (Note 8.a.2)	-	(3,423,635)	(3,423,635)
Total on March 31, 2021	<u>(19,642)</u>	<u>(4,302,178)</u>	<u>(4,321,817)</u>
Total on March 31, 2020	<u>174,499</u>	<u>(6,681,654)</u>	<u>(6,507,155)</u>
Total on March 31, 2019	<u>(48,031)</u>	<u>(6,592,536)</u>	<u>(6,640,567)</u>

# RAÍZEN COMBUSTÍVEIS S.A.

## Notes to financial statements

March 31, 2021

In thousands of - R\$, unless otherwise stated

### (j) Sensitivity analysis (Consolidated)

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

#### Assumptions for sensitivity analysis

The Company adopted three scenarios for its sensitivity analysis, one probable and two 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 commodities and foreign exchange on March 31, 2021, 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 US dollar curves, which were calculated based on the probable scenario.

#### Sensitivity analysis tables

### (1) Changes in fair value of derivative financial instruments

		Impact on profit or loss (*)				
	Risk factor	Probable Scenario	Possible scenario +25%	Fair value balance	Remote scenario +50%	Fair value balance
<u>Price risk</u>						
Commodity derivatives						
Futures contracts:						
Purchase and sale commitments	Diesel and gasoline price increase	(24,258)	(161,296)	(185,554)	(322,592)	(346,850)
		(24,258)	(161,296)	(185,554)	(322,592)	(346,850)
<u>Currency risk</u>						
Exchange rate derivatives						
Futures contracts:						
Purchase and sale commitments	R\$/US\$ exchange rate decrease	4,614	59,253	63,867	118,507	123,121
Forward and Locked-in exchange contracts:						
Purchase and sale commitments	R\$/US\$ exchange rate decrease	(19,537)	(146,831)	(166,368)	(293,658)	(313,195)
Purchase and sale commitments	AR\$/US\$ exchange rate fall	(19,600)	(118,504)	(138,104)	(237,008)	(256,608)
<u>FX swaps:</u>						
Purchase and sale commitments	R\$/US\$ exchange rate decrease	3,218,554	(2,372,104)	846,450	(4,744,209)	(1,525,654)
		3,184,031	(2,578,186)	605,845	(5,156,368)	(1,972,336)
<u>Interest rate risk</u>						
<u>Interest swap:</u>						
Purchase and sale commitments	Write-off in interest rate	46,811	(344)	46,467	(687)	46,124
		46,811	(344)	46,467	(687)	46,124
Total on March 31, 2021		3,206,584	(2,739,826)	466,758	(5,479,647)	(2,273,062)
Total on March 31, 2020		3,519,658	(2,879,824)	639,834	(5,759,648)	(2,239,990)
Total on March 31, 2019		706,542	(2,333,154)	(1,626,612)	(4,666,307)	(3,959,765)

(\*) Result projected to occur in up to 12 months from March 31, 2021.

## RAÍZEN COMBUSTÍVEIS S.A.

### Notes to financial statements

March 31, 2021

In thousands of - R\$, unless otherwise stated

On March 31, 2021, the commodity and foreign exchange futures curves used in the sensitivity analysis were as follows:

	Position	Scenarios		
		Probable	Possible	Remote
Gasoline price increase – R\$/m <sup>3</sup>	Long	2,949	3,687	4,424
Diesel price increase – R\$/m <sup>3</sup>	Long	2,663	3,329	3,995
Ethanol price increase – R\$/m <sup>3</sup>	Long	2,270	2,838	3,405
Exchange rate decrease - R\$/US\$	Long	5.65	4.24	2.83
Exchange rate decrease - AR\$/US\$	Long	24.53	18.40	12.27
Interest rate decrease - % per year	Long	2.65	1.99	1.33

### (2) Foreign exchange exposure, net

The probable scenario considers the position on March 31, 2021. The effects of the possible and remote scenarios that would be posted to the consolidated statement of profit or loss as foreign exchange gains (losses) are as follows:

