

Raízen Energia S.A.

Interim financial information
as at June 30, 2020.

(A free translation of the original report in Portuguese, containing individual and consolidated interim financial information prepared in accordance with CPC 21 (R1) – Interim Financial Reporting and IAS 34 – Interim Financial Reporting, issued by International Accounting Standards Board (IASB))

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

Independent auditor's review report on quarterly information

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

Introduction

We have reviewed the accompanying individual and consolidated interim financial information, contained in the Quarterly Information Form (ITR) of Raízen Energia S.A. (the "Company") for the quarter ended June 30, 2020, comprising the statement of financial position as at June 30, 2020 and the related statements of income, of comprehensive income (loss), of changes in equity and of cash flows for the three-month period then ended, including explanatory information.

Management is responsible for preparation of the individual and consolidated interim financial information in accordance with Accounting Pronouncement NBC TG 21 – Interim Financial Reporting, and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the fair presentation of this information in conformity with the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

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

Conclusion on the individual and consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the quarterly information referred to above is not prepared, in all material respects, in accordance with NBC TG 21 and IAS 34 applicable to the preparation of Quarterly Information (ITR), and presented consistently with the rules issued by the Brazilian Securities and Exchange Commission (CVM).



Other matters

Statements of value added

The above mentioned quarterly information includes the individual and consolidated statement of value added (SVA) for the three-month period ended June 30, 2020, prepared under the responsibility of Company management and, presented as supplementary information under IAS 34. These statements have been subject to review procedures performed together with the review of the quarterly information with the objective to conclude whether they are reconciled to the interim financial information and the accounting records, as applicable, and if its format and content are in accordance with the criteria set forth by NBC TG 09 - Statement of value added. Based on our review, nothing has come to our attention that causes us to believe that they were not prepared, in all material respects, consistently with the overall individual and consolidated interim financial information.

Corresponding figures

The audit of the individual and consolidated financial statements as at March 31, 2020 and the review of the individual and consolidated interim financial information for the quarter ended June 30, 2019, presented for comparison purposes, were conducted under the responsibility of other independent auditor, who issued an unmodified audit opinion and review report thereon, dated June 5, 2020 and August 12, 2020, respectively.

São Paulo, August 10, 2020.

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

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

RAÍZEN ENERGIA S.A.

Statements of financial position at June 30 and March 31, 2020

(In thousands of reais - R\$)

	Note	Individual		Consolidated	
		06.30.2020	03.31.2020	06.30.2020	03.31.2020
Assets					
Current assets					
Cash and cash equivalents	3	1,781,739	3,030,814	4,725,142	6,473,747
Restricted cash	4	141,348	103,833	241,568	180,186
Derivative financial instruments	26	1,734,553	2,766,327	3,101,869	4,406,076
Trade accounts receivable	5	196,097	280,251	1,041,650	1,166,380
Inventories	6	2,103,199	599,307	3,274,091	1,327,707
Biological assets	7	792,935	690,838	1,035,981	897,315
Recoverable income and social contribution taxes	17.a.1	250,355	183,411	268,852	195,503
Recoverable taxes	8	308,645	247,656	511,449	453,635
Other financial assets	9	296,599	280,966	296,599	314,273
Related parties	10	2,157,197	2,899,513	2,653,074	3,792,096
Dividends receivable		7,640	7,640	-	-
Other receivables		211,627	169,606	382,544	231,477
Total current assets		9,981,934	11,260,162	17,532,819	19,438,395
Noncurrent assets					
Derivative financial instruments	26	1,663,131	1,484,248	1,996,645	1,812,316
Other financial assets	9	99,205	97,853	294,248	258,768
Recoverable income and social contribution taxes	17.a.1	457,827	457,827	489,727	489,727
Recoverable taxes	8	228,192	226,202	331,550	303,195
Related parties	10	368,910	338,756	3,361,555	3,152,840
Deferred income and social contribution taxes	17.b	1,342,338	986,362	1,382,258	1,137,283
Judicial deposits	18	264,321	259,129	409,314	403,704
Other receivables		238,006	229,732	271,578	258,855
Investments	11	6,889,283	6,837,722	521,544	586,202
Property, Plant and Equipment (PPE)	12	6,350,533	6,527,442	10,603,943	10,837,504
Intangible assets	13	1,460,080	1,465,461	1,823,493	1,830,886
Right of use	15.a	3,702,128	3,769,256	4,363,427	4,390,329
Total noncurrent assets		23,063,954	22,679,990	25,849,282	25,461,609
Total assets		33,045,888	33,940,152	43,382,101	44,900,004

See accompanying notes.

RAÍZEN ENERGIA S.A.

Statements of financial position at June 30 and March 31, 2020

(In thousands of reais - R\$) -- Continued

	Note	Individual		Consolidated	
		06.30.2020	03.31.2020	06.30.2020	03.31.2020
Liabilities and equity					
Current liabilities					
Trade accounts payable	14	1,116,304	871,874	4,080,912	6,110,835
Lease liabilities	15.b	639,274	792,423	744,915	915,059
Loans and financing	16	3,957,829	3,087,599	4,503,560	3,597,675
Derivative financial instruments	26	1,310,639	2,704,909	2,531,790	4,036,490
Payroll and related charges payable		443,521	374,340	538,807	446,377
Income and social contribution taxes payable	17.a.2	-	-	41,109	53,389
Taxes payable		90,233	86,366	204,883	165,822
Dividends payable		3,017	3,017	22,516	22,516
Related parties	10	2,523,421	2,994,818	1,220,592	1,223,909
Advances from customers	5	54,537	190,002	1,181,366	210,349
Other obligations		399,466	1,028,884	427,855	1,089,715
Total current liabilities		10,538,241	12,134,232	15,498,305	17,872,136
Noncurrent liabilities					
Lease liabilities	15.b	2,477,078	2,312,109	3,053,528	2,822,603
Loans and financing	16	8,014,886	7,282,796	13,984,827	12,948,167
Derivative financial instruments	26	1,468,022	1,242,869	1,517,768	1,305,645
Taxes payable		170,818	170,080	180,302	179,541
Related parties	10	2,928,913	2,773,260	1,035,936	1,008,813
Provision for contingencies	18	423,107	391,112	547,916	512,055
Deferred income and social contribution taxes	17.b	-	-	426,368	507,814
Other obligations		156,414	151,944	159,633	155,053
Total noncurrent liabilities		15,639,238	14,324,170	20,906,278	19,439,691
Total liabilities		26,177,479	26,458,402	36,404,583	37,311,827
Equity					
Capital	20	6,512,609	6,512,609	6,512,609	6,512,609
Capital reserves		1,089,121	1,089,121	1,089,121	1,089,121
Equity adjustments		(1,029,224)	(519,411)	(1,029,224)	(519,411)
Income reserves		399,431	399,431	399,431	399,431
Accumulated losses		(103,528)	-	(103,528)	-
		6,868,409	7,481,750	6,868,409	7,481,750
Noncontrolling interests		-	-	109,109	106,427
Total equity		6,868,409	7,481,750	6,977,518	7,588,177
Total liabilities and equity		33,045,888	33,940,152	43,382,101	44,900,004

See accompanying notes.

RAÍZEN ENERGIA S.A.

Statements of profit or loss Three-month period ended June 30

(In thousands of reais - R\$, except for loss per share)

	Note	Individual		Consolidated	
		Apr-Jun/2020	Apr-Jun/2019	Apr-Jun/2020	Apr-Jun/2019
Net operating revenue	21	1,242,644	1,400,782	4,993,446	6,084,101
Costs of products sold and services rendered	23	(1,027,330)	(1,168,002)	(4,512,166)	(5,663,743)
Gross profit		215,314	232,780	481,280	420,358
Operating income (expenses)					
Selling	23	(157,981)	(140,263)	(167,875)	(172,210)
General and administrative	23	(108,288)	(108,263)	(155,330)	(143,692)
Other operating income (expenses), net	24	17,153	18,255	(26,840)	3,238
Equity pickup	11	14,182	70,777	(82,759)	(8,947)
		(234,934)	(159,494)	(432,804)	(321,611)
(Loss) income before finance income (costs) and income and social contribution taxes		(19,620)	73,286	48,476	98,747
Finance income (costs)					
Finance expenses	25	(403,553)	(380,177)	(461,585)	(441,937)
Finance revenues	25	38,419	56,331	90,917	122,309
Foreign exchange differences, net	25	(108,462)	25,129	(131,890)	27,267
Net effect of derivatives	25	308,419	37,586	325,616	50,421
		(165,177)	(261,131)	(176,942)	(241,940)
Loss before income and social contribution taxes		(184,797)	(187,845)	(128,466)	(143,193)
Income and social contribution taxes	17.a				
Current		-	-	(23,280)	(13,434)
Deferred		81,269	74,839	50,900	57,257
		81,269	74,839	27,620	43,823
Net loss for the period		(103,528)	(113,006)	(100,846)	(99,370)
Attributable to:					
Company's controlling interests		(103,528)	(113,006)	(103,528)	(113,006)
Company's noncontrolling interests		-	-	2,682	13,636
		(103,528)	(113,006)	(100,846)	(99,370)
Net loss per common share:					
Basic and diluted	20.d			(0.0145)	(0.0155)

See accompanying notes.

RAÍZEN ENERGIA S.A.

Statements of comprehensive income (loss) Three-month period ended June 30 (In thousands of reais - R\$, except for loss per share)

	Individual		Consolidated	
	Apr-Jun/2020	Apr-Jun/2019	Apr-Jun/2020	Apr-Jun/2019
Net loss for the period	(103,528)	(113,006)	(100,846)	(99,370)
Items that are or may be subsequently reclassified to to statements of income or loss				
Net income (loss) from derivative financial instruments designated as				
Hedge accounting (Note 26.e)	(807,964)	111,404	(807,964)	111,404
Foreign currency translation effects - CTA	23,444	7,650	23,444	7,650
Deferred taxes on adjustments (Note 17.b)	274,707	(37,878)	274,707	(37,878)
	(509,813)	81,176	(509,813)	81,176
Other components of comprehensive income (loss) for the period	(509,813)	81,176	(509,813)	81,176
Total comprehensive income for the period	(613,341)	(31,830)	(610,659)	(18,194)
Attributable to:				
Company's controlling interests			(613,341)	(31,830)
Company's noncontrolling interests			2,682	13,636
			(610,659)	(18,194)

See accompanying notes.

RAÍZEN ENERGIA S.A.

Statements of changes in equity Three-month period ended June 30 (In thousands of reais – R\$)

	Attributable to controlling interests										
	Capital reserves				Income reserves				Total	Noncontrolling interests	Total equity
	Capital	Capital reserve	Special goodwill reserve	Equity adjustments	Tax incentive reserve	Legal	Retained profits	Accumulated losses			
Balances at March 31, 2020	6,512,609	846,010	243,111	(519,411)	80,007	235,310	84,114	-	7,481,750	106,427	7,588,177
Comprehensive income (loss) for the period											
Loss for the period	-	-	-	-	-	-	-	(103,528)	(103,528)	2,682	(100,846)
Equity adjustments - Hedge accounting (Note 26.e)	-	-	-	(533,257)	-	-	-	-	(533,257)	-	(533,257)
Foreign currency translation effects - CTA	-	-	-	23,444	-	-	-	-	23,444	-	23,444
	-	-	-	(509,813)	-	-	-	(103,528)	(613,341)	2,682	(610,659)
Balances at June 30, 2020	6,512,609	846,010	243,111	(1,029,224)	80,007	235,310	84,114	(103,528)	6,868,409	109,109	6,977,518

	Attributable to controlling interests										
	Capital reserves				Income reserves				Total	Noncontrolling interests	Total equity
	Capital	Capital reserve	Special goodwill reserve	Equity adjustments	Tax incentive reserve	Legal	Retained profits	Accumulated losses			
Balances at March 31, 2019	6,511,193	846,010	243,111	(228,801)	407,906	226,519	296,825	-	8,302,763	35,263	8,338,026
Comprehensive income (loss) for the period											
Loss for the period	-	-	-	-	-	-	-	(113,006)	(113,006)	13,636	(99,370)
Equity adjustments - Hedge accounting	-	-	-	73,526	-	-	-	-	73,526	-	73,526
Foreign currency translation effects - CTA	-	-	-	7,650	-	-	-	-	7,650	-	7,650
	-	-	-	81,176	-	-	-	(113,006)	(31,830)	13,636	(18,194)
Distributions to the Company's interests											
Payment of dividends	-	-	-	-	-	-	(172,602)	-	(172,602)	-	(172,602)
Realization of reserves	-	-	-	-	(407,905)	-	-	-	(407,905)	-	(407,905)
	-	-	-	-	(407,905)	-	(172,602)	-	(580,507)	-	(580,507)
Balances at June 30, 2019	6,511,193	846,010	243,111	(147,625)	1	226,519	124,223	(113,006)	7,690,426	48,899	7,739,325

See accompanying notes.

RAÍZEN ENERGIA S.A.

Statements of cash flows - Indirect method Three-month period ended June 30 (In thousands of reais - R\$)

	Individual		Consolidated	
	Apr-Jun/2020	Apr-Jun/2019	Apr-Jun/2020	Apr-Jun/2019
Cash flow from operating activities				
Loss before income and social contribution taxes	(184,797)	(187,845)	(128,466)	(143,193)
Adjustments to:				
Depreciation and amortization (Note 23.a)	427,957	453,608	597,729	578,917
Net gain arising from changes in fair value and realized gain or loss on biological assets (Note 23.a)	(148,909)	(91,912)	(191,964)	(86,506)
Equity pickup in subsidiaries and associates (Note 11)	(14,182)	(70,777)	82,759	8,947
Interest, foreign exchange differences and monetary variations, net	334,406	201,198	312,018	222,414
Fair value of liability financial instruments (Note 25)	174,477	106,951	181,895	116,943
Net set up of provision for contingencies	13,703	32,238	18,787	43,996
Unrealized net gain on derivative transactions	(265,562)	(82,205)	(119,595)	(122,264)
Other	(54,538)	(39,589)	15,810	(37,671)
Changes in assets and liabilities				
Trade accounts receivable and advances from customers	(65,246)	14,360	1,040,039	187,409
Inventories	(916,816)	(441,473)	(1,283,563)	(875,310)
Restricted cash	(36,807)	31,754	(60,517)	36,604
Derivative financial instruments	(1,522,725)	(108,265)	(1,459,221)	(103,837)
Judicial deposits	(3,331)	(8,827)	(3,008)	(7,864)
Trade accounts payable and advances to suppliers	200,424	186,413	(2,191,942)	(351,640)
Taxes recoverable and payable	(122,070)	(77,266)	(108,010)	(132,073)
Related parties	(348,326)	(426,428)	1,237,980	365,694
Wages and salaries payable	69,181	76,102	92,429	90,410
Payments of contingencies (Note 18)	(10,603)	(6,677)	(14,988)	(9,829)
Other financial assets	(236)	(328)	(135)	7,304
Other assets and liabilities, net	55,713	(5,569)	(66,672)	(22,917)
Payment of income and social contribution taxes on net income	-	-	(41,481)	(19,110)
Net cash (used in) operating activities	(2,418,287)	(444,537)	(2,090,116)	(253,576)
Cash flow from investing activities				
Acquisitions of companies, net of acquired cash	-	(6,099)	-	(6,104)
Additions to investments	(15,244)	(9,667)	(15,244)	(9,667)
Additions to property, plant and equipment and intangible assets	(274,031)	(356,217)	(377,717)	(432,228)
Dividends received from subsidiaries	-	968	-	-
Cash from disposal of property, plant and equipment	6,080	2,944	6,841	3,020
Additions to biological assets	(166,302)	(166,640)	(196,294)	(187,844)
Receipt of interest on pre-export financing - intragroup	-	-	2,862	11,506
Net cash (used in) investing activities	(449,497)	(534,711)	(579,552)	(621,317)
Cash flow from financing activities				
Loans and financing taken out - third parties	1,340,450	-	1,360,870	7,227
Repayment of principal of loans and financing - third parties	(19,903)	(19,617)	(67,623)	(48,368)
Repayment of interest on loans and financing - third parties	(113,622)	(133,271)	(114,650)	(139,302)
Repayment of lease liabilities - third parties	(270,210)	(203,660)	(314,005)	(225,944)
Repayment of lease liabilities - related parties	(40,694)	(33,697)	(40,694)	(33,697)
Redemption of short-term investment subject to financing (restricted cash)	(27)	(92)	63	182
Payment of dividends	-	(580,507)	-	(580,507)
Repayment of interest on pre-export financing taken out - intragroup	-	(9,163)	-	-
Management of funds, net - intragroup	641,242	1,860,218	(63,543)	1,545,776
Net cash from financing activities	1,537,236	880,211	760,418	525,367
Decrease in cash and cash equivalents, net	(1,330,548)	(99,037)	(1,909,250)	(349,526)
Cash and cash equivalents at beginning of period	3,030,814	537,241	6,473,747	3,189,859
Foreign exchange effect on cash and cash equivalents	81,473	(3,888)	160,645	(35,995)
Cash and cash equivalents at end of period	1,781,739	434,316	4,725,142	2,804,338

Supplementary information on cash flow is stated in Note 29.

See accompanying notes.

RAÍZEN ENERGIA S.A.

