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**Quarterly information (ITR) at
December 31, 2019
and report on review
of quarterly information**



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Report on review of quarterly information

To the Board of Directors and Stockholders
São Martinho S.A.

Introduction

We have reviewed the accompanying parent company and consolidated interim accounting information of São Martinho S.A. ("Company"), included in the Quarterly Information Form (ITR) for the quarter ended December 31, 2019, comprising the balance sheet as at that date and the statements of income and comprehensive income for the quarter and nine-month period then ended, and the statements of changes in equity and cash flows for the nine-month period then ended, as well as a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of the parent company and consolidated interim accounting information in accordance with the accounting standard CPC 21, Interim Financial Reporting, issued by the Brazilian Accounting Pronouncements Committee (CPC), and the International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as the presentation of this information in accordance with the standards issued by the Brazilian Securities Commission (CVM), applicable to the preparation of the Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim accounting information based on our review.

Scope of review

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

Conclusion on the interim information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying parent company and consolidated interim accounting information included in the quarterly information referred to above has not been prepared, in all material respects, in accordance with CPC 21 and IAS 34 applicable to the preparation of the Quarterly Information, and presented in accordance with the standards issued by the CVM.



São Martinho S.A.

Other matters

Statements of value added

The quarterly information referred to above includes the parent company and consolidated statements of value added for the nine-month period ended December 31, 2019. These statements are the responsibility of the Company's management, and are presented as supplementary information under IAS 34. These statements have been submitted to review procedures performed together with the review of the quarterly information referred to above in order to conclude whether these statements are reconciled with the interim financial information and accounting records, as applicable, and if their form and content are in accordance with the criteria defined in CPC 09 - "Statement of Added Value". Based on our review, nothing has come to our attention that causes us to believe that these statements of value added have not been properly prepared, in all material respects, in accordance with the criteria established in this accounting standard and consistent with the parent company and consolidated interim accounting information taken as a whole.

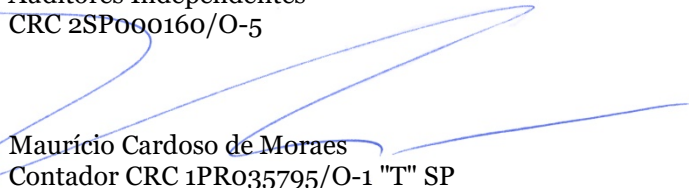
Prior-year and prior-period information

The financial statements as at and for the year ended March 31, 2019 as well as the interim accounting information for the quarter and nine-month period ended December 31, 2018, presented for comparison purposes, were audited and reviewed, respectively, by another firm of auditors who issued their unmodified reports, respectively, on June 24, 2019 and February 11, 2019.

Ribeirão Preto, February 10, 2020



PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5



Maurício Cardoso de Moraes
Contador CRC 1PR035795/O-1 "T" SP

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Balance sheet
At December 31, and March 31, 2019
All amounts in thousands of reais

(A free translation of the original in Portuguese)

ASSETS	Note	Parent company		Consolidated		LIABILITIES AND EQUITY	Note	Parent company		Consolidated	
		December 31, 2019	March 31, 2019	December 31, 2019	March 31, 2019			December 31, 2019	March 31, 2019		
CURRENT ASSETS						CURRENT LIABILITIES					
Cash and cash equivalents	4	17,212	197,170	18,094	197,607	Borrowings	14	578,230	754,999	578,230	754,999
Financial investments	4	1,287,758	1,790,855	1,326,231	1,838,261	Leases payable	13	65,887	-	65,887	-
Trade receivables	5	335,202	145,134	377,966	163,412	Land partnership payable	13	286,028	-	286,028	-
Derivative financial instruments	22	106,451	53,967	106,451	53,967	Derivative financial instruments	22	54,283	37,369	54,283	37,369
Inventories and advances to suppliers	6	1,049,690	224,170	1,035,967	232,322	Trade payables	15	86,355	155,492	78,397	152,713
Biological assets	10	657,952	657,057	657,952	657,057	Payables to Copersucar	16	9,094	9,094	9,094	9,094
Taxes recoverable	7	30,961	19,150	30,967	20,124	Salaries and social charges		150,372	133,598	151,144	134,372
Income tax and social contribution	19	63,239	79,759	63,240	79,759	Taxes payable		44,736	38,907	47,859	40,833
Other assets		166,408	9,276	166,440	10,191	Income tax and social contribution	19	-	-	6,382	4,178
TOTAL CURRENT ASSETS		3,714,873	3,176,538	3,783,308	3,252,700	Dividends payable		4	81,077	4	81,077
NON-CURRENT ASSETS						NON-CURRENT LIABILITIES					
Financial investments	4	45,064	49,681	48,533	53,345	Advances from customers		26,053	4,246	26,101	4,295
Inventories and advances to suppliers	6	55,127	131,881	55,127	131,881	Acquisition of ownership interests	8 and 31	11,686	11,715	11,686	11,715
Derivative financial instruments	22	16,156	229	16,156	229	Other liabilities		62,394	21,216	62,614	27,020
Trade receivables	5	-	-	19,733	22,488	TOTAL CURRENT LIABILITIES		1,375,122	1,247,713	1,377,709	1,257,665
Receivables from Copersucar		10,017	10,017	10,017	10,017	NON-CURRENT LIABILITIES					
Taxes recoverable	7	84,477	79,790	85,462	79,790	Borrowings	14	3,726,625	3,697,601	3,726,625	3,697,601
Judicial deposits	21	87,013	27,035	87,201	27,210	Leases payable	13	326,492	-	326,492	-
Related parties	8	5	9	-	-	Land partnership payable	13	843,045	-	843,045	-
Other assets		57,159	14,366	57,159	14,366	Derivative financial instruments	22	37,976	13,520	37,976	13,520
		355,018	313,008	379,388	339,326	Payables to Copersucar	16	193,210	201,498	193,210	201,498
Investments	9	1,430,795	1,345,290	34,787	33,537	Taxes payable		5,823	2,998	5,823	2,998
Property, plant and equipment	11	3,663,013	3,979,304	5,448,001	5,644,660	Deferred income tax and social contribution	19	393,937	482,442	925,264	988,760
Intangible assets	12	413,578	417,845	466,182	478,499	Provision for contingencies	21	100,438	103,350	100,913	103,817
Right-of-use assets	13	1,396,119	-	1,396,119	-	Acquisition of ownership interests	8 and 31	26,890	26,890	26,890	26,890
		6,903,505	5,742,439	7,345,089	6,156,696	Taxes with suspended payment	16	242,188	58,313	242,188	58,313
						Other liabilities		6,650	6,650	6,650	6,650
TOTAL		7,258,523	6,055,447	7,724,477	6,496,022	TOTAL NON-CURRENT LIABILITIES		5,903,274	4,593,262	6,435,076	5,100,047
						EQUITY					
TOTAL ASSETS		10,973,396	9,231,985	11,507,785	9,748,722	Share capital	17	1,696,652	1,696,652	1,696,652	1,696,652
						Capital reserve		9,418	9,418	9,418	9,418
						Treasury shares		(115,918)	(234,100)	(115,918)	(234,100)
						Carrying value adjustments		1,028,350	1,016,355	1,028,350	1,016,355
						Revenue reserves		781,928	902,685	781,928	902,685
						Retained earnings		294,570	-	294,570	-
						TOTAL EQUITY		3,695,000	3,391,010	3,695,000	3,391,010
						TOTAL LIABILITIES AND EQUITY		10,973,396	9,231,985	11,507,785	9,748,722

The accompanying notes are an integral part of this quarterly information.

Statement of income

Periods ended December 31, 2019 and 2018

All amounts in thousands of reais unless otherwise stated

(A free translation of the original in Portuguese)

	Note	Parent company			
		December 31, 2019		December 31, 2018	
		Quarter	9 months	Quarter	9 months
Revenue	26	1,000,287	2,442,063	821,913	2,151,506
Cost of goods sold	27	(674,926)	(1,776,071)	(624,715)	(1,592,149)
Gross profit		325,361	665,992	197,198	559,357
Operating income (expenses)					
Selling expenses	27	(34,970)	(96,641)	(23,345)	(64,975)
General and administrative expenses	27	(65,618)	(164,335)	(43,071)	(137,768)
Equity in the results of investees	9	38,921	122,032	22,224	100,745
Other operating income (expenses), net	28	355,445	365,666	903	7,838
		293,778	226,722	(43,289)	(94,160)
Operating profit		619,139	892,714	153,909	465,197
Finance income (costs)	29				
Finance income		14,712	86,970	19,736	70,128
Finance costs		(133,410)	(337,410)	(78,248)	(236,338)
Indexation and foreign exchange variations, net		(81,471)	(86,668)	(8,303)	35,451
Derivatives		(1,665)	(13,013)	(9,930)	(48,761)
		(201,834)	(350,121)	(76,745)	(179,520)
Profit before income tax and social contribution		417,305	542,593	77,164	285,677
Income tax and social contribution	19 (b)				
Current		(141,081)	(113,123)	(20,666)	(681)
Deferred		66,696	66,895	9,431	(56,561)
Profit for the period		342,920	496,365	65,929	228,435
Basic and diluted earnings per share - R\$	30	1.0152	1.4887	0.2018	0.6991

Statement of income

Periods ended December 31, 2019 and 2018

All amounts in thousands of reais unless otherwise stated

(continued)

	Note	Consolidated			
		December 31, 2019		December 31, 2018	
		Quarter	9 months	Quarter	9 months
Revenue	26	1,029,194	2,547,588	840,778	2,236,671
Cost of goods sold	27	(663,480)	(1,754,521)	(619,815)	(1,572,484)
Gross profit		365,714	793,067	220,963	664,187
Operating income (expenses)					
Selling expenses	27	(35,471)	(98,177)	(23,985)	(66,571)
General and administrative expenses	27	(67,961)	(171,157)	(44,033)	(144,324)
Equity in the results of investees	9	336	1,544	517	262
Other operating income (expenses), net	28	355,973	367,115	402	9,247
		252,877	99,325	(67,099)	(201,386)
Operating profit		618,591	892,392	153,864	462,801
Finance income (costs)	29				
Finance income		17,170	94,075	21,682	79,140
Finance costs		(133,432)	(337,458)	(78,476)	(237,036)
Indexation and foreign exchange variations, net		(81,471)	(86,668)	(8,302)	35,451
Derivatives		(1,665)	(13,013)	(9,930)	(48,761)
		(199,398)	(343,064)	(75,026)	(171,206)
Profit before income tax and social contribution		419,193	549,328	78,838	291,595
Income tax and social contribution	19 (b)				
Current		(142,878)	(120,782)	(22,197)	(7,349)
Deferred		66,605	67,819	9,288	(55,811)
Profit for the period		342,920	496,365	65,929	228,435
Basic and diluted earnings per share - R\$	30	1.0152	1.4887	0.2018	0.6991

The accompanying notes are an integral part of this quarterly information.

Statement of comprehensive income

Periods ended December 31, 2019 and 2018

All amounts in thousands of reais

(A free translation of the original in Portuguese)

Parent company and consolidated	December 31, 2019		December 31, 2018	
	Quarter	9 months	Quarter	9 months
Profit for the period	342,920	496,365	65,929	228,435
Items to be subsequently reclassified to profit or loss				
Changes in the period:				
Changes in fair value				
Commodity derivatives - Futures, options and forward contracts	(47,449)	1,378	(21,688)	48,231
Foreign exchange derivatives - Options / NDF	41,753	(367)	47,377	(32,447)
Foreign exchange differences on borrowing agreements (Trade Finance)	123,953	31,112	42,821	(172,509)
Swap contracts	-	-	(3,143)	(3,143)
	118,257	32,123	65,367	(159,868)
Recognition in operating income				
Commodity derivatives - Futures, options and forward contracts	(26,513)	(37,918)	(39,144)	(74,084)
Foreign exchange derivatives - Options / NDF	9,316	24,104	5,534	15,410
Foreign exchange differences on borrowing agreements (Trade Finance)	219	846	976	12,331
	(16,978)	(12,968)	(32,634)	(46,343)
Write-off due to ineffectiveness				
Commodity derivatives - Futures, options and forward contracts	4,811	4,660	-	375
Foreign exchange derivatives - Options / NDF	(457)	(455)	-	9,262
	4,354	4,205	-	9,637
Total changes in the period				
Commodity derivatives - Futures, options and forward contracts	(69,151)	(31,880)	(60,832)	(25,478)
Foreign exchange derivatives - Options / NDF	50,612	23,282	52,911	(7,775)
Foreign exchange differences on borrowing agreements (Trade Finance)	124,172	31,958	43,797	(160,178)
Swap contracts	-	-	(3,143)	(3,143)
Deferred taxes on the items above	(35,915)	(7,942)	(11,129)	66,836
	69,718	15,418	21,604	(129,738)
Total comprehensive income for the period	412,638	511,783	87,533	98,697

The accompanying notes are an integral part of this quarterly information.

Statements of changes in equity
Periods ended December 31, 2019 and 2018
All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Note	Carrying value adjustments											Retained earnings	Total	
		Share capital	Capital reserves	Treasury shares	Options granted	Deemed cost		Hedge accounting	Legal reserve	Reserve of budgetary appropriations	Unrealized revenue reserve	Revenue reserve			
						Parent	Investees					Tax incentive reserve			Supplementary dividends
At March 31, 2018	17	1,549,302	9,418	(234,100)	11,578	185,691	992,484	(57,856)	94,725	411,441	46,954	248,479	31,659	-	3,289,775
Capital increase with reserves		147,350	-	-	-	-	-	-	-	(147,350)	-	-	-	-	-
Realization of surplus on revaluation of deemed cost	17 (c. i)	-	-	-	-	(8,466)	(613)	-	-	-	-	-	-	9,079	-
Gain (loss) on derivate transactions - hedge accounting	17 (c. ii)	-	-	-	-	-	-	(129,738)	-	-	-	-	-	-	(129,738)
Payment of prior year's additional dividends		-	-	-	-	-	-	-	-	-	-	-	(31,659)	-	(31,659)
Transfer to tax incentive reserve		-	-	-	-	-	-	-	-	-	50,730	-	-	(50,730)	-
First-time adoption of CPC 48 (IRFS 9) for investees		-	-	-	-	-	-	-	-	-	-	-	-	(620)	(620)
Change in the Options Plan	8 (d)	-	-	-	(11,578)	-	-	-	-	-	-	-	-	-	(11,578)
Profit for the period		-	-	-	-	-	-	-	-	-	-	-	-	228,435	228,435
At December 31, 2018	17	1,696,652	9,418	(234,100)	-	177,225	991,871	(187,594)	94,725	264,091	46,954	299,209	-	186,164	3,344,615
At March 31, 2019	17	1,696,652	9,418	(234,100)	-	172,822	989,265	(145,732)	110,427	357,124	40,463	365,748	28,923	-	3,391,010
Capital contribution to subsidiary with PP&E items	17 (c. i)	-	-	-	-	(35,956)	36,136	-	-	-	-	-	-	-	180
Realization of surplus on revaluation of deemed cost	17 (c. i)	-	-	-	-	(9,915)	6,312	-	-	-	-	-	-	3,603	-
Gain (loss) on derivate transactions - hedge accounting	17 (c. ii)	-	-	-	-	-	-	15,418	-	-	-	-	-	-	15,418
Share buyback	17 b	-	-	(59,050)	-	-	-	-	-	-	-	-	-	-	(59,050)
Payment of prior year's additional dividends	17 g	-	-	-	-	-	-	-	-	-	-	-	(28,923)	-	(28,923)
Interest on capital paid		-	-	-	-	-	-	-	-	-	-	-	-	(120,000)	(120,000)
Cancellation of treasury shares	17 b	-	-	177,232	-	-	-	-	-	(177,232)	-	-	-	-	-
Transfer to tax incentive reserve	17 (d. iv)	-	-	-	-	-	-	-	-	-	85,398	-	-	(85,398)	-
Profit for the period		-	-	-	-	-	-	-	-	-	-	-	-	496,365	496,365
At December 31, 2019	17	1,696,652	9,418	(115,918)	-	126,951	1,031,713	(130,314)	110,427	179,892	40,463	451,146	-	294,570	3,695,000

The accompanying notes are an integral part of this quarterly information.