	Effect of exchange-rate changes				
	Asset/liability balances	Possible scenario +25%	Remote scenario +50%	Possible scenario -25%	Remote scenario - 50%
Cash and cash equivalents (Note 3)	741,936	185,484	370,968	(185,484)	(370,968)
Restricted cash (Note 4)	104,868	26,217	52,434	(26,217)	(52,434)
Accounts receivable from abroad (Note 5)	584,503	146,126	292,252	(146,126)	(292,252)
Related parties (Note 8.a)	(5,425,349)	(1,356,337)	(2,712,675)	1,356,337	2,712,675
Suppliers (Note 13)	(1,011,457)	(252,864)	(505,729)	252,864	505,729
Lease liabilities (Note 14.b)	(391,249)	(97,812)	(195,625)	97,812	195,625
Loans and financing (Note 15)	(6,830,787)	(1,707,697)	(3,415,394)	1,707,697	3,415,394
Impact on statement of income for the year		(3,056,883)	(6,113,769)	3,056,883	6,113,769

As of March 31, 2021, the rates used in the aforementioned sensitivity analysis were as follows:

	<u>R\$/US\$</u>
Probable, statement of financial position balance	5.70
Possible scenario +25%	7.12
Remote scenario +50%	8.55
Possible scenario -25%	4.27
Remote scenario -50%	2.85

### (3) Interest rate sensitivity

As of March 31, 2021, the probable scenario considers the weighted average floating interest rate on loans and financing, and for short-term investments and restricted cash, the CDI accumulated over the past 12 months. In both cases, simulations were performed with an increase and decrease of 25% and 50%. The consolidated results of this sensitivity analysis are presented below:

## RAÍZEN COMBUSTÍVEIS S.A.

### Notes to financial statements

March 31, 2021

In thousands of - R\$, unless otherwise stated

	Interest rate sensitivity				
	Probable Scenario	Possible scenario +25%	Remote scenario +50%	Possible scenario -25%	Remote scenario -50%
Interest earnings bank deposits	46,413	11,603	23,207	(11,603)	(23,207)
Interest earning bank deposits (restricted cash)	933	233	467	(233)	(467)
Loans and financing	(143,010)	(35,753)	(71,505)	35,753	71,505
Additional impact in income (loss) for the year	(95,664)	(23,917)	(47,831)	23,917	47,831

As of March 31, 2021, the rates used in the sensitivity analysis were as follows:

	Scenarios				
	Probable Scenario	Possible scenario +25%	Remote scenario +50%	Possible scenario -25%	Remote scenario -50%
CDI accumulated – % p.y.	2,19	2,74	3,28	1,64	1,09
Post-fixed interest on loans and financing – % p.y.	1,89	2,36	2,83	1,41	0,94

#### (k) Capital management

The Company'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.

Raízen Group, to which the Company belongs, 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	12/09/2020
	Global	Baa3	Stable	12/09/2020
Standard & Poor's	National	brAAA	Stable	06/29/2020
	Global	BBB-	Stable	06/29/2020

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

The Raízen Combustíveis net debt is calculated as the total of loans and financing with the market and intragroup pre-export financing, 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.

## RAÍZEN COMBUSTÍVEIS S.A.

### Notes to financial statements

March 31, 2021

In thousands of - R\$, unless otherwise stated

Financial leverage ratios on March 31, 2021, 2020 and 2019 were calculated as follows:

	2021	2020	2019
Debt			
Loans and financing (Note 15)	7,585,167	8,461,079	5,091,112
Intragroup pre-export financing (Note 8.a.2)	3,423,635	3,116,405	3,059,942
(-) Cash and cash equivalents (Note 3)	(2,604,779)	(2,167,058)	(2,818,591)
(-) Financial investments linked to financing (Note 4)	-	(18,114)	(17,281)
(-) Foreign exchange and interest rate swaps and other derivatives (Note 25.b)	(3,265,365)	(2,996,253)	(629,610)
	<u>5,138,658</u>	<u>6,396,059</u>	<u>4,685,572</u>
Own capital			
Equity			
Attributable to shareholders of Parent Company	5,326,327	3,894,530	2,823,487
Interest of noncontrolling shareholders	283,515	259,024	240,865
	<u>5,609,842</u>	<u>4,153,554</u>	<u>3,064,352</u>
Total own capital	<u>10,748,500</u>	<u>10,549,613</u>	<u>7,749,924</u>
Leverage ratio	47.81%	60.63%	60.46%

## 26. Supplementary private pension plan

### (a) Pension fund

#### Defined contribution

The Company sponsors the Retirement Plan Raiz, administered by Raizprev – Entidade de Previdência Privada, a closed nonprofit supplementary pension plan entity.