Statement of value added Three-month period ended June 30 (In thousands of reais - R\$)

	Individual		Consolidated	
	Apr-Jun/2020	Apr-Jun/2019	Apr-Jun/2020	Apr-Jun/2019
Revenues				
Gross sales of products and services	1,352,835	1,515,713	5,293,288	6,414,949
Sales returns, discounts and rebates	(7,750)	(3,570)	(25,519)	(9,759)
Net reversal (set up) of allowance for estimated loss on doubtful accounts	170	(85)	178	215
Other operating income (expenses), net	10,589	18,255	(33,459)	3,238
	<u>1,355,844</u>	<u>1,530,313</u>	<u>5,234,488</u>	<u>6,408,643</u>
Inputs acquired from third parties				
Costs of products sold and services rendered	(690,082)	(689,084)	(4,023,064)	(5,031,654)
Materials, energy, third-party services and other	(178,158)	(175,813)	(187,171)	(203,412)
Net gain arising from changes in fair value and realized gain or loss on biological assets	148,909	91,912	191,964	86,506
Net reversal (set up) of provision for estimated loss on property, plant and equipment (Notes 11 and 12)	6,564	(202)	6,619	(69)
Net reversal (set up) of provision for estimated loss on inventory obsolescence	2,267	(1,800)	3,975	(1,486)
	<u>(710,500)</u>	<u>(774,987)</u>	<u>(4,007,677)</u>	<u>(5,150,115)</u>
Gross value added	645,344	755,326	1,226,811	1,258,528
Depreciation and amortization	(427,957)	(453,608)	(597,729)	(578,917)
Net value added produced	<u>217,387</u>	<u>301,718</u>	<u>629,082</u>	<u>679,611</u>
Value added received in transfer				
Equity pickup	14,182	70,777	(82,759)	(8,947)
Finance income	38,419	56,331	90,917	122,309
Foreign exchange gain	-	25,129	-	27,267
Gain on derivative transactions	308,419	37,586	325,616	50,421
	<u>361,020</u>	<u>189,823</u>	<u>333,774</u>	<u>191,050</u>
Value added to be distributed	<u>578,407</u>	<u>491,541</u>	<u>962,856</u>	<u>870,661</u>
Distribution of value added				
Personnel				
Direct compensation	92,196	124,820	155,909	189,269
Benefits	17,231	32,125	21,980	37,824
Unemployment Compensation Fund (FGTS)	5,658	13,030	7,311	15,069
	<u>115,085</u>	<u>169,975</u>	<u>185,200</u>	<u>242,162</u>
Taxes, charges and contributions				
Federal	53,328	56,371	169,649	201,171
Deferred taxes recoverable	(63,021)	(74,839)	(32,652)	(57,257)
State	47,333	52,354	130,252	133,406
Local	1,870	3,083	2,563	4,037
	<u>39,510</u>	<u>36,969</u>	<u>269,812</u>	<u>281,357</u>
Debt remuneration				
Financial expenses	403,553	380,177	461,585	441,937
Foreign exchange loss	108,462	-	131,890	-
Rents and leases	15,325	17,426	17,897	18,211
	<u>527,340</u>	<u>397,603</u>	<u>611,372</u>	<u>460,148</u>
Equity remuneration				
Retained losses	(103,528)	(113,006)	(100,846)	(99,370)
Noncontrolling interests in retained profits (losses)	-	-	(2,682)	(13,636)
	<u>(103,528)</u>	<u>(113,006)</u>	<u>(103,528)</u>	<u>(113,006)</u>
Value added distributed	<u>578,407</u>	<u>491,541</u>	<u>962,856</u>	<u>870,661</u>

See accompanying notes.

RAÍZEN ENERGIA S.A.

Notes to interim financial information

June 30, 2020

(In thousands of reais, unless otherwise stated)

1. Operations

Raízen Energia S.A. (“Company”, “Group”, “Raízen Energia” or “RESA”) is a publicly-held corporation registered with the Brazilian Securities and Exchange Commission (“CVM”) in Category B, with head office at Avenida Brigadeiro Faria Lima, 4.100, 11° floor, Part V, Itaim Bibi, in the city and state of São Paulo. The Company is an indirect jointly controlled subsidiary by Royal Dutch Shell (“Shell”) and Cosan Limited (“Cosan”) and was incorporated on June 1, 2011.

Raízen, when mentioned, corresponds to the establishment of a joint venture between Shell and Cosan, in the ethanol, sugar and power segment.

The Company and its subsidiaries are primarily engaged in the production, trading and sale of sugar, ethanol and pallets, including abroad through subsidiaries Raízen Trading LLP and Raízen International Universal Corporation, as well as in the co-generation of power produced from sugarcane bagasse at its 26 mills located in Brazil’s Center-Southern Region and trading business of electric power.

The planting of sugarcane requires a period from 12 to 18 months for maturation and the beginning of harvest usually occurs between April and May every year and ends between November and December, period when sugar and ethanol are produced. The sale of production takes place throughout the year and does not suffer changes due to seasonality, only changes in the regular market supply and demand. The Company’s fiscal year begins on April 1 and ends on March 31 every year due to its production cycle.

Covid-19

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

The financial impacts arising from Covid-19 are reflected in these financial statements. However, the extent to which the Covid-19 pandemic may still affect the Company’s operating income (loss), financial condition and cash flows will depend on future developments, which are highly uncertain and may not be predicted at the time of disclosure of this interim financial information.

Based on information available up to the issue date of this interim financial information, given the increase in prices, mainly for ethanol in Brazil and the measures for easing social isolation, no additional provisions were recorded for future losses as a result of Covid-19.

2. Presentation of interim financial information and significant accounting policies

2.1. Basis of preparation

This interim financial information was prepared in accordance with Accounting Pronouncement CPC 21 (R1) and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), and are presented in accordance with the rules issued by the Brazilian Securities and Exchange Commission (“CVM”) applicable to the preparation of Quarterly Information (ITR).

This interim financial information was prepared following the basis of preparation and accounting policies consistent with those adopted in preparing the financial statements at March 31, 2020 and should be read in conjunction with those financial statements. The explanatory note information that did not suffer material changes compared with December 31, 2020 is not fully disclosed in this quarterly information. Certain selected information has been included to explain significant events and transactions that have occurred to enable the understanding of changes in the Company’s financial position and financial performance since the publication of the financial statements at March 31, 2020.

The interim financial information is presented in Brazilian real, which is the Company’s functional currency. All balances were rounded to the nearest thousand, unless otherwise stated. The financial information of each subsidiary included in the Company’s consolidation, as well as that used as a basis for investments measured by the equity method, is prepared based on the functional currency of each entity.

In preparing this individual and consolidated interim financial information, management used judgments and estimates and adopt assumptions that affect the application of the Group’s accounting policies and the amounts reported referring to assets, liabilities, revenues and expenses. Actual results may differ from these estimates. These estimates and assumptions are reviewed on a continuous basis and have not undergone material changes in preparing this interim financial information in relation to the financial statements at March 31, 2020.

The interim financial information discloses all significant information of the interim financial information itself, and only such information, which is consistent with the information used to manage the Company’s operations.

The presentation of the individual and consolidated Statement of Value Added (SVA) is required by the Brazilian Corporation Law and by accounting practices adopted in Brazil applicable to publicly-held corporations; however, IFRS do not require presentation of this statement, which is considered supplementary information, without prejudice to the set of quarterly information.

The issue of the interim financial information was authorized by management on August 10, 2020.

RAÍZEN ENERGIA S.A.

Notes to interim financial information (Continued)

June 30, 2020

(In thousands of reais, unless otherwise stated)

2. Presentation of interim financial information and significant accounting policies (Continued)

2.2. Basis of consolidation

At June 30 and March 31, 2020, the consolidated financial information includes the quarterly information of RESA and its direct and indirect subsidiaries, which are listed below:

	06.30.2020		03.31.2020	
	Direct	Indirect	Direct	Indirect
Agrícola Ponte Alta Ltda. ("Agrícola Ponte Alta")	92.29%	7.71%	92.29%	7.71%
Benálcool Açúcar e Álcool Ltda. ("Benálcool")	100.00%	-	100.00%	-
Bioenergia Araraquara Ltda. ("Bio Araraquara")	-	100.00%	-	100.00%
Bioenergia Barra Ltda. ("Bio Barra")	99.99%	0.01%	99.99%	0.01%
Bioenergia Caarapó Ltda. ("Bio Caarapó")	-	100.00%	-	100.00%
Bioenergia Costa Pinto Ltda. ("Bio Costa Pinto")	-	100.00%	-	100.00%
Bioenergia Gasa Ltda. ("Bio Gasa")	-	100.00%	-	100.00%
Bioenergia Jataí Ltda. ("Bio Jataí")	-	100.00%	-	100.00%
Bioenergia Maracaí Ltda. ("Bio Maracaí")	-	100.00%	-	100.00%
Bioenergia Rafard Ltda. ("Bio Rafard")	-	100.00%	-	100.00%
Bioenergia Serra Ltda. ("Bio Serra")	-	100.00%	-	100.00%
Bioenergia Tarumã Ltda. ("Bio Tarumã")	-	100.00%	-	100.00%
Bioenergia Univalem Ltda. ("Bio Univalem")	-	100.00%	-	100.00%
Raízen Centroeste Açúcar e Álcool Ltda. ("Raízen Centroeste")	47.37%	52.63%	47.37%	52.63%
Raízen Araraquara Açúcar e Álcool Ltda. ("Raízen Araraquara")	99.99%	0.01%	99.99%	0.01%
Raízen Ásia PT Ltd. ("Raízen Ásia")	-	100.00%	-	100.00%
Raízen Biotecnologia S.A. ("Biotecnologia")	100.00%	-	100.00%	-
Raízen Caarapó Açúcar e Álcool Ltda. ("Raízen Caarapó")	31.48%	68.52%	31.48%	68.52%
Raízen Energy Finance Ltd. ("Raízen Energy Finance")	100.00%	-	100.00%	-
Raízen Fuels Finance S.A. ("Raizen Fuels")	100.00%	-	100.00%	-
Raízen International Universal Corp. ("RIUC")	100.00%	-	100.00%	-
Raízen North América, Inc. ("Raízen North América")	-	100.00%	-	100.00%
Raízen Paraguaçu Ltda. ("Raízen Paraguaçu")	100.00%	-	100.00%	-
Raízen Trading LLP ("Raízen Trading")	100.00%	-	100.00%	-
São Joaquim Arrendamentos Agrícolas Ltda. ("São Joaquim")	-	100.00%	-	100.00%
Unimodal Ltda. ("Unimodal")	53.17%	20.24%	53.17%	20.24%
Raízen-Geo Biogás S.A. ("Biogás")	85.00%	-	85.00%	-
Raízen Biogás SPE Ltda. ("Raízen Biogás SPE")	99.90%	0.10%	99.90%	0.10%
RWXE Participações S.A. ("RWXE")	-	70.00%	-	70.00%
WX Energy Comercializadora de Energia Ltda. ("WX Energy")	-	70.00%	-	70.00%
Raízen GD Ltda.	-	100.00%	-	100.00%
Raízen Biomassa S.A.	81.50%	-	81.50%	-
RZ Agrícola Caarapó Ltda	100.00%	-	100.00%	-
Raízen Trading Colombia S.A.S.	-	100.00%	-	-

RAÍZEN ENERGIA S.A.

Notes to interim financial information (Continued)

June 30, 2020

(In thousands of reais, unless otherwise stated)

2. Presentation of interim financial information and significant accounting policies

(Continued)

2.2. Basis of consolidation (Continued)

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

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

3. Cash and cash equivalents

Index	Average yield rate		Individual		Consolidated	
	06.30.2020	03.31.2020	06.30.2020	03.31.2020	06.30.2020	03.31.2020
Funds in bank and in cash			511,616	1,697,060	2,530,848	3,027,182
Foreign exchange contracts not yet closed			150,834	1,333,754	152,198	1,441,368
Investment funds	CDI	98.59%	97.27%	-	22,088	21,997
Bank Deposit Certificates ("CDB") and Repurchase agreements	CDI	98.79%	99.02%	11,169	-	911,888
Time Deposit (1)	Fixed rate	0.8%	-	1,108,120	-	1,108,120
			1,781,739	3,030,814	4,725,142	6,473,747
Domestic (local currency)			74,249	112,260	1,018,094	2,132,840
Abroad (foreign currency) (Note 26.d)			1,707,490	2,918,554	3,707,048	4,340,907
			1,781,739	3,030,814	4,725,142	6,473,747

(1) These refer to foreign short-term investments at investment grade banks, through bank deposit, with a fixed term and rate.

4. Restricted cash

Index	Average yield rate		Individual		Consolidated		
	06.30.2020	03.31.2020	06.30.2020	03.31.2020	06.30.2020	03.31.2020	
Short-term investment subject to financing	CDI	100.02%	100.02%	159	157	32,558	32,346
Short-term investment subject to derivative transactions (Note 26.g)	CDI	101.19%	101.34%	42,066	20,408	42,066	20,408
Margin in transactions with derivatives (Note 26.g)				99,123	83,268	166,944	127,432
				141,348	103,833	241,568	180,186
Domestic (local currency)				42,226	20,566	74,624	52,754
Abroad (foreign currency) (Note 26.d)				99,122	83,267	166,944	127,432
				141,348	103,833	241,568	180,186

RAÍZEN ENERGIA S.A.

Notes to interim financial information (Continued)

June 30, 2020

(In thousands of reais, unless otherwise stated)

5. Trade accounts receivable

	Individual		Consolidated	
	06.30.2020	03.31.2020	06.30.2020	03.31.2020
Domestic	182,492	183,105	577,242	534,389
Abroad (Note 26.d)	17,566	101,277	492,058	659,560
Allowance for expected credit losses	<u>(3,961)</u>	<u>(4,131)</u>	<u>(27,650)</u>	<u>(27,569)</u>
	<u>196,097</u>	<u>280,251</u>	<u>1,041,650</u>	<u>1,166,380</u>

The Company has no notes assigned as collateral. The maximum exposure to credit risk at the statement of financial position date is the book value of each class of accounts receivable.

The aging list of trade accounts receivable is broken down as follows:

	Individual		Consolidated	
	06.30.2020	03.31.2020	06.30.2020	03.31.2020
Falling due	188,915	267,975	849,625	1,098,906
Overdue:				
Within 30 days	3,802	11,580	59,952	38,626
From 31 to 90 days	2,743	554	82,636	18,448
From 91 to 180 days	622	446	41,195	6,263
Over 180 days	<u>3,976</u>	<u>3,827</u>	<u>35,892</u>	<u>31,706</u>
	<u>11,143</u>	<u>16,407</u>	<u>219,675</u>	<u>95,043</u>
	<u>200,058</u>	<u>284,382</u>	<u>1,069,300</u>	<u>1,193,949</u>

5. Trade accounts receivable (Continued)

Changes in allowance for expected credit losses are as follows:

	Individual	Consolidated
At March 31, 2020	<u>(4,131)</u>	<u>(27,569)</u>
Expected loss, net	170	178
Foreign exchange differences	<u>-</u>	<u>(259)</u>
At June 30, 2020	<u>(3,961)</u>	<u>(27,650)</u>

At June 30, 2020, the Company recorded the amounts of R\$54,537 and R\$1,181,366 in the Individual and Consolidated interim financial information, respectively (R\$190,002 and R\$210,349 in the Individual and Consolidated interim financial information, respectively at March 31, 2020) in current liabilities, under Advances from customers, which refer substantially to receipts from foreign customers for acquisition of sugar. When applicable, the balances of accounts receivable and advances from customers are presented net.

RAÍZEN ENERGIA S.A.

Notes to interim financial information (Continued)

June 30, 2020

(In thousands of reais, unless otherwise stated)

6. Inventories

	Individual		Consolidated	
	06.30.2020	03.31.2020	06.30.2020	03.31.2020
Finished products:				
Sugar	965,000	68,504	1,146,633	132,232
Ethanol	860,129	342,342	1,762,754	919,236
Work-in-process	20,858	-	30,369	-
Storeroom items and other	257,212	188,461	334,335	276,239
	<u>2,103,199</u>	<u>599,307</u>	<u>3,274,091</u>	<u>1,327,707</u>

At June 30, 2020, inventories are stated net of estimated loss with obsolescence and realization, and slow-moving or obsolete inventories, amounting to R\$20,095 and R\$26,176, in the Individual and Consolidated interim financial information, respectively (R\$22,362 and R\$30,151 in the Individual and Consolidated financial statements, respectively, at March 31, 2010). Changes in referred to losses are shown below and were recognized in the statement of profit or loss under Costs of products sold and services rendered:

Balance at March 31, 2020		<u>(22,362)</u>	<u>(30,151)</u>
Estimated loss		(4,292)	(4,889)
Reversal / realization		<u>6,559</u>	<u>8,864</u>
Balance at June 30, 2020		<u>(20,095)</u>	<u>(26,176)</u>

7. Biological assets

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

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

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

	Individual		Consolidated	
	06.30.2020	03.31.2020	06.30.2020	03.31.2020
Harvest estimated area (hectare)	382,814	383,375	467,711	436,663
Number of TRS per hectare	10.00	10.26	10.13	10.38
Projected average TRS price per kg (R\$/kg)	0.68	0.61	0.68	0.61

At June 30, 2020, cash flows were discounted at 5.26% (5.30% at March 31, 2020) which is the WACC (Weighted Average Cost of Capital) of the Company.

RAÍZEN ENERGIA S.A.

Notes to interim financial information (Continued)

June 30, 2020

(In thousands of reais, unless otherwise stated)

The Company periodically reviews assumptions used to calculate biological assets, adjusting them in case there are significant changes in relation to those previously projected.

Movement in biological assets (sugarcane) are as follows:

	<u>Individual</u>	<u>Consolidated</u>
Balance at March 31, 2020	<u>690,838</u>	<u>897,315</u>
Additions to sugarcane treatments	171,113	202,600
Absorption of harvested sugarcane costs	(217,628)	(254,882)
Change in fair value	134,418	193,673
Fair value realization	14,491	(1,709)
Other	<u>(297)</u>	<u>(1,016)</u>
Balance at June 30, 2020	<u>792,935</u>	<u>1,035,981</u>

8. Taxes recoverable

	<u>Individual</u>		<u>Consolidated</u>	
	<u>06.30.2020</u>	<u>03.31.2020</u>	<u>06.30.2020</u>	<u>03.31.2020</u>
Contribution Taxes on Gross Revenue for Social Integration Program (PIS) and for Social Security Financing (COFINS)	158,231	150,911	327,696	293,478
State VAT (ICMS)	277,846	212,307	389,678	321,797
Federal VAT ("IPI")	31,756	31,545	36,727	36,472
Tax Recovery Program (REFIS)	41,692	41,510	41,692	41,510
Other	<u>27,312</u>	<u>37,585</u>	<u>47,206</u>	<u>63,573</u>
	536,837	473,858	842,999	756,830
Current	<u>(308,645)</u>	<u>(247,656)</u>	<u>(511,449)</u>	<u>(453,635)</u>
Noncurrent	<u>228,192</u>	<u>226,202</u>	<u>331,550</u>	<u>303,195</u>

9. Other financial assets

	<u>Individual</u>		<u>Consolidated</u>	
	<u>06.30.2020</u>	<u>03.31.2020</u>	<u>06.30.2020</u>	<u>03.31.2020</u>
Credits from claims for damages - refundable	99,204	97,852	99,204	97,852
Credits from claims for damages - own	-	-	177,629	177,629
National Treasury Notes (CTN)	296,598	280,966	314,013	297,459
Other	<u>2</u>	<u>1</u>	<u>1</u>	<u>101</u>
	395,804	378,819	590,847	573,041
Current	<u>(296,599)</u>	<u>(280,966)</u>	<u>(296,599)</u>	<u>(314,273)</u>
Noncurrent	<u>99,205</u>	<u>97,853</u>	<u>294,248</u>	<u>258,768</u>

The characteristics of other financial assets are the same as those disclosed in the annual financial statements at March 31, 2020 (Note 9). There were no changes in the procedures for recognition, measurement and accounting records, as well as no significant changes in the credit risk of counterparties involved in the balances.