Statement of cash flows
Nine months ended December 31, 2019 and 2018
All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Note	Parent company		Consolidated	
		December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Cash flows from operating activities					
Profit for the period		496,365	228,435	496,365	228,435
Adjustments					
Depreciation and amortization	27	439,350	264,485	442,448	268,018
Biological assets harvested	27	430,360	380,067	430,360	380,067
Change in the fair value of biological assets	27	1,544	3,916	1,544	3,840
Amortization of energy contracts	26	-	-	6,574	8,153
Equity in the results of investees	9	(122,032)	(100,745)	(1,544)	(262)
Gains (losses) on investments and PP&E written off	11	1,629	4,938	(16,968)	6,521
Interest, indexation and exchange variations, net		224,336	149,400	219,847	144,263
Derivative financial instruments		15	2,417	15	2,417
Setup of provision for contingences, net	21.1	8,821	7,655	8,822	7,650
Income tax and social contribution	19 (b)	46,228	57,242	52,963	63,160
Taxes with suspended payment		42,794	-	42,794	-
Adjustment to present value and other adjustments		99,702	7,302	98,063	5,279
		1,669,112	1,005,112	1,781,283	1,117,541
Changes in assets and liabilities:					
Trade receivables		(196,846)	(88,215)	(201,595)	(104,890)
Inventories		(433,161)	(477,510)	(410,915)	(458,683)
Taxes recoverable		25,010	95,023	24,998	95,001
Derivative financial instruments		(34,809)	13,429	(34,809)	13,429
Other assets		(258,428)	5,368	(257,560)	4,948
Trade payables		(77,957)	57,581	(82,319)	59,652
Salaries and social charges		16,774	(29,017)	16,773	(29,101)
Taxes payable		39,756	26,145	40,251	26,148
Payables to Copersucar		(11,114)	(9,989)	(11,114)	(9,989)
Provision for contingencies - settlement	21.1	(16,202)	(17,226)	(16,225)	(17,226)
Other liabilities		66,433	(6,252)	60,851	(13,716)
Cash from operations		788,568	574,449	909,619	683,114
Payment of interest on borrowings	14	(145,800)	(175,770)	(145,800)	(176,388)
Income tax and social contribution paid		(3,663)	-	(8,416)	(4,444)
Net cash provided by operating activities		639,105	398,679	755,403	502,282
Cash flows from investing activities					
Investment of funds	31	(1,687)	(18,335)	(1,687)	(18,335)
Purchases of property, plant and equipment and intangible assets		(259,673)	(219,419)	(266,002)	(242,454)
Additions to biological assets (planting and crop treatments)	10 and 11	(618,351)	(561,100)	(618,351)	(562,926)
Financial investments		570,549	318,084	583,010	354,421
Proceeds from sale of property, plant and equipment	11	3,472	4,309	7,417	4,309
Cash and cash equivalents of subsidiary		-	156	-	-
Advance for future capital increase		(5)	(21,389)	-	(833)
Dividends received		126,229	133,446	294	-
Net cash provided by (used in) investing activities		(179,466)	(364,248)	(295,319)	(465,818)
Cash flows from financing activities					
Amortization of lease and partnership agreements	13	(104,680)	-	(104,680)	-
Proceeds from borrowings – third parties	14	416,413	1,153,510	416,413	1,153,510
Repayment of borrowings - third parties	14	(662,281)	(995,585)	(662,281)	(998,221)
Acquisition of treasury shares	17 (b)	(59,050)	-	(59,050)	-
Payment of dividends and interest on capital		(229,999)	(180,000)	(229,999)	(180,000)
Net cash provided by (used in) financing activities		(639,597)	(22,075)	(639,597)	(24,711)
Increase (decrease) in cash and cash equivalents		(179,958)	12,356	(179,513)	11,753
Cash and cash equivalents at the beginning of the period	4	197,170	139,622	197,607	140,865
Cash and cash equivalents at the end of the period	4	17,212	151,978	18,094	152,618
Additional information					
Balance of financial investments (current assets)	4	1,287,758	980,185	1,326,231	1,011,196
Total available funds	4	1,304,970	1,132,163	1,344,325	1,163,814

The accompanying notes are an integral part of this quarterly information.

Statement of value added
Nine months ended December 31, 2019 and 2018
All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Parent company		Consolidated	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Revenue				
Gross sales of goods and products	2,676,929	2,375,374	2,863,457	2,462,151
Revenue from construction of own assets	704,015	556,853	704,015	558,846
Other income	3,191	14,749	4,618	16,127
	<u>3,384,135</u>	<u>2,946,976</u>	<u>3,572,090</u>	<u>3,037,124</u>
Inputs acquired from third parties				
Cost of products and goods sold	(693,797)	(749,502)	(697,051)	(704,026)
Material, electricity, third-party services, and other operating expenses	(771,817)	(611,407)	(798,567)	(635,188)
	<u>(1,465,614)</u>	<u>(1,360,909)</u>	<u>(1,495,618)</u>	<u>(1,339,214)</u>
Gross value added	1,918,521	1,586,067	2,076,472	1,697,910
Depreciation and amortization	(439,350)	(264,485)	(442,448)	(268,018)
Biological assets harvested	(430,360)	(380,067)	(430,360)	(380,067)
Net value added generated by the entity	1,048,811	941,515	1,203,664	1,049,825
Value added received in transfer				
Equity in the results of investees	122,032	100,745	1,544	262
Finance income	336,537	322,804	343,656	331,807
Other	406,191	1,726	406,213	1,759
Total value added to be distributed	<u>1,913,571</u>	<u>1,366,790</u>	<u>1,955,077</u>	<u>1,383,653</u>
Distribution of value added				
Personnel and payroll charges				
Direct compensation	377,047	326,298	377,225	326,442
Benefits	135,836	108,740	136,406	109,280
Government Severance Indemnity Fund for Employees (FGTS)	36,059	30,323	36,073	30,333
Management compensation	28,263	22,072	29,298	22,900
Taxes, charges and contributions				
Federal	112,696	126,146	129,235	140,280
State	37,956	24,422	38,825	24,869
Municipal	1,491	811	1,629	861
Financing entities				
Interest	321,357	212,599	321,376	213,252
Rentals	2,488	1,893	24,589	1,893
Foreign exchange variations	311,335	195,214	311,335	195,214
Other	52,678	89,837	52,721	89,894
Interest on capital	120,000	-	120,000	-
Retained profits for the period	376,365	228,435	376,365	228,435
Value added distributed	<u>1,913,571</u>	<u>1,366,790</u>	<u>1,955,077</u>	<u>1,383,653</u>

The accompanying notes are an integral part of this quarterly information.

Notes to the quarterly information at December 31, 2019

All amounts in thousands of reais unless otherwise stated

1. Operations

São Martinho S.A. (the “Company” or “Parent Company”) is a listed corporation headquartered in Pradópolis, state of São Paulo, with its shares traded on the New Market listing segment of B3 S.A. - Brazil, Stock Exchange, OTC (“B3”). The Company, its subsidiaries, and jointly-controlled subsidiaries (together, “São Martinho”, or the “Group”) are primarily engaged in the planting of sugarcane, and production and sale of sugar, ethanol and other sugarcane byproducts; cogeneration of electricity; development of real estate ventures; agricultural production; import and export of goods, products and raw materials, and investment in other companies.

Approximately 70% of the sugarcane used in the production of its products derive from plantations on land owned by the Company, its shareholders, related companies, or agricultural partnerships. The remaining 30% of sugarcane is supplied by third parties. Businesses in the sugar-ethanol sector are subject to seasonal trends based on the sugarcane growth cycle in the Center-South region of Brazil, which typically begins in April and ends in December, resulting in fluctuations in the Company’s inventories. Raw material supply may be impacted by adverse climate conditions. The sugarcane crop takes up to 18 months to mature, and harvest runs, in general, from April to December, which is also the period when sugar and ethanol are produced, and electricity is cogenerated.

The Company is a subsidiary of the holding company LJM Participações S.A. (“LJM”), which holds a 53.74% interest in its voting capital. In turn, the owners of LJM are the family holding companies: Luiz Ometto Participações S.A., João Ometto Participações S.A., and Nelson Ometto Participações Ltda.

The issue of this quarterly information was authorized by the Board of Directors on February 10, 2020.

2. Summary of significant accounting policies

2.1 Statement of compliance and basis of preparation

The interim accounting information included in this parent company and consolidated quarterly Information was prepared in accordance with the Technical pronouncement CPC 21 (R1) - Interim Financial Reporting, issued by the Brazilian Accounting Pronouncements Committee (CPC), and the international accounting standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), and is presented in accordance with the standards issued by the Brazilian Securities Commission (CVM) applicable to the preparation of Quarterly Information (ITR). The parent company and consolidated quarterly Information comply with both BR GAAP and IFRS.

Notes to the quarterly information at December 31, 2019

All amounts in thousands of reais unless otherwise stated

This quarterly information was prepared under the historical cost convention, as modified to reflect the deemed cost of property, plant and equipment items on the transition date to IFRS/CPC, except for certain derivative financial instruments and biological assets measured at fair value, and disclose all (and only) the applicable significant information related to interim financial statements, which is consistent with the information utilized by management in the performance of its duties.

Significant accounting practices adopted by the Company are described in specific notes to these financial statements related to the items reported. Those generally applicable to interim accounting information are described below.

The Company records dividends received from its subsidiaries as cash flows from investing activities, since it considers these dividends as returns on the investments made.

2.2 Basis of consolidation and investments in subsidiaries

Subsidiaries are all entities over which the Company has control. They are fully consolidated from the date on which control is transferred to the Company, and are deconsolidated from the date that control ceases.

The consolidated balances in this interim accounting information represent 100% of the equity interest held in the following companies:

Company	Core activity
São Martinho Terras Imobiliárias S.A. ("SM Terras Imobiliárias") (i)	Sale and purchase of real estate, development and exploitation of real estate and mining enterprises.
Bioenergética São Martinho S.A. ("Bio SM") (ii)	Cogeneration of electricity.
Bioenergética Santa Cruz S.A. ("Bio SC") (ii)	Cogeneration of electricity.
São Martinho Inova S.A. ("SM Inova")	Investment in companies.
São Martinho Terras Agrícolas S.A. ("SM Terras Agrícolas")	Exploitation of land through agricultural lease and partnership, rental and sale of real estate.
São Martinho Logística e Participações S.A. ("SM Logística")	General product storage
Bioenergia São Martinho ("Bioenergia SM")	Cogeneration of electricity.

- (i) São Martinho Terras Imobiliárias ("SM Terras Imobiliárias"): includes its subsidiaries engaged in the development of real estate enterprises, established as Special-Purpose Entities (SPEs),
- (ii) Formerly known as São Martinho Energia S.A. and Cia Bioenergética Santa Cruz 1, respectively. The names were changed at the Annual General Meeting held on July 25, 2019.

Notes to the quarterly information at December 31, 2019

All amounts in thousands of reais unless otherwise stated

2.3 Functional and presentation currency

This quarterly information is presented in Brazilian Real/Reais (R\$), which is the currency of the primary economic environment in which the Company operates ("the functional currency").

2.4 Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currency are recognized in the statement of income, except when deferred in equity as qualifying cash flow hedges.

2.5 Financial instruments

The Company adopts IFRS 9 (CPC 48) Financial Instruments (except for items related to hedge accounting), and classifies its financial assets as: measured at amortized cost, at fair value through other comprehensive income, and at fair value through profit or loss.

Impairment of financial instruments is calculated based on a prospective model hybrid of expected and incurred losses, which requires significant judgment on how changes in economic factors affect the expected credit losses. The corresponding provisions are measured for: (i) 12-month expected credit losses, (ii) lifetime expected credit losses, i.e. credit losses that result from all possible default events over the expected life of a financial instrument and (iii) credit losses incurred due to failure to make the contractual payments for the financial instrument.

As permitted by IFRS 9, the Company adopts the requirements of IAS 39 / CPC 38 for hedge accounting.

a) Financial assets

Financial assets are classified as: (i) measured at amortized cost; (ii) measured at fair value through other comprehensive income, and (iii) measured at fair value through profit or loss. The measurement of financial assets depends on their classification.

b) Financial liabilities

The Company's financial liabilities include trade payables, borrowings, leases, agricultural partnership, related parties, and other payables, which are classified as borrowings. After initial recognition, borrowings are measured at

Notes to the quarterly information at December 31, 2019

All amounts in thousands of reais unless otherwise stated

amortized cost, using the effective interest rate method. Gains and losses are recognized in the statement of income when the liabilities are derecognized and through the amortization process, under the effective interest rate method.

c) **Derivative financial instruments**

Derivatives are measured at fair value, with gains and losses recognized in the statement of income, unless hedge accounting is applied.

At the inception of the transaction, the Company documents the relationship between the hedging instruments and hedged items, for the purpose of managing the risk and strategy for undertaking the hedging transactions.

The effective portion of changes in fair value of derivatives designated as cash flow hedges is classified as "Equity adjustments" in equity. The ineffective portion of such changes is recorded as "Finance income (costs)" in the statement of income. The amounts accumulated in equity are reclassified in the statement of income for the year when the hedged item affects profit or loss, and the related effects are recognized as "Net sales revenue" in order to minimize changes in the hedged item.

2.6 **Business combinations and goodwill**

Business combinations are accounted for under the acquisition method. The cost of an acquisition is measured as the total of consideration transferred, which is evaluated based on the acquisition-date fair value.

Goodwill is initially measured at cost for the amount that exceeds (a) the consideration transferred in exchange for the acquiree's control; (b) the amount of any non-controlling interest in the acquiree; and (c) the fair value of the interest previously held by the acquirer in the acquiree (if any) that exceeds the net amount of identifiable assets acquired and liabilities assumed, measured at fair value on the acquisition date. If, after remeasurement, the Group's interest in the fair value of net identifiable assets acquired exceeds (a), (b) and (c) above, the excess amount is immediately recognized in the statement of income as gain arising from a bargain purchase.

Goodwill corresponding to consolidated entities is recorded within "Intangible assets" in the parent company and consolidated balance sheet.

In each business combination, any non-controlling interest in the acquired entity is measured at the fair value of this ownership or proportionally to the fair value of the identifiable net assets acquired.

Acquisition costs incurred are accounted for as expenses

When acquiring a business, the Group assesses the financial assets and liabilities assumed so as to correctly classify and designate them in accordance with the contractual terms, economic circumstances, and relevant conditions on the acquisition date, including the segregation, by the acquiree, of embedded derivatives existing in host contracts.

If the business combination is carried out in stages, the acquisition-date carrying amount of the ownership interest previously held by the acquirer in the acquiree is remeasured at fair value through profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For purposes of impairment testing, goodwill acquired in a business combination is, as from the acquisition date, allocated to each of the Group's cash generating units (CGUs) that are expected to benefit from the synergies of the combination, regardless of whether other assets or liabilities of the acquiree are attributed to these units.

2.7 Leases

From April 1, 2019, the Company adopted IFRS 16 (CPC 06 (R2)) - Leases, which introduces a single accounting model for leases and agricultural partnerships in the balance sheet. Right-of-use assets were recognized in assets and lease liabilities, in liabilities. The comparative information presented for March 31, 2019 follows CPC 06 / IAS 17 and related interpretations, based on the modified retrospective approach. Changes in accounting policies are detailed below:

a) Lease definition provided by IFRS 16 (CPC 06 R2)

The Company adopted the lease definition provided by ICPC 03 / IFRIC 4 - Complementary Aspects of Leasing Operations. Upon the adoption of IFRS 16, lease is considered as any contract that, upon consideration, transfers the right to control the use of an asset for a certain period. The agricultural partnership agreements, although under a different legal form, were accounted for as leases, in accordance with the new accounting standard.

b) The Company as the Lessee

The Company adopted the modified retrospective approach and the following criteria: (i) liabilities: remaining balances of the contracts in force on the date of initial adoption, net of advance payments, and discounted by the average rate of DI futures contracts (nominal interest coupon), with terms equivalent to those of partnership and lease agreements; and (ii) assets: amount equivalent to the liability adjusted to present value.

Notes to the quarterly information at December 31, 2019

All amounts in thousands of reais unless otherwise stated

No assets or liabilities were recognized for low value items (computers, telephones and IT equipment in general) and/or short-term lease agreements (up to 12 months). The payments associated with these agreements were recorded as expenses on a straight-line basis.

c) The Company as the Lessor

There were no changes in the accounting for lease agreements in which the Company is the lessor.