The Entity has administrative, equity and financial autonomy, and its objective is to administer and provide private pension plans, as defined in the Benefit Plan Regulations.

The Company has legal and contractual obligations that could give rise to the need to make additional extraordinary contributions in case of shortfall.

In the year ended March 31, 2021, the contribution recognized as an expense totaled R\$ 5,774 (R\$ 6,075 in 2020 and R\$ 5,810 in 2019).

#### Pension and health plan of Raízen Argentina

Raízen Argentina 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.



## RAÍZEN COMBUSTÍVEIS S.A.

### Notes to financial statements

March 31, 2021

In thousands of - R\$, unless otherwise stated

#### (b) Profit sharing

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

#### 27. Insurance

The Company has an insurance and risk management program that provides coverage and protection compatible with its assets and operation.

On March 31, 2021, the insurance coverage taken out is based on a careful study of risks and losses carried out by local insurance advisors, and the types of insurance taken out are considered sufficient by management to cover claims, if any, considering the nature of the activities of the Company and its subsidiaries.

<u>Insurance type</u>	<u>Coverage</u>	<u>Coverage amount</u>
Operational risks	Fire, lightning, explosion, among others	697,351
General civil liability (1 and 2)	Third-party claims	320,000
Total		<u>1,017,351</u>

- (1) Includes the amount of US\$ 10,000 thousand, equivalent to R\$ 56,973, referring to coverage taken out exclusively for Raízen Argentina.
- (2) The amount includes coverage for Raízen Group.

#### 28. Business combination

##### Raízen Argentina and subsidiaries - Acquisition of DS business from Shell Argentina

On October 1, 2018, RCSA completed the acquisition of DS business from Shell in Argentina, through the purchase of 100% of the shares issued by Shell Compañía Argentina de Petróleo S.A. and by Energina Compañía Argentina de Petróleo S.A., shares that were previously held by Shell Group, starting to operate in that country as Raízen Argentina. This transaction amounted to US\$ 988,081 thousand, totaling R\$ 3,917,438.

In accordance with IFRS 3/CPC 15 -- Business combination, the fair value of assets acquired, and liabilities assumed on the acquisition date of Raízen Argentina and subsidiaries is presented below. The difference between the amount paid and the net assets at fair value resulted in the recognition of a goodwill based on expected future profitability amounting to R\$ 221,898.

In the year ended March 31, 2020, the Company completed the price allocation of the assets acquired and liabilities assumed by RCSA in the acquisition process of Raízen Argentina. Significant differences between the preliminary goodwill and the final goodwill were determined based on new information on facts and circumstances existing on the acquisition date, and are presented in the changes below:

# RAÍZEN COMBUSTÍVEIS S.A.

## Notes to financial statements

March 31, 2021

In thousands of - R\$, unless otherwise stated

Changes	Amount
Net assets	3,605,064
Acquisition cost	3,917,438
Present value adjustment of considerations payable	(109,420)
	3,808,018
Preliminary goodwill	202,954
Property, plant and equipment (Note 11)	186
Intangible assets (Note 12)	(30)
Deferred taxes (Note 16)	(53)
	103
Present value adjustment of considerations payable	18,841
Goodwill adjustments	18,944
Final goodwill	221,898

Net operating revenue and net income for the six-month period ended March 31, 2019, considered from the acquisition date, totaled R\$ 6,372,059 and R\$ 102,495 (Note 21), respectively. The disclosure for the year ended March 31, 2019, as if the acquisition date were the beginning of that annual reporting is impracticable, given the limitation of segregation of the businesses acquired before the referred to carve out process, which resulted in the determination of the net assets of Raízen Argentina.

The amount of goodwill based on expected future profitability may be deductible for tax purposes, depending on the Company's future evaluations.