RAÍZEN ENERGIA S.A.

Notes to interim financial information (Continued)

June 30, 2020

(In thousands of reais, unless otherwise stated)

10. Related parties

a) Summary of balances with related parties

	Individual		Consolidated	
	06.30.2020	03.31.2020	06.30.2020	03.31.2020
Assets				
Assets classified by currency:				
Domestic (local currency)	2,257,646	3,123,195	1,465,670	1,780,411
Abroad (foreign currency) (Note 26.d)	268,461	115,074	4,548,959	5,164,525
	<u>2,526,107</u>	<u>3,238,269</u>	<u>6,014,629</u>	<u>6,944,936</u>
Asset management (1)				
Raízen Combustíveis S.A. and its subsidiaries	533,323	392,476	533,323	392,476
Raízen Biomassa S.A.	50,680	43,208	-	-
Raízen Biogás Ltda.	36,947	38,161	-	-
Raízen Caarapó Açúcar e Álcool Ltda.	83,577	-	-	-
Raízen Centroeste Açúcar e Álcool Ltda.	-	1,047,659	-	-
Bioenergia Barra Ltda.	386,826	405,006	-	-
Other	4,398	4,338	-	-
	<u>1,095,751</u>	<u>1,930,848</u>	<u>533,323</u>	<u>392,476</u>
Commercial and administrative operations (2)				
Raízen Combustíveis S.A. and its subsidiaries	52,866	165,692	1,623,322	2,998,452
Shell Trading US Company	-	-	23,020	1,972
Agroterenas S.A.	-	-	66,086	36,019
Cosan S.A.	16,229	15,796	16,229	15,796
RZ Agrícola Caarapó Ltda.	244	34,463	-	-
Raízen and Wilmar Sugar Pte. Ltd.	-	-	1,505	2,189
Comgás - Companhia de Gás de São Paulo	20,558	16,083	20,558	16,083
Philipinas Shell Petroleum Corp.	-	-	682	4,784
Shell Trading Rotterdam	-	-	-	14,745
Rumo Group	21,794	24,407	22,871	24,772
Raízen Trading LLP	82,949	42,961	-	-
Raízen Centroeste Açúcar e Álcool Ltda.	239,460	234,273	-	-
Raízen Araraquara Açúcar e Álcool Ltda.	146,064	89,467	-	-
Raízen International Universal Corporation	184,937	71,584	-	-
Raízen Paraguaçu Ltda.	31,059	18,137	-	-
Unimodal Ltda.	3,617	3,617	-	-
Other	38,962	40,893	50,602	20,985
	<u>838,739</u>	<u>757,373</u>	<u>1,824,875</u>	<u>3,135,797</u>
Financial operations (3)				
Raízen Combustíveis S.A. and its subsidiaries	-	-	2,994,370	2,795,958
	-	-	2,994,370	2,795,958
Framework operations (4)				
Cosan S.A. Indústria e Comércio	587,109	549,519	657,553	617,974
Nova América Agrícola Caarapó Ltda.	3,933	-	3,933	2,202
Shell Brazil Holding B.V	575	529	575	529
	<u>591,617</u>	<u>550,048</u>	<u>662,061</u>	<u>620,705</u>
	2,526,107	3,238,269	6,014,629	6,944,936
Current assets	<u>(2,157,197)</u>	<u>(2,899,513)</u>	<u>(2,653,074)</u>	<u>(3,792,096)</u>
Noncurrent assets	<u>368,910</u>	<u>338,756</u>	<u>3,361,555</u>	<u>3,152,840</u>

RAÍZEN ENERGIA S.A.

Notes to interim financial information (Continued)

June 30, 2020

(In thousands of reais, unless otherwise stated)

10. Related parties (Continued)

a) Summary of balances with related parties (Continued)

	Individual		Consolidated	
	06.30.2020	03.31.2020	06.30.2020	03.31.2020
Liabilities				
Liabilities classified by currency:				
Domestic (local currency)	3,417,501	3,873,233	2,055,331	1,876,643
Abroad (foreign currency) (Note 26.d)	2,034,837	1,894,845	201,197	356,079
	<u>5,452,338</u>	<u>5,768,078</u>	<u>2,256,528</u>	<u>2,232,722</u>
Asset management (1)				
Raízen Combustíveis S.A. and its subsidiaries	519,939	441,013	519,939	441,013
Bioenergia Barra Ltda. and its subsidiaries	343,579	296,017	-	-
Agrícola Ponte Alta Ltda.	53,227	126,314	-	-
Raízen Centroeste Açúcar e Álcool Ltda.	59,467	-	-	-
Raízen Paraguaçu Ltda.	171,079	481,541	-	-
WX Energy Comercializadora de Energia Ltda.	140,713	107,764	-	-
RWXE Participações S.A.	517	513	-	-
Raízen Araraquara Açúcar e Álcool Ltda.	209,784	252,250	-	-
Benálcool Açúcar e Álcool Ltda.	257	1,268	-	-
Raízen Caarapó Açúcar e Álcool Ltda.	207,459	186,111	-	-
	<u>1,706,021</u>	<u>1,892,791</u>	<u>519,939</u>	<u>441,013</u>
Commercial and administrative operations (2)				
Shell Trading US Company	-	-	201,197	356,079
Nova América Agrícola Ltda.	-	-	25,179	14,789
Propriedades Agrícola Radar and its subsidiaries	6,080	11,813	6,080	11,813
Bioenergia Barra Ltda. and its subsidiaries	3,880	7,708	-	-
Rumo Group	20,270	27,197	23,164	31,645
Raízen International Universal Corp.	3,291	2,166	-	-
Raízen Trading LLP	59,335	422,017	-	-
Agroterenas S.A.	-	-	66,566	34,217
Cosan S/A Indústria e Comércio	5,039	5,040	5,039	5,040
Raízen Paraguaçu Ltda.	2,000	12,825	-	-
Raízen Combustíveis S.A. and its subsidiaries	87,422	32,736	99,749	44,692
Raízen Centroeste Açúcar e Alcool Ltda.	224,326	223,443	-	-
Nova América S.A. Terras	-	-	688	622
Other	146,040	90,368	24,954	18,031
	<u>557,683</u>	<u>835,313</u>	<u>452,616</u>	<u>516,928</u>
Financial operations (3)				
Raízen Fuels Finance Limited	2,034,837	1,894,845	-	-
	<u>2,034,837</u>	<u>1,894,845</u>	<u>-</u>	<u>-</u>
Framework operations (4)				
Cosan S.A. Indústria e Comércio	401,619	398,905	533,710	530,472
Nova América Agrícola Ltda.	1,534	-	1,534	-
Agrícola Ponte Alta Ltda.	1,915	1,915	-	-
	<u>405,068</u>	<u>400,820</u>	<u>535,244</u>	<u>530,472</u>
Preferred shares (5)				
Cosan S.A.	3,745	3,745	3,745	3,745

RAÍZEN ENERGIA S.A.

Notes to interim financial information (Continued)

June 30, 2020

(In thousands of reais, unless otherwise stated)

10. Related parties (Continued)

a) Summary of balances with related parties (Continued)

	Individual		Consolidated	
	06.30.2020	03.31.2020	06.30.2020	03.31.2020
Lease liabilities (6)				
Radarm Propriedades Agrícolas S/A	150,340	146,736	150,340	146,736
Aguassanta Agrícola S/A	151,191	143,546	151,191	143,546
Nova Agrícola Ponte Alta S/A	109,911	108,040	109,911	108,040
Jatobá Prod Agr Ltda.	66,751	65,563	66,751	65,563
Nova Amaralina S/A Propriedades Agrícolas	56,696	55,805	56,696	55,805
Terrainvest Propriedades Agrícolas S/A	53,017	52,932	53,017	52,932
Seringueira Propriedades Agrícolas Ltda.	46,656	45,825	46,656	45,825
Aguapar Agrícola Ltda.	39,042	38,763	39,042	38,763
Agrobio Investimento e Participações S/A	24,673	26,307	24,673	26,307
Terras da Ponte Alta S/A	17,466	17,200	17,466	17,200
Proud Participações S/A	7,801	9,846	7,801	9,846
Bioinvestments Negócios e Participações S/A	6,779	8,522	6,779	8,522
Other	14,661	21,479	14,661	21,479
	744,984	740,564	744,984	740,564
	5,452,338	5,768,078	2,256,528	2,232,722
Current liabilities	(2,523,421)	(2,994,818)	(1,220,592)	(1,223,909)
Noncurrent liabilities	2,928,913	2,773,260	1,035,936	1,008,813

(1) Asset management

The amounts recorded in assets and liabilities refer to funds made available and received from companies, respectively, as a way of managing financial resources. Regarding these operations, in the three-month period ended June 30, 2020, the Company recorded net financial costs amounting to R\$7,082 and R\$1,622 (R\$55,076 and R\$40,587 in the year ended March 31, 2020) in the Individual and Consolidated interim financial information, respectively, due to cash management.

(2) Commercial and administrative operations

The amount recorded in assets refers to reimbursement of administrative expenses, transactions for the sale of goods, such as sugar, ethanol and other materials, as well as advances for acquisition of sugarcane and port lifting transactions. The amount recorded in liabilities refers to reimbursement of administrative expenses, rendering of services, advances from customers for export of sugar and purchase of products such as sugar, sugarcane, diesel oil and ethanol.

RAÍZEN ENERGIA S.A.

Notes to interim financial information (Continued)

June 30, 2020

(In thousands of reais, unless otherwise stated)

10. Related parties (Continued)

(3) Financial operations

At June 30 and March 31, 2020, the amount recorded in assets refers to pre-export financing agreements receivable from Raízen Combustíveis S.A., at an average effective annual interest rate of 4.28% (4.38% at March 31, 2020), as stated below:

Agreement	Currency	Principal in foreign currency	Maturity	Consolidated	
				06.30.2020	03.31.2020
Pre-export financing	Dollar (US\$)	350,000	01/20/2027	1,962,894	1,767,773
		350,000		1,962,894	1,767,773
Pre-export financing	Euro (€)	66,000	10/15/2021	415,043	413,826
Pre-export financing	Euro (€)	40,000	01/20/2022	247,042	243,357
Pre-export financing	Euro (€)	60,000	09/21/2022	369,391	371,002
		166,000		1,031,476	1,028,185
				2,994,370	2,795,958
				Current (56,217)	(36,534)
				Noncurrent 2,938,153	2,759,424

At June 30, 2020, the amount recorded in liabilities refers substantially to pre-export financing agreements due to Raízen Fuels, at an average effective annual interest rate of 3.20% (3.81% at March 31, 2020), as stated below:

Agreement	Currency	Principal in foreign currency	Maturity	Individual	
				06.30.2020	03.31.2020
Pre-export financing (1)	Dollar (US\$)	200,000	04/30/2024	1,095,699	1,099,825
Pre-export financing	Dollar (US\$)	25,000	01/20/2027	97,900	114,772
Pre-export financing (1)	Dollar (US\$)	125,000	01/20/2027	841,238	680,248
		350,000		2,034,837	1,894,845
				Current (20,337)	(9,301)
				Noncurrent 2,014,500	1,885,544

- (1) The Company designates certain pre-export financing agreement as liability measured at fair value through profit or loss. Accordingly, referred to agreement is increased by the fair value measurement in the amount of R\$82,801 (R\$65,999 at March 31, 2020), with a negative impact on income statement of R\$32,592 (negative impact of R\$48,112 in the three-month period ended June 30, 2019) - see Note 25.

(4) Framework operations

At June 30, 2020, the amounts recorded in assets and liabilities refer to tax credits, amounts spent or payable, fully reimbursable, resulting from establishment of Raízen and also acquisition of RZ Agrícola Caarapó Ltda.⁽¹⁾.

- (1) For addition information see Note 29.1.ii to the financial statements at March 31, 2020.

RAÍZEN ENERGIA S.A.

Notes to interim financial information (Continued)

June 30, 2020

(In thousands of reais, unless otherwise stated)

10. Related parties (Continued)

(5) Preferred shares

The balance of preferred shares payable, recorded in liabilities, refers to tax benefit amounts reimbursable to Cosan, when effectively used by the Company, determined by the balances of income and social contribution tax losses (“NOL”) and tax benefit on goodwill amortization (“GW”).

(6) Lease liabilities

At June 30 and March 31, 2020, the amount recorded in liabilities refers to lease agreements of transactions with related parties.

	Individual and Consolidated
Balance at March 31, 2020	<u>740,564</u>
Payment of principal	(40,694)
Restatement - interest	16,340
Remeasurement of agreements	<u>28,774</u>
Balance at June 30, 2020	744,984
Current	<u>(158,908)</u>
Noncurrent	<u>586,076</u>

RAÍZEN ENERGIA S.A.

Notes to interim financial information (Continued)

June 30, 2020

(In thousands of reais, unless otherwise stated)

10. Related parties (Continued)

b) Summary of transactions with related parties (3)

	Individual		Consolidated	
	Apr-Jun/2020	Apr-Jun/2019	Apr-Jun/2020	Apr-Jun/2019
Sales of products, net of returns				
Raízen Trading LLP	143,219	180,859	-	-
Raízen International Universal	140,727	255,677	-	-
Raízen Combustíveis S.A. and its subsidiaries	168,695	171,140	1,509,000	2,382,697
Raízen and Wilmar Sugar Pt	-	-	-	135,834
Shell Brasil Petróleo Ltda.	-	-	-	12,251
Shell Trading US Company	-	-	6,768	38,026
Shell International Petroleo	-	-	139,771	-
Raízen Paraguaçu Ltda.	15,130	34,183	-	-
Raízen Araraquara Açúcar e Álcool Ltda.	48,489	35,369	-	-
Other	6,849	10,176	335	6,077
	<u>523,110</u>	<u>687,404</u>	<u>1,655,875</u>	<u>2,574,885</u>
Purchase of goods and services				
Shell Trading US Company	-	-	(723,173)	(745,455)
Raízen Combustíveis S.A. and its subsidiaries	(138,890)	(192,478)	(155,225)	(214,305)
Raízen Trading LLP	(198,023)	(112,192)	-	-
Rumo Goup (i)	(43,195)	(51,040)	(53,114)	(59,518)
Agroterenas S.A.	-	-	(109,437)	(85,990)
Nova América Agrícola Ltda.	-	-	(43,832)	(36,164)
Nova América Agrícola Caarapó Ltda.	-	-	-	(37,455)
Nova América Terras Ltda.	-	-	(3,867)	-
Raízen Araraquara Açúcar e Álcool Ltda.	(43,900)	(49,798)	-	-
Raízen Paraguaçu Ltda.	(78,204)	(27,861)	-	-
Cosan Lubrificantes e Especialidades S.A.	(8,234)	(7,138)	(10,930)	(9,430)
CTC - Centro de Tecnologia Canavieira Ltda.	(492)	-	(492)	-
Shell Energy do Brasil Ltda.	-	-	-	(5,438)
Shell Brasil Petróleo	(5,289)	(3,916)	(6,232)	(4,475)
Agroterenas S.A. Terra	-	-	-	(2,995)
Other	(12,218)	(13,889)	(5,971)	(3,555)
	<u>(528,474)</u>	<u>(458,312)</u>	<u>(1,112,273)</u>	<u>(1,204,780)</u>
Reimbursement of shared expenses (1)				
Raízen Combustíveis S.A. and its subsidiaries	34,595	34,016	34,595	34,016
Rumo Group (i)	8,346	7,875	8,346	7,875
Companhia de Gás de São Paulo	9,026	7,199	9,026	7,199
Raízen Paraguaçu Ltda.	5,882	5,921	-	-
Bioenergia Barra Ltda. and its subsidiaries	2,627	2,484	-	-
Cosan Lubrificantes e Especialidades S.A.	1,883	1,776	1,883	1,776
Raízen Caarapó Açúcar e Álcool Ltda.	2,305	2,138	-	-
Other	6,917	6,043	2,373	1,995
	<u>71,584</u>	<u>67,452</u>	<u>56,223</u>	<u>52,861</u>

RAÍZEN ENERGIA S.A.

Notes to interim financial information (Continued)

June 30, 2020

(In thousands of reais, unless otherwise stated)

10. Related parties (Continued)

b) Summary of transactions with related parties (3) (Continued)

	Individual		Consolidated	
	Apr-Jun/2020	Apr-Jun/2019	Apr-Jun/2020	Apr-Jun/2019
Finance income (costs), net (2)				
Raízen Trading LLP and subsidiaries	(14,387)	(4,648)	-	-
Bioenergia Barra Ltda. and its subsidiaries	472	5,473	-	-
Agrícola Ponte Alta Ltda.	(846)	(1,247)	-	-
Raízen Internacional Universal	6,902	(144)	-	-
Tellus Group	(1,684)	(1,663)	(1,684)	(1,663)
Janus Group	(2,693)	(2,638)	(2,693)	(2,638)
Aguassanta Group (ii)	(3,798)	(3,864)	(3,798)	(3,864)
Radar Group (iii)	(8,119)	(8,291)	(8,119)	(8,291)
Raízen Araraquara Açúcar e Álcool Ltda.	(1,754)	(1,507)	-	-
Raízen Centroeste Açúcar e Álcool Ltda.	(831)	(2,917)	-	-
Raízen Combustíveis S.A. and its subsidiaries	(1,623)	(11,030)	199,641	(18,870)
Raízen Fuels Finance Limited	(109,886)	7,034	-	-
Other	(2,491)	(1,918)	(79)	1,474
	<u>(140,738)</u>	<u>(27,360)</u>	<u>183,268</u>	<u>(33,852)</u>

(i) “Rumo Group” refers to the railway and port operations represented by the following companies: Rumo S.A., Elevações Portuárias S.A., Logisport Armazéns Gerais S.A., Rumo Malha Sul S.A., Rumo Malha Oeste S.A., Rumo Malha Paulista S.A., Rumo Malha Norte S.A., ALL América Latina Logística Rail Management, Portofer Transporte Ferroviário Ltda. and Brado Logística S.A.

(ii) “Aguassanta Group” refers to land lease transactions for the planting of sugarcane with entities Aguassanta Agrícola Ltda., Aguassanta Participações S.A., Aguapar Agrícola Ltda., Palermo Agrícola S.A. and Vila Santa Empreendimentos Imobiliários Ltda.