The impacts arising from the adoption of the new standard are described in Note 13.

d) Redefinition of the incremental borrowing rate

After evaluating CVM Circular Letter 02/2019, the Company adjusted the initial calculations for the adoption of the standard, mainly in relation to the nominal incremental interest rate, which had been used for measurement and consequently the accounting upon adoption of the standard in the quarters ended June 30 and September 30, 2019, using the rates mentioned in Note 13. In order to demonstrate this change on the quarters as originally presented, the amounts were reprocessed and the effects on the balance sheet and income statement for the periods ended June 30, 2019 and September 30, 2019 are presented below:

Parent company	Balance sheet					
	June 30, 2019			September 30, 2019		
	As filed with CVM	Effects on change in rate	Balance after effects	As filed with CVM	Effects on change in rate	Balance after effects
CURRENT ASSETS						
Inventories and advances to suppliers	651,964	(114,284)	537,680	1,247,059	42,843	1,289,902
Taxes recoverable	35,322	-	35,322	40,649	2,404	43,053
Other current assets	3,017,839	-	3,017,839	2,248,111	-	2,248,111
NON-CURRENT ASSETS						
Right-of-use assets	2,162,815	(644,735)	1,518,080	1,745,826	(307,146)	1,438,680
Other non-current assets	6,058,668	-	6,058,668	5,744,182	-	5,744,182
TOTAL ASSETS	11,926,608	(759,019)	11,167,589	11,025,827	(261,899)	10,763,928
CURRENT LIABILITIES						
Trade payables	270,345	(54,410)	215,935	315,935	(47,927)	268,008
Leases payable	55,356	(158)	55,198	50,585	1,527	52,112
Land partnership payable	265,614	(59,023)	206,591	143,894	8,988	152,882
Other current liabilities	1,342,163	-	1,342,163	952,233	-	952,233
NON-CURRENT LIABILITIES						
Leases payable	433,111	(88,746)	344,365	406,519	(68,208)	338,311
Land partnership payable	1,411,668	(538,763)	872,905	1,046,717	(152,155)	894,562
Deferred income tax and social contribution	504,064	(6,092)	497,972	454,270	(1,402)	452,868
Other non-current liabilities	4,125,752	-	4,125,752	4,228,908	-	4,228,908
EQUITY						
Share capital	1,696,652	-	1,696,652	1,696,652	-	1,696,652
Capital reserve	9,418	-	9,418	9,418	-	9,418
Treasury shares	(56,868)	-	(56,868)	(91,334)	-	(91,334)
Carrying value adjustments	1,048,162	-	1,048,162	960,026	-	960,026
Revenue reserve	748,168	-	748,168	741,614	-	741,614
Retained earnings	73,003	(11,827)	61,176	110,390	(2,722)	107,668
TOTAL LIABILITIES AND EQUITY	11,926,608	(759,019)	11,167,589	11,025,827	(261,899)	10,763,928

Notes to the quarterly information at December 31, 2019

All amounts in thousands of reais unless otherwise stated

Consolidated	Balance sheet					
	June 30, 2019			September 30, 2019		
	As filed with CVM	Effects on change in rate	Balance after effects	As filed with CVM	Effects on change in rate	Balance after effects
CURRENT ASSETS						
Inventories and advances to suppliers	650,933	(117,247)	533,686	1,229,068	42,843	1,271,911
Taxes recoverable	35,322	-	35,322	40,656	2,404	43,060
Other current assets	3,133,014	-	3,133,014	2,379,374	-	2,379,374
NON-CURRENT ASSETS						
Right-of-use assets	2,111,941	(593,861)	1,518,080	1,745,826	(307,146)	1,438,680
Other non-current assets	6,458,548	-	6,458,548	6,133,507	-	6,133,507
TOTAL ASSETS	12,389,758	(711,108)	11,678,650	11,528,431	(261,899)	11,266,532
CURRENT LIABILITIES						
Trade payables	261,067	(54,410)	206,657	304,089	(47,927)	256,162
Leases payable	55,356	(158)	55,198	50,585	1,527	52,112
Land partnership payable	217,703	(11,112)	206,591	143,894	8,988	152,882
Other current liabilities	1,357,552	-	1,357,552	964,025	-	964,025
NON-CURRENT LIABILITIES						
Leases payable	433,111	(88,746)	344,365	406,519	(68,208)	338,311
Land partnership payable	1,411,668	(538,763)	872,905	1,046,717	(152,155)	894,562
Deferred income tax and social contribution	1,008,531	(6,092)	1,002,439	956,436	(1,402)	955,034
Other non-current liabilities	4,126,235	-	4,126,235	4,229,400	-	4,229,400
EQUITY						
Share capital	1,696,652	-	1,696,652	1,696,652	-	1,696,652
Capital reserve	9,418	-	9,418	9,418	-	9,418
Treasury shares	(56,868)	-	(56,868)	(91,334)	-	(91,334)
Carrying value adjustments	1,048,162	-	1,048,162	960,026	-	960,026
Revenue reserve	748,168	-	748,168	741,614	-	741,614
Retained earnings	73,003	(11,827)	61,176	110,390	(2,722)	107,668
TOTAL LIABILITIES AND EQUITY	12,389,758	(711,108)	11,678,650	11,528,431	(261,899)	11,266,532

Parent company	Statement of income for the period					
	June 30, 2019			September 30, 2019		
	As filed with CVM	Effects on change in rate	Balance after effects	As filed with CVM	Effects on change in rate	Balance after effects
Revenue	724,511	-	724,511	717,265	-	717,265
Cost of goods sold	(560,843)	8,150	(552,693)	(540,302)	20,722	(519,580)
Gross profit	163,668	8,150	171,818	176,963	20,722	197,685
Operating income (expenses)						
Other operating income and expenses	(30,347)	-	(30,347)	(36,709)	-	(36,709)
Operating profit before finance income (costs)	133,321	8,150	141,471	140,254	20,722	160,976
Finance costs	(95,315)	(26,069)	(121,384)	(108,685)	(6,927)	(115,612)
Finance income (costs)	28,512	-	28,512	27,201	-	27,201
Profit before income tax and social contribution	66,518	(17,919)	48,599	58,770	13,795	72,565
Income tax and social contribution						
Current	27,991	-	27,991	(33)	-	(33)
Deferred	(3,046)	6,092	3,046	3,245	(4,690)	(1,445)
Profit for the year	91,463	(11,827)	79,636	61,982	9,105	71,087

Notes to the quarterly information at December 31, 2019

All amounts in thousands of reais unless otherwise stated

Consolidated	Statement of income for the period					
	June 30, 2019			September 30, 2019		
	As filed with CVM	Effects on change in rate	Balance after effects	As filed with CVM	Effects on change in rate	Balance after effects
Revenue	751,729	-	751,729	766,665	-	766,665
Cost of goods sold	(553,031)	8,150	(544,881)	(538,010)	20,722	(517,288)
Gross profit	198,698	8,150	206,848	228,655	20,722	249,377
Operating income (expenses)						
Other operating income and expenses	(66,297)	-	(66,297)	(87,255)	-	(87,255)
Operating profit before finance income (costs)	132,401	8,150	140,551	141,400	20,722	162,122
Finance costs	(94,704)	(26,069)	(120,773)	(109,322)	(6,927)	(116,249)
Finance income (costs)	31,188	-	31,188	29,172	-	29,172
Profit before income tax and social contribution	68,885	(17,919)	50,966	61,250	13,795	75,045
Income tax and social contribution						
Current	25,213	-	25,213	(3,117)	-	(3,117)
Deferred	(2,635)	6,092	3,457	3,849	(4,690)	(841)
Profit for the year	91,463	(11,827)	79,636	61,982	9,105	71,087

The Company's management assessed the qualitative and quantitative effects and concluded that it was unnecessary to re-file the interim accounting information for the quarters ended June 30 and September 30, 2019, since the effects are not material in relation to the financial information taken as a whole. The users of the accounting information are not prejudiced by not having resubmitted the filings as the effects on the quarters are presented herein.

3. Significant accounting estimates and judgments

Accounting estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

a) Impairment losses

Goodwill is tested for impairment annually. The recoverable amounts of cash-generating units (CGUs) have been determined based on value-in-use calculations, which require the use of estimates.

b) Fair value of biological assets

This represents the present value of expected net cash flows from biological assets, determined through the use of assumptions established in discounted cash flow models.

Notes to the quarterly information at December 31, 2019

All amounts in thousands of reais unless otherwise stated

c) Income tax, social contribution and other taxes

The Company recognizes provisions for situations where it is probable that additional taxes will be due. When the final result of these circumstances is different from those initially estimated and recorded, these differences will change the current and deferred tax assets and liabilities for the period in which the definitive amount is determined.

d) Fair value of derivatives and other financial instruments

The fair value of financial instruments that are not traded in active markets is determined by using valuation techniques. Management applies its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the balance sheet date.

In addition, certain financial assets and liabilities are discounted to present value. Management estimates the most appropriate discount rates for each circumstance and period.

e) Provision for contingencies

The Company is a party to labor, civil and tax claims at different judicial levels. Provisions for contingencies are set up to cover probable losses arising from the unfavorable outcome of ongoing lawsuits, with interest accruals, based on management's assessment, under advice of legal counsel, which requires a high degree of judgment.

f) Business combination and acquisition of ownership interest

Management contracts independent appraisers to calculate the fair value of the identifiable assets acquired and liabilities and contingent liabilities assumed, and to determine the Purchase Price Allocation (PPA).

The assumptions used to determine the PPA are mainly based on market conditions existing on the date of acquisition. No business combinations took place during the period of this quarterly information.

g) ICMS tax benefits

The Company benefits from ICMS tax incentives granted by Goiás state government (Note 17(d)). On August 7, and December 15, 2017, the Complementary Law 160/2017 and ICMS Agreement 190/2017, respectively, were published codifying the tax benefits which conflicted with item "g", subsection XII, paragraph 2 of Art. 155 of the Federal Constitution.

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The State of Goiás issued a list of all the rulings that granted the tax benefits under Decree 9,193/2018, as amended, and Decree 9,358/2018. These were filed and registered with the Executive Secretariat of the National Council of Fiscal Policy (CONFAZ), as provided for in Clause 4 of ICMS Agreement 190/2017.

The Company's management, together with its legal advisors, are following up on the matter, through the State of Goiás Treasury Department.

h) Incremental borrowing rate on leases and agricultural partnership

The right-of-use assets and liabilities of leases and agricultural partnerships are measured at present value based on cash flows discounted using incremental borrowing rates. This weighted average borrowing rate involves estimates, since it is the rate that the lessee would have to pay on a borrowing to raise the funds required to obtain an asset of similar value in a similar economic environment under equivalent terms and conditions. This also takes into consideration the lessee's credit risk, the term of the agreement, and the collateral offered.

4. Cash and cash equivalents and financial investments

Cash and cash equivalents comprise cash, bank deposits and high liquidity short-term investments with original maturities of three months or less, which are readily convertible into known amounts of cash, and are subject to immaterial risk of change in value.

	Parent company			Consolidated		
	Annual income	December 31, 2019	March 31, 2019	Annual income	December 31, 2019	March 31, 2019
Cash and banks (in Brazil)		264	156		1,146	593
Cash and banks (abroad) (US Dollar)	1.50% p.a.	16,948	197,014	1.50% p.a.	16,948	197,014
Total cash and cash equivalents		17,212	197,170		18,094	197,607
Financial investments						
. Investment fund	93.74% of CDI	1,287,758	1,790,855	93.74% of CDI	1,326,231	1,838,261
. Funds - Financial Treasury Bills (LFT) (i)	100.0% of	27,055	25,917	100.0% of	27,055	25,917
. Bank Deposit Certificate (CDB)	98.70% of CDI	18,009	23,764	98.70% of CDI	18,009	23,765
. Other (i)		-	-	100.0% of CDI	3,469	3,663
Total financial investments		1,332,822	1,840,536		1,374,764	1,891,606
In non-current assets		45,064	49,681		48,533	53,345
Total available funds		1,304,970	1,988,025		1,344,325	2,035,868

(i) Resources pledged as collateral for loans obtained from BNDES and brokers, with redemption restriction until the maturity of the contracts.

5. Trade receivables

Trade receivables are initially stated at present value, less provision for impairment, where applicable.

Notes to the quarterly information at December 31, 2019

All amounts in thousands of reais unless otherwise stated

The balance of trade receivables is as follows:

	Parent company		Consolidated	
	December 31, 2019	March 31, 2019	December 31, 2019	March 31, 2019
Local customers	186,995	118,229	148,207	159,603
Foreign customers	148,207	26,905	249,935	26,905
Expected impairment loss on trade receivables	-	-	(443)	(608)
	335,202	145,134	397,699	185,900
Current assets	335,202	145,134	377,966	163,412
Non-current assets	-	-	19,733	22,488

The aging list of trade receivables is as follows:

	Parent company		Consolidated	
	December 31, 2019	March 31, 2019	December 31, 2019	March 31, 2019
Falling due:	334,179	144,282	396,559	184,857
Overdue and not provisioned				
For 30 days	35	12	76	82
Over 31 days	988	840	1,064	961
	335,202	145,134	397,699	185,900

Of the amount receivable, R\$ 8,086 and R\$ 76 in the Parent company and Consolidated, respectively (R\$ 5,130 and R\$ 109, respectively, at March 31, 2019), refer to related parties (Note 8).

6. Inventories and advances to suppliers

	Parent company		Consolidated	
	December 31, 2019	March 31, 2019	December 31, 2019	March 31, 2019
Current				
Finished products and work in progress	846,370	47,825	824,328	47,825
Advances - purchases of sugarcane	42,280	52,413	42,280	52,413
Advances - purchases of inputs	74,142	55,746	74,142	55,746
Land subdivisions	-	-	8,319	8,152
Inputs, maintenance materials, and other	86,898	68,186	86,898	68,186
	1,049,690	224,170	1,035,967	232,322
Non-current				
Advances - purchases of sugarcane	55,127	131,881	55,127	131,881
	55,127	131,881	55,127	131,881
	1,104,817	356,051	1,091,094	364,203

Inventories are carried at average acquisition or production cost, adjusted, where necessary, by a provision for impairment. Inventories of land (land subdivisions) relate to real estate developments are stated at acquisition cost, increased by the surplus on revaluation of the deemed cost.

7. Taxes recoverable

Analysis of taxes recoverable:

Notes to the quarterly information at December 31, 2019

All amounts in thousands of reais unless otherwise stated

The balances of taxes recoverable arise from commercial transactions and tax prepayments.

	Parent company		Consolidated	
	December 31, 2019	March 31, 2019	December 31, 2019	March 31, 2019
Current				
PIS / COFINS	22,608	12,139	22,608	12,164
ICMS	7,364	6,129	7,364	7,071
Others	989	882	995	889
	30,961	19,150	30,967	20,124
Non-current				
PIS / COFINS	43,485	46,419	43,509	46,419
(Reintegra)	5,537	4,495	5,537	4,495
IOF on derivatives	8,603	8,388	8,603	8,388
ICMS	20,314	13,616	21,275	13,616
INSS	6,538	6,369	6,538	6,369
Others	-	503	-	503
	84,477	79,790	85,462	79,790
	115,438	98,940	116,429	99,914

The expected realization of long-term tax credits is as follows:

	Parent company	Consolidated
From 1/1/2021 to 12/31/2021	48,529	49,514
From 1/1/2022 to 12/31/2022	6,984	6,984
From 1/1/2023 to 12/31/2023	5,946	5,946
From 1/1/2024 to 12/31/2024	5,631	5,631
From 1/1/2025 to 12/31/2025	3,159	3,159
From 1/1/2026 onwards	14,228	14,228
	84,477	85,462

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All amounts in thousands of reais unless otherwise stated

8. Related parties

a) Parent company and consolidated balances

	Parent company		Consolidated	
	December 31, 2019	March 31, 2019	December 31, 2019	March 31, 2019
Current assets				
Trade receivables (i)				
São Martinho Terras Imobiliárias S.A.	36	329	-	-
Bioenergética Santa Cruz S.A.	8	7	-	-
Bioenergética São Martinho S.A.	7,933	4,661	-	-
São Martinho Terras Agrícolas S.A.	25	14	-	-
Others	84	119	76	109
	8,086	5,130	76	109
Inventories - purchases of sugarcane from shareholders and related parties	-	6,545	-	6,616
Non-current assets				
Advance for future capital increase				
São Martinho Inova S.A.	5	9	-	-
Current liabilities				
Trade payables				
Luiz Ometto Participações S.A. (ii)	22,015	3,313	22,015	3,313
São Martinho Terras Imobiliárias S.A.	715	47	-	-
Bioenergética Santa Cruz S.A.	96	634	-	-
São Martinho Terras Agrícolas S.A.	11,578	4,544	-	-
Others	8	167	8	167
	34,412	8,705	22,023	3,480
Leases and agricultural partnerships payable from shareholders and related parties	465,621	824	465,621	824
Current and non-current liabilities				
Acquisition of ownership interest				
Luiz Ometto Participações S.A. (Note 31)	38,576	38,605	38,576	38,605

(i) Relates to the apportionment of expenses from the Shared Services Center and sale of steam to BIO SC and BIO SM.

(ii) Relates to the transfer of an indemnity claim (Note 16 (b)).

b) Parent company and consolidated significant transactions in the period:

	Parent company		Consolidated	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Sales revenue				
Bioenergética Santa Cruz S.A.	6,134	5,868	-	-
Bioenergética São Martinho S.A.	6,325	6,537	-	-
	12,459	12,405	-	-
Reimbursed expenses/(purchase of products and services)				
São Martinho Terras Imobiliárias S.A.	(2,042)	(1,932)	-	-
São Martinho Terras Agrícolas S.A.	(56,613)	(46,069)	-	-
Bioenergética Santa Cruz S.A.	(2,340)	(2,223)	-	-
Bioenergética São Martinho S.A.	168	228	-	-
Agro Pecuária Boa Vista S/A	131	99	131	99
	(60,696)	(49,897)	131	99
Shareholders and related parties				
Sugarcane purchases / agricultural partnership and land lease				
Agro Pecuária Boa Vista S/A	(23,312)	(23,223)	(23,312)	(23,223)
Others	(15,644)	(13,118)	(15,644)	(13,118)
	(38,956)	(36,341)	(38,956)	(36,341)

Sales revenue relate to sale of steam. Purchases of products and services relate to purchase of sugarcane, electricity and steam manufacturing service. Expenses reimbursed by investees relate to expenditures with the Shared Services Center, the Board of Directors, and the corporate office. Apportionments are consistent with the agreements between the parties.