The valuation techniques used to measure the fair value of the significant assets acquired were as follows:

Assets acquired	Valuation technique
Property, plant and equipment (b)	Market comparison and cost technique: the valuation model considers the market prices quoted for similar items, when available, and depreciated replacement costs, when applicable. The depreciated replacement cost reflects adjustments of physical deterioration, as well as the functional and economic obsolescence. In the final allocation, fair value of property, plant and equipment items on acquisition date totaled R\$ 3,616,125 (R\$ 3,616,311 on March 31, 2019), which represented surplus value of R\$ 366,461 (R\$ 366,647 on March 31, 2019) to be depreciated based on assets' useful lives of approximately 13 years.
Intangible assets (a) / (b)	Contractual relations with customers: Technique Multi-period earning excess method ("MEEM"), this model estimates fair value based on business unit future cash flow discounts. Cash flows considered revenues from projected customers' portfolio and their related costs and expenses in the 180-month period. In the final allocation, the fair value of contractual relations totaled R\$ 232,558 (R\$ 232,532 on March 31, 2019), fully recognized as surplus value to be amortized on a straight-line basis over the referred to period.  <i>Latam-pass contract</i> : Technique Multi-period earning excess method ("MEEM"), this model estimates fair value based on business unit future cash flow discounts. Cash flows considered revenues associated to said contract and its related costs and expenses over the contract term of 87 months. In the final allocation, the fair value of this contract totaled R\$ 36,010 (R\$ 36,007 on March 31, 2019), fully recognized as surplus value to be amortized on a straight-line basis over the referred to period.

- (a) Intangible assets identified by appraisers in applying the acquisition method.
- (b) In the final allocation, on the referred to surplus values, deferred tax liabilities were recorded in the amount of R\$ 216,226 (R\$ 216,279 in 2019).