(iii) “Radar Group” refers to land lease transactions for the planting of sugarcane, and the main companies of this Group are the following: Radar Propriedades Agrícolas S.A., Nova Agrícola Ponte Alta S.A., Nova Amaralina S.A., Terras da Ponte Alta, Nova Santa Barbara Agrícola S.A., Radar II Propriedades Agrícolas S.A., Vale da Ponte Alta S.A., Proud Participações S.A. and Bioinvestments Negócios S.A.

- (1) Expenses with by shared corporate, management and operating costs reimbursed by related parties
- (2) This substantially refer to charges generated between referred to companies as a way of managing financial resources, due to financial management of cash and pre-export financing agreement.
- (3) Transactions with related parties are entered into under reasonable and cumulative conditions, in line with those prevailing in the market or that the Company would take out with third parties.

RAÍZEN ENERGIA S.A.

Notes to interim financial information (Continued)

June 30, 2020

(In thousands of reais, unless otherwise stated)

10. Related parties (Continued)

c) Summary of balances reimbursable from/to shareholder Cosan

	Individual		Consolidated	
	06.30.2020	03.31.2020	06.30.2020	03.31.2020
Current assets				
Other receivables (i)	78,527	77,880	89,093	88,350
	<u>78,527</u>	<u>77,880</u>	<u>89,093</u>	<u>88,350</u>
Noncurrent assets				
Judicial deposits (Note 18)	112,500	111,796	227,468	226,372
Other financial liabilities (Note 9)	99,204	97,852	99,204	97,852
Other receivables (i)	111,388	111,377	117,945	117,898
	<u>323,092</u>	<u>321,025</u>	<u>444,617</u>	<u>442,122</u>
Total assets	<u>401,619</u>	<u>398,905</u>	<u>533,710</u>	<u>530,472</u>
Current liabilities				
Taxes payable	8,446	8,445	9,553	9,557
Other payables (ii)	213,587	204,887	244,848	234,189
	<u>222,033</u>	<u>213,332</u>	<u>254,401</u>	<u>243,746</u>
Noncurrent liabilities				
Taxes payable (ii)	170,267	169,530	179,666	178,897
Provision for contingencies (Note 18)	194,809	166,657	223,486	195,331
	<u>365,076</u>	<u>336,187</u>	<u>403,152</u>	<u>374,228</u>
Total liabilities	<u>587,109</u>	<u>549,519</u>	<u>657,553</u>	<u>617,974</u>

(i) These refer mainly to legal expenses receivable from the shareholder.

(ii) These refer mainly to tax credits to be reimbursed to the shareholder.

d) Officers and members of the Board of Directors

Fixed and variable compensation to key management personnel, including statutory officers and members of the Board of Directors, recognized in income statement for the period, is as follows:

	<u>Apr-Jun/2020</u>	<u>Apr-Jun/2019</u>
Regular compensation	(14,479)	(13,286)
Bonuses and other variable compensation	<u>(6,271)</u>	<u>(10,664)</u>
Total compensation	<u>(20,750)</u>	<u>(23,950)</u>

The Company shares the corporate, managerial and operational structures and costs with its related party Raízen Combustíveis S.A. ("RCSA"). Key management personnel and other administrative functions are mostly comprised of employees of the Company itself. Accordingly, at June 30, 2020, RCSA reimbursed the Company for all shared structure, including key management personnel and other employees, the amount of R\$12,933 (R\$11,771 in the three-month period ended June 30, 2019).

e) Other significant information involving related parties

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

RAÍZEN ENERGIA S.A.

Notas explicativas da Administração às informações contábeis intermediárias em 30 de junho de 2020

(Em milhares de Reais, exceto quando indicado de outra forma)

11. Investments

a) Individual

	Country	Business activity	Equity interest	Investments (1)		Equity pickup	
				06.30.2020	03.31.2020	Apr-Jun/2020	Apr-Jun/2019
<u>Book value</u>							
Agrícola Ponte Alta Ltda.	Brazil	Sale of ethanol	92.29%	1,004,576	1,005,060	(474)	18,557
Benálcool Açúcar e Álcool Ltda.	Brazil	Holding	100.00%	4,005	4,006	(1)	(38)
Centro de Tecnologia Canavieira S.A.	Brazil	R&D	19.04%	116,127	120,148	(3,952)	(1,380)
Raízen Caarapó Açúcar e Álcool Ltda.	Brazil	Sugar and ethanol mill	31.48%	249,500	247,677	1,843	2,169
Raízen Centroeste Açúcar e Álcool Ltda.	Brazil	Ethanol mill	47.37%	733,541	733,671	(110)	6,865
Logum Logística S.A.	Brazil	Logistics	30.00%	254,474	309,550	(68,275)	(9,005)
Raízen Araraquara Açúcar e Álcool Ltda. (3)	Brazil	Sugar and ethanol mill	99.99%	943,522	924,469	19,054	(18,212)
Raízen Fuels Finance S.A.	Luxembourg	Financing	100.00%	91,135	86,626	(116)	2,836
Raízen International Universal Corporation	British Virgin Islands	Sale of ethanol and sugar	100.00%	93,722	69,333	20,120	9,541
Raízen and Wilmar Sugar PTE Ltd.	Singapore	Trading of sugar	50.00%	50,585	47,924	184	2,888
Raízen Energy Finance Ltd.	Cayman Islands	Financing	100.00%	53,597	50,898	(2)	-
Raízen Paraguaçu Ltda. (3)	Brazil	Sugar and ethanol mill	100.00%	1,089,100	1,107,202	(18,103)	(1,181)
Bionergia Barra Ltda.	Brazil	Cogeneration of power	99.99%	1,148,734	1,071,860	76,874	59,317
Uniduto Logística S.A.	Brazil	Logistics	46.48%	39,444	47,550	(10,580)	(1,412)
Raízen-Geo Biogás S.A.	Brazil	Biogas plant	85.00%	19,156	19,926	(772)	(966)
Raízen Trading LLP	United Kingdom	Trading	100.00%	210,460	216,675	(13,969)	798
Raízen Biomassa S.A.	Brazil	Biomass	81.50%	(27,339)	(26,798)	(539)	-
RZ Agrícola Caarapó Ltda	Brazil	Sugar and ethanol mill	100.00%	380,607	367,608	13,000	-
Subtotal				6,454,946	6,403,385	14,182	70,777
<u>Goodwill on investment (4)</u>							
Benálcool Açúcar e Álcool Ltda.			100.00%	49,202	49,202	-	-
Raízen Araraquara Açúcar e Álcool Ltda.			99.99%	197,013	197,013	-	-
Raízen Tarumã Ltda.			100.00%	92,379	92,379	-	-
Uniduto Logística S.A.			46.48%	5,676	5,676	-	-
Centro de Tecnologia Canavieira S.A.			19.04%	45,514	45,514	-	-
Ryballa Participações Ltda.			100.00%	5,400	5,400	-	-
Raízen Biomassa S.A.			81.50%	39,153	39,153	-	-
Subtotal				434,337	434,337	-	-
Total investment				6,889,283	6,837,722	14,182	70,777
<u>Provision for capital deficiency in subsidiaries and associates (2)</u>							
Unimodal Ltda.	Brazil	Logistics	53.17%	(1,923)	(1,923)	-	-
Other	Brazil	-		(3)	(3)	-	-
Total provision for capital deficiency				(1,926)	(1,926)	-	-
						14,182	70,777

(1) Investments measured by the equity method; (2) Classified in noncurrent liabilities, under "Other obligations"; (3) At June 30, 2020, investment balances include an allocated portion of surplus values generated in the merger of Curupay and in the acquisition of Usina Zanin, in the amounts of R\$84,448 and R\$66,484 (negative) (of R\$87,371 and R\$66,196 (negative) at March 30, 2020), respectively. Amortization of surplus values of referred to allocations, classified in the Individual as equity pickup, totaled R\$2,923 and R\$287 (R\$1,699 and R\$675 at June 30, 2019), respectively; (4) Goodwill on acquisition of shares.

RAÍZEN ENERGIA S.A.

Notes to interim financial information (Continued)

June 30, 2020

(In thousands of reais, unless otherwise stated)

11. Investments (Continued)

(b) Consolidated

	Country	Business activity	Equity interest	Investments (1)		Equity pickup	
				06.30.2020	03.31.2020	Apr-Jun/2020	Apr-Jun/2019
<u>Book value</u>							
Centro de Tecnologia Canavieira S.A.	Brazil	R&D	19.58%	119,419	123,556	(4,088)	(1,418)
Logum Logística S.A.	Brazil	Logistics	30.00%	254,474	309,550	(68,275)	(9,005)
Uniduto Logística S.A.	Brazil	Logistics	46.48%	39,444	47,550	(10,580)	(1,412)
Raízen and Wilmar Sugar PTE Ltd	Singapore	Trading	50.00%	50,585	47,924	184	2,888
Subtotal				463,922	528,580	(82,759)	(8,947)
<u>Goodwill on investment (2)</u>							
In Uniduto Logística S.A.			46.48%	5,676	5,676	-	-
In Centro de Tecnologia Canavieira S.A.			19.58%	51,946	51,946	-	-
Subtotal				57,622	57,622	-	-
Total investment				521,544	586,202	(82,759)	(8,947)

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

Changes in investments in subsidiaries and associates:

	Individual	Consolidated
Balance at March 31, 2020	6,837,722	586,202
Equity pickup	14,182	(82,759)
Additions to investment (Note 11.d.i)	15,244	15,244
Foreign currency translation effects - CTA	22,135	2,857
Balance at June 30, 2020	6,889,283	521,544

c) Summarized financial information of associates, considering equity pickup adjustments, when applicable

- At June 30, 2020

	Logum Logística S.A. (1)/(2)	Uniduto Logística Ltda. (1)/(2)	Centro de Tecnologia Canavieira S.A. (2)/(4)	Iogen Energy Corporation (3)	Raízen and Wilmar Sugar PTE Ltd. (4)
Assets	2,554,724	84,857	796,865	44,816	133,105
Liabilities	(1,706,476)	(8)	(186,965)	(409,964)	(31,938)
Equity	848,248	84,849	609,900	(365,148)	101,167
Period ended June 30, 2020					
Net operating revenue	40,163	-	43,043	-	16,229
Net income (loss)	(227,584)	(22,762)	(16,177)	(879)	238
Period ended June 30, 2019					
Net operating revenue	33,608	-	31,911	-	20,411
Net income (loss)	(30,302)	(3,037)	3,917	(448)	5,730

RAÍZEN ENERGIA S.A.

Notes to interim financial information (Continued)

June 30, 2020

(In thousands of reais, unless otherwise stated)

11. Investments (Continued)

c) Summarized financial information of associates, considering equity pickup adjustments, when applicable

- At March 31, 2020

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

(1) The fiscal year of these investees ends at December 31.

(2) Significant influence over these companies has been defined, mainly, based on the Company's right to elect key management personnel and to decide on their significant strategic and operational matters.

(3) Jointly controlled entity in which the Company holds 50% interest in common shares, whose fiscal year ends at August 31. The Company did not set up a provision for estimated loss on equity pickup, since it has no legal or constructive obligations to make payments on account of that company.

(4) The fiscal year ends at March 31.

d) Transactions occurred up to June 30, 2020

i) Additions to investment

Capital increase in Logum Logística S.A. ("Logum")

In the three-month period ended June 30, 2020, capital increases were resolved, approved and subscribed totaling R\$44,000. The amounts subscribed by the Company in these transactions totaled R\$13,200, fully paid up through a checking account.

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

Capital increase in Uniduto Logística S.A. ("Uniduto")

In the three-month period ended June 30, 2020, capital increases were resolved, approved and subscribed totaling R\$4,400. The amounts subscribed by the Company in these transactions totaled R\$2,044, fully paid up through a checking account.

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

RAÍZEN ENERGIA S.A.

Notes to interim financial information (Continued)

June 30, 2020

(In thousands of reais, unless otherwise stated)

12. Property, Plant and Equipment (PPE)

a) Individual

	Land and rural properties	Buildings and improvements	Machinery, equipment and facilities	Aircraft, vessels and vehicles	Furniture, fixtures and IT equipment	Construction in progress	Frequently replaced parts and components	Sugarcane planting	Other	Total
Cost:										
At March 31, 2020	14,915	1,111,427	4,707,085	517,546	192,867	482,894	1,082,625	5,492,567	16,098	13,618,024
Additions	-	1,678	4,261	5	94	79,801	49,219	161,783	-	296,841
Write-offs	-	(19)	(34,562)	(18,652)	(17,301)	-	-	(296)	-	(70,830)
Transfers (1)	-	29,561	7,656	7,621	3,144	(55,750)	-	-	377	(7,391)
Estimated loss (2)	-	-	4,757	880	928	-	-	-	-	6,565
At June 30, 2020	<u>14,915</u>	<u>1,142,647</u>	<u>4,689,197</u>	<u>507,400</u>	<u>179,732</u>	<u>506,945</u>	<u>1,131,844</u>	<u>5,654,054</u>	<u>16,475</u>	<u>13,843,209</u>
Accumulated depreciation:										
At March 31, 2020	-	(315,011)	(1,964,544)	(269,948)	(130,018)	-	(543,491)	(3,854,767)	(12,803)	(7,090,582)
Depreciation expense for the period	-	(9,548)	(82,547)	(11,183)	(5,026)	-	(202,644)	(151,250)	(483)	(462,681)
Write-offs	-	18	29,177	14,830	16,562	-	-	-	-	60,587
Transfers (1)	-	-	4,528	(4,632)	104	-	-	-	-	-
At June 30, 2020	<u>-</u>	<u>(324,541)</u>	<u>(2,013,386)</u>	<u>(270,933)</u>	<u>(118,378)</u>	<u>-</u>	<u>(746,135)</u>	<u>(4,006,017)</u>	<u>(13,286)</u>	<u>(7,492,676)</u>
Net residual value:										
At June 30, 2020	14,915	818,106	2,675,811	236,467	61,354	506,945	385,709	1,648,037	3,189	6,350,533
At March 31, 2020	14,915	796,416	2,742,541	247,598	62,849	482,894	539,134	1,637,800	3,295	6,527,442

(1) This refers to the transfers between classes of property, plant and equipment and of intangible assets.

(2) This refers to net (set up) of provision for estimated loss on property, plant and equipment recognized in income statement for the period under "Other operating income (expenses), net" (Note 24).

RAÍZEN ENERGIA S.A.

Notes to interim financial information (Continued)

June 30, 2020

(In thousands of reais, unless otherwise stated)

12. Property, Plant and Equipment (PPE) - Continued

b) Consolidated

	Land and rural properties	Buildings and improvements	Machinery, equipment and facilities	Aircraft, vessels and vehicles	Furniture, fixtures and IT equipment	Construction in progress	Frequently replaced parts and components	Sugarcane planting	Other	Total
Cost:										
At March 31, 2020	42,586	1,888,798	9,303,284	622,710	236,024	795,220	1,383,798	6,555,294	30,064	20,857,778
Additions	-	2,053	7,371	7	90	131,502	74,377	191,400	-	406,800
Write-offs	-	(19)	(37,792)	(20,672)	(17,307)	-	-	(1,594)	-	(77,384)
Transfers (1)	-	9,388	(67,486)	(11,104)	(1,983)	(59,573)	-	-	658	(130,100)
Estimated loss (2)	-	-	4,796	895	928	-	-	-	-	6,619
Other	-	-	-	-	-	-	-	-	(518)	(518)
At June 30, 2020	<u>42,586</u>	<u>1,900,220</u>	<u>9,210,173</u>	<u>591,836</u>	<u>217,752</u>	<u>867,149</u>	<u>1,458,175</u>	<u>6,745,100</u>	<u>30,204</u>	<u>21,063,195</u>
Accumulated depreciation:										
At March 31, 2020	-	(501,375)	(3,841,188)	(310,765)	(155,938)	-	(692,423)	(4,496,617)	(21,968)	(10,020,274)
Depreciation expense for the period	-	(15,595)	(152,708)	(14,885)	(5,868)	-	(255,511)	(181,634)	(1,108)	(627,309)
Write-offs	-	17	32,112	16,903	16,568	-	-	-	-	65,600
Transfers (1)	-	19,195	76,395	23,915	3,226	-	-	-	-	122,731
At June 30, 2020	<u>-</u>	<u>(497,758)</u>	<u>(3,885,389)</u>	<u>(284,832)</u>	<u>(142,012)</u>	<u>-</u>	<u>(947,934)</u>	<u>(4,678,251)</u>	<u>(23,076)</u>	<u>(10,459,252)</u>
Net residual value:										
At June 30, 2020	42,586	1,402,462	5,324,784	307,004	75,740	867,149	510,241	2,066,849	7,128	10,603,943
At March 31, 2020	42,586	1,387,423	5,462,096	311,945	80,086	795,220	691,375	2,058,677	8,096	10,837,504

(1) This refers to the transfers between classes of property, plant and equipment and of intangible assets.

(2) This refers to net (set up) of provision for estimated loss on property, plant and equipment recognized in income statement for the period under "Other operating income (expenses), net" (Note 24).

RAÍZEN ENERGIA S.A.

Notes to interim financial information

June 30, 2020

(In thousands of reais, unless otherwise stated)

12. Property, Plant and Equipment (PPE) - Continued

Capitalization of borrowing costs

In the three-month period ended June 30, 2020, loan costs capitalized in the Individual and Consolidated interim financial information amounted to R\$5,442 and R\$7,648 (R\$7,059 and R\$8,051 at June 30, 2019), respectively. The annual weighted average rates of financial charges on debt, for the Individual and Consolidated interim financial information, used to capitalize interest on the balance of construction in progress, were 7.09% and 4.59% at June 30, 2020 (6.26% and 6.75% at June 30, 2019), respectively.