Notes to the quarterly information at December 31, 2019

All amounts in thousands of reais unless otherwise stated

c) Key management personnel compensation

Key management includes directors and officers. The compensation paid or payable for their services is shown below:

	Parent company		Consolidated	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Salaries, fees and bonus	34,142	35,152	35,612	36,395
Social security contributions	4,212	4,197	4,473	4,430
Others	1,387	1,261	1,542	1,409
	39,741	40,610	41,627	42,234

d) Stock option plan (virtual options)

During the fiscal year ended March 31, 2019, the change in the balances of the current Stock Option Plan, which was approved at a Board of Directors' meeting held on May 2, 2018, was defined. The plan provides for cash settlement of the positive difference between the market value on the day before the exercise and the price set in each program. The other terms determined for the new plans are the same as those defined in previously agreed contracts.

Accordingly, in this quarterly information, the carrying amount of the liability relating to the new fair value calculation of the Virtual Options Plan is R\$ 17,616 (R\$ 3,501 at March 31, 2019).

At the Board of Directors meeting held on December 9, 2019, the 10th Stock Option Plan was approved. The regulation of the new plan will govern all the characteristics of other plans already existing in the Company.

The balances of virtual option plans issued and their changes during the current period are shown below:

Plan	6th Plan	7th Plan	8th Plan	9th Plan	10th Plan	11th Plan	Total
Plan issue date	15/12/2014	14/12/2015	12/12/2016	02/05/2018	10/12/2018	09/12/2019	
Deadline for exercise (i)	2021	2022	2023	2024	2025	2026	
Number of virtual options granted	835,725	696,465	727,273	882,074	1,133,513	1,072,712	5,347,762
Number of virtual options exercised	(654,921)	(332,271)	(106,717)	-	-	-	(1,093,909)
Number of virtual options to be exercised	180,804	364,194	620,556	882,074	1,133,513	1,072,712	4,253,853
Exercise price (R\$)	12.04	15.87	17.70	17.76	19.07	19.38	

(i) Each plan's virtual options may be exercised after their respective grace periods, as follows: 1/3 after the second year of the grant, 1/3 after the third year of the grant and 1/3 after the fourth year of the grant, complying with the deadlines established for each plan.

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9. Investments

The parent company and consolidated balance of investments in other companies is as follows:

Company	Ownership interest %	Investee's adjusted equity		Book value of investment		Equity in the results of investees	
		December 31, 2019	March 31, 2019	December 31, 2019	March 31, 2019	December 31, 2019	December 31, 2018
Parent company							
Classified as Investments							
São Martinho Terras Imobiliárias S.A.	100.00%	159,123	147,924	158,345	147,925	18,867	4,656
Bioenergética São Martinho S.A.	100.00%	32,389	25,387	32,389	25,387	27,002	28,135
São Martinho Inova S.A.	100.00%	27,723	25,911	27,723	25,911	2,053	1,088
São Martinho Terras Agrícolas S.A.	100.00%	1,141,106	1,044,247	1,120,521	1,044,247	31,842	25,906
São Martinho Logística e Participações S.A.	100.00%	2,733	2,828	2,733	2,828	(94)	(95)
Bioenergética Santa Cruz S.A.	100.00%	59,337	97,133	89,084	97,133	42,885	43,808
Pulísic Participações Ltda	100.00%	-	-	-	-	-	(1,917)
Others		-	-	-	1,859	(523)	-
Total classified as Investments		1,422,411	1,343,430	1,430,795	1,345,290	122,032	101,581
Classified as non-current liabilities							
Usina Santa Luiza S.A. (i)		-	-	-	-	-	(836)
Total classified as non-current liabilities		-	-	-	-	-	(836)
Closing balance		1,422,411	1,343,430	1,430,795	1,345,290	122,032	100,745
Consolidated							
Classified as Investments							
CTC - Centro de Tecnologia Canavieira S.A. (ii)	5.41%	617,623	579,620	33,441	31,678	2,057	1,098
Others		-	-	1,346	1,859	(513)	-
Total classified as Investments		617,623	579,620	34,787	33,537	1,544	1,098
Classified as non-current liabilities							
Usina Santa Luiza S.A. (i)		-	-	-	-	-	(836)
Total classified as non-current liabilities		-	-	-	-	-	(836)
Closing balance		617,623	579,620	34,787	33,537	1,544	262

(i) Merged investee (Note 10.4 in the March 31, 2019 financial statements).

(ii) Unconsolidated investees, valued based on the equity method.

There are no cross-holdings between the parent company and the investees.

10. Biological assets

Biological assets correspond to the agricultural products under development (standing sugarcane) produced by the bearer plants, which will be used as raw material in the production of sugar and ethanol at the time of harvest. These assets are carried at fair value less costs to sell.

The measurement at fair value of biological assets is classified as Level 3 - Assets and liabilities for which there is little, if any, market activity, or whose prices or valuation methodologies are supported by inputs from a thin, non-existent, or illiquid market (non-observable inputs).

The fair value of biological assets was determined based on the discounted cash flow method, considering basically:

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a) Cash inflows obtained by multiplying the (i) estimated production measured in kilograms of Total Recoverable Sugar (TRS) from the sugarcane; by (ii) sugarcane futures market price, projected based on publicly-available data and price estimates of sugar and ethanol; and

b) Cash outflows represented by the estimated (i) costs necessary for the biological transformation of sugarcane (crop treatments) up to the date of harvest; (ii) harvesting/cutting, loading, and transportation costs; (iii) capital costs (land and machinery and equipment); (iv) costs of leases and agricultural partnerships; and (v) taxes on positive cash flows.

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

Parent company and Consolidated	December 31, 2019	March 31, 2019
Estimated total harvest area (ha)	238,977	237,080
Expected yield (metric ton/ha)	88.39	85.74
Amount of TRS per metric ton of sugar (kg)	133.37	133.50
Projected average price of TRS (R\$)	0.6650	0.6171

The discount rate used to calculate the fair value of biological assets was 6.68% p.a. (7.88% p.a. at March 31, 2019).

Based on the estimates of revenue and costs, the Company determines the future cash flows to be generated and adjusts these to present value, using a discount rate consistent with the remuneration of the investment. Changes in fair value are accounted for under "Biological assets", with a corresponding entry to the sub-account "Changes in the fair value of biological assets", within "Cost of sales" in the statement of income.

Changes in the fair value of biological assets for the period were as follows:

	Parent company		Consolidated	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Historical cost	742,524	518,751	742,524	686,591
Fair value	(85,467)	(99,018)	(85,467)	(104,866)
Biological assets - opening balance:	657,057	419,733	657,057	581,725
Changes:				
Increases arising from crop treatments	392,084	356,630	392,084	357,950
Transfer from property, plant and equipment	220,385	169,828	220,385	186,282
Changes in fair value	8,160	15,001	8,160	17,645
Merger of Usina Boa Vista	-	172,170	-	-
Decreases resulting from harvest	(619,734)	(569,491)	(619,734)	(572,059)
Biological assets - closing balance:	657,952	563,871	657,952	571,543
Comprised of:				
Historical cost	735,258	647,888	735,258	658,764
Fair value	(77,306)	(84,017)	(77,306)	(87,221)
Biological assets - closing balance:	657,952	563,871	657,952	571,543

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The operating activities of sugarcane cultivation are exposed to the risk of damage caused by climate changes, pests and diseases, forest fires, and other forces of nature, which may impact, to either a higher or lesser degree, future harvest results.

Fair value sensitivity analysis

For the purpose of the sensitivity analysis, the Company assessed the impact on the fair value of its biological assets at December 31, 2019, considering the increase/decrease in the following variables: (i) price of the sugarcane metric ton; and (ii) sugarcane production volume. The other variables were held constant. Accordingly, a 5% increase or decrease in the price of sugarcane metric ton would result in an increase or decrease of R\$ 52,143. As to the production volume, the same 5% variation (up or down) would result in an increase or decrease of R\$ 56.354.

11. Property, plant and equipment

Asset net book values and useful lives, and the depreciation methods, are reviewed at year-end, and adjusted prospectively, where applicable. Depreciation is calculated using the straight-line method; for production equipment, the accelerated depreciation method is applied, taking into consideration the crushing season.

Maintenance costs that extend the useful lives of property, plant and equipment items are capitalized and items that replace others that suffer wear and tear during the crop period are recorded as assets, and are depreciated during the subsequent crop period. Maintenance costs that do not extend the useful lives of the assets are recognized as expenses when incurred. The items replaced are written-off.

Sugarcane plantations use bearer plants that are planted exclusively to grow sugarcane. Sugarcane is classified as a permanent crop and its economic productive cycle lasts, on average, eight years from the first harvest.

Charges incurred on borrowings used to finance the construction of property, plant and equipment are capitalized during the period required to construct and prepare the asset for its intended use.

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Parent company	Land	Buildings and outbuildings	Manufacturing equipment and facilities	Intercrop maintenance	Vehicles	Agricultural machinery and implements	Other PP&E	Construction in progress	Sugarcane plantations	Total
At March 31, 2018	155,808	242,754	791,117	218,044	165,957	232,021	22,389	45,351	805,673	2,679,114
Total cost	155,808	287,935	1,174,304	390,839	243,282	402,273	66,177	45,351	805,673	3,571,642
Accumulated depreciation	-	(45,181)	(383,187)	(172,795)	(77,325)	(170,252)	(43,788)	-	-	(892,528)
Net book value	155,808	242,754	791,117	218,044	165,957	232,021	22,389	45,351	805,673	2,679,114
Acquisition	4,297	1,044	10,062	303,863	24,031	16,710	1,051	137,410	303,215	801,683
Transfer of biological assets	-	-	-	-	-	-	-	-	(167,925)	(167,925)
Cost of sale	(64)	(2,097)	(1,297)	-	(2,634)	(3,384)	(194)	-	(290)	(9,960)
Merger of Usina Boa Vista	49,198	161,880	413,287	60,568	61,980	80,845	38,537	4,044	222,663	1,093,002
Merger of Usina Santa Luiza	57	1,021	92	-	-	1	-	-	-	1,171
Merger of Pulisic	-	-	-	-	-	-	-	-	10,742	10,742
Transfer between groups	-	8,591	44,304	4,098	886	(10,419)	2,031	(66,041)	16,550	-
Depreciation	-	(11,361)	(77,705)	(280,151)	(20,654)	(28,298)	(10,354)	-	-	(428,523)
At March 31, 2019	209,296	401,832	1,179,860	306,422	229,566	287,476	53,460	120,764	1,190,628	3,979,304
Total cost	209,296	490,357	1,775,974	306,422	363,639	565,861	170,003	120,764	1,190,628	5,192,944
Accumulated depreciation	-	(88,525)	(596,114)	-	(134,073)	(278,385)	(116,543)	-	-	(1,213,640)
Net book value	209,296	401,832	1,179,860	306,422	229,566	287,476	53,460	120,764	1,190,628	3,979,304
Acquisition	5,871	286	5,767	95,358	13,582	53,437	5,733	82,287	226,267	488,588
Capital contribution in subsidiary (i)	(119,064)	-	-	-	-	-	-	-	-	(119,064)
Transfer of biological assets	-	-	-	-	-	-	-	-	(220,385)	(220,385)
Cost of sale	-	-	(8)	-	(1,976)	(2,708)	(373)	-	(36)	(5,101)
Transfer between groups	-	4,340	33,131	-	1,456	(6,448)	2,069	(43,113)	8,565	-
Depreciation	-	(10,609)	(76,780)	(310,366)	(18,526)	(34,667)	(9,381)	-	-	(460,329)
At December 31, 2019	96,103	395,849	1,141,970	91,414	224,102	297,090	51,508	159,938	1,205,039	3,663,013
Total cost	96,103	494,983	1,814,841	405,060	375,474	612,629	177,179	159,938	1,205,039	5,341,246
Accumulated depreciation	-	(99,134)	(672,871)	(313,646)	(151,372)	(315,539)	(125,671)	-	-	(1,678,233)
Net book value	96,103	395,849	1,141,970	91,414	224,102	297,090	51,508	159,938	1,205,039	3,663,013
Residual value										
Historical cost	24,817	327,764	929,445	91,414	197,924	253,544	51,508	159,938	1,205,039	3,241,393
Surplus on revaluation	71,286	68,085	212,525	-	26,178	43,546	-	-	-	421,620
Annual average depreciation rates/ Transfer of biological assets	-	3%	5%	100%	7%	9%	14%	-	14%	

(i) At December 9, 2019, capital integration with assets in subsidiaries SMTI and SMTA was approved, in the value of R\$ 1,087 and R\$ 117,977, respectively.

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Consolidated	Land	Buildings and outbuildings	Manufacturing equipment and facilities	Intercrop maintenance	Vehicles	Agricultural machinery and implements	Improvements and other PPE	Construction in progress	Sugarcane plantations	Total
At March 31, 2018	1,807,778	408,526	1,264,994	278,974	227,935	312,867	60,933	49,393	1,038,512	5,449,912
Total cost	1,807,778	487,450	1,805,071	508,634	342,980	552,539	167,013	49,393	1,038,512	6,759,370
Accumulated depreciation	-	(78,924)	(540,077)	(229,660)	(115,045)	(239,672)	(106,080)	-	-	(1,309,458)
Net book value	1,807,778	408,526	1,264,994	278,974	227,935	312,867	60,933	49,393	1,038,512	5,449,912
Acquisition	8,388	1,044	10,062	304,430	24,031	16,710	1,051	137,410	304,250	807,376
Cost of sale	(1,342)	(2,097)	(1,297)	-	(2,634)	(3,384)	(193)	-	(290)	(11,237)
Merger of Pulisic	-	-	-	-	-	-	-	-	15,984	15,984
Merger of Usina Santa Luiza	57	1,021	92	-	-	1	-	-	-	1,171
Transfer from Inventories to Sales	(2,542)	-	-	-	-	-	-	-	-	(2,542)
Transfer of biological assets	-	-	-	-	-	-	-	-	(184,379)	(184,379)
Transfer between groups	-	8,591	44,292	4,110	886	(10,419)	2,031	(66,041)	16,550	-
Depreciation	-	(11,542)	(80,263)	(280,512)	(20,654)	(28,298)	(10,356)	-	-	(431,625)
At March 31, 2019	1,812,339	405,543	1,237,880	307,002	229,564	287,477	53,466	120,762	1,190,627	5,644,660
Total cost	1,812,339	496,594	1,857,960	307,158	363,637	565,861	170,003	120,762	1,190,627	6,884,941
Accumulated depreciation	-	(91,051)	(620,080)	(156)	(134,073)	(278,384)	(116,537)	-	-	(1,240,281)
Net book value	1,812,339	405,543	1,237,880	307,002	229,564	287,477	53,466	120,762	1,190,627	5,644,660
Acquisition	11,632	286	5,767	95,429	13,582	53,437	5,733	82,287	226,267	494,420
Cost of sale	(334)	-	(8)	-	(1,976)	(2,708)	(373)	-	(36)	(5,435)
Transfer of biological assets	-	-	-	-	-	-	-	-	(220,385)	(220,385)
Transfer between groups	-	4,340	33,131	-	1,456	(6,448)	2,069	(43,113)	8,565	-
Transfer from Inventories to Sales	(1,782)	-	-	-	-	-	-	-	-	(1,782)
Depreciation	-	(10,755)	(79,226)	(310,922)	(18,526)	(34,667)	(9,381)	-	-	(463,477)
At December 31, 2019	1,821,855	399,414	1,197,544	91,509	224,100	297,091	51,514	159,936	1,205,038	5,448,001
Total cost	1,821,855	501,219	1,896,828	405,743	375,473	612,630	177,184	159,936	1,205,038	7,155,906
Accumulated depreciation	-	(101,805)	(699,284)	(314,234)	(151,373)	(315,539)	(125,670)	-	-	(1,707,905)
Net book value	1,821,855	399,414	1,197,544	91,509	224,100	297,091	51,514	159,936	1,205,038	5,448,001
Residual value										
Historical cost	170,345	330,364	970,684	91,509	197,923	253,545	51,514	159,936	1,205,038	3,430,858
Surplus on revaluation	1,651,510	69,050	226,860	-	26,177	43,546	-	-	-	2,017,143
Annual average depreciation rates/ Transfer of biological assets	-	3%	5%	100%	7%	9%	14%	-	14%	

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Work in progress relates mainly to data transmission technology (4G) implementation projects, fire prevention, and expansion of ethanol storage and shipping facilities.

Under the terms of certain borrowing agreements of the Group, property, plant and equipment totaling R\$ 652,447 were pledged as collateral, of which R\$ 64,503 relates to rural properties (2,097 hectares of land).

The Company capitalized finance charges of R\$ 1,488 at December 31, 2019 (R\$ 1,650 at December 31, 2018).

12. Intangible assets

Contractual relationships have a defined useful life. Amortization is calculated on the volume of sugarcane harvested over the term of the agreement with the partner or supplier.

Goodwill is carried at cost less accumulated impairment losses and is tested annually for impairment.

	Parent company		Consolidated	
	December 31, 2019	March 31, 2019	December 31, 2019	March 31, 2019
Goodwill based on future profitability (i)	374,633	374,633	374,633	374,633
Software	37,493	37,359	37,493	37,359
Accumulated amortization	(28,263)	(26,398)	(28,263)	(26,398)
Rights on sugarcane contracts (ii)	42,443	42,443	42,443	42,443
Amortization of rights on sugarcane contracts (ii)	(17,026)	(13,500)	(17,026)	(13,500)
Rights on electricity contracts (iii)	-	-	103,402	103,401
Amortization of rights on electricity contracts (iii)	-	-	(62,315)	(52,354)
Other assets	4,298	3,308	15,815	12,915
	413,578	417,845	466,182	478,499

(i) Goodwill related to prior years' business combination of companies merged into the Company;

(ii) Relates to the acquisition of rights on agreements for agricultural partnership and sugarcane supply;

(iii) Relates to the fair value of agreements for electricity supply entered into with BIO SC, effective up to 2025 (business combination).