# RAÍZEN COMBUSTÍVEIS S.A.

## Notes to financial statements

March 31, 2021

In thousands of - R\$, unless otherwise stated

## 29. Cash flow information

### (a) Reconciliation of changes in equity with cash flows from financing activities ("CFF")

(Assets)/Liabilities	Financial investments linked to financing	Lease liabilities	Loans and financing	Related parties (1)	Dividends and Interest on own capital payable	Individual
						Total
Balance as of March 31, 2018	(17,105)	-	2,737,671	2,858,475	1,486	5,580,527
Transactions with impact in CFFCFF						
Loans and financing taken out, net	-	-	1,592,501	-	-	1,592,501
Amortization of principal	-	-	(32,618)	-	-	(32,618)
Interest paid	-	-	(156,305)	(126,810)	-	(283,115)
Payment of dividends, interest on own capital and preferential shares	-	-	-	-	(1,462,836)	(1,462,836)
Asset management and other	-	-	-	(15,489)	-	(15,489)
	-	-	1,403,578	(142,299)	(1,462,836)	(201,557)
Other non-CFF changes						
Interest, monetary variation and foreign exchange variation, net	(176)	-	495,779	513,585	-	1,009,188
Change in fair value of financial instruments	-	-	60,363	95,133	-	155,496
Dividends, interest on own capital and preferential shares	-	-	-	-	1,476,448	1,476,448
Other	-	-	1,107	4,914	-	6,021
	(176)	-	557,249	613,632	1,476,448	2,647,153
Balance as of March 31, 2019	(17,281)	-	4,698,498	3,329,808	15,098	8,026,123
Transactions with impact in CFFCFF						
Loans and financing taken out, net	-	-	884,137	-	-	884,137
Amortization of principal	-	-	(4,028)	(1,126,624)	-	(1,130,652)
Interest paid	-	-	(214,803)	(132,274)	-	(347,077)
Repayments of lease liabilities	-	(30,931)	-	(16,269)	-	(47,200)
Payment of dividends, interest on own capital and preferential shares	-	-	-	(129,412)	(1,756,895)	(1,886,307)
Asset management and other	-	-	-	(40,784)	-	(40,784)
	-	(30,931)	665,306	(1,445,363)	(1,756,895)	(2,567,883)
Other movements that do not affect the CFFCFF						
Interest, monetary variation and foreign exchange variation, net	(833)	8,366	1,787,898	1,091,953	-	2,887,384
Change financial instruments fair value (Notes 8, 15 and 24)	-	-	(139)	224,234	-	224,095
Dividends, interest on own capital and preferential shares	-	-	-	-	1,820,724	1,820,724
Initial adoption of IFRS 16 (CPC 06 (R2)) (Note 2.3.j)	-	121,943	-	112,412	-	234,355
Addition, write-off and remeasurement	-	5,963	-	-	-	5,963
Other	-	-	(1,868)	4,933	(15,669)	(12,604)
	(833)	136,272	1,785,891	1,433,532	1,805,055	5,159,917
Balance as of March 31, 2020	(18,114)	105,341	7,149,695	3,317,977	63,258	10,618,157
Transactions with impact in CFFCFF						
Loans and financing taken out, net	-	-	269,000	-	-	269,000
Amortization of principal	-	-	(1,250,098)	-	-	(1,250,098)
Interest paid	-	-	(152,830)	(125,160)	-	(277,990)
Repayments of lease liabilities	-	(29,184)	-	(16,010)	-	(45,194)
Payment of dividends, interest on own capital and preferential shares	-	-	-	-	(1,640)	(1,640)
Redemption	19,292	-	-	-	-	19,292
Asset management and other	-	-	-	142,695	-	142,695
	19,292	(29,184)	(1,133,928)	1,525	(1,640)	(1,143,935)
Other non-CFF changes						
Interest, monetary variation and foreign exchange variation, net	(1,448)	6,237	749,898	473,481	-	1,228,168
Change financial instruments fair value (Notes 8, 15 and 24)	-	-	(37,064)	(29,166)	-	(66,230)
Dividends, interest on own capital and preferential shares	-	-	-	-	1,543,870	1,543,870
Addition, write-off and remeasurement	-	(4,392)	-	-	-	(4,392)
Other	270	-	-	2,117	(22,079)	(19,692)
	(1,178)	1,845	712,834	446,432	1,521,791	2,681,724
Balance as of March 31, 2021	-	78,002	6,728,601	3,765,934	1,583,409	12,155,946