13. Intangible assets

a) Individual

	Software license	Goodwill	Sharecropping agreements	Sugarcane supply agreements	Technology	Total
Cost or valuation:						
At March 31, 2020	281,531	1,639,811	18,411	26,011	185,136	2,150,900
Additions	723	-	-	-	-	723
Transfers (1)	7,391	-	-	-	-	7,391
At June 30, 2020	289,645	1,639,811	18,411	26,011	185,136	2,159,014
Accumulated amortization:						
At March 31, 2020	(187,942)	(368,026)	(17,857)	(20,769)	(90,845)	(685,439)
Amortization expense for the period	(7,900)	-	(133)	(834)	(4,628)	(13,495)
At June 30, 2020	(195,842)	(368,026)	(17,990)	(21,603)	(95,473)	(698,934)
Net residual value:						
At June 30, 2020	93,803	1,271,785	421	4,408	89,663	1,460,080
At March 31, 2020	93,589	1,271,785	554	5,242	94,291	1,465,461

(1) This refers to the transfers between classes of property, plant and equipment and of intangible assets.

b) Consolidated

	Software license	Goodwill	Sharecropping agreements	Sugarcane supply agreements	Contractual relations with customers	Right of use - public concessions	Technology	Other	Total
Cost or valuation:									
At March 31, 2020	303,233	1,978,730	18,411	181,516	16,196	12,541	185,136	29,183	2,724,946
Additions	757	-	-	-	-	-	-	-	757
Transfers (1)	7,369	-	-	-	-	-	-	-	7,369
Other	-	-	-	-	-	-	-	658	658
At June 30, 2020	311,359	1,978,730	18,411	181,516	16,196	12,541	185,136	29,841	2,733,730
Accumulated amortization:									
At March 31, 2020	(208,786)	(431,380)	(17,856)	(109,679)	(1,767)	(12,541)	(90,845)	(21,206)	(894,060)
Depreciation expense for the period	(7,981)	-	(133)	(2,993)	(442)	-	(4,628)	-	(16,177)
At June 30, 2020	(216,767)	(431,380)	(17,989)	(112,672)	(2,209)	(12,541)	(95,473)	(21,206)	(910,237)
Net residual value:									
At June 30, 2020	94,592	1,547,350	422	68,844	13,987	-	89,663	8,635	1,823,493
At March 31, 2020	94,447	1,547,350	555	71,837	14,429	-	94,291	7,977	1,830,886

(1) This refers to the transfers between classes of property, plant and equipment and of intangible assets.

RAÍZEN ENERGIA S.A.

Notes to interim financial information

June 30, 2020

(In thousands of reais, unless otherwise stated)

14. Trade accounts payable

	Individual		Consolidated	
	06.30.2020	03.31.2020	06.30.2020	03.31.2020
Material and services	368,527	477,673	1,322,590	2,442,055
Sugarcane	644,387	253,428	755,621	304,492
Trade accounts payable - agreement	103,390	140,773	2,002,701	3,364,288
	<u>1,116,304</u>	<u>871,874</u>	<u>4,080,912</u>	<u>6,110,835</u>
Domestic (local currency)	1,111,491	871,430	1,707,778	1,334,107
Abroad (foreign currency) (Note 26.d)	4,813	444	2,373,134	4,776,728
	<u>1,116,304</u>	<u>871,874</u>	<u>4,080,912</u>	<u>6,110,835</u>

The characteristics of trade accounts payable are the same as those disclosed in the annual financial statements at March 31, 2020 (Note 14). There were no changes in the procedures for recognition, measurement and accounting records, as well as no significant changes in the credit risk of counterparties involved in the balances.

15. Leases

15.a. Right of use

At June 30 and March 31, 2020, rights of use are presented by the following underlying assets:

a) Consolidated

	Land	Properties	Vehicles	Machinery and equipment	Manufacturing facilities	Total
Cost or valuation:						
At March 31, 2020	<u>4,147,034</u>	<u>51,718</u>	<u>198,758</u>	<u>107,308</u>	<u>89,358</u>	<u>4,594,176</u>
Additions of new agreements - non-cash effect	60,761	1,133	-	82,016	-	143,910
Write-off of agreements - non-cash effect	(17,780)	(33)	-	-	-	(17,813)
Remeasurement of agreements - non-cash effect (1)	147,420	1,457	(260)	1,650	-	150,267
At June 30, 2020	<u>4,337,435</u>	<u>54,275</u>	<u>198,498</u>	<u>190,974</u>	<u>89,358</u>	<u>4,870,540</u>
Amortization:						
At March 31, 2020	<u>(714,763)</u>	<u>(12,199)</u>	<u>(51,678)</u>	<u>(40,449)</u>	<u>(5,831)</u>	<u>(824,920)</u>
Additions - with impact on income statement	(310,985)	(3,155)	(14,181)	(13,676)	(1,495)	(343,492)
At June 30, 2020	<u>(1,025,748)</u>	<u>(15,354)</u>	<u>(65,859)</u>	<u>(54,125)</u>	<u>(7,326)</u>	<u>(1,168,412)</u>
Net residual value:						
At June 30, 2020	<u>3,311,687</u>	<u>38,921</u>	<u>132,639</u>	<u>136,849</u>	<u>82,032</u>	<u>3,702,128</u>
At March 31, 2020	<u>3,432,271</u>	<u>39,519</u>	<u>147,080</u>	<u>66,859</u>	<u>83,527</u>	<u>3,769,256</u>

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

RAÍZEN ENERGIA S.A.

Notes to interim financial information

June 30, 2020

(In thousands of reais, unless otherwise stated)

15. Leases (Continued)

b) Consolidated

	Land	Properties	Vehicles	Machinery and equipment	Manufacturing facilities	Total
Cost or valuation:						
At March 31, 2020	<u>4,824,341</u>	<u>63,364</u>	<u>214,943</u>	<u>121,754</u>	<u>89,359</u>	<u>5,313,761</u>
Additions of new agreements - non-cash effect	89,339	6,333	249	103,918	-	199,839
Write-off of agreements - non-cash effect	(19,048)	(33)	-	-	-	(19,081)
Remeasurement of agreements - non-cash effect (1)	<u>174,764</u>	<u>1,457</u>	<u>(203)</u>	<u>1,650</u>	<u>-</u>	<u>177,668</u>
At June 30, 2020	<u><u>5,069,396</u></u>	<u><u>71,121</u></u>	<u><u>214,989</u></u>	<u><u>227,322</u></u>	<u><u>89,359</u></u>	<u><u>5,672,187</u></u>
Amortization:						
At March 31, 2020	<u>(803,747)</u>	<u>(17,982)</u>	<u>(54,003)</u>	<u>(41,869)</u>	<u>(5,831)</u>	<u>(923,432)</u>
Additions - with impact on income statement	<u>(345,063)</u>	<u>(6,423)</u>	<u>(15,613)</u>	<u>(16,733)</u>	<u>(1,496)</u>	<u>(385,328)</u>
At June 30, 2020	<u><u>(1,148,810)</u></u>	<u><u>(24,405)</u></u>	<u><u>(69,616)</u></u>	<u><u>(58,602)</u></u>	<u><u>(7,327)</u></u>	<u><u>(1,308,760)</u></u>
Net residual value:						
At June 30, 2020	<u>3,920,586</u>	<u>46,716</u>	<u>145,373</u>	<u>168,720</u>	<u>82,032</u>	<u>4,363,427</u>
At March 31, 2020	<u>4,020,594</u>	<u>45,382</u>	<u>160,940</u>	<u>79,885</u>	<u>83,528</u>	<u>4,390,329</u>

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

15.b. Lease liabilities

Changes in lease liabilities for the three-month period ended June 30, 2020 are as follows:

	<u>Individual</u>	<u>Consolidated</u>
Balance at March 31, 2020	<u>3,104,532</u>	<u>3,737,662</u>
Additions of new agreements	143,935	199,785
Write-off of agreements	(18,413)	(19,725)
Payments	(270,210)	(314,005)
Restatement	64,550	75,185
Remeasurement of agreements (1)	121,469	148,868
Transfers	<u>(29,511)</u>	<u>(29,327)</u>
Balance at June 30, 2020	<u>3,116,352</u>	<u>3,798,443</u>
Current	<u>(639,274)</u>	<u>(744,915)</u>
Noncurrent	<u><u>2,477,078</u></u>	<u><u>3,053,528</u></u>

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

The weighted average incremental borrowing rate applied to lease liabilities at June 30, 2020 was 8.30% per year.

RAÍZEN ENERGIA S.A.

Notes to interim financial information

June 30, 2020

(In thousands of reais, unless otherwise stated)

15. Leases (Continued)

15.b. Lease liabilities (Continued)

At June 30, 2020, the aging list of lease liabilities of third parties and related parties (Note 10.a.6) in the Consolidated financial information, is as follows:

Years	Present value	Future amount
1 to 12 months	903,823	1,216,681
13 to 24 months	723,671	1,072,255
25 to 36 months	703,195	917,429
37 to 48 months	562,068	725,291
49 to 60 months	411,974	535,402
61 to 72 months	317,849	411,068
73 to 84 months	255,054	323,827
85 to 96 months	178,607	228,868
97 to 120 months	131,725	168,404
From 121 months onwards	355,461	458,629
Gross total	4,543,427	6,057,854
Potential right of PIS and COFINS recoverable (1)	(420,267)	(560,351)
Total, net	4,123,160	5,497,503

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

RAÍZEN ENERGIA S.A.

Notes to interim financial information

June 30, 2020

(In thousands of reais, unless otherwise stated)

16. Loans and financing

Type	Final maturity	Index/rate	Financial charges		Individual		Consolidated	
			Average annual effective interest rate (2)		06.30.2020	03.31.2020	06.30.2020	03.31.2020
			06.30.2020	03.31.2020	06.30.2020	03.31.2020	06.30.2020	03.31.2020
Debt classification per currency:								
Denominated in Brazilian Real (R\$)					9,099,949	7,739,706	10,239,514	8,875,466
Denominated in US Dollar and Euro (Nota 26.d)					2,936,434	2,660,510	8,315,446	7,703,519
					<u>12,036,383</u>	<u>10,400,216</u>	<u>18,554,960</u>	<u>16,578,985</u>
Debt type (1):								
BNDES	March/24	URTJLP	5.93%	6.19%	5,964	8,540	6,928	9,572
BNDES	December/30	Fixed Rate	3.58%	3.59%	202,159	216,933	350,671	383,931
BNDES	April/24	UMBND	6.67%	6.68%	11,096	11,539	35,770	36,539
BNDES	December/38	IPCA	6.06%	7.36%	65,039	65,143	144,646	128,956
Advances on Exchange Contracts (ACC)	April/21	Fixed Rate – US\$	1.89%	1.71%	1,069,215	880,423	1,069,215	880,423
Debentures	June/30	IPCA + interest	6.01%	7.06%	1,342,072	1,115,357	1,342,072	1,115,357
Working capital	August/20	CDI	2.59%	4.41%	-	-	33,755	33,457
Working capital	July/20	FED	0.83%	0.83%	-	-	21,995	16,644
Pre-export Financing	August/25	US Dollar (US\$) + Libor	1.93%	3.19%	1,867,219	1,780,087	2,140,082	2,062,651
Term Loan Agreement	April/24	US Dollar (US\$) + Libor	1.36%	2.95%	-	-	1,102,423	1,051,522
Rural Financial Product Note (CPF-R)	November/29	CDI	2.74%	4.35%	2,013,340	2,017,442	2,013,340	2,017,442
Senior Notes Due 2027 ("Senior 2027")	January/27	US Dollar (US\$)	5.30%	5.30%	-	-	2,893,668	2,681,081
Resolution 2471 (PESA)	April/23	IGP-M	9.17%	7.53%	315,037	305,470	339,370	328,965
PESA	October/25	Fixed Rate	3.00%	3.00%	46	46	46	46
Credit notes	October/20	CDI	2.30%	3.91%	83,739	84,941	83,739	84,941
Finame/Leasing	January/25	Fixed Rate	6.76%	6.64%	36,668	37,464	55,778	57,571
Finame/Leasing	March/21	URTJLP	8.14%	8.29%	33	45	33	45
Finep	November/22	Fixed Rate	5.00%	5.00%	-	-	79,991	88,278
Loan 4131	December/20	Fixed Rate – US\$	4.34%	4.34%	-	-	57,221	54,778
Agribusiness Receivables Certificate ("CRA")	July/29	CDI	2.10%	3.57%	1,957,450	1,985,954	2,420,510	2,439,894
CRA	July/30	IPCA + interest	6.48%	7.29%	3,067,306	1,890,832	3,332,865	2,150,473
Schuldschein	October/21	Fixed Rate - EUR	2.88%	2.88%	-	-	414,431	382,920
Schuldschein	September/22	Euribor	1.85%	1.79%	-	-	616,411	573,499
					<u>12,036,383</u>	<u>10,400,216</u>	<u>18,554,960</u>	<u>16,578,985</u>
Expenses with placement of securities:								
BNDES					(1,261)	(1,357)	(1,732)	(2,135)
CRA					(44,896)	(15,590)	(44,895)	(15,590)
Debentures					(5,142)	(180)	(5,142)	(180)
Pre-export Financing					-	-	(144)	(142)
Finep					-	-	(139)	(199)
Finem					(264)	(268)	(385)	(397)
CPR-F					(12,105)	(12,426)	(12,105)	(12,426)
Senior Notes Due 2027					-	-	(2,031)	(2,074)
					<u>(63,668)</u>	<u>(29,821)</u>	<u>(66,573)</u>	<u>(33,143)</u>
					<u>11,972,715</u>	<u>10,370,395</u>	<u>18,488,387</u>	<u>16,545,842</u>
Current					<u>(3,957,829)</u>	<u>(3,087,599)</u>	<u>(4,503,560)</u>	<u>(3,597,675)</u>
Noncurrent					<u>8,014,886</u>	<u>7,282,796</u>	<u>13,984,827</u>	<u>12,948,167</u>

(1) Loans and financing are generally guaranteed by promissory notes from the Company. In certain cases, they also have collaterals from their subsidiaries, from Raízen Combustíveis S.A., in addition to security interest, such as: i) credit rights arising from energy trading contracts (BNDES); ii) CTN (Note 9) and land mortgage (PESA); iii) property, plant and equipment (Note 12); and, iv) fiduciary sale of financed assets (Finame).

(2) Financing and loans' interest payments are classified as financing activities on cash flow.

RAÍZEN ENERGIA S.A.

Notes to interim financial information

June 30, 2020

(In thousands of reais, unless otherwise stated)

16. Loans and financing (Continued)

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

	06.30.2020	
	Individual	Consolidate
13 to 24 months	141,652	1,344,418
25 to 36 months	792,799	1,515,424
37 to 48 months	601,424	1,734,309
49 to 60 months	1,098,003	1,105,563
61 to 72 months	1,089,050	1,095,737
73 to 84 months	603,965	3,439,942
85 to 96 months	1,200,179	1,207,142
From 97 months	2,487,814	2,542,292
	<u>8,014,886</u>	<u>13,984,827</u>

a) Debentures

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

	Index/rate	Principal	Receipt Date	Maturity
5 th	IPCA	169,518	15/06/2020	15/06/2030

b) CRA

Taken out in	Issuer	Issue	Serie	Maturity	Principal
Jun-20	True Securitizadora SA	8°	2 ^a	Jun-27	352,426
Jun-20	True Securitizadora SA	8°	2 ^a	Jun-30	728,056

Covenants

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

Revolving Credit Facility

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

Beneficiary	Institution	Amount (US\$)	Maturity
Raízen Fuels	Syndicate of banks	300,000	April/2024

RAÍZEN ENERGIA S.A.

Notes to interim financial information

June 30, 2020

(In thousands of reais, unless otherwise stated)

16. Loans and financing (Continued)

Fair value

As of June 30 and March 31, 2020, the book value and fair value through profit or loss of the loans are as follows:

Type	Amount raised, as adjusted		Fair Value (3)		Individual Finance income (costs) (2)	
	06.30.2020	03.31.2020	06.30.2020	03.31.2020	06.30.2020	06.30.2019
	Pre-export Financing	1,508,332	1,500,272	1,511,246	1,508,521	5,335
CRA	1,854,663	1,851,022	1,982,759	1,883,536	(95,582)	(47,218)
Debentures	931,339	930,273	946,119	893,415	(51,638)	-
	4,294,334	4,281,567	4,440,124	4,285,472	(141,885)	(58,839)

Type	Amount raised, as adjusted		Fair Value (3)		Consolidated Finance income (costs) (2)	
	06.30.2020	03.31.2020	06.30.2020	03.31.2020	06.30.2020	06.30.2019
	Senior Notes Dues 2027 (1)	841,238	826,464	932,411	881,408	(36,229)
Pre-export Financing	1,782,385	1,775,400	1,784,109	1,785,136	8,012	(12,663)
CRA	2,096,194	2,098,507	2,248,023	2,143,520	(106,814)	(56,167)
Term Loan Agreement	1,095,699	1,088,770	1,102,426	1,099,825	4,328	(39,215)
Debentures	931,339	930,273	946,119	893,415	(51,638)	-
Loan 4131	57,276	56,666	57,045	56,883	446	-
	6,804,131	6,776,080	7,070,133	6,860,187	(181,895)	(116,943)

(1) The fair value of Senior 2027 is based on the price quote on the secondary market. At June 30, 2020, the face value is 105.48% (94.99% at March 31, 2020).

(2) Refers to the impact of fair value on finance income (costs), as presented in Note 25.

(3) Referred to debts are increased by a fair value assessment in the amount of R\$ 145,790 and R\$ 266,002 (R\$ 3,905 and R\$ 84,107 at March 31, 2020), at the Individual (Individual) and Consolidated, respectively.