Impairment of non-financial assets

Pursuant to CPC 01 (IAS 36) - Impairment of assets, goodwill, property, plant and equipment, and intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Goodwill and intangible assets with indefinite useful lives are tested for impairment at least once a year or more frequently if evidence of impairment is found. Annual impairment tests are performed at the end of March. In order to determine impairment loss, assets are grouped into Cash-Generating Units (CGU), which

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correspond to the smallest group of assets generating cash flows clearly independent from those generated by another CGU.

At March 31, 2019, the Company tested non-current assets for impairment. The assessment was based on calculations of the value in use of each cash-generating unit, using pre-income tax and social contribution cash flow projections based on financial budgets approved by management. The growth rate does not exceed the long-term average growth rate of the sector in which the CGU operates.

The main assumptions and estimates involved are estimates of sugar and ethanol sales prices, costs related to energy and other macroeconomic data.

Main assumptions used by the Company (March 31, 2019):

Cash-generating Units	Average growth rate of net operating revenue	Nominal perpetuity growth rate	Nominal discount rate
São Martinho and Iracema production units	9.8%	5.0%	8.6%
Santa Cruz production unit	8.9%	5.0%	8.6%

13. Right-of-use assets and lease and agricultural partnerships payable

As stated in Note 2.7, The Company adopted IFRS 16 (CPC 06 (R2)) on April 1, 2019.

Changes in right-of-use assets during the period were as follows:

	Parent company and Consolidated			
	Vehicles	Land partnership	Land lease	Right-of-use assets
Adoption on April 1, 2019	18,368	1,194,692	374,501	1,587,561
Additions arising from new agreements	-	14,613	-	14,613
Contract update	349	-	-	349
Depreciation	(12,012)	(162,756)	(31,636)	(206,404)
December 31, 2019	6,705	1,046,549	342,865	1,396,119
Useful life (years)	1 to 2	2 to 21	2 to 21	

Changes in lease and agricultural partnership liabilities during the period were as follows:



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	Parent company and Consolidated			
	Balance of lease agreements	Balance of advance payments	Adjustment to present value	Lease liabilities
Adoption on April 1, 2019	2,439,375	-	(851,814)	1,587,561
Addition/offset of advances	-	(87,578)	-	(87,578)
Additions arising from new agreements	23,835	-	(9,222)	14,613
Contract update	361	-	(12)	349
Payments made	(104,680)	-	-	(104,680)
Financial charges	-	-	111,187	111,187
December 31, 2019	2,358,891	(87,578)	(749,861)	1,521,452
Current liabilities				351,915
Leases payable				65,887
Land partnership payable				286,028
Non-current liabilities				1,169,537
Leases payable				326,492
Land partnership payable				843,045
				1,521,452

The balance of long-term lease agreements and agricultural partnerships payable is as follows:

Parent company and Consolidated	Maturity
From 1/1/2021 to 12/31/2022	476,606
From 1/1/2023 to 12/31/2024	406,239
From 1/1/2025 to 12/31/2026	333,684
From 1/1/2026 to 12/31/2028	212,461
From 1/1/2026 to 12/31/2030	161,309
From 1/1/2026 to 12/31/2032	119,768
From 1/1/2026 to 12/31/2034	87,915
From 1/1/2035 onwards	48,953
(-) Adjustment to present value	(677,398)
	1,169,537

The table below shows the potential right to PIS/COFINS recoverable included in lease payments:

	Parent company and Consolidated	
	Land lease	Adjustment to present value
Lease payment	610,334	255,418
Potentially recoverable PIS/COFINS (9.25%)	(39,800)	(16,656)
December 31, 2019	570,534	238,762

The Company's incremental borrowing rates were based on the risk-free interest rates observed in the market for the terms of its contracts, and adjusted to its economic situation:

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Parent company and consolidated	
Contract terms	Incremental rate
2 years	6.73%
3 years	7.50%
4 years	8.05%
5 years	8.41%
6 years	8.67%
7 years	8.86%
8 years	9.04%
9 years	9.17%
10 years	9.26%
11 anos	9.29%
From 12 to 21 years	9.33%

The Company is in full compliance with IFRS 16 as to the measurement of its leasing liabilities and right to use assets, using real projected cash flow methodologies.

In required by CVM Circular Letter 02/2019, comparisons are provided below of the liabilities of agricultural liabilities and partnership, right of use, depreciation expense and financial expense for the nine-month period from December 31, 2019. This covers future periods using selected nominal cash flows discounted at the nominal rates above:

Controladora e Consolidado	01/04/2019 to 31/12/2019	01/01/2020 to 31/12/2020	01/01/2021 to 31/12/2022	01/01/2023 to 31/12/2024	01/01/2025 to 31/12/2030	01/01/2031 to 31/12/2035	01/01/2036 to 31/12/2040
Right-of-use assets							
IFRS 16	1,396,119	1,201,633	855,828	576,418	138,230	15,362	-
CVM Circular Letter	1,627,547	1,411,450	1,022,042	700,795	175,338	20,035	-
	16.58%	17.46%	19.42%	21.58%	26.85%	30.42%	
Leases and land partnership payable							
IFRS 16	1,521,452	1,169,536	835,612	563,044	133,552	14,163	-
CVM Circular Letter	1,685,292	1,462,828	1,065,022	733,227	183,985	20,473	-
	10.77%	25.08%	27.45%	30.23%	37.76%	44.55%	
Depreciation expenses							
IFRS 16	(204,694)	(194,486)	(345,805)	(279,410)	(438,188)	(122,868)	(15,362)
CVM Circular Letter	(236,920)	(216,097)	(389,408)	(321,246)	(525,457)	(155,303)	(20,035)
	15.74%	11.11%	12.61%	14.97%	19.92%	26.40%	30.42%
Finance costs							
IFRS 16	(109,336)	(72,463)	(142,682)	(133,672)	(277,962)	(107,137)	(15,946)
CVM Circular Letter	(171,578)	(100,556)	(198,984)	(189,247)	(416,610)	(174,465)	(28,197)
	56.93%	38.77%	39.46%	41.58%	49.88%	62.84%	76.83%
	As per IFRS 16 (CPC 06 R2)	As per CVM Circular Letter					
Depreciation expenses	(1,600,813)	(1,864,466)					
Finance costs	(859,198)	(1,279,637)					
	(2,460,011)	(3,144,103)					

14. Borrowings

Borrowings are recognized at fair value, net of the transaction costs incurred, and are carried at amortized cost at the respective maturity dates.

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Type	Annual charges		Parent company and Consolidated	
	Rate	Index	December 31, 2019	March 31, 2019
In local currency				
Export Credit Note (NCE)	105.19%	CDI	161,743	264,793
BNDES credit facility	2.46%	+ TJLP	191,722	207,172
BNDES credit facility	6.47%	+ IPCA	146	1,697
BNDES credit facility	3.47%	-	173,366	233,738
BNDES credit facility	-	SELIC	-	242
Rural credit (ii)	6.63%	-	274,261	369,542
FINEP	4.00%	-	89,499	104,697
Agribusiness Receivable Certificate (CRA) (a)	98.07%	CDI	1,464,778	1,363,353
Agribusiness Receivable Certificate (CRA) (a)	4.88%	+ IPCA	447,907	431,343
Other securitized credits	4.54%	+IGP-M/PRE	8,304	16,496
Total in local currency	109.23%	CDI	2,811,726	2,993,073
In foreign currency				
Export prepayment	4.15%	ign exchange varic	811,305	787,160
Export prepayment	1.35%	6M Libor	303,649	297,087
International Finance Corporation (IFC)	1.70%	6M Libor	364,442	356,738
FINEM	2.74%	Currency Basket	13,733	18,542
Total in foreign currency	4.30%		1,493,129	1,459,527
TOTAL (i)			4,304,855	4,452,600
Current			578,230	754,999
Non-current			3,726,625	3,697,601

(i) Total costs of liabilities in local and foreign currency were calculated based on the terms of the portfolios, and Interbank Deposit (DI) and LIBOR yield curves.

(ii) 100% of the rural credit is indexed to 95.70% of the DI rate through swap contract.

a) Agribusiness Receivable Certificates (CRAs)

During the year ended March 31, 2019, the Company raised new funding in the capital markets, through continual issuances of Agribusiness Receivable Certificates (CRAs) of R\$ 842,123, accruing annual interest corresponding to 98.5% of the cumulative CDI rate falling due in two equal installments, in April 2025 and April 2026. Underwriting began on March 25, 2019 and was completed in 60 days, upon exercise of the overallotment option.

The table below shows the changes in borrowings during the period:

Changes in debt	Parent company and Consolidated	Parent company	Consolidated
	December 31, 2019	December 31, 2018	
Opening balance	4,452,600	3,620,568	3,924,897
Proceeds from borrowings	416,413	1,153,510	1,153,510
Repayment of principal amount	(662,281)	(995,585)	(998,221)
Repayment of interest	(145,800)	(175,770)	(176,388)
Indexation and interest accruals	194,486	247,870	248,505
Foreign exchange variation	49,437	123,801	123,801
Merger of Usina Boa Vista	-	291,200	-
	4,304,855	4,265,594	4,276,104

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Long-term borrowings mature as follows:

Parent company and Consolidated	Maturity
From 1/1/2021 to 12/31/2021	665,230
From 1/1/2022 to 12/31/2022	450,039
From 1/1/2023 to 12/31/2023	801,901
From 1/1/2024 to 12/31/2024	331,754
From 1/1/2025 to 12/31/2025	938,961
From 1/1/2026 to 12/31/2026	473,881
From 1/1/2026 to 12/31/2027	21,011
From 1/1/2027 onwards	43,848
	3,726,625

The Company's debt totaling R\$ 665,971 is subject to collateral arrangements as follows: 85% by equipment, properties, and buildings, 10% by land, and 5% by receivables from electricity trading and shareholders' sureties.

Covenants

The Company's loan contracts amounting to R\$ 1,882,253 contain financial and/or social and environmental covenants which are measured annually. The Company was in compliance with the covenants in the reporting periods.

15. Trade payables

	Parent company		Consolidated	
	December 31, 2019	March 31, 2019	December 31, 2019	March 31, 2019
Sugarcane	21,286	62,142	8,994	57,482
Materials, services, and other	65,069	93,350	69,403	95,231
	86,355	155,492	78,397	152,713

Of the total trade payables, R\$ 34,412 in the parent company, and R\$ 22,023 in the consolidated (R\$ 9,529 and R\$ 4,304, respectively, at March 31, 2019) refer to related parties (Note 8).

16. Obligations and rights with Copersucar

As part of the Copersucar withdrawal process, the Company entered into an agreement that provides for obligations and rights that are not yet due. The main obligations and rights are described below.

a) Obligations:

Copersucar provided funds, through bills of exchange, to companies during the period in which they were cooperative members, for the purpose of financing their



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operations. The funds were obtained by the Cooperative and relate to temporary cash surpluses arising from preliminary injunctions in lawsuits claiming suspension of the enforceability of taxes. These cash surpluses relate to provisions for contingencies recorded by the Cooperative within non-current liabilities. However, in the event of unfavorable outcomes in the lawsuits, the Company could be required to reimburse the amount within 120 days. The main amounts included in these liabilities arose from Excise Tax (IPI), the constitutionality and lawfulness of which the Cooperative challenged in court, and from tax liabilities included in the Tax Recovery Program (REFIS) of Copersucar, as shown below.

Parent company and Consolidated	December 31, 2019	March 31, 2019
REFIS - Copersucar - Restated by reference to SELIC rate	67,713	77,036
Exchange Bill (LC) - Restated by reference to SELIC rate	70,840	69,805
Exchange Bill (LC) - Transfer of funds with no charges	52,356	52,356
Expenses with tax proceedings	9,094	9,094
Others	2,301	2,301
Total	202,304	210,592
Current	9,094	9,094
Non-current	193,210	201,498

All the Company's liabilities to Copersucar are backed by bank sureties. In addition, in accordance with the terms negotiated for the withdrawal from Copersucar, the Company remains liable for the payment of any obligations, in proportion to its interest in Copersucar in previous harvests, which result from tax assessments that may arise and that relate to periods in which the Company was a cooperative member.

Copersucar has been served delinquency notices with respect to State Value-Added Tax (ICMS) levied on sales of fuel and industrial ethanol made up to December 31, 2008, of which the amount attributed to the Company would be approximately R\$ 270,000. Copersucar believes it has good grounds for a defense and its position will prevail. Under advice of its legal advisors, Management classifies the risk of loss as possible.

b) Rights:

Copersucar is a plaintiff in legal proceedings claiming for refunds/overpayments of various taxes or indemnities. The Company, as a former cooperative member, has a proportional right to these credits, and will inform the market if clear legal right to these amounts is secured.

Copersucar is a party to a suit filed against the Federal Government to compensate for damages for sugar and ethanol price controls in the 1980s.

In June 2017, a court-ordered security was issued of R\$ 5.6 billion (the Company's proportional share: R\$ 730.5 million). In June 2018, a supplementary installment of R\$ 10.6 billion was issued (the Company's proportional share: R\$ 1.4 billion).

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The Federal Government is disputing a further claim of R\$ 2.2 billion (the Company's proportional share: R\$ 286.3 million).

In March 2019, Copersucar received and transferred to the Cooperative members the first installment of the initial court ordered debt security (R\$ 906 million). In December 2019, the second installment (R\$ 1.06 billion) and the first installment of the supplementary installment (R\$ 1.725 billion) were released.

Upon transferring the funds, Copersucar retained a sum to cover litigation costs and PIS and COFINS taxes accruing on transfers in the event these occur.

Aligned with the measures taken by Copersucar, the Company filed a lawsuit, supported by a judicial deposit, claiming the suspension of its obligation to pay IRPJ/CSLL/PIS/COFINS. The judicial deposit is recorded in "Taxes with suspended payment". Pursuant to the Agreement for Purchase and Sale of Shares of Santa Cruz S.A. Açúcar e Álcool ("USC"), the Company transferred R\$ 27,432 to Luiz Ometto Participações S.A., of which R\$ 24,119 is recorded in "Trade payables".

The transfers, net of withholdings to cover court expenses and taxes under litigation, of R\$ 349,056 was recorded in "Other expenses (income), net". Management considers the receipt of the remainder credit to be probable, though, as it is not practically certain, no amount has been recorded.

17. Equity

a) Share capital

The share capital at December 31, 2019 and March 31, 2019 was R\$ 1,696,652, comprising 354,011,329 registered common shares with no par value.

The Company is authorized to increase its capital up to 372,000,000 common shares upon issue of a resolution by the Board of Directors, without requiring prior amendment to its bylaws. The Board can determine the share issue conditions, including price and payment term.

b) Treasury shares

Since these are equity instruments that are repurchased, they are recognized at acquisition cost by reducing Equity. No gain or loss is recognized in the statement of income on the purchase, sale, issue or cancellation of the Company's equity instruments.

The June 24, 2019 Board of Directors' meeting approved the cancellation of 10 million treasury shares, and the launch of the 6th Share Buyback Program limited to 10 million shares. Changes in the quarter were as follows:

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	March 31, 2019	Acquisition of shares	Cancellation of shares	December 31, 2019
Quantity	13,208,663	3,155,300	(10,000,000)	6,363,963
Average price	17.72	18.71	17.72	18.21
Total amount	234,100	59,050	177,232	115,918

c) Carrying value adjustments

(i) Deemed cost

This is the surplus on revaluation of deemed cost of land, buildings and industrial facilities, vehicles and machinery, and agricultural implements. The amounts are recorded net of tax and realization is based on the depreciation, write-off, or sale of the related assets. The realized amounts are transferred to the "Retained earnings".

On December 9, 2019, a capital subscription using assets was approved in the subsidiaries SMTI and SMTA for (deemed cost) of R\$ 531 and R\$ 35,605, respectively (Note 11).

(ii) Hedge accounting fair value

These are the unrealized/settled gains/losses on derivative financial instrument transactions that qualify for hedge accounting. The balance is reversed over time from equity, as the related transactions mature/are shipped.

d) Revenue reserve

Legal reserve

The legal reserve is credited annually with 5% of the profit for the year and cannot exceed 20% of the capital. The legal reserve preserves the level of capital, and can only be used to offset losses and increase capital.

Reserve for Budgetary Appropriations

This reserve is intended to retain funds for investments to increase the production capacity and other projects for process improvement.

Unrealized profit reserve

This reserve refers to unearned income, comprising the sale of the ownership interest in Agro Pecuária Boa Vista S/A, sale of real estate development properties and results from changes in shareholdings.

Tax incentive reserve

The Company benefits from a State of Goiás "Goiás Industrial Development Program – Produzir" tax incentive program of the, effective until 2033, in the form of deferral of ICMS payments, named providing for a partial reduction of the tax. The

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use of this benefit is conditional upon compliance with the obligations set forth in the program all of which are under the Company's control.