# RAÍZEN COMBUSTÍVEIS S.A.

## Notes to financial statements

March 31, 2021

In thousands of - R\$, unless otherwise stated

	Consolidated					
	Short-term investments subject to financing		Loans and financing	Related parties (1)	Dividends and Interest on own capital payable	
(Assets)/Liabilities		Lease liabilities				Total
Balance at March 31, 2018	(17,105)	-	2,737,671	2,768,230	6,335	5,495,131
Transactions with impact in CFFCFF	-					
Loans and financing taken out, net	-	-	2,183,364	-	-	2,183,364
Amortization of principal	-	-	(1,017,632)	-	-	(1,017,632)
Interest paid	-	-	(169,006)	(126,810)	-	(295,816)
Amortization of lease liabilities	-	-	-	-	-	
Payment of dividends, interest on own capital and preferential shares	-	-	-	-	(1,493,964)	(1,493,964)
Asset management and other	-	-	-	11,196	-	11,196
	-	-	996,726	(115,614)	(1,493,964)	(612,852)
Other movements that do not affect the CFFCFF						
Interest, monetary variation and foreign exchange variation, net	(176)	-	510,222	512,424	-	1,022,470
Change financial instruments fair value	-	-	60,363	95,133	-	155,496
Dividends and interest on own capital	-	-	-	-	1,515,997	1,515,997
Business combination	-	-	812,294	-	-	812,294
Effect of foreign currency translation	-	-	(27,272)	-	-	(27,272)
Other	-	-	1,108	4,916	(827)	5,197
	(176)	-	1,356,715	612,473	1,515,170	3,484,182
Balance at March 31, 2019	(17,281)	-	5,091,112	3,265,089	27,541	8,366,461
Transactions with impact in CFFCFF						
Loans and financing taken out, net	-	-	1,976,459	-	-	1,976,459
Amortization s of principal	-	-	(502,921)	(1,126,624)	-	(1,629,545)
Interest paid	-	-	(241,325)	(132,274)	-	(373,599)
Amortization of lease liabilities	-	(249,448)	-	-	-	(249,448)
Payment of dividends, interest on own capital and preferential shares	-	-	-	(129,412)	(1,782,059)	(1,911,471)
Asset management and other	-	-	-	82,605	-	82,605
	-	(249,448)	1,232,213	(1,305,705)	(1,782,059)	(2,104,999)
Other movements that do not affect the CFFCFF						
Interest, monetary variation and foreign exchange variation, net	(833)	48,566	1,803,287	1,052,568	-	2,903,588
Change financial instruments fair value (Notes 8, 15 and 23)	-	-	(139)	224,234	-	224,095
Dividends and interest on own capital	-	-	-	-	1,843,881	1,843,881
Initial adoption of IFRS 16 (CPC 06 (R2)) (Note 2.3.j)	-	523,323	-	-	-	523,323
Addition, write-off and remeasurement	-	213,866	-	-	-	213,866
Effect of foreign currency translation and other	-	137,779	334,606	4,933	(16,339)	460,979
	(833)	923,534	2,137,754	1,281,735	1,827,542	6,169,732
Balance at March 31, 2020	(18,114)	674,086	8,461,079	3,241,119	73,024	12,431,194
Transactions with impact in CFFCFF						
Loans and financing taken out, net	-	-	476,069	-	-	476,069
Amortization of principal	-	-	(1,972,986)	-	-	(1,972,986)
Interest paid	-	-	(208,032)	(125,160)	-	(333,192)
Amortization of lease liabilities	-	(329,250)	-	-	-	(329,250)
Payment of dividends, interest on own capital and preferential shares	-	-	-	-	(23,273)	(23,273)
Redemption	19,292	-	-	-	-	19,292
Asset management and other	-	-	-	152,648	-	152,648
	19,292	(329,250)	(1,704,949)	27,488	(23,273)	(2,010,692)
Other movements that do not affect the CFFCFF						
Interest, monetary variation and foreign exchange variation, net	(1,448)	50,651	779,062	451,842	-	1,280,107
Change financial instruments fair value (Notes 8, 15 and 23)	-	-	(37,064)	(29,166)	-	(66,230)
Dividends and interest on own capital	-	-	-	-	1,566,266	1,566,266
Addition, write-off and remeasurement	-	50,821	-	-	-	50,821
Effect of foreign currency translation and other	270	40,571	(87,039)	2,117	(22,073)	107,924
	(1,178)	142,043	829,037	424,793	1,544,193	2,938,888
Balance at March 31, 2021	-	486,879	7,585,167	3,693,400	1,593,944	13,359,390

(1) Comprised of balances of asset management, lease liabilities, financial operations and preferred shares. (Note 8.a).

## RAÍZEN COMBUSTÍVEIS S.A.

### Notes to financial statements

March 31, 2021

In thousands of - R\$, unless otherwise stated

#### (b) Non-cash investing transactions

			Individual			Consolidated
	2021	2020	2019	2021	2020	2019
Installment payable due to purchase of Raízen Argentina (Note 8.a.6)	-	-	(1,959,945)	-	-	(1,959,945)
Installments receivable for the sale Raízen Gas and formation of a joint venture	48,043	45,458	-	113,206	123,439	-
Interest capitalized on property, plant and equipment (Note 24)	(67)	(273)	(1,105)	(67)	(273)	(1,105)
Right of use	(5,263)	(6,344)	-	(97,602)	(408,391)	-
Other	1,256	2,693	3,080	(14,906)	1,304	(92,868)
	<u>43,969</u>	<u>41,534</u>	<u>(1,957,970)</u>	<u>631</u>	<u>(283,921)</u>	<u>(2,053,918)</u>

#### 30. Subsequent Events

##### Renewal of Right to use of “Shell” Brand

On May 20, 2021, the Company celebrated the renewal of the License Agreement for the Use of the “Shell” with Shell Brands International AG. With this renewal, the Company maintains the right to use the “Shell” Brand, in the fuel distribution and related activities sector in Brazil, for a minimum period of 13 (thirteen) years, which may be renewed in certain cases, subject to compliance with certain conditions set out in the contract.

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