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

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June 30, 2020

(In thousands of reais, unless otherwise stated)

17. Income and social contribution taxes

a) Reconciliation of income (expense) and social contribution taxes credit:

	Individual		Consolidated	
	Apr-Jun/2020	Apr-Jun/2019	Apr-Jun/2020	Apr-Jun/2019
Loss before income and social contribution taxes	(184,797)	(187,845)	(128,466)	(143,193)
Income and social contribution taxes at nominal rate (34%)	62,831	63,867	43,678	48,685
Adjustments to calculate the effective rate:				
Rate difference between deemed profit and taxable profit taxation regimes (i)	-	-	9,692	6,363
Investment grant – ICMS	-	-	530	1,469
Brazilian Special Regime for Reinstatement of Taxes (Reintegra)	472	313	522	316
Taxation on a worldwide basis (“TBU”) related to investments abroad	14,443	(9,044)	1,832	(4,481)
Exchange rate difference on investee abroad	-	(3,446)	-	(3,446)
Breakages and inventory difference	(139)	(663)	(527)	(1,302)
Equity pickup	4,821	24,064	(28,138)	(3,042)
Other	(1,159)	(252)	31	(739)
(Current and deferred) income and social contribution tax revenue	<u>81,269</u>	<u>74,839</u>	<u>27,620</u>	<u>43,823</u>
Effective rate	43.98%	39.84%	21.50%	30.60%

- i. The companies engaged in energy cogeneration calculated the IRPJ and CSLL taxes under the Deemed Profit Taxation regime, whereby profit is computed as a percentage of the company’s gross revenue, as determined by the legislation, generating a difference in relation to the IRPJ and CSLL nominal rate.

a.1) Income and social contribution taxes recoverable

	Individual		Consolidated	
	06.30.2020	03.31.2020	06.30.2020	03.31.2020
Corporate income tax (“IRPJ”)	580,335	520,196	625,109	558,732
Social contribution tax on net profit (“CSLL”)	127,847	121,042	133,470	126,498
	708,182	641,238	758,579	685,230
Current	(250,355)	(183,411)	(268,852)	(195,503)
Noncurrent	457,827	457,827	489,727	489,727

a.2) Income and social contribution taxes payable

	Consolidated	
	06.30.2020	03.31.2020
IRPJ	35,651	44,144
CSLL	5,458	9,245
	41,109	53,389

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June 30, 2020

(In thousands of reais, unless otherwise stated)

17. Income and social contribution taxes (Continued)

b) Deferred income and social contribution tax assets and liabilities:

b.1) Individual

	06.30.2020			03.31.2020
	Base	IRPJ 25%	CSLL 9%	Total
<u>Noncurrent assets (liabilities)</u>				
Tax losses				
Tax losses	3,685,192	921,298	-	921,298
CSLL tax loss	3,512,367	-	316,113	316,113
Temporary differences:				
Provisions for contingencies	719,685	179,921	64,772	244,693
Exchange differences - cash basis	1,750,544	437,636	157,549	595,185
Estimated loss for realization of assets	138,906	34,727	12,502	47,228
Compensation and benefits to employees	240,956	60,240	21,687	81,925
Lease liabilities	244,700	61,175	22,023	83,198
Miscellaneous provisions and other temporary differences	446,785	111,696	40,211	151,907
Total deferred tax assets		1,806,693	634,857	2,441,547
Biological assets	(192,671)	(48,167)	(17,340)	(65,508)
Cost of capitalized loans	(140,094)	(35,024)	(12,608)	(47,632)
Capital gain	(339,632)	(84,908)	(30,567)	(115,475)
Unrealized income (loss) from derivatives	(760,150)	(190,038)	(68,414)	(258,451)
Review of useful lives of PP&E	(989,574)	(247,395)	(89,062)	(336,455)
Amortized tax goodwill	(810,847)	(202,712)	(72,976)	(275,688)
Total deferred tax liabilities		(808,244)	(290,967)	(1,099,209)
Total deferred- Assets, net		998,449	343,890	1,342,338

b.2) Consolidated

	06.30.2020			03.31.2020
	Base	IRPJ 25%	CSLL 9%	Total
<u>Noncurrent assets (liabilities)</u>				
Tax losses				
Tax losses	4,275,076	1,068,769	-	1,068,769
CSLL tax loss	4,102,244	-	369,202	369,202
Temporary differences:				
Provisions for contingencies	821,744	205,436	73,957	279,393
Exchange differences - cash basis	1,866,668	466,667	168,000	634,667
Provision for goodwill write-off	166,656	41,664	14,999	56,663
Estimated loss for realization of assets	211,194	52,799	19,007	71,806
Compensation and benefits to employees	266,468	66,617	23,982	90,599
Lease liabilities	281,682	70,421	25,351	95,772
Miscellaneous provisions and other temporary differences	310,353	77,588	27,932	105,520
Total deferred tax assets		2,049,961	722,430	2,772,391
Biological assets	(342,715)	(85,679)	(30,844)	(116,523)
Cost of capitalized loans	(249,509)	(62,377)	(22,456)	(84,833)
Capital gain	(339,632)	(84,908)	(30,567)	(115,475)
Unrealized income (loss) from derivatives	(1,188,991)	(297,248)	(107,009)	(404,257)
Review of useful lives of PP&E	(2,015,797)	(503,949)	(181,422)	(685,371)
Fair value of PP&E	(211,041)	(52,760)	(18,994)	(71,754)
Amortized tax goodwill	(994,965)	(248,741)	(89,547)	(338,288)
Total deferred tax liabilities		(1,335,662)	(480,839)	(1,816,501)
Total deferred taxes		714,299	241,591	955,890
Deferred taxes- Assets, net				1,382,258
Deferred taxes- Liabilities, net				(426,368)
Total deferred taxes				955,890

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June 30, 2020

(In thousands of reais, unless otherwise stated)

17. Income and social contribution taxes (Continued)

b.3) Changes in deferred taxes, net:

	Apr-Jun/2020	
	Individual	Consolidated
Balance at beginning of period	986,362	629,469
Revenue on income statement	81,269	50,900
Deferred taxes on comprehensive income	274,707	274,707
Other	-	814
Balance at end of period	1,342,338	955,890

b.4) Realization of deferred income and social contribution taxes:

As mentioned in Note 17 to the financial statements of March 31, 2020, the Company expects to realize deferred tax assets, including IRPJ and CSLL tax loss carry forwards and temporary differences. In the three-month period ended June 30, 2020, there were no significant changes related to the expectations of the realization of deferred income and social contribution taxes.

18. Provision for lawsuits and judicial deposits

Composition of lawsuits assessed as probable loss

As at June 30 and March 31, 2020, the balances of the lawsuits are as follows:

	Individual		Consolidated	
	06.30.2020	03.31.2020	06.30.2020	03.31.2020
Tax	102,803	102,504	116,095	115,655
Civil	52,127	21,304	68,191	37,088
Labor	268,177	267,304	363,630	359,312
	423,107	391,112	547,916	512,055
Non-reimbursable lawsuits	228,298	224,455	324,430	316,724
Reimbursable lawsuits (Note 10.c)	194,809	166,657	223,486	195,331

In the Company's creation process, the parties agreed that Cosan shall reimburse the Company for the lawsuits filed with the Company prior to its formation. And the Company shall refund Cosan the amount of judicial deposits made with a previous base date. As at June 30 and March 31, 2020, the balances of judicial deposits are as follows:

	Individual		Consolidated	
	06.30.2020	03.31.2020	06.30.2020	03.31.2020
Tax	170,938	167,025	292,059	287,553
Civil	8,190	8,158	8,487	8,462
Labor	85,193	83,946	108,768	107,689
	264,321	259,129	409,314	403,704
Own judicial deposits	151,821	147,333	181,846	177,332
Refundable judicial deposits (Note 10.c)	112,500	111,796	227,468	226,372

RAÍZEN ENERGIA S.A.

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June 30, 2020

(In thousands of reais, unless otherwise stated)

18. Provision for lawsuits and judicial deposits (Continued)

i) Non-reimbursable lawsuits

	Tax	Civil	Labor	Individual Total
At March 31, 2020	10,743	4,203	209,509	224,455
Provisioned in the period	39	1,766	21,379	23,184
Write-offs/reversals (i)	-	(205)	(17,020)	(17,225)
Payments	-	(526)	(10,077)	(10,603)
Monetary adjustment (ii)	-	569	7,918	8,487
At June 30, 2020	<u>10,782</u>	<u>5,807</u>	<u>211,709</u>	<u>228,298</u>

(i) Considers reversal of monetary restatement in the amount of (R\$ 7,301) accounted for in income statement for the period under Finance income (costs).

(ii) Recorded in profit or loss for the period under Finance income (expenses).

	Tax	Civil	Labor	Consolidated Total
At March 31, 2020	22,242	12,957	281,525	316,724
Provisioned in the period	79	3,040	29,628	32,747
Write-offs/reversals (i)	-	(1,627)	(22,232)	(23,859)
Payments	-	(1,407)	(13,581)	(14,988)
Monetary adjustment (ii)	96	3,003	10,707	13,806
At June 30, 2020	<u>22,417</u>	<u>15,966</u>	<u>286,047</u>	<u>324,430</u>

(i) Considers reversal of monetary restatement in the amount of (R\$ 9,358) accounted for in income statement for the period under Finance income (costs).

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

ii) Reimbursable lawsuits (i)

	Tax	Civil	Labor	Individual Total
At March 31, 2020	91,761	17,101	57,795	166,657
Provisioned in the period	60	16,947	1,281	18,288
Write-offs/reversals (ii)	(350)	(1,786)	(2,714)	(4,850)
Payments	-	-	(1,388)	(1,388)
Monetary adjustment	550	14,015	1,537	16,102
At June 30, 2020	<u>92,021</u>	<u>46,277</u>	<u>56,511</u>	<u>194,809</u>

(i) The change does not and will never have an effect on income statement, due to the Company's right to reimbursement.

(ii) This includes reversal of monetary restatement amounting to R\$ 3,534.

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(In thousands of reais, unless otherwise stated)

18. Provision for lawsuits and judicial deposits (Continued)

ii) Reimbursable lawsuits (i) - Continued

				Consolidated
	Tax	Civil	Labor	Total
At March 31, 2020	93,413	24,131	77,787	195,331
Provisioned in the period	60	17,749	1,831	19,640
Write-offs/reversals (ii)	(350)	(2,806)	(2,808)	(5,964)
Payments	-	(1,000)	(1,515)	(2,515)
Monetary adjustment	554	14,149	2,291	16,994
At June 30, 2020	<u>93,677</u>	<u>52,223</u>	<u>77,586</u>	<u>223,486</u>

(i) The change does not and will never have an effect on income statement, due to the Company's right to reimbursement.

(ii) This includes reversal of monetary restatement amounting to R\$ 4,626.

(iii) Total lawsuits

				Individual
	Tax	Civil	Labor	Total
At March 31, 2020	102,504	21,304	267,304	391,112
Provisioned in the period	99	18,713	22,660	41,472
Write-offs/reversals	(350)	(1,991)	(19,734)	(22,075)
Payments	-	(526)	(11,465)	(11,991)
Monetary adjustment	550	14,627	9,412	24,589
At June 30, 2020	<u>102,803</u>	<u>52,127</u>	<u>268,177</u>	<u>423,107</u>

				Consolidated
	Tax	Civil	Labor	Total
At March 31, 2020	115,655	37,088	359,312	512,055
Provisioned in the period	139	20,789	31,459	52,387
Write-offs/reversals	(350)	(4,433)	(25,040)	(29,823)
Payments	-	(2,407)	(15,096)	(17,503)
Monetary adjustment	651	17,154	12,995	30,800
At June 30, 2020	<u>116,095</u>	<u>68,191</u>	<u>363,630</u>	<u>547,916</u>

a) Tax

	Individual		Consolidated	
	06.30.2020	03.31.2020	06.30.2020	03.31.2020
State Value-Added Tax (ICMS)	36,185	35,884	41,868	41,480
Federal Value-Added Tax (IPI)	44,010	44,000	44,010	44,000
Lawyers' fees	10,784	10,744	16,113	16,034
Other	11,824	11,876	14,104	14,141
	<u>102,803</u>	<u>102,504</u>	<u>116,095</u>	<u>115,655</u>
Non-reimbursable lawsuits	10,784	10,743	22,418	22,242
Reimbursable lawsuits	92,019	91,761	93,677	93,413

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June 30, 2020

(In thousands of reais, unless otherwise stated)

18. Provision for lawsuits and judicial deposits (Continued)

b) Civil and labor

The Company and its subsidiaries are parties to several civil lawsuits related to (i) indemnity for property damage and pain and suffering, (ii) contractual disputes, (iii) executions, (iv) collections, (v) rendering of accounts, (vi) possessions, and (vii) public civil and annulment actions of environmental nature.

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

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

a) Tax

	Individual		Consolidated	
	06.30.2020	03.31.2020	06.30.2020	03.31.2020
ICMS	1,774,753	1,754,108	2,210,729	2,182,633
Social Security Tax (INSS)	190,432	197,760	204,639	211,521
IPI	270,308	268,900	312,091	310,508
IRPJ and CSLL	1,073,430	1,047,882	1,429,676	1,399,508
PIS and COFINS	1,658,032	1,640,274	1,764,653	1,745,539
Offsetting with IPI credit –IN 67/98	115,946	115,350	137,588	136,871
MP 470 – Installment payment of debt	191,375	189,882	191,375	189,882
Other	263,636	224,816	367,097	335,131
	<u>5,537,912</u>	<u>5,438,972</u>	<u>6,617,848</u>	<u>6,511,593</u>
Non-reimbursable lawsuits	2,739,069	2,689,214	3,411,426	3,349,845
Reimbursable lawsuits	2,798,843	2,749,758	3,206,422	3,161,748

b) Civil and labor

	Individual		Consolidated	
	06.30.2020	03.31.2020	06.30.2020	03.31.2020
Civil	462,020	490,861	715,217	763,215
Labor	159,276	158,014	199,624	192,560
	<u>621,296</u>	<u>648,875</u>	<u>914,841</u>	<u>955,775</u>
Non-reimbursable lawsuits	244,603	218,090	334,668	325,721
Reimbursable lawsuits	376,693	430,785	580,173	630,054

19. Commitments (Consolidated)

As mentioned in Note 19 to the financial statements as at March 31, 2020, the Company has purchase commitments and lease agreements. In the three-month period ended June 30, 2020, there were no significant changes related to these commitments.

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June 30, 2020

(In thousands of reais, unless otherwise stated)

20. Equity

a) Capital and Capital reserve

As at June 30 and March 31, 2020, capital amounts to R\$ 6,516,354. This item is deducted from the balance of redeemable preferred shares - financial instrument payable - amounting to R\$ 3,745, totaling R\$ 6,512,609.

The fully subscribed for, paid-in capital is represented as follows:

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

b) Equity adjustments

	03.31.2019	Comprehensive income	06.30.2019	03.31.2020	Comprehensive income (loss)	06.30.2020
Foreign currency translation effect - CTA	(2,475)	7,650	5,175	160,983	23,444	184,427
Actuarial losses with defined benefit (DB) plans	(12,526)	-	(12,526)	(15,453)	-	(15,453)
Net loss on derivative financial instruments - Hedge accounting	(213,800)	73,526	(140,274)	(664,941)	(533,257)	(1,198,198)
Total	<u>(228,801)</u>	<u>81,176</u>	<u>(147,625)</u>	<u>(519,411)</u>	<u>(509,813)</u>	<u>(1,029,224)</u>

c) Noncontrolling interests

Non-controlling interests correspond to participation of these shareholders in the proportion of 26.59% on equity of subsidiary Unimodal Ltda., 15% on equity of subsidiary Biogás, 30% on equity of subsidiary RWXE and 18.50% on equity of subsidiary Raízen Biomassa.

d) Loss per share

Basic and Diluted:

	Apr-Jun/2020	Apr-Jun/2019
Numerator		
Net income (loss) for the period	(103,528)	(113,006)
Income statement available to preferred shareholders	<u>(1,416)</u>	<u>529</u>
Income statement available to common shareholders	<u>(104,944)</u>	<u>(112,477)</u>
Denominator:		
Weighted average number of common shares outstanding (in thousands)	<u>7,243,283</u>	<u>7,243,283</u>
Basic and diluted loss per common share (reais per share)	<u>(0.0145)</u>	<u>(0.0155)</u>

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

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21. Net operating revenue

	Individual		Consolidated	
	Apr-Jun/2020	Apr-Jun/2019	Apr-Jun/2020	Apr-Jun/2019
Gross sales of products and services	1,352,835	1,515,713	5,293,288	6,414,949
Sales taxes	(102,441)	(111,361)	(274,323)	(321,089)
Returns and cancellations	(7,322)	(3,156)	(19,828)	(5,526)
Trade discounts	(428)	(414)	(5,691)	(4,233)
Net operating revenue	<u>1,242,644</u>	<u>1,400,782</u>	<u>4,993,446</u>	<u>6,084,101</u>

Operating revenue, net is broken down as follows:

	Individual		Consolidated	
	Apr-Jun/2020	Apr-Jun/2019	Apr-Jun/2020	Apr-Jun/2019
Cost of products sold and services rendered, net	1,239,272	1,369,692	5,026,175	6,002,046
Gains (losses) on financial instruments designated as hedge accounting	11,572	28,272	11,572	28,272
Gains (losses) on commodities-related financial instruments not designated as hedge accounting	(8,200)	2,818	(44,301)	53,783
Operating revenue, net	<u>1,242,644</u>	<u>1,400,782</u>	<u>4,993,446</u>	<u>6,084,101</u>

22. Segment information

Raízen Energia's management defined the ethanol, sugar and bioenergy ("EAB") segment as the only operating segment, based on the reports used by the Company's CEO and the Board of Directors, which are the main operational and strategic decision makers. The performance evaluation goals are defined and followed up on considering the EAB segment as a whole.

The EAB segment covers the production and commercialization of ethanol and sugar generated from the processing of sugarcane, as well as the cogeneration of energy that is produced from the burning of sugarcane bagasse.

Since the assets are also used for the production of sugar, ethanol and bioenergy, there is no separate disclosure of these assets.

The Company monitors the net operating revenue obtained from the sale of its products in the domestic and foreign markets, as follows:

	Consolidated	
	Apr-Jun/2020	Apr-Jun/2019
Foreign market	1,839,418	1,040,117
Domestic market	<u>3,154,028</u>	<u>5,043,984</u>
Total	<u>4,993,446</u>	<u>6,084,101</u>

RAÍZEN ENERGIA S.A.

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22. Segment information (Continued)

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

	Apr-Jun/2020	Consolidated Apr-Jun/2019
Ethanol	1,980,879	1,912,102
Diesel	1,095,069	1,736,908
Sugar	1,085,078	751,319
Energy	437,988	911,268
Gasoline	196,146	731,409
Other products and services	198,286	41,095
Total	4,993,446	6,084,101

The percentage of net operating revenue by geographic area is as follows:

	Apr-Jun/2020	Consolidated Apr-Jun/2019
Brazil	63.13%	81.98%
North America	15.66%	4.55%
Asia	14.16%	9.58%
South America (1)	4.44%	-
Europe	2.59%	3.84%
Other (2)	0.02%	0.05%
Total	100.00%	100.00%

(1) South America (except Brazil),

(2) Africa and Oceania.