The ICMS reduction benefit is calculated by applying the discount to the outstanding balance for each calculation period.

The grant benefit for the period is recorded in "Deductions from gross revenue", against the "ICMS payable" account. Since this incentive may not be distributed as dividends, a corresponding amount is recorded in the reserve for tax incentives with an entry to "Retained earnings".

The incentive recorded as a benefit to income was R\$ 85,398 in the parent and consolidated, (R\$ 50,730 at December 31, 2018).

e) Stock option plan

During the year ended March 31, 2019, changes to the current Stock Option Plan were approved at a Board of Directors' meeting held on May 2, 2018. The balance was transferred to current liabilities, to "Salaries and social charges" (Note 8(d)).

f) Capital reserve

This corresponds to the market value of the Company's shares issued and exchanged for shares held by the non-controlling shareholders.

g) Dividends and interest on capital

The December 9, 2019 Board of Director meeting approved a new dividend policy assuring shareholders a dividend and / or interest on equity of 25% on net income for the year, after deducting accumulated losses and the transfer to the legal reserve and tax incentives or 40% of cash earnings, whichever is greater.

The shareholders approved at the July 26, 2019 Annual General Meeting the payment of supplemental dividends of R\$ 28,923, as proposed by Management for the year ended March 31, 2019.

At the Board of Directors' meetings held on December 9, 2019, the payment of interest on capital of R\$ 120,000 was approved. Income tax withheld at source (IRRF) was R\$16,592.

18. Profit sharing

As part of its policy, the Company has a profit-sharing program for its employees, linked to a legacy plan tied to operating and financial targets. Profit sharing for the current period and for the period ended December 31, 2018, recorded as operating costs or expenses in the statement of income, totaled R\$ 44,827 and R\$ 43,134,



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respectively, in the parent company (R\$ 44,864 and R\$ 43,158, respectively, in the consolidated).

19. Income tax and social contribution

Deferred income and social contribution taxes are recorded on income and social contribution tax losses and temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available to offset temporary differences and/or tax losses, based on projections of future profitability using Management's assumptions of future economic scenarios, which may, therefore, suffer changes.

The Company has adopted IFRIC 23/ICPC 22 - Uncertainty over Income Tax Treatments, which addresses the accounting of income taxes in cases where tax treatments involve uncertainty that affects the application of IAS 12 (CPC 32). Consideration is made for each uncertain tax treatment separately or in conjunction with one or more uncertain tax treatments and the approach that best predicts the resolution of uncertainties is followed. Adoption of this interpretation not result in any adjustments.

a) Changes in deferred income tax and social contribution

Parent company	March 31, 2019	Year-to-date			December 31, 2019
		Recognized in profit or loss	Recognized in other comprehensive income	Contribution in land	
income tax and social contribution losses	37,333	(56)	-	-	37,277
Derivative financial instruments	80,673	3,297	(7,942)	-	76,028
Provision for contingencies	39,035	13,812	-	-	52,847
Biological assets and agricultural product (fair value)	35,340	525	-	-	35,865
Provision for other obligations	8,001	15,897	-	-	23,898
Foreign exchange variation	53,357	(26,008)	-	-	27,349
Land leases and partnerships	-	17,336	-	-	17,336
Other assets	4,004	3,049	-	-	7,053
Total income and social contribution tax assets	257,743	27,852	(7,942)	-	277,653
Surplus on revaluation of PP&E (deemed cost)	(183,539)	10,447	-	29,552	(143,540)
Accelerated depreciation incentive	(319,571)	8,670	-	-	(310,901)
Tax benefit on merged goodwill	(160,177)	(15,845)	-	-	(176,022)
Gain on bargain purchase/surplus on revaluation of PPA	(26,271)	4,925	-	-	(21,346)
Foreign exchange variation	(25,391)	25,391	-	-	-
Divesture with deferred taxation	(16,262)	-	-	-	(16,262)
Securitized financing	(8,761)	5,242	-	-	(3,519)
Adjustment to present value	(213)	213	-	-	-
Total income and social contribution tax liabilities	(740,185)	39,043	-	29,552	(671,590)
Deferred income tax and social contribution	(482,442)	66,895	(7,942)	29,552	(393,937)

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Consolidated	March 31, 2019	Year-to-date			Consolidation adjustment - Rights on electricity contracts	December 31, 2019
		Recognized in profit or loss	Recognized in other comprehensive income	Contribution in land		
income tax and social contribution losses	37,332	(56)	-	-	-	37,276
Derivative financial instruments	80,674	3,297	(7,942)	-	-	76,029
Provision for contingencies	39,036	13,812	-	-	-	52,848
Biological assets and agricultural product (fair value)	35,342	525	-	-	-	35,867
Provision for other obligations	8,490	15,897	-	-	-	24,387
Foreign exchange variation	53,357	(26,008)	-	-	-	27,349
Land leases and partnerships	-	17,336	-	-	-	17,336
Other assets	3,358	3,727	-	-	-	7,085
Total income and social contribution tax assets	257,589	28,530	(7,942)	-	-	278,177
Surplus on revaluation of PP&E (deemed cost)	(665,336)	10,692	-	-	180	(654,464)
Accelerated depreciation incentive	(319,571)	8,670	-	-	-	(310,901)
Tax benefit on merged goodwill	(160,177)	(15,845)	-	-	-	(176,022)
Gain on bargain purchase/surplus on revaluation of PPA	(26,271)	4,925	-	-	-	(21,346)
Foreign exchange variation	(25,391)	25,391	-	-	-	-
Divestiture with deferred taxation	(16,262)	-	-	-	-	(16,262)
Securitized financing	(8,761)	5,244	-	-	-	(3,517)
Adjustment to present value	(212)	212	-	-	-	-
Intangible assets	(18,761)	-	-	3,439	-	(15,322)
Gain from change in interest held in CTC	(5,068)	-	-	-	-	(5,068)
Total income and social contribution tax liabilities	(1,245,810)	39,289	-	3,439	180	(1,202,902)
Deferred income tax and social contribution	(988,221)	67,819	(7,942)	3,439	180	(924,725)
Other deferred taxes	(539)	-	-	-	-	(539)

The deferred tax assets and liabilities are presented net in the balance sheet, by legal entity, when there is a legally enforceable right and the intention exists to offset against current taxes under the same tax authority.

The Group recognizes deferred tax assets based on projections of taxable profit. These projections, which do not exceed ten years, are reviewed annually.

Deferred income tax and social contribution liabilities are realized mainly through the depreciation and disposal of the property, plant and equipment items that gave rise to them. The realization of this liability is estimated at the average rate of 15% per year, consistent with the depreciation rates of the respective property, plant and equipment items, except for the deferred tax liabilities on surplus on revaluation of land, which will be realized if sold.

b) Reconciliation of the income tax and social contribution expense

	Parent company			
	December 31, 2019		December 31, 2018	
	Quarter	Year-to-date	Quarter	Year-to-date
Profit before taxes	417,305	542,593	77,164	285,677
Income tax and social contribution at nominal rates - 34%	(141,884)	(184,482)	(26,236)	(97,130)
Adjustments for calculation of the effective tax rate:				
. Equity in the results of subsidiaries	13,233	41,491	7,556	34,253
. Permanent (additions) exclusions, net	40,362	39,506	(615)	(642)
. State subsidy	13,709	29,036	7,583	17,249
. Tax incentives	324	324	505	181
. Recognition of income tax and social contribution credits from prior years (i)	(133)	27,893	-	(11,118)
. Others	4	4	(28)	(35)
Income tax and social contribution expense	(74,385)	(46,228)	(11,235)	(57,242)
Income tax and social contribution at the effective rate	17.8%	8.5%	14.6%	20.0%
Current income tax and social contribution	(141,081)	(113,123)	(20,666)	(681)
Deferred income tax and social contribution	66,696	66,895	9,431	(56,561)

(i) Following the enactment of Complementary Law 160/2017, which amended Law 12,973 / 2014, the Company began recording the credit granted by the State of Goiás as an investment subsidy, which resulted in an out of period IRPJ / CSLL credit for the period ended December 31, 2019.

20. Commitments

The Company assumes various commitments in the ordinary course of its business. These include:

Riparian forests and Legal Reserve areas

The Company's uncultivated lands include preserved native vegetation, which are in the process of regeneration or enrichment, intended to protect the biodiversity and ensure the sustainability of agricultural activities.

The Company is committed to respecting the best environmental practices and sustainable actions including its compliance with the Forest Code and other environmental legislation regarding Permanent Preservation Areas (PPA) and Legal Reserve (LR). All its properties are registered with the Rural Environmental Register (CAR) and conform to the Environmental Regularization Program (PRA), and awaits legal regulation for implementation.

Investments in Permanent Preservation Areas, Legal Reserve and other environmental regularization actions are recorded in property, plant and equipment.

Ethanol supply agreement

At the dates of the interim information, the Company has commitments to sell future harvests, sugar, ethanol and electricity.

Purchases of inputs

The Company regularly executes purchase agreements for the acquisition of agricultural inputs for its crops during the harvest. These transactions are generally carried out through purchases for future delivery.

21. Provision for contingencies

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are set up, reviewed and adjusted to reflect management's best estimate at the reporting dates.

21.1 Probable losses

The Company, under the advice of its legal counsel, determines the probability for losses from contingencies, and has recorded the following provisions (including indexation and interest accruals):



Notes to the quarterly information at December 31, 2019

All amounts in thousands of reais unless otherwise stated

	Parent company				
	Tax	environmental	Labor	TOTAL	Judicial deposits
At March 31, 2019	15,370	27,173	60,807	103,350	27,035
Additions	158	1,129	17,136	18,423	67,322
Reversals	(302)	(1,093)	(8,207)	(9,602)	-
Utilization	(217)	(749)	(15,236)	(16,202)	(8,182)
Indexation and interest accruals	(44)	785	3,728	4,469	838
At December 31, 2019	14,965	27,245	58,228	100,438	87,013

	Consolidated				
	Tax	Civil and environmental	Labor	TOTAL	Judicial deposits
At March 31, 2019	15,370	27,640	60,807	103,817	27,210
Additions	159	1,150	17,136	18,445	67,335
Reversals	(302)	(1,114)	(8,207)	(9,623)	-
Utilization	(218)	(770)	(15,237)	(16,225)	(8,182)
Indexation and interest accruals	(44)	814	3,729	4,499	838
At December 31, 2019	14,965	27,720	58,228	100,913	87,201

Judicial deposits include indexation and interest accruals and are recorded in non-current assets.

Details of the lawsuits for the probable loss contingencies are as follows:

Tax lawsuits:

Relate to: (i) tax payments challenged in court, with the respective amounts covered by escrow deposits in court; and (ii) success fees payable to defense counsel.

Civil and environmental lawsuits:

Relate to: (i) general indemnities; (ii) redress for damages caused by pre-harvest burnings of sugarcane fields; (iii) environmental issues and (iv) success fees payable to defense counsel.

Labor lawsuits:

Relate mainly to claims for: (i) overtime; (ii) commuting hours; (iii) indemnity for shift breaks; (iv) hazardous duty and health hazard premiums; (v) refund of payroll deductions including union dues; (vi) night shift premium; and (vii) employment relationship equivalence with claims for 13th month salary and vacation and 1/3 vacation bonus.

21.2 Possible losses

The Company is a party to litigations involving tax, environmental and civil matters. Management, under the advice of its legal counsel, determines the likelihood of losses from contingencies, and considers the following to represent possible losses:



Notes to the quarterly information at December 31, 2019

All amounts in thousands of reais unless otherwise stated

Nature	Parent company				Consolidated				
	December 31, 2019		March 31, 2019		December 31, 2019		March 31, 2019		
	Number of proceedings	Amount	Number of proceedings	Amount	Number of proceedings	Amount	Number of proceedings	Amount	
Environmental	91	9,069	59	8,485	91	9,069	59	8,485	
Civil									
Indemnities	43	27,378	40	25,811	43	27,378	40	25,811	
Review of contracts	12	2,426	11	7,385	13	2,446	12	7,404	
Other proceedings	16	179	21	160	18	223	21	160	
Labor	41	3,364	47	1,582	41	3,364	47	1,582	
Tax									
Social security contribution	(i)	16	225,270	16	215,618	16	225,270	16	215,618
Computation of IRPJ/CSLL	(ii)	5	289,680	5	277,268	5	289,680	5	277,268
Offset of federal taxes	(iii)	75	99,269	61	93,590	76	103,254	61	93,590
ICMS	(iv)	14	39,039	13	27,834	14	39,039	13	27,834
Other proceedings	(v)	17	1,474	15	2,456	20	1,474	15	2,456
TOTAL		330	697,148	288	660,189	337	701,197	289	660,208

Details of the nature of lawsuits are as follows:

Tax lawsuits:

- (i) Relate to the levy of the Social Security Contribution (INSS) on export revenue, under the allegation that the exports carried out through the intermediation of a cooperative are not included in the exemption established in article 149, paragraph 2, of the Federal Constitution.
- (ii) Relate to the exclusion from the income tax and social contribution calculation basis, expenses related to securitized financing, as well as expenses arising from the benefit of accelerated tax-incentive depreciation, as provided for in Article 325 of the Income Tax Regulations (RIR)/2018.
- (iii) Relate to requests to offset IRPJ, CSLL, PIS, COFINS, and other federal taxes as a result of overpayments and/or tax losses, and tax credits proportional to the export revenue, which have been rejected by the Brazilian Federal Revenue Service (RFB), and currently pending judgment of protest letters/voluntary appeals.
- (iv) Relate to alleged undue ICMS credit, based on the Control of ICMS Credit on Permanent Assets (CIAP).
- (v) Relate to disputes involving other tax matters, such as, tax delinquency notices on a fine arising from disallowed offset, Municipal Real Estate Tax (IPTU) collection claims, contribution to the National Service for Industrial Training (SENAI) and the fee payable to the National Department of Mineral Research (DNPM), among others.

Civil proceedings comprise lawsuits for damages, in general arising from (i) traffic accidents and (ii) review of contracts.

The environmental lawsuits relate to assessment notices from the Environmental Company of São Paulo State (CETESB) and/or for breach of environmental policy due to pre-harvest burnings of sugarcane fields, as well as annulment actions to cancel the fines.

Labor lawsuits mainly relate to notices of infraction drawn up by the Ministry of Labor and/or annulment actions to cancel these notices.

22. Risk management and derivative financial instruments

The Company is exposed to market risks, including foreign exchange risk, commodity price volatility risk, interest rate risk, credit risk and liquidity risk. Management believes that risk management is fundamental to: (i) monitor, on a continuous basis, the exposure levels relating to the sales volumes contracted; (ii) estimate the value of each risk, based on the established limits of foreign exchange exposure and sugar sales prices; and (iii) prepare future cash flow forecasts and define the approval authority levels for taking out financial instruments designed to protect product prices and hedge sales performance against foreign exchange, price and interest rate volatility.

Derivative financial instruments are contracted exclusively for the purpose of pricing and hedging the Company's exports of sugar, ethanol and other products against foreign exchange risk, price fluctuation, and interest rate variations. The Company does not enter into financial instruments for speculative purposes.

22.1 Market risk

a) Foreign exchange risk

Management's policy requires the companies manage their foreign exchange risk to reduce the adverse effects of a possible currency mismatch. Non-Derivable Forwards (NDF), and swap and options strategies are used to manage this risk. The risk management policy defines guidelines that establish the adequacy of protection for expected cash flows, mainly those related to export sales.

Assets and liabilities exposed to exchange variation

The table below summarizes the assets and liabilities denominated in foreign currency (U.S. dollars), recorded in the balance sheet at December 31, 2019:



Notes to the quarterly information at December 31, 2019

All amounts in thousands of reais unless otherwise stated

Consolidated	December 31, 2019	Equivalent to thousands of US\$
Current and non-current assets		
Cash and cash equivalents (banks - demand deposits)	16,948	4,205
Trade receivables	249,935	62,017
Derivative financial instruments	122,607	30,423
Total assets	389,490	96,645
Current and non-current liabilities		
Borrowings	1,493,129	370,439
Derivative financial instruments	92,259	22,889
Total liabilities	1,585,388	393,328
Subtotal assets (liabilities)	(1,195,898)	(296,683)
(-) Borrowings linked to exports - ACC and PPE	1,493,129	370,439
Net exposure - assets	297,231	73,756

These assets and liabilities were adjusted and recorded in this quarterly information at the exchange rate in effect on September 30, 2019: R\$ 4.0301 per US\$ 1.00 for assets and R\$ 4.0307 per US\$ 1.00 for liabilities.

b) Commodity price volatility risk

The Company is exposed to the risk of changes in commodity prices for sugar and ethanol. At December 31, 2019, the price for 373,794 metric tons of sugar was determined with commercial partners for delivery of the 2019/20 crop, priced at an average of 13.54 ¢/lb. (cents per pound weight), and for 512,852 metric tons with an average price of 13.65 ¢/lb. for the 2020/21 crop, including the Polarization premium.

c) Cash flow and fair value interest rate risk

The Company's practice is to enter into borrowings at floating rates. For borrowings in local currency, the risk of fluctuation in interest rates is mitigated naturally since all financial investments are linked to floating rates. For foreign currency, swaps may be contracted to mitigate possible interest-rate fluctuations (Libor).

d) Market risk sensitivity analysis

The following table provides a sensitivity analysis of the effects of changes in the relevant risk factors to which the Company is exposed. The analysis considers only instruments that are not designated for hedge accounting.



Notes to the quarterly information at December 31, 2019

All amounts in thousands of reais unless otherwise stated

Consolidated	Risk factor	Impacts on P/L		
		Probable scenario 5%	Possible scenario 25%	Possible scenario 50%
Cash and cash equivalents	Decrease in exchange rate - R\$/US\$	(850)	(4,250)	(8,499)
Trade receivables	Decrease in exchange rate - R\$/US\$	(7,411)	(37,057)	(74,115)
Borrowings	Increase in exchange rate - R\$/US\$	(285)	(1,423)	(2,847)
Derivative financial instruments				
Currency forward contracts	Increase in exchange rate - R\$/US\$	(71)	(355)	(710)
Swap contracts	Decrease in exchange rate - R\$/US\$ and increase in the yield curve	(129)	(322)	(644)
Net exposure		(8,746)	(43,407)	(86,815)

The interest yield curve sensitivity analysis considers the effects of an increase or decrease of 5bps, 25bps and 50bps (basis points) in the pricing curve of the derivative instrument. The exposure to rates relates exclusively to variations in the Interbank Deposit (DI) yield curve.

e) Financial instruments

The Company elected to use hedge accounting to record the following derivative financial instruments: a) derivatives of sugar, ethanol and foreign currency - US dollar; and b) foreign currency debts - US dollar - that cover sales of the 2018/2019 to 2024/2025 crops which were classified as cash flow hedge of highly probable expected transactions (future sales).

In order to apply hedge accounting, prospective and back-testing analyses were carried out to verify effectiveness; the results showed that the hedge-designated instruments qualify as highly effective hedges against the effects of price fluctuations on the value of future sales.

For the sugar hedges, the derivatives were designated as cash flow hedges against variations in future sales of sugar. These transactions are carried out on the New York - Intercontinental Exchange (ICE Futures US), with highly-rated financial institutions through over-the-counter contracts or directly with customers.

For foreign exchange hedges, derivative and non-derivative financial instruments were designated as cash flow hedges for future sales in foreign currency. These hedges are contracted through Non-Deliverable Forwards (NDFs), swap and option strategies and foreign currency borrowings from highly-rated financial institutions.

The balances of assets and liabilities related to transactions involving derivative financial instruments and the maturity dates were as follows:



Notes to the quarterly information at December 31, 2019

All amounts in thousands of reais unless otherwise stated

Parent company and Consolidated	December 31, 2019			
	Contracted amount/volume	Average price/rate	Notional value - R\$	Fair value - R\$
<u>In current assets - Gain</u>				
Margin deposit				56,628
Commodity futures contracts - Sugar #11 - Commodities Exchange				
. Sale commitment	75,340	13.88	92,924	2,838
. Purchase commitment	201,482	12.73	227,918	12,414
Commodity futures contracts - Ethanol				
. Sale commitment	22,200	1,867.98	41,469	19
. Purchase commitment	10,650	2,041.06	21,737	8.00
Commodity forward contracts - Sugar #11				
. Sale commitment	2,540	13.81	3,117	88
Currency forward contracts (NDF) - US dollar - OTC				
. Sale commitment	199,655	4.17	833,021	24,488
Commodity futures contracts - Sugar #11 - Commodities Exchange				
. Bidding position in put options	100,081	13.57	120,683	4,993
Flex option contracts - US dollar - OTC				
. Bidding position in put options	9,042	3.80	34,365	176
Interest rate swap contracts - OTC				4,799
Total derivative financial instruments in current assets				106,451
<u>In non-current assets - Gain</u>				
Commodity futures contracts - Sugar #11 - Commodities Exchange				
. Sale commitment	152	14.43	195	-
Currency forward contracts (NDF) - US dollar - OTC				
. Sale commitment	40,799	4.26	173,661	5,382
Commodity futures contracts - Sugar #11 - Commodities Exchange				
. Bidding position in put options	35,562	12.93	40,860	1,449
Interest rate swap contracts - OTC				9,325
Total derivative financial instruments in non-current assets				16,156

Consolidated	March 31, 2019			
	Contracted amount/volume	Average price/rate	Notional value - R\$	Fair value - R\$
<u>In current assets - Gain</u>				
Margin deposit				17,383
Commodity futures contracts - Sugar #11 - Commodities Exchange				
. Sale commitment	225,207	13.25	256,347	8,769
. Purchase commitment	21,439	12.08	22,249	877
Commodity forward contracts - Sugar #11				
. Sale commitment	58,423	13.08	65,648	1,591
Currency forward contracts (NDF) - US dollar - OTC				
. Sale commitment	51,615	4.25	219,168	13,514
. Purchase commitment	166	3.74	621	30
Commodity futures contracts - Sugar #11 - Commodities Exchange				
. Bidding position in put options	97,287	13.53	113,079	8,471
Flex option contracts - US dollar - OTC				
. Bidding position in call options	613	3.91	2,394	177
. Bidding position in put options	26,586	3.83	101,806	3,155
Total derivative financial instruments in current assets				53,967
<u>In non-current assets - Gain</u>				
Interest rate swap contracts - OTC				229
Total derivative financial instruments in non-current assets				229



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All amounts in thousands of reais unless otherwise stated

Parent company and Consolidated	December 31, 2019			
	Contracted amount/volume	Average price/rate	Notional value - R\$	Fair value - R\$
<u>In current liabilities - Loss</u>				
Commodity futures contracts - Sugar #11 - Commodities Exchange				
. Sale commitment	521,944	12.84	595,529	35,468
. Purchase commitment	127,209	13.48	152,378	711
Commodity forward contracts - Ethanol				
. Sale commitment	900	1,808.33	1,627	9
Commodity forward contracts - Sugar #11				
. Sale commitment	14,529	13.07	16,874	880
Currency forward contracts (NDF) - US dollar - OTC				
. Sale commitment	63,218	3.91	246,967	8,116
. Purchase commitment	1,413	4.29	6,064	274
Commodity futures contracts - Sugar #11 - Commodities Exchange				
. Short position in call options	100,081	14.79	131,533	1,291
Flex option contracts - US dollar - OTC				
. Short position in call options	9,042	3.90	35,238	1,581
Interest rate swap contracts - OTC				5,953
Total derivative financial instruments in current liabilities				54,283
<u>In non-current liabilities - Loss</u>				
Interest rate swap contracts - OTC				
Commodity futures contracts - Sugar #11 - Commodities Exchange				
. Sale commitment	76,559	13.70	93,203	4,618
Commodity futures contracts - Sugar #11				
. Sale commitment	1,016	13.68	1,235	62
Currency forward contracts (NDF) - US dollar - OTC				
. Sale commitment	2,599	4.00	10,401	289
Commodity futures contracts - Sugar #11 - Commodities Exchange				
. Short position in call options	35,562	14.89	47,054	2,691
Interest rate swap contracts - OTC				30,316
Total derivative financial instruments in non-current liabilities				37,976

Consolidated	March 31, 2019			
	Contracted amount/volume	Average price/rate	Notional value - R\$	Fair value - R\$
<u>In current liabilities - Loss</u>				
Commodity futures contracts - Sugar #11 - Commodities Exchange				
. Sale commitment	125,380	12.09	130,222	9,047
. Purchase commitment	1,575	12.82	1,735	29
Commodity forward contracts - Sugar #11				
. Sale commitment	2,032	13.79	2,407	2
Currency forward contracts (NDF) - US dollar - OTC				
. Sale commitment	131,240	3.84	504,290	15,511
Commodity futures contracts - Sugar #11 - Commodities Exchange				
. Short position in call options	97,287	14.83	123,944	3,693
Flex option contracts - US dollar - OTC				
. Short position in call options	27,198	3.97	107,843	5,335
Interest rate swap contracts - OTC				3,752
Total derivative financial instruments in current liabilities				37,369
<u>In non-current liabilities - Loss</u>				
Interest rate swap contracts - OTC				13,520
Total derivative financial instruments in non-current liabilities				13,520

Margin deposit balances relate to funds maintained in current accounts with brokers to cover the initial margins and variation established by the Commodities Exchange on which the contracts are signed, for the purpose of ensuring outstanding contracts and net remittances related to daily adjustments resulting from price fluctuations in the futures and options market.



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The potential results of futures, options and forward contracts relate to the cumulative positive (negative) effect of the fair value of derivative financial instruments, in the corresponding categories.

At December 31, 2019, financial instruments designated for hedge accounting are as follows:

Parent company and Consolidated	Assets	Liabilities	TOTAL in other comprehensive income
Financial instruments:			
Commodity derivatives - Futures, options and forward contracts	20,441	47,000	(26,559)
Foreign exchange derivatives - Options / NDF	28,599	8,562	20,037
Foreign exchange differences on borrowing agreements (Trade Finance)	-	190,925	(190,924)
	49,040	246,487	(197,446)
Deferred taxes on the items above	(16,674)	(83,806)	67,132
	32,366	162,681	(130,314)

f) Estimated realization

Effects on the Company's equity at December 31, 2019 and the estimated realization in profit or loss are as follows:

Parent company and Consolidated	19/20 crop season	20/21 and 21/22 crop seasons	22/23 and 23/24 crop seasons	24/25 to 25/26 crop seasons	TOTAL
Derivative financial instruments:					
Commodity derivatives - Futures, options and forward contracts	2,106	(28,665)	-	-	(26,559)
Foreign exchange derivatives - Options / NDF	2,680	17,357	-	-	20,037
Foreign exchange differences on borrowing agreements (Trade Finance)	(200)	(43,931)	(80,434)	(66,359)	(190,924)
	4,586	(55,239)	(80,434)	(66,359)	(197,446)
Deferred taxes on the items above	(1,559)	18,781	27,348	22,562	67,132
	3,027	(36,458)	(53,086)	(43,797)	(130,314)

22.2 Credit risk

Credit risk is managed by contracting only with highly-rated financial institutions, which meet the Group's risk assessment criteria. The Company exercises control, on a monthly basis, of its exposure in derivatives and financial investments, using concentration criteria, based on the rating of the financial institution.

With respect to customers' default risk, the credit risk associated with each individual customer is assessed annually, and whenever a new customer is included in the customer base, and an individual credit limit is established, based on the risk identified.

22.3 Liquidity risk

The Finance Department monitors rolling forecasts of the Company's liquidity requirements to ensure that it has sufficient cash to meet operating needs and short-term debt.



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Cash surpluses in local currency are invested in repurchase agreements backed by corporate bonds, Bank Deposit Certificates (CDB) and investment funds pegged to the CDI interest rate, highly liquid and traded in active markets.

Cash surpluses in foreign currency are invested with daily liquidity at fixed rates.

The table below classifies the financial liabilities into relevant maturity groupings, based on the remaining period from the balance sheet date to the contractual maturity date.

Parent company	Up to 1 year	From 2 to 3 years	More than 3 years	Total
At December 31, 2019				
Borrowings	668,002	1,389,406	3,069,031	5,126,439
Leases payable	60,537	196,088	368,301	624,926
Land partnership payable	217,528	730,905	623,611	1,572,044
Derivative financial instruments	54,283	37,976	-	92,259
Trade payables	86,355	-	-	86,355
Acquisition of ownership interest	12,849	24,273	1,705	38,827
Other liabilities	62,394	390	6,260	69,044
	1,161,948	2,379,038	4,068,908	7,609,894
At March 31, 2019				
Borrowings	754,999	1,202,101	2,495,500	4,452,600
Derivative financial instruments	37,369	13,520	-	50,889
Trade payables	155,492	-	-	155,492
Acquisition of ownership interest	11,715	23,240	3,650	38,605
Other liabilities	21,216	390	6,260	27,866
	980,791	1,239,251	2,505,410	4,725,452
Consolidated	Up to 1 year	From 2 to 3 years	More than 3 years	Total
At December 31, 2019				
Borrowings	668,002	1,389,406	3,069,031	5,126,439
Leases payable	60,537	196,088	368,301	624,926
Land partnership payable	217,528	730,905	623,611	1,572,044
Derivative financial instruments	54,283	37,976	-	92,259
Trade payables	78,397	-	-	78,397
Acquisition of ownership interest	12,849	24,273	1,705	38,827
Other liabilities	62,614	390	6,260	69,264
	1,154,210	2,379,038	4,068,908	7,602,156
At March 31, 2019				
Borrowings	754,999	1,202,101	2,495,500	4,452,600
Derivative financial instruments	37,369	13,520	-	50,889
Trade payables	152,713	-	-	152,713
Acquisition of ownership interest	11,715	23,240	3,650	38,605
Other liabilities	27,020	390	6,260	33,670
	983,816	1,239,251	2,505,410	4,728,477

22.4 Capital management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns to stockholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.



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In order to maintain or adjust its capital structure, the Company may take actions to meet these the objectives, as permitted by the Brazilian Corporation Law.

23. Classification and fair value of financial instruments

23.1 Classification

Financial assets and liabilities are classified as follows:

		Parent company	
	Classification	December 31, 2019	March 31, 2019
Financial assets			
Cash and cash equivalents	Amortized cost	17,212	197,170
Financial investments	Fair value through profit or loss	1,332,822	1,840,536
Trade receivables	Amortized cost	335,202	145,134
	Fair value through other		
Derivative financial instruments	comprehensive income	108,483	145,143
Derivative financial instruments	Fair value through profit or loss	14,124	54,196
Related parties	Amortized cost	5	9
Other assets, except prepayments	Amortized cost	212,412	18,268
		2,020,260	2,400,456
Financial liabilities			
Borrowings	Fair value through profit or loss	8,304	16,496
Borrowings	Amortized cost	4,296,551	4,436,104
	Fair value through other		
Derivative financial instruments	comprehensive income	55,990	33,617
Derivative financial instruments	Fair value through profit or loss	36,269	17,272
Trade payables	Amortized cost	86,355	155,492
Acquisition of ownership interests	Amortized cost	38,576	38,605
Other liabilities	Amortized cost	69,044	27,866
		4,591,089	4,725,452
		Consolidated	
	Classification	December 31, 2019	March 31, 2019
Financial assets			
Cash and cash equivalents	Amortized cost	18,094	197,607
Financial investments	Fair value through profit or loss	1,374,764	1,891,606
Trade receivables	Amortized cost	397,699	185,900
	Fair value through other		
Derivative financial instruments	comprehensive income	108,483	163,412
Derivative financial instruments	Fair value through profit or loss	14,124	54,196
Other assets, except prepayments	Amortized cost	212,444	19,183
		2,125,608	2,511,904
Financial liabilities			
Borrowings	Fair value through profit or loss	8,304	16,496
Borrowings	Amortized cost	4,296,551	4,436,104
	Fair value through other		
Derivative financial instruments	comprehensive income	55,990	33,617
Derivative financial instruments	Fair value through profit or loss	36,269	17,272
Trade payables	Amortized cost	78,397	152,713
Acquisition of ownership interests	Amortized cost	38,576	38,605
Other liabilities	Amortized cost	69,264	33,670
		4,583,351	4,728,477

The credit quality of financial assets that are neither past due nor impaired is assessed by reference to external credit ratings (if available) or to historical information on counterparty default rates. There is no history of significant default.



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24. Fair value

To measure and determine fair value, the Company uses various methods including market approaches, of income or cost, in order to estimate equivalent market prices for the asset or liability. Financial assets and liabilities carried at fair value are classified and disclosed within the following fair value hierarchy levels:

Level 1 - Quoted prices (unadjusted) in active, liquid and visible markets, for identical assets and liabilities that are readily available at the measurement date;

Level 2 - Quoted prices (which may be adjusted or not) for similar assets or liabilities in active markets; and

Level 3 - Assets and liabilities for which there is little, if any, market activity, or whose prices or valuation techniques are supported by inputs from a thin, nonexistent, or illiquid market (non-observable inputs).

For the period presented, there was no reclassification of assets and liabilities at fair value to or from level 1, 2 or 3.

Parent company	December 31, 2019			March 31, 2019		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Financial investments	-	1,332,822	-	-	1,840,536	-
Derivative financial instruments	21,721	100,886	-	18,117	36,079	-
Biological assets	-	-	657,952	-	-	657,057
	21,721	1,433,708	657,952	18,117	1,876,615	657,057
Liabilities						
Derivative financial instruments	44,850	47,409	-	12,769	38,120	-
Borrowings	-	8,304	-	-	16,496	-
	44,850	55,713	-	12,769	54,616	-

Consolidated	December 31, 2019			March 31, 2019		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Financial investments	-	1,374,764	-	-	1,891,606	-
Derivative financial instruments	21,721	100,886	-	18,117	36,079	-
Biological assets	-	-	657,952	-	-	657,057
	21,721	1,475,650	657,952	18,117	1,927,685	657,057
Liabilities						
Derivative financial instruments	44,850	47,409	-	12,769	38,120	-
Borrowings	-	8,304	-	-	16,496	-
	44,850	55,713	-	12,769	54,616	-

Futures and Options - ICE

The fair value of futures traded on the New York - Intercontinental Exchange (ICE Futures US) and on B3 - Brazil, Stock Exchange, OTC is calculated by the difference between the price of the derivative in the contract and the market closing price on the base date, obtained from quotations in the active market, and reconciled with creditor or debtor balances with the brokers. The fair value of options traded on the ICE is obtained from market quotations.