The main EAB customers during the three-month periods ended June 30 and March 31, 2020, which individually represented 5% or more of the Company's total revenues, are as follows:

Customer	Apr-Jun/2020	Consolidated Apr-Jun/2019
Raízen Combustíveis S.A.	41.93%	37.30%
Petrobrás Distribuidora S.A.	12.22%	10.86%
Raízen and Wilmar Sugar	-	2.21%

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23. Costs and expenses by nature

Reconciliation of costs and expenses by nature

Costs and expenses are shown in income statement by function. The reconciliation of income statement by nature for the three-month periods ended June 30, 2020 and 2019 is detailed below:

a) Costs and expenses by nature:

	Individual		Consolidated	
	Apr-Jun/2020	Apr-Jun/2019	Apr-Jun/2020	Apr-Jun/2019
Depreciation and amortization	(427,957)	(453,608)	(597,729)	(578,917)
Raw materials	(574,231)	(513,645)	(2,351,709)	(1,656,537)
Personnel expenses	(123,946)	(165,129)	(212,777)	(242,692)
Cutting, loading and transportation (CCT)	(104,307)	(135,749)	(166,729)	(170,216)
Maintenance materials	(39,163)	(46,548)	(52,572)	(59,026)
Fuel Purchase	(33,621)	(38,015)	(1,259,430)	(2,464,592)
Contracted labor	(41,878)	(47,724)	(47,946)	(53,133)
Change in the fair value of biological assets	134,418	68,771	193,673	83,286
Energy resale	-	-	(254,221)	(721,621)
Realization of the fair value of biological assets	14,491	23,141	(1,709)	3,220
Other expenses	(97,405)	(108,022)	(84,222)	(119,417)
	<u>(1,293,599)</u>	<u>(1,416,528)</u>	<u>(4,835,371)</u>	<u>(5,979,645)</u>

b) Classified as:

	Individual		Consolidated	
	Apr-Jun/2020	Apr-Jun/2019	Apr-Jun/2020	Apr-Jun/2019
Cost of products sold and services rendered	(1,027,330)	(1,168,002)	(4,512,166)	(5,663,743)
Selling expenses	(157,981)	(140,263)	(167,875)	(172,210)
General and administrative expenses	(108,288)	(108,263)	(155,330)	(143,692)
	<u>(1,293,599)</u>	<u>(1,416,528)</u>	<u>(4,835,371)</u>	<u>(5,979,645)</u>

24. Other operating income/(expenses), net

	Individual		Consolidated	
	Apr-Jun/2020	Apr-Jun/2019	Apr-Jun/2020	Apr-Jun/2019
Recognition of net tax credits	172	83	172	83
Gains (losses) on commercial operations	15,225	23,603	(24,963)	16,822
Income from sale of scrap and waste	2,552	2,983	3,238	3,664
Reversal (Set-up) net of estimated loss on property, plant and equipment (Notes 11 and 12)	6,565	(205)	6,619	(71)
Setup of provision for lawsuits, net	(3,102)	(26,608)	(4,488)	(35,365)
Other	(4,259)	18,399	(7,418)	18,105
	<u>17,153</u>	<u>18,255</u>	<u>(26,840)</u>	<u>3,238</u>

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25. Finance income (costs)

	Individual		Consolidated	
	Apr-Jun/2020	Apr-Jun/2019	Apr-Jun/2020	Apr-Jun/2019
<u>Finance costs</u>				
Interest	(224,566)	(235,916)	(274,258)	(282,799)
Monetary losses	5,712	(25,736)	5,117	(28,783)
PIS/COFINS on finance costs	(12,742)	(2,894)	(14,452)	(5,199)
Other	(2,922)	(15,739)	(3,745)	(16,264)
	<u>(234,518)</u>	<u>(280,285)</u>	<u>(287,338)</u>	<u>(333,045)</u>
Fair value of financial instruments payable (Notes 10 and 16)	<u>(174,477)</u>	<u>(106,951)</u>	<u>(181,895)</u>	<u>(116,943)</u>
Less: amounts capitalized on qualified assets (Note 12)	<u>5,442</u>	<u>7,059</u>	<u>7,648</u>	<u>8,051</u>
	<u>(403,553)</u>	<u>(380,177)</u>	<u>(461,585)</u>	<u>(441,937)</u>
<u>Finance income</u>				
Interest	27,611	43,193	73,447	90,529
Short-term investment yields	3,349	5,031	9,568	23,245
Monetary gains	7,459	8,099	7,902	8,526
Other	-	8	-	9
	<u>38,419</u>	<u>56,331</u>	<u>90,917</u>	<u>122,309</u>
<u>Exchange gains (losses), net</u> ⁽¹⁾	<u>(108,462)</u>	<u>25,129</u>	<u>(131,890)</u>	<u>27,267</u>
<u>Derivatives net effect</u> ⁽²⁾	<u>308,419</u>	<u>37,586</u>	<u>325,616</u>	<u>50,421</u>
	<u>(165,177)</u>	<u>(261,131)</u>	<u>(176,942)</u>	<u>(241,940)</u>

(1) Includes net foreign exchange losses on assets and liabilities denominated in foreign currency; and

(2) Includes realized and unrealized results with futures, options, swaps and NDFs and other derivatives.

26. Financial instruments

a) Overview

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

- price risk;
- currency risk;
- interest rate risk;
- credit risk;
- liquidity risk.

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

26. Financial instruments (Continued)

b) Risk management structure

The Company has specific treasury and trading policies that define how risk management should be carried out. To monitor activities and ensure compliance with policies, the Company has the following main committees: (i) Risk Committee that meets weekly to analyze the behavior of the commodities (sugar, ethanol and oil by-products) and foreign exchange markets and deliberate on hedging positions and pricing strategy for exports or imports of products, so as to reduce the adverse effects of changes in prices and exchange rates. (ii) Ethanol Committee, which meets monthly to assess the risks associated with the sale of ethanol and to adapt to the limits defined in the risk policies; as well as monitoring liquidity and counterparty (credit) risks; (iii) Electricity committee, which meets weekly to assess the risks related to the sale of energy and to adjust to the limits defined in the risk policies.

The Company and its subsidiaries are exposed to market risks, and the main ones are: (i) fluctuations in the prices of sugar, electricity, oil by-products and ethanol; (ii) fluctuations in exchange rates; and (iii) fluctuations in interest rates. The contracting of financial instruments for protection purposes is carried out through an analysis of the exposure to risk for which management seeks coverage.

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

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26. Financial instruments (Continued)

b) Risk management structure (Continued)

	<u>Notional amount</u>		<u>Individual Fair value</u>		<u>Notional amount</u>		<u>Consolidated Fair value</u>	
	<u>06.30.2020</u>	<u>03.31.2020</u>	<u>06.30.2020</u>	<u>03.31.2020</u>	<u>06.30.2020</u>	<u>03.31.2020</u>	<u>06.30.2020</u>	<u>03.31.2020</u>
<u>Price risk</u>								
Goods derivatives								
Futures contracts and options	5,836,846	4,739,805	761,203	1,294,503	7,813,766	5,455,090	1,036,499	1,731,213
	5,836,846	4,739,805	761,203	1,294,503	7,813,766	5,455,090	1,036,499	1,731,213
<u>Currency risk</u>								
Exchange rate derivatives								
Futures	135,531	280,730	(124)	(1,355)	135,531	280,730	(124)	(1,355)
Forwards	9,219,941	8,679,750	(250,693)	(1,227,282)	9,219,941	8,691,572	(250,693)	(1,229,855)
Locked-in exchange	-	-	-	-	150,818	-	(2,906)	-
Exchange swap	(1,762,836)	(5,980,689)	(129,801)	132,443	(2,093,183)	(6,413,701)	(33,558)	217,869
	7,592,636	2,979,791	(380,618)	(1,096,194)	7,413,107	2,558,601	(287,281)	(1,013,341)
<u>Interest rate risk</u>								
Interest derivatives								
	(2,644,651)	(2,644,651)	238,438	104,488	(2,859,509)	(2,859,509)	299,736	158,385
	(2,644,651)	(2,644,651)	238,438	104,488	(2,859,509)	(2,859,509)	299,736	158,385
Total			619,023	302,797			1,048,954	876,257
Current assets			1,734,553	2,766,327			3,101,869	4,406,076
Noncurrent assets			1,663,131	1,484,248			1,996,645	1,812,316
Total assets			3,397,684	4,250,575			5,098,514	6,218,392
Current liabilities			(1,310,639)	(2,704,909)			(2,531,790)	(4,036,490)
Noncurrent liabilities			(1,468,022)	(1,242,869)			(1,517,768)	(1,305,645)
Total liabilities			(2,778,661)	(3,947,778)			(4,049,558)	(5,342,135)

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26. Financial instruments (Continued)

c) Price risk

This arises from the possibility of fluctuating market prices for products traded by the Company and its subsidiaries, mainly VHP sugar, refined sugar, ethanol, electricity and oil by-products. These price fluctuations can cause substantial changes in the Company's sales revenue. To mitigate this risk, the Company permanently monitors the market, seeking to anticipate price movements. The table below shows the positions of derivative financial instruments to hedge the commodities price risk at June 30, 2020:

							Consolidated
							Price risk: commodity derivatives outstanding as at June 30, 2020
Derivatives	Purchased/ Sold	Market	Contract	Maturity	Notional amount (units)	Notional amount (R\$ thousand)	Fair value (R\$ thousand)
Futures	Sold	ICE	Sugar#11	Jul/20 to Feb/23	9,871,923 t	14,774,121	483,474
Futures	Sold	ICE	Sugar#16	Dec-20	10,160 t	32,237	(293)
Futures	Sold	NYSE LIFFE	Sugar#5	Jul/20 to Sept/20	263,150 t	491,462	(18,835)
Futures	Sold	OTC	Sugar#11	Apr/21 to Feb/22	1,131,870 t	286,185	(25,595)
Options	Sold	ICE	Sugar#11	Sept/20 to Sept/21	1,003,043 t	83,455	(61,737)
Options	Sold	OTC	Sugar#11	Apr/21 to Jan/00	100,989 t	24,029	(5,495)
Subtotal – sugar futures sold					12,381,135 t	15,691,489	371,519
Futures	Purchased	ICE	Sugar#11	Jul/20 to Sept/22	(6,134,433) t	(8,841,141)	48,480
Futures	Purchased	ICE	Sugar#16	Dec-20	(10,160) t	(32,855)	(325)
Futures	Purchased	NYSE LIFFE	Sugar#5	Jul/20 to Jul/20	(124,800) t	(240,799)	256
Options	Purchased	ICE	Sugar#11	Jul/20 to Sept/22	(960,572) t	(64,984)	59,669
Subtotal – sugar futures purchased					(7,229,965) t	(9,179,779)	108,080
Subtotal – sugar futures					5,151,170 t	6,511,710	479,599
Futures	Sold	B3	Ethanol	Jul/20 to Feb/21	19,200 cbm	176,330	405
Futures	Sold	CME	Ethanol	Jul/20 to Mar/21	869,380 cbm	2,367,997	(82,979)
Futures	Sold	OTC	Ethanol	Jul/20 to Mar/21	972,046 cbm	750,615	(34,020)
Options	Sold	OTC	Ethanol	Jul/20 to Dec/20	15,000 cbm	565	(506)
Subtotal – ethanol futures sold					1,875,626 cbm	3,295,507	(117,100)
Futures	Purchased	B3	Ethanol	Jul/20 to Sept/20	(60,570) cbm	(589,033)	(1,549)
Futures	Purchased	CME	Ethanol	Jul/20 to Mar/21	(844,265) cbm	(1,988,552)	121,101
Futures	Purchased	OTC	Ethanol	Jul/20 to Jul/20	(10,200) cbm	(17,493)	(207)
Futures	Purchased	OTC	Ethanol	Jul/20 to Mar/21	(876,011) cbm	(630,551)	80,605
Option	Purchased	CME	Ethanol	Jul/20 to Sept/20	(32,500) cbm	(2,401)	1,176
Subtotal – ethanol futures purchased					(1,823,546) cbm	(3,228,030)	201,126

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26. Financial instruments (Continued)

c) Price risk (Continued)

								Consolidated
								Price risk: commodity derivatives outstanding as at June 30, 2020
Derivatives	Purchased/ Sold	Market	Contract	Maturity	Notional amount (units)		Notional amount (R\$ thousand)	Fair value (R\$ thousand)
Physical fixed	Sold	CHGOETHNL	Ethanol	Jul/20 to May/21	407,539	cbm	1,042,292	(71,494)
Subtotal - physical fixed ethanol sold					407,539	cbm	1,042,292	(71,494)
Physical fixed	Purchased	CHGOETHNL	Ethanol	Jul/20 to Mar/21	(296,541)	cbm	(601,910)	19,147
Subtotal - physical fixed ethanol purchased					(296,541)	cbm	(601,910)	19,147
Subtotal – ethanol futures					163,078	cbm	507,860	31,679
Futures	Sold	NYMEX	Gasoline	Jul/20 to Jan/21	822,507	cbm	1,518,892	192,941
Futures	Sold	ICE	Gasoline	Jul/20 to Dec/21	396,705	cbm	499,172	51,065
Futures	Sold	CME	Gasoline	Jul-20	32,754	cbm	(2,487)	(407)
Option	Sold	ICE	Gasoline	Aug-20	6,360	cbm	120	120
Option	Sold	NYMEX	Gasoline	Aug/20 to Dec/20	103,350	cbm	17,537	(16,172)
Subtotal - Gasoline futures sold					1,361,676	cbm	2,033,234	227,547
Futures	Purchased	NYMEX	Gasoline	Jul/20 to Jan/21	(672,411)	cbm	(1,025,353)	67,140
Futures	Purchased	CME	Gasoline	Jul-20	(49,767)	cbm	4,348	542
Futures	Purchased	ICE	Gasoline	Jul/20 to Dec/21	(389,550)	cbm	(493,661)	(55,550)
Option	Purchased	ICE	Gasoline	Aug-20	(6,360)	cbm	(110)	(110)
Option	Purchased	NYMEX	Gasoline	Aug/20 to Dec/20	(103,350)	cbm	(10,027)	22,297
Subtotal - Gasoline futures purchased					(1,221,438)	cbm	(1,524,803)	34,320
Subtotal - Gasoline futures					140,238	cbm	508,430	261,867
Futures	Sold	NYMEX	Heating Oil	Jul/20 to Feb/21	27,030	cbm	42,775	(4,708)
Subtotal Heating Oil futuros sold					27,030	cbm	42,775	(4,708)
Futures	Purchased	NYMEX	Heating Oil	Jul/20 to Mar/21	(60,102)	cbm	(91,707)	14,064
Subtotal Heating Oil futuros purchased					(60,102)	cbm	(91,707)	14,064
Subtotal Heating Oil futures					(33,072)	cbm	(48,932)	9,356
Physical fixed	Sold	OTC	Energy	Jul/20 to Dec/31	14,719,823	MWh	2,895,025	330,076
Subtotal - physical fixed energy sold					14,719,823	MWh	2,895,025	330,076

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26. Financial instruments (Continued)

c) Price risk (Continued)

							Consolidated	
							Price risk: commodity derivatives outstanding as at June 30, 2020	
Derivatives	Purchased/ Sold	Market	Contract	Maturity	Notional amount (units)	Notional amount (R\$ thousand)	Fair value (R\$ thousand)	
Physical fixed	Purchased	OTC	Energy	Jul/20 to Dec/31	(14,719,823) MWh	(2,560,327)	(76,078)	
Subtotal - physical fixed energy purchased					(14,719,823) MWh	(2,560,327)	(76,078)	
Subtotal - physical fixed energy					- MWh	334,698	253,998	
Net exposure of commodity derivatives as at June 30, 2020						7,813,766	1,036,499	
Net exposure of commodity derivatives as at March 31, 2020						5,455,090	1,731,213	

d) Currency risk

This derives from the possibility of exchange rate fluctuations used by the Company for revenue from exports, imports, debt flows and other assets and liabilities in foreign currency. The Company uses derivative transactions to manage cash flow risks arising from export revenues denominated in US dollars, net of other cash flows also denominated in foreign currency.

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26. Financial instruments (Continued)

d) Currency risk (Continued)

The table below states the positions of derivative financial instruments to hedge exchange rate risk:

							Consolidated	
Price risk: foreign exchange derivatives outstanding as at June 30, 2020								
Derivatives	Purchased/ Sold	Market	Contract	Maturity	Notional amount (US\$ thousand)	Notional amount (R\$ thousand)	Fair value (R\$ thousand)	
Futures	Sold	B3	Commercial Dollar	Jul/20 to Aug/20	542,000	2,967,992	(18,988)	
Subtotal – futures purchased					542,000	2,967,992	(18,988)	
Futures	Purchased	B3	Commercial Dollar	Jul/20 to Aug/20	(517,250)	(2,832,461)	18,864	
Subtotal - futures purchased					(517,250)	(2,832,461)	18,864	
Forward	Sold	OTC/Cetip	NDF	Jul/20 to Oct/20	3,803,000	20,825,228	(487,476)	
Forward	Purchased	OTC/Cetip	NDF	Jul/20 to Nov/20	(2,119,300)	(11,605,287)	236,783	
Subtotal - purchased/sold forwards					1,683,700	9,219,941	(250,693)	
Exchange swap	Sold	OTC	Exchange swap	Jan/22 to Jan/27	519,123	2,842,716	(1,418,129)	
Exchange swap	Purchased	OTC	Exchange swap	Aug/20 to Jan/27	(901,369)	(4,935,899)	1,384,571	
Subtotal - swap					(382,246)	(2,093,183)	(33,558)	
Locked-in exchange	Sold	OTC	<i>Locked-in exchange</i>	Aug/20 to Mar/21	27,542	150,818	(2,906)	
Subtotal – Locked-in Exchange sold					27,542	150,818	(2,906)	
Net exposure of foreign exchange derivatives as at June 30, 2020					<u>1,353,746</u>	<u>7,413,107</u>	<u>(287,281)</u>	
Net exposure of foreign exchange derivatives as at March 31, 2020					<u>492,161</u>	<u>2,558,601</u>	<u>(1,013,341)</u>	

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26. Financial instruments (Continued)

d) Currency risk (Continued)

As at June 30 and March 31, 2020, the summary of quantitative data on the Company's foreign exchange risk accounting exposure is as under:

	<u>Consolidated</u>	
	<u>06.30.2020</u>	
	<u>R\$</u>	<u>US\$ (in thousand)</u>
Cash and cash equivalents (Note 3)	3,707,048	676,963
Restricted cash (Note 4)	166,944	30,486
Foreign trade accounts receivable (Note 5)	492,058	89,857
Related parties (Note 10)	4,347,762	793,967
Trade accounts payable (Note 14)	(2,373,134)	(433,370)
Loans and financing (Note 16)	(8,315,446)	(1,518,526)
Derivatives (Note 26.d) (*)	-	(1,353,746)
Foreign exchange exposure, net	<u>(1,974,768)</u>	<u>(1,714,369)</u>
Derivatives settled in the month following closing (**)		<u>(138,950)</u>
Net foreign exchange exposure, adjusted at June 30, 2020 (***)		<u>(1,853,319)</u>
Net foreign exchange exposure, adjusted at March 31, 2020 (***)		<u>(639,421)</u>

(*) Refers to the notional amount of foreign exchange derivative operations.

(**) Settlement by PTAX on the last day of the closing month.