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Currency options

The fair value of currency options is obtained through the use of the Garman & Kohl Hagen model, which is based on public market data and characteristics thereof, specifically the price of the underlying asset, strike of options, volatility, yield curve, and the time remaining period until the maturity of the contracts.

Forward contracts

The fair values of forward contracts, both for foreign exchange and sugar, contracted in the over-the-counter market with leading banks, are calculated using discounted future cash flow methods, which are based on market data on the date of each contract, specifically the DI and DDI interest curves published by the Brazilian futures exchange, the PTAX 800 published by the Brazilian Central Bank and ICE sugar futures prices.

Other financial assets and financial liabilities

The carrying amounts of notes receivable, trade payables and notes payable less impairment provision, or adjustment to present value, where applicable, approximate their fair values.

25. Segment information (consolidated)

Management has classified the operating segments based on the reports used for strategic decisions, reviewed by the main decision-makers, namely: the Executive Board, the CEO and the Board of Directors.

The analyses are made by business segment based on the products sold:

- (i) Sugar;
- (ii) Ethanol;
- (iii) Electricity;
- (iv) Real estate developments; and
- (v) Other less relevant products and by-products.

The analyses of operating segment performance are based on the results of operations of each product, emphasizing profitability. The operating assets for these segments are all located in Brazil.



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Consolidated results by segment

December 31, 2019							
Consolidated	Sugar	Ethanol	Electricity	Real estate ventures	Other products	Not by segment	Total
Gross revenue							
Domestic market	93,642	1,334,560	225,922	21,239	67,564	-	1,742,927
Foreign market	662,842	379,364	-	-	-	-	1,042,206
Gain/loss on derivatives	26,624	(13,656)	-	-	-	-	12,968
Amortization of electricity supply contract	-	-	-	-	-	(6,574)	(6,574)
(-) Taxes, contributions, and deductions on sales	(5,789)	(207,161)	(18,644)	(1,768)	(10,577)	-	(243,939)
Net revenue	777,319	1,493,107	207,278	19,471	56,987	(6,574)	2,547,588
Cost of goods sold	(658,774)	(1,007,280)	(46,023)	(1,616)	(39,284)	-	(1,752,977)
Change in the market value of biological assets	-	-	-	-	-	(1,544)	(1,544)
Gross profit	118,545	485,827	161,255	17,855	17,703	(8,118)	793,067
Gross margin	15.25%	32.54%	77.80%	91.70%	31.06%	-	31.13%
Selling expenses	(54,257)	(35,705)	(8,215)	-	-	-	(98,177)
Other operating expenses, net	-	-	-	-	-	197,502	197,502
Operating profit	64,288	450,122	153,040	17,855	17,703	189,384	892,392
Operating margin	8.27%	30.15%	73.83%	91.70%	31.06%	-	35.03%
Other income and expenses not by segment	-	-	-	-	-	(396,027)	(396,027)
Profit for the period	-	-	-	-	-	-	496,365

December 31, 2018							
Consolidated	Sugar	Ethanol	Electricity	Real estate ventures	Other products	Not by segment	Total
Gross revenue							
Domestic market	106,299	1,385,860	215,281	3,771	51,339	-	1,762,550
Foreign market	583,575	85,197	-	-	-	-	668,772
Gain/loss on derivatives	45,684	659	-	-	-	-	46,343
Amortization of electricity supply contract	-	-	-	-	-	(8,153)	(8,153)
(-) Taxes, contributions, and deductions on sales	(6,675)	(198,251)	(17,791)	(1,048)	(9,076)	-	(232,841)
Net revenue	728,883	1,273,465	197,490	2,723	42,263	(8,153)	2,236,671
Cost of goods sold	(533,912)	(971,095)	(35,538)	(200)	(27,899)	-	(1,568,644)
Change in the market value of biological assets	-	-	-	-	-	(3,840)	(3,840)
Gross profit	194,971	302,370	161,952	2,523	14,364	(11,993)	664,187
Gross margin	26.75%	23.74%	82.01%	92.66%	33.99%	-	29.70%
Selling expenses	(45,563)	(12,624)	(7,583)	-	(801)	-	(66,571)
Other operating income, net	-	-	-	-	-	(134,815)	(134,815)
Operating profit	149,408	289,746	154,369	2,523	13,563	(146,808)	462,801
Operating margin	20.50%	22.75%	78.17%	92.66%	32.09%	-	20.69%
Other income and expenses not by segment	-	-	-	-	-	(234,366)	(234,366)
Profit for the period	-	-	-	-	-	-	228,435

Consolidated operating assets by segment

The main operating assets were segregated by segment based on the cost centers into which they are allocated and/or the apportionment criterion that takes into consideration the share of each product in relation to total production. This allocation could, therefore, vary from one period to another.

December 31, 2019						
	Sugar	Ethanol	Electricity	Real estate ventures	Not by segment	Total
Trade receivables	118,030	155,802	74,172	44,663	5,032	397,699
Inventories and advances to suppliers	421,239	653,156	-	8,319	8,380	1,091,094
Biological assets	335,550	322,402	-	-	-	657,952
Property, plant and equipment	2,160,149	3,139,779	144,670	-	3,403	5,448,001
Intangible assets	248,792	176,303	41,087	-	-	466,182
Right-of-use assets	565,599	830,520	-	-	-	1,396,119
Total assets allocated	3,849,359	5,277,962	259,929	52,982	16,815	9,457,047
Other unallocated assets	-	-	-	-	2,050,738	2,050,738
Total	3,849,359	5,277,962	259,929	52,982	2,067,553	11,507,785

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	March 31, 2019					
	Sugar	Ethanol	Electricity	Real estate ventures	Not by segment	Total
Trade receivables	40,482	72,055	36,354	31,221	5,788	185,900
Inventories and advances to suppliers	157,256	189,932	-	8,153	8,862	364,203
Biological assets	222,024	435,033	-	-	-	657,057
Property, plant and equipment	2,211,348	3,291,965	130,163	-	11,184	5,644,660
Intangible assets	249,864	177,587	51,048	-	-	478,499
Total assets allocated	2,880,974	4,166,572	217,565	39,374	25,834	7,330,319
Other unallocated assets	-	-	-	-	2,418,403	2,418,403
Total	2,880,974	4,166,572	217,565	39,374	2,444,237	9,748,722

Segment information for liabilities is not being disclosed, as the decision-makers analyze these on a consolidated basis.

26. Revenue

The Company recognizes revenue based on the consideration it expects to receive in exchange for its control over goods and services.

There are no estimated losses in relation to sales of sugar and ethanol and other derivative products, since all performance obligations are fulfilled at the time the final product is delivered, which is also the time revenue is recognized.

As to the real estate development segment, the Company adopts the provisions in the Application of Technical Interpretation 02 (OCPC 04), in accordance with CVM guidance, recognizing revenue on a percentage of completion (POC) basis. The year-to-date amount recognized was R\$ 1,055 (R\$ 2,725 at December 31, 2018).

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of business.

a) Sale of goods and rendering of services

The Company sells sugar, ethanol, electricity, and sugarcane bagasse, among other products. Sales are recognized when the products are delivered to the customer. In order for revenue to be recognized, the Company follows the conceptual framework of the standard practice, thus: identification of contracts with customers, identification of performance obligations under contracts, determination of the transaction price and transaction price allocation.

The Company renders services for planting, mechanization and logistics. These are priced according to the time incurred and the materials used, and are recognized when they are rendered.

At the reporting date, the Company had clients representing more than 10% of its net revenue. The Company's three largest customers of sugar sales account for approximately 24% of net revenue; while for the ethanol sold, the three largest customers account for 21%.

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All amounts in thousands of reais unless otherwise stated

b) Sale of plots of land and land subdivisions (real estate developments)

Sales revenue and cost of land for development are allocated in the income statement to the extent that the infrastructure work progresses, as directed by CVM.

In relation to installment sales of land with completed infrastructure projects, revenue is recognized when the sale is made, regardless of the receipt of the contractual amount, and is measured at the fair value of the consideration received and receivable. The amounts receivable are adjusted to present value.

	Parent company			
	December 31, 2019		December 31, 2018	
	Quarter	Year-to-date	Quarter	Year-to-date
Gross sales revenue				
Domestic market	696,918	1,623,210	631,251	1,662,572
Foreign market	393,342	1,042,206	244,700	668,772
Gain/loss on derivatives	16,978	12,968	32,634	46,343
	<u>1,107,238</u>	<u>2,678,384</u>	<u>908,585</u>	<u>2,377,687</u>
Taxes, contributions, and deductions on sales	(106,951)	(236,321)	(86,672)	(226,181)
	<u>1,000,287</u>	<u>2,442,063</u>	<u>821,913</u>	<u>2,151,506</u>

	Consolidated			
	December 31, 2019		December 31, 2018	
	Quarter	Year-to-date	Quarter	Year-to-date
Gross sales revenue				
Domestic market	728,359	1,742,927	652,152	1,762,550
Foreign market	393,342	1,042,206	244,700	668,772
Gain/loss on derivatives	16,978	12,968	32,633	46,343
	<u>1,138,679</u>	<u>2,798,101</u>	<u>929,485</u>	<u>2,477,665</u>
Amortization of electricity supply contract (i)	(564)	(6,574)	(808)	(8,153)
	<u>1,138,115</u>	<u>2,791,527</u>	<u>928,677</u>	<u>2,469,512</u>
Taxes, contributions, and deductions on sales	(108,921)	(243,939)	(87,899)	(232,841)
	<u>1,029,194</u>	<u>2,547,588</u>	<u>840,778</u>	<u>2,236,671</u>

(i) Amortization of the electricity supply contracts entered into with BIO SC.

27. Costs and expenses by nature

The reconciliation of expenses by nature is as follows:



Notes to the quarterly information at December 31, 2019

All amounts in thousands of reais unless otherwise stated

	Parent company				Consolidated			
	December 31, 2019		December 31, 2018		December 31, 2019		December 31, 2018	
	Quarter	Year-to-date	Quarter	Year-to-date	Quarter	Year-to-date	Quarter	Year-to-date
Raw materials and consumables	200,049	534,385	230,270	599,414	183,394	497,622	219,678	571,250
Personnel expenses	123,953	311,350	102,230	277,572	124,954	313,868	102,895	279,591
Depreciation and amortization (including biological assets harvested)	329,984	869,710	257,612	644,552	330,859	872,808	258,761	648,085
Third-party services	43,381	116,431	34,870	89,829	43,024	114,645	34,738	88,104
Maintenance parts and services	32,122	81,011	27,344	70,178	32,176	81,277	27,365	70,357
Litigation	2,980	6,885	1,288	6,837	2,964	6,886	1,284	6,833
Changes in the fair value of biological assets	1,122	1,544	3,504	3,916	1,122	1,544	3,428	3,840
Resale material	5,481	18,165	3,700	14,715	9,764	29,788	8,359	21,015
Cost of land sales	-	-	-	-	179	1,616	17	200
Other expenses	36,442	97,566	30,313	87,879	38,476	103,801	31,308	94,104
	775,514	2,037,047	691,131	1,794,892	766,912	2,023,855	687,833	1,783,379
<u>Classified as:</u>								
Cost of goods sold	674,926	1,776,071	624,715	1,592,149	663,480	1,754,521	619,815	1,572,484
Selling expenses	34,970	96,641	23,345	64,975	35,471	98,177	23,985	66,571
General and administrative expenses	65,618	164,335	43,071	137,768	67,961	171,157	44,033	144,324
	775,514	2,037,047	691,131	1,794,892	766,912	2,023,855	687,833	1,783,379

28. Other operating income (expenses), net

Included in other income (expenses) is R\$ 349,056 that relates to the indemnity received from Copersucar (Note 16(b)).

29. Finance income (costs)

	Parent company				Consolidated			
	December 31, 2019		December 31, 2018		December 31, 2019		December 31, 2018	
	Quarter	Year-to-date	Quarter	Year-to-date	Quarter	Year-to-date	Quarter	Year-to-date
Finance income								
Interest received and earned	14,148	83,167	18,426	64,964	15,672	88,319	20,335	71,306
PIS/COFINS on finance income	(711)	(3,704)	(959)	(3,415)	(745)	(3,760)	(946)	(3,489)
Other income	1,275	7,507	2,269	8,579	2,243	9,516	2,293	11,323
	14,712	86,970	19,736	70,128	17,170	94,075	21,682	79,140
Finance costs								
Adjustment to present value	(61,789)	(109,962)	(228)	(1,028)	(61,789)	(109,961)	(228)	(1,028)
Interest on borrowings	(56,287)	(190,585)	(62,837)	(189,482)	(56,287)	(190,585)	(63,037)	(190,114)
Interest paid	(7,332)	(20,796)	(9,146)	(20,515)	(7,350)	(20,814)	(9,164)	(20,535)
Bank guarantee commission	(216)	(622)	(508)	(2,043)	(216)	(622)	(508)	(2,043)
Payables to Copersucar	(1,935)	(5,296)	(2,461)	(7,660)	(1,935)	(5,296)	(2,461)	(7,660)
Other expenses	(5,851)	(10,149)	(3,068)	(15,610)	(5,855)	(10,180)	(3,078)	(15,656)
	(133,410)	(337,410)	(78,248)	(236,338)	(133,432)	(337,458)	(78,476)	(237,036)
Exchange and monetary variation, net								
Available funds	(1,706)	(2,286)	(6,916)	32,301	(1,706)	(2,286)	(6,916)	32,301
Trade receivables and payables	(5,054)	(3,833)	(510)	6,051	(5,054)	(3,833)	(510)	6,051
Borrowings	(74,711)	(80,549)	(877)	(2,901)	(74,711)	(80,549)	(876)	(2,901)
	(81,471)	(86,668)	(8,303)	35,451	(81,471)	(86,668)	(8,302)	35,451
Derivatives - not designated for hedge accounting								
Gain (loss) on sugar transactions	(2,430)	(3,672)	(456)	(2,294)	(2,430)	(3,672)	(456)	(2,294)
Gain (loss) on ethanol transactions	(4,354)	(4,146)	83	(182)	(4,354)	(4,146)	83	(182)
Gain (loss) on foreign exchange transactions	4,595	3,627	(14,176)	(43,450)	4,595	3,627	(14,176)	(43,450)
Gain/loss on swaps	3,243	(7,459)	4,716	(2,493)	3,243	(7,459)	4,716	(2,493)
Cost of stock exchange transactions	(242)	(743)	(53)	(189)	(242)	(743)	(53)	(189)
Foreign exchange variation, net	(2,477)	(620)	(44)	(153)	(2,477)	(620)	(44)	(153)
	(1,665)	(13,013)	(9,930)	(48,761)	(1,665)	(13,013)	(9,930)	(48,761)
Finance income (costs)	(201,834)	(350,121)	(76,745)	(179,520)	(199,398)	(343,064)	(75,026)	(171,206)

30. Earnings per share

	December 31, 2019		December 31, 2018	
	Quarter	Year-to-date	Quarter	Year-to-date
Profit for the period attributed to the owners of the parent	342,920	496,365	65,929	228,435
Weighted average number of common shares in the period - in thousands (i)	337,779	333,428	326,779	326,779
Basic and diluted earnings per share - R\$	1.0152	1.4887	0.2018	0.6991

31. Insurance coverage

The Company maintains a standard program of safety, training, and quality which, among other purposes, aims at reducing the risks of accidents. In addition,

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insurance policies are taken out at amounts considered sufficient to cover significant losses. The amounts covered by the insurance policies in effect at the reporting date are as follows:

Parent company and Consolidated	Maximum coverage (i)
Risks covered	
Loss of profits	3,691,545
Civil liability	3,149,312
Other coverage	2,762,748
Fire, lightning strike, and explosion of any nature	2,020,000
Electrical damage	1,931,479
Theft or robbery	226,283
Natural phenomena, impacts of air or ground vehicles, etc.	192,000

(i) Corresponds to the maximum coverage amount for the various assets and locations insured.

Coverage related to vehicles, mainly civil liability, is also included, except for material damages to the vehicle, which use as reference, on average, 100% of the Economic Research Institute (FIPE) table.

32. Acquisition and disposal of ownership interest – payables and receivables

The balance of net payables relate to the acquisition and disposal of ownership interest, as follows:

Parent company and Consolidated	Acquisition of ownership interest	Disposal of ownership interest	Net balance
	Santa Cruz	Agro Pecuária Boa Vista	
At March 31, 2019	(156,434)	117,829	(38,605)
Indexation and interest charges	(6,718)	5,060	(1,658)
Amortization of interest	6,836	(5,149)	1,687
At December 31, 2019	(156,316)	117,740	(38,576)
		Current liabilities	(11,686)
		Non-current liabilities	(26,890)
			(38,576)

The amounts accrue interest by reference to the Interbank Certificate Deposit (CDI) rate, paid on an annual basis, and maturing through 2025.

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