(***) The adjusted net foreign exchange exposure will be substantially offset in the future with highly probable product export revenues.

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26. Financial instruments (Continued)

e) Effects of hedge accounting

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

As at June 30 and March 31, 2020 the impacts recognized in the Company's equity and the estimated realization in income statement are as follows:

Financial instruments	Market	Risk	Realization period				03.31.2020
			2020/21	2021/22	Above 2022	2020	
Futures	OTC / ICE	Sugar#11	367,334	227,316	(7,572)	587,078	862,063
Futures	B3 / NYMEX / OTC	Ethanol	275,109	-	-	275,109	303,960
Option	ICE	Sugar#11	22,364	(4,033)	-	18,331	135,346
NDF	OTC	FX	(1,199,117)	(418,894)	54,160	(1,563,851)	(1,311,720)
Swap	Debt	FX	-	-	(1,052,335)	(1,052,335)	(924,290)
Pre-export Financing	Debt	FX	-	-	(79,784)	(79,784)	(72,847)
			(534,310)	(195,611)	(1,085,531)	(1,815,452)	(1,007,488)
(-) Deferred taxes			181,665	66,508	369,081	617,254	342,547
Effect on equity at June 30, 2020			(352,645)	(129,103)	(716,450)	(1,198,198)	(664,941)

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26. Financial instruments (Continued)

e) Effects of hedge accounting (Continued)

Below are the changes in balances in other comprehensive income (loss) in the period:

	<u>06.30.2020</u>
Balance at beginning of period	(664,941)
Gains/(losses) occurred in the period:	
Fair value of commodity futures designated as hedge accounting	(402,963)
Gain (loss) on foreign exchange term fair value designated as hedge accounting	(287,168)
Exchange difference on debt contracts designated as hedge accounting	(134,967)
Gain (loss) on commodities in net operating revenue and other operating income and expenses	(17,902)
Gain (loss) on foreign exchange term in net operating revenue and other operating income and expenses	35,036
Total changes in the period	(807,964)
Effect of deferred taxes on equity adjustment	274,707
	<u>(533,257)</u>
Balance at June 30, 2020	<u>(1,198,198)</u>

f) Interest rate risk

The Company monitors fluctuations in variable interest rates related to certain debts, especially those linked to the Libor risk, and uses derivative instruments to minimize these risks. The table states the positions of derivative financial instruments to hedge interest rate risk:

							<u>Consolidated</u>
<u>Price risk: interest derivatives outstanding as at June 30, 2020</u>							
<u>Derivatives</u>	<u>Purchased/ Sold</u>	<u>Market</u>	<u>Contract</u>	<u>Maturity</u>	<u>Notional amount (US\$ thousand)</u>	<u>Notional amount (R\$ thousand)</u>	<u>Fair value (R\$ thousand)</u>
Interest swap	Sold	OTC	Interest swap	Oct-20	73,215	400,927	(17,615)
Interest swap	Purchased	OTC	Interest swap	Oct/20 to Nov/29	(595,405)	(3,260,436)	317,351
Net exposure of interest derivatives as at June 30, 2020					<u>(522,190)</u>	<u>(2,859,509)</u>	<u>299,736</u>
Net exposure of interest derivatives as at March 31, 2020					<u>(550,043)</u>	<u>(2,859,509)</u>	<u>158,385</u>

g) Credit risk

A substantial part of the sales of the Company and its subsidiaries is performed to a select group of highly qualified counterparties, such as trading companies, fuel distribution companies, electricity distributors and large supermarket chains.

26. Financial instruments (Continued)

g) Credit risk (Continued)

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

The individual risk limits are determined based on internal or external classifications, according to the limits determined by the Company's management. The use of credit limits is monitored regularly. No credit limit was exceeded in the period, and management does not expect any loss on default by these counterparties in excess of the amount already provisioned.

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

Guarantee margins - Derivative transactions on commodity exchanges (NYBOT, LIFFE and B3) require guarantee margins. The total Consolidated margin deposited at June 30, 2020 is R\$ 209,010 (R\$ 147,840 at March 31, 2020), of which R\$ 42,066 (R\$ 20,408 at March 31, 2020) in linked financial investments and R\$ 166,944 (R\$ 127,432 at March 31, 2020) in margin on derivative transactions.

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

Credit risk on cash and cash equivalents is mitigated through the conservative distribution of investment funds and CDBs (Note 3) that make up the item. The distribution follows strict criteria for allocation and exposure to counterparties, which are the main national and international banks considered, in their majority, as *Investment Grade* by the international rating agencies.

h) Liquidity risk

Liquidity risk is that in which the Company may encounter difficulties in honoring the obligations associated with its financial liabilities that are settled with cash payments or with another financial asset. The Company's approach to liquidity risk management is to ensure, as much as possible, that there is always sufficient liquidity to meet obligations upon their maturity, under normal and stress conditions, without causing unacceptable losses or with the risk of damaging the Company's reputation. As part of the liquidity management process, management prepares business plans and monitors their execution, discussing the positive and negative cash flow risks and assessing the availability of financial resources to support its operations, investments and refinancing needs.

RAÍZEN ENERGIA S.A.

Notes to interim financial information

June 30, 2020

(In thousands of reais, unless otherwise stated)

26. Financial instruments (Continued)

h) Liquidity risk (Continued)

The table below states the financial liabilities contracted by maturity:

	Consolidated				
	Up to 1 year	Up to 2 years	From 3 to 5 years	Above 5 years	Total
Loans and financing (1)	4,679,283	1,451,380	5,059,826	11,103,027	22,293,516
Trade accounts payable (Note 14)	4,080,912	-	-	-	4,080,912
Derivative financial instruments	2,531,791	298,477	31,927	1,187,363	4,049,558
Related parties (1) (*)	1,003,168	-	-	448,232	1,451,400
Lease liabilities from third parties and related parties (1)	1,216,681	1,072,255	2,178,122	1,590,796	6,057,854
At June 30, 2020	<u>13,511,835</u>	<u>2,822,112</u>	<u>7,269,875</u>	<u>14,329,418</u>	<u>37,933,240</u>
At March 31, 2020	<u>16,116,776</u>	<u>2,880,324</u>	<u>7,855,424</u>	<u>12,517,715</u>	<u>39,370,239</u>

(1) Non-discounted contractual cash flows.

(*) Except for lease liabilities with related parties.

Fair value

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

Fair value hierarchy

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

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

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(In thousands of reais, unless otherwise stated)

26. Financial instruments (Continued)

Fair value hierarchy (Continued)

Financial instruments are classified as follows:

Financial instruments measured at fair value	Consolidated		
	Level 1	Level 2	Total
Short-term investments (Note 3)	-	933,976	933,976
Financial investments (related to restricted cash) (Note 4)	-	74,624	74,624
Derivative financial instruments - assets	2,492,049	2,606,465	5,098,514
Loans and financing (Note 16)	-	(6,860,187)	(6,860,187)
Derivative financial instruments - liabilities	(1,727,864)	(2,321,694)	(4,049,558)
At June 30, 2020	764,185	(5,566,816)	(4,802,631)
At March 31, 2020	1,422,948	(5,348,927)	(3,925,979)

As of June 30 and March 31, 2020, there were no transfers between these levels to determine the fair value of financial instruments.

i) Sensitivity analysis

Set out below is the sensitivity analysis of the fair value of financial instruments according to the types of risk considered significant by the Company, pursuant to CVM Instruction No. 475 issued on March 17, 2008.

Assumptions for sensitivity analysis

The Company adopted three scenarios for its sensitivity analysis, one probable and two that may have adverse effects on the fair value of the Company's financial instruments. The probable scenario was defined based on the futures market curves for sugar and the US dollar at June 30, 2020, corresponding to the balance of the derivatives' fair value on that date. Possible and remote adverse scenarios were defined considering adverse impacts of 25% and 50% on sugar and US dollar price curves, which were considered the basis for the probable scenario.

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Notes to interim financial information

June 30, 2020

(In thousands of reais, unless otherwise stated)

26. Financial instruments (Continued)

Sensitivity tables

i) Sensitivity about changes in the fair value of financial instruments

		Impact on income statement (*)				
		June 30, 2020				
	Risk factor	Probable Scenario	Remote scenario + (25%)	Fair value balance	Remote scenario + (50%)	Fair value balance
Price risk						
Goods derivatives						
Futures contracts and options						
Purchase and sale commitments	Sugar price increase	479,599	182,964	662,563	365,929	845,528
Purchase and sale commitments	Gasoline price increase	271,223	(58,991)	212,232	(117,983)	153,240
Purchase and sale commitments	Energy price increase	253,998	(97,646)	156,352	(195,292)	58,706
Purchase and sale commitments	Ethanol price increase	31,679	212,706	244,385	425,411	457,091
		1,036,499	239,033	1,275,532	478,066	1,514,565
Currency risk						
Exchange rate derivatives						
Futures:						
Purchase and sale commitments	R\$/US\$ exchange rate fall	(124)	(34,680)	(34,804)	(69,360)	(69,484)
Locked-in exchange contracts:						
Purchase and sale commitments	US dollar (US\$) increase	(2,905)	42,913	40,008	85,825	82,921
Forwards:						
Purchase and sale commitments	US dollar (US\$) FX increase	(250,693)	(2,478,113)	(2,728,806)	(4,956,226)	(5,206,919)
FX swaps:						
Purchase and sale commitments	US dollar (US\$) FX decrease	(33,559)	(3,770,426)	(3,803,983)	(7,540,850)	(7,574,409)
		(287,281)	(6,240,306)	(6,527,585)	(12,480,611)	(12,767,891)
Interest rate risk						
Swap, Forward and Futures contracts	Interest rate decrease	299,735	301,899	601,635	603,798	903,534
		299,735	301,899	601,635	603,798	903,534
Total		1,048,954	(5,699,374)	(4,650,418)	(11,398,747)	(10,349,792)

(*) Result projected to occur in up to 12 months from June 30, 2020.

ii) Foreign exchange exposure, net.

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Notes to interim financial information

June 30, 2020

(In thousands of reais, unless otherwise stated)

26. Financial instruments (Continued)

The probable scenario considers the position at June 30, 2020. The effects of the possible and remote scenarios that would be posted to the consolidated statement of income statement as foreign exchange gain (loss) are as follows:

Foreign exchange exposure, net June 30, 2020	FX difference effect				
	Scenarios				
	+25%	+50%	-25%	-50%	
Cash and cash equivalents (Note 3)	3,707,048	926,762	1,853,524	(926,762)	(1,853,524)
Restricted cash (Note 4)	166,944	41,736	83,472	(41,736)	(83,472)
Foreign trade accounts receivable (Note 5)	492,058	123,015	246,029	(123,015)	(246,029)
Related parties (Note 10)	4,347,762	1,086,941	2,173,881	(1,086,941)	(2,173,881)
Trade accounts payable (Note 14)	(2,373,134)	(593,284)	(1,186,567)	593,284	1,186,567
Loans and financing (Note 16)	(8,315,446)	(2,078,862)	(4,157,723)	2,078,862	4,157,723
Impact on income statement for the period		(493,692)	(987,384)	493,692	987,384

iii) Sensitivity in interest rates

At June 30, 2020, the probable scenario considers the weighted average rate (3.78%) of annual fixed interest on the Company's loans and financing, and for short-term investments and restricted cash, the CDI (4.57%) accumulated over the past 12 months. In both cases, simulations were performed with an increase and decrease of 25% and 50%. The consolidated results of this sensitivity analysis are presented below:

Probable Scenario	June 30, 2020				
	Interest rate sensitivity				
	25%	50%	-25%	-50%	
Short-term investments	42,187	10,547	21,094	(10,547)	(21,094)
Restricted cash	3,435	859	1,718	(859)	(1,718)
Loans and financing	(515,993)	(128,999)	(257,998)	128,999	257,998
Additional impact on income statement for the period	(470,371)	(117,593)	(235,186)	117,593	235,186

j) Capital management

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

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Notes to interim financial information

June 30, 2020

(In thousands of reais, unless otherwise stated)

26. Financial instruments (Continued)

j) Capital management (Continued)

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

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

The financial leverage ratios as at June 30 and March 31, 2020 were calculated as follows:

	<u>Consolidated</u>	
	<u>06.30.2020</u>	<u>03.31.2020</u>
Debt		
Loans and financing (Note 16)	18,488,387	16,545,842
(-) Cash and cash equivalents (Note 3)	(4,725,142)	(6,473,747)
(-) Short term investments linked to financing (Note 4)	(32,558)	(32,346)
(-) National Treasury Certificates - CTN (Note 9)	(314,013)	(297,459)
(-) Intragroup pre-export financing (Note 10.a.3)	(2,994,370)	(2,795,958)
(-) Exchange rate, interest rate and other derivative swaps	(266,178)	(373,681)
	<u>10,156,126</u>	<u>6,572,651</u>
Equity		
Equity		
Attributable to shareholders of Parent Company	6,868,409	7,481,750
Noncontrolling interests	109,109	106,427
	<u>6,977,518</u>	<u>7,588,177</u>
Total capital	<u>17,133,644</u>	<u>14,160,828</u>
Financial leverage ratio (%)	<u>59%</u>	<u>46%</u>

RAÍZEN ENERGIA S.A.

Notes to interim financial information

June 30, 2020

(In thousands of reais, unless otherwise stated)

27. Supplementary retirement plan and other employee benefits

(a) Pension fund

Defined contribution

In the three-month period ended June 30, 2020, the contribution amount recognized as an expense was R\$ 3,780 (R\$ 3,563 in the three-month period ended June 30, 2019).

(b) Profit sharing

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

28. Insurance coverage

As mentioned in Note 28 of the financial statements as at March 31, 2020, the Company and its subsidiaries have an insurance and risk management program that provides coverage and protection compatible with their property and their operation. In the three-month period ended June 30, 2020, there were no significant changes related to said insurance coverage.

29. Supplementary cash flow information

a) Reconciliation of cash flow financing activities

The reconciliation of cash flow financing activities for the three-month period ended June 30, 2020 is as follows:

(Assets)/Liabilities						Individual
	Short-term investments linked to financing	Loans and financing (1)	Lease liabilities	Lease liabilities – related parties	Related parties	Total
Opening balance	(156)	10,089,430	3,104,532	740,564	1,860,533	15,794,903
Transactions having an impact on Financial Cash Flow ("FCF")						
Loans and financing raised from third parties	-	1,340,450	-	-	-	1,340,450
Amortizations of principal of loans and financing - third parties	-	(19,903)	-	-	-	(19,903)
Amortizations of interest on loans and financing - third parties	-	(113,622)	-	-	-	(113,622)
Amortization of lease liabilities - third parties	-	-	(270,210)	-	-	(270,210)
Amortization of lease liabilities - related parties	-	-	-	(40,694)	-	(40,694)
Short term investments linked to financing	(27)	-	-	-	-	(27)
Asset management, net - intragroup	-	-	-	-	641,242	641,242
	(27)	1,206,925	(270,210)	(40,694)	641,242	1,537,236
Other changes not affecting financing cash flow						
Interest and monetary and exchange differences, net	25	203,052	64,550	16,340	147,078	431,045
Fair value of financial instruments payable (Note 25)	-	174,477	-	-	-	174,477
Addition, write-off, remeasurement of lease liabilities and others	-	2,233	217,480	28,774	-	248,487
	25	379,762	282,030	45,114	147,078	854,009
Closing balance	(159)	11,676,117	3,116,352	744,984	2,648,853	18,186,148

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Notes to interim financial information

June 30, 2020

(In thousands of reais, unless otherwise stated)

29. Supplementary cash flow information (Continued)

a) Reconciliation of cash flow financing activities (Continued)

(Assets)/Liabilities	Consolidated					
	Short-term investments linked to financing	Loans and financing (1)	Lease liabilities	Lease liabilities – related parties	Related parties	Total
Opening balance	(32,346)	16,248,383	3,737,662	740,564	(2,743,676)	17,950,587
Transactions having an impact on Financial Cash Flow ("FCF")						
Loans and financing raised from third parties	-	1,360,870	-	-	-	1,360,870
Amortizations of principal of loans and financing - third parties	-	(67,623)	-	-	-	(67,623)
Amortizations of interest on loans and financing - third parties	-	(114,650)	-	-	-	(114,650)
Amortization of lease liabilities - third parties	-	-	(314,005)	-	-	(314,005)
Amortization of lease liabilities - related parties	-	-	-	(40,694)	-	(40,694)
Short-term investments linked to financing	63	-	-	-	-	63
Asset management, net - intragroup	-	-	-	-	(63,543)	(63,543)
	63	1,178,597	(314,005)	(40,694)	(63,543)	760,418
Other changes not affecting financing cash flow						
Interest and monetary and exchange differences, net	(275)	562,734	75,185	16,340	(196,789)	457,195
Fair value of financial instruments payable (Note 25)	-	181,895	-	-	-	181,895
Addition, write-off, remeasurement of lease liabilities and Others	-	2,765	299,601	28,774	-	331,140
	(275)	747,394	374,786	45,114	(196,789)	970,230
Ending balance	(32,558)	18,174,374	3,798,443	744,984	(3,004,008)	19,681,235

(1) Stated net of CTN.

b) Main non-cash transactions

Non-cash transactions	Individual		Consolidated	
	Apr-Jun/2020	Apr-Jun/2019	Apr-Jun/2020	Apr-Jun/2019
Depreciation of agricultural assets capitalized as biological assets (Note 7)	(4,811)	(5,609)	(6,306)	(6,474)
Depreciation of agricultural assets capitalized as property, plant and equipment (Note 12)	(17,489)	(24,936)	(20,839)	(28,516)
Right of use (Note 15.a)	(276,364)	(487,464)	(358,426)	(546,016)
Tax credits on property, plant and equipment, including PP&E adjustment to present value	(602)	(685)	(1,353)	(916)
Interest capitalized on PP&E (Notes 12 and 25)	(5,442)	(7,059)	(7,648)	(8,051)
	(304,708)	(525,753)	(394,572)	(589,973)

RAÍZEN ENERGIA S.A.

Notes to interim financial information

June 30, 2020

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30. Events after the reporting period

Issue of Notes - Bond

On July 1, 2020, Raízen Fuels Finance, a subsidiary of Raízen Energia, issued and placed Senior Notes abroad in the aggregate principal amount of US\$ 225 million, to consolidate and form a single series with notes at 5.3 % due 2027, issued on January 20, 2017, totaling the principal amount of US\$ 725 million. The financial settlement of US\$ 225 million occurred on July 7, 2020. The issue was backed by a corporate guarantee from Raízen Energia and Raízen Combustíveis.
